Annual report 2004/05

FOR THE DANISH CROWN GROUP

DANISH CROWN

Roast pork with crackling

Much more than a regional dish, roast pork is Denmark's national dish when Danes get together to celebrate. In many homes Christmas dinner consists of roast pork, red cabbage and sugar glazed potatoes with redcurrant jelly. Roast pork with crackling is an integral part along with the potatoes and gravy, but the vegetables may vary from season to season. Roast pork is about as Danish as a dish can be.

DENMARK

Front page

Pork loin with potato skins and malt, mashed potato and red cabbage froth

Chef Torsten Vildgaard,
Restaurant Noma, Copenhagen

Torsten Vildgaard works at Restaurant Noma which has played an active role in promoting Nordic cuisine, thus highlighting the gastronomic traditions and new raw materials of the Nordic countries. This approach is also reflected in Torsten Vildgard's suggestion for "Roast Pork 2005" where he uses beer/malt to add an interesting flavour in combination with the pork fillet glaze. As decoration he suggests a malt-caramel with cabbage leaves and onion rings served with baked, hollowed out potatoes where the insides are mixed with butter, vinegar and milk. The traditional red cabbage is replaced by a froth prepared with red cabbage juice with vinegar.

New interpretation of regional dishes

Rarely has there been so much activity in the world of Danish gastronomy as there is now – and much of it based in Danish and Scandinavian food traditions. Consequently, as the theme for this year's annual report, Danish Crown has asked six young chefs to come up with new interpretations of well-established Danish regional dishes.

Despite Denmark's modest size, each region has its own food traditions. Usually regional dishes combine the most easily accessible raw materials with inspiration from other parts of the world from travellers, immigrants or seafarers. Marriages also meant that many regional dishes travelled as well and became more like national dishes.

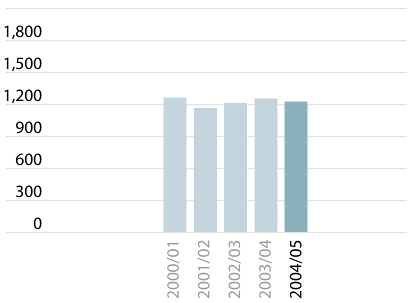
Danish Crown selected regions that are known for their specific traditions and gave the chefs a completely free rein. The results can be seen on the theme front pages – and should provide inspiration for reviving many of the Danish regional dishes and support the many creative gourmet chefs who make mealtimes a special experience.

Contents

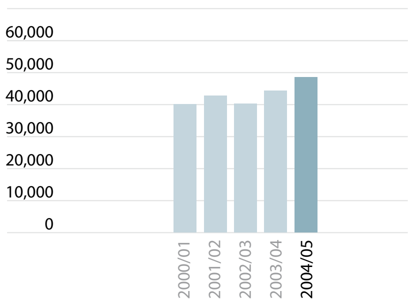
DANISH CROWN

GROUP FINANCIAL HIGHLIGHTS

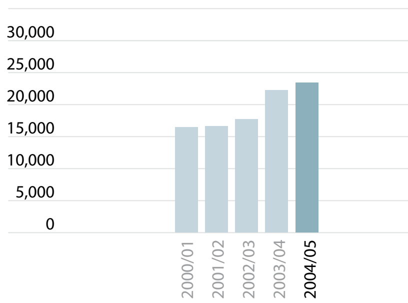
Profit for the year, DKK million



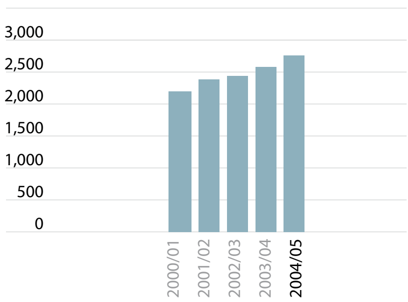
Turnover, DKK million



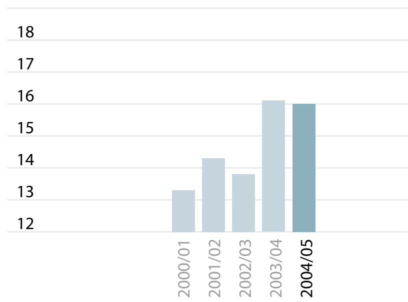
Balance sheet, DKK million



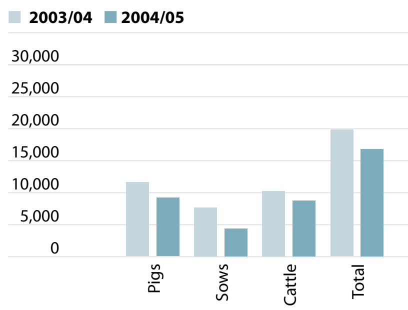
Equity, DKK million



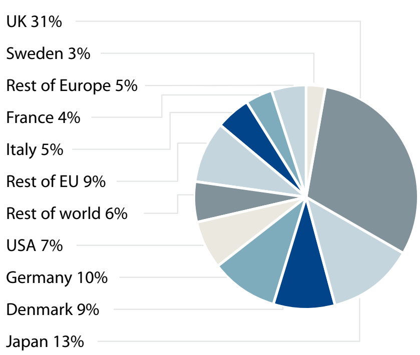
Solvency in %



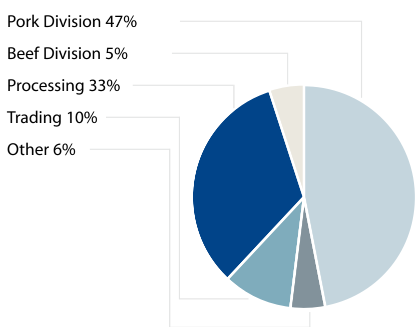
Number of members



Turnover by market



Turnover by business area



DKK million	2000/01	2001/02	2002/03	2003/04	2004/05
Income statement					
Net turnover	40,154.5	42,866.9	40,367.7	44,369.8	48,598.4
Operating profit from ordinary activity	1,781.9	1,517.4	1,542.9	1,657.1	1,734.8
Net financials	-437.5	-329.3	-262.2	-353.0	-391.8
Profit for the year	1,270.2	1,168.0	1,214.2	1,260.8	1,228.0
Balance sheet					
Balance sheet total	16,517.7	16,610.2	17,720.8	22,276.0	23,479.9
Investment in property, plant and equipment	945.9	1,242.6	2,296.1	3,709.1	1,860.6
Subordinated loan	0.0	0.0	0.0	1,000.0	1,000.0
Equity	2,195.2	2,383.2	2,442.6	2,583.9	2,751.5
Equity ratio *)	13.3%	14.3%	13.8%	16.1%	16.0%
Cash flows					
Cash flow from operating and investing activities	1,323.2	1,193.2	466.2	-3,169.1	-71.2
Employees					
Average number of full-time employees	19,215	23,162	23,053	23,948	28,553
Supplementary payment, DKK/kg					
Supplementary payment pigs	0.90	0.70	0.70	0.70	0.70
Supplementary payment sows	0.50	0.50	0.55	0.60	0.60
Supplementary payment cattle	0.60	0.75	0.65	0.80	0.80
Intake million member kg					
Pigs	1,214.3	1,508.1	1,518.7	1,573.4	1,551.4
Sows	59.4	74.4	75.1	79.0	76.3
Cattle	75.8	76.1	73.4	75.1	72.5
Number of members					
Number of members	20,525	22,734	19,799	18,253	16,718

The comparative figures for 2000/01 have not been restated.

*) Calculated on the basis of subordinated loan and equity.

BOARD OF DIRECTORS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Vice-Chairman, Asperup


Jens Lorenzen
Vice-Chairman, Hviding

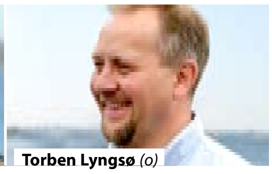

John Brædder
Toreby


Hans Søgaard Hansen *(e)*
Fåborg


Erik Bredholt
Skødstrup


Bjarke Christiansen
Vestervig


Asger Krogsgaard
Ringkøbing


Torben Lyngsø *(o)*
Karrebæksminde


Kaj K. Larsen
Øster Vrå


Karl Kristian Andersen
Simested


Per Frandsen
Øster Gasse


Per Højgård Andersen
Amstrup


Jens Pedersen *(e)*
Skive


Peder Damgaard
Gråsten


Søren Tinggaard *(e)*
Assentoft


Hans Klejsgaard Hansen
Klejs


Niels Jacob Hansen
Hjørring


Peder Philipp
Ribe


Jørgen H. Rasmussen *(e)*
Juelsminde


Erik Larsen
Dalmose


Leo Christensen *(e)*
Herning

EXECUTIVE BOARD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CEO


Carsten Jakobsen
Vice CEO / President International


Jens Haven Christiansen
Executive Director


Torben Skou
Executive Director


Preben Sunke
CFO

(e) Elected by Employees
(o) Observer

Maintaining Danish Crown's co-operative structure

By tradition, Danish Crown's strategy and principles are subject to regular analysis and debate. As the outside world and, indeed, the business changes, it is crucial that procedures, approaches and views are re-examined – not with hindsight, but with an eye to the future. This was done during the past year by the so-called "value committee" where, among other things, Danish Crown's structure was considered in depth – with assistance from inside as well as outside Denmark. Based on this analysis, the Board of Representatives, towards the end of the financial year, concluded that Danish Crown's special corporate model with a co-operatively-owned parent company should be maintained. Operating an efficient supply chain from farm to fork is, increasingly, an international competitive parameter which the Danish Crown organisation is particularly well placed to develop further. At the same time, it is clear that Danish Crown's co-operative structure offers excellent opportunities for ensuring the Group's continued development in the international arena. Over the coming financial years, based on the conclusions of the committee, work will continue on, among other things, evaluating the optimum board structure for Danish Crown.

Danish Crown meeting the global challenge

Niels Mikkelsen
Chairman

Danish Crown's 2004/05 financial year was characterised by two factors: intensified competition in the global market for meat and meat products and a strong effort to implement the Group's strategy.
Danish Crown's strategy is based on the anticipated globalisation of our market which will place new demands on a strongly export-based business like Danish Crown. The year has reconfirmed the importance of this strategy, which continues unabated.

Processing, internationalising and cost reduction is the way ahead

The key points of the strategy are increased value growth through processing, increased internationalisation and greater efficiency in our production. Only through this can an international group like Danish Crown maximise the opportunities offered by continually liberalised global markets.
Danish Crown exists by providing worldwide customers with the best services possible – thus generating revenue and value for our co-operative members in Denmark. We do this through efficiency and by meeting the requirements of modern consumers.

Raw material prices and competitiveness

Danish pork production is export based and thus subject to global market trends and competition. This does not always allow for paying the highest raw material price in the market. It is, therefore, important to note that this year has again confirmed that Danish pork production remains highly competitive – both through its efficiency and high sales value of our products.
Despite the increased competitive pressures during the year, our co-operative members have received a price which is 5% higher than that of the previous financial year. Even if the price has moved in the right direction, it is evident that the huge price fluctuations of former times are not materialising at the moment.
For beef, developments have been more positive – with price increases of 12-18% for bulls and cows. A new market balance appears to have emerged following the effected changes to the EU market.

Utilisation of new investments

The Group's focus was mainly concentrated on maximising the benefits from the previous financial year's major investments: partly from the newly acquired companies in the UK and in Poland, where particularly the former has contributed greatly to the year's result, partly from our German activities, which have strengthened our competitiveness and finally in Denmark where the opening of the modern pig slaughterhouse in Horsens in May 2005 represented a milestone for our investment strategy.
The efforts to maximise profits from these investments will continue unabated over the coming year.
I wish to thank everyone inside and outside the Group who has contributed to the results of the past year.

Niels Mikkelsen, Chairman

Inauguration in the presence of royalty

In May 2005, HRH Prince Joachim of Denmark inaugurated Danish Crown's new slaughterhouse in Horsens when, in the presence of 350 guests, he cut the red ribbon with a traditional meat cleaver. The inauguration included speeches by the Chairman of The Innovation Council Anders Knutsen. The Danish national chefs team created a superb lunch menu which was accompanied by performances by the composer Bent Fabricius Bjerre and the singer Søs Fenger.

Increased earnings from processing

Kjeld Johannesen
CEO

Carsten Jakobsen
Vice CEO, President International

This year, turnover for the Danish Crown Group increased by 10%, which can be attributed to a significant increase in the Group's processing turnover and a rise in the price level for pork. Activity in the trading areas, however, was adjusted and the financial year was one week shorter than last year. Earnings in the second half of the year were, in general, substantially up on the first half year.

In terms of the contribution to the Group's primary earnings before interest, tax and Group costs, 63% (70%) derives from the fresh meat sector, 31% (21%) from the processing sector and 6% (9%) from the trading sector and other companies. The figures show a significant shift towards the processing sector. This is fully in line with the Group's strategic objectives.

The supplementary payment was 70 øre for pigs, 60 øre for sows and 80 øre for cattle, which is unchanged on the year.

In total the Group's profits are considered barely satisfactory viewed on the basis of the ongoing payments to its co-operative members.

The fresh meat sector

Pork Division: On the backdrop of a tight pricing policy for slaughter pigs, the division's primary operating profit fell by 6% compared to last year. The year was characterised by structural development with plant closures in Bjerringbro, Hjørring and Horsens, the running in of the new slaughterhouse in Horsens and increased activities abroad. Throughout the year the difference between the Danish and German pig price attracted considerable attention. Together with the division's employees a number of initiatives were launched to ensure a continued improvement in competitiveness and thus a reduction in the price differential. Although the division also performed well, achieving improvements in a number of areas, conditions did not allow for a fully satisfactory price to be paid to our members.

The casings business DAT-Schaub a.m.b.a., which is part of the Pork Division, showed a considerable improvement in profits, particularly from the company's international activities.

Beef Division: Last year's very stable development was sustained this year and despite reduced beef production in Denmark the division's turnover increased – partly deriving from a strong price development and increased international activity. The year's financial result is most satisfactory and the division's competitiveness was positively influenced by previous years' investments in rational plant and increased value growth.

The processing sector

Turnover in Danish Crown's processing sector increased by no less than 39% on the year. This can be attributed to the acquisitions made in the previous financial year in both the UK and Poland which have now impacted on the full year. Consequently, Danish Crown has considerably increased its processing ratio, which is in keeping with its strategy. The overall processing sector's contribution to the Group's net earnings has thus increased significantly despite difficulties in two subsidiaries.

The adverse conditions particularly impacted on Tulip Food Company and affected sales. However, after this year's unsatisfactory result,

Increased processing levels

In accordance with the strategy plan, Danish Crown has, in recent years, increased its processing levels. In 2001/02, tonnage in Danish Crown's processing division amounted to 20% of the raw material volume (A-kg) – a figure which, by the 2004/05 financial year, had almost doubled to 39%.

there is now progress which has strengthened the company's competitiveness. The company, therefore, was in a much stronger position at the end of the year than at the beginning.

The sector's largest company by far is Tulip Ltd., which, with a turnover of DKK 10 billion, is the UK's second largest meat company. It can be stated that last year's acquisition of Flagship Foods has been a success, and the increased activity in the UK represents a very substantial part of the revenue from the processing sector as a whole and fully meets the expectations for the year.

In tandem with other US processing companies, earnings in Plumrose Inc. in the US were adversely influenced by American raw material prices. Plumrose, therefore, did not fully meet earnings expectations.

By contrast, the Polish company Sokolów S.A. performed positively and a number of promising relationships have been established with other companies in the group.

The trading sector

Activities in the trading area were reduced following the disposal of Emborg Foods A/S. Turnover, therefore, was approx. 16% below last year's. The remaining companies in the group achieved positive earnings. In particular, DAT-SCHAUB International A/S once again posted a satisfactory result.

Other subsidiaries

Turnover and earnings in DBC (Danish Bacon Company) do not differ significantly from the previous financial year. Changed market conditions resulted in a small decline in profits for SFK Food. In SFK Systems turnover varies greatly depending on current projects, but the company maintained its earnings margins and, at the close of the year, had a full order book.

Human resources

Present developments in the Danish Crown Group have put considerable demands on the Group's human resources. Both in the past year and in future, considerable demands have been – and will be – made on the individual employee's adaptability and attitude to dealing with the challenges of globalisation.

Understanding these challenges and working to see the company through them, is crucial for the Group. The need for insight and dialogue has never been greater – also under conditions which the individual may perceive as negative.

Danish Crown regards it important that the necessary restructurings are carried out under reasonable conditions, and we believe that the Group's social plans and that the significantly improved redundancy payments over the past couple of years substantially contribute to this. Fortunately, we have had good experiences with re-employing staff in connection with structural changes – even when the outlook was bleak, as was the case in Hjørring.

At all levels our human resources remain among the Danish Crown Group's greatest assets, and the Group is actively investing in skills and co-operation development.

During the course of the year Danish Crown suffered a few but widely publicised labour conflicts. Fortunately, the general picture is quite different – a strong and focused partnership between management and employees in order to strengthen the company's position and hence its employment base. This area will also receive considerable attention in the new financial year.

Development of the Group

On the backdrop of the extensive acquisitions at the end of the previous financial year, focus has been concentrated on optimising the acquired

Danish Crown and the media

In general, Danish Crown enjoys considerable attention in the Danish press, not least because Danish Crown's companies are major companies in their local areas and because of Danish Crown's standing as an important food supplier to Danish consumers.

In 2004/05, however, Danish Crown was the centre of some criticism. Danish Crown has taken note of this criticism and is reviewing its communication – with the surrounding world as well as with its co-operative members.

Danish Crown days at Bocuse d'Or

Danish Crown enjoyed a high profile at Bocuse d'Or, the year's unofficial gastronomic world championships, which is held every other year in Lyon, France. Danish Crown was appointed the supplier of veal to the competition and Danish Crown sponsored the Danish participant, Rasmus Kofoed, who achieved an impressive third place. Peter Gemælke, the President of Denmark's Agricultural Council and Danish Crown's CEO Kjeld Johannesen were delighted with the partnership with the competition's founder, French Master Chef Paul Bocuse.

GALT – Danish Crown's own captive insurance company

In 2003, Danish Crown established its own captive insurance company, GALT a/s, in order to gain direct access to the reinsurance market as well as to have the option of matching our insurance policies to the Group's requirements.

The company provides insurance for the Group's divisions and companies within the areas of marine cargo, property and business interruption, general and product liability and compulsory workmens compensation.

The reinsurance market has expressed considerable interest, and there is no doubt that the Group's focus on risk management and risk prevention is a key success criteria for the reinsurance market's positive attitude to the Danish Crown Group as reflected in the premium savings achieved in the past two years.

Future challenges lie in maintaining focus on damage prevention measures within all insurance areas. In particular, the increasing financial obligations relating to industrial accidents have to be monitored closely. Although Danish Crown has put considerable effort into lowering the number of industrial accidents, compensation for damage of this type is increasing significantly.

assets and on maximising the strategic factory investments in Denmark and Germany.

However, in partnership with HK Ruokatolo, Danish Crown has increased its stake in Sokolów S.A. in Poland, which at the end of the financial year stood at 82.5%.

The increase in the company's processing activities as well as the reduction in the trading area is a consequence of specific focus on the company's strategic core business.

Due to the large acquisitions and investments, investment levels in the last financial year were very high. This year it has been considerably lower although it is still characterised by strategic development projects.

The Group balance sheet increased by 5% while equity increased by 6% equating to consolidation of DKK 168 million on the equity. Besides the equity, the Group's capital base also comprises a subordinated loan of DKK 1 billion. The Group's equity is still being developed, primarily through deposits on member accounts.

Expectations for the coming year

Although for the pork sector the official forecasts point towards a slightly lower average price compared to the current year, expectations are, as always, affected by considerable uncertainty in both directions. Danish Crown's activities will focus on strengthening competitiveness; partly by centring slaughtering on fewer and more automated plants and partly by continued sales development of, e.g. consumer ready fresh meat products. A moderate fall in pig slaughtering is expected in Denmark, primarily as a result of Danish environmental regulations.

For the beef sector, Danish Crown's price expectations are somewhat more optimistic. Here again, the year will see a reduction in fixed costs because of fewer plants. Supported by the division's activities abroad, the Beef Division will be highly competitive in the new financial year. The decline in Danish cattle slaughtering will continue in the coming year.

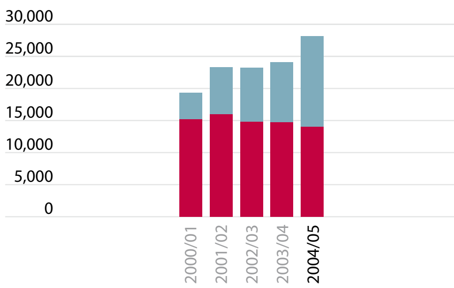
Despite increasing global competition, the prospects for Danish Crown's very considerable processing sector are positive for the coming year. Based on increased competitiveness for all the sector's companies at the beginning of the financial year, a higher contribution from the processing sector to the Group's earnings in 2005/06 can be expected.

Trimmed structure

In recent years, the Danish meat industry has seen a dramatic structural development aimed at securing Danish meat production's international competitiveness. Danish Crown has spearheaded this development and has accordingly funded structural adjustments which benefit all Danish pig and cattle producers. Over the past three years, Danish Crown has closed 7 pig slaughterhouses and primal cutting businesses and a further two have been earmarked for closure. In addition, one cattle slaughterhouse is currently being closed and 8 processing businesses have been shut down.

Considerable emphasis has also been given to investments designed to enhance Danish slaughterhouses' competitiveness. This not only applies to the new high-tech slaughterhouse in Horsens, but also to other plants. In total, Danish Crown has invested DKK 6 billion in the Danish plants over the past five years.

Employees over the past five years



Largely equal number of Danish and foreign employees

In recent years, Danish Crown has not just taken a global approach to sales. Danish Crown's position as an international food company is also emphasised by the fact that the number of Danish and foreign employees is now largely equal.

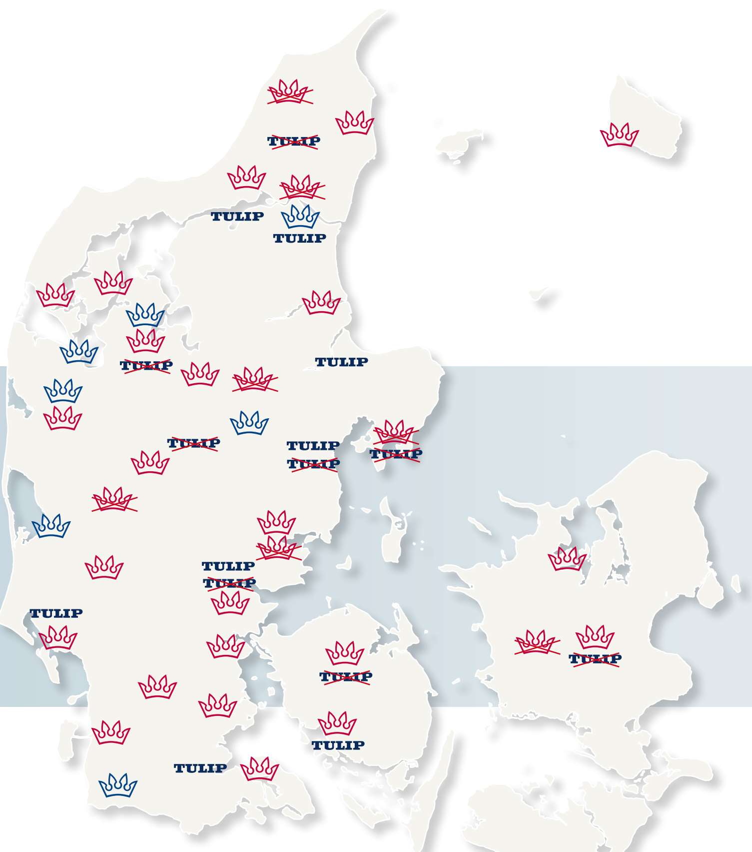
In 2004/05, the Danish Crown Group's workforce increased by 19% to 28,553, i.e. an additional 4,605 employees. However, this figure includes a fall in the number of people employed in the Pork Division as well as staff reductions at Tulip Food Company. By contrast, the number of employees increased in the foreign section of the processing sector as a result of the businesses acquired in the UK and Poland.

As the Group will mainly focus on optimising primary operations and earnings, a moderate investment level is expected. However, the structural development within the international meat industry does not remain static, and Danish Crown will continually aim for an optimal position in the sector, focusing on the Group's core business and strategic markets. As the ongoing payment to co-operative members will also have high priority in the coming year, Group profits are expected to be roughly in line with this year's.

Svend Erik Sørensen
Director, Head of Secretariat

New strategy plan for 2006-2009

Increased processing and internationalisation were focus areas in the current strategy plan for the years 2003-2006. By and large the initiatives under this plan have been put into effect. During the coming financial year Danish Crown will prepare a new strategy plan for the next three to five years. In 1991, Danish Crown introduced strategic planning in the Danish meat sector. In keeping with the company's growth since then, strategic co-ordination and planning have become even more crucial.



Operational plants

Pork Division
Beef Division
TULIP Tulip Food Company

Closed plants

Pork Division
TULIP Tulip Food Company

Concurrently, Danish Crown has undertaken the following investments abroad:

Hygrade, UK, 2003
Boizenburg, Germany, 2004
Oldenburg, Germany, 2004
Flagship, UK, 2004
Sokołów, Poland, 2004
DIF/KÜPERS, Germany 2004

Heavy lifting reduced by new technology

Ergonomic hanging and taking down of primal cuts from Christmas trees is one of the most important technological advances within the field of the working environment. The system has been introduced at Danish Crown's new slaughterhouse in Horsens and in primal cutting at the slaughterhouse in Ringsted. Primal cutting lines are equipped with so-called hanging stations where production workers guide the primal cuts to the Christmas trees. When taking down primal cuts, the Christmas trees are lowered over a cone which automatically releases the primal cuts from the hooks. A roundel at the base of the machine ensures that the primal cuts are guided to the cutting line. The operator's task is to prepare the individual primal cuts so that they turn correctly and are ready for further processing. By reducing instances of heavy lifting, this is a clear improvement to the working environment.

Willy Mortensen
Technical Director

The first three slaughterhouses are environmentally accredited

Permission to operate two shifts at most of Danish Crown's slaughterhouses

In 2004/05 Danish Crown continued its extensive environmental and working environment accreditation work which had begun the previous year. A highly demanding project, this is Danish Crown's largest single endeavour within the field of the environment.
The first results have already appeared in the form of accreditation of three pig slaughterhouses during the year: Esbjerg, Blans and Holstebro. By the close of the financial year, Herning was also preparing for accreditation.
As part of the accreditation, policies, targets and action plans are prepared for each problem area comprising descriptions of how targets will be met, allocation of responsibility, follow-up and subsequent evaluation.
This management system is the key to the pro-active environmental work at the factories in that accreditation also means setting new targets once existing ones have been met. In other words, the accreditation carries an obligation to continuously improve environment and working environment conditions.
The accreditation process has been protracted not only because it is highly detailed but also because there has been considerable emphasis on involving employees in the process and the decisions. In this way, the environmental work is embedded into each factory.
The local involvement is also reflected in the fact that different slaughterhouses have prioritised different problems. This is fully in line with the intentions behind the environmental accreditation.

Heat recycling

Danish Crown's environmental department continually evaluates whether there are areas at the slaughterhouses where it would be commercially feasible to make use of heat recycling. At investments of typically between DKK 4-5 million, Danish Crown's target for such investments is a repayment period of 2-3 years. In 2004/05, a heat recycling system was installed at Sæby using energy from chilling systems, singeing ovens and oil heat from the compressors. Annual savings at Sæby are expected to be at least DKK 1.6 million. In total Danish Crown recycles heat equating to the consumption of 2,500 households.

Environmental statement for Danish Crown's factories

Input:	03/04	**04/05**
M^3 water consumption	2.90	3.02
Kwh energy consumption	277	277
Output:		
Kg discharged volume CO_2	26.92	31.53
M^3 waste water	2.72	2.90
Kg BOD_5 in waste water	5.06	5.86
Tons N in waste water	0.55	0.70
Tons biomass to biogas	119,376	113,393
Biogas production equates to		
consumption in number of households	887	938
Recycled heat equates to consumption		
in number of households		2,500

Environmental statement is based on per produced tons meat

Environmental costs (DKK million)

	03/04	**04/05**
Treatment and discharge of waste water	89.97	81.88
Disposal of slurry/dung	15.05	17.34
Waste management and removal of waste	5.74	6.26
Disposal of animal by-products	174.82	143.98
Total	**285.58**	**249.46**
Noise and odour measurements etc.	1.01	0.99

Esbjerg: less heavy lifting

Less heavy lifting, less repetitive strain injury and more satisfied employees. This is the message from the reorganisation of primal cutting in Esbjerg as part of the slaughterhouse's accreditation process. By installing a new machine which automatically turns pork bellies, primal cutting has contributed to a reduction in heavy lifting. At the same time, job rotation has been introduced enabling the majority of employees to change places every 20 minutes.

Prevention of injuries and repetitive work

In Holstebro, for example, work is aimed at determining how different functions can be optimised, i.e. how employees can best avoid repetitive strain injury and work-related injuries.

This work proceeds in partnership with external and internal consultants who monitor the body's movements in work situations. Once these have been defined, the employee is given guidance in performing the correct routines and behaviour.

This has created greater satisfaction among employees who report that the new routines result in less strain on the body.

The experiences from Holstebro have been adopted in Herning where, in connection with the accreditation, further work has been devoted to combating repetitive work strain and work-related injuries in close partnership with the employees.

In 2005/06, the work on environmental and working environment accreditation will continue at the pig slaughterhouses. The cattle slaughterhouses and the deboning plants will subsequently embark on the same process.

New lairage improves animal welfare and environment

In the second half of the year, a new lairage was built at the sow slaughterhouse in Skærbæk. This was commissioned at the beginning of the new financial year.

As protests from local residents delayed the approval process, the plans for the new lairage have been several years under way. The new lairage will provide high animal welfare standards and an improved environment. The design includes the separation of clean and unclean transport, so that pig lorries and refrigerated lorries have separate access to the slaughterhouse. The new lairage also offers an improved environment for the pigs.

In addition, the new lairage is also expected to reduce noise and smell. Smell nuisance is solved by emitting air from the lairage and the black end of the slaughterhouse through a high chimney, thus diluting odour. Noise from the slaughterhouse is expected to be reduced due to design changes.

Desk calculations to stand their test

Reduced noise and smell are also in focus in Horsens. Following the successful building phase, the world's most modern pig slaughterhouse was inaugurated in May. It can now be concluded that:

- The project was completed on time
- The project was on budget
- The project met the required standards

This highlights the importance of detailed planning and the tight controls during the construction process. This was further emphasised by the fact that construction was completed without serious work-related accidents.

The justification of the term "the world's most modern" is, in part, due to the innovative approach to the working environment and the environment as well as to energy issues where the slaughterhouse has set new standards. While during the project phase calculations of noise and air impact from the slaughterhouse were based upon projections, after commissioning, actual measurements and experiences reveal whether these meet the prescribed targets. During these evaluations, the slaughterhouse involved a local residents' group, which was established from the start of the construction phase, and which acts as a link between the slaughterhouse and the near neighbours.

Two shifts now possible at 8 out of 12 slaughterhouses

In 2004/05, Danish Crown submitted an environmental application for increasing production at the Esbjerg factory, too. Thus 8 out of Danish Crown's 12 slaughterhouses will be able to exploit their slaughtering capacity optimally by operating the individual plants more efficiently.

In connection with the environmental application in Esbjerg, Danish Crown applied for an exemption to noise requirements, pointing out that traffic noise from the nearby ring road by far exceeds the permitted noise levels at the slaughter site, which is adjacent to the road. A lowering of noise restrictions for the slaughterhouse, therefore, would not impact on the area's noise levels, although it has a substantial financial impact on slaughtering operations – a cost that Danish Crown would like to eliminate as part of the ongoing endeavours to strengthen Danish slaughterhouses' competitiveness vis a vis foreign competitors.

Campaign targeted at the young

Danish Crown has initiated a campaign designed to attract young people to join the company as butchers. The campaign is not only promoted through traditional advertising, but also via the internet at the website www.laerling.nu which has been specially set up for this purpose. To give the campaign a young feel, the language of the advert and choice of photos have been designed to appeal to a young market. Photos, for instance, focus on three apprentices from Horsens.

Jan Winther
Human Resources Director

Globalisation – from the executive floor to the slaughtering line

Danish Crown is focusing on apprenticeship schemes and skills development to secure leaders for the future

New managers required

Over the next five years, a relatively large number of managers in the parent company will reach the age of 62 or over. Consequently, it can be expected that some of these people will leave the company within this time frame. To ensure that Danish Crown has qualified staff and managers available to fill future vacancies, work is being conducted at all levels – from supervisors to directors – to include skills programmes, appraisal meetings, management assessments, etc.

Globalisation is becoming ever closer to Danish reality. Yet its impact on the individual employee remains unclear.

Consequently, Danish Crown has – as probably the first company to do so – set up a series of globalisation training programmes and its consequences for employees. The programme takes the form of seminars conducted by local factory managers.

The objective is to instil an understanding of the importance of thinking globally. Globalisation is not a choice. It is a development to which we can contribute. The task is to make the staff and the company realise Danish Crown's opportunities in a more globalised economy.

New apprentice training scheme

Danish Crown, in close co-operation with the industrial committee (under Slagteriernes Arbejdsgiverforening (Employers' Association of the Meat Industry) and the NNF union) has participated in the development of a new apprentice training scheme for butchers. The training, which lasts two years with the option of a further one year's specialised training, has provided the industry with a contemporary approach to training.

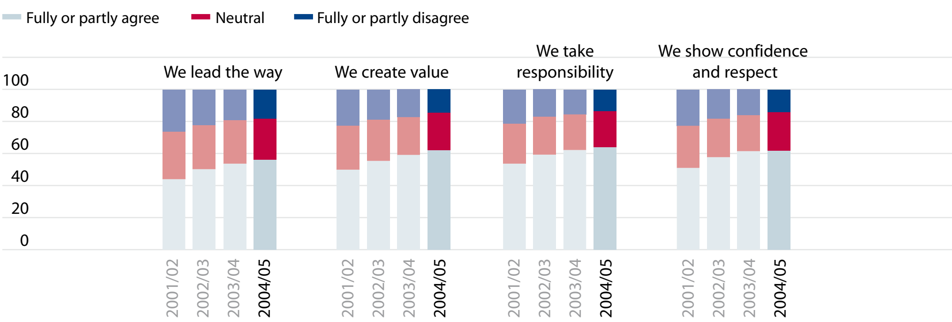
During the late summer, a major campaign was launched to initially attract 50 new apprentices to ensure that Danish Crown employs even better apprentices while reducing the number of apprentices who drop out.

The new training scheme, therefore, gives Danish Crown an opportunity to address its own needs while, at the same time, contributing to a solution to the problem relating to the shortage of traineeships in Denmark.

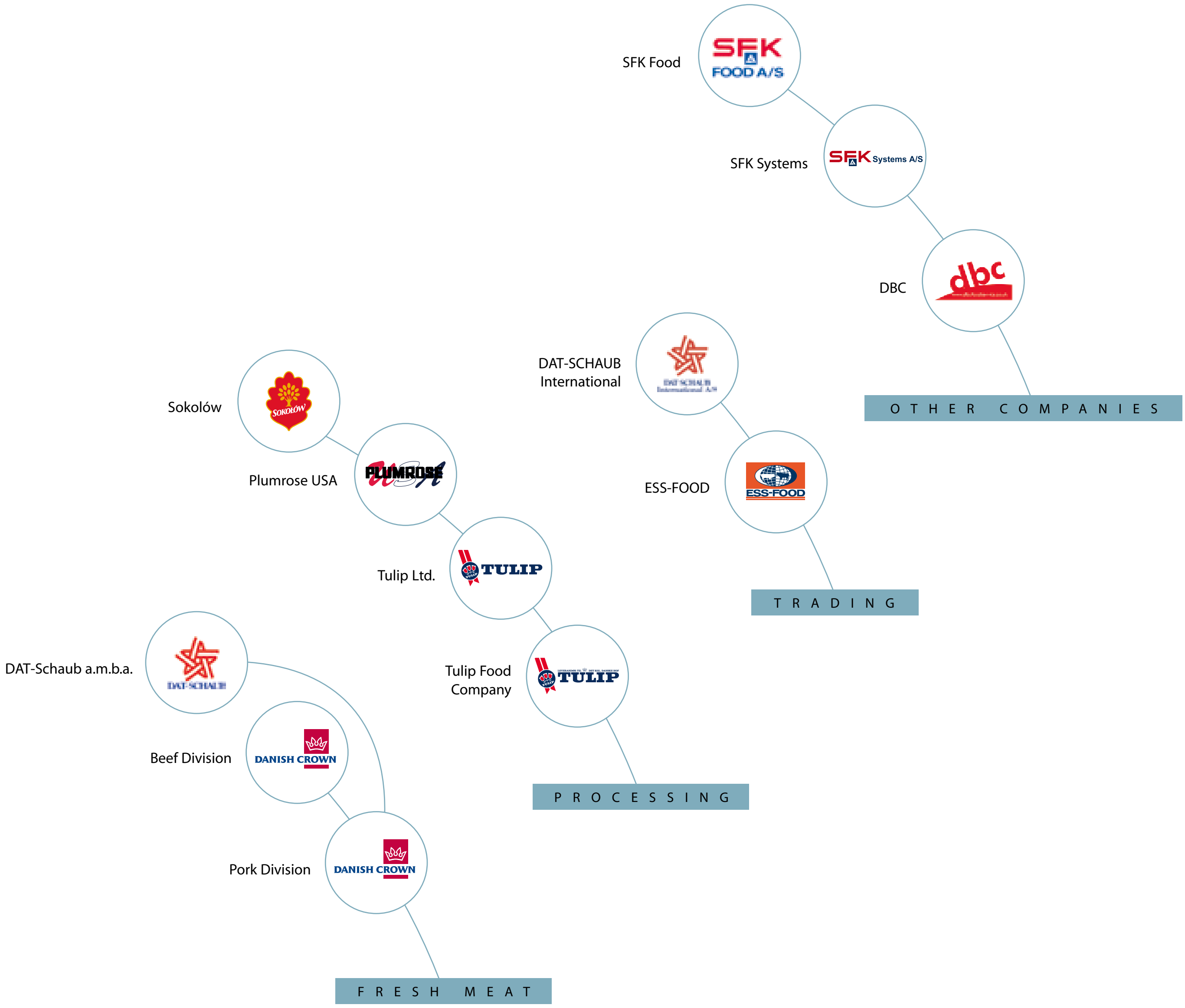
Value measurement

Value measurements continue to show improvements in the employees' assessments of how Danish Crown's four values translate into daily actions.

Value measurement



Danish Crown is strategically co-ordinated but decentrally managed



Pork belly with "Mårregodt" and "Skagensurt"

The traditional cuisine of northern Jutland bears the mark of frugality. Something "fulling" (filling and satisfying) would often be served before the meat or fish. Fish was the most frequent main course but pork was also widely available. In Skagen, at the tip of Jutland, for example, pork belly was popularly served with "mårregodt" and "Skagensurt". "Mårregodt" is a mixture of mashed potatoes and carrots while "Skagensurt" is the local name for thyme, one of the few herbs that survive in the sandy soil around Skagen.

NORTHERN JUTLAND

Cured pork belly with sautéed onions, sour apples and "light" "mårregodt" with "Skagensurt"

Head Chef Kristian Rise, Brøndums Hotel, Skagen

Working at the historic Brøndums Hotel in Skagen, Kristian Rise is a member of the Danish national team of chefs. He suggests replacing the cured pork belly with pickled belly served with apple purée and garnished with diced "sour" apples, thyme ("Skagensurt") and beech mushrooms or chantarelles – with "Mårregodt" served separately and prepared with butter, cream and stock and garnished with "Skagensurt", beech mushrooms and ryebread croutons. Bon Appetit!

Fresh Meat

New haulage contractor agreements

Transport of pigs and sows is now handled by private haulage contractors. During the financial year, tenders were invited and new agreements made with fewer and bigger haulage contractors. The new agreement will come into force on 1 February 2006 and will result in considerable cost savings. At the same time, this is also expected to result in improved services to co-operative members as the new contractors must be prepared to service co-operative members who operate all-in-all-out, allowing for faster collection by more trucks.

Jens Haven Christiansen
Divisional Director

Focus on cost reductions

An increasing number of wage-intensive work processes are carried out at Danish Crown's foreign plants

Pig and sow supplies

Substantial exports of piglets – which are not covered by the supply commitment– meant that, in the 2004/05 financial year, Danish Crown received 2.1% fewer pigs for slaughtering compared to 2003/04 (adjusted for 52 weeks). The total number of slaughter pigs, including 74,785 exported pigs, was 19,317,412. Reception of sows and large boars totalled 447,607, which equates to a fall of 2.2%. Three strikes at the plants in Ringsted, Odense and the new slaughterhouse in Horsens, disrupted the planning of collection and slaughtering and, unfortunately, meant that slaughter-ready pigs were not collected on time from Christmas to August/September.

The number of pig producers in Denmark continues to decline. A total of 9,387 co-operative members supplied pigs and/or sows to Danish Crown in 2004/05, which is 11.6% fewer than in 2003/04. Structural developments thus continue at a rapid pace.

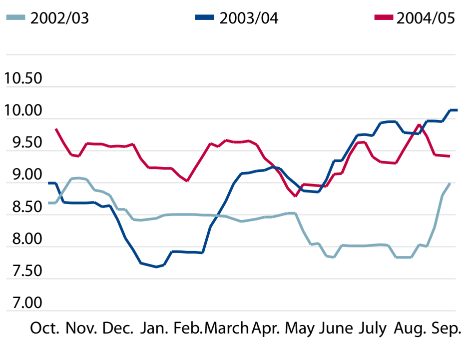
Code of Practice

Several hundred co-operative members were subject to Code of Practice control visits to ensure that their production complies with good farming practice and the conditions in Danish Crown's Code of Practice. In most instances, only a few minor issues needed to be addressed. There were no serious cases involving fines.

Slaughtering capacity

During the year, pigs were slaughtered at 15 plants and sows at three plants. In addition, sows were slaughtered at the slaughterhouse in Rønne on Bornholm. The investment in the new, ultra modern slaughterhouse in Horsens – together with the expansion of slaughtering capacity at some of the future-proof plants – has meant that a number of older slaughtering plants, Bjerringbro, Horsens and Hjørring were gradually closed down as and when capacity permitted.

Average price DKK per kg. incl. discounts



Main figures

Pig supplies	02/03	03/04	04/05
Weighed-in co-op pigs (million kg)	1,518.7	1,573.4	1,551.4
Cooperative pigs (1,000 units)	19,498	20,117	19,317
No. of suppliers	11,493	10,343	9,154
Sow supplies	**02/03**	**03/04**	**04/05**
Weighed-in (million kg)	75.1	79.0	76.3
Sow slaughtering (1,000 units)	430	446	429
No. of suppliers	5,618	5,123	4,457

Utilising the ultra sound principle

Automatic, but accurate and fast on-line classification is crucial for sorting carcases prior to primal cutting and deboning and for securing a fair price for suppliers. The new Autofom classification equipment, which uses the ultra sound principle, has been installed at the new slaughterhouse in Horsens.

By the end of the financial year, slaughtering at the new slaughterhouse had gradually increased to almost 50,000 pigs per week. During 2006, the envisaged capacity of 77,000 pigs per week will be achieved.
After the close of the financial year, further structural adjustments have proved necessary as the expected supply of pigs for 2005/06 will be less than last year, primarily due to an expected increase in the export of piglets. Consequently, it has been decided to close the slaughtering plant in Odense in February 2006.

Production

The year saw considerable emphasis on cost reduction in order to strengthen Danish Crown's competitiveness. A main issue related to direct wages in that Danish wage levels are high compared to those of our competitors in other countries. It is, therefore, natural that the automation process continues, e.g. with regard to the installation of robots for heavy work on the slaughter line and the introduction of the high tech cutting belts. So far these have been installed at the new slaughterhouse in Horsens and at Ringsted. New technology for carcase classification has also been introduced. This will enhance the already high Danish productivity.

Production abroad

A large part of Danish Crown's processing is now centred on factories outside Denmark, e.g. the Plumrose factories in the US, Tulip Ltd.'s factories in the UK as well as Sokolów's factories in Poland. Some wage heavy slaughterhouse work with, for instance, deboning of primal cuts, especially shoulders and legs, has been transferred abroad. As an example, up to 200,000 shoulders and several thousand legs are deboned every week at Danish Crown's two German factories in Oldenburg and Boizenburg. Legs are also deboned in the UK and in Poland.

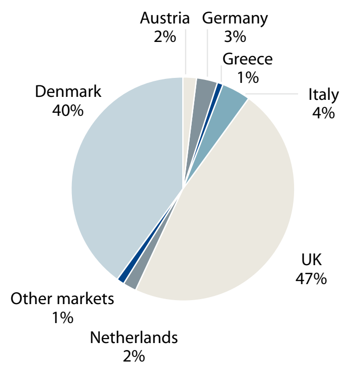
Sales – home market

The Danish home market in 2004/05 was marked by the anticipated tough competition from foreign suppliers. Despite the increased competition, satisfactory results for both sales and earnings were achieved through cost management and rationalisations.
The retail pack area continued to see sound growth, albeit at the cost of supplies of meat to supermarkets with own meat sections. New products in the barbecue range as well as a relaunch of Crown of Cooking with new lines also contributed to a positive development in sales of retail packed meat.
The gourmet area experienced a particularly good year with deliveries of Dansk Kalv (Danish Veal) to Bocuse d´Or, the Danish Food Forum's Quality and Innovation Prize and an international breakthrough with the Star Chef project (see page 21).
The Food Service area saw positive development. This is expected to continue.

Friland A/S beats all records

In 2004/05, Friland had its best result so far. DKK 5.1 million was paid in supplementary payment to producers of organic pigs, organic cattle, Limousine calves as well as Den Frie Kalv (The Free Calf).
Friland recorded sales growth of 14%, primarily from organic pork and beef. The largest relative growth is in the home market where turnover for organic pork rose by 30%.
Approximately 60% of all organic pork is exported. An average of DKK 9.80 per kg supplement was paid for approved pigs. In addition, there was 55 øre in supplementary payment to organic pig producers.
In the home market, the retail sector has increased sales through marketing campaigns, especially in respect of minced beef. Suppliers of organic cattle received a supplementary payment of 60 øre per kg. The Friland pig saw a growth in turnover of 1.3%.
Turnover for Limousine meat increased by just over 4% while sales of Den Frie Kalv were down on last year.

Sale of organic pork



Continuing development of Crown of Cooking

The Crown of Cooking brand concept was relaunched and expanded over the past year and now includes 12 aromatic salted pork products, 3 sausage lines and 3 lines of gourmet products. Developed in partnership with several of Denmark's leading chefs, the concept has been welcomed by customers and consumers alike.

The latest launches are a modern "mettwurst" sausage flavoured with apple and thyme, an Australian-inspired line and a classic line developed in partnership with Chef Christian Bak. There are also two mini roasts as well as three gourmet products (sweetbreads, calves liver and pig cheek). Yet another new product is Carré of Pork which was developed and served in connection with Danish Crown's participation at the Bocuse d'Or. Finally, a special roast pork joint for Christmas has extra tenderness, flavour and succulence owing to the use of aromatic salt.

Increased exports to EU countries

As the market continues to focus on product quality and food safety, Danish pork maintains a prominent position

Sales – export markets

With regard to sales, 2004/05 was a quiet year with no external factors such as livestock diseases, political interventions or food scandals affecting the global market to any significant extent.

The EU did not apply market schemes for fresh pork during the year so exports did not receive any support measures.

Global competition hardened considerably during the year. The increasing concentration in the retail sector and, in recent years, also in the slaughtering and processing areas – imposes ever increasing demands on flexibility, adaptability, product development and cost management.

The new EU countries proved to be growth markets during the financial year. Poland, in particular, increased imports of Danish pork substantially although the Czech Republic, Slovakia and Hungary are also showing good growth rates.

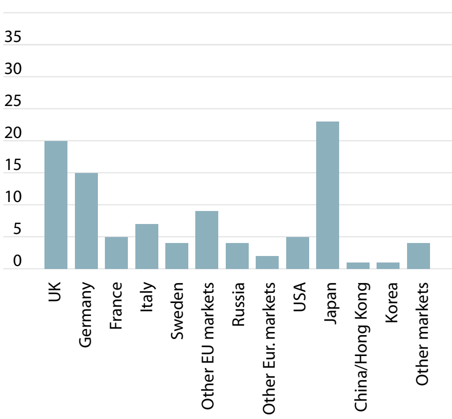
In total the EU countries account for 64% of all exports, i.e. 2 percentage points up on last year.

Even though price competition and the battle for market share is intensifying, Danish Crown takes note that the market continues to focus on product quality and food safety, i.e. areas to which Danish Crown attaches much importance and commits considerable resources and which have contributed to securing the prime position that Danish pork enjoys with consumers.

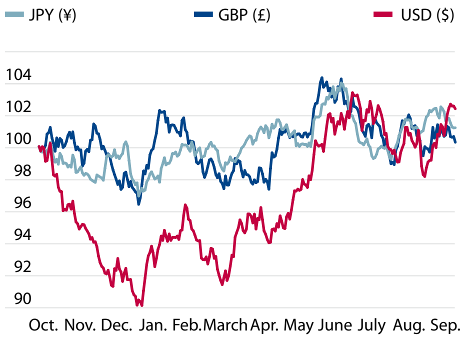
Individual main markets

The U.K.: Despite tough competition in the bacon market we managed to increase bacon sales by almost 10%. The increase relates to both leg and back products. The volume

Pork Division's exports in 2004/05 – in %



Development in exchange rates, indexed



Star chef project comes to Germany

Based on the success of its Danish Star Chef project and Danish Veal's international breakthrough through the Bocuse d'Or competition, Danish Crown has gained a foothold in the world of gastronomy in Germany. So far a number of leading German restaurants have joined a similar Star Chef project and, following a trial period, plans are to expand this to include a number of high profile German restaurants. Danish Crown supplies the German restaurants with pork, veal and beef and the partnership has so far been very successful. Indeed, the partnership is expected to expand. The German restaurants all have between 1 and 3 stars in Michelin's "Le Guide Rouge", which emphasises the high standard on which this partnership is based.

Suppliers to leading canteens

On the catering side Danish Crown has embarked on a partnership with Compass Group and WIP Personalerestauranter who cater for more than 100,000 customers in canteens, hotel restaurants and hospitals across Denmark. Danish Crown supplies a full range of pork and beef to Compass Group and pork from the Tender Pork range to WIP Personalerestauranter, which ranks among the elite within the catering sector.

increase, however, has to some extent been at the expense of earnings.

Legs and production meat also saw an increase in sales.

Germany: The German market recorded a fall of approx. 5% in sales primarily because of a disappointing barbecue season. The new plant for retail packed products in Oldenburg is now operational and the first orders have been dispatched.

Italy: Despite a small decline in volumes, the Italian market showed satisfactory development and remains a highly important market for Danish hams.

France: Following last year's increase in sales, the French market saw a fall of almost 40%. Large supplies of Spanish pork made the French market extremely competitive.

Sweden: Sales to the retail sector, food-service and the processing industry increased by approx. 20%, which can be attributed to a targetted effort in respect of the first two sectors.

Poland: Following on from last year's large increases it is both surprising and satisfactory to note that sales doubled to this market, which imports a broad range of products. Apart from substantial sales of raw materials for the processing industry, sales of specially cut products for the retail sector also achieved good growth.

The Czech Republic: Sales to the Czech Republic (the processing industry and the retail sector) showed a marked increase.

Russia: Sales increased by almost 20%. This is only moderately due to the absence of Brazil in the market during the first six months. There is a particularly satisfactory development in sales of production meat and by-products as well as increased interest from the Russian retail sector.

The rest of Europe: Hungary, Rumania, Slovakia and Croatia recorded increases in volume sales.

Japan: As expected, last year's record sales, which were partly due to a ban on imported beef from the US and the outbreak of bird flu in South-East Asia could not be sustained. However, it is highly satisfactory to note that the fall amounted to "only" 9%, which is much less than the previous year's increases. However, at the close of the year, there are large stocks of imported pork in Japan which may result in fewer imports in the first six months of the year.

Korea: Exports to Korea where Danish by-products are in much demand increased yet again.

China: Following several years of volume increases, the year saw a small fall in sales due to the fact that markets like Korea and Russia offered more attractive prices.

Australia: Although sales were sluggish during the first six months of the year, they recovered during the last six months so that the final result was a small fall. During the year the US gained access to the Australian market which has prompted reactions from local pig producers.

US: The market for barbecue rib products for the food service sector was stable both in terms of volume and prices.

The volume of rib products for the retail sector has been declining due to changes in the cutting of pork belly for the Japanese market.

Marked progress in Sweden

In recent years, the Swedish market has become an increasingly important market for Danish Crown, Sweden's largest foreign meat supplier. In the past financial year, sales to Sweden increased by approximately 20% primarily owing to a targeted approach to the retail sector and the processing industry. In the retail sector, Danish Crown has become a supplier to the supermarket chain ICA's production of retail packed meat. At the same time, another important multiple is receiving tenderloins, loins and collars from Danish Crown. On the processing side, Danish Crown intensified sales of chilled meat products for further processing. Moreover, the launch of a new testing method for salmonella seems to have made it easier and faster for Swedish customers to order from Danish Crown.

Veal for Bocuse d'Or

In connection with Danish Crown's supply of Danish veal to Bocuse d'Or, the French Master Chef Paul Bocuse visited a Danish Crown veal producer, Torben Møllegaard in Assens. The visit in November 2004 attracted considerable media attention. The Master Chef, who has lent his name to the unofficial world gastronomy championships expressed his great satisfaction with the conditions under which the Danish Veal calves are bred.

Lorenz Hansen
Divisional Director

Significant increases in payment to farmers

The Beef Division recorded fewer slaughterings but achieved a greater share of national slaughterings

Subsidiaries

The performance of the cattle slaughterhouse in Husum in Germany fell somewhat below that of last year and despite a positive result it is not regarded as satisfactory.

A contributory factor was the rising competition with regard to the low supply of animals for slaughter although the construction of a new cutting hall also impacted on earnings in that cutting activities were suspended for a period during the construction programme. The cutting facility is now operational and is soon expected to reach full capacity.

Scan-Hide: again posted an impressive result. Deliveries of hides increased and Scan-Hide managed to reduce the direct costs relating to hide processing, particularly due to the investment in a large advanced chilling facility for storing hides.

Over the next financial year, Scan-Hide will strengthen its endeavours to increase the number of hides from abroad thus ensuring that the positive development continues.

Supplies and prices

On the backdrop of the new EU reform and the continually increasing yield from dairy cows the supply for animals for slaughter continues to fall.

The Beef Division's slaughterings during the 2004/05 financial year totalled 395,224 of which 304,534 were slaughtered at the division's Danish plants and 90,690 at the slaughterhouse in Husum, Germany.

The decline in Danish slaughterings thus totals 14,068 or 4.4% and in Husum 6,648 heads or 6.8%.

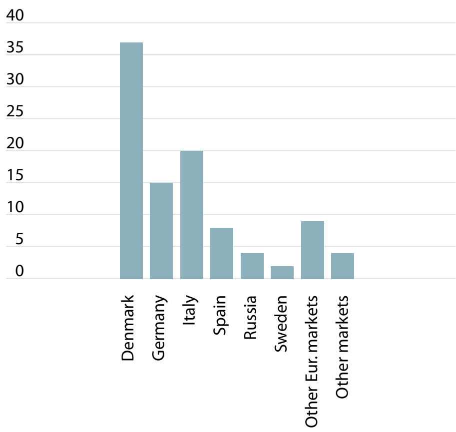
The corresponding decline in national slaughterings was 4.9% in Denmark with the result that the Beef Division's share of national slaughterings rose to 59.2% during the period against 58.8% in 2003/04. In Schleswig-Holstein, the decline in the number of slaughterings amounted to 7.2% which means that the Husum slaughterhouse share amounted to 27.6% against 27.5% last year.

It should be noted, however, that 2003/04 comprised an additional week compared to 2004/05. Adjusted for this, the actual fall in slaughterings would be 2.6% in Denmark and 5% in Husum.

Consolidation among cattle producers continues unabated. In 2004/05 the number of suppliers was 10,492 against 11,381 last year. The size of individual farm businesses is also becoming larger in that 57.9% of the animals were supplied by 15% of breeders. The equivalent figures for last year were 56.62% and 15% respectively.

With regard to prices, the year saw a satisfactory development with large price increases especially in the spring and summer months.

Beef Division's turnover in 2004/05 in %



Main figures

Cattle supplies*	02/03	03/04	04/05
Weighed-in (million kg)	78.0	79.1	76.0
Cattle slaughtering (1,000 units)	312	318	305
No. of suppliers	12,318	11,387	10,492

* Danish supplies exclusively

Major marketing campaign

"The court is sitting" is the headline for the marketing campaign launched by the Beef Division in 2004. The campaign is intended as a follow up to the attention which Danish Veal attracted at the Bocuse d'Or competition in France. Promoted through adverts in food and lifestyle magazines and on a special website, the campaign is based on e.g. recipes from the Chef Rasmus Kofoed.

Danish championships for amateur chefs

In December 2004, the Beef Division hosted the Danish Championships for amateur chefs at the Centralværkstedet restaurant in Århus. The event, which focused on Danish Veal, was a considerable success and is planned to take place again in 2006.

On average, DKK 14.64 per kg was paid for class O÷ cows and DKK 17.00 per kg for class O÷ young bulls. This equates to an increase of 18.1% and 11.8% respectively.

Production

Cost saving measures introduced in recent years were maintained in the 2004/05 financial year.

Piece rate systems for all plants have now been completed and only a few deboning departments remain. These, however, are expected to be finalised shortly. This means that the Beef Division is fulfilling the strategy plan's aim of a reduction in unit costs of 10% over a five year period.

On the backdrop of the declining number of slaughterings – and to further strengthen the division's competitiveness – towards the end of the financial year it was decided to start negotiations concerning the closure of the slaughterhouse in Skive. The negotiations were completed in October and slaughterings are expected to be transferred to other plants at the end of the 2005 calendar year.

To meet the ever-increasing competition from abroad, it is crucial to stay at the leading edge in terms of new technology.

Sales

Sales in general were positive throughout the year with the strongest period occurring in the first half of 2005. Sales fell somewhat towards the end of the financial year.

The home market remains the most important market. Despite increasing competition from other European countries and imports from South America we maintained our market share.

Production of retail packed meat saw a slight increase and this trend is expected to continue in the coming year.

Italy: is the Beef Division's largest export market primarily for young cattle although deboned beef also saw stable sales to this market. During the financial year we began a partnership with a major player in the catering market. This is expected to develop further in the coming year.

Spain: Tonnage fell during the past year mainly because of the improved prices in Italy. The market, however, remains highly important for the Beef Division's sales of deboned young cattle products sold through one of Spain's leading supermarket chains.

Russia: The Russian market was highly unstable. From being particularly competitive in the first half of 2005, Russian buyers turned to Brazilian meat towards the end of the year. Consequently, this resulted in little interest in Danish products and price levels were unsatisfactory. Moreover, for a large part of the year, Russia banned imports of edible by-products from Denmark. The situation has now normalised. The lack of sales, however, impacted substantially on the pricing of these products during the year.

Technology ensures optimum classification

The Beef Division has now used the decimal classification system for the classification of cattle for a full financial year. With the EU's approval of the new KKC–2 facility, it is now possible to provide information and settle accounts in decimal classes. Experiences so far have been positive. Producers, vets and consultants have recognised that KKC-2 offers a more nuanced classification and thus a fairer settlement for each animal.

"Surrib"

That no other region in Denmark boasts so many regional dishes as southern Jutland is due to its proximity to the rest of Europe. The cuisine is characterised by its "sourness", where vinegar is an important ingredient in a dish like "surrib" (cold boiled rib roast in aspic). The vinegar is added during cooking or immediately afterwards. This gives the dish its characteristic sour flavour. Surrib is served with rye bread, mustard and beetroot.

SOUTHERN JUTLAND

"Surrib" and "sursteg" with "sut"

Head Chef Christian Bak,
Schackenborg Slotskro, Tønder

Head chef Christian Bak likes the balance between the sour aspic around the fatty meat, the sharpness of the mustard and fresh beetroot…. so why not turn this into a main course? Christian Bak suggests a combination of sliced "surrib" served with a beetroot salad, rye bread slices with greaves and mustard sauce, and a marinated roast with crackling served with Siberian crab-apples, mustard sauce and sea plantain soufflé. Sea plantain can be picked in the salt meadows in early spring and is prepared in the same way as curly kale.

DANISH CROWN

Processing

Processing sector	**02/03**	**03/04**	**04/05**
Sales, tons	346,610	430,500	657,098
Turnover (DKK million)	10,421.0	12,685.8	17,675.8
Profit on ordinary operations			
(DKK million)	432.3	360.7	573.4
Profit on ordinary operations			
in % of turnover	4.1%	2.8%	3.2%

Torben Skou
CEO

Well on the way

Following an extensive turnaround, Tulip's factory in Svenstrup is now performing well. The positive development in earnings started when, in 2003, Tulip acquired the former Pølsefabrikken Gøl (The Sausage Factory Gøl). Now Tulip's second largest factory, the Svenstrup business is currently contributing to improved competitiveness within the fields of sausage and salami products.

A substantial effort was made to implement Tulip's quality control system at the factory in Svenstrup and at the Group's German factories. Food safety is of the utmost importance to Tulip Food Company and it is crucial that all products are produced under the same food safety conditions and in accordance with the same quality control system regardless of which Tulip factory produces them.

Major challenges

Although Tulip's 2004/05 result is unsatisfactory, the company re-established its competitiveness by the end of the year

Innovation

Centred around Tulip's Innovation Centre, a number of international innovation groups were established during the spring. Working on a cross-border basis, these groups focus on the development of new concepts. The objective is to exploit the resulting synergies so as to allow new concepts to be sold in more markets.

A key part of Tulip's development of new, innovative products relates to nutritional issues in society, i.e. the growing problems of obesity and food allergies. As a result, Tulip Food Company launched a range of new liver patés at the end of the year with 25% reduced fat content compared to traditional liver patés. Moreover, the new patés do not contain milk or gluten. The liver paté is produced at the Aabenraa factory which is prepared for the increased tonnage expected from the launch of a new type of liver paté.

Compared to the budget and in relation to standard measuring criteria, the result for 2004/05 was unsatisfactory. In the light of the very substantial challenges facing Tulip during the financial year the result, however, was significantly better than seemed likely over much of the year. Owing to a range of focused initiatives competitiveness was re-established and a sound foundation for future positive development was created.

Key events during the year

During the year, the company's competitiveness came under strong pressure, in particular from producers in new EU member countries. Moreover, earnings were negatively affected by continuing low exchange rates and historically high raw material prices.

Focused savings, structural adjustments and particularly targetted efforts in all areas, however, together with weakening raw material prices produced the expected effect by the close of the year.

As a result of the relocation of production to the factory in Oldenburg, the factories at Vejle Havn, Viby and Ringsted were closed. The running in of the Svenstrup and Oldenburg factories was completed. Together with the factory in Vejle Nord, these two factories are now the company's most profitable factories.

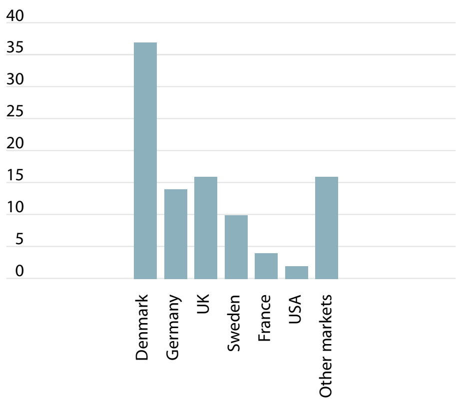
Overall, 2004/05 became a year when the production structure fell into place and a firm foundation for future growth was created.

Sales

In general, Tulip's competitiveness came under pressure in most markets resulting in significantly lower sales compared to 2003/04.

Tulip's earnings, particularly within canned products, came under pressure in overseas markets as a consequence of the high prices of produc-

Tulip Food Company's turnover in 2004/05 in %



Main figures

	02/03	03/04	04/05
Sales, tons	199,883	201,036	175,187
Turnover (DKK millions)	5,270.9	5,380.8	4,923.1
Employees (average)	2,793	3,312	2,616

Fast Food is growing

Scores of TULIP Fast Food sales outlets have opened, or are being opened, across Denmark. As a result, Denmark now has in excess of 1,200 TULIP Fast Food outlets, including the successful 160 m² motor-way restaurants in Odense, Korsør and Nyborg.

New marketing platform

A new communication platform allows Tulip's brands to be marketed under one strong brand, the TULIP brand. The brand will be the consumers' guarantee that the products are genuine quality products. The communication platform is built around a new, unique advertising universe which tells the story of Tulip's brands.

tion meat and the exchange rate situation.

In European markets, 2004/05 was a difficult year. In Denmark, Sweden and France, in particular, sales and earnings were subject to tough competition, not least owing to developments in the discount sector and increasing internationalisation. The Norwegian market, however, performed over and above expectations. Toward the end of the year, Tulip further strengthened its position in this market through aggressive marketing and new product launches.

In Denmark, too, Tulip went on the offensive. A new and comprehensive brand strategy for the retail sector aimed at giving the company's brands a common communication platform was launched. This new platform dovetails with the company's product branding as all Tulip's brands will now be profiled under one strong brand aimed at raising awareness of Tulip as a leading producer of high quality meat products.

Production

Work focused on structural adaptations and efficiency measures aimed at establishing an optimum production structure that meets the requirements of the global market.

It was, therefore, particularly encouraging to note that substantial competitive gains were achieved by the relocation of production to Oldenburg in Germany.

In addition, much effort is being put into investigating the opportunities offered by Danish Crown's joint venture concerning Sokolów SA in Poland.

Accounts

The 2004/05 financial year was a difficult year. Sales of 175,187 tons and turnover of DKK 4,923.1 million represents a decline of 25,849 tons and DKK 457.7 million compared to 2003/04.

Among the reasons are increasing raw material prices, exchange rates and the continuing tough competitive situation primarily in the Scandinavian markets. While production relocations and factory closures resulted in costs of DKK 36.0 million in 2004/05, the sale of production plant produced net proceeds of DKK 24 million.

The extensive savings achieved in 2004/05 resulted in reduced overheads of DKK 142 million and a reduction in staff levels of 696 people.

Expectations for 2005/06

The very considerable challenges of 2004/05 were met, the production structure was adjusted and the company has adapted to the market situation. The systems and the organisation are in place. Moreover, with cost savings and a new brand strategy in the home market, Tulip has secured a sound platform for its future sales.

This is reflected in the expectations for 2005/06, which are above the result for 2004/05.

The positive expectations for 2005/06, therefore, reflect the fact that a difficult year is behind us, a year that was devoted to enhancing the Group's competitiveness. As a consequence, Tulip Food Company faces the future with confidence.

Core activities

Tulip Food Company produces and markets processed meat products primarily for the retail and food service sectors in Denmark and international markets. The products are marketed under the TULIP, STEFF-HOULBERG, GØL, MOU, DEN GRØNNE SLAGTER, LIVRETTER, PÅlækker, DANISH PRIME, MAJESTY and SCHÄCHTER brands. Tulip Food Company also operates own label production on behalf of customers.

Human Resources

In connection with the closure of the factories at Vejle Havn, Ringsted and Viby, shop stewards and local management put considerable effort into preparing and implementing social plans. It is pleasing to note that a relatively large number of staff from these factories have found new jobs or have enrolled on further training schemes.

During the summer of 2005, a new management course for administrative managers was initiated. Interest has been substantial and feedback from participants so far has been highly positive. The training is module-based and runs over 18 months until the end of 2006.

Thetford's 40th anniversary/new slicers

The Thetford bacon factory celebrated its 40th anniversary on 12 July, 2005. Over the years, the plant has seen many upgradings and extensions. With the difficult conditions currently prevailing with regard to bacon sales, Thetford must become more efficient in order to strengthen its competitiveness. New slicing lines are, therefore, being installed at the factory.

Carsten Jakobsen
Chairman

High expectations met

Tulip Ltd. has increased its market share

Ham/sliced cooked meats at the Bodmin factory

The ham/sliced cooked meats factory in Bodmin saw a significant increase in ham and sliced cooked meats production during the year under review so that production levels are now double what they were at the beginning of the year. The Bodmin factory uses the same modern cooking technology as that which has been installed in King's Lynn.

In the preceding financial year, Tulip continued the positive trend from previous years.
Based on the acquisition of Hygrade Foods Ltd. and Flagship Foods Ltd. in the two preceding years, expectations for 2004/05 were high.
The result meets the expectations and several of the company's main product segments saw tonnage increases significantly above the general market trend.

Sales

The 2004/05 market situation in the UK was characterised by the multiples' intensifying battle for market share.
Tulip Ltd. saw major increases in sales in 2004/05 due to the fact that the Flagship group was included in the full 2004/05 accounts, whereas the 2003/04 accounts only included three months sales.
Tulip Ltd's sales for 2004/05 totalled 337,139 tons, an increase of 158,573 tons on 2003/04.

The ham and cooked meats area continued to see a positive development in sales of sliced, retail packed products, while sales to the delicatessen market fell in line with this market segment's decline. However, Tulip's sales within this product segment grew at a higher rate than the market in general.
Sales of fresh, retail packed meat also showed satisfactory development.
The bacon segment continues to be under pressure. To a large extent bacon is used for special offers so a significant proportion of sales are in the form of promotions where margins are below normal. In terms of tonnage, the market was stable. Sales of DANEPAK and TULIP branded products were on a par with the previous year and continue to be an important element in general bacon sales.
Sales of fresh, chilled sausages were difficult. In the early part of the year, raw material prices rose dramatically and it was only in the latter part of the year that sales prices increased

Main figures

	02/03	03/04	04/05
Sales, tons	109,018	178,566	337,139
Turnover (DKK millions)	4,129.0	6,026.2	10,048.3
Employees (average)	2,962	4,060	7,212

Traceability

Throughout Tulip Ltd.'s supply chain, including all factories, systems are in place to ensure complete traceability from product back to the original producer. This, in conjunction with an enhanced quality assurance system and comprehensive product testing, ensures that consumers receive products in which they can have full confidence.

New ham cooking plant at King's Lynn

At King's Lynn, Tulip has built a state-of-the-art ham cooking plant which was commissioned in 2004/05. Over the coming months, slicing facilities at King's Lynn will be upgraded and expanded. Thus, Tulip will also have a particularly competitive plant within this product category at King's Lynn.

Investment in the Tipton plant

Over the coming months, investments will be made in a new facility at the Tipton plant for packing fresh, retail packed products. The investment is expected to become operational in the middle of the new financial year and will result in significant rationalisation.

accordingly. There were, however, signs of improvement towards the end of 2004/05.
Like sausage sales, sales of canned products were adversely affected by rising raw material prices. Sales of poultry products continued their positive trend, albeit under difficult economic circumstances.

Production and food safety

The integration of Flagship Foods into the Tulip group was one of the major tasks of 2004/05 in which focus was on maximising in-house expertise in order to lay the strongest possible foundation for the further development of Tulip Ltd.'s production plant.
In partnership with Danish Crown, Tulip Ltd.'s slaughterhouses were optimised to achieve the same rational production procedures that have been developed in Denmark over generations. A joint Danish Crown/Tulip Ltd. working group was established to utilise knowledge and expertise in the best way possible. Tulip Ltd.'s own pig production is dedicated to the supermarket, Waitrose.
Investments were channelled into modernising and optimising the production facilities in order to maintain and strengthen competitiveness and consolidate Tulip's position as a key strategic partner in the market.

Marketing and product development

Increasingly, marketing and product development proceed in close partnership with individual multiples. This should be seen on the backdrop of rising own label sales, which now account for the majority of sales.
Tulip Ltd. enjoys a good and close partnership with all leading supermarkets resulting in many new products and varieties of established products every year. Developing products in partnership with individual multiples ensures that these have a direct interest in launching the products.
The DANEPAK and TULIP brands are primarily marketed through in-store activities, campaigns and local events.

The result

Sales are significantly up on last year, a large part of which derives from the full-year effect of the Flagship acquisition. In addition, the year saw positive development within the key product areas of fresh retail packed meat, ham and sliced cooked meats and bacon.
Profits met expectations.

Expectations for 2005/06

In the second half of 2004/05, sales in the UK retail sector came under pressure as consumer liquidity declined as a result of interest rate rises, oil price increases and flat house prices. Combined, these factors resulted in lower-than-average retail sales. The supermarkets responded by putting increased pressure on suppliers. The UK meat sector is suffering accordingly and more structural rationalisations can be expected.

Upgrading of Coalville factory

In 2004/05, investments were made in new, modern cooking facilities at Coalville for delicatessen hams. As the old factory is currently being renovated, the end result in a few months will be a totally new/upgraded factory which will produce products for Marks & Spencer when production relocates from Denmark to the UK.

Wincanton new distributor from September 1

With effect from September 1, the logistics company, Wincanton Ltd., has acquired responsibility for overall distribution on behalf of Tulip Ltd. This is expected to result in more rational logistics which, in view of the high energy prices, is crucial for Tulip Ltd.

Aid for Gulf Coast states

Plumrose was also active in the communities it serves. After the disaster that befell the Gulf Coast States in September, Plumrose offered aid and provided new employment by increasing the night shift to a full shift in Booneville. This was a win-win situation for all involved: the increased production was required, and hiring for this new shift provided much needed relief during an extremely difficult time.

Vice Chairman
Steven Mintz

President
John Arends

Plumrose enhances its reputation

Plumrose further enhances its reputation for quality, service and innovation

Production

With the commissioning of the new Council Bluffs cooking facility, focus has now switched to streamlining operations and reducing operating expenses. New slicing lines were installed at Booneville to produce the new Tub line of sliced deli meats, and cases produced at Booneville are now labelled automatically with a new printing system that runs off a new production scheduling program.

The Tupelo facility continues to strengthen its operations, taking full advantage of the improvements made last year. Additionally, the Elkhart production facility has helped to increase volume and maintain the excellent quality of bacon products.

Product development

The introduction of the Tubs provided Plumrose with a very profitable new product line. The introduction of new twelve pound marinated slicing logs to the market has also proved an immediate success.

Key events

Plumrose's ongoing focus on customer service, coupled with consistent investments in quality, won brand recognition and raised the company's reputation in the industry. Within bacon we are now close to being the strongest brand in the US. Plumrose also introduced the innovative Tub line of sliced deli meats which are packaged in a re-usable container that is dishwasher and microwave safe. This product line has been enthusiastically received and the company is especially optimistic about its sales potential in the year ahead. Sales of these products were a contributing factor to Plumrose surpassing the $300 million mark in sales for 2004/05.

2004/05 also brought a series of challenges. Higher than expected raw material costs and substantial increases in energy costs and insurance costs negatively affected the result. Work continues to mitigate the impact on these factors.

When measured in DKK it should be noted that the dollar rate was 4.1% lower than 2003/04.

In 2004/05, the company suffered an insurance loss in production, which has incurred a loss for the company.

Expectations for 2005/06

For the coming year, Plumrose is committed to refining all elements of the company. Maintenance will be scrutinized with special care and substantial savings from this and other areas of production are anticipated, which will bring the company back to the previous earnings levels.

Main figures

	02/03	03/04	04/05
Sales, 1,000 t	73,903	73,628	72,791
Turnover (DKK millions)	1,857.7	1,821.5	1,764.1
Employees (average)	902	941	1,133

Poland's strongest meat brand

Unlike many western markets, brands play a significant role in marketing meat products in the Polish market. Over the years, Sokolów has built a very strong brand profile, which is marketed both through the traditional retail sector, specialised Sokolów brand shops and throughout the super and hypermarket sector. Often, the Sokolów brand is combined with special sub-brands signalling either the product profile or the local origin. Sokolów's retail packed fresh meat is also branded – using the Uczta brand – which is available in many Polish supermarkets. Market analyses have shown that the Sokolów brand is the meat brand with the highest consumer awareness and acceptance in Poland.

CEO
Boguslaw Miszczuk

Progress in the Sokolów Group

11% increase in turnover and 55% in earnings

Through the holding company, Saturn Nordic Holding AB, Danish Crown owns 50% of the majority in the Polish listed meat group Sokolów, Poland's second largest meat group. Co-owner of the holding company is the Finnish meat company HK Ruokatalo. During Danish Crown's fiscal year, the joint ownership of Sokolów increased from 66.1% to 82.5%.
As Sokolów's fiscal year follows the calendar year, Sokolów's annual accounts had not been completed by 30 September 2005.

Increased sales and profit

The first nine months showed progress in both sales and profits. The published nine month figures show an increase in sales of 11% to DKK 2,049.6 million and an increase in operating profit of no less than 55% compared to the same period last year. Net profit also increased substantially – from DKK 20.6 million to DKK 31.9 million for the period (all figures reported according to the IFRS/IAS standard).
The majority of the group's sales are in the Polish market. However, despite the strong Polish currency, exports are also increasing.
During the year, the company maintained and increased its co-operation with Polish farmers through production and breeding contracts, thus contributing to improvements in productivity and raw material quality.

Co-operation yields results

The Danish-Finnish-Polish ownership structure is a good basis for co-operation with regard to expertise and the potential for commercial development. During the year, several promising commercial initiatives were taken.

Specialisation of factory structure

The group's production is located at six plants, of which five are 100% owned. During the year a specialisation process was initiated at the factories, improving efficiency and securing economy of scale. Hence, beef slaughtering is now centred at two plants. By the end of the year, this will also be the case for pig slaughtering.
The group's very comprehensive further processing activities are carried out at five factories within the group.

Main figures (calendar year)

	2004 (12 months)	2005 (9 months)
Sales, tons	145,816	not available
Turnover (DKK millions)	2,238.0	2,049.6
Employees	4,278	4,935

Brands of world renown

While branded products from the Danish Crown Group can be found throughout the world, the retail sector is increasingly going for own label products and Danish Crown intends to be part of this growing trend. At the same time, however, the Danish Crown Group wishes to maintain its brands as high quality products with a stronger profile, not least since the Danish Crown Group's brands belong among the best known within their categories.

Through Danish Crown's processing companies, the Group owns many brands – here are a selection which gives a good impression of the diversity of Danish Crown's product range.

Tulip

Pålækker

Livretter

Steff Houlberg

Den Grønne Slagter

GØL

MOU

DANISH PRIME

Schächter

Jaka

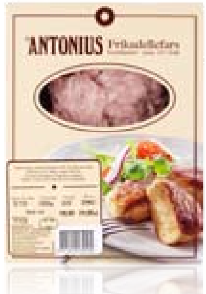
Danish Crown

Crown of Cooking

Master brands and sub-brands

As marketing is one of the major costs in maintaining a brand, an increasing number of producers are opting for a master brand with other brands as sub-brands. Marketing a brand as a sub-brand in connection with a well-known and high profile master brand creates synergies in the continuing battle for consumers' attention. Tulip Food Company has made Tulip the company's master brand. Consequently, brands such as GØL, DEN GRØNNE SLAGTER, MOU, STEFF HOULBERG etc. will now be marketed under the overall Tulip name while maintaining their individual identity. The same policy is pursued by Sokolów which has several brand groups under the Sokolów brand.

To a lesser extent, Crown of Cooking is the master brand for the various concepts launched by Danish Crown within fresh pork and veal. The Friland name is also a common master brand irrespective of whether the brands relate to Friland pigs, organic pork or beef, Limousine etc.



ANTONIUS

Vitalius

Tender Pork

Dansk Kalvekød

Frilandsgris

Friland Økologi

Friland Limousine

Danepak

Tulip (UK)

MAJESTY (UK)

PLUMROSE (UK)

DAK

Danola

PLUMROSE (USA)

MAJESTY (USA)

SOKOLÓW

"Æbleflæsk"

Buckwheat porridge is what springs to mind when it comes to regional dishes from Funen. In fact, buckwheat porridge may be Funen's most original dish as most other dishes can be found in other regions in various disguises. Although "Æbleflæsk" (slices of pork with pieces of apples fried in the fat) is found elsewhere, the inhabitants of Funen are convinced that their recipe for æbleflæsk is the original!

FUNEN

"Æbleflæsk" with grilled smoked sweetbreads, smoked pork fat, horseradish and elderberry syrup

Head Chef Klavs Styrbæk,
Restaurant Kvægtorvet, Odense

The 2005 version of Funen "Æbleflæsk" is available at Restaurant Kvægtorvet at TV2 in Odense where Head Chef Klavs Styrbæk resides. He has supplemented the pork, which he suggests is replaced with smoked pork fat, with sweetbreads which have recently been "rediscovered" as a gourmet meat. Klavs Styrbæk also suggests that the traditional slice of rye bread, which is always served with "Æbleflæsk", is drizzled with oil and baked in the oven until crisp. Finally, the dish is sweetened with some elderberry syrup and apple syrup.

Trading

Trading sector	02/03	03/04	04/05
Sales, tons	419,730	481,236	394,362
Turnover (DKK million)	5,750.5	6,212.3	5,190.8
Profit on ordinary operations (DKK million)	73.6	117.4	96.7
Profit on ordinary operations in % of turnover	1.3%	1.9%	1.9%

Pork riblet with neckbone for Korea

Many Koreans enjoy pork riblet with neckbone from Danish Crown. All pork riblet with neckbone from Danish Crown's entire production are despatched to Korea where they are used for soup. The meat is then eaten with the noodles and herbs from the soup. 250-300 tons pork riblet with neckbone are despatched each week to consumers on the other side of the globe.

Carsten Jakobsen
Chairman

Good result for ESS-FOOD

Tonnage sold declined – earnings exceeded expectations

Expectations for 2005/06

To rationalise trading activities, Danish Crown has decided to implement some strategic changes in the trading area from the coming financial year. As a result, the Korea office will become part of the Pork Division. In addition, ESS-FOOD Benelux and ESS-FOOD Hong Kong will be integrated into DAT-Schaub International A/S. As a consequence, ESS-FOOD will consist of the companies in France and Japan.

ESS-FOOD's result was better than expected. Nevertheless, activity levels were not entirely satisfactory as neither tonnage nor turnover achieved the expected levels. Sales declined by approximately 28% and turnover by approximately 23%.

Sales

The ESS-FOOD companies' pork sales accounted for 92% in 2004/05 against 91% in 2003/04.

France: The French pork market came under pressure as a consequence of the large volumes from Spain making other markets more attractive for Danish pork. As a result, the French ESS-FOOD activities in Orleans and le Mans recorded significantly lower sales while the beef trader, Raynal Pedersen, saw sales and turnover increase.

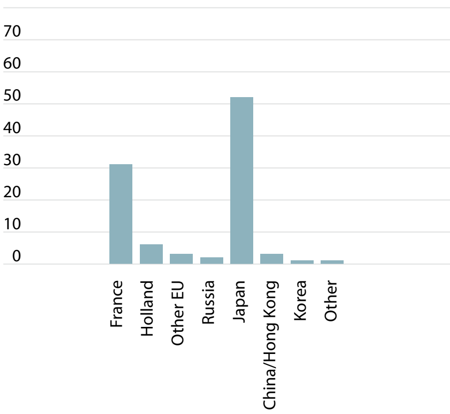
Japan: Despite lower volumes, ESS-FOOD Japan performed satisfactorily during a period with a complex import situation where ESS-FOOD Japan gained new customers and achieved high sales, primarily of pork bellies. Sales of beef were disappointing both in terms of volume and result.

Benelux: Total sales from ESS-FOOD Benelux exceeded expectations, but failed to meet last year's level. Sales of Danish products only accounted for approx. 20% because a number of customers are serviced directly from Denmark. Nevertheless, ESS-FOOD Benelux produced a better than expected result.

Korea: ESS-FOOD Korea achieved satisfactory sales and generated higher than expected earnings.

Hong Kong: 2004/05 was a disappointing year for ESS-FOOD Hong Kong with lower sales due to difficulties with securing satisfactory prices.

ESS-FOOD's turnover in 2004/05 in %



Main figures

	02/03	03/04	04/05
Sales, tons	127,932	144,612	101,563
Turnover (DKK millions)	2,219.8	2,400.1	1,840.3
Employees (average)	103	97	107

DSI strengthened in China

DSI has enhanced its visibility in the Chinese market. Following the acquisition of ESS-FOOD Hong Kong, the organisation has been strengthened, and with offices in Hong Kong and Qingdao, DSI now has a good position in China. A further office is planned for 2006. Although sales to China largely comprise products from Denmark, exports of products from e.g. Brazil to China have recently been increasing. DSI works closely with Danish Crown to optimise sales of the Group's products.

Holger Slotsager
CEO

Best result ever

All departments in the DAT-SCHAUB International group have made a positive contribution to the result

While last year the DSI group produced a satisfactory result, the 2004/05 result is even stronger. Turnover increased by DKK 320 million and sales by 19,767 tons. Once again, the result should be viewed on the backdrop of the tough turnaround accomplished in 2002/03 as well as the continued tight risk management and the commitment of skilled and committed employees. DSI's core skill is meat trading which, for the financial year, was divided up as follows: pork 55%, poultry 28%, beef 13% and other products 4%.

The companies in the DSI group

All plants in DAT-SCHAUB International made a positive contribution to the company's result. Trading with China and South Africa was particularly good. Per October 3. 2005, DSI acquired ESS-FOOD Hong Kong with the objective of strengthening sales of Danish Crown's products to the Chinese market. Sales to Russia and Africa were good. Sales to the Middle East were particularly competitive during the year under review. All other markets developed as expected.

Sales of products from Swedish Meat through DAT-SCHAUB were satisfactory and met expectations. Finally, it was decided that DSI should assume responsibility for ESS-FOOD Benelux from October 3, which offers opportunities for achieving synergies within DSI group's trading activities.

Expectations for 2005/06

All companies in the DSI group expect a good result for 2005/06 when it is anticipated that the partnership with the company's customers and suppliers will be further strengthened. The outbreak of foot and mouth in Brazil and the further spread of bird flu could have a negative impact on next year's result.

Findane

Findane's result can be regarded as particularly satisfactory. Sales to the Baltic, Finland, UK and Italy were excellent during the past year.

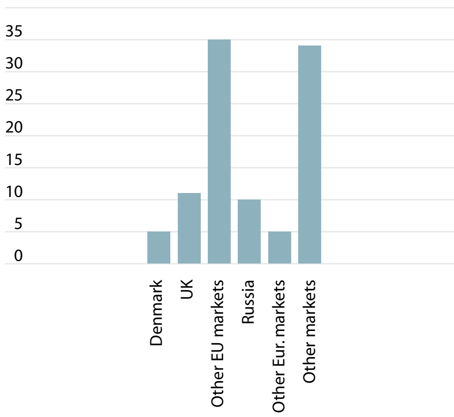
Dubai Meat Packers

Dubai Meat Packers, a joint venture company with a local partner, is a processing factory in Dubai. The company had a very difficult start to the new year owing to continually rising raw material prices without the possibility of increasing sales prices in the market. However, the negative trend was reversed in the second half year and for the year as a whole Dubai Meat Packers produced an acceptable result.

Noridane

Activities in Noridane have been increasing and have produced a satisfactory result. Co-operation with Gilde Norsk Kjøtt proceeded satisfactorily.

DSI's turnover in 2004/05 in %



Main figures

	02/03	03/04	04/05
Sales, tons	169,126	206,650	226,417
Turnover (DKK millions)	1,770.0	2,002.4	2,322.5
Employees (average)	177	141	147

Greaves with leek and rye bread

"Gråfinker" and greaves are part of the so-called "slaughter food" served across Denmark when a pig was slaughtered. The greaves were regarded as slightly "posher" as they only contained edible lard, chopped onions and apples, whereas "gråfinkerne" contained liver, kidneys and possibly spleen which gave the dish its more greyish colour. In the eastern part of Zealand a special type of greaves is served mixed with slices of leek fried off in the lard. The mixture is seasoned generously with salt and pepper and served with rye bread – a dish fit for a king.

ZEALAND

Fat preserved leek with greaves, fat zabaglione and rye bread croutons

Head Chef Rasmus Grønbech, Restaurant Premisse

Although Rasmus Grønbech remains faithful to the ingredients of this Zealand regional dish, he has refined it. He suggests cooking the leeks whole, grilling the rye bread in a little fat, and making the greaves from slices of pork fat and finally making the fat zabaglione from egg yolks whipped with some double cream to a light consistency and mixed with pork fat. Rasmus Grønbæk suggests serving the dish as an appetizer, as a side dish or as an accompaniment to, e.g. loin of pork.

Other companies	02/03	03/04	04/05
Turnover (DKK million)	2,842.1	3,138.1	3,057.6
Profit on ordinary operations (DKK million)	36.9	39.7	14.8
Profit on ordinary operations in % of turnover	1.3%	1.3%	0.5%

Other companies

D B C (D A N I S H B A C O N C O M P A N Y)

Strengthening telesales

DBC invested in a national training programme for its Telesales Operators during the year in order to boost future sales development. The telesales team at Newmarket won a national award, beating all our major competitors in the process.

Carsten Jakobsen
Chairman

DBC in a competitive market

2 years' growth levels out

Focus on children's diet

As a major supplier to the educational sector, DBC has faced the challenge of meeting the Government-led initiative to provide the children with a healthier and more varied diet.

After 2 years of significant growth DBCs turnover of DKK 2.0 billion was marginally lower than that achieved in 2003/04, a consequence of one less week of trading. Significant growth was achieved within the important business and industry sector, however, this was negated by a decline in the educational sector. The growth in the UK food foodservice market place has slowed, particularly in London following the terrorist activity in early July.

Operations

As anticipated, DBC was faced with cost pressures during the year, particularly from rising oil prices and utility costs. Diesel costs alone represented 14% increase year on year, as the price of oil on the world market has soared. DBC has faced difficulties in passing these increases through to the customer in what has been a particularly competitive market place. However, a number of business efficiency measures have been introduced during the year to keep the cost base under control.

Accounts

The sales and gross margin results were broadly consistent with those of the previous year. However, the higher costs resulted in a trading profit slightly below the previous year.

Expectations for 2005/06

DBCs growth expectations for 2005/06 are modest reflecting the competitive market place. However, there is a significant opportunity in the development of its frozen offering. The efficiency measures introduced in 2004 will come to full fruition in 2005/06 and, as a consequence a significant improvement in profit is expected.

Main figures

	02/03	03/04	04/05
Turnover (DKK millions)	1,926.4	2,109.8	2,070.2
Employees (average)	873	902	866

Concept for defrosting meat

SFK Systems has launched a pioneering concept for defrosting meat. The idea behind SFK's "meat block press" is that frozen meat blocks are processed in "meat presses" separating the frozen block into different muscles which are massaged and heat treated in a tumbler. SFK Systems has organised seminars in Denmark, the US and Spain and the concept has attracted considerable interest.

Kim N. Carlsen
CEO

Focus on core products

SFK Systems despatched substantial orders to the food industry in Denmark and abroad

The 2004/05 financial year saw the launch of a revised strategy for SFK Systems A/S aimed at stronger focus on core products, the closure of the packaging machine area and the closure of the subsidiary in Australia. At the end of the year, a new function-based organisation was introduced to replace the previous divisional structure.

Operations

The slaughtering area showed very high activity levels throughout the year. The running-in of the high number of high-tech robots for Danish Crown's new slaughterhouse in Horsens demanded considerable resources. As well as this, SFK Systems A/S despatched substantial orders to Poland, Finland and others.

Development

The year primarily focused on the completion of a new defrosting concept for frozen meat and the upgrading of robots on the slaughter line to enhance capacity.

Accounts

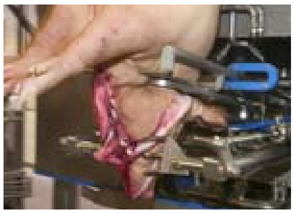
Due to the lack of progress in the processing area and running-in costs relating to the new slaughterhouse in Horsens, the result for the year does not meet expectations.

Expectations

Expectations for the coming year are that earnings will improve in accordance with the new strategy.

Showcase for SFK Systems' expertise

The major order for Danish Crown's new slaughterhouse in Horsens in the past year acts as a showcase for SFK Systems A/S' technological expertise. There is little doubt that, over the next few years, the new slaughterhouse will become a point of reference for many customers and a hallmark for SFK Systems' skills and know how.



Main figures

	02/03	03/04	04/05
Turnover (DKK millions)	496.7	642.0	577.7
Employees (average)	350	375	347

Focus on the Russian market

Having exported to the Russian market via agents for many years, SFK Food has opened a representative office in Moscow in conjunction with its Russian partner. The aim is to enhance relations with the Russian food industry.

Erik Vinkel
CEO

Looking towards the export markets

Increased export activity and extensive rationalisation of logistics, production and IT aim at improving earnings

Quality and documentation

The emphasis on food safety, labelling and declarations in the food industry is a natural reaction on the part of consumers and the industry to incidents where food safety has been ignored. As SFK Food strives to ensure that the spices and ingredients supplied are as safe as possible, the company was unaffected by the "Sudan Red" scandal during the year. Careful supplier selection and product analyses are important tools in this endeavour.

2004/05 was an eventful year for SFK Food A/S with the Norwegian company SFK Norge sold and new distribution/representative offices opened in Poland and Russia. These developments reflect the trend in food production in Scandinavia and neighbouring markets, i.e. the transfer of food processing from Denmark to countries with lower production costs.

SFK Food A/S has responded to this development by readjusting its focus from Scandinavia to neighbouring markets, i.e. Germany and Poland, in order to counter the slowdown in Scandinavian markets.

In the summer of 2004, SFK Food and DAT-SCHAUB's ingredients businesses were merged into SFK Food. The year saw substantial internal rationalisation with consequent reductions in production costs and fixed costs.

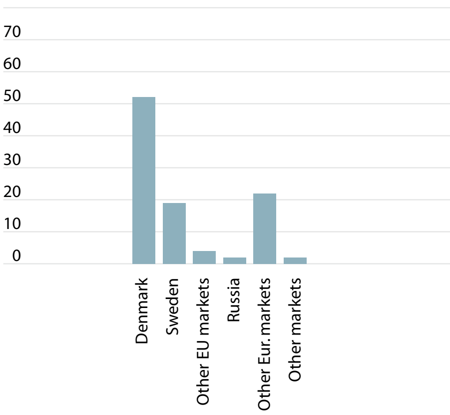
Increased export turnover

The readjusted market-related focus has already produced positive results in the form of a general increase in exports. In addition, the Swedish market saw positive development where SFK Food gained market shares in an otherwise flat market.

Expectations for the coming year

The financial result is expected to improve due to increasing exports and internal efficiency measures with regard to logistics, production and IT. Moreover, SFK Food will continue to focus on developing new products which will create added value and differentiation in the food industry.

SFK Food's turnover in 2004/05 in %



Main figures

	02/03	03/04	04/05
Turnover (DKK millions)	412.9	386.8	410.0
Employees (average)	130	146	152

New, ultra-modern casings plant

In connection with the design of Danish Crown's new slaughterhouse in Horsens, DAT-Schaub has invested in a new casings plant with the latest machinery for casings processing. The intestines are removed automatically and carefully transported to the casings plant where production staff divide them into individual parts – small intestines, stomach, chitterlings etc.

Jan Roelsgaard
CEO

Processes 40 million casings per year

Increased turnover and earnings despite declining Danish slaughterings

The 2004/05 financial year was yet another satisfactory year for the DAT-Schaub a.m.b.a. group which recorded profits of DKK 61 million on a turnover of approximately DKK 2 billion.

DAT-Schaub a.m.b.a.

As a result of the decline in the number of slaughterings at Danish slaughterhouses, DAT-Schaub received 600,000 fewer casings than last year. Nevertheless, turnover and earnings increased satisfactorily.

The parent company's turnover totalled DKK 400 million with profits totalling slightly less than DKK 29 million. The earnings potential, however, remained limited due to high Danish cost levels. Approximately 95% of the company's production is exported, of which half is settled in US dollars. Consequently, the dollar's early recovery impacted positively on the result. As an increasing part of processing activity takes place outside Europe, the impact of the rising dollar is, however, less welcome here.

The future

The DAT-Schaub Group has recorded particularly satisfactory profit growth in recent years although this is not expected to continue at the same pace despite the considerable efforts aimed at positioning the Group in close partnership with its key customer groups which are themselves also subject to continuing consolidation both in Europe and worldwide.

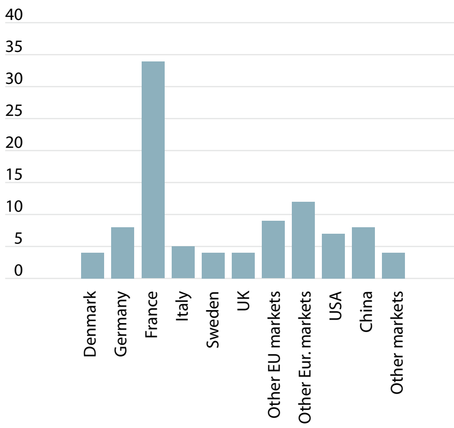
Subsidiaries

The DAT-Schaub Group's subsidiaries performed satisfactorily and the German casings business, DIF Organveredlung Gerhard Küpers, which was acquired at the close of the last financial year, contributed positively to earnings in its first financial year.

The Group now receives and processes approximately 40 million casings in Denmark, Germany, France and Sweden. Consequently, it is important to continually examine the potential for optimising the Group's production structure. These endeavours resulted in the closure of a company in Portugal and a further cut in Danish staff levels.

As this production is particularly wage-intensive where each set of casings is handled several times before the finished product can be used for sausages, the Group maintains a workforce of approximately 2,000 in Europe. A further 1,500 employees work in the associated company in China.

DAT-Schaub's turnover in 2004/05 in %



Main figures

	02/03	03/04	04/05
No. of danish casings (million)	19.7	20.7	20.1
Turnover (DKK million)	1,667.7	1,697.4	1,965.2
Employees (average)	1,993	1,875	2,031

Pickled pork with cabbage

For most people from Bornholm fish was the preferred dish. However, on special occasions the islanders pushed out the boat and served pickled pork with cabbage. Vegetables did not feature very much in Bornholm's cuisine until the 1900s when cabbage and peas became popular.

BORNHOLM

Confit of pork with caraway and mustard nougatine, cabbage purée, cep vinaigrette and grilled rye bread

Head Chef Thomas Herman,
Kong Hans Kælder, Copenhagen

Thomas Herman's reworking of this dish transcends barriers by making a confit of pork, i.e. cured smoked pork covered in duck fat and baked until tender. The frugal people of Bornholm would have loved Thomas Herman's suggestion of using the cabbage stalks as an oil marinated garnish with cabbage purée. Equally inspiring is the nougatine with caraway and mustard seeds.

– a dish which will appeal to everyone.

Consolidated and financial statements

Accounting policies

Preben Sunke
CFO

Basis of accounts
This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large) and Danish accounting standards.
The accounting policies applied are consistent with those applied last year.

Recognition and measurement
Assets are recognised in the balance sheet when it as a result of a previous event is probable that future economic benefits will flow to the Group and the value of the assets can be measured reliably.
Liabilities are recognised in the balance sheet when the Group 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 Group, and the value of the liabilities 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 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. Value adjustments of financial assets and liabilities are recorded in the income statement as financial income or financial expenses.

Consolidated financial statements
The consolidated financial statements are prepared on the basis of the annual reports of the Parent, Danish Crown AmbA, and its subsidiaries in which the Parent directly or indirectly holds more than 50% of the voting rights or in any other way has a controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence are regarded as associates.
Associates which are managed together with one or more other enterprises (joint ventures) are consolidated on a pro rata basis, which implies that the individual accounting items are included in proportion to the share of ownership of the enterprise. Other associates are included at the proportionate share with which they have contributed to the result and equity (equity method).

Basis of consolidation
The consolidated financial statements are prepared on the basis of the financial statements of the Parent, its subsidiaries and pro rata consolidated enterprises.
The consolidated financial statements are prepared by combining uniform items. On consolidation intragroup income and expenses, intragroup accounts as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have primarily been prepared applying the Group's accounting policies.
Subsidiaries' items are recognised in full in the consolidated financial statements. Minority interests' pro rata share of profit/loss and the net assets are disclosed as a specific item in the income statement and the balance sheet, respectively.
Investments in subsidiaries and enterprises consolidated on a pro rata basis are offset at the pro rata share of the net assets of such subsidiaries and enterprises at the takeover date with net assets having been calculated at fair value.

Business combinations
Newly acquired or newly established enterprises are recognised in the consolidated financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the consolidated income statement up to the time of their divestment or winding up.
The purchase method is applied in the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date. On acquisition of enterprises provisions are made for costs relating to decided and published restructurings in the acquired enterprise. Allowance is made for the tax effect of the restatements.
Positive differences (goodwill) between the cost of the acquired share and the fair value of the assets and liabilities taken over are recognised under intangible assets, and amortised systematically over the income statement based on an individual assessment of their useful life, however, no more than 20 years. Negative differences (negative goodwill), corresponding to an estimated adverse development in the relevant enterprises, are recognised in the balance sheet as deferred income, and they are recognised in the income statement as such adverse development is realised.

Profits or losses from divestment of equity investments
Profits or losses from divestment or winding up of subsidiaries and associates are calculated as the difference between selling price or settlement price and carrying amount of the net assets at the time of divestment or winding up, inclusive of non-amortised goodwill and estimated divestment or winding up expenses. Profits and losses are recognised in the income statement under other operating income or other operating expenses, respectively.

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 recog-

nised in the income statement as financial income or financial expenses.
On recognition of foreign subsidiaries, statements of income and items in the balance sheet are translated using average annual exchange rates. Balance sheet items are translated using the exchange rates at the balance sheet date. Exchange rate differences that arise when translating the foreign subsidiary's equity at the beginning of the year using the exchange rates on the balance sheet date are recognised directly in equity. Exchange rate differences that arise when translating the income statements of foreign subsidiaries from average exchange rates into exchange rates in effect on the balance sheet date are recognised in the income statement if the subsidiaries are integrated, foreign subsidiaries and are classified directly as equity if the foreign subsidiaries are independent, foreign subsidiaries.
Exchange adjustments of outstanding accounts with independent foreign subsidiaries, which are considered part of the total investment in the subsidiary in question, are recognised directly in equity.

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 are recognised in the income statement together with changes in the value of the hedged asset or liability.
Changes in the fair value of derivative financial instruments applied for hedging net investments in independent foreign subsidiaries or associates are recognised directly in equity.

Income statement

Turnover

Turnover is recognised in the income statement when delivery is made, and risk has passed to the buyer. Turnover comprises invoiced sales plus export restitutions and less agency commissions.
Contract work in progress is, however, included based on the percentage-of-completion method.

Cost of sales

Cost of sales comprises direct and indirect costs incurred to earn turnover. In cost of sales, cost of raw materials including meat from members where such meat is entitled to supplementary payments, consumables and production staff and depreciation on production plant are included.
Cost of sales also includes costs of development projects that do not meet the criteria for recognition in the balance sheet, and amortisation of recognised development projects.

Distribution costs

Distribution costs comprise costs incurred for distribution of goods sold and sales campaigns, including costs regarding sales and distribution staff, advertising costs, depreciation and amortisation.

Administrative expenses

Administrative expenses comprise expenses incurred for management and administration of the Group, including expenses relating to administrative staff and Management, stationery and office supplies as well as depreciation and amortisation.

Other operating income and expenses

Other operating income and expenses comprise income and expenses of a secondary nature to the Group's primary activities.

Financial income and expenses

These items comprise interest income and expenses, the interest portion of finance lease payments, realised and unrealised capital gains and losses on securities, payables and transactions in foreign currencies, mortgage amortisation premium relating to mortgage debt, cash discounts etc. as well as tax surcharge and repayment under the Danish Tax Prepayment Scheme.

Extraordinary items

Extraordinary items comprise income and expenses which relate to events outside the Company's ordinary activities, and which are therefore expected to be non-recurring.

Income taxes

The tax charge of the year comprises current tax as well as change in deferred tax. Taxes are computed based on cooperative and income tax charged.
The 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.
Deferred tax is recognised and measured applying the liability method on all temporary differences between the carrying amount and tax-based value of assets and liabilities. The tax-based value of the assets is calculated based on the planned use of each asset.
Deferred tax assets, including the tax base of tax loss carry forward, 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.
In those parts of the Group which are liable to pay income tax and where joint taxation has been established, the tax charge of the year is fully allocated among the entities/subsidiaries with a positive taxable income.

Balance sheet

Intangible assets

Intangible assets are measured at cost less accumulated amortisation and write-down.
Intangible assets are amortised on a straight-line basis based on an assessment of their expected lives, and amortisation is usually carried out based on the following principles:

Trademarks	10 years
Goodwill/goodwill on consolidation	up to 20 years

Trademarks etc. are amortised over a period of 10 years as the value of these assets is currently supported by marketing activities.
The amortisation period of goodwill/goodwill on consolidation is usually 5-10 years. However, it may be up to 20 years for strategically acquired enterprises with a strong market position and a long-term earnings profile if the longer amortisation period is considered to better reflect the Group's benefit from the relevant resources.
Intangible assets are assessed on a current basis and written down to recoverable amount if the carrying amount exceeds the estimated future net income from the enterprise or activity to which the asset is related.

Property, plant and equipment
Property, plant and equipment including assets held under finance leases are measured at cost less accumulated depreciation and write-down.
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 company-manufactured assets, cost comprises direct and indirect costs of materials, components, sub-contractors and labour costs. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.
Interest expenses on loans for financing the manufacture of property, plant and equipment are included in cost if they relate to the manufacturing period. All other financing costs are recognised in the income statement.

The assets are depreciated on a straight-line basis from the date of acquisition or from the day when they are put into service based on an assessment of their useful lives. Depreciation is generally carried out using the following principles:

Land	is not depreciated
Buildings	20 to 30 years
Plant and machinery	10 years
Other fixtures and fittings, tools and equipment	5 years

Plants which have been closed down are not depreciated as they are written down to their expected net realisable value.
Assets with short useful lives or with a cost of below DKK 20,000 are recognised as costs in the income statement at the date of acquisition.
Property, plant and equipment are written down to the lower of recoverable amount and carrying amount.
Gains and losses realised in connection with current replacement of property, plant and equipment are recognised in the income statement as depreciation.

Fixed asset investments
Investments in subsidiaries and associates are recognised and measured under the equity method. This means that in the balance sheet investments are measured at the pro rata share of the enterprises' equity plus or minus unamortised positive, or negative, goodwill on consolidation and plus or minus unrealised intragroup profits or losses.
The Parent's share of the enterprises' profits or losses after elimination of unrealised intragroup profits and losses and minus or plus amortisation of positive, or negative, goodwill on consolidation is recognised in the income statement.
Subsidiaries and associates with negative equity are measured at zero value, and any receivables from these enterprises are written down by the Parent's share of such negative equity if it is deemed irrecoverable. If the negative equity exceeds the amount receivable, the remaining amount is recognised under provisions if the Parent has a legal or constructive obligation to cover the deficit of the relevant enterprise.
Net revaluation of investments in subsidiaries and associates is taken to reserve for net revaluation under the equity method if the carrying amount exceeds cost.
The purchase method is applied on acquisition of subsidiaries and associates; see above description under consolidated financial statements.
Other securities are measured at amortised cost.

Inventories
Inventories are measured at the lower of cost using the FIFO method and net realisable value.
Cost of goods for resale, raw materials and consumables consists of purchase price plus landing costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables and direct labour costs as well as indirect production costs.
Indirect production costs comprise indirect materials and labour costs, costs of maintenance of and depreciation and write-down on machinery, factory buildings and equipment applied for the manufacturing process as well as costs of factory administration and management. Financing 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 the sale.

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

Contract work in progress
Contract work in progress (construction contracts) is measured at the selling price of the work carried out at the balance sheet date. The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress.
Each contract in progress is recognised in the balance sheet under receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at amortised cost which usually corresponds to the nominal value.

Securities and investments

Securities recognised under current assets mainly comprise listed bonds and investments measured at fair value (quoted price) at the balance sheet date.

Provisions

Pension obligations:

The Group has entered into pension agreements with a significant number of the Group's employees.

The pension agreements comprise contribution based schemes and benefit-based schemes.

In the contribution based schemes, which are mainly used by the Danish companies, the Group pays fixed contributions to independent pension funds on a current basis. The Group is under no obligation to pay any additional amounts.

It is characteristic of the benefit-based schemes, which are mainly used by the Group's UK enterprises, that the Company (the Parent) is under an obligation to pay a defined contribution in connection with retirement depending on the years of service with the employee in question, etc.

The obligation which relates to the benefit-based schemes is calculated on an annual basis by way of an actuarial calculation based on certain conditions in respect of the future development in the rate of interest, inflation and expected average life of the employee, etc.

The actuarial net present value less the fair value of any assets related to the scheme is recognised in the balance sheet under pension obligations.

Actuarial gains and losses arising as a consequence of the change in the assumptions upon which the calculation of the pension obligation is based or in the calculation of the assets related to the pension scheme are recognised in the income statement.

Actuarial gains or losses which exceed the highest of either the calculated pension obligation or the fair value of the assets held by the pension funds are amortised over the expected remaining working lives of the employees of the Group. Actuarial gains or losses below the 10% limit are not recognised in the financial statements, but are included in the actuarial calculations pointing forward.

Other provisions:

Other provisions comprise anticipated costs of decided and published restructurings, guarantee commitments, etc.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date.

Mortgage debt and debt with other credit institutions

At the time of borrowing, mortgage debt and debt with other credit institutions are measured at cost which corresponds to the proceeds received less transaction costs incurred. It is subsequently measured at amortised cost, which corresponds to the capitalised value applying the effective interest method.

Lease commitments

Lease commitments regarding assets held under finance leases are recognised in the balance sheet as liabilities other than provisions. Following initial recognition, lease commitments are recognised at cost. The interest portion of lease payments is recognised over the term of the contracts as financial costs in the income statement.

Other financial liabilities

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

Deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at amortised cost which usually corresponds to the nominal value.

Cash flow statement

The cash flow statement of the Group is presented using the indirect method and shows cash flows from operating, investing and financing activities as well as the Group's cash and cash equivalents at the beginning and the end of the financial year. No separate cash flow statement has been prepared for the Parent because it is included in the consolidated cash flow statement.

Cash flows from operating activities are calculated as the profit of the year adjusted for non-cash operating items and working capital changes etc.

Cash flows from investing activities comprise payments in connection with the purchase and sale of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities comprise cash flows from the raising and repayment of long and short-term liabilities and supplementary payments to the members.

Cash and cash equivalents comprise cash and securities which are included in the balance sheet as current assets.

Segment information

Information is provided on the allocation of revenue on business segments and geographical markets. The segmental disclosures comply with the Group's accounting policies and internal financial management .

Statement and report

STATEMENT BY THE MANAGEMENT ON THE ANNUAL REPORT

Today we have presented the annual report of Danish Crown AmbA for 2004/05.

The annual report has been presented in accordance with the Danish Financial Statements Act and Danish accounting standards.

We consider the applied accounting policies appropriate for the annual report to provide a true and fair view of the Group's and the Parent's assets, equity and liabilities, financial position, results and cash flows.

We recommend the annual report to be adopted by the Board of Representatives.

Randers, 21 November 2005

On the Executive Board	Kjeld Johannesen *CEO*	Carsten Jakobsen *Vice-CEO*	Preben Sunke *CFO*	Jens Haven Christiansen *Executive Director*
	Torben Skou *Executive Director*			
On the Supervisory Board	Niels Mikkelsen *Chairman*	Bent Claudi Lassen *Vice-chairman*	Jens Lorenzen *Vice-chairman*	
	Karl Kristian Andersen	Per Højgaard Andersen	Erik Bredholt	John Brædder
	Bjarke Christiansen	Peder Damgaard	Per Frandsen	Hans Klejsgaard Hansen
	Niels Jakob Hansen	Asger Krogsgaard	Erik Larsen	Kaj Kragkær Larsen
	Peder Philipp	Leo Christensen (e)	Hans Søgaard Hansen (e)	Jens Pedersen (e)
	Jørgen H. Rasmussen (e)	Søren Tinggard (e)	*(e) Employee representative*	

AUDITORS' REPORT

To the members of Danish Crown AmbA

We have audited the annual report of Danish Crown AmbA for the financial year 2004/05, prepared in accordance with the Danish Financial Statements Act and Danish accounting standards. The annual report is the responsibility of the Company's Management. Our responsibility is to express an opinion on the annual report based on our audit.

Basis of opinion

We conducted our audit in accordance with Danish Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual report is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the annual report.

An audit also includes assessing the accounting policies used and significant estimates made by the Management, as well as evaluating the overall annual report presentation.

We believe that our audit provides a reasonable basis for our opinion.

Our audit has not resulted in any qualification.

In our opinion, the annual report gives a true and fair view of the Group's and the Parent 's financial position at 2 October 2005 and of the results of their operations as well as the consolidated cash flows for the financial year 2004/05 in accordance with the Danish Financial Statements Act and Danish Accounting Standards.

Viborg, 21 November 2005

DELOITTE

Statsautoriseret Revisionsaktieselskab

Gert Stampe *State Authorised Public Accountant*	Torben Aunbøl *State Authorised Public Accountant*

Income statement

4 October 2004 - 2 October 2005

(DKK million)

	Note	Group 2004/05	Group 2003/04	Parent 2004/05	Parent 2003/04
Net turnover	1	48,598.4	44,369.8	24,651.2	24,359.2
Production costs	2,3	-41,283.8	-37,453.8	-21,488.3	-21,223.0
Gross profit		**7,314.6**	**6,916.0**	**3,162.9**	**3,136.2**
Distribution costs	2,3	-3,927.9	-3,749.2	-1,472.0	-1,480.7
Administrative expenses	2,3,4	-1,649.4	-1,498.0	-668.8	-606.9
Operating profit from ordinary activity		**1,737.3**	**1,668.8**	**1,022.1**	**1,048.6**
Other operating income		26.8	12.8	0.0	0.0
Other operating expenses		-29.3	-24.5	-20.7	-16.7
Operating profit		**1,734.8**	**1,657.1**	**1,001.4**	**1,031.9**
Share of profit/loss before tax in subsidiaries	5	0.0	0.0	410.5	439.8
Share of profit/loss before tax in associates		60.6	87.8	54.7	62.8
Income from other investments		5.1	0.3	4.4	0.3
Financial income	6	259.3	166.3	210.5	132.0
Financial expenses	7	-651.1	-519.3	-307.4	-289.0
Profit before tax		**1,408.7**	**1,392.2**	**1,374.1**	**1,377.8**
Tax on profit for the year	8	-148.0	-118.5	-146.1	-117.0
Group profit for the year		**1,260.7**	**1,273.7**	**1,228.0**	**1,260.8**
Minority interests' share of profit		-32.7	-12.9	0.0	0.0
Profit for the year		**1,228.0**	**1,260.8**	**1,228.0**	**1,260.8**

Distribution of profit:				
For distribution:				
Profit for the year			1,228.0	
Total amount for distribution			**1,228.0**	
To be distributed as follows:				
Supplementary payments				
Pig-supplying members 1,551,397,147 kilos of DKK 0.70			1,086.0	
Sow-supplying members 76,324,366 kilos of DKK 0.60			45.8	
Cattle-supplying members 72,531,332 kilos of DKK 0.80			58.0	
Total supplementary payments			**1,189.8**	
Transferred to equity				
Transferred to other reserves			38.2	
Transferred to equity			**38.2**	
Total amount distributed			**1,228.0**	

Balance sheet

Assets at 2 October 2005

(DKK million)

		Group		Parent	
Fixed assets	**Note**	**2.10.2005**	**3.10.2004**	**2.10.2005**	**3.10.2004**
Intangible assets	9				
Trade marks etc.		7.7	9.7	0.0	0.0
Goodwill		32.5	34.8	0.2	0.3
Goodwill on consolidation		965.4	1,060.7	0.0	0.0
Total intangible assets		**1,005.6**	1,105.2	**0.2**	0.3
Property, plant and equipment	10				
Land and buildings		5,783.5	4,442.0	2,769.0	1,491.8
Plant and machinery		3,482.0	2,168.9	1,578.0	624.4
Other fixtures and fittings, tools and equipment		472.3	495.3	189.3	157.7
Property, plant and equipment in progress		873.9	2,627.8	376.3	2,136.4
Total property, plant and equipment		**10,611.7**	9,734.0	**4,912.6**	4,410.3
Fixed asset investments	11				
Investments in subsidiaries		0.0	0.0	1,596.9	1,717.7
Receivables from subsidiaries		0.0	0.0	75.3	78.7
Investments in associates		504.9	473.1	861.9	654.7
Other securities and investments		276.8	181.5	259.5	152.8
Total fixed asset investments		**781.7**	654.6	**2,793.6**	2,603.9
Total fixed assets		**12,399.0**	11,493.8	**7,706.4**	7,014.5
Current assets					
Inventories					
Raw materials and consumables		914.8	745.5	38.0	25.4
Work in progress		299.5	307.7	124.0	144.7
Finished goods and goods for resale		2,903.0	2,541.4	1,224.6	996.5
Total inventories		**4,117.3**	3,594.6	**1,386.6**	1,166.6
Receivables					
Trade receivables		5,574.6	5,520.2	1,899.9	1,651.8
Contract receivables		209.7	268.2	209.6	268.2
Contract work in progress		21.6	32.8	0.0	0.0
Receivables from subsidiaries		0.0	0.0	1,510.9	2,330.2
Receivables from associates		0.0	17.2	0.0	1.8
Other receivables		418.5	624.6	48.8	215.2
Required deposits to members' accounts		255.0	259.1	255.0	259.1
Prepayments		105.1	79.5	52.8	40.8
Total receiveables		**6,584.5**	6,801.6	**3,977.0**	4,767.1
Securities and investments		**122.8**	94.9	**0.0**	0.0
Cash		**256.3**	291.1	**5.5**	37.4
Total current assets		**11,080.9**	10,782.2	**5,369.1**	5,971.1
Total assets		**23,479.9**	22,276.0	**13,075.5**	12,985.6

Balance sheet

Equity and liabilities at 2 October 2005

(DKK million)

		Group		Parent	
Equity	**Note**	**2.10.2005**	**3.10.2004**	**2.10.2005**	**3.10.2004**
Members' accounts		1,360.6	1,130.5	1,360.6	1,130.5
Personal capital accounts		100.8	255.3	100.8	255.3
Reserve for net revaluation of investments		0.0	0.0	0.0	0.0
Other reserves		1,290.1	1,198.1	1,290.1	1,198.1
Total equity		**2,751.5**	2,583.9	**2,751.5**	2,583.9
Minority interests		**97.8**	111.3	**0.0**	0.0
Provisions	12	**588.9**	482.6	**187.7**	164.8
Liabilities other than provisions					
Long-term liabilities other than provisions	13				
Subordinated loan		1,000.0	1,000.0	1,000.0	1,000.0
Mortgage debt		4,373.0	4,207.5	3,878.1	3,722.9
Lease commitments		32.8	15.5	0.0	0.0
Other credit institutions		6,530.8	1,786.0	2,033.2	1,500.7
Total long-term liabilities other than provisions		**11,936.6**	7,009.0	**6,911.3**	6,223.6
Short-term liabilities other than provisions					
Short-term portion of long-term debt		104.5	275.4	5.0	5.0
Credit institutions		2,357.7	6,140.9	311.6	1,284.9
Trade payables		2,404.7	2,397.5	638.7	638.6
Debt to subsidiaries		0.0	0.0	229.2	120.3
Debt to associates		31.2	39.5	26.8	27.3
Income taxes		0.0	0.0	0.5	2.6
Other payables		1,767.8	1,800.9	645.7	592.6
Accruals and deferred income		77.1	95.8	5.4	2.8
Proposed capital accounts to be paid out		172.3	130.3	172.3	130.3
Proposed supplementary payments to members		1,189.8	1,208.9	1,189.8	1,208.9
Total short-term liabilities other than provisions		**8,105.1**	12,089.2	**3,225.0**	4,013.3
Total liabilities other than provisions		**20,041.7**	19,098.2	**10,136.3**	10,236.9
Total equity and liabilities		**23,479.9**	22,276.0	**13,075.5**	12,985.6
Contingent liabilities, etc	14				
Provision of security	15				
Members' liability	16				
Currency exposure and financial instruments, Group	17				
Related party transactions	18				

Statement of changes in equity

At 2 October 2005

(DKK million)

	Group		Parent	
Members' accounts	**2.10. 2005**	**3.10. 2004**	**2.10. 2005**	**3.10. 2004**
Balance at 4 October 2004	1,130.5	890.1	1,130.5	890.1
Net capital investment for the year	230.1	240.4	230.1	240.4
Total Members' accounts	**1,360.6**	1,130.5	**1,360.6**	1,130.5
Personal capital accounts				
Balance at 4 October 2004	255.3	388.0	255.3	388.0
Net amount transferred for payment	-154.5	-132.7	-154.5	-132.7
Total personal capital accounts	**100.8**	255.3	**100.8**	255.3
Reserve for net revaluation of investments				
Balance at 4 October 2004	0.0	0.0	0.0	0.0
Exchange rate adjustment of opening equity in foreign subsidiaries, etc.	0.0	0.0	59.9	-25.2
Other adjustments	0.0	0.0	-6.1	6.6
Transferred to other reserves	0.0	0.0	-53.8	-4.9
Transferred according to the distribution of profit	0.0	0.0	0.0	23.5
Total reserve for net revaluation of investments	**0.0**	0.0	**0.0**	0.0
Other reserves				
Balance at 4 October 2004	1,198.1	1,164.5	1,198.1	1,164.5
Exchange rate adjustment of opening equity in foreign subsidiaries etc.	59.9	-25.2	0.0	0.0
Other adjustments	-6.1	6.9	0.0	0.3
Transferred from net revaluation reserve	0.0	0.0	53.8	4.9
Transferred according to the distribution of profit	38.2	51.9	38.2	28.4
Total other reserves	**1,290.1**	1,198.1	**1,290.1**	1,198.1
Total equity	**2,751.5**	2,583.9	**2,751.5**	2,583.9

Cash flow statement

4 October 2004 - 2 October 2005

(DKK million)

	Group	
Cash flow from operating activities	**2004/05**	**2003/04**
Profit for the year	1,228.0	1,260.8
Depreciation, amortisation and write-down	1,166.6	1,184.2
Share of profit/loss generated by fixed asset investments	-60.9	-83.5
Change in provisions	106.3	102.3
Change in inventories	-522.7	-280.7
Change in receivables	213.0	-894.5
Change in trade payables, etc.	-359.8	15.0
Total cash flow from operating activites	**1,770.5**	**1,303.6**
Cash flow from investing activities		
Investment in intangible assets	9.1	-814.0
Investment in property, plant and equipment	-1,860.6	-3,709.1
Fixed asset investments	9.8	50.4
Total cash flow from investing activities	**-1,841.7**	**-4,472.7**
Total cash flow from operating and investing activities	**-71.2**	**-3,169.1**
Cash flow from financing activities		
Deposit of members' capital	259.1	250.1
Payment of personal capital accounts	-130.3	-138.5
Payment of supplementary payment	-1,208.9	-1,152.1
Change in short-term bank credit	-3,783.2	3,296.1
Change in subordinated loan	0.0	1,000.0
Change in mortgage debt	165.5	1,239.3
Change in lease commitments	17.3	-7.9
Change in other long-term debt	4,744.8	-1,326.7
Total cash flow from financing activities	**64.3**	**3,160.3**
Change in cash and securities	-6.9	-8.8
Cash and securities at 4 October 2004	386.0	394.8
Cash and securities at 2 October 2005	**379.1**	**386.0**

Notes

Notes 1-3

(DKK million)

		Group		Parent	
1	**Net turnover**	**2004/05**	**2003/04**	**2004/05**	**2003/04**
	Divided by markets:				
	Denmark	4,461.7	4,722.5	3,827.4	4,024.1
	International	44,136.7	39,647.3	20,823.8	20,335.1
	Total net turnover	**48,598.4**	**44,369.8**	**24,651.2**	**24,359.2**
	Divided by activities:				
	Pork	25,221.4	23,705.3	22,899.0	22,686.0
	Beef	3,116.5	2,779.9	1,752.2	1,673.2
	Processing	14,235.2	11,427.8	0.0	0.0
	Other activities	6,025.3	6,456.8	0.0	0.0
	Total net turnover	**48,598.4**	**44,369.8**	**24,651.2**	**24,359.2**

2	**Staff costs**				
	Wages and salaries	7,123.8	6,775.4	3,506.8	3,632.0
	Pensions	336.8	348.3	206.3	226.3
	Other social security costs	646.8	495.2	253.3	208.1
	Total staff costs	**8,107.4**	**7,618.9**	**3,966.4**	**4,066.4**
	Including:				
	Remuneration of Parent's Supervisory Board	4.5	4.9	3.9	4.0
	Remuneration of Board of Representatives	5.3	5.3	5.3	5.3
	Remuneration of Parent's Executive Board	27.4	20.9	18.5	12.8
	Average number of employees	28,553	23,948	10,796	11,359

3	**Depreciation, amortisation and write-down**				
	Intangible assets	98.8	64.9	0.1	0.1
	Property, plant and equipment	1,067.8	1,119.3	441.8	612.6
	Exchange rate adjustments	-6.6	2.9	0.0	0.0
	Profit from sale of property, plant and equipment	7.3	-141.2	1.0	-124.5
	Total depreciation, amortisation and write-down	**1,167.3**	**1,045.9**	**442.9**	**488.2**
	Depreciation, amortisation and write-down are included in the below items:				
	Production costs	936.4	863.2	399.3	449.4
	Distribution costs	44.7	31.6	8.0	5.2
	Administrative expenses	186.2	151.1	35.6	33.6
	Total depreciation, amortisation and write-down	**1,167.3**	**1,045.9**	**442.9**	**488.2**

Notes

Notes 4-8

(DKK million)

		Group		Parent	
4	**Audit fees**	**2004/05**	**2003/04**	**2004/05**	**2003/04**
	Audit fee, Deloitte	14.8	13.6	2.6	2.8
	Audit fee, others	2.7	2.5	0.0	0.0
	Other services, Deloitte	6.5	13.7	2.2	2.5
	Other services, others	4.8	3.0	1.2	0.6
	Total audit fees	**28.8**	**32.8**	**6.0**	**5.9**
5	**Share of profit/loss in subsidiaries before tax**				
	Share of profit/loss before tax	0.0	0.0	456.7	456.7
	Unrealised intra-group profits	0.0	0.0	-26.1	4.3
	Amortisation of additional value in connection with acquisition of shares	0.0	0.0	-20.1	-21.2
	Total share of profit/loss in subsidiaries before tax	**0.0**	**0.0**	**410.5**	**439.8**
6	**Financial income**				
	Subsidiaries	0.0	0.0	1.8	1.9
	Other interest	259.3	166.3	208.7	130.1
	Total financial income	**259.3**	**166.3**	**210.5**	**132.0**
7	**Financial expenses**				
	Subsidiaries	0.0	0.0	0.4	0.6
	Other interest	651.1	519.3	307.0	288.4
	Total financial expenses	**651.1**	**519.3**	**307.4**	**289.0**
8	**Tax on profit for the year**				
	Tax on profit for the year	99.0	113.0	11.2	7.0
	Adjustment concerning previous years	-3.9	-20.4	-1.1	3.3
	Change in deferred tax	48.1	21.3	0.0	0.0
	Share of tax in subsidiaries	0.0	0.0	128.3	104.3
	Share of tax in associates	4.8	4.6	7.7	2.4
	Total tax on profit for the year	**148.0**	**118.5**	**146.1**	**117.0**

Notes

Note 9

(DKK million)

9	**Intangible assets, Group**	**Trademarks etc.**	**Goodwill**	**Goodwill on consolidation**	**Total intangible assets**
	Total cost:				
	Total cost at 4 October 2004	485.4	76.5	1,306.6	1,868.5
	Exchange rate adjustment	1.1	-0.3	9.0	9.8
	Transfer	4.1	7.4	27.3	38.8
	Additions during the year	4.2	4.3	16.0	24.5
	Disposals during the year	-10.3	-12.1	-41.2	-63.6
	Total cost at 2 October 2005	**484.5**	**75.8**	**1,317.7**	**1,878.0**
	Total amortisation and write-down:				
	Total amortisation and write-down at 4 October 2004	475.7	41.7	245.9	763.3
	Exchange rate adjustment	0.8	0.0	0.7	1.5
	Transfer	4.3	6.2	28.3	38.8
	Additions	0.0	0.0	0.0	0.0
	Amortisation and write-down of the year	4.0	7.4	87.4	98.8
	Amortisation and write-down on assets disposed of	-8.0	-12.0	-10.0	-30.0
	Total amortisation and write-down at 2 October 2005	**476.8**	**43.3**	**352.3**	**872.4**
	Carrying amount at 2 October 2005	**7.7**	**32.5**	**965.4**	**1,005.6**
	Carrying amount at 3 October 2004	9.7	34.8	1,060.7	1,105.2

9	**Intangible assets, Parent**				
	Total cost:				
	Total cost at 4 October 2004	24.4	8.8	0.0	33.2
	Additions during the year	0.0	0.0	0.0	0.0
	Disposals during the year	0.0	0.0	0.0	0.0
	Total cost at 2 October 2005	**24.4**	**8.8**	**0.0**	**33.2**
	Total amortisation and write-down:				
	Total amortisation and write-down at 4 October 2004	24.4	8.5	0.0	32.9
	Amortisation and write-down of the year	0.0	0.1	0.0	0.1
	Amortisation and write-down on assets disposed of	0.0	0.0	0.0	0.0
	Total amortisation and write-down at 2 October 2005	**24.4**	**8.6**	**0.0**	**33.0**
	Carrying amount at 2 October 2005	**0.0**	**0.2**	**0.0**	**0.2**
	Carrying amount at 3 October 2004	0.0	0.3	0.0	0.3

Notes

Note 10

(DKK million)

10	**Property, plant and equipment, Group**	**Land and buildings**	**Plant and machinery**	**Other fixtures and fittings etc.**	**Property, plant and equipment in progress**	**Total property, plant and equipment**
	Total cost:					
	Total cost at 4 October 2004	7,945.1	7,835.6	1,669.4	2,627.8	20,077.9
	Exchange rate adjustment	64.6	70.4	9.7	8.5	153.2
	Transfer	79.6	241.4	0.2	-31.6	289.6
	Completion of plant in progress	1,416.3	756.7	49.6	-2,222.6	0.0
	Additions during the year	375.7	994.6	171.8	491.8	2,033.9
	Disposals during the year	-132.5	-396.3	-252.9	0.0	-781.7
	Total cost at 2 October 2005	**9,748.8**	**9,502.4**	**1,647.8**	**873.9**	**21,772.9**
	Total revaluation:					
	Total revaluation at 4 October 2004	30.9	5.8	0.5	0.0	37.2
	Disposals during the year	0.0	0.0	0.0	0.0	0.0
	Total revaluation at 2 October 2005	**30.9**	**5.8**	**0.5**	**0.0**	**37.2**
	Total depreciation and write-down:					
	Total depreciation and write-down at 4 October 2004	3,534.0	5,672.5	1,174.6	0.0	10,381.1
	Exchange rate adjustment	15.9	46.8	5.6	0.0	68.3
	Transfer	76.9	187.8	24.9	0.0	289.6
	Depreciation and write-down of the year	406.9	476.8	184.1	0.0	1,067.8
	Depreciation and write-down on assets disposed of	-37.5	-357.7	-213.2	0.0	-608.4
	Total depreciation and write-down at 2 October 2005	**3,996.2**	**6,026.2**	**1,176.0**	**0.0**	**11,198.4**
	Carrying amount at 2 October 2005	**5,783.5**	**3,482.0**	**472.3**	**873.9**	**10,611.7**
	Carrying amount at 3 October 2004	4,442.0	2,168.9	495.3	2,627.8	9,734.0
	At 2 October 2005, the carrying amount includes:					
	Recognised leased assets	8.4	29.3	0.0	0.0	37.7
	Recognised interest expenses	137.6	0.0	0.0	0.0	137.6
	Assessed cash value of Danish properties at 1 October 2004	2,623.1				
	Carrying amount of foreign properties	2,178.7				

Notes

Note 10

(DKK million)

		Land and buildings	Plant and machinery	Other fixtures and fittings etc.	Property, plant and equipment in progress	Total property, plant and equipment
10	**Property, plant and equipment, Parent**					
	Total cost:					
	Total cost at 4 October 2004	3,931.4	3,208.8	793.0	2,136.4	10,069.6
	Completion of plant in progress	1,343.4	579.4	26.2	-1,949.0	0.0
	Additions during the year	187.0	535.0	66.3	188.9	977.2
	Disposals during the year	-7.2	-134.6	-100.5	0.0	-242.3
	Total cost at 2 October 2005	**5,454.6**	**4,188.6**	**785.0**	**376.3**	**10,804.5**
	Total depreciation and write-down:					
	Total depreciation and write-down at 4 October 2005	2,439.6	2,584.4	635.3	0.0	5,659.3
	Depreciation and write-down of the year	248.3	138.6	54.9	0.0	441.8
	Depreciation and write-down on assets disposed of	-2.3	-112.4	-94.5	0.0	-209.2
	Total depreciation and write-down at 2 October 2005	**2,685.6**	**2,610.6**	**595.7**	**0.0**	**5,891.9**
	Carrying amount at 2 October 2005	**2,769.0**	**1,578.0**	**189.3**	**376.3**	**4,912.6**
	Carrying amount at 3 October 2004	1,491.8	624.4	157.7	2,136.4	4,410.3
	The carrying amount at 2 October 2005 includes:					
	Recognised leased assets	0.0	0.0	0.0	0.0	0.0
	Recognised interest expenses	137.6	0.0	0.0	0.0	137.6
	Assessed cash value of Danish properties at 1 October 2004	1,641.9				

Notes

Note 11

(DKK million)

11	Fixed asset investments, Group	Investments in subsidiaries	Receivables from subsidiaries	Investments in associates	Other securities and investments	Total fixed asset investments
	Total cost:					
	Total cost at 4 October 2004	0.0	0.0	208.0	158.3	366.3
	Exchange rate adjustment	0.0	0.0	0.7	1.0	1.7
	Additions during the year	0.0	0.0	23.1	28.4	51.5
	Disposals during the year	0.0	0.0	-0.3	-11.4	-11.7
	Total cost at 2 October 2005	**0.0**	**0.0**	**231.5**	**176.3**	**407.8**
	Total value adjustments:					
	Total value adjustment at 4 October 2004	0.0	0.0	265.1	23.2	288.3
	Exchange rate adjustment	0.0	0.0	2.4	78.7	81.1
	Share of net profit/loss before tax	0.0	0.0	60.6	5.1	65.7
	Share of tax	0.0	0.0	-4.8	0.0	-4.8
	Distribution of dividends during the year	0.0	0.0	-56.2	-0.4	-56.6
	Additions during the year	0.0	0.0	6.3	0.0	6.3
	Disposals during the year	0.0	0.0	0.0	0.0	0.0
	Other adjustments	0.0	0.0	0.0	-6.1	-6.1
	Total value adjustments at 2 October 2005	**0.0**	**0.0**	**273.4**	**100.5**	**373.9**
	Carrying amount at 2 October 2005	**0.0**	**0.0**	**504.9**	**276.8**	**781.7**
	Carrying amount at 3 October 2004	0.0	0.0	473.1	181.5	654.6

11	Fixed asset investments, Parent					
	Total cost:					
	Total cost at 4 October 2004	1,881.6	78.7	417.2	131.8	2,509.3
	Exchange rate adjustment	20.0	0.1	-7.4	0.0	12.7
	Additions during the year	0.0	1.4	162.8	28.4	192.6
	Disposals during the year	-21.2	-4.9	0.0	-0.4	-26.5
	Total cost at 2 October 2005	**1,880.4**	**75.3**	**572.6**	**159.8**	**2,688.1**
	Total value adjustments:					
	Total value adjustments at 4 October 2004	-163.9	0.0	237.5	21.0	94.6
	Exchange rate adjustment	7.9	0.0	39.3	78.6	125.8
	Share of net profit/loss before tax	410.5	0.0	54.7	4.4	469.6
	Share of tax	-128.3	0.0	-7.7	0.0	-136.0
	Distribution of dividend during the year	-403.6	0.0	-40.8	0.0	-444.4
	Additions during the year	0.0	0.0	6.3	0.0	6.3
	Disposals during the year	0.0	0.0	0.0	-4.3	-4.3
	Other adjustments	-6.1	0.0	0.0	0.0	-6.1
	Total value adjustments at 2 October 2005	**-283.5**	**0.0**	**289.3**	**99.7**	**105.5**
	Carrying amount at 2 October 2005	**1,596.9**	**75.3**	**861.9**	**259.5**	**2,793.6**
	Carrying amount at 3 October 2004	1,717.7	78.7	654.7	152.8	2,603.9

Notes

Note 12

(DKK million)

12		Group		Parent	
	Provisions	**2.10. 2005**	**3.10. 2004**	**2.10. 2005**	**3.10. 2004**
	Pension obligations	302.6	240.2	69.4	65.2
	Deferred tax	2.8	23.8	0.0	0.0
	Restructuring expenses	64.4	53.5	64.4	53.5
	Insurance provisions	126.2	94.2	11.2	31.9
	Other provisions	92.9	70.9	42.7	14.2
	Total provisions	**588.9**	**482.6**	**187.7**	**164.8**
	Anticipated maturity of provisions made:				
	Within one year	140.6	122.0	89.9	70.6
	After one year	448.3	360.6	97.8	94.2
	Total provisions	**588.9**	**482.6**	**187.7**	**164.8**

Group	**Pension obligations**	**Deferred tax**	**Restructuring expenses**	**Self-insurance**	**Other provisions**
Provisions at 4 October 2004	240.2	23.8	53.5	94.2	70.9
Exchange rate adjustments	0.7	2.4	0.0	0.0	0.0
Transfer	68.9	-71.5	0.0	0.0	0.0
Employed during the year	-14.7	0.0	-26.7	-20.7	-7.7
Provisions for the year	7.5	48.1	37.6	52.7	29.7
Provisions at 2 October 2005	**302.6**	**2.8**	**64.4**	**126.2**	**92.9**
Parent					
Provisions at 4 October 2004	65.2	0.0	53.5	31.9	14.2
Employed during the year	-5.9	0.0	-26.7	-20.7	2.8
Provisions for the year	10.1	0.0	37.6	0.0	25.7
Provisions at 2 October 2005	**69.4**	**0.0**	**64.4**	**11.2**	**42.7**

Notes

Note 13

(DKK million)

13	**Long-term liabilities other than provisions, Group**	**Due within 1 year**	**Due between 1 and 5 years**	**Due after 5 years**	**Total long-term liabilities other than provisions**
	Subordinated loan	0.0	0.0	1,000.0	1,000.0
	Mortgage debt	30.0	1,661.0	2,712.0	4,403.0
	Lease commitments	8.8	29.5	3.3	41.6
	Other credit institutions	65.7	5,482.9	1,047.9	6,596.5
	Long-term liabilities other than provisions at 2 October 2005	**104.5**	**7,173.4**	**4,763.2**	**12,041.1**
	Long-term liabilities other than provisions at 4 October 2004	275.4	1,673.5	5,335.5	7,284.4
	Long-term liabilities other than provisions, Parent				
	Subordinated loan	0.0	0.0	1,000.0	1,000.0
	Mortgage debt	0.0	1,515.0	2,363.1	3,878.1
	Lease commitments	0.0	0.0	0.0	0.0
	Other credit institutions	5.0	1,806.9	226.3	2,038.2
	Long-term liabilities other than provisions at 2 October 2005	**5.0**	**3,321.9**	**3,589.4**	**6,916.3**
	Long-term liabilities other than provisions at 4 October 2004	5.0	1,270.0	4,953.6	6,228.6

	Group		**Parent**	
Interest rate risks	**2.10. 2005**	**3.10. 2004**	**2.10. 2005**	**3.10. 2004**
DKK	6,579.3	6,659.7	5,406.9	6,005.4
EUR	1,690.5	485.1	1,347.7	223.2
GBP	1,923.2	1.1	48.6	0.0
USD	1,551.8	57.2	1.7	0.0
JPY	138.7	0.0	95.0	0.0
SEK	39.1	49.5	0.4	0.0
NOK	63.4	6.4	0.0	0.0
PLN	53.7	25.4	14.6	0.0
Other	1.4	0.0	1.4	0.0
	12,041.1	7,284.4	**6,916.3**	6,228.6
Weighted average interest	4.53%	5.16%	4.50%	5.30%

Of the Group's long-term loans, DKK 5,147.4 million has been raised as fixed-rate loans (excluding subordinated loan as discussed below) and DKK 5,893.7 million has been raised as floating-rate loans. Of the Parent's loans, DKK 3,905.6 million (excluding subordinated loan) has been raised as fixed-rate loans and DKK 2,010.7 million has been raised as floating-rate loans. At the balance sheet date, DKK 4,347.1 million had been refinanced from fixed-rate loans to floating-rate loans by way of financial instruments. Together with the underlying liabilities, the financial instruments have been stated at their fair value at the balance sheet date and have been recognised in the income statement under financial income and expenses. The weighted rate of interest on the long-term debt of the Group is 4.38% (excluding subordinated loan) before recognition of financial instruments. For the Parent, the weighted rate of interest is 4.04% (excluding subordinated loan).

The Parent has raised a subordinated loan maturing in 2012 and 2014 of DKK 1,000.0 million. Of this loan, DKK 550.0 million has been raised as a fixed-rate loan with a rate of interest of 6.125% and maturing in 2012 and DKK 450.0 million has been raised with a rate of interest of 6.375%. This loan matures in 2014.
The subordinated loan is subordinated to the other creditors of the Company.

Notes

Notes 14-16

(DKK million)

14	**Contingent liabilities etc.**	Group 2.10. 2005	Group 3.10. 2004	Parent 2.10. 2005	Parent 3.10. 2004
	Guarantees provided to subsidiaries, max.	0.0	0.0	5,628.7	4,913.7
	Guarantees provided to subsidiaries, applied	0.0	0.0	2,535.5	2,357.4
	Other guarantees	96.6	67.5	1.7	2.2
	Contractual obligations regarding property, plant and equipment	49.1	230.7	58.8	253.0
	Guarantees provided to the EU Directorate	55.1	162.4	27.5	130.1
	Repayment obligation	50.4	53.9	49.2	52.7
	Rental and lease commitments	82.4	89.7	0.0	0.0
	Other	1.9	2.2	0.6	0.6

The Group is involved in a few lawsuits and disputes. Management is of the opinion that the outcome of these will not have a significant impact on the financial position of the Group.

15	**Provision of security**				
	The assets below have been provided as security for mortgage debt and other long-term debt:				
	Land, buildings and plant etc.	3,951.6	4,147.2	3,417.5	3,536.5
	Carrying amount of above assets	5,317.9	5,272.0	4,300.9	4,250.0

16 **Members' liability**

The members are personally and severally liable for the Parent's commitments.

The liability of the individual member is calculated on the basis of member supplies with a maximum liability of DKK 25,000.

The total liability of members at 2 October 2005 amounts to DKK 417.9 million.

At 2 October 2005, Danish Crown AmbA had 16,718 members.

Notes

Notes 17-18

(DKK million)

17	**Currency exposure and financial instruments, Group**	**Receivables**	**LIabilities other than provisions**	**Hedged by way of forward contracts**	**Net position at 2.10. 2005**
	EUR	1,752.5	1,799.5	38.6	-85.6
	GBP	1,183.9	257.2	966.7	-40.0
	JPY	998.4	187.0	794.2	17.2
	USD	1,235.5	1,102.2	152.0	-18.7
	Other	825.6	487.7	321.7	16.2
		5,995.9	**3,833.6**	**2,273.2**	**-110.9**

A significant portion of the sale of goods of the Danish Crown Group is denominated in other currencies than DKK. However, a large portion of the Group's expenses, including purchase of goods, is in DKK. The net positions of the Group in all export currencies is assessed on a current basis. Gains and losses on assets and liabilities (hedged items) and financial instruments are recognised in the income statement at fair value.

As a main rule, the translation risk, i.e. the possibility/risk of losses or gains in connection with the translation of net investments in foreign subsidiaries into DKK is not hedged. Gains or losses realised in this respect are recognised directly on equity.

18 **Related party transactions**

Associates and members of the Supervisory Board and Executive Board of Danish Crown AmbA are considered related parties. As the Company is a co-operative society, it has received supplies from its members, including the Supervisory Board.

Besides this, there have been no significant transactions with related parties apart from management remuneration which has been included in note 2, Staff costs.

All related party transactions have been carried out on arm's length basis.

Group structure

At 3 October 2005

Company name		Direct ownership share %
Danish Crown Holding A/S	Denmark	100.0
Danish Crown Beef Company A/S	Denmark	100.0
Danish Crown Salg og Service A/S	Denmark	100.0
DC II A/S	Denmark	100.0
Antonius A/S	Denmark	100.0
Steff Food A/S	Denmark	100.0
Landsby-Slagteren A/S	Denmark	100.0
Forsikringsselskabet Galt a/s	Denmark	100.0
Danish Crown UK Limited.	UK	100.0
Emborg Foods España S.A.	Spain	100.0
Danish Crown Incorporated A/S	Denmark	100.0
Tulip Food Company P/S ■	Denmark	5.0
DAT-SCHAUB International Holding A/S	Denmark	100.0
DAT-SCHAUB International A/S	Denmark	100.0
Carnehansen A/S	Denmark	100.0
Dansk Svensk Koedexport s.r.o.	Czech Republic	100.0
DAT-SCHAUB Hungary KFT	Hungary	100.0
ESS-FOOD Hungaria Kft.	Hungary	100.0
DAT-SCHAUB Australia Pty Ltd.	Australia	100.0
DAT-SCHAUB (H.K.) Ltd.	Hong Kong	100.0
Findane A/S	Denmark	100.0
NoriDane Food A/S	Denmark	50.0
Dansk Kuldekonservering A/S	Denmark	55.0
Dubai Meat Packers Ltd. (filial)	U.A.E.	100.0
SFK Holding A/S	Denmark	100.0
SFK Systems A/S	Denmark	100.0
SFK America Inc.	USA	100.0
SFK TECH S.L.	Spain	76.2
Danfood Technology Ltd.	UK	30.4
SFK Ltd.	UK	100.0
SFK Australia Pty. Ltd.	Australia	100.0
SFK Food A/S	Denmark	100.0
Nordfalks Industri AB	Sweden	90.0
SFK CR, spol.s.r.o.	Czech Republic	100.0
Landbrugets Samkøb ApS	Denmark	50.0
Tulip International (UK) Ltd.	UK	100.0
Tulip Ltd.	UK	100.0
Tulip Food Company P/S ■	Denmark	95.0
Tulip Food Company Holding ApS	Denmark	100.0
Komplementarselskabet DP af 21. marts 2001 ApS	Denmark	100.0
Iwans ApS	Denmark	100.0
TFC af 1/1 2004 ApS	Denmark	100.0

Company name		Direct ownership share %
PFG Holding A/S	Denmark	100.0
TFC Fast Food A/S	Denmark	100.0
P.G. Leasing A/S	Denmark	100.0
Eksportselskabet Gøl, Svenstrup J. ApS	Denmark	100.0
Best Holding GmbH	Germany	100.0
Tulip Food Service GmbH	Germany	100.0
Tulip Fleischwaren Oldenburg GmbH	Germany	100.0
Tulip Food Company GmbH	Germany	100.0
Tulip Food Company France S.A.	France	100.0
Tulip Food Company AB	Sweden	100.0
Pölsemannen AB	Sweden	100.0
Tulip Food Company Oy	Finland	100.0
Tulip Food Company Italiana S.r.L.	Italy	100.0
Tulip Food Company Japan co. Ltd.	Japan	100.0
Majesty Inc.	USA	100.0
Tulip Food Service Ltd.	UK	100.0
Danish Deli Ltd.	UK	100.0
DAT-Schaub a.m.b.a.	Denmark	94.4
Oriental Sino Limited	Hong Kong	45.0
Yancheng Lianyi Casing Products Co. Ltd.	China	33.0
DAT-Schaub Holding A/S	Denmark	100.0
DAT-Schaub (PORTO) S.A.	Portugal	100.0
DAT-Schaub USA Inc.	USA	100.0
DAT-Schaub France S.A.	France	100.0
Soussana S.A.	France	100.0
Argental s.a.r.l.	France	100.0
Alandal S.A.	Portugal	100.0
Boyauderie du Poitou S.A.	France	100.0
Cima S.A.	Spain	100.0
Trissal S.A.	Portugal	50.0
Aktieselskabet DAT-Schaub Danmark	Denmark	100.0
Arne B. Corneliussen AS	Norway	100.0
Ørako AS	Norway	100.0
Oy DAT-Schaub Finland Ab	Finland	100.0
DAT-Schaub Eesti OÜ	Estonia	80.0
DAT-Schaub AB	Sweden	100.0
DAT-Schaub (DEUTSCHLAND) GmbH	Germany	100.0
Gerhard Küpers GmbH	Germany	100.0
DIF Organgveredlung Gerhard Küpers GmbH & Co. KG	Germany	100.0
CKW Pharma-Extrakt GmbH & Co. KG	Germany	50.0
CKW Pharma-Extrakt Beteil.- u. Verwaltungsges. GmbH	Germany	50.0
EFS Gerhard Küpers GmbH & Co. KG	Germany	100.0

Company name		Direct ownership share %
OTHER SUBSIDIARIES:		
Danish Crown USA Inc.	USA	100.0
Plumrose USA Inc.	USA	100.0
Sunhill Food of Vermont Inc.	USA	100.0
Foodane USA Inc.	USA	100.0
▾ Danish Crown GmbH	Germany	100.0
Oldenburger Convenience GmbH	Germany	100.0
Danish Crown Schlachtzentrum Nordfriesland GmbH	Germany	100.0
Foodane Japan Ltd.	Japan	100.0
Danish Crown S.A.	Switzerland	100.0
Danish Crown/Beef Division S.A.	Switzerland	100.0
Danish Bacon Company plc.	UK	100.0
Q.A. Meat Ltd.	UK	90.0
DAK AO	Russia	100.0
Carnes Danesas S.A.	Spain	100.0
Danish Crown España S.A.	Spain	100.0
Scan-Hide A.m.b.a.	Denmark	69.8
Dansk Hesteslagteri A/S	Denmark	75.0
▾ Friland A/S	Denmark	100.0
Friland Food AB	Sweden	100.0
▾ ESS-FOOD S.A.S	France	100.0
Desfis S.A.S	France	100.0
▾ SCI E.F. Immobilier Orléans	France	100.0
SCI RP Bernay	France	85.0
▾ Globe Meat Holland B.V.	Holland	100.0
Pelco B.V.	Holland	100.0
ESS-FOOD Benelux B.V.	Holland	100.0
ESS-FOOD Japan Co. Ltd.	Japan	100.0
Danish Crown AmbA, Korean Liaison Office (branch)	Korea	100.0
Meat World	Korea	100.0
ESS-FOOD (H.K.) Ltd.	Hong Kong	100.0

Company name		Direct ownership share %
ASSOCIATES		
daka amba	Denmark	46.1
Agri-Norcold A/S	Denmark	43.0
Danske Slagterier	Denmark	97.0
▾ Saturn Nordic Holding AB	Sweden	50.0
Sokolów S.A.	Poland	82.5

■ Is included more than once in the group structure

▾ The following text in red indicates subsidiaries of the company

Bold = parent companies in sub-groups