Glud & Marstrand

METAL recycles forever

Annual Report 2016

The Annual General Meeting adopted the annual report on

19.05.2017

Chairman of the General Meeting

Glud & Marstrand A/S
Hedenstedvej 14
8723 Loesning
Central Business Registration No. 67 28 71 18

Glud & Marstrand

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Company details

Company

Glud & Marstrand A/S
Hedenstedvej 14
8723 Løsning
Central Business Registration No: 67 28 71 18
Registered in: Hedensted, Denmark

Board of Directors

Laura Josefina Zapata y Oscoz, Chairman
Isaias Zapata Moran, Vice-chairman
Carlos Vicente Silva Jimenes
Joergen Kjaergaard
Lars Roy Jantzen
Flemming Jakobsen, Employee representative
Lars Rolighed Hansen, Employee representative
Joan Rye Christiansen, Employee representative

Executive Management

Brian Nielsen, Chief Executive Officer
Knud Christensen, Chief Financial Officer
Mikkel Nørgaard Dall, Chief Commercial Officer

Lawyer

Plesner, Advokatfirma
Amerika Plads 37
2100 København Ø

Company details

Company auditors

Deloitte Statsautoriseret Revisionspartnerselskab
City Tower
Vaerkmestergade 2
DK-8000 Aarhus C

Bank

Jyske Bank
Vestergade 8-16
DK-8600 Silkeborg

Consolidation

Glud & Marstrand A/S is included in the consolidated financial statements of Gluma Holding A/S, which is the final parent company in Denmark.

Glud & Marstrand A/S is also included in the consolidated financial statements of Envases Universales de México, S.A.P.I de C.V.

Statement by Management on the annual report

The Board of Directors and the Executive Management have today presented the annual report of Glud & Marstrand A/S for the financial year 1 January to 31 December 2016.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31 December 2016 and of their financial performance and cash flow for the financial year 1 January to 31 December 2016.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Loesning, 5 April 2017

Board of Directors

Brian Nielsen

Knud Christensen

Mikkel Nørgaard Dall

Board of Directors

Laura Josefina Zapata y Oscoz
Chairman

Isaias Zapata Moran
Vice-chairman

Carlos Vicente Silva Jimenes

Jørgen Kjærgaard

Lars Roy Jantzen

Flemming Jakobsen
Employee representative

Lars Rolighed Hansen
Employee representative

Joan Rye Christiansen
Employee representative

Independent auditor's report

To the shareholders of Glud & Marstrand A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Glud & Marstrand A/S for the financial year 01.01.2016 - 31.12.2016, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2016, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2016 - 31.12.2016 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards 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 consolidated financial statements and the parent financial statements* section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of 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 responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 applicable in Denmark will always detect a material misstatement when it exists. Misstatements can 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 consolidated financial statements and parent financial statements.

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 consolidated financial statements and the parent 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 Group's and the Parent'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 consolidated financial statements and the parent 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 Group's and the Parent'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 consolidated financial statements and the parent 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 Group and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 commentary
Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Aarhus, 5 April 2017

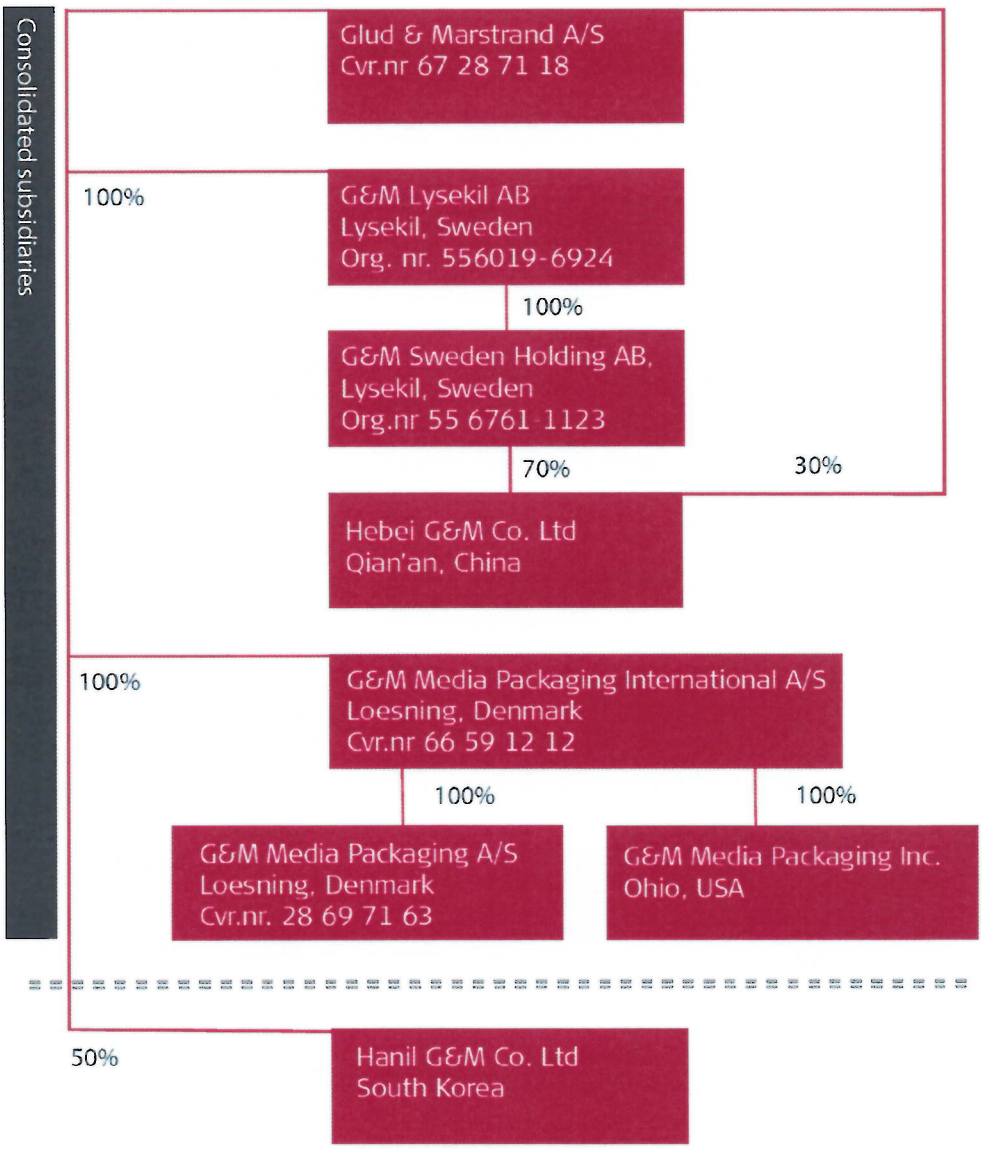
Deloitte
Statsautoriseret Revisionspartnerselskab
Business Registration No 33 96 35 56

Henrik Vedel
State-Authorised
Public Accountant

Jakob Olesen
State-Authorised
Public Accountant

Management commentary

Group chart as per 31 December 2016



Group financial highlights

	2016	2015	2014	2013	2012
Income statement in mDKK:					
Revenue	1.770	1.776	1.875	1.955	1.795
Gross profit	268	260	221	242	230
Income before interests	92	83	33	59	47
Net finansial income	-4	-10	-2	-12	-15
Income for the year	96	63	32	49	42
Balance sheet in mDKK:					
Balance sheet total	1.406	1.427	1.502	1.402	1.377
Equity	794	696	630	591	547
Cash flow in mDKK:					
Acquisition etc of property, plant and equipment	80	70	118	146	148
Employees:					
Average number of employees	1.021	1.110	1.206	1.178	1.091
Key ratios:					
Gross margin	15	15	12	12	13
Net profit ratio	5	5	2	3	3
Return on invested capital including goodwill	10	8	3	6	6
Solvency ratio	56	49	42	42	40
Return on equity	13	10	5	9	8

Change in accounting policies in 2016 on pension liabilities are adapted from 2015 and on.

Key ratios are defined and calculated in accordance with "Recommandations & Ratios 2015" issued by the Danish Society of Financial Analysts, as specified in note 21.

Management commentary

Primary activities

The Group's primary activity is to manufacture and sell decorated metal packaging. Glud & Marstrand products are mainly used in the production of foodstuffs, food products and beverages.

Glud & Marstrand products are marketed globally, with the Danish market being the base market, and the Group employs 1,021 staff in total. We refer to our homepage, www.glud-marstrand.com, for further information about our organisation.

A chart of the Group's legal entities is provided on page 7. Please note that the subsidiary, G&M Packaging International A/S, manufactures and sells metal packaging for the media industry through its two subsidiaries, G&M Media Packaging A/S and G&M Media Packaging Inc., with production facilities being located in Hjallerup, Denmark, and Bryant, Ohio, USA, respectively.

Development in activities and finances

The Glud & Marstrand Group's revenue for 2016 comes to DKK 1,770m against DKK 1,755m for 2015, whereas income for the year is DKK 96m against last year's DKK 63m.

With a decrease in revenue of DKK 5m and a decrease in income before interest of DKK11m, the development in the Parent for 2016 has not been satisfactory.

Metal packaging for the media business has seen a positive development in 2016 and also our Joint Venture in Korea has a positive development.

For the Group as a whole, earnings development is considered satisfactory.

Closure of subsidiary in China

The Group's subsidiary in China (Hebei G&M Ltd.) has been under closure since 2015. At present the company still owns the productionbuilding in China where the Company's activities have been located. The building is recognised at the estimated sales price at 31.12.2016, and provisions are made for estimated selling costs. Moreover, provisions have been made for other estimated costs until liquidation of the Company.

In the financial statements Hebei G&M Ltd. is considered a discontinuing activity.

Investments

Investments for the year total DKK 80m and total ongoing investments are DKK 61m at year-end.

Particular risks

Financial risks

Due to its international activities, the Glud & Marstrand Group is affected by exchange rate fluctuations relating to certain currencies. The Group aims to hedge commercial currency risks.

Management commentary

The Group's interest-bearing net debt is primarily financed by floating rate on loans with short-term maturity and fixed rates on loans with long-term maturity.

The Group's granting of credit when selling goods involves a risk, which the Group seeks to reduce through effective management and credit insurance.

Intellectual capital resources

Research and development

The Group is focusing on strengthening its position by selling quality products in selected markets. Such efforts will be made continuously, being an important element of the strategy plan adopted.

With a Technology department the Group has access to the resources of the competence centre which carries out research and development activities. In the financial year, costs incurred for these activities amount to DKK 8,3m. These activities are not deemed to be entitled to capitalisation.

Corporate social responsibility

Glud & Marstrand A/S' CSR policies are described below.

The Glud & Marstrand Group has adopted a general policy, supporting the "UN Global Compact" based on ten principles in the areas of human rights, workers' rights, the environment and anti-corruption.

The production facilities in Lysekil (Sweden), Hedensted, Hjallerup, Skive, Odense and Løsning are registered in the international CSR register SEDEX.

Social environment

Policy

The employees constitute important resources as to the Group's competiveness. Accordingly, employee welfare and safety at work are important areas for Management. Prudent safety measures should been taken at all our production facilities to minimise the risk of occupational injury.

Implementation

Our aim is to comply with applicable safety policies and to meet legal requirements in this respect. In addition, a number of staff-oriented measures have been taken such as wellness offers, and several policies have been formulated in relation to, for example, smoking, alcohol, resignation and senior employee schemes.

Results

The implementation of our staff-oriented measures results in continuous activities for our employees. We have run stop smoking courses, a senior seminar, made current contributions to exercise activities as well as undertaken training of executives and mid-level managers in conducting appraisal interviews.

Management commentary

Suppliers

Policy

Accepting and complying with our "Code of Conduct for Suppliers" forms an integral part of any business agreement concluded between the group and its subsuppliers. Glud & Marstrand A/S' Code of Conduct for Suppliers adheres to the principles described in the UN Supplier Code of Conduct and deals with the areas human rights, workers' rights, environment and anti-corruption.

Implementation and results

From our primary raw material suppliers and service providers we receive a written acceptance of our Code of Conduct. The majority of our primary suppliers have signed and accepted our Code of Conduct.

Environment

Policy

Glud & Marstrand has a well-developed environmental management system, and all Danish facilities are certified according to ISO 14001:2015. Full implementation is expected in 2017.

The system ensures focus on environmental aspects, observance of environmental legislation and that environment is considered in the start-up phase of projects throughout our organisation. As described in Glud & Marstrand's environmental policy (see our website) we focus on:

- Minimising of environmental impact on surroundings
- Improved energy efficiency
- Minimising of raw materials consumed and wastage
- Customer information on recycling of metal.
- Continiues improvements of our environmental impact of all our danish facilities

Implementation

All Glud & Marstrand's facilities are working in a systematised way with the ISO 14001 system and are continuously making efforts to improve and develop the system.

Every facility has appointed employees in charge of environmental issues and set up environmental groups with representatives from employees, management as well as Group Environment.

Results

Minimising of environmental impact:

In recent years, Glud & Marstrand has gathered our printing activities in three printing works compared to four back in 2013, two of them located in Denmark.

Management commentary

By gathering the activities, Glud & Marstrand A/S has reduced the discharge of solvents as afterburning in the new facilities is more effective. Moreover, we cooperate with our lacquer suppliers to phase out the problematic substances in lacquers. For instance, lacquers containing bisphenol A are only used in very small quantities.

Improved energy efficiency:
When replacing new equipment in the production, the most energy saving components are generally chosen.

Glud & Marstrand A/S is covered by the EU energy directive and executive order on energy inspections. In the autumn of 2015, energy inspections were carried out at several of our Danish facilities, and reports was available at the beginning of 2016. Over the next few years, Glud & Marstrand is expected to be able to implement many of the energy optimisations recommended in the reports.

Minimising of raw material consumption and wastage:
Glud & Marstrand is continuously working to optimise the size and thickness of the plates we use for can production.

Customer information relating to recycling of metal:
Our marketing department has designed a "recycles forever" logo in cooperation with the European trade organisation. We have informed our customers about this logo through newsletters and on our website etc. The logo can be used by our customers on their products.

New environmental approvals in 2016:

- Løsning
  - The local authorities have approved a new lid-line for the factory in 2016. Planned startup is 2017.
- Hjallerup
  - The local authorities recommended at the environmental inspection that old environmental approvals are gathered in one new approval and have required a reassessment of the environmental approval - deadline for application is spring of 2017.

There have been environmental inspection by the environmental authorities in 2016 at our factories in Odense, Løsning and Skive. The inspections was regular inspections in order to ensure compliance with the Environmental Protection Act.

Working environment
The working environment work takes place at the individual sites in the working environment organisations. At most of our sites a safety manager has been appointed to coordinate the work at the individual sites.

Management commentary

Also in 2016 has the reduction of industrial accidents been in focus. Targeted efforts are made to train the working environment groups in analysing and finding the reasons for the industrial accidents.

In 2015, the Danish Working Environment Authority has paid an inspection visit to three of our sites. Efforts are constantly made to ensure a high safety level for our employees.

Gender distribution in the Company's Management
Overall, the employment of management as well as staff will always be based on qualifications.

Gender distribution in the supreme governing body
Glud & Marstrand A/S has adopted a policy according to which the Company wants both genders to be represented in the supreme governing body. The aim is that both genders should represent at least 20% of the Company's entire Board of Directors elected at the General Meeting.

The present Board of Directors elected at the General Meeting consists of one woman and four men, and therefore the Company's policy is considered fulfilled.

Gender distribution at other management levels
Glud & Marstrand has adopted a policy according to which the Company wants a composition of management at all levels irrespective of gender.

The gender composition at other management levels at the end of the financial year is unbalanced.

It is the target of Glud & Marstrand to increase the share of the underrepresented gender at other management levels, but when recruiting both internal and external managers, professional qualifications continue to be emphasised without taking gender composition into consideration.

In Management's opinion, this policy secures a fair gender distribution of the Company's management group.

Outlook

The Group expects its earnings for 2017 to increase through a targeted growth strategy.

Accounting policies

The annual report of Glud & Marstrand A/S and the consolidated financial statements have been prepared in accordance with the requirements of the Danish Financial Statements Act governing reporting class C (large) enterprises.

Change in accounting policies

As a consequence of amendments to the Danish Financial Statements Act, the accounting policies have been changed in the following areas:

Actuarial gains and losses on post-employment benefit plans

Actuarial gains and losses on defined benefit plans are now recognised as part of provision for pensions. Actuarial gain and loss related to the defined benefit plan is recognized in equity. Service cost, calculated interests and other cost related to the financial year are recognised in the income statement. Defined benefit plans exist in the subsidiary G&M Lysekil AB and in the associated entity Hanil G&M Co. Ltd. The change in policy has the following effect:

	Parent		Group	
	2016	2015	2016	2015
	DKK 1.000	DKK 1.000	DKK 1.000	DKK 1.000
Income for the year, previous accounting policy	97.885	63.718	97.885	63.718
Additional administrative expenses			-355	-384
Income from investments in subsidiaries and associates	-1.572	-758	-868	-58
Additional interest expenses			-548	-513
Tax effect			199	197
Income for the year	**96.313**	**62.960**	**96.313**	**62.960**
Equity 1 January			695.840	630.241
Recognition of actuarial gain/loss on pension plans, accumulated 1 January 2015			0	-5.334
Equity postings, previous accounting policy			99.700	71.798
Net change in income for the year			-1.572	-758
Actuarial gain/loss on pensions plans in equity			456	-132
Tax effect			-83	25
Equity 31 December			**794.341**	**695.840**

Discontinued operations are presented as separate items

Discontinued operations are presented as separate items. In the income statement as income after tax, and in the balance sheet as current assets and current liabilities. Change in policy has no effect on income for the year or equity.

Accounting policies

The comparative figures for 2015 have been restated in the annual report. In group financial highlights, only the figures for 2016 and 2015 have been restated. Financial highlights have not been restated for earlier periods.

Beside the above, the accounting policies applied for the financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Group, and the value of the assets can be measured reliably.

Liabilities are recognised in the balance sheet when the Group has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Group, and the value of the liabilities can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Certain financial assets and liabilities are measured at amortised cost, recognising a constant effective interest rate over their term. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the accumulated amortisation of any difference between cost and the nominal amount.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement. Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date.

Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date.

Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Loans granted to group enterprises at the time of acquisition are also translated to Danish kroner using the exchange rate at the balance sheet date. Translation differences between the rates at the beginning and end of the year are adjusted directly on equity.

Accounting policies

Consolidated financial statements

The consolidated financial statements include the Parent Glud & Marstrand A/S and the enterprises in which the Parent, directly or indirectly, holds the majority of the voting rights.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of Glud & Marstrand A/S and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements. Minority interests' pro rata shares of the profit/loss and the net assets are disclosed as separate items in the income statement and the balance sheet, respectively.

In the consolidated financial statements the carrying amount of the Parent's investments in the consolidated subsidiaries are offset against its share of the subsidiaries' equity value calculated at the date when the group relation was established.

Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Derivative financial instruments are recognised under other receivables or other payables.

Value adjustments of derivative financial instruments concluced to hedge the fair value of recognised financial assets or liabilities are added to/deducted from the fair value of the hedged asset/liability.

Value adjustments of derivative financial instruments concluded to hedge estimated future cash flows are recognised in equity until the hedged transaction has been carried out. If the transaction results in an asset or a liability, the accumulated value adjustment will be recognised in cost of the asset or liability, and if the transaction results in income or expenses, the accumulated value adjustment will be recognised in the income statement together with the item hedged.

For derivative financial instruments that do not comply with the requirements for being treated as hedging instruments, changes in fair value are recognised currently in the income statement as financial income or financial expenses.

Accounting policies

Discontinuing activities

Discontinued operations are material business areas or geographical areas in the process of being shut down and where the assets are held for sale.

The profit/loss from discontinued operations is presented in the income statement as a separate item consisting of operating profit/loss after tax for the relevant operation. Assets relating to discontinued operations are presented separately in the balance sheet under current assets. Liabilities directly related to discontinued operations are presented as current liabilities in the balance sheet.

Income statement

Revenue

Revenue from sale of goods for resale and manufactured goods is recognised in the income statement when delivery has been made and risk has been transferred to the buyer before year-end and when the income can be calculated reliably and receipt is expected. Revenue is measured net of VAT, duties and sales discounts.

Production costs

Production costs comprise direct and indirect costs incurred to earn revenue. Production costs include cost of goods sold, wages and salaries to staff engaged in production as well as depreciation of production plant and other costs derived from production.

Production costs also include research and development costs that do not meet the criteria for capitalisation in the balance sheet as well as amortisation of development costs capitalised.

Sales and distribution costs

Sales and distribution costs include costs incurred for salaries to staff engaged in sale and distribution, advertising costs, freight costs and other types of related costs.

Administrative expenses

Administrative expenses include expenses for administrative staff, management and office premises, etc including depreciation and amortisation.

Accounting policies

Depreciation and amortisation

Intangible assets and property, plant and equipment are depreciated/amortised straight-line over the expected useful lives of the assets which represent:

Acquired patents and licences	5-20 years
Software licences	0-5 years
Goodwill	10 years
Buildings	25 years
Plant and machinery	3-10 years
Operating equipment, fixtures and fittings	3-10 years

Depreciation and amortisation as well as profits and losses on current replacement of fixed assets are recognised under production costs, sales and distribution costs as well as administrative expenses.

Other operating income and expenses

Other operating income and expenses comprise items of a secondary nature to the Company's primary activities.

Financial income and expenses

These items comprise interest income and expenses, realised and unrealised capital gains and losses on payables and transactions in foreign currencies, amortisation premium or allowance on mortgage debt, etc as well as tax surcharge and tax relief under the Danish Tax Prepayment Scheme.

Interest and other expenses relating to loans for financing the manufacture of intangible assets and property, plant and equipment and which relate to the manufacturing period are not included in cost.

Income taxes

Glud & Marstrand A/S is subject to the rules of national joint taxation with Gluma Holding A/S as the administration company. Income taxes are allocated among the jointly taxed Danish companies (full allocation).

Tax for the year in the income statement consists of current tax for the year, adjustment of deferred tax for the year as well as adjustment relating to previous years. Tax for the year is recognised in the income statement by the portion attributable to profit/loss for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Deferred tax liabilities are recognised in the balance sheet as provisions. The deferred tax liability is recognised as tax on all temporary differences at the current tax rate. The value of prior years' tax losses is set off against deferred tax provided the tax losses are expected to be set off against future income.

Profit/loss from investments in group enterprises and associates

The Parent's income statement includes the share of group enterprises' and associates profits/losses adjusted for change in non-realised internal profits.

Accounting policies

Balance sheet

Goodwill and goodwill on consolidation

Goodwill is calculated as the difference between cost of the investments and fair value of the assets and liabilities acquired. Goodwill is amortised straight-line over its estimated useful life which is assessed to be 10 years, based on expected earning profile and benefit from the relevant resources.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Development projects, software, acquired rights

The cost of development projects and software comprises salaries, depreciation/amortisation and other expenses that are directly attributable to the Company's development activities or implementation of software.

Clearly defined and identifiable development projects, for which the technical rate of utilisation, adequate resources and a potential future market or a development possibility in the enterprise can be established, and where the intention is to manufacture, market or apply the project, are recognised as intangible assets provided that sufficient certainty exists that the value in use of future earnings can cover manufacturing costs, sales expenses, administrative expenses and development costs.

Development projects which do not meet the criteria for recognition in the balance sheet are recognised as costs in the income statement as incurred.

Capitalised development costs and software are measured at the lower of cost less accumulated amortisation and impairment losses and recoverable amount.

Capitalised development costs and software are amortised from the time of completion on a straight-line basis over the period in which it is expected to generate economic benefits.

Acquired rights are measured at the lower of cost, less accumulated amortisation and impairment losses, and recoverable amount.

Property, plant and equipment

Property, plant and equipment are recognised at cost less depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition, and preparation costs of the asset until the time when it is ready to be put into operation.

Cost for self-constructed part of assets comprises direct and indirect costs of materials, components, subsuppliers and labour costs. Interest are expensed and not included in self-censtructed assets.

Accounting policies

The carrying amounts and the useful lives of property, plant and equipment are reviewed annually to determine any indications of impairment in addition to those reflected in depreciation. If there is an indication of impairment, an impairment test is performed to determine if the recoverable amount is lower than the carrying amount, and consequently the asset will be written down to such recoverable amount.

The recoverable amount of the asset is determined as the higher of net selling price and value in use. If it is not possible to fix a recoverable amount for the individual asset, all assets must be measured together in the smallest group of assets for which a reliable recoverable amount can be fixed by an overall valuation.

Profits and losses from the sale of property, plant and equipment are calculated as the difference between selling price less selling costs and carrying amount at the time of sale. Profits or losses are recognised in the income statement as adjustment to depreciation and impairment losses.

Investments in subsidiaries and associates
Investments in subsidiaries and associates are recognised and measured under the equity method. This means that investments are measured at the pro rata share of the enterprises' equity plus or less unamortised positive, or negative, goodwill and plus or less unrealised intra-group profits or losses.

The profit share in the foreign enterprise is translated into Danish kroner using average exchange rates whereas investments are translated into Danish kroner using the exchange rate at the balance sheet date. Translation differences between exchange rates at the beginning of the year, average exchange rates and exchange rates at the end of the year are adjusted directly on equity.

Subsidiaries with a negative equity value are measured at zero value, and any receivables from these enterprises are written down by the Parent's share of such negative equity if it is deemed irrecoverable. If the negative equity exceeds the amount receivable, the remaining amount is recognised under provisions if the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise.

Upon distribution of profit or loss, net revaluation of investments in subsidiaries and associates is transferred to reserve for net revaluation according to the equity method under equity.

Inventories
Inventories consist of goods, consumption materials and spare parts.

Inventories are measured at the lower of cost using the average cost formula and net realisable value.
Goods for resale as well as raw materials and consumables are measured at cost plus landing costs.

Cost of manufactured goods and work in progress consists of cost of materials and direct labour costs with addition of indirect production costs. Indirect production costs comprise indirect materials and labour costs, costs of maintenance, depreciation and impairment losses for machinery, factory buildings and equipment applied for the

Accounting policies

manufacturing process as well as costs of factory administration and management. Finance costs are not included in cost.

Receivables
Receivables are recognised at nominal value less writedown for bad debt on the basis of an individual assessment.

Pension obligations
Defined contribution plans are covered by insurance. Payments to the insurance are expensed in the financial year.

Defined benefit plans in relation to present and former employees are measured using actuarial methods. Actuarial gain and loss related to the defined benefit plan is recognized in equity. Service cost, calculated interests and other cost related to the financial year are recognised in the income statement.

Cash flow statement
The cash flow statement of the Group is presented using the indirect method and shows cash flows from operating, investing and financing activities as well as the Group's cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments as well as purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the Parent's share capital and related costs as well as the raising of loans, inception of finance leases, installments on interest-bearing debt and payment of dividend.

Cash and cash equivalents comprise cash at bank and in hand.

Transactions with related parties
Only related party transactions not conducted on an arm's length basis are disclosed in the annual report. Such transactions have not been conducted in the financial year.

Income statement for the financial year 1 January to 31 December

Note		Parent		Group	
		2016	2015	2016	2015
		DKK 1.000	DKK 1.000	DKK 1.000	DKK 1.000
1	Revenue	1.552.598	1.557.400	1.770.177	1.755.430
	Production costs	-1.385.690	-1.376.643	-1.501.849	-1.495.086
	Gross profit	**166.908**	**180.757**	**268.328**	**260.344**
	Sales and distribution costs	-73.785	-75.024	-93.342	-94.818
	Administrative expenses	-66.047	-67.088	-86.109	-87.358
2	Other income	15.187	15.087	3.312	4.401
	Income before interests	**42.263**	**53.732**	**92.189**	**82.569**
3	Income from investments in subsidiaries and associates	67.408	40.927	30.655	21.597
4	Financial income	4.457	3.022	5.487	3.557
5	Financial expenses	-8.833	-7.878	-9.419	-13.731
	Income before tax	**105.295**	**89.803**	**118.912**	**93.992**
6	Tax on profit/loss for the year	-7.199	-8.482	-20.816	-12.671
	Income for the year - continuing activities	**98.096**	**81.321**	**98.096**	**81.321**
7	Income after tax on discontinuing activities	-1.783	-18.361	-1.783	-18.361
8	**Income for the year**	**96.313**	**62.960**	**96.313**	**62.960**

Balance sheet at 31 December

Assets

Note		Parent		Group	
		2016	2015	2016	2015
		DKK 1.000	DKK 1.000	DKK 1.000	DKK 1.000
	Acquired intangible assets	3.275	7.182	3.275	7.182
	Goodwill	0	0	0	1.073
9	**Intangible assets**	**3.275**	**7.182**	**3.275**	**8.255**
	Land and buildings	727	786	6.593	7.596
	Plant and machinery	417.556	432.719	434.079	454.853
	Other fixtures and fittings, tools and equipment	36.493	31.593	36.585	31.767
	Fixed assets under construction and prepaymen	61.685	39.673	60.662	56.014
10	**Tangible assets**	**516.461**	**504.771**	**537.919**	**550.230**
	Investments in subsidiaries	130.759	95.759	0	0
	Investments in associates	138.556	113.691	138.556	113.691
	Other long term receivables	26.966	26.522	26.966	26.522
11	**Fixed asset investments**	**296.281**	**235.972**	**165.522**	**140.213**
	Fixed assets	**816.017**	**747.925**	**706.716**	**698.698**
12	**Inventories**	**302.595**	**314.846**	**339.777**	**349.214**
	Trade receivables	190.330	194.023	212.660	218.325
	Receivables from related parties	48.449	88.518	22.718	10.955
	Income tax receivable	0	0	225	2.865
	Other receivables	12.159	12.817	13.204	12.564
	Prepayments	2.118	5.927	2.251	6.135
	Receivables	**253.056**	**301.285**	**251.058**	**250.844**
	Cash	**26.921**	**21.614**	**87.701**	**88.170**
7	**Assets on discontinuing activities**	**0**	**0**	**20.773**	**39.694**
	Current assets	**582.572**	**637.745**	**699.309**	**727.922**
	Assets	**1.398.589**	**1.385.670**	**1.406.025**	**1.426.620**

Balance sheet at 31 December

Equity and liabilities

Note		Parent 2016	Parent 2015	Group 2016	Group 2015
		DKK 1.000	DKK 1.000	DKK 1.000	DKK 1.000
	Share capital	175.000	175.000	175.000	175.000
	Reserve for financial instruments	197	-134	197	-134
	Net revaluation of investments in subsidiaries and associates	218.210	158.345	122.377	97.512
	Retained earnings	400.934	362.629	496.767	423.462
	Equity	**794.341**	**695.840**	**794.341**	**695.840**
	Provision for pensions	0	0	21.400	21.668
13	Deferred tax liabilities	47.622	44.864	52.699	50.753
	Provisions	**47.622**	**44.864**	**74.099**	**72.421**
	Credit institutions	162.500	0	162.500	0
14	**Long-term liabilities other than provisions**	**162.500**	**0**	**162.500**	**0**
	Current portion of long-term liabilities to credit institutions	50.000	0	50.000	0
	Bank loans and overdrafts	25.420	303.894	25.420	303.894
	Trade payables	145.642	104.156	154.531	112.349
	Debt to related parties	55.797	133.538	9.448	75.183
	Income tax payable	4.373	1.450	8.921	3.650
	Other payables	112.894	101.928	121.502	113.060
	Short-term liabilities	**394.126**	**644.966**	**369.822**	**608.136**
7	**Liabilities on discontinuing activities**	**0**	**0**	**5.263**	**50.223**
	Liabilities other than provisions	**556.626**	**644.966**	**537.585**	**658.359**
	Equity and liabilities	**1.398.589**	**1.385.670**	**1.406.025**	**1.426.620**

15 Staff costs
16 Assets charged and provided securities
17 Other commitments
18 Contingent liabilities
19 Fee to auditors appointed by the Company in general meeting
20 Events after balance sheet date
21 Definition of financial highlights

Statement of changes in equity

The share capital consists of 175,000 shares at DKK 1,000.
There has been no changes in share capital in the past five financial years.

Parent	Share capital	Reserve for financial instruments	Net revaluation of investments in subsidiaries and associates	Retained earnings	Total
	DKK 1.000	DKK 1.000	DKK 1.000	DKK 1.000	DKK 1.000
Equity at 1 January 2015	175.000	-394	122.252	333.383	630.241
Change in accounting policy			-5.334		-5.334
Exchange adjustments of subsidiaries and associates			7.820		7.820
Fair value adjustments of hedging instruments		260			260
Net revaluation for the year			-107		-107
Retained earnings for the year			33.714	29.246	62.960
Equity at 31 December 2015	**175.000**	**-134**	**158.345**	**362.629**	**695.840**
Equity at 1 January 2016	175.000	-134	158.345	362.629	695.840
Exchange adjustments of subsidiaries and associates			1.720		1.720
Fair value adjustments of hedging instruments		331			331
Dividens received			-7.441	7.441	0
Net revaluation for the year			137		137
Retained earnings for the year			65.449	30.864	96.313
Equity at 31 December 2016	**175.000**	**197**	**218.210**	**400.934**	**794.341**

Statement of changes in equity

Group	Share capital	Reserve for financial instruments	Net revaluation of investments in subsidiaries and associates	Retained earnings	Total
	DKK 1.000	DKK 1.000	DKK 1.000	DKK 1.000	DKK 1.000
Equity at 1 January 2015	175.000	-394	71.935	383.700	630.241
Change in accounting policy			-608	-4.726	-5.334
Exchange adjustments of subsidiaries and associates			3.081	4.739	7.820
Fair value adjustments of hedging instruments		260			260
Net revaluation for the year			-269	162	-107
Retained earnings for the year			23.373	39.587	62.960
Equity at 31 December 2015	**175.000**	**-134**	**97.512**	**423.462**	**695.840**
Equity at 1 January 2016	175.000	-134	97.512	423.462	695.840
Exchange adjustments of subsidiaries and associates			1.218	502	1.720
Fair value adjustments of hedging instruments		331			331
Dividens received			-7.441	7.441	0
Net revaluation for the year			-640	777	137
Retained earnings for the year			31.728	64.585	96.313
Equity at 31 December 2016	**175.000**	**197**	**122.377**	**496.767**	**794.341**

Group cash flow statement

Note		Group 2016 DKK 1.000	Group 2015 DKK 1.000
	Income for the year	96.313	62.960
22	Adjustments	85.851	85.064
23	Working capital changes	9.880	11.932
	Cash flow from income before interests	**192.044**	**159.956**
	Financial income received	5.487	3.475
	Financial expenses paid	-9.419	-9.437
	Income taxes paid	-11.092	-2.976
	Cash flow from operating activities	**177.020**	**151.018**
	Purchase of shares in subsidiaries	0	-10.176
	Dividends received from associates	7.441	0
	Acquisition etc. of other long term receivables	-444	314
	Acquisition etc. of property, plant and machinery etc.	-79.975	-68.719
	Sale of property, plant and machinery etc.	6.305	30.046
	Cash flows from investing activities	**-66.673**	**-48.535**
	Long-term financing	250.000	0
	Installments on long-term liabilities other than provisions	-37.500	-16.176
	Cash flows from financing activities	**212.500**	**-16.176**
	Increase/decrease in cash and cash equivalents	322.847	86.307
	Cash and equivalents at 1 January	-254.675	-340.982
24	**Cash and equivalents at 31 December**	**68.172**	**-254.675**

Notes

		Parent		Group	
		2016	2015	2016	2015
		DKK 1.000	DKK 1.000	DKK 1.000	DKK 1.000
1	**Revenue**				
	The Company's primary segments are geografic markets.				
	Scandinavia	875.874	912.528	990.735	1.005.512
	Other world	676.724	644.872	779.442	770.478
		1.552.598	**1.557.400**	**1.770.177**	**1.775.990**
2	**Other income**				
	Renting and commision	501	2.462	579	2.543
	Other income	14.686	12.625	2.733	1.858
		15.187	**15.087**	**3.312**	**4.401**
3	**Income from investments in subsidiaries and associates**				
	Income from investments in subsidiaries	35.680	7.954	0	0
	Write down purchase of shares in subsidiaries	0	0	0	-10.176
	Provision on liability to buy shares in subsidiaries	0	9.600	0	9.600
	Income from investments in associates	31.728	23.373	31.728	23.373
	Goodwilll on consolidation	0	0	-1.073	-1.200
		67.408	**40.927**	**30.655**	**21.597**

Notes

		Parent		Group	
		2016	2015	2016	2015
		DKK 1.000	DKK 1.000	DKK 1.000	DKK 1.000
4	**Financial income**				
	Financial income from group enterprises	123	637	73	216
	Foreign exchange adjustments	3.621	1.461	4.523	1.654
	Other financial income	713	924	891	1.687
		4.457	**3.022**	**5.487**	**3.557**
5	**Financial expenses**				
	Financial expenses	5.633	6.365	5.958	10.144
	Financial expenses to group enterprises	608	170	173	170
	Foreign exchange adjustments	2.592	1.343	2.743	3.416
	Other financial expenses	0	0	545	1
		8.833	**7.878**	**9.419**	**13.731**
6	**Tax on profit/loss for the year**				
	Current tax	4.398	1.450	18.468	6.336
	Change in deferred tax	2.636	7.740	2.186	7.044
	Adjustment concerning tax in previous years	165	-708	162	-709
		7.199	**8.482**	**20.816**	**12.671**

Notes

	Group	
	2016	2015
	DKK 1.000	DKK 1.000
7 Discontinuing activities		
Income statement		
Revenue	2.800	20.560
Production costs	-2.905	-33.377
Gross profit	**-105**	**-12.817**
Sales and distribution costs	-100	-969
Administrative expenses	-1.578	-8.787
Income before interests	**-1.783**	**-22.573**
Financial items	0	4.212
Tax	0	0
Income after tax on discontinuing activities	**-1.783**	**-18.361**
Balance sheet		
Assets		
Intangible assets	3.668	3.902
Tangible assets	5.000	5.198
Fixed assets	**8.668**	**9.100**
Inventories	610	4.505
Receivables from related parties	0	16.128
Receivables	5.604	4.816
Cash	5.891	5.145
Current assets	**12.105**	**30.594**
Assets on discontinuing activities	**20.773**	**39.694**
Liabilities		
Bank loans	0	44.095
Trade payables	5	33
Other payables	5.258	6.095
Liabilities on discontinuing activities	**5.263**	**50.223**
Debt to consolidated enterprises	74.835	45.477
Net equity discontinuing activities	**-59.325**	**-56.006**
Net investment in parent	15.510	-10.529

Notes

8 Proposed distribution of income for the year

	2016 DKK 1.000
Parent	
Transfer to reserve for net revaluation of subsidiaries and associates	65.449
Retained earnings	30.864
	96.313
Group	
Transfer to reserve for net revaluation of subsidiaries and associates	31.728
Retained earnings	64.585
	96.313

9 Intangible assets

Parent

	Acquired intangible assets DKK 1.000
Cost at 1 January	36.898
Additions	0
Cost at 31 December	36.898
Depreciation and impairment losses at 1 January	29.716
Depreciation for the year	3.907
Depreciation and impairment losses at 31 December	33.623
Carrying amount at 31 December	**3.275**

Amortisation and depreciation are recognised as follows in the income statement	2016 DKK 1.000	2015 DKK 1.000
Production costs	3.907	3.907
	3.907	**3.907**

Notes

9 Intangible assets - continued

Group	Acquired intangible assets DKK 1.000	Acquired rights DKK 1.000	Goodwill DKK 1.000
Cost at 1 January	36.898	5.539	64.008
Transferred to discontinuing activities	0	-5.539	0
Cost at 31 December	36.898	0	64.008
Depreciation and impairment losses at 1 January	29.716	1.637	62.935
Transferred to discontinuing activities	0	-1.637	0
Depreciation for the year	3.907	0	1.073
Depreciation and impairment losses at 31 December	33.623	0	64.008
Carrying amount at 31 December	**3.275**	**0**	**0**

Amortisation and depreciation are recognised as follows in the income statement	2016 DKK 1.000	2015 DKK 1.000
Production costs	3.907	4.132
Income from investments in subsidiaries	1.073	1.200
	4.980	**5.332**

Notes

10 Tangible assets

Parent	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Fixed assets under construction
	DKK 1.000	DKK 1.000	DKK 1.000	DKK 1.000
Cost at 1 January	1.846	1.782.199	105.260	39.673
Additions	0	37.559	4.906	53.271
Transfers	0	25.002	6.257	-31.259
Disposals	0	-22.282	-300	0
Cost at 31 December	1.846	1.822.478	116.123	61.685
Depreciation and impairment losses at 1 January	1.060	1.349.480	73.667	0
Depreciation for the year	59	72.128	6.243	0
Reversals relating to disposals	0	-16.686	-280	0
Depreciation and impairment losses at 31 December	1.119	1.404.922	79.630	0
Carrying amount at 31 December	**727**	**417.556**	**36.493**	**61.685**

Amortisation, depreciation and gain/loss on sales/disposals are recognised as follows in the income statement	2016	2015
	DKK 1.000	DKK 1.000
Production costs	75.387	63.169
Sales and distribution costs	187	265
Administrative expenses	2.933	2.528
	78.507	**65.962**

Notes

10 Tangible assets - continued

Group	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Fixed assets under construction
	DKK 1.000	DKK 1.000	DKK 1.000	DKK 1.000
Cost at 1 January	39.952	1.992.039	114.556	56.014
Transferred to discontinuing activities	-13.074	-1.043	-871	0
Foreign exchange adjustments	-1.122	-2.463	-203	-10
Additions	0	37.606	4.906	37.464
Transfers	228	26.321	6.257	-32.806
Disposals	0	-24.072	-300	0
Cost at 31 December	25.984	2.028.388	124.345	60.662
Depreciation and impairment losses at 1 January	27.834	1.536.808	82.491	0
Transferred to discontinuing activities	-8.552	-665	-573	0
Foreign exchange adjustments	-818	-2.097	-198	0
Depreciation for the year	927	78.737	6.320	0
Reversals relating to disposals	0	-18.474	-280	0
Depreciation and impairment losses at 31 December	19.391	1.594.309	87.760	0
Carrying amount at 31 December	**6.593**	**434.079**	**36.585**	**60.662**

Amortisation, depreciation and gain/loss on sales/disposals are recognised as follows in the income statement	2016	2015
	DKK 1.000	DKK 1.000
Production costs	82.033	86.451
Sales and distribution costs	273	351
Administrative expenses	3.190	2.973
	85.496	**89.775**

Notes

11 Fixed asset investments

Parent	Investments in subsidiaries DKK 1.000	Investments in associates DKK 1.000	Other long term receivables DKK 1.000
Cost at 1 January	34.926	16.179	26.522
Additions	0	0	444
Disposals	0	0	0
Cost at 31 December	34.926	16.179	26.966
Net revaluation at 1 January	66.097	98.447	0
Change in accounting policy	-5.264	-935	0
	60.833	97.512	0
Foreign exchange adjustments	502	1.218	0
Net share of profit/loss for the year	35.680	31.728	0
Dividens received	0	-7.441	0
Net revaluation for the year	777	-640	0
Net adjustments of investments having a negative equity value	-1.959	0	0
Net revaluation at 31 December	95.833	122.377	0
Carrying amount at 31 December	**130.759**	**138.556**	**26.966**

Notes

11 Fixed asset investments - continued

Group	Investments in associates	Other long term receivables
	DKK 1.000	DKK 1.000
Cost at 1 January	16.179	26.522
Additions	0	444
Cost at 31 December	16.179	26.966
Net revaluation at 1 January	98.447	0
Change in accounting policy	-935	0
	97.512	0
Foreign exchange adjustments	1.218	0
Net share of profit/loss for the year	31.728	0
Dividens received	-7.441	0
Net revaluation for the year	-640	0
Net revaluation at 31 December	122.377	0
Carrying amount at 31 December	**138.556**	**26.966**

Notes

11 Fixed asset investments - continued

Parent	Net profit in last annual report	Equity in last annual report	Share capital	Parent share of voting rights
Subsidiaries				
G&M Lysekil AB, Lysekil, Sverige	TSEK -1.599	TSEK 43.563	TSEK 3.706	100%
G&M Mediapackaging Int. A/S Løsning, DK	TDKK 13.060	TDKK 39.817	TDKK 500	100%
Hebei G&M Co. Ltd Qian'an, Kina	TRMB - 20.789	TRMB -47.526	TRMB 90.338	30%
Associates				
Hanil G&M Co. Ltd. Seoul, Korea	MKRW 5.415	MKRW 37.000	MKRW 5.000	50%
Group				
Associates				
Hanil G&M Co. Ltd. Seoul, Korea	MKRW 5.415	MKRW 37.000	MKRW 5.000	50%

Notes

	Parent		Group	
	2016	2015	2016	2015
	DKK 1.000	DKK 1.000	DKK 1.000	DKK 1.000
12 Inventories				
Raw materials and consumables	115.790	108.130	134.129	123.559
Goods in progress	147.377	165.314	156.369	176.743
Finished goods	39.428	41.402	49.279	48.912
	302.595	**314.846**	**339.777**	**349.214**
13 Deferred tax liabilities				
Intangible assets	721	1.580	721	1.580
Tangible assets	33.033	28.748	32.739	28.576
Inventories	15.673	15.446	15.555	15.331
Other items	-1.805	-910	3.684	5.266
	47.622	**44.864**	**52.699**	**50.753**
Deferred tax at 1 January 2016	44.864		50.753	
Change in deferred tax in income statement	2.636		2.186	
Change in deferred tax in Equity	97		-265	
Adjustment of deferred tax in previous years	25		25	
Deferred tax at 31 December 2016	**47.622**		**52.699**	

14 Long-term liabilities other than provisions

No part of long-term liabilities are due after more than 5 years

Notes

	Parent 2016	Group 2016
	DKK 1.000	DKK 1.000
15 Staff costs		
Wages and salaries	374.183	415.708
Pension costs	33.733	42.385
Other social security costs	11.730	12.952
	419.646	**471.045**
Staff costs are recognised as follows in the income statement:		
Production costs	372.127	398.795
Sales- and distribution costs	20.082	23.408
Administrative expenses	27.437	48.842
	419.646	**471.045**
From this wages and salaries for executive management and board of directors make:		
Executive Management	5.730	5.730
Board of directors	400	400
	6.130	**6.130**
Average number of employees	**918**	**1.021**

16 Assets charged and provided securities

The company has no asssets charged or provided any securities

Notes

	Parent		Group	
	2016	2015	2016	2015
	DKK 1.000	DKK 1.000	DKK 1.000	DKK 1.000
17 Other commitments				
Renting and lease payments due in 1 year	60.108	57.218	60.261	57.379
Renting and lease payments due in 2-5 years	229.816	224.771	229.971	224.771
Renting and lease payments due after 5 years	141.410	197.916	141.410	197.916
	431.334	**479.905**	**431.642**	**480.066**
18 Contingent liabilities				
Guarantees for subsidiaries	7.512	63.067	0	0
Other contingent liabilities	302	327	603	653
	7.814	**63.394**	**603**	**653**

The Company participates in a Danish joint taxation arrangement in which Gluma A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable from the financial year 2013 for income taxes etc for the jointly taxed companies and from 1 July 2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and divided for the jointly taxed companies. The total net liability to the Danish tax authorities appears from the financial statements of Gluma Holding A/S.

The Glud & Marstrand Group has received a compensation claim from a few customers. Provisions are made for expected claims to the extent found necessary by Management. The outcome of single cases may differ in positive as well as negative directions, and the accounting impact may be significant.

19 Fee to auditors appointed by the Company in general meeting				
Statutory audit services	768	587	968	777
Other assurance engegements	0	3	0	3
Tax services	30	57	58	73
Other services	216	272	223	276
	1.014	**919**	**1.249**	**1.129**

Notes

20 Events after balance sheet date

No significant events have occurred after the balace shee date to this date which would influence the evaluation of the consolidated an parent finacial statements

21 Definition of financial highlights

Financial highlights are defined and calculated in accordance with "Recommandations & Ratios 2015" issued by the Danish Society of Financial Analysts.

Ratios Calculation formula

Gross margin (%) = $\frac{\text{Gross profit x 100}}{\text{Revenue}}$

Net profit ratio (%) = $\frac{\text{Income before interest x 100}}{\text{Revenue}}$

Return on invested capital incl goodwill (%) = $\frac{\text{EBITA x 100}}{\text{Average invested capital incl goodwill}}$

Solvency ratio(%) = $\frac{\text{Equity}}{\text{Total assets}}$

Return on equity (%) = $\frac{\text{Income for the year x 100}}{\text{Avarage equity}}$

Ratios reflect

Return on invested capital incl goodwill
The return generated by the enterprise on the investors' funds.

EBITA (Earnings Before Interest, Tax and Amortisation) is defined as operating profit plus the year's amortisation of goodwill. The year's impairment losses on goodwill are not added.

Invested capital including goodwill is defined as net working capital plus the carrying amount of property, plant and equipment and intangible assets as well as accumulated amortisation of goodwill, and minus other provisions and other long-term operating liabilities. Accumulated impairment losses on goodwill are not added.

Net working capital is defined as inventories, receivables and other operating current assets net of trade payables and other short-term operating liabilities. Income tax receivable and payable as well as cash are not included in net working capital.

Notes

	Group	
	2016	2015
	DKK 1.000	DKK 1.000
22 Adjustments		
Depreciation and losses on tangible and intangible assets	90.749	96.381
Gain/losses on sale of tangible and intangible assets	-358	-6.674
Changes in provision for pensions	-267	988
Changes in other provisions	0	-9.600
Income from investments in subsidiaries	-31.728	-13.197
Financial income received	-5.487	-3.475
Financial expenses paid	9.419	9.437
Taxes on profit/loss for the year	20.816	12.868
Fair value adjustments of hedging instruments	428	346
Other adjustments	2.279	-2.010
	85.851	**85.064**
23 Working capital changes		
Changes in inventories	13.332	46.894
Changes in trade receivables	6.382	32.723
Changes in related parties accounts	-61.370	3.447
Changes in other receivables and prepayments	-1.754	-11.167
Changes in trade payables	42.155	-59.506
Changes in other payables and deferred income	11.136	-459
	9.881	**11.932**
24 Cash and equivalents		
Cash	93.592	93.315
Bank loans and overdrafts	-25.420	-347.990
	68.172	**-254.675**