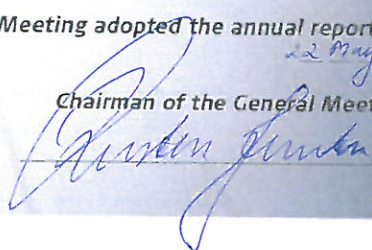


## Annual Report 2017



The Annual General Meeting adopted the annual report on  
22 May 2018

Chairman of the General Meeting



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

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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

Francisco Javier Pietrini Zapata

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 2017.

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

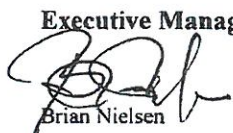
In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31 December 2017 and of their financial performance and cash flow for the financial year 1 January to 31 December 2017.

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

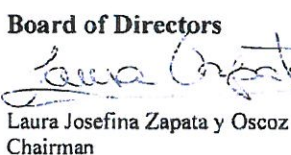
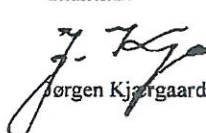
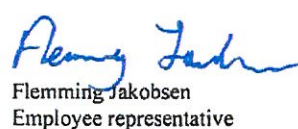
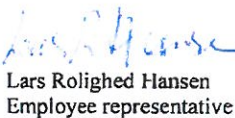
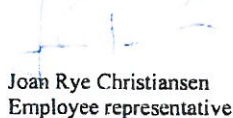
We recommend the annual report for adoption at the Annual General Meeting.

Loesning, 5 April 2018

### Executive Management

  
Brian Nielsen  
Knud Christensen  
Mikkel Nørgaard Dall

### Board of Directors

  
Laura Josefina Zapata y Oscoz  
Chairman  
Isaias Zapata Moran  
Vice-chairman  
Francisco Javier Pietrini Zapata  
Jørgen Kjærsgaard  
Lars Røe Jøntzen  
Flemming Jakobsen  
Employee representative  
Lars Rolighed Hansen  
Employee representative  
Joan Rye Christiansen  
Employee representative

## Independent auditor's report

### To the shareholder 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 01.01.2017 - 31.12.2017, 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 31.12.2017, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2017 - 31.12.2017 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 Entity'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.

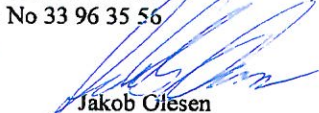
Aarhus, 5 April 2018

**Deloitte**

Statsautoriseret Revisionspartnerselskab  
Business Registration No 33 96 35 56



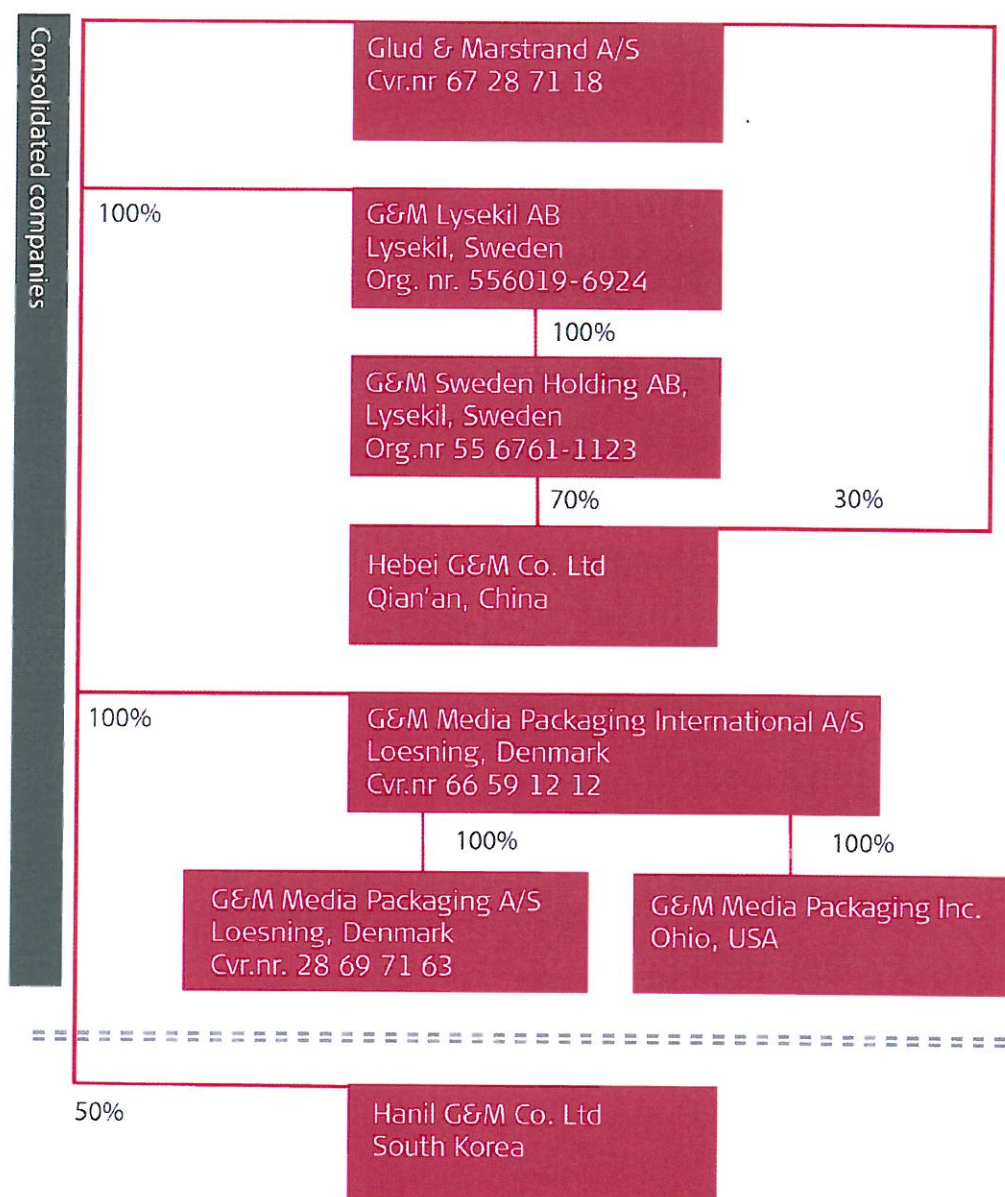
Henrik Vedel  
State-Authorised  
Public Accountant  
MNE-nr. mne10052



Jakob Olesen  
State-Authorised  
Public Accountant  
MNE-nr. mne34492

## Management commentary

### Group chart as per 31 December 2017



## Group financial highlights

	2017	2016	2015	2014	2013
<b>Income statement in mDKK:</b>					
Revenue	1.857	1.770	1.776	1.875	1.955
Gross profit	288	268	260	221	242
Income before interests	106	92	83	33	59
Net financial income	-7	-4	-10	-2	-12
Income for the year	108	96	63	32	49
<b>Balance sheet in mDKK:</b>					
Balance sheet total	1.501	1.406	1.427	1.502	1.402
Equity	894	794	696	630	591
<b>Cash flow in mDKK:</b>					
Acquisition etc of property, plant and equipment	104	80	70	118	146
<b>Employees:</b>					
Average number of employees	1.038	1.021	1.110	1.206	1.178
<b>Key ratios:</b>					
Gross margin	16	15	15	12	12
Net profit ratio	6	5	5	2	3
Return on invested capital including goodwill	12	10	8	3	6
Solvency ratio	60	56	49	42	42
Return on equity	13	13	10	5	9

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

Key ratios are defined and calculated in accordance with "Recommendations & Ratios 2015" issued by the Danish Finance Society, 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 1,038 staff in total. We refer to our homepage, [www.glud-marstrand.com](http://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 2017 comes to DKK 1,857m against DKK 1,770m for 2016, and income for the year is DKK 108m against last year's DKK 96m.

With an increase in revenue of DKK 86m and an increase in income before interest of DKK14m, the development in the parent for 2017 has been satisfactory.

Metal packaging for the media business and our Joint Venture in Korea has seen a steady development close to last year level.

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 production building in China where the Company's activities have been located. The building is recognised at the estimated sales price at 31.12.2017, and provisions are made for estimated selling costs. Moreover, provisions have been made for other estimated costs until expected liquidation of the Company.

As last year the subsidiary Hebei G&M Ltd. is considered a discontinuing activity.

### Investments

Investments for the year total DKK 104m and total ongoing investments are DKK 32m at year-end.

## Management commentary

### 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.

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 7,3m. 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 (Business) 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.

#### *Human rights*

- Businesses should support and respect the protection of internationally proclaimed human rights; and
- make sure that they are not complicit in human rights abuses.

#### *Workers' rights*

- Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- the elimination of all forms of forced and compulsory labour;
- the effective abolition of child labour; and
- the elimination of discrimination in respect of employment and occupation.
- discrimination in work and employment relations.

## Management commentary

### *Environment*

- Businesses should support a precautionary approach to environmental challenges;
- undertake initiatives to promote greater environmental responsibility; and
- encourage the development and diffusion of environmentally friendly technologies.

### *Anti-corruption*

- Businesses should work against corruption in all its forms, including extortion and bribery

### *Scope of validity*

The Glud & Marstrand Group follows the principles in the “Code of Conduct” and requires that suppliers do the same. Furthermore, the suppliers must ensure that their sub-suppliers also comply with the “Code of Conduct”.

The production facilities in Lysekil (Sweden), Hedensted, Hjallerup, Skive, Odense and Loesning are SEDEX supplier (B) members.

## Social environment

### *Policy*

The employees constitute important resources as to the Group's competitiveness. Accordingly, employee welfare and safety at work are important areas for Management. Prudent safety measures should be 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, and training of executives and mid-level managers in conducting appraisal interviews. At all plants we have implemented health care and exercise activities either in-house or at external facilities.

## 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 sub-suppliers. 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.



## Management commentary

### *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. Glud & Marstrand has implemented ISO 14.001:2015 and in this context updated relevant business processes in the environment management system.

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.
- Continues 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 centralized our printing facilities.

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 were available at the beginning of 2016. In 2017 some of the energy optimisations recommended in the reports have been implemented, such as insulation of roofs, replacement of windows and lighting. Over the next years, Glud & Marstrand A/S is going to implement some of the other 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 2017:*

- Loesning
  - The local authorities have approved a new can- and lidline for the production of a new conical can. Planned start up is spring 2018.
- Hedensted
  - The local authorities have approved the discharge of wastewater.
- Odense
  - The local authorities have approved a new printing line for the factory in 2017.
- Hjallerup
  - The plant and local authorities have completed the work gathering old environmental approvals in one new approval.

There have been environmental inspection by the environmental authorities in 2017 at our plants in Odense, and Hedensted. The inspections were regular inspections in order to ensure compliance with the Environmental Protection Act. The main results of the inspections was the preparation of a plan for optimized treatment and emission of air from the 2 plants.

### **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.

The reduction of industrial accidents has been in focus for many years. Targeted efforts are made to train the working environment groups in analysing and finding the reasons for the industrial accidents and “near misses” and prevent them from reoccurring.

In 2017, the Danish Working Environment Authority has inspected four 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 Glud & Marstrand we support development of our employees. The actions we take are available for both gender and they could be:

- Within our organization employees are offered additional training/education to the position they are currently possessing. This opportunity is open and used by both gender in our organisation.
- At white color level all employees are offered an employee development interview within every two years. Request or need for additional training/education, personal development etc. could be part of this interview.

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

**Outlook**

The Group expects a steady growth for 2018 with expected earnings at the same level as 2017.



## 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.

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.

## Accounting policies

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.

### 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 concluded 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, sub-suppliers and labour costs. Interest are expensed and not included in self-constructed 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



## Accounting policies

maintenance, depreciation and impairment losses for machinery, factory buildings and equipment applied for the 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	
	2017	2016	2017	2016
	DKK 1.000	DKK 1.000	DKK 1.000	DKK 1.000
1 Revenue	1.660.667	1.552.598	1.856.584	1.770.177
Production costs	-1.468.007	-1.385.690	-1.568.984	-1.501.849
<b>Gross profit</b>	<b>192.660</b>	<b>166.908</b>	<b>287.600</b>	<b>268.328</b>
Sales and distribution costs	-84.612	-73.785	-101.980	-93.342
Administrative expenses	-60.000	-66.047	-83.184	-86.109
2 Other income	14.385	15.187	4.046	3.312
<b>Income before interests</b>	<b>62.433</b>	<b>42.263</b>	<b>106.482</b>	<b>92.189</b>
3 Income from investments in subsidiaries and associates	66.981	67.408	32.687	30.655
4 Financial income	1.027	4.457	1.556	5.487
5 Financial expenses	-8.314	-8.833	-8.119	-9.419
<b>Income before tax</b>	<b>122.127</b>	<b>105.295</b>	<b>132.606</b>	<b>118.912</b>
6 Tax on profit/loss for the year	-11.829	-7.199	-22.308	-20.816
<b>Income for the year - continuing activities</b>	<b>110.298</b>	<b>98.096</b>	<b>110.298</b>	<b>98.096</b>
7 Income after tax on discontinuing activities	-1.908	-1.783	-1.908	-1.783
<b>8 Income for the year</b>	<b>108.390</b>	<b>96.313</b>	<b>108.390</b>	<b>96.313</b>

## Balance sheet at 31 December

### Assets

Note	Parent		Group	
	2017	2016	2017	2016
	DKK 1.000	DKK 1.000	DKK 1.000	DKK 1.000
Acquired intangible assets	0	3.275	0	3.275
Goodwill	0	0	0	0
<b>9 Intangible assets</b>	<b>0</b>	<b>3.275</b>	<b>0</b>	<b>3.275</b>
Land and buildings	668	727	6.251	6.593
Plant and machinery	447.506	417.556	459.629	434.079
Other fixtures and fittings, tools and equipment	49.316	36.493	49.370	36.585
Fixed assets under construction and prepayments	31.464	61.685	32.040	60.662
<b>10 Tangible assets</b>	<b>528.954</b>	<b>516.461</b>	<b>547.290</b>	<b>537.919</b>
Investments in subsidiaries	158.285	130.759	0	0
Investments in associates	152.602	138.556	152.602	138.556
Other long term receivables	27.420	26.966	27.420	26.966
<b>11 Fixed asset investments</b>	<b>338.307</b>	<b>296.281</b>	<b>180.022</b>	<b>165.522</b>
<b>Fixed assets</b>	<b>867.261</b>	<b>816.017</b>	<b>727.312</b>	<b>706.716</b>
<b>12 Inventories</b>	<b>354.794</b>	<b>302.595</b>	<b>389.026</b>	<b>339.777</b>
Trade receivables	194.488	190.330	218.024	212.660
Receivables from related parties	27.121	48.449	14.946	22.718
Income tax receivable	0	0	0	225
Other receivables	17.395	12.159	18.678	13.204
Prepayments	1.599	2.118	1.647	2.251
<b>Receivables</b>	<b>240.603</b>	<b>253.056</b>	<b>253.295</b>	<b>251.058</b>
<b>Cash</b>	<b>49.923</b>	<b>26.921</b>	<b>115.173</b>	<b>87.701</b>
<b>7 Assets on discontinuing activities</b>	<b>0</b>	<b>0</b>	<b>16.026</b>	<b>20.773</b>
<b>Current assets</b>	<b>645.320</b>	<b>582.572</b>	<b>773.520</b>	<b>699.309</b>
<b>Assets</b>	<b>1.512.581</b>	<b>1.398.589</b>	<b>1.500.832</b>	<b>1.406.025</b>

## Balance sheet at 31 December

### Equity and liabilities

Note	Parent		Group	
	2017	2016	2017	2016
	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	0	197	0	197
Net revaluation of investments in subsidiaries and associates	259.782	218.210	136.423	122.377
Retained earnings	459.431	400.934	582.790	496.767
<b>Equity</b>	<b>894.213</b>	<b>794.341</b>	<b>894.213</b>	<b>794.341</b>
Provision for pensions	0	0	21.902	21.400
<b>13 Deferred tax liabilities</b>	<b>51.385</b>	<b>47.622</b>	<b>55.461</b>	<b>52.699</b>
<b>Provisions</b>	<b>51.385</b>	<b>47.622</b>	<b>77.363</b>	<b>74.099</b>
Credit institutions	112.500	162.500	112.500	162.500
<b>14 Long-term liabilities other than provisions</b>	<b>112.500</b>	<b>162.500</b>	<b>112.500</b>	<b>162.500</b>
Current portion of long-term liabilities to credit institutions	50.000	50.000	50.000	50.000
Bank loans and overdrafts	2	25.420	2	25.420
Trade payables	212.966	145.642	218.815	154.531
Debt to related parties	73.688	55.797	10.977	9.448
Income tax payable	7.905	4.373	13.024	8.921
Other payables	109.922	112.894	120.312	121.502
<b>Short-term liabilities</b>	<b>454.483</b>	<b>394.126</b>	<b>413.130</b>	<b>369.822</b>
<b>7 Liabilities on discontinuing activities</b>	<b>0</b>	<b>0</b>	<b>3.626</b>	<b>5.263</b>
<b>Liabilities other than provisions</b>	<b>566.983</b>	<b>556.626</b>	<b>529.256</b>	<b>537.585</b>
<b>Equity and liabilities</b>	<b>1.512.581</b>	<b>1.398.589</b>	<b>1.500.832</b>	<b>1.406.025</b>

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 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
Dividends received			-7.441	7.441	0
Net revaluation for the year			137		137
Retained earnings for the year			65.449	30.864	96.313
<b>Equity at 31 December 2016</b>	<b>175.000</b>	<b>197</b>	<b>218.210</b>	<b>400.934</b>	<b>794.341</b>
Equity at 1 January 2017	175.000	197	218.210	400.934	794.341
Exchange adjustments of subsidiaries and associates			-8.412		-8.412
Fair value adjustments of hedging instruments		-197			-197
Dividends received			-18.030	18.030	0
Net revaluation for the year			91		91
Retained earnings for the year			67.923	40.467	108.390
<b>Equity at 31 December 2017</b>	<b>175.000</b>	<b>0</b>	<b>259.782</b>	<b>459.431</b>	<b>894.213</b>

## 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 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
Dividends 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
<b>Equity at 31 December 2016</b>	<b>175.000</b>	<b>197</b>	<b>122.377</b>	<b>496.767</b>	<b>794.341</b>
Equity at 1 January 2017	175.000	197	122.377	496.767	794.341
Exchange adjustments of subsidiaries and associates			-938	-7.474	-8.412
Fair value adjustments of hedging instruments		-197			-197
Dividends received			-18.030	18.030	0
Net revaluation for the year			327	-236	91
Retained earnings for the year			32.687	75.703	108.390
<b>Equity at 31 December 2017</b>	<b>175.000</b>	<b>0</b>	<b>136.423</b>	<b>582.790</b>	<b>894.213</b>



## Group cash flow statement

<u>Note</u>	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	DKK 1.000	DKK 1.000
Income for the year	108.390	96.313
22 Adjustments	84.935	85.851
23 Working capital changes	17.343	9.880
<b>Cash flow from income before interests</b>	<b>210.668</b>	<b>192.044</b>
Financial income received	1.556	5.487
Financial expenses paid	-8.119	-9.419
Income taxes paid	-15.072	-11.092
<b>Cash flow from operating activities</b>	<b>189.033</b>	<b>177.020</b>
Dividends received from associates	18.030	7.441
Acquisition etc. of other long term receivables	-454	-444
Acquisition etc. of property, plant and machinery etc.	-105.337	-79.975
Sale of property, plant and machinery etc.	1.646	6.305
<b>Cash flows from investing activities</b>	<b>-86.115</b>	<b>-66.673</b>
Long-term financing	0	250.000
Installments on long-term liabilities other than provisions	-50.000	-37.500
<b>Cash flows from financing activities</b>	<b>-50.000</b>	<b>212.500</b>
Increase/decrease in cash and cash equivalents	52.918	322.847
Cash and equivalents at 1 January	68.172	-254.675
<b>24 Cash and equivalents at 31 December</b>	<b>121.090</b>	<b>68.172</b>

## Notes

	Parent		Group	
	2017	2016	2017	2016
	DKK 1.000	DKK 1.000	DKK 1.000	DKK 1.000
<b>1 Revenue</b>				
The Company's primary segments are geografic markets.				
Scandinavia	918.330	875.874	1.033.392	990.735
Other world	742.337	676.724	823.192	779.442
	<b>1.660.667</b>	<b>1.552.598</b>	<b>1.856.584</b>	<b>1.770.177</b>
<b>2 Other income</b>				
Rent and commision	538	501	615	579
Other income	13.847	14.686	3.431	2.733
	<b>14.385</b>	<b>15.187</b>	<b>4.046</b>	<b>3.312</b>
<b>3 Income from investments in subsidiaries and associates</b>				
Income from investments in subsidiaries	34.294	35.680	0	0
Income from investmnts in associates	32.687	31.728	32.687	31.728
Goodwilll on consolidation	0	0	0	-1.073
	<b>66.981</b>	<b>67.408</b>	<b>32.687</b>	<b>30.655</b>

## Notes

	Parent		Group	
	2017	2016	2017	2016
	DKK 1.000	DKK 1.000	DKK 1.000	DKK 1.000
<b>4 Financial income</b>				
Financial income from group enterprises	189	123	121	73
Foreign exchange adjustments	0	3.621	525	4.523
Other financial income	838	713	910	891
	<b>1.027</b>	<b>4.457</b>	<b>1.556</b>	<b>5.487</b>
<b>5 Financial expenses</b>				
Financial expenses	4.702	5.633	5.143	5.958
Financial expenses to group enterprises	1.373	608	165	173
Foreign exchange adjustments	2.239	2.592	2.278	2.743
Other financial expenses	0	0	533	545
	<b>8.314</b>	<b>8.833</b>	<b>8.119</b>	<b>9.419</b>
<b>6 Tax on profit/loss for the year</b>				
Current tax	7.905	4.398	20.073	18.468
Change in deferred tax	3.818	2.636	3.510	2.186
Adjustment concerning tax in previous years	106	165	-1.275	162
	<b>11.829</b>	<b>7.199</b>	<b>22.308</b>	<b>20.816</b>



## Notes

### 7 Discontinuing activities

#### Income statement

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	DKK 1.000	DKK 1.000
Revenue	0	2.800
Production costs	0	-2.905
<b>Gross profit</b>	<b>0</b>	<b>-105</b>
Sales and distribution costs	0	-100
Administrative expenses	-1.908	-1.578
<b>Income before interests and tax</b>	<b>-1.908</b>	<b>-1.783</b>
Financial items	0	0
Tax	0	0
<b>Income after tax on discontinuing activities</b>	<b>-1.908</b>	<b>-1.783</b>

#### Balance sheet

##### Assets

Intangible assets	3.445	3.668
Tangible assets	6.604	5.000

##### Fixed assets

Inventories	0	610
Receivables	58	5.604
Cash	5.919	5.891

##### Current assets

<b>Assets on discontinuing activities</b>	<b>16.026</b>	<b>20.773</b>
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##### Liabilities

Trade payables	24	5
Other payables	3.602	5.258

##### Liabilities on discontinuing activities

	<b>3.626</b>	<b>5.263</b>
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Debt to consolidated enterprises

	71.445	74.835
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##### Net equity discontinuing activities

	<b>-59.045</b>	<b>-59.325</b>
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Net investment in parent

	12.400	15.510
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## Notes

### 8 Proposed distribution of income for the year

#### Parent

Transfer to reserve for net revaluation  
of subsidiaries and associates

Retained earnings

**2017**

DKK 1.000

67.923

40.467

**108.390**

#### Group

Transfer to reserve for net revaluation  
of subsidiaries and associates

Retained earnings

32.687

75.703

**108.390**

### 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

33.623

Depreciation for the year

3.275

Depreciation and impairment losses at 31 December

36.898

**Carrying amount at 31 December**

**0**

Amortisation and depreciation are recognised as follows  
in the income statement

**2017**

DKK 1.000

**2016**

DKK 1.000

Production costs

3.275

3.907

**3.275**
**3.907**

## Notes

### 9 Intangible assets - continued

#### Group

	Acquired intangible assets	Goodwill
	DKK 1.000	DKK 1.000
Cost at 1 January	36.898	64.008
Cost at 31 December	36.898	64.008
Depreciation and impairment losses at 1 January	33.623	64.008
Depreciation for the year	3.275	0
Depreciation and impairment losses at 31 December	36.898	64.008
<b>Carrying amount at 31 December</b>	<b>0</b>	<b>0</b>

Amortisation and depreciation are recognised as follows  
in the income statement

	2017	2016
	DKK 1.000	DKK 1.000
Production costs	3.275	3.907
Income from investments in subsidiaries	0	1.073
	<b>3.275</b>	<b>4.980</b>



## 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	1.822.478	116.123	61.685
Additions	0	60.219	13.403	27.382
Transfers	0	48.675	8.629	-57.304
Disposals	0	-14.767	-1.375	-299
Cost at 31 December	1.846	1.916.605	136.780	31.464
Depreciation and impairment losses at 1 January	1.119	1.404.922	79.630	0
Depreciation for the year	59	78.534	8.725	0
Reversals relating to disposals	0	-14.357	-891	0
Depreciation and impairment losses at 31 December	1.178	1.469.099	87.464	0
<b>Carrying amount at 31 December</b>	<b>668</b>	<b>447.506</b>	<b>49.316</b>	<b>31.464</b>

Amortisation, depreciation and gain/loss on sales/disposals are recognised as follows in the income statement

	2017	2016
	DKK 1,000	DKK 1,000
Production costs	82.823	75.387
Sales and distribution costs	33	187
Administrative expenses	4.673	2.933
	<b>87.529</b>	<b>78.507</b>

## 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	25.984	2.028.388	124.345	60.662
Foreign exchange adjustments	-604	-6.785	-426	-2
Additions	0	60.220	13.403	29.630
Transfers	195	49.127	8.629	-57.951
Disposals	-41	-17.653	-1.375	-299
Cost at 31 December	25.534	2.113.297	144.576	32.040
Depreciation and impairment losses at 1 January	19.391	1.594.309	87.760	0
Foreign exchange adjustments	-458	-6.436	-423	0
Depreciation for the year	359	83.038	8.760	0
Reversals relating to disposals	-9	-17.243	-891	0
Depreciation and impairment losses at 31 December	19.283	1.653.668	95.206	0
<b>Carrying amount at 31 December</b>	<b>6.251</b>	<b>459.629</b>	<b>49.370</b>	<b>32.040</b>

Amortisation, depreciation and gain/loss on sales/disposals are recognised as follows in the income statement

	2017	2016
	DKK 1.000	DKK 1.000
Production costs	86.954	82.033
Sales and distribution costs	63	273
Administrative expenses	4.895	3.190
	<b>91.912</b>	<b>85.496</b>

## Notes

### 11 Fixed asset investments

#### Parent

	Investments in subsidiaries	Investments in associates	Other long term receivables
	DKK 1,000	DKK 1,000	DKK 1,000
Cost at 1 January	34.926	16.179	26.966
Additions	0	0	454
Cost at 31 December	34.926	16.179	27.420
Net revaluation at 1 January	95.833	122.377	0
Foreign exchange adjustments	-7.474	-938	0
Net share of profit/loss for the year	32.386	32.687	0
Dividends paid	0	-18.030	0
Net revaluation for the year	-236	327	0
Net adjustments of investments having a negative equity value	2.850	0	0
Net revaluation at 31 December	123.359	136.423	0
<b>Carrying amount at 31 December</b>	<b>158.285</b>	<b>152.602</b>	<b>27.420</b>

## 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
<u>Subsidiaries</u>				
G&M Lysekil AB, Lysekil, Sverige	TSEK 15.510	TSEK 59.073	TSEK 3.706	100%
G&M Mediapackaging Int. A/S Løsning, DK	TDKK 26.439	TDKK 67.496	TDKK 500	100%
Hebei G&M Co. Ltd Qian'an, Kina	TRMB -8.563	TRMB -56.090	TRMB 90.338	30%
<u>Associates</u>				
Hanil G&M Co. Ltd. Seoul, Korea	MKRW 5.576	MKRW 42.576	MKRW 5.000	50%
<b>Group</b>				
<u>Associates</u>				
Hanil G&M Co. Ltd. Seoul, Korea	MKRW 5.576	MKRW 42.576	MKRW 5.000	50%



## Notes

	Parent		Group	
	2017	2016	2017	2016
	DKK 1.000	DKK 1.000	DKK 1.000	DKK 1.000
<b>12 Inventories</b>				
Raw materials and consumables	149.335	115.790	164.547	134.129
Goods in progress	162.509	147.377	174.010	156.369
Finished goods	42.950	39.428	50.469	49.279
	<b>354.794</b>	<b>302.595</b>	<b>389.026</b>	<b>339.777</b>
<b>13 Deferred tax liabilities</b>				
Intangible assets	0	721	0	721
Tangible assets	36.389	33.033	35.685	32.739
Inventories	17.104	15.673	16.850	15.555
Other items	-2.108	-1.805	2.926	3.684
	<b>51.385</b>	<b>47.622</b>	<b>55.461</b>	<b>52.699</b>
Deferred tax at 1 January 2017	47.622		52.699	
Change in deferred tax in income statement	3.511		3.076	
Change in deferred tax in Equity	252		252	
Adjustment of deferred tax in previous years	0		-566	
<b>Deferred tax at 31 December 2017</b>	<b>51.385</b>		<b>55.461</b>	
<b>14 Long-term liabilities other than provisions</b>				

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

## Notes

	<b>Parent</b> <b>2017</b> DKK 1.000	<b>Group</b> <b>2017</b> DKK 1.000
<b>15 Staff costs</b>		
Wages and salaries	389.652	423.300
Pension costs	34.625	42.048
Other social security costs	11.373	14.052
	<b>435.650</b>	<b>479.400</b>
Staff costs are recognised as follows in the income statement:		
Production costs	391.379	418.321
Sales- and distribution costs	20.311	23.165
Administrative expenses	23.960	37.914
	<b>435.650</b>	<b>479.400</b>
From this wages and salaries for executive management and board of directors make:		
Executive Management	5.330	5.330
Board of directors	442	442
	<b>5.772</b>	<b>5.772</b>
Average number of employees	<b>944</b>	<b>1.038</b>

## 16 Assets charged and provided securities

The company has no assets charged or provided any securities.

## Notes

	Parent		Group	
	2017	2016	2017	2016
	DKK 1.000	DKK 1.000	DKK 1.000	DKK 1.000
<b>17 Other commitments</b>				
Renting and lease payments due in 1 year	61.383	60.108	62.191	60.261
Renting and lease payments due in 2-5 years	232.212	229.816	232.213	229.971
Renting and lease payments due after 5 years	83.774	141.410	83.774	141.410
	<b>377.369</b>	<b>431.334</b>	<b>378.178</b>	<b>431.642</b>
<b>18 Contingent liabilities</b>				
Guarantees for subsidiaries	6.500	7.512	0	0
Other contingent liabilities	10.380	302	10.673	603
	<b>16.880</b>	<b>7.814</b>	<b>10.673</b>	<b>603</b>

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	926	768	1.104	968
Other assurance engagements	0	0	0	0
Tax services	0	30	37	58
Other services	151	216	199	223
	<b>1.077</b>	<b>1.014</b>	<b>1.340</b>	<b>1.249</b>

## Notes

### 20 Events after balance sheet date

No significant events have occurred after the balance sheet date to this date which would influence the evaluation of the consolidated and parent financial statements

### 21 Definition of financial highlights

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

#### Ratios Calculation formula

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

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

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

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

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

#### 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	
	2017	2016
	DKK 1.000	DKK 1.000
<b>22 Adjustments</b>		
Depreciation and losses on tangible and intangible assets	95.432	90.749
Gain/losses on sale of tangible and intangible assets	-245	-358
Changes in provision for pensions	502	-267
Changes in other provisions	0	0
Income from investments in subsidiaries	-32.687	-31.728
Financial income received	-1.556	-5.487
Financial expenses paid	8.119	9.419
Taxes on profit/loss for the year	22.308	20.816
Fair value adjustments of hedging instruments	-252	428
Other adjustments	-6.686	2.279
	<b>84.935</b>	<b>85.851</b>
<b>23 Working capital changes</b>		
Changes in inventories	-48.639	13.332
Changes in trade receivables	-4.367	6.382
Changes in related parties accounts	9.301	-61.370
Changes in other receivables and prepayments	3.173	-1.754
Changes in trade payables	64.302	42.155
Changes in other payables and deferred income	-6.427	11.135
	<b>17.343</b>	<b>9.880</b>
<b>24 Cash and equivalents</b>		
Cash	115.173	87.701
Cash in discontinuing activities	5.919	5.891
Bank loans and overdrafts	-2	-25.420
	<b>121.090</b>	<b>68.172</b>