

**Sakata Ornamentals Europe A/S
Odensevej 82
DK-5290 Marslev**

Annual Report 2016/2017

Approved at the general assembly on the 4 July 2017
Conductor: Jos van Popering

CVR-nr. / Reg. No.
27 19 23 35



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Statement by the Executive and Board of directors

The Board of Directors and the Executive board have today discussed and approved the annual report of Sakata Ornamentals Europe A/S for the financial year 1 April 2016 - 31 March 2017.

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

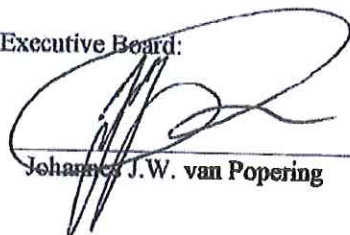
It is our opinion that the financial statements give a true and fair view of the Company's assets, liabilities, and financial position at 31 March 2017 and of the results of the Company's operations and cash flows for the financial year 1 April 2016 - 31 March 2017.

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

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

Marslev, 4 July 2017

Executive Board:



Johannes J.W. van Popering

Board of Directors:



Alain Sicard
Chairman



Akio Seki



Johannes J.W. van Popering

Independent auditor's report

To the shareholders of Sakata Ornamentals Europe A/S

Opinion

We have audited the financial statements of Sakata Ornamentals Europe A/S for the financial year 1 April 2016 – 31 March 2017 comprising income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 March 2017 and of the results of the Company's operations and cash flows for the financial year 1 April 2016 – 31 March 2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

- identify and assess the risks of material misstatement of the company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

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

Aarhus, 4 July 2017

KPMG

State Authorized Public Accountants Partnership
CVR no. 25 57 81 98



Benny Lyng Sørensen
State Authorised
Public Accountant



Michael E.K. Rasmussen
State Authorised
Public Accountant

Management's review

Company details

Sakata Ornamentals Europe A/S
Odensevej 82
DK-5290 Marslev

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Fax: +45 63 90 64 99
Web site: www.sakataornamentals.eu
E-mail: flowers@sakata.eu
Reg. No. 27 19 23 35
Established: 4 June 2003
Registered office: Marslev
Financial year: 1 April - 31 March

Board of Directors

Alain J. M. Sicard (Chairman)
Akio Seki
Johannes J.W. van Popering

Executive Board

Johannes J.W. van Popering

Auditors

KPMG
State Authorized Public Accountants Partnership
Bredskifte Allé 13
DK 8210 Aarhus V

Management's review

<i>Key figures (€'000)</i>	1/4 - 2016 31/3 - 2017	1/4 - 2015 31/3 - 2016	1/4 - 2014 31/3 - 2015	1/4 - 2013 31/3 - 2014	1/4 - 2012 31/3 - 2013
Revenue	18.757	16.188	15.372	15.717	15.969
Gross margin	4.131	3.222	2.381	3.091	4.456
Operating profit	1.038	240	-808	-130	-124
Result of net financials	-335	9	-586	26	-138
Profit / loss for the year	703	248	-1.394	-104	-262
Total assets	17.111	18.931	19.179	21.264	21.941
Capital and reserves	10.607	9.904	9.656	11.050	11.154
Cash flows from operating activities	474	2.855	423	1.007	-127
Net cash flows from investing activities	-61	-40	-44	-249	-109
Portion relating to investment in property, plant and equipment	-61	-19	-30	-249	-109
Cash flows from financing activities	-1.502	-2.002	-507	-249	265
Total cash flows	-1.089	812	-128	509	29

Financial ratios

Net profit ratio	5,5%	1,5%	-5,3%	-0,8%	-0,8%
Return on investment	6,1%	1,3%	-4,2%	-0,6%	-0,6%
Gross margin ratio	22,0%	19,9%	15,5%	19,7%	27,9%
Equity ratio	62,0%	52,3%	50,3%	52,0%	50,8%
Return on equity	6,9%	2,5%	-13,4%	-0,9%	-2,3%
Average number of full-time employees	55	58	57	83	99

Financial ratios

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015".

The financial ratios stated in the survey of financial highlights have been calculated as follows:

<i>Net profit ratio</i>	$\frac{\text{Operating profit/loss} \times 100}{\text{Revenue}}$
<i>Return on investment</i>	$\frac{\text{Operating profit/loss} \times 100}{\text{Total assets}}$
<i>Gross margin ratio</i>	$\frac{\text{Gross margin} \times 100}{\text{Revenue}}$
<i>Equity ratio</i>	$\frac{\text{Equity ex. minority interests at year end} \times 100}{\text{Total equity and liabilities at year end}}$
<i>Return on equity</i>	$\frac{\text{Profit/loss from ordinary activities after tax} \times 100}{\text{Average equity, ex. minority interests}}$

Management's review

Operating review

Principal activities

The company's activities consists of breeding, production and sale of flower genetics.

Development in activities and financial position

The net result for the year shows a profit of € 703 thousand against a profit of € 248 thousand in 2015/2016. The result for 2016/2017 was positively affected by high sales, a slight improvement in the gross margin and the sale of land in Skaering but it was also negatively affected by the strong \$. The Company has in 2016/17 realised a revenue which is 15.9% higher than previous fiscal year. Also the Company has repaid all of it's loans with the Holding company, no more loans are present on the balance sheet as per March 2017. Result for the year is considered to be lower than expected due to the strong \$ that resulted in an increase in the cost of goods sold.

Events after balance sheet date

None to be mentioned.

Outlook

The Company is continuously working on adapting to the market and the increasing demand for novelties.

The Company expects a profit for the coming fiscal year.

Price risks

The existing competition on the European flower market means that the prices of the products will continue to be under pressure.

Currency and interest rate risks

The Company primarily sells its products at prices denominated in EUR or USD. Costs for goods purchased are primarily denominated in USD and DKK. The Company monitors the currency and interest rate development but does not engage in hedging transactions.

Intellectual capital

The company is highly dependent on its employees' knowledge and experience in a relatively "narrow" business.

Professional challenges, as well as good and motivating working conditions and assignments, are continuously sought to be developed and maintained to keep the employees.

Environmental issues

The company complies with the existing environmental legislation which, in some situations, is more restrictive than for the company's foreign competitors.

Research and development activities

The Company undertakes regular flower genetics development. Research and development in 2016/2017 are recognised as an expense in the income statement prompted by the uncertainty surrounding future earnings.

Income statement 1 April 2016 - 31 March 2017

€'000	Note	1/4 - 2016 31/3 - 2017	1/4 - 2015 31/3 - 2016
Revenues	2	18,757	16,188
Costs of raw materials, consumables and goods for resale		-11,522	-10,298
Changes in finished goods and work in progress inventories		-784	-338
		6,451	5,552
Other operating income	3	2,441	1,669
Other external costs		-4,761	-3,999
Gross margin		4,131	3,222
Staff costs	4	-2,637	-2,456
Depreciation/amortisation and impairment on property, plant and equipment, and intangible assets	5	-355	-347
Other operating cost		-101	-179
Operating profit / loss		1,038	240
Interest income and similar items	6	211	360
Interest expense and similar items	6	-546	-351
Profit / loss for the year before tax		703	248
Tax on profit / loss for the year		0	0
Profit / loss for the year	7	703	248

Balance sheet 31 March 2017

€'000	Note	31/3 - 2017	31/3 - 2016
ASSETS			
Non-current assets			
Intangible assets	8		
Software		11	23
Development costs		112	203
		123	226
Property, plant and equipment	9		
Land and buildings		1,255	1,418
Plant and machinery		155	184
		1,410	1,602
Investments			
Investments in other companies	10	5	5
		5	5
Total non-current assets		1,538	1,832
Current assets			
Inventories			
Work in progress		96	197
Finished goods and goods for resale		8,385	9,069
		8,481	9,265
Receivables			
Trade receivables	11	4,667	3,993
Trade receivables from related parties		947	987
Other receivables		9	196
Prepayments		205	305
		5,828	5,481
Cash at bank and in hand		1,264	2,353
Total current assets		15,573	17,099
TOTAL ASSETS		17,111	18,931

€'000	Note	31/3 - 2017	31/3 - 2016
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		18,050	17,999
Retained earnings		-7,443	-8,095
		10,607	9,904
Provisions for guarantee costs			
Other provision	12	77	22
		77	22
Liabilities			
Long-term liabilities			
Loan from group enterprises	13	0	1,502
		0	1,502
Short-term liabilities			
Short-term part of long-term liabilities	13	0	1,001
Trade payables		220	243
Amounts owed to group enterprises		4,551	5,132
Other payables		1,656	1,126
		6,427	7,502
Total liabilities		6,427	9,005
TOTAL EQUITY AND LIABILITIES		17,111	18,931
Deferred tax assets			
	14		
Charges and security			
	15		
Contingent items, etc.			
	16		
Related party disclosures			
	17		

Statement of changes in equity

The share capital comprises 180,500 shares of nom. EUR 100, totalling EUR 18,050,000. No shares have particular rights.

There have been no changes to the share capital in the last five years.

Movements in capital and reserves are specified as follows:

€'000	Share capital	Retained earnings	Total
Capital and reserves at 1 April 2016	17,999	-8,343	9,656
Transferred, see profit appropriation	0	248	248
Capital and reserves at 31 March 2017	17,999	-8,095	9,904
Capital and reserves at 1 April 2017	17,999	-8,095	9,904
Transferred, see profit appropriation	0	703	703
Revaluation due to change in reporting currency	51	-51	0
Capital and reserves at 31 March 2017	18,050	-7,443	10,607

Cash flow statement 1 April 2016 - 31 March 2017

€'000	Note	1/4 - 2016 31/3 - 2017	1/4 - 2015 31/3 - 2016
Profit / loss for the year		703	248
Adjustments	18	690	338
Changes in working capital	19	-584	2,259
Cash generated from operations (operating activities)		809	2,846
Interest received		211	360
Interest paid		-546	-351
Cash flows from operating activities		474	2,855
Acquisition of property, plant, and equipment		-61	-19
Acquisition of intangible assets		0	-21
Change in financial investments		0	0
Cash flows from investing activities		-61	-40
Change in loan from group enterprises		-1,502	-2,002
Cash flows from financing activities		-1,502	-2,002
Net cash flows from operating, investing and financing		-1,089	812
Cash and cash equivalents on 1 April 2016		2,353	1,541
Cash and cash equivalents on 31 March 2017		1,264	2,353

Notes

1 Accounting policies

The financial statements of Sakata Ornamentals Europe A/S for 2016/2017 has been prepared in accordance with the provisions applying to medium-sized class C enterprises under the Danish Financial Statements Act.

The annual report of Sakata Ornamentals Europe A/S is incorporated in the consolidated financial statements of European Sakata Holding SAS, Domaine de Sables, Rue du Moulin, 30620 Uchaud, France. The ultimate parent company in the group, on which level a consolidated financial statements is prepared, is Sakata Seed Corporation, 2-7-1 Nakamachidai, Tsuzuki-ku, Yokohama, Kanagawa, Japan 224-0041.

As from 1 April 2016, the Company has implemented Act no. 738 of 1 June 2015. This has entailed the following changes to recognition and measurement:

- Going forward, the residual value of intangible assets and property, plant and equipment must be reassessed on an ongoing basis. Pursuant to the transition provisions of the Act, any adjustments to residual values must be made prospectively as an accounting estimate without restatement of comparative figures and without effect on equity.
- Going forward, an amount corresponding to the capitalised development costs will be tied to the restricted reserve "Reserve for development costs" under equity. The reserve cannot be used for dividend, distribution or to cover losses. If the recognised development costs are sold or in other ways excluded from the Company's operations, the reserve will be dissolved and transferred directly to the distributable reserves under equity. If the recognised development costs are written down, the part of the reserve corresponding to the write-down of the developments costs will be reversed. If a write-down of development costs is subsequently reversed, the reserve will be re-established. The reserve is reduced by amortisation of capitalised development costs on an ongoing basis.

The changes have no monetary effect on the income statement or the balance sheet for 2016 or for the comparative figures.

The accounting policies have been used consistently in respect of the financial year and the comparative figures.

Foreign currency translation

Transactions denominated in foreign currencies are translated at the exchange rates on the transaction date. Foreign exchange differences arising between the exchange rates on the transaction date and on the date of payment are recognised in the income statement as interest income or expense and similar items.

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

Fixed assets bought in foreign currencies are translated at the exchange rates on the transaction date.

Notes, continued**Income statement****Revenue**

Revenue from the sale of goods for resale and finished goods is recognised in the income statement provided that delivery and transfer of risk to the buyer has taken place before year end and that the income can be reliably measured and is expected to be received. Revenue is measured ex VAT, taxes and discounts in relation to the sale. Revenue also comprises royalty from breeding.

Costs of raw materials, consumables and goods for resale

Cost of raw materials are measured ex VAT, taxes and discounts and consist of the purchase price including overhead.

Changes in finished goods and work in progress inventories

Changes in finished goods as well as work in progress are measured ex VAT, taxes and discounts and consist of goods purchased mainly from affiliates. Work in progress inventories consist of direct production cost and overhead allocated to the goods.

Other operating income

Other operating income consists of sales of development and research activities and recharge of other costs as well as the gains or losses on the disposal of property, plant and equipment..

Other external costs

Other external costs comprise costs for goods sold, distribution, sale, advertising, administration, premises, bad debt losses, operating leases, etc.

Staff costs

Staff costs comprise salary and wages including holiday pay and pensions as well as other costs for social benefits etc. related to employees of the company.

Other operating costs

Other operating costs comprise items secondary to the activities of the company.

Interest income and expense and similar items

Interest income and expense and similar items comprise interest income and expense, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities.

Notes, continued

Tax on profit/loss for the year

Tax for the year comprises current tax and changes in deferred tax for the year. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in capital and reserves is recognised directly in capital and reserves.

Balance sheet

Intangible assets

Development projects

Development costs comprise projects acquired as well as internal and external costs directly or indirectly attributable to the Company's development activities.

Development projects that are clearly defined and identifiable, where the technical utilisation degree, sufficient resources and a potential future market or development opportunities in the Company is evidenced, and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling and administrative expenses and development costs. Other development costs are recognised in the income statement when incurred.

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

Following the application of the development work, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is usually 5 years and is not to exceed 10 years.

Gains and losses on the disposal of development projects are determined as the difference between the sales price less disposal costs and the carrying amount at the date of disposal. The gains or losses are recognised in the income statement as other operating income.

Breeding programs and software

Breeding programs and software cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

Breeding programs	10 years
Software	3 years

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

These intangible assets are written down to the recoverable amount if this is lower than the carrying amount.

Notes, continued

Gains and losses on the disposal of these intangible assets are determined as the difference between the sales price less disposal costs and the carrying amount at the date of disposal. The gains or losses are recognised in the income statement as other operating income.

Property, plant and equipment

Land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment. Land is not depreciated.

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

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

Production buildings and nurseries	10 years
Administrative buildings	20 years
Plant and machinery	5-10 years
Other assets, fixtures and fittings, tools and equipment	3-5 years

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

Property, plant and equipment are written down to the recoverable amount if this is lower than the carrying amount.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the sales price less disposal costs and the carrying amount at the date of disposal. The gains or losses are recognised in the income statement as other operating income.

Lease contracts

Payments in connection with operating leases and other leases are recognised in the income statement over the term of the contract. The company's total liabilities regarding operating leases and leases are disclosed as contingent items, etc.

Impairment of non-current assets

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

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

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

Notes, continued

Other investments

Other investments are measured in the balance sheet at cost price. Write down will be made in case the cost price exceeds the cash value.

Inventories

Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries and indirect production overheads. Indirect production overheads comprise indirect materials, wages and salaries, as well as maintenance of production machinery, buildings and equipment, as well as factory administration and management.

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

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of forecast cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable is used as discount rate.

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

Corporation tax and deferred tax

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

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. Where alternative tax rules can be applied to determine the tax base, e.g. regarding shares, deferred tax is measured based on the planned use of the asset or settlement of the liability, respectively.

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

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. The change in deferred tax as a result of changes in tax rates is recognised in the income statement.

Notes, continued**Capital and reserves****Dividends**

Proposed dividends are recognised as a liability at the date on which they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

Other provisions

Other provisions comprise anticipated costs related to warranties.

Liabilities other than provisions

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

Other liabilities are measured at net realisable value.

Notes, continued**Cash flow analysis**

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

Cash flows from operating activities

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

Cash flows from investing activities

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of enterprises and activities and of intangible assets, property, plant and equipment and investments.

Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of the Group's share capital and related costs as well as the raising of loans, repayment of interest-bearing debt, and payment of dividends to shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities that can be readily converted into cash and which are subject to an insignificant risk of changes in value.

Notes, continued

€'000	1/4 - 2016 31/3 - 2017	1/4 - 2015 31/3 - 2016
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2 Revenue

Export	18,335	15,693
Domestic	422	496
	<u>18,757</u>	<u>16,188</u>

Revenue from export comprises royalty from breeding

3 Other operating income

Recharges to related parties	1,430	1,516
Result on disposal of property, plant and equipment	786	0
Others	225	153
	<u>2,441</u>	<u>1,669</u>

4 Staff costs

Wages and salaries	2,961	2,760
Pensions	222	239
Other social security costs	119	101
	<u>3,302</u>	<u>3,100</u>

Allocated to work in progress, inventory	-664	-644
	<u>2,637</u>	<u>2,456</u>

Average number of full-time employees	55	58
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As salary has only been paid to one member of management, disclosure thereof is omitted, cf. Section 98b, stk 3, nr. 2 of the Danish Financial Statements Act.

**5 Property, plant and equipment and intangible assets
Depreciation and Impairment**

Land and buildings	203	197
Plant and machinery	50	52
Development costs	90	90
Software	12	8
	<u>355</u>	<u>347</u>

Notes, continued

€'000	1/4 - 2016 31/3 - 2017	1/4 - 2015 31/3 - 2016	
6 Interest income / expense and similar items			
Interest income 3d parties	7	25	
Interest expenses group enterprices	-28	-65	
Interest expenses banks	-1	-6	
Currency revaluation	-290	124	
Others	-23	-69	
	<u>-335</u>	<u>9</u>	
7 Profit / loss appropriation			
Proposed distribution of profit / loss to retained earnings	703	248	
	<u>703</u>	<u>248</u>	
8 Intangible assets			
€'000	<i>Development costs</i>	<i>Software</i>	<i>Total</i>
Cost on 1 April 2016	2,319	39	2,358
Additions	0	0	0
Cost on 31 March 2017	<u>2,319</u>	<u>39</u>	<u>2,358</u>
Amortisation on 1 April 2016	2,117	16	2,133
Amortisation	90	12	102
Amortisation on 31 March 2017	<u>2,207</u>	<u>28</u>	<u>2,235</u>
Carrying amount on 31 March 2017	112	11	123

Completed development projects relate to the program GERMPLASM OSTEOSPERMUM, which was acquired in 2008 and remains in effect.

Notes, continued

9 Property, plant and equipment

	<i>Land and buildings</i>	<i>Plant and machinery</i>	<i>Total</i>
<i>€'000</i>			
Cost on 1 April 2016	6,258	1,259	7,517
Additions	60	21	81
Disposals	-20	0	-20
Cost on 31 March 2017	6,298	1,280	7,578
Impairment and depreciation on 1 April 2016	4,840	1,075	5,915
Depreciation	203	50	253
Impairment and depreciation, assets sold	0	0	0
Impairment and depreciation on 31 March 2017	5,043	1,125	6,168
Carrying amount on 31 March 2017	1,255	155	1,410
Thereof assets held under finance leases	0	0	0

Notes, continued

€'000

 1/4 - 2016
31/3 - 2017

 1/4 - 2015
31/3 - 2016

10 Other investments

Shares in Gartnernes Varmeforsyning.

5

5

5

5

11 Trade receivables

In trade receivables EUR 100 thousand falls due after 1 year.

12 Other provision

Provision for warranty claims

77

22

77

22

13 Long-term liabilities

€'000

Total liabilities 31/3 2017

Payment next year

Longterm portion

Remaining debt after 5 years

Loan from group enterprises

0

0

0

0

Notes, continued**14 Deferred tax assets**

There are not recognized deferred tax assets of EUR 2,384 thousand per March 31, 2017 (2016: EUR 2,536 thousand.).

15 Charges and security

None

16 Contingencies, etc.**Operating lease obligations**

The total liability relating to operating leases and lease agreements amount to EUR 108 thousand (2015/2016: EUR 167 thousand).

17 Related party disclosures

Sakata Ornamentals Europe A/S related parties comprise the following:

Control

European Sakata Holding SAS, Le Synergie, 770 rue Alfred Nobel, 34000 Montpellier France holds the majority of the share capital in the company.

Sakata Ornamentals Europe A/S is included in the consolidated financial statements of European Sakata Holding SAS, which is the smallest group in which the company is included as a subsidiary.

The Company's ultimate parent company is Sakata Seed Corporation, which is the largest group in which the company is included as a subsidiary.

The consolidated financial statements are available upon request to the Company.

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

Notes, continued

€'000	1/4 - 2016 31/3 - 2017	1/4 - 2015 31/3 - 2016
18 Cash flows - adjustments		
Other interest income	-211	-360
Other interest expenses	546	351
Amortisation/depreciation on intangible assets and property, plant and equipment	355	347
	690	338
19 Cash flow statement - changes in working capital		
Changes in receivables	-347	415
Changes in inventories	784	338
Changes in provision	55	0
Changes in other short-term liabilities	-1,075	1,506
	-584	2,259