

Majland A/S
Simmelbrovej 44
7260 Sønder Omme
Central Business Registration No
29626901

Annual report 2016/17

The Annual General Meeting adopted the annual report on 14.12.2017

Chairman of the General Meeting

Name: Steffen Kjeld Thomsen

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Entity details

Entity

Majland A/S
Simmelbrovej 44
7260 Sønder Omme

Central Business Registration No: 29626901

Registered in: Sønder Omme, Denmark

Financial year: 01.07.2016 - 30.06.2017

Board of Directors

Steffen Kjeld Thomsen, Chairman
Elisabeth Dreijer von Sydow
Jens Christian Hansen
Jes Bjerregaard
Peder Larsen Østbjerg
Søren Overgaard Laursen

Executive Board

Hans Lehrskov Schultz, Managing Director
Jacob Majland Lauridsen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Egtved Allé 4
6000 Kolding

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Majland A/S for the financial year 01.07.2016 - 30.06.2017.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 30.06.2017 and of the results of its operations for the financial year 01.07.2016 - 30.06.2017.

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

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

Sønder Omme, 30.11.2017

Executive Board

Hans Lehrskov Schultz
Managing Director

Jacob Majland Lauridsen

Board of Directors

Steffen Kjeld Thomsen
Chairman

Elisabeth Dreijer von Sydow

Jens Christian Hansen

Jes Bjerregaard

Peder Larsen Østbjerg

Søren Overgaard Laursen

Independent auditor's report

To the shareholders of Majland A/S

Opinion

We have audited the financial statements of Majland A/S for the financial year 01.07.2016 - 30.06.2017, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant 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 Entity's financial position at 30.06.2017 and of the results of its operations for the financial year 01.07.2016 - 30.06.2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

Management's responsibilities for the 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 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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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 ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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:

Independent auditor's report

- Identify and assess the risks of material misstatement of the 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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 commentary

Management is responsible for the management commentary.

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

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

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

Independent auditor's report

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

Kolding, 30.11.2017

Deloitte

Statsautoriseret Revisionspartnerselskab

Central Business Registration No: 33963556

Suzette Demediuk Steen Nielsen
State Authorised Public Accountant

Allan Trolle Pedersen
State Authorised Public Accountant

Management commentary

Primary activities

Majland A/S ("the Company") operates a nursery producing Nordmann fir plants and to lesser extent other fir species. The nursery is the leading supplier of Nordmann fir plants in Europe.

The Company has approximately 233 hectares of land, used for the production of Nordmann fir.

Development in activities and finances

The Company operates in a market characterized by tough competition on prices and a present imbalance between supply and demand. This year's revenue is affected by stable volume and decreasing average sales prices.

The Company has decided to implement a revised strategy. Majland will focus on keeping our position as market leader in innovation and quality and not volume growth. This increased focus contains a small reduction in production volume of small plants.

The loss before tax and minority interests for the financial year 2016/17 amounts to DKK -12.9 million compared to DKK -5.3 million for the same period last year. The operating loss amounts to DKK -11.0 million compared to DKK -3.2 million for the same period last year.

The loss for the year is materially affected by a negative value adjustment on plants.

The Company's total assets amount to DKK 142 million, primarily made up of trees and plants in inventory (33.4% of total assets). Production facilities amount to DKK 55.0 million (38.6 % of total assets), of which DKK 46.6 million relates to land and buildings, mainly located in Denmark.

The Company's equity at financial year-end was DKK 17.6 million, corresponding to a solvency ratio of 12.3 %.

Outlook

In the coming years focus will be on the continued strengthening of the Company's market position. Focus will also be on quality and plants with a high yield potential along with safety, traceability and efficiency in the subsequent production process at European Christmas tree growers, who are the Company's primary customers. A significant element to the revised strategy is that the Company to an even higher degree will focus on long-term customer relations where the parties have mutual obligating agreements for future productions.

The management expects a profit for next year.

Management commentary

The market

The market for Nordmann fir plants is stable in terms of production volumes. The Company is the market leader in terms of volume and quality in the European market.

The strategy

The Company's strategy remains unchanged. Focus is to continue production of Nordmann plants with full insight, control and optimization of the entire value chain from seed to consumer. Production is characterized by economies of scale and a significant supply capacity.

Particular risks

General risks

The Company's primary operating risk is linked to the production of seedlings as well as maintaining a strong position in the markets where the products are sold.

Financial risks

Due to its operations, investments and financing, the Company is exposed to changes in exchange and interest rates. It is the Company's policy not to actively speculate in financial risks. The Company's financial management is therefore only aimed at managing existing financial risks.

Currency risk

The Company conducts active management and monitoring of the Company's currency risks in order to minimize these. The Company is continuously ensuring that assets in foreign currencies are partially hedged with debt in the same currency, so that the net foreign currency position of the Company's capital is minimized. The Company does not speculate in currency positions.

Interest rate risk

It is the Company's policy to partially hedge interest rate risk on loans. There is a regular monitoring of interest costs and risks.

Credit risk

The Company's policy for assuming credit exposure ensures that all major customers and other business partners are assessed on their credit on an on-going basis and the Company uses credit insurance to a significant extent.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.

Income statement for 2016/17

	<u>Notes</u>	<u>2016/17 DKK</u>	<u>2015/16 DKK</u>
Gross profit		3.835.992	8.615.934
Staff costs	1	(7.963.077)	(8.611.453)
Depreciation, amortisation and impairment losses		<u>(6.870.425)</u>	<u>(3.201.662)</u>
Operating profit/loss		(10.997.510)	(3.197.181)
Income from investments in group enterprises		20.861	27.981
Other financial income	2	1.818.378	1.852.253
Other financial expenses	3	<u>(3.767.344)</u>	<u>(3.949.235)</u>
Profit/loss before tax		(12.925.615)	(5.266.182)
Tax on profit/loss for the year	4	<u>2.843.680</u>	<u>1.158.560</u>
Profit/loss for the year		(10.081.935)	(4.107.622)
Proposed distribution of profit/loss			
Retained earnings		<u>(10.081.935)</u>	<u>(4.107.622)</u>
		(10.081.935)	(4.107.622)

Balance sheet at 30.06.2017

	<u>Notes</u>	<u>2016/17 DKK</u>	<u>2015/16 DKK</u>
Acquired rights		157.920	157.920
Intangible assets		157.920	157.920
Land and buildings		46.555.623	47.309.730
Plant and machinery		8.437.210	10.280.235
Property, plant and equipment	5	54.992.833	57.589.965
Investments in group enterprises		126.017	105.156
Other receivables		1	3.968.299
Fixed asset investments	6	126.018	4.073.455
Fixed assets		55.276.771	61.821.340
Raw materials and consumables		47.731.766	51.179.038
Inventories		47.731.766	51.179.038
Trade receivables		3.058.895	1.704.539
Receivables from group enterprises		32.181.369	56.736.990
Other receivables		1.094.671	637.622
Joint taxation contribution receivable		2.843.635	0
Prepayments		238.545	236.128
Receivables		39.417.115	59.315.279
Cash		41.804	248
Current assets		87.190.685	110.494.565
Assets		142.467.456	172.315.905

Balance sheet at 30.06.2017

	<u>Notes</u>	<u>2016/17 DKK</u>	<u>2015/16 DKK</u>
Contributed capital		714.286	714.286
Retained earnings		16.844.723	26.926.658
Equity		17.559.009	27.640.944
Deferred tax		11.395.533	9.719.683
Provisions		11.395.533	9.719.683
Mortgage debts		28.021.630	28.592.600
Finance lease liabilities		2.309.598	3.232.705
Non-current liabilities other than provisions	7	30.331.228	31.825.305
Current portion of long-term liabilities other than provisions	7	1.646.800	1.167.982
Bank loans		32.465.591	52.732.167
Trade payables		2.425.750	2.411.797
Payables to group enterprises		44.954.378	44.977.942
Income tax payable		0	161.312
Other payables		1.689.167	1.678.773
Current liabilities other than provisions		83.181.686	103.129.973
Liabilities other than provisions		113.512.914	134.955.278
Equity and liabilities		142.467.456	172.315.905
Unrecognised rental and lease commitments	8		
Contingent liabilities	9		
Mortgages and securities	10		
Group relations	11		

Statement of changes in equity for 2016/17

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	714.286	26.926.658	27.640.944
Profit/loss for the year	0	(10.081.935)	(10.081.935)
Equity end of year	714.286	16.844.723	17.559.009

Notes

	2016/17	2015/16
	DKK	DKK
1. Staff costs		
Wages and salaries	6.406.445	6.806.663
Pension costs	1.087.105	1.215.803
Other social security costs	139.303	185.567
Other staff costs	330.224	403.420
	7.963.077	8.611.453
 Average number of employees	 21	
	2016/17	2015/16
	DKK	DKK
2. Other financial income		
Financial income arising from group enterprises	1.769.782	1.823.812
Other financial income	48.596	28.441
	1.818.378	1.852.253
	2016/17	2015/16
	DKK	DKK
3. Other financial expenses		
Financial expenses from group enterprises	1.491.033	1.826.794
Other financial expenses	2.276.311	2.122.441
	3.767.344	3.949.235
	2016/17	2015/16
	DKK	DKK
4. Tax on profit/loss for the year		
Tax on current year taxable income	(2.843.680)	0
Change in deferred tax for the year	0	(1.158.560)
	(2.843.680)	(1.158.560)
		Plant and machinery DKK
5. Property, plant and equipment		
Recognised assets not owned by entity		4.680.413

Notes

	Other receivables DKK
6. Fixed asset investments	
Cost beginning of year	3.968.299
Cost end of year	3.968.299
Impairment losses for the year	(3.968.298)
Impairment losses end of year	(3.968.298)
Carrying amount end of year	1

	Registered in	Corpo- rate form	Equity inte- rest %
Investments in group enterprises comprise:			
Christmas Seed ApS	Billund	ApS	100,0

	Instalments within 12 months 2016/17 DKK	Instalments within 12 months 2015/16 DKK	Instalments beyond 12 months 2016/17 DKK	Outstanding after 5 years DKK
7. Liabilities other than provisions				
Mortgage debts	561.000	131.430	28.021.630	22.394.860
Finance lease liabilities	1.085.800	1.036.552	2.309.598	207.766
	1.646.800	1.167.982	30.331.228	22.602.626

8. Unrecognised rental and lease commitments

The Company has concluded lease agreements on land. The leases run for up to nine years and are phased out by 2023. The total liability amounts to DKK 541k.

Notes

9. Contingent liabilities

The Company participates in a Danish joint taxation arrangement in which Adelis Services I ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable from 1 July 2012 for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies.

10. Mortgages and securities

Debt to mortgage credit institutions is secured by way of mortgage on land and buildings, the carrying amount of which is DKK 46,556k.

Engagement with the Company's bank is secured by way of a mortgage deed registered to the mortgagor in the amount of DKK 60,000k on properties after mortgage deeds to Nykredit.

Moreover, a company pledge of DKK 15,000k has been issued covering debtors, inventories, operating fixture and equipment, operating equipment, herd, goodwill and rights. The total carrying amount of assets is DKK 59,386k.

11. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

Green Team Group A/S, Billund, CVR-nr. 33057539.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of a few provisions for reporting class C enterprises.

The accounting policies applied for these financial statements are consistent with those applied last year.

Referring to section 112 of the Danish Financial Statements Act, the Company has not prepared own consolidated financial statements. The Company is a subsidiary of Green Team Group A/S, Billund, Central Business Registration No 33 05 75 39, which prepares the overall consolidated financial statements.

Recognition and measurement

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

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

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

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses.

Derivative financial instruments

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

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging the fair value of a recognised asset or a recognised liability are recorded in the income statement together with changes in the value of the hedged asset or the hedged liability.

Accounting policies

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging future transactions are recognised directly in equity. When the hedged transactions are realised, the accumulated changes are recognised as part of cost of the relevant financial statement items.

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

Changes in the fair value of derivative financial instruments applied for hedging net investments in independent foreign subsidiaries or associates are classified directly as equity.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of raw materials and consumables, other operating income, cost of raw materials and consumables and external expenses.

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Cost of sales

Cost of sales comprises costs of sales for the financial year measured at cost, adjusted for ordinary inventory write-downs.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes write-downs of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/-loss after full elimination of internal profits or losses.

Accounting policies

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with all Danish Group entities. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Intellectual property rights etc

Intellectual property rights etc comprise acquired rights regarding growing rights.

Rights acquired are measured at cost as they are not subject to impairment.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

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

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Buildings	33 years
Plant and machinery	5-8 years
Other fixtures and fittings, tools and equipment	8 years

Estimated useful lives and residual values are reassessed annually.

Accounting policies

Property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

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

Group enterprises with negative equity are measured at DKK 0, and any receivables from these enterprises are written down by the Parent's share of such negative equity value if it is deemed irrecoverable. If the negative equity value exceeds the amount receivable, the remaining amount is recognised under provisions if the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less write-downs for bad and doubtful debts.

Inventories

The fair value of Christmas trees is based on expected actual selling prices for the different types and ages of plants. The calculation of fair value is based on existing, sustainable plans and assessments regarding sales and harvesting costs. Environmental restrictions and other limitations are taken into account and the calculation is performed for a production cycle that Majland A/S estimates up to 4 years. Other key assumptions in the calculation consist of percentage of harvested plants and the expected quality distribution.

Other inventory is measured at historical costs according to the FIFO method or net realisable value if this is lower. Cost of other inventory comprises cost of goods as well as acquisition costs. Net realisable value of other inventory is calculated as sales price with a deduction of costs to complete and carry out the sale.

Income tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Accounting policies

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Mortgage debt

At the time of borrowing, mortgage debt to mortgage credit institutions is measured at cost which corresponds to the proceeds received less transaction costs incurred. Mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal repayable amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

Finance lease liabilities

Lease commitments relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease commitments are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.