REPORT AND ACCOUNTS 2000/2001

DANISCO

Please note:
In the event of any discrepancy between the meaning of the Danish language version and the English language version of the Report and Accounts for 2000/2001, the Danish version will prevail.

Strategic focus and targets

Key figures and financial ratios 2

Ingredients and Sweeteners 4
Sugar 10
Other business 15
Tomorrow's food ingredients 16
Sustainable development 18
Shareholder information 22
Corporate governance 25
Board of Directors and
Executive Board 26

Report for the 2000/2001
financial year 30
Business segments 35
Geographic segments 36
Financial risk management................ 37
Auditors' report................................. 39
Accounting policies 40
Profit and loss accounts 45
Balance sheets 46
Changes in capital and reserves 48
Cash flow statement 49
Notes 50

Subsidiary undertakings 62
International presence 64

Consumers want healthy, safe and tasty foods. Danisco enables food producers to meet consumer demand through the development, manufacture and marketing of its broad range of products in the ingredients, sweeteners and sugar businesses.

Vision

Danisco wishes to be the leading global supplier of ingredients to the food industry.

Values

Danisco has a strong set of values:

- We create value for our customers, shareholders, employees and the societies, in which we operate, by being the leading food ingredients company.
- We challenge the present in order to create tomorrow's solutions.
- We develop new knowledge, new skills and new attitudes in order to constantly improve our business.
- We take responsibility towards our company, towards ourselves and towards our surroundings.
- We engage in an open and honest dialogue, both internally and externally.

Financial targets

Management in Danisco is based on the principle of value creation. We utilise the Group's financial and human resources to create value.

In the *Ingredients* and *Sweeteners* segment, we target to double net sales in the period 2000-2005, by continued organic growth at a compound annual growth rate (CAGR) of 6-8 per cent and through acquisitions.

Danisco is also committed to achieving an operating margin (operating profit before amortisation of goodwill, etc., EBITA) in this segment of at least 15 per cent based on organic growth over this five-year period, as well as to increasing the return on average invested capital (ROAIC) to at least 15 per cent before tax.

In conjunction with acquisitions in the Ingredients and Sweeteners segment, the aim is to achieve a return on investment that will exceed the weighted average cost of capital (WACC) in the third full financial year after acquisition at the latest.

In the *Sugar* segment, we target to maintain the current level of net sales and to increase the cash flow of the business by a CAGR of 5-6 per cent during the period of 2000-2005 whilst also increasing ROAIC to at least 12 per cent before tax.

Danisco is the world's foremost supplier of coffee flavours such as vanilla, hazelnut, chocolate and cinnamon. Flavours are an important growth area for Danisco, which aims to be among the top five flavour houses in the world.



During the 2000/01 financial year, Danisco took a number of decisive steps under the refocusing strategy we adopted in 1999. The process of concentrating the Group's strengths in the ingredients segment will soon be complete.

Danisco enters the new financial year with a strong market presence. Our product platform coupled with our extensive food technology know-how provides a solid basis for growth in ingredients, which will be achieved by organic and acquisitive growth. Our target is to double net sales, whilst also considerably increasing consolidated profits within a five-year period.

One result of Danisco's refocusing strategy was the divestment of certain business areas, including Foods and Flexible Packaging. These activities are now continuing under new owners as core businesses.

To strengthen Danisco's continued growth, the Group's development activities are now united under one management, which also includes our new development unit, Danisco Venture.

Danisco also wishes to participate in the ongoing worldwide consolidation of the ingredients industry.

During the year, we have been working intensively on raising awareness of our products, a process that will continue into next year.

One essential growth driver is Danisco's many skilled and competent employees in more than 40 countries, who make a tremendous – and vital – effort every day for the benefit of our customers and shareholders alike.

Together with the Group's employees, I look forward to continuing to develop Danisco in 2001/02 on the back of the strong strategic platform we have generated.

Alf Duch-Pedersen
Chief Executive Officer

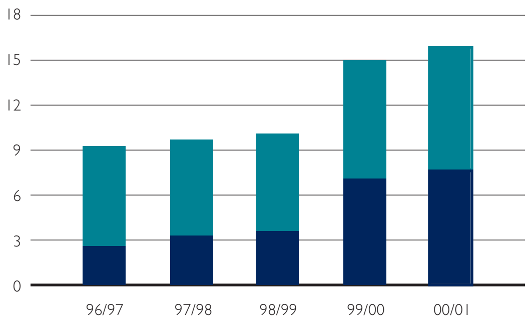
KEY FIGURES AND FINANCIAL RATIOS

Group		1996/97	1997/98	1998/99	1999/00	**2000/01**
Profit and loss account in DKK million						
Net sales		17,002	18,802	19,219	27,829	23,541
of which main business areas		*9,006*	*9,748*	*10,032*	*14,991*	*15,875*
Operating profit before amortisation of goodwill, etc. (EBITA)		1,960	2,158	2,133	2,577	2,306
of which main business areas		*1,296*	*1,478*	*1,448*	*1,771*	*2,195*
Amortisation of goodwill		(194)	(203)	(546)	(539)	(437)
Operating profit (EBIT)		1,766	1,955	1,587	2,038	1,869
of which main business areas		*1,241*	*1,410*	*1,024*	*1,400*	*1,821*
Profit on ordinary activities before tax		1,603	1,785	1,360	1,521	1,368
Profit on ordinary activities		1,072	1,225	936	871	906
Consolidated profit		1,072	1,225	936	1,282	112
Cash flows in DKK million						
Cash flow from operating activities		2,016	2,008	1,992	2,342	2,182
Cash flow from investing activities		(1,545)	(1,831)	(3,435)	(9,485)	2,135
Cash flow from financing activities		(668)	(193)	1,686	6,590	(3,840)
Total cash flow		(197)	(16)	243	(553)	477
Balance sheet in DKK million						
Assets total		20,284	21,732	25,614	36,829	31,956
Capital and reserves		11,578	12,534	12,265	13,690	12,795
Net interest-bearing debt		2,149	2,828	5,763	12,669	11,278
Invested capital		15,167	17,001	19,693	25,374	23,007
Financial ratios in %						
Operating margin (EBITA)		11.5	11.5	11.1	9.3	9.8
Operating margin (EBIT)		10.4	10.4	8.3	7.3	7.9
Return on average invested capital (ROAIC)		12.4	12.1	8.9	8.4	7.7
Return on capital and reserves		10.2	10.2	7.5	6.4	6.6
Solvency ratio		57.1	57.7	47.9	37.2	40.0
Other data						
Average number of shares	'000	60,016	59,930	58,566	57,891	57,377
Earnings per share (BEPS)	DKK	18.26	20.35	15.83	14.44	15.22
Cash flow per share (CEPS)	DKK	33.59	33.51	34.01	40.45	38.03
Net asset value (NAV)	DKK	193	209	211	235	220
Average number of employees		12,937	13,732	15,413	17,712	14,680

See definition of key figures and financial ratios on page 36.

Net sales,
Ingredients, Sweeteners and Sugar

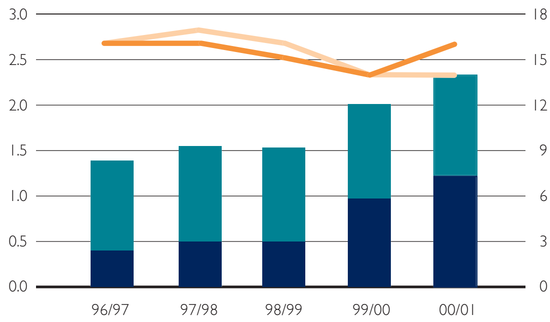
DKK billion



Ingredients and Sweeteners
Sugar

Operating profit (EBITA) and operating margins,
Ingredients, Sweeteners and Sugar

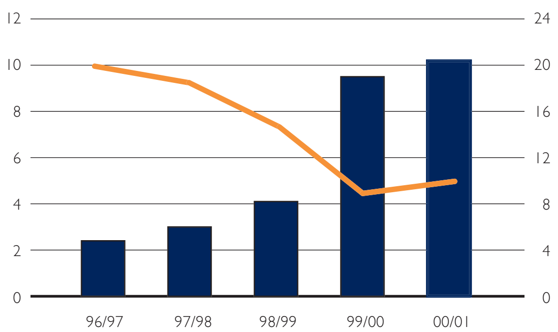
DKK billion %



Operating margin before amortisation of goodwill, etc. (EBITA):
Ingredients and Sweeteners
Sugar
Operating margin Ingredients and Sweeteners (EBITA)
Operating margin Sugar (EBITA)

Invested capital and return (ROAIC),
Ingredients and Sweeteners

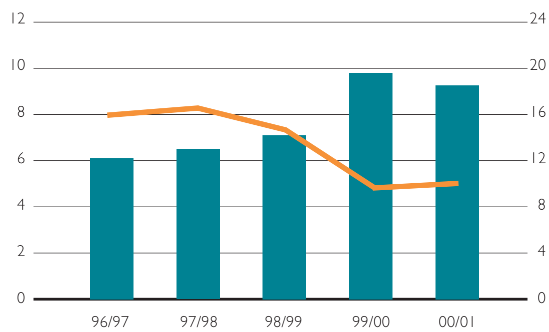
DKK billion %



Invested capital
Return on average invested capital (ROAIC)

Invested capital and return (ROAIC),
Sugar

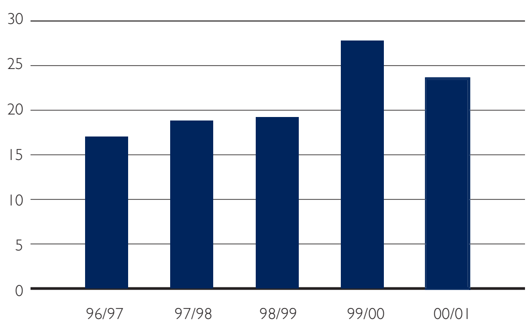
DKK billion %



Invested capital
Return on average invested capital (ROAIC)

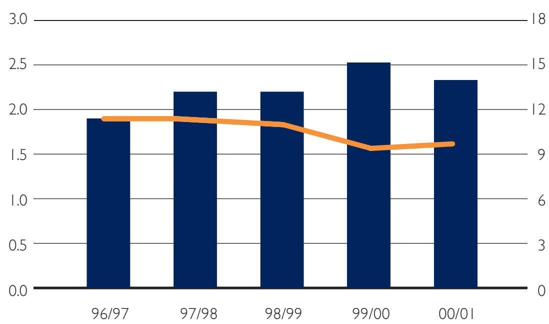
Net sales,
Group

DKK billion

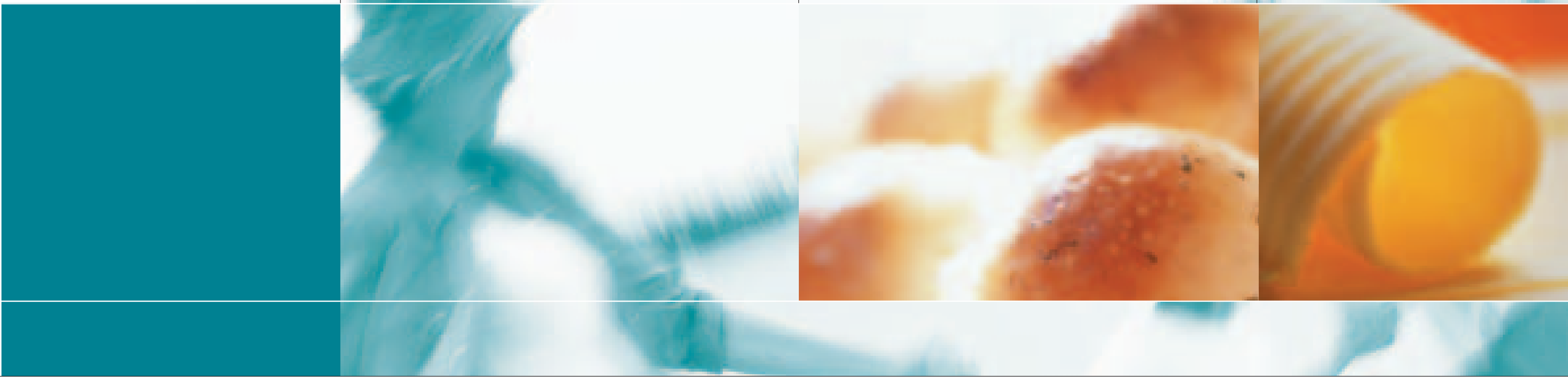


Operating profit (EBITA) and operating margin,
Group

DKK billion %



Operating margin before amortisation of goodwill, etc. (EBITA)
Operating margin (EBITA)



Ingredients – a growth business at Danisco

Development and expansion of the business areas with the best earnings and growth potential are key elements in Danisco's business strategy.

Ingredient consumption is growing significantly faster than food production. Where food sales grow by around two per cent annually, the use of food ingredients has expanded by 4-6 per cent annually over the last couple of years.

This is due to continuing innovation in both the discovery of new applications for existing ingredients and the development of new ingredients. In addition, the development of improved food products by food manufacturers typically requires the use of improved ingredients. Extended geographical coverage by ingredient suppliers supports growth, with a larger proportion of the population worldwide gradually being able to afford the convenience of processed foods.

Further, as product life cycles get shorter and shorter, food companies are seeing growing pressure on the time-to-market for new product launches. This in turn enhances the value of the service that ingredient suppliers provide to food companies in solving technical problems.

Danisco is striving always to be an attractive collaboration partner for food companies all over the world, offering:

- unparalleled advanced, high-performance ingredients for all kinds of applications;
- in-depth knowledge of the role ingredients play in the manufacture of food products, and
- development of novel ingredients tailored to customers' future needs.

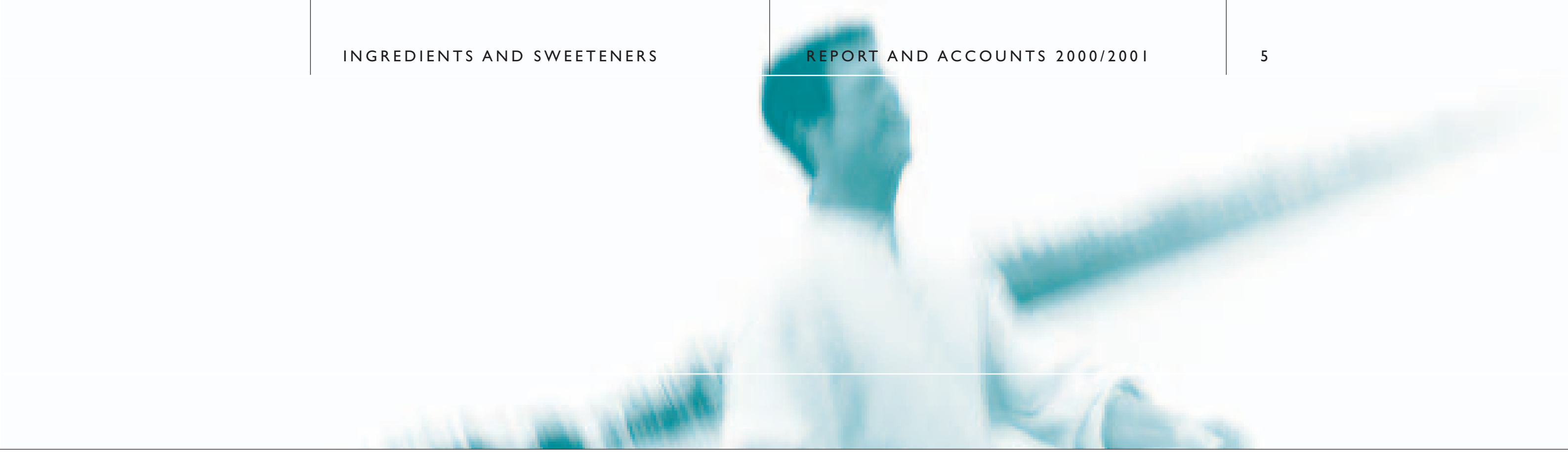
Consumers want healthy, safe and tasty foods.

At the same time, more and more consumers want the freedom to spend more time on work, family life and leisure activities, and less time on preparing meals.

We provide added value for our customers by inventing novel ways of reducing raw material and production costs and by enabling customers to develop and launch new or improved products faster.

The year ended was characterised by mergers, acquisitions or joint ventures by a number of major food producers so as

Past trends indicate that demand for luxury articles tends to decline during periods of relatively low growth, while demand for basic foods, in which Danisco's products are widely used, is much less affected.



More than every fourth industrially produced loaf of bread in the world contains emulsifiers from one of Danisco's five emulsifier plants in Brazil, Malaysia, the USA, China and Denmark. This makes Danisco undisputedly the world's largest supplier of emulsifiers.

Primarily produced from natural raw materials such as palm oil, emulsifiers are used in the bread, margarine, ice-cream and other industries. In the bread industry, small amounts of emulsifiers ensure consistent bread quality irrespective of flour quality and baking conditions. In margarine, emulsifiers enable a stable mix of water and oil.

With more and more foods in the global market being produced industrially, Danisco has recorded a strong increase in demand for emulsifiers.

to optimise utilisation of common production plants, sales channels and product branding. Despite these and other challenges, we have been able to maintain strong growth, thanks to this concentration amongst our customers increasing their need to improve the competitive edge of their products through the innovative use of ingredients.

Growing sales

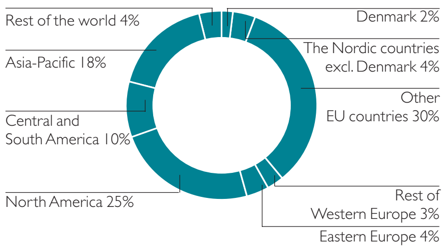
Net sales in the ingredients and sweeteners segment grew by 9 per cent to DKK 7,784 million in the 2000/01 financial year.

Net sales growth slowed down during the second half of the year, which might reflect some caution in new product launches and reduction in stocks.

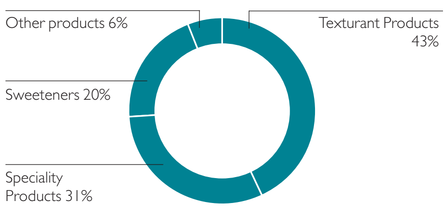
Sales performance varied from region to region. The slowest progress was recorded in EU at 1 per cent with sales of approx DKK 2.1 billion, whereas the strongest growth was recorded in China and Russia as expected. Net sales in the Americas developed favourably, up 9 per cent or DKK 200 million. Net sales advanced 18 per cent in Asia-Pacific. Sales in nations with rapidly developing economies rose 29 per cent against 27 per cent last year, reducing the industrialised world's share of sales from 73 per cent to 71 per cent.

Danisco has boosted sales in China, Russia, Eastern Europe and a number of developing countries primarily on the back of high growth rates for processed foods there, with sales up around 100 per cent in China and 16 per cent in Russia in DKK terms. Although positive, this

Ingredients and Sweeteners
Net sales by geographic segment



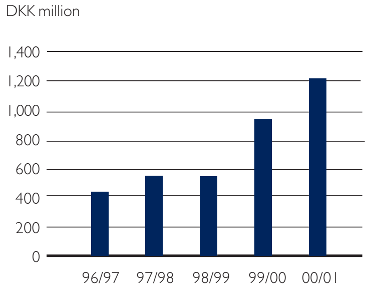
Ingredients and Sweeteners
Net sales by product segment



Population growth and development in purchasing power are key indicators of the global demand for processed foods.

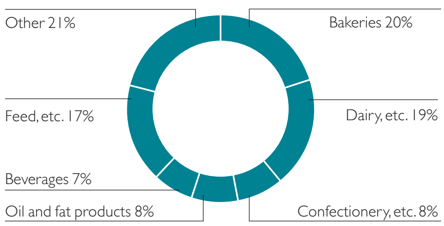
These two indicators vary in the different parts of the world, growing fastest in countries with the most rapidly developing economies.

Ingredients and Sweeteners
Operating profit (EBITA)



Operating profit before amortisation of goodwill, etc. (EBITA)

Segment breakdown of Danisco Cultor products:



progress also implies sensitivity to changes in the economies of these countries.

Earnings (EBITA) in the Ingredients and Sweeteners segment came to DKK 1,215 million in 2000/01, up 24 per cent on the previous year.

Acquisitive growth

In April 2001, Danisco acquired the business of Florida Flavors, Inc. based in Lakeland, Florida (USA), which has specialised in development, production and marketing of natural flavours based on apples, citrus and other fruit. This acquisition lies at the heart of expanding and strengthening Danisco's flavour product portfolio and beverage market presence.

The financial year ended with no other major acquisitions, as potential acquisition candidates were either over-priced or had product ranges of little interest to Danisco.

The integration of Cultor into Danisco is on target with synergies valued at DKK 175 million as forecast, and with an additional DKK 50 million expected in the 2001/02 financial year.

Dairies

The dairy industry is the fastest growing customer segment supported extensively by the breadth of our range of products, including emulsifiers, pectin and carrageenan products, functional systems, cultures as well as natural protectants and flavours.

Sales of functional systems for the dairy industry grew some 30 per cent on last year. The unfortunate occurrence of mad cow disease (BSE) could provide new opportunities in future for marketing Danisco's customised ingredient blends to replace animal gelatine.

The trend in the dairy industry is towards products with such functionality as added vitamins and intestinal flora supplements, so we have been accelerating development and launches of probiotics in this area. Much of this work is due to research at Danisco's cultures centre in Niebüll, Germany (previously Wisby), which was acquired in 1998. Danisco is now a major producer of dairy cultures and culture media.

Flavours, and especially vanilla, are key ingredients in the dairy industry. After a poor vanilla harvest, the market price of vanilla beans tripled last year. However, we had considerable success in deflecting the worst impact of this thanks to careful

Danisco has invested DKK 30 million in a development centre for ingredients to the dairy industry. Danisco focuses strongly on the dairy industry. The development centre offers the Group the optimal conditions for product development in collaboration with its customers. The new centre, which has been erected next to the large innovation centre in Brabrand, was inaugurated in May 2001.

THE FOOD INDUSTRY'S VALUE CHAIN

Danisco creates value for the world's food industry in the areas of research, development and production. Danisco offers not just ingredients but research-based solutions that enable improved and more cost-efficient food production.

planning in conjunction with our customers and tight management of stocks.

Bakeries
The baking industry is still the largest purchaser of Danisco's emulsifiers and enzymes. We launched 30 new enzymes last year, one example being the successful launch on the North American market of POWERBAKE™ Bakery Enzyme, which regulates proof time in bread manufacture.

After safety concerns over the use of bromates (product previously used in bread to improve the consistency and handling of the dough in foods), Danisco launched a research project some years ago to find replacements. A combination of emulsifiers and advanced enzymes has proved to be highly effective as a replacement for bromate in bread.

Beverages
Pectin, the most commonly used stabiliser in processed fruit, is increasingly being used in fruit juice and acidified milk-based beverages. This has led to strong growth in sales of pectin to the global beverage industry.

Danisco is the largest supplier of flavours for roasted coffee beans. This is already a large market in the USA and is expected to expand strongly in Europe and Asia. Flavours are also expected to gain increasing market share in the instant coffee segment.

Other industries
Speciality pectin products were developed as a replacement for gelatine in wine gum but have also been shown to reduce the production time of confectionery products.

Margarine is a key market for sales of emulsifiers and flavours, which Danisco has been supplying since the 1930s. We aim to remain the leading supplier to this segment.

Demand for natural protectants grew. New cultures have been developed as natural protectants in fish and meat products and ready meals.

Sales of feed ingredients were also up. Danisco is a market leader in ingredients containing betaine and enzymes, primarily for poultry and pigs. Current BSE problems have increased the need for more efficient feeds from plant-based raw materials.

New applications
The pressure on ingredients as a result of food safety concerns opens opportunities in new applications. For instance, new applications have been discovered for betaine, a sugar beet derivative, which has been used in animal feed for many years. Betaine is now also being used as a moisturiser in cosmetics.

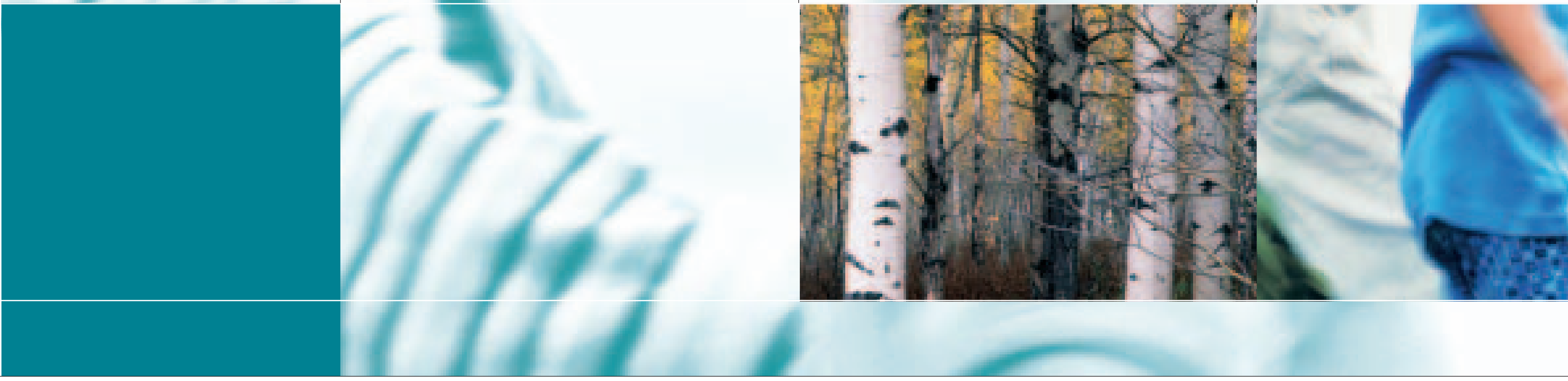
Emulsifiers, which are widely used to bind oil and water in margarine, are also being increasingly used as an anti-static agent in plastic packaging for food.

Such new applications imply a wealth of new large markets for Danisco.

Broad range of products
Sales of other products were adversely affected by some products being discontinued or de-emphasised.

Sales of Texturant Products (emulsifiers and textural ingredients) saw very satisfactory development, increasing by 13 per cent. Emulsifiers made the strongest sales progress. Pectin production was affected by supply problems until our pectin production capacity was expanded at the end of the year.

Sales of Speciality Products, including



flavours and bioingredients, advanced 4 per cent.

Our portfolio of Speciality Products is central to Danisco's business strategy and so the speciality products segment may see acquisitions and plant expansion.

Functional sweeteners

Sales of Danisco's sweeteners developed on a positive note in the global market, despite more intense competition. With a broader customer base and consolidation in our market position, net sales were up 14 per cent on last year. Earnings (EBITA) were positively affected by currency hedging of sales based on the Japanese yen. This hedging expires by the end of 2002.

Danisco Sweeteners is the world's largest producer of xylitol and xylose. We were the first to use xylitol commercially for industrial production in the early 1970s. Sales have grown on a global scale due to manufacturers' quest for new applications for sugar-free chewing gum and confectionery.

Manufacturers also wish to utilise the unique taste of xylitol and its ability to improve oral hygiene and caries reducing properties. These qualities have been identified in documented clinical studies, which have sparked a wave of interest in the dental science community as well as among confectionery manufacturers.

Sales remained on a positive note in Japan and Europe, and strong growth was recorded in the South Korean market. A number of novel products containing xylitol were launched at the end of the financial year, although competition from other manufacturers of xylitol and other products resulted in lower prices. However, Danisco managed to win new market share on the basis of efficient production.

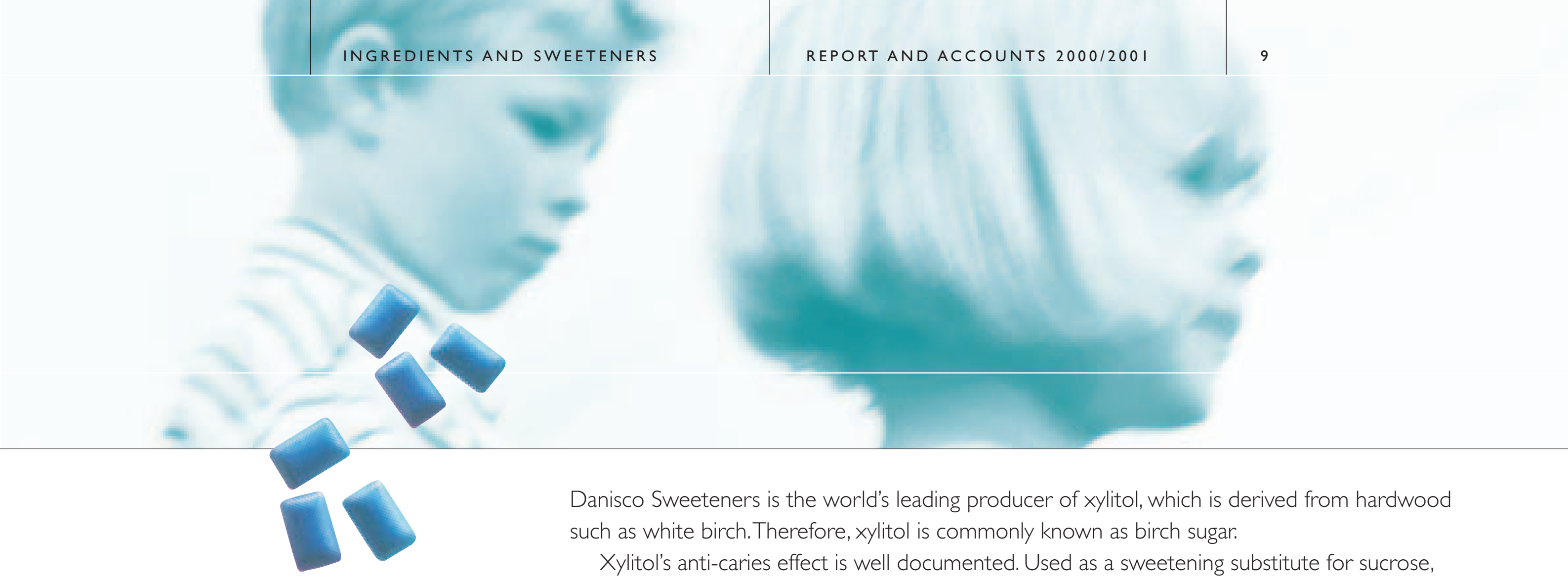
Litesse® (polydextrose) is used in a wide range of low-calorie products all over the world. Danisco offers a broad range of products specifically tailored to customer requirements supported by a dedicated programme at our extensive network of laboratory facilities aimed at customer support and product development. Extending existing applications globally and developing new applications on the basis of in-depth knowledge of physiology and functionality are key elements in Danisco's strategy.

The trend in North America towards low-fat foods is being sustained, and consumers are demanding new methods for weight control. This has seen Litesse® (polydextrose) becoming a key ingredient in a great number of foods. This product has also gained a solid footing as the preferred water-soluble dietary fibre in a number of markets, Southeast Asia in particular, with additional growth anticipated in this area.

Danisco is among the world's top three producers of crystalline fructose (fruit sugar), which is used in desserts, fruit preparations, sports nutrition, beverages, diabetic foods as well as pharmaceuticals. With a sweet and flavour-enhancing taste, fructose is a naturally occurring sugar found in fruit, vegetables and honey.

Market shares in Europe and Asia have grown on the back of more research into new applications, good technical service and more efficient production. Thanks to its appealing taste and health benefits, fructose is becoming an increasingly popular sweetener with the growing number of health conscious consumers.

Globally, Danisco is one of the leading manufacturers of lactitol, which is a milk-based reduced-calorie sweetener. There is growing demand for lactitol for sugar-free confectionery and food products, as its properties are very similar to those of sugar. Lactitol is toothfriendly, and suitable for diabetic products, ice cream and baked goods.



Danisco Sweeteners is the world's leading producer of xylitol, which is derived from hardwood such as white birch. Therefore, xylitol is commonly known as birch sugar.

Xylitol's anti-caries effect is well documented. Used as a sweetening substitute for sucrose, xylitol is an ingredient of many sugar-free chewing gum products, sugar-free mints and toothpaste.

However, xylitol may also contribute to preventing acute otitis media, reducing the need for antibiotics. A scientific study shows that xylitol inhibits the growth of the type of streptococcus bacteria that is the primary cause of otitis media. A total of 306 children participated in the study, which was performed by the University of Oulu (Finland).

Investment in capacity expansion

To cope with growing demand, Danisco invested in new production facilities, and in expansion and reorganisation of existing production facilities throughout 2000/01.

Production improvements were continued in regard to emulsifiers, pectin and betaine. A start was made on renovating the pectin plant in the Czech Republic.

A number of smaller flavour plants in the USA were concentrated into one major fully automatic plant in St. Louis.

A new plant designed for the manufacture of natural protectants such as Natamax™ is under construction in Denmark.

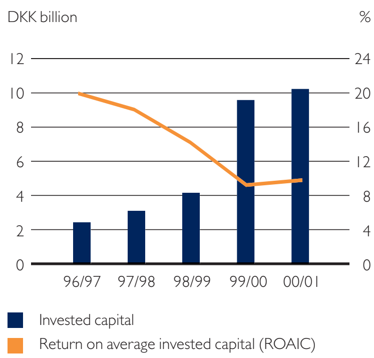
A new flavour plant was commissioned in India to help us service the region's large and fast growing flavour market and to improve efficiency through the use of local raw materials.

Technical support to the very important beverage industry was enhanced by the launch of beverage development centres in the UK and the USA as we see strong flavour and textural ingredient opportunities. A large, state-of-the-art development centre for dairy products was also commissioned in Denmark, designed to support Danisco's exceptionally extensive product offering to the dairy industry. Our portfolio includes ingredients for dairy beverages, ice-cream products as well as products containing cultures – yoghurt and cheese, for instance.

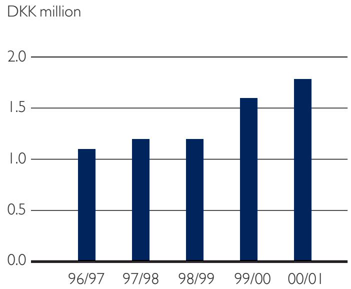
Danisco developed and launched new e-business solutions in 2000. We shall be using the Internet to service our customers, who will be able quickly and easily to search for general or customer-specific information.

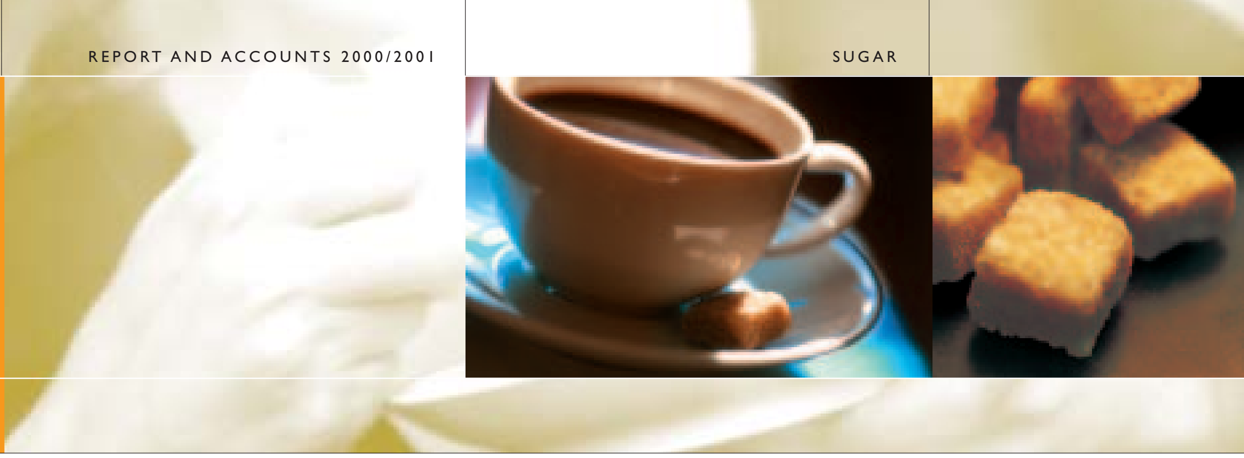
www.daniscocultor.com
www.daniscosweeteners.com

Ingredients and Sweeteners
Invested capital and return (ROAIC)



Ingredients and Sweeteners
Net sales per employee





One of Europe's most efficient sugar producers

Danisco's sugar production 2000 (1,000 tonnes)

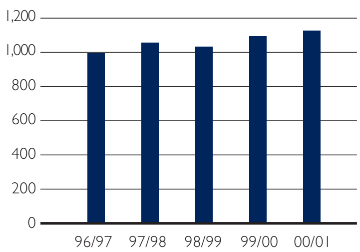
Denmark (Nakskov, Nykøbing and Assens)	533
Sweden (Örtofta, Jordberga and Köpingebro)	412
Finland (Salo and Säkylä)	153
Germany (Anklam)	142
EU countries - total	**1,240**
Lithuania (Kedainiu, Panevezio and Kursenai)	105
Total	**1,345**

Danisco's EU sugar quotas in 2000/01 (1,000 tonnes)

Country	A quota	B quota	Total
Denmark	315	93	408
Sweden	329	33	362
Finland	131	13	144
Germany	93	28	121
Total	**868**	**167**	**1,035**

Sugar
Operating profit (EBITA)

DKK million



Operating profit before amortisation of goodwill, etc. (EBITA)

Over the past decade, Danisco Sugar has evolved from a national Danish sugar producer into one of the largest and most efficient sugar producers in Europe.

Danisco produces more than 1.3 million tonnes of sugar in Denmark, Sweden, Finland, Germany and Lithuania from sugar beet from some 15,000 farmers in the five countries. Finland also imports cane sugar.

Danisco produces and sells a broad range of sugar products. Granulated sugar, liquid and cube sugar, syrup, brown sugar and various other specialities for industry, bakery and household consumption. More than 75 per cent of output is sold to the food industry, with the rest going to the retail market. Danisco also supplies the agricultural sector with a range of animal feed products.

In 2000/01 Danisco Sugar (including Danisco Seed) posted net sales of DKK 8,270 million, an increase of 4 per cent. Earnings (EBITA) were DKK 1,119 million (up 2 per cent). This earnings performance was linked to increased production and higher sales prices. High production volumes enabled us to export so-called C sugar to the world market, where prices were favourable.

With rising energy costs, it proved necessary to introduce minor price increases for the first time in twelve years. Prices also changed locally in the wake of exchange rate fluctuations against the euro, which is the core currency for the European sugar industry, although this only affected the Swedish market.

Efficiency gains in the food industry

Food producers are facing growing demand for quality and efficiency. As a major supplier to the food industry, we are continuously working with our customers to develop our products and modify them in line with customers' specific needs and requirements.

Demand for high efficiency imply consolidation for our customers, with many wishing to concentrate their production at just a few locations, often in just one or two countries. This demands more of suppliers' logistics solutions. Danisco's presence in the northern European markets ensures that the customers are offered excellent solutions throughout the region.

We also work with our customers on developing new applications in which the functional properties of sugar are utilised in the customers' end products.

The most important segments using Danisco's products are beverages, confectionery, tinned goods, bakery products, dairy products and ice cream and various semi-manufactures. Customer requirements vary but sugar is generally expected to have a pure, sweet taste, to keep well, dissolve easily in water and to be a safe

Sugar is a natural product produced from sugar beet or sugar cane. Its primary role in food is to give it a sweet taste and add energy, but sugar also acts as a preservative and offers other useful properties.

Sugar is a carbohydrate – i.e. a nutrient like fat and protein. Nutrients supply the body with energy to function and move. Sugar is a simple carbohydrate, which is broken down to glucose and swiftly absorbed in the body. It is used as energy in the brain and is burned in the muscles through movement, while the excess is stored in the form of glycogen in the muscles and the liver.

product. Customers ask for help in addressing technical sweetening problems, in handling and using products and in identifying the best sugar products for specific production processes.

For beverage production, customers have special quality demands when it comes to product colour, flavour and clarity. In addition to giving products a pure, sweet taste, the sugar provides body to the beverages. Soft drinks have a sugar content of between 7 and 14 per cent, around 10 per cent on average. All producers dissolve the sugar early on in the production process, and many buy liquid sugar as a raw material, so we also supply such customised products.

In the production of confectionery and chocolate, sugar is important for both the sweet taste and consistency. Inverted sugar (fructose and glucose) is used for certain products in this segment and in addition to ready-to-use inverted liquid sugar, we also offer special blends of inverted sugar and glucose syrup, adjusted specifically for the production of individual products.

Together with pectin and acid, sugar gives the right consistency to preserved foods, such as jam and marmalade. Sugar also contributes to protecting jam against bacteria.

Bakeries are another large segment with many small customers. Danisco's services include assistance and inspiration for new recipes as well as production testing at our test bakery.

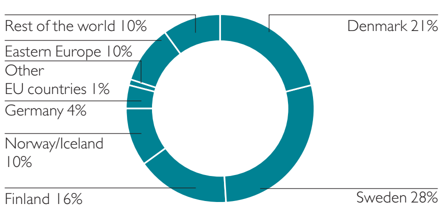
Last year's chilly and wet summer weather impacted negatively on sales of beverages and ice cream on all of our domestic markets. By contrast, the weather impacted positively on the confectionery industry with growing sales on the same markets. In addition, the special levy on confectionery in Finland was abolished, impacting positively on sales. The segment of canned goods saw a positive development during the year under review, while the bakery industry also developed on a positive note – one reason being Denmark's strongly increasing exports of biscuits and cookies.

In general, sugar sales developed satisfactorily.

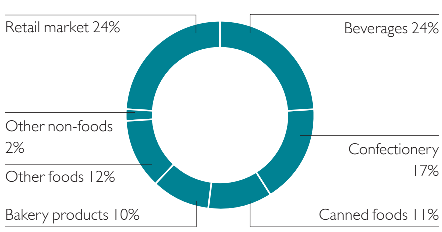
In Denmark, sales to industry improved on last year as a result of stronger sales to the confectionery and soft drink industries, with sales to other Nordic countries generally in line with previous years. In the German market, the programmes we have run in recent years to increase sales to industrial customers have generated a boost in sales, which have now reached a satisfactory level.

Sales in Estonia were also satisfactory. Sales trends in Lithuania were positive, although characterised by fierce price competition and the local authorities' continued failure to decide on a course for the political preconditions for sugar production in Lithuania.

Sugar
Net sales by geographic segment



Danisco Sugar's sales by product segment



EUROPE'S SUGAR REGIME

The European Union wishes a high degree of sugar delivery reliability, a politically decided earnings basis in relation to sugar beet growing and a stable price level. The EU sugar regime is based on a quota system and an underlying system of levies, and it regulates imports and exports of sugar and products containing sugar.

The sugar regime is the only agricultural scheme in the EU that is in practice neutral to the EU's budget as it operates through production quotas and regulation of the prices the food industry pays for the raw material. The export scheme for sugar produced in the EU is fully self-financing.

Each member state has been allocated a production quota subject to a price scheme. The EU's total quotas represent about 14.5 million tonnes of sugar a year. The so-called A quota covers the EU's sugar consumption and is of the order of 12.7 million tonnes a year, while the B quota, covering sugar primarily sold outside the EU, represents about 1.8 million tonnes a year. Added to this, the EU has a scheme that supports the import of about 1.7 million tonnes of cane raw sugar from various developing countries.

EU sugar quotas are adjusted once a year, with export terms for sugar on the world market being taken into account. As a result of the EU's obligations to WTO (World Trade Organisation), the quotas for 2000/01 were lowered by approx 3.5 per cent.

Danisco quotas of 1.1 million tonnes

Danisco's quotas for 2000/01 were lowered to a total of 1,035,000 tonnes, which broke down into an A quota of 868,000 tonnes and a B quota of 167,000 tonnes. In addition to this a quota of approx 60,000 tonnes was allocated to cane sugar refining in Finland.

Quotas for 2001/02 are due to be assigned by 1 October 2001. On the basis of existing export terms, the new production quota is expected to be in line with the quota for 2000/01.

Excess production to world market

Sugar produced in excess of the A and B quotas is called C sugar. This sugar is sold on the world market at the prevailing prices.

Only some 15 per cent of total production in the world reaches the world market as all major sugar-producing countries have established different types of market schemes, all with a view to ensuring stable regional conditions for sugar production and prices.

Europe's sugar prices

The central element of the price system is the fixing of the beet price on which other prices are based. Prices are fixed in euros every year on 1 July and are valid for the production year following that date (from 1 July to 30 June).

The EU has made exacting demands on quality, environmental factors and health and safety at work, areas in which sugar production in the EU differs markedly from conditions elsewhere in the world. There are immense costs involved in ensuring such high quality levels, sound health and safety practices and environmental sustainability in connection with production. These are taken into account when prices are fixed under the auspices of the EU sugar regime.

EU policy

The EU foreign ministers have decided to give the world's 48 poorest nations free export access to the European market. For sugar, there will be a staged introduction of the scheme starting in the EU in 2006, and it will be fully implemented with effect from 2009.

The Council of the European Union has decided to extend the sugar regime for five years with effect from 1 July 2001. In addition, a permanent quota reduction of 115,000 tonnes will be implemented, corresponding to about 0.8 per cent of the total production quota. The fixed prices remain unchanged compared with 2000/01. At the same time, the compensation system for storage costs for sugar will be abolished. Further, it has been decided that the European Commission should scrutinise the sugar regime and present its findings and proposals, if any, for changes to the sugar regime in 2003.

In the spring of 2001, Danisco Sugar launched a common product design for its consumer products. The new trademark, Dansukker, will be introduced in all Nordic markets and in the Baltic States, which are regarded as one market. With a population of around 30 million people, this market offers better opportunities for development of new products.

In future, niche products will be a major driver of sugar product sales. Danisco Sugar develops products for three segments: Family products which provide inspiration for kitchen activities; Trend products which are café-oriented products; Organic products which are products targeted at environmentally conscious consumers.

Niche products offer improved contribution margins, and with a market of 30 million consumers there is a basis for continuous development of new products.

New branding in the retail market

Danisco's sales of sugar products to the retail market in 2000/01 were largely unchanged from the year before, marking a halt to the past few years' decline in direct sales.

Danisco has decided to pool its retail products in a common product range for the entire Nordic region. In each country, the Group's products have enjoyed favourable market positions with significant market shares and a high awareness level. The product range and the presentation of products varied considerably, though, which was an obstacle to an efficient marketing approach and to the introduction of new products in the relatively small individual markets.

In future, the same product range will be marketed with a common product design in all Nordic markets and in the Baltic states, which together have some 30 million consumers. Common branding in the retail market offers both higher efficiency and the possibility of strengthening retail interest in sugar, whilst providing improved opportunities for launching a range of new specialities such as cane and candy sugar and icing products with various flavours. New and existing products alike are being marketed in redesigned packaging.

Our branding strategy covers Denmark, Sweden and Norway. We shall also be selling our common product range in Finland, where Danisco collaborate with our partner Lännen Tehtaat in the consumer market. All retail products will be sold under the Dansukker trademark, which has long been used in the Danish and Norwegian markets.

Offers to consumers

Retail products divide into three groups, directed towards different uses and target groups: *Family products* provide inspiration for kitchen activities and include products such as granulated sugar, icing sugar, pearl sugar, syrup and gelling sugar. *Trend products* are for modern, "joie de vivre" consumers and include café-oriented products such as cane sugar, cube cane sugar and candy sugar, to mention just a few examples. The third group comprises *Organic products* for environmentally conscious consumers who demand organic foods, including sugar from organically grown beet. Product packaging is customised to the different target groups.

The cane and candy sugar products were introduced to the Nordic markets during the year, with the introduction of new family products and the relaunch of existing sugar products scheduled for the autumn of 2001.

Consumer demand for organic sugar products continued to rise.

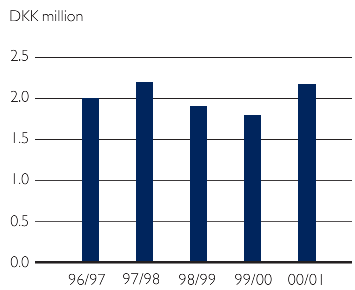
In the summer of 2000, a new product, gelling sugar, was successfully launched in the Danish market and is now being sold in all Nordic markets. Gelling sugar contains sugar, pectin and preservatives, and the product offers an easy, quick path to preserving at home with excellent results. Gelling sugar is a prime example of a product that makes it simple, yet inspiring for the consumer to cook.

Sugar production larger than expected

The area under cultivation was reduced by about 10 per cent in Denmark, Sweden, Finland and Germany in 2000/01. However, thanks to favourable weather conditions and successful efficiency improvements at the Danish and Swedish-based factories, Danisco's sugar production in these countries only declined by 4 per cent to a total of 1,240,000 tonnes.

We also produce sugar at three jointly owned factories in Lithuania, whose sugar output totalled 105,000 tonnes in 2000/01 (117,000 in 1999).

Sugar
Net sales per employee



Production was satisfactory at all factories, enabling us to complete operations in just 100 days on average.

Rationalisation completed

The comprehensive strategy to rationalise and streamline production processes initiated in 1996 has now been completed. The past five years have seen the closure of four factories in Denmark, Sweden, Finland and Germany. Over the same period, capacity has increased correspondingly at the remaining ten factories, and total costs have been cut substantially.

Focus has now shifted to an effort to optimise operations at all factories under the "operational excellence" theme. The main focus is on optimising maintenance and procurement. We are also seeing more efficient beet supply from closer contact with growers. This is being achieved through the newly established national agri-centres in the EU countries where Danisco produces sugar. At the same time, we are making continuous efforts to develop communications with beet growers via the Internet.

In the years ahead, the level of investment in Danisco Sugar will be in the order of DKK 250 million a year, an appreciable downturn from the previous level of about DKK 450 million a year.

The privatisation process for the sugar industry in Poland has been protracted and coloured by political interests, which has made continued investments too risky because of their long-term nature.

Already before the summer of 2000, Danisco decided to stop investing in Poland, and since then Polish sugar industry privatisation has been at a standstill.

Development of seed products

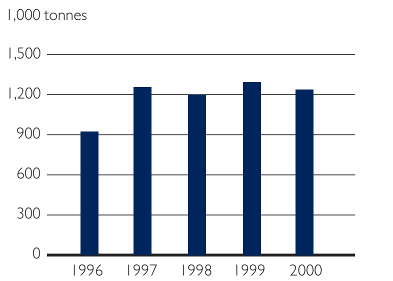
Danisco Seed develops, produces and sells beet, oil-seed rape, pea and sunflower seed. The continuous reduction in acreage for growing sugar beet resulted in greater competition and lower-than-expected sales. For fodder beet, though, the poorer trading conditions reported in the western European markets were offset by stronger sales in White Russia.

In 2000/01, our spring oil-seed rape activities were sold to Norddeutsche Pflanzenzucht Hans-Georg Lembke, thus releasing resources for continued development of winter oil-seed rape and for strengthening the platform for profitable operations in the oil and protein area.

The ongoing breeding work targeted at new products showed promising results. In several markets, the sugar beets achieved quite good results. In France, we obtained registration of two winter rape varieties that are expected to record considerable sales in this large market.

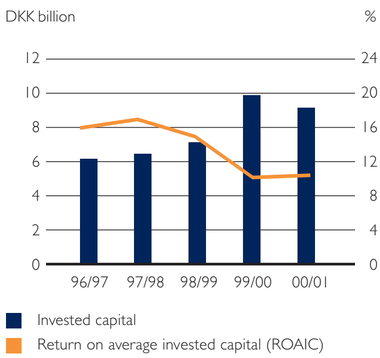
www.daniscosugar.com

Danisco's sugar production



Comprises production in the EU member states of Denmark, Sweden, Finland and Germany.

Sugar
Invested capital and return (ROAIC)



Sugar adds volume to food, acting as a flavour-enhancer and giving products such as jam and marmalade the desired texture. Through its many merits and high degree of purity, sugar is a very useful product. Sugar thus helps improving the taste of many foods which contain vitamins, minerals and dietary fibres, and increasing their variety.

Other business

The divestment of businesses outside Danisco's main business areas continued in 2000/01.

In April 2001, Danisco established a joint venture together with Amcor (Australia) and Ahlstrom (Finland), thereby creating the largest producer of flexible packaging in Europe. Danisco Foods also sold off its frozen vegetable and ready meals activities in September 2000, its potato activities in December 2000 and the frozen bakery activities in April 2001.

Already during the first financial year after the spring 1999 decision to focus strategically on ingredients and sugar, Danisco divested its Suomen Rehu, Danisco Pack Denmark, Danisco Paper Denmark, Danisco Distillers and Ewos businesses.

Danisco Flexible

Danisco Flexible produces advanced flexible packaging products. For a number of years, the company has been unable to reach the Group's earnings targets, some of the reasons being excess capacity in the industry and increasing prices of raw materials and energy.

The new joint venture, in which Danisco holds a 25 per cent stake, is forecast to generate earnings of around DKK 8 billion, and the joint venture will be the largest flexible packaging producer in Europe. The transaction is expected to be carried into effect by the end of June.

By way of options, Amcor Flexibles Europe will buy Danisco's stake in two to four years at a price of six times EBITDA less debt. Danisco will have phased out its flexible packaging activities in four years' time at the latest.

Danisco will receive an additional amount, depending on the future earnings capacity of the new company after disposal of its interests. Applying a conservative assessment of this option, the book value of Danisco Flexible has been written down by DKK 766 million.

For accounting purposes, the company will be treated as an associated undertaking in future.

In 2000/01, Danisco Flexible generated net sales of DKK 4,455 million, and earnings (EBITA) of DKK 31 million. Earnings (EBITA) were adversely impacted by rising energy prices and excess capacity in the industry, which has led to operating margin (EBITA) being significantly reduced. It has not been possible to pass on the increasing costs to customers.

Danisco Foods

Following divestment of a number of businesses, operations at Danisco Foods now focus on two product areas: Fruit-based products (frozen fruit, jams, marmalades, etc.) and condiments, such as mustard, onions and mayonnaise. These products are sold in Denmark and several other countries across Europe under the division's own brands and as private labels.

In 2000/01, Danisco Foods contributed total net sales of DKK 1,243 million and earnings (EBITA) of DKK 13 million. Divested activities accounted for net sales of DKK 725 million and earnings (EBITA) of DKK -22 million. The remaining activities of Danisco Foods reported net sales of DKK 518 million and earnings (EBITA) of DKK 35 million in 2000/01.

Danisco Pack UK

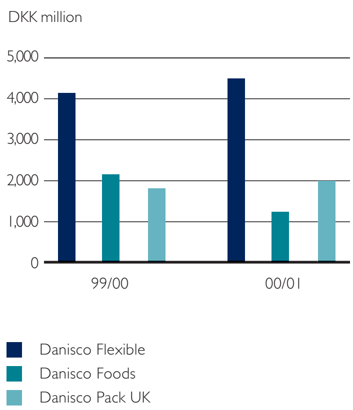
Danisco Pack UK specialises in the manufacture of innovative packaging solutions. The division operates seven corrugated cardboard factories and twenty-two box making plants.

Danisco Pack UK further includes a wastepaper recovery business and two paper mills producing recycled paper. Recycled waste paper represents more than 75 per cent of the raw material used in corrugated operations.

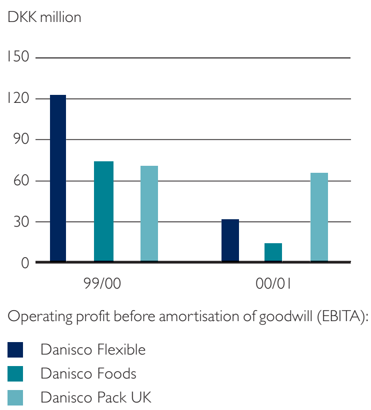
In 2000/01, Danisco Pack UK reported net sales of DKK 2,001 million and earnings (EBITA) of DKK 68 million. Results were adversely affected by rising energy prices coupled with declining total corrugated board consumption in the UK in recent years. However, Danisco Pack UK benefited from favourable paper prices.

Owing to a poor operating profit coupled with the likely outcome of the ongoing divestment process, it has been decided on the basis of conservative accounting principles to write down the value of Danisco Pack UK.

Other business
Net sales



Other business
Operating profit (EBITA)



Tomorrow's food ingredients

Danisco is constantly developing new products and technologies along three main lines:

- The Group's own R&D initiatives – often in collaboration with existing customers;
- Cooperation with research institutions, universities and other companies, including Genencor International;
- Danisco Venture, a new incubator that will be investing in projects and businesses relevant to Danisco's focus on new ingredients and technologies with potential growth for Danisco.

In the year ended, Danisco decided to step up its research and development initiatives, as evidenced by the gradual 30 per cent expansion of the Group's total budget for this area from about DKK 400 million to about DKK 530 million annually in the coming years.

The starting point for initiatives is the general trends in consumer expectations for foods, i.e. better taste, health and safety, convenience, low prices and uniform quality. All our endeavours are geared towards improving one or more of these trends.

Part of the long-term work is aimed at the development of ingredients that add supplementary properties to the products, often in relation to health. One example of this is xylitol's caries reducing properties and ability to reduce the incidence of acute otitis media. Other examples are anti-cholesterol margarine, calcium-fortified fruit juice and a wide range of dietary products (see the Ingredients and sweeteners section for further details).

Broadly based development

Danisco has development centres all over the world with the largest being located in Denmark, Finland, the UK, Germany, the USA, Brazil, Malaysia and China. All in all, more than 600 researchers and engineers are working to upgrade existing ingredients, while developing new processes, ingredients and application methods.

Taken all together, various development projects make up a myriad of new products and methods that are moving from the early discovery phase to product launch. A few examples will illustrate the breadth of this work:

- A new emulsifier has been developed for chocolate production. The product, which is more concentrated than before, provides the chocolate with long and cohesive texture, enabling customers to reduce raw material consumption.
- A newly developed analysis system, using close-up infra-red spectroscopy during the manufacture of emulsifiers, enables swifter and, thereby, less costly quality control of some of the key products.
- A new plant-based gelling agent that can replace gelatine in numerous applications, thereby satisfying customers seeking to avoid animal based products. This product is offered primarily to the dairy and confectionery industry. The dairy industry alone consumes gelatine for an amount of around DKK 750 million annually.
- During the year, new and effective pectin products were developed for some of the largest applications, for instance yoghurt drinks, confectionery and fruit-based products such as cake fillings.
- New blends of ingredients have been developed for the production of tortillas – a very important product in North and Central America.
- A new laser-scanning microscope provides completely new possibilities of exploring ingredient composition.

The Group's pipeline of new flavours was strengthened considerably during the year.

Further, against the backdrop of sharp increases in the price of vanilla beans, a number of projects were launched to make more efficient use of vanilla beans.

More work was done on developing enzymes for biologically based products, with new enzymes heading for market introduction, while others are still in the development phase.

Major advances were also made in the area of metabolic engineering (or biotransformation). This key technology platform will allow low cost production of ingredients and raw materials through fermentation as an alternative to chemical

Research & development	R&D	approx. DKK 400 million Y/Y
	Danisco Venture	DKK 500 million
	Genencor	USD 20 million

Since the new plant in Kunshan was put into operation in May 1999, Danisco has experienced strong growth in Chinese demand for emulsifiers and functional systems (tailor-made blends), in particular.

China is the globally fastest growing market for foods boasting an annual growth rate of 12 per cent. China is also the fastest growing of the more than 100 markets, in which Danisco sells ingredients, and within a few years China will take over Japan's lead as Danisco's largest market in Asia-Pacific.

Using its more than 20 years' experience in the region and the modern research facilities, which Danisco owns in China and Malaysia today, Danisco develops new solutions tailored to local and regional tastes. This development is based on close collaboration with Danisco's customers, who include some of the world's largest food producers.

Ingredients for the dairy and ice-cream industry represent one of the areas where Danisco has made an acknowledged and enduring R&D effort, based on an in-depth understanding of consumer needs, and an insight into the industry's production processes coupled with extensive knowledge of food formulations.

We have undertaken research into the composition and structure of the smallest ice-cream components and have developed ingredients and production methods to enhance the quality of end products while production, transport and storage are becoming both more efficient and safer.

synthesis or extraction and purification from biomass.

Significant progress was made in implementing newly obtained technology to boost activity in dairy cultures. Much effort went into reducing the number of manufacturing procedures, including on-line monitoring of cultures to cut costs and achieve uniform performance. Thereby, plant capacity is increased also.

Finally, we are continuing our work on developing new food antimicrobials that can counter problems of food-borne pathogens such as Salmonella.

Collaboration on research

In 2000, Danisco signed a collaboration agreement with Genencor International for the development of new bioingredients, under which up to USD 20 million will be invested.

As forecast, the first promising results have already emerged and are expected to materialise as new products within the next three years.

Danisco Venture

In December 2000, Danisco announced the establishment of Danisco Venture, a new incubator unit with a preliminary seed capital of DKK 500 million for investment in new technologies and products to support the Group's growth strategy. Such activities often call for unconventional types of business development , access to ideas in the research environment and interaction with other market players and employees.

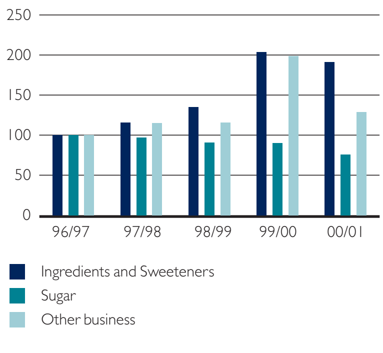
Initially, that part of the Group's in-house idea generation programme that is not directly related to existing customers has been mapped out. Around 200 ideas of this nature have been identified with the selected search criteria, and a limited number of these have been translated into business plans that contain a description and an assessment of the ideas, the potential demand, the utilisation of Danisco's competencies and risk factors. Many of the ideas represent extensions to our current activities by way of new products, new customer groupings, new technologies and new application areas.

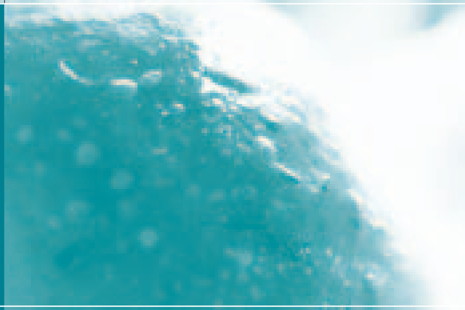
In tandem with this in-house mapping process, Danisco is gathering information to gain an overview of idea generation and projects at research institutions and universities, under EU programmes and newly established companies. Several fields are developing at a brisk pace, and Danisco has excellent opportunities for being involved in numerous promising projects that may turn out to be sources of future growth for the Group.

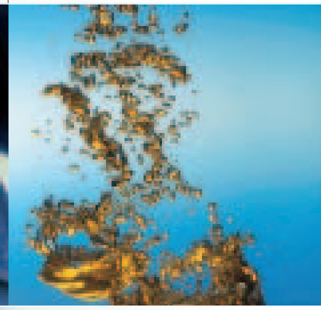
Partnership with Danisco Venture offers – apart from a financing source – quick and efficient market access through Danisco's global presence.

www.daniscoventure.com
www.danisco.com

Research and development costs
(Index 100 = 96/97)







Sustainable development

Danisco occupies a key position in the value chain in food production. Accordingly we consider sustainability and an understanding of the entire food production chain, the control of raw material supplies, production, and the primary use of all products up and downstream, as an integral part of our approach to doing business.

Consumers are increasingly voicing demands for products to meet higher quality and environmental standards and ethical and social standards. Traceability of raw materials has also become a crucial requirement for the food industry worldwide because of recent food safety scares.

At Danisco then, our approach to sustainability includes the ethical and product safety dimension in addition to such factors as safety and health, quality and environmental management, as well as dialogue with stakeholders.

Policy and objectives

Danisco's Policy for Safety, Health, Environment and Quality (SHEQ) takes the holistic approach to sustainability, including the impact of the Group's products and production processes throughout the entire value chain. See also www.danisco.com.

Our SHEQ group has developed measurable targets to support implementation of the policy, one being implementation of documented management systems for safety, health, environment and quality, with full traceability and transparency. Our SHEQ policy and objectives will co-ordinate resources and activities throughout the organisation and ensure that all SHEQ activities support the same goals.

The 2000/01 financial year saw the policy being implemented throughout the Group, with work on identifying our objectives proceeding as planned. There are regular internal network meetings to review the current status and progress in implementing Group policy in the annual plans of each unit.

At corporate level, a single organisation is responsible for all SHEQ coordination because of our unitary approach and so as to create sufficient corporate critical mass and raise awareness of the issues concerned. 2000/01 saw Danisco's various units working to clarify the individual roles and responsibilities of their SHEQ units, which are now fully in place.

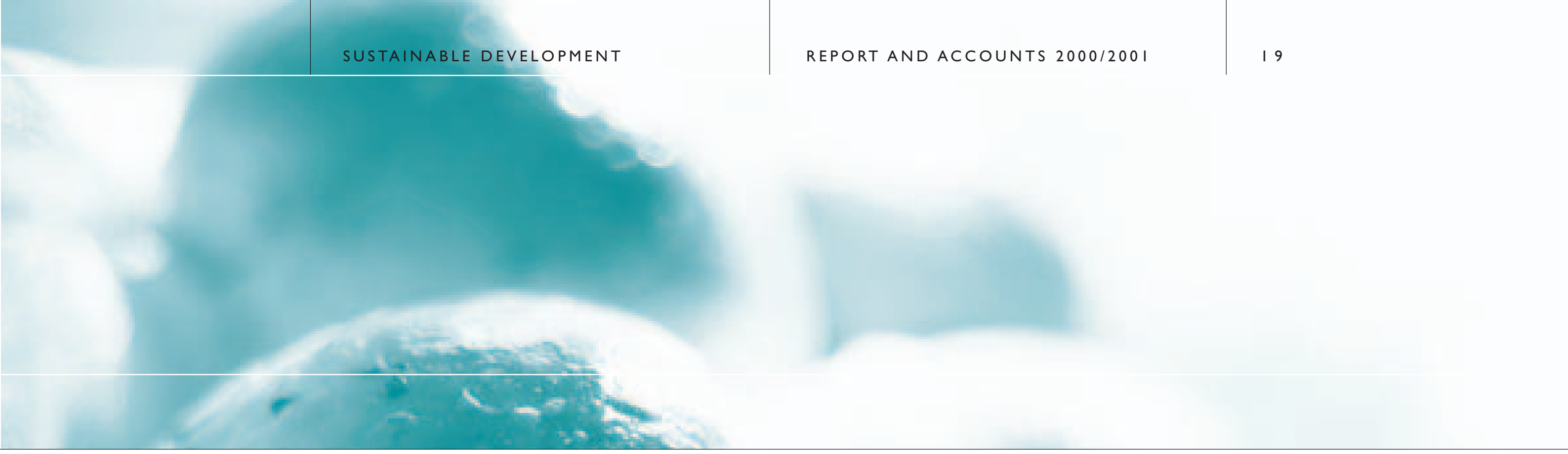
We have been giving high priority to implementation of documented quality and environmental management systems, which are commonly requested by our stakeholders. Such systems are commonly used in the food processing industry, and in the wholesale and retail trades, to ensure product quality and improved overall performance. Indeed, they are often regarded as mandatory when trying to meet the differing needs of all those involved in the food producing value chain.

Most sites now have quality assurance schemes based on either ISO 9001 or 9002. A great deal of effort has been targeted on improving overall hygiene levels, and on introducing hazard identification and control programmes. All sites with ISO 9001/9002 certification are currently preparing to implement ISO 9000 (2000) requirements over the coming months, and the first of our sites received certification based on the new standard in December 2000.

In line with Group objectives, each business area has developed a four year plan to cover the implementation of environmental management systems at all major manufacturing facilities. The Swedish and Finnish sugar factories and the Kotka site in Finland (Sweeteners) now have ISO 14001 certification.

Environmental database

In June 2000, the entire Danisco Group started using a new on-line environmental database, focusing on the most significant environmental health and safety (EHS) indicators for Danisco's businesses. Apart from EHS data, the database includes in-



The impact of several years' focus on workplace safety in the Danish Sugar factories was truly apparent in the accident statistics for 2000. In relation to the previous year, the number of accidents fell by almost half – to 27 accidents in 2000.

The decrease in the number of lost workdays was even more pronounced: 349 in 1999 and 142 in 2000.

Presumably, the marked fall is a result of the Stumbling Block project that was started in the factories in 1997. Stumbling Block is a project in which 800 employees were made aware through education of conditions that can cause accidents. Every problem is noted on a card and someone is assigned responsibility for making sure that the risk in question is eliminated. This has led to the elimination of several hundred so-called stumbling blocks.

formation on environmental investment and expenditure and potential fines and penalties.

The main purpose of this database is to minimise environmental impact by offering sites a tool for their day-to-day EHS management. It also enhances our ability quickly to follow-up, benchmark and develop methodologies in our business units and across the Group. It also provides a unified framework for data gathering, applying the same definitions at all sites throughout the Group.

This innovative database developed here at Danisco is now being licensed to other global operators.

Internal verification

Early in 2001, Danisco held internal assessments at a number of selected sites to determine the effectiveness of the EHS database training we conducted in early 2000 and the accuracy of EHS data entered in 1999/2000. This programme also provided hands-on training for local SHEQ personnel on conducting internal assessments, as they will be responsible for their own data verification in future.

Seven sites in Europe, Asia, Central and South America selected for this programme were visited by business unit and Group SHEQ Teams between January and March 2001. The overall outcome of these internal verification inspections was very positive, showing that most sites were well prepared and had gathered and internally reviewed the data to be reported. Subsequent feedback from our sites also indicated that data gathering and verification has provided numerous additional benefits to site systems and operations by identifying areas of potential savings.

EU foods policy

The establishment of a EU foods policy, based on Commission Recommendation of 8 November 2000 (COM (2000) 716), covering the entire food chain represents an important step towards improved food safety.

According to the proposal every link in the chain is responsible for safety within its particular area.

This policy and the measures proposed reformulate food legislation, with an independent European Food Authority (EFA) and a system for crisis management. These will contribute to the restoration and maintenance of consumer confidence in food. EFA should be fully interactive with everyone concerned with the value chain and is intended to reflect the interests of all stakeholders.

At Danisco, we feel that co-ordinated and improved food regulation at the European level is essential to ensure a competitive and innovative European food industry. The effectiveness of the internal market envisaged by the proposal will benefit the industry and consumers. A strong, efficient food industry will be better equipped to live up to its food safety responsibilities.

Food safety is a global issue and Danisco welcomes the statement in the proposal that the Community should be working to promote international standards for food.

The GMO debate

The debate on genetically modified organisms (GMO) is impacting on Danisco's business.

Our GMO team, with members from various parts of the Group, has been addressing several important areas. The team is working on a co-ordinated approach to the issue of genetic modification across the Group, including raw material supply, GM product status, customer information and legislative implications.

During the year ended, Danisco developed a raw material coding system that is being implemented in all business units, enabling the GM status of a product to be determined on the basis of the coding of the raw materials used in production.

Candy sugar is one of the new products in Danisco Sugar's product portfolio. The entire portfolio is being marketed with a new design and under the joint brand name Dansukker.

The social dimension

As part of our approach to corporate social responsibility, we are in the process of defining Human Resource (HR) policies and objectives and other social aspects. The impact on the local community and the overall working environment is important to Danisco, and we take active measures to reduce the number of accidents and days lost through injury. When implementing major structural changes, such as relocating production, we always take the interests of our employees into account, and collaboration between management and the employees is considered to be of vital importance.

Dialogue with stakeholders

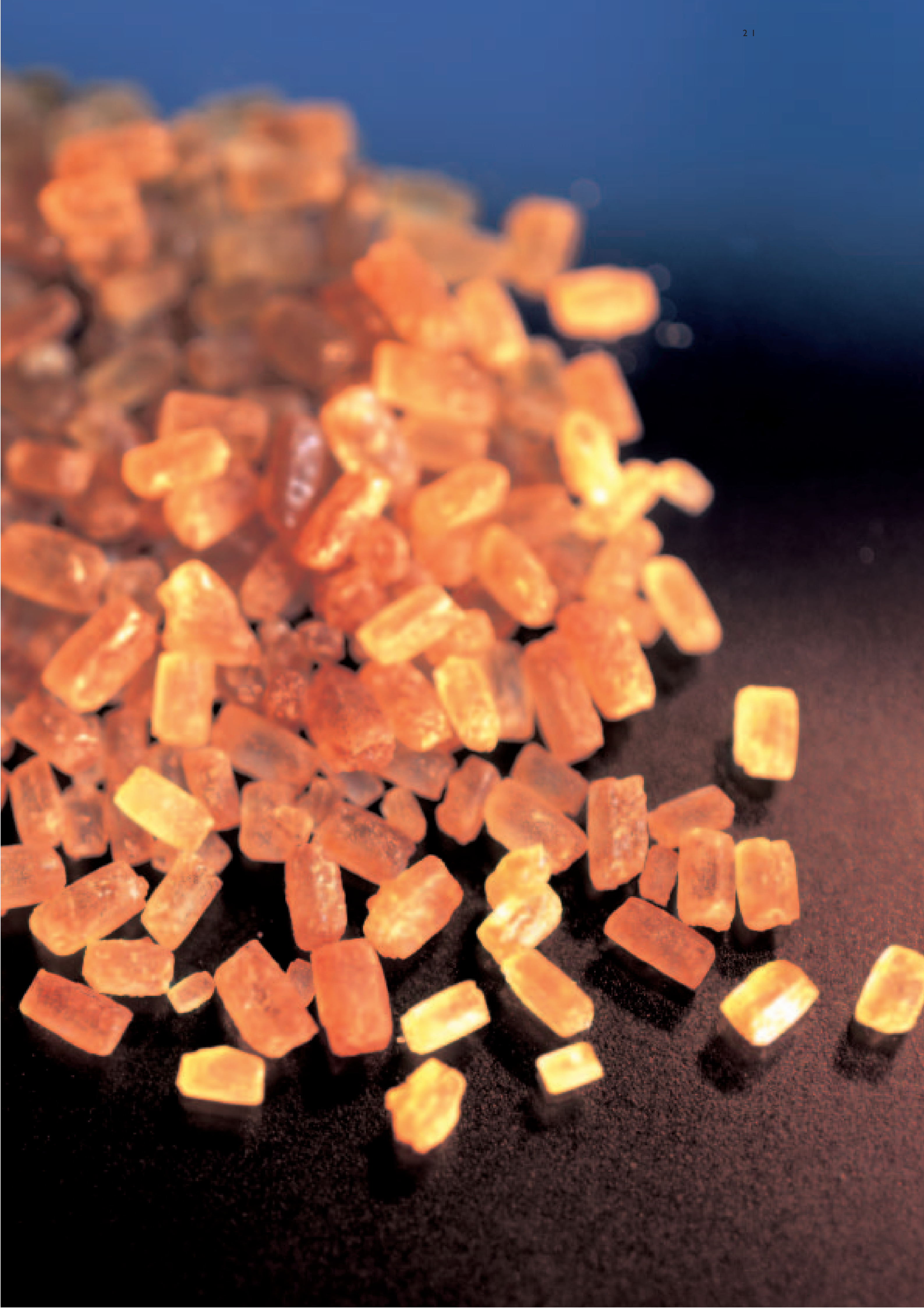
At Danisco, we feel that the best way of achieving our goals and those of our stakeholders in the food producing chain is by close collaboration and dialogue. In one current project, we are developing our understanding of the issues involved in having global companies as stakeholders and defining our approach and level of commitment relating to such issues, including those of setting targets.

In the year ended, we undertook an internal survey of the Group's current business practices, polices and codes of conduct, and in the spring of 2001, we organised two workshops with stakeholders, one in Malaysia and one in Mexico.

Reporting on sustainability

In the autumn of 2001, Danisco will be publishing a Sustainability Report on SHEQ matters, including ethical and social issues. It will include discussion of dialogue with stakeholders and related workshops. The report will be independently verified if its structure follows the Global Reporting Initiative (GRI), the international sustainability reporting guidelines.

Here at Danisco we are constantly working towards more extensive reporting on sustainability, while continuing to comply with the requirements of Green Accounting in Denmark and Environmental Reporting to the Swedish authorities.



Shareholder information

Danisco's share capital at 30 April 2001 was DKK 1,164 million, consisting of 58.2 million shares of DKK 20 each. Danisco has one class of shares only, and no special rights attach to any shares. The shares are negotiable, freely transferable and issued to bearer. However, as Danisco wishes to be able to provide investors with information about the company, Danisco shareholders are encouraged to register in the company's Register of Shares. No shareholder is entitled to exercise the voting rights - either by proxy or in his own right - for a holding of more than 7.5 per cent of the company's issued share capital.

Share turnover

Danisco's shares are listed on the Copenhagen Stock Exchange and the HEX Helsinki Exchanges.

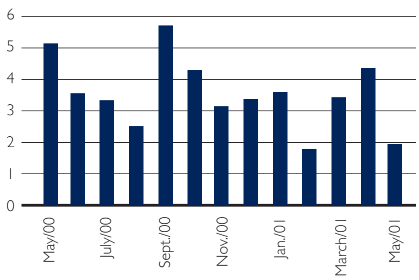
On the Copenhagen Stock Exchange, a total of 69.5 million shares were traded in 2000/01 (48.3 million). This corresponds to 119 per cent of the total share capital and around 280,000 shares on average per trading day. This volume was traded at a market value of DKK 21 billion, making Danisco one of the most actively traded shares on the Copenhagen Stock Exchange.

At the beginning of the financial year, the share price was DKK 247 and at year-end DKK 292, reflecting a 18 per cent increase. The market value of Danisco's shares was DKK 16.5 billion at year-end on 30 April 2001, against DKK 14.2 billion at the same stage of 2000.

Danisco accounts for 2.8 per cent of the KFX index and represents 1.8 per cent of the market value of the Danish equity market, ranking as the 13th largest company measured in these terms.

At 30 April 2001 there were around 620,000 Finnish Depository Receipts (FDRs), equivalent to about 1.1 per cent of total Danisco shares. This compares with around 750,000 FDRs a year earlier. Prices of Danisco FDRs started at EUR 31.50 and closed at EUR 37.25 at year-end. During the year, some 31,000 FDRs were traded at a market value of EUR 1.3 million.

Monthly turnover of the Danisco share
1 May 2000 - 31 May 2001



Shareholders

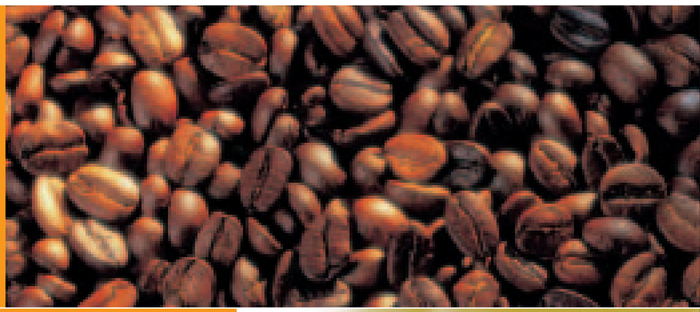
Danisco has around 30,700 registered shareholders, of whom close to 29,000 are private investors. Registered shareholders hold about 69 per cent of the share capital. Danisco share ownership is very broadly based with shares held by individual as well as institutional investors in and outside Denmark. Private investors are estimated to account for 10 to 15 per cent of the share capital, and 20 to 25 per cent is held by foreign investors. Taken together, the 25 biggest shareholders hold about 47 per cent of Danisco's share capital.

Institutional investors include asset management companies, investment funds, pension funds, insurance companies, banks and labour market related funds. Three shareholders have announced that they each hold more than five per cent of the share capital:

The Labour Market Supplementary Pension Fund (ATP, including the SP and DMP pension schemes), Hillerød, announced a holding of 12.3 per cent at 31 December 2000. LD Pensions, Copenhagen, announced a holding of 5.7 per cent at 31 December 2000. The PFA group, Copenhagen, announced a holding exceeding five per cent at 16 July 1991.

Shareholders holding more than 5 per cent:

ATP	12.3%
LD	5.7%
PFA	>5%



During the year ended, 1,077,000 own shares were acquired at a total cost of DKK 292 million. Danisco held 1,752,000 of its own shares at 19 June 2001, corresponding to 3.01 per cent. During the past eleven years, Danisco has issued employee shares on three occasions. Only the latest programme of April 1997, when 343,556 shares were issued in total, remains in force, the shares being scheduled for release in January 2003.

Annual General Meeting
The Annual General Meeting of Danisco will be held on Thursday 6 September 2001 at 4.30pm. The venue is the Bella Center at Center Boulevard 5, Copenhagen S.

Dividends
Dividends are declared by the Annual General Meeting. At the coming AGM the Board of Directors of the company will propose a dividend of DKK 6.00 per DKK 20 share (unchanged).

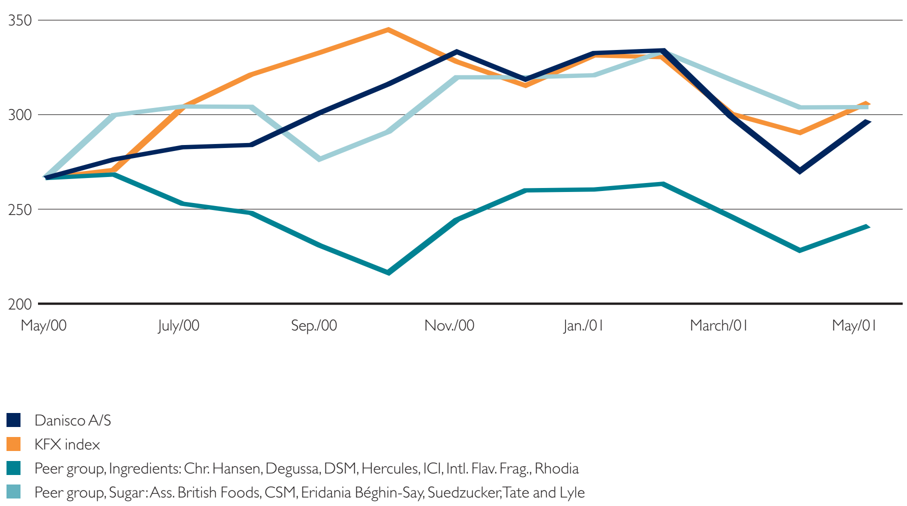
Dividends for the year will be paid automatically through the Danish Securities Centre immediately after the AGM. Danisco does not pay interim dividends as this is not allowed under the Danish Companies Act.

Investor Relations
At Danisco, we try to ensure a high, uniform level of information for all investors and shareholders. All registered share-

Shareholder-related ratios

		1996/97	1997/98	1998/99	1999/00	**2000/01**
Average no. of shares	'000	60,016	59,930	58,566	57,891	57,377
Earnings per share (BEPS)	DKK	18.26	20.35	15.83	14.44	15.22
Cash flow per share	DKK	33.59	33.51	34.01	40.45	38.03
Net asset value per share	DKK	193	209	211	235	220
Market price per share	DKK	386	426	325	247	292
Market price/net asset value		2.00	2.04	1.55	1.05	1.33
Market capitalisation	DKK million	23,203	25,480	18,852	14,214	16,489
Price earnings ratio		21.14	20.93	20.53	17.11	19.19
Dividend per share	DKK	5.00	6.00	6.00	6.00	6.00
Pay-out ratio	DKK	28.1	29.4	37.5	41.3	38.8

Share price developments 1 May 2000 – 31 May 2001, average market value per month



holders receive our investor and shareholder journal, Danisco Magazine.

Throughout the year, Danisco organises meetings and conference calls with investors and analysts from Denmark and abroad. During 2000/01 a total of about 240 meetings were held in 17 countries, attended by upwards of 350 investors and analysts. During the year, we participated in shareholder fairs in Denmark, Finland and Sweden and in global food conferences organised by stockbrokers. Through webcasting on the Internet, Danisco has enabled everyone to follow investor and analyst meetings when quarterly financial statements are being presented.

Shareholders, analysts, stockbrokers and other interested parties are welcome to contact Danisco's Investor Relations Department at Langebrogade 1, PO Box 17, DK-1001 Copenhagen K. Tel.: +45 3266 2000. Fax: +45 3266 2152. E-mail: investor@danisco.com. Website: www.danisco.com.

Stockbrokers monitoring Danisco

In Denmark: Alfred Berg, Alm. Brand Børs, Carnegie, Danske Securities, Enskilda Securities, Gudme Raaschou, Handelsbanken, Jyske Bank, Nordea Securities, Spar Nord Bank and Sydbank.

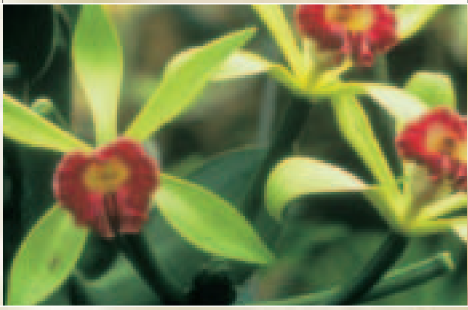
Outside Denmark: ABG Securities, BNP Paribas, Crédit Agricole Indosuez Cheuvreux, CS First Boston, Deutsche Bank, Dresdner Kleinwort Wasserstein, Fortis Bank, Goldman Sachs, HSBC, Morgan Stanley Dean Witter, Schroder Salomon Smith Barney, UBS Warburg and Vontobel Bank.

Stock exchange notices from Danisco

05 May	2000	No. 03	Genencor International files registration statement for IPO
27 June	2000	No. 04	Preliminary Announcement of Results for 1999/2000
28 July	2000	No. 05	Initial Public Offering of Genencor International
10 August	2000	No. 06	Sugar production 2000
07 September	2000	No. 07	AGM: Extract from Chairman's Report
07 September	2000	No. 08	AGM: Resolutions and elections
21 September	2000	No. 09	Sale of Danisco Foods' activities in vegetables
27 September	2000	No. 10	Announcement of Results for Q1 2000/01
31 October	2000	No. 11	Strategic agreement with Genencor International
18 December	2000	No. 12	Sale of Danisco Foods' activities in frozen potato products in the Netherlands
20 December	2000	No. 13	Announcement of Results for Q2 2000/01
08 February	2001	No. 01	Deputy CEO Björn Mattsson retires
20 March	2001	No. 02	Announcement of Results for Q3 2000/01
06 April	2001	No. 03	Danisco Flexible sold to new European market leader
18 April	2001	No. 04	Own shares
25 April	2001	No. 05	Acquisition of Florida Flavors
12 June	2001	N0. 06	Flexible merger approved by the European Commission

Financial calendar

06 September 2001	Annual General Meeting
12 September 2001	Payment of share dividends
14 September 2001	Payment of dividends on FDRs
18 September 2001	Accounts for Q1 (May-July)
17 December 2001	Accounts for Q2 (August-October)
20 March 2002	Accounts for Q3 (November-January)
30 April 2002	End of financial year
19 June 2002	Annual accounts 2001/2002
05 September 2002	Annual General Meeting



Corporate governance

Danisco's Board of Directors continuously reviews the framework for and the processes associated with the overall management of the company (corporate governance), and expedient changes are made, as occasion requires.

Accordingly, Danisco has sharpened its focus on shareholder relations in recent years, while developing good corporate governance practices based on a number of related activities. The Danisco management is committed to securing long-term value creation in the company and to swiftly releasing all information relevant to the shareholders and to the stock market.

Danisco has one class of shares only, and none of the shares carries special rights. Each share of DKK 20 represents one vote. However, no shareholder is entitled to exercise the voting rights for a share amount of more than 7.5 per cent of the company's issued share capital.

The Board of Directors presently comprises 11 members, with eight elected by the shareholders at an annual general meeting and three who have been elected by the company's employees in Denmark.

When the Board of Directors nominates candidates for election at the Annual General Meeting, emphasis is placed on ensuring

- that the Board of Directors possesses business-related competencies matching the company's needs, has a balanced age distribution and extensive business experience and international background,
- that the Board members are independent of the Executive Board and the other members of the day-to-day management,
- that there are no conflicts of interest between the members of the Board of Directors and the company, and
- that no Board member elected by the shareholders is employed by or dependent on the company.

The election of the Board members elected by the employees takes place in accordance with Danish legislation.

From among its members, the Board of Directors elects a Chairman and one or two Deputy Chairmen. The Chairman and the Deputy Chairmen constitute the Chairmanship. The work of the Board of Directors is regulated by the company's Rules of Procedure.

Each year, the Board of Directors holds at least six Board meetings where all matters concerning the company's overall development are considered, including

- the strategies of the individual business areas and the company,
- the overall financial targets and capital structure,
- accounts and financial reporting,
- social, ethical and environmental issues,
- prospective mergers, acquisitions and divestments of companies and activities as well as major development and investment projects.

The Chairmanship considers remuneration to management and decides and proposes to the full Board of Directors the delegation of responsibilities in the Executive Board as well as conditions of employment in other respects, including the establishment of any financial incentive programmes.

An extensive meeting is held at least once a year, when the Board of Directors considers the formulation of, and follow-up on, the strategy of the company. The Board of Directors also makes visits to the company's undertakings in Denmark and abroad at suitable intervals.

In the time between ordinary Board meetings, Board members are regularly briefed about the Group's affairs, and extraordinary Board meetings are convened when deemed necessary.

The Board of Directors supervises the company and monitors that the company is properly managed. The Executive Board provides the Board of Directors with monthly and quarterly reports on the company's financial development and standing. The company's two auditors attend Board meetings to brief the full Board of Directors at least once a year (annual accounts meeting), and meet with the Chairmanship at least twice a year.

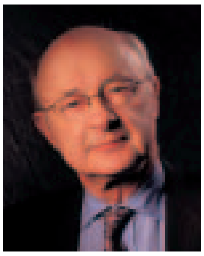
The President of the Executive Board and the other Executive Board members are responsible for the company's development in activities and operations, financial performance, asset management, bookkeeping as well as internal matters.

A share option programme has been set up for the Executive Board and around 100 senior executives as described in note 2 to this publication. Any exercise of options by the Executive Board will be reported to the Copenhagen Stock Exchange when the company has been notified thereof.

The company's management is not aware of any agreements between the company's shareholders regarding or based on shareholders' holdings of shares in Danisco A/S.


Hugo Schrøder


Anders Knutsen


Bo Berggren


Per Gertsen

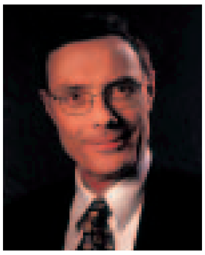

Peter Højland

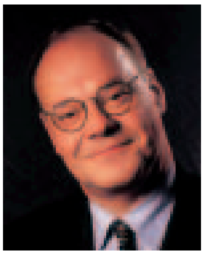

Heimo Karinen


Jon Krabbe


Finn Larsen


Børge A. Pedersen


Sten Scheibye


Matti Vuoria

BOARD OF DIRECTORS

Hugo Schrøder, born 1932
Chairman of the Board
BSc Engineering
Joined the Board of Directors in 1975, Chairman since 1986
Director of Incentive A/S and Chr. Augustinus Fabrikker Aktieselskab

Anders Knutsen, born 1947
Deputy Chairman of the Board
MSc Economics
CEO of Bang & Olufsen a/s (till 1 July 2001)
Joined the Board of Directors in 1997, Deputy Chairman since 1999
Chairman of the boards of Orange Holding A/S and Orange A/S
Director of Topdanmark A/S and SAS Danmark A/S

Bo Berggren, born 1936
Dr. tech. h.c.
Joined the Board of Directors in 1993
Chairman of the boards of SAS Sverige AB and J.D. Stenqvist AB, Sweden
Deputy Chairman of Scandinavian Airlines System, Sweden
Director of Robert Bosch GmbH, Germany

Per Gertsen, born 1950
Senior Shop Steward, Danisco Sugar
Board Member elected by the employees
Joined the board of Directors in 1997

Peter Højland, born 1950
BSc, Economics and Business Administration
Managing director, Transmedica A/S
Joined the Board of Directors in 1998
Chairman of the boards of Amrop International Danmark A/S and Transmedica Holding A/S
Director of Danske Bank A/S, Nordicom A/S, and First Services ASA, Norway

Heimo Karinen, born 1939
MSc Engineering, Bergsråd
CEO
Joined the Board of Directors in 1999
Director of Outokumpu Oyj, Finland

Jon Krabbe, born 1936
Agricultural education
Landowner, Chamberlain
Managing Director of Det Classenske Fideicommis
Joined the Board of Directors in 1979
Chairman of Grønt Center

Finn Larsen, born 1948
Senior Shop Steward, Danisco Flexible
Board member elected by the employees
Joined the board of Directors in 1995

Børge A. Pedersen, born 1941
Senior Shop Steward, Danisco Cultor
Board member elected by the employees
Joined the Board of Directors in 1974

Sten Scheibye, born 1951
MSc Chemistry & Physics, PhD, B.Com., Adjunct Professor
Chief Executive, Coloplast A/S
Joined the board of Directors in 1999
Director of Danske Bank A/S and Aktieselskabet Th. Wessel & Vett, Magasin du Nord

Matti Vuoria, born 1951
Master of Law
Joined the Board of Directors in 1999
Chairman, Fortum Corporation and Solidium Oy, Finland
Director of European Renaissance Fund Ltd., and North Transgas Oy, Finland

The members of the Board of Directors own a total of 18,297 shares in Danisco A/S.

Alf Duch-Pedersen

Søren Bjerre-Nielsen

Mogens Granborg

Robert H. Mayer

EXECUTIVE BOARD

Alf Duch-Pedersen, born 1946
CEO and Chairman of the Executive Board
BSc Engineering, Diploma in Commerce
Member of Danisco's Board of Directors 1994-97
Employed at Danisco in current position since 1997
Deputy Chairman of Group 4 Falck A/S
Director of Danske Bank A/S

Mogens Granborg, born 1947
Executive Vice President
MSc Chemical Engineering, PhD Industrial Research, B.Com
Employed at Danisco since 1988, in current position since 1989
Responsible for Danisco Sugar and Danisco Sweeteners
Chairman of Monberg & Thorsen Holding A/S and S. Dyrup & Co. A/S

Søren Bjerre-Nielsen, born 1952
Executive Vice President, Chief Financial Officer
MSc Economics and Business Administration, State-Authorised Public Accountant
Employed at Danisco in current position since 1995
Director of VKR Holding A/S and the central bank of Denmark

Robert H. Mayer, born 1943
Executive Vice President
MSc Engineering, PhD Chemical engineering
Employed at Danisco since 1981, in current position since 1999
Responsible for Danisco Cultor

The members of the Executive Board own a total of 7,559 shares in Danisco A/S.

In April 2001, Danisco acquired Florida Flavors, Inc., headquartered in Lakeland, Florida, USA. Florida Flavors specialises in R&D, production and marketing of natural citrus, apple and other fruit flavours and components derived from the named fruit (FTNF). The primary focus of Florida Flavors is on the food and beverage and related industries. Florida Flavors also produces citrus specialities and fragrance components as well as other natural fruit flavour compounds.

The new Danisco

With the refocusing of Danisco being nearly completed, the Group is ready for further expansion in the ingredients segment. Cultor has been integrated faster than anticipated, and the financial benefits have been realised.

Danisco is now ready for the next step under the clearly identified refocusing strategy: Further development and new acquisitions in the ingredients segment to consolidate the market position further and enhance efficiency. Danisco's expansion is enabled primarily by a strong and stable cash flow.

FINANCIAL RESULTS FOR 2000/01

Danisco posted net sales of DKK 23,541 million, reflecting a planned reduction of 15 per cent on the previous year as a result of divestments. Danisco's earnings (EBITA) came to DKK 2,306 million, down 11 per cent on last year.

Danisco's main business areas posted net sales of DKK 15,875 million, up 6 per cent on last year. In the segment of Ingredients and Sweeteners, net sales advanced 9 per cent, reflecting more than a doubling of the general market growth of less than 4 per cent. Net sales in the Sugar segment rose 4 per cent on last year. The Group's other business activities posted net sales of DKK 7,694 million, down DKK 5,244 million as a result of divestments.

Earnings (EBITA) in the main business areas were DKK 2,195 million, thereby advancing 24 per cent, while the Group's other business areas delivered a contribution of DKK 111 million.

Part of the earnings growth was attributable to the successful integration of Cultor with additional cost synergies of around DKK 175 million being realised during the year ended.

In the Group's other business areas, performance in Danisco Flexible and Danisco Pack UK was disappointing, while the activities of Danisco Foods under divestment performed to expectations.

The 2000/01 financial year was characterised by considerable writedowns of the values of businesses under divestment. Hence, the book value of Danisco Flexible was written down by DKK 766 million, in line with Danisco's announcement in conjunction with the notice on the sale in April 2001. In addition to this, a writedown of DKK 325 million was made on businesses under divestment (Danisco Pack UK), triggered by the ongoing divestment process. Combined, these writedowns amount to DKK 1,091 million after tax. The flotation of Genencor yielded a DKK 297 million gain.

Earnings (EBITA) in the main business areas were in line with the forecast made at the beginning of the year.

A BUSY YEAR FOR DANISCO

Ingredients and Sweeteners

Net sales in the Ingredients and Sweeteners segment advanced 9 per cent, totalling DKK 7,784 million in 2000/01, as compared with the general market growth of less than 4 per cent. Earnings (EBITA) amounted to DKK 1,215 million, up 24 per cent on last year. Exchange rate fluctuations relating to translation of foreign undertakings had a positive effect of around DKK 50 million. Growth in net sales showed a declining trend during the year but is still satisfactory considering the generally increased economic uncertainty in some markets.

Operating margin was 16 per cent, up 2 percentage points on 1999/2000, and thus above the targeted 15 per cent. ROAIC was 10 per cent, reflecting an improvement of 1 percentage point. Danisco targets a ROAIC level of at least 15 per cent through organic growth before 2004/05.

Geographic markets

Sales performance varied from region to region. The slowest progress was recorded in the EU at 1 per cent with net sales of approx DKK 2.1 billion. Net sales in the Americas developed favourably with an improvement of around DKK 200 million, reflecting an increase of 9 per cent.

Sales in Asia-Pacific were up 9 per cent. Sales in nations with rapidly developing economies represented 29 per cent against 27 per cent in the previous financial year, reducing the industrialised world's share of sales from 73 per cent to 71 per cent.

Danisco boosted sales in China, Russia, eastern Europe and a number of developing countries, not least on the back of high growth rates for processed foods in certain of these countries. Hence, sales were boosted around 100 per cent in China and 16 per cent in Russia in DKK terms. Although positive, this progress also implies sensitivity to changes in the economies of these countries.

Products

Sales of Texturant Products saw very satisfactory development, increasing by 13 per cent. Emulsifiers made the strongest sales progress. Pectin production was affected by supply problems until Danisco's pectin production capacity was expanded at the end of the year.

Sales of Speciality Products, including flavours and bioingredients, advanced 4 per cent.

The portfolio of Speciality Products is central to Danisco's future business acquisition strategy. In late April 2001, Danisco acquired the business of Florida Flavors Inc., which has specialised in natural flavours for the fruit juice industry. This acquisition lies at the heart of expanding and strengthening Danisco's flavour product portfolio.

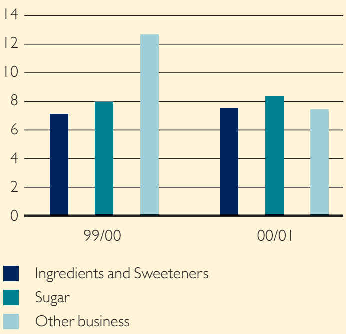
Sales of other products were impacted by some products being discontinued or de-emphasised.

Sales of Danisco's sweeteners saw a positive development on the global market despite sharpened competition. The customer base was broadened and the market position strengthened. Net sales improved 14 per cent on last year. Earnings (EBITA) were positively affected by Danisco's hedging of JPY against USD.

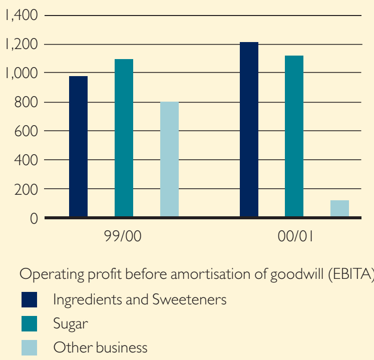
Based on efficient branding, xylitol was successfully marketed on the world market.

Sales of xylitol remained on a positive note in Japan and Europe, and strong

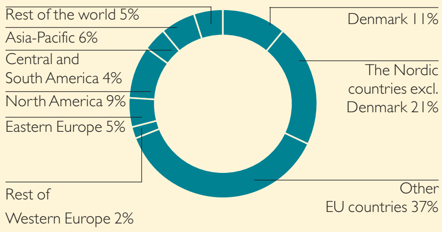
Net sales by business segment



Operating profit (EBITA) by business segment



Net sales by geographic segment



growth was recorded in the South Korean market. A number of novel products containing xylitol were launched at the end of the financial year. Competition from other manufacturers of xylitol and other products resulted in lower prices, but Danisco managed to keep the operating margin unchanged and also win new market share on the basis of efficient production.

Sugar

Net sales in the Sugar segment amounted to DKK 8,270 million in 2000/01, up 4 per cent on last year. Earnings (EBITA) came to DKK 1,119 million, up 2 per cent on 1999/2000. This earnings performance was linked to increased production and higher sales prices. Further, high production volumes enabled Danisco to export sugar to the world market, where prices were favourable. These positive market developments more than compensated for the high energy costs throughout the year.

Operating margin (EBITA) was 14 per cent, unchanged from 1999/2000. ROAIC was 11 per cent, reflecting an improvement of 1 percentage point. Danisco targets a ROAIC level of at least 12 per cent through organic growth before 2004/05.

Danisco's stakes in Poland were disposed of, as it was assessed that these activities would not meet the financial targets.

Production and sales

The area under cultivation was reduced by about 10 per cent in Denmark, Sweden, Finland and Germany in 2000/01. However, thanks to favourable weather conditions and successful efficiency improvements at the Danish and Swedish-based factories, Danisco's sugar production declined by merely 4 per cent to a total of 1,240,000 tonnes.

Danisco also produces sugar at three jointly owned factories in Lithuania, whose sugar output totalled 105,000 tonnes in 2000/01.

Production was satisfactory at all factories, enabling Danisco to complete operations in just 100 days on average. The rationalisation and streamlining of production processes have now been completed through the closure of four factories, and in the years ahead, the level of investment in Danisco Sugar will be in the order of DKK 250 million a year, an appreciable downturn from the previous level of about DKK 450 million a year.

With rising energy costs, it proved necessary to introduce minor price increases for the first time in twelve years. Prices also changed as usual in the Swedish market in the wake of exchange rate fluctuations in terms of SEK against EUR, which has had a negative net impact on results.

Branding in retail market

Danisco has decided to pool its retail products in a common product range for the entire Nordic region. In future, the same product range will be marketed with a common product design in all Nordic markets and in the Baltic States, which together have some 30 million consumers. Common branding in the retail market offers both higher efficiency and the possibility of strengthening retail interest in sugar, whilst providing improved opportunities for launching a range of new specialities such as cane and candy sugar as well as icing products with various flavours.

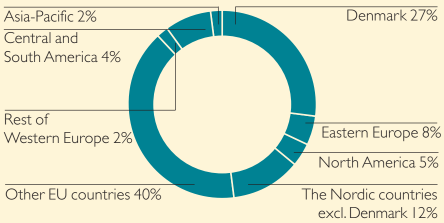
Danisco's branding strategy covers Denmark, Sweden, Norway, Finland and the Baltic States. All retail products will be sold under the Dansukker trademark, which has long been used in the Danish and Norwegian markets.

The EU's sugar regime

The EU foreign ministers have decided to give the world's 48 poorest nations free export access to the European market. For sugar, there will be a staged introduction of the scheme from 2006, which will be fully implemented with effect from 2009.

In May 2001, the Council of the European Union decided to extend the sugar regime for five years with effect from 1 July 2001. In addition, a permanent quota reduction of 115,000 tonnes will be implemented, corresponding to about 0.8 per cent of the total production quota. The prices fixed by the EU remain unchanged compared with 2000/01. At the same time, the compensation system for storage costs for sugar will be abolished. Danisco estimates that this will lead to an earnings (EBITA) reduction of DKK 50-100 million annually. Finally, it has been decided that the European Commission is to scrutinise the sugar regime and present its find-

Employees by geographic segment



ings and proposals for changes to the sugar regime, if any, in 2003.

Innovation

In the coming years, Danisco will step up its research and development initiatives, as evidenced by a gradual expansion of the Group's total budget for this area from around DKK 400 million to DKK 530 million annually in the coming years.

Research and development account for about 4 per cent of net sales in the ingredients and sweeteners segment, currently corresponding to DKK 300 million. The budget expansion in development expenses is first and foremost attributable to the commercial research agreement concluded with Genencor International and the establishment of Danisco Venture.

In December 2000, Danisco announced the establishment of Danisco Venture, a new incubator unit with a preliminary seed capital of DKK 500 million for investment in new technologies and products to support the Group's growth strategy.

Through this new initiative, Danisco will be investing in new activities related to ingredients for food and beverages. Such activities often call for unconventional types of business development, access to ideas in the research environment and interaction with other market players. Several fields are developing at a brisk pace, with Danisco having excellent opportunities for sharing in.

Other business

The process of divesting businesses outside Danisco's focus areas was continued in the 2000/01 financial year and is expected to be completed in the current calendar year.

Flexible packaging

In April 2001, Danisco was one of the companies behind the establishment of a joint venture together with Amcor (Australia) and Ahlstrom (Finland). The new company, Amcor Flexibles Europe, in which Danisco holds a 25 per cent stake, is anticipated to generate annual sales of around DKK 8 billion.

In 2000/01, Danisco Flexible posted net sales of DKK 4,455 million, and earnings (EBITA) of DKK 31 million. Results (EBITA) were adversely impacted by rising energy prices and excess capacity in the industry, which has led to operating margin (EBITA) being significantly reduced, as it has not been possible to raise prices.

The sale of Danisco Flexible to Amcor Flexibles Europe is based on a value of EUR 303 million, of which Danisco retains EUR 61 million of the share capital (25 per cent) of the joint venture. Danisco holds a put option enabling the Group to sell its stake after two to four years at a price linked to the future profitability of the joint venture, (based on a multiple of 6 times EBITDA, less debt). Applying a conservative assessment of this option, the book value of Danisco Flexible has been written down by an amount of DKK 766 million. The transaction is expected to be carried into effect by the end of June this year.

Foods

Danisco Foods divested its activities in frozen vegetables and ready meals in September 2000 and its potato activities in December 2000 and frozen bakery activities in April 2001. The remaining activities of Danisco Foods are fruit-based products and condiments.

Danisco Foods contributed total net sales of DKK 1,243 million and earnings (EBITA) of DKK 13 million in 2000/01. Of this divested activities accounted for sales of DKK 725 million and earnings (EBITA) of DKK -22 million in 2000/01. The remaining activities in this business area recorded net sales of DKK 518 million and earnings (EBITA) of DKK 35 million in 2000/01.

Corrugated board

Danisco Pack UK, specialising in the manufacture of innovative corrugated packaging solutions, posted net sales of DKK 2,001 million and earnings (EBITA) of DKK 68 million in 2000/01. Earnings were adversely affected by rising energy prices coupled with declining corrugated board consumption in the UK in recent years. However, Danisco Pack UK benefited from favourable paper prices.

Genencor International

Genencor was listed on the NASDAQ in the USA in July 2000. In conjunction with the capital increase, Danisco's stake was reduced to 41.7 per cent.

The Genencor shares offered were subscribed at a price of USD 18 per share, which has resulted in an accounting value increase of DKK 297 million, treated as a partial sale of the company and therefore taken to the profit and loss account.

The remaining stake in Genencor is booked at a value of DKK 2,468 million. At 30 April 2001, the market capitalisation was DKK 3,512 million, based on the current market price. The stake was transferred to a Danish subsidiary undertaking of Danisco A/S, which triggered certain taxes that have been included in the book value mentioned above. After a period of three years, the shares may be disposed of on a tax-exempt basis.

Tax

The Group's total net tax on profit on ordinary activities before tax was DKK 462 million, corresponding to an effective tax rate of 35. Before amortisation of goodwill, etc., which is non-deductible in the computation of taxable income, the tax rate was 26 against 34 per cent for 1999/2000.

The lower effective tax rate is primarily attributable to the lowering of the Danish corporation tax from 32 to 30 per cent. As a result of this, deferred tax has been reduced by DKK 44 million.

Cash flow
Cash inflow from operating activities was DKK 2,182 million in 2000/01 (DKK 2,342 million). Investing activities accounted for a net amount of DKK 2,135 million (DKK -9,485 million), of which DKK 253 million was spent on acquisitions (DKK -9,100 million).

Financing activities accounted for DKK -3,840 million (DKK 6,590 million) net. This amount consists of a reduction of financial liabilities of DKK 3,204 million, dividends and purchase of own shares of DKK 636 million in total (DKK 463 million).

Financial review
Danisco's interest-bearing debt was reduced significantly during the year ended to DKK 11,278 million due to disposal of businesses coupled with the considerable cash flow from operations.

Danisco pursues a policy of obtaining a substantial part of the Group's financing via committed facilities with maturities of typically three to five years. The Group is exposed to changes in short-term interest rates, typically with a time frame of up to one year. Financing is mainly obtained in euros. Loans denominated in US dollars and sterling correspond to assets in the same currencies.

Danisco strives to achieve a long-term gearing where net interest bearing debt is on a par with capital and reserves.

At year-end, capital and reserves were DKK 12,795 million (DKK 13,690 million) as a result of payment of dividends of DKK 344 million, purchase of own shares for DKK 292 million as well as exchange rate fluctuations, etc. of DKK -338 million.

Accounting policies
No major changes have been made to the accounting policies, except for the effect of IAS 10 Events after the Balance Sheet Date, which became effective during the year ended and was applied to the preparation of the accounts. Accordingly, the accounting policy for recognition of dividends has been amended to the effect that dividends for the year are no longer recognised as a liability but are deducted from capital and reserves in conjunction with payment. Capital and reserves therefore increased by DKK 345 million at the beginning of 2000/01. Comparative figures for previous years have been restated accordingly.

A few reclassifications have been made without implying a change of applied accounting policies. The most significant of these pertains to the flotation of Genencor. Previously, items regarding Genencor were included in income of associated undertakings under operating profit, in amortisation of goodwill and tax. Since Q1 2000/01, these items have been included as income of associated undertakings under financial items. Comparative figures have been restated accordingly.

Purchase of own shares
Danisco intends to purchase own shares through public trading at the Copenhagen Stock Exchange. The shares will be repurchased within the current 10 per cent authorisation given by the AGM of 7 September 2000 and will be used for further development of the company's capital structure, to finance or execute acquisitions, for selling, to be transferred in other ways, or to be cancelled. As of 19 June 2001, Danisco had a holding of 1,752,000 own shares, equivalent to 3.01 per cent of the share capital.

Outlook for 2001/02
The financial year of 2001/02 should see earnings (EBITA) of DKK 1.3-1.4 billion in the Ingredients and Sweeteners segment, and earnings (EBITA) of around DKK 1.1 billion in the Sugar segment. Earnings (EBITA) in the Group's other business areas are expected to be around DKK 0.1 billion.

Our earnings forecast is exposed to the economic development in the geographic areas of key importance to Danisco as well as the consequences of the abolition of the compensation system for storage costs of sugar. Further, the earnings forecast will be affected by the outcome of the ongoing divestment processes.

The consolidated profit is expected to be DKK 0.9-1.0 billion.

The consolidated profit for the first quarter of 2001/02 is expected to be DKK 225-275 million.

The above expectations for the future are associated with uncertainty and risks, which may imply that actual results will deviate from forecasts.

The Board of Directors' decisions and resolutions at the AGM
Danisco's Annual General Meeting will be held on Thursday 6 September 2001 at 4:30pm at the Bella Center, Center Boulevard 5, Copenhagen S. The agenda for the meeting will be included in the convening notice, which will be sent to shareholders in mid-August.

The Board of Directors proposes that a dividend of DKK 6.00 be paid per share (unchanged).

The Board of Directors further proposes to the Annual General Meeting

- Cancellation of a number of secondary names as a result of the divestment of Danisco Flexible
- Renewal of the 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.

Management
Executive Vice President Henrik Jansdorf retired from the Executive Board in July 2000 and joined the Executive Committee of Danisco Cultor as Executive Vice President, Global Operations, with responsibility for technical management. Deputy CEO Björn Mattsson retired on 1 February 2001. Following this change, Danisco's Executive Board comprises CEO Alf Duch-Pedersen, Søren Bjerre-Nielsen, Mogens Granborg and Robert H. Mayer.

PROFIT AND LOSS ACCOUNT FOR DANISCO'S FUTURE STRATEGIC PLATFORM
Ingredients, Sweeteners and Sugar
1 May 2000 – 30 April 2001

DKK million	1998/99	1999/00	**2000/01**
Net sales	10,032	14,991	15,875
Cost of sales	(7,030)	(10,494)	(11,167)
Gross profit	**3,002**	**4,497**	**4,708**
Research and development costs	(326)	(420)	(380)
Distribution and sales costs	(779)	(1,187)	(1,225)
Administrative expenses	(649)	(1,173)	(1,076)
Other operating expenses	68	(100)	(25)
Other operating income	132	154	193
Operating profit before amortisation of goodwill, etc. (EBITA)	**1,448**	**1,771**	**2,195**
Amortisation of goodwill, etc.	(424)	(371)	(374)
Operating profit (EBIT)	**1,024**	**1,400**	**1,821**
Income from associated undertakings	-	84	34
Income from other investments and capital participation	17	14	94
Interest receivable and similar income	697	498	553
Interest payable and similar charges	(760)	(889)	(992)
Profit on ordinary activities before tax	**978**	**1,107**	**1,510**
Tax on profit on ordinary activities	(406)	(509)	(490)
Adjustment of tax for previous years	68	29	(57)
Profit on ordinary activities	**640**	**627**	**963**

Profit on ordinary activities	**640**	**627**	**963**
Gain on IPO of associated undertaking	-	-	297
Consolidated profit, main business areas	**640**	**627**	**1,260**
Consolidated profit, other activities	296	655	(1,148)
Consolidated profit	**936**	**1,282**	**112**

BUSINESS SEGMENTS
PRIMARY SEGMENTS

	Ingredients and Sweeteners					Sugar				
DKK million	96/97	97/98	98/99	99/00	**00/01**	96/97	97/98	98/99	99/00	**00/01**
Net sales	2,695	3,375	3,645	7,146	7,784	6,417	6,467	6,581	7,985	8,270
Internal sales	(6)	(6)	(5)	(31)	(5)	(99)	(92)	(75)	(202)	(200)
External sales	2,689	3,369	3,640	7,115	7,779	6,318	6,375	6,506	7,783	8,070
Operating profit before amortisation of goodwill, etc. (EBITA)	**440**	**548**	**545**	**976**	**1,215**	**995**	**1,057**	**1,032**	**1,093**	**1,119**
Operating profit (EBIT)	432	526	497	761	983	949	1,011	983	968	991
Segment fixed assets, net	1,692	2,234	3,224	7,556	7,617	4,329	4,482	4,660	6,756	6,489
Segment working capital	727	844	920	2,027	2,517	1,853	1,986	2,478	3,129	2,805
Invested capital	**2,419**	**3,078**	**4,144**	**9,583**	**10,134**	**6,182**	**6,468**	**7,138**	**9,885**	**9,294**
Segment cash flow	100	(133)	(569)	(4,678)	433	840	725	313	(1,779)	1,583
Investments, tangible fixed assets	299	277	305	331	422	349	437	381	692	438
Investments, acquisitions	-	452	888	3,390	257	-	-	287	2,355	-
Depreciaton and amortisation	(142)	(169)	(187)	(432)	(439)	(305)	(310)	(280)	(370)	(380)
Amortisation of goodwill, etc.	(8)	(22)	(48)	(215)	(232)	(46)	(46)	(49)	(125)	(128)
Operating margin (EBITA)	**16%**	**16%**	**15%**	**14%**	**16%**	**16%**	**17%**	**16%**	**14%**	**14%**
Operating margin (EBIT)	16%	16%	14%	11%	13%	15%	16%	15%	12%	12%
Return on average invested capital (ROAIC)	20%	19%	15%	9%	10%	16%	17%	15%	10%	11%

	Other business				
DKK million	96/97	97/98	98/99	99/00	**00/01**
Net sales	8,035	9,093	9,108	12,938	7,694
Internal sales	(28)	(37)	(35)	(7)	(2)
External sales	8,007	9,056	9,073	12,931	7,692
Operating profit before amortisation of goodwill, etc. (EBITA)	**665**	**680**	**684**	**806**	**111**
Operating profit (EBIT)	525	545	562	638	48
Segment fixed assets, net	5,106	5,610	6,902	3,701	1,880
Segment working capital	1,257	1,553	1,499	1,378	1,112
Invested capital	**6,363**	**7,163**	**8,401**	**5,079**	**2,992**
Segment cash flow	373	(255)	(676)	3,959	2,135
Investments, tangible fixed assets	561	662	440	550	387
Investments, acquisitions	275	501	1,386	1,922	-
Depreciaton and amortisation	(362)	(379)	(236)	(571)	(364)
Amortisation of goodwill, etc.	(140)	(135)	(122)	(168)	(63)
Operating margin (EBITA)	**8%**	**8%**	**8%**	**6%**	**1%**
Operating margin (EBIT)	7%	6%	6%	5%	1%
Return on average invested capital (ROAIC)	8%	8%	7%	9%	1%

Reconciliation 2000/01

DKK million	Ingredients and Sweeteners	Sugar	Unallocated	Main business areas	Other business	Group Eliminations	**Group**
Net sales	7,784	8,270	(179)	15,875	7,694	(28)	23,541
Internal sales	(5)	(200)	179	(26)	(2)	28	-
External sales	**7,779**	**8,070**	**-**	**15,849**	**7,692**	**-**	**23,541**
Operating profit before amortisation of goodwill, etc. (EBITA)	**1,215**	**1,119**	**(139)**	**2,195**	**111**	**-**	**2,306**
Amortisation of goodwill	(232)	(128)	(14)	(374)	(63)	-	(437)
Operating profit (EBIT)	**983**	**991**	**(153)**	**1,821**	**48**	**-**	**1,869**
Financial items	·	·	(311)	(311)	(190)	-	(501)
Profit on ordinary activities before tax	**·**	**·**	**-**	**1,510**	**(142)**	**-**	**1,368**
Tax	·	·	(547)	(547)	85	-	(462)
Gains and writedowns on disposal of undertakings	·	·	297	297	(1,091)	-	(794)
Consolidated profit	**·**	**·**	**-**	**1,260**	**(1,148)**	**-**	**112**
Consolidated profit attributable to minority shareholders	·	·	(33)	(33)	-	-	(33)
Danisco's share of consolidated profit	**·**	**·**	**-**	**1,227**	**(1,148)**	**-**	**79**
Segment fixed assets	7,804	6,611	751	15,166	2,431	-	17,597
Segment current assets	3,467	4,259	(22)	7,704	2,394	(5)	10,093
Segment financial assets	50	10	-	60	-	-	60
Financial and interest-bearing assets	·	·	9,673	9,673	710	(6,177)	4,206
Assets total	**·**	**·**	**·**	**32,603**	**5,535**	**(6,182)**	**31,956**
Segment provisions	187	132	98	417	551	-	968
Segment creditors, etc.	1,000	1,454	44	2,498	1,282	(5)	3,775
Interest-bearing debt	·	·	12,979	12,979	3,210	(3,708)	12,481
Tax, and other financial liabilities	·	·	3,634	3,634	492	(2,469)	1,657
Capital and reserves and minority interests	·	·	13,075	13,075	·	-	13,075
Liabilities total	**·**	**·**	**·**	**32,603**	**5,535**	**(6,182)**	**31,956**
Invested capital	10,134	9,294	587	20,015	2,992	-	23,007
Segment cash flow	433	1,583	90	2,106	2,135	-	4,241
Investments, tangible fixed assets	422	438	31	891	387	-	1,278
Investments, acquisitions	257	-	-	257	-	-	257

GEOGRAPHIC SEGMENTS
SECONDARY SEGMENTS

	Net sales		Segment fixed assets		Segment current assets		Segment assets total		Investments, tangible fixed assets		Investments, acquisitions	
DKK million	99/00	**00/01**	99/00	**00/01**	99/00	**00/01**	99/00	**00/01**	99/00	**00/01**	99/00	**00/01**
Denmark	3,507	2,589	6,322	4,032	4,411	2,232	10,733	6,264	568	337	10	-
Other EU countries	14,640	12,915	10,801	9,790	5,980	5,213	16,781	15,003	797	734	7,239	-
Rest of western Europe	2,291	1,355	178	168	808	279	986	447	38	28	235	-
Eastern Europe	1,071	1,205	343	286	427	403	770	689	32	51	8	-
North America	2,375	2,053	1,134	2,455	879	975	2,013	3,430	86	84	3,381	257
Central and South America	1,748	842	570	569	480	379	1,050	948	85	30	848	-
Rest of the world	2,197	2,582	306	297	591	612	897	909	-	14	91	-
Total	27,829	23,541	19,654	17,597	13,576	10,093	33,230	27,690	1,606	1,278	11,812	257

The above information has been specified by location of the customers and assets.

Geographic segments	Countries, apart from Denmark, where Danisco has production or sales units
Other EU countries	Austria, Belgium, Finland, France, Germany, Italy, Netherlands, Portugal, Spain, Sweden, United Kingdom
Rest of western Europe	Iceland, Norway, Switzerland
Eastern Europe	Croatia, Czech Republic, Estonia, Lithuania, Poland, Russia, Slovakia, Yugoslavia
North America	Canada, USA
Central and South America	Argentina, Brazil, Chile, Colombia, Mexico
Rest of the world	China, India, Japan, Korea, Malaysia, South Africa, Thailand

DEFINITIONS OF KEY FIGURES AND FINANCIAL RATIOS

The key figures and financial ratios are calculated according to "Guidelines for Computation of Financial Ratios and Key Figures 1997", issued by the Danish Society of Financial Analysts, on the basis of the Group's accounting policies.

Operating margin (EBITA) $$= \frac{\text{operating profit before amortisation of goodwill (EBITA)} \times 100}{\text{net sales}}$$

Operating margin (EBIT) $$= \frac{\text{operating profit (EBIT)} \times 100}{\text{net sales}}$$

Return on average capital and reserves $$= \frac{\text{Danisco's share of profit on ordinary activities} \times 100}{\text{average capital and reserves}}$$

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

Return on average invested capital (ROAIC) $$= \frac{\text{operating profit (EBIT)} \times 100}{\text{average invested capital}}$$

Earnings per share (BEPS) $$= \frac{\text{Danisco's share of profit on ordinary activities}}{\text{average number of shares}}$$

Eanings per share (DEPS) $$= \frac{\text{Danisco's share of profit on ordinary activities}}{\text{average number of shares (diluted)}}$$

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

Net asset value per share (NAV) $$= \frac{\text{capital and reserves}}{\text{number of shares}}$$

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

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

Pay-out ratio $$= \frac{\text{dividend} \times 100}{\text{Danisco's share of profit on ordinary activities}}$$

Invested capital = working capital, intangible fixed assets, tangible fixed assets, other provisions and participating interests in associated undertakings whose results are included in operating profit (EBIT).

BEPS = Basic earnings per share
DEPS = Diluted earnings per share

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 rate risks. Liquidity and interest rate risks are managed centrally, whereas decisions on exchange risk hedging are handled by the various business units based on commercial considerations. The business units' hedging transactions are conducted via Group Treasury, which undertakes internal equalisation and external hedging of open positions.

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 instrument allowed for trading, 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 business units' investment and operational liquidity requirements.
The business units' excess liquidity is equalised internally through inter-company accounts and external cash pools.

Local conditions may mean 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.

At 30 April 2001, the maturity structure of committed credit facilities was as follows (DKK million):

Maturity	Amount
0-1 year	531
1-2 years	5,051
2-5 years	8,283
> 5 years	557
Total	14,422

At 30 April 2001, the Group's net interest-bearing debt amounted to DKK 11,278 million against DKK 12,669 million the previous year.

Two private placements of USD 129 million (DKK 1.0 billion), obtained by Danisco Finland Oy (formerly Cultor Oy) and falling due in 2003-2008, have been transferred to Danisco A/S.

In the spring of 2001, Danisco launched a Finnish commercial paper (CP) programme of EUR 150 million. The CP programme will be used on equal terms with the Group's uncommitted credit facilities.

Danisco's liquidity reserves at 30 April 2001 were in the order of DKK 6.8 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 2001.

In line with Danisco's interest rate policy, the Group primarily raises loans at the short end of the interest rate curve (0-6 months). 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.

At 30 April 2001, the average term to maturity of the Group's loans was approximately seven months. About 10 per cent of Danisco's interest-bearing debt had fixed interest rate maturities of more than two years.

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

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

Danisco's bank funding is carried out in currencies depending on the Group's investments and activities. At 30 April 2001, net bank funding was mainly denominated in euros, Sterling and US dollars, of which euros accounted for around 67 per cent.

The market value of funding by loans is not deviating significantly from the book value.

At the close of the financial year, the three-month market rates were as follows:

% p.a.	30 April 2000	30 April 2001
EUR	4.26	4.80
GBP	6.48	5.34
USD	5.73	4.34
DKK	5.04	5.22

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 movements on the Group's results and financial position. The Group limits its foreign exchange exposure by having investments and operating costs in the relevant currencies and through active currency management via money market and forward transactions. Danisco seeks to limit exchange adjustment of the Group's debt through funding in euros or through loans swapped into euros. Euro-based debt is associated with low exchange risk due to Denmark's fixed exchange rate policy vis-á-vis the euro.

Danisco's investments in the form of capital and reserves in subsidiaries abroad are hedged on a selective basis. Investments in the USA and the UK are partially hedged, some of the reasons being the size and nature of the investments or expected short-term holdings.

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

Danisco's largest currency transaction exposure is in euros. Apart from euro exposure, Danisco's largest currency transaction exposures is in US dollars and Sterling. Danisco's US dollar exposure is broadly offset by raw material and energy purchases fixed in dollars, even if payment is made in other currencies.

Danisco makes forward exchange contracts to hedge future transactions on purchases and sales of goods. It is not Danisco's policy to enter into forward contracts with maturities beyond twelve months, and gains and losses are recognised as hedged transactions are realised.

The key currencies, in which Group Treasury had concluded forward exchange contracts at 30 April 2001 to eliminate the Group's exchange risk and hedge the Group's foreign currency loans, were (million):

Currency	Contract value	DKK equivalent
EUR	(567)	(4,235)
GBP	(236)	(2,843)
USD	173	1,448
JPY	(7,142)	(486)
CHF	(47)	(228)
NOK	192	177

At the end of the financial year, the average term to maturity was just over one month, and the maturity structure corresponded to the underlying hedged transactions.

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 and cash equivalents are 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 exceptional.

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

Price risk

Danisco's broad spectrum of purchases and products, including sugar, raw materials, energy, etc., involves a normal commercial price-related risk. The possibilities of incorporating price increases in selling prices depend on factors such as the prevailing competitive conditions.

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 environment, though, such a clause may not always be allowed.

SIGNATURES AND AUDITORS' REPORT

The Board of Directors and the Executive Board have today considered and adopted the annual report, the consolidated accounts and the annual accounts for 2000/01. The consolidated accounts and the annual accounts have been presented in accordance with current accounting provisions. In our opinion, the accounting policies chosen are appropriate and the accounts give a fair and true view of the Group's and parent company's assets and liabilities, financial position and results. We recommend that the consolidated accounts and the annual accounts be adopted by the Annual General Meeting.

Copenhagen 20 June 2001

EXECUTIVE BOARD

Alf Duch-Pedersen,
Chief Executive Officer

Søren Bjerre-Nielsen

Mogens Granborg

Robert H. Mayer

BOARD OF DIRECTORS

Hugo Schrøder,
Chairman

Anders Knutsen,
Deputy Chairman

Bo Berggren

Per Gertsen

Peter Højland

Heimo Karinen

Jon Krabbe

Finn Larsen

Børge A. Pedersen

Sten Scheibye

Matti Vuoria

We have audited the consolidated accounts and the annual accounts of Danisco A/S presented by the Board of Directors and the Management for the year 2000/2001.

Basis of opinion

We have planned and conducted our audit in accordance with international audit standards and generally accepted auditing standards as applied in Denmark to obtain reasonable assurance that the accounts are free from material misstatements. Based on an evaluation of materiality and risk, we have tested the basis and documentation for the amounts and disclosures in the accounts. Our audit includes an assessment of the accounting policies applied and the accounting estimates made by the Board of Directors and the Management. In addition, we have evaluated the overall adequacy of the presentation in the accounts.

Our audit has not resulted in any qualification.

Opinion

In our opinion the 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 profit for the year.

Copenhagen 20 June 2001

DELOITTE & TOUCHE
Statsautoriseret Revisionsaktieselskab

Henning Møller
State-Authorised
Public Accountant

H.P. Møller Christiansen
State-Authorised
Public Accountant

ERNST & YOUNG
Statsautoriseret Revisionsaktieselskab

John Lundin
State-Authorised
Public Accountant

Ole Neerup
State-Authorised
Public Accountant

APPLIED ACCOUNTING POLICIES

BASIS OF PREPARATION

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

No major changes have been made to the accounting policies, except for the effect of IAS 10 (revised 1999) Events after the Balance Sheet Date, which became effective during the year ended and was applied to the preparation of the accounts.

A few reclassifications have been made without implying a change of applied accounting policies. The most significant of these pertain to the flotation of Genencor International, Inc. Previously, items regarding Genencor were included in income from associated undertakings under operating profit, in amortisation of goodwill and tax. Now these items are included as income from associated undertakings under financial items. Comparative figures have been restated accordingly.

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

Effect of changes in accounting policies for 2000/01

The accounting policies for recognition of dividends have been amended to the effect that dividend expected for the year is no longer recognised as a liability but are deducted from capital and reserves in conjunction with payment. Capital and reserves therefore increased by DKK 345 million at the beginning of 2000/01. Comparative figures, key figures and financial ratios for previous years have been restated.

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 a significant but not a controlling interest are regarded as associated undertakings. An overview of the subsidiary undertakings of the Group is provided at the end of this report.

The Group accounts comprise the consolidated 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 internal 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 fair value of the net assets acquired 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.

Where the fair 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 financial 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 consolidated in the profit and loss account on a line-by-line basis until the date of disposal. Any profit or loss is computed as the difference between the sales sum 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 and sales, are translated into the 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 the local currency at the exchange rates ruling at the balance sheet date or at forward rates. The difference between the rate of exchange at the balance sheet date or the forward rate 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 the local currency at the rates of exchange at the date of transaction or at forward rates.

The profit and loss accounts of independent foreign subsidiary undertakings and foreign associated 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 results from a monthly average rate of exchange to the exchange rate at the balance sheet date.

All present subsidiary undertakings are considered independent.

In the case of accounts with foreign subsidiary undertakings, which in reality are an addition to or deduction from the capital and reserves of subsidiary undertakings, exchange adjustments are taken to the capital and reserves. The same applies to exchange differences concerning hedging of capital and reserves of foreign subsidiary undertakings.

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 to match the related costs. Investment grants are set off against the cost of the subsidised assets.

Pensions

Danisco has entered into post-employment pension plans with a significant proportion of the Group's employees. Under defined contribution plans, Danisco pays fixed contributions on a current basis into a separate recognised pension fund and will have no legal or constructive obligation to pay further contributions.

Such fixed contributions are recognised in the profit and loss account on the due date and any contributions payable are included in the balance sheet as other debt.

Under defined benefit plans, Danisco is obligated to pay certain benefits upon retirement (e.g. a fixed amount or a percentage of the yearly salary at the time of retirement). Obligations concerning defined benefit plans are computed on a systematic basis by actuarial discounting of the pension obligation to their present values with the addition of the operating costs for the period. The present value is calculated on the basis of actuarial assumptions concerning future developments in interest rates, inflation, mortality, invalidity, etc.

Provision for the most recent actuarial valuation less the market value of assets held as part of the plan is made in the balance sheet as provisions for pensions and similar liabilities. If the net amount is an asset it is recognised as pension assets in the balance sheet. Actuarial gains or losses are stated and amortised in the profit and loss account over the expected average remaining working lives of the employees participating in the plan. If the net cumulative gains or losses represent less than 10 per cent of the present value of the defined benefit obligation, they are not recognised. Past service costs (costs due to changes in the benefits payable) are recognised and charged to the profit and loss account if the employees have already earned the right to the changed benefits. Otherwise past service costs are recognised and amortised in the profit and loss account over the period in which the employees earn that right.

Equity compensation benefits and other benefits

The Executive Board and a number of senior executives participate in a share option programme. As from the date when the participating executives are entitled to exercise their options and until the termination of the programme, provision is made for the option obligation in force from time to time in the balance sheet under other provisions. The option obligation is calculated as the difference between the market price of the underlying shares ruling at the balance sheet date and the exercise price of the share options.

Option obligations hedged through holding of own shares are not included in the balance sheet or the profit and loss account. These obligations are considered to be covered, and a subsequent value adjustment of the options is considered to be equivalent to a value adjustment of the holding of own shares.

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 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.

Financial items
Interest receivable and payable is included in the profit and loss account with the amounts relating to the financial year.

Borrowing costs are fully charged in the period in which they are incurred. Financial items also include financial costs incurred on finance leases and write-down 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.

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 of 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 charged tax is recorded under profit on ordinary or extraordinary activities, respectively, or as capital and reserves items. Additions, deductions and allowances are stated under financial 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 withdraw from 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 and negative deferred tax is stated as assets when it is probable that within a reasonable period they will reduce future tax payments.

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 write-downs. Amortisation and depreciation are provided according to the straight-line method based on the estimated useful lives of the assets, which are:

Goodwill, consolidated goodwill	up to 20 years
Development projects	3-5 years
Leasehold improvements	5-20 years
Patents, licences, trademarks and other rights	up to 20 years
Software	up to 3 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 management, it reflects the best estimate of the useful lives of acquired undertakings.

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

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 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.

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. Land is not depreciated. 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 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 re-establishment 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 fair value or at 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. 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.

Lease payments under operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

Impairment

An impairment test is conducted in respect of the carrying value of intangible and tangible fixed assets in the preparation of the annual accounts. Where writedown is required, the carrying value is written down to the higher of net present realisable value and utility value.

Goodwill and consolidated goodwill are written down in the profit and loss account in those cases where the carrying value exceeds the expected future net income from the undertaking or the assets to which the goodwill or the consolidated goodwill is incidental.

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, while 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 also 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 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 reduction 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, which are recorded after an individual assessment of potential risk.

Stocks

Stocks are valued on a first-in-first-out basis and 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.

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 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 is taken to other reserves.

Capital reduction through cancellation of own shares reduces the share capital by an amount equivalent to the nominal 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 financial year or previous years, and where it is probable that meeting the obligation will involve use of the company's financial resources.

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

Other provisions for restructuring comprise provisions concerning 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.

Creditors
Creditors are recorded at nominal value. Financial instruments to hedge interest on long-term financing are stated at purchase price.

Other financial instruments
With regard to forward exchange contracts entered into to hedge balance sheet assets and creditors in foreign currencies, the forward rate of exchange is used for valuation of the hedged transactions. Therefore, such forward exchange contracts are not stated as separate items.

Premiums received or paid on forward exchange contracts are stated in the profit and loss account during their term.

Gains and losses on forward exchange contracts concluded to hedge income and expenditure of future years are deferred until such income and expenditure are realised. Gains or losses on forward exchange contracts concluded to hedge new capital investments are included in the cost of the investment.

Other financial instruments are stated in the balance sheet at the time of conclusion and are entered at market value as at the balance sheet date.

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, investing 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.

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 and cash equivalents comprise deposits with banks and investments with immaterial price exposure.

INFORMATION BY SEGMENT

Information is provided by business and geographic segments as primary and secondary segments, respectively. Information by segment follows the Group's accounting policies and internal financial management.

Fixed assets are defined as intangible fixed assets and tangible fixed assets.

Financial assets are defined as pension assets and participating interests in associated undertakings.

Fixed assets net are defined as intangible fixed assets, tangible fixed assets and participating interests in associated undertakings less other provisions.

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, trade creditors, other debt and accruals.

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

Cash flow is defined as operating profit less increase for the year or with addition of the year's decrease in invested capital.

PROFIT AND LOSS ACCOUNTS 1 MAY 2000 – 30 APRIL 2001

PARENT COMPANY				GROUP	
1999/00	**2000/01**	Note	DKK million	1999/00	**2000/01**
6,207	6,872	1	Net sales	27,829	23,541
(4,450)	(5,085)	2-3	Cost of sales	(20,220)	(17,312)
1,757	**1,787**		**Gross profit**	**7,609**	**6,229**
(261)	(236)	2-3	Research and development costs	(510)	(439)
(623)	(563)	2-3	Distribution and sales costs	(2,712)	(2,046)
(454)	(492)	2-4	Administrative expenses	(1,865)	(1,620)
(32)	2		Other operating expenses	(164)	(48)
18	96		Other operating income	219	230
405	**594**		**Operating profit before amortisation of goodwill (EBITA)**	**2,577**	**2,306**
(40)	(40)	3/12	Amortisation of goodwill	(539)	(437)
365	**554**		**Operating profit (EBIT)**	**2,038**	**1,869**
1,612	1,040	5	Income from participating interests in subsidiary undertakings	•	•
-	-	13	Income from associated undertakings	84	34
13	29	6	Income from other investments and capital participation	14	94
518	737	7	Interest receivable and similar income	314	362
(733)	(1,025)	8	Interest payable and similar charges	(929)	(991)
1,775	**1,335**		**Profit on ordinary activities before tax**	**1,521**	**1,368**
(638)	(542)	9	Tax on profit on ordinary activities	(638)	(536)
(12)	80	9	Adjustment of tax for previous years	(12)	74
1,125	**873**		**Profit on ordinary activities**	**871**	**906**
1,498	297	10	Gains on disposal of undertakings	1,786	297
(1,375)	(1,091)	10	Writedown of undertakings under divestment	(1,375)	(1,091)
1,248	**79**		**Consolidated profit**	**1,282**	**112**
(1)	-		Consolidated profit attributable to minority shareholders	(35)	(33)
1,247	**79**		**Danisco's share of consolidated profit**	**1,247**	**79**
		11	Basic earnings per share (BEPS) DKK	14.44	15.22
		11	Diluted earnings per share (DEPS) DKK	14.44	15.20

BALANCE SHEETS at 30 April 2001

PARENT COMPANY			ASSETS	GROUP	
30 April 2000	**30 April 2001**	Note	DKK million	30 April 2000	**30 April 2001**
			Fixed assets		
			Intangible fixed assets		
379	104	12	Goodwill	7,444	6,550
154	132	12	Other intangible fixed assets	656	491
533	**236**		**Total**	**8,100**	**7,041**
			Tangible fixed assets		
1,107	1,105	12	Land and buildings	3,683	3,182
1,584	1,792	12	Plant and machinery	6,315	5,988
199	214	12	Fixtures, fittings, tools and equipment	635	595
399	107	12	Prepayments and assets under construction	827	747
-	-	12	Leased equipment and plant	94	44
3,289	**3,218**		**Total**	**11,554**	**10,556**
			Financial fixed assets		
16,149	17,028	13	Participating interests in subsidiary undertakings	•	•
391	385	13	Loans to subsidiary undertakings	•	•
5	6	13	Participating interests in associated undertakings	2,094	2,478
322	6	13	Other investments and capital participation	339	21
-	-	14	Pension assets	52	50
-	-	15	Deferred tax assets	168	224
39	4	13	Other receivables	59	243
16,906	**17,429**		**Total**	**2,712**	**3,016**
20,728	**20,883**		**Fixed assets total**	**22,366**	**20,613**
			Current assets		
			Stocks		
277	274	16	Raw materials and consumables	1,176	1,238
83	103	16	Work in progress	315	336
1,366	1,335	16	Finished goods and goods for resale	4,555	4,070
-	-	16	Prepayments for goods	72	67
1,726	**1,712**		**Total**	**6,118**	**5,711**
			Debtors		
619	636	17	Trade debtors	4,113	3,739
7,905	10,064	17	Amounts owed by subsidiary undertakings	•	•
3	-		Amounts owed by associated undertakings	3	-
1,871	381	18	Other debtors	3,178	551
13	34		Prepayments and accrued income	164	167
10,411	**11,115**		**Total**	**7,458**	**4,457**
80	33		Investments and capital participation	279	94
46	393		Cash and cash equivalents	608	1,081
12,263	**13,253**		**Current assets total**	**14,463**	**11,343**
32,991	**34,136**		**Assets total**	**36,829**	**31,956**

PARENT COMPANY			LIABILITIES	GROUP	
30 April 2000	**30 April 2001**	Note	DKK million	30 April 2000	**30 April 2001**
			Capital and reserves		
1,164	1,164		Share capital	1,164	1,164
537	-		Reserve according to equity method	•	•
11,989	11,631		Other reserves	12,526	11,631
13,690	**12,795**		**Capital and reserves total**	**13,690**	**12,795**
-	**-**		**Minority interests**	**249**	**280**
			Provisions		
-	-	14	Provision for pensions	330	307
734	582	15	Provision for deferred tax	1,508	1,233
468	424	19	Other provisions	1,084	968
1,202	**1,006**		**Provisions total**	**2,922**	**2,508**
			Creditors		
			Amounts falling due after more than one year		
290	273	20	Mortgage debt	312	282
6,863	9,039	20	Bank debt	8,586	9,160
36	20	20	Other creditors	54	33
-	-		Capitalised lease obligation	18	7
-	-		Other debt	-	35
7,189	**9,332**		**Total**	**8,970**	**9,517**
			Amounts falling due within one year		
14	13		Mortgage debt	18	15
5,375	2,832		Bank debt	6,545	2,919
35	26		Other creditors	127	72
-	-		Capitalised lease obligation	14	9
318	346		Trade creditors	1,925	1,676
4,371	7,071		Amounts owed to subsidiary undertakings	•	•
-	-	18	Corporation tax	-	58
721	610	21	Other debt	1,988	1,795
76	105		Accruals	381	312
10,910	**11,003**		**Total**	**10,998**	**6,856**
18,099	**20,335**		**Creditors total**	**19,968**	**16,373**
32,991	**34,136**		**Liabilities total**	**36,829**	**31,956**

22	Own shares
12/23	Liabilities
24	Financial instruments
25	Related parties
26	Government grants

CHANGES IN CAPITAL AND RESERVES

PARENT COMPANY

DKK million	Share capital	Reserve according to the equity method	Other reserves	Total
Balance at 1 May 1999	1,164	234	10,519	11,917
Changed accounting policy	•	•	348	348
Restated balance at 1 May 1999	1,164	234	10,867	12,265
Profit for the year	•	826	421	1,247
Dividends paid	•	•	(348)	(348)
Purchase of own shares *	•	•	(115)	(115)
Exchange rate adjustment of foreign subsidiary undertakings, etc.	•	-	641	641
Dividends from subsidiary undertakings	•	(523)	523	-
Balance at 30 April 2000	**1,164**	**537**	**11,989**	**13,690**
Profit for the year	•	1,055	(976)	79
Dividends paid	•	•	(344)	(344)
Purchase of own shares *	•	•	(292)	(292)
Exchange rate adjustment of foreign subsidiary undertakings, etc.	•	-	(196)	(196)
Other adjustments of capital and reserves	•	-	(142)	(142)
Dividends from subsidiary undertakings	•	(1,592)	1,592	-
Balance at 30 April 2001	**1,164**	**-**	**11,631**	**12,795**

It is proposed that a dividend for the year of DKK 6.00 per share (1999/2000 DKK 6.00 per share) be approved by the Annual General Meeting.

GROUP

DKK million	Share capital	Other reserves	Total
Balance at 1 May 1999	1,164	10,753	11,917
Changed accounting policy	•	348	348
Restated balance at 1 May 1999	1,164	11,101	12,265
Profit for the year	•	1,247	1,247
Dividends paid	•	(348)	(348)
Purchase of own shares *	•	(115)	(115)
Exchange rate adjustment of foreign subsidiary undertakings, etc.	•	641	641
Balance at 30 April 2000	**1,164**	**12,526**	**13,690**
Profit for the year	•	79	79
Dividends paid	•	(344)	(344)
Purchase of own shares *	•	(292)	(292)
Exchange rate adjustment of foreign subsidiary undertakings, etc.	•	(196)	(196)
Other adjustments of capital and reserves	•	(142)	(142)
Balance at 30 April 2001	**1,164**	**11,631**	**12,795**

The share capital of DKK 1,164,435,580 is made up of 58,221,779 shares of DKK 20 each, which is unchanged from 1 May 2000.

*) Note 22 Own shares

CASH FLOW STATEMENT 1 May 2000 – 30 April 2001

		GROUP	
Note	DKK million	1999/00	**2000/01**
	Cash flow from operating activities		
	Danisco's share of the consolidated profit	1,247	79
27	Adjustments	2,576	3,097
	Change in stocks	(197)	(92)
	Change in debtors	641	319
	Change in creditors	(833)	(348)
	Change in working capital	(389)	(121)
	Income from other investments and capital participation	8	91
	Interest receivable and similar income	262	379
	Interest payable and similar charges	(844)	(1,031)
	Interest payments, net	(574)	(561)
18	Corporation tax paid	(518)	(312)
	Cash flow from operating activities	**2,342**	**2,182**
	Cash flow from investing activities		
28	Purchase of undertakings and activities	(9,100)	(253)
28	Sale of undertakings and activities	3,533	826
29	Purchase of tangible fixed assets	(1,606)	(1,255)
29	Sale of tangible fixed assets and investment grants	311	119
	Purchase of intangible fixed assets, net	(139)	(65)
	Change in financial assets, net	(398)	677
	Change in amount receivable concerning sale of activities	(2,086)	2,086
	Cash flow from investing activities	**(9,485)**	**2,135**
	Cash flow from financing activities		
30	Change in financial liabilities	7,053	(3,204)
	Buy-back of own shares	(115)	(292)
	Dividends paid	(348)	(344)
	Cash flow from financing activities	**6,590**	**(3,840)**
	Decrease/increase in cash and cash equivalents	**(553)**	**477**
	Cash and cash equivalents at 1 May	1,076	608
	Exchange adjustment of cash and cash equivalents	85	(4)
	Cash and cash equivalents at 30 April	**608**	**1,081**

NOTES TO THE PROFIT AND LOSS ACCOUNTS

PARENT COMPANY				GROUP	
1999/00	**2000/01**	Note	DKK million	1999/00	**2000/01**
		1	Net sales		
			Breakdown by market:		
2,081	2,199		Denmark	3,507	2,589
1,958	2,142		Other EU countries	14,640	12,915
996	1,130		Rest of western Europe	2,291	1,355
341	466		Eastern Europe	1,071	1,205
196	217		North America	2,375	2,053
161	169		Central and South America	1,748	842
474	549		Rest of the world	2,197	2,582
6,207	**6,872**		**Total**	**27,829**	**23,541**
4,126	4,673		Net sales in non-Danish markets total	24,322	20,952
66.5%	68.0%		corresponding to	87.4%	89.0%
		2	Staff costs		
(2)	(3)		Directors' emoluments	(2)	(3)
(15)	(12)		Remuneration to management	(20)	(19)
(852)	(1,096)		Wages and salaries	(4,222)	(3,692)
(72)	(101)		Pension costs, social security costs, etc.	(1,954)	(684)
(941)	**(1,212)**		**Total**	**(6,198)**	**(4,398)**
3,814	3,408		Average number of employees	17,712	14,680
3,556	3,395		Number of employees at 30 April	15,793	13,553

Share options

During the financial year, Danisco established a share option programme for its Executive Board and senior executives, under which the Executive Board and 113 senior executives will be allotted share optiones representing a total of 807,000 shares successively over a period of three years. The options break down as follows: 222,000 to the Executive Board and 585,000 to senior executives.

Options will be allotted in equal portions on 1 May 2001, 2002 and 2003, redeemable at DKK 262, DKK 275 and DKK 287, respectively. Half of the options allotted in a given year are exercisable at the time of assignment at the earliest, the other half being exercisable the following year at the earliest. Options must be exercised on or before 1 May 2005.

To be allowed to exercise his or her options, an option holder must not be under notice of termination at the earliest point of time when the individual options are exercisable.

Redemption prices are determined on the basis of the share price level on 1 May 2000 (DKK 250) and a premium increasing throughout the three-year period (5 per cent, 10 per cent and 15 per cent).

Danisco has acquired own shares to cover the full obligation of the option programme. The shares have been set off against capital and reserves.

PARENT COMPANY				GROUP	
1999/00	**2000/01**	Note	DKK million	1999/00	**2000/01**
		3	Depreciation and amortisation		
			Depreciation and amortisation for the year included in the costs below:		
(233)	(236)		Cost of sales	(1,123)	(944)
(16)	(14)		Research and development costs	(29)	(24)
(12)	(12)		Distribution and sales costs	(55)	(53)
(78)	(85)		Administrative expenses	(233)	(214)
(40)	(40)		Amortisation of goodwill	(539)	(437)
(379)	**(387)**		**Total**	**(1,979)**	**(1,672)**

Writedowns, see note 10.

PARENT COMPANY				GROUP	
1999/00	**2000/01**	Note	DKK million	1999/00	**2000/01**
		4	**Fees for auditors elected by the Annual General Meeting**		
			Deloitte & Touche:		
(4)	(5)		Audit fee	(18)	(18)
(14)	(8)		Other fees	(27)	(25)
			Ernst & Young:		
-	(1)		Audit fee	(2)	(1)
(2)	-		Other fees	(4)	-
		5	**Income from participating interests in subsidiary undertakings**		
2,338	2,712		Profits in subsidiary undertakings before taxation	•	•
(726)	(1,672)		Losses in subsidiary undertakings before taxation	•	•
1,612	**1,040**		**Total**	•	•
		6	**Income from other investments and capital participation**		
3	1		Share dividends	5	1
10	24		Price adjustment of shares	9	86
-	-		Interest income on bonds	-	4
-	4		Price adjustment of bonds	-	3
13	**29**		**Total**	**14**	**94**
		7	**Interest receivable and similar income**		
339	576		Financial accounts with subsidiary undertakings	•	•
26	25		Bank deposits	106	64
16	35		Other receivables	35	91
60	67		Gain on financial instruments	1	72
77	34		Exchange gains	172	135
518	**737**		**Total**	**314**	**362**
		8	**Interest payable and similar charges**		
(103)	(312)		Financial accounts with subsidiary undertakings	•	•
(26)	(24)		Mortgage debt	(31)	(26)
(467)	(636)		Bank debt and similar capital procurement	(760)	(820)
(104)	(12)		Loss on financial instruments	(134)	(14)
(33)	(41)		Exchange loss	(4)	(131)
(733)	**(1,025)**		**Total**	**(929)**	**(991)**
		9	**Tax**		
(37)	(59)		Current tax on the profit for the year	(560)	(547)
-	31		Tax on changes in capital and reserves	-	31
10	49		Change in deferred tax on the profit for the year	(75)	26
-	(4)		Other taxes, exchange adjustment, etc.	(3)	(2)
(12)	36		Adjustment of tax for previous years	(12)	30
(611)	(515)		Tax in undertakings not subject to tax pooling	•	•
(650)	**(462)**		**Total**	**(650)**	**(462)**
			The tax breaks down as follows:		
(638)	(542)		Tax on profit on ordinary activities	(638)	(536)
-	44		Adjustment of deferred tax for previous years due to change in Danish corporation tax rate	-	44
(12)	36		Adjustment of tax for previous years	(12)	30
(650)	**(462)**		**Total**	**(650)**	**(462)**

PARENT COMPANY				GROUP	
1999/00	**2000/01**	Note	DKK million	1999/00	**2000/01**
		9	...continued		
			Applicable tax rate before associated undertakings:		
			Danish corporation tax rate	32%	30%
			Effect of difference in tax rate compared with Danish corporation tax rate	1%	-
			Non-taxable income and non-deductible expenses	-	1%
			Effect of changed Danish corporation tax rate	-	(3%)
			Other, incl. adjustment for previous years	1%	(2%)
			Effective tax rate before non-deductible amortisation of goodwill	34%	26%
			Non-deductible amortisation of goodwill	11%	9%
			Effective tax rate	**45%**	**35%**
			The effect for the parent company is not shown separately, as the tax costs of the parent company and the Group are identical.		
		10	**Gains and writedowns, etc. on disposal of undertakings**		
			Gains on disposal of divisions after tax:		
1,208	-		Gain on disposal of Danisco Distillers	1,511	-
290	-		Gain on disposal of Danisco Pack DK and Danisco Paper DK	275	-
-	297		Gain on IPO of associated undertaking	-	297
1,498	**297**		**Total**	**1,786**	**297**
			Writedown, etc. of undertakings under divestment		
(1,495)	(425)		Writedown of fixed assets in Danisco Foods and Danisco Pack UK	(1,495)	(425)
120	100		Tax effect of writedown of Danisco Foods and Danisco Pack UK	120	100
-	(876)		Provisions and writedowns of fixed assets in Danisco Flexible	-	(876)
-	110		Tax effect of provisions and writedown of Danisco Flexible	-	110
(1,375)	**(1,091)**		**Total**	**(1,375)**	**(1,091)**
			The assets have been written down to estimated short-term realisable value.		
		11	**Earnings per share**		
•	•		Profit on ordinary activities	871	906
•	•		Consolidated profit attributable to minority shareholders	(35)	(33)
•	•		**Danisco's share of profit on ordinary activities**	**836**	**873**
•	•		Share capital average number of shares	58,221,779	58,221,779
•	•		Average number of own shares	(330,861)	(845,232)
•	•		**Average number of shares**	**57,890,918**	**57,376,547**
•	•		Adjusted for share options	-	67,387
•	•		Diluted average number of shares	57,890,918	57,443,934
•	•		**Earnings per share (BEPS) DKK**	**14.44**	**15.22**
•	•		Earnings per share (DEPS) DKK	14.44	15.20
•	•		Earnings per share c.f. IAS 33 based on Danisco's share of the consolidated profit	21.54	1.38

NOTES TO THE BALANCE SHEETS

PARENT COMPANY

12. Intangible fixed assets

DKK million	Goodwill	Software	Patents and licenses	Product develop-ment	Other	Total
Cost at 1 May 2000	811	137	11	46	4	**1,009**
Additions during the year	-	19	-	12	-	**31**
Disposals due to sale of activities	-	-	-	-	-	**-**
Disposals during the year	-	-	-	-	(3)	**(3)**
Carried forward to/from other items	(24)	27	(11)	(27)	-	**(35)**
Total	**787**	**183**	**0**	**31**	**1**	1,002
Depreciation and writedowns at 1 May 2000	(432)	(20)	(10)	(10)	(4)	**(476)**
Depreciation and amortisation of disposals during the year	-	-	-	-	3	**3**
Depreciation and amortisation for the year	(40)	(33)	-	-	-	**(73)**
Writedowns for the year, etc.	(235)	(20)	-	-	-	**(255)**
Carried forward to/from other items	24	(9)	10	10	-	**35**
Total	**(683)**	**(82)**	**0**	**0**	**(1)**	(766)
Balance at 30 April 2001	**104**	**101**	**0**	**31**	**0**	**236**
Balance at 30 April 2000	379	117	1	36	0	533

12. 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	Total
Cost at 1 May 2000	2,066	3,762	679	399	0	**6,906**
Additions during the year	46	35	98	154	-	**333**
Disposals due to sale of activities	16	-	-	-	-	**16**
Disposals during the year	(43)	(50)	(48)	-	-	**(141)**
Carried forward to/from other items	80	364	10	(446)	-	**8**
Total	**2,165**	**4,111**	**739**	**107**	**-**	7,122
Depreciation and writedowns at 1 May 2000	(959)	(2,178)	(480)	•	0	**(3,617)**
Depreciation and amortisation of disposals during the year	26	33	36	•	-	**95**
Depreciation and amortisation for the year	(67)	(174)	(73)	•	-	**(314)**
Writedowns for the year, etc.	(60)	-	-	•	-	**(60)**
Carried forward to/from other items	-	-	(8)	•	-	**(8)**
Total	**(1,060)**	**(2,319)**	**(525)**	**-**	**-**	(3,904)
Balance at 30 April 2001	**1,105**	**1,792**	**214**	**107**	**-**	**3,218**
Balance at 30 April 2000	1,107	1,584	199	399	-	3,289

GROUP

12. Intangible fixed assets

DKK million	Goodwill	Software	Patents and licenses	Product develop-ment	Other	Total
Cost at 1 May 2000	10,035	216	304	47	264	**10,866**
Exchange adjustment of opening value, etc.	(63)	-	5	-	(3)	**(61)**
Additions due to new activities	151	-	-	-	-	**151**
Additions during the year	-	21	7	12	5	**45**
Disposals due to sale of activities	(466)	-	(4)	-	(2)	**(472)**
Disposals during the year	(5)	-	(2)	-	(3)	**(10)**
Carried forward to/from other items	(24)	27	9	(28)	16	**0**
Total	**9,628**	**264**	**319**	**31**	**277**	10,519
Depreciation and writedowns at 1 May 2000	(2,591)	(28)	(83)	(10)	(54)	**(2,766)**
Exchange adjustment of opening value, etc.	20	-	(2)	-	-	**18**
Disposals due to sale of activities	440	-	1	-	2	**443**
Depreciation and amortisation of disposals during the year	-	-	-	-	4	**4**
Depreciation and amortisation for the year	(437)	(53)	(41)	-	(30)	**(561)**
Writedowns for the year, etc.	(534)	(20)	-	-	(85)	**(639)**
Carried forward to/from other items	24	(10)	1	10	(2)	**23**
Total	**(3,078)**	**(111)**	**(124)**	**0**	**(165)**	(3,478)
Balance at 30 April 2001	**6,550**	**153**	**195**	**31**	**112**	**7,041**
Balance at 30 April 2000	7,444	188	221	37	210	8,100

12. 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	Total
Cost at 1 May 2000	5,708	11,842	1,433	827	133	**19,943**
Exchange adjustment of opening value, etc.	(78)	(244)	(33)	(27)	(5)	**(387)**
Additions due to new activities	3	33	2	-	-	**38**
Additions during the year	139	506	170	463	-	**1,278**
Disposals due to sale of activities	(313)	(760)	(120)	-	(2)	**(1,195)**
Disposals during the year	(57)	(227)	(99)	(3)	(20)	**(406)**
Carried forward to/from other items	104	450	7	(513)	(33)	**15**
Total	**5,506**	**11,600**	**1,360**	**747**	**73**	19,286
Depreciation and writedowns at 1 May 2000	(2,025)	(5,527)	(798)	•	(39)	**(8,389)**
Exchange adjustment of opening value, etc.	20	98	14	•	2	**134**
Disposals due to sale of activities	178	513	103	•	2	**796**
Depreciation and amortisation of disposals during the year	31	157	85	•	11	**284**
Depreciation and amortisation for the year	(183)	(715)	(185)	•	(28)	**(1,111)**
Writedowns for the year, etc.	(343)	(79)	16	•	-	**(406)**
Carried forward to/from other items	(2)	(59)	-	•	23	**(38)**
Total	**(2,324)**	**(5,612)**	**(765)**	**•**	**(29)**	(8,730)
Balance at 30 April 2001	**3,182**	**5,988**	**595**	**747**	**44**	**10,556**
Balance at 30 April 2000	3,683	6,315	635	827	94	11,554

PARENT COMPANY				GROUP	
30 April 2000	**30 April 2001**	Note	DKK million	30 April 2000	**30 April 2001**
		12	...continued		
			Information on fixed assets:		
304	285		Mortgages	344	297
401	425		Book value of pledged assets	454	442
-	-		Properties outside Denmark	2,256	1,107
1,091	1,180		Danish properties at latest official valuation	1,363	1,330

PARENT COMPANY **GROUP**

13. Financial fixed assets

DKK million	Parent: Participating interests in subsidiary undertakings	Parent: Loans to subsidiary undertakings	Parent: Participating interests in associated undertakings	Parent: Other investments and capital participation	Parent: Other receivables	Group: Participating interests in associated undertakings	Group: Other investments and capital participation	Group: Other receivables
Cost at 1 May 2000	15,612	391	1	325	39	2,044	342	67
Additions during the year	2,933	3	-	-	4	206	-	230
Disposals due to sale of activities	(98)	-	-	-	-	-	-	-
Disposals during the year	(25)	(9)	-	(316)	(39)	-	(324)	(50)
Exchange adjustment of opening value, etc.	•	•	•	•	•	25	6	(1)
Total	**18,422**	**385**	**1**	**9**	**4**	**2,275**	**24**	**246**
Changes at 1 May 2000	537	•	4	(3)	•	50	(3)	(8)
Profit for the year	161	•	-	-	•	38	-	-
Dividends paid and declared	(1,592)	•	-	-	•	(4)	-	-
Exchange adjustment of opening value, etc.	(287)	•	1	-	•	1	-	-
Disposals during the year	2	•	-	-	•	-	-	-
Other	(215)	•	-	-	•	118	-	5
Total	**(1,394)**	**•**	**5**	**(3)**	**•**	**203**	**(3)**	**(3)**
Balance at 30 April 2001	**17,028**	**385**	**6**	**6**	**4**	**2,478**	**21**	**243**
Balance at 30 April 2000	16,149	391	5	322	39	2,094	339	59

The book value of participating interests in subsidiary undertakings includes goodwill of DKK 6,446 million (1999/2000 DKK 7,065 million).

The book value of participating interests in associated undertakings includes goodwill of DKK 746 million (1999/2000 DKK 945 million).

Participating interests in associated undertakings	Currency	Share capital in currency ('000)	Danisco's share of profit for the financial year	Danisco's share of capital	Parent company book value	Group book value
		100%	DKK million	30 April 2001	DKK million	DKK million
Sejet Planteforædling I/S	DKK	10,000	1	25%	5	5
Gotlandsbetor AB	SEK	100	-	50%	-	-
Sockerernäringens Betodlings Utveckling AB (SBU)	SEK	100	-	50%	-	-
Cerenes OY	FIM	50	3	25%	-	5
Total			**4**		**5**	**10**
Genencor International, Inc.	USD	97,000	34	42%	-	2,468
Total			**38**		**5**	**2,478**

The market value of Danisco's shares in Genencor International, Inc. amounted to DKK 2,853 million as at 30 april 2001, to which should be added the value of preference shares or DKK 3,512 million in total.

PARENT COMPANY				GROUP	
30 April 2000	**30 April 2001**	Note	DKK million	30 April 2000	**30 April 2001**
		14	**Provisions for pensions**		

The pension obligations of Danish companies are covered through insurance. Certain foreign companies are also covered through insurance. Foreign companies that are not or only partially covered through insurance (defined benefit plans) – primarily in the UK, Sweden and France – compute their non-insurance pension obligations at the actuarial present value at the balance sheet date.

30 April 2000	30 April 2001	DKK million	30 April 2000	30 April 2001
		Defined contribution plans:		
(51)	(77)	Costs for current financial year	(243)	(179)
(51)	**(77)**	**Total**	**(243)**	**(179)**
		Defined benefit plans:		
-	-	Costs for current financial year	(46)	(45)
-	-	Interest payable	(91)	(63)
-	-	Expected return on plan assets	95	64
-	**-**	**Total**	**(42)**	**(44)**
		Provisions for the Group's obligations under defined benefit plans are as follows:		
-	-	Present value of pension obligations	1,764	1,644
-	-	Unrecognised actuarial gains and losses	8	(68)
-	-	Fair value of plan assets	(1,494)	(1,319)
-	**-**	**Total**	**278**	**257**
		Movements in the net liability were as follows:		
-	-	Provision for pensions at 1 May	287	278
-	-	Exchange adjustment of opening value, etc.	30	(26)
-	-	Other adjustments	(45)	7
-	-	Additions concerning new activities	6	-
-	-	Disposals concerning sold activities	-	(2)
-	-	Amount charged during the period	42	44
-	-	Contributions in this period	(42)	(44)
-	**-**	**Balance at 30 April**	**278**	**257**
-	-	Pension assets	52	50
-	-	Provision for pensions	330	307

Defined benefit plans in the UK are covered in separate pension funds.The actuarial value of net underfunding is recorded in the consolidated balance sheet at 30 April 2001 at DKK 26 million (1999/2000 DKK 23 million). Net underfunding is the fair value of the assets amounting to DKK 1,319 million less the present value of the obligations of DKK 1,413 million as actuarial gains of DKK 68 million on the plans have not been recognised. No allowance has been made for staff turnover. In the consolidated profit and loss account for 2000/01 the plans are recognised at DKK -25 million (1999/2000 DKK -29 million).

PARENT COMPANY				GROUP	
30 April 2000	**30 April 2001**	Note	DKK million	30 April 2000	**30 April 2001**

14 ...continued

Defined benefit plans in Sweden are not covered. The actuarial value of the obligation is stated in the consolidated balance sheet at 30 April 2001 at DKK 208 million (1999/2000 DKK 229 million). The actuarial computation is based on an interest rate of 5.8 per cent p.a., a rate of pay increase of 2.7 per cent p.a. and a pension increase of 2.7 per cent p.a. No allowance has been made for staff turnover. In the consolidated profit and loss account for 2000/01 the plans are recognised at DKK -15 million (1999/2000 DKK -13 million).

Danisco operates defined benefit plans in France as well. The acturial value of underfunding is recorded in the consolidated balance sheet at 30 April 2001 at DKK 9 million (1999/2000 DKK 9 million).

15 Provision for deferred tax

30 April 2000	30 April 2001	DKK million	30 April 2000	30 April 2001
1,046	734	Deferred tax at 1 May	1,558	1,340
25	(50)	Adjustment for deferred tax at 1 May	33	(96)
1,071	**684**	**Adjusted deferred tax at 1 May**	**1,591**	**1,244**
(245)	-	Tax concerning acquired/sold undertakings and other adjustments	(206)	-
-	(44)	Adjustment due to change in Danish corporation tax rate	-	(44)
(82)	(53)	Effect of writedown of fixed assets	(120)	(210)
(10)	(5)	Change in deferred tax concerning profit for the year	75	19
734	**582**	**Balance at 30 April**	**1,340**	**1,009**

Specification of deferred tax at 30 April 2001	Deferred tax assets	Deferred tax liabilities	Deferred tax, net
Intangible fixed assets	65	40	(25)
Tangible fixed assets	59	797	738
Financial fixed assets	-	47	47
Current assets	99	83	(16)
Amounts falling due within one year	63	224	161
Amounts falling due after more than one year	100	152	52
Tax loss carried over, net	93	-	(93)
Non-capitalised tax assets in balance sheet items	(145)	-	145
Tax assets and liabilities	334	1,343	1,009
Offset between legal entities and jurisdictions	(110)	(110)	-
Deferred tax at 30 April 2001	**224**	**1,233**	**1,009**
Deferred tax at 30 April 2000 amounted to	168	1,508	1,340

The tax base of non-capitalised tax losses carried over amounts to DKK 209 million (1999/2000 DKK 458 million). Around 75 per cent of this is expected to be either used or lost within the next five years.

Deferred tax on investments in subsidiaries not recorded as a liability amounts to DKK 92 million (1999/2000 DKK 75 million).

16 Stocks

Stocks of DKK 90 million are recorded at net realisable value. The Group has not pledged stocks as security for debt.

PARENT COMPANY 30 April 2000	30 April 2001	Note	DKK million	GROUP 30 April 2000	30 April 2001
		17	**Trade debtors and amounts owed by subsidiary undertakings**		
619	636		Trade debtors	4,113	3,739
			All debtors are expected to be paid within one year.		
7,905	10,064		Amounts owed by subsidiary undertakings	•	•
			Of the amounts owed by subsidiary undertakings DKK 441 million will fall due after one year.		
		18	**Corporation tax**		
(78)	(59)		Corporation tax owing at 1 May	38	(130)
-	-		Additions due to new activities	42	-
(13)	(48)		Adjustment concerning previous years	(3)	(47)
37	59		Current tax on profit for the year	560	547
(5)	11		Tax paid during the year	(518)	(312)
-	-		Disposals due to sale of activitites	(249)	-
(59)	**(37)**		**Balance at 30 April**	**(130)**	**58**

Tax receivable has been recognised as other receivables in the balance sheet under current assets.

19 Other provisions

Other provisions total		Acquisitions	Restructuring	Other	Other provisions total
468	Provisions at 1 May 2000	303	492	289	1,084
-	Exchange adjustment of opening value, etc.	4	(10)	(6)	(12)
250	Provisions for the year	-	16	320	336
(15)	Provisions utilised during the year	(44)	(17)	(55)	(116)
(279)	Write-back of provisions concerning previous years	(4)	(261)	(59)	(324)
424	**Provisions at 30 April 2001**	**259**	**220**	**489**	**968**

Provisions in connection with acquisitions primarily relate to Cultor, acquired in the 1999/2000 financial year. The provisions are to cover the cost of discontinuing and restructuring units in the acquired companies.

Provisions for restructuring relate to the closure of sugar factories in Sweden (Jordberga) and Denmark (Gørlev) and to the restructuring of other activities.

Other provisions mainly include provisions associated with the divestment of businesses as well as pending legal proceedings, etc.

PARENT COMPANY				GROUP	
30 April 2000	**30 April 2001**	Note	DKK million	30 April 2000	**30 April 2001**
		20	**Mortgage debt, bank debt and other creditors**		
171	141		Mortgage debt falling due after five years	181	143
-	160		Bank debt falling due after five years	46	199
12	1		Other creditors falling due after five years	12	1
		21	**Other debt**		
247	223		Production and absorption levies owing for sugar	440	411
131	175		Amounts owing in respect of staff (wages, salaries, holiday pay, etc.)	411	380
134	83		VAT and other taxes owing	348	207
209	129		Other items	789	797
721	**610**		**Total**	**1,988**	**1,795**

22 Own shares

	Number	**Nominal value (DKK '000)**	**% of share capital**
Holding at 1 May 2000	675,000	13,500	1.16
Purchase	1,077,000	21,540	1.85
Sale	-	-	-
Holding at 30 April 2001	**1,752,000**	**35,040**	**3.01**

Market value of own shares at 30 April 2001 amounts to DKK 512 million. The purchase amount this year was DKK 292 million, which has been charged to capital and reserves.

Own shares have been acquired as hedging of Danisco's share option programme (807,000 shares) and will be used for further development of the capital structure of the company, to finance or execute acquisitions, for sale, to be transferred in other ways, or to be cancelled.

PARENT COMPANY				GROUP	
30 April 2000	**30 April 2001**	Note	DKK million	30 April 2000	**30 April 2001**
		23	**Liabilities**		
			Contingent liabilities:		
281	291		Guarantees and other financial commitments	487	368
			Contractual liabilities:		
-	-		Operating lease payments due within one year	35	60
-	-		Operating lease payments due within two to five years	53	101
-	-		Operating lease payments due after five years	30	77
-	**-**		**Total**	**118**	**238**

Certain claims have been raised against the Group. In the opinion of the management, the outcome of these proceedings will not have any material effect on the financial position of the Group.

GROUP

Note	DKK million	30 April 2000	**30 April 2001**

24 **Financial instruments**

The Group uses forward contracts for managing interest rate and exchange risks.

	30 April 2000		**30 April 2001**	
Currency	Settlement value	Market value	**Settlement value**	**Market value**
DKK	4,861	4,848	6,225	6,202
EUR	(4,438)	(4,430)	(4,235)	(4,222)
USD	3,659	3,653	1,448	1,438
GBP	(3,264)	(3,262)	(2,843)	(2,832)
Other	(794)	(792)	(537)	(538)
Total	24	17	58	48

The net market value was DKK 48 million (30 April 2000 DKK 17 million) and the average remaining term to maturity was one month. The market value of contracts for hedging of off-balance sheets items amounted to DKK 42 million.

At 30 April 2001 there were no forward rate agreements and interest rate swaps.

25 **Related parties**

Related parties in the Group comprise of the members of the Board of Directors and the Executive Board only.

The Group made no transactions with related parties during the accounting year.

26 **Government grants**

During the year ended the Group received government grants for research and development of DKK 3 million (1999/2000 DKK 15 million), for investments of DKK 19 million (1999/2000 DKK 6 million), and of DKK 9 million (1999/2000 DKK 10 million) for other purposes.

NOTES TO THE CASH FLOW STATEMENT

Note	DKK million	GROUP 30 April 2000	GROUP 30 April 2001
27	**Adjustments**		
	Depreciation and amortisation for the year	1,979	1,672
	Writedowns for the year included in profit and loss account, etc.	1,375	1,091
	Profit on sale of undertakings and activities, etc.	(1,786)	(302)
	Profit/loss on disposal of tangible fixed assets	(24)	(8)
	Income from associated undertakings	(98)	(38)
	Income from other investments and capital participation, etc.	(14)	(94)
	Interest receivable and similar income	(314)	(362)
	Interest payable and similar charges	929	992
	Other provisions	14	(74)
	Expensed tax for the year	650	462
	Non-financial prepayments and accruals, etc.	(135)	(242)
	Total	**2,576**	**3,097**
28	**Purchase and sale of undertakings and activities**		
	Purchase of undertakings and activities:		
	Intangible fixed assets	(476)	-
	Tangible fixed assets	(2,420)	(38)
	Financial fixed assets	(2,117)	-
	Stocks	(1,328)	(38)
	Debtors and prepayments	(2,090)	(18)
	Cash and cash equivalents	(503)	(8)
	Minority interests	169	-
	Other provisions	248	(4)
	Provisions for deferred tax	73	-
	Financial liabilities	2,712	4
	Non-interest-bearing debt	1,667	(8)
	Corporation tax	(67)	-
	Net assets	**(4,132)**	**(110)**
	Goodwill on purchase of undertakings and activities	(5,471)	(151)
	Adjustment of cash and cash equivalents	503	8
	Cash purchase amount	**(9,100)**	**(253)**
	Financial liabilities	(2,712)	(4)
	Purchase amount total	**(11,812)**	**(257)**

GROUP

Note	DKK million	30 April 2000	**30 April 2001**
28	...continued		
	Sale of undertakings and activities:		
	In the 2000/2001 financial year Danisco disposed of its activities in vegetables, potatoes and frozen bakery products from Danisco Foods and RolDan from Danisco Sugar.		
	Intangible fixed assets	666	29
	Tangible fixed assets	2,225	399
	Financial fixed assets	188	37
	Stocks	636	380
	Debtors and prepayments	1,205	11
	Cash and cash equivalents	275	9
	Minority interests	-	-
	Other provisions	(18)	-
	Provisions for deferred tax	(283)	-
	Financial liabilities	(1,817)	(47)
	Non-interest-bearing debt	(927)	(2)
	Accruals	-	-
	Corporation tax	(128)	-
	Net assets	**2,022**	**816**
	Profit/loss on disposals included in profit and loss account	1,786	19
	Adjustment of cash and cash equivalents	(275)	(9)
	Cash sales amount	**3,533**	**826**
	Financial liabilities	1,817	47
	Sales amount total	**5,350**	**873**
29	**Purchase and sale of tangible fixed assets**		
	Ingredients and Sweeteners	(331)	(423)
	Sugar	(692)	(466)
	Other activities	(549)	(365)
	Group functions	(34)	(1)
	Purchase of tangible fixed assets total	(1,606)	(1,255)
	Sale of tangible fixed assets and investment grants	311	119
	Purchase and sale of tangible fixed assets total	**(1,295)**	**(1,136)**
30	**Change in financial liabilities**		
	Financial liabilities at 1 May	(6,934)	(15,653)
	Exchange adjustment of financial liabilities at 1 May	(771)	34
	Financial liabilities in undertakings sold	1,817	47
	Financial liabilities assumed on purchase of undertakings and activities	(2,712)	(4)
	Financial liabilities at 30 April	15,653	12,372
	Change in financial liabilities at 30 April	**7,053**	**(3,204)**

SUBSIDIARY UNDERTAKINGS

Undertakings[1]	Currency	Nominal capital*	Danisco's share %
Main business areas			
Ingredients			
Aplin & Barrett Ltd., UK	GBP	2,129	100
A/S Syntetic, Denmark	DKK	35,300	100
Biotechnologisches Laboratorium GmbH & Co., Germany	DEM	51	100
Biotechnologisches Laboratorium GmbH, Germany	DEM	51	100
Broadland Foods Ltd., UK	GBP	417	100
Broadland Foods Partnership, UK	GBP	412	75
Calchauvet S.A., France	FRF	20,700	100
Cultor Company Ltd. Nan Yan, China	USD	2,100	100
Cultor Food Science B.V., Holland	NLG	191,476	100
Cultor Food Science Mississauga Ltd., Canada	CAD	2,200	100
**Cultor France Holding S.A., France	FRF	5,797	100
Cultor France S.A., France	FRF	100	100
**Cultor Holland B.V., Holland	NLG	40	100
Cultor US Inc., USA	USD	110,000	100
Danisco Cultor America Inc., USA	USD	129,685	100
Danisco Cultor Argentina S.A., Argentina	ARS	12	100
Danisco Cultor Belgium B.V.B.A., Belgium	EUR	20	100
Danisco Cultor Brasil Ltda., Brazil	BRL	3,927	100
Danisco Cultor Chile S.A.,Ltda., Chile	CLP	9,429,878	100
Danisco Cultor Columbia, Colombia	COP	25,000	100
Danisco Cultor Deutschland GmbH, Germany	DEM	400	100
Danisco Cultor España S.A. Valencia, Spain	ESP	59,400	100
Danisco Cultor España S.A., Spain	ESP	10,000	100
Danisco Cultor Holland B.V., Holland	NLG	44	100
Danisco Cultor Italia s.r.l., Italy	LTL	212,990	100
Danisco Cultor Japan Ltd., Japan	JPY	720,000	100
Danisco Cultor Landerneau S.A., France	FRF	5,300	100
Danisco Cultor Ltd., UK	GBP	5,897	100
Danisco Cultor Mexicana S.A. de C.V., Mexico	MXP	98,560	100
Danisco Cultor Mexico, S.A. de C.V., Mexico	MXP	1,142	100
Danisco Cultor Niebüll GmbH, Germany	EUR	9,779	100
Danisco Cultor Norway AS, Norway	NOK	50	100
Danisco Cultor Sweden AB, Sweden	SEK	4,000	100
Danisco Cultor Tønder A/S, Denmark	DKK	2,300	100
Danisco Cultor U.S.A. Inc., USA	USD	42,993	100
Danisco Cultor (China) Ltd., China	CHN	19,000	95
Danisco Cultor (Malaysia) Sdn. Bhd., Malaysia	MYR	67,000	100
Danisco Cultor (Production) Ltd., UK	GBP	151	100
Danisco Cultor (Switzerland) AG, Switzerland	CHF	600	100
Danisco Cultor (UK) Ltd., UK	GBP	500	100
Danisco Ingredients Austria GmbH, Austria	ATS	500	100
Danisco Ingredients Beteiligungsgesellschaft mbH, Germany	DEM	50	100
Danisco Ingredients Bohemia a.s., Czech Republic	CZK	175,000	100
Danisco Ingredients Canada Inc., Canada	CAD	459	100
Danisco Ingredients France S.A.R.L., France	EUR	3,700	100
Danisco Ingredients Japan Limited, Japan	JPY	10,000	100
Danisco Ingredients Sp.z.o.o., Poland	PLN	200	100
Danisco Ingredients (India) Pvt. Ltd., India	INR	100,000	74

Undertakings[1]	Currency	Nominal capital*	Danisco's share %
Finnfeeds Finland Oy, Finland	FIM	8,000	100
**Finnfeeds International Ltd., UK	GBP	11	100
Finnfeeds International Pte. Ltd., Singapore	SGD	100	100
Finnfeeds Oy, Vaasa, Finland	FIM	15	100
Finnsugar Bioproducts, Inc., USA	USD	5,201	100
Florida Flavors Inc., USA	USD	31,000	100
Major International Ltd., UK	GBP	50	50
Wisby GesmbH Austria, Austria	ATS	500	100
Wisby GmbH Switzerland, Switzerland	CHF	20	100
Wisby Poland S.P., Poland	PLN	20	100
ZAO Danisco Cultor, Rusland	RUR	264	100
Sweeteners			
Danisco Sweeteners GmbH, Austria	ATS	500	100
Xyrofin (UK) Ltd., UK	GBP	1	100
Xyrofin AG, Switzerland	CHF	500	100
Xyrofin Oy, Finland	FIM	107,000	100
Sugar			
AB Bungenäs Kalkbrott, Sweden	SEK	600	100
AB Kedainiai Cukrus, Lithuania	LTL	67,068	74
AB Panevezys Cukrus, Lithuania	LTL	24,772	68
Danisco Holding Sweden AB, Sweden	SEK	100,000	100
Danisco Sugar AB, Sweden	SEK	400,000	100
Danisco Sugar GmbH, Germany	DEM	15,000	100
Danisco Sugar hf, Iceland	ISK	400	100
Danisco Sugar Ingolf Wessenberg & Co. AS, Norway	NOK	50	50
Danisco Sugar Oy, Finland	FIM	270,000	100
Danisco Sugar Polska S.A., Poland	PLN	100	100
Danisco Sugar UAB, Lithuania	LTL	10	100
Neson Oy, Finland	FIM	11,000	100
SSA Tryck AB, Sweden	SEK	1,000	100
Sucros Oy, Finland	FIM	350,000	80
Suomen Sokeri Oy, Finland	FIM	230,000	100
Danisco Seed Austria GesmbH, Austria	ATS	10,650	100
Danisco Seed GmbH, Germany	DEM	1,000	100
Danisco Seed Italia S.p.A., Italy	ITL	200,000	100
Danisco Seed Poland Sp.z o.o., Poland	PLN	4	100
Danisco Seed Romania, Romania	ROL	90,000	100
Danisco Seed U.K. Ltd., UK	GBP	40	100
Danisco Semences S.A., France	FRF	2,800	100
Danisco Semillas S.A., Spain	ESP	20,000	100
Maribo Seed International ApS, Denmark	DKK	125	100

Undertakings[1]	Currency	Nominal capital*	Danisco's share %
Other business			
Danisco Flexible			
Danisco Flexible Belgium B.V.B.A., Belgium	BEF	750	100
Danisco Flexible Deutschland GmbH, Germany	DEM	50	100
Danisco Flexible Espana SA, Spain	ESP	150,000	100
Danisco Flexible Finland OY, Finland	FIM	50	100
Danisco Flexible France S.A., France	FRF	85,000	100
Danisco Flexible Ltd., UK	GBP	15,719	100
Danisco Flexible Nederland B.V., Holland	NLG	200	100
Danisco Flexible Neocel Embalagens Lda, Portugal	PTE	328,000	100
Danisco Flexible Norway AS, Norway	NOK	50	100
Danisco Flexible Sweden AB, Sweden	SEK	150	100
Danisco Flexible UK Ltd., UK	GBP	845	100
Envi BV, Holland	NLG	1,800	100
ETAG Emme Tiefdruckformen AG, Switzerland	CHF	2,000	100
Hapece BV, Holland	NLG	12	100
Schüpbach AG, Switzerland	CHF	9,000	100
Sidlaw Group plc., UK	GBP	17,378	100
Sidlaw International Holding, UK	GBP	23,744	100
Sidlaw Packaging Espana SA, Spain	ESP	2,749,952	100
Danisco Pack UK			
Danisco Pack (UK) Ltd., UK	GBP	17,300	100
Danisco Paper Ltd., UK	GBP	11,759	100
Danisco Pack Ltd., UK	GBP	115,000	100
Trentside Recycling Ltd., UK	GBP	10	100
Danisco Foods			
Danisco Foods AB, Sweden	SEK	550	100
Danisco Foods Albacete S.A., Spain	ESP	615,000	100
Danisco Foods A/S, Denmark	DKK	10,000	100
Danisco Foods B.V., Holland	NLG	47	100
Danisco Foods Distribution A/S, Denmark	DKK	6,000	100
Danisco Foods GmbH, Germany	DEM	250	100
Danisco Foods Ltd., UK	GBP	805	100
Danisco Foods Slovensko, Slovakia	SKK	100	100
Danisco Foods SPOL S.R.O., Czech Republic	CZK	104,292	100
Danisco Foods S.A., Spain	ESP	909,547	100
Danisco Foods S.A.R.L., France	FRF	50	100
Danisco Foods (B.T.) B.V., Holland	NLG	20,000	100
Taffel Foods Ejendomsselskab A/S, Denmark	DKK	7,000	100

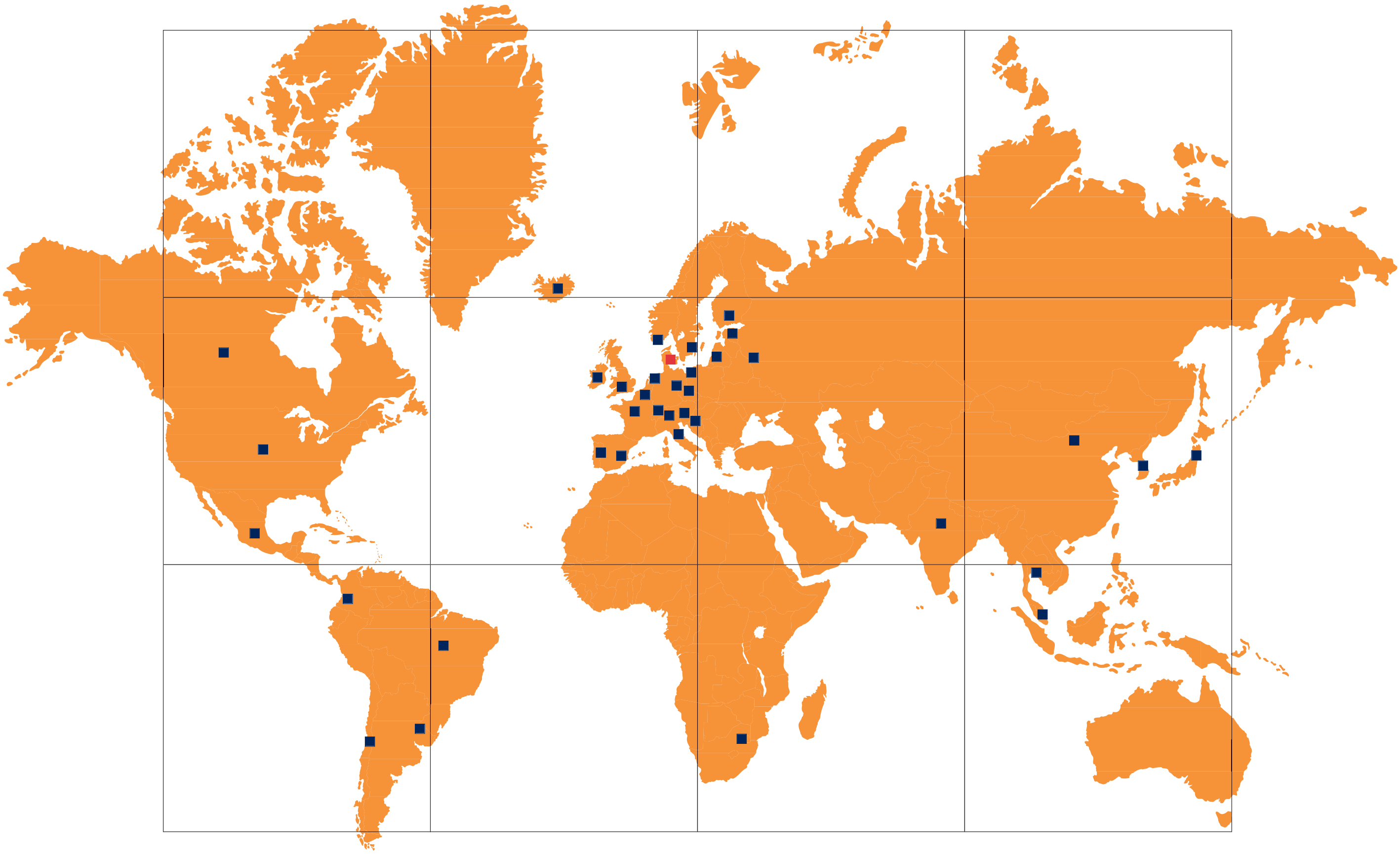
Undertakings[1]	Currency	Nominal capital*	Danisco's share %
Other business			
A/S PSE 38 2024, Denmark	DKK	500	100
Cometra A/S, Denmark	DKK	15,000	100
Cultor Norway A.S., Norway	NOK	46,000	100
**Cultor UK Ltd., UK	GBP	8,600	100
**Danisco Beteiligungsgesellschaft mbH, Germany	DEM	15,000	100
**Danisco Finland OY, Finland	EUR	64,464	100
**Danisco Holding France SAS, France	FRF	30,000	100
**Danisco Holding Holland BV, Holland	NLG	43	100
Danisco Energi A/S, Denmark	DKK	5,000	100
Danisco Finance Plc., Ireland	DKK	10,000	100
Danisco Flexible Leasing A/S, Denmark	DKK	10,500	100
Ditlev Lunk Aps, Denmark	DKK	130	100
Ejendomsanpartselskabet matr. nr. 4f Herstedøster by, Herstedøster, Denmark	DKK	200	100
Ejendomsanpartselskabet matr. nr. 1 acn. Vestermarken, Odense Jorder, Denmark	DKK	200	100
**Finnsugar Cultor Sweden AB, Sweden	SEK	30,000	100
Jans Agency (Eurowine agency) Aps, Denmark	DKK	125	100
Kiinteistö Oy Keilaranta 9, Finland	FIM	75,000	100
Ydernæs I A/S, Denmark	DKK	600	100

1) Companies with activities during the financial year – list of associated undertakings, see Note 13.

*) Nominal share capital in '000 units.

**) Holding company of a number of subsidiary undertakings.

INTERNATIONAL PRESENCE



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