**IMPORTANT: You must read the following disclaimer before continuing.** The following disclaimer applies to the attached offering memorandum and you are therefore advised to read this disclaimer carefully before reading, accessing or making any other use of the attached offering memorandum. In accessing the attached offering memorandum, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access. You acknowledge that this electronic transmission and the delivery of the attached offering memorandum is intended for you only and **you agree you will not forward, reproduce or publish this electronic transmission or the attached offering memorandum to any other person, in whole or in part, directly or indirectly**. The distribution of this document in certain jurisdictions may be restricted by law and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions.

The securities being offered have not been and will not be registered under the United States Securities Act of 1933, as amended ("**Securities Act**") or with any securities regulatory authority of any state of the United States. The securities may not be offered or sold in the United States except (i) in accordance with Rule 144A under the Securities Act ("**Rule 144A**") to a person that the holder and any person acting on its behalf reasonably believes is a qualified institutional buyer within the meaning of Rule 144A (a "**QIB**") or (ii) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S under the Securities Act, in each case in accordance with any applicable securities laws of any state of the United States.

No securities commission or similar regulatory authority in Canada has in any way passed upon the merits of the securities offered nor has it reviewed this document and any representation to the contrary is an offence under applicable Canadian securities laws.

This document and the offer are only addressed to and directed at persons in member states of the EEA who are "qualified investors" within the meaning of Article 2(1)(e) of the Prospectus Directive (Directive 2003/71/EC) ("**Qualified Investors**"), except in Denmark. In addition, in the United Kingdom, this document is being distributed only to, and is directed only at, Qualified Investors (i) who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Order**") and Qualified Investors falling within Article 49(2)(a) to (d) of the Order, and (ii) to whom it may otherwise lawfully be communicated (all such persons together being referred to as "relevant persons"). This document must not be acted on or relied on (i) in the United Kingdom, by persons who are not relevant persons, and (ii) in any member state of the EEA other than Denmark or the United Kingdom, by persons who are not Qualified Investors. Any investment or investment activity to which this document relates is available only to (i) in the United Kingdom, relevant persons, and (ii) in any member state of the EEA other than Denmark or the United Kingdom, Qualified Investors, and will be engaged in only with such persons. This offering memorandum is an advertisement and is not a prospectus for the purposes of the Prospectus Directive. The securities referenced herein may only be offered pursuant to an exemption under the Prospectus Directive, except in Denmark, where a prospectus relating to them has been approved by the Danish Financial Services Authority. Finally, in Canada, this document and the offer are only addressed to and directed at persons who are "accredited investors" as defined in National Instrument 45-106—*Prospectus and Registration Exemptions* ("**Accredited Investors**"); and, where applicable, "permitted clients" as defined in National Instrument 31-103—*Registration Requirements and Exemptions* ("**Permitted Clients**").

**Confirmation of Your Representation:** The attached offering memorandum is delivered to you on the basis that you are deemed to have represented to Credit Suisse Securities (Europe) Limited, J.P. Morgan Securities Ltd., Danske Markets (Division of Danske Bank A/S), Morgan Stanley & Co. International plc, SEB Enskilda, Skandinaviska Enskilda Banken AB (Publ), Carnegie Bank A/S and Credit Agricole Corporate and Investment Bank (the "**Managers**") that (i) you are acting on behalf of, or you are either (a) an institutional investor outside the United States (as defined in Regulation S under the Securities Act), or (b) a QIB; (ii) if you are in Canada, you are an Accredited Investor and (where applicable), a Permitted Client; (iii) if you are in the United Kingdom, you are a relevant person and to the extent you are acting on behalf of persons or entities in the United Kingdom or the EEA you are acting on behalf of relevant persons in the United Kingdom and/or Qualified Investors in member states of the EEA, other than the United Kingdom; (iv) if you are in any member state of the EEA other than Denmark or the United Kingdom, you are a Qualified Investor to the extent you are acting on behalf of persons or entities in the EEA or the United Kingdom you are acting on behalf of relevant persons in the United Kingdom and/or Qualified Investors in member states of the EEA other than the United Kingdom; (v) you are an institutional investor that is eligible to receive this document and (vi) that you consent to delivery by electronic transmission. In the case of any securities being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the securities acquired by it in the offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, any person in circumstances which may give rise to an offer of any securities to the public other than their offer or resale in a relevant member state to Qualified Investors as so defined or in circumstances in which the prior consent of the Manager has been obtained to each such proposed offer or resale.

This document has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently neither the issuer, the Managers or any of their respective affiliates accepts any liability or responsibility whatsoever in respect of any difference between the offering memorandum distributed to you in electronic format and the hard copy version available on request from the Managers.

You are reminded that you have accessed the attached offering memorandum on the basis that you have indicated that you are a person into whose possession this offering memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorized to deliver this offering memorandum, electronically or otherwise, to any other person. Neither this electronic transmission nor the attached document constitutes or contains any offer to sell or invitation to subscribe for or purchase or make commitments for or in respect of any securities in any jurisdiction where such an offer or invitation would be unlawful.

**Restrictions:** Nothing in this electronic transmission constitutes an offer of securities for sale or invitation to subscribe for or purchase securities other than to persons referred to above and access has been limited so that it shall not constitute a general solicitation. If you have gained access to this transmission contrary to any of the foregoing restrictions, you will be unable to purchase any of the securities described in the offering memorandum.

You are reminded that no representation or warranty, expressed or implied, is made or given by or on behalf of any Manager, nor any person who controls it or any of its directors, officers, employees or agents of, or affiliate of any such person as to the accuracy, completeness or fairness of the information or opinions contained in this document and such persons do not accept responsibility or liability for any such information or opinions.

If a jurisdiction requires that the offering be made by a licensed broker or dealer and the managers, as named in this document, or any affiliate of the Managers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Managers or such affiliate on behalf of the Managers in such jurisdiction. Recipients of this document who intend to purchase the securities are reminded that any purchase may only be made on the basis of the information contained in the offering memorandum.

**You are responsible for protecting against viruses and other destructive items.** Your receipt of this electronic transmission is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

CHR HANSEN

*Improving food & health*

# Chr. Hansen Holding A/S

**(a public limited company organized under the laws of the Kingdom of Denmark, CVR No. 28318677)**

## Offering of 55,770,732 Shares each with a nominal value of DKK 10

This offering memorandum ("Offering Memorandum") has been prepared in connection with an offering and admission to trading and official listing on NASDAQ OMX Copenhagen A/S ("NASDAQ OMX") of (i) between 28,622,308 and 38,492,069 new shares of DKK 10 nominal value each (the "New Shares") in Chr. Hansen Holding A/S (the "Company"); and (ii) between 17,278,663 and 27,148,424 existing shares of DKK 10 nominal value each in the Company (the "Existing Offer Shares" and together with the New Shares, the "Offer Shares") held by Financière Star 1 S.A. (the "Selling Shareholder") and (iii) admission to trading and official listing on NASDAQ OMX of all of the other existing shares in the Company held by the Selling Shareholder ("Other Existing Shares" and together with the Existing Offer Shares, the "Existing Shares"). The term Offer Shares also refers to any additional Existing Shares offered pursuant to the Over-allotment Option described below, unless otherwise indicated by the context, and such Existing Shares that are made available by the Selling Shareholder under a stock lending agreement for the purpose of delivering the Offer Shares to investors on the Closing Date (as defined below). The number of New Shares to be issued by the Company pursuant to the Offering will be such so as to result in the Company receiving net proceeds of approximately DKK 3,161 million. Offer Shares in excess of this amount will be Existing Offer Shares up to the total number of Offer Shares. The New Shares are being offered by the Company and the Existing Offer Shares are being offered by the Selling Shareholder. The offering consists of (i) a public offering in Denmark to retail and institutional investors (the "Danish Offering") and (ii) a private placement to institutional investors, including a private placement in the United States solely to "qualified institutional buyers", as defined in, and in reliance on, Rule 144A ("Rule 144A") under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act") (the "International Offering"). All offers and sales of Offer Shares outside the United States will be made in compliance with Regulation S under the U.S. Securities Act ("Regulation S"). The Danish Offering and the International Offering are together referred to as the "Offering". As of the date of this Offering Memorandum, but prior to the completion of the Offering, the Company's share capital amounts to DKK 1,008,252,200 nominal value, divided into 100,825,220 shares of DKK 10 each, each of which are fully paid. The Company's shares, including the Offer Shares, are referred to as the "Shares".

**You are advised to examine all the risks and legal requirements that might be relevant in connection with an investment in the Offer Shares. Investing in the Offer Shares involves a high degree of risk. See "Risk Factors" beginning on page 15 for a discussion of selected risk factors you should carefully consider before investing in the Offer Shares.**

Credit Suisse Securities (Europe) Limited ("Credit Suisse") and J.P. Morgan Securities Ltd. ("J.P. Morgan") are the joint global coordinators (the "Joint Global Coordinators"), Credit Suisse, Danske Markets (Division of Danske Bank A/S) ("Danske Markets"), J.P. Morgan, Morgan Stanley & Co. International plc ("Morgan Stanley") and SEB Enskilda, Skandinaviska Enskilda Banken AB (publ) ("SEB Enskilda") are the joint bookrunners (the "Joint Bookrunners") and Carnegie Bank A/S ("Carnegie") and Crédit Agricole Corporate and Investment Bank ("Crédit Agricole CIB") are the co-lead managers (the "Co-Lead Managers" and together with the Joint Bookrunners, the "Managers") of the Offering.

The final offer price (the "Offer Price") of the Offer Shares is expected to be determined within a range of DKK 87 and DKK 117 per Offer Share (the "Offer Price Range") through book-building. The final Offer Price and the number of New and Existing Offer Shares will be determined by the Selling Shareholder and the Company's Board of Directors in consultation with the Joint Bookrunners and is expected to be announced through NASDAQ OMX on or before June 3, 2010 at 8:00 am (CET).

Prior to the Offering there has been no public market for the Shares. Application has been made for all the Shares to be admitted to trading and official listing on NASDAQ OMX under the symbol "CHR". The first day of trading and official listing of the Existing Shares on NASDAQ OMX is expected to be June 3, 2010. The New Shares will rank *pari passu* in all respects with each other and with all other Shares.

The offer period will commence on, and include, May 25, 2010 and will close no later than June 2, 2010 at 4:00 p.m. (CET) (the "Offer Period"). The Offer Period may be closed prior to June 2, 2010 at 4:00 p.m. (CET) but will not be closed wholly or in part on or before May 28, 2010 at 12:01 a.m. (CET). The Offer Period in respect of orders for amounts up to and including DKK 3 million may be closed before the remainder of the Offering is closed. Any such earlier closing in whole or in part will be published through NASDAQ OMX. If the Offering is closed before June 2, 2010, the first day of trading and official listing and the date of payment and settlement will be moved forward accordingly.

The Selling Shareholder has granted to the Joint Global Coordinators (on behalf of the Managers) an option (the "Over-allotment Option"), exercisable in whole or in part for a period of 30 calendar days from the first day of trading and official listing of the Existing Shares, to purchase up to 5,577,074 additional Existing Shares at the Offer Price.

The Offer Shares are expected to be delivered pursuant to the Offering on or about June 8, 2010 (the "Closing Date") against payment in immediately available funds in Danish kroner. The Offer Shares will be delivered in book-entry form on the Closing Date to investors' accounts with VP Securities A/S ("VP") and through the facilities of Euroclear Bank, S.A./N.V., as operator of the Euroclear System ("Euroclear"), and Clearstream Banking, S.A. ("Clearstream, Luxembourg").

**All dealings in the Offer Shares prior to settlement on the Closing Date will be for the account of and at the sole risk of the parties involved.**

This Offering Memorandum does not constitute an offer to sell or the solicitation of an offer to subscribe for or buy any of the Offer Shares in any jurisdiction to any person to whom it is unlawful to make such an offer in such a jurisdiction.

The Offer Shares have not been, and will not be, registered under the U.S. Securities Act or any securities laws of any state within the United States and may be offered and sold only in transactions that are exempt from, or are not subject to, the registration requirements of the U.S. Securities Act. For a description of these and certain further restrictions on resale or transfer, see "Selling Restrictions" and "Transfer Restrictions".

The distribution of this Offering Memorandum and the offer of the Offer Shares in certain jurisdictions is restricted by law. Persons into whose possession this Offering Memorandum comes are required by the Company, the Selling Shareholder and the Managers to inform themselves about and to observe such restrictions. For a description of certain restrictions on offers of Offer Shares and on distribution of this Offering Memorandum, see "Selling Restrictions".

*Joint Global Coordinators*

**Credit Suisse** **J.P. Morgan**

*Joint Bookrunners*

**Credit Suisse** **Danske Markets** **J.P. Morgan** **Morgan Stanley** **SEB Enskilda**

*Co-Lead Managers*

**Carnegie** **Crédit Agricole CIB**

The date of this Offering Memorandum is May 19, 2010 (the "Offering Memorandum Date")

## CERTAIN U.K. RELATED MATTERS

This Offering Memorandum is communicated to or directed at persons who (i) are outside the United Kingdom or (ii) are persons falling within article 19(5) of the U.K. Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Financial Promotion Order") (Investment Professionals) or (iii) are persons falling within article 49(2)(a)-(d) of the Financial Promotion Order (High Net Worth Companies, unincorporated associations, etc.) (all such persons together being referred to as "Relevant Persons"). This Offering Memorandum must not be acted on or relied on by persons who are not Relevant Persons. Any investment activity to which this Offering Memorandum relates is available only to Relevant Persons and will be engaged in only with Relevant Persons.

## CERTAIN U.S. RELATED MATTERS

The Offer Shares have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. The Offer Shares are being offered or sold in the United States solely to qualified institutional buyers ("QIBs") in connection with the offering pursuant to Rule 144A (the "Rule 144A Offering"). The Offer Shares are being offered outside the United States in reliance on Regulation S. Prospective investors are hereby notified that sellers of the Offer Shares may be relying on the exemption from the registration requirements of the U.S. Securities Act provided by Rule 144A or Regulation S. For restrictions on transfer and resale, see "Transfer Restrictions" and "Selling Restrictions".

The Offer Shares have neither been approved nor disapproved by the U.S. Securities and Exchange Commission (the "Securities and Exchange Commission" or the "SEC"), any state securities commission in the United States or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the Offering or the accuracy or adequacy of this Offering Memorandum. Any representation to the contrary is a criminal offense in the United States.

***Internal Revenue Service Circular 230 Notice*****: To ensure compliance with Internal Revenue Service Circular 230, prospective investors are hereby notified that: (i) any discussion of federal tax issues contained or referred to in this Offering Memorandum is not intended or written to be used, and cannot be used, by prospective investors for the purpose of avoiding penalties that may be imposed on them under the Internal Revenue Code; (ii) such discussion is written in connection with the promotion or marketing of the transactions or matters addressed herein; and (iii) prospective investors should seek advice based on their particular circumstances from an independent tax advisor.**

## NOTICE TO NEW HAMPSHIRE RESIDENTS

**NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ("RSA") WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER, OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.**

## NOTICE REGARDING THE EUROPEAN ECONOMIC AREA

Except for Denmark, in relation to each other member state of the European Economic Area which has implemented the Prospectus Directive (each a "Relevant Member State"), no offering of Offer Shares to the public will be made in any Relevant Member State prior to the publication of a prospectus concerning the Offer Shares, which has been approved by the competent authority in such Relevant Member State or, where relevant, approved in another Relevant Member State and notified to the competent authority in such Relevant Member State, all pursuant to the Prospectus Directive, except that an offering of Offer Shares may be made to the public at any time in such Relevant Member State under any circumstances falling within Article 3(2) of the Prospectus Directive which do not require the publication by us of a prospectus.

For the purposes of the above, the expression an "offer of Offer Shares to the public" in relation to any Offer Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Offering and the Offer Shares so as to enable an investor to decide to purchase or subscribe for the Offer Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State. The term "Prospectus Directive" means Directive 2003/71/EC and includes all relevant implementation procedures in each Relevant Member State.

## TABLE OF CONTENTS

## RESPONSIBILITY AND STATEMENT

**The Company's responsibility**

Chr. Hansen Holding A/S is responsible for this Offering Memorandum in accordance with Danish law.

**The Company's statement**

We hereby declare that we, as the persons responsible for the Offering Memorandum, have taken all reasonable care to ensure that, to the best of our knowledge and belief, the information contained in this Offering Memorandum is in accordance with the facts and does not omit anything likely to affect the import of its contents.

**Hørsholm, May 19, 2010**

**Chr. Hansen Holding A/S**

**Board of Directors**

Ole Andersen
Chairman

Frédéric Stévenin
Vice Chairman

Henrik Poulsen

Alice Dautry

Lionel Zinsou

Gaëlle d'Engremont

Malene L. Hansen

Svend Laulund

Martin G. Seidel

Ole Andersen—Professional Board Member

Frédéric Stévenin—Partner, PAI partners

Henrik Poulsen—Chief Executive Officer of TDC A/S

Alice Dautry—President and Chief Executive Officer, Institut Pasteur

Lionel Zinsou—Partner, PAI partners

Gaëlle d'Engremont—Principal, PAI partners

Malene L. Hansen—Tax and Transfer Pricing Manager, Chr. Hansen Holding A/S

Svend Laulund—Manager, External Affairs, Chr. Hansen A/S

Martin G. Seidel—Business Analyst, Chr. Hansen A/S

**Executive Board**

Lars Vinge Frederiksen
Chief Executive Officer

Henrik Dalbøge
Executive Vice President, Health & Nutrition division

Henning Jakobsen
Chief Financial Officer

Hans Thorkilgaard
Executive Vice President, Colors & Blends division

Knud Vindfeldt
Executive Vice President, Cultures & Enzymes division

Carsten Hellmann
Executive Vice President, Global Sales

## SUMMARY

*The following summary should be read as an introduction to this Offering Memorandum, in conjunction with, and qualified in its entirety by, the more detailed information that appears elsewhere in this Offering Memorandum, including our audited consolidated financial statements for the financial years ended August 31, 2006, 2007, 2008 and 2009 and for the six months ended February 28, 2010 and our unaudited consolidated financial statements for the six months ended February 28, 2009. See "Risk factors" for a discussion of certain factors that should be considered in connection with an investment in the Offer Shares. Any decision to invest in the Offer Shares should be based on consideration of this Offering Memorandum as a whole. Certain terms used in this summary are defined elsewhere in this Offering Memorandum.*

*Where a claim relating to the information contained in this Offering Memorandum is brought before a court, the plaintiff investor may, under the relevant national legislation, be required to bear the costs of translating this Offering Memorandum before such legal proceedings are initiated.*

*Civil liability attaches to the Company who has prepared this summary and the translation and requested approval thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Offering Memorandum.*

### Overview of our Business

We are a global supplier of bioscience based ingredients to the food, health and animal feed industries, with leading positions in the markets in which we operate. We produce cultures and dairy enzymes, probiotics and natural colors. Our market positions are built on our product innovation and applications, production processes, long-term customer relationships and intellectual property. Our knowledge of bioscience and its applications within cultures and enzymes is our core competency and serves as the technical foundation for our products. This knowledge platform has enabled us to develop innovative products and applications and efficient solutions to address customer needs. We operate through the following three divisions, which operate globally and maintain synergies through the use of our common technology and sales platform:

*Cultures & Enzymes*—Our Cultures & Enzymes division produces and sells innovative cultures, enzymes and probiotic products that help determine the taste, flavor, color, texture, safety, preservation, nutritional value and health benefits of a variety of consumer products in the food industry. We use fermentation and other microbiological processes to produce and deliver products of a type that are vital to the production of cheese and yogurt as well as those for application in meat, wine and other products.

*Health & Nutrition*—Our Health & Nutrition division produces and sells products for the dietary supplement, over-the-counter pharmaceutical, infant formula and animal feed industries. We benefit from the bioscientific knowledge generated in our Cultures & Enzymes division to develop products with a documented health effect for application in human and animal products.

*Colors & Blends*—Our Colors & Blends division provides natural color solutions to the food and beverage industries, as well as functional blends that improve the quality and taste in processed meats.

The following table sets forth our key financial and operating data for the financial year ended August 31, 2009, for each of our operating divisions.

| EUR in millions, unless stated | Cultures & Enzymes | Health & Nutrition | Colors & Blends | Total |
|---|---|---|---|---|
| **Revenue** | **331.1** | **68.6** | **111.5** | **511.2** |
| **EBITDA b.s.i.**(1) | **116.7** | **23.9** | **14.3** | **154.9** |
| **EBITDA b.s.i. margin (%)**(2) | **35%** | **35%** | **13%** | **30%** |
| **Operating profit b.s.i.**(3) | **84.6** | **19.7** | **9.6** | **113.9** |
| **Operating profit b.s.i. margin (%)**(4) | **26%** | **29%** | **9%** | **22%** |
| **Adjusted organic revenue growth**(5) | **9%** | **27%** | **6%** | **10%** |

(1) See footnote (5) to the table under "Selected Financial and Operating Data" for a reconciliation of EBITDA before special items ("EBITDA b.s.i") to operating profit.

(2) EBITDA b.s.i. margin is the ratio of EBITDA b.s.i. to revenue.

(3) See footnote (5) to the table under "Selected Financial and Operating Data" for a reconciliation of operating profit before special items ("operating profit b.s.i") to operating profit.

(4) Operating profit b.s.i. margin is the ratio of operating profit b.s.i. to revenue.

(5) Adjusted organic revenue growth is calculated based on the reported International Financial Reporting Standards revenue adjusted for sales reductions (such as commissions and sales discounts), further adjusted for acquisitions and divestitures in order to standardize year-on-year comparisons and measured in local currency. See footnote (13) to the table under "Selected Financial and Operating Data" for a reconciliation of adjusted organic revenue growth to reported International Financial Reporting Standards revenue growth.

We are a global business with our headquarters in Denmark. Our sales and distribution network serves customers in approximately 140 countries and we have subsidiaries and representative offices in over 30 countries, with 19 application centers that provide local and focused customer support based in five continents. For the financial year ended August 31, 2009, 55% of our revenues were generated in Europe, 22% in North America, 13% in the Asia-Pacific, Middle East and Africa region and 10% in South America. We have research and development facilities in Denmark and France as well as manufacturing facilities in Asia, Europe, North America and South America.

**Strengths**

Our business model is built around the following key strengths:

- *Leading and sustainable market positions:* Our divisions each hold leading positions in the markets they serve. We believe the following strengths contribute to, and will enable us to sustain, these market positions:
    - *Strategic ingredients with a high value-to-cost ratio:* We believe our ingredients and additives provide significant strategic value to our customers and are generally a small cost component of their products.
    - *Long-standing and collaborative customer relationships:* Our reputation and history as a reliable supplier has enabled us to build and maintain long-standing relationships with our customers. In addition, we work closely with our customers to create innovative and differentiated products.
    - *Significant technical know-how:* We possess a solid base of technical knowledge in the areas of molecular biology, microbiology, physiology, genetics and fermentation and we believe that we are a market leader in coagulant technology.
    - *Global expertise serving local relationships:* Our worldwide network of technical staff provides in-depth technical support to our customers both globally and at a local level.
- *Strong growth potential:* We believe we are well-positioned to capitalize on the opportunities and growth trends in our markets. These include:
    - *Fundamental growth:* Rising global population and increasing wealth is driving global food consumption, including demand for packaged dairy products such as cheese and yogurt. In addition, we believe increased expenditure on health and well-being and a greater scientific understanding of the health benefits certain bacteria may have in humans and animals is driving demand for dietary supplements and natural colors.
    - *Market expansion driven by technological change:* The outsourcing of culture production by dairy manufacturers to us is an important driver of our business and presents a growth opportunity for our industrially produced direct-vat-set ("DVS®") cultures.
    - *Demand for increased product functionality:* Consumers are demanding increased functionality in the food and beverages they consume and greater sophistication in features such as color, taste and viscosity. We believe that our products help our customers meet these demands. In addition, we believe that increasing consumer awareness and regulatory scrutiny of the potentially detrimental effects of certain synthetic food and beverage colors, particularly in the European Union, presents an opportunity for our natural color solutions.
- *Efficient and scalable business model:*
    - *We generate strong cash flows:* Our business model has proven to be highly cash generative. We have significantly improved our cash flow since 2006 through, in part, increasing profits, reducing the complexity of our business and divesting non-core businesses.
    - *We have made our business more efficient:* We have grown our business over the last four financial years without incurring proportionate costs. Our factories in Asia, Europe, North America and

South America, combined with our global sales and marketing platforms, enable us to increase global capacity utilization and achieve lower unit costs. We believe these characteristics will allow us to capture future growth at marginal incremental cost.

- *Market Share Gains:* We believe that the strengths that contribute to our leading market positions, the opportunities and growth trends in our markets and our scalable business together with our early presence in growth markets such as probiotics will allow us to sustain our market positions and increase our market share.

**Strategies**

We aim to leverage our strengths through the following strategies:

- *Capitalize on customer growth:* We plan to further develop our long-standing and collaborative relationships with our customers and utilize our global sales and marketing and distribution platform to capitalize on growth opportunities in our markets.
- *Drive technological and market change:* We plan to systematically target new customers by meeting market demand for more efficient and consistent production methods and by offering new and innovative products, which enhance our customers' brands.
- *Build a strong intellectual property and regulatory platform:* We plan to continue to build our patent portfolio, seek trademark protection for our most important products in each of the markets in which they are sold and continue to develop and enhance our bacterial strain library.

**Our Products**

We focus principally on food cultures, probiotics, dairy enzymes and natural color solutions. Our food cultures consist mainly of live bacteria that are used as ingredients in the food manufacturing process. Our probiotics are live microorganisms which are widely believed to confer health benefits on a host, such as improved digestion. Our enzymes are used in the production of cheese. Our natural color solutions are extracted from natural, mainly plant-derived, sources and provide natural alternatives to synthetic food coloring.

**Research and Development**

As a bioscience based company, our research and development activities in cultures, enzymes, probiotics and natural colors are important to the development of our business. Our ability to generate revenues from new and innovative products is an important measure of our success and comes in large part from our technology platforms and strong scientific knowledge and competence. We collaborate with our customers to create innovative and differentiated products. We also collaborate with leading universities and research centers around the world on an ongoing basis in order to further develop our bioscience competencies.

**Risks Relating to Our Business and to the Offering**

There are risks associated with an investment in the Offer Shares, including risks associated with the food ingredients industry, with our business and with the Offering, that you should take into account before purchasing the Offer Shares. Some of the most significant risks facing us and the Offering include:

- the damage to our reputation and profitability if the health of consumers is, or is perceived to be, negatively impacted or harmed by our or our customers' products;
- our exposure to diacetyl-related lawsuits and other product liability claims or product recalls;
- substantial costs or resources that may be incurred or expended due to the stringent regulatory and market standards applied to the food and dietary supplement industries;
- the European Food Safety Authority's ongoing evaluation of the health claims for certain of our products;
- our inability to adequately protect our intellectual property rights, know-how, confidential information and trade secrets;
- our inability to develop new products or applications that achieve commercial success;
- adverse developments in the dairy industry;

- changing socio-economic factors;
- our inability to accurately estimate the size and growth of, and our positions in, the markets in which we operate;
- competition in the markets in which we operate;
- risks associated with doing business globally;
- risks associated with doing business in emerging markets;
- our inability to expand our business internationally and particularly in emerging markets successfully;
- foreign currency fluctuations;
- the price, quality and availability of certain raw materials;
- our reliance on third parties to provide us with materials and services in connection with the manufacturing, distribution and commercialization of our products;
- our reliance on joint ventures to operate and develop certain portions of our business;
- disruptions to our production capabilities and global supply chain;
- costs of complying with, or addressing liabilities under, existing or new environmental laws and regulations;
- the lack of written contractual agreements with certain of our key customers;
- early termination of customer or supplier contracts;
- increases to our effective tax rate or other harm to our business as a result of governmental review of our transfer pricing policies, conflicting taxation claims or changes in laws;
- our inability to attract and retain qualified personnel in a competitive environment;
- our significant indebtedness;
- impairment charges to goodwill or other intangible assets;
- our inability to manage interest and foreign currency exchange rate risks through derivative instruments and the related counterparty risk associated with derivatives;
- our inability to make successful acquisitions or collaborate with other companies;
- conditions in the global economy and credit markets;
- conflicts of interest between funds managed and advised by PAI partners and other shareholders as a result of the significant shareholding by the funds managed and advised by PAI partners;
- the decrease in our Share price due to a wide range of factors which are outside of our control;
- the decrease in our Share price due to research analysts failing to publish research or reports about our business, or changing their recommendations regarding our Shares;
- the absence of a prior public market for, and possible volatility in the price of, our Shares;
- the decrease in our Share price due to the issuance of new Shares and other significant sales of Shares;
- the unavailability of pre-emptive rights for holders in jurisdictions outside of Denmark;
- the inability for investors outside of Denmark to enforce judgments against us in connection with the Offering; and
- the exchange rate risk faced by shareholders outside of Denmark (and of the countries which have adopted the euro as their currency of legal tender).

**Our Selling Shareholder**

Immediately prior to the completion of the Offering, the Selling Shareholder owns 100% of our share capital. The Selling Shareholder is 100% owned by funds managed and advised by PAI partners and, indirectly, by our Executive Board and certain other managerial employees. Following completion of the Offering, the Selling Shareholder will own 77,885,959 Shares, corresponding to 58.3% of our share capital, assuming no exercise of the Over-allotment Option, and 72,308,885 Shares, corresponding to 54.1% of our share capital, assuming full exercise of the Over-allotment Option, in each case assuming an Offer Price at the midpoint of the Offer Price Range.

PAI partners is an independent company which manages and advises dedicated private equity funds. Funds managed and advised by PAI partners have purchased companies with an aggregate value in excess of EUR 30 billion, representing a total of 37 transactions since 1998.

**Our History**

Following our acquisition by funds managed and advised by PAI partners in July 2005, we have transformed our business from a broad-based food ingredients supplier to a focused bioscience company by:

- reinforcing our presence in markets where we hold a strong position as well as expanding our presence in new markets, particularly in Asia and Eastern Europe;
- leveraging technological synergies across our business divisions and increasing investments in research and development to create a high level of product innovation;
- investing in our workforce and developing our skill set and scientific know-how in order to support the development of new technologies and applications for our customers;
- growing our operating profit b.s.i. and EBITDA b.s.i. margins from 13% and 23%, respectively, for the financial year ended August 31, 2006 to 22% and 30%, respectively, for the financial year ended August 31, 2009;
- strengthening our product offering through acquisitions for our Health & Nutrition division and divesting non-core businesses; and
- expanding our production capabilities, in particular with the building of a EUR 50 million cultures facility at Avedøre, Denmark.

**Summary of the Offering**

A total of 55,770,732 Offer Shares consisting of between 28,622,308 and 38,492,069 New Shares and between 17,278,663 and 27,148,424 Existing Offer Shares are being offered in (i) the Danish Offering to retail and institutional investors and (ii) the International Offering to institutional investors, including a private placement in the United States solely to QIBs. Up to 2,993,828 of the Existing Offer Shares have been reserved for us to purchase in order to meet certain of our obligations to deliver Shares under our management incentive programs and up to 62,066 of the Offer Shares have been reserved for members of our Board of Directors to purchase at the Offer Price in connection with the Offering. The Selling Shareholder has granted an Over-allotment Option to the Joint Global Coordinators (on behalf of the Managers), exercisable in whole or in part for a period of 30 calendar days from the first day of trading and official listing of the Existing Shares to purchase up to 5,577,074 additional Existing Shares at the Offer Price. Furthermore, the Selling Shareholder has agreed with the Joint Bookrunners that the Selling Shareholder will make available up to 38,492,069 Existing Shares for purposes of delivering the Offer Shares to investors against their payment for the Offer Shares on the Closing Date.

**Use of Proceeds**

The net proceeds from the offering of the New Shares will be approximately DKK 3,161 million after deduction of commissions to the Managers (assuming full payment of discretionary fees) and estimated Offering costs payable by us. We intend to use the net proceeds from the offering of the New Shares to repay certain of our existing indebtedness and to finance the purchase of up to 2,993,828 Existing Offer Shares from the Selling Shareholder in order for us to meet certain of our obligations under our management incentive programs.

We will not receive any portion of the proceeds from the sale of the Existing Offer Shares by the Selling Shareholder in the Offering, including, if relevant, any portion of the proceeds from the sale of the Existing Offer Shares by the Selling Shareholder pursuant to the Over-allotment Option.

**Dividends**

Our Board of Directors has adopted a dividend policy whereby the Board of Directors will propose the payment and amount of any future dividends at our general meetings based on the Board's assessment of factors such as our business development, growth strategy and financing needs. Based on such factors, we expect to declare and pay dividends to shareholders of between 30% and 40% of our net profit beginning in the financial year ending August 31, 2010. However, there can be no assurance that in any given year a dividend will be proposed or declared. In addition, our Board of Directors will, on an ongoing basis, determine whether any surplus capital may be distributed as an interim dividend or through share buyback programs in order to optimize our capital structure. There are no current plans to distribute interim dividends.

[The remainder of this page is left intentionally blank]

**Summary Financial Data**

The following table provides a summary of our historical financial and other data as of and for the periods presented. You should read this data together with the information included under the headings "Risk Factors", "Capitalization and Indebtedness", "Selected Financial and Operating Data", "Operating and Financial Review" and our historical consolidated financial statements and notes thereto included elsewhere in this Offering Memorandum. For information on the presentation of financial and other data included in the table below, see also "Important Notice Relating to this Offering Memorandum—Presentation of Financial and Certain Other Information".

Our summary historical consolidated financial information as of and for the financial years ended August 31, 2007, 2008 and 2009 and as of and for the six months ended February 28, 2010, set forth below, was derived from our respective audited consolidated financial statements and the notes thereto, prepared in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the European Union, included elsewhere in this Offering Memorandum. Our summary historical consolidated financial information as of and for the six months ended February 28, 2009, set forth below, was derived from our unaudited interim consolidated financial statements and the notes thereto, prepared in accordance with IFRS, as adopted by the European Union, included elsewhere in this Offering Memorandum. We have not distributed any dividends during any of the financial periods presented below.

| | As of and for the financial years ended August 31, | | | As of and for the six months ended February 28, | |
|---|---|---|---|---|---|
| **EUR (in millions, except per share data)*** | **2007** | **2008** | **2009** | **2009** | **2010** |
| | | | | **unaudited** | |
| **Income Statement Data** | | | | | |
| Revenue | 444.7 | 476.7 | 511.2 | 240.4 | 256.2 |
| Cost of sales | (241.3) | (247.7) | (269.1) | (131.5) | (128.5) |
| **Gross profit** | **203.4** | **229.0** | **242.1** | **108.9** | **127.7** |
| Research and development expenses | (23.1) | (22.1) | (22.5) | (11.4) | (12.3) |
| Sales and marketing expenses | (63.1) | (65.4) | (66.0) | (32.5) | (35.0) |
| Administrative expenses | (36.1) | (39.5) | (41.4) | (21.4) | (22.3) |
| Other operating income | 2.7 | 2.5 | 2.0 | 1.1 | 0.8 |
| Other operating expenses | (0.6) | (1.0) | (0.3) | (0.2) | (0.8) |
| **Operating profit before special items** | **83.2** | **103.5** | **113.9** | **44.5** | **58.1** |
| Special items(1) | (8.2) | (7.5) | (4.5) | (4.8) | (1.4) |
| **Operating profit** | **75.0** | **96.0** | **109.4** | **39.7** | **56.7** |
| Financial income | 32.7 | 30.8 | 9.6 | 11.8 | 9.3 |
| Financial expenses | (115.0) | (102.0) | (116.1) | (105.2) | (51.2) |
| **Profit/(loss) before tax** | **(7.3)** | **24.8** | **2.9** | **(53.7)** | **14.8** |
| Corporation tax | 1.2 | (17.3) | (18.9) | 0.6 | (18.2) |
| **Profit/(loss) from continuing activities** | **(6.1)** | **7.5** | **(16.0)** | **(53.1)** | **(3.4)** |
| Profit/(loss) from discontinued activities | (6.7) | 36.3 | (2.4) | (1.9) | (0.2) |
| **Profit/(loss) for the period** | **(12.8)** | **43.8** | **(18.4)** | **(55.0)** | **(3.6)** |

| EUR (in millions, except per share data)* | As of and for the financial years ended August 31, | | | As of and for the six months ended February 28, | |
|---|---|---|---|---|---|
| | 2007 | 2008 | 2009 | 2009 | 2010 |
| | | | | unaudited | |
| **Balance Sheet Data** | | | | | |
| Current assets | 188.1 | 258.5 | 221.7 | 235.3 | 203.1 |
| Cash and cash equivalents | 33.8 | 82.6 | 80.3 | 65.9 | 38.3 |
| Non-current assets | 1,048.9 | 1,065.9 | 1,056.9 | 1,063.1 | 1,065.9 |
| Total assets | 1,237.0 | 1,324.4 | 1,278.6 | 1,298.4 | 1,269.0 |
| Current liabilities | 119.6 | 145.9 | 151.2 | 146.7 | 907.5 |
| Payables regarding discontinued operations | — | 6.9 | — | — | — |
| Non-current liabilities | 1,035.5 | 1,046.4 | 1,033.6 | 1,087.0 | 262.4 |
| Shareholders' equity | 79.2 | 121.8 | 91.0 | 61.7 | 96.2 |
| Minority interests | 2.7 | 3.4 | 2.8 | 3.0 | 2.9 |
| Total equity and liabilities | 1,237.0 | 1,324.4 | 1,278.6 | 1,298.4 | 1,269.0 |
| **Cash Flow Data** | | | | | |
| Cash flows from operating activities | 66.7 | 51.7 | 105.0 | 10.6 | 16.9 |
| Cash flows from investing activities | (60.4) | (16.8) | (26.6) | (11.2) | (16.7) |
| Cash flows from financing activities | (3.1) | 14.4 | (79.7) | (15.5) | (43.1) |
| **Share Data** | | | | | |
| Number of shares(2) | 100,825,220 | 100,825,220 | 100,825,220 | 100,825,220 | 100,825,220 |
| Earnings per share, EUR | (0.14) | 0.42 | (0.19) | (0.55) | (0.04) |
| Earnings per share, diluted, EUR(3) | (0.14) | 0.42 | (0.19) | (0.55) | (0.04) |
| Earnings from continuing operations per share, EUR | (0.07) | 0.06 | (0.17) | (0.53) | (0.04) |
| Earnings from continuing operations per share, diluted, EUR(3) | (0.07) | 0.06 | (0.17) | (0.53) | (0.04) |
| Earnings from discontinued activities per share, EUR | (0.07) | 0.36 | (0.02) | (0.02) | 0.0 |
| Earnings from discontinued activities per share, diluted, EUR(3) | (0.07) | 0.36 | (0.02) | (0.02) | 0.0 |
| **Other Data** | | | | | |
| Operating profit b.s.i. margin(4) | 19% | 22% | 22% | 19% | 23% |
| EBITDA b.s.i.(5) | 120.0 | 141.6 | 154.9 | 64.6 | 79.4 |
| EBITDA b.s.i. margin(6) | 27% | 30% | 30% | 27% | 31% |

* per share of DKK 10 nominal value

(1) Special items comprise material amounts that cannot be attributed to recurring operations, such as income and expenses related to divestments, closure of facilities or restructuring of subsidiaries and business lines from the time the decision is taken. Also classified as special items are significant profits and losses on disposal of subsidiaries not qualifying for recognition as discontinued activities in our consolidated financial statements. Material non-recurring income and expenses that originate from projects related to the strategic development of our business and optimization of production processes are classified as special items. See footnote (5) to the table under "Selected Financial and Operating Data" and also "Operating and Financial Review—Consolidated Results of Operations—Income Statement Items—Special Items" for additional details about special items.

(2) In accordance with IAS 33.64, the number of Shares after the 10 for 1 share split on April 27, 2010, has been used retroactively for the calculation of earnings per share for each period presented.

(3) Diluted assumes conversion of all outstanding instruments that are convertible into Shares. There were no such instruments outstanding during any of the periods presented.

(4) Operating profit b.s.i. margin is the ratio of operating profit b.s.i. to revenue.

(5) EBITDA b.s.i. is operating profit before depreciation, amortization and special items for each period that comprise material amounts that cannot be attributed to recurring operations. We believe that EBITDA b.s.i. is useful as an indicator of ongoing operating performance. Our management uses EBITDA b.s.i., in conjunction with traditional IFRS measures, as part of our overall assessment of our performance. We use this non-IFRS measure in internal management reports used to monitor and make decisions about our business. The principal limitations of EBITDA b.s.i. as a performance measure are that it excludes

significant expenses and gains required under IFRS. To mitigate these limitations, we present our IFRS results along with the non-IFRS measure, reconcile EBITDA b.s.i. to operating profit, and recommend that investors not give undue weight to it. We believe that EBITDA b.s.i. provides investors useful information by allowing them to view the business through the eyes of management, facilitating comparison of results across historical and future periods and across divisions and providing a focus on the underlying operating performance of the business. See footnote (5) to the table under "Selected Financial and Operating Data" for a reconciliation of EBITDA b.s.i. to operating profit.

(6) EBITDA b.s.i. margin is the ratio of EBITDA b.s.i. to revenue.

## OVERVIEW OF THE OFFERING

| | |
|---|---|
| **Issuer** . . . . . . . . . . . . . . . . . . . . . . . | Chr. Hansen Holding A/S, Bøge Allé 10-12, DK-2970 Hørsholm. The Company's company reg. no. (CVR) is 28318677. |
| **The Offering** . . . . . . . . . . . . . . . . . . | A total of 55,770,732 Offer Shares are being offered in connection with the Offering, of which between 28,622,308 and 38,492,069 New Shares are offered by us and between 17,278,663 and 27,148,424 Existing Offer Shares are offered by the Selling Shareholder (before the exercise, if any, of the Over-allotment Option). Up to 2,993,828 of the Existing Offer Shares have been reserved for us to purchase in order to meet certain of our obligations to deliver Shares under our management incentive programs and up to 62,066 of the Offer Shares have been reserved for members of our Board of Directors to purchase at the Offer Price in connection with the Offering. See "Management—Management Incentive Programs" for additional details on our management incentive programs.<br><br>The exact number of New Shares to be issued by us pursuant to the Offering will be adjusted depending on the Offer Price in order for us to receive net proceeds of approximately DKK 3,161 million.<br><br>Offer Shares in excess of this amount will be Existing Offer Shares.<br><br>The exact number of Existing Offer Shares to be sold by the Selling Shareholder pursuant to the Offering will be adjusted depending on the Offer Price and the number of New Shares. |
| **Danish Offering** . . . . . . . . . . . . . . . . | Offer Shares are being offered to retail and institutional investors in Denmark. |
| **International Offering** . . . . . . . . . . . | Offer Shares are being offered to institutional investors outside Denmark. The International Offering consists of (i) a private placement of Offer Shares outside the United States to institutional investors in reliance upon Regulation S and applicable securities regulations in each jurisdiction in which the Offer Shares are offered, and (ii) a private placement of Offer Shares in the United States to QIBs in reliance upon Rule 144A. |
| **Offer Period** . . . . . . . . . . . . . . . . . . . | The Offer Period will commence on, and include, May 25, 2010 and will close no later than June 2, 2010 at 4:00 p.m. (CET).<br><br>The Offer Period may be closed in whole or in part prior to June 2, 2010 at 4:00 p.m. (CET) but will not be closed in whole or in part on or before May 28, 2010 at 12:01 a.m. (CET). If the Offering is closed in whole before June 2, 2010, the first day of trading and official listing and the date of payment and settlement will be moved forward accordingly.<br><br>The Offer Period in respect of orders for amounts up to and including DKK 3 million may be closed before the remainder of the Offering is closed. Any such earlier closing in whole or in part will be announced through NASDAQ OMX. |
| **Offer Price Range and Offer Price** . . | The Offer Price is expected to be determined within the Offer Price Range of DKK 87 and DKK 117 per Offer Share through book-building.<br><br>The final Offer Price and the number of New Shares and Existing Offer Shares will be determined by the Selling Shareholder and our Board of Directors in consultation with the Joint Bookrunners and is expected to be announced through NASDAQ OMX on or before June 3, 2010 at 8:00 am (CET). |

| | |
|---|---|
| **Stock lending agreement to deliver Offer Shares to investors on the Closing Date** | The Selling Shareholder has agreed with the Joint Bookrunners that the Selling Shareholder will make available up to 38,492,069 Existing Shares for the purpose of delivering the Offer Shares to investors against their payment for the Offer Shares on the Closing Date. |
| **Over-allotment Option** | The Selling Shareholder has granted an Over-allotment Option to the Joint Global Coordinators (on behalf of the Managers), exercisable in whole or in part and for a period of 30 calendar days from the first day of trading and official listing of the Existing Shares, to purchase up to 5,577,074 additional Existing Shares at the Offer Price. See "Plan of Distribution" for additional details on the Over-allotment Option. |
| **Share Capital after the Completion of the Offering** | Upon completion of the Offering, our registered share capital will have a nominal value of DKK 1,294,475,280, comprising 129,447,528 Shares of DKK 10 each, provided that the minimum number of New Shares are subscribed for and DKK 1,393,172,890, comprising 139,317,289 Shares of DKK 10 each, provided that the maximum number of the New Shares are subscribed for. |
| **Lock-up Arrangements** | We, our Executive Board and the Selling Shareholder have agreed with the Joint Bookrunners that, subject to certain exceptions, for a period of 180 days from the first day of trading and official listing of the Existing Shares, with respect to us and the Selling Shareholder, and for a period of 360 days following completion of the Offering, with respect to our Executive Board, neither we, our Executive Board, nor the Selling Shareholder will, except for the Shares to be sold in the Offering or pursuant to the Over-allotment Option and subject to certain other customary exceptions, without the prior written consent of the Joint Bookrunners, authorize the issuance of, issue, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any Shares or any securities exchangeable for or convertible into or exercisable for any Shares, or enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of the Shares, whether any such transactions are to be settled by delivery of the Shares or other securities, in cash or otherwise.<br><br>Upon completion of the Offering, each member of our Board of Directors, except for the members elected by our employees, has undertaken to purchase, no later than 12 months after their respective appointment, Shares in an amount equal to the fee received by each of our ordinary board members and to maintain ownership of these Shares during the entire period in which such person remains a member of our Board of Directors. The members of our Board of Directors, except for members elected by our employees, have agreed to order an aggregate total amount of DKK 5,400,000 of Offer Shares in the Offering at the Offer Price.<br><br>In addition, each member of our Executive Board has agreed to maintain a direct or indirect ownership in us (either through Shares or through warrants to purchase shares of the Selling |

| | |
|---|---|
| | Shareholder) of not less than 50% of such Executive Board member's total value of pre-Offering indirect interests in us for at least 360 days following the completion of the Offering. See "Management—Management Incentive Programs" for additional details on our Executive Board's pre-Offering indirect interests in us and for additional details on the warrants to purchase shares of the Selling Shareholder. |
| **Listing and Trading** . . . . . . . . . . . . . | Application has been made for all the Shares to be admitted to trading and official listing on NASDAQ OMX under the symbol "CHR". The first day of trading and official listing of the Existing Shares on NASDAQ OMX is expected to be June 3, 2010. |
| **Dividends** . . . . . . . . . . . . . . . . . . . . . | Upon registration of the share capital increase with the Danish Commerce and Companies Agency, the New Shares will have the same rights as the Existing Shares, including dividend rights and will therefore be eligible for all dividends declared for the financial year ending August 31, 2010 and onwards. |
| **Voting Rights** . . . . . . . . . . . . . . . . . . | Each Share of DKK 10 nominal value entitles its holder to one vote at each of our general meetings. See "Rights Attached to the Shares, Share Capital and Articles of Association". |
| **Taxation** . . . . . . . . . . . . . . . . . . . . . . | See "Taxation" for a discussion of withholding taxes payable in respect of dividends and certain other tax considerations relevant to offerees considering the purchase or subscription of Offer Shares. |
| **Expected Proceeds** . . . . . . . . . . . . . . | The gross proceeds from the offering of the New Shares are expected to be approximately DKK 3,349 million and the net proceeds to us from the Offering (gross proceeds after deduction of estimated expenses, including discretionary fees, related to the Offering to be borne by us) are expected to be approximately DKK 3,161 million. |
| **Use of Proceeds** . . . . . . . . . . . . . . . . | We intend to use the net proceeds from the offering of the New Shares to repay certain of our existing indebtedness and to finance the purchase of up to 2,993,828 Existing Offer Shares from the Selling Shareholder in order to meet certain of our obligations under our management incentive programs. See "Management—Management Incentive Programs" for additional details on our management incentive programs. We will not receive any portion of the proceeds from the sale of the Existing Offer Shares by the Selling Shareholder (including any proceeds from the sale of the Existing Offer Shares by the Selling Shareholder pursuant to the Over-allotment Option). See "Reasons for the Offering and Use of Proceeds" for additional details on our use of the net proceeds from the Offering. |
| **Selling and Transfer Restrictions** . . . . | The Offer Shares will be subject to certain selling and transfer restrictions. See "Selling Restrictions" and "Transfer Restrictions". |
| **Payment and Settlement** . . . . . . . . . . | The Offer Shares are expected to be delivered pursuant to the Offering on or about the Closing Date, June 8, 2010, against payment in immediately available funds in Danish kroner. The Offer Shares will be delivered in book-entry form on the Closing Date to investors' accounts with VP and through the facilities of Euroclear and Clearstream, Luxembourg. If the Offering is closed before June 2, 2010, the first day of trading and official |

listing and the date of payment and settlement will be moved forward accordingly.

**Withdrawal of the Offering** . . . . . . . . The Offering may be withdrawn if we or the Selling Shareholder decide not to complete the Offering at any time prior to admission to trading and official listing of the Existing Shares.

**Identification Number** . . . . . . . . . . . . ISIN: DK0060227585

**NASDAQ OMX Symbol** . . . . . . . . . . "CHR"

**Availability of the Offering Memorandum** . . . . . . . . . . . . . . . . . . Persons meeting the requirements of the applicable selling restrictions may request copies of this Offering Memorandum at:

Danske Bank A/S
Corporate Actions
Holmens Kanal 2-12
DK-1092 Copenhagen K
Denmark

Phone: (+45) 70 23 08 34
Email: prospekter@danskebank.dk

SEB Enskilda
Bernstorffsgade 50
DK-1577 Copenhagen V
Denmark

Phone: (+45) 33 28 29 00
Email: prospekt@enskilda.dk

Carnegie Bank A/S
Overgaden neden Vandet 9B
DK-1414 Copenhagen K
Denmark

Phone: (+45) 32 88 02 00
Email: prospekter@carnegie.dk

In addition, the Offering Memorandum is available in Danish, subject to certain restrictions, on our website (www.chr-hansen.com). Information included on our website does not form part of this Offering Memorandum.

The distribution of the Offering Memorandum and the offer or sale of the Offer Shares in certain jurisdictions is restricted by law. Persons into whose possession this Offering Memorandum comes are required by us, the Selling Shareholder and the Managers to inform themselves about and to observe such restrictions. The Offering Memorandum does not constitute an offer to sell or a solicitation of an offer to subscribe for or buy any of the Offer Shares in any jurisdiction to any person to whom it is unlawful to make such an offer in such jurisdiction.

**Selling Agents for the Danish Offering** . . . . . . . . . . . . . . . . . . . . . Danske Bank A/S (CVR-no. 61126228), Holmens Kanal 2-12, DK-1092 Copenhagen K and SEB Enskilda (branch of Skandinaviska Enskilda Banken AB (publ)) (CVR-no. 19956075), Bernstorffsgade 50, DK-1577 Copenhagen V, are selling agents for the Danish Offering.

Orders for amounts up to and including DKK 3 million must be submitted to each investor's own account-holding institution.

**Expected timetable for the Offering**

| | |
|---|---|
| Offer Period starts | May 25, 2010 |
| Offer Period ends | June 2, 2010 |
| Announcement of final Offer Price and the exact number of New and Existing Shares | June 3, 2010 |
| First day of trading and official listing of the Existing Shares, including the Existing Offer Shares | June 3, 2010 |
| Completion of the Offering, including settlement | June 8, 2010 |
| Registration of share capital increase regarding the New Shares with the Danish Commerce and Companies Agency | June 8, 2010 |
| First day of trading and official listing of the New Shares | June 10, 2010 |

**The Company's financial calendar for the financial year ending August 31, 2010**

| | |
|---|---|
| Release of interim report for the nine months ending May 31, 2010 | July 1, 2010 |
| Release of annual financial statements for the financial year ending August 31, 2010 | November 2, 2010 |
| Annual general meeting | November 30, 2010 |

## RISK FACTORS

*Investing in the Offer Shares, involves a high degree of risk. In deciding whether to invest in the Offer Shares, you should carefully consider all of the information set forth in this Offering Memorandum and, in particular, the specific risks set forth below. Any of the following risks as well as other risks and uncertainties discussed in this Offering Memorandum could have a material adverse effect on our business, financial condition, results of operations or prospects and cause the value of the Offer Shares to decline, which could cause you to lose all or part of your investment. The risks and uncertainties described below include those risks that our management considers the most material and are not exhaustive. Additional risks and uncertainties that we are unaware of, or that are currently deemed immaterial, may become important factors that affect our business and the value of the Offer Shares. The order in which the following risks are presented does not necessarily reflect the likelihood of their occurrence or the relative magnitude of their potential material adverse effect on our cash flows, results of operations, financial condition, growth prospects or Share price.*

### Risks Relating to Our Business

***If the health of consumers is, or is perceived to be, negatively impacted or harmed as a result of our or our customers' products, our reputation and profitability could be damaged.***

The products we manufacture are, to a great extent, components of end products that are consumed as food and beverages by consumers. In addition, some of the products that we sell are produced for us by third parties, or contain elements manufactured by third parties and such third parties may not have adequate quality control standards to assure that such products are not adulterated, misbranded, contaminated or otherwise defective. The consumption of food or beverage products that are contaminated or otherwise defective and that contain our products, including those products that are manufactured by, or contain elements from, third parties, could have a harmful effect on the health of end consumers. If this were to occur, our reputation with our customers and with consumers could be damaged substantially and we cannot assure you that we will not lose customers in such an instance, reducing our profitability as a result.

***We are currently a defendant in five diacetyl-related lawsuits and could be subject to additional product liability claims and product recalls, which could negatively impact our profitability.***

We have been named as a defendant in seven lawsuits where plaintiffs have claimed pulmonary illnesses as a result of exposure to certain flavoring products containing diacetyl, which plaintiffs allege were manufactured and sold by us. Currently, there are five cases remaining against us. If one of these remaining diacetyl lawsuits proves successful, plaintiff attorneys would have an incentive to file additional claims against us based on allegedly similar facts. Although we are not aware of any class-action lawsuits being certified by a court because of the alleged health risks associated with diacetyl exposure, a successful class-action lawsuit against us, in excess of our insurance coverage, may have a material adverse effect on our results of operations. Plaintiff verdicts in other diacetyl-related lawsuits thus far have resulted in verdicts for amounts of up to $20 million. For additional details on, and for a discussion of our insurance and any related indemnifications related to, these lawsuits and other similar lawsuits that may be brought in the future, see "Business—Legal Proceedings". Moreover, we may be subject to liability as a result of our employees being exposed to diacetyl and we may not have sufficient insurance to cover such employee-related claims. Even if these or other product liability claims are unsuccessful or are not fully pursued, the negative publicity surrounding any assertion that our products caused or contributed to illness or injury could adversely affect our reputation with existing and potential customers, consumers and our corporate and brand image. In addition, we may be subject to other product liability claims if the consumption of any of our or our customers' products causes injury, illness, or death.

We may also be liable for a portion or a majority of the costs associated with the recall of our customers' products and these costs may be significant. In the financial year ended August 31, 2009 we recalled six of our products, although the costs of these recalls were immaterial in comparison to our total revenues for that financial year and these recalls related to product quality and not to food safety. No assurance can be given that any claims asserted against us or the costs to be borne by us will be covered by our insurance policies or that these costs or claims can be passed on to customers. A significant product liability judgment or a widespread product recall may negatively impact our sales and profitability for a period of time depending on product availability, competitive reaction and consumer attitudes.

***The stringent regulatory and market standards applied to the food, feed and dietary supplement industries cause us to incur substantial costs and expend significant resources and any increase in such costs or resources could adversely affect our ability to do business successfully.***

We are subject to stringent regulatory standards in the countries in which we manufacture and/or distribute our products. The regulatory regimes that have the greatest impact on our business and operations are those of the European Union (and the national legislation therein) and the United States. In recent years, these regulatory regimes have become more stringent, largely as a result of increasing consumer awareness of the effects of certain ingredients in food products. The regulations applicable to our and our customers' products are constantly changing as new scientific knowledge and production technology are applied. In addition, we may become subject to more stringent regulatory standards in the emerging markets in which we seek to expand our business as those countries continue to develop their regulatory environments. If we are unable to meet applicable regulatory standards, this could result in us facing substantial legal sanctions, such as fines or other penalties, which could, in turn, lead to us losing market share to our competitors and could require us to incur substantial costs and expend significant resources in order to comply with applicable regulatory requirements.

The regulatory framework under which we operate is supplemented by strict international standards such as ISO 22000, which are supervised by national bodies and imposed by self-regulating industry associations and certain of our key customers. Compliance with these standards is not required by law. However, a violation could nonetheless result in the loss of one or more key customers and reputational damage. Regulatory and market requirements may lead to restrictions on the use of certain ingredients and the tightening of regulations on substances subject to labeling requirements, which could increase demand for certain products not containing these ingredients and/or limit the marketability of products containing certain ingredients. Such changes in market demand in response to regulatory or market changes may require us to develop alternative products, leading to a substantial increase in our development and production costs. Further, in the event that we are less able than our competitors to adapt to changing conditions, this could result in our losing market share to them.

***The health claims for certain of our products are currently subject to evaluation by the European Food Safety Authority and there can be no assurance that these evaluations will be favorable.***

The European Commission regulates food and feed safety across the European Union, including food ingredients such as cultures, enzymes and colors. Between July and December 2008, the European Commission tasked the European Food Safety Authority ("EFSA") with evaluating the scientific validity of existing product health claims. Producers of food and beverage products that made health claims for their products were asked to submit such claims to EFSA. In 2008, EFSA commenced evaluation of 4,185 claims made under Article 13.1 of the European Commission's Regulation on Nutrition and Health Claims ("Article 13.1 Claims") for products that were already on the market, including the health claims for probiotic products produced by our Cultures & Enzymes and Health & Nutrition divisions. Article 13.1 Claims are generic claims, based on generally available, published information. In order to deliver a favorable evaluation, EFSA must find that there is generally accepted scientific evidence to support the health claim, including clinical studies documenting the health effect of the related product. Since October 2009, EFSA has published two series of evaluations on Article 13.1 Claims, covering more than 900 of the 4,185 claims submitted to EFSA. More than half of these evaluations rejected the stated health claims of the related products. EFSA is expected to issue its third series of evaluations by September 2010 and to complete its assessments of the remaining claims out of the 4,185 submitted health claims by the end of 2011.

In its first two series of evaluations, EFSA rejected approximately 250 health claims relating to probiotics products, including health claims relating to eight of our probiotics products, generally on the grounds that the strains of bacterial cultures submitted in connection these probiotic products were insufficiently characterized, meaning that insufficient evidence was available to satisfy a generic claim for the products. Probiotic health claims receiving this evaluation will, in general, not be re-evaluated unless new information relevant to the claim that is likely to affect the application is produced, or a new application for the product is submitted under another article. We believe that there is a strong likelihood that the Article 13.1 Claims for all probiotics, including ours, will be rejected. We therefore intend to submit new applications for our probiotics claims under Article 13.5 of the European Commission Regulation on Nutrition and Health Claims ("Article 13.5 Claims"). Article 13.5 Claims are those based on newly developed scientific evidence and/or for which protection or proprietary data is requested. For these health claims, authorization is required on a case-by-case basis, following the submission and positive assessment of a scientific dossier by EFSA. We expect to incur considerable time and cost in connection with our Article 13.5 Claims to EFSA, including costs related to clinical studies that will be undertaken in connection with these submissions. If we fail to receive a favorable evaluation of a particular Article 13.1 Claim or Article 13.5 Claim, we and our customers will be prevented from stating the health benefits of that product once the transition period has ended. The transition period lasts for six months following the final ruling by the European Commission on EFSA assessments. After the transition period, any health claim that has not received approval must be removed from our customers' packaging. If we do not receive EFSA approval for our Article 13.1 Claims or Article 13.5 Claims, then we may be placed at a competitive disadvantage to competitor products that have received EFSA approval, which could cause our customers to stop buying our probiotic products or demand reduced prices and we may suffer reputational damage. In addition, if a substantial amount of products that are similar to ours do not receive favorable evaluations, the market for all such products, including our products, may be negatively impacted. Further, certain of our customers have submitted applications to EFSA for products that are derived from, or contain certain of, our products. We may be unable to effectively monitor, and may have limited ability to provide input on, these customer submissions, thereby increasing the risk that EFSA will deny the usage of the stated health claim for our or our customers' products.

In addition, EFSA is currently re-evaluating the safety of all food color additives, including natural food color additives produced by us. This re-evaluation poses risks for some of our color products and may result in the need for us to incur additional expense in conducting toxicological studies or reformulating these products.

***We may be unable to adequately protect our intellectual property rights, know-how, confidential information and trade secrets.***

Our market position is built upon, among other things, comprehensive specialist knowledge both in regards to product processes and product applications, which is supplemented by a portfolio of patents and trademarks. We also rely upon know-how, trade secrets and proprietary knowledge, which we generally seek to protect through confidentiality agreements with our employees, customers and consultants. We regard our intellectual property, including our know-how, as a valuable business asset, and, while it is our policy to optimize the protection of our proprietary products, applications and compounds, the intellectual property positions of companies such as ours involve complex legal and factual questions, which may be uncertain. The laws governing the scope of patent coverage and the periods of enforceability of patent protection are subject to amendment from time to time. No assurance can be given that patents or trademarks will be issued from applications owned by or licensed to us or, if patents or trademarks are issued, that the rights granted will be sufficiently broad to protect our business. Further, no assurance can be given that any issued patents or trademarks owned by or licensed to us will not be challenged, invalidated or circumvented, or that the rights granted thereunder will provide us with a competitive advantage. Moreover, our actual or potential competitors may generate know-how or inventions, or obtain other proprietary rights which either impose restrictions on our activities or provide themselves with a competitive advantage.

We cannot assure you that agreements we use to protect know-how, confidential information and trade secrets, such as confidentiality agreements, will not be breached, that we would have adequate remedies for any such breach or that our know-how, trade secrets and proprietary knowledge will not otherwise become known, or be independently developed by, existing or potential competitors.

In addition, we engage in collaborations with joint venture partners, corporate partners, including major customers, and with academic researchers and institutions. Under the terms of such collaborations, third parties may acquire intellectual property rights to certain inventions developed during the course of such collaborations. Further, pursuant to many collaboration agreements with our customers, the customer and not us decides whether and when to commercialize the new product being developed, often without being obliged to fully reimburse us for the development costs in the event that the product is not launched. Any disputes we have with our collaborators regarding the ownership of patents, trademarks or other forms of intellectual property could significantly impair our investment in, and limit our ability to use any technological advances made pursuant to, such collaboration.

Moreover, we enter into agreements with third parties pursuant to which we license intellectual property from those third parties. We cannot guarantee that the agreements under which we license intellectual property will be renewed on similar terms or at all upon expiry. Termination or expiry of a third party license could negatively impact our product development, business and reputation.

***Resources devoted to research and development may not yield new products or applications that achieve commercial success.***

Our growth strategy includes developing and selling new products or applications to new and existing customers in an effort to grow and diversify our revenue base and this may require increased expenditure on research and development. The process of developing a new product or application, from inception to regulatory approval and commercial launch, typically takes between one and five years. Factors that may prevent new products or applications from achieving commercial success include incorrect estimates and projections made at product inception and the failure to realize the technical specifications required to successfully market the product. If we fail to develop and/or market new products on a timely basis, or if we incorrectly gauge market demand for such new products, we may not be able to grow our revenue and may incur expenses and capital expenditure costs relating to the development of new products that are not offset by the sales they generate.

***A substantial portion of our revenues are derived from the sales of our products to companies in the dairy industry. Any adverse developments in the dairy industry could significantly reduce revenues and have a material adverse effect on our financial condition and results of operations.***

More than half of our revenues for the financial year ended August 31, 2009 were generated from sales of our products to the dairy industry, most notably for use in the production of yogurt, fermented milk and cheese. The sale of these products involves risks such as product contamination, spoilage and tampering. Adverse publicity or negative public perception regarding the dairy industry in general or in relation to specific products or ingredients could result in a substantial drop in demand for packaged dairy products and, in turn, our products. Negative public perception may also arise from regulatory investigations or product liability claims, regardless of whether those investigations involve us or our customers or whether any product liability claim is successful against us or our customers.

A major outbreak of any contamination or illness or disease in the bovine population could lead to a serious loss of consumer confidence in, and demand for, our customers' products. For example, a major outbreak of mad cow disease (bovine spongiform encephalopathy), bovine tuberculosis, foot and mouth disease or other serious bovine-related diseases could significantly harm the dairy industry and adversely impact the market for our products. In addition, public health concerns related to contaminated milk products could have the same or similar impact on our or our customers' products. For example, in 2008, sales in China of a contaminated milk formula caused the death of six infants as well as illness of nearly 300,000 others. China's Administration of Quality Supervision, Inspection and Quarantine subsequently found that the these products were contaminated by melamine, a substance which is not approved for use in food, which caused significant negative publicity for the entire dairy industry and, as a consequence, a decline in sales of dairy products in China. Although this incident did not involve our products, the decline in sales of dairy products in China did adversely affect our business. Adverse publicity about health concerns such as these, whether or not valid, may discourage consumers from buying dairy products or cause production and delivery disruptions. In addition, increased concern about the adverse health impacts related to certain dairy products, such as the fat content of cheeses, could lead to decreased consumer demand for dairy products. If consumers generally were to avoid dairy products, our sales would decline substantially and we could suffer substantial losses.

***The success of our products depends on changing socio-economic factors and on our and our customers' ability to identify market trends and consumer preferences early on and to use this information successfully.***

The primary buyers of our products are companies in the dairy, food and beverage, agricultural and dietary supplement industries, which use our products to produce consumer goods or animal feed products. Our commercial success depends, to a large extent, on the success of our customers' products with consumers. The success of our and our customers' products in turn depends on socio-economic factors such as consumer spending, changing work and leisure habits and growing awareness of health issues amongst consumers. For example, the success of our probiotic products depends to a large degree on continued consumer awareness and acceptance of the health benefits of probiotics. A decrease in food or food supplement products containing probiotics as a result of one or more of these socio-economic factors could negatively impact our sales and growth. This continually changing market environment places considerable demands on us and our customers. We and our customers may not correctly identify and assess consumer spending or market trends and the demand for those consumer goods in which our products are used may decline. Further, a shift in market trends, such as, for example, a shift away from the use of probiotics, could lead to decreased demand for our products. No assurance can be given that the launch of any of our new products will be as successful as anticipated. In addition, we can exercise only limited influence over our customers' assessment of consumer spending habits and market trends or whether our customers market their products successfully.

***Our growth and future profitability may be adversely affected if our estimates on the size and growth potential of, and our positions in, the markets in which we operate are inaccurate.***

We operate in targeted and specific markets that often do not have readily available external reports on market size and market positions. Therefore, in operating our business, management makes estimates regarding the size and growth potential of, and our positions in, the markets in which we operate and certain of these estimates have been reproduced in this Offering Memorandum. These estimates are based on management's experience and their detailed evaluation of market conditions, using internally generated market data together with relevant external market study reports, when available. In formulating these estimates, management often makes certain assumptions in order to calculate market size, growth potential and our own market position. For example, in calculating the size of the market for dairy cultures, management relies on internally generated figures and calculations of dairy manufacturers production output and cost. Our market data for the dairy industry is compiled through a process whereby we collect information relating to dairy product volume, culture volume, product mix, product technology (for example, DVS® versus bulk starter), suppliers, and prices for dairy manufacturers, on a global basis. In cases where our products are not sold to dairy manufacturers or our market presence is limited, we make internal assumptions on the above listed factors based on market intelligence. In many instances these figures have not been verified by the dairy manufacturer or by other third parties. If management's assumptions are incorrect then there is a risk that the estimates relating to market size, growth potential and our own market position made in this Offering Memorandum could be wrong and our future profitability may be adversely affected, especially if the size and growth of our markets are smaller than estimated.

***Our profitability may suffer as a result of competition in the markets in which we operate.***

The markets in which we operate are competitive and it may be difficult to preserve operating margins and maintain or improve market share. Our business competes against large global companies, as well as regional and local companies, in each of the markets in which we operate. Our primary competitors, including (in alphabetical order) Alltech, Danisco, DSM, GNT Group, Grupo Clerici Sacco, Lallemand Inc., San-Ei-Gen F.F.I. and Sensient Technologies all have substantial research and development, financial, marketing, human and other resources. In addition, we may face competitive pressures from our customers should they seek to replace our products with internally generated ones. If we were to lose customers, particularly one or more of our top five customers from which we generate a significant portion of our revenues, to our competitors or because our customers replaced our products with internally generated ones, our business, reputation and results of operations could be adversely affected. Competition in our product categories is based on the following factors: customer relationships; product innovation; brand identity; cost competitiveness; product application and technical know-how; global supply chain and distribution capability and the ability to identify and satisfy consumer preferences, particularly for high-margin products.

In order to protect our existing, or capture additional, market share, we may need to improve our products and their value to customers, which may require us to increase our spending on product innovation, customer support and marketing. Our success in these areas is subject to risks, including uncertainties about customer and consumer acceptance. Further, significant product innovation or technical advances by our competitors may render one or more of our products redundant. For example, the development of a new product or process which reduces or eliminates the use of cultures and coagulants could severely limit the need and demand for our products. Competitive pressures, including those that result from competitor consolidation, may restrict our ability to increase prices, including in response to raw material and other cost increases. We may also need to reduce prices for some of our products in order to respond to competitive pressures and to maintain market share. For example, our Cultures & Enzymes and Colors & Blends divisions are facing competition from competitors located in low-cost countries, which may benefit from currency advantages, lower costs of raw materials, equipment, manufacturing, employment, or other overheads, which those competitors can pass through into lower prices and/or increased profit margins. Our business will suffer if profit margins decrease, either as a result of a reduction in prices or an increase in costs coupled with an inability to effect a proportional increase in prices.

***We are subject to risks associated with doing business globally.***

We operate our business in more than 30 countries and our products are sold in approximately 140 countries. Our business is therefore subject to the economic, political, legal and other risks inherent in operating an international business, which could cause our sales and profitability to decline. The risks associated with our international operations, include, but are not limited to:

- multiple regulatory requirements that could change and cause conflicting approval and compliance requirements;
- corporate social responsibility violations stemming from differing labor, health, safety and environmental standards;
- inflation, recession, fluctuations in foreign currency exchange and interest rates and burdensome fiscal policies;
- adverse tax consequences resulting from the repatriation of cash;
- potentially negative consequences from changes in or interpretations of tax laws;
- trade protection measures, including increased duties and taxes, and import or export licensing requirements;
- price controls and competition law legislation and regulations;
- government incentives intended to promote the use of home country products;
- differing local product preferences and product requirements;
- differing labor regulations;
- labor stoppages or social unrest relating to labor regulations and work conditions;
- challenges to our transfer pricing policies; and
- inability to enforce remedies in various jurisdictions.

***We are subject to risks associated with doing business in emerging markets.***

Our strategy involves expanding our business in several emerging markets, including those in Asia, Central and Eastern Europe and South America. Political, economic and legal systems and conditions in emerging market economies are generally less predictable than in countries with more developed institutional structures, making us subject to additional risks of doing business in emerging market economies. Additional risks associated with doing business in emerging markets include reduced intellectual property protection, difficulty in adequately establishing, staffing and managing operations and increased risks associated with inflation, recession and currency and interest rate fluctuations.

***Our plans to expand our business internationally, and particularly in emerging market economies, may not be successful.***

Our growth plan relies on favorable demographic, economic and consumer food habit trends in various markets, including rising incomes in emerging markets and increasing consumer spending on, and awareness of, health and nutritional products in these markets. Our business plan assumes that demand for our and our customers' products in emerging market economies will continue to grow due to the long-term economic growth in these markets. This assumption is based on the fact that the standard of living in newly industrialized countries is on the rise and, as a consequence, the desire for high-quality consumer goods products, such as yogurt and cheese, is expected to increase. Due to the resulting business potential, we intend, amongst other things, to continue our current expansion policy, in particular in Asia, Central and Eastern Europe and South America. However, as the overall economic situation in emerging market economies is potentially subject to considerable volatility, it is possible that the emerging markets in which we operate or intend to intensify our efforts will not grow as fast as predicted, may not grow at all or may decrease. If economic performance, and therefore demand, in these countries does not fulfill expectations, our investments will not result in the desired levels of growth in sales and profitability. In addition, there is the risk that our strategy to make dairies which produce their cultures in-house using the traditional bulk-starter method, convert to using industrially produced cultures based on DVS® or EasySet® technologies will not be successful. If the rate of acceptance of these technologies decreases or stops completely, then we may be unable to realize our growth plan. Further, the rate of substitution from synthetic to natural colors in the food and beverage industry may also be negatively affected by socio-economic factors and regulation in the areas where we seek to expand. Moreover, there is the risk that consumer demand is met by competitors. For example, local competitors in the colors market may have better production capabilities and sales opportunities due to their knowledge of the local market. This could result in us generating lower sales in emerging markets than planned.

***Our operations face significant foreign currency exchange rate exposure that could materially impact our operating results.***

We hold assets, incur liabilities, earn revenue and pay expenses in a variety of currencies other than the euro, primarily the U.S. dollar and the Danish krone. Because our consolidated financial statements are presented in euro, we translate our assets, liabilities, sales and expenses into euro at the then current exchange rates. Consequently, increases in the value of the euro against these other currencies may negatively affect the value of these items in our financial statements, even if their value has not changed in their original currency. Our business is subject to substantial foreign exchange risk from foreign currency translation exposures that we may not be able to manage through effective hedging or the use of other financial instrument approaches.

Currency fluctuations and trends are unpredictable. We incur currency transaction risk whenever one of our operating subsidiaries enters into either a purchase or sales transaction using a currency other than our functional home currency. Our currency transaction risk arises from incurring costs such as purchasing raw materials and paying employees in one currency, while receiving funds, through selling finished goods and services, in another currency.

***Our results may be negatively affected by the price, quality and availability of certain raw materials.***

A significant portion of our production costs for certain of our products is attributable to certain raw materials, such as skimmed milk powder, cochineal, annatto, anthocyanin, beta-carotene and calf stomachs. Prices for certain of these and other raw materials have been volatile in the past. The availability and cost of raw materials, particularly with respect to the products listed above, can be affected by supply, speculation, quality, weather conditions and alternative land use. Disruptions in the supply or quality, or an increase in prices of, these raw materials could adversely affect our results of operations and profitability, especially if we are unable to pass on the cost of raw material prices increases to our customers.

***We rely on third parties to provide us with materials and services in connection with the manufacturing, distribution and commercialization of our products.***

Unaffiliated third party suppliers provide us with materials and services necessary for commercial production of our products, including certain raw materials. We may be unable to manufacture our products in a timely manner, or at all, if certain of our key third party suppliers cease to provide us with, or delay production or delivery of, their products or services, or if our supply or services agreements are suspended, terminated or otherwise expire without renewal. If suppliers are unable to provide us with the quantities of materials or levels of services we need within the required time period, this could have a material adverse effect on our business. We also utilize third parties in several countries throughout the world to distribute and commercialize our products and to service our customers. We rely on correct and timely information from these partners regarding local demand conditions and customer needs and requirements in order to effectively conduct our business. In addition, we rely on the performance of these third parties to distribute our products to customers who may require them on a timely basis, particularly in the supply of cultures for the production of dairy products. Failure by these third parties to perform their obligations to us or our customers could lead to customer dissatisfaction and cause us to breach the terms of our contractual arrangements with our customers.

***We rely on third parties, including joint venture partners, to operate and develop certain portions of our businesses.***

We have entered, and expect to continue to enter, joint venture and other similar partnership agreements with third parties to develop new products and applications. Our joint ventures include, among others, our alliance with Novozymes, pursuant to which we work together in developing and marketing enzyme products for the dairy industry. The success of this and other joint ventures depends, in large part, on the satisfactory performance by our joint venture partners of their obligations and the continuation of the licenses. If our joint venture partners fail to satisfactorily perform their obligations as a result of financial, management or other difficulties, the joint venture may not perform as expected and the value of our investment in the joint venture may be significantly impaired. In addition, we may be forced or decide to make additional investments and provide additional services to ensure the adequate performance and delivery of the contracted services. Moreover, our inability to perform our obligations under a joint venture agreement may give cause to our joint venture partner to terminate or discontinue the joint venture. Termination or discontinuation of a joint venture could negatively impact our product development, business and reputation.

***Disruption to our production capabilities and global supply chain could materially adversely affect our business.***

Our ability to manufacture, distribute and sell products across a wide geographic area and to a large number of customers is critical to our success. Damage or disruption to our production or distribution capabilities due to weather, natural disaster, fire, terrorism, strikes, various contagious diseases or other reasons could impair our ability to manufacture or sell our products. We may be unable to adequately identify and insure against the likelihood or potential impact of such events, or to effectively manage such events if they occur, particularly when a product is sourced from a single location. In addition, poor infrastructure and logistical difficulties in certain countries may result in longer transportation times or higher transportation costs for our products to reach our customers, resulting in lower margins and a decreased ability to meet customer demand. Further, damage or disruption to our production or distribution capabilities may give our competitors an advantage in meeting the demands of existing and potentially new customers.

***We may incur substantial costs in complying with existing or new environmental laws and regulations and addressing violations of or liabilities under these requirements.***

Our production facilities and operations are subject to various environmental laws and regulations in each of the jurisdictions in which we operate. Among other things, these requirements regulate the emission or discharge of materials into the environment, the use, management, treatment, storage and disposal of substances and wastes, and the cleanup of contamination. In addition, applicable environmental laws and regulations are often amended to reflect changing environmental technology. We could incur, or be subject to, among other things, substantial costs, third party damage claims (which can lead to reputational damage), or requirements to install additional safety controls, in the event we violate any environmental requirements applicable to our production facilities and operations or fail to obtain, develop or comply with existing or future environmental requirements. In addition, we may incur costs or have to apply for revised or additional environmental permits if we expand our business.

***We do not have written contractual agreements with certain of our key customers.***

A significant amount of our revenue is generated from customers with whom we do not have a contractual relationship, but rather supply our products on the basis of historic terms and conditions or standard terms and conditions of supply. Any of these relationships or arrangements could be terminated or renegotiated at any time. Although we believe that we currently enjoy good relationships with our major customers, including our distributors, no assurance can be given that we will not come under pressure in the future as to price or the selection and functionality of our products or that our business relationship with one or more of our customers, including our distributors, will not change, be interrupted or be terminated. If we were to lose any one of our key customers, including our distributors, our business, results of operations and profitability could be materially adversely affected. In addition, the fact that we do not have written contractual arrangements with certain of our customers, including some distributors, could result in disputes over the terms of such arrangements.

***Early termination of customer and supplier contracts could adversely affect results of operations.***

Contracts with certain of our customers and suppliers can change or terminate early for a variety of reasons, including, in certain instances, upon a material breach of the terms and conditions of the customer or supplier contract or upon a change of control as a result of the Offering. In addition, several of our contracts with key customers and suppliers are terminable without cause by giving advance notice of termination, which is often within the range of three to six months. This may cause or allow our customers or suppliers to seek to terminate their contracts with us or to modify their contracts on less favorable terms to us. If our customers or suppliers choose to terminate or modify our contracts with them, there is no guarantee that we will be able to renew our contracts or renew them on favorable terms.

***Given the significant international aspects of our business, governmental authorities may question our intra-group company transfer pricing policies, assert conflicting claims over the taxation of our profits or change their laws in manner that could increase our effective tax rate or otherwise harm our business.***

We conduct our business thorough legal entities in more than 30 countries. We seek to ensure that local tax filings are undertaken in compliance with all relevant local laws and treaties and that our transfer pricing methodology is accurate. Our transfer pricing methodology is set up in accordance with the Organisation for Economic Co-operation and Development ("OECD") transfer pricing guidelines. However, OECD transfer pricing guidelines should be considered only as guidance and can be interpreted differently by local tax authorities. Although we follow commonly known transfer pricing practice and consult with external professionals to assist us with our methodology, we cannot guarantee that tax authorities around the world will not have different interpretations of our methodology when looking at our business. From time to time local tax filings are investigated by local tax authorities. Our U.S. subsidiary is currently being audited by the U.S. Internal Revenue Service in connection with payments received as part of the termination of an internal cost sharing agreement. In connection with this audit, we have taken a provision, however, our tax liability in connection with this audit may turn out to be substantially higher than our provision. In the event that our interpretation of local laws or our transfer pricing remuneration is challenged during a tax audit, there is a risk that our effective tax rate could increase and could adversely affect our results of operations.

Further, local tax rules and interpretation of tax rules in different jurisdictions regularly change and from time to time these changes may be implemented with retroactive effect. We regularly evaluate our tax position and tax exposures, particularly where tax rules or interpretation of tax rules have changed. If a change in prior years tax filing or a change in tax provisions becomes more likely than not, we adjust the provisions made in order to reflect the expected outcome. Irrespective of these adjustments, a change in tax rules or interpretation of tax rules in one jurisdiction may also increase our effective tax rate and materially adversely affect our results of operations.

***Our success depends on retaining and attracting qualified personnel in a competitive environment. We are particularly dependent upon our technical and commercial personnel and our senior management team, the loss of any one or more member(s) of which could adversely affect our operations.***

Our business strategy and future success depends on our continued ability to attract and retain highly-qualified technical and other personnel. In particular, our ability to enhance and maintain our products requires talented employees with specialized skills in the research, development, manufacture, storage and application of cultures, enzymes and colors. If we are not able to recruit and retain these highly skilled persons, the quality and speed with which our products are maintained and developed or our services towards our customers would likely be seriously compromised, and our reputation and business would suffer as a result. Competition for these and the other personnel we require in our business is intense, and we may fail to retain our key technical employees or to attract or retain other highly-qualified technical personnel in the future.

Our future success also depends, in part, on our ability to retain, attract and hire highly-skilled managerial, professional service, sales, development, marketing, finance, accounting, administrative, information technology, and infrastructure-related personnel in a competitive environment, who are critical to our business functions. The market for highly-skilled employees is competitive in the labor markets in which we operate. Our business could be materially adversely affected if we are unable to retain key employees or recruit qualified personnel in a timely fashion, or if we are required to incur unexpected increases in compensation costs to retain key employees, particularly at senior management level, or to meet our hiring goals.

If we are unable to retain and attract the personnel we require, or we are unable to do so on a cost-effective basis, it could be more difficult for us to sell and develop our products and services and execute our business strategy.

***Following the Offering we will have significant indebtedness, which could materially adversely affect our ability to manage our operations and meet our obligations.***

Upon completion of the Offering, our new EUR 450 million multicurrency term and revolving credit facilities dated April 15, 2010 and entered into with Nordea Bank Danmark A/S as agent, and lender and arranger together with Danske Bank A/S, FIH Erhvervsbank A/S, Nykredit Bank A/S and Skandinaviska Enskilda Banken AB (publ) as lenders, (the "New Credit Facilities"), will come into effect. The New

Credit Facilities, or other future agreements, will contain restrictions for the foreseeable future. These restrictions could have important consequences to us and our investors, including:

- requiring a portion of our cash flow from operations to make interest and principal payments on this debt;
- making it more difficult to satisfy debt service and other obligations;
- increasing our vulnerability to general adverse economic and industry conditions;
- reducing the cash flow available to fund capital expenditures and other corporate purposes and to grow our business;
- limiting our ability to borrow additional funds as needed or take advantage of business opportunities as they arise;
- limiting our ability to sell assets, merge or consolidate with other entities, create liens, acquire other companies, divest businesses, enter into transactions with affiliates or otherwise limiting our flexibility in planning for, or reacting to, changes in our business and industry; and
- limiting our ability to pay cash dividends or repurchase our Shares.

In addition, our actual cash requirements in the future may be greater than expected. Our cash flow from operations may not be sufficient to repay at maturity all of our outstanding debt as it becomes due, and we may not be able to borrow money, sell assets or otherwise raise funds on acceptable terms, or at all, to refinance our debt.

***An impairment charge to goodwill and other intangible assets could have a material adverse effect on our financial condition and results of operations.***

As of February 28, 2010, we had EUR 614.4 million of goodwill, EUR 27.6 million of other intangibles in progress and EUR 158.7 million of finite-lived intangible assets comprised of trademarks, patents, development projects and software. These assets collectively represented 75% of our total fixed assets of EUR 1.07 billion as of February 28, 2010.

Under IAS 36, we are required to test goodwill and other intangible assets with indefinite useful lives for impairment on an annual basis based upon a fair value approach, rather than amortizing them over time. Goodwill represents the excess of the consideration paid in business combinations over the fair value of the acquired identifiable net assets at the date of the acquisition. We have chosen to perform our annual impairment reviews of goodwill at the end of each financial year. We also are required to test for impairment between annual tests if there is any indication that the asset may be impaired. In addition, we are required to test other intangible assets for impairment if events occur or circumstances change that would indicate the remaining carrying amount of the finite-lived intangible assets might not be recoverable. These events or circumstances could include a significant change in the business climate, including a significant sustained decline in an entity's market value, legal factors, the EFSA approval process, operating performance indicators, competition, sale or disposal of a significant portion of our business and other factors. If the fair value or the value in use of our reporting units is less than their carrying amount, we could be required to record an impairment charge. The valuation of reporting units requires judgment in estimating future cash flows, discount rates and other factors. In making these judgments, we evaluate the financial health of our business, including such factors as industry performance, changes in technology and operating cash flows. The amount of any impairment could be significant and could have a material adverse effect on our reported financial results for the period in which the impairment loss is recognized.

***Our derivative instruments may not be successful in managing interest and foreign currency exchange rate risks and we are subject to counterparty risk, each of which may negatively impact our results of operations.***

We may utilize derivative instruments, including interest rate swaps, to manage our interest and foreign currency exchange rate exposure. Our derivative instruments, if any, will be intended to serve as economic hedges, but will not qualify for hedge accounting; consequently, the change in fair value, called the "mark-to-market", of these derivative instruments may be included in our operating results. Changes in interest rates and foreign currency exchange rates could significantly impact the valuation of our derivatives. Accordingly, changes in interest rates and foreign currency exchange rates could impact our financial position, results of operations and cash flows. Further, we may incur costs or be subject to differentials between bid and ask prices if we terminate a derivative instrument.

Our interest rate and foreign currency exchange risk management activities could expose us to substantial mark-to-market losses if interest rates or foreign currency exchange rates become materially different from the environment when the derivatives were entered into. As a result, we cannot offer any assurance that our economic hedging activities, if any, will effectively manage our interest and foreign currency exchange rate exposure, nor have the desired beneficial impact on our results of operations or financial condition.

In addition, derivative instruments may also expose us to the risk of financial loss in situations where the other party to the contract defaults. As a result, we could be exposed to losses in the event of nonperformance by counterparties on these instruments.

Our inability to effectively manage our interest and foreign currency rate exposure and our exposure to nonperformance by counterparties may negatively impact our results of operations

***We may not be able to expand through acquisitions or other collaborations successfully.***

Our growth strategy may involve making selective acquisitions and entering into joint ventures and other collaborations that could complement, enhance or expand our current business or products or that might otherwise offer us growth opportunities. We may evaluate potential mergers, acquisitions, joint venture investments, strategic initiatives, alliances and divestitures, but no assurance can be given that any such transaction can be completed on commercially favorable terms or at all or that the integration of any acquired business will be successful. Further, we may not be able to find appropriate targets.

***The turmoil in global economic conditions and credit markets may adversely affect our industry, business and results of operations.***

Since July 2007, global economic conditions have experienced a period of uncertainty, affected by recessionary pressures and a decline in consumer confidence, particularly in certain countries in Southern Europe. These conditions have led to economic contractions in mature economies and economic contractions or reduced growth rates in emerging markets. Despite fiscal and monetary interventions, it is possible that consumer spending and global growth rates may only recover at a slow rate or could once again fall. Reduced consumer spending may cause changes in the ordering patterns of our customers, thereby decreasing our sales. For example, since the global economic downturn there has been a lower rate of growth in the consumption and use in products that contain probiotics, including high-end yogurts and cheeses and feed stock, in certain European markets, including the United Kingdom and Germany and certain countries in Southern Europe. It is difficult to predict how long the current economic difficulties will continue, the degree in which economic conditions could improve or worsen and how these scenarios could adversely affect our operations or business. Extreme economic conditions, including both hyper inflation and deflation, could also negatively affect our business.

In addition, the volatility and disruption to the capital and credit markets since mid-2008 has resulted in a substantial tightening of the credit markets, including lending by financial institutions which is a source of credit for us as well as for our customers and suppliers. This tightening of the credit markets has increased the cost of capital and reduced the availability of credit. If this environment continues, it may be difficult for us to obtain debt financing to, for example, make acquisitions or refinance our financial liabilities, on commercially favorable terms or at all. In addition, the financial condition of our customers or suppliers may be negatively affected by illiquidity.

**Risks relating to the Offering and the Offer Shares**

***Funds managed and advised by PAI partners will continue to control a significant shareholding and their interests may conflict with yours.***

Immediately prior to the completion of the Offering, the Selling Shareholder owns 100% of our share capital. The Selling Shareholder is 100% owned by funds managed and advised by PAI partners and, indirectly, by our Executive Board and certain other managerial employees. Following completion of the Offering, the Selling Shareholder will own 77,885,959 Shares, corresponding to 58.3% of our share capital, assuming no exercise of the Over-allotment Option, and 72,308,885 Shares, corresponding to 54.1% of our share capital, assuming full exercise of the Over-allotment Option, in each case assuming an Offer Price at the midpoint of the Offer Price Range. In addition, three of our directors are affiliated with PAI partners and will remain so upon completion of the Offering. Accordingly, the funds managed and advised by PAI partners will continue to be able to exert influence over, or in some cases block, certain matters that must be decided by a vote of shareholders, including the election of directors and amendments to our articles of association. Furthermore, PAI partners may have interests that differ from other shareholders and may vote and take action in a way with which you disagree and which may be adverse to your interests.

Funds managed and advised by PAI partners have made and may make acquisitions of, or investments in, other food ingredients manufacturing and marketing businesses that may be, or may become, competitors, suppliers or customers of ours. In addition, funds managed or advised by PAI partners may be in direct competition with us on any potential acquisitions of, or investments in, any business that is, or businesses that are, also contemplated by us after the Offering. Nothing shall prevent us on the one hand, or the funds managed and advised by PAI partners on the other, from pursuing or taking up the same investment opportunity.

***Our Share price may decrease due to a wide range of factors, many of which are outside of our control.***

Our Share price may fluctuate as a result of a variety of factors, including our financial performance; the operating and share price performance of other companies in the industries and markets in which we operate; speculation about our business in the press, other media or the investment community; changes to our revenue or profit estimates; our ability or decision to pay dividends in accordance with our dividend policy; current affairs; and general market conditions.

The market price of our Shares may go down as well as up and investors may, therefore, not recover their original investment, especially since the market in our Shares may have limited liquidity.

***If research analysts do not publish research reports about our business, if they change their recommendations regarding our Shares adversely or if our operating results do not meet their expectations, our Share price could decline.***

The trading market for our Shares will be influenced by the research reports that research analysts publish about us or our business. If one or more of these analysts cease coverage of our business or fail to publish reports on us regularly, we could lose visibility in the financial markets, which in turn could cause our Share price or trading volume to decline. Moreover, if one or more of the analysts who cover our business change their recommendations regarding our shares adversely or if our operating results do not meet their expectations, our Share price could decline.

***The absence of a prior public market for, and possible volatility in the price of, the Shares could impair an investment in the Offer Shares.***

There has been no prior public market for the Shares, and we cannot assure you that the Offering will lead to the development of a trading market or whether any trading market that develops will be liquid. The Offer Price is to be determined by our Board of Directors and the Selling Shareholder in consultation with the Joint Bookrunners and on the basis of a book-building process, and it may not be possible to resell Offer Shares at or above the Offer Price. The price at which our Shares will trade will depend on a number of factors, including any of the factors described in "Risk Factors" and "Important Notice Relating to this Offering Memorandum—Forward-Looking Statements", the results of our operations, our partners and competitors, and on general market and economic conditions.

***We may issue additional Shares in the future and these and other significant sales may significantly reduce the market value of the Shares.***

Other than in connection with this Offering, we have no current plans for an offering of Shares. However, we may decide to offer Shares in the future. Moreover, our Executive Board and the Selling Shareholder will be able to sell the remainder of their respective shareholdings in the public market and other managerial employees will be free to sell all of their respective shareholdings in the public market upon the expiration of the lock-up agreements described in "Plan of Distribution—Lock-up Arrangements". Any offering of Shares, or any significant sales of Shares by us or by major shareholders, including the Selling Shareholder, or a public perception that such an offering or such sales may occur, could have an adverse effect on the market value of the Shares at or after the offering or significant sale.

***Pre-emptive rights for holders in jurisdictions outside Denmark may not be available.***

Holders of Offer Shares in jurisdictions outside Denmark may be unable to exercise any pre-emptive rights to subscribe for securities in respect of their Offer Shares, unless the Offer Shares or any rights or other securities being offered have been registered with the relevant authorities in such jurisdiction. We are under no obligation, and do not intend, to file a prospectus or registration statement or similar document in any jurisdiction outside Denmark in respect of any of the Offer Shares, and make no representation as to the availability of any exemption under the laws of any jurisdiction outside Denmark in respect of any such rights in the future. We intend to evaluate at the time of any future Share issues subject to pre-emptive rights or in a rights offer, as the case may be, the cost and potential liabilities associated with any such prospectus or registration statement, as well as the indirect benefits to us of enabling the exercise by shareholders from any jurisdiction outside Denmark of their pre-emption rights to our Shares or participation in a rights offer, as the case may be, and any other factors considered appropriate at the time, and then to make a decision as to whether to file such a prospectus or registration statement. We cannot assure you that any prospectus or registration statement would be filed so as to enable the exercise of such holders' pre-emption rights or participation in a rights offer.

***It may be difficult or impossible for investors outside Denmark to enforce judgments against us in connection with the Offering.***

We are a public limited liability company incorporated in Denmark and substantial portions of our assets and operations are held and conducted in Denmark. As a result, it may be difficult or impossible for investors outside Denmark to enforce judgments against us outside Denmark in connection with the Offering.

In addition, most members of our Board of Directors and Executive Board are residents of Denmark. All or a substantial portion of the assets of such persons and a significant proportion of our assets are located in Denmark. As a result, it may not be possible for investors outside of Denmark to effect service of process upon most of our directors and officers within their home jurisdiction, or to enforce against us or most of our directors and officers judgments obtained in courts of such investors' home jurisdiction based upon civil liabilities provisions or otherwise. In particular, all members of our Board of Directors and Executive Board are residents of countries other than the United States. All or a substantial portion of the assets of such non-resident persons and of our assets are located outside of the United States. As a result, it may not be possible for investors to enforce against them in U.S. courts, judgments obtained in such courts based upon the civil liabilities provisions of the federal securities laws of the United States or otherwise.

***Shareholders outside of Denmark (and of the countries which have adopted the euro as their currency of legal tender) are subject to exchange rate risk.***

The Offer Shares will be priced, and any dividend payments made by us will be, in Danish kroner. Accordingly, the value of the Offer Shares and of any dividend payments in the local currency of the country in which an investor outside Denmark (and of the countries which have adopted the euro as their currency of legal tender) is based will fluctuate with fluctuations in the exchange rate between that currency and the Danish krone. If the value of the Danish krone depreciates against the local currency of the country in which the investor is based, the local currency value of the Offer Shares and of any dividend payments will decrease.

## IMPORTANT NOTICE RELATING TO THIS OFFERING MEMORANDUM

This Offering Memorandum has been prepared for the Offering in compliance with Danish legislation and regulations, including Consolidated Act no. 795 of 20 August 2009 on Securities Trading, as amended (the "Danish Securities Trading Act"), Commission Regulation (EC) no. 809/2004 of 29 April 2004, as amended and Executive Order no. 223 of 10 March 2010, issued by the Danish Financial Supervisory Authority on prospectuses for securities admitted for trading on a regulated market and for public offerings of securities of at least EUR 2,500,000 (the "Danish Prospectus Order") and the rules for issuers of shares of NASDAQ OMX.

We are responsible for the Offering Memorandum under current Danish legislation. The Managers make no representation, expressed or implied, or accept any responsibility, with respect to the accuracy or completeness of any of the information in this Offering Memorandum. This Offering Memorandum is not intended to provide the basis of any investment or any other evaluation and should not be considered as a recommendation by us, the Selling Shareholder or the Managers that any recipient of this Offering Memorandum should subscribe for or purchase any Offer Shares. Prospective subscribers or purchasers of Offer Shares should determine for themselves the relevance of the information contained in this Offering Memorandum and any subscription or purchase of Offer Shares should be based upon such investigation as they may deem necessary.

The Managers are acting exclusively for us and the Selling Shareholder in connection with the Offering and no one else in relation to the Offering. The Managers will not be responsible to any one other than the Company and the Selling Shareholder for providing the protections afforded to their respective clients nor for giving advice in relation to the Offering or any transaction or arrangement referred to in this Offering Memorandum.

The distribution of this Offering Memorandum and the offering and sale of the Offer Shares in certain jurisdictions may be restricted by law. This Offering Memorandum should not be retransmitted, reproduced or otherwise redistributed. This Offering Memorandum does not constitute or form part of any offer or invitation to purchase any of the Offer Shares in any jurisdiction in which such offer or sale would be unlawful. No representation or warranty, expressed or implied, is made or given by or on behalf of any person as to the accuracy, completeness or fairness of this Offering Memorandum or the information or opinions contained therein.

See "Risk Factors" herein for a description of material factors relating to an investment in the Offer Shares.

No person is authorized to give any information or to make any representation not contained in this Offering Memorandum in connection with the Offering and any information or representation not so contained herein must not be relied upon as having been authorized by us or the Selling Shareholder or on our or the Selling Shareholder's behalf or by or on behalf of the Managers. The delivery of this Offering Memorandum does not imply that there has been no change in our business or affairs since the date hereof or that the information contained herein is correct as at any time subsequent to the date hereof. In the event of any material changes to the information in this Offering Memorandum during the period from the date hereof to completion of the Offering, such changes will be announced through a supplement to the Offering Memorandum pursuant to the rules in the Danish Prospectus Order. Investors who have applied to subscribe for or purchase Offer Shares prior to publication of a supplement are entitled to withdraw their application to subscribe for or purchase Offer Shares during the two trading days after the publication of such supplement.

The Offering Memorandum has been prepared in the Danish language (the "Danish Offering Memorandum") in English in connection with the international offering outside of Denmark and the United States (the "International Offering Memorandum") and in English for the Rule 144A Offering (the "U.S. Offering Memorandum"). The Danish Offering Memorandum, the International Offering Memorandum and the U.S. Offering Memorandum are equivalent except that (i) the Danish Offering Memorandum also contains certain responsibility statements from our independent auditors and the Joint Bookrunners that are not included in the International Offering Memorandum or the U.S. Offering Memorandum and (ii) the Danish Offering Memorandum and the International Offering Memorandum contain certain reports from our auditors with respect to our "Consolidated Prospective Financial Information for the Financial Year Ending August 31, 2010" that are not included in the U.S. Offering Memorandum.

In connection with the Offering, each of the Managers or any of their respective affiliates acting as an investor for its own account may subscribe for or purchase the Offer Shares in the Offering and in that capacity may retain, purchase or sell for its own account such securities and any of our securities or related investments and may offer or sell such securities or other investments other than in connection with the Offering. Accordingly, references in this Offering Memorandum to the Offer Shares being offered or placed should be read as including any offering or placement of securities to the Managers or any of their respective affiliates acting in such capacity. The Managers do not intend to disclose the extent of any such investment or transactions other than in accordance with any legal or regulatory obligation.

In connection with the Offering, the Joint Global Coordinators (on behalf of the Managers) may exercise the Over-allotment Option and Credit Suisse, as stabilization manager, may effect transactions for 30 calendar days after the first day of trading and official listing of the Existing Shares with a view to supporting the market price of the Shares or any options, warrants or rights with respect to, or interests in, the Shares, at a level higher than that which might otherwise prevail. However, there will be no obligation on Credit Suisse, as stabilization manager, to do this. Such transactions may be effected on NASDAQ OMX or elsewhere. Such stabilizing, if commenced, may be discontinued at any time and must be brought to an end after 30 calendar days after the first day of trading and official listing of the Existing Shares. Except as required by law or regulation, the Joint Global Coordinators do not intend to disclose the extent of any over-allotments and/or stabilization transactions in connection with the Offering. See "Plan of Distribution—Stabilization and Short Positions".

In the ordinary course of their respective businesses, the Managers or certain of their affiliates have, and in the future may continue to, engage in investment banking and commercial banking services with us and our subsidiaries and affiliates.

No actions have been taken to register or qualify or otherwise permit a public offering of the Offer Shares in any other jurisdiction than Denmark. See "Selling Restrictions" and "Transfer Restrictions". The distribution of this Offering Memorandum and the Offering of the Offer Shares may, in certain jurisdictions, be restricted by law. This Offering Memorandum does not constitute an offer to sell or an invitation by us or the Selling Shareholder or on our or the Selling Shareholder's behalf or by or on behalf of the Managers to subscribe for or purchase any of the Offer Shares in any jurisdiction in which such offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The Offer Shares are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under applicable securities laws. Persons into whose possession the Offering Memorandum may come are required by us, the Selling Shareholder and the Managers to inform themselves about and to observe any such restrictions. Neither we, the Selling Shareholder nor the Managers accept any legal responsibility for any violation by any person, whether or not a prospective subscriber or purchaser of any of the Offer Shares, of any such restrictions.

**Forward-Looking Statements**

This Offering Memorandum includes "forward-looking statements" within the meaning of Section 27A of the U.S. Securities Act and Section 21E of the U.S. Securities Exchange Act of 1934, as amended (the "U.S. Exchange Act"). The words "believe", "expect", "estimates", "assesses", "anticipate", "intend", "plan", "will", "may", "should" and similar expressions identify forward-looking statements. These statements appear in a number of places, including "Risk Factors", "Reasons for the Offering and Use of Proceeds", "Operating and Financial Review", "Prospective Consolidated Financial Information" and "Business".

All statements other than statements of historical fact included in this Offering Memorandum, including, without limitation, those regarding our financial position, business strategy, plans and objectives for future operations (including development plans and objectives relating to our products), are forward-looking statements that involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based upon various assumptions of future events, including numerous assumptions regarding our present and future business strategies and future operating environment which may prove not to be accurate. Our actual results, performance or achievements may differ materially from those indicated in the forward-looking statements included herein, as a result of important factors including, among others:

- the damage to our reputation and profitability if the health of consumers is, or is perceived to be, negatively impacted or harmed by our or our customers' products;
- our exposure to diacetyl-related lawsuits and other product liability claims or product recalls;
- substantial costs or resources that may be incurred or expended due to the stringent regulatory and market standards applied to the food, feed and dietary supplement industries;
- the European Food Safety Authority's ongoing evaluation of the health claims for certain of our products;
- our inability to adequately protect our intellectual property rights, know-how, confidential information and trade secrets;
- our inability to develop new products or applications that achieve commercial success;
- adverse developments in the dairy industry;
- changing socio-economic factors;
- our inability to accurately estimate the size and growth of, and our positions in, the markets in which we operate;
- competition in the markets in which we operate;
- risks associated with doing business globally;
- risks associated with doing business in emerging markets;
- our inability to expand our business internationally and particularly in emerging markets successfully;
- foreign currency fluctuations;
- the price, quality and availability of certain raw materials;
- our reliance on third parties to provide us with materials and services in connection with the manufacturing, distribution and commercialization of our products;
- our reliance on joint ventures to operate and develop certain portions of our business;
- disruptions to our production capabilities and global supply chain;
- costs of complying with, or addressing liabilities under, existing or new environmental laws and regulations;
- the lack of written contractual agreements with certain of our key customers;
- early termination of customer or supplier contracts;
- increases to our effective tax rate or other harm to our business as a result of governmental review of our transfer pricing policies, conflicting taxation claims or changes in laws;
- our inability to attract and retain qualified personnel in a competitive environment;
- our significant indebtedness;
- impairment charges to goodwill or other intangible assets;
- our inability to manage interest and foreign currency exchange rate risks through derivative instruments and the related counterparty risk associated with derivatives;
- our inability to make successful acquisitions or collaborate with other companies;
- conditions in the global economy and credit markets;

and other factors discussed herein, including the factors discussed under "Risk Factors". The forward-looking statements in this document speak only as of the Offering Memorandum Date and we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. However, material changes to the information in this Offering Memorandum during the period from the Offering Memorandum Date to the first day of trading and official listing or completion of the Offering will be announced pursuant to the rules in the Danish Prospectus Order.

**Enforcement of Civil Liabilities and Service of Process**

We are organized under the laws of Denmark, with our registered office in Hørsholm, Denmark. All of the members of our Board of Directors and Executive Board named herein are non-residents of the United States. A substantial portion of our assets and all or a substantial portion of the assets of such non-resident persons are located outside the United States. As a result, it may not be possible for investors to effect service of process upon such persons or to enforce a judgment obtained in the U.S. courts against us or them.

We have been advised by Bech-Bruun, our Danish counsel, that original actions or actions for the enforcement of judgments of U.S. courts relating to the civil liability provisions of the federal or state securities laws of the United States are not directly enforceable in Denmark.

The United States and Denmark do not currently have a treaty providing for reciprocal recognition and enforcement of judgments, other than arbitration awards, in civil and commercial matters. Accordingly, a final judgment for the payment of money rendered by U.S. courts based on civil liability would not be directly enforceable in Denmark. However, if the party in whose favor such final judgment is rendered brings a new suit in a competent court in Denmark, that party may submit to the Danish court the final judgment that has been rendered in the United States. A judgment by a federal or state court in the United States against us will neither be recognized nor enforced by a Danish court but such judgment may serve as evidence in a similar action in a Danish court.

Our principal office is situated at Bøge Allé 10-12, DK-2970 Hørsholm, Denmark. Our telephone number is +45 45 74 74 74.

**Presentation of Financial and Certain Other Information**

The financial information included directly or by cross reference in this Offering Memorandum consists of the following:

- our audited consolidated financial statements for the financial years ended August 31, 2006, 2007, 2008 and 2009 and for the six months ended February 28, 2010; and
- our unaudited interim consolidated financial statements for the six months ended February 28, 2009,

in each case prepared in accordance with the recognition and measurement requirements of IFRS, as adopted by the European Union.

Financial information set forth in a number of tables in this Offering Memorandum has been rounded. Accordingly, in certain instances, the sum of the numbers in a column or row may not conform exactly to the total figure given for that column or row. In addition, certain percentages presented in the tables in this Offering Memorandum reflect calculations based upon the underlying information prior to rounding and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

All references to historic Share amounts in this Offering Memorandum have been adjusted to reflect the effect of the one for ten share split effected by a shareholder's resolution dated April 27, 2010.

As used herein, references to (i) "Danish kroner" or "DKK" are to the currency of Denmark, (ii) "euro", "EUR" or "€" are to the single currency introduced at the start of the Third Stage of the European Economic and Monetary Union pursuant to the Treaty Establishing the European Community and (iii) "U.S. dollars", "USD" or "$" are to the lawful currency of the United States.

With respect to our historical consolidated financial statements, our balance sheet is translated into the presentation of currency at the EUR rate at the balance sheet date. The transaction date rates used in the income statement are based on average rates for the individual months to the extent that this does not materially distort the presentation of the underlying transaction. If the average rates cannot be used the actual rates are used if possible.

Translation of information as of February 28, 2010 have been made using the Danish Central bank's average rate at February 26, 2010 of EUR 1.00 = DKK 7.44.

These translations should not be construed as representations that Danish kroner amounts actually represent such euro amounts or could be converted into euro at the rates indicated or at any other rate. See "Exchange Rate Information" for certain historical information regarding rates of exchange between the Danish krone, euro and the U.S dollar.

With effect from September 1, 2008, we changed the presentation currency of our consolidated financial statements from Danish kroner to euro. After this change, our presentation currency became different from the functional currency of Chr. Hansen Holding A/S (as a single legal entity), which is Danish kroner. The change of presentation currency has no impact on the income statement and balance sheet except for the fact that the figures are now expressed in another currency.

This Offering Memorandum contains certain market and industry data for our operating areas, including data from Euromonitor, an independent research firm. Unless otherwise indicated, the statistical and other market information relating to such data is based on internal estimates of our management and is further informed by industry publications and management's experience. Our market data for the dairy industry is compiled through a data process where we collect dairy product volume, culture volume, product mix, product technology (for example, DVS® versus bulk starter), suppliers, and prices for dairy manufacturers, on a global basis. In cases where our products are not sold to dairy manufacturers or our market presence is limited, we make internal assumptions on the above listed factors based on market intelligence. In order to verify the validity of the data, we compare quantities of dairy products produced with national and other statistics, when available, while we compare sales/market share by company with our sales and, as far as possible, our competitors' sales. Information from industry publications, surveys and forecasts has been accurately reproduced and, in our opinion and as far as we are able to ascertain, no facts have been omitted, which would render the information inaccurate or misleading. Industry publications, surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable. We have not independently verified these industry publications, surveys and forecasts, and do not make any representation as to their accuracy or completeness. However, we accept responsibility for the correct reproduction of this information. In addition, in many cases we make statements in this Offering Memorandum regarding our markets and our position in these markets based on our experience and evaluation of market conditions. We cannot assure you that any of these assumptions are accurate or correctly reflect our position in the market, and none of our internal information has been verified by independent sources. See "Risk Factors—Our growth and future profitability may be adversely affected if our estimates on the size and growth of, and our positions in, the markets in which we operate in are inaccurate."

References in this Offering Memorandum to "we", "us", "our" or "Chr. Hansen" are to Chr. Hansen Holding A/S and, unless the context otherwise indicates, our majority-owned subsidiaries. References in this Offering Memorandum to "PAI partners" are to PAI partners SAS.

***Non-IFRS Financial Measures***

We use the financial measures EBITDA b.s.i., EBITDA b.s.i. margin, operating profit b.s.i., operating profit b.s.i. margin, net working capital, capital expenditures, invested capital and adjusted organic revenue growth (collectively, "Key Performance Indicators" or "KPIs") in this Offering Memorandum. Our management uses these KPIs as part of its overall assessment of our consolidated and divisional performance. None of these KPIs are recognized terms under IFRS, as adopted by the European Union. Accordingly, they should not be used as indicators of, or alternatives to, revenue or operating profit or other comparable IFRS metrics as a measure of operating performance or of cash flow from operating activities as a measure of liquidity. Our presentations of these KPIs have limitations as analytical tools, and you should not consider them in isolation, or as a substitute for analysis of our results reported under IFRS, as adopted by the European Union. Because our definitions of these KPIs may differ from those used by other companies and industries, our presentation of these KPIs may not be comparable to other similarly-titled measures used by other companies.

We provide a reconciliation of our KPIs to their most comparable IFRS measure in "Selected Financial and Operating Data".

**Selling Restrictions**

***Egypt***

The Offer Shares described in this Offering Memorandum have not been, and are not being, publicly offered, sold, promoted or advertised in Egypt. Further, this document does not constitute a public offer of securities in Egypt and is not intended to be a public offer.

***Hong Kong***

The contents of this Offering Memorandum have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the Offering. If you are in any doubt about any of the contents of this Offering Memorandum, you should obtain independent professional advice. Neither this document, nor any other document constitutes an offer or sale in Hong Kong of any Offer Shares and no person may offer or sell in Hong Kong, by means of this document, any Offer Shares, or any other document, other than to (a) professional investors within the meaning of Section 1 of Part I of Schedule 1 to the Securities and Futures Ordinance of Hong Kong (Cap. 571) ("SFO") and any rules made under the SFO ("professional investors") or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance of Hong Kong (Cap. 32) ("CO") or which do not constitute an offer or invitation to the public for the purposes of the CO or the SFO. No person shall issue or possess for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to any Offer Shares which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to those any Offer Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to such professional investors.

***Japan***

The Offering has not been and will not be registered under the Financial Instruments and Exchange Law of Japan. The Offering Memorandum is not an offer of securities for sale, directly or indirectly, of any Offer Shares in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exception from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law of Japan and other relevant laws and regulations of Japan.

***Kuwait***

Unless all necessary approvals from the Kuwait Ministry of Commerce and Industry required by law no. 31/1990, its executive regulations and the various ministerial orders issued pursuant thereto or in connection therewith, as amended, have been given in relation to the marketing and sale of the Offer Shares in Kuwait, these may not be offered for sale, sold nor may any marketing or solicitation or inducement to buy any Offer Shares be made in Kuwait. Neither this Offering Memorandum, any related document, nor any of the information contained in them is intended to lead to the conclusion of any contract of a whatsoever nature within Kuwait.

***People's Republic of China***

The Offer Shares are not being offered or sold and may not be offered or sold, directly or indirectly, in the People's Republic of China (for such purposes, not including the Hong Kong and Macau Special Administrative Regions or Taiwan), except as permitted by the securities laws of the People's Republic of China.

***Qatar***

The Offer Shares have not been, and will not be offered, sold or delivered at any time, directly or indirectly, in the state of Qatar in a manner that would constitute a public offering. This Offering Memorandum has not been reviewed or approved by or registered with the Qatar Central Bank or the Qatar Financial Markets Authority. This Offering Memorandum is strictly private and confidential and may not be reproduced or used for any other purpose, nor provided to any person other than the recipient thereof.

***Saudi Arabia***

This document may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the offers of securities regulations issued by the Capital Market Authority. The Capital Market Authority does not make any representation as to the accuracy or completeness of this document, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this document. Prospective purchasers of the securities offered hereby should conduct their own due diligence on the accuracy of the information relating to the securities. If you do not understand the contents of this document you should consult an authorized financial adviser.

**Singapore**

This Offering Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Offering Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Offer Shares may not be circulated or distributed, nor may Offer Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Offer Shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Offer Shares pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law; or

(4) as specified in Section 276(7) of the SFA.

**U.A.E.**

By receiving this Offering Memorandum, the person or entity to whom it has been issued understands, acknowledges and agrees that none of the Offer Shares or this Offering Memorandum have been approved by the U.A.E. Central Bank, the U.A.E. Ministry of Economy and Planning or any other authorities in the United Arab Emirates, nor have the Managers or any placement agent received authorization or licensing from the U.A.E. Central Bank, the U.A.E. Ministry of Economy and Planning or any other authorities in the United Arab Emirates to market or sell the Offer Shares within the United Arab Emirates. No marketing of the Offer Shares has been or will be made from within the United Arab Emirates, and no subscription for the Offer Shares may or will be consummated within the United Arab Emirates. It should not be assumed that the placement agent, if any, is a licensed broker, dealer or investment adviser under the laws applicable in the United Arab Emirates, or that it advises individuals resident in the United Arab Emirates as to the appropriateness of investing in or purchasing or selling securities or other financial products. The interests in the Offer Shares may not be offered or sold directly or indirectly to the public in the United Arab Emirates. This does not constitute a public offer of securities in the United Arab Emirates in accordance with the Commercial Companies Law, Federal Law No. 8 of 1984 (as amended) or otherwise.

## REASONS FOR THE OFFERING AND USE OF PROCEEDS

We, together with the Selling Shareholder, believe that an admission of our Shares to trading and official listing on NASDAQ OMX is appropriate at this time because of our stage of development, our strategic and financial goals and the potential for growth in the industries we serve. In addition, we believe that an admission of our Shares to trading and official listing will improve our access to the capital markets, provide greater flexibility in pursuing acquisitions and enhance our public profile.

The net proceeds from the offering of the New Shares will be approximately DKK 3,161 million, after deduction of commissions for the Managers (assuming full payment of discretionary fees) and estimated Offering costs payable by us.

We intend to use the net proceeds from the offering of the New Shares and the majority of the proceeds from our New Credit Facilities to (A) repay certain of our existing indebtedness incurred under our (i) DKK 3,946,360,000 and EUR 203,000,000 Senior Facility Agreement dated July 28, 2005, as amended, among the Company and the lenders thereto (the "Senior Credit Facility"), (ii) DKK 684,000,000 and EUR 128,000,000 Mezzanine Facility Agreement dated July 28, 2005, as amended, among the Company and the lenders thereto (the "Mezzanine Credit Facility"), see "Operating and Financial Review—Liquidity and Capital Resources—Existing Credit Facilities" for additional details on our Existing Credit Facilities and (iii) intra-group loan received from the Selling Shareholder, (the "Selling Shareholder Loan"), as described in the table below and (B) to finance the purchase of up to 2,993,828 Existing Offer Shares from the Selling Shareholder in order to meet certain of our obligations under our management incentive programs. See "Management—Management Incentive Programs" for additional details on our management incentive programs. The amounts set forth in the table are subject to adjustment and may differ at the time of the consummation of the transactions described, depending on several factors, including the amount of our existing debt and differences from our estimate of fees and expenses.

We will not receive any portion of the proceeds from the sale of the Existing Offer Shares by the Selling Shareholder in the Offering, including, if relevant, any portion of the proceeds from the sale of the Existing Offer Shares by the Selling Shareholder pursuant to the Over-allotment Option.

The table below illustrates the total financing sources received from (i) the net proceeds from the offering of the New Shares and (ii) the New Credit Facilities, and their uses:

| Financing sources | DKK (in billions) | EUR (in millions) | Uses | DKK (in billions) | EUR (in millions) |
|---|---|---|---|---|---|
| Sale of New Shares | 3.4 | 450.0 | Repayment of: | | |
| New Credit Facilities | 3.4 | 450.0 | Senior Credit Facility(2) | 3.8 | 511.0 |
| Company cash | 0.3 | 35.8 | Mezzanine Credit Facility(2) | 2.0 | 273.4 |
| | | | Selling Shareholder Loan(2) | 0.7 | 91.2 |
| | | | Purchase of Existing Offer Shares | 0.3 | 35.0 |
| | | | Estimated fees and expenses(3) | 0.2 | 25.2 |
| **Total Financing Sources** | **7.0**(1) | **935.8**(1) | **Total Uses** | **7.0**(1) | **935.8**(1) |

(1) Reflects rounded amounts.

(2) Reflects amounts outstanding as of February 28, 2010.

(3) Reflects our estimate of fees and expenses associated with this Offering payable by us, including commissions and other financing fees and advisory fees.

## CAPITALIZATION AND INDEBTEDNESS

The following table sets forth our cash and cash equivalents and our capitalization as of February 28, 2010

- on an actual basis,
- on a pro forma as adjusted basis to reflect the net proceeds received by us from the offering of the New Shares and after deduction of commissions for the Managers, our estimated Offering costs, and the application of the net proceeds from the Offering as described in "Reasons for the Offering and Use of Proceeds", and
- to reflect the repayment of our Senior Credit Facility, Mezzanine Credit Facility and Shareholder Loan using the proceeds from the issue of New Shares in the Offering and borrowings made under our New Credit Facilities.

The figures below have been calculated in accordance with the recognition and measurement requirements of IFRS, as adopted by the European Union.

| | As of February 28, 2010 | |
|---|---|---|
| **EUR (in millions)** | **Actual** | **As Adjusted** |
| | **unaudited** | **unaudited** |
| **CAPITALIZATION AND INDEBTEDNESS** | | |
| **Total current debt** | **795.8** | **236.4** |
| —secured | **795.3** | **10.9** |
| —guaranteed | **—** | **225.0** |
| —unsecured/non-guaranteed | **0.5** | **0.5** |
| **Total non-current debt (excluding current portion of long-term debt)** | **177.2** | **311.0** |
| —secured | **86.0** | **86.0** |
| —guaranteed | **—** | **225.0** |
| —unsecured/non-guaranteed | **91.2** | **—** |
| **Equity** | | |
| Share capital | **135.5** | **560.3**[(1)] |
| Par value | | **179.6** |
| Additional paid in capital | | **405.9** |
| Less costs | | **(25.2)** |
| Reserves | **(39.2)** | **(39.2)** |
| Treasury shares | | **(35.0)** |
| Minority interests | **2.9** | **2.9** |
| **Total equity and indebtedness** | **1,072.1** | **1,036.3** |
| **Cash and cash equivalents** | **38.3** | **2.4**[(2)] |
| **Trading securities** | **—** | **—** |
| **Liquidity** | **38.3** | **2.4** |
| **Current bank debt** | **784.4** | **225.0** |
| **Current portion of non-current debt** | **8.4** | **8.4** |
| **Other current financial debt** | **3.0** | **3.0** |
| **Current financial debt** | **795.8** | **236.4** |
| **Net current financial indebtedness** | **757.5** | **233.9** |
| **Non-current bank loans** | **1.7** | **226.7** |
| **Other non-current loans** | **175.5** | **84.3** |
| **Non-current financial indebtedness** | **177.2** | **311.0** |
| **Net financial indebtedness** | **934.7** | **544.9**[(3)] |

(1) Reflects the share capital based on the midpoint of the Offer Price Range.

(2) Pro forma cash and cash equivalents as of February 28, 2010 does not take into account any cash generated from that date.

(3) Pro forma net financial indebtedness as of February 28, 2010 does not take into account any cash generated from that date.

## DILUTION

If you invest in our Shares, your interest in our net book value will be diluted to the extent of the difference between the Offer Price and the net book value per Share immediately upon completion of the Offering. Dilution results from the fact that the Offer Price is substantially in excess of the net book value per Share attributable to the Existing Shares prior to completion of the Offering.

Our net book value as of February 28, 2010 was EUR 99.1 million, or EUR 0.98 per Share. Net book value per Share is determined by dividing the amount of our total assets less our total liabilities by the number of Shares prior to completion of the Offering.

### Dilution if minimum number of New Shares are sold

After giving effect to the sale of New Shares at an Offer Price of DKK 117 per Share (or EUR 15.72 per Share), the high end of the Offer Price Range, and after deducting estimated fees and expenses, our pro forma as adjusted net book value as based on our balance sheet of February 28, 2010 would be approximately EUR 488.9 million, or EUR 3.78 per Share.

This amount represents an immediate increase in pro forma net book value of EUR 2.79 per Share and an immediate dilution of EUR 11.94 per Share to new investors corresponding to 76% per Share. The following table illustrates this calculation on a per Share basis:

| | |
|---|---|
| Assumed Offer Price per Share | EUR 15.72 |
| Net book value per Share as of February 28, 2010 | EUR 0.98 |
| Pro forma increase per Share attributable to the Offering | EUR 2.79 |
| Pro forma as adjusted net book value per Share after the Offering | EUR 3.78 |
| Dilution per Share to new investors | EUR 11.94 |
| Dilution per Share to new investors | 76% |

### Dilution if maximum number of New Shares are sold

After giving effect to the sale of the maximum number of New Shares at an Offer Price of DKK 87 per Share (or EUR 11.69 per Share), the low end of the Offer Price Range, and after deducting estimated fees and expenses, our pro forma as adjusted net book value as based on our balance sheet of February 28, 2010 would be approximately EUR 488.9 million, or EUR 3.51 per Share.

This amount represents an immediate increase in pro forma net book value of EUR 2.53 per Share and an immediate dilution of EUR 8.18 per Share to new investors corresponding to 70% per Share. The following table illustrates this calculation on a per Share basis:

| | |
|---|---|
| Assumed Offer Price per Share | EUR 11.69 |
| Net book value per Share as of February 28, 2010 | EUR 0.98 |
| Pro forma increase per Share attributable to the Offering | EUR 2.53 |
| Pro forma as adjusted net book value per Share after the Offering | EUR 3.51 |
| Dilution per Share to new investors | EUR 8.18 |
| Dilution per Share to new investors | 70% |

### Over-allotment Option

If the Joint Global Coordinators (on behalf of the Managers) exercise their Over-allotment Option in full, the following will occur:

- the pro forma as adjusted percentage of Shares held by the Selling Shareholder will decrease from 58.3% to 54.1% of the total number of pro forma as adjusted Shares issued upon completion of this Offering (at an Offer Price of DKK 102, the midpoint of the Offer Price Range); and
- the pro forma as adjusted number of Shares held by new investors will increase from 53,217,173 to 58,794,247, or 44.0% of the total pro forma as adjusted number of Shares issued upon completion of the Offering (at an Offer Price of DKK 102, the midpoint of the Offer Price Range).

The pro forma as adjusted Share ownership percentages mentioned above are calculated based on the total number of Shares issued, including 2,553,559 Shares held by us in treasury following the Offering.

If the Joint Global Coordinators (on behalf of the Managers) exercise their Over-allotment Option in full, our pro forma as adjusted net book value will remain the same.

## DIVIDENDS AND DIVIDEND POLICY

Upon registration of the share capital increase relating to the New Shares with the Danish Commerce and Companies Agency, the New Shares will have the same rights as the Existing Shares, including dividend rights and the New Shares will therefore be eligible for all dividends declared and payable for the financial year ending August 31, 2010 and onwards.

Pursuant to the Danish Companies Act, any distribution of dividends must be resolved by our shareholders at our annual general meeting on the basis of our most recently adopted annual report. The dividends adopted must not exceed the amount recommended by our Board of Directors. The distribution of any interim dividends must be resolved by our shareholders either by resolution or authorization given to the Board of Directors. The resolution or authorization to distribute interim dividends must be accompanied by a balance sheet reviewed by our auditors, and the amount of dividends distributed may not exceed the amount approved, or recommended by, our Board of Directors. If the resolution to distribute interim dividends is made later than six months after the date of the balance sheet, or if our Board of Directors deems it necessary, a new interim balance sheet must be prepared and reviewed by our auditors and it must show that sufficient funds are available for the distribution of interim dividends. As of the Offering Memorandum Date, our Board of Directors possesses authorization to distribute interim dividends, but currently has no plan to do so in the near future.

Pursuant to Danish law, dividends must be paid from distributable reserves, as reported in the most recently adopted annual report and may not exceed an amount which is prudent considering our financial position. Interim dividends may be distributed from the distributable reserves, as reported in the current financial year. Any funds for amortized shares, reserves for treasury shares, net revaluation reserve according to the equity method, all other revaluation reserves and any reserves undistributable according to our articles of association may not be distributed.

Dividends are paid in Danish kroner to each shareholder's or nominee's account with VP. See "Risk Factors—Shareholders outside Denmark are subject to exchange rate risk". No restrictions on dividends or special procedures apply to holders of the shares who are not residents of Denmark.

See "Taxation—Danish Taxation" for a summary of certain Danish tax consequences in respect of dividends or distributions to holders of Offer Shares.

Our Board of Directors has adopted a dividend policy whereby the Board of Directors will propose the payment and amount of any future dividends at our general meetings based on the Board's assessment of factors such as our business development, growth strategy and financing needs. Based on such factors, we expect to declare and pay dividends to shareholders of between 30% and 40% of our net profit, beginning in the financial year ending August 31, 2010. However, there can be no assurance that in any given year a dividend will be proposed or declared. In addition, the Board of Directors will, on an ongoing basis, determine whether any surplus capital may be distributed as an interim dividend or through share buyback programs in order to optimize our capital structure. There are no current plans to distribute interim dividends.

We have not distributed any dividends for the past three financial years ended August 31, 2007, 2008 and 2009.

## SELECTED FINANCIAL AND OPERATING DATA

The following table provides a summary of our historical financial and other consolidated and divisional data as of and for the periods presented. You should read this data together with the information included under the headings "Risk Factors", "Capitalization", "Operating and Financial Review" and our historical consolidated financial statements and notes thereto included elsewhere in this Offering Memorandum. For information on the presentation of financial and other data included in the table below, see also "Important Notice Relating to this Offering Memorandum—Presentation of Financial and Certain Other Information".

Our selected historical consolidated financial information as of and for the financial years ended August 31, 2007, 2008 and 2009 and for the six months ended February 28, 2010, set forth below, was derived from our respective audited consolidated financial statements and the notes thereto, prepared in accordance with IFRS, as adopted by the European Union, included elsewhere in this Offering Memorandum. Our selected historical consolidated financial information as of and for the six months ended February 28, 2009, set forth below, was derived from our unaudited interim consolidated financial statements and the notes thereto, prepared in accordance with IFRS, as adopted by the European Union, included elsewhere in this Offering Memorandum. We have not distributed any dividends during any of the financial periods presented below.

| | As of and for the financial year ended August 31, | | | As of and for the six months ended February 28, | |
|---|---|---|---|---|---|
| **EUR (in millions, except per share data)*** | **2007** | **2008** | **2009** | **2009** | **2010** |
| | | | | **unaudited** | |
| **Income Statement Data** | | | | | |
| Revenue | 444.7 | 476.7 | 511.2 | 240.4 | 256.2 |
| Cost of sales | (241.3) | (247.7) | (269.1) | (131.5) | (128.5) |
| **Gross profit** | **203.4** | **229.0** | **242.1** | **108.9** | **127.7** |
| Research and development expenses | (23.1) | (22.1) | (22.5) | (11.4) | (12.3) |
| Sales and marketing expenses | (63.1) | (65.4) | (66.0) | (32.5) | (35.0) |
| Administrative expenses | (36.1) | (39.5) | (41.4) | (21.4) | (22.3) |
| Other operating income | 2.7 | 2.5 | 2.0 | 1.1 | 0.8 |
| Other operating expenses | (0.6) | (1.0) | (0.3) | (0.2) | (0.8) |
| **Operating profit b.s.i.**(1)(5) | **83.2** | **103.5** | **113.9** | **44.5** | **58.1** |
| Special items | (8.2) | (7.5) | (4.5) | (4.8) | (1.4) |
| **Operating profit** | **75.0** | **96.0** | **109.4** | **39.7** | **56.7** |
| Financial income | 32.7 | 30.8 | 9.6 | 11.8 | 9.3 |
| Financial expenses | (115.0) | (102.0) | (116.1) | (105.2) | (51.2) |
| **Profit before tax** | **(7.3)** | **24.8** | **2.9** | **(53.7)** | **14.8** |
| Corporation tax | 1.2 | (17.3) | (18.9) | 0.6 | (18.2) |
| **Profit/(loss) from continuing activities** | **(6.1)** | **7.5** | **(16.0)** | **(53.1)** | **(3.4)** |
| Profit/(loss) from discontinued activities | (6.7) | 36.3 | (2.4) | (1.9) | (0.2) |
| **Profit/(loss) for the period** | **(12.8)** | **43.8** | **(18.4)** | **(55.0)** | **(3.6)** |
| **Balance Sheet Data** | | | | | |
| Current assets | 188.1 | 258.5 | 221.7 | 235.3 | 203.1 |
| Cash and cash equivalents | 33.8 | 82.6 | 80.3 | 65.9 | 38.3 |
| Non-current assets | 1,048.9 | 1,065.9 | 1,056.9 | 1,063.1 | 1,065.9 |
| Total assets | 1,237.0 | 1,324.4 | 1,278.6 | 1,298.4 | 1,269.0 |
| Current liabilities | 119.6 | 145.9 | 151.2 | 146.7 | 907.5 |
| Payables regarding discontinued operations | — | 6.9 | — | — | — |
| Non-current liabilities | 1,035.5 | 1,046.4 | 1,033.6 | 1,087.0 | 262.4 |
| Shareholders' equity | 79.2 | 121.8 | 91.0 | 61.7 | 96.2 |
| Minority interests | 2.7 | 3.4 | 2.8 | 3.0 | 2.9 |
| Total equity and liabilities | 1,237.0 | 1,324.4 | 1,278.6 | 1,298.4 | 1,269.0 |

| EUR (in millions, except per share data)* | As of and for the financial year ended August 31, 2007 | 2008 | 2009 | As of and for the six months ended February 28, 2009 | 2010 |
|---|---|---|---|---|---|
| | | | | unaudited | |
| **Cash Flow Data** | | | | | |
| Cash flows from operating activities | 66.7 | 51.7 | 105.0 | 10.6 | 16.9 |
| Cash flows from investing activities | (60.4) | (16.8) | (26.6) | (11.2) | (16.7) |
| Cash flows from financing activities | (3.1) | 14.4 | (79.7) | (15.5) | (43.1) |
| **Share Data*** | | | | | |
| Number of shares[2] | 100,825,220 | 100,825,220 | 100,825,220 | 100,825,220 | 100,825,220 |
| Earnings per share, EUR | (0.14) | 0.42 | (0.19) | (0.55) | (0.04) |
| Earnings per share, diluted, EUR[3] | (0.14) | 0.42 | (0.19) | (0.55) | (0.04) |
| Earnings from continuing operations per share, EUR | (0.07) | 0.06 | (0.17) | (0.53) | (0.04) |
| Earnings from continuing operations per share, diluted, EUR[3] | (0.07) | 0.06 | (0.17) | (0.53) | (0.04) |
| Earnings from discontinued activities per share, EUR | (0.07) | 0.36 | (0.02) | (0.02) | 0.0 |
| Earnings from discontinued activities per share, diluted, EUR[3] | (0.07) | 0.36 | (0.02) | (0.02) | 0.0 |
| **Other Data** | | | | | |
| EBITDA b.s.i.[4][5] | 120.0 | 141.6 | 154.9 | 64.6 | 79.4 |
| EBITDA b.s.i. margin[6] | 27% | 30% | 30% | 27% | 31% |
| Operating profit b.s.i. margin[7] | 19% | 22% | 22% | 19% | 23% |
| Net working capital[8] | 79.6 | 90.4 | 77.9 | 107.9 | 107.9 |
| Capital expenditure[9] | 39.2 | 41.8 | 27.5 | 12.3 | 16.7 |
| **Divisional Data** | | | | | |
| **Revenue:** | | | | | |
| Cultures & Enzymes | 291.5 | 311.6 | 331.1 | 157.9 | 164.9 |
| Health & Nutrition | 43.9 | 55.8 | 68.6 | 28.1 | 33.7 |
| Colors & Blends | 109.3 | 109.3 | 111.5 | 54.4 | 57.6 |
| **Total** | 444.7 | 476.7 | 511.2 | 240.4 | 256.2 |
| **EBITDA b.s.i.**:[10] | | | | | |
| Cultures & Enzymes | 87.2 | 110.0 | 116.7 | 49.1 | 61.3 |
| Health & Nutrition | 13.8 | 16.2 | 23.9 | 8.7 | 9.3 |
| Colors & Blends | 19.0 | 15.4 | 14.3 | 6.8 | 8.8 |
| **Total** | 120.0 | 141.6 | 154.9 | 64.6 | 79.4 |
| **EBITDA b.s.i. margin:** | | | | | |
| Cultures & Enzymes | 30% | 35% | 35% | 31% | 37% |
| Health & Nutrition | 31% | 29% | 35% | 31% | 28% |
| Colors & Blends | 17% | 14% | 13% | 13% | 15% |
| **Total** | 27% | 30% | 30% | 27% | 31% |
| **Operating profit b.s.i.:**[10] | | | | | |
| Cultures & Enzymes | 61.0 | 80.9 | 84.6 | 33.0 | 44.7 |
| Health & Nutrition | 8.9 | 11.9 | 19.7 | 6.7 | 6.9 |
| Colors & Blends | 13.3 | 10.7 | 9.6 | 4.8 | 6.5 |
| **Total** | 83.2 | 103.5 | 113.9 | 44.5 | 58.1 |
| **Operating profit b.s.i. margin:** | | | | | |
| Cultures & Enzymes | 21% | 26% | 26% | 21% | 27% |
| Health & Nutrition | 20% | 21% | 29% | 24% | 20% |
| Colors & Blends | 12% | 10% | 9% | 9% | 11% |
| **Total** | 19% | 22% | 22% | 19% | 23% |

| EUR (in millions, except per share data)* | As of and for the financial year ended August 31, | | | As of and for the six months ended February 28, | |
|---|---|---|---|---|---|
| | 2007 | 2008 | 2009 | 2009 | 2010 |
| | | | | unaudited | |
| **Invested capital:**[11] | | | | | |
| Cultures & Enzymes | 385.5 | 394.0 | 371.7 | 399.2 | 386.8 |
| Health & Nutrition | 60.2 | 70.8 | 83.3 | 75.6 | 84.6 |
| Colors & Blends | 72.1 | 74.3 | 71.6 | 83.0 | 82.9 |
| Divested business | 11.1 | 0.4 | — | — | — |
| **Total** | 528.9 | 539.5 | 526.6 | 557.8 | 554.3 |
| **Return on average invested capital:**[12] | | | | | |
| Cultures & Enzymes | 15% | 21% | 22% | — | 25% |
| Health & Nutrition | 14% | 18% | 26% | — | 25% |
| Colors & Blends | 19% | 15% | 13% | — | 14% |
| **Total** | 15% | 19% | 21% | — | 23% |
| **Adjusted organic revenue growth:**[13] | | | | | |
| Cultures & Enzymes | 12% | 10% | 9% | — | 7% |
| Health & Nutrition | 13% | 22% | 27% | — | 23% |
| Colors & Blends | 2% | 5% | 6% | — | 15% |
| **Total** | 10% | 10% | 10% | — | 11% |

* per share of DKK 10 nominal value

(1) Operating profit b.s.i. comprises reported operating profit before special items for each period that comprise material amounts that cannot be attributed to recurring operations. We use operating profit b.s.i., in conjunction with traditional IFRS measures, as part of our overall assessment of our performance. We use this non-IFRS measure in internal management reports. The principal limitations of operating profit b.s.i. as a performance measure are that it excludes significant expenses and gains required under IFRS. To mitigate these limitations, we present our IFRS results along with the non-IFRS measure, reconcile operating profit b.s.i to operating profit, and recommend that investors not give undue weight to it. We believe that operating profit b.s.i. provides investors useful information by allowing them to view the business through the eyes of management, facilitating comparison of results across historical and future periods and across divisions, and provides a focus on the underlying operating performance of the business. See footnote (5) below for a reconciliation of operating profit b.s.i. to operating profit.

(2) In accordance with IAS 33.64, the number of Shares after the 10 for 1 share split on April 27, 2010, has been used retroactively for the calculation of earnings per share for each period presented.

(3) Diluted assumes conversion of all outstanding instruments that are convertible into Shares. There were no such instruments outstanding during any of the periods presented.

(4) EBITDA b.s.i. is operating profit before depreciation, amortization and special items for each period that comprise material amounts that cannot be attributed to recurring operations. We use EBITDA b.s.i., in conjunction with traditional IFRS measures, as part of our overall assessment of our performance. We use this non-IFRS measure in internal management reports. The principal limitations of EBITDA b.s.i. as a performance measure are that it excludes significant expenses and gains required under IFRS. To mitigate these limitations, we present our IFRS results along with the non-IFRS measure, reconcile EBITDA b.s.i. to operating profit, and recommend that investors not give undue weight to it. We believe that EBITDA b.s.i. is useful as an indicator of ongoing operating performance. We believe that EBITDA b.s.i. provides investors useful information by allowing them to view the business through the eyes of management, facilitating comparison of results across historical and future periods and across divisions, and providing a focus on the underlying operating performance of the business. See footnote (5) below for a reconciliation of EBITDA b.s.i. to operating profit.

(5) A reconciliation of EBITDA b.s.i. and operating profit b.s.i. to operating profit on a consolidated basis is set out below:

| EUR (in millions) | For the financial year ended August 31, | | | For the six months ended February 28, | |
|---|---|---|---|---|---|
| | 2007 | 2008 | 2009 | 2009 | 2010 |
| | | | | unaudited | |
| **EBITDA b.s.i.** | **120.0** | **141.6** | **154.9** | **64.6** | **79.4** |
| Depreciation, amortization and impairment losses | (36.8) | (38.1) | (41.0) | (20.1) | (21.3) |
| **Operating profit b.s.i.** | **83.2** | **103.5** | **113.9** | **44.5** | **58.1** |
| **Special Items** | | | | | |
| Proceeds from divestment of functional systems in Western Europe | — | — | 2.5 | — | (0.1) |
| Proceeds from the divestment of the soup & sauces business | — | — | 1.0 | 1.0 | — |
| New financial reporting system implemented—adjustment to calculation of internal profit on inventories | — | — | (3.4) | (3.4) | — |
| Provision for litigation case in Brazil | — | — | (0.5) | — | (0.3) |
| Special IFRS adjustment to vacation pay obligation | — | — | (1.4) | (1.1) | — |
| Close down of Medipharm production sites in Sweden and the United States | — | (3.6) | (0.9) | (0.5) | — |
| Writedown of closed production site in Spain | — | (0.4) | — | — | — |
| Reorganization of Danish companies | (0.9) | (0.1) | — | — | — |
| Reorganization of Spanish companies | (0.7) | — | — | — | — |
| Reorganization of U.S. company | (0.4) | — | — | — | — |
| Restructuring of European sales organization including distributors | (2.4) | (2.0) | (1.0) | (0.6) | (0.3) |
| Strategic sourcing project | (2.2) | — | — | | |
| Other strategic projects | (1.6) | (1.4) | (0.8) | (0.2) | (0.7) |
| **Operating profit** | **75.0** | **96.0** | **109.4** | **39.7** | **56.7** |

(6) EBITDA b.s.i. margin is the ratio of EBITDA b.s.i. to revenue.

(7) Operating profit b.s.i. margin is the ratio of operating profit b.s.i. to revenue.

(8) Net working capital is the sum of trade receivables and inventories minus trade payables. We use net working capital, in conjunction with traditional IFRS measures, as part of our overall assessment of our performance. We use this non-IFRS measure in internal management reports to monitor and make decisions about our businesses. We believe that net working capital provides useful information about cash flow items that are not otherwise reflected in our audited consolidated financial statements and allows us to manage trade receivables, trade payables and inventories to optimize our cash planning. In addition, net working capital enables us to measure our ability to convert operating profit to cash. We believe that net working capital provides investors useful information by allowing them to view the business through the eyes of management, facilitating comparison of results across historical and future periods and across divisions, and provide a focus on the underlying operating performance of the business. A reconciliation of net working capital to trade receivables, trade payables and inventories as disclosed in our audited consolidated balance sheet is set out below:

| EUR (in millions) | For the financial year ended August 31, | | | For the six months ended February 28, | |
|---|---|---|---|---|---|
| | 2007 | 2008 | 2009 | 2009 | 2010 |
| | | | | unaudited | |
| Trade receivables | 70.9 | 75.8 | 70.8 | 73.1 | 76.9 |
| Inventories | 58.0 | 65.2 | 56.9 | 71.1 | 71.0 |
| Trade payables | (49.3) | (50.6) | (49.8) | (36.3) | (40.0) |
| **Net working capital** | **79.6** | **90.4** | **77.9** | **107.9** | **107.9** |

(9) Capital expenditure consists of investments in product development, information technology and certain intellectual property, and investments in, and sales of, property, plant and equipment. We use capital expenditure, in conjunction with traditional IFRS measures, as part of our overall assessment of our performance. We use this non-IFRS measure in internal management reports to monitor and make decisions about our businesses. We believe that capital expenditure provides useful information about cash flow items that are not otherwise reflected in our audited consolidated financial statements, such as investment activities, and allows us to optimize our cash planning. In addition, information about capital expenditure assists us in measuring our ability to convert operating profit to cash. We believe that capital expenditure provides investors useful information by allowing them to view the business through the eyes of management, facilitating comparison of results across

historical and future periods and across divisions, and provide a focus on the underlying operating performance of the business. A reconciliation of capital expenditures to line items in the consolidated cash flow statements is set out below:

| EUR (in millions) | For the financial year ended August 31, | | | For the six months ended February 28, | |
|---|---|---|---|---|---|
| | 2007 | 2008 | 2009 | 2009 | 2010 |
| | | | | unaudited | |
| Information from cash flow statements: | | | | | |
| Investments in intangible assets | 3.4 | 8.8 | 17.4 | 5.0 | 8.4 |
| Investments in property, plant and equipment | 36.9 | 33.9 | 11.1 | 7.3 | 8.3 |
| Sale of property, plant and equipment | (1.1) | (0.9) | (1.0) | — | — |
| **Capital expenditure** | **39.2** | **41.8** | **27.5** | **12.3** | **16.7** |

(10) A reconciliation of EBITDA b.s.i. to operating profit b.s.i. by division and on a consolidated basis is set out below. See note 3 to our audited consolidated financial information included elsewhere in this Offering Memorandum for additional financial information on our divisions, including a reconciliation of EBITDA b.s.i. to operating profit (EBIT).

| EUR (in millions) | For the financial year ended August 31, | | | For the six months ended February 28, | |
|---|---|---|---|---|---|
| | 2007 | 2008 | 2009 | 2009 | 2010 |
| | | | | Unaudited | |
| Cultures & Enzymes: | | | | | |
| EBITDA b.s.i. | 87.2 | 110.0 | 116.7 | 49.1 | 61.3 |
| Depreciation, amortizations and impairment losses | (26.2) | (29.1) | (32.1) | (16.1) | (16.6) |
| **Operating profit b.s.i.** | **61.0** | **80.9** | **84.6** | **33.0** | **44.7** |
| Health & Nutrition: | | | | | |
| EBITDA b.s.i. | 13.8 | 16.2 | 23.9 | 8.7 | 9.3 |
| Depreciation, amortizations and impairment losses | (4.9) | (4.3) | (4.2) | (2.0) | (2.4) |
| **Operating profit b.s.i.** | **8.9** | **11.9** | **19.7** | **6.7** | **6.9** |
| Colors & Blends: | | | | | |
| EBITDA b.s.i. | 19.0 | 15.4 | 14.3 | 6.8 | 8.8 |
| Depreciation, amortizations and impairment losses | (5.7) | (4.7) | (4.7) | (2.0) | (2.3) |
| **Operating profit b.s.i.** | **13.3** | **10.7** | **9.6** | **4.8** | **6.5** |
| Total: | | | | | |
| EBITDA b.s.i. | 120.0 | 141.6 | 154.9 | 64.6 | 79.4 |
| Depreciation, amortizations and impairment losses | (36.8) | (38.1) | (41.0) | (20.1) | (21.3) |
| **Operating profit b.s.i.** | **83.2** | **103.5** | **113.9** | **44.5** | **58.1** |

(11) Invested capital is intangible assets (excluding goodwill), property, plant and equipment, trade receivables and inventories less trade payables. We use invested capital, in conjunction with traditional IFRS measures, as part of our overall assessment of our performance. We use this non-IFRS measure in internal management reports to monitor and make decisions about our businesses. We believe that invested capital provides useful information about the profitability of our business divisions relative to capital employed, which is not otherwise reflected in our audited consolidated financial statements. This includes a measure of profitability when compared to committed capital in each of our business divisions. This allows us to manage investments in our divisions on a comparative basis and allocate capital efficiently. We adjust invested capital to exclude goodwill because we wish to exclude the impact of goodwill resulting from the acquisition of our business from our predecessor company by funds managed and advised by PAI partners in 2005, and other acquisitions. We believe that invested capital provides investors with useful information by allowing them to view the business through the eyes of management, facilitating comparison of results across historical and future periods and across divisions, and provides a focus on the underlying operating performance of the

business. A reconciliation of invested capital to our audited financial statements for each division and on a consolidated basis is set out below:

| | For the financial year ended August 31, | | | For the six months ended February 28, | |
|---|---|---|---|---|---|
| **EUR (in millions)** | **2007** | **2008** | **2009** | **2009** | **2010** |
| | | | | **unaudited** | |
| Cultures & Enzymes: | | | | | |
| Other intangible assets | 137.1 | 132.7 | 132.4 | 139.9 | 136.1 |
| Tangible assets | 201.6 | 207.1 | 195.7 | 199.3 | 190.0 |
| Trade receivables | 44.6 | 45.6 | 43.6 | 45.0 | 49.4 |
| Trade payables | (28.2) | (29.4) | (28.7) | (20.9) | (22.0) |
| Inventories | 30.4 | 38.0 | 28.7 | 35.9 | 33.3 |
| **Invested capital** | **385.5** | **394.0** | **371.7** | **399.2** | **386.8** |
| Health & Nutrition: | | | | | |
| Other intangible assets | 15.1 | 25.1 | 37.4 | 25.8 | 35.1 |
| Tangible assets | 37.2 | 32.5 | 32.4 | 32.2 | 34.1 |
| Trade receivables | 6.0 | 11.6 | 10.5 | 10.9 | 10.3 |
| Trade payables | (3.0) | (5.4) | (5.7) | (4.2) | (5.0) |
| Inventories | 4.9 | 7.0 | 8.7 | 10.9 | 10.1 |
| **Invested capital** | **60.2** | **70.8** | **83.3** | **75.6** | **84.6** |
| Colors & Blends: | | | | | |
| Other intangible assets | 15.6 | 15.1 | 15.1 | 15.0 | 15.0 |
| Tangible assets | 38.0 | 36.6 | 35.7 | 37.7 | 36.1 |
| Trade receivables | 14.9 | 18.6 | 16.7 | 17.2 | 17.2 |
| Trade payables | (13.3) | (15.8) | (15.4) | (11.2) | (13.0) |
| Inventories | 16.9 | 19.8 | 19.5 | 24.3 | 27.6 |
| **Invested capital** | **72.1** | **74.3** | **71.6** | **83.0** | **82.9** |
| Consolidated, incl not allocated: | | | | | |
| Other intangible assets | 167.8 | 172.9 | 184.9 | 180.7 | 186.2 |
| Tangible assets | 281.5 | 276.2 | 263.8 | 269.2 | 260.2 |
| Trade receivables | 70.9 | 75.8 | 70.8 | 73.1 | 76.9 |
| Trade payables | (49.3) | (50.6) | (49.8) | (36.3) | (40.0) |
| Inventories | 58.0 | 65.2 | 56.9 | 71.1 | 71.0 |
| **Invested capital** | **528.9** | **539.5** | **526.6** | **557.8** | **554.3** |

(12) Return on average invested capital is operating profit b.s.i. as a percentage of average invested capital. Average invested capital is calculated using the invested capital amounts as of the first and last days of our financial year. Return on average invested capital for the six months ended February 28, 2010 is calculated as operating profit b.s.i. for the period from March 1, 2009 to February 28, 2010 as a percentage of the average invested capital as of February 28, 2009 and February 28, 2010. We use return on average invested capital, in conjunction with traditional IFRS measures, as part of our overall assessment of our performance. We use this non-IFRS measure in internal management reports to monitor and make decisions about our businesses. We believe that return on average invested capital provides useful information about the profitability of our business divisions relative to capital employed, which is not otherwise reflected in our audited consolidated financial statements. This includes a measure of profitability when compared to committed capital in each of our business divisions. This allows us to manage investments in our divisions on a comparative basis and allocate capital efficiently. We believe that return on average invested capital provides investors with useful information by allowing them to view the business through the eyes of management, facilitating comparison of results across historical and return on future periods and across divisions, and provides

a focus on the underlying operating performance of the business. A reconciliation of return on average invested capital to our audited financial statements for each division is set out below:

| | For the financial year ended August 31, | | | For the six months ended February 28, | |
|---|---|---|---|---|---|
| **EUR (in millions)** | **2007** | **2008** | **2009** | **2009** | **2010** |
| Cultures & Enzymes: | | | | | |
| Invested capital beginning of year | 403.5 | 385.5 | 394.0 | | 399.2 |
| Invested capital end of year | 385.5 | 394.0 | 371.7 | | 386.8 |
| Average invested capital | 394.5 | 389.8 | 382.9 | | 393.0 |
| Operating profit b.s.i. | 61.0 | 80.9 | 84.6 | | 96.3 |
| **Return on average invested capital** | **15%** | **21%** | **22%** | | **25%** |
| Health & Nutrition: | | | | | |
| Invested capital beginning of year. | 64.3 | 60.2 | 70.8 | | 75.6 |
| Invested capital end of year | 60.2 | 70.8 | 83.3 | | 84.6 |
| Average invested capital | 62.3 | 65.5 | 77.1 | | 80.1 |
| Operating profit b.s.i. | 8.9 | 11.9 | 19.7 | | 19.9 |
| **Return on average invested capital** | **14%** | **18%** | **26%** | | **25%** |
| Colors & Blends: | | | | | |
| Invested capital beginning of year | 69.1 | 72.1 | 74.3 | | 82.9 |
| Invested capital end of year | 72.1 | 74.3 | 71.6 | | 82.9 |
| Average invested capital | 70.6 | 73.2 | 73.0 | | 82.9 |
| Operating profit b.s.i. | 13.3 | 10.7 | 9.6 | | 11.3 |
| **Return on average invested capital** | **19%** | **15%** | **13%** | | **14%** |
| Group, incl not allocated: | | | | | |
| Invested capital beginning of year | 566.0 | 528.9 | 539.5 | | 557.7 |
| Invested capital end of year | 528.9 | 539.5 | 526.6 | | 554.3 |
| Average invested capital | 547.5 | 534.2 | 533.1 | | 556.0 |
| Operating profit b.s.i. | 83.2 | 103.5 | 113.9 | | 127.5 |
| **Return on average invested capital** | **15%** | **19%** | **21%** | | **23%** |

(13) Adjusted organic revenue growth is calculated based on reported IFRS revenue adjusted for sales reductions (such as commissions and sales discounts), further adjusted for acquisitions and divestitures in order to standardize year-on-year comparisons and measured in local currency. The designations "EUR revenue, million, at previous year's exchange rate" and "EUR million, actual exchange rates" are used in the tables. The designation "EUR revenue, million, at previous year's exchange rate" means revenue translated from local currency into EUR using monthly average exchange rates for the previous financial year weighted by the sales of the individual month. The designation "EUR million, actual exchange rates" means revenue translated from local currency into EUR using the weighted monthly average exchange rates for the individual financial year. A reconciliation of adjusted organic revenue growth to reported IFRS revenue growth is presented below:

**Consolidated:**

| | Financial year ended | | | |
|---|---|---|---|---|
| **EUR (in millions)** | **August 31, 2006** | **August 31, 2007** | **August 31, 2008** | **August 31, 2009** |
| Reported revenue, EUR | 424.8 | 444.7 | 476.7 | 511.2 |
| + Sales reductions | 12.5 | 11.8 | 13.1 | 13.6 |
| − Gross revenue from Acquisitions, Medipharm | 0.0 | 0.0 | (12.7) | (11.3) |
| − Gross revenue from Divestments, Coatings & Excipients | (18.3) | (5.4) | 0.0 | 0.0 |
| − Gross revenue from Divestments, Soups & Sauces | (1.9) | (2.1) | (2.3) | (1.2) |
| − Gross revenue from Divestments, Holdorf | (6.0) | (6.2) | (5.7) | (5.6) |
| − Rounding and other adjustments | (1.2) | (3.5) | 0.0 | 0.5 |
| **= Subtotal (Like-for-like gross revenue)** | **409.9** | **439.3** | **469.1** | **507.2** |

| | 2005/06 | 2006/07 | | | | 2007/08 | | | | 2008/09 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Exchange rate | Exchange rate | Local currency, million | EUR revenue, million, at previous year's exchange rate | EUR million, actual exchange rates | Exchange rate | Local currency, million | EUR revenue, million, at previous year's exchange rate | EUR million, actual exchange rates | Exchange rate | Local currency, million | EUR revenue, million, at previous year's exchange rate | EUR million, actual exchange rates |
| Distributed on currencies: | | | | | | | | | | | | | |
| ARS | 3.7409 | 4.1030 | 47.8 | 12.8 | 11.7 | 4.6945 | 59.3 | 14.4 | 12.6 | 4.7022 | 44.9 | 9.6 | 9.5 |
| AUD | 1.6383 | 1.6507 | 23.0 | 14.0 | 13.9 | 1.6487 | 22.9 | 13.9 | 13.9 | 1.8639 | 25.3 | 15.4 | 13.6 |
| BRL | 2.7044 | 2.7158 | 58.8 | 21.7 | 21.6 | 2.5709 | 65.6 | 24.2 | 25.5 | 2.8617 | 80.2 | 31.2 | 28.0 |
| CAD | 1.4027 | 1.4821 | 3.9 | 2.8 | 2.6 | 0.0000 | 0.0 | 0.0 | 0.0 | 0.0000 | 0.0 | 0.0 | 0.0 |
| CHF | 1.5626 | 1.6224 | 1.5 | 1.0 | 0.9 | 0.0000 | 0.0 | 0.0 | 0.0 | 0.0000 | 0.0 | 0.0 | 0.0 |
| CNY | 9.8959 | 10.2556 | 13.3 | 1.3 | 1,3 | 10.7664 | 19.8 | 1.9 | 1.8 | 9.4198 | 57.0 | 5.3 | 6.0 |
| COP | 2,900.2362 | 3,495.6053 | 4,343.0 | 1.5 | 1.2 | 2,865.2928 | 4,576.0 | 1.3 | 1.6 | 3,056.3818 | 4,523.6 | 1.6 | 1.5 |
| CZK | 28.6777 | 28.1411 | 93.5 | 3.3 | 3.3 | 25.6099 | 56.7 | 2.0 | 2.2 | 26.2593 | 49.9 | 1.9 | 1.9 |
| DKK | 7.4606 | 7.4515 | 110.7 | 14.8 | 14.9 | 7.4567 | 655.3 | 87.9 | 87.9 | 7.4497 | 643.4 | 86.3 | 86.4 |
| EUR | 1.0000 | 1.0000 | 201.2 | 201.2 | 201.2 | 1.0000 | 144.2 | 144.2 | 144.2 | 1.0000 | 158.5 | 158.5 | 158.5 |
| GBP | 0.6848 | 0.6743 | 8.5 | 12.4 | 12.6 | 0.7536 | 11.5 | 17.0 | 15.2 | 0.8667 | 10.8 | 14.3 | 12.5 |
| INR | 55.5813 | 56.7904 | 30.5 | 0.5 | 0.5 | 61.2564 | 51.7 | 0.9 | 0.8 | 65.9736 | 50.9 | 0.8 | 0.8 |
| JPY | 0.0000 | 0.0000 | 0.0 | 0.0 | 0.0 | 162.1468 | 0.0 | 0.0 | 0.0 | 127.2812 | 14.6 | 0.1 | 0.1 |
| MXN | 12.8265 | 14.5266 | 3.4 | 0.3 | 0.2 | 15.8789 | 183.7 | 12.6 | 11.6 | 17.9574 | 229.4 | 14.4 | 12.8 |
| NOK | 8.2435 | 8.2435 | 18.2 | 2.2 | 2.2 | 0.0000 | 0.0 | 0.0 | 0.0 | 0.0000 | 0.0 | 0.0 | 0.0 |
| NZD | 1.8320 | 1.8842 | 3.9 | 2.1 | 2.0 | 1.9439 | 5.5 | 2.9 | 2.8 | 2.2949 | 9.6 | 5.0 | 4.2 |
| PAB | 0.0000 | 1.3221 | 0.0 | 0.0 | 0.0 | 1.5029 | 8.6 | 6.5 | 5.8 | 1.3574 | 8.4 | 5.6 | 6.2 |
| PEN | 4.0874 | 4.2318 | 5.4 | 1.3 | 1.3 | 4.4248 | 5.4 | 1.3 | 1.2 | 4.1429 | 4.8 | 1.1 | 1.2 |
| PLN | 3.9174 | 3.8429 | 64.9 | 16.6 | 16.9 | 3.5068 | 85.1 | 22.1 | 24.3 | 4.1730 | 103.0 | 29.4 | 24.7 |
| RON | 0.0000 | 0.0000 | 0.0 | 0.0 | 0.0 | 3.5655 | 0.0 | 0.0 | 0.0 | 4.1912 | 5.7 | 1.6 | 1.4 |
| RUB | 34.1200 | 34.6142 | 686.3 | 20.1 | 19.8 | 36.2827 | 778.4 | 22.5 | 21.5 | 41.6600 | 889.6 | 24.5 | 21.4 |
| SEK | 9.3545 | 9.2119 | 15.2 | 1.6 | 1.7 | 9.3386 | 0.7 | 0.1 | 0.1 | 9.8131 | 0.0 | 0.0 | 0.0 |
| TRY | 1.7350 | 1.8306 | 16.2 | 9.3 | 8.9 | 1.8470 | 16.6 | 9.1 | 9.0 | 2.0952 | 18.8 | 10.2 | 9.0 |
| UAH | 6.2099 | 6.6854 | 39.3 | 6.3 | 5.9 | 7.4259 | 48.0 | 7.2 | 6.5 | 9.9491 | 70.2 | 9.5 | 7.1 |
| USD | 1.2301 | 1.3233 | 125.3 | 101.9 | 94.7 | 1.5016 | 121.1 | 91.5 | 80.6 | 1.3523 | 135.8 | 90.5 | 100.4 |
| | | | | **449.0** | **439.3** | | | **483.5** | **469.1** | | | **516.8** | **507.2** |

| EUR (in millions) | Financial year ended August 31, 2006 | August 31, 2007 | August 31, 2008 | August 31, 2009 |
|---|---|---|---|---|
| Growth in revenue | — | 29.4 | 29.8 | 38.0 |
| Currency effect | — | 9.7 | 14.4 | 9.6 |
| **Organic growth** | **—** | **39.1** | **44.2** | **47.6** |
| **Organic growth %** | **—** | **10%** | **10%** | **10%** |

**Cultures & Enzymes:**

| EUR (in millions) | Financial year ended August 31, 2006 | August 31, 2007 | August 31, 2008 | August 31, 2009 |
|---|---|---|---|---|
| Reported revenue, EUR | 263.6 | 291.5 | 311.6 | 331.1 |
| + Sales reductions | 8.5 | 7.7 | 8.0 | 8.1 |
| − Gross revenue from Acquisitions, Medipharm | 0.0 | 0.0 | (1.4) | (0.5) |
| − Rounding and other adjustments | (1.5) | (2.9) | (0.2) | (0.3) |
| **= Subtotal (Like-for-like gross revenue)** | **270.6** | **296.3** | **318.0** | **338.4** |

| | 2005/06 | 2006/07 | | | | 2007/08 | | | | 2008/09 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Exchange rate | Exchange rate | Local currency, million | EUR revenue, million, at previous year's exchange rate | EUR million, actual exchange rates | Exchange rate | Local currency, million | EUR revenue, million, at previous year's exchange rate | EUR million, actual exchange rates | Exchange rate | Local currency, million | EUR revenue, million, at previous year's exchange rate | EUR million, actual exchange rates |
| Distributed on currencies: | | | | | | | | | | | | | |
| ARS | 3.7397 | 4.0977 | 31.8 | 8.5 | 7.8 | 4.6915 | 38.7 | 9.4 | 8.2 | 4.6822 | 25.0 | 5.3 | 5.3 |
| AUD | 1.6372 | 1.6528 | 15.1 | 9.2 | 9.1 | 1.6491 | 14.9 | 9.0 | 9.0 | 1.8681 | 15.9 | 9.6 | 8.5 |
| BRL | 2.7055 | 2.7213 | 37.3 | 13.8 | 13.7 | 2.5706 | 40.2 | 14.8 | 15.6 | 2.8682 | 50.4 | 19.6 | 17.6 |
| CAD | 1.4012 | 1.4772 | 1.8 | 1.3 | 1.2 | 0.0000 | 0.0 | 0.0 | 0.0 | 0.0000 | 0.0 | 0.0 | 0.0 |
| CHF | 1.5626 | 1,6225 | 1.5 | 0.9 | 0.9 | 0.0000 | 0.0 | 0.0 | 0.0 | 0.0000 | 0.0 | 0.0 | 0.0 |
| CNY | 9.7722 | 10.1320 | 0.0 | 0.0 | 0.0 | 10.6736 | 0.1 | 0.0 | 0.0 | 9.4652 | 31.8 | 3.0 | 3.4 |
| COP | 2,891.8597 | 3,506.5134 | 2,939.7 | 1.0 | 0.8 | 2,866.7711 | 3,459.6 | 1.0 | 1.2 | 3,048.5151 | 3,730.4 | 1.3 | 1.2 |
| CZK | 28.6646 | 28.1424 | 77.9 | 2.7 | 2.8 | 25.6668 | 42.7 | 1.5 | 1.7 | 26.3106 | 33.8 | 1.3 | 1.3 |
| DKK | 7.4606 | 7.4519 | 78.4 | 10.5 | 10.5 | 7.4567 | 415.0 | 55.7 | 55.7 | 7.4497 | 398.0 | 53.4 | 53.4 |
| EUR | 1.0000 | 1.0000 | 138.0 | 138.0 | 138.0 | 1.0000 | 100.7 | 100.7 | 100.7 | 1.0000 | 109.1 | 109.1 | 109.1 |
| GBP | 0.6848 | 0.6744 | 6.1 | 8.9 | 9.0 | 0.7545 | 7.4 | 11.0 | 9.8 | 0.8656 | 7.4 | 9.8 | 8.5 |
| INR | 55.9492 | 56.8460 | 26.9 | 0.5 | 0.5 | 61.2564 | 41.7 | 0.7 | 0.7 | 65.9379 | 44.7 | 0.7 | 0.7 |
| JPY | 0.0000 | 0.0000 | 0.0 | 0.0 | 0.0 | 162.1468 | 0.0 | 0.0 | 0.0 | 127.2812 | 14.6 | 0.1 | 0.1 |
| MXN | 12.7848 | 14.5738 | 1.6 | 0.1 | 0.1 | 15.8656 | 142.2 | 9.8 | 9.0 | 17.9832 | 171.9 | 10.8 | 9.6 |
| NOK | 8.2435 | 8.2435 | 16.1 | 1.9 | 1.9 | 0.0000 | 0.0 | 0.0 | 0.0 | 0.0000 | 0.0 | 0.0 | 0.0 |
| NZD | 1.8274 | 1.8889 | 3.1 | 1.7 | 1.6 | 1.9364 | 4.5 | 2.4 | 2.3 | 2.2920 | 4.4 | 2.3 | 1.9 |
| PAB | 0.0000 | 1.3221 | 0.0 | 0.0 | 0.0 | 1.5035 | 7.1 | 5.4 | 4.7 | 1.3578 | 7.3 | 4.8 | 5.3 |
| PEN | 4.0796 | 4.2312 | 3.5 | 0.9 | 0.8 | 4.4239 | 3.8 | 0.9 | 0.9 | 4.1428 | 3.8 | 0.9 | 0.9 |
| PLN | 3.9174 | 3.8411 | 41.4 | 10.6 | 10.8 | 3.5066 | 65.7 | 17.1 | 18.7 | 4.1696 | 81.6 | 23.3 | 19.6 |
| RON | 0.0000 | 0.0000 | 0.0 | 0.0 | 0.0 | 3.5655 | 0.0 | 0.0 | 0.0 | 4.1901 | 5.4 | 1.5 | 1.3 |
| RUB | 34.1201 | 34.6106 | 575.9 | 16.9 | 16.6 | 36.2945 | 650.6 | 18.8 | 17.9 | 41.6487 | 762.3 | 21.0 | 18.3 |
| SEK | 9.3445 | 9.2075 | 9.9 | 1.1 | 1.1 | 9.3210 | 0.5 | 0.1 | 0.1 | 9.8487 | 0.0 | 0.0 | 0.0 |
| TRY | 1.7412 | 1.8307 | 12.5 | 7.2 | 6.8 | 1.8503 | 13.3 | 7.3 | 7.2 | 2.0952 | 15.4 | 8.3 | 7.4 |
| UAH | 6.2044 | 6.6845 | 34.3 | 5.5 | 5.1 | 7.4315 | 37.4 | 5.6 | 5.0 | 9.9513 | 51.8 | 7.0 | 5.2 |
| USD | 1.2310 | 1.3237 | 75.8 | 61.5 | 57.2 | 1.4991 | 74.4 | 56.2 | 49.6 | 1.3524 | 80.9 | 54.0 | 59.8 |
| | | | | **302.7** | **296.3** | | | **327.4** | **318.0** | | | **347.1** | **338.4** |

| EUR (in millions) | Financial year ended August 31, 2006 | August 31, 2007 | August 31, 2008 | August 31, 2009 |
|---|---|---|---|---|
| Growth in revenue | — | 25.7 | 21.7 | 20.4 |
| Currency effect | — | 6.4 | 9.4 | 8.7 |
| **Organic growth** | **—** | **32.1** | **31.1** | **29.1** |
| **Organic growth %** | **—** | **12%** | **10%** | **9%** |

**Health & Nutrition:**

| EUR (in millions) | Financial year ended August 31, 2006 | August 31, 2007 | August 31, 2008 | August 31, 2009 |
|---|---|---|---|---|
| Reported revenue, EUR | 53.6 | 43.9 | 55.8 | 68.6 |
| + Sales reductions | 1.1 | 1.2 | 1.7 | 2.0 |
| − Gross revenue from Acquisitions, Medipharm | 0.0 | 0.0 | (11.3) | (10.8) |
| − Gross revenue from Divestments, Coatings & Excipients | (18.3) | (5.4) | 0.0 | 0.0 |
| − Rounding and other adjustments | 0.0 | 0.0 | (0.4) | 0.3 |
| **= Subtotal (Like-for-like gross revenue)** | **36.4** | **39.7** | **45.8** | **60.1** |

| | 2005/06 | 2006/07 | | | | 2007/08 | | | | 2008/09 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Exchange rate | Exchange rate | Local currency, million | EUR revenue, million, at previous year's exchange rate | EUR million, actual exchange rates | Exchange rate | Local currency, million | EUR revenue, million, at previous year's exchange rate | EUR million, actual exchange rates | Exchange rate | Local currency, million | EUR revenue, million, at previous year's exchange rate | EUR million, actual exchange rates |
| Distributed on currencies: | | | | | | | | | | | | | |
| ARS | 3.7909 | 4.0995 | 0.6 | 0.1 | 0.1 | 4.6410 | 0.2 | 0.1 | 0.0 | 4.9691 | 0.1 | 0.0 | 0.0 |
| AUD | 1.6668 | 1.6376 | 1.2 | 0.7 | 0.7 | 1.6430 | 1.2 | 0.7 | 0.7 | 1.8518 | 1.8 | 1.1 | 1.0 |
| BRL | 2.6990 | 2.7170 | 2.8 | 1.0 | 1.0 | 2.5673 | 4.1 | 1.5 | 1.6 | 2.8274 | 5.0 | 2.0 | 1.8 |
| CAD | 1.4047 | 1.4867 | 1.9 | 1.4 | 1.3 | 0.0000 | 0.0 | 0.0 | 0.0 | 0.0000 | 0.0 | 0.0 | 0.0 |
| DKK | 7.4606 | 7.4506 | 21.0 | 2.8 | 2.8 | 7.4567 | 136.5 | 18.3 | 18.3 | 7.4495 | 133.8 | 17.9 | 18.0 |
| EUR | 1.0000 | 1.0000 | 14.2 | 14.2 | 14.2 | 1.0000 | 5.4 | 5.4 | 5.4 | 1.0000 | 10.0 | 10.0 | 10.0 |
| GBP | 0.6828 | 0.6752 | 0.4 | 0.6 | 0.6 | 0.7497 | 0.7 | 1.0 | 0.9 | 0.8757 | 0.5 | 0.7 | 0.6 |
| INR | 55.0894 | 56.8962 | 0.0 | 0.0 | 0.0 | 64.7978 | 0.8 | 0.0 | 0.0 | 66.2837 | 4.3 | 0.1 | 0.1 |
| MXN | 0.0000 | 14.4405 | 0.0 | 0.0 | 0.0 | 15.9073 | 2.9 | 0.2 | 0.2 | 18.0690 | 3.2 | 0.2 | 0.2 |
| NZD | 1.8565 | 1.8561 | 0.2 | 0.1 | 0.1 | 1.9908 | 0.5 | 0.3 | 0.3 | 2.3012 | 4.6 | 2.3 | 2.0 |
| RUB | 34.1906 | 34.6706 | 8.2 | 0.2 | 0.2 | 36.3886 | 11.8 | 0.3 | 0.3 | 42.9242 | 16.7 | 0.5 | 0.4 |
| SEK | 9.3747 | 9.2228 | 2.6 | 0.3 | 0.3 | 9.3894 | 0.2 | 0.0 | 0.0 | 9.5632 | 0.0 | 0.0 | 0.0 |
| USD | 1.2327 | 1.3245 | 24.4 | 19.8 | 18.4 | 1.5107 | 27.3 | 20.6 | 18.1 | 1.3524 | 35.1 | 23.2 | 26.0 |
| | | | | **41.2** | **39.7** | | | **48.4** | **45.8** | | | **58.0** | **60.1** |

| EUR (in millions) | Financial year ended August 31, 2006 | August 31, 2007 | August 31, 2008 | August 31, 2009 |
|---|---|---|---|---|
| Growth in revenue | — | 3.3 | 6.1 | 14.3 |
| Currency effect | — | 1.5 | 2.6 | (2.1) |
| **Organic growth** | **—** | **4.8** | **8.7** | **12.2** |
| **Organic growth %** | **—** | **13%** | **22%** | **27%** |

**Colors & Blends:**

| EUR (in millions) | Financial year ended August 31, 2006 | August 31, 2007 | August 31, 2008 | August 31, 2009 |
|---|---|---|---|---|
| Reported revenue, EUR | 107.6 | 109.3 | 109.3 | 111.5 |
| + Sales reductions | 2.9 | 2.8 | 3.5 | 3.5 |
| − Gross revenue from Divestments, Soups & Sauces | (1.9) | (2.1) | (2.3) | (1.2) |
| − Gross revenue from Divestments, Holdorf | (6.0) | (6.2) | (5.7) | (5.6) |
| − Rounding and other adjustments | 0.4 | (0.6) | 0.3 | 0.7 |
| **= Subtotal (Like-for-like gross revenue)** | **103.0** | **103.2** | **105.1** | **108.9** |

| | 2005/06 | 2006/07 | | | | 2007/08 | | | | 2008/09 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Exchange rate | Exchange rate | Local currency, million | EUR revenue, million, at previous year's exchange rate | EUR million, actual exchange rates | Exchange rate | Local currency, million | EUR revenue, million, at previous year's exchange rate | EUR million, actual exchange rates | Exchange rate | Local currency, million | EUR revenue, million, at previous year's exchange rate | EUR million, actual exchange rates |
| Distributed on currencies: | | | | | | | | | | | | | |
| ARS | 3.7413 | 4.1140 | 15.5 | 4.1 | 3.8 | 4.7008 | 20.4 | 4.9 | 4.3 | 4.7263 | 19.8 | 4.2 | 4.2 |
| AUD | 1.6385 | 1.6483 | 6.8 | 4.1 | 4.1 | 1.6489 | 6.8 | 4.1 | 4.1 | 1.8579 | 7.6 | 4.6 | 4.1 |
| BRL | 2.7031 | 2.7045 | 18.6 | 6.9 | 6.9 | 2.5722 | 21.3 | 7.9 | 8.3 | 2.8555 | 24.8 | 9.6 | 8.7 |
| CAD | 1.4002 | 1.4816 | 0.2 | 0.1 | 0.1 | 0.0000 | 0.0 | 0.0 | 0.0 | 0.0000 | 0.0 | 0.0 | 0.0 |
| CNY | 9.8987 | 10.2559 | 13.3 | 1.3 | 1.3 | 10.7666 | 19.7 | 1.9 | 1.8 | 9.3615 | 24.9 | 2.3 | 2.7 |
| COP | 2,910.2843 | 3,472.9724 | 1,403.3 | 0.5 | 0.4 | 2,860.7210 | 1,116.3 | 0.3 | 0.4 | 3,093.9255 | 793.3 | 0.3 | 0.3 |
| CZK | 28.7378 | 28.1349 | 15.5 | 0.5 | 0.6 | 25.4379 | 14.0 | 0.5 | 0.6 | 26.1525 | 15.7 | 0.6 | 0.6 |
| DKK | 7.4607 | 7.4508 | 11.3 | 1.5 | 1.5 | 7.4569 | 103.9 | 13.9 | 13.9 | 7.4497 | 111.6 | 15.0 | 15.0 |
| EUR | 1.0000 | 1.0000 | 49.1 | 49.1 | 49.1 | 1.0000 | 38.1 | 38.1 | 38.1 | 1.0000 | 39.5 | 39.5 | 39.5 |
| GBP | 0.6852 | 0.6740 | 2.0 | 2.9 | 3.0 | 0.7525 | 3.5 | 5.2 | 4.5 | 0.8678 | 2.9 | 3.9 | 3.4 |
| INR | 55.3281 | 56.3770 | 3.6 | 0.1 | 0.1 | 60.9672 | 9.2 | 0.2 | 0.2 | 66.1222 | 1.8 | 0.0 | 0.0 |
| MXN | 13.1891 | 14.4866 | 1.8 | 0.1 | 0.1 | 15.9256 | 38.7 | 2.7 | 2.4 | 17.8696 | 54.2 | 3.4 | 3.0 |
| NOK | 8.2435 | 8.2435 | 2.1 | 0.3 | 0.3 | 0.0000 | 0.0 | 0.0 | 0.0 | 0.0000 | 0.0 | 0.0 | 0.0 |
| NZD | 1.8524 | 1.8699 | 0.6 | 0.3 | 0.3 | 1.9616 | 0.6 | 0.3 | 0.3 | 2.2683 | 0.6 | 0.3 | 0.3 |
| PAB | 0.0000 | 1.3221 | 0.0 | 0.0 | 0.0 | 1.4999 | 1.5 | 1.1 | 1.0 | 1.3547 | 1.2 | 0.8 | 0.9 |
| PEN | 4.1074 | 4.2328 | 1.9 | 0.5 | 0.5 | 4.4269 | 1.6 | 0.4 | 0.4 | 4.1431 | 1.0 | 0.2 | 0.3 |
| PLN | 3.9176 | 3.8460 | 23.4 | 6.0 | 6.1 | 3.5077 | 19.3 | 5.0 | 5.5 | 4.1859 | 21.4 | 6.1 | 5.1 |
| RON | 0.0000 | 0.0000 | 0.0 | 0.0 | 0.0 | 3.5655 | 0.0 | 0.0 | 0.0 | 4.2134 | 0.3 | 0.1 | 0.1 |
| RUB | 34.1151 | 34.6298 | 102.3 | 3.0 | 3.0 | 36.2057 | 115.9 | 3.3 | 3.2 | 41.5526 | 110.6 | 3.1 | 2.7 |
| SEK | 9.3744 | 9.2176 | 2.8 | 0.3 | 0.3 | 0.0000 | 0.0 | 0.0 | 0.0 | 0.0000 | 0.0 | 0.0 | 0.0 |
| TRY | 1.7164 | 1.8302 | 3.7 | 2.2 | 2.0 | 1.8333 | 3.2 | 1.8 | 1.8 | 2.0951 | 3.4 | 1.8 | 1.6 |
| UAH | 6.2623 | 6.6924 | 4.9 | 0.8 | 0.7 | 7.4061 | 10.6 | 1.6 | 1.4 | 9.9429 | 18.3 | 2.5 | 1.8 |
| USD | 1.2259 | 1.3212 | 25.1 | 20.5 | 19.0 | 1.4986 | 19.4 | 14.7 | 12.9 | 1.3519 | 19.8 | 13.2 | 14.6 |
| | | | | **105.1** | **103.2** | | | **107.9** | **105.1** | | | **111.5** | **108.9** |

| EUR (in millions) | Financial year ended August 31, 2006 | August 31, 2007 | August 31, 2008 | August 31, 2009 |
|---|---|---|---|---|
| Growth in revenue | — | 0.2 | 1.9 | 3.8 |
| Currency effect | — | 1.9 | 2.8 | 2.6 |
| **Organic growth** | **—** | **2.1** | **4.7** | **6.4** |
| **Organic growth %** | **—** | **2%** | **5%** | **6%** |

| EUR (in millions) | Six month period ending February 28, 2010 ("1H2010") Consolidated | Cultures & Enzymes | Health & Nutrition | Colors & Blends |
|---|---|---|---|---|
| Reported revenue, EUR | 256.2 | 164.9 | 33.7 | 57.6 |
| + Sales reductions | 6.4 | 3.8 | 1.3 | 1.4 |
| − Rounding and other adjustments | (0.1) | 0.0 | (0.1) | (0.1) |
| **= Subtotal (Like-for-like gross revenue)** | **262.5** | **168.7** | **34.9** | **58.9** |

| | Consolidated | | | Cultures & Enzymes | | | Health & Nutrition | | | Colors & Blends | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Exchange rate 1H2010 | Local currency, million | EUR million | Exchange rate 1H2010 | Local currency, million | EUR million | Exchange rate 1H2010 | Local currency, million | EUR million | Exchange rate 1H2010 | Local currency, million | EUR million |
| Distributed on currencies: | | | | | | | | | | | | |
| ARS | 5.5243 | 22.6 | 4.1 | 5.5261 | 11.7 | 2.1 | 5.5261 | 0.1 | 0.0 | 5.5239 | 10.8 | 2.0 |
| AUD | 1.6105 | 20.7 | 12.9 | 1.6105 | 11.7 | 7.3 | 1.6105 | 3.3 | 2.0 | 1.6118 | 5.8 | 3.6 |
| BRL | 2.5699 | 44.6 | 17.4 | 2.5705 | 27.8 | 10.8 | 2.5705 | 4.0 | 1.6 | 2.5695 | 12.8 | 5.0 |
| CNY | 9.8957 | 55.9 | 5.6 | 9.8954 | 35.2 | 3.6 | 9.8954 | 0.2 | 0.0 | 9.8984 | 20.5 | 2.1 |
| COP | 2,868.8642 | 2,248.7 | 0.8 | 2,874.6949 | 1,844.6 | 0.6 | 2,874.6949 | 0.0 | 0.0 | 2,842.5565 | 404.1 | 0.1 |
| CZK | 25.8408 | 47.4 | 1.8 | 25.8813 | 15.3 | 0.6 | 25.8813 | 26.5 | 1.0 | 25.8699 | 5.7 | 0.2 |
| DKK | 7.4428 | 330.3 | 44.4 | 7.4427 | 206.4 | 27.7 | 7.4427 | 68.0 | 9.1 | 7.4428 | 55.9 | 7.5 |
| EUR | 1.0000 | 79.5 | 79.5 | 1.0000 | 51.5 | 51.5 | 1.0000 | 7.3 | 7.3 | 1.0000 | 20.8 | 20.8 |
| GBP | 0.8938 | 5.7 | 6.4 | 0.8934 | 3.3 | 3.7 | 0.8934 | 0.5 | 0.6 | 0.8943 | 1.9 | 2.2 |
| HUF | 270.7887 | 14.4 | 0.1 | 270.7887 | 0.0 | 0.0 | 270.7887 | 14.4 | 0.1 | 270.7887 | 0.0 | 0.0 |
| INR | 67.1146 | 21.9 | 0.3 | 67.4339 | 16.1 | 0.2 | 67.4339 | 0.3 | 0.0 | 66.2750 | 5.5 | 0.1 |
| JPY | 132.0304 | 15.1 | 0.1 | 131.2571 | 8.7 | 0.1 | 131.2571 | 0.0 | 0.0 | 133.0812 | 6.5 | 0.0 |
| MXN | 18.9090 | 129.3 | 6.8 | 18.9098 | 99.6 | 5.3 | 18.9098 | 0.6 | 0.0 | 18.8934 | 29.0 | 1.5 |
| PAB | 1.4485 | 4.3 | 2.9 | 1.4484 | 3.8 | 2.6 | 1.4484 | 0.0 | 0.0 | 1.4492 | 0.5 | 0.3 |
| PEN | 4.1631 | 2.7 | 0.6 | 4.1646 | 2.1 | 0.5 | 4.1646 | 0.0 | 0.0 | 4.1579 | 0.6 | 0.1 |
| PLN | 4.1252 | 46.9 | 11.4 | 4.1265 | 37.7 | 9.1 | 4.1265 | 0.0 | 0.0 | 4.1201 | 9.2 | 2.2 |
| RON | 4.2099 | 3.7 | 0.9 | 4.2116 | 3.4 | 0.8 | 4.2116 | 0.1 | 0.0 | 4.2183 | 0.2 | 0.1 |
| RUB | 43.2553 | 437.8 | 10.1 | 43.2494 | 369.6 | 8.5 | 43.2494 | 3.4 | 0.1 | 43.3068 | 64.9 | 1.5 |
| TRY | 2.1568 | 8.8 | 4.1 | 2.1573 | 7.2 | 3.3 | 2.1573 | 0.0 | 0.0 | 2.1546 | 1.6 | 0.7 |
| UAH | 11.6871 | 36.4 | 3.1 | 11.6863 | 26.5 | 2.3 | 11.6863 | 0.0 | 0.0 | 11.6892 | 10.0 | 0.9 |
| USD | 1.4465 | 71.2 | 49.2 | 1.4472 | 40.6 | 28.1 | 1.4472 | 19.0 | 13.1 | 1.4451 | 11.6 | 8.0 |
| | | | **262.5** | | | **168.7** | | | **34.9** | | | **58.9** |

| | Consolidated | | | Cultures & Enzymes | | | Health & Nutrition | | | Colors & Blends | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Exchange rate 1H2009 | Local currency, million | EUR revenue, million, at previous year's exchange rate | Exchange rate 1H2009 | Local currency, million | EUR revenue, million, at previous year's exchange rate | Exchange rate 1H2009 | Local currency, million | EUR revenue, million, at previous year's exchange rate | Exchange rate 1H2009 | Local currency, million | EUR revenue, million, at previous year's exchange rate |
| Total revenue recalculated with previous years exchange rates: | | | | | | | | | | | | |
| ARS | 4.4600 | 22.6 | 5.1 | 4.4504 | 11.7 | 2.6 | 4.4790 | 0.1 | 0.0 | 4.4731 | 10.8 | 2.4 |
| AUD | 1.9257 | 20.7 | 10.8 | 1.9274 | 11.7 | 6.1 | 1.9065 | 3.3 | 1.7 | 1.9264 | 5.8 | 3.0 |
| BRL | 2.9228 | 44.6 | 15.3 | 2.9283 | 27.8 | 9.5 | 2.9037 | 4.0 | 1.4 | 2.9138 | 12.8 | 4.4 |
| CNY | 9.0681 | 55.9 | 6.2 | 8.8116 | 35.2 | 4.0 | 9.0681 | 0.2 | 0.0 | 9.0759 | 20.5 | 2.3 |
| COP | 3,063.2469 | 2,248.7 | 0.7 | 3,060.4906 | 1,844.6 | 0.6 | 3,063.246 | 0.0 | 0.0 | 3,078.5429 | 404.1 | 0.1 |
| CZK | 25.7855 | 47.4 | 1.8 | 26.1318 | 15.3 | 0.6 | 25.6239 | 26.5 | 1.0 | 25.7771 | 5.7 | 0.2 |
| DKK | 7.4525 | 330.3 | 44.3 | 7.4525 | 206.4 | 27.7 | 7.4526 | 68.0 | 9.1 | 7.4523 | 55.9 | 7.5 |
| EUR | 1.0000 | 79.5 | 79.5 | 1.0000 | 51.5 | 51.5 | 1.0000 | 7.3 | 7.3 | 1.0000 | 20.8 | 20.8 |
| GBP | 0.8512 | 5.7 | 6.7 | 0.8491 | 3.3 | 3.9 | 0.8757 | 0.5 | 0.6 | 0.8515 | 1.9 | 2.3 |
| HUF | 267.6331 | 14.4 | 0.1 | 267.6331 | 0.0 | 0.0 | 267.6331 | 14.4 | 0.1 | 267.6331 | 0.0 | 0.0 |
| INR | 64.5574 | 21.9 | 0.3 | 64.5014 | 16.1 | 0.2 | 68.2565 | 0.3 | 0.0 | 64.3796 | 5.5 | 0.1 |
| JPY | 120.8694 | 15.1 | 0.1 | 120.8694 | 8.7 | 0.1 | 120.8694 | 0.0 | 0.0 | 120.8694 | 6.5 | 0.1 |
| MXN | 17.2934 | 129.3 | 7.5 | 17.3088 | 99.6 | 5.8 | 18.0313 | 0.6 | 0.0 | 17.1911 | 29.0 | 1.7 |
| PAB | 1.3401 | 4.3 | 3.2 | 1.3416 | 3.8 | 2.8 | 1.3678 | 0.0 | 0.0 | 1.3299 | 0.5 | 0.4 |
| PEN | 4.1126 | 2.7 | 0.7 | 4.1071 | 2.1 | 0.5 | 4.1126 | 0.0 | 0.0 | 4.1291 | 0.6 | 0.1 |
| PLN | 3.9039 | 46.9 | 12.0 | 3.9010 | 37.7 | 9.7 | 3.9039 | 0.0 | 0.0 | 3.9149 | 9.2 | 2.3 |
| RON | 4.1406 | 3.7 | 0.9 | 4.1389 | 3.4 | 0.8 | 4.1406 | 0.1 | 0.0 | 4.2030 | 0.2 | 0.1 |
| RUB | 38.5020 | 437.8 | 11.4 | 38.5298 | 369.6 | 9.6 | 40.6314 | 3.4 | 0.1 | 38.0357 | 64.9 | 1.7 |
| TRY | 2.0145 | 8.8 | 4.4 | 2.0103 | 7.2 | 3.6 | 2.0145 | 0.0 | 0.0 | 2.0310 | 1.6 | 0.8 |
| UAH | 8.7822 | 36.4 | 4.1 | 8.8150 | 26.5 | 3.0 | 8.7822 | 0.0 | 0.0 | 8.6870 | 10.0 | 1.1 |
| USD | 1.3311 | 71.2 | 53.5 | 1.3305 | 40.6 | 30.5 | 1.3321 | 19.0 | 14.2 | 1.3318 | 11.6 | 8.7 |
| **Total revenue** | | | **268.6** | | | **173.1** | | | **35.5** | | | **60.1** |

| | Six month period ending February 28, 2010 | | | |
|---|---|---|---|---|
| **EUR (in millions)** | **Consolidated** | **Cultures & Enzymes** | **Health & Nutrition** | **Colors & Blends** |
| Reported revenue, EUR, 1H 2009 | 240.4 | 157.9 | 28.1 | 54.4 |
| + Sales reductions | 6.8 | 4.1 | 0.8 | 2.0 |
| − Gross revenue from Divestments, Holdorf | (4.4) | 0.0 | 0.0 | (4.4) |
| − Rounding and other adjustments | 0.1 | (0.2) | (0.1) | 0.3 |
| **Like-for-like gross revenue 1H 2009** | **242.9** | **161.8** | **28.8** | **52.3** |
| Growth in revenue | 19.6 | 6.9 | 5.9 | 6.9 |
| Currency effect | 6.1 | 4.4 | 0.6 | 1.2 |
| **Organic growth** | **25.7** | **11.3** | **6.5** | **8.1** |
| **Organic growth %** | **11%** | **7%** | **23%** | **15%** |

## OPERATING AND FINANCIAL REVIEW

*The following is a discussion of our results of operations and financial condition as of and for the financial years ended August 31, 2007, 2008 and 2009 and the six months ended February 28, 2009 and 2010.*

*This discussion should be read in conjunction with our "Selected Financial and Operating Data" and our audited and unaudited consolidated financial statements and the notes relating thereto contained elsewhere in this Offering Memorandum. In addition, some of the information contained in this discussion, including information with respect to our plans and strategies for our business and our plans for future capital expenditures, contain forward-looking statements that involve risks and uncertainties. You should read "Important Notice Relating to this Offering Memorandum—Forward-Looking Statements" for a discussion of risks related to such forward-looking statements. You should also read "Business" and "Risk Factors" for more information about us, including for a discussion of certain factors that may affect our business, results of operations and financial condition.*

### Overview

We are a global supplier of bioscience based ingredients to the food, health and animal feed industries, with leading positions in the markets in which we operate. We produce cultures and dairy enzymes, probiotics and natural colors. Our market positions are built on our product innovation and applications, production processes, long-term customer relationships and intellectual property. Our knowledge of bioscience and its applications within cultures and enzymes is our core competency and serves as the technical foundation for our products. This knowledge platform has enabled us to develop innovative products and applications and efficient solutions to address customer needs. We operate through the following three divisions, which operate globally and maintain synergies through the use of our common technology and sales platform:

*Cultures & Enzymes*—Our Cultures & Enzymes division produces and sells innovative cultures, enzymes and probiotic products that help determine the taste, flavor, color, texture, safety, preservation, nutritional value and health benefits of a variety of consumer products in the food industry. We use fermentation and other microbiological processes to produce and deliver products of a type that are vital to the production of cheese and yogurt as well as those for application in meat, wine and other products. We create significant value for our customers in terms of product innovation, product differentiation and cost competitiveness. Our extensive library of characterized bacterial strains, combined with our significant knowledge of molecular biology, microbiology, physiology, genetics and fermentation, enables us to identify and develop optimal solutions for customized food production processes in the dairy, meat and wine industries, on a rapid and cost-effective basis. Revenue generated by this division for the financial year ended August 31, 2009 was EUR 331.1 million, and operating profit b.s.i. for the same period was EUR 84.6 million.

*Health & Nutrition*—Our Health & Nutrition division produces and sells products for the dietary supplement, over-the-counter pharmaceutical, infant formula and animal feed industries. We benefit from the bioscientific knowledge generated in our Cultures & Enzymes division to develop products with a documented health effect for application in human and animal health products. As scientific understanding of probiotics progresses, new product opportunities will arise, which we intend to exploit. Revenue generated by this division in the financial year ended August 31, 2009 was EUR 68.6 million, and operating profit b.s.i. for the same period was EUR 19.7 million.

*Colors & Blends*—Our Colors & Blends division provides natural color solutions to the food and beverage industries, as well as functional blends that improve the quality and taste in processed meats. Increasing consumer awareness and regulatory scrutiny of the potentially detrimental effects of certain synthetic food and beverage colors and a growing preference for natural food ingredients has driven a trend towards the use of natural color solutions in the food and beverage industries. We use our knowledge of natural color solutions to help our customers respond to consumer preferences. Revenue generated by this division for the financial year ended August 31, 2009 was EUR 111.5 million, and operating profit b.s.i. for the same period was EUR 9.6 million.

## Factors Affecting our Results of Operations

### *Market Trends*

We believe the following market trends will impact our operating results and growth:

- *Fundamental Growth:* Rising global population and increasing wealth is driving global food consumption, including demand for packaged dairy products such as cheese and yogurt, meat, and consequently also food and beverage additives, such as cultures and enzymes (including probiotics and colors). In addition, we believe increased expenditure on health and well-being and a greater scientific understanding of the health benefits certain bacteria may have in humans and animals is driving consumer demand for dietary supplements and natural colors. For example, according to Euromonitor, spending on dietary supplements during 2009 as compared to 2003 increased in North America from approximately EUR 6 billion to EUR 8 billion, increased in Europe from approximately EUR 3 billion to EUR 5 billion and increased globally from approximately EUR 18 billion to EUR 27 billion. We serve both local and global food companies that seek to take advantage of these growth opportunities.
- *Market Expansion Driven by Technological Change:* Conversion from the in-house production of bulk starter cultures to outsourced, industrialized cultures is an important trend in the dairy market. As compared to bulk starter cultures, industrialized cultures can provide better production yields, efficiency, consistency, quality and the flexibility to alter products and adapt to new consumer preferences. We believe that we are well positioned to capitalize on the increase in use of outsourced, industrialized cultures in dairy production and the substitution of animal rennet by chymosin, which is made through fermentation. We term these "conversion" opportunities. We believe these trends present further growth opportunities for our Cultures & Enzymes division.
- *Demand for Increased Product Functionality:* Consumers are demanding increased functionality in the food and beverages they consume and greater sophistication in features such as color, taste and viscosity. We believe that our products help our customers meet these demands. In addition, there is increasing consumer demand for healthier food and beverage products, including those that provide health benefits. For example, we believe the number of new yogurt products claiming digestive health benefits increased from 45 in 2003 to more than 400 in 2009, representing approximately 18% of all new yogurt product launches in 2009 as compared to approximately 3% in 2003. These trends are driven, in part, by greater understanding of the health benefits from probiotics and of the potentially detrimental effects of certain synthetic food and beverage colors.

### *Regional Sales Trends*

Our sales and distribution network is organized into four regions: Europe, North America, South America and Asia-Pacific, Middle East and Africa ("APMEA"). This network serves customers in approximately 140 countries, and has sales subsidiaries and representative offices in over 30 countries, with 19 application centers that provide local and focused customer support based in five continents, including two in North America, three in South America, seven in Europe and 7 in the APMEA region. We expect our growth in these regions to vary in accordance with regional differences in size, wealth, population growth, market maturity and other socio-economic and regulatory factors. For the financial year ended August 31, 2009, 55% of our revenues were generated in Europe, 22% in North America, 10% in South America and 13% in APMEA.

We maintained revenue growth in each of these four regions during the recent global economic downturn. The four regions can be characterized by the following patterns of revenue growth rates for our products during the financial year ended August 31, 2009.

- *Europe:* Europe has been the slowest market to regain historical growth rates since the global economic downturn began in 2007, with revenue growth below the historic average rates for our products. For the financial year ended August 31, 2009, approximately 10% of our revenues were generated in Greece, Ireland, Italy, Portugal and Spain. These countries have significant government debt levels and budget deficits, which may negatively impact their economic growth. We consider Western Europe to have lower rates of growth in population and food and beverage consumption as compared to other markets, particularly developing markets, which has an impact on sales of our Cultures & Enzymes products. In addition, the dairy industry in Western Europe is characterized by a relatively high degree of conversion to outsourced, industrially produced cultures, reflected in lower rates of growth of conversion in this market. We believe growth in Western Europe's dairy industry will be driven primarily by new products that have increased functionality and improve production yields.

We believe the rates of growth in the conversion to outsourced, industrially produced cultures in Eastern Europe dairy markets (including Russia and Ukraine), will continue to be greater than those in Western Europe. In order to capitalize on this potential, we have strengthened our presence in these markets by increasing our local sales and distribution networks.

With respect to our Health & Nutrition and Colors & Blends products in the European market, we believe this region will continue to experience market growth due to fundamental population and income growth and also increasing demand for product functionality, including for products that contain added health benefits, as discussed above under "—Factors Affecting Our Results of Operations—Market Trends".

- *North America:* We have experienced above-average revenue growth rates in North America for our products. We believe this trend has been driven by conversion to outsourced, industrially produced cultures and consumer demand for healthier food. We believe that the North America region will continue to experience increased conversion and consumption of dairy products, such as yogurt, particularly those with perceived health benefits.
- *South America:* We have experienced above-average revenue growth rates in South America from the sale of our products. We believe this trend has been driven by increased consumer wealth and consumption and that this trend will continue.
- *APMEA:* We have experienced above-average revenue growth rates in the APMEA region. We believe that this trend is driven by increased consumer wealth and population growth, with the exception of the more developed markets of Australia, New Zealand and Japan. In addition, sales of our products to dairy manufacturers in Asia have experienced greater rates of growth due to increased dairy consumption in many countries in Asia, although this trend was partially offset by negative sales growth in China as a result of the negative publicity surrounding melamine milk contamination. We believe this region will demonstrate increasing demand for healthier food, including food that contains ingredients with perceived health benefits.

***Raw Materials and Pricing***

A significant portion of our production costs for certain of our products is attributable to certain raw materials, such as skimmed milk powder, cochineal, annatto, anthocyanin, beta-carotene and calf stomachs. In certain of our divisions, we have been unable to raise the prices of our products in line with increased raw material costs. Volatile raw material prices have had, and may continue to have, a negative impact on the margins and inventory levels for certain of our divisions, most notably those of our Colors & Blends division.

***Capital Expenditures***

Capital expenditures consist of investments in product development, information technology and certain intellectual property, and investments in, and sales of, property, plant and equipment. During the financial years ended August 31, 2007 and 2008, we incurred capital expenditures of, among others, EUR 50 million to build our cultures facility in Avedøre, Denmark. The construction of this facility was primarily financed through mortgage financing and represented our only significant capital expenditure during those periods. For a description of our mortgage financing see "—Liquidity and Capital Resources—Mortgage Financings". Ongoing capital expenditures relate primarily to maintenance of existing facilities and production expansion. Capital expenditures are incurred primarily in the Cultures & Enzymes division, due to it being our largest and most capital intensive division.

***Regulation***

The European Commission regulates food and feed safety across the European Union, including food ingredients such as cultures, enzymes and colors. As part of this undertaking, between July and December 2008, the European Commission tasked EFSA with evaluating the scientific validity of the existing product health claims and producers of food and beverage products that made health claims for their products were asked to submit such claims to EFSA. In order to deliver a favorable evaluation, EFSA must find that there is generally accepted scientific evidence to support the health claim, including clinical studies documenting the health effect of the submitted product.

According to the European Commission's Regulation on Nutrition and Health Claims, claims can be made either under Article 13.1 or 13.5 of the European Commission's Regulation on Nutrition and Health Claims. Article 13.1 Claims are generic claims, based on generally available, published information. Article 13.5 Claims are specific claims, based on new, proprietary and unpublished information. With respect to probiotics products, Article 13.1 Claims are generic and cover probiotics as a class of products, whereas Article 13.5 Claims specifically relate to a particular bacterial strain that can be protected by trademarks and for which protection of proprietary data is requested by the applicant.

In 2008, EFSA commenced evaluation of 4,185 Article 13.1 Claims for products that were already on the market and that had generally available, published documentation relating to them, including the health claims for probiotics products produced by our Cultures & Enzymes and Health & Nutrition divisions.

Since October 2009, EFSA has published two series of evaluations on Article 13.1 Claims. Approximately 250 of these evaluations related to probiotic products and nearly all of the submissions for probiotics were evaluated as "insufficiently characterized", meaning that insufficient evidence was available to satisfy a generic claim for the products. Probiotics receiving this evaluation will, in general, not be re-evaluated unless new information relevant to the claim that is likely to affect the application is produced or a new Article 13.5 Claim application for the product is submitted. A smaller proportion of these submissions were evaluated as having "no cause and effect relationship", meaning that insufficient scientific evidence was presented in order to demonstrate the veracity of the probiotic claim. The third series of evaluations is expected to be published by September 2010, with the fourth series to follow sometime in 2011.

We submitted Article 13.1 Claims for certain of our probiotic products in 2007. To date, eight of our Article 13.1 Claims have been rejected by EFSA, because we were unable to submit data characterizing the strains due to procedural restrictions. A number of our products, including BB-12® and Urex®, are expected to be included in the third batch of opinions scheduled to be published by EFSA by September 2010. We believe there is a strong likelihood that the Article 13.1 Claims for our remaining probiotic products will be rejected for the reasons described above.

At its inception, the EFSA approval process was novel, and the original filing request from EFSA with respect to probiotics did not require specific characterization of the bacterial strains to be provided. We believe it is not surprising that EFSA classified most probiotics strains as insufficiently characterized because without supporting information a generic claim using generic documentation is unlikely to succeed for probiotics which, being unique bacterial strains, require unique supporting documentation for their health claims.

We have scanned thousands of probiotic strains to identify those that demonstrate human and animal health benefits. In order to protect our strains against competition and in order to build new proprietary and supporting documentation for our Article 13.5 Claims, we have invested in clinical trials to enhance the documented support for our health claims. We intend to submit new applications for Article 13.5 Claims during the second half of 2010 with the benefit of this documentation, irrespective of the outcome of our pending Article 13.1 Claims. Article 13.5 Claims are approved by the European Commission on a case-by-case basis, following the submission and positive assessment of a scientific dossier by EFSA, rather than in generic "batched" claims. We expect to receive a response to our Article 13.5 Claims for our probiotic products in 2011.

Until we receive a response to our Article 13.1 Claims, our customers who have products containing our probiotic products or that have submitted their own Article 13.1 Claims will be able to continue to market their products with the relevant health claims until the expiration of a mandated, transitional period. Despite EFSA's publication of the first two evaluations of Article 13.1 Claims, the European Commission has not yet ruled on these evaluations. We expect the European Commission to rule on these evaluations in the second half of 2010. Following the European Commission's ruling, there is a transitional period of six months in which producers of food and beverage products that contain health claims can modify or remove such claims from their products. After the transition period has elapsed, producers of food and beverage products that contain health claims that have not received approval must remove such claims from their product packaging. After such modifications the product can remain in the market. We expect the European Commission to publish its list of authorized Article 13.1 Claims in 2011, and we have timed our clinical trials in order to maximize our customers' use of existing claims and prepare for the filing of Article 13.5 Claims.

We will continue to invest in further clinical trials to obtain supporting data for our probiotic product health claims. In doing so, we will seek to reinforce our documentation in order to optimize our chances of obtaining EFSA recommendation and European Commission approval for our probiotic products. For additional details regarding the impact that regulation has on our business, see "Risk Factors—The health claims for certain of our products are currently subject to evaluation by the European Food and Safety Authority and there can be no assurance that these evaluations will be favorable".

***Customer Structure***

We collaborate with certain of our customers to create innovative and differentiated products, which are often manufactured exclusively for use by these customers. The success and sale of these specially developed products depends to a significant degree on the success of our customers' products. Therefore, customer-tailored products will only generate the expected sales if the necessary quantities of the customer end products are sold. As a result, we increasingly try to develop our products in collaboration with our customers in order to anticipate consumer preferences.

Our customers include multinational companies as well as local producers. The diversity of our customer base means that our business and total revenue tend to be less dependent on the economic situation of any individual customer. Our top 100 customers accounted for approximately 52% of our revenue for the financial year ended August 31, 2009 and out of these top 100 customers, 21% of them are considered by us to be global customers, 6% are regional and 73% are local. The revenue breakdown for our top 100 customers in terms of global, regional and local is 41%, 6% and 53%, respectively. The balance of our revenues outside of our top 100 customers is generated from our remaining list of more than 5,000 customers, which are predominately local customers. In addition, no single customer accounted for more than 10% of total revenue in the financial year ended August 31, 2009. Eight of our top ten customers have been our customers for more than 20 years. Our top five customers accounted for approximately 15% of our revenues for the financial years ended August 31, 2009. Furthermore, our top 25 customers, which accounted for 30% of our revenue for the financial year ended August 31, 2009, have on average been our customers for more than 20 years and approximately 90% of our revenues from these customers come from those that have been customers with us for more than 15 years. In addition, revenue from our top 25 customers has in the last three financial years ended August 31, 2007, 2008 and 2009, on average, grown at a faster rate than total customer revenue. Revenue growth on a compound annual growth basis for our top five, ten and 25 customers is 18%, 16% and 14%, respectively, over the three financial years ended August 31, 2007, 2008 and 2009.

Generally, we supply our products to our customers, including distributors, pursuant to contractual arrangements or, where no contractual arrangement exists, pursuant to standing orders that are based on historical terms and conditions or standard terms and conditions of supply. The lengths of our contracts vary, and the occurrence of certain events such as a material breach or a change of control may give us or our customers the ability to terminate our contracts early. For a discussion of risks associated with our customer relationships, see "Risk Factors—We do not have written contractual arrangements with certain of our key customers" and "Risk Factors—Early termination of customer and supplier contracts could adversely affect results of operations".

**Additional Factors Affecting Comparability of Results**

***Discontinued Activities***

Since September 1, 2006, we have divested certain businesses in order to focus our expertise on our core businesses of developing and supplying cultures, dairy enzymes and natural colors to the food, health and animal feed industries. This included the sales of our paprika, excipients and coating businesses in the financial year ended August 31, 2007, and the sale of our flavor business in the financial year ended August 31, 2008. We report these as discontinued activities for all periods presented in this Offering Memorandum. For additional information on which of our divestments made since September 1, 2006 have been treated as discontinued activities, see "Business—Material Contracts—Contracts Relating to Divestitures".

***Acquisitions***

In January 2008, we acquired the Swedish company, Medipharm AB. This acquisition improved our positioning in the natural silage additives market. In January 2009, we acquired Urex Biotech Ltd., which held several valuable strains of documented probiotics, and certain technology to fight *E.coli*, s*almonella* and c*ampylobacter* in cattle and poultry, from GangaGen Inc. Each of these acquisitions has been integrated into our Health & Nutrition division and included in our consolidated statements of operations beginning on their respective dates of acquisition. For additional information on these acquisitions, see "Business—Material Contracts—Contracts Relating to Acquisitions".

***Exchange Rate Fluctuations***

A significant portion of our sales are in currencies other than our presentation currency, the euro, particularly the U.S. dollar, Danish krone, Australian dollar and certain South American currencies. Some of our expenses are also incurred in currencies other than euro, particularly the Danish krone and the U.S. dollar. Currently, the Danish krone is pegged to the euro by the European Union's exchange rate mechanism, which mitigates our currency exposure to the Danish krone.

Assets, liabilities and transactions for certain of our reporting entities are measured in the currency of the primary economic environment in which the entity operates (the functional currency) and are then translated to euro for presentation of our consolidated operating results. As currency exchange rates fluctuate, translation of the operating results of our subsidiaries that have a functional currency other than the euro will affect the period to period comparison of our results of operations. In addition, our financial results are also affected by exchange rate fluctuations when our operating subsidiaries generate sales or incur expenses in a currency other than their functional currencies.

During the last three financial years ended August 31, 2007, 2008 and 2009, exchange rate gains and losses in the income statement have been primarily related to our borrowings in U.S. dollars. We experienced minor losses on the currencies of Argentina, Australia, Brazil, Poland, Russia and Ukraine in the financial year ended August 31, 2009, in large part due to the impact that the global economic downturn had on currency markets. Upon completion of the Offering, borrowings under our New Credit Facilities are expected to be in Danish kroner, euro and U.S. dollars and we may enter into currency hedging arrangements in connection with inter-company loans of proceeds from these facilities, in particular with respect to loans to our U.S. subsidiary.

***Seasonality***

Our revenues have historically been seasonal, coinciding with the seasonality of milk production and the manufacture of dairy products. Historically, we have generated more of our revenues and EBITDA b.s.i. in the second half of our financial year than in the first half. For each of the last two financial years ended August 31, 2008 and 2009, 53% of our revenues and 58% of our EBITDA b.s.i., were generated in the second half. Because of the seasonality of our business, results for any quarter or period are not necessarily indicative of the results that may be achieved for the full financial year.

***Cost Allocation among Divisions***

Expenses that are directly attributable to a division are allocated to that division. Any other expenses are attributed to our divisions pro rata based on the expected gross profits of each division.

**Consolidated Results of Operations**

The following table summarizes our results for each of the financial years ended August 31, 2007, 2008 and 2009 and for the six months ended February 28, 2009 and February 28, 2010. The financial information in this table has been extracted from the audited financial statements included elsewhere in this Offering Memorandum.

| EUR (in millions) | For the financial year ended August 31, 2007 | 2008 | 2009 | For the six months ended February 28, 2009 unaudited | 2010 |
|---|---|---|---|---|---|
| **Income Statement Data** | | | | | |
| Revenue | 444.7 | 476.7 | 511.2 | 240.4 | 256.2 |
| Cost of sales | (241.3) | (247.7) | (269.1) | (131.5) | (128.5) |
| **Gross profit** | **203.4** | **229.0** | **242.1** | **108.9** | **127.7** |
| Research and development expenses | (23.1) | (22.1) | (22.5) | (11.4) | (12.3) |
| Sales and marketing expenses | (63.1) | (65.4) | (66.0) | (32.5) | (35.0) |
| Administrative expenses | (36.1) | (39.5) | (41.4) | (21.4) | (22.3) |
| Other operating income | 2.7 | 2.5 | 2.0 | 1.1 | 0.8 |
| Other operating expenses | (0.6) | (1.0) | (0.3) | (0.2) | (0.8) |
| **Operating profit before special items** | **83.2** | **103.5** | **113.9** | **44.5** | **58.1** |
| Special items | (8.2) | (7.5) | (4.5) | (4.8) | (1.4) |
| **Operating profit** | **75.0** | **96.0** | **109.4** | **39.7** | **56.7** |
| Financial income | 32.7 | 30.8 | 9.6 | 11.8 | 9.3 |
| Financial expenses | (115.0) | (102.0) | (116.1) | (105.2) | (51.2) |
| **Profit before tax** | **(7.3)** | **24.8** | **2.9** | **(53.7)** | **14.8** |
| Corporation tax | 1.2 | (17.3) | (18.9) | 0.6 | (18.2) |
| **Profit/(loss) from continuing activities** | **(6.1)** | **7.5** | **(16.0)** | **(53.1)** | **(3.4)** |
| Profit/(loss) from discontinued activities | (6.7) | 36.3 | (2.4) | (1.9) | (0.2) |
| **Profit/(loss) for the period** | **(12.8)** | **43.8** | **(18.4)** | **(55.0)** | **(3.6)** |

***Income statement items***

*Revenue.* Revenue is recognized in the income statement if delivery and transfer of risk and rewards to the purchaser have been made by the balance sheet date. Management considers that, in this way, revenue and the expenses incurred or expected to be incurred in connection with the transaction each can be measured reliably. Revenue is measured at the fair value of the consideration received, excluding value added tax and less sales commissions and customer discounts granted in connection with each particular sale. Royalty and license fees earned are recognized when earned according to the terms of the license agreements.

*Cost of sales.* Cost of sales comprises the cost of products sold, being the purchase price of raw materials, consumables and goods for resale, direct labor costs and a share of indirect production costs, including costs of operation and depreciation of production facilities as well as those relating to the operation, administration and management of factories. Furthermore, costs incurred from writing down inventories to net realizable value are recognized within cost of sales.

*Research and development expenses.* Research and development expenses comprise salaries, amortization and other expenses directly and indirectly attributable to our research and development activities, including amortization of, and impairment losses relating to, capitalized development costs. Development projects are capitalized and recognized as intangible assets when they (i) are clearly defined and identifiable, (ii) can demonstrate technical feasibility, sufficient resources and a potential future market or development opportunity, and (iii) are intended to be manufactured or used. This recognition is applied if sufficient certainty exists that the value of future earnings can cover development costs, cost of sales and marketing and distribution expenses.

Development projects that do not meet the above mentioned criteria for recognition in the balance sheet, as well as expenses relating to research, are recognized as expenses in the income statement as incurred. Expenses reimbursed under a contract with a business partner are offset against the amount of expenses incurred.

*Sales and marketing expenses.* Sales and marketing expenses comprise expenses incurred for salaries to sales staff, advertising and exhibition expenses, and depreciation of mixed-use property, plant and equipment that is not directly attributable to any particular division and similar expenses.

*Administrative expenses.* Administrative expenses comprise expenses incurred for management and administrative staff, office premises and office expenses, and depreciation of mixed-use property, plant and equipment that is not directly attributable to any particular division and write-downs for bad debt losses.

*Other operating income and expenses.* Other operating income and expenses comprise items secondary to the principal activities of our relevant entities, including rental income and gains and losses on the disposal of intangible assets and property, plant and equipment. Gains and losses on the disposal of intangible assets and property, plant and equipment are determined as the sales price less selling costs and the carrying amount at the disposal date.

*Special items.* Special items comprise material amounts that cannot be attributed to recurring operations, such as income and expenses related to divestments, closure or restructure of subsidiaries and business lines from the time the decision is taken. Also classified as special items, when sufficiently major, are profits and losses on disposal of subsidiaries not qualifying for recognition as discontinued activities. Material non-recurring income and expenses that originate from projects related to our development strategy and optimization of processes are classified as special items. See footnote (5) to the table under "Selected Financial and Operating Data" for a detailed listing of special items for the financial years ended August 31, 2007, 2008 and 2009.

*Financial income and expenses.* Financial income and expenses comprise receivables, financing fees, and interest payable, calculated under the effective interest rate (which is the annual interest rate as adjusted when compounding occurs more than once a year), the interest component of payments under finance leases and surcharges and refunds relating to interest bearing tax payments and deficiencies made under the Danish on-account tax scheme, as well as value adjustments of fixed asset investments, derivative financial instruments and items denominated in a foreign currency.

*Tax on profit/loss for the year.* Tax on profit/loss for the year comprises current tax for the year as well as the change in provisions for deferred tax relating to the income statement. Furthermore, tax on profit/loss includes adjustments related to prior years.

*Discontinued activities.* A discontinued activity is an entity or a component of an entity that either has been divested, or that is classified as held-for-sale. The entity or component represents a separate line of business or geographical area of operations. The results from entities acquired exclusively with a view to resale are also classified as discontinued activities. Discontinued activities are presented in a separate line in the income statement, and a description of discontinued activities is specified in the notes thereto. Comparison figures for the financial year prior to the discontinued activity are restated.

***Six months ended February 28, 2010 compared to six months ended February 28, 2009***

*Revenue.* Revenue increased by EUR 15.8 million, or 7% (11% adjusted organic revenue growth), to EUR 256.2 million in the six months ended February 28, 2010, from EUR 240.4 million in the six months ended February 28, 2009. Each of our divisions and regions contributed to this increase, as discussed below.

Revenue in the Cultures & Enzymes division increased by EUR 7.0 million, or 4% (7% adjusted organic revenue growth), to EUR 164.9 million in the six months ended February 28, 2010, from EUR 157.9 million in the six months ended February 28, 2009. This increase was primarily due to increased sales volume for our fermented milk and probiotics products.

Revenue in the Health & Nutrition division increased by EUR 5.6 million, or 20% (23% adjusted organic revenue growth), to EUR 33.7 million in the six months ended February 28, 2010, from EUR 28.1 million in the six months ended February 28, 2009. This increase was primarily due to increased sales volume for certain of our human probiotics products, partially offset by non-recurring customer rebates and adverse currency effects.

Revenue in the Colors & Blends division increased by EUR 3.2 million, or 6% (15% adjusted organic revenue growth), to EUR 57.6 million in the six months ended February 28, 2010, from EUR 54.4 million in the six months ended February 28, 2009. This increase was primarily due to increased sales volumes for our natural colors solutions driven by market substitution, replacing synthetic colors with natural colors.

Revenue in Europe decreased by EUR 3.3 million, or 2%, to EUR 132.2 million in the six months ended February 28, 2010, from EUR 135.5 million in the six months ended February 28, 2009. Revenue in this region was negatively affected by the divestment of our Holdorf-based functional systems production plant in Germany to Frutarom Industries Ltd. in June 2009 and by negative currency fluctuations of Eastern European currencies and the Russian ruble compared to the euro.

Revenue in North America grew EUR 3.9 million, or 8%, to EUR 54.1 million in the six months ended February 28, 2010, from EUR 50.2 million in the six months ended February 28, 2009. This increase was primarily due to increases in yogurt and cheese consumption per capita in this region and the continued replacement of synthetic colors with natural colors, partially offset by negative currency fluctuations of the U.S. dollar as compared to the euro.

Revenue in South America grew EUR 3.0 million, or 11%, to EUR 30.5 in the six months ended February 28, 2010, from EUR 27.5 million in the six months ended February 28, 2009. This increase was primarily due to renewed growth in the Brazilian economy and the net currency effects of the Brazilian real as compared to the euro, partially offset by adverse currency impacts from the Argentine peso and other South American currencies.

Revenue in the APMEA region grew EUR 12.2 million, or 45%, to EUR 39.4 million in the six months ended February 28, 2010, from EUR 27.2 million in the six months ended February 28, 2009. This increase was primarily due to strong sales volume growth in most areas in this region and by appreciation of the Australian dollar as compared to the euro.

*Cost of sales.* Cost of sales decreased by EUR 3.0 million, or 2%, to EUR 128.5 million in the six months ended February 28, 2010, from EUR 131.5 million in the six months ended February 28, 2009. This decrease was primarily due to reduced material cost and increased production efficiency in the Cultures & Enzymes division. Gross margins in the Health & Nutrition division decreased primarily due to non-recurring customer rebates combined with increased raw material costs. Gross margins in the Colors & Blends division increased in line with revenue growth and increased production efficiency.

Consequently gross profit increased by EUR 18.8 million, or 17%, to EUR 127.7 million in the six months ended February 28, 2010, from EUR 108.9 million in the six months ended February 28, 2009. This increase was primarily driven by the Cultures & Enzymes division, although both the Health & Nutrition and the Colors & Blends divisions showed increased gross profits in the six months ended February 28, 2010 compared to the six months ended February 28, 2009.

*Research and development expenses.* Research and development expenses increased by EUR 0.9 million, or 8%, to EUR 12.3 million in the six months ended February 28, 2010, from EUR 11.4 million in the six months ended February 28, 2009. This increase was partly due to increased depreciation of previously capitalized development costs primarily incurred in the Cultures & Enzymes and Health & Nutrition division.

*Sales and marketing expenses.* Sales and marketing expenses increased by EUR 2.5 million, or 8%, to EUR 35.0 million in the six months ended February 28, 2010, from EUR 32.5 million in the six months ended February 28, 2009. This increase was primarily due to a significant increase in depreciation of mixed-use property, plant and equipment that is not directly attributable to any particular division. Increases in direct spending were driven by an increased focus on our international key accounts and by the reinforcement of sales force in Asian growth markets.

*Administrative expenses.* Administrative expenses increased by EUR 0.9 million, or 4%, to EUR 22.3 million in the six months ended February 28, 2010, from EUR 21.4 million in the six months ended February 28, 2009. This increase was primarily due to increased costs due to the strengthening of our Asian sales organizations.

*Other operating income/expenses.* Other operating income/expenses decreased by EUR 0.9 million, to EUR 0 million in the six months ended February 28, 2010, from an income of EUR 0.9 million in the six months ended February 28, 2009.

*Operating profit before special items (EBIT b.s.i.).* Operating profit before special items increased by EUR 13.6 million, or 31%, to EUR 58.1 million in the six months ended February 28, 2010, from EUR 44.5 million in the six months ended February 28, 2009. This increase was due to factors described above, particularly the revenue growth combined with reduced cost of sales.

*Special items.* Special items decreased by EUR 3.4 million, or 71%, to EUR 1.4 million in the six months ended February 28, 2010, from EUR 4.8 million in the six months ended February 28, 2009. Special items in the six months ended February 28, 2010 was comprised primarily of a payment of EUR 0.3 million in connection with final settlement of a commercial contract dispute in Brazil and restructuring of European sales companies of EUR 0.3 million.

*Operating profit.* Operating profit increased by EUR 17.0 million, or 43%, to EUR 56.7 million in the six months ended February 28, 2010, from EUR 39.7 million in the six months ended February 28, 2009. This increase was primarily due to increased revenue combined with reduced cost of sales and reduced special items, as described above.

*Financial income.* Financial income decreased by EUR 2.5 million, or 21%, to EUR 9.3 million in the six months ended February 28, 2010, from EUR 11.8 million in the six months ended February 28, 2009. This decrease was primarily due to lower other financial income of EUR 1.1 million and lower exchange rate gains of EUR 1.0 million.

*Financial expenses.* Financial expenses decreased by EUR 54.0 million, or 51%, to EUR 51.2 million in the six months ended February 28, 2010, from EUR 105.2 million in the six months ended February 28, 2009. This decrease was primarily due to lower exchange rate losses of EUR 31.5 million, lower interest expenses on loans of EUR 13.0 million and lower recognized fair value adjustment of interest rate swaps of EUR 19.9 million, partially offset by recognition of amortized costs regarding loans of EUR 11.9 million.

*Profit before tax.* Profit before tax increased by EUR 68.5 million to positive EUR 14.8 million in the six months ended February 28, 2010, from negative EUR 53.7 million in the six months ended February 28, 2009. This increase was primarily due to increased revenue combined with reduced cost of sales and reduced interest expenses, as describe above.

*Corporation tax.* Corporation tax costs increased by EUR 18.8 million to an expense of EUR 18.2 million in the six months ended February 28, 2010, from an income of EUR 0.6 million in the six months ended February 28, 2009. This increase was primarily due to a higher profit before tax and an adjustment of uncertain tax positions, partially offset by a lower portion of non-deductible interest expenses.

*Profit from continuing activities.* Profit from continuing activities increased by EUR 49.7 million to negative EUR 3.4 million in the six months ended February 28, 2010, from EUR negative 53.1 million in the six months ended February 28, 2009. This increase was primarily due to increased revenue combined with reduced cost of sales and reduced interest expenses, partially offset by increased tax expenses, as described above.

*Profit from discontinued activities.* Profit from discontinued activities increased by EUR 1.7 million to a loss of EUR 0.2 million in the six months ended February 28, 2010, from a loss of EUR 1.9 million in the six months ended February 28, 2009. This increase was primarily due to the proceeds we received from the sale of part of our Flavor division to Symrise.

*Profit for the period.* Profit for the period increased by EUR 51.4 million to a loss of EUR 3.6 million in the six months ended February 28, 2010, from a loss of EUR 55.0 million in the six months ended February 28, 2009. This increase was primarily due to increased revenue combined with reduced cost of sales and reduced interest expenses, partially offset by increased tax expenses, as described above.

***Financial year ended August 31, 2009 compared to financial year ended August 31, 2008***

*Revenue.* Revenue increased by EUR 34.5 million, or 7% (10% adjusted organic revenue growth), to EUR 511.2 million in the financial year ended August 31, 2009, from EUR 476.7 million in the financial year ended August 31, 2008. Exchange rate adjustments negatively impacted the growth and were primarily due to fluctuations in the Polish zloty, Brazilian real, Russian ruble and Ukranian hryvnia, partially offset by fluctuations in the U.S. dollar.

Revenue in the Cultures & Enzymes division increased by EUR 19.5 million, or 6% (9% adjusted organic revenue growth), to EUR 331.1 million in the financial year ended August 31, 2009, from EUR 311.6 million in the financial year ended August 31, 2008. The increase was primarily due to adjustments of sales prices as a result of inflation and increased raw material costs. The division also experienced increased sales volume from existing business and new products, but was negatively impacted by unfavorable movements in exchange rates of Polish zloty, Russian ruble, Brazilian real and Ukranian hryvnia, partially offset by fluctuations in the U.S. dollar.

Revenue in the Health & Nutrition division increased by EUR 12.8 million, or 23% (27% adjusted organic revenue growth), to EUR 68.6 million in the financial year ended August 31, 2009, from EUR 55.8 million in the financial year ended August 31, 2008. Revenue generated from new customers was the primary driver of revenue growth, complemented by positive exchange rate movements and increased prices, partially offset by reduced volume in our animal health and nutrition business relating to cost sensitivity in the farming industry as a result of the global economic downturn.

Revenue in the Colors & Blends division increased by EUR 2.2 million, or 2% (6% adjusted organic revenue growth), to EUR 111.5 million in the financial year ended August 31, 2009, from EUR 109.3 million in the financial year ended August 31, 2008. Revenue increased due to price increases primarily as a result of increased raw material costs, partially offset by unfavorable exchange rate movements, reduced sales volume as a result of customer losses related to price competition and divestment of our soups and sauces business to Saveur in March 2009 and of our Holdorf-based functional systems activities in Germany to Frutarom Industries Ltd. in June 2009.

Revenue in Europe grew EUR 1.5 million, or 1%, to EUR 282.1 million in the financial year ended August 31, 2009, from EUR 280.6 million in the financial year ended August 31, 2008. Revenue growth in this region was negatively affected by the divestment of our soups and sauces business to Saveur in March 2009 and of our Holdorf-based functional systems activities in Germany to Frutarom Industries Ltd. in June 2009, in addition to currency depreciation of the British pound and Eastern European currencies, including the Ukrainian hryvnia and the Polish zloty.

Revenue in North America grew EUR 21.1 million, or 23%, to EUR 111.5 million in the financial year ended August 31, 2009, from EUR 90.4 million in the financial year ended August 31, 2008. Revenue growth in this region was primarily due to accelerated conversion from bulk starter cultures to our DVS® technology and increased consumption of yogurt per capita. Furthermore, revenue in North America was positively impacted by the appreciation of the U.S. dollar versus the euro.

Revenue in South America grew EUR 3.2 million, or 6%, to EUR 53.4 million in the financial year ended August 31, 2009, from EUR 50.2 million in the financial year ended August 31, 2008. Revenue growth in this region was lower than experienced in previous years, primarily due to the effects that the global economic downturn has had on certain South American currencies, particularly the Argentine peso.

Revenue in the APMEA region grew EUR 8.7 million, or 16%, to EUR 64.2 million in the financial year ended August 31, 2009, from EUR 55.5 million in the financial year ended August 31, 2008. Revenue growth in this region was primarily due to increased sales volume in Southeast Asia, Australia, New Zealand and Japan, partially offset by negative sales growth in China as a result of decreased dairy product consumption due to the negative publicity surrounding melamine milk contamination and depreciation in the Australian dollar and the New Zealand dollar.

*Cost of sales.* Cost of sales increased by EUR 21.4 million, or 9%, to EUR 269.1 million in the financial year ended August 31, 2009, from EUR 247.7 million in the financial year ended August 31, 2008. The increase in costs of sales was primarily due to increased costs of production in the Cultures & Enzymes division as a result of increased volume and increased depreciation and amortization. Gross margin in the Cultures & Enzymes division remained constant, reflecting the fact that cost increased in line with revenue growth. In the Health & Nutrition division, cost increases were due to increased production and sales activity, while the gross margin increased. In the Colors & Blends division, cost increases were primarily due to increased raw material costs, reducing gross margin.

As a result, gross profit increased by EUR 13.1 million, or 6%, to EUR 242.1 million in the financial year ended August 31, 2009, from EUR 229.0 million in the financial year ended August 31, 2008. This increase was primarily driven by the Cultures & Enzymes and Health & Nutrition divisions, partially offset by a decline in gross profit within the Colors & Blends division.

*Research and development expenses.* Research and development expenses increased by EUR 0.4 million, or 2%, to EUR 22.5 million in the financial year ended August 31, 2009, from EUR 22.1 million in the financial year ended August 31, 2008. This increase was due to increased depreciation and amortization related to our investment in research and development in previous years. Increased costs were primarily incurred by the Cultures & Enzymes division, as a result of our research and development activities being focused on targeting potential new applications of probiotics and the development of bacteriophage technology, which we acquired from GangaGen Inc.

*Sales and marketing expenses.* Sales and marketing expenses increased by EUR 0.6 million, or 1%, to EUR 66.0 million in the financial year ended August 31, 2009, from EUR 65.4 million in the financial year ended August 31, 2008. Sales and marketing expenses in our Cultures & Enzymes and Health & Nutrition divisions increased as we hired more sales representatives and application technicians in these divisions. This increase was partially offset by a decrease in our expenses following the rationalization of our sales force in Southern Europe which took place during the course of the financial year.

*Administrative expenses.* Administrative expenses increased by EUR 1.9 million, or 5%, to EUR 41.4 million in the financial year ended August 31, 2009, from EUR 39.5 million in the financial year ended August 31, 2008. The increase was primarily due to our ceasing to provide transitional services to ALK Abelló A/S, which permitted us to share certain administrative expenses with them, and to overall higher depreciation and amortization related to mixed-use property, plant and equipment.

*Other operating income/expenses.* Other operating income/expenses, net, increased by EUR 0.2 million, or 13%, to EUR 1.7 million in the financial year ended August 31, 2009, from EUR 1.5 million in the financial year ended August 31, 2008.

*Operating profit before special items (EBIT b.s.i.).* Operating profit before special items increased by EUR 10.4 million, or 10%, to EUR 113.9 million in the financial year ended August 31, 2009, from EUR 103.5 million in the financial year ended August 31, 2008. The increase was due to the factors described above, particularly the revenue growth in the Cultures & Enzymes and Health & Nutrition divisions.

*Special items.* Special items decreased by EUR 3.0 million, or 40%, to negative EUR 4.5 million in the financial year ended August 31, 2009, from negative EUR 7.5 million in the financial year ended August 31, 2008. Special items in the financial year ended August 31, 2009 were comprised primarily of the implementation of new financial reporting systems, which resulted in adjustment to the calculation of internal profit on inventories, IAS 19 adjustment to vacation pay, cost of one-off charges relating to the restructuring of our European sales organization, including distributors, and costs relating to the winding down of our Medipharm production sites in Sweden and in the United States, which we eventually closed in November 2009, and litigation provisions relating to a commercial contract dispute in Brazil that was settled in 2009, partially offset by proceeds received from divestment of our soups and sauces business to Saveur in March 2009 and of our Holdorf-based functional systems activities in Germany to Frutarom Industries Ltd. in June 2009.

*Operating profit.* Operating profit increased by EUR 13.4 million, or 14%, to EUR 109.4 million in the financial year ended August 31, 2009, from EUR 96.0 million in the financial year ended August 31, 2008. This increase was primarily due to increased revenue and focus on costs, including those relating to production, sales and administration. Increased revenue was partially offset by increased sales and marketing and administrative expenses. Expenses grew at a higher rate in emerging markets, while they remained more stable in mature markets.

*Financial income.* Financial income decreased by EUR 21.2 million, or 69%, to EUR 9.6 million in the financial year ended August 31, 2009, from EUR 30.8 million in the financial year ended August 31, 2008. This decrease was primarily due to reduced gains from derivative financial instruments, comprising interest rate swaps related to borrowing, of EUR 7.9 million, and lower exchange rate gains of EUR 12.0 million, primarily due to borrowing in U.S. dollars, which is translated into euro as of the date of the corresponding financial statements.

*Financial expenses.* Financial expenses increased by EUR 14.1 million, or 14%, to EUR 116.1 million in the financial year ended August 31, 2009, from EUR 102.0 million in the financial year ended August 31, 2008. This increase was primarily due to an increased loss from interest rate swaps of EUR 28.9 million to EUR 29.1 million for the financial year ended August 31, 2009, and an increase in exchange rate losses of EUR 7.0 million to EUR 15.4 million for the financial year ended August 31, 2009. We do not use hedge accounting on our derivative financial instruments, which means that fluctuations in fair value of interest rate swaps are recognized directly in the income statement, even though they are expected to be offset either by an increase in fair value or by lower interest payments in the future. The interest expenses on loans were lower by EUR 21.9 million as interest rates were lower and our debt was reduced.

*Profit before tax.* Profit before tax decreased by EUR 21.9 million, or 88%, to EUR 2.9 million in the financial year ended August 31, 2009, from EUR 24.8 million in the financial year ended August 31, 2008.

*Corporation tax.* Corporation tax increased by EUR 1.6 million, or 9%, to EUR 18.9 million in the financial year ended August 31, 2009, from EUR 17.3 million in the financial year ended August 31, 2008. This increase was primarily due to the increase in non-deductible interest due to factors described above, coupled with there being no tax deduction due to the Danish interest ceiling rules where interest exceeding a certain percentage of qualifying assets is not tax deductible, partially offset by lower profit before tax.

*Profit from continuing activities.* Profit from continuing activities decreased by EUR 23.5 million, to negative EUR 16.0 million in the financial year ended August 31, 2009, from positive EUR 7.5 million in the financial year ended August 31, 2008. This decrease was primarily due to the factors described above, particularly the increase in net financial expenses, partially offset by increased operating profit.

*Profit from discontinued activities.* Profit from discontinued activities decreased by EUR 38.7 million, to a loss of EUR 2.4 million in the financial year ended August 31, 2009, from positive EUR 36.3 million in the financial year ended August 31, 2008. This was primarily due to the proceeds we received from the sale of part of our Flavor division to Symrise in the financial year ended August 31, 2008 and certain post-closing cost adjustments made in the financial year ended August 31, 2009 in connection with the sale of our soups and sauces business to Saveur in March 2009 and of our Holdorf-based functional systems production plant in Germany to Frutarom Industries Ltd. in June 2009.

*Profit for the period.* Profit for the period decreased by EUR 62.2 million, to a loss of EUR 18.4 million in the financial year ended August 31, 2009, from a profit of EUR 43.8 million in the financial year ended August 31, 2008. This decrease was primarily due to the factors described above, particularly increase in net financial expenses, partially offset by increased operating profit.

***Financial year ended August 31, 2008 compared to financial year ended August 31, 2007***

*Revenue.* Revenue increased by EUR 32.0 million, or 7% (10% adjusted organic revenue growth), to EUR 476.7 million in the financial year ended August 31, 2008, from EUR 444.7 million in the financial year ended August 31, 2007. Sales growth in the Cultures & Enzymes and Health & Nutrition divisions was partially offset by overall unfavorable movements in exchange rates, primarily due to the weakened U.S. dollar.

Revenue in the Cultures & Enzymes division increased by EUR 20.1 million, or 7% (10% adjusted organic revenue growth), to EUR 311.6 million in the financial year ended August 31, 2008, from EUR 291.5 million in the financial year ended August 31, 2007. This increase was primarily due to the impact of increased sales prices and increased sales volumes from existing business, with smaller positive impacts from sales of new products within the Cultures & Enzymes division and from acquisitions. This increase in revenue was partially offset by unfavorable movements in exchange rates.

Revenue in the Health & Nutrition division increased by EUR 11.9 million, or 27% (22% adjusted organic revenue growth), to EUR 55.8 million in the financial year ended August 31, 2008, from EUR 43.9 million in the financial year ended August 31, 2007. This increase was primarily due to the net impact of sales of internally developed new products, complemented by increased volume, partially offset by unfavorable exchange rate movements and pricing impacts.

Revenue in the Colors & Blends division was unchanged (5% adjusted organic revenue growth) at EUR 109.3 million in the financial year ended August 31, 2008, compared to the financial year ended August 31, 2007. There was an increase due to the net impact from sales of new products and to price and volume increases, which was offset by unfavorable exchange rate movements.

Revenue in Europe grew EUR 19.9 million, or 8%, to EUR 280.6 million in the financial year ended August 31, 2008, from EUR 260.7 million in the financial year ended August 31, 2007. This revenue growth was primarily due to increased sales and distribution, particularly in Eastern Europe, complemented by our acquisition of Medipharm in January 2008.

Revenue in North America decreased EUR 1.0 million, or 1%, to EUR 90.4 million in the financial year ended August 31, 2008, from EUR 91.4 million in the financial year ended August 31, 2007. This decrease in revenue was primarily due to the sale of our flavor business and the depreciation of the U.S. dollar, partially offset by revenue growth, particularly in the Cultures & Enzymes division, primarily due to accelerated conversion from bulk starter cultures to our DVS® technology and increased consumption of yogurt per capita.

Revenue in South America grew EUR 5.1 million, or 11%, to EUR 50.2 million in the financial year ended August 31, 2008, from EUR 45.1 million in the financial year ended August 31, 2007. Revenue growth was primarily due to increased sales and distribution in the Central South America region and Argentina.

Revenue in the APMEA region grew EUR 8.0 million, or 17%, to EUR 55.5 million in the financial year ended August 31, 2008, from EUR 47.5 million in the financial year ended August 31, 2007. This revenue growth was primarily due to increased sales and distribution in China and Southeast Asia, compared with Australia and New Zealand, where revenue growth was relatively flat.

*Cost of sales.* Cost of sales increased by EUR 6.4 million, or 3%, to EUR 247.7 million in the financial year ended August 31, 2008, from EUR 241.3 million in the financial year ended August 31, 2007. The increase was primarily due to increased direct production costs, such as raw materials, consumables and labor, partially offset by decreased indirect production costs, such as maintenance and depreciation and amortization. The increase in cost was primarily in the Health & Nutrition division as a result of increased production costs, which were partly due to increased business growth and partly due to increased spending on indirect production costs required for future growth. The Cultures & Enzymes division decreased cost thus increasing the gross margin. The gross margin in our Health & Nutrition division decreased. The Colors & Blends division also increased costs, due to increased spending on raw materials as well as a re-allocation of divisional production costs. Gross margin in the Colors & Blends division decreased.

As a result, gross profit increased by EUR 25.6 million, or 13%, to EUR 229.0 million in the financial year ended August 31, 2008, from EUR 203.4 million in the financial year ended August 31, 2007. This increase was primarily due to the Cultures & Enzymes division. The Health & Nutrition division delivered an increase in gross profit, whereas gross profit in the Colors & Blends division decreased.

*Research and development expenses.* Research and development expenses decreased by EUR 1.0 million, or 4%, to EUR 22.1 million in the financial year ended August 31, 2008, from EUR 23.1 million in the financial year ended August 31, 2007. Overall research and development expenses declined by EUR 1.6 million due to a larger proportion of development projects being capitalized, despite an increase of EUR 0.6 million in depreciation and amortization.

*Sales and marketing expenses.* Sales and marketing expenses increased by EUR 2.3 million, or 4%, to EUR 65.4 million in the financial year ended August 31, 2008, from EUR 63.1 million in the financial year ended August 31, 2007. This increase was partly due to increased investments in the sales infrastructure in Asia, partially offset by reduced sales and marketing expenses for the Colors & Blends division, as a result of the divestment of part of our Flavor division to Symrise in April 2008. Increases in depreciation and amortization also accounted for a small cost increase.

*Administrative expenses.* Administrative expenses increased by EUR 3.4 million, or 9%, to EUR 39.5 million in the financial year ended August 31, 2008, from EUR 36.1 million in the financial year ended August 31, 2007. The increase was due to increased investment in our global information technology and financial reporting departments.

*Other operating income/expenses.* Other operating income/expenses, net, decreased by EUR 0.6 million, or 29%, to EUR 1.5 million in the financial year ended August 31, 2008, from EUR 2.1 million in the financial year ended August 31, 2007.

*Operating profit before special items (EBIT b.s.i).* Operating profit before special items increased by EUR 20.3 million, or 24%, to EUR 103.5 million in the financial year ended August 31, 2008, from EUR 83.2 million in the financial year ended August 31, 2007. This increase was primarily due to results in the Cultures & Enzymes division. The Health & Nutrition division also provided a positive contribution. This increase was partially offset by a decrease in the operating profit of our Colors & Blends division.

*Special items.* Special items decreased by EUR 0.7 million, or 9%, to EUR 7.5 million in the financial year ended August 31, 2008, from EUR 8.2 million in the financial year ended August 31, 2007. Special items in the financial year ended August, 31, 2008 were comprised of costs relating to the winding down of our Medipharm production sites in Sweden and in the United States, (which we eventually closed in November 2009) the write down of our closed production site in Spain and the restructuring of our European sales organization, including distribution network. Special items in the financial year ended August, 31, 2007 were comprised of the reorganization of our Spanish, Danish and U.S. subsidiaries as part of senior management's ongoing transformation of our business to a focused bioscience company, the restructuring of our European sales organization, including distribution network and expenses incurred in connection with our strategic sourcing project.

*Operating profit.* Operating profit increased by EUR 21.0 million, or 28%, to EUR 96.0 million in the financial year ended August 31, 2008, from EUR 75.0 million in the financial year ended August 31, 2007. This increase was primarily due to reduced costs relative to revenue growth, in line with our focus on costs, including those relating to production, sales and administration.

*Financial income.* Financial income decreased by EUR 1.9 million, or 6%, to EUR 30.8 million in the financial year ended August 31, 2008, from EUR 32.7 million in the financial year ended August 31, 2007. This decrease was primarily due to lower exchange rate gains of EUR 8.8 million and lower other interest income of EUR 1.0 million, partially offset by increased income from fair value adjustment of interest rate swaps of EUR 7.6 million.

*Financial expenses.* Financial expenses decreased by EUR 13.0 million, or 11%, to EUR 102.0 million in the financial year ended August 31, 2008, from EUR 115.0 million in the financial year ended August 31, 2007. This decrease was primarily due to lower exchange rate losses of EUR 10.3 million, lower other financial expenses of EUR 6.0 million due to our refinancing (relating to realized fees from refinancing our then-existing credit facilities in the financial year ended August 31, 2007), payments on an interest rate swap of EUR 3.5 million and the fair value adjustment of the interest rate swap of EUR 1.0 million, partially offset by higher interest rates on loans of EUR 7.8 million.

*Profit before tax.* Profit before tax increased by EUR 32.1 million, to EUR 24.8 million in the financial year ended August 31, 2008, from negative EUR 7.3 million in the financial year ended August 31, 2007. This increase was primarily due to the factors described above, particularly accelerated growth and our focus on costs, including those relating to production, sales and administration.

*Corporation tax.* Corporation tax increased by EUR 18.5 million, to an expense of EUR 17.3 million in the financial year ended August 31, 2008, from an income of EUR 1.2 million in the financial year ended August 31, 2007. This increase was primarily due to the first full year effect of the Danish interest ceiling rules as of July 2007, which provide that interest exceeding a certain percentage of qualifying assets is not tax-deductible.

*Profit from continuing activities.* Profit from continuing activities increased by EUR 13.6 million, to a profit of EUR 7.5 million in the financial year ended August 31, 2008, from a loss of EUR 6.1 million in the financial year ended August 31, 2007. This increase was primarily due to the factors described above, particularly accelerated revenue growth and our focus on costs relating to our production, sales and administration, as well as lower net financial expenses, partially offset by higher tax expenses.

*Profit from discontinued activities.* Profit from discontinued activities increased by EUR 43.0 million, to a profit of EUR 36.3 million in the financial year ended August 31, 2008, from a loss of EUR 6.7 million in the financial year ended August 31, 2007. This increase was primarily due to the proceeds we received from the sale of part of our Flavor division to Symrise.

## Liquidity and Capital Resources

### *Capital Resources*

Our principal sources of funds include cash from operations, cash on hand and cash equivalents and funds raised from time to time from mortgage financings and bank borrowings, including long term borrowings under our Existing Credit Facilities (as defined below), which we intend to partially refinance with the proceeds from our New Credit Facilities, as discussed below under "—New Credit Facilities".

As of February 28, 2010, our cash on hand was EUR 38.3 million. As of February 28, 2010, we had total liabilities of EUR 1,170.0 million outstanding, a decrease of EUR 63.7 million compared to February 28, 2009, primarily as a result of voluntary repayment of long term debt and exchange rate adjustments.

We consistently focus on net working capital (which is the sum of trade receivables and inventories minus trade payables) to ensure it is maintained at optimal levels. As of February 28, 2010, net working capital amounted to 20% of net revenue in the previous 12 months. Net working capital as of February 28, 2010, was unchanged at EUR 107.9 million, comprised of trade receivables of EUR 76.9 million and inventories of EUR 71.0 million, offset by trade payables of EUR 40.0 million, compared to the six months ended February 28, 2009. As of August 31, 2009, net working capital amounted to 15% of revenues, compared to

19% of revenues as of August 31, 2008, and 16% as of August 31, 2007 adjusted for divested businesses. Net working capital as of August 31, 2009, was EUR 77.9 million, comprised of trade receivables of EUR 70.8 million and inventories of EUR 56.9 million, offset by trade payables of EUR 49.8 million, a decrease of EUR 12.5 million compared to August 31, 2008. The reduction was due to our ability to lower inventory levels and accounts receivable despite increasing revenue. Net working capital is generally higher at the end of the first half of our financial year as compared to the second half, primarily due to the increased levels of inventory that are needed to meet the increased demand for our products that generally occurs in the second half of our financial year.

We believe that, as of the date of this Offering Memorandum, our working capital is adequate to meet our financing requirements for at least 12 months after the first date of trading on NASDAQ OMX, which is expected to be on June 3, 2010.

***Existing Credit Facilities***

As of April 30, 2010, our principal indebtedness is comprised of our Senior Credit Facility, which represents 58% of our total borrowings, and our Mezzanine Credit Facility, which represents 31% of our total borrowings (collectively, our "Existing Credit Facilities"). The Senior Credit Facility consisted of revolving loans maturing in 2012 and four term loans, of which facility A is being repaid in installments and matures in 2012. The other three term loans under this facility consist of facilities B and C and a second lien facility, which mature in 2013, 2014 and 2015, respectively. The Mezzanine Credit Facility matures in 2015. In August 2009, we voluntarily prepaid EUR 25.0 million of our second lien facility and in December 2009 we prepaid an additional EUR 17.3 million and USD 12.4 million on this same facility. Interest on the Senior Credit Facility is based on floating interest rates (EURIBOR, CIBOR and LIBOR) plus a margin of 1.00% to 2.875%. The margins for facilities A and B are adjusted in accordance with the ratio of net borrowings to EBITDA. The second lien facility has a margin of 4.25%. The Mezzanine Credit Facility has a payable floating interest based on EURIBOR or CIBOR plus a margin of 2.00%, and a payment in kind interest of 6.00%, which is capitalized yearly as principal.

The lenders under our Existing Credit Facilities are a number of Danish and non-Danish banks with Nordea Bank AB (Publ) as agent.

Upon completion of the Offering, we intend to repay our Existing Credit Facilities with the net proceeds from the offering of New Shares and with the majority of the proceeds from our New Credit Facilities. We intend to terminate the related hedging arrangements concurrently with the termination of our Existing Credit Facilities. The Selling Shareholder has issued a parent guarantee to the lenders under our Existing Credit Facilities, including a pledge over the Existing Shares. The agent for the lenders under the Existing Credit Facilities has unconditionally and irrevocably agreed to release the Existing Shares from the pledge immediately prior to the transfer of the Offer Shares to the settlement agent in preparation for the trading and official listing of the Existing Shares on NASDAQ OMX, provided that admission to trading and official listing is completed no later than July 31, 2010.

***New Credit Facilities***

On April 15, 2010 we entered into an agreement with Nordea Bank Danmark A/S as agent, and lender and arranger together with Danske Bank A/S, FIH Erhvervsbank A/S, Nykredit Bank A/S and Skandinaviska Enskilda Banken AB (publ), for our New Credit Facilities. The New Credit Facilities consist of a five year multicurrency term loan of EUR 225.0 million, with semi-annual repayments starting in February 2012 and a EUR 175.0 million payment in April 2015 when the loan matures; and a five year revolving multicurrency facility of EUR 225.0 million. The applicable interest on the New Credit Facilities is EURIBOR (in the case of euro-denominated loans), CIBOR (in the case of Danish krone-denominated loans) or LIBOR (in the case of loans denominated in any currencies other than the euro or Danish kroner), plus a margin in each case.

The New Credit Facilities will contain a negative pledge clause (subject to certain exemptions, including existing security granted under the mortgage financings, as described below), guarantees issued by certain of our subsidiaries, certain customary financial covenants, including the requirement to maintain certain interest coverage and net leverage ratios. The New Credit Facilities also contain certain restrictive covenants, restricting our ability to, among other things, make mergers, acquisitions or disposals exceeding certain limits without consent from the lenders. In addition, the New Credit Facilities contain a change of control provision that is triggered in the event that any person or persons acting in concert, acquire more than 50% of the Shares, and which would allow the agent, if requested by a lender under the New Credit

Facilities to make all amounts owed to such lender due and payable and cancel such lender's commitments under the New Credit Facilities.

It is our intention to draw down EUR 450.0 million under the New Credit Facilities to repay certain of our existing indebtedness upon completion of the Offering, or shortly thereafter. No drawings have been made under the New Credit Facilities as of the Offering Memorandum Date. The New Credit Facilities are conditional upon our Shares being admitted to trading and official listing on NASDAQ OMX.

In connection with our borrowings under the New Credit Facilities, we are considering entering into appropriate interest rate and currency hedging arrangements.

***Mortgage Financings***

As of February 28, 2010 we had EUR 94.0 million of financial indebtedness which is secured by first priority mortgages on our Avedøre, Hørsholm, Gråsten and Roskilde facilities. Of this amount two thirds of the outstanding principal amount carries a floating interest rate and the remainder carries a fixed interest rate. This indebtedness amortizes over a period of five to eighteen years.

***Historical cash flows***

The table below summarizes our cash flows for each of the financial years ended August 31, 2007, 2008 and 2009, based on our respective audited consolidated financial statements and the notes thereto, prepared in accordance with IFRS, as adopted by the European Union, and each of the six months ended February 28, 2009 and the six months ended February 28, 2010, based on our unaudited interim consolidated and audited consolidated financial statements, respectively, each of which were prepared in accordance with IFRS, as adopted by the European Union.

| | For the financial year ended August 31, | | | For the six months ended February 28, | |
|---|---|---|---|---|---|
| **EUR (in millions)** | **2007** | **2008** | **2009** | **2009** | **2010** |
| | | | | **unaudited** | |
| Operating profit | 75.0 | 96.0 | 109.4 | 39.7 | 56.7 |
| Change in working capital | 11.9 | (20.5) | 13.9 | (21.4) | (34.1) |
| Other cash flow items regarding operating activities | (20.2) | (23.8) | (18.3) | (7.7) | (5.7) |
| **Cash flows from operating activities** | **66.7** | **51.7** | **105.0** | **10.6** | **16.9** |
| Investing activities | | | | | |
| Acquisition of enterprises | — | (44.2) | (4.6) | (4.4) | — |
| Discontinued activities | 6.3 | 69.2 | 5.5 | 5.5 | — |
| Capital expenditures | | | | | |
| Investments in intangible assets | (3.4) | (8.8) | (17.4) | (5.0) | (8.4) |
| Investments in property, plant and equipment | (36.9) | (33.9) | (11.1) | (7.3) | (8.3) |
| Sale of property, plant and equipment | 1.1 | 0.9 | 1.0 | — | — |
| Other cash flow items regarding investing activities | (27.5) | — | — | — | — |
| **Cash flows from investing activities** | **(60.4)** | **(16.8)** | **(26.6)** | **(11.2)** | **(16.7)** |
| **Cash flows from financing activities** | **(3.1)** | **14.4** | **(79.7)** | **(15.5)** | **(43.1)** |
| **Net cash flow for the year** | **3.2** | **49.3** | **(1.3)** | **(16.1)** | **(42.9)** |

*Cash flows from operating activities*

Cash flows from operating activities increased by EUR 6.3 million to EUR 16.9 million in the six months ended February 28, 2010, from EUR 10.6 million in the six months ended February 28, 2009. This increase was primarily due to higher operating profit of EUR 17.0 million and lower net interest payments of EUR 3.1 million, partially offset by higher working capital adjustments of EUR 12.7 million and higher taxes of EUR 3.5 million.

Cash flows from operating activities increased by EUR 53.3 million to EUR 105.0 million in the financial year ended August 31, 2009, from EUR 51.7 million in the financial year ended August 31, 2008. This increase was due to increased operating profit of EUR 13.4 million, increased non-cash adjustments of EUR 4.6 million, improvements in the net working capital which contributed EUR 34.4 million, a reduction in net interest payments of EUR 11.3 million and lower tax payments of EUR 2.4 million, partially offset by a reduction in cash flow from discontinued activities of EUR 12.9 million.

Cash flows from operating activities decreased by EUR 15.0 million to EUR 51.7 million in the financial year ended August 31, 2008, from EUR 66.7 million in the financial year ended August 31, 2007. This decrease was primarily due to a negative change in net working capital of EUR 32.4 million, partially offset by improved operating profit of EUR 21.0 million.

*Cash flows from investing activities*

Cash flows from investing activities decreased by EUR 5.5 million to negative EUR 16.7 million in the six months ended February 28, 2010, from negative EUR 11.2 million in the six months ended February 28, 2009. This decrease was primarily due to higher capital expenditures of EUR 4.4 million.

Historically, we have financed our capital expenditures through a combination of cash generated from operations and from external sources of financing, including our Existing Credit Facilities and our mortgage financings, as described above "—Mortgage Financings". During the financial years ended August 31, 2007 and 2008, we incurred, among others, capital expenditures of EUR 50 million to build our cultures facility in Avedøre, Denmark. The construction of this facility was primarily financed through our mortgage financing and represented our only significant capital expenditure during those periods. Ongoing capital expenditures relate primarily to maintenance of existing facilities and production expansion and will be financed through operations. Most of our capital expenditure is incurred in the Culture & Enzymes division.

As of February 28, 2010, we had no commitments for capital expenditures.

In the financial year ended August 31, 2009, expenditure on research and development amounted to EUR 29.8 million of which EUR 9.7 million was capitalized. In the financial year ended August 31, 2008 the amounts were EUR 29.7 million and EUR 7.5 million, respectively, and in the financial year ended August 31, 2007, the amounts were EUR 27.0 million and EUR 1.9 million, respectively.

Cash flows from investing activities decreased by EUR 9.8 million to a net outflow of EUR 26.6 million in the financial year ended August 31, 2009, from a net outflow of EUR 16.8 million in the financial year ended August 31, 2008. This decrease was primarily due to investment in the financial year ended August 31, 2008 in our cultures facility in Avedøre, combined with the divestment of the Flavor division in April 2008 and the acquisition of the GangaGen and Urex technology. This was partially offset by the acquisition of Medipharm in January 2008. In the financial year ended August 31, 2009, we undertook a lower level of acquisitions, but increased investment in intangible assets related to development projects.

Cash flows from investing activities increased by EUR 43.6 million to a net outflow of EUR 16.8 million in the financial year ended August 31, 2008, from a net outflow of EUR 60.4 million in the financial year ended August 31, 2007. This increase was primarily due to contingent transaction costs regarding the acquisition of us by funds managed and advised by PAI partners. Additionally, divestment of the Flavor division in April 2008, partially offset by the acquisition of Medipharm in January 2008, increased cash flow from investing activities in 2008.

*Cash flows from financing activities*

Cash flows from financing activities decreased by EUR 27.6 million to negative EUR 43.1 million in the six months ended February 28, 2010, from negative EUR 15.5 million in the six months ended February 28, 2009. This decrease was primarily due to repayments of long term debt which were EUR 27.4 million higher.

Cash flows from financing activities decreased by EUR 94.1 million to a net outflow of EUR 79.7 million in the financial year ended August 31, 2009, from a net inflow of EUR 14.4 million in the financial year ended August 31, 2008. This decrease was primarily due to a voluntary repayment under our second lien credit facility, payments of senior bank borrowing installments and mortgage loans.

Cash flows from financing activities increased by EUR 17.5 million to a net inflow of EUR 14.4 million in the financial year ended August 31, 2008, from a net outflow of EUR 3.1 million in the financial year ended August 31, 2007. This increase was primarily due to increased loan repayments as compared to the financial year ended August 31, 2008.

### Contractual Obligations and Commercial Commitments

The following table summarizes the contractual debt obligations, and principal payments we were obligated to make as of February 28, 2010 under our debt instruments, finance leases and other agreements. The information presented in the table below reflects the long term borrowings' maturities, which may differ significantly from the actual maturities of these obligations.

| Time to maturity for long term borrowings | 1–2 years | 2–3 years | 3–4 years | 4–5 years | More than 5 years | Total |
|---|---|---|---|---|---|---|
| Senior Credit Facility(1)(2) | 34.8 | 76.8 | 191.6 | 176.8 | — | 480.0 |
| Mezzanine Credit Facility(1)(2) | — | — | — | — | 273.4 | 273.4 |
| Mortgages(2) | 8.6 | 8.7 | 9.0 | 9.1 | 50.3 | 85.7 |
| Bank borrowings(2) | 1.0 | 0.7 | — | — | — | 1.7 |
| **Total(2)** | **44.4** | **86.2** | **200.6** | **185.9** | **323.7** | **840.8** |

(1) Upon completion of the Offering, we intend to repay our existing Senior Credit Facility and Mezzanine Credit Facility with EUR 450 million of proceeds from our New Credit Facilities and with proceeds from the offering of the New Shares. Repayment obligations under our New Credit Facilities will consist of semi-annual repayments starting in 2012, followed by a scheduled repayment at maturity in 2015. As a consequence of this, EUR 753.4 million has been classified as current liabilities.

(2) Reflects rounded amounts.

### Operating Leases

We have operating lease commitments primarily related to real property, car and equipment rentals in the amount of EUR 6.1 million as of February 28, 2010.

### Pensions Obligations

We have entered into pension agreements with a significant share of our employees. The majority of our pension plans are defined contribution plans, while certain of our plans are defined benefit plans. We finance our defined contribution plans through regular premium payments to independent insurance companies that are responsible for pension obligations. Once the pension contributions under the defined contribution plans have been paid, we have no further obligations towards current or past employees covered by these plans. Our obligations with respect to our defined benefit plans are either not covered or only partly covered. As of February 28, 2010, we had recognized a pension obligation of EUR 5.6 million.

### Off Balance-sheet Arrangements

We have no material off balance-sheet arrangements with respect to the periods presented in our audited consolidated financial statements that have or are reasonably likely to have a current effect on our financial condition or results of operations.

### Quantitative and Qualitative Disclosure about Market Risk

Market risk represents the potential for loss due to adverse changes in the fair value of financial instruments. We are exposed to market risks related to foreign currency exchange rates and interest rates, funding and liquidity risk, credit risk and counterpart risk. These exposures may change over time as business practices evolve and could have a material adverse impact on our financial results.

#### *Foreign Exchange Risk*

Foreign exchange risk is the risk that we will incur economic losses due to adverse movements in foreign exchange rates. As we operate internationally, we are exposed to foreign exchange risk arising from currency exposures, primarily the U.S. dollar.

*Translation Risk:* Our presentation currency is euro. However, as an international business, a significant portion of our revenues and profits are generated in currencies other than euro. Assets, liabilities and transactions for our reporting entities are measured in the currency of the primary economic environment in which the entity operates (the functional currency) and are then translated to euro for presentation of our consolidated operating results. As currency exchange rates fluctuate, translation of the operating results of our subsidiaries that have a functional currency other than euro will affect the period to period comparison of our results of operations.

*Transaction Risk:* We incur currency transaction risk whenever one of our operating subsidiaries enters into either a purchase or sales transaction using a currency other than its functional currency. We attempt to reduce currency transaction risk by incurring income and expenses in the same currency to the extent possible. We hedge our currency exposure with the goal of minimizing the effect of short-term currency movements on earnings and cash-flow. In accordance with our Corporate Treasury Procedure, we aim to hedge 100% of our currency exposures on balance sheet items above EUR 2 million, except for loans (including our New Credit Facilities) and equity investments in subsidiaries and up to 75% of our exposure on cash flow items is permitted to be hedged on a rolling twelve month basis with respect to main currencies such as the U.S. dollar and the Danish krone. Upon completion of the Offering, borrowings under our New Credit Facilities will be in euro and U.S. dollars and we may enter into currency hedging arrangements in connection with intercompany loans from these facilities, in particular with respect to loans to our U.S. subsidiary.

#### *Interest Rate Risk*

We are subject to interest rate risk as interest rates on our financing facilities are primarily based on a floating interest rate plus a margin. Our corporate treasury procedure stipulates that more than 50% of the interest rate risk relating to our budgeted debt for the current and next year be hedged. As of August 31, 2009, 62% of our outstanding debt was either hedged through interest rate swaps or had a fixed interest rate. An increase of one percentage point on the average interest rate of our net interest-bearing debt (excluding interest rate swaps) would lead to an increase in our interest expense of EUR 8.7 million.

#### *Funding and Liquidity Risk*

Funding and liquidity requirements are part of the budget and forecasting process and are carefully reconciled with the covenants agreed with the lenders under our credit facilities, including lenders under the Existing Credit Facilities and the New Credit Facilities. Funding and liquidity risk management is handled centrally. Covenant compliance is reported on a quarterly basis to the lenders under our credit facilities.

#### *Counterparty Risk*

Counterparty risk is the potential loss of funds deposited with banks, brokers or other financial institutions as a result of a financial distress of such banks. We seek to minimize counterparty risk by dealing with financial counterparties that have a satisfactory long-term credit rating from international credit rating companies.

#### *Credit Risk*

Our credit risk relates to trade receivables and other receivables. We believe our credit risk is limited as our exposure is spread over a large number of counterparties in various industries.

### Significant Accounting Estimates and Judgments

In the ordinary course of business, we have made a number of estimates and assumptions relating to the reporting of results of operations and financial condition in the preparation of our financial statements. We base our estimates on historical results and experience, consultation with third parties and by using other methods we consider reasonable in the particular circumstances, as well as our forecasts as to how these might change in the future. These estimates and assumptions form the basis for making judgments about the carrying amounts of assets and liabilities that are not readily apparent from other sources. These assumptions may prove incomplete or incorrect, and unexpected events or circumstances may arise. We evaluate these estimates on an ongoing basis. Results could differ significantly from our estimates under different assumptions and conditions.

We believe that the following discussion addresses our most critical accounting policies, which are those that are most important to the portrayal of our financial condition and results of operations and require our most difficult, subjective and complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. For a description of our accounting policies, see the notes to our audited consolidated financial statements included elsewhere in this Offering Memorandum.

### *Goodwill*

Goodwill represents the excess of the cost of an acquisition over the fair value of identifiable net assets of the acquired enterprise. Goodwill is measured at historical cost less accumulated impairment losses. Goodwill is not amortized.

The carrying amount of goodwill is allocated to our cash-generating units at the acquisition date. Identification of cash-generating units is based on the management structure and internal financial control.

In the annual impairment test of goodwill, an estimate is made to determine how parts of the enterprise (cash-generating units) related to the goodwill will be able to generate sufficient future positive net cash flows to support the value of goodwill, trademarks with an indefinite useful life and other net assets of the enterprise in question.

The estimate of the future net cash flows is based on budgets and business plans for the coming five years and on projections for subsequent years. Key parameters are revenue development, profit margin, proposed capital expenditure as well as growth expectations for the following years. Budgets and business plans for the coming five years are based on specific future business initiatives for which the risks relating to key parameters have been assessed and recognized in estimated future free cash flows. Projections for years following the next five year period are based on general expectations and risks.

The discount rates used to calculate the recoverable amount are before tax and reflect the risk-free interest rate of the individual geographical segments and related risk.

The recognized value of goodwill will be reduced and the write down expensed if the realized future cash flows turn out lower than estimated or if the discount rate is increased.

The carrying amount of goodwill at August 31, 2009 was EUR 603.4 million, compared with EUR 611.8 million and EUR 580.4 million at August 31, 2008 and 2007, respectively. The carrying amount of goodwill at February 28, 2010 was EUR 614.4 million.

### *Development Projects*

Finished development projects are reviewed on an annual basis to determine whether there is any indication of impairment. If this is indicated, an impairment test is carried out for the individual development projects. For development projects in progress, however, an annual impairment test is always performed. The impairment test is performed on the basis of various factors, including future use of the project, the fair value of the estimated future earnings as well as interest rate and risks.

The recognized value of development projects is reduced and the write down expensed if realized future cash flows from the project are lower than estimated or if the discount rate used to value the project is increased.

The carrying value of development projects in progress and finished development projects at August 31, 2009 was EUR 19.0 million, compared with EUR 6.9 million and EUR 1.9 million at August 31, 2008 and 2007, respectively. The carrying value of development projects in progress and finished development projects at February 28, 2010 was EUR 22.6 million.

### *Revenue Recognition*

Revenue from the sale of finished goods and goods for resale is recognized when the risk has been transferred to the buyer. Revenue is measured excluding discounts.

Customer discounts are recognized and deducted from revenue in the same period as the sales to which they relate. Customer discounts based on accumulated sales volumes over a period of time are calculated on the basis of expected total sales based on experience from previous sales, sales up to that date and other current information about trading with the customer. These calculations are performed by management in co-operation with sales managers.

### *Special Items*

Management exercises its judgment in the separation of special items from other items in the income statement. When designating special items, it is crucial that these constitute items of income and expenses which cannot be attributed directly to our ordinary operating activities but concern fundamental structural or process-related changes to our business and any associated gains or losses on disposal. Management carefully considers such changes in order to ensure the correct distinction between our operating activities and restructuring made to enhance our future earnings potential.

Changes in management's judgments can result in reclassifications between different special items and ordinary types of income and expenses, but will not have any impact on the result of the year.

***Inventories***

Work in process and finished goods are stated at cost price under the FIFO-method. The cost price includes direct production costs and indirect production costs. Direct production costs include materials, consumables and labor whereas indirect production costs include maintenance and depreciation of production machinery, buildings and equipment.

The calculations of indirect production costs are reviewed regularly in order to ensure that relevant assumptions such as prices, production yield, measures of utilization are incorporated correctly. Changes in the parameters, assumed production yield and utilization levels, among other items, could have a significant impact on the cost price and the recognized value of inventories and production costs. Due to the nature of the parameters required in calculating the indirect production costs, these costs are by nature particularly difficult to estimate.

The value of other direct and indirect production costs recognized in the value of inventories at August 31, 2009 was EUR 16.4 million, compared with EUR 21.4 million and EUR 12.9 million at August 31, 2008 and 2007, respectively. The value of other direct and indirect production costs included in the value of the inventories at February 28, 2010 amounted to EUR 24.4 million.

***Segment Reporting***

When presenting segment information from the income statement and balance sheet disclosed amounts are split according to internal management information. Some costs, assets and liabilities are not directly attributable to the segments and have to be distributed according to estimates based on management's judgment. These estimates are updated annually based on planned activity in each reportable segment.

***Trade Receivables***

Trade receivables are measured at the amortized cost less provisions for bad debts based on customers' inability to pay. If the ability to pay changes in the future, further provisions may be required. Management conducts its analysis based on customers' expected ability to pay, historical data on payment patterns, doubtful debts, customer concentrations, customers' credit standings and security received as well as economic trends in the company's sales channels. In the financial year ended August 31, 2009 we made provisions of EUR 970 thousand for bad debts and realized EUR 51 thousand of loss on bad debts. It is estimated that the current provisions made are sufficient to meet future bad debts.

The carrying value of trade receivables at August 31, 2009 was EUR 70.8 million, compared with EUR 75.8 million and EUR 70.9 million at August 31, 2008 and 2007, respectively. The carrying value of trade receivables at February 28, 2010 was EUR 76.9 million.

***Deferred Tax Assets***

We recognize deferred tax assets, including the tax value of tax loss carry-forwards, where management assesses that the tax assets may be utilized in the foreseeable future for set-off against future positive taxable income. The assessment is made on an annual basis and is based on budgets and business plans for the future years, including planned business initiatives.

If we are not able to generate sufficient taxable profits in the jurisdictions where tax losses have been carried forward, the recognized value of the deferred tax assets will be impaired and the recognized tax cost will increase.

The value of recognized deferred tax assets at August 31, 2009 amounted to EUR 4.8 million, compared with EUR 5.1 million and EUR 19.2 million at August 31, 2008 and 2007, respectively. The value of recognized deferred tax assets at February 28, 2010 amounted to EUR 5.1 million.

***Provisions***

Provisions are recognized when we incur a legal or constructive obligation and it is more probable than not that economic benefits must be given up to settle the obligation. Our management determines this probability, measured on the basis of their best estimate of the discounted amount at which the obligation is expected to be met.

Provisions for litigation for the financial years ended August 31, 2009, 2008 and 2007 were EUR 2.2 million, EUR 1.8 million and EUR 1.9 million, respectively, and primarily relate to lawsuits brought against us. The value of recognized provisions at February 28, 2010 amounted to EUR 1.9 million. In addition to provisioning for litigation, we also provision for potential tax liabilities under the line item corporation tax in our balance sheet.

**Material Changes in the Company's Financial Position**

Other than with respect to our entry into the New Credit Facilities as described in "—Liquidity and Capital Resources—New Credit Facilities", there has been no material change in our financial and trading position since February 28, 2010. We expect to incur borrowing under our New Credit Facilities upon completion of the Offering.

## BUSINESS

### Overview

We are a global supplier of bioscience based ingredients to the food, health and animal feed industries, with leading positions in the markets in which we operate. We produce cultures and dairy enzymes, probiotics and natural colors. Our market positions are built on our product innovation and applications, production processes, long-term customer relationships and intellectual property. Our knowledge of bioscience and its applications within cultures and enzymes is our core competency and serves as the technical foundation for our products. This knowledge platform has enabled us to develop innovative products and applications and efficient solutions to address customer needs. We operate through the following three divisions, which operate globally and maintain synergies through the use of our common technology and sales platform:

*Cultures & Enzymes*—Our Cultures & Enzymes division produces and sells innovative cultures, enzymes and probiotic products that help determine the taste, flavor, color, texture, safety, preservation, nutritional value and health benefits of a variety of consumer products in the food industry. We use fermentation and other microbiological processes to produce and deliver products of a type that are vital to the production of cheese and yogurt as well as those for application in meat, wine and other products. We create significant value for our customers in terms of product innovation, product differentiation and cost competitiveness. Our extensive library of characterized bacterial strains, combined with our significant knowledge of molecular biology, microbiology, physiology, genetics and fermentation, enables us to identify and develop optimal solutions for customized food production processes in the dairy, meat and wine industries, on a rapid and cost-effective basis.

*Health & Nutrition*—Our Health & Nutrition division produces and sells products for the dietary supplement, over-the-counter pharmaceutical, infant formula and animal feed industries. We benefit from the bioscientific knowledge generated in our Cultures & Enzymes division to develop products with a documented health effect for application in human and animal health products. As scientific understanding of probiotics progresses, new product opportunities will arise, which we intend to exploit.

*Colors & Blends*—Our Colors & Blends division provides natural color solutions to the food and beverage industries, as well as functional blends that improve the quality and taste in processed meats. Increasing consumer awareness and regulatory scrutiny of the potentially detrimental effects of certain synthetic food and beverage colors and a growing preference for natural food ingredients has driven a trend towards the use of natural color solutions in the food and beverage industries. We use our knowledge of natural color solutions to help our customers respond to consumer preferences.

The following table sets forth our key financial and operating data for the financial year ended August 31, 2009, for each of our operating divisions.

| EUR in millions, unless stated | Cultures & Enzymes | Health & Nutrition | Colors & Blends | Total |
|---|---|---|---|---|
| **Revenue** | **331.1** | **68.6** | **111.5** | **511.2** |
| **EBITDA b.s.i.**[(1)] | **116.7** | **23.9** | **14.3** | **154.9** |
| **EBITDA b.s.i. margin (%)**[(2)] | **35%** | **35%** | **13%** | **30%** |
| **Operating profit b.s.i.**[(3)] | **84.6** | **19.7** | **9.6** | **113.9** |
| **Operating profit b.s.i. margin (%)**[(4)] | **26%** | **29%** | **9%** | **22%** |
| **Adjusted organic revenue growth**[(5)] | **9%** | **27%** | **6%** | **10%** |

(1) See footnote (5) to the table under "Selected Financial and Operating Data" for a reconciliation of EBITDA b.s.i to operating profit.

(2) EBITDA b.s.i. margin is the ratio of EBITDA b.s.i. to revenue.

(3) See footnote (5) to the table under "Selected Financial and Operating Data" for a reconciliation of operating profit b.s.i to operating profit.

(4) Operating profit b.s.i. margin is the ratio of operating profit b.s.i. to revenue.

(5) Adjusted organic revenue growth is calculated based on the reported IFRS revenue adjusted for sales reductions (such as commissions and sales discounts), further adjusted for acquisitions and divestitures in order to standardize year-on-year comparisons and measured in local currency. See footnote (13) to the table under "Selected Financial and Operating Data" for a reconciliation of adjusted organic revenue growth to reported IFRS revenue growth.

We are a global business with our headquarters in Denmark. Our sales and distribution network serves customers in approximately 140 countries and we have subsidiaries and representative offices in over 30 countries, as well as 19 application centers that provide local and focused customer support based in five continents. For the financial year ended August 31, 2009, 55% of our revenues were generated in Europe, 22% in North America, 13% in APMEA and 10% in South America. We have research and development facilities in Denmark and France as well as manufacturing facilities in Asia, Europe, North America and South America.

**Our Heritage**

Our business was founded in 1874 by Christian D. A. Hansen, a Danish pharmacist, who established a rennet factory in Copenhagen. Rennet is an enzyme that is used as a natural coagulant in the production of cheeses. We subsequently enhanced our product offering to include starter cultures for production of cheese and yogurt and natural colors for cheese and butter. By 1900, we had established operations in Denmark, France, Germany, Italy, the United Kingdom and the United States. During the last century we made various technological improvements to our products. In 1978, we launched the first concentrated DVS® culture. Since then, we have continued to enhance our research and development platform and expand our range of culture and enzyme products, including through the development of probiotic cultures. In the 1990s, we began focusing on research and development activities in probiotic usage in the agricultural industry. This resulted in our launch of BioPlus2B®, the first probiotic feed additive to receive final European Union approval in 2000. In 1995, we launched CHY-MAX®, a coagulant similar to traditional animal rennet, but produced using biotechnology. In the 1990s, we also developed a range of new colors for various food applications using extractions from natural sources.

Until 2005, we operated under the name Chr. Hansen Holding A/S, a company listed on the Copenhagen Stock Exchange. The then Chr. Hansen Holding A/S conducted our original business and an allergy diagnosis, treatment and prevention business. In 2005, the company then named Chr. Hansen Holding A/S divested our business in order to focus on its allergy business which is today listed on the NASDAQ OMX under the name ALK Abelló A/S. Our business, together with the name "Chr. Hansen Holding", was acquired by funds managed and advised by PAI partners.

Following our acquisition by funds managed and advised by PAI partners in July 2005, we have transformed our business from a broad-based food ingredients supplier to a focused bioscience company by:

- reinforcing our presence in markets where we hold a strong position as well as expanding our presence in new markets, particularly in Asia and Eastern Europe;
- leveraging technological synergies across our business divisions and increasing investments in research and development to create a high level of product innovation;
- investing in our workforce and developing our skill set and scientific know-how in order to support the development of new technologies and applications for our customers;
- growing our operating profit b.s.i. and EBITDA b.s.i. margins from 13% and 23%, respectively, for the financial year ended August 31, 2006 to 22% and 30%, respectively, for the financial year ended August 31, 2009;
- strengthening our product offering through acquisitions for our Health & Nutrition division and divesting non-core businesses; and
- expanding our production capabilities, in particular with the building of a EUR 50 million cultures facility at Avedøre, Denmark.

We believe that the advantages of this transformation are supported by the fact that in the financial year ended August 31, 2006, 16% of our revenues of EUR 505 million were generated from currently discontinued activities, with our Cultures & Enzymes, Health & Nutrition and Colors & Blends divisions generating the remaining 52%, 11% and 21%, respectively and for the financial year ended August 31, 2009, our revenues of EUR 511 million were generated solely from our Cultures & Enzymes (65%), Health & Nutrition (13%) and Colors & Blends (22%) divisions.

**Strengths**

Our business model is built around the following key strengths:

- *Leading and sustainable market positions.* Our Cultures & Enzymes, Health & Nutrition and Colors & Blends divisions each hold leading positions in the markets they serve. We believe the following strengths contribute to, and will enable us to sustain, these market positions:
  - *Strategic ingredients with a high value-to-cost ratio:* We believe our ingredients and additives provide significant strategic value to our customers and are generally a small cost component of their products, often less than one percent of their cost of goods sold. For example, the functionality provided by our probiotics products can help transform products such as yogurts to high-end functional brands, allowing our customers to realize prices increases by greater than 100% in certain instances while incurring only marginal cost increases. We therefore believe there is little incentive for our customers to seek alternative suppliers.
  - *Long-standing and collaborative customer relationships:* Our reputation and history as a reliable supplier has enabled us to build and maintain long-standing relationships with our customers. We have provided services to eight of our top ten customers for over 20 years. We have long-term operational or strategic relationships with several large food manufacturing companies, including leading global food and beverage manufacturers which are expanding their businesses, representing significant growth potential for us. We closely collaborate with our customers in product innovation, which we believe strengthens our relationship with them by enhancing their brands and improving the quality and cost efficiencies of their products. In addition to product innovation and technical support, we assist our customers with their inventory management and production efficiency.
  - *Significant technical know-how:* We possess a solid base of technical knowledge in the areas of molecular biology, microbiology, physiology, genetics and fermentation and we believe that we are a market leader in coagulant technology. We collaborate with our customers, leading universities and research centers to further develop our understanding of bioscience based products. In addition, we regularly publish articles in peer reviewed scientific magazines and our Health & Nutrition division conducts, or is involved in, a large number of scientific, product trials. Our knowledge base is supplemented by a range of patents and a library of over 10,000 microorganisms, as well as market knowledge from extensive collaboration with our customers in product innovation. Our patent portfolio includes process, product and application patents.
  - *Global expertise serving local relationships:* Our worldwide network of technical staff provides in-depth technical support to our customers both globally and at a local level. We have qualified technical staff in 19 application centers that provide local and focused customer support based in five continents. As a result, our customers across the world benefit from our market leading technical know-how. We believe this combination, together with our extensive sales, marketing and supply chain infrastructure, provides meaningful value for our customers and discourages them from changing to new suppliers.
- *Strong growth potential.* We believe we are well-positioned to capitalize on the opportunities and growth trends in our markets. These include fundamental growth in the size of, and demand generated from, our markets, technological and market changes that we believe will result in increased demand for our products, and increased functionality in our product range to meet customer and consumer demand:
  - *Fundamental growth:* Rising global population and increasing wealth is driving global food consumption, including demand for packaged dairy products such as cheese and yogurt. In addition, we believe increased expenditure on health and well-being and a greater scientific understanding of the health benefits certain bacteria may have in humans and animals is driving demand for dietary supplements and natural colors. We serve both local and global food companies that seek to take advantage of these growth opportunities.
  - *Market expansion driven by technological change:* The outsourcing of culture production by dairy manufacturers to us is an important driver of our growth and presents a growth opportunity for industrially produced DVS® cultures, due to the benefits these products bring to our customers. We believe that we are well positioned to capitalize on the increase in use of DVS® technology in dairy production and the substitution of animal rennet by chymosin, which is made through fermentation. We term these "conversion" opportunities. We believe these trends present further growth opportunities for our Cultures & Enzymes division.

- *Demand for increased product functionality:* Consumers are demanding increased functionality in the food and beverages they consume and greater sophistication in features such as color, taste and viscosity. We believe that our products help our customers meet these demands. In addition, we believe increased health functionality in food and beverages is being driven by aging demographics, increased expenditure on health and well-being, and greater scientific understanding of the health benefits from certain bacteria in humans and animals. These trends present growth opportunities for our Cultures & Enzymes and Health & Nutrition divisions. In addition, we believe that increasing consumer awareness and regulatory scrutiny of the potentially detrimental effects of certain synthetic food and beverage colors, particularly in the European Union, presents a growth opportunity for our natural color solutions.

- *Efficient and scalable business model:*
  - *We generate strong cash flows.* Our business model has proven to be highly cash generative, with cash conversion ratios of 87.3%, 62.9% and 90.3%, in the three financial years ended August 31, 2007, 2008 and 2009, respectively. Cash conversion ratios are measures of cash flow relative to EBITDA b.s.i. and are calculated as EBITDA b.s.i. less capital expenditures and changes in net working capital as a proportion of EBITDA b.s.i. We have significantly improved our cash flow since 2006 through, in part, increasing profits, reducing the complexity of our business and divesting non-core businesses.
  - *We have made our business more efficient.* We have grown our business over the last four financial years without incurring proportionate costs. Our factories in Asia, Europe, North America and South America, combined with our global sales and marketing platforms, enable us to increase global capacity utilization and achieve lower unit costs. We believe these characteristics will allow us to capture future growth at marginal incremental cost.

- *Market Share Gains:* We believe that the strengths that contribute to our leading market positions, the opportunities and growth trends in our markets and our scalable business together with our early presence in growth markets such as probiotics will allow us to sustain our market positions and to increase our market share.

**Strategies**

We aim to leverage our strengths through the following strategies:

- *Capitalize on customer growth:* We plan to further develop our long-standing and collaborative relationships with our customers and utilize our global sales and marketing distribution platform to capitalize on growth opportunities in our markets. We continually seek new ways in which to partner with our customers. In emerging markets we adapt our technology platform to assist customers in addressing their local market needs. Furthermore, our application centers act as an outsourced research and development function for our customers, which allows us to work closely with them to anticipate and address their needs.
- *Drive technological and market change:* We plan to systematically target new customers by meeting market demand for more efficient and consistent production methods and by offering new and innovative products, which enhance our customers' brands. In doing so, we are positioned to both drive and capitalize on technological and market changes. We believe, for example, that we are well positioned to capitalize on the ongoing transition from bulk starter to DVS® technology in dairy production and from animal rennet to chymosin produced through fermentation. In addition, our Health & Nutrition division intends to capitalize on further growth in the human and animal health markets through the use of probiotics and other innovative culture-based products that have been developed through our core technology. We believe these trends also present further growth opportunities for our Cultures & Enzymes division. Finally, we are conducting various trials of new natural color solutions to address consumers' increasing preference for natural ingredients, a process which we term "substitution" opportunities.
- *Build a strong intellectual property and regulatory platform:* We plan to continue to build our patent portfolio to include additional process, product and application patents and to apply for trademark protection for our most important products in each of the markets in which they are sold. Further, we plan to continue to develop and enhance our bacterial strain library. In addition, we offer one of the best documented and reliably produced ranges of probiotic ingredients for dietary supplements and yogurt in the industry due to our experience and market

leading position. Our probiotics products have been the subject of more than 450 research papers and 100 clinical studies in addition to certain proprietary studies. As health claims for probiotics face increased regulatory scrutiny, we believe this affords us a competitive advantage. In response to this increased regulation, we have prepared, in certain cases in collaboration with our customers, a comprehensive application process for Article 13.5 Claims with EFSA for probiotics produced by our Cultures & Enzymes and Health & Nutrition divisions. We believe that, with appropriate protection through patent and other proprietary rights as well as regulatory approvals, we will be well positioned to capitalize on growth.

**Our Products**

We focus principally on food cultures, probiotics, dairy enzymes and natural color solutions.

***Food Cultures***

Food cultures consist of live bacteria, yeast or mold that are used as ingredients in the food manufacturing process. Food cultures help determine the taste, flavor, color, texture, safety, preservation, nutritional value and health benefits of foods including yogurt, cheese, meat and wine. The most commonly used genera in food cultures comes from lactic acid bacteria. The market for dairy cultures, which is by far the largest food culture market, consists of the following two segments:

- Bulk-starter production: a traditional practice involving the production of un-concentrated cultures. This can be based on small amounts of commercial cultures or a dairy's own culture.
- DVS®: a highly concentrated, industrially produced culture that the customer can use directly without prior cultivation.

We focus on DVS®, and supply producers of yogurt, cheese, meat and wine. We supply our cultures either in frozen or freeze dried concentrate form. Frozen cultures are popular in Europe and North America, while freeze dried cultures are used in markets with less developed transport networks such as in Asia and South America.

***Probiotics***

Probiotics are live microorganisms which are believed to confer health benefits on a host. Our focus in probiotics is on live bacteria, typically, but not exclusively, belonging to the genera *Lactobacillus* and *Bifidobacterium*, which are believed to have beneficial effects on the microbiological balance in the gastrointestinal tract. A large number of scientists agree that probiotics have beneficial effects for:

- gastrointestinal infections;
- bowel disorders, such as constipation and bloating;
- certain allergic reactions; and
- urogenital infections.

We also believe that beneficial effects are shown when probiotics are administered to livestock through their feed. We believe this is particularly true in the cases of feed utilization, feed intake and weight gain and that this affords a potential growth opportunity for us given that other animal feed supplements, including those based on antibiotics, are currently subject to widespread concern due to issues such as antibiotic resistance and concentration in the food chain.

The use of probiotics is increasing, with established use in health supplements complementing use in other novel applications such as in animal feed. In order to focus on this opportunity, we created our Health & Nutrition division in 2006 to focus on probiotic product development and we have seen significant growth in this division over the past three financial years ended August 31, 2007, 2008 and 2009.

Our probiotics are supplied to producers of dairy products, dietary supplements, pharmaceutical manufacturers and animal feed producers. They are delivered in tablet, powder, capsule and stick forms.

***Dairy Enzymes***

Enzymes are proteins derived from plant, animal or microbial sources that have a catalytic function in biochemical reactions either by starting or accelerating an existing process.

We are active in the development, production and commercialization of dairy enzymes, which is a large segment of the overall food enzyme industry. Of this segment, we mainly work with coagulants, including rennet coagulants which are used in the production of cheese. Rennet is produced by extraction from animal tissue, while chymosin is an enzyme identical to traditional rennet, but produced by fermentation through microorganisms. Lactase is used in liquid milk to help lactose intolerant consumers. Lyzozyme is used to reduce contamination in cheese and wine.

Our dairy enzymes are supplied to cheese producers either in powder or in liquid form.

***Natural Colors***

We produce natural color solutions which are extracted from natural, mainly plant-derived, sources. We also produce coloring foodstuffs from carefully selected fruits, vegetables, herbs and spices.

We focus on natural color solutions that meet our customers' needs across the color spectrum. We believe a trend towards the use of natural colors is being reinforced due to perception of the potentially harmful effects of certain synthetic colors as identified in the University of Southampton report that was published in *The Lancet* medical journal in September 2007 (the "Southampton Report"). This report linked hyper-activity in children to a range of six synthetic food colors. As a result of increasing scientific support for linkage between these colors and hyper-activity, regulation is changing to address this issue, with the European Union requiring all products containing these colors to be labeled by mid-2010 and EFSA lowering the acceptable daily intake for three of these colors in September 2009. We offer natural color solutions to our customers in substitution for existing synthetic food and beverage colors.

We deliver natural color solutions to the food and beverage industries and they are delivered in both powder and liquid form.

**Our Operating Divisions**

***Cultures & Enzymes division***

Our Cultures & Enzymes division accounted for 65% of our revenues and 74% of operating profit b.s.i. for the financial year ended August 31, 2009 and for 65% of our revenues and 77% of operating profit b.s.i. for the six months ended February 28, 2010.

This division supplies, primarily, the food and dairy industries with cultures for fermented milk (yogurt), cheese, meat and wine, probiotics and a range of dairy enzymes. We focus on helping our customers introduce new products and create brands. In addition, we contribute to optimizing their production, for example, by increasing production yield and reducing production costs. In addition, we produce ingredients that are perceived to add health attributes to food and beverages, such as probiotics.

Our Cultures & Enzymes division's product areas, technology and product characteristics are shown in the diagram below:

**Cultures & Enzymes division offers solutions for the dairy, meat and wine industries**

| Product area | | Technology | Description / featured benefits |
|---|---|---|---|
| Cheese |  | • Cultures<br>• Coagulants<br>• Test kits | • Acidification of milk assisting coagulation<br>• Development of cheese flavor and texture<br>• Coagulation of milk in cheese production<br>• Detection of antibiotic residues in milk |
| Fermented milk (e.g. yogurt) |  | • Cultures<br>• Probiotics<br>• Test kits | • Acidification of milk needed for clotting<br>• Development of flavor and texture<br>• Gut Health maintenance (Probiotics)<br>• Detection of antibiotic residues in milk |
| Meat |  | • Cultures | • Fermentation of meat<br>• Accelerated meat ripening speed<br>• Increased product consistency<br>• Improved product preservation, texture and flavor |
| Wine |  | • Cultures | • Improved process speed and consistency<br>• Improved taste |

*Our Food Cultures*

Our food culture products provide innovative solutions to dairy product manufacturers throughout the world, enabling them to develop products that meet regional consumer preferences with respect to characteristics such as taste, texture and viscosity. For example, our food cultures improve the flavor in low fat cheese and give dairy product manufacturers the ability to reduce the amount of sugar added to yogurt while maintaining taste and texture. In addition to dairy products, our cultures also improve the taste of wine and the speed and consistency of wine fermentation and control the acidification and ripening of meat and achieve a desired, consistent taste, texture and appearance in meat products.

We focus on DVS® cultures, which have helped us achieve a market leading position in terms of revenue. DVS® is an industrialized, highly concentrated and standardized frozen or freeze-dried culture used for direct inoculation into the process tank. DVS® cultures need no activation prior to use and offer a number of advantages to traditional bulk starter procedures. These benefits include increased product yield, process speed, cost efficiency, performance consistency, increased product customization and reduced expenditures on bulk starter equipment.

Since 2005, we have further expanded our Cultures & Enzymes division's supply chain and in 2008 we opened our largest lactic acid bacteria production plant in Avedøre, Denmark. This facility, together with our other production facilities, is expected to enable further growth in the area of production of cultures. The new plant offers substantial new production capacity which can be rapidly expanded.

*Our Probiotics*

Our focus in probiotics is on live bacteria, typically, but not exclusively, belonging to the genera *Lactobacillus* and *Bifidobacterium*, which are widely believed to have beneficial effects on improving the microbiological balance in the gastrointestinal tract.

We supply probiotic cultures to some of the largest dairy companies under a variety of trade names including BB-12®, L.Casei 431® and LA-5®. In addition, we have identified certain cheese types, such as cottage cheese and fromage frais, as candidates to support probiotics and we are in the process of developing probiotic cultures for other applications in the food and beverage industries.

*Our Dairy Enzymes*

Our dairy enzyme products are primarily rennet and chymosin coagulants, which are essential in the coagulation of milk in the first stage of cheese making. Traditionally, the preferred product of cheese manufacturers has been rennet extracted from calves' stomachs. Today, there is a general trend towards replacing animal rennet with fermentation-produced coagulants, such as chymosin, which we sell under the trade name CHY-MAX® and microbial coagulants, which we sell under the trade names HANNILASE® and THERMOLASE®. The enzyme in CHY-MAX® is identical to the enzyme found in calf rennet, but due to the purity of this product, cheese production yields are optimized. In addition, the price of these products is more stable compared to animal rennet. In 2009, we introduced CHY-MAX®M, a product which further improves yields in cheese production.

A significant advantage of CHY-MAX® is its non-animal origin, which enables it to be used in the production of products suitable for vegetarians and cheeses approved under Kosher and Halal rules.

To expand our dairy enzyme portfolio, we entered into a strategic alliance with Novozymes in 2002, with the objective of developing novel enzymes for the dairy industry other than coagulants. To date, the alliance has launched two new enzymes and is working on several other joint development projects.

*Products*

Our culture and enzyme products help reduce our customers' manufacturing costs by eliminating the need for, and associated cost of purchasing, raw materials from other suppliers. For example, our yogurt cultures enable customers to reduce the addition of stabilizers and extra milk proteins to their products. In addition, our products provide considerable cost savings to our customers by improving the speed, yield and overall cost efficiency of their production processes and by reducing the risk of contamination. Further, buying our products may obviate our customers' need to incur certain capital expenditures. For example, purchasers of our DVS® cultures eliminate the need for, and costs associated with, purchasing and maintaining bulk starter equipment.

The following table provides a more detailed summary of the products produced by our Cultures & Enzymes division:

**Cultures & Enzymes division**

| Cultures | Product description | Segments served |
|---|---|---|
| Cheese Cultures (DVS®) | Highly concentrated and standardized frozen or freeze-dried cultures used for direct inoculation in cheese production.<br><br>Products for the cheese industry include: EasySet®, FlavourControl® and SWING®. | Dairy |
| Fermented Milk Cultures (DVS®) | Highly concentrated and standardized frozen or freeze-dried cultures used for direct inoculation in yogurt and fermented milk production.<br><br>Products for the yogurt and fermented milk industry include: YoFlex® and eXact®. | Dairy |
| Probiotics (DVS®) | Highly concentrated and standardized frozen or freeze-dried cultures used for direct inoculation. Our probiotic products typically contain specific strains of *Bifidobacterium*, *L.acidophilus* or *L.casei* strains with a documented health benefit.<br><br>We supply these probiotic cultures under a variety of trade names, including BB-12®, L.Casei 431®, LA-5® and nu-trish®. | Dairy |

| Enzymes & Tests | Product description | Segments served |
|---|---|---|
| Animal rennet | Our main brand in traditional rennet products is NATUREN®. | Dairy |
| Microbial coagulants | Microbial rennet is produced through fermentation and contains enzymes with functionalities close, but not equivalent to, those normally found in calf stomachs. We market microbiological rennet under the HANNILASE® and THERMOLASE® brands. | Dairy |
| Chymosin | Our brand in fermentation produced chymosin is CHY-MAX®. Recently, we have introduced a second generation chymosin under the name of CHY-MAX® M, which offers benefits over traditional CHY-MAX® such as lower dosage, higher cheese yield, milder flavors and, in some applications, longer shelf-life. | Dairy |
| Test kits | We sell a range of test kits which allow dairies to conduct fast, safe and easy testing of unwanted antibiotic residues in the milk they receive. | Dairy |
| Novel enzymes | We have developed two products in partnership with Novozymes:<br>• YieldMAX® PL, a phospholipase to enhance the yield of certain cheeses such as pizza cheese; and<br>• LactoYIELD®, the manufacturing of a lactoseoxidase to convert lactose into lactobionic acid that can be used in the manufacture of pizza cheese. | Dairy |
| Other dairy enzymes | We market other dairy enzymes that are used in the production of dairy products, such as lactase, lipase and lysozyme. | Dairy |

*Market Overview*

We estimate the current value of the global market for commercial food cultures in the dairy, meat and wine industries to be approximately EUR 570–620 million per annum. The industrially produced cultures market represents a significant and growing portion of the commercial food cultures market.

We estimate the coagulant market to be worth approximately EUR 120–140 million per annum. We believe we hold the leading position in the cultures market for cheese, fermented milk, probiotics, meat cultures, wine cultures and coagulants and leading positions in the markets for other dairy enzymes and test kits, and hold approximately 45% of the market share for these products on a combined basis. See "Important Notice Relating to this Offering Memorandum—Presentation of Financial and Certain Other Information" for additional details on the assumptions and methodologies that we use when compiling information on market and industry data for the geographic and market segments in which we operate.

We believe the following factors will continue to drive growth in the cultures and enzymes market:

*Increased Yogurt and Cheese Consumption.* The global packaged yogurt market was estimated to be approximately EUR 50 billion per annum in terms of retail value in 2009, with strong growth potential in emerging markets, according to Euromonitor, an independent research firm. This market is predicted to grow in North America and Western Europe at rates of approximately 7% and 3% per annum, respectively, between 2009 and 2013, and in the Asia-Pacific, Eastern Europe and Latin America regions, our key emerging markets, at rates of approximately 6%, 10% and 12% per annum, respectively, between 2009 and 2013.

The global retail packaged cheese market is estimated to have been approximately EUR 88 billion market in terms of retail value in 2009, with strong growth potential in Eastern Europe and Latin America, according to Euromonitor. This market is predicted to grow in Western Europe and North America at rates of 3% and 4%, respectively, between 2009 and 2013, whereas this market is predicted to grow in the Asia-Pacific, Eastern Europe and Latin America regions at rates of 3%, 9% and 12%, respectively, between 2009 and 2013.

We believe that emerging markets in Asia and South America represent key areas for growth in the packaged dairy market. We have established sales and distribution networks in these regions and therefore believe that we are well placed to benefit from this market growth. We also see particular potential in the Indian dairy market, which comprises several hundred million people. We believe only approximately 3% of the Indian yogurt market is served by large industrial dairy manufacturers, with the rest of market being served by small shops or households. We continue to tailor our products to the local Indian market and have formed a partnership with one of India's largest dairies, which allows us to foster greater awareness of our cultures products in this market.

*Market expansion driven by technological change.* Conversion from the in-house production of bulk starter cultures to outsourced, industrialized cultures is an important trend in the dairy market. As compared to bulk starter cultures, industrialized cultures can provide better product yields, efficiency, consistency, quality and the flexibility to alter products and adapting to new technological developments faster. We estimate that approximately 70% of the fermented milk market and approximately 37% of the cheese market has been converted to DVS® technology, with historic conversion rate of approximately 2% per annum in the fermented milk market and approximately 2–3% per annum in the cheese market. In addition, we believe that we are well positioned to capitalize on the conversion of animal rennet by chymosin, which is made through fermentation. Our focus on driving conversion to DVS® technology is often very similar in industrialized markets as compared to emerging markets. For example, we estimate that the approximately 65% of the yogurt market in Germany is produced using DVS® technology, as compared to 76% in China and that the top three culture providers in those markets comprise approximately 95% and 97%, respectively, of the total cultures market.

*Demand for increased product functionality.* Our Cultures & Enzymes division provides innovative solutions to dairy, meat and wine manufacturers throughout the world, enabling them to develop products that meet regional consumer preferences and allow for higher prices. For example, our products help global and regional yogurt manufacturers meet varied, regional consumer preferences in important areas such as taste and viscosity. In addition, an increasing share of the global production of fermented milk and cheese uses probiotic cultures. We believe that only approximately 20% of the production of yogurts includes probiotic cultures and that growth for probiotics in yogurts has occurred, and that this will continue, having grown approximately 6% per annum during the last five years, resulting in increased penetration of approximately 1% to 1.5% per annum. For example, we believe the number of new yogurt products claiming digestive health benefits has increased from 45 in 2003 to greater than 400 in 2009, representing approximately 18% of all new yogurt launches in 2009 as compared to approximately 3% in 2003. Another example of our product innovation is our sophisticated yogurt cultures with improved texture and flavor properties, which lower customer costs by enabling them to reduce the addition of stabilizers and extra milk proteins to their products without compromising taste and texture. Further, the functionality provided by our probiotics products can help transform products such as yogurts to high-end functional brands, allowing our customers to realize prices increases by greater than 100% in certain instances.

Our Cultures & Enzymes division is well positioned to meet the above trends that are driving growth in the cultures and enzymes markets. We therefore believe we will capitalize on the resultant growth from increased yogurt and cheese consumption and market expansion trends.

*Competition*

Within the global food culture market, we compete with certain divisions of Cargill, Danisco and DSM, and smaller specialist suppliers such as CSK, Lallemand and SACCO. In the global enzyme market our main competitors are certain divisions of Danisco and DSM, followed by specialist suppliers such as Clerici and CSK. In addition to these global or regional suppliers, certain national markets where we operate may also be served by a number of local players. For test kits, Charm and IDEXX are key competitors.

***Health & Nutrition Division***

Our Health & Nutrition division accounted for 13% of our revenues and 17% of operating profit b.s.i. for the financial year ended August 31, 2009 and 13% of our revenues and 12% of operating profit b.s.i. for the six months ended February 28, 2010.

This division focuses on developing new products based on probiotic cultures for the dietary supplements, special nutrition and animal feed industries using technical know-how developed by our Cultures & Enzymes division. We believe we are a market leader in the probiotic supplements market, which is a small but growing niche in the global market for nutrition and dietary supplements, and hold a large collection of probiotic bacterial strains.

*Human Health & Nutrition*

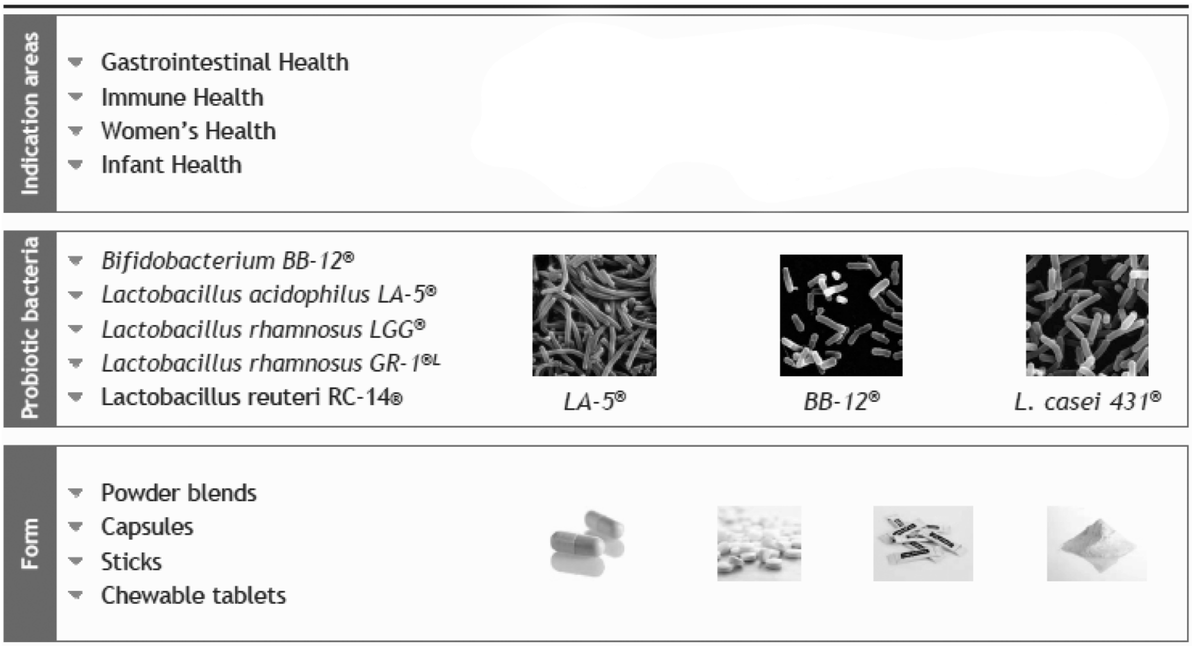
Our strategic focus in the human health and nutrition markets is probiotics. We produce and sell probiotics to companies that seek to address gastrointestinal health, immune health, women's health and infant health issues. We have developed and are marketing a range of lactic acid bacteria with probiotic properties, which stabilize and maintain a healthy intestinal flora and facilitate a healthy intestinal flora following antibiotic treatments. Our probiotics are produced as powder blends, capsules, tablets and sticks that we market to a broad range of companies, including pharmaceutical companies in the dietary supplements industry for use in their branded, over-the-counter products.

The perception of probiotics as a health product has led to substantial interest in probiotic products by clinical research groups both in academia and industry. Our probiotics portfolio includes nine strains for which positive health effects have been demonstrated, in more than 100 studies with respect to those nine strains. Independent studies account for much of that data, although many of our customers have performed local studies on their products that contain our probiotics. We have decided to further improve the support for the documented benefits of our probiotics following the implementation of new European Union regulations in this area. See "Business—Regulation". As part of this initiative, we are investing in clinical studies, including some undertaken with customers, with the objective of documenting the health benefits of various probiotic strains. See "Business—Other Aspects of Our Business—Research and Development—Clinical Studies" for further detail on these clinical studies.

To strengthen our probiotic products offering, we acquired Urex Biotech, Inc. in January 2009. This gave us ownership of Urex, a convenient oral probiotic clinically documented to restore and maintain a healthy vaginal flora.

An overview of our human health products and their related technology and benefits are shown in the diagram below:

**Product offering for human health and nutrition: Human product offerings have 3 dimensions**




We are developing other products that we anticipate will offer further benefits. For example, new research has indicated that a relationship exists between the intestinal microflora and weight management. We are therefore performing a clinical study to investigate whether one of our probiotics can induce satiety. We believe this could have important implications for the use of probiotics in weight management. This study builds on our core competencies in lactic acid bacteria and probiotic culture blends and is being carried out in collaboration with the product innovation team within our Cultures & Enzymes division.

*Animal Health & Nutrition*

We have developed and market a range of products targeting the agricultural sector based on our probiotic and other know-how in our Cultures & Enzymes division. Our bioscience ingredients for the animal feed market have various applications across livestock categories. For cattle and swine, we produce direct fed microbial products that are added to the feed to enhance feed utilization, digestibility and consequently animal growth. For the cattle segment, we also produce silage inoculants to control fermentation and reduce protein degradation in silage and thus improve milk production and weight gain. Our products can also be used in the cattle and swine industries to replace the use of antibiotic growth promoters, which have been subject to recent regulatory restrictions.

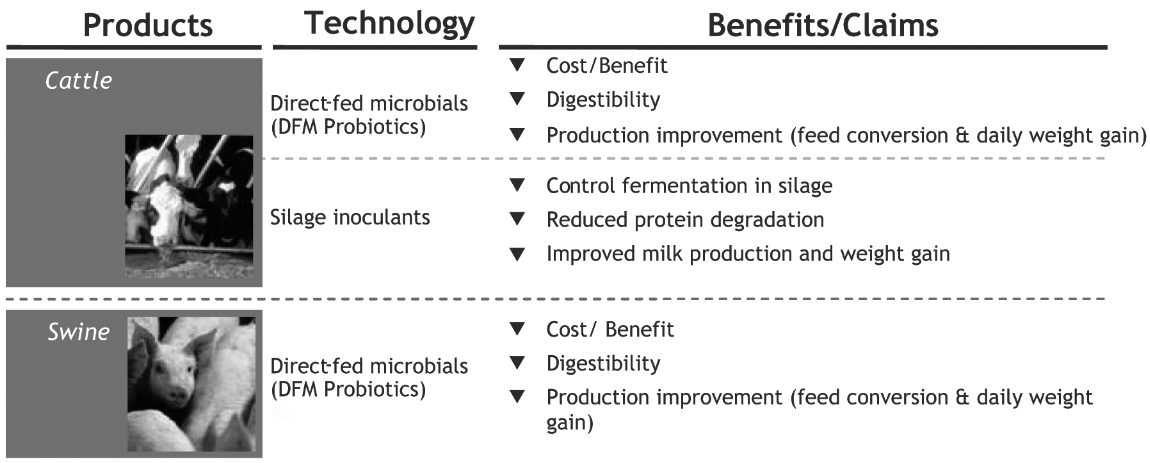
Our cultures have documented beneficial effects on the digestive system of the host animals. Our customers include animal feed producers and suppliers of equipment and solutions to the agricultural sector.

We are developing further products for the agricultural sector. For example, we have developed a number of new products for the poultry industry, and others are in development. This market is particularly attractive to us because poultry represents an increasingly important food source globally. We are seeking to market two products targeting the poultry segment. One of these, Gallipro, is specifically positioned as a growth promoter. The other product, GalliproTect, has additional effects against pathogens and necrotic enteritis. We are currently evaluating the commercial potential of these two products with some of our business partners.

In January 2009, we acquired a technology from GangaGen Inc., that utilizes bacteriophages to reduce levels of unwanted bacteria, such as *E.coli*, *salmonella* and *campylobacter*, in cattle and poultry. This technology has a strategic fit with our existing platform in terms of customers and technology. Bacteriophages attack the pathogenic bacterial cultures in the gastrointestinal tract of the animals and may reduce the number of pathogenic bacteria in animals, significantly reducing the likelihood of bacteria ending up in food. Following the receipt of approval to commence a commercial trial from the U.S. Food and Drug Administration ("FDA") in October 2009, we intend to launch a product to combat pathogenic *E.coli* in cattle once final FDA approval has been obtained. We also intend to develop technology and seek approval from the FDA for products that treat other unwanted bacteria such as *salmonella* and *campylobacter*. The GangaGen technology acquisition, therefore, represents an opportunity for us to exploit our existing technology platform and sales and marketing infrastructure to augment our existing animal health product range.

An overview of our animal health products and their related technology and benefits are shown in the diagram below:

**Product offering for animal health and nutrition**




*Products*

The following table provides a more detailed summary of our products in the Health & Nutrition division:

**Health & Nutrition Division**

| Human Health & Nutrition | Product description | Segments served |
|---|---|---|
| Gastrointestinal Health | We offer a range of probiotic strains suitable for restoring a healthy gut flora balance, including our *Probio-Tec®* product, which is used in dietary supplement, pharmaceutical, and special nutrition applications. | Dietary Supplements |
| Immune Health | We offer products based on our *Probio-Tec®* range that support the immune system by modulating the balance of the microbial flora in the intestinal tract. | Dietary Supplements |
| Women's Health | Our GR-1® and RC-14® products have been demonstrated to effectively balance natural vaginal flora. | Dietary Supplements |
| Infant Health | We offer blends formulated on BB-12®, TH-4 and L.Casei 431® products for addition to infant formula which helps maintain and increase a good intestinal bacterial flora balance in infants. | Infant Formula |

| Animal Health & Nutrition | Product description | Segments served |
|---|---|---|
| Swine Products | Our BioPlus2B® product enhances feed utilization, improves weight gain, and reduces swine mortality rates. | Feed |
| Cattle Products | Our *Probios®* product improves efficiency in the dairy and feedlot segments.<br><br>In addition, we offer a range of silage inoculants that help control the silage fermentation process and ensure that the growth of spoilage bacteria is prevented. | Feed |
| Poultry Products | Our *Gallipro®* product shows beneficial effects in poultry production and our *Gallipro®Tect* product has an additional effect against pathogens, including necrotic enteritis. | Feed |

*Market Overview*

We estimate the current value of the global markets for our health and nutrition products to be approximately EUR 450–550 million per annum and we believe we hold leading positions in these markets, with approximately 15% of the global market share. We estimate the market size for human health and nutrition to be approximately EUR 200–250 million, growing at a nominal compound annual growth rate of approximately 14% per annum and the market size for animal health and nutrition to be approximately EUR 250–300 million, growing at a nominal compound annual growth rate of approximately 5% per annum.

Our products in both human and animal health have shown significant growth, driven by increased health consciousness and awareness of the effect of probiotics. Probiotic supplements are positioned within the preventative sector of the market, which is receiving significant government focus in many countries, as a way to reduce overall healthcare costs for curative treatments. Further, we believe our animal health business is positively impacted by increasing underlying demand for cattle, swine and poultry products as well as increasing market penetration. See "Important Notice Relating to this Offering Memorandum—Presentation of Financial and Certain Other Information" for additional details on the assumptions and methodologies that we use when compiling information on market and industry data for the geographic and market segments in which we operate. We believe we are well positioned to capitalize on the following trends and seek to capitalize on them as outlined below.

*Fundamental growth in meat consumption:* Global consumption of meat has been growing at a strong rate, driven both by overall population growth, as well as rising wealth levels in the developing world. Further, consolidation within the meat industry is leading to the formation of global suppliers of meat products that demand global solutions to their animal health and nutrition needs. We operate a global distribution chain that meets our customers' probiotics needs. We believe we can benefit from consolidation in the meat industry as we are one of the only suppliers capable of partnering globally with key customers. We are well-positioned to leverage our production capability and utilize our existing global sales and marketing infrastructure to exploit our existing close customer relationships and to develop new global partnerships.

*Increased health consciousness:* Scientific attention to the benefits of probiotics in both human and animal health has increased rapidly over the last ten years. In human health and nutrition, we believe that aging demographics, increased expenditures on health and well-being and greater scientific understanding of the health benefits from bacteria in humans and animals, coupled with a general interest in self-medication, presents a growth opportunity. Our Health & Nutrition division is now expanding its human health and nutrition focus from our traditional markets in Europe and North America to emerging markets in Asia and South America, and to promising new market segments such as sports and infant nutrition. In addition to organic growth, we have acquired new technologies that expand our product offering into women's health and food safety. The acquisition of Urex allows us to leverage our probiotics know-how and bacterial strain library to develop women's health products.

In animal health and nutrition, we believe that increased health consciousness is driving demand for natural solutions to health issues. Generally, we believe that increased consumer awareness of the benefits of probiotics leads to increased demand for probiotic solutions to health and nutritional issues. We believe that this may lead to acceptance of the use of probiotics as an alternative to antibiotics for growth promotion in the animal feed industry. Moreover, in addition to reflecting growing consumer awareness and interest in probiotics, we believe we will benefit from increased regulation regarding documentation detailing the health benefits of probiotics as a nutritional supplement and the consequent consumer acceptance of these products in a wider range of food products. Following the acquisition of GangaGen's bacteriophage technology, we believe we are also well placed to develop and commercialize bacteriophages for bacterial control in animals. Our current animal health product portfolio includes a product that reduces the incidence of pathogenic *E.coli* in cattle. Health claims for our human and animal health probiotic products are currently subject to regulation under the European Union, which EFSA evaluates.

*Increased functionality:* We believe we have the technology platform to develop our products to meet customers' specific requirements for greater functionality and to drive growth in higher margin, differentiated products. We intend to capitalize on further growth in the human and animal markets through the use of probiotics and other innovative culture based products that have been developed through our core technology. We believe that our technology platform and sales and marketing infrastructure also allow us to collaborate with customers and to meet their specific product requirements and to drive growth in higher margin, functional products. We see the development of probiotic products that can help consumers maintain an ideal weight as having significant growth potential and we are therefore performing a clinical study to investigate whether one of our probiotics can increase satiety.

*Regulation:* We will continue to build our technological and application know-how through investment in product development and clinical studies. Regulation in the area of probiotics is becoming increasingly stringent, both with respect to product quality as well as regulatory approvals and documentation of health benefits. We are a leader in probiotics and we have some of the best documented strains in our product portfolio. We therefore welcome stricter regulation because we believe it will ensure that consumers receive products made to high quality standards and that it will provide us with a comparative competitive advantage.

*Competition*

In the area of human health and nutrition, there are globally between 30 and 40 producers of human health probiotics. Most are relatively small producers who typically base their business on the production of generic strains with little or no documented health benefits. Our largest competitors include certain divisions of Danisco and Lallemand. The industry faces increasing demands and regulations in relation to quality control and requirements for health claims to be approved and we believe that documentation of the effect of specific probiotic strains as well as products with long shelf life made under stringent good manufacturing practice regulation will result in higher barriers to entry.

In the area of animal health and nutrition, there are a number of smaller local players, however our main competitors in this area are the global players Alltech and Lallemand. The animal health industry faces similar regulatory requirements to those in the human health and nutrition industry. Regulatory requirements are in many regions high, particularly in the European Union, and it is mandatory to demonstrate safety, efficacy and stability of animal health and nutrition products. Consequently, well documented production processes and the effect of products based on feeding trials are a key competitive factor in the probiotics industry.

***Colors & Blends Division***

Our Colors & Blends division accounted for 22% of our revenues and 9% of operating profit b.s.i. for the financial year ended August 31, 2009 and 22% of our revenues and 11% of operating profit b.s.i. for the six months ended February 28, 2010.

We are a market leader in the global natural colors market and we offer a range of technologically advanced natural color solutions. Our colors are extracted from, among other things, seeds, roots and berries growing in various countries. We believe we are one of the few natural color providers able to offer global service and consistent quality on a significant scale, positioning us as a trusted, reliable global partner for multinational companies with global brands in the food and beverage industries. Our customers in the food and beverage industry require our color solutions to be stable throughout their products manufacturing processes and maintain appearance through significant shelf lives. We also operate in the Italian, French and Eastern European markets as a supplier of functional blends, for use in hams, sausages and other processed meat products.

Our natural color solutions are used in beverages, confectionery, ice cream, dairy, fruit preparation, prepared food and meat products to enhance their appearance. Our functional blends enhance the taste and appearance of processed meat products.

We believe the key competitive strengths of our Colors & Blends division are its diverse selection of raw materials suppliers, color extraction and production capabilities, innovative natural color solutions, which are all-natural and highly stable, reliable supply chain and consistent product quality and safety record.

An overview of the natural colors solutions that we provide to our customers is given in the diagram below

**The Colors & Blends division offers solutions for a broad range of industries**

| Product area | Technology | Description / featured benefits |
|---|---|---|
| Beverage  | • Natural Colors<br>• Color foodstuff | • Full industry range<br>• Stability (light, pH, ascorbic acid, etc)<br>• Cloudiness/Transparency |
| Confectionary and Ice Cream  | • Natural Colors<br>• Color foodstuff | • Full industry range<br>• High tinctorial strength and light stability<br>• Liquid or powders |
| Dairy and Fruit Prep  | • Natural Colors<br>• Color foodstuff | • Full industry range<br>• Non-migration, heat stability<br>• Reduced color in cheese whey |
| Meat and Prepared Food  | • Functional systems<br>• Natural Colors | • Improved yield and extended shelflife<br>• Meat and/or fat replacement<br>• Low cost-in-use standard meat colors |
| Dietary Supplements  | • Phytonutrients | • High antioxidant capacity<br>• Customized speciality extracts<br>• Liquid or powders |

*Products*

We market a range of natural color solutions and functional blends. Our natural colors range from standardized products to customized solutions. Standardized colors are more frequently used in dairy and meat products, whereas customized color solutions are more frequently used in products where natural colors are being substituted for synthetic ones, such as in beverages, confectionary and ice cream. We focus on high margin, customer-specific color solutions.

The following table summarizes the products in our Colors & Blends division.

**Colors & Blends Division**

| Colors | Product description | Segments served |
|---|---|---|
| Natural Colors | Natural colors covering the entire color spectrum, including a natural white substitute for widely used titanium dioxide. Our principal natural color groups include: *Carmine* (red to purple), *Anthocyanins* (red to violet), *Annatto* (warm yellow to orange) and *Carotenes* (yellow to orange). From these basic ranges as well as from other sourced pigments we formulate and blend bespoke solutions for our customers. | Food and Beverage |
| Coloring Foodstuff | Our coloring foodstuff products are derived from food such as fruits, vegetables, cereals as well as from herbs and spices and are sold under our *FruitMax*® product range. Coloring foodstuff does not require any additional food labelling (or e-numbering) within the European Union. | Food and Beverage, Dairy |
| Phytonutrients | Phytonutrients are derived from fruits and vegetables and comprise two main product groups: *carotenoids* which are produced mainly from, among other things, the palm oil fruit and *polyphenols* which are produced from sources such as grapes and blackcurrants. Our phytonutrients range is called *NutriPhy*®. Our phytonutrient range is standardized to specific antioxidant levels. | Dietary Supplements |

| Functional Systems | Product description | Segments served |
|---|---|---|
| Functional Systems | Our range of technical functional systems replace milk and vegetable proteins or other generic stabilizers traditionally used in processed meat. We also offer tailor-made blends for improving color and shelf life stability. | Processed Meat |

*Market Overview*

We believe we hold a leading position in the global market for natural colors, with approximately 20% of the global market which we estimate to be EUR 400–450 million per annum and which we expect will grow with nominal compounded annual rates of 6–7% until 2015. We estimate that natural colors represent approximately 50% of the total global color market by value, but only 20% by volume. Although more expensive than synthetic colors, we believe the increased strategic value of our natural color solutions to customer brands offers significant growth potential. In comparison, we estimate the global market for synthetic colors, worth EUR 400–500 million, to grow at nominal compounded annual rates of approximately 1% until 2015.

Our aim is to increase the use of natural colors in the food and beverage industries and to strengthen our position as a leading supplier of natural color solutions. See "Important Notice Relating to this Offering Memorandum—Presentation of Financial and Certain Other Information" for additional details on the assumptions and methodologies that we use when compiling information on market and industry data for the geographic and market segments in which we operate. We believe the following factors will continue to drive growth in the natural colors markets.

*Increased food and beverage consumption.* Rising global population and increasing wealth is increasing global food and beverage consumption, which in turn is driving global demand for food and beverage additives, including natural colors. We believe that the growth potential for natural colors in the beverages, confectionary, ice cream and prepared food industries is significantly greater than in the dairy and meat industries. We estimate the current market size for natural colors in beverages, confectionary, ice cream and prepared food to be EUR 85 million, EUR 55 million, EUR 44 million and EUR 87 million, respectively and we estimate the growth rates for natural colors through the year 2015 to be 12%, 11%, 10% and 4%, respectively. This is compared to our estimates of 4%, 2%, 0% and 1% natural color growth rates for the same period for dairy & spreads, fruit preparation, meat and other products, respectively. We intend to continue to target large global food and beverage manufacturers who are well positioned for growth in order to capitalize on their needs for natural color solutions. We believe we are well positioned to generate new business with these customers and actively partner with them in their product development.

*Increased substitution in growth regions.* For historical and regulatory reasons, we believe that the markets for natural colors in emerging markets are generally less penetrated than those of industrialized economies and therefore provide us with greater growth opportunity through substitution. We believe that currently the largest regional markets for natural colors are APMEA, primarily due to very high penetration of natural colors in Japan, and Europe where we estimate that natural colors represent respectively 14% and 48% of the total color volume. On the other hand, we estimate the North American market to have a penetration of approximately 15% and to be around half the size of APMEA and Europe. We estimate South America to be the smallest region in terms of value despite a penetration of 24%. Over time we believe that the less penetrated regions will mimic the development in regions with higher substitution rates and therefore provide us with an opportunity for growth.

*Increased public awareness and regulatory scrutiny of potentially detrimental effect of synthetic colors.* Recent studies such as the Southampton Report have highlighted the potentially negative effects that may be caused by the ingestion of certain synthetic colors. In addition, regulatory authorities such as the European Commission have begun enacting labeling requirements to highlight the harmful effects that synthetic colors may cause and in September 2009 EFSA lowered the acceptable daily intake for three of the synthetic colors named in the Southampton Report. As a result, many manufacturers have substituted, or are in the process of substituting, synthetic colors for natural ones, particularly for products targeted at children, which include a wide range of food and beverage categories and therefore produce "clean label" products. We believe we are well positioned to take advantage of the growing consumer preference for natural colors. We plan to effectively target food and beverage manufacturers that are seeking to use natural colors as an alternative to synthetic ones. We believe this provides significant growth potential, particularly given the wide range of products targeted at children within these markets and the increased labeling requirements and public health concerns centered around synthetic colors.

We believe the above factors, coupled with the relatively low product cost of natural colors, which we estimate to be approximately 3% to 5% of the cost of goods sold of our customer's products, will continue to drive growth in the global natural colors market.

*Competition*

Our key global competitors in the natural colors market are DD Williamson, GNT, Overseal, San-Ei-Gen and Sensient Technologies Corporation. Competitive factors in this market include technical know-how and the ability to deliver requested colors with sufficient stability, product range, distribution capability and market reputation. We believe cost tends to become more important in industries that have already substituted synthetic colors with natural colors and in which natural color solutions have become more standardized and are offered by an increasing number of suppliers.

## Other Aspects of Our Business

### *Research and Development*

As a bioscience based company, our research and development activities in cultures, enzymes, probiotics and natural colors are important to the development of our business. Our ability to generate revenues from new and innovative products is an important measure of the success our research and development activities and in the past three financial years ended August 31, 2007, 2008 and 2009 we have seen growth in the percentage of our revenues generated from products that have been sold commercially for less than three years. Our product innovation comes in large part from our six technology platforms that we believe to be world-class and are based on a strong scientific knowledge and competence. We collaborate with our customers to create innovative and differentiated products. We also collaborate with leading universities and research centers around the world on an ongoing basis in order to further develop our bioscience competencies. For the financial year ended August 31, 2009, we spent 6% of our revenues on research and development expenses, including costs related to capitalized development projects. See "Operating and Financial Review—Consolidated Results of Operations—Income Statement Items" for additional details on capitalized development projects.

### *Technology Platforms*

*Strain Platform.* We have one of the industry's largest collections of microbial strains, with over 10,000 deposits, comprising microorganisms of bacterial, yeast or fungus origin. The objective of our strain platform is to screen, select and improve our bacterial strains so that they meet specific performance requirements in the final product. Our screening and selection techniques select for genetic and physical characteristics and are complemented by our know-how in microbial physiology and metabolism. We improve the performance of the selected bacterial strain or culture by employing advanced screening techniques.

*Metrics Platform.* The objective of our metrics platform is to develop chemical and microbial assays that allow us to measure the properties and performance of our products. We use classical and molecular techniques, including multi compound analysis, to identify the most suitable microorganisms, and flow cytometry to determine the number of cells in our products.

*Process Platform.* Our process platform leverages our know-how in fundamental bioprocess engineering and bacterial culture production to develop techniques or processes that improve production economy and robustness and stability of bacterial cultures and enzymes in different formulations.

*Product & Application Platform.* The objective of our product and application platform is to develop new food cultures for cheese, fermented milks, probiotic food products, meat and wine. Our technical know-how and understanding of our customers' end-products allows us to translate our knowledge of bacterial strain properties into desired performance traits in our food cultures and in the development of new dairy enzymes

*Probiotic Screening and Technology Platform.* The objectives of our probiotic screening and technology platform are to understand probiotic bacteria-host interactions at the genetic and phenotypic level and to manage and analyze clinical trials of our probiotics cultures in order to generate support documentation for their specific health effects. We utilize robust screening systems based on mammalian cell culture platforms as well as an artificial gut, which monitors the physiological effects of probiotic cultures.

*Pigment Platform.* The pigment platform is the technology platform for our natural colors business. Our understanding of fundamental organic chemistry, extraction processes and formulation techniques allows us to produce, improve and formulate our natural color products. Our technical understanding and insight into our customers' processes and products assists us in formulating natural color solutions for them.

### *Organization*

As of February 28, 2010, we had approximately 305 full-time employees dedicated to our research and development operations, which is approximately 14% of our total workforce. Approximately 100 of these employees work at one of our application centers. Each of our business divisions contains its own specialized innovation team. This structure brings the research and development staff closer to the sales and marketing teams of each division, allowing us to deliver more customer-targeted advice, efficient product innovation and better serve our customers.

Our Cultures & Enzymes division manages our strain, metrics, process, and product & application platforms. Out of the total number of our research and development employees, approximately 210 work in our Cultures & Enzymes division.

Our Health & Nutrition division manages our probiotic screening and technology platform. Several of our Health & Nutrition division's product innovations are coordinated in close interaction with our Cultures & Enzyme division because those innovations leverage our core competency in bacterial strains. Out of the total number of our research and development employees, approximately 35 work in our Health & Nutrition division.

Our Colors & Blends division manages our pigment platform and also creates new products through defined development projects, including customer requests for stable pigments or colors to be used in a specific food application. Out of the total number of our research and development employees, approximately 60 work in our Colors & Blends division.

### *Product Development*

Our research and development projects are either strategic or customized. Strategic projects are allocated significant resources in an effort to develop new commercial products with significantly improved performance characteristics for our customers or to optimize our processes for the production of our cultures, enzymes and natural colors.

Customized projects are developed in close collaboration with our customers and often involve product testing at customer sites. Customized products are developed on a reverse enquiry basis from customers who wish to add to or enhance certain characteristics of an existing product, often in order to differentiate their product from competing products.

We have a "stage-gate" model for conducting research projects, which involves evaluating the progress of our research projects through four defined stages in order to ensure that projects deliver sufficient value in a timely manner. Through this process, we have launched new products that are designed to differentiate our customers' products, such as *YoFlex*®, which brings greater smoothness and a milder taste to yogurts, whilst our *YieldMax*® and CHYMAX®M products increase cheese yield.

In addition to our strategic and customized projects, we offer extensive technical services to our customers. In the financial year ended August 31, 2009, we executed over 1,000 such technical service requests. These requests are generated by our customers, or from our sales team in an effort to maintain and enhance existing customer relationships. We continue to create working partnerships with our customers and develop customized products based on regular input from our markets and customers. This ensures that our customers are provided with optimal product solutions for their particular processes or products and are able to differentiate their products from those of their competitors.

In our Cultures & Enzymes division, most product innovation focuses on developing new or improved food cultures. Several stages occur during a product innovation project before the relevant product can be launched; including strain selection, bulk development, compounding, transfer to production, and commercialization. The various stages are further outlined below.

*Strain selection:* Strain selection is the identification of the biological starting material which forms the basis of the new culture product. Cultures are composed by strains from our strain collection. The selection of suitable strains depends on the target market and the required culture properties. Our strain technology platform competencies are key to the success of this stage.

*Bulk development:* Bulk development is an intermediate stage at which the material foundation for the end product is developed. This is the stage where strains are selected and prepared for industrial production. This includes fermentation experiments with subsequent analyses, quality control and verification. Over the past three financial years ended August 31, 2007, 2008 and 2009 our Cultures & Enzymes division has doubled the productivity and thereby the number of bulk development products, without increasing the level of resources. Our process platform competencies are key to the success of this stage.

We also develop additional commercial applications in bulk development as this stage leverages our core bulk fermentation competency.

*Compounding:* In compounding, individual strains are mixed and tested for desired culture properties for the relevant end product. Our application technology center is capable of compounding at various scales, from microtiter plates with microliter volumes all the way up to pilot scale. During this stage, customer trials are often conducted in order to ensure we are delivering optimal and usable product solutions. Our product and application platform competencies are key to the success of this stage.

*Industrialization:* We then transfer the project to production, which involves the transfer of technology and material from our Cultures & Enzymes division's product innovation team to our global production network. In production the culture is grown in fermenters of up to 60,000 liters. This requires substantial skill and precise process control to ensure that the resulting culture has the desired quality, purity and activity. Our process platform competencies are key to the success of this stage.

*Commercialization:* Our product innovation projects are commercialized through a process whereby personnel from product innovation, sales and marketing work closely together to ensure the product is efficiently and effectively brought to market.

Most of our cultures-based product innovation projects take approximately one to three years to reach commercialization, whereas most enzymes-based product innovation projects take up to five years.

In effort to track the success of newly launched products, we monitor the percentage of gross revenue we receive from products that have been introduced commercially within the previous three years. We refer to this as our research and development index. Over the past three financial years ended August 31, 2007, 2008 and 2009, we have seen increased growth year-over-year in our research and development index.

***Collaborations***

Discoveries that are relevant to our business are often made by universities and research institutions with whom we have an extensive collaboration. We seek to be the first choice as a development and commercialization partner when new technologies, concepts, strains or competencies become available. We work towards this goal by having close contact with those university and research groups whom we believe will be most likely to develop technologies relevant to our business. This often involves project collaboration, contributions to and collaboration with students, sharing strains or other materials and the direct funding of research activities. Contact with the broader scientific community is maintained through exposure at relevant scientific congresses, publishing our research in, and serving as a reviewer for, scientific journals, and participating in appropriate scientific boards and organizations. Several key innovations have been derived through these collaborations, such as the aerobic fermentation technology inherent in our EasySet® products.

Some competencies and specific technologies are too expensive or too complex to build and maintain internally at universities and research institutions. In such cases we collaborate with such institutions through direct financing of projects or purchase of services or participation in publicly funded research projects.

***Clinical Studies***

We undertake clinical studies to document the efficacy, safety and marketability of our probiotic products and in doing so continue to build our documentation base both with our own clinical studies and with studies performed in collaboration with customers and with university-based investigators.

Our Health & Nutrition division is currently undertaking two large probiotics studies within gastrointestinal health and is at the reporting stage of a study into two key strains in our immune health products offering. Two additional studies in gastrointestinal health are in the preparation phase and we intend to perform additional studies in immune health, depending on the outcome of our current studies. Results from these studies can be used in submissions for health claim approvals with EFSA. See "Business—Regulation". We are currently collaborating with a customer on a study aimed at showing a beneficial effect of our probiotics on infection risk in infants and with another customer on a gastrointestinal health study. We are also providing study material for a number of university investigator-initiated studies on the benefits of our BB-12® strain and GR-1® and RC-14® strains in relation to women's health. As of the Offering Memorandum Date there have been more than 30 gastro-intestinal health studies that have focused on our BB-12® strain, nine immune health studies that have focused on BB-12® strain and 16 studies on women's health relating to our Urex® product. In addition, many of our products have been the subject of scientific publications. For example, as of the Offering Memorandum Date, our BB-12® product has been the subject of more than 240 publications.

In addition, we are currently performing a clinical study named ProSat in collaboration with the University of Copenhagen, in which we are investigating how probiotics could be used to help consumers manage their weight. The aim of this study is to develop scientifically documented probiotic solutions for food and nutraceutical applications which trigger satiety, reduced appetite and, consequentially, food intake. To do this, we are improving our understanding of the intestinal bacterial flora's significance for satiety as a determinant of healthy weight balance. This study builds on our core competencies in lactic acid bacteria and probiotic culture blends and is also being carried out in collaboration with the product innovation team within our Cultures & Enzymes division.

***Geographic Coverage***

We have sales offices in 28 countries and production facilities in nine countries. Our sales organization is structured geographically in four regions covering Europe, North America, South America and APMEA region. Sales offices and local distributor networks ensure that we have a direct presence in each of the major countries in which we operate. We operate 19 international application centers and local application development centers around the world to enable us to service our customers' local needs.

Application centers carry out preliminary tests on customer products in fermentation environments that mimic those of our customers and on a smaller scale than would be practicable for them. Our local application teams are then able to advise the customer on scaling up to bulk production levels.

In the financial year ended August 31, 2009, 55% of our revenues were generated in Europe, 22% in North America, 13% in APMEA region and 10% in South America. We see our major growth markets in the long term as being Asia-Pacific, South America and Eastern Europe, primarily because consumers in these markets are experiencing significant increases in purchasing power and are becoming more urbanized. Consumers globally are demanding healthier and more nutritional products meaning greater demand for functionality in food products that incorporate our ingredients products.

The main production facilities for our Cultures & Enzymes division are located in Denmark, France, Germany and the United States. The facilities in Denmark and Germany are also responsible for producing our probiotics range, which are sold through our Health & Nutrition division. In addition, we have minor blend, logistics and distribution locations in Argentina, Brazil, Russia, the Czech Republic, Turkey, Australia and China, among other countries.

The main production facilities of our Colors & Blends division are located in Brazil, China, Denmark, Italy, Peru and the United States.

We have sales offices in one or more locations in:

*Europe:*
Denmark (global headquarters)
Germany (regional headquarters)
Czech Republic
France
Greece
Ireland
Italy
Poland
Romania
Russia
Spain
The Netherlands
Turkey
Ukraine
United Kingdom

*North America region:*
United States (regional headquarters)
Mexico

*South & Central America region:*
Brazil (regional headquarters)
Panama
Colombia
Peru
Argentina

*APMEA region:*
China (regional headquarters)
Australia
India
Japan
Malaysia
UAE

Additionally, we have local partners in:

| | | | | |
|---|---|---|---|---|
| Albania | Cyprus | Iran | Nepal | South Korea |
| Algeria | Czech Republic | Israel | The Netherlands | Spain |
| Argentina | Denmark | Italy | New Zealand | Sri Lanka |
| Armenia | Dominican Rep. | Japan | Nicaragua | Sudan |
| Australia | Ecuador | Jordan | Nigeria | Sweden |
| Austria | Egypt | Kazakhstan | Pakistan | Switzerland |
| Bangladesh | El Salvador | Kenya | Panama | Syria |
| Belarus | Estonia | Latvia | Paraguay | Taiwan |
| Belgium | Finland | Lebanon | Peru | Thailand |
| Bolivia | France | Libya | Philippines | Tunisia |
| Brazil | Germany | Lithuania | Poland | Turkey |
| Bulgaria | Greece | Luxembourg | Portugal | Ukraine |
| Canada | Guatemala | Macedonia | Romania | United Kingdom |
| Chile | Honduras | Malaysia | Russian Fed. | Uruguay |
| China | Hong Kong | Malta | Singapore | United States |
| Columbia | Hungary | Mexico | Slovakia | UAE |
| Costa Rica | India | Mongolia | Slovenia | Venezuela |
| Croatia | Indonesia | Morocco | South Africa | |

### *Employees*

We had a total of 2,226 employees as of February 28, 2010, compared to 2,216 as of February 28, 2009. The number of our employees at August 31, 2007, 2008 and 2009 is set forth in the table below:

| Division | 2007 | 2008 | 2009[3] |
|---|---|---|---|
| Cultures & Enzymes | 1,009 | 1,115 | 1,120 |
| Health & Nutrition | N/A[1] | 43 | 50 |
| Colors & Blends | 199 | 197 | 214 |
| Other[2] | 1,133 | 775 | 794 |
| **Total** | **2,341** | **2,130** | **2,178** |

(1) Employees in Health & Nutrition are included in the Cultures & Enzymes division.

(2) Other is comprised of our global sales force, functional systems employees and other corporate staff.

(3) For the financial year ended August 31, 2009, approximately 38% of our employees were in Denmark, approximately 32% of our employees were in Europe (excluding Denmark), approximately 14% of our employees were in North America, approximately 11% of our employees were in South America and approximately 5% of our employees were in the APMEA region. With respect to employee functions, as of the financial year ended August 31, 2009, approximately 51% of our employees were in production, approximately 23% of our employees were in sales and marketing, approximately 14% of our employees were in administration and approximately 12% of our employees were in research and development.

Our employee turnover decreased in the financial year ended August 31, 2009, which we believe is due, at least in part, to our increased focus on training. We had approximately 5,150 training days in the financial year ended August 31, 2009, which focused principally on management. Our training program also covered ethical issues such as anti-corruption and anti-competitive practices.

### *Intellectual Property*

We consider our intellectual property portfolio, in the aggregate, to be strong and of material importance to our business. Currently, we have approximately 540 issued patents, 590 patent applications pending and 880 registered trademarks in various jurisdictions worldwide. However, we do not believe the loss of one patent or a patent family or the loss of protection for any trademark or group of related trademarks, would have a material adverse effect on our business. We also have one of the industry's largest collections of microbial strains, with over 10,000 deposits, comprising microorganisms of bacterial, yeast or fungus origin.

We generally seek patent protection for our products and, in particular, for application and process patents in the area of fermented milk and cheese products. For example, since establishing our alliance with Novozymes 2002, we have filed 81 patent applications under this partnership in the fermented milk and cheese products area. In addition, we seek patent protection for bacteria strains in circumstances where a strain is derived or improved from an existing culture. In these instances we generally seek patent protection for the new organism as well as for its application. We typically file patent applications with the European Patent Office, the United States Patent and Trademark Office and the Danish Patent and Trademark Office. We then subsequently file international applications pursuant to the Patent Cooperation Treaty ("PCT") and in selected countries that are not party to the PCT, but which represent major markets for the relevant product or technology. Our issued patents will continue to be active for varying periods according to the date of the patent application filing or grant and the legal term of the patents in the various countries where the patent is protected. The actual patent protection afforded by a patent, which can vary from jurisdiction to jurisdiction, depends upon the type of patent, the scope of its coverage as determined by the patent office or courts in the country, and the availability of legal remedies in the country. However, we undertake patent and other intellectual property infringement studies before launching any products to ensure that our policy of not knowingly infringing on valid third party rights is complied with.

We rely on our trademarks to assist in the marketing of our products to our customers and third party licensees. These trademarks include trademarks for products that are widely recognized in dairy industry such as BB-12®, a leading probiotic bacteria used in dairy products around the world, and CHY-MAX®, a leading enzyme used to enhance the yield of cheese products. We protect our trade marks by registration in the markets in which we sell our products. Trade mark protection continues in some countries for as long as the mark is used, and in other countries, for as long as it is registered. Our trademark registrations generally are for renewable, fixed terms.

From time to time we grant third parties licenses to use one or more of our patents or trademarks in particular jurisdictions. Similarly, we sell some of our products under patents or trademarks we license from third parties.

We also hold trade secrets, technology, know-how processes and related intellectual property rights that are not registered but are of material importance to our business. We rely on trade secret protection and confidentiality, non-disclosure and non-compete agreements to protect these forms of non-registered intellectual property. Our management and certain of our personnel have entered into employment contracts with us containing confidentiality clauses and other clauses acknowledging that all inventions, designs, trade secrets and other processes that are developed by them during the course of their employment are our property. Access to sensitive know-how is also restricted to employees on a highly selective basis and all employees and personnel are trained as to the importance and managing intellectual property, including know-how.

From time to time, we encounter disputes over rights and obligations concerning intellectual property. We also encounter opposition to applications to register our intellectual property rights. Our strategy is to defend our rights to utmost extent where commercially appropriate and we have over the years won a number of patent disputes where competitors have violated our rights. We cannot, however, assure you that we will prevail in any current or future intellectual property dispute or opposition.

### *Regulation*

Due to the use of our products in the production of, or as ingredients in, food and feed and dietary supplements, our products are subject to stringent regulatory requirements in every country in which they are manufactured and/or sold. The regulatory regimes that have the greatest impact on our business and operations are those of the European Union (and the national regulatory regimes therein) and the United States.

#### *Food Safety*

There are several European Union directives and regulations and corresponding domestic implementation provisions that are applicable to our business, most notably Regulation (EC) 178/2002, which sets forth general principles and requirements of law governing food and food safety procedures and provides the legal basis for the establishment of EFSA. Denmark has also adopted the Danish Food Act (Fødevareloven) (Act No. 526 of June 24, 2005, as amended), which, along with Regulation (EC) 178/2002, serves as the primary regulation on food safety in Denmark. Our production facilities within the European Union are regulated by European Union rules. In addition, there are various European Union directives and regulations, such as Directive 2001/112/EEC, which relates to fruit juices and certain similar products intended for human consumption. This directive was implemented in Denmark by Executive Order No. 878 of October 30, 2003, as amended, relating to fruit juices issued by Danish Veterinary and Food Administration, under the Ministry of Food, Agriculture and Fisheries.

We are also subject to Regulation (EC) 1332/2008, which came into force in January 2009. Under this regulation, all food enzymes will need to be approved by the EFSA and the European Union Commission. The approval process is scheduled to start in January 2011 and the deadline for the submission of applications is scheduled for January 2013. The European Commission is expected to issue its list of approved food enzymes by 2020.

In addition, we are subject to Regulation (EC) 1333/2008, which was implemented in January 2009. Under this regulation, EFSA has commenced the re-evaluation of certain approved food ingredients, including food colors. The EC and its members states have, based on EFSA's re-evaluation, withdrawn authorizations for certain synthetic colors and lowered the acceptable daily intake for others, including three of the synthetic colors that were named in the Southampton Report. This re-evaluation process started in 2007 in relation to synthetic food colors and is expected to continue until the middle of 2011.

In addition to the European regulatory system, the U.S. regulatory system places restrictions and obligations on our business operations. In the United States, color additives are subject to strict supervision by the FDA and approval is required prior to using such additives in an end product. Our customers, as manufacturers of end products containing color additives, are largely responsible for this approval process. In addition, in the United States, new enzyme and culture products must undergo a "generally recognized as safe" assessment in order to be proven to be safe and suitable. This assessment is generally coordinated by the company that produces the product in coordination with external experts.

Food safety regulation is developing continuously in all jurisdictions in response to new studies and analyses and in response to increasing safety needs, consumer health and environmental awareness.

*European Nutrition and Health Claim Regulation*

The European Commission regulates food and feed safety across the European Union, including food ingredients such as cultures, enzymes and colors. As part of this undertaking, between July and December 2008, the European Commission tasked EFSA with evaluating the scientific validity of existing product health claims and producers of food and beverage products that made health claims for their products were asked to submit such claims to EFSA.

In order to deliver a favorable evaluation, EFSA must find that there is generally accepted scientific evidence to support the health claim, including clinical studies documenting the health effect of the submitted product.

According to the European Commission's Regulation on Nutrition and Health Claims, claims can be made either under Article 13.1 or Article 13.5 of the European Commission's Regulation on Nutrition and Health Claims. Article 13.1 Claims are generic claims, based on generally available, published information. Article 13.5 Claims are specific claims, based on new, proprietary and unpublished information. With respect to probiotic products, Article 13.1 Claims are generic and cover probiotics as a class of products, whereas Article 13.5 Claims specifically relate to a particular bacterial strain that can be protected by trademarks and for which protection of proprietary data is requested by the applicant.

In 2008, EFSA commenced evaluation of 4,185 Article 13.1 Claims for products that were already on the market and that had generally available, published documentation relating to them, including the health claims for probiotic products produced by our Cultures & Enzymes and Health & Nutrition divisions.

Since October 2009, EFSA has published two series of evaluations on Article 13.1 Claims. Approximately 250 of these evaluations related to probiotic products and nearly all of the submissions for probiotics were evaluated as "insufficiently characterized", meaning that insufficient evidence was available to satisfy a generic claim for the products. Probiotics receiving this evaluation will, in general, not be re-evaluated unless new information relevant to the claim that is likely to affect the application is produced, or a new Article 13.5 Claim application for the product submitted. A smaller proportion of these submissions were evaluated as having "no cause and effect relationship", meaning that insufficient scientific evidence was presented in order to demonstrate the veracity of the probiotic claim. The third series of evaluations is scheduled for publication by September 2010, with the fourth series to follow in 2011.

We submitted Article 13.1 Claims for certain of our probiotic products in 2007. To date, eight of our Article 13.1 Claims have been rejected by EFSA, because we were unable to submit data characterizing the strains due to procedural restrictions. A number of our products, including BB-12® and Urex®, are expected to be included in the third batch of opinions scheduled to be published by EFSA in September of 2010. We believe there is a strong likelihood that the Article 13.1 Claims for our remaining probiotic products will be rejected for the reasons described above.

At its inception, the EFSA approval process was novel, and the original filing request from EFSA with respect to probiotics did not require specific characterization of the bacterial strains to be provided. We believe it is not surprising that EFSA classified most probiotics strains as insufficiently characterized because without supporting information a generic claim using generic documentation is unlikely to succeed for probiotics which, being unique bacterial strains, require unique supporting documentation for their health claims.

We have scanned thousands of probiotic strains to identify those that demonstrate human and animal health benefits. In order to protect our strains against competition and in order to build new proprietary and supporting documentation for our Article 13.5 Claims, we have invested in clinical trials to enhance the documented support for our health claims. We intend to submit new applications for Article 13.5 Claims during the second half of 2010 with the benefit of this documentation, irrespective of the outcome of our pending Article 13.1 Claims. Article 13.5 Claims are approved by the European Commission on a case-by-case basis, following the submission and positive assessment of a scientific dossier by EFSA, rather than in generic "batched" claims. We expect to receive a response to our Article 13.5 Claims for our probiotic products in 2011.

Until we receive a response to our Article 13.1 Claims, our customers who have products containing our probiotic products or that have submitted their own Article 13.1 Claims will be able to continue to market their products with the relevant health claims until the expiration of a mandated, transitional period. Despite EFSA's publication of the first two evaluations of the Article 13.1 Claims, the European Commission has not yet ruled on these evaluations. We expect the European Commission to rule on these evaluations in the second half of 2010. Following the European Commission's ruling, there is a transitional period of six months in which producers of food and beverage products that contain health claims can modify or remove such claims from their products. After the transition period has elapsed, producers of food and beverage products that contain health claims that have not received approval must remove such claims from their product packaging. After such modifications the product can remain in the market. We expect the European Commission to publish its list of authorized Article 13.1 Claims in 2011, and we have timed our clinical trials in order to maximize our customers' use of existing claims and prepare for the filing of Article 13.5 Claims

We will continue to invest in further clinical trials to obtain supporting data for our probiotic product health claims. In doing so, we will seek to reinforce our documentation in order to optimize our chances of obtaining EFSA recommendation and European Commission approval for our probiotic products.

*Environmental*

In the normal course of our business, we are subject to a variety of multi-national, national, federal and regional environmental regulations, including those at the federal, state and local levels in the United States. We maintain environmental policies and procedures designed to ensure compliance with applicable laws and regulations. Our manufacturing facilities and products are subject to periodic inspection by various regulatory authorities. We seek to comply with all such laws and regulations and to obtain any permits and licenses necessary for us to conduct our business. We believe our facilities and practices are sufficient to maintain material compliance with current applicable governmental laws, regulations, permits and licenses. Nevertheless, we cannot guarantee that we are currently in compliance with all applicable laws, regulations, or requirements for permits or licenses nor that we will be able to comply with any future laws and regulations or requirements for necessary permits and licenses. Our failure to comply with such laws and regulations or obtain any necessary permits and licenses could subject us to civil remedies including fines, injunctions, recalls or seizures, as well as potential criminal sanctions.

Our environmental expenditures in the recent years have primarily related to applications for new or revised environmental approvals and waste water permits and associated demands for assessments, measurement and testing, including required monitoring of waste water emissions and new and improved waste water set-up in our factory in Arpajon, France. We believe that our environmental matters for the financial year ending August 31, 2010 will not have a material adverse effect on our financial position or results of operations; however a number of factors may affect our environmental compliance costs or accruals.

*Employee Safety Regulations*

We are subject to certain safety regulations, including, but not limited to, regulations issued pursuant to the Danish Working Environment Act, and the U.S. Occupational Safety and Health Act. These regulations require us to comply with certain manufacturing safety standards to protect our employees from accidents. We believe that we are in material compliance with all employee safety regulations applicable to our business.

***Customers***

We aim to develop long-term, strategic supplier relationships with a diversified customer base. Eight of our top ten customers have been our customers for more than 20 years. Our top five customers accounted for approximately 15% of our revenues for the financial year ended August 31, 2009. Furthermore, our top 25 customers, which accounted for 30% of our revenue for the financial year ended August 31, 2009, have on average been our customers for more than 20 years and approximately 90% of our revenues from these customers come from those that have been customers with us for more than 15 years. In addition, revenue from our top 25 customers has in the last three financial years ended August 31, 2007, 2008 and 2009, on average, grown at a faster rate than total customer revenue.

We believe that there is a strong preference among our customers to reduce the number of ingredients suppliers within the individual product segments and instead build a close partnership with one or a few preferred suppliers who offer a high degree of competence within specific product areas.

Those of our customers who are global food manufacturers require their selected ingredients suppliers to be able to provide products and services of a consistent quality on a global scale. We are able to meet this requirement through our information technology platform, which allows us to coordinate customer information and production on a global basis, while at the same time providing local, specialized support to our global customers. Our sales and support activities are organized according to industry segments with targeted strategies within dairy, food and beverages and meat industries developed in close collaboration with the product divisions. Through close technical collaboration with our customers in product innovation, we maintain a high level of local product specialization.

We have developed a "working partnership" initiative through which we collaborate with our customers. Through this initiative, we collaborate with our customers across new product selection, starting at the idea stage of a new product and continuing through product development and optimization to industrial production and marketing. Our personnel maintain a close dialogue with the customer at each stage to optimize the selection and application of ingredients and to position the end product in the best possible way, including supporting the potential claims that customers wish to use to position the product.

We believe this approach ensures we deliver optimal advice to customers on the selection and application of ingredients as well as allowing us to receive constant feedback on production processes and applications for ingredients. We can then use this acquired knowledge for product innovation. For more information, see "Business—Other Aspects of Our Business—Research and Development".

We also aim to enhance our relationships with our customers through implementing effective inventory management systems, providing technical support, improving quality control and strengthening our respective brands. We operate an extensive customer focus program with our key, large international customer accounts. We also operate an e-commerce service that enables customers and distributors to effect business with us online, at any time and in any location. Our global supply chain configuration ensures timely delivery of our products according to customer needs.

Generally, we supply our products to our customers, including distributors, pursuant to contractual arrangements or, where no contractual arrangement exists, pursuant to standing orders that are based on historical terms and conditions or standard terms and conditions of supply. The lengths of our contracts vary, and the occurrence of certain events such as a material breach or a change of control may give us or our customers the ability to terminate our contracts early. For a discussion of risks associated with our customer relationships, see "Risk Factors—We do not have written contractual arrangements with certain of our key customers" and "Risk Factors—Early termination of customer and supplier contracts could adversely affect results of operations".

*Technical Support*

Post-sale technical support is vital to our customers in helping them optimize their production set-ups, achieve the correct cell count in the final product and document the ingredients of their food products. An important part of our technical support is also to help potential customers identify production problems such as those that result from bacteriophage contamination in their in-house production of starter cultures. Phages attack bacterial cultures and adversely impact fermentation. The risk and damage associated with phage attacks is an important reason for customers to convert to DVS®.

*Branding*

We have worked with our customers to have our BB-12® probiotics trademark marketed on their products in a number of countries, thereby increasing our brand recognition with consumers and other customers. We also provide customers with claims support as well as advisory services in order to assist them in the promotion of the health benefits of their probiotic products.

*Property, plant and equipment*

The following table sets forth our material owned and leased real property as of February 28, 2010.

| Principal owned properties | Description | Size (sq m) |
|---|---|---|
| Quilmes, Argentina | Production facilities and offices | 19,752 |
| Valinhos, Brazil | Production facilities and offices for Cultures & Enzymes, the Colors & Blends divisions and the Health & Nutrition division and offices | 26,997 |
| Hustopece, Czech Republic | Production facilities for the Health & Nutrition division | 14,167 |
| Avedøre, Denmark(1) | Production facilities, warehouse and offices for Colors & Blends, Cultures & Enzymes and Health & Nutrition divisions | 157,015 |
| Roskilde, Denmark(1) | Production facilities, warehouse and offices for Cultures & Enzymes and Health & Nutrition divisions | 9,829 |
| Graasten, Denmark(1) | Production facilities, warehouse and offices for Cultures & Enzymes division | 48,458 |
| Hørsholm, Denmark | Offices and main application center | 23,395 |
| Arpajon, France | Production facilities for Cultures & Enzymes division | 40,375 |
| Pohlheim, Germany | Production facilities for Cultures & Enzymes and the Health & Nutrition divisions | 6,382 |
| Nienburg, Germany | Production facilities and sales offices for the Cultures & Enzymes and the Health & Nutrition divisions | 45,933 |
| Parma, Italy | Production facilities, warehouse and offices for Colors & Blends division | 15,930 |
| Lima, Peru | Production facilities for Colors & Blends division | 1,672 |
| New Berlin, United States | Warehouse and production facilities for Cultures & Enzymes and the Health & Nutrition divisions | 35,592 |
| Milwaukee, United States | Offices and production facilities for Colors & Blends, Cultures & Enzymes and the Health & Nutrition divisions | 86,036 |

(1) The lenders under our existing mortgage financings hold first priority liens on these properties.

| Principal leased properties | Description | Size (sq m) |
|---|---|---|
| Adelaide, Australia | Production facilities and offices. | 2,310 |
| Tianjin, China | Production facilities for Colors & Blends | 1,314 |
| Beijing, China | Sales offices | 683 |
| Bogota, Colombia | Offices and warehouse | 130 |
| Hørsholm, Denmark | Leased land holding, warehouse, offices and pilot plant facilities (as mentioned in the table above) | 78,935 |
| Mexico City, Mexico | Offices, warehouse and production facilities for Cultures & Enzymes division | 2,484 |

*Material contracts*

Below we have included a summary of our material contracts entered into in the preceding four years, other than contracts entered into in the ordinary course of our business.

*New Credit Facilities*

On April 15, 2010 we entered into an agreement with Nordea Bank Danmark A/S as agent, and lender and arranger together with Danske Bank A/S, FIH Erhvervsbank A/S, Nykredit Bank A/S and Skandinaviska Enskilda Banken AB (publ), for the New Credit Facilities. The New Credit Facilities consist of a five year multicurrency term loan of EUR 225.0 million, with semi-annual repayments starting in February 2012 and a EUR 175.0 million payment in April 2015 when the loan matures; and a five year revolving multicurrency facility of EUR 225.0 million. The applicable interest on the New Credit Facilities is EURIBOR (in the case of euro-denominated loans), CIBOR (in the case of Danish krone-denominated loans) or LIBOR (in the case of loans denominated in any currencies other than the euro or Danish kroner), plus a margin in each case.

The New Credit Facilities contain a negative pledge clause (subject to certain exemptions, including existing security granted under the mortgage financings, as described below), guarantees issued by certain of our subsidiaries, certain customary financial covenants, including the requirement to maintain certain interest coverage and net leverage ratios. The New Credit Facilities also contains certain restrictive covenants, restricting our ability to, among other things, make mergers, acquisitions or disposals exceeding certain limits without consent from the lenders. In addition, the New Credit Facilities contains a change of control provision that is triggered in the event that any person or persons acting in concert, acquire more than 50% of the Shares, and which would allow the agent, if requested by a lender under the New Credit Facilities to make all amounts owed to such lender due and payable and cancel such lender's commitments under the New Credit Facilities.

It is our intention to draw down EUR 450.0 million under the New Credit Facilities to repay certain of our existing indebtedness upon completion of the Offering, or shortly thereafter. No drawings have been made under the New Credit Facilities as of the Offering Memorandum Date. The New Credit Facilities are conditional upon our Shares being admitted to trading and official listing on NASDAQ OMX.

In connection with our borrowings under the New Credit Facilities, we are considering entering into appropriate interest rate and currency hedging arrangements.

*Underwriting Agreement*

The Underwriting Agreement entered into on May 19, 2010 between the Company, the Selling Shareholder and the Managers provides that:

- subject to: (i) the Selling Shareholder and the Company, having consulted with the Joint Bookrunners (on behalf of the Managers), determining the Offer Price and the allocation of Offer Shares to investors; and (ii) the Company, the Selling Shareholder and the Managers having entered into a pricing memorandum, the Managers will, on the terms and subject to the conditions set out in the Underwriting Agreement, agree severally, and not jointly nor jointly and severally, to use reasonable endeavors to procure, as agents for the Company or the Selling Shareholder, as the case may be, subscribers or purchasers for, and, failing which, to subscribe for or purchase themselves, and pay for the Offer Shares at the Offer Price;
- the Selling Shareholder and the Company have appointed Credit Suisse and J.P. Morgan as Joint Global Coordinators, Credit Suisse, Danske Markets, J.P. Morgan, Morgan Stanley and SEB Enskilda, as Joint Bookrunners and Carnegie and Crédit Agricole CIB as Co-Lead Managers in connection with the Offering;
- the Joint Global Coordinators (on behalf of the Managers) have been granted the Over-allotment Option pursuant to which the stabilization manager (on behalf of the Managers) as agent for the Selling Shareholder, may use reasonable endeavors to procure purchasers for, or failing which purchase, up to an additional 5,577,074 Shares at the Offer Price for the purpose of covering short positions resulting from any over-allotments and/or from sales of Shares effected during the 30 calendar days after the first date of trading and official listing of the Existing Shares on NASDAQ OMX (the "Stabilization Period"). The Over-allotment Option is exercisable in whole or in part, once or more than once, upon notice by the stabilization manager (on behalf of the Managers) at any time during the Stabilization Period;
- subject to the conditions in the Underwriting Agreement having been satisfied or waived and the Agreement not having been terminated, the Company and the Selling Shareholder, have severally undertaken to pay to the Managers, on Completion of the Offering, a fee of 1.375% of the gross

proceeds of the Offering (excluding the proceeds received by the Selling Shareholder for the sale of up to 2,993,828 Existing Shares back to the Company and the sale of up to 62,066 Offer Shares to the members of our Board of Directors) of the New Shares and the Existing Shares, respectively and of the exercise of the Over-allotment Option. In addition the Company and the Selling Shareholder may, at their sole discretion, pay an addition fee of up to 1.375%, which fee will be split between the Managers at the sole discretion of the Company and the Selling Shareholder. The decision to pay any such additional fee and the allocation thereof between the Managers is expected to be taken no later than 30 days following the date of the Announcement of the Offer Price;

- we have agreed to pay or cause to be paid (together with any related value added tax) a portion of certain costs, charges, fees and expenses in the development, preparation and execution of, amongst other things, the Offering and admission to trading and official listing of the Shares, which (including the commissions and discretionary fees set out in paragraph directly above) we estimate will amount to DKK 187.5 million in total;
- we and the Selling Shareholder have given certain customary warranties and undertakings to the Managers. The liability of the Selling Shareholder under the warranties, is limited as to amount and to time;
- each of the Company and the Selling Shareholder has also undertaken, amongst other things, to each of the Managers to comply with certain restrictions in relation to disposals and transfers of Shares, as described in "Plan of Distribution—Lock-up Arrangements"; and
- Danske Markets as settlement manager has entered into a stock lending agreement with the Selling Shareholders pursuant to which the Selling Shareholder has agreed to make available Existing Shares for purposes of delivering Offer Shares to investors against their payment for the Offer Shares on the Closing Date. In return for such lent shares the settlement manager has agreed to deliver to the Selling Shareholders an equal amount of New Shares issued following registration of the share capital increase with the Danish Commerce and Companies Agency, which is expected to take place on June 8, 2010.

*Contracts Relating to Acquisitions*

In December 2008, our subsidiary Chr. Hansen A/S acquired Urex Biotech Ltd., a Canadian company, which holds several valuable, well-documented bacterial strains. The acquisition expands our activities within documented probiotics for dietary supplements and, particularly, within women's health. We are under an obligation to pay royalties if certain "second generation" products are sold in the period January 1, 2009 to December 31, 2013. The sellers are subject to a non-competition clause expiring in 2012. The agreement is subject to Danish law.

In December 2007, we acquired and integrated the Swedish company Medipharm AB into our Health & Nutrition business. Medipharm has a strong position within silage inoculants and feed probiotics. The acquisition improved our positioning in the animal Health & Nutrition market and gave us a stronger platform to meet growing demand for animal health probiotics. The seller is subject to a non-competition clause expiring in January 2011. The agreement is subject to Danish law.

In January 2009, we acquired technology from GangaGen, Inc. and its wholly owned subsidiary GangaGen Life Sciences, Inc. to fight *E.coli*, *salmonella* and *campylobacter* in cattle and poultry. Bacterial contamination of food is a constant and serious problem for the food industry. The technology is based on bacteriophage, which can eliminate bacteria more efficiently than antibiotics and without the unwanted side effects associated with antibiotics, and allows us to meet increasing demand for maximum food and human safety from consumers worldwide. Under the asset purchase agreement with GangaGen Inc., and GangaGen Life Sciences, Inc., we agreed to indemnify GangaGen Inc. and GangaGen Life Sciences, Inc. against any and all losses resulting from any third party claim arising out of or in connection with the manufacture, use or sale of any of the relevant assets or material derived therefrom after closing. We must use commercially reasonable efforts to assert all claims under all applicable insurance policies, and the indemnification will be net of any insurance proceeds. Indemnification is the sole remedy under this agreement, except with respect to fraud or wilful misconduct. Certain confidentiality and indemnification requirements survive the termination of the asset purchase agreement. At the time of the transaction we also entered into royalty and license agreements with GangaGen, Inc.

*Contracts Relating to Divestitures*

Since 2005, we have divested certain businesses in order to focus our expertise on our core businesses of developing and supplying cultures, dairy enzymes and natural colors to the food and nutritional industries.

In June 2006, our subsidiary Chr. Hansen, Inc., sold our Specialty Sweetener division to American Sugar Refining Inc. The transaction included the specialty sweetener product line of molasses, malt, rice, syrup, oat extract, honey and invert and fondant sugar as well as U.S. production facilities in Louisiana and Illinois. Under the sale and purchase agreement with American Sugar Refining Inc., certain of the representations and warranties expired on December 14, 2007 and others have expired or will expire according to the applicable statute of limitations. We must indemnify American Sugar Refining Inc. against all losses for any failure to satisfy any liabilities not assumed by them, including product liability for products sold prior to closing. We are subject to non-competition and non-solicitation clauses until December 14, 2011.

In June 2007, we reorganized our color business to focus on high value adding pigments. The reorganization involved the divestiture of our paprika business activities, including paprika and spice oleoresin, rosemary extract, paprika powder, turmeric, bixin and chlorophyll products, as well as production facilities in Spain and India. The India activities were taken over by A&P Group which had previously been our partner for ten years and co-owner of our paprika company in Akay, India. The Spanish activities were acquired by the site management through a management buy-out.

In September 2007, we sold our Excipients & Coating division to Colorcon Inc. The transaction involved the sale of product lines of coatings, compressible sugar, compressible calcium carbonate and sugar spheres, as well as the production facility in Wisconsin, United States.

In April 2008, we sold part of our Flavor division to Symrise Inc. The divested activities comprised our seasonings and savory activities. The divestment has allowed us to focus on our biotechnological strength and provide more complex and innovative solutions within the fields of lactic acid bacteria, enzymes and natural colors. Under the sale and purchase agreement with Symrise Inc., we have retained certain liabilities, including all liabilities for products sold prior to April 25, 2008, and have agreed to indefinitely indemnify Symrise Inc. against all actions, judgments, costs and losses for any failure to satisfy any liabilities retained by us. Outside of retained liabilities, Symrise cannot claim indemnification under the sale and purchase agreement for a breach of warranty or representation unless the individual loss exceeds $50,000 and/or the aggregate loss exceeds $2 million. Indemnification for breach of most representations and warranties is capped at $22 million, however, certain specific warranties such as the disclosure schedule of customers are capped at $110 million and there is no indemnity cap in relation to product liability claims.

Under the terms of the sale and purchase agreement, we are subject to a non-competition clause until April 25, 2011 and were subject to a non-solicitation clause until April 25, 2010.

In January 2009, the remaining part of our Flavor division, the Soups and Sauces activities (a sub-segment of the meat business), was sold to Dena AG, a subsidiary of Saveur, a French ingredients company. We have undertaken certain non-competition obligations until January 2012 in relation to spice blends for ready meals in Scandinavia, Poland, the United Kingdom and Germany. Subsequently, we reduced our capacity in Holdorf, Germany and made adjustment to the organization. The sale allowed us to focus more on our core meat business and to provide functional systems to support leading meat processors.

In June 2009, we consolidated our Functional Systems operations into one plant in Parma, Italy, leading to the divestment of our Holdorf-based functional systems production plant in Germany to the Frutarom Group in June 2009, a global flavors and fine ingredients group. The divestiture was made to allow us to focus on markets where we had good growth potential. Under this sale and purchase agreement, our aggregate liability for breach of warranty claims relating to due incorporation and capacity is limited to 100% of the purchase price and for all other warranty claims, our aggregate liability is limited to 50% of the purchase price. No claims may be brought after June 18, 2011, except those relating to transfer of title, which may be brought up until June 18, 2019. We are subject to a non-compete clause applicable in several European Countries until June 18, 2012. We must indemnify Frutarom for (i) costs incurred by Frutarom in relation to third party claims that are in relation to the use of products prior to their transfer date; (ii) all rebates and discounts a customer is entitled to under the relevant contracts; and (iii) any secondary tax liabilities relating to taxes within the meaning of section 75 of the German general tax code. We must keep confidential the names of specified customers and the terms on which we traded with these customers until June 18, 2014.

See also “Major Shareholders and Related Party Transactions” for a description of our Selling Shareholder Loan.

***Insurance***

Our insurance policy covers major losses, such as large property losses, third-party liability and product liability insurance, motor insurance, transport and travel insurance, executive officer insurance, including directors’ & officers’ liability, employment liability and crime insurance, and other insurance required to be maintained in the jurisdictions in which we operate. We use an internationally recognized insurance broker to assist us in maintaining adequate insurance coverage. We handle our global insurance policies at our headquarters in Denmark, while certain insurance for foreign subsidiaries is handled locally.

We have established a global insurance program covering our third party and product liability, which covers all of our operating entities.

Since 2007 we have, in cooperation with our insurance broker, audited our most important locations and properties with the objective of reducing and improving the awareness of associated risks. Our risk management system focuses on preventing or reducing the risk of loss or damage occurring, with special attention to fire-related risks. The system focuses on risks categorized in three main groups such as management, loss prevention and loss control.

Our property insurance is held with Tryg A/S and certain excess insurance is taken out with Chartis Europe S.A. and with If P&C Insurance Ltd, as co-insurer.

We believe that we have adequate levels of insurance coverage with appropriate insured sums and deductible levels.

***Legal Proceedings***

We are from time to time party to legal proceedings arising in the ordinary course of our business. We are not involved in any material pending, government, legal or arbitration proceedings and we are not aware of any threatened material claims against us that could have a material adverse effect on our financial position or results of operation, except as described below. Furthermore, during the past 12 months we have not been involved in any governmental, legal or arbitration proceedings which have had a material adverse effect on our financial position or results of operation.

*Diacetyl Litigation*

Until we sold our Flavor division on April 25, 2008, we manufactured and sold certain flavoring products that contained various concentrations of diacetyl. Diacetyl is a naturally occurring substance that can be manufactured industrially and it is one of the compounds that gives butter its characteristic taste. It is naturally present in foods such as milk, cheese and butter.

Over the past decade, individuals have brought lawsuits in the United States based on alleged personal injuries as a result of their exposure to diacetyl vapors. Specifically, many of the claimants allege that exposure to diacetyl vapors caused them to develop a serious and irreversible pulmonary condition called bronchiolitis obliterans. The lawsuits have named as defendants numerous manufacturers of products that contain diacetyl, including our U.S. subsidiary, Chr. Hansen Inc.

These lawsuits have been brought primarily by workers in factories where diacetyl was used to manufacture butter-flavored popcorn and other snacks and where exposure to higher concentrations of diacetyl is possible. Based on publicly available information, about the same number of these lawsuits that have gone to trial have resulted in defense verdicts as plaintiff verdicts. Plaintiff verdicts in other diacetyl-related lawsuits thus far have resulted in verdicts for amounts of up to $20 million. A majority of the lawsuits, however, appear to have settled out of court for a confidential amount. In 2008 an individual filed a lawsuit alleging that he contracted bronchiolitis obliterans from exposure to diacetyl vapors created when he prepared microwave popcorn in his home on a regular basis. Since then, several other such consumer lawsuits have been filed, but we are not aware of any of them going to trial.

To date, we have been named in seven lawsuits where plaintiffs have alleged that the diacetyl-containing products manufactured by us caused pulmonary illnesses. Of those seven claims, one was voluntarily dismissed based on a showing that the plaintiff was never exposed to a Chr. Hansen product that contained diacetyl. Another was settled for an immaterial, but confidential, amount after all but one of the original seven plaintiffs voluntarily dismissed their claims. The following five cases remain pending:

***Irma Rosa Ortiz, et al. v. FEMA, et al.***, Case No. BC364831, In the Superior Court of the State of California for the County of Los Angeles—Central District.

We were added as a defendant to this lawsuit in September 2008. At that time, the lawsuit had already been pending against numerous other defendants, and had been consolidated with another similar case. We filed an answer to the complaint denying liability and raising affirmative defenses.

The plaintiffs are three former employees of Carmi Flavor and Fragrance Co. ("Carmi") They allege that they sustained personal injuries due to exposure to numerous substances at Carmi's manufacturing facility. With regard to us, the plaintiffs allege they were injured by diacetyl-containing products we supplied to Carmi.

All of these plaintiffs allege they have bronchiolitis obliterans. One of the plaintiffs has undergone a double lung transplant, and another is alleged to be a candidate for a lung transplant. Two spouses of the plaintiffs also filed claims for loss of consortium.

We have established that we made no direct sales of diacetyl-containing products to Carmi during the periods of employment of the plaintiffs. The plaintiffs allege, however, that we sold diacetyl-containing products to Polarome International, Inc. ("Polarome"), which in turn sold those products to Carmi.

We have determined that our sales of diacetyl-containing products to Polarome, that were resold by Polarome to Carmi, were limited to the period December 1, 1999 to January 13, 2000. One of the plaintiffs did not work at Carmi during that time, and another had just begun working there in January 2000. We plan to file a motion for summary judgment on these grounds.

This lawsuit is currently in the discovery stage and has not been set for trial.

***Larry I. Newkirk and Ruth A. Newkirk v. Conagra Foods, Inc., et al.,*** CA. 2:08-cv-00273-FVS, In the United States District Court for the Eastern District of Washington.

Plaintiff Larry Newkirk and his wife filed this action in September 2008 against numerous flavoring manufacturers, the manufacturer of the microwave popcorn allegedly consumed by Larry Newkirk (Conagra Foods, Inc. ("Conagra")), and a retail seller of the popcorn. We sold diacetyl-containing products to Conagra which Conagra used in its microwave popcorn.

Larry Newkirk alleges that he sustained pulmonary injuries, including bronchiolitis obliterans, due to exposure to diacetyl vapors created when he prepared between four to six bags of microwave popcorn in his home each day between 1989 and 2007. His alleged injuries are not life-threatening, and he continues to work, but in an allegedly reduced capacity. Ruth Newkirk seeks damages for loss of consortium only; she does not allege personal injuries. The Newkirks added Chr. Hansen as a defendant in November 2008.

We filed an answer to the complaint denying liability and raising affirmative defenses. The parties have designated experts, and discovery is now closed. Our counsel filed summary-judgment motions for lack of proof of general and specific causation, on March 8, 2010. Our counsel has filed motions to strike the plaintiffs' experts, in March 2010. The lawsuit is set for trial on July 6, 2010, and, depending on the outcome of the pre-trial dispositive motions, we believe it will be the first "consumer" diacetyl lawsuit to go to trial.

***Elaine Khoury and Alex Khoury v. Conagra Foods, Inc., et al.,*** C.A. 0816-cv31620, In Division 2 of the Circuit Court of Jackson County, Missouri at Independence.

Plaintiff Elaine Khoury and her husband filed this action in February 2009 against numerous flavoring manufacturers, the manufacturer of the microwave popcorn allegedly consumed by Elaine Khoury (Conagra), and the retail seller of the popcorn (Blockbuster, Inc.), where Elaine Khoury worked and prepared microwave popcorn for customers. Elaine Khoury alleges that she sustained pulmonary injuries, including broncholitis obliterans, due to exposure to diacetyl vapors created when she prepared microwave popcorn on a regular basis at home and at Blockbuster. Elaine Khoury's alleged injuries are not life-threatening; however, she contends she is no longer able to work. Alex Khoury seeks damages for loss of consortium only; he does not allege personal injuries. The Khoury's added Chr. Hansen as a defendant because we were a supplier of diacetyl-containing products to Conagra.

Conagra has demanded indemnity from us in the Khoury case. This claim is based on an indemnity provision contained in an ingredient sales agreement that covered the sale by us of color products for a two-year period ended November 26, 2008. We sold a variety of products to Conagra, including, products containing diacetyl. We maintain that Conagra does not have a viable claim for indemnity because the ingredient sales agreement did not relate to diacetyl-containing products, rather, it pertained only to coloring products.

This lawsuit is currently in document discovery. The plaintiffs and defendants have designated their experts. Trial is set for July 6, 2010, which is the same day that the Newkirk case is scheduled to go to trial. If Newkirk proceeds to trial on July 6, 2010, local rules require the Khoury trial to be rescheduled.

***Deborah and Steven Daughetee v. Chr. Hansen, Inc. et al.***, C.A. C09-4100; In the United States District Court for the Northern District of Iowa, Western Division.

***Deborah and Steven Daughetee v. Conagra Foods, Inc., et al***., BC433036; In the Superior Court of the State of California for the County of Los Angeles—Central District.

In February 2010, plaintiff Deborah Daughetee and her husband filed an action in Iowa federal court against numerous flavoring and popcorn manufacturers, including Chr. Hansen. Our answer to the Iowa was filed on March 28, 2010.

On March 3, 2010, for unknown reasons, the Daughetees filed a parallel lawsuit to the Iowa lawsuit in California state court against us and the other defendants. We will file a timely answer to the California lawsuit.

The allegations in both the Iowa and the California lawsuits are essentially the same. Deborah Daughetee alleges that she sustained pulmonary injuries, including bronchiolitis obliterans, due to exposure to diacetyl vapors created when she prepared microwave popcorn in her home on a regular basis, worked around butter-flavored popcorn at a movie theater and visited movie theaters that prepared butter-flavored popcorn.

These lawsuits are in their very initial stages. We are preparing answers to the complaints, which will include affirmative defenses.

***Kenneth E. Anderson and Wanda Anderson v. Basf Corporation, et al.*** Case # 2010CV03998-FF, In the Clayton County State Court, Georgia.

Plaintiff Kenneth E. Anderson and his wife Wanda Anderson filed this action on May 10, 2010 against numerous defendants, including Chr. Hansen, alleging the defendants designed, manufactured, distributed and/or sold diacetyl and/or butter flavorings with diacetyl to individuals or entities, including plaintiff Kenneth E. Anderson's employer, Sara Lee Food Service. Mr. Anderson alleges that he was exposed to butter flavoring and/or diacetyl designed, manufactured, marketed, distributed and/or sold by the defendants while employed at a food manufacturing plant operated by the plaintiff's employers and, at other times, several other companies.

Mr. Anderson alleges that as a result of his exposure he sustained permanent injuries to his person, body and health, including bronchiolitis obliterans, as well as mental and emotional distress and is further claiming that all defendants should be held liable under a claim for joint enterprise liability. Wanda Anderson seeks damages for loss of consortium and medical and monitoring expenses only; she does not allege personal injuries.

This lawsuit is in a very preliminary stage. We are preparing an answer to the complaint, which will include affirmative defenses.

*Summary and Insurance*

Plaintiffs in the diacetyl lawsuits bear the burden of establishing liability. This includes, among other things, that: (a) the plaintiffs were actually exposed to diacetyl-containing products manufactured or sold by us; (b) diacetyl can in fact cause pulmonary injuries; (c) the Chr. Hansen diacetyl-containing products to which the plaintiffs were exposed resulted in them receiving a sufficient dose of diacetyl vapors to cause the alleged injuries; (d) the injuries the plaintiffs allegedly sustained were caused by the alleged dose of our diacetyl-containing products.

We sold our Flavor division in April 2008, and no longer sell products containing diacetyl. Depending on the jurisdiction and the facts of the case, additional diacetyl lawsuits filed against us in the future may be subject to dismissal based on the applicable statute of limitations. Most jurisdictions, however, apply what is called the "discovery rule" to personal-injury lawsuits, under which the applicable statute of limitations does not begin to run until the plaintiff knows, or should know, that his alleged injuries may have been caused by the alleged exposure.

We had an insurance policy covering losses from diacetyl claims against us at the time of our production of certain flavoring products that contained various concentrations of diacetyl. The insurer, Tryg A/S, has, subject to certain rights and reservations, accepted coverage of the diacetyl cases brought against us and it has appointed counsel to represent us in these cases. We believe that our agreement with Tryg A/S is adequate to cover any losses arising from the outstanding cases against us related to diacetyl exposure, however, we cannot assure you that such insurance will be sufficient to cover our actual losses in these cases or in cases that may be brought against us in the future.

To the extent that our insurance is not sufficient to cover our losses from the cases as described above, some or all of any shortfall may be covered by an indemnity from the vendor of the Chr. Hansen's food ingredients business which the Selling Shareholder acquired on July 29, 2005. This indemnity is to expire on July 29, 2012.

To date, no claim or damage amount has been specified in any of the diacetyl lawsuits to which we are a party, and the outcome of the lawsuits cannot be predicted.

If one of the pending diacetyl lawsuits proves successful, plaintiff attorneys may have an incentive to file additional claims against us based on allegedly similar facts. Although we are not aware of any class-action lawsuits being certified by a court because of the alleged health risks associated with diacetyl exposure, a successful class-action lawsuit against us in excess of our insurance coverage, may have a material adverse effect on our results of operations.

## CONSOLIDATED PROSPECTIVE FINANCIAL INFORMATION FOR THE FINANCIAL YEAR ENDING AUGUST 31, 2010

***Statement by Management***

We have presented the consolidated prospective financial information for the financial year ending August 31, 2010, including the principal assumptions under "—Methodologies and Assumptions", prepared applying our accounting policies, which are in accordance with the recognition and measurement requirements of IFRS, as adopted by the European Union.

The consolidated prospective financial information for the financial year ending August 31, 2010 is prepared for the purpose of this Offering Memorandum.

In our opinion the principal assumptions upon which we have based the consolidated prospective financial information for the financial year ending August 31, 2010 are included and these assumptions have been used when preparing the information.

The consolidated prospective financial information for the financial year ending August 31, 2010 is based on a number of assumptions some of which we can influence and some of which are outside our influence.

The consolidated prospective financial information for the financial year ending August 31, 2010 represents management's best estimate of the group's revenue and operating profit for the financial year ending August 31, 2010.

Actual results are likely to be different from the consolidated prospective financial information for the financial year ending August 31, 2010 since anticipated events may not occur as expected and the variation may be material.

**Hørsholm, May 19, 2010**

**Chr. Hansen Holding A/S**

**Board of Directors**

Ole Andersen
Chairman

Frédéric Stévenin
Vice Chairman

Henrik Poulsen

Alice Dautry

Lionel Zinsou

Gaëlle d'Engremont

Malene L. Hansen

Svend Laulund

Martin G. Seidel

**Executive Board**

Lars Vinge Frederiksen
Chief Executive Officer

Henrik Dalbøge
Executive Vice President, Health & Nutrition division

Henning Jakobsen
Chief Financial Officer

Hans Thorkilgaard
Executive Vice President, Colors & Blends division

Knud Vindfeldt
Executive Vice President, Cultures & Enzymes division

Carsten Hellmann
Executive Vice President, Global Sales

***Independent Auditors' Report on Prospective Financial Information for the financial year ending August 31, 2010***

*To the readers of this Offering Memorandum*

We have examined the consolidated prospective financial information for Chr. Hansen Holding A/S for the financial year ending August 31, 2010 set out in "Consolidated Prospective Financial Information for the Financial Year ending August 31, 2010". The prospective financial information is prepared on the basis of the material assumptions described in "Methodology and assumptions" and the accounting policies described in "Consolidated Prospective Financial Information for the Financial Year ended August 31, 2010". The accounting policies applied are in accordance with the recognition and measurement requirements of IFRS, as adopted by the European Union.

The Board of Directors and the executive management are responsible for the prospective financial information including the assumptions on which it is based. Our responsibility is, based on our examination, to provide a conclusion on the prospective financial information.

**Examination performed**

We conducted our examinations in accordance with the international standard applicable to the examination of prospective financial information (ISAE 3400). This standard requires that we plan and perform our examinations in order to obtain limited assurance that the applied assumptions are well-founded and do not contain material misstatements and reasonable assurance that the prospective financial information has been prepared on the basis of the assumptions stated consistent with Chr. Hansen Holding A/S' accounting policies.

Our examinations comprise a review of the consolidated prospective financial information for the financial year ending 31 August, 2010 with a view to assess whether the assumptions set forth by the Board of Directors and the Executive Board are documented, well-founded and complete. In addition, we have tested whether the consolidated prospective financial information for the financial year ending 31 August, 2010 has been prepared on the basis of the Executive Board's and the Board of Directors' assumptions and has been presented in accordance with Chr. Hansen Holding A/S' accounting policies. Furthermore, we have tested the relationship in terms of figures in the prospective financial information.

We believe that our examination provides a reasonable basis for our conclusion.

**Conclusion**

Based on our examination of the evidence supporting the assumptions, nothing has come to our attention which causes us to believe that these assumptions do not provide a reasonable basis for the consolidated prospective financial information for the financial year ending 31 August, 2010. Further, in our opinion the consolidated prospective financial information for the financial year ending 31 August, 2010 has been properly prepared on the basis of the assumptions consistent with the accounting policies of Chr. Hansen Holding A/S.

**Emphasis of matter**

Actual results are likely to be different from the prospective financial information since anticipated events frequently do not occur as expected. The variation may be material.

Copenhagen, May 19, 2010

**PricewaterhouseCoopers**
Statsautoriseret Revisionsaktieselskab

**Mogens Nørgaard Mogensen**
State Authorised Public Accountant

**Lars Baungaard**
State Authorised Public Accountant

### *Introduction*

The consolidated prospective financial information for the financial year ending August 31, 2010 included in this Offering Memorandum has been prepared by us for use in the Offering in accordance with applicable laws and regulations. Such information is the responsibility of our management. PricewaterhouseCoopers has issued a report on such prospective consolidated financial information and the related assumptions for the purpose of its inclusion herein in accordance with applicable laws and regulations.

The consolidated prospective financial information was not prepared with a view toward compliance with published guidelines of the U.S. Securities and Exchange Commission and the American Institute of Certified Public Accountants (the "AICPA"), for preparation and presentation of prospective financial information. Accordingly, this information does not include disclosure of all information required by the AICPA guidelines on prospective financial information. The prospective financial information is necessarily based upon a number of assumptions and estimates that, while presented with numerical specificity and considered reasonable by us, are inherently subject to significant business, operational, economic and competitive uncertainties and contingencies, many of which are beyond our control, and upon assumptions with respect to future business decisions that are subject to change. This prospective financial information also assumes the success of our business strategy. The success of this strategy is subject to uncertainties and contingencies beyond our control, and no assurance can be given that the strategy will be effective or that the anticipated benefits from the strategy will be realized in the periods for which forecasts have been prepared, or at all. Accordingly, we cannot provide any assurance that these results will be realized. The prospective financial information may vary materially from our actual results. Prospective investors in the Shares are cautioned not to place undue reliance on this information.

### *Methodology and Assumptions*

Our outlook statement for the financial year ending August 31, 2010 reflects the actual performance of our business for the six months ended February 28, 2010 and estimates and assumptions concerning our performance for the upcoming six months ending August 31, 2010. The outlook statement has been prepared on the basis of our accounting policies, which are in accordance with the recognition and measurement regulations of IFRS as adopted by the European Union consistent in all material respects with those set forth in the IFRS consolidated audited financial statements included elsewhere in this Offering Memorandum, and on the estimates and assumptions described herein.

Estimates concerning the financial year ending August 31, 2010 have been prepared in accordance with our normal forecasting procedures, which are focused on our profit and loss accounts.

Our estimates concerning revenue are principally based upon prices for our products as they existed, known price increases reasonably expected to be implemented and the number of customers that existed in each of our product lines at August 31, 2009.

Our assumptions concerning operating profit are based on our budgets at the beginning of the year. The budgets reflect revenue estimates, product mix improvements and projected expenses reflecting improvements in production efficiencies including the scalability of our supply chain, and marketing and administration. Our forecast is updated to reflect the actual costs and expenses incurred for the six months ended February 28, 2010 and the estimates for costs and expenses for the upcoming six month period ending August 31, 2010 are based on our budget.

In addition, we have assumed the following:

- there will be no material change in existing political, legal, fiscal, market or economic conditions (including a deterioration in consumer confidence) in the countries in which we currently operate or which is otherwise material to our revenues;
- there will be no changes in legislation, regulations or rules in Denmark or any other country with which we have arrangements or agreements, which materially adversely affect our business other than as set forth in this Offering Memorandum;
- there will be no material changes in foreign currency exchange rates from those prevailing on February 28, 2010 and in particular that the U.S. dollar/euro exchange rate are maintained at the level prevailing in April 2010;
- there will be no litigation against us other than as set forth in this Offering Memorandum;

- there will be no material change in our prices, our customers or our business because of the effects of competition for our products or the expected impact of changes in competitive conditions in our markets, including the obtaining or failure to obtain regulatory approvals for our products; and
- we will be able to maintain our existing competitive strengths.

***Outlook statement***

Reported revenue growth as well as adjusted organic revenue growth for the financial year ending August 31, 2010, is expected to be in line with the financial year ended August 31, 2009. Operating profit for the financial year ending August 31, 2010 is expected to grow faster than revenue growth, mainly due to a more profitable product mix combined with a more efficient production, sales and marketing and administration platform.

Our financial and operational performance is affected by various factors. For a discussion of those that may have an adverse effect on our operational and financial performance, see “Risk Factors”.

## MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

### Major Shareholders

#### *Ownership Interest*

The following table sets forth certain information with respect to the beneficial ownership of our Shares as of the Offering Memorandum Date with respect to (i) each person who is a beneficial owner of more than 5% of our Shares, and (ii) each member of our Board of Directors. In addition, the table below shows the number of Shares that our board members have expressed an intention to acquire in connection with the Offering, assuming an Offer Price at the midpoint of the Offer Price Range. For details on the Executive Board's direct and indirect ownership interest in us prior to the Offering and upon completion of the Offering, see "Management—Management Incentive Programs". For additional details on each member of our Board of Directors, see "Management—Board of Directors and Executive Board".

Beneficial ownership generally is determined by voting or investment power with respect to securities. Percentage of beneficial ownership is based on 100,825,220 Shares issued prior to the Offering, and 133,656,691 Shares issued after giving effect to the completion of the Offering (assuming an Offer Price at the midpoint of the Offer Price Range).

| | Shares Beneficially Owned in the Company Before this Offering | | Shares of the Company to be Sold in the Offering | Shares of the Company to be Sold in the Offering Assuming Full Exercise of the Over-Allotment Option | Shares Beneficially Owned in the Company after Offering Assuming No Exercise of the Over-Allotment Option | | Shares Beneficially Owned in the Company After the Offering Assuming Full Exercise of the Over-Allotment Option | |
|---|---|---|---|---|---|---|---|---|
| **Shareholder** | **Number of Shares** | **Percentage** | | | **Number of Shares** | **Percentage (%)** | **Number of Shares** | **Percentage (%)** |
| Financière Star 1 S.A.[1] | 100,825,220 | 100% | 22,939,261 | 28,516,335 | 77,885,959 | 58.3 | 72,308,885 | 54.1 |
| **Board of Directors**[2] | | | | | | | | |
| Ole Andersen | — | — | — | — | 29,411 | 0.022 | 29,411 | 0.022 |
| Frédéric Stévenin[3] | — | — | — | — | 9,803 | 0.007 | 9,803 | 0.007 |
| Alice Dautry | — | — | — | — | 2,941 | 0.002 | 2,941 | 0.002 |
| Gaëlle d'Engremont[3] | — | — | — | — | 3,921 | 0.003 | 3,921 | 0.003 |
| Henrik Poulsen | — | — | — | — | 3,921 | 0.003 | 3,921 | 0.003 |
| Lionel Zinsou[3] | — | — | — | — | 2,941 | 0.002 | 2,941 | 0.002 |
| Malene Lunddal Hansen | — | — | — | — | — | — | — | — |
| Svend Laulund | — | — | — | — | — | — | — | — |
| Martin Gerhard Seidel | — | — | — | — | — | — | — | — |
| Board of Directors as a group (9 persons) | — | — | — | — | **52,938** | **0.040%** | **52,938** | **0.040%** |

(1) Financière Star 1 S.A., the Selling Shareholder in the Offering, owns 100% of our Shares immediately prior to the completion of the Offering. The Selling Shareholder is 100% owned by funds managed and advised by PAI partners and Chr. Hansen Management Co ApS (now under liquidation). Following completion of the Offering, the Selling Shareholder will own 77,885,959 Shares, or 58.3% of our share capital, assuming no exercise of the Over-allotment Option, or 72,308,885 Shares, or 54.1% of our share capital, assuming full exercise of the Over-allotment Option (in each case assuming an Offer Price at the midpoint of the Offer Price Range). The Selling Shareholder will receive net proceeds of approximately DKK 2,230 million from the sale of the Existing Offer Shares in the Offering if the Over-allotment Option is not exercised, or approximately DKK 2,783 million from the sale of the Existing Offer Shares if the Over-allotment Option is exercised in full, in each case assuming an Offer Price at the mid-point of the Offer Price Range. Funds managed and advised by PAI partners have sole voting power and investment power with respect to the Shares owned by the Selling Shareholder.

(2) The members of our Board of Directors, except for members elected by our employees, have undertaken to, no later than 12 months after their appointment, purchase Shares in order to maintain an ownership of Shares corresponding to an amount of at least one year of the fee to an ordinary member of our Board of Directors. The amounts above are based on the midpoint of the Offer Price Range.

(3) Messrs. Stévenin and Zinsou are partners and Ms. d'Engremont is a principal at PAI partners and a member of the Board of Directors of the Selling Shareholder. As of the Offering Memorandum Date, funds managed and advised by PAI partners own 80.25% of the Selling Shareholder (or approximately 97% on a fully diluted basis). Each of these directors disclaims personal beneficial ownership of the shares in the Selling Shareholder.

Other than in connection with the Offering, there has not been any significant change in the percentage ownership held by any major shareholders during the past three financial years ended August 31, 2007, 2008 and 2009 and no Shares have different voting rights as compared to those of other Shares.

**Related Party Transactions**

All related party transactions are conducted on an arm's length basis.

***Selling Shareholder Loan Agreement***

On July 29, 2005, we entered into, as borrower, a loan agreement with the Selling Shareholder as lender (the "Selling Shareholder Loan Agreement"). The Selling Shareholder Loan Agreement provides for loans of up to EUR 320 million or equivalent amounts in DKK or U.S. dollars to us. Interest on the loans accrue at a rate of 9.90625% per annum, accruing daily on the principal amount of the loan outstanding from time to time. Loans made under the Selling Shareholder Loan Agreement mature on July 29, 2020, which is fifteen years after the date of the closing of our acquisition by the Selling Shareholder. The Selling Shareholder Loan Agreement contains events of default for non-payment of principal and interest when due and other certain bankruptcy- or insolvency-related events. The Selling Shareholder Loan Agreement does not otherwise contain any affirmative or restrictive covenants. Proceeds for the Selling Shareholder Loan were eligible to be used to finance our acquisition, pay related expenses in connection with the acquisition or refinance debt existing at the time of the acquisition. As of April 30, 2010, EUR 93 million was outstanding under the Selling Shareholder Loan Agreement. The largest principal amount that has been outstanding during the last three financial years under the Selling Shareholder Loan Agreement was EUR 314 million.

We intend to use the proceeds from the offering of the New Shares, together with funds from our New Credit Facilities, to repay the Selling Shareholder Loan.

For the financial years ended August 31, 2007, 2008 and 2009 we paid interest to the lender under the Selling Shareholder Loan Agreement of EUR 13.7 million, EUR 10.2 million and EUR 7.9 million, respectively.

***Yoplait Group Transactions***

The Yoplait Group, which is one of our customers, is also partially owned by funds managed and advised by PAI partners. Transactions between us and the Yoplait Group are less than 1% of our revenue and are entered into in the ordinary course of business.

**Interests of Experts and Counsel**

None of the experts or counselors involved in the Offering have been employed on a contingent basis that depends on the success of the Offering or otherwise has a material direct or indirect economic interest in us.

## MANAGEMENT

### Board of Directors and Executive Board

The Board of Directors is entrusted with the overall responsibility for our Company and the supervision of our Executive Board. The Board of Directors determines our policies in relation to business strategy, organization, accounting and finance and appoints our Executive Board. According to our articles of association the Board of Directors must consist of not less than three and not more than six members (excluding any members elected by our employees). All members of the Board of Directors elected by the shareholders are elected at the general assembly for a term of one year. Board members elected by our employees in accordance with the Danish Company Act are elected for a term of four years. Board members may be re-elected for successive terms. We have not entered into employment or other board service contracts with the members of our Board of Directors, except for the employment contracts entered into with the directors elected by our employees.

As of the Offering Memorandum Date, our Board of Directors is composed of six members elected by the general assembly and three members elected by our employees in accordance with the Danish Company Act. The employee elected members of the Board of Directors hold the same rights and obligations as any other board member.

The business address of the members of the Board of Directors and the Executive Board is c/o Chr. Hansen Holding A/S, Bøge Allé 10–12, DK-2970 Hørsholm, Denmark.

The current members of our Board of Directors, their respective age, positions, year of first appointment and expiration of current term are as follows:

| Name | Age | Position | Year first appointed | Expiration of term |
|---|---|---|---|---|
| Ole Andersen | 53 | Chairman (independent) | 2010 | AGM 2010 |
| Frédéric Stévenin | 43 | Vice chairman | 2005 | AGM 2010 |
| Alice Dautry | 60 | Director (independent) | 2010 | AGM 2010 |
| Gaëlle d'Engremont | 35 | Director | 2009 | AGM 2010 |
| Henrik Poulsen | 42 | Director (independent) | 2010 | AGM 2010 |
| Lionel Zinsou | 55 | Director | 2010 | AGM 2010 |
| Malene Lunddal Hansen | 42 | Director (elected by our employees) | 2010 | January 2014 |
| Svend Laulund | 55 | Director (elected by our employees) | 2006 | January 2014 |
| Martin Gerhard Seidel | 39 | Director (elected by our employees) | 2006 | January 2014 |

**Ole Andersen** joined Chr. Hansen as Chairman of the Board of Directors in March 2010. From 2003 to 2008, Mr. Andersen was a Senior Partner at EQT, a private equity firm. Mr. Andersen is Chairman of the board of directors of ISS A/S, ISS Holding A/S, ISS Equity A/S and Privathospitalet Hamlet A/S and a member of the board of directors of Georg Jensen A/S, Bang & Olufsen A/S, Bang & Olufsen Operations A/S and Danske Bank A/S. During the past five years, Mr. Andersen has also served as Chairman of the board of directors of Thava-Hamlet Billed-Diagnostisk Center A/S, EQT Investors Holding A/S (company dissolved by merger), EQT Investors I A/S (company dissolved by merger), Contex A/S, Thava-Hamlet—Scanray A/S and Hamlet Trading ApS; as a member of the board of directors of Københavns Lufthavne A/S, DAKO Denmark A/S, DAKO A/S, ISS Management A/S (company dissolved by merger), ISS Global A/S, ISS Holding France A/S, BTX Group A/S, EQT Partners A/S, Holdingselskabet af 24. februar 2006 A/S, Aleris AB, BCT Holding Corp., BCT Holding Inc., and Contex Holding A/S (company dissolved by merger) and has been Managing Director of CBTJ ApS. Mr. Andersen has also held managerial positions with EQT Partners A/S.

**Frédéric Stévenin** joined our Board of Directors in 2005, was appointed Chairman in 2007 and Vice Chairman in 2010. He has been a Partner at PAI partners since 2001 and, since 2009, has been a Member of PAI's partners' Executive Committee, in charge of the Consumer Goods Sector. Mr. Stévenin has since 2001 served on the board of PAI partners UK. He has also served on the board of directors of: since 2002, several Yoplait group companies, namely Yoplait SAS, one of our customers, Yoplait France, Yoplait Marques International and Sodima; from 2004 until 2007, Provimi; from 2002 until 2009, several Saeco companies, namely El Gringo Investimenti, Giro Investimenti and Saeco International Group, since 2006, and Loren, from 2006 to 2008; Financière Terraglio, a Coin entity, since 2006; several United Biscuits entities, namely United Biscuits Holdco Limited since 2006, United Biscuits Topco Limited since 2007, and, between 2006 and 2007, United Biscuits Bidco Limited, United Biscuits Bondco Limited, United Biscuits Holdco 2 Limited and United Biscuits VLNco Limited; Stoeffler and Financière Stoeffler, both between 2003 and 2008; Kaufman & Broad, since 2007, and Financière de Neuilly in 2007. Mr Stévenin has also served as a Managing Partner of Financière Daunou 8, since 2006; Financière Gaillon 11, since 2008; Financière Gaillon 9, since 2007; Financière Gaillon 8, since 2007; Financière Versailles Sub 3 and Financière Versailles Sub 5, from 2002 until 2008; and Chapel, from 2002 until 2008. He has served on the board of directors of Chr. Hansen Management Co ApS (now under liquidation), an indirect shareholder in the Company, since 2006, and is a member of the board of Ladybird USA, Inc. Mr. Stévenin studied at the Ecole Supérieure de Commerce de Paris.

**Alice Dautry** joined our Board of Directors as an independent member in March 2010. Ms. Dautry has been a professor at Institut Pasteur since 1977 and President and Chief Executive Officer of Institut Pasteur since October 2005. Ms. Dautry currently serves as a member of the Board of Directors of: Sanofi Pasteur S.A. in the capacity of permanent representative of Institut Pasteur; Bio-rad Pasteur S.A in the capacity of permanent representative of Institut Pasteur S.A; Institut Pasteur de Lille; Institut Curie; Anrs; Conseil Pasteur-Weizmann; Medicen; Ecole Normale Supérieure de Cachan; Ecole Polytechnique; Leem Recherche; Institut Pasteur de Dakar; Institut Pasteur de Montevideo; Institut Pasteur de Hong Kong; Institut Pasteur de Shanghai; Institut Pasteur de Seoul; Drugs for Neglected Diseases Initiative; Institute of Science and Technology Austria; and Shanghai Pasteur Health Research Foundation. Ms. Dautry holds a M.Sc. in Solid State Physics (Chemistry) from the University of Paris and a M.Sc. in Molecular Biology from the State University of New York. Ms. Dautry also holds a Doctorat d'Etat en Sciences Physiques from the University of Paris.

Ms Dautry has not held any other managerial positions or directorship within the past five years.

**Gaëlle d'Engremont** joined our Board of Directors in 2009. She has worked for PAI partners since 2004 and as a Principal since 2010. In 2009, Ms. d'Engremont was appointed as a director of Chr. Hansen Management Co ApS (now under liquidation), an indirect shareholder in the Company. In 2009, Ms. d'Engremont was appointed a director of Financière Star 1, the Selling Shareholder, and United Biscuits Topco Limited, a biscuits and snacks manufacturer. In 2010, Ms. d'Engremont was appointed a director in Star Ladybird S.à.r.l, an indirect shareholder in the Company. Ms. d'Engremont has been a deputy director of Perstorp AB, a specialty chemicals company that is active in several markets, including the feed additive market, since 2005. Ms. d'Engremont graduated from ESSEC business school in France.

**Henrik Poulsen** joined our Board of Directors as an independent member in March 2010. He has served as the Chief Executive Officer of TDC A/S since November 2008; as the Chairman of the board of directors of Fullrate Holding ApS since March 2009, of Tele & Teknik Holding ApS, since March 2009, YouSee A/S, since November 2008, and Sunrise Communications AG, since 2008. Previously, Mr. Poulsen served as Executive Vice President, Global Markets, at LEGO A/S, from 1999 until 2006, and as an Operating Partner at KKR Capstone from 2006 until November 2008. In the last five years, Mr. Poulsen has also served as Chairman of the board of directors of Fullrate A/S, from March 2009 to July 2009; as a member of the Board of Directors of MNGT Holding A/S, from August 2008 to June 2009 (dissolved by demerger), Quartz Strategy Consultants A/S, from December 2002 to March 2007, and Toginfo A/S, from April 2002 to December 2005; and as member of the executive board of Danora ApS, from July 2008 to September 2009, Kirkbi A/S, from February 2006 to September 2006, and MP AX I Invest ApS, from August 2008 to June 2009. Mr. Poulsen has been a member of the board of directors of the Denmark-America Foundation since July 2009, a member of the board of directors of Confederation of Danish Industry (DI) since January 2009 and a member of the Advisory Council of Danske Bank A/S since November 2009. Mr. Poulsen holds an M.Sc. in Finance and Accounting from Aarhus School of Business.

**Lionel Zinsou** joined our Board of Directors in 2009. He has been a Partner at PAI partners since 2008 and CEO of the firm since August 2009. Prior to joining PAI partners, he was General Partner of investment bank Rothschild & Cie where he headed the global Consumer Products Group and the Middle East and Africa regions, serving as Chairman of Rothschild Middle East in Dubai. Since 2006, he has been Chairman of Domaines Barons de Rothschild. Since 2007, he has served on the board of directors of Institut Pasteur. From 2002 to 2009 he served as an observer on the board of directors of Yoplait SAS, one of our customers. Since 2009, he has served on the board of directors of Yoplait SAS, Yoplait France, Yoplait Marques International, Sodima, Capucine Investissement, Financière Capucine 3, SPIE SA, Kaufman & Broad S.A and since 2010 he has served on the board of Atos Origin, PAI Europe III General Partners, PAI Europe IV General Partner, PAI Europe V General Partner and Financière Spie. Mr. Zinsou graduated from Ecole Normale Superieure, Sciences Po and La Sorbonne, France, in history and economics.

**Malene Lunddal Hansen** joined Chr. Hansen in 2006 and was appointed as manager, tax and transfer pricing in 2008. She was elected to our Board of Directors by our employees in January 2010. Ms. Hansen served as a manager at Deloitte between 1994 and 2006. Ms. Hansen holds an M.Sc. in Business Administration and Auditing from Syddansk Universitet and is a state authorized public accountant.

As of the Offering Memorandum Date, Malene Lunddal Hansen holds no managerial positions or directorships in other companies and has not held any such position or directorship in other companies within the past five years.

**Svend Laulund** joined Chr. Hansen in 1986 and was appointed as Manager, External Affairs in October 2006, with responsibility for contacts with trade associations and national and international food authorities. Since September 1999, Mr. Laulund served as Manager, Regulatory. Mr. Laulund was elected as a member of the Board of Directors of the company formerly known as Chr. Hansen Holding A/S (dissolved by merger with ALK-Abelló A/S) by that company's employees and was elected a member of the Board of Directors by the company employees in 2006. Mr. Laulund holds an M.Sc. in Pharmacy from Copenhagen University Faculty of Pharmaceutical Sciences

As of the Offering Memorandum Date, Mr. Laulund holds no managerial positions or directorships in other companies.

**Martin Gerhard Seidel** joined Chr. Hansen Holding A/S, our predecessor company in 2000 and was appointed Business Analyst, SAP Finance & Controlling, in 2007. He served as Controller, Finance DK of Chr. Hansen A/S from 2003 until 2006 and as Group Controller from 2006 until taking up his current role. He was elected as a member of the Board of Directors by the Company's employees in January 2006 and was a member of the audit committee until 2010. Mr. Seidel holds a B.S. in Engineering (Production) from the Technical University of Denmark, Copenhagen, and is certified in Integrated Resource Management (APICS/DRF, United States) and SAP Managerial Accounting (CO) by SAP partner Siemens, Bangalore, India.

As of the Offering Memorandum Date, Martin Gerhard Seidel holds no managerial positions or directorships in other companies and has not held any such position or directorship within the past five years.

The Board of Directors appoints an Executive Board responsible for our day-to-day management and for observing guidelines and recommendations issued by the Board of Directors. The Executive Board is also in charge of presenting and recommending proposals for our overall strategy and objective to the Board of Directors. The Executive Board consists of six members and is chaired by the Chief Executive Officer.

The current members of our Executive Board, their respective age, positions and year of first appointment as a member to the Executive Board are as follows:

| Name | Age | Position | Year first appointed |
|---|---|---|---|
| Lars Vinge Frederiksen | 51 | Chief Executive Officer | 2005 |
| Henning Jakobsen | 49 | Chief Financial Officer | 2006 |
| Henrik Dalbøge | 53 | Executive Vice President, Health & Nutrition division | 2010 |
| Carsten Hellmann | 46 | Executive Vice President, Global Sales | 2010 |
| Hans Thorkilgaard | 49 | Executive Vice President, Colors & Blends division | 2010 |
| Knud Vindfeldt | 46 | Executive Vice President, Cultures & Enzymes division | 2010 |

**Lars Vinge Frederiksen** joined Chr. Hansen Holding A/S, our predecessor company, in 1980 and, in 1999, was appointed to the Executive Board of the company formerly known as Chr. Hansen Holding A/S (dissolved by merger with ALK-Abelló A/S) with responsibility for the former Bio Ingredients sector. Mr. Frederiksen then became Executive Vice-President responsible for International Operations before being appointed to his current post of Chief Executive Officer in 2005. Mr. Frederiksen was also a member of the Board of Directors from 2005 to 2010. For many years he held senior positions with Chr. Hansen in Denmark and abroad, first as a marketing assistant in the United States, then as a sales director of our French subsidiary, Chr. Hansen France SAS, and later as international head of sales and marketing to the dairy industry. He then became globally responsible for the former Dairy Ingredients division and later globally responsible for the Bio Ingredients sector. Mr. Frederiksen also served as an executive officer and a director on the Board of Directors of Chr. Hansen Management Co ApS (now under liquidation), an indirect shareholder in the Company. Since 2006, he has served as an executive officer of Digevej Invest ApS, an investment firm, and, since 2007, as an executive officer of Erik Clem Holding ApS.

Mr. Frederiksen has been a member of the Central Board of the Confederation of Danish Industry (DI) since 2007 and member of the Board of Directors of Hedorf Holding A/S and Hedorfs Fond since 2010. Mr. Frederiksen holds an M.Sc. in Economics and Business Administration from the Copenhagen Business School.

**Henning Jakobsen** joined Chr. Hansen in January 2006 as Chief Financial Officer, having previously acted as Vice President, Finance at Colgate for 17 years. From 1984 to 1989, Mr. Jakobsen held various financial positions at 3M in Denmark. Henning Jakobsen joined Colgate Palmolive in 1989 and was appointed as Director of Finance in 1992. In 1996, he became General Manager of Colgate Palmolive in Senegal and was promoted to Vice President and General Manager of Colgate Palmolive in South Africa in 1999. In 2004, Mr. Jakobsen was appointed Executive Vice President, Finance, of Colgate Palmolive's business in North America, a position he held until he joined Chr. Hansen. He holds a Business Degree in Finance and Business Administration from Copenhagen Business School. Since June 2006, Mr. Jakobsen has served as an officer at P & H Jakobsen Holding ApS, an investment firm.

**Henrik Dalbøge**, joined Chr. Hansen as Executive Vice President, Health & Nutrition in 2006. Mr. Dalbøge has more than 30 years of experience within industrial biotechnology and has been employed with Nordisk Gentofte from 1982 to 1989, Novo Nordisk A/S from 1989 to 2000 and with Novozymes A/S until 2006. He has been in charge of the development of pharmaceutical products such as, for instance, human growth hormone as well as a vast number of industrial biotechnological enzyme products. Mr. Dalbøge has a master's degree in molecular biology and a licentiate in biotechnology from the University of Aarhus.

As of the Offering Memorandum Date, Henrik Dalbøge holds no managerial positions or directorships in other companies and has not held any such position or directorship within the past five years.

**Carsten Hellmann**, joined Chr. Hansen as Executive Vice President, Global Sales in January 2006 and was appointed to the Executive Board in 2010. Previously, Mr. Hellmann served as Chief Executive Officer and a member of the board of directors of Nunc A/S, a life science consumables company, at the same time and as Group Vice President of Fisher Scientific Products, Europe (now Thermo Fisher Scientific (TMO)) in 2005. Prior to this, he held managerial roles in the pharmaceutical and medicotech industries. Since 1997, he has owned and served as Chairman of the board of directors of Pro-Meduc Group A/S, a distributor of hospital products. Since 2004, Mr. Hellmann has been a member of the board of directors of the Committee for Health Policy under the Confederation of Danish Industry (DI). During the past five years, Mr Hellmann has been a member of the management boards of and served in managerial roles at Nunc GmbH and Nalgenunc KK. Mr. Hellmann holds a B.Sc. in Business Administration from Copenhagen Business School and a M.Sc. in Information Management from Lancaster University and has completed a course in International Business at INSEAD. He has also served as a Sergeant in the Danish Royal Guards.

**Hans Thorkilgaard**, joined Chr. Hansen Holding A/S, our predecessor company in 1999 as Vice President, Global Logistics. In 2000, he was appointed Global Vice President, Cultures & Enzymes Production and, in 2002, was made Executive Vice President, Global Production Supply of the company formerly known as Chr. Hansen Holding A/S (dissolved by merger with ALK-Abelló A/S). He was appointed to his current position as Executive Vice President, Colors & Blends in 2005 and was appointed to the Executive Board in 2010. Prior to joining Chr. Hansen, Mr. Thorkilgaard held managerial roles at Danisco from 1989 until 1993 and at DTI from 1993 until 1997. He has also worked with Implement Consulting Group as a consultant and partner between 1997 and 1999. Mr. Thorkilgaard holds an M.Sc. in Forestry and a Bachelor of International Business from Copenhagen Business School.

As of the Offering Memorandum Date, Hans Thorkilgaard holds no managerial positions or directorships in other companies and has not held any such position or directorship within the past five years.

**Knud Vindfeldt**, 46, joined Chr. Hansen Holding A/S, our predecessor company in 1991 and was appointed as Executive Vice President, Cultures & Enzymes in 2005 and was appointed to the Executive Board in 2010. Previously, he held operational managerial positions in the Chr. Hansen Group, beginning in 1991 as a Product Manager, Cheese Cultures and, from 1999, he held various senior marketing roles in Dairy Cultures and then Food Cultures. From 2005 to 2006, Mr. Vindfeldt served on the board of directors of our French and German subsidiaries. Prior to joining Chr. Hansen, he held roles at Tholstrup Cheese and Arla Foods. Mr. Vindfeldt holds a Master of Dairy Science and a Bachelor of International Business from Copenhagen Business School.

As of the Offering Memorandum Date, Knud Vindfeldt holds no managerial positions or directorships in other companies and has not held any such position or directorship within the past five years.

**Board Practices**

The Board of Directors meets six to eight times a year and when deemed necessary. In accordance with the articles of association, the chairman of the Board of Directors is elected at our annual general meeting. The Board of Directors elects among its members a vice chairman and adopts rules of procedure. The Chairman supervises the work of the Board of Directors and facilitates an annual performance evaluation of its work.

The Board of Directors conducts its business according to its rules of procedure. The rules of procedure set out, among other things, guidelines for the division of responsibilities between the Board, the Executive Board and committees, and provide for the maintenance of minute books, register of shareholders and protocols. The rules of procedure require Board members to discuss our organization and internal controls, as well as to actively follow up on plans, budgets, cash flow position, and other material issues concerning us.

Prior to Board meetings the Executive Board provides the Board of Directors with a report on our operations to ensure that the Board members are fully updated on our status and development.

**Remuneration and Shareholding of Board of Directors**

The shareholders approve the remuneration of the Board of Directors at the general assembly.

The total remuneration of the Board of Directors amounted to EUR 40,000 in the financial year ended August 31, 2009. The total remuneration of the Board of Directors is expected to amount to up to EUR 584,677 for the financial year ending August 31, 2010.

No members of the Board of Directors hold any shares or warrants for shares issued by us or the Selling Shareholder as of the Offering Memorandum Date. Upon completion of the Offering, each member of our Board of Directors, except for the members elected by our employees, has undertaken to purchase, no later than 12 months after their respective appointment, Shares in an amount equal to the fee received by each of our ordinary board members and to maintain ownership of these Shares during the entire period in which such person remains a member of our Board of Directors. The members of our Board of Directors, except for members elected by our employees, have agreed to order Offer Shares up to an aggregate amount of DKK 5,400,000 in the Offering at the Offer Price.

We have not granted any loans, issued any guarantees or undertaken any other obligation to do so on behalf of the Board of Directors.

No member of the Board of Directors is entitled to any kind of remuneration on retirement from his position as member of the Board of Directors, except as stated in the employment contracts for the directors elected by our employees. We have not allocated funds for any pension benefits, severance schemes or similar measures or undertaken to do so on behalf of the Board of Directors and have no obligation to do so.

**Remuneration, Benefits and Shareholding of Executive Board**

The Board of Directors determines the remuneration of the Executive Board.

In the financial year ended August 31, 2009, the remuneration of the Executive Board (which then consisted solely of the Chief Executive Officer and Chief Financial Officer) and the Executive Vice Presidents (which as of the Offering Memorandum Date are members of the Executive Board) consisted of a base salary, certain benefits such as a company car, pension contributions and a company-paid telephone line and cash performance bonuses. Total remuneration (including base salary, pension contributions and cash bonus, but excluding certain other benefits) to the members who serve on the Executive Board as of the Offering Memorandum Date amounted to EUR 3.5 million, in the financial year ended August 31, 2009.

No members of the Executive Board hold any Shares as of the Offering Memorandum Date. The members of the Executive Board hold a total of 4,088,040 warrants for shares in the Selling Shareholder as of the Offering Memorandum Date, which is in addition to their proportional ownership in the Selling Shareholder through shares held by Chr. Hansen Management Co ApS (now under liquidation) ("Management Co"). See "—Management Incentive Programs".

For the financial year ending August 31, 2010 remuneration of the Executive Board is expected to consist of a base salary, benefits such as a company car, pension contributions and a company-paid telephone line and eligibility to receive a cash bonus. In addition, the members of our Executive Board will be eligible to participate in new share-based incentive programs that will be in place upon completion of the Offering. See "—Management Incentive Programs".

The members of the Executive Board may terminate their employment by giving 12 months' notice, and we can terminate the employment by giving 18 months' notice.

The members of the Executive Board are subject to non-competition and non-solicitation clauses expiring six months and 12 months, respectively, after such members' resignation.

The members of the Executive Board are not entitled to any kind of remuneration on retirement from their positions other than salary during the notice period and death in service benefit to a member's dependants in the event of his or her death. We have not allocated funds for any pension benefits, severance schemes or similar measures or undertaken any other obligations to or on behalf of the Executive Board and are under no obligation to do so.

We have not granted any loans, issued any guarantees or undertaken any other obligation to do so on behalf of the Executive Board.

**Management Incentive Programs**

***Existing program***

We and the Selling Shareholder established a share-based compensation program for our Executive Board and other managerial employees in 2006, which consists of (i) warrants to purchase shares in our Selling Shareholder (the "Warrants") and (ii) shares in Management Co ("Management Co Shares"), which is a non-controlling shareholder in our Selling Shareholder.

The Warrants give the holder the right to buy one share in the Selling Shareholder for EUR 2.00, EUR 6.10 or EUR 6.45, depending on the timing of the grant. The number of Warrants allocated under the program will be reduced if the annual internal rate of return is below 31% (calculated as the internal rate of return of the Selling Shareholder's investment in the Company). The Warrants vest upon certain triggering events, including (i) a change of control of the Company or the Selling Shareholder, (ii) an initial public offering of Shares or shares in the Selling Shareholder resulting in a free float of more than 40%, or (iii) the dissolution of the Selling Shareholder. Warrants may be exercised on a pro rata basis of the Selling Shareholder's sale of Shares. Warrants that are not exercisable pursuant to such triggering events will remain in force and may, if they are not cancelled or have not lapsed in the meantime, be exercised upon subsequent transfer or disposal of shares or instruments that are convertible into shares of the Selling Shareholder or a transfer or disposal by the Selling Shareholder of Shares on the same terms as described above. Unexercised warrants lapse in July 2015.

In addition, members of the Executive Board and other senior managers (collectively, "Management Co Shareholders") are shareholders in our Selling Shareholder through their ownership in Management Co. As of the Offering Memorandum Date, Management Co Shareholders indirectly hold approximately 19.75% of the shares in the Selling Shareholder before conversion of all outstanding instruments that are convertible into shares of the Selling Shareholder (approximately 3% post such dilution) through Management Co. As of the Offering Memorandum Date, no dividend has been paid with respect to Management Co Shares to any Management Co Shareholder. PAI partners and the Management Co Shareholders have entered into a shareholders' agreement under which PAI partners is entitled to appoint a majority of the members of the Board of Directors of Management Co and the Management Co Shareholders have undertaken certain non-competition obligations. At or immediately upon completion of the Offering, Management Co is expected to sell its shares in the Selling Shareholder for cash to a Luxembourg registered legal entity owned by the funds managed and advised by PAI partners following which Management Co will be liquidated.

The table below shows the indirect interests in the Company for the individual members of the Executive Board and other senior managers on a fully diluted basis, through Warrants and Management Co Shares immediately prior to the Offering.

| Executive Board | Number of Warrants prior to the Offering | Implied interest in the Company through Warrants (%) | Number of Management Co Shares prior to the Offering | Ownership in Management Co prior to the Offering (%) | Implied indirect interest in the Company through Management Co Shares (%) | Total indirect interest in the Company prior to the Offering through Warrants and Management Co Shares (%) |
|---|---|---|---|---|---|---|
| Lars Vinge Frederiksen | 1,173,115 | 1.6 | 5,200(1) | 13.0 | 0.4 | 2.0 |
| Henning Jakobsen | 879,836 | 1.2 | 4,001 | 10.0 | 0.3 | 1.5 |
| Knud Vindfeldt | 692,113 | 0.9 | 2,900 | 7.3 | 0.2 | 1.1 |
| Henrik Dalbøge | 102,180 | 0.1 | 1,750 | 4.4 | 0.1 | 0.3 |
| Hans Thorkilgaard | 586,558 | 0.8 | 2,600 | 6.5 | 0.2 | 1.0 |
| Carsten Hellmann | 654,238 | 0.9 | 4,001 | 10.0 | 0.3 | 1.2 |
| Other senior managers | 692,019 | 0.9 | 17,000 | 42.5 | 1.2 | 2.1 |
| **Total** | **4,780,059** | **6.6%** | **37,452** | **93.6%** | **2.6%** | **9.1%** |

(1) Subject to completion of the Offering, PAI partners has agreed to sell its Management Co Shares (equivalent to 0.002% of Management Co's share capital) to Mr. Frederiksen.

Pursuant to the lock-up agreement described in "Plan of Distribution—Lock-up Arrangements", and irrespective of the possibility of exercising Warrants on a pro rata basis of the Selling Shareholder's sale of Shares, the Executive Board has agreed to retain an ownership of not less than 50% of the value of their total pre-Offering holdings of Warrants and Management Co Shares for at least 360 days following the completion of the Offering. Shares in our Selling Shareholder, obtained through the exercise of Warrants will either be sold back for cash to the Selling Shareholder or, if required to comply with the lock-up agreement, exchanged for Shares. Therefore, ownership subsequent to the Offering will be maintained through unexercised Warrants, and, if required to comply with the lock-up agreement, through Shares.

The unexercised Warrants in the Selling Shareholder can only be exercised into shares in the Selling Shareholder or exchanged for Shares on the same pro rata basis as the percentage of interest of the Company sold by the Selling Shareholder. Further, the members of the Executive Board have also entered into an undertaking to maintain an ownership throughout their employment, directly through Shares or indirectly through Warrants, corresponding to an amount of at least one year of their base salary.

The tables below show the direct and indirect ownership in us for the individual members of the Executive Board, on a fully diluted basis, directly through Shares or indirectly through Warrants, upon completion of the Offering assuming an Offer Price of DKK 102, the midpoint of the Offer Price Range.

| Executive Board | Number of Shares after the Offering | Number of Shares after the Offering(1) | Direct ownership in the Company through Shares (%) | Direct ownership in the Company through Shares(%)(1) |
|---|---|---|---|---|
| Lars Vinge Frederiksen | — | — | — | — |
| Henning Jakobsen | — | — | — | — |
| Knud Vindfeldt | — | — | — | — |
| Henrik Dalbøge | 14,474 | 19,552 | * | * |
| Hans Thorkilgaard | — | — | — | — |
| Carsten Hellmann | — | — | — | — |
| **Total** | 14,474 | 19,552 | * | * |

* Denotes ownership of less than 0.1%.

(1) Assuming full exercise of the Over-allotment Option.

| Executive Board | Number of Warrants post-Offering | Number of Warrants post-Offering[(1)] | Implied indirect interest in the Company through Warrants (%) | Implied indirect interest in the Company through Warrants (%)[(1)] | Total direct and indirect ownership interest in the Company post Offering through Warrants and Shares (%) | Total direct and indirect ownership interest in the Company post Offering through Warrants and Shares (%)[(1)] |
|---|---|---|---|---|---|---|
| Lars Vinge Frederiksen . . . | 906,214 | 841,324 | 0.7 | 0.6 | 0.7[(2)] | 0.6[(2)] |
| Henning Jakobsen . . . . . . . | 679,661 | 630,993 | 0.5 | 0.5 | 0.5 | 0.5 |
| Knud Vindfeldt . . . . . . . . . | 534,647 | 496,364 | 0.4 | 0.4 | 0.4 | 0.4 |
| Henrik Dalbøge . . . . . . . . | 78,933 | 73,281 | 0.1 | 0.1 | 0.1 | 0.1 |
| Hans Thorkilgaard . . . . . . . | 453,108 | 420,663 | 0.4 | 0.3 | 0.4 | 0.3 |
| Carsten Hellmann . . . . . . . | 505,389 | 469,201 | 0.4 | 0.3 | 0.4 | 0.3 |
| **Total** . . . . . . . . . . . . . . . . | **3,157,952** | **2,931,826** | **2.5%** | **2.2%** | **2.5%** | **2.2%** |

(1) Assuming full exercise of the Over-allotment Option.

(2) Excludes indirect interest in us from the sale of PAI partners' Management Co Shares (equivalent to 0.002% of Management Co's share capital to Mr. Frederiksen).

In addition to the direct and indirect ownership interests reflected in the tables above, upon completion of the Offering, each member of the Executive Board will enter into an agreement with the Selling Shareholder pursuant to which each Executive Board member has a right to acquire two years after the completion of the Offering, Shares from the Selling Shareholder at DKK 1 per Share, subject to the Executive Board member still being employed by us at such time. The aggregate value of the agreements corresponds to approximately EUR 2 million, which based on the midpoint of Offer Price Range corresponds to approximately 128,662 Shares.

***New share-based incentive programs***

In accordance with section 139 of the Danish Companies Act, we have adopted overall guidelines for incentive remuneration of the Executive Board. The guidelines are available on our website at www.chr-hansen.com, however, information included on our website is not incorporated by reference in this Offering Memorandum.

To ensure strong long-term commitment and retention of the members of the Executive Board and other key employees after the Offering, two new share-based incentive programs have been established.

*Restricted Share Unit Program*

Key employees, including the members of the Executive Board, will on an annual basis be eligible to receive Restricted Share Units ("RSUs") subject to fulfillment of certain predefined key performance indicators ("KPIs"), which will be determined on an individual basis at the beginning of each financial year. The KPIs will include a consolidated group, divisional and/or personal performance component for each participant. Performance will be measured for each financial year and evaluation and allocation of grants will take place after the financial year has ended. However, with respect to the financial year ending August 31, 2010, the allocation of RSUs depends on whether the terms and targets defined in the bonus agreement which apply for any cash bonus (as described below) have been achieved in full or in part, as no KPIs have been determined for the financial year ending August 31, 2010.

Upon vesting, each RSU gives the holder the right to purchase one Share at a charge of DKK 1 per Share at a future point in time. RSUs will vest over a three year period, with one third of the grant amount vesting each year. Upon vesting, employees will be given four weeks to accept vesting and purchase the Shares.

Prior to vesting, holders of RSUs will not have any of the rights that holders of Shares would otherwise be entitled to, such as voting and dividend rights, and all unvested RSUs will lapse in the event the RSU holder resigns, according to the provisions of the RSU program.

The RSU program will include our Executive Board and up to 150 employees in managerial positions, and depending on the respective position, the individual managers will, subject to fulfillment of KPIs, be eligible to receive RSUs in an amount equivalent to a maximum value of up to 33% of their annual base salary, based on the average daily traded share price during the last quarter of the performance period. For the financial year ending August 31, 2010 we expect to grant RSUs for up to EUR 1.7 million.

In addition, the Board of Directors are allowed to make additional grants of RSUs at its own discretion.

***Stock Option Program for the Executive Board***

The members of the Executive Board and other selected managers will also be eligible to participate in an employee stock option program (''Stock Option Program''). The Board of Directors will at its own discretion make annual grants of options to purchase Shares (''Stock Options''). Grants of Stock Options will not be conditioned on the prior achievement of KPIs. Instead, the performance period for the KPIs will run concurrently with the vesting period and evaluation of the fulfillment of the KPIs will take place after the vesting period has ended. Stock Options will vest only if the KPIs have been fulfilled and the plan participant is still employed by us at the end of the vesting period. If the KPIs are not fulfilled, the Stock Options will lapse.

Each Stock Option vests on the date of the shareholders' approval of the annual report for the third financial year after grant of the Stock Options and will be available for exercise from the date of vesting to the end of the third financial year after vesting. Unvested options will lapse in the event the plan participant terminates their employment, according to the provisions of the Stock Option Program. Further, unexercised options will lapse at the end of the exercise period.

If it is discovered post evaluation of the KPIs, that KPIs have been achieved based on false or misleading information, and it can be documented that the final KPIs were not satisfied, then we will be entitled to recalculate and adjust previous grants of Stock Options or, if Stock Options have vested, to deduct an amount from the plan participant's base salary or unvested Stock Options, if any, in an amount equivalent to the value at the time of transfer of any such Stock Options incorrectly purchased by and/or transferred to the program participant.

Immediately following the Offering, we expect to make an initial grant of Stock Options to the Executive Board, the vice president of compliance and the vice president of stakeholder relations of up to 1.5% of our total share capital (post-Offering). The vesting date will be the date of the annual general meeting at which we approve the annual accounts for the financial year ending August 31, 2013. The allocation of the grant will be based on position and managerial responsibilities and a certain amount will be kept as a reserve. The exercise price of the Stock Options will be fixed at 110% of the Offer Price and the Stock Options will have two KPIs, one based on Share price development and one based on EBITDA development. If the Share price reaches 150% of the Offer Price at the end of the financial year ending August 31, 2013 (the Share price being calculated as the average daily traded share price in the last quarter of the financial year ending August 31, 2013), then half of the granted Stock Options will vest. If the cumulative EBITDA over the financial years ending August 31, 2011, 2012 and 2013 reaches a certain targeted level, then the other half of the granted Stock Options will vest. Based on a Black & Scholes valuation, the estimated value of the initial grant of Stock Options amounts to approximately EUR 3.8 million assuming a 67% probability that the EBITDA KPI will be achieved and assuming volatility of 30%, a risk free interest rate of 1.46%, dividend yield of 1.5% and an Offer Price of DKK 102, based on the midpoint of the Offer Price Range.

We expect to make additional annual grants of Stock Options in the following years amounting to approximately 0.5% of our total share capital and with an exercise price of 110% of the closing price, as listed on the NASDAQ OMX on the date of grant. We expect vesting to be subject to KPIs relating to operational performance and the KPIs will be set at the grant date.

***Cash Bonus***

Members of the Executive Board and other managerial employees may also obtain a yearly cash performance bonus subject to achievement of KPIs which will be determined on an individual basis at the beginning of each financial year. The KPIs will include a consolidated group, divisional and personal performance component for each participant. Performance will be measured for each financial year and evaluation and payment of the cash bonus will take place after the financial year has ended. Members of the Executive Board are eligible to receive up to 57-67% of their annual base salary as a cash bonus, depending on position and responsibility. The equivalent range for other managerial employees is 20–40% of their annual base salary.

*Offering Bonus*

At the end of the financial year ending August 31, 2010, we intend to pay an extraordinary bonus to all of our employees, in an amount equal to two months' base salary, which will be fully financed by our Selling Shareholder. The offering bonus is designed to reward the contribution made by our employees in transforming our business since our acquisition by our Selling Shareholder in 2005. The Offering bonus will be a one time, discretionary payment. Participants in the existing management incentive programs (as described above), which totals approximately 60 participants including the Executive Board, will not be entitled to this offering bonus.

**Corporate Governance**

We regularly review our rules, policies and practices with the purpose of ensuring that we meet our obligations to our shareholders, customers, employees, regulatory authorities and other stakeholders, while serving to maximize long-term value.

NASDAQ OMX has incorporated the recommendations prepared by the Committee on Corporate Governance in its disclosure requirements, and we intend to meet in all material respects these recommendations, except as highlighted in our policy below.

The recommendations are divided into the following headlines:

- the role of the shareholders and their interaction with the company's management;
- stakeholders' role and importance to the Company;
- openness and transparency;
- tasks and responsibilities of the Board of Directors;
- the composition of the Board of Directors;
- remuneration of the Board of Directors and Executive Board;
- financial reporting;
- risk management and internal control; and
- audit.

In connection with the Offering and admission to trading and official listing on NASDAQ OMX the Board of Directors has adopted a set of corporate governance principles which are laid down in our corporate governance policy.

***The Role of the Shareholders and their Interaction with the Management of the Company***

We are committed to maintaining a constructive dialogue with our shareholders and other stakeholders and a high level of transparency when communicating with our shareholders.

***General Meetings***

In accordance with our articles of association, notice of the annual general meeting must be given not less than three weeks and not more than five weeks prior to the date of the general meeting. The notice must contain a complete agenda and an explanation of the items on the agenda where such explanation is relevant. Notices convening general meetings will be published, posted on our website and mailed to all registered shareholders who have so requested.

Proposals for agenda items for the annual general meeting must be submitted to the Board of Directors in writing no later than six weeks before the general meeting. Furthermore, prior to the general meeting, the shareholders are entitled to ask questions in writing regarding the agenda or documents to be discussed at the general meeting. Such questions must be received by the Board of Directors one week prior to the general meeting. Furthermore, at general meetings our shareholders will be able to ask questions to the Board of Directors and Executive Board concerning the items on the agenda.

***Investor Meetings and Communications***

Investor meetings and telephone conferences are expected to be held following the publication of each quarterly statement to provide participants with the opportunity to ask questions to our management.

Webcasts thereof will be subsequently available on our website at www.chr-hansen.com. Investors may also contact our investor relations department to obtain additional information and in order to maintain an ongoing dialogue.

***Capital and Share Structures***

Our Board of Directors will regularly assess whether our share capital and the Share structure is in accordance with our and our shareholders' best interests and will include it in our annual report. We have one single class of shares and all Shares rank *pari passu*. Each share of DKK 10 carries one vote.

***The Role of Stakeholders and their Importance to the Company***

We take our corporate social responsibility very seriously and we seek to persistently focus on creating business value while minimizing our impact on society and ensuring our employees a good working environment. We have adopted a CSR policy.

***Openness and Transparency***

We will seek to comply with the statutory regulations concerning the publication of material information relevant to shareholders' and the financial markets' evaluation of our activities, business objectives, strategies and results. In addition to a communication and investor relation strategy, our Board of Directors has approved a set of internal rules aimed to ensure that the disclosure of such information complies with the applicable stock exchange regulations. All company announcements are published via NASDAQ OMX's news distribution source "GlobalNewsWire", sent to NASDAQ OMX, and can subsequently be accessed from our website at www.chr-hansen.com. All of our announcements are published in Danish as well as English. Information included on our website is not incorporated into this Offering Memorandum.

We publish quarterly, half-year and annual reports.

Our Board of Directors has the overall management responsibility for the Company. As is current practice in Denmark, powers are distributed between the Board of Directors and the Executive Board and independence exists between these two bodies. The Executive Board handles our day-to-day management, while the Board of Directors supervises the work of the Executive Board and is responsible for general strategic management. Detailed procedures for board meetings, including the tasks and responsibilities of the chairmanship, are laid down in the rules of procedure of our Board of Directors.

***The Composition of the Board of Directors***

Our Board of Directors currently consists of six members elected by the shareholders and three employee elected members. Currently, three of the shareholder-elected members, including the chairman of our Board of Directors are independent while the other three members are affiliated with the Selling Shareholder. All shareholder-elected members of the Board of Directors stand for election each year.

In general, six to eight Board meetings are held annually, together with ad hoc meetings as required. The shareholder elected members of the Board of Directors comprise a group of experienced, international business people. The age limit for Board members is 70.

The Chairman evaluates the work of the Board of Directors on an ongoing basis and determines whether to publicly disclose the results of such self evaluation. We do not limit the number of directorships Board members may have, however, board members are expected and required to devote sufficient time and resources to their responsibilities as a member of our Board.

Our Board of Directors has established an audit committee, a remuneration committee and a nomination committee, each of which have charters setting forth the functions and responsibilities of such committees. The committees will report to our Board of Directors. **We do not intend to publish separately the activities undertaken by such committees**. See "—Committees of the Board".

***Remuneration to the Board of Directors and the Executive Board***

The Board of Directors has set up a remuneration committee. See "—Committees of the Board".

The remuneration committee will assist the Board of Directors in preparing a remuneration policy establishing the guidelines for the different components of the remuneration, including fixed salary, pensions schemes, benefits, stay-on bonuses, severance and incentive schemes as well as bonus targets and evaluation criteria in relation thereto for members of the Board of Directors and the Executive Board which will be presented for the approval of the shareholders at the annual general meeting and subsequently published on our website www.chr-hansen.com.

**No information is provided on the remuneration of individuals.** The Board of Directors believes the important factor is the overall remuneration and the related trends. The contents of any incentive programs will be published comprehensively in the annual report in accordance with applicable rules and regulations.

Members of the Board of Directors receive a fixed annual fee, which will be submitted for approval by the shareholders at each year's annual general meeting. No members of the Board of Directors receive any incentive pay and have not been granted options or warrants.

***Financial Reporting***

Our Board of Directors regularly considers whether it would be expedient to include non-financial information in the annual report.

***Risk Management and Internal Control***

Our Board of Directors regularly assesses the overall risks and specific risks associated with our business and operations and seeks to ensure that such risks are managed in a proactive and efficient manner. As part of our risk management, we have established various internal control systems, which will regularly be reviewed by our Board of Directors to ensure that such systems are appropriate and sufficient in the context of our business and operations.

**Currently, our Board of Directors has decided not to set up a whistleblower policy or process.**

***Audit***

Our external auditors are appointed for a term of one year by our shareholders at the annual general meeting upon recommendation from the audit committee. Before such recommendation, our Board of Directors assesses, in consultation with the Executive Board, the independence and competencies and other matters pertaining to the auditors.

The framework for the auditors' duties, including their remuneration, audit and non-audit tasks, is agreed annually between the Board of Directors and the auditors on recommendation from the audit committee.

**Committees of the Board**

***Audit Committee***

The Board of Directors has established an audit committee, which consists of at least three members of the Board of Directors. At least half of the members shall meet the independence requirements set out in the recommendations of the Danish Corporate Governance Committee as applicable at any time. The Board appoints committee members and the committee chair. The current members of the audit committee are Gaëlle d'Engremont (Chairperson), Ole Andersen and Henrik Poulsen. The audit committee reviews and assesses our financial reporting and audit process as well as internal control systems and evaluates the adequacy of our control procedures.

***Remuneration Committee***

The Board of Directors has established a remuneration committee, which consists of at least three members of the Board of Directors elected by the Board of Directors. At least half of the members shall meet the independency requirements set out in the recommendations of the Danish Corporate Governance Committee as applicable at any time. The current members of the remuneration committee are Ole Andersen (Chairman), Frédéric Stévenin and Alice Dautry. The remuneration committee assists the Board of Directors in fulfilling its responsibilities in regard to establishing, implementing and executing the policy for the remuneration to the members of the Board of Directors and the Executive Board.

*Nomination Committee*

The Board of Directors has established a nomination committee, which consists of at least three members of the Board of Directors. At least half of the members shall meet the independency requirements set out in the Recommendations of the Danish Corporate Governance Committee as applicable at any time. The current members of the nomination committee are Ole Andersen (Chairman), Frédéric Stévenin and Alice Dautry. The nomination committee assists the Board of Directors in fulfilling its responsibilities in regard to (i) nomination and appointments to the Board of Directors and the Executive Board, (ii) securing that the Board of Directors and the Executive Board at all times have the appropriate size and are composed with individuals having the professional qualifications and experience required and (iii) conducting frequent evaluations of the performance of the Board of Directors and the Executive Board.

**Description of Management Reporting Systems and Internal Control Systems**

We have management reporting and internal control systems in place which enable us to monitor performance, strategy, operations, business environment, organization, procedures, funding, risk and internal control. We believe that our reporting and internal control systems enable us to be compliant with the disclosure obligations applying to issuers of shares quoted on NASDAQ OMX.

Our management reporting and internal control systems include:

- monthly global sales reporting which include actual relative to budget and last year on business units, product groups and region;
- monthly reports from subsidiaries which include actual results in comparison to budgeted performance and previous year performance and explanations of deviations, together with key performance indicators;
- consolidated monthly reports summarizing results for the individual segments, including balance sheet and cash flow results in comparison to budgeted performance and previous year performance and explanations of deviations, together with key performance indicators;
- monthly net working capital reports and reports on accounts receivables, inventory and accounts payables;
- regularly updated full year forecasts for the individual segments, balance sheet and cash flow; and
- a rolling four-year strategic plan which includes estimates for the individual segments, balance sheet and cash flow.

**Statement on the Past Activities of the Board of Directors and the Executive Board**

Within the last five years no member of the Board of Directors or the Executive Board has (a) been convicted of any fraudulent offences, (b) participated in the management of companies which have initiated insolvency proceedings, receiverships or liquidation, other than as set out in the biographies under "—Board of Directors and Executive Board", (c) been the subject of public charges or sanctions from statutory or regulatory authorities (including any designated professional bodies) or disqualified by any competent court to participate in an issuer's, board of directors, executive board or supervisory body, or to undertake management for an issuer.

**Statement on Conflicts of Interests**

Except as otherwise disclosed in the section "Major Shareholders and Related Party Transactions", there are no actual or potential conflicts of interests between the duties that exist for the members of the Board of Directors or the Executive Board and these individuals' private interests and/or duties towards other persons. There are no family relations among the members of the Board of Directors or the Executive Board.

With the exception of the members of our Board who are appointed by our Selling Shareholder, we are not aware of any members of the Board of Directors or Executive Board having been appointed pursuant to an agreement or understanding with our major shareholders, customers, suppliers or other parties.

See "Plan of Distribution—Lock-up Arrangements" for details regarding lock-up undertakings by the Board of Directors and the Executive Board.

## THE SELLING SHAREHOLDER

The Selling Shareholder in the Offering is Financière Star 1 S.A., which immediately prior to the completion of the Offering will own 100% of our share capital. Financière Star 1 S.A. is 100% owned by funds managed and advised by PAI partners and, indirectly, by our Executive Board and certain other managerial employees. Following completion of the Offering, the Selling Shareholder will own 77,885,959 Shares, corresponding to 58.3% of our share capital, assuming no exercise of the Over-allotment Option, and 72,308,885 Shares, corresponding to 54.1% of our share capital, assuming full exercise of the Over-allotment Option, in each case assuming an Offer Price at the midpoint of the Offer Price Range.

The Selling Shareholder will receive net proceeds of approximately DKK 2,230 million from the sale of its Existing Shares in the Offering if the Over-allotment Option is not exercised, or approximately DKK 2,783 million if the Over-allotment Option is exercised in full, in each case, assuming an Offer Price at the mid-point of the Offer Price Range.

The address of the Selling Shareholder is 1 rue de Glacis, L-1628 Luxembourg.

Ms. Gaëlle d'Engremont, a member of our Board of Directors, is also a member of the Board of Directors of the Selling Shareholder.

## RIGHTS ATTACHED TO THE SHARES, SHARE CAPITAL AND ARTICLES OF ASSOCIATION

Set out below is a summary of certain information concerning our corporate status and share capital. The summary includes references to and descriptions of certain material provisions of our articles of association and Danish law in effect on the Offering Memorandum Date hereof. This summary contains only material information concerning our corporate status and our share capital and does not purport to be complete and should be read in conjunction with our full articles of association and applicable Danish legislation.

### General

We are a public limited company incorporated under the Danish law, with our registered office in Hørsholm, Denmark. We are duly registered with the Danish Commerce and Companies Agency.

We commenced commercial operations in 1874. Until 2005, we operated under another legal entity then named Chr. Hansen Holding A/S, a company listed on the Copenhagen Stock Exchange. This entity conducted our predecessor business and an allergy diagnosis, treatment and prevention business. In 2005, the company then named Chr. Hansen Holding A/S divested our business in order to focus on its allergy business. Our business, together with the name "Chr Hansen Holding", was acquired by funds managed and advised by PAI partners, who placed the activities of our business in the Company.

### Registered Share Capital

As of April 30, 2010, our registered and outstanding share capital has a nominal value of DKK 1,008,252,200 comprising 100,825,220 Shares of DKK 10 each. All Shares have been fully paid up.

Immediately after the Closing Date, our registered share capital will have a nominal value of DKK 1,393,172,890, comprising 139,317,289 Shares of DKK 10 each, provided that the maximum number of New Shares are subscribed for and of DKK 1,294,475,280, comprising 129,447,528 Shares of DKK 10 each if only the minimum number of New Shares are subscribed for.

### Historical Summary of Changes to the Share Capital

The table below sets forth the changes to our share capital from our formation in 2004 until the Offering Memorandum Date.

| Date | Transaction | Change in share capital (nominal DKK) | Share capital after capital change (nominal DKK) | Issue price per Share of DKK 100 |
|---|---|---|---|---|
| October 1, 2004 | Formation | 500,000 | 500,000 | 100 |
| July 8, 2005 | Capital increase (cash) | 522,000 | 1,022,000 | 100 |
| July 26, 2005 | Capital increase (cash) | 947,547,000 | 948,569,000 | 100 |
| July 26, 2005 | Conversion of debt | 59,683,200 | 1,008,252,200 | 100 |
| April 27, 2010 | 1 to 10 Share Split | 0 | 1,008,252,200 | N/A |

### Treasury Shares

At our extraordinary general meeting held on April 27, 2010, the Board of Directors was authorized to acquire treasury shares on our behalf with a total nominal value of up to 10% of our share capital at a price range within 10% greater than or less than the current market price at the time of acquisition until April 26, 2015. We do not hold any treasury shares as of the Offering Memorandum Date, but have agreed with the Selling Shareholder to acquire up to 2,993,828 of the Existing Offer Shares from the Selling Shareholder in order for us to meet certain of our obligations to deliver Shares under our management incentive programs. See "Management—Management Incentive Programs".

### Management Incentive Programs

We and the Selling Shareholder have previously operated and currently operates share- and warrant-based incentive programs for members of the Executive Board and certain persons having managerial responsibilities. See "Management—Management Incentive Programs".

**General Meetings**

Pursuant to article 6.1 of our articles of association, general meetings must be held at our registered office or any other place within the Capital Region of Denmark. General meetings are convened by the Board of Directors giving not less than three weeks' and not more than five weeks' notice. Notices of general meetings must be published on our website at www.chr-hansen.com, through NASDAQ OMX Copenhagen A/S and by written notice to any registered shareholder who has so requested to the address recorded in the Company's register of shareholders, see article 6.4 of our articles of association. The notice must specify the date, time and place of the general meeting as well as the agenda of all business to be transacted and must specify whether any proposal requiring a special majority of votes is to be considered and the essential contents of such proposal. No later than three weeks prior to a general meeting (including the day of the general meeting), the following information must be made available to the shareholders at our website:

- the notice convening the meeting;
- the total number of Shares and voting rights as at the date of convening the general meeting;
- the agenda and the complete proposals;
- the documents to be presented at the general meeting (including the annual report in respect of the annual general meeting);
- the agenda and complete wording of proposal; and
- the forms to be used to vote by proxy and by postal vote.

Shareholders may only participate in general meetings and exercise voting rights attaching to shares which as at the registration date, which is one week prior to the general meeting, either have been recorded in the Company's register of shareholders or of which the shareholder no later than on such date, has duly notified and documented to the Company of their acquisition, see article 7.2 of our articles of association. Pursuant to article 7.3 of our articles of association, attendance at general meetings is furthermore subject to such shareholder having requested an admission card no later than three days before the general meeting. Admission cards are issued to persons, whom, according to the share register are registered as shareholders on the record date or to persons from whom we have at the record date received due notification with regard to such registration in the share register.

Each shareholder may attend general meetings in person, with an adviser or by proxy. The voting right may be exercised by proxy pursuant to an instrument of proxy issued to a person who need not be a shareholder.

Shareholders may cast their vote in writing to the Board of Directors prior to the general meeting by postal vote. Postal votes cast must be received by us not later than three days prior to the general meeting. Pursuant to article 7.4 of our articles of association, postal votes received by us are irrevocable and binding upon the shareholder.

Pursuant to article 6.5 of our articles of association, extraordinary general meetings must be held upon request by the Board of Directors or an auditor, or upon a written request to the Board of Directors by shareholders holding not less than five per cent of the share capital. The general meeting must be convened not later than 14 days after the appropriate request is received by the Board of Directors.

**Majority Vote at the General Meetings**

All resolutions put to the vote of shareholders at general meetings are subject to adoption by a simple majority of votes, unless the Danish Companies Act or the articles of association prescribe other requirements.

Resolutions to amend our articles of association or to dissolve the Company require, in so far as the Danish Companies Act does not require a larger majority or unanimity, that the resolution be adopted by at least two-thirds of the votes cast as well as the share capital represented at the general meeting.

Certain resolutions which limit a shareholder's ownership or voting rights are subject to approval by a nine-tenth majority of the votes cast and the share capital represented at the general meeting.

**Board of Directors and Executive Board**

The Company shall be managed by a Board of Directors of at least three and no more than six members elected by the general meeting. See article 9.1 of our articles of association. Members of the Board of Directors elected by the general meeting must retire from office at each annual general meeting, but are eligible for re-election. See article 9.2 of our articles of association.

The chairman of the Board of Directors is elected by the general meeting, whereas the Board of Directors elects its deputy chairman, see article 9.1. The Board of Directors must lay down rules of procedure for the performance of its duties, pursuant to article 9.6 of our articles of association.

The Board of Directors may appoint the Executive Board consisting of one or more managers, pursuant to article 10 of the articles of association.

The Company may be bound by the joint signatures of the Chairman or the Deputy Chairman of the Board of Directors and a member of the Board of Directors or a member of the Executive Board, or by the joint signatures of the Chief Executive Officer and a member of the Executive Board, or by the joint signatures of all members of the Board of Directors, pursuant to article 11 of our articles of association.

**Pre-emptive Rights**

The provisions of the Danish Companies Act generally confer pre-emptive rights on the shareholders if our share capital is increased by cash contribution. However, the pre-emptive rights may be derogated from by a majority comprising at least two-thirds of the votes cast at general meeting and the capital represented at the general meeting provided the share capital increase takes place at market price. Additionally, the Board of Directors is authorized under our articles of association to implement certain capital increases without pre-emptive rights to our shareholders.

**Authorizations to the Board of Directors**

At the extraordinary general meeting held on April 27, 2010, the Board of Directors was authorized, until and including December 31, 2010, in one or more stages, to increase the Company's share capital by up to a total of DKK 500 million nominal value through cash payment. If the capital increase is subscribed for at market price, the capital increase may take place without pre-emption rights for the shareholders. See article 5.1 of our articles of association.

Further, the Board of Directors was authorized, until and including April 16, 2015 in one or more issues to increase the share capital without pre-emptive rights to the shareholders by up to a total of DKK 100,825,220 nominal value in connection with takeover of an existing business in whole or in part. Payment will in such case be made in assets other than cash. See article 5.2 of our articles of association.

**Limitations on Ownership**

There are no limitations on ownership to the Shares pursuant to our articles of association. However, see "Transfer Restrictions".

**Postponement or Obstruction of Control**

Shareholders who have acquired Shares by transfer are not entitled to attend general meetings or exercise voting rights on such Shares, unless such shareholder is registered as shareholders as per our share register in respect of such shares on the record date or we have received due notification with regard to such registration in the share register on the record date, which is one week before the general meeting pursuant to article 7 of our articles of association.

**Voting Rights**

Each Share of DKK 10 nominal value, including each of the Offer Shares, carries one vote at the general meetings. See article 7.1 of our articles of association.

Pursuant to article 7.2 of our articles of association, only persons registered in the share register as shareholders on the record date (one week before the general meeting) or persons from whom we have received due notification with regard to such registration in the share register on the record date are entitled to attend and vote at the general meeting.

### Dividend Rights

Upon registration of the share capital increase with the Danish Commerce and Companies Agency the holders of New Shares will have the same rights as the holders of the Existing Shares and the New Shares will carry the same rights to dividends as the Existing Shares and will thus be eligible for any dividends declared and payable as from the financial year ending August 31, 2010.

Dividends are paid in Danish kroner to the shareholder's account set up with VP. There are no dividend restrictions or special procedures for non-resident holders of Offer Shares. See "Taxation—Danish Taxation" for a description of the treatment of dividends under Danish tax law. Dividends not claimed by shareholders are forfeited under the general rules of Danish law.

At the extraordinary general meeting held on April 27, 2010, our Board of Directors was given authorization to distribute interim dividends. There are no current plans to distribute interim dividends.

### Negotiability and Transferability

Pursuant to article 4.3 of our articles of association, the Shares are negotiable instruments and no restrictions shall apply to the transferability of the Shares.

### Rights in Liquidation

In the event of our liquidation, each shareholder is entitled to participate in the distribution of excess assets in proportion to their nominal shareholdings after our creditors have been satisfied in accordance with applicable law.

### Special Rights

Pursuant to article 4.4 of our articles of association, no Share shall carry any special rights.

### Redemption and Exchange

Pursuant to articles 4.5 of our articles of association, no shareholder shall be obliged to have his Shares redeemed in full or in part by us or any third party, except as provided in the Danish Companies Act. See "The Danish Securities Market—Compulsory Redemption".

No share exchange provisions applies to the Shares.

### Registration of Shares—Shares Issued to Named Holders

Pursuant to article 4.1 of our articles of association, Shares must be registered in the holder's name in our register of shareholders. The Shares are issued in book-entry form through VP.

### Offer Shares

The New Shares will rank *pari passu* with our other Shares including the Existing Shares.

### Disclosure Requirements

Pursuant to section 29 of the Danish Securities Trading Act, holders of shares in a company listed on the NASDAQ OMX are required to give us and the Danish FSA immediate notice when their shareholding in our Shares reaches, rises above or falls below: (i) five percent of the voting rights attached to our share capital or (ii) five percent of the nominal value of our registered share capital. Separate notice must also be given if a change in shareholding already notified entails that the limits of five percent, ten percent, 15%, 20%, 25%, 50% or 90% or one-third or two-thirds of the total number of voting rights attached to our Shares or to the nominal value of our registered share capital are reached or no longer reached.

The notifications must comply with the requirements for the contents thereof set out in sections 15 and 16 of the Danish executive order on major shareholders, including the identity of the shareholder and the date when a limit is reached or is no longer reached. We will then be obligated to publish the contents of such notice as soon as possible after the receipt of such notice.

As of the Offering Memorandum Date, the following shareholders have informed us that they directly or indirectly hold five percent or more of our share capital or voting rights.

| Shareholder | Number of Shares owned before the Offering | Ownership interest and voting rights before the Offering |
|---|---|---|
| Financière Star 1 S.A.[(1)] | 100,825,220 | 100% |

(1) Financière Star 1 S.A., the Selling Shareholder, is 100% owned by funds managed and advised by PAI partners and certain of our senior management through Management Co. For a description of the level of individual ownership in Management Co, see "Management—Management Incentive Plans—Existing program".

Except as set out above, we are not aware of any other parties who, directly or indirectly, control us. Moreover, we are not aware of any agreements which may lead to a change of control in the Company.

# TAXATION

## Danish Taxation

*The following is a general description of Danish tax rules relevant for subscribing, purchasing, holding or selling shares in the Company. The description deals only with taxation in Denmark as per the income year 2010 and not with foreign tax rules, and is limited to rules concerning shares in listed companies.*

*The description does not purport to be a complete or exhaustive description of all tax issues. The description does not address investors subject to special tax rules, such as investors subject to the Danish Act on Pension Investment Return Taxation (pensionsafkastbeskatningsloven), banks, dealers in securities and investors holding shares as part of their profession.*

*The description is based on the legislation in force in Denmark as of the Offering Memorandum Date. Danish tax legislation is subject to change, possibly on a retrospective basis. Current and potential investors are advised to consult their own tax advisers with respect to the tax implications of investing in, owning, managing and transferring the Shares. The summary is for general information purposes only and does not purport to be tax or legal advice.*

### Taxation of Investors Subject to Full Tax Liability in Denmark

Individuals residing in Denmark or spending at least six consecutive months during a year in Denmark as well as companies that are either registered in Denmark or the effective management of which is based in Denmark are generally subject to full tax liability in Denmark. Individuals or companies also subject to full tax liability in another country may be subject to special rules, which are not described herein.

*Taxation of dividends*

*Individuals*

Dividends paid to individuals are taxed as share income. Annual Share income is taxed at a rate of 28% (27% as of 2012) up to a total share income of DKK 48,300 (2010). For married couples the aggregate limit for applying the 28% (27% as of 2012) tax rate is DKK 96,600 (2010) irrespective of which spouse receives the share income. Share income exceeding this amount is subject to tax at a rate of 42%.

Dividends paid are usually subject to withholding tax at a rate of 28% (27% as of 2012). Where the share income in the relevant year solely comprises dividends and does not exceed DKK 48,300/DKK 96,600 (2010), the withholding tax is a final tax.

*Companies, etc.*

For the purpose of taxation of dividends to company shareholders, a distinction is made between Subsidiary Shares, Group Shares and Portfolio Shares:

- "Subsidiary Shares" is generally defined as shares owned by a shareholder holding at least 10% of the nominal share capital of the issuing company.
- "Group Shares" is generally defined as share in a company in which the shareholder of the company and the issuing company are subject to Danish tax consolidation or fulfill the requirements for international tax consolidation under Danish law.
- "Portfolio Shares" are shares that do not qualify as Subsidiary Shares or Group Shares.

Dividends received on Portfolio Shares are fully taxable at 25% irrespective of ownership period and also subject to an effective withholding tax at a rate of 25%. However, the dividend tax is at a rate of 28%. The excess 3% will be set off against the final tax for the year. Dividends received on Subsidiary Shares and Group Shares will not be subject to taxation irrespective of ownership period.

Under Danish law, any distributions in connection with a reduction of share capital will generally be taxed as dividends and not as capital gains.

*Disposal of Shares*

*Individuals*

Capital gains realized on shares by individuals will be taxed as share income. Share income is taxed at a rate of 28% (27% as of 2012) up to DKK 48,300 (in 2010). For married couples the aggregate limit for applying the 28% (27% as of 2012) tax rate is DKK 96,600 (2010) irrespective of which spouse receives the share income. Share income exceeding this amount is subject to tax at a rate of 42%. The gain is calculated as the difference between the average acquisition sum of all shares in the Company and the cash consideration. Losses may set off taxable gains and dividends on other listed shares.

*Companies, etc.*

Gains on disposal of Portfolio Shares are taxable at a rate of 25% irrespective of ownership period. Gains or losses on disposal of Subsidiary Shares and Group Shares are not included in the taxable income of the shareholder.

Gains or losses on Portfolio Shares are to be included in the taxable income on an annual mark-to-market basis. A gain or a loss is calculated as the difference between the value of the Portfolio Shares at the beginning and the end of the income year, beginning with the difference between the acquisition sum of the Portfolio Shares and the value of the Portfolio Shares at the end of the same income year. Upon realization of the Portfolio Shares, i.e. redemption or disposal, the taxable income of that income year equals the difference between the value of the Portfolio Shares at the beginning of the income year and the value of the Portfolio Shares at realization. If the Portfolio Shares have been acquired and realized in the same income year, the taxable income equals the difference between the acquisition sum and the realization sum.

Losses on Portfolio Shares are deductible in the taxable income of the company. A change of status from Subsidiary Shares/Group Shares to Portfolio Shares (or vice versa) is for tax purposes deemed to be a disposal of the shares and a reacquisition of the shares at market value at the time of change of status.

Any gains arising on the sale of listed shares to the issuing company will generally be taxed pursuant to the above rules on taxation of capital gains.

***Taxation of Non-Resident Investors not Subject to Full Tax Liability in Denmark***

Where the shares are held in connection with the operation of activities subject to limited tax liability in Denmark, dividends and gains may be included in taxable income of such activities as further outlined in the following.

*Taxation of Dividends*

*Individuals*

The distribution of dividends from a Danish company to a non-resident individual is generally subject to withholding tax at the rate of 28% (27% as of 2012). If Denmark has entered into a double taxation treaty with the country in which the shareholder is resident, the shareholder may seek a refund from the Danish tax authorities of the tax withheld in excess of the tax rate to which Denmark is entitled under the relevant double taxation treaty.

If the shareholder (in aggregate with any shareholders group related to the shareholder) holds less than 10% of the nominal share capital in the Company and the shareholder is tax resident in a state which has a double taxation treaty or a tax information exchange treaty with Denmark, dividends are subject to tax at a rate of 15% (unless a lower rate is applicable under the double taxation treaty in question). If the shareholder is tax resident outside European Union, it as an additional requirement for eligibility for the 15% withholding tax rate that the shareholder (in aggregate with any group related to the shareholders) hold less than 10% of the nominal share capital of the Company.

In addition it is possible for VP or the dividend distributing company to enter into an arrangement with the Danish tax authorities according to which the obligation to withhold tax is reduced to the tax rate stipulated in the double taxation treaty with the relevant country.

*Companies, etc.*

Dividends from Subsidiary Shares are exempt from Danish withholding tax provided the taxation of dividends is to be waived or reduced in accordance with the Parent-Subsidiary Directive (90/435/EEC) or in accordance with a tax treaty with the jurisdiction in which the company investor is resident. Further, dividends from Group Shares are exempt from Danish withholding tax provided the company investor is a resident of the European Union or the European Economic Area and provided the taxation of dividends should have been waived or reduced in accordance with the Parent-Subsidiary Directive (90/435/EEC) or in accordance with a tax treaty with the country in which the company investor is resident had the shares been Subsidiary Shares.

Dividends from Portfolio Shares will be subject to taxation irrespective of ownership period.

Dividend payments on Portfolio Shares will be subject to a withholding tax of 28% (27% as of 2012) irrespective of ownership period. The withholding tax may be reduced pursuant to a tax treaty. If the shareholder holds less than 10% of the nominal share capital in the Company and the shareholder is tax resident in a jurisdiction which has a double taxation treaty or a tax information exchange treaty with Denmark, dividends are subject to a tax rate of 15% (unless a lower rate is applicable under the double taxation treaty in question). If the shareholder is tax resident outside European Union, it as an additional requirement for eligibility for the 15% tax rate that the shareholder (in aggregate with any group related to the shareholders) hold less than 10% of the nominal share capital of the Company.

*Disposal of Shares*

Generally, non-resident investors will not be subject to taxation on disposal of shares.

Gains and losses on Portfolio Shares will be subject to taxation in accordance with the same rules applying for resident shareholders provided the shares can be allocated to a permanent establishment in Denmark. The term permanent establishment is generally interpreted in accordance with the OECD Model Tax Convention and its commentary.

***Transfer Taxes/Stamp Duties***

Transfer and issuing of shares is not subject to any Danish share transfer tax or Danish stamp duty.

**United States Federal Income Tax Considerations**

**Internal Revenue Service Circular 230 Notice: To ensure compliance with Internal Revenue Service Circular 230, prospective investors are hereby notified that: (i) any discussion of federal tax issues contained or referred to in this Offering Memorandum is not intended or written to be used, and cannot be used, by prospective investors for the purpose of avoiding penalties that may be imposed on them under the Internal Revenue Code; (ii) such discussion is written in connection with the promotion or marketing of the transactions or matters addressed herein; and (iii) prospective investors should seek advice based on their particular circumstances from an independent tax advisor.**

The following discussion describes certain material U.S. federal income tax consequences of the purchase, ownership and disposition of the Offer Shares to a U.S. Holder. For purposes of this discussion, a "U.S. Holder" is a beneficial owner of Offer Shares, that is, for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the U.S.;
- a corporation (or other entity taxed as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the U.S. or any of its political subdivisions;
- an estate, whose income is includible in gross income for U.S. federal income tax purposes regardless of its source; or
- a trust if (i) a court within the U.S. is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or (ii) it has made a valid election to be treated as a U.S. person.

This discussion is based on current provisions of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), applicable U.S. Treasury Regulations promulgated thereunder, and administrative and judicial decisions as of the Offering Memorandum Date, all of which are subject to change, possibly on a retroactive basis, and any change could affect the continuing validity of this discussion.

This summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to each person's decision to purchase Shares. This discussion does not address all aspects of U.S. federal income taxation that may be relevant to any particular U.S. Holder based on such holder's individual circumstances. In particular, this discussion considers only U.S. Holders who will own Shares as capital assets and does not address the potential application of the alternative minimum tax or the U.S. federal income tax consequences to U.S. Holders that are subject to special treatment, including:

- broker-dealers or insurance companies;
- holders who have elected mark-to-market accounting;

- tax-exempt organizations;
- regulated investment companies, financial institutions or "financial services entities";
- holders who hold Shares as part of a "straddle", "hedge", "constructive sale" or "conversion transaction" or other integrated investment;
- holders who own or owned, directly, indirectly or by attribution, at least ten percent of our voting power;
- holders whose functional currency is not the U.S. dollar; and
- certain expatriates or former long-term residents of the United States.

This discussion does not consider the tax treatment of holders that are partnerships or other pass-through entities or persons who hold Shares through a partnership or other pass-through entity. In addition, this discussion does not address any aspect of state, local or non-U.S. tax laws, or the possible application of U.S. federal gift or estate tax.

***Taxation of Dividends Paid on Shares***

Subject to the discussion under "—Tax consequences of Passive Foreign Investment Company (PFIC) status," a U.S. Holder will be required to include in gross income as ordinary dividend income the amount of any distribution paid on our Shares (other than certain pro rata distributions of Shares), including the amount of non-U.S. taxes, if any, withheld from the amount paid, on the date the distribution is received to the extent the distribution is paid out of our current or accumulated earnings and profits as determined for U.S. federal income tax purposes. Distributions in excess of earnings and profits will be applied against and will reduce the U.S. Holder's tax basis in the Shares and, to the extent in excess of such basis and subject to the PFIC discussion below, will be treated as gain from the sale or exchange of Shares. We do not currently, and in the future do not expect to keep records of earnings and profits for U.S. federal income tax purposes. Accordingly, any distributions should be assumed to be a dividend for U.S. federal income tax purposes.

For taxable years that begin before 2011, dividends paid by us to non-corporate U.S. Holders who meet certain eligibility requirements (including holding period requirements) may qualify for a reduced rate of taxation of 15% or lower if we qualify for benefits under the Danish—U.S. income tax treaty. While we may qualify for benefits under the Danish—U.S. income tax treaty, the actual determination of qualification for benefits is inherently factual in nature and cannot be certain prior to the Offering. A U.S. Holder would not be entitled to the reduced rate unless the holder satisfies certain eligibility requirements. In particular, a U.S. Holder will not be entitled to a reduced rate: (i) if the U.S. Holder has not held our Shares for at least 61 days of the 121-day period beginning on the date which is 60 days before the ex-dividend date; or (ii) to the extent the U.S. Holder is under an obligation to make related payments on substantially similar or related property. Any days during which a U.S. Holder has diminished its risk of loss on our Shares are not counted towards meeting the 61-day holding period. If we are a PFIC in a year in which we pay dividends, or we are a PFIC in the year preceding the dividend payment, such dividends paid by us would not be subject to the preferential rate. See "—Tax consequences of Passive Foreign Investment Company (PFIC) status" for more information. U.S. Holders should consult their own tax advisors on their eligibility for reduced rates of taxation with respect to any dividends paid by us.

Distributions of our current or accumulated earnings and profits will not qualify for the dividends received deduction generally available to corporations. Distributions of current or accumulated earnings and profits paid in a non-U.S. currency to a U.S. Holder will be includible in the income of a U.S. Holder in a U.S. dollar amount calculated by reference to the exchange rate on the day the distribution is received. A U.S. Holder who receives a non-U.S. currency distribution and converts the foreign currency into U.S. dollars on the date of receipt will realize no foreign currency gain or loss. If the U.S. Holder converts the non-U.S. currency to U.S. dollars on a date subsequent to the date of receipt, such U.S. Holder may have foreign exchange gain or loss based on any appreciation or depreciation in the value of the non-U.S. currency against the U.S. dollar from the date of receipt to the date of conversion, which will generally be U.S. source ordinary income or loss.

U.S. Holders will have the option of claiming the amount of any non-U.S. income taxes withheld at source or paid with respect to dividends at a rate not in excess of that provided in the Danish-U.S. income tax treaty for those eligible for benefits thereunder, either as a deduction from gross income or as a dollar-for-dollar credit against their U.S. federal income tax liability. Individuals who do not claim itemized deductions, but instead utilize the standard deduction, may not claim a deduction for the amount of the non-U.S. income taxes withheld, but those individuals may still claim a credit against their U.S. federal income tax liability. The amount of foreign income taxes that may be claimed as a credit in any year is subject to complex limitations and restrictions, which must be determined on an individual basis by each U.S. Holder. These limitations include, among others, rules that limit foreign tax credits allowable with respect to specific classes of income to the U.S. federal income taxes otherwise payable with respect to each such class of income. The total amount of allowable foreign tax credits in any year cannot exceed the pre-credit U.S. tax liability for the year attributable to foreign source taxable income. Distributions of our current or accumulated earnings and profits generally will be foreign-source passive income for U.S. foreign tax credit purposes. A U.S. Holder will be denied a foreign tax credit with respect to non-U.S. income tax withheld from dividends received on the Shares to the extent such U.S. Holder has not held the Shares for at least 16 days of the 31-day period beginning on the date that is 15 days before the ex-dividend date or to the extent such U.S. Holder is under an obligation to make related payments with respect to substantially similar or related property. Any days during which a U.S. Holder has substantially diminished its risk of loss on the Shares are not counted towards meeting the 16-day holding period.

U.S. Holders that are accrual basis taxpayers, and who do not otherwise elect, must translate Danish taxes into U.S. dollars at a rate equal to the average exchange rate for the taxable year in which the taxes accrue, while all U.S. Holders must translate taxable dividend income into U.S. dollars at the spot rate on the date received. This difference in exchange rates may reduce the U.S. dollar value of the credits for Danish taxes relative to the U.S. Holder's U.S. federal income tax liability attributable to a dividend. However, cash basis and electing accrual basis U.S. Holders may translate Danish taxes into U.S. dollars using the exchange rate in effect on the day the taxes were paid. Any such election by an accrual basis U.S. Holder will apply for the taxable year in which it is made and all subsequent taxable years, unless revoked with the consent of the Internal Revenue Service of the United States ("IRS").

***Taxation of the sale or exchange of shares***

Subject to the discussion below under "—Tax consequences of Passive Foreign Investment Company (PFIC) status", generally, upon the disposition of our Shares, a U.S. Holder will recognize capital gain or loss in an amount equal to the difference between such U.S. Holder's tax basis in the Shares, which is the U.S. dollar cost of such Shares, and the amount realized on the sale or exchange. The U.S. dollar cost of a Share purchased with foreign currency will generally be the U.S. dollar value of the purchase price on the date of purchase, or the settlement date for the purchase, in the case of Shares traded on an established securities market, as defined in the applicable U.S. Treasury Regulations, that are purchased by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects). Such an election by an accrual basis U.S. Holder must be applied consistently from year to year and cannot be revoked without the consent of the IRS.

Provided the Shares are publicly traded, with respect to the foreign currency gain or loss for any non-U.S. currency received on the sale of Shares, a U.S. Holder who uses the cash method of accounting calculates the U.S. dollar value of the proceeds received on the date that the sale settles, while a U.S. Holder who uses the accrual method of accounting is required to calculate the U.S. dollar value of the proceeds of the sale as of the "trade date", and may therefore realize foreign currency gain or loss, unless such accrual method U.S. Holder has elected to use the settlement date to determine its proceeds of sale for the purposes of calculating the foreign currency gain or loss.

Capital gain from the sale, exchange or other disposition of Shares held more than one year is long-term capital gain and is eligible for reduced rates applicable to long-term capital gain for non-corporate U.S. Holders. If, as anticipated, the Shares are publicly traded, a disposition of Shares will be considered to occur on the "trade date," regardless of the holder's method of accounting. Gain or loss recognized by a U.S. Holder on a sale or exchange of Shares generally will be treated as U.S. source for U.S. foreign tax credit purposes. The deductibility of a capital loss recognized on the sale or exchange of Shares is subject to limitations. A U.S. Holder who receives foreign currency upon a disposition of the Shares and converts the foreign currency into U.S. dollars subsequent to receipt may have foreign exchange gain or loss based on any appreciation or depreciation in the value of the foreign currency against the U.S. dollar, which generally will be U.S. source ordinary income or loss.

### *Tax consequences of Passive Foreign Investment Company (PFIC) status*

We will be a PFIC if (i) 75% or more of our gross income in a taxable year, including our pro rata share of the gross income of any company, U.S. or foreign, in which we are considered to own 25% or more of the Shares by value, is passive income or (ii) 50% or more of our gross assets in a taxable year, averaged over the year and generally determined based on fair market value and including our pro rata share of the assets of any company, U.S. or foreign, in which we are considered to own 25% or more of the Shares by value, are held for the production of, or produce, passive income. For the purpose of determining whether a non-U.S. corporation is a PFIC, "passive income" generally includes interest, dividends, annuities and other investment income. Passive income does not include interest income or dividends received from controlled subsidiaries or certain other related persons, to the extent properly allocable to income of such related person that is not passive income. We do not believe we were a PFIC in 2009, and do not anticipate becoming a PFIC in the foreseeable future. We do not expect to have a significant amount of passive income and passive assets, and thus we do not expect to be classified as a PFIC for any tax year. However, an actual determination of PFIC status is inherently factual in nature and cannot be made until the close of each applicable tax year and, accordingly, no assurances can be given that we will not become a PFIC at some point in the future.

If we were to be treated as a PFIC, U.S. Holders of Shares would be required (i) to pay a special U.S. addition to tax on certain distributions and gains on sale and (ii) to pay tax on any gain from the sale of Shares at ordinary income (rather than capital gains) rates in addition to paying the special addition to tax on this gain. In this event, some of these adverse consequences may be avoided by making a mark to market election with respect to the Shares, provided that the Shares are "marketable"

Prospective purchasers should consult their tax advisers regarding the potential application of the PFIC regime.

### *U.S. information reporting and backup withholding*

Dividends paid in the United States on our Shares and proceeds paid from the sale, exchange, redemption or other disposition of our Shares may be subject to information reporting and backup withholding (currently at 28%) unless the U.S. Holder is a corporation or other exempt recipient, provides an IRS Form W-9 and certifies that no loss of exemption from backup withholding has occurred, or otherwise establishes a basis for exemption.

Backup withholding is not an additional tax. Amounts withheld under the backup withholding rules may be credited against a U.S. Holder's U.S. federal income tax liability, and a U.S. Holder may obtain a refund of any excess amount withheld under the backup withholding rules, provided that certain information is timely furnished to the IRS.

In general, a U.S. Holder, including a tax exempt entity, that purchased from us any shares would be required to file an IRS Form 926 or similar form with the IRS if (a) such U.S. Holder were treated as owning, directly or by attribution, immediately after the purchase at least 10 percent, by vote or value of the Issuer, or (b) the purchase, when aggregated with all such purchases made by the U.S. Holder (or any related person) within the preceding 12 month period, exceeded $100,000. If a U.S. Holder fails to file the required form the U.S. Holder could be required to pay a penalty equal to 10 percent of the gross amount paid for our shares, subject to a maximum penalty of $100,000, or more in cases involving intentional disregard.

## Recently Enacted Legislation Affecting Disclosure Obligations for U.S. Individuals

Legislation was enacted on March 18, 2010, that generally imposes new U.S. return disclosure obligations (and related penalties for failure to disclose) on U.S. individuals that hold certain specified foreign assets. The definition of specified foreign financial assets includes not only financial accounts maintained in foreign financial institutions, but also, unless held in accounts maintained by a financial institution, any stock or security issued by a non-person, any financial instrument or contract held for investment that has an issuer or counterparty other than a U.S. person and any interest in a foreign entity. Investors are urged to consult their own tax advisors regarding the possible implications of this recently enacted legislation on their investment in our Shares.

# THE OFFERING

## The Offering

The Offering consists of (i) the Danish Offering, a public offering to retail and institutional investors in Denmark and (ii) the International Offering to institutional investors, including a private placement in the United States solely to QIBs pursuant to Rule 144A. All offers and sales of Offer Shares outside the United States will be made in compliance with Regulation S.

The Offering comprises 55,770,732 Offer Shares, of which (i) between 28,622,308 and 38,492,069 will be New Shares and (ii) between 17,278,663 and 27,148,424 will be Existing Offer Shares. Up to 2,993,828 of the Existing Offer Shares have been reserved for us in order for us to meet certain of our obligations to deliver Shares under our management incentive programs and up to 62,066 of the Offer Shares have been reserved for members of our Board of Directors to purchase at the Offer Price in connection with the Offering. See "Management—Management Incentive Programs".

The exact number of New Shares to be issued by us pursuant to the Offering will be adjusted depending on the Offer Price in order for us to receive net proceeds of approximately DKK 3,161 million.

Offer Shares in excess of this amount will be Existing Offer Shares. The exact number of Existing Offer Shares to be sold by the Selling Shareholder pursuant to the Offering will be adjusted depending on the Offer Price and the number of New Shares.

The New Shares are being offered by the Company and the Existing Offer Shares are being offered by the Selling Shareholder. Further, the Selling Shareholder has granted to the Joint Global Coordinators, an option, exercisable in whole or in part and from the first day of trading in, and official listing of, the Existing Shares until 30 calendar days after the first day of trading and official listing, to purchase up to 5,577,074 additional Existing Shares at the Offer Price. See "Plan of Distribution". Furthermore the Selling Shareholder has agreed with Danske Markets, acting as settlement agent that the Selling Shareholder will make available up to 38,492,069 Existing Shares for the purpose of settling the delivery of the Offer Shares to investors against their payment for the Offer Shares on the Closing Date.

The Offer Price will be determined in, and the Offer Shares are denominated in, Danish kroner.

## Offer Price and Number of Offer Shares

The Offer Price will be determined through a bookbuilding process. Bookbuilding is a process in which the Joint Bookrunners collect expressions of interest in the Offer Shares from potential institutional investors for purposes of determining the final Offer Price.

The Offer Price Range is expected to be between DKK 87 and DKK 117 per Offer Share. The Offer Price and the number of New Shares and Existing Offer Shares will be determined by the Selling Shareholder and our Board of Directors in consultation with the Joint Bookrunners and is expected to be announced through NASDAQ OMX on or before June 3, 2010 at 8:00 am (CET). The Offer Price is free of brokerage charges.

## Offer Period

The Offer Period will commence on, and include, May 25, 2010 and will close no later than June 2, 2010 at 4:00 p.m. (CET). The Offer Period may be closed in whole or in part prior to June 2, 2010 at 4:00 p.m. (CET) but will not be closed on or before May 28, 2010 at 12:01 a.m. (CET). If the Offering is closed in whole before June 2, 2010, the first day of trading and official listing and the date of payment and settlement will be moved forward accordingly. The Offer Period in respect of orders for amounts up to and including DKK 3 million may be closed before the remainder of the Offering is closed. Any such earlier closing in whole or in part will be announced through NASDAQ OMX.

## Purchase and Subscription Method

### *Orders for amounts up to and including DKK 3 million*

Orders by Danish investors for amounts up to and including DKK 3 million should be made by submitting the order form that accompanies the Danish Offering Memorandum to the investor's own account-holding institution during the Offer Period and must be in the possession of Danske Bank, Corporate Actions no later than 4:00 p.m. (CET) on June 2, 2010, or such earlier time at which the Offering is closed in whole or in part. Orders are binding and cannot be altered or cancelled. Orders may be made at a maximum price per Offer Share in Danish kroner. If the Offer Price exceeds the maximum price stated in the order form, then no Offer Shares will be allocated to the investor. Where no maximum price per Offer Share has been indicated, orders will be deemed to be made at the Offer Price. Orders should be made for a whole number of Offer Shares or for an amount rounded to the nearest whole Danish kroner. The Company and the Selling Shareholder reserve the right to accept only one order from each VP account. See "—Offer Period".

***Orders for amounts of more than DKK 3 million***

Investors who wish to submit orders to purchase and subscribe for amounts of more than DKK 3 million can indicate their interest to the Managers during the Offer Period. During the Offer Period, such investors may continuously change or cancel their indications of interest, but they will be bound by their order at the end of the Offer Period, at which point indications of interest become binding orders. Immediately after the determination and announcement of the Offer Price, a number of Offer Shares will be allocated to the investors within the framework of the latest indications of interest made by investors. Orders made at a price equivalent to or exceeding the Offer Price will be settled at the Offer Price following allocation of the Offer Shares.

**Minimum and Maximum Subscription Amounts**

The minimum subscription/purchase amount is one Offer Share. No maximum subscription amount applies to the Offering. However, the number of Shares is limited to the number of Offer Shares in the Offering.

**Allocation and Reduction**

Allocation to investors of Offer Shares in the Offering will be made by the Selling Shareholder and our Board of Directors following consultation with the Joint Bookrunners, the close of the Offer Period.

In the event that the aggregate orders in the Offering exceeds the total number of Offer Shares, reductions will be made as follows:

- In respect of orders for amounts of up to DKK 3 million reductions will be made mathematically; and
- In respect of orders for amounts of more than DKK 3 million, individual allocations will be made by the Selling Shareholder and our Board of Directors, following consultation with the Joint Bookrunners.

If the aggregate orders in the Offering exceed the number of Offer Shares, the Joint Bookrunners reserve the right to require documentation to verify that each order relates to a single account in VP. Further, the Joint Bookrunners reserve the right to require documentation to verify the authenticity of all orders and the name of each investor, and to pass on such information to us and the Selling Shareholder and to make individual allocations if there are several orders which are believed to have originated from the same investor.

It is expected that the results of the Offering and the basis of allocation will be announced through NASDAQ OMX on or before June 3, 2010 at 8:00 am (CET). If the Offering is closed before June 2, 2010 at 4:00 p.m. (CET), the announcement of the basis of allocation will be moved forward accordingly.

Following the close of the Offer Period and allocation of the Offer Shares, investors will receive a statement indicating the number of Offer Shares allocated to them and the value of such Offer Shares at the Offer Price.

**Authorization**

Our Board of Directors passed a resolution on May 19, 2010 under the authorization given by the shareholders at the extraordinary general meeting on April 27, 2010, see "Rights attached to Shares, Share Capital and Articles of Association", to increase our share capital by a minimum of 28,622,308 New Shares and a maximum of up to 38,492,069 New Shares. The capital increase will be made at the Offer Price without pre-emption rights to our shareholders.

The Selling Shareholder has resolved to offer up to 32,725,498 Existing Offer Shares for sale in the Offering, including any Existing Offer Shares to be sold in connection with the Over-allotment Option.

### Trading and Official Listing on NASDAQ OMX

On completion of the Offering and after payment for the Offer Shares, the capital increase relating to the New Shares will be registered with the Danish Commerce and Companies Agency, which is expected to take place on June 8, 2010, after which the New Shares will be issued through VP.

Prior to the Offering there has been no public market for the Shares. Application has been made for all Shares to be admitted to trading and official listing on NASDAQ OMX under the symbol "CHR". Trading in the Existing Shares is expected to commence on June 3, 2010. The first date of trading and official listing of the New Shares is expected to be on June 10, 2010. If the Offering is closed in whole before June 2, 2010, the first day of trading and official listing and the date of payment and settlement will be moved forward accordingly.

The Existing Shares are expected to be admitted to trading and official listing on NASDAQ OMX three business days before the Offering will be completed and settled. If the Offering is not completed, no Offer Shares will be delivered to investors. Consequently, any trades in the Shares effected on or off the market before the Offer Shares have been delivered to investors may subject investors to liability for not being able to deliver the Shares sold and investors who have sold or acquired Shares on or off the market may incur a loss. Any such dealings will be at the sole risk of the parties concerned.

### ISIN

The Existing Shares and the Offer Shares have the permanent ISIN code DK0060227585.

### Payment and Settlement

The Offer Shares will be registered in book-entry form with VP in connection with the completion of the Offering. All Shares are registered on accounts with account-holding institutions in VP. Investors that are not resident in Denmark may use a Danish bank directly or their own bank's Danish correspondent bank as their account-holding institution, or arrange for registration and settlement through Clearstream and Euroclear.

Settlement is expected to take place on the third business day after the announcement of the Offer Price which is expected to be on June 8, 2010, against subsequent registration of the Offer Shares in the investor's account with VP. The investors' account-holding institution sends a statement to the investor showing the number of Shares purchased by the investor unless otherwise agreed between the investor and the relevant account-holding institution.

The Offer Shares will be delivered in book-entry form on the Closing Date to the investors' account with VP and through the facilities of Clearstream and Euroclear, against payment in immediately available funds. If the Offering is closed in whole before June 2, 2010, the first day of trading and official listing and the date of payment and settlement will be moved forward accordingly.

### Paying Agents

Euroclear Bank S.A./N.V.
1 Boulevard de Roi Albert II
B-1210 Brussels
Belgium

Clearstream Banking S.A.
42 Avenue JF Kennedy
L-1855 Luxembourg
Luxembourg

### Completion or Withdrawal of the Offering

The Offering will only be completed if all of the Offer Shares are sold or subscribed for. Any decision by us and the Selling Shareholder not to complete the Offering if all of the Offer Shares are not sold or subscribed for will be announced through NASDAQ OMX before the first day of trading and official listing of the Existing Shares.

If the Offering is withdrawn, any related arrangements will lapse, all submitted orders will be automatically cancelled, any monies received in respect of the Offering will be returned to applicants without interest (less any transaction costs), and admission to trading and official listing of the Shares on NASDAQ OMX will be cancelled.

The Underwriting Agreement contains a provision entitling the Joint Bookrunners (on behalf of the Managers) to terminate the Underwriting Agreement at any time prior to the delivery of, and payment for, the Offer Shares in certain circumstances, including force majeure and material changes in the financial condition of our business.

The obligations of the Managers under the Underwriting Agreement are subject to the satisfaction or waiver of all of the conditions set forth in the Underwriting Agreement. If one or more of the conditions have not been fulfilled or waived in writing by the Joint Bookrunners (on behalf of the Managers) by the time specified for each such condition to be satisfied, the Underwriting Agreement will cease to have effect save that: (i) this shall be without prejudice to any accrued rights or obligations of any party under the Underwriting Agreement, (ii) this shall be without prejudice to any obligation of us or the Selling Shareholder in respect of any Offer Shares which have already been issued, subscribed and paid for or sold and paid for at the time of such termination; and (iii) we and the Selling Shareholder will be required to pay certain expenses.

**Expected Proceeds**

The gross proceeds from the offering of the New Shares are expected to be approximately DKK 3,349 million and the net proceeds to us from the offering of the New Shares (gross proceeds after deduction of estimated expenses related to the Offering to be borne by us) will be approximately DKK 3,161 million.

**Investors' Withdrawal Rights**

In the event that we are required to publish a supplement to this Offering Memorandum, investors who have submitted orders to purchase Offer Shares in the Offering shall have two clear trading days following the publication of the relevant supplement within which to withdraw their offer to subscribe for or purchase Offer Shares in the Offering in its entirety. The right to withdraw an application to subscribe for or purchase Shares in the Offering in these circumstances will be available to all investors in the Offering. If the order is not withdrawn within the stipulated period any order to purchase Offer Shares in the Offering will remain valid and binding.

**Costs of the Offering**

The Company will pay the Managers an aggregate commission of 1.375% of an amount equal to the Offer Price multiplied by the aggregate number of New Shares.

The Selling Shareholder will pay the Managers an aggregate commission of 1.375% of an amount equal to the Offer Price multiplied by the aggregate number of Existing Offer Shares.

In addition, if the Over-allotment Option is exercised in part or in full, the Selling Shareholder will pay a further commission to the Managers of up to 1.375% of an amount equal to the Offer Price multiplied by the aggregate number of Existing Offer Shares sold by the Selling Shareholder pursuant to the Over-allotment Option. Further details of the Underwriting Agreement and the Over-allotment Option are set out in "Business—Material Contracts".

The Company may also pay, at its absolute discretion, a further commission to the Managers of up to 1.375% of an amount equal to the Offer Price multiplied by the total number of New Shares issued or sold in the Offering.

The Selling Shareholder may also pay, at its absolute discretion, a further commission to the Managers of up to 1.375% of an amount equal to the Offer Price multiplied by the total number of Existing Offer Shares sold in the Offering (including any Existing Offer Shares sold by the Selling Shareholder pursuant to the Over-allotment Option).

The expenses of the Offering, assuming full exercise of the Over-allotment Option, including discretionary fees and commission to account-holding institutions equivalent to 0.125% of the value of the Offer Shares that are allocated in respect of orders for amounts up to and including DKK 3 million submitted through the account-holding institutions, are estimated at approximately DKK 313 million and are payable by the Company and the Selling Shareholder.

### Selling Agents for the Danish Offering

Danske Bank A/S (CVR-no. 61126228), Holmens Kanal 2-12, DK-1092 Copenhagen K and SEB Enskilda (branch of Skandinaviska Enskilda Banken AB (publ)) (CVR-no. 19956075), Bernstorffsgade 50, DK-1577 Copenhagen V are selling agents for the Danish Offering.

Orders for amounts up to and including DKK 3 million must be submitted to the investor's own account-holding institution.

### How to Order this Offering Memorandum

Persons meeting the requirements of the applicable selling restrictions may request for copies of this Offering Memorandum at:

Danske Bank A/S
Corporate Actions
Holmens Kanal 2-12
DK-1092 Copenhagen K
Denmark
Phone: (+45) 70 23 08 34
Email: prospekter@danskebank.dk

SEB Enskilda
Bernstorffsgade 50
DK-1577 Copenhagen V
Denmark
Phone: (+45) 33 28 29 00
Email: prospekt@enskilda.dk

Carnegie Bank A/S
Overgaden neden Vandet 9B
DK-1414 Copenhagen K
Denmark
Phone: (+45) 32 88 02 00
Email: prospekter@carnegie.dk

In addition, the Danish Offering Memorandum is available, subject to certain restrictions, on our website (www.chr-hansen.com). Information included on our website does not form part of and is not incorporated into this Offering Memorandum.

The distribution of the Offering Memorandum and the offer or sale of the Offer Shares in certain jurisdictions is restricted by law. Persons into whose possession the Offering Memorandum may come are required by us, the Selling Shareholder and the Managers to inform themselves about and to observe such restrictions. The Offering Memorandum does not constitute an offer to sell or a solicitation of an offer to subscribe for or buy any of the Offer Shares in any jurisdiction to any person to whom it is unlawful to make such an offer in such jurisdiction.

### Governing Law

The Shares are issued in accordance with Danish law.

## SELLING RESTRICTIONS

### General

No action has been taken or will be taken in any jurisdiction by us, the Selling Shareholder or the Managers, with the exception of Denmark, that would permit a public offering of the Offer Shares.

The distribution of this Offering Memorandum and the Offering of the Offer Shares may, in certain jurisdictions, be restricted by law. This Offering Memorandum does not constitute an offer to sell or an invitation by us or on our behalf or by or on behalf of the Selling Shareholder or by or on behalf of the Managers to subscribe for or purchase any of the Offer Shares in any jurisdiction in which such offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The Offer Shares are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under applicable securities laws. Persons into whose possession this Offering Memorandum comes are required by us, the Selling Shareholder and the Managers to inform themselves about and to observe any such restrictions, including, without limitation, those set out in the paragraphs that follow. Neither we, the Selling Shareholder or the Managers accept any legal responsibility for any violation by any person, whether or not a prospective subscriber or purchaser of any of the Offer Shares, of any such restrictions.

### European Economic Area

In relation to each member state of the European Economic Area which has implemented Directive 2003/71/EC (the "Prospectus Directive"), each Manager, severally and not jointly, has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Member State, except for Denmark, it has not made and will not make an offer of Offer Shares to the public in that Member State except that it may, with effect from and including such date, make an offer of Offer Shares to the public in that Member State:

- at any time to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
- at any time to any legal entity which meets at least two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or
- at any time in any other circumstances which do not require the publication by us of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of the above, the expression an "offer of Offer Shares to the public" in relation to any Offer Shares in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Offer Shares to be offered so as to enable an investor to decide to purchase or subscribe the Offer Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State.

### United Kingdom

Each Manager, severally and not jointly, has represented and agreed that it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of the Offer Shares in circumstances in which Section 21(1) of such Act does not apply to us and we have complied and will comply with all applicable provisions of such Act with respect to anything done by us in relation to any Offer Shares in, from or otherwise involving the United Kingdom.

### United States

The Offer Shares have not been and will not be registered under the U.S. Securities Act or under any state securities laws and may not be offered, sold or delivered within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with the applicable state securities laws. The Managers will offer and sell Offer Shares within the United States only to QIBs in reliance on Rule 144A of the U.S. Securities Act and outside the United States in reliance on Regulation S under the U.S. Securities Act.

Any offer and sale in the United States will be made by affiliates of the Managers who are broker-dealers registered under the U.S. Exchange Act. In addition, until 40 days after the commencement of this Offering, an offer or sale of Offer Shares within the United States by a dealer that is not participating in this Offering may violate the registration requirements of the U.S. Securities Act if that offer or sale is made otherwise than in accordance with Rule 144A.

Prospective investors are hereby notified that the Company may be relying on an exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A.

**Egypt**

The Offer Shares described in this Offering Memorandum have not been, and are not being, publicly offered, sold, promoted or advertised in Egypt. Further, this document does not constitute a public offer of securities in Egypt and is not intended to be a public offer.

**Hong Kong**

The contents of this Offering Memorandum have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the Offering. If you are in any doubt about any of the contents of this Offering Memorandum, you should obtain independent professional advice. Neither this document, nor any other document constitutes an offer or sale in Hong Kong of any Offer Shares and no person may offer or sell in Hong Kong, by means of this document, any Offer Shares, or any other document, other than to (a) professional investors within the meaning of Section 1 of Part I of Schedule 1 to the Securities and Futures Ordinance of Hong Kong (Cap. 571) ("SFO") and any rules made under the SFO ("professional investors") or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance of Hong Kong (Cap. 32) ("CO") or which do not constitute an offer or invitation to the public for the purposes of the CO or the SFO. No person shall issue or possess for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to any Offer Shares which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to those any Offer Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to such professional investors.

**Japan**

The Offering has not been and will not be registered under the Financial Instruments and Exchange Law of Japan. The Offering Memorandum is not an offer of securities for sale, directly or indirectly, of any Offer Shares in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exception from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law of Japan and other relevant laws and regulations of Japan.

**Kuwait**

Unless all necessary approvals from the Kuwait Ministry of Commerce and Industry required by law no. 31/1990, its executive regulations and the various ministerial orders issued pursuant thereto or in connection therewith, as amended, have been given in relation to the marketing and sale of the Offer Shares in Kuwait, these may not be offered for sale, sold nor may any marketing or solicitation or inducement to buy any Offer Shares be made in Kuwait. Neither this Offering Memorandum, any related document, nor any of the information contained in them is intended to lead to the conclusion of any contract of a whatsoever nature within Kuwait.

**People's Republic of China**

The Offer Shares are not being offered or sold and may not be offered or sold, directly or indirectly, in the People's Republic of China (for such purposes, not including the Hong Kong and Macau Special Administrative Regions or Taiwan), except as permitted by the securities laws of the People's Republic of China.

**Qatar**

The Offer Shares have not been, and will not be offered, sold or delivered at any time, directly or indirectly, in the state of Qatar in a manner that would constitute a public offering. This Offering Memorandum has not been reviewed or approved by or registered with the Qatar Central Bank or the Qatar Financial Markets Authority. This Offering Memorandum is strictly private and confidential and may not be reproduced or used for any other purpose, nor provided to any person other than the recipient thereof.

**Saudi Arabia**

This document may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the offers of securities regulations issued by the Capital Market Authority. The Capital Market Authority does not make any representation as to the accuracy or completeness of this document, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this document. Prospective purchasers of the securities offered hereby should conduct their own due diligence on the accuracy of the information relating to the securities. If you do not understand the contents of this document you should consult an authorized financial adviser.

**Singapore**

This Offering Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Offering Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Offer Shares may not be circulated or distributed, nor may Offer Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Offer Shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Offer Shares pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law; or

(4) as specified in Section 276(7) of the SFA.

**U.A.E.**

By receiving this Offering Memorandum, the person or entity to whom it has been issued understands, acknowledges and agrees that none of the Offer Shares or this Offering Memorandum have been approved by the U.A.E. Central Bank, the U.A.E. Ministry of Economy and Planning or any other authorities in the United Arab Emirates, nor have the Managers or any placement agent received authorization or licensing from the U.A.E. Central Bank, the U.A.E. Ministry of Economy and Planning or any other authorities in the United Arab Emirates to market or sell the Offer Shares within the United Arab Emirates. No marketing of the Offer Shares has been or will be made from within the United Arab Emirates, and no subscription for the Offer Shares may or will be consummated within the United Arab Emirates. It should not be assumed that the placement agent, if any, is a licensed broker, dealer or investment adviser under the laws applicable in the United Arab Emirates, or that it advises individuals resident in the United Arab Emirates as to the appropriateness of investing in or purchasing or selling securities or other financial products. The interests in the Offer Shares may not be offered or sold directly or indirectly to the public in the United Arab Emirates. This does not constitute a public offer of securities in the United Arab Emirates in accordance with the Commercial Companies Law, Federal Law No. 8 of 1984 (as amended) or otherwise.

## TRANSFER RESTRICTIONS

Each purchaser of the Offer Shares within the United States pursuant to Rule 144A will be deemed to have represented and agreed that it has received a copy of the Offering Memorandum and such other information as it deems necessary to make an informed investment decision and that:

- the purchaser acknowledges that the Offer Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state of the United States and are subject to significant restrictions on transfer;
- the purchaser (i) is a QIB (as defined in Rule 144A), (ii) is aware and each beneficial owner of the Shares has been advised that the sale to it is being made in reliance on Rule 144A, and (iii) is acquiring such Offer Shares for its own account or for the account of a QIB;
- the purchaser is aware that the Offer Shares are being offered in the United States in a transaction not involving any public offering in the United States within the meaning of the U.S. Securities Act;
- if, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Offer Shares, such Offer Shares may be offered, sold, pledged or otherwise transferred only (i) to a person whom the beneficial owner and/or any person acting on its behalf reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, (ii) in accordance with Regulation S, or (iii) in accordance with Rule 144 (if available), in each case in accordance with any applicable securities laws of any state of the United States or any other jurisdiction;
- the Offer Shares are "restricted securities" within the meaning of Rule 144(a)(3) and no representation is made as to the availability of the exemption provided by Rule 144 for resales of any Offer Shares;
- the purchaser will not deposit or cause to be deposited such Offer Shares into any depositary receipt facility established or maintained by a depositary bank other than a Rule 144A restricted depositary receipt facility, so long as such Offer Shares are "restricted securities" within the meaning of Rule 144(a)(3);
- we shall not recognize any offer, sale, pledge or other transfer of the Offer Shares made other than in compliance with the above-stated restrictions; and
- if the purchaser is acquiring any Shares for the account of one or more QIBs, that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

Each person in a Relevant Member State, other than, in the case of paragraph (1), persons receiving offers contemplated in this Offering Memorandum in Denmark, who receives any communication in respect of, or who acquires any Offer Shares under, the offers contemplated in this Offering Memorandum will be deemed to have represented, warranted and agreed to and with each Manager, the Selling Shareholder and us that:

(1) it is a qualified investor within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive; and

(2) in the case of any Offer Shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, (i) the Offer Shares acquired by it in the offer have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the Prospectus Directive, or in circumstances in which the prior consent of the Initial Purchasers has been given to the offer or resale; or (ii) where Offer Shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those Offer Shares to it is not treated under the Prospectus Directive as having been made to such persons.

For the purposes of the above, the expression an "offer of Offer Shares to the public" in relation to any of the Offer Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Offer Shares to be offered so as to enable an investor to decide to purchase or subscribe the Offer Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State.

The Company, the Selling Shareholder and the Managers, their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

## THE DANISH SECURITIES MARKET

*Set forth below is a summary of certain information concerning the Danish securities market, certain provisions of Danish law and Danish securities market regulations as of the Offering Memorandum Date. Such summary is qualified in its entirety by reference to Danish laws and securities market regulations.*

### The NASDAQ OMX

Trading on the NASDAQ OMX is conducted by authorized banks and other securities brokers, as well as certain mortgage credit institutions and the Danish Central Bank.

The trading system for equities trading on NASDAQ OMX operates in Denmark between 9:00 a.m. and 4:55 p.m. (CET) weekdays. Before the continuous trading begins, there is an opening call session from 8:00 a.m. to 9:00 a.m. (CET) for the purpose of fair opening prices. After the opening prices have been presented, the continuous trading begins. Further, after the end of the continuous trading there is a pre-close call (4:55 p.m. to 5:00 p.m. CET). An after market "post trade" session exists from 5:00 p.m. to 5:20 p.m. (CET).

### Registration Process

In connection with an initial public offering, a company's shares will be registered as book-entries in accounts maintained with VP, which acts as an electronic central record of ownership and as the clearing center for all transactions. The address of VP Securities A/S is Weidekampsgade 14, P.O. Box 4040, DK-2300 Copenhagen S, Denmark.

Danish financial institutions, such as banks, are authorized to keep accounts for each specific investor at VP and Euroclear as well as Clearstream. All Danish shares listed on the NASDAQ OMX are issued as dematerialized securities. Shares registered with VP are registered in accounts with VP.

The account-holding institution has the exclusive right to carry out transactions and registrations on the account on behalf of its customer.

Shares may be registered in the name of the holder through the account-holding institution. Anonymity may be retained under this system by appointing a nominee as account holder.

### Nominees

An account may be kept on behalf of one or more owners, with beneficial shareholders being entitled to appoint a nominee. A nominee shareholder is entitled to receive dividends and to exercise all subscription, voting and certain other rights attaching to the shares held in its name in VP. The relationship between the nominee shareholder and the beneficial owner is regulated solely by an agreement between such parties and the beneficial owner must disclose his/her identity if any of the abovementioned rights is to be exercised directly by the beneficial owner.

The possibility of appointing a nominee does not set aside a beneficial shareholder's obligation to notify a major shareholding.

### Settlement Process

Settlement in connection with trading on the NASDAQ OMX normally takes place on the third business day after effecting a sale or purchase transaction. Unless otherwise arranged, VP or the account-holding institution sends a statement to the name and address recorded in VP showing the amount of shares held by it, which provides the holder with evidence of his/her rights. The Shares may also be settled through the clearing facilities of Clearstream and Euroclear.

### Mandatory Bids

Section 31 of the Danish Securities Trading Act includes rules concerning public takeover offers for the acquisition of shares in a company admitted to trading on a regulated market (including NASDAQ OMX) or an alternative market place.

If a shareholding is transferred, directly or indirectly, in a company with one of several share classes admitted to trading on a regulated market or an alternative market place, the acquirer shall enable all shareholders of the company to dispose of their shares on identical terms if such transfer involves the acquiror obtaining a controlling influence.

An acquirer has a controlling interest when he directly or indirectly holds more than half of the voting rights in a company, unless it is possible in special cases to clearly demonstrate that such a holding does not constitute a controlling interest.

An acquirer who does not hold more than half of the voting rights in a company, nevertheless has a controlling influence when he

- has the right to appoint or dismiss a majority of the members of the supervisory board or equivalent managing body and this body has a controlling influence in the company;
- has the right to control the financial and operational affairs of the company according to the articles of association or an agreement;
- has the right to control the majority of voting rights in the company in accordance with any agreement with other shareholders; or
- holds more than one-third of the voting rights in the company and the actual majority of the votes on the general meeting or any other managing body and thereby possesses actual controlling influence over the company.

Warrants, call options and other potential voting rights, which may currently be exercised or converted must be taken into account in the assessment of whether an acquirer has a controlling interest.

No takeover bids have been made by any third party in respect of the Shares during the past or current financial years.

**Compulsory Redemption**

Where a shareholder holds more than 90% of the shares in a company and a corresponding proportion of the voting rights, such shareholder may, pursuant to the Danish Companies Act (s. 70(1)), compulsorily acquire the shares of all remaining shareholders. If so, the remaining shareholders shall be required to transfer their shares to said shareholder within a period of four weeks from the date they are given notice to do so. If the redemption price cannot be agreed upon, the redemption price must be determined by independent experts appointed by the court of the jurisdiction of the company's registered office in accordance with the provisions of the Danish Companies Act. Special requirements apply to the contents of the notice.

Furthermore, where a shareholder holds more than 90% of the shares in a company and a corresponding proportion of the voting rights, the other shareholders may require such shareholder to acquire their shares pursuant to s. 73 of the Danish Companies Act. If the determination of the applicable compulsory acquisition price cannot be agreed upon, the compulsory acquisition price must be determined by independent experts appointed by the court of the jurisdiction of the company's registered office in accordance with the provisions of the Danish Companies Act.

**Major Shareholdings**

Pursuant to section 29 of the Danish Securities Trading Act, holders of shares in a company listed on the NASDAQ OMX are required to give us and the Danish FSA immediate notice when their holding in our Shares reaches, rises above or falls below: (i) five percent of the voting rights attached to our share capital or (ii) five percent of the nominal value of company's registered share capital. Separate notice must also be given if a change in shareholding already notified entails that the limits of five percent, 10%, 15%, 20%, 25%, 50%, 90% or one-third or two-thirds of the total number of voting rights attached to our Shares or to the nominal value of our registered share capital are reached or no longer reached.

The notice must provide information about the full name, address or, in the case of undertakings, registered office, the number of shares held following the transaction and their nominal value and share classes, as well as the percentage of voting rights and share capital, the transaction date as well as information about the chain through which the voting rights or share capital is held. Failure to comply with the notification requirements is punishable by a fine.

When assessing whether a shareholder is required to notify a major shareholding the following shareholdings shall be included:

- shares held legally or beneficially on behalf of the party in question (whether for their own account or a third party's account); and

- share certificates, where the holder of the share certificate is considered a shareholder of the underlying securities represented by the certificate;

The duty to notify major shareholdings also applies to natural and legal persons who are entitled to acquire, sell or exercise voting rights in relation to:

- shares held by a third party with whom that natural or legal person has concluded an agreement which obliges them to adopt, by concerted exercise of the voting rights they hold, a lasting common policy towards the management of the company;
- shares where the voting rights have been transferred temporarily (and against payment) by written agreement to a third party by the party in question;
- shares pledged to the party in question and where the voting are controlled by the party in question and such party declares its intention of exercising such rights;
- shares in which that natural or legal person has the life interest;
- shares or voting rights held or exercisable by an undertaking controlled by such person;
- shares deposited with the party in question if the party can exercise the voting rights in his discretion in the absence of specific instructions from the shareholder;
- shares or voting rights held by a third party in its own name on behalf of such person; and
- shares in relation to which that person may exercise votes as a proxy where the person can exercise the voting rights at his discretion in the absence of specific instructions of the shareholder.

**Disclosure Requirements**

Under the Danish Securities Trading Act, as a listed company, we will be obliged to inform the public and the Danish FSA as soon as possible of inside information, if such information directly relates to our business. We are also obliged to disclose any significant changes concerning already publicly disclosed inside information or our Shares.

We are also required to ensure that no unauthorized person gains access to inside information prior to its publication to the market. Price sensitive information may include, for example, (i) changes to our Board of Directors or Executive Board, (ii) decisions to introduce incentive schemes, (iii) increases or other changes in business activities, (iv) business acquisitions and divestitures, (v) unexpected and significant deviation in financial result or position, (vi) proposed changes in capital structure, (vii) interim reports and accounts and (viii) annual reports and accounts.

## PLAN OF DISTRIBUTION

### Underwriting Agreement

We, the Selling Shareholder and the Managers entered into an Underwriting Agreement on May 19, 2010 whereby we undertake to issue and sell up to 38,492,069 New Shares and the Selling Shareholder agrees to sell up to 32,725,498 Existing Shares in connection with the Offering, including Shares to be sold pursuant to the Over-allotment Option. In this connection, we have given usual representations and warranties to the Managers.

Subject to (i) the Selling Shareholder and the Company, having consulted with the Joint Bookrunners (on behalf of the Managers), determining the Offer Price and the allocation of Shares to investors; and (ii) the Company, the Selling Shareholder and the Managers signing a pricing memorandum, the Managers will, on the terms and subject to the conditions referred to in the Underwriting Agreement, agree severally, and not jointly nor jointly and severally, to use reasonable endeavors to procure, as agents for the Company or the Selling Shareholder, as the case may be, subscribers or purchasers for, and, failing which, to subscribe for or purchase themselves and pay for, the Offer Shares at the Offer Price subject to all conditions to the Underwriting Agreement having been satisfied or waived.

The Company and the Selling Shareholder will pay the Managers certain commissions in connection with the Offering and we and/or the Selling Shareholders have agreed to reimburse the Managers in respect of certain expenses and to indemnify them against certain losses and liabilities arising out of, or in connection with, the Offering.

The Managers' obligations under the Underwriting Agreement are subject to satisfaction of the conditions set out in the Underwriting Agreement, including that no material adverse change occurs before the Closing Date of the Offering; and the Underwriting Agreement not having been terminated in accordance with its terms.

### Managers as Investors

In connection with the Offering, each Manager, acting as an investor for its own account, may subscribe for or purchase Offer Shares in the Offering and in that capacity may retain, purchase or sell for its own account such securities and any securities of the Company or related investments and may offer or sell such securities or other investments otherwise than in connection with the Offering. References in this Offering Memorandum to subscribers or purchasers being procured for the Offer Shares by the Managers should be read as including any offering or placement or sale of securities to the Managers acting in such capacity. The Managers do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

### Offer Price

Prior to this Offering, there has been no public market for the Shares. The Offer Price will be determined by the Selling Shareholder and our Board of Directors, following consultation with the Joint Bookrunners. There can be no assurance that an active market will develop for the Offer Shares or that the Offer Shares will trade in the public market after the Offering at or above the Offer Price.

### Over-allotment and Stabilization

In connection with the Offering, to the extent permitted by applicable law, Shares may be over-allotted up to a maximum of 15% of the total number of Offer Shares comprised in the Offering. For the purposes of allowing the stabilization manager to cover over-allotments or further allotments, if any, in connection with the Offering and/or to cover short positions resulting from stabilization transactions, the Selling Shareholder has granted the Joint Global Coordinators (on behalf of the Managers) an Over-allotment Option which is exercisable in whole or in part, upon notice by the stabilization manager, once or more than once during the period commencing on the first day of trading in and official listing of the Existing Shares until 30 calendar days thereafter, pursuant to which the stabilization manager, in consultation with the Joint Bookrunners, may require the Selling Shareholder to sell up to 5,577,074 Existing Shares in aggregate, being 10% of the total number of Offer Shares being offered in the Offering. Any Existing Shares sold by the Selling Shareholder upon the exercise of the Over-allotment Option will be sold and allocated between the Managers on the same terms and conditions as the Offer Shares being offered in the Offering.

In connection with the Offering, Credit Suisse, as stabilization manager, or any of its agents or delegates, may effect transactions with a view to supporting the market price of the Shares at a higher level than that which might otherwise prevail. Such transactions may be effected on the NASDAQ OMX, in the over-the-counter markets or otherwise and may be undertaken at any time during the period from the first day of trading in and official listing of the Existing Shares until 30 calendar days thereafter. However, there will be no obligation on the stabilization manager or any of its agents to effect stabilizing transactions, and there can be no assurance that stabilizing transactions will be undertaken. Such transactions, if commenced, may be discontinued at any time without prior notice. In no event will measures be taken to stabilize the market price of the Shares above the Offer Price.

Save as required by applicable laws and regulations, neither the stabilization manager nor any of its agents intends to disclose the extent of any over-allotments and/or stabilizing transactions under the Offering.

**Employee and Management Share Programs**

For the purpose of meeting our obligations to deliver Shares under the stock option program and restricted share unit program, we intend to buy Shares in the market at prevailing market price from time to time, see "Management—Management Incentive Programs". As of the Offering Memorandum Date, we do not hold any treasury shares but up to 2,993,828 of the Existing Offer Shares have been reserved for us to purchase from the Selling Shareholders in order to meet certain of our obligations to deliver Shares under our Management Incentive Programs.

**Lock-up Arrangements**

We, our Executive Board and the Selling Shareholder have agreed with the Joint Bookrunners that, subject to certain exceptions, for a period of 180 days from the first day of trading and official listing of the Existing Shares, with respect to us and the Selling Shareholder, and for a period of 360 days following completion of the Offering, with respect to our Executive Board, neither we, our Executive Board, nor the Selling Shareholder will, except for the Shares to be sold in the Offering or pursuant to the Over-allotment Option and subject to certain other customary exceptions, without the prior written consent of the Joint Bookrunners, authorize the issuance of, issue, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any Shares or any securities exchangeable for or convertible into or exercisable for any Shares, or enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of the Shares, whether any such transactions are to be settled by delivery of the Shares or other securities, in cash or otherwise.

No members of the Board of Directors hold any shares or warrants for shares issued by us or the Selling Shareholder as of the Offering Memorandum Date. Upon completion of the Offering, each member of our Board of Directors, except for the members elected by our employees, has undertaken to purchase, no later than 12 months after their respective appointment, Shares in an amount equal to the fee received by each of our ordinary board members and to maintain ownership of these Shares during the entire period in which such person remains a member of our Board of Directors. The members of our Board of Directors, except for members elected by our employees, have agreed to order an aggregate total amount of DKK 5,400,000 of Offer Shares in the Offering at the Offer Price.

In addition, each member of our Executive Board has agreed to maintain a direct or indirect ownership in us (either through Shares or through warrants to purchase shares of the Selling Shareholder) of not less than 50% of such Executive Board member's total value of pre-Offering indirect interests in us for at least 360 days following the completion of the Offering. See "Management—Management Incentive Programs" for additional details on our Executive Board's pre-Offering indirect interests in us and for additional details on the warrants to purchase shares of the Selling Shareholder.

**Other Relationships**

Certain of the Managers and their respective affiliates have in the past engaged in transactions with and performed various investment banking, financial advisory, commercial lending, hedging and other services for us and the Selling Shareholder and their respective affiliates, for which they have in the past received, and may in the future receive, customary fees and commissions. The Managers and their respective affiliates may provide such services to us and the Selling Shareholder and their respective affiliates in the future.

Credit Suisse International, Danske Bank A/S and JPMorgan Chase Bank N.A. are lenders under our Existing Credit Facilities and will therefore each receive a portion of the net proceeds of the Offering being used to repay our Existing Credit Facilities. In addition, Danske Bank A/S and Skandinaviska Enskilda Banken AB (publ) are lenders under the New Credit Facilities.

# EXCHANGE RATE INFORMATION

## Exchange rate information

***Danish kroner per euro***

The following table sets forth, for the periods and dates indicated, the average, high, low and period-end foreign exchange reference rates certified by the Danish Central Bank (*Danmarks Nationalbank*), or the "Euro Buying Rate", expressed in Danish kroner per €1.00. The Danish Central Bank fixes exchange rates vis-à-vis selected currencies on the basis of market rates prevailing at 2:15 p.m. in Copenhagen. The average rates represent the average of the Euro Buying Rates on the last business day of each month for the calendar periods except for May 2010, for which the date used is May 12, 2010, and for the monthly amounts the daily average of the Euro Buying Rates is used.

| | Reference rates of Danish kroner per euro | | | |
|---|---|---|---|---|
| | Average | High | Low | Period End |
| **Period** | | | | |
| 2005 (August 31) | 7.4439 | 7.4638 | 7.4287 | 7.4582 |
| 2006 (August 31) | 7.4597 | 7.4674 | 7.4487 | 7.4594 |
| 2007 (August 31) | 7.4515 | 7.4613 | 7.4395 | 7.4491 |
| 2008 (August 31) | 7.4565 | 7.4628 | 7.4451 | 7.4580 |
| 2009 (February 28) | 7.4526 | 7.4611 | 7.4428 | 7.4504 |
| 2009 (August 31) | 7.4497 | 7.4623 | 7.4425 | 7.4431 |
| **Monthly Amounts** | | | | |
| September 2009 | 7.4428 | 7.4443 | 7.4407 | 7.4443 |
| October 2009 | 7.4438 | 7.4449 | 7.4430 | 7.4430 |
| November 2009 | 7.4415 | 7.4427 | 7.4406 | 7.4424 |
| December 2009 | 7.4418 | 7.4433 | 7.4415 | 7.4415 |
| January 2010 | 7.4424 | 7.4456 | 7.4403 | 7.4443 |
| February 2010 | 7.4440 | 7.4454 | 7.4427 | 7.4428 |
| March 2010 | 7.4416 | 7.4447 | 7.4404 | 7.4447 |
| April 2010 | 7.4430 | 7.4447 | 7.4420 | 7.4421 |
| May 2010 (through May 12) | 7.4426 | 7.4435 | 7.4418 | 7.4418 |

As of May 12, 2010, the Euro Buying Rate was DKK 7.4418 per €1.00.

***Danish kroner per U.S. dollar***

The following table sets forth, for the periods and dates indicated, the average, high, low and period-end foreign exchange reference rates certified by the Danish Central Bank (*Danmarks Nationalbank*), or the "*U.S. Dollar Buying Rate*", expressed in Danish kroner per U.S. $1.00. The Danish Central Bank fixes exchange rates vis-à-vis selected currencies on the basis of market rates prevailing at 2:15 p.m. in Copenhagen. The average rates represent the average of the U.S. Dollar Buying Rates on the last business day of each month for the calendar periods except for May 2010, for which the date used is May 12, and for the monthly amounts the daily average of the U.S. Dollar Buying Rates is used.

| | Reference rates of Danish kroner per U.S. dollar | | | |
|---|---|---|---|---|
| | **Average** | **High** | **Low** | **Period End** |
| **Calendar Period** | | | | |
| 2005 (August 31) | 5.8635 | 6.2718 | 5.4580 | 6.1143 |
| 2006 (August 31) | 6.0891 | 6.3917 | 5.7754 | 5.8045 |
| 2007 (August 31) | 5.6443 | 5.9573 | 5.3791 | 5.4353 |
| 2008 (August 31) | 4.9797 | 5.4851 | 4.6652 | 5.0614 |
| 2009 (February 28) | 5.3326 | 5.9811 | 5.0641 | 5.8924 |
| 2009 (August 31) | 5.5281 | 5.9811 | 5.0641 | 5.2152 |
| **Monthly Amounts** | | | | |
| September 2009 | 5.1119 | 5.2340 | 5.0340 | 5.0839 |
| October 2009 | 5.0245 | 5.1213 | 4.9559 | 5.0291 |
| November 2009 | 4.9897 | 5.0772 | 4.9336 | 4.9540 |
| December 2009 | 5.0869 | 5.2139 | 4.9218 | 5.1901 |
| January 2010 | 5.2155 | 5.3303 | 5.1092 | 5.3303 |
| February 2010 | 5.4398 | 5.5176 | 5.3239 | 5.4847 |
| March 2010 | 5.4849 | 5.5783 | 5.4059 | 5.5232 |
| April 2010 | 5.5476 | 5.6190 | 5.4668 | 5.6141 |
| May 2010 (through May 12) | 5.7776 | 5.6221 | 5.8662 | 5.8662 |

As of May 12, 2010, the U.S. Dollar Buying Rate was DKK 5.8662 per U.S. $1.00.

## GENERAL INFORMATION

### Corporate information

***Name, registered office and incorporation***

Chr. Hansen Holding A/S
Bøge Allé 10-12
DK-2970 Hørsholm

Telephone: +45 45 74 74 74
Fax: +45 45 74 88 88

Website: www.chr-hansen.com. Information included on our website does not form part of this Offering Memorandum.

We were incorporated as a public limited company under the laws of Denmark on October 1, 2004. The Company is subject to Danish law and is formed for an indefinite period of time.

The Company's registered office is situated in the Municipality of Rudersdal, Denmark.

***Registration number***

Our registration number, or "CVR-nr.", with the Danish Commerce and Companies Agency is 28318677.

***Financial year and reporting***

Our financial year is September 1 to August 31 and financial reporting is expected to occur on a quarterly basis.

***Financial calendar for the financial year ending August 31, 2010***

| | |
|---|---|
| Release of interim report for the nine months ending May 31, 2010 | July 1, 2010 |
| Release of annual report for the period ending August 31, 2010 | November 2, 2010 |
| Annual general meeting | November 30, 2010 |

### Principal bankers to the Company

Our principal bankers are

Danske Bank A/S
Holmens Kanal 2-12
DK-1092 Copenhagen K

### Registrar of Shareholders and Issuing Agent

Our registrar is

VP Investor Services (VP Services A/S)
Weidekampsgade 14
Postbox 4040
DK-2300 Copenhagen S

Our issuing agent is:

Danske Bank A/S
Holmens Kanal 2-12
DK-1092 Copenhagen K

### Objects of the Company

The objects for which the Company has been established are to carry on investment activities and to carry on, directly or indirectly, manufacture of and trade in biotechnological and chemical products, processes and facilities and to carry on research and consulting activities as well as any other activities which, in the opinion of the Board of Directors, are related thereto. In every respect, the Company will seek to carry on its activities in a socially, environmentally and financially responsible manner. See article 2 of the articles of association.

The Company was established on October 1, 2004 as a shelf corporation, and the objects clause in the memorandum of association is therefore not relevant to the Company.

### General Meetings

Our most recent annual general meeting was held on November 3, 2009. Our most recent extraordinary general meeting was held on April 27, 2010.

### Notice of General Meeting

We will publish shareholders' notices on our website www.chr-hansen.com and forward shareholders' notices electronically to shareholders having registered their names and e-mail addresses recorded in our register of shareholders. Furthermore company announcements will be published through a news media covering the entire EEA, and will be sent to the Danish Financial Supervisory Authority and the NASDAQ OMX and will be published on the Company's website www.chr-hansen.com.

### Documents on Display

The following documents are, subject to prior agreement, available for inspection during business hours at our offices at Bøge Allé 10-12, 2970 Hørsholm, Denmark, for the period in which this Offering Memorandum is applicable:

- our financial information for the years ended August 31, 2006, 2007, 2008 and 2009 as well as the annual reports of our most important subsidiaries that make their annual reports publicly available for the years ended August 31, 2008 and 2009. See footnote (2) to the table under "—Overview of the Chr. Hansen Group" for a list of our most important subsidiaries
- our articles of association
- our memorandum of association
- the Board of Directors' resolution to increase the share capital dated May 19, 2010
- the report from the Board of Directors pursuant to s. 156(2)(ii) of the Danish Companies Act with corresponding statement from the auditors pursuant to s. 156(2)(iii) of the Danish Companies Act dated May 19, 2010.

The documents referred to in s. 156(2) of the Danish Companies Act include a copy of the most recent annual report, a report from the Board of Directors disclosing, to the extent not detrimental to us due to special circumstances, events of material importance which have occurred after the annual report was prepared and a statement by the auditor on the report of the Board of Directors.

### Auditors to the Company

Our auditors are PricewaterhouseCoopers Statsautoriseret Revisionsaktieselskab, Strandvejen 42, DK-2900 Hellerup represented by Mogens Nørgaard Mogensen and Lars Baungaard. Mogens Nørgaard Mogensen and Lars Baungaard are both state authorized public accountants and members of the Institute of State Authorized Public Accountants in Denmark (Foreningen af Statsautoriserede Revisorer (FSR)).

PricewaterhouseCoopers audited our annual reports for financial years ended August 31, 2006, 2007, 2008 and 2009 and also provides us with consulting advice on tax and certain financial matters from time to time.

### Managers

Credit Suisse and J.P. Morgan are the Joint Global Coordinators; Credit Suisse, Danske Markets, J.P. Morgan, Morgan Stanley and SEB Enskilda are the Joint Bookrunners; Carnegie and Crédit Agricole CIB are the Co-Lead Managers of the Offering.

### Legal Advisors

Certain legal matters with in connection with the Offering will be passed upon for us by Weil, Gotshal & Manges, international legal counsel to the Company, and by Bech-Bruun, Danish counsel to the Company (in relation to Danish law). Certain legal matters in connection with the Offering will be passed upon for the Managers by Linklaters LLP, international legal counsel to the Managers, and by Gorrissen Federspiel, Danish counsel to the Managers.

## Overview of the Chr. Hansen Group

The table below shows each of the Company's subsidiaries as of February 28, 2010.

| Enterprise | Country | Currency | Nominal Capital ('000) | Ownership share in % | Production | Sale | Other |
|---|---|---|---|---|---|---|---|
| Chr. Hansen Argentina S.A.I.C.(1) | Argentina | ARS | 648 | 98 | x | x | |
| Paprika S.A. | Argentina | ARS | 20 | 50 | | | x |
| Chr. Hansen Pty Ltd | Australia | AUD | 1,004 | 100 | x | x | |
| Hale-Bopp Australia Pty Ltd | Australia | AUD | 12,686 | 100 | | | x |
| Chr. Hansen Ind. e Com. Ltda.(2) | Brazil | BRL | 17,499 | 100 | x | x | |
| Chr. Hansen Limited | Canada | CAD | 24 | 100 | | x | |
| Urex Biotech Inc. | Canada | CAD | 0 | 100 | | | x |
| Chr. Hansen (Tianjin) Food Ingredients CO. Ltd | China | CNY | 8,000 | 100 | x | x | |
| Chr. Hansen (Beijing) Trading company | China | CNY | 5,000 | 100 | | x | |
| Chr. Hansen Colombia S.A. | Colombia | COP | 3,856,597 | 99.99 | | x | |
| Chr. Hansen Czech Republic s.r.o. | Czech Republic | CZK | 470 | 100 | x | x | |
| Chr. Hansen A/S(2) | Denmark | DKK | 194,100 | 100 | x | x | x |
| Chr. Hansen Properties A/S | Denmark | DKK | 500 | 100 | | | x |
| Chr. Hansen France S.A.S.(2) | France | EUR | 3,200 | 100 | x | x | |
| Chr. Hansen GmbH(2) | Germany | EUR | 383 | 100 | x | x | |
| Halley GmbH | Germany | EUR | 25 | 100 | | | x |
| Hansen Hellas ABEE | Greece | EUR | 1,057 | 100 | | x | |
| Chr. Hansen B.V. | Holland | EUR | 18 | 100 | | x | |
| Medipharm Hungary Kft. v.a.(3) | Hungary | HUF | 15,940 | 100 | | x | |
| Chr. Hansen India Pvt. Ltd | India | INR | 24,992 | 99.6 | | x | |
| Chr. Hansen Limited | Ireland | EUR | 1,513 | 99.99 | | | x |
| Chr. Hansen Ireland Limited | Ireland | EUR | 1 | 100 | | x | x |
| Ridge Wind Ltd | Ireland | EUR | 540 | 99.99 | | | x |
| Chr. Hansen Ireland (Distribution) Limited | Ireland | EUR | 0 | 99 | | | x |
| Chr. Hansen Italia S.p.A.(2) | Italy | EUR | 500 | 100 | x | x | |
| Chr. Hansen Japan Co. Ltd. | Japan | JPY | 10,000 | 100 | | x | |
| Financière Star 2, Sàrl(4) | Luxembourg | EUR | 13 | 100 | | | x |
| Chr. Hansen de Mexico S.A. de C.V. | Mexico | MXN | 305 | 100 | x | x | |
| Chr. Hansen Corporativa S.A. de CV | Mexico | MXN | 50 | 100 | | | x |
| Chr. Hansen Centroamérica S.A. | Panama | PAB | 10 | 100 | | x | |
| Chr. Hansen S.A. | Peru | PEN | 3,416 | 100 | x | x | |
| Chr. Hansen Poland Sp. z.o.o. | Poland | PLN | 50 | 100 | | x | |
| Chr. Hansen S.R.L. Romania | Romania | RON | 4 | 100 | | x | |
| Chr. Hansen LLC | Russia | RUB | 10,972 | 100 | | x | |
| Chr. Hansen Singapore Pte Ltd. | Singapore | SGD | 1,000 | 100 | | x | |
| Medipharm Slovakia s.r.o. | Slovakia | EUR | 33 | 100 | | x | |
| Chr. Hansen, S.L.(5) | Spain | EUR | 3 | 100 | | x | |
| Chr. Hansen AB | Sweden | SEK | 181 | 100 | | x | |
| Ladybird Holding AB | Sweden | SEK | 1,000 | 100 | | | x |
| Medipharm AB | Sweden | SEK | 4,000 | 100 | | | x |
| Peyma Chr. Hansen's A.S. | Turkey | TRL | 140 | 50 | x | x | |
| Chr. Hansen Ukraine LLC | Ukraine | UAH | 32 | 100 | | x | |
| Chr. Hansen Middle East FZCO | United Arab Emirates | AED | 500 | 100 | | x | |
| Chr. Hansen Ltd | United Kingdom | GBP | 250 | 99.99 | | x | |
| Chr. Hansen Inc.(2) | United States | USD | 0 | 100 | x | x | |

(1) The Company has 100% voting control of Chr. Hansen Argentina S.A.I.C.

(2) Currently considered as our most important subsidiaries.

(3) Under liquidation.

(4) Expected to be liquidated upon completion of the Offering.

(5) Chr. Hansen S.A. and Lady Bird Iberia S.L. were merged with retroactive effect from September 1, 2009.

ARTICLES OF ASSOCIATION

**of**

**Chr. Hansen Holding A/S**

**(CVR no. 28 31 86 77)**

## 1. Name

1.1 The Company's name is Chr. Hansen Holding A/S.

## 2. Objects

2.1 The Company's objects are to carry on investment activities and to carry on, directly or indirectly, manufacture of and trade in biotechnological and chemical products, processes and facilities and to carry on research and consulting activities as well as any other activities which, in the opinion of the board of directors, are related thereto. In every respect, the Company will seek to carry on its activities in a socially, environmentally and financially responsible manner.

## 3. Share capital

3.1 The Company's nominal share capital is DKK 1,008,252,200.

3.2 The share capital is divided into shares of DKK 10 each or any multiples thereof.

3.3 The share capital has been paid up in full.

## 4. Shares

4.1 The shares must be registered in the holder's name in the Company's register of shareholders.

4.2 The register of shareholders will be kept by VP Investor Services A/S (VP Services A/S), CVR no. 30201183, which has been elected company registrar on behalf of the Company.

4.3 The shares are negotiable instruments and the transferability of the shares is not subject to any restrictions.

4.4 No share confers any special rights or privileges on the holder.

4.5 No shareholder will be obliged to have his shares redeemed in whole or in part by the Company or any third party.

4.6 Dividends, if any, will be paid by transfer to the accounts designated by the shareholders in accordance with the rules applicable from time to time to VP Securities A/S.

## 5. Increase of the share capital

5.1 Until and including 31 December 2010, the board of directors is authorised, in one or more stages, to increase the share capital by up to a total of DKK 500m nominal value through cash payment. If the capital increase is subscribed for at market price, the capital increase may take place without any pre-emption rights for the shareholders.

5.2 Further, until and including 16 April 2015, the board of directors is authorised, without pre-emption rights for the shareholders, in one or more stages, to increase the share capital by up to a total of DKK 100,825,220 nominal value in connection with complete or partial takeover of an existing business. Payment will in such case be made in assets other than cash.

5.3 Shares issued in accordance with the authorities in articles 5.1 and 5.2 must be negotiable instruments and must be registered in the holder's name in the Company's register of shareholders. The transferability of the shares will not be subject to any restrictions.

**6. General meetings**

6.1 General meetings of the Company must be held at its registered office or at any other place within the Capital Region of Denmark.

6.2 General meetings may be conducted in English without simultaneous interpretation. Any documents drafted in connection with or after the general meeting may be drawn up in English subject to a resolution to that effect by the board of directors.

6.3 Annual general meetings must be held each year before the end of December.

6.4 General meetings must be convened by the board of directors by no more than five weeks' and no less than three weeks' notice by publication on the Company's website: www.chr-hansen.com, through Nasdaq OMX Copenhagen A/S and by written notice to any registered shareholder who has so requested to the address recorded in the Company's register of shareholders, but see article 8.

6.5 Extraordinary general meetings must be held when decided by the board of directors or upon request by the auditor appointed by the general meeting, or upon the written request of shareholders holding 5% of the share capital. Extraordinary general meetings must be convened no later than two weeks from receipt of a request to that effect.

6.6 The notice convening the general meeting must specify the date, time and place of the general meeting as well as the agenda of all business to be transacted. If the general meeting is to consider a proposal to amend the articles of association, the notice must specify the essence of the proposal.

6.7 No later than three weeks prior to a general meeting, including the day before the general meeting, the following information must be made available to the shareholders at the Company's website: www.chr-hansen.com:

- The notice convening the meeting
- The total number of shares and voting rights as at the date of the notice convening the meeting
- The documents to be presented at the general meeting, including, with respect to the annual general meeting, the latest audited annual report
- The agenda and the complete wording of the proposals
- The forms to be used in connection with proxy voting and postal ballots. If such forms are not made available on the Internet, the Company will inform how such forms may be obtained in paper form and subsequently send the forms to any shareholder so requesting

6.8 Any shareholder is entitled to have particular business transacted at the general meeting, provided that the shareholder submits a written request to that effect to the board of directors no later than six weeks before the annual general meeting.

6.9 The agenda for the annual general meeting must include:

1. Report on the Company's activities
2. Adoption of the annual report
3. Resolution on appropriation of profit or covering of loss
4. Resolution on fee to the members of the board of directors
5. Election of the chairman of the board of directors
6. Election of other members to the board of directors
7. Appointment of auditor

6.10 Prior to the general meeting, the shareholders are entitled to ask questions in writing regarding the agenda or documents, etc. to be used at the general meeting. Such questions must be received by the Company one week prior to the general meeting.

6.11 The board of directors must appoint a chairman of the meeting to preside over the proceedings at the general meeting and to ensure that the general meeting is held in a proper and appropriate manner.

6.12 Minutes of the proceedings at general meetings must be entered into the Company's minute book to be signed by the chairman of the meeting. No later than two weeks after the date of the general meeting, the minute book or a certified transcript must be made available for the shareholders at the Company's website: www.chr-hansen.com.

**7. Voting rights and right of representation**

7.1 Each share of DKK 10 carries one vote at the general meeting.

7.2 At general meetings, a shareholder may only participate in and exercise the voting rights attaching to shares which as at the deadline for registration, which is one week prior to the general meeting, either have been recorded in the Company's register of shareholders or of which the shareholder no later than on such date have duly notified the Company of their acquisition.

7.3 A shareholder's attendance at general meetings is furthermore subject to such shareholder having requested an admission card no later than three days before the date of the general meeting. Admission cards are issued to shareholders recorded in the Company's register of shareholders as at the deadline for registration or who no later than on such date have duly notified the Company of their acquisition for purposes of entry in the register of shareholders.

7.4 Shareholders may cast their votes in writing to the board of directors prior to the general meeting (postal vote). Postal votes must be received by the Company no later than three days prior to the general meeting. A postal vote received by the Company is irrevocable and binding upon the shareholder.

7.5 Voting rights may be exercised by written and dated proxy in accordance with applicable laws in force from time to time. The validity of proxy statements issued later than three days prior to a general meeting is subject to the shareholder having notified the Company in due time of his attendance at the general meeting.

**8. Notices**

8.1 The Company is entitled to give any notices to the Company's shareholders to be given under the Companies Act or these articles of association by electronic mail, and all documents may be made available or forwarded in electronic form.

8.2 The executive board will ask all shareholders of the Company to provide their current email addresses to which notices etc., cf. article 8.1 above, may be given. It is the responsibility of the shareholder to provide the Company with a correct and current email address. If the information contained in the register of shareholders is insufficient or incorrect, the board of directors will not be obliged to seek to rectify the incorrect information or to give notice of meetings in any other manner.

8.3 At the option of the board of directors, the form of communication mentioned in article 8.1 may also be used for communication between the Company and the members of the board of directors. The Company's executive board must keep a list of the email addresses of the members of the board of directors.

8.4 Information on system requirements and the use of electronic communication must be provided directly to the shareholders by the Company's executive board or published at the Company's website: www.chr-hansen.com.

**9. Board of directors**

9.1 The general meeting must elect at least three and no more than six members to the board of directors, including a chairman. The board of directors will elect its own vice-chairman.

9.2 Members of the board of directors elected by the general meeting must retire from office at each annual general meeting, but will be eligible for re-election. Only persons who are 70 years of age or younger at the time of election can be elected to the board of directors.

9.3 The board of directors forms a quorum when at least half of its members are present, including the chairman or vice-chairman. Resolutions by the board of directors are passed by a majority of the votes present at the meeting. In case of equality of votes, the chairman (and in his absence the vice-chairman) will have a casting vote.

9.4 Members of the board of directors may issue an instrument of proxy to another member of the board of directors when appropriate considering the topic of discussion.

9.5 The Company's corporate language is English.

9.6 The board of directors must lay down rules of procedure for the performance of its duties.

**10. Executive board**

10.1 The board of directors will appoint an executive board consisting of one or more managers who will be in charge of the day-to-day operations of the Company. The board of directors will lay down the terms for the appointment of the executive board and rules specifying the powers of the executive board. Where more than one member is appointed to the executive board, one of them must be appointed managing director.

10.2 Where more than one member is appointed to the executive board, rules specifying their powers and the performance of their duties may be laid down in the rules of procedure for the executive board.

10.3 The board of directors has laid down general guidelines for incentive pay for the executive board. These guidelines have been considered and approved at the Company's general meeting held on 27 April 2010, cf. s. 139 of the Companies Act. The guidelines have been made publicly available at the Company's website: www.chr-hansen.com.

**11. Power to bind the Company**

11.1 The Company is bound by the joint signatures of the chairman or the vice-chairman of the board of directors and a member of the board of directors or a member of the executive board or by the joint signatures of the managing director and a member of the executive board or by the joint signatures of all members of the board of directors.

**12. Auditor**

12.1 The Company's annual report must be audited by a state-authorised public accountant appointed by the general meeting for terms of one year.

**13. Annual report**

13.1 The financial year of the Company runs from 1 September to 31 August.

*****

As adopted at the Company's extraordinary general meeting on 27 April 2010.

# APPENDIX B

## GLOSSARY

| | |
|---|---|
| Annatto | A natural orange color, extracted from the plant material surrounding the seeds of the Bixa orellana or Achiote tree, belonging to the tropical regions of America. It is used for coloring foods such as cheddar cheese and margarine. |
| Anthocyanin | A pink-red-violet plant pigment used for all food applications. The shade varies with acidity. |
| Antioxidants | Chemicals that inhibit oxidation or inhibit reactions promoted by oxygen or peroxides. |
| Bacterial strains | Subsets of bacterial species differing from other bacteria of the same species by some identifiable difference. |
| Bacteriophage | Any virus that infects bacteria. Can be used as an alternative to antibiotics. Bacteriophages are a major problem in the dairy industry due to their ability to inhibit starter cultures. |
| Beta-carotene | A yellow-orange compound produced by chemical synthesis, with a molecular structure similar to that found in nature. |
| Bifidobacterium | An anaerobic bacterium inhabiting the gastrointestinal tract and vagina which aids digestion and enhances the immune system. Commonly used in probiotics. |
| Bioscience | The functions or problems of living organisms. |
| Bulk starter | A starter culture made by the dairies. |
| Calcium carbonate | A white compound occurring naturally as chalk, limestone or marble. |
| Campylobacter | A normal inhabitant of the intestinal tract of birds. Campylobacter can cause food poisoning through improper handling of meat. |
| Carotene | An orange pigment belonging to the carotenoid family. Can be extracted from the pulp of the fruit of the oil palm tree *Elaeis guineensis*. |
| Carotenoids | Pigments that are naturally occurring in the chloroplasts and chromoplasts of plants and other photosynthetic organisms including algae, some types of fungus and some bacteria. There are over 600 known carotenoids, and the most abundant give yellow, orange and red shades. |
| Characterization | Documentation of microorganisms such as bacteria, particularly with respect to the important properties, characteristics and molecular markers of bacterial strain characteristics. |
| Chlorophyll | A compound in all plants, giving them a green color. |
| Chymosin | An enzyme of the aspartic protease type found in rennet, produced by cows in the lining of the fourth, final, chamber of the bovine stomach. The identical enzyme can also be produced in fungi using recombinant DNA technology. Used in the dairy industry to coagulate milk. |

| | |
|---|---|
| Coagulant technology | Technology whereby enzymes cleave milk protein (casein) resulting in the formation of an insoluble complex (curd) which forms the basis of cheese. |
| Cochineal | Insect, with the latin name *Dactylopius coccus Costa*, from which the orange color carminic acid is extracted by use of water. |
| Commercial cultures | Starter cultures for industry produced by starter culture companies such as Chr. Hansen. |
| Compounding | The process of combining different bacterial strains to produce a starter culture. |
| Cultivation | The process of growing bacteria to produce a starter culture. |
| Culture | The growing of microorganisms in a specially prepared nutrient medium and the resultant growth. |
| Diacetyl | A compound that is a natural byproduct of fermentation, that gives butter its characteristic taste and is used in the manufacturing of natural and artificial flavors. |
| Direct-fed microbials | Beneficial microbes that are fed to dairy cattle to reduce stress by either preventing pathogenic organisms from establishing and/or re-establishing a beneficial gut microflora. |
| Direct vat set (DVS) | A highly concentrated culture added directly to the cheese vat eliminating the need for the dairy to produce their own bulk starter cultures. |
| E.coli | A rod-shaped bacterium that is commonly found in the lower intestine of warm-blooded organisms, known to cause food poisoning. |
| EFSA | European Food Safety Authority—the EU risk assessment body for food and feed safety. |
| Gastrointestinal infections | Illnesses with a spectrum of severity caused by ingestion of harmful bacteria or their over abundance in the gut. |
| Genera | Plural of genus. |
| Immune health | The result of the action of cells that protect against disease by distinguishing pathogens and tumor cells from the organism's own healthy cells and tissues and killing the pathogens or tumor cells. |
| Innovative cultures | New microorganisms or combinations of microorganisms. |
| Innovative enzymes | New enzymes or combinations of enzymes developed in the interests of progress. |
| Intestinal flora | Microorganisms that live in the digestive tracts of animals. |
| Lactic acid bacteria (LAB) | Acid-tolerant, generally non-sporulating, generally non-respiring bacteria that are associated by their common metabolic and physiological characteristics, found in decomposing plants and lactic products, which produce lactic acid as the major metabolic end-product of carbohydrate fermentation. |
| Lactobacillus | A genus of bacteria that converts lactose and other sugars to lactic acid and are used to restore particular physiological balance. In humans it is present in the vagina and the gastrointestinal tract, where it is symbiotic and makes up a small |

| | |
|---|---|
| | portion of the naturally occurring flora; some species are used in the production of dairy products. |
| Lactobionic acid | A disaccharide formed from gluconic acid and galactose. |
| Lactose | A disaccharide that consists of galactose and glucose residues bonded through a glycosidic linkage and found in milk. |
| Lipase | A water-soluble enzyme that catalyzes the hydrolysis of ester bonds in water-insoluble, lipid substrates to aid the digestion, transport and processing of dietary lipids, used in ripening of cheese. |
| Lysozyme | A family of enzymes, found in tears, saliva, human milk and mucus, which damage bacterial cell walls. |
| Microbial flora | The total population of microorganisms inhabiting a particular environment or niche (such as the intestines). |
| Microliter | A unit of volume equal to one-millionth ($10^6$) of a liter. |
| Microtiter | Plastic labwear having 96 or 384 small wells which can be used to cultivate bacteria in an organised array. Widely used when applying high-throughput technology. |
| Natural color solutions | Food colorings extracted from natural sources such as roots, seeds and berries. |
| Necrotic enteritis | An acute or chronic illness (enterotoxemia) seen in chickens, turkeys and ducks worldwide, caused by Clostridium perfringens and characterised by a lesions, usually of the mid- small intestine. |
| Nutraceutical | The conjunction of nutritional and pharmaceutical, whereby a nutrient or food has properties resembling pharmaceuticals. |
| Pathogens | Agents that cause disease, such as bacteria, viruses and fungi. |
| Phospholipase | An enzyme that hydrolyzes phospholipids into fatty acids and other lipophilic substances. |
| Physiology | The science of the chemical and physical functioning of living systems, a subcategory of biology. |
| Phytonutrient | Plant components which have health-protecting qualities. |
| Pilot scale | The size of a system between the small laboratory model size (bench scale) and a full-size system. Refers to work done in pilot plant. |
| Polyphenols | Compounds that act as antioxidants and protect body cells against damage caused by free radicals. Radicals are reactive atoms that contribute to tissue damage in the body. Polyphenols occurs in many plants. |
| Probios® | The Probios® product line consists of a range of direct-fed microbials (DFMs), products for use in livestock throughout the United States and Canada. |
| Probiotics | Live microorganisms which when administered in adequate amounts confer a health benefit on the host. |
| Pulmonary | Relating to the lungs. |

| | |
|---|---|
| Rennet | A natural complex of enzymes produced in any mammalian stomach to digest the mother's milk, and is often used in the production of cheese. |
| Salmonella | A bacterium which is one of the commonest causes of food poisoning worldwide. |
| Silage | Fermented, high-moisture fodder that can be fed to ruminants (cud-chewing animals like cattle and sheep) or used as a biofuel feedstock for anaerobic digesters. It is fermented and stored in a process called ensiling or silaging, and is usually made from grass crops, including corn or sorghum or other cereals. |
| Stabilizers | Compounds which tend to inhibit the reaction between two or more other compounds. |
| Starter cultures | Microbiological cultures which are intentionally added to a substrate to initiate fermentation. |
| Strain selection | The selection of certain groups of microorganisms (or strains) based on specific characteristics. |
| Titanium dioxide | A natural mineral used as a non-natural white colorant. |
| Un-concentrated cultures | Cultures of bacteria as they are at the end of fermentation. |
| Urogenital infections | Bacterial diseases affecting the genital regions, including bacterial vaginosis and urinary tract infection. |
| Vaginal flora | Bacteria in the vaginal region, typically producing lactic acid to prevent yeast infections and bacterial vaginosis. |
| Viscosity | A measure of the resistance of a fluid which is being deformed by mechanical treatment such as stirring. Typically refers to the 'thickness' of yogurt or color product. |

# Appendix F
# Financial information
## Contents of financial information

## Introduction to financial information

Presented below are the audited consolidated financial statements of Chr. Hansen Holding A/S ("Chr. Hansen" or the "Group") for the financial year ended 31 August 2009 with comparative figures for 2005/2006, 2006/2007 and 2007/2008, which were prepared in accordance with IFRS as adopted by the European Union, and the audited condensed consolidated interim financial statements for the six months ended 28 February 2010 with unaudited comparative figures for the six months ended 28 February 2009, which were prepared in accordance with the recognition and measurement provisions of IFRS as adopted by the European Union.

The historical consolidated financial figures for the full-year periods are based on Chr. Hansen's published annual reports, which were considered and approved by the Board of Directors and Executive Board on 9 November 2006, 13 November 2007, 29 October 2008 and 3 November 2009, respectively.

The following historical consolidated financial figures were restated as compared with the published annual reports for the financial years 2005/2006, 2006/2007, 2007/2008 and 2008/2009, as segmentation notes have been added for all of the years presented. Furthermore, the income statements, balance sheets, cash flow statements and statements of changes in equity have been restated to reflect the new IFRS format requirements. In order to ensure comparability, discontinued activities have been separated in previous years in accordance with IFRS to make the continuing activities comparable for all four years. With reference to the more lenient commencement provisions of IFRS 7, the disclosures required pursuant to this standard have not been given retrospectively for periods in which the standard had not taken effect, with the exception of 2007/2008.

Relative to the published annual reports for the financial years 2005/2006, 2006/2007 and 2007/2008, the presentation currency has been changed from Danish kroner to euro.

With respect to the historical consolidated financial figures for the full years 2005/2006, 2006/2007, 2007/2008 and 2008/2009 and the condensed interim consolidated financial statements for the six months ended 28 February 2010, which are audited, the auditors have provided an unqualified auditors' opinion without emphasis of matter. No other information in the Offering Memorandum has been audited.

## Information incorporated by cross reference

The additional historic audited consolidated financial information explicitly listed in the table below has been incorporated by reference in the Offering Memorandum pursuant to section 18 of the Prospectus Order. Direct and indirect references in the financial statements set out in the annual reports to other documents or websites are not incorporated by reference and do not form part of the Offering Memorandum. Potential investors should assume that the information in this Offering Memorandum as well as the information the Group incorporates by reference, is accurate as of the dates of the respective documents only.

The Group's business, financial condition, cash flows and results of operations may have changed since those dates. Potential investors are encouraged to read the information incorporated by reference in conjunction with the cautionary statements in "Important Notice Relating to this Offering Memorandum—Forward-Looking Statements" and "Risk Factors".

The historic audited consolidated financial information disclosed in the annual reports for 2005/2006, 2006/2007, 2007/2008 and 2008/2009 is incorporated in this Offering Memorandum by reference as set out in the cross reference table below, and is available for inspection at the Group's address: Bøge Allé 10-12, DK-2970 Hørsholm, Denmark.

| Disclosure element | Reference to page numbers in annual reports |
|---|---|
| **Chr. Hansen's annual report 2005/2006** | |
| Management's statement on the annual report | page 15 |
| Independent auditors' report | page 16 |
| Accounting policies | pages 17-25 |
| Consolidated income statement | page 26 |
| Consolidated balance sheet | page 29 |
| Consolidated cash flow statement | page 27 |
| Consolidated statement of changes in equity | page 30 |
| Notes to the consolidated financial statements | pages 31-58 |
| Income statement of the parent company | page 26 |
| Balance sheet for the parent company | page 29 |
| Notes to the financial statements of the parent company | pages 31-58 |
| **Chr. Hansen's annual report 2006/2007** | |
| Management's statement on the annual report | page 15 |
| Independent auditors' report | pages 16-17 |
| Accounting policies | pages 9-30 |
| Consolidated income statement | page 31 |
| Consolidated balance sheet | pages 32-33 |
| Consolidated cash flow statement | page 34 |
| Consolidated statement of changes in equity | pages 35-36 |
| Notes to the consolidated financial statements | pages 37-50 |
| Income statement of the parent company | page 31 |
| Balance sheet of the parent company | pages 32-33 |
| Notes to the financial statements of the parent company | pages 37-50 |

| Disclosure element | Reference to page numbers in annual reports |
|---|---|
| **Chr. Hansen's annual report 2007/2008** | |
| Management's statement on the annual report | page 26 |
| Independent auditors' report | page 27 |
| Accounting policies | pages 28-34 |
| Consolidated income statement | page 35 |
| Consolidated balance sheet | pages 36-37 |
| Consolidated cash flow statement | page 38 |
| Consolidated statement of changes in equity | pages 39-40 |
| Notes to the consolidated financial statements | pages 41-68 |
| Income statement of the parent company | page 38 |
| Balance sheet of the parent company | pages 36-37 |
| Notes to the financial statements of the parent company | pages 41-68 |
| **Chr. Hansen's annual report 2008/2009** | |
| Management's statement on the annual report | page 132 |
| Independent auditors' report | page 133 |
| Accounting policies | pages 66-77 |
| Consolidated income statement | page 60 |
| Consolidated statement of comprehensive income | page 61 |
| Consolidated balance sheet | page 62 |
| Consolidated cash flow statement | page 65 |
| Notes to the consolidated financial statements | pages 66-109 |
| Income statement of the parent company | page 112 |
| Balance sheet for the parent company | page 114 |
| Notes to the financial statements of the parent company | pages 118-131 |

## Management's Statement

The Executive Board and Board of Directors have today considered and adopted the historical consolidated financial statements for the financial years 2005/2006, 2006/2007, 2007/2008 and 2008/2009 and the six-month period 1 September 2009—28 February 2010 of Chr. Hansen Holding A/S.

The historical consolidated financial statements are prepared in accordance with the recognition and measurement requirements of IFRS as adopted by the EU.

In our opinion, the historical consolidated financial statements give a true and fair view of the financial position at 31 August 2006, 31 August 2007, 31 August 2008, 31 August 2009 and 28 February 2010 of the Group and of the results of the Group's operations and cash flows for the financial years 2005/2006, 2006/2007, 2007/2008 and 2008/2009 and the six-month period 1 September 2009—28 February 2010 in accordance with the recognition and measurement requirements of IFRS as adopted by the EU.

**Hørsholm, May 19, 2010**

**Chr. Hansen Holding A/S**

**Board of Directors**

Ole Andersen
Chairman

Frédéric Stévenin
Vice Chairman

Henrik Poulsen

Alice Dautry

Lionel Zinsou

Gaëlle d'Engremont

Malene L. Hansen

Svend Laulund

Martin G. Seidel

**Executive Board**

Lars Vinge Frederiksen
Chief Executive Officer

Henrik Dalbøge
Executive Vice President, Health & Nutrition division

Henning Jakobsen
Chief Financial Officer

Hans Thorkilgaard
Executive Vice President, Colors & Blends division

Knud Vindfeldt
Executive Vice President, Cultures & Enzymes division

Carsten Hellmann
Executive Vice President, Global Sales

# Independent Auditors' Report

**Independent Auditors' Report on historical consolidated financial statements included in pages F7-F67**

**To the readers of this Offering Memorandum**

We have audited the historical consolidated financial statements for the financial years 2005/2006, 2006/2007, 2007/2008 and 2008/2009 and the six-month period 1 September 2009–28 February 2010 of Chr. Hansen Holding A/S, which comprise Accounting Policies, Income Statement, Statement of other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes for the Group as presented in pages F7-F67. The historical consolidated financial statements are prepared in accordance with the recognition and measurement requirements of International Financial Reporting Standards as adopted by the EU.

**Management's responsibility for the historical consolidated financial statements**

Management is responsible for the preparation and fair presentation of the historical consolidated financial statements in accordance with the recognition and measurement requirements of International Financial Reporting Standards as adopted by the EU. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of historical consolidated financial statements, that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the historical consolidated financial statements based on our audit. We conducted our audit in accordance with Danish and International Auditing Standards. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the historical consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the historical consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the historical consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the management's preparation and fair presentation of the historical consolidated financial statements, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the historical consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

**Opinion**

In our opinion, the historical consolidated financial statements as presented on pages F7-F67 gives a true and fair view of the financial position at 31 August 2006, 31 August 2007, 31 August 2008, 31 August 2009 and 28 February 2010 of the Group and of the results of the Group's operations and cash flows for the financial years 2005/2006, 2006/2007, 2007/2008 and 2008/2009 and the six-month period 1 September 2009–28 February 2010 in accordance with the recognition and measurement requirements of International Financial Reporting Standards as adopted by the EU.

Copenhagen, May 19, 2010

**PricewaterhouseCoopers**
Statsautoriseret Revisionsaktieselskab

| | |
|---|---|
| Mogens Nørgaard Mogensen | Lars Baungaard |
| State Authorised Public Accountant | State Authorised Public Accountant |

## Income statement for the financial year 1 September—31 August

| EUR thousand (except per share data) | Note | 2005/2006 | 2006/2007 | 2007/2008 | 2008/2009 |
|---|---|---|---|---|---|
| **Revenue** | 3 | 424,776 | 444,742 | 476,746 | 511,197 |
| Cost of sales | 4,5 | (246,929) | (241,293) | (247,785) | (269,119) |
| **Gross profit** | | **177,847** | **203,449** | **228,961** | **242,078** |
| Research and development costs | 4,5 | (24,649) | (23,083) | (22,090) | (22,540) |
| Sales and marketing expenses | 4,5 | (62,373) | (63,074) | (65,384) | (66,019) |
| Administrative expenses | 4,5,6 | (38,165) | (36,100) | (39,457) | (41,397) |
| Other operating income | | 4,540 | 2,684 | 2,492 | 2,014 |
| Other operating expenses | | (804) | (671) | (1,008) | (252) |
| **Operating profit before special items** | | **56,396** | **83,205** | **103,514** | **113,884** |
| Special items | 7 | (8,713) | (8,213) | (7,514) | (4,475) |
| **Operating profit** | | **47,683** | **74,992** | **96,000** | **109,409** |
| Financial income | 8 | 22,789 | 32,745 | 30,783 | 9,570 |
| Financial expenses | 9 | (95,848) | (115,010) | (101,999) | (116,098) |
| **Profit/(loss) before tax** | | **(25,376)** | **(7,273)** | **24,784** | **2,881** |
| Corporation tax | 10 | 5,189 | 1,208 | (17,289) | (18,841) |
| **Profit/(loss) from continuing activities** | | **(20,187)** | **(6,065)** | **7,495** | **(15,960)** |
| Profit/(loss) from discontinued activities | 11 | (4,344) | (6,710) | 36,310 | (2,396) |
| **Profit/(loss) for the year** | | **(24,531)** | **(12,775)** | **43,805** | **(18,356)** |
| Distributed to: | | | | | |
| Minority interests | | 1,206 | 1,074 | 1,177 | 1,152 |
| **Shareholder of Chr. Hansen Holding A/S** | | **(25,737)** | **(13,849)** | **42,628** | **(19,508)** |
| Earnings per share (EUR) | | (0.26) | (0.14) | 0.42 | (0.19) |
| Earnings per share, diluted (EUR) | | (0.26) | (0.14) | 0.42 | (0.19) |
| Earnings from continuing operations per share (EUR) | | (0.21) | (0.07) | 0.06 | (0.17) |
| Earnings from continuing operations per share, diluted (EUR) | | (0.21) | (0.07) | 0.06 | (0.17) |
| Earnings from discontinued activities per share (EUR) | | (0.05) | (0.07) | 0.36 | (0.02) |
| Earnings from discontinued activities per share, diluted (EUR) | | (0.05) | (0.07) | 0.36 | (0.02) |

## Statement of other comprehensive income for the financial year 1 September—31 August

| EUR thousand | 2005/2006 | 2006/2007 | 2007/2008 | 2008/2009 |
|---|---|---|---|---|
| **Profit/(loss) for the year** | **(24,531)** | **(12,775)** | **43,805** | **(18,356)** |
| Currency translation of foreign group enterprises | (2,510) | (3,860) | (146) | (12,141) |
| **Other comprehensive income for the year** | (2,510) | (3,860) | (146) | (12,141) |
| **Total Comprehensive income for the year** | **(27,041)** | **(16,635)** | **43,659** | **(30,497)** |
| Distributed to: | | | | |
| Shareholder of Chr. Hansen Holding A/S | (27,711) | (18,038) | 42,372 | (30,950) |
| Minority interests | 670 | 1,403 | 1,287 | 453 |
| | **(27,041)** | **(16,635)** | **43,659** | **(30,497)** |

## Balance sheet—Assets at 31 August

| EUR thousand | Note | 2006 | 2007 | 2008 | 2009 |
|---|---|---|---|---|---|
| **Non-current assets** | | | | | |
| **Intangible assets** | | | | | |
| Goodwill | 12 | 584,095 | 580,378 | 611,772 | 603,361 |
| Other intangible assets | 13 | 176,834 | 166,598 | 164,551 | 163,528 |
| Intangible assets in progress | 13 | — | 1,208 | 8,322 | 21,432 |
| | | **760,929** | **748,184** | **784,645** | **788,321** |
| **Property, plant and equipment** | | | | | |
| Land and buildings | 14 | 145,588 | 136,392 | 136,642 | 137,392 |
| Plant and machinery | 14 | 114,620 | 104,711 | 123,987 | 111,547 |
| Other fixtures and equipment | 14 | 13,674 | 10,068 | 7,738 | 5,978 |
| Property, plant and equipment in progress | 14 | 11,663 | 30,339 | 7,829 | 8,855 |
| | | **285,545** | **281,510** | **276,196** | **263,772** |
| **Other non-current assets** | | | | | |
| Deferred tax | 23 | 19,170 | 19,197 | 5,095 | 4,785 |
| | | **19,170** | **19,197** | **5,095** | **4,785** |
| **Total non-current assets** | | **1,065,644** | **1,048,891** | **1,065,936** | **1,056,878** |
| **Current assets** | | | | | |
| **Inventories** | | | | | |
| Raw materials and consumables | | 20,243 | 14,767 | 14,454 | 13,607 |
| Work in progress | | 17,025 | 13,022 | 15,442 | 13,746 |
| Finished goods and goods for resale | | 34,855 | 30,205 | 35,315 | 29,482 |
| | 15 | **72,123** | **57,994** | **65,211** | **56,835** |
| **Receivables** | | | | | |
| Trade receivables | 16 | 76,280 | 70,881 | 75,810 | 70,827 |
| Assets held for sale | 17 | — | — | 7,608 | — |
| Tax receivable | | 1,609 | 2,551 | 2,940 | 2,326 |
| Other receivables | 18 | 12,457 | 11,679 | 16,972 | 6,724 |
| Prepayments | 19 | 3,351 | 4,430 | 4,693 | 4,289 |
| | | **93,697** | **89,541** | **108,023** | **84,166** |
| **Receivables regarding discontinued operations** | 11 | **—** | **6,712** | **2,682** | **474** |
| **Cash and cash equivalents** | 20 | **30,834** | **33,830** | **82,587** | **80,281** |
| **Total current assets** | | **196,654** | **188,077** | **258,503** | **221,756** |
| **Total assets** | | **1,262,298** | **1,236,968** | **1,324,439** | **1,278,634** |

## Balance sheet—Equity and liabilities at 31 August

| EUR thousand | Note | 2006 | 2007 | 2008 | 2009 |
|---|---|---|---|---|---|
| **Equity** | | | | | |
| Share capital | 21 | 135,165 | 135,352 | 135,191 | 135,461 |
| Reserves | | (38,073) | (56,181) | (13,429) | (44,432) |
| Minority interests | | 4,022 | 2,740 | 3,357 | 2,762 |
| **Total equity** | | **101,114** | **81,911** | **125,119** | **93,791** |
| **Liabilities** | | | | | |
| **Non-current liabilities** | | | | | |
| Employee benefit obligations | 22 | 5,630 | 5,773 | 5,662 | 5,592 |
| Deferred tax | 23 | 71,990 | 60,276 | 66,372 | 66,572 |
| Provisions | 24 | 938 | 268 | 914 | 907 |
| Borrowings | 25 | 633,563 | 891,295 | 894,337 | 856,848 |
| Payable to parent company | 25 | 336,354 | 77,921 | 79,115 | 86,974 |
| Corporation tax | | — | — | — | 14,121 |
| Other non-current debt | | — | — | — | 2,542 |
| | | **1,048,475** | **1,035,533** | **1,046,400** | **1,033,556** |
| **Current liabilities** | | | | | |
| Provisions | 24 | 804 | 1,611 | 878 | 1,342 |
| Borrowings | 25 | 30,700 | 27,105 | 52,718 | 38,199 |
| Prepayments from customers | | — | 403 | 175 | 149 |
| Trade payables | | 44,776 | 49,268 | 50,672 | 49,786 |
| Corporation tax | | 3,620 | 7,115 | 8,276 | 4,541 |
| Other payables | 26 | 32,809 | 34,022 | 33,229 | 57,270 |
| | | **112,709** | **119,524** | **145,948** | **151,287** |
| **Payables regarding discontinued operations** | 11 | **—** | **—** | **6,972** | **—** |
| **Total liabilities** | | **1,161,184** | **1,155,057** | **1,199,320** | **1,184,843** |
| **Total equity and liabilities** | | **1,262,298** | **1,236,968** | **1,324,439** | **1,278,634** |

## Statement of changes in equity for 1 September—31 August

| EUR thousand | Note | 2008/2009 Shareholder of Chr. Hansen Holding A/S Share capital | Currency translation | Retained earnings | Total | Minority interests | Total |
|---|---|---|---|---|---|---|---|
| **Balance 1 September 2008** | | **135,191** | **(6,819)** | **(6,610)** | **121,762** | **3,357** | **125,119** |
| Total comprehensive income for the year, cf. Statement of comprehensive income | | 270 | (11,712) | (19,508) | (30,950) | 453 | (30,497) |
| Share-based payment | 27 | — | — | 217 | 217 | — | 217 |
| Dividend | | — | — | — | — | (1,048) | (1,048) |
| **Balance 31 August 2009** | | **135,461** | **(18,531)** | **(25,901)** | **91,029** | **2,762** | **93,791** |

| EUR thousand | Note | 2007/2008 Shareholder of Chr. Hansen Holding A/S Share capital | Currency translation | Retained earnings | Total | Minority interests | Total |
|---|---|---|---|---|---|---|---|
| **Balance 1 September 2007** | | **135,352** | **(6,724)** | **(49,457)** | **79,171** | **2,740** | **81,911** |
| Total comprehensive income for the year, cf. Statement of comprehensive income | | (161) | (95) | 42,628 | 42,372 | 1,287 | 43,659 |
| Share-based payment | 27 | — | — | 219 | 219 | — | 219 |
| Dividend | | — | — | — | — | (670) | (670) |
| **Balance 31 August 2008** | | **135,191** | **(6,819)** | **(6,610)** | **121,762** | **3,357** | **125,119** |

| EUR thousand | Note | 2006/2007 Shareholder of Chr. Hansen Holding A/S Share capital | Currency translation | Retained earnings | Total | Minority interests | Total |
|---|---|---|---|---|---|---|---|
| **Balance 1 September 2006** | | **135,165** | **(2,348)** | **(35,725)** | **97,092** | **4,022** | **101,114** |
| Total comprehensive income for the year, cf. Statement of comprehensive income | | 187 | (4,376) | (13,849) | (18,038) | 1,403 | (16,635) |
| Share-based payment | 27 | — | — | 117 | 117 | — | 117 |
| Divestment of group companies | | — | — | — | — | (2,148) | (2,148) |
| Dividend | | — | — | — | — | (537) | (537) |
| **Balance 31 August 2007** | | **135,352** | **(6,724)** | **(49,457)** | **79,171** | **2,740** | **81,911** |

| EUR thousand | Note | 2005/2006 Shareholder of Chr. Hansen Holding A/S Share capital | Currency translation | Retained earnings | Total | Minority interests | Total |
|---|---|---|---|---|---|---|---|
| **Balance 1 September 2005** | | **135,187** | **—** | **(10,384)** | **124,803** | **3,754** | **128,557** |
| Effect of accounting policy changes | | — | (396) | 396 | — | — | — |
| **Restated equity 1 September 2005** | | **135,187** | **(396)** | **(9,988)** | **124,803** | **3,754** | **128,557** |
| Total comprehensive income for the year, cf. Statement of comprehensive income | | (22) | (1,952) | (25,737) | (27,711) | 670 | (27,041) |
| Dividend | | — | — | — | — | (402) | (402) |
| **Balance 31 August 2006** | | **135,165** | **(2,348)** | **(35,725)** | **97,092** | **4,022** | **101,114** |

## Cash flow statement for the financial year 1 September to 31 August

| EUR thousand | Note | 2005/2006 | 2006/2007 | 2007/2008 | 2008/2009 |
|---|---|---|---|---|---|
| **Operating profit** | | 47,683 | 74,992 | 96,000 | 109,409 |
| Adjustments | 28 | 41,531 | 38,093 | 38,209 | 42,833 |
| Change in working capital | 29 | 34,317 | 11,944 | (20,520) | 13,911 |
| Interest payments received | | 15,684 | 6,442 | 5,321 | 2,920 |
| Interest payments made | | (58,850) | (61,732) | (62,215) | (48,468) |
| Cash flow from discontinued operations | 30 | (5,027) | 2,281 | 5,502 | (7,411) |
| Taxes paid | | (938) | (5,368) | (10,593) | (8,148) |
| **Cash flows from operating activities** | | **74,400** | **66,652** | **51,704** | **105,046** |
| Acquisition of enterprises | 31 | — | — | (44,211) | (4,581) |
| Discontinued and divested activities | 32 | 7,909 | 6,307 | 69,203 | 5,466 |
| Investments in intangible assets | | (536) | (3,355) | (8,824) | (17,350) |
| Investments in property, plant and equipment | | (29,894) | (36,905) | (33,937) | (11,128) |
| Sale of property, plant and equipment | | 1,877 | 1,074 | 939 | 985 |
| Transaction costs paid | | (18,902) | (25,901) | — | — |
| Adjustment of cost of group enterprises | | — | (1,610) | — | — |
| **Cash flows from investing activities** | | **(39,546)** | **(60,390)** | **(16,830)** | **(26,608)** |
| **Free cash flows** | | **34,854** | **6,262** | **34,874** | **78,438** |
| Raising of long-term loans | | — | 405,421 | 58,276 | 20,600 |
| Repayment of long-term loans | | (23,057) | (404,079) | (43,181) | (99,272) |
| Repayments related to discontinued activities | | — | (3,087) | — | — |
| Minority interests, dividend etc. | | — | (1,342) | (671) | (1,048) |
| **Cash flows from financing activities** | | **(23,057)** | **(3,087)** | **14,424** | **(79,720)** |
| **Net cash flows for the year** | | **11,797** | **3,175** | **49,298** | **(1,282)** |
| Cash and cash equivalents at 1 September | | 19,174 | 30,834 | 33,830 | 82,587 |
| Unrealised exchange gain/loss included in cash and cash equivalents | | (137) | (179) | (541) | (1.024) |
| Net cash flow for the year | | 11,797 | 3,175 | 49,298 | (1,282) |
| **Cash and cash equivalents at 31 August** | | **30,834** | **33,830** | **82,587** | **80,281** |

# Notes to the financial statements

## 1 Accounting policies

### Basis of preparation

The historical consolidated financial statements of Chr. Hansen have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and additional Danish disclosure requirements applying to large enterprises of reporting class C.

### General information on recognition and measurement

The historical consolidated financial statements have been prepared under the historical cost method except for the measurement of certain financial instruments at fair value.

Non-current assets and disposal groups classified as held for sale are measured at the lower of the carrying amount before the changed classification and the fair value less cost to sell.

The accounting policies set out below have been used consistently in respect of the financial year 2008/2009 and the comparative figures. The Accounting Policies are unchanged except for implemented amendments to IFRS/IAS standards as stated below and the change of presentation currency from DKK to EUR.

### Translation from functional currency to presentation currency

Assets, liabilities and equity items are translated from each of the reporting entities functional currency to EUR at the balance sheet date. The income statements are translated from the functional currency into the presentation currency based on average currency rate for the individual months. Translation of the equity at the beginning of the period and translation of the income statement from the average rates to the currency rate at the balance sheet date are recognized in other comprehensive income.

### New and amended standards as well as interpretations

With effect from 1 September 2009, the Group has implemented the following new and amended standards:

- IFRS 8 "Operating Segments" according to which information regarding segments is required on the basis of the Management's review. Implementation of the standard implies that in the future, segment information must be given for the three operating segments. The amended standard is effective for financial years beginning on or after 1 January 2009. The amended standard is not expected to significantly affect the Group's financial statements. The standard has been implemented early, cf. "Introduction to financial information" above.
- IAS 23 "Borrowing Costs" effective for financial years beginning on or after 1 January 2009. The Standard requires that borrowing costs are included in the cost of qualifying assets (intangible assets and property, plant and equipment) that take a substantial period of time to get ready for use or sale. The implementation is not expected to have any material effect.
- IFRS 3 "Business Combinations" and IAS 27 "Consolidated and Separate Financial Statements". The Standard will have several implications on future business acquisitions as changes to conditional considerations after a period of 12 months and transaction costs are to be recognized directly in the income statement. The Group has not made any acquisitions during the period 1 September 2009— 28 February 2010.

Further, the Group has implemented IFRS 2 "Share-based payments: Vesting conditions and Cancellations", amendments to IFRS 7, "Additional disclosure requirements of market value of financial instruments", amendments to IAS 39, "Financial Instruments, recognition and measurement" and Interpretations IFRIC 15-18. None of these have had any material effect.

The IASB has issued the following new or amended Standards and Interpretations, which have been adopted by the EU but not yet implemented by the Group:

Changes to IAS 32, "Financial instruments, presentation" regarding classification of warrants in foreign currency. The changes are applicable for fiscal years beginning on or after 1 February 2010.

In addition, the following new or amended Standards and Interpretations of relevance to the Group have been issued but not yet adopted by the European Union:

- IFRS 2 "Group cash-settled share-based payment transactions". The Standard is effective for financial years beginning on or after 1 January 2010.
- IFRS 9, "Financial assets". The number of asset classes for financial assets is reduced to two, amortized cost value or fair value. The Standard is effective for financial years beginning on or after 1 January 2010.
- Amendment to IAS 24 "Related parties" containing adjustments of the definitions among other things. The amendment is effective for financial years beginning on or after 1 January 2011.
- IFRIC 19 regarding extinguishing financial liabilities with equity instruments is effective for financial years beginning on or after 1 July 2010.

None of the new or amended Standards and Interpretations are expected to have any material effect on the Group's reporting. The new and amended Standards and Interpretations are not mandatory for the financial reporting for 2009/2010. The Group expects to adopt the Standards and Interpretations when they become mandatory.

**Basis of consolidation**

The historical consolidated financial statements comprise Chr. Hansen Holding A/S (the parent company) and enterprises in which the parent company directly or indirectly holds more than 50% of the votes or otherwise exercises control.

Enterprises which are not subsidiaries but in which the parent company directly or indirectly holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

A group chart is included in note 37.

The historical consolidated financial statements are prepared on the basis of financial statements of the parent company and subsidiaries which are all included in the historical consolidated financial statements in accordance with the accounting policies of the parent company.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany transactions, accounts and dividends as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises. The tax effect of unrealised eliminations is taken into account. Furthermore, intercompany investments are eliminated.

The accounting items of subsidiaries are included in full in the historical consolidated financial statements. Minority interests' share of the profit/loss for the year and of the equity of subsidiaries is included in the Group's profit/loss and equity respectively, but is disclosed separately.

**Business combinations**

Entities acquired or formed during the year are recognized in the historical consolidated financial statements from the date of acquisition or formation. Entities which are disposed of or wound up are recognized in the consolidated income statement until the date of disposal or winding-up. The comparative figures are not restated for entities acquired, disposed of or wound up. Discontinued operations are presented separately, cf. below.

For acquisitions of new subsidiaries, joint ventures and associates the purchase method is used. The acquired entities' identifiable assets, liabilities and contingent liabilities are measured at fair value at the acquisition date. Identifiable intangible assets are recognized if they are separable or arise from a contractual right, and the fair value can be reliably measured. Deferred tax on revaluations is recognized.

The acquisition date is the date when the Group effectively obtains control of the acquired subsidiary, enters the management of the joint venture or obtains significant influence over the associate.

Excess of the cost over the fair value of the identifiable assets, liabilities and contingent liabilities acquired (goodwill) is recognized as goodwill under intangible assets. Goodwill is not amortized but is tested annually for impairment. The first impairment test is performed before the end of the acquisition year. Upon acquisition, goodwill is allocated to the cash-generating units, which subsequently form the basis for the impairment test.

The cost of a business combination comprises the fair value of the consideration agreed upon and costs directly attributable to the acquisition. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the amount of that adjustment is included in the cost of the combination if the event is probable and the adjustment can be measured reliably.

Goodwill and fair value adjustments in connection with the acquisition of a foreign entity with a functional currency other than the presentation currency used in the Group are treated as assets and liabilities belonging to the foreign entity and translated into the foreign entity's functional currency at the exchange rate at the transaction date. Negative differences (negative goodwill) are recognized in the income statement at the acquisition date.

If uncertainties regarding measurement of acquired identifiable assets, liabilities and contingent liabilities exist at the acquisition date, initial recognition will take place on the basis of preliminary fair values. If identifiable assets, liabilities and contingent liabilities are subsequently determined to have a different fair value at the acquisition date from that first assumed, goodwill is adjusted up until 12 months after the acquisition. The effect of the adjustments is recognized in the opening balance of equity and the comparative figures are restated accordingly. Subsequently, goodwill is only adjusted as a result of changes in estimates of contingent purchase considerations, except in cases of material error. However, subsequent realisation of the acquired entity's deferred tax asset not recognized at the acquisition date will require recognition of the tax benefit in the income statement and simultaneous write-down of the carrying amount of goodwill to the amount which would have been recognized if the deferred tax asset had been recognized as an identifiable asset at the acquisition date.

Gains or losses on the disposal or winding-up of group enterprises are stated as the difference between the sales amount and the carrying amount of net assets including goodwill at the date of disposal or winding-up, foreign exchange adjustments recognized directly in equity plus costs to sell or winding-up expenses.

Gains or losses on disposal or winding-up of subsidiaries are recognized in the income statement under Special items, while gains and losses on the disposal or winding-up of associated companies are recognized under financials.

**Translation policies**

**Functional currency and presentation currency**

Financial items for each of the reporting entities of the Group are measured in the currency of the primary economic environment in which the entity operates (the functional currency). Transactions in other currencies than the functional currency are transactions in foreign currencies. The functional currency of the Group is Danish kroner (DKK); however, due to the Group's international relations, the consolidated accounts are presented in euro (EUR).

**Translation into presentation currency**

The balance sheet is translated into the presentation currency at the EUR rate at the balance sheet date. The transaction date rates used in the income statement are based on average rates for the individual months to the extent that this does not materially distort the presentation of the underlying transaction. If the average rates cannot be used the actual rates are used if possible.

**Translation of transactions and amounts**

Transactions in foreign currencies are initially translated into the functional currency at the exchange rates at the dates of transaction. Exchange adjustments arising due to differences between the transaction date rates and the rates at the dates of payment are recognized in financial income or financial expenses in the income statement. Receivables, payables and other monetary items in foreign currencies not settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Exchange adjustments arising due to differences between the rates at the balance sheet date and the transaction date rates are recognized in financial income or financial expenses in the income statement.

**Translation of group enterprises**

On recognition in the historical consolidated financial statements of foreign enterprises with a functional currency that differs from the presentation currency of the Group, income statements are translated at transaction date rates, and balance sheet items are translated at the exchange rates at the balance sheet date. The transaction date rates are based on average rates for the individual months to the extent that this does not materially distort the presentation of the underlying transaction. Exchange adjustments arising on the translation of the opening equity of foreign enterprises at exchange rates at the balance sheet date and on the translation of income statements from transaction date rates to exchange rates at the balance sheet date are recognized directly in equity under the separate translation reserve.

Exchange adjustments of balances with foreign enterprises that are treated as part of the total net investment in the enterprise in question are recognized directly in equity in the historical consolidated financial statements.

On disposal of foreign entities, in full or in part, or on repayment of balances treated as part of the net investment, the share of the accumulated exchange adjustments recognized directly in and attributable to equity, is recognized in the income statement at the same time as any profit or loss on the disposal.

**Derivative financial instruments**

Derivative financial instruments are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value.

The fair values of derivative financial instruments are included in other receivables and other payables respectively, and set-off of positive and negative values is only made when the Group has the right and the intention to settle several financial instruments net. Fair values of derivative financial instruments are computed on the basis of current market data and generally accepted valuation methods.

Certain derivative financial instruments are designated as either:

— hedges of the fair value of recognized assets or liabilities or a firm commitment (fair value hedges),

— hedges of a particular risk associated with a recognized asset or liability or a highly probable forecast transaction (cash flow hedge), or

— hedges of a net investment in a foreign operation (net investment hedge).

Management has chosen not to classify derivative financial instruments as hedging instruments.

The Group's hedging activities and the fair values of derivatives used for hedging purposes are disclosed in note 33.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a fair value hedge of recognized assets and liabilities are recognized in the income statement together with changes in the value of the hedged asset or liability with respect to the hedged portion.

Changes in the fair value of derivative financial instruments used to hedge net investments in foreign subsidiaries, joint ventures or associates and which effectively hedge currency fluctuations in these entities are recognized in the historical consolidated financial statements directly in a separate translation reserve in equity.

For derivative financial instruments other than those designated as hedging instruments, changes in fair value are recognized in the income statement as financial income or financial expenses.

**Segment information**

Segment information is given on the three divisions of the Group: Cultures & Enzymes, Health & Nutrition and Colors & Blends. The information is based on the management structure and the internal financial management reporting directed to the upper operative management of the Group. The upper operative management consists of the Executive Management. Identifying the segments to report on did not include aggregation of operative segments.

The accounting policies regarding recognition and measurement used in the segment information are identical to those applied in the historical consolidated financial statements.

Information regarding geographical split of revenue is based on the geographic location of the customers.

**Government grants**

Government grants comprise grants for investments, research and development projects, etc. Grants are recognized when there is reasonable certainty that they will be received.

Grants for investments and capitalized development projects are set off against the cost of the assets to which the grants relate. Other grants are recognized in development costs in the income statement to offset the expenses for which they compensate.

**Income Statement**

The income statement is classified by function.

**Revenue**

Revenue is recognized in the income statement if delivery and transfer of risk to the purchaser have been made by the balance sheet date, the income can be measured reliably and expenses incurred or expected to be incurred in connection with the transaction can be measured reliably. Revenue is measured at the fair value of the consideration received excluding VAT and less commission and discounts granted in connection with the sales.

Royalty and license fees are recognized when earned according to the terms of the licence agreements.

**Cost of sales**

Cost of sales comprise the cost of products sold. Cost comprises the purchase price of raw materials, consumables and goods for resale, direct labour costs and a share of indirect production costs, including costs of operation and depreciation of production facilities as well as operation, administration and management of factories. Furthermore, expenses for writing down inventories to net realisable value are recognized.

**Research and development expenses**

Research and development expenses comprise salaries, amortization and other expenses directly and indirectly attributable to the Group's research and development activities, including amortization of, and impairment losses relating to, capitalized development costs.

Development projects relating to new products and processes that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to manufacture or use the project, are recognized as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of sales and selling expenses involved as well as the development costs.

Development projects that do not meet the criteria for recognition in the balance sheet, as well as costs of research, are recognized as expenses in the income statement as incurred. Expenses reimbursed under a contract with a business partner are offset against expenses incurred.

**Sales and marketing expenses**

Sales and marketing expenses comprise expenses incurred for salaries to sales staff, advertising and exhibition expenses, amortization and depreciation.

**Administrative expenses**

Administrative expenses comprise expenses incurred during the year for management and administration including expenses for administrative staff, office premises and office expenses, and depreciation and write-downs for bad debt losses.

**Share-based payment**

Share options of the ultimate parent company issued as part of an incentive scheme are measured at fair value at the date of granting. This value is subsequently recognized in the income statement of the Group over the vesting period of the options. The counter item of the expense recognized in the income statement is regarded as a capital contribution from the parent company recognized directly in equity.

**Other operating income and expenses**

Other operating income and costs comprise items secondary to the principal activities of the entities, including rental income and gains and losses on the disposal of intangible assets and property, plant and equipment. Gains and losses on the disposal of intangible assets and property, plant and equipment are determined as the sales price less selling costs and the carrying amount at the disposal date.

**Special items**

Special items comprise material amounts that cannot be attributed to recurring operations, such as income and expenses related to divestments, closure or restructure of subsidiaries and business lines from the time the decision is taken. Also classified as special items are, if major, profits and losses on disposal of subsidiaries not qualifying for recognition as discontinued activities in the income statement. Material non-recurring income and expenses that originate from projects related to the strategy for development of the group and optimization of processes are classified as special items.

**Income from investments in associates**

The proportionate share of the results of associates after tax and minority interests is recognized in the consolidated income statement after elimination of the proportionate share of unrealised intra-group profits/losses.

**Financial income and expenses**

Financial income and expenses comprise receivables and interest payable, calculated under the effective interest method, commission, the interest component of payments under finance leases and surcharges and refunds under the on-account tax scheme as well as value adjustments of fixed asset investments, derivative financial instruments and items denominated in a foreign currency.

Financial income and expenses are recognized in the income statement at the amounts relating to the financial year.

**Tax on profit/loss for the year**

Tax on profit/loss for the year comprises current tax for the year as well as the change in provisions for deferred tax relating to the income statement. Furthermore, tax on profit/loss includes adjustments related to prior years.

**Discontinued activities**

A discontinued activity is an entity or a component of an entity that either has been divested, or that is classified as held-for-sale. The entity or component represents a separate line of business or geographical area of operations and is part of a single coordinated plan. The result from entities acquired exclusively with a view to resale is also classified as discontinued activities.

Discontinued activities are presented in a separate line in the income statement and as assets and liabilities held for sale in the balance sheet, and main items are specified in the notes. Comparative figures are restated.

**Balance Sheet**

**Goodwill**

Goodwill represents the excess of the cost of an acquisition over the fair value of identifiable net assets of the acquired enterprise (see Basis of consolidation). Goodwill is measured at historical cost less accumulated impairment losses. Goodwill is not amortized.

The carrying amount of goodwill is allocated to the Group's cash-generating units at the acquisition date. Identification of cash-generating units is based on the management structure and internal financial control.

- Goodwill is tested for impairment annually and when there is an indication of impairment.

Impairment of goodwill is not reversed.

Profits and losses on the divestment of an entity include the carrying amount of goodwill relating to the entity sold.

**Other intangible assets**

Research costs are recognized in the income statement as they are incurred. Development costs are recognized as intangible assets if the costs are expected to generate future economic benefits.

Costs for development and implementation of substantial IT systems are capitalized and amortized over their estimated useful life.

Trademarks and customer base acquired in connection with business combinations are recognized at cost and amortized over their expected useful life.

Other intangible assets are measured at cost less accumulated amortization and impairment losses.

Amortization is carried out systematically over the expected useful lives of the assets.

Customer lists: 7 years
Patents, trademarks and rights: 5-20 years
Software: 5-10 years
Development projects: 5 years

Useful lives are determined on the basis of Management's experience in the individual business areas. The residual value of all intangible assets has been estimated at euro nil in the Annual Report for 2008/09.

Impairment tests of other intangible assets are made when there is an indication of impairment. The factors considered material for this purpose and which may result in impairment charges are identical to those described in Goodwill above.

Impairment charges on other intangible assets are reversed if the recoverable amount subsequently increases.

No assets with indefinite useful lives are included in other intangible assets.

Profits or losses on the disposal of intangible assets are recognized in the income statement in Other income or Other expenses.

**Property, plant and equipment**

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment charges. Property, plant and equipment in progress are measured at cost. Cost comprises expenses for materials, other expenses directly related to making the asset ready for use as well as reestablishment expenses provided that a corresponding provision is made at the same time.

Subsequent costs, e.g. in connection with replacement of components of property, plant and equipment, are recognized in the carrying amount of the asset if it is probable that the costs will result in future economic benefits for the Group. The replaced components are derecognized in the balance sheet and recognized as an expense in the income statement. Costs incurred for ordinary repairs and maintenance are recognized in the income statement as incurred.

Property, plant and equipment are broken down into components if the expected useful lives of the individual components vary.

For the financial year, the useful lives of the individual groups of assets are estimated as follows:

Buildings: 25-50 years
Plant and machinery: 5-10 years
Other fixtures and equipment: 5-10 years

Land is not depreciated.

Depreciation is commenced when the asset is ready for use.

Depreciation is based on cost reduced by any expected residual value. The depreciation is based on a straight line pattern.

At each balance sheet date, a new estimate of the expected residual value and the depreciation pattern is made. If this estimate differs from previous estimates, the depreciation for the year and for future periods is changed to reflect the new estimate.

Finance lease assets are assets in terms of which the Group practically assumes the risks and rewards of ownership. Other lease assets are classified as operating lease assets. Finance lease assets are recognized in the balance sheet as property, plant and equipment and are measured at the date of acquisition at the lower of fair value and the net present value of the future minimum lease payments. Finance lease assets are depreciated under the same policy as the other property, plant and equipment of the Group.

Operating lease expenses are recognized over the lease term in the income statement.

Impairment tests of property, plant and equipment are made when there is an indication of impairment. The factors considered material for this purpose and which may result in impairment charges are identical to those described in Goodwill above.

Impairment charges on property, plant and equipment are reversed if the recoverable amount subsequently increases.

Profits or losses on the disposal of property, plant and equipment are in most cases recognized in the income statement in Other income or Other expenses.

**Impairment of assets**

Goodwill is subject to an annual impairment test, first time before the end of the acquisition year. Similarly, development projects are tested annually for impairment.

The carrying amount of goodwill is tested for impairment, together with the other non-current assets in the cash-generating unit to which goodwill is allocated, and written down to the recoverable amount through the income statement if the carrying amount is higher. The recoverable amount is generally calculated as the present value of expected future net cash flows (value in use) from the entity or activity (cash-generating unit) to which the goodwill is allocated. Impairment of goodwill is recognized under special items in the income statement.

The carrying amount of trademarks is subject to an impairment test and written down to the recoverable amount through the income statement if the carrying amount is higher. The recoverable amount is generally calculated as the present value of expected future net cash flows from the trademark in the form of royalties.

The carrying amount of other non-current assets is subject to an annual impairment test for indications of impairment. When there is an indication that assets may be impaired, the recoverable amount of the asset is determined. The recoverable amount is the higher of an asset's fair value less expected costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or the cash-generating unit to which the asset belongs.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds the recoverable amount of the asset or the cash-generating unit. Minor impairment losses are recognized in the income statement under cost of sales, sales and marketing expenses, administrative expenses and other operating expenses. Significant impairment losses and impairment losses arising on extensive structuring of processes and fundamental structural adjustments are recognized under special items.

Impairment of goodwill is not reversed. Impairment of other assets is reversed only to the extent of changes in the assumptions and estimates underlying the impairment calculation. Impairment is only reversed to the extent that the asset's new carrying amount does not exceed the carrying amount of the asset after amortization had the asset not been impaired.

Deferred tax assets are subject to annual impairment tests and are recognized only to the extent that it is probable that the assets will be utilised.

**Investments in associates**

Investments in associates are recognized according to the equity method and measured at the proportionate share of the entities' net asset values calculated in accordance with the Group's accounting policies minus or plus the proportionate share of unrealised intra-group profits and losses and plus the carrying amount of goodwill.

Investments in associates with negative net asset values are measured at euro nil. If the Group has a legal or constructive obligation to cover a deficit in the associate, the deficit is recognized under provisions.

Any amounts owed by associates are written down to the extent that the amount owed is deemed irrecoverable.

On acquisition of investments in associates, the purchase method is used, see the description under Business combinations.

**Inventories**

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

Cost includes costs incurred to bring the product to the current completion rate and location.

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

Finished goods and work in progress are measured at cost, comprising costs incurred to bring the product to the current completion rate and location. Costs include the cost of raw materials, consumables, direct wages and salaries and indirect production overheads. Indirect production overheads comprise indirect materials and wages and salaries, and maintenance and depreciation of production machinery, buildings and equipment, and production administration and management.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale, and is determined taking into account marketability, obsolescence and development in expected sales price.

**Receivables**

Receivables are initially recognized at fair value adjusted for any transaction costs. Subsequently, receivables are measured at amortized cost less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable.

**Prepayments**

Prepayments comprise expenses incurred concerning subsequent financial years. Deferred income is measured at cost.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and restricted as well as unrestricted deposits with banks.

**Assets held for sale**

Assets held for sale comprise non-current assets and disposal groups held for sale. Disposal groups are defined as a group of assets to be disposed of, by sale or otherwise, together as a group in a single transaction and those liabilities directly associated with the assets that will be transferred in the transaction.

Assets are classified as held for sale if management has decided to sell the asset or disposal group and have taken the necessary steps to carry out the sale, such that the carrying amount will be recovered principally through a sale within 12 months in accordance with a formal plan rather than through continuing use.

Assets or disposal groups held for sale are measured at the lower of carrying amount or fair value less costs to sell. Assets are not depreciated or amortized from the date when they are reclassified as held for sale.

Impairment losses on initial recognition as held for sale and gains and losses on subsequent remeasurement at the lower of carrying amount and fair value less costs to sell are recognized in the income statement in the items to which they relate. Gains and losses are disclosed in the notes.

Assets and liabilities are recognized separately in the balance sheet and main items are specified in the notes. Comparative figures are not restated.

If a sale is not completed as expected, the asset or disposal group is reclassified to the items in the balance sheet from which the asset or disposal group was originally separated. This reclassification is made at the carrying amount less any depreciation charges that would have been recognized if the asset had not been classified as held for sale.

**Share capital**

The share capital comprises the nominal value of the Group's share capital.

**Translation reserve**

The translation reserve in the consolidated accounts comprises exchange adjustments arising on the translation of the financial statements of foreign enterprises from their functional currencies into the presentation currency of the Group (EUR).

Upon full or part realisation of the net investment, exchange adjustments are recognized in the income statement.

**Proposed dividends**

Proposed dividends are recognized as a liability at the date when they are adopted at the Annual General Meeting (declaration date). The dividend recommended by the Board of Directors and therefore expected to be paid for the year is disclosed in the notes.

**Minority interests**

On statement of the equity of the Group, minority interests' proportionate shares of the equity of group enterprises are recognized separately.

**Pension obligations**

Payments to defined contribution plans are recognized in the income statement in the period to which they relate, and any amounts due are recognized in other payables in the balance sheet.

Under defined benefit plans, the Group is obliged to make a specified payment in connection with retirement. The obligations in that respect are calculated actuarially on the basis of the net present value of the obligations. The net present value comprises the payments to which the employees have earned a right through their employment with the Group and is calculated on the basis of assumptions relating to the future development in e.g. interest rates, inflation, mortality rate and disablement. The actuarially calculated net present value less the fair values of any assets related to each plan is recognized in Employee benefits in the balance sheet. If the net amount for a given plan is an asset, the asset is recognized in Pension assets in the balance sheet if the Group can make use of the asset, directly or indirectly. The discount rate is based on the market rate on corporate bonds of high standing with a term matching that of the pension obligations.

The difference between the expected development in pension assets and pension payments and the actual development will result in actuarial gains or losses. Actuarial gains or losses which do not exceed 10% of the net present value of the pension payments or 10% of the fair value of the pension assets are not recognized in the income statement and balance sheet (corridor method). If the accumulated actuarial gains or losses exceed these limits, the excess amount is recognized in the income statement and the net pension obligation over the expected remaining service period of employees covered by the plan.

**Provisions**

Provisions are recognized when—in consequence of an event occurred before or on the balance sheet date—the Group has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation. The obligation is measured on the basis of Management's best estimate of the discounted amount at which the obligation is expected to be met.

Restructuring costs are recognized under liabilities when a detailed, formal restructuring plan has been announced to the persons affected no later than at the balance sheet date. On acquisition of entities, restructuring provisions in the acquiree are only included in the opening balance sheet when the acquiree has a restructuring liability at the acquisition date.

**Corporation tax and deferred tax**

Current tax liabilities and receivables are recognized in the balance sheet at the amounts calculated on the taxable income for the year adjusted for tax on taxable incomes for prior years and for taxes paid on account.

Deferred tax is measured using the balance sheet liability method in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. Deferred tax is, however, not recognized in respect of temporary differences concerning goodwill not deductible for tax purposes, office premises and other items—apart from business acquisitions—where temporary differences have arisen at the time of acquisition without affecting the profit for the year or the taxable income. In cases where the computation of the tax base may be made according to different tax rules, deferred tax is measured on the basis of Management's intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are recognized in other non-current assets at the value at which the asset is expected to be realised, either by elimination of tax on future earnings or by set-of against deferred tax liabilities within the same legal tax entity and jurisdiction.

Adjustments are made to deferred tax to take account of the elimination of unrealised intercompany profits and losses.

Deferred tax is measured on the basis of the tax rules and tax rates of the respective countries that will be effective when the deferred tax is expected to crystallise as current tax based on the legislation at the balance sheet date. Changes to deferred tax due to changes to tax rates are recognized in the income statement except for items recognized directly in equity. The parent company is jointly taxed with the Danish group enterprises Chr. Hansen A/S and Chr. Hansen Properties A/S. Foreign subsidiaries are not subject to the joint taxation.

The parent company provides for and pays the total Danish tax payable on the taxable incomes of these enterprises. The tax effect of the joint taxation with these enterprises is allocated to Danish enterprises showing profits or losses in proportion to their taxable income.

The jointly taxed enterprises have adopted the on-account taxation scheme.

**Financial debts**

Financial debts, including mortgage loans and loans from credit institutions, are initially measured at fair value less transaction costs incurred. Subsequently, the loans are measured at amortized cost. Amortized cost is calculated as original cost less instalments and plus/less the accumulated amortization of the difference between cost and nominal value. Losses and gains on loans are thus allocated over the term so that the effective interest rate is recognized in the income statement over the loan period. Financial debts are derecognized when settled.

The portion of the debt maturing after 1 year is recognized as non-current debt and other debts are recognized as current debt.

Other debts are measured at amortized cost. However, derivative financial instruments recognized in Other debts are measured at fair value, see Derivative financial instruments above.

**Leases**

For accounting purposes lease obligations are divided into finance and operating leases. Leases are classified as finance leases if they transfer substantially all the risks and rewards incident to ownership to the lessee. All other leases are classified as operating leases.

The accounting treatment of assets held under finance leases and lease obligations is described under Property, plant and equipment and Financial debts, respectively.

Operating lease payments are recognized in the income statement on a straight-line basis over the lease term.

**Deferred income**

Deferred income comprises payments received in respect of income in subsequent years. Deferred income is measured at cost.

**Cash Flow Statement**

The cash flow statement shows the cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as cash and cash equivalents at the beginning and end of the year.

**Cash flow from operating activities**

Cash flows from operating activities are calculated using the indirect method, i.e. the operating profit after special items adjusted for non-cash operating items, changes in working capital, restructuring costs paid, interest received and paid, and corporation tax paid.

**Cash flow from investing activities**

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and activities and of intangible assets, property, plant and equipment and other non-current assets as well as acquisition and disposal of securities not recognized as cash and cash equivalents. The cash flow effect of acquisitions and disposals of entities is shown separately in cash flows from investing activities. Cash flows from acquisitions of entities are recognized in the cash flow statement from the acquisition date. Cash flows from disposals of entities are recognized up until the disposal date.

Acquisitions of assets by means of finance leases are treated as non-cash transactions.

**Cash flow from financing activities**

Cash flows from financing activities comprise changes in the size or composition of the share capital and related costs as well as the acquisition and disposal of minority interests, raising of loans, repayment of interest-bearing debt, acquisition and disposal of treasury shares and payment of dividends to shareholders.

Cash flows from assets held under finance leases are recognized as payment of interest and repayment of debt.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash, less bank overdrafts, and short-term marketable securities with a term of three months or less at the acquisition date which are subject to an insignificant risk of changes in value.

Cash flows in currencies other than the functional currency are translated using average monthly exchange rates unless these deviate significantly from the exchange rate at the transaction date.

## 2 Critical Accounting Estimates and Judgements

In preparing the Group's historical consolidated financial statements, management makes various accounting estimates and assumptions which form the basis of presentation, recognition and measurement of the Group's assets and liabilities. The most significant accounting estimates and judgements are presented below. The Group's accounting policies are described in detail in note 1 to the historical consolidated financial statements.

**Estimation uncertainty**

Determining the carrying amount of some assets and liabilities requires judgements, estimates and assumptions concerning future events.

The judgements, estimates and assumptions made are based on historical experience and other factors which management assesses to be reliable, but which by their very nature are associated with uncertainty and unpredictability. These assumptions may prove incomplete or incorrect, and unexpected events or circumstances may arise. The most critical judgements, estimates and assumptions for the individual items are described below.

The Group is also subject to risks and uncertainties which may lead to actual results differing from these estimates, both positively and negatively.

Assumptions about the future and estimation uncertainty on the balance sheet date are described in the notes where there is a significant risk of changes that could result in material adjustments to the carrying amount of assets or liabilities within the next financial year.

**Goodwill**

In the annual impairment test of goodwill, an estimate is made to determine how parts of the enterprise (cash-generating units) related to the goodwill will be able to generate sufficient future positive net cash flows to support the value of goodwill, trademarks with an indefinite useful life and other net assets of the enterprise in question.

The estimate of the future free net cash flows is based on budgets and business plans for the coming 5 years and on projections for subsequent years. Key parameters are revenue development, profit margin, proposed capital expenditure as well as growth expectations for the following years. Budgets and business plans for the coming 5 years are based on specific future business initiatives for which the risks relating to key parameters have been assessed and recognized in estimated future free cash flows. Projections for years following the next 5-year period are based on general expectations and risks.

The discount rates used to calculate the recoverable amount are before tax and reflect the risk-free interest rate of the individual geographical segments and related risk.

The carrying value of goodwill at 31 August 2009 was EUR 603.4 million compared to EUR 611.8 million, EUR 580.4 million and EUR 584.1 million, respectively, at 31 August 2008, 2007 and 2006.

**Development projects**

Finished development projects are reviewed on an annual basis to determine whether there is any indication of impairment.

If this is indicated, an impairment test is carried out for the individual development projects. For development projects in progress, however, an annual impairment test is always performed. The impairment test is performed on the basis of various factors, including future use of the project, the fair value of the estimated future earnings as well as interest rate and risks.

The carrying value of development projects in progress and finished development projects at 31 August 2009 was EUR 19.0 million compared to EUR 6.9 million, EUR 1.9 million and EUR 0.0 million, respectively, at 31 August 2008, 2007 and 2006.

**Assessment in applied accounting policies**

In applying the Group's accounting policies, management makes judgements which may significantly influence the amounts recognized in the annual report.

Such judgements include the timing of the recognition of revenue, the use of special items, measurement of inventories, measurement of trade receivables and deferred tax assets.

**Revenue recognition**

Revenue from the sale of finished goods and goods for resale is recognized when the risk has been transferred to the buyer. Revenue is measured excluding discounts.

Customer discounts are recognized and deducted from revenue in the same period as the sales to which they relate. Customer discounts based on accumulated sales volumes over a period of time are calculated on the basis of expected total sales based on experience from previous sales, sales up to that date and other current information about trading with the customer. These calculations are performed by Management in cooperation with sales managers.

**Special items**

The use of special items entails management judgement in the separation from other items in the income statement, cf. the accounting policies. When using special items, it is crucial that these constitute significant items of income and expenses which cannot be attributed directly to the Group's ordinary operating activities but concern fundamental structural or process-related changes in the Group and any associated gains or losses on disposal. Management carefully considers such changes in order to ensure the correct distinction between the Group's operating activities and restructuring of the Group made to enhance the Group's future earnings potential.

**Inventories**

Work in progress and finished goods are stated at the lowest of cost price under the FIFO-method and net realizable value. The cost price includes direct production costs and indirect production costs. Direct production costs comprise materials, consumables and labor whereas indirect production costs (IPC) comprise of maintenance, depreciation etc.

The calculations of the IPC are reviewed regularly in order to ensure that relevant assumptions as prices, production yield, measures of utilization are incorporated correctly. Changes in the parameters, assumed production yield and utilization levels etc. could have a significant impact in the cost price and with that the valuation of inventories and production costs.

The carrying value of other direct and indirect production costs included in the value of inventories at 31 August 2009 amounts to EUR 16.4 million compared to EUR 21.4 million, EUR 12.9 million and EUR 19.3 million, respectively, at 31 August, 2008, 2007 and 2006.

**Segment information**

When presenting segment information from the income statement and statement of financial position, disclosed amounts are split according to internal management information. Some costs, assets and liabilities are not directly attributable to the segments and have to be distributed according to allocation keys. These allocation keys are updated annually based on planned activity in each reportable segment and are subject to Management's judgment.

**Receivables**

Receivables are measured at amortized cost less provisions for bad debts based on customers' inability to pay. Management makes analyses based on customers' expected ability to pay, historical data on payment patterns, doubtful debts, customer concentrations, customers' credit standing and security received as well as economic trends in the Group's sales channels. If the ability to pay changes in future, further provisions may be required. It is estimated that the provisions made are sufficient to meet bad debts. The financial uncertainty related to provisions for bad debts is considered limited.

The carrying value of receivables at 31 August 2009 was EUR 70.8 million compared to EUR 75.8 million, EUR 70.9 million and EUR 76.3 million, respectively, at 31 August 2008, 2007 and 2006.

**Deferred tax assets**

The Group recognizes deferred tax assets, including the tax value of tax loss carryforwards, where Management assesses that the tax assets may be utilised in the foreseeable future for set-off against future positive taxable income. The assessment is made on an annual basis and is based on budgets and business plans for the future years, including planned business initiatives.

The value of recognized deferred tax assets at 31 August 2009 was EUR 4.8 million compared to EUR 5.1 million, EUR 19.2 million and EUR 19.2 million, respectively, at 31 August 2008, 2007 and 2006.

**Provisions**

Provisions are recognized when the Group has a legal or constructive obligation and it is more probable than not that economic benefits must be given up to settle the obligation. The probability hereof is based on judgment by the management. The obligation is measured on the basis of management's best estimate of the discounted amount at which the obligation is expected to be met.

The value of provisions at 31 August 2009 was EUR 2.2 million compared to EUR 1.8 million, EUR 1.9 million and EUR 1.7 million, respectively, at 31 August 2008, 2007 and 2006.

## 3 Segment information

The reportable segments are based on the segmentation in the internal financial reporting received by senior management. The reportable segments are divisions which offer the customer different products and services.

Cultures & Enzymes division produces and sells innovative cultures, enzymes and probiotic products that help determine the taste, flavor, color, texture, safety, preservation, nutritional value and health benefits of a variety of consumer products in the food and dairy industry.

Health & Nutrition division produces and sells products for the dietary supplement, over-the-counter pharmaceutical, infant formula and animal feed industries.

Colors & Blends division provides natural color solutions to the food and beverage industries, as well as functional blends that improve the quality and taste in processed meats.

| | 2008/2009 | | | | |
|---|---|---|---|---|---|
| | **Cultures & Enzymes** | **Health & Nutrition** | **Colors & Blends** | **Divested** | **Group** |
| **Income statement** | | | | | |
| External revenue | 331,103 | 68,626 | 111,468 | | 511,197 |
| EUR growth | 6% | 23% | 2% | | 7% |
| EBITDA (b.s.i.) | 116,706 | 23,870 | 14,287 | | 154,863 |
| EBITDA margin (b.s.i.) (%) | 35% | 35% | 13% | | 30% |
| Special items | (5,029) | (1,879) | 2,433 | | (4,475) |
| EBITDA | 111,677 | 21,991 | 16,720 | | 150,388 |
| EBITDA margin (%) | 34% | 32% | 15% | | 29% |
| Depreciation, amortization and impairment losses | (32,085) | (4,223) | (4,671) | | (40,979) |
| EBIT | 79,592 | 17,768 | 12,049 | | 109,409 |
| EBIT margin (%) | 24% | 26% | 11% | | 21% |
| **Assets** | | | | | |
| Goodwill | 530,085 | 73,276 | — | — | 603,361 |
| Other intangible assets | 132,382 | 37,429 | 15,149 | — | 184,960 |
| Intangible assets | 662,467 | 110,705 | 15,149 | — | 788,321 |
| Tangible assets | 195,731 | 32,425 | 35,616 | — | 263,772 |
| **Total fixed assets, excluding deferred tax** | **858,198** | **143,130** | **50,765** | **—** | **1,052,093** |
| Inventory | 28,683 | 8,623 | 19,494 | 35 | 56,835 |
| Trade receivables | 43,625 | 10,519 | 16,683 | — | 70,827 |
| Trade payables | (28,660) | (5,720) | (15,406) | — | (49,786) |
| **Net working capital** | **43,648** | **13,422** | **20,771** | **35** | **77,876** |
| **Invested capital** | **371,761** | **83,276** | **71,536** | **35** | **526,608** |

| | 2007/2008 | | | | |
|---|---|---|---|---|---|
| | Cultures & Enzymes | Health & Nutrition | Colors & Blends | Divested | Group |
| **Income statement** | | | | | |
| External revenue | 311,577 | 55,820 | 109,349 | | 476,746 |
| EUR growth | 7% | 27% | 0% | | 7% |
| EBITDA (b.s.i.) | 109,993 | 16,241 | 15,359 | | 141,593 |
| EBITDA margin (b.s.i.) (%) | 35% | 29% | 14% | | 30% |
| Special items | (2,702) | (3,876) | (936) | | (7,514) |
| EBITDA | 107,291 | 12,365 | 14,423 | | 134,079 |
| EBITDA margin (%) | 34% | 22% | 13% | | 28% |
| Depreciation, amortization and impairment losses | (29,101) | (4,328) | (4,650) | | (38,079) |
| EBIT | 78,190 | 8,037 | 9,773 | | 96,000 |
| EBIT margin (%) | 25% | 14% | 9% | | 20% |
| **Assets** | | | | | |
| Goodwill | 536,337 | 75,435 | — | — | 611,772 |
| Other intangible assets | 132,655 | 25,108 | 15,110 | — | 172,873 |
| Intangible assets | 668,992 | 100,543 | 15,110 | — | 784,645 |
| Tangible assets | 207,104 | 32,522 | 36,570 | — | 276,196 |
| **Total fixed assets, excluding deferred tax** | **876,096** | **133,065** | **51,680** | **—** | **1,060,841** |
| Inventory | 38,029 | 6,994 | 19,837 | 351 | 65,211 |
| Trade receivables | 45,609 | 11,628 | 18,573 | — | 75,810 |
| Trade payables | (29,419) | (5,448) | (15,805) | — | (50,672) |
| **Net working capital** | **54,219** | **13,174** | **22,605** | **351** | **90,349** |
| **Invested capital** | **393,978** | **70,804** | **74,285** | **351** | **539,418** |

| | 2006/2007 | | | | |
|---|---|---|---|---|---|
| | Cultures & Enzymes | Health & Nutrition | Colors & Blends | Divested | Group |
| **Income statement** | | | | | |
| External revenue | 291,465 | 43,949 | 109,328 | | 444.742 |
| EUR growth | 11% | −18% | 2% | | 5% |
| EBITDA (b.s.i.) | 87,169 | 13,781 | 19,007 | | 119.957 |
| EBITDA margin (b.s.i.) (%) | 30% | 31% | 17% | | 27% |
| Special items | (6,208) | (805) | (1,200) | | (8.213) |
| EBITDA | 80,961 | 12,976 | 17,807 | | 111.744 |
| EBITDA margin (%) | 28% | 30% | 16% | | 25% |
| Depreciation, amortization and impairment losses | (26,165) | (4,924) | (5,663) | | (36.752) |
| EBIT | 54,796 | 8,052 | 12,144 | | 74.992 |
| EBIT margin (%) | 19% | 18% | 11% | | 17% |
| **Assets** | | | | | |
| Goodwill | 538,860 | 41,518 | — | — | 580,378 |
| Other intangible assets | 137,086 | 15,078 | 15,642 | — | 167,806 |
| Intangible assets | 675,946 | 56,596 | 15,642 | — | 748,184 |
| Tangible assets | 201,611 | 37,220 | 37,966 | 4,713 | 281,510 |
| **Total fixed assets, excluding deferred tax** | **877,557** | **93,816** | **53,608** | **4,713** | **1,029,694** |
| Inventories | 30,359 | 4,910 | 16,927 | 5,798 | 57,994 |
| Trade receivables | 44,612 | 5,971 | 14,941 | 5,357 | 70,881 |
| Trade payables | (28,176) | (3,020) | (13,319) | (4,753) | (49,268) |
| **Net working capital** | **46,795** | **7,861** | **18,549** | **6,402** | **79,607** |
| **Invested capital** | **385,492** | **60,159** | **72,157** | **11,115** | **528,923** |

| | 2005/2006 | | | | |
|---|---|---|---|---|---|
| | Cultures & Enzymes | Health & Nutrition | Colors & Blends | Divested | Group |
| **Income statement** | | | | | |
| External revenue | 263,642 | 53,569 | 107,565 | | 424,776 |
| EBITDA (b.s.i.) | 66,122 | 14,276 | 16,993 | | 97,391 |
| EBITDA margin (b.s.i.) (%) | 25% | 27% | 16% | | 23% |
| Special items | (3,668) | (996) | (4,049) | | (8,713) |
| EBITDA | 62,454 | 13,280 | 12,944 | | 88,678 |
| EBITDA margin (%) | 24% | 25% | 12% | | 21% |
| Depreciation, amortization and impairment losses | (31,746) | (4,621) | (4,628) | | (40,995) |
| EBIT | 30,708 | 8,659 | 8,316 | | 47,683 |
| EBIT margin (%) | 12% | 16% | 8% | | 11% |
| **Assets** | | | | | |
| Goodwill | 542,313 | 41,782 | — | — | 584,095 |
| Other intangible assets | 145,654 | 15,510 | 15,257 | 413 | 176,834 |
| Intangible assets | 687,967 | 57,292 | 15,257 | 413 | 760,929 |
| Tangible assets | 201,554 | 41,640 | 32,042 | 10,309 | 285,545 |
| **Total fixed assets, excluding deferred tax** | **889,521** | **98,932** | **47,299** | **10,722** | **1,046,474** |
| Inventories | 34,777 | 3,916 | 17,640 | 15,790 | 72,123 |
| Trade receivables | 45,656 | 6,076 | 15,385 | 9,163 | 76,280 |
| Trade payables | (24,137) | (2,825) | (11,241) | (6,573) | (44,776) |
| **Net working capital** | **56,296** | **7,167** | **21,784** | **18,380** | **103,627** |
| **Invested capital** | **403,504** | **64,317** | **69,083** | **29,102** | **566,006** |

| Geographical allocation | 2005/2006 | 2006/2007 | 2007/2008 | 2008/2009 |
|---|---|---|---|---|
| **External revenue** | | | | |
| Denmark | 5,333 | 5,941 | 6,394 | 5,923 |
| Rest of Europe | 245,791 | 254,803 | 274,171 | 276,153 |
| Asia, Pacific & Middle East | 43,351 | 47,501 | 55,508 | 64,192 |
| North America | 87,505 | 91,390 | 90,440 | 111,532 |
| South America | 42,796 | 45,107 | 50,233 | 53,397 |
| **Total** | **424,776** | **444,742** | **476,746** | **511,197** |
| **Non-current assets, excluding deferred tax** | | | | |
| Denmark | 579,767 | 591,581 | 604,749 | 610,010 |
| Rest of Europe | 276,048 | 267,281 | 294,733 | 278,649 |
| Asia, Pacific & Middle East | 15,347 | 11,949 | 11,567 | 11,487 |
| North America | 139,815 | 122,511 | 111,960 | 118,378 |
| South America | 35,497 | 36,372 | 37,832 | 33,569 |
| **Total** | **1,046,474** | **1,029,694** | **1,060,841** | **1,052,093** |

## 4 Depreciation, amortization and impairment losses

| EUR thousand | 2005/2006 | 2006/2007 | 2007/2008 | 2008/2009 |
|---|---|---|---|---|
| **Depreciation** | | | | |
| **Tangible assets** | | | | |
| Cost of sales | 21,314 | 17,292 | 18,557 | 21,365 |
| Research and development expenses | 1,585 | 1,342 | 1,255 | 1,306 |
| Sales and marketing expenses | 938 | 805 | 601 | 605 |
| Administrative expenses | 3,351 | 3,087 | 3,236 | 2,795 |
| **Total continuing activities** | **27,188** | **22,526** | **23,649** | **26,071** |
| Discontinued activities | 1,232 | 940 | 402 | — |
| **Total** | **28,420** | **23,466** | **24,051** | **26,071** |
| **Intangible assets** | | | | |
| Cost of sales | 1,608 | 1,610 | 1,902 | 1,756 |
| Research and development expenses | — | 134 | 407 | 901 |
| Sales and marketing expenses | 9,652 | 8,859 | 9,249 | 9,941 |
| Administrative expenses | 2,011 | 2,013 | 2,320 | 1,810 |
| **Total continuing activities** | **13,271** | **12,616** | **13,878** | **14,408** |
| **Total depreciation and amortization** | **41,691** | **36,082** | **37,929** | **40,479** |
| **Impairment losses** | | | | |
| **Tangible assets** | | | | |
| Cost of sales | 536 | 1,610 | 146 | 81 |
| **Total continuing activities** | **536** | **1,610** | **146** | **81** |
| Discontinued activities | — | — | — | 286 |
| **Total** | **536** | **1,610** | **146** | **367** |
| **Intangible assets** | | | | |
| Research and development costs | — | — | 406 | — |
| Sales and marketing expenses | — | — | — | 20 |
| **Total** | **—** | **—** | **406** | **20** |
| **Total impairment losses** | **536** | **1,610** | **552** | **387** |

Impairment losses incorporated in research and development relate to development projects where the carrying value is not supported by estimated future earnings in updated business cases.

| Losses incurred from retirement of assets(*) | 2008/2009 |
|---|---|
| Cost of sales | 251 |
| Research and development costs | 148 |
| **Total** | **399** |

(*) For the years ended December 31 2005/2006, 2006/2007 and 2007/2008, no losses from retirement of assets have been disclosed.

## 5 Staff expenses

| | 2005/2006 | 2006/2007 | 2007/2008 | 2008/2009 |
|---|---|---|---|---|
| Wages and salaries, etc | 107,779 | 105,616 | 93,568 | 100,224 |
| Severance payments | 1,341 | 1,476 | 7,645 | 2,513 |
| Pension expenses—defined contribution plans | 6,435 | 7,381 | 7,510 | 7,811 |
| Pension expenses—defined benefit plans (note 22) | 670 | 134 | 207 | 81 |
| Social security etc | 16,757 | 15,970 | 13,948 | 13,241 |
| Salaries and remuneration, etc to the Executive Board and Board of Directors of Chr. Hansen Holding A/S | 1,233 | 1,428 | 1,426 | 1,638 |
| **Total** | **134,215** | **132,005** | **124,304** | **125,508** |
| **Average number of employees** | **2,495** | **2,507** | **2,367** | **2,157** |

Remuneration to the Executive and Board of Directors appears as follows:

| The Executive Board | 2005/2006 | 2006/2007 | 2007/2008 | 2008/2009 |
|---|---|---|---|---|
| Salaries etc | 1,072 | 1,208 | 1,210 | 1,389 |
| Pension | 134 | 134 | 130 | 163 |
| Share-based payment | — | 46 | 46 | 46 |
| **Total** | **1,206** | **1,388** | **1,386** | **1,598** |
| **The Board of Directors** | | | | |
| Fees | 27 | 40 | 40 | 40 |

## 6 Fees to auditors

| | 2005/2006 | 2006/2007 | 2007/2008 | 2008/2009 |
|---|---|---|---|---|
| Statutory audit | 536 | 537 | 716 | 726 |
| Audit related services | — | — | 281 | 270 |
| Tax advisory services | — | — | 262 | 304 |
| Other services | 402 | 805 | 338 | 277 |
| **Total** | **938** | **1,342** | **1,597** | **1,577** |

## 7 Special items

| EUR thousand | 2005/2006 | 2006/2007 | 2007/2008 | 2008/2009 |
|---|---|---|---|---|
| Proceeds from divestment of the Functional Systems business in Western Europe | — | — | — | (2,471) |
| Proceeds from the divestment of the Soup & Sauces business | — | — | — | (985) |
| New financial reporting system implemented—adjustment to calculation of internal profit on inventories | — | — | — | 3,351 |
| Provision for litigation case in Brazil | — | — | — | 495 |
| Special IFRS adjustment to vacation pay obligation | — | — | — | 1,408 |
| Close down of Medipharm production sites in Sweden and the USA | — | — | 3,621 | 906 |
| Writedown of closed production site in Spain | — | — | 402 | — |
| Reorganisation of Danish companies | — | 939 | 134 | — |
| Reorganisation of Spanish companies | — | 671 | — | — |
| Reorganisation of US company | — | 403 | — | — |
| Restructure of European sales organisation incl. distributors | — | 2,416 | 1,980 | 1,008 |
| Strategic sourcing project | — | 2,147 | — | — |
| Other strategic projects | — | 1,637 | 1,377 | 763 |
| Reorganisation, production | 6,032 | — | — | — |
| Reorganisation, Research and Development | 536 | — | — | — |
| Reorganisation, Sales and Marketing | 1,072 | — | — | — |
| Reorganisation, Administration | 2,816 | — | — | — |
| Gain on sale of land and buildings from reorganisation | (1,743) | — | — | — |
| **Total** | **8,713** | **8,213** | **7,514** | **4,475** |

## 8 Financial income

| EUR thousand | 2005/2006 | 2006/2007 | 2007/2008 | 2008/2009 |
|---|---|---|---|---|
| Gains from derivative financial instruments | 7,105 | 1,342 | 8,957 | 1,041 |
| Other interest income | 670 | 4,026 | 2,951 | 1,284 |
| Exchange gains | 14,612 | 26,438 | 17,606 | 5,605 |
| Other financial income | 402 | 939 | 1,269 | 1,640 |
| **Total** | **22,789** | **32,745** | **30,783** | **9,570** |

## 9 Financial expenses

| EUR thousand | 2005/2006 | 2006/2007 | 2007/2008 | 2008/2009 |
|---|---|---|---|---|
| Loss from derivative financial instruments | — | 1,074 | 111 | 29,055 |
| Exchange loss | 11,931 | 18,787 | 8,440 | 15,433 |
| Interest expenses on loans | 79,627 | 70,724 | 78,523 | 58,926 |
| Interest expenses on loan from parent company | — | 13,689 | 10,193 | 7,879 |
| Other financial expenses | 4,290 | 10,736 | 4,732 | 4,805 |
| **Total** | **95,848** | **115,010** | **101,999** | **116,098** |

## 10 Corporation tax

| EUR thousand | 2005/2006 | 2006/2007 | 2007/2008 | 2008/2009 |
|---|---|---|---|---|
| Current tax on operating profit | (5,267) | (11,810) | 536 | (18,205) |
| Change in deferred tax concerning operating profit | 8,981 | 12,079 | (17,758) | (607) |
| **Tax on operating profit** | **3,714** | **269** | **(17,222)** | **(18,812)** |
| Adjustments concerning previous years | 1,475 | 939 | (67) | (29) |
| **Total** | **5,189** | **1,208** | **(17,289)** | **(18,841)** |

| Reconciliation of tax rate | 2008/2009 | | | | | |
|---|---|---|---|---|---|---|
| | Tax on operating profit | | Tax on financial expenses net | | Total | |
| Danish tax rate* | 25% | (26,495) | 25% | 26.632 | 25% | 137 |
| Deviation in the tax of non-Danish group enterprises compared with Danish tax rate | 2% | (2,064) | 1% | 1,269 | −145% | (795) |
| Non-deductible interest due to interest ceiling rules | — | — | −16% | (16,631) | −3041% | (16,631) |
| Non-taxable income and non-deductible expenses | — | 34 | — | — | 6% | 34 |
| Adjustment of deferred tax concerning changed corporation tax rates | −1% | 539 | — | — | 99% | 539 |
| Adjustments concerning previous years | 1% | (802) | 1% | 637 | −30% | (165) |
| Other taxes | 1% | (928) | — | — | −170% | (928) |
| **Effective tax rate** | **28%** | **(29,716)** | **11%** | **11,907** | **−3256%** | **(17,809)** |
| Included in result from discontinued activities | | (1,032) | | — | | (1,032) |
| **Tax on profit for the year** | | **(30,748)** | | **11,907** | | **(18,841)** |

| Reconciliation of tax rate | 2007/2008 | | | | | |
|---|---|---|---|---|---|---|
| | Tax on operating profit | | Tax on financial expenses net | | Total | |
| Danish tax rate* | 25% | (36,050) | 25% | 17,808 | 25% | (18,242) |
| Deviation in the tax of non-Danish group enterprises compared with Danish tax rate | 2% | (3,171) | 3% | 1,946 | 2% | (1,225) |
| Non-deductible interest due to interest ceiling rules | — | — | −16% | (11,342) | 14% | (11,342) |
| Non-taxable income and non-deductible expenses | −1% | 1,599 | — | — | −2% | 1,599 |
| Adjustment of deferred tax concerning changed corporation tax rates | — | 674 | — | — | −1% | 674 |
| Adjustments concerning previous years | — | 93 | −1% | (551) | 1% | (458) |
| Other taxes | — | (365) | — | — | 1% | (365) |
| **Effective tax rate** | **26%** | **(37,220)** | **11%** | **7,861** | **40%** | **(29,359)** |
| Included in result from discontinued activities | | 12,070 | | — | | 12,070 |
| **Tax on profit for the year** | | **(25,150)** | | **7,861** | | **(17,289)** |

In the financial years 2005/2006 and 2006/2007, a reconciliation of the tax rates for operating profit and financials was not required.

| Reconciliation of tax rate | 2006/2007 | Total |
|---|---|---|
| Danish tax rate* | 25% | 3,624 |
| Deviation in the tax of non-Danish group enterprises compared with Danish tax rate | −18% | (2,550) |
| Non-deductible interest due to interest ceiling rules | −24% | (3,623) |
| Non-taxable income and non-deductible expenses | −9% | (1,207) |
| Adjustment of deferrred tax concerning changed corporation tax rates | 47% | 6,978 |
| Adjustments concerning previous years | 6% | 805 |
| Other taxes | −12% | (1,745) |
| **Effective tax rate** | **15%** | **2,282** |
| Included in result from discontinued activities | | (1,074) |
| **Tax on profit for the year** | | **1,208** |

| Reconciliation of tax rate | 2005/2006 | Total |
|---|---|---|
| Danish tax rate* | 28% | 8,848 |
| Deviation in the tax of non-Danish group enterprises compared with Danish tax rate | 8% | 2,681 |
| Non-deductible interest due to interest ceiling rules | −3% | (922) |
| Non-taxable income and non-deductible expenses | −10% | (3,099) |
| Adjustments concerning previous years | 5% | 1,475 |
| Other taxes | −6% | (1,878) |
| **Effective tax rate** | **22%** | **7,105** |
| Included in result from discontinued activities | | (1,916) |
| **Tax on profit for the year** | | **5,189** |

* Calculated on the basis of profit before tax with addition of profit from discontinued activities before tax.

### 11 Profit from discontinued activities

None of the divested activities in 2008/2009 have been classified as discontinuing activities in the annual report due to their size and nature. Loss from discontinued activities in the financial year 2008/2009 relates entirely to post divestment of Dairy Flavor and Seasoning and Sweet Flavor which were divested by the end of April 2008.

The Group has acted as toll manufacturer for the Symrise Group AG until the end of first half of 2009. The toll manufacture activity is included as discontinued activities.

The profit from discontinued activities in financial year 2007/2008 relates to the divestment of Dairy Flavor and Seasoning and Sweet Flavor also positively impacted by EUR 1.3 million from a reverse of an accrual related to the paprika production business which was divested in 2006/2007.

In 2006/2007 discontinued activities comprised the sale of the Group's paprika productions in India and Spain and the sale of Dairy Flavor, Seasoning and Sweet Flavor. The divestments of the paprika activities took place in April 2007 and July 2007, respectively. Furthermore, the Group's activity within Excipients & Coating in the USA was divested in August 2007. The divestments in 2007/2008 and 2006/2007 were made as the business did not meet the profitability requirements set out in the Group's strategy.

In 2005/2006 discontinuing activities included, in addition to the business areas mentioned above, the divestment of the Group's Sweetener activities in June 2006.

| Discontinued activities are recognized in the income statement as follows: | 2005/2006 | 2006/2007 | 2007/2008 | 2008/2009 |
|---|---|---|---|---|
| Net profit from discontinued operations | (3,672) | (402) | 1,207 | 228 |
| Net profit from divestment of business operations after transaction costs | (1,074) | (6,174) | 55,792 | (272) |
| Other costs related to the divestments | — | — | (9,021) | (3,494) |
| Tax on profit on sale after costs related to divestment | 402 | (134) | (11,668) | 1,142 |
| **Total** | **(4,344)** | **(6,710)** | **36,310** | **(2,396)** |
| **Net profit from discontinued activities:** | | | | |
| Revenue | 80,204 | 63,343 | 46,806 | 2,937 |
| Production costs | (69,706) | (51,265) | (38,357) | (2,093) |
| **Gross profit** | **10,498** | **12,078** | **8,449** | **844** |
| Research and development costs | (4,708) | (3,758) | (3,085) | (372) |
| Selling and marketing expenses | (6,933) | (6,173) | (3,219) | — |
| Administrative expenses | (4,061) | (3,355) | (671) | (134) |
| Other operating income | 152 | 134 | 269 | — |
| Other operating expenses | (134) | (134) | — | — |
| **Operating profit before special items** | **(5,186)** | **(1,208)** | **1,743** | **338** |
| Special items | — | (402) | (134) | — |
| **Profit before tax** | **(5,186)** | **(1,610)** | **1,609** | **338** |
| Tax on the result for the year | 1,514 | 1,208 | (402) | (110) |
| **Net profit for the period** | **(3,672)** | **(402)** | **1,207** | **228** |

Receivables and payables from discontinued activities comprise trade receivables and payables related to the toll manufacturing agreement with Symrise Group as mentioned above.

## 12 Goodwill

| EUR thousand | 2006 | 2007 | 2008 | 2009 |
|---|---|---|---|---|
| Cost at 1 September | 600,279 | 584,095 | 580,378 | 611,772 |
| Currency translation | (4,789) | (5,328) | (2,718) | (8,411) |
| Additions for the year | — | 1,611 | — | — |
| Acquisition of companies | — | — | 34,112 | — |
| Disposals for the year | (11,395) | — | — | — |
| **Cost at 31 August** | **584,095** | **580,378** | **611,772** | **603,361** |

At 31 August 2006, 31 August 2007, 31 August 2008 and 31 August 2009, Management performed an impairment test of the carrying amount of goodwill. No basis was found for impairment.

In connection with the impairment test, the discounted value of future cash flows is compared with the carrying amount. The future cash flows are based on budgets and Management's estimates of the expected development in the next five years. Revenue, EBIT, working capital, discount rate and growth assumptions constitute the most material parameters of the calculation.

For the financial year 2009/2010 an average growth in revenue of approx 7% and an expected average improvement of the EBIT rate of approximately 1.5 percentage point annually have been applied. The working capital is assumed to constitute between 14-16% of sales.

A discount rate of 7.2% after tax was applied in the impairment test for 2009.

A discount rate of 7.6% after tax was applied in the impairment test for 2008.

The discount rates applied in the impairment tests were not disclosed in the annual reports for 2005/2006 and 2006/2007.

## 13 Other intangible assets

| | 2009 | | | | | |
|---|---|---|---|---|---|---|
| **EUR thousand** | **Trademarks** | **Patents** | **Development projects** | **Software** | **Intangible assets in progress** | **Total** |
| Cost at 1 September | 160,077 | 28,077 | 2,130 | 13,331 | 8,322 | 211,937 |
| Currency translation | (211) | 58 | 8 | (22) | 29 | (138) |
| Additions for the year | — | 7,467 | 4,010 | 2,282 | 17,141 | 30,900 |
| Disposals for the year | (1,643) | — | — | (64) | (4,060) | (5,767) |
| **Cost at 31 August** | **158,223** | **35,602** | **6,148** | **15,527** | **21,432** | **236,932** |
| Amortization at 1 September | 24,370 | 7,166 | 765 | 6,764 | — | 39,065 |
| Currency translation | (16) | 15 | 2 | (21) | — | (20) |
| Amortization for the year | 8,787 | 2,846 | 324 | 2,451 | — | 14,408 |
| Disposals for the year | (1,474) | — | — | (27) | — | (1,501) |
| Impairment losses for the year | — | — | — | 20 | — | 20 |
| **Amortization at 31 August** | **31,667** | **10,027** | **1,091** | **9,187** | **—** | **51,972** |
| **Carrying amount at 31 August** | **126,556** | **25,575** | **5,057** | **6,340** | **21,432** | **184,960** |
| Group internal expenses included in assets above | | | | | 7,456 | |

| EUR thousand | 2008 Trademarks | Patents | Development projects | Software | Intangible assets in progress | Total |
|---|---|---|---|---|---|---|
| Cost at 1 September | 151,573 | 27,606 | 1,331 | 11,125 | 1,208 | 192,843 |
| Currency translation | (136) | (33) | (2) | 31 | (1) | (141) |
| Transferred from property, plant and equipment in progress | — | — | — | — | 1,337 | 1,337 |
| Additions for the year | 148 | 504 | 826 | 2,227 | 7,505 | 11,210 |
| Acquisition of companies | 9,833 | — | — | — | — | 9,833 |
| Disposals of the year—continuing activities | — | — | (25) | (34) | (1,727) | (1,786) |
| Disposals of the year—discontinued activities | (1,341) | — | — | (18) | — | (1,359) |
| **Cost at 31 August** | **160,077** | **28,077** | **2,130** | **13,331** | **8,322** | **211,937** |
| Amortization at 1 September | 16,103 | 4,564 | 65 | 4,305 | — | 25,037 |
| Currency translation | (29) | (6) | (1) | (44) | — | (80) |
| Amortization for the year | 8,429 | 2,608 | 295 | 2,546 | — | 13,878 |
| Disposals of the year—continuing activities | (133) | — | — | (34) | — | (167) |
| Disposals of the year—discontinued activities | — | — | — | (9) | — | (9) |
| Impairment losses for the year | — | — | 406 | — | — | 406 |
| **Amortization at 31 August** | **24,370** | **7,166** | **765** | **6,764** | **—** | **39,065** |
| **Carrying amount at 31 August** | **135,707** | **20,911** | **1,365** | **6,567** | **8,322** | **172,873** |
| Group internal expenses included in assets above | | | | | 5,863 | |

| EUR thousand | 2007 Trademarks | Patents | Development projects | Software | Intangible assets in progress | Total |
|---|---|---|---|---|---|---|
| Cost at 1 September | 150,544 | 27,497 | — | 11,395 | — | 189,436 |
| Currency translation | 91 | 109 | — | (3) | — | 197 |
| Additions for the year | — | — | 1,331 | 805 | 1,208 | 3,344 |
| Disposals for the year—continuing activities | — | — | — | (134) | — | (134) |
| Transferred | 938 | — | — | (938) | — | — |
| **Cost at 31 August** | **151,573** | **27,606** | **1,331** | **11,125** | **1,208** | **192,843** |
| Amortization at 1 September | 8,521 | 1,802 | — | 2,279 | — | 12,602 |
| Currency translation | (83) | 23 | — | 13 | — | (47) |
| Amortization for the year | 7,665 | 2,739 | 65 | 2,147 | — | 12,616 |
| Disposals for the year—continuing activities | — | — | — | (134) | — | (134) |
| **Amortization at 31 August** | **16,103** | **4,564** | **65** | **4,305** | **—** | **25,037** |
| **Carrying amount at 31 August** | **135,470** | **23,042** | **1,266** | **6,820** | **1,208** | **167,806** |
| Group internal expenses included in assets above | | | | | 1,923 | |

| EUR thousand | 2006 Trademarks | Patents | Software | Total |
|---|---|---|---|---|
| Cost at 1 September | 150,644 | 29,158 | 11,263 | 191,065 |
| Additions for the year | (100) | (52) | (136) | (288) |
| Disposals for the year—continuing activities | — | — | 536 | 536 |
| | — | (1,609) | (268) | (1,877) |
| **Cost at 31 August** | **150,544** | **27,497** | **11,395** | **189,436** |
| Amortization at 1 September | | | | |
| Currency translation | 806 | — | 268 | 1,074 |
| Amortization for the year | 7,715 | 3,411 | 2,145 | 13,271 |
| Disposals for the year—continuing activities | — | (1,609) | (134) | (1,743) |
| **Amortization at 31 August** | **8,521** | **1,802** | **2,279** | **12,602** |
| **Carrying amount at 31 August** | **142,023** | **25,695** | **9,116** | **176,834** |

**Patents and development projects**

Completed development projects and development projects in progress comprise development and testing of new strains for cultures etc., natural colors as well as production techniques.

The values of the development projects recognized have been compared to expected sales or cost savings. This has given rise to writedowns of the recognized value of development projects in 2007/2008 and 2008/2009 as some projects have been terminated.

**Software**

Software comprises expenses for acquiring software licenses and expenses related to group internal development of software.

The value of the recognized software has been compared to the expected value in use. No indications of impairment have been identified.

## 14 Tangible assets

| EUR thousand | 2009 Land and buildings | Plant and machinery | Other fixtures and equipment | Property, plant and equipment in progress | Total |
|---|---|---|---|---|---|
| Cost at 1 September | 148,998 | 163,642 | 15,073 | 7,829 | 335,542 |
| Currency translation | (887) | (92) | (720) | 16 | (1,683) |
| Additions for the year | 2,900 | 5,594 | 1,467 | 6,329 | 16,290 |
| Disposals for the year—continuing activities | (2,938) | (10,402) | (1,966) | (5,319) | (20,625) |
| Transferred from assets held for sale | 8,616 | — | — | — | 8,616 |
| **Cost at 31 August** | **156,689** | **158,742** | **13,854** | **8,855** | **338,140** |
| Depreciation at 1 September | 12,356 | 39,655 | 7,335 | — | 59,346 |
| Currency translation | (218) | (379) | (414) | — | (1,011) |
| Depreciation for the year | 5,680 | 17,631 | 2,760 | — | 26,071 |
| Depreciation, disposed assets | (2,091) | (9,761) | (1,837) | — | (13,689) |
| Transferred from assets held for sale | 3,284 | — | — | — | 3,284 |
| Impairment losses for the year | 286 | 49 | 32 | — | 367 |
| **Amortization at 31 August** | **19,297** | **47,195** | **7,876** | **—** | **74,368** |
| **Carrying amount at 31 August** | **137,392** | **111,547** | **5,978** | **8,855** | **263,772** |
| Group internal expenses included in assets above | | | | 3,891 | |
| Including assets under finance leases | 1,814 | 30 | 85 | — | 1,929 |
| Land and buildings include buildings on land leased from Scion DTU A/S at Hørsholm. The term of the lease of the land is unlimited | 25,192 | | | | |
| Value of mortgaged land and buildings, cf also note 34 concerning other guarantees and commitments | 66,374 | | | | |

Tangible assets are classified as “held for sale” if the carrying amount is expected to be covered by a sale in accordance with a formal plan rather than by continued use of the asset in the Group. Assets held for sale are measured at the lower of the carrying amount and the fair value less selling costs. Assets are not depreciated from the time when they are classified as “held for sale”.

| EUR thousand | 2008 Land and buildings | Plant and machinery | Other fixtures and equipment | Property, plant and equipment in progress | Total |
|---|---|---|---|---|---|
| Cost at 1 September | 146,326 | 136,258 | 16,243 | 30,339 | 329,166 |
| Currency translation | (1,918) | (2,099) | (232) | (53) | (4,302) |
| Additions for the year | 14,348 | 38,698 | 1,508 | 6,826 | 61,380 |
| Acquisition of companies | 430 | 72 | 1 | 115 | 618 |
| Disposals for the year—continuing activities | (774) | (1,402) | (2,078) | (26,974) | (31,228) |
| Disposals for the year—discontinued activities | (396) | (7,885) | (369) | (1,087) | (9,737) |
| Transferred to assets held for sale | (9,018) | — | — | — | (9,018) |
| Transferred to intangible assets | — | — | — | (1,337) | (1,337) |
| **Cost at 31 August** | **148,998** | **163,642** | **15,073** | **7,829** | **335,542** |
| Depreciation at 1 September | 9,934 | 31,547 | 6,175 | — | 47,656 |
| Currency translation | (595) | (1,308) | (255) | — | (2,158) |
| Depreciation for the year | 5,607 | 15,057 | 3,387 | — | 24,051 |
| Impairment losses for the year | 98 | 38 | 11 | — | 147 |
| Disposals for the year—continuing activities | (203) | (1,216) | (1,736) | — | (3,155) |
| Disposals for the year—discontinued activities | 25 | (4,463) | (247) | — | (4,685) |
| Transferred to assets held for sale | (2,510) | — | — | — | (2,510) |
| **Depreciation at 31 August** | **12,356** | **39,655** | **7,335** | **—** | **59,346** |
| **Carrying amount at 31 August** | **136,642** | **123,987** | **7,738** | **7,829** | **276,196** |
| Group internal expenses included in assets above | | | | 2,745 | |
| Including assets under finance leases | 1,931 | 97 | 116 | — | 2,144 |
| Land and buildings include buildings on land leased from Scion DTU A/S at Hørsholm. The term of the lease of the land is unlimited | 26,281 | | | | |
| Value of mortgaged land and buildings, cf also note 34 concerning other guarantees and commitments | 76,428 | | | | |

| EUR thousand | 2007<br>Land and buildings | Plant and machinery | Other fixtures and equipment | Property, plant and equipment in progress | Total |
|---|---|---|---|---|---|
| Cost at 1 September | 152,961 | 141,164 | 18,902 | 11,663 | 324,690 |
| Currency translation | (1,401) | (1,283) | (243) | 22 | (2,905) |
| Additions for the year | 2,550 | 13,286 | 2,281 | 23,619 | 41,736 |
| Disposals for the year—continuing activities | (1,879) | (2,013) | (3,355) | (4,831) | (12,078) |
| Disposals for the year—discontinued activities | (5,905) | (14,896) | (1,342) | (134) | (22,277) |
| **Cost at 31 August** | **146,326** | **136,258** | **16,243** | **30,339** | **329,166** |
| Depreciation at 1 September | 7,373 | 26,544 | 5,228 | — | 39,145 |
| Currency translation | (122) | (346) | 8 | — | (460) |
| Depreciation for the year | 5,502 | 15,012 | 2,952 | — | 23,466 |
| Impairment losses for the year | 268 | 537 | 805 | — | 1,610 |
| Disposals for the year—continuing activities | (1,879) | (1,074) | (1,610) | — | (4,563) |
| Disposals for the year—discontinued activities | (1,208) | (9,126) | (1,208) | — | (11,542) |
| **Depreciation at 31 August** | **9,934** | **31,547** | **6,175** | **—** | **47,656** |
| **Carrying amount at 31 August** | **136,392** | **104,711** | **10,068** | **30,339** | **281,510** |
| Group internal expenses included in assets above | | | | 2,014 | |
| Including assets under finance leases | 2,014 | 268 | 134 | — | 2,416 |
| Land and buildings include buildings on land leased from Scion DTU A/S at Hørsholm. The term of the lease of the land is unlimited | 27,520 | | | | |
| Value of mortgaged land and buildings, cf also note 34 concerning other guarantees and commitments | 64,035 | | | | |

| EUR thousand | 2006 Land and buildings | Plant and machinery | Other fixtures and equipment | Property, plant and equipment in progress | Total |
|---|---|---|---|---|---|
| Cost at 1 September | 144,271 | 130,594 | 17,162 | 24,805 | 316,832 |
| Currency translation | (1,229) | (1,092) | (137) | (139) | (2,597) |
| Additions for the year | 13,673 | 25,470 | 3,754 | 12,199 | 55,096 |
| Disposals for the year—continuing activities | (1,475) | (6,837) | (1,743) | (25,202) | (35,257) |
| Disposals for the year—discontinued activities | (2,279) | (6,971) | (134) | — | (9,384) |
| **Cost at 31 August** | **152,961** | **141,164** | **18,902** | **11,663** | **324,690** |
| Depreciation at 1 September | 2,548 | 17,296 | 2,279 | — | 22,123 |
| Currency translation | (2) | (270) | (1) | — | (273) |
| Depreciation for the year | 6,301 | 18,365 | 3,754 | — | 28,420 |
| Impairment losses for the year | — | — | 536 | — | 536 |
| Disposals for the year—continuing activities | (938) | (6,032) | (1,206) | — | (8,176) |
| Disposals for the year—discontinued activities | (536) | (2,815) | (134) | — | (3,485) |
| **Depreciation at 31 August** | **7,373** | **26,544** | **5,228** | **—** | **39,145** |
| **Carrying amount at 31 August** | **145,588** | **114,620** | **13,674** | **11,663** | **285,545** |
| Group internal expenses included in assets above | | | | 670 | |
| Including assets under finance leases | — | 268 | — | — | 268 |
| Land and buildings include buildings on land leased from Scion DTU A/S at Hørsholm. The term of the lease of the land is unlimited | 28,689 | | | | |
| Value of mortgaged land and buildings, cf also note 34 concerning other guarantees and commitments | 67,432 | | | | |

## 15 Inventories

| EUR thousand | 2006 | 2007 | 2008 | 2009 |
|---|---|---|---|---|
| Raw materials | 52,818 | 45,107 | 43,787 | 40,485 |
| Other direct and indirect production costs | 19,305 | 12,887 | 21,424 | 16,350 |
| **Total** | **72,123** | **57,994** | **65,211** | **56,835** |
| **Write-down of inventories in the period** | **1,877** | **1,342** | **1,073** | **1,528** |

### 16 Trade receivables

| EUR thousand | 2006 | 2007 | 2008 | 2009 |
|---|---|---|---|---|
| **Ageing of receivables[(*)]:** | | | | |
| Not due | | | 64,818 | 60,682 |
| Overdue 0 to 30 days | | | 10,377 | 9,972 |
| Overdue 30 to 60 days | | | 803 | 872 |
| Overdue 60 to 120 days | | | 296 | 101 |
| Overdue more than 120 days | | | 417 | 170 |
| Total trade receivables, gross | 77,891 | 71,980 | 76,711 | 71,797 |
| Provisions for bad debt | (1,611) | (1,099) | (901) | (970) |
| **Total trade receivables, net** | **76,280** | **70,881** | **75,810** | **70,827** |
| **Provision for bad debts:** | | | | |
| Provision, beginning | 1,743 | 1,611 | 1,099 | 901 |
| Additions for the year | 268 | 293 | 686 | 575 |
| Reversal for the year | (266) | (537) | (693) | (455) |
| Losses realised in the year | (134) | (268) | (191) | (51) |
| **Provision, end** | **1,611** | **1,099** | **901** | **970** |

(*) The ageing of receivables was not a disclosure requirement in 2006 and 2007

### 17 Assets held for sale

| EUR thousand | 2006 | 2007 | 2008 | 2009 |
|---|---|---|---|---|
| Property, plant and equipment | — | — | 7,608 | — |
| **Total** | **—** | **—** | **7,608** | **—** |

Due to the financial crisis it has not been possible to obtain a reasonable price for the property classified as held for sale. Management has decided that under the current market condition it is more feasable to rent out the free space. The assets were for that reason reclassified to tangible fixed assets in 2009.

### 18 Other receivables

| EUR thousand | 2006 | 2007 | 2008 | 2009 |
|---|---|---|---|---|
| Derivative financial instruments | 5,630 | 5,906 | 8,769 | — |
| VAT and other dues | 2,011 | 1,746 | 2,557 | 1,938 |
| Other receivables | 4,816 | 4,027 | 5,646 | 4,786 |
| **Total** | **12,457** | **11,679** | **16,972** | **6,724** |

### 19 Prepayments

| EUR thousand | 2006 | 2007 | 2008 | 2009 |
|---|---|---|---|---|
| Prepaid rent | 1,743 | 2,148 | 2,586 | 2,411 |
| Insurance | 670 | 805 | 708 | 854 |
| Other prepayments | 938 | 1,477 | 1,399 | 1,024 |
| **Total** | **3,351** | **4,430** | **4,693** | **4,289** |

## 20 Cash and cash equivalents

| EUR thousand | 2006 | 2007 | 2008 | 2009 |
|---|---|---|---|---|
| Cash and cash equivalents | 30,834 | 33,830 | 34,771 | 80,281 |
| Cash—deposits (escrow) | — | — | 47,816 | — |
| **Total** | **30,834** | **33,830** | **82,587** | **80,281** |

## 21 Share capital

The Group's share capital amounts to nom DKK 1,008,252,200 (equal to EUR 135 million) distributed on shares of DKK 10 or multiples hereof.

The share capital has been fully paid up.

## 22 Employee benefit obligations

| EUR thousand | 2006 | 2007 | 2008 | 2009 |
|---|---|---|---|---|
| Pension obligations | 5,223 | 5,443 | 5,265 | 5,133 |
| Other employee benefit obligations | 407 | 330 | 397 | 459 |
| **Total** | **5,630** | **5,773** | **5,662** | **5,592** |

Other employee benefit obligations consist of obligations regarding payments made in connection with employee service tenure and long service benefits and other social benefits.

The Group has entered into pension agreements with a significant share of the Group's employees. The majority of the plans are defined contribution plans and only a small part constitutes defined benefit plans.

**Defined contribution plans**

The Group finances the plans through regular premium payments to independent insurance companies that are responsible for the pension obligations. When the pension contributions of the defined contribution plans have been paid, the Group has no further pension obligations towards current employees or resigned employees.

**Defined benefit plans**

For certain groups of employees, the Group has entered into agreements on the payment of certain benefits, including pension. These obligations are not or only partly covered by insurance. Uncovered plans have been recognized in the balance sheet and income statement as shown below.

| EUR thousand | 2006 | 2007 | 2008 | 2009 |
|---|---|---|---|---|
| **Balance sheet** | | | | |
| Net present value of financed obligations | 4,300 | 5,638 | 5,024 | 4,930 |
| Fair value of plan assets | (3,490) | (4,162) | (3,643) | (3,352) |
| | **810** | **1,476** | **1,381** | **1,578** |
| Net present value of non-financed obligations | 4,156 | 3,222 | 2,895 | 2,824 |
| Actuarial gains/losses not recognized (reversal) | 257 | 745 | 989 | 731 |
| **Obligation recognized in the balance sheet** | **5,223** | **5,443** | **5,265** | **5,133** |

| EUR thousand | 2006 | 2007 | 2008 | 2009 |
|---|---|---|---|---|
| **Income statement** | | | | |
| Current service expenses | 268 | 267 | 150 | 160 |
| Interest expenses | 536 | 537 | 382 | 462 |
| Discontinued pension plans | — | (268) | — | — |
| Expected return on plan assets | (134) | (268) | (229) | (201) |
| Payments made | — | — | — | (279) |
| Actuarial gains/losses | — | (134) | (96) | (61) |
| **Total amount recognized in staff expenses (note 5)** | **670** | **134** | **207** | **81** |
| **Actual return on assets amounted to** | **268** | **403** | **(34)** | **(80)** |
| **Movement in the pension obligation recognized** | | | | |
| Obligation at 1 September | 8,581 | 8,456 | 8,860 | 7,919 |
| Currency translation | 9 | 403 | (538) | (224) |
| Current service expenses | 268 | 268 | 134 | 145 |
| Interest expenses | 536 | 537 | 382 | 462 |
| Contributions | — | — | 2 | 3 |
| Discontinued pension plans | — | (268) | — | — |
| Actuarial gains/losses | (402) | (268) | (531) | (131) |
| Payments made | (536) | (268) | (390) | (420) |
| **Actuarial obligation at 31 August** | **8,456** | **8,860** | **7,919** | **7,754** |
| **Movement in the fair value of plan assets** | | | | |
| Fair value of plan assets at 1 September | 3,486 | 3,490 | 4,162 | 3,643 |
| Currency translation | 4 | 404 | (418) | (208) |
| Expected return on plan assets | 134 | 268 | 229 | 189 |
| Actuarial gain/losses | 134 | 134 | (253) | (284) |
| Employee contribution | — | — | 68 | 169 |
| Contributions | — | — | 3 | 4 |
| Benefits paid | (268) | (134) | (148) | (161) |
| **Fair value of plan assets at 31 August** | **3,490** | **4,162** | **3,643** | **3,352** |

| Applied actuarial assumptions (%) | | | | |
|---|---|---|---|---|
| Discount rate | 5.00 - 6.25 | 5.00 - 6.25 | 6.00 - 6.75 | 4.50 - 6.10 |
| Expected return on assets | 6.00 - 6.50 | 6.00 - 6.50 | 6.10 - 6.34 | 4.00 - 6.00 |
| Future increase in salaries | 4.50 - 4.75 | 4.50 - 4.75 | 4.00 - 5.50 | 3.00 - 4.75 |
| Future pension increases | 1.75 - 3.25 | 1.75 - 3.25 | 2.25 - 3.75 | 1.50 - 3.00 |

| Distribution of plan assets to cover obligation(%) | 2006 | 2007 | 2008 | 2009 |
|---|---|---|---|---|
| Shares | 58% | 56% | 51% | 46% |
| Bonds | 40% | 39% | 42% | 46% |
| Properties | 1% | 1% | 1% | 1% |
| Cash and cash equivalents | 1% | 4% | 6% | 7% |
| | **100%** | **100%** | **100%** | **100%** |

| Four-year overview | | | | |
|---|---|---|---|---|
| Actuarial obligations | 8,456 | 8,860 | 7,919 | 7,754 |
| Plan assets | (3,490) | (4,162) | (3,643) | (3,352) |
| **Uncovered obligations** | **4,966** | **4,698** | **4,276** | **4,402** |

## 23 Deferred tax

| EUR thousand | | | | |
|---|---|---|---|---|
| Deferred tax at 1 September | (66,236) | (52,820) | (41,079) | (61,277) |
| Addition related to acquisition of companies | — | — | (2,548) | — |
| Currency translation | 144 | (338) | 183 | 107 |
| Adjustment due to changed tax rate | — | 6,978 | 537 | (10) |
| Change in deferred tax—recognized in the income statement | 13,272 | 5,101 | (18,370) | (607) |
| **Deferred tax at 31 August** | **(52,820)** | **(41,079)** | **(61,277)** | **(61,787)** |
| Deferred tax assets | 19,170 | 19,197 | 5,095 | 4,785 |
| Deferred tax liabilities | (71,990) | (60,276) | (66,372) | (66,572) |
| **Deferred tax at 31 August** | **(52,820)** | **(41,079)** | **(61,277)** | **(61,787)** |
| **Specification of deferred tax** | | | | |
| Intangible assets | (54,295) | (45,911) | (46,889) | (49,431) |
| Property, plant and equipment | (7,909) | (14,096) | (16,184) | (16,318) |
| Inventories | 938 | 134 | (1,141) | 118 |
| Loss carry-forward | 6,971 | 18,123 | 2,597 | 3,053 |
| Liabilities | 1,475 | 671 | 340 | 791 |
| **Total deferred tax at 31 August** | **(52,820)** | **(41,079)** | **(61,277)** | **(61,787)** |
| **Amounts due after 12 months, estimated** | **40,218** | **26,849** | **53,634** | **54,000** |
| **Tax loss carry forward** | | | | |
| Total tax losses carry-forward | 37,939 | 93,971 | 37,812 | 42,517 |
| Tax losses expected to be utilized | 31,686 | 66,719 | 8,447 | 11,299 |
| **Deferred tax assets from tax losses recognized in the balance sheet** | **6,971** | **18,123** | **2,597** | **3,053** |

## 24 Provisions

| | | | | |
|---|---|---|---|---|
| **Provisions at 1 September** | 1,206 | 1,742 | 1,879 | 1,792 |
| Additions for the year | 536 | 671 | 945 | 957 |
| Reversed in the year | — | — | (660) | (108) |
| Used in the year | — | (534) | (372) | (392) |
| **Provisions at 31 August** | **1,742** | **1,879** | **1,792** | **2,249** |
| Current | 804 | 1,611 | 878 | 1,342 |
| Non-current | 938 | 268 | 914 | 907 |
| **Total** | **1,742** | **1,879** | **1,792** | **2,249** |

The provisions primarily relate to lawsuits brought against the Group.

The lawsuits concern cases related to both customers and company law.

## 25 Borrowings(**)

| EUR thousand | 2006 | 2007 | 2008 | 2009 |
|---|---|---|---|---|
| **Long term borrowings:** | | | | |
| Senior bank borrowings | | 500,823 | 489,515 | 465,586 |
| Second Lien bank borrowings | | 74,848 | 74,217 | 49,489 |
| Mezzanine bank borrowings | | 235,830 | 250,220 | 265,437 |
| Mortgages | | 99,937 | 97,888 | 89,948 |
| Bank borrowings | | 3,415 | 2,655 | 2,017 |
| **Total before amortization of financing expenses** | | **914,853** | **914,495** | **872,477** |
| Capitalized financing expenses | | (23,558) | (20,158) | (15,629) |
| **Total long term borrowings** | **633,563** | **891,295** | **894,337** | **856,848** |
| **Short term borrowings** | | | | |
| Senior bank borrowings | | 16,468 | 41,774 | 28,738 |
| Mortgages | | 4,684 | 6,545 | 8,063 |
| Bank borrowings | | 5,953 | 4,399 | 1,398 |
| **Total** | **30,700** | **27,105** | **52,718** | **38,199** |

| Time to maturity for long term borrowings EUR thousand | 2009 | | | | | |
|---|---|---|---|---|---|---|
| | 1-2 years | 2-3 years | 3-4 years | 4-5 years | > 5 years | Total |
| Senior bank borrowings | 31,187 | 92,933 | 189,014 | 152,452 | — | 465,586 |
| Second Lien bank borrowings | — | — | — | — | 49,489 | 49,489 |
| Mezzanine bank borrowings | — | — | — | — | 265,437 | 265,437 |
| Mortgages | 8,284 | 8,510 | 8,742 | 8,980 | 55,432 | 89,948 |
| Bank borrowings | 700 | 1,317 | — | — | — | 2,017 |
| **Total** | **40,171** | **102,760** | **197,756** | **161,432** | **370,358** | **872,477** |

| | 2008 | | | | | |
|---|---|---|---|---|---|---|
| EUR thousand | 1-2 years | 2-3 years | 3-4 years | 4-5 years | > 5 years | Total |
| Senior bank borrowings | 28,158 | 30,542 | 91,393 | 187,416 | 152,006 | 489,515 |
| Second Lien bank borrowings | — | — | — | — | 74,217 | 74,217 |
| Mezzanine bank borrowings | — | — | — | — | 250,220 | 250,220 |
| Mortgages | 7,267 | 7,603 | 7,956 | 8,327 | 66,735 | 97,888 |
| Bank borrowings | 700 | 700 | 1,255 | — | — | 2,655 |
| **Total** | **36,125** | **38,845** | **100,604** | **195,743** | **543,178** | **914,495** |

| | 2007 | | | | | |
|---|---|---|---|---|---|---|
| EUR thousand | 1-2 years | 2-3 years | 3-4 years | 4-5 years | > 5 years | Total |
| Senior bank borrowings | 12,676 | 14,260 | 15,844 | 113,886 | 344,157 | 500,823 |
| Second Lien bank borrowings | — | — | — | — | 74,848 | 74,848 |
| Mezzanine bank borrowings | — | — | — | — | 235,830 | 235,830 |
| Mortgages | 5,182 | 5,402 | 5,631 | 5,870 | 77,852 | 99,937 |
| Bank borrowings | 700 | 700 | 700 | 1,315 | — | 3,415 |
| **Total** | **18,558** | **20,362** | **22,175** | **121,071** | **732,687** | **914,853** |

The terms for the bank debt are related to a number of detailed covenants focusing on the group ability to generate sufficient cash flow. The financing of each group enterprise is monitored and managed at group level. The estimates for the profit and loss account, balance sheet and cash flow show that the covenants will be respected with comfortable headroom. In August 2007 it was decided to make a voluntary repayment on Senior facility of EUR 40 million.

| EUR thousand | 2007 | 2008 | 2009 |
|---|---|---|---|
| **Borrowing from the parent company** | | | |
| Borrowing from the parent company | 314,184 | 77,250 | 78,446 |
| Partly repayment | (252,888) | (5,959) | — |
| Capitalized interest | 15,954 | 7,155 | 7,793 |
| Accrued capitalized interest | 671 | 669 | 735 |
| **Total** | **77,921** | **79,115** | **86,974** |

The borrowing from the parent company has an interest rate of 9.9%, which will be capitalized annually (29 July) on the principal. The agreement matures on 29 July 2020.

| | 2009 | | | |
|---|---|---|---|---|
| | Effective interest rate | Maturity | Carrying amount | Interest rate risk |
| **Mortgages** | | | | |
| Floating rate* | 2.44% | 8-18 years | 65,130 | Cash flow |
| Fixed rate* | 3.25% | 5-15 years | 32,881 | Fair value |
| **Total mortgages** | | | **98,011** | |

* The interest rate is excluding margin

| | Effective interest rate | Maturity | Carrying amount | Interest rate risk |
|---|---|---|---|---|
| **Bank borrowings** | | | | |
| Floating rate | — | 3-6 years | 283,549 | Cash flow |
| Fixed rate(1) | — | 0-1 years | 529,116 | Fair value |
| **Total bank borrowings** | | | **812,665** | |

(1) Interest rate swaps have been used to fix the interest rate. The EUR part is fixed at 4.61% and the USD part is fixed at 2.21%.

| Currency of the principal | Interest bearing debt translated to EUR | Floating rate | Fixed rate |
|---|---|---|---|
| EUR | 650,263 | 37% | 63% |
| USD | 161,699 | 26% | 74% |
| DKK | 98,011 | 66% | 34% |
| Other | 703 | 100% | 0% |
| **Total** | **910,676** | **38%** | **62%** |

| | 2008 | | | |
|---|---|---|---|---|
| | **Effective interest rate** | **Maturity** | **Carrying amount** | **Interest rate risk** |
| **Mortgages** | | | | |
| Floating rate* | 5.33% | 9-19 years | 68,996 | Cash flow |
| Fixed rate* | 3.25% | 6-16 years | 35,426 | Fair value |
| **Total mortgages** | | | **104,422** | |

* The interest rate is excluding margin

| | | | | |
|---|---|---|---|---|
| **Bank borrowings** | | | | |
| Floating rate | — | 4-7 years | 337,420 | Cash flow |
| Fixed rate(1) | — | 0-1.5 years | 525,371 | Fair value |
| **Total bank borrowings** | | | **862,791** | |

(1) Interest rate swaps have been used to fix the interest rate. The EUR part is fixed at 3.81% and the USD part is fixed at 3.14%.

| **Currency of the principal** | **Interest bearing debt translated to EUR** | **Floating rate** | **Fixed rate** |
|---|---|---|---|
| EUR | 687,284 | 40% | 60% |
| USD | 173,367 | 33% | 67% |
| DKK | 104,434 | 66% | 34% |
| Other | 2,128 | 100% | 0% |
| **Total** | **967,213** | **42%** | **58%** |

| | 2007 | | | |
|---|---|---|---|---|
| | **Effective interest rate** | **Maturity** | **Carrying amount** | **Interest rate risk** |
| **Mortgages** | | | | |
| Floating rate* | 4.88% | 10-20 years | 67,783 | Cash flow |
| Fixed rate* | 3.25% | 7-17 years | 36,838 | Fair value |
| **Total mortgages** | | | **104,621** | |

* The interest rate is excluding margin

| | | | | |
|---|---|---|---|---|
| **Bank borrowings** | | | | |
| Floating rate | — | 5-8 years | 273,871 | Cash flow |
| Fixed rate(1) | — | 0-1.25 years | 563,467 | Fair value |
| **Total bank borrowings** | | | **837,338** | |

(1) Interest rate swaps have been used to fix the interest rate. The EUR part is fixed at 3.3% and the USD part is fixed at 4.75%.

(**) The disclosures in this note do not include 2005/2006, as the disclosure requirement was not in force then.

## 26 Other payables

| | 2006 | 2007 | 2008 | 2009 |
|---|---|---|---|---|
| Wages, salaries and holiday pay, etc | 13,808 | 12,887 | 14,107 | 17,058 |
| VAT and other dues | 4,692 | 4,699 | 3,535 | 8,543 |
| Other | 14,309 | 16,436 | 15,587 | 15,934 |
| Derivative financial instruments | — | — | — | 15,735 |
| **Total** | **32,809** | **34,022** | **33,229** | **57,270** |

## 27 Share-based payment

Chr. Hansen has established a share-based compensation program for the Executive Board and managerial employees. The share-based compensation program is related to Financière Star 1 S.A., Luxembourg which is the parent company for Chr. Hansen Holding A/S. The share-based program includes warrants, where every warrant gives the right to buy one share at the value of EUR 2, EUR 6.1 or EUR 6.45 in Financière Star 1 S.A. If the internal rate of return is below 31% the number of warrants allocated will be reduced.

Except for the allocation af the 90,000 warrants in 2008/2009 no change to the incentive program has taken place. Vesting of the warrants will take place in case of change of controls.

| | 2008/2009 | | | | |
|---|---|---|---|---|---|
| **Warrants (numbers)** | **Executive Board** | **Managerial employees** | **Former employees** | **Board of Directors** | **Total** |
| **Outstanding 1 September** | **2,052,951** | **2,891,264** | **469,998** | **—** | **5,414,213** |
| Allocated | — | 90,000 | — | — | 90,000 |
| Transferred | — | (200,000) | 200,000 | — | — |
| Lost | — | (24,543) | — | — | (24,543) |
| **Outstanding 31 August** | **2,052,951** | **2,756,721** | **669,998** | **—** | **5,479,670** |
| Allocated/Exercise price 2008/2009/EUR 6.45 | — | 90,000 | — | — | 90,000 |
| **Total** | **—** | **90,000** | **—** | **—** | **90,000** |

Warrants allocated in 2008/2009 amounting to 90,000 have an exercise price of EUR 6.45 per warrant. The average value of the allocated warrants is EUR 0.13 amounting to a total value of EUR 0.7 million. The value is calculated based on a risk-free interest rate of 1.92%, a volatility of 30% based on a peer group adjusted for market conditions and a period of 2 years.

In the financial year 2008/2009 EUR 0.2 million were expensed relating to this program.

| | 2007/2008 | | | | |
|---|---|---|---|---|---|
| **Warrants (numbers)** | **Executive Board** | **Managerial employees** | **Former employees** | **Board of Directors** | **Total** |
| **Outstanding 1 September** | **2,052,951** | **3,378,088** | **—** | **—** | **5,431,039** |
| Allocated | — | 110,355 | — | — | 110,355 |
| Transferred | — | (469,998) | 469,998 | — | — |
| Lost | — | (127,181) | — | — | (127,181) |
| **Outstanding 31 August** | **2,052,951** | **2,891,264** | **469,998** | **—** | **5,414,213** |
| Allocated/Exercise price 2007/2008/EUR 6.1 | — | 110,355 | — | — | 110,355 |
| **Total** | **—** | **110,355** | **—** | **—** | **110,355** |

Warrants allocated in 2007/2008 amounting to 110,335 have an exercise price of EUR 6.1 per warrant. The average value of the allocated warrants is EUR 0.11 amounting to a total value of EUR 0.6 million. The value is calculated based on a risk-free interest rate of 3.44%, a volatility of 20% based on a peer group adjusted for market conditions and a period of 3 years.

In the financial year 2007/2008 EUR 0.2 million were expensed relating to this program.

| | 2006/2007 | | | | |
|---|---|---|---|---|---|
| **Warrants (numbers)** | **Executive Board** | **Managerial employees** | **Former employees** | **Board of Directors** | **Total** |
| **Outstanding 1 September** | **2,052,951** | **2,942,095** | **—** | **281,999** | **5,277,045** |
| Allocated | — | 444,174 | — | — | 444,174 |
| Lost | — | (8,181) | — | (281,999) | (290,180) |
| **Outstanding 31 August** | **2,052,951** | **3,378,088** | **—** | **—** | **5,431,039** |
| Allocated/Exercise price 2006/2007/EUR 2.0 | — | 444,174 | — | — | 444,174 |
| **Total** | **—** | **444,174** | **—** | **—** | **444,174** |

Warrants allocated in 2007/2008 amounting to 444,174 have an exercise price of EUR 2.0 per warrant.

The average value of the allocated warrants is EUR 0.09 amounting to a total value of EUR 0.5 million. The value is calculated based on a risk-free interest rate of 3.44%, a volatility of 20% based on a peer group adjusted for market conditions and a period of 4 years.

In the financial year 2006/2007 EUR 0.1 million were expensed relating to this program.

| | 2005/2006 | | | | |
|---|---|---|---|---|---|
| **Warrants (numbers)** | **Executive Board** | **Managerial employees** | **Former employees** | **Board of Directors** | **Total** |
| **Outstanding 1 September** | — | — | — | — | — |
| Allocated | 2,052,951 | 2,942,095 | — | 281,999 | 5,277,045 |
| **Outstanding 31 August** | **2,052,951** | **2,942,095** | **—** | **281,999** | **5,277,045** |
| Allocated/Exercise price 2005/2006/EUR 2.0 | 2,052,951 | 2,942,095 | — | 281,999 | 5,277,045 |
| **Total** | **2,052,951** | **2,942,095** | **—** | **281,999** | **5,277,045** |

Warrants allocated in 2005/2006 amounting to 5,277,045 have an exercise price of EUR 2.0 per warrant.

The average value of the allocated warrants is EUR 0.09 amounting to a total value of EUR 0.5 million. The value is calculated based on a risk-free interest rate of 3.44%, a volatility of 20% based on a peer group adjusted for market conditions and a period of 4 years.

In the financial year 2005/2006 EUR 0.0 million were expensed relating to this program.

### 28 Adjustments to cash flow

| EUR thousand | 2005/2006 | 2006/2007 | 2007/2008 | 2008/2009 |
|---|---|---|---|---|
| Depreciation, amortization and impairment losses | 40,995 | 36,752 | 38,079 | 40,580 |
| Proceeds from sale of the product groups Soups & Sauces and Functional Systems | — | — | — | (3,456) |
| New system—adjustments to calculation of internal profit on inventories (reversal) | — | — | — | 3,351 |
| Writedown of inventories and assets held for sale in connection with the Medipharm restructure | — | — | — | 1,279 |
| Gains and losses from disposal of assets | 1,274 | 1,610 | — | 258 |
| Share-based payment | — | 117 | 219 | 217 |
| Change in provisions | (738) | (386) | (89) | 604 |
| **Total** | **41,531** | **38,093** | **38,209** | **42,833** |

### 29 Change in working capital

| | | | | |
|---|---|---|---|---|
| Inventories | 16,086 | 6,307 | (10,327) | 1,790 |
| Trade receivables | 2,145 | — | (9,522) | 793 |
| Trade payables | 15,684 | 4,563 | 5,230 | (605) |
| Other receivables and other payables | 402 | 1,074 | (5,901) | 11,933 |
| **Total** | **34,317** | **11,944** | **(20,520)** | **13,911** |

## 30 Cash flow from discontinued activities(*)

| | 2006/2007 | 2007/2008 | 2008/2009 |
|---|---|---|---|
| Result from discontinued activities | (6,710) | 36,310 | (2,396) |
| Profit on sale of activities | 5,368 | (55,792) | — |
| Tax expense included in result from discontinued activities | (1,208) | 12,070 | (1,032) |
| Loss from sale of assets | — | 1,214 | — |
| Depreciation, amortization and impairment losses | 940 | 407 | 286 |
| Change in inventories | 2,550 | (1,336) | — |
| Change in trade receivables | (134) | 5,236 | 2,208 |
| Change in trade payables | 1,475 | (3,616) | (6,972) |
| Change in other receivables and prepayments | — | 4,029 | — |
| Change in other payables | — | 6,980 | 495 |
| **Total** | **2,281** | **5,502** | **(7,411)** |

(*) This disclosure was not included in the annual report for 2005/2006

## 31 Acquisition of enterprises and material individual assets

| | 2008/2009 | | |
|---|---|---|---|
| | Urex Biotech Inc | GangaGen | Total acquisitions |
| Trademarks and patents | 7,467 | 2,023 | 9,490 |
| Tax liability | (1,844) | — | (1,844) |
| Earn-out | (2,411) | (811) | (3,222) |
| **Total** | **3,212** | **1,212** | **4,424** |
| First year earn-out payment | 157 | — | 157 |
| **Total** | **3,369** | **1,212** | **4,581** |

The carrying amount of the net assets for the acquired enterprises is nil.

| | 2007/2008 | |
|---|---|---|
| | Medipharm Group | |
| | Carrying amount prior to acquisition | Fair value on date of acquisition |
| Intangible fixed assets | 644 | — |
| Property, plant and equipment | 489 | 489 |
| Fixed asset investments | 109 | 109 |
| Inventories | 3,218 | 3,429 |
| Receivables | 1,752 | 1,752 |
| Assets held for sale | 4,494 | 1,098 |
| Payables | (426) | (426) |
| Deferred tax | (587) | (2,453) |
| Cash and cash equivalents in acquired companies | 994 | 994 |
| Interest free debt etc | (892) | (765) |
| **Net assets** | **9,795** | **4,227** |
| Goodwill on acquisition | | 34,112 |
| Customer base from acquisition | | 5,976 |
| Trademarks and patents on acquisition | | 3,857 |
| Interest bearing debt in acquired companies | | (3,961) |
| **Total purchase price** | | **44,211** |

Medipharm was acquired on 15 January 2008.

## 32 Discontinued and divested activities

| EUR thousand | 2005/2006 | 2006/2007 | 2007/2008 | 2008/2009 |
|---|---|---|---|---|
| Property, plant and equipment | 5,898 | 10,735 | 5,096 | 985 |
| Patents and trademarks | 2,815 | — | 1,207 | — |
| Inventories | — | 6,442 | 7,108 | 1,025 |
| Receivables | — | 1,745 | — | — |
| Interest free debt, etc | — | (537) | — | — |
| **Net assets** | **8,713** | **18,385** | **13,411** | **2,010** |
| Net proceeds recognized as special items | — | — | — | 3,456 |
| Net profit after transaction costs | (804) | (5,368) | 55,792 | — |
| **Total sales payment** | **7,909** | **13,017** | **69,203** | **5,466** |
| Outstanding at 31 August | — | (6,710) | — | — |
| **Total** | **7,909** | **6,307** | **69,203** | **5,466** |
| Share of sales payment settled in cash and cash equivalents | 7,909 | 13,017 | 69,203 | 5,466 |

## 33 Derivative financial instruments

The Group is exposed to market risk, primarily risks relating to currency and interest, and utilises financial instruments for hedging of recognized and future transactions. The Group only enters into hedging agreements which can be directed to the underlying business.

### Interest rate risk

Interest rate swaps are used for cash flow hedge, where the underlying floating rate borrowings are hedged.

The fair value of outstanding swaps is booked in the income statement.

Management has chosen not to use hedge accounting.

As at 31 August 2009 the outstanding interest rate swaps had the following market value.

| | 2009 | |
|---|---|---|
| Market value of open interest rate swaps | Contract amount | Fair value |
| EUR 410 million interest rate swaps, expiration 31 August 2010 | 410,000 | (14,041) |
| USD 170 million interest rate swaps, expiration 31 August 2010 | 119,115 | (1,694) |
| | **529,115** | **(15,735)** |

| | 2008 | |
|---|---|---|
| | Contract amount | Fair value |
| EUR 220 million interest rate swaps, expiration 30 November 2008 | 220,000 | 612 |
| EUR 190 million interest rate swaps, expiration 28 February 2010 | 190,000 | 7,202 |
| USD 40 million interest rate swaps, expiration 30 November 2008 | 27,146 | (157) |
| USD 130 million interest rate swaps, expiration 28 February 2010 | 88,225 | 1,112 |
| | **525,371** | **8,769** |

| | 2007 | |
|---|---|---|
| | Contract amount | Fair value |
| EUR 234 million interest rate swaps, expiration 31 August 2008 | 233,562 | 4,296 |
| EUR 220 million interest rate swaps, expiration 30 November 2008 | 220,000 | 1,342 |
| USD 116 million interest rate swaps, expiration 31 August 2008 | 85,295 | 268 |
| USD 40 million interest rate swaps, expiration 30 November 2008 | 29,131 | — |
| | **567,988** | **5,906** |

| | 2006 | |
|---|---|---|
| | Contract amount | Fair value |
| EUR 234 million interest rate swaps, expiration 31 August 2008 | 234,067 | 4,692 |
| USD 116 million interest rate swaps, expiration 31 August 2008 | 90,356 | 938 |
| | **324.423** | **5.630** |

The market value is based on calculations received from the swap banks. Existing swaps were renewed and prolonged in September 2008. The new swaps expire on 31 August 2010.

The interest on our financing facilities is based on floating interest rate plus a margin. At 31 August 2009, 62% of the outstanding debts were hedged through interest rate swaps or fixed interest (58% at 31 August 2008). The total debt has an average duration of 4.2 years at 31 August 2009 (5.5 years at 31 August 2008). An interest increase of 1 percentage point on the average interest rate on the group's net interest-bearing debt excluding swaps will influence the group's earnings before tax by EUR 8.7 million during the next 12 month period (EUR 8.6 million for the financial year 2007/2008). The effect of 1 percentage point change in the interest affects the swaps by EUR 5.3 million (EUR 5.1 million for the financial year 2007/2008).

**Currency hedging of balance sheet position (fair value hedge)**

| | 2009 | | | |
|---|---|---|---|---|
| Net outstanding forward exchange contracts as per 31 August | Nominal principal | Gain/loss posted in the P&L | Fair value of principal | Maximum maturity (months) |
| USD | 9,774 | 60 | 9,714 | 2 |
| SEK | (489) | 3 | (486) | 2 |
| DKK | (9,285) | — | (9,285) | 2 |
| **Total** | **—** | **63** | **(57)** | |

Positive principal amounts are sales of the currency, and negative amounts are purchases of the currency.

All fair value changes are recognized in the income statement.

The overall purpose of managing currency risk is to minimise the effect of short-term currency movements on earnings and cash flow. The Group's main currencies are EUR and USD and USD related currencies. Exposure is limited by assets and debt and expenses to a certain degree matching with the geographic segmentation of the sale. Investments in subsidiaries are not hedged.

As at 31 August 2008 the Group had not entered into any currency hedges.

For the financial years 2005/2006 and 2006/2007 disclosure of outstanding forward exchange contracts was not required.

**Assets and liabilities split by main currencies**

| | 2009 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Currency split | TRY | USD | ARS | BRL | EUR | RUB | DKK | Andre |
| Receivables | 7% | 14% | 3% | 4% | 52% | 3% | 2% | 15% |
| Cash | 3% | 14% | 1% | 3% | 17% | 0% | 52% | 10% |
| Payables | 0% | 15% | 1% | 2% | 52% | 0% | 25% | 4% |
| Other current liabilities | 2% | 6% | 2% | 1% | 19% | 0% | 66% | 5% |
| Loans | 0% | 18% | 0% | 0% | 71% | 0% | 11% | 0% |

| | 2008 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Currency split | TRY | USD | ARS | BRL | EUR | RUB | DKK | Andre |
| Receivables | 5% | 10% | 3% | 3% | 63% | 2% | 2% | 13% |
| Cash | 16% | 24% | 2% | 0% | 16% | 0% | 35% | 7% |
| Payables | 0% | 36% | 2% | 0% | 51% | 1% | 7% | 3% |
| Other current liabilities | 4% | 5% | 4% | 1% | 32% | 0% | 43% | 11% |
| Loans | 0% | 18% | 0% | 0% | 71% | 0% | 11% | 0% |

For the financial years 2005/2006 and 2006/2007 disclosure of outstanding split of assets and liabilities by main currencies was not required.

## 34 Commitments and contingent liabilities

| EUR thousand | 2006 | 2007 | 2008 | 2009 |
|---|---|---|---|---|
| **Operational leasing commitments** | | | | |
| Due within 1 year | 2,279 | 2,551 | 2,747 | 2,386 |
| Due between 1–5 years | 3,754 | 4,162 | 3,565 | 4,084 |
| Due after 5 years | 1,072 | 1,208 | 1,161 | 767 |
| **Total** | **7,105** | **7,921** | **7,473** | **7,237** |

Leasing commitments relate primarily to car and equipment rental.

| | | | | |
|---|---|---|---|---|
| **Expensed payments relating to operational leasing** | **3,754** | **3,625** | **3,868** | **2,974** |
| **Present value of recognized leasing debts regarding financial leasing** | | | | |
| Due within 1 year | 938 | 805 | 906 | 941 |
| Due between 1–5 years | 3,083 | 3,356 | 3,077 | 2,245 |
| Due after 5 years | 1,207 | — | — | 13 |
| **Total** | **5,228** | **4,161** | **3,983** | **3,199** |
| **Minimum leasing repayment at the balance sheet day** | | | | |
| Due within 1 year | 670 | 671 | 753 | 890 |
| Due between 1–5 years | 4,290 | 3,625 | 2,821 | 2,106 |
| Due after 5 years | — | — | — | 41 |
| **Total** | **4,960** | **4,296** | **3,574** | **3,037** |
| **Individual assets directly pledged** | | | | |
| Land | 4,692 | 4,699 | 4,693 | 4,593 |
| Buildings | 62,740 | 59,336 | 71,734 | 69,477 |
| Technical plant and machinery | 21,718 | 26,446 | 56,655 | 52,878 |
| Assets under construction | — | 22,150 | — | — |
| **Booked value of pledged individual assets** | **89,150** | **112,631** | **133,082** | **126,948** |

The recognized liabilities are based on minimum leasing repayments.

The main part of the financial leasing obligations of EUR 3,199 thousand in 2009 (EUR 3,983 thousand in 2008 and EUR 4,161 thousand in 2007) relates to financial leasing of buildings in Parma, Italy with an amount of EUR 2,854 thousand (EUR 3,623 thousand in 2008), (EUR 3,892 thousand in 2007). Most of the financial leasing liability was not disclosed in the annual report for 2005/06.

### Other guarantees and liabilities

Chr. Hansen Holding A/S and other important group companies are jointly and severally liable with all assets for established loan facilities of approx. EUR 896 million at 31 August 2009 as compared to EUR 935 million at 31 August 2008, approx. EUR 899 million at 31 August 2007 and approx. EUR 644 million at 31 August 2006.

### Pending court and arbitration cases

Certain claims have been made against the Group. Management is of the opinion that the result of these disputes will not have an important effect on the Group's financial position.

### 35 Related parties

Related parties are defined as parties with control or significant influence, including group enterprises. Parties with control are Financière Star 1 S.A., Luxembourg and its respective management and the Group. Parties with significant influence are the Group and its Executive Board and Board of Directors.

The Yoplait Group, which is one of our customers, is partially controlled by PAI partners, and is therefore considered a related party. Transactions between us and the Yoplait Group represent less than 1% of our revenue and have been on arm's length conditions.

**Transactions with related parties**

| | 2008/2009 | |
|---|---|---|
| | **Group** | **Executive Board and Board of Directors** |
| Fees and other considerations | — | 1,638 |
| Interest expenses | 7,879 | — |
| **Total** | **7,879** | **1,638** |
| Outstanding amounts at 31 August 2009 | 86,974 | — |

| | 2007/2008 | |
|---|---|---|
| | **Group** | **Executive Board and Board of Directors** |
| Fees and other considerations | — | 1,426 |
| Interest expenses | 10,193 | — |
| **Total** | **10,193** | **1,426** |
| Outstanding amounts at 31 August 2008 | 79,115 | — |

| | 2006/2007 | |
|---|---|---|
| | **Group** | **Executive Board and Board of Directors** |
| Fees and other considerations | — | 1,428 |
| Interest expenses | 13,689 | — |
| **Total** | **13,689** | **1,428** |
| Outstanding amounts at 31 August 2007 | 77,921 | — |

| | 2005/2006 | |
|---|---|---|
| | **Group** | **Executive Board and Board of Directors** |
| | — | 1,233 |
| Fees and other considerations | 18,902 | — |
| Interest expenses | 28,956 | — |
| **Total** | **47,858** | **1,233** |
| Outstanding amounts at 31 August 2006 | 336,354 | — |

### 36 Events after the balance sheet date

Apart from the events recognized or disclosed in the Annual Report, no events have occurred after the balance sheet date of importance to the Annual Report.

## 37 Group chart as at 31 August 2009

| Enterprise | Country | Currency | Nominal capital ('000) | Chr. Hansen share in % | Production | Sale | Other |
|---|---|---|---|---|---|---|---|
| Chr. Hansen Argentina S.A.I.C. | Argentina | ARS | 648 | 98 | x | x | |
| Paprika S.A. | Argentina | ARS | 20 | 50 | | | x |
| Chr. Hansen Pty Ltd | Australia | AUD | 1,004 | 100 | x | x | |
| Hale-Bopp Australia Pty Ltd | Australia | AUD | 12,686 | 100 | | | x |
| Chr. Hansen Ind. e Com. Ltda. | Brazil | BRL | 17,499 | 100 | x | x | |
| Chr. Hansen Limited | Canada | CAD | 24 | 100 | | x | |
| Urex Biotech Inc. | Canada | CAD | 0 | 100 | | | x |
| Chr. Hansen (Tianjin) Food Ingredients CO. Ltd | China | CNY | 8,000 | 100 | x | x | |
| Chr. Hansen (Beijing) Trading company | China | CNY | 5,000 | 100 | | x | |
| Chr. Hansen Colombia S.A. | Colombia | COP | 3,856,597 | 99.99 | | x | |
| Chr. Hansen Czech Republic s.r.o. | Czech Republic | CZK | 470 | 100 | x | x | |
| Chr. Hansen A/S | Denmark | DKK | 194,100 | 100 | x | x | x |
| Chr. Hansen Holding A/S | Denmark | DKK | 1,008,252 | | | | x |
| Chr. Hansen Properties A/S | Denmark | DKK | 500 | 100 | | | x |
| Chr. Hansen France SAS | France | EUR | 3,200 | 100 | x | x | |
| Chr. Hansen GmbH | Germany | EUR | 383 | 100 | x | x | |
| Halley GmbH | Germany | EUR | 25 | 100 | | | x |
| Hansen Hellas ABEE | Greece | EUR | 1,057 | 100 | | x | |
| Chr. Hansen B.V. | Holland | EUR | 18 | 100 | | x | |
| Medipharm Hungary Kft. | Hungary | HUF | 15,940 | 100 | | x | |
| Chr. Hansen India Pvt. Ltd | India | INR | 24,992 | 99.6 | | x | |
| Chr. Hansen Limited | Ireland | EUR | 1,513 | 99.99 | | | x |
| Chr. Hansen Ireland Limited | Ireland | EUR | 1 | 100 | | x | x |
| Ridge Wind Ltd | Ireland | EUR | 540 | 99.99 | | | x |
| Chr. Hansen Ireland (Distribution) Limited | Ireland | EUR | 0 | 99 | | | x |
| Chr. Hansen Italia S.p.A. | Italy | EUR | 500 | 100 | x | x | |
| Chr. Hansen Japan Co. Ltd. | Japan | JPY | 10,000 | 100 | | x | |
| Financière Star 2, Sàrl | Luxembourg | EUR | 13 | 100 | | | x |
| Chr. Hansen de Mexico S.A. de C.V. | Mexico | MXN | 305 | 100 | x | x | |
| Chr. Hansen Corporativa S.A. de CV | Mexico | MXN | 50 | 100 | | | x |
| Chr. Hansen Centroamérica S.A. | Panama | PAB | 10 | 100 | | x | |
| Chr. Hansen S.A. | Peru | PEN | 3,416 | 100 | x | x | |
| Chr. Hansen Poland Sp. z.o.o. | Poland | PLN | 50 | 100 | | x | |
| Chr. Hansen S.R.L. Romania | Romania | RON | 4 | 100 | | x | |
| Chr. Hansen LLC | Russia | RUB | 10,972 | 100 | | x | |
| Chr. Hansen Singapore Pte Ltd. | Singapore | SGD | 1,000 | 100 | | x | |
| Medipharm Slovakia s.r.o. | Slovakia | EUR | 33 | 100 | | x | |
| Chr. Hansen, S.A. | Spain | EUR | 4,449 | 100 | | x | |
| Lady Bird Iberia S.L. | Spain | EUR | 8,003 | 100 | | | x |
| Chr. Hansen AB | Sweden | SEK | 181 | 100 | | x | |
| Ladybird Holding AB | Sweden | SEK | 1,000 | 100 | | | x |
| Medipharm AB | Sweden | SEK | 4,000 | 100 | | | x |
| Peyma Chr. Hansen's A.S. | Turkey | TRL | 140 | 50 | x | x | |
| Chr. Hansen Ukraine LLC | Ukraine | UAH | 32 | 100 | | x | |
| Chr. Hansen Middle East FZCO | United Arab Emirates | AED | 500 | 100 | | x | |
| Chr. Hansen Ltd | United Kingdom | GBP | 250 | 99.99 | | x | |
| Chr. Hansen Inc. | USA | USD | 0 | 100 | x | x | |

**Chr. Hansen's historical consolidated financial information for the periods ended 28 February 2009 and 28 February 2010**

## Income statement for the period 1 September—28 February

| EUR thousand | 1/9-2008-28/2-2009 | 1/9-2009-28/2-2010 |
|---|---|---|
| | Unaudited | |
| **Revenue** | 240,431 | 256,241 |
| Cost of sales | (131,580) | (128,530) |
| **Gross profit** | **108,851** | **127,711** |
| Research and development costs | (11,390) | (12,254) |
| Sales and marketing expenses | (32,472) | (34,966) |
| Administrative expenses | (21,366) | (22,350) |
| Other operating income | 1,134 | 811 |
| Other operating expenses | (261) | (821) |
| **Operating profit before special items** | **44,496** | **58,131** |
| Special items | (4,791) | (1,464) |
| **Operating profit** | **39,705** | **56,667** |
| Financial income | 11,774 | 9,325 |
| Financial expenses | (105,130) | (51,228) |
| **Profit/(loss) before tax** | **(53,651)** | **14,764** |
| Corporation tax | 572 | (18,157) |
| **Profit/(loss) from continuing activities** | **(53,079)** | **(3,393)** |
| Profit/(loss) from discontinued activities | (1,873) | (238) |
| **Profit/(loss) for the period** | **(54,952)** | **(3,631)** |
| Distributed to: | | |
| Minority interests | 593 | 471 |
| **Shareholder of Chr. Hansen Holding A/S** | **(55,545)** | **(4,102)** |
| Earnings per share for the period (EUR) | (0.55) | (0.04) |
| Earnings per share for the period, diluted (EUR) | (0.55) | (0.04) |
| Earnings from continuing operations per share (EUR) | (0.53) | (0.04) |
| Earnings from continuing operations per share, diluted (EUR) | (0.53) | (0.04) |
| Earnings from discontinued activities per share (EUR) | (0.02) | 0.0 |
| Earnings from discontinued activities per share, diluted (EUR) | (0.02) | 0.0 |

## Statement of other comprehensive income for the period 1 September—28 February

| EUR thousand | 1/9-2008-28/2-2009 Unaudited | 1/9-2009-28/2-2010 |
|---|---|---|
| **Profit/(loss) for the period** | **(54,952)** | **(3,631)** |
| Currency translation of foreign group enterprises | (5,376) | 9,154 |
| **Other comprehensive income for the period** | **(5,376)** | **9,154** |
| **Comprehensive income for the period** | **(60,328)** | **5,523** |
| Distributed to: | | |
| Shareholder of Chr. Hansen Holding A/S | (60,196) | 5,063 |
| Minority interests | (132) | 460 |
| | **(60,328)** | **5,523** |

## Balance sheet—Assets at 28 February

| EUR thousand | 28/2 2009 Unaudited | 28/2 2010 |
|---|---|---|
| **Non-current assets** | | |
| **Intangible assets** | | |
| Goodwill | 607,997 | 614,402 |
| Other intangible assets | 165,424 | 158,687 |
| Intangible assets in progress | 15,234 | 27,562 |
| | **788,655** | **800,651** |
| **Property, plant and equipment** | | |
| Land and buildings | 134,701 | 136,329 |
| Plant and machinery | 118,446 | 104,998 |
| Other fixtures and equipment | 6,647 | 5,580 |
| Property, plant and equipment in progress | 9,413 | 13,271 |
| | **269,207** | **260,178** |
| **Other non-current assets** | | |
| Deferred tax | 5,252 | 5,107 |
| | **5,252** | **5,107** |
| **Total non-current assets** | **1,063,114** | **1,065,936** |
| **Current assets** | | |
| **Inventories** | | |
| Raw materials and consumables | 18,432 | 18,458 |
| Work in progress | 16,672 | 19,240 |
| Finished goods and goods for resale | 36,028 | 33,307 |
| | **71,132** | **71,005** |
| **Receivables** | | |
| Trade receivables | 73,075 | 76,865 |
| Assets held for sale | 6,899 | — |
| Receivable from parent | — | 1,933 |
| Tax receivable | 5,278 | 2,180 |
| Other receivables | 7,468 | 6,807 |
| Prepayments | 5,572 | 6,063 |
| | **98,292** | **93,848** |
| **Cash and cash equivalents** | **65,864** | **38,286** |
| **Total current assets** | **235,288** | **203,139** |
| **Total assets** | **1,298,402** | **1,269,075** |

## Balance sheet—Equity and liabilities at 28 February

| EUR thousand | 28/2 2009 | 28/2 2010 |
|---|---|---|
| | Unaudited | |
| **Equity** | | |
| Share capital | 135,329 | 135,467 |
| Reserves | (73,653) | (39,241) |
| Minority interests | 2,985 | 2,878 |
| **Total equity** | **64,661** | **99,104** |
| **Liabilities** | | |
| **Non-current liabilities** | | |
| Employee benefit obligations | 5,712 | 5,590 |
| Deferred tax | 65,718 | 69,521 |
| Provisions | 1,589 | 1,937 |
| Borrowings | 928,261 | 85,955 |
| Payable to parent company | 83,016 | 91,246 |
| Corporation tax | 2,728 | 4,910 |
| Other non current debt | — | 3,236 |
| | **1,087,024** | **262,395** |
| **Current liabilities** | | |
| Borrowings | 41,377 | 795,781 |
| Prepayments from customers | 200 | 97 |
| Trade payables | 36,344 | 39,978 |
| Corporation tax | 7,933 | 23,477 |
| Other payables | 60,863 | 48,243 |
| | **146,717** | **907,576** |
| **Total liabilities** | **1,233,741** | **1,169,971** |
| **Total equity and liabilities** | **1,298,402** | **1,269,075** |

## Statement of changes in equity for 1 September—28 February

| EUR thousand | 1/9 2009-28/2 2010<br>Shareholder of Chr. Hansen Holding A/S<br>Share capital | Currency translation | Retained earnings | Total | Minority interests | Total |
|---|---|---|---|---|---|---|
| **Balance 1 September 2009** | **135,461** | **(18,531)** | **(25,901)** | **91,029** | **2,762** | **93,791** |
| Total comprehensive income for the period, cf. Statement of comprehensive income | 6 | 9,159 | (4,102) | 5,063 | 460 | 5,523 |
| Share-based payment | — | — | 134 | 134 | — | 134 |
| Dividend | — | — | — | — | (344) | (344) |
| **Equity 28 February 2010** | **135,467** | **(9,372)** | **(29,869)** | **96,226** | **2,878** | **99,104** |

| EUR thousand<br>Unaudited | 1/9 2008-28/2 2009<br>Shareholder of Chr. Hansen Holding A/S<br>Share capital | Currency translation | Retained earnings | Total | Minority interests | Total |
|---|---|---|---|---|---|---|
| **Balance 1 September 2008** | **135,191** | **(6,819)** | **(6,610)** | **121,762** | **3,357** | **125,119** |
| Total comprehensive income for the period, cf. Statement of comprehensive income | 138 | (4,789) | (55,545) | (60,196) | (132) | (60,328) |
| Share-based payment | — | — | 110 | 110 | — | 110 |
| Dividend | — | — | — | — | (240) | (240) |
| **Equity 28 February 2009** | **135,329** | **(11,608)** | **(62,045)** | **61,676** | **2,985** | **64,661** |

## Cash flow statement for the period 1 September—28 February

| EUR thousand | 1/9-2008-28/2-2009 | 1/9-2009-28/2-2010 |
|---|---|---|
| | Unaudited | |
| **Operating profit** | **39,705** | **56,667** |
| Adjustments | 20,139 | 20,974 |
| Change in working capital | (21,446) | (34,126) |
| Interest payments received | 4,833 | 302 |
| Interest payments made | (29,122) | (21,491) |
| Cash flow from discontinued operations | (1,873) | (396) |
| Taxes paid | (1,599) | (5,073) |
| **Cash flow from operating activities** | **10,637** | **16,857** |
| Acquisition of enterprises | (4,424) | — |
| Discontinued and divested activities | 5,466 | — |
| Investments in intangible assets | (4,975) | (8,412) |
| Investments in tangible assets | (7,317) | (8,287) |
| **Cash flows from investing activities** | **(11,250)** | **(16,699)** |
| **Free cash flows** | **(613)** | **158** |
| Repayment of long-term loans | (15,250) | (42,706) |
| Minority interests, dividend etc. | (230) | (350) |
| **Cash flows from financing activities** | **(15,480)** | **(43,056)** |
| **Net cash flows for the period** | **(16,093)** | **(42,898)** |
| Cash and cash equivalents at 1 September | 82,587 | 80,281 |
| Unrealised exchange gain included in cash and cash equivalents | (630) | 903 |
| Net cash flow for the period | (16,093) | (42,898) |
| **Cash and cash equivalents at 28 February** | **65,864** | **38,286** |

# Notes to the financial statements

## 1 Accounting policies and critical accounting estimates and judgments

The accounting policies and the critical accounting estimates and judgments in the interim consolidated financial statements are unchanged compared to the annual financial statement for 2008/2009. The accounting policies and critical accounting estimates and judgements are described in note 1 and 2 to the annual financial statements (page F-13).

## 2 Segment information

The reportable segments are based on the segmentation in the internal financial reporting received by senior management. The reportable segments are divisions which offer the customer different products and services.

Cultures & Enzymes division produces and sells innovative cultures, enzymes and probiotic products that help determine the taste, flavor, color, texture, safety, preservation, nutritional value and health benefits of a variety of consumer products in the food and dairy industry.

Health & Nutrition division produces and sells products for the dietary supplement, over-the-counter pharmaceutical, infant formula and animal feed industries.

Colors & Blends division provides natural color solutions to the food and beverage industries, as well as functional blends that improve the quality and taste in processed meats.

| | 1/9 2009-28/2 2010 | | | | |
|---|---|---|---|---|---|
| **EUR thousand** | **Cultures & Enzymes** | **Health & Nutrition** | **Colors & Blends** | **Divested** | **Group** |
| **Income statement** | | | | | |
| External revenue | 164,940 | 33,732 | 57,569 | | 256,241 |
| EBITDA (b.s.i.) | 61,317 | 9,256 | 8,839 | | 79,412 |
| EBITDA margin (b.s.i.) (%) | 37% | 28% | 15% | | 31% |
| Special items | (916) | (337) | (211) | | (1,464) |
| EBITDA | 60,401 | 8,919 | 8,628 | | 77,948 |
| EBITDA margin (%) | 37% | 26% | 15% | | 30% |
| Depreciation, amortization and impairment losses | (16,576) | (2,400) | (2,305) | | (21,281) |
| EBIT | 43,825 | 6,519 | 6,323 | | 56,667 |
| EBIT margin (%) | 27% | 19% | 11% | | 22% |

| **EUR thousand** | **Cultures & Enzymes** | **Health & Nutrition** | **Colors & Blends** | **Divested** | **Group** |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Goodwill | 538,821 | 75,581 | — | | 614,402 |
| Other intangible assets | 136,087 | 35,113 | 15,049 | | 186,249 |
| Intangible assets | 674,908 | 110,694 | 15,049 | | 800,651 |
| Tangible assets | 189,979 | 34,149 | 36,050 | | 260,178 |
| **Total fixed assets excluding deferred tax** | **864,887** | **144,843** | **51,099** | | **1,060,829** |
| Inventories | 33,288 | 10,124 | 27,593 | | 71,005 |
| Trade receivables | 49,391 | 10,250 | 17,224 | | 76,865 |
| Trade payables | (21,979) | (5,007) | (12,992) | | (39,978) |
| **Net working capital** | **60,700** | **15,367** | **31,825** | | **107,892** |
| **Invested capital** | **386,766** | **84,629** | **82,924** | | **554,319** |

| EUR thousand | 1/9 2008-28/2 2009 Unaudited Cultures & Enzymes | Health & Nutrition | Colors & Blends | Divested | Group |
|---|---|---|---|---|---|
| **Income statement** | | | | | |
| External revenue | 157,943 | 28,055 | 54,433 | | 240,431 |
| EBITDA (b.s.i.) | 49,061 | 8,666 | 6,843 | | 64,570 |
| EBITDA margin (b.s.i.) (%) | 31% | 31% | 13% | | 27% |
| Special items | (3,293) | (1,304) | (194) | | (4,791) |
| EBITDA | 45,768 | 7,362 | 6,649 | | 59,779 |
| EBITDA margin (%) | 29% | 26% | 12% | | 25% |
| Depreciation, amortization and impairment losses | (16,052) | (1,986) | (2,036) | | (20,074) |
| EBIT | 29,716 | 5,376 | 4,613 | | 39,705 |
| EBIT margin (%) | 19% | 19% | 8% | | 17% |

| EUR thousand | Cultures & Enzymes | Health & Nutrition | Colors & Blends | Divested | Group |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Goodwill | 535,724 | 72,273 | — | | 607,997 |
| Other intangible assets | 139,867 | 25,811 | 14,980 | | 180,658 |
| Intangible assets | 675,591 | 98,084 | 14,980 | | 788,655 |
| Tangible assets | 199,296 | 32,248 | 37,663 | | 269,207 |
| **Total fixed assets excluding deferred tax** | **874,887** | **130,332** | **52,643** | | **1,057,862** |
| Inventories | 35,962 | 10,907 | 24,263 | | 71,132 |
| Trade receivables | 44,971 | 10,868 | 17,236 | | 73,075 |
| Trade payables | (20,942) | (4,164) | (11,238) | | (36,344) |
| **Net working capital** | **59,991** | **17,611** | **30,261** | | **107,863** |
| **Invested capital** | **399,154** | **75,670** | **82,904** | | **557,728** |

***Geographical allocation***

| EUR thousand | 1/9-2008-28/2-2009 Unaudited | 1/9-2009-28/2-2010 |
|---|---|---|
| **Revenue** | | |
| Denmark | 3,145 | 3,349 |
| Rest of Europe | 132,390 | 128,917 |
| Asia, Pacific & Middle East | 27,198 | 39,390 |
| North America | 50,222 | 54,085 |
| South America | 27,476 | 30,500 |
| **Total** | **240,431** | **256,241** |
| **Non current assets excluding deferred tax** | | |
| Denmark | 610,237 | 610,538 |
| Rest of Europe | 277,755 | 278,931 |
| Asia, Pacific & Middle East | 9,965 | 11,190 |
| North America | 127,361 | 123,809 |
| South America | 32,544 | 36,361 |
| **Total** | **1,057,862** | **1,060,829** |

**THE COMPANY**

**Chr. Hansen Holding A/S**
Bøge Allé 10-12
2970 Hørsholm
Denmark

**MANAGERS**

*Joint Global Coordinators*

**Credit Suisse**
One Cabot Square
London E14 4QJ
United Kingdom

**J.P. Morgan**
125 London Wall
London EC2Y 5AJ
United Kingdom

*Joint Bookrunners*

**Credit Suisse**
One Cabot Square
London E14 4QJ
United Kingdom

**Danske Markets**
(Division of Danske Bank A/S)
Holmens Kanal 2-12
1012 Copenhagen K
Denmark

**J.P. Morgan**
125 London Wall
London EC2Y 5AJ
United Kingdom

**Morgan Stanley**
25 Cabot Square
London E14 4QA
United Kingdom

**SEB Enskilda**
Bernstorffsgade 50
1577 Copenhagen V
Denmark

*Co-Lead Managers*

**Carnegie Bank A/S**
Overgaden neden Vandet 9B
1414 Copenhagen K
Denmark

**Crédit Agricole Corporate and Investment Bank**
9 quai du Président Paul Doumer
92920 Paris la Défense Cedex
France

**LEGAL ADVISORS**

*To the Company*

*As to English and U.S. Law*
**Weil, Gotshal & Manges**
One South Place
London EC2M 2WG
United Kingdom

*As to Danish Law*
**Bech-Bruun**
Langelinie Allé 35
2100 Copenhagen Ø
Denmark

*As to Canadian Law*
**McCarthy Foreign Lawyers and Solicitors**
5 Old Bailey, 2nd Floor
London EC4M 7BA
United Kingdom

*To the Managers:*

*As to English and U.S. Law*
**Linklaters LLP**
One Silk Street
London EC2Y 8HQ
United Kingdom

*As to Danish Law*
**Gorrissen Federspiel**
H.C. Andersens Boulevard 12
1553 Copenhagen V
Denmark

**AUDITORS**

**PricewaterhouseCoopers**
Strandvejen 44
2900 Hellerup
Denmark

CHR HANSEN

Improving food & health

**Merrill Corporation Ltd, London**
10ZAT12403