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Quality, trust and innovation for the global prepress industry

Annual report 2016/17

1 June 2016 - 31 May 2017

Glunz & Jensen Holding A/S • Selandia Park 1 • DK- 4100 Ringsted

GLUNZ & JENSEN

GLUNZ & JENSEN

Glunz & Jensen is the world's leading supplier of innovative, high-quality plate making solutions for the global prepress industry. In addition to developing and producing processors for the offset and flexo printing industry, we also offer after sales service. Our product portfolio also includes exposure units, dryers, light finishers, mounting tables, plate stackers and software for monitoring and controlling complete prepress processes.

Glunz & Jensen has been a recognized leader in prepress for nearly 45 years. We have long-standing relations with major customers such as Agfa, Asahi, DuPont, Flint, Fujifilm, Heidelberg, Kodak and MacDermid, the world's largest suppliers of printing systems. We market our products through a comprehensive and worldwide network of distributors and dealers, and the Group has approx. 230 employees in our subsidiaries and production facilities in Denmark, Slovakia, USA and Italy.

Our goal is to be the most innovative hardware and services provider in our product areas, and thereby expanding our market share with global customers. At the same time, we will strengthen our earnings through optimization of prices, production, logistics and capacity utilization.

	OFFSET	FLEXO
Products	CtP and iCtP processors that prepare offset plates for traditional offset printing as well as after sales service	Flexographic machines that process and handle plates for flexo printing as well as after sales service.
Primary customer groups	Media industry – production and newspapers, magasines books, etc.	Packaging industry
Share of revenue	Approx. 70 %	Approx. 30 %
Sales channels	Through large customers as Agfa, Fuji, Heidelberg, Kodak og Cron as well as own sales.	Through large customers as Asahi, DuPont, Flint, Kodak og MacDermid as well as own sales.
Markets	Global	Global
Main market drivers	Develop and supply new, innovative products and conceptual solutions in close cooperation with customers as well as ongoing consolidation to maintain critical mass. There has been and will be migration to digital platform-based solutions.	Improve technological solutions and automation of prepress production processes in close cooperation with customers. There will be focus on developing environmentally-friendly solutions that minimize resource consumption and waste water.

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CONSOLIDATED AND PARENT COMPANY FINANCIAL STATEMENTS

The consolidated financial statements are presented in compliance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional requirements in the Danish Financial Statements Act. The registered office of Glunz & Jensen Holding A/S is in Denmark. References to the future in the annual report reflect Management's current expectations as to future events and financial results. References to the future are associated with uncertainty, and the results achieved may therefore deviate from the expectations stated in the annual report. Circumstances which may imply that results achieved differ from expectations are, e.g., developments in the business cycle and financial markets, including economic developments in the world, changes in laws and regulations affecting Glunz and Jensen Holding A/S' business areas and markets, trends in demand for products, competitive and supplier relationships, and energy and commodity prices. See also the sections on risk factors in the annual report.

HEADLINES FOR 2016/17

- Revenue in Glunz & Jensen Holding A/S came to DKK 263,8 million in 2016/17, compared to DKK 293,2 million in 2015/16. Offset revenue decreased by 15,1% (2015/16: -4,3%), while flexo revenue increased by 2,9% (2015/16: -11,4%). Revenue was in line with the guidance to the market on January 26th, 2017, communicated at a level of DKK 260 million.

- Gross profit after non-recurring costs totaled DKK 31,6 million (2015/16: DKK 58,7 million), equal to a gross profit margin of 12,5% (2015/16: 20,0%).

- Earnings before interest, taxes, depreciation, amortization and before non-recurring items – and excluding the fair value gain on investment properties (EBITDA) – was DKK 15,3 million (2015/16: DKK 10,2 million), The financial performance is fairly in line with the guidance to the market on January 26th, 2017, communicated at a level of DKK 15 million.

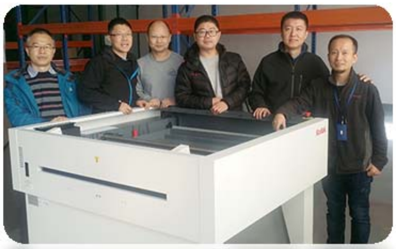
- Loss before financial income and expenses, tax, depreciation, amortization and impairment of assets and after non-recurring costs – and including the fair value gain on property (EBITDA) – was DKK 11,6 million (2015/16: a gain of DKK 10,2 million). The financial performance is fairly in line with the guidance to the market on January 26th, 2017, EBITDA after non-recurring cost includes the non-recurring costs related to the turnaround plan Change4Success, also referred to as "C4S", which was approved by the Board of Directors on January 26th, 2017, and includes the fair value gain on investment properties, DKK 4,1 million. The DKK 26,9 million difference mainly relates to severance costs, production footprint costs and inventory adjustments.

- Loss for the year totaled DKK 61,0 million (2015/16: a loss of DKK 8,9 million), equal to a loss in earnings per share (EPS) of DKK 37,8 per share (2015/16: a loss of DKK 5,5 per share).

- Net cash flows from operating activities came at DKK 7,5 million (2015/16: DKK 10,5 million), net investments were DKK 5,3 million (2015/16: DKK 8,0 million) and the free cash flow was DKK 2,2 million (2015/16: DKK 2,6 million).

- The Board of Directors recommends that no dividend be distributed for 2016/17.

Glunz & Jensen Holding A/S' locations



GLUNZ & JENSEN

FINANCIAL HIGHLIGHTS

In millions, except per share data	DKK 2012/13	DKK 2013/14	DKK 2014/15	DKK 2015/16[1)]	DKK 2016/17	EUR 2016/17[2)]
Key figures						
Income statement						
Revenue	376,6	320,6	311,8	293,2	263,8	35,5
Gross profit	98,9	66,2	66,8	58,7	31,6	4,4
Operating profit/(loss) (EBITA)	26,1	(2,5)	(1,5)	(6,2)	(59,1)	(7,9)
Net financials	0,4	(4,3)	(1,2)	(2,7)	(7,9)	(1,1)
Profit/(loss) for the year	22,2	(5,8)	(2,7)	(8,9)	(61,0)	(8,2)
Profit/loss before non-recurring items, financial income and expenses, tax, depreciation, amortization and impairment of assets (EBITDA before non-recurring items)	44,9	19,2	20,3	10,2	15,3	2,1
Profit/loss before financial income and expenses, tax, depreciation, amortization and impairment of assets (EBITDA)	44,9	19,2	20,3	10,2	(11,6)	(1,6)
Balance sheet						
Assets						
Goodwill	7,7	11,8	11,8	11,8	-	-
Completed development projects	36,9	34,2	28,7	25,6	16,8	2,3
Other intangible assets	21,0	21,7	20,1	17,1	3,7	0,5
Other non-current assets	162,3	153,4	146,7	163,8	155,0	20,8
Current assets	155,4	141,4	139,7	122,4	93,0	12,5
Total assets	383,3	362,5	347,0	340,7	268,5	36,1
Liabilities						
Share capital	148,8	128,9	130,7	134,5	75,5	10,1
Non-current liabilities	129,4	118,8	105,8	101,1	81,4	11,0
Current liabilities	105,1	114,8	110,5	105,1	111,6	15,0
Total Equity and liabilities	383,3	362,5	347,0	340,7	268,5	36,1
Cash flows						
Cash flows from operating activities	34,0	10,4	19,7	10,5	7,5	1,0
Cash flows from investing activities[2)]	(57,3)	(12,5)	(10,9)	(7,9)	(5,3)	(0,7)
Cash flows from financing activities	15,6	(2,8)	(11,0)	(2,6)	(2,3)	(0,3)
Change in cash and cash equivalents for the year	(7,7)	(4,9)	(2,2)	0,0	(0,1)	0,0
[2)] including investments in property, plant and equipment	(54,4)	(3,7)	(5,1)	(3,6)	(1,5)	(0,2)
Financial ratios in %						
Operating margin (EBITA)	6,9	(0,8)	(0,5)	(2,1)	(22,4)	(22,4)
EBITDA margin	12,0	6,0	6,5	3,5	(4,4)	(4,4)
Return on assets (ROIC)	7,4	(0,7)	(0,4)	(1,9)	(19,6)	(19,6)
Return on equity (ROE)	15,8	(4,2)	(2,1)	(6,7)	(63,1)	(63,1)
Equity ratio	38,8	35,6	37,7	39,5	28,1	28,1
Other information						
Net interest-bearing debt	108,8	125,6	116,4	113,9	111,2	14,9
Interest coverage (EBITA)	9,9	(0,9)	(0,5)	(2,2)	(17,7)	(17,7)
Earnings per share (EPS)	12,1	(3,5)	(1,7)	(5,5)	(37,8)	(5,1)
Diluted earnings per share (EPS-D)	12,0	(3,5)	(1,7)	(5,5)	(37,6)	(5,1)
Cash flow per share (CFPS)	18,6	6,3	12,2	6,5	4,6	0,6
Book value per share (BVPS)	82,8	79,9	81,0	83,4	45,6	6,1
Share price (KI)	64	58	50	51	52	7
Average number of shares outstanding (in thousands)	1.829	1.643	1.613	1.613	1.615	1.615
Dividend per share	0,0	0,0	0,0	0,0	0,0	0,0
Average number of employees	258	233	232	238	222	222

For definitions of financial ratios, see page 66.

[1)] 2015/16 is restated, please see note 32 regarding changes in accounting policies.

[2)] The DKK/EUR exchange rate applied is 7,44.

BUSINESS AND FINANCIAL REVIEW

Turnaround, Change4Success

As a result of the shareholder decision at the Annual General Meeting in September 2016 to sell the prepess business, the Board of Directors subsequently initiated a sales process. The sale of the prepress business would not be beneficial to the shareholders before a turnaround of the business. Management has developed and is implementing a turnaround plan – named Change4Success or C4S – to establish sustainable profitability of the prepress business to path the way for a later sale.

Management presented the plan to the Board of Directors on January 25th and 26th, 2017, and the plan was approved. The overall target in the plan was to increase sales prices, reduce material costs, optimize the production footprint, including a reduction in the numbers of Glunz & Jensen locations and entities, and introduce a lean organization.

The cost of the turnaround plan was DKK 30 million at EBITDA level and an additional DKK 25 million of finance cost, write-downs and depreciation charges. The total impact was DKK 55 million DKK in Q3. When fully implemented, the turnaround plan is estimated to result in an EBITDA level of DKK 35-40 million.

The Board of Directors called an extraordinary general meeting on March 8th, 2017 with the objective of obtaining support for the turnaround plan and a postponement of the sale of the prepress business. The postponement of the sale was approved along with an incentive program for the Board of Directors and the Executive Management.

The implementation of Change4Success was initiated in 2016/17 and will continue in 2017/18 by use of the DKK 12,6 million under provisions.

Decreasing offset market

Glunz & Jensen's Management estimates that the market volume in offset fell by 6% to 8% in the year under review compared with 2015/16. During the same period, sales in Glunz & Jensen were reduced by 15,1%.

Competitive flexo market

Competition in the flexo market remained tough in 2016/17. We estimate that the market share has been maintained given our 2,9% revenue growth.

Focused development activity

Glunz & Jensen's strategic focus in recent years has been to meet customer demands through the development of new products, both in offset and flexo.

Glunz & Jensen's ambition is to develop and produce competitive solutions at a gross profit that will contribute to sustainable profitability.

Purchase of after sales services

The rollout of after sales service has been slower than expected at the beginning of the fiscal year due to focus on C4S.

Glunz & Jensen Ltd. acquired 40% of the share capital of English GKS International Ltd. (formerly Lithographic Processor Services Ltd.) on September 1st, 2015 as a step in the process of establishing an after sales service business. Glunz & Jensen has an option to purchase another 40% of the share capital in 2018.

Focus on efficiency and consolidation of production

To enhance efficiency and optimize capacity utilization, Glunz & Jensen has consolidated own production at fewer locations. In March 2016, Glunz & Jensen transferred the Chinese assembly of offset processors to Slovakia. The number of locations will be further reduced in 2017/18.

Fully rented Selandia Park A/S

Selandia Park A/S was established on June 1st, 2016. Selandia Park A/S' business objective is to invest in and operate a property portfolio. All properties are on long-term leases. Rental income was moderately higher during the year due to general rent regulations.

New CEO and changes in the legal structure

The Executive Management was strengthened in October 2016 with the appointment of René Normann Christensen, CEO, who has an extensive national and international background as CEO.

The Board of Directors of Glunz & Jensen A/S decided in May 2016 to change the group structure to increase transparency in relation to the Group's prepress activities and the Group's property activities. The activities previously carried on in Glunz & Jensen A/S were divided into Glunz & Jensen A/S, acquiring the Company's prepress activities, and a property entity named Selandia Park A/S, acquiring its property in Ringsted.

The Parent Company changed its name on September 22nd, 2016 from Glunz & Jensen A/S to Glunz & Jensen Holding A/S and is the new parent of Selandia Park A/S and the new entity named Glunz & Jensen A/S is owner of the prepress activities.

OPTIMISATION OF THE VALUE CHAIN

Glunz & Jensen is one of the leading suppliers of innovative high-quality solutions for the global prepress industry. The Group develops, manufactures, sells and services processors for preparing printing plates for offset and flexo printing and delivers exposure, drying and lighting devices, assembly tables, plate counters and software for monitoring as well as complete prepress processes.

The product range is marketed through a global network of distributors and dealers and is sold to international OEM customers such as Agfa, Asahi, DuPont, Flint, Fuji, Heidelberg, Kodak, and MacDermid, the world's largest printing plate suppliers.

Focus on satisfactory profitability

Glunz & Jensen's prepress activities focus on two product areas: the media market (offset) and the packaging market (flexo).

Glunz & Jensen is committed to improving competitiveness and strengthening customer loyalty to ensure long-term profitability. Glunz & Jensen's strategy is based on four key themes:

1. Strengthening gross profit and continual adjustment of fixed costs

Glunz & Jensen will strengthen gross and operating earnings through price adjustments, simplification and continued efficiency enhancements.

Price adjustments are being phased in on both offset and flexo products, and work is being done to reduce rebating to achieve the right price at the right quality.

The supply chain is being optimized by reducing the number of suppliers to achieve better terms, closer integration, reduction in inventories, thereby enhancing production efficiency. The Group is also working to implement modular production, which will reduce the number of components and exploit the opportunities for economies of scale. Finally, Glunz & Jensen will consolidate the offset production at the plant in Slovakia. Optimizing the supply chain will strengthen competitiveness by ensuring shorter delivery time and greater flexibility vis-à-vis our customers.

Production and other technical and administrative functions are streamlined on an ongoing basis, and capacity costs will also be adjusted to the future level of activity to ensure profitability.

2. Developing the leading position in the flexo market through the development and launch of innovative products

Glunz & Jensen is one of the largest providers and the customers' preferred supplier and development partner of flexo equipment for the packaging industry. The market develops at an estimated annual growth rate of 3-4%, driven by underlying growth in packaging, changing demographics, and shares gained from other printing technologies.

New solutions are developed in close collaboration with customers, with focus on print quality, environmental impact and print shop efficiency/automation.

3. Leading the market for offset prepress equipment

Offset is Glunz & Jensen's original business area where the main activity is the sale of CtP processors, which develop and prepare aluminium offset plates for printing newspapers, inserts, magazines, books, information, and promotional material.

The market has been shrinking and is characterized by the shift in the media industry from print to electronic platforms. This contributes to an annual decline in world markets of approx. 6-8%.

Our focus is on reducing production costs through an efficient production setup for our customers, combined with less environmental impact and energy consumption.

4. Building an after sales service business

Glunz & Jensen's after sales service includes installation, repair and preventive maintenance of CtP and related systems. Customer relationships are based on either service contracts or time and material visits. After being launched in Scandinavia, the activities are expanded to include the UK.

After sales service activity includes both the offset area and the flexo area. In addition to helping increase earnings, it strengthens the relationship with customers and provides valuable feedback and dialogue with the daily users. It is the Group's goal that sales in after sales service will grow in Europe and the United States in the next three years.

Objective of strengthening long-term earnings capacity

Glunz & Jensen will selectively launch new products and solutions to satisfy customer demands, maintain a leading market position, and strengthen profitability. With the ongoing optimization throughout the value chain, Management's goal is to gradually increase the Group's EBITDA margin to a level of 12-14% within 2 years.

OUTLOOK

In 2017/18, the underlying market conditions are not expected to change. The stabilizing tendencies in Europe will continue, while growth is expected in the US and Asian economies.

Under these assumptions, the offset market is expected to continue its decline, but at a slower pace, while moderate growth is expected in the flexo market. Glunz & Jensen's offset activity level will be related to market developments positively affected by the full-year impact of previous product launches, while the flexo activity is expected to recover.

For fiscal 2017/18, the Group's revenue is expected to be maintained in line with the level attained in 2016/17, while operating profit (EBITDA) – excluding non-recurring cost and fair value adjustments on investment properties – is expected to increase to about DKK 30 million as a result of the ongoing turnaround.

It is the Company's intention to use the free capital to the greatest possible benefit to shareholders. This includes investment in business development and, possibly, acquisition of attractive companies and/or technology as well as reduction of company debt.

FINANCIAL STATEMENTS

The Group

Income statement

Offset market estimated to decline by 6-8%

The Group's revenue totaled DKK 263,8 million in 2016/17 (2015/16: DKK 293,2 million), corresponding to a decline in revenue of 10,0%. Revenue is in line with the latest announced expectations as to revenue at the level of DKK 260 million, but fell below the initial expectations for the year DKK 290 million).

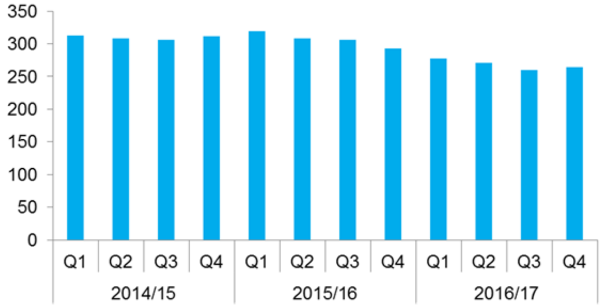
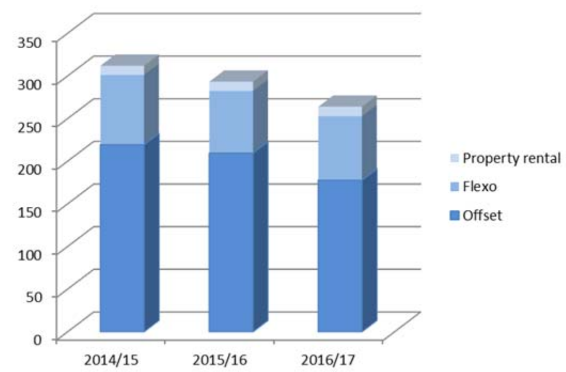


Figure #1: Revenue (DKKm), run rate 12 months

The decrease in sales is due to a 15,1% decrease in the offset market. Flexo sales increased by 2,9%, and property rental increased by 1,8%.



Figur #2: Revenue (million DKK) by product

Glunz & Jensen reported total revenue of DKK 177,7 million in the offset activities during fiscal 2016/17. (2015/16: DKK 209,4 million). With a decline in revenue of 15,1%, Glunz & Jensen's activity has fallen with the market in general.

New business for flexo

Glunz & Jensen succesfully launched a new thermal flexo processor. The product has been well received by end customers.

Selandia Park

Rental income in Selandia Park A/S increased moderately to DKK 11,1 million (2015/16: DKK 10,9 million), excluding rental income from Glunz & Jensen. All premises are fully leased.

Gross profit improvement in Q4

Gross profit for Q4 2016/17 totaled DKK 17,0 million (2015/16: DKK 15,1 million), corresponding to a gross margin of 24,3% against 21,6% last year.

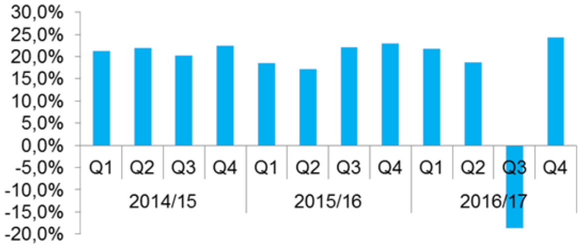


Figure #3: Gross profit, run rate quarterly

The positive development in Q4 relates to the increase in sales prices, additional savings on materials, and additional savings from the termination of 17 staffs.

Gross profit for fiscal 2016/17 totaled DKK 31,6 million (2015/16: DKK 58,7 million), corresponding to a gross margin of 12,0% against 20,0% last year when <u>including</u> the DKK 29,1 million in non-recurring costs for the full year 2016/17.

EBITDA impacted by sales decline and restructuring costs

Earnings before interest, tax, and depreciation and amortization (EBITDA) totaled DKK -11,6 million, including non-recurring costs and including fair value gains on investment properties (2015/16: DKK 10,2 million), corresponding to an EBITDA margin of -4,4% (2015/16: 3,5%). The EBITDA is thus realized at the most recently announced level of DKK 15 million. Reference is made to "The Turnaround Plan" on page 12.

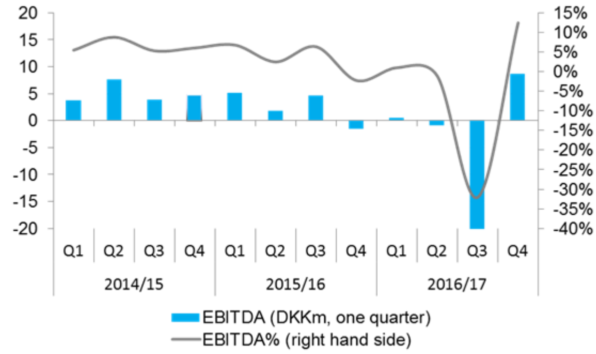


Figure #4: EBITDA/EBITDA ratio, run rate 1 quarter

EBITDA is affected by non-recurring items of DKK 26,9 million in 2016/17 related to provisions for severance pay, reduction in the number of sites and legal costs – and inventory adjustments.

The restructuring which was carried out during 2016/17 and which will continue in 2017/18 will reduce staff by approximately 40 individuals and be fully effective by the end of fiscal 2018/19.

Operating profit (EBITA) for the financial year 2016/17 represents a loss of DKK 59,1 million against a loss of DKK 6,2 million in 2015/16.

The Group's net financial expenses in 2016/17 totaled DKK 7,9 million (2015/16: DKK 2,7 million).

Financial income amounted to DKK 0,8 million against DKK 2,4 million in 2015/16, while financial expenses amounted to DKK 8,7 million against DKK 5,1 million in 2015/16. The increased costs are caused by the net effect of the development in primarily USD of DKK 2,2 million in 2016/17 compared to 2015/16 and increased interest rate of DKK 1,5 million.

Unsatisfactory results of operations

The Company reported a loss before tax of DKK 67,0 million in 2016/17, against a loss of DKK 9,0 million in 2015/16.

The Group recognized tax income of DKK 6,0 million in 2016/17 against DKK 0,1 million in 2015/16, and a loss for the year of DKK 61,0 million (2015/16: a loss of DKK 8,9 million), corresponding to earnings per share (EPS) of DKK -37,8 (2015/16: DKK -5,5). The financial performance is in line with the Change4Success turnaround plan, but is considered unsatisfactory by the Executive Management and the Board of Directors.

Balance sheet

Reduction in tied-up capital on working capital

The Group's assets totaled DKK 268,5 million at May 31st, 2017 against DKK 340,7 million the year before.

Non-current assets were reduced by DKK 42,8 million as a result of write-offs and amortization of intangible assets such as developments projects, goodwill and other intangible assets related to the purchase price allocation.

Inventories were reduced from DKK 63,7 million last year to DKK 40,6 million. Approximately half of the reduction relates to improved inventory management, while the other half relates to write-downs. The number of day sales of inventory (DSI) decreased from 148 days to 131 days in 2016/17.

Receivables were reduced by DKK 4,4 million to DKK 40,5 million as a result of decreased revenue and targeted follow-up on customers. The number of day sales outstanding (DSO) remained unchanged at 56 compared to 2015/16.

Equity came at DKK 75,5 million, corresponding to a solvency ratio of 28,1%, compared to 39,5% the year before. The Board of Directors recommends to the Annual General Meeting that no dividend payment be distributed for fiscal 2016/17.

Interest-bearing debt totaled DKK 114,3 million at the end of 2016/17 (2015/16: DKK 117,1 million), of which DKK 66,2 million (2015/16: DKK 71,3 million) are long-term liabilities and DKK 48,1 million (2015/16: DKK 45,8 million) are current liabilities. Net interest-bearing debt was reduced by DKK 2,7 million over fiscal 2016/17 to DKK 111,2 million.

Cash flow and liquidity

Positive cash flow maintained

Cash flow from operating activities amounted to DKK 7,5 million in 2016/17 DKK (2015/16: DKK 10,5 million), primarily due to the operating loss, although DKK 22,9 million relating to changes in inventory contributed positively.

Cash flow from investing activities was negative by DKK 5,3 million in 2016/17 (2015/16: DKK -8,0 million). Investments in intangible assets and property, plant and equipment amounted to DKK 5,1 million.

The free cash flow thus amounted to DKK 2,2 million in 2016/17 (2015/16: DKK 2,6 million).

Satisfactory capital resoucres

At the end of fiscal 2016/17, the Group's total available credit facilities amounted to DKK 138,0 million compared to DKK 133,8 million at the end of 2015/16. Hereof, DKK 114,3 million was utilized at the end of 2016/17 against DKK 117,1 million the year before.

Liquidity reserves totaled DKK 23,7 million at May 31st, 2017 (2015/16: DKK 16,7 million).

Based on budgets, including expectations as to the cash flow and the development of the capital base, existing credit facilities and related contractual and expected maturities and conditions, the Board of Directors and the Executive Management consider the Group's liquidity and capital resources sufficient to implement the turnaround plan Change4Success.

The Company's credit lines for 2017/18 were extended by Nordea and signed by the Company in August 2017 as planned. Please refer to note 27 regarding covernants.

The Parent Company

The Parent Company's status was changed as of June 1st, 2016, as the Company changed its structure and was renamed Glunz & Jensen Holding A/S and continued as the publicly traded company.

A new legal entity named Glunz & Jensen A/S became a subsidiary of Glunz & Jensen Holding A/S - and Glunz & Jensen A/S was established as the new Parent Company for the prepress activities only. All subsidiaries have been sold from Glunz & Jensen holding A/S to Glunz & Jensen A/S at equity value and all prepress activities, assets and liabilities haven been sold from Glunz & Jensen Holding A/S to Glunz & Jensen A/S at carrying values.

Further a new legal entity named Selandia Park A/S became a subsidiary of Glunz & Jensen Holding A/S. All assets and liabilities regarding properties have been sold to Selandia Park A/S at carrying values.

The Parent Company's revenue totaled DKK 7,2 million in fiscal 2016/17 (2015/16: DKK 187,3 million).

Loss after tax in subsidiaries totaled DKK 56,9 million in fiscal 2016/17 (2015/16: DKK 7,2 million).

The Parent Company's loss after tax totaled DKK 61,0 million in 2016/17 against DKK 3,5 million in 2015/16.

The Parent Company's total assets amounted to DKK 79,6 million at May 31st, 2017 (2015/16: DKK 277,2 million).

EVENTS AFTER THE BALANCE SHEET DATE

No events have occurred since May 31st, 2017 which are deemed to have a significant impact on the Group's financial position.

TURNAROUND PLAN

In October 2016, the Board of Directors instructed the Executive Management to outline a turnaorund plan to be presented to the Board of Directors by January 2017.

The turnaround plan was named Change4Success, and by January 2017 it was presented to the Board of Directors for approval and to Nordea Bank for purposes of obtaining intermediate financing. Nordea agreed to the financing, and the Board of Directors approved of the plan on January 26th, 2017. The overall target was to enable Glunz & Jensen to become sustainably profitable even with lower revenue. To accomplish this, the Executive Management focused on adjusting sales prices, reducing the product portfolio, reducing the cost of materials, reducing the organisation combined with improving effeciency in the entities within the Group, including the consolidation of sites. Measures were also built into the plan to optimize the net working capital and to improve the cash flow from operating activities.

The approved plan impacted the annual result after tax negatively by DKK 55,8 million in 2016/17. The components of Change4Success was DKK 6,5 million relating to inventory write-downs, DKK 19,2 million relating to severance pay, facility consolidation and other restructuring-related costs, DKK 21,7 million relating to write-offs on property, plant and equipment and intangible assets such as capitalized R&D costs, and DKK 8,4 million relating to investments in subsidiaries and tax adjustments. For tracking purposes, these costs are referred to as non-recurring costs.

As communicated on January 26th, 2017, H1 included DKK 6,8 million in non-recurring costs of which DKK 2,9 million relates to severance pay, e.g. to the former CEO, DKK 2,7 million relates to the Drupa fair and DKK 1,2 million relates to other non-recurring costs.

Total non-recurring items for the year came at DKK 63 million after tax.

The above figures are included in the functional income statement and throughout this annual report. To provide the reader with the possibility of excluding the non-recurring costs and their impact on gross margin and EBITDA, the following charts are presented.

Gross profit and EBITDA

Figure A is exclusive of DKK 29,1 million in non-recurring costs at contribution margin level and shows positive trends.

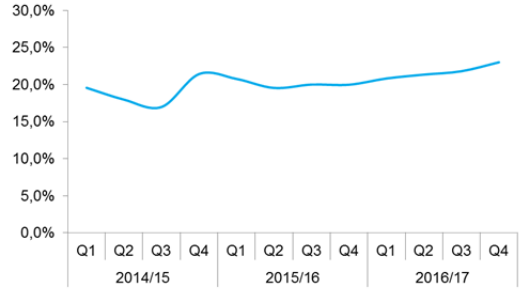


Figure #A: Gross profit ratio, run rate 4 quarters

Figure B indicates that the gross profit including non recurring cost recovered in Q4 2016/17, as the gross profit is 24,3%, which is 1,5% percentage points above the Q4 2015/16 level.

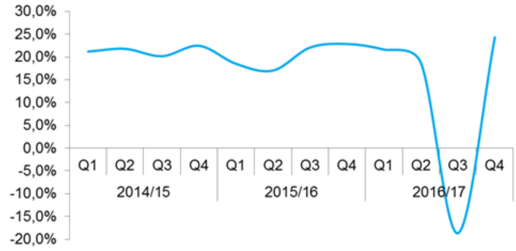


Figure #B: Gross profit ratio, per quarter

Figure C illustrates the positive effects of Change4Success in Q4 2016/17 by increased 4 quarters of run rate on EBITDA to DKK 15,3 million and 5,8 EBITDA% compared to DKK 10,2 million and 3,5 EBITDA% in Q4 2015/16.

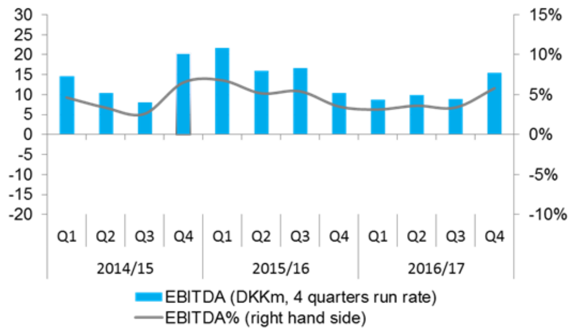


Figure #C: Gross profit ratio, 4 quarters run rate

Figure D shows Q4 2017 providing DKK 5,0 million in EBITDA, which is the highest in the last seven quarters. The EBITDA% in Q4 2017 was 7,3% which is the best result since Q2 2014/15.

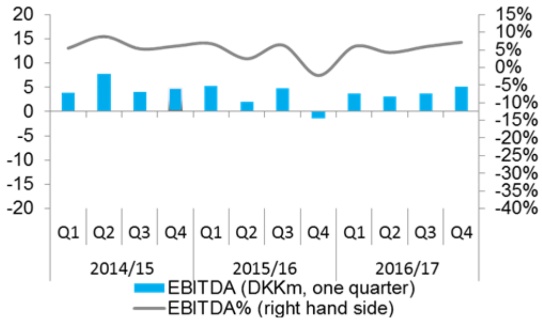


Figure #D: Gross profit ratio, per quarter

The improved gross profit and EBITDA relates to the Change4Sucess plan, which will continue in 2017/18 and contribute a total of DKK 25-30 million in added EBITDA when fully implemented.

RISK FACTORS

Glunz & Jensen Holding's risk policies and procedures must efficiently and securely identify, control and reduce the risks that may affect the Group's business base, development and value creation.

A number of commercial and financial risk factors can have a significant impact on the Group's future financial position, activities and results of operations.The Group's most important risk factors are outlined below.

Commercial risk

Glunz & Jensen's revenue is affected by both global economic developments and changes in industry-specific conditions.

The macroeconomic decline generally affects Glunz & Jensen's customers' probability of investment and may reduce revenue and earnings.

Glunz & Jensen's order lead time is 4-8 weeks, which is market-based. As revenue expectations beyond this period are based on non-binding estimates from the Group's largest customers or based on Glunz & Jensen's Management's expectations, deviations from the revenue may occur.

Glunz & Jensen markets a large part of its production to a number of major customers with whom the Company has a long-term customer relationship. The four largest customers represent approximately 50% of total revenue. No customer accounts for more than 20% of the Group's revenue.

New technologies and product development

Glunz & Jensen's products are based on many years of development for the offset and flexo printing. Insight into the industry's process needs and production technologies is crucial to the Company's ability to maintain customers loyalty. Some items in Glunz & Jensen's products are patent-protected, but most of the Company's sales are based on products that do not involve patented technology.

As a market leader, Glunz & Jensen's goal is to be among the first to offer products tailored to new technologies within the Company's two product areas. This places great demands on continual product development, enabling the Group to market products at competitive prices in a timely manner, which will also match customer needs. Lack of success in this area can affect revenue and results of operations negatively.

Glunz & Jensen's most important offset activity is the development and sale of CtP developers. The continued use of CtP generators is conditional on the development of offset printing plates. Several large plate manufacturers have developed printing plates that do not require development. The process-free CtP technology has increasingly gained ground and is also expected to affect the demand for CtP exposures negatively.

Glunz & Jensen's strategy in the flexo area is continued development of technology for solvent-based, water-based and thermally-based prepress solutions, an area in which the Group is currently leading. Automation and adaptation to latest technologies are important requirements to ensure continued positive development of the flexo area. Unless Glunz & Jensen is able to continue to be a leader in flexo technology, this could lead to a negative development in sales and thus in the Group's earnings, including impairment of intangible assets.

Competition and market conditions

Pices of offset and flexo equipment are under pressure. This is partly due to increasing competition and partly due to the fact that still smaller print shops invest in CtP technology, leading to demand for smaller equipment and thereby lower investments. The outlook is therefore continued keen competition and a possible consolidation in the CtP area.

The global market for offset is decreasing, while the flexo market is expected to grow moderately, but is also characterized by increasing competition and price pressure.

Production and supplier risks

Maintaining high reliability of delivery and high quality is important to maintain existing customer relationships. To strengthen competitiveness, Glunz & Jensen has established its main production in Slovakia. If the factory in Slovakia is impacted by production problems or accidents, such as fire, this may affect delivery capacity and thus reduce the Group's earnings.

To a lesser extent, Glunz & Jensen also produces in the UK and in Italy. The production line in the UK will be transferred to Slovakia during 2017.

Insurance risk

It is the Group's policy to hedge risks that may threaten the Group's financial position. In addition to statutory insurance, insurance against product liability and operating losses has thus been taken out. Property, plant and inventories are insured at replacement value at all risk levels.

Financial and other risks

There is ongoing consolidation in the graphic industry. Glunz & Jensen is actively involved in industry consolidation, this trend will benefit Glunz & Jensen.

Acquisitions are associated with risks. There is always uncertainty as to whether, after having been integrated into the Group, acquired companies will be able to realize the results expected at the time of acquisition.

For financial risks, please refer to note 26.

REPORTING ON MANAGEMENT

- This statement of reporting on management is part of the Management's review, see section 107b of the Danish Financial Statements Act, covering the fiscal year June 1st, 2016 – May 31st, 2017. The statement consists of three elements:
- Corporate Governance
- The composition of the governing bodies and their functions
- Main elements of the Company's internal control and risk management system

Corporate Governance

Glunz & Jensen emphasizes the pursuit of good corporate governance and continuous optimization of the Group's Management. The overall framework for the management of Glunz & Jensen is based on the Company's Articles of Association, values and policies as well as current Danish and international legislation and "Rules for Issuers of Shares" on NASDAQ OMX Copenhagen A/S, to ensure that the Group pursues its obligations to all shareholders, customers, employees and other stakeholders, as well as to support long-term value creation.

Glunz & Jensen is governed by the Corporate Governance Committee's recommendations of May 2013, with a minor adjustment in November 2014. The recommendations are available at: https://corporategovernance.dk/.

In accordance with the recommendations, we explain on Glunz & Jensen's website how the Company complies with the recommendations: http://www.glunz-jensen.com/investor/corporate-governance/redegorelse

The Group has decided to deviate from the recommendations due to the size of the Company and thus arranged differently in the following areas:

- The Board of Directors has not adopted a written policy on corporate social responsibility, as the Company does not yet had the necessary ressources to follow up.
- The members of the Board of Directors elected by the company in general meeting are elected for a period of two years. The Board of Directors have assessed that this ensures better continuity on the Board than when all members are up for election each year.
- Glunz & Jensen has no audit committee, as the size of the Company and the Board's workform mean that there is no need to establish special audit committees (committees)
- Glunz & Jensen has a stock warrant program that includes the Board of Directors in order to align the long-term goals with Management.
- Glunz & Jensen has not established a whistleblower scheme, since the size of the Company enables direct contact with the Executive Managament and the Board of Directors.

Interaction with shareholders and other stakeholderes

Glunz & Jensen's Management continually seeks to have a dialogue with shareholders and other stakeholders. The company strives for a high degree of openness and effective dissemination of information.

The dialogue with and information to shareholders and stakeholders take place through the publication of interim reports and other communications from the Company, as well as meetings with investors, analysts and the press and at the Company's general meeting. Interim reports and other announcements are available on Glunz & Jensen's website immediately after publication.

The company's Articles of Association contain no limits on ownership or voting rights. If an offer is made to acquire the Company's shares, the Board of Directors will – in accordance with Danish law – openly consider and convey the offer to the shareholders, accompanied by the Board of Directors comments.

The Glunz & Jensen Group has not entered into significant agreements that are affected, changed or expire in the event of a change of control of the Company.

There are no agreements with Management or employees regarding retention or compensation in case of resignation or dismissal or termination of a post as a result of the acquisition of the Glunz & Jensen Group.

The general meeting is Glunz & Jensen's supreme decision-making authority, and the Board of Directors emphasizes that shareholders be given adequate information about the business to be transacted at the general meeting. Notice of general meetings is published on the website and sent electronically to all registered shareholders who have registered their e-mail address at least three weeks prior to the event.

All shareholders are entitled to attend and vote at the Annual General Meeting. Shareholders can also give a power of attorney to the Board – on an item-by-item case on the agenda. The general meeting gives shareholders the opportunity to ask questions to the Board of Directors and the Executive Management. The shareholders can submit proposals that must be discussed at the general meeting. The Articles of Association contain no special rules regarding amendments to the Company's Articles of Association. Thus, only the provisions of the Danish Companies Act apply in this area.

Composition of the governing bodies and their function

Board of Directors

According to the Articles of Association, the Board of Directors consists of three to eight members elected by the general meeting. Each year, the half of the members elected by the general meeting who have served for the longest time are elected. Resigned members are eligible for re-election. The Board of Directors elects a Chairman and a Deputy Chairman from among its own number. Employee representatives' 4-year election period has been determined in accordance with the Danish Companies Act. The members elected by the general meeting are considered to be independent.

The current Board of Directors consisted of five members at the end of the fiscal year 2016/17, two of whom are employee representatives. The latest election among employees took place in 2013, and the new employee election will take place in September 2017.

As an age limit has been introduced for the members elected by the general meeting, these must resign at the first Annual General Meeting after they have reached the age of 65.

In connection with the identification of new Board members, a careful assessment of required knowledge and professional experience is made to ensure that the Board possesses the necessary competencies. Information about the individual Board members can be found on page 24.

The Board at work

In accordance with the Companies Act, the Board of Directors represents Glunz & Jensen's overall management and defines the Group's goals and strategies as well as approves the overall budgets and action plans. In addition, the Board of Directors in general supervises the Group and checks that it is managed properly and in accordance with Danish law and the Articles of Association. The general guidelines for the Board's work are laid down in the rules of procedure, reviewed at least once a year and adapted to Glunz & Jensen's needs. The rules of procedure include procedures for Management's reporting, the Board's working method and a description of the Chairman's tasks and responsibilities.

The Board of Directors is notified on an ongoing basis of the Group's performance. This takes place systematically at meetings as well as in written and oral reports. The Board receives a monthly report, which includes information on financial developments and the most important activities andtransactions.

At least five ordinary Board meetings must be held annually with a fixed plan for the contents of the meetings. In addition, the Board meets whenever necessary. In fiscal 2016/17, eight board meetings were held.

Due to the size of the Company and the composition of the Board of Directors, it is assessed that there is no need to set up committees.

The Board of Glunz & Jensen has thus collectively taken on the tasks of the audit committee and also decided not to establish other committees.

Risk management

In connection with the strategy review, the Board of Directors and the Executive Management perform a comprehensive risk assessment for the Group to identify which issues – internal as external – may affect the Group's business base and development.

The risk assessment focuses primarily on the identification of business risks, and for selected risks, action plans are identified to reduce and handle such risks. Glunz & Jensen has decided to manage general risks by takeing out relevant insurance, such as "all-risk" on buildings and movables, transport insurance etc. As a main rule, financial risks are the result of commercial activities, and the Group does not actively speculate in financial risks.

The Board of Directors establishes policies and frameworks for the Group's key risks and ensures effective management of these risks. Reporting on significant risks is included in the ongoing reporting to the Board of Directors.

For a more detailed description of Glunz & Jensen's risks, see the section "Risk factors".

Executive Management

The Executive Management is appointed by the Board of Directors. The Executive Management is responsible for the day-to-day operations of the Group and, in accordance with guidelines and instructions developed by the Board of Directors, prepares action plans and budgets that support the Company's strategy and reports on ongoing performance developments, risks and other essential information to the Board. The Board of Director's delegation of responsibilities to the

Executive Management is outlined in the Board's rules of procedure.

Evaluation of the Board of Directors and the Executive Management

A formalized evaluation of the work of the Board of Directors and the Executive Management has been introduced. The Chairman of the Board of Directors regularly reviews the work of the Executive Management and individual Board members, the cooperation of the Board of Directors, the Board of Directors' working methods and the cooperation between the Board of Directors and the Executive Management. Based on these assessments, the Board of Directors' and the Executive Management's work is adjusted on a regular basis.

Remuneration to the Board of Directors and the Executive Management

Glunz & Jensen seeks to ensure that members of the Board of Directors and the Executive Management are remunerated at a competitive and reasonable level, helping ensure that Glunz & Jensen can attract and retain competent individuals.

Members of the Board of Directors receive a fixed, annual fee, and the total remuneration to the Board of Directors is approved by the Annual General Meeting in connection with the approval of the annual report. In fiscal 2016/17, directors' fees amounted to DKK 767.000, including DKK 250.000 to the Chairman, DKK 150.000 is to the Deputy Chairman and DKK 100.000 to every other member. DKK 67.000 was paid to retiring members of the Board of Directors. Members of the Board of Directors are not subject to bonus schemes, but are subject to a 4-year warrant program, wich was approved at the general meeting of shareholders on March 8th, 2017.

The remuneration of the Executive Management is determined by the Board of Directors. In 2016/17, members of the Executive Management received a basic salary, including usual benefits such as free car and telephone, and are also eligible for a bonus scheme. The Executive Management consisted of Keld Thorsen, CEO, until August 31st, 2016 and René Normann Christensen, CEO, from October 1st, 2016-, and Henrik Blegvad Funk, Finance Director, who was member of the Executive Board throughout 2016/17. The total remuneration paid ot the Executive Management amounted to DKK 6,1 million in 2016/17.

Incentive programs

Glunz & Jensen continually seeks to establish incentive programs that support its shareholders value creation.

The incentive programs for the Executive Management and employees include a bonus scheme and a warrant program, which expires in 2021.

The main elements of the Company's internal control and risk management system

Risk assessment in connection with the financial reporting process

The Board of Directors and the Executive Management have overall responsibility for the Group's risk management and internal control in connection with the financial reporting process, e.g. responsibility for ensuring compliance with relevant legislation and other regulations in relation to the financial reporting.

The Group's internal control and risk management systems should improve the probability of reporting without significant errors, omissions and irregularities and, moreover, should ensure that the financial statements are presented in accordance with International Financial Reporting Standards (IFRS) as approved by the EU and other accounting regulations applicable to Danish listed companies.

The Group's internal control and risk management systems in connection with the financial reporting include:

Control environment

The Board of Directors is responsible for identifying the Group's most significant risks and the adequacy of internal controls in connection with the presentation of the financial statements. The Executive Management is responsible for the operational organization and daily execution of an effective control environment, e.g. for ensuring compliance with relevant legislation in connection with the presentation of the financial statements. The Executive Management reports to the Board of Directors on all relevant matters and assessments.

The operational management includes an appropriate organizational structure, written procedures for essential processes, accounting instructions for subsidiaries, authorization and certification rules, segregation of duties, consolidation procedures, check and documentation lists and IT security. The Executive Management regularly assesses the adequacy of the control environment, including the adequacy of resources and competencies.

Risk assessment and risk management

The Board of Directors and the Executive Management continually consider risks that are considered to be of importance to the Group's financial reporting, based on a concrete assessment of the significance and probability of each individual risk. The risk assessment focuses on significant financial items and involves an assessment of the immediate risk associated with each item and the critical processes that form the individual financial statements.

Risk assessments and risk management are included as part of the Group's strategy plan.

Control activities

The Group's control activities are organized taking into account the overall objective of reducing the risk of material misstatements, deficiencies or irregularities to an acceptable and low level, so that the consolidated financial statements and the financial statements are correct. Control activities are performed at management and operational level, and checks are performed manually and systematically.

Control activities include the following essential elements:

The Board of directors reviews and approves the budget presented by the Executive Management for the coming year. The budget includes operations, balance sheet, liquidity and investments. The Board receives monthly income, balance and liquidity accounts with budget follow-up, key figures and comments on significant developments and/or deviations. Each quarter, the reporting also includes an update from area managers regarding actual sales (customers and products), order status, expectations as to the future, product development, competitors etc. Subsidiaries submit monthly accounts with comments on developments. The reporting is used as a basis in the group reporting to the Board of Directors.

- In connection with the year-end, a reporting package is prepared for the subsidiaries with a view to meeting disclosure requirements, including disclosure requirements under IFRS.
- The Parent Company's finance department is responsible for managing the monitoring and controlling of financial reports from subsidiaries, with active participation of local financial controllers. Regular visits are made to subsidiaries.
- Management in subsidiaries liaises with the external auditor.The Executive Management is informed of matters identified during the audit of subsidiaries.
- Before the financial statements are presented, the Board of Directors and the Executive Management discuss critical accounting practices and estimates as well as other matters of major importance to the presentation of thefinancial statements.

Monitoring

The Board of Directors and the Executive Management annually assess the adequacy of the Group's risk management and control systems in the context of the year-end process, including how the Group is protected against fraud and accounting irregularities. The assessment is based on a goal of efficiency and accountability, and focus is thus primarily on significant matters.

Audit

The external auditor is elected by the Annual General Meeting. Prior to the election, the Board of Directors assesses the auditor's independence and competences etc.

The scope for the auditor's work – includingfee, audit-related tasks and non-audit related tasks – are stipulated in an agreement.

Members of the Board of Directors receive the external auditor's audit report concerning the auditor's review of the annual report. The Board of Directors reviews the audit report and the annual report at a meeting with the external auditor, and the auditor's observations and significant findings arising from the audit are discussed. In addition, the significant accounting policies and audit assessments are reviewed.

STATEMENT ON CORPORATE SOCIAL RESPONSIBILTY AND GENDER DIVERSITY

A statutory CSR statement, according to section 99a of the Danish Financial Statements Act, is part of the Management's review.

Social responsibility (CSR)

The Glunz & Jensen Group does not have an explicit, written social responsibility policy in place, for instance related to climate and enviroment impact and human rights, but adopts social co-responsibility in the local areas where the Group is located. The Group wishes to promote a working culture throughout the organization that ensures a sensible and appropriate balance between financial, social and environmental development.

In this regard, it is crucial for the CSR work that Glunz & Jensen's production strategy and value chain management is based to a large extent on an outsourcing model. Virtually all production takes place with a large number of subcontractors, after which Glunz & Jensen is responsible for product collection and completion and distribution.

Subcontractors are selected at the starting point of our ISO 9001 procedures. This ensures that subcontractors meet our requirements, but we do not have a specific policy that describes "respect for human rights" and "reduction of climate impacts".

Glunz & Jensen is committed to preserve and protect the environment and will work actively on reducing negative impact on the environment.

There are guidelines in the Group that determine that focus is initially on the employees, the environment and the education of young people.

As the Group does not have a structured action program and follow-up on results, it is only possible to give an account of specific results of the activities undertaken. Management continually assesses which concrete actions can be best implemented in the chosen focus areas.

Employees

All employees attend an annual employee development interview.

The Group has established safety committees in all locations and offers first aid courses to staff members and ongoing maintenance of these. The number of serious employee accidents was reduced to 1 in 2016/17.

Education of young people

The Group wishes – to the extent possible and if it is financially sound – to help increase the number of young people who get a business-related education. The Group has therefore decided to increase student/internship at locations that are large enough to allow of a wide education or internship for young people in the local community. At the end of the fiscal year, the Group employed three apprentices and two engineering practitioners in Denmark.

The Group supports the staff associations and company sports associations, which aim to strengthen collegial cohesion through the organization of various activities that support employee well-being, social relations and exercise.

Environment

The Group focuses on environmental considerations concerning, for example, maintenance and renovation of its buildings. For instance, the Company's domicile in Selandia Park has low energy consumption and is equipped with solar cells that cover part of the electricity consumption.

In addition, there is generally focus on energy consumption. Within the Group as well as between customers and suppliers, telephone and video conferences are widely used, which reduces the need for air travel, which, in addition to the environmental consequences, also offers financial benefits.

As part of the prepress industry, Glunz & Jensen places fundamental focus on reducing the use of chemical products and helping reduce the number of production processes that are environmentally harmful and energy-intensive. Therefore, energy-saving features are incorporated in new products from Glunz & Jensen, and, on demand, products are offered with water-saving solutions.

Glunz & Jensen ambition is to reduce the amount of pollution and energy consumption in its products by each year.

Economic support for charitable purposes

The Group has several initiatives that naturally belong to CSR. Thus, the Group assumes social responsibility in some areas and works to comply with the ethical business practices expressed by CSR activities.

Diversity

The gender diversity statement for fiscal 2016/17 has been prepared in accordance with section 99b of the Danish Financial Statements Act, Glunz & Jensen will set goals for the ratio of the underrepresented gender on the Company's Board of Directors and formulate a gender diversity policy to increase the proportion of the underrepresented gender at other management levels.

Objective of diversity

The company's focus on value creation and the limited size of the organisation means that, in connection with organizational changes as well as the appointment of new members to the Board of Directors, the Executive Management and the senior management team, the business must focus greatly on the knowledge, skills and experience of the individual.

The Board of Directors recognizes the importance of diversity in the Company's Management and emphasizes equal opportunities for all, including both genders. The company's goal is that at least 25% of the members of the Board of Directors who are elected by the general meeting should at all time be the underrepresented gender within 2 to 4 years. Currently, the Board of Directors has elected three men as members, which is considered unacceptable.

At other management levels, the Company wishes to have a gender composition that matches the overall gender composition of the company. The ratio of women at other management levels was 4 out of 15 at May 31st, 2017, corresponding to 26%. To increase the number of women in these functions, there must be at least one woman among the last candidates for a vacant position.

SHAREHOLDER FACTS

Share information

Glunz & Jensen Holding's shares are listed on NASDAQ Copenhagen A/S and are traded under ISIN code DK0010249309.

At the end of the fiscal year, the share price was DKK 51,50 against DKK 50,00 at the beginning of the year. The market value of the share capital amounted to DKK 85 million at May 31st, 2017.

In 2016/17, a total of 1.150.449 (2015/16: 472.169) shares were traded at a total market value of DKK 48,2 million (2015/16: DKK 23,6 million).

Share capital and voting rights

The share capital in Glunz & Jensen amounted to nominally DKK 33,2 million at May 31st, 2017. Divided into 1.660.000 shares at a nominal value of DKK 20,00. The shares, which are negotiable instruments without restrictions on marketability, are issued to the holder and entitle the holder to cast one vote per share at general meetings.

In accordance with the Articles of Association and section 198 of the Danish Companies Act, the Board of Directors is authorized to acquire treasury shares up to 25% of the Company's share capital at the market price prevailing at the date of acquisition with a deviation of up to 10% until September 22nd, 2021.

Glunz & Jensen owned 6.617 treasury shares at the end of the fiscal year, equal to 0,4% of the share capital (end of 2015/16: 47.233).

Ownership

At the end of the fiscal year, Glunz & Jensen had 927 (2015/16: 914) registered shareholders holding owned 89,8% of the share capital (including treasury shares). Glunz & Jensen wishes to provide the best possible way of providing its shareholders with information about the Group so that all shareholders are encouraged to list their shares in the Company's register of shareholders.

Change of control

The Glunz & Jensen Group has not entered into agreements with finance companies, customers, suppliers, employees or others which will be affected or changed or which will expire if the control in the Parent Company changes.

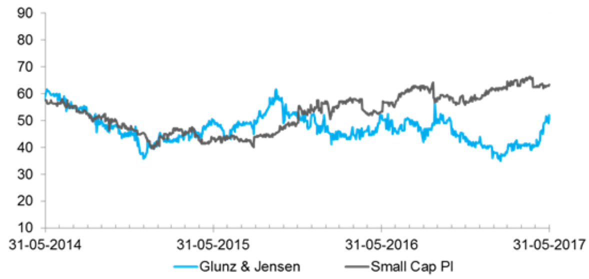
Decisions by the Board of Directors and proposals for the general meeting

Dividend

Glunz & Jensen wants to create the greatest possible value for the shareholders. Based on the Company's financial standing and investment and liquidity requirements, the Board of Directors therefore assesses whether the excess liquidity, after any investments in organic or acquisitive growth measures that can increase the long-term return on the invested capital, must be used to distribute dividends or repurchase of treasury shares.

Based on the performance trend in 2016/17, the Board of Directors proposes to the Annual General Meeting that no dividend be distributed for fiscal 2016/17, and the Company's profit for the year will be transferred to next year.

Share price development since May 31st, 2014



Investor relations

Glunz & Jensen emphasizes to continually providing timely, accurate and relevant information about the Group, including its strategy, results of operations and expectations. Through ongoing reporting, the Group seeks to provide all stakeholders with easy access to information, and emphasis is placed on maintaining an active dialogue with stakeholders.

Communication with investors, analysts, the press and other stakeholders takes place through ongoing public announcements, including interim reports and individual meetings. Notices are available on the Company's website.

Shareholders, analysts, investors and other interested parties who have questions regarding Glunz & Jensen should contact:

GLUNZ & JENSEN

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Carsten Knudsen, Chairman of the Board of Directors
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E-mail: carsten@carstenknudsen.com

Annual general meeting

The Company's Annual General Meeting will be held on Thursday, September 21st, 2017 at 3:00 pm at the Company's registered address, Selandia Park 1, DK-4100 Ringsted.

Shareholders as of August 24, 2017

	Ownership interest (%)
Heliograph Holding GmbH, Konrad-Zuse-Bogen 18, 82152 Krailling, Germany	32,70
Notified according to the section 29 of the Danish Securities Trading Act	32,70
All other shareholders	67,30
Total	100,00

Share-related key figures and financial ratios

	2012/13	2013/14	2014/15	2015/16	2016/17
Average number of shares outstanding (in thousands)	1.829	1.643	1.613	1.613	1.615
Earnings per share (EPS), %	12,1	(3,5)	(1,7)	(5,5)	(37,8)
Diluted earnings per share (EPS-D), %	12,0	(3,5)	(1,7)	(5,5)	(37,6)
Cash flow per share (CFPS), %	18,6	6,3	12,2	6,5	4,6
Book value per share (BVPS), %	82,8	79,9	81,0	83,4	45,6
Share price per share	64	58	50	51	52
Share price /book value	0,8	0,7	0,6	0,6	1,1
Market value of average number of shares (DKKm)	115	94	81	82	85
Dividend per share	-	-	-	-	-
Pay-out ratio, %	-	-	-	-	-

BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

Board of Directors

Carsten Knudsen (1961)

CEO in Søgaarden-Sjælsø ApS, Black Topco ApS and in Dane Topco ApS
Chairman of the Board of Directors
Member of the Board of Directors of Glunz & Jensen Holding A/S since 2015. Up for re-election in 2017. Regarded as independent.

Chairman of the Board of Directors of G.S.V. Materieludlejning A/S and member of Board of Directors of Stibo Fonden and Lyngsoe Systems A/S.

Competences: Many years of CEO experience with strategy and management with particular emphasis on international BTB sales and marketing.

Søren Stensdal (1967)

CEO of Stensdal Group A/S
Deputy Chairman of the Board of Directors
Member of the Board of Directors of Glunz & Jensen Holding A/S since 2010. Up for re-election in 2017. Regarded as independent.

A member of the Board of Directors of ASGAARD GROUP A/S and of companies associated with ASGAARD GROUP A/S and Stensdal Group A/S.

Competences: Many years of experience as an independent director/entrepreneur, primarily in investment and development of real estate and construction. In addition, venture/private equity investor.

Michael Hove (1971)

CEO and owner of MH Investment ApS
Member of the Board of Directors of Glunz & Jensen Holding A/S since 2017. Elected in 2016 for a 2-year period. Regarded as independent.

Owner and Chairman of the Board of Directors of SalesPartners TM and owner and managing partner of SalesPartners A/S. Co-Owner and board member in LeadManager ApS.

Competences: Many years of experience as executive coach for CEO and board of directors and independent investor primarily as private equity investor in startup and listed small cap companies.

Jørgen Staxen Lagerbon (1967)*

Logistics manager
Member of the Board of Directors of Glunz & Jensen Holding A/S since 2013, and the 4-year election period ends in 2017.

Søren Andersen (1971)*

Product specialist
Member of the Board of Glunz & Jensen Holding A/S since 2013, and the 4-year election period ends in 2017.

**Elected by the employees*

Executive Management

René Normann Christensen (1970)

CEO of Glunz & Jensen Holding A/S since October 1st, 2016.

Henrik Blegvad Funk (1964)

CFO of Glunz & Jensen Holding A/S since April 1st, 2016.

Board of Directors and Executive Management; ownership interest in Glunz & Jensen Holding A/S

	2016/17 No. of shares	2015/16 No. of shares
Carsten Knudsen (Søgaarden-Sjælsø ApS)	16.040	4.000
Søren Stensdal (Stensdal Group A/S)	8.084	245.000
Michael Hove	55.812	Not applicable
Jørgen Staxen Lagerbon	0	0
Søren Andersen	33	33
René Normann Christensen	12.617	Not applicable
Henrik Blegvad Funk	5.474	2.218

GROUP COMPANIES

Glunz & Jensen Holding A/S

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Glunz & Jensen Microflex A/S

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Glunz & Jensen Limited

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Glunz & Jensen Representative Office

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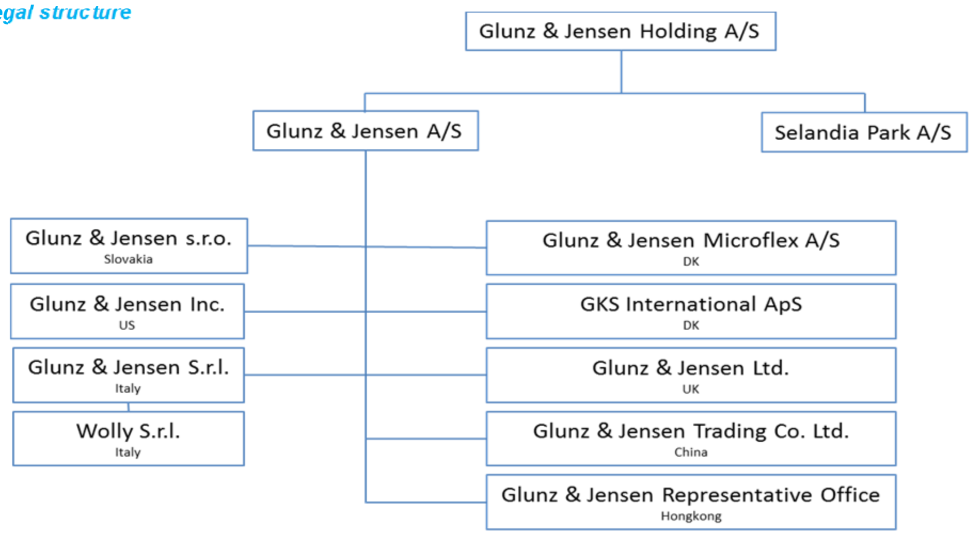
P.R. China
Tel. +852 9230 2919
gj-china@glunz-jensen.com

Legal structure



MANAGEMENT'S REVIEW

The Board of Directors and the Executive Management have today's date considered and approved the annual report for 2016/17 for Glunz & Jensen A/S.

The annual report has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional requirements in the Danish financial Statement Act.

In our opinion, the consolidated financial statements and the financial statements give a true and fair view of the Group's and the Company's financial position at May 31st, 2017 and of the results of the Group's and the Company's activities and cash flows for the fiscal year June 1 st, 2016 - May 31st, 2017.

In our opinion, the Management's review gives a true and fair account of the development of the Group's and the Company's activities and financial conditions, the year's results of operations, cash flows and financial position as well as a description of the major risks and uncertainties faced by the Group and the Company.

We recommend that the annual report be approved by the company in the general meeting.

Ringsted, August 24th, 2017

Executive Management

René Normann Christensen CEO	Henrik Blegvad Funk CFO

Board of Directors

Carsten Knudsen Chairman	Søren Stensdal Deputy Chairman
Michael Hove	Søren Andersen*
Jørgen Lagerbon*	

**Elected by the employees*

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Glunz & Jensen Holding A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Glunz & Jensen Holding A/S for the fiscal year June 1st, 2016 - May 31st, 2017, which comprise an income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies, for the Group as well as for the Parent Company. The consolidated financial statements and the parent company financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at May 31st, 2017 and of the results of the Group's and the Parent Company's operations and cash flows for the fiscal year June 1st, 2016 - May 31st, 2017 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements and the parent company financial statements for the fiscal 2016/17. These matters were addressed in the context of our audit of the consolidated financial statements and the parent company financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements" section, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements and the parent company financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements and parent company financial statements.

Valuation of goodwill and acquired intangible assets

Glunz & Jensen Holding A/S is required to test annually the amount of goodwill and acquired intangible assets for the possible existence of impairments. This annual impairment test is key for our audit, since the estimation process is complex and highly subjective and is based on assumptions by Management. These assumptions are influenced by anticipated future market developments and economic conditions.

At 31 May 2017, the goodwill amounts to DKK 0 (2016: DKK 11,774 thousand) and the acquired intangible assets amounts to DKK 20,454 thousand (2016: DKK 42,737 thousand). Based on the impairment test that has been carried out, Glunz & Jensen Holding A/S, has concluded that there is impairment. Thus, an impairment loss amounting to DKK 29,525 thousand has been recognized in 2016/17.

Explanatory notes on the key principles and the sensitivity analysis are included in the financial statements. We refer to note 1 regarding significant accounting estimates and judgements, note 11 regarding intangible assets and the related accounting policies.

The audit procedures we performed consist of, among other things, an assessment of the assumptions underlying the estimate of future cash flows and the reasonableness of and consistency with internal estimates and long-term forecasts. In addition, we examined the Management's expectations with regard to expected growth in revenues, gross margin and discount rates. We evaluated the sensitivity analyses and explanatory notes prepared by Glunz & Jensen Holding A/S as well as the principal assumptions.

Valuation of investment property:

Investment properties represents a significant part of the total assets (33%) of the Group and is valuated at fair value for an amount of DKK 90,730 thousand.

The Management is determining the fair value of its investment properties on a yearly basis. The valuation of the investment property at fair value is dependent on estimates and assumptions, such as rental value, discount rates, maintenance status and financial stability of tenants.

The disclosures relating to the assumptions are relevant, given the estimation uncertainty and sensitivity of the valuations. Given the size and complexity of the valuation of investment property and the importance of the disclosures relating to the assumptions used in the valuation, we addressed this as a key audit matter.

The audit procedures we performed consist of, among other things, an assessment of the assumptions and estimates made by the Management in the valuation methodology about the appropriateness of the property related data supporting the fair value of the investment properties. We have assessed the selected calculation method and the level of required rate of return and inflation rate applied for extrapolation compared to market reports. The expected net cash flows are based on budgets and a terminal value and the value of deposits received.

We also assessed the appropriateness of the disclosures relating to investment properties.

Capital structure and financing:

The availability of sufficient funding and the testing of whether the Group will be able to continue meeting its obligations under the financing covenants are important for the going concern assumption and, as such, are significant aspects of our audit. This test or assessment is largely based on the expectations of and the estimates made by management. The expectations and estimates can be influenced by subjective elements such as estimated future cash flows, forecasted results and margins from operations. Estimates are based on assumptions, including expectations regarding future developments in the economy and the market.

The audit procedures we performed consist of, among other things, an assessment of the assumptions made by Management in the forecasts for 2017/18. We have specifically devoted attention to the assumptions made with respect to the future results and the cash flows in order to assess the company's ability to continue meeting its payment obligations and its obligations under the financing covenants in the year ahead.

Further, we have held discussions with Management on the main terms of the financing package and any uncertainties and risks related to the completion of the financing package as expected for 2017/18, including possible alternative measures to be taken by Management.

For notes on the going concern assumption and financing requirements, see the Going concern principle in note 27 of the consolidated financial statements.

Statement on the Management's review

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

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

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

Based on our procedures, we conclude that the Management's review is in accordance with the consolidated financial statements and the parent company 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's review.

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

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent company financial statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the consolidated financial statements and the parent company financial statements unless Management either intends to liquidate the Group or the Parent Company 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 company financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent company 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 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 company financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent company 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in

the consolidated financial statements and the parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is 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 Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the consolidated financial statements and the parent company financial statements, including the note disclosures, and whether the consolidated financial statements and the parent company 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements and the parent company financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Copenhagen, August 24th, 2017
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Peter Gath	**Søren Smedegaard Hvid**
State Authorized	*State Authorized*
Public Accountant	*Public Accountant*

GLUNZ & JENSEN

INCOME STATEMENT

Note	June 1st - May 31st (DKK '000)	Group 2016/17	Group 2015/16	Parent Company 2016/17	Parent Company 2015/16
2	**Revenue**	263.769	293.227	7.200	187.268
3,4,6	Production costs	(232.214)	(234.562)	-	(156.588)
	Gross margin	31.555	58.665	7.200	30.680
7	Other operating income	244	435	-	111
4,6	Sales and distribution costs	(30.797)	(29.433)	-	(16.245)
4,6	Development costs	(16.361)	(13.159)	-	(1.694)
4,6	Administrative expenses	(35.679)	(22.598)	(12.154)	(11.284)
	Goodwill impairment	(11.774)	-	-	-
7	Other operating expenses	(360)	(112)	-	-
13	Fair value gains on investment properties	4.054	-	-	-
	Operating profit/(loss)	(59.118)	(6.202)	(4.954)	1.568
14	Profit/(loss) after tax in subsidiaries	-	-	(56.928)	(7.198)
15	Profit/(loss) after tax in associates	1	(78)	-	-
8	Financial income	757	2.379	-	1.249
8	Financial expenses	(8.656)	(5.123)	(1)	(2.954)
	Profit/(loss) before tax	(67.016)	(9.024)	(61.883)	(7.335)
9	Income taxes	6.027	89	894	(1.600)
	Profit/(loss) for the year	(60.989)	(8.935)	(60.989)	(8.935)
	Attributable to:				
	Equity holders of Glunz & Jensen Holding A/S	(60.989)	(8.935)		
	Total	(60.989)	(8.935)		
	Proposed appropriation of the profit/(loss) for the year:				
	Retained earnings			(60.989)	(8.935)
	Total			(60.989)	(8.935)
	Earnings before interest, taxes, depreciation and amortisation (EBITDA)	(11.563)	10.154	(4.954)	5.957
	Earnings per share				
10	Basic earnings per share (DKK)	(37,8)	(5,5)		
10	Diluted earnings per share (DKK)	(37,6)	(5,5)		

STATEMENT OF COMPREHENSIVE INCOME

Note	June 1st - May 31st (DKK '000)	Group 2016/17	Group 2015/16	Parent Company 2016/17	Parent Company 2015/16
	Profit/(loss) for the year	(60.989)	(8.935)	(60.989)	(8.935)
	Other comprehensive income:				
	Items that may be reclassified to the income statement:				
	Other comprehensive income after tax in associates	(153)	130	-	-
	Exchange rate adjustments of investments in subsidiaries	(25)	(884)	(178)	(754)
	Value adjustment of hedging instruments:				
	Adjustments for the year	514	368	514	368
	Value adjustments reclassified to financial expenses	(327)	(269)	(327)	(269)
	Tax on value adjustment of hedging instrument	73	(41)	73	(41)
	Total other comprehensive income	82	(696)	82	(696)
	Total comprehensive income	(60.907)	(9.631)	(60.907)	(9.631)
	Attributable to:				
	Equity holders of Glunz & Jensen Holding A/S	(60.907)	(9.631)		
	Total comprehensive income	(60.907)	(9.631)		

BALANCE SHEET

Note	June 1st - May 31st (DKK '000)	Group 2016/17	Group 2015/16	Parent Company 2016/17	Parent Company 2015/16
	ASSETS				
	Non-current assets				
11	**Intangible assets**				
	Completed development projects	16.764	25.587	-	1.531
	Patents and trademarks	-	269	-	-
	Goodwill	-	11.774	-	-
	Development projects in progress	3.690	3.836	-	3.807
	Other intangible assets	-	13.045	-	-
		20.454	54.511	-	5.338
	Property, plant and equipment				
12	Property, plant and equipment	58.704	67.081	-	44.242
13	Investment properties	90.730	86.410	-	86.410
		149.434	153.491	-	130.652
	Other non-current assets				
14	Investments in subsidiaries	-	-	43.151	93.402
15	Investments in associates	1.041	1.193	-	-
16	Deferred tax	3.749	6.972	-	-
	Deposits	812	2.119	-	-
		5.602	10.284	43.151	93.402
	Total non-current assets	175.490	218.286	43.151	229.392
	Current assets				
17	Inventories	40.618	63.709	-	5.209
18	Trade receivables	40.462	44.868	-	24.166
	Receivables from subsidiaries	-	-	35.328	28.602
	Other receivables	6.115	4.525	-	20
	Income tax	1.017	1.696	1.017	1.257
	Prepayments	1.759	3.984	37	2.987
19	Securities	-	441	-	-
	Cash	3.071	3.204	54	579
	Total current assets	93.042	122.427	36.436	62.820
	TOTAL ASSETS	268.532	340.713	79.587	292.212

Note	June 1st - May 31st (DKK '000)	Group 2016/17	Group 2015/16	Parent Company 2016/17	Parent Company 2015/16
	LIABILITIES				
20	**Equity**				
	Share capital	33.200	33.200	33.200	33.200
	Other reserves	3.473	131	3.473	131
	Retained earnings	38.800	101.134	38.800	101.134
	Total equity	75.473	134.465	75.473	134.465
	Non-current liabilities				
16	Deferred tax	5.310	14.711	8	5.993
21	Provisions	430	1.116	-	345
22	Credit institutions	66.183	72.357	-	72.357
24	Prepayments from customers	9.448	11.428	-	11.428
23	Other payables	47	1.488	-	-
	Total non-current liabilities	81.418	101.100	8	90.123
	Current liabilities				
22	Credit institutions	48.084	45.835	-	28.881
	Trade payables	21.118	26.679	197	10.334
	Payables to subsidiaries	-	-	-	10.404
	Income tax	193	142	-	-
21	Provisions	13.643	1.584	507	1.584
24	Prepayments from customers	7.650	9.669	-	6.364
23	Other payables	20.060	20.014	3.402	8.832
27	Derivative financial liabilities (fair value)	893	1.225	-	1.225
	Total current liabilities	111.641	105.148	4.106	67.624
	Total liabilities	193.059	206.248	4.114	157.747
	TOTAL EQUITY AND LIABILITIES	268.532	340.713	79.587	292.212

STATEMENT OF CHANGES IN EQUITY

Group (DKK '000)	Share capital	Retained earnings	Hedging reserve	Treasury shares	Translation reserve	Total
Equity May 31st, 2015	33.200	96.669	(1.016)	(3.791)	5.634	130.696
Changes in accounting policies	-	13.400	-	-	-	13.400
Equity May 31st, 2015 restated	33.200	110.069	(1.016)	(3.791)	5.634	144.096
Changes in equity 2015/16						
Profit/(loss) for the year	-	(8.935)	-	-	-	(8.935)
Other comprehensive income						
Other comprehensive income after tax in associates	-	-	-	-	130	130
Exchange rate adjustments of investments in subsidiaries	-	-	-	-	(884)	(884)
Value adjustment of hedging instruments:						
Net value adjustment of hedging instruments	-	-	368	-	-	368
Value adjustments reclassified to financial expenses	-	-	(269)	-	-	(269)
Tax on value adjustment of hedging instruments	-	-	(41)	-	-	(41)
Total other comprehensive income	-	-	58	-	(754)	(696)
Total comprehensive income for the year	-	(8.935)	58	-	(754)	(9.631)
Equity May 31st, 2016	33.200	101.134	(958)	(3.791)	4.880	134.465
Changes in equity 2016/17						
Profit/(loss) for the year	-	(60.989)	-	-	-	(60.989)
Other comprehensive income						
Other comprehensive income after tax in associates	-	-	-	-	(153)	(153)
Exchange rate adjustments of investments in subsidiaries	-	-	-	-	(25)	(25)
Value adjustment of hedging instruments:						
Net value adjustment of hedging instruments	-	-	514	-	-	514
Value adjustments reclassified to financial expenses	-	-	(327)	-	-	(327)
Tax on value adjustment of hedging instruments	-	-	73	-	-	73
Total other comprehensive income	-	-	260	-	(178)	82
Total comprehensive income for the year	-	(60.989)	260	-	(178)	(60.907)
Transactions with owners:						
Share-based payments, warrant program	-	220	-	-	-	220
Disposal of treasury shares	-	(1.565)	-	3.260	-	1.695
Total transactions with owners	-	(1.345)	-	3.260	-	1.915
Equity May 31st, 2017	33.200	38.800	(698)	(531)	4.702	75.473

Parent Company (DKK '000)	Share capital	Retained earnings	Hedging reserve	Treasury shares	Translation reserve	Total
Equity May 31st, 2015	33.200	93.275	(1.016)	(3.791)	-	121.668
Changes in accounting policies	-	16.794	-	-	5.634	22.428
Equity May 31st, 2015 restated	33.200	110.069	(1.016)	(3.791)	5.634	144.096
Changes in equity 2015/16						
Profit/(loss) for the year	-	(8.935)	-	-	-	(8.935)
Other comprehensive income:						
Value adjustment of hedging instruments:						
Exchange rate adjustments of investments in subsidiaries	-	-	-	-	(754)	(754)
Net value adjustment of hedging instruments	-	-	368	-	-	368
Value adjustments reclassified to financial expenses	-	-	(269)	-	-	(269)
Tax on value adjustment of hedging instruments	-	-	(41)	-	-	(41)
Total other comprehensive income	-	-	58	-	(754)	(696)
Total comprehensive income for the year	-	(8.935)	58	-	(754)	(9.631)
Equity May 31st, 2016	33.200	101.134	(958)	(3.791)	4.880	134.465
Changes in equity 2016/17						
Profit/(loss) for the year	-	(60.989)	-	-	-	(60.989)
Other comprehensive income:						
Value adjustment of hedging instruments:						
Exchange rate adjustments of investments in subsidiaries	-	-	-	-	(178)	(178)
Net value adjustment of hedging instruments	-	-	514	-	-	514
Value adjustments reclassified to financial expenses	-	-	(327)	-	-	(327)
Tax on value adjustment of hedging instruments	-	-	73	-	-	73
Total other comprehensive income	-	-	260	-	(178)	82
Total comprehensive income for the year	-	(60.989)	260	-	(178)	(60.907)
Transactions with owners:						
Share-based payments, warrant program	-	220	-	-	-	220
Disposal of treasury shares	-	(1.565)	-	3.260	-	1.695
Total transactions with owners	-	(1.345)	-	3.260	-	1.915
Equity May 31st, 2017	33.200	38.800	(698)	(531)	4.702	75.473

STATEMENT OF CASH FLOWS

Note	June 1st - May 31st (DKK '000)	Group 2016/17	Group 2015/16	Parent Company 2016/17	Parent Company 2015/16
	Operating activities				
	Profit/(loss) for the year	(60.989)	(8.935)	(60.989)	(8.935)
	Adjustment for non-cash items etc.:				
	Amortization, depreciation and impairment losses	47.555	16.476	-	4.510
	Gain and loss on sale of non-current assets	(124)	(181)	-	(111)
	Fair value gain on investment properties	(4.054)	-	-	-
	Profit/(loss) after tax in subsidiaries	-	-	56.928	7.198
	Profit/(loss) after tax in associates	(1)	78	-	-
	Other non-cash items, net	746	(56)	224	(62)
	Provisions	11.390	139	507	85
	Financial income	(757)	(2.379)	-	(1.249)
	Financial expenses	8.656	5.123	1	2.954
	Tax on operating profit	(6.027)	(89)	(894)	1.600
	Cash flows from operating activities before changes in working capital	(3.605)	10.176	(4.223)	5.990
	Changes in working capital:				
	Changes in inventories	22.917	5.789	-	(2.203)
	Changes in payable and receivables from subsidiaries	-	-	(1.558)	(2.314)
	Changes in receivables	4.845	8.566	(37)	503
	Changes in trade and other payables	(10.928)	(8.914)	2.457	3.253
	Changes in working capital	16.834	5.441	862	(761)
	Financial income paid	698	485	-	674
	Financial expenses paid	(6.944)	(5.123)	(1)	(2.954)
	Income taxes paid	500	(447)	1.142	(1.048)
	Net cash flows from operating activities	7.483	10.532	(2.220)	1.901
2, 11	Acquisition of intangible assets	(3.589)	(3.598)	-	(3.355)
2, 12	Acquisition of items of property, plant and equipment	(1.533)	(3.572)	-	(669)
13	Acquisition of investment properties	(266)	-	-	-
14	Recapitalization of subsidiaries	-	-	-	(4.463)
15	Acquisition of associates	-	(1.305)	-	-
12	Sale of items of property, plant and equipment	127	508	-	230
14	Dividends from subsidiaries	-	-	-	9.982
	Net cash flows from investing activities	(5.261)	(7.967)	-	1.725
	Free cash flow	2.222	2.565	(2.220)	3.626
20	Disposal of treasury shares	1.695	-	1.695	-
	Change in net interest-bearing debt	(3.982)	(2.592)	-	(3.508)
	Net cash flows from financing activities	(2.287)	(2.592)	1.695	(3.508)
	Net cash flows generated from operations	(65)	(27)	(525)	118
	Cash and cash equivalents at the beginning of the year	3.204	3.334	579	461
	Exchange gains/(losses)rate on cash and cash equivalents	(68)	(103)	-	-
	Cash and cash equivalents at the end of the year	3.071	3.204	54	579

NOTES

1. Significant accounting estimates and judgements

Estimates and judgements:
In applying the Group's and the Parent Company's accounting policies, Management is required to make judgments, estimates and assumptions concerning the carrying amount of assets and liabilities that cannot be immediately inferred from other sources. The judgments, estimates and assumptions made are based on historical experience and other relevant factors which Management considers reasonable under the circumstances, but which are inherently uncertain and unpredictable. Estimates and underlying assumptions are assessed on an ongoing basis. Changes to accounting estimates are recognised in the reference period in which the change occurs and in future reference periods if the change affects both the period in which the change occurs and subsequent reference periods.

Receivables:
Management currently makes estimates in assessing the recoverability of receivables at the balance sheet date. The global financial situation and the customer creditworthiness have been taken into consideration in the assessment of write-downs at the balance sheet date and in the day-to-day management and control of receivables.

Inventories:
In connection with the preparation of the annual report and during the year, Management regularly assesses the need for writing down the inventory value in regard to phase-out of materials, consumables and/or finished machines. The need for write-downs is estimated based on analysis in which last year's revenue is compared to the present composition of the inventories. The percentage of the write-down increase depends on the number of years of revenue the inventory is estimated to cover. If Management estimates that future revenue differs significantly compared to historical sales, e.g. due to planned phase-outs, this is taken into consideration in the impairment test. Normally, inventory write-downs are made when Management estimates that the product portfolio covers more than two years' future expected revenue. Most of the uncertainties in the impairment test relate to estimating the future revenue, the effect of phase-outs and the precision of the write-down percentages used. In 2016/17 the impairment test was prepared in accordance with the expectations of ongoing turn-around plan of the Glunz & Jensen business. The approved turn-around plan included focusin of the product port folio leading to phase-out of various products and as a result impairment of DKK 6,5 million occured.

Deferred tax assets:
When measuring deferred tax assets, Management considers if future earnings, based on budget and operating plans, will make it possible to utilize the temporary differences between the carrying amount and the tax base of assets and liabilities or tax loss carry-forwards. See note 16, which states that tax loss-carry forward are expected to be utilized by 2019/20 at the latest.

Non-current assets:
The carrying amounts of non-current assets are reviewed annually to determine whether there is any evidence of impairment. If any such evidence exists, the recoverable amount of the asset is estimated. The recoverable amount of an asset is the higher of its fair value less expected disposal costs and its value in use. The value in use is determined as the present value of expected future cash flows from the asset or the cash-generating unit to which the assets belong.

In 2016/17 the impairment test regarding non-current assets was prepared in accordance with the expectations of ongoing turn-around plan of the Glunz & Jensen business. The turn-around plan included consolidation of sites, adjustment of sales prices and focusing product portfolio. As a result the turn-around plan impacts the impairment test of Patents and trademarks, Goodwill, Other tangible assets and Property, plant and equipment leading to impairment of DKK 27,3 million.

Completed development projects and development projects in progress are tested at least annually for impairment.
The impairment test is based on flexo revenue growth averaging about 9% per year during a 5-year period and offset revenue decline averaging about 5% per year. All ongoing development projects proceed as planned, and there is no information from customers or competitors which indicates that the new products will not sell as expected. The Group's completed development projects at May 31st, 2016 are amortized over 5 years. The uncertainties in the impairment test relate to estimated future sales and product life. The turn-around plan impacted the impairment test leading to impairment of DKK 6,2 million.

Please see note 11 concerning intangible assets and note 12 regarding property assets.

1. Significant accounting estimates and judgements (continued)

Accounting policies:
In applying the Group's and the Parent Company's accounting policies, Management is required to make other judgments not relating to estimates which might significantly affect amounts recognized in the annual report.

Management has made such judgments concerning:

Presentation of change in group structure in the financial statements of the parent company:
It was decided in August 2016, effective from June 1st, 2016 to transfer the Prepress activities and Selandia Park into two wholly owned subsidiaries. The comparative figures in the profit and loss for the parent company have not been restated as the transfer is not considered as a discontinued operation. The parent company has changed accounting policy and measures subsidiaries according to the equity method and consequently recognizes the result from subsidiaries in the profit and loss in a one-line-consolidation. The transfer has consequently no impact on the parent company result and equity.
If the transfer had been considered as a discontinued operation the revenue in the parent company in 2015/16 would have been DKK 0 as all activities have been transferred. Further all other income and expenses would have been DKK 0 except administrative expenses which would have amounted to DKK 7 million leading to a loss for the year from continuing operations of DKK 7 million. The loss after tax for the year from discontinuing operations would have totaled DKK 2 million leading to a loss for the year of DKK 9 million.

Segments:
The Glunz & Jensen Group's main activities lie within flexo and offset, which are both part of the prepress market. All products and services are connected to setters and printing equipment. In addition to equipment, Glunz & Jensen sells installation of the equipment, service and spare parts. At the main production facility in Slovakia, Glunz & Jensen manufactures both flexo and offset equipment. Glunz & Jensen markets flexo and offset through a comprehensive and worldwide network of private label partners, distributors and dealers. Flexo and offset equipment are sold on a standalone basis or in conjunction with other product types. Glunz & Jensen's service organization provides service for both flexo and offset equipment. Glunz & Jensen sees an overlap between customers within flexo and offset. Consequently, Glunz & Jensen estimates that offset and flexo belong to the same segment. The management of Glunz & Jensen and the internal financial reporting is organized accordingly.

Thus Glunz & Jensen Group account can be divided into two segments; prepress marked and investment property Selandia Park.

Glunz & Jensen presents additional segment information regarding geographical distribution. Furthermore, Management provides comments concerning the development in the geographical markets in 2016/17. However, Glunz & Jensen's financial reporting does not disclose information regarding geographical markets beyond those reflected in note 2. As a result, Glunz & Jensen continues to conclude that the prepress market is the main segment of the Group

Properties in Selandia Park:
The segment Selandia Park consists of investment properties, land and buildings. Glunz & Jensen utilizes the land and buildings, while all investment properties are leased to external tenants at May 31st, 2017.

Investments in associates:
Glunz & Jensen Ltd. owns 40% of GKS International Ltd. Furthermore, Glunz & Jensen Ltd. has an option to acquire an additional 40% at September 1st, 2018. Management considers GKS International Ltd. an associate, as Glunz & Jensen has not yet gained control over the entity.

2. Segment information

The Glunz & Jensen Group consists of two reportable segments: the prepress market and rental of the Selandia Park properties.

(DKK ‘000)	Prepress market	Selandia Park	Total segments	Elimi-nations	Consoli-dated
June 1st, 2016 – May 31st, 2017					
External revenue	252.703	11.066	263.769	-	263.769
Inter-segment	-	2.769	2.769	(2.769)	-
Total revenue	252.703	13.835	266.538	(2.769)	263.769
Fair value gains on investment properties	-	4.054	4.054	-	4.054
Depreciation and impairment of property, plant and equipment	9.907	-	9.907	-	9.907
Amortization and impairment of intangible assets	23.447	2.427	25.874	-	25.874
Goodwill impairment	11.774	-	11.774	-	11.774
Operating profit/(loss)	(69.807)	10.689	(59.118)	-	(59.118)
Profit/(loss) after tax in associates	1	-	1	-	1
Financial income and expenses, net	(6.317)	(1.582)	(7.899)	-	(7.899)
Segment profit/(loss) before tax	(80.177)	13.161	(67.016)	-	(67.016)
Segment assets	135.880	132.652	268.532	-	268.532
Capital expenditure	5.009	379	5.388	-	5.388
Segment liabilities	90.932	102.127	193.059	-	193.059
June 1st, 2015 – May 31st, 2016					
External revenue	282.317	10.910	293.227	-	293.227
Inter-segment	-	2.768	2.768	(2.768)	-
Total revenue	282.317	13.678	295.995	(2.768)	293.227
Depreciation of property, plant and equipment	4.251	2.560	6.811	-	6.811
Amortization of intangible assets	9.665	-	9.665	-	9.665
Operating profit/(loss)	(17.402)	11.200	(6.202)	-	(6.202)
Profit/(loss) after tax in associates	(78)	-	(78)	-	(78)
Net financials	(1.195)	(1.549)	(2.744)	-	(2.744)
Segment profit/(loss) before tax	(18.675)	9.651	(9.024)	-	(9.024)
Segment assets	208.178	132.535	340.713	-	340.713
Capital expenditure	7.039	131	7.170	-	7.170
Segment liabilities	107.341	98.907	206.248	-	206.248

Sales and purchases between the segments are made on terms equivalent to those that prevail in arm’s length transactions.

Glunz & Jensen operates mainly in the European and North American markets.

External revenue is allocated to geographical areas on the basis of the customer’s geographical location, whereas non-current assets are allocated to geographical areas based on the geographical location of the reporting units.

Geographical distribution

(DKK ‘000)	Revenue 2016/17	Revenue 2015/16	Non-current assets 2016/17	Non-current assets 2015/16
Group				
EMEA (Europe, Middle East, Africa)*	146.721	157.623	169.031	206.994
Americas	65.391	78.290	833	981
Asia and the Pacific	51.657	57.314	24	27
Total	263.769	293.227	169.888	208.002

* Selandia Park is included in EMEA.

5% (2015/16: 6%) of the Group's revenue relates to Denmark.

2. Segment information (continued)

Major customers:
Customers with a revenue of more than 10% of total revenue accounted for DKK 120,0 million in 2016/17 (2015/16: DKK 107,2 million).

Revenue:

June 1st – May 31st (DKK '000)	Group 2016/17	Group 2015/16
Sale of goods	247.083	274.006
Sale of services	5.620	8.311
Rental income from investment properties	11.066	10.910
	263.769	293.227

3. Production costs

June 1st – May 31st (DKK '000)	Group 2016/17	Group 2015/16	Parent Company 2016/17	Parent Company 2015/16
Cost of goods sold	141.993	170.840	-	136.403
Inventory write-downs	12.601	4.953	-	2.785
Reversed inventory write-downs	(577)	(3.939)	-	(3.673)

Inventory write-downs are made based on an assessment that includes expectations as to future demand and use of the item concerned. As such expectations can change from year to year, significant fluctuations in the need for write-downs may occur. As a result, written-down inventories are sometimes reversed.

4. Staff costs

June 1st – May 31st (DKK '000)	Group 2016/17	Group 2015/16	Parent Company 2016/17	Parent Company 2015/17
Wages and salaries	74.300	66.423	7.412	26.576
Defined contribution plans	3.131	3.007	66	1.802
Other social security costs	7.019	7.704	12	348
	84.450	77.134	7.490	28.726
Staff costs are recognized as follows:				
Production costs	30.030	31.263	-	11.371
Labor transferred to inventory	11.085	10.928	-	-
Sales and distribution costs	18.874	16.979	-	9.429
Product development costs	2.470	2.620	-	-
Labor transferred to development projects	543	2.130	-	1.986
Administrative expenses	21.448	13.214	7.490	5.940
	84.450	77.134	7.490	28.726
Average number of full-time employees	225	238	3	49
Remuneration of the Executive Management:				
Salaries	5.136	2.749	5.136	2.749
Bonus	905	-	905	-
Warrant program	86	-	86	-
Remuneration of the Executive Management total	6.127	2.749	6.127	2.749
Remuneration of the Board of Directors:				
Directors' fees	767	800	767	800
Directors' fees, extended control tasks	180	-	180	-
Warrant program	100	-	100	-
Total remuneration of the Board of Directors	1.047	800	1.047	800

Executive Management:
2016/17: Rene Norman Christensen, CEO from October 1st 2016, and Henrik Blegvad Funk, CFO from April 1st 2016. Keld Thorsen was CEO from June 2017 to August 2017.
2015/16: Keld Thorsen, CEO, and Jens Christian Nielsen, CFO, from June 2016 to December 31st 2016.

There are no defined benefit plans within the Group.

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4. Staff costs (continued)

To tie the Board of Directors, the Executive Management and other executive officers more closely to the Group, Glunz & Jensen Holding A/S has set up the following share-based program:

In 2017, the Group set up an incentive program for the Board of Directors, the Executive Management and two executive officers. The program is based on warrants. A total of 185.820 warrants were issued in the year, 84.624 of which were granted to the Board of Directors, 72.364 to the Executive Management and 28.832 to the rest of the management team. The exercise price is fixed at DKK 41,50 per share of nominally DKK 20 and a risk-free interest rate at -0,30% p.a., calculated from December 30th, 2016 and until the warrants are in fact exercised. The exercise price is fixed based on the listed price one day after the publication of the Q3 report on April 27th, 2017 and up to May 2nd, 2017. The issued warrants will expire without net settlement if not exercised. The right to the warrants is earned over the period. The warrants issued may be exercised to purchase shares in the Company on February 1st, 2021.

The estimated fair value of the warrants issued is calculated at approx. DKK 220 thousand in 2016/17, accumulating to DKK 1.464 thousand in 2020/21. The warrants are valued using the Black-Scholes pricing model based on the following assumptions: volatility 28%, riskfree interest -0,3% and share price DKK 41,0.

Reference is also made to the "Articles of Association" section of www.glunz-jensen.com.

5. Auditors fee

June 1 – May 31(DKK '000)	Group 2016/17	Group 2015/16	Parent Company 2016/17	Parent Company 2015/16
Total fees to the auditors:				
EY	1.542	895	711	439
Other	182	346	-	-
	1.724	1.241	711	439
Statutory audit	680	1.021	100	250
Tax and VAT assistance	256	40	25	27
Other services	788	180	586	162
	1.724	1.241	711	439

6. Depreciation, amortization and impairment losses

June 1 – May 31(DKK '000)	Group 2016/17	Group 2015/16	Parent Company 2016/17	Parent Company 2015/16
Amortization, intangible assets	8.114	9.665	-	1.190
Impairment loss relating to intangible assets	17.760	-	-	-
Depreciation, property, plant and equipment	5.935	6.811	-	3.320
Impairment loss relating to property, plant and equipment	3.972	-	-	-
Goodwill impairment	11.774	-	-	-
	47.555	16.476	-	4.510
Amortization, depreciation and impairment losses are included in the following items:				
Production costs	22.178	7.268	-	1.596
Sales and distribution costs	445	1.098	-	956
Development costs	12.692	7.092	-	1.382
Administrative expenses	466	1.018	-	576
Impairment of goodwill	11.774	-	-	-
	47.555	16.476	-	4.510

Amortization, depreciation and impairment loss relating to intangible assets other than goodwill are recognized in production costs and development costs. See notes 11 and 12 concerning impairment of intangible assets and property, plant and equipment.

7. Other operating income and expenses

June 1st – May 31st (DKK '000)	Group 2016/17	Group 2015/16	Parent Company 2016/17	Parent Company 2015/16
Other operating income				
Gain on sale of non-current assets	127	181	-	111
Other income	117	254	-	-
	244	435	-	111
Other operating expenses				
Loss on sale of non-current assets	3	-	-	-
Other expenses	357	112	-	-
	360	112	-	-

8. Financial income and expenses

June 1st – May 31st (DKK '000)	Group 2016/17	Group 2015/16	Parent Company 2016/17	Parent Company 2015/16
Financial income				
Interest income, subsidiaries	-	-	-	528
Interest income, cash and cash equivalents etc.	23	34	-	25
Foreign exchange gains	671	452	-	121
Other financial income	63	1.893	-	575
	757	2.379	-	1.249
Interest on financial assets measured at amortized cost represents	23	34	-	553

June 1st – May 31st (DKK '000)	Group 2016/17	Group 2015/16	Parent Company 2016/17	Parent Company 2016/17
Financial expenses				
Interest expenses, credit institutions	3.344	2.865	1	2.291
Foreign exchange losses	725	1.312	-	336
Fair value loss on securities	441	-	-	-
Other financial expenses	4.146	946	-	327
	8.656	5.123	1	2.954
Interest on financial liabilities measured at amortized cost represents	3.344	2.865	1	2.291

9. Tax on profit/(loss) for the year

June 1st – May 31st (DKK '000)	Group 2016/17	Group 2015/16	Parent Company 2016/17	Parent Company 2015/16
Tax on profit/(loss) for the year:				
Current tax	240	791	(1.500)	0
Adjustment of tax regarding previous years	(7)	41	598	(112)
Adjustment of deferred tax	(6.260)	(921)	8	1.712
Total tax on profit/(loss) for the year	(6.027)	(89)	(894)	1.600
Analysis of tax on profit/(loss) for the year:				
Tax charged at 22%	(14.743)	(1.986)	(13.613)	1.614
Change in income tax rate in Denmark (23.5% to 22% in 2015/16)	-	24	-	-
Tax effect of:				
Dividends from subsidiaries	-	-	-	(2.196)
Non-deductible impairment of investments in subsidiaries	-	-	12.524	310
Non-deductible impairment of goodwill	2.588	-		
Non-taxable value adjustment of put options	-	(416)	-	(126)
Non-taxable income and non-deductible expenses	321	2.292	195	1.868
Non-recognized deferred tax asset in foreign subsidiaries	7.323	1.007	-	-
Recognized deferred tax assets in foreign subsidiaries	-	-	-	-
Adjustment of tax calculated for foreign subsidiaries against 22%	(1.534)	(1.052)	-	242
Danish jointly taxed companies	-	-	(598)	-
Tax relating to previous years	18	42	598	(112)
	(6.027)	(89)	(894)	1.600
Effective tax rate	9,0%	1,0%	1,4%	21,8%

10. Earnings per share

(All figures in thousands) June 1st – May 31st	Group 2016/17	Group 2015/16
Profit/(loss) for the year	(60.989)	(8.935)
Average number of shares	1.660	1.660
Average number of treasury shares	(45)	(47)
Average number of outstanding shares	1.615	1.613
Average dilutive effect of outstanding shares	8	-
Average number of outstanding shares, diluted	1.623	1.613
Earnings per share (EPS) (DKK)	(37,8)	(5,5)
Diluted earnings per share (EPS-D) (DKK)	(37,6)	(5,5)

11. Intangible assets

(DKK '000)	Completed development projects	Patents and trade-marks	Goodwill	Development projects in progress	Other intangible assets	Total
Group						
Total cost at June 1st, 2015	49.684	2.576	51.003	3.793	25.786	132.842
Foreign exchange adjustments	(2)	-	-	(4)	-	(6)
Additions	-	-	-	3.596	2	3.598
Transfer	3.549	-	-	(3.549)	-	-
Disposals	(1.702)	(1.978)	-	-	(703)	(4.383)
Total cost at May 31st, 2016	51.529	598	51.003	3.836	25.085	132.051
Amortization and impairment losses at June 1st, 2015	21.032	1.875	39.229	-	10.124	72.260
Foreign exchange adjustments	-	-	-	-	(2)	(2)
Amortization for the year	6.612	432	-	-	2.621	9.665
Amortization of disposals for the year	(1.702)	(1.978)	-	-	(703)	(4.383)
Amortization and impairment losses at May 31st, 2016	25.942	329	39.229	-	12.040	77.540
Carrying amount at May 31st, 2016	25.587	269	11.774	3.836	13.045	54.511
Total cost at June 1st, 2016	51.529	598	51.003	3.836	25.085	132.051
Foreign exchange adjustments	1	-	-	-	(1)	-
Additions	-	-	-	3.589	-	3.589
Transfer	3.735	-	-	(3.735)	-	-
Disposals	(10.472)	(598)	-	-	(25.084)	(36.154)
Acquisition cost at May 31st, 2017	44.793	-	51.003	3.690	-	99.486
Amortization and impairment losses at June 1st, 2016	25.942	329	39.229	-	12.040	77.540
Foreign exchange adjustments	(1)	-	-	-	(1)	(2)
Amortization for the year	6.350	79	-	-	1.685	8.114
Impairment losses for the year	6.210	190	11.774	-	11.360	29.534
Amortization of disposals for the year	(10.472)	(598)	-	-	(25.084)	(36.154)
Amortization and impairment losses at May 31st, 2017	28.029	-	51.003	-	-	79.032
Carrying amount at May 31st, 2017	16.764	-	-	3.690	-	20.454

Apart from goodwill, all intangible assets are assessed to have a limited lifecycle.

Group
Development projects:
Amortization and impairment losses relating to development projects are recognized in development costs.

Development costs of DKK 19.950 thousands (2015/16: DKK 16.755 thousands) are recognized in the annual report. Hereof, DKK 3.589 thousands (2015/16: DKK 3.596 thousands) are recognized in the balance sheet and DKK 16.361 thousands (2015/16: DKK 13.159 thousands) are recognized in the income statement as development costs.

On May 31st, 2017, Management tested the carrying amount of development projects. Project development plans and revenue budget approved by Management are compared to the project development processes, which include a follow-up on expenses incurred, time schedules and project completion. In fiscal 2016/17, impairment testing showed a need to recognize an impairment loss of DKK 6.210 thousand. In fiscal 2015/16, impairment testing of development projects showed no need to recognize an impairment loss.

Patents and trade-marks and Other intangible assets:
Other intangible assets mainly include customer relationships in Glunz & Jensen Microflex A/S and Glunz & Jensen Ltd., acquired in acquisitions. Amortization and impairment losses relating to Patents and trade-marks and Other intangible assets are recognized in productions costs.

On May 31st, 2017, Management tested the carrying amount of Patents and trade-marks and Other intangible assets. The impairment test was prepared in accordance with the expectations as to the ongoing turn-around plan of the Glunz & Jensen business.The budget and the strategy plan are based on increasing revenue and expenses. The terminal values are determined assuming a declining market. In fiscal 2016/17, impairment testing showed a need to recognize an impairment loss of DKK 11.550 thousand. In fiscal 2015/16, impairment testing of Patents and trade-marks and Other intangible assets showed no need to recognize an impairment loss.

11. Intangible assets (continued)

Carrying amount of goodwill:

(DKK '000)	Group 2016/17	Group 2015/16
Flexo	-	7.694
Glunz & Jensen Ltd.	-	4.080
Total goodwill	-	11.774

2016/17:
On February 28th, 2017, Management tested the carrying amount of goodwill for impairment based on the allocation of the cost of goodwill to the cash-generating units. The impairment test was prepared in accordance with the expectations as to the ongoing turn-around plan of the Glunz & Jensen business.

For the purpose of impairment testing, the recoverable amount is defined as the value in use. In general, impairment testing is based on the budget for 2017/18 and strategy plans for 2018/19-2021/22, as approved by the Board of Directors. After 2021/22, projections are based on general parameters. The WACC is set at 9,5% after tax (2015/16: 9,5%).

Flexo:
Flexo goodwill arises from the acquisition of Glunz & Jensen S.r.l. and Glunz & Jensen Microflex A/S, both operating within the flexo area.

The budget and the strategy plan are based on increasing revenue and expenses. The terminal values are determined assuming a lower groth rate.

Microflex: Expected revenue growth in 2017/18 primarily due to a sale between Microflex and a major customer. The outcome of this cooperation was expected to lead to additional revenue growth of 5,5% on average per year for four years, followed by a 2% increase per year.

Glunz & Jensen s.r.l.: Due to increased competition in the last part of 2016/17, revenue is expected to remain unchanged in 2017/18 and to increase by an average of 5,0% per year for four years, followed by a 2% increase per year.

Glunz & Jensen Ltd.: Glunz & Jensen Ltd.'s market declined significantly during 2016/17 and is not expected to recover. When planning the turnaround plan, Management decided to discontinue the offset activities in the UK during 2017/18.

Impairment testing shows that the carrying amount of goodwill exceed its recoverable amount for both flexo and Glunz & Jensen Ltd. As a consequence, goodwill was written down in total in Q3 2016/17.

2015/16:
On May 31st, 2016, Management tested the carrying amount of goodwill for impairment based on the allocation of the cost of goodwill to the cash-generating units.

For the purpose of impairment testing, the recoverable amount was defined as the value in use. In general, the impairment test was based on the budget for 2016/17 and the strategy plans for 2017/18-2018/19, as approved by Management. After 2018/19, projections are based on general parameters. The discount rate was set at 9,5% after tax.

Flexo:
The global flexo market was expected to grow by 2 to 3% per year. However, as Glunz & Jensen expected to expand its market position in the following years, the impairment test is based on higher growth rates.

The key parameters in the flexo impairment test calculation were increasing revenue and costs, and the terminal values were determined assuming a declining flexo market.

Microflex: Expected small increase in revenue in 2016/17, primarily due to ongoing product development cooperation between Microflex and a major customer. The outcome of this cooperation was expected to lead to an additional increase in revenue of 12% on average per year for four years, followed by a 1% increase per year.

Glunz & Jensen s.r.l.: Due to expected launch of new flexo products in the last part of 2016/17, revenue was expected to increase by 8% on average per year for five years, followed by a 1% increase per year.

Glunz & Jensen Ltd.: Glunz & Jensen Ltd.'s market is expected to decline by 5-15% annually in the coming years.

The budget and the strategy plan were based on declining revenue and expenses. The market was expected to decline during the terminal period.

Based on the two tests performed, Management concluded that no goodwill was impaired. Management saw no scenarios in which a likely change in assumptions would lead to the carrying amount of goodwill significantly exceeding the recoverable amount.

11. Intangible assets (continued)

Parent Company

(DKK '000)	Completed development projects	Development projects in progress	I alt
Total cost at June 1st, 2015	3.052	1.895	4.947
Additions	-	3.355	3.355
Transfer	1.443	(1.443)	0
Disposals	(1.702)	-	(1.702)
Total cost at May 31st, 2016	2.793	3.807	6.600
Amortization and impairment losses at June 1st, 2015	1.774	-	1.774
Amortization for the year	1.190	-	.1.190
Amortization of disposals	(1.702)	-	(1.702)
Amortization and impairment losses at May 31st, 2016	1.262	-	1.262
Carrying amount at May 31st, 2016	1.531	3.807	5.338
Total cost at June 1st, 2016	2.793	3.807	6.600
Disposals	(2.793)	(3.807)	(6.600)
Total cost at May 31st, 2017	-	-	-
Amortization and impairment losses at June 1st, 2016	1.262	-	1.262
Amortization of disposals	(1.262)	-	(1.262)
Amortization and impairment losses at May 31st, 2017	-	-	-
Carrying amount at May 31st, 2017	-	-	-

Parent Company:
Amortization and impairment losses relating to development projects are recognized in development costs.

Development costs of DKK 0 thousand (2015/16: DKK 5.049 thousand) are recognized in the annual report. Hereof, DKK 0 thousand (2015/16: DKK 3.355 thousand) are recognized in the balance sheet and DKK 0 thousand (2015/16: DKK 1.694 thousand) in the income statement as development costs.

On May 31st, 2016, Management tested the carrying amount of development projects. Project development plans and the revenue budget approved by Management were compared to the project development processes, which included a follow-up on expenses occurred, time schedules and project completion. In 2015/16, the impairment test of development projects showed no need to recognize an impairment loss. There were no development projects at May 31st, 2017.

12. Property, plant and equipment

(DKK '000)	Land and buildings	Other fixtures and fittings, tools and equipment	Property, plant and equip-ment in progress	Total
Group				
Total cost at June 1st, 2015	95.048	40.652	1.728	137.428
Foreign exchange adjustments	(111)	(203)	1	(313)
Additions	55	1.978	1.214	3.247
Disposals	-	(7.277)	-	(7.277)
Transfer	-	2.943	(2.943)	-
Total cost at May 31st, 2016	94.992	38.093	0	133.085
Depreciation and impairment losses at June 1st, 2015	30.299	36.067	-	66.366
Foreign exchange adjustments	(62)	(160)	-	(222)
Depreciation for the year	4.603	2.208	-	6.811
Depreciation of disposals	-	(6.951)	-	(6.951)
Depreciation and impairment losses at May 31st, 2016	34.840	31.164	-	66.004
Carrying amount at May 31st, 2016	60.152	6.929	-	67.081
Total cost at June 1st, 2016	94.992	38.093	-	133.085
Foreign exchange adjustments	11	184	-	195
Additions	167	1.366	-	1.533
Disposals	-	(3.924)	-	(3.924)
Total cost at May 31st, 2017	95.170	35.719	-	130.889
Depreciation and impairment losses at June 1st, 2016	34.840	31.164	-	66.004
Foreign exchange adjustments	6	187	-	193
Depreciation for the year	4.483	1.453	-	5.936
Impairment losses for the year	-	3.972	-	3.972
Depreciation of disposals	-	(3.920)	-	(3.920)
Depreciation and impairment losses at May 31st, 2017	39.329	32.856	-	72.185
Carrying amount at May 31st, 2017	55.841	2.863	-	58.704
Parent Company				
Total cost at June 1st, 2015	57.456	24.796	-	82.252
Additions	8	336	-	344
Disposals	-	(559)	-	(559)
Total cost at May 31st, 2016	57.464	24.573	-	82.037
Depreciation and impairment losses at June 1st, 2015	11.664	23.251	-	34.915
Depreciation for the year	2.501	819	-	3.320
Depreciation of disposals	-	(440)	-	(440)
Depreciation and impairment losses at May 31st, 2016	14.165	23.630	-	37.795
Carrying amount at May 31st, 2016	43.299	943	-	44.242
Total cost at June 1st, 2016	57.464	24.573	-	198.554
Disposals	(57.464)	(24.573)	-	(198.554)
Total cost at May 31st, 2017	-	-	-	-
Depreciation and impairment losses at June 1st, 2016	14.165	23.630	-	37.795
Depreciation of disposals	(14.165)	(23.630)	-	(37.795)
Depreciation and impairment losses at May 31st, 2017	-	-	-	-
Carrying amount at May 31st, 2017	-	-	-	-

Group:
The carrying amount of land and buildings amounting to DKK 55,841 thousand (May 31st, 2016: DKK 60.152 thousand) had a registered mortgage at May 31st, 2017. The value of the relating collateral was DKK 30.634 thousand at May 31st, 2017 (May 31st, 2016: DKK 33.932 thousand).

Other fixtures and fittings, tools and equipment:
On May 31st, 2017, Management tested the carrying amount of Other fixtures and fittings, tools and equipment. The impairment test was prepared in accordance with the expectations as to the ongoing turn-around plan of the Glunz & Jensen business. In fiscal 2016/17, impairment testing showed a need to recognize an impairment loss of DKK 3.972 thousand. In fiscal 2015/16, impairment testing of Other fixtures and fittings, tools and equipment showed no need to recognize an impairment loss.

12. Property, plant and equipment (continued)

Parent Company:
The carrying amount of land and buildings amounting to DKK 0 thousand at May 31st, 2017 (May 31st, 2016: DKK 43.299 thousand) had a registered mortgage. The value of the relating collateral was DKK 0 thousand at May 31st, 2017 (May 31st, 2016: DKK 30.867 thousand). The carrying amounts of Danish properties were DKK 0 thousand at May 31st, 2017 (May 31st, 2016: DKK 43.299 thousand).

13. Investment properties

(DKK '000)	Group 2016/17	Group 2015/16	Parent Company 2016/17	Parent Company 2015/16
Opening balance at June 1st, 2016	86.410	86.085	86.410	86.085
Additions (subsequent expenditure)	266	325		325
Net profit/(loss) from fair value adjustment	4.054	-	-	-
Disposals	-	-	(86.410)	-
Closing balance at May 31st, 2017	90.730	86.410	-	86.410

The Group's investment properties consist of its properties in Ringsted, Denmark exclusive of the property used as group headquarter. All investment properties are leased to external tenants.

Based on the discounted cash flow method, the fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the life of the asset, including an exit or terminal value. This method involves the projection of a series of cash flows on real property interest.

The fair value of the investment properties (fair value level 3) is measured using the discounted cash flow method and based on estimated net cash flow over a 15 year period based on estimated rental income from the existing tenants. It is expected, that the existing lease contracts will be extended when they expires. The existing lease contracts expire in the period from 2021 to 2026.

Significant non observable input in the fair value calculation:

	Group 2016/17	Group 2015/16
Yearly average rent regulation in %	1,7	1,6
Maintenance per m^2 in DKK	40	40
Occupancy rate in %	100,0	100,0
Discount rate in %	7,5	7,5

The most significant factor in the fair value calculation is the discount rate. Sensitivity analysis of the fair value calculation indicates that a change in the discount rate +/- 0,5% will lead to a fair value adjustment of approximately DKK 9,7 million.

The discount rate is based on available information from commercial real estate agents and the Executive Management's assessments.

Group:
The carrying amount of investment properties amounting to DKK 90.730 thousand had a registered mortgage at May 31st, 2017 (May 31st, 2016: DKK 86.410 thousand). The value of the relating collateral was DKK 49.358 thousand at May 2017 (May 31st, 2016: DKK 45.553 thousand).

Parent Company:
The carrying amount of land and buildings amounting to 0 DKK had a registered mortgage at May 31st, 2017 (May 31st, 2016: DKK 86.410 thousand). The value of the relating collateral was DKK 0 thousand at May 31st, 2017 (May 31st, 2016: DKK 45.553 thousand). The carrying amounts of Danish properties were DKK 0 thousand at May 31st, 2017 (May 31st, 2016: DKK 86.410 thousand).

14. Investment in subsidiaries

Parent Company (DKK '000)	Ownership interest 2017	Profit/(loss) for the year 2016/17	Equity 2016/17
Glunz & Jensen A/S, Ringsted, Denmark	100,0%	(67.193)	12.626
Selandia Park A/S, Ringsted, Denmark	100,0%	10.265	30.525
Total		(56.928)	43.151

	Parent company 2016/17	Parent company 2015/16
Total cost at June 1st	150.848	146.386
Additions for the year	100.000	4.462
Disposals for the year	(150.848)	-
Total cost at May 31st	100.000	150.848
Adjustments at June 1st	(58.172)	(49.266)
Changes in accounting policies	-	8.970
Adjustments at June 1st restated	(58.172)	(40.296)
Profit/(loss) for the year	(56.928)	(7.198)
Foreign exchange adjustments	(181)	(754)
Hedging reserve	260	58
Dividend from subsidiaries	-	(9.982)
Disposals for the year	58.172	-
Adjustments at May 31st	(56.849)	(58.172)
Carrying value at May 31st	43.151	92.676
Net deficit on equity against receivables from subsidiaries	-	726
Carrying value at May 31st	43.151	93.402
Non-amortized values	-	37.505

As at May 31st, 2016, the difference on initial recognition of the subsidiaries totaled DKK 37.505 thousand, including goodwill of DKK 11.774 thousand.

No tax liability will be applied on realization of the Parent Company's investments in subsidiaries at carrying amount (2015/16: DKK 0 thousand).

Additions in 2016/17 relate to the newly established company Glunz & Jensen A/S (DKK 80,0 million) and Selandia Park A/S (DKK 20,0 million).

Additions in 2015/16 relate to an increase in the share capital of Glunz & Jensen S.r.l. in the amount of DKK 4,462 thousand.

Disposals in 2016/17 relate to the sale of Glunz & Jensen s.r.o., Slovakia, Glunz & Jensen Inc., USA, Glunz & Jensen S.r.l., Italy, Glunz & Jensen Microflex A/S, Denmark, Glunz & Jensen Trading (Suzhou) Co., Ltd., China, Glunz & Jensen Ltd., England and GKS International ApS, Denmark. All subsidiaries were sold to Glunz & Jensen A/S, Denmark, at equity value.

15. Investments in associates

The Group's investments in associates are measured using the equity method.

May 31st (DKK '000)	Group 2017	Group 2016	Parent Company 2017	Parent Company 2016
GKS International Ltd, UK (40% ownership interest)	1.041	1.193	-	-
	1.041	1.193	-	-

As the associate's revenue is less than 1% of consolidated revenue, the Management evaluates that the associates are not significant for which reason no further information is disclosed regarding this entity.

Glunz & Jensen Ltd. has an option to purchase an additional 40% of the treasury shares in GKS International Ltd. at September 1st, 2018.

16. Deferred tax

(DKK '000)	Group 2017	Group 2016	Parent Company 2017	Parent Company 2016
Deferred tax at June 1st	(7.739)	(8.541)	(5.993)	(4.240)
Foreign exchange adjustments	(9)	(78)	-	-
Disposals	-	-	5.993	-
Tax income/(expense) during the period recognized in profit or loss	6.260	921	(8)	(1.712)
Tax income/(expense) during the period recognized in other comprehensive income	(73)	(41)	-	(41)
Deferred tax at May 31st	(1.561)	(7.739)	(8)	(5.993)
Breakdown of deferred tax and recognition in the balance sheet:				
Deferred tax asset	3.749	6.972	-	-
Deferred tax liability	(5.310)	(14.711)	(8)	(5.993)
Total at May 31st	(1.561)	(7.739)	(8)	(5.993)

The value of tax loss carry-forwards has been recognized as a deferred tax asset in the companies where, based on the budget, it is considered very likely that they can be set off against future earnings and where a history of profit before tax in the last three years has been verified. The value of tax loss carry-forwards, DKK 11,008 thousand at May 31st, 2017 (May 31st, 2016: DKK 7,903 thousand), has not been recognized as a deferred tax asset, as it is not considered likely that they will be utilized.

(DKK '000)	Intangible assets	Property, plant and equipment	Current assets	Liabilities	Tax loss carry-forwards etc.	Total
Group						
Deferred tax at June 1st, 2015	(11.546)	(5.443)	5.031	2.217	1.200	(8.541)
Foreign exchange adjustments	-	(5)	(30)	(39)	(4)	(78)
Recognized in profit/(loss) for the year, net	1.527	(559)	(864)	(165)	982	921
Recognized through other comprehensive income, net	-	-	-	(41)	-	(41)
Deferred tax at May 31st, 2016	(10.019)	(6.007)	4.137	1.972	2.178	(7.739)
Deferred tax at June 1st, 2016	(10.019)	(6.007)	4.137	1.972	2.178	(7.739)
Foreign exchange adjustments	(1)	313	5	(253)	(73)	(9)
Recognized in profit/(loss) for the year, net	4.728	(1.804)	(380)	1.112	2.604	6.260
Recognized through other comprehensive income, net	-	-	-	(73)	-	(73)
Deferred tax at May 31st, 2017	(5.292)	(7.498)	3.762	2.758	4.709	(1.561)
Parent Company						
Deferred tax at June 1st, 2015	(746)	(5.954)	2.348	112	-	(4.240)
Recognized in profit/(loss) for the year, net	(428)	(857)	(463)	(125)	161	(1.712)
Recognized through other comprehensive income, net	-	-	-	(41)	-	(41)
Deferred tax at May 31st, 2016	(1.174)	(6.811)	1.885	(54)	161	(5.993)
Deferred tax at June 1st, 2016	(1.174)	(6.811)	1.885	(54)	161	(5.993)
Disposals	1.174	6.811	(1.885)	54	(161)	5.993
Recognized in profit/(loss) for the year, net	-	-	-	(8)	-	(8)
Deferred tax at May 31st, 2017	-	-	-	(8)	-	(8)

17. Inventories

May 31st (DKK '000)	Group 2017	Group 2016	Parent Company 2017	Parent Company 2016
Raw materials and consumables	29.659	38.124	-	2.791
Finished goods and semi-manufacture goods	10.959	25.585	-	2.418
Total	40.618	63.709	-	5.209
Inventories recognized at net realizable value	161	619	-	196

18. Trade receivables

May 31st (DKK '000)	Group 2017	Group 2016	Parent Company 2017	Parent Company 2016
Trade receivables, gross	42.488	48.082	-	24.986
Write-down for bad debts:				
Write-down at June 1st	3.214	3.276	820	740
Disposals	-	-	(820)	-
Write-down for the year	323	439	-	88
Write-down reversed during the year	(1.052)	(649)	-	(88)
Losses incurred during the year	(459)	148	-	80
Write-down at May 31st	2.026	3.214	-	820
Trade receivables, net	40.462	44.868	-	24.166

Write-downs are recognized on an individual basis.

The credit risk of the various trade receivables is mainly associated with the customer's geographical location.

Breakdown of trade receivables, net, based on the customer's geographical location:

May 31st (DKK '000)	Group 2017	Group 2016	Parent Company 2017	Parent Company 2016
Western Europe	17.179	20.789	-	10.045
Eastern Europe	524	1.193	-	671
North America	9.065	8.553	-	4.223
Asia and Pacific	7.883	10.970	-	7.058
Rest of the world	5.811	3.363	-	2.169
Trade receivables, net	40.462	44.868	-	24.166

See to note 27, section debtor risks

19. Securities

May 31st (DKK '000)	Group 2017	Group 2016	Parent Company 2017	Parent Company 2016
Shareholdings in Othonia Curing Technology A/S, Denmark	-	230	-	-
Shareholdings in Effici S.r.l., Italy	-	211	-	-
	-	441	-	-

As at May 31st, 2017 Management tested securities for impairment considering the historic and expected futures earnings of the entities after tax. As a result, the shareholdings have been impaired. The securities were measured at cost at May 31st, 2016.

20. Share capital and treasury shares

As at May 31st, 2017 and 2016, the share capital consists of 1.660.000 shares representing a nominal value of DKK 20 each. The total nominal value is DKK 33,2 million. No shares carry any special rights.

As at May 31st, 2017, Glunz & Jensen Holding A/S held 6.617 treasury shares (2015/16: 47.233) representing a nominal value of DKK 132.340, or 0.8% of the total share capital.

Movements in the share capital during the last 5 years:	Number of shares	Nominal value
Capital reduction in 2013/14	223.250	4.465.000
Capital reduction in 2012/13	209.250	4.185.000
Disposal of treasury shares in 2016/17	40.616	812.320

In June 2017, Glunz & Jensen Holding A/S disposed of the remaining 6,617 treasury shares and, hence, holds no treasury shares at Augst 24th 2017.

Glunz & Jensen Holding A/S has been authorized by the shareholders to acquire up to 25% of its treasury shares.

Please see to note 27 under the "Capital management" section.

21. Provisions

(DKK '000)	Group 2017	Group 2016	Parent Company 2017	Parent Company 2016
Warranty commitments at June 1st	2.151	2.217	1.380	1.500
Additions	538	2.356	-	2.301
Disposals	(1.194)	(2.422)	(1.380)	(2.421)
Warranty commitments at May 31st	1.495	2.151	0	1.380
Restructuring at June 1st	549	344	549	344
Disposals	-	-	(549)	-
Additions	12.578	299	507	299
Paid	(549)	(94)	-	(94)
Restructuring at May 31st	12.578	549	507	549
Provisions at May 31st	14.073	2.700	507	1.929
Breakdown of provisions by non-current and current liabilities:				
Non-current liabilities	430	1.116	-	345
Current liabilities	13.643	1.584	507	1.584
Provisions at May 31st	14.073	2.700	507	1.929

Warranties
A provision has been made for warranty commitments to cover contract-related warranty complaints for goods already delivered. Warranty commitments are recognized as the goods are sold and are calculated based on historical warranty costs. The warranty commitments cover a period from 6 months to 2 years.

Warranty commitments comprise commitments under ordinary product guarantees of up to 1-2 years. The commitments are calculated based on historical warranty costs and are assessed for specific matters. The expenses are expected to be incurred over the next two years.

Restructuring
Provisions for restructuring costs comprise restructuring measures decided and announced in 2016/17 in connection with a restructuring of the entire Group as well as expenses related to the closure of various sites in Glunz & Jensen A/S. The restructuring provisions will be paid during 2017/18.

22. Credit institutions

(DKK '000)	Due within 1-5 years	Due after 5 years	Due after 1 year, total	Due within 1 year
Group				
Credit institutions at May 31st, 2016:				
Credit institutions (DKK), floating rate 3%	14.707	36.657	51.364	30.986
Credit institutions (EUR), floating rate 2%	5.890	15.103	20.993	12.219
Credit institutions (USD), floating rate 2%	-	-	-	2.630
	20.597	51.760	72.357	45.835
Credit institutions at May 31st, 2017:				
Credit institutions (DKK), floating rate 4%	14.749	33.026	47.775	35.120
Credit institutions (EUR), floating rate 4%	5.950	12.458	18.408	12.867
Credit institutions (USD), floating rate 4%	-	-	-	97
	20.699	45.484	66.183	48.084
Parent Company				
Credit institutions at May 31st, 2016:				
Credit institutions (DKK), floating rate 3%	14.707	36.657	51.364	25.648
Credit institutions (EUR), floating rate 2%	5.890	15.103	20.993	3.233
	20.597	51.760	72.357	28.881
Credit institutions at May 31st, 2017:	-	-	-	-

The Group's credit facilities earn a floating rate except for one loan, which is swapped to a fixed-rate loan via an interest rate swap. At May 31st, 2017, this fixed-rate loan amounted to DKK 4.570 thousand (May 31st, 2016: DKK 6.036 thousand). The Parent Companies had no credit facilities in 2016/17.

23. Other payables

Non-current other payables (DKK '000)	Group 2017	Group 2016	Parent Company 2017	Parent Company 2016
Employee commitments	47	1.488	-	-
	47	1.488	-	-

Current other payables (DKK '000)	Group 2017	Group 2016	Parent Company 2017	Parent Company 2016
Wages, salaries, holiday pay etc.,	9.365	13.262	2.267	5.431
Employee commitments	1.633	-	-	-
Accrued employee taxes	1.117	841	-	130
VAT and other taxes	3.111	4.283	663	2.166
Other payables	4.834	1.628	472	1.105
	20.060	20.014	3.402	8.832

Employees in Glunz & Jensen S.r.l., Italy, are entitled by law to receive compensation when they retire from the Company. The obligation earns a floating rate, which is fixed by the local authorities. Consequently, employee commitments are measured at fair value at both May 31st, 2017 and May 31st, 2016.

24. Prepayments from customers

Non-current prepayments from customers (DKK '000)	Group 2017	Group 2016	Parent Company 2017	Parent Company 2016
Prepayment from tenants in Selandia Park	9.448	11.428	-	11.428

Current prepayments from customers (DKK '000)	Group 2017	Group 2016	Parent Company 2017	Parent Company 2016
Prepayments from customers in connection with the sale of goods and services	1.407	3.305	-	-
Prepayment from tenants in Selandia Park	6.243	6.364	-	6.364
	7.650	9.669	-	6.364

In 2012/13, Selandia Park rebuilt one office facility for an external tenant. Part of the rebuilding of the office was paid by the tenant upfront.

25. Operating leases

(DKK '000)	Group 2017	Group 2016	Parent Company 2017	Parent Company 2016
Expected maturity:				
Due within 1 year or less	1.321	1.226	134	448
Due within 1-5 years	2.719	2.675	212	534
Rental and lease liabilities	4.040	3.901	346	982
Rental and lease payments, operating leases	1.631	1.494	240	420

Assets held under operating leases comprise production equipment and vehicles. The Group's rental obligations consist of long-term office leases in the US.

26. Contingent liabilities and collateral

The Parent Company acts as guarantor for the subsidiaries' credit facilities. The financial guarantee at May 31st, 2017 amounted to DKK 48,5 million of which DKK 26,7 million has been drawn (May 31st, 2016: DKK 13,2 million of which DKK 7,9 million has been drawn).

The shares in Glunz & Jensen A/S and Selandia Park A/S are pledged as security towards the main bank, Nordea. The Group has provided a company charge of DKK 30,000 thousand secured upon the Company's inventories, goodwill, domain names and rights, fixtures and operating equipment as well as unsecured claims relating to the sale of goods and services at a carrying amount of DKK 63.935 thousand. The company charge of DKK 30,000 thousand has been provided as security for bank debt.

The Parent Company acts as management company for the jointly taxed Danish companies. Pursuant to the provisions of the Danish Corporate Income Tax Act, the Parent Company is thus liable to withhold tax at source on interest, royalties and dividend for the jointly taxed companies for contingent liabilities and to withhold income taxes. The Parent Company recognized jointly tax receivables in the balance sheet amounting to DKK 1,4 million at May 31st, 2017 (May 31st, 2016: DKK 1,3 million). The Parent Company's liability regarding joint tax may be impacted by future corrections of the taxable income. The companies in the joint taxation arrangement are not subject to withholding tax on dividend, interest or royalties.

The Group is a party to a limited number of lawsuits and disputes. In Management's opinion, these lawsuits and disputes will not significantly affect the financial position of the Group or the Parent Company.

Please refer to note 12, Property, plant and equipment.

27. Financial risks and financial instruments

Risk management policy:
As a result of its operating, investing and financing activities, the Group is exposed to various financial risks, including market risks, credit risks and liquidity risks. It is the Group's policy not to speculate actively in financial risks. The Group's financial risk management is thus aimed exclusively at managing the financial risks that are a direct consequence of the Group's operating, investing and financing activities.

Currency risk:
The Group's currency risk consists of transaction risks and currency translation risks.

The main part of the Group's sales is invoiced in EUR and USD. In 2016/17, approx. 72% of sales were invoiced in EUR and approx. 18% in USD (2015/16: 69% in EUR and 20% in USD).

The main part of the Group's expenses are paid in DKK (54%), EUR (34%) and USD (7%). In 2016/17, expenses paid in DKK, USD and EUR amounted to 95% of total expenses (2016/17: 95%). As Management considers the EUR/DKK exchange rate to be fixed, the Group's exposure to currency risks is limited.

As part of the Group's currency polity, Glunz & Jensen seeks to reduce the impact of exchange rate fluctuations (EUR excepted) on its profits and financial position via financial instruments with maturities of up to one year. As in 2015/16, future currency transactions are currently not hedged. Due to the foreign subsidiaries, Glunz & Jensen is exposed to currency translation risks insofar as part of the Group's earnings and net assets derive from these foreign subsidiaries and, therefore, are translated and included in the consolidated financial statements, which are presented in DKK.

An increase in the USD rate of 10% is estimated, all else being equal, to affect the Group's operating profit by approx. DKK 1,6 million as in 2015/16. The estimate is based on the level of USD transactions in 2016/17.

Based on the Group's USD exposure at the balance sheet date, the impact of a hypothetical fluctuation of 10% of the USD/DKK exchange rate on the profit/(loss) for the year and consolidated equity amounts to DKK 0,3 million regarding cash and receivables (2015/16: DKK 0,6 million) and DKK 0,1 million regarding financial liabilities (2015/16: DKK 1,1 million), respectively.

Interest rate risk:
As a result of its investing and financing activities, the Group is exposed to interest rate fluctuations. Net interest-bearing debt at May 31st, 2017 amounted to DKK 111,2 million (2015/16: DKK 113,9 million). Selandia has hedged a floating-rate, 20-year EUR-based bond loan via an interest rate swap. Half of the loan amount and maturity is hedged.

A 1 percentage point change in the general interest rate level relative to the balance sheet date is estimated to affect the Group's profit/loss for the year by DKK 0,9 million and consolidated equity by DKK 0,5 million based on financial commitments at May 31st, 2017 (May 31st, 2016: an effect on the profit/loss for the year of DKK 0,9 million and consolidated equity of DKK 0,4 million). Interest payments relating to the interest rate swap are included in the estimate. The estimate does not include adjustments concerning repayment and borrowing.

At May 31st, 2017, the remaining fair value of the interest rate swap amounted to DKK 0,9 million (2015/16: DKK 1,2 million).
DKK 4,6 million of the interest-bearing debt earned interest at a fixed rate at May 31st, 2017. The remaining interest-bearing debt earns interest at floating rates. As the interest rate swap is considered a hedging of the future cash flows of the underlying loans, any fair value adjustments are taken directly to equity.

Debtor risk:
The Group may realize losses if trade and other receivables are not settled. The majority of the Group's goods and services are sold to large companies with which Glunz & Jensen has long-term relationships. The four largest customers account for approx. 52% of total revenue. The Group normally requires prepayment from new customers.

Based on the Group's internal credit procedures, the credit risk associated with the various trade receivables mainly relates to the customer's geographical location. Trade receivables deemed to have a high credit quality (low risk) are estimated to relate to Western Europe and North America. Conversely, trade receivables relating to Asia, Eastern Europe and rest of the world are deemed to have a lower credit quality (medium and high risk). As part of the Group's risk management, past due receivables are monitored on a monthly basis. Historically, the Group has realized only minor bad debts.

Trade receivables which were past due at May 31st, 2017, but not impaired, are also included, as follows:

(DKK '000)	Group 2017	Group 2016	Parent Company 2017	Parent Company 2016
Maturity of trade receivables:				
0-30 days	6.080	5.770	-	2.685
30-60 days	2.341	1.485	-	1.089
Over 60 days	80	4.752	-	79
Total	8.501	12.007	-	3.853

Please refer to note 18 regarding the credit quality of trade receivables.

27. Financial risks and financial instruments (continued)

Liquidity risk:
Liquidity risk is the risk that Glunz & Jensen will be unable to meet its obligations as they fall due because of its inability to liquidate assets or obtain adequate funding.

The Group's interest-bearing liabilities amounted to DKK 114,3 million at May 31st, 2017 (May 31st, 2016: DKK 117,1 million).

At May 31st, 2017, the Group's credit facilities amounted to DKK 133,4 million (May 31st, 2016: DKK 133,8 million) of which DKK 114,3 million has been drawn (May 31st, 2016: DKK 117,1 million). The liquidity reserve amounted to DKK 19,1 million at May 31st, 2017 (May 31st, 2016: DKK 16,7 million).

The liabilities fall due as follows:

Group

(DKK '000)	Carrying amount	Payment obligation	In 1 year or less	1-3 years	3-5 years	Over 5 years
At May 31st, 2016						
Non-derivative financial instruments:						
Credit institutions and banks	118.192	124.808	48.090	11.774	11.425	53.519
Trade payables	26.678	26.678	26.678	-	-	-
Derived financial instruments:						
Interest rate swap	1.225	1.296	-	-	1.296	-
Total	146.095	152.782	74.768	11.774	12.721	53.519
At May 31st, 2017						
Non-derivative financial instruments:						
Credit institutions and banks	114.267	119.497	50.054	11.227	11.166	47.050
Trade payables	21.118	21.118	21.118	-	-	-
Derived financial instruments:						
Interest rate swap	893	962	-	962	-	-
Total	136.278	141.577	71.172	12.189	11.166	47.050

Parent Company

(DKK '000)	Carrying amount	Payment obligation	In 1 year or less	1-3 years	3-5 years	Over 5 years
At May 31st, 2016						
Non-derivative financial instruments:						
Credit institutions and banks	101.238	107.119	30.401	11.774	11.425	53.519
Trade payables	10.334	10.334	10.334	-	-	-
Payables to subsidiaries	10.404	10.404	10.404	-	-	-
Derived financial instruments:						
Interest rate swap	1.225	1.296	-	-	1.296	-
Total	123.201	129.153	51.139	11.774	12.721	53.519
At May 31st, 2017						
Non-derivative financial instruments:						
Trade payables	197	197	197	-	-	-
Total	197	197	197	-	-	-

The maturity analysis is based on undiscounted cash flows, including estimated interest payments. Interest payments are based on current market conditions.

The Group did not enter into any new long-term debt agreements in 2017/16 and 2015/16.

27. Financial risks and financial instruments (continued)

The Group's primary loan agreement is subject to three covenants, which Glunz & Jensen must observe in order to maintain the loan, including financial covenants concerning the financial ratio "solvency" and the agreed level of EBITDA and debt leverage. The turn-around plan was presented to the Group's main banker in January 2017, as the turn-around plan would breach all three covenants in 2016/17. The main banker changed the level of the ratios to be in line with the turn-around plan. The revised covenants were not breached in the period January-May 2017. During fiscal 2016/17, the Group breached one of the covenants; however, a new agreement with the banker was made.

Management believes that the Group has sufficient cash resources to cover planned operations and ongoing investments.

Capital management:

It is the Group's policy that capital is distributed to the shareholders via dividends or that Glunz & Jensen purchases treasury shares if and when earnings justify it. This means that during periods of low and unstable income, the equity ratio must be high, while it may be reduced if earnings stabilize at a higher level than achieved in recent years.

At May 31st, 2017, the equity ratio was 28,1% (2015/16: 39,5%). Based on the performance during 2016/17 and the outlook for 2017/18, the Board of Directors proposes to the Annual General Meeting that no dividend be distributed for fiscal 2016/17.

Fair values:
There was no difference between the fair values and the carrying amounts of financial assets and liabilities at May 31st, 2017 or at May 31st, 2016. Short-term, floating-rate bank loans are measured at price of 100. The methods used are unchanged compared with last year.

The methods include derivative financial instruments:
Interest rate swaps are measured using generally accepted valuation techniques based on relevant, observable swap curves and exchange rates. Externally calculated fair values based on discounted future cash flows are included.

Group (DKK '000) **Fair value measurement hierarchy for assets and liabilities using:**	Observable inputs (Level 2)	Un-observable inputs (Level 3)	Total
At May 31st, 2016			
Financial assets:			
Securities	-	441	441
Total financial assets	-	441	441
Financial liabilities:			
Interest rate swap	1.225	-	1.225
Total financial liabilities	1.225	-	1.225
At May 31st, 2017			
Financial assets:			
Investment properties	-	4.054	4.054
Total financial assets	-	4.054	4.054
Financial liabilities:			
Interest rate swap	893	-	893
Total financial liabilities	893	-	893

Parent Company (DKK '000) **Fair value measurement hierarchy for assets and liabilities using:**	Observable inputs (Level 2)	Un-observable inputs (Level 3)	Total
At May 31st, 2016			
Financial assets:			
Securities	-	441	441
Total financial assets	-	441	441
Financial liabilities:			
Interest rate swap	1.225	-	1.225
Total financial liabilities	1.225	-	1.225

28. Acquisition of non-controlling shares and associates

Acquisition of non-controlling shares in Glunz & Jensen Microflex A/S in 2015/16:
At May 31st, 2016, the shareholder agreement with non-controlling shareholders, Glunz & Jensen Microflex A/S, was changed. Glunz and Jensen acquired the remaining 11% of the shares in Glunz & Jensen Microflex A/S for DKK 1. Glunz & Jensen's ownership interest is thus now 100%.

Acquisition of associates in 2015/16:
At September 1st, 2015, Glunz & Jensen Ltd. acquired 40% of the shares in GKS International Ltd. The purchase price was DKK 1.305 thousand. The purchase agreement includes an option to acquire an additional 40% of the shares at September 1st, 2018. The acquisition was completed in order to strengthen existing after sales service activities and is part of the Group's strategic objective to establish itself as a leading provider of maintenance and support services in Northern Europe, the UK and the US in both the offset market and the flexo market.

Glunz & Jensen Ltd. identified the following intangible assets in connection with the allocation of the purchase price: customer relationships, know-how and future synergies.

The Group did not acquire any non-controlling interests or associates during 2016/17.

29. Related parties

The Group's and the Parent Company's related parties are the members of the Board of Directors and the Executive Management and their family members.

Apart from contracts of employment, no agreements were entered into between the Group and the Executive Management in the year. However, the Chairman of the Board of Directors has received a fee of DKK 180.000 as a result of extended control tasks during the transition period in connection with the change of CEO. Remuneration to the Board of Directors and the Executive Management is disclosed in note 4.

Other related parties of the Parent Company include subsidiaries as mentioned in note 14 and associates. The Danish group companies are jointly taxed. At May 31st, 2017, tax of DKK 1,4 million was transferred between the Parent Company and the Danish subsidiaries (May 31st, 2015/16: DKK 0 thousand).

At May 31st, 2017, the following shareholders owned more than 5% of Glunz & Jensen Holding A/S' share capital and voting rights:

Heliograph Holding GmbH (29,82%).

There were no transactions with associates during 2016/17.

Related party transactions are carried through on arm's length and are eliminated through consolidation.

June 1st – May 31st (DKK '000)	Parent Company 2016/17	Parent Company 2015/16
Sale of raw materials to subsidiaries	-	12.946
Sale of finished goods to subsidiaries	-	395
Sale of services to subsidiaries	7.200	-
Purchase of raw materials from subsidiaries	-	9.823
Purchase of finished goods from subsidiaries	-	94.615
Purchase of services from subsidiaries	-	4.007
Interest income from subsidiaries	-	528
Dividends from subsidiaries	-	9.982

30. Events after the balance sheet date

No events have occurred since May 31st, 2017 which are deemed to have a significant impact on the Group's financial position.

31. New accounting standards

At the time of publication of this annual report, IASB has issued the following new and amended financial reporting standards and interpretations, which are not compulsory for Glunz & Jensen Holding A/S in preparing the annual report for 2016/17:

- IFRS 9 Financial Instruments and subsequent Amendments to IFRS 9, IFRS 7 and IAS 39
- IFRS 15 Revenue from Contracts with Customers
- IFRS 16 Leases
- IFRS 10 and IAS 28 Sale of Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28
- IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses – Amendments to IAS 12
- IAS 7 Disclosure Initiative – Amendments to IAS 7
- IFRS 15 Revenue from Contracts with Customers – Clarifications to IFRS 15
- IFRS 2 Classification and Measurement of Share-based Payment Transactions – Amendments to IFRS 2

None of these has been adopted by the EU, with the exception of IFRS 9 and IFRS 15. The adopted standards and interpretations which have not yet come into effect will be implemented as they become mandatory for Glunz & Jensen Holding A/S. None of the new standards or interpretations is expected to have a material impact on recognition and measurement for Glunz & Jensen Holding A/S. However, see the subsequent mention of the expected impact of the most important standards:

IFRS 9, Financial Instruments, which takes effect on January 1st 2018 (for Glunz & Jensen Holding: financial year 2018/19), will change the classification, measurement and derecognition of financial assets and introduce new hedge accounting rules. Based on the existing portfolio, the updated classification and measurement requirements are not expected to significantly affect the annual report.

IFRS 15, Revenue from Contracts with Customers, which takes effect on January 1st 2018 (for Glunz & Jensen Holding: financial year 2018/19), will supersede the existing revenue standards (IAS 11 and IAS 18) and interpretations. The new standard will introduce a new model for recognition and measurement of revenue relating to sales contracts with customers. Glunz & Jensen Holding is currently analysing its effects on recognition and measurement. While this analysis has yet to be completed, the new standard is not expected to affect the annual report.

IFRS 16 Leases was issued in mid-January 2016. The standard, which applies to financial years beginning on or after January 1st, 2019 (for Glunz & Jensen Holding: financial year 2019/20),, implies a substantial change in the way that those leases which are today accounted for as operating leases will be accounted for going forward. Thus, the standard requires that all leases regardless of type – with a few exceptions – must be recognized in the lessee's balance sheet as an asset with an accompanying lease liability. At the same time, the lessee's income statement will be affected going forward, as the annual lease payment will consist of two elements – a depreciation charge and an interest expense – as opposed to today where the annual operating lease expense is recognized as one amount under operating expenses. Glunz & Jensen Holding A/S has not yet performed any in-depth analysis of the implications of the new standard for the Group. However, expectations are that it is going to have some impact, as in 2016/17 the Group had operating leases involving minimum lease liabilities in the order of DKK 4,0 million, corresponding to approx. 2% of the balance sheet total, which must potentially be recognized in the balance sheet going forward.

32. Accounting policies

Glunz & Jensen Holding A/S is a limited company domiciled in Denmark. The annual report for the period June 1st, 2016 - May 31st, 2017 includes both consolidated financial statements of Glunz & Jensen Holding A/S and its subsidiaries (the Group) and the separate financial statements of the Parent Company.

The annual report of Glunz & Jensen Holding A/S for 2016/17 has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

The Board of Directors discussed and approved the annual report of Glunz & Jensen Holding A/S for 2016/17 on August 24th, 2017. The annual report will be submitted to the shareholders of Glunz & Jensen Holding A/S for adoption at the Annual General Meeting on September 21st, 2017.

Basis of preparation

The annual report is presented in DKK, rounded to the nearest amount in DKK thousands. The annual report is prepared using the historical cost principle. However, recognized derivatives are measured at fair value. Non-current assets are measured at the lower of their carrying amount before the reclassification and fair value less selling costs.

In order to present a true and fair view of the statement of comprehensive income and the balance sheet, Glunz & Jensen Holding A/S has decided to change the accounting policies for investment properties and investments in subsidiaries. The measurement of investment properties is changed from cost to fair value, and the measurement of investments in subsidiaries is changed from cost to the use of the equity method.

The change mentioned has the following impact on the 2015/16 annual report:

DKK Million	**Group**	**Parent**
Income statement		
Investment in subsidiaries measured using the equity method	-	-15,8
Property depreciation reversed	4,2	4,2
Profit/(loss) before tax	4,2	-11,6
Deferred tax	-0,9	-0,9
Profit/(loss) after tax	3,3	-12,5
Balance Sheet		
Assets		
Investment in subsidiaries:		
Changes as at 31st May 2015	-	9,0
Equity method adjustment 2015/16	-	-15,8
Investment in subsidiaries	-	-6,8
Investment properties	22,5	22,5
Receivables from subsidiaries	-	-0,7
Total Assets	22,5	15,0
Equity and Liabilities		
Equity at 31st May 2015	13,4	22,4
Translation reserve 2015/16	-	-0,7
Profit/(loss) after tax restated	3,3	-12,5
Equity at 31st May 2016	16,7	9,2
Credit institutions	1,1	1,1
Deferred tax	4,7	4,7
Total Equity and liabilities	22,5	15,0

The comparative figures for 2015/16 have been restated accordingly.

Except for the change mentioned above, the accounting policies have been applied consistently in the financial year and to comparative figures.

Adoption of new and revised IFRSs

Effective June 1st, 2016, Glunz & Jensen Holding A/S has implemented the following new or amended standards and interpretations:

- IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation – Amendments to IAS 16 and IAS 38
- IFRS 11 Accounting for Acquisitions of Interests in Joint Operations – Amendments to IFRS 11
- IAS 1 Disclosure Initiative – Amendments to IAS 1
- IAS 27 Equity Methods in Separate Financial Statements – Amendments to IAS 27
- Annual Improvements to IFRSs 2012-14 Cycle Annual Improvements to IFRSs 2012-14 Cycle implies amendments to IFRS 5, IFRS 7, IAS 19 and IAS 34.

The amendments must be considered very specific amendments with a narrow scope. As none of the amended standards and interpretations impacted recognition and measurement in 2016/17, they did not impact the profit/(loss) for the year or diluted earnings per share either.

Description of accounting policies

Consolidated financial statements

The consolidated financial statements include the Parent Company Glunz & Jensen Holding A/S and subsidiaries in which Glunz & Jensen Holding A/S holds or can exercise, directly or indirectly, more than 50% of the voting rights or otherwise has control of the subsidiary in question.

The consolidated financial statements are prepared by aggregating the Parent Company's and the individual subsidiaries' financial statements, applying the Group's accounting policies. Intra-group income and expenses, shareholdings, balances and dividends as well as realized and unrealized gains arising from intra-group transactions are eliminated on consolidation.

Entities in which the Group holds between 20% and 50 % of the voting rights and over which it exercises significant influence, but which it does not control, are considered associates.

Business combinations

Newly acquired or established companies are recognized in the consolidated financial statements from the date of acquisition. Enterprises sold or otherwise disposed of are recognized in the consolidated financial statements until the date of sale/disposal. Comparative figures are not restated to reflect newly acquired companies. Discontinued operations are presented separately, see below.

In the acquisition of new entities over which the Group obtains control, the acquisition method is used, meaning that the acquired entities' identifiable assets, liabilities and contingent liabilities are measured at fair value at the date of acquisition. Intangible assets identified are recognized if they can be separated or if they originate from contractual terms. The tax effect of the revaluations performed is taken into account.

Positive balances (goodwill) between the purchase consideration for the acquired enterprise and the fair value of the acquired assets, liabilities and contingent liabilities are recognized as asset in intangible assets and tested for impairment at least once a year. The first impairment test is performed before the end of the acquisition year. Upon acquisition, goodwill is allocated to the cash-generating unit which subsequently forms the basis for impairment testing. Goodwill and fair value adjustments arising from acquisition of foreign entities with a functional currency other than DKK are accounted for as assets and liabilities of the foreign entity. This means that goodwill and fair value adjustments are initially translated at the foreign entity's functional currency at the transaction date. Negative goodwill arising on acquisition is recognized directly in the income statement at the date of acquisition.

The consideration for an entity consists of the fair value of the consideration paid for the acquiree. If the final determination of the consideration is contingent on one or more future events, such events are recognized at fair value at the date of acquisition. Expenses relating to the acquisition are recognized in profit or loss when incurred.

If, at the date of acquisition, there is uncertainty as to the identification or measurement of acquired assets, liabilities or contingent liabilities or the determination of the purchase consideration, initial recognition is made on the basis of initially calculated values. These values may be adjusted, or additional assets or liabilities may be recognized, until 12 months after the acquisition if new information is obtained about circumstances that existed at the date of acquisition and which would have affected the calculation of the values at the date of acquisition had such information been known. Subsequently, goodwill is not adjusted. Changes in estimates of conditional purchase considerations are generally recognized directly in the income statement.

Gains or losses on disposal of subsidiaries are calculated as the difference between the selling price or the settlement price and the carrying amount of net assets, including goodwill at the date of the disposal and the expenses relating to the disposal.

Foreign currency translation

A functional currency is designated for each of the reporting entities in the Group. The functional currency is the currency used in the primary economic environment in which the reporting entity operates. Transactions denominated in currencies other than the functional currency are transactions in foreign currencies.

Transactions in foreign currencies are translated into the functional currency at the exchange rate at the transaction date. Gains and losses arising between the rate at the transaction date and the rate at the date of payment are recognized in the statement of comprehensive income under financial income and expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated into the functional currency at the exchange rate at the balance sheet date. Differences between the rate at the balance sheet date and the rate at the transaction date or the exchange rate stated in the latest annual report are recognized in the statement of comprehensive income under financial income and expenses.

On recognition of foreign subsidiaries and associates with a functional currency other than DKK, items in the statement of comprehensive income are translated at average rate rates that do not differ significantly from the rates ruling at the transaction date. Balance sheet items in subsidiaries and the equity share of associates are translated at closing rates.

Exchange rate differences arising on the translation of the opening equity of subsidiaries and associates at closing rates and on the translation of items in the statement of comprehensive income from average rates to closing rates are recognized in the consolidated financial statements under other comprehensive income in equity as a separate translation reserve.

Foreign exchange adjustments of intra-group balances with foreign subsidiaries that are considered part of the net investment in subsidiaries with a functional currency other than DKK are recognized in the consolidated financial statements under other comprehensive income in equity as a separate translation reserve. Correspondingly, foreign exchange gains and losses on that part of loans and derivative financial instruments entered into to hedge the net investment in such entities which effectively hedge against corresponding exchange gains/losses on the net investment in the entity are recognized as other comprehensive income.

Derivative financial instruments

Derivative financial instruments are recognized at fair value. The fair value of derivative financial instruments is recognized in other receivables (positive value) and in other payables (negative values). Offsetting of positive and negative values only occurs when the Company is entitled to and intends to settle several derivative financial instruments net.

Fair values of derivative financial instruments are determined based on current market data.

Any gains or losses arising from fair value adjustments of derivative financial instruments are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognized in other comprehensive income and later reclassified to profit or loss when the hedge item affects profit or loss.

For derivative financial instruments that do not qualify for recognition as hedging instrument, fair value adjustments are recognized under financial income and expenses in the statement of comprehensive income.

Statement of comprehensive income

Revenue

Revenue from the sale of goods is recognized in profit or loss when delivery and transfer of risk to the buyer has taken place, provided the income can be reliably measured and is expected to be received. Customers are not entitled to return purchased goods. Revenue relating to services is recognized as and when the services are rendered. Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms.

Revenue is measured excluding VAT and taxes. All discounts granted are set off against revenue.

Costs

The Group distributes the cost, including depreciation and amortization and wages and salaries, by the functions production costs, sales and distribution costs, development costs and administrative expenses. Costs not directly attributable to a function are allocated to the functions based on the number of employees in each function.

Administrative expenses comprise operating expenses relating to the Group's investment property.

Development costs comprise research costs and any development costs not qualifying for capitalization and depreciation and amortization of capitalized development projects.

Administrative expenses comprise operational expenses relating to the Group's rental property.

Other operating income and expenses

Other operating income and expenses comprise items of a secondary nature, including gains and losses from disposal of intangible assets and property, plant and equipment, which are measured as the selling price less selling costs and the carrying value at the time of sale.

Financial income and expenses

Financial income and expenses comprise interest, fair value gains and losses on securities, realized and unrealized foreign exchange adjustments, amortization and surcharges and allowances under the tax prepayment scheme. Also included are realized and unrealized gains and losses relating to derivative financial instruments not qualifying as effective hedges.

Income tax expense

Glunz & Jensen Holding A/S is jointly taxed with its Danish subsidiaries. The current Danish income tax charge is allocated among the jointly taxed entities in proportion to their taxable income.

Tax for the year, comprising current income tax for the year and changes in deferred tax, including such changes as follow from changes in the tax rate, is recognized in profit or loss, other comprehensive income or in equity, depending on where the relevant item is recognized.

Balance sheet

Goodwill

On initial recognition, goodwill is recognized at cost in the balance sheet. Goodwill is subsequently measured at cost less accumulated impairment losses. Goodwill is not amortized, but is tested for impairment at least once a year. Please see the "Business combinations" section for further information.

Development projects, patents and trademarks

Development costs comprise costs and salaries and depreciation and amortization relating to the Group's development activities.

Development costs on an individual project are recognized as an intangible asset when the Group can demonstrate the technical feasibility of completing the intangible asset so that the asset will be available for use or sale, the technical feasibility of completing the intangible asset so that the asset will be available for use or sale, its intention to complete and its ability and intention to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the asset and the ability to reliably measure the expenditure during development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit, which is 3-10 years. During the period of development, the asset is tested for impairment annually.

Other development costs are expensed as incurred.

Patents and trademarks are measured at cost less any accumulated depreciation and accumulated impairment losses. Patents are amortized on a straight-line basis over the term of the patent. Trademarks are amortized using the straight-line method over their expected useful live. The amortization period is 3-5 years.

The amortization periods mentioned above also apply to acquired assets.

Other intangible assets

Other intangible assets, including intangible assets acquired in business combinations, are measured at cost less any accumulated amortization and accumulated impairment losses. Other intangible assets are amortized using the straight-line method over their expected useful life, which is 5-10 years.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost comprises the purchase price and any costs directly attributable to the acquisition until the asset is available for use.

Subsequent costs, e.g. for the replacement of components of an item of property, plant or equipment, are recognized in the carrying amount of the asset when it is likely that the expenditure of the replacement involves a future financial benefit for the Group. The carrying amount of the replaced components ceases to be recognized in the balance sheet and is transferred to profit or loss. All other costs related to general repair and maintenance are recognized in profit or loss as and when incurred.

The cost value of a total asset is divided into separate components that are depreciated separately if the useful lives of the individual components differ. Items of property, plant and equipment are depreciated on a straight-line basis over their expected useful lives:

Production buildings and components	10-20 years
Technical installations	10-15 years
Administration buildings and components	10-25 years
Other fixtures and fittings	3-5 years

Land is not depreciated.

The depreciation basis is determined taking into account the residual value of the asset and any impairment losses. The residual value is determined at the date of acquisition and is re-assessed annually. If the residual value exceeds the carrying amount of the asset, depreciation will cease. If the depreciation period or the residual value is changed, the effect on depreciation going forward is recognized as a change in accounting estimates.

Investment property

Investment properties are measured initially at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. Fair values are determined based on an annual evaluation performed by an accredited external independent valuer applying a valuation model recommended by the International Valuation Standards Committee.

Investment properties are derecognized either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under "Property, plant and equipment" up to the date of change in use.

Investments in subsidiaries and associates

Investments in subsidiaries and associates are measured using the equity method.

Investments in subsidiaries and associates are measured at the proportionate share of the entities' net asset value calculated in accordance with the Group's accounting policies minus or plus unrealized intra-group profits and losses and plus or minus any residual value of positive or negative goodwill determined in accordance with the purchase method of accounting.

Investments in subsidiaries and associates with negative net asset values are measured at DKK 0, and any amounts owed by such entities are written down insofar as the amount receivable is considered irrecoverable. If the Parent Company has a legal or constructive obligation to cover a deficit that exceeds the amount owed, the remaining amount is recognized under "Provisions".

Net revaluation of investments in subsidiaries and associates is recognized in the net revaluation reserve according to the equity method under equity where the carrying amount exceeds cost. Dividends from subsidiaries which are expected to be declared before the annual report of Glunz & Jensen Holding A/S is adopted are not taken to the net revaluation reserve.

Impairment of non-current assets

Goodwill and intangible assets with an indefinite useful life are tested for evidence of impairment annually, the first impairment test being performed prior to the end of the year of acquisition. Development projects are also tested annually for evidence impairment.

Goodwill and other intangible assets are tested together with the other non-current assets of the cash-generating unit to which the assets have been allocated and are written down to the recoverable amount in profit or loss if the carrying amount is higher.

The recoverable amount is calculated as the net present value of expected future net cash flows from the cash-generating unit to which the goodwill relates.

Deferred tax assets are tested for impairment annually and are written down if it is deemed likely that the deferred tax asset cannot be utilized against tax on future income or set off against deferred tax liabilities in the same legal tax entity and jurisdiction. This assessment takes into account the type and nature of the recognized deferred tax asset, the estimated period for set-off of the deferred tax asset etc.

Other long-term assets are tested for impairment once a year. When there is evidence that an asset may be impaired, the recoverable amount of that asset is determined. The recoverable amount is the higher of the net selling price of the asset and the net present value of the expected future net cash flows.

An impairment loss is recognized when the carrying amount of an asset or its cash-generating unit exceeds the recoverable amount of the asset or its cash-generating unit. Impairment losses are recognized in the statement of incomprehensive income under production costs, development costs, sales and distribution costs and administrative expenses. However, impairment losses in respect of goodwill are recognized in a separate line in the statement of incomprehensive income.

Impairment losses on goodwill are not reversed. Impairment losses on other long-term assets are reversed to the extent that changes have occurred in the assumptions and estimates on the basis of which the impairment loss was recognized. Impairment losses are reversed only to the extent that the new carrying amount of the asset does not exceed the carrying amount it would have had net of amortization and net of depreciation if the impairment loss had not been recognized.

Inventories

Inventories are measured at cost using the FIFO method.

Goods for resale, raw materials and consumables are measured at cost, comprising the purchase price plus delivery costs. Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct labor costs and production overheads. Production overheads comprise indirect materials and labor costs as well as maintenance and depreciation of production machinery, factory buildings and equipment and factory administration and management costs.

Where the net realizable value is lower than cost, inventories are written town to such lower value. The net realizable value of inventories is determined as the selling price less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and developments in the expected selling price.

Receivables

Receivables are measured at amortized cost. Where a receivable is considered to be impaired, a write-down is recognized. Write-downs are recognized on an individual basis.

Impairment losses are calculated as the difference between the carrying amount and the present value of the estimated future cash flows, including the realizable value of any collateral received.

Securities

Securities are measured at cost, as the fair value cannot be measured reliably.

Prepayments

Prepayments include expenses paid in respect of subsequent fiscal years.

Assets held for sale

Assets held for sale comprise non-current assets and disposal groups which are intended for sale. A disposal group is a group of assets which will be disposed of together by means of a sale or similar in a single transaction. Liabilities relating to assets "held for sale" are liabilities directly associated with these assets, which will be transferred at the time of the transaction. Assets are classified as "held for sale" if their carrying amount will primarily be recovered by means of a sale within 12 months in accordance with a formal plan rather than by means of continued use.

Assets or disposal groups held for sale are measured at the lower of the carrying amount at the time of classifications as "held for sale" and the fair value less selling costs. No depreciation or amortization is applied to assets from the time they are classified as "held for sale".

Impairment losses arising in connection with initial classification as "held for sale" and gains or losses on subsequent measurement at the lower of carrying amount and fair value less selling costs are recognized in the income statement under the items to which they relate. Gains and losses are disclosed in the notes.

Assets and associated liabilities are recognized separately in the balance sheet, and the main items are specified in the notes. The comparative figures in the balance sheet are not restated.

Equity

Dividend:
Dividend proposed for the year is recognized as a liability at the time it is adopted at the Annual General Meeting. The amount proposed as dividend for the year is stated as a separate item in equity.

Reserve for treasury shares:
Reserve for treasury shares comprises the purchase price of the Group's treasury shares. Dividends received in respect of treasury shares are recognized in equity as retained earnings.

Translation reserve:
The translation reserve in the consolidated financial statements includes accumulated foreign exchange differences arising on the translation of the financial statements of foreign subsidiaries from their functional currency to the presentation currency of the Group.

Hedging reserve:
The hedging reserve contains the accumulated net change in the fair value of hedging transactions qualifying as cash flows hedges for which the hedged transaction has not yet been realized.

Share-based payment

Share-based incentive schemes under which executive officers may only opt to purchase shares in the Company (equity-settled, share-based payment arrangements) are measured at the fair value of the equity instruments at the grant date and are recognized in the income statement under staff costs over the vesting period. The counter entry is taken directly to equity. The fair value of the equity instruments is measured using the Black-Scholes model with the parameters indicated in note 4.

Income tax and deferred tax

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

Deferred tax is measured using the balance sheet liability method, providing for all temporary differences between the carrying amount and the tax base of assets and liabilities. However, the following items are not recognized: goodwill not deductible for tax purposes and other items – apart from business combinations – where temporary differences have arisen at the date of acquisition that neither affect profit/(loss) nor taxable income.

Deferred tax assets, including the tax base of tax loss carry-forwards, are recognized as other non-current assets at the value at which they are expected to be utilized, either by elimination against tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity and jurisdiction.

The deferred tax charge is adjusted in respect of elimination of unrealized intra-group profits and losses.

Deferred tax is measured on the basis of the tax rules and at the tax rates that will apply under the legislation enacted at the balance sheet date in the relevant countries when the deferred tax is expected to crystallize in the form of current tax. Changes in deferred tax as a result of changes in tax rates are recognized in the statement of comprehensive income.

Under the joint taxation rules, Glunz & Jensen Holding A/S, as management company, becomes liable vis-à-vis the tax authorities for the subsidiaries' income taxes as the subsidiaries pay their joint taxation contributions. Joint taxation contributions payable and receivable are recognized in the balance sheet under receivables from/payables to subsidiaries.

Provisions

Provisions comprise estimated commitments regarding warranty obligations and restructuring etc.

Provisions are recognized when, as a result of events occurring before or at the balance sheet date, the Group has a legal or constructive obligation and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Provisions are measured at Management's best estimate of the amount required to settle the obligation at the balance sheet date.

A provision for warranties is recognized when the underlying products or services are sold. The provision is based on historical warranty data.

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Restructuring costs are recognized as liabilities when a detailed, formal restructuring plan has been announced not later than at the balance sheet date to the parties affected by the plan.

Pension obligations

Payments relating to defined contribution plans under which the Group regularly pays fixed contributions into an independent pension fund are recognized in profit or loss in the period in which they are earned, and outstanding payments are recognized in the balance sheet under other payables.

There are no defined benefit plans within the Group.

Financial liabilities

Payables to credit institutions are recognized at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, payables to credit institutions are measured at amortized cost, corresponding to the capitalized value using the effective interest rate method. Accordingly, the difference between the proceeds and the nominal value (capital loss) is recognized in profit or loss over the term of the loan.

Other liabilities are measured at net realizable value.

Prepayments from customers

Prepayments from customers include payments received which relate to subsequent financial years.

Cash flow statement

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

The cash flow effect of acquisitions and disposals of entities is shown separately under cash flows from investing activities. Cash flows from acquisitions of entities are recognized in the cash flow statement from the date of acquisition, and cash flows from disposals of entities are recognized up to the date of disposal.

Cash flows from operating activities are determined as profit/(loss) for the year adjusted for non-cash operating items, changes in working capital, interest received and paid, and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and activities; acquisitions and disposals of intangible assets, property, plant and equipment, investment properties and other non-current assets; and acquisitions and disposals of securities that are not recognized as cash and cash equivalents.

Cash flows from financing activities comprise changes in the size or composition of the share capital and associated expenses as well as raisings of loans, repayment of interest-bearing debt, purchase and sale of treasury shares, and payment of dividends as well as dividend received from subsidiaries.

Cash and cash equivalents comprise deposits with credit institutions and cash.

Segment information

Segment information is prepared in accordance with the Group's accounting policies and internal financial reporting.

The Group presents two reportable segments: the graphic business and the property rental Selandia Park.

Segment revenue, segment expenses, segment assets and liabilities are those items that are directly attributable to the individual segment or can be allocated to the segment on a reliable basis.

Non-current segment assets those non-current assets that are employed directly by the segment in its operating activities, including intangible assets and property, plant and equipment and investment properties. Current segment assets are those assets that are employed directly by the segment in its operating activities, including inventories, trade receivables, other receivables, prepayments and cash and cash equivalents.

Segment liabilities are those liabilities that result from the segments' operating activities, including trade payables and other liabilities.

Additional segment information is stated regarding consolidated revenue broken down by geographic market.

DEFINITIONS OF RATIOS

Earnings per share (EPS) and diluted earnings per share (EPS-D) are calculated in accordance with IAS 33.

Other ratios are calculated in accordance with "Recommendations & Financial Ratios 2015" issued by the Danish Finance Society.

The ratios in the annual report are calculated as follows:

Gross margin	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
Operating margin (EBITA)	$\frac{\text{Operating profit (EBITA) x 100}}{\text{Revenue}}$
EBITDA margin	$\frac{\text{Profit before interest, tax, amortization, depreciation and impairment x 100}}{\text{Revenue}}$
Return on assets (ROIC)	$\frac{\text{Operating profit x 100}}{\text{Average operating assets}}$
Return on equity (ROE)	$\frac{\text{Profit or loss for the year x 100}}{\text{Average Equity}}$
Equity ratio	$\frac{\text{Equity at year-end x 100}}{\text{Liabilities at year-end}}$
Interest coverage (EBITA)	$\frac{\text{Operating profit (EBITA) + interest income}}{\text{Interest expenses}}$
Earnings per share (EPS)	$\frac{\text{Profit(loss) for the year}}{\text{Average number of shares outstanding}}$
Diluted earnings per share (EPS-D)	$\frac{\text{Diluted earnings}}{\text{Diluted average number of shares outstanding}}$
Cash flow per share (CFPS)	$\frac{\text{Cash flows from operating activities}}{\text{Diluted average number of shares outstanding}}$
Book value per share (BVPS)	$\frac{\text{Equity at year-end}}{\text{Numbers of shares at year end}}$
Pay-out ratio	$\frac{\text{Total dividend paid}}{\text{Profit or loss for the year}}$
Share price/book value (KI)	$\frac{\text{Share price}}{\text{BVPS}}$

work positive

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Glunz & Jensen is the world's leading supplier of innovative, high-quality plate making solutions for the global prepress industry. In addition to developing and producing processors for the offset and flexo printing industry, we also offer after sales service. Our product portfolio also includes exposure units, dryers, light finishers, mounting tables, plate stackers and software for monitoring and controlling complete prepress processes.

Glunz & Jensen has been a recognized leader in prepress for nearly 45 years. We have long-standing relations with major customers such as Agfa, Asahi, DuPont, Flint, Fujifilm, Heidelberg, Kodak and MacDermid, the world's largest suppliers of printing systems. We market our products through a comprehensive and worldwide network of distributors and dealers, and the Group has approx. 225 employees in our subsidiaries and production facilities in Denmark, Slovakia, USA and Italy.

Our goal is to be the most innovative hardware and services provider in our product areas, and thereby expanding our market share with global customers. At the same time, we will strengthen our earnings through optimization of prices, production, logistics and capacity utilization.

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