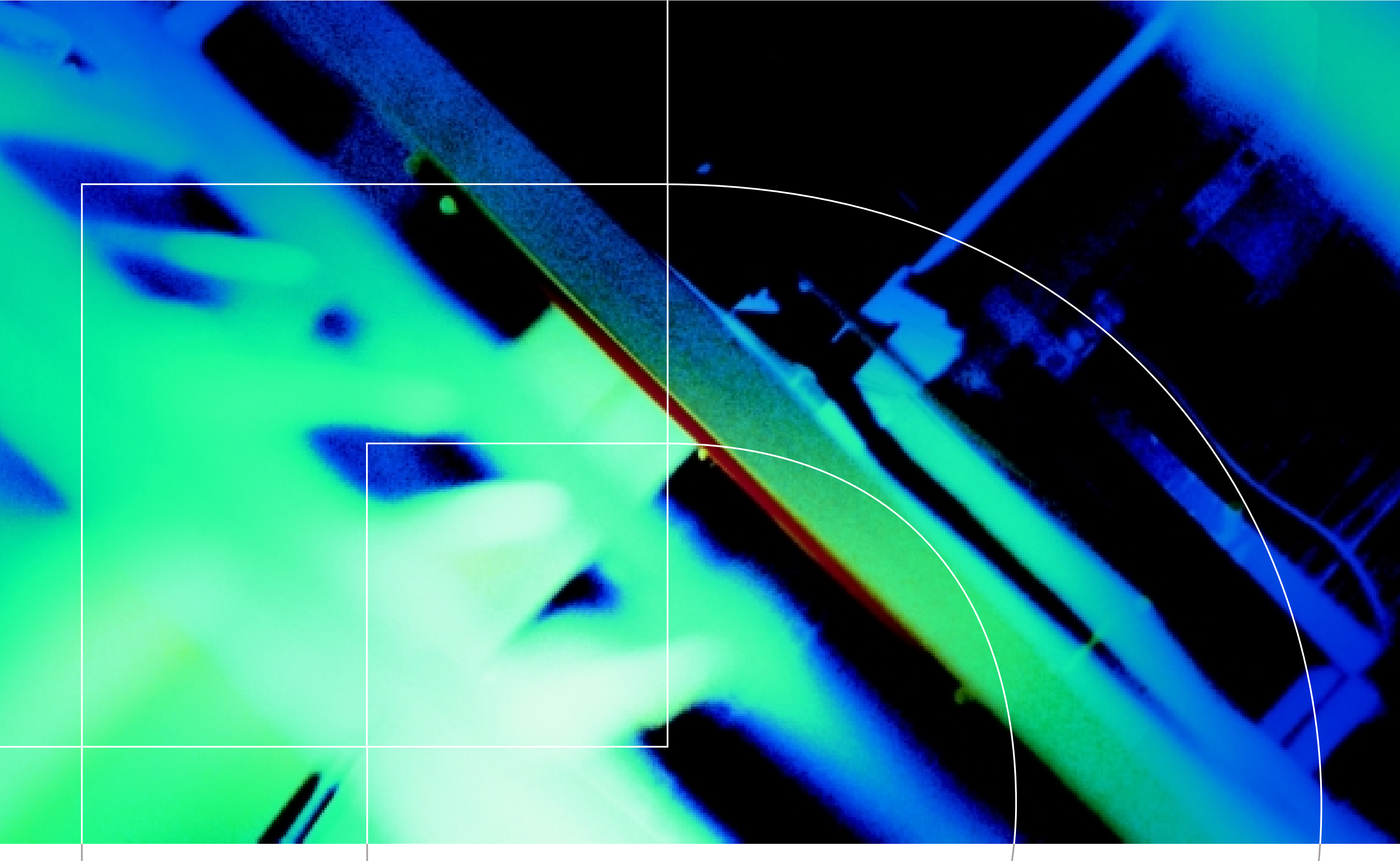
DANISCO



REPORT AND ACCOUNTS 1998/1999

Strategic focus

Danisco is a major international supplier to industry.
Core business areas are food ingredients, sweeteners and flexible packaging.
Danisco is also active in selected parts of the European food and beverage markets, in corrugated board packaging, as well as in animal and fish feed. These activities are regarded as non-core business areas and will be divested.

Goal

Danisco constantly strives to increase the company's market capitalisation and to give shareholders a competitive return on their investment in the group. An important prerequisite for this is a good relationship with other stakeholders, i.e. customers, employees, suppliers and the societies in which Danisco operates.

Financial targets in order of priority

It is Danisco's intention

- to achieve an operating profit corresponding to a return of at least 15 per cent on the average invested capital,
- to maintain an operating profit of at least 10 per cent of net sales,
- that the relationship between capital and reserves and interest-bearing debt ensures an appropriate cost of capital and sufficient available liquidity,
- to achieve average annual growth in earnings per share of 10-12 per cent and
- to achieve net sales in the accounting year 2000/01 at a level of DKK 25 billion as a subsidiary goal for company growth.

The financial targets for the coming years will be revised in conjunction with the integration of Cultor and Sidlaw.

Value creation

Management in Danisco is based on value creation principles, i.e. shareholder value-based management. Danisco will utilise the group's financial resources and people resources to create value.
The value creation principles will be applied in day-to-day work by involving managers and employees and through regular education and training programmes.
In each of our business areas we will strive for a leading position and create a challenging and rewarding working environment for our employees.
Danisco will be a "good corporate citizen" and a valued neighbour in a social and environmental context wherever we operate.

Danisco *DKK million*	*1994/95*	*1995/96*	*1996/97*	*1997/98*	***1998/99***
Net sales	14,193	16,186	17,002	18,802	19,219
Index	*100*	*114*	*120*	*132*	*135*
Operating profit before amortisation of goodwill, etc.	1,650	1,834	1,960	2,158	2,133
Index	*100*	*111*	*119*	*131*	*129*
Amortisation of goodwill, etc.	196	245	194	203	546
Index	*100*	*125*	*99*	*104*	*279*
Operating profit	1,454	1,589	1,766	1,955	1,587
Index	*100*	*109*	*121*	*134*	*109*
Profit on ordinary activities before tax	1,147	1,397	1,603	1,785	1,360
Index	*100*	*122*	*140*	*156*	*119*
Profit on ordinary activities after tax	751	852	1,072	1,225	939
Index	*100*	*113*	*143*	*163*	*125*
Danisco's share of the consolidated profit	750	849	1,070	1,220	927
Cash flow from operating activities	1,775	1,696	2,016	2,008	1,992
Cash flow from investing activities	-354	-1,488	-1,545	-1,831	-3,435
Cash flow from financing activities	-1,618	-601	-668	-193	1,686
Total assets	18,043	19,247	20,284	21,732	25,614
Capital and reserves	8,524	9,289	11,278	12,173	11,917
Invested capital	12,868	14,152	15,167	17,001	19,693
Average number of employees	11,413	12,638	12,937	13,732	15,413
Index	*100*	*111*	*113*	*120*	*135*
Operating margin	10.2%	9.8%	10.4%	10.4%	8.3%
Return on capital and reserves	8.3%	8.8%	10.1%	10.4%	7.7%
Solvency ratio	53.6%	54.2%	55.6%	56.0%	46.5%
Return on average invested capital (ROAIC)	11.5%	12.1%	12.4%	12.1%	8.9%
DKK					
Average number of shares (million)	60	60	60	60	59
Earnings per share	13.16	14.80	18.26	20.35	15.83
Cash flow per share	29.67	28.30	33.59	33.51	34.01
Net asset value per share	161	174	188	204	205
Market price per share	217	290	386	426	325
Market price/net asset value	1.34	1.67	2.06	2.09	1.58
Price/earnings	16.48	19.59	21.14	20.93	20.53
Pay-out ratio	23.6%	27.4%	28.1%	29.4%	37.5%
Dividend per share	3.20	4.20	5.00	6.00	6.00
Market capitalisation (DKK million)	12,013	16,058	23,203	25,480	18,852

The key figures are calculated according to "Guidelines for Key Figures 1997" issued by the Danish Society of Financial Analysts on the basis of the group's accounting policies. On the calculation of key figures, fully diluted values are applied.

Operating margin = $\frac{\text{operating profit x 100}}{\text{net sales}}$

Return on capital and reserves = $\frac{\text{Danisco's share of the consol. profit x 100}}{\text{average capital and reserves}}$

Solvency ratio = $\frac{\text{capital and reserves x 100}}{\text{assets total}}$

Return on average inv. capital (ROAIC) = $\frac{\text{operating profit x 100}}{\text{average invested capital}}$

Earnings per share = $\frac{\text{Danisco's share of the consolidated profit}}{\text{average number of shares}}$

Cash flow per share = $\frac{\text{cash flow from operating activities}}{\text{average number of shares}}$

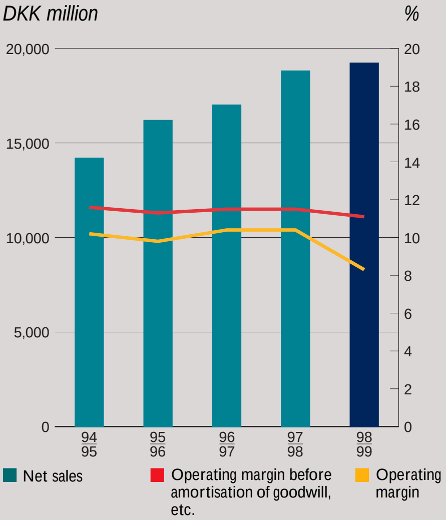
Net asset value per share = $\frac{\text{capital and reserves at 30 April}}{\text{number of shares at 30 April}}$

Market price/ net asset value = $\frac{\text{market price}}{\text{net asset value}}$

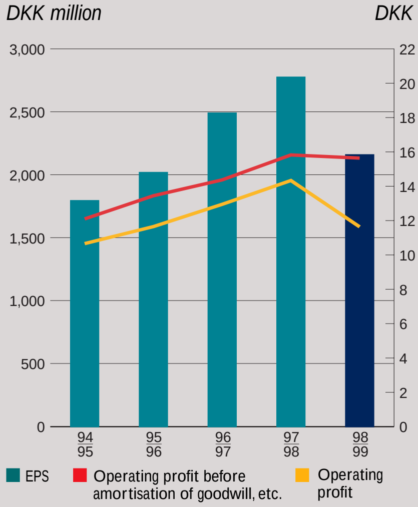
Price/earnings = $\frac{\text{market price}}{\text{earnings per share}}$

Pay-out ratio = $\frac{\text{Dividend paid x 100}}{\text{Danisco's share of the consolidated profit}}$

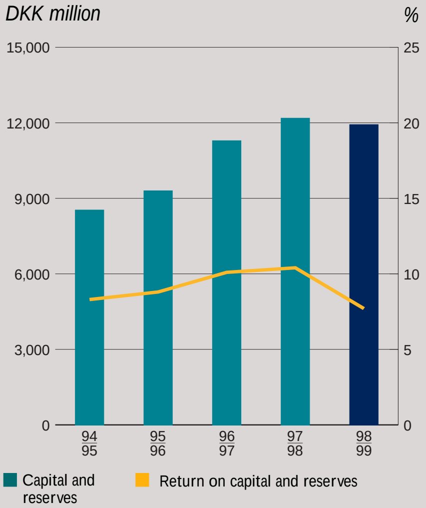
Net sales, operating margin before and after amortisation of goodwill, etc.



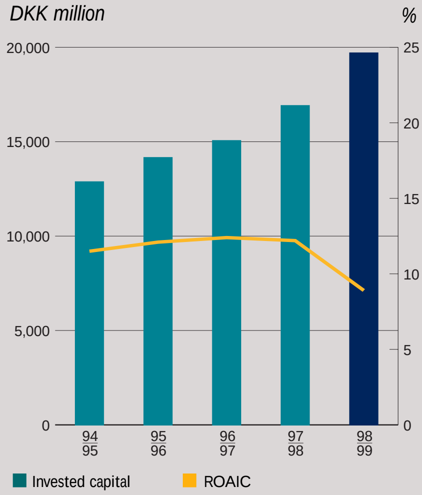
EPS, operating profit before and after amortisation of goodwill, etc.



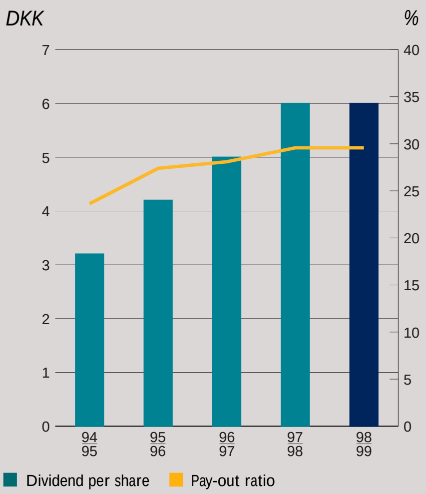
Capital and reserves and return on capital and reserves



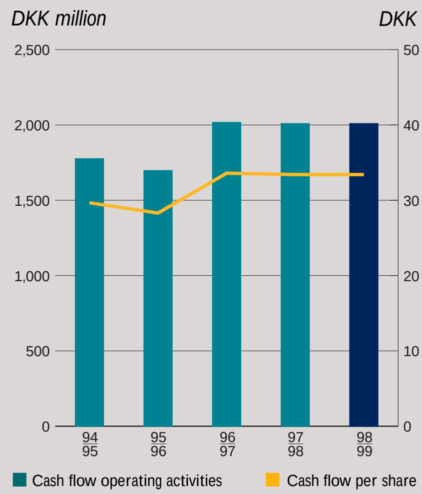
Invested capital and return on average invested capital (ROAIC)



Dividend per share and pay-out ratio



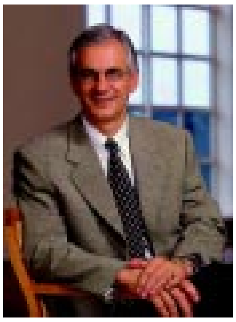
Cash flow from operating activities and cash flow per share



BOARD OF DIRECTORS, JUNE 1999


Hugo Schrøder


Erik B. Rasmussen


Peter Højland


Bo Berggren


Per Gertsen


Anders Knutsen


Jon Krabbe


Finn Larsen


Børge A. Pedersen

HUGO SCHRØDER
Chairman of the Board. Managing Director.
Chairman of SAS Danmark A/S and
Scandinavian Airlines System.
Deputy Chairman of Incentive A/S and
Chr. Augustinus Fabrikker Aktieselskab.

ERIK B. RASMUSSEN
Deputy Chairman of the Board.
Managing Director.
Chairman of A/S Dansk Shell,
Billetkontoret A/S and Motorola A/S.
Deputy Chairman of Carlsberg A/S.

PETER HØJLAND
President & CEO, Superfos a/s.
Chairman of BG Bank A/S.
Deputy Chairman of Kapital Holding A/S.
Director of Transmedica A/S.

BO BERGGREN
PhD (Tech). Chairman of SAS Sverige AB,
Sweden, and Vice Chairman of Scandinavian
Airlines System, Sweden. Director of
Robert Bosch GmbH, Germany.

PER GERTSEN
Senior Shop Steward,
Danisco Sugar.

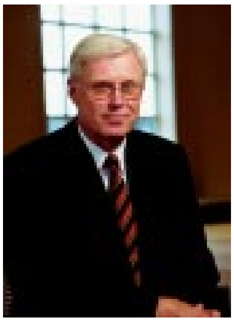
ANDERS KNUTSEN
Chief Executive of Bang & Olufson Holding a/s.
Chairman of Ericsson Diax A/S.
Director of Olicom A/S and Topdanmark A/S.

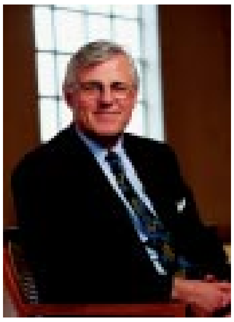
JON KRABBE
Landowner.
Chairman of Grønt Center.
Managing Director of Det Classenske Fideicommis.

FINN LARSEN
Senior Shop Steward,
Danisco Flexible.

BØRGE A. PEDERSEN
Senior Shop Steward,
Danisco Ingredients.

EXECUTIVE BOARD, JUNE 1999


Alf Duch-Pedersen


Björn Mattsson


Søren Bjerre-Nielsen


Mogens Granborg


Henrik Jansdorf


Robert H. Mayer


Steen Weirsøe

ALF DUCH-PEDERSEN
Chief Executive Officer.
Chairman of Falck A/S.
Director of Den Danske Bank Aktieselskab.

BJÖRN MATTSSON
Deputy Chief Executive Officer.
Chairman of Partek Oyj Abp and Alma-Media Corporation. Director of Industrial Mutual Insurance Company Ltd.

SØREN BJERRE-NIELSEN
Executive Vice President.
Chief Financial Officer.
Director of Olicom A/S and VELUX Industri A/S.

MOGENS GRANBORG
Executive Vice President.
Sugar Sector and Danisco Foods.
Chairman of Monberg & Thorsen Holding A/S, S. Dyrup & Co. A/S and Dansk Udviklingsfinansiering A/S.

HENRIK JANSDORF
Executive Vice President.
Packaging Sector.
Chairman of dk-TEKNIK Energi og Miljø.

ROBERT H. MAYER
Executive Vice President.
Ingredients Sector as from 10 June 1999.

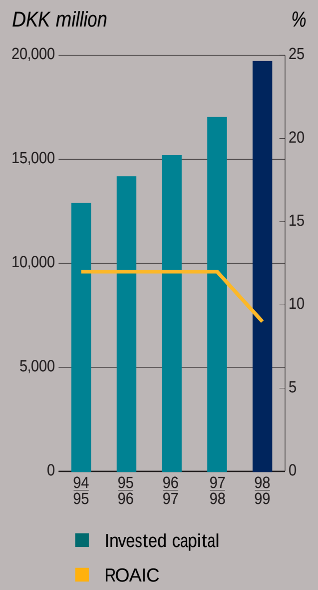
STEEN WEIRSØE
Executive Vice President.
Ingredients Sector until 10 June 1999 and Danisco Distillers.
Director of Danske Trælast A/S and Bryggerigruppen A/S.

As of the 1997/98 accounting year Danisco adopted the International Accounting Standards (IAS). Danisco has opted to continue this line in the 1998/99 accounting year by implementing IAS 22 on business combinations. The change in policies by implementation of IAS 22 has the effect that costs defrayed and provisions for restructuring in the acquiring undertaking reduce the consolidated profit by DKK 300 million to DKK 936 million and the operating profit by DKK 343 million to DKK 1,587 million.

The consolidated profit before the change in policies amounted to DKK 1,236 million which is on a par with 1997/98 (DKK 1,225 million). The consolidated profit was in line with previously announced expectations.

The operating profit before amortisation of goodwill, etc. amounted to DKK 2,133 million which is on a par with last year (DKK 2,158 million). The operating profit before the change in policies was DKK 1,930 million which is on a par with 1997/98 (DKK 1,955 million). Net sales amounted to DKK 19,219 million which is two per cent higher than in 1997/98 (DKK 18,802 million). Seventy-seven per cent of net sales were generated outside Denmark (75 per cent). Net sales of undertakings acquired during the year totalled DKK 711 million (DKK 975 million). Disposals reduced net sales by DKK 122 million.

Danisco
Invested capital and return on average invested capital (ROAIC)



Comments on the 1998/99 accounting year

Generally, the 1998/99 accounting year was characterised by difficult trading conditions as a result of the global economic situation. Other contributory factors were the rainy summer in western Europe and the exceptionally aggressive competitive environment in the corrugated board market. In the core business areas Danisco Ingredients was affected by increases in the prices of certain special raw materials and Danisco Sugar by a decrease in sugar-consuming industry exports due to the crisis in Russia. Danisco Flexible saw a difficult year owing to problems in the restructuring of production in Denmark and tough competition.

Nevertheless, net sales, excluding the effect of acquisitions, were maintained at last year's level. The operating profit before implementation of IAS 22 was also sustained at the 1997/98 level, in part helped by one-off income from disposals (DKK 83 million net). Undertakings acquired during the accounting year contributed around two per cent of the operating profit.

Depreciation and amortisation of goodwill amounted to DKK 1,138 million (DKK 1,131 million), amortisation of goodwill accounting for DKK 203 million (DKK 203 million). Costs of restructuring in Danisco (acquirer) have been charged to the profit and loss account at DKK 343 million (DKK 0) in accordance with IAS 22.

The effective tax rate was 31 per cent (31 per cent), as a reduction of deferred tax at the beginning of the year resulting from a two percentage point lowering of the Danish corporation tax rate generated income of DKK 62 million. Capital and reserves dropped by DKK 256 million (-2 per cent) to DKK 11,917 million at 30 April 1999. The change in accounting policies for own shares and the net buy-back of such during the year reduced capital and reserves by DKK 949 million in total.

Danisco's financial goals developed as follows in 1998/99:

- Return on average invested capital before the change in policies was 10.8 per cent (12.1 per cent). After the change in policies the rate of return was 8.9 per cent

- The operating margin before the change in policies was 10.0 per cent (10.4 per cent) and after the change in policies 8.3 per cent
- The ratio of net interest-bearing debt relative to the company's market capitalisation at year-end was 31 per cent (11 per cent)
- Earnings per share (EPS) before the change in policies rose by 3 per cent (+11 per cent). After the change in policies EPS dropped by 22 per cent.

The cash flow from operating activities before financial items and capital investment amounted to DKK 2,621 million (DKK 2,632 million).

Change in accounting policies

Under IAS 22 (on accounting treatment of business combinations), costs of restructuring carried out in connection with an acquisition in the organisation of the acquirer (Danisco) must be charged to the profit and loss account rather than capitalised in the computation of goodwill on acquisition. Danisco has opted to implement this international standard already in 1998/99. As a result, an amount of DKK 343 million related to the acquisition of Esterchem Sdn. Bhd., Sidlaw Plc and Cultor Corporation has been charged to the profit and loss account.

An IAS interpretation issued by the IASC in early 1999 clarifies that own shares should not be recorded as an asset but be taken to capital and reserves. In compliance with this interpretation, the holding of own shares has been written down by DKK 116 million against capital and reserves at the beginning of the year. As a result of this, the consolidated profit was reduced by DKK 300 million and capital and reserves by DKK 416 million.

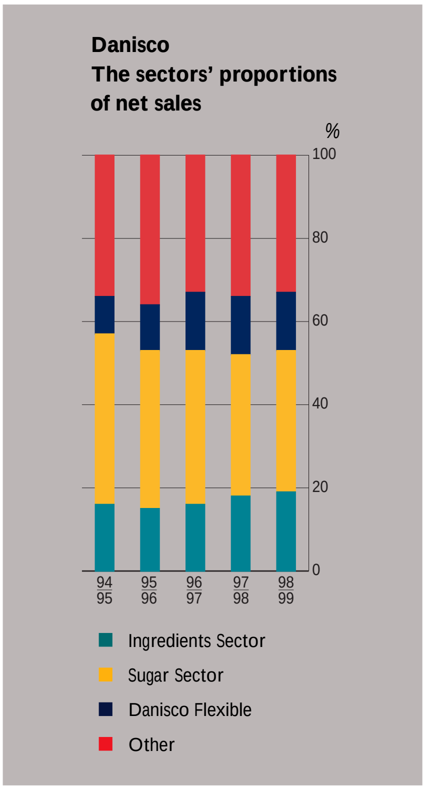
Investments

During the 1998/99 accounting year, Danisco acquired undertakings for a total amount of DKK 2,561 million, including assumed debt.

Danisco purchased shares in four sugar factories in Lithuania during the period. In addition, a joint venture agreement was concluded with the Polish company, Rolimpex, for the formation of a joint company, RolDan Sp.z.o.o., which operates two sugar factories, among other activities. In the autumn of 1998, Danisco acquired the US-based flavour house, Beck Flavors, and the corrugated operation, Wilpak Holdings Limited in the UK. On 29 December 1998, Danisco took over the Danish-German ingredients producer, Wisby, the third largest supplier of dairy cultures in the world. In January 1999, the British corrugated board producer, March Packaging Group, was acquired. In February, Danisco submitted an offer for the shares of the British flexible packaging producer, Sidlaw. The acquisition was completed in March. Finally, Danisco made an offer for the shares of Cultor Corporation of Finland on 1 March 1999, and Danisco now owns more than 97 per cent of the share capital. The group is in the process of acquiring the remaining shares by way of compulsory redemption.

In November 1998, Danisco concluded an agreement for the sale of the shares in the companies Better Brands Ltd. A/S and I.D. Nordic AB to United Distillers & Vintners. Danisco had a 75 per cent shareholding in Better Brands Ltd. A/S and a 25 per cent shareholding in I.D. Nordic AB. In April 1999, Danisco divested its 49 per cent interest in Allied Domecq Spirits & Wine Danmark A/S to Allied Domecq Plc.

During the year, DKK 1,174 million (DKK 1,404 million) was invested in machinery and equipment, and investments in capitalised development projects totalled DKK 176 million (DKK 45 million).



Management and organisation

In conjunction with the merger with Cultor, Björn Mattsson joined the Executive Board on 24 June 1999 as Deputy CEO. Robert H. Mayer became a member of the Executive Board as of the same date. Robert H. Mayer took over responsibility for the group's ingredients sector, Danisco-Cultor Sector, on 10 June 1999, succeeding Executive Vice President Steen Weirsøe who will be leaving Danisco in the autumn.

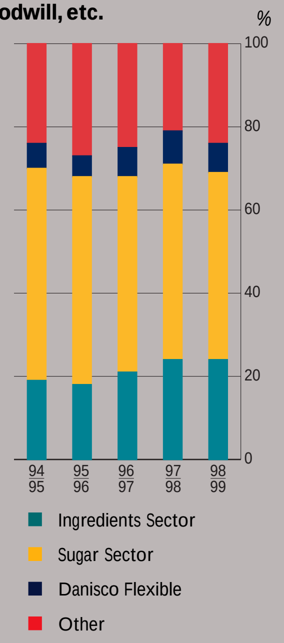
Developments in sectors and divisions

INGREDIENTS SECTOR

The Ingredients Sector comprises Danisco Ingredients and Danisco Biotechnology. Net sales in the Ingredients Sector amounted to DKK 3,645 million (+8 per cent). The operating profit before the change in policies by implementation of IAS 22 was DKK 514 million (-2 per cent). The implementation of IAS 22 reduced the operating profit by DKK 17 million to DKK 497 million (-6 per cent). Research and development costs of DKK 190 million have been charged to the profit and loss account.

A more detailed review of developments in the Ingredients Sector is provided on page 12.

Danisco
The sectors' proportions of operating profit before amortisation of goodwill, etc.



SUGAR SECTOR

The Sugar Sector comprises Danisco Sugar and Danisco Seed. Net sales in the Sugar Sector amounted to DKK 6,581 million (+2 per cent). The operating profit was DKK 983 million (-3 per cent). The two sugar divisions' development costs amounted to DKK 39 million, and Danisco Seed's research and plant breeding costs were DKK 104 million. Both items have been charged to the profit and loss account. Danisco Seed reported net sales of DKK 368 million (-10 per cent) for the accounting year.

A more detailed review of developments in the Sugar Sector is provided on page 16.

PACKAGING SECTOR

The Packaging Sector comprises the divisions, Danisco Flexible and Danisco Pack. Net sales in the Packaging Sector amounted to DKK 5,684 million (+1 per cent).

Danisco Flexible recorded net sales of DKK 2,696 million (+3 per cent). The operating profit was DKK 110 million (DKK 154 million). A more detailed review of developments in Danisco Flexible is provided on page 19.

Danisco Pack's net sales were DKK 3,000 million (-1 per cent). On 1 March 1999, Danisco announced its decision to divest Danisco Pack. A more detailed review of developments in Danisco Pack is provided on page 21.

FOOD & BEVERAGE SECTOR

The Food & Beverage Sector comprises the divisions, Danisco Foods and Danisco Distillers. Net sales in the Food & Beverage Sector amounted to DKK 3,427 million (-1 per cent).

Danisco Foods recorded net sales of DKK 2,289 million (+5 per cent) in the accounting year. On 1 March 1999, Danisco announced its decision to divest Danisco Foods. A more detailed review of developments in Danisco Foods is provided on page 22.

Danisco Distillers reported net sales of DKK 1,139 million (-10 per cent) and improved results on last year. The progress in results was achieved partly on the back of higher prices in export markets and cost reductions. The results include exceptional income from the sale of a 75 per cent shareholding in Better Brands Ltd. A/S and a 49 per cent shareholding in Allied Domecq Spirits & Wine Danmark A/S, which also provoked the decrease in net sales.

On 1 March 1999, Danisco announced its decision to divest Danisco Distillers. A more detailed review of developments in Danisco Distillers is provided on page 23.

Other business areas

The total operating profit of Danisco Pack, Danisco Foods and Danisco Distillers was DKK 452 million (DKK 391 million).

IT

The implementation of the SAP R/3 IT system progressed according to plan. During the year, the system was commissioned by units in Denmark, Germany, Sweden and the UK. The solution comprises applications for the areas of finance, sales, purchasing and production.

In accordance with the IAS, certain costs for the SAP R/3 project have been capitalised as intangible fixed assets and are depreciated over five years. At 30 April 1999, capitalisation amounted to DKK 179 million.

In preparation for the millennium change, Danisco has reviewed and renovated its IT systems and production equipment. Through the commitment of substantial resources, most of the activities required to ensure a problem-free start of the new millennium have already been completed. The remaining activities have been planned and will be implemented.

Having taken these steps, Danisco is not aware of any problems entailing a risk of disruption to normal operations in connection with the millennium change.

Financial review

Net financial expenses amounted to DKK 227 million (DKK 170 million). Acquisitions and buy-back of own shares resulted in an increase in loans. At year-end, net interest-bearing debt stood at DKK 5,763 million (DKK 2,828 million).

An amount of DKK 2,268 million was spent on acquisition of undertakings and activities. DKK 859 million was applied to buy-back of own shares and write-down of the share capital. Proceeds from disposal of undertakings and activities totalled DKK 110 million.

Due to pressure on the Danish krone in May and August/September 1998, the average level of interest rates for kroner was somewhat higher than in the preceding years. The average interest rate levels for sterling and euros were lower. The average interest rate showed a slightly decreasing trend during the period.

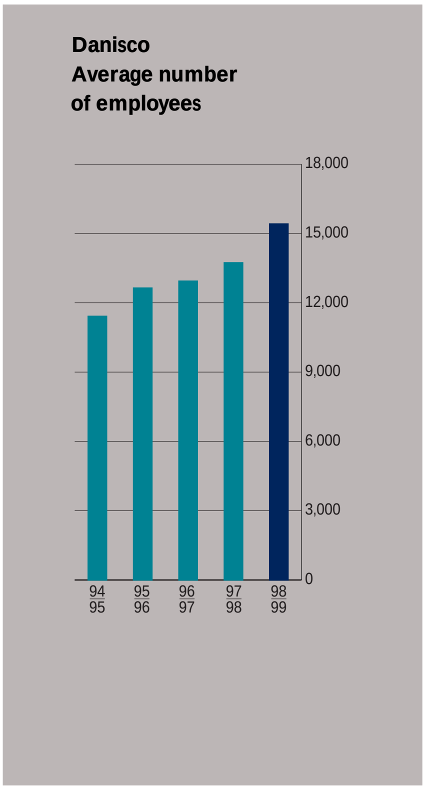
At year-end, Danisco had received an underwriting commitment of EUR 1 billion from Deutsche Bank for the purchase of the shares of Cultor Corporation. The facility had a maturity of three months, and on 18 May 1999 it was replaced by a syndicated bank loan of EUR 1 billion with a maturity of 364 days. The syndicate comprises nine banks.

Danisco's capital and reserves at 30 April 1999 were DKK 11,917 million (DKK 12,173 million).

Tax charged amounted to DKK 424 million (DKK 560 million) corresponding to an unchanged effective tax rate of 31 per cent.The lowering of the Danish corporation tax rate from 34 per cent to 32 per cent resulted in a reduction of tax costs for the year. The reduction of deferred tax at the beginning of the year amounted to DKK 62 million. Changes in tax legislation affecting Danisco Finance increased tax costs.

Outlook

On 1 March 1999, Danisco made a binding offer for the shares of Cultor Corporation. The tender offer period expired in May 1999 and Danisco now owns more than 97 per cent of the shares.



The remaining shares will be redeemed. Cultor will be consolidated as from the 1999/00 accounting year. Together with Sidlaw, Cultor will form part of a new focused Danisco. A more detailed description of The New Danisco is provided on page 24.

The acquisition of Cultor will have a significant impact on Danisco's accounts for 1999/00; both in regard to growth in operating profit before amortisation of goodwill, amortisation of goodwill and financial expenses.

The ongoing realisation of the expected synergies of integrating the various companies acquired, coupled with the slightly improved general outlook for some of the group's markets, should lead to improving performance in the core business areas, the Danisco-Cultor Sector, the Sugar & Sweeteners Sector and the Flexible Packaging Sector.

The ingredients sector, Danisco-Cultor Sector, thus expects marked growth in both net sales and operating profit before amortisation of goodwill. Danisco Ingredients will contribute a significant part of this growth, expecting net sales and an operating profit before amortisation of goodwill considerably above 1998/99. The other source of growth will be the integration with certain activities of Cultor Food Science and Cultor Feed Ingredients. The two latter companies also expect progress on the preceding year.

Danisco's 50 per cent ownership of the biotechnology company Genencor will in future be regarded as an associated undertaking for accounting purposes and will be included as such in the Danisco-Cultor Sector. Genencor expects an operating profit before amortisation of goodwill on a par with the year before.

The Sugar & Sweeteners Sector expects a marked increase in both net sales and operating profit before amortisation of goodwill. Danisco Sugar anticipates net sales in line with 1998/99 but an operating profit before amortisation of goodwill somewhat below 1998/99. The driver of marked growth will thus be the integration with the sweetener operation of Cultor Food Science and Finnsugar. The latter two companies combined expect considerable progress on the preceding year.

The Flexible Packaging Sector expects marked improvement in both net sales and operating profit before amortisation of goodwill. This growth will primarily be generated by the activities which used to form part of Sidlaw and which are now an integral part of Danisco Flexible.

Danisco's results for the 1999/00 accounting year will to a considerable degree depend on the result of divestment of the non-core activities, Danisco Pack, Danisco Foods, Danisco Distillers, Suomen Rehu and EWOS.

Not allowing for the effect of divestment, the operating profit for the Danisco group both before and after amortisation of goodwill is expected to be markedly above 1998/99 and the profit on ordinary activities to be slightly higher than last year. As non-recurring events reduced tax costs in 1998/99, tax charges will increase and the consolidated profit is therefore expected to be somewhat lower than last year.

The Board of Directors' decisions and resolutions at the Annual General Meeting

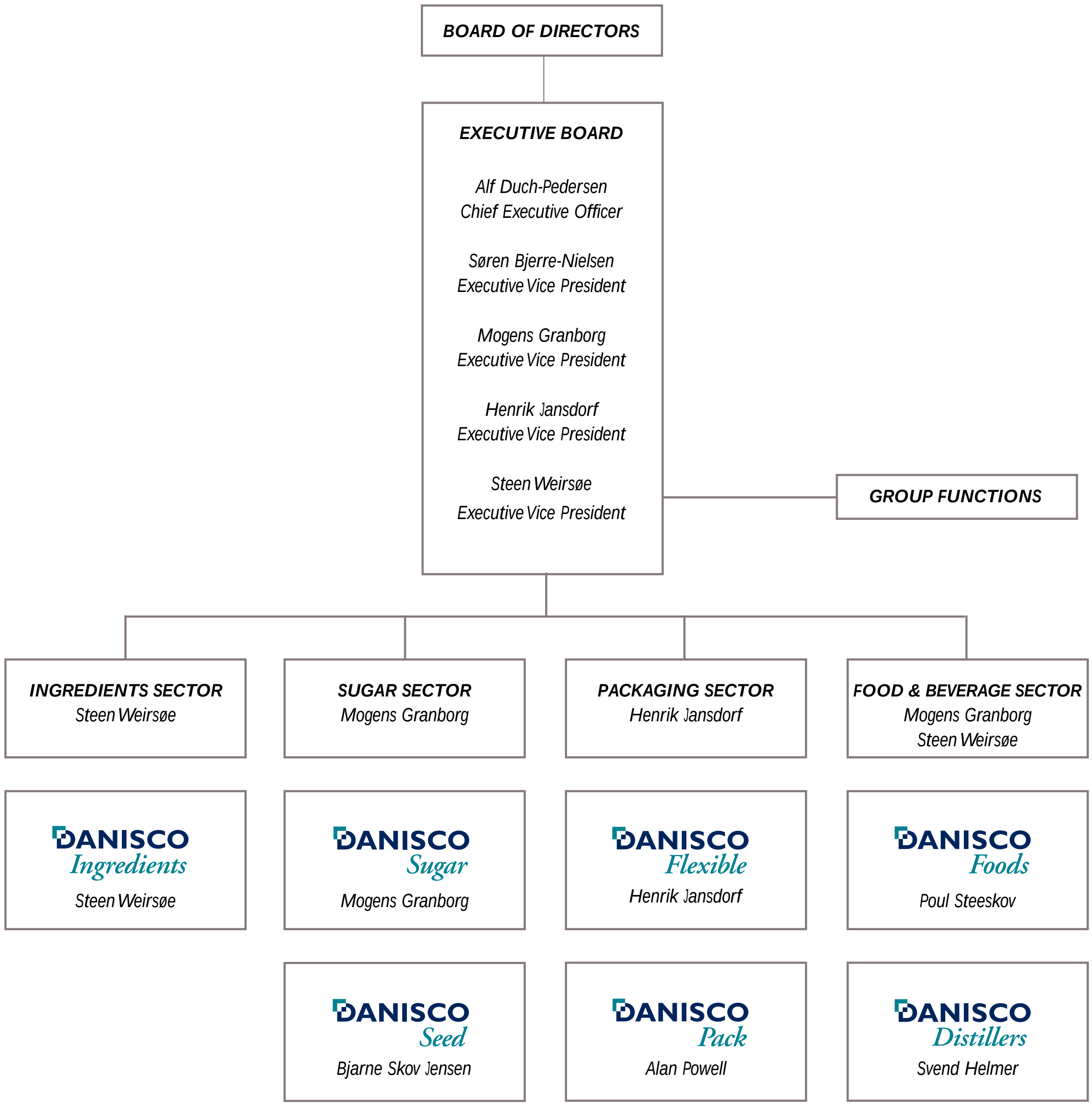
The Board of Directors proposes that a dividend of DKK 6.00 be paid per share, equivalent to last year.

The Board of Directors further proposes to the Annual General Meeting

- the changing of secondary names as a result of the spin-off of Danisco Pack, Danisco Foods and Danisco Distillers in Denmark
- the renewal of the Board's authorisation in the period until next year's Annual General Meeting to purchase Danisco's own shares up to the amount of 10 per cent of the share capital at market price at the time of purchase with a deviation of up to 10 per cent.

Due to the age limit set out in the Rules of Procedure of the Board of Directors, Managing Director Erik B. Rasmussen will retire at the Annual General Meeting in 1999. The Board proposes the election of Chief Executive Sten Scheibye. Furthermore, as previously announced, the Board proposes that it be enlarged by two Finnish members in conjunction with the merger with Cultor. The final proposal for election of new directors will appear from the agenda and the Board of Directors' proposals in full for the Annual General Meeting, which will be available in August 1999.

Apart from the completion of the acquisition of Cultor as described above, no major events have occurred since the conclusion of the accounting year.



For an organisation chart for The New Danisco at 24 June 1999, see page 24.

INGREDIENTS SECTOR

Danisco Ingredients wishes to be the most innovative and efficient supplier of functional ingredients to the global food industry. Danisco Ingredients will consolidate and strengthen its position in the world market. This will be achieved through a one-stop-supplier strategy based on a broad product portfolio, and through continuing optimisation of production close to raw materials, a global sales network and constant commitment to research and development. Danisco Ingredients will maintain and develop its competencies as well as its broad and extensive application know-how in order to establish integrated partnerships with customers. Furthermore, Danisco Ingredients will maintain and develop its competencies in the form of highly qualified employees as well as a high quality and service level.

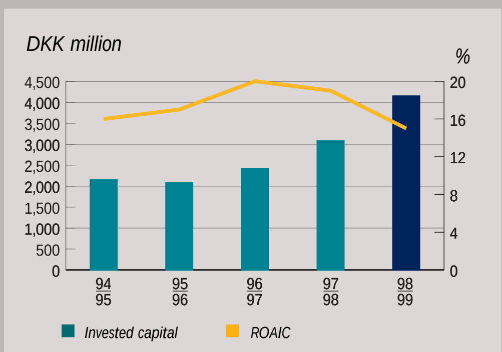
SECTOR MANAGEMENT

Steen Weirsøe, Executive Vice President of Danisco (until 10.06.99)
Robert H. Mayer, Executive Vice President of Danisco (as from 10.06.99)
Danisco Ingredients: Steen Weirsøe, Leif Kjærgaard, Willy Bregnhøj and Frederik Gejl-Hansen
Danisco Biotechnology: Claus Christiansen

INGREDIENTS SECTOR

Main figures in DKK million	1997/98	1998/99
Net sales	3,375	3,645
Operating profit before amortisation of goodwill, etc.	548	545
Operating profit	526	497
Investments (incl. acquisitions)	729	1,193
Fixed assets (segment)	2,234	3,224
Average no. of employees	2,876	3,105

INVESTED CAPITAL AND RETURN ON AVERAGE INVESTED CAPITAL (ROAIC)



DANISCO *Ingredients*

The Ingredients Sector comprises the division, Danisco Ingredients, including the research and development unit, Danisco Biotechnology.

For the 1998/99 accounting year the sector reported net sales of DKK 3,645 million, (+8 per cent). The operating profit was DKK 497 million (-6 per cent).

Markets

Danisco Ingredients gained market shares during the year in a number of markets. This progress was achieved although the crises in Asia Pacific, Russia and, most recently, in Brazil led to a temporary decrease in international sales of industrially processed foods.

The markets in Asia, eastern Europe and South America represent substantial long-term growth potential, and despite the current recession Danisco Ingredients has maintained its strategy of expanding the division's presence in these markets.

In Russia the division enjoyed extremely good growth in sales of ingredients which was driven by a rise in domestic industrial food production. In China 1998 saw a lower economic growth rate than in previous years, which depressed sales of western-style foods in favour of more traditional Chinese foods.

In Brazil, where the economic problems have resulted in a downturn, Danisco Ingredients will be able to use its products and local innovation centre to assist the food industry in developing attractive solutions in the current situation.

In northern and central Europe the rainy and cool summer had an adverse impact on sales to the ice cream and soft drink industries. The industrial dispute in Denmark at the beginning of the accounting year, coupled with increases in the prices of some special raw materials, put a damper on sales and earnings.

In the USA the loss of a large flavour customer was among the primary reasons for the temporarily flagging sales of flavourings. However, the division has won back the lost contract with effect from the next accounting year. Towards the end of the period, the flavour area developed favourably with growth in a number of European markets, successful product launches and new customer contracts.

Acquisitions

Danisco Ingredients has made several acquisitions during the year considerably underpinning its one-stop-supplier strategy and geographic presence in key markets.

In Asia Pacific the integration of the Malaysian emulsifier plant, Esterchem Sdn. Bhd., was completed. The plant, which was acquired in the 1997/98 accounting year and finally taken over in October 1998, adds capacity as well as new types of emulsifiers. At the same time, the new innovation centre established adjacent to the plant provides a platform for further expansion in Asia Pacific.

The acquisition of the US-based flavour house, Beck Flavors, in late November 1998 further strengthened the division's flavouring capabilities, particularly in the important American market, the world's largest flavour market. Beck Flavors – the third largest producer of vanilla flavourings in the USA – has the capacity to boost Danisco Ingredients' global sales of vanilla flavourings.

In December 1998, Danisco Ingredients acquired the Danish-German company, Wisby. This acquisition consolidated Danisco Ingredients' position as a supplier to the dairy industry, one of the division's primary strategic growth areas. Wisby is the world's third largest supplier of cultures to the dairy industry.

Sales network

Danisco Ingredients has sales offices in 25 countries and markets its products in more than 130 countries.

In China the Chinese sales management moved from Beijing to Kunshan in October 1998. Here Danisco Ingredients has set up its Chinese headquarters. The division has sales offices in Kunshan, Beijing, Shanghai, Guangzhou and Wuhan.

In India a joint venture has been set up for production and marketing of flavourings in India, Sri Lanka, Bangladesh and Pakistan. The sales office in New Delhi will also market Danisco Ingredients' other products to the food industries of these countries.

The flavour sales office in Singapore was relocated to Penang in Malaysia. This office was originally set up by Borthwicks, which Danisco Ingredients acquired in 1997. All sales activities in Poland have now been transferred from Germany to the new sales office in Poznan. The office in Eberswalde in eastern Germany will be closed early in the new accounting year.

Technical customer service

The extension of Danisco Ingredients' application facilities for servicing the international food industry continued.

In Kunshan near Shanghai in China a regional innovation and administration centre was completed and taken into use in October 1998, and in December followed the commissioning of a new innovation centre in Penang in Malaysia.

In Mexico the technical service facilities of the sales office in Mexico City were upgraded and extended. This will enable Danisco Ingredients to improve its service to Mexican customers.

Danisco Ingredient's plant at Grindsted in Denmark produces enzymes by fermentation in large closed tanks. The gloves on the shelves are part of the employees' protective clothing.

In 1998, Danisco Ingredients won the "Supplier of the Year" award presented by the large Mexican bakery group, Grupo Industrial Bimbo, S.A. de C.V.

Product development

Danisco Ingredients continues to commit substantial resources to R&D.

In October 1998, the Danish Environmental Protection Agency authorised Danisco Ingredients to start up enzyme production based on genetically modified microorganisms at the plant in Grindsted. This enables the division to produce a number of new and improved products and to optimise enzyme production.

In the area of pectins Danisco Ingredients' development work led to the marketing of a number of new speciality pectins. Targeted development of new product concepts increased sales to such segments as the dairy and confectionery industries.

Strategic research is carried out e.g. at Danisco Biotechnology and long-term development projects at Brabrand in Denmark. R&D activities are focused on new production methods, products and similar. Short-term product and process development projects, technical service and application development are handled by regional innovation centres and plants.

During the accounting year, a number of centres of expertise were established at the regional innovation centres. Centres of expertise are responsible for building up knowledge and expertise on specific food-related areas, which may subsequently be utilised by the other centres.

As an element in its intensified R&D efforts, Danisco Ingredients concluded a partnership agreement in February 1999 with Zylepsis Limited, a British R&D company, for the development of new natural food ingredients and technologies. Danisco Ingredients also gains access to a number of products and technologies developed by Zylepsis. As part of the agreement, Danisco has purchased five per cent of the share capital of Zylepsis.

During the accounting year, Danisco Ingredients submitted more patent applications than

Danisco Ingredients

Danisco Ingredients is one of the world's largest producers of functional ingredients for the international food industry. Danisco Ingredients has five business centres, each one responsible for product development, production and marketing of a certain product area.

- *Business Centre Emulsifiers* produces emulsifiers and is the world's leading supplier of emulsifiers to the food industry.

- *Business Centre Flavours* produces a wide range of flavourings for foods and drinks. In addition, stocks for soups and sauces are manufactured in the Major International Ltd. joint venture.

- *Business Centre Textural Ingredients* produces a number of stabilisers. Danisco is the world's number one producer of LBG and the second largest producer of pectin.

- *Business Centre Functional Systems* makes blends of emulsifiers and stabilisers and is the world's largest producer in this field.

- *Business Centre Specialities* produces enzymes, cultures, antioxidants and pharmaceutical products.

All research and development is centred in *Innovation*, the largest laboratory facilities being in Brabrand, Grindsted, Copenhagen and Holeby in Denmark, Wellingborough in the UK, Kansas and New York in the US, Cotia near São Paulo in Brazil and Kunshan in China.

ever before and now holds over 700 active patents and patent applications.

Investments

In Kunshan in China the new emulsifier and functional systems plant was commissioned shortly before the end of the accounting year. Production at the plant is highly satisfactory. In India the erection of a new flavour plant on the outskirts of New Delhi commenced in January 1999.

In Penang in Malaysia the integration of Esterchem and Danisco Ingredients' original plant was completed. The two plants now operate as one unit. A new innovation centre with laboratory facilities has been set up in the main building which was taken over from Esterchem.

Efficiencies

In the area of emulsifiers streamlining at the plants in Denmark, the USA, Brazil and Malaysia continued. Over the next few years, overall capacity, including the new plant in China, will increase by some 40 per cent. As an element in the restructuring programme, a small emulsifier plant in Sweden was closed at the end of November and production transferred to the other emulsifier plants.

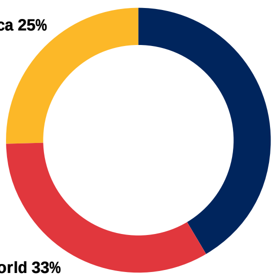
In all product areas efforts to improve efficiency and expand capacity through de-bottlenecking in production continued, also at the pectin plant in Mexico and at the emulsifier plants in Kansas, USA, and Pirapozinho, Brazil.

The integration and rationalisation of the flavour activities led to the closure of a small flavour plant in California at the 1998/99 turn of the year. Production has been transferred to the flavour plant in New York. In addition, a small flavour plant in Hong Kong was shut down and production moved to the other flavour plants.

The state-of-the-art process plant at Grindsted, Denmark, produces emulsifiers. The small picture shows a tap for taking samples for further analysis.

At the beginning of the accounting year, the offices, laboratories and warehouse at Bury St. Edmunds in the UK were closed down and all British activities concentrated at Wellingborough. During the year, the introduction of direct delivery from the plant in Denmark to European customers continued, and more than 75 per cent of all deliveries are now made directly. As a result, total storage capacity in Europe, excluding Denmark, has been considerably reduced.

INGREDIENTS SECTOR - NET SALES BY MAIN MARKETS



DANISCO INGREDIENTS

Main figures in DKK million	*1997/98*	***1998/99***
Net sales	*3,375*	*3,645*
- per employee	*1.2*	*1.2*
Average no. of employees	*2,876*	*3,105*

SUGAR SECTOR

The Sugar Sector comprises Danisco's sugar activities in Denmark, Sweden, Germany, Lithuania and Poland, as well as Danisco Seed.

The Sugar Sector will reinforce its position as a leading European supplier, partly through extending its geographic penetration, and partly through increasing its capability to provide customers with full sweetener solutions. The Sugar Sector has the resources and the will to develop sugar and sweetener activities outside Europe. Productivity will constantly be heightened.

SECTOR MANAGEMENT

Mogens Granborg, Executive Vice President of Danisco

DANISCO SUGAR:

Mogens Granborg, Esben Andersen, Bernt Gustafsson, Aksel Gybel and Jesper Thomassen

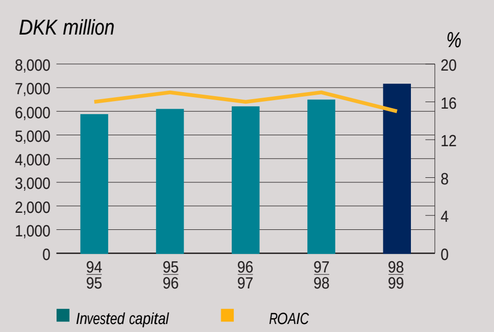
DANISCO SEED:

Bjarne Skov Jensen, President

SUGAR SECTOR

Main figures in DKK million	1997/98	1998/99
Net sales	6,467	6,581
Operating profit before amortisation of goodwill, etc.	1,057	1,032
Operating profit	1,011	983
Investments (incl. acquisitions)	437	668
Fixed assets (segment)	4,482	4,660
Average no. of employees	2,976	3,432

INVESTED CAPITAL AND RETURN ON AVERAGE INVESTED CAPITAL (ROAIC)



DANISCO Sugar

Danisco Sugar generated net sales of DKK 6,293 million (+3 per cent) in the period. Development costs amounted to DKK 39 million.

The division comprises Danisco's sugar activities in Denmark, Sweden and Germany, and from this accounting year also sugar production in Poland and Lithuania. Danisco Sugar has a total EU sugar quota of 921,000 tonnes and produces white sugar, including organic white sugar, liquid sugar, sweetener blends, cube sugar, syrup, brown sugar and other specialities. The largest customer is the food industry accounting for around 80 per cent. The rest is sold to the retail trade. In addition to sugar, the division produces and sells various types of animal feed.

Production

Sugar production reached a record high, helped by favourable weather conditions, and totalled 1,082,000 tonnes (1,076,000 tonnes). Added to that came some 620,000 tonnes of animal feed.

In Denmark Danisco Sugar produced 531,000 tonnes of sugar, in Sweden 399,000 tonnes and in Germany 152,000 tonnes. Production at all the division's factories was technically successful. The sugar factories in Lithuania and Poland, in which Danisco Sugar is a partner, produced 120,000 tonnes and 40,000 tonnes of sugar, respectively.

Markets

In the home markets in Denmark, Norway and Germany, where more than 70 per cent of Danisco's sugar are sold, sales to industry dropped as projected, as international industrial customers continued to relocate production in Denmark to other countries. Other contributory factors were the cool summer weather which led to a decrease in sales to the soft drink industry, and the crisis in Russia which affected sugar-consuming industry exports. In the Swedish market sales to industrial customers developed favourably.

Sales to the retail trade remained stable in Denmark and Norway but showed a slight decrease in Sweden. Production of organic sugar continued, and the product is now available not only in Swedish but also in Danish shops. The launch of organic sugar in Denmark is an element in the constant renovation and diversification of the product portfolio. The global trend in retailing towards centralised, larger chains continued. The importance of intensifying cooperation with customers in areas such as category management and logistics is growing. In the domestic markets Danisco Sugar extended its cooperation on these issues with its Nordic customers.

Exports to Iceland and Estonia dropped slightly.

Sales of animal feed products were satisfactory in terms of volume but the large supply of such products in the world market, among other factors, put pressure on prices resulting in a decline in total net sales.

Örtofta Sugar Factory is one of Danisco Sugar AB's four factories in Sweden. The picture to the right from Danisco Sugar's Nakskov Sugar Factory shows the drum in which the sugar is dried at one of the final stages of the process.

Prices

EU sugar prices remained unchanged in euros during the accounting year. The EU Commission has proposed to maintain the prices, initially up to 30 June 2000. This means that the EU's intervention price has largely remained stable for more than a decade.

At the end of the accounting period, the EU had adopted a reform of the Common Agricultural Policy under its Agenda 2000 programme. The reform has no impact on the sugar regime as the current organisation of the market will remain in force up to the year 2001. The world sugar price has been on the decline and was at its lowest level in 12 years at the close of the accounting year.

Efficiencies

In order to sustain a low level of costs Danisco Sugar continued to rationalise production as planned by expanding the factories at Nykøbing Falster, Köpingebro and Örtofta. In the administrative area the new IT system, SAP R/3, was implemented. This has paved the way for further harmonisation and improved facilities for efficient cross-border coordination. Combined the optimisation of production and administration will underpin progress in return on invested capital.

The speciality sugar factory at Arlöv in Sweden carried out a major project which included the installation of a new state-of-the-art operation control centre which now controls and monitors the entire sugar production process. A comprehensive training programme was started up in parallel with the investment to ensure that the considerably reduced workforce, now concentrated at one site, has the knowledge and competence required to handle all tasks related to day-to-day operation.

In Denmark the three-year period for transfer of sugar beet growing from east to west Denmark against consideration for growers has expired. In total, some 15,000 tonnes of sugar were transferred for growing near Assens Sugar Factory. This means that the factory's sugar campaign can be extended which will allow more effective employment of invested capital. Beets still grown in the Gørlev area after the closure of Gørlev Sugar Factory will be divided among Assens, Nykøbing and Nakskov sugar factories.

The closure of Roma Sugar Factory on the Swedish island of Gotland proceeded according to plan. Most of the employees have succeeded in finding new jobs, setting up their own businesses or starting an education. Beet shipments from Gotland to Köpingebro Sugar Factory were effected as scheduled.

Lithuania and Poland

Danisco Sugar's acquisition of stakes in all Lithuania's four sugar factories made Danisco a dominant player in the Lithuanian sugar industry.

The investments made in Lithuania yielded a satisfactory return even in the first year. The Lithuanian sugar market totals some 110,000

DANISCO SUGAR

Main figures in DKK million	*1997/98*	***1998/99***
Net sales	*6,134*	*6,293*
- per employee	*2.3*	*2.0*
Average no. of employees	*2,709*	*3,150*

tonnes annually, half of which goes to industry and half to the retail trade. A small volume is exported. Industrial customers include several major international food producers.
The market is expected to grow in step with the enhancement of living standards.

The introduction of a new quota regime, a joint industry agreement and new agreements with the beet growers has considerably improved agreements in the sugar area in Lithuania.

During the year, Danisco Sugar invested in shareholdings in three factories in the Polish sugar industry. With these investments Danisco is better positioned to gain a firm footing in one of the major sugar-producing countries in Europe.

Looking ahead, there is good potential for bringing return on invested capital in these countries in line with that of other Danisco Sugar operations, for instance by reusing process equipment from the Gørlev and Jordberga factories scheduled for closure.

DANISCO *Seed*

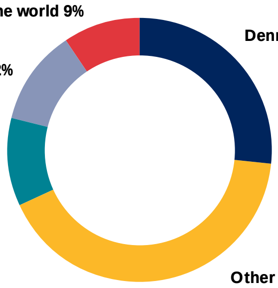
Danisco Seed reported net sales of DKK 368 million (-10 per cent) for the accounting year. Research and plant breeding costs were DKK 104 million. Danisco Seed develops, produces and sells seeds for beets, oil-seed rape, peas and sunflowers. The division is based in Holeby, Denmark, and has subsidiaries in the UK, France, Spain, Italy, Austria, Germany and Poland.

Markets

The division maintained highly satisfactory shares of the sugar beet seed markets in Denmark and Italy, while efforts to expand penetration in the Swedish market continued. However, in these markets, like in the rest of the EU, sales were flat. In eastern Europe Danisco Seed is a market leader in several countries, but in some of these the division saw receding sales. This was due to comprehensive restructuring of sugar production and reduction of acreage in these countries in response to very low sugar prices.

Sales of oil and protein crops (oil-seed rape, peas and sunflowers) returned to normal levels after strong progress in peas last year.

SUGAR SECTOR -
NET SALES BY MAIN MARKETS



Production conditions

The sugar beet seed harvest was satisfactory again this year. Efforts to improve seed quality were further stepped up. The development work, which takes place in collaboration with Danish as well as international research institutes, ranges from process technology development to research in biologically based plant protection.

Breeding

Breeding of sugar beet seeds is now concentrated in Denmark, while trials will still be performed in all significant markets.

At year-end, Danisco Seed concluded a joint venture agreement with US-based Dow Agro-Sciences LCC. The objective of this cooperation is to jointly develop oil-seed rape to be marketed by the companies' sales organisations. Through a strongly intensified breeding programme focused on market requirements, Danisco Seed expects to become a major supplier in this area within the next few years.

Authorisation to market the transgenic fodder beet developed in cooperation with DLF-Trifolium A/S and Monsanto Company has not yet been obtained. In 1999, Danisco Seed will carry out a large-scale trial in a joint project with the Agricultural Council of Denmark and the Danish Forest and Nature Agency in order to analyse the various aspects of cultivating a transgenic crop.

DANISCO SEED

Main figures in DKK million	*1997/98*	***1998/99***
Net sales	*408*	*368*
- per employee	*1.5*	*1.3*
Average no. of employees	*267*	*282*

PACKAGING SECTOR

The Packaging Sector comprises the divisions, Danisco Flexible and Danisco Pack.

The Packaging Sector aims to be the largest producer of advanced flexible barrier laminates and is targeting a position among the leading producers of flexible packaging in the world. Through organic growth and acquisitions, Danisco Flexible will meet customer demands for advanced flexible packaging products. This development will take place in close cooperation with customers and by sharing international competencies and production efficiencies.

Within corrugated board packaging focus is put on selected European markets. Growth opportunities will mainly be found in the acquisition of local producers with value adding product niches.

SECTOR MANAGEMENT

Henrik Jansdorf, Executive Vice President of Danisco

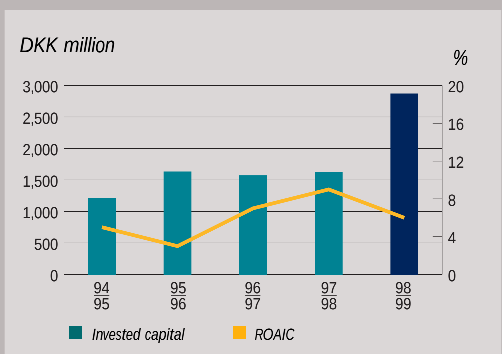
Danisco Flexible: Henrik Jansdorf, Tue Tyge Møller, Lars Erikstrup, Ian R. Bodie, Didier Teirlinck, Mauricio Bunge, Per V. Frederiksen and Paul Bjerring

Danisco Pack: Alan Powell (President), John Eccleston, Tharald Frette and Klaus Friis-Hansen

DANISCO FLEXIBLE

Main figures in DKK million	*1997/98*	*1998/99*
Net sales	2,631	2,696
Operating profit before amortisation of goodwill, etc.	192	151
Operating profit	154	110
Investments (incl. acquisitions)	140	1.370
Fixed assets (segment)	1,200	2,485
Average no. of employees	2,149	3,192

INVESTED CAPITAL AND RETURN ON AVERAGE INVESTED CAPITAL (ROAIC)



DANISCO *Flexible*

Danisco Flexible recorded net sales of DKK 2,696 million (+2 per cent) in the accounting year. The operating profit was DKK 110 million (DKK 154 million).

The division produces advanced flexible barrier laminates and other flexible packaging solutions. Danisco Flexible has production facilities in Denmark, the UK, Spain, Portugal, Switzerland, France and the Netherlands.

Markets

The flexible packaging market was characterised by keen competition throughout the year. Danisco Flexible's situation was also adversely affected by problems in the restructuring of production in Scandinavia and the industrial dispute in Denmark early in the accounting period. This led to a considerable reduction in production capacity, which meant that for an extended period Danisco Flexible region Scandinavia was unable to meet the customers' needs and therefore lost volume and market shares. Supply reliability has since been restored, and a sales campaign aimed at lost customers has been launched. This has already helped the division to successfully recapture shares in some markets.

The second half of the period saw a considerable decline in demand in the Danish market as a result of meat producers' and dairies' flagging exports to Russia. The appreciation of the Danish krone against the Norwegian krone and the Swedish krona and, halfway through the period, also the sterling had a negative impact on results.

New products

Danisco Flexible region South West Europe, comprising France, Spain and Portugal, successfully launched the FIRE product, an easy-to-

The development laboratory at Danisco Flexible Raackmann's Horsens site in Denmark uses advanced, expensive equipment ensuring that customers are supplied with flexible packaging of a very high quality.

open-easy-to-close packaging, in the face of keen competition. FIRE was introduced in the rest of Europe as well and met with highly favourable response. Another easy-to-open-easy-to-close packaging product, DANISCO EASYPACK, was the subject of strong interest as well, particularly after a major packing machine producer adjusted their machines to the product. In addition, the award-winning Zap stand-up pouch for yoghurt developed by Danisco Flexible met with great interest both in and outside Europe.

As an element in the continuous improvement of customer service, Danisco Flexible has developed a standard programme of materials without print for prompt delivery – FLEXSTORE. The FLEXSTORE programme represents a significant novelty for Danisco Flexible and customer response was highly favourable.

Investments

The restructuring of production in Denmark initiated in the 1997/98 accounting year was completed. The project involved relocation of existing equipment and investment in new machinery and was financed almost exclusively through the sale of discontinued production facilities. In addition, manning levels at the factories were reduced.

In region South West Europe the restructuring programme initiated earlier continued and significantly improved the product mix and productivity. A calculation system developed by Danisco Flexible was introduced throughout the division and considerably simplified and enhanced price calculations.

Production at Danisco Flexible Raackmann's Horsens site in Denmark is being monitored around the clock. Here two employees are keeping a watchful eye on the printing quality of the packaging. The small picture shows a gravure printing cylinder.

DANISCO FLEXIBLE

Main figures in DKK million	*1997/98*	***1998/99***
Net sales	*2,631*	*2,696*
- per employee	*1.2*	*0.8*
Average no. of employees	*2,149*	*3,192*

Throughout the accounting year, substantial resources and a very large effort on the part of the employees were devoted to the implementation of the new financial management system, SAP R/3.

Acquisitions

In February 1999, Danisco made an offer for the shares of the UK-based company, Sidlaw Plc. Sidlaw is a leading European supplier of advanced flexible packaging primarily for the food industry. The company has production facilities in the UK, Spain, France and the Netherlands. The acquisition had been finalised at the conclusion of the accounting year and has made Danisco Flexible the number three flexible packaging producer in Europe and number seven in the world. Sidlaw has significantly improved Danisco Flexible's market access in Europe, especially in the UK and Spain. The acquisition has also provided Danisco Flexible with a broader portfolio and production sites in the UK, which is an important prerequisite for being able to serve a number of the major European food producers.

Organisation

At the end of January 1999, Executive Vice President Henrik Jansdorf took over responsibility for day-to-day management of Danisco Flexible, and the head office was relocated in Copenhagen. At the same time, a major review of the organisational structure and work processes was initiated with a view to streamlining the organisation and improving efficiency.

In order to speed up and simplify customer contact, the organisation was changed so that there are now fewer stages between receipt and execution of orders.

Throughout the organisation efforts were made to enhance efficiencies, particularly in France where all levels at the factories were engaged in streamlining and efficiency measures.

DANISCO *Pack*

Danisco Pack recorded net sales of DKK 3,000 million (-1 per cent) in the period.

The division produces corrugated packaging and paper. Danisco Pack has production facilities in Denmark, Germany and the UK.

Markets

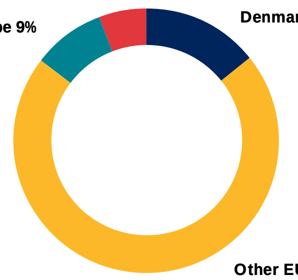
Danisco Pack experienced difficult market conditions throughout the year, particularly in the second half. In Denmark the impact of the Russian and Asian crises on the Danish export industry resulted in a marked decline in demand for corrugated board. The effect was compounded by continuing growth in low-priced imports of corrugated board from northern Germany. The UK market was characterised by a combination of subdued demand and substantial excess capacity in the corrugated industry.

As a result of these factors, corrugated board sales volumes in Denmark and the UK fell short of expectations. Sales prices were also under pressure with gross margin erosion taking place in the UK in particular. This inhibited profitability despite a number of cost saving initiatives. Nevertheless, performance remained ahead of industry averages in both markets.

The reduced demand for corrugated board led to a similar reduction in demand for packaging paper. However, the trend towards increasing use of recycled papers in the Nordic countries largely compensated for the decline with the mill in Grenaa, Denmark, well positioned to take advantage of this trend. A firm foothold in new markets in Poland and Russia and robust selling in the UK enabled the division's paper operations to achieve volume growth.

The paper mill at Grenaa improved productivity significantly following earlier investment and restructuring.

DANISCO FLEXIBLE -
NET SALES BY MAIN MARKETS



Investments

The main investment completed during the year was the relocation of the speciality sheet-feeding corrugator plant at Kettering in the UK to a new purpose-built factory on a greenfield site. The investment includes the installation of a state-of-the-art corrugator to replace a thirty-year-old machine. This new corrugator is more efficient, gives better product quality and has increased number of facilities.

Organisation

In Danisco Paper further staff reductions were made at Grenaa at the beginning of the year and at Holcombe in the UK at the end of the year. The small Miljøpack tube winding business was sold in January 1999, and in April 1999, the sheet plant operations at Albertslund and Randers in Denmark were closed. Danisco Pack Denmark's head office building at Brøndby was sold in February 1999.

In Danisco Pack UK staff reductions have taken place at Pulham, Stoke, Sandy and Skelmersdale. At Sandy and Skelmersdale this was part of a capacity reduction exercise to focus entirely on higher value conversion sales and transfer sheet board production to Larkhall and Merthyr. Further efficiencies were achieved by combining the management and administration of Cumbernauld and Alexander, Bromborough and Langfern and, most recently, Westward and Boon.

In order to complete the geographic spread in the UK, Danisco Pack acquired Wilpak in July 1998 and the March Packaging Group in January 1999.

Overall, it has been a difficult year for Danisco Pack, with one-off restructuring costs diluting the benefit of on-going savings. Nevertheless, changes have been made which will reduce costs, improve efficiencies and further increase focus on higher added-value sales.

DANISCO PACK

Main figures in DKK million	*1997/98*	***1998/99***
Net sales	*3,038*	*3,000*
- per employee	*0.9*	*0.9*
Average no. of employees	*3,210*	*3,270*

FOOD & BEVERAGE SECTOR

The Food & Beverage Sector comprises the divisions, Danisco Foods and Danisco Distillers.

Danisco Foods wishes to be among the leading producers of vegetable-based frozen food in Europe and, in addition, supply a range of accompaniments and mayonnaise salads.

Danisco Distillers will continue to develop a focused and strong brand position within aquavits and bitters in northern Europe, and within vodka internationally.

SECTOR MANAGEMENT

FOOD:

Mogens Granborg, Executive Vice President of Danisco

BEVERAGE:

Steen Weirsøe, Executive Vice President of Danisco

DANISCO FOODS:

Poul Steeskov (President), Morten Mortensen and Hans Jørgen Clausen

DANISCO DISTILLERS:

Svend Helmer (President) and Birgit Nørgaard

DANISCO Foods

Danisco Foods recorded net sales of DKK 2,289 million (+5 per cent) in the accounting year.

The division produces frozen vegetables and ready meals as well as accompaniments, mayonnaise salads and jams.

Danisco Foods has production facilities in Denmark, the Netherlands, Spain and the Czech Republic.

Markets

The progress in Danisco Foods' net sales was primarily driven by growth in sales to the important markets in Germany, France, the UK and Ireland. Danisco Foods has successfully sustained its position as a leading supplier to the retail and catering sectors in Denmark.

The period saw very difficult market conditions. These followed in the wake of stagnant food consumption in Europe leading to excess capacity and intensified price competition. Another reason was extremely difficult production conditions due to adverse weather in the Netherlands in the autumn of 1998. Against this background, the growth in sales is satisfactory.

Danisco Foods enjoyed progress in a number of product areas during the year, particularly in frozen ready meals. In this segment Danisco Foods successfully marketed its own brand, FRIGODAN, and products developed jointly with major retail chains. The addition of frozen potato products, mainly chips, to the portfolio helped to consolidate the division's position as a key supplier of high-quality foods.

Danisco Foods launched an organic line of jams and selected vegetables during the year. Response was highly favourable, and the division sees organic products as an area with great potential.

Production conditions

Growth conditions for a number of raw materials were characterised by a cool summer and a rainy autumn. The Netherlands was especially hard hit with the loss of 30 per cent of the potato harvest

DANISCO FOODS

Main figures in DKK million	1997/98	1998/99
Net sales	2,178	2,289
- per employee	1.4	1.4
Average no. of employees	1,611	1,591

and a considerable part of the spinach harvest. This led to a shortage in supply of raw materials as well as extraordinary increases in raw material prices of potatoes in particular. This trimmed results by around DKK 50 million.

Investments

The 1998/99 accounting year saw substantial investments aimed at optimising production. These included a new automated packing line at the onion factory in St. Maartensdijk in the Netherlands and an automated palletising plant at the Taars fruit factory in Denmark. Furthermore, considerable funds were invested in optimising efficiencies and quality at the potato factories.

DANISCO *Distillers*

The distillation column at Danisco Distillers in Aalborg, Denmark, where the alcohol is distilled. To the right: Bottles for the control tests made to ensure a high quality level.

Danisco Distillers reported net sales of DKK 1,139 million (-10 per cent) and improved results on last year.

The division produces and imports spirits and fortified berry wines, produces yeast and alcohol, and imports and sells table wines. Danisco Distillers has production facilities in Denmark and Germany.

Markets

The progress in results was achieved on the back of higher prices in export markets and cost reductions. The results include exceptional income from the sale of a 75 per cent shareholding in Better Brands Ltd. A/S and a 49 per cent shareholding in Allied Domecq Spirits & Wine Danmark A/S, which also provoked the decrease in net sales.

The development in the traditional Danish products, aquavits and bitters, stabilised after a period of decline. A growing proportion of these products is sold to Danes travelling to the Danish-German border area to shop in retail outlets south of the border. Sales in the duty-free segment in the EU were sustained and unaffected by the abolition of intra-EU duty-free sales as from 1 July 1999. The negative impact of the discontinuation of these sales is expected to be offset in part by sales to a new type of outlets designated “Travel Retail”. Products sold by these outlets will be subject to local excise duties and VAT, which means that tobacco and spirits producers will be particularly interested in EU countries with a lower taxation level than their home countries.

Products

AALBORG DILD Aquavit, launched in the spring of 1998, has met with highly favourable response from consumers and thus contributed to the stabilisation of the aquavit market. The addition of BLÅ AALBORG and AALBORG DILD Aquavit to the traditional range of aquavits has generated new business as both these products appeal to new customers.

The introduction of MALTESER N°2 Aquavit, a variant of the traditional MALTESERKREUZ Aquavit, had a positive impact on sales to the German market. However, the overall trend in sales in Germany was adversely affected by the generally declining German spirits consumption.

DANZKA Vodka continued to enjoy progress in Denmark as well as internationally. Particularly strong growth was achieved in certain eastern European markets and in the duty-free segment. A new style, DANZKA GrapeFruit Vodka, met with a positive reception.

The massive attention that MALTESERKORS yeast was given in the Danish media during the industrial dispute in the spring of 1998 boosted sales of yeast to the Danish retail trade.

DANISCO DISTILLERS

Main figures in DKK million	*1997/98*	***1998/99***
Net sales	*1,268*	*1,139*
- per employee	*1.7*	*1.7*
Average no. of employees	*760*	*666*

Leading supplier to the food industry

The New Danisco is based on the merger with the Finnish company Cultor Corporation and British Sidlaw Plc. In future, Danisco will focus on three core business areas:

Ingredients, sugar and sweeteners as well as flexible packaging. The New Danisco comprises three sectors:

The Danisco-Cultor Sector (ingredients), the Sugar & Sweeteners Sector and the Flexible Packaging Sector.

The new group will initially boast net sales in the order of DKK 30 billion and have some 19,400 employees. It has activities in more than 40 countries.

The other business areas, Danisco Pack, Danisco Foods, Danisco Distillers, Suomen Rehu and EWOS, will be divested. These activities are organised in the Other Business Sector.

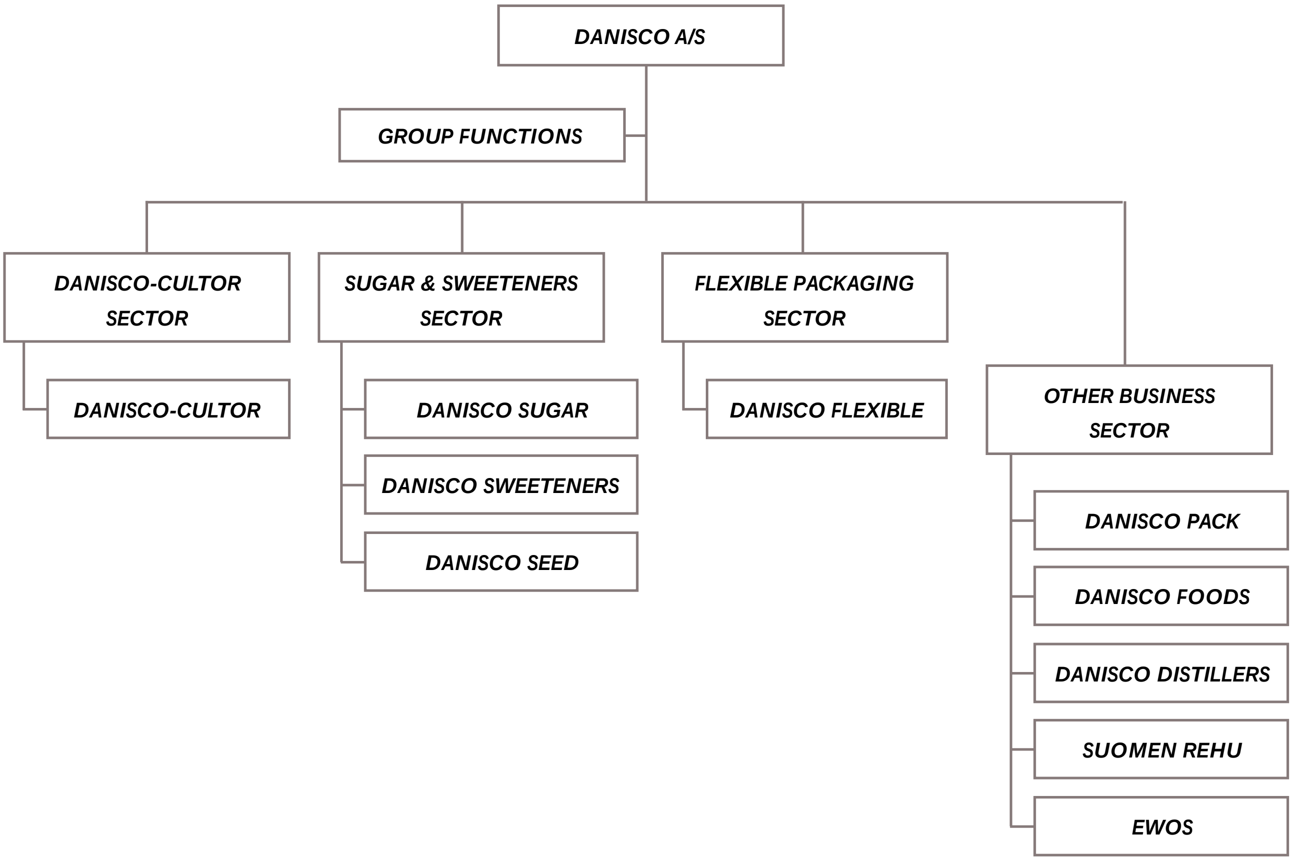
Vision

The underlying vision of The New Danisco is to become the leading one-stop supplier to the global food industry by offering unique value-added products.

The New Danisco will achieve critical mass in all three business areas. In food ingredients the group will immediately command global market leadership, and in sugar and flexible packaging it will rank among the leading producers in Europe.

The focus on core business areas opens up opportunities for accelerating growth, enhancing utilisation of joint resources and improving performance. The New Danisco will be managed on the basis of value creation principles and place emphasis on organic growth supplemented with acquisitions. Innovation and development will be key elements in The New Danisco's strategy.

ORGANISATION AT 24 JUNE 1999



The Executive Board of The New Danisco. Left to right: Robert H. Mayer, Søren Bjerre-Nielsen, Steen Weirsøe, Björn Mattsson, Alf Duch-Pedersen, Henrik Jansdorf and Mogens Granborg. Robert H. Mayer and Björn Mattsson are both new members of the Executive Board; the latter is also Deputy CEO of Danisco.

Substantial synergies

The merger of Danisco, Cultor and Sidlaw paves the way for substantial synergies resulting from

- strengthened market positions in core business areas
- cross-selling opportunities due to complementary product ranges and customer coverage
- pooling R&D and technology know-how
- combining marketing and distribution organisations
- cost reductions, in particular as a result of general streamlining of the organisation, including integration of Danisco's and Cultor's headquarters

It is estimated that the acquisition of Cultor and Sidlaw will enable the gradual realisation of annual synergies in the order of DKK 500 million over a period of three years, of which DKK 200 million will arise from increased sales.

Cost synergies will be leveraged by integrating sales and application offices in the ingredients sector, Danisco-Cultor Sector, in a number of countries, as well as through rationalisation of production in the Danisco-Cultor Sector and the Sugar & Sweeteners Sector. Group functions at headquarters will be integrated as well. One-off costs in the same order are expected to be incurred in the combination of sales and development organisations, restructuring and reduction of administrative functions.

Board of Directors and Executive Board

Danisco's present Board of Directors will continue and is expected to be enlarged by two new Finnish members at Danisco's next AGM to be held in September 1999 in Copenhagen.

Danisco's Executive Board is composed of:

Alf Duch-Pedersen	CEO and Chairman of the Executive Board
Björn Mattsson	Deputy CEO
Søren Bjerre-Nielsen	Executive Vice President, CFO
Mogens Granborg	Executive Vice President, og -IT Sugar & Sweeteners Sector
Henrik Jansdorf	Executive Vice President, Flexible Packaging Sector
Robert H. Mayer	Executive Vice President, Danisco-Cultor Sector
Steen Weirsøe	Executive Vice President

Björn Mattsson and Robert H. Mayer are new members of Danisco's Executive Board. Steen Weirsøe will continue as Executive Vice President until he leaves Danisco in the autumn of 1999.

The Danisco share will continue to be quoted on the Copenhagen Stock Exchange, where the share is included in the leading KFX index. The group's registered office and headquarters are located in Copenhagen with certain group functions in Helsinki, Finland.

Danisco-Cultor Sector

The group's ingredients sector, Danisco-Cultor, wishes, through its division of the same name, to become the food industry's preferred and most innovative partner and supplier of functional food ingredients. This position will be underpinned by the world's most extended sales network and by a global network of innovation centres. Through dedicated innovation, product development and sales, Danisco-Cultor also aims to become the preferred supplier of feed ingredients, such as feed enzymes and betaine, a natural growth promoter. New applications in personal care are another area of prospective development.

Danisco-Cultor is focusing on profitable growth, which will be achieved through organic growth and company and activity acquisitions. Prospective acquisitions must meet Danisco-Cultor's wish to strengthen its one-stop-supplier concept and the company's geographic presence in selected markets to maximise synergies.

Danisco-Cultor has the broadest product range in the food ingredients industry. The products are offered to Danisco-Cultor's customers to enable them to simplify their purchasing procedures and to make Danisco-Cultor the preferred and most efficient supplier. Danisco-Cultor mainly targets customers within the areas of bread, bakery products, ice cream, dairy produce, confectionery, margarine, jam and beverages. Another focus area is products for functional foods.

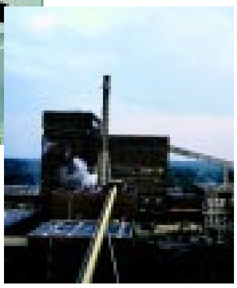
Danisco-Cultor wishes to create a solid biotechnological platform in close collaboration with the biotechnology company Genencor and with external research institutes.

Genencor

Genencor is a Top 10 US biotechnology company and an enzyme developer and manufacturer leveraging its biotechnology platform primarily by partnering with customers. Genencor is perceived as having the technological potential and management aspiration to be the premier biotechnology company supplying products and processes to serve the needs of industrial, agricultural and healthcare companies. Genencor creates technological platforms in cleaning products, grain processing, denim processing, animal feed and food. The strategic partnership between Danisco and Genencor is a foundation for new innovative products and applications.

The Thomson site in Illinois is one of Danisco-Cultor's three plants in the USA which produce polyols, polydextrose and compound flavours.

Danisco-Cultor's plant at Lenzing in Austria produces xylose, which is the main raw material used in manufacturing xylitol. Finnsugar's sugar refinery at Kantvik near Helsinki in Finland (below) produces a full range of sugar products, mainly for the domestic market.



Sugar & Sweeteners Sector

With the establishment of the new Sugar & Sweeteners Sector, Danisco has taken the first steps towards integrated collaboration between the areas of sugar and sweeteners. The two product areas are organised in two divisions, Danisco Sugar and Danisco Sweeteners. The sector also includes Danisco Seed.

Danisco Sugar has sugar production facilities in Denmark, Sweden, Finland, Germany, Lithuania and Poland. The division has well-established contacts to its customers, major suppliers, beet growers, and not least to the agricultural authorities.

Danisco Sugar wishes to be a market-oriented full-service supplier of sugar to the international food industry and to the retail trade in its main markets. The division will achieve this by developing its position as a leading European supplier partly through deepening partnerships with customers and maintaining top-class production efficiency.

Danisco Sugar will expand organically based on innovation and product development and through company and activity acquisitions. The division will extend its geographic presence within beet and cane sugar.

Danisco Sweeteners will be based on the existing sweeteners of Cultor Food Science. In the international markets Danisco Sweeteners will collaborate with Danisco-Cultor which will be responsible for the major part of marketing efforts.

Danisco Seed will continue to produce seeds for beets, oil-seed rape, peas and sunflowers.

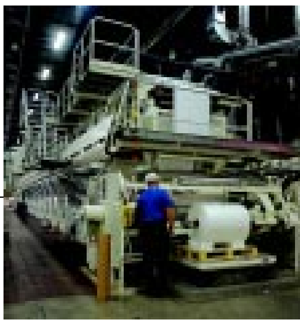
Flexible Packaging Sector

The Flexible Packaging Sector wants to be a one-stop supplier and on the strength of innovation, speed, reliability, consistent product quality and cost consciousness ensure that customers will have no reason to buy a competitive product.

Danisco Flexible is currently the third largest supplier of advanced flexible packaging in Europe and the seventh largest in the world. The division has a broad portfolio of packaging solutions to offer the food industry and is the flexible packaging producer with the largest portfolio of speciality products and concepts for the food industry in Europe.

The flexible packaging market is highly international with medium-to-high growth. It is dominated by rapidly growing international customers and characterised by continuous concentration of flexible packaging producers in Europe. Competition in Danisco Flexible's market is intensifying with ever increasing demands for innovation, quality and short lead time.

The Flexible Packaging Sector will continue to assess opportunities for expanding sales and production outside Europe and to identify potential candidates for alliances and acquisitions in Asia and North America.



Through the acquisition of Sidlaw in the UK, Danisco Flexible has advanced to a position as the third largest supplier of advanced flexible packaging in Europe.

Addresses and telephone numbers

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Lasse Skovby Rasmusson

GROUP COMMUNICATIONS
Anders Hundahl

GROUP FINANCE
Bent Tjørnemark

GROUP IT
Verner Jensen

INVESTOR RELATIONS
Jens Steen Larsen

LEGAL AFFAIRS
Juha Kurkinen

OTHER BUSINESS
Juha Järvinen

SPECIAL PROJECTS
Håkan Laurén

PRO FORMA OPERATING PROFIT BEFORE (1) AND AFTER (2) AMORTISATION OF GOODWIIL (unaudited)

	1996/97		*1997/98*		***1998/99***	
DKK billion	(1)	(2)	(1)	(2)	(1)	(2)
Core business areas						
Danisco	1.6	1.5	1.8	1.7	1.7	1.6
Cultor	0.5	0.5	0.5	0.5	0.4	0.3
Core business areas	**2.1**	**2.0**	**2.3**	**2.2**	**2.1**	**1.9**
Non-core business areas						
Danisco	0.5	0.4	0.5	0.4	0.5	0.5
Cultor	0.3	0.3	0.3	0.3	0.2	0.1
Non-core business areas	**0.8**	**0.7**	**0.8**	**0.7**	**0.7**	**0.6**
Group functions, etc.						
Danisco	-0.1	-0.1	-0.1	-0.1	-0.1	-0.5
Cultor	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
Group functions, etc.	**-0.2**	**-0.2**	**-0.2**	**-0.2**	**-0.2**	**-0.6**
Total	**2.7**	**2.5**	**2.9**	**2.7**	**2.6**	**1.9**

PRO FORMA BALANCE SHEET AT 1 MAJ 1999 (unaudited)

DKK billion	DANISCO	ACQUISITION OF CULTOR	TOTAL
Intangible fixed assets	**3.9**	**7.0**	**10.9**
Other fixed assets	**11.4**	**3.7**	**15.1**
Stocks	4.9	1.5	6.4
Non-interest bearing current assets	4.3	1.5	5.8
Non-interest bearing debt	-4.1	-1.4	-5.5
Working capital	**5.1**	**1.6**	**6.7**
Invested capital	**20.4**	**12.3**	**32.7**
Provisions	**-2.6**	**-0.5**	**-3.1**
Interest-bearing debt	-6.9	-12.9	-19.8
Interest-bearing current assets	1.1	1.3	2.4
Net interest-bearing debt	**-5.8**	**-11.6**	**-17.4**
Minority interests	**-0.1**	**-0.2**	**-0.3**
Capital and reserves	**11.9**	**0.0**	**11.9**

Sustainable environmental solutions

Danisco's common general environmental policy is based on the International Chamber of Commerce's environmental charter and places emphasis on long-term environmental solutions throughout the group:

Danisco respects the fact that development, production and trade influence the environment.

Danisco invests in developing environment-friendly products and processes by using cleaner technology.

Danisco will, by making regular technical improvements and providing training and motivation, create a safer environment for the employees.

Danisco communicates its environmental objectives, initiatives and results internally and externally.

Environmental action - a prerequisite of growth

The group's environmental activities depend on the natural conditions prevailing in each country and the age, technological level and environmental performance of each production site. Everywhere a targeted effort is made to achieve long-term, sustainable environmental solutions, which is also a prerequisite of profitable growth.

Danisco Sugar started up a three-year project in 1997 designed to modify the employees' behaviour and attitudes to the working environment in order to reduce the number of accidents at work.

The location of Danisco's production units is based on historical and resource- and market-related strategic considerations and not on the environmental legislation of a specific country.

Danisco ensures that the divisions aim to achieve a high level of preventive protection, also in countries with less extensive environmental legislation. Protection of Danisco's employees is secured through preventive action, use of workplace assessments, as well as training and motivation of employees.

The goal is to reduce the number of injuries and accidents at work on a continual basis.

The role of the employee

Realising the underlying vision of zero accidents within the near future will require a high degree of employee involvement. Danisco Sugar has taken a big step in this direction. Based on detailed investigations conducted jointly with the Danish National Working Environment Authority, Danisco Sugar initiated a three-year project in 1997. It involves all employees and is aimed at modifying the individual employee's behaviour and attitudes to the local working environment.

The objective is to reduce the number of accidents to a third of the 1996 level while minimising risks. This is achieved by providing staff training in psychology, education and problem solving. The project complements the existing safety organisation's work.

The efforts have delivered the first positive results. A survey shows that between 1997 and 1998 absence due to accidents has been successfully reduced from 496 to 243 days.

Documented management

For a supplier to international customers it is essential to be able to document action taken to improve the external and internal environment. This is why Danisco recommends its businesses to base their environmental management on the international ISO 14001 standard - and where appropriate - to integrate it with ISO 9001/02 compliant quality management and hygiene management.

A number of Danisco's Danish factories are under a statutory requirement to prepare green accounts. The main purpose of these is to provide the local communities of the factories with information about possible environmental impact and to contribute to good dialogue. As from 1999, Danisco's Swedish units will also be required to prepare annual environmental reports.

Energy – a global issue

At the climate conference in Kyoto in 1997, agreement was reached on an international protocol on CO_2 emission reduction and trading. Danisco is constantly seeking to limit the use of energy in production. The group is prepared to use the new market mechanisms for trading in CO_2 quotas through energy-saving investments against subsequent energy tax relief.

Several of the energy-intensive Danish factories have concluded energy agreements with the Energy Agency under the Ministry of the Environment. Besides requiring introduction of energy management, these voluntary agreements commit the factories to carrying out an energy survey together with accredited independent energy consultants. Based on the survey, action plans are drawn up for the implementation of priority measures. All measures which can be recouped within a period of less than four years are carried out. Implementation of any other measures will depend on an overall assessment of financial, technical and energy-related aspects.

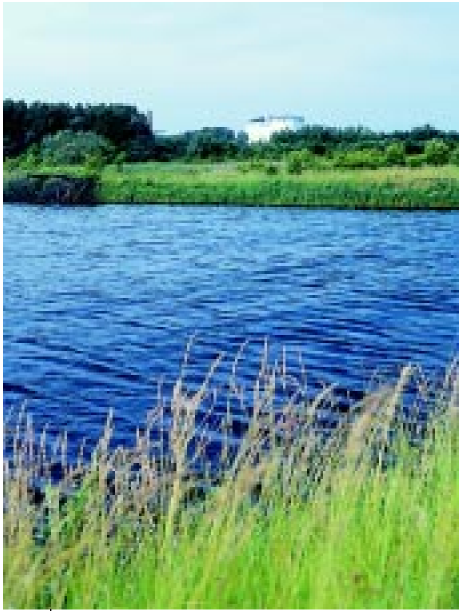
Biotechnology as a development tool

Danisco has applied modern biotechnology for more than 20 years and considers it a necessary tool for development of new products, such as enzymes, seeds and plants that are resistant to various diseases, etc.

Use of biotechnology is gaining momentum and is an important element in Danisco's development work. The production and cultivation methods of tomorrow are expected to increase the world food supply without using environmentally hazardous pesticides.

When a unit is closed

In 1996, Danisco Sugar announced that Gørlev Sugar Factory in Denmark would be closed after the 1999 campaign. This is thus the factory's last year of operation.



Although Gørlev Sugar Factory will be closed after the 1999 campaign, the environmental work continues. For instance, the factory has set up a new environmental management system in order to protect the environment.

Nevertheless, the environmental work at the site continues. The factory's environmental authorisation has been extended to the year 2000, and a new environmental agreement has been concluded with the authorities.

The factory management will ensure continued compliance with the environmental impact requirements of this agreement up to the time of closure. This will be achieved by implementing and applying a new environmental management system developed jointly by the factory and the authorities. The system is designed to ensure an environmentally acceptable close-down.

The dismantling and transfer of production equipment have been planned to maximise reuse at other Danisco units. In addition, a detailed plan has been drawn up in consultation with the authorities for subsequently rendering land, buildings and plant environmentally safe.

A challenging working environment

The development of the competencies of Danisco's employees underpins value creation in the group.

Qualified employees and managers are among Danisco's key strengths. Their competencies underpin value creation and strategic development in the group.

Danisco wishes to keep and attract ambitious and qualified people. They must actively seek and will be offered challenges to meet tomorrow's requirements. Danisco will achieve this through on-the-job training, by offering educational opportunities and following up on results.

The group aims to create a challenging, developing and international working environment.

Danisco's employees primarily develop their competencies in the daily pursuit of the group's value creation goals. In support of this effort, relevant programmes aimed at developing professional, interpersonal and management skills are conducted in the units on a regular basis.

The content and methods applied in Danisco's education and training programmes reflect the future requirements of the group, ensuring that employees and managers maintain and enhance the value of their personal competencies and qualifications, as well as the continual development of corporate competencies.

Mental adaptability, job flexibility and mobility – functional, geographic and career-wise – are becoming ever more important. Danisco's management is responsible for supporting employees and managers who live up to these requirements.

The revision of Danisco's strategy in December 1997 was followed by seminars in the sectors where management groups were informed about its content, goals and means. Danisco continuously follows up on goals and action plans in its strategy process. In the spring of 1998, Danisco introduced share options and bonus schemes for a number of senior executives. Some 150 executives are covered by the schemes. In the future, Danisco will apply various types of bonus schemes in areas where this will promote value creation in the group.

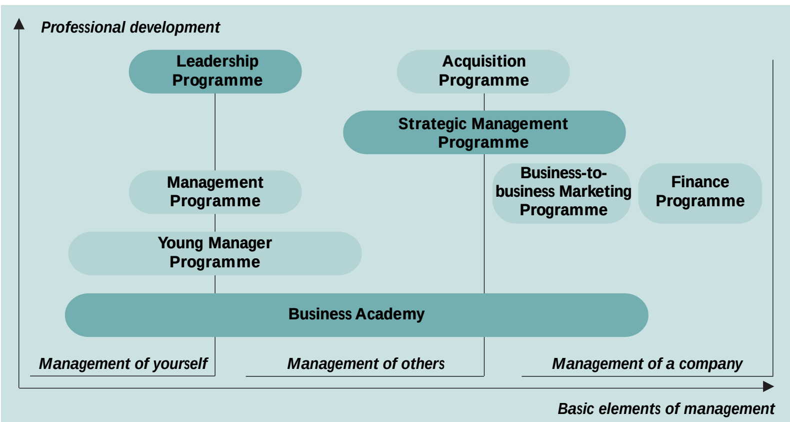
In order to strengthen the development of the strategy as well as people competencies, Danisco has drawn up policies for expatriation and internal recruitment in the group.

This accounting year, management competencies were again supported by central management development programmes. Some 150 managers at all levels participated in programmes of this type with a duration of four to forty-four days. All programmes have been developed in collaboration with experts from globally leading business schools. They are designed to underpin Danisco's strategy and are based on managers' day-to-day work and job functions.

Since 1991, around 800 managers at all levels have attended this type of in-house programmes. Moreover, managers participate in external management development programmes according to requirements.

Danisco's management development pragrammes are a central element in the continuous competence development.

The chart below shows how these programmes are interlinked:



Price development in 1998/99

The year saw brisk trading in Danisco's share. A total of 46,251,840 (47,066,736) Danisco shares were traded at a market value of DKK 17.5 billion making the share the seventh most traded on the Copenhagen Stock Exchange. Danisco accounts for 4.9 per cent of the KFX index which is composed of the 20 most traded shares listed on the Copenhagen Stock Exchange. The market value of the company's shares at the end of the accounting year at 30 April 1999 was DKK 18,852 million against DKK 25,480 million at 30 April 1998. At the beginning of the accounting year, the share price was DKK 426 and at year-end DKK 325 corresponding to a decrease of 24 per cent. Danisco represents two per cent of the market value of the Danish equity market and is the ninth largest company measured in these terms.

Shares

Danisco's shares are listed on the Copenhagen Stock Exchange. Danisco has only one class of shares and no shares have special rights. The shares are negotiable, may be freely transferred and are issued to bearer. As Danisco wishes to be able to provide investors with information about the company, the group invites shareholders to register in the company's Register of Shares. However, registration is not obligatory. The shares are traded in units of DKK 20. No shareholder can exercise, either by proxy or in his own right, voting rights for more than 7.5 per cent of the share capital.

Share capital

The share capital at 30 April 1999 consists of 58,221,779 shares amounting to a total of DKK 1,164,435,580.

Employee shares

Since the merger in 1989, shares have been issued and sold to employees as follows:

November 1990	146,075 shares
November 1994	204,409 shares
April 1997	343,556 shares

Employee shares represent some 0.77 per cent of the share capital.

Shareholders

At 30 April 1999, 32,923 shareholders were registered with the company representing around 69 per cent of the share capital.

The Labour Market Supplementary Pension Fund (ATP), Pensionsforsikringsanstalten A/S (PFA) and the Danish Employees' Capital Pension Fund (LD) have announced that they each own more than five per cent of the share capital. Investors outside Denmark are estimated to account for approx 15-20 per cent of the share capital and about 9 percentage points are registered.

Danisco's shareholders

ATP	14.3 %
Insurance companies, including PFA	14.0 %
Pension funds	13.6 %
Private investors, trusts and foundations	14.2 %
LD	5.3 %
Trade and industry	5.7 %
Investment units	1.0 %
Employee shares	0.8 %
Registered shareholders in total	68.9 %
Non-registered shareholders	31.1 %
Total	100.0 %

Dividends

The dividend is approved by the Annual General Meeting. At the coming AGM, the company will propose a dividend of DKK 6.00 (DKK 6.00) per share of DKK 20 corresponding to 30 (30) per cent of the share capital.

Dividends will be paid on 10 September 1999. Danisco does not pay interim dividends as this is illegal in Denmark.

Annual General Meeting

Danisco's Annual General Meeting will be held on Monday 6 September 1999 at 4:30pm. The venue is the Radisson SAS Scandinavia Hotel, Amager Boulevard 70, DK-2300 Copenhagen S.

In conjunction with the AGM, a shareholders' meeting will be held on a current topic of corporate concern. The topic this year is "The New Danisco".

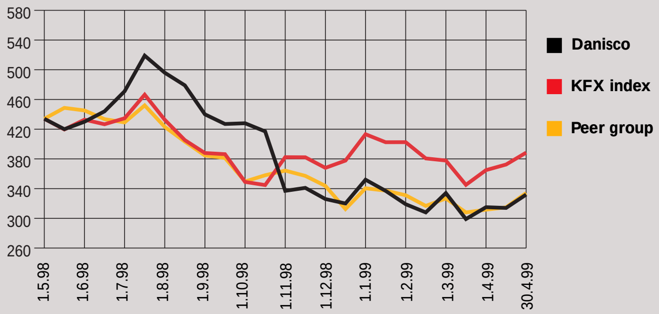
Investor enquiries

Shareholders, financial analysts, representatives of banks, brokerage firms and other interested parties should address enquiries about Danisco and its business to Danisco's Investor Relations service:

Investor Relations, Langebrogade 1, PO Box 17,
DK-1001Copenhagen K
Tel.: +45 3266 2000, Fax: +45 3266 2152
E-mail: investor@danisco.com

Enquiries concerning shareholdings should be addressed to the Shareholders' Secretariat at the same address.

Share price development, 1 May 1998 - 30 April 1999



The peer group consists of other listed European companies with EU sugar quotas.

LIST OF NOTICES TO THE COPENHAGEN STOCK EXCHANGE 1998/99

10	June	No.	5/1998	Date of announcement of full-year results 1997/98
17	June	No.	6/1998	New head of Group Finance at Danisco A/S
24	June	No.	7/1998	Danisco Sugar invests in Lithuania
24	June	No.	8/1998	Preliminary Statement of Results 1997/98
26	June	No.	9/1998	Danisco Sugar acquires platform in Poland
12	August	No.	10/1998	First field trial of sugar beets
1	September	No.	11/1998	AGM, Chairman's Report
1	September	No.	12/1998	AGM, resolutions and elections
28	September	No.	13/1998	Danisco Sugar's agreements in Poland in place
29	September	No.	14/1998	Acquisition of shares in Lithuanian sugar factories in place
8	October	No.	15/1998	Danisco acquires Beck Flavors
12	October	No.	16/1998	Buy-back of own shares as at 12 October 1998
21	October	No.	17/1998	Buy-back of own shares completed
30	October	No.	18/1998	Downward adjustment of expectations
26	November	No.	19/1998	Sale of shares in Better Brands Ltd. A/S and I.D. Nordic AB to UDV
17	December	No.	20/1998	Interim Statement for 1998/99
29	December	No.	21/1998	Acquisition of Wisby
12	January	No.	1/1999	Extraordinary General Meeting - capital reduction adopted
13	January	No.	2/1999	Organisational change at Danisco Flexible
27	January	No.	3/1999	Acquisition of March Packaging Group, UK
19	February	No.	4/1999	Offer for Sidlaw Plc
1	March	No.	5/1999	Danisco and Cultor to merge
24	March	No.	6/1999	Offer for Sidlaw Plc - unconditional as to acceptances
30	March	No.	7/1999	Tender Offer Document to Cultor's shareholders published
12	April	No.	8/1999	Offer for Sidlaw Plc - wholly unconditional
21	April	No.	9/1999	Holding of own shares
30	April	No.	10/1999	The merger of Danisco and Cultor

NOTICES TO THE COPENHAGEN STOCK EXCHANGE SENT AFTER YEAR-END

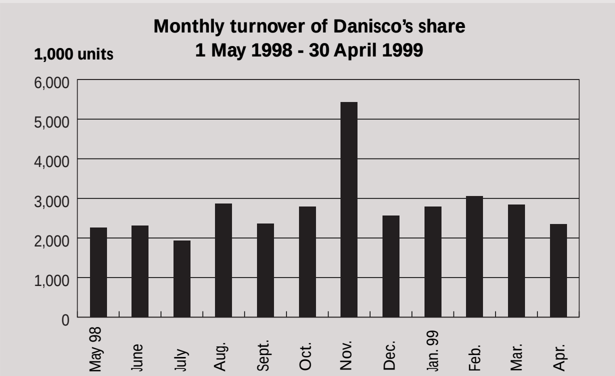
14	May	No.	11/1999	Danisco and Cultor: All authority approvals obtained
14	May	No.	12/1999	Merger between Danisco and Cultor in place
18	May	No.	13/1999	Danisco and Cultor: The final result of the Tender Offer
27	May	No.	14/1999	EC competition authorities inspect Danisco Sugar
9	June	No.	15/1999	Date of announcement of full-year results 1998/99
10	June	No.	16/1999	Changes to Danisco's Executive Board

FINANCIAL CALENDAR

Shareholders' meeting	6 September 1999
Annual General Meeting	6 September 1999
Dividend payment	10 September 1999

Expected announcement of financial results:

First half 1999/00	Mid-December 1999
Full year 1999/00	End-June 2000



STOCK-BROKING COMPANIES FOLLOWING DANISCO:

Denmark

Alfred Berg Bank, Aros Securities, BG Bank, Carnegie Danmark, Codan Bank, Den Danske Bank, Enskilda Securities, Gudme Raaschou Bankaktieselskab, Jyske Bank, Nykredit Bank, Svenska Handelsbanken, Sydbank

Outside Denmark

ABG Securities, B.T. Alex Brown, Cazenove & Co., Cheuvreux de Virieu, CdV Nordic, Christiania Markets, CS First Boston, Den norske Bank, Deutsche Morgan Grenfell, Goldman Sachs, J.P. Morgan, Kleinwort Benson Securities, Mees Pierson, Merrill Lynch, Morgan Stanley & Co., Paribas Capital Markets, SBC Warburg Dillon Read, Schroders Securities

Tax

Tax charged for the year amounted to DKK 424 million corresponding to an effective tax rate of 31 per cent equivalent to 1997/98. Tax costs were affected by a number of factors of which the most important are the reduction of the Danish corporation tax rate from 34 per cent to 32 per cent and obligatory tax pooling of certain financial companies.

The reduction of the corporation tax rate resulted in a one-off gain of DKK 62 million in respect of deferred tax. Tax costs in Denmark were DKK 136 million.

The effective tax rate is computed as tax charged for the year relative to profit on ordinary activities. Generally, goodwill amortisation is not tax-deductible, which will result in a higher effective tax rate in the coming years when goodwill amortisation will increase. The effective tax rate may thus be expected to exceed 40 per cent in the coming years. With Danisco's current income structure, tax charged relative to the sum of profit on ordinary activities and goodwill amortisation is expected to continue to be around 30 per cent (including provision for deferred tax).

Cash flow statement

The cash flow statement shows a cash inflow of DKK 1,992 million (DKK 2,008 million) from operating activities. Investing activities accounted for a net amount of DKK 3,435 million (DKK 1,831 million), of which DKK 2,268 million (DKK 758 million) was spent on acquisitions. The cash inflow from financing activities was DKK 1,686 million net (DKK -193 million) reflecting an increase in interest-bearing debt of DKK 2,906 million (DKK 108 million), buy-back of own shares for reduction of the share capital by DKK 859 million and dividends of DKK 361 (DKK 301 million).

Cash at hand and in bank rose by DKK 260 million (DKK -10 million) from DKK 816 million to DKK 1,076 million (DKK 826 million to DKK 816 million).

Financial risk management

Given the international scope of the group's business activities, Danisco's results and capital and reserves are affected by various financial risks, such as liquidity, interest rate and exchange risks.

It is Danisco's policy to manage liquidity and interest rate risks centrally, while exchange risk management and hedging are handled by the various divisions. The divisions' hedging transactions are made via Group Treasury which undertakes internal equalisation and external hedging of open positions.

Until 31 August 1998, Group Treasury's activities were handled by the wholly-owned Irish subsidiary Danisco Finance plc. As of 1 September 1998, this operation was transferred to Denmark to Danisco Group Finance, a group function under Danisco A/S which also includes Group Treasury.

Hedging via financial instruments at Danisco is regulated by instructions issued by the Board of Directors and the Executive Board. The instructions specify risk limits for Group Treasury, the types of financial instruments to be traded, transaction partners and reporting of actual positions compared with the fixed risk limits. Financial instruments are used for hedging commercial risks only, and where several types of financial instruments are available for hedging a specific position, simplicity is a decisive factor in the choice of financial instrument.

Liquidity risk

Danisco's funding is primarily handled by Group Treasury on the basis of the divisions' investing and operational liquidity requirements. The divisions' excess liquidity is equalised internally through inter-company accounts.

Local conditions may have the effect that subsidiaries' funding is not obtained through Group Treasury but directly from one or more of Danisco's principal bankers by agreement with Group Treasury.

Danisco's liquidity reserves consist of bank deposits as well as committed and uncommitted credit facilities with major financial institutions. To a lesser extent, liquidity reserves are in some periods placed in money market instruments or bonds.

Danisco's committed credit facilities are reserved mainly for funding acquisitions.

At 30 April 1999, the amounts and maturity structure of committed credit facilities were as follows (value expressed in DKK million):

Maturity	Amount	Utilised	Unutilised
1 May 1999 - 30 April 2000	17	17	0
1 May 2000 - 30 April 2001	1,568	17	1,551
1 May 2001 - 30 April 2002	892	9	883
1 May 2002 - 30 April 2003	1,152	1,152	0
1 May 2003 - 30 April 2004	1,655	1,655	0
In total	5,284	2,850	2,434

At the end of the accounting year, Danisco had obtained an underwriting commitment of EUR 1 billion from Deutsche Bank for the purchase of shares in Cultor Corporation. This facility had a maturity of three months, and on 18 May 1999, it was replaced by a syndicated loan of EUR 1 billion with a maturity of 364 days. The syndicate comprises nine banks. During the autumn of 1999, the issue of future long-term funding will be discussed allowing for proceeds from divestment of undertakings.

The current liquidity requirement and reserves are covered primarily by deposits and uncommitted credit facilities. Against the background of a continuous dialogue with financing sources, Danisco expects to be able to obtain necessary funding on ordinary market terms. Liquidity reserves, excluding unutilised committed credit facilities, amount to around DKK 4 billion.

Interest rate risk

Danisco's primary interest rate risk relates to interest-bearing debt, as the group had no substantial long-term interest-bearing assets at 30 April 1999.

According to the group's interest rate policy, Danisco primarily raises loans at the short end of the interest rate curve. The actual placement on the interest rate curve is decided on the basis of the inclination of the curve and the projected interest rate trend. In the 1998/99 accounting year, Danisco primarily raised loans at the short end of the interest rate curve (0-6 months), with the exception that in March 1999 Danisco obtained a fixed-interest loan of DKK 1 billion with a maturity of around 3.5 years.

The policy pursued implies that changes in interest rates will appear quickly in the profit and loss account. On the other hand, changes in interest rates will not lead to major changes in the present value of bank funding.

Funding is obtained at market rates with the addition of a margin reflecting Danisco's strength and positive results.

Danisco's bank funding is carried out in currencies which depend on the group's investments and activities. At 30 April 1999, Group Treasury's net bank funding was mainly distributed on the following currencies: GBP, EUR, DKK and USD, of which GBP and EUR accounted for around 40 per cent each.

At year-end, the six-month market rates were as follows:

Currency	Market rate
GBP	5.25
EUR	2.60
DKK	3.00
USD	5.00

Exchange risk

Exchange risks occur as a consequence of Danisco's international business operations.

Danisco pursues a policy of limiting the impact of exchange rate fluctuations on results and the group's financial position. The exchange risk is limited by having investments and operating costs in the relevant currencies and through active currency management via money market and forward exchange transactions.

Danisco A/S's investments in the form of capital and reserves in subsidiaries abroad are normally not hedged, as such are considered to be long-term investments, and it is assessed that hedging will not add value in the long term. This strategy remains unchanged in regard to Danisco's non-core businesses that will be divested. The funding of the Cultor Corporation acquisition undertaken after the end of the 1998/99 accounting year was obtained in euros.

The divisions are responsible for monitoring the currency positions that materialise as a result of commercial and financial transactions made in non-local currencies. Hedging transactions are made as either money market or forward exchange transactions which are normally contracted with Group Treasury.

Danisco's largest currency transaction exposure is in euros. The Danish krone is fluctuating within a very narrow band relative to the euro. The group's exchange risk has been reduced due to the launch of the euro, and currency management has become less complicated.

Apart from the euro exposure, Danisco's largest transaction exposures are in sterling and US dollars. Danisco's US dollar exposure is to a large degree offset by raw material and energy purchases fixed in US dollars, although payment is effected in other currencies.

Danisco concludes forward exchange contracts to hedge future transactions concerning purchase and sale of goods. It is not Danisco's policy to enter into forward contracts with maturities beyond 12 months, and gains and losses are booked as hedged transactions are realised.

The most important currencies in which Group Treasury has concluded forward exchange contracts to hedge against the group's exchange risk and its loans in foreign currency were as at 30 April 1999 (million):

	Currency	Equivalent DKK value
EUR	-121	-900
GBP	-247	-2,797
USD	-56	-389
NOK	-200	-179

The average term to maturity is 2.0 months.

Credit risk

Primary financial instruments include trade debtors, bank deposits and securities. The amounts of the mentioned balance sheet items are identical with the maximum credit risk.

Cash at bank and in hand is deposited with financial institutions with high ratings, and Danisco's trade debtors are distributed in such a manner that the group's credit risk is not considered extraordinary.

Danisco reduces the credit risk of derivatives, including forward exchange contracts, by dealing only with banks with high debtor ratings.

Price risk

Danisco's purchases and products, including sugar, raw materials, energy, etc., involve a commercial price-related risk.

It is Danisco's policy that long-term contracts with customers and suppliers should provide for the right of renegotiation in the event of major changes in raw material prices. Depending on the prevailing competitive conditions, such a clause may not always be possible.

As regards sugar, part of the projected sales related to the forthcoming sugar campaign is hedged via sugar futures. As for foods, Danisco aims to offset differences in long-term contracts for purchase and sale through partial hedging via commodity futures.

The price risk relating to Danisco is a normal commercial risk which attaches to a broad spectrum of products due to the group's diversified activities.

Copenhagen,
24 June 1999

Executive Board

Alf Duch-Pedersen	Søren Bjerre-Nielsen	Mogens Granborg
Henrik Jansdorf	Steen Weirsøe	
		/Bent Tjørnemark

Board of Directors

Hugo Schrøder	Erik B. Rasmussen	Bo Berggren
Per Gertsen	Peter Højland	Anders Knutsen
Jon Krabbe	Finn Larsen	Børge A. Pedersen

Auditors' report

We have audited the consolidated accounts and the annual accounts of Danisco A/S for 1998/99 as presented by the management.

Basis of opinion

We have planned and conducted our audit in accordance with generally accepted auditing standards to obtain reasonable assurance as to whether the accounts are free of material misstatement. Based on an evaluation of materiality and risk our audit has included an examination of evidence supporting the amounts and disclosures in the accounts. We have assessed the accounting policies applied and the estimates made by the management as well as evaluated the overall presentation of the accounts. Our audit has not given rise to qualifications.

Opinion

In our opinion the consolidated accounts and the annual accounts have been presented in accordance with the accounting provisions of Danish legislation and the International Accounting Standards (IAS) and give a true and fair view of the group's and the parent company's assets and liabilities, financial position and result.

Copenhagen,
24 June 1999

Auditors

Deloitte & Touche Statsautoriseret Revisionsaktieselskab	Ernst & Young Statsautoriseret Revisionsaktieselskab
Henning Møller H.P. Møller Christiansen	John Lundin Ole Neerup
State-authorised public accountants	State-authorised public accountants

BASIS OF PREPARATION

The accounts of the parent company and the consolidated accounts have been drawn up in accordance with the provisions of the Danish Company Accounts Act, International Accounting Standards and the requirements of the Copenhagen Stock Exchange relating to the presentation of accounts by listed companies.

In addition, the International Accounting Standards (IAS) adopted as from this accounting year as well as the following standards, the implementation of which is not yet required, have been applied: IAS 1 (revised 1997) Presentation of Financial Statements, IAS 14 (revised 1997) Segment Reporting, IAS 22 (revised 1998) Business Combinations, IAS 36 Impairment of Assets IAS 37 Provisions, Contingent Liabilities and Contingent Assets and IAS 38 Intangible Assets.

This means that the accounting policies for the following areas have been amended:

- Consolidated goodwill and goodwill are valued in compliance with IAS 22 (revised 1998)
- Own shares are accounted for as a reduction of capital and reserves under other reserves

The Annual Report is an integral part of the Annual Accounts.

Effects of change in policies for 1998/99

In conjunction with the introduction of IAS 22 (revised 1998), all acquisitions made after 1 January 1995 have been reviewed for the purpose of valuation of goodwill according to this standard. As a result, the effect on figures for previous years is considered immaterial, and comparative figures and key figures have therefore not been restated.

The effect of the change in policies for own shares is a reduction of capital and reserves of DKK 116 million as at 1 May 1998.

Basis of consolidation

The consolidated accounts include Danisco A/S (parent company) and all undertakings (subsidiary undertakings) in which the parent company, directly or indirectly, holds more than 50 per cent of the voting rights or otherwise has a controlling interest. Undertakings in which the group holds between 20 per cent and 50 per cent of the voting rights and has an important but not a controlling interest are regarded as associated undertakings. Page 63 provides an overview of the subsidiary undertakings of the group.

The group accounts consolidate the audited accounts of the parent company and the individual subsidiary undertakings, which have all been prepared in accordance with the group's accounting policies. Inter-company income and expenditure, shareholdings, balances and dividends, as well as unrealised inter-company profits and losses have been eliminated.

On the acquisition of new undertakings the purchase method is applied, according to which assets and liabilities of newly-acquired undertakings are restated at their fair value at the date of acquisition. Provision is made for obligations concerning declared restructuring in the acquired undertaking in connection with the acquisition. The related tax effect is taken into account. Any excess cost of acquisition over the computed net asset value is capitalised as goodwill or consolidated goodwill in the acquisition year and amortised systematically in the profit and loss account after an individual assessment of the estimated life of the asset up to a maximum of 20 years. In the acquisition year, amortisation is recorded for the consolidation period. Any negative goodwill related to future operating losses or costs is set off against goodwill or consolidated goodwill and recognised as income on a systematic basis over a maximum period of 20 years.

Where the real value of acquired assets or liabilities subsequently proves to differ from the computed values at the time of acquisition, goodwill is adjusted until the end of the accounting year following the year of acquisition if the new higher value does not exceed anticipated future income. All other adjustments are charged to the profit and loss account.

Newly-acquired subsidiary undertakings and associated undertakings are included in the consolidated accounts as from the date of acquisition.

On the winding up or disposal of subsidiary undertakings an undertaking's profit is included in the profit and loss account until the date of disposal. Any profit or loss is computed as the difference between the sales consideration and the carrying amount of the net asset at the time of disposal, including non-amortised goodwill and expected costs of disposal, and is stated in the profit and loss account.

Foreign currency translation

Transactions in foreign currencies (e.g. purchases/sales) are translated into local currency at monthly average rates of exchange or at forward rates. The monthly average rates of exchange are used for practical reasons, as these reflect approximately the rates of exchange at the date of transaction.

Any differences in exchange rates arising between the average monthly rate and the rate at the date of payment are stated in the profit and loss account as a financial item.

Debtors and creditors in foreign currencies are translated into local currency at the exchange rates ruling at the balance sheet date or in some cases at forward rates. The difference between the rate of exchange at the balance sheet date (or the forward rate as the case may be) and the rate of exchange at the time when the debtor or the creditor was incurred is included in the profit and loss account as a financial item.

Tangible fixed assets purchased in foreign currencies are translated into local currency at the rate of exchange at the date of transaction or at a forward rate, as the case may be.

The profit and loss accounts of independent foreign subsidiary undertakings are translated into Danish kroner at monthly average rates of exchange, and the balance sheets are translated at the exchange rates ruling at the balance sheet date. Exchange rate differences occurring on the translation of opening net investments of foreign subsidiary undertakings at the rates of exchange ruling at the balance sheet date are stated under capital and reserves. The same applies to the exchange rate differences following the translation of the profit and loss accounts from a monthly average rate of exchange to the exchange rate at the balance sheet date.

Exchange adjustments of accounts with foreign subsidiary undertakings which in reality are an adjustment to the capital and reserves of subsidiary undertakings as well as exchange differences concerning the hedging of capital and reserves of foreign subsidiary undertakings are taken to reserves.

With regard to foreign subsidiary undertakings which are an integral part of the parent company to the effect that each transaction made by a subsidiary undertaking affects the currency flow of the parent company, another method is employed which implies the translation of each transaction as though it was carried out in the parent company.

All present subsidiary undertakings are considered independent.

Government grants

Government grants include grants for research and development as well as investment grants, etc. Research and development grants are recorded in the profit and loss account on a systematic basis so that they match the related costs. Investment grants are set off against the cost of the assets subsidised.

Pensions

Obligations concerning defined benefit plans are computed on a systematic basis by actuarial discounting of the pension obligation and the operating costs of the period to their present values. Provision for the most recent actuarial valuation is made in the balance sheet. Fixed periodical pension contributions (defined contribution plans) are included in the profit and loss account. Changes in the provision for defined benefit plans are included in the profit and loss account for the period in which they arise.

PROFIT AND LOSS ACCOUNT

Net sales

Net sales comprise sales invoiced during the year less returned goods and discounts granted in connection with sales. Refunds received from the EU are included in net sales.

Cost of sales

Cost of sales includes costs incurred to achieve the net sales of the year. Cost of sales includes raw materials, consumables, direct labour and indirect production costs such as maintenance and depreciation of production plant and operations, as well as administration and factory management.

Research and development costs

Research and development costs include costs, salaries and depreciation directly or indirectly attributable to the research and development activities of the group. Research costs are charged to the profit and loss account in the year in which they are incurred.

The main part of the group's development costs is similarly charged to the profit and loss account in the year in which it is incurred as it has been defrayed to sustain earnings on a continuous basis.

Clearly defined and identifiable development projects in which the technical degree of exploitation, adequate resources and potential market or development possibility in the undertaking are recognisable and where it is the intention to produce, market or execute the project are capitalised when a correlation exists between the costs incurred and future benefits.

Distribution and sales costs

Distribution and sales costs comprise costs incurred on the distribution and sale of the products of the group, salaries for sales personnel, advertising and exhibition costs, depreciation, etc.

Administrative expenses

Administrative expenses comprise the expenses of the administrative staff and the management, including offices, salaries and depreciation, etc.

Other operating expenses

Other operating expenses comprise expenses of a secondary nature in relation to the activities of the group, including losses on the sale of intangible and tangible fixed assets.

Other operating income

Other operating income comprises income of a secondary nature in relation to the activities of the group, including government grants for research and development, profits on the sale of intangible and tangible fixed assets and rental income.

Amortisation of goodwill

Amortisation of goodwill includes amortisation for the year and writedowns, if any.

Restructuring in acquiring undertaking

Restructuring costs incurred in conjunction with acquisitions and related to the acquiring undertaking are provided for and recorded in the profit and loss account. In contrast, restructuring costs related to the acquired undertaking are included in the acquisition price.

Income from subsidiary undertakings and associated undertakings

The relevant proportion of each subsidiary undertaking's profit or loss less unrealised inter-company profits is recorded separately in the parent company's profit and loss account. The proportion of the subsidiary undertaking's tax is charged to current tax on the profit for the year.

The relevant proportion of each associated undertaking's profit or loss less the relevant proportion of inter-company profits is recorded in the profit and loss accounts of both the parent company and the group. Any proportion of extraordinary items is recorded separately, and the proportion of tax is charged to current tax on the profit for the year.

Financial items

Interest receivable and payable is included in the profit and loss account with the amounts relating to the accounting year. Borrowing costs are fully charged in the period in which they are incurred. Financial items also include financial costs incurred under finance leases and writedown of financial fixed assets as well as realised and unrealised capital gains and losses from exchange and price adjustments of financial instruments, investments and items in foreign currencies.

Premiums received or paid in respect of financial instruments are accrued as financial items.

Extraordinary items

Extraordinary items comprise income and expenditure deriving from non-recurring events or activities clearly falling outside the ordinary activities of the group.

Taxation

In Denmark Danisco A/S is taxed on a pooled basis with certain wholly-owned Danish and foreign subsidiary undertakings. The parent company provides for and pays the aggregate Danish tax on the taxable income of these undertakings, and provision for deferred tax for the Danish undertakings is made by the parent company. The undertakings subject to tax pooling are included in the Danish on-account tax scheme.

The expected tax on the taxable income for the year, adjusted for the change in provisions for deferred tax for the year, is charged to the profit and loss account. Withholding taxes relating to repatriation of dividends from foreign subsidiary undertakings are charged in the year in which the dividend is declared. The tax charged is recorded under tax on profit on ordinary activities and tax on extraordinary items.

Provision is made for deferred tax according to the balance sheet liability method in respect of all temporary differences between the tax base of an asset or liability and its carrying amount in the balance sheet. Furthermore, deferred tax is provided for reversal of tax benefits arising from losses in foreign undertakings that will crystallise as tax if they are sold or leave Danish tax pooling.

Provision is not made for taxation arising on any sale of shares of subsidiary undertakings if the shares are not expected to be sold within a short period.

The tax base of tax losses carried forward is included in the statement for deferred tax if the losses are likely to be utilised within a reasonable period.

Expected tax of deductible provisions affecting goodwill or consolidated goodwill is included in deferred tax.

Provision is not made for deferred tax of goodwill or consolidated goodwill unless the goodwill is tax-deductible.

In countries where deferred tax applies, it is provided at the estimated tax rate of each country. Changes in deferred tax due to changes in tax rates are charged to the profit and loss account.

BALANCE SHEET

Intangible fixed assets

Intangible fixed assets are valued at cost less accumulated depreciation and writedowns. Amortisation and depreciation are provided according to the straight-line method based on the estimated useful lives of the assets which are:

Goodwill and consolidated goodwill	up to 20 years
Development projects	3-5 years
Leasehold improvements	5-20 years
Patents, licences, trade marks and other rights	up to 20 years

Short-life assets and less valuable assets are charged to the profit and loss account in the year of acquisition.

The amortisation period of up to 20 years for goodwill and consolidated goodwill is determined on the basis of the management's experience within the group's business areas. In the opinion of the group's management, it reflects the best estimate for the useful lives of acquired undertakings.

The amortisation periods are assessed on a continuous basis, and goodwill and consolidated goodwill are written down in the profit and loss account in those cases where the book value exceeds the expected future net income from the undertaking or the assets to which the goodwill or the consolidated goodwill is incidental.

The accounting treatment on the sale of undertakings or assets to which goodwill is incidental is described under "Basis of consolidation".

The profit or loss on the sale of other intangible fixed assets is computed as the difference between the sales price less sales costs and the carrying amount at the time of sale and stated in the profit and loss account as other operating income or operating expenses, as the case may be.

Tangible fixed assets

Land and buildings are entered at purchase price or cost less accumulated depreciation and writedowns.

Plant and machinery and other fixtures, fittings, tools and equipment are stated at purchase price or at cost less accumulated depreciation and writedowns.

Writedown is made where the utility value of fixed tangible assets is considerably lower than the carrying amount. Writedowns are recorded in the profit and loss account.

Cost of tangible fixed assets includes costs of materials, components, sub-supplier services, direct labour and indirect production costs. Interest and other borrowing costs are not included.

Depreciation is provided according to the straight-line method over the estimated useful lives of the assets to expected residual value. The useful lives of major assets are fixed individually, while the lives of other assets are fixed in respect of groups of uniform assets. Estimated useful lives of the latter assets are:

Buildings	20-40 years
Plant and machinery	10-20 years
Fixtures, fittings, tools and equipment	3-7 years

Expenditure relating to repairs or maintenance of tangible fixed assets is included either as indirect production costs or directly in the profit and loss account.

Short-life assets, less valuable assets and minor expenditure for improvement are charged to the profit and loss account in the year of acquisition.

Profit or loss arising on the disposal or retirement of tangible fixed assets is computed as the difference between the sales price net of dismantling, disposal and reestablishment costs and the carrying amount, and included in the profit and loss account as other operating income or expenses.

Finance leases are recorded in the balance sheet at the lower of fair value and the present value of future lease rentals at the time of leasing. When computing the present value the interest rate implicit in the lease is applied as the discount rate or an approximated value for it. Finance leases are depreciated like the group's other tangible fixed assets.

The residual lease obligation is capitalised and recorded in the balance sheet under creditors and the interest on the lease rental is charged to the profit and loss account.

Writedown

The carrying value of intangible and tangible fixed assets is analysed in the preparation of the annual accounts. Where writedown is required the carrying value is written down to the higher of net realisable value and utility value.

Financial fixed assets

Participating interests in subsidiary undertakings are valued in the accounts of the parent company according to the equity method. This implies that participating interests are stated in the balance sheets at the relevant proportion of their net asset value, and that the parent company's share of the results is included in the profit and loss account less unrealised inter-company profits.

Subsidiary undertakings with a negative net asset value are recorded at zero and amounts owed by these subsidiary undertakings are written down by the parent company's share of the negative net asset value. Should the negative net asset value exceed the amounts owed, the remaining amount is recorded under provisions.

Participating interests in associated undertakings are also valued in the accounts of the parent company and the consolidated accounts according to the equity method less the relevant proportion of unrealised inter-company profits.

Under capital and reserves net revaluation of participating interests in subsidiary undertakings and associated undertakings is transferred to reserves for subsidiary undertakings according to the equity method to the extent the revaluation exceeds the dividend received from the undertakings.

The value of other investments and capital participation, mainly including mortgages and shares acquired for permanent ownership, is fixed at cost less writedowns due to permanent diminuation in value. Realised capital gains/losses and writedowns are recorded in the profit and loss account.

Other receivables include long-term lending and other long-term receivables.

Stocks

Stocks are valued on a first in first out basis at purchase price or at cost. Where the purchase price or cost exceeds the net realisable value, it is written down to the lower value.

Cost of sales includes raw materials, consumables, direct labour and indirect production costs, such as maintenance and depreciation of production plant and operations, as well as administration and factory management.

Any waste and shrinkage in excess of estimates as well as direct and indirect production costs related to idle production capacity are charged to the profit and loss account.

Obsolete items, including slow-moving items, are written down to net realisable value.

Debtors
Debtors are recorded after an individual assessment of potential risk.

Investments and capital participation
Investments and capital participation recorded under current assets mainly comprise listed bonds and shares which are stated at market price at the balance sheet date. Realised as well as unrealised gains and losses on securities are included in the profit and loss account.

Own shares
On the purchase or sale of own shares the purchase or sales consideration, as the case may be, is taken to reserves under other reserves.

Capital reduction through cancellation of own shares reduces the share capital by an amount equivalent to the par value of the shares.

Other provisions
Other provisions primarily relate to obligations concerning acquisitions and restructuring. Provision is made where an obligation rests on the group as a result of events in the accounting year or previous years, and where it is probable that meeting the obligation will involve use of the company's financial resources.

Other provisions made in connection with acquisitions include provisions related to the acquired company which had been resolved at the time of the acquisition at the latest and which are included in the computation of goodwill or consolidated goodwill.

Other provisions for restructuring comprise provisions related to the acquiring undertaking in connection with acquisitions, as well as provisions concerning resolutions on restructuring of existing business units. Such provisions are charged to the profit and loss account.

Financial instruments
Financial instruments used for hedging current assets and amounts falling due within one year are usually stated at market price at the balance sheet date.

With regard to forward exchange contracts entered into to hedge short-term debtors and creditors in foreign currencies, the forward rate of exchange is used for valuation of the hedged transactions and, therefore, forward exchange contracts are not stated as independent items.

Financial instruments to hedge interest of long-term financing are stated at purchase price.

Realised as well as unrealised gains and losses are recorded in the profit and loss account. However, the gains and losses from exchange and price adjustments of financial instruments contracted in order to hedge income and expenditure of future years are deferred until such income and expenditure are realised. Premiums received or paid on financial instruments are stated in the profit and loss account during their term.

The results of financial instruments contracted to hedge new capital investments are included in the cost of the investment.

CASH FLOW STATEMENT
The cash flow statement for the group, which is prepared according to the indirect method, shows the group's cash flows from operating activities, investing activities and financing activities as well as the group's cash position at the beginning and end of the year.

Cash flows from operating activities are computed as Danisco's share of the consolidated profit for the year adjusted for non-cash operating items, change in working capital and paid corporation tax.

Cash flows from investing activities comprise payments made on the purchase and disposal of undertakings and activities and the purchase and disposal of tangible and financial assets adjusted for changes in debtors concerning the items in question.

Cash flows from financing activities comprise changes in the size or structure of the group's share capital and incidental costs as well as loans, repayments of principals of interest-bearing debt and payment of dividends.

Cash comprises deposits with banks and investments with immaterial price exposure, whereas investments and capital participation recorded under current assets in the balance sheet are not regarded as cash, in that these have longer terms and thus represent price exposure.

INFORMATION BY SEGMENT
Information by segment is provided on sectors and geographic markets. Information by segment follows the group's accounting policies and internal financial management.

Fixed assets are defined as intangible and tangible fixed assets.

Current assets are defined as stocks, trade debtors, other debtors, prepayments and accrued income.

Non-interest bearing debt is defined as provisions for pensions and similar liabilities, other provisions, trade creditors, other debts and accruals.

Invested capital is defined as the sum of fixed assets and current assets less non-interest bearing debt.

Cash flow comprises operating and investing activities.

PARENT COMPANY 1997/98	PARENT COMPANY 1998/99	NOTE	DKK MILLION	GROUP 1997/98	GROUP 1998/99
9,322	9,211	1	Net sales	18,802	19,219
6,932	6,921	2-3	Cost of sales	13,438	13,850
2,390	2,290		Gross profit	5,364	5,369
285	283	2-3	Research and development costs	361	378
843	883	2-3	Distribution and sales costs	1,902	1,937
543	572	2-4	Administrative expenses	1,121	1,166
28	20		Other operating expenses	44	51
169	230		Other operating income	222	296
860	762		Operating profit before amotisation of goodwill, etc.	2,158	2,133
76	68	3	Amortisation of goodwill	203	203
-	326	16	Restructuring in acquiring undertaking	-	343
784	368		Operating profit	1,955	1,587
1,009	955	5	Income from participating interests in subsidiary undertakings	-	-
3	3		Income from associated undertakings	3	3
27	15	6	Income from other investments and capital participation	27	15
114	315	7	Interest receivable and similar income	136	134
157	305	8	Interest payable and similar charges	336	379
1,780	1,351		Profit on ordinary activities before tax	1,785	1,360
573	483	9	Tax on profit on ordinary activities	575	512
-13	-59	9	Adjustment of tax for previous years	-15	-88
1,220	927		Consolidated profit for the year	1,225	936
-	-		Profit attributable to minority interests	5	9
1,220	927		Danisco´s share of the consolidated profit	1,220	927
			Earnings per share (EPS) DKK	20.35	15.83
			Proposed appropriation of profit for the year:		
			Dividend DKK 6.00 per share	361	348
			Rerserves	859	579
				1,220	927

PARENT COMPANY 30 APRIL 1998	PARENT COMPANY 30 APRIL 1999	NOTE	ASSETS DKK MILLION	GROUP 30 APRIL 1998	GROUP 30 APRIL 1999
			FIXED ASSETS		
			Intangible fixed assets		
764	695	10	Goodwill	2,524	3,526
36	116	10	Other intangible fixed assets	48	335
800	811		Total	2,572	3,861
			Tangible fixed assets		
1,569	1,546	10	Land and buildings	3,436	3,812
2,218	2,220	10	Plant and machinery	5,583	6,464
223	256	10	Fixtures, fittings, tools and equipment	395	458
		10	Prepayment for tangible fixed assets		
304	377		and assets under construction	699	585
-	-	10	Leased equipment and plant	31	18
4,314	4,399		Total	10,144	11,337
			Financial fixed assets		
6,023	7,604	11	Participating interests in subsidiary undertakings	-	-
30	26	11	Loans to subsidiary undertakings	-	-
4	4	11	Participating interests in associated undertakings	4	4
5	2	11	Other investments and capital participation	6	7
2	59		Other receivables	6	63
6,064	7,695		Total	16	74
11,178	12,905		Fixed assets total	12,732	15,272
			CURRENT ASSETS		
			Stocks		
497	456	12	Raw materials and consumables	969	998
114	94	12	Work in progress	225	227
1,787	1,637	12	Finished goods and goods for resale	3,398	3,619
6	4	12	Prepayments for goods	62	53
2,404	2,191		Total	4,654	4,897
			Debtors		
923	1,018	13	Trade debtors	2,786	3,382
1,732	6,529		Amounts owed by subsidiary undertakings	-	-
431	574		Other debtors	571	793
34	19		Prepayments and accrued income	93	99
3,120	8,140		Total	3,450	4,274
79	89		Investments and capital participation	80	95
385	425		Cash at bank and in hand	816	1,076
5,988	10,845		Current assets total	9,000	10,342
17,166	23,750		Assets total	21,732	25,614

PARENT COMPANY			LIABILITIES	GROUP	
30 APRIL 1998	**30 APRIL 1999**	NOTE	DKK MILLION	30 APRIL 1998	**30 APRIL 1999**
			CAPITAL AND RESERVES		
1,202	1,164		Share capital	1,202	1,164
1,404	-		Share premium account	1,404	-
606	234		Undistributed profit in subsidiary undertakings according to the equity method	-	-
8,961	10,519		Other reserves	9,567	10,753
12,173	11,917		Capital and reserves total	12,173	11,917
-	-		Minority interests	10	95
			PROVISIONS		
-	-	2	Provisions for pension and similar liabilities	239	287
1,092	1,046	15	Provisions for deferred tax	1,548	1,558
165	455	16	Other provisions	431	740
1,257	1,501		Provisions total	2,218	2,585
			CREDITORS		
			Amounts falling due after more than one year		
299	265	17	Mortgage debts	317	275
-	2,680	17	Bank debts	104	2,833
55	40	17	Other creditors	111	119
354	2,985		Total	532	3,227
			Amounts falling due within one year		
72	73		Mortgage debts	75	75
45	2,871		Bank debts	3,056	3,538
22	34		Other creditors	61	94
513	547		Trade creditors	1,231	1,596
-	-		Capitalised lease obligations	33	49
1,318	2,375		Amounts owed to subsidiary undertakings	-	-
-	-	18	Corporation tax	64	38
1,049	1,094	19	Other debts	1,890	1,968
2	5		Accruals	28	84
361	348		Dividend for the accounting year	361	348
3,382	7,347		Total	6,799	7,790
3,736	10,332		Amounts owed to creditors total	7,331	11,017
17,166	23,750		Liabilities total	21,732	25,614
		10	Security and pledge		
		20	Contingent liabilities		
		21	Financial instruments		
		22	Related parties		
		23	Government grants		

PARENT COMPANY

DKK million	Share capital	Share premium account	Reserve for own shares	Reserve acc. to equity method	Other reserves	Capital and reserves total
Balance at 1 May 1997	1,202	1,404	52	486	8,134	11,278
Profit for the year				668	552	1,220
Dividend paid					-361	-361
Reserve for own shares			64		-64	
Exchange adjustments and other adjustments concerning subsidiary undertakings				125	27	152
Merged companies				-19	19	
Dividend paid from subsidiary undertakings				-654	654	
Balance at 1 May 1998	1,202	1,404	116	606	8,961	12,289
Changed accounting policy			-116			-116
Restated balance at 1 May 1998	1,202	1,404		606	8,961	12,173
Profit for the year				661	266	927
Dividend set aside					-348	-348
Share premium account transferred to distributable reserves		-1,404			1,404	
Writedown of share capital on purchase of own shares	-38				-821	-859
Purchase of own shares *)					-132	-132
Sale of own shares *)					158	158
Exchange adjustments				57	-60	-3
Other adjustments of capital and reserves				-7	8	1
Dividend paid from subsidiary undertakings				-1,083	1,083	
Balance at 30 April 1999	1,164			234	10,519	11,917

GROUP

DKK million	Share capital	Share premium account	Reserve for own shares	Other reserves	Capital and reserves total
Balance at 1 May 1997	1,202	1,404	52	8,620	11,278
Profit for the year				1,220	1,220
Dividend paid				-361	-361
Reserve for own shares			64	-64	
Exchange adjustments and other adjustments				152	152
Balance at 1 May 1998	1,202	1,404	116	9,567	12,289
Changed accounting policy			-116		-116
Restated balance at 1 May 1998	1,202	1,404		9,567	12,173
Profit for the year				927	927
Dividend set aside				-348	-348
Share premium account transferred to distributable reserves		-1,404		1,404	
Writedown of share capital on purchase of own shares	-38			-821	-859
Purchase of own shares *)				-132	-132
Sale of own shares *)				158	158
Exchange adjustments				-3	-3
Other adjustments of capital and reserves				1	1
Balance at 30 April 1999	1,164			10,753	11,917

The share capital of DKK 1,164,435,580 is made up of 58,221,779 shares of DKK 20 each.

*) *Note 14*

NOTE	DKK MILLION	GROUP 1997/98	GROUP 1998/99
	Cash flow from operating activities		
	Profit for the year	1,220	927
24	Adjustments	1,857	1,934
25	Change in working capital	-445	-240
	Cash flow from operating activities before financial items	2,632	2,621
	Income from other investments and capital participation	3	8
	Interest receivable and similar income	148	104
	Interest payable and similar charges	-350	-341
	Interest payment, net	-199	-229
	Cash flow from ordinary activities	2,433	2,392
18	Corporation tax paid	-425	-400
	Cash flow from operating activities	2,008	1,992
	Cash flow from investing activities		
26	Purchase of undertakings and activities	-758	-2,268
26	Sale of undertakings and activities	-	110
27	Purchase of tangible fixed assets	-1,404	-1,174
27	Sale of tangible fixed assets, etc.	103	105
	Purchase of intangible fixed assets, net	-45	-176
	Sale of financial assets	437	174
	Purchase of financial assets	-164	-206
	Cash flow from investing activities	-1,831	-3,435
	Net cash outflow/inflow from operating and investing activities	177	-1,443
	Cash flow from financing activities		
28	Change in interest-bearing debt	108	2,906
	Buy-back of own shares	-	-859
	Dividend paid	-301	-361
	Cash flow from financing activities	-193	1,686
	Decrease/increase in cash and cash equivalents	-16	243
29	Cash at 1 May 1998	832	833
	Cash at 30 April 1999	816	1,076

Cash at 30 April 1999 corresponds to cash deposits with banks, etc. Signs in front of figures reflect the figures' impact on the group´s cash flow.

PARENT COMPANY 1997/98	PARENT COMPANY 1998/99	NOTE	DKK MILLION	GROUP 1997/98	GROUP 1998/99
		1.	**NET SALES**		
			Distribution on business sectors:		
1,818	1,841		Ingredients Sector	3,375	3,645
3,472	3,476		Sugar Sector	6,467	6,581
2,440	2,255		Packaging Sector	5,657	5,684
1,791	1,823		Food & Beverage Sector	3,445	3,427
-199	-184		Elimination of inter-sector net sales	-142	-118
9,322	9,211		Total	18,802	19,219
			Distribution on markets:		
4,362	4,146		Denmark	4,642	4,469
2,550	2,538		Other EU countries	9,750	9,839
1,083	1,042		Rest of western Europe	1,216	1,208
518	694		Eastern Europe	810	1,030
185	208		North America	923	1,010
134	154		Latin America	547	566
490	429		Rest of the world	914	1,097
9,322	9,211		Total	18,802	19,219
4,960	5,065		Net sales by foreign markets total	14,160	14,750
53.2%	55.0%		corresponding to	75.3%	76.7%
		2.	**STAFF COSTS**		
2	2		Directors' fees	-	-
15	15		Remuneration to management	-	-
1,691	1,711		Wages and salaries	3,155	3,307
121	115		Pension costs, social security costs, etc.	491	481
1,829	1,843		Total	3,646	3,788
6,128	6,166		Average number of employees	13,732	15,413
6,171	6,032		Number of employees at 30 April 1999	13,731	15,939

SHARE OPTIONS

The Executive Board and a number of senior executives were offered an option total of 133,513 shares from the company´s own holding at a price of DKK 471 in three six-week periods between the announcement of the preliminary statement for the 1999/00 accounting year and 1 February 2001. The company´s obligation at the end of the accounting year amounts to DKK 0 million.

A bonus agreement has been made with a number of other employees.

Provisions for these obligations are made on a continuous basis.

PARENT COMPANY				GROUP	
1997/98	1998/99	NOTE	DKK MILLION	1997/98	1998/99

PENSION SCHEMES

The pension obligations of Danish undertakings are covered through insurance. Certain foreign companies are also covered through insurance. Foreign undertakings that are not or only partially covered through insurance (defined benefit plans) compute their non-insurance pension obligations at the actuarial present value at the balance sheet date. These pension schemes are covered in funds, and in addition DKK 287 million has been provided by Danisco taking into account assets linked to the schemes.

The costs of statutory and insurance covered schemes charged in the period (defined contribution plans) amounted to DKK 133 million (1997/98 DKK 138 million). Of this DKK 33 million (1997/98 DKK 44 million) concerned hourly-paid employees. Defined contribution plans cover on average 7,041 employees (1997/98 7,960) of whom 3,547 are hourly-paid (1997/98 4,549).

The costs of non-insurance covered schemes charged in the period (defined benefit plans) amounted to DKK 56 million (1997/98 DKK 106 million). Of this DKK 26 million (1997/98 DKK 58 million) concerned hourly-paid employees. Defined benefit plans cover on average 3,545 employees (1997/98 3,120) of whom 2,047 are hourly-paid (1997/98 1,822).

In total 10,586 of Danisco´s employees are covered by a pension scheme.

Parent 1997/98	Parent 1998/99	Note	DKK million	Group 1997/98	Group 1998/99
		3.	***DEPRECIATION***		
			Depreciation for the year included in the costs below:		
358	315		Cost of sales	784	753
16	15		Research and development costs	22	24
17	18		Distribution and sales costs	39	49
52	70		Administrative expenses	83	109
76	68		Amortisation of goodwill	203	203
519	486		Total	1,131	1,138
		4.	***FEE FOR AUDITORS ELECTED BY THE ANNUAL GENERAL MEETING***		
			Deloitte & Touche:		
5	5		Audit fee	13	15
4	5		Other fees	10	11
			Ernst & Young:		
2	1		Audit fee	2	2
2	2		Other fees	2	2
		5.	***INCOME FROM PARTICIPATING INTERESTS IN SUBSIDIARY UNDERTAKINGS***		
1,213	1,143		Profits in subsidiary undertakings before taxation	-	-
204	188		Losses in subsidiary undertakings before taxation	-	-
1,009	955		Total	-	-
		6.	***INCOME FROM OTHER INVESTMENTS AND CAPITAL PARTICIPATION***		
3	1		Share dividend	3	1
9	7		Realised price adjustment of shares	10	7
14	7		Unrealised price adjustment of shares	14	7
1	-		Realised price adjustment of bonds	-9	-
-	-		Interest income on bonds	9	-
27	15		Total	27	15

PARENT COMPANY 1997/98	PARENT COMPANY 1998/99	NOTE	DKK MILLION	GROUP 1997/98	GROUP 1998/99
		7.	**INTEREST RECEIVABLE AND SIMILAR INCOME**		
			Interest receivable from:		
55	246		Financial accounts with subsidiary undertakings	-	-
19	38		Bank deposits	52	70
31	8		Other receivables	51	30
-	3		Unrealised profit on financial instruments	6	5
1	-		Realised profit on financial instruments	1	-
5	16		Unrealised exchange gains on currency	5	11
3	4		Realised exchange gains on currency	21	18
114	315		Total	136	134
		8.	**INTEREST PAYABLE AND SIMILAR CHARGES**		
			Interest payable:		
78	90		Financial accounts with subsidiary undertakings	-	-
39	33		Mortgage debts	43	37
25	129		Bank debts and similar capital procurement	222	240
-	10		Unrealised loss on financial instruments	2	12
-	23		Realised loss on financial instruments	52	48
11	10		Unrealised exchange loss on currency	11	12
4	10		Realised exchange loss on currency	6	30
157	305		Total	336	379
		9.	**TAX**		
235	157		Current tax on the profit for the year	443	364
20	-30		Change in deferred tax on the profit for the year	94	91
13	-		Other taxes, exchange adjustment, etc.	38	-5
-13	3		Adjustment concerning previous years	-15	-26
305	294		Tax in subsidiary undertakings not subject to tax pooling	-	-
560	424		Total	560	424
			The tax may be divided into:		
573	483		Tax on profit on ordinary activities	575	512
			Adjustment of deferred tax for previous years		
-	-62		due to change in Danish corporation tax rate	-	-62
-13	3		Adjustment of tax for previous years	-15	-26
560	424		Total	560	424
			APPLICABLE TAX RATE		
			Danish corporation tax rate	34%	32%
			Effect of difference in tax rate		
			compared with 32% (1997/98 34%)	-1%	1%
			Non-taxable income and non-deductible expenses	2%	1%
			Non-deductible goodwill amortisation	4%	5%
			Utilisation of non-activated tax losses	-6%	-1%
			Effect of changed Danish corporation tax rate	-	-4%
			Other, incl. adjustment concerning previous years	-2%	-3%
			Effective tax rate	31%	31%

PARENT COMPANY

10. INTANGIBLE FIXED ASSETS

DKK million	Goodwill	Other intangible fixed assets	Intangible fixed assets total
Cost at 1 May 1998	1,390	52	1,442
Additions during the year	-	87	87
Disposals due to sale of activities	-	-	-
Disposals during the year	-	-	-
Carried forward to/from other items	-	-	-
Total	1,390	139	1,529
Depreciation and writedowns at 1 May 1998	626	16	642
Disposals due to sale of activities	-	-	-
Depreciation for disposals of the year	-	-	-
Depreciation for the year	68	8	76
Writedowns for the year, etc.	1	-1	-
Total	695	23	718
Book value at 30 April 1999	695	116	811

10. TANGIBLE FIXED ASSETS

DKK million	Land and buildings	Plant and machinery	Fixtures fittings, tools and equipment	Prepaym. and assets under construction	Tangible fixed assets total
Cost at 1 May 1998	2,694	4,990	830	304	8,818
Additions during the year	73	230	127	113	543
Disposals due to sale of activities	-7	-5	-1	-	-13
Disposals during the year	-24	-65	-100	-21	-210
Carried forward to/from other items	4	12	3	-19	-
Total	2,740	5,162	859	377	9,138
Depreciation and writedowns at 1 May 1998	1,125	2,772	607	-	4,504
Disposals due to sale of activities	-2	-5	-1	-	-8
Depreciation for disposals of the year	-20	-59	-88	-	-167
Depreciation for the year	91	234	85	-	410
Writedowns for the year, etc.	-	-	-	-	-
Total	1,194	2,942	603	-	4,739
Book value at 30 April 1999	1,546	2,220	256	377	4,399

	1997/98	***1998/99***
Contractual obligations	47	46
Mortgages	512	342
Book value of pledged assets	650	658
Danish property at latest official valuation	1,694	1,583

GROUP

10. INTANGIBLE FIXED ASSETS

DKK million	Goodwill	Other intangible fixed assets	Intangible fixed assets total
Cost at 1 May 1998	3,855	65	3,920
Exchange adjustment of opening value, etc.	12	11	23
Additions due to new activities	1,191	122	1,313
Additions during the year	-	176	176
Disposals due to sale of activities	-131	-	-131
Disposals during the year	-	-	-
Carried forward to/from other items	-	-	-
Total	4,927	374	5,301
Depreciation and writedowns at 1 May 1998	1,331	17	1,348
Exchange adjustment of opening value, etc.	-9	-	-9
Disposals due to sale of activities	-125	-	-125
Depreciation for disposals of the year	-	-	-
Depreciation for the year	203	23	226
Writedowns for the year, etc.	1	-1	-
Total	1,401	39	1,440
Book value at 30 April 1999	3,526	335	3,861

10. TANGIBLE FIXED ASSETS

DKK million	Land and buildings	Plant and machinery	Fixtures fittings, tools and equipment	Prepaym. and assets under construction	Leased equipment and plant	Tangible fixed assets total
Cost at 1 May 1998	5,075	10,325	1,187	699	48	17,334
Exchange adjustment of opening value, etc.	-17	-53	-3	-3	-	-76
Additions due to new activities	374	747	23	12	-	1,156
Additions during the year	167	577	206	222	2	1,174
Disposals due to sale of activities	-47	-18	-15	-	-	-80
Disposals during the year	-54	-147	-168	-21	-31	-421
Carried forward to/from other items	130	201	-7	-324	-	-
Total	5,628	11,632	1,223	585	19	19,087
Depreciation and writedowns at 1 May 1998	1,639	4,742	792	-	17	7,190
Exchange adjustment of opening value, etc.	-4	-20	-2	-	-	-26
Disposals due to sale of activities	-16	-16	-9	-	-	-41
Depreciation for disposals of the year	-37	-136	-156	-	-31	-360
Depreciation for the year	179	580	140	-	13	912
Writedowns for the year, etc.	55	18	-	-	2	75
Total	1,816	5,168	765	-	1	7,750
Book value at 30 April 1999	3,812	6,464	458	585	18	11,337

	1997/98	***1998/99***
Contractual obligations	47	46
Mortgages	537	362
Book value of pledged assets	668	658
Property abroad	1,500	1,625
Danish property at latest official valuation	1,947	1,812

PARENT COMPANY	GROUP

11. FINANCIAL FIXED ASSETS (Parent company)

DKK million	Participating interest in subsidiary undertakings	Loans to subsidiary undertakings	Participating interest in associated undertakings	Other invetsments and capital participation
Cost				
at 1 May 1998	5,505	30	1	5
Additions due to new activities	1,683	-	-	-
Additions during the year	971	1	-	1
Disposals during the year	-789	-2	-	-1
Total	7,370	29	1	5
Changes				
at 1 May 1998	518	-	3	-
Profit for the year	661	-	3	-3
Dividend paid and declared	-1,083	-	-2	-
Exchange adjustments	57	-	-	-
Other	81	-3	-1	-
Total	234	-3	3	-3
Book value at 30 April 1999	7,604	26	4	2

11. FINANCIAL FIXED ASSETS (Group)

DKK million	Participating interest in associated undertakings	Other invetsments and capital participation
Cost		
at 1 May 1998	1	7
Additions due to new activities	-	-
Additions during the year	-	5
Disposals during the year	-	-1
Total	1	11
Changes		
at 1 May 1998	3	-1
Profit for the year	3	-3
Dividend paid and declared	-2	-
Exchange adjustments	-	-
Other	-1	-
Total	3	-4
Book value at 30 April 1999	4	7

11. PARTICIPATING INTERESTS IN ASSOCIATED UNDERTAKINGS

Undertaking	Capital and reserves 100%	Profit for the accounting year 100%	Share of capital	Parent company book value	Group book value
Sejet Planteforædling I/S	17	10	25%	4	4

PARENT COMPANY				GROUP	
30 APRIL 1998	30 APRIL 1999	NOTE	DKK MILLION	30 APRIL 1998	30 APRIL 1999

12. STOCKS

Stocks are recorded at DKK 4,897 million (1997/98 DKK 4,654 million) in the group. Stocks included at net realisable value are only recorded to a negligible extent and the group has not pledged stocks as security for debt.

13. TRADE DEBTORS

All debtors are expected to be paid within one year.

Parent 30 April 1998	Parent 30 April 1999		Group 30 April 1998	Group 30 April 1999
923	1,018	Trade debtors	2,786	3,382
923	1,018	Total	2,786	3,382

14. OWN SHARES

	Number	Nominal value (DKK 1,000)	% of share capital
Holding at 1 May 1998	297,396	5,948	0.49%
Purchase	2,294,829	45,897	3.82%
Sale	-488,696	-9,774	-0.81%
Reduction of share capital	-1,888,529	-37,771	-3.14%
Holding at 30 April 1999	215,000	4,300	0.37%

Market value of own shares at 30 April 1999 amounts to DKK 70 million. The purchase amount for own shares purchased to reduce the share capital amounts to DKK 859 million. For other own shares the purchase amount was DKK 132 million and the sales amount DKK 158 million.

The group has sold own shares in connection with acquisitions and purchased own shares with a view to enhancing financial flexibility in connection with future acquisitions.

The holding includes 133,513 shares which cover the obligation incurred under the option agreement with the Executive Board and a number of senior executives.

15. PROVISIONS FOR DEFERRED TAX

Parent 30 April 1998	Parent 30 April 1999		Group 30 April 1998	Group 30 April 1999
1,085	1,092	Deferred tax at 1 May 1998	1,431	1,548
-13	-16	Adjustment for deferred tax 1 May 1998	12	-52
1,072	1,076	Adjusted deferred tax 1 May 1998	1,443	1,496
-	-	Tax concerning new/sold members of the group and other adjustments	11	-29
-	-62	Adjustment due to change in Danish corporation tax rate	-	-62
20	32	Change in deferred tax concerning the profit for the year	94	153
1,092	1,046	Balance at 30 April 1999	1,548	1,558

PARENT COMPANY				GROUP	
30 APRIL 1998	**30 APRIL 1999**	NOTE	DKK MILLION	30 APRIL 1998	**30 APRIL 1999**

15. ...CONTINUED

Specification of deferred tax 30 April 1999	Deferred tax, assets	Deferred tax, liabilities	Deferred tax, net
Intangible fixed assets	9	37	28
Tangible fixed assets	76	1,414	1,338
Financial fixed assets	-	2	2
Current assets	57	164	107
Amounts falling due within one year	76	71	-5
Amounts falling due after more than one year	55	195	140
Tax losses carried forward, net	100	-	-100
Non-capitalised tax assets in the balance sheet items	-48	-	48
Tax assets / liabilities	325	1,883	1,558
Offset between legal entities and jurisdictions	-280	-280	-
Deferred tax at 30 April 1999	45	1,603	1,558
Deferred tax at 30 April 1998 amounted to	70	1,618	1,548

The tax base of non-capitalised tax losses carried forward amounts to DKK 190 million (1997/98 DKK 195 million). Around 70% of this will be either used or lost within the next five years. Deferred tax on investments in subsidiaries not recorded as a liability amounts to DKK 108 million (1997/98 DKK 187 million).

16. OTHER PROVISIONS

Parent company: Other provisions total		Acquisitions	Restructuring	Other	Other provisions total
165	Other provisions at 1 May 1998	118	-	313	431
-	Exchange adjustment of opening value	-	-	-7	-7
364	Provisions for the year	128	343	53	524
-56	Provisions spent during the year	-51	-12	-104	-167
-18	Reversed provisions concerning previous periods	-	-	-41	-41
455	Other provisions at 30 April 1999	195	331	214	740
211	Provisions falling due within one year	118	168	117	403
244	Provisions falling due after one year	77	163	97	337

17. MORTGAGE DEBTS, BANK DEBTS AND OTHER CREDITORS

Parent 30 April 1998	Parent 30 April 1999		Group 30 April 1998	Group 30 April 1999
225	200	Mortgage debts falling due after five years	233	201
-	-	Bank debts falling due after five years	-	53
16	14	Other creditors falling due after five years	22	44

18. CORPORATION TAX

Parent 30 April 1998	Parent 30 April 1999		Group 30 April 1998	Group 30 April 1999
-28	-60	Tax owing at 1 May 1998	55	64
-	19	Adjustments concerning previous years	-9	11
-	-	Tax concerning new/sold members of the group	-	-1
235	157	Current tax on profit for the year	443	364
-267	-194	Tax paid during the year	-425	-400
-60	-78	Balance at 30 April 1999	64	38

Tax receivable in the parent company has been recognised as other receivables in the balance sheet

PARENT COMPANY 30 APRIL 1998	30 APRIL 1999	NOTE	DKK MILLION	GROUP 30 APRIL 1998	30 APRIL 1999
		19.	**OTHER DEBTS**		
229	247		Production and absorption levies owing for sugar	412	425
160	221		Amounts owing concerning staff (wages, salaries, holiday pay, etc.)	459	457
310	316		VAT and other duties owing	570	471
350	310		Other items	449	615
1,049	1,094		Total	1,890	1,968
		20.	**CONTINGENT LIABILITIES**		
289	225		Guarantees and other financial commitments	396	482

Certain claims have been raised against Danisco, and Danisco is aware that a case is pending with the Danish customs and tax authorities concerning a possible claim for payment of levies for previous years in respect of sales of pure alcohol to the Ukraine. In the opinion of the management, the outcome of these proceedings will not materially affect the financial position of the group.

21. FINANCIAL INSTRUMENTS

Danisco uses forward contracts, forward rate agreements (FRA) and interest rate swaps for managing interest rate and exchange risks.

At 30 April 1999, there were forward contracts in EUR (DKK 900 million), USD (DKK 389 million), GBP (DKK 2,797 million) and NOK (DKK 179 million). The total contract amounts were DKK 4,313 million, market value was DKK 4,291 million. The average remaining terms are 2.0 months.

At 30 April 1999, there were no forward rate agreements and interest rate swaps.

22. RELATED PARTIES

The Danisco group has had no transactions with related parties in the accounting year.

23. GOVERNMENT GRANTS

In this accounting year, Danisco received government grants for research and development of DKK 10 million (1997/98 DKK 9 million) and for investments of DKK 8 million (1997/98 DKK 16 million).

NOTE	DKK MILLION	GROUP 1997/98	GROUP 1998/99
24.	**ADJUSTMENTS**		
	Depreciation for the year	1,131	1,138
	Writedowns for the year included in the profit and loss account	-	26
	Profit on sale of undertakings and activities	-	-89
	Profit/loss on disposal of tangible fixed assets	75	-44
	Income from associated undertakings	-3	-3
	Income from other investments and capital participation, etc.	-27	-15
	Interest receivable and similar income	-136	-134
	Interest payable and similar charges	336	379
	Provisions for pension and similar liabilities and other provisions	-106	230
	Tax on profit for the year	560	424
	Change in non-financial prepayments and accruals, etc.	27	22
	Total	1,857	1,934
25.	**CHANGE IN WORKING CAPITAL**		
	Change in stocks	-218	25
	Change in debtors	106	-318
	Change in trade creditors, etc.	-333	53
	Total	-445	-240
26.	**PURCHASE AND SALE OF UNDERTAKINGS AND ACTIVITIES**		
	Purchase of undertakings and activities		
	In the 1998/99 accounting year, Danisco acquired Wilpak Holdings Limited (the UK), March Packaging Group (the UK), Sugar Lithuania, RolDan Sp.z.o.o. (Poland), Beck Flavors (the USA), Wisby (Germany/Denmark), Sidlaw Plc (the UK) a.o.		
	Intangible fixed assets	-	-122
	Tangible fixed assets	-315	-1,156
	Financial fixed assets	-3	-6
	Stocks	-133	-371
	Debtors	-261	-532
	Prepayments	-14	34
	Cash at bank and in hand	-53	-214
	Minority interests	5	100
	Provisions for pension and similar liabilities and other provisions	78	178
	Provisions for deferred tax	-	-21
	Interest-bearing debt	195	293
	Non-interest bearing debt	279	509
	Corporation tax	7	17
	Net assets	-215	-1,291
	Goodwill on purchase of undertakings and activities	-596	-1,191
	Regulation of cash at bank and in hand	53	214
	Cash purchase amount	-758	-2,268
	Interest-bearing debt	-195	-293
	Purchase amount total	-953	-2,561

NOTE	DKK MILLION	GROUP 1997/98	GROUP 1998/99
	Sale of undertakings and activities		
	In the 1998/99 accounting year, Danisco disposed of Allied Domecq Spirits & Wine Danmark A/S, Better Brands Ltd. A/S, I. D. Nordic AB (Sweden) and Miljøpack.		
	Intangible fixed assets	-	6
	Tangible fixed assets	-	39
	Stocks	-	55
	Debtors	-	51
	Prepayments	-	3
	Cash at bank and in hand	-	18
	Minority interests	-	-6
	Provisions for deferred tax	-	-8
	Interest-bearing debt	-	-8
	Non-interest bearing debt	-	-91
	Accruals	-	-2
	Corporation tax	-	-18
	Net assets	-	39
	Profit/loss on disposals included in the profit and loss account	-	89
	Adjustment of cash at bank and in hand	-	-18
	Cash sales amount	-	110
	Interest-bearing debt	-	8
	Sales amount total	-	118
27.	**PURCHASE AND SALE OF TANGIBLE FIXED ASSETS**		
	Ingredients Sector	-277	-305
	Sugar Sector	-437	-381
	Packaging Sector	-522	-316
	Food & Beverage Sector	-141	-124
	Group functions	-27	-48
	Sale of tangible fixed assets and investment grants	103	105
	Purchase and sale of tangible fixed assets total	-1,301	-1,069
28.	**CHANGE IN INTEREST-BEARING DEBT**		
	Interest-bearing debt at 1 May 1998	-3,308	-3,724
	Exchange adjustment of interest-bearing debt at 1 May 1998	-113	-19
	Interest-bearing debt in undertakings sold	-	8
	Interest-bearing debt assumed on purchase of undertakings and activities	-195	-293
	Interest-bearing debt at 30 April 1999	3,724	6,934
	Change in interest-bearing debt at 30 April 1999	108	2,906
29.	**CASH**		
	Cash at 1 May 1998	826	816
	Exchange adjustment of cash at 1 May 1998	6	17
	Adjusted cash, etc. at 1 May 1998	832	833
	Cash at 30 April 1999 includes		
	Cash at bank and in hand	816	1,076
	Cash at 30 April 1999	816	1,076

Cash at 30 April 1999 corresponds to cash deposits with banks, etc.

DKK million

Ingredients	94/95	95/96	96/97	97/98	98/99
Sales	2,294	2,401	2,695	3,375	3,645
Inter-company sales	-8	-8	-6	-6	-5
Net sales	2,286	2,393	2,689	3,369	3,640
Operating profit before amortisation goodwill, etc.	351	360	440	548	545
Operating profit	343	351	432	526	497
Income, assoc.	-	-	-	-	-
Income, cap. part.	-	-	-	-	-
Fixed assets	1,467	1,472	1,692	2,234	3,224
Current assets	994	965	1,123	1,333	1,497
Non-interest bear. debt	316	350	396	489	577
Invested capital	2,145	2,087	2,419	3,078	4,114
Cash flow	432	409	100	-133	-569
Inv., tang. fixed assets	90	158	299	277	305
Inv., acquisitions	26	12	-	452	888
Profit margin	15%	15%	16%	16%	14%
ROAIC	16%	17%	20%	19%	15%

Sugar	94/95	95/96	96/97	97/98	98/99
Sales	5,853	6,290	6,417	6,467	6,581
Inter-company sales	-98	-93	-99	-92	-75
Net sales	5,755	6,197	6,318	6,375	6,506
Operating profit before amortisation goodwill, etc.	940	997	995	1,057	1,032
Operating profit	892	949	949	1,011	983
Income, assoc.	1	1	2	3	3
Income, cap. part.	2	2	3	4	4
Fixed assets	4,451	4,388	4,329	4,482	4,660
Current assets	3,121	3,355	3,595	3,658	4,127
Non-interest bear. debt	1,719	1,670	1,742	1,672	1,649
Invested capital	5,853	6,073	6,182	6,468	7,138
Cash flow	1,044	729	840	725	313
Inv., tang. fixed assets	509	338	349	437	381
Inv., acquisitions	-	1	-	-	287
Profit margin	15%	15%	15%	16%	15%
ROAIC	16%	17%	16%	17%	15%

Flexible	94/95	95/96	96/97	97/98	98/99
Sales	1,318	1,819	2,332	2,631	2,696
Inter-company sales	-17	-16	-13	-14	-13
Net sales	1,301	1,803	2,319	2,617	2,683
Operating profit before amortisation goodwill, etc.	110	104	147	192	151
Operating profit	81	67	109	154	110
Income, assoc.	-	-	-	-	-
Income, cap. part.	-	-	-	-	-
Fixed assets	1,061	1,320	1,281	1,200	2,485
Current assets	441	835	909	962	1,379
Non-interest bear. debt	302	531	626	542	1,002
Invested capital	1,200	1,624	1,564	1,620	2,862
Cash flow	68	-357	169	98	-1,132
Inv., tang. fixed assets	35	67	82	140	138
Inv., acquisitions	63	445	259	-	1,232
Profit margin	6%	4%	5%	6%	4%
ROAIC	5%	3%	7%	9%	6%

Other	94/95	95/96	96/97	97/98	98/99
Sales	4,863	5,818	5,703	6,462	6,412
Inter-company sales	-14	-14	-15	-23	-22
Net sales	4,849	5,804	5,688	6,439	6,390
Operating profit before amortisation goodwill, etc.	447	553	518	488	533
Operating profit	336	402	416	391	452
Income, assoc.	-	-	-	-	-
Income, cap. part.	2	2	2	-	-
Fixed assets	3,101	3,714	3,825	4,410	4,417
Current assets	1,586	1,801	1,831	2,062	2,044
Non-interest bear. debt	794	928	857	929	922
Invested capital	3,893	4,587	4,799	5,543	5,539
Cash flow	377	-292	204	-353	456
Inv., tang. fixed assets	243	335	479	522	302
Inv., acquisitions	51	690	16	501	154
Profit margin	7%	7%	7%	6%	7%
ROAIC	9%	10%	9%	8%	8%

Reconciliation 1998/99	Ingredients	Sugar	Flexible	Other	Unallocated	Group
Sales	3,645	6,581	2,696	6,412	-	19,334
Inter-company sales	-5	-75	-13	-22	-	-115
Net sales	3,640	6,506	2,683	6,390	-	19,219
Operating profit before amortisation of goodwill, etc.	545	1,032	151	533	-128	2,133
Amortisation of goodwill	-31	-49	-41	-81	-1	-203
Restructuring in acquiring undertaking	-17	-	-	-	-326	-343
Operating profit	497	983	110	452	-455	1,587
Income, assoc.	-	3	-	-		3
Other financial items	-	-	-	-	-230	-230
Profit on ordinary activities before tax						1,360
Tax	-	-	-	-	-424	-424
Profit attributable to minority interests	-	-	-	-	-9	-9
Danisco´s share of the consolidated profit						927
Segment fixed assets	3,224	4,660	2,485	4,417	412	15,198
Segment current assets	1,497	4,127	1,379	2,044	124	9,171
Participating interests, assoc.	-	4	-	-	-	4
Financial and interest-bearing assets	-	-	-	-	1,241	1,241
Assets total						25,614
Segment liabilities	577	1,649	1,002	922	526	4,676
Other liabilities	-	-	-	-	20,938	20,938
Liabilities total						25,614
Invested capital	4,144	7,138	2,862	5,539	10	19,693
Cash flow	-569	313	-1,132	456	-173	-1,105
Inv., tang. fixed assets	305	381	138	302	48	1,174
Inv., acquisitions	888	287	1,232	154	-	2,561

Inter-company sales in the group are based on market value. Danisco´s primary segments are described on pages 12-23.

	Fixed assets		Current assets		Assets total		Inv. tang. fixed assets		Acquisitions	
DKK million	*97/98*	***98/99***	*97/98*	***98/99***	*97/98*	***98/99***	*97/98*	***98/99***	*97/98*	***98/99***
Denmark	6,400	6,557	3,770	3,669	10,170	10,226	712	560	-	102
Other EU countries	5,259	6,833	3,593	4,305	8,852	11,138	536	414	953	1,783
Rest of western Europe	136	110	175	160	311	270	9	13	-	-
Eastern Europe	45	299	74	380	119	679	4	7	-	287
North America	309	932	214	415	523	1,347	60	38	-	311
Latin America	459	168	217	139	676	307	43	53	-	-
Rest of the world	108	299	61	103	169	402	40	89	-	78
Total	12,716	15,198	8,104	9,171	20,820	24,369	1,404	1,174	953	2,561

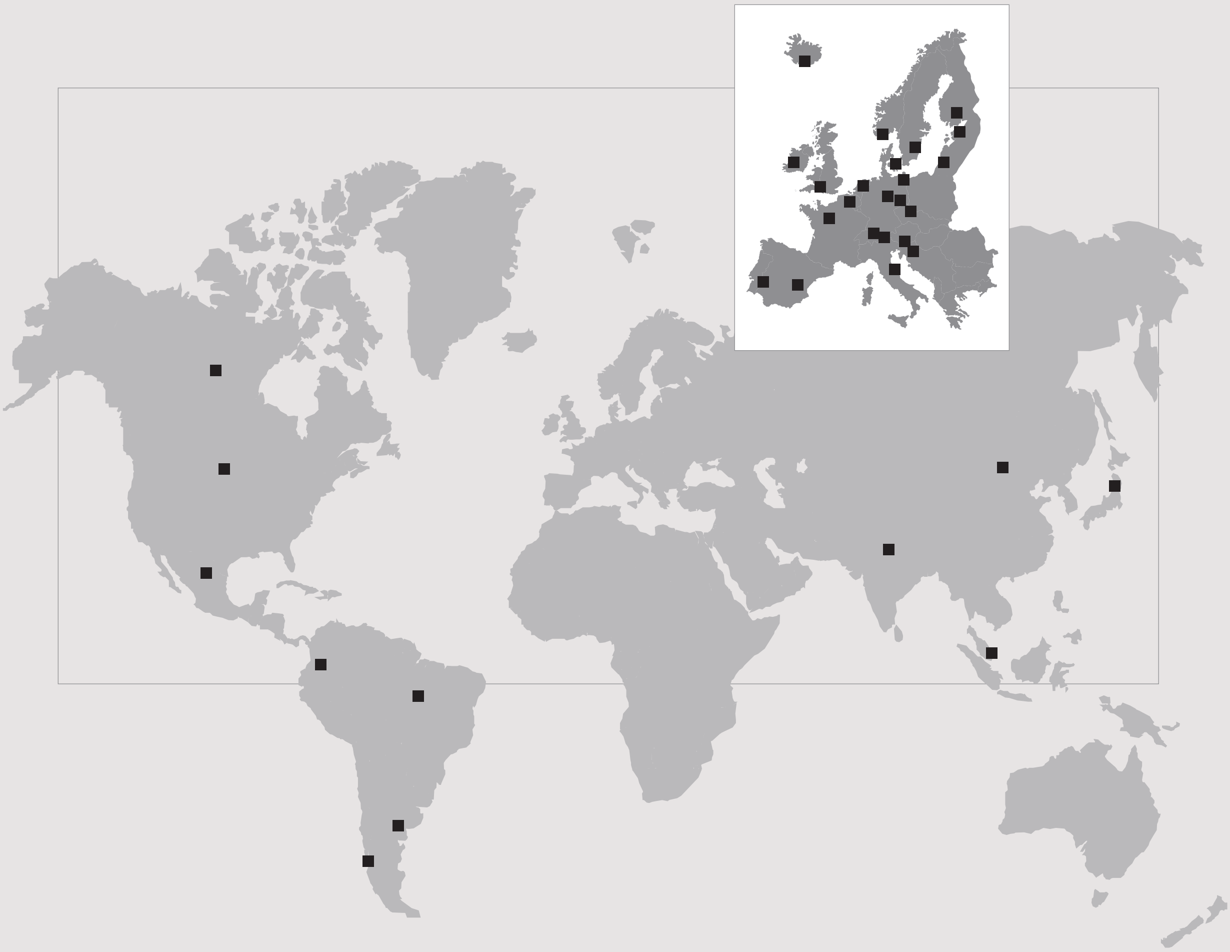
The above information has been specified by location of assets. Specification of net sales by geographic markets is provided in Note 1.
Danisco applies EU standards for specification of geographic segments.

Geographic segment	Countries where Danisco has production or sales units
Denmark	Denmark
Other EU countries	France, Netherlands, Germany, Sweden, United Kingdom, Ireland, Austria, Italy, Belgium, Spain, Portugal, Finland
Rest of western Europe	Norway, Switzerland, Iceland
Eastern Europe	Polan, Czech Republic, Slovakia, Estonia, Croatia, Yugoslavia, Lithuania
North America	USA, Canada
Latin America	Mexico, Colombia, Brazil, Chile, Argentina
Rest of the world	Malaysia, China, Japan, India, Singapore

Danisco DKK million	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	**1998/99**
Net sales	13,469	13,027	12,840	14,193	16,186	17,002	18,802	19,219
Index	*100*	*97*	*95*	*105*	*120*	*126*	*140*	*143*
Operating profit before amortisation of goodwill, etc.	1,224	1,194	1,350	1,650	1,834	1,960	2,158	2,133
Index	*100*	*98*	*110*	*135*	*150*	*160*	*176*	*174*
Amortisation of goodwill, etc.	191	157	168	196	245	194	203	546
Index	*100*	*83*	*88*	*103*	*129*	*102*	*107*	*286*
Operating profit	1,033	1,037	1,182	1,454	1,589	1,766	1,955	1,587
Index	*100*	*100*	*114*	*141*	*154*	*171*	*189*	*154*
Profit on ordinary activities before tax	851	715	865	1,147	1,397	1,603	1,785	1,360
Index	*100*	*84*	*102*	*135*	*164*	*188*	*210*	*160*
Profit on ordinary activities after tax	637	619	500	751	852	1,072	1,225	936
Index	*100*	*97*	*79*	*118*	*134*	*169*	*192*	*146*
Danisco's share of the consolidated profit	643	419	499	750	849	1,070	1,220	927
Cash flow from operating activities		1,745	1,675	1,775	1,696	2,016	2,008	1,992
Cash flow from investing activities		-2,228	-1,625	-354	-1,488	-1,545	-1,831	-3,435
Cash flow from financing activities		888	584	-1,618	-601	-668	-193	1,686
Total assets	17,720	17,013	18,806	18,043	19,247	20,284	21,732	25,614
Capital and reserves	7,599	7,805	8,169	8,524	9,289	11,278	12,173	11,917
Invested capital	12,475	12,452	13,077	12,868	14,152	15,167	17,001	19,693
Average number of employees	14,019	11,455	11,055	11,413	12,638	12,937	13,732	15,413
Index	*100*	*82*	*79*	*81*	*90*	*92*	*98*	*110*
Operating margin	7.7%	8.0%	9.2%	10.2%	9.8%	10.4%	10.4%	8.3%
Return on capital and reserves		8.0%	5.9%	8.3%	8.8%	10.1%	10.4%	7.7%
Solvency ratio	42.9%	45.9%	49.6%	53.6%	54.2%	55.6%	56.0%	46.5%
Return on average invested capital (ROAIC)		8.3%	9.3%	11.5%	12.1%	12.4%	12.1%	8.9%

DKK	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99
Average number of shares (million)	55	55	57	60	60	60	60	59
Earnings per share	11.49	11.16	8.81	13.16	14.80	18.26	20.35	15.83
Cash flow per share		31.64	29.16	29.67	28.30	33.59	33.51	34.01
Net asset value per share	138	142	156	161	174	188	204	205
Market price per share	162	159	198	217	290	386	426	325
Market price/net asset value	1.18	1.12	1.27	1.34	1.67	2.06	2.09	1.58
Price/earnings	14.10	14.25	22.48	16.48	19.59	21.14	20.93	20.53
Pay-out ratio	20.9%	21.5%	31.0%	23.6%	27.4%	28.1%	29.4%	37.5%
Dividend per share	2.40	2.40	2.80	3.20	4.20	5.00	6.00	6.00
Market capitalisation (million)	8,935	8,770	10,921	12,013	16,058	23,203	25,480	18,852

See definition of key figures on page 2.



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INGREDIENTS SECTOR
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Malaysia
Mexico
Netherlands
Poland
Singapore
Spain
Sweden
Switzerland
UK
USA
Yugoslavia

SUGAR SECTOR
Denmark
Austria
Estonia
France
Germany
Iceland
Italy
Lithuania
Norway
Poland
Spain
Sweden
UK

PACKAGING SECTOR
Denmark
Belgium
Finland
France
Germany
Netherlands
Norway
Portugal
Spain
Sweden
Switzerland
UK

FOOD & BEVERAGE SECTOR
Denmark
Czech Republic
France
Germany
Ireland
Netherlands
Slovakia
Spain
Sweden
UK
USA

Undertakings	Currency	*Nominal capital	Danisco's share %
Ingredients Sector			
Danisco Ingredients			
A/S Syntetic, Denmark	DKK	35,300	100%
Danisco Ingredients USA Inc., USA	USD	21,917	100%
Danisco Ingredients Canada Inc., Canada	CAD	459	100%
Danisco Ingredients Mexico, S.A. de C.V., Mexico	MXN	1,142	100%
Danisco Ingredients Chile S.A., Chile	CLP	9,429,878	100%
Danisco Ingredients Brasil Ltda., Brazil	BRL	3,928	100%
Danisco Ingredients Landerneau S.A., France	FRF	5,300	100%
Danisco Ingredients (Malaysia) Sdn. Bhd., Malaysia	MYR	67,000	100%
Danisco Ingredients (Switzerland) AG, Switzerland	CHF	600	100%
Danisco Ingredients Deutschland G.m.b.H., Germany	DEM	400	100%
Danisco Ingredients (UK) Ltd., UK	GBP	500	100%
Danisco Ingredients France S.A.R.L., France	FRF	1.000	100%
Danisco Ingredients Espana S.A., Spain	ESP	59,400	100%
Danisco Ingredients Holland B.V., Netherlands	NLG	20	100%
Danisco Ingredients Belgium B.V.B.A., Belgium	BEF	750	100%
Danisco Ingredients Bohemia a.s, Czech Republic	CZK	175,000	100%
Danisco Ingredients Japan Ltd., Japan	JPY	10,000	100%
Danisco Ingredients Singapore Pte Ltd., Singapore	SGD	100	100%
Danisco Ingredients Argentina S.A., Argentina	ARS	12	100%
Danisco Ingredients Italia s.r.l., Italy	ITL	190,000	100%
Danisco Ingredients Austria GmbH, Austria	AUT	500	100%
Danisco Ingredients Sweden AB, Sweden	SEK	15,000	100%
Danisco Ingredients Columbia Ltd., Colombia	COL	25,000	100%
Danisco Ingredients Mexicana S.A. de C.V., Mexico	MXN	98,560	100%
Danisco Ingredients (India) Pvt.Ltd., India	INR	70,000	74%
Danisco Ingredients (Production) Ltd., UK	GBP	151	100%
Danisco Ingredients Sp.z.o.o., Poland	PLN	200	100%
Danisco Ingredients Beteiligungsgesellschaft m.b.H., Germany	DEM	50	100%
Danisco (China) Co. Ltd., China	USD	19,000	95%
Borthwicks Flavours & Fragrances (Asia) Ltd., UK	GBP	2,060	100%
Borthwicks Ltd., UK	GBP	5,897	100%
Broadland Foods Partnership, UK	GBP	412	75%
Broadland Foods Ltd., UK	GBP	416	100%
Danisco Wisby Beteiligungsgesellschaft m.b.H., Germany	DEM	50	100%
Wisby A/S Danmark, Denmark	DKK	2,100	100%
Wisby G.m.b.H. & Co. KG, Germany	DEM	3,000	100%
Wisby Fermovac G.m.b.H., Germany	DEM	50	100%
Wisby GesmbH Austria, Austria	ATS	500	100%
Wisby Inc. USA, USA	USD	100	100%
Wisby G.m.b.H Switzerland, Switzerland	CHF	20	100%
Wisby Biofermentation G.m.b.H. & Co. KG, Germany	DEM	200	100%
Wisby Biofermentation G.m.b.H., Germany	DEM	51	100%
Wisby Poland S.P., Poland	PLN	20	100%
Wisby UK Ltd., UK	GBP	10	100%
Wisby Norway AS, Norway	NOK	50	100%
Sawi OY Ltd. Finland, Finland	FIM	400	50%
Busch Johannsen Anlagen G.m.b.H., Germany	DEM	51	100%
Busch Johannsen Grundbesitz G.m.b.H. & Co. KG, Germany	DEM	2,004	100%
Busch Johannsen Grundbesitz G.m.b.H., Germany	DEM	51	100%
BIONIC Biotechnologisches Laboratorium G.m.b.H. & Co. KG, Germany	DEM	210	100%
Biotechnologisches Laboratorium G.m.b.H., Germany	DEM	51	100%
Zylepsis Limited, UK	GBP	977	1%
Annfield Properties Ltd., UK	GBP	250	100%
Major International Ltd., UK	GBP	50	50%

Undertakings	Currency	*Nominal capital	Danisco's share %
Sugar Sector			
Danisco Sugar			
Danisco Sugar Ingolf Wesenberg & Co A/S, Norway	NOK	50	50%
Danisco Sugar hf, Iceland	ISK	400	100%
Danisco Sugar Polska S.A., Poland	PLN	100	100%
AB Panevezys Cukrus, Lithuania	LTL	24,772	68.2%
AB Kedainiai Cukrus, Lithuania	LTL	67,068	73.6%
AB Pavenchai Cukrus, Lithuania	LTL	22,519	39.8%
AB Marijampole Cukrus, Lithuania	LTL	17,691	49.1%
RolDan Sp.z.o.o., Poland	PLN	95,361	49%
Danisch Sugar UAB, Lithuania	LTL	10	100%
Danish Holding Sweden AB, Sweden	SEK	100,000	100%
Danisco Sugar AB, Sweden	SEK	400,000	100%
SSA Tryck AB, Sweden	SEK	1,000	100%
Sockerbolaget AB, Sweden	SEK	800	100%
AB Bungenäs Kalkbrott, Sweden	SEK	600	100%
Svenska Sockerfabriks AB, Sweden	SEK	500	100%
Danish Sugar AB, Sweden	SEK	100	100%
Danisco Sugar GmbH, Germany	DEM	15,000	100%
Danisco Seed			
Danisco Seed UK Ltd., UK	GBP	40	100%
Danisco Semences S.A., France	FRF	2,800	100%
Danisco Semillas S.A., Spain	ESP	20,000	100%
Danisco Seed Italia S.p.A., Italy	ITL	200,000	100%
Danisco Seed Austria Gesellschaft mbH, Austria	ATS	10,650	100%
Danisco Seed GmbH, Germany	DEM	1,000	100%
Maribo Seed International ApS, Denmark	DKK	125	100%
Danisco Seed Poland Sp.z.o.o., Poland	PLN	4	100%
Packaging Sector			
Danisco Flexible			
Danisco Flexible Nederland B.V., Netherlands	NLG	200	100%
Danisco Flexible GmbH, Germany	DEM	50	100%
Danisco Flexible Norway AS, Norway	NOK	50	100%
Danisco Flexible Sweden AB, Sweden	SEK	150	100%
Danisco Flexible Finland OY, Finland	FIM	50	100%
Danisco Flexible UK Ltd., UK	GBP	845	100%
Danisco Flexible France S.A., France	FRF	85,000	100%
Danisco Flexible Impalsa S.A., Spain	ESP	150,000	100%
Danisco Flexible Neocel Embalagens Lda., Portugal	PTE	328,000	100%
Danisco Flexible Belgium B.V.B.A., Belgium	BEF	750	100%
Dansico Flexible Schüpbach AG, Switzerland	CHF	9,000	100%
ETAG Emme Tiefdruckformen AG, Switzerland	CHF	2,000	100%
Sidlaw Group Plc., UK	GBP	17,378	100%
Sidlaw International Holdings Ltd., UK	GBP	0	100%
Sidlaw Flexible Packaging Limited, UK	GBP	15,719	100%
Sidlaw Worldwide BV Netherlands, Netherlands	NLG	40	100%
Sidlaw BV, Netherlands	NLG	40	100%
Sidlaw France SA, France	FRF	94,800	100%
Sidlaw Netherlands BV, Netherlands	NLG	30,000	100%
Sidlaw Espana SA, Spain	ESP	0	100%
Sidlaw Packaging Blasi SA, Spain	ESP	626,417	97.7%
Sipa Fournier SA, France	FRF	47,000	100%
Envi BV, Netherlands	NLG	1,800	100%
Hapece BV, Netherlands	NLG	12	100%
Soplaril Hispania SA, Spain	ESP	1,225,000	100%

Undertakings	Currency	* Nominal capital	Danisco's share %
Danisco Pack			
Danisco Pack Ltd., UK	GBP	35,000	100%
Danisco Pack (UK) Ltd., UK	GBP	17,300	100%
Danisco Paper Ltd., UK	GBP	11,759	100%
Corrugated Paper Sales, UK	GBP	20	100%
Trentside Recycling Ltd., UK	GBP	10	100%
March Packaging (Hastings) Ltd., UK	GBP	1	100%
March Packaging (Holdings) Ltd., UK	GBP	5	100%
March Packaging (Trent) Ltd., UK	GBP	1	100%
March Packaging Group Ltd., UK	GBP	0	100%
March Packaging (Midlands) Ltd., UK	GBP	0	100%
March Packaging (Thames) Ltd., UK	GBP	0	100%
March Packaging (Andover) Ltd., UK	GBP	0	100%
Marcor Board Ltd., UK	GBP	1	100%
Danisco Pack Siwell GmbH, Germany	DEM	5,000	100%
Danisco Monoplast A/S, Norway	NOR	4,000	100%
Wilpak Holdings Ltd., UK	GBP	0	100%
Wilpak Ltd., UK	GBP	0	100%
Danisco Paper A/S, Denmark	DKK	57,000	100%

Food & Beverage Sector

Undertakings	Currency	* Nominal capital	Danisco's share %
Danisco Foods			
Danisco Foods Distribution A/S, Denmark	DKK	6,000	100%
Danisco Foods S.A., Spain	ESP	909,547	100%
Danisco Foods Albacete S.A., Spain	ESP	615,000	100%
Danisco Foods Ltd., UK	GBP	805	100%
Danisco Foods GmbH, Germany	DEM	250	100%
Danisco Foods SARL, France	FRF	50	100%
Danisco Foods (B.T.) B.V., Netherlands	NLG	20,000	100%
Danisco Foods B.V., Netherlands	NLG	47	100%
Danisco Foods AB, Sweden	SEK	550	100%
Danisco Foods SPOL S.R.O., Czech Republic	CZY	104,292	100%
Danisco Foods Ireland Ltd., Ireland	IEP	10	100%
Danisco Foods Slovensko, Slovakia	SKK	200	100%
Taffel Foods Ejendomsselskab A/S, Denmark	DKK	7,000	100%
Danisco Distillers			
Aktieselskabet Dansk Gærings-Industri, Denmark	DKK	1,000	100%
Danisco Distillers Berlin GmbH, Germany	DEM	10,000	100%
Fris Skandia A/S, Denmark	DKK	1,100	50%

Other undertakings

Undertakings	Currency	* Nominal capital	Danisco's share %
Danisco Energi A/S, Denmark	DKK	10,490	100%
Ejendomsanpartsselskabet matr.nr. 1 acn Vestermarken, Odense Jorder, Denmark	DKK	200	100%
Ejendomsanpartsselskabet matr.nr. 1 dll Hedegård, Råsted, Denmark	DKK	125	100%
Ejendomsanpartsselskabet matr.nr. 4f Herstedøster by, Herstedøster, Denmark	DKK	200	100%
Cometra A/S, Denmark	DKK	15,000	100%
Ditlev Lunk ApS., Denmark	DKK	130	100%
Jans Agency ApS., Denmark	DKK	125	100%
Ydernæs I A/S, Denmark	DKK	600	100%
Danisco Finance Plc., Ireland	DKK	1,000,000	100%
** Danisco Beteiligungsgesellschaft mbH, Germany	DEM	15,000	100%
** Danisco Holding Holland B.V., Netherlands	NLG	43	100%
** Danisco Holding France SAS, France	FRF	30,000	100%
Danisco Flexible Leasing A/S, Denmark	DKK	10,500	100%

* Nominal share capital in 1,000 units

** The company is a holding company for a number of subsidiaries in the relevant country.

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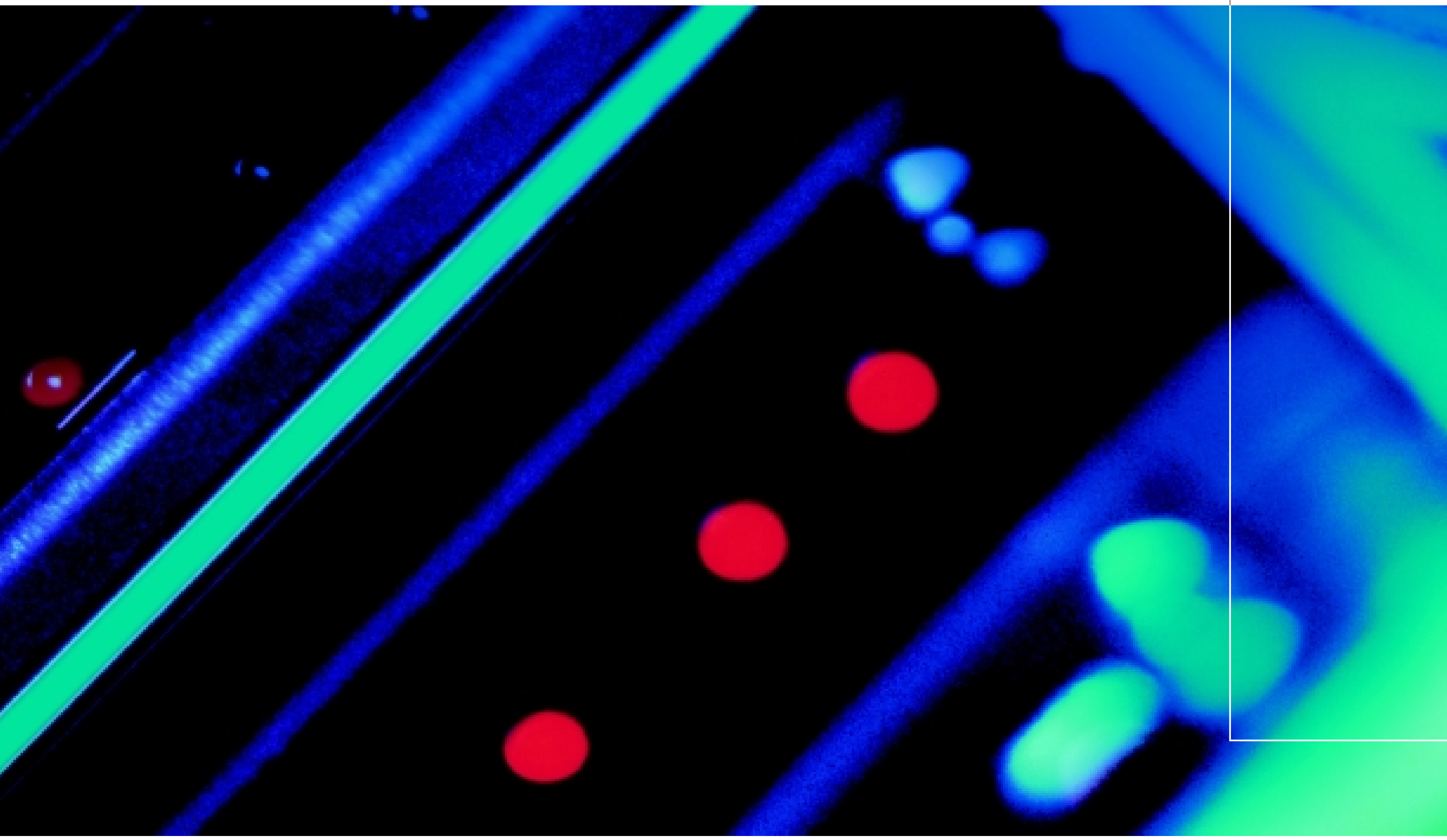

REPORT AND ACCOUNTS 1998/1999

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