

CHR HANSEN

IMPROVING FOOD & HEALTH

ANNUAL REPORT 2010/11



MANAGEMENT'S REVIEW

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MANAGEMENT'S REVIEW



About Chr. Hansen

Chr. Hansen is a global bioscience company that develops natural ingredient solutions for the food, nutritional, pharmaceutical and agricultural industries. The products are centered around cultures, enzymes, probiotics and natural colors, and all solutions are based on strong research and development competencies coupled with significant technology investments.

REVENUE

Revenue in the 2010/11 financial year was EUR 636 million. The company holds a leading market position in all its divisions: Cultures & Enzymes, Health & Nutrition and Natural Colors. It has more than 2,300 dedicated employees in over 30 countries. Chr. Hansen was founded in 1874 and is listed on NASDAQ OMX Copenhagen.

CORE COMPETENCIES

Our knowledge of bioscience and its applications within cultures and enzymes is our core competency and serves as the technical foundation of our products. We have built our market positions on solid expertise, focused innovation, supply chain excellence and long-term customer relationships. Through the coordinated efforts by our sales, marketing and innovation organizations we cooperate closely with customers in order to help them bring their products and processes successfully into the future.

CULTURES & ENZYMES DIVISION

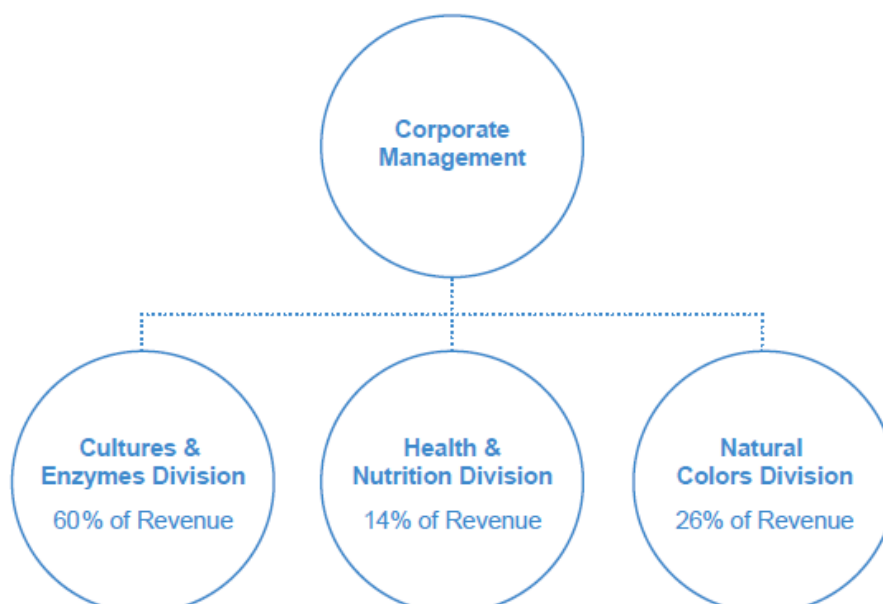
The Cultures & Enzymes Division develops, produces and sells cultures, enzymes and probiotics for the food industry in general and the dairy industry in particular. Our ingredients assist in determining the appearance, taste, nutritional value and health benefits of a variety of food products. We work in partnership with our customers to develop new and improved food products, while our innovative solutions help optimize customers' production by increasing yields and ensuring high quality.

HEALTH & NUTRITION DIVISION

The Health & Nutrition Division develops, produces and sells products for the dietary supplement, over-the-counter pharmaceutical, infant formula and animal feed industries. The key offering is probiotic cultures with a documented health effect, and through own research and collaboration with leading international scientists we generate new knowledge about the impact of probiotics on humans and animals.

NATURAL COLORS DIVISION

The Natural Colors Division develops, produces and sells natural color solutions to the food and beverage industry, in particular the beverage, confectionery, ice cream, dairy, fruit preparation and prepared food segments. Our colors are extracted from a wide range of natural sources such as berries, roots and seeds, and we master a number of encapsulation techniques which help stabilize the appearance of colors in various food applications.



2010/11 Highlights

- Revenue EUR 636 million, up 15% compared to 2009/10
- Organic revenue growth 14% (10% adjusted for increased sales prices to reflect higher raw material prices for carmine)
- EBIT before special items EUR 159 million, up 14% compared to 2009/10
- EBIT margin before special items 25%, unchanged from 2009/10
- Corporation tax EUR 34 million corresponding to an effective tax rate of 23% compared to 63% last year
- Net profit for the year EUR 119 million, EUR 117 million excluding minority interest, compared to EUR 19 million in 2009/10, EUR 18 million excluding minority interest
- Capital expenditure EUR 45 million, corresponding to 7% of revenue
- Research & Development expenses EUR 40 million, corresponding to 6% of revenue
- Net working capital EUR 98 million equal to 15% of revenue compared to EUR 90 million or 16% of revenue at 31 August 2010
- Free cash flow EUR 125 million, doubled compared to 2009/10. EUR 19 million related to sale of the Functional Blends activities
- Net interest-bearing debt EUR 348 million corresponding to 1.7 times EBITDA before special items compared to 2.6 times EBITDA before special items at 31 August 2010
- For the financial year 2010/11, a dividend of EUR 0.48 (DKK 3.57) per share corresponding to EUR 65 million is proposed. The dividend equals net cash proceeds from the sale of the Functional Blends activities plus 40% of net profit

DISCLAIMER

Forward-looking statements

This annual report contains forward-looking statements. Such statements are subject to risks and uncertainties as various factors, many of which are beyond the control of Chr. Hansen Holding A/S, may cause actual developments and results to differ materially from the expectations expressed in the annual report.

Governing text

The annual report has been translated from Danish. The Danish text shall govern for all purposes and prevail in the event of any discrepancy between the versions.

Key figures

| EUR million | 2010/11 | 2009/10* | 2008/09 | 2007/08 | 2006/07** |
|--|---------|----------|---------|---------|-----------|
| Income statement | | | | | |
| Revenue | 635.6 | 551.8 | 511.2 | 476.7 | 444.7 |
| Gross profit | 308.7 | 279.3 | 242.1 | 229.0 | 203.4 |
| EBITDA | 201.7 | 157.7 | 150.0 | 134.1 | 111.8 |
| EBIT before special items | 159.2 | 139.8 | 113.9 | 103.5 | 83.2 |
| EBIT | 159.2 | 115.6 | 109.4 | 96.0 | 75.0 |
| Net financial items | (10.9) | (67.0) | (106.5) | (71.2) | (82.3) |
| Net profit, continuing operations | 114.2 | 16.8 | (16.0) | 7.5 | (6.1) |
| Net profit, discontinued operations | 4.4 | 2.4 | (2.4) | 36.3 | (6.7) |
| Net profit | 118.6 | 19.2 | (18.4) | 43.8 | (12.8) |
| Average number of employees | 2,411 | 2,229 | 2,157 | 2,367 | 2,507 |
| Financial position at 31 August | | | | | |
| Total assets | 1,352.7 | 1,316.3 | 1,278.6 | 1,324.4 | 1,237.0 |
| Invested capital*** | 1,145.5 | 1,153.7 | 1,130.0 | 1,151.3 | 1,109.3 |
| Net working capital*** | 97.5 | 89.9 | 77.9 | 90.4 | 79.6 |
| Equity | 644.3 | 545.7 | 93.8 | 125.2 | 81.9 |
| Net interest-bearing debt | 347.5 | 474.5 | 814.7 | 864.4 | 884.6 |
| Cash flow and investments | | | | | |
| Cash flow from operating activities | 150.4 | 98.5 | 105.0 | 51.7 | 66.7 |
| Cash flow from investing activities | (25.8) | (38.4) | (26.6) | (16.8) | (60.4) |
| Free cash flow | 124.6 | 60.1 | 78.4 | 34.9 | 6.3 |
| Acquisition and disposal of property, plant and equipment, net | (21.9) | (18.4) | (10.1) | (33.0) | (35.8) |
| Key ratios | | | | | |
| Organic growth % | 14 | 13 | 10 | 10 | 10 |
| Organic growth excluding carmine price effect % | 10 | 11 | - | - | - |
| Gross margin % | 49 | 51 | 47 | 48 | 46 |
| EBITDA margin % | 32 | 29 | 29 | 28 | 25 |
| EBIT margin, before special items % | 25 | 25 | 22 | 22 | 19 |
| EBIT margin % | 25 | 21 | 21 | 20 | 17 |
| ROIC % | 14 | 12 | 10 | 9 | 7 |
| ROIC, excluding goodwill % | 30 | 27 | 21 | 19 | 15 |
| NWC % | 15 | 16 | 15 | 19 | 18 |
| R&D % | 6 | 6 | 6 | 6 | 5 |
| Capital expenditure % | 7 | 7 | 5 | 9 | 9 |
| Cash conversion % | 74 | 72 | 90 | 63 | 87 |
| Debt to EBITDA before special items | 1.7 | 2.6 | 5.3 | 6.1 | 7.4 |

* For 2009/10 the key figures are restated regarding discontinued operations in Functional Blends activities in 2010/11.

** For 2006/07 the key figures are restated regarding discontinued operations in the Flavor Division sold in 2007/08.

*** For 2009/10 balance sheet figures in key figures are restated, excluding discontinued operations, because of the restatement of the income statement and cash flow to make key ratios comparable.

**** Bullet-tekst fra bestyrelsen... For 2009/10 balance sheet figures in key figures are restated, excluding discontinued operations, because of the restatement of the income statement and cash flow to make key ratios comparable.

Letter to our shareholders

2010/11 was our first full financial year since the listing on NASDAQ OMX Copenhagen on 3 June 2010. During the year the global economy has been through turbulent times with significant uncertainty. With such global turmoil we are pleased that Chr. Hansen once again can report a strong performance. We delivered on our financial targets for the year with profitable growth across all business areas. The positive development is a clear evidence of the resilience and scalability of our business model.

STRONG GROWTH

Revenue grew by 15% to EUR 636 million with organic growth of 14% (10% adjusted for increased sales prices to reflect higher raw material prices for carmine). All three divisions contributed to the strong growth. The Cultures & Enzymes Division delivered stable organic growth of 6%. Dairy cultures for the production of cheese and fermented milk products experienced good growth while the uncertainty surrounding regulation of health claims in EU affected growth of probiotic cultures negatively.

The Natural Colors Division delivered organic growth of 40% (19% adjusted for increased sales prices to reflect higher raw material prices for carmine), significantly above historical performance.

The Health & Nutrition Division continued to benefit from the increased health awareness and showed strong organic growth of 16%, driven by human health products, but also animal health performed above market growth.

PROFITABILITY

As a result of scalability effects in all our divisions and a continued focus on efficiency gains, EBIT before special items (b.s.i.) increased by 14% to EUR 159 million and EBIT margin b.s.i. remained at 25%, despite the negative effect from the changed business mix caused by the strong growth in the Natural Colors Division.

Primarily as a result of the repayment and refinancing of debt in connection with the IPO last year and the growing business, net result was significantly improved to EUR 119 million compared to EUR 19 million last year.

MANAGEMENT CHANGES

Over the last year the Executive Board was changed. Hans Thorkilgaard, Executive Vice President and Henning Jakobsen, CFO both decided to leave Chr. Hansen to pursue other

opportunities. We would like to thank both Hans and Henning for their great efforts during their time at Chr. Hansen.

Klaus Pedersen, CFO and Carsten Bennike, Executive Vice President Natural Colors joined Chr. Hansen while Jesper Allentoft, Stakeholder Relations was appointed Executive Vice President and member of the Executive Board.

RESPONSIBLE BUSINESS

At Chr. Hansen, we take our responsibilities very seriously, with persistent focus on creating business value while showing consideration for the environment and society at large. During 2010/11 we have succeeded in further reducing the environmental impact from our production. Key performance indicators for energy and water consumption as well as CO₂ emission per produced unit all improved.

High product safety is a cornerstone in Chr. Hansen and during the year we obtained important food safety certifications on our facilities in North America and Germany and we will seek to obtain certifications for our other production sites in the coming years.

The increasing demand for natural colors puts pressure on our sourcing of raw materials. In Chr. Hansen we strive to secure sustainable sourcing. We have engaged in various initiatives both to educate farmers in good agricultural practices and knowledge of fair labor and operating principles and to strengthen our supply chain for raw materials for natural colors.

INNOVATION FOR GROWTH

A cornerstone of our business is a strong bioscience platform for innovative product and process development. Our highly skilled R&D staff performs state-of-the-art innovation and transforms it into the best applications while maintaining long-standing relations and working partnerships with our customers. We believe that these strengths contribute to our leading market positions. In combination with the major global market trends and our presence in growth markets, this enables us to protect and further increase our market share. In 2010/11 6% of our revenue was spent on R&D and a range of new product solutions was launched within our three divisions.

THE PEOPLE FACTOR

The success of Chr. Hansen is deeply dependent on our highly skilled employees. With a continued effort to secure new innovative products, provide great customer experiences and pursue new efficiency opportunities they lay the foundation for

the future development of Chr. Hansen. We have again this year launched a number of new initiatives with the objective of improving the skills of our employees and the quality of management on all levels. In 2010/11 the average number of training days per employee was 2.6. By the end of the financial year Chr. Hansen employed more than 2,300 people across the world. During the year we strengthened our sales organization especially in emerging markets, while a number of employees transferred to Frutarom as part of our divestment of the Functional Blends activities.

BUSINESS DIRECTION

2010/11 showed the strength of Chr. Hansen's resilient businesses. However, we wish to aim higher. Chr. Hansen is well positioned to benefit from three global megatrends: Global growth in industrial food production, increased focus on health and wellness and increased demand from consumers in emerging markets.

To benefit from these trends we wish to deliver superior and specialized value added solutions with documented performance and high quality that increase the success of our customers in selected food and health industries. In order to deliver this we will continuously focus on getting a better understanding of our customer's needs and consumer trends as well as continue our investments in better documentation of the benefits of our products.

We aim for delivering strong profitable organic growth, expanding our position in technologies and markets, where we can hold market leadership and seek to utilize the scalability effects from our business model, hereby creating value for our shareholders.

DIVIDEND

For the financial year 2010/11, we propose a dividend of EUR 0.48 (DKK 3.57) per share corresponding to EUR 65 million. The dividend equals net cash proceeds from the sale of the Functional Blends activities plus 40% of net profit.

The Board of Directors have decided to change Chr. Hansen Holding A/S' dividend policy from 2011/12. The pay-out ratio is changed from between 30%-40% to 30%-50% of net profit. Proposal of dividends depends on the Board's assessment of factors such as business development, growth strategy and financing needs and there can be no assurance that in any given year a dividend will be proposed or declared.

Ole Andersen
Chairman of the Board

Lars Frederiksen
CEO

Outlook

OUTLOOK 2011/12

The financial year 2011/12 has started positively for Chr. Hansen. Revenue growth continues to be driven by increased demand for healthy food products not least from the growing middle income population in emerging markets and conversion from in-house bulk starter to industrialized produced cultures and from synthetic to natural colors. Probiotic cultures used in fermented milk products remain affected by the current uncertainty around health claims.

Raw material prices for the natural color carmine have decreased in the beginning of the financial year and prices for 2011/12 are expected to be significantly below 2010/11. However, volatility remains significant and the expected price level is subject to considerable uncertainty.

Excluding effect on sales prices from changes to raw material prices for carmine the organic growth is expected to be in the range of 7-10% driven by growth in all three divisions. Including the effect from change in carmine prices organic growth is expected in the range of 5-8%.

EBIT margin b.s.i. is expected to be above 26% driven by Chr. Hansen's scalable business model and the impact from decreasing raw material prices for carmine.

The required level of clinical documentation to support health claims on functional food and food supplements have increased especially in Europe. Expenses related to clinical studies are expected to increase in 2011/12 as we build additional clinical documentation on our core probiotic cultures.

Research and Development expenditure (costs and capitalization) excluding amortization is expected to be around 7% in 2011/12.

As a consequence of the expected increase in spend on clinical studies and expected increase in investments in the Natural Colors Division to capture the growth potential from continued conversion, capital expenditure as a percentage of revenue is expected to be above last year. Free cash flow before acquisitions and divestments is expected to be above last year.

LONG TERM FINANCIAL AMBITION (2-4 YEARS)

Annual revenue is expected to grow organically in the range of 8-10%. EBIT margin b.s.i. is expected to increase gradually, assuming an unchanged business mix. Net working capital is expected to be 14-17% of revenue. Capital expenditure is expected to be in the range of 7.5-8.5% of revenue. The increase in capital expenditure (compared to previous guidance of 6.5-

7.5% of revenue) is driven by the expected increase in spend on clinical studies and increase in investments in Natural Colors over the coming 2-4 years.

Research & Development expenditure (costs and capitalization) excluding amortization is expected to be between 6-7%.

Consequently a high cash conversion is expected and net debt leverage is expected to be between 2-2.5 times EBITDA with excess capital distributed to shareholders.

The 2011/12 outlook and long term financial ambition are sensitive to major changes in the global economy including the USD exchange rate and raw material prices for carmine which could impact the expected result for Chr. Hansen.

CHANGE IN DIVIDEND POLICY

The Board of Directors have decided to change Chr. Hansen Holding A/S' dividend policy from 2011/12. The pay-out ratio is changed from between 30%-40% to 30%-50% of net profit. Proposal of dividends depends on the Board's assessment of factors such as business development, growth strategy and financing needs and there can be no assurance that in any given year a dividend will be proposed or declared.

Financial review

REVENUE

Revenue amounted to EUR 636 million, an increase of 15% compared to last year. The organic growth of 14% was positively affected by 4 percentage points from increased sales prices reflecting higher raw material prices for the carmine.

The business mix between the divisions changed during 2010/11. The Cultures & Enzymes Division accounted for 60% compared to 65% last year while the Natural Colors Division accounted for 26% of revenue compared to 21% in 2009/10. The Health & Nutrition Division share of revenue was unchanged at 14% compared to last year.

GROSS PROFIT

Gross profit increased to EUR 309 million, up 11% compared to last year. Gross margin decreased 2 percentage points to 49% driven by the changed business mix from the strong growth in the Natural Colors Division. Higher raw material prices for carmine alone affected the gross margin for the Group negatively by approximately 2 percentage points.

EXPENSES

Expenses totaled EUR 150 million compared to EUR 140 million last year, an increase of 7%.

Research and development costs amounted to EUR 28 million corresponding to an increase of 13%. Capitalized development costs amounted to EUR 16 million, an increase of EUR 5 million over last year.

The total research and development expenses excluding depreciations and amortizations of EUR 4 million amounted to EUR 40 million, corresponding to 6% of total revenue, which is at the same level as last year. The primary focus of the development activities is to support the Cultures & Enzymes Division and the Health & Nutrition Division, where research and development expenses corresponds to 6% and 13% of revenue, respectively.

Sales and marketing expenses increased by 11% to EUR 79 million and accounted for 12% of revenue compared to 13% last year.

Administrative expenses increased by 5% to EUR 46 million and accounted for 7% of revenue compared to 8% last year.

SPECIAL ITEMS

Special items were nil in 2010/11 compared to an expense of EUR 24 million last year of which EUR 18 million related to an extraordinary bonus to all employees, reimbursed net of tax by the former majority shareholder Financière Star 1 through a capital contribution.

OPERATING PROFIT (EBIT)

EBIT amounted to EUR 159 million compared to EUR 116 million last year. The EBIT margin reached 25%, compared to 21% last year, which was negatively affected by special items. EBIT margin for the Group before special items remained unchanged at 25% despite the negative effect from the changed business mix.

Scalability effects in the Cultures & Enzymes Division were offset primarily by higher distribution costs and a changed product mix leaving EBIT margin unchanged at 29% from last year. EBIT margin in the Natural Colors Division was at 11% unchanged from last year. Scalability effects from increased sales volume were offset by negative effect from higher raw material prices for carmine. The Health & Nutrition Division demonstrated scalability with EBIT margin increasing to 33% in 2010/11 from 29% last year.

NET FINANCIALS AND TAX

Net financial expenses amounted to EUR 11 million compared to EUR 67 million last year. Net interest expenses declined to EUR 14 million from EUR 60 million mainly due to full year effect of the reduced debt level from the refinancing in connection with the listing of the company in 2009/10.

Corporation tax amounted to EUR 34 million compared to EUR 32 million last year, corresponding to an effective tax rate of 23% compared to 63% last year. The effective tax rate for 2010/11 was positively affected with 2 percentage points by a carry forward of interest, which was not deductible in previous years due to interest ceiling rules in Denmark.

PROFIT FOR THE YEAR

Net profit amounted to EUR 119 million, compared to EUR 19 million last year, primarily due to lower net financial expenses and improved operating profit.

ASSETS

At 31 August 2011, total assets amounted to EUR 1,353 million, which was EUR 36 million higher than last year. Total non-current assets decreased by EUR 21 million to EUR 1,056 million. Total current assets increased by EUR 57 million to EUR 297 million.

Inventories increased by EUR 3 million while receivables decreased by EUR 3 million. Cash and cash equivalents increased by EUR 57 to EUR 118 million due to the strong free cash flow.

Net working capital at 31 August 2011 was EUR 98 million equal to 15% of revenue compared to EUR 90 million, adjusted for the sale of functional blends activities, or 16% of revenue at 31 August 2010.

EQUITY

Total equity excluding minorities at 31 August 2011 amounted to EUR 641 million, compared to EUR 542 million at the end of last year. The increase was primarily driven by profit for the year.

Dividend payments related to the financial year 2009/10 amounted to EUR 12 million.

NET DEBT

Net interest-bearing debt amounted to EUR 348 million at 31 August 2011, which represents 1.7 times EBITDA before special items compared to 2.6 times EBITDA before special items at 31 August 2010.

During 2010/11 total repayments of EUR 56 million were made on long-term loans. EUR 46 million were voluntary repayments on a revolving facility.

At year end approximately 59% of the debt was secured at fixed interest rates. The total debt has an average maturity of 4.2 years compared to 4.7 years at the end of last year.

CASH FLOW

Cash flow from operating activities was EUR 150 million compared to EUR 99 million last year. The increase was due to higher operating profit and lower interest payments partly offset by higher working capital and taxes paid.

Cash flow from investing activities in 2010/11 was EUR 26 million compared to EUR 38 million in 2009/10. Net cash proceeds from divested operations, related to the sale of the functional blends business, was positive with EUR 19 million, while capitalized development cost amounted to EUR 16 million in 2010/11. Capital expenditure in 2010/11 amounted to EUR 45 million, corresponding to 7% of revenue.

Free cash flow was EUR 125 million, compared to EUR 60 million last year.

Global Sales

Customers - 3 year revenue growth (CAGR)

| Top customers | CAGR |
|---------------|------|
| Top 5 | 13% |
| Top 15 | 16% |
| Top 25 | 16% |

Chr. Hansen's profitable growth is built on a customer and industry-focused strategy with a strong global sales organization. We aim to develop long-term, strategic supplier relationships with a diversified customer base. In 2010/11, our top 25 customers accounted for approximately 31% of revenue, unchanged from last year.

Sales and marketing expenses increased by 11% to EUR 79 million compared to EUR 71 million last year and accounted for 12% of revenue compared to 13% last year. The increase was mainly due to investments in the sales force to capture the opportunities from the conversion to natural colors as well as full year effects of the application center established in Singapore last year and initiatives to address the informal yogurt market in India.

REVENUE BY REGION

Our Sales operations are divided into four regions, Europe, North America, South America, and APMEA (Asia Pacific, Middle East and Africa).

European region

(51% of total revenue in 2010/11 compared to 52% in 2009/10) Revenue increased by 14% with organic growth of 14% (10% adjusted for increased sales prices to reflect higher raw material

prices for carmine). Growth in sales of cultures was negatively affected by the current uncertainty around the European Food Safety Authority's (EFSA) assessment of documentation for health claims, which affected sales of probiotic cultures in the region negatively, while cultures for cheese and yogurt delivered good growth. Natural Colors Division performed strongly as conversion to natural colors continued during the year. The Health & Nutrition Division also delivered strong growth driven by human health products and animal probiotics for swine.

North American region

(21% of total revenue in 2010/11 compared to 22% in 2009/10) Revenue increased by 10%, with organic growth of 10% (7% adjusted for increased sales prices to reflect higher raw material prices for carmine). The Cultures & Enzymes Division delivered modest growth as growth in cultures for cheese was offset by negative development in probiotic cultures. Natural Colors Division delivered strong growth albeit at a lower level than in the European and South American regions. Organic growth in the Health & Nutrition Division was strong driven by human health products.

South American region

(12% of total revenue in 2010/11 compared to 11% in 2009/10) Revenue increased by 22%, corresponding to 19% organic growth (7% adjusted for increased sales prices to reflect higher raw material prices for carmine), driven by the conversion to natural colors. The Cultures & Enzymes Division also delivered good growth driven by regular cultures for fermented milk and cheese as well as enzymes.

APMEA region

(16% of total revenue in 2010/11 compared to 15% in 2009/10) Revenue increased by 23%, corresponding to 19% organic growth (16% adjusted for increased sales prices to reflect higher raw material prices for carmine). The organic growth for cultures was strong across the region, while sales of enzymes contracted. Natural Colors Division delivered good growth primarily driven by the ongoing conversion from synthetic colors. Despite the tragic events in Japan during the year our local organization delivered good growth driven by natural colors and cultures. Sales to the Middle East and Africa also contributed positively to the regional growth despite the political turmoil in a number of countries.

CUSTOMER CONCENTRATION

Top 25 customers share of revenue (31%)



Cultures & Enzymes Division

| EUR million | 2010/11 | 2009/10 |
|----------------------------|---------|---------|
| Revenue | 378.8 | 356.2 |
| EBITDA | 143.3 | 137.7 |
| EBIT | 111.3 | 104.3 |
| EBIT margin, % | 29% | 29% |
| Organic growth, % | 6% | 6% |
| ROIC, excluding goodwill % | 30% | 28% |

The Cultures & Enzymes Division develops, produces and sells cultures, enzymes and probiotics for the food industry in general and the dairy industry in particular. Our ingredients assist in determining the appearance, taste, nutritional value and health benefits of a variety of food products. We work in partnership with customers to develop new and improved food products, while our innovative solutions help optimize customers' production by increasing yields and ensuring quality.

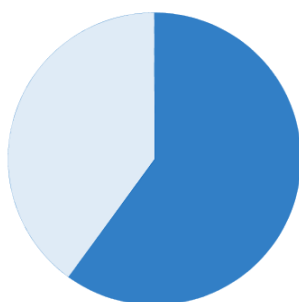
OVERALL TRENDS

Chr. Hansen is well positioned to benefit from three global mega trends: Global growth in industrial food production, increased focus on health and wellness and emerging market consumer demand. Consumers are demanding increased functionality in the food and beverages they consume and greater sophistication in features such as taste, viscosity and health benefits.

Global consumption of fermented milk and cheese continued to grow. The growth is driven by the increased demand for healthy food products not least in developing countries. The Cultures & Enzymes Division has increased its presence in India to build up the necessary competencies to penetrate the informal Indian yogurt market.

CULTURES & ENZYMES DIVISION

Share of total revenue (60%)



Conversion from traditionally in-house production of bulk starter cultures towards industrialized cultures using DVS® technology continued during 2010/11, and the industrially produced cultures represent a significant and growing proportion of the commercial food cultures market.

Probiotic cultures used as an ingredient in yogurt to add specific health benefits have seen strong growth in recent years. Growth rate for this category did, however, see some pressure during 2010/11 primarily as a result of the continued uncertainty surrounding the EU process for approval of health claims (read more under Research & Development).

Innovation

In the Cultures & Enzymes Division, main focus of product innovation is on developing new or improved food cultures and enzymes to the dairy industry, as well as for meat and wine products.

To develop new starter cultures and enzymes we apply our proven competencies within the products and technology area, extensive insights into process knowledge, world-class strain platform and broad-based experience in the field of analysis. All our core competencies are brought into action in the development of new products and concepts. During 2010/11 a number of new products were launched. These new products included among others:

- Yo-Flex® and probiotic nu-trish® cultures for drinking yogurt
- FD-RSF cultures for continental cheese types in South America
- Mild O™ cultures for Southern European gourmet cheeses
- Viniflora® FrootZen™ Pichia kluyveri yeast product for white and rosé wines in New Zealand, France and US.

REVENUE

In 2010/11 revenue in the Cultures & Enzymes Division increased by 6% to EUR 379 million corresponding to an organic revenue growth of 6%.

The organic growth for the division was primarily driven by increased sales of cultures for fermented milk and cheese products, which combined accounted for around 50% of total revenue in the division. Continued conversion and product innovation contributed to the growth.

The organic growth was negatively impacted by reduction in sales of probiotic cultures in Europe primarily related to the current uncertainty around EFSA assessment of documentation for health claims. Probiotic cultures accounted for approximately 20% of revenue.

Enzymes, which accounted for approximately 20% of revenue, delivered low organic growth in line with previous years.

Wine and Meat accounted for approximately 10% of revenue. Wine delivered strong growth as a new product was launched while meat delivered stable growth.

EBIT

In 2010/11 EBIT was EUR 111 million or 7% above last year. EBIT margin for 2010/11 was 29% and remained at the same level as last year despite scalability gains. Strong growth in Asia and South America combined with higher oil prices led to increased distribution costs as production facilities are located in Europe and USA. Changed product mix also affected the margin for the division negatively.

ROIC EXCLUDING GOODWILL

The return on capital (excluding goodwill) was 30% in 2010/11 compared to 28% last year as invested capital in the division remained at the same level as last year.

Health & Nutrition Division

| | 2010/11 | 2009/10 |
|----------------------------|---------|---------|
| Revenue | 90.9 | 78.8 |
| EBITDA | 36.8 | 27.8 |
| EBIT | 30.4 | 23.2 |
| EBIT margin, % | 33% | 29% |
| Organic growth, % | 16% | 14% |
| ROIC, excluding goodwill % | 34% | 27% |

The Health & Nutrition Division develops, produces and sells products for the dietary supplement, over-the-counter pharmaceutical, infant formula and animal feed industries. Our key offering is probiotic cultures with a documented health effect. Through own research and collaboration with leading international scientists, we are generating new knowledge about the impact of probiotics on humans and animals.

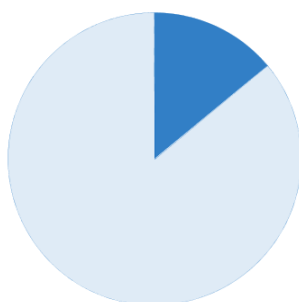
OVERALL TRENDS

Human

The overall market conditions for human probiotic dietary supplements remained favorable in 2010/11. Chr. Hansen continuously invests in providing clinical evidence of the health benefits of probiotic strains, which attracts new customers to our business. Over the last couple of years regulation in the area of probiotics for human health and nutrition has become increasingly stringent with respect to the quality of product documentation of health benefits. As a market leader Chr. Hansen has some of the best-documented strains in our product portfolio. We welcome stricter regulation, which will not only meet consumers' demand for high-quality products, but in our

HEALTH & NUTRITION DIVISION

Share of total revenue (14%)



opinion also provide us with a significant competitive advantage given our well-documented portfolio and strength in the marketplace (read more under Research & Development).

Animal

The strong focus on improving health and reducing mortality in livestock farming to increase production performance is favoring the implementation of more probiotic concepts in animal feed on a global scale. Both the market for animal probiotics in the livestock industry and the market for silage inoculants experienced growth during 2010/11.

Innovation

New probiotic strains are developed through targeted screening and testing and also through documenting the strains' health promoting properties in clinical trials, often in cooperation with customers. World-class technology platforms have been developed from strain screening to development and product formulation, all of which respond to pharmaceutical standards and aim at documenting the efficacy, safety and marketability of our probiotic products. During recent years a number of product launches have been made including GalliPro® for poultry and BioPlus® YC for swine. In 2011 the Nemix baccillus product for plant health applications was introduced in cooperation with FMC Corporation.

REVENUE

In 2010/11 revenue in the Health & Nutrition Division increased by 15% to EUR 91 million corresponding to an organic revenue growth of 16%. The human health area experienced growth in all application areas driven by new customer projects, while growth in animal health primarily originated from earlier product launches.

EBIT

For 2010/11 EBIT was EUR 30 million compared to EUR 23 million last year corresponding to an increase of 31%. The EBIT margin improved by 4 percentage points to 33%. The improvement was driven by scalability effects from the increased sales volume.

ROIC EXCLUDING GOODWILL

Return on invested capital (excluding goodwill) was 34% in 2010/11 compared to 27% last year.

Natural Colors Division

| | 2010/11 | 2009/10* |
|----------------------------|---------|----------|
| Revenue | 165.9 | 116.8 |
| EBITDA | 21.6 | 16.4 |
| EBIT | 17.5 | 12.3 |
| EBIT margin, % | 11% | 11% |
| Organic growth, % | 40% | 42% |
| ROIC, excluding goodwill % | 27% | 18% |

* Restated according to IFRS 5, regarding discontinued operations.

The Natural Colors Division develops, produces and sells natural color solutions to the food industry, notably the beverage, confectionery, ice cream, dairy, fruit preparation and prepared food segments. Our colors are extracted from a wide range of natural sources such as berries, roots and seeds, and we master a number of encapsulation techniques, which help stabilize the color appearance in various food applications.

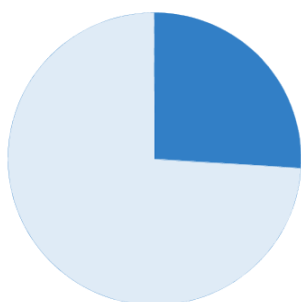
OVERALL TRENDS

Conversion

The market for natural colors in food and beverages experienced strong growth in 2010/11. Increased public awareness of the potentially harmful effect of synthetic colors and regulatory tightening on labeling requirements for certain specific synthetic colors fuelled the continuation of conversion from synthetic to natural colors in 2010/11, notably from the global fast moving consumer goods companies within beverages and confectionery. Chr. Hansen was well positioned to take advantage of this trend during 2010/11 and volumes grew around 20%.

NATURAL COLORS DIVISION

Share of total revenue (26%)



Sourcing

The strong momentum in demand for natural colors continued to affect prices for certain raw materials during 2010/11. Prices for raw materials for carmine were above USD 100 per kg throughout most of the first half of 2010/11. During the second half of the financial year prices started to drop as increased volumes of raw materials became available and the price ended at around USD 60 per kg by year-end.

Innovation

Our know-how within innovation is focused on introducing new pigments from fruits, vegetables, roots and seeds that can deliver properties and added value to customers' applications as well as introducing new products and production processes that can set new standards for naturalness and functionality in the industry. During 2010/11 a number of new products were launched. These new products included among others:

- Fruitmax[®], a range of coloring foodstuffs for the North American food and beverages industries
- Red Strawberry Fragaria 100 WS for fermented milk and fruit preparations
- ColorFruit[®] Red, a range of new red shades for the confectionery industry to replace synthetic allura red
- CapColor[®] White with improved whitening and cost-in-use
- Liquorice black in an easier-to-use form improving process efficiencies at manufacturers
- ColorFruit[®] Orange and yellows for beverage with improved transparent shades and eliminated off-taste from emulsifier

In addition to above the research & development pipeline includes among others new products for the prepared food segment with expected launch in the first half of 2011/12.

REVENUE

In 2010/11 revenue in the Natural Colors Division increased by 42% to EUR 166 million corresponding to an organic revenue growth of 40% (19% adjusted for increased sales prices to reflect higher raw material prices for carmine). The growth was driven by the continued conversion trend of replacing synthetic colors with natural colors, combined with our presence among market leading customers. The conversion to natural colors continued across all regions although strongest in Europe and South America.

EBIT

In 2010/11 EBIT for the Natural Colors Division was EUR 18 million, an increase of EUR 5 million or 42% compared to last year.

EBIT margin for 2010/11 was 11% unchanged compared to last year. Scalability effects from increased sales volume were offset by a negative effect from higher raw materials prices for carmine.

To capture the growth opportunities within natural colors Research & Development facilities in France and production facilities in Peru and Copenhagen were upgraded during 2010/11.

ROIC EXCLUDING GOODWILL

Return on invested capital excluding goodwill was 27% compared to 21% last year underlining the division's value contribution to Chr. Hansen.

SALE OF FUNCTIONAL BLENDS ACTIVITIES

To optimize the business portfolio and to focus on areas where Chr. Hansen holds leading positions it was decided to sell the majority of the group's Functional Blends activities to Frutarom Industries Ltd. at a total consideration of EUR 23 million. The transaction was closed on 31 July 2011. As a consequence of the exit the "Colors & Blends Division" changed name to "Natural Colors Division".

Research & Development

INNOVATION

With 6% of revenue spent on Research & Development (R&D) in 2010/11 and more than 300 employees dedicated to R&D and technical application activities, innovation is a cornerstone in Chr. Hansen. We continue to invest heavily in this area in order to develop new products and concepts that enable customers to become more cost-effective or launch new innovative products as well as to further improve our clinical documentation of health claims for probiotic cultures.

Bioscience platform

The majority of Chr. Hansen's product innovation derives from our strong bioscience-technology platforms, based on solid scientific knowledge and competence. Chr. Hansen is the owner of one of the world's largest commercial collections of more than 10,000 lactic acid bacterial strains. From this collection bacterial cultures are screened, selected and improved in order to meet specific requirements in the final food, dietary supplement or feed products.

Helping customers locally

Chr. Hansen operates 19 application and development centers around the world to develop new products in close collaboration with customers and to service their needs locally. These centers also offer focused technical service.

Operating in partnerships

Chr. Hansen is actively entering into partnerships with researchers and companies on innovative projects within our specialized fields. Partnerships can start in all stages of a project from joined research in the early discovery phases to in-licensing of fully developed products. During 2010/11 Chr. Hansen entered into a number of partnerships including an agreement with FMC Corporation for development of biological products for use in agriculture as nematicides and plant health promoters, and a project with Danish Technical University (DTU) and Copenhagen University aimed to apply our fermentation knowledge to develop new natural color products.

Products developed within the last three years accounted for 15% of revenue in 2010/11.

INTELLECTUAL PROPERTY RIGHTS

A strong and protected technology platform is pivotal for Chr. Hansen. In order to support sustainable and profitable growth of the company, we secure our knowledge and technology platforms by filing of patent applications. We also seek to protect new product developments as well as existing business by strategic filing of trademark applications. We protect around 30 new inventions a year.

EFSA – HEALTH CLAIMS

Having produced lactic acid bacteria for more than 100 years Chr. Hansen has been committed to delivering clinically documented probiotics for the food, dietary supplement, infant formula and agricultural industries since the 1980s.

Over the years, requirements in terms of documentation quality have increased on the part of both customers and authorities.

In 2007 the European Food Safety Authority (EFSA), mandated by the European Commission, initiated a process to evaluate the scientific validity of food product health claims. According to the European Commission's Regulation on Nutrition and Health Claims, health claims can be made under Article 13.1 or 13.5. With respect to probiotic products, Article 13.1 claims are generic and cover all claims existing *before* 2008. Article 13.5 claims, on the other hand, specifically relate to a particular bacterial strain and based on *new* scientific evidence. Protection of proprietary data can be requested for Article 13.5 claims.

Article 13.1 - claims

In July 2011 EFSA published the last series of opinions on Article 13.1 claims. Only few health ingredients have been given a positive opinion by EFSA and all claims related to probiotic cultures were rejected including 14 claims submitted by Chr. Hansen. Most probiotic claims were rejected by EFSA due to insufficient data related to the characterization of the strains.

It is now up to the EU Member States and the European Commission to agree on a list of permitted health claims under Article 13.1. The necessary legislative measures for publication of such a list and the subsequent transition period of 6 months will keep all claims evaluated by EFSA legal until expectedly second half of 2012. After this only adopted claims may be labeled on the products.

Article 13.5 - claims

The process has shown that approval of health claims related to probiotics must take place under Article 13.5. Chr. Hansen has initiated a comprehensive clinical study program in order to build new supporting documentation for such article 13.5 claims. Positive results from one of the studies related to immune health were published in September 2011. At the end of the financial year 2010/11, a further three studies related to immune and gastrointestinal health were in progress. The clinical studies are timed to maximize customers' use of existing claims.

Chr. Hansen continues to invest in clinical trials, in order to optimize chances for obtaining positive opinions from EFSA and subsequent European Commission approval of Chr. Hansen's probiotic products under Article 13.5. We are constantly monitoring EFSA's requirements for clinical documentation and once we have a clear overview and sufficient data is available we will submit new claim applications.

Corporate Social Responsibility (CSR)

BROADENING THE SCOPE OF OUR COMMITMENT

Chr. Hansen aims to drive strategic Corporate Social Responsibility (CSR) projects with focus on supporting the development of our businesses. Anchored at the top management level our CSR Board sets the overall direction for policies, strategies and goals implemented through global and local management systems based on internationally recognized standards such as ISO 22000/PAS 220 and ISO 14001.

In 2010/11 Chr. Hansen streamlined the governance structures to ensure that our vision and commitment to CSR are integrated in the daily routines across business divisions and borders. We continue our support and commitment to the UN Global Compact and strive to continuously broaden the scope of our actions on principles, issues and goals as well as our engagement. Our policies, goals and actions match UN Global Compact's ten principles.

ENGAGING STAKEHOLDERS

CSR related issues are becoming more and more important for our stakeholders including customers, suppliers, employees and investors. Chr. Hansen continues to seek an active dialogue with our stakeholders on these issues both to ensure alignment with globally recognized initiatives and guidelines in addition to UN Global Compact such as the Carbon Disclosure Project. In 2010/11 Chr. Hansen also joined the Roundtable for Sustainable Palm Oil.

IMPROVING PERFORMANCE

Product safety

High product safety is a cornerstone in Chr. Hansen. In 2010/11 our North American and German production sites were granted the important Food Safety Certification FSSC 22000. In fact the

plant in Milwaukee was one of the first sites in the US to obtain the certification.

Collaboration with food safety authorities has been high on our agenda. It is important that the authorities get an understanding of our bioscience production and processes to enable the national infrastructure necessary for establishing and enforcing regulation and ensuring a high level of product safety.

Read more at

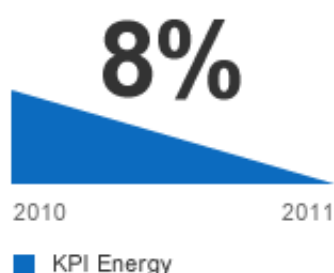
<http://annualreport1011.chr-hansen.com/csrcases>.

Environment

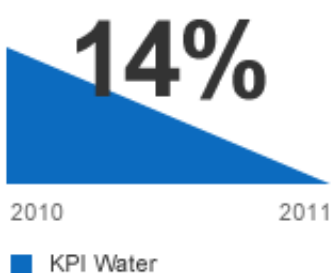
Chr. Hansen strives to minimize the impact of our business activities on the environment and the surrounding society. In 2010/11, key performance indicators for energy and water consumption and CO₂ emission per produced unit improved. Water performance improved by 14%, energy by 11% and CO₂ by 12% compared to last year. The improvements were seen across the divisions except for a small decline in water performance in the Health & Nutrition Division. On a group level the performance was better than our overall target of only increasing the water and energy consumption by half of the growth in production volume.

Innovation is vital for long-term performance improvement in the entire value chain. Chr. Hansen is part of the customer's solutions to reduce environmental footprint. A number of our products and concepts for fermented milk and cheese reduce the need for different raw materials or increase yield allowing the customer to produce more with less.

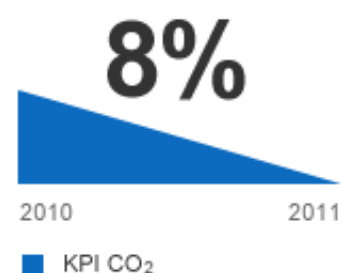
ENERGY REDUCTION



WATER REDUCTION



CO₂ REDUCTION



EMPLOYEE RELATIONS

People development

Continued focus on competence development of our employees is essential for Chr. Hansen to ensure that we have the employees and skills necessary to implement our business strategy.

A key initiative in 2010/11 was the global roll-out of Situational Leadership II® - High Impact Leadership aimed at strengthening managers' ability to develop their employees' competencies and motivation. More than 70 managers worldwide completed the program during 2010/11.

Employee turnover was 13% in 2010/11 compared to 9% in 2009/10. The current level is ensuring a good balance between retention of experienced employees and the need to attract and recruit new employees.

Health & safety and employee well-fare

The frequency of accidents with absence increased to 12 LTI (lost time injury) per 1 million working hours in 2010/11 from 9 LTI per 1 million working hours in 2009/10. None of these accidents were severe, but to address the challenge a series of new instruments reducing the risk of incidents is being implemented. Some instruments are incentive driven and are integrated in management's short-term benefits program.

SUSTAINABLE SOURCING

Chr. Hansen's vendor life cycle program includes assessment, audit, approval and performance evaluation of high risk vendors. This is done to ensure a high product safety level, traceability from farm to fork and knowledge of CSR challenges in the supply chain. An important part is to train and help our suppliers to improve product safety. Read more at <http://annualreport1011.chr-hansen.com/csrcases>.

In addition to the basic vendor management program, we have initiated a training program for farmers in good agricultural practices including training in scientifically proven growth techniques, environmentally friendly handling of pesticides and irrigation and knowledge of fair labor and operating practices. Read more about our training program for Annatto farmers in South America at <http://annualreport1011.chr-hansen.com/csrcases>.

OUTLOOK

In 2009/10 Chr. Hansen established global CSR ambitions for 2020 (see separate report on Corporate Social responsibility). In the coming years we will continue developing our strategy on stakeholder engagement and public affairs. We intend to expand our engagement to establish strategic partnerships with stakeholders relevant for our business, e.g. NGOs. In accordance with the guiding principles on Business and Human Rights we intend to implement the UN's 'Protect, Respect and Remedy' Framework.

It is of vital importance that our products hold the highest standards and food safety is already on top of our agenda. We are committed to continuous improvement through increased focus on state-of-the-art food safety management systems and certifications.

Management's review does not comprise a full report on corporate social responsibility. Reference is made to the separate report on sustainability which also constitutes Chr. Hansen's Communication on Progress to the UN Global Compact, complying with the requirements of the Danish Financial Statements Act on corporate social responsibility reporting. The report is available on <http://annualreport1011.chr-hansen.com>.

Shareholder information

Chr. Hansen Holding A/S is listed on NASDAQ OMX Copenhagen and aims to provide long-term returns to shareholders through increase in share price and dividends.

Price performance and trading volume

Chr. Hansen Holding A/S' share price developed positively during 2010/11. At the beginning of the financial year the share was priced at DKK 101, while the share price by the end of August 2011 was DKK 118, representing an increase of 17%. The average daily turnover was DKK 49 million.

Chr. Hansen Holding A/S is included in a number of share indices including the NASDAQ OMX Copenhagen C20 index (since December 2010), which consists of the 20 most traded large cap shares on the stock exchange. The C20 index decreased by 9% during our financial year 2010/11.

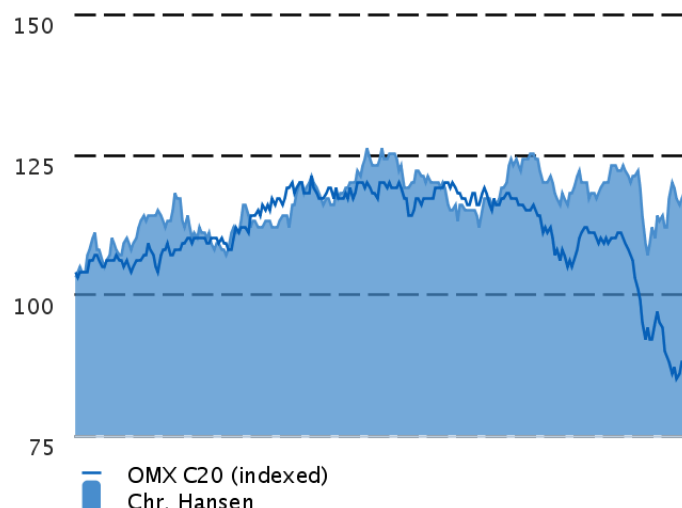
Dividend policy and capital structure

The Board of Directors proposes that the Annual General Meeting approve a dividend of EUR 0.48 (DKK 3.57) per share for the financial year 2010/11, corresponding to a total dividend payment of EUR 64.7 million. The dividend equals net cash proceeds from the sale of the Functional Blends activities plus 40% of net profit.

The Board of Directors have decided to change Chr. Hansen Holding A/S' dividend policy from 2011/12. The pay out ratio is changed from between 30%-40% to 30%-50% of net profit.

SHARE PERFORMANCE

1 September 2010 - 31 August 2011



Proposal of dividends depends on the Board's assessment of factors such as business development, growth strategy and financing needs and 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 extraordinary dividend or through share buyback programs in order to optimize our capital structure.

The Board of Directors believes that the current capital and share structure serve the interest of the shareholders. The capital structure will regularly be assessed whether it is still in accordance with shareholders' best interests.

Shareholders and share capital

At the end of August 2011 Chr. Hansen Holding A/S had around 17,500 institutional and private shareholders. Financière Star 1, Luxembourg holds 36.8% of the share capital, while Chr. Hansen Holding A/S holds 2.1% in order to meet certain obligations to deliver shares under management incentive programs. The remaining share capital is primarily owned by institutional investors from Denmark, UK and USA. 80% of the share capital is owned by international investors. Private investors hold approximately 8%.

The listed company Chr. Hansen Holding A/S' only activity is general management and central administration of shareholdings in companies in the Chr. Hansen Group.

Analyst coverage

Our company is currently covered by about 15 analysts, including major international investment banks. A list of analysts covering Chr. Hansen can be found on <http://investor.chr-hansen.com/analysts.cfm>

Investor Relations position and activities

Chr. Hansen Holding A/S seeks to ensure that relevant, accurate and timely information is made available to the stock market to serve as a basis for regular trading and a fair pricing of Chr. Hansen Holding A/S' shares. By providing the said information Chr. Hansen Holding A/S is aiming to ensure that it is perceived as a visible, accessible, reliable and professional company by the investor community and that we are regarded among the best concerning these matters compared to similar companies.

The above shall be achieved while complying with the rules and legislation for listed companies on NASDAQ OMX

Copenhagen and by observing Chr. Hansen Holding A/S' policy on communication. The Investor Relations department is organized as a separate unit and reports directly to the CFO. During 2010/11 Chr. Hansen held more than 200 meetings with investors and analysts including road shows to London, New York, Boston, Paris, Oslo, Stockholm, Helsinki, Geneva as well as participated in a number of conferences held by various brokers. In October 2011 a capital markets day was held at our production facility in Copenhagen.

SHARE DATA

| | |
|-----------------------------------|---------------------------|
| Share capital DKK | 1.380.342.200 |
| Number of shares | 138.034.220 of DKK 10 |
| Outstanding shares | 135.140.186 |
| Classes of shares | 1 |
| Voting and ownership restrictions | None |
| Stock exchange | NASDAQ OMX Copenhagen A/S |
| ISIN code | DK0060227585 |
| Ticker symbol | CHR |

CONTACT

The Investor Relations department handles the daily contact with analysts and investors.

Head of Investor Relations

Senior Director

Anders Mohr Christensen

Tel: +45 4574 7618

Email: dkamc@chr-hansen.com

HOMEPAGE

Our homepage includes both historical and current information about the company, including company announcements, investor presentations, teleconferences, financial calendar, annual report etc. <http://investor.chr-hansen.com/>

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on Tuesday, 29 November 2011 at Chr. Hansen's headquarter, Boege Allé 10-12, 2970 Hoersholm at 4pm CET.

FINANCIAL CALENDAR

Annual General Meetings

| | |
|------------------|--------------------------------|
| 29 November 2011 | Annual General Meeting 2010/11 |
| 27 November 2012 | Annual General meeting 2011/12 |

Results announcements

| | |
|-----------------|-------------------------|
| 11 January 2012 | Interim Report Q1 |
| 19 April 2012 | Interim Report Q2 |
| 4 July 2012 | Interim Report Q3 |
| 31 October 2012 | Annual Report 2011/2012 |

COMPANY ANNOUNCEMENTS 2010/11

| | |
|------------------|---|
| 6 September 2010 | Management change, Colors & Blends Division |
| 1 October 2010 | Financial calendar 2010/2011 |
| 2 November 2010 | Full-year financial results 2009/10 |
| 2 November 2010 | Grant of options to Executive Board |
| 2 November 2010 | Implementation of Restricted Share Unit program for Executive Board and key employees |
| 2 November 2010 | Reporting of transactions by senior employees |
| 4 November 2010 | Notice to convene annual general meeting |
| 9 November 2010 | Reporting of transactions by senior employees |
| 30 November 2010 | Decisions of annual general meeting |
| 12 January 2011 | Interim report 2010/11 Q1 |
| 13 January 2011 | Major shareholder announcement from Financière Star 1 S.A. |
| 23 February 2011 | Reporting of transactions by senior employees |
| 25 February 2011 | Management Change, EVP Colors & Blends Division |
| 18 March 2011 | Major shareholder announcement from BlackRock, Inc. |
| 6 April 2011 | Interim Report 2010/11 Q2 |
| 8 April 2011 | Reporting of transactions by senior employees |
| 12 April 2011 | Reporting of transactions by senior employees |
| 14 April 2011 | Reporting of transactions by senior employees |
| 26 April 2011 | New CFO appointed |
| 5 May 2011 | Reporting of transactions by senior employees |
| 6 July 2011 | Interim Report 2010/11 Q3 |
| 7 July 2011 | Reporting of transactions by senior employees |
| 8 July 2011 | Reporting of transactions by senior employees |
| 30 August 2011 | Financial calendar 2011/2012 |

Corporate governance

Chr. Hansen Holding A/S' Board of Directors remains committed to maintaining a constructive dialogue with shareholders and other stakeholders as well as securing a high level of transparency when communicating with our shareholders.

RECOMMENDATIONS FOR CORPORATE GOVERNANCE

As listed on NASDAQ OMX Copenhagen and with reference to section 107b of the Danish Financial Statements Act (Årsregnskabsloven), Chr. Hansen Holding A/S must refer to the Recommendations for corporate governance ("Anbefalinger for god selskabsledelse") as adopted by NASDAQ OMX Copenhagen in the Rules for issuers of shares. Chr. Hansen have met the recommendations of 8 April 2010 in all respects.

In 2011 NASDAQ OMX Copenhagen adopted the revised Recommendations for corporate governance from August 2011, which now includes recommendations regarding diversity in the management team. Chr. Hansen intends to follow these recommendations, including establishing diversity targets, during 2011/12.

The Board of Directors of Chr. Hansen Holding A/S has prepared a statement on corporate governance for the 2011/12 financial year which is included in the Directors' report. The statement can be reviewed and downloaded on <http://investor.chr-hansen.com/events.cfm>. The statement includes a description of Chr. Hansen's approach to the "Recommendations for corporate governance" issued and a description of the management structure and the main elements of our internal control and risk management systems in connection with the company's financial reporting process.

MANAGEMENT STRUCTURE

As a Danish company, Chr. Hansen Holding A/S has a management structure consisting of the Board of Directors and the day-to-day management, as illustrated below. Further information is available in the above-mentioned statement on corporate governance.



Risk management

Focusing on risk management, we strive to identify risks as early as possible and adapt our business processes and controls to meet, manage and mitigate these risks. At Chr. Hansen, risk management is a decentralized process and every division and business function is in charge of identifying and managing risks related to their part of the company. Similarly, our subsidiaries identify all significant local risks and manage these based on the extensive experience accumulated by local management regarding their countries or areas. At group level, the Executive Board collects information regarding major significant risks and decides the measures to be taken in order to limit the occurrence. All these risks are evaluated based on the possible impact on profitability and the likelihood of the risk materializing.

We operate with three overall risk categories: Strategic, Operational and Financial risks. Strategic risks are related to the way we manage and monitor risks that could affect the development of our business model. Operational risks relate to the way Chr. Hansen is doing business on a daily basis and what procedures Chr. Hansen has implemented to handle these risks. We are also exposed to financial risks such as currency and interest rates fluctuations and other macro economical developments that could affect our financial performance.

The most significant risks identified are described below, including the measures taken to limit the risks. The risks are not listed in order of priority.

STRATEGIC RISKS

Product safety

The majority of Chr. Hansen's products are sold to the food and life science industries. Most of our products are components in customers' end products that are consumed as food or beverages. Consequently, impeccable product safety is of the utmost importance. Chr. Hansen's customers demand and expect impeccable high quality products and it is a major strategic risk for the company if the safety of our products is questioned by our customers, the consumers and the authorities.

To ensure the highest product safety, Chr. Hansen has an extensive quality assurance program covering the entire value chain, from sourcing of raw materials until the finished product are delivered to our customers. Additionally, Chr. Hansen is performing risk assessments in the application phase of our products at the customers' sites and for the final consumption.

Chr. Hansen's production management program is built on a risk evaluation model and is certified up against international standards such as ISO 9001 and ISO 22000. All of our products are procured in accordance with ISO 22000.

Our North American and German production sites were granted the Food Safety Certification FSSC 22000 and further implementation of FSSC 22000/PAS220 on our other production sites continues.

Compliance

Doing business internationally means that Chr. Hansen is subject to legislation and guidelines in all countries where we operate. Chr. Hansen has a strong compliance culture ensuring observance of legislation and regulation in all areas of the business. In our subsidiaries, the management teams have strong knowledge of local rules and regulations. To support the organization in being consistent with all laws, regulations, policies and standards we have central departments dedicated to compliance for our products, production, finance, administration and corporate social responsibility.

Business integrity

Since 1874, Chr. Hansen has built a strong corporate brand manufacturing and selling products used in the production of food and beverages. During all these years Chr. Hansen has been a trusted and valued partner for our customers. A strong brand does not come easily and is a result of our aim to operate with integrity as a trusted business partner and a responsible citizen in the countries where we operate. In Chr. Hansen, we follow a set of policies and positions – known as C-Way – which outlines our commitment to operate with integrity in a sustainable, ethical and responsible way all over the world. In addition, we work actively with Corporate Social Responsibility (CSR) and have signed the UN Global Compact emphasizing our commitment to being a trusted and responsible global citizen.

Health claims

Today consumers are requesting more information and assurance regarding food and health products. Consequently, governments and agencies especially EFSA are now introducing more stringent rules and regulations related to documentation of health claims.

In Chr. Hansen we follow this development closely and work diligently to document all claims of health benefits for our

probiotic products. Chr. Hansen has the critical mass to ensure adequate documentation of all our products, and our work to provide this documentation will enable us to retain our leading position and competitive edge within these markets. Today, Chr. Hansen is the owner of some of the best-documented bacterial strains on the market, such as BB-12[®], L.Casei 431[®] and LA-5[®]. (Read more under Research & Development).

Innovation

Innovation is instrumental for Chr. Hansen in order to retain and develop our competitive edge and market leadership. We cooperate closely with our customers to continuously improve our current products and develop entirely new products meeting customers' needs and expectations. Additionally, Chr. Hansen enters into joint ventures and other strategic partnerships to make sure that our expertise and fields of excellence are used in the best possible way to create value for Chr. Hansen and our stakeholders. Each year, Chr. Hansen is dedicating approximately 6% of revenue to research and development activities, thus ensuring that our product pipeline is constantly reflecting expected market developments and will continue to be a driving force behind our growth.

OPERATIONAL RISKS

Sourcing/Supply Chain

Chr. Hansen customers are relying on Chr. Hansen to deliver quality products according to specifications. The quality and safety of our end products is contingent on the raw materials and semi-finished goods that we source from our suppliers. Chr. Hansen cooperates closely with our suppliers to perform and document quality control and quality assessment of all significant raw materials. To ensure that suppliers are in line with our C-way policies, we have implemented a global supplier evaluation program addressing suppliers in relation to CSR, compliance, financial situation, delivery performance and documentation of product safety and quality.

With the increased demand for natural colors, sourcing of raw materials especially for carmine has become a risk for Chr. Hansen. To secure sustainable and adequate supply of raw materials a dedicated function responsible for sourcing of raw materials for natural colors has been established reporting to the head of the Natural Colors Division. To mitigate the risk related to sourcing of raw materials for carmine Chr. Hansen works towards a closer co-operation with local farmers in Peru. In

parallel we are looking at opportunities to encourage production of this raw material outside Peru and on a longer term to find alternative ways to produce carmine color.

Production

Chr. Hansen has five main production sites located in Denmark (2), France, Germany and USA. These sites represent the core of our business, and each site carefully monitors safety and delivery performance to manage all potential risks. With the main production consolidated on few sites, we ensure that the capacity is optimized in order to reduce production costs. To minimize the risk of production breakdown or failure, Chr. Hansen has implemented a risk prevention program where safety audits are conducted regularly ensuring that maintenance and replacements are performed preventively.

Legal Proceedings

Chr. Hansen is from time to time party to legal proceedings arising in the ordinary course of our business and we were as of 31 August 2011 defendant in seven diacetyl-related lawsuits based on alleged personal injuries as a result of exposure to diacetyl vapors. We do not believe that diacetyl lawsuits will have a material adverse effect on our financial position or results of operation as Chr. Hansen had an insurance policy covering losses from diacetyl claims against the company at the time of our production of products containing diacetyl. We believe that the insurance is adequate to cover any losses arising from the cases against us related to diacetyl exposure.

Human Capital

Attracting and retaining the best employees and new talents are central to drive Chr. Hansen to the best performance. Knowledge is instrumental to our business and we are continuously building on expanding our knowledge base by actively developing the key competencies of our employees. In Chr. Hansen, we employ a large number of field experts and scientists and developing their skills and knowledge is an important part of building competencies globally. It is, however, equally essential to integrate these highly qualified employees in the day-to-day business and help them become better at converting their expertise into business value. At Chr. Hansen, we do not only aim at developing their area of expertise, but are also developing specific programs to integrate our experts and scientists in the business, creating value for our company and our customers.

FINANCIAL RISKS

Being an international company, Chr. Hansen is exposed to currency and interest rate fluctuations.

We operate a corporate treasury department that monitors and manages risks related to currency exposure and interest rate levels in accordance with our corporate Treasury Procedure approved by the Board of Directors. The procedure reflects how Chr. Hansen manages financial risks and contains rules relating not only to how financial instruments are used to hedge risks, but also to define an acceptable level of risk exposure and use of counter parties.

Funding & Liquidity

Funding and adequate liquidity are fundamental factors in driving an expanding business and management of both are an integrated part of our continuous budget and forecasting process. To ensure focus on managing the risks related to funding and liquidity, Chr. Hansen's corporate treasury department is managing and monitoring funding and liquidity for the entire group. A more detailed description of the loan structure can be found in note 25 to the consolidated financial statements.

Foreign Exchange

To reduce our exposure to exchange rate changes, Chr. Hansen is primarily trading in EUR or USD. However, trading in other currencies also takes place. Our currency exposure is mainly managed by performing both income and expenses in the same currency. Where this is insufficient to manage the risk, our corporate treasury department performs hedging in accordance with the Treasury Procedure. Please refer to note 30 of the consolidated financial statement for further information.

Interest rate

Interest rate risk mainly relates to interest on our debt. Our debt is financed at market rate plus a margin. The risk is limited by entering into interest hedging agreements in accordance with our Treasury Procedure. Please refer to note 30 of the consolidated financial statement for further information.

Credit

Credit risks mainly relate to trade receivables and other receivables. The risk is limited due to Chr. Hansen's diverse customer base representing several industries and businesses on

international markets where we are cooperating with many large and medium sized partners. When dealing with small businesses, we are mainly selling through distributors, thus reducing the risk regarding these customers.

Counter party risk

Counter party risk for cash, deposits and financial instruments are handled by only working with financial institutions which have a satisfactory long-term credit rating. The current level of the core financial counterparties have a long-term credit rating in the AA or the A category. Our Treasury Procedure also defines a credit limit for each counter party.

FINANCIAL STATEMENTS

GROUP



ENZYMES

Consolidated Financial Statements - Chr. Hansen Group

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Income Statement

1 September - 31 August

| EUR million | Note | 2010/11 | 2009/10 |
|--|-------|--------------|--------------|
| Revenue | 3 | 635.6 | 551.8 |
| Cost of sales | 4,5 | (326.9) | (272.5) |
| Gross profit | | 308.7 | 279.3 |
| Research and development costs | 4,5 | (28.2) | (24.9) |
| Sales and marketing expenses | 4,5 | (78.9) | (71.4) |
| Administrative expenses | 4,5,6 | (46.1) | (43.9) |
| Other operating income | | 4.2 | 1.5 |
| Other operating expenses | | (0.5) | (0.8) |
| Operating profit before special items | | 159.2 | 139.8 |
| Special items | 7 | - | (24.2) |
| Operating profit | | 159.2 | 115.6 |
| Financial income | 8 | 37.6 | 38.7 |
| Financial expenses | 9 | (48.5) | (105.7) |
| Profit before tax | | 148.3 | 48.6 |
| Corporation tax | 10 | (34.1) | (31.8) |
| Profit from continuing operations | | 114.2 | 16.8 |
| Result from discontinued operations | 11 | 4.4 | 2.4 |
| Profit for the year | | 118.6 | 19.2 |
| Distributed to: | | | |
| Non controlling interests | | 1.9 | 1.4 |
| Shareholders of Chr. Hansen Holding A/S | | 116.7 | 17.8 |
| Earnings per share (EUR) | 12 | 0.86 | 0.16 |
| Earnings per share, diluted (EUR) | 12 | 0.86 | 0.16 |
| Earnings from continuing operations per share (EUR) | 12 | 0.83 | 0.14 |
| Earnings from continuing operations per share, diluted (EUR) | 12 | 0.83 | 0.14 |

Statement of comprehensive income

| EUR million | Note | 2010/11 | 2009/10 |
|---|------|---------------|-------------|
| Profit for the year | | 118.6 | 19.2 |
| Currency translation of foreign group entities | | (10.1) | 21.4 |
| Deferred gains/(losses) on cash flow hedges arising during the year | | 1.1 | (1.1) |
| Gains/(losses) on cash flow hedges expired during the year | | (1.7) | (0.4) |
| Tax related to cash flow hedge | | 0.2 | 0.3 |
| Other comprehensive income for the year | | (10.5) | 20.2 |
| Total comprehensive income for the year | | 108.1 | 39.4 |
| Distributed to: | | | |
| Shareholders of Chr. Hansen Holding A/S | | 107.4 | 37.8 |
| Non controlling interests | | 0.7 | 1.6 |
| | | 108.1 | 39.4 |

Balance sheet at 31 August

| Assets | | | |
|--|------|----------------|----------------|
| EUR million | Note | 2011 | 2010 |
| Non-current assets | | | |
| Intangible assets | | | |
| Goodwill | 13 | 611.3 | 625.6 |
| Other intangible assets | 14 | 150.1 | 155.1 |
| Intangible assets in progress | 14 | 42.5 | 35.1 |
| Total intangible assets | | 803.9 | 815.8 |
| Property, plant and equipment | | | |
| Land and buildings | 15 | 122.1 | 136.3 |
| Plant and machinery | 15 | 95.5 | 100.3 |
| Other fixtures and equipment | 15 | 8.9 | 6.9 |
| Property, plant and equipment in progress | 15 | 17.6 | 15.0 |
| Total property, plant and equipment | | 244.1 | 258.5 |
| Other non-current assets | | | |
| Deferred tax | 23 | 7.7 | 2.2 |
| Total other non-current assets | | 7.7 | 2.2 |
| Total non-current assets | | 1,055.7 | 1,076.5 |
| Current assets | | | |
| Inventories | | | |
| Raw materials and consumables | | 16.7 | 12.1 |
| Work in progress | | 23.9 | 20.5 |
| Finished goods and goods for resale | | 37.5 | 42.7 |
| Total inventories | 16 | 78.1 | 75.3 |
| Receivables | | | |
| Trade receivables | 17 | 85.6 | 82.9 |
| Tax receivable | | 2.3 | 6.7 |
| Other receivables | 18 | 7.6 | 8.2 |
| Prepayments | 19 | 5.3 | 5.7 |
| Total receivables | | 100.8 | 103.5 |
| Cash and cash equivalents | 20 | 118.1 | 61.0 |
| Total current assets | | 297.0 | 239.8 |
| Total assets | | 1,352.7 | 1,316.3 |

Balance sheet at 31 August

| Equity and liabilities | | | |
|--------------------------------------|------|----------------|----------------|
| EUR million | Note | 2011 | 2010 |
| Equity | | | |
| Share capital | 21 | 185.3 | 185.4 |
| Reserves | | 455.3 | 356.6 |
| Non controlling interests | | 3.7 | 3.7 |
| Total equity | | 644.3 | 545.7 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Employee benefit obligations | 22 | 5.2 | 5.4 |
| Deferred tax | 23 | 69.2 | 71.3 |
| Provisions | 24 | 1.2 | 2.8 |
| Borrowings | 25 | 434.9 | 523.9 |
| Corporation tax | | 16.0 | 8.9 |
| Other non-current debt | | 2.3 | 2.3 |
| Total non-current liabilities | | 528.8 | 614.6 |
| Current liabilities | | | |
| Provisions | 24 | 1.0 | 0.8 |
| Borrowings | 25 | 30.7 | 11.6 |
| Prepayments from customers | | 0.4 | 0.2 |
| Trade payables | 25 | 66.2 | 64.6 |
| Corporation tax | | 34.8 | 26.3 |
| Other payables | 26 | 46.5 | 52.5 |
| Total current liabilities | | 179.6 | 156.0 |
| Total liabilities | | 708.4 | 770.6 |
| Total equity and liabilities | | 1,352.7 | 1,316.3 |

Statement of changes in equity

| 2011 | | | | | | | | | |
|--|------|---------------|----------------|----------------------|-----------------|-------------------|--------------|---------------------------|--------------|
| Shareholders of Chr. Hansen Holding A/S | | | | | | | | | |
| EUR million | Note | Share capital | Treasury stock | Currency translation | Cash flow hedge | Retained earnings | Total | Non controlling interests | Total |
| Equity 1 September, 2010 | | 185.4 | (35.0) | 2.7 | (1.2) | 390.1 | 542.0 | 3.7 | 545.7 |
| Total comprehensive income for the year, cf. Statement of comprehensive income | | (0.1) | | (8.8) | (0.4) | 116.7 | 107.4 | 0.7 | 108.1 |
| Share-based payment | 27 | | | | | 2.8 | 2.8 | | 2.8 |
| Dividend | | | | | | (11.6) | (11.6) | (0.7) | (12.3) |
| Equity 31 August, 2011 | | 185.3 | (35.0) | (6.1) | (1.6) | 498.0 | 640.6 | 3.7 | 644.3 |

For the financial year 2010/11, a dividend of EUR 0.48 (DKK 3.57) per share corresponding to EUR 64.7 million is proposed. The dividend equals net cash proceeds from the sale of the Functional Blends activities plus 40% of net profit.

| 2010 | | | | | | | | | |
|--|------|---------------|----------------|----------------------|-----------------|-------------------|--------------|---------------------------|--------------|
| Shareholders of Chr. Hansen Holding A/S | | | | | | | | | |
| EUR million | Note | Share capital | Treasury stock | Currency translation | Cash flow hedge | Retained earnings | Total | Non controlling interests | Total |
| Equity 1 September, 2009 | | 135.5 | - | (18.6) | - | (25.9) | 91.0 | 2.8 | 93.8 |
| Capital increase | | 50.0 | - | - | - | 400.0 | 450.0 | - | 450.0 |
| IPO-related cost | | - | - | - | - | (18.6) | (18.6) | - | (18.6) |
| Capital contribution | | - | - | - | - | 15.6 | 15.6 | - | 15.6 |
| Purchase of treasury shares | | - | (35.0) | - | - | - | (35.0) | - | (35.0) |
| Total comprehensive income for the year, cf. Statement of comprehensive income | | (0.1) | - | 21.3 | (1.2) | 17.8 | 37.8 | 1.6 | 39.4 |
| Share-based payment | 27 | - | - | - | - | 1.2 | 1.2 | - | 1.2 |
| Dividend | | - | - | - | - | - | - | (0.7) | (0.7) |
| Equity 31 August, 2010 | | 185.4 | (35.0) | 2.7 | (1.2) | 390.1 | 542.0 | 3.7 | 545.7 |

The proposed dividend of EUR 11.6 millions, corresponding to 0.09 EUR (0.64 DKK) per share, for 2009/10 is included in Retained earnings.

Cash flow statement

1 September - 31 August

| EUR million | Note | 2010/11 | 2009/10 |
|---|-----------|---------------|---------------|
| Operating profit | | 159.2 | 115.6 |
| Adjustments | 28 | 45.9 | 43.8 |
| Change in working capital | 29 | (19.4) | (9.6) |
| Interest payments received | | 1.3 | 5.9 |
| Interest payments made | | (15.2) | (45.7) |
| Taxes paid | | (21.4) | (11.5) |
| Cash flows from operating activities | | 150.4 | 98.5 |
| Proceeds from divested operations | 11 | 19.4 | - |
| Investments in intangible assets | | (23.3) | (20.0) |
| Investments in property, plant and equipment | | (22.1) | (18.7) |
| Sale of property, plant and equipment | | 0.2 | 0.3 |
| Cash flows from investing activities | | (25.8) | (38.4) |
| Free cash flows | | 124.6 | 60.1 |
| Capital contribution, net | | - | 447.0 |
| Raising of long-term loans | | - | 450.0 |
| Repayment of long-term loans | | (56.4) | (853.2) |
| Treasury shares | | - | (35.0) |
| Repayments of share holder loan | | - | (93.6) |
| Dividend for 2009/10 | | (11.6) | - |
| Non controlling interests, dividend etc. | | (0.7) | (0.7) |
| Cash flows from financing activities | | (68.7) | (85.5) |
| Cash flows from discontinued operations | 11 | 4.0 | 2.8 |
| Net cash flows for the year | | 59.9 | (22.6) |
| Cash and cash equivalents at 1 September | | 61.0 | 80.3 |
| Unrealised exchange gain/loss included in cash and cash equivalents | | (2.8) | 3.3 |
| Net cash flow for the year | | 59.9 | (22.6) |
| Cash and cash equivalents at 31 August | | 118.1 | 61.0 |

Notes

NOTE 1 - ACCOUNTING POLICIES

BASIS OF PREPARATION

The Consolidated Financial Statements for Chr. Hansen Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and additional Danish disclosure requirements applying to enterprises of reporting class D.

GENERAL INFORMATION ON RECOGNITION AND MEASUREMENT

The 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 2010/11 and the comparative figures. The accounting policies are unchanged, except for the implemented amendments to IFRS/IAS standards as stated below.

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 the 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

Chr. Hansen has adopted all new or amended accounting standards and interpretations (IFRS's) issued by IASB and endorsed by the European Union effective for the accounting year 2010/11. The application of the new IFRS did not have any material impact on the Consolidated Financial Statements in 2010/11 and we do not anticipate any significant impact on future periods from the adoption of these new IFRS's.

The IASB has issued the following new or amended standards

and interpretations, which have been adopted by the European Union but not yet implemented by the Group:

- Changes to IFRIC 14 regarding minimum funding requirements of defined benefit plans. The interpretation is effective for financial years beginning on or after 1 January 2011.
- IFRS 10 "Consolidated Financial Statements" establishes principles for the presentation and preparation of Consolidated Financial Statements. The standard is effective for financial years beginning on or after 1 January 2013.

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 9 "Financial instruments". The number of asset classes for financial assets has been reduced to two: amortized cost value or fair value. The standard incorporates new requirements on accounting for financial liabilities. The standard is effective for financial years beginning on or after 1 January 2013.
- Annual improvements 2010. Minor changes to IFRS 1, IFRS 3, IFRS 7, IAS 27, IAS 34 and IFRIC 13. The changes are effective for financial years beginning on or after 1 January 2011.
- IFRS 11 "Joint arrangements" reduces the number of joint arrangements to two: joint operations and joint ventures. The standard is effective for financial years beginning on or after 1 January 2013.
- IFRS 12 "Disclosures of interest in other entities" states disclosure requirements for entities with interests in businesses covered by IFRS 10, IFRS 11 or IAS 28. The standard is effective for financial years beginning on or after 1 January 2013.
- IFRS 13 "Fair value measurement" provides guidance on fair value measurement and disclosure requirements. The standard is effective for financial years beginning on or after 1 January 2013.
- IAS 19 "Employee benefits" has been amended, adjusting the principles for recognition and measurement of post retirement benefits. Furthermore the disclosure requirements of defined benefit plans have increased. The standard is effective for financial years beginning on or after 1 January 2013.

None of the new and amended standards are expected to have a material effect on the Group's reporting. The Group expects to adopt the standards and interpretations when they become mandatory.

BASIS OF CONSOLIDATION

The 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.

The Consolidated Financial Statements are prepared on the basis of the Financial Statements of the Parent Company and subsidiaries, which are all included in the 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 realized and unrealized profits and losses on transactions between the consolidated enterprises. The tax effect of unrealized eliminations is taken into account. Furthermore, intercompany investments are eliminated.

The accounting items of subsidiaries are included in full in the Consolidated Financial Statements. Non controlling 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.

Gains or losses on the disposal or winding-up of group enterprises, joint ventures and associates 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 or losses on disposal or winding-up of associated companies are recognized under financials.

BUSINESS COMBINATIONS

Entities acquired or formed during the year are recognized in the 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 (see 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. 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 as of the transaction date. Negative differences (negative goodwill) are recognized in the Income Statement as of the acquisition date.

If uncertainties regarding measurement of acquired identifiable assets, liabilities and contingent liabilities exist as of 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 as of 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 realization of the acquired entity's deferred tax assets not recognized at the acquisition date will require recognition of the tax benefit in the Income Statement and the 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 as of the acquisition date.

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 parent Company is the Danish kroner (DKK); however, due to the Group's international relations, the consolidated accounts are presented in euro (EUR).

TRANSLATION OF TRANSACTIONS AND AMOUNTS

Transactions in foreign currencies are initially translated into the functional currency at the exchange rates as of the dates of transaction. Exchange adjustments arising due to differences between the transaction date rates and the rates as of 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 as of the balance sheet date. Exchange adjustments arising due to differences between the rates as of 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 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 as of 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 as of the balance sheet date and on the translation of income statements from transaction

date rates to exchange rates as of the balance sheet date are recognized in other comprehensive income and presented as a separate reserve in equity.

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 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 hedge),
- hedges associated with highly probable forecasted transactions (cash flow hedge), or
- hedges of a net investment in a foreign operation (net investment hedge).

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.

The effective part of changes in the fair value of derivative financial instruments used to hedge expected future transactions are recognized in other comprehensive income and presented as a separate reserve in equity. The reserve is transferred to the Income Statement on realization of the hedged transactions. If a derivative financial instrument used to hedge expected future transactions expires, is sold or no longer qualifies for hedge accounting, any accumulated fair value reserve remains in equity until the hedged transaction is concluded. If the transaction is no longer expected to be concluded, any fair value reserve accumulated under equity is transferred to the Income Statement.

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 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 Natural Colors. The information is based on the management structure and the internal management reporting directed to the senior management of the Group. The senior management consists of the Executive Board. The identification of the segments on which to report did not include aggregation of operative segments.

The accounting policies regarding recognition and measurement used in the segment information are identical to the ones used in the Financial Statements.

Information regarding the 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 license agreements.

COST OF SALES

Cost of sales comprises the cost of products sold. Cost comprises 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 operation, administration and management of factories. Furthermore, expenses for writing down inventories to net realizable value are recognized.

RESEARCH AND DEVELOPMENT COSTS

Research and development costs 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 expenses.

Development projects are recognized as intangible assets if they relate 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. This applies if sufficient certainty exists that the value in use of future earnings or savings can cover cost of sales and selling expenses involved as well as 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 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 service period of the options.

OTHER OPERATING INCOME AND EXPENSES

Other operating income and expenses 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 as of 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 made. Also classified as special items are, if major, profits and losses on disposal of subsidiaries not qualifying for recognition as discontinued operations in the Income Statement. Material non-recurring income and expenses that originate from projects related to the strategy for development of the Group and process optimizations are classified as special items.

INCOME FROM INVESTMENTS IN ASSOCIATES

The proportionate share of the results of associates after tax and non-controlling interests is recognized in the Income Statement after elimination of the proportionate share of unrealized intra-group profits/losses.

FINANCIAL INCOME AND EXPENSES

Financial income and expenses comprise interest receivable and interest payable calculated under the effective interest method, commission, the interest component of payments under finance leases surcharges and refunds under the on-account tax scheme value adjustments of financial fixed assets, 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 OPERATIONS

A discontinued operation 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 operations.

Discontinued operations 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 Business combinations). 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 as of 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 charges on goodwill are 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 software and IT systems are capitalized and amortized over their estimated useful life.

Trademarks, patents and customer base acquired 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 - 15 years

Useful lives are determined on the basis of Management's experience in the individual business areas.

Impairment tests of other intangible assets are made when there is an indication of impairment.

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 operating income or Other operating 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. Borrowing costs in respect of construction of assets are capitalized when it takes more than a year to be ready for use.

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.

Impairment tests of property, plant and equipment are made when there is an indication of impairment.

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 operating income or Other operating expenses.

IMPAIRMENT OF ASSETS

Goodwill is subject to an annual impairment test, for the 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 is 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.

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 costs.

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 recoverable amount exceeds the carrying amount of the asset after amortization had the asset not been impaired.

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 unrealized 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 realizable 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, wages and salaries, maintenance and depreciation of production machinery, buildings and equipment, and production administration and management.

The net realizable 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 of the 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 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 has 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 Company's share capital.

CURRENCY TRANSLATION RESERVE

The currency translation reserve in the consolidated equity 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 partial realization of the net investment, exchange adjustments are recognized in the Income Statement.

PROPOSED DIVIDENDS

Proposed dividends are recognized as a liability as of 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 Statement of changes in equity.

NON CONTROLLING INTERESTS

On statement of the equity of the Group, non-controlling 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 future developments in relation to factors such as interest rates, inflation, mortality rates and disablement. The actuarially calculated net present value less the fair values of any assets related to each plan is recognized in Employee benefit obligations in the Balance Sheet. If the net amount for a given plan is an asset, the asset is recognized in Plan 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 Plan 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 Plan 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 - as a consequence of an event occurring 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 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 as of 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 carryforwards, are recognized in other non-current assets at the value at which the asset is expected to be realized, either by elimination of tax on future earnings or by set-off 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 unrealized 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 crystallize as current tax based on the legislation as of 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 LIABILITIES

Financial liabilities, 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 installments 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 liabilities are derecognized when settled.

The portion of the debt maturing after one 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 payables 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 to the lessee 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 liabilities, 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.

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 non-controlling 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 FLOW FROM DISCONTINUED OPERATIONS

Cash flows from discontinued operations comprise cash flow from operating, investing and financing activities combined from divested and closed businesses which meet the criteria for discontinued operations.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash less bank overdrafts as well as 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 exchange rates unless these deviate significantly from the exchange rate as of the transaction date.

FINANCIAL RATIOS

The key figures and financial ratios stated in the Consolidated Financial Statements have been calculated as follows:

CASH CONVERSION

EBITDA before special items less capital expenditures and changes in net working capital as a proportion of EBITDA before special items.

DEBT TO EBITDA

Net interest-bearing debt against EBITDA before special items.

EBITDA

Operating profit adjusted for depreciation, amortization and impairment.

EBIT

Operating profit.

INVESTED CAPITAL

Intangible assets, property, plant and equipment, trade receivables and inventories less trade payables.

NET WORKING CAPITAL (NWC)

Inventories and trade receivables less trade payables.

ORGANIC GROWTH

Increase in revenue adjusted for sales reductions, acquisitions and divestitures in order to standardize year-on-year comparisons and measured in local currency.

RETURN ON AVERAGE INVESTED CAPITAL EXCLUDING GOODWILL (ROIC)

Operating profit before special items as a percentage of average invested capital.

NET INTEREST-BEARING DEBT

Borrowings from financial institutions exclusive of shareholder loan less cash and cash equivalents.

MARKET CAP

Number of shares including treasury shares multiplied by the market value per share at period end.

NET ASSETS VALUE PER SHARE

Equity attributable to shareholders of Chr. Hansen Holding A/S divided by the number of shares including treasury shares, held at year-end.

AVERAGE NUMBER OF OUTSTANDING SHARES

Average number of shares outstanding during the financial year, excluding treasury shares.

PRICE/EARNINGS RATIO (PE)

Market price per share divided by EPS.

PAY-OUT RATIO

Total dividends for the year as a percentage of profit for the year distributed to shareholders of Chr. Hansen Holding A/S. In 2009/10 an adjustment has been made to include a capital contribution from Financière Star 1 to cover the net impact of an extraordinary bonus to all employees. In 2010/11 an adjustment of net proceeds from the sale of the Functional Blends activities has been made.

EARNINGS PER SHARE (EPS)

Profit/loss for the year distributed to shareholders of Chr. Hansen Holding A/S divided by the average number of shares, excluding treasury shares.

OTHER KEY RATIOS

Other key ratios used are measured as a percentage of net revenue.

NOTE 2 - CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

In preparing the Group's 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 judgments are presented below. The Group's accounting policies are described in detail in Note 1 to the Consolidated Financial Statements.

ESTIMATION UNCERTAINTY

Determining the carrying amount of some assets and liabilities requires judgments, estimates and assumptions concerning future events.

The judgments, 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 judgments, 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 five years and on projections for subsequent years. Key parameters are revenue development, profit margins, 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 carrying value of goodwill as of 31 August 2011 amounts to EUR 611.3 million compared to EUR 625.6 million as of 31 August 2010.

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 or savings as well as interest rate and risks.

The carrying value of development projects in progress and finished development projects as of 31 August 2011 are EUR 39.0 million compared to EUR 28.7 million as of 31 August 2010.

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 of materials, consumables and labor whereas indirect production costs (IPC) consist of maintenance, depreciations etc.

The calculations of the IPC are reviewed regularly in order to ensure that relevant assumptions such as prices, production yield and measures of utilization are incorporated correctly. Changes in the parameters, assumed production yield and utilization levels etc. could have a significant impact on the cost price and, in turn, on the valuation of inventories and production costs.

The carrying value of other direct and indirect production costs included in the value of the inventories as of 31 August 2011 amounts to EUR 28.7 million compared to EUR 24.9 million as of 31 August 2010.

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 on economic trends in the Group's sales channels. If the ability to pay changes in the 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 trade receivables as of 31 August 2011 amounts to EUR 85.6 million compared to EUR 82.9 million as of 31 August 2010.

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 utilized in the foreseeable future for set-off against future positive taxable income. The assessment is made at least annually and is based on budgets and business plans for the future years, including planned business initiatives.

The value of recognized deferred tax assets as of 31 August 2011 amounts to EUR 7.7 million compared to EUR 2.2 million as of 31 August 2010.

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 of this is based on judgment by 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 as of 31 August 2011 amounts to EUR 2.2 million compared to EUR 3.6 million as of 31 August 2010.

ASSESSMENT IN APPLIED ACCOUNTING POLICIES

In applying the Group's accounting policies, management makes judgments which may significantly influence the amounts recognized in the Consolidated Financial Statements.

SPECIAL ITEMS

The use of special items entails Management's judgment in the separation from other items in the Income Statement (see 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 disposals not classified as discontinued operations. 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.

SEGMENT INFORMATION

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 allocation keys. These allocation keys are updated at least annually based on planned activity in each reportable segment and are subject to Management's judgment.

EUR million

2010/11

Note 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 offering the customers 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.

Natural Colors Division provides natural color solutions to the food and beverage industries. After the divestment of the Functional Blends activities in 2010/11 the name of the division has changed from Colors & Blends Division to Natural Colors Division.

Income and expenses for 2009/10 and 2010/11 in the tables below have been adjusted for the discontinued Functional Blends activities.

| | Cultures & Enzymes | Health & Nutrition | Natural Colors | Not allocated | Group |
|--|-----------------------|-----------------------|-------------------|---------------|--------|
| Income statement | | | | | |
| External revenue | 378.8 | 90.9 | 165.9 | | 635.6 |
| EUR growth | 6% | 15% | 42% | | 15% |
| Organic growth | 6% | 16% | 40% | | 14% |
| EBITDA (b.s.i.) | 143.3 | 36.8 | 21.6 | | 201.7 |
| EBITDA margin (b.s.i.) (%) | 38% | 40% | 13% | | 32% |
| Special items | - | - | - | | - |
| EBITDA | 143.3 | 36.8 | 21.6 | | 201.7 |
| EBITDA margin (%) | 38% | 40% | 13% | | 32% |
| Depreciation, amortization and impairment losses | (32.0) | (6.4) | (4.1) | | (42.5) |
| EBIT | 111.3 | 30.4 | 17.5 | | 159.2 |
| EBIT margin (%) | 29% | 33% | 11% | | 25% |

| | Cultures & Enzymes | Health & Nutrition | Natural Colors | Not allocated | Group |
|--|-----------------------|-----------------------|-------------------|---------------|----------------|
| Assets | | | | | |
| Goodwill | 535.1 | 76.2 | - | | 611.3 |
| Other intangible assets | 131.5 | 46.4 | 14.7 | | 192.6 |
| Intangible assets | 666.6 | 122.6 | 14.7 | | 803.9 |
| Tangible assets | 186.6 | 30.1 | 27.4 | | 244.1 |
| Total non-current assets excluding deferred tax | 853.2 | 152.7 | 42.1 | | 1,048.0 |
| Inventories | 39.0 | 9.4 | 29.7 | | 78.1 |
| Trade receivables | 48.5 | 12.6 | 24.5 | | 85.6 |
| Trade payables | (30.4) | (7.2) | (28.6) | | (66.2) |
| Net working capital | 57.1 | 14.8 | 25.6 | | 97.5 |
| Invested capital exclusive goodwill | 375.2 | 91.3 | 67.7 | | 534.2 |
| ROIC, excluding goodwill % adjusted for divestment | 30% | 34% | 27% | | 30% |

EUR million 2009/10

Note 3 - Segment information - continued

| | Cultures & Enzymes | Health & Nutrition | Natural Colors | Not allocated | Group |
|--|-----------------------|-----------------------|-------------------|---------------|----------------|
| Income statement | | | | | |
| External revenue | 356.2 | 78.8 | 116.8 | | 551.8 |
| EUR growth | 8% | 15% | 48% | | 15% |
| Organic growth | 6% | 14% | 42% | | 13% |
| EBITDA (b.s.i.) | 137.7 | 27.8 | 16.4 | | 181.9 |
| EBITDA margin (b.s.i.) (%) | 39% | 35% | 14% | | 33% |
| Special items | - | - | - | (24.2) | (24.2) |
| EBITDA | 137.7 | 27.8 | 16.4 | (24.2) | 157.7 |
| EBITDA margin (%) | 39% | 35% | 14% | | 29% |
| Depreciation, amortization and impairment losses | (33.4) | (4.6) | (4.1) | | (42.1) |
| EBIT | 104.3 | 23.2 | 12.3 | (24.2) | 115.6 |
| EBIT margin (%) | 29% | 29% | 11% | | 21% |
| Assets | | | | | |
| Goodwill | 547.8 | 77.8 | - | | 625.6 |
| Other intangible assets | 134.2 | 40.9 | 15.1 | | 190.2 |
| Intangible assets | 682.0 | 118.7 | 15.1 | | 815.8 |
| Tangible assets | 187.5 | 34.5 | 36.5 | | 258.5 |
| Total non-current assets excluding deferred tax | 869.5 | 153.2 | 51.6 | | 1,074.3 |
| Inventory | 34.5 | 10.4 | 30.4 | | 75.3 |
| Trade receivables | 51.2 | 11.5 | 20.2 | | 82.9 |
| Trade payables | (32.4) | (7.5) | (24.7) | | (64.6) |
| Net working capital | 53.3 | 14.4 | 25.9 | | 93.6 |
| Invested capital exclusive goodwill | 375.0 | 89.8 | 77.5 | | 542.3 |
| ROIC, excluding goodwill % adjusted for divestment | 28% | 27% | 18% | | 27% |

| EUR million | 2010/11 | | 2009/10 | |
|-------------|---------|--|---------|--|
|-------------|---------|--|---------|--|

Note 3 - Segment information - continued

Geographical allocation

| Revenue | | | | |
|--------------------------------------|--------------|-------------|--------------|-------------|
| Denmark | 9.1 | 1% | 8.7 | 2% |
| Rest of Europe | 314.2 | 50% | 274.9 | 50% |
| Asia Pacific, Middle East and Africa | 103.3 | 16% | 84.2 | 15% |
| North America | 133.6 | 21% | 122.0 | 22% |
| South America | 75.4 | 12% | 62.0 | 11% |
| Revenue, total | 635.6 | 100% | 551.8 | 100% |

Non-current assets, exclusive deferred tax

| | | | | |
|---|----------------|-------------|----------------|-------------|
| Denmark | 619.5 | 59% | 609.3 | 57% |
| Rest of Europe | 260.4 | 25% | 278.6 | 26% |
| Asia Pacific, Middle East and Africa | 16.2 | 2% | 14.8 | 1% |
| North America | 114.9 | 11% | 132.2 | 12% |
| South America | 37.0 | 3% | 39.4 | 4% |
| Non-current assets, exclusive deferred tax total | 1,048.0 | 100% | 1,074.3 | 100% |

| EUR million | 2010/11 | | 2009/10 | |
|-------------|---------|--|---------|--|
|-------------|---------|--|---------|--|

Note 4 - Depreciation, amortization and impairment losses

Depreciation

Property, plant and equipment

| | | |
|------------------------------------|-------------|-------------|
| Cost of sales | 21.6 | 21.9 |
| Research and development expenses | 1.8 | 1.4 |
| Sales and marketing expenses | 0.4 | 0.5 |
| Administrative expenses | 2.5 | 2.6 |
| Total continuing operations | 26.3 | 26.4 |
| Discontinued operations | 0.1 | 0.5 |
| Total | 26.4 | 26.9 |

Amortization

Intangible assets

| | | |
|------------------------------------|-------------|-------------|
| Cost of sales | 2.4 | 2.5 |
| Research and development expenses | 2.5 | 1.8 |
| Sales and marketing expenses | 10.1 | 10.0 |
| Administrative expenses | 1.2 | 1.4 |
| Total continuing operations | 16.2 | 15.7 |
| Discontinued operations | 0.3 | 0.2 |
| Total | 16.5 | 15.9 |

| | | |
|---|-------------|-------------|
| Total depreciation, amortization and impairment losses | 42.9 | 42.8 |
|---|-------------|-------------|

| EUR million | 2010/11 | 2009/10 |
|--|--------------|--------------|
| Note 5 - Staff expenses | | |
| Wages and salaries, etc | 132.1 | 124.4 |
| Extraordinary bonus to all employees | - | 18.2 |
| Severance payments | - | 2.2 |
| Pension expenses - defined contribution plans | 9.0 | 8.6 |
| Pension expenses - defined benefit plans (note 22) | 0.4 | 0.1 |
| Social security etc | 14.5 | 13.9 |
| Total | 156.0 | 167.4 |
| Average number of employees | 2,411 | 2,229 |

The figures above include staff expenses and employees regarding the divested Functional Blends activities.

Remuneration of Board of Directors and the Executive Board

Total fee to key management personnel which comprise Board of Directors and Executive Board amounted to EUR 6.3 million in 2010/11. In 2009/10 total fee to key management personnel amounted to EUR 5.6 million.

Board of Directors

In 2010/11 the total fees to the Board of Directors were EUR 0.6 million and in 2009/10 the total fees were EUR 0.3 million.

EUR million 2010/11

Note 5 - Staff expenses - continued

| The Executive Board | Salary | Bonus | Pension | Other | Share based payments * | Total |
|----------------------------|---------------|--------------|----------------|--------------|-------------------------------|--------------|
| Lars Frederiksen | 0.58 | 0.33 | 0.08 | - | 0.60 | 1.59 |
| Henning Jakobsen | 0.38 | 0.20 | 0.07 | - | - | 0.65 |
| Knud Vindfeldt | 0.39 | 0.19 | 0.05 | - | 0.50 | 1.13 |
| Henrik Dalbøge | 0.32 | 0.09 | 0.06 | - | 0.30 | 0.77 |
| Carsten Bennike ** | 0.16 | - | 0.03 | - | - | 0.19 |
| Carsten Hellmann | 0.43 | 0.20 | 0.06 | - | 0.50 | 1.19 |
| Jesper Allentoft *** | 0.11 | - | 0.02 | - | 0.10 | 0.23 |
| Total | 2.37 | 1.01 | 0.37 | - | 2.00 | 5.75 |

EUR million 2009/10

| The Executive Board | Salary | Bonus | Pension | Other | Share based payments * | Total |
|----------------------------|---------------|--------------|----------------|--------------|-------------------------------|--------------|
| Lars Frederiksen | 0.59 | 0.31 | 0.05 | - | 0.15 | 1.10 |
| Henning Jakobsen | 0.38 | 0.20 | 0.07 | - | 0.08 | 0.73 |
| Knud Vindfeldt | 0.41 | 0.20 | 0.03 | 0.01 | 0.11 | 0.76 |
| Henrik Dalbøge | 0.28 | 0.08 | 0.05 | - | 0.07 | 0.48 |
| Carsten Hellmann | 0.44 | 0.19 | 0.04 | - | 0.08 | 0.75 |
| Hans Thorkilgaard **** | 0.36 | 0.05 | 0.03 | 0.78 | 0.22 | 1.44 |
| Total | 2.46 | 1.03 | 0.27 | 0.79 | 0.71 | 5.26 |

* The amounts express the Black-Scholes value of the options charged to the income statement during the financial year.

** Member of the Executive Board since 15 March 2011.

*** Member of the Executive Board since 6 April 2011.

**** On 30 September 2010 member of the Executive Board, Executive Vice President Hans Thorkildgaard left Chr. Hansen Holding A/S.

Members of the Executive Board receive a fixed salary, pension and bonus based on group and individual KPIs, which in size is subject to certain financial and non-financial targets being met. In the event that a member is dismissed the ordinary salary is paid in a 1.5-year notice period. In the event of change of control the members of the Executive Board do not receive any additional compensation.

Note 5 - Staff expenses - continued

| Fees to Board of Directors | Joined the | | 2010/11 | 2009/10 |
|-----------------------------------|---------------|----------------|-------------|-------------|
| | board | Left the board | | |
| Ole Andersen (chairman) | February 2010 | | 0.16 | 0.11 |
| Frédéric Stévenin (vice chairman) | August 2005 | | 0.09 | 0.04 |
| Alice Dautry | March 2010 | | 0.07 | 0.03 |
| Gaëlle d'Engremont | August 2009 | | 0.05 | 0.03 |
| Svend Laulund | January 2006 | | 0.04 | 0.03 |
| Jørgen O. Nielsen | July 2010 | | 0.04 | - |
| Henrik Poulsen | March 2010 | | 0.06 | 0.03 |
| Martin G. Seidel | January 2006 | | 0.04 | 0.03 |
| Mark A. Wilson | October 2010 | | 0.03 | - |
| Per Strøman | January 2006 | January 2010 | - | - |
| Lars Frederiksen | August 2005 | February 2010 | - | - |
| Lennart Holm | August 2009 | March 2010 | - | - |
| Malene L. Hansen | January 2010 | July 2010 | - | 0.02 |
| Lionel Zinsou | January 2009 | October 2010 | 0.01 | 0.02 |
| Total | | | 0.59 | 0.34 |

Shares

The Executive Board and Board of Directors' shares in Chr. Hansen Holding A/S:

| Number of shares | Beginning of the year | Bought during the year | Sold during the year | End of the year |
|-----------------------------------|-----------------------|------------------------|----------------------|-----------------|
| Ole Andersen (chairman) | 33,333 | - | - | 33,333 |
| Frédéric Stévenin (vice chairman) | 11,111 | - | - | 11,111 |
| Alice Dautry | 3,333 | - | - | 3,333 |
| Gaëlle d'Engremont | 4,444 | - | - | 4,444 |
| Svend Laulund | 1,666 | - | - | 1,666 |
| Jørgen O. Nielsen | - | 1,000 | - | 1,000 |
| Henrik Poulsen | 4,444 | - | - | 4,444 |
| Martin G. Seidel | 555 | - | - | 555 |
| Mark A. Wilson | 3,000 | - | - | 3,000 |
| Total | 61,886 | 1,000 | - | 62,886 |
| Lars Frederiksen | - | 231,047 | - | 231,047 |
| Henning Jakobsen | - | 20,000 | - | 20,000 |
| Knud Vindfeldt | - | 126,147 | (126,147) | - |
| Henrik Dalbøge | 22,651 | 34,709 | (51,000) | 6,360 |
| Carsten Bennike | - | 3,000 | - | 3,000 |
| Carsten Hellmann | - | 151,063 | (151,063) | - |
| Jesper Allentoft | - | 6,868 | - | 6,868 |
| Total | 22,651 | 572,834 | (328,210) | 267,275 |

The Executive Board has undertaken to maintain ownership of shares in Chr. Hansen, either directly or indirectly as specified in note 27, with a minimum value corresponding to a range of approximately 6 to 24 months of the Executive's gross base salary.

| | | |
|-------------|----------------|---------|
| EUR million | 2010/11 | 2009/10 |
|-------------|----------------|---------|

Note 6 - Fees to auditors**PricewaterhouseCoopers**

| | | |
|------------------------|------------|------------|
| Statutory audit | 0.7 | 0.7 |
| Audit related services | 0.3 | 0.5 |
| Tax advisory services | 0.3 | 0.6 |
| Other services | - | 1.1 |
| Total | 1.3 | 2.9 |

In 2009/10 EUR 1.4 million of fees for services was related to the IPO-process.

| | | |
|-------------|----------------|---------|
| EUR million | 2010/11 | 2009/10 |
|-------------|----------------|---------|

Note 7 - Special items

| | | |
|---|----------|-------------|
| Two months salary as bonus to all employees | - | 18.2 |
| Severance payments - restructuring | - | 1.8 |
| Costs related to IPO | - | 1.2 |
| Proceeds from divestment of the Functional Systems business in Western Europe | - | 0.2 |
| Reservation for litigation case in Brazil | - | 0.3 |
| Close down of Medipharm production sites | - | 0.2 |
| Reorganization of Spanish subsidiary after termination of production | - | 0.3 |
| Reorganization of Danish companies | - | 0.1 |
| Restructure of European sales organisation incl. distributors | - | 1.1 |
| Other strategic projects | - | 0.8 |
| Total | - | 24.2 |

| | | |
|-------------|----------------|---------|
| EUR million | 2010/11 | 2009/10 |
|-------------|----------------|---------|

Note 8 - Financial income

| | | |
|--|-------------|-------------|
| Interest income | 1.0 | 0.5 |
| Gains from interest rate swaps | - | 16.7 |
| Foreign exchange gain | 23.8 | 21.4 |
| Foreign exchange gain on derivatives | 2.1 | 0.1 |
| Foreign exchange gain on derivatives transferred from other comprehensive income | 10.7 | - |
| Total | 37.6 | 38.7 |

| EUR million | 2010/11 | 2009/10 |
|-------------|---------|---------|
|-------------|---------|---------|

Note 9 - Financial expenses

| | | |
|--|-------------|--------------|
| Interest expenses | 14.8 | 53.5 |
| Loss from interest rate swaps | - | 1.0 |
| Foreign exchange loss | 25.7 | 27.9 |
| Foreign exchange loss on derivatives | 0.9 | 1.1 |
| Foreign exchange loss on derivatives transferred from other comprehensive income | 5.4 | - |
| Interest expenses to former parent company | - | 6.6 |
| Other financial expenses including amortized costs | 1.7 | 15.6 |
| Total | 48.5 | 105.7 |

| EUR million | 2010/11 | 2009/10 |
|-------------|---------|---------|
|-------------|---------|---------|

Note 10 - Corporation tax

| | | |
|--|-------------|-------------|
| Current tax on operating profit | 42.0 | 22.8 |
| Change in deferred tax concerning operating profit | (7.1) | 7.5 |
| Tax on profit for the year | 34.9 | 30.3 |
| Adjustments concerning previous years | (0.8) | 1.5 |
| Corporation tax | 34.1 | 31.8 |

| | 2010/11 | 2009/10 |
|--|---------|---------|
|--|---------|---------|

Reconciliation of tax rate

| | | | | |
|---|------------|-------------|------------|-------------|
| Danish tax rate* | 25% | 38.6 | 25% | 13.0 |
| Deviation in the tax of non-Danish group entities compared with Danish tax rate | 1% | 1.0 | 0% | 0.2 |
| Effect of interest ceiling rules in Denmark, net | -2% | (3.3) | 10% | 5.4 |
| Non-taxable income and non-deductible expenses | 0% | 0.1 | 5% | 2.6 |
| Adjustments concerning previous years | -1% | (0.8) | 3% | 1.5 |
| Other taxes | 0% | 0.1 | 20% | 9.8 |
| Effective tax rate* | 23% | 35.7 | 63% | 32.5 |
| Included in result from discontinued operations | | (1.6) | | (0.7) |
| Tax on profit for the year | | 34.1 | | 31.8 |

*) Calculated on the basis of profit before tax with addition of profit from discontinued operations before tax.

In previous years the Danish companies in the group have had limited deductibility of interest due to interest ceiling rules. These were considered permanent differences and no tax asset was recognized despite the possibility to carry forward the interest for deduction to subsequent years taxable income. However, in 2010/11 the calculation of taxable income shows that the Danish companies can now utilize the interest deduction carried forward from previous years. This reduces the tax for the year by approximately 2%-points to 23% for the group. The remaining carry forward on interest deduction is limited and still not considered likely to be utilized and are therefore not recognized as a tax asset.

EUR million 2010/11 2009/10

Note 11 - Discontinued operations

On 26 May 2011, Chr. Hansen entered into an agreement to sell the majority of its Functional Blends activities at a total consideration of EUR 25 million less post closing adjustments of EUR 2 million. The transaction was completed in the fourth quarter of 2010/11. It was subsequently decided that the remaining Functional Blends activities would be discontinued. The discontinued operation was part of the Colors & Blends Division which changed name to Natural Colors Division.

None of the divested operations in 2009/10 have been classified as discontinuing operations in the Consolidated Financial Statements due to their size and nature. Result from discontinued operations in the financial year 2009/10 relates to Functional Blends and post divestment of Dairy Flavor and Seasoning and Sweet Flavor which were divested by the end of April 2008.

Net profit from discontinued operations:

| | | |
|--|------------|------------|
| Revenue | 22.4 | 23.7 |
| Cost of sales | (18.7) | (17.9) |
| Gross profit | 3.7 | 5.8 |
| Research and development costs | (0.1) | (0.1) |
| Sales and marketing expenses | (1.5) | (1.7) |
| Administrative expenses | (0.6) | (1.0) |
| Other operating income | 0.1 | 0.1 |
| Other operating expenses | - | (0.1) |
| Operating profit | 1.6 | 3.0 |
| Tax on the result for the year | (1.0) | (0.6) |
| Net profit from discontinued operations | 0.6 | 2.4 |

Gain from divestment of business after transaction costs:

| | | |
|---|---------------|----------|
| Property, plant and equipment | (10.0) | - |
| Patents, trademarks and rights | (0.5) | - |
| Inventories | (4.0) | - |
| Liabilities | 1.8 | - |
| Net assets | (12.7) | - |
| Sales price | 23.0 | - |
| Direct transaction costs | (3.6) | - |
| Gain from divestment of business after transaction costs | 6.7 | - |

Discontinued operations are recognized in the income statement as follows:

| | | |
|--|------------|------------|
| Net profit from discontinued operations | 0.6 | 2.4 |
| Gain from divestment of business after transaction costs | 6.7 | - |
| Other costs related to the divestments | (2.3) | - |
| Tax on profit on sale after costs related to divestment | (0.6) | - |
| | 4.4 | 2.4 |

Cash flow from discontinued operations

| | | |
|---|-------------|------------|
| Cash flow from operating activities | 4.0 | 2.8 |
| Cash flow from investing activities | 19.4 | - |
| Cash flow from discontinued operations | 23.4 | 2.8 |

| EUR million | 2010/11 | 2009/10 |
|---|--------------------|--------------------|
| Note 12 - Earnings per share | | |
| Profit from continuing operations | 114.2 | 16.8 |
| Non controlling interests | (1.9) | (1.4) |
| Profit from continuing operations distributed to shareholders of Chr. Hansen Holding A/S | 112.3 | 15.4 |
| Result from discontinued operations | 4.4 | 2.4 |
| Profit for the year distributed to shareholders of Chr. Hansen Holding A/S | 116.7 | 17.8 |
| Average number of shares | 138,034,220 | 109,898,099 |
| Average number of treasury shares | (2,894,034) | (705,669) |
| Average number of shares exclusive treasury shares | 135,140,186 | 109,192,430 |
| Average dilution effect of share options | 340,531 | 35,497 |
| Average number of shares, diluted | 135,480,717 | 109,227,927 |
| Earnings from continuing operations per share (EUR) | 0.83 | 0.14 |
| Earnings from discontinuing operations per share (EUR) | 0.03 | 0.02 |
| Earnings per share (EUR) | 0.86 | 0.16 |
| Earnings from continuing operations per share, diluted (EUR) | 0.83 | 0.14 |
| Earnings from discontinuing operations per share, diluted (EUR) | 0.03 | 0.02 |
| Earnings per share, diluted (EUR) | 0.86 | 0.16 |

| EUR million | 2011 | 2010 |
|---------------------------|--------------|--------------|
| Note 13 - Goodwill | | |
| Cost at 1 September | 625.6 | 603.4 |
| Currency translation | (14.3) | 22.2 |
| Cost at 31 August | 611.3 | 625.6 |

The carrying amount of goodwill has been allocated to the cash generating units identified according to the operating segments as follows:

| | | |
|-----------------------------|-------|-------|
| Cultures & Enzymes Division | 535.1 | 547.8 |
| Health & Nutrition Division | 76.2 | 77.8 |

At 31 August 2011, Management performed an impairment test of the carrying amount of goodwill. No basis was found for impairment.

In the impairment tests the carrying value of the assets is compared to the discounted value of future cash flows. 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.

At 31 August 2011 an average long-term growth rate of 8% in revenue and an expected overall improvement of the EBIT margin in the five year period of approximately 2% percentage point have been applied. The working capital is assumed to constitute 15-17% of revenue. A discount rate pre tax of 9% has been applied in the impairment test.

At 31 August 2010 an average long-term growth rate of 8% in revenue and an expected improvement of the EBIT margin in the five year period of approximately 2% percentage point have been applied. The working capital is assumed to constitute 15-16% of revenue. A discount rate pre tax of 9% has been applied in the impairment test.

EUR million 2011

Note 14 - Other intangible assets

| | Trademarks | Patents | Development projects | Software | Development projects in progress | Other intangible assets in progress | Total |
|--|--------------|-------------|----------------------|-------------|----------------------------------|-------------------------------------|--------------|
| Cost at 1 September | 158.9 | 35.4 | 10.3 | 15.1 | 21.3 | 13.8 | 254.8 |
| Currency translation | (0.1) | - | - | (0.3) | - | - | (0.4) |
| Additions for the year | - | - | 0.8 | 1.6 | 15.5 | 5.4 | 23.3 |
| Disposals for the year | - | - | (0.8) | (0.1) | - | - | (0.9) |
| Disposals for the year - discontinued operations | (0.7) | - | - | - | - | - | (0.7) |
| Transferred | - | 0.2 | 6.6 | 3.0 | (10.1) | (3.4) | (3.7) |
| Cost at 31 August | 158.1 | 35.6 | 16.9 | 19.3 | 26.7 | 15.8 | 272.4 |
| Amortization at 1 September | 40.8 | 12.6 | 2.9 | 8.3 | - | - | 64.6 |
| Currency translation | - | - | - | (0.2) | - | - | (0.2) |
| Amortization for the year | 9.0 | 3.1 | 2.5 | 1.9 | - | - | 16.5 |
| Disposals for the year | - | - | (0.8) | (0.1) | - | - | (0.9) |
| Disposals for the year - discontinued operations | (0.2) | - | - | - | - | - | (0.2) |
| Amortization at 31 August | 49.6 | 15.7 | 4.6 | 9.9 | - | - | 79.8 |
| Carrying amount at 31 August | 108.5 | 19.9 | 12.3 | 9.4 | 26.7 | 15.8 | 192.6 |
| Salary expenses included in assets above | | | | | 8.3 | 2.5 | |
| | | | | | | | 2010 |
| Cost at 1 September | 158.3 | 35.6 | 6.1 | 15.5 | 14.4 | 7.0 | 236.9 |
| Currency translation | 0.7 | - | - | 0.4 | - | - | 1.1 |
| Additions for the year | - | 0.1 | 1.0 | 1.3 | 9.9 | 7.7 | 20.0 |
| Disposals for the year | - | (0.4) | - | (3.5) | - | - | (3.9) |
| Transferred | (0.1) | 0.1 | 3.2 | 1.4 | (3.0) | (0.9) | 0.7 |
| Cost at 31 August | 158.9 | 35.4 | 10.3 | 15.1 | 21.3 | 13.8 | 254.8 |
| Amortization at 1 September | 31.7 | 10.0 | 1.1 | 9.3 | - | - | 52.1 |
| Currency translation | 0.1 | - | - | 0.1 | - | - | 0.2 |
| Amortization for the year | 9.0 | 2.8 | 1.8 | 2.3 | - | - | 15.9 |
| Disposals for the year | - | (0.2) | - | (3.4) | - | - | (3.6) |
| Amortization at 31 August | 40.8 | 12.6 | 2.9 | 8.3 | - | - | 64.6 |
| Carrying amount at 31 August | 118.1 | 22.8 | 7.4 | 6.8 | 21.3 | 13.8 | 190.2 |
| Salary expenses included in assets above | | | | | 7.1 | 3.0 | |

Patents and development projects

Completed development projects and development projects in progress comprise development and testing of new strains for cultures, natural colors as well as production techniques. The values of the development projects recognized have been compared to expected sales or cost savings. No indicators of impairment have been identified.

Software

Software comprises expenses for acquiring software licences 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 indicators of impairment have been identified.

EUR million 2011

Note 15 - Property, plant and equipment

| | Land and buildings | Plant and machinery | Other fixtures and equipment | Property, plant and equipment in progress | Total |
|--|-----------------------|------------------------|---------------------------------|---|--------------|
| Cost at 1 September | 160.8 | 164.4 | 15.5 | 15.0 | 355.7 |
| Currency translation | (4.2) | (3.5) | (1.2) | (0.1) | (9.0) |
| Additions for the year | 1.6 | 2.9 | 2.6 | 15.2 | 22.3 |
| Disposals for the year | (0.1) | (2.9) | (1.2) | (0.1) | (4.3) |
| Disposals for the year - discontinued operations | (9.6) | (1.9) | (0.2) | - | (11.7) |
| Transferred | 1.6 | 12.9 | 1.6 | (12.4) | 3.7 |
| Cost at 31 August | 150.1 | 171.9 | 17.1 | 17.6 | 356.7 |
| Depreciation at 1 September | 24.5 | 64.1 | 8.6 | - | 97.2 |
| Currency translation | (1.6) | (2.5) | (1.2) | - | (5.3) |
| Depreciation for the year | 5.6 | 18.7 | 2.1 | - | 26.4 |
| Depreciation, disposed assets | (0.1) | (2.8) | (1.2) | - | (4.1) |
| Depreciation, disposed assets discontinued operations | (0.4) | (1.1) | (0.1) | - | (1.6) |
| Depreciation and impairment at 31 August | 28.0 | 76.4 | 8.2 | - | 112.6 |
| Carrying amount at 31 August | 122.1 | 95.5 | 8.9 | 17.6 | 244.1 |
| Salary expenses included in assets above | | | | 1.6 | |
| Land and buildings include buildings on land leased from Scion DTU A/S at Hoersholm. The term of the lease of the land is unlimited. | 22.8 | | | | |
| Value of mortgaged land and buildings, cf also note 31 concerning other guarantees and commitments. | 70.0 | | | | |

EUR million 2010

Note 15 - Property, plant and equipment - continued

| | Land and buildings | Plant and machinery | Other fixtures and equipment | Property, plant and equipment in progress | Total |
|---|-----------------------|------------------------|---------------------------------|---|--------------|
| Cost at 1 September | 156.7 | 158.7 | 13.9 | 8.9 | 338.2 |
| Currency translation | 4.2 | 4.0 | 2.2 | 0.1 | 10.5 |
| Additions for the year | 1.1 | 3.6 | 2.5 | 11.7 | 18.9 |
| Disposals for the year | (2.3) | (4.9) | (3.6) | (0.4) | (11.2) |
| Transferred | 1.1 | 3.0 | 0.5 | (5.3) | (0.7) |
| Cost at 31 August | 160.8 | 164.4 | 15.5 | 15.0 | 355.7 |
| Depreciation at 1 September | 19.3 | 47.2 | 7.9 | - | 74.4 |
| Currency translation | 1.5 | 2.4 | 1.4 | - | 5.3 |
| Depreciation for the year | 5.8 | 18.5 | 2.6 | - | 26.9 |
| Depreciation, disposed assets | (2.2) | (3.7) | (3.5) | - | (9.4) |
| Transferred | 0.1 | (0.3) | 0.2 | - | - |
| Depreciation and impairment at 31 August | 24.5 | 64.1 | 8.6 | - | 97.2 |
| Carrying amount at 31 August | 136.3 | 100.3 | 6.9 | 15.0 | 258.5 |
| Salary expenses included in assets above | | | | 0.8 | |
| Including assets under finance leases | 1.8 | - | 0.1 | - | 1.9 |

Land and buildings include buildings on land leased from Scion DTU A/S at Hoersholm. The term of the lease of the land is unlimited.

24.0

Value of mortgaged land and buildings, cf also note 31 concerning other guarantees and commitments.

71.9

| EUR million | 2011 | 2010 |
|--|-------------|-------------|
| Note 16 - Inventories | | |
| Direct materials | 49.4 | 50.4 |
| Other direct and indirect production costs | 28.7 | 24.9 |
| Total | 78.1 | 75.3 |
| Write-down of inventories in the year | 2.9 | 2.7 |

| EUR million | 2011 | 2010 |
|---------------------------------------|-------------|-------------|
| Note 17 - Trade receivables | | |
| Aging of receivables: | | |
| Not due | 82.7 | 78.8 |
| Overdue 0 to 30 days | 2.4 | 4.5 |
| Overdue 31 to 60 days | 1.3 | 0.4 |
| Overdue 61 to 120 days | - | 0.2 |
| Overdue more than 120 days | 0.3 | 0.1 |
| Total trade receivables, gross | 86.7 | 84.0 |
| Provisions for bad debt | (1.1) | (1.1) |
| Total trade receivables, net | 85.6 | 82.9 |
| Provision for bad debts: | | |
| Provision 1 September | 1.1 | 1.0 |
| Additions for the year | 0.1 | 0.4 |
| Reversal for the year | (0.1) | (0.2) |
| Losses realised in the year | - | (0.1) |
| Provision 31 August | 1.1 | 1.1 |

| EUR million | 2011 | 2010 |
|------------------------------------|------------|------------|
| Note 18 - Other receivables | | |
| VAT and other dues | 1.8 | 1.9 |
| Other receivables | 5.8 | 6.3 |
| Total | 7.6 | 8.2 |

| | | |
|-------------|-------------|------|
| EUR million | 2011 | 2010 |
|-------------|-------------|------|

Note 19 - Prepayments

| | | |
|-------------------|------------|------------|
| Prepaid rent | 3.1 | 3.0 |
| Insurance | 0.6 | 0.8 |
| Other prepayments | 1.6 | 1.9 |
| Total | 5.3 | 5.7 |

| | | |
|-------------|-------------|------|
| EUR million | 2011 | 2010 |
|-------------|-------------|------|

Note 20 - Cash and cash equivalents

| | | |
|--------------------------|--------------|-------------|
| Cash at bank and on hand | 88.2 | 61.0 |
| Short term bank deposits | 29.9 | - |
| Total | 118.1 | 61.0 |

| | | |
|-------------|-------------|------|
| EUR million | 2011 | 2010 |
|-------------|-------------|------|

Note 21 - Share capital

The Company's share capital amounts to nom DKK 1,380,342,200 (equal to EUR 185.3 million) distributed on shares of DKK 10. During 2009/10 new shares 37,209,000 were issued at an offering price of 90 DKK per share.

The share capital has been fully paid up.

The Company acquired 2,894,034 treasury shares, corresponding to 2% of the total share capital, for an amount of EUR 35.0 million in 2009/10. No treasury shares have been bought or sold during 2010/11. The holding of the treasury shares fully covers the share option programmes. The group's policy for managing its capital can be found under "Shareholder information".

Number of shares outstanding:

| | | |
|------------------------------|--------------------|--------------------|
| Outstanding 1 September | 135,140,186 | 10,082,522 |
| Share split | - | 90,742,698 |
| New shares issued | - | 37,209,000 |
| Purchase of treasury shares | - | (2,894,034) |
| Outstanding 31 August | 135,140,186 | 135,140,186 |

Share premium on new shares issued in 2009/10 amounted to EUR 400.0 million.

| EUR million | 2011 | 2010 |
|-------------|------|------|
|-------------|------|------|

Note 22 - Employee benefit obligations

| | | |
|------------------------------------|------------|------------|
| Pension obligations | 4.9 | 5.1 |
| Other employee benefit obligations | 0.3 | 0.3 |
| Total | 5.2 | 5.4 |

Other employee benefit obligations consist of obligations regarding payments made in connection with employee service tenure, 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.

Balance sheet

| | | |
|---|------------|------------|
| Net present value of funded obligations | 4.7 | 6.3 |
| Net present value of non-funded obligations | 2.9 | 3.4 |
| Pension obligation at 31 August | 7.6 | 9.7 |
| Fair value of plan assets | (3.4) | (3.9) |
| Actuarial gains/losses not recognized (reversal) | 0.7 | (0.7) |
| Obligation recognized in the balance sheet | 4.9 | 5.1 |

Income statement

| | | |
|---|------------|------------|
| Current service expenses | 0.2 | 0.3 |
| Settlement | (0.1) | (0.1) |
| Curtailment | (0.1) | - |
| Interest expenses | 0.4 | 0.3 |
| Expected return on assets | (0.2) | (0.2) |
| Past service costs | 0.1 | - |
| Actuarial gains/losses | 0.1 | (0.2) |
| Total amount recognized in staff expenses (note 5) | 0.4 | 0.1 |

| | | |
|--|------------|------------|
| Actual return on assets amounted to | 0.3 | 0.4 |
|--|------------|------------|

| | | |
|-------------|-------------|------|
| EUR million | 2011 | 2010 |
|-------------|-------------|------|

Note 22 - Employee benefit obligations - continued**Movement in the pension obligation recognized**

| | | |
|--|------------|------------|
| Obligation at 1 September | 9.7 | 7.8 |
| Currency translation | (0.3) | 0.2 |
| Current service expenses | 0.2 | 0.3 |
| Settlement | (0.1) | - |
| Curtailment | (0.1) | - |
| Interest expenses | 0.4 | 0.3 |
| Past service costs | 0.1 | - |
| Actuarial gains/losses | (1.3) | 1.4 |
| Payments made | (1.0) | (0.3) |
| Pension obligation at 31 August | 7.6 | 9.7 |

Movement in the fair value of plan assets

| | | |
|---|------------|------------|
| Fair value of plan assets at 1 September | 3.9 | 3.3 |
| Currency translation | (0.2) | 0.2 |
| Expected return on plan assets | 0.2 | 0.2 |
| Actuarial gain/losses | 0.1 | 0.2 |
| Employer contribution | 0.2 | 0.2 |
| Benefits paid | (0.8) | (0.2) |
| Fair value of plan assets at 31 august | 3.4 | 3.9 |

Expected contribution to the pensions in 2011/12 is EUR 0.4 million (actual payment in 2010/11 was EUR 0.2 million).

Applied actuarial assumptions (%)

| | | |
|-----------------------------|-------------|-------------|
| Discount rate | 4.00 - 5.30 | 3.55 - 5.00 |
| Expected return on assets | 4.00 - 5.30 | 4.00 - 6.11 |
| Future increase in salaries | 2.50 - 5.00 | 2.50 - 4.60 |
| Future pension increases | 1.75 - 3.00 | 1.50 - 3.00 |

Distribution of plan assets to cover obligation (%)

| | | |
|---------------------------|-------------|-------------|
| Shares | 40% | 47% |
| Bonds | 52% | 40% |
| Properties | 6% | 7% |
| Cash and cash equivalents | 2% | 6% |
| | 100% | 100% |

| EUR million | | | | | |
|---------------------------------------|-------------|------------|------------|------------|------------|
| Five-year overview | 2011 | 2010 | 2009 | 2008 | 2007 |
| Pension obligation | 7.6 | 9.7 | 7.8 | 7.9 | 8.9 |
| Plan assets | (3.4) | (3.9) | (3.3) | (3.6) | (4.2) |
| Uncovered obligations | 4.2 | 5.8 | 4.5 | 4.3 | 4.7 |
| Experience adjustments to obligations | (0.3) | 0.8 | 0.2 | - | 0.2 |
| Experience adjustments to plan assets | 0.1 | 0.2 | (0.2) | - | 0.1 |

EUR million **2011** 2010

Note 23 - Deferred tax

| | | |
|---|-------------|-------------|
| Deferred tax at 1 September | 69.1 | 61.8 |
| Currency translation | (0.3) | - |
| Change in deferred tax - recognized in the income statement | (7.1) | 7.5 |
| Change in deferred tax - recognized in other comprehensive income | (0.2) | (0.2) |
| Deferred tax at 31 August | 61.5 | 69.1 |

| | | |
|----------------------------------|-------------|-------------|
| Deferred tax assets | (7.7) | (2.2) |
| Deferred tax liabilities | 69.2 | 71.3 |
| Deferred tax at 31 August | 61.5 | 69.1 |

Specification of deferred tax

| | | |
|--|-------------|-------------|
| Intangible assets | 38.9 | 51.7 |
| Property, plant and equipment | 15.3 | 7.8 |
| Inventories | 2.2 | 1.1 |
| Loss carry-forward | (6.4) | (4.0) |
| Liabilities | 11.5 | 12.5 |
| Total deferred tax at 31 August | 61.5 | 69.1 |

Amounts due after 12 months, estimated **61.5** **69.5**

Tax loss carry-forward

| | | |
|------------------------------------|------|------|
| Total tax losses carry-forward | 23.2 | 19.5 |
| Tax losses expected to be utilized | 23.2 | 12.7 |

Deferred tax assets from tax losses recognized in the balance sheet **6.4** **2.4**

The Group has no tax assets that are not recognized in the Balance Sheet. However, this excludes the potential tax asset related to the remaining carry forward of interest deduction in Denmark of approximately EUR 2 million. It is considered unlikely that the Danish companies will utilize the remaining interest deduction carried forward.

EUR million 2011 2010

Note 24 - Provisions

| | | |
|-----------------------------|------------|------------|
| Provisions 1 September | 3.6 | 2.2 |
| Additions for the year | 2.0 | 3.1 |
| Used in the year | (3.4) | (1.7) |
| Provisions 31 August | 2.2 | 3.6 |
| Current | 1.0 | 0.8 |
| Non-current | 1.2 | 2.8 |
| Total | 2.2 | 3.6 |

The provisions primarily relate to lawsuits brought against the Group from customers and former employees.

EUR million

Note 25 - Financial assets and liabilities

| | 2011 | | | |
|-------------------------------------|-------------------|------------------------------|--------------------|--------------|
| Assets | Maturity < 1 year | Maturity >1 year< 5 years | Maturity > 5 years | Total |
| Trade receivables (note 17) | 85.6 | - | - | 85.6 |
| Other receivables (note 18) | 7.6 | - | - | 7.6 |
| Cash and cash equivalents (note 20) | 118.1 | - | - | 118.1 |
| Total | 211.3 | - | - | 211.3 |

| | 2010 | | | |
|-------------------------------------|-------------------|------------------------------|--------------------|--------------|
| Assets | Maturity < 1 year | Maturity >1 year< 5 years | Maturity > 5 years | Total |
| Trade receivables (note 17) | 82.9 | - | - | 82.9 |
| Other receivables (note 18) | 8.2 | - | - | 8.2 |
| Cash and cash equivalents (note 20) | 61.0 | - | - | 61.0 |
| Total | 152.1 | - | - | 152.1 |

| EUR million | | | | 2011 |
|--|-------------------|-------------------|--------------------|--------------|
| Liabilities | Maturity < 1 year | Maturity >1 year< | | Total |
| | | 5 years | Maturity > 5 years | |
| Long terms borrowing | - | 400.4 | 38.0 | 438.4 |
| Short terms borrowing | 30.7 | - | - | 30.7 |
| Trade payables | 66.2 | - | - | 66.2 |
| Other payables (note 26) | 44.4 | - | - | 44.4 |
| Derivative financial instruments (note 26) | 2.1 | - | - | 2.1 |
| Total | 143.4 | 400.4 | 38.0 | 581.8 |

| | | | | 2010 |
|--|-------------------|-------------------|--------------------|--------------|
| | Maturity < 1 year | Maturity >1 year< | | Total |
| | | 5 years | Maturity > 5 years | |
| Long terms borrowing | - | 482.1 | 46.3 | 528.4 |
| Short terms borrowing | 11.6 | - | - | 11.6 |
| Trade payables | 64.6 | - | - | 64.6 |
| Other payables (note 26) | 51.0 | - | - | 51.0 |
| Derivative financial instruments (note 26) | 1.5 | - | - | 1.5 |
| Total | 128.7 | 482.1 | 46.3 | 657.1 |

For a description of the credit quality of trade receivables, cash and cash equivalents or counterpart risk, refer to the Risk Management part in the Management Review.

| EUR million | | 2011 | 2010 |
|--|--|--------------|--------------|
| Long term borrowings: | | | |
| Senior Bank borrowings | | 365.8 | 445.8 |
| Mortgages | | 72.6 | 81.3 |
| Bank borrowings | | - | 1.3 |
| Total before amortization of financing expenses | | 438.4 | 528.4 |
| Capitalized financing expenses | | (3.5) | (4.5) |
| Total long term borrowings | | 434.9 | 523.9 |
| Short term borrowings: | | | |
| Senior bank borrowings | | 20.0 | - |
| Mortgages | | 8.7 | 8.4 |
| Bank borrowings | | 2.0 | 3.2 |
| Total | | 30.7 | 11.6 |

The borrowings are nominated in EUR, USD and DKK. The borrowing currencies are not subject to a currency risk at group level.

The terms for the bank debt are related to a few covenants focusing on the Group's ability to generate sufficient cash flow. The financing of each group entity is monitored and managed at Group level. The estimates for the Income Statement, Balance Sheet and Cash Flow show that the covenants will be respected with comfortable headroom.

EUR million 2011

| | Effective interest rate | Maturity | Carrying amount | Interest rate risk |
|------------------------|----------------------------|------------|-----------------|--------------------|
| Mortgages | | | | |
| Floating rate* | 1.52% | 6-16 years | 54.8 | Cash flow |
| Fixed rate* | 3.26% | 3-13 years | 26.5 | Fair value |
| Total mortgages | | | 81.3 | |

* The interest rate is excluding margin

| | | | | |
|------------------------------|---|-----------|--------------|------------|
| Bank borrowings | | | | |
| Floating rate | - | 0-4 years | 135.9 | Cash flow |
| Fixed rate (1) | - | 0-4 years | 251.9 | Fair value |
| Total bank borrowings | | | 387.8 | |

(1) Interest rate swaps have been used to fix the interest rate. The EUR part has an average interest rate of 1.59% and the USD part has an average interest rate of 1.77%.

| Currency of the principal | Interest bearing debt translated to EUR | Floating rate | Fixed rate |
|---------------------------|--|---------------|------------|
| EUR | 282.3 | 29% | 71% |
| USD | 104.5 | 50% | 50% |
| DKK | 81.3 | 67% | 33% |
| Other | 1.0 | 100% | 0% |
| Total | 469.1 | 41% | 59% |

2010

| | Effective interest rate | Maturity | Carrying amount | Interest rate risk |
|------------------------|----------------------------|------------|-----------------|--------------------|
| Mortgages | | | | |
| Floating rate* | 1.46% | 7-17 years | 60.0 | Cash flow |
| Fixed rate* | 3.25% | 4-14 years | 29.7 | Fair value |
| Total mortgages | | | 89.7 | |

* The interest rate is excluding margin

| | | | | |
|------------------------------|---|-----------|--------------|------------|
| Bank borrowings | | | | |
| Floating rate | - | 0-5 years | 191.1 | Cash flow |
| Fixed rate (1) | - | 0-5 years | 259.2 | Fair value |
| Total bank borrowings | | | 450.3 | |

(1) Interest rate swaps have been used to fix the interest rate. The EUR part has an average interest rate at 1.44% and the USD part has an average interest rate at 1.58%.

| Currency of the principal | Interest bearing debt translated to EUR | Floating rate | Fixed rate |
|---------------------------|--|---------------|------------|
| EUR | 329.7 | 39% | 61% |
| USD | 120.2 | 51% | 49% |
| DKK | 89.9 | 67% | 33% |
| Other | 0.2 | 100% | 0% |
| Total | 540.0 | 47% | 53% |

| EUR million | 2011 | 2010 |
|--------------------------------------|-------------|-------------|
| Note 26 - Other payables | | |
| Wages, salaries and holiday pay, etc | 18.0 | 26.7 |
| VAT and other duties | 5.0 | 5.2 |
| Other | 21.4 | 19.1 |
| Derivative financial instruments | 2.1 | 1.5 |
| Total | 46.5 | 52.5 |

Note 27 - Share-based payments**Warrant program**

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 a major shareholder and former parent company of Chr. Hansen Holding A/S. The program includes warrants, where every warrant gives the right to buy one share at the value of EUR 2.00, EUR 6.10 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.

In connection with Chr. Hansen Holding A/S' introduction to the NASDAQ OMX Copenhagen in June 2010 some of the existing share-based payment programs in Financière Star 1, S.A., Luxembourg were vested and exercised.

| Warrants (number of warrants) | 2010/11 | | | |
|--------------------------------|------------------|----------------------|------------------|------------------|
| | Executive Board | Managerial employees | Former employees | Total |
| Outstanding 1 September | 2,663,093 | 116,524 | 459,630 | 3,239,247 |
| Transferred | - | (12,445) | 12,445 | - |
| Exercised | (897,150) | (35,058) | (159,033) | (1,091,241) |
| Outstanding 31 August | 1,765,943 | 69,021 | 313,042 | 2,148,006 |

Warrants exercised during the year have an average exercise price of EUR 2.20 per warrant.

In the financial year 2010/11 there were no expenses relating to this program (2009/10: EUR 0.2 million).

| Warrants (number of warrants) | 2009/10 | | | |
|--------------------------------|------------------|----------------------|------------------|------------------|
| | Executive Board | Managerial employees | Former employees | Total |
| Outstanding 1 September | 2,052,951 | 2,756,721 | 669,998 | 5,479,670 |
| Allocated | 37,750 | 20,000 | - | 57,750 |
| Transferred | 1,410,656 | (2,021,757) | 611,101 | - |
| Exercised | (838,264) | (529,689) | (763,469) | (2,131,422) |
| Forfeited | - | (108,751) | (58,000) | (166,751) |
| Outstanding 31 August | 2,663,093 | 116,524 | 459,630 | 3,239,247 |

Allocated / Exercise price

| 2009/10 / EUR 6.45 | Executive Board | Managerial employees | Former employees | Total |
|--------------------|-----------------|----------------------|------------------|---------------|
| | 37,750 | 20,000 | - | 57,750 |
| Total | 37,750 | 20,000 | - | 57,750 |

Number of warrants allocated in 2009/10 amounting to 57,750 have an exercise price of EUR 6.45 per warrant.

Warrants exercised during 2009/10 have an average exercise price of EUR 2.21 per warrant, and warrants forfeited have an average exercise price of EUR 2.00 per warrant.

The average value of the allocated warrants is EUR 0.13.

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 1 year.

Market value of warrants allocated in 2009/10 amounted to zero.

Share option programs

Program 1: Retention program

Each share option may, subject to the member of the Executive Board still being employed with Chr. Hansen, be exercised to purchase one existing share in Chr. Hansen Holding A/S from Financière Star 1 at an exercise price of DKK 1 in the period 31 May 2012 - 31 December 2012.

In the financial year 2010/11 EUR 0.7 million was expensed relating to this program (2009/10: EUR 0.4 million).

Program 2: Allocated as a long-term share option program

Granted to Executive Board and certain managerial employees. Vesting is subject to fulfillment of certain key performance indicators related to the development in the share price and EBITDA. The share options will vest at the date of the Annual General Meeting at which the Annual Report for the financial year ending 31 August 2013 is approved.

Following vesting, each share option may be exercised up until 31 August 2016 to purchase one existing share in Chr. Hansen Holding A/S at an exercise price of DKK 99.

In the financial year 2010/11 EUR 0.9 million was expensed relating to this program (2009/10: EUR 0.2 million).

Program 3: Allocated as a short-term RSU-program

Executive Board and certain managerial employees have had the opportunity to earn a number of share options based on individual key performance indicators. Each share option may, subject to the person still being employed with Chr. Hansen, be exercised to purchase one existing share in Chr. Hansen Holding A/S at an exercise price of DKK 1 in November 2011, November 2012 or November 2013. The number of options allocated was finally determined in November 2010.

In the financial year 2010/11 EUR 0.4 million was expensed relating to this program (2009/10: EUR 0.4 million).

Program 4: Allocated as a long-term share option program

Granted to Executive Board and certain managerial employees. Vesting is subject to fulfillment of certain key performance indicators related to development in EBIT and earnings per share. The stock options will vest at the date of the Annual General Meeting at which the Annual Report for the financial year ending 31 August 2013 is approved.

Following vesting, each share option may be exercised up until 31 August 2016 to purchase one existing share in Chr. Hansen Holding A/S at an exercise price of DKK 123.11.

Total fair value of the program is EUR 2.1 million.

In the financial year 2010/11 EUR 0.3 million was expensed relating to this program.

Program 5: Allocated as a short-term RSU-program

Executive Board and certain managerial employees have had the opportunity to earn a number of share options based on individual key performance indicators. Each share option may, subject to the person still being employed with Chr. Hansen, be exercised to purchase one existing share in Chr. Hansen Holding A/S at an exercise price of DKK 1 in November 2012, November 2013 or November 2014. The number of options allocated and their value will be finally determined in November 2011.

Total fair value of the program is estimated to be EUR 1.3 million.

In the financial year 2010/11 EUR 0.5 million was expensed relating to this program.

| Assumptions | Program 1 | Program 2 | Program 3 | Program 4 | Program 5 |
|-------------------------|-----------|-----------|-------------|-----------|-----------|
| Allocated | 2010/11 | 2009/10 | 2009/10 | 2010/11 | 2010/11 |
| Average value of option | EUR 12.6 | EUR 2.1 | EUR 12.4 | EUR 3.2 | EUR 15.9 |
| Risk-free interest rate | 0.62% | 1.15% | 0.52%-1.11% | 1.74% | 2.42% |
| Volatility | 30% | 30% | 30% | 30% | 30% |
| Dividend | 1.50% | 1.50% | 1.50% | 1.50% | 1.50% |
| Period | 2 years | 3-5 years | 3-5 years | 3-5 years | 3-5 years |

Share options (number of options)

| | Executive Board | Managerial employees | Former employees | Total |
|--------------------------------------|------------------|----------------------|------------------|------------------|
| Program 1: | | | | |
| Outstanding 1 September, 2009 | - | - | - | - |
| Allocated | 138,240 | - | 17,971 | 156,211 |
| Outstanding 31 August, 2010 | 138,240 | - | 17,971 | 156,211 |
| Forfeited | (26,769) | - | - | (26,769) |
| Outstanding 31 August, 2011 | 111,471 | - | 17,971 | 129,442 |
| Program 2: | | | | |
| Outstanding 1 September, 2009 | - | - | - | - |
| Allocated | 1,552,885 | 207,052 | 207,051 | 1,966,988 |
| Forfeited | - | - | (207,051) | (207,051) |
| Outstanding 31 August, 2010 | 1,552,885 | 207,052 | - | 1,759,937 |
| Transferred | 103,526 | (103,526) | - | - |
| Forfeited | (310,577) | - | - | (310,577) |
| Outstanding 31 August, 2011 | 1,345,834 | 103,526 | - | 1,449,360 |
| Program 3: | | | | |
| Outstanding 1 September, 2009 | - | - | - | - |
| Allocated | 23,231 | 68,819 | - | 92,050 |
| Outstanding 31 August, 2010 | 23,231 | 68,819 | - | 92,050 |
| Adjustment to allocation | 14,367 | (8,244) | - | 6,123 |
| Transferred | 3,000 | (4,592) | 1,592 | - |
| Forfeited | (7,379) | (613) | - | (7,992) |
| Outstanding 31 August, 2011 | 33,219 | 55,370 | 1,592 | 90,181 |
| Program 4: | | | | |
| Outstanding 1 September, 2010 | - | - | - | - |
| Allocated | 586,647 | 69,018 | - | 655,665 |
| Transferred | 34,509 | (34,509) | - | - |
| Forfeited | (103,526) | - | - | (103,526) |
| Outstanding 31 August, 2011 | 517,630 | 34,509 | - | 552,139 |
| Program 5: | | | | |
| Outstanding 1 September, 2010 | - | - | - | - |
| Allocated | 25,710 | 58,835 | - | 84,545 |
| Outstanding 31 August, 2011 | 25,710 | 58,835 | - | 84,545 |

| EUR million | 2010/11 | 2009/10 |
|-------------|---------|---------|
|-------------|---------|---------|

Note 28 - Adjustments to cash flow

| | | |
|--|-------------|-------------|
| Depreciation, amortization and impairment losses | 42.5 | 42.1 |
| Gains and losses from disposal of assets | (0.1) | 0.1 |
| Share-based payment | 2.8 | 1.2 |
| Change in provisions | 0.7 | 0.4 |
| Total | 45.9 | 43.8 |

| EUR million | 2010/11 | 2009/10 |
|-------------|---------|---------|
|-------------|---------|---------|

Note 29 - Change in working capital

| | | |
|--------------------------------------|---------------|--------------|
| Inventories | (11.4) | (13.2) |
| Trade receivables | (5.3) | (9.3) |
| Trade payables | 5.1 | 12.7 |
| Other receivables and other payables | (7.8) | 0.2 |
| Total | (19.4) | (9.6) |

EUR million

Note 30 - Derivative financial instruments

The Group is exposed to market risk, primarily risks relating to currency and interest, and utilizes 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 interest rates are hedged. As at 31 August 2011 the outstanding interest swaps had the following market value:

| Market value of open interest rate swaps | 2011 | | | |
|---|-----------------|------------------------|------------------------------|--------------------------------|
| | Contract amount | Gain/loss at 31 August | Included in income statement | Included in fair value reserve |
| EUR 200m interest rate swaps, expiration 15 April, 2015 | 200.0 | (0.2) | - | (0.2) |
| USD 75m interest rate swaps, expiration 15 April, 2015 | 51.9 | (1.9) | - | (1.9) |
| | 251.9 | (2.1) | - | (2.1) |

| | 2010 | | | |
|---|-----------------|---------------------------|------------------------------|--------------------------------|
| | Contract amount | Gain/loss at 31 August 31 | Included in income statement | Included in fair value reserve |
| EUR 200m interest rate swaps, expiration 15 April, 2015 | 200.0 | (0.1) | - | (0.1) |
| USD 75m interest rate swaps, expiration 15 April, 2015 | 59.2 | (0.3) | - | (0.3) |
| | 259.2 | (0.4) | - | (0.4) |

The fair value is calculated based on a valuation model, primarily based on observable market data. There is no currency risk related to the swaps for the group.

The interests on our financing facilities are based on floating interest plus a margin. At 31 August 2011, 59% of the outstanding debts were hedged through interest rate swaps or loans with fixed interest rate (53% at 31 August 2010). The total debt had an average maturity of 4.2 years at 31 August 2011 (4.7 years at 31 August 2010). An interest increase of 1 percentage point on the average interest rate on the Group's interest-bearing debt excluding swaps will influence the Group's earnings before tax by EUR 4.4 million during the next 12 month period (EUR 5.1 million for the financial year 2009/10). The effect on the swaps entered will be EUR 1.5 million based on the interest change of 1 percentage point (EUR 3.0 million for the financial year 2009/10).

EUR million

Currency hedging of balance sheet position and future cash flows**Net outstanding forward exchange contracts as per 31 August****2011**

| | Nominal principal | Gain/loss in income statement | Included in fair value reserve | Fair value of principal | Maximum maturity (months) |
|-----|-------------------|-------------------------------|--------------------------------|-------------------------|---------------------------|
| USD | 5.9 | - | - | 5.9 | 1 |
| GBP | 2.3 | - | - | 2.3 | 1 |
| AUD | 0.7 | - | - | 0.7 | 1 |
| DKK | (8.9) | - | - | (8.9) | 1 |
| | | - | - | - | |

2010

| | Nominal principal | Gain/loss in income statement | Included in fair value reserve | Fair value of principal | Maximum maturity (months) |
|-----|-------------------|-------------------------------|--------------------------------|-------------------------|---------------------------|
| USD | 80.4 | - | (1.1) | 81.5 | 12 |
| SEK | (0.5) | - | - | (0.5) | 1 |
| AUD | 0.7 | - | - | 0.7 | 1 |
| EUR | (71.0) | - | - | (71.0) | 12 |
| DKK | (9.6) | - | - | (9.6) | 1 |
| | | - | (1.1) | 1.1 | |

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, unless the forward is dedicated to hedging of a future expected cash flow. If so the changes in fair value are recognized in the fair value reserve until the cash flow is realized.

The overall purpose of managing currency risk is to minimize 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.

Foreign exchange sensitivity analysis

Chr. Hansen is exposed to a number of currencies. The main exposures are in the currencies listed in the table below, also showing the impact on operating profit, if the currency rate increases 5%.

| | Estimate 2012 | 2011 |
|-----|---------------|-------|
| USD | 4.1 | 3.7 |
| GBP | 0.8 | 0.8 |
| AUD | 0.8 | 0.8 |
| CAD | 0.5 | 0.4 |
| BRL | (0.4) | (0.5) |

| EUR million | 2011 | 2010 |
|-------------|------|------|
|-------------|------|------|

Note 31 - Commitment and contingent liabilities

Operational leasing commitments

| | | |
|-----------------------|------------|------------|
| Due within 1 year | 3.3 | 2.7 |
| Due between 1-5 years | 4.1 | 4.4 |
| Due after 5 years | 0.6 | 0.5 |
| Total | 8.0 | 7.6 |

Leasing commitments relate primarily to car and equipment rental.

| | | |
|--|------------|------------|
| Expensed payments relating to operational leasing | 3.7 | 3.0 |
|--|------------|------------|

Present value of recognized leasing debts regarding finance leases

| | | |
|-----------------------|----------|------------|
| Due within 1 year | - | 0.8 |
| Due between 1-5 years | - | 1.3 |
| Due after 5 years | - | - |
| Total | - | 2.1 |

Minimum leasing repayment at the balance sheet day

| | | |
|-----------------------|----------|------------|
| Due within 1 year | - | 0.8 |
| Due between 1-5 years | - | 1.3 |
| Due after 5 years | - | - |
| Total | - | 2.1 |

Individual assets directly pledged

| | | |
|--|--------------|--------------|
| Land | 4.6 | 4.6 |
| Buildings | 65.4 | 67.3 |
| Plant and machinery | 48.8 | 46.9 |
| Booked value of pledged individual assets | 118.8 | 118.8 |

The recognized liabilities are based on minimum leasing repayments.

The main part of the finance lease obligation of EUR 2.1 million in 2010 relates to finance leases of buildings in Parma, Italy which has been terminated as part of the disposal of the Functional Blends activities.

Other guarantees and liabilities

Chr. Hansen Holding A/S is liable for on account payments received from jointly taxed companies. At 31 August 2011 the jointly taxed companies have an actual tax liability of EUR 31.4 million (EUR 23.1 million in 2010).

Pending court and arbitration cases

Certain claims have been made against the Chr. Hansen Group. Management is of the opinion that the result of these disputes will not have a significant effect on the Group's financial position.

Chr. Hansen were as of 31 August 2011 defendant in seven diacetyl-related lawsuits based on alleged personal injuries as a result of exposure to diacetyl vapors. Management does not believe that diacetyl lawsuits will have a material adverse effect on our financial position or results of operation.

Change of control

The loan facilities established in 2009/10 are subject to change of control clauses. Regarding change of control clauses in management contracts, please see note 5.

EUR million

Note 32 - Related parties

Related parties to the Group are identified as parties with control or significant influence, including group enterprises.

Parties with significant influence are Financière Star 1, S.A., Rue Des Glacis, 1, L-1628, Luxembourg, Luxembourg and its respective management and the Group.

Other related parties are the Group's Executive Board and Board of Directors.

Transactions with related parties

| | 2010/11 | 2009/10 |
|-------------------|----------|------------|
| Interest expenses | - | 6.6 |
| Total | - | 6.6 |

Fees and other considerations to Executive Board and Board of Directors are specified in note 5.

Share-based payments are specified in note 27.

The Group received in 2009/10 a capital increase of EUR 15.6 million from the former majority shareholder, Financière Star 1, which covered an extraordinary bonus to the employees of the Group.

Note 33 - Events after the balance sheet date

No events have occurred after the balance sheet date of importance to the Annual Report.

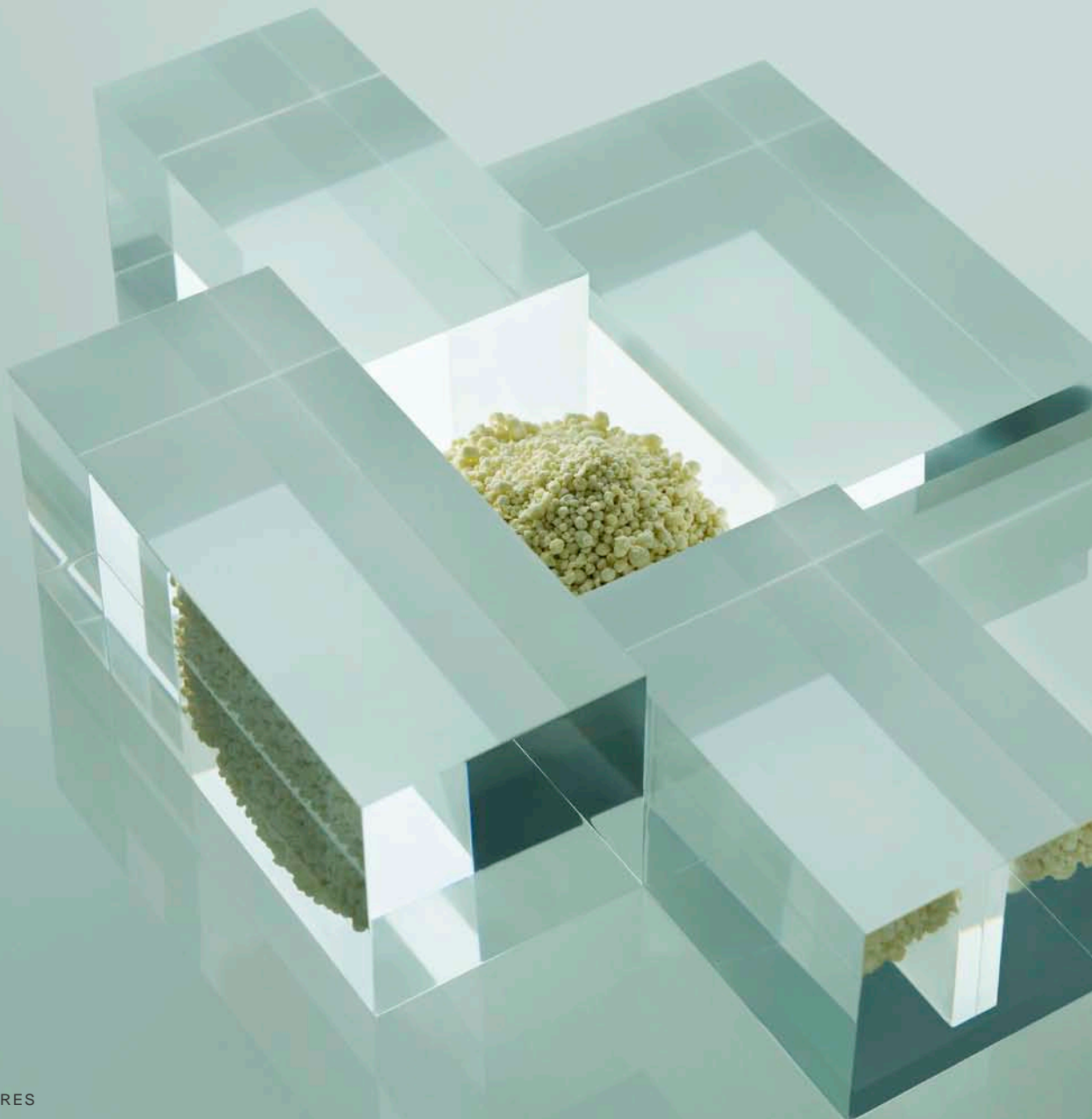
Note 34 - Group Chart at 31 August 2011

| Entity | Country | Currency | Nominal Hansen Capital (000) | Chr. 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 | 30,686 | 100 | | | x |
| Chr. Hansen Ind. e Com. Ltda. | Brazil | BRL | 17,499 | 100 | x | x | |
| Chr. Hansen Ltd | Canada | CAD | 24 | 100 | | x | |
| Urex Biotech Inc. | Canada | CAD | - | 100 | | | x |
| Chr. Hansen (Tianjin) Food Ingredients CO. Ltd | China | CNY | 8,000 | 100 | x | x | |
| Chr. Hansen (Beijing) Trading company, Ltd | 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 Properties A/S | Denmark | DKK | 500 | 100 | | | x |
| Chr. Hansen France SAS | France | EUR | 3,200 | 100 | x | x | |
| Biostar GmbH | Germany | EUR | 25 | 100 | | | 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 India Pvt. Ltd | India | INR | 24,992 | 99.6 | | x | |
| Chr. Hansen Ltd | Ireland | EUR | 1,513 | 99.99 | | | x |
| Chr. Hansen Ireland Ltd | Ireland | EUR | 1 | 100 | | x | x |
| Ridge Wind Ltd * | Ireland | EUR | 540 | 99.99 | | | x |
| Chr. Hansen Italia S.p.A. | Italy | EUR | 500 | 100 | x | x | |
| Chr. Hansen Japan Co. Ltd. | Japan | JPY | 10,000 | 100 | | x | |
| Chr. Hansen Malaysia SDN. BHD. | Malaysia | MYR | 1,000 | 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 | 3,050 | 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 |
| Chr. Hansen, S.L. | Spain | EUR | 12,003 | 100 | | x | |
| Chr. Hansen AB | Sweden | SEK | 181 | 100 | | x | |
| Ladybird Holding AB | Sweden | SEK | 1,000 | 100 | | | x |
| Peyma Chr. Hansen's A.S. | Turkey | TRY | 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 (UK) Ltd | United Kingdom | GBP | 250 | 99.99 | | x | |
| Chr. Hansen Inc. | USA | USD | - | 100 | x | x | |
| Chr. Hansen A/S (branch of Chr. Hansen A/S) | Norway | NOK | branch | | | | x |
| Chr. Hansen A/S (branch of Chr. Hansen A/S) | Sweden | SEK | branch | | | | x |

* Under liquidation

FINANCIAL STATEMENTS

PARENT COMPANY



FREEZE-DRIED CULTURES

Financial Statements of the Parent Company Chr. Hansen Holding A/S

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Note 6 - Special items

Note 7 - Financial income

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Note 11 - Fixtures and equipment

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Note 21 - Financial instruments

Note 22 - Credit, currency and interest rate risk

Note 23 - Commitment and contingent liabilities

Note 24 - Related parties

Note 25 - Events after the balance sheet date

Income Statement

1 September - 31 August

| EUR million | Note | 2010/11 | 2009/10 |
|--|-------|-------------|--------------|
| Revenue | | - | - |
| Cost of sales | | - | - |
| Gross profit | | - | - |
| Sales and marketing expenses | 4 | (3.5) | (1.3) |
| Administrative expenses | 3,4,5 | (11.7) | (7.7) |
| Other operating income | | 17.7 | 10.1 |
| Other operating expenses | | (2.1) | - |
| Operating profit before special items | | 0.4 | 1.1 |
| Special items | 6 | - | (3.1) |
| Operating profit | | 0.4 | (2.0) |
| Dividend received from group companies | | 85.1 | 108.5 |
| Financial income | 7 | 29.2 | 36.7 |
| Financial expenses | 8 | (26.7) | (78.9) |
| Profit before tax | | 88.0 | 64.3 |
| Corporation tax | 9 | 7.5 | 5.5 |
| Profit for the year | | 95.5 | 69.8 |

Statement of comprehensive income

| EUR million | Note | 2010/11 | 2009/10 |
|--|------|--------------|--------------|
| Profit for the year | | 95.5 | 69.8 |
| Currency translation to presentations currency | | (0.1) | (0.5) |
| Gains/(losses) on cash flow hedges expired during the year | | (1.7) | (0.4) |
| Tax related to cash flow hedge | | 0.4 | 0.1 |
| Other comprehensive income for the year | | (1.4) | (0.8) |
| Total comprehensive income for the year | | 94.1 | 69.0 |

Balance sheet at 31 August

| Assets | | | |
|--|------|--------------|----------------|
| EUR million | Note | 2011 | 2010 |
| Non-current assets | | | |
| Intangible assets | | | |
| Software | 10 | 1.1 | 1.3 |
| Intangible assets in progress | 10 | 0.1 | - |
| Total intangible assets | | 1.2 | 1.3 |
| Fixtures and equipment | 11 | - | - |
| Total property, plant and equipment | | - | - |
| Fixed asset investments | | | |
| Investments in group companies | 12 | 736.4 | 722.4 |
| Receivables from group companies | 13 | 200.0 | 274.8 |
| Total fixed asset investments | | 936.4 | 997.2 |
| Total non-current assets | | 937.6 | 998.5 |
| Current assets | | | |
| Receivables | | | |
| Receivables from group companies | | 6.8 | 2.7 |
| Tax receivable | | 17.7 | 8.4 |
| Other receivables | | - | 1.0 |
| Prepayments | | 0.5 | 0.1 |
| Total receivables | | 25.0 | 12.2 |
| Cash and cash equivalents | | 34.3 | 1.3 |
| Total current assets | | 59.3 | 13.5 |
| Total assets | | 996.9 | 1,012.0 |

Balance sheet at 31 August

| Equity and liabilities | | | |
|--------------------------------------|------|--------------|----------------|
| EUR million | Note | 2011 | 2010 |
| Equity | | | |
| Share capital | 14 | 185.3 | 185.4 |
| Reserves | | 471.1 | 386.3 |
| Total equity | | 656.4 | 571.7 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Deferred tax | 15 | 0.1 | 3.4 |
| Borrowings | 16 | 306.0 | 385.2 |
| Payables to group companies | 16 | 7.5 | 25.5 |
| Other payables | 16 | 0.8 | 0.8 |
| Total non-current liabilities | | 314.4 | 414.9 |
| Current liabilities | | | |
| Borrowings | 16 | 20.0 | - |
| Trade payables | | 0.3 | 4.6 |
| Payables to group companies | | 0.6 | 15.5 |
| Other payables | 17 | 5.2 | 5.3 |
| Total current liabilities | | 26.1 | 25.4 |
| Total liabilities | | 340.5 | 440.3 |
| Total equity and liabilities | | 996.9 | 1,012.0 |

Statement of changes in equity

2010/11

| EUR million | Note | Share capital | Treasury shares | Cash flow hedge | Retained earnings | Total |
|---|------|---------------|-----------------|-----------------|-------------------|--------------|
| Equity 1 September 2010 | | 185.4 | (35.0) | (0.3) | 421.6 | 571.7 |
| Total comprehensive income for the year cf. Statement of comprehensive income | | (0.1) | - | (1.3) | 95.5 | 94.1 |
| Share-based payment | | - | - | - | 2.2 | 2.2 |
| Dividend regarding 2009/10 | | - | - | - | (11.6) | (11.6) |
| Equity 31 August 2011 | | 185.3 | (35.0) | (1.6) | 507.7 | 656.4 |

For the financial year 2010/11, a dividend of EUR 0.48 (DKK 3.57) per share corresponding to EUR 64.7 million is proposed. The dividend equals net cash proceeds from the sale of the Functional Blends activities plus 40% of net profit.

2009/10

| EUR million | Note | Share capital | Treasury stock | Cash flow hedge | Retained earnings | Total |
|---|------|---------------|----------------|-----------------|-------------------|--------------|
| Equity 1 September 2009 | | 135.5 | - | - | (45.6) | 89.9 |
| Capital increase | | 50.0 | - | - | 400.0 | 450.0 |
| IPO-related costs | | - | - | - | (18.6) | (18.6) |
| Capital contribution | | - | - | - | 15.6 | 15.6 |
| Purchase of treasury shares | | - | (35.0) | - | - | (35.0) |
| Total comprehensive income for the year cf. Statement of comprehensive income | | (0.1) | - | (0.3) | 69.4 | 69.0 |
| Share-based payment | | - | - | - | 0.8 | 0.8 |
| Equity 31 August 2010 | | 185.4 | (35.0) | (0.3) | 421.6 | 571.7 |

The proposed dividend of EUR 11.6 million, corresponding to 0.09 EUR (0.64 DKK) per share for 2009/10, is included in Retained earnings.

Cash flow statement

1 September - 31 August

| EUR million | Note | 2010/11 | 2009/10 |
|---|------|---------------|---------------|
| Operating profit | | 0.4 | (2.0) |
| Adjustments | 19 | 2.4 | 1.1 |
| Change in working capital | 20 | (5.4) | (9.8) |
| Interest payments received | | 12.7 | 5.2 |
| Interest payments made | | (11.4) | (36.8) |
| Dividend received | | 74.8 | 106.2 |
| Taxes paid | | (5.0) | (3.0) |
| Cash flows from operating activities | | 68.5 | 60.9 |
| Proceeds from sale of investments to group companies | | 20.2 | - |
| Investments in intangible assets | | (0.1) | (0.1) |
| Capital increase in group companies | | (24.5) | (57.6) |
| Cash flows from investing activities | | (4.4) | (57.7) |
| Free cash flows | | 64.1 | 3.2 |
| Dividend to the shareholders of Chr. Hansen Holding A/S | | (11.6) | - |
| Capital contribution | | - | 447.0 |
| Treasury shares | | - | (35.0) |
| Raising of long-term loans | | - | 395.0 |
| Repayment to / of group enterprises | | 26.0 | (210.7) |
| Repayment of long-term loans | | (45.5) | (598.5) |
| Cash flows from financing activities | | (31.1) | (2.2) |
| Net cash flows for the year | | 33.0 | 1.0 |
| Cash and cash equivalents at 1 September | | 1.3 | 0.3 |
| Net cash flow for the year | | 33.0 | 1.0 |
| Cash and cash equivalents at 31 August | | 34.3 | 1.3 |

Notes

NOTE 1 - ACCOUNTING POLICIES

The annual report of Chr. Hansen Holding A/S as Parent Company has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements applying to enterprises of reporting class D.

The accounting policies for the Company are the same as for the Chr. Hansen Group, cf. note 1 to the consolidated financial statements, with the exception of the items below.

OTHER INCOME AND EXPENSES

Other income and expenses comprise items of a secondary nature to the activities of the Company, including income from management and service agreements.

DIVIDENDS ON INVESTMENTS IN SUBSIDIARIES

Dividends on investments in subsidiaries are recognized as income in the Income Statement of the Parent Company in the financial year in which the dividend is declared. If the carrying amount of the investment exceeds the carrying amount in the financial statements of the net assets in the subsidiary or the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared, the carrying value of the subsidiary is tested for impairment.

INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are measured at cost. If the cost exceeds the recoverable amount it is written down.

NOTE 2 - CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing the annual report for Chr. Hansen Holding A/S, management makes various accounting estimates and assumptions which form the basis of recognition and measurement of the Parent Company's assets and liabilities. The most significant accounting estimates and judgements for the Parent Company are presented below.

The most significant accounting estimates and judgements for the Chr. Hansen Group are presented in note 2 to the Consolidated Financial Statements.

The Parent Company's accounting policies are described in detail in note 1.

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.

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.

INVESTMENTS IN GROUP COMPANIES

Management performs an annual test for indications of impairment of investments in subsidiaries, joint ventures and associates. Impairment tests are conducted in the same way as for goodwill in the Chr. Hansen Group, see note 1 to the Consolidated Financial Statements.

It is management's assessment that no indications of impairment existed at year-end 2010/11, and impairment tests have therefore not been made of subsidiaries.

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.

| EUR million | 2010/11 | 2009/10 |
|-------------|---------|---------|
|-------------|---------|---------|

Note 3 - Depreciation, amortization and impairment losses**Property, plant and equipment**

| | | |
|---------------------------|----------|------------|
| Administrative expenses | - | 0.1 |
| Total depreciation | - | 0.1 |

Intangible assets

| | | |
|---------------------------|------------|------------|
| Administrative expenses | 0.2 | 0.2 |
| Total amortization | 0.2 | 0.2 |

| | | |
|---|------------|------------|
| Total depreciation, amortization and impairment losses | 0.2 | 0.3 |
|---|------------|------------|

| EUR million | 2010/11 | 2009/10 |
|-------------|---------|---------|
|-------------|---------|---------|

Note 4 - Staff expenses

| | | |
|---|-------------|-------------|
| Wages and salaries, etc | 4.4 | 3.3 |
| Severance payments | - | 1.0 |
| Pension - defined contribution plans | 0.2 | 0.3 |
| Social security etc | 0.1 | 0.1 |
| Salaries and remuneration, etc to the Executive Board and Board of Directors of Chr. Hansen Holding A/S | 6.4 | 5.6 |
| Total | 11.1 | 10.3 |

| | | |
|------------------------------------|-----------|-----------|
| Average number of employees | 44 | 35 |
|------------------------------------|-----------|-----------|

Remuneration to the Executive Board and Board of Directors appears as follows:

The Executive Board

| | | |
|-----------------------|-----|-----|
| - salaries etc | 3.4 | 4.3 |
| - pension | 0.4 | 0.3 |
| - share-based payment | 2.0 | 0.7 |

Board of Directors

| | | |
|-------|-----|-----|
| - Fee | 0.6 | 0.3 |
|-------|-----|-----|

| EUR million | 2010/11 | 2009/10 |
|----------------------------------|------------|------------|
| Note 5 - Fees to auditors | | |
| Statutory audit | 0.1 | 0.1 |
| Audit related services | 0.3 | 0.3 |
| Tax advisory services | 0.3 | 0.3 |
| Other services | - | 1.0 |
| Total | 0.7 | 1.7 |

In 2009/10 EUR 1.4 million of fees for services was related to the IPO-process.

| EUR million | 2010/11 | 2009/10 |
|---|----------|------------|
| Note 6 - Special items | | |
| Two months salary as bonus to all employees | - | 0.5 |
| Costs related to IPO | - | 1.2 |
| Severance payment - restructuring | - | 1.0 |
| Other strategic group projects | - | 0.4 |
| Total | - | 3.1 |

| EUR million | 2010/11 | 2009/10 |
|---|-------------|-------------|
| Note 7 - Financial income | | |
| Interest from group companies | 12.4 | 9.0 |
| Gains from derivative financial instruments | - | 16.1 |
| Other interest income | 0.3 | - |
| Exchange gains | 16.5 | 11.6 |
| Total | 29.2 | 36.7 |

| EUR million | 2010/11 | 2009/10 |
|---|-------------|-------------|
| Note 8 - Financial expenses | | |
| Interest paid to group companies | 0.8 | 4.7 |
| Loss from derivative financial instruments | - | 1.0 |
| Interest expenses on loans and swaps | 9.2 | 44.8 |
| Exchange loss | 15.3 | 16.1 |
| Other financial expenses, including amortized costs | 1.4 | 12.3 |
| Total | 26.7 | 78.9 |

| EUR million | 2010/11 | 2009/10 |
|---------------------------------------|------------|------------|
| Note 9 - Corporation tax | | |
| Current tax | 1.5 | 5.5 |
| Change in deferred tax | (0.1) | 0.3 |
| Tax on profit for the year | 1.4 | 5.8 |
| Adjustments concerning previous years | 6.1 | (0.3) |
| Total | 7.5 | 5.5 |

| | 2010/11 | | 2009/10 | |
|--|------------|------------|------------|------------|
| Reconciliation of tax rate | | | | |
| Danish tax rate | 25% | (22.0) | 25% | (16.1) |
| Effect of interest ceiling rules in Denmark, net | -4% | 3.4 | 7% | (4.8) |
| Non-taxable income and non-deductible expenses | -23% | 20.2 | -41% | 26.7 |
| Adjustments concerning previous years | -7% | 6.1 | - | (0.3) |
| Other taxes | - | (0.2) | - | - |
| Corporation tax | -9% | 7.5 | -9% | 5.5 |

In previous years the Danish companies in the group have had limited deductibility of interest due to interest ceiling rules. These were considered permanent differences and no tax asset were recognised despite the possibility to carry forward the interest for deduction to subsequent years taxable income. However, in 2010/11 the calculation of taxable income show that the Danish companies can now utilize the interest deduction carried forward from previous years. This reduces the tax for the year by approximately 4%-points to 9% for Chr. Hansen Holding A/S. The remaining carry forward on interest deduction is limited and still not considered likely to be utilized and are therefore not recognised as a tax asset.

EUR million 2011

Note 10 - Intangible assets

| | Software | Intangible assets in progress | Total |
|-------------------------------------|------------|----------------------------------|------------|
| Cost at 1 September | 1.9 | - | 1.9 |
| Additions for the year | - | 0.1 | 0.1 |
| Cost at 31 August | 1.9 | 0.1 | 2.0 |
| Amortization at 1 September | 0.6 | - | 0.6 |
| Amortization for the year | 0.2 | - | 0.2 |
| Amortization at 31 August | 0.8 | - | 0.8 |
| Carrying amount at 31 August | 1.1 | 0.1 | 1.2 |

2010

| | | | |
|-------------------------------------|------------|----------|------------|
| Cost at 1 September | 2.1 | 0.3 | 2.4 |
| Currency translation | 0.1 | - | 0.1 |
| Additions for the year | 0.1 | - | 0.1 |
| Disposals of the year | (0.4) | (0.3) | (0.7) |
| Cost at 31 August | 1.9 | - | 1.9 |
| Amortization at 1 September | 0.4 | - | 0.4 |
| Currency translation | 0.1 | - | 0.1 |
| Amortization for the year | 0.2 | - | 0.2 |
| Disposals of the year | (0.1) | - | (0.1) |
| Amortization at 31 August | 0.6 | - | 0.6 |
| Carrying amount at 31 August | 1.3 | - | 1.3 |

Software

Software comprises expenses for acquiring software licences and expenses related to group internal development of software.

The value of the recognised software has been compared to the expected value in use. No indicators of impairment have been identified.

| | | |
|-------------|-------------|------|
| EUR million | 2011 | 2010 |
|-------------|-------------|------|

Note 11 - Fixtures and equipment

| | | |
|---------------------|-----|-----|
| Cost at 1 September | 0.4 | 0.4 |
|---------------------|-----|-----|

| | | |
|--------------------------|------------|------------|
| Cost at 31 August | 0.4 | 0.4 |
|--------------------------|------------|------------|

| | | |
|-----------------------------|-----|-----|
| Depreciation at 1 September | 0.4 | 0.3 |
|-----------------------------|-----|-----|

| | | |
|---------------------------|---|-----|
| Depreciation for the year | - | 0.1 |
|---------------------------|---|-----|

| | | |
|----------------------------------|------------|------------|
| Depreciation at 31 August | 0.4 | 0.4 |
|----------------------------------|------------|------------|

| | | |
|-------------------------------------|----------|----------|
| Carrying amount at 31 August | - | - |
|-------------------------------------|----------|----------|

| | | |
|-------------|-------------|------|
| EUR million | 2011 | 2010 |
|-------------|-------------|------|

Note 12 - Investments in group companies

| | | |
|---------------------|-------|-------|
| Cost at 1 September | 722.4 | 664.9 |
|---------------------|-------|-------|

| | | |
|----------------------|-------|-------|
| Currency translation | (0.7) | (0.1) |
|----------------------|-------|-------|

| | | |
|------------------------|------|------|
| Additions for the year | 24.5 | 57.6 |
|------------------------|------|------|

| | | |
|------------------------|-------|---|
| Disposals for the year | (9.8) | - |
|------------------------|-------|---|

| | | |
|--------------------------|--------------|--------------|
| Cost at 31 August | 736.4 | 722.4 |
|--------------------------|--------------|--------------|

See note 34 of the consolidated financial statements of the group for a list of group companies.

| | | |
|-------------|-------------|------|
| EUR million | 2011 | 2010 |
|-------------|-------------|------|

Note 13 - Long-term receivables from group companies**Due between 1 and 5 years**

| | | |
|-------------------------|-------|-------|
| Loans to group entities | 200.0 | 274.8 |
|-------------------------|-------|-------|

| | | |
|--------------|--------------|--------------|
| Total | 200.0 | 274.8 |
|--------------|--------------|--------------|

| EUR million | 2011 | 2010 |
|-------------|------|------|
|-------------|------|------|

Note 14 - Share capital

The Company's share capital amounts to nom DKK 1,380,342,200 (equal to EUR 185.3 million) distributed on shares of DKK 10. During 2009/10 new shares 37,209,000 were issued at an offering price of 90 DKK per share.

The share capital has been fully paid up.

The Company acquired 2,894,034 treasury shares, corresponding to 2% of the total share capital, for an amount of EUR 35.0 million in 2009/10. No treasury shares have been bought or sold during 2010/11. The holding of the treasury shares fully cover the share option programmes. The group's policy for managing its capital can be found under "Shareholder information".

Number of shares outstanding:

| | | |
|------------------------------|--------------------|--------------------|
| Outstanding 1 September | 135,140,186 | 10,082,522 |
| Share split | - | 90,742,698 |
| New shares issued | - | 37,209,000 |
| Purchase of treasury shares | - | (2,894,034) |
| Outstanding 31 August | 135,140,186 | 135,140,186 |

Share premium on new shares issued in 2009/10 amounted to EUR 400.0 million.

| EUR million | 2011 | 2010 |
|-------------|------|------|
|-------------|------|------|

Note 15 - Deferred tax

| | | |
|---|------------|------------|
| Deferred tax at 1 September | 3.4 | 3.7 |
| Adjustment to previous year | (3.4) | - |
| Change in deferred tax - recognized in the income statement | 0.1 | (0.3) |
| Deferred tax at 31 August | 0.1 | 3.4 |

Specification of deferred tax

| | | |
|--|------------|------------|
| Intangible assets | 0.3 | 0.3 |
| Property, plant and equipment | (0.3) | - |
| Liabilities | 0.1 | 3.1 |
| Total deferred tax at 31 August | 0.1 | 3.4 |

Chr. Hansen Holding A/S has no tax assets that are not recognized in the Balance Sheet. However, this excludes the potential tax asset related to the remaining carry forward of interest deduction in Denmark of approximately EUR 2 million. It is considered unlikely that the Danish companies will utilize the remaining interest deduction carried forward.

| EUR million | 2011 | 2010 |
|-------------|------|------|
|-------------|------|------|

Note 16 - Financial liabilities**Due within 1 year**

| | | |
|--------------------------|-------------|----------|
| Bank and financial loans | 20.0 | - |
| | 20.0 | - |

Due between 1-5 years

| | | |
|----------------------------|--------------|--------------|
| Bank and financial loans | 306.0 | 385.2 |
| Payable to group companies | 7.5 | - |
| Other payable | 0.8 | 0.8 |
| | 314.3 | 386.0 |

Due after 5 years

| | | |
|----------------------------|----------|-------------|
| Payable to group companies | - | 25.5 |
| | - | 25.5 |

| | | |
|--------------|--------------|--------------|
| Total | 334.3 | 411.5 |
|--------------|--------------|--------------|

Amortization of financing costs has been deducted from bank and financial loans.

| EUR million | 2011 | 2010 |
|-------------|------|------|
|-------------|------|------|

Note 17 - Other payables

| | | |
|--------------------------------------|------------|------------|
| Wages, salaries and holiday pay, etc | 1.3 | 2.2 |
| VAT and other duties | 0.3 | - |
| Derivative financial instruments | 2.0 | 0.4 |
| Other | 1.6 | 2.7 |
| Total | 5.2 | 5.3 |

Note 18 - Share-based payments**Warrant program**

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 a major shareholder and former parent company of Chr. Hansen Holding A/S. The program includes warrants, where every warrant gives the right to buy one share at the value of EUR 2.00, EUR 6.10 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.

In connection with Chr. Hansen Holding A/S' introduction to the NASDAQ OMX Copenhagen in June 2010 some of the existing share-based payment programs in Financière Star 1, S.A., Luxembourg were vested and exercised.

| Warrants (number of warrants) | 2010/11 | | | |
|--------------------------------|------------------|----------------------|------------------|------------------|
| | Executive Board | Managerial employees | Former employees | Total |
| Outstanding 1 September | 2,663,093 | 116,524 | 459,630 | 3,239,247 |
| Transferred | - | (12,445) | 12,445 | - |
| Exercised | (897,150) | (35,058) | (159,033) | (1,091,241) |
| Outstanding 31 August | 1,765,943 | 69,021 | 313,042 | 2,148,006 |

Warrants exercised during the year have an average exercise price of EUR 2.20 per warrant.

In the financial year 2010/11 there were no expenses relating to this program (2009/10: EUR 0.2 million).

| Warrants (number of warrants) | 2009/10 | | | |
|--------------------------------|------------------|----------------------|------------------|------------------|
| | Executive Board | Managerial employees | Former employees | Total |
| Outstanding 1 September | 2,052,951 | 2,756,721 | 669,998 | 5,479,670 |
| Allocated | 37,750 | 20,000 | - | 57,750 |
| Transferred | 1,410,656 | (2,021,757) | 611,101 | - |
| Exercised | (838,264) | (529,689) | (763,469) | (2,131,422) |
| Forfeited | - | (108,751) | (58,000) | (166,751) |
| Outstanding 31 August | 2,663,093 | 116,524 | 459,630 | 3,239,247 |

Allocated / Exercise price

| | | | | |
|--------------------|---------------|---------------|----------|---------------|
| 2009/10 / EUR 6.45 | 37,750 | 20,000 | - | 57,750 |
| Total | 37,750 | 20,000 | - | 57,750 |

Number of warrants allocated in 2009/10 amounting to 57,750 have an exercise price of EUR 6.45 per warrant. Warrants exercised during 2009/10 have an average exercise price of EUR 2.21 per warrant, and warrants forfeited have an average exercise price of EUR 2.00 per warrant.

The average value of the allocated warrants is EUR 0.13.

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 1 year.

Market value of warrants allocated in 2009/10 amounted to EUR 0.0 million.

Share option programs

Program 1: Retention program

Each share option may, subject to the member of the Executive Board still being employed with Chr. Hansen, be exercised to purchase one existing share in Chr. Hansen Holding A/S from Financière Star 1 at an exercise price of DKK 1 in the period 31 May 2012 - 31 December 2012.

In the financial year 2010/11 EUR 0.7 million was expensed relating to this program (2009/10: EUR 0.4 million).

Program 2: Allocated as a long-term share option program

Granted to Executive Board and certain managerial employees. Vesting is subject to fulfillment of certain key performance indicators related to the development in the share price and EBITDA. The stock options will vest at the date of the Annual General Meeting at which the Annual Report for the financial year ending 31 August 2013 is approved.

Following vesting, each stock option may be exercised up until 31 August 2016 to purchase one existing share at an exercise price of DKK 99.

In the financial year 2010/11 EUR 0.9 million was expensed relating to this program (2009/10: EUR 0.2 million).

Program 3: Allocated as a short-term RSU-program

Executive Board and certain managerial employees have had the opportunity to earn a number of share options based on individual key performance indicators. Each share option may, subject to the person still being employed with Chr. Hansen, be exercised to purchase one existing share in Chr. Hansen Holding A/S at an exercise price of DKK 1 in November 2011, November 2012 or November 2013. The number of options allocated was finally determined in November 2010.

In the financial year 2010/11 EUR 0.1 million was expensed relating to this program (2009/10: EUR 0.1 million).

Program 4: Allocated as a long-term share option program

Granted to Executive Board and certain managerial employees. Vesting is subject to fulfillment of certain key performance indicators related to development in EBIT and earnings per share. The stock options will vest at the date of the Annual General Meeting at which the Annual Report for the financial year ending 31 August 2013 is approved.

Following vesting, each stock option may be exercised up until 31 August 2016 to purchase one existing share at an exercise price of DKK 123.11.

Total fair value of the program is EUR 2.1 million.

In the financial year 2010/11 EUR 0.3 million was expensed relating to this program.

Program 5: Allocated as a short-term RSU-program

Executive Board and certain managerial employees have had the opportunity to earn a number of share options based on individual key performance indicators. Each share option may, subject to the person still being employed with Chr. Hansen, be exercised to purchase one existing share in Chr. Hansen Holding A/S at an exercise price of DKK 1 in November 2012, November 2013 or November 2014. The number of options allocated and their value will be finally determined in November 2011.

Total fair value of the program is estimated to be EUR 0.5 million.

In the financial year 2010/11 EUR 0.2 million was expensed relating to this program.

| Assumptions | Program 1 | Program 2 | Program 3 | Program 4 | Program 5 |
|-------------------------|-----------|-----------|-------------|-----------|-----------|
| Allocated | 2009/10 | 2009/10 | 2009/10 | 2010/11 | 2010/11 |
| Average value of option | EUR 12.6 | EUR 2.1 | EUR 12.4 | EUR 3.2 | EUR 15.9 |
| Risk-free interest rate | 0.62% | 1.15% | 0.52%-1.11% | 1.74% | 2.42% |
| Volatility | 30% | 30% | 30% | 30% | 30% |
| Dividend | 1.50% | 1.50% | 1.50% | 1.50% | 1.50% |
| Period | 2 years | 3-5 years | 3-5 years | 3-5 years | 3-5 years |

Share options (number of options)

| | Executive Board | Managerial employees | Former employees | Total |
|--------------------------------------|------------------|----------------------|------------------|------------------|
| Program 1: | | | | |
| Outstanding 1 September, 2009 | - | - | - | - |
| Allocated | 138,240 | - | 17,971 | 156,211 |
| Outstanding 31 August, 2010 | 138,240 | - | 17,971 | 156,211 |
| Forfeited | (26,769) | - | - | (26,769) |
| Outstanding 31 August, 2011 | 111,471 | - | 17,971 | 129,442 |
| Program 2: | | | | |
| Outstanding 1 September, 2009 | - | - | - | - |
| Allocated | 1,552,885 | 207,052 | 207,051 | 1,966,988 |
| Forfeited | - | - | (207,051) | (207,051) |
| Outstanding 31 August, 2010 | 1,552,885 | 207,052 | - | 1,759,937 |
| Transferred | 103,526 | (103,526) | - | - |
| Forfeited | (310,577) | - | - | (310,577) |
| Outstanding 31 August, 2011 | 1,345,834 | 103,526 | - | 1,449,360 |
| Program 3: | | | | |
| Outstanding 1 September, 2009 | - | - | - | - |
| Allocated | 23,231 | 8,347 | - | 31,578 |
| Outstanding 31 August, 2010 | 23,231 | 8,347 | - | 31,578 |
| Adjustment to allocation | 14,367 | 1,769 | - | 16,136 |
| Transferred | 3,000 | (4,592) | 1,592 | - |
| Forfeited | (7,379) | - | - | (7,379) |
| Outstanding 31 August, 2011 | 33,219 | 5,524 | 1,592 | 40,335 |
| Program 4: | | | | |
| Outstanding 1 September, 2010 | - | - | - | - |
| Allocated | 586,647 | 69,018 | - | 655,665 |
| Transferred | 34,509 | (34,509) | - | - |
| Forfeited | (103,526) | - | - | (103,526) |
| Outstanding 31 August, 2011 | 517,630 | 34,509 | - | 552,139 |
| Program 5: | | | | |
| Outstanding 1 September, 2010 | - | - | - | - |
| Allocated | 25,710 | 6,038 | - | 31,748 |
| Outstanding 31 August, 2011 | 25,710 | 6,038 | - | 31,748 |

| | | |
|-------------|----------------|---------|
| EUR million | 2010/11 | 2009/10 |
|-------------|----------------|---------|

Note 19 - Adjustments to cash flow

| | | |
|--|------------|------------|
| Depreciation, amortization and impairment losses | 0.2 | 0.3 |
| Share-based payment | 2.2 | 0.8 |
| Total | 2.4 | 1.1 |

| | | |
|-------------|----------------|---------|
| EUR million | 2010/11 | 2009/10 |
|-------------|----------------|---------|

Note 20 - Change in working capital

| | | |
|--------------------------------------|--------------|--------------|
| Trade payables | (4.2) | 4.0 |
| Other receivables and other payables | (1.2) | (13.8) |
| Total | (5.4) | (9.8) |

| |
|-------------|
| EUR million |
|-------------|

Note 21 - Financial instruments

Chr. Hansen Holding A/S is exposed to market risk, primarily risks relating to currency and interest, and utilizes derivative financial instruments for hedging of recognized and future transactions. Chr. Hansen Holding A/S 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 interest rates are hedged. As at 31 August 2011 the outstanding interest swaps had the following market value:

| Market value of open interest rate swaps | 2011 | | | |
|---|-----------------|---------------------------|------------------------------|--------------------------------|
| | Contract amount | Gain/loss at 31 August | Included in income statement | Included in fair value reserve |
| EUR 200m interest rate swaps, expiration 15 April, 2015 | 200.0 | (0.2) | - | (0.2) |
| USD 75m interest rate swaps, expiration 15 April, 2015 | 51.9 | (1.9) | - | (1.9) |
| | 251.9 | (2.1) | - | (2.1) |
| | | | | 2010 |
| | Contract amount | Gain/loss at 31 August 31 | Included in income statement | Included in fair value reserve |
| EUR 200m interest rate swaps, expiration 15 April, 2015 | 200.0 | (0.1) | - | (0.1) |
| USD 75m interest rate swaps, expiration 15 April, 2015 | 59.2 | (0.3) | - | (0.3) |
| | 259.2 | (0.4) | - | (0.4) |

The fair value is calculated based on a valuation model, primarily based on observable market data. There is no currency risk related to the swaps for the group.

The interests on our financing facilities are based on floating interest plus a margin. At 31 August 2011, 77% of the outstanding debts were hedged through interest rate swaps or loans with fixed interest rate (68% at 31 August 2010). The total debt had an average maturity of 3.6 years at 31 August 2011 (4.6 years at 31 August 2010). An interest increase of 1 percentage point on the average interest rate on the company's interest-bearing debt excluding swaps will influence the company's earnings before tax by EUR 3.3 million during the next 12 month period (EUR 3.9 million for the financial year 2009/10). The effect on the swaps entered will be EUR 1.5 million based on the interest change of 1 percentage point (EUR 2.6 million for the financial year 2009/10).

Note 21 - Financial instruments - continued

| EUR million | 2011 | 2010 |
|---|--------------|--------------|
| Financial assets | | |
| Receivables from group companies | 6.8 | 2.7 |
| Tax receivable | 17.7 | 8.4 |
| Other receivables and prepayments | 0.5 | 1.1 |
| Cash and cash equivalents | 34.3 | 1.3 |
| Financial assets | 59.3 | 13.5 |
| Borrowings | | |
| Borrowings | 326.0 | 385.2 |
| Trade payables | 0.3 | 4.6 |
| Other financial liabilities | 14.1 | 47.1 |
| Financial liabilities | 340.4 | 436.9 |
| Classification of financial assets | | |
| Loans and receivables | 59.3 | 13.5 |
| | 59.3 | 13.5 |
| Classification of financial liabilities | | |
| Financial liabilities measured at amortized cost | 340.4 | 436.9 |
| | 340.4 | 436.9 |
| Maturity analysis for financial liabilities | | |
| Borrowings | | |
| 0-1 year | 20.0 | - |
| 1-5 years | 306.0 | 385.2 |
| + 5 years | - | - |
| Trade payables | | |
| 0-1 year | 0.3 | 4.6 |
| 1-5 years | - | - |
| + 5 years | - | - |
| Other financial liabilities | | |
| 0-1 year | 5.2 | 20.8 |
| 1-5 years | 0.8 | 0.8 |
| + 5 years | 8.1 | 25.5 |
| | 340.4 | 436.9 |
| Average interest rate | 2,7% | 2,5% |
| Borrowings have been reduced by amortization and financing expenses. The following amortization amounts have been deducted: | | |
| Amortization expenses offset under non-current debt | 2.8 | 3.6 |

Note 22 - Credit, currency and interest rate risk**Credit risk**

Credit risk for cash and cash equivalents and financial instruments are handled by only working with financial institutions which have satisfactory credit rating. In general, we estimate the risk to be limited.

Currency risk

The overall purpose of managing currency risk is to minimize the impact from short-term currency movements on earnings and cash flow. The main exchange rate risk for the company are loans nominated in USD.

It is the policy of the Parent company not to hedge investments in subsidiaries.

Interest risk

The interest on our Multicurrency Loan Facility is based on variable interest plus a margin. Interest rate swaps are utilized to reduce the risk relating to the income statement. At 31 August 2011, 77% of the outstanding debts were hedged through interest rate (68% at 31 August 2010)

Cash flow risk

Chr. Hansen Holding A/S's interest-bearing net debts at 31 August 2011 amount to EUR 294.5 million (EUR 387.5 million at 31 August 2010).

Note 23 - Commitment and contingent liabilities**Operational leasing commitments**

Leasing commitments primarily related to car and equipment due within 1 year and between 1-5 years amount to EUR 0.3 million (less than EUR 0.1 million in 2009/10). In the financial year 2010/11 EUR 0.1 million is expensed (EUR 0.1 million in 2009/10).

Other guarantees and liabilities

Chr. Hansen Holding A/S is liable for on account payments received from jointly taxed companies. At 31 August 2011 the jointly taxed companies have an actual tax liability of EUR 31.4 million (EUR 23.1 million in 2010).

Chr. Hansen Holding A/S is jointly and severally liable for the subsidiaries Chr. Hansen A/S' and Chr. Hansen France SAS' draw of EUR 57.3 million on the Group's credit facility as of 31 August 2011 (EUR 57.3 million on 31 August 2010).

Pending court and arbitration cases

Certain claims have been made against the Chr. Hansen Holding A/S. Management is of the opinion that the result of these disputes will not have an important impact on the Company's financial position.

Change of control

The loan facilities established in 2009/10 are subject to change of control clauses. Regarding change of control clauses in management contracts, please see note 4.

EUR million

Note 24 - Related parties

Related parties are identified as parties with control or significant influence, including group enterprises.

Parties with significant influence are Financière Star 1, S.A., Rue Des Glacis, 1, L-1628, Luxembourg, Luxembourg and its respective management and the Group. Other related parties are the Executive Board and Board of Directors of Chr. Hansen Holding A/S.

Transactions with related parties

| | 2010/11 | |
|----------------------------------|--------------|--|
| | Subsidiaries | Executive Board and Board of Directors |
| Sale of services | 17.7 | - |
| Interest income | 12.4 | - |
| Interest expenses | (0.8) | - |
| | 29.3 | - |
| Receivable amounts at 31 August | 206.8 | - |
| Outstanding amounts at 31 August | 8.1 | - |

Fees and other considerations to Executive Board and Board of Directors are specified in note 4.

| | 2009/10 | |
|----------------------------------|--------------|--|
| | Subsidiaries | Executive Board and Board of Directors |
| Sale of services | 10.1 | - |
| Interest income | 9.0 | - |
| Interest expenses | (4.7) | - |
| | 14.4 | - |
| Receivable amounts at 31 August | 277.5 | - |
| Outstanding amounts at 31 August | 41.0 | - |

The company has in 2009/10 received a capital increase of EUR 15.6 million from the former majority shareholder (in 2009/10), Financière Star 1, which covered the net impact of extraordinary bonus to employees of the Company and its subsidiaries.

Note 25 - Events after the balance sheet date

No significant events have occurred since 31 August 2011 with effect on the Annual Report.

STATEMENTS & MANAGEMENT



Management's Statement on the Annual Report

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Chr. Hansen Holding A/S for 2010/11.

The Consolidated Financial Statements and the Parent Financial Statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU. Further, the Annual Report is prepared in accordance with additional Danish disclosure requirements for listed companies.

In our opinion, the accounting policies used are appropriate and the Consolidated Financial Statements and the Parent Financial Statements give a true and fair view of the financial position at 31 August 2011 of the Group and the Parent Company and of the results of the Group and Parent Company operations and cash flows for the financial year 2010/11.

In our opinion, Management's Review includes a true and fair account of the development in the operations and financial circumstances of the Group and the Parent Company, of the results for the year and of the financial position of the Group and the Parent Company as well as a description of the most significant risks and elements of uncertainty facing the Group and the Parent Company.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Hoersholm, 3 November 2011

Executive Board

Lars Frederiksen

Klaus Pedersen

Henrik Dalbøge

Knud Vindfeldt

Carsten Hellmann

Carsten Bennike

Jesper Allentoft

Board of Directors

Ole Andersen
Chairman

Frédéric Stévenin
Vice chairman

Alice Dautry

Henrik Poulsen

Gaëlle d'Engremont

Mark A. Wilson

Jørgen O. Nielsen

Martin G. Seidel

Svend Laulund

Independent Auditor's Report

TO THE SHAREHOLDERS OF CHR. HANSEN HOLDING A/S

We have audited the Consolidated Financial Statements and the Financial Statements of Chr. Hansen Holding A/S for the financial year 1 September 2010 – 31 August 2011. The Consolidated Financial Statements and the Financial Statements comprise Income Statement, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes for the Group as well as for the Parent Company. The Consolidated Financial Statements and the Financial Statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for listed companies. Management's Review, which is not comprised by the audit, is also prepared in accordance with Danish disclosure requirements for listed companies.

MANAGEMENT'S RESPONSIBILITY

Management is responsible for the preparation and fair presentation of the Consolidated Financial Statements and the Financial Statements in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for listed companies. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the Consolidated Financial Statements and the Financial Statements that are free from material misstatement, whether due to fraud or error. The responsibility also includes selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances. Furthermore, Management is responsible for preparing a Management's Review that includes a true and fair account in accordance with Danish disclosure requirements for listed companies.

AUDITOR'S RESPONSIBILITY AND BASIS OF OPINION

Our responsibility is to express an opinion on the Consolidated Financial Statements and the Financial Statements based on our audit. We conducted our audit in accordance with Danish Auditing Standards. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Consolidated Financial Statements and the Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements and the Financial Statements. The

procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Consolidated Financial Statements and the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Entity's preparation and fair presentation of the Consolidated Financial Statements and the 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 Entity's internal controls. 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 Consolidated Financial Statements and the 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 Consolidated Financial Statements and the Financial Statements give a true and fair view of the financial position at 31 August 2011 of the Group and Parent Company and of the results of the Group and Parent Company operations and cash flows for the financial year 1 September 2010 – 31 August 2011 in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for listed companies.

STATEMENT ON MANAGEMENT'S REVIEW

We have read Management's Review in accordance with the Danish Financial Statements Act. We have not performed any procedures additional to the audit performed of the Consolidated Financial Statements and the Financial Statements. On this basis, in our opinion, the information provided in Management's Review is in accordance with the Consolidated Financial Statements and the Financial Statements.

Copenhagen, 3 November 2011

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab

Lars Baungaard
State Authorized
Public Accountant

Rasmus Friis Jørgensen
State Authorized
Public Accountant

Board of Directors

OLE ANDERSEN

Professional board member

Born 1956. Independent

Chairman of the Board since March 2010. Re-elected 2010, term expires 2011

Chairman of the Remuneration and the Nomination Committees

Member of the Audit Committee

Other board positions:

Chairman: ISS A/S and 1 group company, Bang & Olufsen A/S

Vice chairman: Danske Bank A/S

CEO: OGA Holding ApS and 2 group companies

Competencies:

Professional experience in managing large financial and international companies. Extensive Board experience, including from listed companies. Financial and accounting expertise.

FRÉDÉRIC STÉVENIN

Partner at PAI partners

Born 1966

Vice Chairman

Member of the Board since 2005 (Chairman until March 2010).

Re-elected 2010, term expires 2011

Member of the Remuneration and the Nomination Committees

Other board positions:

Chairman: Financière Daunou 12

Member: PAI partners UK, Kaufman & Broad and 1 group company, Cerberus Nightingale 1 and 1 group company and United Biscuits Topco Ltd.

Competencies:

Professional experience in investing in large international companies. Financial and accounting expertise. Extensive Board experience, including from listed companies.

ALICE DAUTRY

President and Chief Executive Officer of Institut Pasteur

Born 1950. Independent

Member of the Board since March 2010. Re-elected 2010, term expires 2011

Member of the Remuneration and Nomination Committees

Other board positions:

Member: Sanofi Pasteur S.A, Institut Pasteur de Lille, Institut Curie, Anrs, Conseil Pasteur-Weizmann, Medicen, Ecole Polytechnique, Sorbonne Paris Cité, DNDi (Drugs for Neglected Diseases initiative), Fondation Sanofi Espoir, ISTA (Institute of Science and Technology Austria)

Competencies:

Professional experience in managing major research institutions. A strong scientific background within immune health and microbiology

HENRIK POULSEN

Chief Executive Officer of TDC A/S

Born 1967. Independent

Member of the Board since March 2010. Re-elected 2010, term expires 2011

Chairman of the Audit Committee

Other board positions:

Chairman: Fullrate Holding ApS, Tele & Teknik Holding ApS, YouSee A/S

Member: Denmark-America Foundation, Falck A/S and 2 group companies, Advisory Council of Danske Bank A/S

Competencies:

Executive experience from Fast Moving Consumer Goods, private equity, and telco industries with an emphasis on corporate restructuring, innovation, process improvement and sales & marketing.

GAËLLE D'ENGREMENT

Principal of PAI partners

Born 1975

Member of the Board since 2009. Re-elected 2010, term expires 2011

Member of the Audit Committee

Other board positions:

Member: Financière Star 1, United Biscuits Topco Limited, Perstorp AB

Competencies:

Professional experience in investing in mid to large size international companies. Financial and accounting expertise.

MARK A. WILSON

Managing Director for Fonterra Brand's Asia, Africa and the Middle East operations in Fonterra Co-Operative Group Limited

Born 1952. Independent

Member of the Board since 2010, term expires 2011

Other board positions:

Member of Fonterra's Executive Committee, Fonterra Co-operative Group Limited and 8 group companies

Competencies:

International CEO / MD with over 35 years in Fast Moving Consumer Goods and Service/B2B Industries within Asian, South American, U.K., Irish and International markets.

JØRGEN O. NIELSEN

Director, People Operations, Chr. Hansen

Born 1948

Employee representative

Member of the Board since August 2010, term expires 2014

SVEND LAULUND

Manager. External Affairs, Chr. Hansen

Born 1954

Employee representative

Member of the Board since 2006. Re-elected 2010, term expires 2014

MARTIN G. SEIDEL

Business Analyst, Chr. Hansen

Born 1971

Employee Representative

Member of the Board since 2006. Re-elected 2010, term expires 2014

Executive Board

LARS FREDERIKSEN

Chief Executive Officer
Born 1958

Education:

M.Sc. Economics and Business Administration
Joined Chr. Hansen in 1980

Board positions:

Member: Board of Directors of Hedorf Holding A/S and Hedorfs Fond

Investment firm affiliations:

Digevej Invest ApS

KLAUS PEDERSEN

Chief Financial Officer
Born 1967

Education:

M.Sc. Finance and Business Administration, Aarhus School of Business, 1992
Joined Chr. Hansen in 2011

Board positions:

Chairman: Faroese Telecom, KP Consult ApS

HENRIK DALBØGE

Executive Vice President, Health & Nutrition Division
Born 1956

Education:

M.Sc. Molecular Biology,
Lic.Scient., Ph.D. Biotechnology
Joined Chr. Hansen in 2006

KNUD VINDFELDT

Executive Vice President, Cultures & Enzymes Division
Born 1963

Education:

Master of Dairy Science,
Bachelor of International Business
Joined Chr. Hansen in 1991

CARSTEN HELLMANN

Executive Vice President, Global Sales
Born 1964

Education:

B.Sc. Business Administration,
M.Sc. Information Management
INSEAD, International Business Programme
Joined Chr. Hansen in 2006

Board positions:

Chairman: Pro-Meduc Group A/S
Member: The Health Policy Board of the Confederation of Danish Industries (DI)

CARSTEN BENNIKE

Executive Vice President, Natural Colors Division
Born 1964

Education:

M. Sc. Business Administration, Copenhagen Business School, 1996
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