2005 2006

CONTENTS

REPORT FROM THE MANAGEMENT

- Consolidation and focus

Two opposing factors have impacted on Danish Crown's turnover for 2005/06: moderate growth in the company's fresh meat and processing activities, and a deliberate reduction in activity in the company's other business areas. The Group's total turnover of DKK 48.5 billion is unchanged from last year.

The accounts reflect this year's major events – consolidation of the core business areas and the sale of a number of companies outside the core area.

Contributions to the Group's primary earnings before interest, taxes and Group expenses this year were as follows: 62 per cent (63 per cent 2004/05) from the fresh meat sector, 34 per cent (31 per cent 2004/05) from the processing sector, and 4 per cent (6 per cent 2004/05) from trading companies and other companies. The figures illustrate the increasing emphasis on the processing sector in the company's portfolio. Total operating profit has increased from DKK 1,735 million to DKK 1,860 million, or 3.8 per cent of turnover. This amount includes profits from the sale of companies.

Group profit was DKK 1,232 million, on par with last financial year.

The supplementary payment this year was DKK 0.65/kg for pigs and sows and DKK 0.90/kg for cattle. This is a decrease, compared to last year, of DKK 0.05 for pigs, and an increase of DKK 0.05 and 0.10 for sows and cattle, respectively.

Considering the relative prices paid for pigs this year, the group profit is seen as just satisfactory.

Fresh meat sector

Pork division: Unexpectedly positive European market conditions this financial year have benefited our members, leading to a pig price of DKK 9.73/kg (incl. supplymentary payment), up 3 per cent from last year.

However, the positive market situation has particularly been a European phenomenon – most apparent in Germany due to favourable weather and the football World Cup. Denmark's broad international market for its goods prevented it from enjoying the full effects of this. Despite major efficiency improvements in many areas of the division, there continued to be an unacceptable difference between the Danish and German quoted price per kg.

The division received 1,577 million kg of goods (pigs and sows) from members, or 3 per cent less than last year. The primary reason was a reduction in Danish finisher production due to a rise in weaner exports.

The sales change has, in particular, led to some sales transfer from Asia to Russia and Central and Eastern Europe.

Efficiency improvements in the pork division included direct expenses and structural initiatives. The slaughterhouses in Odense and Grindsted and fresh meat facilities in Holbæk and Vejle were closed during the financial year, and the expensive and comprehensive work of commissioning the new slaughterhouse in Horsens was also completed. The division has been further internationalised with the establishment of a new deboning plant in Poland, in cooperation with Sokołów S.A.

Significant savings have also been realised across the division, which have improved competitiveness.

The division has worked very hard this year, yet has been unable to provide a fully competitive price to members. However, the competitiveness of the division has improved significantly throughout the year.

The strong internationalisation process continued this year, with the DAT-Schaub a.m.b.a. casings company's establishment of activities in Poland and the UK. Due to fluctuations on the market for lamb casings, profits were slightly lower than last year.

Beef division: Danish Crown improved its market share of cattle slaughterings in Denmark and Northern Germany, but reductions in the national slaughter rate continued to strengthen this year due to increases in slaughter weight, pushing some of supply into the next financial year.

In Denmark, the beef division has been quick to adapt in terms of capacity, and was able to remain strongly competitive by effectively managing costs and achieving good profits on processing and trading activities. The division's average quoted price for Denmark rose by 9 per cent compared to last year.

Investment in new cutting room facilities at the cattle slaughterhouse in Schleswig-Holstein made a major contribution to good earnings and a strong market position in the area. Scan-Hide also achieved good earnings, in part due to investment in new raw material grading technology.

Overall earnings for the beef division have been very satisfactory, leading to an ongoing quoted price at the top end of the international scale. This was augmented by a record supplementary payment of DKK 0.90, an increase of DKK 0.10 on last year.

Processing sector

Turnover in Danish Crown's processing sector increased from the previous year, and now accounts for 37 per cent of the Group's total turnover. The operating profit for the sector increased by 7 per cent.

There has been significant competitive pressure on the international processing sector again this year, which increased in the second half of the year due to rising pork raw material prices. As a result, Tulip Ltd. was unable to fully maintain the same level of earnings as last year, but the company continues to have the largest operating profit in the processing sector

Tulip Food Company achieved profits well above last year's unsatisfactory level, and is now reaping the benefits of the action plans that were initiated within the company. More progress has to be made, however, before a satisfactory level of earnings will be achieved.

Growth in the Polish company, Sokołów, has led to a significant rise in earnings for Saturn Nordic Holding. Sokołów's activities were expanded at the end of the year with the acquisition of the Pozmeat company in Poznan.

Plumrose, USA, has seen a slight rise in earnings despite unfavourable conditions on the raw material side.

The processing sector has been generally characterised by consolidation, and annual earnings have not fulfilled expectations for the sector as a whole.

Trading sector and other companies

As a result of sales and adjustments to business areas, turnover reduced by 25 per cent over the course of the year, with an associated drop in primary earnings.

The DAT-Schaub International trading company, by far the largest company in the sector, fulfilled expectations for turnover and earnings. ESS-Food, however, has seen a reduction in both turnover and earnings, primarily due to the market situation in Japan.

Earnings from the companies that were sold, DBC, SFK Food and SFK Systems, are included in the annual profit statement up until the date of sale.

Group items

Group items, which include non-allocated Group expenses, were positively impacted this year by profits from the sale of companies and property.

Danish Crown's equity increased over the year by DKK 158 million, including a DKK 148 million increase in free reserves. The latter amount includes profits from the sale of companies, which has been transferred to equity in accordance with the Group’s consolidation strategy.

Through divestment and other activities, the Group's debt and balance sheet total have been successfully reduced by DKK 1.3 and DKK 1.5 billion, respectively. At the end of the year, the solvency ratio (including liable capital) stood at 22.3 per cent. The consolidated balance sheet has been significantly strengthened during the year.

Human resources

The Danish Crown Group employs around 25,000 people, including approx. 13,000 outside of Denmark. People are the company's most important resource, and the recruitment and development of employees therefore plays an important role.

Demand for labour has been high in Denmark during the financial year. Given that Denmark is Danish Crown's primary recruitment base, new initiatives were needed to recruit both domestic and international labour.

Danish Crown's new strategy plan focuses on innovation in all areas, which in turn calls for creativity, willingness to change, and innovation by our employees. The company is seeking to develop its resources in this area through employee development and ongoing activities.

The general appreciation among employees of the company's competitive situation in a globalised world has increased over the year, and many efficiency improvements and cost saving initiatives have been implemented with active participation from employees. Danish Crown is also very pleased that there have been virtually no labour conflicts in the past financial year.

In Denmark alone, Danish Crown employs people from over 50 different ethnic backgrounds, and thus makes a significant contribution to national integration. Danish Crown, via its social plan, has shown social responsibility in the midst of ongoing structural developments, and is pleased to report a very high rate of re-employment following the year's facility closures.

Developing the company

The company developed a new strategy plan during the year, called "Towards 2010". The key points of the plan have been communicated directly to employees and cooperative members.

Divestment of companies outside the core business areas began last year with the sale of Emborg Foods, and continued this year with the sale of SFK Systems, SFK Food, Dubai Meat Packers, and DBC in Great Britain. These sales have freed up resources for the development of the core business, and the divested companies have better development opportunities under new ownership which is focused on the particular area.

Acquisition activity has been relatively low this year, basically limited to an increased stake in Sokołów and minor transactions within DAT-Schaub a.m.b.a. However, Danish Crown continues to appraise development opportunities in its strategic markets.

With a trimmed balance sheet and a simplified business model, Danish Crown is well positioned to participate in international structural developments.

Outlook for the year ahead

As the new financial year begins, the situation on the international pork market has normalised, leading to a significant reduction in the national quoted price differences. Danish Crown's pork division is also starting the year with a much more efficient production structure, and hence a more competitive position. In terms of volume, a slight reduction in Danish supplies is expected, primarily due to an increase in weaner exports.

Market analysts are predicting a lower average price for pork in the coming year.

Within the beef division, there are expectations of a higher quoted price in the new year, due to market development and internal initiatives within Danish Crown, including greater involvement in processing and international trade. The long-term prognosis for Danish beef production continues to point to a decline, but next year's supply will be positively impacted by a temporal shift in slaughterings.

The processing sector as a whole expects to see a moderate increase in primary earnings, despite continuing fierce competition, due to internal initiatives and market conditions.

The Group's financial expenses will be impacted by changes in the market interest rate, but the effect will be limited due to continuing tight control of the Group's liquidity binding. The level of investment will be moderate, especially in the parent company.

During the coming year, Danish Crown will also analyse and decide on opportunities for the international development of the company.

The majority of the year's profitability improvements are expected to be paid out to cooperative members via the quoted price. As a result, next year's profit is expected to be at the same level as for the current year.

FINANCIAL REPORT

Accounting policies and estimates
The accounting policies followed are unchanged in relation to the previous year, apart from the way supplementary payment and dividend are handled, including the supplementary payment. In accordance with international practice, these are now recognised under equity until the time payment is made. This has led to an increase in equity of DKK 935 million as of 2 October 2005 - the closing date for the annual accounts.

The company has changed the expected economic lifetime of newly constructed slaughter facilities, so that buildings can now be depreciated over a period of up to 40 years.

Group structure
A number of changes were made to the group structure during the 2005/06 financial year.

The acquisition of the Sokołów slaughtering and processing company in Poland which began in 2003/04 was finally completed. The company is now owned jointly (50/50) with the Finnish HK Ruokatalo slaughterhouse company, and is 100 per cent controlled by a joint subsidiary. The company is included in the consolidated accounts on a pro-rata basis.

The divestment of three companies was completed during 2005/06 as part of the company's continued focus on its core activities. Effective from 1 February 2006, 80 per cent of the SFK Systems A/S machine factory was sold off, with the remaining 20 per cent included in the Group as an associated company. Effective from 30 June 2006, 83.3 per cent of the SFK Food A/S seasoning company was sold off. Finally, 100 per cent of the British distribution and catering company, DBC, was sold off, effective from 5 September 2006.

Income statement
The group turnover for the 2005/06 financial year was DKK 48.5 billion, virtually unchanged from last financial year. The continuing activities have seen a slight increase in turnover in the areas of pork, beef and processed products, which was balanced by a natural decline in turnover due to the divested activities.

Direct costs were unchanged despite rising raw material prices and a higher average quoted price. Savings in indirect costs have been achieved, primarily due to the closure of production facilities and the sale of non-core activities.

Depreciation and amortisation rose in 2005/06 compared to the previous financial year. This increase was expected, given that depreciation of the investment in the new slaughterhouse in Horsens began on 3 October 2005. There have also been further increases in goodwill in step with the acquisition of the remaining shares in Sokołów.

Net financing expenses have risen by DKK 99 million, due to several causes. Interest rate levels have risen steadily during the financial year, especially for short-term loans, and interest on the investment in the new slaughterhouse in Horsens is now included for the whole year. There has also been a decline in other financial income, including gains on financial instruments.

The parent company's profit includes profits from a number of subsidiaries in the area of production processing and trading activities. Key subsidiaries include DAT-Schaub a.m.b.a., Tulip Food Company, and Tulip UK.

Fixed assets
Total consolidated fixed assets have fallen by DKK 385 million since the end of the previous financial year, primarily attributable to property, plant and equipment. The level of investment in 2005/06 has been lower than in the previous year, during which significant investments were made, such as the acquisition of companies in Great Britain and Poland and the construction of the new slaughterhouse in Horsens. The sale of companies has also contributed to the decline.

Current assets
Current assets have been reduced by DKK 1,134 million compared to last year, primarily due to a reduction in inventories in the parent company, as well as the divestment of companies.

Equity
As mentioned above, the principles for calculating consolidated equity have changed from last year. The comparison figures have been adjusted to reflect the new principles. The changes is due to adoption of the internationally recognised practice of entering dividends and supplementary payments on the payment date, rather than on the balance sheet date.

Consolidated equity rose by DKK 158 million compared to last year's closing balance.

At the close of the 2005/06 financial year, the solvency ratio was 22.3 per cent, calculated on the basis of the total liable capital.

Liabilities
Extra focus was given to trimming the balance sheet during the 2005/06 financial year. This work has resulted in a DKK 1,264 million reduction in net interest-bearing debt, primarily due to a reduction in working capital and the divestment of companies. In particular, the short-term part of debt to credit institutions has been reduced. The Group continues to base its lending primarily on financing and credit with terms exceeding one year, and evenly distributed up to terms of 20 years, if mortgage loans are included. As a result there is no major need to refinance over the next three to five years, if operations remain unchanged.

Cash flow statement
Cash flows from operation and investment have improved markedly compared to the last few years. Much of the improvement can be attributed to completion of the major investments of recent years. This was supplemented by the effects of the divestment of subsidiaries on the consolidated balance sheet.

Corporate Governance
The parent company of the Group is a cooperative, which is managed via the company's highest authority - elected representatives from among the company's 15,044 members.

During the past year, the company's Board of Representatives and Supervisory Board decided to reduce the size of the managing bodies. As a result, the Board of Representatives has been reduced from 323 members to 234 members, and the Supervisory Board will be reduced from 22 members to 15 members, effective from 1 January 2007. Thirteen of these will be chosen from among the members and employees, and two external members will also be selected.

Currency exposure
As an export company operating internationally, Danish Crown is exposed to currency risks in relation to conversion to DKK.

The Group's major currencies are GBP, JPY, USD, EUR and DKK. Approximately 30 per cent of total currency turnover is in DKK and EUR, which have little or no exchange rate risk.

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

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

Interest rate exposure
Interest rate exposure is the risk of changes in the market value of assets or liabilities as a result of changes in interest rate conditions. For Danish Crown, this risk is primarily linked to the company's debt, given that the Group does not have any significant long-term interest-bearing assets as of the balance sheet date. The Group's total net interest-bearing debt was DKK 12,756 million as of 1 October 2006.

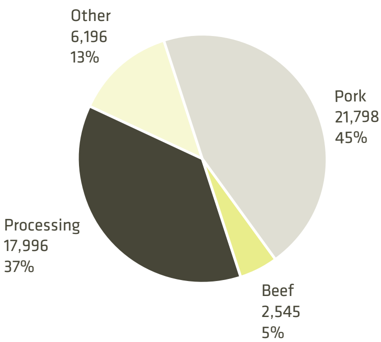
Fixed rate mortgage loans, repo transactions, interest rate swaps and combinations of interest rate and currency swaps are used to manage interest rate exposure.

As of 1 October, fixed interest loans accounted for 10 per cent of the Group's total interest-bearing debt. The remainder is financed on the basis of variable interest rates. A one percentage point change in the market interest rate is estimated to have a DKK 119 million impact on the total annual interest rate expenses, all other factors aside.

CORE BUSINESS AREAS

Net turnover for 2005/06 by business area

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



All comments on the Group's primary business areas have been prepared based on gross turnover, incl. internal turnover.

Pork division

	2005/06	2004/05	2003/04
Slaughtered A kg (millions)	1,577.0	1,627.7	1,652.4
Turnover (DKK millions)	25,626.3	25,014.1	24,329.6
Operating profit (DKK millions)	1,040.7	1,093.1	1,159.2
Operating profit as %	4.1	4.4	4.8

Number of members

Structural changes to primary agriculture are continuing, leading to a decline in the number of pig producers. At the end of September 2006, Danish Crown had 8,210 members supplying either pigs alone, or pigs and sows, 12.5 per cent less than at the same time last year.

Pig and sow supplies

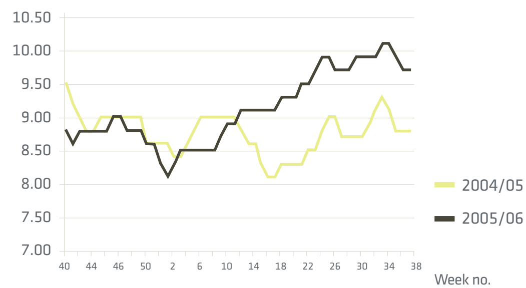
The total number of pigs and sows received for slaughter in 2005/06 was 19,113,247. Pigs accounted for 18,595,595 of this total, a fall of 3.9 per cent in relation to last year. The number of sows, large boars and finishers was 433,485, compared to 470,458 last year.

Quoted prices rose during 2005/06

High prices for beef and fish led to an increased consumption of pork this past year. A hot summer and hosting of the football World Cup in Germany also had a positive impact on demand for pork.

Danish Crown has succeeded in maintaining and increasing sales to markets where we have special access due to high standards of animal health. Russia, in particular, has also seen major advances in the past year.

Quoted price per kg



Sales to the new EU member states have increased dramatically again due to rising consumption and inadequate domestic production. The effects of this have been partially offset by a drop in sales on the Japanese market, partly due to a decline in the value of the yen.

Ongoing efficiency improvements

The work of improving productivity continued throughout 2005/06. A strong focus on continued automation and the introduction of best practices at all facilities have improved competitiveness.

Four facilities were closed during the year (Odense, Holbæk, Vejle and Grindsted).

The new slaughterhouse in Horsens had reached its planned capacity at the end of the year, and will now help setting new standards for efficient slaughtering and cutting. All employees have worked very hard over the year in order to achieve the desired savings.

Greater value adding

The pork division has pursued a strategy of increasing the value added to products sold, and opened a large deboning facility in Koło i Poland at the end of the year. By moving closer to our customers, and establishing a competitive deboning facility for hams and fores, we are able to offer customers highly processed fresh meat cuts at a competitive price.

The division's customers, both industrial and retail, are increasingly focusing on integrated cooperation at the European level. This is something Danish Crown is able to deliver on due to its size and position.

The Danish Crown Group is now supplying retail-packed meat to customers in Denmark, Great Britain, the Netherlands, Sweden and Poland from our European retail packaging facilities.

Increased competition in Europe

Structural developments among slaughtering companies in Europe are gaining pace. Germany, formerly a significant net importer of pork, increased slaughterings in 2006 and hence domestic production, such that the country is now close to being in balance. The increase has primarily occurred through imports of Danish and Dutch weaners for fattening.

Foreign slaughtering companies have established themselves in Denmark and Danish retail chains have significantly increased their imports of German and Polish meat.

Domestic market

Demand for quality products is increasing among Danes. In recent years, the trend has been for most pork to be sold purely on the basis of price, and this continues to largely be the case. It is therefore pleasing to observe that sales of quality meat are increasing, such as 'Crown of Cooking' products and 'Antonius' and 'Vitalius' special pigs. The Crown of Cooking product series has been developed in cooperation with leading Danish and international chefs. There has also been a parallel increase in sales of slightly more expensive cuts of traditional Danish pork, such as loin and tenderloin.

Inspired by the collaboration with leading Danish chefs, we have now initiated a similar collaboration with a number of Denmark's leading butchers, such as Slagter Munch in Skagen. The aim continues to be to create a broader selection of quality products based on Danish pork.

Continual improvements to technology and hence the shelf life of retail-packed meat have facilitated a wider distribution of pork. Danish Crown now has a fully modernised and efficient factory in Herning. The retail-packed meat segment is expected to grow, both in Denmark and Europe. Danish Crown is well positioned to share in this growth over the years ahead.

DAT-Schaub a.m.b.a.

The production and sale of pig casings has been satisfactory during the 2005/06 financial year. However, fewer Danish pig casings have been available due to the reduction in slaughterings in Denmark. Danish pig casings are in high demand on the world market due to the high standards of animal health and uniform quality.

Lamb casings are primarily used for the production of wiener sausages and similar types of sausage. Supply has been exceeding demand and the price on the world market has been falling for several grades. This has led to a less than satisfactory turnover in lamb casings for the DAT-Schaub Group.

On 1 December 2005, the DAT-Schaub Group took over the Polish casing company, Aikon sp. z o. o., with more than 200 employees at three Polish slaughterhouses. This acquisition has created a base for further expansion on the Polish market.

In May/June 2006, DAT-Schaub took over casing processing at two of Tulip UK's slaughterhouses in Great Britain. Approximately 1 million British animal intestines are now processed each year.

The DAT-Schaub Group has had a subsidiary in Finland for over 15 years, primarily selling natural casings. On 1 September 2006, this activity was merged with the Finnish company, Thomeko Oy, which represents Naturin/Viscofan artificial casings on the Finnish and Estonian markets.

The latest acquisitions and adjustments to production have left the DAT-Schaub Group in a strong position to continue expansion outside of Denmark, as market conditions for natural casings are expected to be more stable in 2007 than this year. Continued growth is therefore expected in both turnover and earnings in 2006/07.

Beef division

	2005/06	2004/05	2003/04
Slaughtered A kg (millions)	67.8	72.5	75.1
Turnover (DKK millions)	3,009.6	2,799.4	2,658.0
Operating profit (DKK millions)	93.1	72.5	77.4
Operating profit as %	3.1	2.6	2.9

Number of cooperative members
At the end of September 2006, Danish Crown had 7,898 cattle members, or 9 per cent less than at the same time last year.

Cattle deliveries
A total of 373,006 cattle were received for slaughter, versus 395,224 the previous year. 276,939 of these livestock were delivered to Danish slaughtering facilities. A total of 5,183 livestock were transferred for slaughter in Husum. 267,001 livestock were received from members entitled to receive a supplementary payment.

The decline seen last year in Danish slaughter rates has continued. Despite this, the beef division was able to increase its market share of Danish cattle slaughters by 0.2 per cent over the year, from 59.2 per cent last year to 59.4 per cent for 2005/06. In 2005/06, 101,250 livestock were slaughtered at the slaughterhouse in Husum. 96,068 of these were supplied locally, an increase of almost 6 per cent on last year.

Quoted price
Tight cost control and good sales over the summer led to a particularly competitive price for the livestock received. This has meant that the Danish quoted price has been at the upper end of the scale throughout the entire financial year, compared to other EU member countries. The average price paid for the year was DKK 15.67/kg for cows in class O-, and DKK 18.51/kg for young bulls in class O-. These represent increases of 7.0 and 8.9 per cent respectively compared to last year.

Domestic market
The Danish market for beef has seen increasing imports from South America in particular, and greater competition from other European slaughtering companies. The beef division has maintained its market share, however, by participating actively in imports from South America, while also supplying a broad range of Danish products.

Consumers have shown an increasing preference for quality and animal welfare. The beef division has been well represented in these areas by products such as Danish Veal, as well as offering a number of specialised products through Friland A/S.

Export markets
Italy and Spain continue to be important markets for Danish beef, even though these markets have seen less volume in recent years due to the decline in slaughterings. In addition to Danish products, the beef division also sells beef from our Sokołów Polish subsidiary on these markets. The German market has seen particularly positive developments during the financial year. Following commissioning of the new cutting room in Husum, an increasing proportion of products from here are being sold on this market.

Russia has received lower volume this year. The market remains important, however, for cheaper cuts for production and edible by-products.

The future
There will be a focus on securing the supply of livestock to slaughterhouses in the coming period. This will be achieved through a high quoted price, which the beef division expects to realise through continued tight cost control, a greater degree of processing, and further product development.

Processing companies
The Group's processing companies are: Tulip Food Company, Tulip Ltd., Plumrose USA, Sunhill and Sokołów.

The total turnover for the processing sector was DKK 18.2 billion, and the sector realised primary earnings of DKK 614 million.

	2005/06	2004/05	2003/04
Sales, tonnes	658,229	657,098	430,500
Turnover (DKK millions)	18,161.8	17,675.8	12,685.8
Operating profit (DKK millions)	614.2	573.4	360.7
Operating profit as %	3.4	3.2	2.8

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

There was solid progress in Tulip Food Company this financial year, as primary earnings doubled.

A new brand strategy and communication platform on the domestic market has led to a stronger market position and significantly increased branded good sales in Denmark. There has been a similar advance in the foodservice area, both domestically and abroad, and in the sale of canned meat to a number of overseas markets. Tulip Food Company is one of only three major suppliers of canned food on the world market.

The production structure has been adjusted and the number of factories reduced from 18 originally, to ten, leading to a significant reduction in fixed costs.

Tulip Food Company's competitiveness continues to be under pressure for a number of markets and products, especially in the area of private labels. This has led to a decline in sales in a number of European retail chains, and highlights the need for continuing tight cost control.

A new managing director took over the reins at Tulip Food Company in February 2006. A new strategy has been adopted with an even greater sales focus on highly processed products for the primary markets and the foodservice area. The sales organisation has been divided into four business areas with clearly defined strategies for each area, with the following themes:

- Internationalisation and growth
- Prioritisation and focus
- Cost focus

The launch of new consumer-friendly products is seen as vitally important to continued growth. Tulip therefore has the objective of increasing its level of innovation.

Tulip Ltd.

Tulip Ltd. manages the Group's processing activities in the UK, but also has its own slaughtering plants which supply the company's primary customers with fresh meat, and provide raw materials for processing in the company's own processing facilities.

Tulip Ltd. has faced major challenges during the financial year. External conditions have had a negative impact on earnings. These have included rising energy costs throughout the year, and sharply rising raw material costs in several stages during the second half of the financial year. As a result, earnings for the second half of the year were below expectations, whereas they met expectations for the first half of the year.

No acquisitions were made in 2005/06, but major improvements were made to the production structure during the year.

Two factories have closed: The bacon factory in Launceston was closed at the end of March 2006, and the canned meat factory in Portadown, Northern Ireland, was closed in mid-February 2006.

Tuilp Ltd's pig production and slaughtering in Great Britain is highly adapted to customer-specific requirements, and many resources are continually being invested in developing and maintaining a preference for these pigs among customers.

The total level of investment in fixed assets has been substantial this year, and investments are also planned in the coming year to help increase the company's competitiveness.

The market for fresh retail-packed meat has seen fierce competition and weakly declining sales. There has been a decline in canned meat after the closure of Portadown, which supplied the British market with 'hot cans'.

Tulip Ltd has maintained or increased its volume in its primary business areas within sliced meats, bacon products, and typical British uncooked breakfast sausages. These product areas are largely driven by the major retail chains.

Plumrose USA

Plumrose USA manages the Group's processing activities in the USA.

During the past year, Plumrose USA has introduced a number of new products and functional packaging. The most significant is Plumrose USA's introduction of a low-salt bacon product, which is expected to lead to substantial added sales.

Production is focused around the three primary factories in Council Bluffs, Iowa, Elkart, Indiana, and Booneville, Mississippi. There are also two distribution centres in Tupelo, Mississippi, and East Brunswick, New Jersey, and sales offices in Arkansas and California.

Sokołów

Company earnings have been moving in a positive direction in 2005/06. Sales volume (tonnage) has advanced and production capacity has increased. The contribution margin has improved in 2005/06. The company is continuing to work towards higher capacity utilisation, for example, by deboning raw materials from Denmark and reselling these to neighbouring markets in Germany and Eastern Europe.

Saturn Nordic Holding is a joint holding company owned 50/50 by Danish Crown and HK Roukatalo. In June 2006, Saturn Nordic Holding purchased the remaining shares in Sokołów, which is now 100 per cent owned by Saturn Nordic Holding. The company was then formally delisted from the Warsaw stock exchange in Poland.

In January 2006, a modern cutting facility was commissioned in Sokołow Podłaski, and a similar facility was opened in the Koło factory in August 2006, which will be used to debone Danish products for European customers.

Trading companies

The Group's trading companies are ESS-Food, DAT-Schaub International and Friland.

	2005/06	2004/05	2003/04
Sales, tonnes	300,233	394,362	481,236
Turnover (DKK millions)	3,921.0	5,190.8	6,212.3
Operating profit (DKK millions)	61.3	96.7	117.4
Operating profit as %	1.6	1.9	1.9

ESS-Food

Following last year's restructuring, ESS-Food is now made up of ESS-Food Japan and ESS-Food France.

ESS-Food operates primarily as a sales channel for Danish products, but also has production and sale of French and Spanish products in its French subsidiary.

The Japanese market has been strongly competitive this year, and the declining value of the yen had a negative impact on sales.

ESS-Food France is benefiting from the continued consolidation in the French slaughtering and processing industry, which has led to demand for niche suppliers from the major French retail chains. As a new development there was success this year in selling Danish quality fresh meat via a French retail chain.

DAT-Schaub International (DSI)

The DSI Group faced several major market challenges this year: avian flu, lack of import licences in China, and cessation of imports from Brazil to Russia due to foot-and-mouth disease.

The company opened a new sales office in Shanghai, China, to increase the company's involvement in that particularly interesting market.

Towards the end of the year, the Dubai Meat Packers processing factory was sold to the local partner. The reason for the sale is that DSI increases focus on its core business.

Findane A/S merged with DSI at the beginning of the new financial year.

DSI took over operation of ESS-Food's sales office in the Netherlands in January. The activities of the office will become part of DSI's representation in the Benelux region in the new financial year.

ESS-Food's sales office in Hong Kong has also been transferred to DSI.

Friland

Friland is the Group's trading company with a strong focus on organic products. Friland is experiencing increasing consumer demand for its products, leading to 30 per cent growth in turnover this financial year.

Sales of organic products in particular have risen, both on the domestic and export markets. Sales of organic meat have risen 25 per cent. However, growth has been limited by insufficient supply of organic goods. This segment is expected to grow, and intense efforts are being made to supply a significantly larger number of organic pigs for slaughter.

Friland's other special products, the Friland Pig, Friland Limousine and Angus, have also seen pleasing growth during the year.

Friland received the King Frederik IX award in 2006 for praiseworthy efforts to promote Danish export. Approx. 60 per cent of the turnover for organic pork derives from exports, primarily to Germany and Great Britain.

ENVIRONMENTAL REPORT - PARENT COMPANY

A number of major investments were made during the year to improve the environment at our factories.

Noise and odour suppression

The largest isolated investment is at the slaughterhouse in Herning, where the final details of a number of initiatives are being put in place which will significantly improve conditions for neighbours.

Investments completed include:

- New closed building for slaughter waste, blood, hair and fertilizer
- New 60 m high chimney to which all odorous emissions from the unclean part of the slaughterhouse are directed
- New noise shielding on the roofs to suppress noise emissions from plant
- Expansion of the existing noise shield walls surrounding the slaughterhouse
- Changes to the waste-water treatment plant

These initiatives have been carried out in order to be able to maintain production in accordance with the new environmental approval, which applies for the next eight years.

Investment has been made in noise suppression measures at the slaughterhouses in Esbjerg and Sæby in response to new environmental approvals.

Continued certification for Danish Crown's slaughterhouses

The slaughterhouse in Holstebro has received environmental and working environmental certification by Norwegian Veritas during the year. In the previous financial year, Herning, Blans and Esbjerg were certified, so that Danish Crown now has four certified slaughterhouses. The certification process will continue for Sæby, Ringsted and Skive during the coming financial year.

The number of internal environmental auditors has been increased in order to enhance Danish Crown's local environmental work and eco-management. These auditors generally audit other factories (not their own). This method has been found to be effective as the internal competition is increased and factories learn from each other.

Danish Crown began constructing an Environmental Database this year, which aims to make local and central environmental work easier, and provide better knowledge about the various environmental data, such that employees are better equipped for their dialogue with the authorities and other stakeholders.

Clean up following factory closures

In connection with the closure of factories in Bjerringbro, Holbæk, Nr.Sundby, Hjørring, Horsens (old factory), Hvidovre (Ascot) and Odense, Danish Crown's environmental employees are in close consultation with the local environmental authorities, degradation companies and purchasers, to ensure that any ground contamination is registered and limited.

To date, no contamination has been found which exceeds normal expectations for older production facilities.

Where ground contamination has been found, agreements have been made with purchasers and the authorities regarding implementation of the necessary measures to permit the locations to be used in accordance with the buyers' plans for the old slaughterhouse sites.

Environmental statement for Danish Crown's facilities in Denmark

		2005/06	2004/05
Input			
Water consumption [1]	m^3	2.92	3.02
Energy consumption [1]	kWh	275	277
Output			
CO_2 emissions[1]	kg	27.30	26.92
Waste-water [1]	m^3	2.70	2.90
BOD_5 in waste-water [1]	kg	5.11	5.86
Nitrogen in waste-water [1]	kg	0.63	0.70
Biomass for biogas [1]	kg	64.83	60.15
Biogas production corresponds to consumption in this many households		874	871
Recycled heat corresponds to consumption in this many households		2,800	2,500

1) per 1000 kg meat produced

Environmental taxes (DKK millions)	2005/06	2004/05
Treatment and release of waste-water	75.6	81.9
Disposal of sludge and fertilizer	15.4	17.3
Waste management/disposal of waste	5.4	6.3
Disposal of animal by-products	107.5	144.0
Total	**203.9**	**248.5**
Noise and odour measurements, etc.	2.7	1.0

HUMAN RESOURCES

New apprenticeship
During the past year, Danish Crown helped establish a new butcher apprenticeship. The apprenticeship has been modernised and adapted to the requirements of today's youths. It runs for two years, with an optional additional year for specialisation. Focus has been given to reducing drop-out rates and re-establishing pride in the butcher's trade. This has also led to stricter entry requirements.

Graduate rotation positions
Danish Crown is working with graduate rotation positions with the aim of improving its recruitment base. The positions are generally given to new graduates of theoretical courses, under a two-year contract with no guarantee of long-term employment. Experience from the programme has shown, however, that these graduates are often recruited for permanent positions within the organisation during the two-year contract period. The programme provides Danish Crown with a broad recruitment base which includes young graduates.

International management team
Danish Crown bases its operational management on an international management team. The administration is continually working to develop and utilise the internal management skills that exist within the Group. Danish Crown runs an international development course called the Senior Management Programme, using internationally recognised instructors, to ensure the ongoing development of the skills of new and future managers.

Inplacement/outplacement
Being an international company, Danish employees are regularly stationed in sale and production companies outside Denmark in order to gain a greater appreciation of the market conditions the company is working under, to the benefit of the company's ongoing development.

The group structure naturally also provides the opportunity for employees in foreign subsidiaries to come and work in the Danish parent company for a period of time, and hence gain a better appreciation of the company's culture.

General recruitment of employees
The high rate of economic growth in Denmark in recent years has led to a greater focus on securing access to the necessary recruitment base for both production and administrative employees. During this financial year, trials began in which foreign labour was imported from Eastern Europe ad Germany for the production area.

KEY FIGURES FOR THE GROUP

DKK millions	2001/02	2002/03	2003/04	2004/05	2005/06
Income statement					
Net turnover	42,866.9	40,367.7	44,369.8	48,598.4	48,534.0
Operating profit	1,517.4	1,542.9	1,657.1	1,734.8	1,859.7
Financial income and expenses, net	-329.3	-262.2	-353.0	-391.8	-490.3
Profit for the year	1,168.0	1,214.2	1,260.8	1,228.0	1,232.0
Balance sheet					
Total assets/liabilities	16,361.4	17,470.7	22,016.9	23,224.9	21,706.0
Investment in property, plant and equipment	1,242.6	2,296.1	3,709.1	1,860.6	848.9
Subordinated loans	0.0	0.0	1,000.0	1,000.0	1,000.0
Equity	3,284.4	3,344.6	3,533.7	3,686.3	3,844.0
Solvency ratio *)	20.1 %	19.1 %	20.6 %	20.2 %	22.3 %
Cash flow					
Cash flow from operating and investing activities	1,193.2	466.2	-3,169.1	-71.2	2,738.3
Employees					
Average number of full-time employees	23,162	23,053	23,948	28,553	26,938
Supplementary payment, DKK/kg					
Pigs	0.70	0.70	0.70	0.70	0.65
Sows	0.50	0.55	0.60	0.60	0.65
Cattle	0.75	0.65	0.80	0.80	0.90
Supply from cooperative members (million kg)					
Pigs	1,508.1	1,518.7	1,573.4	1,551.4	1,504.8
Sows	74.4	75.1	79.0	76.3	72.2
Cattle	76.1	73.4	75.1	72.5	67.8
Number of cooperative members					
Number of members	22,734	19,799	18,253	16,718	15,044

**) Calculation based on subordinated loans and equity*

STATEMENT AND REPORT

Statement by the Management on the annual report

Today we have presented the annual report of Danish Crown AmbA for 2005/06. The annual report has been presented in accordance with the Danish Financial Statements Act and Danish accounting standards. We consider the applied accounting policies appropriate for the annual report to provide a true and fair view of the Group’s and the Parent's assets, equity and liabilities, financial position, earnings and the Group's cash flow.

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

Randers, 17 November 2006

Executive Board	Kjeld Johannesen *CEO*	Carsten Jakobsen *Vice-CEO*	Preben Sunke *CFO*
	Jens Haven Christiansen *Executive Director*	Flemming N. Enevoldsen *Executive Director*	
Supervisory Board	Niels Mikkelsen *Chairman*	Bent Claudi Lassen *Vice Chairman*	Erik Bredholt *Vice Chairman*
	Karl Kristian Andersen	Niels Daugaard Buhl	Bjarke Christiansen
	Peder Damgaard	Per Frandsen	Hans Klejsgaard Hansen
	Niels Jakob Hansen	Henrik Høegh-Andersen	Asger Krogsgaard
	Erik Larsen	Kaj Kragkær Larsen	Jens Lorenzen
	Peder Philipp	Leo Christensen (e)	Hans Søgaard Hansen (e)
	Jens Pedersen (e)	Jørgen H. Rasmussen (e)	Søren Tinggaard (e)

(e) employee representative

Auditors’ report

To the members of Danish Crown AmbA
We have audited the annual report of Danish Crown AmbA for the financial year 2005/06, prepared in accordance with the Danish Financial Statements Act and Danish accounting standards.

The annual report is the responsibility of the Company’s management. Our responsibility is to express an opinion on the annual report based on our audit.

Basis of opinion

We conducted our audit in accordance with Danish Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual report is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the annual report. An audit also includes assessing the accounting policies used and significant estimates made by the management, as well as evaluating the overall annual report presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not resulted in any qualification.

Conclusion

In our opinion, the annual report gives a true and fair view of the Group’s and the Parent’s financial position at 1 October 2006 and of the results of their operations as well as the consolidated cash flow for the financial year 2005/06 in accordance with the Danish Financial Statements Act and Danish Accounting Standards.

Viborg, 17 November 2006

Deloitte
Statsautoriseret Revisionsaktieselskab

Gert Stampe
Certified Public Accountant

Torben Aunbøl
Certified Public Accountant

ACCOUNTING POLICIES

Basis of accounts

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large) and Danish accounting standards.

The accounting policies followed are unchanged in relation to the previous year, apart from the presentation of profits from subsidiaries and associated companies, and the handling of yields, required deposits to members' accounts and the final dividend, as described below.

Change to accounting policies

In the Parent's accounts, presentation of profits from investments in subsidiaries and associates has been changed. After-tax profits from investments in subsidiaries and associates is now recognised under profit from investments in subsidiaries and profit from investments in associates, whereas tax from these companies was previously recognised under tax on profit for the year. The change has no effect on profits or equity.

Proposed dividends, required deposits to members' accounts, and the supplementary payment for the financial year are recognised in a special item under equity. These items were previously recognised as receivables and short-term liabilities. This change led to an increase in equity of DKK 934.8 million as of 2 October 2005.

Comparison figures for 2004/05 and key figures have been adjusted in line with the changed accounting policies.

Recognition and measurement

Assets are recognised in the balance sheet when, as a result of a previous event, it is probable that future economic benefits will flow to the Group and the value of the assets can be measured reliably.

Liabilities are recognised in the balance sheet when the Group has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Group, and the value of the liabilities can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year. Value adjustments of financial assets and liabilities are recorded in the income statement as financial income or financial expenses.

Consolidated financial statements

The consolidated financial statements are prepared on the basis of the annual reports of the Parent, Danish Crown AmbA, and its subsidiaries in which the Parent directly or indirectly holds more than 50 % of the voting rights or in any other way has a controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20 and 50 per cent of the voting rights and exercises significant, but not controlling influence are regarded as associates.

Associates which are managed together with one or more other enterprises (joint ventures) are consolidated on a pro rata basis, which implies that the individual accounting items are included in proportion to the share of ownership of the enterprise. Other associates are included at the proportionate share with which they have contributed to the result and equity (equity method).

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent, its subsidiaries and pro rata consolidated enterprises. The consolidated financial statements are prepared by combining uniform items. On consolidation, intragroup income and expenses, intragroup accounts as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have primarily been prepared applying the Group's accounting policies.

Subsidiaries' items are recognised in full in the consolidated financial statements. Minority interests' pro rata share of profit/loss and the net assets are disclosed as a specific item in the income statement and the balance sheet, respectively.

Investments in subsidiaries and enterprises consolidated on a pro rata basis are offset at the pro rata share of the net assets of such subsidiaries and enterprises at the takeover date with net assets having been calculated at fair value.

Business combinations

Newly acquired or newly established enterprises are recognised in the consolidated financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the consolidated income statement up to the time of their divestment or winding up.

The purchase method is applied in the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date. On acquisition of enterprises, provisions are made for costs relating to decided and published restructurings in the acquired enterprise. Allowance is made for the tax effect of the restatements.

Positive differences (goodwill) between the cost of the acquired share and the fair value of the assets and liabilities taken over are recognised under intangible assets, and amortised systematically over the income statement based on an individual assessment of their useful life, up to a maximum of 20 years. Negative differences (negative goodwill), corresponding to an estimated adverse development in the relevant enterprises, are recognised in the balance sheet as deferred income, and they are recognised in the income statement as such adverse development is realised.

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

Foreign currency translation
On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses.

On recognition of foreign subsidiaries, statements of income and items in the balance sheet are translated using average annual exchange rates. Balance sheet items are translated using the exchange rates at the balance sheet date. Exchange rate differences that arise when translating the foreign subsidiary's equity at the beginning of the year using the exchange rates on the balance sheet date are recognised directly in equity. Exchange rate differences that arise when translating the income statements of foreign subsidiaries from average exchange rates into exchange rates in effect on the balance sheet date are recognised in the income statement if the subsidiaries are integrated, foreign subsidiaries and are classified directly as equity if the foreign subsidiaries are independent, foreign subsidiaries.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries, which are considered part of the total investment in the subsidiary in question, are recognised directly in equity.

Derivative financial instruments
On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Derivative financial instruments are recognised under other receivables or other payables.

Changes in the fair value of derivative financial instruments are recognised in the income statement together with changes in the value of the hedged asset or liability.

Changes in the fair value of derivative financial instruments applied for hedging net investments in independent foreign subsidiaries or associates are recognised directly in equity.

Income statement
Turnover
Turnover is recognised in the income statement when delivery is made, and risk has passed to the buyer. Turnover comprises invoiced sales plus export restitutions and less agency commissions.

Contract work in progress is, however, included based on the percentage-of-completion method.

Cost of sales
Cost of sales comprises direct and indirect costs incurred to earn turnover. In cost of sales, cost of raw materials including meat from members where such meat is entitled to supplementary payments, consumables and production staff and depreciation on production plant are included.

Cost of sales also includes costs of development projects that do not meet the criteria for recognition in the balance sheet, and amortisation of recognised development projects.

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

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

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

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

Income taxes
The tax charge of the year comprises current tax as well as change in deferred tax. Taxes are computed based on cooperative and income tax charged.

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

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

Deferred tax is valued based on the tax regulations and rates in the respective countries that will apply on the balance sheet date when the deferred tax is expected to be triggered as current tax. Changes in deferred taxation resulting from changes in tax rates are included in the income statement.

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

In those parts of the Group which are liable to pay income tax and where joint taxation has been established, the tax charge of the year is fully allocated among the entities/subsidiaries with a positive taxable income.

Balance sheet

Intangible assets
Intangible assets are measured at cost less accumulated amortisation and write-down.

Intangible assets are amortised on a straight-line basis based on an assessment of their expected lives, and amortisation is usually carried out based on the following principles:

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

Trademarks etc. are amortised over a period of 10 years as the value of these assets is currently supported by marketing activities.

The amortisation period of goodwill/goodwill on consolidation is usually 5-10 years. However, it may be up to 20 years for strategically acquired enterprises with a strong market position and a long-term earnings profile if the longer amortisation period is considered to better reflect the Group's benefit from the relevant resources.

Intangible assets are assessed on a current basis and written down to recoverable amount if the carrying amount exceeds the estimated future net income from the enterprise or activity to which the asset is related.

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

Cost comprises the acquisition price, costs directly attributable to the acquisition, and preparation costs of the asset until the time when it is ready to be put into operation. For company-manufactured assets, cost comprises direct and indirect costs of materials, components, sub-contractors and labour costs. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

Interest expenses on loans for financing the production of very significant tangible assets are included in cost if they relate to the manufacturing period. All other financing costs are recognised in the income statement.

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

Land	not depreciated
Buildings	20 - 40 years
Plant and machinery	10 years
Other fixtures and fittings	5 years

Plants which have been closed down are not depreciated as they are written down to their expected net realisable value.

Assets with short useful lives or with a cost of below DKK 20,000 are recognised as costs in the income statement at the date of acquisition.

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

Gains and losses realised in connection with current replacement of property, plant and equipment are recognised in the income statement as depreciation.

Fixed asset investments

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

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

Subsidiaries and associates with negative equity are measured at zero value, and any receivables from these enterprises are written down by the Parent's share of such negative equity if it is deemed irrecoverable. If the negative equity exceeds the amount receivable, the remaining amount is recognised under provisions if the Parent has a legal or constructive obligation to cover the deficit of the relevant enterprise.

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

The purchase method is applied on acquisition of subsidiaries and associates; see above description under consolidated financial statements.

Other securities are measured at amortised cost.

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost of goods for resale, raw materials and consumables consists of purchase price plus landing costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables and direct labour costs as well as indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of and depreciation and write-down on machinery, factory buildings and equipment applied for the manufacturing process as well as costs of factory administration and management. Financing costs are not included in cost.

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

Receivables

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

Contract work in progress

Contract work in progress (construction contracts) is measured at the selling price of the work carried out at the balance sheet date. The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress.

Each contract in progress is recognised in the balance sheet under receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Prepayments

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

Securities and investments

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

Dividend and supplementary payment

Dividend and supplementary payment are recognised as receivables and liabilities, respectively, at the time of adoption by the general meeting. Dividend and supplementary payment for the financial year are shown as a separate item under equity.

Provisions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

INCOME STATEMENT

3 October 2005 - 1 October 2006
(DKK millions)

	Note	GROUP		PARENT	
		2005/06	2004/05	2005/06	2004/05
Net turnover	1	**48,534.0**	**48,598.4**	**25,476.3**	**24,651.2**
Production costs	2.3	-41,457.9	-41,283.8	-22,304.3	-21,488.3
Gross profit		**7,076.1**	**7,314.6**	**3,172.0**	**3,162.9**
Distribution costs	2.3	-3,773.6	-3,927.9	-1,511.1	-1,472.0
Administrative expenses	2.3.4	-1,537.1	-1,649.4	-602.8	-668.8
Operating profit from ordinary activity		**1,765.4**	**1,737.3**	**1,058.1**	**1,022.1**
Other operating income		128.9	26.8	115.5	0.0
Other operating expenses		-34.6	-29.3	-21.6	-20.7
Operating profit		**1,859.7**	**1,734.8**	**1,152.0**	**1,001.4**
Share of profit/loss in subsidiaries	5	0.0	0.0	262.3	282.2
Share of profit/loss in associates		9.0	55.8	16.8	47.0
Income from other investments		1.0	5.1	0.2	4.4
Financial income	6	186.6	259.3	122.0	210.5
Financial expenses	7	-676.9	-651.1	-316.2	-307.4
Profit before tax		**1,379.4**	**1,403.9**	**1,237.1**	**1,238.1**
Tax on profit for the year	8	-120.2	-143.2	-5.1	-10.1
Group profit for the year		**1,259.2**	**1,260.7**	**1,232.0**	**1,228.0**
Minority interests' share of profit		-27.2	-32.7	0.0	0.0
Profit for the year		**1,232.0**	**1,228.0**	**1,232.0**	**1,228.0**

Distribution of profit				
Amount for distribution:				
Profit for the year			1,232.0	
Total amount for distribution			**1,232.0**	
distributed as follows:				
Supplementary payment for the year				
Pigs supplied by members: 1,504,822,762 kg at DKK 0.65			978.1	
Sows supplied by members: 72,163,486 kg at DKK 0.65			46.9	
Cattle supplied by members: 67,793,880 kg at DKK 0.90			61.0	
Total supplementary payment for the year			**1,086.0**	
Transferred to equity				
Transferred to other reserves			146.0	
Total transferred to equity			**146.0**	
Total amount distributed			**1,232.0**	

BALANCE SHEET - ASSETS

As of 1 October 2006
(DKK millions)

		GROUP		PARENT	
Fixed assets	**Note**	**1/10 2006**	**2/10 2005**	**1/10 2006**	**2/10 2005**
Intangible assets	9				
Trademarks etc.		1.4	7.7	0.0	0.0
Goodwill		34.0	32.5	0.2	0.2
Group goodwill		939.9	965.4	0.0	0.0
Total intangible assets		**975.3**	**1,005.6**	**0.2**	**0.2**
Property, plant and equipment	10				
Land and buildings		5,892.2	5,783.5	3,081.8	2,769.0
Plant and machinery		3,271.7	3,482.0	1,323.1	1,578.0
Other fixtures and fittings, tools and equipment		411.0	472.3	167.3	189.3
Property, plant and equipment in progress		695.3	873.9	125.1	376.3
Total property, plant and equipment		**10,270.2**	**10,611.7**	**4,697.3**	**4,912.6**
Fixed asset investments	11				
Investments in subsidiaries		0.0	0.0	1,659.8	1,971,1
Receivables from subsidiaries		0.0	0.0	33.9	75.3
Investments in associates		465.2	504.9	977.1	861.9
Other securities and investments		303.2	276.8	290.3	259.5
Total fixed asset investments		**768.4**	**781.7**	**2,961.1**	**3,167.8**
Total fixed assets		**12,013.9**	**12,399.0**	**7,658.6**	**8,080.6**
Current assets					
Inventories					
Raw materials and consumables		707.6	914.8	43.2	38.0
Work in progress		392.4	299.5	135.7	124.0
Finished goods and goods for resale		2,310.9	2,903.0	924.7	1,224.6
Total inventories		**3,410.9**	**4,117.3**	**1,103.6**	**1,386.6**
Receivables					
Trade receivables		5,307.6	5,574.6	1,959.0	1,899.9
Contract receivables		186.0	209.7	186.0	209.6
Contract work in progress		0.0	21.6	0.0	0.0
Receivables from subsidiaries		0.0	0.0	1,112.7	1,136.7
Receivables from associates		2.2	0.0	0.5	0.0
Other receivables		291.1	418.5	30.0	48.8
Prepayments		125.2	105.1	62.7	52.8
Total receivables		**5,912.1**	**6,329.5**	**3,350.9**	**3,347.8**
Securities and investments		**125.8**	**122.8**	**0.0**	**0.0**
Cash		**243.3**	**256.3**	**16.3**	**5.5**
Total current assets		**9,692.1**	**10,825.9**	**4,470.8**	**4,739.9**
Total assets		**21,706.0**	**23,224.9**	**12,129.4**	**12,820.5**

BALANCE SHEET - EQUITY AND LIABILITIES

As of 1 October 2006
(DKK millions)

		GROUP		PARENT	
Equity	**Note**	**1/10 2006**	**2/10 2005**	**1/10 2006**	**2/10 2005**
Members' accounts		1,319.9	1,105.6	1,319.9	1,105.6
Personal capital accounts		0.0	100.8	0.0	100.8
Reserve for net revaluation of investments		0.0	0.0	205.8	267.7
Other reserves		1,438.1	1,290.1	1,232.3	1,022.4
Supplementary payment for the year		1,086.0	1,189.8	1,086.0	1,189.8
Total equity		**3,844.0**	**3,686.3**	**3,844.0**	**3,686.3**
Minority interests		**59.0**	**97.8**	**0.0**	**0.0**
Provisions	12	**624.3**	**588.9**	**105.2**	**187.7**
Liabilities					
Long-term liabilities	13				
Subordinated loan		1,000.0	1,000.0	1,000.0	1,000.0
Mortgage debt		3,787.5	4,373.0	3,420.8	3,878.1
Lease commitments		23.3	32.8	0.0	0.0
Other credit institutions		6,762.5	6,530.8	1,479.7	2,033.2
Total long-term liabilities		**11,573.3**	**11,936.6**	**5,900.5**	**6,911.3**
Short-term liabilities					
Short-term part of long-term liabilities		431.4	104.5	307.9	5.0
Credit institutions		1,120.5	2,357.7	296.5	311.6
Trade payables		2,231.9	2,404.7	845.2	638.7
Debt to subsidiaries		0.0	0.0	88.4	229.2
Debt to associates		14.7	31.2	2.0	26.8
Income taxes		0.0	0.0	0.0	0.5
Other payables		1,558.7	1,767.8	552.5	645.7
Deferred income		119.5	77.1	58.5	5.4
Payment to member and capital accounts		128.7	172.3	128.7	172.3
Total short-term liabilities		**5,605.4**	**6,915.3**	**2,279.7**	**2,035.2**
Total liabilities		**17,178.7**	**18,851.9**	**8,180.2**	**8,946.5**
Total equity and liabilities		**21,706.0**	**23,224.9**	**12,129.4**	**12,820.5**

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STATEMENT OF CHANGES IN EQUITY

As of 1 October 2006
(DKK millions)

Group	Members' accounts	Personal capital accounts	Reserve for net revaluation of investments	Other reserves	Supple-mentary payment for the year	Total
Equity as of 4 October 2004	1,130.5	255.3	0.0	1,198.1	0.0	2,583.9
Change to accounting policies	-259.1	0.0	0.0	0.0	1,208.9	949.8
Adjusted balance as of 4 October 2004	**871.4**	**255.3**	**0.0**	**1,198.1**	**1,208.9**	**3,533.7**
Net payments for the year	234.2	-154.5	0.0	0.0	-1,208.9	-1,129.2
Exchange rate adjustment, foreign companies	0.0	0.0	0.0	59.9	0.0	59.9
Other adjustments	0.0	0.0	0.0	-6.1	0.0	-6.1
Profit for the year	0.0	0.0	0.0	38.2	1,189.8	1,228.0
Equity as of 2 October 2005	**1,105.6**	**100.8**	**0.0**	**1,290.1**	**1,189.8**	**3,686.3**
Net payments for the year	214.3	-100.8	0.0	0.0	-1,189.8	-1,076.3
Exchange rate adjustment, foreign companies	0.0	0.0	0.0	-3.6	0.0	-3.6
Other adjustments	0.0	0.0	0.0	5.6	0.0	5.6
Profit for the year	0.0	0.0	0.0	146.0	1,086.0	1,232.0
Equity as of 1 October 2006	**1,319.9**	**0.0**	**0.0**	**1,438.1**	**1,086.0**	**3,844.0**

Parent						
Equity as of 4 October 2004	1,130.5	255.3	0.0	1,198.1	0.0	2,583.9
Change to accounting policies	-259.1	0.0	254.7	-254.7	1,208.9	949.8
Adjusted balance as of 4 October 2004	**871.4**	**255.3**	**254.7**	**943.4**	**1,208.9**	**3,533.7**
Net payments for the year	234.2	-154.5	0.0	0.0	-1,208.9	-1,129.2
Exchange rate adjustment, foreign companies	0.0	0.0	59.9	0.0	0.0	59.9
Other adjustments	0.0	0.0	-6.1	0.0	0.0	-6.1
Profit for the year	0.0	0.0	0.0	38.2	1,189.8	1,228.0
Transfer	0.0	0.0	-40.8	40.8	0.0	0.0
Equity as of 2 October 2005	**1,105.6**	**100.8**	**267.7**	**1,022.4**	**1,189.8**	**3,686.3**
Net payments for the year	214.3	-100.8	0.0	0.0	-1,189.8	-1,076.3
Exchange rate adjustment, foreign companies	0.0	0.0	-3.6	0.0	0.0	-3.6
Other adjustments	0.0	0.0	5.6	0.0	0.0	5.6
Profit for the year	0.0	0.0	0.0	146.0	1,086.0	1,232.0
Transfer	0.0	0.0	-63.9	63.9	0.0	0.0
Equity as of 1 October 2006	**1,319.9**	**0.0**	**205.8**	**1,232.3**	**1,086.0**	**3,844.0**

CASH FLOW STATEMENT

3 October 2005 - 1 October 2006
(DKK millions)

	GROUP	
Cash flow from operating activities	**2005/06**	**2004/05**
Profit for the year	1,232.0	1,228.0
Depreciation, amortisation and write-down	1,272.6	1,166.6
Share of profit/loss generated by fixed asset investments	-10.0	-60.9
Change in provisions	35.4	106.3
Change in inventories	706.4	-522.7
Change in receivables	417.4	213.0
Change in trade payables, etc.	-59.0	-359.8
Total cash flow from operating activites	**3,594.8**	**1,770.5**
Cash flow from investing activities		
Investment in intangible assets	-57.5	9.1
Investment in property, plant and equipment	-848.9	-1,860.6
Investment in fixed asset investments	49.9	9.8
Total cash flow from investing activities	**-856.5**	**-1,841.7**
Total cash flow from operating and investing activities	**2,738.3**	**-71.2**
Cash flow from financing activities		
Deposit of members' capital	214.3	259.1
Payment of personal capital accounts	-172.3	-130.3
Payment of supplementary payment	-1,189.8	-1,208.9
Change in short-term credit institutions	-1,237.2	-3,783.2
Change in mortgage debt	-585.5	165.5
Change in lease commitments	-9.5	17.3
Change in other credit institutions	231.7	4,744.8
Total cash flow from financing activities	**-2,748.3**	**64.3**
Change in cash and securities	-10.0	-6.9
Cash and securities as of 3 October 2005	379.1	386.0
Cash and securities as of 1 October 2006	**369.1**	**379.1**

NOTES

(DKK millions)

		GROUP		PARENT	
1	**Net turnover**	**2005/06**	**2004/05**	**2005/06**	**2004/05**
	Divided by markets:				
	Denmark	5,000.6	4,999.5	4,514.0	4,365.2
	International	43,533.4	43,598.9	20,962.3	20,286.0
	Total net turnover	**48,534.0**	**48,598.4**	**25,476.3**	**24,651.2**
	Divided by sectors:				
	Pork division	21,798.0	21,013.6	23,277.6	22,899.0
	Beef division	2,544.9	2,233.1	2,198.7	1,752.2
	Processing companies	17,995.6	17,530.8	0.0	0.0
	Trading and other companies	6,195.5	7,820.9	0.0	0.0
	Total net turnover	**48,534.0**	**48,598.4**	**25,476.3**	**24,651.2**

2	**Staff costs**				
	Wages and salaries	6,662.1	7,123.8	3,231.6	3,506.8
	Pensions	330.7	336.8	208.0	206.3
	Other social security costs	624.8	646.8	235.9	253.3
	Total staff costs	**7,617.6**	**8,107.4**	**3,675.5**	**3,966.4**
	This includes:				
	Remuneration of Parent's Supervisory Board	4.4	4.5	4.0	3.9
	Remuneration of Board of Representatives	5.2	5.3	5.2	5.3
	Remuneration of Parent's Executive Board	24.8	27.4	15.0	18.5
	Average number of employees	26,938	28,553	9,922	10,796

3	**Depreciation, amortisation and write-down**				
	Intangible assets	92.0	98.8	0.0	0.1
	Property, plant and equipment	1,180.6	1,067.8	564.6	441.8
	Exchange rate adjustments	-0.2	-6.6	0.0	0.0
	Profit from sale of property, plant and equipment	-59.0	7.3	-0.2	1.0
	Total depreciation, amortisation and write-down	**1,213.4**	**1,167.3**	**564.4**	**442.9**
	Depreciation, amortisation and write-down are included in the following items:				
	Production costs	992.4	936.4	516.8	399.3
	Distribution costs	42.8	44.7	9.3	8.0
	Administrative expenses	178.2	186.2	38.3	35.6
	Total depreciaiton, amortisation and write-down	**1,213.4**	**1,167.3**	**564.4**	**442.9**

NOTES

(DKK millions)

		GROUP		PARENT	
4	**Audit fees**	**2005/06**	**2004/05**	**2005/06**	**2004/05**
	Audit fee, Deloitte	12.6	14.8	2.7	2.6
	Audit fee, others	2.1	2.7	0.0	0.0
	Other services, Deloitte	5.5	6.5	1.1	2.2
	Other services, others	3.1	4.8	0.1	1.2
	Total audit fees	**23.3**	**28.8**	**3.9**	**6.0**

5	**Share of profit/loss in subsidiaries**				
	Share of profit/loss	0.0	0.0	236.7	328.4
	Unrealised intra-group profits	0.0	0.0	42.6	-26.1
	Amortisation of additional value in connection with acquisition of shares	0.0	0.0	-17.0	-20.1
	Total share of profit/loss in subsidiaries	**0.0**	**0.0**	**262.3**	**282.2**

6	**Financial income**				
	Subsidiaries	0.0	0.0	19.0	1.8
	Other interest	186.6	259.3	103.0	208.7
	Total financial income	**186.6**	**259.3**	**122.0**	**210.5**

7	**Financial expenses**				
	Subsidiaries	0.0	0.0	0.6	0.4
	Other interest	676.9	651.1	315.6	307.0
	Total financial expenses	**676.9**	**651.1**	**316.2**	**307.4**

8	**Tax on profit for the year**				
	Tax on profit for the year	84.9	99.0	8.6	11.2
	Adjustments related to previous years	-23.1	-3.9	-3.5	-1.1
	Change in deferred tax	58.4	48.1	0.0	0.0
	Total tax on profit for the year	**120.2**	**143.2**	**5.1**	**10.1**

NOTES

(DKK millions)

9	Intangible assets, Group	Trade-marks	Goodwill	Group goodwill	Total intangible assets
	Total cost:				
	Total cost as of 3 October 2005	484.5	75.8	1,317.7	1,878.0
	Exchange rate adjustment	-0.1	-0.1	4.5	4.3
	Disposals due to sale of companies	-21.0	0.0	0.0	-21.0
	Additions during year	0.5	7.8	55.5	63.8
	Disposals during year	0.0	-14.5	-6.5	-21.0
	Total cost as of 1 October 2006	**463.9**	**69.0**	**1,371.2**	**1,904.1**
	Total amortisation and write-down:				
	Total amortisation and write-down as of 3 October 2005	476.8	43.3	352.3	872.4
	Exchange rate adjustment	-0.1	0.0	0.2	0.1
	Disposals due to sale of companies	-16.2	0.0	0.0	-16.2
	Additions	0.0	0.0	0.0	0.0
	Amortisation and write-down for the year	2.0	5.0	85.0	92.0
	Amortisation and write-down on assets disposed of	0.0	-13.3	-6.2	-19.5
	Total amortisation and write-down as of 1 October 2006	**462.5**	**35.0**	**431.3**	**928.8**
	Carrying amount as of 1 October 2006	**1.4**	**34.0**	**939.9**	**975.3**
	Carrying amount as of 2 October 2005	7.7	32.5	965.4	1,005.6
	Intangible assets, Parent				
	Total cost:				
	Total cost as of 3 October 2005	24.4	8.8	0.0	33.2
	Additions during year	0.0	0.0	0.0	0.0
	Disposals during year	0.0	0.0	0.0	0.0
	Total cost as of 1 October 2006	**24.4**	**8.8**	**0.0**	**33.2**
	Total amortisation and write-down:				
	Total amortisation and write-down as of 3 October 2005	24.4	8.6	0.0	33.0
	Amortisation and write-down for the year	0.0	0.0	0.0	0.0
	Amortisation and write-down on assets disposed of	0.0	0.0	0.0	0.0
	Total amortisation and write-down as of 1 October 2006	**24.4**	**8.6**	**0.0**	**33.0**
	Carrying amount as of 1 October 2006	**0.0**	**0.2**	**0.0**	**0.2**
	Carrying amount as of 2 October 2005	0.0	0.2	0.0	0.2

NOTES

(DKK millions)

10 Property, plant and equipment, Group	Land and buildings	Plant and machinery	Other fixtures and fittings	Property, plant and equipment in progress	Total property, plant and equipment
Total cost:					
Total cost as of 3 October 2005	9,748.8	9,502.4	1,647.8	873.9	21,772.9
Exchange rate adjustment	-8.8	-7.3	-0.9	1.3	-15.7
Transfer	350.9	-452.2	3.5	-4.4	-102.2
Completion of plant in progress	191.8	297.1	24.5	-513.4	0.0
Disposals due to sale of companies	-211.2	-153.3	-110.7	-1.4	-476.6
Additions during year	149.7	578.9	115.8	339.6	1,184.0
Disposals during year	-216.4	-358.8	-54.4	-0.3	-629.9
Total cost as of 1 October 2006	**10,004.8**	**9,406.8**	**1,625.6**	**695.3**	**21,732.5**
Total revaluation:					
Total revaluation as of 3 October 2005	30.9	5.8	0.5	0.0	37.2
Disposals during year	0.0	0.0	0.0	0.0	0.0
Total revaluation as of 1 October 2006	**30.9**	**5.8**	**0.5**	**0.0**	**37.2**
Total depreciation, amortisation and write-down:					
Total depreciation, amortisation and write-down as of 3 October 2005	3,996.2	6,026.2	1,176.0	0.0	11,198.4
Exchange rate adjustment	-4.4	-0.9	-0.6	0.0	-5.9
Transfer	-103.4	1.2	0.0	0.0	-102.2
Disposals due to sale of companies	-66.8	-110.9	-93.3	0.0	-271.0
Depreciation, amortisation and write-down for the year	461.5	544.7	174.4	0.0	1,180.6
Depreciation, amortisation and write-down on assets disposed of	-139.6	-319.4	-41.4	0.0	-500.4
Total depreciation, amortisation and write-down as of 1 October 2006	**4,143.5**	**6,140.9**	**1,215.1**	**0.0**	**11,499.5**
Carrying amount as of 1 October 2006	**5,892.2**	**3,271.7**	**411.0**	**695.3**	**10,270.2**
Carrying amount as of 2 October 2005	5,783.5	3,482.0	472.3	873.9	10,611.7
The carrying amount as of 1 October 2006 includes:					
Recognised leased assets	8.4	26.7	0.0	0.0	35.1
Recognised interest expenses	51.6	54.9	24.4	0.0	130.9
Assessed cash value of Danish properties as of 1 October 2005	2,297.8				
Carrying amount of foreign properties	2,089.5				

NOTES

(DKK millions)

10	Property, plant and equipment, Parent	Land and buildings	Other fixtures and fittings	Property, plant and equipment total	Property, plant and equipment in progress	Total property, plant and equipment
	Total cost:					
	Total cost as of 3 October 2005	5,454.6	4,188.6	785.0	376.3	10,804.5
	Transfer	350.3	-452.5	0.0	0.0	-102.2
	Completion of plant in progress	94.4	205.7	12.0	-312.1	0.0
	Additions during year	109.2	216.2	31.9	60.8	418.1
	Disposals during year	-154.3	-153.7	-24.4	0.0	-332.4
	Total cost as of 1 October 2006	**5,854.2**	**4,004.3**	**804.5**	**125.0**	**10,788.0**
	Total depreciation, amortisation and write-down:					
	Total depreciation, amortisation and write-down as of 3 October 2005	2,685.6	2,610.6	595.7	0.0	5,891.9
	Transfer	-102.2	0.0	0.0	0.0	-102.2
	Depreciation, amortisation and write-down for the year	307.7	198.3	58.5	0.0	564.5
	Depreciation, amortisation and write-down on assets disposed of	-118.7	-127.7	-17.1	0.0	-263.5
	Total depreciation, amortisation and write-down as of 1 October 2006	**2,772.4**	**2,681.2**	**637.1**	**0.0**	**6,090.7**
	Carrying amount as of 1 October 2006	**3,081.8**	**1,323.1**	**167.4**	**125.0**	**4,697.3**
	Carrying amount as of 2 October 2005	2,769.0	1,578.0	189.3	376.3	4,912.6
	The carrying amount as of 1 October 2006 includes:					
	Recognised leased assets	0.0	0.0	0.0	0.0	0.0
	Recognised interest expenses	51.6	54.9	24.4	0.0	130.9
	Assessed cash value of Danish properties as of 1 October 2005	1,542.4				

NOTES

(DKK millions)

11	Fixed asset investments, Group	Investments in subsidiaries	Receivables from subsidiaries	Investments in associates	Other securities and investments	Total fixed asset invest-ments
	Total cost:					
	Total cost as of 3 October 2005	0.0	0.0	231.5	176.3	407.8
	Exchange rate adjustment	0.0	0.0	0.0	0.0	0.0
	Additions during year	0.0	0.0	0.0	12.8	12.8
	Disposals during year	0.0	0.0	-26.1	-13.4	-39.5
	Total cost as of 1 October 2006	**0.0**	**0.0**	**205.4**	**175.7**	**381.1**
	Total value adjustment:					
	Total value adjustment as of 3 October 2005	0.0	0.0	273.4	100.5	373.9
	Exchange rate adjustment	0.0	0.0	-1.8	28.4	26.6
	Share of net profit	0.0	0.0	9.0	1.0	10.0
	Distribution of dividends	0.0	0.0	-29.3	-0.9	-30.2
	Additions during year	0.0	0.0	0.0	0.0	0.0
	Disposals during year	0.0	0.0	8.5	-1.5	7.0
	Other adjustments	0.0	0.0	0.0	0.0	0.0
	Total value adjustment as of 1 October 2006	**0.0**	**0.0**	**259.8**	**127.5**	**387.3**
	Carrying amount as of 1 October 2006	**0.0**	**0.0**	**465.2**	**303.2**	**768.4**
	Carrying amount as of 2 October 2005	0.0	0.0	504.9	276.8	781.7

NOTES

(DKK millions)

11 Fixed asset investments, Parent	Investments in subsidiaries	Receivables from subsidiaries	Investments in associates	Other securities and investments	Total fixed asset invest-ments
Total cost:					
Total cost as of 3 October 2005	1,880.4	75.3	572.6	159.8	2,688.1
Exchange rate adjustment	-7.8	0.0	0.8	0.0	-7.0
Transfer	34.9	-34.9	0.0	0.0	0.0
Additions during year	0.0	1.1	100.8	3.3	105.2
Disposals during year	-253.8	-7.6	0.0	-0.8	-262.2
Total cost as of 1 October 2006	**1,653.7**	**33.9**	**674.2**	**162.3**	**2,524.1**
Total value adjustment:					
Total value adjustment as of 3 October 2005	90.7	0.0	289.3	99.7	479.7
Exchange rate adjustment	-4.2	0.0	7.6	28.5	31.9
Share of net profit/loss	262.3	0.0	16.8	0.2	279.3
Distribution of dividends	-397.7	0.0	-15.3	0.0	-413.0
Additions during year	0.0	0.0	2.0	0.0	2.0
Disposals during year	51.9	0.0	0.0	-0.4	51.5
Other adjustments	3.1	0.0	2.5	0.0	5.6
Total value adjustment as of 1 October 2006	**6.1**	**0.0**	**302.9**	**128.0**	**437.0**
Carrying amount as of 1 October 2006	**1,659.8**	**33.9**	**977.1**	**290.3**	**2,961.1**
Carrying amount as of 2 October 2005	1,971.1	75.3	861.9	259.5	3,167.8

NOTES

(DKK millions)

12 Provisions	GROUP 1/10 2006	GROUP 2/10 2005	PARENT 1/10 2006	PARENT 2/10 2005
Pension obligations	290.7	302.6	65.2	69.4
Deferred tax	74.3	2.8	0.0	0.0
Restructuring expenses	26.4	64.4	26.4	64.4
Insurance provisions	163.8	126.2	2.7	11.2
Other provisions	69.1	92.9	10.9	42.7
Total provisions	**624.3**	**588.9**	**105.2**	**187.7**
Realisation dates for provisions expected to be:				
Within one year	73.4	140.6	34.1	89.9
After one year	550.9	448.3	71.1	97.8
Total provisions	**624.3**	**588.9**	**105.2**	**187.7**

Group	Pension obligations	Deferred tax	Restructuring expenses	Insurance provisions	Other provisions
Provisions as of 3 October 2005	302.6	2.8	64.4	126.2	92.9
Exchange rate adjustments	0.8	0.5	0.0	0.0	0.0
Disposals due to sale of companies	0.0	12.6	0.0	0.0	-5.5
Applied during the year	-8.7	0.0	-49.7	-8.5	-47.0
Allocated for the year	-4.0	58.4	11.7	46.1	28.7
Provisions as of 1 October 2006	**290.7**	**74.3**	**26.4**	**163.8**	**69.1**

Parent					
Provisions as of 3 October 2005	69.4	0.0	64.4	11.2	42.7
Applied during the year	-6.0	0.0	-49.7	-8.5	-38.3
Allocated for the year	1.8	0.0	11.7	0.0	6.5
Provisions as of 1 October 2006	**65.2**	**0.0**	**26.4**	**2.7**	**10.9**

NOTES

(DKK millions)

13 Long-term liabilities, Group	Due within one year	Due between 1 and 5 years	Due after 5 years	Total long-term liabilities
Subordinated loan	0.0	0.0	1,000.0	1,000.0
Mortgage debt	75.7	533.6	3,253.9	3,863.2
Lease commitments	10.0	20.7	2.6	33.3
Other credit institutions	345.7	5,982.7	779.8	7,108.2
Long-term liabilities as of 1 October 2006	**431.4**	**6,537.0**	**5,036.3**	**12,004.7**
Long-term liabilities as of 2 October 2005	104.5	7,173.4	4,763.2	12,041.1

Long-term liabilities, Parent				
Subordinated loan	0.0	0.0	1,000.0	1,000.0
Mortgage debt	52.5	386.3	3,034.5	3,473.3
Lease commitments	0.4	0.0	0.0	0.4
Other credit institutions	255.0	1,479.7	0.0	1,734.7
Long-term liabilities as of 1 October 2006	**307.9**	**1,866.0**	**4,034.5**	**6,208.4**
Long-term liabilities as of 2 October 2005	5.0	3,321.9	3,589.4	6,916.3

Interest rate exposure	**GROUP**		**PARENT**	
Long-term liabilities divided by currency	**1/10 2006**	**2/10 2005**	**1/10 2006**	**2/10 2005**
DKK	7,196.0	6,579.3	5,623.3	5,406.9
EUR	3,067.7	1,690.5	297.4	1,347.7
GBP	669.0	1,923.2	121.2	48.6
USD	768.5	1,551.8	19.4	1.7
JPY	10.4	138.7	10.4	95.0
SEK	103.7	39.1	1.5	0.4
NOK	17.5	63.4	0.0	0.0
PLN	85.5	53.7	50.2	14.6
AUD	84.5	0.0	84.5	0.0
Other	1.9	1.4	0.5	1.4
Total long-term liabilities	**12,004.7**	**12,041.1**	**6,208.4**	**6,916.3**
Weighted average interest rate	4.66 %	4.53 %	4.73 %	4.50 %

Of the Group's long-term loans, DKK 3,715.7 million has been raised as fixed-rate loans (excluding subordinated loan as discussed below) and DKK 7,289.0 million has been raised as floating-rate loans. Of the Parent's loans, DKK 3,495.7 million (excluding subordinated loan) has been raised as fixed-rate loans and DKK 1,712.7 million has been raised as floating-rate loans. At the balance sheet date, DKK 4,386.8 million had been refinanced from fixed-rate loans to floating-rate loans by way of financial instruments. Together with the underlying liabilities, the financial instruments have been stated at their fair value at the balance sheet date and have been recognised in the income statement under financial income and expenses. The weighted rate of interest on the long-term debt of the Group is 4.52 % (excluding subordinated loan) before recognition of financial instruments. For the Parent, the weighted rate of interest is 4.44 % (excluding subordinated loan) before recognition of financial instruments.

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

NOTES

(DKK millions)

14	Contingent liabilities etc.	GROUP 1/10 2006	GROUP 2/10 2005	PARENT 1/10 2006	PARENT 2/10 2005
	Guarantees provided to subsidiaries, maximum	0.0	0.0	4,690.6	5,628.7
	Guarantees provided to subsidiaries, applied	0.0	0.0	2,782.5	2,535.5
	Other guarantees	49.9	96.6	0.7	1.7
	Contractual obligations regarding property, plant and equipment	242.9	49.1	0.0	58.8
	Guarantees provided to the EU Directorate	35.4	55.1	23.8	27.5
	Repayment obligation	40.0	50.4	38.8	49.2
	Rental and lease commitments	134.9	82.4	0.0	0.0
	Other	1.9	1.9	0.6	0.6

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

15	Provision of security				
	The assets below have been provided as security for mortgage debt and other long-term debt:				
	Land, buildings and plant etc.	3,791.7	3,951.6	3,382.2	3,417.5
	Carrying amount of above assets	5,157.2	5,317.9	4,285.8	4,300.9

16 Members' liability

The members are personally and severally liable for the Parent's commitments.
The liability of the individual member is calculated on the basis of member supplies with a maximum liability of DKK 25,000.
The total liability of members at 1 October 2006 amounts to DKK 376.1 million.
At 1 October 2006, Danish Crown AmbA had 15,044 members.

(DKK millions)

17	Currency exposure and financial instruments, Group	Receiv-ables	Liabilities	Hedged by way of forward contracts	Net position 1/10 2006
	EUR	1,605.7	732.3	617.0	256.5
	GBP	1,276.3	362.8	997.8	-84.2
	JPY	1,134.5	31.6	948.8	154.2
	USD	1,182.0	235.9	887.5	58.6
	Other	606.3	422.7	202.2	-18.9
	Total	**5,804.8**	**1,785.3**	**3,653.3**	**366.2**

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

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

18 Related party transactions

Associates and members of the Supervisory Board and Executive Board of Danish Crown AmbA are considered related parties.

As the Company is a cooperative society, it has received supplies from its members, including the Supervisory Board.

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

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

GROUP STRUCTURE

Company name		Direct ownership %
Danish Crown Holding A/S	**Denmark**	**100.0**
Danish Crown Beef Company A/S	*Denmark*	*100.0*
Danish Crown Salg og Service A/S	*Denmark*	*100.0*
DC II A/S	*Denmark*	*100.0*
Antonius A/S	*Denmark*	*100.0*
Steff Food A/S	*Denmark*	*100.0*
Forsikringsselskabet Galt a/s	*Denmark*	*100.0*
Danish Crown UK Limited	*UK*	*100.0*
Danish CR Foods 05, S.A.	*Spain*	*100.0*
Danish Crown Incorporated A/S	*Denmark*	*100.0*
*Tulip Food Company P/S *)*	*Denmark*	*5.0*
DAT-SCHAUB International Holding A/S	*Denmark*	*100.0*
DAT-SCHAUB International A/S	*Denmark*	*100.0*
Carnehansen A/S	*Denmark*	*100.0*
Dansk Svensk Koedexport s.r.o.	*Czech Republic*	*100.0*
DAT-SCHAUB Hungary KFT	*Hungary*	*100.0*
DAT-SCHAUB Australia Pty Ltd.	*Australia*	*100.0*
DAT-SCHAUB International (H.K.) Ltd.	*Hong Kong*	*100.0*
DAT-SCHAUB Brazil Servicos de Consultoria Ltda	*Brazil*	*100.0*
NoriDane Food A/S	*Denmark*	*50.0*
Dansk Kuldekonservering A/S	*Denmark*	*100.0*
DC Krydderi Holding A/S	*Denmark*	*100.0*
SFK Systems A/S	*Denmark*	*20.0*
Landbrugets Samkøb ApS	*Denmark*	*50.0*
Tulip International (UK) Ltd.	*UK*	*100.0*
Tulip Ltd.	*UK*	*100.0*
Tulip Food Company P/S *)	**Denmark**	**95.0**
Tulip Food Company Holding ApS	*Denmark*	*100.0*
TFC af 1/1 2004 ApS	*Denmark*	*100.0*
TFC Fast Food A/S	*Denmark*	*100.0*
P.G. Leasing A/S	*Denmark*	*100.0*
Best Holding GmbH	*Germany*	*100.0*
Tulip Food Service GmbH	*Germany*	*100.0*
Tulip Fleischwaren Oldenburg GmbH	*Germany*	*100.0*
Tulip Food Company GmbH	*Germany*	*100.0*
Tulip Food Company France S.A.	*France*	*100.0*
Tulip Food Company AB	*Sweden*	*100.0*
Pölsemannen AB	*Sweden*	*100.0*
Tulip Food Company Oy	*Finland*	*100.0*
Tulip Food Company Italiana S.r.L.	*Italy*	*100.0*
Tulip Food Company Japan co. Ltd.	*Japan*	*100.0*
Majesty Inc.	*USA*	*100.0*
Tulip Food Service Ltd.	*UK*	*100.0*
Danish Deli Ltd.	*UK*	*100.0*
DAT-Schaub a.m.b.a.	**Denmark**	**94.4**
Oriental Sino Limited	*Hong Kong*	*45.0*
Yancheng Lianyi Casing Products. Co. Ltd	*China*	*33.0*
DAT-Schaub Holding A/S	*Denmark*	*100.0*
DAT-Schaub (PORTO) S.A.	*Portugal*	*100.0*
DAT-Schaub USA Inc.	*USA*	*100.0*
DAT-Schaub France S.A.	*France*	*100.0*
Soussana S.A.	*France*	*100.0*
Argental s.a.r.l.	*France*	*100.0*
Alandal S.A.	*Portugal*	*100.0*
Boyauderie du Poitou S.A.	*France*	*100.0*
Cima S.A.	*Spain*	*100.0*
Aktieselskabet DAT-Schaub Denmark	*Denmark*	*100.0*
Arne B. Corneliussen AS	*Norway*	*100.0*
Oy DAT-Schaub Finland Ab	*Finland*	*100.0*
Thomeko Oy	*Finland*	*51.0*
Thomeko Eesti OÛ	*Estonia*	*100.0*
SIA Thomeko Latvia	*Latvia*	*51.0*
DAT-Schaub Eesti OÛ	*Estonia*	*80.0*
DAT-Schaub AB	*Sweden*	*100.0*

Company name		Direct ownership %
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 GmbH & Co. KG	*Germany*	*50.0*
CKW Pharma-Extrakt Beteiligungs- und Verwaltungsgesellschaft GmbH	*Germany*	*50.0*
DAT-Schaub Casing (Australia) Pty Ltd.	*Australia*	*100.0*
DAT-Schaub Polska Sp. z o. o.	*Poland*	*100.0*
DAT-Schaub (UK) Ltd.	*UK*	*100.0*

Other subsidiaries

Plumrose USA Inc.	USA	100.0
Sunhill Food of Vermont Inc.	USA	100.0
Foodane USA Inc.	USA	100.0
Danish Crown GmbH	Germany	100.0
Oldenburger Convenience GmbH	*Germany*	*100.0*
Danish Crown Sp. z o. o.	*Poland*	*100.0*
Danish Crown Schlachtzentrum Nordfriesland GmbH	Germany	100.0
Foodane Japan Ltd.	Japan	100.0
Danish Crown S.A.	Switzerland	100.0
Danish Crown/Beef Division S.A.	Switzerland	100.0
DAK AO	Russia	100.0
Danish Crown España S.A.	Spain	100.0
Scan-Hide A.m.b.a.	Denmark	66.4
Dansk Hesteslagteri A/S	Denmark	75.0
Friland A/S	Denmark	100.0
Friland Food AB	*Sweden*	*100.0*
J. Hansen Vermarktungsgesellschaft mbH	*Germany*	*100.0*

Company name		Direct ownership %
ESS-FOOD S.A.S	France	100.0
Desfis S.A.S	*France*	*100.0*
SCI E.F. Immobilier Orléans	France	100.0
SCI RP Bernay	*France*	*85.0*
DAT-SCHAUB International Benelux B.V.	Holland	100.0
ESS-FOOD Japan Co. Ltd.	Japan	100.0
Danish Crown AmbA, Korean Liaison Office (filial)	Korea	100.0

Associated companies

Daka amba	Denmark	46,1
Agri-Norcold A/S	Denmark	43.0
Danske Slagterier	Denmark	97.0
Saturn Nordic Holding AB	Sweden	50.0
Sokołów S.A.	*Poland*	*100.0*

*) Included in the group structure more than once

Indenting indicates subsidiary relationship
Bold type = parent companies in subordinate groups
Italics = subsidiary of a subsidiary, etc

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