# ANNUAL REPORT 2007/08

DANISH CROWN

# CONTENTS

# MANAGEMENT REPORT
## – a year of turbulence and challenges

Market turbulence throughout the meat production value chain, decline in Danish meat production, a return to normal after two big slaughterhouse fires and, at the end of the year, a global financial crisis. These headlines mainly set the agenda for the Danish Crown Group in the 2007/08 financial year.

In spite of these challenges, developments at Danish Crown did not come to a standstill. Consolidated revenue increased by 5.9 per cent to DKK 47.0 billion during the financial year, primarily thanks to acquisitions in the UK and Sweden as well as price hikes for meat and meat products.

Despite the turbulent market conditions, primary earnings remained almost unchanged with EBIT at DKK 1,816 million, down 3 per cent relative to last year. The profit margin was 3.9 per cent against 4.2 per cent last year.

This year, the fresh meat sector contributed 71 per cent (67 per cent) of primary earnings before tax, interest and group costs, with the processing sector contributing 26 per cent (30 per cent) and the trading sector accounting for 3 per cent (4 per cent).

In absolute figures, primary earnings from the fresh meat sector increased by DKK 66 million while earnings were reduced by DKK 93 million in the processing sector and DKK 8 million in the trading sector. Consolidated profit was DKK 997.3 million against DKK 1.229.9 million last year. The decline can be attributed, in particular, to an increase in net financials.

This year, a recommendation is made for supplementary payments of DKK 0.60, DKK 0.65 and DKK 0.70 for pigs, sows and cattle, respectively, which is DKK 0.15 lower, DKK 0.10 higher and DKK 0.15 lower, respectively, than last year. Most of these changes are attributable to factors relating to the group activities which are common to all groups of cooperative members.

The results reflect strong efforts aimed at handling the major challenges faced during the year, but, taken together with the competition in the raw materials market, the results cannot be described as completely satisfactory.

### Fresh meat sector

Due, among other things, to the unsatisfactory administration of the Danish environmental regulations, the total Danish production of both pork and beef is declining, which affects the activities in the parent. A total drop of 3 per cent in deliveries from Danish members was recorded this year.

Over the year, the situation in the Danish primary production was severely impacted by a combination of very high costs and excessive international supplies of pork, which meant that it was not possible to obtain coverage for the high costs in the market. The balance between meat prices and animal feed prices improved significantly towards the end of the year, although the situation still has not returned to normal.

***Pork Division:*** The financial year was characterised by an uphill struggle aimed at driving pork and settlement prices up in the face of more than ample global supplies throughout the year. However, Danish Crown succeeded in increasing its pig prices by 18 per cent from the beginning of the financial year until the end. Average pig prices for the year including supplementary payments were DKK 9.59 per kg, 2 per cent higher than last year's average.

Despite the swift seizing of new market opportunities, the strong EUR and DKK position relative to overseas currencies constituted a major challenge for the division's global sales pattern throughout most of the financial year. An unusual imbalance between prices of main products and by-products also did not do Danish high-quality pork justice in terms of price.

The after-effects of two big slaughterhouse fires in 2007 dominated the first half of the financial year, putting slaughtering capacity under severe pressure. After all pigs awaiting slaughter had been slaughtered in the spring, and as a decline in the production of pigs for slaughter was recorded at the same time, a marked drop in weekly pig slaughter volumes was seen from one week to the next, which necessitated the closing-down of several companies and the cutting of approx. 1,600 jobs. At the end of the financial year, these structural adjustments had been fully implemented.

The international casing company DAT-Schaub benefited from very positive market trends within pig casings over the year, and the company was able to contribute highly satisfactory results to the Group.

The market conditions meant that the Pork Division had difficulties matching settlement prices this year, particularly in the German market. Despite the division's decent results and efforts aimed at countering the turbulent conditions, the final results thus cannot be deemed satisfactory.

Thanks to its strong competitive edge within the sow area combined with new supplier-oriented initiatives, the Pork Division has quite a strong market position.

***Beef Division:*** Danish beef production has been declining for many years, but Danish Crown's Beef Division has managed to continually adapt to this challenge. With an 8 per cent decline in deliveries from members, the downswing was quite significant this year and somewhat stronger than for Denmark as a whole.

The price development for beef was good over the year, and Danish Crown was able to pay an average price including supplementary payments for the animals received which was DKK 0.93 above the average level last year.

The primary activities of the division were satisfactory, which is true to an even greater extent for the German slaughterhouse activities, just as the hide company Scan-Hide also contributed to earnings. The new production of processed beef products also developed very positively, and the initiative contributes to identifying new marketing opportunities for Danish beef and veal.

All in all, the results in the Beef Division must be considered satisfactory. The division's supplementary payments are, however, affected by the reduced earnings from the rest of the Group.

**Processing sector**
The Group's processing sector now consists of five subgroups, several of which also comprise quite significant raw material and fresh meat activities. During the year, the total portfolio was expanded through major acquisitions in the UK and Sweden, and the revenue generated by the sector was 9 per cent higher than last year.

The global imbalance between the prices of raw materials and finished products had a serious impact on most companies in the international meat processing industry this year. Danish Crown's processing sector was also impacted by these developments although the sector as a whole has proved relatively robust, particularly in the markets in which a strong national position has been established.

This was true not least for Tulip Ltd. (UK), which now constitutes more than half of the total processing sector and which was expanded by the newly acquired Geo Adams & Sons, which has already been fully integrated in the company. Despite the turbulent market conditions and the efforts being made to expand activities, the company's earnings and results fully live up to the outlook, which is highly satisfactory.

The Danish/German-based Tulip Food Company faced harder odds in the form of monetary challenges and extraordinary price developments within the company's raw material mix. To this was added a large fire at the company's factory in Germany. Despite considerable savings and intense marketing efforts, the results are unsatisfactory, but the adjustments made had secured a stronger position for the company by the end of the year. This year, the company expanded its portfolio with a factory in Sweden, which makes a positive contribution to earnings.

In the USA, Plumrose fortified its strong market position within a narrow product range and succeeded in increasing earnings over the year.

The Sokołów Group in Poland was able to continue its positive organic growth as a brand-driven company in the large Polish market, whereas the development in exchange rates failed to afford the same opportunities in the export market this year. Sokołów's results for the year, however, were characterised by considerable structural costs in the company's farming activities and were thus not satisfactory.

The most recent newcomer to this sector is Danish Crown Livsmedel AB in Sweden. Due to the time of acquisition, the results only comprise the weak earnings season in the market and are affected by the running-in and restructuring of the acquired activities. However, Danish Crown has confidence that a positive development of the company is in store.
This year, the total net contribution of the processing sector failed to live up to expectations – partly as a result of the market conditions impacting the entire industry and partly due to extraordinary conditions affecting some of the companies. Finally, developments in exchange rates meant that the results are recognised at a lower exchange rate. In spite of these challenges, the sector as a whole succeeded in realising a profit.

**Trading sector**
Both in the ESS-FOOD Group's international network and in the separate ESS-FOOD company in France, a sound and stable development with satisfactory earnings was realised this year. During the year, ESS-FOOD sold its stake in Norwegian Noridane.

The subsidiary Friland A/S cemented its strong position in the organic niche and within other special products; however, demand, primarily in the UK market, was weaker than expected and last year's record results did not come within reach this year.

**Group**
The development in associates has been quite varied, but total earnings from these were on a par with last year's earnings. This year, the company SPF-Danmark was spun off from the industry organisation Danish Bacon & Meat Council (Danske Slagterier), and SPF-Danmark will, in future, be recognised as a separate associate in the consolidated financial statements.

A significant loss was realised in Danish Crown Insurance due to an unsatisfactory claims history in the Group.

As a result of the acquisitions carried out, consolidated interest-bearing debt saw a moderate increase to DKK 13.2 billion. Increasing market rates, however, had a more serious impact on the development in net financials coupled with the fact that previous years' gains on fixed asset investments were turned into a small loss.

The company's equity was reduced by a nominal amount of DKK 132.6 million, which can primarily be attributed to reduced supplementary payments and a negative foreign currency translation adjustment of equity abroad. The company's members' accounts, on the other hand, saw an increase of DKK 176.4 million, and DKK 52 million of the profit was transferred to non-allocated equity. The solvency ratio this year was 22.0 per cent (incl. subordinated loans).

The Group had 25,059 employees at the end of the financial year, up less than 1 per cent and thus virtually unchanged. However, the figures cover an increase of 1,667 employees from acquired companies and a decrease of 1,504 employees in the other activities, notably in connection with the closing of slaughterhouses in Denmark. 58 per cent of the Group's employees are now employed abroad.

**Outlook for the coming year**

On the threshold to a new financial year, the repercussions of last year's dramatic developments in i.a. animal feed prices are slowly ebbing away – but, on the other hand, the world is in the midst of a financial crisis of historical dimensions. There is no doubt that this situation will impact all companies – including Danish Crown.

It is our assessment, however, that Danish Crown operates in a business area and has adopted a business system which will prove quite robust in this situation. The agricultural industry is much less sensitive to economic trends than most of other industries, the internationalisation of the Group offers many viable venues and, contrary to many of its competitors, the Group is not exposed to share price fluctuations.

It must be expected, however, that the after-effects of the crisis may also have a moderate impact on the demand for meat products. This aspect as well as the continued considerable fluctuations in both animal feed prices, energy prices, meat prices and market rates make it difficult to predict anything with certainty.

Nevertheless, Danish Crown expects enhanced competitiveness next year, an increase in the quoted price of pork and improved earnings within Danish pig production. The challenges in the Pork Division will be closely connected to the developments in the Danish production of pigs for slaughter which is currently characterised by some uncertainty. As regards beef, improvements are expected both in terms of volume and prices quoted in the year ahead.

A general improvement in the balance between the prices of raw materials and manufactured goods is expected in the processing sector. Combined with the lapse of extraordinary costs in the sector, a noticeable increase in earnings within processing is expected. A stable development is expected in Danish Crown's trading sector.

In light of the situation in the financial markets, Danish Crown intends to focus strongly on balance and cash management, but will continue to assess any opportunities arising in the world at large with a view to a strategic strengthening of the company. Considerable focus will, however, be on developments in financial expenses.

The improvements expected to be realised in 2008/09 will primarily be distributed to the company's owners in the form of increased quoted prices, and the consolidated profit is therefore expected to remain unchanged in the coming financial year.

# FINANCIAL REPORT

### Accounting policies and accounting estimates

The accounting policies applied in this annual report are consistent with those applied last year.

### Group structure

A number of changes were introduced to the group structure during the 2007/08 financial year. The acquisition of Geo Adams & Sons in the UK was executed in November 2007, and the Swedish companies KLS Livsmedel AB, Ugglarps Slakteri AB and a majority holding in Team Ugglarp AB were acquired in February 2008.

No companies were divested during the financial year.

### Income statement

Consolidated revenue for the 2007/08 financial year was DKK 47.0 billion, up 5.9 per cent or DKK 2.6 billion from the previous financial year. The increase can be attributed to generally higher price levels in 2007/08 than in the previous financial year, while the newly acquired companies contributed new revenue of DKK 2.5 billion. Expressed in local currencies, revenue increased even more, but declining GBP and USD exchange rates meant that revenue generated by subsidiaries in these countries was recognised at a lower value, measured in DKK, relative to the level in the previous financial year. The realised revenue should be viewed in conjunction with the fact that deliveries from Danish members were falling in 2007/08, with the slaughter level in the first half remaining on a par with the previous financial year, but with a drop in supplies in the second half. Total deliveries from members for the financial year declined by 3 per cent.

Direct costs increased in step with the increased activity and the pricing policy pursued. The realised contribution ratio fell slightly as a result of the pricing policy pursued in competition with domestic and international rivals. Indirect costs also increased; however, primarily due to the newly acquired activities. Constant focus is on strict cost management in the original business units, and the declining supplies have brought even more focus on this area. On the cost side, the falling GBP and USD exchange rates contributed positively at Group level upon translation into DKK. Unfortunately, costs were incurred in 2007/08 in the form of the excess on insurance for the major fire damage suffered in Germany, the UK and Denmark. These fires did not significantly impact results, but of course caused a good deal of trouble in connection with the reorganisation of production and rebuilding of the plants damaged by fire.

Depreciation on existing plants increased slightly in 2007/08 relative to the previous financial year. This increase was foreseen as the investments made in the UK over the last few years are now having a full-year effect on depreciation. At the same time, depreciation is increasing as a result of the additions of plants relating to acquired companies. Total depreciation is slightly lower than last year owing to gains realised on closed plants.

Net finance costs increased by DKK 181 million relative to 2006/07, partly due to lower interest rates and partly to a capital gain realised on a major shareholding in the Finnish slaughterhouse company HKScan Oy. Interest rate levels increased steadily in 2007/08, and the Group's shareholdings saw price drops over the year, but limited, however, as the ownership share in HKScan had been reduced by 10 per cent to 1 per cent. Apart from the primary Group subsidiaries, owning major shareholdings does not form part of the Group strategy.

### Non-current assets

Consolidated non-current assets rose by DKK 541 million compared with the level at the end of the 2006/07 financial year. The increase can mainly be attributed to the acquisitions made. As a result of both current amortisation and the exchange rate effect on goodwill placed in the Group's UK companies, the value of intangible assets decreased despite an addition of DKK 105 million from acquired companies. The value of equipment in these companies was also affected by the drop in exchange rates.

#### Impact of the big fires

The net effect on results of the compensation in respect of the three big fires in Blans, Skive and Oldenburg was DKK 81 million. An accounting profit on plants damaged by fire was recognised at the balance sheet date. An evaluation was also made of the future earnings capacity of the rebuilt plants, and a write-off was carried out as a consequence thereof.

### Current assets

Current assets saw a relatively higher increase than non-current assets, partly due to the rising price levels, which, all other things being equal, results in higher inventory values and receivables in spite of declining supplies. Finally, part of the increase was attributable to periodic fluctuations in balance sheet items relating to primary activities.

### Equity

The Group's equity has been calculated in accordance with the principles introduced in connection with annual report 2006/07. The principles were adapted so as to match the internationally recognised practice of entering dividends and supplementary payments on the payment date rather than at the balance sheet date.

Group equity at the end of the 2007/08 financial year amounted to DKK 4,053.9 million, down DKK 132.6 million relative to the previous financial year. Most of the decrease can be attributed to decreases in the values at the beginning of the year in the companies in the UK and the USA as a result of developments in exchange rates. In addition, a slightly lower profit in 2007/08 meant a reduction in supplementary payments relative to 2006/07. The effect of these two factors is partially offset by the payments into members' accounts effected in December 2007 as well as by a capital gain on the investment in the Polish subsidiary Sokołów. To this should be added consolidation owing to the appropriation of profit in 2006/07.

The accrual of members' accounts in accordance with the current Articles of Association was completed in respect of many members with the payments made in December 2007. Members transferred from Steff-Houlberg in connection with this merger, however, must continue to make payments into the members' accounts for one more year and, similarly, all new members have been making payments since the establishment of the system. Future adjustments of the members' accounts will be undertaken relative to the fluctuations in deliveries (kg) by members in the period from the time the accrual process started in 1999/2000.

At the end of the 2007/08 financial year, the solvency ratio calculated on the basis of total subordinated loans was 22.0 per cent compared with 24.4 per cent the year before. This development can be attributed to the factors mentioned as well as the increasing balance sheet total.

**Liabilities**
Consolidated net interest-bearing debt increased by DKK 1.2 billion over the year, primarily as a result of the acquisitions made and secondarily due to the price hikes during the year which increase the nominal value of inventories and receivables.

The Group's financing structure is mainly based on credit with terms exceeding one year, and evenly distributed up to terms of 20 years if mortgage loans are included. If operations remain unchanged, there is thus no major need to refinance over the next 3-5 years. This financing strategy has proved extremely sound during the unrest in the financial markets, which was particularly pronounced in the last quarter of the year.

**Cash flow statement**
The cash flows from operating and investment activities in 2006/07 are negative, primarily due to the acquisitions made, partly in the form of more funds tied up in working capital and partly in the form of additions of property, plant and equipment.

**Corporate Governance**
The parent of the Group is a cooperative which is managed via the company's highest authority, the Board of Representatives, elected from among the company's 12,152 members.

The Board of Representatives consists of 234 elected representatives of owners and employees. The company's Board of Directors consists of 15 members.

**Foreign exchange risk**
As an export company operating internationally, Danish Crown is exposed to foreign exchange risks in relation to conversion into DKK.

The Group's major currencies are GBP, JPY, USD, EUR and DKK. 31 per cent of the total currency turnover is in DKK and EUR, where little or no foreign exchange risk is involved.

The Group's foreign exchange risk policy calls for ongoing hedging of foreign currency export income, within a framework defined by the Board of Directors.

Danish Crown has a number of investments in foreign subsidiaries, and conversion of the equity in these subsidiaries to DKK depends on the exchange rate at the balance sheet date. The Group has a general policy of not hedging foreign exchange risks in relation to the Group's equity interest in foreign subsidiaries, the so-called translation or conversion risk.

**Interest rate risk**
Interest rate risk is the risk of changes in the market value of assets or liabilities as a result of changes in interest rate conditions. For Danish Crown, this risk is primarily linked to company payables, given that the Group does not have any significant long-term interest-bearing assets at the balance sheet date. The Group's net interest-bearing debt totalled DKK 13.2 billion on 28 September 2008.

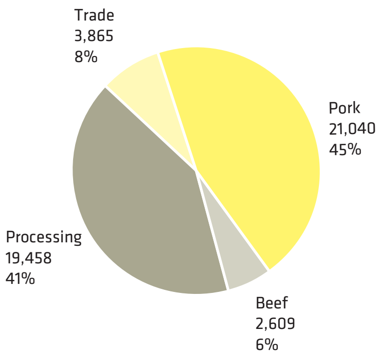
Fixed-rate bond loans, repo transactions, interest rate swaps and combinations of interest rate and currency swaps are used to manage interest rate risk.

As of 28 September 2008, fixed-rate loans accounted for 18.3 per cent of the Group's total interest-bearing debt (excluding subordinated loan). The remainder is financed on the basis of variable interest rates. A 1 per cent change in the market rate is estimated to have a DKK 100 million impact on total annual interest expenses, all other factors aside.

# CORE BUSINESS AREAS

## Net revenue for 2007/08 divided into business areas

Net revenue for the Group is divided between the primary business areas as follows (DKK million):




All comments on the Group's primary business areas have been prepared based on gross revenue, including internal revenue among the areas.

## Pork Division

| | 2007/08 | 2006/07 | 2005/06 |
|---|---|---|---|
| Slaughtered A kg (million) | 1,494.9 | 1,536.6 | 1,577.0 |
| Revenue, DKK million | 24,647.8 | 24,187.3 | 25,626.3 |
| Operating profit, DKK million | 1,289.3 | 1,223.9 | 1,040.7 |
| Operating profit, % | 5.2 | 5.1 | 4.1 |

### Number of members

Structural changes in primary agriculture are continuing, leading to a decline in the number of pig suppliers. At the end of September 2008, Danish Crown had 6,046 members supplying either pigs alone or pigs and sows. This is 931 or 13 per cent fewer members than at the same time last year.

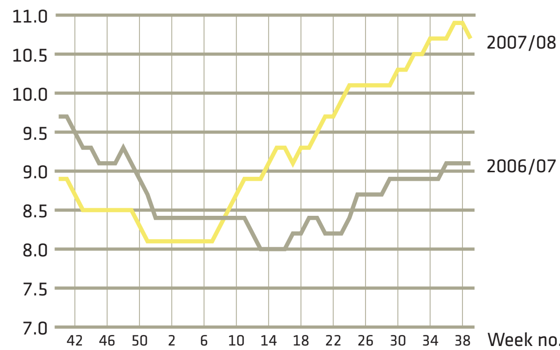
### Pig and sow supplies

The total number of pigs and sows received for slaughter in 2007/08 was 17,719,316. Of that figure, we received 17,233,095 from members, representing a reduction of 449,938 pigs, down 2.5 per cent relative to last year. The number of sows, large boars and finishers received from members was 405,887 compared with 398,943 last year. The reduction is mainly attributable to the general drop in the Danish production of pigs for slaughter, but also to the limited slaughtering capacity due to the slaughterhouse fires in Blans and Skive in 2007, which necessitated the export of pigs.

### Rise in quoted prices in 2007/08

A lower supply of pork on the global market led to higher quoted prices in 2007/08, where the average price quoted was DKK 9.24 per kg, up DKK 0.59 per kg relative to the previous year.

### Quoted price per kg




The total volume sold declined by 3.4 per cent relative to 2006/07.

Sales to the old EU countries (especially France, Germany and Italy) and Russia declined, whereas Poland and China bought larger quantities.

### Production structure

The 2007/08 financial year was challenging on several fronts. The beginning of the year was characterised by a considerable backlog of animals for slaughter due to the fires the year before. Conversely, the imbalance between production costs and sales prices in primary production as well as the problems experienced in respect of obtaining environmental permits for pig production resulted in a relatively large drop in the Danish production of pigs for slaughter in the second half and thus fewer pigs being slaughtered.

The development led to a strengthening of the requirements for improved productivity and competitiveness.

The reduction in the production of pigs for slaughter led to a number of capacity adjustments and to the closing of slaughterhouses during the year. Thus, the slaughterhouse in Skive and the deboning department in Hurup were closed first, followed by the slaughterhouse in Vojens, the night shift slaughtering in Holstebro and the deboning department in Nykøbing Mors. The closures, which affected approx. 1,600 employees, will result in improved capacity utilisation at the beginning of the next year.

### Danish market
Like last year, the 2007/08 financial year was characterised by competition in the domestic market. Thanks to innovation and marketing, among other things, it has been possible to maintain earnings and market share in the domestic market.

The financial year saw increasing demand for meat packed for retail, especially for supermarkets with a butchery department.

An increase in demand was seen again for quality meat, and the investment in the '100 % DANSK' campaign produced results. We estimate that more than 50 per cent of the Danish retail trade is now using the brand on their meat, which has also, to a certain extent, been incorporated in the foodservice market.

The foodservice market is still enjoying positive growth, and Danish Crown has succeeded in increasing its sales in this area again this year.

### DAT-Schaub a.m.b.a.
For the DAT-Schaub Group, the 2007/08 financial year was the best ever in the company's history, and all the Group's production and sales companies recorded operating profits. The strong demand for pig casings combined with difficulties in the Chinese pork production caused by earthquakes and other natural phenomena and diseases led to increases in the world market price for pig casings throughout most of the financial year.

The continued decrease in slaughter volumes in Denmark also meant that it was impossible to meet the market demand for pig casings, resulting in higher prices but, unfortunately, decreasing quantities.

After a number of troubled years, the lamb casings market has also improved somewhat, and the results for lamb casings were therefore satisfactory in the financial year. Similarly, the Group's activities within artificial casings and ingredients progressed as planned.

Internally in the Group, significant resources were allocated to streamlining and rationalisation activities in the individual subsidiaries. In the course of the year, the Group's activities were centralised in France and combined into one strong organisation in this important market.

Rationalisation measures were also launched in other subsidiaries, and there has been a strong focus on development activities throughout the year.

The rising US dollar seen recently is expected to make a positive contribution to developments in sales in the dollar-based markets, and the company thus has a positive outlook on developments in the next financial year, although the results are not expected to reach the level achieved this year.

## Beef Division

| | 2007/08 | 2006/07 | 2005/06 |
|---|---|---|---|
| Slaughtered A kg (million) | 64.3 | 69.7 | 67.8 |
| Revenue, DKK million | 3,181.0 | 2,921.8 | 3,009.6 |
| Operating profit, DKK million | 89.2 | 88.8 | 93.1 |
| Operating profit, % | 2.8 | 3.0 | 3.1 |

### Number of members
The structural changes in the primary beef production are continuing and, by the end of September 2008, Danish Crown had 6,787 members that produce cattle against 7,325 the previous year, down 7.3 per cent.

### Cattle supplies
The total number of Danish animals received for slaughter was 261,942 compared with 282,062 the year before. Of these, 413 animals were slaughtered at the slaughterhouse in Husum compared with 11,449 animals last year.

The financial year thus saw a 4.0 per cent decrease in supplies of cattle for slaughter in Denmark. Danish Crown's share of slaughters nationally fell by 1.9 per cent to 57.4 per cent against last year's 59.3 per cent.

In 2007/08, 101,581 cattle were slaughtered at the slaughterhouse in Husum. In addition, 55,601 lambs were slaughtered there. These figures mean that there has been a 1.1 per cent increase in the number of cattle slaughterings and a 4.3 per cent decrease in lamb slaughterings compared with last year.

### Quoted price
On average for all categories, the quoted price incl. supplementary payments was DKK 0.93 higher per kg than in 2006/07. The annual average price was DKK 0.80 higher for cows, DKK 1.02 higher for young bulls and DKK 0.56 higher for heifers. The quoted price for Danish veal was DKK 1.03 higher than the year before.

### Market conditions
The beef and veal markets developed positively in 2007/08. The first months of the financial year were better than expected, greatly helped by reduced imports from South America. Good weather in the summer and a good barbecue season brought high demand and record-low frozen inventories.

Important sales to Russia and selected EU10 countries were seen during the year, particularly within products for further processing. This trade came somewhat under pressure at the end of the year due to the global financial situation.

The markets in Italy, Spain and Portugal – traditionally strong markets for Denmark – had problems over the year living up to the price levels in the rest of Europe, resulting in a decline in sales as it was often possible to sell the products on better terms to other customers.

Sales of special products to the Danish retail trade were strengthened further over the year, and the Danish Veal (Dansk Kalv) concept has won considerable market share thanks to targeted sales efforts and increased marketing activities.

### The future

In the coming financial year, focus will be maintained on increasing processing and establishing even closer ties with our customers to ensure that customised products and concepts reach the end-users and thus boost the adding of value to beef and veal.

Our export markets will be facing a difficult year in which the change in normal trading patterns and the focus on price will dominate. In an attempt to reach new customers in, for example, the catering market in Italy, an agreement was concluded in the past year with a distribution firm, which opens up for serving a large number of small customers, among other things. in the foodservice sector. This activity will contribute to growth in the coming financial year.

The challenges require constant focus on cost reductions and optimum utilisation of capacity within slaughtering and deboning activities.

## Processing sector

The Group's processing sector consists of the companies Tulip Ltd., Tulip Food Company, Plumrose USA, Sunhill Food, Sokołów and DC Livsmedel.

The total revenue generated by the processing sector was DKK 19.6 billion, and the sector realised operating profits of DKK 492 million.

| | 2007/08 | 2006/07 | 2005/06 |
|---|---|---|---|
| Sales, tonnes | 765,220 | 645,982 | 658,229 |
| Revenue, DKK million | 19,602.6 | 17,923.8 | 18,161.8 |
| Operating profit, DKK million | 491.7 | 584.3 | 614.2 |
| Operating profit, % | 2.5 | 3.3 | 3.4 |

### Tulip Ltd.

Tulip Ltd., which ranks among the largest national companies in the UK market for meat and meat products, further strengthened its position over the year.

Extensive investments and considerable rationalisations at Tulip Ltd. have resulted in a marked improvement in the company's competitive edge and were decisive for the solid growth presented by the company for 2007/08.

At the same time, the acquisition of the company Geo Adams & Sons has already contributed positively to Tulip Ltd.'s results in the first year.

In recent years, major investments have been made in the production plant, involving extensive modernisation and streamlining of several factories, and the production plant is now more competitive than ever. This process also meant the closing of several old factories which, together with the consolidation on fewer plants, has afforded significant cost reductions.

The acquisition of Geo Adams & Sons opens up new opportunities for Tulip Ltd. This means, among other things, that Tulip's share of the number of pigs slaughtered has increased, and Tulip's product palette has also been expanded.

As a consequence of the economic development in the UK, consumers' expendable income for buying food has been reduced. This has resulted in a shift in consumer purchase patterns. The economic crisis has led to a general decrease in the total market volume, with the highest impact seen within the high-price segment. Consequently, Tulip has had to quickly adapt its product ranges to the new market situation.

The economic crisis in the UK is also expected to impact future sales within the UK retail trade. In the coming financial year, increasing the company's competitive powers will therefore be more important than ever. The production plant must be utilised to maximum capacity.

Product innovation is one of the important factors which is to contribute to Tulip improving its market position over the next year. Last year alone, Tulip introduced more than 400 new products in the UK market. The market situation will require extensive adaptations of the product range to suit consumers' present preferences. In the next financial year, Tulip Ltd. must forge even closer relations with its strategic customers and meet consumer demands and wishes.

The long-term strategy for growth in the UK market and for increased competitiveness will remain a crucial element in Tulip's strategy for winning market share.

The economic developments in the UK market mean that the 2008/09 financial year is expected to be a challenging year, but the strategy pursued by Tulip Ltd. over the last few years has placed the company in a strong position to meet the challenges of the years to come.

In 2007/08, Tulip Ltd. realised highly satisfactory results. The recognition of revenue and results in the consolidated financial statements is negatively affected by the declining GBP exchange rate.

### Tulip Food Company

Tulip Food Company manages the Group's sales of processed products within the EU, excluding the UK and Poland. Tulip Food Company also has significant exports to a number of countries outside the EU.

Tulip has been through a highly challenging year in which both external as well as extraordinary conditions had a negative impact on results. Revenue and operating results thus did not live up to the levels achieved last year.

Tulip's costs of raw materials have increased considerably since the beginning of 2008. To this should be added the exchange rate falls in Tulip's main currencies. During the year, it was thus necessary to raise sales prices repeatedly, and the effect of this had not been fully realised before the end of the financial year.

A considerable part of Tulip's large factory in Oldenburg in northern Germany was hit by fire in May 2008. Despite the swift establishment of temporary production facilities, Tulip was out of the market in a number of product areas for a period of time after the fire, and sales are still affected within a number of areas. The final rebuilding will not be completed until the end of the 2008/09 financial year.

A large project within the supply chain area was launched during the year, focusing, among other things, on the global sourcing of raw materials, packaging and ingredients with the aim of reducing unit costs.

As regards rationalisations, it should be noted that the factory in Brabrand was closed at the beginning of 2008, the central laboratory in Denmark has been outsourced, and a number of initiatives have been launched to simplify the administration in a number of foreign subsidiaries.

The launch of new consumer-friendly, contemporary products is a crucial factor for Tulip's continued growth. A number of new products were thus launched during the year, including organic and low-fat products.

The Tulip brand's position – particularly in the Danish market – remains strong. Tulip thus obtained the status of Superbrand in 2008. In light of the economic slowdown, a special demand is expected for Tulip's lower-priced products in 2008/09. This will be reflected in new product launches.

As in previous years, high priority will be assigned to food safety and efficient, competitive delivery service to customers.

Despite the prospect of difficult market conditions due to the economic crisis, increased earnings are expected in 2008/09.

**Plumrose USA**

Plumrose USA manages the Group's processing activities in the USA. Production is focused on the three primary factories in Council Bluffs, Iowa, Elkhart, Indiana, and Booneville, Mississippi. To this should be added distribution centres and sales offices at other locations in the USA. Principal products are cold cuts and bacon.

The year 2007/08 saw an increase in sales compared with 2006/07. Growth was recorded within both own brands and private label brands. The US market is still characterised by fierce competition and by rising raw material prices. The recognition of Plumrose's revenue and results in the consolidated financial statements is affected by the declining USD exchange rate.

Plumrose USA is currently investing in developing products for its own brands, including healthier products and new types of functional packaging.

**Sokołów**

Sokołów continued its development as Poland's strongest brand name within the meat production area in the 2007/08 financial year. Sales increased noticeably in the Polish market, and the company ranks as Poland's second-largest meat production group. Strong sales to the traditional retail trade were maintained, while sales to the modern supermarket sector increased significantly during the year.

The company Pozmeat, which was acquired as an empty factory at the turn of the financial year, developed positively over the year and now ships out considerable tonnages of fresh and processed products. The running-in costs incurred over the year were covered via the day-to-day operations. However, the company is not expected to contribute positively to earnings until the next financial year.

The Sokołów Group operates a total of seven factories in Poland, based on the processing of meat products and the slaughtering and cutting of pigs and cattle.

The Sokołów Group also comprises the agricultural company Agro-Sokołów, which forms part of the strategic collaboration with the company's pig suppliers. A need for restructuring at Agro-Sokołów was realised during the year. The related impairment had a negative effect on Sokołów's consolidated results.

Sokołów is owned by Danish Crown via the Swedish company Saturn Nordic Holding AB and Finnish HKScan Oy, each holding a 50 per cent share. Consequently, 50 per cent of Saturn Nordic Holding is consolidated in Danish Crown's group result.

**DC Livsmedel**

The companies Ugglarps Slakteri AB, KLS Livsmedel AB and a majority holding in Team Ugglarp AB were acquired over the year as part of the strategic initiative in the Swedish market.

The total activities comprise two pig slaughterhouses, two cattle slaughterhouses and two processing plants, thus making up one of the largest meat producers in Sweden.

The companies were taken over at the beginning of February 2008, and they are therefore only included in the financial statements with approx. 8 months. During this period, focus has been on strengthening operations and productivity, restructuring as well as strengthening the relations with the company's strategic customers. Consequently, the company's position has been strengthened significantly, but, as expected, the company has not contributed positive earnings in this running-in year.

In connection with the so-called ISAB project, the company's cattle slaughterhouse in Hörby has been expanded considerably and is now Sweden's second-largest cattle slaughterhouse. The expansion and running-in of these facilities have been completed according to plan.

At the start of the new financial year, the company's processing plant in Malmö was transferred to Tulip Food Company, which is already represented in Sweden through a sales company.

## Trading sector

The Group's trading sector consists of the companies ESS-FOOD A/S, ESS-FOOD France and Friland.

| | 2007/08 | 2006/07 | 2005/06 |
|---|---|---|---|
| Sales, tonnes | 291,175 | 272,302 | 300,233 |
| Revenue, DKK million | 3,871.6 | 3,677.1 | 3,921.0 |
| Operating profit, DKK million | 64.7 | 72.3 | 61.3 |
| Operating profit, % | 1.7 | 2.0 | 1.6 |

### ESS-FOOD A/S

The company's primary business is buying and selling meat products.

The year has been characterised by continued increasing demand in China, Russia, Africa and the Far East. By contrast, sales have been declining in the Middle East, Central Europe and South Africa.

The financial year saw satisfactory revenue, and net profit for the year has also been satisfactory. Both revenue and profit are higher than last year. The company continued to focus on strict risk management during the financial year.

The Norwegian company Noridane Food was divested in 2007/08.

The outlook for the coming financial year is positive, but the current financial crisis may affect purchasing power and the ability to meet payments in certain markets.

### ESS-FOOD France

The companies under ESS-FOOD France operate as sales channels for Danish products. In addition, deboning, sales and distribution of local and international pork and beef products are also part of its activities.

In 2007/08, ESS-FOOD France saw a market increase in both tonnage and revenue. The results for the year were affected negatively by rising raw material prices, but nevertheless saw positive development.

The company's exports to the Russian market continue to increase.

### Friland

Focus at Friland is on organic products as well as other special pork and beef products.

The demand for these products also saw a significant increase in the past year, resulting in an increase in revenue of approx. 17 per cent.

All product groups enjoyed satisfactory growth. Sales of organic pork rose by 4 per cent, while sales of organic beef increased by 6 per cent. Over the year, the demand for organic pork weakened in certain markets, and earnings generated by organic pork were noticeably affected by this trend.

Despite limited supplies of raw materials, the brand 'Frilandsgrisen' (Friland Pig) saw a good year with growth in revenue.

Finally, sales to primarily the German market via the subsidiary J. Hansen Vermarktungsgesellschaft mbH increased this year.

# HUMAN RESOURCES

The year was also characterised by a number of challenges within the human resources area, both in respect of collective agreements, pay and development.

### Attracting the right employees

Within the hourly-paid area, Danish workers are employed on ordinary terms today, whereas German and Polish workers and workers on special terms are hired via the individual municipalities. Together with the closing of slaughterhouses, this has meant that the individual factories in general have been able to recruit the workers necessary for production.

As concerns salaried workers, however, the situation has been somewhat different as we have seen a general lack of qualified manpower. This development is only slowly turning around and, particularly in respect of managers and specialists, targeted efforts will also be required in future in order to attract the right employees.

### Social plan

This year, the company's social plan was activated in connection with the closing of Viborg, Hurup, Nykøbing, Vojens, Skive and the night shift in Holstebro. Of the approx. 1,600 affected employees, the social plan has by 1 October 2008 helped 1,034 employees find new jobs/start an education. The responsibility assumed by the company in connection with the factory closures serves to promote the willingness among the employees at all plants to maintain production until the last day and has also given Danish Crown positive media coverage.

### Management

Last year, Danish Crown conducted its first-ever employee and management survey. Apart from documenting a good general level of motivation and commitment in the company, the survey also showed a clear preponderance of managers who are technical experts within their fields. The survey also indicated that holistically oriented managers (possessing both technical expertise and managerial skills) had less staff turnover and absence due to illness than the technical expert managers. Targeted efforts have therefore been launched aimed at bringing more Danish Crown managers into the group of holistically oriented managers.

In order to achieve this goal, a Group Academy has been established, among other things, as seen in other very big companies. The Group Academy must continuously support the management requirements defined by Danish Crown and will therefore be an offer to all managers who will be required to complete relevant training to ensure, in future, that all managers at Danish Crown are competent managers.

### Supporting the factories

One of the major challenges for the factories this year were the veterinary inspections. Apart from the long range of initiatives to which this gave rise, it has also meant that the training of all employees and managers within the hygiene area is now being intensified. This has been achieved through the establishment of a completely new hygiene course, which is held for all employees at the technical colleges. Danish Crown has had a considerable say in the content of this course.

With a view to further strengthening the work on reducing absence due to illness at the individual factories, local HR employees have been given the task of ensuring more systematic follow-up on absence due to illness within the individual manager's areas, and an actual illness audit is now also conducted each year in all departments.

The rebuilding activities after the fires in Blans and Oldenburg have demanded a lot of the entire organisation in order for the day-to-day production to be maintained concurrently with the construction work being performed. Once again, a process which has underscored the fact that a change process such as this requires a lot from the individual employee and manager and that it is crucial to focus on how to safeguard training in new machines. An even more important aspect, however, may be to ensure that the employee assumes ownership of the changes implanted in this process – an ownership reflected in positive work being done on the projects and possible problems being solved 'along the way'.

### Talent development – production area

Danish Crown has an ongoing need for good production managers and other managers – positions which require strong professional, personal and managerial qualifications. In order to ensure a steady supply of suitable candidates for management positions, a talent programme has been established in which employees with the willingness and the skills suitable for a management career at Danish Crown attend a programme, which provides both the company and the employee with a good overview of the career opportunities for the individual.

# ENVIRONMENTAL REPORT – PARENT

## Danish Crown's social responsibility
Danish Crown has a long-standing tradition of focusing on issues that are important to our environment. Managing environmental issues and resources is part of the daily operations, and Danish Crown is committed to openness and dialogue with its neighbours and the authorities. Below are listed some of the measures implemented by Danish Crown.

## Risk companies
Danish Crown's industrial cooling systems use environmentally friendly ammonia as a cooling agent. Ammonia systems are subject to strict operating, maintenance and safety requirements.

In 2007, the legislation governing the risk of accidents involving hazardous substances was amended. As a result, Danish Crown has a total of six companies which prepare safety documentation. One company has had its safety documentation approved, while the other companies are either awaiting processing by the authorities or are in the process of preparing their documentation.

During the year, there have been three leakages from the ammonia cooling systems in Sæby, Rønne and Esbjerg. There were various technical reasons for the leakages. All the leakages were discovered immediately, the safety procedures were effective, and no inconvenience was caused to employees or neighbours.

## Biodiesel
Danish Crown has invested in biodiesel production through Daka Biodiesel where animal fat is converted into biodiesel. This helps reduce fossil fuel consumption and greenhouse gas emissions. Biodiesel is made from genuine by-products and is thus a truly climate-friendly alternative fuel.

## Climate change strategy and change in environmental policy
In the past decade, climate change issues have been moving ever higher up the political agenda. For many years, Danish Crown has been implementing many different measures to reduce the climate change impact of its activities. This effort is being continued systematically.

Climate change issues are an integrated part of Danish Crown's environmental work and the Group's environmental policy has, therefore, been expanded to reflect this. Danish Crown takes direct responsibility for the part of the value chain that concerns its activities. However, Danish Crown's share of the products' climate change impact is relatively small viewed in proportion to the products' total climate change impact. Danish Crown is, therefore, working actively to influence other links in the value chain to make products more climate-friendly.

## Environmental certification
In 2005, Danish Crown began certifying its factories according to internationally recognised environmental and health and safety standards. Efforts to obtain environmental certification of the slaughterhouses continued during the year. Six pig slaughterhouses have been environmentally certified, while two more slaughterhouses have completed a certification audit and are awaiting their certificate. The slaughterhouse in Horsens, Denmark, is next, after which all the pig slaughterhouses will have been certified.

## Drinking water and wastewater
Clean water is crucial to a food company. The security of the factories' water supply has been mapped, and various measures have been initiated to improve the future security of supply.

For more than 20 years, systematic work has gone into reducing water consumption at the factories. Since its opening, the slaughterhouse in Horsens has worked hard to reduce water consumption. However, reaching the objectives set for wastewater discharge still presents a major challenge.

The merger of the Danish municipalities has affected the structure of wastewater management, which has resulted in higher wastewater treatment costs for many companies. The structure of the new system means that the construction of new sewers, renovation and maintenance, climate protection etc. is financed by the cubic metre charge whereby large water consumers will have to pay a proportionately larger share of costs.

| **Financial figures (DKK ’000)** | **2007/08** | **2006/07** | **2005/06** | **2004/05** |
|---|---|---|---|---|
| Wastewater treatment and discharge | 77,485 | 72,848 | 75,564 | 81,878 |
| Disposal of wastewater sludge/gastrointestinal contents and manure | 17,650 | 17,354 | 15,437 | 17,335 |
| Waste management and disposal | 9,963 | 7,167 | 5,437 | 6,261 |
| Disposal of animal by-products | 111,166 | 85,469 | 107,487 | 143,981 |
| Noise and odour measurements | 946 | 1,064 | 2,700 | 986 |

| **Environmental figures** | | **2007/08** | **2006/07** | **2005/06** | **2004/05** | **2003/04** |
|---|---|---|---|---|---|---|
| | | **per tonne of meat produced** | **per tonne of meat produced** | **per tonne of meat produced** | **per tonne of meat produced** | **per tonne of meat produced** |
| Total energy consumption for all divisions | MWh | 0.25 | 0.25 | 0.28 | 0.28 | 0.28 |
| $CO_2$ emissions | kg | 23 | 22 | 26 | 27 | 31 |
| Water consumption | $m^3$ | 2.7 | 2.6 | 2.9 | 3.0 | 2.9 |
| Wastewater discharge | $m^3$ | 2.5 | 2.5 | 2.7 | 2.9 | 2.7 |
| $BOD_5$ emissions | kg | 4.5 | 4.1 | 5.5 | 5.9 | 5.1 |
| Nitrogen emissions | kg | 0.6 | 0.6 | 0.7 | 0.7 | 0.55 |
| Recycled for biogas production | kg | 55.2 | 58.5 | 59.3 | 60.1 | 63.1 |
| | | | | | | |
| Estimated biogas production | $m^3$ | 3,267,000 | 3,386,000 | 3,288,000 | 3,603,000 | 3,675,000 |
| Number of households | households | 789 | 818 | 794 | 871 | 887 |

The specification comprises pig, sow and cattle slaughterhouses.

# KEY FIGURES FOR THE GROUP

| Amounts in DKK million | 2003/04 | 2004/05 | 2005/06 | 2006/07 | 2007/08 |
|---|---|---|---|---|---|
| **Income statement** | | | | | |
| Revenue | 44,369.8 | 48,598.4 | 48,534.0 | 44,345.8 | 46,972.0 |
| Operating profit | 1,657.1 | 1,734.8 | 1,859.7 | 1,871.8 | 1,815.9 |
| Financial income and expenses, net | -353.0 | -391.8 | -490.3 | -490.7 | -672.0 |
| Net profit for the year | 1,260.8 | 1,228.0 | 1,232.0 | 1,229.9 | 997.3 |
| **Balance sheet** | | | | | |
| Balance sheet total | 22,016.9 | 23,224.9 | 21,706.0 | 21,279.6 | 23,016.8 |
| Investments in property, plant and equipment | 3,709.1 | 1,860.6 | 848.9 | 848.8 | 2,446.1 |
| Subordinated loans | 1,000.0 | 1,000.0 | 1,000.0 | 1,000.0 | 1,000.0 |
| Equity | 3,533.7 | 3,686.3 | 3,844.0 | 4,186.5 | 4,053.9 |
| Solvency ratio *) | 20.6 % | 20.2 % | 22.3 % | 24.4% | 22.0% |
| **Cash flows** | | | | | |
| Cash flows from operating and investing activities | -3,169.1 | -71.2 | 2,738.3 | 1,321.8 | -271.0 |
| **Number of employees** | | | | | |
| Average number of full-time employees | 23,948 | 28,553 | 26,938 | 24,334 | 26,652 |
| **Supplementary payments, DKK per kg** | | | | | |
| Supplementary payments, pigs | 0.70 | 0.70 | 0.65 | 0.75 | 0.60 |
| Supplementary payments, sows | 0.60 | 0.60 | 0.65 | 0.55 | 0.65 |
| Supplementary payments, cattle | 0.80 | 0.80 | 0.90 | 0.85 | 0.70 |
| **Supplies from members (million kg)** | | | | | |
| Pigs | 1,573.4 | 1,551.4 | 1,504.8 | 1,468.9 | 1,426.7 |
| Sows | 79.0 | 76.3 | 72.2 | 67.7 | 68.1 |
| Cattle | 75.1 | 72.5 | 67.8 | 69.7 | 64.3 |
| **Number of members** | | | | | |
| Number of members | 18,253 | 16,718 | 15,044 | 13,465 | 12,152 |

**) Calculated on the basis of subordinated loans and equity*

# STATEMENT BY MANAGEMENT ON THE ANNUAL REPORT

We have today presented the annual report of Danish Crown AmbA for the financial year 1 October 2007 to 28 September 2008.

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

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 financial position and results as well as of the consolidated cash flows.

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

Randers, 18 November 2008

| | | | |
|---|---|---|---|
| **Executive Board** | Kjeld Johannesen<br>*CEO* | Carsten Jakobsen<br>*Vice CEO* | Preben Sunke<br>*CFO* |
| | | Morten Petersen<br>*Director* | Flemming N. Enevoldsen<br>*Director* |

| | | | |
|---|---|---|---|
| **Board of Directors** | Niels Mikkelsen<br>*Chairman* | Erik Bredholt<br>*Vice-Chairman* | Karl Kristian Andersen |
| | Niels Daugaard Buhl | Peder Damgaard | Kim Frimer |
| | Hans Klejsgaard Hansen | Niels Jakob Hansen | Asger Krogsgaard |
| | Erik Larsen | Poul Møller | Peder Philipp |
| | Leo Christensen<br>*Elected by the employees* | Hans Søgaard Hansen<br>*Elected by the employees* | Søren Tinggaard<br>*Elected by the employees* |

# INDEPENDENT AUDITOR'S REPORT

**To the members of Danish Crown AmbA**
We have audited the annual report of Danish Crown AmbA for the financial year 1 October 2007 - 28 September 2008 comprising the statement by Management on the annual report, Management's review, accounting policies, income statement, balance sheet, statement of changes in equity and the notes for the Group as well as the Parent and the consolidated cash flow statement. The annual report has been presented in accordance with the Danish Financial Statements Act (*Årsregnskabsloven*) and Danish Standards on Auditing.

**Management's responsibility for the annual report**
Management is responsible for the preparation and fair presentation of an annual report in accordance with the Danish Financial Statements Act and Danish Standards on Auditing. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of an annual report that is free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

**Auditor's responsibility and basis of opinion**
Our responsibility is to express an opinion on this annual report based on our audit. We conducted our audit in accordance with Danish Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the annual report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement in the annual report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of an annual report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the annual report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

**Opinion**
In our opinion, the annual report gives a true and fair view of the Group's and the Parent's financial position at 28 September 2008, and of their financial performance and the consolidated cash flows for the financial year 1 October 2007 to 28 September 2008 in accordance with the Danish Financial Statements Act and Danish Standards on Auditing.

Viborg, 18 November 2008

Deloitte
Statsautoriseret Revisionsaktieselskab

| | |
|---|---|
| Gert Stampe | Torben Aunbøl |
| *Public Accountant* | *Public Accountant* |

# ACCOUNTING POLICIES

## General information
This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing the reporting of class C enterprises (large) and Danish Standards on Auditing.

The accounting policies applied in this annual report are consistent with those applied last year.

## Recognition and measurement
Assets are recognised in the balance sheet when it is probable, as a result of a prior event, that future economic benefits will flow to the 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 in the financial statements.

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 recognised in the income statement as financial income or financial expenses.

## Consolidated financial statements
The consolidated financial statements comprise the Parent Danish Crown AmbA and subsidiaries in which the Parent, either directly or indirectly, holds more than 50% of the voting rights or in any other way exercises a controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises a significant, but not controlling influence are regarded as associates.

Associates which are managed along with one or several other enterprises (joint ventures) are consolidated on a pro rata basis, under which the individual items are included in proportion to the ownership interest. Other associates are included with a proportionate share of the results and equity (equity method).

### Basis of consolidation
The consolidated financial statements are prepared on the basis of the financial statements of Danish Crown AmbA and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intercompany income and expenses, intercompany accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

The items in the financial statements of the subsidiaries are recognised in full in the consolidated financial statements. Minority interests' pro rata shares of the profit and the net assets are disclosed as separate items in the income statement and the balance sheet, respectively.

Investments in subsidiaries and pro rata-consolidated enterprises are offset at the pro rata share of such enterprises' net assets 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 at the acquisition of new enterprises, under which the 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 restructurings in the acquired enterprise which have been decided and announced. Allowance is made for the tax effect of restatements.

Positive differences in amounts (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 they are amortised systematically in the income statement based on an individual assessment of their useful lives, however, no more than 20 years. Negative differences in amounts (negative goodwill), corresponding to an estimated adverse development in the relevant enterprises, are recognised in the balance sheet under deferred income, and they are recognised in the income statement when such adverse development is realised.

### Profits or losses from divestment of equity investments
Profits or losses from the divestment or winding-up of subsidiaries and associates are calculated as the difference between the selling price or settlement price and the 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 or losses are recognised in the income statement under other operating income and 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 applicable at the balance sheet date. Exchange differences between the rate at the transaction date and the one in effect at the payment date or the balance sheet date are recognised in the income statement as financial income or financial expenses.

When recognising foreign subsidiaries and associates, the income statements are translated at the average exchange rates for the year. Balance sheet items are translated using the exchange rates applicable at the balance sheet date. Exchange differences arising out of the translation of the equity of foreign subsidiaries at the beginning of the year using the balance sheet date exchange rates are recognised directly in equity. Exchange differences arising out of the translation of the income statements of foreign subsidiaries from average rates to the exchange rates applicable at the balance sheet date are recognised in the income statement for integrated foreign subsidiaries and directly in equity for independent foreign subsidiaries.

Exchange rate 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 recorded in the income statement together with changes in the value of the hedged asset or the hedged liability.

Changes in the fair value of derivative financial instruments used to hedge net investments in independent foreign subsidiaries or associates are recognised directly in equity.

## Income statement

### Revenue

Revenue is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue comprises the invoiced sales plus export refunds and less any commission paid to agents.

### Production costs

Production costs comprise direct and indirect costs incurred to earn revenue. Production costs include costs of raw materials, including purchases from members entitling them to supplementary payments, consumables, production staff as well as depreciation of production facilities.

Production costs also include the 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 the distribution of goods sold and also for sales campaigns, including the costs of sales and distribution staff and advertising as well as depreciation and amortisation.

### Administrative expenses

Administrative expenses comprise expenses incurred for the management and administration of the Group, including expenses for the 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 viewed in relation 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, amortisation premiums on mortgage debt, cash discounts etc. as well as surcharges and allowances under the Danish Tax Prepayment Scheme (*Acontoskatteordningen*).

### Income taxes

Tax for the year consists of current tax for the year and changes in deferred tax. Tax is calculated on the basis of cooperative taxation as well as corporate income taxation.

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

Deferred tax is recognised and measured according to the balance-sheet liability method on all temporary differences between the carrying amount and the tax-based values of assets and liabilities. The tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax is measured based on the tax regulations and tax rates of the relevant countries that will apply, with the legislation in force at the balance sheet date, when the deferred tax is expected to become payable as current tax. Changes in deferred tax resulting from changed tax rates are recognised in the income statement.

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

In the sections of the Group which are unable to pay income tax and where joint taxation has been opted for at the same time, tax for the year is distributed according to full distribution.

## Balance sheet

Intangible assets

Intangible assets are measured at cost less accumulated amortisation, impairment and write-downs.

The assets are amortised on a straight-line basis based on an assessment of their expected useful lives, generally according to the following principles:

| | |
|---|---|
| Trademarks | 10 years |
| Goodwill/consolidated goodwill | up to 20 years |

Trademarks are amortised over a period of 10 years as their value is continuously supported by marketing activities.

Goodwill/consolidated goodwill is generally amortised over a period of five to ten 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 period of amortisation is considered to better reflect the benefit from the relevant resources.

Intangible assets are subject to regular assessment and impaired to their recoverable amount if the carrying amount exceeds the expected future net income from the enterprise or activity which the asset concerns.

Property, plant and equipment

Property, plant and equipment, including assets held under finance leases, are measured at cost less accumulated depreciation and impairment.

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 group-manufactured assets, cost comprises direct and indirect costs of materials, components, subsuppliers and labour. For assets held under finance leases, cost is the lower of the asset's fair value and the present value of future lease payments.

Interest expenses on loans for financing the manufacture of highly significant property, plant and equipment are included in cost if they relate to the manufacturing period. All other finance costs are recognised in the income statement.

The assets are depreciated on a straight-line basis from the date of acquisition or initial use based on an assessment of their useful lives, generally according to the following principles:

| | |
|---|---|
| Land | is not depreciated |
| Buildings | 20 - 40 years |
| Plant and machinery | 10 years |
| Other fixtures and fittings, tools and equipment | 3 - 20 years |

Closed-down plant is not depreciated as these are impaired to their expected realisable value.

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

Gains and losses from the ongoing replacement of property, plant and equipment are recognised in the income statement under depreciation.

Fixed asset investments

Investments in subsidiaries and associates are recognised and measured using the equity method. This means that investments are measured in the balance sheet at the pro rata share of the equity of the enterprises plus or minus unamortised positive, or negative, consolidated goodwill and plus or minus unrealised intercompany profits or losses.

The Parent's share of the profits or losses of the enterprises after elimination of unrealised intercompany profits and losses and minus or plus amortisation of positive, or negative, consolidated goodwill is recognised in the income statement.

Subsidiaries and associates with a negative equity value are measured at zero value, and any receivables from these enterprises are written down by the Parent's share of such negative equity if they are 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 liabilities of the relevant enterprise.

Net revaluation of investments in subsidiaries and associates is taken to reserve for net revaluation of investments if the carrying amount exceeds cost.

The purchase method is applied in the 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 impairment on machinery, factory buildings and equipment applied for the manufacturing process as well as costs of factory administration and management. Finance costs are not included in cost.

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

### Receivables

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

### Deferred income

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at amortised cost, usually equalling 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.

### Supplementary payments

Proposed supplementary payments for the year are shown as a separate item under equity. Supplementary payments are recognised as a liability at the time of adoption at the Annual General Meeting.

### Provisions

Pension commitments:
The Group has concluded pension agreements with many of its employees.

The pension agreements comprise defined-contribution plans and defined-benefit plans.

Under the defined-contribution plans, which are mainly used by the Danish companies, the Group makes regular, defined contributions to independent pension providers. The Group is not obliged to make additional contributions.

Under the defined-benefit plans, which are mainly used by the Group's UK companies, the company is obliged to pay a defined benefit at retirement, depending on, e.g., the employee's seniority.

The obligation concerning defined-benefit plans is calculated annually by means of an actuarial specification based on assumptions about the future development in interest rates, inflation and average life expectancy, among other things.

The calculated present value less the fair value of any assets associated with the plan is recognised in the balance sheet under pension provisions.

Actuarial gains and losses arising out of changed assumptions in the calculation of the pension commitment or in the specification of the assets associated with the pension plan are recognised in the income statement.

Actuarial gains and losses exceeding the highest of either the calculated pension commitment or the fair value of the pension providers' assets are amortised over the employees' expected remaining years of service in the Group. Actuarial gains and losses falling under the 10% limit are not recognised in the financial statements but are included in the forward-looking actuarial calculations.

### Other provisions

Other provisions comprise anticipated costs of restructurings decided and announced, 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 to other credit institutions

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

### Lease commitments

Lease commitments relating to assets held under finance leases are recognised in the balance sheet as liabilities and measured at amortised cost on initial recognition. Interest on the lease payments is recognised in the income statement as a financial expense over the term of the leases.

### Other financial liabilities

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

### Deferred income

Deferred income comprises received income for recognition in subsequent financial years. Deferred income is measured at 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 Group's operating profit/loss adjusted for non-cash operating items and changes in working capital etc.

Cash flows from investing activities comprise cash flows in connection with the acquisition and divestment of intangible assets, property, plant and equipment and investments.

Cash flows from financing activities comprise cash flows from the arrangement and repayment of non-current and current payables and supplementary payments to members.

Cash and cash equivalents comprise cash and listed bonds which are recognised in the balance sheet as current assets.

### Segment information
Information is provided for business segments and geographical markets as far as the distribution of revenue is concerned. The segment information is in line with the Group's accounting policies and internal financial management.

# INCOME STATEMENT

1 October 2007 - 28 September 2008
(DKK million)

| | Note | GROUP 2007/08 | GROUP 2006/07 | PARENT 2007/08 | PARENT 2006/07 |
|---|---|---|---|---|---|
| **Revenue** | 1 | **46,972.0** | **44,345.8** | **24,276.9** | **23,953.9** |
| Production costs | 2,3 | -39,922.0 | -37,593.6 | -20,940.5 | -20,735.7 |
| **Gross profit** | | **7,050.0** | **6,752.2** | **3,336.4** | **3,218.2** |
| Distribution costs | 2,3 | -3,641.3 | -3,403.2 | -1,642.6 | -1,534.1 |
| Administrative expenses | 2,3,4 | -1,549.7 | -1,445.7 | -603.6 | -553.5 |
| **Profit from primary activities** | | **1,859.0** | **1,903.3** | **1,090.2** | **1,130.6** |
| Other operating income | | 16.8 | 20.9 | 8.3 | 0.0 |
| Other operating expenses | | -59.9 | -52.4 | -75.7 | -45.0 |
| **Operating profit** | | **1,815.9** | **1,871.8** | **1,022.8** | **1,085.6** |
| Income from investments in subsidiaries | 5 | 0.0 | 0.0 | 270.5 | 247.1 |
| Income from investments in associates | | 29.8 | 26.9 | 2.6 | 28.9 |
| Income from other investments etc. | | 4.0 | 0.5 | 4.0 | 0.5 |
| Financial income | 6 | 62.0 | 192.6 | 19.2 | 171.0 |
| Financial expenses | 7 | -734.0 | -683.3 | -322.0 | -302.6 |
| **Profit before tax** | | **1,177.7** | **1,408.5** | **997.1** | **1,230.5** |
| Tax on profit for the year | 8 | -144.3 | -151.6 | 0.2 | -0.6 |
| **Group profit** | | **1,033.4** | **1,256.9** | **997.3** | **1,229.9** |
| Minority interests' share of the profit | | -36.1 | -27.0 | 0.0 | 0.0 |
| **Net profit for the year** | | **997.3** | **1,229.9** | **997.3** | **1,229.9** |
| | | | | | |
| **Proposed distribution of profit:** | | | | | |
| For distribution: | | | | | |
| Net profit for the year | | | | 997.3 | |
| **Total amount for distribution** | | | | **997.3** | |
| | | | | | |
| to be distributed as follows: | | | | | |
| **Proposed supplementary payments for the year** | | | | | |
| Pigs supplied by members 1,426,716,119 kg @ DKK 0.60 | | | | 856.0 | |
| Sows supplied by members 68,149,227 kg @ DKK 0.65 | | | | 44.3 | |
| Cattle supplied by members 64,309,171 kg @ DKK 0.70 | | | | 45.0 | |
| **Total proposed supplementary payments for the year** | | | | **945.3** | |
| | | | | | |
| **Transferred to equity** | | | | | |
| Transferred to other reserves | | | | 52.0 | |
| **Transferred to equity, total** | | | | **52.0** | |
| | | | | | |
| **Total amount for distribution** | | | | **997.3** | |

# BALANCE SHEET – ASSETS

At 28 September 2008
(DKK million)

| | | GROUP | | PARENT | |
|---|---|---|---|---|---|
| **Non-current assets** | **Note** | **28.09.2008** | **30.09.2007** | **28.09.2008** | **30.09.2007** |
| **Intangible assets** | 9 | | | | |
| Trademarks etc. | | 4.1 | 2.3 | 0.0 | 0.0 |
| Goodwill | | 55.1 | 28.1 | 0.1 | 0.2 |
| Consolidated goodwill | | 774.6 | 855.6 | 0.0 | 0.0 |
| **Total intangible assets** | | **833.8** | **886.0** | **0.1** | **0.2** |
| **Property, plant and equipment** | 10 | | | | |
| Land and buildings | | 5,557.4 | 5,466.9 | 2,666.4 | 2,728.6 |
| Plant and machinery | | 3,596.3 | 3,192.9 | 1,190.1 | 1,244.4 |
| Other fixtures and fittings, tools and equipment | | 396.4 | 403.0 | 146.4 | 152.5 |
| Property, plant and equipment in progress | | 880.1 | 770.0 | 369.7 | 244.4 |
| **Total property, plant and equipment** | | **10,430.2** | **9,832.8** | **4,372.6** | **4,369.9** |
| **Fixed asset investments** | 11 | | | | |
| Investments in subsidiaries | | 0.0 | 0.0 | 1,591.1 | 1,520.6 |
| Receivables from subsidiaries | | 0.0 | 0.0 | 26.5 | 28.7 |
| Investments in associates | | 475.3 | 469.0 | 1,000.3 | 994.0 |
| Securities and investments | | 50.7 | 60.8 | 29.8 | 50.7 |
| **Total fixed asset investments** | | **526.0** | **529.8** | **2,647.7** | **2,594.0** |
| **Total non-current assets** | | **11,790.0** | **11,248.6** | **7,020.4** | **6,964.1** |

| | | | | |
|---|---|---|---|---|
| **Current assets** | | | | |
| **Inventories** | | | | |
| Raw materials and consumables | 708.1 | 668.7 | 31.0 | 49.7 |
| Work in progress | 437.2 | 376.6 | 143.9 | 115.6 |
| Finished goods and goods for resale | 2,690.6 | 2,453.5 | 1,063.4 | 1,046.0 |
| **Total inventories** | **3,835.9** | **3,498.8** | **1,238.3** | **1,211.3** |
| **Receivables** | | | | |
| Trade receivables | 5,778.5 | 5,100.5 | 1,896.2 | 1,776.0 |
| Receivables from contract work | 170.8 | 148.7 | 170.8 | 148.7 |
| Receivables from subsidiaries | 0.0 | 0.0 | 1,179.9 | 1,119.8 |
| Receivables from associates | 4.0 | 4.6 | 1.3 | 1.0 |
| Other receivables | 772.6 | 709.1 | 360.3 | 341.4 |
| Prepayments | 128.0 | 134.0 | 48.3 | 64.3 |
| **Total receivables** | **6,853.9** | **6,096.9** | **3,656.8** | **3,451.2** |
| **Securities and investments** | **228.0** | **239.9** | **0.0** | **0.0** |
| **Cash** | **309.0** | **195.4** | **7.6** | **13.1** |
| **Total current assets** | **11,226.8** | **10,031.0** | **4,902.7** | **4,675.6** |

| | | | | |
|---|---|---|---|---|
| **Total assets** | **23,016.8** | **21,279.6** | **11,923.1** | **11,639.7** |

# BALANCE SHEET – EQUITY AND LIABILITIES

At 28 September 2008
(DKK million)

| | | GROUP | | PARENT | |
|---|---|---|---|---|---|
| **Equity** | **Note** | **28.09.2008** | **30.09.2007** | **28.09.2008** | **30.09.2007** |
| Members' accounts | | 1,735.3 | 1,558.9 | 1,735.3 | 1,558.9 |
| Reserve for net revaluation of investments | | 0.0 | 0.0 | 0.0 | 83.1 |
| Other reserves | | 1,373.3 | 1,429.5 | 1,373.3 | 1,346.4 |
| Proposed supplementary payments for the year | | 945.3 | 1,198.1 | 945.3 | 1,198.1 |
| **Total equity** | | **4,053.9** | **4,186.5** | **4,053.9** | **4,186.5** |
| | | | | | |
| **Minority interests** | | **70.6** | **62.4** | **0.0** | **0.0** |
| | | | | | |
| **Provisions** | 12 | **741.8** | **724.9** | **98.2** | **79.2** |
| | | | | | |
| **Liabilities** | | | | | |
| **Long-term liabilities** | 13 | | | | |
| Subordinated loans | | 1,000.0 | 1,000.0 | 1,000.0 | 1,000.0 |
| Mortgage debt | | 4,183.0 | 3,517.6 | 3,565.9 | 3,222.5 |
| Lease commitments | | 20.0 | 15.1 | 0.3 | 0.3 |
| Other credit institutions | | 7,322.4 | 6,547.3 | 1,489.0 | 1,270.1 |
| **Total long-term liabilities** | | **12,525.4** | **11,080.0** | **6,055.2** | **5,492.9** |
| **Short-term liabilities** | | | | | |
| Current portion of long-term liabilities | | 48.3 | 175.0 | 5.0 | 61.1 |
| Credit institutions | | 1,154.2 | 1,205.2 | 25.7 | 212.4 |
| Trade payables | | 2,332.0 | 2,229.5 | 775.0 | 875.8 |
| Payables to subsidiaries | | 0.0 | 0.0 | 91.1 | 102.0 |
| Payables to associates | | 61.2 | 45.5 | 47.8 | 34.1 |
| Other payables | | 1,897.5 | 1,461.7 | 704.3 | 552.5 |
| Prepayments | | 131.9 | 108.9 | 66.9 | 43.2 |
| **Total short-term liabilities** | | **5,625.1** | **5,225.8** | **1,715.8** | **1,881.1** |
| **Total liabilities** | | **18,150.5** | **16,305.8** | **7,771.0** | **7,374.0** |
| | | | | | |
| **Total equity and liabilities** | | **23,016.8** | **21,279.6** | **11,923.1** | **11,639.7** |

| | |
|---|---|
| Contingent liabilities | 14 |
| Security | 15 |
| Members' liability | 16 |
| Foreign exchange risks and financial instruments | 17 |
| Transactions with related parties | 18 |

# STATEMENT OF CHANGES IN EQUITY

At 28 September 2008
(DKK million)

| Group | Members' accounts | Reserve for net revaluation of investments | Other reserves | Proposed supplementary payments for the year | Total |
|---|---|---|---|---|---|
| Equity at 02.10.2006 | 1,319.9 | 0.0 | 1,438.1 | 1,086.0 | 3,844.0 |
| Payments and disbursements for the year | 239.0 | 0.0 | 0.0 | -1,086.0 | -847.0 |
| Exchange rate adjustment, foreign enterprises | 0.0 | 0.0 | -47.3 | 0.0 | -47.3 |
| Other adjustments | 0.0 | 0.0 | 6.9 | 0.0 | 6.9 |
| Net profit for the year | 0.0 | 0.0 | 31.8 | 1,198.1 | 1,229.9 |
| **Equity at 30.09.2007** | **1,558.9** | **0.0** | **1,429.5** | **1,198.1** | **4,186.5** |
| Payments and disbursements for the year | 176.4 | 0.0 | 0.0 | -1,198.1 | -1,021.7 |
| Exchange rate adjustment, foreign enterprises | 0.0 | 0.0 | -94.5 | 0.0 | -94.5 |
| Other adjustments | 0.0 | 0.0 | -13.7 | 0.0 | -13.7 |
| Net profit for the year | 0.0 | 0.0 | 52.0 | 945.3 | 997.3 |
| **Equity at 28.09.2008** | **1,735.3** | **0.0** | **1,373.3** | **945.3** | **4,053.9** |

| Parent | | | | | |
|---|---|---|---|---|---|
| Equity at 02.10.2006 | 1,319.9 | 205.8 | 1,232.3 | 1,086.0 | 3,844.0 |
| Payments and disbursements for the year | 239.0 | 0.0 | 0.0 | -1,086.0 | -847.0 |
| Exchange rate adjustment, foreign enterprises | 0.0 | -47.3 | 0.0 | 0.0 | -47.3 |
| Other adjustments | 0.0 | 6.5 | 0.4 | 0.0 | 6.9 |
| Net profit for the year | 0.0 | 0.0 | 31.8 | 1,198.1 | 1,229.9 |
| Transfer | 0.0 | -81.9 | 81.9 | 0.0 | 0.0 |
| **Equity at 30.09.2007** | **1,558.9** | **83.1** | **1,346.4** | **1,198.1** | **4,186.5** |
| Payments and disbursements for the year | 176.4 | 0.0 | 0.0 | -1,198.1 | -1,021.7 |
| Exchange rate adjustment, foreign enterprises | 0.0 | -94.5 | 0.0 | 0.0 | -94.5 |
| Other adjustments | 0.0 | -14.2 | 0.5 | 0.0 | -13.7 |
| Net profit for the year | 0.0 | 0.0 | 52.0 | 945.3 | 997.3 |
| Transfer | 0.0 | 25.6 | -25.6 | 0.0 | 0.0 |
| **Equity at 28.09.2008** | **1,735.3** | **0.0** | **1,373.3** | **945.3** | **4,053.9** |

# CASH FLOW STATEMENT

1 October 2007 - 28 September 2008
(DKK million)

| | GROUP | |
|---|---|---|
| **Cash flows from operating activities** | **2007/08** | **2006/07** |
| Net profit for the year | 997.3 | 1,229.9 |
| Depreciation, amortisation and impairment | 1,624.5 | 1,272.2 |
| Share of fixed asset investments | -33.8 | -27.4 |
| Change in provisions | 16.9 | 100.6 |
| Change in inventories | -337.1 | -87.9 |
| Change in receivables | -757.0 | -184.8 |
| Change in trade payables etc. | 770.5 | -496.6 |
| **Total cash flows from operating activities** | **2,281.3** | **1,806.0** |
| | | |
| **Cash flows from investing activities** | | |
| Investments in intangible assets | -117.9 | -19.2 |
| Investments in property, plant and equipment | -2,446.1 | -848.8 |
| Investments in fixed asset investments | 11.7 | 383.8 |
| **Total cash flows from investing activities** | **-2,552.3** | **-484.2** |
| | | |
| **Total cash flows from operating and investing activities** | **-271.0** | **1,321.8** |
| | | |
| **Cash flows from financing activities** | | |
| Payment of share capital, net | 176.4 | 239.0 |
| Disbursement of supplementary payments | -1,198.1 | -1,086.0 |
| Change in short-term bank credit | -51.0 | 84.7 |
| Change in mortgage debt | 665.4 | -269.9 |
| Change in lease commitments | 4.9 | -8.2 |
| Change in other long-term liabilities | 775.1 | -215.2 |
| **Total cash flows from financing activities** | **372.7** | **-1,255.6** |
| | | |
| Change in cash and cash equivalents and securities | 101.7 | 66.2 |
| Cash and cash equivalents and securities at 01.10.2007 | 435.3 | 369.1 |
| **Cash and cash equivalents and securities at 28.09.2008** | **537.0** | **435.3** |

# NOTES

(DKK million)

| | | GROUP | | PARENT | |
|---|---|---|---|---|---|
| **1** | **Revenue** | **2007/08** | **2006/07** | **2007/08** | **2006/07** |
| | Distribution by market: | | | | |
| | Denmark | 5,385.6 | 5,052.6 | 4,674.7 | 4,380.5 |
| | International | 41,586.4 | 39,293.2 | 19,602.2 | 19,573.4 |
| | **Total revenue** | **46,972.0** | **44,345.8** | **24,276.9** | **23,953.9** |
| | Distribution by sector: | | | | |
| | Pork Division | 21,040.3 | 20,473.8 | 22,034.5 | 21,983.7 |
| | Beef Division | 2,608.8 | 2,401.8 | 2,242.4 | 1,970.2 |
| | Processing companies | 19,458.2 | 17,861.8 | 0.0 | 0.0 |
| | Trading companies and other companies | 3,864.7 | 3,608.4 | 0.0 | 0.0 |
| | **Total revenue** | **46,972.0** | **44,345.8** | **24,276.9** | **23,953.9** |

| | | | | | |
|---|---|---|---|---|---|
| **2** | **Staff costs** | | | | |
| | Wages and salaries | 6,718.1 | 6,257.2 | 3,239.0 | 3,100.0 |
| | Pensions | 317.8 | 317.3 | 212.3 | 207.1 |
| | Other social security costs | 648.1 | 610.9 | 204.7 | 225.6 |
| | **Total staff costs** | **7,684.0** | **7,185.4** | **3,656.0** | **3,532.7** |
| | Of this: | | | | |
| | Remuneration for the Parent's Board of Directors | 4.6 | 3.9 | 4.4 | 3.6 |
| | Remuneration for the Parent's Board of Representatives | 3.5 | 3.0 | 3.5 | 3.0 |
| | Remuneration for the Parent's Executive Board | 31.7 | 25.3 | 21.9 | 14.1 |
| | | | | | |
| | Average number of employees | 26,652 | 24,334 | 9,294 | 9,135 |

| | | | | | |
|---|---|---|---|---|---|
| **3** | **Depreciation, amortisation and impairment** | | | | |
| | Intangible assets | 85.8 | 90.7 | 0.1 | 0.0 |
| | Property, plant and equipment, depreciation | 1,203.4 | 1,181.5 | 535.9 | 540.0 |
| | Property, plant and equipment, impairment | 335.3 | 0.0 | 335.3 | 0.0 |
| | Exchange rate adjustments | 11.2 | 5.0 | 0.0 | 0.0 |
| | Gains on the sale of property, plant and equipment | -440.1 | 11.0 | -430.5 | 2.3 |
| | **Total depreciation, amortisation and impairment** | **1,195.6** | **1,288.2** | **440.8** | **542.3** |
| | Depreciation, amortisation and impairment contained in the items listed below: | | | | |
| | Production costs | 993.5 | 1,083.9 | 394.9 | 495.5 |
| | Distribution costs | 33.5 | 33.4 | 7.3 | 8.3 |
| | Administrative expenses | 168.6 | 170.9 | 38.6 | 38.5 |
| | **Total depreciation, amortisation and impairment** | **1,195.6** | **1,288.2** | **440.8** | **542.3** |

# NOTES

(DKK million)

| | | GROUP | | PARENT | |
|---|---|---|---|---|---|
| 4 | **Fees to appointed auditors** | **2007/08** | **2006/07** | **2007/08** | **2006/07** |
| | Audit fee, Deloitte | 12.6 | 11.6 | 2.7 | 2.7 |
| | Audit fee, others | 2.0 | 1.4 | 0.0 | 0.0 |
| | Other services, Deloitte | 8.6 | 5.7 | 2.6 | 2.2 |
| | Other services, others | 1.3 | 2.6 | 0.1 | 0.1 |
| | **Total fees to appointed auditors** | **24.5** | **21.3** | **5.4** | **5.0** |

| | | | | | |
|---|---|---|---|---|---|
| 5 | **Income from investments in subsidiaries** | | | | |
| | Share of profit | 0.0 | 0.0 | 287.1 | 257.0 |
| | Change in unrealised intercompany profits | 0.0 | 0.0 | -8.8 | 2.8 |
| | Amortisation of additional value on acquisition of shares | 0.0 | 0.0 | -7.8 | -12.7 |
| | **Total income from investments in subsidiaries** | **0.0** | **0.0** | **270.5** | **247.1** |

| | | | | | |
|---|---|---|---|---|---|
| 6 | **Financial income** | | | | |
| | Subsidiaries | 0.0 | 0.0 | 15.5 | 15.1 |
| | Other interest | 62.0 | 192.6 | 3.7 | 155.9 |
| | **Total financial income** | **62.0** | **192.6** | **19.2** | **171.0** |

| | | | | | |
|---|---|---|---|---|---|
| 7 | **Financial expenses** | | | | |
| | Subsidiaries | 0.0 | 0.0 | 1.0 | 0.2 |
| | Other interest | 734.0 | 683.3 | 321.0 | 302.4 |
| | **Total financial expenses** | **734.0** | **683.3** | **322.0** | **302.6** |

| | | | | | |
|---|---|---|---|---|---|
| 8 | **Tax on profit for the year** | | | | |
| | Calculated tax on profit for the year | 123.4 | 106.5 | 3.7 | 5.2 |
| | Adjustment concerning previous years | -19.7 | -31.7 | -3.9 | -4.6 |
| | Change of deferred tax | 40.6 | 76.8 | 0.0 | 0.0 |
| | **Total tax on profit for the year** | **144.3** | **151.6** | **-0.2** | **0.6** |

# NOTES

(DKK million)

| 9 Intangible assets, Group | Trademarks etc. | Goodwill | Consolidated goodwill | Total intangible assets |
|---|---|---|---|---|
| Total cost: | | | | |
| Total cost at 01.10.2007 | 466.2 | 67.8 | 1,368.8 | 1,902.8 |
| Exchange rate adjustment | 1.4 | -0.7 | -101.8 | -101.1 |
| Transfer | 0.0 | 0.0 | 14.1 | 14.1 |
| Addition during the year | 4.4 | 34.3 | 66.4 | 105.1 |
| Disposal during the year | -3.3 | 0.0 | 0.0 | -3.3 |
| **Total cost at 28.09.2008** | **468.7** | **101.4** | **1,347.5** | **1,917.6** |
| | | | | |
| Total amortisation and impairment: | | | | |
| Total amortisation and impairment at 01.10.2007 | 463.9 | 39.7 | 513.2 | 1,016.8 |
| Exchange rate adjustment | 1.1 | -0.4 | -17.5 | -16.8 |
| Addition | 0.5 | 0.7 | 0.0 | 1.2 |
| Amortisation and impairment for the year | 2.3 | 6.3 | 77.2 | 85.8 |
| Amortisation and impairment on assets divested | -3.2 | 0.0 | 0.0 | -3.2 |
| **Total amortisation and impairment at 28.09.2008** | **464.6** | **46.3** | **572.9** | **1,083.8** |
| | | | | |
| **Carrying amount at 28.09.2008** | **4.1** | **55.1** | **774.6** | **833.8** |
| Carrying amount at 30.09.2007 | 2.3 | 28.1 | 855.6 | 886.0 |
| | | | | |
| **Intangible assets, Parent** | | | | |
| Total cost: | | | | |
| Total cost at 01.10.2007 | 24.4 | 8.8 | 0.0 | 33.2 |
| Addition during the year | 0.0 | 0.0 | 0.0 | 0.0 |
| Disposal during the year | 0.0 | 0.0 | 0.0 | 0.0 |
| **Total cost at 28.09.2008** | **24.4** | **8.8** | **0.0** | **33.2** |
| | | | | |
| Total amortisation and impairment: | | | | |
| Total amortisation and impairment at 01.10.2007 | 24.4 | 8.6 | 0.0 | 33.0 |
| Amortisation and impairment for the year | 0.0 | 0.1 | 0.0 | 0.1 |
| Amortisation and impairment on assets divested | 0.0 | 0.0 | 0.0 | 0.0 |
| **Total amortisation and impairment at 28.09.2008** | **24.4** | **8.7** | **0.0** | **33.1** |
| | | | | |
| **Carrying amount at 28.09.2008** | **0.0** | **0.1** | **0.0** | **0.1** |
| Carrying amount at 30.09.2007 | 0.0 | 0.2 | 0.0 | 0.2 |

# NOTES

(DKK million)

| 10 | Property, plant and equipment, Group | Land and buildings | Plant and machinery | Other fixtures and fittings, tools and equipment | Property, plant and equipment in progress | Total property, plant and equipment |
|---|---|---|---|---|---|---|
| | Total cost: | | | | | |
| | Total cost at 01.10.2007 | 9,422.0 | 9,152.3 | 1,671.3 | 770.0 | 21,015.6 |
| | Exchange rate adjustment | -173.1 | -222.4 | -22.9 | -46.6 | -465.0 |
| | Completion of plant in progress | 257.7 | 435.2 | 42.9 | -735.8 | 0.0 |
| | Addition on acquisition of enterprises | 339.0 | 493.8 | 22.4 | 17.1 | 872.3 |
| | Addition during the year | 167.4 | 527.9 | 127.9 | 1,210.7 | 2,033.9 |
| | Disposal during the year | -448.0 | -834.4 | -167.5 | 0.0 | -1,449.9 |
| | **Total cost at 28.09.2008** | **9,565.0** | **9,552.4** | **1,674.1** | **1,215.4** | **22,006.9** |
| | | | | | | |
| | Total revaluations: | | | | | |
| | Total revaluations at 01.10.2007 | 30.9 | 5.8 | 0.5 | 0.0 | 37.2 |
| | Disposal during the year | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | **Total revaluations at 28.09.2008** | **30.9** | **5.8** | **0.5** | **0.0** | **37.2** |
| | | | | | | |
| | Total depreciation and impairment: | | | | | |
| | Total depreciation and impairment at 01.10.2007 | 3,986.0 | 5,965.2 | 1,268.8 | 0.0 | 11,220.0 |
| | Exchange rate adjustment | -25.5 | -112.6 | -16.8 | 0.0 | -154.9 |
| | Addition on acquisition of enterprises | 24.3 | 191.3 | 11.9 | 0.0 | 227.5 |
| | Depreciation and impairment for the year | 445.9 | 596.5 | 160.9 | 335.3 | 1,538.6 |
| | Depreciation and impairment on assets divested | -392.2 | -678.5 | -146.6 | 0.0 | -1,217.3 |
| | **Total depreciation and impairment at 28.09.2008** | **4,038.5** | **5,961.9** | **1,278.2** | **335.3** | **11,613.9** |
| | | | | | | |
| | **Carrying amount at 28.09.2008** | **5,557.4** | **3,596.3** | **396.4** | **880.1** | **10,430.2** |
| | Carrying amount at 30.09.2007 | 5,466.9 | 3,192.9 | 403.0 | 770.0 | 9,832.8 |
| | | | | | | |
| | The carrying amount at 28.09.2008 comprises: | | | | | |
| | Recognised lease assets | 0.0 | 11.9 | 0.2 | 0.0 | 12.1 |
| | Recognised interest expenses | 98.6 | 16.4 | 1.6 | 0.0 | 116.6 |
| | Cash property value, Danish properties, at 01.10.2007 | 1,889.6 | | | | |
| | The carrying amount of foreign properties is | 2,310.6 | | | | |

# NOTES

(DKK million)

| 10 | Property, plant and equipment, Parent | Land and buildings | Plant and machinery | Other fixtures and fittings, tools and equipment | Property, plant and equipment in progress | Total property, plant and equipment |
|---|---|---|---|---|---|---|
| | Total cost: | | | | | |
| | Total cost at 01.10.2007 | 5,332.9 | 3,811.4 | 808.7 | 244.4 | 10,197.4 |
| | Completion of plant in progress | 141.2 | 103.4 | 21.3 | -265.9 | 0.0 |
| | Addition during the year | 82.8 | 141.9 | 36.3 | 726.5 | 987.5 |
| | Disposal during the year | -373.7 | -469.5 | -58.6 | 0.0 | -901.8 |
| | **Total cost at 28.09.2008** | **5,183.2** | **3,587.2** | **807.7** | **705.0** | **10,283.1** |
| | | | | | | |
| | Total depreciation and impairment: | | | | | |
| | Total depreciation and impairment at 01.10.2007 | 2,604.3 | 2,567.0 | 656.2 | 0.0 | 5,827.5 |
| | Depreciation and impairment for the year | 277.3 | 203.9 | 54.7 | 335.3 | 871.2 |
| | Depreciation and impairment on assets divested | -364.8 | -373.8 | -49.6 | 0.0 | -788.2 |
| | **Total depreciation and impairment at 28.09.2008** | **2,516.8** | **2,397.1** | **661.3** | **335.3** | **5,910.5** |
| | | | | | | |
| | **Carrying amount at 28.09.2008** | **2,666.4** | **1,190.1** | **146.4** | **369.7** | **4,372.6** |
| | Carrying amount at 30.09.2007 | 2,728.6 | 1,244.4 | 152.5 | 244.4 | 4,369.9 |
| | | | | | | |
| | The carrying amount at 28.09.2008 comprises: | | | | | |
| | Recognised lease assets | 0.0 | 0.0 | 0.2 | 0.0 | 0.2 |
| | Recognised interest expenses | 98.6 | 16.4 | 1.6 | 0.0 | 116.6 |
| | Cash property value, Danish properties, at 01.10.2007 | 1,324.6 | | | | |

# NOTES

(DKK million)

| 11 | Fixed asset investments, Group | Investments in subsidiaries | Receivables from subsidiaries | Investments in associates | Securities and investments | Total fixed asset investments |
|---|---|---|---|---|---|---|
| | Total cost: | | | | | |
| | Total cost at 01.10.2007 | 0.0 | 0.0 | 221.2 | 34.7 | 255.9 |
| | Exchange rate adjustment | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | Addition during the year | 0.0 | 0.0 | 3.6 | 16.6 | 20.2 |
| | Disposal during the year | 0.0 | 0.0 | 0.0 | -0.6 | -0.6 |
| | **Total cost at 28.09.2008** | **0.0** | **0.0** | **224.8** | **50.7** | **275.5** |
| | | | | | | |
| | Total value adjustments: | | | | | |
| | Total value adjustments at 01.10.2007 | 0.0 | 0.0 | 247.8 | 26.1 | 273.9 |
| | Exchange rate adjustment | 0.0 | 0.0 | 0.2 | -26.1 | -25.9 |
| | Share of net profit | 0.0 | 0.0 | 29.8 | 4.0 | 33.8 |
| | Distribution of dividend | 0.0 | 0.0 | -27.3 | 0.0 | -27.3 |
| | Addition during the year | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | Disposal during the year | 0.0 | 0.0 | 0.0 | -4.0 | -4.0 |
| | Other adjustments | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | **Total value adjustments at 28.09.2008** | **0.0** | **0.0** | **250.5** | **0.0** | **250.5** |
| | | | | | | |
| | **Carrying amount at 28.09.2008** | **0.0** | **0.0** | **475.3** | **50.7** | **526.0** |
| | Carrying amount at 30.09.2007 | 0.0 | 0.0 | 469.0 | 60.8 | 529.8 |

## NOTES
(DKK million)

| 11 | Fixed asset investments, Parent | Investments in subsidiaries | Receivables from subsidiaries | Investments in associates | Securities and investments | Total fixed asset investments |
|---|---|---|---|---|---|---|
| | Total cost: | | | | | |
| | Total cost at 01.10.2007 | 1,614.1 | 28.7 | 677.4 | 24.6 | 2,344.8 |
| | Exchange rate adjustment | -96.8 | 0.0 | 44.2 | 0.0 | -52.6 |
| | Addition during the year | 244.7 | 1.6 | 0.7 | 6.0 | 253.0 |
| | Disposal during the year | -6.1 | -3.8 | 0.0 | -0.8 | -10.7 |
| | **Total cost at 28.09.2008** | **1,755.9** | **26.5** | **722.3** | **29.8** | **2,534.5** |
| | | | | | | |
| | Total value adjustments: | | | | | |
| | Total value adjustments at 01.10.2007 | -93.5 | 0.0 | 316.6 | 26.1 | 249.2 |
| | Exchange rate adjustment | -37.5 | 0.0 | -4.4 | -26.1 | -68.0 |
| | Share of net profit | 270.5 | 0.0 | 2.6 | 4.0 | 277.1 |
| | Distribution of dividend | -299.8 | 0.0 | -35.9 | 0.0 | -335.7 |
| | Addition during the year | 0.0 | 0.0 | 2.6 | 0.0 | 2.6 |
| | Disposal during the year | 6.2 | 0.0 | 0.0 | -4.0 | 2.2 |
| | Other adjustments | -10.7 | 0.0 | -3.5 | 0.0 | -14.2 |
| | **Total value adjustments at 28.09.2008** | **-164.8** | **0.0** | **278.0** | **0.0** | **113.2** |
| | | | | | | |
| | **Carrying amount at 28.09.2008** | **1,591.1** | **26.5** | **1,000.3** | **29.8** | **2,647.7** |
| | Carrying amount at 30.09.2007 | 1,520.6 | 28.7 | 994.0 | 50.7 | 2,594.0 |

# NOTES

(DKK million)

| 12 | | GROUP | | PARENT | |
|---|---|---|---|---|---|
| | **Provisions** | **28.09.2008** | **30.09.2007** | **28.09.2008** | **30.09.2007** |
| | Pension commitments | 193.5 | 257.1 | 53.9 | 57.6 |
| | Deferred tax | 207.8 | 174.9 | 0.0 | 0.0 |
| | Restructuring costs | 21.4 | 19.6 | 19.0 | 14.6 |
| | Insurance provisions | 218.0 | 212.8 | 0.0 | 0.0 |
| | Other provisions | 101.1 | 60.5 | 25.3 | 7.0 |
| | **Total provisions** | **741.8** | **724.9** | **98.2** | **79.2** |
| | | | | | |
| | Provisions are expected to fall due: | | | | |
| | Within one year | 104.7 | 94.2 | 48.0 | 20.2 |
| | After one year | 637.1 | 630.7 | 50.2 | 59.0 |
| | **Total provisions** | **741.8** | **724.9** | **98.2** | **79.2** |

| **Group** | **Pension commitments** | **Deferred tax** | **Restructuring costs** | **Insurance provisions** | **Other provisions** |
|---|---|---|---|---|---|
| Provisions at 01.10.2007 | 257.1 | 174.9 | 19.6 | 212.8 | 60.5 |
| Exchange rate adjustments | -21.7 | -21.8 | 0.0 | 0.0 | 0.0 |
| Transfer | 0.0 | 14.1 | 0.0 | 0.0 | 0.0 |
| Used during the year | -50.8 | 0.0 | -12.1 | 0.0 | -6.0 |
| Provisions for the year | 8.9 | 40.6 | 13.9 | 5.2 | 46.6 |
| **Provisions at 28.09.2008** | **193.5** | **207.8** | **21.4** | **218.0** | **101.1** |
| | | | | | |
| **Parent** | | | | | |
| Provisions at 01.10.2007 | 57.6 | 0.0 | 14.6 | 0.0 | 7.0 |
| Used during the year | -9.0 | 0.0 | -8.6 | 0.0 | -5.4 |
| Provisions for the year | 5.3 | 0.0 | 13.0 | 0.0 | 23.7 |
| **Provisions at 28.09.2008** | **53.9** | **0.0** | **19.0** | **0.0** | **25.3** |

# NOTES

(DKK million)

| 13 | Long-term liabilities, Group | Due within one year | Due between one and five years | Due after five years | Total long-term liabilities |
|---|---|---|---|---|---|
| | Subordinated loans | 0.0 | 550.0 | 450.0 | 1,000.0 |
| | Mortgage debt | 7.2 | 217.6 | 3,965.5 | 4,190.3 |
| | Lease commitments | 9.1 | 19.3 | 0.7 | 29.1 |
| | Other credit institutions | 32.0 | 6,504.2 | 818.1 | 7,354.3 |
| | **Long-term liabilities at 28.09.2008** | **48.3** | **7,291.1** | **5,234.3** | **12,573.7** |
| | Long-term liabilities at 30.09.2007 | 175.0 | 6,855.5 | 4,224.5 | 11,255.0 |

| Long-term liabilities, Parent | | | | |
|---|---|---|---|---|
| Subordinated loans | 0.0 | 550.0 | 450.0 | 1,000.0 |
| Mortgage debt | 0.0 | 150.0 | 3,415.9 | 3,565.9 |
| Lease commitments | 0.0 | 0.3 | 0.0 | 0.3 |
| Other credit institutions | 5.0 | 1,484.3 | 4.7 | 1,494.0 |
| **Long-term liabilities at 28.09.2008** | **5.0** | **2,184.6** | **3,870.6** | **6,060.2** |
| Long-term liabilities at 30.09.2007 | 61.1 | 2,218.0 | 3,274.9 | 5,554.0 |

| Interest rate risks | GROUP | | PARENT | |
|---|---|---|---|---|
| **Long-term liabilities distributed by currency** | **28.09.2008** | **30.09.2007** | **28.09.2008** | **30.09.2007** |
| DKK | 7,072.0 | 6,754.5 | 5,245.3 | 4,950.6 |
| EUR | 511.5 | 586.8 | 233.7 | 234.2 |
| GBP | 3,103.3 | 2,931.4 | 247.8 | 72.4 |
| USD | 664.1 | 507.9 | 13.3 | 9.6 |
| JPY | 105.1 | 144.6 | 33.5 | 60.4 |
| SEK | 691.8 | 24.8 | 37.1 | 1.6 |
| NOK | 25.7 | 1.4 | 0.0 | 0.0 |
| PLN | 237.5 | 178.3 | 131.6 | 104.4 |
| AUD | 127.6 | 120.3 | 117.2 | 120.3 |
| Other | 35.1 | 5.0 | 0.7 | 0.5 |
| **Total long-term liabilities** | **12,573.7** | **11,255.0** | **6,060.2** | **5,554.0** |
| | | | | |
| Weighted average interest rate | 5.48 % | 5.27 % | 5.59 % | 5.14 % |

Of the Group's long-term liabilities, DKK 2,234.5 million was arranged as fixed-rate loans (exclusive of subordinated loan as mentioned below) and DKK 9,339.2 million as floating-rate loans. In the Parent, DKK 1,260.3 million (exclusive of subordinated loan) was arranged as fixed-rate loans and DKK 3,799.9 million as floating-rate loans. At the balance sheet date, DKK 3,092.1 million was converted from fixed-rate loans to floating-rate loans using financial instruments. The financial instruments and the underlying equity and liabilities are calculated at fair value at the balance sheet date and recognised in the income statement under financial income and expenses. The weighted interest rate applicable to the Group's long-term liabilities is 5.41% (exclusive of subordinated loan) before recognition of financial instruments, while it is 5.47% for the Parent (exclusive of subordinated loan), also before recognition of financial instruments.

The Parent has arranged a subordinated loan totalling DKK 1,000.0 million which falls due in 2012 and 2014. The loan was arranged as a floating-rate loan, with DKK 550.0 million at a rate of 6.125% falling due in 2012 and DKK 450.0 million at a rate of 6.375% falling due in 2014. The subordinated loan ranks prior to other creditors.

# NOTES
(DKK million)

| 14 | Contingent liabilities etc. | GROUP 28.09.2008 | GROUP 30.09.2007 | PARENT 28.09.2008 | PARENT 30.09.2007 |
|---|---|---|---|---|---|
| | Guarantees to subsidiaries, maximum | 0.0 | 0.0 | 6,302.9 | 4,601.3 |
| | Guarantees to subsidiaries, used | 0.0 | 0.0 | 3,060.6 | 2,689.7 |
| | Other guarantees | 81.8 | 62.0 | 0.0 | 0.0 |
| | Contractual obligations concerning property, plant and equipment | 148.3 | 115.5 | 0.0 | 0.0 |
| | Guarantee commitments to the EU directorate | 23.2 | 11.1 | 17.1 | 3.1 |
| | Repayment commitments | 6.1 | 6.1 | 4.9 | 4.9 |
| | Rental and lease commitments | 142.8 | 124.1 | 17.0 | 7.5 |
| | Other | 169.0 | 123.4 | 21.6 | 21.6 |

The Group is involved in some court cases and disputes. The Management is of the opinion that the outcome of these will not have any significant impact on the Group's financial position.

**15 Security**

| | | | | |
|---|---|---|---|---|
| The following assets have been furnished as security for mortgage debt and other long-term liabilities: | | | | |
| Land, buildings and plant etc. | 4,118.9 | 3,659.2 | 3,629.9 | 3,308.3 |
| Carrying amount of the above-mentioned assets | 5,130.4 | 5,058.5 | 4,086.7 | 4,120.4 |

**16 Members' liability**

The members are personally, jointly and severally liable for the liabilities of the Parent.
Liability for each member is calculated on the basis of the supplies from the members and cannot exceed DKK 25,000.
The members' total liabilities at 28.09.2008: DKK 303.8 million
Danish Crown AmbA had at 28.09.2008: 12,152 members.

(DKK million)

| 17 | Foreign exchange risks and financial instruments, Group | Receivables | Liabilities | Hedged through forward exchange contracts | Net position at 28.09.2008 |
|---|---|---|---|---|---|
| | EUR | 1,566.5 | 659.8 | 559.6 | 347.1 |
| | GBP | 1,166.6 | 472.3 | 637.2 | 57.1 |
| | JPY | 888.0 | 112.7 | 801.8 | -26.5 |
| | USD | 1,326.5 | 375.1 | 849.4 | 102.0 |
| | Other | 682.4 | 575.0 | 103.3 | 4.1 |
| | **Total foreign exchange risks and financial instruments** | **5,630.0** | **2,194.9** | **2,951.3** | **483.8** |

The Danish Crown Group has considerable sales in currencies other than Danish kroner, whereas a large part of costs, including purchased goods, is incurred in Danish kroner. The Group's net positions in all export currencies are evaluated on a regular basis. Profits and losses on inventories, receivables and orders less liabilities (hedged items) and the financial instruments are recognised in the income statement at fair value.

As regards translation risks, i.e. the possibility/risk of profits or losses from the translation of net investments in foreign subsidiaries to Danish kroner, are usually not hedged. Profits or losses are recognised directly in equity.

**18 Related party transactions**

Associates and members of the Board of Directors and the Executive Board of Danish Crown AmbA are regarded as related parties.

Since the company is a cooperative, supplies have been received from members, including the Board of Directors.

Otherwise there have been no significant transactions with related parties except for remuneration to Management which is specified separately in note 2, Staff costs.

All related party transactions are conducted on market terms.

# GROUP STRUCTURE

| Company name | | Direct ownership interest % |
|---|---|---|
| **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* |
| *Danish Crown Insurance A/S* | *Denmark* | *100.0* |
| *Danish Crown UK Limited* | *UK* | *100.0* |
| *Danish CR Foods 05, S.A.* | *Spain* | *100.0* |
| *Danish Crown Incorporated A/S* | *Denmark* | *100.0* |
| *Tulip Food Company P/S *)* | *Denmark* | *5.0* |
| **ESS-FOOD Holding A/S** | **Denmark** | **100.0** |
| *ESS-FOOD A/S* | *Denmark* | *100.0* |
| *Carnehansen A/S* | *Denmark* | *100.0* |
| *Dansk Svensk Koedexport s.r.o.* | *Czech Republic* | *100.0* |
| *ESS-FOOD Hungary KFT* | *Hungary* | *100.0* |
| *DAT-SCHAUB Australia Pty Ltd.* | *Australia* | *100.0* |
| *ESS-FOOD Hong Kong Ltd.* | *Hong Kong* | *100.0* |
| *ESS-FOOD Brazil Servicos de Consultoria Ltda* | *Brazil* | *100.0* |
| *Dansk Kuldekonservering A/S* | *Denmark* | *100.0* |
| **DC Krydderi Holding A/S** | **Denmark** | **100.0** |
| *SFK Systems A/S* | *Denmark* | *20.0* |
| **Tulip International (UK) Ltd.** | **UK** | **100.0** |
| *Tulip Ltd.* | *UK* | *100.0* |
| *Geo Adams & Sons (Holding) Ltd.* | *UK* | *100.0* |
| *Adams Pork Products Ltd.* | *UK* | *100.0* |
| *Geo Adams & Sons Ltd.* | *UK* | *100.0* |
| | | |
| **Tulip Food Company P/S *)** | **Denmark** | **95.0** |
| *Tulip Food Company Holding ApS* | *Denmark* | *100.0* |
| *TFC af 1/1 2004 ApS* | *Denmark* | *100.0* |
| *TFC Fast Food A/S* | *Denmark* | *100.0* |
| *P.G. Leasing A/S* | *Denmark* | *100.0* |
| *Best Holding GmbH* | *Germany* | *100.0* |

| Company name | | Direct ownership interest % |
|---|---|---|
| *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* |
| *Tulip Norge AS* | *Norway* | *51.0* |
| | | |
| **DAT-Schaub a.m.b.a.** | **Denmark** | **94.4** |
| *Oriental Sino Limited* | *Hong Kong* | *73.3* |
| *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* |
| *Alandal S.A.* | *Portugal* | *100.0* |
| *DAT-Schaub USA Inc.* | *USA* | *100.0* |
| *DS-France S.A.S.* | *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* |
| *Oy DAT-Schaub Finland Ab* | *Finland* | *100.0* |
| *Thomeko Oy* | *Finland* | *55.9* |
| *Thomeko Eesti OÛ* | *Estonia* | *100.0* |
| *SIA Thomeko Latvia* | *Latvia* | *100.0* |
| *DAT-Schaub AB* | *Sweden* | *100.0* |

| Company name | | Direct ownership interest % |
|---|---|---|
| *DAT-Schaub (Deutschland) GmbH* | *Germany* | *100.0* |
| *Gerhard Küpers GmbH* | *Germany* | *100.0* |
| *DIF Organveredlung Gerhard Küpers GmbH & Co. KG* | *Germany* | *100.0* |
| *CKW Pharma-Extrakt Beteiligungs- und Verwaltungsgesellschaft GmbH* | *Germany* | *100.0* |
| *CKW Pharma-Extrakt GmbH & Co. KG* | *Germany* | *50.0* |
| *DAT-Schaub Casings (Australia) Pty Ltd.* | *Australia* | *100.0* |
| *DAT-Schaub Polska Sp. z o. o.* | *Poland* | *100.0* |
| *DAT-Schaub (UK) Ltd.* | *UK* | *100.0* |
| **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 |
| *Globe Meat Handels-GmbH* | *Germany* | *100.0* |
| *Oldenburger Convenience GmbH* | *Germany* | *100.0* |
| *Danish Crown Sp. z o. o.* | *Poland* | *100.0* |
| Danish Crown Schlachtzentrum Nordfriesland GmbH | Germany | 100.0 |
| DC Trading Co. Ltd. | Japan | 100.0 |
| ESS-FOOD Japan Co. Ltd. | Japan | 100.0 |
| Danish Crown S.A. | Switzerland | 100.0 |
| Danish Crown/Beef Division S.A. | Switzerland | 100.0 |
| DAK AO | Russia | 100.0 |
| Danish Crown España S.A. | Spain | 100.0 |
| Scan-Hide A.m.b.a. | Denmark | 66.6 |
| Friland A/S | Denmark | 100.0 |
| *Friland Udviklingscenter ApS* | *Denmark* | *100.0* |
| *Udviklingscenter for husdyr på Friland K/S* | *Denmark* | *2.1* |
| *Udviklingscenter for husdyr på Friland K/S* | *Denmark* | *47.9* |
| *Friland Økologi ApS* | *Denmark* | *50.0* |
| *Friland Food AB* | *Sweden* | *100.0* |
| *J. Hansen Vermarktungsgesellschaft mbH* | *Germany* | *100.0* |

| Company name | | Direct ownership interest % |
|---|---|---|
| *Friland Polska Sp. z o. o.* | *Poland* | *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* |
| ESS-FOOD Holland B.V. | The Netherlands | 100.0 |
| Danish Crown AmbA, Korean Liaison Office | Korea | 100.0 |
| Danish Crown K-Pack AB | Sweden | 100.0 |
| Danish Crown Livsmedel AB | Sweden | 100.0 |
| *KLS Livsmedel AB* | *Sweden* | *100.0* |
| *KLS Fastigheter AB* | *Sweden* | *100.0* |
| *Ugglarps Slakteri AB* | *Sweden* | *100.0* |
| *Ekvalls Charkuterifabrik Aktiebolag* | *Sweden* | *100.0* |
| *Team Ugglarp AB* | *Sweden* | *51.0* |
| **Associates** | | |
| Daka a.m.b.a. | Denmark | 48.0 |
| Agri-Norcold A/S | Denmark | 43.0 |
| Danske Slagterier | Denmark | 97.1 |
| SPF-Danmark P/S | Denmark | 91.5 |
| SPF-Danmark komplementarselskab A/S | Denmark | 92.4 |
| *SPF-Danmark P/S* | *Denmark* | *1.0* |
| Saturn Nordic Holding AB | Sweden | 50.0 |
| *Sokołów S.A.* | *Poland* | *100.0* |

*) Appears several times in the group chart

Indentation indicates relation to subsidiary
Bold = parents in subgroups
Italics = subsidiary of subsidiary etc.

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