

DSV Frø Danmark A/S
Energivej 3
7500 Holstebro
Central Business Registration No
35411399

Annual report 2016/17

The Annual General Meeting adopted the annual report on 27.10.2017

Chairman of the General Meeting

Name: Jens Rud Rasmussen

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Entity details

Entity

DSV Frø Danmark A/S
Energivej 3
7500 Holstebro

Central Business Registration No: 35411399
Registered in: Holstebro
Financial year: 01.07.2016 - 30.06.2017

Phone: 97420533
Fax: 97420174
Website: www.dsv-froe.dk

Board of Directors

Axel Erich Kaske, Chairman
Johannes Peter Matthias Angenendt
Clive Krückemeyer

Executive Board

Jens Rud Rasmussen, Chief Executive Officer

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
City Tower, Værkmestergade 2
8000 Aarhus C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of DSV Frø Danmark 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 and cash flows 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.

Holstebro, 13.09.2017

Executive Board

Jens Rud Rasmussen
Chief Executive Officer

Board of Directors

Axel Erich Kaske

Chairman

Johannes Peter Matthias
Angenendt

Clive Krückemeyer

Independent auditor's report

To the shareholders of DSV Frø Danmark A/S

Opinion

We have audited the financial statements of DSV Frø Danmark A/S for the financial year 01.07.2016 - 30.06.2017, which comprise the income statement, balance sheet, statement of changes in equity, cash flow statement 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 and cash flows 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.

Aarhus, 13.09.2017

Deloitte

Statsautoriseret Revisionspartnerselskab

Central Business Registration No: 33963556

Kenneth Biirsdahl
State Authorised Public Accountant

Jacob Tækker Nørgaard
State Authorised Public Accountant

Management commentary

	2016/17	2015/16	2014/15	2013/14	2012/13
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Financial highlights					
Key figures					
Revenue	195.183	198.719	176.443	172.556	159.922
Gross profit/loss	31.924	30.207	30.403	29.777	27.792
Operating profit/loss	7.435	6.578	7.293	6.145	4.249
Net financials	(2.138)	(2.425)	(2.589)	(3.533)	(3.435)
Profit/loss for the year	4.089	3.287	3.573	1.849	1.048
Total assets	114.193	115.037	115.776	135.417	126.389
Investments in property, plant and equipment	3.486	7.981	1.272	767	342
Equity	70.013	64.990	60.946	56.687	54.583
Ratios					
Gross margin (%)	16,4	15,2	17,2	17,3	17,4
Net margin (%)	2,1	1,7	2,0	1,1	0,7
Return on equity (%)	6,1	5,2	6,1	3,3	1,9
Equity ratio (%)	61,3	56,5	52,6	41,9	43,2

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

Ratios	Calculation formula	Ratios
Gross margin (%)	$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$	The entity's operating gearing.
Net margin (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Revenue}}$	The entity's operating profitability.
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The financial strength of the entity.

Management commentary

Primary activities

The Company's primary activity is wholesaling and retailing of seed, primarily processed from Danish grown seed as well as minor import.

Development in activities and finances

Profit of the year amounts to DKK 4,089k, which is considered satisfactory and in line with the expected result for the financial year.

Uncertainty relating to recognition and measurement

There is no material uncertainties related to recognition and measurement of assets and liabilities.

Outlook

A profit is expected for the financial year 2017/18, greater than the realized profit of 2016/17.

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>
Revenue		195.183.418	198.719.485
Other operating income		1.249.867	1.343.646
Cost of sales		(149.294.203)	(148.542.211)
Other external expenses		<u>(15.215.436)</u>	<u>(21.313.541)</u>
Gross profit/loss		31.923.646	30.207.379
Staff costs	1	(21.208.576)	(20.585.696)
Depreciation, amortisation and impairment losses		<u>(3.280.479)</u>	<u>(3.044.068)</u>
Operating profit/loss		7.434.591	6.577.615
Other financial income		83.683	102.705
Other financial expenses		<u>(2.221.937)</u>	<u>(2.528.204)</u>
Profit/loss before tax		5.296.337	4.152.116
Tax on profit/loss for the year	2	<u>(1.207.253)</u>	<u>(865.045)</u>
Profit/loss for the year	3	<u>4.089.084</u>	<u>3.287.071</u>

Balance sheet at 30.06.2017

	<u>Notes</u>	<u>2016/17 DKK</u>	<u>2015/16 DKK</u>
Land and buildings		52.537.073	46.481.987
Plant and machinery		6.825.958	6.122.657
Other fixtures and fittings, tools and equipment		0	0
Property, plant and equipment in progress		0	6.574.933
Property, plant and equipment	4	<u>59.363.031</u>	<u>59.179.577</u>
Other investments		23.965	21.055
Fixed asset investments	5	<u>23.965</u>	<u>21.055</u>
Fixed assets		<u>59.386.996</u>	<u>59.200.632</u>
Manufactured goods and goods for resale		32.971.669	43.255.774
Inventories		<u>32.971.669</u>	<u>43.255.774</u>
Trade receivables		6.095.272	5.487.321
Receivables from group enterprises		3.833.086	2.474.436
Other receivables		3.930.661	1.410.666
Income tax receivable		252.261	0
Receivables		<u>14.111.280</u>	<u>9.372.423</u>
Cash		<u>7.723.273</u>	<u>3.208.179</u>
Current assets		<u>54.806.222</u>	<u>55.836.376</u>
Assets		<u>114.193.218</u>	<u>115.037.008</u>

Balance sheet at 30.06.2017

	Notes	2016/17 DKK	2015/16 DKK
Contributed capital	6	500.000	500.000
Retained earnings		65.788.002	64.490.299
Proposed dividend		3.725.000	0
Equity		70.013.002	64.990.299
Deferred tax	7	5.464.000	4.736.600
Other provisions	8	3.212.500	3.475.000
Provisions		8.676.500	8.211.600
Mortgage debts		24.696.589	26.759.262
Non-current liabilities other than provisions	9	24.696.589	26.759.262
Current portion of long-term liabilities other than provisions	9	2.038.578	2.031.563
Trade payables		2.782.688	3.271.164
Income tax payable		0	1.457.292
Other payables		5.985.861	8.315.828
Current liabilities other than provisions		10.807.127	15.075.847
Liabilities other than provisions		35.503.716	41.835.109
Equity and liabilities		114.193.218	115.037.008
Unrecognised rental and lease commitments	11		
Contingent liabilities	12		
Mortgages and securities	13		
Group relations	14		

Statement of changes in equity for 2016/17

	Contributed capital DKK	Retained earnings DKK	Proposed dividend DKK	Total DKK
Equity beginning of year	500.000	64.490.299	0	64.990.299
Proposed dividend	0	0	3.725.000	3.725.000
Other equity postings	0	933.619	0	933.619
Profit/loss for the year	0	364.084	0	364.084
Equity end of year	500.000	65.788.002	3.725.000	70.013.002

Cash flow statement 2016/17

	<u>Notes</u>	<u>2016/17 DKK</u>	<u>2015/16 DKK</u>
Operating profit/loss		7.434.591	6.577.615
Amortisation, depreciation and impairment losses		3.280.479	3.087.568
Other provisions		(262.500)	3.475.000
Working capital changes	10	<u>4.176.014</u>	<u>9.771.373</u>
Cash flow from ordinary operating activities		14.628.584	22.911.556
Financial income received		83.683	102.750
Financial income paid		(2.221.937)	(2.528.204)
Income taxes refunded/(paid)		<u>(2.452.735)</u>	<u>(504.256)</u>
Cash flows from operating activities		10.037.595	19.981.846
Acquisition etc of property, plant and equipment		(3.486.433)	(7.981.089)
Sale of property, plant and equipment		<u>22.500</u>	<u>0</u>
Cash flows from investing activities		(3.463.933)	(7.981.089)
Instalments on loans etc		<u>(2.055.658)</u>	<u>(2.102.416)</u>
Cash flows from financing activities		(2.055.658)	(2.102.416)
Increase/decrease in cash and cash equivalents		4.518.004	9.898.341
Cash and cash equivalents beginning of year		<u>3.229.234</u>	<u>(6.669.107)</u>
Cash and cash equivalents end of year		7.747.238	3.229.234
Cash and cash equivalents at year-end are composed of:			
Cash		7.723.273	3.208.179
Securities		<u>23.965</u>	<u>21.055</u>
Cash and cash equivalents end of year		7.747.238	3.229.234

Notes

	2016/17	2015/16
	DKK	DKK
1. Staff costs		
Wages and salaries	19.219.625	18.658.131
Pension costs	1.666.140	1.602.920
Other social security costs	97.127	91.016
Other staff costs	225.684	233.629
	21.208.576	20.585.696
 Average number of employees	 43	 42

Remuneration of the Executive Board is not disclosed in accordance with The Danish Financial Statement Act § 98b paragraph. The board of directors are paid by the parent company.

	2016/17	2015/16
	DKK	DKK
2. Tax on profit/loss for the year		
Tax on current year taxable income	743.182	1.449.902
Change in deferred tax for the year	464.071	(555.262)
Adjustment concerning previous years	0	(29.595)
	1.207.253	865.045

	2016/17	2015/16
	DKK	DKK
3. Proposed distribution of profit/loss		
Ordinary dividend for the financial year	3.725.000	0
Retained earnings	364.084	3.287.071
	4.089.084	3.287.071

Notes

	Land and buildings DKK	Plant and machinery DKK	Other fixtures and fittings, tools and equipment DKK	Property, plant and equipment in progress DKK
4. Property, plant and equipment				
Cost beginning of year	75.035.484	55.445.788	293.798	6.574.933
Transfers	6.574.933	0	0	(6.574.933)
Additions	875.985	2.610.448	0	0
Disposals	0	(949.446)	(134.611)	0
Cost end of year	82.486.402	57.106.790	159.187	0
Depreciation and impairment losses beginning of the year	(28.553.497)	(49.323.131)	(293.798)	0
Depreciation for the year	(1.395.832)	(1.907.147)	0	0
Reversal regarding disposals	0	949.446	134.611	0
Depreciation and impairment losses end of the year	(29.949.329)	(50.280.832)	(159.187)	0
Carrying amount end of year	52.537.073	6.825.958	0	0
				Other investments DKK
5. Fixed asset investments				
Cost beginning of year				34.400
Cost end of year				34.400
Revaluations beginning of year				(13.345)
Fair value adjustments				2.910
Revaluations end of year				(10.435)
Carrying amount end of year				23.965

Notes

	Number	Par value DKK	Nominal value DKK
6. Contributed capital			
Ordinary shares	500	1000	500.000
	500		500.000

	2016/17 DKK	2015/16 DKK
7. Deferred tax		
Property, plant and equipment	6.391.000	6.178.200
Inventories	(220.000)	(595.300)
Provisions	(707.000)	(846.300)
	5.464.000	4.736.600

Changes during the year

Beginning of year	4.736.600
Recognised in the income statement	464.071
Recognised directly in equity	263.329
End of year	5.464.000

8. Other provisions

Other provisions consists of provisions for non-recourse commitments etc.

	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
9. Liabilities other than provisions				
Mortgage debts	2.038.578	2.031.563	24.696.589	16.505.921
	2.038.578	2.031.563	24.696.589	16.505.921

Notes

	2016/17	2015/16
	DKK	DKK
10. Change in working capital		
Increase/decrease in inventories	10.284.105	1.995.124
Increase/decrease in receivables	(4.486.596)	6.708.013
Increase/decrease in trade payables etc	(1.621.495)	1.068.236
	4.176.014	9.771.373

	2016/17	2015/16
	DKK	DKK
11. Unrecognised rental and lease commitments		
Hereof liabilities under rental or lease agreements until maturity in total	693.842	604.495

12. Contingent liabilities

When Hunsballe Holding A/S (formerly Hunsballe Frø A/S), was demerged at 1. August 2013, all assets and liabilities, including all existing contracts, permissions and approvals related to the operating activity, were transferred to DSV Frø Danmark A/S. The companies included in the demerger are jointly and severally liable for the obligations existing at the time of the publication at the demerger plan

13. Mortgages and securities

The Company has granted a floating charge in favour of Sydbank A/S for a total amount of DKK 25,000 k. The floating charge comprises unsecured claims and inventories. Carrying amount thereof amounts to DKK 39,066,941 as of 30.06.2017 and DKK 51,217,351 as of 30.06.2016.

Bank debt is secured by a deposited letter of idemnity for property of a nominal value of DKK 30,000 k. Carrying amounts of mortgaged properties and machinery amounts to DKK 29,709,306 as of 30.06.2017 and DKK 21,773,434 as of 30.06.2016.

14. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group: Deutsche Saatveredelung AG, Germany.

Name and registered office of the Parent preparing consolidated financial statements for the smallest group: Deutsche Saatveredelung AG, Germany.

Accounting policies

Reporting class

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

The accounting policies applied to these financial statements are consistent with those applied last year, however some items have been changed by reclassification.

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 rate in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

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.

Income statement

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.

Accounting policies

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, including rental income and gains from the sale of intangible assets and property, plant and equipment.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

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 writedowns 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 property, plants and equipment.

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, 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, 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.

Balance sheet

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.

Accounting policies

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.

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	50 years
Plant and machinery	3-10 years
Other fixtures and fittings, tools and equipment	5 years

Estimated useful lives and residual values are reassessed annually.

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

Other investments

Other investments comprise listed securities which are measured at fair value (market price) at the balance sheet date and unlisted equity investments measured at cost. Unlisted equity investments are written down to any lower net realisable value.

Inventories

Inventories are measured at the lower of cost using the weighted average price method using and net realisable value.

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation of and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management. Finance costs are not included in cost.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

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

Income tax payable or receivable

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

Cash

Cash comprises cash in hand and bank deposits.

Accounting policies

Dividend

♥ Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Additional payments from and repayments to members

♥ Indsæt beskrivelse.

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.

Other provisions

Other provisions comprise anticipated costs of non-recourse guarantee commitments, returns, loss on contract work in progress, decided and published restructuring, etc.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Non-recourse guarantee commitments comprise commitments to remedy defects and deficiencies within the guarantee period.

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.

Other financial liabilities

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

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Accounting policies

Cash flows from investing activities comprise payments in connection with purchase, development, improvement and sale, etc property, plant and equipment.

Cash flows from financing activities comprise instalments on interest-bearing debt.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank loans.