GLX Holding

Annual Report

2017

GLX HOLDING AS

org.nr. 919 505 281

Board of Directors Annual Report 2017

1. The company's business

The company was formed August 14, 2017 and registered in the Register of Business Enterprises, September 7, 2017.

The company's business is to own shares in Glamox AS. The company's operations are run from the Oslo municipality. At December 11, 2017, GLX Holding AS became parent company of Glamox AS with a 75.16% ownership. After the closing of the reporting period GLX Holding AS has increased its ownership to 75.25%. Glamox AS registered address is in Molde, Norway. Headquarter is located in Oslo. Glamox AS has subsidiaries in 14 countries in Europe, Asia, North- and South-America.

Glamox is a Norwegian industrial group that develops, manufactures and distributes professional lighting solutions for the global market. Glamox operates two business areas, Professional Building Solutions (PBS) and Global Marine and Offshore (GMO). The two business areas, PBS and GMO, have to a large extent different products and solutions they provide to their markets. Further they operate in strategically different markets and therefore have different sales channels, marketing strategies and risk. The PBS business area provides total lighting solutions to the professional building market. The most important markets served by this division are Central and Northern Europe, as well as the United States for arm-based table and illuminated magnifier lamps. The level of activity in the new construction, restoration and modernisation within the professional building sectors drives developments in the individual markets. The GMO business area delivers professional lighting solutions to the global marine and offshore markets. The activity level within new-build, rebuilding and refurbishment of all types of maritime vessels and offshore installations controls market growth for this business.

For further information about Glamox AS's operations, see Glamox AS's annual report.

To finance the acquisition of the shares in Glamox AS, the company raised a bond loan in 2017 of kr. 1 350 million.

The company does not own shares in any other companies.

2. Continued operation

In accordance with Section 3-3a of the Norwegian Accounting Act, cf. § 4-5, it is confirmed that the assumption of continuation of operations has been used in the preparation of the accounts.

3. Statement of the financial statements

The profit for the year for the company shows a loss by kr. 53.3 million. The company's equity capital per. December 31, 2017 was kr. 1 547.1 million (52.8%).

The profit for the year in the consolidated accounts shows a loss by kr. 56.5 million. This year profit only includes profit from Glamox for the owner period (11.12.2017-31.12.2017), further it includes amortisation of intangible assets from the acquisition. If the acquisition had occurred on 1 January 2017 the consolidated accounts would show a profit for the year of approximately kr. 196.0 million. However, 2017 has not been an ordinary operation year for GLX Holding AS, as the accounts include expenses related to the acquisition and the financing of the acquisition. The consolidated equity capital per. December 31, 2017 was kr. 1 919 million (44.7%).

The Group directly expensed kr. 1.5 million related to research and development activities and there has been no net capitalised development cost in the ownership period.

The consolidated cash flow of GLX Holding show a positive cash flow of kr. 307 million.
Net cash flows from operating activities amounts to kr. -0.1 million. The purchase price of Glamox was kr. 2 792 million. Glamox had a positive cash balance of kr. 170 million at the acquisition date, so net cash flow from this investing activity was kr. 2 621 million. Net cash flow from financing activities amounts to kr. 2 928.5 million. GLX Holding AS had a share capital increase of total kr.

1 600.3 million, whereof kr. 0.97 million is share capital and the rest is share premium. The share capital increase was subscribed for by Glace HoldCo AS. Further GLX Holding AS raised a bond loan of kr. 1.350 million to finance the acquisition of Glamox. After the acquisition, Glamox has completed a refinancing. The repayment of former loan facilities was financed by utilizing some of the new revolving credit facility.

The initial accounting of the business combination with Glamox is not completed. If new information about circumstances that existed at the date of acquisition identifies adjustments to the initial accounting of the business combination, then the accounting for the acquisition will be revised. This new information has to be obtained within one year of the date of acquisition.

The Board believes the company's equity and liquidity as of 31.12.2017 to be satisfactory.

In the opinion of the Board, the presented income statement and balance sheet and accompanying notes for the company and the consolidated accounts provide a satisfactory statement of earnings in 2017 and the financial position at year-end.

4. Financial risk management

The Group is exposed to credit risk, interest risk and exchange risk in its day-to-day business operations and aims to keep risk at an acceptable level in these areas. The underlying loan contracts are instrumental for managing interest risk. Currency risk is managed through internal invoicing rules, matching income against expenses in the same currency and loans against equity in the same currency, as well as the use of financial instruments. For more detailed information, see note 5.5 in the Annual Accounts.

5. Proposal for allocation of profit

The Board proposes that the year's loss of kr. -53.288 million is allocated to other equity capital.

6. Working environment, gender equality and the external environment

The company has no employees. The board consists of three people, all men.

The number of full time employees (FTE) on group level was 1,282 as of 31.12.2017. At year-end, the number of full time employees in Glamox AS was 446. Absenteeism due to illness at Glamox AS was 5.7% in 2017 full year. Sick leave in the group's other units is lower overall than in the Norwegian units.

Two accidents were reported in Glamox AS in 2017 full year that led to days of absence. For the group three accidents were reported that led to days of absence. The group has the ambition that this ratio is zero and focus on a safe working environment is a continuous process.

At the turn of the year, the number of employees in Glamox AS was 481 (508). The percentage of women was 36% (35%). There were 45% (43%) women among operators. The percentage of women in white collar jobs was 26% (25%) and the number in management positions with personnel responsibility was 22% (21%).

The company and the group have a gender neutral position on employment and therefore finds no basis for implementing specific measures regarding gender equality.

At present, the group has employees originating from many nationalities. The company strongly believes in providing the opportunity to qualify for all types of work and opportunities for promotion regardless of ethnic background.

The working environment in the group units is satisfactory, and there is good collaboration with employee representatives.

The company does not affect the external environment.

Glamox positions itself as an environmentally friendly company through systematic and long-term efforts. Production units at Molde, Kirkenær, Sweden and Estonia are certified in accordance with EN ISO 14001.

The environmental aspects are an important part of Glamox product development. Through energy-effective products and solutions, Glamox aims to make the most of market opportunities, such as the EU energy directive for the construction industry. A broad range of products enables

Glamox to offer high-quality and energy-efficient lighting solutions within the majority of application areas.

7. Other conditions
To the Boards knowledge there has been no events after the end of the financial year that has an impact on the company's position and result.

8. Outlook
Glamox is the main asset of the group.

Glamox expects the demand for lighting solutions in PBS' markets to remain on the same level in 2018 as seen in 2017. The LED share in PBS is now above 90 %. However, the installed base of LED solutions in non-residential buildings is still very low and is probably still in the area of 10 %. PBS is continuing its investments in new products and systems, as well as increasing the capacity and competence in the organisation in order to make the Glamox lighting solutions even more competitive. PBS acquired in second quarter 2018 the company O. Küttel AG, a leading Swiss provider of lighting for the professional building market.

For GMO Glamox expects the main markets to improve towards the end of 2018. In 2017, the global number of new-building ordering in the commercial marine segment increased while the activity in the offshore energy segment remained low. The positive development in the commercial marine segment could lead to improved demand towards the end of 2018.
The lighting industry continues to go through changes as a result of changes in LED technology and Light Management Systems. Glamox has developed a healthy position in the lighting market over the years. Glamox will continue to strengthen and improve this position and through its strong application knowledge to develop and supply new solutions for its customers globally.

Glamox long-term strategy continues to focus on growth and financial strength.

Oslo, April 27, 2018

Gustaf Erik David Backemar	Joachim Solbakken Espen	Carl Johan Jörgen Ulf Renvall
Styreleder	Styremedlem	Styremedlem

GLX Holding Group

Annual financial statements

2017

Content

GLX Holding AS - Group

Consolidated statement of profit and loss

For the years ended 31 December

NOK 1000	Notes	14.08 - 31.12.2017
Revenue	2.2	87 320
Other operating income	2.2	1 812
Total revenues		**89 132**
Raw materials and consumables used		39 158
Payroll and related costs	2.4	36 741
Depreciation and amortisation	3.1, 3.3	5 833
Other operating expenses	2.5	57 545
Total operating expenses		139 276
Operating profit		**-50 144**
Financial income	5.11	1 094
Financial expenses	5.11	9 081
Net financial items		7 987
Profit before tax		**-58 131**
Taxes	6.1	-1 666
Profit for the year		**-56 465**
Profit/loss attributable to equity holders of the parent		-55 676
Profit/loss attributable to non controlling interests		-789
Other comprehensive income for the period		-
Total comprehensive income for the period		**-56 465**
Total comprehensive income attributable to equity holders of the parent		-55 676
Total comprehensive income attributable to non controlling interests		-789

Earnings per share attributable to equity holders of the parent	
Weighted average number of ordinary shares outstanding (in thousands):	
Basic	1 000
Diluted	1 000
Per ordinary share in NOK:	
Basic	-55,68
Diluted	-55,68

GLX Holding AS - Group

Consolidated statement of financial position

NOK 1000	Notes	31.12.2017	14.08.2017
ASSETS			
Intangible non-current assets			
Goodwill	3.2	1 678 591	
Intangible assets	3.3	1 175 691	
Total intangible non-current assets		**2 854 282**	
Tangible non-current assets			
Land, buildings and other property	3.1	161 992	
Machinery and plant	3.1	96 558	
Fixtures and fittings, tools, office equipment etc.	3.1	50 524	
Total tangible non-current assets		**309 074**	
Deferred tax assets	6.1	15 775	
Other non-current assets		2 998	
Total non-current assets		**3 182 129**	-
Current assets			
Inventories	2.3	389 128	
Trade receivables	5.9	358 803	
Other receivables	5.9	53 627	
Cash and cash equivalents	5.8	307 064	40
Total current assets		**1 108 622**	**40**
TOTAL ASSETS		**4 290 751**	**40**
EQUITY AND LIABILITIES			
Equity			
Share capital	5.7	1 000	30
Share premium reserve		1 599 346	10
Paid in capital		**1 600 346**	**40**
Retained earnings		-55 675	
Non-controlling interests		**374 323**	
Total equity		**1 918 994**	**40**
Non-current liabilities			
Pension liabilities	7.2	19 985	
Bond	5.1, 5.2	1 328 215	
Interest bearing liabilities to financial institutions	5.1, 5.2	111 625	
Other long-term loans	5.1	5 972	
Deferred tax liabilities	6.1	332 009	
Provisions and other liabilities	4.1	39 017	
Total non-current liabilities		**1 836 822**	-
Current liabilities			
Trade payables	5.10	176 775	
Income tax payable	6.1	34 302	
Other payables	5.10	82 889	
Provisions and other liabilities	4.1, 5.1	240 968	
Total current liabilities		**534 935**	-
Total liabilities		**2 371 757**	-
TOTAL EQUITY AND LIABILITIES		**4 290 751**	**40**

Oslo, 27 April 2018

Gustaf Erik David Backemar
Chairman of the Board

Joachim Solbakken Espen
Board member

Carl Johan Jörgen Ulf Renvall
Board member

GLX Holding AS - Group

Consolidated statement of cash flows

For the years ended 31 December

Cash flows from operating activities	Notes	14.08 - 31.12.2017
Profit before tax		-58 131
Taxes paid		
Depreciation, amortisation and impairment	3.1, 3.3	5 833
Changes in other balance sheet items		52 178
Net cash flows from operating activities		**-121**
Cash flows from investing activities		
Interests received		
Purchase of shares in subsidiaries	8.2	-2 621 376
Net cash flow from investing activities		**-2 621 376**
Cash flow from financing activities		
Proceeds from issuance of debt	5.2	1 464 054
Bank fee paid (bond issue and refinancing)		-25 938
Repayment of long-term debt	5.2	-109 902
Proceeds from issuance of share capital	5.7	1 600 306
Net cash flow from financing activities		**2 928 521**
Net change in cash and cash equivalents		307 024
Cash and cash equivalents, beginning of period		40
Effect of change in exchange rate		
Cash and cash equivalents, end of period		**307 064**

GLX Holding AS - Group

Consolidated statement of changes in equity

NOK 1000	Share capital	Share premium	Other equity	Total shareholders equity	Non-controlling interests	Total equity
Balance as of 14 August 2017	**30**	**10**		**40**	**-**	**40**
Profit (loss) for the year			-55 676	-55 676	-789	-56 465
Other comprehensive income						
Total comprehensive income		**-**	**-55 676**	**-55 676**	**-789**	**-56 465**
Capital increase	970	1 599 336		1 600 306		1 600 306
Acquisition of subsidiary with NCI				-	375 113	375 113
Dividends				-		-
Balance as of 31 December 2017	**1 000**	**1 599 346**	**-55 676**	**1 544 670**	**374 323**	**1 918 994**

1.1 Corporate information

GLX holding AS was established in 2017, with the purpose to own shares in Glamox AS.

At 11 of December 2017, GLX Holding AS became the parent company of Glamox AS, with a 75,16% ownership . GLX Holding AS is a holding company and have no other activities or investments, than the ownership of Glamox AS. GLX Holding AS is a Norwegian company and the registred adress is c/o Triton Advisors (Norway) AS, Olav Vs 1, 0161 OSLO. The ultimate parent of GLX Holding AS is Triton Fund IV, which is located at Jersey.

Glamox AS is a leading lighting supplier to the world's marine and offshore markets, and a significant supplier to the professional building market in Europe. The registered office is located in Molde, Norway. Glamox operates with two different business areas, Professional Building Solution (PBS) and Global Marine & Offshore (GMO). These two business areas have to a lagre extent different products and solutions they provide to their markets. Further they operate in strategically different markets and therefore have different sales channels, marketing strategies and risk. To be able to monitor and follow up the profitability of the complete value chain of these two business areas, Glamox has an operating segment reporting where PBS and GMO each represents a complete value chain, please see note 2.1 for more information.

1.2 Basis of preparation

The consolidated financial statements of GLX Holding AS comprise of consolidated statements of profit and loss, other comprehensive income, financial position, cash flows, changes in equity, and related notes. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by The European Union (EU).

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments that have been measured at fair value. Further, the financial statements are prepared based on the going concern assumption.

The consolidated financial statements are presented in Norwegian kroner (NOK), which is also the functional currency of the parent company. All figures are rounded to the nearest thousand (000), except when otherwise indicated. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

For presentation purposes, balance sheet items are translated from functional currency to presentation currency by using exchange rates at the reporting date. Items within total comprehensive income are translated from functional currency to presentation currency by applying monthly average exchange rates. If currency rates are fluctuating significantly, daily exchange rates are applied for significant transactions.

Basis of consolidation

The consolidated financial statements comprise the financial statements of GLX Holding AS its subsidiaries as at 31 December 2017. The subsidiaries are consolidated when control is achieved, that is, when the Group is exposed, or has rights, to variable returns from its involvement with an investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, GLX Holding' presumption is that a majority of voting rights results in control. The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive Income (OCI) are attributed to the equity holders of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. Uniform accounting policies are applied to all group companies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

1.3 Estimation uncertainty, judgments and assumptions

The preparation of the consolidated financial statements in accordance with IFRS and applying the chosen accounting policies requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and the underlying assumptions are reviewed on an ongoing basis. The accounting policies applied by the Group in which judgments, estimates and assumptions may significantly differ from actual results are discussed below.

Sources of estimation uncertainty
Acquisition and fair values
GLX Holding AS acquired 75,16% of the shares in Glamox AS. The cost of assets acquired in a business combination is their fair value at the date of acquisition. The diffrent valuation techniques used for measuring the fair value of material assets is further described in note 10.1 Significant accounting policies. Refer to note 8.2 on business combination for further information on the PPA of Glamox Group.

Judgements in applying the Group's accounting policies
Economic life of property, plant and equipment and intangible assets
The useful life of each item, which is assessed at least annually, is determined as the period over which the asset is expected to be available for use.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The depreciation or amortisation expense on assets with finite lives is recognised in the statement of comprehensive income.

2.1 Segment information

Operating segments within Glamox Group
Glamox has two operating segments (business areas);
- Professional Building Solutions (PBS)
- Global Marine & Offshore (GMO)

Each of these two segments represents a complete value change, implying that all cost of goods sold (COGS) and administration cost of the SPL division is distributed between the two operating segments, based on the products sold. Group functions are also distributed between the two operation segments, based on allocation keys.

These two segments offer different products, operatein strategically different markets and therefore have different sales channels and marketing strategies, including risks. PBS offers products to office, industry, health, education, retail, hotels and resturants mainly in Europe. Their main sales channels are direct to installers and wholesalers. GMO offers its products in the global market within commercial marine, energy (offshore and onshore), navy, recreational, cruise and ferry. The customer base of GMO consist of vessel owners, yards, electrical installers, engineering companies and oil companies.

Segment performance is evaluated based on EBITDA (operating profit /loss before income taxes, net financial items, depreciation, amortisation and impairment charges)*. Management believes this information is the most relevant in evaluating the results of the respective segments. Reconciliation from EBITDA to operating profit according to the statement of total comprehensive income is shown below. The Group's financing activities (including finance costs and finance income) and income tax expense are managed on a Group basis and are not allocated to the operating segments.

The internal managment reporting of operating segments does not include any balance sheet items. Consequently, the overview of financial information per operating segment does not include assets and liabilites.

Year ended 31 December 2017	**Professional Building Solutions (PBS)**	**Global Marine & Offshore (GMO)**	**Other**	**Total**
Revenues	63 808	25 324		**89 132**
EBITDA	3 723	836	-48 872	**-44 312**
in %	5,8 %	3,3 %		-49,7 %

Other item in 2017 regrads expenses in GLX Holding AS related to the acqusition of Glamox and issue of bond.

Reconciliation of profit	**2017**
EBITDA	-44 312
Depreciation and amortisation	5 833
Operating profit	**-50 145**

Geographic information	**2017**
Revenues from external customers	
Nordics	49 785
Europe, excl. Nordics	26 458
North America	4 755
Asia	7 019
Other	1 114
Total	**89 132**

The geographic split is based on the location of the customer.

* The Group's definition of EBITDA may differ from other definitions of EBITDA in certain other jurisdictions.

2.2 Revenues and other operating income

Revenues from sales	**2017**
Sale of goods	87 320
Total revenues from sales	**87 320**

Other operating income	**2017**
Other operating income	1 812
Total other operating income	**1 812**

Other operating income mainly consist of freight invoiced to customers.

The company generally incurs a warranty obligation in relation to its sale of goods. For more information regarding these warranties, reference is made to note 4.1.

2.3 Inventories

Inventories	31.12.2017
Raw materials	189 930
Work in progress	37 089
Finished goods	162 108
Total inventories	**389 128**

Part of the Group's inventory is pledged as security for secured liabilities., ref note 5.2

2.4 Employee benefit expenses

Payroll and related costs	2017
Salaries	28 430
National insurance	5 234
Pension costs	1 475
Other remuneration	924
Bonus to all employees*	677
Total payroll and related costs	**36 741**

Average number of Full Time Employee (FTE)	1 300

* At Glamox AS' board meeting held on 18.12.2017, the Board decided to pay out a one-off bonus to all employees of NOK 14,8 million. The parent company (Glamox AS) covered all cost relating to the bonus, including bonuses that are paid to employees outside the parent company. The accounts of GLX Holding Group is only charged by bonus cost accrued in the owner period.

See note 7.1 for management remuneration.

2.5 Other operating expenses

Other operating expenses	**2017**
Sales and marketing expenses	970
Other manufacturing sales and administration expenses	7 525
Consultancy fee	39 263
Legal fee	8 905
Other	881
Total other operating expenses	**57 545**

Some of the transactions included in Other operating expenses are towards related parties, see note 9.2.

3.1 Property, plant and equipment

	Land/ Buildings	Machinery	Fixtures and Fittings	Total
Acquisition cost 14.08.2017	**-**	**-**	**-**	**-**
Additions				-
Disposals				-
Additions through acquisition of subsidiary (1)	162 391	97 543	51 178	311 112
Currency translation effects				-
Acquisition cost 31.12.2017	**162 391**	**97 543**	**51 178**	**311 112**
Accumulated depreciation and impairment 14.08.2017	**-**	**-**	**-**	**-**
Depreciation for the year	399	985	654	2 038
Impairment for the year				-
Disposals				-
Currency translation effects				-
Accumulated depreciation and impairment 31.12.2017	**399**	**985**	**654**	**2 038**
Carrying amount 31.12.2017	**161 992**	**96 558**	**50 524**	**309 074**
Economic life	Up to 20 yrs.	Up to 10 yrs.	Up to 10 yrs.	
Depreciation plan	Straight-line	Straight-line	Straight-line	

The Group assesses, at each reporting date, whether there is an indication that property, plant and equipment may be impaired. No indicators for impairment of property, plant and equipment were identified in 2017 . Furthermore, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. No such indicators were identified in 2017 for property, plant and equipment.

3.2 Goodwill

	Goodwill
Acquisition cost 14.08.2017	-
Acquisitions	
Additions through acquisition of subsidiary (1)	1 678 591
Currency translation effects	
Acquisition cost 31.12.2017	**1 678 591**
Accumulated Impairment 14.08.2017	-
Impairment for the year	-
Disposals	-
Currency translation effects	-
Accumulated Impairment 31.12.2017	-
Carrying amount 31.12.2017	**1 678 591**

(1) See note 8.2 Business combination.

3.3 Product development and other intangible assets

	Product Development	Other intangible assets	Total
Acquisition cost 14.08.2017	**-**	**-**	**-**
Additions			-
Additions through acquisition of subsidiary	288 208	891 277	1 179 486
Disposals			-
Currency translation effects			-
Acquisition cost 31.12.2017	**288 208**	**891 277**	**1 179 486**
Accumulated amortisation and impairment 14.08.2017	**-**	**-**	**-**
Amortisation for the year	167	3 628	3 795
Impairment for the year			-
Disposals			-
Currency translation effects			-
Accumulated amortisation and impairment 31.12.2017	**167**	**3 628**	**3 795**
Carrying amount 31.12.2017	**288 041**	**887 649**	**1 175 691**

Product development acquired through the acquisition of Glamox relates to the product portofolio of Glamox at the acqusition date. The economic life of this assets is estimated to 3-7 years, and the amortisation plan is straight-line. The Group directly expensed NOK 1.485 thousand related to research and development activities in 2017.

Other intangible assets consist of IT-systems and rights, in addition to customer relations and brand names. The economic life of the Brand name "Glamox" , amounting to NOK 650 million, is assumed to be indefinite For the other intangible assets the economic life is estimated to 5-10 years, and the amortisation plan is straight-line.

4.1 Provisions and other liabilities

Provisions and other liabilities	Balance 31.12.2017
Non-current provisions and other liabilities	
Warranties	**39 017**
Total non-current provisions and other liabilities	**39 017**
Current provisions and other liabilities	
Derivatives	4 920
Prepayments from customers	21 739
Restructuring/Severence payment	15 113
Provision for salaries and wages	97 816
Accrued consultancy fee	39 263
Accrued legal fee	8 905
Accrued interes	4 296
Other liabilities	45 930
Total current provisions and other liabilities	**237 983**

Warranties relates to product warrenty obligations to customers. Standard warrenty time is between 2-5 years. The warrenty time differs among the different markets that Glamox operates in, and between the different products sold.

4.2 Leasing commitments

Operating lease commitments

Minimum lease payments (non-cancellable operating leases)	**Annual lease cost**	**Matures within 1 year**	**Matures 2-5 years**	**Matures more than 5 years**	**Total**
Rent	26 891	21 601	55 550	24 060	101 210
Production equipment	201	138	216	0	354
Office equipment	1 299	906	1 698	0	2 604
Cars	15 488	13 084	18 149	0	31 233
Other	1 036	1 013	1 080	0	2 093
Total	**44 914**	**36 742**	**76 693**	**24 060**	**137 495**

Annual lease cost refere to lease cost in the Glamox Group for 2017, approximately NOK 1,9 million of this is accounted for in the GLX Holding Group accounts.

5.1 Financial instruments

The Group has the following financial instruments:

Financial assets/liabilities at fair value through profit and loss (FVPL): Derivative instruments – Forward contracts (see below)

Loans and receivables: Trade receivables and other current receivables (notes: 5.9)

Financial liabilities: Includes most of the Group's financial liabilities including bond, debt to credit institutions, trade payables and other current and non-current financial liabilities. (notes: 5.2 and 5.10)

Derivates and hedging
The Group applies hedge accounting related to its hedges of net investments in foreign subsidiaries. Loans and bank overdrafts in the same currency as the underlying investments are designated as hedging instruments. As of 31 December 2017 NOK 100,1 millions of the interest bearing liabilities have been designated as hedging instrument . In the Group accounts, the underlying currency effects related to the hedging instruments are presented in the statement of OCI, to the extent that the hedging relationship is effective. At the end of the period, the hedging relationship is effective.

Furthermore, the Group holds forward contracts to secure its sales and purchases in foreign currency. Hedge accounting is not applied related to these arrangements, and the derivatives are measured at fair value through profit and loss.

For further information, see note 5.5 and 10.1.

The table below shows the various financial assets and liabilities, grouped in the different categories of financial instruments according to IAS 39.

31.12.2017	Loans and receivables	Financial liabilities at fair value through P&L	Financial liabilities	Total
Assets				
Trade receivables (note 5.9)	358 803			358 803
Other receivables (note 5.9)	53 627			53 627
Total financial assets	**412 430**	**-**	**-**	**412 430**
Liabilities				
Derivatives		4 920		4 920
Bond			1 350 000	1 350 000
Interest bearing liabilities to financial institutions (note 5.2)			115 625	115 625
Other long-term loans (including current part)			8 958	8 958
Trade and other payables (note 5.10)			176 775	176 775
Total financial liabilities	**-**	**4 920**	**1 651 358**	**1 656 278**

5.2 Interest bearing liabilities

Non-current Interest bearing loans and borrowings	Company	Interest rate	Maturity	31.12.2017
Callable Open Bond	GLX Holding AS	NIBOR + margin	2023	1 350 000
Revolving facility - utilised amount (NOK)	Glamox AS	NIBOR + margin	2022	15 500
Revolving facility - utilised amount (EUR)	Glamox AS	EURIBOR + margin	2022	100 125
Total non-current interest bearing loans and borrowings				**1 465 625**

Bond
GLX Holding AS issued a Bond on the 8 December 2017. The initial issued amount is NOK 1.350 million and the maximum issued amount of the bond is NOK 2.000 million. The initial nominal amount on each bond is NOK 500.000. The bond has an interest margin of 5,25%. The interest period is 8 March, 8 June, 8 September and 8 December. The maturity date is 08.12.2023. The Outstanding Bonds will mature in full on the Maturity Date and shall be redeemed by the Issuer on the Maturity Date at a price equal to 100 per cent. of the Nominal Amount. The Bond has a Call Option that may be exercised by the Issuer by written notice to the Bond Trustee and the Bondholders at least 10 Business Days prior to the proposed Call Option Repayment Date for the call.

An arrangement fee of NOK 21,8 millions related to the refinancing, is booked against the bond. Net value of the bond is then NOK 1.328,2 million, equal to book value. The arrangement fee will be expensed over the availability period of the facility.

The Bond will be listed at Oslo Stock Exchange during second quarter 2018.

Bond - assets pledged as security
The shares in both GLX Holding AS and Glamox AS is pledged as security for the Bond.

Revolving facility
In December 2017 a new refinancing agreement, consisting of a revolving credit facility of NOK 800 millions, was signed by Glamox. The facility can be extended by additional NOK 400 millions under the same pledged securities. The refinancing resulted in a repayment of the former mortage loan and term loan. The repayment was financed by utilize some of the new revolving credit facility. An arrangement fee of NOK 4,0 millions related to the refinancing, is booked against non-current interest bearing liablities and will be expensed over the availability period of the facility.

Revolving facility - Covenant requirements:
Glamox' loan agreements includes the following financial covenants requirements:
- Equity ratio minimum 20%
- Net interest bearing debt (NIBD)/EBITDA (Last Twelve Months) less than 4,0

There have been no breaches in covenants in 2017.

Revolving facility - assets pledged as security and guarantee liabilities

	31.12.2017
Secured balance sheet liabilities:	
Interest bearing liabilities to financial institutions	1 465 625
Secured pension liability	13 820
Balance sheet value of assets pledged as security for secured liabilities:	
Land, buildings and other property	46 621
Machinery and plant	43 976
Fixtures and fittings, tools, office equipment etc.	19 856
Intangible assets	
Inventories	137 543
Account receivable	224 340
Total	**472 336**

Glamox AS has issued a parent guarantee in relation to a credit facility of SGD 2,0 millions. The credit facility is towards a subsidiary.

5.3 Ageing of financial liabilities

31.12.2017	Less than 12 months	1 to 3 years	Over 3 years	Total
Derivatives	4 920			4 920
Callable Open Bond*	81 405	162 810	1 594 215	1 838 430
Interest bearing liabilities to financial institutions*	2 160	4 320	119 945	126 424
Other long-term loans	2 986	5 972		8 958
Trade and other payables (note 5.10)	176 775			176 775
Totals	**268 246**	**173 102**	**1 714 160**	**2 155 508**

* figures inclued estimated interest payable.

5.4 Fair value measurement

The table below disclose information about all financial instruments that are either measured at fair value or where information about fair value is disclosed. There were no transfers between the levels during 2017. For related accounting policies, reference is made to note 10.1.

	Carrying amount at	Date of valuation	Carrying amount	Fair value	Level 1	Level 2	Level 3
Liabilities measured/disclosed at fair value							
Interest-bearing liability	31.12.2017	31.12.2017	111 625	115 625		x	
Callable Open Bond	31.12.2017	31.12.2017	1 328 215	1 350 000		x	
Derivative financial liabilities	31.12.2017	31.12.2017	4 920	4 920		x	

Fair value of financial instruments
Management assessed that the fair values of cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Forward contracts are valued using valuation techniques, which employ the use of market observable inputs. The most frequently applied valuation techniques include forward pricing models using present value calculations (hierarchy level 2). The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies and currency basis spreads between the respective currencies. All derivative contracts are fully cash collateralised, thereby eliminating both counterparty risk and the Group's own non-performance risk. As at 31 December 2017, the marked-to-market value of derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on measurement of financial instruments recognised at fair value. The Group applies input from its respective bank relations in performing the fair value calculations.

The fair values of the Group's interest-bearing loans and borrowings are assessed to be in all material aspects similar to carrying amount.

The difference between carrying amount and fair value of the interest-bearing liability and the bond is an arrangement fee.

5.5 Financial risk management

Glamox Group is exposed to a range of risks affecting its financial performance, currency risk, interest rate risk, liquidity risk and credit risk. The Group seeks to minimise potential adverse effects of such risks through sound business practices, risk management and use of derivative financial instruments. Risk management is carried out by senior management under policies approved by the Board of Directors.

Interest rate risk
The Group aims to follow the general long-term development in the money market interest levels. The effects of short-term fluctuations in money market interest levels can be reduced by managing the loan portfolio's average interest and the timing of the interest payments. Underlying loan agreements is used to manage the interest risk.

Glamox is in a position of net interest bearing deposit. The main part of the deposit is organised in a Multi Currency Cash pool. The interest-bearing liability relates to a Revolving Credit Facility (RCF). As of 31.12.2017 it is utilised NOK 15,5 millions and EUR 10,2 millions of the RCF. The interest of the utilised amount of the RCF is payable at a rate of NIBOR/EURIBOR/LIBOR plus a margin, dependent on Glamox's NIBD/EBITDA ratio.

The following table demonstrates the sensitivity to a possible change in interest rates, with all other variables held constant, on the Group's profit before tax:

Interest rate sensitivity	Increase / decrease in basis points	Effect on profit before tax
31.12.2017	+/- 100	+ 11,6 mnok /- 9,2 mNOK

Foreign currency risk
Glamox is exposed to transaction risk by purchasing and selling in different currencies. Purchase and production expenses are mainly in NOK , SEK and EUR, with sales mainly in NOK, EUR, SEK, DKK, GBP, SGD, CAD and USD. Glamox aims to minimise the risk of changes in the value of net cash flows arising from the short-term fluctuations in exchange rates. Transaction risk is controlled by means of internal invoicing rules, matching of income and expenses in the same currency and by using financial instruments (forward contracts).

Glamox uses forward contracts as an economic instrument to hedge cash flow. As of 31.12.2017, the Group had forward contracts for both sale and purchase of currencies. Currency sales amounted to NOK 117 million while the currency purchase amounted to NOK 167 million based on 31.12.2017 exchange rates. The Group's forward contracts had a market value of NOK -4,4 million as of 31.12.2017. Glamox has not applied hedge accounting in accordance with IAS39 for cash flow hedging.

Glamox is exposed to currency changes related to carrying amounts of equity in foreign subsidiaries. Changes in the value of equity of foreign subsidiaries are offset/hedge by loans and overdrafts in the same currency. The following tables demonstrates Glamox' total exposure to foreign currency risk related to its net debt and equity in foreign subsidiaries:

	Equity in foreign subsidiaries	Net debt and overdraft in foreign currency
Currency (in currency million)	**31.12.2017**	**31.12.2017**
EUR/DKK	48,3	42,5
SEK	94,8	87,4
GBP	0,7	0,7
SGD	6,6	7,5
CAD	2,5	3,1
USD	5,6	5,8

Without the hedge of the net investment in foreign subsidiaries, a 10 percent weakening/strengthening in the value of NOK would have increased/decreased equity by 68 mNOK as of 31.12.2017, where equity in EUR represents 46 mNOK of this increase/decrease. Such changes in value would have limited impact on P/L, as they are mainly booked as translation differences against equity. Because of the hedge, the impact on equity is also limited.

Liquidity risk
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group has a limited exposure to liquidity risk on the basis of a strong cash flow in addition to a solid balance sheet, as of 31.12.2017 the equity rate is 45,3 %. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans.

See note 5.3 for an overview of maturity profile on the Group' financial liabilities and an overview about available credit lines, and note 5.8 for an overview of the liquidity reserve.

Credit risk
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group trades only with recognised, creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures, which include an assessment of credit rating, short-term liquidity and financial position. The Company obtains sufficient collateral (where appropriate) from customers as a means of mitigating the risk of financial loss from defaults. In addition, receivable balances are monitored on an ongoing basis, with the result that the Company's exposure to bad debts is not significant.

Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of credit insurance. See note 5.9 for comments regarding trade receivables ageing. With respect to credit risk arising from the other financial assets of the Company, which comprise cash and derivative financial assets, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The Group limits its counterparty credit risk on these assets by dealing only with financial institutions with credit ratings of at least A or equivalent.

5.6 Capital management

For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the parent. The primary objective of GLX Holding' capital management is to ensure that it maintains a healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants related to the interest-bearing financial liabilities in the Glamox Group. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings towards Glamox. There have been no breaches of the financial covenants of any interest bearing loans and borrowing in the current period. Reference is made to note 5.2 for disclosed information regarding interest bearing liabilities and financial covenants.

	31.12.2017
Interest bearing liabilities	1 445 812
Less: cash and bank deposit excl. restricted cash	-290 320
Net interest bearing debt	**1 155 493**

Total Assets	4 290 751
Total Equity	1 918 994
Equity ratio	**45 %**

5.7 Equity and shareholders

Share capital in GLX Holding AS at 31.12.2017		Number	Nominal Value	Balance Sheet
Shares	NOK	1 000	1 000	1 000 000
Total	**NOK**	**1 000**	**1 000**	**1 000 000**

All shares have the same voting rights.

Holders of these shares are entitled to dividend and to one vote per share at general meetings of the Company. There have been no changes in the number of shares in 2017. There has been a share increase of NOK 1.600,3. The increase was in nominal value and share premium. GLX holding AS is a 100% owned subsidiaries of Glace Holdco AS.

There has been no distribution of dividend during 2017.

Reconciliation of equity is shown in the statement of changes in equity.

5.8 Cash and cash equivalents

Cash and cash equivalents	31.12.2017
Bank deposits, unrestricted	290 320
Bank deposit, restricted, employee taxes in Glamox AS	16 745
Total cash and cash equivalents	**307 064**

Liquidity reserve	**974 695**

The liquidity reserve is the total overdraft and revolving facilites of all Group companies, minus all utilised overdraft and revolving facilities, and added all cash on hand and deposits. The liquidity reserve for the Glamox Group is organised in a revolving facility and a Multi Currency Cash pool. In addition GLX Holding AS has bank deposit.

The bond may be extended by additional NOK 650 million. This is not included in the liquidity reserve.

Legally, the parent company of the Glamox Group, Glamox AS, is the counter party towards the Bank regarding the Multi Currency Cash pool within the Glamox Group. The net position of the cash pool is presented as cash and cash equivalents.

Restricted deposits in Glamox AS and the Group amounted to NOK 16,7 million in 2017.

5.9 Trade and other receivables

Trade and other receivables	31.12.2017
Trade receivables	
Trade receivables	358 803
Trade receivables from related parties	
Total trade receivables	**358 803**
Other receivables	
Prepaid rent	2 519
Prepaid other expenses	10 101
Prepaid VAT	3 427
Other - Retention fees due	7 996
Other	29 584
Total other receivables	**53 627**

As at 31 December the ageing analysis of trade receivables is, as follows:

		Neither past due	Past due but not impaired			
Ageing analysis of trade receivables	**Total**	**nor impaired**	**< 30 days**	**31-60 days**	**61-90 days**	**> 90 days**
2017	358 803	283 506	62 255	12 433	610	-

For details regarding the Group's procedures on managing credit risk, reference is made to note 5.5.

5.10 Trade and other payables

Trade and other payables	31.12.2017
Trade payables	
Trade payables	176 775
Trade payables to related parties	
Total trade payables	**176 775**
Other payables	
Public duties payables	82 889
Total other payables	**82 889**

For trade and other payables ageing analysis, refererence is made to note 5.3.

5.11 Financial income and expenses

Financial income and expenses	2017
Financial income	
Currency gain	941
Interest income	102
Other financial income	52
Total financial income	**1 095**
Financial expenses	
Currency loss	2 043
Interest expenses	5 095
Other financial expenses	1 943
Financial expenses	**9 082**

6.1 Taxes

	2017
Current income tax expense:	
Tax payable	
Change deferred tax/deferred tax assets (ex. OCI effects)	-1 666
Total income tax expense	**-1 666**

Current tax liabilities consist of:	
Current tax liability - effect from acqusition of Glamox Group	34 302
Current tax liabilities 31.12	**34 302**

Deferred tax liabilities (assets):	**Acqusition as at 11.12.2017**	**31.12.2017**
Property, plant and equipment	45 212	45 212
Intangible assets	1 172 024	1 168 648
Other current assets	-13 035	-13 035
Liabilities	-20 289	-20 289
Net pension reserves/commitments	-16 102	-16 102
Derivates	-4 920	-4 920
Losses carried forward (including tax credit)	-38 832	-38 832
Untaxed profit	236 018	236 018
Basis for deferred tax liabilities (assets):	**1 360 076**	**1 356 700**
Calculated deferred tax assets	**25 291**	**25 291**
- Deferred tax assets not recognised	-9 516	-9 516
Net deferred tax assets recognised in balance sheet	**15 775**	**15 775**
Deferred tax liabilities recognised in balance sheet	**333 675**	**332 009**

7.1 Management remuneration

GLX Holding AS
GLX Holding AS has no employees, and there has been no remuneration to board members during 2017.

Glamox - full year 2017
The CEO of Glamox is a part of a defined contribution pension scheme for salaries up to 12G (approx 1,1 mnok). In addition, the CEO is entitled to a salary compensation of 23,95% of fixed salary for amounts exceeding 12G. The CEO also has a performance based bonus agreement.

The CEO of Glamox has a performance related bonus agreement which can give up to seven months' additional salary. The financial statements of 2017 are charged with 1.413 TNOK related to the performance related bonus agreement. In addition the CEO has received a salary compensation equivalent to 12 months' salary due to extraordinary work related to the in parallel run IPO and sales process of the majority holder's shares. Half of this compensation has been re-charged to Arendals Fossekompani ASA in connection with the sales process.

Upon termination from the company, the CEO is entitled to 12 months severence pay.

Remuneration to CEO		Salary	Performance-related bonus	Extra compensation	Pension	Other remuneration
Rune Marthinussen - CEO	2017	2 849	1 413	2 849	48	178

7.2 Post-employment benefits

Defined contribution plan

The majority of the Glamox Group's employees are covered by defined contribution pension schemes. Contributions to these schemes are recognised as pension expense as they occur. Costs related to the Glamox Groups contribution plans during the owner period of GLX Holding AS were NOK 1,3 million in 2017.

Defined benefit pension plan

The Group also has defined benefit pension plans in Glamox AS and two subsidiaries og Glamox AS. The defined benefit plans in Glamox AS accounts for nearly 80% of the net liability in the Group. Glamox AS has defined benefit plans for 4 former employees and for some employees who have not been transferred from previous defined benefit plan when this was closed and replaced by a defined contribution plan.

On Group level, total net pension liabilities were NOK 20,0 million (net of the pension liability of NOK 29,9 million and reserve of NOK 9,9 million) as at 31 December 2017.

Risks related to defined benefit plans

The defined benefit plans expose the company to various demographic and economic risks, such as longevity, investment, currency and interest rate risks and in some cases, inflation risk.

Financial conditions

Discount rate for 2017 is 2,4%, anticipated pension increase is set to 2,25% and anticipated change in national insurance base rate is set to 2,25%.

8.1 Interests in subsidiaries

GLX Holding AS owns 75,16% of the shares in Glamox AS, this also equals the voting share . The head office of Glamox is in Norway. Share capital of Glamox AS is NOK 65,9 million. Carrying amount of Glamox shares in the GLX Holding accounts is NOK 2.791,8 million.

Glamox AS has following subsidiaries:

Name of company	Office	CUR	Share Capital	Shareholding in Glamox AS	Carrying amount in Glamox AS	Glamox Group's voting ownership share	
Glamox A/S	Denmark	DKK	4 900	100,0%	8 045	100,0%	
Glamox AB	Sweden	SEK	600	100,0%	1 681	100,0%	
Glamox Oy	Finland	EUR	100	100,0%	6 082	100,0%	
Glamox Ltd.	England	GBP	4	100,0%	680	100,0%	
Glamox Ireland Ltd.	Ireland	EUR	169	100,0%	1 787	100,0%	
Glamox GmbH	Germany	EUR	683	25,0%	21 570	100,0%	
AS Glamox HE	Estonia	EUR	166	20,0%	2 723	100,0%	
Glamox Aqua Signal GmbH	Germany	EUR	3 860	5,1%	6 344	100,0%	
Glamox Production GmbH & Co. KG	Germany	EUR	5 845	0,0%	0	100,0%	
GPG Verwaltungsgesellschaft mbH	Germany	EUR	25	0,0%	0	100,0%	
Glamox B.V.	The Netherlands	EUR	0	100,0%	20 325	100,0%	
LINKSrechts GmbH	Germany	EUR	27	100,0%	58 259	100,0%	
Glamox Aqua Signal Corporation	USA	USD	100	100,0%	443	100,0%	
Glamox Inc.	Canada	CAD	2 208	100,0%	0	100,0%	
Glamox Pte Ltd.	Singapore	SGD	6 100	98,7%	23 666	98,7%	1)
Glamox (Suzhou) Lighting Co. Ltd	China	CNY	20 388	100,0%	4 050	100,0%	
Suzhou Glamox Trade Co. Ltd	China	CNY	500	0,0%	0	100,0%	
Glamox Co. Ltd.	South Korea	KRW	775 020	100,0%	4 483	100,0%	
Luxo AS	Norway	NOK	1 759	100,0%	18 290	100,0%	
Luxo Corporation	USA	USD	0	100,0%	0	100,0%	
Glamox Brasil Iluminacao LTDA	Brazil	BRL	50	100,0%	130	100,0%	2)
Birger Hatlebakks veg 15 AS	Norway	NOK	100	100,0%	1 373	100,0%	
Total carrying amount in Glamox AS of shares in subsidiaries					**179 931**		

1) Non-controlling interests in Glamox Pte Ltd is 1,27%. Dividends paid to non-controlling interest in 2017 amounts to NOK 0,047 million.
2) Non-controlling interests in Glamox Brasil Iluminacao LTDA owns 1 share of totally 50 000 shares, corresponding to 0,002%.

All subsidiaries are included in the consolidated statement of financial position.

8.2 Business combinations

Glamox AS

GLX Holding AS acquired 75,16% of the shares of Glamox AS, witch is the parent company of the Glamox Group. The voting share equals the ownership (75,16%). The date of aquisition was 11.12.2017 and GLX holding AS acquired the shares from Arendals Fossekompani ASA.

Glamox is a Norwegian industrial group that develops, manufactures and distributes professional lighting solutions for the global market. The Glamox Group is a leading supplier to the world's marine and offshore markets, and a significant supplier to the professional building market in Europe. The Glamox Group has approxmimately 1300 employees within sales and production in several European countries, as well as Asia, North and South America.

From the date of acquisition, Glamox has contributed NOK 89,1million of revenue and NOK -1,5 million of profit to the group's result. In the financial year 2017 the company had a revenue of NOK 2.614,5 million (2016: NOK 2.508,6), and a profit of NOK 258,2 million (2016: NOK 194,9million).

The total purchase consideration was NOK 2.791,8 millions all paid by cash.

Total transction costs related to the acquistion was NOK 48,9 millions, and was expensed as Other operating expenses.

The acquisition cost is allocated to identifiable assets and liabilities at fair value on the acquisition date. The excess amount is recognised as Goodwill. The below table illustrates the fair values of the identifiable assets and liabilities at acquisition. The disclosed PPA may be subject to changes as detailed analysis are still being performed.

	Fair value
Assets	
Goodwill	1 678 591
Other intangible non-current assets	1 179 486
Tangible non-currenct assets	311 112
Other tangible non-currenct assets	18 773
Inventories	389 128
Trade and other receivables	411 440
Cash and cash equivalents	170 433
Total assets	**4 158 963**
Liabilities	
Deferred tax	333 675
Other non-currenct liabilities	179 585
Total current liabilities	478 781
Total liabilities	992 041
Total identifiable net assets at fair value	**3 166 922**
Non-controlling interest measured at fair value of net identified assets	-375 113
Total consideration for the shares	**2 791 809**
Purchase consideration	
Cash consideration paid	2 791 809
Analysis of cash flows on acquisition	
Cash consideration paid	-2 791 809
Transaction cost of the acquisition (included in the cash flows from investing activities)	
Net cash acquired with the subsidiary (included in the cash flows from investing activities)	170 433
Net cash flow on acquisition	**-2 621 376**

The acquired goodwill is assumed to mainly relate to positive market development, possibilities for efficiency improvements and opportunities related to strategic growth.

NOK 375,1 million is allocated to Non-controlling interest. This represents the non-controlling's share (24,84%) of the net identifiable assets acquired and liabilities assumed.

The initial accounting for this business combination is not completed as the acquisition was made close to year end.

If the acquisition of Glamox had occured 1 Janauary 2017, revenues in 2017 for the GLX Holding Group would have been approximately NOK 2.615 million and Profit after tax would have been approximately NOK 196 million.

9.1 Earnings per share

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the parent (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

As GLX Holding AS does not have any share options or convertible preference shares as of 31 December 2017 there are no differences between basic and diluted EPS.

The following table reflects the income and share data used in the basic and diluted EPS computations:

	2017
Attribution of profit for the year	
Total profit for the year attributable to equity holders of the parent	-55 676
Total profit for the year attributable to equity holders of the parent for basic earnings	**-55 676**
Earnings per ordinary share attributable to shareholders:	
Weighted average number of ordinary shares outstanding used for calculation:	1 000
Earnings per share in NOK (basic)	**-55,68**

9.2 Related party transactions

Related parties are Group companies, major shareholders, board and senior management in the parent company and the group subsidiaries. Note 8.1 provides information about the Group's structure, including details of the subsidiaries and the holding company. The agreements on remuneration for CEO appear in note 7.1

All transactions within the Group or with other related parties are based on the principle of arm's length.

The company has agreements with Triton Advisers Limited and Triton Investment Management Limited for counseling and success fee related to the acquisition of businesses respectively. Expenses during 2017 were NOK 41,5 million.

9.3 Events after the reporting period

Business combination
At March 16, 2018 Glamox entered into an agreement to acquire a equity interest of O. Küttel AG from Regent Beleuchtungskörper AG. Küttel is a leading Swiss provider of lighting for the professional building market. For the financial year 2017, Küttel had a revenue of CHF 21,2 million (NOK 176,3 million) and EBIT of CHF 0,7 million (NOK 5,8 million). For 2016 the revenue was CHF 19,4 million (NOK 164,1 million) and EBIT of CHF 1,2 million (NOK 10,2 million). Küttel employs 53 man-years.

Increased ownership
GLX Holding AS has increased their ownership in Glamox AS from 75,16% to 75,25%.

Dividends
After the reporting date, the board of Glamox AS has proposed a dividend distribution amounting to NOK 124,0 million. GLX Holding AS will receive NOK 93,3 million of this distribution.

Other than this there have been no significant events subsequent to the reporting date.

10.1 Significant accounting policies

Revenue recognition
The group is a global provider of lighting solutions for a wide variety of applications, on land and offshore. All significant revenue streams relates to production and sales of goods.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

Sale of goods
Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Standard delivery terms for customers within the PBS segment is Delivered Duty Paid (DDP). DDP delivery terms inplies that delivery is completed when the goods are made available to the buyer at a specified location. Standard delivery terms to customers within the GMO segment is Ex Works (EXW). EXW delivery terms inplies that delivery is completed when the goods are made available, suitably packaged at a specified loaction, often at Glamox factory or depot. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. A liability for potential warranty claims, discounts or returns is recognised at the time of product delivery – see Note 4.1 for more information.

Inventories
Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

- Raw materials: purchase cost on a first-in/first-out basis
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Current versus non-current classification
The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:
- Expected to be realised or intended to be sold or consumed in the normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:
- It is expected to be settled in the normal operating cycle,
- It is held primarily for the purpose of trading,
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Property, plant and equipment
Tangible fixed assets such as plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

The group considers equipment used in operations to be a tangible fixed asset if it has an economic life of more than three years.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, reference is made to note 3.1 for further guidance related to useful lives.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 Financial Instruments: Recognition and Measurement, is measured at fair value with the changes in fair value recognised in the statement of profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill is allocated to each of the CGU's that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Reference is made to note 3.2 for an overview over goodwill, allocation of goodwill per CGU and impairment testing.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. The group has no assets with indefinite useful lives.

Intangible assets are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense related to the intangible assets is recognised in the statement of profit or loss.

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project, which represents new applications/technology, are recognised 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
- 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
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. During the period of development, the asset is tested for impairment annually.

Impairment of non-financial assets

Further disclosures relating to impairment of non-financial assets are also provided in the following notes:

- Property, plant and equipment - Note 3.1
- Goodwill - Note 3.2
- Other Intangible assets - Note 3.3

At each reporting date, the Group assesseswhether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

Provisions

General
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Warranty provisions
Provisions for warranty-related costs are recognised when the product is sold to the customer. Initial recognition of the warrenty provision is based on previous years turnover and management judgment. The length of the warrenty time may differ between the markets. The initial estimate of warranty-related costs is revised annually. Reference is also made to note 1.3 and 4.1 for further details.

Restructuring provisions
Restructuring provisions are recognised only when the Group has a constructive obligation, which is when a detailed formal plan identifies the business or part of the business concerned, the location and number of employees affected, a detailed estimate of the associated costs, and an appropriate timeline, and the employees affected have been notified of the plan's main features. Reference is also made to note 4.1 for further details.

Leases
The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset (or assets) and the arrangement conveys a right to use the asset (or assets), even if that asset is (or those assets are) not explicitly specified in an arrangement.

Group as a lessee
A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

Dividend distribution to shareholders
Glamox recognises a liability to make distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws of Norway, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Financial instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Classification of financial instruments
Glamox' financial instruments are grouped in the following categories:

- Fair value with changes in value through profit or loss (FVPL)
- Loans and receivables
- Financial liabilities

The classification is dependent on the type of instrument and the purpose for which the investments were acquired or originated.

Financial instruments at FVPL are financial assets and liabilities held for trading. A financial asset/liability is classified as held for trading if acquired/incurred principally for the purpose of selling or repurchasing it in the short term. Derivatives (forward contracts) are also categorised as held for trading, as the Group does not apply hedge accounting related to these instruments.

Loans and receivables are non-derivative financial assets with fixed or determinable cash flows that are not quoted in an active market. This category generally applies to trade and other receivables.

Financial liabilities is together with loans and receivables the category most relevant to the Group. This category generally applies to interest-bearing loans, trade payables and other financial liabilities.

The Group has the following financial instruments:

FVPL: Derivative instruments – Forward contracts (notes: 5.1)

Loans and receivables: Trade receivables and other current receivables (notes: 5.1 and 5.9)

Financial liabilities: Includes most of the Group's financial liabilities including debt to credit institutions, trade payables and other current and non-current financial liabilities. (notes: 5.1, 5.2 and 5.10)

Initial recognition and subsequent measurement

FVPL: Financial derivatives that are not designated as hedging instruments are categorized as held for trading and initially measured at their fair value. Subsequent changes in the fair value are recognised in the profit or loss (financial income or expense).

Loans and receivables are initially recognised at fair value plus directly attributable transaction expenses. Subsequently, these instruments are measured at their amortised cost using the effective interest rate method (EIR). Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

Financial liabilities are recognised initially at fair value net of directly attributable transaction costs. Subsequently these liabilities are measured at their amortised cost using the effective interest rate method (EIR). Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

Impairment of financial assets
Financial assets valued at amortised cost are impaired when it exists objective evidence that the instrument's cash flows have been negatively affected by one or more events occurring after the initial recognition of the instrument. The impairment loss is recognised in the profit or loss. The loss is measured as the difference between the asset`s carrying value and the present value of estimated future cash flows discounted with the instruments original effective interest rate. If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced.

Derecognition of financial instruments
A financial asset is derecognized when the rights to receive cash flows from the asset have expired; or the Group has transferred its rights to receive cash flows from the asset and either (i) the Group has transferred substantially all the risks and rewards relating to the instrument, or (ii) the Group has neither transferred nor retained substantially all the risks and rewards relating to the instrument, but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, this is treated as derecognition of the original liability and recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments and hedge accounting
The Group uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of currency derivatives are recognised in the statement of comprehensive income as financial income or financial expense. Glamox does not apply hedge accounting related to its forward currency contracts.

Hedge of net investment in foreign operations
Glamox aims to hedge its net investments in foreign subsidiaries due to the risk of fluctuations in exchange rates. The net investments consist of equity and some group internal loans. The Group uses its overdraft facilities and long term debt in foreign currency as hedging instrument to hedge its exposure. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised as OCI while any gains or losses relating to the ineffective portion are recognised in the statement of profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the statement of profit or loss. Reference is made to note 5.1 and 5.5 for more details.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Cash and short-term deposits
Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

Fair value measurement
The Group measures financial instruments such as derivatives at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

External valuers are involved for valuation of derivate financial instruments. Involvement of external valuers is decided upon annually. For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed are summarised in note 5.3 Fair value measurement.

Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity (OCI) and not in the statement of profit or loss.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Consolidated statements of cash flow

The consolidated statements of cash flows are prepared using the indirect method. Cash flows in foreign currencies have been translated into NOK using the exchange rate at the cash flow date.

Pensions and other post-employment benefits

Remeasurements, comprising of actuarial gains and losses, are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

10.2 Standards issued but not yet effective

The future consolidated financial statements will be affected by new and amended IFRS standards and iterpretations which have been published but are not effective as of 31 December 2017. The effect of new and amended IFRS standards and interpertations which may have a significant impact on the Group have been summarized below:

IFRS 15 *Revenue from Contracts with Customers* (effective from 1 January 2018, approved by the EU). IFRS 15 establish a new five-step model that will apply to revenue arising from contracts with customers. The core principle of IFRS 15 is that revenue is recognised to reflect the transfer of contracted goods or services to customers, and then at an amount that reflects the consideration the company expects to be entitled to in exchange for those goods or services. With a few exceptions, the standard applies to all income-generating contracts with customers and provides a model for the recognition and valuation of the sale of certain non-financial assets (e.g. sale of property, plant and equipment).

The IFRS 15 assessment is still ongoing. The initial review of relevant segments and revenue streams have not indicated any significant impact on revenue recognition. The Group expect to finalize the IFRS 15 assessment before 30 June 2018.

The review has however identified certain elements that could result in difference in accounting:
- Contract with separate fright element where this may be separated and recognized differently.
- Certain guarantees that include extended periodes may be defined as a separate service, which will be recognized at a later time than with current standard.
- Revenue from products that are specified to customers may be recognized differently, if certain conditions applies.
- Contracts including milestone payments ,may be subject to difference in timing of recognition.

The Group has decided to implement IFRS 15 retrospectively with the cumulative effect of initially applying the standard recognized directly to equity at implementation.

IFRS 9 *Financial Instruments* (effective from 1 January 2018 and approved by the EU). The standard replaces IAS 39. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The standard will be implemented retrospectively, except for hedge accounting, although preparing comparative figures is not a requirement. The rules for hedge accounting should mainly be implemented prospectively but with some exceptions. The Group has made an initial assessment of the impact of IFRS 9 and do not anticipate any significant effects on the financial statements.

IFRS 16 *Leases* (effective from 1 January 2019, but not approved by the EU). IFRS 16 replaces existing IFRS leases requirements, IAS 17. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). The new leases standard requires lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less, or the underlying assets has a low values.

Glamox has performed an initial assessment of the potential impact on its consolidated financial statements, but has not yet completed a detailed assessment. The impact of applying IFRS 16 on the financial statements in the period of initial application will depend on future economic conditions, including the Group's borrowing rate, the composition of Glamox 's lease portfolio and the extent to which Glamox chooses to use recognition exemptions.

So fare, the most significant impact identified is that Glamox will recognise new assets and liabilities for its operating leases. As a result, the balance sheet will increase by 5-10 precent. In addition the nature of expenses related to those leases will now change as IFRS 16 replaces the ordinary operating lease expense with a depreciation charge, and interest expense on lease liabilities.

GLX Holding AS

Annual financial statements

2017

GLX Holding AS

Statement of profit and loss

For the years ended 31 December

NOK 1000	Notes	14.08 - 31.12.2017
Revenue		
Other operating income		
Total revenues		-
Raw materials and consumables used		
Payroll and related costs		
Depreciation and amortisation		
Other operating expenses	1	48 871
Total operating expenses		48 871
Operating profit		-48 871
Net Financial income	8	-4 417
Profit before tax		-53 288
Taxes	9	-
Profit for the year		-53 288

Other comprehensive income

Profit for the year	-53 288
Other comprehensive income for the period	-
Total comprehensive income for the period	-53 288

GLX Holding AS

Statement of financial position

NOK 1000	Notes	31.12.2017	14.08.2018
ASSETS			
Shares in Subsidiary	11	2 791 809	
Total non-current assets		**2 791 809**	
Current assets			
Cash and cash equivalents	7	136 631	40
Total current assets		**136 631**	**40**
TOTAL ASSETS		**2 928 440**	**40**
EQUITY AND LIABILITIES			
Equity			
Share capital	6	1 000	30
Share premium	6	1 599 346	10
Retained earnings	6	-53 288	
Total equity		**1 547 058**	**40**
Non-current liabilities			
Interest bearing liabilities	3/4/5	1 328 215	
Total non-current liabilities		**1 328 215**	
Current liabilities			
Other short term liabilities	2	53 167	
Total current liabilities		**53 167**	
Total liabilities		**1 381 382**	
TOTAL EQUITY AND LIABILITIES		**2 928 440**	

Oslo, 27 April 2018

Carl Johan Jörgen Ulf Renvall
Board member

Gustaf Erik David Backemar
Chairman of the Board

Joachim Solbakken Espen
Board member

Statement of cash flows

For the years ended 31 December

Cash flows from operating activities	Notes	14.08 - 31.12.2017
Profit before tax		-53 288
Changes in other balance sheet items		53 167
Net cash flows from operating activities		**-120**
Cash flows from investing activities		
Purchase of shares in subsidiaries	11	-2 791 809
Net cash flow from investing activities		**-2 791 809**
Cash flow from financing activities		
Proceeds from issuance of debt	3	1 328 215
Interests paid		
Proceeds from issuance of equity		1 600 306
Payment of dividends to shareholders		
Net cash flow from financing activities		**2 928 521**
Net change in cash and cash equivalents		136 591
Cash and cash equivalents, beginning of period		40
Cash and cash equivalents, end of period		**136 631**

Statement of changes in equity

NOK 1000	Share capital	Share premium	Retained earnings	Total equity
Balance as of 14 August 2017	**30**	**10**		**40**
Profit (loss) for the year			-53 288	-53 288
Other comprehensive income				
Total comprehensive income			**-53 288**	**-53 288**
Issue of equity	970	1 599 336		1 600 306
Dividends				
Balance as of 31 December 2017	**1 000**	**1 599 346**	**-53 288**	**1 547 058**

Note 1 - Other operating expenses

Other operating expenses	2017
Consultancy	39 263
Legal	8 905
Travel	606
Other	97
Total other operating expenses	**48 871**

Auditor
The accounts of GLX Holding AS have not been charged by auditor fee.

Note 2 - Other short term liabilities

	Balance 31.12.2017
Accrued transaction cost related to the acquisition of Glamox	48 871
Accrued interest cost	4 296
Total other short term liabilities	**53 167**

Note 3 - Interest bearing liabilities

Non-current Interest bearing loans and borrowings	Interest rate	Maturity	31.12.2017
Callable Open Bond	NIBOR + margin	2023	1 350 000
Bank fee related to the bond issue			-21 785
Total non-current interest bearing loans and borrowings			**1 328 215**

Bond
GLX Holding AS issued a Bond on the 8 December 2017. The initial issued amount is NOK 1.350 million and the maximum issued amount of the bond is NOK 2.000 million. The initial nominal amount on each bond is NOK 500.000. The bond has an interest margin of 5,25%. The interest period is 8 March, 8 June, 8 September and 8 December. The maturity date is 08.12.2023. The Outstanding Bonds will mature in full on the Maturity Date and shall be redeemed by the Issuer on the Maturity Date at a price equal to 100 per cent. of the Nominal Amount. The Bond has a Call Option that may be exercised by the Issuer by written notice to the Bond Trustee and the Bondholders at least 10 Business Days prior to the proposed Call Option Repayment Date for the call.

An arrangement fee of NOK 21,8 millions related to the refinancing, is booked against the bond. Net value of the bond is then NOK 1.328,2 million, equal to book value. The arrangement fee will be expensed over the availability period of the facility.

Bond - assets pledged as security
The shares in both GLX Holding AS and Glamox AS is pledged as security for the Bond.

Note 4 - Aging of financial liabilities

31.12.2017	Less than 12 months	1 to 3 years	Over 3 years	Total
Callable Open Bond*	81 405	162 810	1 594 215	1 838 430
Totals	**81 405**	**162 810**	**1 594 215**	**1 838 430**

* figures include estimated interest payable.

Note 5 - Fair value measurement

The table below disclose information about all financial instruments that are either measured at fair value or where information about fair value is disclosed. For related accounting policies, reference is made to note 10.1.

	Carrying amount at	Date of valuation	Carrying amount	Fair value	Level 1	Level 2	Level 3
Liabilities measured/disclosed at fair value							
Interest-bearing bond	31.12.2017	31.12.2017	1 328 215	1 350 000		X	

Fair value of financial instruments
The difference between carrying amount and fair value of the Bond is du to an arrangment fee. The arrangement fee will be expenses over the availability period of the facility.

Note 6 - Equity and shareholders

Share capital in GLX Holding AS at 31.12.2017	Number	Nominal Value	Balance Sheet
Shares	1 000	1 000	1 000 000
Total	**1 000**	**1 000**	**1 000 000**

Holders of these shares are entitled to dividend and to one vote per share at general meetings of the Company. There have been no changes in the number of shares in 2017. There has been a share increase of NOK 1.600,3. The increase was in nominal value and share premium. GLX Holding AS is a 100% owned subsidiaries of Glace Holdco AS.

There has been no distribution of dividend during 2017.

Note 7 - Cash and cash equivalents

Cash and cash equivalents amounts to tNOK 136.631 as of 31.12.2017. GLX Holding AS has no restriced bank deposit.
The liquidity reserve equals the cash and cash equivalent amount. The bond may be extended by additional NOK 650 million. This is not included in the liquidity reserve.

Note 8 - Financial income and expenses

Financial income and expenses	2017
Interest income	32
Interest expenses	-4 296
Other financial expenses	-152
Net Financial income	**-4 417**

Note 9 - Tax

	2017
Tax payable	
Ordinary profit before tax	-53 288
Permanent differences	48 871
Bases for tax payable	**-4 417**
Tax base	24 %
Tax payable this years profit	**0**
Current tax liabilities 31.12	**0**

Deferred tax liabilities (assets):	
Losses carried forward (including tax credit)	-4 417
Basis for deferred tax liabilities (assets):	**-4 417**
Net deferred tax assets recognised in balance sheet	**0**

Note 10 - Management remuneration

GLX Holding AS has no employees.

There has been no remuneration to board members during 2017.

Note 11 - Interest in subsidiaries

GLX Holding AS acquired 75,16% of the shares in Glamox AS from Arendal Fossekompani ASA on the 11 December 2017.

Glamox AS is a leading lighting supplier to the world's marine and offshore markets, and a significant supplier to the professional building market in Europe. Glamox AS is the parent company of Glamox Group. Glamox AS registered adress is Birger Hatlebaks veg 15 in Molde, Norway. Glamox AS has 22 subsidiaries located in Europe, Asia and America. Total revenue of Glamox Group in 2017 is NOK 2.614 million (2016: NOK 2.508 million). Operating profit in 2017 is NOK 292,7 million (2016: NOK 267,8 million). For 2017 the Glamox Group has had average number of full time employee of 1.300.

As of 31.12.2017 GLX Holding AS owns 75,16% of the shares in Glamox AS, which also represents the voting share.

The book value of the Glamox shares is tNOK 2.791.809 as of 31.12.2017.
The total Share capital in Glamox AS is tNOK 65.989 as of 31.12.2017.

Note 12 - Events after the reporting period

Business combination
At March 16, 2018 Glamox entered into an agreement to acquire a equity interest of O. Küttel AG from Regent Beleuchtungskörper AG. Küttel is a leading Swiss provider of lighting for the professional building market. For the financial year 2017, Küttel had a revenue of CHF 21,2 million (NOK 176,3 million) and EBIT of CHF 0,7 million (NOK 5,8 million). For 2016 the revenue was CHF 19,4 million (NOK 164,1 million) and EBIT of CHF 1,2 million (NOK 10,2 million). Küttel employs 53 man-years.

Increased ownership
GLX Holding AS has increased their ownership in Glamox AS from 75,16% to 75,25%.

Dividends
After the reporting date, the board of Glamox AS has proposed a dividend distribution amounting to NOK 124,0 million. GLX Holding AS will receive NOK 93,3 million of this distribution.
Other than this there have been no significant events subsequent to the reporting date.

13 Related party transactions

Related parties are Group companies, major shareholders, board and senior management in the parent company and the group subsidiaries. Note 11 provides information about the Group's subsidiary.

All transactions within the Group or with other related parties are based on the principle of arm's length.

The company has agreements with Triton Advisers Limited and Triton Investment Management Limited for counseling and success fee related to the acquisition of businesses respectively. Expenses during 2017 were NOK 41,5 million.

Note 14 - Significant accounting policies

GLX Holding AS is a company incorporated and domiciled in Norway. GLX Holding AS was established in 2017, with the purpose to own shares in Glamox AS. The registered adress is c/o Triton Advisors (Norway) AS, Olav Vs 1, 0161 OSLO. The parent company is Glace HoldCo AS.

The financial statements of the company comprise of statements of profit and loss, other comprehensive income, financial position, cash flows, changes in equity, and related notes. The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by The European Union (EU). The financial statements have been prepared on a historical cost basis, and the financial statements are prepared based on the going concern assumption.

Subsidiaries in parent company
'Subsidiaries' refers to companies in which GLX Holding normally has a shareholding of more than 50%, and in which the company has a controlling interest. Investments in subsidiaries are accounted for using the cost method. The investments are valued at cost less impairment losses. Investments in subsidiaries are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may exceed the fair value of investment"

Current versus non-current classification
The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle,
- It is held primarily for the purpose of trading,
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

Provisions
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Dividend distribution to shareholders
GLX Holding AS recognises a liability to make distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws of Norway, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Financial instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Classification of financial instruments

- Fair value with changes in value through profit or loss (FVPL)
- Loans and receivables
- Financial liabilities

The classification is dependent on the type of instrument and the purpose for which the investments were acquired or originated.

Financial instruments at FVPL are financial assets and liabilities held for trading. A financial asset/liability is classified as held for trading if acquired/incurred principally for the purpose of selling or repurchasing it in the short term. Derivatives (forward contracts) are also categorised as held for trading, as the Group does not apply hedge accounting related to these instruments.

Loans and receivables are non-derivative financial assets with fixed or determinable cash flows that are not quoted in an active market. This category generally applies to trade and other receivables.

Financial liabilities applies to interest-bearing loans, trade payables and other financial liabilities.

Cash and short-term deposits
Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

Fair value measurement
The Company measures financial instruments such as derivatives at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

External valuers are involved for valuation of derivate financial instruments. Involvement of external valuers is decided upon annually. For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed are summarised in note 5 Fair value measurement.

Taxes

Current income tax
Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities.
Current income tax relating to items recognised directly in equity is recognised in equity (OCI) and not in the statement of profit or loss.

Deferred tax
Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Statements of cash flow
The consolidated statements of cash flows are prepared using the indirect method.

Note 15 - Standards issued but not yet effective

The future financial statements may be affected by new and amended IFRS standards and iterpretations which have been published but are not effective as of 31 December 2017. The effect of new and amended IFRS standards and interpertations which may have a significant impact on the Group have been summarized below:

IFRS 15 *Revenue from Contracts with Customers* (effective from 1 January 2018, approved by the EU). IFRS 15 establish a new five-step model that will apply to revenue arising from contracts with customers. The core principle of IFRS 15 is that revenue is recognised to reflect the transfer of contracted goods or services to customers, and then at an amount that reflects the consideration the company expects to be entitled to in exchange for those goods or services. With a few exceptions, the standard applies to all income-generating contracts with customers and provides a model for the recognition and valuation of the sale of certain non-financial assets (e.g. sale of property, plant and equipment). GLX Holding AS has no revenues arising from contracts with customers, so this new standard will not effect GLX Holding AS.

IFRS 9 *Financial Instruments* (effective from 1 January 2018 and approved by the EU). The standard replaces IAS 39. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The standard will be implemented retrospectively, except for hedge accounting, although preparing comparative figures is not a requirement. The rules for hedge accounting should mainly be implemented prospectively but with some exceptions. GLX Holding AS has made an initial assessment of the impact of IFRS 9 and do not anticipate any significant effects on the financial statements.

IFRS 16 *Leases* (effective from 1 January 2019, but not approved by the EU). IFRS 16 replaces existing IFRS leases requirements, IAS 17. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). The new leases standard requires lessees to recognise assets and liabilities for most leases, which is a significant change from current requirements. This new standard will not effect GLX Holding AS, as the company has not entered into any leasing contract.

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To the General Meeting of GLX Holding AS

Independent auditor's report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of GLX Holding AS. The financial statements comprise:

- The financial statements of the parent company GLX Holding AS (the Company), which comprise the balance sheet as at 31 December 2017, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and

- The consolidated financial statements of GLX Holding AS and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2017 and income statement, statement of changes in equity, cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.

- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises the Board of Directors' report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (Management) are responsible for the preparation in accordance with law and regulations, including fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group'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 and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- 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 the Board of Directors 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.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption, and the proposal for the coverage of the loss is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements *(ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 30 April 2018
KPMG AS

Lone B. Frogner

Lone Brith Frogner
State Authorised Public Accountant