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INVESTMENTS IN THE FUTURE ENSURE EARNINGS AND GROWTH IN THE GROUP


21m
SLAUGHTERINGS

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CONSOLIDATED FINANCIAL STATEMENTS AND FINANCIAL STATEMENTS

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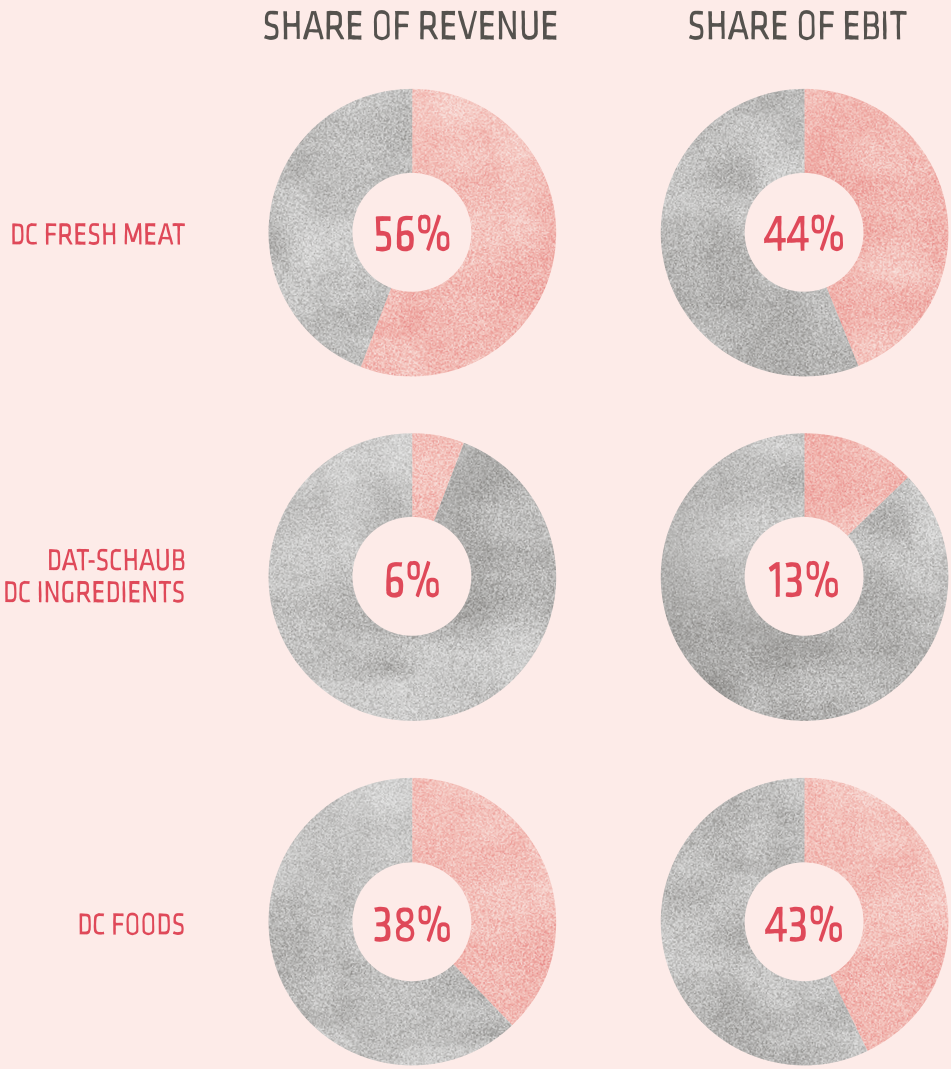
GROUP STRUCTURE

GROUP BUSINESS AREAS



DANISH CROWN GROUP

Group CEO Kjeld Johannesen

Revenue (mDKK)	EBIT (mDKK)	EBIT in %	Employees
58,029	1,995	3.4	25,984

DC FRESH MEAT

Slaughtering activities and sale of pork and beef-related raw materials

CEO DC Fresh Meat Kjeld Johannesen

Revenue (mDKK)	EBIT (mDKK)	EBIT in %	Employees
32,642	889	2.7	8,121

DAT-SCHAUB – DC INGREDIENTS

Production and sale of natural and artificial casings, ingredients and packaging

CEO DAT-Schaub Jan Roelsgaard

Revenue (mDKK)	EBIT (mDKK)	EBIT in %	Employees
3,355	275	8.2	1,826

DC FOODS

Processing activities and sale of processed meat products

CEO DC Foods Flemming N. Enevoldsen

Revenue (mDKK)	EBIT (mDKK)	EBIT in %	Employees
22,105	879	4.0	15,670

MANAGEMENT'S REVIEW

Investments in the future

Financial highlights for Danish Crown	2013/14	2012/13
		mDKK
Revenue	58,029	58,164
Operating profit	1,995	2,018
Net profit for the year	1,656	1,583
Total assets	27,015	24,725
Equity	6,423	5,962
Supplies from members, million kg	1,317	1,324
Supplementary payments, mDKK	1,218	1,229
No. of cooperative members	8,278	8,552
No. of employees, end of year	25,984	22,676

Group business areas

The Danish Crown Group is a global food company focusing primarily on meat and meat products. The group's main business areas are fresh meat (DC Fresh Meat), processed products (DC Foods) and ingredients (DC Ingredients). In addition, the group participates in associates supporting these primary activities through active part ownerships.

A turbulent year on the world market

2013/14 was a turbulent year on the market for fresh pork as the traditionally high correlation between the price development in the European and US markets for raw materials was interrupted. In Europe, an outbreak of African swine fever prompted Russia to close its market to pork imports from the EU in January 2014, resulting in excess supply of raw materials and declining selling prices in the market. In the US, the supply of pork decreased due to PED virus, leading to strong price increases in raw materials.

Realising results for the year on par with the previous year in a turbulent year is testament to the strength of the Danish Crown Group's business model with a presence in a large part of the value chain and with a significant geographical spread.

The group's sales of fresh pork in the Central European markets – mainly Germany, Poland and Denmark – have thus been under pressure. At Danish Crown in Germany, this was compensated for by decreasing purchasing prices combined with considerable operational improvements, leading to increasing earnings despite the market challenges. The Polish market has been hardest hit by the closing of the Russian market. The group successfully continued the vertical penetration of the value chain in the Polish market, stepping up its efforts within processed and branded products. Danish Crown's value chain stretches all the way from farm-to-fork, and the strength lies in the broad market access, also to overseas markets.

While the Swedish market for slaughter pigs saw a decline in the first half of 2014, Danish Crown's Swedish slaughterhouse KLS Ugglarps has successfully increased its market share of pigs slaughtered by more than 4 percentage points. For cattle slaughtered, the market share has increased by 1.2 percentage points. This was achieved through open and transparent settlement of the price paid to suppliers. In terms of sales, the Swedish company also benefited from the group's extensive market access.

The Chinese market is an important market for the Danish Crown Group, where Danish Crown has several approved fresh-meat facilities for direct export to China.

The large price increases in pork and turkey in the US have had a negative impact on the group's US company as the company has not been able to add the increases in raw material prices to the selling prices at the same rate. The other companies in DC Foods have compensated with high earnings levels driven by a strong market focus and efficient cost control. In particular, Tulip Food Company's focus on and investments in bacon production as well as market penetration in Germany are proving their worth.

More market stability characterised DAT-Schaub which recorded good results again this year.

Overall, the proposed supplementary payments for the year measured in Danish øre per kg were on par with the previous year except for cattle where earnings, as expected, for a short period were negatively impacted by the commissioning of a new slaughterhouse in Holsted, Denmark.

Investments in the future

The management continuously focuses on ensuring future earnings and growth in the company, while at the same time laying the foundation for high and stable returns for the company's owners – the cooperative members. In addition to ongoing optimisations of the existing business, investments in the future are needed.

To this end, the group acquired the remaining 50 per cent of the Polish company Sokołów during 2013/14. The acquisition paves the way for full access to the Polish market and for additional group synergies within Fresh Meat, Foods and Ingredients.

In addition, DC Beef opened the EU's largest and most modern cattle slaughterhouse in Holsted, Denmark – at the opening referred to as a visionary investment in Danish jobs by the General Manager and CEO of Confederation of Danish Industry.

During the year, management resources were also devoted to increasing the focus on DC Ingredients and the so-called 'by-product area' with two objectives in view: to increase the processing ratio of the products and to reduce the share of products that are being destroyed. This will be achieved through product and product-technical development projects across the group's other business areas in order to create the greatest possible value.

The group's other business areas are also focusing on innovation and product development contributing to increased earnings as well as a better product mix. Innovation in Danish Crown is driven by consumer insight and customer needs. Nutritional considerations are high on the agenda, but also to make it easy for consumers to use the products; for example is reducing preparation times paramount.

Investments in jobs

Unfortunately, investments in the future occasionally also involve closing existing unprofitable facilities. Consequently, two UK processing facilities were closed during the year. In addition, the group had to announce a structural plan in January 2014 involving closure of the Danish facilities in Faaborg with consequent workforce reduction. The group has subsequently also announced the closure of the Danish sow slaughterhouse in Sæby with slaughtering operations being relocated to the slaughterhouse in Skærbæk, Denmark.

Before and after the announcement, both management and employees have worked closely together on identifying solutions and streamlining measures to ensure profitability at the Danish pig slaughterhouses.

Based on this work, management and employees in Denmark have over the year examined different approaches to reduce unit costs and ensure raw material supplies for the group's pig slaughterhouses in Denmark. One of these approaches involved establishing a so-called 'employee company' (MS) where a share of the employees' pay for a certain period of time is used as a capital contribution or subordinate loan to a company, which, combined with external loans, could be invested in new pen places at the company's cooperative members and suppliers. Work is still going into the establishment of the first scheme.

In spring, Danish Crown successfully managed to secure the jobs at its pig slaughterhouse on the Danish island of Bornholm. In a concerted effort of employees, the company, suppliers and a number of stakeholders, a joint solution was developed which enables the slaughterhouse to continue operations for at least the next 5 years.

Investment in employees

Danish Crown has 25,984 employees who are a prerequisite for the business and its continued development. The group continuously invests substantial amounts in the employees' personal and professional development as well as their occupational health and safety. This is done through local initiatives at the individual facility or location, but also through initiatives across the group. During the year, Plumrose and Sokołów thus introduced initiatives aimed at increasing the focus on the individual employee's health. Examples of cross-group initiatives include the roll-out of the employee survey DC CHECK, which now comprises 8,300 of the group's employees, and the development programme 'Women in management' launched to increase the share of women in management in the group's Danish companies.

Furthermore, even when the group is forced to dismiss employees as a result of rationalisations, efforts are made to ensure the best possible conditions for the affected employees' future job search. In connection with major staff cuts, a job bank is created, the purpose of which is to help the employees find new jobs or receive further training or education. In connection with the opening of the new cattle slaughterhouse in Holsted, Denmark, the Danish facilities in Tønder, Skjern, Holstebro and Fårvang were closed during 2013/14. A total of 96 per cent of all employees at the closed facilities have either been relocated to the new facility or found new jobs or started further training or education outside the group.

Outlook for the coming year

The group's investments in the future are deemed to form the basis for improvements within a number of the group's business areas, while other business areas will be affected by the low level of economic activity in the group's main markets. Some turbulence is still expected in the world market for fresh meat – although on a smaller scale. Similarly, the challenges faced in terms of increasing raw material supplies in the countries where the group has slaughterhouses are still expected to remain. Particularly with regard to the Danish market and the possibilities of maintaining jobs in Denmark, it is deemed to be of decisive importance that the framework conditions are improved in the coming year.

It is anticipated that group revenue will be unchanged for the coming year. The increase in revenue resulting from the acquisition of a 50 per cent stake in Sokołów is offset by an anticipated decline in selling prices. The group continues to optimise and streamline its processes, which is expected to lead to an unchanged operating profit.

Kjeld Johannesen | Group CEO

DANISH CROWN

Erik Bredholt | Chairman of the Board of Directors

DANISH CROWN


58,029
mDKK
REVENUE

GROUP FINANCIAL HIGHLIGHTS

mDKK	2009/10	2010/11	2011/12	2012/13	2013/14
Income statement					
Revenue	45,211	51,754	56,462	58,164	58,029
Operating profit before special items (EBIT)	1,857	2,029	2,005	2,018	1,995
Operating profit after special items	1,857	2,029	2,005	2,018	1,979
Net financials	-257	-222	-335	-334	-304
Net profit for the year	1,648	1,762	1,732	1,583	1,656
Balance sheet					
Total assets	22,615	23,935	25,522	24,725	27,015
Investments in intangible assets	45	15	34	19	68
Investments in property, plant and equipment	767	986	1,323	1,536	1,282
Equity	5,101	5,391	5,797	5,962	6,423
Solvency	22.6%	22.5%	22.7%	24.1%	23.8%
Cash flows from operating and investing activities					
Cash flows from operating and investing activities	1,330	753	1,240	2,117	167
No. of employees					
Average no. of full-time employees	23,305	23,557	24,066	23,034	23,764
Supplementary payments, DKK per kg					
Supplementary payments, pigs	0.95	0.95	0.90	0.90	0.90
Supplementary payments, sows	0.75	0.80	0.80	0.80	0.80
Supplementary payments, cattle	1.25	1.30	1.50	1.50	1.40
Supplies from members weighed in (million kg)					
Pigs	1,245.7	1,311.2	1,242.2	1,195.1	1,185.7
Sows	62.6	65.1	57.8	57.3	54.7
Cattle	68.8	74.1	73.0	71.9	76.8
No. of cooperative members					
No. of cooperative members	9,847	9,577	9,031	8,552	8,278

FINANCIAL REVIEW

Results for 2013/14
The group realised revenue on par with last year as the increase in revenue generated by the acquisition of the remaining 50 per cent of Sokołów in June 2014 was offset by decreasing selling prices of the group's core products. However, the group managed to increase gross profit marginally – also measured in per cent of revenue.

The acquisition of Sokołów resulted in a gain for accounting purposes of DKK 224 million on the existing 50 per cent ownership interests, which, in accordance with the accounting policies, are adjusted to fair value on the date of acquisition, meaning that 100 per cent of Sokołów is recognised at fair value as at this date. The gain is recognised under special items.

As from June 2014, Sokołów is recognised at 100 per cent in the income statement. The recognition results in an increase in both revenue and costs and is the primary reason for the increase in costs, including depreciation and amortisation of, for example, the Sokołów brand, which was capitalised as part of the purchase price.

Due to expected lower market prices for several of the group's closed slaughterhouse properties as well as increasing demolition and environmental costs in connection with demolition or disposal, impairments have been made of closed facilities for a total amount of DKK 212 million. Together with redundancy costs in connection with the planned closure of the Danish production facilities in Faaborg of DKK 28 million, the amount is expensed under special items.

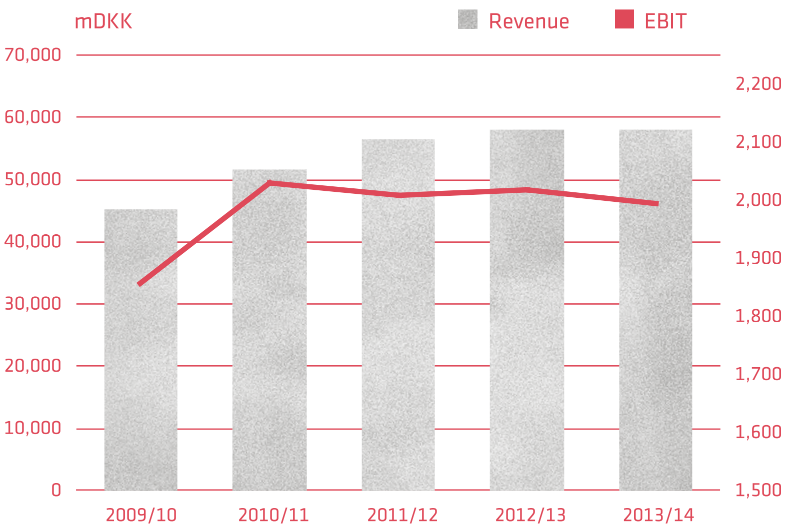
The income from equity investments in associates includes gains on the sale of shares in A/S Hatting K-S of DKK 99 million, explaining the increase relative to 2012/13.

Net finance costs were lower than last year as a result of lower interest rates on the group's net interest-bearing debt which more than offset interest expenses stemming from an increase in debt following the acquisition of Sokołów.

Net profit for the year came to DKK 1.7 billion, which is considered satisfactory.

Assets
Total assets increased by DKK 2.3 billion, which is primarily attributable to the investment in the Sokołów shares, for which brand values of DKK 409 million and goodwill of DKK 976 million have been identified. To this should be added other operating assets in the company.

In addition, net investments for the year were on par with depreciation and amortisation. Approximately half of the investments for the year concerns the group's processing facilities, while the largest investment in DC Fresh Meat



Stable revenue and EBIT levels.

concerns the completion of the cattle slaughterhouse in Holsted, Denmark.

During the year, the group continued its efforts to reduce net working capital. Due to the closing of the Russian market for fresh pork described in the management's review, inventories were higher than planned for part of the year. Adjusted for the addition in respect of Sokołów and the effects of foreign currency translation (primarily an increase in the GBP exchange rate), the increase amounts to approx. DKK 90 million, which can be attributed to a reduction in inventories at the end of Q4, resulting in increasing total debtor balances. The reduction of net working capital will continue to be one of the group's focus areas in 2014/15.

Equity

The group's equity totalled DKK 6.4 billion at the end of 2013/14. At the end of the year, equity was positively affected by foreign currency translation adjustments of approx. DKK 80 million and negatively by an increase in pension obligations in the UK of DKK 32 million as a result of a decreasing discount rate.

At the end of 2013/14, the solvency ratio amounted to 23.8 per cent against 24.1 per cent last year. The decrease is attributable to increasing total assets following the acquisition of Sokołów.

Liabilities

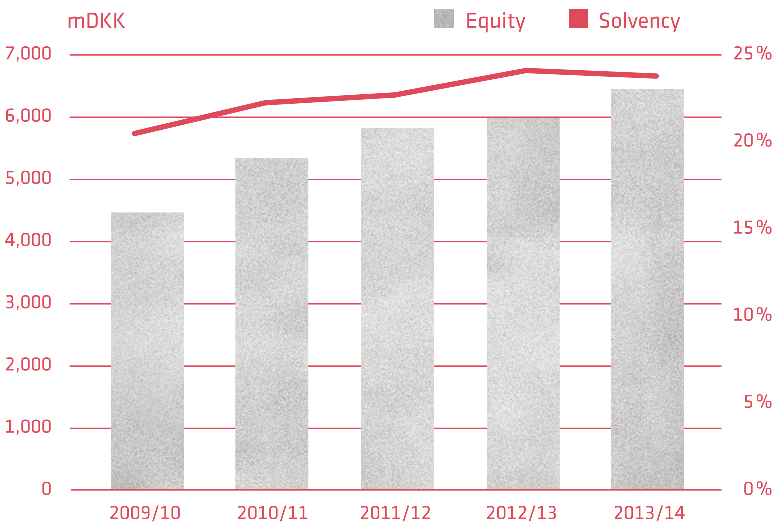
The group's net interest-bearing debt at the end of 2013/14 increased by DKK 1.4 billion and now amounts to DKK 13.4 billion. The increase can be attributed to the acquisition of the Sokołów shares.

The group's financing structure is based mainly on credits with a term to maturity of more than 1 year. Thus, 75 per cent of the interest-bearing debt is long-term debt, of which 35 per cent falls due more than 5 years from the balance sheet date. Fixed-rate loans now account for just under 30 per cent of total loans against 41 per cent at the end of 2012/13.

A change in the market rate of 1 percentage point is estimated to have a DKK 100 million impact on total annual finance costs, all other factors aside.

Cash flow statement

The cash flows for the year were primarily affected by the acquisition of Sokołów. The transaction is debt-financed. In addition, the amount of funds tied up in net working capital increased as a result of the above-mentioned closing of the Russian market.



Continued growth in equity matches the increase in total assets following the acquisition of Sokołów.

GROUP BUSINESS AREAS

The group's business areas are divided into:
- DC Fresh Meat, which comprises DC Pork and DC Beef
- DC Ingredients, which comprises DAT-Schaub and the new business area within DC Ingredients
- DC Foods, which comprises the group's four processing companies
- Other companies, which comprise DC Trading and a number of associates.

In 2013/14, the group slaughtered 21.1 million pigs and 0.6 million cattle.

DC Fresh Meat

Main companies in DC Fresh Meat:
- DC Pork
- KLS Ugglarps
- DC Beef

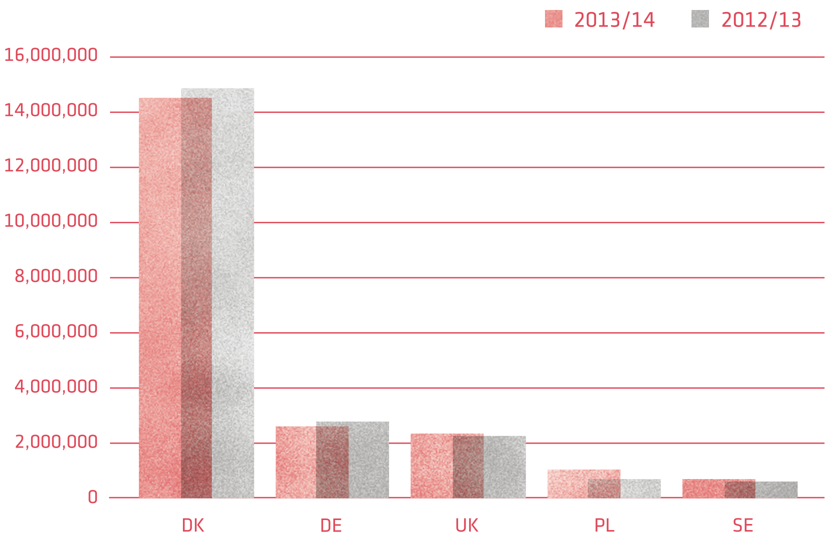
In 2013/14, DC Fresh Meat slaughtered 17.7 million pigs and 0.5 million cattle at the group's facilities in Denmark, Germany and Sweden. The number of pigs slaughtered decreased by 2.5 per cent relative to last year, while the number of cattle slaughtered increased by 4.5 per cent relative to last year. DC Pork's supply of slaughter pigs is primarily based on slaughter of Danish animals in Denmark. The number of pigs slaughtered in Denmark decreased by 2.6 per cent to 14.5 million pigs in 2013/14, corresponding to 77 per cent of the Danish supply of pigs. Again in 2013/14, there was an increase in the Danish exports of piglets to particularly Germany and Poland, which affected the Danish production of slaughter pigs negatively. DC Pork's market share within slaughter of pigs in Germany was on par with last year, whereas the group's Swedish subsidiary increased its market share within slaughter of pigs in Sweden.

DC Fresh Meat launched a number of initiatives in 2013/14 with a view to strengthening the economy in the production of slaughter pigs in Denmark, thereby increasing the supply of slaughter animals to the slaughterhouses in Denmark. Among other things, DC Owner Relations set up an advisory service, the purpose of which is to help the group's Danish suppliers identify potential operational improvements at the pig farms.

In 2013/14, 0.3 million cattle were slaughtered in Denmark, corresponding to an increase of 3 per cent. The slaughter accounts for 65.5 per cent of the Danish supply of cattle, corresponding to an increase in the share of slaughter in Denmark of 1.9 percentage points. The slaughter of cattle in Germany and Sweden increased by 7.3 per cent in 2013/14.

In Denmark, both pig and cattle producers are continuously being motivated to maintain or expand their production of slaughter animals to the benefit of both the company and the

TOTAL SUPPLY OF SLAUGHTER ANIMALS IN THE GROUP
No. of pigs and sows slaughtered per country



Growth in slaughter of pigs in Poland, the UK and Sweden, while Denmark and Germany have seen a slight decrease in the number of slaughters.

individual cooperative member. Most recently, pig producers have been offered the opportunity to obtain a 7-year contribution margin guarantee in connection with the construction of new livestock facilities.

Market conditions

2013/14 was generally characterised by large fluctuations in both pork, beef and veal prices. For pork, the year started with increasing demand in the Russian and Asian markets combined with declining production in Europe. The supply of beef and veal, however, was large seen for the year as a whole, while consumption in Europe decreased, resulting in unchanged to declining prices.

On the pork markets, two important, but partially conflicting events had a significant influence on pricing. At the beginning of the year, the US experienced a large outbreak of the PED virus, which caused increased piglet mortality in the primary production. The outbreak led to significant increases in the prices of US raw materials throughout the year. In addition, an outbreak of African swine fever (ASF) was recorded in the EU, first in Poland and later in the Baltic countries. The ASF outbreak meant that a number of export markets, including the important Russian market, closed to all pork imports from the EU, resulting in a large excess supply of pork in the European market and consequently declining prices. However, the combination of the two events paved the way for sales to certain Asian markets, which would otherwise have imported raw materials from the US.

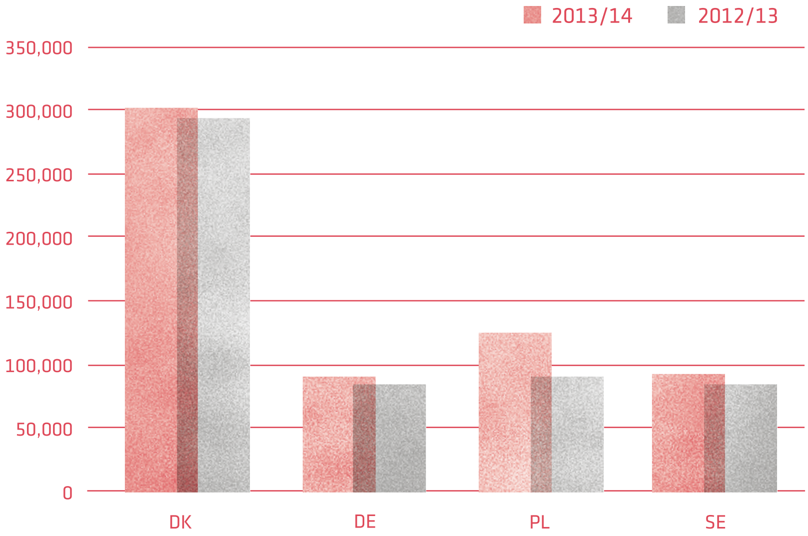
The Japanese market was negatively affected by the declining yen exchange rate in the year, but based on the above events Danish Crown was able to increase its market share in Japan.

The growth in the Chinese market continues, especially when it comes to fresh meat. With sales of 293,000 tonnes in the past year, Danish Crown has supplied about one-third of the total Chinese pork imports. Danish Crown is well-known in China for the quality and safety of its products.

During the year, DC Pork has worked hard at increasingly differentiating the group's range of fresh meat, for instance through additional processing and tailoring of products to better meet the individual customers' demands for uniform and high-quality products.

The group's beef and veal products are primarily sold in the European markets. France is the EU's largest producer of beef and traditionally also a major exporter of live cattle to the Middle East and North Africa. These activities were significantly reduced in the past year and contributed to a downward pressure on prices in the EU.

No. of cattle slaughtered per country



Increasing market shares within the slaughter of cattle in Sweden and Denmark – and increasing number of cattle slaughtered in all countries.

GROUP BUSINESS AREAS (CONTINUED)

Southern Europe continues to import large amounts of beef and veal, but due to the economic developments consumption has shifted to much cheaper cuts, and people do not eat out as often as they used to.

The Danish and German markets are increasingly important markets for DC Beef, although in intensified competition with Irish and Dutch products. The consumers' preference for local products seems to have been replaced by an increased focus on price.

The year saw an increase in the exports of edible by-products to third countries, particularly Asia, but the African continent is also showing potential.

Production

Europe's largest and most modern cattle slaughterhouse in Holsted, Denmark, was completed in 2013/14 and opened by HRH Prince Joachim on 22 August. Considerable resources have been allocated to the completion and start-up of this new slaughterhouse. The slaughterhouse sets new standards for efficiency and for the quality and freshness of retail products for the Danish local market, among others. Furthermore, reorganised production flow and production lines have made it possible to increase the number of specialty products. Following the opening of the new slaughterhouse, cattle are now being slaughtered at two facilities in Denmark: Holsted and Aalborg.

In addition to the two Danish cattle slaughterhouses, DC Beef also has a cattle slaughterhouse in Husum, Germany. Exports are handled by DC Beef in Denmark.

In January Danish Crown announced the closure of the group's facility in Faaborg, Denmark, as the production is no longer profitable due to the high cost level in Denmark. Some of the products will in future be produced at the group's facility in Bugle, UK.

In January, DC Pork's smallest Danish slaughterhouse in Rønne on Bornholm was at the risk of being closed due to its poor operating economy. However, after 5 months of intensive negotiations Danish Crown was in June able to announce a rescue plan for continued production on Bornholm, initially for a 5-year period. Also in June, DC Pork published a rationalisation plan for the Danish sow slaughterhouses, which meant that the slaughter of sows was discontinued at the company's facility in Sæby and moved to the facility in Skærbæk. The employees at the Skærbæk facility have been actively involved in identifying optimisations and savings that may contribute to the profitability of the slaughter of sows in Denmark.

DC Pork's slaughterhouse in Essen, Germany, achieved major operational improvements in 2013/14 compared to last year, partly because of production and process optimisations and partly because of an overall supply chain optimisation in Germany.

DAT-Schaub – DC Ingredients

DAT-Schaub

DAT-Schaub realised revenue on par with last year. Strong growth in the sales of artificial casings partly outweighed a decrease in the prices of the DAT-Schaub Group's other main products and a negative development in exchange rates.

The production of hog casings within the DAT-Schaub Group was characterised by two opposing trends. The decline in the European slaughter of pigs continued, leading to decreasing supplies of hog casings. Slaughter in several North American slaughterhouses was declining, among other things due to the PED virus; however, new contracts were concluded which more than offset the decline.

Intensive sourcing and marketing efforts combined with the group's broad geographical spread have contributed to results that are generally satisfactory and slightly better than last year. This is in spite of the fact that the selling prices of sheep casings were slightly decreasing during the year, just as the market for natural casings in general was negatively impacted by veterinary and politico-commercial challenges.

In 2013/14, DAT-Schaub opened a new logistics and mixing centre for spices etc. in the group's French subsidiary DS-France. In addition, the group commenced the construction of a new facility in Esbjerg, Denmark, to replace the existing one, which has been located at the same spot for 120 years and is now surrounded by urban areas, putting a limit to the future development of the facility.

DAT-Schaub's broad geographical spread and product diversification mean that difficulties within one product area may provide opportunities within other product areas or markets, among other things reflected in the Polish market where sales of artificial casings are developing very positively.

DC Ingredients

In 2013/14, Danish Crown set up a new business area with a view to developing and selling new and existing products based on by-products from DAT-Schaub, DC Pork and DC Beef.

The entire product portfolio was reviewed, and based on this the products which naturally belong to DC Ingredients' business focus, were identified to obtain the necessary clarity and transparency.

In 2013/14, the decline in the prices of some of the group's by-products continued. Consequently, fat rendering processes and the production of protein concentrate for the mink and petfood industries were initiated to optimise earnings on these products.

Furthermore, Danish Crown identified and further developed a number of protein hydrolysates and initiated development and research projects in cooperation with the universities of

DC FRESH MEAT

	2013/14	2012/13
Sales, '000 tonnes	2,125	2,119
Revenue, mDKK	32,642	34,097
Operating profit before special items (EBIT), mDKK	889	985
Operating profit before special items (EBIT), %	2.7	2.9

DAT-SCHAUB – DC INGREDIENTS

	2013/14	2012/13
Sales, '000 tonnes	109	109
Revenue, mDKK	3,355	3,422
Operating profit before special items (EBIT), mDKK	275	271
Operating profit before special items (EBIT), %	8.2	7.9

DC FOODS

	2013/14	2012/13
Sales, '000 tonnes	804	750
Revenue, mDKK	22,105	21,073
Operating profit before special items (EBIT), mDKK	879	825
Operating profit before special items (EBIT), %	4.0	3.9

GROUP BUSINESS AREAS (CONTINUED)

Copenhagen, Aarhus and Aalborg as well as the Danish Meat Research Institute/Danish Technological Institute.

DC Foods

Main companies in DC Foods:
- Tulip Ltd
- Tulip Food Company
- Plumrose USA
- Sokołów

DC Foods is Europe's leading company within processed meat products. The company has a broad product range comprising cold cuts, bacon, sausages, meal components (e.g. meatballs and slow-cooked products), soups, salami and canned food, among other things.

The main markets are the UK, Poland, Denmark, the US, Sweden and Germany, but DC Foods' products are sold in more than 100 countries. The international profile was further strengthened in the financial year through the acquisition of the remaining 50 per cent of the shares in Sokołów in Poland.

In 2013/14, almost all markets were characterised by intense competition for customers and consumers, both in retail and foodservice. DC Foods' most important markets were on the whole characterised by zero growth when measured in volume and by a small growth of approx. 2 per cent when measured in value. Against this background, it is satisfactory that DC Foods has achieved marginal organic growth in volume.

The retail sector is challenged by changes in consumer purchasing behaviour. In most markets, the discount sector and small shops (convenience shops) have seen continued growth. At the same time, the e-commerce sector continues to grow, particularly within non-food, but recently also within foods. These aspects put traditional retail trade under considerable pressure.

Consolidation among suppliers continues, but is still far from the development seen on the customer side. For example, the three leading suppliers in Europe (including DC Foods) have a total market share of less than 7 per cent. 2013/14 saw some minor and a few major acquisitions in the market – driven by industrial buyers and often also private equity funds.

Against this background, it is satisfactory that DC Foods managed to create growth in both revenue, sales and earnings (EBIT). Revenue increased by DKK 1.0 billion to DKK 22.1 billion, and earnings increased by 6.5 per cent relative to last year. The growth in earnings is to a wide extent caused by a very tight management of fixed costs.

DC Foods launched many new products during the financial year – both under the strong international brands (Tulip and Sokołów) and under the national brands (Danepak, Plumrose, Mou, Steff-Houlberg etc.). In addition, many new products were launched in close cooperation with customers within the retail and foodservice segments under the customers' own brands (private label).

Innovation is generally driven by consumer insight and customer needs. This has resulted in special focus on convenience/slow-cooked products where consumers can save time in the kitchen without compromising on taste and quality, as well as products which live up to health and nutritional requirements (e.g. reduced salt and fat content).

A good example of this is Tulip Food Company's development of the product Pulled Pork, which in June 2014 was awarded a prize 'Launch of the Year 2013'. The product is also a good example of how synergies are exploited across the group as the product has subsequently been launched in a number of the group's markets and in a number of group companies in various market-adapted forms.

Tulip Pulled Pork was also among the three finalists when the Swedish grocery trade selected the product of the year in Sweden.

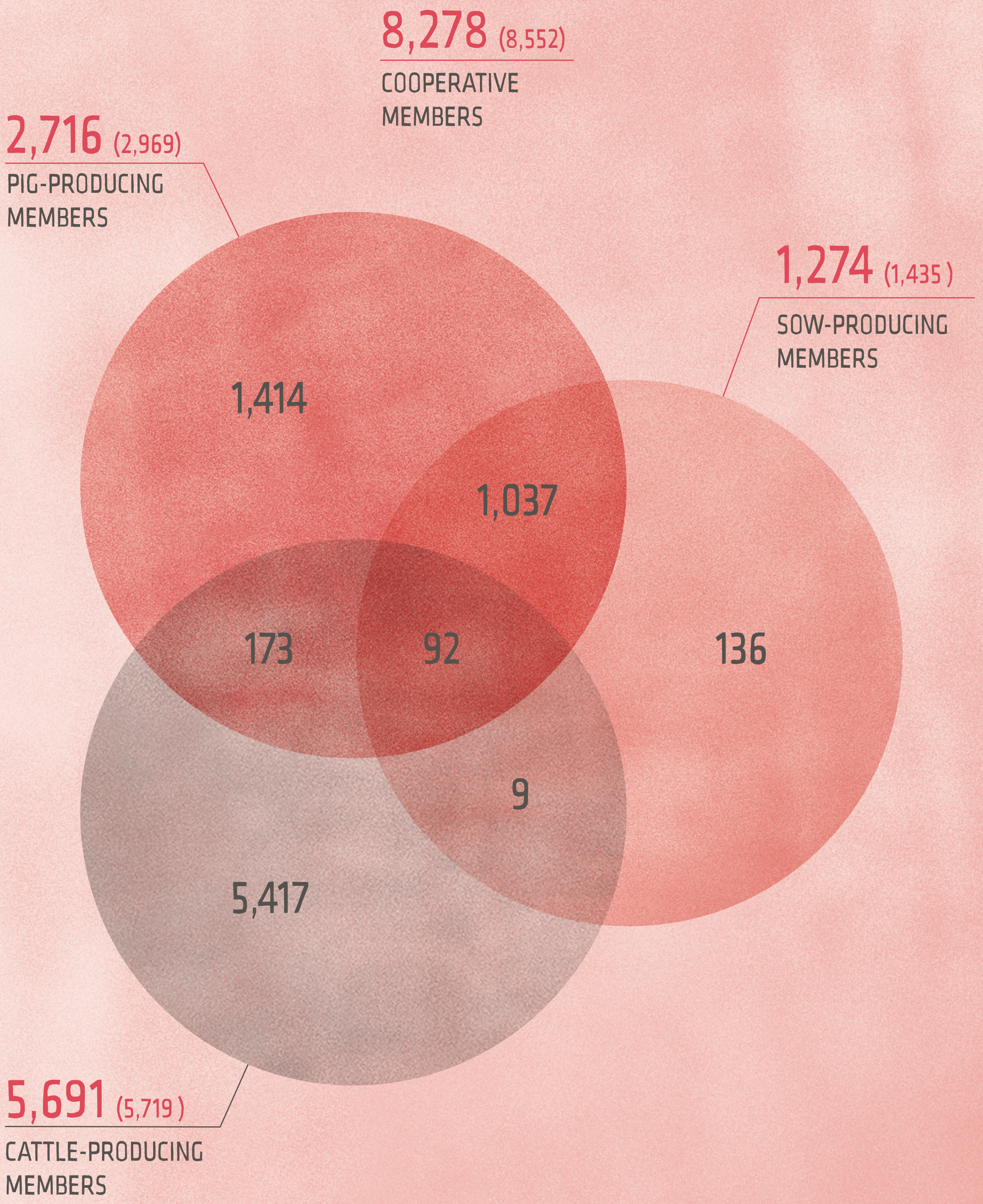
Ongoing investments were made in the factory structure with a view to tailoring the group to changes in customer behaviour and market trends. Consequently, two facilities were closed in the financial year and a third was reopened. The reopened facility specialises in slow-cooked products. It was decided to close the activities in Faaborg, Denmark, and most of the production was moved to other facilities during the year. At the end of the financial year, DC Foods had 37 facilities in 6 countries. In the financial year, DKK 688 million was invested in this infrastructure.

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 cattle production is towards increasingly larger farms and this has reduced the number of cooperative members in recent years. The change of Leverandørselskabet Danish Crown AmbA's Articles of Association adopted in October 2013 reflects this development with a reduction in the number of members of the Board of Representatives and a change in the electoral district structure. At the end of 2013/14, the number of cooperative members was 8,278 compared to 8,552 at the end of 2012/13. The distribution of pig-producing, sow-producing and cattle-producing members is shown in the figure.

DISTRIBUTION OF COOPERATIVE MEMBERS 2013/14 (2012/13)



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, among other things associated with food safety, market access and public regulation. In addition, the group is exposed to insurable and institutional risks as well as financial risks associated with the group's global presence. The Danish Crown Group's combined activities, covering a large part of the farm-to-fork value chain, mean that the group is well protected against individual risks. 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.

Strategic risks

Consumer demand

A decline in economic activity or crises may affect the demand for the group's products, both among consumers and among the group's direct customers. The group is continuously developing products at all price levels and for all markets, just as ongoing identification of growth markets helps mitigate the effect of an economic crisis in one or more countries.

Competitor activity

The group operates in a highly competitive market where the competitor situation can quickly change and the preference for the group's products be affected by global trends. The group counters these risks by working closely with a number of customers at a global level, while at the same time focusing on developing and tailoring its products to the individual market and the individual customer. The spreading of the group's overall customer portfolio, geographically and per segment, means that Danish Crown as a whole is less exposed to changes in sales opportunities.

Commercial risks

Market access

Danish Crown's high veterinary standards give the group access to a number of overseas markets. Access barriers can be divided into veterinary factors, political factors and product-specific customer requirements.

The Danish Crown Group and in particular the Danish activities are dependent on Denmark maintaining its status as being free of infectious livestock diseases. A major outbreak of livestock diseases will probably result in a periodic ban on imports in a number of vital markets. The best guarantee against these diseases coming to Denmark is the insignificant imports of live animals. National measures have been adopted to ensure to the widest possible extent that livestock diseases are not spread across the borders. The protection against infection has proved extremely effective and is a key factor behind Denmark's extensive market access. In the unlikely event of signs of a disease outbreak in Denmark or one of the other countries in which the group has slaughtering activities, emergency measures have been adopted in cooperation with the authorities, allowing the group to take quick action to limit spreading and damage. A possible disease outbreak can be limited to the group's slaughterhouses as production at the processing facilities can be maintained through the supply of external raw materials.

Public regulation

Globally, food production is tightly regulated throughout the entire value chain. This regulation serves several purposes, the most prominent being the demands for food safety, environmental protection and support of the operating economy of the primary producers. Changes in regulation 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 authorities. Cooperation with the trade organisations enables Danish Crown to closely follow political developments and monitor new initiatives.

Operational risks

Stoppages

The group's production facilities are vulnerable to major events that may cause production stoppages, e.g. fire, long-term interruptions in the water and electricity supplies as well as IT breakdowns. A number of measures and plans have been adopted to reduce the consequences of such major events.

The farmers' production and subsequent delivery of pigs and cattle take place on an ongoing basis. Concurrent and long-term production stoppages at national slaughterhouses can lead to capacity problems on the farms. This should be seen in light of the fact that the group's trade with customers is based on contracts on quantities and delivery dates. Consequently, it is crucial that the Danish Crown Group as a whole is able to maintain ongoing production without long-term stoppages.

Danish Crown's production structure with many slaughterhouses and processing facilities makes it possible to adjust capacity both upwards and downwards. Furthermore, the vast majority of the Danish Crown Group's products can be produced in more than one facility.

Capacity utilisation and inventory levels

The Danish Crown Group maintains its competitiveness through high capacity utilisation at production facilities with a high degree of automation, among other things. Capacity is adjusted on an ongoing basis via investments and structural adjustments with a view to maintaining and improving the group's overall competitiveness.

The desire to maintain a high level of capacity utilisation combined with shifts in time between the supply of raw materials and the optimum selling time involves varying inventory levels. By freezing finished products, it is possible to both maintain the quality level and sell the products at the desired market price.

Food safety

As a food-producing business, Danish Crown depends on the trust that customers and consumers have in its products. Food safety is therefore a high priority and forms an integral part of the group's internal quality programmes. Food safety is regulated through legislation, and Danish Crown is therefore subject to hygiene and health requirements in the countries where the group has production activities and in the countries to which the group sells its products. Danish Crown supplies the countries in the world with the highest food safety standards and the most demanding customers. It is thus necessary to ensure that the group generally meets the highest food safety, hygiene and health standards.

Food safety and hygiene are regularly checked and optimised. This takes place through Danish Crown's internal control procedures, daily inspection by the authorities, external audits and integration of food safety in both documentation and processes relating to supplier selection, product development and production.

The above factors combined with the continuous production contribute to reducing the group's risk of product recalls due to failures in food safety.

Financial risks

Managing financial risks

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 risks and liquidity risks. Danish Crown A/S manages the financial risks of the group centrally and coordinates the group's liquidity 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 arise only as a result of commercial conditions. The financial policy also stipulates that no active speculation in financial assets may take place.

The group's use of derivative financial instruments is regulated through a set of rules approved by the Board of Directors and related internal business procedures which, among other things, stipulate thresholds and which derivative financial instruments may be used.

Insurable risks

It is group policy to buy coverage for insurable risks to the extent it is deemed financially appropriate. The group's ongoing risk management enables a relatively high degree of self-financing of insurance claims, which means that frequency claims can be removed from the insurance markets. Consequently, only large claim scenarios are insured, which allows the group to buy broader coverage and higher insurance sums. The management of insurable risks is coordinated across the group's companies through Danish Crown Insurance.

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. It is group policy to hedge the group's net currency exposure on an ongoing basis.

Interest rate risks

The group aims 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.

Liquidity risks

In connection with the raising of loans etc., the group aims to ensure the greatest possible flexibility through a spreading of the loans in relation to maturity, renegotiation dates and contracting parties, taking pricing etc. into account. It is the group's strategy to have a predominance of long commitments to ensure financial stability. It is also the group's strategy 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, letters of credit, prepayments or open-credit terms. Agreements on derivative financial instruments with a nominal value exceeding DKK 100 million or reinsurance cover on insurance policies taken out with Danish Crown Insurance are generally only concluded with reputable insurance or credit institutions with an A-level Standard & Poors credit rating as a minimum.

Danish Crown's high veterinary standards give the group access to a number of overseas markets. Access barriers can be divided into veterinary factors, political factors and product-specific customer requirements.

CORPORATE RESPONSIBILITY

Danish Crown is one of Europe's leading food companies. Throughout the entire value chain, Danish Crown's chief priority is to ensure proper and decent conditions for animals, people and the environment. For many years, Danish Crown has focused on reducing work-related injuries and sickness absence, improving processes and technology for the benefit of the environment, developing healthy and safe foods as well as setting animal welfare standards. Danish Crown continues to work at disseminating best practice to its subsidiaries, while at the same time respecting cultural differences.

CSR strategy
The group's CSR policy was most recently updated in connection with the preparation of the DC2018 strategy plan in 2013. Danish Crown has joined the UN Global Compact principles.

The CSR strategy includes a number of specific objectives within the individual target areas: animal welfare, human rights, employment conditions, working environment, the environment and climate, food safety and health, responsible supplier management as well as corruption and facilitation payments.

Progress Report 2013/14
The management's review does not contain a complete review of the Danish Crown Group's CSR work and the results of this work in the financial year. Instead, reference is made to Danish Crown's Progress Report 2013/14, which is available from the UN Global Compact and Danish Crown websites. The management's review only provides insight into the most important activities within each area.

Animal welfare
Danish Crown requires the company's Danish pig suppliers to comply with a Code of Practice on animal welfare. Similar schemes exist in the UK, and third-party audits based on national schemes are also used. At the same time, Danish Crown seeks to launch new initiatives to improve animal welfare on an ongoing basis. In 2013/14, the group offered a number of pig suppliers to send pigs to the slaughterhouse in groups to enable unique identification without using the traditional tattoo marking. Delivery in groups will be extended to other Danish slaughterhouses in the coming years. Danish Crown has also introduced a production advisory service for farmers based on the knowledge of the herds obtained by the group. The advisory service helps improve both animal welfare and the suppliers' economy.

Human rights
Danish Crown recognises and protects fundamental international human rights, including labour rights. It must be ensured that there are no violations of these rights within the group. Danish Crown will demand the same of all its business partners. As part of Danish Crown's work on human rights, Tulip Ltd has in the past year participated in a joint UK project, the purpose of which is to prevent trafficking and exploitation of people. The project is a joint initiative between trade unions, employers and a number of NGOs. As part of the project, Tulip Ltd has introduced a whistle-blower scheme.

Employment conditions
The precondition for the business development of Danish Crown is a dedicated staff focused on quality and results. It has therefore been decided that the employee survey, DC CHECK, from now on must be carried out every year for the group's salaried employees and every other year for all employees as this enables the company to quickly identify potential areas of improvement.

Other important efforts during the past financial year include social plans for the employees at Danish Crown's cattle slaughterhouses in connection with the closure of several facilities, the slaughtering operations of which have been relocated to the new slaughterhouse in Holsted, Denmark.

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CORPORATE RESPONSIBILITY (CONTINUED)

Danish Crown also continues to focus on increasing the share of women in management. For instance, a targeted development programme has been set up for Danish employees in order to strengthen diversity at management level.

Working environment
The group's employees should be guaranteed a safe, healthy job. Therefore, the group continuously works at improving work conditions for its employees.

Among other things, Danish Crown has conducted a project for all the group's Danish departments, resulting in a reduction of 75 per cent in the number of employees working in a noise level exceeding 85 dB.

Targeted efforts have also been made to reduce the number of occupational injuries, for example by holding courses for master butchers and occupational health and safety coordinators. These courses supplement the statutory occupational health and safety training and enable the participants to prevent accidents to a much greater extent.

In addition, a number of companies have increased their focus on promoting a healthier lifestyle among the employees, both inside and outside the workplace. For example, Plumrose USA has entered into a partnership with Health Advocate Services that help employees and their families lead a healthier life.

Environment and climate
Danish Crown aims at contributing to a reduction of the environmental impact throughout the entire value chain. The group wishes to strengthen the dialogue with customers and other important stakeholders on product sustainability and enter into strategic cooperation and partnerships with both authorities, educational institutions and other companies.

The work on reduction of emissions and consumption of harmful substances takes place on an ongoing basis at all the group's facilities, and environmental impact and energy consumption are always taken into consideration when building new facilities or replacing machinery.

In the financial year, major projects have, for example, been implemented in Denmark at Danish Crown in Horsens and Herning which have reduced the energy and water consumption at these slaughterhouses significantly. This has, among other things, been achieved by replacing air compressors, making modifications to the ventilation system and reducing the volume of water for cleaning.

Several companies have also worked at reducing the environmental impact of the company's packaging by reducing the total volume of packaging and increasing focus on recycling. As an example, Tulip Food Company has changed to a generic foil on all its bacon packaging, which is expected to reduce the company's foil consumption considerably.

In Sweden, KLS Ugglarps has, in cooperation with one of its suppliers, changed to recycled PET plastic packaging, which has reduced the company's carbon footprint.

Food safety and health
Danish Crown imposes strict requirements with regard to cleaning, own checks and traceability, both internally and with the suppliers. The company also wants to contribute to increasing consumer health and therefore focuses on developing low-fat products and products with a reduced salt content. In connection with the development of healthier products, the work to reduce the salt content has been particularly high on the agenda. Among other things, Tulip Food Company has reduced the salt content of the product series 'Den Grønne Slagter' considerably.

As for the use of nitrite in the products, Tulip Food Company makes a huge difference in a number of European countries as it complies with the special Danish requirements regarding nitrite. This means that the nitrite content in Tulip's products is typically only just over half of that of comparable products around Europe.

When it comes to food safety, Danish Crown aims at being one of the world's leading companies. Danish Crown's comprehensive control system ensures that the companies of the group quickly become aware of issues in the production that may jeopardise food safety. The companies have, for instance, made a number of recalls on their own initiative to ensure that customers and consumers were made aware of any risks before consumer health was jeopardised.

Responsible supplier management
Danish Crown continuously evaluates the suppliers' CSR performance and tries to inspire them to exercise social responsibility and sustainability. This has specifically resulted in the introduction of new requirements for suppliers, including, among others, requirements relating to a maximum noise emission level from machinery. During the financial year, Danish Crown has implemented a number of important innovations regarding transport of meat around Europe. In cooperation with its logistics suppliers, DC Fresh Meat is working at moving some of the 900 containers transported around Europe on a continuous basis from trucks to railway transport. The project will reduce the CO_2 emission of transporting a container from Denmark to Italy by more than half.

Corruption and facilitation payments
Danish Crown tolerates neither corruption nor facilitation payments. The group is working actively at preventing it, even though lack of payment may cause inconvenience for the company or its employees.

This policy is impressed on all employees through regular risk analyses, particularly in the regions and industries where the risk of being asked for facilitation payments is largest.

CORPORATE GOVERNANCE

The aim of the Danish Crown Group's corporate governance process is to ensure that the company is managed and controlled, while at the same time creating value for the company and its stakeholders.

The Danish Crown Group's primary parent is a cooperative, while Danish Crown A/S, the parent of the company's business units, is incorporated as a public limited company. In 2013/14, all Danish Crown A/S shares were owned by the cooperative-based parent.

Corporate governance in Leverandørselskabet Danish Crown AmbA focuses primarily on the interaction with the company's owners and suppliers (cooperative members) and on the cooperative's overall objective of selling member deliveries in the best possible way and creating value for the cooperative members in the long and short term. The company is managed with reference to its Articles of Association and accepted Danish cooperative principles.

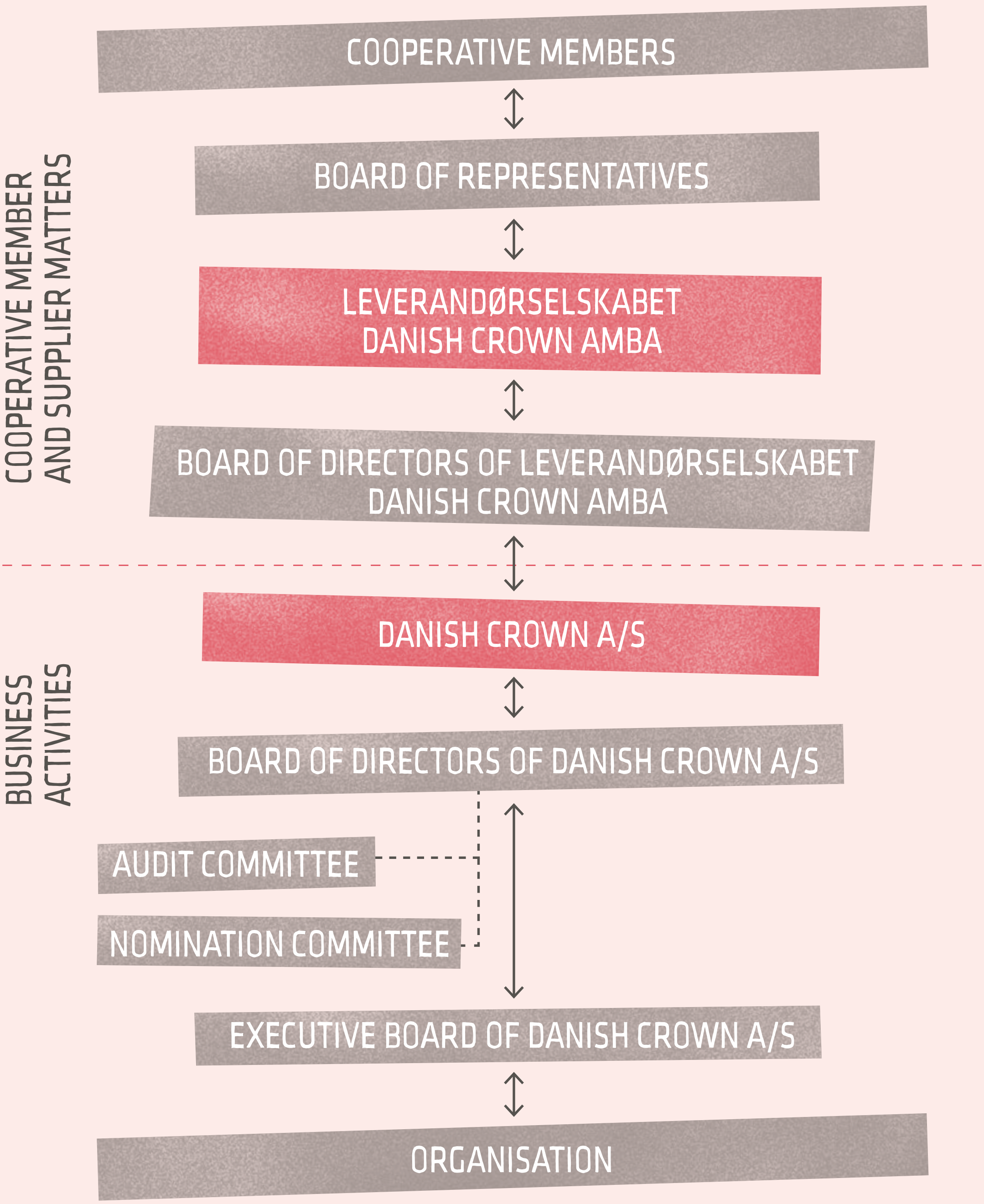
Corporate governance in Danish Crown A/S focuses on optimising the value creation from the group's Danish and foreign business activities. The purpose is to generate the largest possible return for the owners in the short and long term and to increase the value of the group. The management also focuses on developing positive relations with the company's customers, employees, suppliers and other stakeholders.

As a cooperative, Danish Crown is not obliged to comply with corporate governance rules and guidelines for listed companies. Danish Crown has decided to follow the main part of the Recommendations on Corporate Governance laid down by the Danish Committee on Corporate Governance, while taking into account the group's special ownership structure. Danish Crown has considered the recommendations and described how Danish Crown follows the recommendations in its Statement on Corporate Governance. In the few areas where the recommendations have not been followed, Danish Crown has stated the reason for not following them.

The most important areas of Danish Crown's non-compliance are:
- The group is not listed on the stock exchange, so the publication of quarterly reports is not deemed to be necessary. The group publishes half-year reports.
- The Board of Directors of the group does not meet the recommendations' requirements with respect to composition, independence, age, election period as well as disclosure of remuneration and remuneration policy. This is due to the group's close relationship with its owners who are also suppliers to the group, and Leverandørselskabet Danish Crown AmbA's special status as a cooperative with the resulting election procedures.
- The group does not publish terms of reference and other information on the management committees as these are deemed to be of an internal nature.
- For historical reasons and according to Leverandørselskabet Danish Crown AmbA's Articles of Association, cooperative members wishing to exercise their influence at meetings of the Board of Representatives must attend such meetings in person.

The management structure reflects the fact that Leverandørselskabet Danish Crown AmbA safeguards the owners' interests in Danish Crown A/S where the business activities are carried out.

DANISH CROWN'S MANAGEMENT STRUCTURE



CORPORATE GOVERNANCE (CONTINUED)

Board of Representatives

The Board of Representatives is the supreme governing body of Leverandørselskabet Danish Crown AmbA and consists of up to 90 representatives elected by and among the company's cooperative members for a period of 2 years at a time. Meetings are held within the electoral districts established with a view to inform 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 has held 7 meetings in 2013/14. 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 at the meetings.

The Board of Representatives receives information about or adopts, based on 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.

Board of Directors of Leverandørselskabet Danish Crown AmbA

The Board of Directors of Leverandørselskabet Danish Crown AmbA is in charge of the overall management of the company and elects a chairman and a vice-chairman once a year. The Board of Directors consists of up to 12 members and 1 observer.

10 members are elected at regional and national electoral meetings among the members of the Board of Representatives. In addition, the Board of Representatives may elect 2 members of the Board of Directors who are not cooperative members or employees of the company. Members of the Board of Directors are elected for 2 years at a time. At the end of 2013/14, the Board of Directors consisted of 10 elected members and 1 observer. The tasks of the Board of Directors are described in more detail in the Board of Directors' rules of procedure and in the annual plan for the work of the Board of Directors.

The Board of Directors has held 8 meetings in 2013/14. 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. Furthermore, the Board of Directors considers strategic initiatives of importance to the entire group as well as all matters relating to the cooperative members.

As the group's operating activities are handled by Danish Crown A/S, relevant board committees are organised under the Board of Directors of this company, just as several other corporate governance tasks are handled by the Board of Directors of Danish Crown A/S.

Board of Directors of Danish Crown A/S

The Board of Directors of Danish Crown A/S is in charge of the overall management of the company and elects a chairman and a vice-chairman once a year. The Board of Directors of Danish Crown A/S consists of 6 to 15 members. At the end of 2013/14, the Board of Directors consisted of 13 members, of whom 10 members have been elected by Leverandørselskabet Danish Crown AmbA as the only shareholder, and 3 members have been elected by the group's employees. 4 of the 10 members elected by Leverandørselskabet Danish Crown AmbA are independent, while 6 members have been elected among the members of the Board of Directors of Leverandørselskabet Danish Crown AmbA. Members of the Board of Directors are elected for 1 year at a time.

The tasks of the Board of Directors are described in more detail in the Board of Directors' rules of procedure and in the annual plan for the work 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, important strategic initiatives, 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 work of the Board of Directors, including its cooperation with the Executive Board, is assessed on a regular basis.

The Board of Directors has held 10 meetings in 2013/14. The Board of Directors meets with the company's auditors in connection with the presentation of the annual report and the auditor's records. Moreover, the Board of Directors meets with the auditors without the Executive Board being present.

The Board of Directors has set up an audit committee with the primary aim of monitoring the processes relating to the group's financial reporting, internal control and risk management processes as well as monitoring of the external statutory audit.

In addition, the Board of Directors has set up a nomination committee which prepares recommendations for the Board of Directors on candidates for the different boards of directors and committees of the group as well as their remuneration. Remuneration policies and the remuneration structure for the group's management are adopted by all members of the Board of Directors, while decisions regarding the remuneration of the Executive Board are made by the chairman and vice-chairman of the Board of Directors.

Finally, the Board of Directors has set up 2 sub-committees for a more in-depth treatment of certain business aspects of DC Pork and DC Beef, respectively.

Executive Board of Danish Crown A/S

The Executive Board of Danish Crown A/S consists of Kjeld Johannesen (Group CEO), Flemming N. Enevoldsen (Group Executive Vice President) and Preben Sunke (Group 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 N. 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 the delegation of decentralised and market-based responsibilities for results and development such that group coordination primarily takes place at 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 composed of members of the Board of Directors and Executive Board of Danish Crown A/S and independent board members possessing expertise within the various relevant business areas.

Diversity in management

The Board of Directors has set a target of 25 per cent of women on the group's Danish boards of directors by 2017. The 25 per cent is measured in relation to the number of independent board members on the group's Danish boards of directors. At the end of 2013/14, the percentage amounted to 10.5 per cent.

In addition, it is group policy to increase diversity in management. The group has introduced initiatives to increase the percentage of women at other management levels in the company, the objective being 25 per cent. The percentage of women in managerial positions is currently 27 per cent. The initiatives introduced with respect to recruitment and training have thus been successful.

Reporting and internal control

The group's financial reporting processes are designed to ensure uniform and reliable financial reporting for the group. The processes are based on fundamental principles of a simple organisational structure with a division of responsibilities and clear reporting lines.

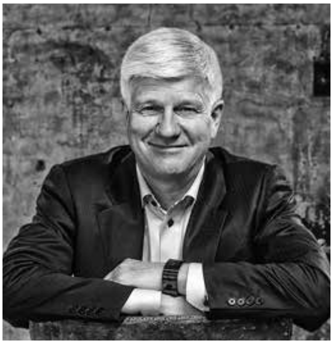
The Board of Directors is responsible for monitoring the group's internal control and risk management processes as well as the group's financial reporting. The Executive Board is responsible for implementing the processes and has established a number of financial reporting policies and procedures which the group's units must follow. Among the more important policies and procedures are the treasury policy, IT and insurance policy as well as accounting and reporting instructions.

The Board of Directors has decided not to set up a central whistleblower scheme or an internal audit function, but continuously monitors the development in the group to assess the need for such scheme or function. The consolidated financial statements are audited by independent auditors appointed by the Board of Representatives.

Corporate governance in Danish Crown A/S focuses on optimising the value creation from the group's Danish and foreign business activities.

MANAGEMENT

EXECUTIVE BOARD



Group CEO

Kjeld Johannesen

Appointed: in 1990

Member of the boards of:
Aktieselskabet Schouw & Co.

Spar Nord Bank A/S

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 Abattoirs (Vice-chairman)

Permanent Committee on Business Policies of Confederation of Danish Industry (Chairman)

Honorary Consul General of Japan

Group Executive Vice President

Flemming N. Enevoldsen

Appointed: in 2006

Member of the board of:
Port of Esbjerg (Chairman)

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

Group CFO

Preben Sunke

Appointed: in 2002

Member of the board of:
The East Asiatic Company Ltd A/S (Vice-chairman)

Member of the boards of the following professional bodies:
Energy and Climate Policy Committee of Confederation of Danish Industry (Chairman)

Employers' Association of Abattoirs

In August 2014, Danish Crown formally launched its largest financial venture in cattle slaughtering in Denmark.

MANAGEMENT

BOARD OF DIRECTORS

Chairman

Erik Bredholt *1) 2) 3) 4)

Appointed: in 2001

Member of the board of:
Industriens Pensionsforsikring A/S

Member of the boards of the following professional bodies:
Danish Bacon and Meat Council

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 Abattoirs (Chairman)

Danish Pig Levy Fund

Vice-chairman

Asger Krogsgaard *1) 2) 3) 4)

Appointed: in 2003

Member of the boards of:
Agroinvest A/S (Vice-chairman)

Norma og Frode S. Jacobsens Fond

Member of the boards of the following professional bodies:
Danish Bacon and Meat Council

Chairmanship, Danish Agriculture & Food Council (Vice-chairman)

Company Board, Danish Agriculture & Food Council (Chairman)

Danish Pig Meat Council, Danish Agriculture & Food Council (Chairman)

Primary Sector Board, Danish Agriculture & Food Council

Danish Pig Levy Fund

Vice-chairman (Danish Crown A/S)

Søren Bach 2) 4)

Appointed: in 2010

Member of the boards of:
Peter Justesen Company A/S

Skagenfood A/S (Chairman)

EL:CON Gruppen A/S

Board member

Peder Philipp *1) 2) 4)

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, Danish Agriculture & Food Council

Danish Agriculture & Food Council, Dairy & Cattle Farming (Chairman)

Primary Sector Board, Danish Agriculture & Food Council

Knowledge Centre for Agriculture

Danish Cattle Levy Fund

Board member

Erik Larsen *1) 2) 3) 4)

Appointed: in 1996

Member of the boards of:
OK a.m.b.a.

Sparekassen Sjælland

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

Danish Pig Research Centre, Danish Agriculture & Food Council (Chairman)

Knowledge Centre for Agriculture

Board member

Jeff Olsen Gravenhorst, Group CEO, ISS A/S 2) 3)

Appointed: in 2010

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

Rambøll Gruppen A/S (Vice-chairman)

Member of the board of the following professional body:
Permanent Committee on Business Policies, Confederation of Danish Industry

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

1) Member of the Board of Directors of Leverandørselskabet Danish Crown AmbA
2) Member of the Board of Directors of Danish Crown A/S
3) Member of the audit committee
4) Member of the nomination committee

Board member

Peter Fallesen Ravn [*1)] [2)]

Appointed: in 2008

Board member

Niels Daugaard Buhl [*1)]

Appointed: in 2006

Board member

Cay Wulff Sørensen [*1)]

Appointed: in 2009

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

Board member

Majken Schultz, Professor, Ph. D. [2)]

Appointed: in 2013

Member of the boards of:
REALDANIA

Danske Spil A/S

Bang & Olufsen a/s

Board member

Jesper Teddy Lok, CEO of DSB [2)]

Appointed: in 2013

Member of the board of:
J. Lauritzen A/S

Board member

Palle Joest Andersen [*1)] [2)]

Appointed: in 2009

Member of the board of:
AKV Langholt AmbA

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

Board member

Knud Jørgen Lei [*1)]

Appointed: in 2013

Member of the board of:
Timis Agro ApS

Member of the board of the following professional body:
Danish Pig Levy Fund

Board member

Søren Bonde [*1)]

Appointed: in 2013

Member of the board of:
A/S Det Fynske Landbocenter

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

Patriotisk Selskab (Vice-chairman)

Observer

Karsten Willumsen [*1)]

Appointed: in 2013

Member of the boards of the following professional bodies:
Danish Cattle Levy Fund

Danish Livestock and Meat Board

Danish Agriculture & Food Council, Dairy & Cattle Farming

Herning-Ikast Agricultural Association

Board member

Mogens Birch [2)]

Appointed: in 2011
(elected by the employees)

Board member

Hans Jørgen Frank [2)]

Appointed: in 2014
(elected by the employees)

Board member

Torben Lyngsø [2)]

Appointed: in 2009
(elected by the employees)

130 MARKETS GLOBALLY

INCOME STATEMENT

30 September 2013 - 28 September 2014

mDKK	Note	GROUP 2013/14	GROUP 2012/13
Revenue	2	**58,029**	**58,164**
Production costs	3,4	-50,635	-50,851
Gross profit		**7,394**	**7,313**
Distribution costs	3,4	-3,893	-3,831
Administrative expenses	3,4,5	-1,515	-1,466
Other operating income		29	19
Other operating expenses		-20	-17
Operating profit before special items (EBIT)		**1,995**	**2,018**
Special items	6	-16	0
Operating profit after special items		**1,979**	**2,018**
Income from equity investments in associates	12	183	80
Financial income	7	119	109
Financial expenses	8	-423	-443
Profit before tax		**1,858**	**1,764**
Tax on profit for the year	9	-202	-181
Net profit for the year		**1,656**	**1,583**
Distribution of net profit for the year			
Cooperative members of the parent		1,607	1,542
Minority interests		49	41
		1,656	**1,583**

STATEMENT OF COMPREHENSIVE INCOME

30 September 2013 - 28 September 2014

mDKK	Note	GROUP 2013/14	GROUP 2012/13
Net profit for the year		**1,656**	**1,583**
Items which may subsequently be transferred to the income statement:			
Foreign currency translation adjustment of foreign enterprises		133	-154
Share of other comprehensive income in associates	12	0	0
Fair value adjustments etc. of financial instruments concluded in order to hedge future cash flows		7	39
Transfer to the income statement of fair value adjustments of financial instruments concluded in order to hedge realised cash flows		-24	-5
Hedging of net investments in subsidiaries		-32	28
Tax on other comprehensive income		-1	0
Transferred to income statement in connection with step acquisition of subsidiary		65	0
Items which cannot be transferred to the income statement:			
Actuarial gains/losses on defined-benefit plans etc.	17	-41	-44
Tax on other comprehensive income	9	8	8
Other comprehensive income		**115**	**-128**
Comprehensive income		**1,771**	**1,455**
Distribution of comprehensive income			
Cooperative members of the parent		1,714	1,420
Minority interests		57	35
		1,771	**1,455**

BALANCE SHEET - ASSETS

28 September 2014

		GROUP	
mDKK	**Note**	**28.09.2014**	**29.09.2013**
Goodwill	10	2,251	1,530
Software	10	99	62
Acquired trademarks etc.	10	432	34
Intangible assets		**2,782**	**1,626**
Land and buildings	11	5,715	5,226
Plant and machinery	11	3,908	3,677
Other plant, fixtures and fittings, tools and equipment	11	288	281
Property, plant and equipment under construction	11	555	920
Property, plant and equipment		**10,466**	**10,104**
Equity investments in associates	12	347	354
Other securities and equity investments	13	8	35
Other receivables		99	112
Financial assets		**454**	**501**
Biological assets	14	**96**	**81**
Deferred tax assets	18	**517**	**535**
Non-current assets		**14,315**	**12,847**
Inventories	15	**4,313**	**4,112**
Biological assets	14	**257**	**231**
Trade receivables	16	6,778	6,157
Receivables from and prepayments to cooperative members		401	426
Receivables from associates		7	11
Other receivables		499	515
Prepayments		116	91
Receivables		**7,801**	**7,200**
Other securities and equity investments	13	**197**	**233**
Cash		**132**	**102**
Current assets		**12,700**	**11,878**
Total assets		**27,015**	**24,725**

BALANCE SHEET – EQUITY AND LIABILITIES

28 September 2014

mDKK	Note	GROUP 28.09.2014	GROUP 29.09.2013
Equity			
Contributed capital		1,505	1,543
Other reserves		70	-70
Retained earnings		4,675	4,330
Equity owned by cooperative members of the parent		**6,250**	**5,803**
Equity owned by minority interests		**173**	**159**
Equity		**6,423**	**5,962**
Pension obligations	17	219	203
Deferred tax liabilities	18	384	355
Other provisions	19	205	195
Subordinate loans	20	54	506
Mortgage debt	20	4,313	4,197
Other debt, issued bonds	20	1,452	2,123
Other credit institutions	20	1,492	2,051
Bank debt	20	3,301	2,257
Finance lease commitments	20	69	71
Non-current liabilities		**11,489**	**11,958**
Other provisions	19	94	47
Mortgage debt	20	182	118
Other debt, issued bonds	20	712	0
Other credit institutions	20	1,067	96
Bank debt	20	1,457	1,279
Finance lease commitments	20	13	11
Trade payables		3,241	3,104
Payables to associates		46	52
Income tax payable		133	62
Other payables		2,043	1,948
Deferred income		115	88
Current liabilities		**9,103**	**6,805**
Liabilities		**20,592**	**18,763**
Total equity and liabilities		**27,015**	**24,725**
Operating lease commitments	21		
Contingent liabilities	22		
Security	23		
Rights and liabilities of the cooperative members	24		
Financial risks and financial instruments	27		

STATEMENT OF CHANGES IN EQUITY

28 September 2014

mDKK	Contributed capital	Reserve for foreign currency translation adjustments	Reserve for value adjust-ment of hedging instruments	Retained earnings	Total	Equity owned by minority interests	Total equity
Equity as at 30 September 2012	**1,576**	**54**	**-38**	**4,138**	**5,730**	**67**	**5,797**
Net profit for the year	0	0	0	1,542	1,542	41	1,583
Foreign currency translation adjustment of foreign enterprises	0	-148	0	0	-148	-6	-154
Share of other comprehensive income in associates	0	0	0	0	0	0	0
Fair value adjustments etc. of financial instruments concluded in order to hedge future cash flows	0	0	38	0	38	1	39
Transfer to the income statement of fair value adjustments of financial instruments concluded in order to hedge realised cash flows	0	0	-4	0	-4	-1	-5
Hedging of net investments in subsidiaries	0	0	28	0	28	0	28
Actuarial gains/losses on defined-benefit plans etc.	0	0	0	-44	-44	0	-44
Tax on other comprehensive income	0	0	0	8	8	0	8
Total other comprehensive income	0	-148	62	-36	-122	-6	-128
Comprehensive income for the year	**0**	**-148**	**62**	**1,506**	**1,420**	**35**	**1,455**
Payment of contributed capital, net	-33	0	0	0	-33	0	-33
Supplementary payments disbursed	0	0	0	-1,274	-1,274	-59	-1,333
Equity transferred to minorities in connection with business combination	0	0	0	-40	-40	40	0
Addition to minorities in connection with business combination	0	0	0	0	0	76	76
Equity as at 29 September 2013	**1,543**	**-94**	**24**	**4,330**	**5,803**	**159**	**5,962**
Net profit for the year	0	0	0	1,607	1,607	49	1,656
Foreign currency translation adjustment of foreign enterprises	0	125	0	0	125	8	133
Share of other comprehensive income in associates	0	0	0	0	0	0	0
Fair value adjustments etc. of financial instruments concluded in order to hedge future cash flows	0	0	7	0	7	0	7
Transfer to the income statement of fair value adjustments of financial instruments concluded in order to hedge realised cash flows	0	0	-24	0	-24	0	-24
Hedging of net investments in subsidiaries	0	0	-32	0	-32	0	-32
Actuarial gains/losses on defined-benefit plans etc.	0	0	0	-41	-41	0	-41
Tax on other comprehensive income	0	0	-1	8	7	0	7
Transferred to income statement in connection with step acquisition of subsidiary	0	66	-1	0	65	0	65
Total other comprehensive income	0	191	-51	-33	107	8	115
Comprehensive income for the year	**0**	**191**	**-51**	**1,574**	**1,714**	**57**	**1,771**
Payment of contributed capital, net	-38	0	0	0	-38	0	-38
Supplementary payments disbursed	0	0	0	-1,229	-1,229	-43	-1,272
Equity as at 28 September 2014	**1,505**	**97**	**-27**	**4,675**	**6,250**	**173**	**6,423**

CASH FLOW STATEMENT

30 September 2013 - 28 September 2014

mDKK	Note	GROUP 2013/14	GROUP 2012/13
Operating profit before special items		**1,995**	**2,018**
Depreciation and amortisation	4	1,372	1,360
Change in provisions		-14	-62
Change in net working capital	25	-127	551
Operating cash flows		**3,226**	**3,867**
Financial income received	7	119	109
Financial expenses paid	8	-423	-443
Income tax paid		-200	-190
Cash flows from operating activities		**2,722**	**3,343**
Purchase etc. of intangible assets	10	-68	-28
Sale of intangible assets		5	0
Purchase etc. of property, plant and equipment and biological assets	11,14	-1,417	-1,598
Sale of property, plant and equipment		83	231
Purchase of other securities and equity investments		0	119
Sale of other securities and equity investments		161	0
Acquisition of businesses	26	-1,315	-123
Dividend received	12	109	83
Effect of foreign currency translation on non-current assets		-113	90
Cash flows from investing activities		**-2,555**	**-1,226**
Disbursement of supplementary payments and dividend for minorities		-1,272	-1,333
Proceeds from borrowings		1,682	750
Repayment of borrowings		-610	-2,137
Effect of foreign currency translation on loans		101	48
Payment of contributed capital, net		-38	-33
Cash flows from financing activities		**-137**	**-2,705**
Change in cash and cash equivalents		**30**	**-588**
Cash and cash equivalents as at 30 September 2013		102	690
Cash and cash equivalents as at 28 September 2014	25	**132**	**102**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PIG'S TROTTERS
TO CHINA

NOTES GROUP

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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 slaughter animals 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.

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 businesses and activities, including determination of cost price allocations and depreciation thereof

In connection with the acquisition of businesses 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.

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

mDKK	2013/14	2012/13
Distribution by market:		
Denmark	5,488	5,895
International	52,541	52,269
	58,029	**58,164**
Distribution by sector:		
DC Pork	24,948	26,301
DC Beef	3,653	3,681
DC Ingredients – DAT-Schaub	2,994	3,160
DC Foods	21,571	20,872
Other companies	4,863	4,150
	58,029	**58,164**

3 Staff costs

Salaries and wages	6,072	5,977
Defined-contribution plans	313	308
Defined-benefit plans	8	3
Other social security costs	661	673
	7,054	**6,961**
Staff costs are distributed as follows:		
Production costs	5,547	5,551
Distribution costs	596	569
Administrative expenses	883	841
Special items	28	0
	7,054	**6,961**
Of which:		
Remuneration for the parent's Board of Directors	6	7
Remuneration for the parent's Board of Representatives	4	5
Remuneration for the parent's Executive Board	26	26
	36	**38**
Average no. of employees	23,764	23,034

4 Depreciation, amortisation, impairment losses and write-downs

Amortisation of intangible assets	44	37
Depreciation of property, plant and equipment and biological assets	1,343	1,314
Impairment losses on property, plant and equipment	212	0
Foreign currency translation adjustments	-17	3
Gains and losses on the disposal of non-current assets	2	6
	1,584	**1,360**
Depreciation, amortisation, impairment losses and write-downs are distributed as follows:		
Production costs	1,265	1,245
Distribution costs	47	44
Administrative expenses	60	71
Special items	212	0
	1,584	**1,360**

NOTES

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

mDKK	2013/14	2012/13
Deloitte:		
Statutory audit	8	10
Other assurance engagements	1	1
Tax advice	3	3
Other services	1	1
	13	15

6 Special items

Special items, income		
Income for accounting purposes from changed recognition of Sokołów S.A. (concerning other operating income)	224	0
	224	0
Special items, expenses		
Impairment of plant (concerning production costs)	212	0
Severance payment (concerning production costs)	28	0
	240	0
	-16	0

7 Financial income

Interest, cash etc.	106	93
Interest, associates	0	3
Interest and dividend on other securities and equity investments	6	5
Foreign currency exchange gains and losses, net	7	8
Fair value adjustment of derivative financial instruments concluded in order to hedge the fair value of financial instruments	-73	88
Fair value adjustment of hedged financial instruments	73	-88
	119	109

8 Financial expenses

Interest, credit institutions etc.	416	447
Foreign currency exchange gains and losses, net	7	1
Fair value adjustment transferred from equity concerning hedging of future cash flows	0	-5
	423	443

Finance costs of DKK 6 million have been recognised in the cost of property, plant and equipment under construction in the financial year (2012/13: DKK 6 million).

NOTES

9 Tax on profit for the year

mDKK	2013/14	2012/13
Current tax	237	186
Change in deferred tax	-120	-46
Change in deferred tax resulting from a change in the tax rate	0	-19
Adjustment concerning previous years, current tax	-13	-31
Adjustment concerning previous years, deferred tax	18	63
Impairment of tax assets and reversal of previous impairment of tax assets	70	10
	192	**163**
Tax in cooperatively taxed enterprises and tax on other non-income-taxed income	10	18
Tax on profit for the year	**202**	**181**
Tax on profit for the year can be explained as follows:		
Calculated tax at a tax rate of 24.5%	410	421
Effect of differences in tax rates for foreign enterprises	-8	-1
Change in deferred tax resulting from a change in the tax rate	0	-19
Tax in cooperatively taxed enterprises and tax on other non-income-taxed income	10	18
Tax base of profit in cooperatively taxed enterprise	-269	-299
Tax base of non-taxable income	-81	-16
Tax base of non-deductible costs	65	35
Adjustment concerning previous years, current tax	-13	-31
Adjustment concerning previous years, deferred tax	18	63
Impairment of tax assets and reversal of previous impairment of tax assets	70	10
	202	**181**
Effective tax rate (%)	**10.9**	**10.3**
Fair value adjustments etc. of financial instruments concluded in order to hedge future cash flows	-1	1
Transfer to the income statement of fair value adjustments of financial instruments concluded in order to hedge realised cash flows	0	0
Hedging of net investments in subsidiaries	2	-1
Actuarial gains/losses on defined-benefit plans etc.	-8	-8
Tax on other comprehensive income	**-7**	**-8**

NOTES

10 Intangible assets

mDKK	Goodwill	Software	Acquired trademarks etc.	Total
Cost as at 30 September 2013	1,530	393	470	2,393
Foreign currency translation adjustments	56	0	-1	55
Addition in connection with acquisitions	976	6	409	1,391
Addition	0	64	4	68
Disposal in connection with step acquisition	-305	-13	0	-318
Disposal	-6	-2	0	-8
Cost as at 28 September 2014	**2,251**	**448**	**882**	**3,581**
Amortisation and impairment losses as at 30 September 2013	0	331	436	767
Foreign currency translation adjustments	0	0	0	0
Amortisation for the year	0	30	14	44
Amortisation and impairment losses on disposal in connection with step acquisition	0	-10	0	-10
Amortisation of and impairment losses on disposal for the year	0	-2	0	-2
Amortisation and impairment losses as at 28 September 2014	**0**	**349**	**450**	**799**
Carrying amount as at 28 September 2014	**2,251**	**99**	**432**	**2,782**
Cost as at 1 October 2012	1,507	378	443	2,328
Foreign currency translation adjustments	-56	8	-1	-49
Addition in connection with acquisitions	75	0	28	103
Addition	4	15	0	19
Disposal	0	-8	0	-8
Cost as at 29 September 2013	**1,530**	**393**	**470**	**2,393**
Amortisation and impairment losses as at 1 October 2012	0	304	429	733
Foreign currency translation adjustments	0	5	0	5
Amortisation for the year	0	30	7	37
Amortisation of and impairment losses on disposal for the year	0	-8	0	-8
Amortisation and impairment losses as at 29 September 2013	**0**	**331**	**436**	**767**
Carrying amount as at 29 September 2013	**1,530**	**62**	**34**	**1,626**

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.

10

Impairment test of goodwill

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

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

mDKK	28.09.2014	29.09.2013
Tulip Ltd	682	637
Sokołów S.A./Saturn Nordic Holding AB	521	306
DAT-Schaub A/S	347	332
KLS Ugglarps AB	76	83
Tulip Food Company A/S	171	172
Danish Crown Group	454	0
	2,251	1,530

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 end of the financial year and has not resulted in any impairment of goodwill in the financial year.

The recoverable amount for the individual cash-generating units to which the goodwill amounts have been allocated 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 companies' budgets and strategy plans for the next 5 financial years. For financial years following the budget periods (terminal period), cash flows in the most recent budget period were extrapolated, 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:

2013/14	Growth factor in the terminal period (%)	Risk-free interest rate, 10-year swap interest rate (%)	WACC after tax (%)
Tulip Ltd	2.0	2.8	6.0
Sokołów S.A./Saturn Nordic Holding AB	2.2	3.5	6.8
DAT-Schaub A/S	2.0	1.9	5.2
KLS Ugglarps AB	1.0	2.2	5.5
Tulip Food Company A/S	1.0	1.9	5.2
Danish Crown Group	0.0	1.9	6.4
2012/13			
Tulip Ltd	2.0	1.8	5.6
Saturn Nordic Holding AB	2.0	3.0	6.8
DAT-Schaub A/S	2.0	1.6	5.4
KLS Ugglarps AB	2.0	2.0	5.8
Tulip Food Company A/S	2.0	1.6	5.4

11 Property, plant and equipment

mDKK	Land and buildings	Plant and machinery	Other plant, fixtures and fittings, tools and equipment	Plant under construction	Total
Cost as at 30 September 2013	11,679	10,693	1,152	920	24,444
Foreign currency translation adjustments	149	198	14	2	363
Completion of plant under construction	538	416	36	-990	0
Addition in connection with acquisitions	457	448	44	71	1,020
Addition	229	394	72	587	1,282
Disposal in connection with step acquisition	-415	-652	-75	-35	-1,177
Disposal	-74	-156	-50	0	-280
Cost as at 28 September 2014	**12,563**	**11,341**	**1,193**	**555**	**25,652**
Depreciation and impairment losses as at 30 September 2013	6,453	7,016	871	0	14,340
Foreign currency translation adjustments	48	109	10	0	167
Depreciation and impairment losses for the year	574	852	117	0	1,543
Depreciation and impairment losses on disposal in connection with step acquisition	-191	-426	-53	0	-670
Depreciation of and impairment losses on disposal for the year	-36	-118	-40	0	-194
Depreciation and impairment losses as at 28 September 2014	**6,848**	**7,433**	**905**	**0**	**15,186**
Carrying amount as at 28 September 2014	**5,715**	**3,908**	**288**	**555**	**10,466**
Of which assets held under finance leases	68	16	5	0	89
Of which recognised interest expenses	60	2	0	0	62
Cost as at 1 October 2012	11,458	10,117	1,176	809	23,560
Foreign currency translation adjustments	-132	-175	-18	-22	-347
Completion of plant under construction	256	487	28	-771	0
Addition in connection with acquisitions	0	18	1	0	19
Addition	212	358	60	906	1,536
Disposal	-115	-112	-95	-2	-324
Cost as at 29 September 2013	**11,679**	**10,693**	**1,152**	**920**	**24,444**
Depreciation and impairment losses as at 1 October 2012	6,120	6,368	828	0	13,316
Foreign currency translation adjustments	-41	-89	-11	0	-141
Depreciation for the year	409	765	130	0	1,304
Depreciation of and impairment losses on disposal for the year	-35	-28	-76	0	-139
Depreciation and impairment losses as at 29 September 2013	**6,453**	**7,016**	**871**	**0**	**14,340**
Carrying amount as at 29 September 2013	**5,226**	**3,677**	**281**	**920**	**10,104**
Of which assets held under finance leases	72	11	5	0	88
Of which recognised interest expenses	63	4	0	6	73

NOTES

12 Equity investments in associates and jointly controlled enterprises

Associates

mDKK	28.09.2014	29.09.2013
Cost as at 30 September 2013	230	230
Foreign currency translation adjustments	0	0
Addition	0	0
Disposal	-1	0
Cost as at 28 September 2014	**229**	**230**
Value adjustments as at 30 September 2013	124	115
Foreign currency translation adjustments	3	0
Share of net profit and gain on disposal	183	80
Distribution during the year	-109	-83
Addition	0	12
Disposal	-83	0
Value adjustments as at 28 September 2014	**118**	**124**
Carrying amount as at 28 September 2014	**347**	**354**
Key figures for associates (combined):		
Total assets	1,618	2,017
Total liabilities	946	1,249
Total net assets	**672**	**768**
Share of net assets	347	354
Total revenue	**2,766**	**6,065**
Total net profit for the year	**212**	**149**
Share of net profit for the year	183	80

12 Equity investments in associates and jointly controlled enterprises (continued)

Jointly controlled enterprises

Via DAT-Schaub A/S, Danish Crown holds 50 per cent of the shares and 50 per cent of the votes in Trunet Packaging Service Ltd.

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 shares*: mDKK	2013/14	2012/13
Revenue	1,866	2,762
Costs	-1,781	-2,651
Net profit	**85**	**111**
Non-current assets	0	815
Current assets	4	523
Total assets	**4**	**1,338**
Equity	2	893
Non-current liabilities	0	112
Current liabilities	2	333
Total equity and liabilities	**4**	**1,338**
Cash flows from operating activities	84	87
Cash flows from investing activities	-54	-98
Cash flows from financing activities	-11	-96

* Sokołów S.A. (Saturn Nordic Holding AB) is included in the income statement items and cash flows with 50 per cent until June 2014.

NOTES

13 Other securities and equity investments

mDKK	28.09.2014	29.09.2013
Listed bonds	197	231
Listed shares	0	15
Unlisted shares	8	22
	205	**268**
Securities are recognised in the balance sheet as follows:		
Non-current assets	8	35
Current assets	197	233
	205	**268**

14 Biological assets

Non-current assets		
Cost as at 30 September 2013	89	87
Foreign currency translation adjustments	6	-4
Addition in connection with acquisition	2	0
Addition	76	62
Disposal	-68	-56
Cost as at 28 September 2014	**105**	**89**
Depreciation and impairment losses as at 30 September 2013	8	9
Foreign currency translation adjustments	1	-1
Depreciation for the year	12	10
Depreciation of and impairment losses on disposal for the year	-12	-10
Value adjustments as at 28 September 2014	**9**	**8**
Carrying amount as at 28 September 2014	**96**	**81**
No. of sows and boars as at 28 September 2014	46,400	41,098
Current assets		
Slaughter pigs	246	225
Crops	8	4
Land holdings	3	2
Carrying amount as at 28 September 2014	**257**	**231**
No. of slaughter pigs as at 28 September 2014	402,344	372,737
Kg produced ('000) during the year	71,177	62,010

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15 Inventories

mDKK	28.09.2014	29.09.2013
Raw materials and consumables	773	671
Work in progress	675	654
Finished goods and goods for resale	2,865	2,787
	4,313	**4,112**

Cost of sales	45,258	45,472
Net write-down for the year of inventories recognised as income (-) or expenses (+) in the income statement	207	-10

16 Trade receivables

	28.09.2014	29.09.2013
Trade receivables (gross)	6,873	6,247
Write-down for bad debts as at 30 September 2013	-90	-92
Foreign currency translation adjustments	16	1
Realised losses for the year	13	15
Addition in connection with acquisition	-30	0
Reversed provisions	31	31
Provisions for bad debts for the year	-35	-45
Write-down for bad debts as at 28 September 2014	-95	-90
Trade receivables (net)	**6,778**	**6,157**

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 77 million (29.09.2013: DKK 118 million).

Trade receivables (gross) can be specified as follows:		
Not due	5,830	5,325
Due within 30 days	854	772
Due between 30 and 90 days	97	61
Due after 90 days	92	89
	6,873	**6,247**

Receivables due, but not written down, comprise:		
Due within 30 days	791	724
Due between 30 and 90 days	84	50
Due after 90 days	17	10
	892	**784**

During the financial year, no interest income in respect of receivables written down has been recognised as income (2012/13: DKK 0 million).

17 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, the group makes regular, defined contributions to independent pension providers. The group is not obliged to make additional contributions.

Under the defined-benefit plans, 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 provision comprises defined-benefit plans in the UK and in Denmark.

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.

The defined-benefit plans in the UK are managed by independent pension providers, which invest the contributions made in order to cover the obligations. The plans are closed, which means that no new employees will enter the plans and no new contributions are made. The plans entitle the employees to life-long pension benefits and benefits in the event of death before retirement.

The defined-benefit plan in Denmark is not covered by regular contributions and comprises pensions for retired employees and their surviving relatives.

Defined-contribution plans mDKK	2013/14	2012/13
Contributions to defined-contribution plans recognised in the income statement	313	308

Defined-benefit plans		
Net interest expenses	7	2
Administrative expenses	1	1
Recognised in the income statement under staff costs	**8**	**3**
Remeasurement of defined-benefit plans		
Return on pension assets	-22	-61
Actuarial gains/losses on changes in demographic assumptions	-1	0
Actuarial gains/losses on changes in financial assumptions	67	100
Actuarial gains/losses on adjustments based on experience	-3	5
Recognised in other comprehensive income	**41**	**44**
Recognised in comprehensive income	**49**	**47**
The pension obligation recognised in the balance sheet can be specified as follows:		
Present value of hedged pension obligation	1,251	1,105
Present value of unhedged pension obligation	46	49
	1,297	1,154
Fair value of the assets underlying the pension plans	-1,078	-951
Net obligation recognised in the balance sheet	**219**	**203**

The group expects to contribute a total of DKK 34 million to the plans during the coming financial year.

17 Pension plans (continued)

Defined-benefit plans (continued) mDKK	2013/14	2012/13
Changes in pension obligations for the year can be specified as follows:		
Present value of pension obligations as at 30 September 2013	1,154	1,097
Foreign currency translation adjustments	82	-51
Interest on pension obligation	49	45
Actuarial gains and losses:		
Actuarial gains/losses on changes in demographic assumptions	-1	0
Actuarial gains/losses on changes in financial assumptions	67	100
Actuarial gains/losses on adjustments based on experience	-3	5
Pension benefits paid	-51	-42
Present value of pension obligations as at 28 September 2014	**1,297**	**1,154**
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 30 September 2013	951	893
Foreign currency translation adjustments	73	-44
Interest on the assets underlying the pension plans	42	43
Return on the assets underlying the pension plans	22	61
Employer contributions	38	36
Administrative expenses	-1	-1
Pension benefits paid	-47	-37
Fair value of the assets underlying the pension plans as at 28 September 2014	**1,078**	**951**
Accumulated actuarial gains and losses included in other comprehensive income	-315	-274

The UK pension obligations have been calculated on the basis of the following actuarial assumptions:		
Average discount rate	3.87%	4.30%
Average remaining life expectancy at retirement for existing pension recipients:		
Men aged 65 years	22.1 years	22.3 years
Women aged 65 years	24.6 years	24.8 years
Average remaining life expectancy at retirement for current employees:		
Men aged 45 years	23.5 years	23.6 years
Women aged 45 years	26.1 years	26.4 years
Future pension increases	1.90%	1.96%
Inflation, consumer index	2.00%	2.10%

The Danish pension obligations have been calculated on the basis of the following actuarial assumptions:		
Average discount rate	2.30%	2.20%
Future pension increases	2.00%	2.00%

The most recent actuarial statements of the UK pension obligations were calculated on 28 September 2014 by Scottish Widows Plc, Buck Consultants Ltd and Aviva Group.

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Defined-benefit plans (continued) mDKK	28.09.2014	29.09.2013
The assets underlying the pension plans measured at fair value comprise:		
Cash and cash equivalents	14	25
Shares:		
UK shares	411	360
Other shares	249	220
Bonds:		
UK government bonds	165	146
UK government-indexed bonds	194	166
Other	5	15
Real property	26	5
Insurance policy	14	14
	1,078	951

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 pension plans are exposed to a number of actuarial risks, such as investment risks, interest rate risks, inflation risks and longevity risks.

Investment risks
The present value of the UK plans is calculated using a discount rate corresponding to the interest rate on investment grade corporate bonds. If the return on the assets underlying the plan is below this level, the plan will yield a loss. Due to the long-term nature of the obligation, a relatively large share of the pension assets is invested in shares (61 per cent).

Interest rate risks
A decline in the interest rate on UK corporate bonds or Danish government bonds, respectively, will reduce the discount rate and thus increase the pension obligation. For the UK plans, however, this will partially be offset by an increase in the return on the plans' bond investments.

Inflation risks
A significant part of the pension benefits paid under the plans in the UK and Denmark is indexed. An increase in inflation rates will entail an increase in the pension obligation.

Longevity risks
The present value of the pension plans' obligations is calculated on the basis of a best estimate of the participants' mortality during and after their employment. An increase in the participants' life expectancy will increase the plans' obligations.

Sensitivity analyses
Considerable actuarial assumptions for determining the pension obligation comprise the discount rate and expected inflation. The sensitivity analysis below is calculated based on probable changes in the respective assumptions existing at the end of the financial year, while maintaining all other variables.

- If the discount rate was 0.25 percentage points higher, the pension obligation would decrease by DKK 49 million.
- If inflation was 0.25 percentage points higher, the pension obligation would increase by DKK 42 million.

The present value in the above sensitivity analysis is calculated using the project unit credit method at the end of the financial period in the same way as the calculation of the pension obligation recognised in the balance sheet. The sensitivity analysis does not necessarily reflect the actual changes in the obligation as it is unlikely that changes in one assumption will occur separately from changes in other assumptions.

Trustees in the UK plans continuously assess and adjust the plans' expected pension payments, investment returns and investment policy and ensure that the plans' funding complies with UK legislation and the plans' articles of association and conditions.

The average duration of the pension obligation as at 28 September 2014 is 17 years for the plans in the UK and 10 years for the plans in Denmark.

18 Deferred tax

mDKK	28.09.2014	29.09.2013
Deferred tax is recognised in the balance sheet as follows:		
Deferred tax assets	517	535
Deferred tax liabilities	-384	-355
	133	180

2013/14 mDKK	Deferred tax as at 30 September 2013	Foreign currency translation adjustment	Changes in respect of previous years	Recognised in net profit for the year	Recognised in other comprehensive income	Addition in connection with acquisitions	Deferred tax as at 28 September 2014
Intangible assets	194	-1	0	-18	0	-77	98
Property, plant and equipment	-40	-34	-57	121	0	6	-4
Financial assets	-2	0	0	3	0	0	1
Current assets	25	1	0	52	1	3	82
Non-current liabilities	74	3	1	-13	8	2	75
Current liabilities	-54	-7	-10	-21	0	13	-79
Tax losses to be carried forward	159	3	48	-4	0	0	206
Retaxation balance in respect of losses in foreign subsidiaries under Danish joint taxation	-6	0	0	0	0	0	-6
	350	**-35**	**-18**	**120**	**9**	**-53**	**373**
Adjustment concerning utilisation of tax asset not previously recognised	-1	0	0	11	0	3	13
Impairment of tax assets and reversal of previous impairment of tax assets	-169	0	10	-91	0	-3	-253
	180	**-35**	**-8**	**40**	**9**	**-53**	**133**

2012/13 mDKK	Deferred tax as at 1 October 2012	Foreign currency translation adjustment	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 29 September 2013
Intangible assets	226	0	-6	-25	0	-1	194
Property, plant and equipment	-46	21	-26	11	0	0	-40
Financial assets	-8	0	2	12	-8	0	-2
Current assets	38	0	2	-13	0	-2	25
Non-current liabilities	62	-2	4	2	16	-8	74
Current liabilities	-91	1	-4	19	-1	22	-54
Tax losses to be carried forward	157	-1	-35	40	-1	-1	159
Retaxation balance in respect of losses in foreign subsidiaries under Danish joint taxation	-6	0	0	0	0	0	-6
	332	**19**	**-63**	**46**	**6**	**10**	**350**
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	-168	1	0	-11	0	9	-169
	163	**20**	**-63**	**35**	**6**	**19**	**180**

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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mDKK	28.09.2014	29.09.2013
Tax value of non-recognised deferred tax assets	**253**	**169**
The expiry dates of tax losses to be carried forward can be specified as follows:		
No expiry date	500	450
2014	0	0
2015	0	0
2016	1	0
After 2019	222	111
	723	**561**

The tax base of tax losses amounting to DKK 120 million (2012/13: DKK 108 million) has not been recognised as it has not been deemed sufficiently probable that the losses will be utilised within a foreseeable future.

19 Other provisions

mDKK	Insurance provisions	Restructuring costs	Other provisions	Total
Other provisions as at 30 September 2013	102	4	136	242
Foreign currency translation adjustments	0	0	-1	-1
Utilised during the year	-9	-2	-16	-27
Reversal of unutilised provision	-13	-2	-1	-16
Discounting (reduction of term to maturity)	6	0	0	6
Provisions for the year	11	33	51	95
Other provisions as at 28 September 2014	**97**	**33**	**169**	**299**
Other provisions as at 1 October 2012	119	20	122	261
Foreign currency translation adjustments	0	0	-1	-1
Utilised during the year	-11	-15	-30	-56
Reversal of unutilised provision	-9	-3	-1	-13
Discounting (reduction of term to maturity)	0	0	0	0
Provisions for the year	3	2	46	51
Other provisions as at 29 September 2013	**102**	**4**	**136**	**242**

Other provisions can be specified by maturity as follows: mDKK	Due within 1 year	Due between 1 and 5 years	Due after 5 years	Total
28.09.2014	**94**	**153**	**52**	**299**
29.09.2013	**47**	**131**	**64**	**242**

Insurance provisions amount to DKK 97 million (29.09.2013: DKK 102 million) and primarily comprise provisions for occupational injuries as well as general public and product liability.

Insurance provisions are associated with uncertainty and estimates. The provisions are assessed on the basis of actuarial methods based on historical experience on, for example, the number of injuries and the associated costs.

Restructuring provisions and other provisions amount to 202 million (29.09.2013: DKK 140 million) and comprise provisions for severance payments for dismissed employees, foreign tax claims, rental obligations in a former group company, legal costs, 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.

20 Credit institutions

28.09.2014 mDKK	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	0	54	54
Mortgage debt	182	491	3,822	4,495
Other debt, issued bonds	712	750	702	2,164
Other credit institutions	1,067	1,184	308	2,559
Bank debt	1,457	3,301	0	4,758
Finance lease commitments	13	37	32	82
	3,431	**5,763**	**4,918**	**14,112**

29.09.2013				
Loans can be specified by maturity as follows:				
Subordinate loans	0	452	54	506
Mortgage debt	118	770	3,427	4,315
Other debt, issued bonds	0	1,462	661	2,123
Other credit institutions	96	2,051	0	2,147
Bank debt	1,279	2,257	0	3,536
Finance lease commitments	11	32	39	82
	1,504	**7,024**	**4,181**	**12,709**

One subsidiary has arranged a subordinate loan totalling DKK 54 million, excluding borrowing costs, which falls due in 2020. Up until the next repricing date in December 2016, the loan carries an interest rate of 5.456 per cent.

The subordinate loan ranks after other creditors.

Other debt, issued bonds includes bond loans of DKK 750 million issued on First North in Denmark and private placement loans in the US (USPP loans) of DKK 1,414 million.

	2013/14		2012/13	
Lease commitments mDKK	Minimum lease payments	Carrying amount	Minimum lease payments	Carrying amount
Finance lease commitments	82	82	82	82
Amortisation premiums for future expensing	5		6	
	87		**88**	

21 Operating lease commitments

mDKK	28.09.2014	29.09.2013
Total future minimum lease payments in respect of non-cancellable leases (tools and operating equipment) comprise:		
Within 1 year of the balance sheet date	154	135
Between 1 and 5 years of the balance sheet date	297	244
After 5 years of the balance sheet date	20	21
	471	**400**
Minimum lease payments recognised in net profit for the year	186	160

22 Contingent liabilities

mDKK	28.09.2014	29.09.2013
Other guarantees	46	43
Contractual obligations in respect of property, plant and equipment	205	319
Guarantee commitments to the EU directorate	0	2

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.

23 Security

The following assets have been provided as security for mortgage debt and other long-term debt:

Nominal mortgage secured on land, buildings and production facilities etc.	5,152	4,657
Carrying amount of the above-mentioned assets	3,812	3,995

24 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. The individual cooperative members elect representatives to the company's supreme governing body, the Board of Representatives. Among the members of the Board of Representatives, owner representatives are elected to the company's Board of Directors. 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 contributed capital 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	**28.09.2014**	**29.09.2013**
No. of cooperative members as at 30 September 2013	8,552	9,031
Net reduction	-274	-479
No. of cooperative members as at 28 September 2014	**8,278**	**8,552**

mDKK		
Total liability	207	214
Proposed supplementary payments for the cooperative members	1, 218	1,229

25 Specifications to the cash flow statement

	2013/14	2012/13
Change in net working capital:		
Change in inventories	-64	-173
Change in receivables	-230	524
Change in other provisions	57	-19
Change in trade payables and other payables	110	219
	-127	**551**
Cash and cash equivalents		
Cash and bank deposits, cf. balance sheet	132	102
	132	**102**

26 Acquisition of businesses

	Primary activity	Acquisition date	Acquired ownership interest in %	Acquired voting share in %	Acquisition price mDKK '000
During the financial year, the group has acquired the following businesses:					
2013/14					
Sokołów S.A. (Saturn Nordic Holding AB)	Slaughter and processing of meat	10.06.2014	50	50	1,343
2012/13					
DCW Casing LLC	Production and sale of natural casings	01.10.2012	51	51	155

Since the end of the 2003/04 financial year, the group has held 50 per cent of the shares in Saturn Nordic Holding AB and recognised the ownership interest as a jointly controlled enterprise using pro rata consolidation. The sole purpose of Saturn Nordic Holding AB is to hold 100 per cent of the shares in Sokołów S.A. Following the acquisition of a further 50 per cent stake in 2013/14, the group now holds 100 per cent of the shares in Sokołów S.A. The purpose of the acquisition of the remaining 50 per cent was to obtain a 100 per cent ownership interest and thus be able to obtain a full synergistic effect.

In connection with the acquisition of the remaining 50 per cent of the shares in Sokołów S.A., a consideration was paid which, combined with the fair value of the previously owned 50 per cent in the acquired enterprise, exceeds the fair value of the identifiable assets, liabilities and contingent liabilities of the acquired enterprise. The positive balance (goodwill) has been calculated at DKK 976 million, comprising DKK 454 million in respect of the Danish Crown Group and DKK 522 million in respect of Sokołów S.A. Goodwill allocated to the Danish Crown Group has been estimated on the basis of the present value of expected future synergies across the group. Synergies are expected within sales, purchase, production, administration and product development. Important inputs to the calculations appear from note 10.

Transaction costs of DKK 2.9 million were incurred, which have been included under administrative expenses.

Gain on the revaluation of the previous ownership interest at fair value in accordance with IFRS 3 (step acquisition) amounted to DKK 224 million, which has been recognised in the income statement under special items. This amount includes DKK -65 million transferred from other comprehensive income, primarily in the form of foreign currency translation adjustments in respect of previous years, which has been recognised under other comprehensive income and is now being reversed.

The fair value of the previous 50 per cent ownership interest has been calculated as the purchase price in cash of the 50 per cent stake less an estimated control premium. The calculation of the control premium is based on an estimated additional price paid to obtain a 100 per cent ownership interest in Sokołów S.A., among other things in the form of the above-mentioned synergies. In estimating the additional price, account is taken of an external assessment of the market value of Sokołów S.A., as well as a comparison with other comparable acquisitions within the meat industry.

DKK 59 million of the group's net profit for the year of DKK 1,656 million is attributable to income generated by Sokołów S.A. after the acquisition. DKK 1,971 million of the group's revenue of DKK 58,029 million is attributable to Sokołów S.A. after the acquisition. Had Sokołów S.A. been acquired with effect from 1 October 2013, revenue for 2013/14 would have amounted to approx. DKK 59,884 million, based on a grossing-up of the pro rata consolidated amounts for the period 1 October 2013 to 10 June 2014, and net profit for the year would have amounted to approx. DKK 1,728 million, adjusted for pro forma accelerated amortisation and depreciation of intangible assets and property plant and equipment, calculated on the basis of the fair values in the acquisition balance sheet instead of the original carrying amounts.

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mDKK	Sokołów S.A.	Total for 2013/14	Total for 2012/13
Non-current assets			
Software	6	6	0
Acquired trademarks etc.	409	409	28
Land and buildings	457	457	0
Plant and machinery	448	448	18
Other plant, fixtures and fittings, tools and equipment	44	44	1
Property, plant and equipment under construction	71	71	0
Deferred tax assets	28	28	0
Other non-current assets	4	4	5
Current assets			
Inventories	327	327	234
Trade receivables (written down by DKK 30 million)	647	647	96
Other receivables	94	94	4
Cash	57	57	0
Non-current liabilities			
Deferred tax liabilities	-81	-81	-8
Credit institutions	-232	-232	-7
Other provisions	-18	-18	0
Current liabilities			
Other credit institutions	-256	-256	-140
Trade payables and other payables	-438	-438	-88
Acquired net assets	**1,567**	**1,567**	**143**
Goodwill (not tax deductible)	976	976	56
Minority interests	0	0	-44
Total consideration	**2,543**	**2,543**	**155**
Acquired cash (50%)	-28	-28	0
Fair value of previous 50% ownership interest in Sokołów S.A. (step acquisition)	-1,200	-1,200	-32
Deferred conditional consideration	0	0	0
Cash payment	**1,315**	**1,315**	**123**

27 Financial risks and financial instruments

mDKK	28.09.2014	29.09.2013
Categories of financial instruments in accordance with IAS 39		
Derivative financial instruments included in the trading portfolio	0	2
Other securities and equity investments	205	268
Financial assets measured at fair value via the net profit for the year	**205**	**270**
Derivative financial instruments concluded in order to hedge the fair value of recognised assets and liabilities	18	25
Derivative financial instruments concluded in order to hedge future cash flows	2	26
Financial assets used as hedging instruments	**20**	**51**
Trade receivables	6,778	6,157
Receivables from and prepayments to cooperative members	401	426
Receivables from associates	7	11
Other receivables	578	574
Cash	132	102
Loans and receivables	**7,896**	**7,270**
Derivative financial instruments included in the trading portfolio	1	0
Other liabilities	71	65
Financial liabilities measured at fair value via the net profit for the year	**72**	**65**
Derivative financial instruments concluded in order to hedge the fair value of recognised assets and liabilities	99	30
Derivative financial instruments concluded in order to hedge future cash flows	34	36
Financial liabilities used as hedging instruments	**133**	**66**
Subordinate loans	54	506
Mortgage debt	4,495	4,315
Other debt, issued bonds	2,164	2,123
Other credit institutions	2,559	2,147
Bank debt	4,758	3,536
Finance lease commitments	82	82
Trade payables	3.241	3,104
Payables to associates	46	52
Other payables	1,909	1,882
Financial liabilities measured at amortised cost	**19,308**	**17,747**

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Currency risks in respect of assets and liabilities and future cash flows

The currency policy of the group is to hedge the group's net currency exposure on an ongoing basis. The company has a general risk in respect of currency cash flows due to the uncertainty associated with the DKK value of the future cash flow. The commercial risk is therefore calculated as follows:

Commercial risk = cash and cash equivalents and securities + receivables and expected sales + trade payables and other payables

Expected sales are calculated as follows: Expected sales = sales orders concluded + specific expected sales in the short term.

As part of the hedging of recognised and non-recognised transactions, the group uses hedging instruments in the form of forward exchange contracts, currency loans and currency overdraft facilities. The hedging of recognised assets and liabilities primarily comprises cash and cash equivalents, securities, receivables 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 -96 million (29.09.2013: DKK 0 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.

mDKK	Cash and cash equivalents and securities	Receivables and expected sales	Trade payables and other payables	Commercial risk	Of which hedged by forward exchange contracts	Of which hedged by loans and overdraft facilities	Unhedged net position
EUR	45	1,532	-690	887	-57	-611	219
GBP	0	1,068	-56	1,012	-1,763	751	0
JPY	0	680	-1	679	-566	-133	-20
SEK	0	117	-11	106	-78	-21	7
USD	5	2,346	-761	1,590	-1,281	-284	25
Other currencies	4	519	-49	474	-13	-425	36
28.09.2014	**54**	**6,262**	**-1,568**	**4,748**	**-3,758**	**-723**	**267**
EUR	11	1,710	-618	1,103	-797	-27	279
GBP	1	770	-49	722	-2,139	1,420	3
JPY	0	1,306	-3	1,303	-1,186	-94	23
SEK	1	224	-10	215	-149	-25	41
USD	2	1,719	-586	1,135	-1,013	-147	-25
Other currencies	2	264	-51	215	8	-205	18
29.09.2013	**17**	**5,993**	**-1,317**	**4,693**	**-5,276**	**922**	**339**

The hedging of expected future cash flows is treated as a cash flow hedge, meaning that the fair value adjustment of the hedging instruments used is recognised in other comprehensive income. The value adjustment of hedging instruments used for the specific expected sales in the short term is calculated on the basis of the value of such sales.

The hedging of sales orders concluded is treated as a fair value hedge, meaning that the fair value adjustment of the hedged orders and the hedging instruments used is recognised in the income statement.

If the Danish Crown Group has concluded foreign currency hedging agreements which do not fulfil the criteria for hedge accounting, such agreements are treated as trading portfolios, recognising fair value adjustments continuously in the income statement.

Open forward exchange contracts as at the balance sheet date have a time to maturity of up to 12 months and can be specified as described below where agreements on the sale of currency are stated with a positive contractual value.

27 Financial risks and financial instruments (continued)

mDKK	Hedging of future cash flows: Contractual value	Hedging of future cash flows: Fair value adjustment recognised in equity	Fair value hedging: Contractual value	Fair value hedging: Fair value	Non-fulfilment of hedging criteria: Contractual value	Non-fulfilment of hedging criteria: Fair value
Forward exchange contracts EUR	0	0	63	0	-7	0
Forward exchange contracts GBP	386	-5	1,366	-28	11	0
Forward exchange contracts JPY	39	2	523	-5	3	0
Forward exchange contracts SEK	0	0	85	2	-7	0
Forward exchange contracts USD	104	-1	1,150	-65	6	0
Forward exchange contracts, other	3	0	44	0	-37	0
28.09.2014	**532**	**-4**	**3,231**	**-96**	**-31**	**0**
Forward exchange contracts EUR	0	0	813	-3	-8	12
Forward exchange contracts GBP	147	0	1,989	-21	2	0
Forward exchange contracts JPY	415	23	771	0	0	0
Forward exchange contracts SEK	14	1	141	0	-6	0
Forward exchange contracts USD	45	0	977	24	-1	0
Forward exchange contracts, other	1	0	22	0	-39	1
29.09.2013	**622**	**24**	**4,713**	**0**	**-52**	**13**

Hedging of net investments in foreign subsidiaries

The Danish Crown Group has a number of investments in foreign subsidiaries where the conversion of equity to DKK is exposed to currency risks. The group hedges some of this currency risk by raising loans in the relevant currency. This applies to net investments in EUR, USD and GBP.

The change in the fair value of these financial instruments (debt instruments) used to hedge the currency risk concerning investments in foreign currency is recognised in other comprehensive income.

To the extent that the fair value adjustment does not exceed the value adjustment of the investment, adjustments of these financial instruments are recognised in other comprehensive income; otherwise the fair value adjustment is recognised in the income statement.
As at the balance sheet date, DKK -32 million (29.09.2013: DKK 28 million) has been recognised in other comprehensive income concerning the fair value adjustment of instruments for hedging of net investments and loans classified as additions to net investments. There have been no inefficiencies in the present or previous financial year.

As at the balance sheet date, the fair value of the accumulating foreign currency translation adjustments of instruments for hedging net investments amounts to DKK -11 million (29.09.2013: DKK 23 million).

Currency sensitivity analysis

The group's most important currency exposure with regard to sales concerns GBP, JPY, EUR and USD. Exchange rate fluctuations in respect of these currencies will not impact the group's results significantly as commercial currency positions are hedged in accordance with the group's risk policy, meaning that sales and net positions in the balance sheet are hedged. The table below shows the effect it would have had on equity as regards equity investments if the exchange rate of the most important currencies carrying a risk of significant exchange rate fluctuations 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 mDKK	28.09.2014	29.09.2013
Effect if USD exchange rate was 10 per cent lower than actual exchange rate	-16	-27
Effect if GBP exchange rate was 10 per cent lower than actual exchange rate	-106	-141
Effect if SEK exchange rate was 10 per cent lower than actual exchange rate	-34	-58
Effect if PLN exchange rate was 10 per cent lower than actual exchange rate	-218	-61

NOTES

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Embedded derivative financial instruments

The group has performed a systematic review of contracts which may contain conditions which make 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, as interest-bearing assets and liabilities falling due after 1 year are considered to carry a fixed interest rate:

Repricing or expiry date mDKK	Within 1 year	Between 1 and 5 years	After 5 years	Total	Fair value
Bonds	0	0	-196	-196	-196
Bank deposits	-119	0	0	-119	-119
Subordinate loans	2	54	0	56	59
Mortgage debt	2,274	1,350	871	4,495	4,745
Other debt, issued bonds	1,462	0	702	2,164	2,172
Other credit institutions	2,104	455	0	2,559	2,559
Bank debt	4,758	0	0	4,758	4,758
Finance lease commitments	70	12	0	82	82
Interest rate swaps, fixed interest rate	-591	513	78	0	-28
28.09.2014	**9,960**	**2,384**	**1,455**	**13,799**	**14,032**
Bonds	0	0	-231	-231	-231
Bank deposits	-75	0	0	-75	-75
Subordinate loans	506	0	0	506	506
Mortgage debt	2,386	1,056	873	4,315	4,491
Other debt, issued bonds	1,462	0	661	2,123	2,116
Other credit institutions	1,422	725	0	2,147	2,147
Bank debt	3,325	211	0	3,536	3,536
Finance lease commitments	75	6	1	82	82
Interest rate swaps, fixed interest rate	-610	526	84	0	-34
29.09.2013	**8,491**	**2,524**	**1,388**	**12,403**	**12,538**

The fair value of mortgage debt, debt to other credit institutions and bank debt has been calculated at the present value of future instalments and interest payments by using the current interest rate curve derived from current market rates (level 2).

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 -28 million (29.09.2013: DKK -34 million) (level 2).

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 (29.09.2013: DKK 712 million and due to expire in 2015) have been concluded. The fair value of such interest rate swaps totals DKK 15 million (29.09.2013: DKK -5 million) (level 2).

Other debt, issued bonds, includes bond loans of DKK 750 million. The fair value of these loans is determined on the basis of the latest trading price prior to the closing of the financial year (level 1).

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

Interest rate fluctuations affect the group's bond portfolios. An increase in interest rate levels of 1 percentage point per year relative to the interest rate level at the balance sheet date would have had a negative effect of DKK 1 million (29.09.2013: negative effect of DKK 5 million) on the group's equity related to capital losses on the group's bond portfolio.

As regards the group's floating-rate bank deposits, mortgage debt and other payables, an increase of 1 percentage point per year relative to the interest rate level at the balance sheet date would have resulted in an increase in the group's interest expenses of DKK 100 million (2012/13: DKK 85 million). A corresponding decrease in interest rate levels would have resulted in a similar reduction in the group's interest expenses.

27 Financial risks and financial instruments (continued)

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: mDKK	Within 1 year	Between 1 and 5 years	After 5 years	Total
Subordinate loans	3	12	60	75
Mortgage debt	254	849	6,673	7,776
Other debt, issued bonds	770	920	828	2,518
Other credit institutions	1,110	1,192	360	2,662
Bank debt	1,588	3,177	0	4,765
Finance lease commitments	14	40	33	87
Trade payables	3,241	0	0	3,241
Other payables	1,909	0	0	1,909
	8,889	**6,190**	**7,954**	**23,033**
Derivative financial instruments:				
Derivative financial instruments included in the trading portfolio	1	0	0	1
Derivative financial instruments concluded in order to hedge the fair value of recognised assets and liabilities	99	0	0	99
Derivative financial instruments concluded in order to hedge future cash flows	28	6	0	34
28.09.2014	**9,017**	**6,196**	**7,954**	**23,167**
Non-derivative financial liabilities:				
Subordinate loans	4	483	65	552
Mortgage debt	257	906	6,309	7,472
Other debt, issued bonds	56	1,647	813	2,516
Other credit institutions	126	2,169	0	2,295
Bank debt	1,292	2,251	0	3,543
Finance lease commitments	12	35	41	88
Trade payables	3,104	0	0	3,104
Other payables	1,882	0	0	1,882
	6,733	**7,491**	**7,228**	**21,452**
Derivative financial instruments:				
Derivative financial instruments included in the trading portfolio	0	0	0	0
Derivative financial instruments concluded in order to hedge the fair value of recognised assets and liabilities	30	0	0	30
Derivative financial instruments concluded in order to hedge future cash flows	30	6	0	36
29.09.2013	**6,793**	**7,497**	**7,228**	**21,518**

Cash resources mDKK	28.09.2014	29.09.2013
Cash resources comprise:		
Cash	**132**	102
Unutilised credit facilities	**6,662**	6,279
	6,794	**6,381**

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Credit risks

Credit risks are described in note 16 and in the section on risk management in the management's review, to which reference is made.

Optimisation of capital structure

The company's management assesses on an ongoing basis whether the group's capital structure matches the company's and the owners' 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 debt, comprising financial liabilities in the form of convertible debt certificates, mortgage debt, bank debt, finance lease commitments, receivables from cooperative members, 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 is 4.0 (29.09.2013: 3.5).

The financial gearing for 2013/14 is negatively affected by the acquisition of Sokołów, which is fully recognised in the balance sheet figures as at 28 September 2014, while EBITDA for Sokołów is only recognised at 50 per cent until 10 June 2014 and subsequently at 100 per cent. If Sokołów's EBITDA had been fully recognised throughout the year, the financial gearing at the end of the year would have been 3.8.

The financial gearing as at the balance sheet date can be calculated as follows: mDKK	**28.09.2014**	**29.09.2013**
Subordinate loans	54	506
Mortgage debt	4,495	4,315
Other debt, issued bonds	2,164	2,123
Other credit institutions	2,559	2,147
Bank debt	4,758	3,536
Finance lease commitments	82	82
Receivables from and prepayments to cooperative members	-401	-426
Receivables from associates	0	0
Cash and short-term securities	-329	-335
Net interest-bearing debt	**13,382**	**11,948**
Operating profit before special items (EBIT)	1,995	2,018
Depreciation, amortisation, impairment losses and write-downs	1,372	1,360
EBITDA	**3,367**	**3,378**
Financial gearing	**4.0**	**3.5**

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 and shares

The portfolio of listed government bonds, listed mortgage credit bonds and 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.

27 Financial risks and financial instruments (continued)

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 any important inputs are not based on observable market data (level 3).

28.09.2014 mDKK	Level 1	Level 2	Level 3	Total
Derivative financial instruments included in the trading portfolio	0	0	0	0
Listed bonds	196	0	0	196
Listed shares	0	0	0	0
Unlisted shares	0	0	9	9
Financial assets measured at fair value via the net profit for the year	**196**	**0**	**9**	**205**
Financial assets used as hedging instruments	**0**	**20**	**0**	**20**
Derivative financial instruments included in the trading portfolio	0	1	0	1
Other liabilities	0	0	71	71
Financial liabilities measured at fair value via the net profit for the year	**0**	**1**	**71**	**72**
Financial liabilities used as hedging instruments	**0**	**133**	**0**	**133**
29.09.2013				
Derivative financial instruments included in the trading portfolio	0	2	0	2
Listed bonds	231	0	0	231
Listed shares	14	0	0	14
Unlisted shares	0	0	24	24
Financial assets measured at fair value via the net profit for the year	**245**	**2**	**24**	**271**
Financial assets used as hedging instruments	**0**	**51**	**0**	**51**
Derivative financial instruments included in the trading portfolio	0	0	0	0
Other liabilities	0	0	65	65
Financial liabilities measured at fair value via the net profit for the year	**0**	**0**	**65**	**65**
Financial liabilities used as hedging instruments	**0**	**66**	**0**	**66**

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 any important inputs are not based on observable market data (level 3):

mDKK	28.09.2014	29.09.2013
Carrying amount as at 30 September 2013	24	32
Translation adjustment	0	-1
Gain/loss included in net profit for the year	4	0
Purchase	1	2
Sale	-20	-9
Carrying amount as at 28 September 2014	**9**	**24**
Gain/loss included in the net profit for the year for assets held as at 28 September 2014	0	0

28 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:

2013/14 mDKK	Jointly controlled enterprises	Associates	Board of Directors of the parent	Executive Board of the parent	Total
Sale of goods	202	92	0	0	294
Purchase of goods	302	21	114	0	437
Sale of services	0	40	0	0	40
Purchase of services	0	243	0	0	243
Salaries and other remuneration	0	0	6	26	32
Interest income (net)	0	0	0	0	0
Trade receivables	1	11	1	0	13
Trade payables	0	39	2	0	41
Dividend received/supplementary payments	63	109	9	0	181
Contributed capital	0	0	11	0	11

2012/13					
Sale of goods	182	111	0	0	293
Purchase of goods	347	28	100	0	475
Sale of services	0	38	0	0	38
Purchase of services	0	243	0	0	243
Salaries and other remuneration	0	0	7	26	33
Interest income (net)	0	0	0	0	0
Trade receivables	10	8	0	0	18
Trade payables	46	41	3	0	90
Dividend received/supplementary payments	45	83	8	0	136
Contributed capital	0	0	10	0	10

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.

29 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.

30 Accounting policies

The 2013/14 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 relative to last year due to new or changed standards.

Standards and interpretations which have not yet come into effect

At the time of the release of the 2013/14 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 management estimates that none of these standards etc. will 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 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 (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

30 Accounting policies (continued)

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.

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 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 tax

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 calculated 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 calculate 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.

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

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Production costs

Production costs comprise 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 slaughter animals 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.

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.

Special items

Special items include significant income and expenses of a special nature in relation to the group's activities, such as basic structural adjustments as well as any related gains and losses on disposals. Special items also include other significant non-recurring amounts, for example accounting profit in connection with the achievement of a controlling influence in a group company.

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 allocated to 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:

30 Accounting policies (continued)

Software
5 years

Acquired trademarks
10-20 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 amount of goodwill is 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.

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

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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 12.

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 are 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 slaughter animals (sows, boars etc.) are measured at cost less costs relating to the impairment that arises due to the animals' age. As animals producing slaughter animals 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 debt at the time of adoption at the meeting of the Board of Representatives.

30 Accounting policies (continued)

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. Provisions falling due more than 1 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.

NOTES

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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 tax paid.

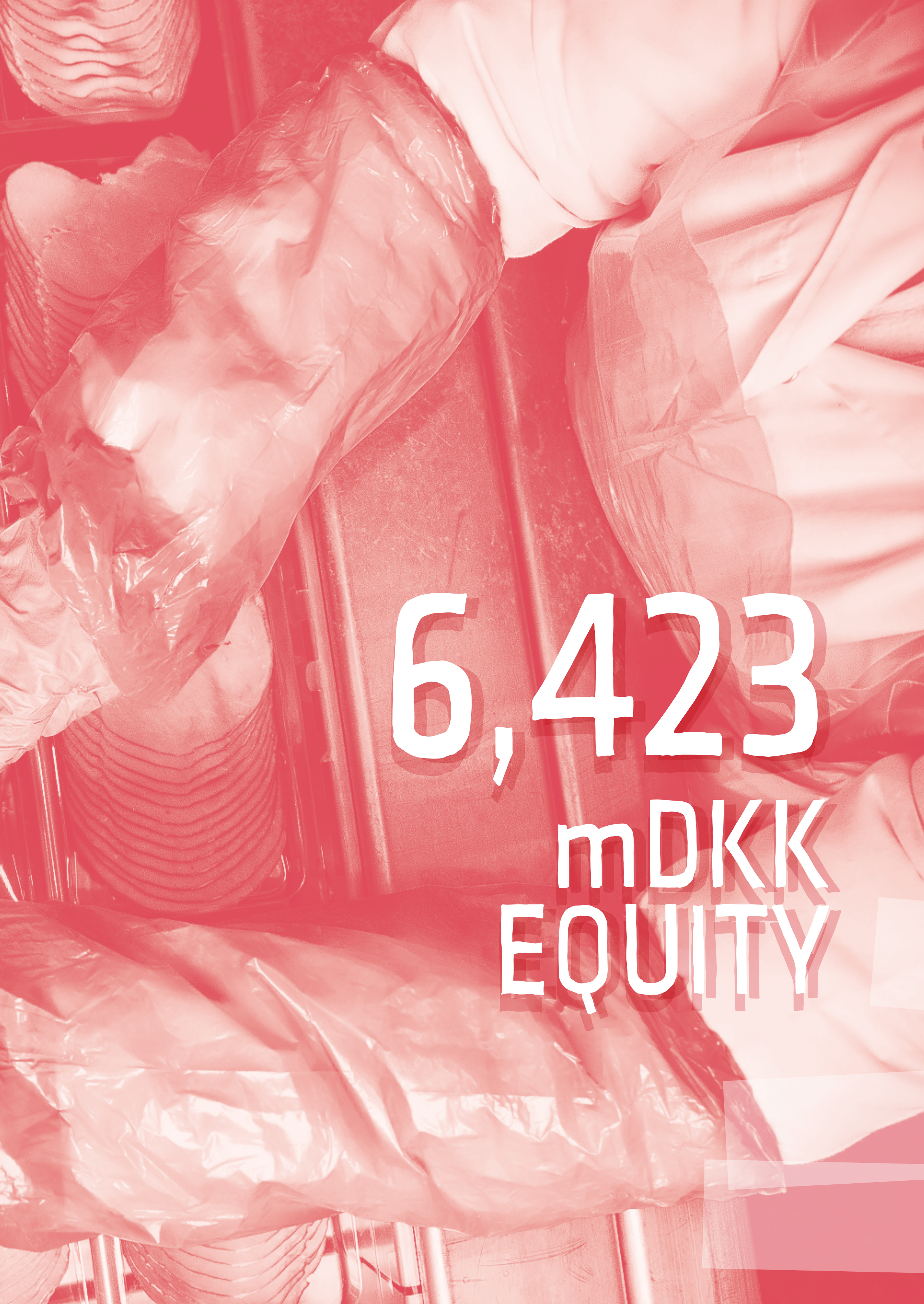
Cash flows from investing activities comprise payments in connection with the acquisition and divestment of enterprises and financial assets as well as the purchase, development, improvement and sale etc. of intangible assets and property, plant and equipment. Furthermore, cash flows from assets held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



6,423

mDKK EQUITY


25,984
EMPLOYEES


8,278
COOPERATIVE
MEMBERS

INCOME STATEMENT

30 September 2013 - 28 September 2014

		PARENT	
mDKK	**Note**	**2013/14**	**2012/13**
Revenue	1	**15,729**	**16,830**
Production costs		-14,915	-15,903
Gross profit		**814**	**927**
Administrative expenses	2	-43	-39
Operating profit (EBIT)		**771**	**888**
Income from equity investments in subsidiaries	5	168	178
Income from equity investments in associates	5	29	0
Financial income	3	322	328
Financial expenses		-20	-30
Profit before tax		**1,270**	**1,364**
Tax on profit for the year	4	-10	-17
Net profit for the year		**1,260**	**1,347**

Proposed distribution of profit	
For distribution	
Net profit for the year	1,260
Total amount available for distribution	**1,260**
To be distributed as follows:	
Transferred to proposed supplementary payments for the year	
Pig-producing members 1,185,708,529 kg of DKK 0.90	1,067
Sow-producing members 54,672,141 kg of DKK 0.80	44
Cattle-producing members 76,761,238 kg of DKK 1.40	107
Total proposed supplementary payments	**1,218**
Transferred to equity	
Transferred to net revaluation reserve	0
Transferred to other reserves	42
Transferred to equity, total	**42**
Available for distribution, total	**1,260**

BALANCE SHEET – ASSETS

28 September 2014

mDKK	Note	PARENT 28.09.2014	29.09.2013
Non-current assets			
Financial assets			
Equity investments in subsidiaries		1,744	2,080
Receivables from subsidiaries		3,096	3,096
Equity investments in associates		14	54
Total financial assets	5	**4,854**	**5,230**
Total non-current assets		**4,854**	**5,230**
Current assets			
Receivables			
Receivables from and prepayments to cooperative members		406	424
Receivables from subsidiaries		85	46
Total receivables		**491**	**470**
Cash		**0**	**2**
Total current assets		**491**	**472**
Total assets		**5,345**	**5,702**

BALANCE SHEET – EQUITY AND LIABILITIES

28 September 2014

		PARENT	
mDKK	Note	28.09.2014	29.09.2013
Equity			
Contributed capital		1,505	1,543
Reserve for net revaluation of equity investments		0	0
Other reserves		2,481	2,378
Proposed supplementary payments for the year		1,218	1,229
Total equity		**5,204**	**5,150**
Provisions			
Other provisions	6	13	7
Total provisions		**13**	**7**
Liabilities			
Non-current liabilities			
Credit institutions		59	0
Subordinate loans		0	450
Total non-current liabilities	7	**59**	**450**
Current liabilities			
Trade payables		41	42
Payables to subsidiaries		20	26
Income tax payables		8	0
Other payables		0	27
Total current liabilities		**69**	**95**
Total liabilities		**128**	**545**
Total equity and liabilities		**5,345**	**5,702**
Contingent liabilities etc.	8		
Cooperative members' liability	9		
Related parties	10		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STATEMENT OF CHANGES IN EQUITY

28 September 2014

PARENT

mDKK	Contributed capital	Reserve for net revalua-tion of equity investments	Other reserves	Proposed supplementary payments for the year	Total
Equity as at 30 September 2012	**1,576**	**0**	**2,329**	**1,274**	**5,179**
Payments and disbursements for the year	-33	0	0	-1,274	-1,307
Foreign currency translation adjustment, foreign enterprises	0	-125	0	0	-125
Other adjustments	0	56	0	0	56
Net profit for the year	0	0	118	1,229	1,347
Transfer	0	69	-69	0	0
Equity as at 29 September 2013	**1,543**	**0**	**2,378**	**1,229**	**5,150**
Payments and disbursements for the year	-38	0	0	-1,229	-1,267
Foreign currency translation adjustment, foreign enterprises	0	51	0	0	51
Other adjustments	0	10	0	0	10
Net profit for the year	0	0	42	1,218	1,260
Transfer	0	-61	61	0	0
Equity as at 28 September 2014	**1,505**	**0**	**2,481**	**1,218**	**5,204**

75 PRODUCTION SITES

NOTES PARENT

NOTES

1 Revenue

	mDKK	2013/14	2012/13
Distribution by market:			
Denmark		**15,729**	16,830
International		**0**	0
		15,729	**16,830**
Distribution by sector:			
DC Pork		**14,047**	15,126
DC Beef		**1,682**	1,704
		15,729	**16,830**

2 Staff costs

	2013/14	2012/13
Salaries and wages	**20**	17
Pensions	**1**	1
Other social security costs	**0**	0
	21	**18**
Staff costs are distributed as follows:	**21**	18
Administrative expenses	**21**	**18**
Of which:		
Remuneration for the parent's Board of Directors	**2**	2
Remuneration for the parent's Board of Representatives	**4**	5
Remuneration for the parent's Executive Board	**0**	0
	6	**7**
Average no. of employees	**33**	31

3 Financial income

	2013/14	2012/13
Subsidiaries	**313**	317
Other interest	**9**	11
	322	**328**

NOTES

4 Tax on profit for the year

mDKK	2013/14	2012/13
Calculated tax on profit for the year	12	14
Adjustment concerning previous years	-2	3
	10	**17**

Tax on profit for the year is calculated on the basis of the cooperative taxation, which is based on the company's assets and not its income.

Most of the company's profit is paid to the cooperative members in the form of supplementary payments, on which the individual cooperative member must pay tax.

5 Financial assets

mDKK	Equity investments in subsidiaries	Receivables from subsidiaries	Equity investments in associates and jointly controlled enterprises	Total financial assets
Cost as at 30 September 2013	4,408	3,096	48	7,552
Foreign currency translation adjustments	0	0	0	0
Addition	350	0	0	350
Disposal	0	0	-48	-48
Cost as at 28 September 2014	**4,758**	**3,096**	**0**	**7,854**
Value adjustments as at 30 September 2013	-2,328	0	6	-2,322
Foreign currency translation adjustments	51	0	0	51
Share of results	168	0	29	197
Distribution during the year	-915	0	0	-915
Disposal	0	0	-21	-21
Other adjustments	10	0	0	10
Value adjustments as at 28 September 2014	**-3,014**	**0**	**14**	**-3,000**
Carrying amount as at 28 September 2014	**1,744**	**3,096**	**14**	**4,854**
Cost as at 1 October 2012	3,478	3,096	48	6,622
Foreign currency translation adjustments	0	0	0	0
Addition	930	0	0	930
Disposal	0	0	0	0
Cost as at 29 September 2013	**4,408**	**3,096**	**48**	**7,552**
Value adjustments as at 1 October 2012	-1,948	0	46	-1,902
Foreign currency translation adjustments	-125	0	0	-125
Share of results	178	0	0	178
Distribution during the year	-490	0	-40	-530
Disposal	0	0	0	0
Other adjustments	57	0	0	57
Value adjustments as at 29 September 2013	**-2,328**	**0**	**6**	**-2,322**
Carrying amount as at 29 September 2013	**2,080**	**3,096**	**54**	**5,230**

NOTES

6 Other provisions

mDKK	28.09.2014	29.09.2013
Other provisions as at 30 September 2013	7	26
Utilised during the year	0	-26
Provisions for the year	6	7
Other provisions as at 28 September 2014	**13**	**7**

Other provisions include a provision made in connection with a court case. The provision is deemed to cover the company's risk and is expected to be settled within 1-2 years.

7 Non-current liabilities

The loans can be specified by maturity as follows:

28.09.2014 mDKK	Due within 1 year	Due between 1 and 5 years	Due after 5 years	Total
Bank debt	0	59	0	59
	0	**59**	**0**	**59**
29.09.2013				
Subordinate loans	0	450	0	450
	0	**450**	**0**	**450**

8 Contingent liabilities etc.

mDKK	28.09.2014	29.09.2013
Guarantees to subsidiaries, maximum	15,857	14,668
Guarantees to subsidiaries, utilised	10,362	9,865

9 Cooperative members' liability

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	8,278	8,552
Total liability	207	214

NOTES

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 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.

Income tax
Tax for the year is calculated on the basis of the cooperative taxation, which is based on the company's assets.

Current tax liabilities and current tax receivable are recognised in the balance sheet as tax calculated 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 calculate the current tax for the year.

Intangible assets
Goodwill/consolidated goodwill is generally amortised over a period of 5 to 10 years, however, it may be up to 20 years for strategically acquired enterprises with a strong market position and a long-term earnings profile if the longer period of amortisation is considered to better reflect the benefit from the relevant resources. Goodwill is not amortised in the consolidated financial statements in accordance with 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, associates and jointly controlled enterprises
Equity investments in group enterprises and associates 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 intra-group 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 30).

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.

MANAGEMENT'S STATEMENT AND AUDITOR'S 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 30 September 2013 - 28 September 2014.

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 (Årsregnskabsloven). 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 28 September 2014 and of the results of the group's and the company's activities and the group's cash flows for the financial year 30 September 2013 - 28 September 2014.

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, 19 November 2014

EXECUTIVE BOARD

Group CEO

Kjeld Johannesen

Group Executive Vice President

Flemming N. Enevoldsen

Group CFO

Preben Sunke

BOARD OF DIRECTORS

Chairman

Erik Bredholt

Cay Wulff Sørensen

Palle Joest Andersen

Vice-chairman

Asger Krogsgaard

Erik Larsen

Peder Philipp

Knud Jørgen Lei

Peter Fallesen Ravn

Niels Daugaard Buhl

Søren Bonde

Independent auditor's 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 30 September 2013 - 28 September 2014, which comprise the 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.

Auditor's 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 auditor's 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 28 September 2014 and of the results of the group's activities and cash flows for the financial year 30 September 2013 - 28 September 2014 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 28 September 2014 and of the results of the company's activities for the financial year 30 September 2013 - 28 September 2014 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, 19 November 2014

Deloitte
Statsautoriseret Revisionspartnerselskab

Anders Dons
State-Authorised Public Accountant

Rasmus B. Johnsen
State-Authorised Public Accountant

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*
*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.	*US*	*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 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 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*
DAT-Schaub USA Inc.	*US*	*100.0*
DS-France S.A.S.	*France*	*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 USA Inc.	*US*	*100.0*
Taizhou CAI Food Co.	*China*	*37.5*
DCW Casing LLC	*US*	*51.0*
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 %
Saturn Nordic Holding AB	**Sweden**	**100.0**
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*
Other subsidiaries in Danish Crown A/S		
Scan-Hide A.m.b.a.*)	Denmark	45.1
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
Plumrose USA Inc.	US	100.0
Danish Crown USA Inc.	US	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*	*12.2*
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 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*	*19.3*

Company name		Direct ownership interest in %
Associates		
Daka Denmark A/S	Denmark	42.9
Agri-Norcold A/S	Denmark	43.0
Danske Slagterier ◊)	Denmark	97.1
SPF-Danmark A/S ◊)	Denmark	92.4
Svineslagteriernes varemærkeselskab ApS ◊)	Denmark	91.9

*) 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 Schlachtzentrum Nordfriesland GmbH, Husum, Tulip Food Company GmbH, Tulip Fleischwaren Oldenburg GmbH, DAT-Schaub (Deutschland) GmbH, Gerhard Küpers GmbH, DIF Organveredlung Gerhard Küpers GmbH & Co. KG, CKW Pharma-Extrakt Beteiligungs- und Verwaltungs GmbH, CWK Pharma Extrakt GmbH & Co. KG.

◊) Due to changes to the Articles of Association meaning 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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DANISH CROWN