

3.3 Provisions

DKK million	2016			2015		
	Dismantling and restoration	Legal, contingent consideration and other	Total	Dismantling and restoration	Legal, contingent consideration and other	Total
Provisions at January 1	101	140	241	129	150	279
Currency translation adjustments	(1)	1	-	6	-	6
Additions during the year	1	72	73	1	22	23
Reversals during the year	-	(16)	(16)	(35)	(29)	(64)
Utilization during the year	-	(6)	(6)	-	(3)	(3)
Provisions at December 31	101	191	292	101	140	241
Recognized in the balance sheet as follows:						
Non-current	B/S 96	135	231	96	90	186
Current	B/S 5	56	61	5	50	55
Provisions at December 31	101	191	292	101	140	241

Dismantling and restoration

Dismantling and restoration relates to estimated future costs of environmental restoration – Novozymes aims for production sites not to have a negative environmental impact – and restoration of leased premises when terminating the lease and vacating the premises. These liabilities relate to established circumstances, and these costs are expected to be incurred either when concrete measures are implemented or when the sites are vacated. The expected costs and timing are by nature uncertain.

Amounts with regard to restoration of leased premises are considered uncertain, as the final settlements will depend on thorough inspection of the premises and negotiations with the lessor at the time of vacating. The costs are expected to be incurred in a minimum of two years/maximum of 15 years.

Legal, contingent consideration and other

Novozymes is involved in a number of ongoing legal disputes, and provision is made for the estimated costs of these based on the current evaluation of the outcomes. The cases are expected to be finalized in 2017-2018. In Management's opinion, the outcome of

these cases will not give rise to any significant loss beyond the amounts provided for at December 31, 2016.

Contingent consideration and other provisions cover a number of obligations, including liability for returned goods, contingent consideration, etc. Other long-term employee benefits are also included but at only a minor amount, as the main part of Novozymes' pension plans are defined contribution plans, covering approximately 99% of employees. These obligations are mainly expected to be incurred over a long period.



CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Management assesses the need for provisions on an ongoing basis. This assessment takes account of the likelihood of Novozymes being obliged to expend financial resources and the amount at which the liabilities are expected to be settled. As these assessments are based on estimates of the future, they are subject to a high level of uncertainty and may give rise to changes in amounts in future accounting periods.



ACCOUNTING POLICIES

Provisions are recognized where a legal or constructive obligation has been incurred as a result of past events and it is probable it will lead to an outflow of financial resources. Provisions are measured at the present value of the expected expenditure required to settle the obligation.

No provisions are discounted, as discounting does not have any significant impact on the carrying amounts.