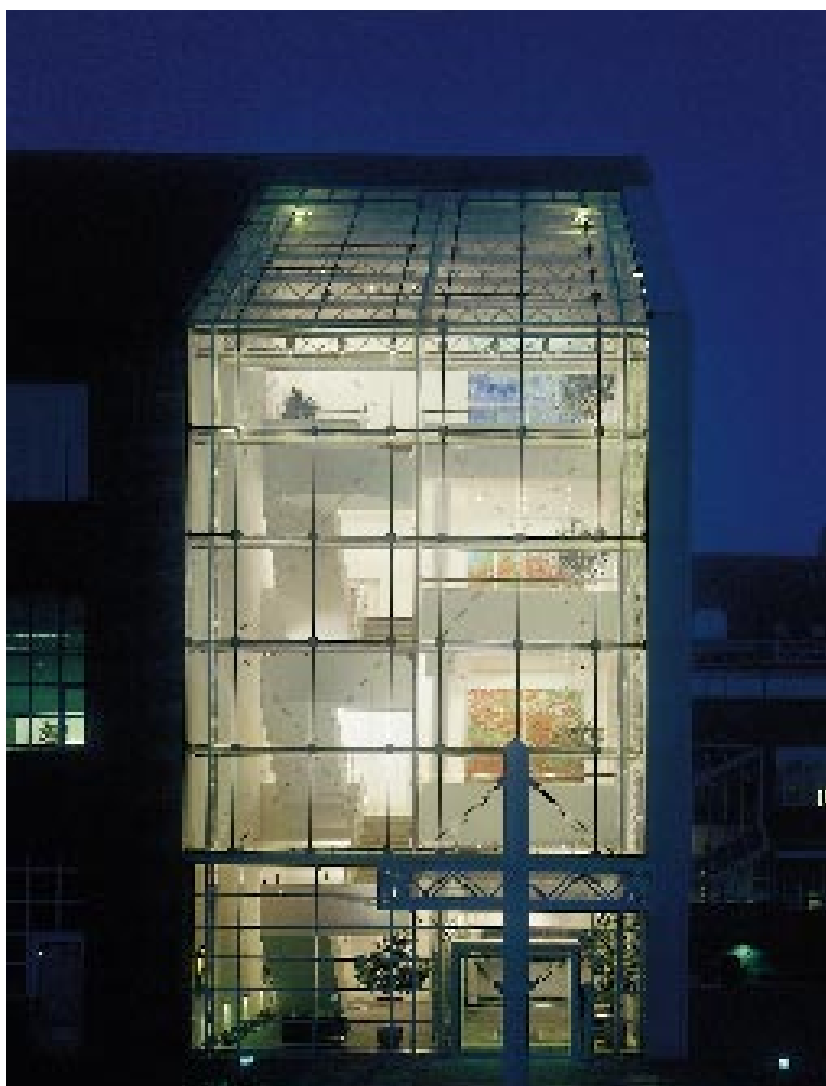


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The Annual General Meeting of Danisco A/S will be held on Tuesday 17 September 1996 at 4.30pm at Radisson SAS Scandinavia Hotel, Amager Boulevard 70, 2300 Copenhagen S.



The main entrance to Danisco's headquarters in Copenhagen.

Danisco group								
	DKK million							ECU million
	89/90	90/91	91/92	92/93	93/94	94/95	95/96	95/96
Net sales	11,924	12,470	13,469	13,027	12,840	14,193	16,186	2,235
Index	100	105	113	109	108	119	136	
Operating profit	1,105	1,276	1,235	1,148	1,347	1,638	1,796	248
Index	100	116	112	104	122	148	163	
Profit on ordinary activities before tax	1,001	1,115	1,053	826	1,030	1,331	1,604	221
Index	100	111	105	83	103	133	160	
Profit on ordinary activities after tax	773	882	950	701	830	1,016	1,218	168
Index	100	114	123	91	107	131	158	
Consolidated profit for the year	920	1,052	974	813	830	1,016	1,218	168
Index	100	114	106	88	90	110	132	
Cash at bank and in hand and securities	1,600	1,701	1,478	1,341	2,451	1,626	1,032	142
Assets total	12,730	14,229	15,552	14,669	16,480	15,813	16,610	2,294
Capital and reserves	4,937	5,588	6,128	6,134	6,652	7,197	7,740	1,069
Investments in tangible fixed assets	995	1,318	1,385	1,531	1,051	969	976	135
Index	100	132	139	154	106	97	98	
Depreciation and writedowns (closing rate)	489	599	731	821	868	868	840	116
Index	100	122	150	168	178	178	172	
Research and development costs	299	277	285	302	261	274	296	41
Index	100	93	95	101	87	92	99	
Average staff number	12,608	12,744	14,019	11,455	11,055	11,413	12,638	
Index	100	101	111	91	88	91	100	
Return on capital and reserves	16.7%	16.8%	16.2%	11.4%	13.0%	14.7%	16.3%	
– fully diluted					12.7%	13.0%	14.5%	
Solvency ratio	38.8%	39.3%	39.4%	41.8%	40.4%	45.5%	46.6%	
– fully diluted					47.4%	52.9%	53.6%	
<i>DKK</i>							<i>ECU</i>	
Earnings per share	14.65	16.66	17.22	12.72	15.04	18.40	22.00	3.04
– fully diluted					14.94	17.63	20.96	2.89
Net asset value per share	94	101	111	111	121	130	140	19
– fully diluted					131	140	149	21
Market price per share	184	188	162	159	198	217	290	
Market price/Net asset value	1.97	1.86	1.46	1.43	1.65	1.67	2.07	
– fully diluted					1.52	1.55	1.95	
Price/earnings	12.56	11.29	9.42	12.52	13.19	11.79	13.18	
– fully diluted					13.28	12.31	13.84	
Dividend per share	–	2.40	2.40	2.40	2.80	3.20	4.20	0.58
Market capitalization in million	9,706	10,369	8,946	8,781	10,943	12,013	16,058	2,217

ECU rate at 30.4. 1996 = 724.22

The key figures are calculated according to the Guidelines for Key Figures issued by the Danish Society of Financial Analysts in 1991 on the basis of the group's accounting policies.

The key figures for 1993/94 and onwards have been supplemented with values which take into account the effects on the results and the capital structure on the full use of the conversion right attached to the bond issue, the so-called 'fully diluted value'.

$$\text{Return on capital and reserves} = \frac{\text{profit on ord. activities after tax} \times 100}{\text{average capital and reserves}}$$

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

$$\text{Earnings per share} = \frac{\text{profit on ordinary activities after tax}}{\text{average number of shares}}$$

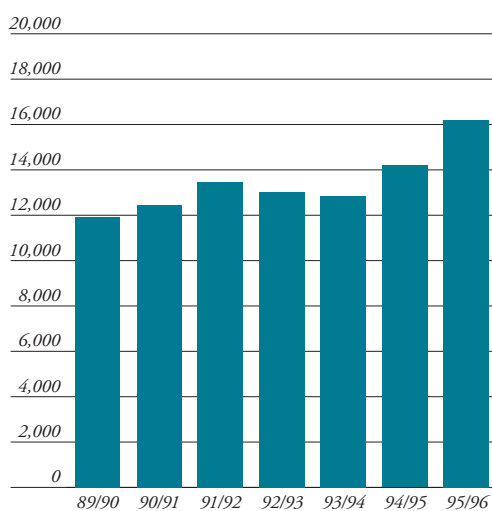
$$\text{Net asset value per share} = \frac{\text{capital and reserves at 30.4}}{\text{number of shares at 30.4}}$$

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

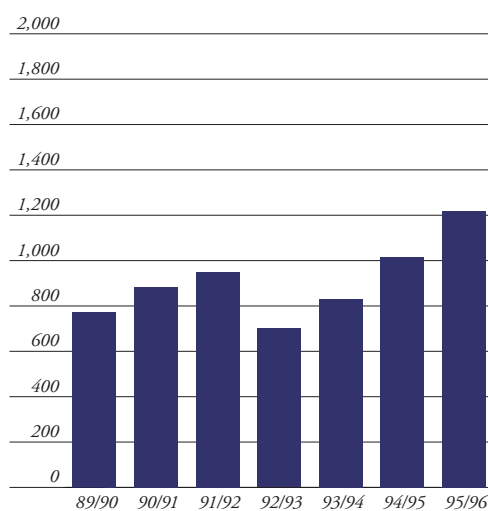
$$\text{Price/earnings} = \frac{\text{market price}}{\text{earnings per share}}$$

Net sales

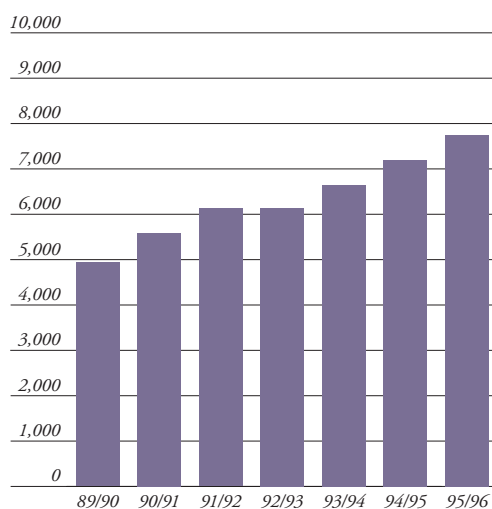
DKK million

**Profit on ordinary activities after taxation**

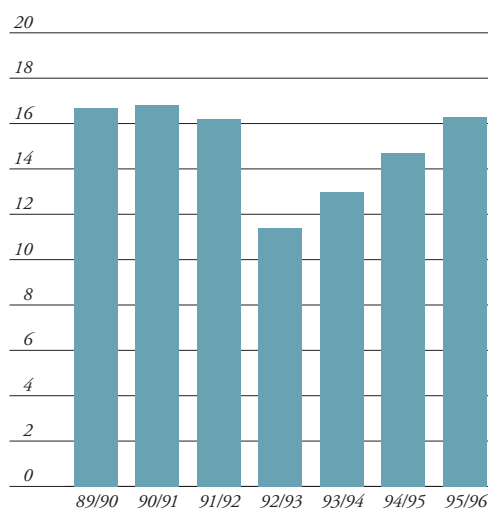
DKK million

**Capital and reserves**

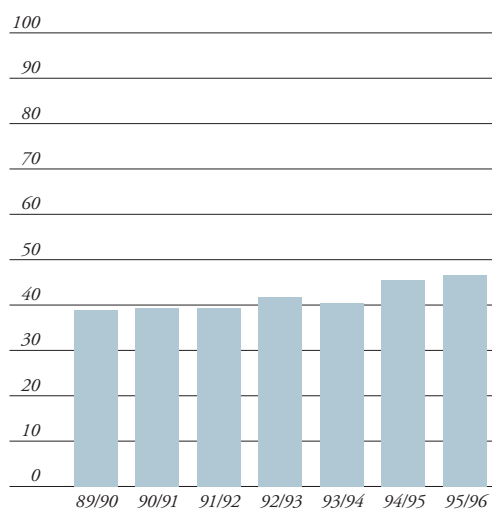
DKK million

**Return on capital and reserves**

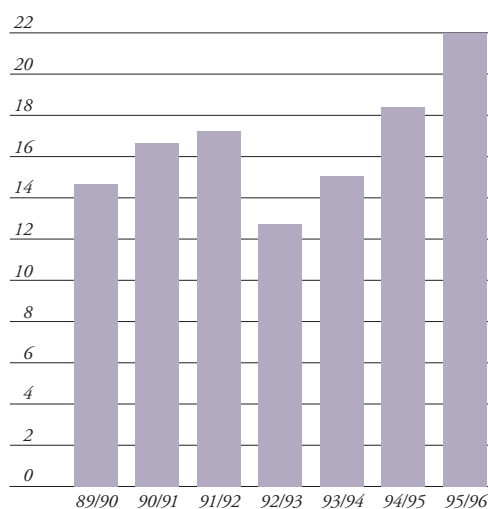
%

**Solvency ratio**

%

**Earnings per share**

DKK



Mission

Danisco is a major international supplier of sweeteners, food ingredients and packaging to industry. Danisco is also active in selected parts of the northern European food and beverage markets.

Danisco wishes to increase shareholder value through a competitive combination of annual dividends and consistent share price increases.

In each of its sectors and chosen geographical business areas, Danisco will seek to achieve a leading position by utilising the group's financial resources, exploiting its strong base of competencies and setting up a framework for management action.

Thus in each of its business areas Danisco will strive to be the preferred supplier to its customers, and create a challenging and developing working environment for its employees.

Ambition

In order to sustain and strengthen its long-term competitiveness, Danisco aims at achieving net sales of more than DKK 25 billion by the year 2000. Growth is the necessary vehicle for manifesting ourselves in international competition, and we will grow organically and through acquisitions. At the same time we will achieve a profit on ordinary activities before tax of at least 10 per cent of net sales and an average annual growth in earnings per share (EPS) of 10-12 per cent. The attainment of these goals requires each of Danisco's four sectors to set and achieve its own stretch goals.

*Danisco's headquarters on
Copenhagen's harbour front.*



BOARD OF DIRECTORS

Hugo Schröder

Chairman of the board. Managing director. Chairman of the board of SAS Danmark A/S and Scandinavian Airlines System. Deputy chairman of Incentive A/S and director of Chr. Augustinus Fabrikker A/S.

Erik B. Rasmussen

Deputy chairman. Managing director, civil engineer (MSc). Chairman of the board of Incentive A/S, A/S Dansk Shell, GN Store Nord as, GN Store Nord Holding as, Dansk Udviklingsfinansiering A/S and Motorola A/S. Deputy chairman of Carlsberg A/S.

Steen Langebæk

Deputy chairman. Attorney at law. Chairman of the board of Ejendomsselskabet Norden A/S and Russisk-Dansk Genhusningsselskab O.A., Skt. Petersborg. Deputy chairman of A/S Foss Electric Holding, BASF Danmark A/S, Aktieselskabet Det kgl. octr. alm. Brandassurance-Compagni, Skandia Danmark Holding A/S and Arvid Nilsson A/S. Director of Dansk Portefølje Invest A/S and PA Consulting Group Ltd., London.

Bo Berggren

PhD(Tech). Chairman of the board of Stora Kopparbergs Bergslags AB, Sverige, Astra AB, Sweden, SAS Sverige AB, Sweden, and vice chairman for Sweden of Scandinavian Airlines System. Deputy chairman of Investor AB, Sweden, and Skandinaviska Enskilda Banken AB, Sweden. Director of Telefonaktiebolaget L.M. Ericsson, Sweden.

Alf Duch-Pedersen

Chief executive of Tryg-Baltica Forsikring, skadesforsikrings-selskab A/S. Chairman of the board of Falck A/S. Director of Oticon Holding A/S, Oticon A/S and Finansierings-Instituttet for Industri og Håndværk A/S.

John Hansen

Senior shop steward Danisco Sugar. Deputy chairman of Sparekassen Lolland.

Jon Krabbe

Landowner. Director of SDC DanDisc a/s and DanPork A/S.

Finn Larsen

Senior shop steward, Danisco Flexible Otto Nielsen A/S.

Flemming Laursen

Senior shop steward, Danisco Pack.

Børge A. Pedersen

Senior shop steward, Danisco Ingredients.

Flemming Woldbye

Professor. Chairman of the board of Otto Mønsted A/S. Director of BeraCorporation A/S.

EXECUTIVE BOARD

Palle Marcus

Chief executive. Deputy chairman of Den Danske Bank Aktieselskab. Director of Coloplast A/S; Gyldendalske Boghandel, Nordisk Forlag, Aktieselskab; Novo Nordisk A/S and Stora Kopparbergs Bergslags AB, Sweden.



▲ The members of Danisco's board of directors are (seated from the left) Erik B. Rasmussen, Hugo Schröder, Steen Langebæk, (standing from the left) John Hansen, Bo Berggren, Flemming Laursen, Jon Krabbe, Alf Duch-Pedersen, Finn Larsen, Børge A. Pedersen and Flemming Woldbye.

◀ Danisco's executive board is made up of (seated from the left) Søren Bjerre-Nielsen, Palle Marcus, Elvar Vinum, (standing from the left) Steen Weirsoe and Mogens Granborg.

Elvar Vinum

Deputy chief executive. Deputy chairman of BIKUBEN GIROBANK A/S. Director of investeringsforeningen dk-invest, dk-invest management a/s and Topdanmark A/S.

Søren Bjerre-Nielsen

Director of V. Kann Rasmussen Industri A/S.

Mogens Granborg

Deputy chairman of S. Dyrup & Co. A/S. Director of Monberg and Thorsen Holding A/S.

Steen Weirsoe

Director of Danske Trælast A/S and Selected Wines & Spirits A/S.

Accounting year 1995/96

Danisco's net sales increased by DKK 1,993 million to DKK 16,186 million (+ 14 per cent compared with the accounting year 1994/95) of which 69 per cent (65) related to sales outside Denmark.

Of the increase in net sales, DKK 1,356 million corresponding to 9.5 percentage points, came from companies and activities acquired in the accounting year 1995/96 while the remainder, DKK 638 million corresponding to 4.5 percentage points, derived from existing business.

Despite weaker economic trends, results rose steeply owing to efficiency in production and increased marketing as well as improved financial income due to capital gains on bond and shareholdings and improved liquidity. Of the accounting year's increase in operating profit about 4 percentage points corresponding to DKK 63 million derived from acquisitions.

- The operating profit amounted to DKK 1,796 million (+ 10 per cent).
- The profit on ordinary activities before tax was DKK 1,604 million (+ 21 per cent).
- The profit after tax for the year amounted to DKK 1,218 million (+ 20 per cent).
- It is proposed that the dividend per share be increased by DKK 1.00 to DKK 4.20 corresponding to a dividend of 21 per cent of the share capital. It is the board of directors' intention to increase the pay-out ratio in the years ahead.
- The board of directors proposes that Danisco's Danish and foreign employees be offered shares at a favourable price as the oldest of the three

During the year Danisco Foods launched a series of frozen soups, among others, the Spanish soup, Gazpacho, which is served cold and therefore only need thaw to be ready.



companies entering into the Danisco merger in 1989 will have existed for 125 years in the spring of 1997.

At 30 April 1996 capital and reserves amounted to DKK 7,740 million against DKK 7,197 million at the beginning of the accounting year.

Management and organisation

On 1 August 1995 state authorised public accountant and managing director Søren Bjerre-Nielsen joined the executive board as executive vice president and took over the responsibility for finance as of 1 January 1996 from deputy chief executive Elvar Vinum. On 1 March 1996 Mr Vinum took over responsibility for Danisco's Packaging Sector from executive vice president Per Løkkegaard who retired at the end of April 1996. As of 1 August 1995 executive vice president Steen Weirsøe took over the management of the Ingredients Sector from executive vice president Otto B. Christensen who retired at the end of 1995.

Acquisitions

In the accounting year 1995/96 Danisco acquired Crown Packaging Group Ltd., Crown Corrugated (Scotland), Westward Packaging, Celtic Packaging, Amadeus Packaging, CMB Flexible, Hamburger Wellpappenfabrik, IL Recycling, Woodcocks, Beacon Ltd. and Groko Foods B.V. and others for an aggregate amount of DKK 1,148 million, including acquired debts.

No companies were sold during the year.

Investments, including research and development

During the year investments of DKK 976 million (+ 1 per cent) in Denmark and abroad were made in buildings, machinery and equipment, mainly in the Sugar and Packaging Sectors.

Research and development expenditure amounted to DKK 296 million (+ 8 per cent), and mainly occurred in Danisco Seed and Danisco Ingredients.

Developments in Danisco's sectors and divisions

Danisco is divided into four sectors: The Food & Beverage Sector, the Sugar Sector, the Ingredients

Sector and the Packaging Sector, comprising 11 divisions.

Food & Beverage Sector

The sector reported net sales of DKK 2,672 million (+ 4 per cent). The operating profit amounted to DKK 199 million (+ 40 per cent).

For the accounting year 1996/97 the Food & Beverage Sector expects increases both in net sales and earnings.

Danisco Foods

Net sales were DKK 1,409 million (+ 6 per cent).

The main feature of the accounting year 1995/96 was the merger of the two former business units, Frigodan and Taffel Foods. The associated costs were provided for in the last accounting year. Danisco Foods' product range went through comprehensive rationalisation, and the division achieved considerable synergies within sales and administration. A number of new products were launched, including frozen soups and sauces.

The long drought in the summer of 1995 resulted in a pea harvest which was lower than expected. The financial impact of the harvest and price rises on raw materials and semi-manufactured products was largely offset by modifying production processes at Danisco Foods' factories.

The Dutch frozen food company, Groko B.V., which mainly produces frozen processed spinach and potato products, was acquired with effect from 1 January 1996. The company has annual net sales of about DKK 300 million. Danisco Foods already has one company in the Netherlands, and has decided to integrate the production of the two Dutch companies. The onion factory in Varpelev will be closed at the end of 1996 and production will be transferred to Danisco's other vegetable factories in Denmark and the Netherlands.

The level of capital investment was high and directed at improving efficiency at the factories in Svendborg and Orehoved.

The accounting year 1995/96 saw considerable progress in earnings. The accounting year 1996/97 is expected to result in an increase in net sales and in earnings.

Danisco Distillers

Net sales were DKK 1,263 million (+ 3 per cent).

After several years of decline, sales stabilised in the Danish spirits market in 1995.

Sales of Danisco Distillers' well-known aquavits were stable in the accounting year 1995/96. The launching of Blå Aalborg® led to satisfactory sales, and contributed to a more widespread knowledge of the Danish aquavit tradition among younger consumers. Blå Aalborg®, which is marketed in a modern triangular bottle, is sold, apart from in Denmark, now also in duty-free shops.

Sales in the duty-free sector were satisfactory, and the export of Danzka® Vodka, which is marketed in an aluminium bottle, increased. Several markets saw higher sales than expected.

On the important German market, sales of the premium products, Aalborg Jubilæums Aquavit® and Malteserkreuz®, were satisfactory despite an overall decline in spirits and increased market shares for cheaper products.

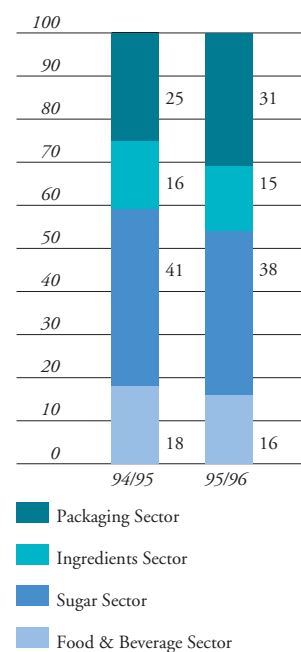
In February 1996 Danisco Distillers entered into an agreement to buy 25 per cent of the shares in the Swedish wine and spirits firm, Tegnér & Son AB, in order to secure a strong market position in view of the expected liberalisation of the Swedish market for wine and spirits. The remaining 75 per cent of the firm is owned by International Distillers & Vintners (IDV).

At the wine company, Danisco Peter F. Heering, sales were negatively affected by a consumer boycott of French wines. However, the decline was offset by higher sales of overseas wines. During the year sales and marketing activities were strengthened.

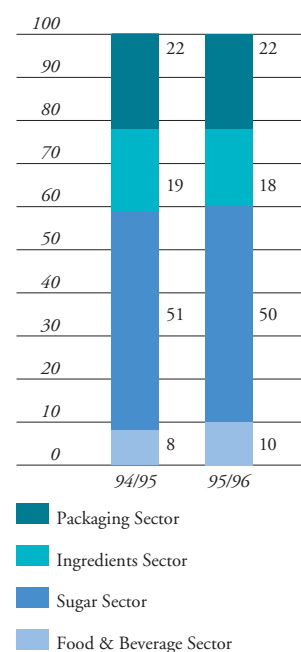
As expected the Danish Parliament approved a redistribution of taxes on spirits with effect from 1 July 1996. The combined value and volume tax will be replaced by a volume tax of DKK 275 per litre of pure alcohol. Government revenue from spirits taxes will be reduced slightly, and the largest reduction in taxes will apply to the more expensive, imported spirits. The effect of the tax redistribution on aquavits as such is neutral, but some of the products will be taxed higher.

The accounting year saw progress in earnings, and this development is expected to continue in the accounting year 1996/97.

The sectors' proportion of net sales, %



The sectors' proportion of the operating profit, %



Distribution of net sales in the Danisco group, %



Sugar Sector

The sector's net sales amounted to DKK 6,290 million (+ 7 per cent). The operating profit amounted to DKK 979 million (+ 6 per cent).

In the accounting year 1996/97 the Sugar Sector expects net sales and earnings to be in line with 1995/96 or slightly higher.

Three sugar divisions

The total amount of sugar produced in the accounting year 1995/96 was 922,000 tonnes with 432,000 tonnes in Denmark, 356,000 tonnes in Sweden and 134,000 tonnes in Germany. Production was lower than expected in Denmark and Sweden due to the dry summer in 1995.

Just before the end of the accounting year a plan was announced for changing the production structures in Denmark and Sweden. The plan covers the period up until the year 2001. It aims to increase efficiency in sugar production thus safeguarding its future. Danisco's annual investments in sugar factories and packing units amount to about DKK 350 million. The implementation of the plan will result in additional investments of about DKK 100 million a year in the coming four to five years after which time the level will drop to under DKK 250 million per annum. The investments are expected to contribute significantly to the Sugar Sector's earnings in the years ahead.

Net sales in Danisco Sugar were DKK 2,775 million (- 5 per cent), in Danisco Sugar AB DKK 2,484 million (+ 21 per cent) and in Danisco Sugar GmbH DKK 782 million (+ 18 per cent).

In Denmark just over 280,000 tonnes of sugar were sold which was slightly more than in 1994/95. The bulk of it, a good 80 per cent or about 235,000 tonnes, was sold to industry while the balance was sold directly to consumers. The majority of Danisco Sugar's exports went to Norway and Iceland. Production amounted to 432,000 tonnes which is about 7,000 tonnes more than Danisco Sugar's EU quota. A revaluation of the green Danish krone resulted in reduced prices in Denmark during most of the accounting year.

Sales in Sweden amounted to 336,000 tonnes of which 70 per cent or about 235,000 tonnes was sold to industry. The fluctuating Swedish krona in

the accounting year 1995/96 reflected on the green Swedish krona leading to price reductions as well as price increases on sugar. In the spring of 1996 the price had almost fallen to the level it had at the beginning of 1995. With a production volume of 356,000 tonnes the production of sugar was less than expected and slightly under Danisco Sugar AB's EU quota of 370,000 tonnes.

The German domestic market was characterised by strong competition. Nevertheless, sales increased. Sales in this market now amount to about 40 per cent of quota production. Sales in Germany were mainly made to the food industry. The remaining part of production was exported, mainly to Eastern Europe and Russia. Production amounted to 134,000 tonnes, 7,000 tonnes above Danisco Sugar GmbH's EU quota.

Capital investment in the Sugar Sector amounting to DKK 338 million was mainly aimed at making the utilisation of energy more efficient. In addition investments were also made in environmental measures, among others a biological treatment plant at Assens Sugar Factory. Investments within energy and the environment will also be significant in the years ahead. The enlargement of the factory in Anklam is now completed and accordingly investments were limited.

The growth in total results for the three sugar divisions stem from the Swedish and German activities, and for the accounting year 1996/97 net sales and earnings are expected to be at the same level as in 1995/96 or slightly higher.

Danisco Seed

Net sales were DKK 381 million (+ 16 per cent).

Recent years' targeting of the eastern European markets bore fruit with considerable progress in sales of sugar beet seeds to the Ukraine, Russia and Romania. However, the considerable increase in net sales against net sales in 1994/95 was also due to an extraordinary sale of oil seed rape.

The multiplication of seeds in southern Europe was favoured by good weather in 1995 resulting in a top quality harvest and good recovery in production.

Research and development are adjusted on a continuous basis to the demands made by the

market and public authorities, and improving the efficiency of this work continued.

The extraordinary high net sales led to a high level of earnings in the accounting year 1995/96. Net sales and earnings in the accounting year 1996/97 are expected to be lower than in 1995/96, but higher, however, than in 1994/95.

Ingredients Sector

The sector's net sales amounted to DKK 2,401 million (+ 5 per cent). The operating profit amounted to DKK 357 million (+ 2 per cent).

The Ingredients Sector reported progress in net sales in the accounting year 1995/96, while earnings only increased slightly due to strong competition and fluctuating raw material prices. The results did not quite meet expectations. The accounting year 1996/97 should see a significant increase in both net sales and earnings.

During the accounting year Danisco Ingredients registered growth in the sales of emulsifiers and textural ingredients while the sales of specialities were stable. Textural ingredients comprise stabilisers; specialities comprise flavourings, enzymes, antioxidants and pharmaceutical products. The sales of functional systems, ie blends of emulsifiers and stabilisers, did not meet expectations.

The market for emulsifiers in North America and Europe was stable while there was considerable growth in South America and Asia Pacific. The demand for textural ingredients, such as pectin and carrageenan, was strong world-wide due to

high growth rates on certain markets and new applications for pectin.

During the year Danisco Ingredients invested DKK 158 million in fixed assets. Among other investments, the storage facilities in Kansas, the USA, were extended in order to improve servicing of the North American market, and in Mexico a plant for the production of special pectin was completed. Furthermore, a decision was made to extend production capacity for functional systems in Denmark and the USA. In Denmark this will be realised by taking the former Nutrio factory in Haderslev into use and in the USA, by constructing a new factory in the state of Missouri. The extensions are expected to be commissioned in the accounting year 1996/97. Furthermore, a decision was made to invest in a new factory in China and in application laboratories. The factory will produce emulsifiers and functional systems to be sold in the Chinese market in particular. It is expected to be completed in the accounting year 1998/99.

Several initiatives were taken to increase efficiency in both production and development. The activities have been brought together under the name of the Danisco Ingredients Continuous Improvement Programme. Another initiative was launched aimed at improving the efficiency of logistics in Europe. The improvement programme within the innovation area is targeted at increasing customer orientation and enhancing the efficiency of each individual employee. The objective is, in a competitive market, for Danisco Ingredients to be



Danisco has decided to build a factory in China which will produce emulsifiers and functional systems, products which are used in, eg ice cream.

Already half of the world's production of ice cream contains Danisco Ingredients' products.

at any time the preferred supplier to the most important part of the global food industry.

On the sales side activities were intensified by establishing a new sales subsidiary in Colombia in South America, and in 1996/97 a sales subsidiary is expected to be set up in Russia. Sales activities in China intensified.

Danisco Biotechnology continued its work for other departments and for external customers, including modification of products and development of production methods.

Packaging Sector

The sector's net sales were DKK 4,975 million (+ 37 per cent). The operating profit amounted to DKK 441 million (+ 7 per cent).

The sector experienced progress in net sales and earnings in the accounting year 1995/96 and this development is expected to continue in 1996/97. Acquired undertakings and activities contributed considerably to the growth. Capital investment etc amounted to DKK 310 million.

Danisco Pack

Net sales were DKK 1,230 million (+ 11 per cent).

Business conditions fluctuated in the Danish corrugated board industry and in Danisco Pack's corrugated board units in the accounting year 1995/96, as the market was affected adversely by a decline in sales volume and positively by a fall in raw material prices. At the end of the summer of 1995 the demand for corrugated board products weakened. The implications for the packaging industry were that during the autumn customers adjusted their stocks and sales stagnated. The year was also characterised by stronger competition.

Danisco Pack changed its organisational structure in the accounting year. The manufacturing units in Brøndby, Stevnstrup and Taulov which have so far operated as independent units were merged into one with joint production management, sales management and administrative management. The aim is to strengthen Danisco Pack's position in the market.

Danisco Pack acquired Hamburger Wellpappenfabrik with factories in Hamburg and Verden about 100 kilometres south-west of Hamburg.

The market area is the northern part of Germany which Danisco Pack has so far served through exports. The company will carry on under the name of Danisco Pack Siwell, and will include Danisco Pack's sheet plant in Wilhelmshaven. The factory in Verden is being enlarged while the factory at Hamburg has been closed.

Despite a declining market Danisco Flamingo enjoyed growth in profits.

Capital investment mainly concerned the modernisation and improvement of efficiency of production plant, production flow and logistics.

The accounting year 1995/96 saw progress in Danisco Pack's net sales and earnings. For the accounting year 1996/97 net sales and earnings are expected to be in line with 1995/96.

Danisco Pack Ltd.

Net sales were DKK 1,570 million (+ 73 per cent).

Like other manufacturers of corrugated board products in the UK, Danisco Pack Ltd. experienced weaker demand in the autumn of 1995. As in Denmark this was caused by fluctuating raw material prices which led to drastic changes in stocks at Danisco Pack Ltd.'s customers. Despite difficult trading conditions the division managed to improve earnings through a cautious purchasing strategy for raw materials and improved customer service.

A number of acquisitions were made, among others, Crown Packaging Group with annual net sales of about DKK 450 million. Danisco Pack Ltd. now operates at 32 localities, and has a market share of about 10 per cent within finished corrugated board products. Within corrugated board sheets the company is market leader with a market share of 20 per cent. After the acquisition of Crown a new management structure was introduced in Danisco Pack Ltd. dividing the business into three areas: Corrugated board cases, corrugated board sheets and paper.

Investments were made in modernisation, operating efficiency and increased capacity.

Danisco Pack Ltd. reported strong progress in the accounting year 1995/96 in earnings, partly due to the acquisition of a number of companies and activities. The positive development is expected to continue in the accounting year 1996/97.

Danisco Flexible

Net sales were DKK 1,819 million (+ 38 per cent).

Danisco Flexible reported unsatisfactory results for the accounting year 1995/96.

The market for flexible packaging was in growth until the late summer of 1995 when demand dropped, due to among other things stagnation in the French and German food markets. Raw material prices were volatile and on some materials soared. Competition from UK companies had a negative impact on the results of the division owing to the weak pound. Finally, lengthy wage negotiations in the spring and summer of 1995 led to labour unrest at Danisco Flexible Raackmann resulting in significantly reduced efficiency.

Danisco Flexible prepared itself for competition on the European market by setting up a new marketing organisation. It will support the European sales organisation, and help Danisco Flexible become the preferred supplier to customers. At the same time a number of new sophisticated products were introduced, and well received by customers.

In November 1995 Danisco acquired the French packaging company, CMB Flexible, with net sales of about DKK 700 million and market shares in France of about 12 per cent, in Spain of about 5 per cent and in Portugal of about 20 per cent. The acquisition provides Danisco Flexible with a wider product range. The acquisition makes Danisco Flexible the fifth largest producer of flexible packaging in Europe.

The strong progress in net sales in the accounting year 1995/96 was mainly due to the acquisition of CMB Flexible. Earnings were substantially lower than in 1994/95. For the accounting year 1996/97 significant progress is expected in both net sales and earnings.

Danisco Paper

Net sales were DKK 488 million (+ 11 per cent).

Demand varied widely during the accounting year. In the beginning of the year demand was strong but as the year passed, demand weakened as customers reduced stocks built up when raw material prices of packaging paper were rising. In the autumn of 1995 prices on raw materials began to drop heavily, and this meant that the price of



packaging paper for corrugated board fell.

Danisco Paper initiated a number of projects to ensure the cheapest possible production, including extensive training programmes for employees.

The accounting year 1995/96 saw progress in net sales, but reduced earnings.

Net sales in the accounting year 1996/97 are expected to be slightly lower but earnings slightly higher than in 1995/96. However, earnings are vulnerable in the face of the extremely volatile prices on raw materials and the finished product, packaging paper based on recycled paper.

Financial review

Danisco's capital and reserves amounted to DKK 7,740 million at 30 April 1996, with a solvency ratio of 47 per cent (46). Net interest bearing debt amounted to DKK 3,484 million with gearing, ie net interest bearing debt as a percentage of capital and reserves, at 41 per cent (37). Total debts amounted to DKK 8,118 million of which 42 per cent was long term, ie due after more than one year.

Available liquidity is in total about DKK 6 billion which is regarded as fully adequate, and comprises liquid holdings of DKK 1,024 million together with credit facilities provided by credit and financial institutions.

Due to the drop in interest rates 1995/96, Danisco reported capital gains on bond and shareholdings as opposed to in 1994/95. Furthermore, the drop in net financing costs against the year

One of Danisco Flexible's main areas is the production of flexible packaging for cheese. The acquisition of the French company, CMB Flexible, has broadened the division's product range, eg within the area of soft cheeses.

1994/95 was owing to improved liquidity at the beginning of the year.

Danisco Finance Plc in Dublin, Ireland, is responsible for the group's currency, interest rate and cash management together with the arrangement and administration of the group's loans. Danisco does not carry out currency transactions of a speculative nature, but operates solely in accordance with the group's commercial requirements.

Danisco's cash flow in foreign currency, including profits in foreign subsidiary undertakings, transferred to Denmark at a later date and after the deduction of investments, results in a net currency inflow of about DKK 2 billion. The most important net inflows are made in Deutschmark (about 25 per cent), Swedish krona (about 20 per cent), Pound Sterling (about 15 per cent), Norwegian krone (about 15 per cent), French francs (about 5 per cent) and American dollars (about 5 per cent).

The consolidated group tax on ordinary activities amounted to DKK 386 million (24.1 per cent) against DKK 314 million (23.6 per cent) in the accounting year 1994/95.

Environmental review

The introduction of green energy taxes caused Danisco to adopt a new energy policy. The policy was presented at a shareholders' meeting in September 1995 prior to the Annual General Meeting. Examples were given of the efforts made by Danisco's sectors to reduce energy consumption.

In 1995 Danisco Sugar initiated a working environment project, which will run over the next few years, directed at the education and changing of attitudes of all employees. The aim is to achieve a markedly better working environment profile in the coming three year period. In order to optimise results, Danisco Sugar has entered into co-operation with the National and District Working Environment Service, and the Occupational Health and Safety Centres. Also in other parts of Danisco increased focus is being put on the working environment, the aim being to achieve tangible improvements and reduce accidents.

Danisco continued its investments in environ-

mental measures and the working environment in the accounting year. For the period 1989 to 1996 environmental investments exceeded DKK 1 billion. The investments were concentrated on cleaner technology in the form of energy and water saving measures, process changes aimed at limiting emissions and discharges, and noise level reduction.

Sixteen of Danisco's Danish factories will prepare green reports as of the accounting year 1996/97. These reports will be part of an intensified dialogue with the factories' local communities. The reports will be prepared according to a concept which enables comparison of the factories and recapitulation of the results achieved.

Accounting year 1996/97

It is Danisco's long-term ambition to increase the profit by an average of 10-12 per cent a year. The accounting year 1996/97 is expected to produce a growth in results of this order.

The board of directors' decisions and resolutions at the General Meeting

The board of directors proposes to the General Meeting

- that a dividend of DKK 4.20 be paid per share of DKK 20 corresponding to 21 per cent of the share capital.
- that the board of directors be empowered to increase the share capital of the company by up to DKK 5 million in nominal value with preemption rights for employees in Danisco A/S and Danish subsidiaries and subsidiaries of subsidiaries at a price of DKK 60 per share of DKK 20,
- that the board of directors be empowered to transfer up to DKK 5 million in nominal value of own shares to employees in foreign subsidiaries and subsidiaries of subsidiaries at a price of DKK 60 per share of DKK 20, and
- that in the period until next year's Annual General Meeting the board of directors be empowered to allow the company to purchase its 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.

Shareholder information

The year saw a brisk demand for Danisco's share. A total of 31,252,140 Danisco shares were traded at a market value of DKK 8,041 million making the share the sixth most traded on the Copenhagen Stock Exchange. Danisco accounts for a share of 8.8 per cent of the KFX index which is composed of the 20 most liquid shares listed on the Copenhagen Stock Exchange. The market value of the company's shares at 30 April 1996 was DKK 16,058 million against DKK 12,013 million at 30 April 1995. The price of a share of DKK 20 at the beginning of the year was DKK 217 and at the end of the year DKK 290. This corresponds to an increase of 34 per cent against an increase of 15 per cent in the same period in the Copenhagen Stock Exchange's total index. Danisco represents 3.8 per cent of the market value of the Danish equity market, and is the ninth largest company measured in these terms.

Shares

Danisco's shares are listed on the Copenhagen Stock Exchange. Danisco has only one class of shares which means that no shares have special rights. The shares are negotiable and may be freely transferred, and they are issued to bearer. As Danisco wishes to be able to provide investors with information about the company, Danisco invites shareholders to register in the Company's Register. Registration is not, however, obligatory. The shares are traded in units of DKK 20. No shareholder can exercise, either by proxy or in his own right, voting rights for more than 7.5 per cent of the company's share capital. The share capital is DKK 1,107,465,200.

Convertible bonds

In January 1994 Danisco issued DKK 1,150 million of convertible bonds with a term of 10 years and a coupon fixed at five per cent. The conversion price is DKK 252 for one share of DKK 20. Bondholders may convert the bonds at any time, except in the period 21 January to 20 February each year. In the accounting year 1995/96 bonds were converted corresponding to 13,399 shares of DKK 20. In total, bonds were converted corresponding to 13,486 shares. The price of the bonds

at the end of the accounting year was DKK 114 against DKK 90.75 at the beginning of the year corresponding to an increase of 26 per cent. The bonds are listed on the Copenhagen Stock Exchange and the London Stock Exchange.

Share capital

The share capital is made up of 55,373,260 shares. If the conversion right attached to the bond issue is fully used, the share capital will be made up of 59,923,248 shares. The change in share capital since 1 May 1995 appears from the table below.

1 May 1995	Share capital	DKK 1,107,197,220
1.5.95 - 30.4.96	Converted bonds	DKK 267,980
30 April 1996	Share capital	DKK 1,107,465,200

Shareholders

At 30 April 1996 about 23,000 shareholders were registered in the Company's Register representing about 68 per cent of the share capital. Employee shares in escrow represent 0.4 per cent of the share capital.

The Labour Market Supplementary Fund (ATP), PFA Pension A/S (PFA) and the Danish Employees' Capital Pension Fund (LD) have announced that they each own more than five per cent of the share capital. Investors outside Denmark are estimated to account for more than 10 per cent of the share capital. About three per cent of these are registered.

Danisco's shareholders

Percentage of share capital at 30 April 1996

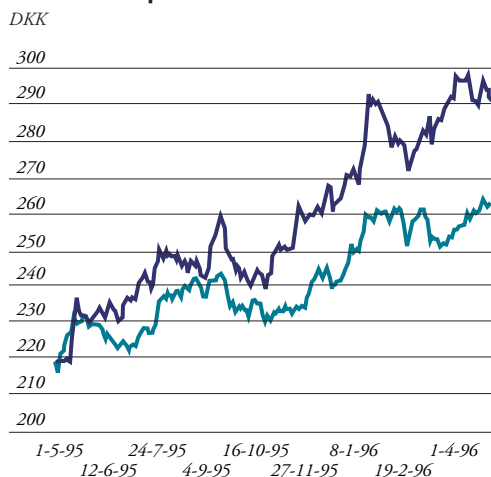
Employee shares in escrow	0.4
Unit investment trusts	0.9
Foreign investors	2.9
Trade and industry	3.9
Danish Employees' Capital Pension Fund	6.4
Private investors, trusts and foundations	11.4
Pension funds	13.3
Insurance companies	13.9
Labour Market Supplementary Pension Fund	15.0
Registered shareholders in total	68.1
Non-registered shareholders	31.9



In 1995 Investor Relations & Economic Affairs organised shareholder and investor meetings in Denmark, Germany, Great Britain, France, Sweden and the USA. The banquet hall at the former royal palace, Koldinghus, was the unconventional setting of a meeting held in Kolding in the autumn.

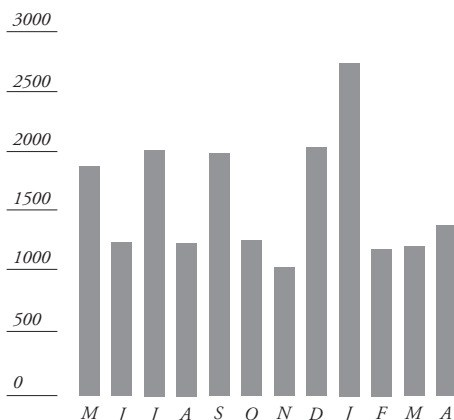
— Danisco's share
(Price development in DKK)
— KFX index
Copenhagen Stock Exchange
(index May 1995=217)

Price development for Danisco's share



Monthly turnover of Danisco's share

Share number (1.000 shares)



Dividends

The annual dividend is approved by the Annual General Meeting which takes place in September. At the coming Annual General Meeting the company's board of directors proposes that a dividend of DKK 4.20 per share of DKK 20 be paid corresponding to 21 per cent of the share capital.

Dividends will be paid on Monday 23 September 1996.

Danisco does not pay dividends on account, as this is illegal in Denmark.

Annual General Meeting

Danisco's Annual General Meeting will be held on 17 September 1996 at 4.30pm at Radisson SAS Scandinavia Hotel, Amager Boulevard 70, 2300 Copenhagen S, Denmark.

In connection with the Annual General Meeting a shareholders' meeting will be held on a current topic which goes across the group. The subject this year is quality in food.

Investor Relations

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

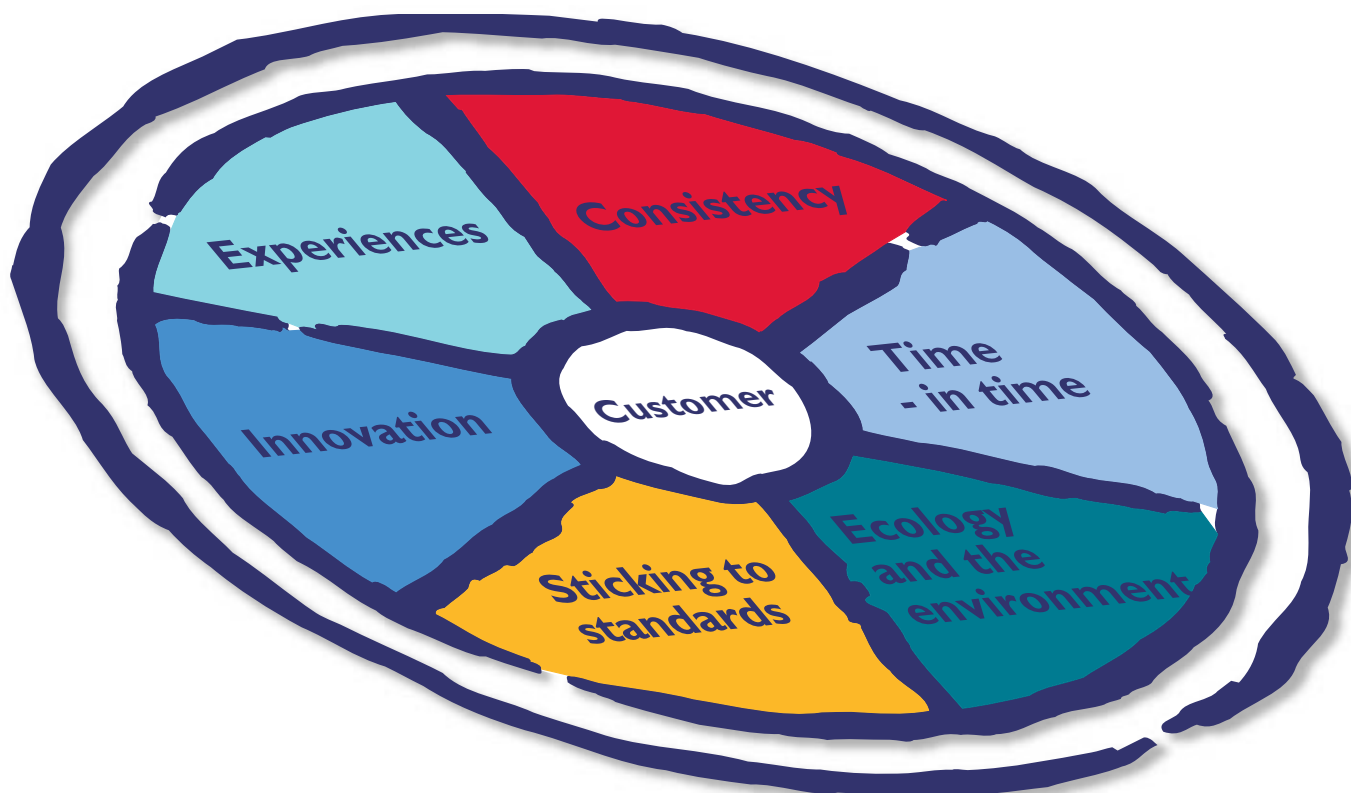
Investor Relations & Economic Affairs

Langebrogade 1
PO Box 17
DK-1001 Copenhagen K

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

Financial calendar

Annual General Meeting	17 September 1996
Dividend payment	23 September 1996
Expected announcement of financial results:	
First half of 1996/97	Mid December 1996
Full year 1996/97	Late June 1997
Expected publishing of the Danisco Magazine:	
	Early October 1996
	Mid December 1996
	Late March 1997
	Late June 1997



“The customer – the pivot of quality”

The “customer wheel” is the picture Danisco has in mind when developing quality in products, processes and solutions.

Danisco’s customers are many ranging from individual consumers through retailers and wholesalers to industrial manufacturers. Some may feel that the different customer categories complicate the picture. But the essence is simple: Customer-orientation. To Danisco this means understanding the customers – and not least the customers’ customer. Customer-orientation equals partnership. A real partnership between customer and supplier is founded on mutual respect and understanding for the final judge: The consumer. Partnership is Danisco’s basic philosophy in the relationship with our customers.

“The food industry chain: Dining at the same table”

In the food chain, the weak are eaten by the strong. The situation is different in the *food industry chain* where the various elements are interdependent. One could say they all dine at the same table.

Industrial customers need reliable quality. If the consumer finds fault with a product, the manufacturer takes the blame – even when the manufacturer’s supplier is the real culprit. By the same token, the consumer connects a quality product with a supplier that respects the customer. But the supplier is usually plural: Supplier, producer, retailer and wholesaler. This is why it is so important that every link in the *food industry chain* meets the high quality expectations of the consumer.

“Food is a major industry, and fun an important ingredient”

As one of Denmark’s largest food producing groups, Danisco has ambitious goals for growth and development. Quality is a key aspect of fulfilling these ambitions, because quality is a prerequisite of development. But what exactly is *quality*?

Today, the concept of quality has become somewhat diluted. Everybody has an opinion about quality, each based on a different definition and, not least, attitude. This is why the producer needs to understand what the customer actually means when he or she talks about quality.

Quality can be divided into two main aspects: the objective and the subjective – or “emotional”.

Quality can be measured objectively on parameters like size, weight, packaging, hygiene and nutritional value. These are parameters which the customer can use to compare one product to another. A discussion on objective quality is therefore usually both level-headed and to the point.

But things quickly become much more difficult when subjective quality needs to be defined. Because a subjective evaluation of quality implies an attitude to the ethics, the aesthetics, the environment, the feeling, the spirit and the application of the product; parameters which are all difficult to define and measure. In this connection, it is important to underline the relative nature of quality. As it stands, quality is not just a matter of “true” or “false”. Quality should rather be defined as “good, better or best”.

As a manufacturer of food, one constantly strives to develop the objective and the subjective qualities of a product. In developing the subjective quality, one has to ponder the question: Who has the right concept of quality? The supplier of raw materials, the industrial manufacturer, the wholesaler, the retailer, public opinion or perhaps the consumer? This is hardly a simple question to answer. Let us return to the idea of the *food industry chain*.

The various stakeholders of the *food industry chain* are intertwined in a network. They are mutually dependent and cooperate on a wide range of aspects from development and marketing to distribution. Most perceive the consumer as the final judge in the evaluation of the content and design of the product. After all, it is the consumer who ultimately purchases the product. Nevertheless, many other links of the chain have a great deal of influence. The wholesaler and the retailer buy in bulk on behalf of the consumer. Thus, they take on the role of agent between the raw material supplier and the producer on the one hand and, on the other, the consumer.

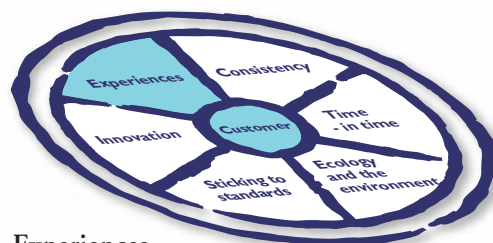
Naturally, it is difficult for the manufacturer to enter into direct dialogue with every consumer. Manufacturers must pay heed to public opinion in general – and agents in particular – when it comes

to the quality consumers demand. Thus, the final message has often been modified. This leaves the manufacturer with the task of gleaning the meaning of a message in the context of its various senders.

“We have no wish to produce yesterday’s products with today’s production technology”

Danisco aims at producing quality which in the best possible way lives up to the expectations of agents and consumers alike. We target our efforts to customer requirements. But we also insist on having a hand in setting the agenda. Our position on the interrelation between price and quality is an active one. The former should go down and the latter up. Simultaneously. This can only be achieved by applying the most efficient production methods.

When at Danisco we work on the customers’ perception of quality, the concept of “customers” comprises wholesaler, retailer and consumer. Even though customers’ perception of quality is subjective, there seems to be agreement on its basic aspects. They can be summed up as follows: Experiences, consistency, time – in time, ecology and the environment, sticking to standards and innovation. Customers’ perception of these aspects plays a major part in Danisco’s development. For it is in its co-operation with existing and future customers that Danisco needs to maintain and develop its role as a distinctive player in the international *food industry chain*. It is the ambition of Danisco that our actions – and thus also our attitudes – influence the international food industry’s perception of quality.



Experiences

Quality in the food industry chain signals first of all experiences. In addition to covering a range of basic needs, the consumer expects a product to offer experiences. This goes for everything from the taste, look and smell to the texture of the product.

“Life is too short for boring products”

For Danisco Distillers, development is the key to new experiences, be it new products, new packaging or ideas for different uses of known products. For example, Blå Aalborg is an innovation in the aquavit selection. With its mild flavour, Blå Aalborg is targeted at new trends in food habits and lifestyles. A specially designed bottle spells innovation, but upholds the quality of a line of products whose oldest members go back more than a hundred years.

“Good taste is the food producer’s best guide!”

It has often been said that nothing tastes the way it used to in the good old days. One reason for this could be that a large part of our food consists of industrial products instead of homemade products, causing some of the taste to disappear. At the same time, the demand for cheaper products can mean that some of the natural, but often more expensive flavourings are no longer used by the food industry. For the last 50 years, Danisco Ingredients has manufactured flavourings for the food industry.

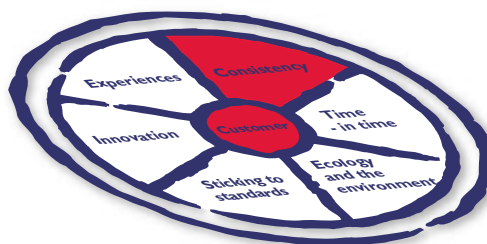
Around 50 per cent of the ice-cream sold in the world contains Danisco Ingredients’ products in the form of stabilisers and emulsifiers. Depending on what the manufacturer wants to use, three kinds of vanilla flavour are available for ice-cream: natural, nature-identical or synthetic. The price of the natural type is higher – in some cases as much as 100 times higher than that of the synthetic one.

Danisco Ingredients supplies mainly nature-identical flavourings – substances with a chemical composition completely identical to the natural flavours. The nature-identical flavourings impart a quality on a par with the flavour and quality from natural flavourings, but result in a lower price for consumers.

“A good recipe calls for good raw materials”

Consumers demand fresh raw materials. For this reason, Danisco Foods sets high standards for its peas. No more than a few, short hours pass from the peas are harvested in the field until they are frozen at one of Danisco Foods’ factories. Immediate freezing halts the ripening process, so that the consumer or food manufacturer receives peas

which are only two hours “old”. The freezing process is gentle and ensures that the peas most often seem even fresher than vegetables bought at the market.



Consistency

Quality is also defined as consistency – not to be confused with boredom. Industrial manufacturers must guarantee the consumer the same experience and quality every time he or she buys the product. Therefore, the manufacturer needs to be able to trust his supplier. One of Danisco’s most important tasks as a supplier to a wide range of industries is to guarantee consistent, high quality.

Danisco’s customers in the sugar sector use the size of the sugar grain as one parameter in measuring quality. In some industries it is essential that sugar grain size does not change from batch to batch. Consistent sugar grain size means consistent production for customers.

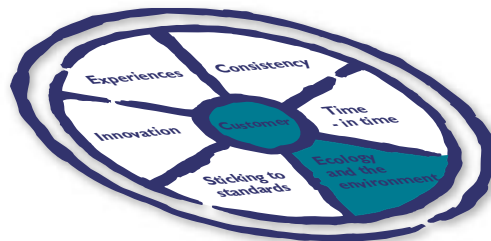


Time – in time

“Time – in time” is the balance modern society needs to strike. We want to do it all in half the time. This makes time one of our scarcest resources, and consumers demand that food suppliers meet the need for healthy and easy to cook food with ongoing product development.

“As dance has always been, so food now becomes ‘slow’ or ‘fast’. It is the result, not the pace that determines quality”

In this day and age, from Monday through Thursday cooking has to be quick and easy. This is one reason why Danisco Foods is expanding its range of products to meet customers’ time requirements without compromising nutritional content. Our ready-meals serve as an excellent example – they can be prepared in five to seven minutes. Present knowledge indicates that obesity and overweight are chiefly caused by too much fat and too few carbohydrates in food. Consequently, better food habits mean a reduction in fat content, and a greater intake of carbohydrates in the form of grain, rice, bread, potatoes, pasta and sugar. Ready-meals mainly consisting of carbohydrates represent a healthy alternative to meals with a high fat content.



Ecology and the environment

Today the vast majority of consumers expects industry to consider ecology and respect the environment. In some cases, consumers even elect to pass over products that do not take these aspects into account. The conscientious producer chooses to respect the environment and ecology on a par with other essential aspects of quality. This cannot be done at just any price. The costs to consumers must be considered.

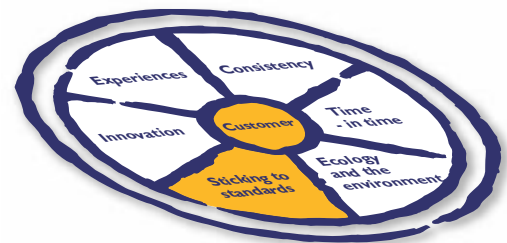
“Ecology should not be trendy, but real!”

We all share the responsibility of protecting scarce resources. Environmental worries are at the back of the minds of most – worries exacerbated by packaging threatening to overflow our dustbin.

This is an aspect where Danisco Flexible has considerable impact through the reduction of raw material consumption. Laminate thickness for cheese and meat packaging has been reduced by one-third in recent years. And the metallisation

method uses less than one percent of the volume of aluminium used in normal foils or “tinfoil”. Today, laminates are produced which are completely free of metals and chlorine, and the majority of laminates are manufactured without any use of solvents.

When the packaging has done its job, the energy inherent in the material may be converted into heat and electricity without causing pollution. Double-packaging of a wide range of products is no longer necessary, as Danisco Flexible’s packaging solutions combine inner and outer packaging, thus reducing packaging processes, storage and transport needs and the volume of waste.



Sticking to standards

Customers expect the manufacturer to consider every process and every product in terms of quality – without considering compromises. This means sticking to well-defined quality standards from the time a product is conceived until it is put on the shelf to be selected by the end-user.

“Food is the result of many processes. Quality depends on all of them”

Packaging conveys the product from manufacturer to customer.

Modern packaging is an integral part of today’s supply of products and is thus widely used by us all. As consumers we expect effective packaging that will help to fulfil the high quality requirements we set for products, not least foods.

The buying of food is not just a question of satisfying one’s hunger. Consumers expect quality to be above reproach and consequently pose a range of – often tacit – requirements to the product, from its manufacture until it is consumed and the packaging is disposed of – preferably for reuse.

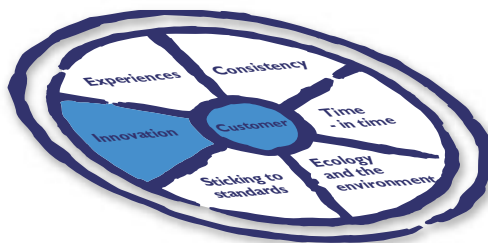
It would be impossible to meet many of these requirements without effective packaging. Today, packaging is a part of our shopping and consuming experiences. But how often do consumers consider the importance of the packaging? Many food products would never reach consumers' kitchens, if packaging did not meet a range of objectives. Effective food packaging must be hygienic. At the same time, it must protect the contents and preserve their quality, until the product reaches the stores. This calls for strength and impermeability – also against light. And still the product must not be over-wrapped!

Once in the stores, packaging assumes a new role. It must present and “sell” the product and ensure that the consumer has access to necessary information such as declaration of contents, hints on preparation, durability, etc. If the packaging fulfils its “sales task”, another chapter opens on what could be described as the life-cycle of the packaging. In the home of the consumer, the packaging must be easy to open, and – what is equally important – it must be easily disposed of. It has now become waste! And in this phase of its life, the consumer stresses environmental-friendliness and reuse.

Thus, packaging is a crucial factor in determining whether products can travel from manufacturers to consumers without being damaged and without waste, but it must in itself have qualities which are important in the minds of consumers – often unconsciously – as it seems that many of the qualities and roles of packaging are not apparent to consumers when they shop.

Innovation

Without inventions, quality does not develop. This is why the “customer wheel” rounds off with the concept of innovation, which embodies many things: Ideas, development, improvements, methods, changes and inspiration. From that little idea which makes everyday life easier for consumers to major leaps which change our way of life.



“Can one drink an aroma?”

Half the enjoyment of drinking coffee is due to our nose. Therefore, it is important for coffee producers to be able to guarantee freshness and product quality. In the most environmentally-friendly way. Danisco Flexible has designed coffee packaging weighing less than 10 grammes and containing 500 grammes of coffee that keeps fresh for more than a year. Specially developed laminates ensure that the fleeting aroma of coffee is preserved, and that total packaging costs are reduced. Danisco Flexible's patented one-way vacuum valves are built directly into the laminate. This makes it possible for the producer to pack in air-tight materials while avoiding costly intermediate storage and at the same time ensuring the release of carbon dioxide.

“Research for the future”

Consumers set many requirements to the quality of the food they purchase in supermarkets. Be it durability, naturalness, calorie content or consistency of the ingredients used, requirements can be set which may be difficult to meet with the ingredients available on the market.

This is why the ingredients and food sectors are searching for other techniques to provide the qualities necessary for manufacture of high-quality products to consumers.

And it is not difficult to imagine a future where biotechnological methods enable R & D units to make products which come much closer to the qualities required to ensure optimum quality in the finished food product.



Danisco's Food & Beverage Sector comprises two divisions: Danisco Foods and Danisco Distillers.

The sector's net sales amounted to DKK 2,672 million (+ 4 per cent) and the operating profit to DKK 199 million (+ 40 per cent). The accounting year 1996/97 should see increases both in net sales and earnings.

Danisco Foods produces and markets frozen and chilled food and grocery foods. The division is market leader in selected fields in Denmark and in certain northern European markets. Danisco Foods aims at being an attractive market leader of frozen food and selected grocery foods.

The product range will therefore continue to develop and improve, and competitiveness be ensured through close co-operation with customers in the large markets.

Danisco Distillers is the largest brand producer, importer, and supplier of spirits and wines in Denmark. The core areas of Danisco Distillers are spirits, yeast and fermentation alcohol. The division's strong position in Denmark and Germany is the foundation for growth in northern Europe, the USA and other selected markets. Progressive marketing and new products are the basis for being an international and attractive supplier of vodka, aquavit and bitters and for repositioning aquavit as a modern alcoholic drink.

The sector employed on average 1,930 people, with 1,149 in Danisco Foods and 781 in Danisco Distillers.

In the accounting year 1995/96 Danisco's Food & Beverage Sector acquired businesses and activities to the amount of DKK 250 million.

Ambition

Added value in the Food & Beverage Sector will be created through a high rate of efficiency in production and distribution and through imaginative product development and marketing.

It is the goal of Danisco Foods towards the year 2000 to double its net sales within frozen and selected grocery foods. Danisco Foods expects to achieve an important part of its growth through acquiring businesses with complementary products. The division aims within its product segment to become a leading player in the northern European frozen food industry and a supplier of a variety of industrially processed food accompaniments.

Danisco Distillers strives to develop a focused northern European beverage business which can maximise its traditional position within branded products and strong distribution position in Scandinavia and Germany. In the Danish domestic market the division aims at an important position within wine.

Food & Beverage Sector Danisco A/S

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Tel. +45 32 66 20 00

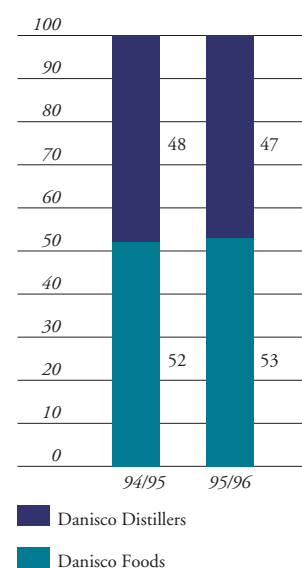
Fax +45 32 66 21 75

Sector management:

Mogens Granborg

Steen Weirsø

Distribution of net sales Divisions, %



Main figures Food & Beverage Sector

	1991/92	1992/93	1993/94	1994/95	1995/96
<i>Amounts in DKK million</i>					
Net sales	2,631	2,634	2,681	2,559	2,672
Operating profit	149	26	108	142	199
Investments (incl. acquisitions)	191	171	162	120	342
Fixed assets	953	1,006	1,029	1,006	1,060
Staff number (average)	2,339	2,334	2,173	2,067	1,930

Main figures

1994/95 1995/96

Net sales DKK million	1,335	1,409
Staff number	1,235	1,149

Danisco Foods has production units in Denmark in Nyborg, Svendborg, Oreboved, Rødby, Odense, Skælskør, Taars and Viby, and in Spain and the Netherlands. Danisco Foods has own sales organisations in Denmark, Germany, Sweden, the UK, Spain, France and the Netherlands.

Danisco Foods

The division produces and supplies a broad range of products within frozen food, chilled food and grocery foods. The products are primarily distributed through the retail and catering sectors.

The frozen food range comprises ready meals, vegetables, potato products and bakery products marketed under the brand names of Frigodan, Groko and Mette Munk. The chilled products consist mainly of mayonnaise salads marketed under the brand name of Bähncke. Grocery foods cover a wide selection of jams and fruit desserts, mustard, ketchup, remoulade, mayonnaise and fried onions. These products are sold primarily under the brand names of Skælskør and Bähncke.

Organisational structure

The main feature of the accounting year 1995/96 was the amalgamation of what used to be the Frigodan and Taffel Foods divisions. The product range went through comprehensive pruning and the division achieved significant synergies in sales and administration.

Private label strategy

Apart from marketing of own brands, a number of products are distributed as private labels to the retail sector. Danisco Foods attaches great importance to co-operation with Danish and European super-

market chains, and focuses also on private label production.

Marketing and product launches

During the accounting year a number of new products were launched, eg frozen soups and sauces. The products are supplied as pellets, ie small units of only 5 grammes, which make the products easy to use. Skælskør jam was relaunched in a new quality and new packaging, and the range was broadened.

Production conditions

The long dry summer in 1995 affected production, and resulted in a pea harvest below expectations. Furthermore, the season was marked by price increases on several raw materials and semi-manufactured products. Careful planning of production by and large remedied their financial impact.

The acquisition of the frozen food company, Groko B.V., broadened the division's product range adding to it a number of processed spinach products. The Dutch company will help to maintain and strengthen Danisco Foods' competitiveness, not least in the important German market.



Poul Steeskov
President

Danisco Foods

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Acquisition in the Netherlands

In January 1996 the division took over the Dutch frozen food company, Groko B.V. The company produces frozen vegetables with emphasis on added valued spinach products. However, Groko also produces soups and added value potato products.

Groko B.V. is in Zundert near the Belgian border in an area with a time-honoured tradition for growing and producing vegetables. The product range and sales outlets of the company complement Danisco Foods' other activities. The acquisition will help to maintain and strengthen Danisco Foods' competitiveness. Danisco Foods already has a production unit in St. Maartensdijk, 50 km from Zundert, which produces fried onions.

The Dutch undertakings will be integrated, which should lead to considerable production synergies.

Pooling production

At the end of 1996 production of onions at the factory in Varpelev will cease and be moved to Svendborg, Orehoved and St. Maartensdijk in the Netherlands.

Investments

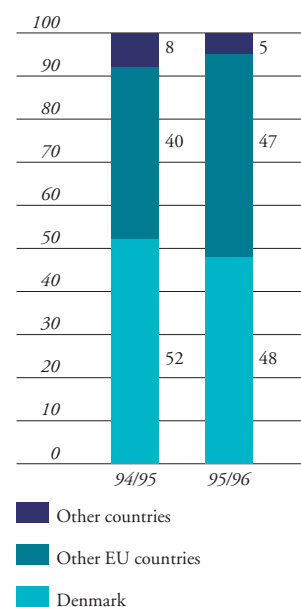
Comprehensive investments were made in increasing efficiency at the factories in Svendborg and Nyborg. The investment programme for the coming years is extensive and will cover the other parts of the division's processing plant in order to further augment competitiveness. In addition, tar-

The factory in Skalskør bottles tomato ketchup in half litre plastic bottles on modern plant with automatic bottling and packing facilities.



Danisco Foods has launched a series of exotic, frozen foods in pellets. The small, triangular units of 5 grammes make it easier to get the amount you want.

Distribution of net sales Areas, %



geted investments will be made in improving the environment, including the elimination of physically exhausting processes.

Expectations for 1996/97

The accounting year 1995/96 saw a considerable increase in earnings. Net sales and earnings are expected to increase in the accounting year 1996/97.



Main figures

1994/95 1995/96

Net sales DKK million	1,225	1,263
Staff number	832	781

In Denmark Danisco Distillers has production and bottling plants in Aalborg, Dalby, Svendborg, Otterup, Grenaa, Slangerup and Kokkedal. Aquavit is produced and marketed in Germany. Baking yeast, dry yeast and wine yeast are produced in Grenaa, Denmark.

Danisco Distillers

Danisco Distillers is Denmark's largest producer and marketer of branded spirits, yeast and alcohol.

Stable market

After several years of decline, especially in connection with the lowering of the taxes on wine and beer in 1991 and 1992, the spirits market stabilised in 1995, but at a low level.

Sales of aquavit products were stable while the launching of Blå Aalborg contributed to making younger consumers aware of the aquavit tradition. Blå Aalborg is sold in Denmark, in the duty-free sector and south of the Danish border. To make Danisco Distillers' range of aquavits better known two types of sample boxes were introduced in the spring of 1996 containing six and ten 10 cl bottles respectively.

Internationally

The accounting year saw satisfactory sales to the duty-free sector. The export of Danzka Vodka, which is marketed in an aluminium bottle shaped like a shaker, achieved excellent results in a number of export markets. The results of the marketing campaigns in Greece, Mexico and Latin America based on the theme "Vodka on Metal" exceeded expectations. The development in the German

market for Malteserkreuz and Jubilæums Aquavit was satisfactory although the German spirits market as such was in decline.

In the USA Fris Vodka strengthened its foothold and achieved a positive development of sales, in Florida in particular. Further expansion is expected with relaunchings in California and New York.

Liberalisation of markets

Liberalisation of the sale of spirits and the positive development in sales in the Nordic countries gave impetus to further commitment. As a result Danisco Distillers, in February 1996, entered into an agreement to acquire 25 per cent of the Swedish wine and spirits firm, Tegnér & Son, which is now owned by IDV and Danisco.

As of 1 July 1996 the Danish taxes on spirits were changed from a combined value and volume tax to a tax purely on volume. The combined value

Danisco Distillers Svendborg bottles, among other products, Gammel Dansk Bitter Dram. It also bottles the well-known Aalborg aquavits and many wines. The total amount of bottles a year is 50 million.

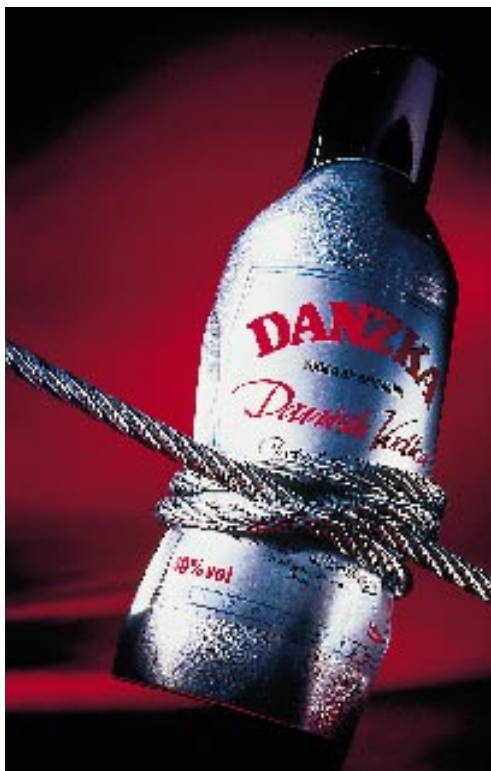


Svend Helmer
President

Danisco Distillers

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The marketing campaign for Danzka Vodka on the theme "Vodka on Metal" which has run in Mexico, Latin America and Greece brought results which were far above expectations.

and volume tax has been replaced by a volume tax of DKK 275 per litre of pure alcohol. Government revenue from spirits taxes will be reduced slightly and the largest reduction in taxes will apply to the more expensive, imported spirits products. The effect of the tax redistribution will be neutral on aquavits as such, but some of the products will be taxed more heavily.

Product development

A partial change was made from solid yeast products to liquid yeast, and co-operation on yeast for industrial purposes was established with one of the major bread producers in Denmark. The export of yeast increased considerably. The close co-operation between Danisco Distillers and Danisco Ingredients on research and development continued and a new project on flavourings was initiated.

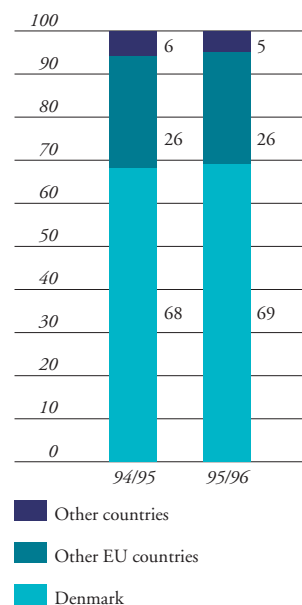
Wine units

The bottling plants in Dalby and Svendborg launched a number of activities in the fields of quality, productivity and production flexibility. The purchasing function was re-organised and new framework agreements reduced raw material and packaging costs. The wine company, Peter F. Heering, was adversely affected by the consumer boycott of French wine, but this was partially offset by increased sales of more expensive, overseas wines. The introduction of a "Cultural City 1996 Wine", a changed sales mix and a strengthened sales organisation promoted a positive development in sales.

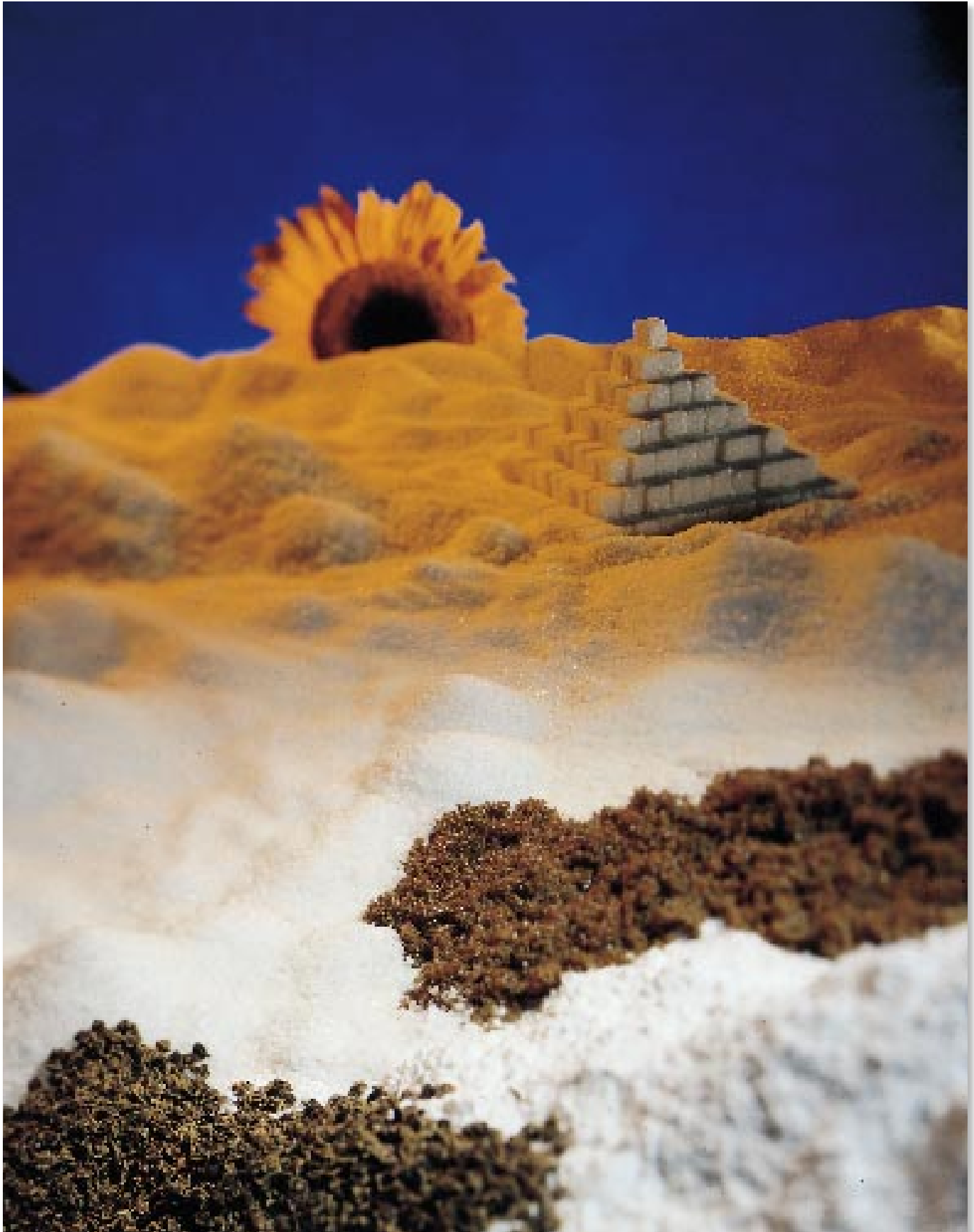
Outlook for 1996/97

The accounting year saw increased earnings, and this development should continue in the accounting year 1996/97.

Distribution of net sales Areas, %



Copenhagen is the European Cultural City in 1996. On that occasion Danisco Peter F. Heering in co-operation with the wine firm, Henri Maire, from the Jura district in France launched a cultural city wine, both a red and a white.



Danisco's Sugar Sector consists of four divisions: Danisco Sugar, Danisco Sugar AB, Danisco Sugar GmbH and Danisco Seed.

Sector net sales amounted to DKK 6,290 million (+ 7 per cent). The operating profit was DKK 979 million (+ 6 per cent). In the accounting year 1996/97 the Sugar Sector expects net sales and earnings to be in line with 1995/96 or slightly higher.

Danisco is the largest sugar producer in northern Europe, and with an aggregate sugar quota of 921,000 tonnes the fifth largest sugar producer in the EU. Danisco's three sugar producing divisions make white sugar, liquid sugar both glucose and non-glucose, syrup, brown sugar and other sugar specialities as well as molasses and beet pellets for fodder. Honey is marketed in Sweden.

Danisco Seed produces seeds for sugar beets, fodder beets, oil seed rape, peas and sunflowers.

The average workforce of the sector in 1995/96 was 3,252, with 1,294 in Danisco Sugar, 1,408 in Danisco Sugar AB, 289 in Danisco Sugar GmbH and 261 in Danisco Seed.

The total amount of sugar produced in 1995/96 was 922,000 tonnes, of which 432,000 tonnes were produced in Denmark, 356,000 tonnes in Sweden and 134,000 tonnes in Germany.

Ambitions for growth

Danisco's sugar divisions aim to develop further and fortify their position as leading suppliers to

the food industry and retail sector. Due to the restrictions in the EU's sugar regime this is only partly possible on the basis of the present activities. Danisco's Sugar Sector will therefore seek to extend its geographical penetration and develop new product and service options for customers. Efficiency will be a first priority and the aim is to be among the best in the world.

Restructuring

To secure the future competitiveness of the sugar divisions, the Sugar Sector is preparing to make production more efficient by concentrating sugar production at the largest and most rational production units in Denmark and Sweden. The rationalisations are expected to entail the closure of Roma Sugar Factory on Gotland after the 1997 campaign, the closure of the packing and handling unit in Saksøbing in the course of 1997, the closure of Gørlev Sugar Factory at the beginning of the year 2000 and a possible restructuring in Sweden, including deliberations on a possible closure of Jordberga Sugar Factory in Sweden, at the earliest in the year 2001.

EU and WTO

The first year under the new EU sugar regime and the international WTO agreement passed as expected. The new rules are being adjusted on a continuous basis, and will not materially affect Danisco in the years ahead.

Sugar Sector

Danisco A/S

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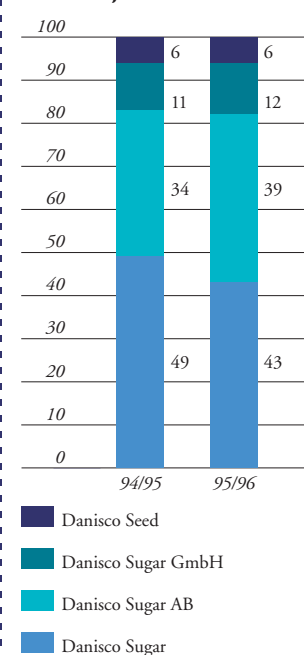
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Sector management:

Mogens Granborg

Distribution of net sales Division, %



Excl. elimination among divisions

Main figures Sugar Sector

	1991/92	1992/93	1993/94	1994/95	1995/96
<i>Amounts in DKK million</i>					
Net sales	3,145	4,227	5,657	5,853	6,290
Operating profit	524	726	898	927	979
Investments (incl. acquisitions)	418	3,061	665	509	339
Fixed assets	1,420	3,037	3,611	3,507	3,723
Staff number (average)	2,951	3,807	3,768	3,541	3,252

Main figures

	1994/95	1995/96
Net sales DKK million	2,923	2,775
Staff number	1,444	1,294

Danisco Sugar is the largest of Danisco's three sugar divisions and sole producer of sugar in Denmark. Production takes place at four factories: Assens, Gørlev, Nakskov and Nykøbing. Danisco Sugar produces white sugar, brown sugar and other sugar specialities as well as molasses and fodder pellets.

Danisco Sugar**Market**

Sales developed well in the main markets. About 60 per cent of the sugar was sold on the domestic market corresponding to about 280,000 tonnes. A good 80 per cent of this was sold to industry which is about 235,000 tonnes. Norway and Iceland do not produce sugar and are served by Danisco Sugar. Danisco Sugar's market share in Norway was about 65 per cent corresponding to exports of more than 116,000 tonnes of sugar, and in Iceland a good 70 per cent corresponding to 9,000 tonnes. The market in Russia developed well and Danisco Sugar won contracts with major food producers.

Production

Production at the four factories in Denmark proceeded from a technological point of view satisfactorily. The dry summer resulted in a production in 1995 of only 432,000 tonnes of sugar against 448,000 tonnes in 1994 corresponding to 7,000 tonnes more than the EU quota of 425,000 tonnes. In addition to sugar the Danish factories produced 242,000 tonnes of molasses and a good 105,000 tonnes of beet pellets for fodder.

Information campaigns

In 1996 Danisco Sugar is one of the main sponsors for Team Danmark with the slogan "A dash – before the clash". The sponsorship is part of the information and advertisement campaigns con-

ducted by Danisco Sugar in recent years to change attitudes to sugar, and which have helped set the nutritional agenda in the media. The information campaigns have reached a large proportion of the population not least because the adverts in weeklies and magazines were supported by TV spots.

In 1994 Danisco Sugar was imposed a fine of DKK 50,000. The reason was that Copenhagen's Municipal Food Control found that Danisco Sugar had misled consumers through the "Idle Talk" advert the purpose of which was to inform the public of the latest knowledge on sugar. Danisco Sugar refused to accept the fine in order to test the legal limits for communicating nutritional issues. The case did not come to court because the State Attorney refused to take it in October 1995. This was satisfactory for Danisco Sugar and confirmed that it pays to fight for ones beliefs.

New inter-professional agreement

At the end of March 1996 the Danish Beet Growers and Danisco Sugar entered into a new five-year inter-professional agreement on the production

The dry summer inevitably affected the campaign in Denmark leading to a beet harvest which could have been better. Danisco Sugar produced 432,000 tonnes of sugar against 448,000 tonnes the year before. However, the result was 7,000 tonnes above the EU quota of 425,000 tonnes.



Mogens Granborg

Danisco Sugar

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and supply of sugar beet until the year 2001. The agreement will ensure production and earnings for the beet growers and Danisco Sugar. There are four cornerstones in the agreement: First the so-called meeting of individual contracts which will ensure that the whole sugar quota is produced, secondly a requirement for cleaner beets, an initiative which will reduce water consumption used for cleaning the beets at the factories. Thirdly there is a financial incentive for producing beets with a good juice quality and finally a rationalisation scheme which will help optimise both beet farming and sugar production.



and environmental measures. Investments were made in electricity supply to obtain a higher degree of energy self-sufficiency at the factories. A biological water treatment plant was established at Assens Sugar Factory.

The coming year will also see investments in environmental and energy-saving measures. The largest investments will be made at Nykøbing Sugar Factory. Capacity will be extended while at the same time the extraction of sugar will be improved and the energy costs reduced through the instalment of a new diffuser. At Gørlev Sugar Factory the initiated automation of beet fluming will be completed so that it is remote controlled for the 1996 campaign. Nakskov and Assens sugar factories will complete initiated investments in replacement and environmental measures before the beet campaign starts.

Exchange of experience

1995/96 was a challenging year for the employees. A number of projects transcending factories and countries helped prepare the ground for the exchange of experience encouraging the best solution from each country to be used in the future development of Danisco Sugar. This is especially true in the IT area, where a coming linking of all workplaces will offer better opportunities for working together and co-ordination, a prerequisite for an efficient business.

Safeguarding the future

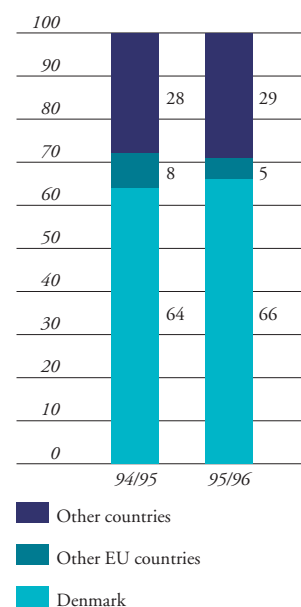
Danisco Sugar is preparing a restructuring in Denmark which includes the closure of the packing and handling unit, Sakskøbing, in the course of 1997 and the closure of Gørlev Sugar factory in the beginning of the year 2000. It has so far been possible through ongoing efficiency drives to compensate for the bulk of recent years' increases in costs of wages, energy and environmental measures. However, it has now become necessary to introduce structural initiatives. In addition to compensating for rising costs the contemplated changes take into account that the EU sugar price has by and large been stable for eight years.

By closing Gørlev and enlarging the factories in Nakskov and Nykøbing optimum utilisation of these two factories and the factory in Assens is possible. Each factory will be able to process at least 10,000 tonnes of beet a day for a campaign length of approximately 100 days. The closure of the packing unit in Sakskøbing will enable a better utilisation of the capacity at Nakskov and Nykøbing, and at the speciality sugar factory in Arlöv in Sweden.

Investments

In the year just ended investments at the four sugar factories were mainly directed at energy-saving

Distribution of net sales Areas, %



A proportion of Danisco Sugar's investments in environmental measures was used on a new biological water treatment plant at Assens Sugar Factory.



Danisco Sugar AB

Main figures

	1994/95	1995/96
Net sales DKK million	2,050	2,484
Staff number	1,515	1,408

Danisco Sugar AB is Danisco's Swedish sugar producing division and the sole producer of sugar in Sweden. The division is made up of three white sugar factories: Örtofta, Köpingsbro and Roma, a raw sugar factory in Jordberga and a sugar refinery and speciality factory in Arlöv. In addition to white sugar, brown sugar, syrup and other sugar specialities, the division also produces liquid sugar both glucose and non-glucose as well as molasses and fodder.



Bernt Gustafsson
President

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Sales of sugar amounted to 336,000 tonnes, of which 70 per cent went to industry and 30 per cent to consumers. Sweden has traditionally had larger sales to households than other European countries, but it seems as though this pattern might change in the years ahead. The lower aggregate sales in 1995/96 were mainly due to increased sales in November and December 1994 before Sweden's entry into the EU on 1 January 1995. Sugar exports increased slightly in the accounting year.

New product meets with success

The decision to offer industrial customers sugar and glucose blends proved right. Substitution from pure sugar to sugar blends is slower than anticipated, and Danisco Sugar AB has succeeded in becoming the customers' natural supplier of sweetener solutions. The market position in this area is in accordance with the development in the market's requirements.

Production

This year's beet campaign yielded 356,000 tonnes of sugar, ie 14,000 tonnes below the EU quota. The hot and dry summer reduced the sugar content of the beets and an early and hard frost period followed by alternating warm and cold weather caused serious deterioration of the beet material in December. The fact that a critical situation was avoided is owing to a major effort by the employees, and therefore the campaign was satisfactory from a technological point of view.

Tax on sugar stocks

On the occasion of Sweden's entry into the EU on 1 January 1995 the Swedish parliament passed an act according to which the entire Swedish stock of sugar at this date was subjected to a tax of more than SEK 400 million. Danisco brought this case before the Swedish courts which have now asked the European Court of Justice for a preliminary ruling on the tax act's accordance with the Treaty for Sweden's Accession to the EU and the market regime for sugar. The case will be resolved at the earliest in 1997/98.

Investments

During the year Danisco Sugar AB carried out and initiated a number of investments mainly to make production plant more efficient and optimise energy consumption. An additional extraction tower was installed at Jordberga in advance of the 1995 campaign, and a glucose blend plant in Arlöv was installed. The construction of a new central beet laboratory at Örtofta is proceeding according to plan, and will be operational for the 1996 campaign. After the conclusion of the campaign the modernisation of the evaporation plant at Köpingsbro began. This will reduce energy consumption and increase energy efficiency as will the installation of new centrifuges at Arlöv.

Danisco Sugar AB is an expert at producing sugar lumps. The "Vibrobit" method was developed by the Swedish sugar company in the beginning of the 1960s.



Restructuring in Sweden

Danisco Sugar AB will close Roma Sugar Factory on the island of Gotland after the 1997 campaign. The closure implies that production will be transferred to the factories in southern Sweden. In the spring Danisco Sugar AB entered into a framework agreement with the Swedish Government and the Swedish Agricultural Council dealing with the terms for winding up Roma. The framework agreement, the basis for detailed negotiations with the beet growers and the employees on Gotland, implies that the beets will be shipped by sea to southern Sweden. Danisco Sugar AB has agreed to pay a proportion of the transportation costs in order to contribute to ensuring profitable beet growing on Gotland.

Danisco Sugar AB has made assessments of the Swedish production structure. The preliminary findings indicate that it might be appropriate to aim at a structure with only two sugar factories apart from the refinery and speciality sugar factory in Arlöv. In that case it will be the factories in

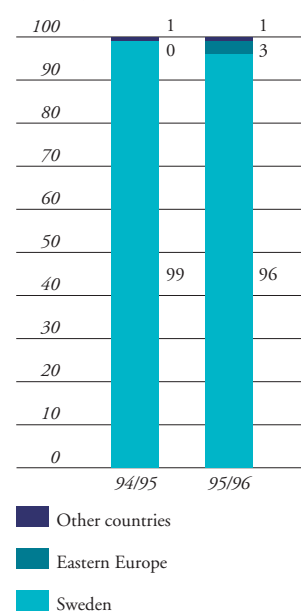
Köpingebro and Örtofta which will be the nucleus, as modern sugar processing completes the manufacturing of sugar in one rational process. A possible closure of Jordberga could at the earliest take place in the year 2001 in connection with the probable revision of the present EU sugar scheme.

Personnel development

The biggest challenge in the accounting year 1995/96 facing personnel development was the environmental project which is aimed at making all employees familiar with the environmental policy of Danisco Sugar AB. All employees received six hours of training about the environmental model "The natural step". The training encompassed a review of the division's environmental policy and an insight into the control process which will help identify environmentally unacceptable routines at all workplaces and units.

The reduction of the staff to 1,408 from 1,515 last year was due to rationalisation.

Distribution of net sales Areas, %



The sugar boiling station at Arlöv Sugar Refinery.

Main figures

1994/95 1995/96

Net sales DKK million	664	782
Staff number	333	289

Danisco Sugar GmbH is the Sugar Sector's sugar division in Germany. The division produces 3.7 of the total German sugar quota.

Distribution of net sales Areas, %

Ingo Kuchenbrandt
Factory manager

Danisco Sugar GmbH

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Danisco Sugar GmbH

As of 1995 production of sugar was carried out at the factory in Anklam where Danisco concentrated all production from the eight sugar factories it acquired in 1991 in what used to be the DDR. The factory is one of the most modern and efficient sugar factories in Europe.

Markets

Efforts to strengthen sales to the German domestic market continued, although competition was keen. About 40 per cent of quota production was sold in Germany, mainly to the food industry. Danisco Sugar GmbH's own sales department managed sales. The residual sugar was sold to export markets in close co-operation with Danisco Sugar in Denmark. Especially the eastern European and Russian markets developed well.

Production

Production proceeded extremely satisfactorily, and high quality sugar was produced. In spite of a dry summer, which lowered the content of sugar in the beets, production reached 134,000 tonnes of sugar, ie 7,000 tonnes more than the EU quota. The factory achieved a daily processing of beets above the planned and expected level.

Investments

The investment requirements for Danisco Sugar GmbH were limited, as the factory after aggregate investments in the period 1991-1995 of DKK 1.2 billion now appears as a modern sugar factory. Therefore no significant investments were made in this accounting year.

Employees

In the accounting year the average number of staff was 289. The number is expected to fall during 1996 owing to rationalisations already made. The exchange of experience among Danisco's sugar factories in Denmark, Sweden and Ger-



After extensive rebuilding and modernisation the factory in Anklam is one of Europe's most efficient sugar factories.

many continued, eg with the exchange of employees and through projects across borders.

Outlook for 1996/97

Danisco Sugar GmbH will continue its efforts to increase sales to the German market so that sales are better matched to the division's sugar quota.

However, transportation costs are such that it would hardly be realistic to expect to sell more than half of the production in Germany. No important investments are planned for the coming years. In the meantime in order to continue to improve efficiency and reduce costs, the factory has applied for approval according to the international ISO 9002 standard. Certification should take place at the beginning of the accounting year 1996/97.



Danisco Seed

The division is domiciled in Holeby, Denmark, and has subsidiaries in Germany, Austria, France, Spain, Italy, the UK and Poland. The sales company in Poland was established in 1995.

Recent years' targeting of the eastern European markets bore fruit. Thus this accounting year witnessed considerable progress in the sale of sugar beet seeds to the Ukraine, Russia and Romania. The strong increase in net sales of 16 per cent should, however, also be ascribed to an extraordinary sale in France of oil seed rape for non-food production. The introduction of a new oil seed rape variety gave Danisco Seed a satisfactory share of the European market for winter oil seed rape, in particular in Denmark and Austria. This new type of product should also lead to a stronger position in Germany and France.

The development in sales of other Danisco Seed products was satisfactory and according to plan.

Production conditions

In 1995 the multiplication of seed in the south of Europe was again favoured by good climatic conditions. This resulted in a high quality harvest with good recovery in production. The establishment of a new packing facility helped ensure satisfactory production and distribution.

Breeding

Efforts continued to make research and development of beet varieties more efficient, and were adapted on a continuous basis to market conditions and requirements. Breeding is increasingly directed at the development of plants which can be grown and processed with minimum pollution. Tests of new varieties were made in all important markets in the world. The results obtained contribute to expectations of continued growth on all markets.

Expectations for 1996/97

Danisco Seed expects to achieve a stronger market position for several of its products in the next accounting year, in western and eastern Europe. To secure the high seed quality the division will continue to direct considerable resources to seed technological development.

The extraordinary high net sales led to a high level of earnings in the accounting year 1995/96. Net sales and earnings in the accounting year 1996/97 are expected to be lower than in 1995/96, but higher, however, than in 1994/95.

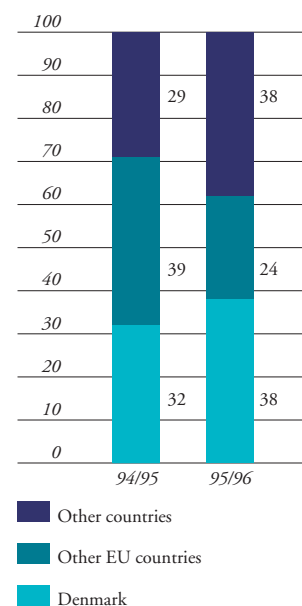
Sunflower seeds are bred and produced in Danisco Seed's subsidiary in Spain, Danisco Semillas, and are mainly sold to the southern European markets.

Main figures

	1994/95	1995/96
Net sales DKK million	329	381
Staff number	249	261

Danisco Seed breeds, produces and sells seeds for sugar beets, fodder beets, oil seed rape, peas and sunflowers.

Distribution of net sales Areas, %



Bjarne Skov Jensen
President (from 1 March 1996)

Klaus Friis-Hansen
President (until 1 March 1996)

Danisco Seed

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

The sector's sales were DKK 2,401 million (+ 5 per cent). The operating profit was DKK 357 million (+ 2 per cent). The accounting year 1996/97 should see a significant increase both in net sales and earnings.

Danisco Ingredients is one of the world's leading producers and distributors of functional food ingredients such as emulsifiers, stabilisers, flavourings, antioxidants and enzymes for the international food industry.

Ambition

Danisco Ingredients intends through acquisitions and organic growth to be a broad-based global

producer of food ingredients and to be the most innovative and efficient supplier of food ingredients to the international food industry. The division therefore strives to be able to offer the whole range of functional food ingredients world-wide. The foundation of Danisco Ingredients' sales is extensive knowledge of the application of the division's products in food production.

Functional ingredients for food are used in all modern food industry. Traditionally the division has had its main strength in bread, ice cream and margarine but in later years Danisco Ingredients has increased its efforts considerably within products such as jam, desserts, dairy and meat products.

The sector employed an average workforce of 2,421 in the accounting year.

Ingredients Sector

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Sector management:

Steen Weirsøe

(from 1 September 1995)

Otto Christensen

(until 31 August 1995)

Main figures Ingredients Sector

	1991/92	1992/93	1993/94	1994/95	1995/96
<i>Amounts in DKK million</i>					
Net sales	1,807	1,841	2,043	2,294	2,401
Operating profit	205	191	290	352	357
Investments (incl. acquisitions)	281	190	123	116	170
Fixed assets	1,517	1,526	1,564	1,418	1,431
Staff number (average)	2,082	2,168	2,150	2,245	2,421

Danisco Ingredients

Main figures

	1994/95	1995/96
Net sales DKK million	2,294	2,401
Staff number	2,245	2,421

Danisco Ingredients is divided into four business areas each responsible for the development, production and marketing of its own products. The four business areas are: Emulsifiers, Textural ingredients, Functional systems and Specialities.

Business Center Emulsifiers produces emulsifiers. Danisco Ingredients is the largest supplier of a number of emulsifiers in the world. Emulsifiers are able to bind water and oil.

Business Center Textural Ingredients produces a number of stabilisers which are able to bind water. Textural ingredients are able to change the structure of a food product.

Business Center Functional Systems makes blends of emulsifiers and stabilisers. Such blends are used by various food industries, especially the ice cream and dairy industries. Danisco Ingredients is a leading supplier of blends for the ice cream industry.

Business Center Specialities develops, produces and markets flavourings, enzymes, antioxidants and pharmaceutical products.

It is Danisco Ingredients' strategy to locate in particular emulsifier and textural ingredients factories on the basis of the raw material supply situation. Thus emulsifiers are produced in Denmark, the USA, Brazil, Malaysia and after the take-over of Nordbakel's emulsifier production at 1 April 1996 also in Sweden. Textural ingredients, such as carrageenan and pectin, are made in Chile, Mexico, the Czech Republic, France and Spain.

Markets

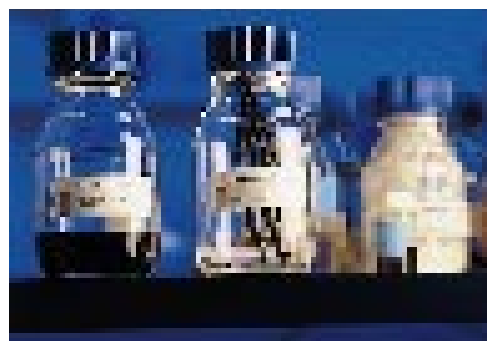
Danisco Ingredients reported growth in the sales of emulsifiers in 1995/96, especially outside Europe. The market for emulsifiers in North America and Europe was stable. The emerging markets in South America and Asia Pacific gave Danisco Ingredients considerable growth in the sale of emulsifiers.

Textural ingredients sales saw a sharp increase. The completion of the new carrageenan factory in Chile led naturally to sharply increased sales of carrageenan just as the development of new types of pectin also led to increased sales. The sale of locust bean gum (LBG) was affected by price increases on the raw material in the summer of 1995.

Sales of *functional systems* to the ice cream and dairy industries were also affected by the rising raw material prices, and did not quite meet expectations.

Danisco Ingredients continued to see growth in the sales of specialities, ie enzymes, flavourings and

pharmaceutical products, in 1995/96. The margarine industry has traditionally been the biggest market for Danisco Ingredients' flavouring activities. 1995/96 saw continued success with the development of new flavourings for industries other than the margarine industry.



Danisco Ingredients has developed more than 500 different vanilla flavourings. Vanilla is one of the most widespread flavours in the world.

Research and development

During 1995/96 all research and development activities in Danisco Ingredients were brought together in one organisation, Innovation, with laboratory facilities in Denmark (Brabrand, Grindsted, Copenhagen and Holeby), in the USA (New Century, Kansas), in Brazil (Sao Paulo) and smaller test facilities in the UK, Germany and France.

Danisco Biotechnology, Danisco's central research and development laboratory within biotechnology, is also part of Danisco Ingredients' Innovation organisation. The Innovation organisation focuses on the development of new applications of existing products and the development of new products for Danisco Ingredients' product range. Innovation also works with long-term research projects for developing new types of ingredients and new methods for manufacturing known ingredients.

Acquisitions

At the end of the accounting year 1994/95 Danisco Ingredients took over a small pectin factory in the Czech Republic. The whole of 1995/96 saw intensive modernisation of the factory in order



Steen Weirsø
(from 1 September 1995)

Otto Christensen
(until 31 August 1995)

Danisco Ingredients

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to make production efficient. The pectin produced in the Czech Republic is mainly sold in eastern Europe. On 1 April 1996 Danisco Ingredients acquired the emulsifier production of the Swedish firm, Nordbakels. Production in Sweden will be co-ordinated with production in Denmark in the coming period.

Investments

During the year Danisco Ingredients invested world-wide DKK 158 million in fixed assets. Among other things, the storage facilities at the factory in Kansas were enlarged in order to improve the servicing of the North American market, just as a plant for the production of special pectin in Mexico was completed.

During the second half of the accounting year a decision was made to make new major investments in Danisco Ingredients. The production capacity for functional systems in Denmark as well as the USA will be extended. In Denmark, this will be realised by moving the factory in Grindsted to what used to be the Nutrio factory in Haderslev. The extension will take place in the next accounting year, and is expected to be completed by the end of the accounting year 1996/97. In the USA, a new factory for functional systems will be built close to the present factory in the state of Missouri. This should also be completed by the end of 1996/97. The removal of both factories is due to the fact that there are no possibilities for extending the present premises. The added advantage is that efficiency in production can be directed at customer requirements expected in the coming years.

Production in China

Danisco has also decided to invest in application laboratories and a new factory in China. The factory in China will produce emulsifiers and functional systems for the Chinese market in particular. In recent years Danisco Ingredients has experienced strong growth in sales in Asia Pacific and China. The decision to establish a brand new factory in China instead of enlarging the factory in Malaysia was made for several reasons. Apart from the considerable distances in Asia Pacific and the excellent growth possibilities, suppliers have ex-

pressed a wish for local production. The factory is expected to be completed in the accounting year 1998/99.

Operating efficiencies

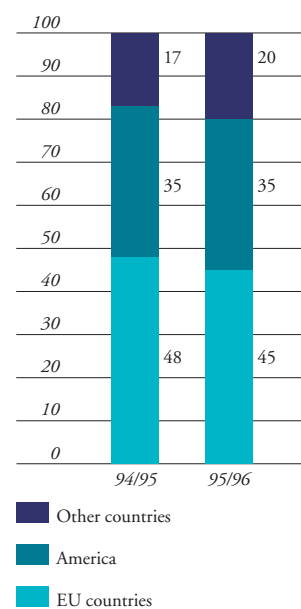
In the accounting year 1995/96 Danisco Ingredients introduced initiatives to increase efficiency in both production and development functions. The activities are brought together under the name of Danisco Ingredients Continuous Improvement Programme (DICIP).

Improving the efficiency of logistics in Europe is another project which was initiated in the accounting year just ended. It is expected to continue in the accounting year 1996/97. Within Innovation, the improvement programme is especially directed at improving the efficiency and customer orientation of each individual employee. The programme will also help Danisco Ingredients become the preferred supplier to the entire food industry.

Outlook for 1996/97

During the year Danisco Ingredients worked on establishing a new sales subsidiary in Colombia in South America. The accounting year 1996/97 should see the establishment of a sales subsidiary in Russia, and considerably increased sales activities in China are expected.

Distribution of net sales Areas, %



Danisco Ingredients produces emulsifiers at a modern factory in Malaysia with about 50 employees.





Danisco's Packaging Sector comprises four divisions: Danisco Pack, Danisco Pack Ltd., Danisco Flexible and Danisco Paper.

The sector's net sales amounted to DKK 4,975 million (+ 37 per cent). The operating profit amounted to DKK 441 million (+ 7 per cent). The sector experienced progress in net sales and earnings in the accounting year 1995/96, and this development is expected to continue in the accounting year 1996/97.

Danisco Pack and Danisco Pack Ltd. produce paper based packaging and expanded polystyrene (Flamingo®). Danisco Flexible produces plastic based flexible packaging foils. Danisco Paper produces raw paper for the packaging industry on the basis of recycled paper.

The sector employed an average of 4,928 people: 1,208 in Danisco Pack, 1,783 in Danisco Pack Ltd., 1,747 in Danisco Flexible and 190 in Danisco Paper.

The sector produced 290,410 tonnes of paper, 304,644 tonnes of corrugated board, 2,692 tonnes of expanded polystyrene packaging and 611,3 million square metres of flexible packaging in the accounting year 1995/96.

In the accounting year 1995/96 the Danisco Packaging Sector acquired companies and activities to the amount of DKK 885 million.

Ambitions for growth

It is the ambition of Danisco's Packaging Sector to achieve leading market positions for flexible packaging as well as for corrugated board packaging in selected European markets. The growth opportunities for corrugated board packaging may especially be found in the acquisition of local producers within high margin niches. Danisco Flexible will, through acquisitions, expand its operations in Europe enabling it to meet customer requirements for sophisticated flexible packaging products. Development will take place in close co-operation with the customers and by using accumulated know-how across borders. The Packaging Sector attaches importance to keeping costs down to the benefit of the customers. The possibilities for setting up activities in North and South America and Asia Pacific are being investigated.

Packaging Sector

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Sector management:

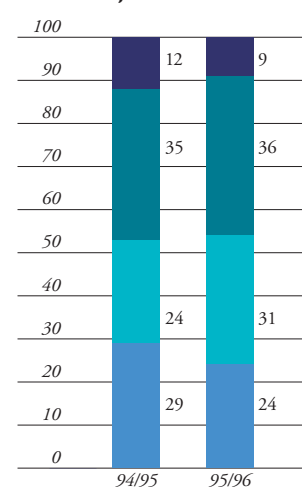
Elvar Vinum

(from 1 March 1996)

Per Løkkegaard

(until 29 February 1996)

Distribution of net sales Divisions, %



■ Danisco Paper
■ Danisco Flexible
■ Danisco Pack Ltd.
■ Danisco Pack

Excl. elimination between divisions

Main figures Packaging Sector

	1991/92	1992/93	1993/94	1994/95	1995/96
<i>Amounts in DKK million</i>					
Net sales	2,673	2,652	2,598	3,642	4,975
Operating profit	285	186	209	413	441
Investments (incl. acquisitions)	475	299	444	272	1,195
Fixed assets	1,926	1,848	2,054	1,989	2,423
Staff number (average)	2,650	3,032	2,851	3,479	4,928

Main figures

	1994/95	1995/96
Net sales DKK million	1,106	1,230
Staff number	1,051	1,208

The main activity of Danisco Pack is the production and sale of corrugated board. Danisco Pack is the largest producer of corrugated board in Denmark, and has a market share of about 30 per cent. The division also exports to a number of near markets. Production takes place in Brøndby, Stevnstrup, Taulov, Albertslund, Næstved, Randers, Aarhus, Kolding, Herning, Holbæk, Hobro, Tørring, Sårby, Skovlunde, Mariager, Farum and Esbjerg in Denmark, and in Germany.



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Danisco Pack

Danisco Pack produces and markets paper based packaging within the areas corrugated board, expanded polystyrene, Flamingo®, folding carton, cardboard tubes and containers. The business area for corrugated board packaging is by far the largest, and accounts for more than two-thirds of total net sales.

Challenging market

Business conditions in the Danish corrugated board industry and Danisco Pack's corrugated board units fluctuated in the accounting year 1995/96. The market was generally characterised by a decline in volume, and in Danisco Pack volume fell by four per cent against 1994/95. However, the year also saw a drop in prices on paper raw materials, which was naturally to the advantage of Danisco Pack.

The market experienced a swing from growth to declining demand in the late summer of 1995. This led to the adjustment of stocks by customers in the autumn months which again led to stagnant sales, albeit at a relatively high level. The accounting year was also marked by stronger competition due to increased imports of corrugated board packaging from Sweden and Germany.

New structure

Danisco Pack changed its structure within the cor-

rugated board area during the accounting year. The restructuring mainly affects the corrugated board producing units in Brøndby, Stevnstrup and Taulov. From having operated as independent units in Danisco Pack, the units have been merged into one unit with joint production management, sales management and administrative management. The purpose of the restructuring is to enable Danisco Pack to operate as one strong organisation.

Corrugated board in Germany

During the accounting year Danisco Pack took over Hamburger Wellpappenfabrik with corrugated board factories in the Hamburg area and in Verden about 100 km south-west of Hamburg. The natural market for the business is the northern part of Germany, an area to which Danisco Pack has traditionally had export activities. Hamburger Wellpappenfabrik will carry on under the name of Danisco Pack Siwell. The unit now also includes Danisco Pack's sheet plant in Wilhelmshaven.

Flamingo develops

Danisco Flamingo enjoyed a good year with good results. The Flamingo unit is positioned as a producer of added value products with special focus on product development and design and with a high level of technological knowledge. The position

Danisco Pack designs and develops packaging solutions in corrugated board ranging from food and shampoo to bicycle locks and loud speakers.



more than compensated for the decline in volume shown by the market. The turnover and earnings of Danisco Colourpack, Danisco Pack's folding carton activities, were by and large unchanged compared with the last accounting year.

Investments

In the accounting year investments amounted to DKK 96 million against DKK 76 million the year before. As a result of the investment strategy pursued by Danisco Pack, the bulk was used for modernising and achieving operating efficiencies in production plant, production flow, logistics etc within the various activity areas of the division. Modern packaging makes great demands on visual design implying a focus on creativity and print quality. The development of graphic competence is expected to account for a major part of future investments.

Trends

The current debate on over-packaging and the political wish to reduce society's use of packaging continues. This is also an important element in the work carried out by Danisco Pack's marketing and design departments to analyse the cus-



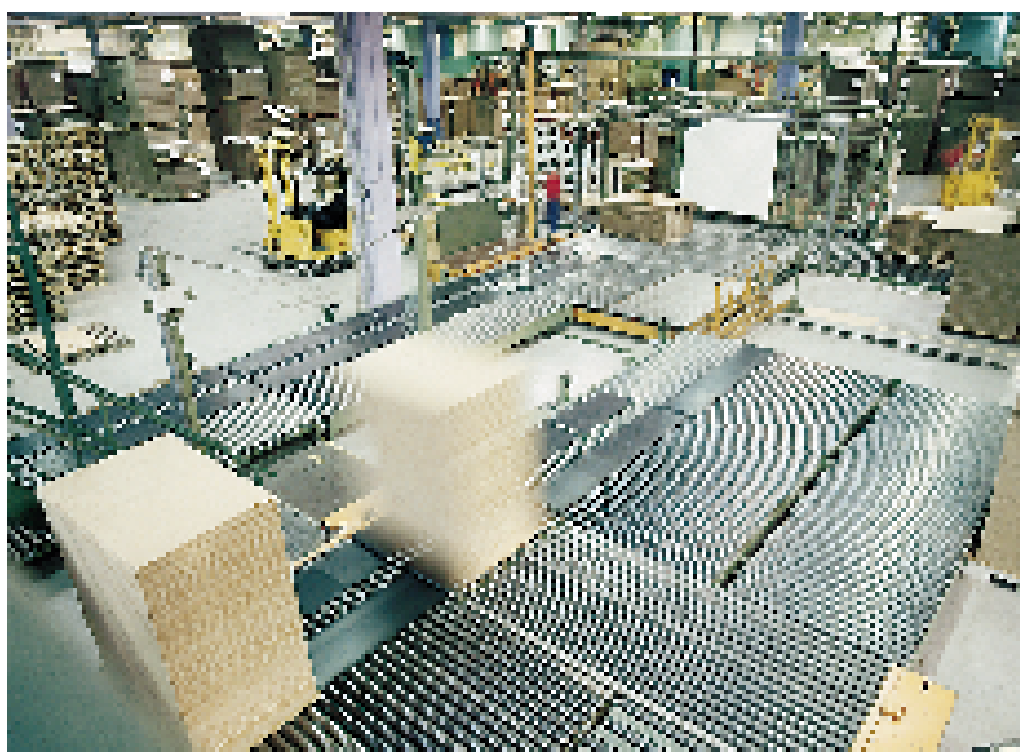
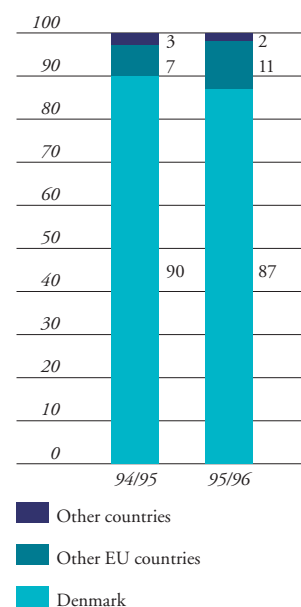
Danisco Flamingo mainly produces technical packaging in expanded polystyrene (Flamingo®), but also advertising gimmicks. One example is this Easter egg for Ballantine's whisky which is marketed in Denmark by Selected Wines & Spirits, a unit in Danisco Distillers.

tomers' packaging requirements, and design individual packaging solutions which to the extent possible meet the demands of customers and the surrounding world.

Outlook for 1996/97

The current signals on economic development in the Danish society and neighbouring countries paint a picture of reduced growth. Competition is expected to remain intensive. For the accounting year 1996/97 net sales and earnings are expected to be in line with 1995/96.

Distribution of net sales Areas, %



Danisco Pack Vest in Taulov produces corrugated board sheets which are transported from the production hall to warehouses on a rolling pin system.

Main figures

	1994/95	1995/96
Net sales DKK million	908	1,570
Staff number	1,144	1,783

Danisco Pack Ltd. and its sister company Danisco Paper Ltd. produce corrugated board, packaging paper, expanded polystyrene and foam fitments at 32 sites in the UK.

Danisco Pack Ltd.

Danisco Pack Ltd. has an increasing share of the British corrugated board market. Danisco Paper Ltd. produces a range of paper grades for the corrugated industry using recycled waste paper. Production takes place at two paper mills in the north-western part of England.

Price fluctuations in the market

In June 1995 raw material and sales prices peaked. This was followed by the seasonally quiet summer months, and then by a somewhat atypical autumn. The pre-summer period saw substantial price increases causing many customers to build up considerable stocks to pre-empt the next price increase. When prices began to fall in the autumn, the customers reduced their stocks which led to a general drop in demand at Danisco Pack Ltd. Prices have continued to fall since then.

Added value strategy bears fruit

Despite these difficult market conditions, Danisco Pack Ltd. managed to improve profitability. This was the result of prudent purchasing of raw materials and an increasing focus on added value prod-

ucts where quality, service, consistency and reliability are important factors apart from price.

Integration of acquisitions

A number of acquisitions were made during the year. In July 1995 Danisco Pack Ltd. acquired the Crown Packaging Group consisting of three sheet feeding plants supplying corrugated sheets to sheet plants, nine sheet plants, converting sheets to plain and printed corrugated board boxes, and a paper merchandising business. In addition sheet plants were acquired in South Wales, Devon and Worcester. This means that Danisco Pack Ltd. now operates 32 sites and have market shares of about 10 per cent in corrugated production and eight per cent in paper production. Within the production of corrugated sheet board Danisco Pack Ltd. has a share of around 20 per cent of the market.

Danisco Pack in Stoke-on-Trent is one of the division's 32 localities in the UK.



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All design of sophisticated corrugated board packaging is done on the latest CAD/CAM equipment.

New management structure

In the wake of the acquisition of the Crown Packaging Group a new management structure was introduced. The division is now divided into three areas: Corrugated board cases, corrugated board sheets and paper.

Investments

In the accounting year 1995/96 investments amounted to a total of DKK 128 million. The main investments were made in the rebuild of a paper machine in order to increase capacity, new converting equipment at some sheet plants, acquisition of premises and new office facilities.

Increased efficiency

The acquisition of a minority interest in the Larkhall sheet feeding plant led to the closure of the East Kilbride sheet feeding operation. Furthermore, other investments in paper machinery and corrugator improvements led to increased productivity and efficiency. Synergies are gradually being realised throughout the division. All units share expertise in terms of design and production, and purchasing and marketing synergies are now being realised.

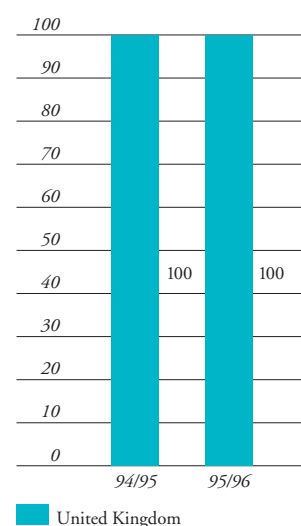
Larger staff

As a result of the acquisitions the number of employees rose from 1,144 at the end of the previous accounting year to 1,783 in 1995/96. Such rapid growth presents a challenge to the corporate culture. Therefore, during the year a great deal of emphasis was placed on education as an important means of underpinning and developing the culture.

Outlook for 1996/97

The division expects fiercer competition due to, among other factors, increased capacity. Nevertheless, Danisco Pack Ltd. expects to see a further improvement in profitability in the coming year. The reason for this is investments made during this accounting year and a continued focus on added value products, service and quality. Danisco Pack Ltd. will seek further suitable acquisition prospects which match the division's business profile.

Distribution of net sales Area, %



Danisco Pack in Stoke-on-Trent lies in the heart of England's porcelain industry, and has won many prizes for designing packaging for dinner sets, or as in this case, a tea set.



Main figures

	1994/95	1995/96
Net sales DKK million	1,318	1,819
Staff number	1,089	1,747

Danisco Flexible produces plastic laminate packaging in Horsens (Danisco Flexible Raackmann), Lundtofte and Vassingerød (Danisco Flexible Otto Nielsen), and Aalborg (Danisco Flexible SL) as well as paper bags in Aarhus, Breum and Milton Keynes in the UK (Danisco Unibag). Danisco Flexible's customers are mainly found within the food industry but also in the pharmaceutical sector, the tobacco industry and the chemical-technical industry. About 75 per cent of production is sold outside Denmark.



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Danisco Flexible

The market for flexible packaging saw growth until the late summer of 1995 when the market became volatile owing to, among other things, stagnation especially in the French and German food markets. Raw material prices were also volatile and the price of some materials soared. The competition from companies based in the UK had a negative impact on the results of the division due to the weak Pound Sterling. Finally, lengthy wage negotiations in the spring and summer of 1995 led to labour unrest and strikes at Danisco Flexible Raackmann. These factors combined meant that Danisco Flexible's results for the accounting year must be termed unsatisfactory.

Marketing and product launches

Danisco Flexible's new marketing organisation which was established by merging the marketing departments of Danisco Flexible Raackmann and Danisco Flexible Otto Nielsen introduced a presentation package which applies to all of Danisco Flexible. The package contains, among other things, a joint product catalogue and a series of direct mails to support the European sales organisation.

During the year a number of new products were launched, among others, a sophisticated metalised thermo-forming packaging for thinly sliced meat products which must be stored under con-

trolled atmospheric conditions. For other sliced products a metalized, malleable and thin foil was developed which will increase productivity in the vacuum packaging process by 20 per cent. Furthermore, a new welded tobacco pouch with barrier properties was introduced, which is suitable for the growing export market.

A new kind of animal fodder packaging was developed which can be shaped to stand-up bags. Animal fodder has to be absolutely sterile, and the ingredients are heat treated in the package at 130° Celsius. This makes great demands on the plastic packaging and the print quality.

Acquisition in France

In November 1995 Danisco Flexible took over the flexible activities of the French company, CarnaudMetalbox CMB Flexible now called Danisco Flexible France S.A. In 1994 the net sales of Danisco Flexible France S.A. were DKK 700 million, and the company holds a good position in southern Europe with market shares of 12 per cent in France, five per cent in Spain and 20 per cent in Portugal. The take-over also provides the division with a broader product range, as Danisco Flexible France S.A. is a long-standing expert in packaging for soft cheeses, yoghurt, confectionery and

Among Danisco Flexible's biggest customers are international producers of coffee, meat, cheese and pipe tobacco.



snacks. Finally, technology and work methods meet the standard of Danisco Flexible.

The acquisition of Danisco Flexible France S.A. makes Danisco Flexible the fifth largest producer of flexible packaging in Europe.

Importance attached to partnership

The group's marketing philosophy of being the preferred supplier was emphasised in the accounting year by Danisco Flexible's new partnership agreement with Nestlé France. The division was elected as one of four future suppliers to Nestlé among 38 former suppliers.

One sales organisation

Danisco Flexible France S.A. has four production units in France, one in Portugal and one in Spain. The sales organisations in the three countries have become part of the European sales organisation. The strengthening of sales and the extension of the product range are expected to increase net sales and earnings. The transfer of technology and work methods is expected to increase overall efficiency.

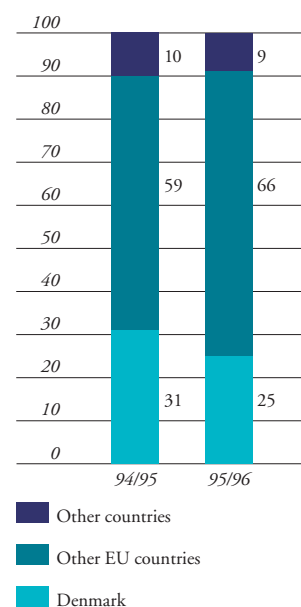
Outlook for 1996/97

For the accounting year 1996/97 Danisco Flexible expects significant growth in both net sales and earnings. Exchange rates influenced the division's results. Seventy-five per cent of its net sales are generated outside Denmark. The acquisition of Danisco Flexible France S.A. has to some extent reduced the impact of the strong Danish krone.



Polyethylene is a layer in much of the flexible packaging produced by Danisco Flexible. All varieties are produced by means of sophisticated extruding technology.

Distribution of net sales Areas, %



Flexible packaging retains the taste and aroma of the contents, a priceless property not least with regard to coffee.



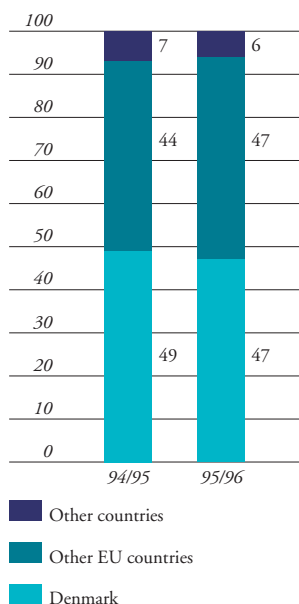
Danisco Paper

Main figures

1994/95 1995/96

Net sales DKK million	442	488
Staff number	195	190

Distribution of net sales Areas, %



Tharald Frette (from 1/5 1996)
President

Hans Halsskov Hansen
(15 December 1995 to 30 April 1996)
President

Gunner Sørensen
(until 15 December 1995)
President

Danisco Paper

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Danisco Paper produces raw paper on the basis of recycled paper at the paper mill in Grenaa.

Customers' demand differed widely over the year. The first month of the accounting year saw a strong demand from the corrugated board industry. This was accompanied by a building up of stocks due to sharply increasing paper prices. The price rises were pushed by increasing prices on raw materials for packaging paper. During the autumn of 1995 the prices of recycled paper fell drastically which triggered a massive drop in prices on packaging paper in all markets. The situation was aggravated by the customers' reduction of stocks.

Positioning

Danisco Paper is the northern-most producer in Europe of waste paper based raw paper for the corrugated board industry, and has as such excellent access to customer segments in this area. The restructuring of the company's sales continued so that more than 70 per cent of production capacity was sold in Denmark and the other Nordic countries. Exports amounted to just over 50 per cent.

Efficient production

The division's future growth strategy is to increase production from the present level of about 200,000 tonnes to 250,000. Therefore a number of upgrading projects were initiated to ensure that the company can produce paper as cheaply as possible. During the accounting year the division invested DKK 20 million.

Training of employees

The previously implemented upgrading of paper machines was followed in the accounting year by



Price development for finished goods, Germany

DM delivered free of charge



Kraftliner = paper for corrugated board industry made from virgin fibre.

Testliner = paper for corrugated board industry made from recycled paper. The price of kraftliner impacts significantly on the price development on testliner.

As a manufacturer of testliner Danisco Paper operates in a market with highly fluctuating prices. Germany is Europe's largest market for raw paper for the corrugated board industry and influences, therefore, the price development for surrounding markets.

comprehensive education programmes for employees with a view to enhancing their qualifications.

Outlook for 1996/97

Based on present market conditions net sales in the accounting year 1996/97 are expected to be slightly lower, but earnings slightly higher than in 1995/96. However, earnings are vulnerable in the face of the extremely volatile prices on raw materials and the finished product, ie packaging paper based on recycled paper.

Accounts 1995/96

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At Vintappergaarden in Kokkedal, Denmark, Better Brands, a unit in Danisco Distillers, produces the fruit wines, Kirsberry and Solberry, among others. With new conference rooms, Vintappergaarden is used for meetings by the group's top executives.



Copenhagen
27 June 1996

Executive Board

Palle Marcus	Elvar Vinum	Søren Bjerre-Nielsen
Mogens Granborg	Steen Weirsøe	
		/Robert Bendtsen

Board of Directors

Hugo Schrøder	Erik B. Rasmussen	Steen Langebæk
Bo Berggren	Alf Duch-Pedersen	John Hansen
Jon Krabbe	Finn Larsen	Flemming Laursen
Børge A. Pedersen	Flemming Woldbye	

Auditors' report

We have audited the consolidated accounts and the annual accounts of Danisco A/S for 1995/96 as presented by the management.

Basis of opinion

We have planned and conducted our audit in accordance with generally accepted audit standards to obtain reasonable assurance as to whether the accounts are free of material misstatement. Based on an evaluation of materiality and risk our audit has included an examination of evidence supporting the amounts and disclosures in the accounts.

We have assessed the accounting policies applied and the estimates made by the management as well as evaluated the overall presentation of the accounts. Our audit has not given rise to qualifications.

Opinion

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

Copenhagen
27 June 1996

Deloitte & Touche

Statsautoriseret Revisionsaktieselskab

Henning Møller
H.P. Møller Christiansen

State-Authorized Public Accountants

Ernst & Young A/S

John Lundin
Ole Neerup

State-Authorized Public Accountants

Accounting policies

In general

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

The format of the cash flow statement has been changed compared with previous years. The change consists in a reclassification of the main items of the cash flow statement so that these are adapted to the provisions in accounting standard no. 11 dated May 1996. The comparative figures for the accounting year 1994/95 have been changed accordingly.

The accounting policies are unchanged compared with last year.

Basis of consolidation

The consolidated accounts include Danisco A/S (the parent company) and all undertakings (subsidiary undertakings) in which the parent company, directly or indirectly, holds more than 50% of the voting rights or otherwise has a dominant influence. Undertakings in which the group holds between 20% and 50% of the voting rights without having a dominant influence are regarded as associated companies. Pages 68-70 give an overview of the group.

The group accounts consolidate the audited accounts of the parent company and the individual subsidiary undertakings, which have 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.

Associated undertakings the management of which is undertaken on a unified basis by Danisco and one or several undertakings are proportionally consolidated. This implies that the relevant proportion of the undertakings' items in the profit and loss account and balance sheet is included in the corresponding items of the consolidated accounts, and that inter-company items and unrealised profits have been eliminated proportionally.

On the acquisition of new undertakings the net asset value at the date of acquisition is stated in accordance with the group's accounting policies, and

provisions are set aside for any costs resulting from planned restructuring in the acquired undertaking. The tax effect is taken into consideration. Where the cost of acquisition exceeds the net asset value computed, the balance is allocated to the extent possible to the assets and liabilities which have a higher or lower value than the book values. Any remaining positive balances are charged directly to capital and reserves as goodwill or group goodwill in the year of acquisition. Any negative balances (negative goodwill) attributable to future operating losses are recorded under provisions.

Newly-acquired subsidiary undertakings and associated undertakings are included in the profit and loss account at the date of acquisition.

Where a decision to dispose of or sell a subsidiary undertaking has been made, the undertaking's results at the date of decision plus expenses incidental to the disposal are recorded under extraordinary items. Net assets after provisions in such undertakings are recorded under current assets as other debtors or under other provisions.

Comparative figures are not adjusted for undertakings sold, undertakings being disposed of or newly-acquired undertakings.

Foreign currency translations

Danisco's Danish undertakings translate their transactions in foreign currency (e.g. purchase/sale) into Danish krone 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 the transaction.

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

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

Tangible fixed assets purchased in foreign currency by Danisco's Danish undertakings are included at the rate of exchange at the date of purchase. On the writeup or writedown of assets the values of which are computed on a continuous basis in foreign currencies, the values are translated into Danish krone at the exchange rate on the date of the writeup or writedown.

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

With regard to foreign subsidiary undertakings which are integrated in the parent company to the effect that each transaction made by a subsidiary undertaking affects the currency flow of the parent company, another method will be employed which implies the translation of each transaction as though they were carried out by a Danish undertaking.

At this point in time Danisco does not have any large integrated undertakings and, therefore, all subsidiary undertakings are considered to be independent.

Undertakings in countries with high inflation rates present accounts for consolidation purposes in US dollars.

Financial instruments

Financial instruments used for hedging of current assets and amounts falling due within one year are usually valued at market price at the balance sheet date. Realised as well as unrealised exchange gains and losses are included in the profit and loss account. However, the exchange gains and losses of financial instruments contracted in order to hedge income and expenditure of future years are deferred until such income and expenditure are realised.

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

Financial instruments contracted for hedging interest of long-term financing are entered at cost.

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

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, depreciation, wages and salaries incurred to achieve the net sales of the year. Production levies to the EU are included in this item.

Research and development costs

Research and development costs include costs, salaries and depreciation attributable to the research and development activities of the group. Research and development costs are charged to the profit and loss account as incurred.

Distribution and sales costs

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

Administrative expenses

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

Other operating income

Other operating income comprises income of a secondary nature in relation to the activities of the group.

Income from subsidiary undertakings and associated undertakings

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

The relevant proportion of each associated company'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. The proportion of tax is charged to current tax on the profit for the year.

Financial items

Interest receivable and payable are included in the profit and loss account with the amounts relating to the accounting year. In addition, financial items comprise realised and unrealised capital gains and losses from exchange and price adjustments of investments and items in foreign currencies.

Extraordinary items

Extraordinary items comprise significant income and expenditure deriving from non-recurring events, activities clearly falling outside the ordinary activities of the group as well as the profit or loss from discontinued activities.

Tax

In Denmark Danisco A/S is taxed jointly 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, just as provision for deferred tax for these undertakings is made by the parent company.

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

Deferred taxation is provided under the liability method for timing differences between accounting and taxation treatment of fixed assets other than those relating to depreciation on fixed assets. Owing to the group's capital expenditure policy the tax on timing differences concerning fixed assets is not expected to crystallise as current tax within a foreseeable future. Deferred tax for which there is no provision in the accounts is stated in a note.

Furthermore, deferred tax is provided for reversal of tax benefits arising from losses in foreign production and sales undertakings that will crystallise as tax if they are sold or leave joint taxation.

Provisions for tax becoming liable on any sale of assets, including shares of subsidiaries, at booked values are not made in the balance sheets.

Deferred tax is provided at the nominal Danish tax rate which is at present 34 per cent. Changes in deferred tax resulting from changes of the Danish tax rates are dealt with in the profit and loss account.

Balance sheets

Intangible fixed assets

Intangible fixed assets are valued at cost less accumulated depreciation and writedowns. Depreciation is provided according to the straight line method based on the estimated useful lives of the assets which are 2-5 years depending on the actual circumstances.

Tangible fixed assets

Land and buildings are entered at cost plus revaluation less accumulated depreciation and writedowns. Buildings to be sold within a short time are revalued at an expected realisation price. Plant and machinery and other fixtures, fittings, tools, and equipment are entered at cost less accumulated depreciation and writedowns.

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

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

Assets with a short lifetime, small assets and minor improvement costs are entered as expenses in the year of acquisition.

Finance lease assets are capitalised and depreciated according to the straight-line method over their useful lives. The remaining capitalised lease obligations are included under creditors.

Financial fixed assets

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

Subsidiary undertakings with a negative net asset value are recorded at zero and amounts owed by these subsidiary undertakings are written down with 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 valued in the accounts of the parent company and the consolidated accounts also according to the equity method, however, with the deduction of the relevant proportion of unrealised inter-company profit.

Under capital and reserves net revaluation of participating interests in subsidiary undertakings and associated undertakings are transferred to undistributed profit in subsidiary undertakings to the extent the revaluation exceeds the dividend received from the companies.

The value of other investments and capital participation, mainly comprising shares and mortgages, is fixed at cost less writedown due to a permanent reduction of value. All writedowns are included in the profit and loss account.

Own shares are recorded at cost and an equivalent amount is entered under reserve for own shares.

Stocks

Stocks are valued at the lower of cost on a first in first out basis and net realisable value. Production

cost includes cost of materials and direct labour. Writedowns are effected for obsolete items, including slow-moving items. Indirect production costs, such as maintenance and depreciation of production plant, and factory operations, factory administration and factory management, is calculated for the group and stated in a note.

Debtors

Debtors are recorded after an individual evaluation of potential risk.

Investments and capital participation

Investments and participating interests recorded under current assets mainly comprise bonds which are entered at market price at the balance sheet date. Realised as well as unrealised gains and losses from price adjustments are included in the profit and loss account.

Cash flow statement

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

The cash flows from operating activities are computed as a Danisco proportion of the group's profit for the year adjusted for non-cash operating items, change in working capital and paid corporate tax.

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

The cash flows from financing activities comprise loans, repayments on interest bearing debt and payment of dividends.

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

DKK million

Parent company			Group		
1994/95	1995/96	Notes		1994/95	1995/96
6,313.0	6,288.6	1	Net sales	14,192.6	16,186.4
3,761.7	3,766.9	2	Cost of sales	8,132.5	9,553.1
2,551.3	2,521.7		Contribution margin	6,060.1	6,633.3
781.5	844.3	2-3	Fixed production costs	1,943.6	2,196.4
228.6	247.0	2-3	Research and development costs	273.8	295.5
1,541.2	1,430.4		Gross profit	3,842.7	4,141.4
596.0	600.5	2-3	Distribution and sales costs	1,347.2	1,481.2
474.4	436.3	2-4	Administrative expenses	951.8	996.1
60.4	76.8		Other operating income	94.6	131.6
531.2	470.4		Operating profit	1,638.3	1,795.7
862.0	1,151.6	5	Income from participating interests in subsidiary undertakings	–	–
0.7	1.4		Income from associated undertakings	1.2	1.4
4.1	50.5	6	Income from other capital participation, etc.	4.5	51.1
115.6	93.8	7	Interest receivable and similar income	193.5	187.6
184.4	166.6	8	Interest payable and similar charges	506.7	431.7
1,329.2	1,601.1		Profit on ordinary activities before taxation	1,330.8	1,604.1
338.6	380.6	9	Tax on profit on ordinary activities	327.8	387.8
-24.2	5.3	9	Adjustment of tax for previous years	-13.4	-1.9
1,014.8	1,215.2		Consolidated profit for the year	1,016.4	1,218.2
–	–		Profit attributable to minority shareholders	1.6	3.0
1,014.8	1,215.2		Danisco's share of the consolidated profit	1,014.8	1,215.2

Proposed appropriation of profit for the year:

Dividend DKK 4.20 per share (21%)	232.6
Reserves	982.6
	<u>1,215.2</u>

Assets

DKK million

Parent company			Group		
30.4.1995	30.4.1996	Notes	30.4.1995	30.4.1996	
Fixed assets					
4.6	3.4	10	Intangible fixed assets	7.9	6.0
Tangible fixed assets					
1,160.6	1,300.8	10	Land and buildings	2,918.1	3,237.0
1,685.4	1,695.0	10	Plant and machinery	4,795.3	5,172.1
155.8	142.2	10	Fixtures, fittings, tools and equipment	333.0	334.6
72.0	68.1		Prepayments for tangible fixed assets and assets under construction	154.6	249.7
10.4	0.2		Leased equipment and plant	10.4	31.9
3,084.2	3,206.3		Total	8,211.4	9,025.3
Financial fixed assets					
3,984.1	4,799.7	11	Participating interests in subsidiary undertakings	–	–
42.4	58.2	11	Loans to subsidiary undertakings	–	–
3.6	4.0	11	Participating interests in associated undertakings	3.6	4.0
87.4	84.1	11	Other investments and capital participation	90.7	88.0
–	0.4		Other receivables	12.0	11.9
0.6	–	12	Own shares	0.6	–
4,118.1	4,946.4		Total	106.9	103.9
7,206.9	8,156.1		Fixed assets total	8,326.2	9,135.2
Current assets					
Stocks					
381.8	309.6		Raw materials and consumables	962.8	972.8
58.7	53.8	13	Work in progress	131.7	157.1
1,198.6	1,195.4	13	Finished goods and goods for resale	2,247.4	2,325.3
1.9	5.0		Prepayments for goods	49.7	57.2
1,641.0	1,563.8		Total	3,391.6	3,512.4
Debtors					
650.1	715.4	14	Trade debtors	1,943.2	2,492.8
1,914.7	1,636.6		Amounts owed by subsidiary undertakings	–	–
125.2	227.6		Other debtors	461.6	354.0
28.4	28.5		Prepayments	64.3	83.8
2,718.4	2,608.1		Total	2,469.1	2,930.6
4.1	4.5		Investments and capital participation	234.9	8.3
161.6	199.5		Cash at bank and in hand	1,391.1	1,023.7
4,525.1	4,375.9		Current assets total	7,486.7	7,475.0
11,732.0	12,532.0		Assets total	15,812.9	16,610.2

Liabilities

DKK million

Parent company			Group		
30.4.1995	30.4.1996	Notes	30.4.1995	30.4.1996	
Capital and reserves					
1,107.2	1,107.5		1,107.2	1,107.5	Share capital
337.8	340.9		337.8	340.9	Share premium account
–	–		90.7	90.7	Revaluation reserve
0.6	–		0.6	–	Reserve for own shares
722.9	982.5		–	–	Undistributed profit in subsidiary undertakings
5,028.8	5,308.9		5,661.0	6,200.7	Other reserves
7,197.3	7,739.8		7,197.3	7,739.8	Capital and reserves total
Minority interests					
–	–		11.6	11.6	
Provisions					
150.2	179.0	15	156.8	172.2	Provision for deferred tax
159.0	206.7		404.5	568.9	Other provisions
309.2	385.7		561.3	741.1	Provisions total
Creditors					
<i>Amounts falling due after more than one year</i>					
1,150.0	1,146.6	16	1,150.0	1,146.6	Convertible bonds
320.5	308.0	17	494.3	440.6	Mortgage debts
–	–	17	1,742.7	1,360.7	Bank debts
73.4	55.0	17	343.2	228.9	Other creditors
0.2	–		0.2	–	Capitalised lease obligations
–	–	19	183.6	224.9	Other debts
1,544.1	1,509.6		3,914.0	3,401.7	Total
<i>Amounts falling due within one year</i>					
12.8	14.0		37.1	42.9	Mortgage debts
183.0	107.5		676.4	1,194.4	Bank debts
22.4	18.4		77.2	101.6	Other creditors
313.3	339.8		908.1	1,132.5	Trade creditors
10.2	0.2		10.2	31.8	Capitalised lease obligations
971.9	1,361.9		–	–	Amounts owed to subsidiary undertakings
224.9	–	18	348.4	33.2	Corporation tax
763.6	818.1	19	1,870.8	1,917.3	Other debts
2.1	4.4		23.3	29.7	Accruals
177.2	232.6		177.2	232.6	Dividend for the accounting year
2,681.4	2,896.9		4,128.7	4,716.0	Total
4,225.5	4,406.5		8,042.7	8,117.7	Amounts owed to creditors total
11,732.0	12,532.0		15,812.9	16,610.2	Liabilities total
		20			Guarantees and other financial commitments
		21			Security and pledge

DKK million

Parent company						
	Share capital	Share premium account	Reserve for own shares	Undistrib. profit in subsidiary undertakings	Other reserves	Capital and reserves total
Balance at 1 May 1994	1,103.1	333.7	0.6	462.3	4,752.0	6,651.7
Profit for the year				634.3	380.5	1,014.8
Declared dividend					-177.2	-177.2
Issue of employee shares	4.1	4.1				8.2
Exchange adjustments and other adjustments concerning subsidiary undertakings				-218.0	-7.9	-225.9
Distributed dividend from subsidiary undertakings				-143.0	143.0	
Writedown to net asset value of acquisitions				-12.7	-61.6	-74.3
Balance at 1 May 1995	1,107.2	337.8	0.6	722.9	5,028.8	7,197.3
Profit for the year				989.2	226.0	1,215.2
Declared dividend					-232.6	-232.6
Reserve for own shares			-0.6		0.6	
Convertible bonds converted	0.3	3.1				3.4
Exchange adjustments and other adjustments concerning subsidiary undertakings				48.2	96.8	145.0
Distributed dividend from subsidiary undertakings				-241.2	241.2	
Writedown to net asset value of acquisitions				-536.6	-51.9	-588.5
Balance at 30 April 1996	1,107.5	340.9	-	982.5	5,308.9	7,739.8

In the accounting year, convertible bonds have been converted into 13,399 shares. At 30 April 1996 the share capital of DKK 1,107,465,200 is made up of 55,373,260 shares of DKK 20.

DKK million

Group	Share capital	Share premium account	Revaluation reserve	Reserve for own shares	Other reserves	Capital and reserves total
Balance at 1 May 1994	1,103.1	333.7	90.7	0.6	5,123.6	6,651.7
Profit for the year					1,014.8	1,014.8
Declared dividend					-177.2	-177.2
Issue of employee shares	4.1	4.1				8.2
Exchange adjustments and other adjustments					-225.9	-225.9
Writedown to net asset value of acquisitions					-74.3	-74.3
Balance at 1 May 1995	1,107.2	337.8	90.7	0.6	5,661.0	7,197.3
Profit for the year					1,215.2	1,215.2
Declared dividend					-232.6	-232.6
Reserve for own shares				-0.6	0.6	
Convertible bonds converted	0.3	3.1				3.4
Exchange adjustments and other adjustments					145.0	145.0
Writedown to net asset value of acquisitions					-588.5	-588.5
Balance at 30 April 1996	1,107.5	340.9	90.7	–	6,200.7	7,739.8

DKK million

		Group	
1994/95	Notes		1995/96
<i>Cash flow from operating activities</i>			
1,014.8		Profit for the year	1,215.2
1,296.6	22	Adjustments	1,324.7
-158.6	23	Change in working capital	-99.1
2,152.8		Cash flow from operating activities before financial items total	2,440.8
1.2		Income from associated undertakings	1.4
2.1		Income from other capital participation, etc	2.1
163.0		Interest receivable and similar income	148.3
-431.4		Interest payable and similar charges	-262.5
1,887.7		Cash flow from ordinary activities	2,330.1
-112.8		Paid corporate tax	-634.6
1,774.9		Cash flow from operating activities total	1,695.5
<i>Cash flow from investing activities</i>			
-97.1	24	Purchase of undertakings and activities	-850.5
2.6	24	Sale of undertakings and activities	-
-968.9	25	Purchase of tangible fixed assets	-975.5
109.4	25	Sale of tangible fixed assets and investment grants	72.5
591.4		Sale of financial fixed assets	266.4
8.2		Issue of shares to employees	-
-354.4		Cash flow from investing activities total	-1,487.1
1,420.5		Net cash outflow/inflow from operating and investing activities	208.4
<i>Cash flow from financing activities</i>			
-1,463.6	26	Change in interest bearing debt	-424.4
-154.4		Dividend paid	-177.2
-1,618.0		Cash flow from financing total	-601.6
-197.5		Decrease/increase in cash and cash equivalents total	-393.2
1,588.6	27	Cash at 1.5.	1,416.9
1,391.1	27	Cash at 30.4.	1,023.7

DKK million

Parent company			Group	
1994/95	1995/96	Notes	1994/95	1995/96
		1. Net sales		
		Distribution on business sectors:		
1,920.0	1,872.4	Food & Beverage Sector	2,559.0	2,672.3
3,166.1	3,058.7	Sugar Sector	5,853.0	6,290.3
1,411.9	1,452.1	Ingredients Sector	2,294.2	2,400.7
–	–	Packaging Sector	3,641.8	4,975.4
-185.0	-94.6	Elimination of inter-sector net sales	-155.4	-152.3
6,313.0	6,288.6	Total	14,192.6	16,186.4
		Distribution on markets:		
3,164.3	3,215.0	Denmark	4,898.6	5,030.2
1,687.8	1,551.1	Other EU countries	6,373.0	7,946.0
833.2	890.1	Rest of western Europe	1,042.9	1,098.9
133.6	188.9	Eastern Europe	220.7	746.9
140.3	142.2	North America	601.4	638.1
82.9	77.8	Central and South America	298.0	293.9
270.9	223.5	Rest of the world	758.0	432.4
6,313.0	6,288.6	Total	14,192.6	16,186.4
3,148.7	3,073.6	Net sales on foreign markets total	9,294.0	11,156.2
49.9%	48.9%	corresponding to	65.5%	68.9%
		2. Staff costs		
2.2	2.2	Directors' fees	2.7	3.8
15.7	18.4	Remuneration to executive board and boards of management	55.1	52.4
975.2	1,004.8	Wages and salaries	2,336.4	2,586.7
47.4	46.8	Pension costs, social security costs, etc.	279.2	337.9
1,040.5	1,072.2	Total	2,673.4	2,980.8
		The group's remuneration to the parent company's board of directors and executive board corresponds to the remuneration in the parent company (which includes provision for severance pay).		
4,348	4,074	Average staff number	11,413	12,638
4,157	4,045	Staff at 30.4.	10,975	12,654
		3. Depreciation		
		Depreciation for the year included in the costs below:		
237.0	263.5	Fixed production costs	640.3	699.2
12.9	11.4	Research and development costs	18.7	17.2
21.1	19.0	Distribution and sales costs	37.3	34.9
33.9	33.5	Administrative expenses	75.5	73.0
304.9	327.4	Total	771.8	824.3
		4. Fee for auditors elected by the Annual General Meeting		
		Deloitte & Touche:		
4.5	4.3	Fee	12.3	12.8
2.2	3.8	Of which non-audit services amount to	4.9	8.6
		Ernst & Young:		
0.3	0.3	Fee	1.2	1.6
–	–	Of which non-audit services amount to	0.7	2.7

DKK million

Parent company		Notes	Group	
1994/95	1995/96		1994/95	1995/96
		5. Income from participating interests in subsidiary undertakings		
941.1	1,227.7	Profit in subsidiary undertakings before taxation	–	–
79.1	76.1	Losses in subsidiary undertakings before taxation	–	–
862.0	1,151.6	Total	–	–
		6. Income from other capital participation, etc.		
1.9	1.7	Share dividend	2.1	1.8
2.2	48.5	Realised capital gain on shares	2.4	49.0
–	0.3	Dividend on own shares	–	0.3
4.1	50.5	Total	4.5	51.1
		7. Interest receivable and similar income		
		Interest receivable from:		
80.6	48.8	Financial accounts with subsidiary undertakings	–	–
9.4	17.6	Bank deposits	102.1	93.7
–	0.8	Bonds, incl. drawing profits	38.4	43.2
25.6	13.7	Other receivables	53.0	28.1
–	12.9	Exchange adjustment of foreign receivables	–	22.6
115.6	93.8	Total	193.5	187.6
		8. Interest payable and similar charges		
		Interest payable:		
63.0	40.3	Financial accounts with subsidiary undertakings	–	–
57.5	57.4	Convertible bonds	57.5	57.4
31.5	32.0	Mortgage debts	52.7	49.5
25.6	31.6	Bank debts and similar capital procurement	373.9	314.4
6.8	5.3	Exchange adjustment of foreign debts	22.6	10.4
184.4	166.6	Total	506.7	431.7
		9. Tax		
246.0	177.0	Current tax on the profit for the year	355.4	327.2
-32.8	–	Tax on items charged to capital and reserves	-32.8	–
-12.8	37.7	Change in deferred tax for the profit for the year	-16.6	49.2
–	3.6	Other tax, exchange adjustment, etc	21.8	11.4
-24.2	5.3	Adjustment concerning previous years	-13.4	-1.9
138.2	162.3	Tax outside Denmark and non-jointly taxed subsidiary undertakings	–	–
314.4	385.9	Total	314.4	385.9
		The tax may be divided into:		
338.6	380.6	Tax on profit on ordinary activities	327.8	387.8
-24.2	5.3	Adjustment of tax for previous years	-13.4	-1.9
314.4	385.9	Total	314.4	385.9

DKK million

Parent company					Group				
Notes					Notes				
10. Intangible and tangible fixed assets					10. Intangible and tangible fixed assets				
	Intangible fixed assets	Land and buildings	Plant and machinery	Fixtures, fittings, tools and equipment		Intangible fixed assets	Land and buildings	Plant and machinery	Fixtures, fittings, tools and equipment
Cost at 1.5.1995	18.2	1,850.3	2,868.3	553.7	Cost at 1.5.1995	25.5	3,900.0	7,421.2	951.8
Additions due to merger	–	70.4	39.2	4.2	Exchange adjustment of opening value, etc	–	68.6	176.0	9.7
Additions during the year	0.4	96.1	272.4	53.3	Additions due to new activities	–	283.1	628.6	24.8
Disposals during the year	–	-8.6	-61.0	-39.0	Additions during the year	–	274.5	676.2	127.0
Total	18.6	2,008.2	3,118.9	572.2	Disposals during the year	–	-44.2	-148.1	-63.6
					Total	25.5	4,482.0	8,753.9	1,049.7
Revaluation at 1.5.1995					Revaluation at 1.5.1995				
Additions during the year	–	7.3	–	–	Exchange adjustment of opening value, etc	–	1.9	9.0	0.6
Disposals during the year	–	–	–	–	Additions during the year	–	7.3	–	–
Total	–	7.3	–	–	Disposals during the year	–	-98.0	-114.4	-6.7
					Total	–	178.6	–	–
Depreciation and writedowns at 1.5.1995					Depreciation and writedowns at 1.5.1995				
Additions due to merger	–	31.7	27.9	2.3	Exchange adjustment of opening value, etc	–	6.1	35.4	4.6
Depreciation for disposals of the year	–	-0.8	-55.0	-25.6	Additions due to new activities	–	92.7	308.5	15.9
Extraordinary depreciation and writedowns for the year (closing rate)	–	-76.7	68.5	–	Depreciation for disposals of the year	–	-16.4	-118.9	-50.5
Depreciation for the year (closing rate)	1.6	70.8	199.6	55.4	Extraordinary depreciation and writedowns for the year (closing rate)	–	-65.8	72.2	0.1
Total	15.2	714.7	1,423.9	430.0	Depreciation for the year (closing rate)	1.9	157.7	553.3	120.1
					Total	19.5	1,423.6	3,581.8	715.1
Book value at 30.4.1996	3.4	1,300.8	1,695.0	142.2	Book value at 30.4.1996	6.0	3,237.0	5,172.1	334.6
Property abroad		1.4			Property abroad		1,198.5		
Danish property at latest official valuation		1,040.6			Danish property at latest official valuation		1,818.6		
Capitalised financing costs		27.3			Capitalised financing costs		33.2		
Buildings to be sold within a short time have been revalued		1.8			Buildings to be sold within a short time have been revalued		32.8		
Difference between valuation and book value of newly acquired property, new buildings and renovations which have not been revalued		40.9			Difference between valuation and book value of newly acquired property, new buildings and renovations which have not been revalued		55.8		

DKK million

Parent company					Group			
Notes					Notes			
II. Financial fixed assets					II. Financial fixed assets			
	Participating interests in subsidiary undertakings	Loans to subsidiary undertakings	Participating interests in associated undertakings	Other investments and capital participation		Participating interests in associated undertakings	Other investments and capital participation	
Cost at 1.5.1995	5,508.2	43.8	4.6	77.8	Cost at 1.5.1995	4.6	86.8	
Disposals due to merger	-76.6	-	-	-	Additions during the year	-	327.7	
Additions during the year	644.0	14.7	-	326.8	Disposals during the year	-0.2	-321.0	
Disposals during the year	-189.1	-0.3	-0.2	-320.5	Total	4.4	93.5	
Total	5,886.5	58.2	4.4	84.1	Changes at 1.5.1995	-1.0	3.9	
Changes at 1.5.1995	-1,524.1	-1.4	-1.0	9.6	Revaluation during the year	0.6	0.5	
Disposals due to merger	29.7	-	-	-	Writedown during the year	-	-9.9	
Revaluation during the year	1,137.2	1.4	0.6	0.3	Total	-0.4	-5.5	
Distributed and declared dividend	-241.2	-	-	-	Book value at 30.4.1996	4.0	88.0	
Writedown to net asset value	-536.6	-	-	-	Market value at 30.4.1996 amounts to		78.2	
Adjustment of capital and reserves	48.2	-	-	-	II. Specification of participating interests in associated undertakings			
Writedown during the year	-	-	-	-9.9				
Total	-1,086.8	-	-0.4	-	12. Own shares			
Book value at 30.4.1996	4,799.7	58.2	4.0	84.1		Number	Nominal value (DKK 1,000)	% of share capital
					Holding at 1.5.1995	5,090	102	0.01%
					Purchase	80,000	1,600	0.14%
					Sale	-85,000	-1,700	-0.15%
					Holding at 30.4.1996	90	2	0.00%

Market value of own shares at 30.4.1996 amounts to DKK 26,000.

The purchase amount in the year amounted to DKK 19.7 million and the sales amount to DKK 20.3 million.

The group has purchased own shares in order to, among other things, increase financial flexibility with regard to acquisitions.

DKK million

Parent company		Notes	Group	
30.4.1995	30.4.1996		30.4.1995	30.4.1996
		13. Stocks		
		Finished goods, goods for resale and work in progress are recorded at DKK 2,482.4 million in the group. If stocks had been recorded with the addition of production overhead, the value would be DKK 475 million higher. (1994/95 DKK 440 million).		
		14. Trade debtors		
650.1	715.4	Trade debtors	1,941.6	2,492.8
–	–	Bills of exchange	1.6	–
650.1	715.4	Total	1,943.2	2,492.8
		15. Provision for deferred tax		
165.2	150.2	Deferred tax at I.5.	177.1	156.8
-2.2	-1.3	Opening adjustment	-3.7	7.5
163.0	148.9	Adjusted deferred tax at I.5.	173.4	164.3
–	-7.6	Tax concerning new/sold members of the group and other adjustments	–	-41.3
-12.8	37.7	Change in deferred tax concerning the income for the year	-16.6	49.2
150.2	179.0	Balance at 30.4.	156.8	172.2
		Deferred tax on tangible fixed assets for which there is no provision in the accounts		
642.9	677.9	Non-provided deferred tax at I.5.	731.4	793.2
-41.4	4.9	Adjustment of non-provided deferred tax at I.5.	-26.6	20.8
601.5	682.8	Adjusted deferred tax at I.5.	704.8	814.0
–	10.9	Tax concerning acquired/sold group participants and other adjustments	–	20.3
76.4	43.2	Change in deferred tax concerning the income for the year	88.4	125.1
677.9	736.9	Balance at 30.4.	793.2	959.4
		16. Convertible Bonds		
		The convertible bonds issued amount in total to DKK 1,146.6 million with a coupon of 5 per cent per annum. Conversion may take place at any time from 21 February 1994 to 21 February 2004, excluding the period from 21 January to 20 February each year during the term of the bonds. The conversion price is fixed at DKK 252. In the accounting year 13,399 shares have been converted.		
		17. Mortgage debts, bank debts and other creditors		
266.1	250.9	Mortgage debts falling due after 5 years	333.7	287.0
–	–	Bank debt falling due after 5 years	82.3	2.3
15.0	5.4	Other creditors falling due after 5 years	88.9	95.1

DKK million

Parent company			Group	
30.4.1995	30.4.1996	Notes	30.4.1995	30.4.1996
		18. Corporation tax		
		The parent company and Danish jointly taxed subsidiary undertakings are registered in the on-account tax scheme.		
20.2	224.9	Tax owing at 1.5.	95.4	348.4
-28.2	6.9	Adjustments concerning previous years	10.4	-7.8
246.0	177.0	Tax of the profit for the year	355.4	327.2
-13.1	-451.4	Tax paid during the year	-112.8	-634.6
224.9	-42.6	Balance at 30.4.	348.4	33.2
		19. Other debts		
		Production and absorption levies owing for A and B sugar	259.3	379.8
159.5	169.9	Amounts owing and provided concerning staff (wages, salaries, holiday pay, etc.)	590.2	700.5
258.6	340.3	VAT and other duties owing	841.9	585.6
111.3	80.6	Other items	363.0	476.3
763.6	818.1	Total	2,054.4	2,142.2
		20. Guarantees and other financial commitments		
215.5	175.4	Guarantees and other financial commitments	230.0	261.2
		The Danisco Group has certain legal actions pending, but in the opinion of the management, the outcome of these proceedings will not materially affect the financial position of the group.		
		21. Security and pledge		
100.7	107.7	Mortgage deeds registered to the mortgagor	182.5	183.7
-	0.6	Contractual obligations	23.7	149.2
100.7	108.3	Total	206.2	332.9

DKK million

		Group	
1994/95	Notes		1995/96
22. Adjustments			
771.8	Depreciation for the year		824.4
1.9	Profit on sale of undertakings and activities		-
15.2	Profit/loss on disposal of tangible fixed assets		22.8
-5.7	Income from other capital participation etc.		-52.5
-193.5	Interest receivable and similar income		-187.6
506.7	Interest payable and similar charges		431.7
-28.3	Provisions		11.9
314.4	Tax on profit of the year		385.9
-85.9	Non-financial prepayments and accruals, etc		-111.9
1,296.6	Total		1,324.7
23. Change in working capital			
-423.4	Change in stocks		214.6
-201.3	Change in debtors		38.3
466.1	Change in trade creditors, etc		-352.0
-158.6	Total		-99.1
24. Purchase and sale of undertakings and activities			
<i>Purchase of undertakings and activities</i>			
In the accounting year 1995/96 Danisco acquired Crown Packaging Group Ltd., Crown Cornugated (Scotland), Westward Packaging, Celtic Packaging, Amadeus Packaging, CMB Flexible, Hamburger Wellpappenfabrik, IL Recycling, Woodcocks, Beacon Ltd, and Groko Foods B.V. and others			
-82.1	Tangible fixed assets		-519.4
-	Financial fixed assets		-3.7
-8.3	Stocks		-207.2
-7.7	Debtors		-450.3
-	Cash at bank and in hand		-16.9
2.6	Provisions		122.0
25.4	Interest bearing debt		297.2
14.2	Non-interest bearing debt etc.		486.2
-	Corporate tax		13.2
-55.9	Net assets		-278.9
-41.2	Goodwill on purchase of undertakings and activities		-588.5
-	Regulation of cash holdings		16.9
-97.1	Cash purchase amount		-850.5
-25.4	Interest bearing debt		-297.2
-122.5	Purchase amount total		-1,147.7
<i>Sale of undertakings and activities</i>			
Danisco has not sold any undertakings in the accounting year 1995/96			
0.7	Stocks		-
0.7	Net assets		-
1.9	Accounting profit/loss on sale		-
2.6	Cash sales amount		-

DKK million

		Group	
1994/95	1995/96	Notes	1995/96
		25. Purchase and sale of tangible fixed assets	
-91.7		Food & Beverage Sector	-92.2
-508.6		Sugar Sector	-338.4
-90.2		Ingredients Sector	-157.5
-186.3		Packaging Sector	-310.1
-92.1		Group functions	-77.3
109.4		Sale of tangible fixed assets and investment grants	72.5
-859.5		Purchase and sale of tangible fixed assets total	-903.0
		26. Change in interest bearing debt	
-6,233.6		Interest bearing debt at 1.5.	-4,520.9
274.5		Currency adjustments of interest bearing debt at 1.5.	-122.0
-25.4		Interest bearing debt acquired on purchase of undertakings and activities	-297.2
4,520.9		Interest bearing debt at 30.4.	4,515.7
-1,463.6		Reduction of interest bearing debt at 30.4.	-424.4
		27. Cash	
1,614.0		Cash at 1.5.	1,391.1
-25.4		Currency adjustment of cash at 1.5.	25.8
1,588.6		Regulated cash, etc at 1.5.	1,416.9
		<i>Cash at 30.4. includes</i>	
1,391.1		Cash at bank and in hand	1,023.7
1,391.1		Cash at 30.4.	1,023.7

Cash at 30 April 1996 corresponds to cash deposits with banks, etc.

Plus/minus in front of the cash flow figures in the notes reflects their effect on the group's cash flow.

DKK million

Group	1991/92	1992/93	1993/94	1994/95	1995/96
Net sales					
Food & Beverage Sector	2,631	2,634	2,681	2,559	2,672
Sugar Sector	3,145	4,227	5,657	5,853	6,290
Ingredients Sector	1,807	1,841	2,043	2,294	2,401
Packaging Sector	2,673	2,652	2,598	3,642	4,975
Technology & Machinery Sector	2,359	1,906	–	–	–
Other Activities Sector	1,087	–	–	–	–
Elimination of inter-sector net sales	-233	-233	-139	-155	-152
Total	13,469	13,027	12,840	14,193	16,186
Operating profit					
Food & Beverage Sector	149	26	108	142	199
Sugar Sector	524	726	898	927	979
Ingredients Sector	205	191	290	352	357
Packaging Sector	285	186	209	413	441
Technology & Machinery Sector	184	86	–	–	–
Other Activities Sector	-34	–	–	–	–
Group Functions, etc	-78	-67	-158	-196	-180
Total	1,235	1,148	1,347	1,638	1,796

Amounts in 1,000

Food & Beverage Sector

		Nominal capital	Danisco's share %
Danisco Foods			
Danisco Foods Distribution A/S, Denmark	DKK	6,000	100
Danisco Foods S.A., Spain	ESP	909,547	100
Danisco Foods Albacete S.A., Spain	ESP	615,000	100
Danisco Foods Ltd., United Kingdom	GBP	405	100
Danisco Foods GmbH, Germany	DEM	250	100
Danisco Foods A/S, Denmark	DKK	500	100
Danisco Foods SARL, France	FRF	50	100
Vendelbo Ejendomsselskab af 1991 A/S, Denmark	DKK	10,000	100
Danisco Foods Norge A/S, Norway	NOK	50	100
Taffel Foods Ejendomsselskab A/S, Denmark	DKK	7,000	100
Danisco Foods B.V., the Netherlands	NLG	3,000	100
Danisco Groko Foods B.V., the Netherlands	NLG	47	100
Danisco Foods AB, Sweden	SEK	550	100
Danisco Distillers			
Better Brands Ltd. A/S, Denmark	DKK	5,000	75
Aktieselskabet Dansk Gærings-Industri, Denmark	DKK	1,000	100
Danisco Distillers Berlin GmbH, Germany	DEM	10,000	100
Fris Skandia A/S, Denmark	DKK	1,100	50
Selected Wines & Spirits A/S, Denmark	DKK	1,000	80
Ejendomsanpartsselskabet matr.nr. 947c Aalborg Bygrunde II, Denmark	DKK	80	100

Sugar Sector

		Nominal capital	Danisco's share %
Danisco Sugar			
Danisco Sugar (UK) Ltd., United Kingdom	GBP	80	100
Danisco Sugar			
Ingolf Wesenberg & Co A/S, Norway	NOK	50	50
Danisco Sugar hf, Iceland	ISK	400	100
Danisco Sugar AB			
Danish Sugar AB Holding, Sweden	SEK	200,000	100
Danisco Sugar AB, Sweden	SEK	400,000	100
Fibrex AB, Sweden	SEK	1,000	100
SSA Tryck AB, Sweden	SEK	1,000	100
Sockerbolaget AB, Sweden	SEK	800	100
AB Bungenäs Kalkbrott, Sweden	SEK	600	100
Svenska Sockerfabriks AB, Sweden	SEK	500	100
Danisco Sugar GmbH			
Danisco Sugar GmbH, Germany	DEM	15,000	100
DDS-Trans Speditionsgesellschaft mbH, Germany	DEM	100	100
Danisco Seed			
Danisco Seed UK Ltd., United Kingdom	GBP	40	100
Danisco Semences S.A., France	FRF	2,800	100
Danisco Semillas S.A., Spain	ESP	20,000	100
Danisco Seed Italia S.p.A., Italy	ITL	200,000	100
Danisco Seed Austria Gesellschaft mbH, Austria	ATS	2,000	100
Danisco Seed GmbH, Germany	DEM	1,000	100
Maribo Seed International ApS, Denmark	DKK	80	100
Dedansk ApS, Denmark	DKK	80	100
Danisco Seed Poland Sp.z.o.o., Poland	PLN	4	100

Continued ►

Amounts in 1,000

Ingredients Sector				Packaging Sector			
		Nominal capital	Danisco's share %			Nominal capital	Danisco's share %
Danisco Ingredients				Danisco Pack			
A/S Syntetic, Denmark	DKK	35,300	100	Danisco Pack A/S, Denmark	DKK	100,000	100
Danisco Ingredients USA Inc., USA	USD	20,559	100	AVL emballage A/S, Denmark	DKK	300	100
Danisco Ingredients Canada Inc., Canada	CAD	459	100	COLON leasing A/S, Denmark	DKK	900	100
Danisco Ingredients Mexico, S.A. de C.V., Mexico	MXN	99,702	100	Danisco Colourpack A/S, Denmark	DKK	23,000	100
Danisco Ingredients Chile S.A., Chile	CLP	5,951,479	100	Danisco Flamingo A/S, Denmark	DKK	1,800	100
Danisco Ingredients Brasil Ltda., Brazil	BRL	3,928	100	Danisco Pack Siwell GmbH, Germany	DEM	5,000	100
Danisco Ingredients Landemeau S.A., France	FRF	5,300	100	Danisco Vest-Box A/S, Denmark	DKK	2,700	100
Danisco Ingredients (Malaysia) Sdn. Bhd., Malaysia	MYR	17,000	100	Danisco Øst-Box A/S, Denmark	DKK	4,000	100
Danisco Ingredients (Switzerland) AG, Switzerland	CHF	100	100	Danisco Miljøpack A/S, Denmark	DKK	16,000	100
Danisco Ingredients Valencia S.A., Spain	ESP	59,400	100	Danisco Pack Ltd.			
Danisco Ingredients Deutschland G.m.b.H., Germany	DEM	400	100	Danisco Paper Packaging Ltd., United Kingdom	GBP	15,330	100
Danisco Ingredients (UK) Ltd., United Kingdom	GBP	500	100	Bux Corrugated Containers Ltd., United Kingdom	GBP	12,007	100
Danisco Ingredients France S.A.R.L., France	FRF	1,000	100	Trincor Packaging Ltd., United Kingdom	GBP	2,461	100
Danisco Ingredients España S.A., Spain	ESP	10,000	100	Board Products (Eastern) Ltd., United Kingdom	GBP	7,115	100
Danisco Ingredients Holland B.V., the Netherlands	NLG	20	100	Danisco Pack Ltd., United Kingdom	GBP	17,300	100
Danisco Ingredients Belgium B.V.B.A., Belgium	BEF	750	100	Skelmersdale Packaging Ltd., United Kingdom	GBP	6,500	100
Danisco Ingredients Bohemia a.s., The Czech Republic	CZK	175,000	100	Chesterfield Packaging Ltd., United Kingdom	GBP	925	100
Danisco Ingredients Japan Ltd., Japan	JPY	10,000	100	Danisco Paper Ltd., United Kingdom	GBP	11,759	100
Grindsted Asia Pacific Private Ltd., Singapore	SGD	100	100	IL Recycling Ltd., United Kingdom	GBP	10	100
Danisco Ingredients Argentina S.A., Argentina	ARS	12	100	Celtic Packaging Ltd., United Kingdom	GBP	23	100
Danisco Ingredients Italia s.r.l., Italy	ITL	190,000	100	Amadeus Packaging Ltd., United Kingdom	GBP	1	100
Danisco Ingredients Austria GmbH, Austria	AUT	500	100	Beacon Packaging Ltd., United Kingdom	GBP	1	100
Danisco Ingredients Sweden AB, Sweden	SEK	15,000	100	Crown Packaging Group Ltd., United Kingdom	GBP	6,866	100
Danisco (China) Co. Ltd., China	USD	1,575	100	Crown Corrugated Ltd., United Kingdom	GBP	56	100
				Crown Corrugated (Scotland) Ltd., United Kingdom	GBP	1,562	100
				Crown Corrugated (Wales) Ltd., United Kingdom	GBP	250	100
				Crown Corrugated (South East) Ltd., United Kingdom	GBP	50	100
				Crown Paper Ltd., United Kingdom	GBP	1	100
				Alexander Corrugated Ltd., United Kingdom	GBP	49	100
				AlSCO Packaging Ltd., United Kingdom	GBP	75	100
				Birmingham Corrugated Cases Ltd., United Kingdom	GBP	50	100
				W. G. Boon & Sons Ltd., United Kingdom	GBP	35	100
				Dane Packaging Ltd., United Kingdom	GBP	20	100
				Granada Packaging Ltd., United Kingdom	GBP	1	100
				Packaging Machinery Sales Ltd., United Kingdom	GBP	1	100
				Transit Packaging Ltd., United Kingdom	GBP	100	100
				Westminster Packaging Ltd., United Kingdom	GBP	500	100
				Universal Paper Ltd., United Kingdom	GBP	20	100
				Howard D. Webb Ltd., United Kingdom	GBP	522	100
				HDP Ltd., United Kingdom	GBP	90	100
				Chesterfield Packaging Co. Ltd., United Kingdom	GBP	100	100
				Chesterfield Packaging Accessories Ltd., United Kingdom	GBP	1	100
				Medway Corrugated Cases Ltd., United Kingdom	GBP	100	100
				Moorland Packaging Ltd., United Kingdom	GBP	50	100
				P & M Boxwise Ltd., United Kingdom	GBP	20	100
				P & M Transit Packaging Ltd., United Kingdom	GBP	121	100
				Plastic Graphics Industries Ltd., United Kingdom	GBP	51	100
				Silkhouse Group Ltd., United Kingdom	GBP	1	100

Amounts in 1,000

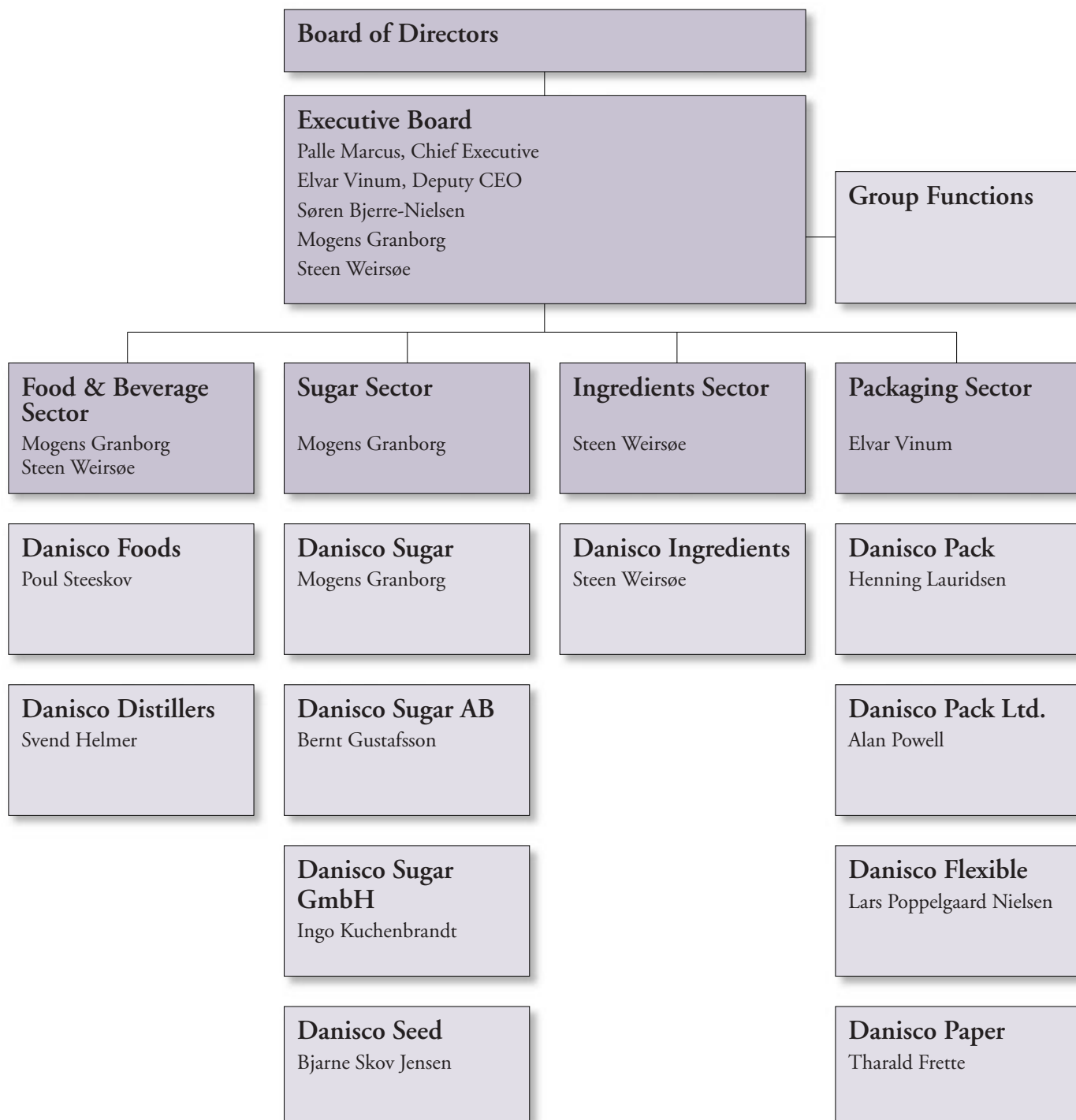
Packaging Sector continued

		Nominal capital	Danisco's share %
Danisco Flexible			
Danisco Flexible Raackmann A/S, Denmark	DKK	80,000	100
Danisco Flexible Leasing A/S, Denmark	DKK	10,500	100
Danisco Flexible Nederland B.V., the Netherlands	NLG	200	100
Raackmann UK Ltd., United Kingdom	GBP	10	100
Danisco Flexible Deutschland GmbH, Germany	DEM	50	100
Danisco Flexible Norge A/S, Norway	NOK	50	100
Danisco Flexible-SL A/S, Denmark	DKK	8,000	100
Danisco Unibag A/S, Denmark	DKK	10,000	100
Danisco Flexible Otto Nielsen A/S, Denmark	DKK	100,000	100
Danisco Flexible Sverige AB, Sweden	SEK	150	100
Otto Nielsen Emballage BV, the Netherlands	NLG	40	100
Otto Nielsen Emballage OY, Finland	FIM	50	100
Otto Nielsen Emballage SARL, France	FRF	50	100
Raackmann France SARL, France	FRF	200	100
Danisco Flexible UK Ltd., United Kingdom	GBP	845	100
Danisco Flexible France S.A., France	FRF	85,000	100
Danisco Flexible Impalsa S.A., Spain	ESP	10,000	100
Danisco Flexible Neocel Embalagens Lda., Portugal	PTE	328,000	100
Danisco Paper			
Danisco Paper A/S, Denmark	DKK	57,000	100
Green Life System ApS, Denmark	DKK	200	100

Other undertakings

		Nominal capital	Danisco's share %
Danisco Ejendomme A/S, Denmark	DKK	500	100
Ejendomsanpartsselskabet matr.nr. I acn Vestermarken, Odense Jorder, Denmark	DKK	200	100
Ejendomsanpartsselskabet matr.nr. I dll Hedegård, Råsted, Denmark	DKK	80	100
Ejendomsanpartsselskabet matr.nr. 4f Herstedøster by, Herstedøster, Denmark	DKK	200	100
Cometra A/S, Denmark	DKK	15,000	100
Ditlev Lunk ApS, Denmark	DKK	80	100
Jans Agency ApS, Denmark	DKK	80	100
Onion Specialties Scandinavia A/S, Denmark	DKK	300	100
Ydemæs I A/S, Denmark	DKK	600	100
Danish Paper Packaging Development A/S, Denmark	DKK	300	100
Danisco Finance Plc, Ireland	DKK	1,000,000	100
* Danisco Beteiligungsgesellschaft mbH, Germany	DEM	15,000	100
* Danisco Holding Holland Beheer B.V., the Netherlands	NLG	43	100
* Danisco Holding France SAS, France	FRF	30,000	100

* The company is a holding company for a number of subsidiary undertakings in the country in question.

**Heads of Group Functions:***Secretariat for the**Board of Directors and
Executive Board*

Klaus Friis-Hansen, senior vice president

Finance

Robert Bendtsen, vice president

Risk Management

Willy Bregnhøj, vice president

Danisco Ingredients

Systems Audit & Tax

Carsten Ibsen, vice president

Acquisitions & Financial control

Poul Jørgen Jensen, vice president

Investor Relations & Economic Affairs

Lasse Rasmusson, vice president

Legal Affairs

Jørgen Rosenlund, vice president

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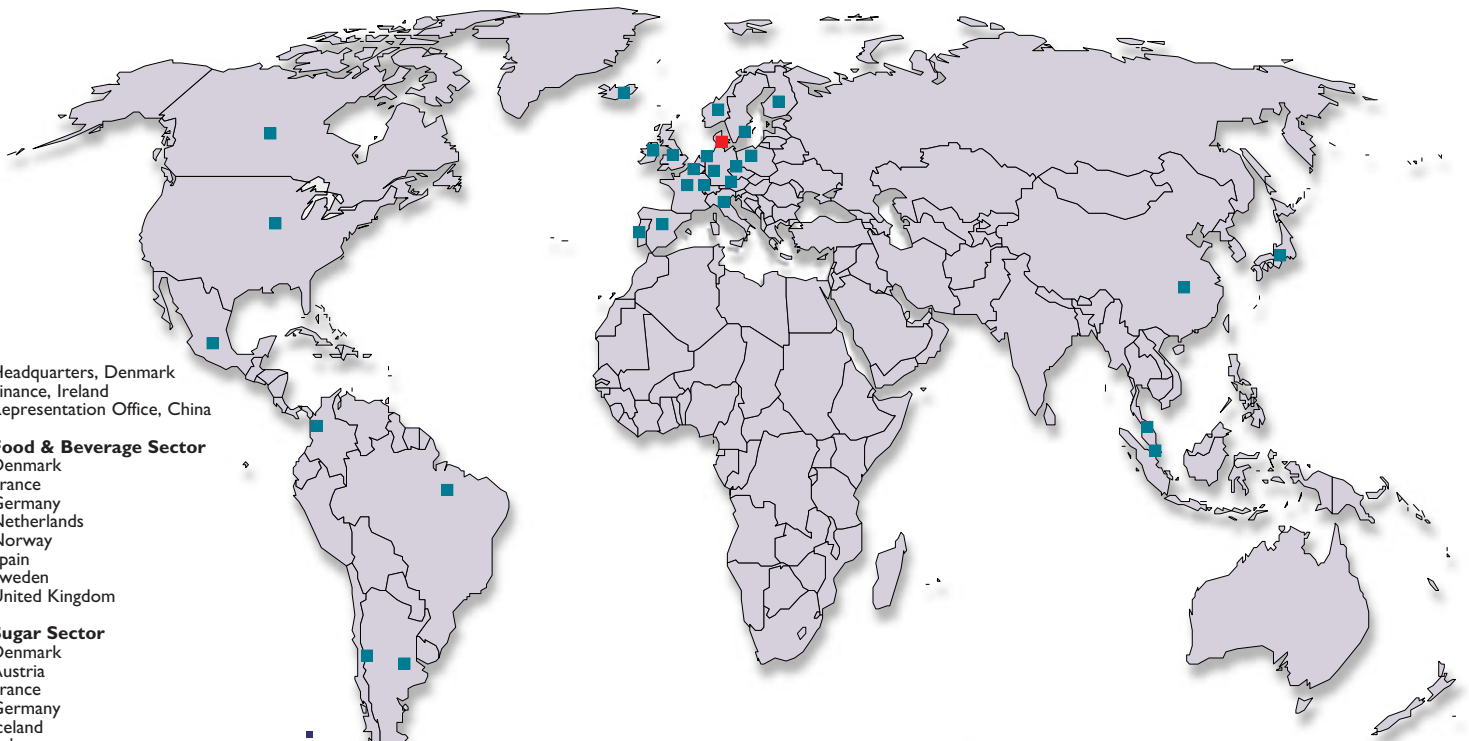
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Food & Beverage Sector

Denmark
 France
 Germany
 Netherlands
 Norway
 Spain
 Sweden
 United Kingdom

Sugar Sector

Denmark
 Austria
 France
 Germany
 Iceland
 Italy
 Norway
 Poland
 Spain
 Sweden
 United Kingdom

Ingredients Sector

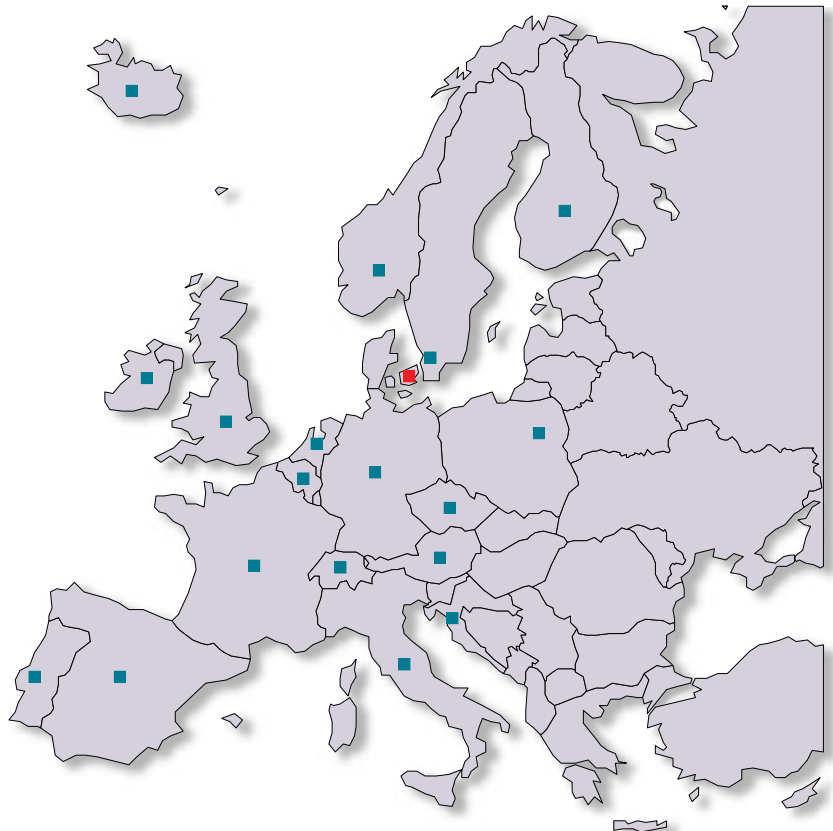
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 Spain
 Sweden
 Switzerland
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 USA

Packaging Sector

Denmark
 Finland
 France
 Germany
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 Norway
 Portugal
 Spain
 Sweden
 United Kingdom

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1995/96

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Danisco

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1995/96

Arssrapport CD

HUGIN

<http://www.huginonline.dk>

industry

Bank /insurance

Industry

Shipping