2011/12

DANISH CROWN GROUP

ANNUAL REPORT 2011/12

CONTENTS

GROUP BUSINESS AREAS

Danish Crown group

CEO Kjeld Johannesen

Revenue (DKKm)	EBIT (DKKm)	EBIT in %	Employees
56,462	2,005	3.6	23,582

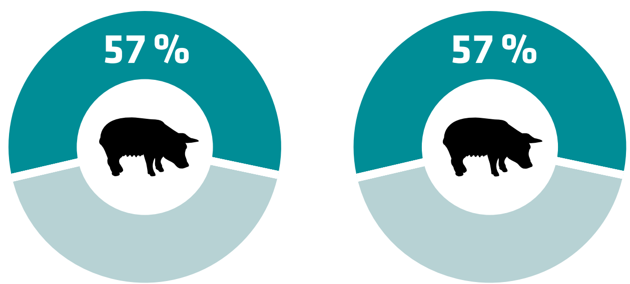
Share of revenue | **Share of EBIT**

DC Pork

Slaughtering activities and sale of pork-related raw materials and by-products

CEO DC Pork Kjeld Johannesen

Revenue (DKKm)	EBIT (DKKm)	EBIT in %	Employees
32,977	1,201	3.6	9,178

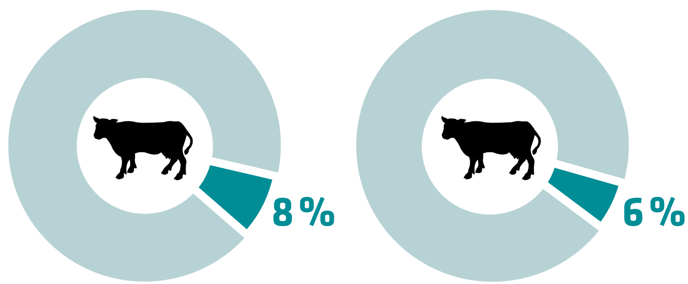


DC Beef

Slaughtering activities and sale of beef-related raw materials and by-products

CEO DC Beef Lorenz Hansen

Revenue (DKKm)	EBIT (DKKm)	EBIT in %	Employees
4,309	127	3.0	777

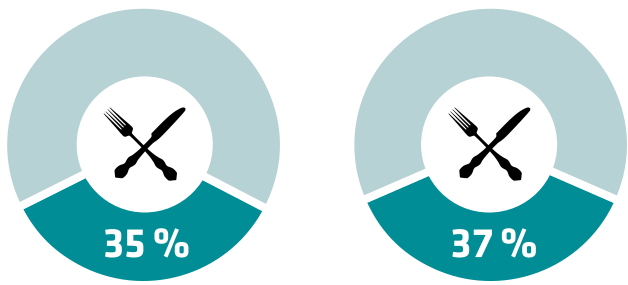


DC Foods

Processing activities and sale of processed meat products

CEO DC Foods Flemming Enevoldsen

Revenue (DKKm)	EBIT (DKKm)	EBIT in %	Employees
20,358	773	3.8	13,307



MANAGEMENT'S REVIEW

A year characterised by positive price developments and stability in the Danish Crown group

Financial highlights for Danish Crown	2011/12	DKKm 2010/11
Revenue	56,462	51,754
Operating profit	2,005	2,029
Net profit for the year	1,732	1,762
Total assets	25,522	23,935
Equity	5,797	5,391
Supplies from members, million kg	1,373	1,450
Supplementary payments, DKKm	1,274	1,394
No. of cooperative members	9,031	9,577
No. of employees, end of year	23,582	23,576

Danish Crown has grown by 25 per cent in the past two years

Danish Crown's consolidated revenue was DKK 56.5 billion in the financial year 2011/12, which is 9 per cent higher than in the previous financial year. This means that over the past two years, revenue has grown by no less than 25 per cent – a development realised during an international economic crisis and a decline in the supply of Danish animals for slaughter.

There are several explanations for the significant growth. Firstly, over a number of years, Danish Crown has succeeded in increasing its international activities faster than the decline in the supply of Danish animals for slaughter. Secondly, the Danish Crown group has very broad market access – also to non-European markets, which have been less affected by the economic challenges. Thirdly, despite the economic crisis, the Danish Crown group has succeeded in raising the prices of its products for the benefit of the company's cooperative members and suppliers who, after several years of crisis, have achieved a more sustainable income-expense ratio in spite of considerable increases, especially in feed prices.

Growth was not achieved at the expense of earnings. In fact, with a consolidated profit of DKK 1.7 billion, the Danish Crown group largely succeeded in maintaining the record-level earnings of the previous year. The fact that the profit has not grown at the same pace as revenue is mainly attributable to the development in raw material prices. Despite a declining supply of Danish animals for slaughter, Danish Crown has been able to pay farmers, in Denmark alone, DKK 1 billion extra this year via the raw material prices, which represents a strong contribution to stabilising the development in Danish meat production. This development has benefited both pig and cattle-producing members. Furthermore, it is recommended that a total of DKK 1.27 billion be paid to the cooperative members in the form of supplementary payments – DKK 0.90 per kg for pigs, DKK 0.80 kg per kg for sows and DKK 1.50 per kg for calves and cattle.

DC Foods – a robust processing division

The processing area is of great strategic importance to the group, and this year we have therefore strengthened the organisation by appointing Flemming Enevoldsen CEO. Further, the division has been named DC Foods.

Marked increases in the price of raw materials will always put pressure on the processing sector's earnings in the period up until the selling prices have stabilised. This is a challenge that has faced the entire European processing industry for the past two years – and of course this also impacts DC Foods.

Therefore, we are very pleased that we have been able to increase revenue by 9 per cent, while at the same time maintaining earnings at a reasonable level, although not quite on a par with last year. DC Foods' ability to contribute more than a third of the group's operating profits in a financial year where the earnings margin is under pressure clearly illustrates the division's potential. The Danish Crown group therefore maintains its strategy of increasing the activities in this part of the value chain.

Sokołów in Poland has taken its earnings to a new record level, while earnings have been stable in Tulip Ltd. Earnings margins were under greater pressure in Plumrose and Tulip Food Company.

During the year, DC Foods has focused on handling the changed market conditions in time and in cooperation with customers and suppliers. However, the division has also been involved in several investment projects – not least in the US where Plumrose has established a state-of-the-art cold cuts factory, which will begin operations early in the new financial year.

DC Fresh Meat

This sector accounts for 57 per cent of the group's revenue, to which should also be added intercompany deliveries to both DC Foods and ESS-FOOD.

DC Pork

International demand for Danish pork has rarely been stronger than in the past financial year. It is therefore a great shame – not least for Danish society and for our cooperative members – that the framework conditions for pig farming in Denmark are still deteriorating, resulting in a further decline in pig production in the past year. However, DC Pork is able to handle the situation by quickly and effectively adapting Danish production capacity – this year by closing the slaughterhouse in Esbjerg – but also by stepping up the purchase of raw materials from our neighbouring countries, including Germany and Sweden.

DC Pork thus realised growth in both revenue and results for the financial year. The company DAT-Schaub makes a very significant contribution to DC Pork's results and has managed to maintain very high earnings this year, while also strengthening its position as a global leader by acquiring an additional company in the US after the end of the financial year.

In most countries, earnings in this market segment have been under pressure in the past year, which also affected DC Pork's activities in Germany and Sweden. However, these activities are seeing ongoing growth thanks to dedicated local efforts, investments and the implementation of best practice.

DC Beef

A higher market share within slaughterings in Denmark has minimised the effect of the decline in Danish cattle production. Improved earnings were realised for both suppliers and the company, which now enjoys a very strong position as regards both raw materials and sales. The activities in Germany and in Scan-Hide remain important assets for DC Beef.

One of the most important milestones in the history of the division was reached this year when construction of one of the largest cattle slaughterhouses in the EU began in Holsted, Denmark. The project will strengthen DC Beef's national and international competitiveness in both the short and the long term.

Other business areas

The ESS-FOOD group is an important player in the international meat sector and has realised revenue growth of more than 20 per cent this year, partly due to growing sales to China and Africa. ESS-FOOD is currently spearheading the Danish Crown group's activities in the growing Chinese market.

Several changes have taken place in the Danish Crown group's associates this year. The activities in the DAKA company – whose purpose is to add value to the large volumes of by-products from companies and suppliers – have thus been transferred to a new limited company with the international by-product group Saria as the principal shareholder. Danish Crown is looking forward to developing a strong and rewarding cooperation with Saria in the coming years.

The cold-storage company Agri-Norcold also has a new principal shareholder in the form of Frode Laursen Gruppen. We look forward to working with this company, which has strong competences within logistics.

The activities in the associates SPF Danmark and Hatting-KS continued during the year with stable results, with the latter company having been expanded with the acquisition of a company in Germany.

Danish Crown's capital base

The process of exploring new opportunities in order to increase Danish Crown's equity continued during the year in cooperation with the company's Board of Representatives. The timing of specific steps in this area will depend on internal as well as external factors.

However, the Danish Crown group's status as a solid investment objective is clearly confirmed by the company's financing terms, for example the highly successful issue of corporate bonds in the Danish market which was completed shortly after the end of the financial year.

Danish Crown's owners have also proved willing to strengthen the group's capital base as it is proposed to transfer DKK 417 million from the net profit for the year to equity.

In addition, Danish Crown has increased its focus on the capital tied up in the group in general, including its net working capital. Despite a continued high level of investments in the financial year, the group's net debt remained unchanged, if disregarding the effect of foreign exchange rates.

Danish Crown and society

The Danish Crown group's most significant contributions to society in the countries in which we operate are employment, the creation of demand for raw materials and ancillary materials – not least from farmers – as well as the sale of safe, high-quality food products to international consumers.

At the end of the year, the group had approx. 23,600 employees, of whom 8,700 work in Denmark. This reflects a shift in employee numbers of 500 from Denmark to other countries. In addition to the group's employees, several thousand people are employed by its business partners, public authorities etc.

The extent to which it will be possible for the group to keep jobs in Denmark depends entirely on the development in the Danish supply of animals for slaughter and the framework conditions in Denmark.

In its communications, the Danish Crown group is perceived as a forward-looking company in tune with the times, and in the course of the year Danish Crown's communications department received a number of international awards for its outstanding work.

Outlook for the coming year

In view of the group's stable development through several years of international economic crisis, Danish Crown is confident that the coming year will also be characterised by stability and growth even if the economy is not out of the woods yet.

Given current developments in the global market, Danish Crown expects that raw material prices will continue to increase, which will strengthen the value chain as a whole, but which will also put pressure on the processing division until a new market equilibrium has been achieved.

Expectations are for moderate growth in consolidated revenue, driven primarily by the international development in prices. Considering the outlook for Danish competitiveness, a further shift in the group's activities towards other countries is expected. Results are expected to remain at a satisfactory level.

In the coming year, Danish Crown will also focus on capital management and will continuously explore new ways of raising capital. At the same time, the group will maintain a considerable level of investment to further strengthen innovation and competitiveness, while continuing to actively consider opportunities that may arise in the market.

Kjeld Johannesen | CEO

DANISH CROWN

Erik Bredholt | Chairman of the Board

DANISH CROWN

GROUP FINANCIAL HIGHLIGHTS

DKKm	2007/08	2008/09	2009/10	2010/11	2011/12
Income statement					
Revenue	46,972	44,757	45,211	51,754	56,462
Operating profit	1,816	1,730	1,857	2,029	2,005
Net financials	-672	-459	-257	-222	-335
Net profit for the year	997	1,164	1,648	1,762	1,732
Balance sheet					
Total assets	23,336	21,306	22,615	23,935	25,522
Investments in intangible assets	105	33	45	15	34
Investments in property, plant and equipment	2,341	1,378	767	986	1,323
Subordinate loans	993	995	997	1,053	506
Equity	4,091	3,940	5,101	5,391	5,797
Capital base including subordinate loans in % of total assets*	21.8 %	23.2 %	27.0 %	26.9 %	24.7 %
Cash flows from operating and investing activities					
Cash flows from operating and investing activities	-246	2,829	1,330	753	1,240
No. of employees					
Average no. of full-time employees	26,652	24,274	23,305	23,557	24,066
Supplementary payments, DKK per kg					
Supplementary payments, pigs	0.60	0.70	0.95	0.95	0.90
Supplementary payments, sows	0.65	0.65	0.75	0.80	0.80
Supplementary payments, cattle	0.70	0.75	1.25	1.30	1.50
Supplies from members weighed in (million kg)					
Pigs	1,426.7	1,272.3	1,245.7	1,311.2	1,242.2
Sows	68.1	62.8	62.6	65.1	57.8
Cattle	64.3	66.7	68.8	74.1	73.0
No. of cooperative members					
No. of cooperative members	12,152	10,685	9,847	9,577	9,031

*Calculated on the basis of subordinate loans and equity.

Please note: The figures stated for 2008/09, 2009/10, 2010/11 and 2011/12 as well as the balance sheet items for 2007/08 have been prepared in accordance with IFRS. All other figures have been prepared in accordance with the Danish Financial Statements Act.

FINANCIAL REVIEW

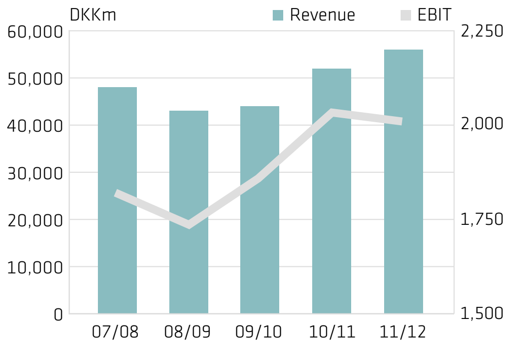
Group structure

In November 2011, the group acquired the UK-based processing company Parkam Foods. The acquisition increased revenue for the year by approx. DKK 0.6 billion and total assets by approx. DKK 0.3 billion.

No businesses were divested during the financial year.

After the end of the financial year, the group has been the driving force behind the establishment of the largest natural casings company in North America – DCW Casing LLC – which is the result of a merger between Wolfson Casing Corp. and Casing Associates LLC, in which 50 per cent of the shares have been owned by the DAT-Schaub group up until now. The new company will have DAT-Schaub as its principal shareholder.

Results for 2011/12



Group revenue for 2011/12 totalled DKK 56.5 billion, up DKK 4.8 billion compared to 2010/11. The increase, which is attributable to price increases for the group's main products and the acquisition of Parkam, is also reflected in the gross profit.

Depreciation and amortisation are on a par with previous years as the depreciation of new investments is offset by the discontinued depreciation of fully depreciated facilities.

The operating profit is affected by a number of non-recurring costs of approx. DKK 125 million, covering restructuring costs in respect of Parkam as well as costs incurred in connection with a fire at a soup facility, closure of the slaughterhouse in Esbjerg and provisions made for a rent obligation in a former subsidiary.

On this background, an operating profit of DKK 2.0 billion is satisfactory.

As of 1 July 2012, the operating activities of the associate DAKA were transferred to a newly established joint company having the international by-product group Saria as its principal shareholder. This resulted in a gain for DAKA. The group's share of this amounts to DKK 128 million, which is recognised in income from associates in the financial statements.

When assessing the net finance costs, it should be considered that the net finance costs in 2010/11 were positively affected by total non-recurring income of DKK 83 million. Taking this into account, a limited increase in net finance costs is seen due to a partial conversion to fixed-rate loans.

Net profit for the year thus amounts to DKK 1.7 billion, which is on a par with last year.

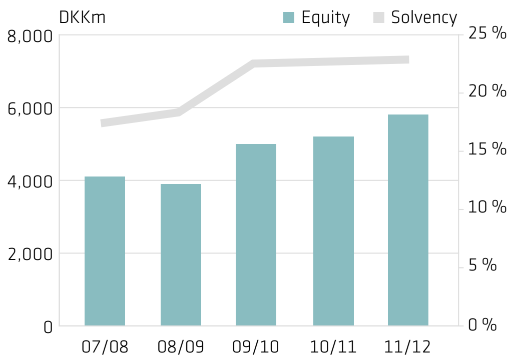
Assets

Total assets increased by DKK 1.6 billion, of which almost half is attributable to exchange rate increases for the group's main currencies GBP, USD, SEK and PLN.

In 2011/12, the group started investing in a cold cuts factory in the US, at which operations have started after the end of the financial year. This, in combination with other investments, has increased the group's non-current assets by DKK 0.6 billion.

During the year, efforts have gone into reducing net working capital. The effect of this is seen both in the fact that the increase in revenue of 9 per cent is not fully reflected in debtors and in the fact that the inventory value was unchanged despite increasing prices for the group's primary raw materials.

Equity



The group's equity amounted to DKK 5.8 billion at the end of 2011/12. Equity was positively affected by foreign currency translation adjustments of DKK 208 million and negatively affected by a DKK 88 million decrease in pension obligations in the UK as a result of a decreasing discount rate. In addition to this, equity was consolidated by DKK 286 million.

At the end of 2011/12, the solvency ratio amounted to 22.7 per cent against 22.5 per cent last year.

Debt

At the end of 2011/12, the group's net interest-bearing debt was up DKK 0.3 billion and now amounts to DKK 12.5 billion. The increase is attributable to increasing exchange rates for the group's main currencies, GBP, USD, SEK and PLN.

The group's financing structure is based mainly on credits with a maturity term of more than one year. Thus, 75 per cent of the interest-bearing debt is long-term debt, of which 43 per cent falls due more than five years from the balance sheet date.

During 2011/12, the group has converted some of its net interest-bearing debt from floating-rate to fixed-rate loans. Consequently, fixed-rate loans now account for 47 per cent of total loans against 22 per cent at the end of 2010/11.

A change in the market rate of 1 percentage point is estimated to have a DKK 53 million impact on total annual finance costs, all other factors aside.

Cash flow statement

As a result of the positive effect from the reduced net working capital combined with investments on a par with last year and on a par with depreciation and amortisation, a cash flow from operating and investing activities of DKK 1.2 billion was obtained in 2011/12.

GROUP BUSINESS AREAS

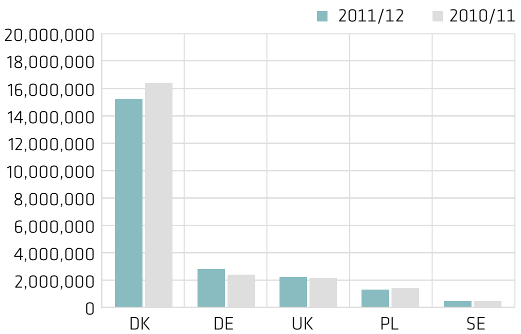
DC Pork comprises the group's pig slaughterhouses in Denmark, Germany and Sweden, sales of pork worldwide as well as DAT-Schaub processing and selling casings, ingredients and other by-products from pig slaughterhouses in several countries.

DC Beef comprises the group's cattle slaughterhouses in Denmark and Germany, sales of beef worldwide as well as Scan-Hide processing and selling cattle hides.

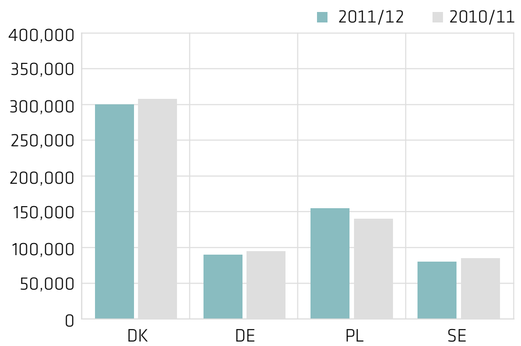
DC Foods comprises the group's four processing companies: Tulip Ltd engaged in fresh-meat and processing activities and sales in the UK market. Tulip Food Company engaged in processing activities in Denmark and Germany and sales of processed meat products worldwide. Plumrose USA Inc. with processing activities and sales in the US market as well as the 50 per cent stake in Sokołów S.A. engaged in fresh-meat and processing activities in Poland.

Supply of animals for slaughter

No. of pigs slaughtered per country



No. of cattle slaughtered per country



In 2011/12, the group slaughtered 21.7 million pigs and 0.5 million cattle. The number of pigs slaughtered decreased by 2 per cent compared to last year, while the number of cattle slaughtered is unchanged compared to last year.

The group's supply of pigs for slaughter is primarily based on the slaughter of Danish animals in Denmark. In 2011/12, 15.5 million pigs were slaughtered in Denmark, corresponding to 71 per cent of the group's total supply of pigs for slaughter. The percentage is declining due to the decreasing production of animals in Denmark, but also due to the group's strategy of increased internationalisation. The group's acquisition of DC Fleisch in 2011 has, in particular, contributed to the internationalisation while at the same time ensuring the local supply of raw materials to retailers in Germany. Moreover, the group has increased the number of slaughterings in the UK, among other things due to the UK consumers' preference for local raw materials. The decreasing production of Danish animals prompted the group to close a Danish slaughterhouse in 2011/12.

Cattle slaughtered in Denmark account for 55 per cent of the group's total supply of cattle for slaughter. The total Danish production of cattle has been declining, but with a relatively unchanged number of slaughterings in 2011/12, the group increased the share of slaughterings in Denmark from 62.7 per cent to 63.1 per cent. The group also gained market shares in Poland. The group's cattle slaughterings in Poland increased by 6 per cent compared to 2010/11, while the group's cattle slaughterings in Germany and Sweden decreased by approx. 4 per cent compared to 2010/11. It should be noted that the supply of Polish animals for slaughter is included at 50 per cent for both pigs and cattle.

DC Pork

	2011/12	2010/11	2009/10
Sales, '000 tonnes	2,199	2,223	1,713
Revenue, DKKm	32,977	29,854	24,540
Operating profit, DKKm	1,201	1,090	795
Operating profit, %	3.6	3.6	3.2

Market conditions

Overall, 2011/12 was one of the best years ever for Danish Crown in terms of sales, but it was also a year of contrasts characterised by a slow start in the first half which turned into a very strong end-result in the second half.

The year started out with what is beginning to look like a new trend of relatively low prices in October and November followed by a rather short and intensive Christmas trade, which used to begin in mid-November.

The year was characterised by a general decrease in the European pig production which had a positive impact on the price and sales structure.

At the beginning of the new calender year, prices decreased as expected; then, slightly contrary to expectations, they remained low until March. The reason for this was a continued large supply of pigs for slaughter in Europe and a very wet and cold spring, which initially postponed the barbecue season and ultimately cancelled it altogether, keeping consumption low. At the same time, sales in the overseas markets fell below the expected level.

The situation turned in spring when the Japanese market resumed its purchases of large volumes of loin and belly at new high prices. Sales to the Chinese market realised a similar boost in spring. Overall, the favourable sales conditions in the overseas markets made it possible to pay a highly competitive price for animals for slaughter on the European market.

At the beginning of summer, the big news was the approval by the Duma of Russia's entry into the WTO. This caused Russian imports and prices to increase and thus helped to support the higher market prices for animals for slaughter.

During the year, several southern European countries struggled with excessive national debt, resulting in financial instability in the entire eurozone. This led to a substantial weakening of the euro and thereby the Danish krone, which strengthened Danish Crown's competitiveness in the overseas markets and the non-eurozone European markets – notably the UK, Poland and Sweden.

At the end of the financial year, sales in all the group's most important markets – being the EU, the US, Russia, China, Australia and Japan – are very strong.

In the Swedish market, the group managed to increase its market shares despite fierce local competition.

Competition in the Danish retail market intensified during the year with tough competition from both domestic and international competitors.

Production

At the beginning of the financial year, DC Compass was introduced at the Danish factories – an initiative which is to optimise direct pay, yields and quality by focusing on knowledge-sharing and uniform working procedures across all factories. The initiative has proved effective. The ambitious target concerning direct pay was reached thanks to a strong run-up, and with regard to quality the group managed to reduce the number of complaints.

However, the potential is far from being exhausted, so the initiative will continue unabated into the new year, just as implementation in other areas is planned.

As the factory in Hadsund, Denmark, which produces processed products for the high-price markets, had reached its maximum capacity and as the demand for these products is increasing, the factory was closed and production moved to Ringsted and Herning, Denmark. Here, there is room for a significant expansion of production, while considerable synergies can be achieved by having production facilities right next to the slaughterhouses.

Investments have been made in important automation initiatives which will bring considerable benefits in the coming years. Investments have also been made in equipment which makes it possible to produce highly processed products for the high-price markets. The latter takes place in close dialogue with the group's customers and in close cooperation with Danish Crown's exports department.

The general decline in the production of pigs for slaughter in Europe has also impacted Danish Crown in the form of a decreasing supply of pigs for slaughter. In spring, it was therefore decided to adjust production capacity which unfortunately led to the closure of the slaughterhouse in Esbjerg, Denmark, at the end of August.

During the year, intensive efforts went into the continued optimisation of the processes and the underlying production management systems in DC Pork's German slaughterhouse, DC Fleisch. This is a long and hard process, but positive results were achieved during the year.

The Swedish slaughterhouses have also worked on improving efficiency and cut costs – efforts which have proved successful in recent years and which will continue in the future.

DAT-Schaub

With a continued increase in revenue and a very satisfactory operating profit, this year was another satisfactory year for the DAT-Schaub group. The increase in revenue is largely the result of particularly high world-market prices for one of the group's main products – lamb casings – primarily purchased in New Zealand and Australia. In addition, the group has obtained higher prices for hog stomachs in the Chinese market, whereas there has been no significant development in volumes.

The world-market prices of pig casings generally declined during the financial year, which can be attributed to lower selling prices for ready-made hog runners and mucosa.

The market for mucosa and hog runners is expected to remain difficult in the coming year, just as the number of slaughterings will drop in several of DAT-Schaub's main markets.

The parent DAT-Schaub A/S achieved highly satisfactory results compared to the previous year, but it should be noted that fewer pigs are being slaughtered in Denmark, which has led to lower supplies of raw materials.

The DAT-Schaub group's foreign subsidiaries have seen satisfactory growth in revenue and continue to realise very satisfactory results. In addition to the main activities in Europe, the group's interests in the US and China also developed satisfactorily.

After the end of the financial year, the DAT-Schaub group has been the driving force behind the establishment of the largest natural casings company in North America – DCW Casing LLC – which is the result of a merger between Wolfson Casing Corp. and Casing Associates LLC, in which 50 per cent of the shares have been owned by the DAT-Schaub group up until now. The new company will have DAT-Schaub as its principal shareholder. The new company is expected to contribute positively to the group's operations already from the financial year 2012/13.

DC Beef

	2011/12	2010/11	2009/10
Sales, '000 tonnes	173	173	137
Revenue, DKKm	4,309	3,928	3,470
Operating profit, DKKm	127	100	113
Operating profit, %	3.0	2.5	3.3

At the beginning of the financial year, DC Beef was facing a substantially increased number of slaughterings of especially young bulls and calves on account of new regulations introduced after 1 January. This led to sales-related challenges due to an increased supply, which was unusual for this time of the year, and not least in the subsequent quarter when a reduced supply resulted in brief shortages and reduced capacity utilisation. The second half of the financial year was characterised by stability and rising prices.

The two most important markets, Denmark and Germany, contributed as expected; among other things a long-term focus on increasing the company's presence in the German market has been crucial to ensuring stable sales of DC Beef's products.

The ambition of reducing DC Beef's dependence on the Danish market is still being pursued. The Danish market accounts for 47 per cent of revenue at the end of this accounting period. However during the year, revenue was being generated by a wider circle of customers as opposed to few large customers as was previously the case.

Prepacked and ready-for-sale products, commonly known as 'retail-packed' products, account for a growing share of DC Beef's sales in Denmark, and therefore an independent sales department was established in November 2011 to handle this area of activity. This department has been a success, ensuring a stable production and sales from DC Beef's processing department in Sdr. Felding. It also paves the way for a strong position in the market for minced beef, which is seeing massive investments, among other things with the establishment of a new large slaughterhouse in Holsted.

Product development, innovation and value creation are inextricably linked to a strong position within the area of prepacked and ready-for-sale products, and in the past year the company has successfully introduced many of these products to the food-service and export markets.

DC Beef's sales to the southern European markets are still very important, but also highly influenced by the difficult situation in many of these countries. Despite the obviously limited scope for expansion of the business, DC Beef maintained sales with a positive development in Spain and a small decrease in Italy, while Greece and Portugal were on a par with the previous year.

The French market has become more important to DC Beef in recent years, and after the first year with DC Boeuf (formerly ESS-FOOD France), the division managed to maintain its position in the French market. The importance of the French market is growing as the potentials in processing by-products will increase with the opening of the new slaughterhouse in Holsted, just as the supply of calves less than eight months old is growing.

Overseas imports and exports are seeing constant changes; especially, the abolition of EU export refunds and an increased supply from e.g. South America have made it difficult to maintain sales in Russia. On the other hand, changes in veterinary regulations and access to new markets create excellent opportunities for enhancing the value of by-products, in particular. Here, the focus is on Asia, the Middle East and North Africa.

Autumn 2012 is characterised by substantially lower prices for the most expensive cuts, whereas the price level for the cheaper cuts is acceptable, resulting in overall stable sales, which are expected to continue for the rest of the year.

DC Foods

	2011/12	2010/11	2009/10
Sales, '000 tonnes	734	714	697
Revenue, DKKm	20,358	18,744	18,159
Operating profit, DKKm	773	877	979
Operating profit, %	3.8	4.7	5.4

In 2011/12, DC Foods realised growth in sales and revenue through a combination of organic growth and the acquisition of Parkam in the UK. Enhanced competition in DC Foods' primary markets together with strongly increasing raw material prices that have not been fully compensated by increases in selling prices have resulted in a lower operating profit. In all the group's primary markets, consumers have been under pressure from increasing inflation and considerable and sustained economic uncertainty. In the financial year, focus was therefore on maintaining competitiveness through continued streamlining and optimisation in DC Foods.

Tulip Ltd

Tulip Ltd is responsible for the group's processing activities in the UK market. In addition to its processing activities, the company has a strong market position within the slaughtering of UK pigs and fresh pork. The business has expanded rapidly over the past ten years thanks to major acquisitions and now holds a leading position within sales of pork-based products in the UK market.

In a market without growth in sales, customers – in Tulip's case primarily the large retail chains – have fought intensely to maintain their market shares. The result is intensified price pressure from the retail chains directed at the suppliers. Increased tendering of contracts also added to the pressure on suppliers.

The UK processing industry is still characterised by surplus capacity. This, combined with stagnant consumption and pressure from customers, has put the entire processing industry under enormous pressure in terms of both volumes and earnings. As a result, some companies have either been forced to close or have been taken over by competitors.

In the past year, Tulip has actively contributed to the consolidation process by acquiring Parkam (four factories) in late November 2011. Parkam produces cold cuts, sandwiches and cooked products. Since the acquisition, the Parkam factories have been subject to extensive rationalisations. One of the four factories was closed at the end of March and production transferred to other Tulip factories. This means that production is now profitable.

As in previous years, efficiency-enhancing investments have been made in Tulip's production facilities. Major investments include an upgrading of the two largest slaughterhouses in order to obtain approval for exports to China and the US.

Continued streamlining and strict cost control have enabled Tulip to maintain satisfactory results, a strong cash flow and a solid return on the invested capital.

Following rapidly increasing raw material prices in the last quarter of the financial year, efforts are being made to increase selling prices, which will have a major impact on the results for the coming months. Other market conditions are not expected to change significantly in the coming year.

Product development and sales efforts will be among the focus areas in the coming year, and the process of rationalising and streamlining production will also be very important for Tulip's ability to deliver attractive results.

Tulip Food Company

Tulip Food Company handles the group's sales of processed products within the EU, excluding Poland and the UK. Tulip Food Company also has significant exports to a number of non-EU countries.

Generally, Tulip's markets are still characterised by very low growth rates as a result of consumer restraint. At the same time, a growing number of consumers choose to shop at discount stores, just as private-label products capture market shares at the expense of brand products, which poses a challenge to a brand company like Tulip.

In addition to the changes in consumer behaviour, the financial year 2011/12 saw strongly increasing raw material prices,

GROUP BUSINESS AREAS (CONTINUED)

which also affected earnings in Tulip Food Company as the company has not been able to pass the selling price increases on to the consumers in full and as swiftly as the raw material prices have increased.

However, the implemented selling price increases meant that revenue went up by 1 per cent in the financial year, topping DKK 5 billion. In contrast, the price increases – along with a mild winter and a rainy summer and consequently reduced sales of seasonal products such as soups and sausages – had a negative impact on sales volumes, which affected the results for the year negatively.

However, on the whole, the enhanced selling prices and very strict cost control have played an important role in ensuring satisfactory earnings for Tulip despite high raw material prices and reduced consumption.

Tulip has also experienced a growing interest in the company's products in a number of markets. The development in revenue in the export markets – particularly within the categories of bacon and canned products – has been positive, and acceptable growth rates have been realised in several Asian markets. The strong demand means that both Tulip's large canning factory in Denmark and the bacon factory in Germany have reached their maximum capacity, and steps have therefore been taken to expand the capacity in Germany to keep up with the growing demand.

Finally, it should be noted that a fire broke out in the soup factory in Denmark in December 2011, destroying, among other things, the freezer which is an important part of the production process at the factory. At the end of the financial year, the factory was fully operational again and at a technologically more sophisticated level.

Plumrose USA
Plumrose handles the group's processing activities in the US. Principal products are cold cuts, bacon and spare-ribs. Production takes place at the three primary factories in Council Bluffs in Iowa, Elkhart in Indiana, and Booneville in Mississippi. In the coming year, operations will start at a modern production facility in Council Bluffs in Iowa, which will increase capacity and enable a reduction in unit costs.

Sales of cold cuts decreased compared to last year due to the loss of a private-label customer. Sales of bacon and spare-ribs were higher than last year due to an influx of new customers. Plumrose continues to expand its strategic cooperation with large private-label customers, a market which continues to grow rapidly as a result of the economic downturn.

Competition remains fierce, which puts selling prices under pressure. Earnings have been under further pressure as a result of increasing raw material prices during the year.

The company's earnings have essentially been in line with expectations and have – in light of the challenges in the market – been satisfactory.

Sokołów
Sokołów is the no. 1 processing company in Poland in terms of both revenue and volumes. In addition to its processing activities, the company also slaughters pigs and cattle and sells considerable quantities of fresh pork and beef. Thanks to its very strong brands, Sokołów has a very visible and strong position in the Polish market.

Sokołów realised significant growth in the financial year. Revenue in the local currency thus increased by no less than 18 per cent.

The construction of a new cold-cuts factory was completed in the financial year, adding scope for further growth in this promising market segment where Sokołów is a market leader. Furthermore, Sokołów has invested in strengthening its position as market leader within the beef area in Poland.

The consolidation continues in the retail sector, and consequently Sokołów has increased its sales to this market segment whose requirements differ from those of the traditional retail sector. Among other things, Sokołów has expanded its cooperation with Poland's largest and fastest-growing discount chain.

Despite the increasing raw material prices during the year, which put contribution margins under pressure, Sokołów has successfully compensated for this by further streamlining production and administrative processes and adjusting selling prices as required. In doing so, the company again realised highly satisfactory results for the financial year.

The company is consolidated at 50 per cent in the group's annual report, corresponding to the ownership interest.

Other companies
ESS-FOOD

	2011/12	2010/11	2009/10
Sales, '000 tonnes	370	344	261
Revenue, DKKm	3,860	3,164	2,161
Operating profit, DKKm	30	34	23
Operating profit, %	0.8	1.1	1.1

ESS-FOOD's core business is the global buying and selling of meat products.

In the financial year 2011/12, ESS-FOOD saw a significant increase in both revenue and tonnage.

The company achieved earnings well above the budget. Total revenue amounted to almost DKK 3.9 billion, while tonnage was 370,000 tonnes in total.

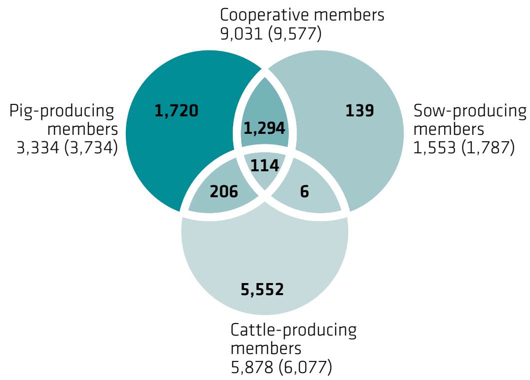
The increase in volumes and revenue was driven, in particular, by activities in the Chinese and African markets. Other overseas markets also grew considerably, thereby contributing to greater activity in the group.

ESS-FOOD is expected to continue this positive development.

Ownership
The Danish Crown group is owned by Danish suppliers of pigs and cattle, who are cooperative members of Leverandørselskabet Danish Crown AmbA.

The structural trend in Danish pig and beef production is for increasingly larger farms, which has reduced the number of cooperative members in recent years. At the end of 2011/12, the number of cooperative members was 9,031 compared to 9,577 at the end of 2010/11. The group expects this trend to continue, but at a slower pace. The distribution of pig-producing members, sow-producing members and cattle-producing members is shown in the figure below.

Distribution of cooperative members 2011/12 (2010/11)



RISK MANAGEMENT

As a global food company engaged in production and sales on several continents, Danish Crown is exposed to a number of industry-related risks associated with food safety, market access and volatile food prices. In addition, the group is exposed to financial and institutional risks associated with the group's global presence. Danish Crown manages the risks of the group centrally at group level as well as decentrally in its subsidiaries. Risk management is coordinated across the group's companies and through the general management structure.

Food safety

As a food-producing business, Danish Crown is dependent on the trust that customers and consumers have in its products. Food safety is therefore a high priority and is integrated in the group's internal quality programmes. Food safety is regulated through legislation. Danish Crown is therefore subject to official hygiene and health requirements from Denmark and the EU as well as those of a number of non-EU countries with special requirements.

Danish Crown supplies products to countries with the highest food safety standards in the world and to the most demanding customers. It is thus necessary to ensure that the group generally meets the highest hygiene and health standards.

Food safety and hygiene are subject to control and optimisation. This takes place by means of:

1. Danish Crown's internal control procedures, which have been approved in advance by the authorities
2. Daily inspections by the authorities at the production site before production start
3. Checks by external inspection authorities of the company's procedures with reference to HACCP, IFS, BRC and USDA certifications
4. Reviews and checks of special requirements made by customers
5. Systematic registration of and follow-up on complaints
6. Integration of food safety in product development and supplier selection processes.

Market access

The high Danish veterinary standards grant DC Fresh Meat's Danish departments access to a number of overseas markets.

Access barriers can be divided into three areas:

- Veterinary factors
- Political factors
- Product-specific customer requirements.

Given the increasing transport of live animals throughout Europe and the occurrence of infectious livestock diseases, it is important to maintain procedures that protect Denmark's status as a country being free of foot-and-mouth disease, African swine fever, Aujeszky's disease etc. The best guarantee against these diseases coming to Denmark is the insignificant imports of live animals. The largest challenge is posed by transport vehicles returning to Denmark after exporting live animals and by people who, after spending time abroad, come into contact with Danish herds. The vehicles used for transport are subject to strict requirements concerning washing and disinfection before they are permitted access to Danish farms. People who have been abroad are quarantined before being allowed to come into contact with Danish herds. The protection against infection has proved extremely effective and is a key factor behind the wide Danish market access for fresh meat.

In the unlikely event of signs of a disease outbreak in Denmark, the authorities and the industry have established emergency measures which mean that they can react quickly and thereby limit any damage. 28 per cent of pigs and 45 per cent of cattle in the Danish Crown group are slaughtered outside Denmark. The group is therefore dependent on national emergency plans in those areas with slaughterhouse operations. However, the situation is not critical for the foreign subsidiaries as the products are largely sold in the local markets.

Stoppages/fire

Pig and cattle production is a continual process. Long-term production stoppages therefore lead to capacity problems on the farms for farmers supplying animals for slaughter. The group's trade with customers is based on contracts for specific volumes and delivery times and depends on continual production without long-lasting stoppages.

As Danish Crown's production facilities are highly automated, production is vulnerable to interruptions in water and electricity supplies, IT breakdowns as well as other stoppages. Most Danish Crown products are produced in more than one facility. In the event of long-term production stoppages, production is moved to other facilities, which may involve overtime or work at weekends.

Danish Crown's production structure with many slaughterhouses within a short geographical distance makes it possible to adjust capacity both upwards and downwards depending on the supply of animals and production stoppages. It is vital for animal welfare that an effective and easily implementable plan is ready in the event of a stoppage so that animals do not have to be in the transport vehicles for too long.

Danish Crown has previously experienced long-term stoppages as a result of fire. Therefore, fire prevention is a special focus area. Considerable investments have thus been made in fire-retardant building components, fire alarms, up-to-date electrical installations and sprinkler systems for effective fire fighting. At the same time, employees are being encouraged to pay more attention to ways of reducing the risk of fire.

Public regulation

Globally, food production is closely regulated throughout the entire value chain. This regulation serves several purposes, most prominently the demands for food safety, environmental protection and supporting the operating economy of the primary producers. Changes in regulations can significantly impact Danish Crown's access to markets and raw materials.

To counter these risks, Danish Crown is a member of trade organisations in Denmark and abroad, and there is a continuous dialogue with political organisations and the authorities. Cooperation with the trade organisations enables Danish Crown to closely follow political developments and monitor new initiatives.

Managing financial risks

Due to its operations, investments and financing, the Danish Crown group is exposed to market risks in the form of changes in foreign exchange rates and interest rate levels as well as to credit and liquidity risks. Danish Crown A/S manages the financial risks of the group centrally and coordinates the group's cash management and capital reserves. The group adheres to a financial policy approved by the Board of Directors, according to which the group pursues a low-risk profile which means that currency, interest rate and credit risks only arise as a result of commercial conditions. It is group policy not to engage in active speculation in financial assets. The group's use of derivative financial instruments is regulated through a policy approved by the Board of Directors as well as internal business procedures stipulating thresholds and which kind of derivative financial instruments may be used.

Currency risks

The currency risks of the group are primarily hedged by matching incoming and outgoing payments in the same currency. The difference between incoming and outgoing payments in the same currency constitutes a currency risk, which is normally hedged by drawing on currency overdraft facilities or by means of forward exchange transactions. The currency policy of the group is to hedge the group's net currency exposure on an ongoing basis.

Interest rate risks

It is group policy to ensure a reasonable balance between the duration of the group's assets and the duration of the group's financing. Any deviations are approved by the Board of Directors. Conversions from fixed to floating interest rates or vice versa can take place through the arrangement of loans or by means of interest rate swaps.

Liquidity risks

In connection with the raising of loans etc., it is group policy to ensure the greatest possible flexibility through a spreading of the loans in relation to maturity, renegotiation dates and contracting parties, taking into account pricing etc. It is also group policy to have a predominance of long commitments to ensure financial stability. The group aims to have enough cash resources to be able to make the necessary arrangements in the event of unforeseen fluctuations in the cash outflow.

Credit risks

The primary credit risk of the group concerns trade receivables. A credit check is carried out for each individual customer, and based on an overall assessment of the customer's credit rating and geographical location, a decision is made concerning the use of credit insurance, letter of credit, prepayment and open-credit terms. To the extent that a debtor or a geographical area does not qualify for open-account sales, the group will seek to hedge the sale through credit insurance.

As a rule, agreements on derivative financial instruments with a nominal value exceeding DKK 100 million or reinsurance cover are concluded with recognised insurance or credit institutions with an A-level Standard & Poors credit rating as a minimum.

Commodity prices

In recent years, international commodity prices have become more volatile. This is particularly true for animal feeds. The volatility is transmitted to the food production value chain by impacting the profitability and level of production of the other parts of the chain. High feed prices lead to low profitability and decreasing production of animal-based food products. Price volatility is a risk factor which is exacerbated by the fact that sales by DC Foods are governed by contracts of varying terms.

Danish Crown's involvement in the production of live animals is limited, and Danish Crown is therefore not directly exposed to the severe fluctuations in feed prices.

Customers

Danish Crown's sales are spread across many countries and customers. The group's revenue is highest in the UK, which accounts for 23 per cent of total sales. Trade with the company's largest customer accounts for 6 per cent of the group's total sales. The sales of the group's subsidiaries are more concentrated on individual markets and customers.

CORPORATE RESPONSIBILITY

Corporate social responsibility

Danish Crown's work on corporate social responsibility (CSR) and the results thereof are described in the group's Global Compact progress report for 2011/12, which can be found at www.danishcrown.com. The information below is a voluntary description of Danish Crown's most important focus areas in its CSR activities for 2011/12.

Corporate social responsibility is a natural part of the working day at Danish Crown, and following the adoption of the DC2015 strategy plan, Danish Crown's CSR policy has been introduced as a management tool in all group companies. Focus areas have been identified and targets defined, and these have been translated into specific initiatives and incorporated into our daily lives.

For a food company like Danish Crown, CSR is particularly important in relation to the group's employees, animals received for slaughter, environmental and climatic impacts of the company's activities as well as the group's dedication to supplying safe food products to consumers worldwide.

Today, Danish Crown is active in many countries around the world which are characterised by considerable cultural diversity and widely differing labour market conditions. In 2011/12, the group introduced procedures for the external reporting of important CSR-related key figures in connection with the annual report. The reporting will take effect as from the 2011/12 financial year. These procedures will be further developed in the coming years.

Global Compact

Danish Crown joined Global Compact in 2009/10 and thus assumed a reporting obligation as of the 2010/11 financial year. The Danish Crown group's first CSR report was released on UN Global Compact's website in June 2012. The most recent progress report, covering the 2011/12 financial year, was published on the website at the end of November 2012.

Global Compact is a partnership between the UN and the international business community aimed at promoting corporate social responsibility in a global context. Global Compact builds on ten principles within areas such as human rights, labour, the environment and anti-corruption. The ten principles are incorporated into Danish Crown's CSR policy and are being implemented in the group companies.

Animal welfare

Danish Crown's primary raw materials are animals for slaughter, and it is a demand that the animals are treated decently on the farms, during transport to the slaughterhouse as well as in connection with herding and killing so as to prevent unnecessary suffering. Danish Crown requires the company's Danish suppliers of pigs to comply with a Code of Practice on animal welfare. Similar requirements are being imposed on carriers transporting pigs to the Danish slaughterhouses. In the UK, suppliers for the BQP concept are subject to similar requirements, and in 2011/12 the company received a special award for its handling of animal welfare. In the other countries, certifications are improved, and the number of audits is increased continuously. As for cattle, similar rules have been introduced in connection with the Danish Veal concept, and these rules will gradually be imposed on other supplier categories.

Danish Crown has a special responsibility for the animals during transport and slaughtering. The collection, transport and unloading of animals for slaughter must be as gentle as possible and must be performed within reasonable time limits. Consequently, the group has prepared a special Code of Practice for the transportation of animals, which also includes requirements for use of suitable transport vehicles. Moreover, Danish Crown also imposes training requirements on the operators who perform this work. This applies not only in Denmark, but also in the other countries in which Danish Crown has slaughtering activities.

The suppliers of live animals for Danish Crown's companies in Denmark and abroad are characterised by a high level of diversity. Some farms are small hobby-like undertakings, while others are large-scale and intensive production units. All suppliers must live up to our requirements regarding decent animal welfare, for which reason audit programmes for the suppliers of live animals to Danish Crown have been set up.

Danish Crown's animal welfare principles have been implemented with due regard to EU rules, local legislation and local norms. New experience is continuously being gained with regard to the best ways of ensuring the welfare of animals during transport and slaughtering. Experience is exchanged among the group companies, contributing to ongoing improvements in animal welfare.

The group adheres to sound animal welfare practices when looking at reported deviations, best practice in the industry and the number of remarks received from the authorities.

Food safety and health

The quality and safety of the group's products are given extremely high priority. Consequently, focus is continuously on improving internal procedures to guarantee the highest possible level of food safety for consumers.

This is done both through internal audits and cooperation with the authorities, which regularly inspect our production facilities to ensure that all procedures comply with the regulatory requirements laid down for food production.

All production facilities are checked by the veterinary authorities, and more than 95 per cent of production takes place on facilities certified by an independent third party in accordance with the requirements and rules applicable in the countries where the products are marketed.

The Danish Crown group is also aware of its responsibilities with regard to consumer health, and work is continuously going into developing products with reduced salt and fat contents. In 2011/12, the share of products living up to national or international nutrition standards increased again.

In the coming years, Danish Crown intends to increase the number of products living up to official nutrition recommendations. Therefore, the group is working actively with national and international authorities and organisations to prepare recommendations for, e.g., the salt and fat contents within a number of product groups, taking into account factors such as health, shelf life and taste.

Human resources

The driving force behind and the precondition for the commercial development of the Danish Crown group is a committed staff with focus on quality and results.

The employees must, at all times, be conscious of their own efforts and the fact that constructive cooperation across the organisation is decisive to meeting all customer requirements and wishes.

The Danish Crown group wants to be an attractive workplace for both current and future employees. Therefore, the management focuses on ensuring:

- employment of well qualified staff for all positions;
- high motivation in all departments;
- relevant professional and personal development for all employees.

In 2011/12, the average number of employees in the group was 24,066, working in 23 countries.

Danish Crown keeps a constant eye on staff turnover as an indication of the employees' motivation and commitment. Despite the increased focus on streamlining and restructurings in the period, the group has realised a decrease in staff turnover.

	2011/12	2010/11	2009/10
Average no. of employees	24,066	23,557	23.305
No. of resigned employees	4,615	4,604	4,522
Share of resigned employees, %	19.2	19.5	19.4

Employee development

The ongoing development of the employees' competencies is a precondition for a positive development for the group. In order to ensure the necessary development for the individual employee, Danish Crown focuses on the dialogue between employees and managers in the day-to-day management work as well as through performance appraisal interviews. Based on this dialogue, the necessary professional and personal development is initiated.

A new performance appraisal interview system for salaried employees was launched in 2010/11, and in 2011/12 it was introduced in a number of Danish and foreign subsidiaries.

Targeted competency development

In continuation of the performance appraisal interviews, an average of one and a half 'development wishes' per salaried employee was identified in the involved companies. The development needs have been identified within 23 different areas, from specific vocational development needs and general IT and language needs to different areas of personal development needs. During the period, internal training activities have been initiated based on specific competency needs.

Employee and manager surveys

Every other year, the group carries out different employee surveys and measurings. Up until the next survey in 2013, the group is using the results from the 2011 survey constructively. Action plans have been prepared at all levels of the organisation. The plans have been prepared by the managers and their employees jointly to ensure that the action plan of the individual department contributes to the positive development of that department.

Management development

The day-to-day management is a very important precondition for ensuring motivated and committed employees. Therefore, focus is on the development and training of managers across the group. In 2011/12, 255 managers participated in various management development programmes, corresponding to an increase of 29 per cent compared to the year before. In the future, the group will continue to focus on training of managers at all levels.

Working environment

Danish Crown strives to ensure orderly working conditions and terms of employment for its employees. The group focuses on both the physical and psychological working environment and on providing safe and functional workplaces at all times. A number of initiatives have contributed to improving the well-being of employees, training and cooperation for the benefit of individual employees and Danish Crown. This is the case for both Danish and foreign group companies.

The Danish Crown group gives high priority to safety and health for all employees, and our aim is to have a workplace that is healthy and safe for all employees.

Danish Crown is targeted in its efforts to reduce and prevent accidents at work. The group is actively involved in reducing repetitive strain injuries. This is done through the planning of work routines and the introduction of new technology, including an increased degree of automation.

The proactive approach to safety and health for the employees of the group means that Danish Crown meets or exceeds the requirements set out in applicable legislation, rules and regulations in the countries in which it operates.

Improving the working environment is important for Danish Crown as accidents, repetitive strain injuries and mental strains can have serious consequences for the employees. Improvements are achieved by sharing experience among facilities and companies, among other things. In this way, best practice is used to achieve ongoing improvements of the working environment.

A number of activities were launched during the financial year to reduce the the work-related risks which lead to accidents, repetitive strain injuries and, ultimately, disease. The most important activities are mentioned below:

Psychological working environment

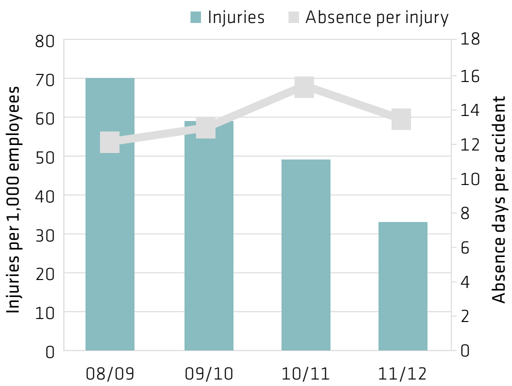
A poor psychological working environment may result in absence due to sickness, increased staff turnover and lasting damage. Danish Crown does not accept a poor psychological working environment and is thus working to identify and reduce the mental strains to which the employees are exposed.

Accidents at work

In recent years, efforts have gone into reducing the frequency of work-related accidents in the group. These efforts have resulted in a reduction of the number of accidents across the group companies. The number of accidents in DC Fresh Meat has decreased substantially. The largest decrease, however, is seen in DC Foods where all units have recorded a decrease in the number of accidents at work and accident-related absence. Especially Tulip Ltd has achieved a large decrease in the number of accidents from 2008/09 to 2011/12. From 2010/11, where the level was already low, and until 2011/12 alone, Tulip Ltd has reduced the number of accidents by 28 per cent. At Plumrose, the number of accidents has also decreased considerably compared to last year.

As appears from the figure below, the group companies have altogether significantly reduced the number of accidents at work.

The number of absence days per accident has not decreased correspondingly. Consequently, the group now strives to follow up on the working environment groups' analysis and prevention of accidents in order to ensure that serious accidents are also included in the general decrease in accidents.



Repetitive strain injuries

As regards workplace routines which lead to repetitive strain injuries, the group companies have been working for some time to identify and minimise these strains. The most important challenges relate to noise and manual processes, specifically lifting and repetitive routines.

Danish Crown is constantly working to improve the health of its employees and their ability to return to work after injuries or long-term sick leave.

All employees at the group's Danish factories have access to the health portal DC Life. The portal is a development project tailored to the employees of Danish Crown. It enables the employees to set up their own exercise and diet targets, and it contains healthy recipes, exercise routes and other ideas on how the individual employee can adopt a healthier lifestyle. The portal also contains industry-developed muscle-building exercises and microbreak exercises.

The DC Life portal is offered free to all employees and their families with a view to promoting a healthy lifestyle for the entire family. The portal can be used just as actively as, e.g., Facebook, i.e. you can form relevant friendships, set up exercise groups and exchange experience. The purpose of the DC Life portal is, of course, to increase the employees' interest in and enable them to contribute actively to a healthier and thus better working and leisure life. The portal is updated regularly with news, trends and good ideas.

During the past two years, a health project called DC Life has been implemented at three Danish Crown factories. The purpose of the project is to identify the most effective health measures when it comes to reducing repetitive strain injuries and determining which measures can be implemented at the other Danish factories with the best results.

In autumn 2012, Danish Crown's management decided to start working with the National Research Centre for the Working Environment on implementing a large research project a large research project. This is to increase knowledge on whether muscle-building exercises can reduce arm and shoulder pain among slaughterhouse workers. The project has been implemented at DC Fåborg and DC Herning, Denmark.

Danish Crown expects a lot from the research project, the results of which are expected to be ready in the coming financial year. If the project shows that targeted muscle-building exercises can prevent pain and reduce the number of repetitive strain injuries for the employees, it may, together with the DC Life project, pave the way for completely new and healthy initiatives for the employees.

Noise and acoustics

The noise levels are a considerable challenge at the facilities. The increased automation, which, among other things, contributes to reducing strains on employees, has led to higher noise levels in several places. Consequently, work is being done to reduce noise levels, both centrally by the group's technical department and locally through measures planned and implemented at the individual facilities.

Food production companies often face problems with high noise levels due to technical requirements pertaining to floors, ceilings and walls. Danish Crown is working actively to reduce the general strain caused by noise and acoustics on the individual employee.

Environment

Water and waste water

Water is an important resource in connection with slaughtering and processing. Cold water is used for the cleaning of non-production premises while hot water is used for the cleaning of production rooms, for disinfection, scalding of pigs and boiling of products. In connection with chilling, water evaporates, but most of it is discharged as waste water.

At the pig slaughterhouses, targeted efforts are going into reducing water consumption and improving the quality of discharged waste water. Many projects have been initiated during the financial year which cover both behavioural and technical measures.

Behavioural measures include efforts to reduce nozzle sizes, optimise water consumption for cleaning and inform key staff members of the development in water consumption within defined areas. These measures have increased focus on water consumption, resulting in a lowering of consumption. The initiative also comprises carriers who must wash their vehicles after having unloaded live animals for slaughter.

In pig slaughterhouses in Sweden, the UK, Germany and Poland, water consumption has been reduced as a result of a number of initiatives, including the exchange of standards among local slaughterhouses and the sharing of experience across borders. In Sweden, water consumption per quantity of fresh meat produced has thus been reduced by 25 per cent over the past four years. In the UK, Tulip Ltd's slaughterhouses have reduced their water consumption by 20 per cent. In Poland, Sokołów's slaughterhouses have reduced their water consumption by approx. 7 per cent. In Germany, the slaughterhouse facility in Essen has reduced its water consumption by approx. 13 per cent since the acquisition in January 2011.

The group continues to focus on this area, and in 2011/12 the water consumption at the German slaughterhouses did not deviate significantly from that of the Danish slaughterhouses. In DAT-Schaub's European production facilities, water consumption per quantity produced has also dropped.

At the cattle slaughterhouses, efforts have primarily concentrated on technical solutions and secondarily on behavioural measures. Technical solutions include new sterilisers in the slaughter line and a change of the nozzle size of hoses used for cleaning. At the facilities which are due to close in connection with the establishment of the new cattle slaughterhouse, the initiatives implemented have primarily been behavioural measures.

CORPORATE RESPONSIBILITY (CONTINUED)

The foreign cattle slaughterhouses in Germany, Sweden and Poland also focus on reducing water consumption. In the past four years, the largest reduction in water consumption has been achieved by the Polish cattle slaughterhouses, while consumption at the German and Swedish slaughterhouses has been constant. The three slaughterhouses are not readily comparable as the scope of the processing activities at each facility varies from one country to another.

The processing activities comprise the activities of Tulip Ltd, Tulip Food Company, Plumrose USA and Sokołów. For the group as a whole, water consumption has been reduced. In 2011/12, Tulip Ltd successfully implemented a pilot project, the purpose of which was to reduce water consumption at one of the large facilities. This project will now be implemented at the company's other facilities.

Energy and the environment

Energy and resource savings as well as the recycling of biological waste has been a strategic focus area for the pig slaughterhouses for more than two decades. In this context, DC Pork has primarily worked with technical measures.

At the foreign pig slaughterhouses, energy consumption measures have also been implemented, resulting in a reduction in both energy consumption and CO_2 emissions.

In particular, the optimisation of cooling systems, including the operation of condensers and compressors, has paid off. Now the group is working with mapping of stand-by losses in production lines and insulation of hot-water pipes. Vacuum suction equipment used for lifting in the packaging department has been divided into smaller devices which may be turned off individually as opposed to previously where one unit operated several lifting devices whether these devices were running or not. Furthermore, cold stores are now closed down at weekends, and behavioural measures such as turning off lights and machinery have been implemented.

At the cattle slaughterhouses, new hot-water tank control systems have been introduced, and compressors and circulation pumps have been replaced.

In the processing companies, energy consumption has been slightly reduced, while CO_2 emissions remained constant. The work on environmentally and energy-friendly measures as well as the promotion of the CSR concept is increasingly carried out in cooperation with the retail sector. In this connection, Tulip Ltd has received several awards for its work on such measures. Plumrose USA has joined the new standards in this area as well as CSR programmes involving the reporting of environmental data to the public authorities.

Chemistry

Cleaning and hygiene are very important to food safety, for which reason most of the chemical products used by the group are consumed in the daily cleaning of the facilities. For several years, the group has worked on reducing the use of the most commonly used disinfectant – sodium hypochlorite – which may have an impact on aquatic organisms. The disinfectant is effective and difficult to do without, but its use can be reduced, and one factory has made tests for phasing it out completely.

In several Danish slaughterhouses, sodium hypochlorite has been partly substituted by a product less harmful to the environment. The substitution is carried out gradually as experience with the new disinfectant is gathered.

The experience gathered in the Danish slaughterhouses will be shared with the foreign slaughterhouses.

At the Danish cattle slaughterhouses, efforts have gone into reducing the number of plastic containers by changing to larger containers instead. This reduces the risk of accidents in connection with handling. The processing facilities also work on reducing the chemicals used for cleaning, and the consumption of such chemicals per quantity produced has been reduced by 8 per cent over the past four years.

Waste

The challenge is to view waste as a resource, and the management of waste affects the way it can be converted into a renewable resource. Several years of thorough recording of waste types and economy in an environmental database has provided new knowledge of waste types, waste management and the potential of the waste. Based on the knowledge acquired, Danish Crown and Tulip Food Company have entered into new contracts with external providers of waste management services. The purpose is to professionalise Danish Crown's waste management, thereby leading to the recycling and reuse of even more waste.

All companies in the Danish Crown group are striving to increase the sorting of reusable waste fractions, primarily plastic and cardboard, which are the easiest fractions to recycle. Focus has also been on iron and metal – an area with a significant tonnage where the right sorting is vital for recycling.

In many of the group's foreign subsidiaries, a number of measures relating to the environment, resource efficiency and waste have also been implemented.

By-products

The company strives to use as much of the animals supplied for slaughter as possible – either for food products or other high-value products. Danish Crown is a large supplier of raw materials for biogas plants, which means that many waste products are converted into green energy. In addition, large volumes of waste animal fat are converted into second-generation biodiesel through the associate DAKA. Waste is reduced by processing parts which were previously used for energy production into food products. Both from a resource and financial point of view, it is important to optimise the use of all parts of the animal. By using differences in the various food cultures around the world strategically, much more of the pig and cattle can be sold and used for human consumption, and the loss of animal proteins can be reduced. The by-product area has been turned into a separate business area with a view to strengthening resource optimisation and identifying new markets and alternative uses for the waste products which are currently being destroyed.

Food waste

Food waste has an environmental impact throughout the production chain. Considerable attention has been devoted to this type of waste in recent years; it has been called one of the main invisible contributors to climate change. It has been established that most of the waste comes from households and professional kitchens. Last year, Danish Crown joined the Danish Ministry of the Environment's charter against food waste and has launched a number of activities aimed at reducing waste in the company's own production, but also the waste generated by professional kitchens and consumers.

Group purchase

In order to ensure that Danish Crown's activities have the smallest possible impact throughout the value chain, Danish Crown requires its suppliers to comply with certain standards.

The selection of suppliers is based on a number of criteria. In addition to documenting their compliance with applicable legislation, the suppliers must:

- respect and support UN Global Compact;
- implement a food safety system;
- continuously reduce their negative environmental impacts;
- maintain high quality standards at all times;
- maintain high reliability of delivery at all times.

These criteria have been incorporated into the framework agreement (FWA) regulating the trade between large suppliers and Danish Crown. The FWA was introduced in 2009/10 and has since then been revised and extended to include several companies in the group.

In general, the FWA must be used for suppliers of consumables in direct contact with foods. The FWA is also used when a supplier's annual trade with the Danish Crown group exceeds DKK 1 million. The table below shows the number of specific supplier agreements which have been based on the FWA since its introduction.

Year	2011/12	2010/11	2009/10
Total number of agreements concluded with suppliers of consumables	143	145	132
Total number of agreements concluded with suppliers of consumables based on FWA terms and conditions	136	106	65
Share of agreements concluded with suppliers of consumables based on FWA terms and conditions, %	95	73	49

As appears from the table, the number of supplier agreements based on the above-mentioned FWA terms and conditions has increased considerably since 2009/10, both as a result of the renewal of agreements and upon the conclusion of agreements with new suppliers.

The FWA stipulates that Danish Crown – or an independent third party – at the request Danish Crown may carry out audits of both suppliers and their subsuppliers. The purpose of supplier audits is to inspire and acknowledge local initiatives which exceed statutory requirements and to identify potential focus areas. Supplier audits are not only concentrated on the supplier's implemented CSR policy and food safety methods, but may also be extended to comprise documentation, quality and environmental management systems.

The table below shows the development in the number of audited suppliers:

Financial year	2011/12	2010/11	2009/10	2008/09
No. of audited suppliers	72	69	43	48

In case of significant deviations, the suppliers are asked to draw up and implement action plans to rectify the situation. Danish Crown will subsequently conduct regular follow-up to establish whether the action plans are being realised.

As a direct consequence of the supplier audits carried out, several suppliers have decided to join UN Global Compact and/or introduce a certified food safety system.

Environmental data

Financial figures (DKK '000)		2007/08	2008/09	2009/10	2010/11	2011/12
Waste-water treatment and discharge		77,485	70,874	69,404	68,164	63,920
Disposal of waste-water sludge/manure etc.		17,650	16,741	14,685	15,987	13,224
Waste management and disposal		9,963	9,765	8,789	7,813	5,853
Disposal of animal by-products		111,166	103,552	90,631	75,520	71,314
Environment (per tonne of meat)						
Total energy consumption for all divisions	MWh	0.25	0.27	0.26	0.24	0.25
CO_2 emissions	Tonnes	23	21	21	20	21
Water consumption	m^3	2.7	2.7	2.6	2.4	2.5
Waste-water volume	m^3	2.5	2.4	2.3	2.1	2.1
Emissions BOD_5	kg	4.5	4.0	3.7	3.9	4.1
Nitrogen emissions	kg	0.6	0.5	0.4	0.5	0.5
Environment (other ratios)						
Biomass for biogasification per tonne of meat	kg	55.2	64.5	63.2	63.7	66.8
Estimated biogas production	m^3	3,267,000	3,488,000	3,187,000	3,550,000	3,495,000
Number of households	no.	789	843	770	858	844

The figures include the slaughterhouse divisions in Danish Crown A/S.

The first section of the table shows the cost of the parent's handling of waste products. The cost of disposing of animal by-products depends partly on the settlement prices with DAKA, partly on the degree of utilisation of by-products, and thereby the share of by-products used for other purposes.

The middle section shows energy and water consumption as well as emissions attributable to the production of one tonne of meat. CO_2 emissions do not include emissions attributable to electricity consumption. Efforts are made to reduce all factors through an unwavering focus on optimising production processes.

The first line of the last section of the table shows the volume of waste for biogasification per tonne of meat produced. The total volume of this type of waste is used in biogas plants producing the stated volume of biogas. Based on norm figures, the volume is converted into the number of households which can be heated using the volume of biogas produced.

CORPORATE GOVERNANCE

The Danish Crown group's primary parent is a cooperative, while Danish Crown A/S, the secondary parent, is incorporated as a public limited company. In 2011/12, all Danish Crown A/S shares were owned by the cooperative-based parent.

During the financial year, the group's management model has been developed, focusing on the differentiated management of the various companies.

Corporate governance in Leverandørselskabet Danish Crown AmbA

Leverandørselskabet Danish Crown AmbA is a primary cooperative owned by the majority of the company's Danish suppliers of animals for slaughter and managed with reference to its Articles of Association and accepted Danish cooperative principles.

The corporate governance of Leverandørselskabet Danish Crown AmbA focuses on the cooperative's overall objective of selling member deliveries in the best possible way and creating value for members in the short and long term. Furthermore, corporate governance aims at developing a responsible and serious cooperation with the company's other stakeholders.

At the end of 2011/12, Leverandørselskabet Danish Crown AmbA had 9,031 cooperative members.

Board of Representatives

The Board of Representatives is the supreme governing body of Leverandørselskabet Danish Crown AmbA and currently consists of 202 representatives elected by the cooperative members and 21 representatives elected by the employees. Members of the Board of Representatives are elected at local district meetings for a period of three years at a time by and among the company's cooperative members, while six members are elected by groups of cooperative members with special productions.

The district meetings are also used to inform the cooperative members about the company's affairs, including the presentation of the annual report. In addition, the dialogue with the cooperative members takes place on an ongoing basis, primarily via electronic weekly newsletters.

The Board of Representatives held five meetings in 2011/12. The Board of Representatives receives general information about the current state of the company and quarterly reports with financial statements and comments on the group's business activities, which are elaborated on at the meetings.

The Board of Representatives receives information about or adopts, based on a recommendation from the Board of Directors, matters of significance to the group, including its strategy plan, capital structure, annual report, distribution of profit and amendments to the Articles of Association.

In accordance with the Articles of Association of Leverandørselskabet Danish Crown AmbA, three permanent committees elected by the Board of Representatives and the Board of Directors have been set up. The Cattle Producer Committee considers matters of particular relevance to the cattle-producing members, including the development in DC Beef. Similarly, the Pig Producer Committee considers matters related to the pig and sow-producing members as well as to DC Pork. Finally, the Committee for Information and Competence is responsible for the competency development of the Board of Representatives.

Board of Directors

The Board of Directors of Leverandørselskabet Danish Crown AmbA is in charge of the overall management of the company and elects a chairman once a year. The Board of Directors consists of 15 members, of whom 10 members are elected at regional electoral meetings from among the members of the Board of Representatives. Two independent members are elected by the Board of Representatives upon the recommendation of the Board of Directors, and three members are elected from among the company's employees. All members of the Board of Directors are elected for three years at a time. As regards members elected by the Board of Representatives, not all members are elected in the same year.

An introductory programme is organised for all newly elected members of the Board of Directors, and special competency development activities are initiated as required. The work of the Board of Directors is described in more detail in the company's rules of procedure.

The Board of Directors held 12 meetings in 2011/12. The Board of Directors holds regular meetings with the company's auditors in connection with the presentation of the annual report and the auditors' records. Moreover, the Board of Directors meets with the auditors without the Executive Board being present.

The Executive Board reports regularly to the Board of Directors on the company's financial position through monthly and quarterly reports. Moreover, budgets, large investments, strategy plans and annual reports are presented to the Board of Directors for adoption.

The company's business risks are regularly assessed and reported on, and the Board of Directors considers the company's risk management and control systems on an annual basis.

The Board of Directors recommends candidates to the Board of Directors of Danish Crown A/S to the general meeting of the latter. Furthermore, it lays down the overall earnings and strategy requirements for Leverandørselskabet Danish Crown AmbA and the group in general.

Executive Board

The Executive Board of Leverandørselskabet Danish Crown AmbA has three members: Kjeld Johannesen, Flemming Enevoldsen and Preben Sunke. The remuneration of the Executive Board is considered by the chairmanship of the Board of Directors.

Corporate governance in Danish Crown A/S and the group in general

The corporate governance of Danish Crown A/S and its subsidiaries focuses on optimising the value creation from the group's Danish and foreign business activities. The purpose is to generate the largest possible return in the short and long term as well as to increase the value of the group.

The corporate governance also focuses on developing positive relations with the company's customers, employees, members and other stakeholders, as reflected, among other things, in a written CSR policy.

Board of Directors

The Board of Directors of Danish Crown A/S is elected by Leverandørselskabet Danish Crown AmbA as the sole shareholder and has in 2011/12 had the same size, composition and chairmanship as the Board of Directors of Leverandørselskabet Danish Crown AmbA. However, an analysis of the future composition of the Board of Directors has been initiated with a view to strengthening the business focus and the competencies of the board members as well as clarifying the division of work between Danish Crown A/S and the cooperative. The analysis is expected to result in concrete changes in the coming financial year.

Members of the Board of Directors are elected for one year at a time. An introductory programme is organised for all newly elected members. The work of the Board of Directors is described in more detail in the company's rules of procedure.

The Board of Directors held 10 meetings in 2011/12. The Board of Directors holds regular meetings with the company's auditors in connection with the presentation of the annual report and the auditors' records. Moreover, the Board of Directors meets with the auditors without the Executive Board being present.

In 2011/12, the Board of Directors set up an audit committee, which reports to the Board of Directors. A nomination committee set up by the Board of Directors prepares recommendations for the Board of Directors on candidates for the Board of Directors and the different committees of the group as well as their remuneration. The remuneration of the Executive Board is considered by the chairmanship of the Board of Directors.

The Executive Board reports regularly to the Board of Directors on the company's financial position through monthly and quarterly reports. Moreover, budgets, large investments, strategy plans and annual reports are presented to the Board of Directors for adoption.

The company's business risks are regularly assessed and reported on, and the Board of Directors considers the company's risk management and control systems on an annual basis.

Executive Board

The Executive Board of Danish Crown A/S consists of Kjeld Johannesen (CEO), Flemming Enevoldsen (Executive Vice President) and Preben Sunke (CFO). The tasks and responsibilities of the Executive Board are laid down in an Executive Board Manual prepared by the Board of Directors. According to this, all group activities within DC Fresh Meat are the responsibility of Kjeld Johannesen, while Flemming Enevoldsen has the overall responsibility for DC Foods.

Boards of directors and executive boards of subsidiaries

The boards of directors and executive boards of the individual subsidiaries have been composed to meet individual requirements, but with a general focus on precise reporting lines and decentralised and market-based responsibilities for results and development so that group activities are primarily coordinated at the strategic level. All transactions between the group's business units are conducted on an arm's length basis.

In the large companies, the boards of directors and executive boards are primarily composed of members of the Board of Directors and Executive Board of Danish Crown A/S and, to an increasing extent, independent board members possessing expertise within the various relevant areas.

MANAGEMENT

EXECUTIVE BOARD

Kjeld Johannesen, **CEO**

Appointed in 1990

Member of the board of:
Aktieselskabet Schouw & Co.

Member of the boards of the following professional bodies:
Board of Directors of Danmarks Nationalbank
Danish Pig Meat Council, Danish Agriculture & Food Council
Employers' Association of Danish Abattoirs (Vice-chairman)
Permanent Committee on Business Policies of Confederation of Danish Industry (Chairman)
Honorary Consul General of Japan

Flemming N. Enevoldsen, **Executive Vice President, CEO DC Foods**

Appointed in 2006

Member of the boards of:
Port of Esbjerg (Chairman)
AH Acquisition B.V. (Arovit)

Member of the board of the following professional body:
Danish Food and Drink Federation

Preben Sunke, **CFO**

Appointed in 2002

Member of the boards of:
Fan Milk International A/S (Chairman)
A/S Det Østasiatiske Kompagni (Vice-chairman)
Skandia Kalk Holding ApS
Employers' Association of Danish Abattoirs
Sudasø A/S

BOARD OF DIRECTORS

Erik Bredholt*, **Chairman**

Appointed in 2001

Member of the boards of:
Industriens Pensionsforsikring A/S
Livlande Holding A/S

Member of the boards of the following professional bodies:
Danish Bacon and Meat Council (Danske Slagterier)
Company Board of Danish Agriculture & Food Council
Danish Pig Meat Council, Danish Agriculture & Food Council
Central Board of Confederation of Danish Industry
Employers' Association of Danish Abattoirs (Chairman)
Pig Levy Fund

Asger Krogsgaard*, **Vice-chairman**

Appointed in 2003

Member of the board of:
Agroinvest A/S (Chairman)

Member of the boards of the following professional bodies:
Danish Bacon and Meat Council
Company Board of Danish Agriculture & Food Council (Chairman)
Danish Pig Meat Council, Danish Agriculture & Food Council (Chairman)
Pig Levy Fund

Erik Larsen*, **board member**

Appointed in 1996

Member of the boards of:
OK A.m.b.A. (Vice-chairman)
Kamstrup A/S
Danoil Exploration A/S
Samfinans A/S
OK Plus A/S
DK-Benzin A/S

Member of the boards of the following professional bodies:
Company Board of the Danish Agriculture & Food Council
Danish Pig Meat Council, Danish Agriculture & Food Council
Danish Pig Research Centre, Danish Agriculture & Food Council

Peter Fallesen Ravn*, **board member**

Appointed in 2008

Peder Philipp*, **board member**

Appointed in 1996

Member of the boards of:
Fonden Ribe Vikingecenter
RYK-Fonden til Varetagelse af Registrering og Ydelseskontrol

Member of the boards of the following professional bodies:
Danish Livestock and Meat Board (Vice-chairman)
Company Board of Danish Agriculture & Food Council
Danish Cattle (Chairman)
Danish Cattle Levy Fund

Hans Klejsgaard Hansen*, **board member**

Appointed in 2003

Member of the board of:
Grenaa Bilhus A/S (Chairman)
Dan-Corn A/S (Vice-chairman)

Member of the board of the following professional body:
Company Board of Danish Agriculture & Food Council

Søren Bach, **board member**

Appointed in 2010

Member of the boards of:
EDC-gruppen a/s
EDC-holding a/s
EDC-Fonden
Peter Justesen Company A/S

Niels Daugaard Buhl*, **board member**

Appointed in 2006

Member of the board of the following professional body:
Employers' Association of Danish Abattoirs

Arne Bech Poulsen*, **board member**

Appointed in 2012

Member of the boards of the following professional bodies:
Pig Levy Fund
The Danish pig consultancy service Svinerådgivning Vest

Jeff Olsen Gravenhorst, CEO of ISS A/S, **board member**

Appointed in 2010

Member of the boards of:
ISS Global A/S (Chairman)
Rambøll Gruppen A/S

Member of the boards of the following professional bodies:
Central Board of Confederation of Danish Industry
Permanent Committee on Business Policies of Confederation of Danish Industry

Palle Joest Andersen*, **board member**

Appointed in 2009

Member of the board of:
AKV Langholt AmbA

Member of the board of the following professional body:
Pig Research Centre, Danish Agriculture & Food Council

Cay Wulff Sørensen*, **board member**

Appointed in 2009

Member of the boards of the following professional bodies:
Company Board of Danish Agriculture & Food Council
Danish Pig Meat Council, Danish Agriculture & Food Council

Mogens Birch, **board member**

Appointed in 2011 (elected by the employees)

Tom Michael Jensen, **board member**

Appointed in 2009 (elected by the employees)

Torben Lyngsø, **board member**

Appointed in 2009 (elected by the employees)

**Independent farmer in privately owned company or corporate form and is also a cooperative member.*

MANAGEMENT'S STATEMENT AND AUDITORS' REPORT

Statement by the Board of Directors and the Executive Board on the annual report

Today, the Board of Directors and the Executive Board have considered and adopted the annual report of Leverandørselskabet Danish Crown AmbA for the financial year 3 October 2011 - 30 September 2012.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and the disclosure requirements contained in the Danish Financial Statements Act. The financial statements of the parent have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the financial statements give a true and fair view of the group's and the company's assets, liabilities and financial position as at 30 September 2012 and of the results of the group's and the company's activities and the group's cash flows for the financial year 3 October 2011 - 30 September 2012.

We believe that the management's review contains a fair review of the development in the group's and the company's activities and financial affairs, net profit for the year, the company's financial position and the financial position as a whole for the enterprises included in the consolidated financial statements as well as a description of the most important risks and uncertainty factors facing the group and the company.

We recommend the annual report for adoption by the Board of Representatives.

Randers, 26 November 2012.

EXECUTIVE BOARD

Kjeld Johannesen, **CEO**

Flemming N. Enevoldsen, **Executive Vice President, CEO DC Foods**

Preben Sunke, **CFO**

BOARD OF DIRECTORS

Erik Bredholt, **Chairman**

Asger Krogsgaard, **Vice-chairman**

Erik Larsen

Peter Fallesen Ravn

Peder Philipp

Hans Klejsgaard Hansen

Søren Bach

Niels Daugaard Buhl

Arne Bech Poulsen

Jeff Olsen Gravenhorst

Palle Joest Andersen

Cay Wulff Sørensen

Mogens Birch, elected by the employees

Tom Michael Jensen, elected by the employees

Torben Lyngsø, elected by the employees

Independent auditors' report

To the cooperative members of Leverandørselskabet Danish Crown AmbA

Report on the consolidated financial statements and the financial statements

We have audited the consolidated financial statements and the financial statements of Leverandørselskabet Danish Crown AmbA for the financial year 3 October 2011 - 30 September 2012, comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the group and for the company, as well as a statement of comprehensive income and cash flow statement for the group. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and the disclosure requirements contained in the Danish Financial Statements Act, and the financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the consolidated financial statements and the financial statements

The management is responsible for the preparation and fair presentation of consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the EU and the disclosure requirements contained in the Danish Financial Statements Act and for the preparation and fair presentation of financial statements in accordance with the Danish Financial Statements Act. The management is also responsible for the internal control which it deems necessary for the preparation of consolidated financial statements and financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on the consolidated financial statements and the financial statements based on our audit. We conducted our audit in accordance with international auditing standards and additional requirements under Danish auditing legislation. Those standards require that we comply with ethical requirements and plan and perform our audit to obtain reasonable assurance that the consolidated financial statements and the financial statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risk of material misstatement in the consolidated financial statements and the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of consolidated financial statements and financial statements 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 the management, as well as evaluating the overall presentation of the consolidated financial statements and the financial statements.

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 consolidated financial statements and the financial statements give a true and fair view of the group's assets, liabilities and financial position as at 30 September 2012 and of the results of the group's activities and cash flows for the financial year 3 October 2011 - 30 September 2012 in accordance with International Financial Reporting Standards as adopted by the EU and the disclosure requirements contained in the Danish Financial Statements Act.

We also believe that the financial statements give a true and fair view of the company's assets, liabilities and financial position as at 30 September 2012 and of the results of the company's activities for the financial year 3 October 2011 - 30 September 2012 in accordance with the Danish Financial Statements Act.

Statement on the management's review

We have read the management's review as required by the Danish Financial Statements Act. We have not performed any additional procedures other than the audit of the consolidated financial statements and the financial statements.

Against this background, we are of the opinion that the information in the management's review is in accordance with the consolidated financial statements and the financial statements.

Viborg, 26 November 2012

Deloitte
Statsautoriseret Revisionspartnerselskab

Anders Dons
State-Authorised Public Accountant

Rasmus B. Johnsen
State-Authorised Public Accountant

INCOME STATEMENT

3 October 2011 - 30 September 2012

DKKm	Note	Group 2011/12	2010/11
Revenue	2	**56,462**	**51,754**
Production costs	3.4	-49,125	-44,572
Gross profit		**7,337**	**7,182**
Distribution costs	3.4	-3,838	-3,709
Administrative expenses	3,4,5	-1,481	-1,412
Other operating income		23	8
Other operating expenses		-36	-40
Operating profit (EBIT)		**2,005**	**2,029**
Income from equity investments in associates	11	265	175
Financial income	6	96	227
Financial expenses	7	-431	-449
Profit before tax		**1,935**	**1,982**
Tax on profit for the year	8	-203	-220
Net profit for the year		**1,732**	**1,762**
Distribution of net profit for the year			
Cooperative members of the parent		1,691	1,714
Minority interests		41	48
		1,732	**1,762**

STATEMENT OF COMPREHENSIVE INCOME

3 October 2011 - 30 September 2012

DKKm	Note	Group 2011/12	2010/11
Net profit for the year		**1,732**	**1,762**
Foreign currency translation adjustments, foreign enterprises		225	-61
Share of other comprehensive income in associates	11	-1	-1
Fair value adjustments etc. of financial instruments concluded in order to hedge future cash flows		-32	-23
Transfer to the income statement of fair value adjustments of financial instruments concluded in order to hedge realised cash flows		15	43
Actuarial gains/losses on defined-benefit plans etc.	17	-113	26
Tax on other comprehensive income	8	25	-1
Other comprehensive income		**119**	**-17**
Comprehensive income		**1,851**	**1,745**
Distribution of comprehensive income			
Cooperative members of the parent		1,810	1,697
Minority interests		41	48
		1,851	**1,745**

BALANCE SHEET – ASSETS

30 September 2012

DKKm	Note	Group 30.09.2012	Group 02.10.2011
Goodwill	9	1,507	1,374
Software	9	74	72
Acquired trademarks etc.	9	14	19
Intangible assets		**1,595**	**1,465**
Land and buildings	10	5,338	5,333
Plant and machinery	10	3,749	3,709
Other plant, fixtures and fittings, tools and equipment	10	348	321
Property, plant and equipment under construction	10	809	480
Property, plant and equipment		**10,244**	**9,843**
Equity investments in associates	11	345	269
Other securities and equity investments	12	47	49
Other receivables		203	221
Financial assets		**595**	**539**
Biological assets	13	**78**	**64**
Deferred tax assets	17	**575**	**588**
Non-current assets		**13,087**	**12,499**
Inventories	14	**3,703**	**3,709**
Biological assets	13	**233**	**158**
Trade receivables	15	6,479	6,083
Receivables from contract work and prepayments for cooperative members		398	370
Receivables from associates		10	5
Other receivables		566	462
Prepayments		100	97
Receivables		**7,553**	**7,017**
Other securities and equity investments	12	**256**	**266**
Cash		**690**	**286**
Current assets		**12,435**	**11,436**
Total assets		**25,522**	**23,935**

BALANCE SHEET – EQUITY AND LIABILITIES

30 September 2012

		Group	
DKKm	**Note**	**30.09.2012**	**02.10.2011**
Equity			
Contributed capital		1,576	1,604
Other reserves		16	-190
Retained earnings		4,138	3,928
Equity owned by cooperative members of the parent		**5,730**	**5,342**
Equity owned by minority interests		**67**	**49**
Equity		**5,797**	**5,391**
Pension obligations	16	204	125
Deferred tax liabilities	17	412	433
Insurance provisions	18	97	114
Other provisions	18	108	67
Subordinate loans	19	506	1,053
Mortgage debt	19	4,311	4,271
Other credit institutions	19	3,612	2,926
Bank debt	19	1,947	3,313
Finance lease commitments	19	4	10
Non-current liabilities		**11,201**	**12,312**
Insurance provisions	18	22	32
Other provisions	18	34	16
Mortgage debt	19	64	27
Other credit institutions	19	582	0
Bank debt	19	2,868	1,572
Finance lease commitments	19	6	6
Trade payables		2,777	2,377
Payables to associates		51	26
Income tax payable		88	119
Other payables		1,938	1,977
Deferred income		94	80
Current liabilities		**8,524**	**6,232**
Liabilities		**19,725**	**18,544**
Total equity and liabilities		**25,522**	**23,935**
Operating lease commitments	20		
Contingent liabilities	21		
Security	22		
Rights and liabilities of the cooperative members	23		
Financial risks and financial instruments	26		

STATEMENT OF CHANGES IN EQUITY

30 September 2012

						Group	
DKKm	Contributed capital	Reserve for foreign currency translation adjustments	Reserve for value adjustment of hedging instruments	Retained earnings	Total	Equity owned by minority interests	Total equity
Equity as at 3 October 2010	**1,650**	**-109**	**-46**	**3,509**	**5,004**	**97**	**5,101**
Net profit for the year	0	0	0	1,714	1,714	48	1,762
Foreign currency translation adjustments, foreign enterprises	0	-61	0	0	-61	0	-61
Share of other comprehensive income in associates	0	0	0	-1	-1	0	-1
Fair value adjustments etc. of financial instruments concluded in order to hedge future cash flows	0	0	-23	0	-23	0	-23
Transfer to the income statement of fair value adjustments of financial instruments concluded in order to hedge realised cash flows	0	0	43	0	43	0	43
Actuarial gains on defined-benefit plans etc.	0	0	0	26	26	0	26
Tax on other comprehensive income	0	0	6	-7	-1	0	-1
Total other comprehensive income	0	-61	26	18	-17	0	-17
Comprehensive income for the year	**0**	**-61**	**26**	**1,732**	**1,697**	**48**	**1,745**
Payment of contributed capital, net	-46	0	0	0	-46	0	-46
Supplementary payments disbursed	0	0	0	-1,313	-1,313	-96	-1,409
Equity as at 2 October 2011	**1,604**	**-170**	**-20**	**3,928**	**5,342**	**49**	**5,391**
Net profit for the year	0	0	0	1,691	1,691	41	1,732
Foreign currency translation adjustments, foreign enterprises	0	224	0	0	224	1	225
Share of other comprehensive income in associates	0	0	0	-1	-1	0	-1
Fair value adjustments etc. of financial instruments concluded in order to hedge future cash flows	0	0	-32	0	-32	0	-32
Transfer to the income statement of fair value adjustments of financial instruments concluded in order to hedge realised cash flows	0	0	15	0	15	0	15
Actuarial gains/losses on defined-benefit plans etc.	0	0	0	-113	-113	0	-113
Tax on other comprehensive income	0	0	-1	26	25	0	25
Total other comprehensive income	0	224	-18	-88	118	1	119
Comprehensive income for the year	**0**	**224**	**-18**	**1,603**	**1,809**	**42**	**1,851**
Payment of contributed capital, net	-28	0	0	0	-28	0	-28
Supplementary payments disbursed	0	0	0	-1,393	-1,393	-24	-1,417
Equity as at 30 September 2012	**1,576**	**54**	**-38**	**4,138**	**5,730**	**67**	**5,797**

CASH FLOW STATEMENT

3 October 2011 - 30 September 2012

DKKm	Note	Group 2011/12	Group 2010/11
Operating profit (EBIT)		**2,005**	**2,029**
Depreciation, amortisation, impairment losses and write-downs	4	1,284	1,217
Change in provisions		-69	-82
Change in net working capital	24	-98	-733
Operating cash flows		**3,122**	**2,431**
Financial income received	6	96	227
Financial expenses paid	7	-431	-449
Income tax paid		-258	-193
Cash flows from operating activities		**2,529**	**2,016**
Purchase etc. of intangible assets	9	-45	-15
Sale of intangible assets		0	-3
Purchase etc. of property, plant and equipment	10, 13	-1,393	-1,042
Sale of property, plant and equipment		118	108
Purchase of other securities and equity investments		-86	30
Acquisition of businesses	25	11	-484
Dividend received	11	309	149
Effect of foreign currency translation adjustments on non-current assets		-203	-6
Cash flows from investing activities		**-1,289**	**-1,263**
Disbursement of supplementary payments and dividend for minorities		-1,417	-1,409
Proceeds from borrowings		692	2,282
Repayment of borrowings		-373	-1,597
Effect of foreign currency translation adjustments on loans		290	-7
Payment of contributed capital, net		-28	-46
Cash flows from financing activities		**-836**	**-777**
Change in cash and cash equivalents		**404**	**-24**
Cash and cash equivalents as at 2 October 2011		286	310
Foreign currency translation adjustments, cash and cash equivalents		0	0
Cash and cash equivalents as at 30 September 2012	24	**690**	**286**

CONTENTS NOTES – GROUP

NOTES

1 Significant accounting estimates and assessments as well as significant accounting policies

When preparing the annual report in accordance with the group's accounting policies, the management is required to make estimates and assumptions that affect the assets and liabilities recognised, including information on any contingent assets and liabilities included.

The management's estimates are based on historical experience and other assumptions which are deemed relevant at the time. These estimates and assumptions form the basis for the recognised carrying amounts of assets and liabilities and the related effects recognised in the income statement. The actual results may deviate from such estimates and assumptions.

The management considers the following estimates and assessments as well as related accounting policies significant to the preparation of the consolidated financial statements.

Production costs

Production costs comprise direct and indirect costs incurred to earn revenue. Production costs include costs of raw materials, including purchases from cooperative members, consumables, production staff as well as depreciation of production facilities. The purchase of animals for slaughter from cooperative members is recognised at the current quoted price for the year and, consequently, does not include any share of supplementary payments, which are treated as dividend.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost comprises the costs of preparing the asset until such time when it is ready to be put into service. The basis of depreciation is the cost less the expected residual value after the end of the useful life. The cost of a combined asset is split into smaller parts which are depreciated separately if the useful lives differ.

The management makes accounting estimates concerning the method of depreciation, useful lives and residual values, and these are reassessed on an annual basis.

Impairment test

At least once a year, the group tests goodwill and intangible assets with indeterminable useful lives for impairment. Other non-current assets which are amortised systematically are tested for impairment when events or changed circumstances indicate that the carrying amount may not be recovered.

The management estimates the value in use as an expression of the recoverable amount which is calculated by discounting the expected future cash flows which are estimated on the basis of the management's estimates of these and the management's estimates of the discount rate and growth rates.

Inventories

Raw materials and consumables, work in progress, finished goods and goods for resale are measured at the lower of cost using the FIFO method and net realisable value.

In connection with the net realisable value of inventories, the management estimates the expected selling price less completion costs and costs incurred to execute the sale. Inventories are valuated taking into account marketability, obsolescence and development in expected selling price.

Receivables

Receivables are measured at amortised cost and written down for bad debts if there are any indications of such.

In connection with the write-down for bad debts, the estimates made by the management are based on available information and indications.

Acquisition of enterprises and activities, including determination of cost price allocations and depreciation thereof

In connection with the acquisition of enterprises and activities, cost price allocations are made at the fair value of identifiable assets, liabilities and contingent liabilities. The determination of fair value involves management estimates which are based on the expected future performance of the assets. The management also estimates the useful life and depreciation profile which is systematically based on the expected distribution of the assets' future economic benefits.

Sale of equity investments in associates

In connection with DAKA AmbA's sale of activities to DAKA Denmark A/S and the reduction of the company's ownership share in DAKA from 48.2 per cent to 42.9 per cent, proceeds have been realised. As a result of the activities now being handled by a limited company with an industrial majority shareholder as opposed to previously a cooperative with the suppliers as cooperative members, a significantly changed cash flow from the ownership share can be expected in future. The company's share of the profit is therefore recognised in the income statement at 100 per cent without proportionate elimination.

Deferred tax liabilities and tax assets

The group uses the balance-sheet liability method to calculate deferred tax on all temporary differences between carrying amounts and tax base, with the exception of initially recognised goodwill with no tax base, just as only deferred tax on foreign equity investments is allocated if disposal is probable and will trigger tax for payment. Deferred tax assets are recognised if it is likely that taxable income will be generated in future which will make it possible to use the temporal differences or tax losses to be carried forward. In this connection, the management makes an estimate of the coming years' earnings based on budgets and forecasts.

NOTES

2 Revenue

DKKm	2011/12	2010/11
Distribution by market:		
Denmark	5,538	5,737
International	50,924	46,017
	56,462	**51,754**
Distribution by business area:		
DC Pork	28,863	26,554
DC Beef	3,605	3,427
DC Foods	20,186	18,635
Other companies	3,808	3,138
	56,462	**51,754**

3 Staff costs

Salaries and wages	6,031	5,801
Defined-contribution plans	314	305
Defined-benefit plans	4	4
Other social security costs	608	584
	6,957	**6,694**
Staff costs are distributed as follows:		
Production costs	5,649	5,427
Distribution costs	552	555
Administrative expenses	756	712
	6,957	**6,694**
Of which:		
Remuneration for the parent's Board of Directors	6	5
Remuneration for the parent's Board of Representatives	4	5
Remuneration for the parent's Executive Board	24	24
	34	**34**
Average no. of employees	24,066	23,557

4 Depreciation, amortisation, impairment losses and write-downs

Amortisation of intangible assets	34	31
Depreciation of property, plant and equipment	1,267	1,193
Translation adjustments	-16	7
Gains and losses on the disposal of non-current assets	-1	-14
	1,284	**1,217**
Depreciation, amortisation, impairment losses and write-downs are distributed as follows:		
Production costs	1,182	1,119
Distribution costs	29	33
Administrative expenses	73	65
	1,284	**1,217**

5 Fees to the parent's auditors appointed by the Board of Representatives

Deloitte:		
Statutory audit	10	14
Other assurance engagements	0	0
Tax advice	3	4
Other services	6	4
	19	**22**

NOTES

6 Financial income

DKKm	2011/12	2010/11
Interest, cash etc.	69	155
Interest, associates	3	1
Interest and dividend on other securities and equity investments	16	11
Foreign exchange gains and losses, net	8	60
Fair value adjustment of derivative financial instruments concluded in order to hedge the fair value of financial instruments	-30	-39
Fair value adjustment of hedged financial instruments	30	39
	96	**227**

7 Financial expenses

Interest, credit institutions etc.	408	407
Foreign exchange gains and losses, net	6	-1
Fair value adjustment transferred from equity concerning hedging of future cash flows	17	43
	431	**449**

Finance costs of DKK 5 million have been recognised in the cost of property, plant and equipment under construction in the financial year (2010/11: DKK 0 million).

8 Tax on profit for the year

Current tax	242	270
Change in deferred tax	-63	-10
Change in deferred tax resulting from a change in the tax rate	-31	-28
Adjustment concerning previous years, current tax	-43	-31
Adjustment concerning previous years, deferred tax	96	-19
Impairment of tax assets and reversal of previous impairment of tax assets	-16	36
	185	**218**
Tax in cooperatively taxed enterprises and tax on other non-income-taxed income	18	2
Tax on profit for the year	**203**	**220**

Tax on profit for the year can be explained as follows:

Calculated tax at a tax rate of 25 %	484	496
Effect of differences in tax rates for foreign enterprises	2	12
Change in deferred tax resulting from a change in the tax rate	-31	-28
Tax in cooperatively taxed enterprises and tax on other non-income-taxed income	18	2
Tax base of non-taxable income	-326	-293
Tax base of non-deductible costs	19	45
Adjustment concerning previous years, current tax	-43	-31
Adjustment concerning previous years, deferred tax	96	-19
Impairment of tax assets and reversal of previous impairment of tax assets	-16	36
	203	**220**
Effective tax rate (%)	**10.5**	**11.1**

Fair value adjustments etc. of financial instruments concluded in order to hedge future cash flows	2	-6
Actuarial gains/losses on defined-benefit plans etc.	-27	7
Tax on other comprehensive income	**-25**	**1**

NOTES

9 Intangible assets

DKKm	Goodwill	Software	Acquired trademarks etc.	Total
Cost as at 3 October 2011	1,374	355	446	2,175
Foreign currency translation adjustments	102	2	-4	100
Addition in connection with acquisitions	31	0	0	31
Addition	0	33	1	34
Disposal	0	-12	0	-12
Cost as at 30 September 2012	**1,507**	**378**	**443**	**2,328**
Amortisation and impairment losses as at 3 October 2011	0	283	427	710
Foreign currency translation adjustments	0	1	0	1
Amortisation for the year	0	32	2	34
Amortisation of and impairment losses on disposal for the year	0	-12	0	-12
Amortisation and impairment losses as at 30 September 2012	**0**	**304**	**429**	**733**
Carrying amount as at 30 September 2012	**1,507**	**74**	**14**	**1,595**
Cost as at 4 October 2010	1,374	343	443	2,160
Foreign currency translation adjustments	0	-1	0	-1
Addition in connection with acquisitions	0	1	9	10
Addition	0	14	1	15
Disposal	0	-2	-7	-9
Cost as at 2 October 2011	**1,374**	**355**	**446**	**2,175**
Amortisation and impairment losses as at 4 October 2010	0	254	437	691
Foreign currency translation adjustments	0	0	-3	-3
Amortisation for the year	0	31	0	31
Amortisation of and impairment losses on disposal for the year	0	-2	-7	-9
Amortisation and impairment losses as at 2 October 2011	**0**	**283**	**427**	**710**
Carrying amount as at 2 October 2011	**1,374**	**72**	**19**	**1,465**

Except for goodwill with an indeterminable useful life, all other intangible assets are considered to have determinable useful lives over which the assets are amortised.

NOTES

9

Impairment test of goodwill

Goodwill resulting from business acquisitions etc. is distributed on the date of acquisition on the cash-generating units which are expected to obtain economic benefits from the business combination.

The carrying amount of goodwill before impairment is distributed on the cash-generating units as follows:

DKKm	30.09.2012	02.10.2011
Tulip Ltd	669	595
Saturn Nordic Holding AB	314	286
DAT-Schaub A/S	287	266
KLS Ugglarps AB	65	57
Tulip Food Company A/S	172	170
	1,507	**1,374**

Goodwill is tested for impairment at least once a year or more frequently if there are indications of impairment. The annual test for impairment is made at the balance sheet date and has not resulted in any impairment of goodwill in the financial year.

The recoverable amount for the individual cash-generating units on which the goodwill amounts have been distributed is calculated on the basis of calculations of the units' value in use. The most important uncertainties in this regard are related to the determination of discount rates and growth rates as well as the expected changes in selling prices and production costs in the budget and terminal periods.

The fixed discount rates reflect market assessments of the temporal value of money, expressed as a risk-free interest rate and the specific risks which are associated with the individual cash-generating unit. Discount rates are generally determined on an 'after tax' basis based on an estimated Weighted Average Cost of Capital (WACC).

The growth rates used are based on the budgets, forecasts and strategy plans of the individual companies as well as the outlook for discount rates, interest and inflation levels.

Estimated changes in selling prices and production costs in the budget and terminal periods are based on historical experience and the expectations for future growth and market conditions.

The cash-generating units' value in use is calculated using the cash flows stated in the budgets and strategy plans for the next five financial years that were most recently approved by the Board of Directors. For financial years following the budget periods (terminal period), cash flows were extrapolated in the most recent budget period, adjusted for expected growth rates. The growth rates used do not exceed the expected average long-term growth rate for the markets in question.

The most significant parameters used to calculate the recoverable amounts are as follows:

2011/12	Growth factor in the terminal period %	Risk-free interest rate, 10-year swap interest rate %	WACC after tax %
Tulip Ltd	2.0	2.1	5.5
Saturn Nordic Holding AB	4.0	4.7	8.1
DAT-Schaub A/S	2.0	1.9	5.4
KLS Ugglarps AB	2.0	2.3	5.6
Tulip Food Company A/S	2.0	1.9	5.4
2010/11			
Tulip Ltd	2.0	2.6	5.3
Saturn Nordic Holding AB	2.0	4.6	7.5
DAT-Schaub A/S	2.0	2.7	5.5
KLS Ugglarps AB	2.0	2.6	5.3
Tulip Food Company A/S	2.0	2.7	5.6

NOTES

10 Property, plant and equipment

DKKm	Land and buildings	Plant and machinery	Other plant, fixtures and fittings, tools and equipment	Plant under construction	Total
Cost as at 3 October 2011	11,064	9,251	1,060	480	21,855
Foreign currency translation adjustments	226	279	28	24	557
Completion of plant under construction	126	396	68	-590	0
Addition in connection with acquisitions	15	50	0	0	65
Addition	82	247	95	899	1,323
Disposal	-55	-106	-75	-4	-240
Cost as at 30 September 2012	**11,458**	**10,117**	**1,176**	**809**	**23,560**
Depreciation and impairment losses as at 3 October 2011	5,731	5,542	739	0	12,012
Foreign currency translation adjustments	65	131	18	0	214
Addition in connection with acquisitions	0	0	0	0	0
Depreciation for the year	353	780	124	0	1,257
Depreciation of and impairment losses on disposal for the year	-29	-85	-53	0	-167
Depreciation and impairment losses as at 30 September 2012	**6,120**	**6,368**	**828**	**0**	**13,316**
Carrying amount as at 30 September 2012	**5,338**	**3,749**	**348**	**809**	**10,244**
Of which assets held under finance leases	2	8	5	0	15
Of which recognised interest expenses	66	6	0	0	72
Cost as at 4 October 2010	10,771	8,603	953	455	20,782
Foreign currency translation adjustments	-39	-54	-7	-2	-102
Completion of plant under construction	118	200	84	-402	0
Addition in connection with acquisitions	214	254	14	0	482
Addition	120	369	68	429	986
Disposal	-137	-121	-52	0	-310
Transfer from assets held for sale	17	0	0	0	17
Cost as at 2 October 2011	**11,064**	**9,251**	**1,060**	**480**	**21,855**
Depreciation and impairment losses as at 4 October 2010	5,423	5,000	675	0	11,098
Foreign currency translation adjustments	-16	-33	-4	0	-53
Addition in connection with acquisitions	0	0	0	0	0
Depreciation for the year	397	678	110	0	1,185
Depreciation of and impairment losses on disposal for the year	-85	-103	-42	0	-230
Transfer from assets held for sale	12	0	0	0	12
Depreciation and impairment losses as at 2 October 2011	**5,731**	**5,542**	**739**	**0**	**12,012**
Carrying amount as at 2 October 2011	**5,333**	**3,709**	**321**	**480**	**9,843**
Of which assets held under finance leases	3	13	4	0	20
Of which recognised interest expenses	69	8	0	0	77

NOTES

11 Equity investments in associates and jointly controlled enterprises

Associates DKKm	30.09.2012	02.10.2011
Cost as at 3 October 2011	113	111
Foreign currency translation adjustments	0	0
Addition	118	2
Disposal	-1	0
Cost as at 30 September 2012	**230**	**113**
Value adjustments as at 3 October 2011	156	129
Foreign currency translation adjustments	3	1
Share of results	265	175
Distribution during the year	-309	-149
Addition	0	0
Disposal	0	0
Value adjustments as at 30 September 2012	**115**	**156**
Carrying amount as at 30 September 2012	**345**	**269**
Key figures for associates (combined):		
Total assets	1,948	1,866
Total liabilities	1,064	1,287
Total net assets	**884**	**579**
Share of net assets	345	269
Total revenue	**5,125**	**5,093**
Total net profit for the year	**419**	**436**
Share of net profit for the year	265	175

Jointly controlled enterprises

Danish Crown owns 50 per cent of the shares and holds 50 per cent of the votes in Saturn Nordic Holding AB, which is the parent of Sokołów S.A. Furthermore, the group owns 50 per cent of the shares and holds 50 per cent of the votes in Trunet Packaging Service Ltd via DAT-Schaub A/S.

Saturn Nordic Holding AB's financial year runs from 1 January to 31 December. Trunet Packaging Service Ltd's financial year runs from 1 November to 31 October. For use in the pro rata consolidation of Danish Crown's pro rata share of the net profit or loss, assets, liabilities and cash flows, financial statements are prepared according to the Danish Crown group's accounting policies for periods corresponding to the Danish Crown group's accounting periods.

Key figures for Danish Crown's 50 per cent share: DKKm	2011/12	2010/11
Revenue	2,466	2,220
Costs	-2,390	-2,137
Net profit	**76**	**83**
Non-current assets	837	714
Current assets	482	414
Total assets	**1,319**	**1,128**
Equity	853	745
Non-current liabilities	196	182
Current liabilities	270	201
Total equity and liabilities	**1,319**	**1,128**
Cash flows from operating activities	380	101
Cash flows from investing activities	-195	-81
Cash flows from financing activities	-8	-11

NOTES

12 Other securities and equity investments

DKKm	30.09.2012	02.10.2011
Listed bonds	256	266
Listed shares	15	19
Unlisted shares	32	30
	303	**315**
Securities are recognised in the balance sheet as follows:		
Non-current assets	47	49
Current assets	256	266
	303	**315**

13 Biological assets

Non-current assets		
Cost as at 3 October 2011	71	60
Foreign currency translation adjustments	6	0
Addition	65	56
Disposal	-55	-45
Cost as at 30 September 2012	**87**	**71**
Depreciation and impairment losses as at 3 October 2011	7	11
Foreign currency translation adjustments	1	0
Depreciation for the year	11	8
Depreciation of and impairment losses on disposal for the year	-10	-12
Value adjustments as at 30 September 2012	**9**	**7**
Carrying amount as at 30 September 2012	**78**	**64**
No. of sows and boars as at 30 September 2012	38,324	35,067
Current assets		
Pigs for slaughter	227	153
Crops	4	3
Land holdings	2	2
Carrying amount as at 30 September 2012	**233**	**158**
No. of pigs for slaughter as at 30 September 2012	356,381	268,526
Kg produced ('000) during the year	49,909	43,452

14 Inventories

Raw materials and consumables	717	667
Work in progress	681	665
Finished goods and goods for resale	2,305	2,377
	3,703	**3,709**
Of which carrying amount of inventories recognised at net realisable value	754	572
Cost of sales	43,874	40,057
Net write-down for the year of inventories recognised as income or expenses in the income statement	-7	-124

NOTES

15 Trade receivables

DKKm	30.09.2012	02.10.2011
Trade receivables (gross)	6,571	6,186
Write-down for bad debts as at 3 October 2011	-103	-94
Foreign currency translation adjustments	-4	2
Realised losses for the year	30	13
Reversed provisions	19	13
Provisions for bad debts for the year	-34	-37
Write-down for bad debts as at 30 September 2012	-92	-103
Trade receivables (net)	**6,479**	**6,083**

Receivables are written down directly if the value, based on an individual assessment of the individual debtors' solvency, is reduced, for example as a result of suspension of payments, bankruptcy and the like. Write-downs are made at the calculated net realisable value. The carrying amount of receivables written down to the net realisable value based on an individual assessment comes to DKK 123 million (2 October 2011: DKK 83 million).

Trade receivables (gross) can be specified as follows:		
Not due	5,569	5,167
Due within 30 days	822	850
Due between 30 and 90 days	67	79
Due after 90 days	113	90
	6,571	**6,186**
Receivables due, but not written down, comprise:		
Due within 30 days	776	799
Due between 30 and 90 days	53	66
Due after 90 days	32	27
	861	**892**

During the financial year, no interest income in respect of receivables written down has been recognised as income (2010/11: DKK 0 million).

NOTES

16 Pension plans

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 company thus incurs a risk in relation to the future development in interest rates, inflation, mortality etc. as regards the amount to be paid to the employee.

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

Defined-benefit plans DKKm	2011/12	2010/11
Pension costs for the year	1	1
Interest expenses	46	46
Expected return on the assets underlying the pension plans	-43	-43
Actuarial gains and losses	0	0
Recognised in the income statement under staff costs	**4**	**4**
Actuarial gains and losses	113	-26
Recognised in other comprehensive income	**113**	**-26**
The pension obligation recognised in the balance sheet can be specified as follows:		
Present value of hedged pension obligation	1,043	803
Present value of unhedged pension obligation	54	58
	1,097	**861**
Fair value of the assets underlying the pension plans	-893	-736
Net obligation recognised in the balance sheet	**204**	**125**

The UK pension obligations have been calculated on the basis of the following actuarial assumptions:	**%**	**%**
Average discount rate	4.40	5.40
Expected return on the assets underlying the pension plans	5.00	5.40
Expected pay increases	0.00	0.00
Future pension increases	1.50	1.60

The Danish pension obligations have been calculated on the basis of the following actuarial assumptions:		
Average discount rate	1.70	2.60
Future pension increases	2.00	2.00

The most recent actuarial statements of the UK pension obligations were calculated on 30 September 2012 by Scottish Widows Plc, Buck Consultants Ltd and Aviva Group.

NOTES

16

Defined-benefit plans DKKm	2011/12	2010/11
Changes in pension obligations for the year can be specified as follows:		
Present value of pension obligations as at 2 October 2011	861	933
Foreign currency translation adjustments	71	0
Pension costs for the year	1	1
Interest expenses	46	46
Contributions from pension plan participants	0	0
Actuarial gains and losses	162	-75
Pension benefits paid	-44	-44
Present value of pension obligations as at 30 September 2012	**1,097**	**861**
Changes in the assets underlying the pension plans for the year can be specified as follows:		
Fair value of the assets underlying the pension plans as at 2 October 2011	736	743
Foreign currency translation adjustments	64	0
Expected return on the assets underlying the pension plans	43	43
Actuarial gains and losses	53	-49
Employer contributions	39	37
Contributions from pension plan participants	0	0
Pension benefits paid	-42	-38
Fair value of the assets underlying the pension plans as at 30 September 2012	**893**	**736**
Accumulated actuarial gains and losses included in other comprehensive income	-230	-117

DKKm	30.09.2012	02.10.2011
The assets underlying the pension plans measured at fair value comprise:		
Shares	495	407
Bonds	355	292
Real property	4	4
Other	39	33
	893	**736**

None of the assets underlying the pension plans are related to the consolidated enterprises in the form of, e.g., treasury shares, rental properties or loans. The expected return on the different categories of assets underlying the pension plans has been fixed in accordance with the relevant published indices. The expected return on the assets as a whole has been calculated as a weighted average of these individual return requirements compared to the expected composition of the assets underlying the pension plans.

Return on pension assets:		
Actual return on the assets underlying the pension plans	96	-6
Expected return on the assets underlying the pension plans	-43	-43
Actuarial gains on the assets underlying the pension plans	**53**	**-49**

DKKm	30.09.2012	02.10.2011	03.10.2010	04.10.2009
Over the years, the composition of the pension obligations and pension assets has been as follows:				
Present value of the pension obligations as at the balance sheet date	1,097	861	933	819
Fair value of the assets underlying the pension plans as at the balance sheet date	-893	-736	-743	-657
Underfunded pension plans	**204**	**125**	**190**	**162**
Adjustments of the pension obligations based on experience	27	1	0	6
Adjustments of the assets underlying the pension plans based on experience	-57	37	33	-17

The group expects to contribute a total of DKK 33 million to the plans during the coming financial year.

NOTES

17 Deferred tax

DKKm	30.09.2012	02.10.2011
Deferred tax is recognised in the balance sheet as follows:		
Deferred tax assets	575	588
Deferred tax liabilities	-412	-433
	163	**155**

2011/12 DKKm	Deferred tax as at 3 October 2011	Foreign currency translation adjustments	Changes in respect of previous years	Recognised in net profit for the year	Recognised in other comprehensive income	Change in tax rate	Deferred tax as at 30 September 2012
Intangible assets	253	0	-10	-17	0	0	226
Property, plant and equipment	-140	-33	42	53	0	32	-46
Financial assets	1	0	-5	-4	0	0	-8
Current assets	51	1	-23	9	0	0	38
Non-current liabilities	15	2	2	19	25	-1	62
Current liabilities	-10	-2	-78	-1	-1	1	-91
Tax losses to be carried forward	176	2	-24	4	0	-1	157
Retaxation balance in respect of losses in foreign subsidiaries under Danish joint taxation	-6	0	0	0	0	0	-6
	340	**-30**	**-96**	**63**	**24**	**31**	**332**
Adjustment concerning utilisation of tax asset not previously recognised	-1	0	0	0	0	0	-1
Impairment of tax assets and reversal of previous impairment of tax assets	-184	-1	24	-7	0	0	-168
	155	**-31**	**-72**	**56**	**24**	**31**	**163**

2010/11 DKKm	Deferred tax as at 4 October 2010	Foreign currency translation adjustments	Changes in respect of previous years	Recognised in net profit for the year	Recognised in other comprehensive income	Change in tax rate	Deferred tax as at 2 October 2011
Intangible assets	262	0	1	-10	0	0	253
Property, plant and equipment	-190	0	22	-2	0	30	-140
Financial assets	0	0	0	1	0	0	1
Current assets	29	-1	4	19	0	0	51
Non-current liabilities	7	0	25	-7	-7	-3	15
Current liabilities	42	0	-47	-13	6	2	-10
Tax losses to be carried forward	141	0	14	22	0	-1	176
Retaxation balance in respect of losses in foreign subsidiaries under Danish joint taxation	-6	0	0	0	0	0	-6
	285	**-1**	**19**	**10**	**-1**	**28**	**340**
Adjustment concerning utilisation of tax asset not previously recognised	-2	0	21	-20	0	0	-1
Impairment of tax assets and reversal of previous impairment of tax assets	-147	0	-24	-13	0	0	-184
	136	**-1**	**16**	**-23**	**-1**	**28**	**155**

Deferred tax assets and deferred tax are set off in the balance sheet when a legal right of set-off exists, and the deferred tax asset and deferred tax concern the same legal tax unit/consolidation.

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DKKm	30.09.2012	02.10.2011
Tax value of non-recognised deferred tax assets	**168**	**184**
The expiry dates of tax losses to be carried forward can be specified as follows:		
No expiry date	479	609
2012	42	42
2013	0	0
2014	0	0
After 2017	46	31
	567	**682**

The tax base of tax losses amounting to DKK 109 million (2010/11: DKK 125 million) has not been recognised as it has not been deemed sufficiently probable that the losses will be utilised within a foreseeable future.

18 Other provisions

DKKm	Insurance provisions	Restructuring costs	Other provisions	Total
Provisions as at 3 October 2011	146	12	71	229
Foreign currency translation adjustments	0	0	1	1
Utilised during the year	-21	-5	-9	-35
Reversal of unutilised provision	-28	0	-2	-30
Discounting (reduction of term to maturity)	11	0	0	11
Provisions for the year	11	13	61	85
Provisions as at 30 September 2012	**119**	**20**	**122**	**261**
Provisions as at 4 October 2010	170	14	114	298
Foreign currency translation adjustments	0	0	-1	-1
Utilised during the year	-31	-8	-33	-72
Reversal of unutilised provision	-9	-1	-15	-25
Discounting (reduction of term to maturity)	5	0	0	5
Provisions for the year	11	7	6	24
Provisions as at 2 October 2011	**146**	**12**	**71**	**229**

Provisions are recognised in the balance sheet as follows: DKKm	30.09.2012	02.10.2011
Non-current liabilities		
Insurance provisions	97	114
Other provisions	108	67
	205	**181**
Current liabilities		
Insurance provisions	22	32
Other provisions	34	16
	56	**48**
	261	**229**

Other provisions amount to DKK 122 million (2 October 2011: DKK 71 million) and comprise provisions for severance payments for dismissed employees, rental obligations in a former group company, complaints and specific market risks. The provisions have been made based on the latest information available. The group believes that the risk in the individual areas has been fully provided for and that it will not require additional provisions.

NOTES

19 Credit institutions

30.09.2012 DKKm	Due within 1 year	Due between 1 and 5 years	Due after 5 years	Total
Loans can be specified by maturity as follows:				
Subordinate loans	0	452	54	506
Mortgage debt	64	605	3,706	4,375
Other credit institutions	582	2,922	690	4,194
Bank debt	2,868	1,947	0	4,815
Finance lease commitments	6	4	0	10
	3,520	**5,930**	**4,450**	**13,900**

02.10.2011				
Loans can be specified by maturity as follows:				
Subordinate loans	0	999	54	1,053
Mortgage debt	27	396	3,875	4,298
Other credit institutions	0	2,611	315	2,926
Bank debt	1,572	3,313	0	4,885
Finance lease commitments	6	10	0	16
	1,605	**7,329**	**4,244**	**13,178**

The parent has arranged a subordinate loan totalling DKK 450 million, excluding borrowing costs, which falls due in 2014. The loan carries a fixed interest rate of 6.375 per cent. The company is entitled to extend the loan until 2017. Furthermore, a subordinate loan totalling DKK 56 million, excluding borrowing costs, has been raised in a subsidiary. This loan falls due in 2020. Up until the next repricing date in December 2013, the loan carries an interest rate of 6.822 per cent.

The subordinate loan ranks after other creditors.

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Mortgage debt DKKm	30.09.2012	02.10.2011
Mortgage debt can be specified as follows:		
Fixed-rate loans, interest rate >3 %	3,299	1,317
Floating-rate loans, interest rate <3 %	859	2,785
Floating-rate loans, interest rate >3 %	217	196
	4,375	**4,298**

At the balance sheet date, fixed-rate mortgage loans amounting to DKK 0 million (2 October 2011: DKK 2,265 million) have been converted from fixed to floating rate by using financial instruments. The financial instruments and the underlying liabilities have been recognised in the balance sheet at the balance sheet date and in the income statement under financial income and expenses.

30.09.2012 DKKm	Maturity	Fixed or floating rate	Amortised cost	Nominal value	Fair value
Mortgage debt distributed by currency:					
DKK	2023	Fixed (F10)	1,245	1,313	1,337
DKK	2041	Fixed (F7-F10)	1,611	1,600	1,783
DKK	2040	Fixed (F7-F10)	440	440	440
DKK	2038	Floating	90	90	87
DKK	2041	Floating	766	760	766
EUR	2013	Fixed	4	4	4
EUR	2014	Floating	1	1	1
PLN	2013	Floating	26	26	26
PLN	2014	Floating	82	82	82
PLN	2016	Floating	109	109	109
SEK	2014	Floating	1	1	1
			4,375	**4,426**	**4,636**

02.10.2011					
Mortgage debt distributed by currency:					
DKK	2023	Fixed (F10)	1,250	1,352	1,369
DKK	2038	Floating	90	91	87
DKK	2040	Floating	430	430	430
DKK	2041	Floating	2,266	2,194	2,266
DKK	2041	Fixed	57	58	59
SEK	2014	Fixed	3	3	3
PLN	2013	Floating	16	16	16
PLN	2014	Floating	76	76	76
PLN	2016	Floating	101	101	101
EUR	2013	Fixed	7	7	7
EUR	2013	Floating	2	2	2
			4,298	**4,330**	**4,416**

The fair value of fixed-rate mortgage debt has been calculated at the present value of future instalment and interest payments by using the current interest rate curve derived from current market rates.

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19 Credit institutions (continued)

DKKm	30.09.2012	02.10.2011
Other credit institutions and bank debt		
Other credit institutions and bank debt can be specified as follows:		
Fixed-rate loans, interest rate <3 %	1,625	63
Fixed-rate loans, interest rate >3 %	1,131	422
Floating-rate loans, interest rate <3 %	5,538	7,046
Floating-rate loans, interest rate >3 %	715	280
	9,009	**7,811**

At the balance sheet date, fixed-rate loans amounting to DKK 712 million (2 October 2011: DKK 712 million) have been converted from fixed to floating rate by using financial instruments. The financial instruments and the underlying liabilities have been recognised in the balance sheet at the balance sheet date and in the income statement under financial income and expenses.

30.09.2012 DKKm	Amortised cost	Nominal value	Fair value
Other credit institutions and bank debt distributed by currency:			
DKK	2,406	2,371	2,421
EUR	2,347	2,347	2,347
GBP	2,168	2,168	2,168
USD	1,089	1,089	1,089
JPY	185	185	185
SEK	306	306	306
PLN	115	115	115
AUD	311	311	311
Other	82	82	82
	9,009	**8,974**	**9,024**
02.10.2011			
Other credit institutions and bank debt distributed by currency:			
DKK	1,969	1,962	1,981
EUR	2,606	2,606	2,606
GBP	1,899	1,899	1,899
USD	731	731	731
JPY	204	204	204
SEK	111	111	111
PLN	73	73	73
AUD	145	145	145
Other	73	72	73
	7,811	**7,803**	**7,823**

The fair value of fixed-rate debt to other credit institutions and bank debt has been calculated at the present value of future instalment and interest payments by using the current interest rate curve derived from current market rates.

Lease commitments DKKm	2011/12 Minimum lease payments	2011/12 Carrying amount	2010/11 Minimum lease payments	2010/11 Carrying amount
Finance lease commitments	8	10	15	16
Amortisation premiums for future expensing	0		0	
	8		**15**	

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20 Operating lease commitments

DKKm	30.09.2012	02.10.2011
Total future minimum lease payments in respect of non-cancellable leases comprise:		
Within one year of the balance sheet date	118	93
Between one and five years of the balance sheet date	207	163
After five years of the balance sheet date	62	53
	387	**309**
Minimum lease payments recognised in net profit for the year	**145**	**121**

21 Contingent liabilities

Other guarantees	41	41
Contractual obligations in respect of property, plant and equipment	524	25
Guarantee commitments to the EU directorate	5	22
Repayment obligations	0	20

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.

22 Security

The following assets have been provided as security for mortgage debt and other long-term debt:		
Land, buildings and plant etc.	4,520	4,533
Carrying amount of the above-mentioned assets	4,007	4,241

23 Rights and liabilities of the cooperative members

The rights of the cooperative members of Leverandørselskabet Danish Crown AmbA are set out in the company's Articles of Association. Via 24 local districts, the individual cooperative members elect representatives to the company's supreme governing body, the Board of Representatives. From among the members of the Board of Representatives, members are elected to the company's Board of Directors in four electoral districts. It is the Board of Representatives which, in due consideration of the company's Articles of Association, decides on the Board of Directors' recommendation for the annual supplementary payments out of the net profit for the year. In accordance with the Articles of Association, the individual cooperative member accumulates a balance in a personal members' account which corresponds to the company's contributed capital. Disbursements from members' accounts are made in accordance with the relevant provisions of the Articles of Association and are adopted annually by the Board of Representatives in connection with the approval of the annual report and the adoption of appropriation. According to the Articles of Association, disbursements from personal members' accounts can only be made if deemed proper with regard to the company's creditors.

The cooperative members are personally, jointly and severally liable for the liabilities of the parent. The liability of each cooperative member is calculated on the basis of the supplies made by such member and cannot exceed DKK 25,000.

No. of cooperative members

No. of cooperative members as at 2 October 2011	9,577	9,847
Net reduction	-546	-270
No. of cooperative members as at 30 September 2012	**9,031**	**9,577**
Total liability	226	239
Proposed supplementary payments for the cooperative members	1,274	1,394

24 Specifications to the cash flow statement

DKKm	2011/12	2010/11
Change in net working capital:		
Change in inventories	-69	-441
Change in receivables	-536	-715
Change in other provisions	59	-45
Change in trade payables and other payables	448	462
	-98	**-739**
Cash and cash equivalents		
Cash and bank deposits, cf. balance sheet	690	286
	690	**286**

NOTES

25 Acquisition of businesses

During the financial year, the group has acquired the following businesses:

	Primary activity	Acquisition date	Acquired ownership interest in %	Acquired voting share in %
2011/12				
Parkam Group (comprising Parkam Foods Ltd, Freshway Chilled Foods Ltd, Trophy Foods Ltd and Tranfoods Ltd)	Production and sale of processed products, including sandwiches and boiled meat products	02.12.2011	100	100
2010/11				
Danish Crown Fleisch GmbH	Slaughtering of pigs and sale of pork	17.01.2011	100	100
Danish Crown Logistik GmbH	Distribution	17.01.2011	100	100

DKKm	Parkam Group	Total for 2011/12	Total for 2010/11
Non-current assets:			
Software	0	0	1
Acquired trademarks etc.	0	0	9
Land and buildings	13	13	214
Plant and machinery	46	46	254
Other plant, fixtures and fittings, tools and equipment	0	0	14
Financial assets	0	0	0
Current assets:			
Inventories	49	49	0
Trade receivables	149	149	0
Other receivables	16	16	0
Cash	0	0	0
Non-current liabilities:			
Deferred tax assets	0	0	0
Credit institutions	-36	-36	0
Current liabilities:			
Credit institutions	-77	-77	-8
Trade payables and other payables	-190	-190	0
Acquired net assets	**-30**	**-30**	**484**
Goodwill	19	19	0
Minority interests	0	0	0
Total consideration	**-11**	**-11**	**484**
Acquired cash, cf. above	0	0	0
Deferred conditional consideration	0	0	0
Cash payment	**-11**	**-11**	**484**

The purpose of acquisitions made in 2011/12 and 2010/11 has been to strengthen the group's primary business area, and the acquired businesses will become an integral part of the group's other activities within the same business area with a view to obtaining synergies. In connection with the acquisitions, assets, liabilities and contingent liabilities have been measured at fair value, and any positive balance has been transferred to goodwill, which, like other goodwill, is tested annually for impairment. In connection with the acquisition made in 2011/12, goodwill of DKK 19 million was realised. No goodwill was realised in connection with the acquisition made in 2010/11. As described in note 9, it has not been necessary to impair the capitalised goodwill amounts.

The acquired businesses have previously used the calendar year as their financial year, but there is not enough information available on the revenue and net profit or loss of the acquired businesses for the period 3 October 2011 and 4 October 2010, respectively, and until the group's acquisition of the businesses to determine the revenue and results of the group as if all acquisitions had been completed as at 3 October 2011 and 4 October 2010, respectively.

On 1 October 2012, the group acquired 51 per cent of the shares and votes in the US company DCW Casing LLC. At the balance sheet date, no calculation of acquisition price or the allocation thereof had been made, for which reason no further information can be disclosed.

NOTES

26 Financial risks and financial instruments

DKKm	30.09.2012	02.10.2011
Categories of financial instruments in accordance with IAS 39		
Derivative financial instruments included in the trading portfolio	39	7
Other securities and equity investments	303	315
Financial assets measured at fair value via the net profit for the year	**342**	**322**
Derivative financial instruments concluded in order to hedge the fair value of recognised assets and liabilities	69	27
Derivative financial instruments concluded in order to hedge future cash flows	5	1
Financial assets used as hedging instruments	**74**	**28**
Trade receivables	6,479	6,083
Receivables from contract work and prepayments for cooperative members	398	370
Receivables from associates	84	79
Other receivables	453	427
Cash	690	286
Loans and receivables	**8,104**	**7,245**
Derivative financial instruments included in the trading portfolio	8	45
Financial liabilities measured at fair value via the net profit for the year	**8**	**45**
Derivative financial instruments concluded in order to hedge recognised assets and liabilities	3	28
Derivative financial instruments concluded in order to hedge future cash flows	51	31
Financial liabilities used as hedging instruments	**54**	**59**
Subordinate loans	504	1,053
Mortgage debt	4,375	4,298
Other credit institutions	4,194	2,926
Bank debt	4,815	4,885
Finance lease commitments	10	16
Trade payables	2,778	2,377
Payables to associates	51	26
Other payables	1,874	1,873
Financial liabilities measured at amortised cost	**18,601**	**17,454**

NOTES

26 Financial risks and financial instruments (continued)

Currency risks in respect of assets and liabilities
As part of the hedging of recognised and non-recognised transactions, the group uses hedging instruments in the form of currency overdraft facilities, forward exchange contracts and currency options. The hedging of assets and liabilities primarily comprises cash and cash equivalents, securities, receivables, sales orders and financial liabilities. As at the balance sheet date, the fair value of the group's derivative financial instruments concluded in order to hedge recognised financial assets and liabilities amounted to DKK 17 million (2 October 2011: DKK -21 million). The fair value of the derivative financial instruments has been recognised under other payables/other receivables and has been set off against the foreign currency translation adjustments of the hedged assets and liabilities in the statement of comprehensive income.

DKKm	Cash and cash equivalents and securities	Receivables and sales orders	Liabilities	Net position	Of which hedged	Unhedged net position
EUR	-21	2,733	-1,164	1,548	-1,070	478
GBP	26	1,081	36	1,143	-1,073	70
JPY	0	638	-101	537	-593	-56
SEK	0	207	-182	25	-2	23
USD	-47	2,028	-1,064	917	-874	43
Other currencies	-19	513	-436	58	-60	-2
30.09.2012	**-61**	**7,200**	**-2,911**	**4,228**	**-3,672**	**556**
EUR	50	2,472	-1,380	1,142	-725	417
GBP	19	1,008	295	1,322	-1,333	-11
JPY	0	910	-129	781	-771	10
SEK	0	201	-113	88	-77	11
USD	0	1,898	-664	1,234	-1,236	-2
Other currencies	0	377	-332	45	-23	22
02.10.2011	**69**	**6,866**	**-2,323**	**4,612**	**-4,165**	**447**

Forward exchange contracts with a term to maturity of up to six months concluded in order to hedge recognised assets and liabilities

DKKm	Contractual value	Fair value
Forward exchange contracts EUR	538	-1
Forward exchange contracts GBP	277	1
Forward exchange contracts JPY	217	6
Forward exchange contracts SEK	0	0
Forward exchange contracts USD	392	9
Forward exchange contracts, other	53	2
30.09.2012	**1,477**	**17**
Forward exchange contracts EUR	347	0
Forward exchange contracts GBP	322	-3
Forward exchange contracts JPY	391	-9
Forward exchange contracts SEK	81	4
Forward exchange contracts USD	580	-13
Forward exchange contracts, other	81	0
02.10.2011	**1,802**	**-21**

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Currency risks in respect of future cash flows

The Danish Crown group hedges currency risks in respect of expected future sales of goods with forward exchange contracts, cf. the relevant group policy. Open forward exchange contracts as at the balance sheet date have a time to maturity of up to six months and can be specified as described below where agreements on the sale of currency are stated with a positive contractual value. The income statement for 2011/12 has not been affected by any inefficiency concerning foreign currency hedging of the sale of goods.

DKKm	Contractual value	Fair value	Fair value adjustment recognised in equity
Forward exchange contracts GBP	142	0	0
Forward exchange contracts JPY	336	2	2
Forward exchange contracts SEK	79	1	1
Forward exchange contracts USD	66	2	2
Forward exchange contracts, other	0	0	0
30.09.2012	**623**	**5**	**5**
Forward exchange contracts EUR/USD	-147	-6	-6
Forward exchange contracts GBP	159	-1	-1
Forward exchange contracts JPY	478	-14	-14
Forward exchange contracts SEK	44	0	0
Forward exchange contracts USD	251	-3	-3
Forward exchange contracts, other	37	1	1
02.10.2011	**822**	**-23**	**-23**

Derivative financial instruments not fulfilling the conditions for hedging

The Danish Crown group has concluded a number of foreign currency hedging agreements which do not fulfil the criteria for hedge accounting and which are therefore treated as trading portfolios, recognising fair value adjustments continuously in the income statement. The open foreign currency hedging agreements in the form of forward exchange contracts have a time to maturity of up to six months and can be specified as described below where agreements on the sale of currency are stated with a positive contractual value:

DKKm	Contractual value	Fair value
Forward exchange contracts EUR	532	-2
Forward exchange contracts GBP	796	3
Forward exchange contracts JPY	375	17
Forward exchange contracts SEK	-8	0
Forward exchange contracts USD	481	14
Forward exchange contracts, other	7	-1
30.09.2012	**2,183**	**31**
Forward exchange contracts EUR	378	0
Forward exchange contracts GBP	1,012	-10
Forward exchange contracts JPY	393	-5
Forward exchange contracts SEK	-4	0
Forward exchange contracts USD	659	-20
Forward exchange contracts, other	-61	-2
02.10.2011	**2,377**	**-37**

26 Financial risks and financial instruments (continued)

Currency sensitivity analysis

The group's most important currency exposure with regard to sales concerns GBP, PLN, SEK and USD. The table below shows the effect it would have had on equity if the exchange rate of the most important currencies as regards investments had been 10 per cent lower than the exchange rate actually applied. The stated effect includes the effect of concluded foreign currency hedging transactions. If the exchange rate had been 10 per cent higher than the actual exchange rate, this would have had an equally positive effect on equity.

Equity's sensitivity to exchange rate fluctuations DKKm	30.09.2012	02.10.2011
Effect if USD exchange rate was 10 per cent lower than actual exchange rate	-31	-20
Effect if GBP exchange rate was 10 per cent lower than actual exchange rate	-131	-108
Effect if SEK exchange rate was 10 per cent lower than actual exchange rate	-51	-45
Effect if PLN exchange rate was 10 per cent lower than actual exchange rate	-57	-49
	-270	**-222**

Incorporated derivative financial instruments

The group has performed a systematic review of contracts which may contain conditions making the contract or parts of it a derivative financial instrument. The review did not give rise to any recognition of derivative financial instruments.

Interest rate risks

The Danish Crown group has, to a wide extent, interest-bearing financial assets and liabilities and is as such exposed to interest rate risks. As regards the group's financial assets and liabilities, the following contractual repricing or expiry dates can be stated, whichever date is earlier, and depending on how large a share of the interest-bearing assets and liabilities carries a fixed interest rate. Floating-rate loans are considered as having repricing dates within one year.

Repricing or expiry date DKKm	Within 1 year	Between 1 and 5 years	After 5 years	Total	Of which fixed-rate
Bonds	-1	0	-255	-256	-256
Bank deposits	-145	0	0	-145	0
Subordinate loans	0	506	0	506	506
Mortgage debt	973	2,529	873	4,375	3,299
Other credit institutions	1,444	2,057	692	4,193	2,734
Bank debt	4,781	35	0	4,816	22
Finance lease commitments	5	4	0	9	0
Interest rate swaps, fixed interest rate	-1,854	1,764	90	0	1,854
30.09.2012	**5,203**	**6,895**	**1,400**	**13,498**	**8,159**
Bonds	-1	0	-265	-266	-263
Bank deposits	-240	0	0	-240	-10
Subordinate loans	0	1,053	0	1,053	997
Mortgage debt	3,040	1,258	0	4,298	1,317
Other credit institutions	2,362	564	0	2,926	378
Bank debt	4,880	5	0	4,885	107
Finance lease commitments	15	1	0	16	1
Interest rate swaps, fixed interest rate	-181	131	50	0	50
02.10.2011	**9,875**	**3,012**	**-215**	**12,672**	**2,577**

The fair value of the interest rate swaps outstanding at the balance sheet date which have been concluded in order to hedge interest rate risks on floating-rate loans amounts to DKK -51 million (2 October 2011: DKK -8 million).

For fair value hedging of fixed-rate loans, interest rate swaps with a nominal value of DKK 712 million and due to expire in 2015 (3 October 2010: DKK 712 million and due to expire in 2015) have been concluded. The fair value of such interest rate swaps totals DKK 49 million (2 October 2011: DKK 20 million).

The group's bank deposits are placed in current accounts or fixed-term deposit accounts.

Interest rate fluctuations affect both the group's bond portfolios, bank deposits, bank debt and mortgage debt. An increase in interest rate levels of 1 percentage point per year compared to the interest rate level at the balance sheet date would have had a negative effect of DKK 1 million (2 October 2011: positive effect of DKK 1 million) on the group's equity related to capital losses on equity for the current financial year.

As regards the group's floating-rate bank deposits, mortgage debt and other bank deposits, an increase of 1 percentage point per year compared to the interest rate level at the balance sheet date would have resulted in an increase in the company's interest expenses of DKK 53 million (2010/11: DKK 101 million). A corresponding decrease in interest rate levels would have resulted in a similar reduction in the company's interest expenses.

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Liquidity risks

The maturities of financial liabilities are specified below, distributed by the time intervals applied in the group's cash management. The specified amounts represent the amounts falling due for payment, including interest etc.

Non-derivative financial liabilities: DKKm	**Within 1 year**	**Between 1 and 5 years**	**After 5 years**	**Total**
Subordinate loans	32	482	62	576
Mortgage debt	202	877	6,958	8,037
Other credit institutions	693	3,217	870	4,780
Bank debt	2,842	2,060	0	4,902
Finance lease commitments	6	4	0	10
Trade payables	2,778	0	0	2,778
Other payables	1,874	0	0	1,874
	8,427	**6,640**	**7,890**	**22,957**
Derivative financial instruments:				
Derivative financial instruments included in the trading portfolio	8	0	0	8
Derivative financial instruments concluded in order to hedge the fair value of recognised assets and liabilities	3	0	0	3
Derivative financial instruments concluded in order to hedge future cash flows	51	0	0	51
30.09.2012	**8,489**	**6,640**	**7,890**	**23,019**
Non-derivative financial liabilities:				
Subordinate loans	65	1,309	0	1,374
Mortgage debt	198	1,065	6,607	7,870
Other credit institutions	77	2,818	321	3,216
Bank debt	1,576	3,350	0	4,926
Finance lease commitments	6	10	0	16
Trade payables	2,377	0	0	2,377
Other payables	1,873	0	0	1,873
	6,172	**8,552**	**6,928**	**21,652**
Derivative financial instruments:				
Derivative financial instruments included in the trading portfolio	45	0	0	45
Derivative financial instruments concluded in order to hedge the fair value of recognised assets and liabilities	28	0	0	28
Derivative financial instruments concluded in order to hedge future cash flows	31	0	0	31
02.10.2011	**6,276**	**8,552**	**6,928**	**21,756**

The group's cash resources comprise cash and unutilised credit facilities DKKm	**30.09.2012**	**02.10.2011**
Cash resources comprise:		
Cash	690	286
Unutilised credit facilities	5,173	6,112
	5,863	**6,398**

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26 Financial risks and financial instruments (continued)

Credit risks
Credit risks are described in note 15, to which reference is made.

Optimisation of capital structure
The company's management assesses on a ongoing basis whether the group's capital structure matches the company's and the cooperative members' interests. The overall objective is to ensure a capital structure which supports long-term financial growth and, at the same time, maximises the return for the group's stakeholders by optimising the equity/debt ratio. The group's overall strategy is consistent with that of last year.

The group's capital structure includes payables, which comprise financial liabilities in the form of convertible debt certificates, mortgage debt, bank debt, finance lease commitments, receivables from contract work, cash and equity, including contributed capital, other reserves, retained earnings and subordinate loans.

Financial gearing
The group aims to have a financial gearing in the order of 3.5, calculated as the relationship between net interest-bearing debt and total EBITDA for the year. The financial gearing as at the balance sheet date was DKK 3.8 million (2 October 2011: DKK 3.8 million), cf. below.

The financial gearing as at the balance sheet date can be calculated as follows: DKKm	**30.09.2012**	**02.10.2011**
Subordinate loans	504	1,053
Mortgage debt	4,375	4,298
Other credit institutions	4,194	2,926
Bank debt	4,815	4,885
Finance lease commitments	10	16
Receivables from contract work and prepayments for cooperative members	-398	-370
Receivables from associates	-74	-74
Cash	-946	-552
Net interest-bearing debt	**12,480**	**12,182**
Operating profit (EBIT)	2,005	2,029
Depreciation, amortisation, impairment losses and write-downs	1,284	1,217
EBITDA	**3,289**	**3,246**
Financial gearing	**3.8**	**3.8**

Non-performance of loan agreements
The group has neither during the financial year nor during the year of comparison neglected or failed to fulfil any of its loan agreements.

Methods and conditions for the calculation of fair values
Listed bonds
The portfolio of listed government bonds and listed mortgage credit bonds is valuated at quoted prices and price quotes.

Listed shares
The portfolio of listed shares is valuated at quoted prices and price quotes.

Unlisted shares
Unlisted shares are valuated on the basis of market multiples for a group of comparative listed companies less an estimated factor for trade in an unlisted market. If this is not possible, unlisted shares are valuated at cost.

Derivative financial instruments
Forward exchange contracts and interest rate swaps are valuated on the basis of generally accepted valuation methods based on relevant observable swap curves and exchange rates.

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Fair value hierarchy for financial instruments measured at fair value in the balance sheet
The table below shows the classification of financial instruments measured at fair value, distributed according to the fair value hierarchy:

- Quoted prices in an active market for the same type of instrument (level 1).
- Quoted prices in an active market for similar assets or liabilities or other valuation methods according to which all important inputs are based on observable market data (level 2).
- Valuation methods according to which possible important inputs are not based on observable market data (level 3).

30.09.2012 DKKm	Level 1	Level 2	Level 3	Total
Derivative financial instruments included in the trading portfolio	0	39	0	39
Listed mortgage credit bonds	255	0	0	255
Listed shares	15	0	0	15
Unlisted shares	0	0	32	32
Financial assets measured at fair value via the net profit for the year	**270**	**39**	**32**	**341**
Financial assets used as hedging instruments	**0**	**74**	**0**	**74**
Derivative financial instruments included in the trading portfolio	0	8		
Financial liabilities measured at fair value via the net profit for the year	**0**	**8**	**0**	**8**
Financial liabilities used as hedging instruments	**0**	**54**	**0**	**54**
02.10.2011				
Derivative financial instruments included in the trading portfolio	0	7	0	7
Listed mortgage credit bonds	266	0	0	266
Listed shares	19	0	0	19
Unlisted shares	0	0	30	30
Financial assets measured at fair value via the net profit for the year	**285**	**7**	**30**	**322**
Financial assets used as hedging instruments	**0**	**28**	**0**	**28**
Derivative financial instruments included in the trading portfolio	0	45	0	45
Financial liabilities measured at fair value via the net profit for the year	**0**	**45**	**0**	**45**
Financial liabilities used as hedging instruments	**0**	**59**	**0**	**59**

No material transfers have been carried out between level 1 and level 2 during the financial year.

Financial instruments measured at fair value in the balance sheet on the basis of valuation methods according to which possible important inputs are not based on observable market data (level 3):

DKKm		
Carrying amount as at 2 October 2011	30	34
Market value adjustment	2	0
Gain/loss included in the net profit for the year	6	1
Purchase	0	6
Sale	-6	-11
Carrying amount as at 30 September 2012	**32**	**30**
Gain/loss included in the net profit for the year for assets held as at 30 September 2012	0	0

NOTES

27 Related parties

Leverandørselskabet Danish Crown AmbA has no related parties with a controlling influence.

The company's related parties with a significant influence include members of the Board of Directors and the Executive Board as well as members of their families. Related parties also include enterprises in which such persons have significant interests.

Furthermore, related parties include associates, cf. the group structure, in which the company has a significant influence.

Transactions with related parties
During the financial year, the company has engaged in the following transactions with related parties:

2011/12 DKKm	Jointly controlled enterprises	Associates	Board of Directors of the parent	Executive Board of the parent	Total
Sale of goods	258	65	0	0	323
Purchase of goods	267	19	100	0	386
Sale of services	0	45	0	0	45
Purchase of services	0	172	0	0	172
Salaries and other remuneration	0	0	6	24	30
Interest income (net)	0	0	0	0	0
Trade receivables	13	10	0	0	23
Trade payables	20	53	3	0	76
Dividend received/supplementary payments	34	275	0	0	309
Contributed capital	0	0	10	0	10
2010/11					
Sale of goods	302	31	0	0	333
Purchase of goods	289	17	84	0	390
Sale of services	0	10	0	0	10
Purchase of services	0	142	0	0	142
Salaries and other remuneration	0	0	5	24	29
Interest income (net)	0	3	0	0	3
Trade receivables	94	5	0	0	99
Trade payables	24	26	2	0	52
Dividend received/supplementary payments	24	125	0	0	149
Contributed capital	0	0	8	0	8

Transactions have been conducted at arm's length.

No security or guarantees for balances have been furnished as at the balance sheet date. Both receivables and trade payables will be settled in the form of cash payment. No bad debts in respect of related parties have been realised, and no write-downs for bad debts have been made.

28 Events occurring after the balance sheet date

No material events have occurred after the balance sheet date, apart from the events described in the management's review and the financial review.

NOTES

29 Accounting policies

The 2011/12 consolidated financial statements of Leverandørselskabet Danish Crown AmbA are presented in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for the financial statements of class C enterprises, cf. the Danish Executive Order on IFRS issued in accordance with the Danish Financial Statements Act. Leverandørselskabet Danish Crown AmbA is a cooperative domiciled in Denmark.

The consolidated financial statements are presented in Danish kroner (DKK), which is the presentation currency for the group's activities.

The consolidated financial statements are presented on the basis of historical cost, except for derivative financial instruments and financial assets which are recognised at fair value in the income statement and biological assets which are also measured at fair value.

The accounting policies have not been changed compared to last year as a result of new and changed standards.

Standards and interpretations which have not yet come into effect

At the time of the release of the 2011/12 consolidated financial statements of Leverandørselskabet Danish Crown AmbA, there are a number of new or changed standards and interpretations which have not yet come into effect and which therefore have not been incorporated into the consolidated financial statements. The changes which are expected to have the most material impact on the consolidated financial statements are:

- Implementation of IFRS 11 on joint ventures in 2014/15. It will no longer be possible to consolidate jointly controlled enterprises on a pro rata basis. Instead, such enterprises will be recognised in the income statement and the balance sheet (the equity method). The change does not affect the net profit or loss for the year, the comprehensive income or equity, but will reduce both revenue and total assets. Calculated as at 30 September 2012, the reductions in revenue and total assets are expected to total DKK 2.5 billion and 0.5 billion, respectively.

The management estimates that other changes in standards etc. will not have any significant impact on the consolidated financial statements for the coming financial years.

Consolidated financial statements

The consolidated financial statements comprise Leverandørselskabet Danish Crown AmbA (the parent) and the enterprises (subsidiaries) that are controlled by the parent. The parent is regarded as being in control when it directly or indirectly holds more than 50 per cent of the voting rights or otherwise can exercise or actually exercises a controlling influence.

Enterprises in which the group, directly or indirectly, holds between 20 per cent and 50 per cent of the voting rights and exercises a significant, but not controlling influence are regarded as associates.

Enterprises in which the group directly or indirectly has joint control are regarded as jointly controlled enterprises (joint ventures).

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of Leverandørselskabet Danish Crown AmbA and its subsidiaries. The consolidated financial statements are prepared by combining items of a uniform nature. All financial statements used for consolidation are presented in accordance with the accounting policies of the group.

On consolidation, intercompany income and expenses, intercompany balances and dividends as well as gains and losses on transactions between the consolidated enterprises are eliminated. The tax effect of these eliminations is taken into account.

The items in the financial statements of the subsidiaries are recognised in full in the consolidated financial statements.

Minority interests

On first recognition, minority interests are either measured at fair value or at their proportionate share of the fair value of the identifiable assets, liabilities and contingent liabilities of the acquired enterprise. The choice of method is made for each individual transaction. The minority interests are subsequently regulated for their proportionate share of changes in the subsidiary's equity. The comprehensive income is allocated to the minority interests, even if this may cause the minority interest to become negative.

Acquisition of minority interests in a subsidiary and sale of minority interests in a subsidiary which do not entail a lapse of control are treated in the consolidated financial statements as an equity transaction, and the difference between the remuneration and the carrying amount is allocated to the parent's share of equity.

Any liabilities relating to put options allocated to minority shareholders in subsidiaries are recognised as debt at the present value of the amount falling due upon exercise of the option if the group has an obligation to transfer cash and cash equivalents or other assets. The debt is deducted from equity owned by minority interests, and shares of profit or loss are subsequently not transferred to minority interests. On subsequent balance sheet dates, the financial liability is measured again, and any value adjustments are recognised in net financials in the income statement.

Business combinations

Newly acquired or newly established enterprises are recognised in the consolidated financial statements from the date of acquisition or establishment of such enterprises, respectively. The date of acquisition is the date when control is actually taken of the enterprise. Enterprises divested or wound up are recognised in the consolidated income statement until the date of divestment or winding up of such enterprise, respectively. The date of divestment is the date when control of the enterprise actually passes to a third party.

On acquisition of new enterprises where the group obtains a controlling influence in the acquired enterprise, the purchase method is used according to which the assets, liabilities and contingent liabilities of the newly acquired enterprises are measured at fair value on the date of acquisition. Non-current assets which are acquired with the intention to sell them are, however, measured at fair value less expected selling costs. Restructuring costs are only recognised in the pre-acquisition balance sheet if they constitute an obligation for the acquired enterprise. Allowance is made for the tax effect of restatements.

The purchase price for an enterprise consists of the fair value of the price paid for the acquired enterprise. If the final determination of the price is conditional upon one or more future events, such events are recognised at their fair values at the date of acquisition. Costs which are directly attributable to the acquisition of the enterprise are recognised directly in the income statement when they are incurred.

Positive differences (goodwill) between the purchase price of the acquired enterprise, the value of minority interests in the acquired enterprise and the fair value of previously acquired investments on the one hand, and the fair value of the acquired assets, liabilities and contingent liabilities on the other are recognised as an asset under intangible assets and tested for impairment at least once a year. If the carrying amount of the asset exceeds its recoverable amount, it is impaired to the lower recoverable amount.

If, on the date of acquisition, there is uncertainty as to the identification or measurement of acquired assets, liabilities or contingent liabilities or the determination of the purchase price, initial recognition takes place on the basis of preliminarily calculated amounts. The preliminarily calculated amounts can be adjusted or additional assets or liabilities can be recognised until 12 months after the acquisition, provided that new information has come to light regarding matters existing at the date of acquisition which would have affected the calculation of the amounts at the date of acquisition, had such information been known.

Changes in estimates of conditional purchase prices are, as a general rule, recognised directly in the income statement.

In connection with the transition to IFRS, business combinations completed before 30 September 2002 are not restated to the above-mentioned accounting policies. The carrying amount as at 30 September 2002 of goodwill relating to business combinations completed before 30 September 2002 is regarded as the cost of the goodwill.

Gains or losses on the divestment or winding up of subsidiaries and associates

Gains or losses on the divestment or winding up of subsidiaries and associates which entail a lapse of control or significant influence, respectively, are calculated as the difference between the fair value of the sales proceeds or the divestment consideration and the fair value of any remaining equity investments on the one hand, and the carrying amount of the net assets at the date of divestment or winding up, including goodwill, less minority interests

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29 Accounting policies (continued)

(if any) on the other. The gain or loss thus calculated is recognised in the income statement together with the accumulated foreign currency translation adjustments that are recognised in other comprehensive income.

In connection with the divestment of ownership interests in associates and jointly controlled enterprises which are fully or partly paid for by ownership interests in the acquiring company, meaning that significant influence still exists after the transaction, a specific assessment is made of the transaction. If the transaction has commercial substance, i.e. if the divestment significantly affects the future cash flows from the ownership interests in terms of risks, timing and size, the gain or loss is recognised without proportionate elimination.

Foreign currency translation

On initial recognition, transactions in currencies other than the functional currency of the individual enterprise are translated at the exchange rates applicable at the transaction date. Receivables, payables and other monetary items in foreign currencies which have not been settled at the balance sheet date are translated using the exchange rates applicable at the balance sheet date. Exchange rate differences arising between the transaction date and the payment date and the balance sheet date, respectively, are recognised in the income statement as net financials.

Property, plant and equipment and intangible assets, inventories and other non-monetary assets acquired in foreign currencies and measured on the basis of historical cost are translated using the exchange rates applicable at the transaction date. Non-monetary items which are revalued to fair value are recognised using the exchange rates applicable at the date of revaluation.

When recognising enterprises reporting in a functional currency other than Danish kroner (DKK) in the consolidated financial statements, the income statements are translated using average exchange rates unless these deviate significantly from the actual exchange rates applicable at the transaction dates. In the latter case, the actual exchange rates are used. Balance sheet items are translated using the exchange rates applicable at the balance sheet date. Goodwill is regarded as belonging to the enterprise acquired and is translated using the exchange rates applicable at the balance sheet date.

Exchange rate differences arising from the translation of the balance sheet items of foreign enterprises at the beginning of the year using the exchange rates applicable at the balance sheet date and from the translation of income statements from average exchange rates using the exchange rates applicable at the balance sheet date are recognised directly in other comprehensive income. Similarly, exchange rate differences arising as a result of changes made directly in the equity of the foreign enterprise are also recognised in other comprehensive income.

Translation adjustments of receivables from or payables to subsidiaries which are considered part of the parent's total investment in the subsidiary in question are recognised in other comprehensive income in the consolidated financial statements.

Derivative financial instruments

On initial recognition, derivative financial instruments are measured at fair value at the settlement date.

After initial recognition, the derivative financial instruments are measured at fair value at the balance sheet date. Positive and negative fair values of derivative financial instruments are included in other receivables and other payables, respectively.

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

Changes in the fair value of derivative financial instruments classified as and meeting the requirements for effective hedging of future transactions are recognised in other comprehensive income. The ineffective part is promptly recognised in the income statement. When the hedged transactions are completed, the accumulated changes are recognised as part of the cost of the transactions in question.

Derivative financial instruments which do not meet the requirements for treatment as hedging instruments are regarded as trading portfolios and measured at fair value with ongoing recognition of fair value adjustments under net financials in the income statement.

True sale and repurchase transactions (repo transactions) involving bonds are recognised as gross figures and measured as loans against security in bonds, unless an agreement on cash settlement has been made with the other party.

Income taxes

Tax for the year, which comprises current tax for the year and changes in deferred tax, is recognised in the income statement with the portion attributable to the net profit or loss for the year and directly in equity or other comprehensive income with the portion attributable to items directly in equity and other comprehensive income, respectively.

Current tax liabilities and current tax receivable are recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax paid on account.

The tax rates and rules applicable at the balance sheet date are used to compute the current tax for the year.

Deferred tax is recognised according to the balance-sheet liability method on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities, except for deferred tax on temporary differences arisen either on initial recognition of goodwill or on initial recognition of a transaction which is not a business combination, and where the temporary difference ascertained at the time of initial recognition neither affects the carrying amount nor the taxable income.

Deferred tax is recognised on temporary differences related to equity investments in subsidiaries and associates, unless the parent is able to control when the deferred tax is realised and it is likely that the deferred tax will not crystallise as current tax within a foreseeable future.

The deferred tax is calculated on the basis of the planned use of the individual asset and settlement of the individual liability, respectively.

Deferred tax assets, including the tax value of tax losses to be carried forward, are recognised in the balance sheet at the value at which the asset is expected to be realised, either through offsetting against deferred tax liabilities or as net tax assets for offsetting against future positive taxable incomes. At each balance sheet date, it is estimated whether it is likely that sufficient taxable income will be generated in future to enable utilisation of the deferred tax asset.

Non-current assets held for sale

Non-current assets and groups of assets held for sale are presented separately as current assets in the balance sheet. Liabilities directly related to the assets in question are presented as current liabilities in the balance sheet.

Non-current assets held for sale are not depreciated but impaired to the lower of fair value less expected selling costs and carrying amount.

Income statement and statement of comprehensive income

Revenue

Revenue from the sale of goods for resale and finished goods is recognised in results when delivery has taken place and risk has passed to the buyer. Revenue comprises the invoiced sales plus export refunds and less any commission paid to agents.

Revenue is calculated exclusive of VAT and the like, which is charged on behalf of a third party, and discounts.

Production costs

Production costs comprises costs incurred to earn revenue. In production costs, the trading companies include cost of sales and the manufacturing companies include costs relating to raw materials, including purchases from cooperative members, consumables, production staff as well as maintenance, depreciation and amortisation of and impairment losses on the property, plant and equipment and intangible assets used in the production process. The purchase of animals for slaughter from cooperative members is recognised at the current quoted price for the year and, consequently, does not include any share of supplementary payments, which is treated as dividend.

Distribution costs

Distribution costs comprise costs incurred for the distribution of goods sold and for sales campaigns, including costs for sales and distribution staff, advertising costs as well as depreciation and amortisation of and impairment losses on the property, plant and equipment and intangible assets used in the distribution process.

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Administrative expenses
Administrative expenses comprise costs incurred for the management and administration of the group, including costs for the administrative staff and the management as well as office expenses and depreciation and amortisation of and impairment losses on the property, plant and equipment and intangible assets used in the administration of the group.

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.

Government grants
Government grants are recognised when there is reasonable certainty that the conditions for receiving a grant have been met, and the grant will be received.

Government grants received to cover costs incurred are recognised proportionately in the income statement over the periods in which the related costs are recognised in the income statement. The grants are offset against the costs incurred.

Government grants related to an asset are deducted from the cost of the asset.

Net financials
Net financials comprise interest income and expenses, the interest portion of finance lease payments, realised and unrealised capital gains and losses on securities, debt and transactions in foreign currencies, amortisation premiums/deductions concerning mortgage debt etc. as well as surcharges and allowances under the Danish Tax Prepayment Scheme (Acontoskatteordningen).

Interest income and interest expenses are accrued on the basis of the principal amount and the effective rate of interest. The effective rate of interest is the discount rate used to discount the expected future payments which are related to the financial asset or the financial liability in order for the present value of these to correspond to the carrying amount of the asset and the liability, respectively.

Dividend from equity investments is recognised when a definitive right to the dividend has been obtained. This typically takes place when the general meeting approves the distribution of dividend from the enterprise concerned.

Balance sheet

Goodwill
On initial recognition, goodwill is recognised and measured as the difference between the cost of the enterprise acquired, the value of minority interests in the enterprise acquired and the fair value of previously acquired equity investments on the one hand, and the fair value of the assets, liabilities and contingent liabilities acquired on the other as described in the consolidated financial statements section.

On recognition of goodwill, the goodwill amount is distributed onto those of the group's activities that generate independent payments (cash-generating units). The determination of cash-generating units follows the management structure and internal management control and reporting in the group.

Goodwill is not amortised, but is tested for impairment at least once a year as described below.

Other intangible assets
Intellectual property rights acquired in the form of patents and licences are measured at cost less accumulated amortisation and impairment losses. Patents are amortised on a straight-line basis over the remaining patent period, and licences are amortised over the agreement period. If the actual useful life is shorter than the time to maturity and the agreement period, the asset is amortised over the shorter useful life.

Straight-line amortisation is carried out based on the following assessment of the expected useful lives of the assets:

Trademarks with an indeterminable useful life are not amortised, but are tested for impairment at least once a year as described below.

Software
5 years

Intellectual property rights acquired are impaired to a lower recoverable amount, if any, as described in the section on impairment below.

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

Cost comprises the acquisition price, costs directly related to the acquisition and the costs of preparing the asset up until such time as the asset is ready for use. For self-constructed assets, cost comprises costs directly attributable to the construction of the asset, including 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 construction of property, plant and equipment are included in cost if they relate to the construction period. Other loan costs are recognised in the income statement.

If the acquisition or use of the asset requires the group to incur costs for the demolition or re-establishment of the asset, the estimated costs of such measures are recognised as a provision and a part of the cost of the asset concerned, respectively.

The basis of depreciation is the cost of the asset less the residual value. The residual value is the expected amount that could be obtained if the asset was sold today less selling costs if the asset already had the age and was in the condition that the asset is expected to be in at the end of its useful life. The cost of a combined asset is split into smaller parts which are depreciated separately if the useful lives differ.

Straight-line depreciation is carried out based on the following assessment of the expected useful lives of the assets:

Land
Is not depreciated

Buildings
20-40 years

Special installations
10-20 years

Plant and machinery
10 years

Technical plant
5-10 years

Other plant, tools and equipment
3-5 years

Depreciation methods, useful lives and residual values are subject to an annual reassessment.

Property, plant and equipment are impaired to the lower of recoverable amount and carrying amount as described in the section on impairment below.

Impairment of property, plant and equipment and intangible assets
The carrying amounts of property, plant and equipment and intangible assets with determinable useful lives are reviewed at the balance sheet date to determine if there are any indications of impairment. If this is the case, the recoverable amount of the asset is calculated to determine the need for and scope of impairment.

The recoverable amounts of goodwill and trademarks are calculated annually, whether there are any indications of impairment or not.

If the asset does not generate cash independently of other assets, the recoverable amount is calculated for the smallest cash-generating unit in which the asset is included.

The recoverable amount is calculated as the highest value of the fair value of the asset and the cash-generating unit, respectively, less selling costs and the value in use. When the value in use is calculated, estimated future cash flows are discounted to the present value by using a discount rate which reflects partly the current market assessments of the temporal value of money and partly the special risks which are associated with the asset and the cash-generating unit, respectively, and for which no adjustment has been made in the estimated future cash flows.

NOTES

29 Accounting policies (continued)

If the recoverable amount of the asset and the cash-generating unit is lower than the carrying amount, the carrying amount is impaired to the recoverable amount. For cash-generating units, the impairment is distributed such that goodwill amounts are impaired first and then any remaining impairment need is distributed onto the other assets in the unit as the individual asset is not, however, impaired to a value which is lower than its fair value less expected selling costs.

Impairment is recognised in results. In any subsequent reversals of impairment resulting from changes in the conditions for the calculated recoverable amount, the carrying amount of the asset and the cash-generating unit is raised to the corrected recoverable amount, but not to more than the carrying amount which the asset or the cash-generating unit would have had, had there been no impairment. Impairment of goodwill is not reversed.

Equity investments in associates
Equity investments in associates are recognised and measured according to the equity method. This means that equity investments are measured at the proportionate share of the enterprises' equity value, calculated according to the group's accounting policies less or plus proportionate internal gains and losses and plus the carrying amount of goodwill.

The proportionate share of the enterprises' net profit or loss and elimination of unrealised proportionate internal gains and losses and less any impairment of goodwill is recognised in the income statement. The proportionate share of all transactions and events that are recognised in other comprehensive income in the associate is recognised in other comprehensive income of the group.

Equity investments in associates with a negative carrying amount are measured at DKK 0. Receivables and other non-current financial assets which are regarded as being a part of the overall investment in the associate are impaired by any remaining negative equity value. Trade receivables and other receivables are written down only if they are deemed to be irrecoverable.

A provision is recognised solely to hedge the remaining negative equity value if the group has a legal or actual obligation to hedge the liabilities of the enterprise in question.

The purchase method is used for the acquisition of equity investments in associates as described in the above section on the consolidated financial statements.

Equity investments in jointly controlled enterprises
Equity investments in jointly controlled enterprises (joint ventures) are consolidated on a pro rata basis line by line with the group's proportionate share of income, expenses, assets and liabilities as well as cash flows when combined with similar items in the consolidated financial statements. Amounts consolidated on a pro rata basis are disclosed in note 11.

The purchase method is used for the acquisition of equity investments in jointly controlled enterprises as described in the above section on the consolidated financial statements. Goodwill concerning jointly controlled enterprises is treated in accordance with the group's practice for the acquisition of enterprises as described above.

A proportionate elimination is carried out of unrealised internal gains and losses as well as internal receivables and debt.

Inventories
Inventories are measured at the lower of cost using the FIFO method and net realisable value. The cost of goods for resale, raw materials and consumables comprises the purchase price plus landing costs. The cost of manufactured goods and work in progress comprises costs of raw materials, consumables and direct labour costs as well as fixed and variable production overheads.

Variable production overheads comprise indirect materials and labour and is distributed on the basis of estimates of the goods actually produced. Fixed production overheads comprise costs relating to maintenance and depreciation of the machinery, factory buildings and equipment used in the production process as well as general costs for factory administration and management. Fixed production costs are distributed on the basis of the normal capacity of the technical plant.

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

Biological assets
Biological assets, which for the Danish Crown group means live animals, are measured at fair value if there is an active market, less expected selling costs or cost. Animals producing animals for slaughter (sows, boars etc.) are measured at cost less costs relating to the impairment that arises due to the animals' age. As animals producing animals for slaughter are not traded, there is no market price.

Receivables
Receivables comprise trade receivables and other receivables.

On initial recognition, receivables are measured at fair value and subsequently at amortised cost, which usually corresponds to the nominal value less write-downs for bad debts.

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

Other securities and equity investments
Securities recognised under current assets comprise mainly listed bonds and equity investments which are measured at fair value (market price) at the balance sheet date. Changes in the fair value are recognised in the income statement under net financials.

Supplementary payments
Supplementary payments are recognised as a payable at the time of adoption at the meeting of the Board of Representatives.

Pension obligations etc.
Under the defined-contribution plans, the company makes regular, defined contributions to independent pension companies and the like. The contributions are recognised in the income statement in the period in which the employees have performed the work entitling them to the pension contribution. Payments due are recognised in the balance sheet as a liability.

Under the defined-benefit plans, the group is required to pay a defined benefit in connection with the comprised employees retiring, for example a fixed amount or a percentage of their maximum pay.

Under the defined-benefit plans, an actuarial specification is made of the value in use of the future benefits to which the employees have become entitled by way of their previous employment in the group, and which will have to be paid under the plan. The projected unit credit method is used to determine the value in use. The value in use is calculated on the basis of market assumptions of the future development in pay levels, interest rates, inflation, mortality and disability, among other things.

The value in use of the pension obligations less the fair value of any assets related to the plan is recognised in the balance sheet under pension assets and pension obligations, respectively, depending on whether the net amount constitutes an asset or a liability, cf. below.

In the event of changes in the assumptions concerning the discount rate, inflation, mortality and disability or differences between the expected and realised return on pension assets, actuarial gains or losses will occur. Such gains and losses are recognised in other comprehensive income.

If the pension plan constitutes a net asset, the asset is recognised only if it equals the present value of any repayments from the plan or reductions in future contributions to the plan.

In the event of changes in the benefits that concern the employees' previous employment in the group, a change will occur in the actuarially calculated value in use which is regarded as pension costs for previous financial years. If the comprised employees have already obtained a right to the changed benefit, the change is promptly recognised in the income statement. If not, the change is recognised in the income statement over the period in which the employees obtain a right to the changed benefit.

Provisions
Provisions are recognised when the group has a legal or actual obligation resulting from events in the financial year or previous years, and it is likely that fulfilling the obligation will draw on the group's financial resources.

Provisions are measured as the best estimate of the costs necessary to settle the liabilities at the balance sheet date.

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Provisions falling due more than one year after the balance sheet date are measured at present value.

For goods sold that are subject to a right of return, provisions are made to cover the profit on those goods which are expected to be returned and any costs relating to the returns. For planned restructurings of the group's activities, provisions are made only for obligations concerning restructurings which were decided at the balance sheet date.

Insurance provisions
Insurance provisions comprise claims outstanding provisions, primarily concerning occupational injuries, and constitute the amount which, at the end of the financial year, is provided to cover subsequent payments for insurance events already occurred as well as direct and indirect costs in connection with the settlement of the claims.

Mortgage debt
Mortgage debt is measured at fair value at the time of arrangement of the loan less any transaction costs. Mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds from the borrowing and the amount which must be repaid is recognised in the income statement over the term of the loan as a financial expense using the effective interest method.

Lease commitments
Lease commitments concerning assets held under finance leases are recognised in the balance sheet as debt and measured at the time when the contract is concluded, at the lower of the fair value of the leased asset and the present value of the future lease payments. On initial recognition, lease commitments are measured at amortised cost. The difference between the present value and the nominal value of the lease payments is recognised as a financial expense in the income statement over the term of the contracts.

Lease payments concerning operating leases are recognised on a straight-line basis in the results over the lease period.

Other financial liabilities
Other financial liabilities comprise a subordinate loan, bank debt, trade payables and other payables to public authorities etc.

On initial recognition, other financial liabilities are measured at fair value less any transaction costs. The liabilities are subsequently measured at amortised cost using the effective interest method so that the difference between the proceeds and the nominal value is recognised as a financial expense in the income statement over the loan period.

Deferred income
Deferred income under liabilities comprises income received in respect of subsequent financial years. Deferred income is measured at cost.

Cash flow statement

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

The effect on cash flow of acquisition and divestment of enterprises is recognised separately under cash flows from investing activities. In the cash flow statement, cash flows relating to acquired enterprises are recognised as from the date of acquisition, and cash flows relating to divested enterprises are recognised until the date of divestment.

Cash flows from operating activities are presented according to the indirect method and are calculated as the operating profit or loss, adjusted for non-cash operating items, changes in working capital as well as financial income, financial expenses and income taxes paid.

Cash flows from investing activities comprise payments in connection with the acquisition and divestment of enterprises and financial assets as well as the purchase, development, improvement and sale etc. of intangible assets and property, plant and equipment. Furthermore, cash flows from assets held under finance leases are recognised in the form of lease payments made.

Cash flows from financing activities comprise changes to the parent's capital and costs relating thereto as well as the arrangement and repayment of borrowings, repayment of interest-bearing debt and disbursement of supplementary payments.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less any overdraft facilities that form an integral part of the cash management.

Segment information

The group is not listed on the stock exchange, and no segment information is disclosed according to IFRS.

In note 2, information is provided on revenue in Denmark and internationally and by business sector. However, this does not represent segment information in accordance with IFRS 8.

CONTENTS – PARENT

INCOME STATEMENT

3 October 2011 - 30 September 2012

DKKm	Note	Parent 2011/12	Parent 2010/11
Revenue	1	**16,271**	**15,067**
Production costs		-15,517	-14,602
Gross profit		**754**	**465**
Administrative expenses	2	-61	-36
Operating profit (EBIT)		**693**	**429**
Income from equity investments in subsidiaries	6	384	815
Income from equity investments in associates	6	141	115
Financial income	3	339	365
Financial expenses	4	-50	-79
Profit before tax		**1,507**	**1,645**
Tax on profit for the year	5	-18	-1
Net profit for the year		**1,489**	**1,644**

Proposed distribution of profit	
For distribution	
Net profit for the year	1,489
Total amount available for distribution	**1,489**
To be distributed as follows:	
Transferred to proposed supplementary payments for the year	
Pig-producing members 1,242,222,734 kg of DKK 0.90	1,118
Sow-producing members 57,796,771 kg of DKK 0.80	46
Cattle-producing members 72,965,605 kg of DKK 1.50	110
Total proposed supplementary payments	**1,274**
Transferred to equity	
Transferred to net revaluation reserve	0
Transferred to other reserves	215
Transferred to equity, total	**215**
Available for distribution, total	**1,489**

BALANCE SHEET – ASSETS

30 September 2012

		Parent	
DKKm	**Note**	**30.09.2012**	**02.10.2011**
Non-current assets			
Financial assets			
Equity investments in subsidiaries		1,530	1,990
Receivables from subsidiaries		3,096	3,096
Equity investments in associates		94	124
Total financial assets	6	**4,720**	**5,210**
Total non-current assets		**4,720**	**5,210**
Current assets			
Receivables			
Receivables from contract work and prepayments for cooperative members		398	370
Receivables from subsidiaries		112	168
Other receivables		1	1
Prepayments		0	0
Total receivables		**511**	**539**
Cash		**501**	**482**
Total current assets		**1,012**	**1,021**
Total assets		**5,732**	**6,231**

BALANCE SHEET – EQUITY AND LIABILITIES

30 September 2012

DKKm	Note	Parent 30.09.2012	Parent 02.10.2011
Equity			
Contributed capital		1,576	1,604
Reserve for net revaluation of equity investments		0	0
Other reserves		2,329	1,944
Proposed supplementary payments for the year		1,274	1,394
Total equity		**5,179**	**4,942**
Provisions			
Other provisions		26	0
Total provisions		**26**	**0**
Liabilities			
Non-current liabilities			
Subordinate loans		449	998
Total non-current liabilities	7	**449**	**998**
Current liabilities			
Credit institutions		0	0
Trade payables		47	41
Payables to subsidiaries		4	197
Other payables		27	53
Total current liabilities		**78**	**291**
Total liabilities		**527**	**1,289**
Total equity and liabilities		**5,732**	**6,231**
Contingent liabilities etc.	8		
Cooperative members' liability	9		
Related parties	10		

STATEMENT OF CHANGES IN EQUITY

30 September 2012

	Parent				
DKKm	Contributed capital	Reserve for net revaluation of equity investments	Other reserves	Proposed supplementary payments for the year	Total
Equity as at 3 October 2010	**1,650**	**0**	**1,724**	**1,316**	**4,690**
Payments and disbursements for the year	-46	0	3	-1,316	-1,359
Foreign currency translation adjustments, foreign enterprises	0	-60	0	0	-60
Other adjustments	0	27	0	0	27
Net profit for the year	0	9	241	1,394	1,644
Transfer	0	24	-24	0	0
Equity as at 2 October 2011	**1,604**	**0**	**1,944**	**1,394**	**4,942**
Payments and disbursements for the year	-28	0	0	-1,394	-1,422
Foreign currency translation adjustments, foreign enterprises	0	184	0	0	184
Other adjustments	0	-14	0	0	-14
Net profit for the year	0	0	215	1,274	1,489
Transfer	0	-170	170	0	0
Equity as at 30 September 2012	**1,576**	**0**	**2,329**	**1,274**	**5,179**

CONTENTS NOTES – PARENT

NOTES

1 Revenue

DKKm	2011/12	2010/11
Distribution by market:		
Denmark	16,271	15,067
International	0	0
	16,271	**15,067**
Distribution by sector:		
DC Pork	14,623	13,521
DC Beef	1,648	1,546
	16,271	**15,067**

2 Staff costs

Wages and salaries	17	17
Pensions	1	1
Other social security costs	0	1
	18	**19**
Staff costs are distributed as follows:	18	19
Administrative expenses	**18**	**19**
Of which:		
Remuneration for the parent's Board of Directors	1	0
Remuneration for the parent's Board of Representatives	4	5
Remuneration for the parent's Executive Board	0	0
	5	**5**
Average no. of employees	33	34

3 Financial income

Subsidiaries	327	313
Other interest	12	52
	339	**365**

4 Financial expenses

Subsidiaries	0	2
Other interest	50	77
	50	**79**

5 Tax on profit for the year

Calculated tax on profit for the year	10	2
Adjustment concerning previous years	8	-1
	18	**1**

NOTES

6 Financial assets

DKKm	Equity investments in subsidiaries	Receivables from subsidiaries	Equity investments in associates and jointly controlled enterprises	Total financial assets
Cost as at 3 October 2011	3,478	3,096	48	6,622
Foreign currency translation adjustments	0	0	0	0
Addition	0	0	0	0
Disposal	0	0	0	0
Cost as at 30 September 2012	**3,478**	**3,096**	**48**	**6,622**
Value adjustments as at 3 October 2011	-1,488	0	76	-1,412
Foreign currency translation adjustments	184	0	0	184
Share of results	384	0	141	525
Distribution during the year	-1,015	0	-171	-1,186
Disposal	0	0	0	0
Other adjustments	-13	0	0	-13
Value adjustments as at 30 September 2012	**-1,948**	**0**	**46**	**-1,902**
Carrying amount as at 30 September 2012	**1,530**	**3,096**	**94**	**4,720**
Cost as at 4 October 2010	3,478	4,196	48	7,722
Foreign currency translation adjustments	0	0	0	0
Addition	0	0	0	0
Disposal	0	-1,100	0	-1,100
Cost as at 2 October 2011	**3,478**	**3,096**	**48**	**6,622**
Value adjustments as at 4 October 2010	-2,270	0	66	-2,204
Foreign currency translation adjustments	-60	0	0	-60
Share of results	815	0	115	930
Distribution during the year	0	0	-105	-105
Disposal	0	0	0	0
Other adjustments	27	0	0	27
Value adjustments as at 2 October 2011	**-1,488**	**0**	**76**	**-1,412**
Carrying amount as at 2 October 2011	**1,990**	**3,096**	**124**	**5,210**

7 Non-current liabilities

The loans can be specified by maturity as follows:

30.09.2012 DKKm	Due within 1 year	Due between 1 and 5 years	Due after 5 years	Total
Subordinate loans	0	449	0	449
	0	**449**	**0**	**449**
02.10.2011				
Subordinate loans	0	998	0	998
	0	**998**	**0**	**998**

The parent has arranged a subordinate loan totalling DKK 450.0 million, excluding borrowing costs, which falls due in 2014. The loan carries a fixed interest rate of 6.375 per cent. The company is entitled to extend the loan until 2017.

The subordinate loan ranks after other creditors.

NOTES

8 Contingent liabilities etc.

DKKm	30.09.2012	02.10.2011
Guarantees to subsidiaries, maximum	15,864	15,711
Guarantees to subsidiaries, used	10,512	9,559
Guarantee commitments to the EU directorate	2	20
Repayment obligations	0	0

9 Cooperative members' liability

The cooperative members are personally, jointly and severally liable for the liabilities of the parent. Liability for each cooperative member is calculated on the basis of the supplies from the members and cannot exceed DKK 25,000.

No. of cooperative members	9,031	9,577
Total liability	226	239

10 Related parties

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

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

11 Accounting policies

The financial statements of the parent (Leverandørselskabet Danish Crown AmbA) are presented in accordance with the provisions of the Danish Financial Statements Act (årsregnskabsloven) concerning the reporting of class C enterprises.

The financial statements have been presented in accordance with the accounting policies applied last year.

The parent generally uses the same accounting policies for recognition and measurement as the group. Those cases where the parent's accounting policies deviate from those of the group are described below.

Intercompany company transfers
In connection with intercompany company transfers, the pooling-of-interest method is used, according to which assets and liabilities are transferred to carrying amounts at the beginning of the financial year. The difference between the price paid and the carrying amount of the transferred assets and liabilities is recognised in the equity of the acquiring enterprise.

The comparative figures are restated to show the enterprises as if they had been combined for the entire period during which they have been under joint control.

Foreign currency translation adjustments
Foreign currency translation adjustments of receivables from or payables to subsidiaries which are considered part of the parent's total investment in the subsidiary in question are recognised in the income statement under net financials. The foreign currency translation adjustments are recognised in other comprehensive income in the consolidated financial statements.

Intangible assets
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. Goodwill is not amortised in the consolidated financial statements under IFRS.

Property, plant and equipment
For self-constructed assets, cost comprises direct and indirect costs relating to materials, components, subsuppliers and labour. Under IFRS, indirect costs cannot be recognised in self-constructed assets.

Depreciation is carried out on a straight-line basis over the useful lives of the assets to the expected residual value. According to the provisions in IFRS, the residual value must be reassessed on an annual basis. In the financial statements of the parent, the residual value is determined on the date of entry into service and is generally not subsequently adjusted.

Equity investments in group enterprises and jointly controlled enterprises
Equity investments in group enterprises are measured according to the equity method.

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

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

Equity investments in jointly controlled enterprises are recognised and measured in the parent according to the equity method as described under 'Equity investments in associates' in the description of accounting policies for the consolidated financial statements (note 29).

Pension obligations
Annual pension costs are recognised in the income statement based on the actuarial estimates and financial outlook at the beginning of the year. Differences between the expected development in pension assets and commitments and the realised values calculated at the end of the year are known as actuarial gains or losses and are also recognised in the income statement. In the consolidated financial statements under IFRS, actuarial gains and losses are recognised in other comprehensive income.

Cash flow statement
The consolidated financial statements contain a cash flow statement for the group as a whole, and a separate statement for the parent is therefore not included as per the exemption clause in Section 86 of the Danish Financial Statements Act.

GROUP STRUCTURE

Company name		Direct ownership interest in %
Leverandørselskabet Danish Crown AmbA	**Denmark**	
Danish Crown A/S	**Denmark**	**100.0**
Tulip Food Company A/S	**Denmark**	**100.0**
Tulip Norge AS	*Norway*	*100.0*
*Tulip Food Company GmbH**)*	*Germany*	*100.0*
*Best Holding GmbH**)*	*Germany*	*100.0*
*Tulip Food Service GmbH**)*	*Germany*	*100.0*
*Tulip Fleischwaren Oldenburg GmbH**)*	*Germany*	*100.0*
Tulip Food Company France S.A.	*France*	*100.0*
Tulip Food Company AB	*Sweden*	*100.0*
Pölsemannen AB	*Sweden*	*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 International (UK) Ltd	**UK**	**100.0**
Tulip Ltd	*UK*	*100.0*
Parkam Foods Ltd	*UK*	*100.0*
Tranfoods Ltd	*UK*	*100.0*
Trophy Foods Ltd	*UK*	*100.0*
Freshway Chilled Foods Ltd	*UK*	*100.0*
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 Holland B.V.	*The Netherlands*	*100.0*
ESS-FOOD Hungary KFT	*Hungary*	*100.0*
ESS-FOOD BALKAN DOOEL export-import Skopje	*Macedonia*	*100.0*
ESS-FOOD Hong Kong Ltd	*Hong Kong*	*100.0*
ESS-FOOD (Shanghai) Trading Co. Ltd	*China*	*100.0*
ESS-FOOD Brazil Servicos de Consultoria Ltda	*Brazil*	*100.0*
Danish Crown Holding GmbH)**	**Germany**	**100.0**
Danish Crown GmbH),**)*	*Germany*	*90.0*
*Danish Crown Fleisch GmbH**)*	*Germany*	*100.0*
*Danish Crown Logistik 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*	*90.0*

Company name		Direct ownership interest in %
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 Food AB	*Sweden*	*100.0*
Friland J. Hansen GmbH	*Germany*	*100.0*
Friland Polska Sp. z o.o.	*Poland*	*100.0*
DAT-Schaub A/S	**Denmark**	**90.0**
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*
Arne B. Corneliussen AS	*Norway*	*100.0*
Oy DAT-Schaub Finland Ab	*Finland*	*100.0*
Thomeko Oy	*Finland*	*82.5*
Thomeko Eesti OÛ	*Estonia*	*100.0*
DAT-Schaub AB	*Sweden*	*100.0*
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 Verwaltungs GmbH	*Germany*	*50.0*
CKW Pharma-Extrakt GmbH & Co. KG	*Germany*	*100.0*
DAT-Schaub Holdings Inc.	*USA*	*100.0*
Taizhou CAI Food Co.	*China*	*37.5*
Casing Associates LLC	*USA*	*50.0*
American Runner LLC	*USA*	*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*
Trunet Packing Services Ltd	*UK*	*50.0*
Oriental Sino Limited	*Hong Kong*	*45.0*
Yancheng Lianyi Casing Products Co. Ltd	*China*	*73.3*
Jiangsu Chongan Plastic Manufacturing Co. Ltd	*China*	*58.8*
Yancheng Xinyu Food Products Ltd	*China*	*73.3*
Yancheng Huawei Food Products Ltd	*China*	*73.3*
Waikiwi Casings Ltd	*New Zealand*	*100.0*
DAT-Schaub New Zealand Ltd	*New Zealand*	*100.0*

Company name		Direct ownership interest in %
Other subsidiaries in Danish Crown A/S		
Scan-Hide A.m.b.a.*)	Denmark	43.9
Kontrolhudar International AB	*Sweden*	*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
Aktieselskabet DC af 1. oktober 2010	Denmark	100.0
Plumrose USA Inc.	USA	100.0
Danish Crown USA Inc.	USA	100.0
Danish Crown UK Limited	UK	100.0
Danish Crown GmbH *),**)	Germany	10.0
Danish Crown Schlachtzentrum Nordfriesland GmbH *),**)	Germany	10.0
Scan-Hide A.m.b.a.)*	*Denmark*	*13.1*
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
Danish CR Foods 05, S.A.	Spain	100.0
Danish Crown France S.A.S.	France	100.0
Danish Crown Division Porc S.A.S.	*France*	*100.0*
SCI E.F. Immobilier Orléans	France	100.0
SCI RP Bernay	*France*	*85.0*
DC Trading Co., Ltd	Japan	100.0
Danish Crown AmbA, Korean Liaison Office (branch)	Korea	100.0
Danish Crown K-Pack AB	Sweden	100.0
KLS Ugglarps AB	Sweden	100.0
Scan-Hide A.m.b.a.)*	*Denmark*	*8.2*
Team Ugglarp AB	*Sweden*	*51.0*
Scan-Hide A.m.b.a.)*	*Denmark*	*10.4*

Company name		Direct ownership interest in %
Associates		
Daka Denmark A/S	Denmark	42.9
Andelsselskabet af 2. juli 2012 in liquidation	Denmark	48.2
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
A/S Hatting-KS ◊),*)	Denmark	91.9
Hatting-Vet ApS	*Denmark*	*100.0*
Schweine-Besamungsstation NORT GmbH	*Germany*	*100.0*
Schweine-Besamungsstation NORT-OST GmbH	*Germany*	*100.0*
Svineslagteriernes Varemærkeselskab ApS ◊),*)	Denmark	91.9
Jointly controlled enterprises		
Saturn Nordic Holding AB	Sweden	50.0
Sokołów S.A.	*Poland*	*100.0*
Sokołów-Logistyka Sp. Z o.o.	*Poland*	*100.0*
Agro Sokołów Sp. Z o.o.	*Poland*	*100.0*
Sokołów-Services Sp. Z o.o.	*Poland*	*100.0*
Marka Sokołów-Service Sp. Z o.o.	*Poland*	*100.0*
Agro Sokołów F1 Sp. Z o.o.	*Poland*	*100.0*

*) Appears several times in the group structure.

**) The following enterprises, which are included in the consolidated financial statements, have exercised their right of exemption under Section 264(3) of the German Handelsgesetzbuch (HGB): Danish Crown Holding GmbH, Danish Crown GmbH, Danish Crown Fleisch GmbH, Danish Crown Logistik GmbH, Oldenburger Convenience GmbH, Danish Crown Schlachtzentrum Nordfriesland GmbH, Husum, Tulip Food Company GmbH, Best Holding GmbH, Tulip Food Service GmbH, Tulip Fleischwaren Oldenburg GmbH.

◊) Due to sections of the Articles of Association requiring that important decisions have to be unanimous, the group does not have control despite an ownership interest of more than 50 per cent.

Indentation indicates relation to subsidiary.
Bold = parents in subgroups.
Italics = sub-subsidiaries etc.

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