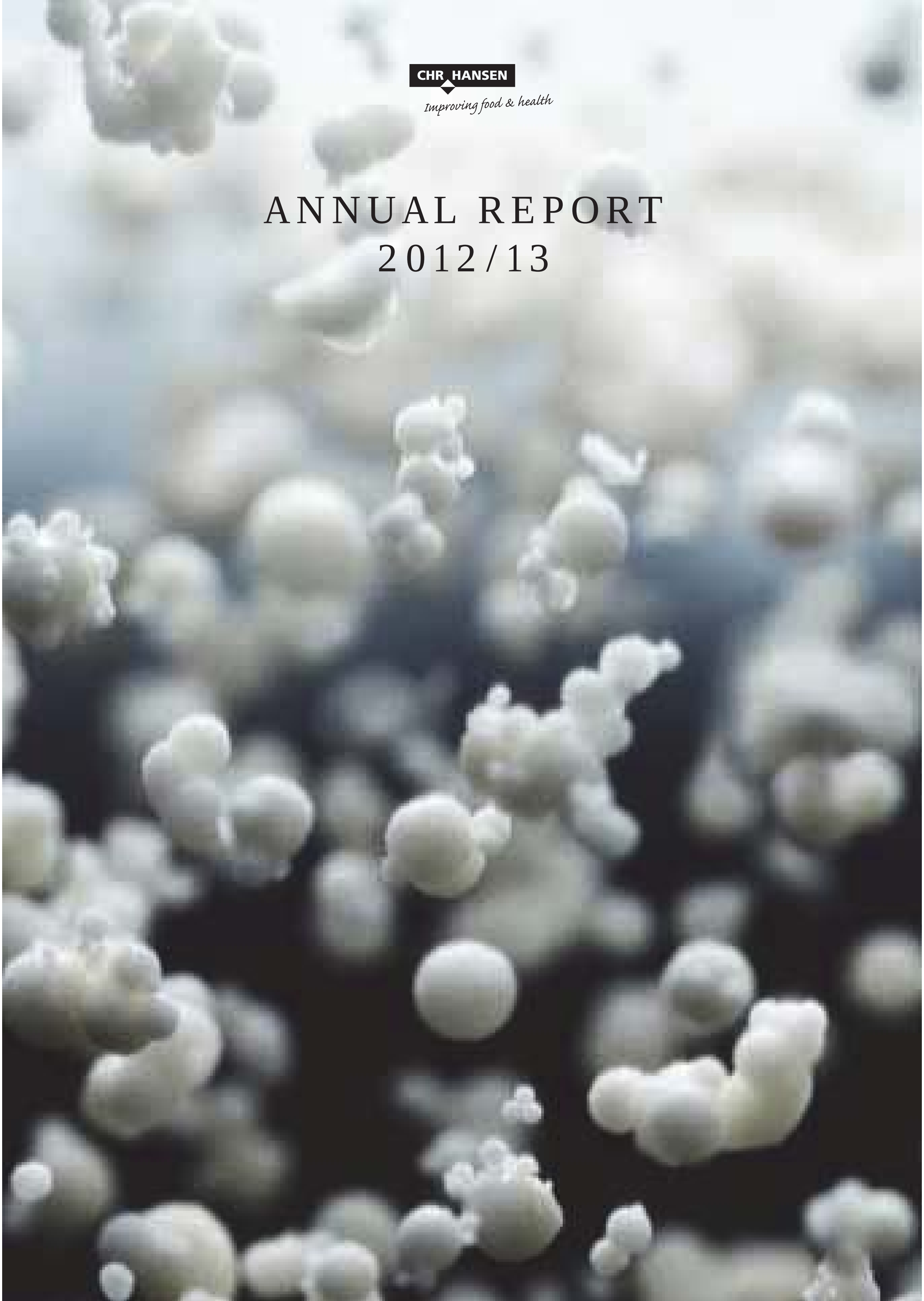

Improving food & health

ANNUAL REPORT 2012/13

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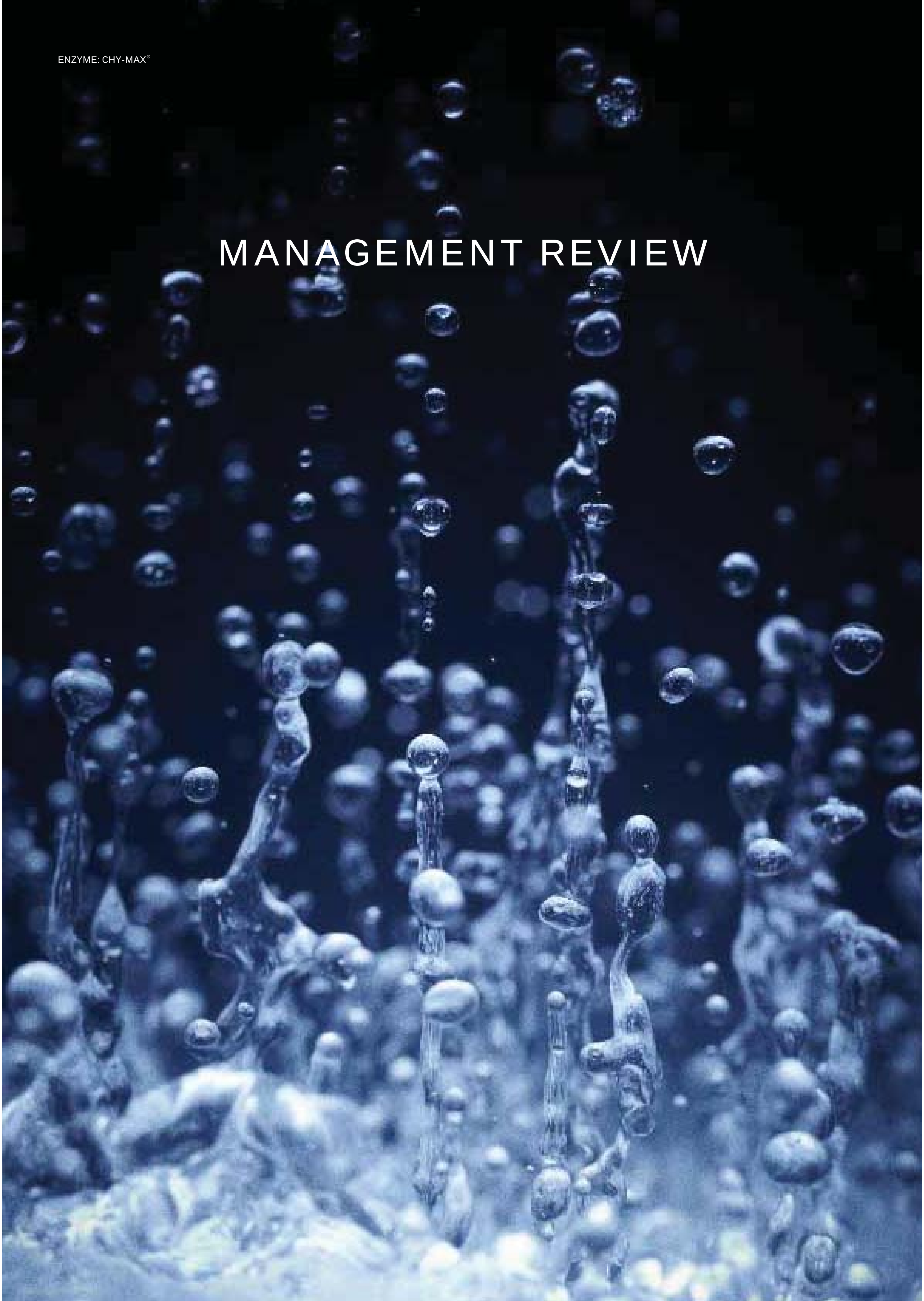
ENZYME: CHY-MAX®

MANAGEMENT REVIEW



About Chr. Hansen

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

Revenue for 2012/13 was EUR 738 million. The Company holds a leading market position in all its divisions: Cultures & Enzymes, Health & Nutrition and Natural Colors. It has more than 2,500 dedicated employees in 30 countries and main production facilities in Denmark, France, the US and Germany. Chr. Hansen was founded in 1874 and is listed on NASDAQ OMX Copenhagen.

CORE COMPETENCIES

An in-depth knowledge of bioscience and its applications within cultures and enzymes and advanced application expertise in the uses of natural colors are the Company's core competencies and serve as the technical foundation for its products. Chr. Hansen has built its market position on solid expertise, focused innovation, production and supply chain excellence and long-term customer relationships. Chr. Hansen cooperates closely with customers in order to create value by improving their products and processes.

CULTURES & ENZYMES DIVISION

The Cultures & Enzymes Division produces cultures, enzymes and probiotics for the food industry in general and the dairy industry in particular. Chr. Hansen ingredients help define the taste, nutritional value, health benefits and product life of a variety of food products. Chr. Hansen also assists customers in optimizing production processes, increasing yields and improving quality.

HEALTH & NUTRITION DIVISION

The Health & Nutrition Division supplies the dietary supplement, over-the-counter pharmaceutical, infant formula and animal feed industries. The key offering is probiotic cultures with a documented health effect.

In addition to its existing business, Chr. Hansen is looking to develop microbial solutions to address attractive new growth opportunities in plant protection (medium term) and second-generation human health solutions (longer term).

NATURAL COLORS DIVISION

The Natural Colors Division produces natural color solutions for the food industry, in particular the confectionery, ice cream, dairy, fruit preparation, beverage and prepared food segments. The colors are extracted from a wide range of natural sources, such as berries, roots and seeds, and Chr. Hansen masters a number of encapsulation techniques that help stabilize the appearance of colors in various food applications.

2012/13 highlights

- Revenue EUR 738 million, up 6% on 2011/12. Organic growth 7% (9% excluding carmine price effect)
- EBIT EUR 193 million, compared to EUR 185 million in 2011/12
- EBIT margin 26.1%, down from 26.5% in 2011/12. EBIT margin before impairment 27.2%, unchanged from 2011/12
- Income taxes EUR 37 million, equivalent to an effective tax rate of 21%, compared to 24% in 2011/12. One-off adjustments to deferred taxes as a consequence of a change in the Danish corporate income tax rate reduced the effective tax rate by 4 percentage points
- Profit for the year EUR 140 million, compared to EUR 131 million in 2011/12. Diluted earnings per share EUR 1.04, compared to EUR 0.95 in 2011/12
- Capital expenditures EUR 71 million, or 9.6% of revenue, compared to EUR 64 million, or 9.1%, in 2011/12
- Incurred research & development expenditures amounted to EUR 45 million, or 6.1% of revenue, compared to EUR 47 million, or 6.7%, in 2011/12. An impairment loss of EUR 8 million was recognized in respect of capitalized development costs for two clinical studies on gastrointestinal health. Chr. Hansen has reassessed the capitalization of development expenditures. Based on this reassessment, a higher proportion of development expenditures is expected to be expensed in 2013/14
- Net working capital EUR 108 million, or 14.6% of revenue, compared to EUR 99 million, or 14.1%, in 2011/12
- Free cash flow EUR 120 million, compared to EUR 113 million in 2011/12
- Net interest-bearing debt EUR 352 million, or 1.4x EBITDA, compared to 1.5x EBITDA at 31 August 2012
- An ordinary dividend for 2012/13 of EUR 0.42 (DKK 3.13) per share, or a total of EUR 55 million, is proposed. This dividend is equivalent to 40% of the profit for the year. In addition, an extraordinary dividend of EUR 0.42 (DKK 3.13) per share, or a total of EUR 55 million, is proposed.

Key figures

EUR million	**2012/13**	2011/12	2010/11	2009/10*	2008/09
Income statement					
Revenue	738.4	698.7	635.6	551.8	511.2
Gross profit	384.8	359.6	308.7	279.3	242.1
EBITDA	249.0	235.5	201.7	157.7	150.0
EBIT before impairment	200.6	189.8	159.2	115.6	109.4
EBIT	192.5	185.0	159.2	115.6	109.4
Net financial items	(15.8)	(12.7)	(10.9)	(67.0)	(106.5)
Profit from continuing operations	139.8	131.3	114.2	16.8	(16.0)
Profit from discontinued operations	-	-	4.4	2.4	(2.4)
Profit for the year	139.8	131.3	118.6	19.2	(18.4)
Average number of employees	2,510	2,425	2,411	2,229	2,157
Financial position at 31 August					
Total assets	1,366.8	1,342.9	1,352.7	1,316.3	1,278.6
Invested capital**	1,180.1	1,174.3	1,145.5	1,153.7	1,130.0
Net working capital**	107.8	98.8	97.5	89.9	77.9
Equity	681.0	655.1	644.3	545.7	93.8
Net interest-bearing debt	351.5	363.9	347.5	474.5	814.7
Cash flow and investments					
Cash flow from operating activities	190.3	176.4	150.4	98.5	105.0
Cash flow used for investing activities	(70.3)	(63.1)	(25.8)	(38.4)	(26.6)
Free cash flow	120.0	113.3	124.6	60.1	78.4
Acquisition and disposal of property, plant and equipment, net	(52.0)	(40.0)	(21.9)	(18.4)	(10.1)
Earnings per share					
EPS, continuing operations, diluted	1.04	0.95	0.83	0.16	
Key ratios					
Organic growth, %	7	8	14	13	10
Organic growth excl. carmine price effect, %	9	11	10	11	-
Gross margin, %	52.1	51.5	48.6	50.6	47.4
EBITDA margin, %	33.7	33.7	31.7	28.6	29.3
EBIT margin before impairment, %	27.2	27.2	25.0	20.9	21.4
EBIT margin, %	26.1	26.5	25.0	20.9	21.4
ROIC, %	16.4	15.9	13.8	12.2	10.0
ROIC excl. goodwill, %	34.3	34.1	30.0	26.5	21.4
NWC, %	14.6	14.1	15.3	16.3	15.2
R&D, %	6.1	6.7	6.3	5.9	5.8
Capital expenditure, %	9.6	9.1	7.1	7.0	5.4
Cash conversion, %	67.9	72.4	73.7	72.1	90.3
Net debt to EBITDA before special items	1.4	1.5	1.7	2.6	5.3

* For 2009/10 the income statement, cash flow statement and key figures have been restated to exclude discontinued operations in accordance with IFRS 5.

** For 2009/10 the balance sheet figures have been restated to exclude discontinued operations, because of the restatement of the income statement and cash flow figures to produce comparable key ratios.

Letter to shareholders

SOLID PERFORMANCE IN 2012/13

Over the years, Chr. Hansen has delivered strong organic revenue growth combined with solid EBIT margins. 2012/13 was no exception, with organic growth of 9% (excluding carmine price effect) and an EBIT margin before impairment of 27.2%.

All divisions contributed to the revenue growth in 2012/13. Cultures & Enzymes delivered 9% organic growth, driven by strong growth in sales of fermented milk, cheese and meat cultures. Health & Nutrition delivered 14% organic growth with a strong performance in both human and animal health. Natural Colors had a difficult start to the year with a shortage of raw materials for anthocyanin and lower carmine volumes, but recovered to deliver 8% organic growth (excluding the effect of carmine price changes).

Free cash flow climbed to EUR 120 million from EUR 113 million last year despite the ongoing expansion of fermentation capacity in Copenhagen.

A STRONG TECHNOLOGY PLATFORM

Chr. Hansen offers sophisticated solutions based on a strong technology platform within microbial solutions and natural colors. We have continued to invest in the development of new value-adding solutions that meet the demands not only of our customers but also of consumers worldwide. As an example, we have just introduced solutions for sugar reduction in yogurt and salt reduction in cheese, and our bioprotective solutions for longer shelf life and reduced waste made a good contribution to growth in the Cultures & Enzymes Division during the year. Research & development expenditures incurred amounted to 6.1% of revenue in 2012/13 and are expected to rise to around 7% of revenue in the future.

We concluded two large clinical studies on gastrointestinal health during the year, and although primary end points were not met for the full population, the data confirm the beneficial effect of BB-12® in certain subgroups and so add to the documentation that consumption of BB-12® has a positive effect on bowel function. As a consequence of the primary end points not being met, an impairment loss of EUR 8 million was recognized.

Differentiation through documentation remains a key focus area, and we will continue to invest in clinical studies. In the short term, however, our focus will be on supporting probiotic opportunities in emerging markets.

Our past and future investments within this area will add to our understanding of the positive effect of bacteria on the human microbiome and create long-term opportunities for developing second-generation probiotic solutions.

HUMAN CAPITAL

Continued development of the organization and our employees is important to ensure future success for Chr. Hansen. We increased our focus on diversity during the year, and goals for gender, age and nationality have been implemented at all levels of the organization.

The safety of our employees remains a key focus area. The lost-time incident frequency (LTIF) was reduced from 10 per million working hours last year to 8 in 2012/13, but absence per incident increased from 9 to 15 days. Recognizing that there still is room for improvement, we will in the coming years work on further reducing the number of lost-time incidents and their severity by securing a safe working environment for our employees.

IMPROVING FOOD & HEALTH

A number of our products offer solutions to global challenges in the areas of food and health, with particular focus on nutritional benefits, reduced food waste, product safety and reduced environmental impact.

Chr. Hansen aims to improve not only customers' environmental footprint but also its own. In 2012/13, water efficiency was improved by 14%, energy efficiency by 6% per unit produced and CO_2 emissions by 21%.

Our commitment to the UN Global Compact principles is unchanged. This Annual Report reflects both how we integrate the UN Global Compact guidelines into our business activities and how we comply with the specific requirements for reporting on corporate social responsibility in accordance with the Danish Financial Statements Act.

MANAGEMENT CHANGES

In February 2013, we announced that Lars Frederiksen would step down as CEO after more than 30 years with Chr. Hansen. Lars led the transformation process under private equity ownership as well as the successful re-listing on NASDAQ OMX Copenhagen in 2010.

Cees de Jong took over as CEO from 1 April 2013. Cees brings with him a unique combined knowledge of the ingredient and biopharmaceutical industries.

In July 2013, Carsten Hellmann, Executive Vice President, Global Sales, decided to leave Chr. Hansen to pursue a career opportunity outside Denmark, and in September 2013, it was announced that Christian Barker would take over responsibility for the Health & Nutrition Division from Henrik Dalbøge who left the Company on 30 September 2013.

CAPITAL STRUCTURE AND DIVIDEND

We concluded a EUR 80 million share buy-back program during the year as part of our commitment to maintaining leverage consistent with a solid investment-grade credit profile while returning excess cash to shareholders. In keeping with this, we propose a total dividend payout of EUR 0.84 (DKK 6.26) per share, or a total of EUR 110 million. This includes both an ordinary dividend of EUR 55 million, equivalent to 40% of profit for the year, and an extraordinary dividend of EUR 55 million.

TAKING CHR. HANSEN TO THE NEXT LEVEL

Chr. Hansen will celebrate its 140th anniversary in 2014. The Company has a proud history and a strong operational and financial track record, but we firmly believe we can take the Company to the next level in terms of performance. With our Nature's No. 1 strategy, we have set ambitious, but achievable targets for the next five years, and we look forward to shaping the Company's future together with its more than 2,500 dedicated employees.

Ole Andersen	**Cees de Jong**
Chairman of the Board	CEO

Strategy

NATURE'S NO. 1

With the Nature's No. 1 strategy, Chr. Hansen has set ambitious targets for taking the Company to the next level. The strategy is about evolution rather than revolution and builds on Chr. Hansen's core capabilities and strong technology platform in microbial solutions and natural colors.

Chr. Hansen holds a unique market position as the leading provider of natural solutions in the fields of cultures, probiotics and natural colors. Chr. Hansen delivers strategic ingredient solutions with a low cost-to-value ratio for customers. Solutions are based on the Company's strong research & development platform, core capabilities in large-scale fermentation of cultures, and strong application know-how, ensuring successful integration with customers' products and processes.

GROW THE BUSINESS OF TODAY – CREATE THE SOLUTIONS OF TOMORROW

Growth opportunities in the Company's core businesses remain attractive. Chr. Hansen will grow the business of today through increased focus on new innovation for yield and functionality in the Cultures & Enzymes Division, expanding the reach of the existing business in the Health & Nutrition Division, and new solutions for driving conversion in the Natural Colors Division. Reinforcing Chr. Hansen's position in emerging markets will also be a key focus area to grow the business of today.

"Good bacteria" are becoming an increasingly relevant way to address key challenges for human health and nutrition and agricultural productivity. Chr. Hansen has an opportunity to leverage its strong technology platform in the field of microbial solutions to develop the natural solutions of tomorrow that help customers and consumers meet these challenges.

SIX STRATEGIC THEMES

1. Fully leveraging the potential of the Cultures & Enzymes Division

Chr. Hansen is the market leader in cultures and enzymes for the dairy market and has consistently outperformed market growth. The dairy market continues to hold attractive growth opportunities driven by fundamental category growth, especially in emerging markets, continued conversion, and unmet consumer and customer needs for better functionality and yield.

To address these opportunities, Chr. Hansen will focus on new innovation (e.g. next-generation bioprotection and other functional innovation), securing undisputed leadership in targeted emerging markets, developing customer-driven commercial excellence and reaping further improvements in scalability.

Strategy

	1 Fully leveraging the potential of CED	2 Developing the microbial solutions platform in HND	3 Creating further value in NCD
4 Driving a step change in innovation	> New innovation for yield & functionality	> Expand existing business > Develop plant protection > Explore human biome	> Improve cost-in-use > New transformational technologies
5 Reinforce position in emerging markets	> Undisputed leadership in emerging markets	> Pursue probiotic opportunities in emerging markets	> Drive emerging market conversion
6 Generating fuel for growth	> Drive scalability	> Reinvest in future growth	> Drive scalability
	> Continued conversion > Commercial excellence	> Commercial excellence	> Continued conversion > Commercial excellence

2. Developing the microbial solutions platform in the Health & Nutrition Division

Chr. Hansen is the leading producer of probiotics for human and animal health. The Health & Nutrition Division has almost doubled its revenue in the last five years. The core businesses in human and animal health continue to hold attractive growth opportunities. Chr. Hansen's unique technology platform for bacterial cultures also enables the Company to address attractive new growth opportunities in plant protection (medium term) and second-generation human health solutions (longer term).

Focus areas:

- Expand existing business through increased investments in animal health and continued focus on differentiation in human health through strong documentation
- Develop medium-term opportunities in plant protection by entering the rapidly growing biological crop protection market. Existing technologies and products provide a strong platform for entering the market through alliances and partnerships
- Explore long-term opportunities for developing second-generation human health solutions that capitalize on the exciting new scientific insight into the importance of "good bacteria" in human health.

3. Creating further value in the Natural Colors Division

Chr. Hansen is a leading producer of natural color solutions for the food and beverage industry. The Natural Colors Division has delivered strong growth in recent years, as consumers are demanding more natural products. The fundamental long-term trend for conversion from synthetic to natural colors remains intact.

Chr. Hansen will capture these conversion opportunities by providing improved cost-in-use solutions, addressing the significant potential in emerging markets, and developing an enhanced product offering. In addition, work continues on new transformational technology, e.g. through a fermented carmine solution.

4. Driving a step change in innovation

Innovation is a strong driver of growth across Chr. Hansen's divisions, and continued improvements in innovation efforts are essential to drive above-market organic growth. Chr. Hansen will continue to increase absolute investments in research & development and selectively strengthen competencies to ensure a strong product pipeline across the divisions and prepare for the next generation of microbial solutions in plant protection and human health.

5. Reinforcing Chr. Hansen's position in emerging markets

Emerging markets, in particular Asia, are expected to deliver the majority of the absolute market growth in key food categories in the next 5-10 years.

In order to fully capture the market potential in emerging markets, it is becoming increasingly important to adapt the product offering to regional and local needs. To meet these requirements, Chr. Hansen will focus on establishing a stronger presence in key markets. This includes a stronger and direct relationship with customers in specific countries, particularly in emerging Asia but also in countries such as Turkey. This will be enabled by strengthening local organizations through improved application support and product development capabilities.

6. Generating the fuel for growth

To achieve its strategic ambitions for organic growth in the next five years and pave the way for capturing longer-term growth opportunities, Chr. Hansen will invest in innovation, in emerging markets and in animal health, plant protection and second-generation human health solutions.

To fuel this growth and at the same time deliver improved profitability, a continued strong focus on cost discipline as well as productivity and efficiency gains across the organization will be maintained.

During 2013/14, Chr. Hansen will evaluate how to further optimize its processes and production footprint in order to generate the fuel for growth and ensure a successful implementation of the strategy.

Under the Nature's No. 1 strategy, Chr. Hansen will not pursue acquisitions in unrelated areas, expand into products outside the microbial and natural color markets, or attempt to become a full-fledged pharmaceutical company.

For more information on the new strategy, please visit www.chr-hansen.com/natures-no-1.

Outlook

OUTLOOK FOR 2013/14

The organic revenue growth for 2013/14 is expected to be 7-9%.

Organic revenue growth in Q1 is expected to be soft due to the timing of orders in human health and natural colors and negative effects from lower carmine prices in the Natural Colors Division.

Research & development expenditures incurred as a percentage of revenue are expected to move towards 7% of revenue from 6.1% in 2012/13. Chr. Hansen has reassessed capitalization of development expenditures. Based on this reassessment a higher proportion of development expenditures is expected to be expensed in 2013/14. The increased research & development activity and lower level of capitalization are estimated to reduce the EBIT margin by 1-1.5 percentage points.

The EBIT margin before special items is expected to be above 26%.

Free cash flow before acquisitions and divestments is expected to be at the same level as in 2012/13.

FIVE-YEAR FINANCIAL AMBITIONS

Revenue is expected to grow organically by 7-10% per annum. The Cultures & Enzymes Division is expected to deliver an average annual organic growth rate of 7-8%, while the Health & Nutrition Division and the Natural Colors Division are expected to deliver average annual organic growth above 10% over the period.

Research & development expenditures incurred as a percentage of revenue are expected to be around 7%. Capitalization of development costs is expected to be lower than in previous years, which will negatively impact the EBIT margin, especially in the early years of the period.

Beyond the initial impact of lower capitalization of development costs, the EBIT margin before special items is expected to improve over the period. The improvement will be driven by continued focus on strong cost discipline as well as productivity and efficiency gains across the organization, while at the same time investing in innovation, emerging markets and exploration of new growth opportunities.

The EBIT margin in the Cultures & Enzymes Division and the Natural Colors Division is expected to increase over the period. The EBIT margin in the Health & Nutrition Division is expected to be around current levels during the period as a consequence of increased investment in future growth opportunities.

Free cash flow is expected to increase over the period.

The 2013/14 outlook and five-year financial ambitions are sensitive to major changes in the global economy, including the USD exchange rate and raw material prices for natural colors, which could impact the results expected for Chr. Hansen.

SUSTAINABILITY

Ambition for 2019/20

Chr. Hansen focuses on strategic corporate social responsibility (CSR) projects which support the sustainability and long-term growth of the Company. Chr. Hansen's long-term targets for 2019/20 focus primarily on product safety, people and the environment.

- 10% reduction in product safety audit findings every year
- More than 2 training days per employee per year
- Fewer than 5 lost-time incidents per million working hours every year
- 80% of corporate management teams meeting diversity criteria by 2019/20
- Increase in water and energy consumption no more than 50% of growth in production volume compared to 2008/09
- Reduce CO_2 emissions by 30% per produced unit compared to 2008/09.

Financial review

REVENUE

Revenue amounted to EUR 738 million, up 6% on 2011/12. Organic growth amounted to 7%, or 9% excluding the effect of changes in carmine raw material prices.

The Cultures & Enzymes Division accounted for 61% of revenue (60% in 2011/12), the Health & Nutrition Division 16% (15% in 2011/12) and the Natural Colors Division 23% (25% in 2011/12).

GROSS PROFIT

Gross profit was EUR 385 million, up 7% on 2011/12. The gross margin increased by 0.6 percentage point to 52.1%, driven primarily by scale benefits in the Cultures & Enzymes Division.

EXPENSES

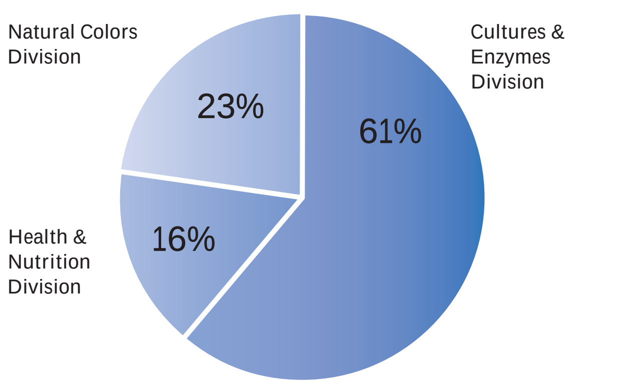
Expenses totaled EUR 192 million, compared to EUR 175 million in 2011/12, an increase of 10%. Before impairments, expenses increased by 8% to EUR 184 million from EUR 170 million in 2011/12.

Research & development expenses including amortization and impairment amounted to EUR 43 million. Capitalized development costs were EUR 15 million, down EUR 5 million on 2011/12 primarily as a result of lower costs related to clinical studies for the documentation of probiotic health claims.

An impairment loss of EUR 8 million was recognized in respect of capitalized development costs for two clinical studies on gastrointestinal health. Please refer to "Innovation" for further information on these clinical studies.

DIVISIONAL SPLIT

Revenue



Total research & development expenditures incurred amounted to EUR 45 million, or 6.1% of revenue, compared to 6.7% in 2011/12.

EUR million	**2012/13**	2011/12
R&D expenses	42.9	35.7
- Amortization	4.5	3.1
- Impairment	8.1	4.8
+ Capitalization	14.8	19.3
R&D expenditures incurred	45.1	47.1

Sales & marketing expenses increased by 7% to EUR 96 million, or 13.0% of revenue, from 12.8% in 2011/12. Administrative expenses increased by 8% to EUR 56 million, or 7.6% of revenue, from 7.4% in 2011/12.

OPERATING PROFIT (EBIT)

EBIT amounted to EUR 193 million, compared to EUR 185 million in 2011/12. The EBIT margin was 26.1%, down from 26.5% last year, due mainly to an impairment loss in respect of capitalized development costs. The EBIT margin before impairment was 27.2%, unchanged from last year.

NET FINANCIALS AND TAX

Net financial expenses amounted to EUR 16 million, compared to EUR 13 million in 2011/12. Net interest expenses were EUR 11 million, down from EUR 12 million last year.

The net impact from exchange rate adjustments was a negative EUR 7 million, compared to a negative EUR 1 million in 2011/12.

Income taxes amounted to EUR 37 million, equivalent to an effective tax rate of 21%, compared to 24% in 2011/12. One-off adjustments to deferred taxes as a consequence of a change in the Danish corporate income tax rate from 25% to 22% by the financial year 2015/16 reduced the effective tax rate by 4 percentage points.

PROFIT FOR THE YEAR

Profit for the year increased to EUR 140 million from EUR 131 million in 2011/12, due primarily to the improved operating profit and lower income taxes.

ASSETS

At 31 August 2013, total assets amounted to EUR 1,367 million, compared to EUR 1,343 million a year earlier.

Total non-current assets were in line with last year at EUR 1,081 million. Intangible assets declined by EUR 23 million, due partly to currency revaluations and impairment of capitalized development costs. Property, plant and equipment increased by EUR 20 million, driven by the expansion of fermentation capacity for cultures in Copenhagen and freeze-drying capacity in the Health & Nutrition Division.

Total current assets amounted to EUR 285 million, compared to EUR 260 million in 2011/12. Inventories increased by EUR 4 million, or 5%, while trade receivables increased by EUR 12 million, or 13%. Cash and cash equivalents increased by EUR 17 million to EUR 78 million.

Net working capital was EUR 108 million, or 14.6% of revenue, compared to EUR 99 million and 14.1% last year.

EQUITY

Total equity excluding non-controlling interests amounted to EUR 681 million at 31 August 2013, compared to EUR 655 million last year.

Dividends for the financial year 2011/12 totaling EUR 51 million were paid out in 2012/13. After concluding a EUR 80 million share buy-back program, a total of 3,534,244 shares were canceled in January 2013. Following the cancellation of the shares, the Company's share capital has a nominal value of DKK 1,344,999,760.

NET DEBT

Net interest-bearing debt amounted to EUR 352 million, or 1.4x EBITDA, compared to 1.5x EBITDA at 31 August 2012.

RETURN ON INVESTED CAPITAL (ROIC) EXCLUDING GOODWILL

The return on invested capital excluding goodwill was 34.3%, compared to 34.1% in 2011/12. Invested capital excluding goodwill increased to EUR 571 million, compared to EUR 552 million last year.

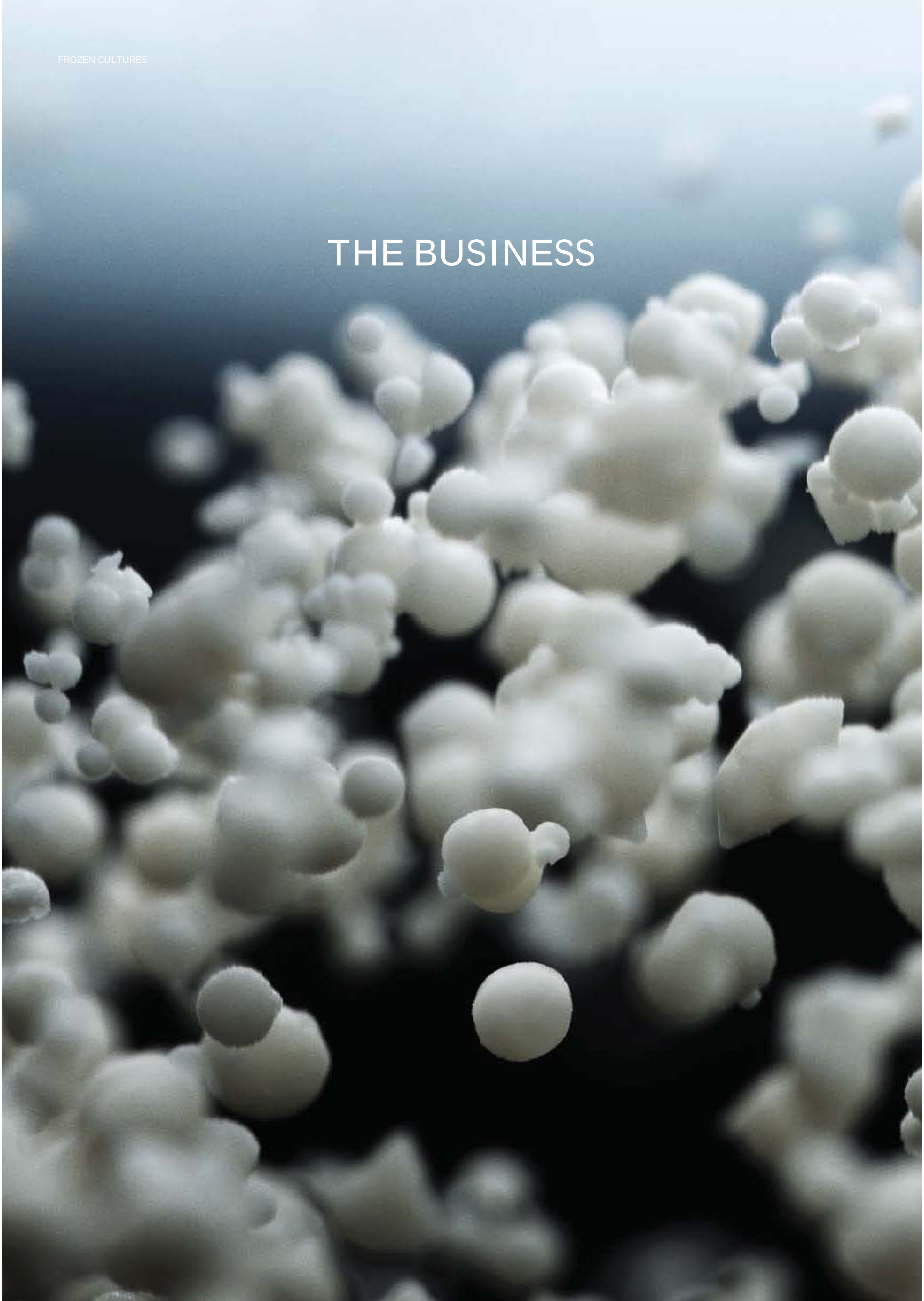
CASH FLOW

Cash flow from operating activities was EUR 190 million, compared to EUR 176 million in 2011/12, due primarily to higher operating profit.

Cash flow used for investing activities was EUR 70 million, compared to EUR 63 million in 2011/12. Major investments in 2012/13 included investments in fermentation and freeze-drying capacity as well as in clinical studies. Development costs of EUR 15 million, or 2.0% of revenue, were capitalized during the year, compared to EUR 19 million, or 2.8% of revenue, in 2011/12. Total capital expenditures corresponded to 9.6% of revenue, up from 9.1% in 2011/12.

Free cash flow was EUR 120 million, compared to EUR 113 million in 2011/12.

THE BUSINESS



Global sales

Three-year revenue growth	CAGR
Top 5 customers	4%
Top 15 customers	8%
Top 25 customers	8%

Chr. Hansen delivers natural solutions to a global market in the food, nutrition, pharmaceutical and agricultural industries. A cornerstone of the Company's growth model is to develop and maintain long-term relationships with customers as a supplier of strategic and value-adding ingredients.

Chr. Hansen has a diverse customer base, serving both large multinational, regional and local customers. The top 25 customers accounted for approximately 32% of revenue, compared to 31% in 2011/12.

The Company has direct representation in 30 countries, and around 670 employees, or 27% of total employees, work in sales and marketing. Sales and marketing expenses increased by 7% to EUR 96 million, or 13.0% of revenue, compared to EUR 90 million and 12.8% in 2011/12.

To further strengthen customer focus, the structure of the commercial organization was changed in July 2013, and the Group Vice Presidents responsible for the regions now report directly to the CEO. At the same time, the number of regions was changed from four to three. The current regions are: EMEA (Europe, Middle East and Africa), Americas (North and South America) and APAC (Asia-Pacific).

REVENUE BY REGION

EMEA (Europe, Middle East and Africa)

This region accounted for 49% of revenue, compared to 51% in 2011/12.

Revenue increased by 3%, with organic growth of 3% (5% excluding carmine price effect). The organic growth was driven primarily by cultures for fermented milk and cheese and by natural colors, while revenue from probiotic cultures for fermented milk was lower than in 2011/12.

Americas (North and South America)

This region accounted for 38% of revenue, compared to 36% in 2011/12.

Revenue increased by 9%, with organic growth of 12% (14% excluding carmine price effect). The organic growth was driven by cultures for fermented milk and cheese, natural colors, products for human and animal health, and enzymes.

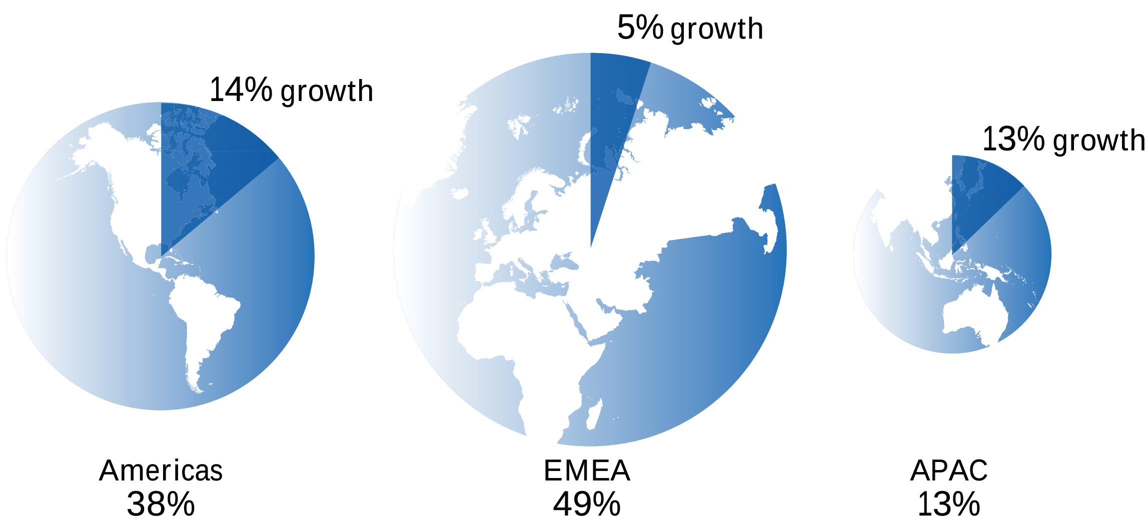
APAC (Asia-Pacific)

This region accounted for 13% of revenue, unchanged from 2011/12.

Revenue increased by 10%, with organic growth of 12% (13% excluding carmine price effect). The organic growth was driven primarily by cultures for fermented milk and cheese and by products for human health.

REGIONAL SPLIT

Revenue and organic growth (excluding carmine effect)



Cultures & Enzymes Division

EUR million	**2012/13**	2011/12
Revenue	450.9	419.8
Organic growth	9%	10%
EBITDA	172.8	155.2
EBIT	132.9	119.8
EBIT margin	29.5%	28.5%
EBIT margin before impairment	30.4%	29.0%
ROIC excluding goodwill	34.5%	31.8%

The Cultures & Enzymes Division supplies cultures, enzymes and probiotics for the food industry in general and the dairy industry in particular. Chr. Hansen's ingredients help determine the taste, nutritional value, health benefits and shelf life of a wide variety of end products. Chr. Hansen also assists customers in optimizing production processes, increasing yields and improving quality.

GENERAL TRENDS

Chr. Hansen is well positioned to exceed growth in the main dairy categories. The three most important drivers for this are fundamental growth in the consumption of cheese and fermented milk, conversion from traditional in-house production of bulk starter cultures to industrially produced cultures using DVS® technology, and innovation to meet customer and consumer demand for better functionalities.

Fundamental growth

According to Euromonitor and company estimates, the global market for fermented milk grew by an annual average of 5% from 2010 to 2012, and the market for cheese by an annual average of 2%. This growth was driven primarily by emerging markets in Asia, Africa and South America and has continued into 2013.

Conversion

Conversion from bulk starters to DVS® technology continued in 2012/13. Chr. Hansen estimates that approximately 80% of the fermented milk market (excluding India) and approximately 45% of the cheese market have converted to DVS® or similar technologies.

Innovation

Chr. Hansen developed a number of innovative new solutions in 2012/13 to meet the need for reduction of sugar, salt and fat in fermented milk and cheese products. These solutions meet consumer demand for healthier foods without compromising quality in terms of mouthfeel, taste, texture and sweetness, and will be rolled out in the coming years.

Bioprotective cultures for longer product shelf life and reduced waste made a good contribution to growth in the division during the year.

REVENUE

Revenue increased by 7% to EUR 451 million, corresponding to organic growth of 9%. The organic growth was due mainly to strong growth in cultures for fermented milk, cheese and meat. There was also good growth in enzyme sales, while revenue from probiotic cultures was unchanged.

Growth in cultures for fermented milk and cheese was driven by conversion and product innovation, including a positive impact in the first half of 2012/13 from sales of bioprotective cultures.

Growth in probiotic cultures in APAC was offset by a continued decline in Europe, while the Americas region performed in line with 2011/12.

Growth in meat cultures was driven by bioprotective cultures. Cultures for wine realized good growth.

Conversion to CHY-MAX® M was the main contributor to the good growth in enzymes.

EBIT

EBIT amounted to EUR 133 million, up 11% on 2011/12. EBIT was impacted negatively by an impairment loss of EUR 4.3 million relating to clinical studies, compared to impairment losses of EUR 2.1 million in 2011/12. The EBIT margin before impairment increased to 30.4% from 29.0% in 2011/12, driven primarily by scalability.

ROIC EXCLUDING GOODWILL

The return on invested capital excluding goodwill was 34.5%, compared to 31.8% in 2011/12. Invested capital excluding goodwill increased by EUR 14 million, or 4%, to EUR 392 million.

Health & Nutrition Division

EUR million	**2012/13**	2011/12
Revenue	120.6	107.3
Organic growth	14%	13%
EBITDA	49.4	48.1
EBIT	37.9	37.6
EBIT margin	31.5%	35.0%
EBIT margin before impairment	34.6%	37.6%
ROIC excluding goodwill	36.7%	39.1%

The Health & Nutrition Division supplies products and solutions 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. In addition to its existing business, Chr. Hansen is looking to develop microbial solutions to address attractive new growth opportunities in plant protection (medium term) and second-generation human health solutions (longer term).

GENERAL TRENDS

Human health

General market conditions for human probiotic dietary supplements remained favorable in 2012/13.

Over the last few years, especially in Europe, the regulation of probiotics for human health and nutrition has become increasingly stringent with respect to the quality of product documentation of health benefits. Chr. Hansen continuously invests in providing clinical evidence of the health benefits of probiotic strains to retain and attract customers, and as a market leader Chr. Hansen has some of the best-documented strains in its product portfolio.

Animal health

With a growing world population, there is an ever greater need to increase productivity in the agricultural industry. Chr. Hansen's probiotic concepts for animal feed help farmers address this challenge.

Both the market for animal probiotics in the livestock industry and the market for silage inoculants expanded in 2012/13.

Crop protection

In line with the Natures No. 1 strategy, Chr. Hansen announced a new global strategic alliance with FMC Corporation on 7 October 2013 covering development and commercialization of biological crop protection products. Under the arrangement, Chr. Hansen will provide scouting, screening, scale-up and fermentation manufacturing expertise, while FMC will provide scouting, screening, formulation capabilities, product development and registration experience as well as global market access.

Innovation

Chr. Hansen has developed world-class technology platforms from strain screening to development and product formulation, all of which meet pharmaceutical standards. The Company is keen to document the efficacy and safety of its probiotic products, as well as identify new opportunities within its existing business and in plant protection and second-generation human health solutions.

REVENUE

Revenue increased by 12% to EUR 121 million, corresponding to organic growth of 14%. Human health products realized strong growth, driven by dietary supplements in the Americas. Animal health products also showed strong growth, driven primarily by the silage, poultry and swine segments.

EBIT

EBIT amounted to EUR 38 million, in line with 2011/12. EBIT was impacted negatively by impairment losses of EUR 3.8 million relating to clinical studies, compared to an impairment loss of EUR 2.8 million in 2011/12. The EBIT margin before impairment was 34.6%, compared to 37.6% in 2011/12. The decrease was due largely to changes in the product mix in human health and investments in the sales platform.

ROIC EXCLUDING GOODWILL

The return on invested capital excluding goodwill was 36.7%, compared to 39.1% in 2011/12. Invested capital excluding goodwill increased by EUR 4 million, or 4%, to EUR 105 million.

Natural Colors Division

EUR million	**2012/13**	2011/12
Revenue	166.9	171.6
Organic growth	0%	2%
Organic growth excluding carmine price effect	8%	12%
EBITDA	26.7	32.2
EBIT	21.7	27.6
EBIT margin	13.0%	16.1%
ROIC	29.5%	40.5%

The Natural Colors Division supplies natural color solutions for the food industry, in particular the beverage, confectionery, ice cream, dairy, fruit preparation and prepared food segments. The colors are extracted from a wide range of natural sources, such as berries, roots and seeds, and Chr. Hansen masters a number of encapsulation techniques that help stabilize the appearance of colors in various food applications.

GENERAL TRENDS

The Natural Colors Division has delivered strong growth in recent years, as consumers are demanding more natural products. The fundamental long-term trend for conversion from synthetic to natural colors remains intact.

Chr. Hansen is well positioned to capture these conversion opportunities by providing improved cost-in-use solutions, addressing the significant potential in emerging markets and developing an enhanced product offering. In addition, work continues on new transformational technology, such as a fermented carmine solution.

Conversion

A continued increase in public demand for natural products led to continued conversion from synthetic to natural colors in 2012/13. This process has been particularly prevalent in South America, Europe and Asia, but has been slower in North America. It is primarily global fast-moving consumer goods companies in beverages and confectionery that are converting. Based on its strong market position and broad range of product solutions, Chr. Hansen was able to take advantage of this trend in 2012/13 despite a slow start to the year, with organic growth of 8% excluding carmine price effect.

Sourcing

Following a shortage of raw materials for anthocyanin during the first quarter of the year, raw materials became available following the grape harvest in autumn 2012, allowing strong growth in the anthocyanin category in the latter part of 2012/13.

The availability of carmine remained stable during the year, with raw material prices around USD 15 per kg, compared to an average price around USD 30 per kg in 2011/12. Through breeding programs and collaboration with farmers, Chr. Hansen is working on solutions to increase the yield and quality of selected crops to improve raw material availability and to reduce water, energy and fertilizer consumption in the production of natural colors.

Innovation

Chr. Hansen's innovation is focused on introducing new pigments and products that can add value to customers' applications through product properties and production processes, including improved cost-in-use solutions. In 2012/13, a number of new products was launched, including a new addition to the I-Colors® range for coloring powder beverages. The development of other innovations, including a solution for reducing color transfer to whey, continued.

REVENUE

Revenue decreased by 3% to EUR 167 million, corresponding to organic growth of 8% excluding carmine price effect (0% including carmine price effect).

The organic growth excluding carmine price effect was driven primarily by strong growth in anthocyanin, natural carotene, annatto and FruitMax® products. The carmine segment experienced declining volumes at the beginning of the year, but pricing initiatives during the year helped regain lost business, and carmine volumes delivered modest growth for the full year.

EBIT

EBIT amounted to EUR 22 million, down 21% on 2011/12. The EBIT margin was 13.0%, compared to 16.1% in 2011/12. The decrease was due mainly to pricing reductions to address carmine volume losses in the beginning of the year, a positive carmine price effect from delayed price reductions in 2011/12, and investments in the sales platform.

ROIC

The return on invested capital was 29.5%, compared to 40.5% in 2011/12. Invested capital was in line with 2011/12 at EUR 74 million.

Innovation

INNOVATION

With 6.1% of revenue spent on research & development (R&D) in 2012/13 and more than 330 employees dedicated to R&D and technical application activities, innovation is a cornerstone of the Company. The continued focus on investing in R&D provides Chr. Hansen with a broad platform to ensure future growth within current businesses and pursue attractive new growth opportunities in plant protection (medium term) and second-generation human health solutions (longer term).

Bioscience platform

The majority of Chr. Hansen's product innovation derives from its strong bioscience technology platforms, based on in-depth scientific knowledge and competencies. Chr. Hansen is the owner of one of the world's largest commercial collections of lactic acid bacteria, numbering more than 16,000 strains. Bacterial cultures from this collection are screened, selected and improved to meet specific requirements in final food, dietary supplement or feed products.

Helping customers locally

Chr. Hansen's global network of application and development centers work closely with customers around the world to develop new products and service their needs, building on strong customer insight and local technical competencies.

Partnerships

Chr. Hansen actively partners with researchers and companies on innovative projects in its specialist fields. Partnerships can start at any stage of a project, from joint research in the early discovery phases to inlicensing of fully developed products.

Innovation supports sustainability

Innovation is needed to meet present and future challenges for consumers, who demand safe, healthy and nutritious products/food; for the environment, where resource efficiency is a necessity; and for society as a whole, which depends on food security. Chr. Hansen develops solutions to meet these challenges.

Through its microbial technology platform, Chr. Hansen has, for example, developed natural solutions that are phage-resistant, inhibit mold and yeast, and can reduce the amount of fat and sugar in fermented milk and cheese products without compromising the texture and taste properties of the end product.

The Company's microbial technology platform is also used to develop food supplements for human health, supporting bowel function, the immune system and bone health.

Within animal health, direct fed microbials (probiotics) enhance growth and feed utilization in livestock such as cattle, poultry and swine and reduce the consumption of antibiotics.

In the Natural Colors Division, encapsulated natural color solutions extend the shelf life of naturally colored beverages to reduce food waste.

New products

A number of new products were introduced in 2012/13, helping customers improve yield, launch new innovative products and convert to DVS® cultures.

Examples of product launches:

Cultures & Enzymes Division

- The OpenIT™ range PS-80 culture for mild flavor and faster ripening time for Swiss cheese types
- SaltLite™, a solution for salt reduction in cheese
- FAR-M®, an enzyme for camel's milk cheese
- DVS® STI™ cultures for pasta filata cheese, delivering fast and consistent acidification with high phage robustness
- Nu-trish® Pro-K cultures to support bone health through naturally high production of vitamin K2.

Health & Nutrition Division

- Probiotic drops containing BB-12® and sunflower oil with potential to improve the gut and immune health of infants and young children.

Natural Colors Division

- I-Colors® Orange 700 WSS-P for coloring orange powder beverages.

Products developed within the last three years accounted for 13% of revenue, compared to 14% in 2011/12.

INTELLECTUAL PROPERTY RIGHTS

A strong and protected technology platform is important for Chr. Hansen. In order to support sustainable and profitable growth, the Company's knowledge and technology platforms are safeguarded by filing patent applications. New product developments are protected as well as existing business through strategic filing of trademark applications. In 2012/13, Chr. Hansen filed 21 patent applications.

CLINICAL STUDIES

In 2012/13, two large clinical studies on gastrointestinal health were concluded, and although primary end points were not met for the full population, the data confirm the beneficial effect of BB-12® in certain subgroups and so add to the documentation that consumption of BB-12® has a positive effect on bowel function. As a consequence of the primary end points not being met, an impairment loss of EUR 8 million was recognized.

Differentiation through documentation remains a key focus area, and Chr. Hansen will continue to invest in clinical studies. In the short term, however, focus will be on supporting probiotic opportunities in emerging markets.

Chr. Hansen's past and future investments within this area will add to the understanding of the positive effect of bacteria on the human microbiome and create long-term opportunities for developing second-generation probiotic solutions.

Sustainability

AMBITIONS

Corporate social responsibility (CSR) is an integrated part of Chr. Hansen's business model and supports the sustainability and long-term growth of the business. The Company develops and supplies products and services that help address a number of global challenges related to food and health, and has been part of the UN Global Compact since 2009.

Chr. Hansen's sustainability work is anchored at the level of the Executive Board, which has set ambitious targets for the Company's performance in 2020 (see "Additional information"). Targets have been set for:

- Product safety – to protect consumers' interests
- People – to ensure the development, well-being and safety of employees
- Sustainable sourcing and social (community) development – to ensure responsibility throughout the value chain
- Environment – to ensure continuous footprint reduction.

PARTNERSHIPS TO CREATE SHARED VALUE

Collaboration with business partners, authorities, civil society and research & development institutions is a priority for the Company. Social development and community outreach are integrated parts of Chr. Hansen's business model, not only as a responsible citizen but also in preparing new markets.

Chr. Hansen participated in a number of local projects around the globe in 2012/13, covering very different aspects of the CSR agenda – from recycling to helping children in impoverished areas and improving employability. Supporting higher education at universities, often combined with students conducting part of their work at Chr. Hansen, is another example.

Collaboration with business partners such as customers and suppliers provides a unique platform for creating shared value across industries and value chains. In the past year, Chr. Hansen has continued and expanded its strategic partnerships, including specific work streams in areas such as sustainable sourcing and agriculture, the environmental footprint of products and services, and health and nutritional issues.

PRODUCT SAFETY AND QUALITY

High product safety is essential for supplying the food, feed and pharmaceutical industries. A commitment to compliance with regulatory requirements and the highest standards has driven an ISO 22000 and FSSC 22000 certification process across Chr. Hansen. A total of 13 sites have been FSSC 22000 certified to date, and the aim is for the remaining three sites to follow by the end of 2013/14.

Product safety audit findings were reduced by 4% compared to 2011/12.

PEOPLE DEVELOPMENT

The number of employees increased by 2% compared to 2011/12. Staff turnover was 12%, compared to 10% in 2011/12. Chr. Hansen regularly reviews its organization to ensure that it reflects the Company's strategy and performance and provides the right balance between new talent and existing expertise.

Investing in employability and employee development remains a focus area. The average number of training days per employee was 3.0 in 2012/13, compared to 3.1 in 2011/12. The majority of training hours related to sales and product training. Other focus areas were business integrity, anti-corruption and anti-trust training.

During the year, the Danish Data Protection Agency approved Chr. Hansen's application for the introduction of a whistleblower system. Initiatives in the coming year will include the implementation of the whistleblower system and integrity checks on distributors, agents and suppliers.

Diversity

Diversity is a source of strength, and inclusion is the key to unlocking potential. Goals for gender, age and nationality have therefore been implemented at all levels of the organization from the Executive Board to team leaders. The Board of Directors has separate goals.

In 2012/13, Chr. Hansen moved closer to its goal of having the same gender distribution in management as in the overall workforce, with a 2% increase in female managers, compared to an overall increase of 1% in the workforce. The number of teams meeting the diversity target of at least one woman and one non-local increased to 63% from 46% in 2011/12, due to organizational changes and a general increase in the number of women in the Company. For key positions and at Board level, the diversity indicators were unchanged.

The next step in the diversity and inclusion strategy is to formulate basic requirements in this area at regional and local level, acknowledging that challenges and solutions are very different around the globe, as well as global diversity guidelines for recruitment, training and employee development.

Health & safety

The lost-time incident frequency (LTIF) was 8 per million working hours in 2012/13, down from 10 in 2011/12, but absence per incident increased from 9 to 15 in 2012/13. There were no fatal or serious accidents in 2012/13.

Chr. Hansen implemented several initiatives to underline the importance of a safe working environment during the year. Monitoring and follow-up of incidents have been strengthened at all levels of the organization from departmental level to the Executive Board.

All major production sites have implemented or are in the process of implementing measures to increase awareness of safe behavior and the importance of taking responsibility for both one's own safety and the safety of others. Behavior-based safety programs are to be rolled out at all production sites. In 2012/13, a number of ergonomic challenges were minimized through the introduction of robots, especially in areas with heavy or awkward manual lifting.

SUSTAINABLE SOURCING

By the end of 2012/13, more than 80% of all vendors, including high-risk vendors, covering approximately 80% of the Company's direct spend, had been assessed under the vendor management program launched in 2011.

Performance, risks and opportunities in Chr. Hansen's supply chain were mapped in 2012/13 to benchmark performance in six CSR dimensions, including human rights, environment and product safety. This process revealed no major gaps.

ENVIRONMENT

Energy consumption, water consumption and CO_2 emissions per unit produced improved by 6%, 14% and 21% respectively, compared to 2011/12. Chr. Hansen's goal for water and energy is to increase consumption by only 50% of growth in production volume. Projections for 2019/20 show, however, that the Company needs to step up work on water optimization to meet future goals and ensure that the scalable business model also applies here.

Chr. Hansen addresses potential effects on climate change from a variety of angles, from processes at the Company's plants and services such as transportation, to contributions from raw materials and the impact of its products on the value chain they are part of, such as fermented milk, agriculture, dietary supplements and beverages.

Increasing yield

Chr. Hansen developed models during the year to provide more intelligence on the environmental footprint of the Company's products and, importantly, their footprint in the value chain in which they are applied. The primary cause of the reduced footprint is an increased yield per unit of raw material consumed. For example, if all cheesemakers in the world converted to CHY-MAX® M as their coagulant, the result would be a total reduction of 1.25 million tons of CO_2, equivalent to emissions from more than 80,000 Western European households, because less milk is needed to produce the cheese.

Reducing food waste while improving food safety and quality

The Company has developed various products and concepts to reduce food waste, such as FreshQ® for yogurt and cheese, which reduces spoilage and thereby ensures high quality and safe consumption to the end of a product's shelf life.

Chr. Hansen will continue to address key CSR issues such as health and nutrition, reducing food waste and improving its environmental footprint in 2013/14. Sustainable sourcing and product safety are an integral part of these activities.

Risk management

Risk management is an integrated part of doing business at Chr. Hansen. Risks are identified, monitored and reported to the Executive Board and the Board of Directors through an Enterprise Risk Management process following an annual cycle. The purpose of this process is to identify risks as early as possible and enable management to proactively adapt business processes and controls to meet, manage or mitigate these risks.

Significant risks are evaluated based on their possible safety, business or financial impact and the likelihood of the risk materializing. Clear roles and responsibilities are assigned for major risks, and mitigation initiatives are identified, prioritized and launched. The most significant risks identified are described below, including measures taken to mitigate these risks. The risks are not listed in order of priority.

Chr. Hansen continues to work on identifying and evaluating relevant risks, and the list may not include all risks that could ultimately affect the company. Some risks not yet identified, or risks which are not currently expected to be significant, could ultimately have a significant impact on Chr. Hansen's businesses.

STRATEGIC RISKS

Product safety

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

To ensure the highest product safety, Chr. Hansen has an extensive quality assurance and food safety program covering the entire value chain, from the sourcing of raw materials until the finished products are delivered to customers. Chr. Hansen also performs risk assessments in the application phase of its products at customers' sites and in their final use.

Chr. Hansen's production management program is based on a risk evaluation model and certified to the international standards ISO 22000, ISO 90001 and FSSC 22000. All products are procured in accordance with either ISO 22000 or FSSC 22000. A total of 13 production sites have so far been FSSC 22000 certified, and the remaining three are expected to follow in 2013/14.

Health claims and documentation

Chr. Hansen has some of the best-documented probiotic strains on the market. However, governments and agencies, especially the European Food Safety Authority (EFSA), are introducing more stringent rules and regulations for the documentation of health claims for food-related products. The Company is working hard to further improve the documentation of health claims for its probiotic products.

OPERATIONAL RISKS

Production

Chr. Hansen has five main production sites: two in Denmark and one each in France, Germany and the US. These sites represent the core of Chr. Hansen's business, and each site carefully monitors product safety and delivery performance to manage all potential risks. This consolidation of production allows capacity to be optimized in order to reduce production costs. To minimize the risk of production breakdowns or failures, Chr. Hansen has implemented a risk prevention program where regular safety audits are conducted to ensure that maintenance and replacements are performed preventively. The Company also maintains redundant capacity for key processes.

Legal proceedings

Chr. Hansen is from time to time party to legal proceedings arising in the ordinary course of its business. A number of diacetyl-related lawsuits in which the Company was defendant were settled in 2012/13. Chr. Hansen is still defendant in a few diacetyl-related lawsuits. These lawsuits are not expected to have a material adverse effect on Chr. Hansen's financial position or operating results. Chr. Hansen has insurance cover for losses from diacetyl claims brought against the Company in respect of the period during which products containing diacetyl were produced. A condition for this cover is that the claims are based on the same liability-entailing conduct. The insurance is expected to be adequate to cover any losses arising from the cases related to diacetyl exposure. Please refer to note 30 to the Consolidated Financial Statements for further information on legal proceedings.

Human capital

Attracting and retaining the best employees and new talents will remain crucial if Chr. Hansen is to continue to excel. Human knowledge is instrumental to Chr. Hansen's business, and there is a strong focus on continuously building and expanding the knowledge base by actively developing employees' key skills.

The Company employs a large number of scientists and other experts in their fields. Developing their skills and knowledge is an important part of building competencies globally. It is, however, equally essential to integrate these highly qualified employees into the day-to-day business and help them become better at converting their expertise into business value.

The average number of training days per employee was 3.0 in 2012/13, compared to 3.1 in 2011/12. The majority of training hours related to sales and product training. Other focus areas were business integrity, anti-corruption and anti-trust training.

Health & safety

Chr. Hansen is committed to continuously improving both the physical and psychological workplace so that employees experience a safe working environment. The Company implemented several initiatives to underline the importance of a safe working environment during the year. Monitoring and follow-up of incidents have been strengthened at all levels of the organization from departmental level to the Executive Board.

All major production sites have implemented or are in the process of implementing measures to increase awareness of safe behavior and of the importance of taking responsibility for both one's own safety and the safety of others. The Company believes that the reduction in lost-time incident frequency (LTIF) is a direct effect of these efforts. The behavior-based safety program is to be rolled out at all production sites.

Taxes and transfer pricing

Chr. Hansen is a global business that operates in multiple jurisdictions with different tax rules and regulations. It is the Company's intention always to fulfill the tax requirements in all countries where business is conducted. Chr. Hansen constantly works on creating tax awareness in the organization and has defined clear roles and responsibilities between line management, local finance and the Group Tax function. However, tax and transfer pricing disputes do arise from time to time as cross-border transactions receive increasing attention from local tax authorities.

Group Tax ensures compliance with the Group's tax position. In cooperation with tax advisors, requests from local tax authorities are met, and a positive dialogue with local tax authorities is pursued in order to prevent disputes. Please refer to note 9 to the Consolidated Financial Statements for further information on taxes.

FINANCIAL RISKS

As an international business, Chr. Hansen is exposed to a number of financial risks relating to currency and interest rate fluctuations, funding, liquidity, credit and counterparty risks. Please refer to note 24 to the Consolidated Financial Statements for further information on these risks.

GOVERNANCE

PROBIOTIC CAPSULES

Corporate governance

Corporate governance refers to the way a company is managed and controlled through ownership, management structure, incentive schemes, corporate laws, etc. The Board of Directors of Chr. Hansen Holding A/S remains committed to following the Danish Recommendations on Corporate Governance as adopted on 1 June 2013 by NASDAQ OMX Copenhagen in its Rules for Issuers of Shares, and complied with the recommendations in all respects in 2012/13.

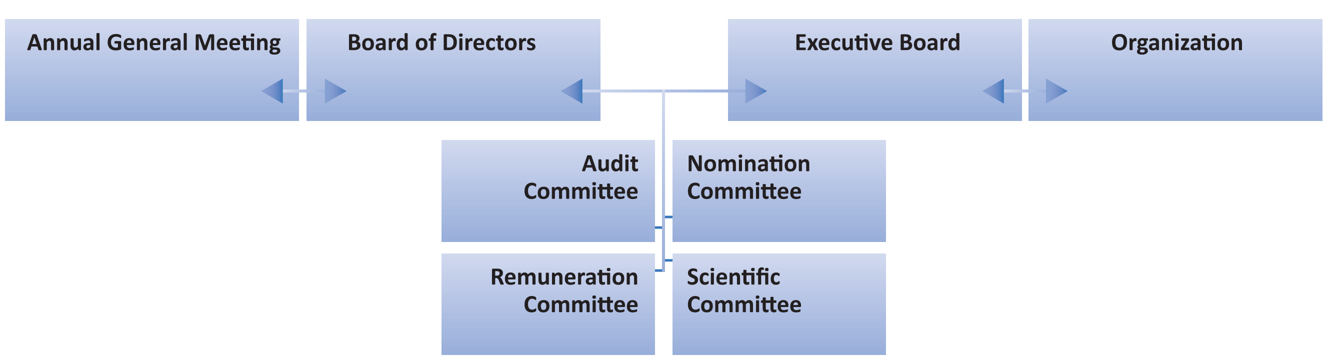
The aforementioned rules and section 107b of the Danish Financial Statements Act require the Board of Directors of Chr. Hansen Holding A/S to prepare a statement on corporate governance for the 2012/13 financial year. This statement forms part of Management's Review and can be viewed at http://investor.chr-hansen.com/governancestatement.cfm.

The statement includes a description of Chr. Hansen's management structure, its position on the Danish Recommendations on Corporate Governance, and the main elements of its internal control and risk management systems in relation to the Company's financial reporting process.

MANAGEMENT STRUCTURE

Being a Danish company, Chr. Hansen Holding A/S has a management structure consisting of a Board of Directors and an Executive Board, as shown in the diagram. Further information is available in the aforementioned statement on corporate governance.

Management structure



Board of Directors

OLE ANDERSEN
Professional board member
Born 1956. Independent
Chairman of the Board since 2010. Re-elected 2012, term expires 2013
Chairman of the Remuneration and Nomination Committees
Member of the Audit Committee

Other board positions:
Chairman: Danske Bank A/S, Bang & Olufsen A/S and one group company, and Zebra A/S
Member: Nomination Committee of NASDAQ OMX Nordic Ltd.
Senior Advisor: EQT Partners

Skills:
Professional experience in managing and developing large 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 2012, term expires 2013
Member of the Remuneration and Nomination Committees

Other board positions:
Chairman of the Supervisory Board of Cerba European Lab and member of the Board of Directors/Manager of two group companies
Member of the Board of Directors of Kaufman & Broad SA and Chairman of the Board of Directors and Managing Director of one group company
Member: Marcolin SpA and two group companies, two United Biscuits group companies, two R&R Ice Cream group companies, PAI Partners SAS and PAI Partners UK Ltd., Saint-Pey Holding
Manager: Alta Rocca Investissements and G.A.V.U. Gestion Sprl.

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

HENRIK POULSEN
Chief Executive Officer of DONG Energy A/S
Born 1967. Independent
Member of the Board since March 2010. Re-elected 2012, term expires 2013
Chairman of the Audit Committee

Other board positions:
Member: Falck A/S and two group companies, ISS A/S and one group company, Advisory Council of Danske Bank A/S, Danmark-Amerika Fondet
Advisor: EQT Partners

Skills:
Executive experience from fast-moving consumer goods companies and telecommunications industries with an emphasis on corporate restructuring, innovation, process improvement and sales & marketing.

MARK A. WILSON
Born 1952. Independent
Member of the Board since 2010. Re-elected 2012, term expires 2013
Member of the Remuneration and Nomination Committees

Skills:
International CEO/MD with over 40 years in fast-moving consumer goods companies and service/B2B industries in Asian, South American, UK, Irish and international markets.

DIDIER DEBROSSE
President of Cervejarias Kaiser Brasil S.A. (HEINEKEN Brazil)
Born 1956. Independent
Member of the Board since 2011, term expires 2013
Member of the Audit Committee

Other board positions:
Member of the Board of Directors of HEINEKEN Brazil and two group companies

Skills:
Extensive experience of sales and marketing in fast-moving consumer goods (food and beverages) and general management of international companies.

SØREN CARLSEN
Managing Partner of Novo Ventures and Novo Seeds and member of the management of Novo A/S
Born 1952. Independent
Member of the Board since November 2012, term expires 2013
Chairman of the Scientific Committee

Other board positions:
Member: Santaris Pharma A/S, DTU Symbion Innovation and Academy of Technical Sciences (ATV)

Skills:
Extensive international experience, knowledge and skills within research & development and investments in biotechnology.

SVEND LAULUND
Manager. External Affairs, Chr. Hansen A/S
Born 1954
Employee representative
Member of the Board since 2006. Re-elected 2013, term expires 2017

Other board positions:
Member: Scandinavian Property Investment 11

JANNIK VINDELØV
Principal Scientist, Culture Development, Chr. Hansen A/S
Born 1970
Employee representative
Member of the Board since August 2013, term expires 2013

Executive Board

CEES DE JONG
Chief Executive Officer, Chr. Hansen Holding A/S
Born 1961

Education:
Master of Business Administration from Rotterdam School of Management, Erasmus University, Netherlands
Doctor of Medicine, Erasmus University, Netherlands
Joined Chr. Hansen in April 2013

Board positions:
Member: Protein Sciences Corporation (USA), also chairman of the Audit Committee

KLAUS PEDERSEN
Chief Financial Officer, Chr. Hansen Holding A/S
Born 1967

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

Board positions:
Chairman: Faroese Telecom

KNUD VINDFELDT
Executive Vice President, Cultures & Enzymes Division, Chr. Hansen Holding A/S
Born 1963

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

CARSTEN BENNIKE
Executive Vice President, Natural Colors Division, Chr. Hansen Holding A/S
Born 1964

Education:
M.Sc. Business Administration, Copenhagen Business School, 1996
Executive MBA, London Business School, 2005
Joined Chr. Hansen in 2011

Board positions:
Member: K/S Gosport
CEO: TO BE Holding ApS

JESPER ALLENTOFT
Executive Vice President, Stakeholder Relations, Chr. Hansen Holding A/S
Born 1955

Education:
M.Sc. Psychology, University of Copenhagen
Joined Chr. Hansen in 2006

Shareholder information

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

The Company's share price developed positively in 2012/13. At the beginning of the financial year, the share traded at DKK 177, while the share price at the end of August 2013 was DKK 187, an increase of 6% (7% including dividend). The average daily turnover was DKK 63 million. Chr. Hansen Holding A/S is included in a number of share indexes, including the OMXC20CAP index, which consists of the 20 most-traded large-cap shares on the exchange. The OMXC20CAP index gained 19% during Chr. Hansen's financial year 2012/13.

TOTAL SHAREHOLDER RETURN AND CAPITAL STRUCTURE

The Board of Directors regularly assesses whether the capital structure of Chr. Hansen continues to be in shareholders' best interests. The Board of Directors is committed to maintaining a leverage consistent with a solid investment-grade credit profile while returning excess cash to shareholders either through ordinary and extraordinary dividends or through share buy-back programs.

The Company's dividend policy is a payout ratio of 30-50% of net profit. The dividend proposed depends on the Board of Directors' 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.

Share buy-back program

In 2012/13, Chr. Hansen concluded a EUR 80 million share buy-back program initiated in 2011/12. Between 1 September and 19 October 2012, a total of 1,185,455 shares were acquired under the program at a transaction value of EUR 28.0 million. The 3,534,244 shares acquired in total under the program were canceled in January 2013. Following the reduction, the Company's share capital has a nominal value of DKK 1,344,999,760.

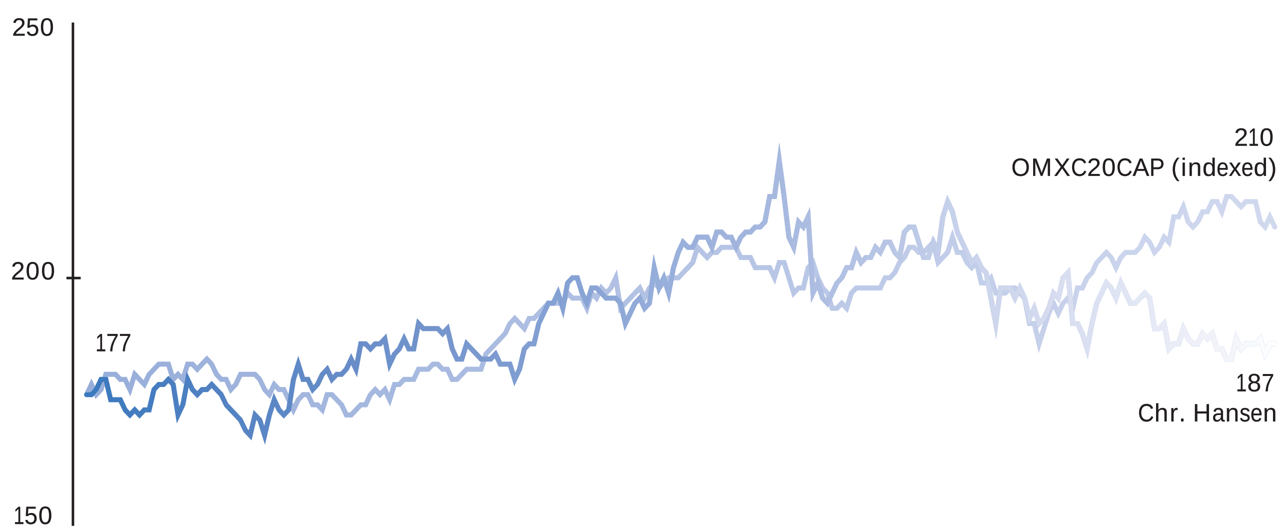
Dividends

The Board of Directors proposes that the Annual General Meeting approves an ordinary dividend for 2012/13 of EUR 0.42 (DKK 3.13) per share, or a total of EUR 55 million. This dividend is equivalent to 40% of the profit for the year. In addition, the Board of Directors proposes that the Annual General Meeting approves an extraordinary dividend of EUR 0.42 (DKK 3.13) per share, or a total of EUR 55 million.

The Board of Directors believes that the proposed dividends best serve the interests of shareholders. The capital and share structure will be assessed regularly to determine whether it remains in shareholders' best interests.

SHARE PERFORMANCE

1 September 2012 – 31 August 2013



SHAREHOLDERS AND SHARE CAPITAL

At the end of August 2013, Chr. Hansen Holding A/S had around 20,500 institutional and private shareholders. Novo A/S held more than 25% of the share capital, while Chr. Hansen Holding A/S held 2.4%, partly in order to meet certain obligations to deliver shares under management incentive programs. Other than Novo A/S, institutional investors from Denmark, the UK and the US held approximately 55% of the share capital. Of these, Capital Group Companies Inc. held 5-10% of the share capital. Private investors held approximately 7%. The remaining 10% was held by other institutional investors.

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

ANALYST COVERAGE

The Company is currently covered by more than 15 analysts, including major international investment banks. A list of analysts covering Chr. Hansen can be found at http://investor.chr-hansen.com/analysts.cfm.

INVESTOR RELATIONS ACTIVITIES

Chr. Hansen Holding A/S seeks to ensure that relevant, accurate and timely information is made available to the capital markets to serve as a basis for regular trading and fair pricing of the Company's shares. In providing this information, Chr. Hansen aims to ensure that it is perceived as a visible, accessible, reliable and professional company by the investor community, and that the Company is regarded one of the best among its peers in this area. This is to be achieved while complying with the rules and legislation for listed companies on NASDAQ OMX Copenhagen and Chr. Hansen's communication policy.

Chr. Hansen aims to provide a high and uniform level of information to the investor community and seeks to ensure that adequate information is returned from the investor community to the Executive Board and the Board of Directors.

In 2012/13, Chr. Hansen held more than 300 meetings with investors and analysts, including road shows to Copenhagen, London, New York, Boston, Chicago, Toronto, Paris, Frankfurt, Stockholm, Geneva, Zürich, Oslo, Amsterdam and Vienna, and participated in a number of conferences held by various brokers. In September 2013, a Capital Markets Day was held in Copenhagen to present the new Nature's No. 1 strategy.

INVESTOR RELATIONS WEBSITE

The Company's investor relations site contains both historical and current information about the Company, including company announcements, investor presentations, teleconferences, a financial calendar and annual reports. See: http://investor.chr-hansen.com.

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
E-mail: dkamc@chr-hansen.com

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on Tuesday, 26 November 2013 in Chr. Hansen's headquarters at Bøge Allé 10-12, 2970 Hørsholm, Denmark, at 4 p.m. CET.

SHARE DATA

Share capital, DKK	1,344,999,760
Number of shares	134,499,976 of DKK 10
Outstanding shares	131,125,177
Classes of shares	1
Voting and ownership restrictions	None
Stock exchange	NASDAQ OMX Copenhagen A/S
ISIN code	DK0060227585
Ticker symbol	CHR

FINANCIAL CALENDAR

Annual General Meetings

26 November 2013	Annual General Meeting 2012/13
27 November 2014	Annual General meeting 2013/14

Statements of Results 2013/14

15 January 2014	Interim Report Q1
9 April 2014	Interim Report Q2
2 July 2014	Interim Report Q3
22 October 2014	Annual Report 2013/14

COMPANY ANNOUNCEMENTS 2012/13

3 September 2012	Update share buy-back program
4 September 2012	Major shareholder announcement from Capital Group
10 September 2012	Update share buy-back program
17 September 2012	Update share buy-back program
24 September 2012	Update share buy-back program
27 September 2012	Update on clinical study program 1
1 October 2012	Update share buy-back program
8 October 2012	Update share buy-back program
15 October 2012	Update share buy-back program
22 October 2012	Conclusion of share buy-back program
22 October 2012	Financial calendar 2012/2013 updated
31 October 2012	Full-year financial results 2011/12
1 November 2012	Transactions by senior employees
1 November 2012	Transactions by senior employees
2 November 2012	Transactions by senior employees
5 November 2012	Annual General Meeting
5 November 2012	Transactions by senior employees
8 November 2012	Transactions by senior employees
15 November 2012	Transactions by senior employees
19 November 2012	Transactions by senior employees
22 November 2012	Transactions by senior employees
27 November 2012	Decisions at Annual General Meeting
4 December 2012	Transactions by senior employees
6 December 2012	Transactions by senior employees
3 January 2013	Reduction of the share capital completed
16 January 2013	Interim report Q1 2012/13
17 January 2013	Transactions by senior employees
31 January 2013	Total number of voting rights and share capital
5 February 2013	CEO change
6 February 2013	Transactions by senior employees
12 February 2013	Transactions by senior employees
14 February 2013	Transactions by senior employees
1 March 2013	Update on clinical study program 2
2 April 2013	Transactions by senior employees
11 April 2013	Interim report Q2 2012/13
15 April 2013	Transactions by senior employees
16 April 2013	Transactions by senior employees
8 May 2013	Transactions by senior employees
17 June 2013	Management change
25 June 2013	Election of employee representatives to Board of Directors
3 July 2013	Interim report Q3 2012/2013
3 July 2013	Changes to commercial organization
18 July 2013	Transactions by senior employees
29 August 2013	Financial calendar 2013/2014

Management's statement on the Annual Report

The Executive Board and Supervisory Board have today considered and adopted the Annual Report of Chr. Hansen Holding A/S for the financial year 1 September 2012 – 31 August 2013.

The Annual Report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for listed companies.

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position at 31 August 2013 of the Group and the Parent Company and of the results of the Group's and Parent Company's operations and cash flows for 2012/13.

In our opinion, Management's Review includes a true and fair account of developments 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.

Hørsholm, 23 October 2013

Executive Board

Cees De Jong
President and CEO

Klaus Pedersen
CFO

Knud Vindfeldt
Executive Vice President

Carsten Bennike
Executive Vice President

Jesper Allentoft
Executive Vice President

Board of Directors

Ole Andersen
Chairman

Frédéric Stévenin
Vice Chairman

Henrik Poulsen

Mark A. Wilson

Didier Debrosse

Søren Carlsen

Svend Laulund

Jannik Vindeløv

Independent auditor's report

TO THE SHAREHOLDERS OF CHR. HANSEN HOLDING A/S

Report on Consolidated Financial Statements and Parent Company Financial Statements

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Chr. Hansen Holding A/S for the financial year 1 September 2012 – 31 August 2013, which comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including summary of significant accounting policies, for the Group as well as for the Parent Company. The Consolidated Financial Statements and the Parent Company Financial Statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

Management's Responsibility for the Consolidated Financial Statements and the Parent Company Financial Statements

Management is responsible for the preparation of Consolidated Financial Statements and Parent Company Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies, and for such internal control as Management determines is necessary to enable the preparation of Consolidated Financial Statements and Parent Company Financial Statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the Consolidated Financial Statements and the Parent Company Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Consolidated Financial Statements and the Parent Company 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 Parent Company Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Financial Statements and the Parent Company Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of Consolidated Financial Statements and Parent Company Financial Statements that give a true and fair view 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the Consolidated Financial Statements and the Parent Company Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

The audit has not resulted in any qualification.

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the Group's and the Parent Company's financial position at 31 August 2013 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 September 2012 – 31 August 2013 in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

STATEMENT ON MANAGEMENT'S REVIEW

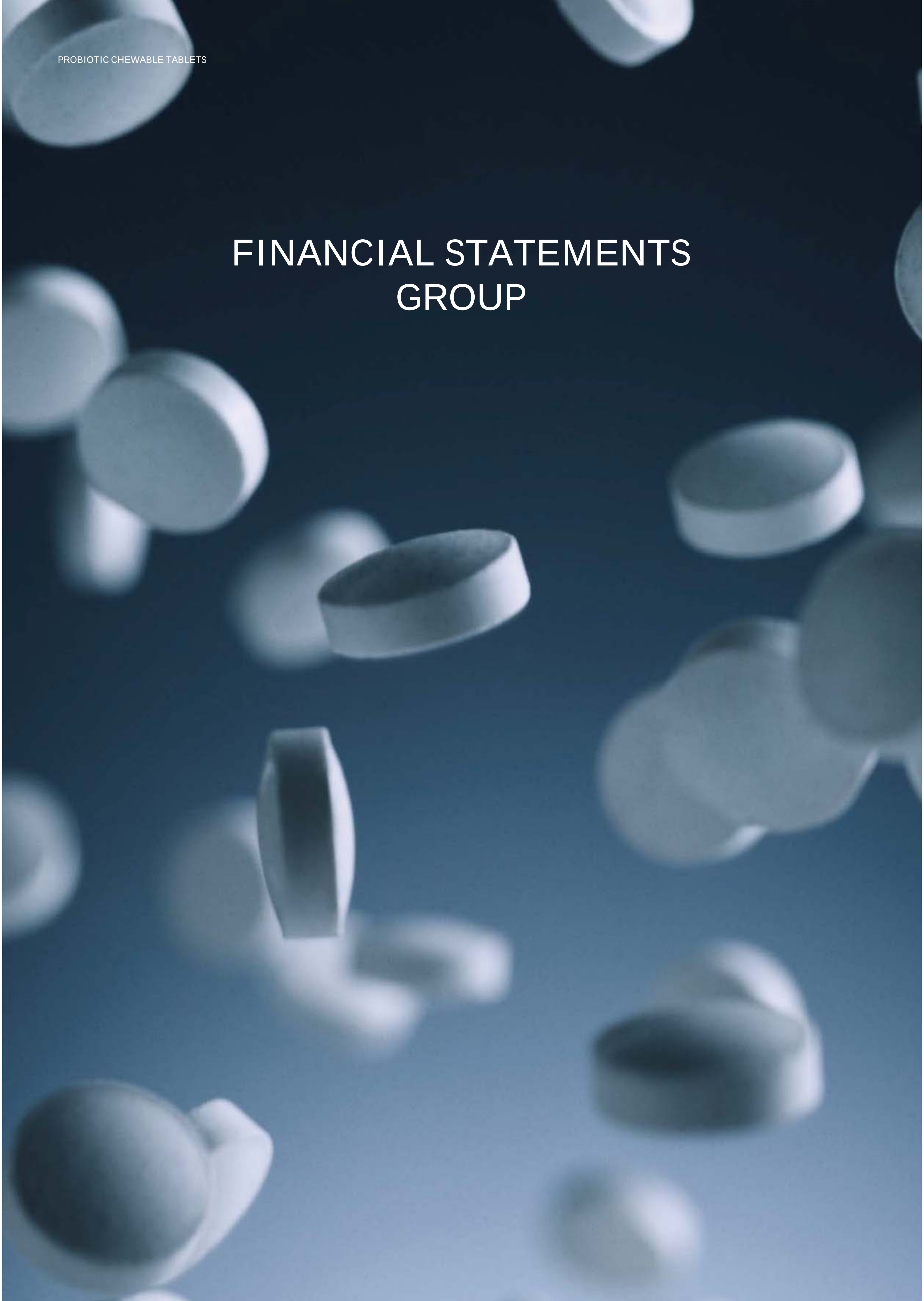
We have read Management's Review in accordance with the Danish Financial Statements Act. We have not performed any procedures additional to the audit of the Consolidated Financial Statements and the Parent Company Financial Statements. On this basis, in our opinion, the information provided in Management's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

Copenhagen, 23 October 2013

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab

Kim Füchsel	**Rasmus Friis Jørgensen**
State Authorized	State Authorized
Public Accountant	Public Accountant

FINANCIAL STATEMENTS GROUP



Consolidated Financial Statements - Chr. Hansen Group

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Income statement
1 September - 31 August

EUR million	Note	**2012/13**	2011/12
Revenue	3	738.4	698.7
Cost of sales	4, 5	(353.6)	(339.1)
Gross profit		**384.8**	**359.6**
Research and development expenses	4, 5	(42.9)	(35.7)
Sales and marketing expenses	4, 5	(96.1)	(89.6)
Administrative expenses	4, 5, 6	(55.8)	(51.6)
Other operating income		2.5	4.2
Other operating expenses		-	(1.9)
Operating profit (EBIT)		**192.5**	**185.0**
Financial income	7	18.3	32.4
Financial expenses	8	(34.1)	(45.1)
Profit before tax		**176.7**	**172.3**
Income taxes	9	(36.9)	(41.0)
Profit for the year		**139.8**	**131.3**
Attributable to:			
Shareholders of Chr. Hansen Holding A/S		137.8	129.3
Non-controlling interests		2.0	2.0
		139.8	**131.3**
Earnings per share (EUR)	11	1.05	0.96
Earnings per share, diluted (EUR)	11	1.04	0.95

Statement of comprehensive income

EUR million	Note	**2012/13**	2011/12
Profit for the year		**139.8**	**131.3**
Currency translation of foreign Group companies		(18.5)	4.0
Deferred gains/(losses) on cash flow hedges arising during the year		0.3	(7.0)
Gains/(losses) on cash flow hedges expiring during the year		3.1	1.6
Tax related to cash flow hedges		(0.8)	1.4
Other comprehensive income for the year		**(15.9)**	-
Total comprehensive income for the year		**123.9**	**131.3**
Attributable to:			
Shareholders of Chr. Hansen Holding A/S		122.9	128.9
Non-controlling interests		1.0	2.4
		123.9	**131.3**

Balance sheet at 31 August

EUR million

ASSETS	Note	2013	2012
Non-current assets			
Intangible assets			
Goodwill	12	609.4	622.4
Other intangible assets	13	150.0	141.8
Intangible assets in progress	13	32.8	51.0
Total intangible assets		**792.2**	**815.2**
Property, plant and equipment			
Land and buildings	14	125.2	123.3
Plant and machinery	14	89.6	85.8
Other fixtures and equipment	14	9.9	9.3
Property, plant and equipment in progress	14	55.4	41.9
Total property, plant and equipment		**280.1**	**260.3**
Other non-current assets			
Deferred tax	22	9.1	7.4
Total other non-current assets		**9.1**	**7.4**
Total non-current assets		**1,081.4**	**1,082.9**
Current assets			
Inventories			
Raw materials and consumables		17.6	14.3
Work in progress		32.3	26.8
Finished goods and goods for resale		37.7	42.1
Total inventories	15	**87.6**	**83.2**
Receivables			
Trade receivables	16	98.4	86.7
Tax receivables		4.9	5.1
Other receivables	17	10.2	17.8
Prepayments	18	6.8	6.7
Total receivables		**120.3**	**116.3**
Cash and cash equivalents	19	**77.5**	**60.5**
Total current assets		**285.4**	**260.0**
Total assets		**1,366.8**	**1,342.9**

Balance sheet at 31 August

EUR million

EQUITY AND LIABILITIES	Note	2013	2012
Equity			
Share capital	20	180.3	185.3
Reserves		500.7	469.8
Non-controlling interests		-	5.5
Total equity		**681.0**	**660.6**
Liabilities			
Non-current liabilities			
Employee benefit obligations	21	5.1	5.1
Deferred tax	22	61.5	69.2
Provisions	23	2.0	1.4
Borrowings	24	416.2	384.3
Tax payables		19.5	14.5
Other non-current debt		1.4	1.7
Total non-current liabilities		**505.7**	**476.2**
Current liabilities			
Provisions	23	0.3	1.0
Borrowings	24	12.8	40.1
Prepayments from customers		1.9	0.2
Trade payables		78.2	71.1
Tax payables		32.8	35.5
Other payables	25	54.1	58.2
Total current liabilities		**180.1**	**206.1**
Total liabilities		**685.8**	**682.3**
Total equity and liabilities		**1,366.8**	**1,342.9**

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Statement of changes in equity

EUR million	Note	Shareholders of Chr. Hansen Holding A/S: Share capital	Treasury shares	Currency translation	Cash flow hedges	Retained earnings	Non-controlling interests	Total
Equity at 1 September 2012		**185.3**	**(88.3)**	**(2.5)**	**(5.6)**	**566.2**	**5.5**	**660.6**
Total comprehensive income for the year, cf. statement of comprehensive income		(0.3)	-	(17.2)	2.6	137.8	1.0	123.9
Reduction of share capital		(4.7)	4.7	-	-	-	-	-
Purchase of treasury shares*		-	(41.2)	-	-	-	-	(41.2)
Share-based payment	26	-	-	-	-	5.5	-	5.5
Dividend		-	-	-	-	(51.2)	(0.4)	(51.6)
Non-controlling interests		-	-	-	-	(10.1)	(6.1)	(16.2)
Equity at 31 August 2013		**180.3**	**(124.8)**	**(19.7)**	**(3.0)**	**648.2**	**-**	**681.0**

* EUR 28.0 million relates to the share buy-back program.

For the financial year 2012/13, an ordinary dividend of EUR 0.42 (DKK 3.13) and an extraordinary dividend of EUR 0.42 (DKK 3.13) per share, corresponding to EUR 110.0 million in total, are proposed.

EUR million	Note	Shareholders of Chr. Hansen Holding A/S: Share capital	Treasury shares	Currency translation	Cash flow hedges	Retained earnings	Non-controlling interests	Total
Equity at 1 September 2011		**185.3**	**(35.0)**	**(6.1)**	**(1.6)**	**498.0**	**3.7**	**644.3**
Total comprehensive income for the year, cf. statement of comprehensive income		-	-	3.6	(4.0)	129.3	2.4	131.3
Purchase of treasury shares*		-	(53.3)	-	-	-	-	(53.3)
Share-based payment	26	-	-	-	-	3.8	-	3.8
Dividend		-	-	-	-	(64.9)	(0.6)	(65.5)
Equity at 31 August 2012		**185.3**	**(88.3)**	**(2.5)**	**(5.6)**	**566.2**	**5.5**	**660.6**

* EUR 52.0 million relates to the share buy-back program.

Cash flow statement
1 September - 31 August

EUR million	Note	**2012/13**	2011/12
Operating profit		**192.5**	**185.0**
Non-cash adjustments	27	61.8	55.0
Change in working capital	28	(8.2)	(6.7)
Interest payments received		0.5	2.6
Interest payments made		(11.7)	(16.1)
Taxes paid		(44.6)	(43.4)
Cash flow from operating activities		**190.3**	**176.4**
Investments in intangible assets		(18.3)	(23.1)
Investments in property, plant and equipment		(52.7)	(40.5)
Sale of property, plant and equipment		0.7	0.5
Cash flow used for investing activities		**(70.3)**	**(63.1)**
Free cash flow		**120.0**	**113.3**
Borrowings		181.4	9.1
Repayment of long-term loans		(171.5)	(66.4)
Purchase of treasury shares, net		(43.6)	(50.9)
Dividends paid		(51.2)	(64.9)
Non-controlling interests, dividends, etc.		(13.5)	(0.6)
Cash flow used for financing activities		**(98.4)**	**(173.7)**
Cash flow from discontinued operations	**10**	**-**	**(1.0)**
Net cash flow for the year		**21.6**	**(61.4)**
Cash and cash equivalents at 1 September		60.5	118.1
Unrealized exchange gains/(losses) included in cash and cash equivalents		(4.6)	3.8
Net cash flow for the year		21.6	(61.4)
Cash and cash equivalents at 31 August		**77.5**	**60.5**

Notes

NOTE 1 - ACCOUNTING POLICIES

BASIS OF PREPARATION

The Consolidated Financial Statements for the Chr. Hansen Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union as well as 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 fair value less costs to sell.

The accounting policies set out below have been applied consistently in respect of the financial year 2012/13 and the comparative figures. The accounting policies are unchanged, except for the implemented new and amended to IFRS/IAS standards as stated below.

NEW AND AMENDED STANDARDS

Chr. Hansen has adopted all new or amended accounting standards and interpretations (IFRSs) issued by the IASB and endorsed by the European Union effective for the accounting year 2012/13. The application of the new IFRSs did not have any material impact on the Consolidated Financial Statements in 2012/13, and we do not anticipate any significant impact on future periods from the adoption of these new IFRSs.

The IASB has issued the following new or amended standards and interpretations that have been adopted by the European Union but not yet implemented by the Group:

- 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.
- 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 Interests 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.
- Changes to IFRS 7 “Financial Instruments: Disclosures” establishing further disclosure requirements in respect of offsetting financial assets and financial liabilities.
- Changes to IAS 19 removing the "corridor method" in measurement of defined benefit plans. The change is effective for financial years beginning on or after 1 January 2013.
- Changes to IAS 32 “Financial Instruments: Presentation” clarifying offsetting requirements for amounts presented in the statement of financial position.
- Annual improvements to IFRSs (2009-2011). Minor changes to various standards and interpretations.

In addition, the following new standard of relevance to the Group has 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 and fair value. The standard incorporates new requirements for accounting for financial liabilities. The standard is effective for financial years beginning on or after 1 January 2015.

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.

TRANSLATION FROM FUNCTIONAL CURRENCY TO PRESENTATION CURRENCY

Financial items for each of the reporting companies of the Group are measured in the currency of the primary economic environment in which the company operates (the functional currency).

Assets, liabilities and equity items are translated from each of the reporting companies’ 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 exchange rate for the individual months. Differences arising on the translation of the equity at the beginning of the period and translation of the income statement from the average rates to the exchange rate at the balance sheet date are recognized in other comprehensive income and presented as a separate reserve in equity.

The functional currency of the Parent Company is the Danish krone (DKK). However, due to the Group's international relations, the Consolidated Financial Statements are presented in euro (EUR).

BASIS OF CONSOLIDATION

The Consolidated Financial Statements cover 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.

Gains or losses on the disposal or winding up of Group companies, 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 associates are recognized under financial income and expenses.

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.

TRANSLATION OF TRANSACTIONS AND AMOUNTS

Transactions in foreign currencies are initially translated into the functional currency at the exchange rates at the transaction date. Exchange adjustments arising due to differences between the transaction date rates and the rates at the payment date are recognized in financial income or financial expenses in the income statement. Receivables, payables and other monetary items in foreign currencies not settled at the balance sheet date are translated at the exchange rates at the balance sheet date.

Exchange adjustments arising due to differences between the rates at the balance sheet date and the transaction date rates are recognized in financial income or financial expenses in the income statement.

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 positive and negative values are offset only 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 hedges),
- hedges associated with highly probable forecasted transactions (cash flow hedges), or
- hedges of a net investment in a foreign operation (net investment hedges).

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 for cash flow hedges 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 for net investment hedges that effectively hedge currency fluctuations in these entities are recognized in the Consolidated Financial Statements directly in a separate translation reserve in equity.

Realized gains and losses on derivative financial instruments are recognized in the income statement as financial income or financial expenses.

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.

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 operating segments.

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

Information regarding the geographical split of revenue is based on the geographic location of the customers.

REVENUE

Revenue is recognized in the income statement if delivery and transfer of risk to the purchaser have been made at 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.

RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses comprise salaries, amortization and other costs directly and indirectly attributable to the Group's research and development activities, including amortization of and impairment losses relating to capitalized development costs.

Development projects 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.

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 consolidated income statement of the Group over the service period.

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 at the disposal date.

SPECIAL ITEMS

Special items comprise material amounts that cannot be attributed to recurring operations, such as income and expenses related to divestment, closure or restructuring of subsidiaries and business lines from the time the decision is made. Also classified as special items are, if major, gains 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 the development of the Group and process optimizations are classified as special items.

FINANCIAL INCOME AND EXPENSES

Financial income and expenses comprise interest receivable and interest payable calculated using the effective interest method, commission, the interest component of payments under finance leases, surcharges and refunds under Denmark's on-account tax scheme, value adjustments of financial fixed assets, derivative financial instruments and items denominated in a foreign currency.

GOODWILL

Goodwill represents the excess of the cost of an acquisition over the fair value of the identifiable net assets of the acquired company.

The carrying amount of goodwill is allocated to the Group's cash-generating units, which are the operating segments as of the acquisition date.

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 expected useful lives.

Trademarks, patents and customer lists acquired are recognized at cost and amortized over their expected useful lives.

Other intangible assets are measured at cost less accumulated amortization and impairment losses.

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

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: 3-15 years

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, and 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.

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 based on a straight-line pattern.

Gains and losses on the disposal of property, plant and equipment are recognized in the income statement under other operating income and other operating expenses.

IMPAIRMENT OF ASSETS

Goodwill is subject to an annual impairment test, 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 units (operating segments) to which the goodwill is allocated. It is written down to the recoverable amount through the income statement if the carrying amount is higher.

Other non-current assets are tested for impairment when there are indications that the carrying amount may not be recoverable.

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

The proportionate share of the results of associated companies after tax and non-controlling interests is recognized in the income statement after elimination of the proportionate share of unrealized intra-group profits/losses.

Investments in associates are recognized using the equity method and measured at the proportionate share of the company's 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 EUR 0. If the Group has a legal or constructive obligation to cover a deficit in the associate the deficit is recognized under provisions.

INVENTORIES

Inventories are measured at the lower of cost and net realizable value.

The cost of goods for resale and raw materials and consumables comprises 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.

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.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash balances and unrestricted deposits with banks.

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 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 under employee benefit obligations in the balance sheet. If the net amount for a given plan is an asset, the asset is recognized under 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 for 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 on or before 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.

INCOME TAXES 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.

Apart from assets acquired as part of business combinations, deferred tax is not recognized in respect of temporary differences concerning goodwill, office premises and other items 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 or settlement of the liability.

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 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 the remainder as current debt.

Other debts are measured at amortized cost. However, derivative financial instruments recognized under 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 all the risks and rewards incident to ownership to the lessee. All other leases are classified as operating leases.

Operating lease payments are recognized in the income statement on a straight-line basis over the lease term.

FINANCIAL RATIOS

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

CASH CONVERSION

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

NET DEBT TO EBITDA

Net interest-bearing debt as a proportion of EBITDA.

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

RETURN ON AVERAGE INVESTED CAPITAL EXCLUDING GOODWILL (ROIC)

Operating profit as a percentage of average invested capital.

NET INTEREST-BEARING DEBT

Borrowings from financial institutions excluding shareholder loans less cash and cash equivalents.

AVERAGE NUMBER OF SHARES OUTSTANDING

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

PAYOUT RATIO

Total dividends for the year as a percentage of profit for the year attributable to shareholders of Chr. Hansen Holding A/S.

EARNINGS PER SHARE (EPS)

Profit for the year attributable 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 revenue.

NOTE 2 - CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

In preparing the 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.

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 that Management considers 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 that 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 amounts of assets or liabilities within the next financial year.

Goodwill

In the annual impairment test of goodwill, an estimate is made to determine whether 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 and 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 rate used to calculate recoverable amounts is the weighted average cost of capital before tax.

The carrying amount of goodwill at 31 August 2013 was EUR 609.4 million, compared to EUR 622.4 million at 31 August 2012. The change in the carrying amount of goodwill is due solely to exchange rate fluctuations.

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, interest rates and risks.

For development projects in progress, Management estimates on an ongoing basis whether each project is likely to generate future economic benefits for the Group in order to qualify for recognition. The development projects are evaluated on technical as well as commercial criteria.

The carrying amount of development projects in progress and finished development projects at 31 August 2013 was EUR 53.4 million, compared to EUR 50.9 million at 31 August 2012.

Inventories

Work in progress and finished goods are stated at the lower of cost under the FIFO method and net realizable value. Cost includes direct production costs and indirect production costs. Direct production costs comprise materials, consumables and labor, whereas indirect production costs consist of maintenance, depreciation, etc.

The calculation of indirect production costs is 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 cost and, in turn, on the valuation of inventories and production costs.

The carrying amount of other direct and indirect production costs included in the value of inventories at 31 August 2013 was EUR 36.5 million, compared to EUR 33.2 million at 31 August 2012.

Tax assets and liabilities

Tax and transfer pricing disputes arise from time to time as cross-border transactions receive increasing attention from local tax authorities. The Group recognizes tax assets and liabilities in order to always fulfill tax requirements in all the countries where business is conducted. Management assesses tax assets and liabilities at least annually based on dialogue with local tax authorities, tax advisors, business plans and knowledge of the business.

The value of recognized deferred tax assets and tax receivables at 31 August 2013 was EUR 14.0 million, compared to EUR 12.5 million at 31 August 2012. The value of recognized deferred tax liabilities and other tax liabilities at 31 August 2013 was EUR 113.8 million, compared to EUR 119.2 million at 31 August 2012.

Judgments made in the application of the accounting policies

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

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 **2012/13**

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 customers different products and services.

The Cultures & Enzymes Division produces and sells innovative cultures, enzymes and probiotic products that help determine the taste, flavor, color, texture, safety, preservation, nutritional value and health benefits of a variety of consumer products in the food industry, especially in the dairy industry.

The Health & Nutrition Division produces and sells products for the dietary supplement, over-the-counter pharmaceutical, infant formula and animal feed industries.

The Natural Colors Division supplies natural color solutions to the food and beverage industries.

	Cultures & Enzymes	Health & Nutrition	Natural Colors	Group
Income statement				
External revenue	450.9	120.6	166.9	738.4
EUR growth	7%	12%	(3%)	6%
Organic growth	9%	14%	0%	7%
EBITDA	172.8	49.4	26.7	248.9
EBITDA margin	38.3%	41.0%	16.0%	33.7%
Depreciation, amortization and impairment losses	(40.0)	(11.4)	(5.1)	(56.5)
EBIT	132.9	37.9	21.7	192.5
EBIT margin	29.5%	31.5%	13.0%	26.1%
Assets				
Goodwill	533.3	76.1	-	609.4
Other intangible assets	124.1	43.2	15.5	182.8
Intangible assets	**657.4**	**119.3**	**15.5**	**792.2**
Property, plant and equipment	202.8	42.3	35.0	280.1
Total non-current assets excluding deferred tax	**860.2**	**161.6**	**50.5**	**1,072.3**
Inventories	45.5	13.3	28.8	87.6
Trade receivables	60.4	18.5	19.5	98.4
Trade payables	(41.0)	(11.9)	(25.3)	(78.2)
Net working capital	**64.9**	**19.9**	**23.0**	**107.8**
Assets not allocated				108.5
Group assets				**1,366.8**
Invested capital excluding goodwill	**391.8**	**105.4**	**73.5**	**570.7**
ROIC excluding goodwill	34.5%	36.7%	29.5%	34.3%
Investments in non-current assets excluding deferred tax	44.8	19.6	6.6	71.0

EUR million 2011/12

Note 3 - Segment information - continued

	Cultures & Enzymes	Health & Nutrition	Natural Colors	Group
Income statement				
External revenue	419.8	107.3	171.6	698.7
EUR growth	11%	18%	3%	10%
Organic growth	10%	13%	2%	8%
EBITDA	155.2	48.1	32.2	235.5
EBITDA margin	37.0%	44.8%	18.8%	33.7%
Depreciation, amortization and impairment losses	(35.4)	(10.5)	(4.6)	(50.5)
EBIT	119.8	37.6	27.6	185.0
EBIT margin	28.5%	35.0%	16.1%	26.5%
Assets				
Goodwill	545.3	77.1	-	622.4
Other intangible assets	131.9	45.9	15.0	192.8
Intangible assets	**677.2**	**123.0**	**15.0**	**815.2**
Property, plant and equipment	190.0	36.2	34.1	260.3
Total non-current assets excluding deferred tax	**867.2**	**159.2**	**49.1**	**1,075.5**
Inventories	42.2	11.4	29.6	83.2
Trade receivables	52.4	16.8	17.5	86.7
Trade payables	(39.0)	(9.1)	(23.0)	(71.1)
Net working capital	**55.6**	**19.1**	**24.1**	**98.8**
Assets not allocated				97.5
Group assets				**1,342.9**
Invested capital excluding goodwill	**377.5**	**101.2**	**73.2**	**551.9**
ROIC excluding goodwill	31.8%	39.1%	40.5%	34.1%
Investments in non-current assets excluding deferred tax	34.6	17.3	11.7	63.6

The number of regions has changed from four to three. The current regions are: EMEA (Europe, Middle East and Africa), Americas (North and South America) and APAC (Asia-Pacific).

EUR million	**2012/13**		2011/12	
Geographical allocation				
Revenue				
EMEA	364.1	49%	355.3	51%
Americas	276.2	38%	254.4	36%
APAC	98.1	13%	89.0	13%
Total revenue	**738.4**	**100%**	**698.7**	**100%**
Non-current assets excluding deferred tax				
EMEA	897.5	84%	888.5	83%
Americas	161.4	15%	170.2	16%
APAC	13.4	1%	16.8	2%
Total non-current assets excl. deferred tax	**1,072.3**	**100%**	**1,075.5**	**100%**

* Includes Denmark, which accounts for 1% of total revenue.

EUR million	**2012/13**	2011/12
Note 4 - Depreciation, amortization and impairment losses		
Depreciation		
Property, plant and equipment		
Cost of sales	(22.8)	(22.8)
Research and development expenses	(2.1)	(2.0)
Sales and marketing expenses	(0.6)	(0.6)
Administrative expenses	(2.9)	(2.9)
Total	**(28.4)**	**(28.3)**
Amortization		
Intangible assets		
Cost of sales	(4.3)	(2.8)
Research and development expenses	(12.6)	(7.9)
Sales and marketing expenses	(10.0)	(10.0)
Administrative expenses	(1.2)	(1.5)
Total	**(28.1)**	**(22.2)**
Total depreciation, amortization and impairment losses	**(56.5)**	**(50.5)**

EUR million	**2012/13**	2011/12
Note 5 - Staff expenses		
Wages and salaries, etc.	(153.6)	(142.8)
Pension expenses - defined contribution plans	(11.5)	(11.0)
Pension expenses - defined benefit plans (note 21)	(0.3)	(0.2)
Social security, etc.	(18.2)	(16.5)
Total	**(183.6)**	**(170.5)**
Average number of employees	**2,510**	**2,425**

Remuneration of the Board of Directors and Executive Board

Total fees to key management personnel, who comprise the Board of Directors and Executive Board, amounted to EUR 9.9 million in 2012/13 and EUR 6.9 million in 2011/12.

Board of Directors

Total fees to the Board of Directors amounted to EUR 0.7 million in 2012/13 and EUR 0.6 million in 2011/12.

EUR million **2012/13**

Note 5 - Staff expenses - continued

Executive Board		**Salary**	**Bonus 1)**	**Pension**	**Other**	**Share-based payment 2)**	**Total**
Cees de Jong	3)	0.25	-	-	-	0.05	0.30
Klaus Pedersen	4)	0.41	0.15	0.08	0.02	0.17	0.83
Knud Vindfeldt		0.42	0.15	0.08	-	0.66	1.31
Carsten Bennike	5)	0.33	0.15	0.06	-	0.20	0.74
Jesper Allentoft	6)	0.28	0.11	0.06	-	0.35	0.80
Henrik Dalbøge	7)	0.82	0.30	0.11	0.08	0.91	2.22
Carsten Hellmann	8)	0.45	0.17	0.09	0.02	0.54	1.27
Lars Frederiksen	9)	0.54	0.34	0.11	0.03	0.72	1.74
Total		**3.50**	**1.37**	**0.59**	**0.15**	**3.60**	**9.21**

EUR million 2011/12

Executive Board		**Salary**	**Bonus 1)**	**Pension**	**Other**	**Share-based payment 2)**	**Total**
Lars Frederiksen	9)	0.54	0.21	0.02	0.03	0.70	1.50
Klaus Pedersen	4)	0.38	-	0.05	0.02	0.10	0.55
Knud Vindfeldt		0.38	0.12	0.02	-	0.50	1.02
Henrik Dalbøge	7)	0.31	0.09	0.06	0.02	0.30	0.78
Carsten Bennike	5)	0.31	0.06	0.02	-	0.10	0.49
Carsten Hellmann	8)	0.39	0.18	0.02	0.02	0.50	1.11
Jesper Allentoft	6)	0.26	0.10	0.02	-	0.20	0.58
Henning Jakobsen	10)	0.03	0.19	0.01	0.01	-	0.24
Total		**2.60**	**0.95**	**0.22**	**0.10**	**2.40**	**6.27**

1) The amounts express the actual bonus payments during the year.

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

3) Member of the Executive Board since 1 April 2013.

4) Member of the Executive Board since 1 October 2011.

5) Member of the Executive Board since 15 March 2011.

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

7) Executive Vice President Henrik Dalbøge left Chr. Hansen Holding A/S on 30 September 2013. Severance payments amounted to EUR 0.58 million.

8) Executive Vice President Carsten Hellmann left Chr. Hansen Holding A/S on 31 August 2013.

9) Chief Executive Officer Lars Frederiksen left Chr. Hansen Holding A/S on 31 March 2013.

10) Chief Financial Officer Henning Jakobsen left Chr. Hansen Holding A/S on 30 September 2011.

Members of the Executive Board receive a fixed salary, pension and bonus based on group and individual KPIs, the size of which is subject to certain financial and non-financial targets being met. In the event that a member is dismissed, the ordinary salary is paid for 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 the Board of Directors	Joined the Board	Left the Board	2012/13	2011/12
Ole Andersen (chairman)	February 2010		0.18	0.16
Frédéric Stévenin (vice chairman)	August 2005		0.09	0.09
Søren Carlsen	November 2012		0.06	-
Alice Dautry	March 2010	November 2011	-	0.02
Didier Fernand Debrosse	November 2011		0.06	0.03
Gaëlle d'Engremont	August 2009	November 2012	0.01	0.05
Svend Laulund	January 2006		0.05	0.04
Jørgen O. Nielsen	July 2010	August 2012	0.05	0.04
Henrik Poulsen	March 2010		0.07	0.06
Martin G. Seidel	January 2006	July 2013	0.04	0.04
Jannik Vindeløv	August 2013		-	-
Mark A. Wilson	October 2010		0.07	0.06
Total			**0.68**	**0.59**

Shares

The Executive Board's and the 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**	-	(16,667)	**16,666**
Frédéric Stévenin (vice chairman)	**11,111**	-	-	**11,111**
Søren Carlsen	**1,113**	791	-	**1,904**
Didier Fernand Debrosse	**940**	7,850	-	**8,790**
Svend Laulund	**1,666**	-	-	**1,666**
Henrik Poulsen	**4,444**	-	-	**4,444**
Jannik Vindeløv	**555**	-	-	**555**
Mark A. Wilson	**3,000**	-	-	**3,000**
Total	**56,162**	**8,641**	**(16,667)**	**48,136**
Cees de Jong	**-**	6,000	-	**6,000**
Klaus Pedersen	**10,500**	1,600	-	**12,100**
Knud Vindfeldt	**22,403**	3,617	-	**26,020**
Carsten Bennike	**6,200**	2,938	-	**9,138**
Jesper Allentoft	**7,868**	2,085	(3,500)	**6,453**
Henrik Dalbøge	**21,903**	1,989	(8,100)	**15,792**
Total	**68,874**	**18,229**	**(11,600)**	**75,503**

Each director elected by the General Meeting must, no later than 12 months after appointment to the Board of Directors, purchase shares in the Company corresponding to an amount of at least one year's base fee. The director must maintain a shareholding corresponding to at least one year's base fee for as long as the director is a member of the Company's Board of Directors.

The Executive Board has undertaken to maintain ownership of shares in Chr. Hansen, either directly or indirectly as specified in note 26, with a minimum value corresponding to a range of 12 months of the executive's gross base salary.

EUR million	**2012/13**	2011/12
Note 6 - Fees to auditors		
PricewaterhouseCoopers		
Statutory audit	(0.7)	(0.7)
Audit-related services	(0.2)	(0.3)
Tax advisory services	(0.3)	(0.4)
Other services	(0.1)	(0.1)
Total	**(1.3)**	**(1.5)**

EUR million	**2012/13**	2011/12
Note 7 - Financial income		
Interest income	0.5	0.8
Foreign exchange gains	14.8	30.4
Foreign exchange gains on derivatives	3.0	1.2
Total	**18.3**	**32.4**

EUR million	**2012/13**	2011/12
Note 8 - Financial expenses		
Interest expenses	(8.3)	(11.6)
Borrowing costs related to construction of assets	1.0	1.6
Foreign exchange losses	(19.8)	(27.5)
Foreign exchange losses on derivatives	(1.5)	(4.0)
Losses on derivatives transferred from other comprehensive income	(3.1)	(1.6)
Other financial expenses including amortized costs	(2.4)	(2.0)
Total	**(34.1)**	**(45.1)**

Effective interest expenses amounted to EUR 11.3 million (EUR 11.6 million in 2011/12).

The capitalization rate used to determine the amount of borrowing costs eligible for capitalization is 2.25%.

EUR million	**2012/13**	2011/12
Note 9 - Income taxes		
Current tax on operating profit	(38.3)	(40.2)
Change in deferred tax concerning operating profit	2.4	(1.5)
Tax on profit for the year	**(35.9)**	**(41.7)**
Adjustments concerning previous years	(1.0)	0.7
Total	**(36.9)**	**(41.0)**

EUR million		**2012/13**		2011/12
Reconciliation of tax rate				
Danish tax rate	25%	(44.1)	25%	(43.0)
Deviation of non-Danish Group companies compared to Danish tax rate	1%	(1.4)	1%	(1.5)
Impact of change in the Danish tax rate	(4%)	7.7	0%	-
Non-taxable income and non-deductible expenses	(1%)	2.2	(2%)	3.2
Adjustments concerning previous years	0%	(1.0)	0%	0.7
Other taxes	0%	(0.3)	0%	(0.4)
Effective tax rate	**21%**		**24%**	
Tax on profit for the year		**(36.9)**		**(41.0)**

EUR million **2012/13** 2011/12

Note 10 - Discontinued operations

On 26 May 2011, Chr. Hansen entered into an agreement to sell the majority of its Functional Blends activities for 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.

	2012/13	2011/12
Cash flow from operating activities	-	(1.0)
Cash flow from discontinued operations	**-**	**(1.0)**

EUR million	**2012/13**	2011/12
Note 11 - Earnings per share		
Profit from continuing operations	139.8	131.3
Non-controlling interests	(2.0)	(2.0)
Profit for the year attributable to shareholders of Chr. Hansen Holding A/S	**137.8**	**129.3**
Average number of shares	135,700,651	138,034,220
Average number of treasury shares	(4,254,144)	(3,355,218)
Average number of shares excluding treasury shares	**131,446,507**	**134,679,002**
Average dilution effect of share options	1,120,667	1,888,110
Average number of shares, diluted	**132,567,174**	**136,567,112**
Earnings per share (EUR)	**1.05**	**0.96**
Earnings per share, diluted (EUR)	**1.04**	**0.95**

EUR million	**2013**	2012
Note 12 - Goodwill		
Cost at 1 September	622.4	611.3
Currency translation	(13.0)	11.1
Cost at 31 August	**609.4**	**622.4**

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

Cultures & Enzymes Division	533.3	545.3
Health & Nutrition Division	76.1	77.1

At 31 August 2013, Management performed an impairment test of the carrying amount of goodwill. No basis was found for impairment.

In the impairment tests, the carrying amount 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 are the most material parameters in the calculations.

At 31 August 2013, an average growth rate of 8% in the five-year period for revenue and an expected overall improvement in the EBIT margin in the five-year period of approximately 1 percentage point have been applied. Working capital is assumed to constitute 14-16% of revenue. A pre-tax discount rate of 10% has been applied in the impairment test. A long-term growth rate of 2-5%, corresponding to estimated market growth, has been applied in the terminal period.

At 31 August 2012, an average growth rate of 8% in the five-year period for revenue and an expected overall improvement in the EBIT margin in the five-year period of approximately 2 percentage points were applied. Working capital was assumed to constitute 15-17% of revenue. A pre-tax discount rate of 9% was applied in the impairment test. A long-term growth rate of 2-5%, corresponding to estimated market growth, was applied in the terminal period.

EUR million **2013**

Note 13 - Other intangible assets

	Trademarks	Patents	Development projects	Software	Development projects in progress	Other intangible assets in progress	Total
Cost at 1 September	158.1	35.2	24.5	20.6	38.6	17.2	294.2
Currency translation	(0.2)	-	-	(0.3)	-	-	(0.5)
Additions for the year	-	0.3	1.8	1.1	13.0	2.1	18.3
Disposals for the year	-	-	(0.6)	(0.6)	-	-	(1.2)
Transferred	-	-	20.4	17.1	(20.3)	(16.8)	0.4
Cost at 31 August	**157.9**	**35.5**	**46.1**	**37.9**	**31.3**	**2.5**	**311.2**
Amortization at 1 September	(58.3)	(18.4)	(7.4)	(12.5)	(4.8)	-	(101.4)
Currency translation	(0.1)	-	-	0.2	-	-	0.1
Amortization for the year	(8.9)	(2.9)	(4.3)	(3.9)	-	-	(20.0)
Disposals for the year	-	-	0.6	0.4	-	-	1.0
Impairment	-	-	(8.1)	-	-	-	(8.1)
Transferred	-	-	(3.8)	-	3.8	-	-
Amortization at 31 August	**(67.3)**	**(21.3)**	**(23.0)**	**(15.8)**	**(1.0)**	**-**	**(128.4)**
Carrying amount at 31 August	**90.6**	**14.2**	**23.1**	**22.1**	**30.3**	**2.5**	**182.8**
Salary expenses included in assets above					9.0	0.6	
Interest included in assets above					0.7	-	

2012

	Trademarks	Patents	Development projects	Software	Development projects in progress	Other intangible assets in progress	Total
Cost at 1 September	158.1	35.6	16.9	19.3	26.7	15.8	272.4
Currency translation	-	(0.2)	-	0.3	-	-	0.1
Additions for the year	-	-	2.3	0.5	17.0	3.3	23.1
Disposals for the year	-	(0.2)	(0.3)	(0.2)	-	-	(0.7)
Transferred	-	-	5.6	0.7	(5.1)	(1.9)	(0.7)
Cost at 31 August	**158.1**	**35.2**	**24.5**	**20.6**	**38.6**	**17.2**	**294.2**
Amortization at 1 September	(49.6)	(15.7)	(4.6)	(9.9)	-	-	(79.8)
Currency translation	0.1	0.1	-	(0.2)	-	-	-
Amortization for the year	(8.8)	(3.0)	(3.1)	(2.5)	-	-	(17.4)
Disposals for the year	-	0.2	0.3	0.1	-	-	0.6
Impairment	-	-	-	-	(4.8)	-	(4.8)
Amortization at 31 August	**(58.3)**	**(18.4)**	**(7.4)**	**(12.5)**	**(4.8)**	**-**	**(101.4)**
Carrying amount at 31 August	**99.8**	**16.8**	**17.1**	**8.1**	**33.8**	**17.2**	**192.8**
Salary expenses included in assets above					8.9	1.2	
Interest included in assets above					0.7	0.4	

Note 13 - Other intangible assets - continued

Trademarks

Of the trademarks, the carrying amount of the Chr. Hansen trademark alone at 31 August 2013 is EUR 28.5 million, and the remaining amortization period is 12 years.

Patents and development projects

Completed development projects and development projects in progress comprise development and testing of new strains for cultures and natural colors as well as production techniques. The value of the development projects recognized has been compared to expected sales or cost savings. In cases where indicators of impairment have been identified, the relevant assets have been written down. The impairment tests have been prepared similarly to the goodwill impairment test described in note 12 based on the value in use of the assets.

Chr. Hansen has recognized impairment losses of EUR 8.1 million in respect of capitalized development costs for clinical studies relating to immune health. These losses are split between the Cultures & Enzymes Division (EUR 4.3 million) and the Health & Nutrition Division (EUR 3.8 million).

Software

Software comprises expenses for acquiring software licenses and expenses related to internally developed 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 **2013**

Note 14 - 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	158.4	182.2	19.8	41.9	402.3
Currency translation	(2.6)	(3.0)	(1.7)	(0.8)	(8.1)
Additions for the year	3.6	5.6	2.3	41.2	52.7
Disposals for the year	(0.2)	(0.2)	(0.3)	-	(0.7)
Transferred	5.8	18.9	1.8	(26.9)	(0.4)
Cost at 31 August	**165.0**	**203.5**	**21.9**	**55.4**	**445.8**
Depreciation at 1 September	(35.1)	(96.4)	(10.5)	-	(142.0)
Currency translation	1.3	2.1	1.1	-	4.5
Depreciation for the year	(6.0)	(19.7)	(2.7)	-	(28.4)
Disposals for the year	-	0.1	0.1	-	0.2
Depreciation and impairment at 31 August	**(39.8)**	**(113.9)**	**(12.0)**	**-**	**(165.7)**
Carrying amount at 31 August	**125.2**	**89.6**	**9.9**	**55.4**	**280.1**
Salary expenses included in assets above				3.6	
Interest included in assets above				0.5	

Land and buildings include buildings on land leased from Scion DTU A/S at Hørsholm, Denmark for an unlimited term	20.5
Value of mortgaged land and buildings, cf. also note 30 concerning other guarantees and commitments	74.7

EUR million					2012

Note 14 - 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	150.1	171.9	17.1	17.6	356.7
Currency translation	3.8	3.3	1.0	0.2	8.3
Additions for the year	1.9	3.3	1.5	33.8	40.5
Disposals for the year	(0.7)	(2.0)	(1.0)	(0.2)	(3.9)
Transferred	3.3	5.7	1.2	(9.5)	0.7
Cost at 31 August	**158.4**	**182.2**	**19.8**	**41.9**	**402.3**
Depreciation at 1 September	(28.0)	(76.4)	(8.2)	-	(112.6)
Currency translation	(1.4)	(1.8)	(0.8)	-	(4.0)
Depreciation for the year	(5.9)	(19.9)	(2.5)	-	(28.3)
Disposals for the year	0.2	1.7	1.0	-	2.9
Depreciation and impairment at 31 August	**(35.1)**	**(96.4)**	**(10.5)**	**-**	**(142.0)**
Carrying amount at 31 August	**123.3**	**85.8**	**9.3**	**41.9**	**260.3**
Salary expenses included in assets above				3.0	
Interest included in assets above				0.5	

Land and buildings include buildings on land leased from Scion DTU A/S at Hørsholm, Denmark for an unlimited term	21.6
Value of mortgaged land and buildings, cf. also note 30 concerning other guarantees and commitments	71.2

EUR million	**2013**	2012

Note 15 - Inventories

	2013	2012
Direct materials	51.1	50.0
Other direct and indirect production costs	36.5	33.2
Total	**87.6**	**83.2**
Inventory write-downs at year-end	**3.0**	**3.3**

EUR million	**2013**	2012
Note 16 - Trade receivables		
Aging of receivables:		
Not due	89.6	83.7
0-30 days overdue	5.0	2.7
31-60 days overdue	3.0	0.3
61-90 days overdue	1.5	0.4
> 120 days overdue	0.7	0.6
Total trade receivables, gross	**99.8**	**87.7**
Allowances for bad debts	(1.4)	(1.0)
Total trade receivables, net	**98.4**	**86.7**
Allowances for bad debts:		
Allowances at 1 September	1.0	1.1
Additions for the year	0.6	0.4
Reversals for the year	(0.1)	(0.2)
Losses realized in the year	(0.1)	(0.3)
Allowances at 31 August	**1.4**	**1.0**

EUR million	**2013**	2012
Note 17 - Other receivables		
VAT and other duties	3.3	1.8
Other receivables	6.9	16.0
Total	**10.2**	**17.8**

EUR million	**2013**	2012
Note 18 - Prepayments		
Insurance	0.7	0.7
Other prepayments	6.1	6.0
Total	**6.8**	**6.7**

EUR million	**2013**	2012
Note 19 - Cash and cash equivalents		
Cash at bank and on hand	77.5	58.4
Short-term bank deposits	-	2.1
Total	**77.5**	**60.5**

Note 20 - Share capital

The Company's share capital has a nominal value of DKK 1,344,999,760 (equivalent to EUR 180.3 million), divided into shares of DKK 10.

The share capital has been fully paid up.

The Company has concluded the share buy-back program initiated in 2011/12 under which it acquired 1,185,455 shares for an amount of EUR 28.0 million in 2012/13 (2,348,789 shares for an amount of EUR 52.0 million in 2011/12). At 31 August 2013, the Company held 3,374,799 treasury shares (5,282,763 treasury shares at 31 August 2012). The treasury shares were held to cover share option programs.

In 2012/13, the share capital was reduced by canceling 3,534,244 treasury shares acquired under the Company's share buy-back program.

Further information about the Group's policy for managing its capital can be found under "Shareholder information".

EUR million	**2013**	2012
Number of shares outstanding:		
Outstanding at 1 September	132,751,457	135,140,186
Purchased during the year	(1,684,455)	(2,418,789)
Sold during the year	58,175	30,060
Outstanding at 31 August	**131,125,177**	**132,751,457**

The Company had share capital of DKK 1,008,252,200 at 1 September 2008. It was increased by DKK 372,090,000 in 2009/10 and reduced by DKK 35,342,440 in 2012/13.

EUR million	**2013**	2012
Note 21 - Employee benefit obligations		
Pension obligations	5.1	4.8
Other employee benefit obligations	-	0.3
Total	**5.1**	**5.1**

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 its employees. The majority of the plans are defined contribution plans and only a small part are 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 pensions. These obligations are not, or are only partly, covered by insurance. Unfunded plans have been recognized in the balance sheet and income statement as shown below.

Balance sheet		
Net present value of funded obligations	6.0	5.6
Net present value of unfunded obligations	3.7	3.7
Pension obligations at 31 August	**9.7**	**9.3**
Fair value of plan assets	(4.3)	(4.1)
Actuarial gains/losses not recognized	(0.3)	(0.4)
Obligation recognized in the balance sheet	**5.1**	**4.8**
Income statement		
Current service expenses	0.2	0.2
Interest expenses	0.3	0.4
Expected return on assets	(0.2)	(0.2)
Actuarial gains/losses	-	(0.2)
Total amount recognized in staff expenses (note 5)	**0.3**	**0.2**
Actual return on assets	**0.4**	**0.4**

EUR million	**2013**	2012
Note 21 - Employee benefit obligations - continued		
Movement in the pension obligations recognized		
Obligations at 1 September	9.3	7.6
Transferred	0.1	-
Currency translation	(0.2)	0.4
Current service expenses	0.2	0.2
Interest expenses	0.3	0.4
Actuarial gains/losses	0.4	1.2
Payments made	(0.4)	(0.5)
Pension obligations at 31 August	**9.7**	**9.3**
Movement in the fair value of plan assets		
Fair value of plan assets at 1 September	4.1	3.4
Currency translation	(0.2)	0.3
Expected return on plan assets	0.2	0.2
Actuarial gains/losses	0.2	0.2
Employer contributions	0.2	0.3
Benefits paid	(0.2)	(0.3)
Fair value of plan assets at 31 August	**4.3**	**4.1**

Pension contributions are expected to amount to EUR 0.4 million in 2013/14 (actual contributions in 2012/13 were EUR 0.2 million).

Actuarial assumptions applied (%)		
Discount rate	2.55 - 4.50	3.00 - 4.20
Expected return on assets	4.00 - 4.50	4.00 - 4.80
Future increase in salaries	2.50 - 4.80	2.50 - 4.00
Future increase in pensions	1.75 - 3.00	1.75 - 3.00
Distribution of plan assets to cover obligation (%)		
Shares	38	38
Bonds	50	50
Real estate	7	8
Cash and cash equivalents	5	4
	100	**100**

Five-year overview	**2013**	2012	2011	2010	2009
Pension obligations	9.7	9.3	7.6	9.7	7.8
Plan assets	(4.3)	(4.1)	(3.4)	(3.9)	(3.3)
Uncovered obligations	**5.4**	**5.2**	**4.2**	**5.8**	**4.5**
Experience adjustments to obligations	(0.6)	0.5	(0.3)	0.8	0.2
Experience adjustments to plan assets	0.2	0.2	0.1	0.2	(0.2)

EUR million	**2013**	2012
Note 22 - Deferred tax		
Deferred tax at 1 September	61.8	61.5
Currency translation	-	0.2
Change in deferred tax - recognized in the income statement	(2.4)	1.5
Change in deferred tax - recognized in other comprehensive income	0.7	(1.4)
Impact of change in the Danish tax rate	(7.7)	-
Deferred tax at 31 August	**52.4**	**61.8**
Deferred tax assets	(9.1)	(7.4)
Deferred tax liabilities	61.5	69.2
Deferred tax at 31 August	**52.4**	**61.8**
Specification of deferred tax		
Intangible assets	44.4	47.0
Property, plant and equipment	13.4	12.7
Non-current assets	1.8	3.8
Loss carryforwards	(5.0)	(3.5)
Liabilities	(2.2)	1.8
Total deferred tax at 31 August	**52.4**	**61.8**
Amounts due after 12 months, estimated	**52.4**	**61.8**
Tax loss carryforwards		
Total tax loss carryforwards	18.4	11.5
Tax loss expected to be utilized	18.4	11.5
Deferred tax assets from tax loss recognized in the balance sheet	**5.0**	**3.5**

EUR million	**2013**	2012
Note 23 - Provisions		
Provisions at 1 September	2.4	2.2
Additions for the year	1.0	2.0
Reversed in the year	(0.4)	(0.1)
Used in the year	(0.7)	(1.7)
Provisions at 31 August	**2.3**	**2.4**
Current	0.3	1.0
Non-current	2.0	1.4
Total	**2.3**	**2.4**

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

EUR million

Note 24 - Financial assets and liabilities

				2013
Assets	**Maturity < 1 year**	**Maturity > 1 year < 5 years**	**Maturity > 5 years**	**Total**
Trade receivables (note 16)	98.4	-	-	98.4
Other receivables (note 17)	10.2	-	-	10.2
Cash and cash equivalents (note 19)	77.5	-	-	77.5
Total	**186.1**	**-**	**-**	**186.1**

				2012
	Maturity < 1 year	**Maturity > 1 year < 5 years**	**Maturity > 5 years**	**Total**
Trade receivables (note 16)	86.7	-	-	86.7
Other receivables (note 17)	17.8	-	-	17.8
Cash and cash equivalents (note 19)	60.5	-	-	60.5
Total	**165.0**	**-**	**-**	**165.0**

				2013
Liabilities	**Maturity < 1 year**	**Maturity > 1 year < 5 years**	**Maturity > 5 years**	**Total**
Long-term borrowings*	-	365.1	60.4	425.5
Short-term borrowings*	19.4	-	-	19.4
Trade payables	78.2	-	-	78.2
Other payables (note 25)	50.1	-	-	50.1
	147.7	**365.1**	**60.4**	**573.2**
Derivative financial instruments (note 25)	4.0	-	-	4.0
Total	**151.7**	**365.1**	**60.4**	**577.2**

* Including future interest payments.

				2012
	Maturity < 1 year	**Maturity > 1 year < 5 years**	**Maturity > 5 years**	**Total**
Long-term borrowings*	-	376.7	31.5	408.2
Short-term borrowings*	51.0	-	-	51.0
Trade payables	71.1	-	-	71.1
Other payables (note 25)	50.8	-	-	50.8
	172.9	**376.7**	**31.5**	**581.1**
Derivative financial instruments (note 25)	7.4	-	-	7.4
Total	**180.3**	**376.7**	**31.5**	**588.5**

* Including future interest payments.

EUR million	**2013**	2012
Note 24 - Financial assets and liabilities - continued		
Long-term borrowings		
Senior bank borrowings	363.7	323.2
Mortgages	54.3	63.6
Total before amortization of financing expenses	**418.0**	**386.8**
Capitalized financing expenses	(1.8)	(2.5)
Total long-term borrowings	**416.2**	**384.3**
Short-term borrowings		
Senior bank borrowings	-	30.0
Mortgages	9.2	9.0
Bank borrowings	3.6	1.1
Total	**12.8**	**40.1**

The Group's borrowings are denominated in EUR, USD and DKK. The borrowings in USD are subject to a currency risk at Group level, which is hedged with FX forward contracts.

The terms for the bank debt include a few covenants focusing on the Group's ability to generate sufficient cash flow. The financing of each Group company is monitored and managed at Group level. Estimates for the Income statement, Balance sheet and cash flow statement indicate that the covenants will be met by a comfortable margin.

EUR million **2013**

Note 24 - Financial assets and liabilities - continued

Mortgages	Effective interest rate	Maturity	Carrying amount	Interest rate risk
Floating rate*	0.34%	4-14 years	43.8	Cash flow
Fixed rate*	3.26%	1-11 years	19.7	Fair value
Total mortgages			**63.5**	

* Interest rate excluding margin.

Bank borrowings				
Floating rate	-	0-3 years	85.6	Cash flow
Fixed rate**	-	0-3 years	281.7	Fair value
Total bank borrowings			**367.3**	

The fair value of mortgages is EUR 65.5 million, whereas the fair value of bank borrowings does not differ significantly from the carrying amount.

** Interest rate swaps have been used to fix the interest rate. The EUR part has an average interest rate of 1.28%, 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	307.5	27%	73%
USD	59.7	4%	96%
DKK	63.5	69%	31%
Other	0.1	100%	0%
Total	**430.8**	**30%**	**70%**

2012

Mortgages	Effective interest rate	Maturity	Carrying amount	Interest rate risk
Floating rate*	0.85%	5-15 years	49.4	Cash flow
Fixed rate*	3.26%	2-12 years	23.2	Fair value
Total mortgages			**72.6**	

* Interest rate excluding margin.

Bank borrowings				
Floating rate	-	0-3 years	114.8	Cash flow
Fixed rate**	-	0-3 years	239.5	Fair value
Total bank borrowings			**354.3**	

The fair value of mortgages is EUR 75.4 million, whereas the fair value of bank borrowings does not differ significantly from the carrying amount.

** 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	262.2	31%	69%
USD	92.0	35%	65%
DKK	72.6	68%	32%
Other	0.1	100%	0%
Total	**426.9**	**38%**	**62%**

Note 24 - Financial assets and liabilities - continued

FINANCIAL RISKS

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

Chr. Hansen's corporate treasury department monitors and manages risks related to currency exposure and interest rate levels in accordance with the corporate Treasury Procedure approved by the Board of Directors. The procedure reflects how Chr. Hansen manages financial risks and contains rules defining not only how financial instruments are used to hedge risks, but also an acceptable level of risk exposure and use of counterparties.

Funding and liquidity

Funding and adequate liquidity are fundamental factors in driving an expanding business, and management of both is an integrated part of Chr. Hansen's continuous budget and forecasting process. To ensure focus on managing the risks related to funding and liquidity, Chr. Hansen's corporate Treasury department manages and monitors funding and liquidity for the entire Group, and ensures the availability of required liquidity through cash management and uncommitted as well as committed facilities.

Foreign exchange

To reduce exposure to exchange rate changes, Chr. Hansen trades primarily in EUR or USD. However, trading also takes place in other currencies. Currency exposure is mainly managed by having revenue and expenses in the same currency. Where this is insufficient to manage the risk, Chr. Hansen's corporate Treasury department performs hedging in accordance with the Treasury Procedure. Please refer to note 29 for further information.

Interest rates

Interest rate risk mainly relates to interest on debt. Debt is financed at the market rate plus a margin. The risk is limited by entering into interest-hedging agreements in accordance with the Treasury Procedure (note 29).

Credit

Credit risks mainly relate to trade receivables and other receivables. The risk is limited due to Chr. Hansen's diverse customer base representing multiple industries and businesses on international markets where the Company cooperates with many large and medium-sized partners. When dealing with smaller businesses, the Company sells mainly through distributors, thus reducing the credit risk regarding these customers. Chr. Hansen monitors credit risk by having internal credit lines for each debtor based on credit rating and regional credit exposure.

Counterparty risk

Counterparty risk for cash, deposits and financial instruments is handled by working only with financial institutions that have a satisfactory long-term credit rating. The current level of Chr. Hansen's core financial counterparties' long-term credit rating is in the AA or the A category. Chr. Hansen's Treasury Procedure also defines a credit limit for each counterparty.

EUR million	**2013**	2012
Note 25 - Other payables		
Wages, salaries and holiday pay, etc.	28.8	28.2
VAT and other duties	5.7	5.2
Derivative financial instruments	4.0	7.4
Other	15.6	17.4
Total	**54.1**	**58.2**

Note 26 - Share-based payment

Share option programs

Long-term share option programs are granted to the Executive Board and certain managerial employees. Vesting is subject to fulfillment of certain key performance indicators. Each option gives the right to purchase one existing share in Chr. Hansen Holding A/S.

The value of share option programs granted in 2012/13 was EUR 3.6 million (2011/12: EUR 2.4 million).

In the financial year 2012/13, EUR 3.6 million was expensed relating to the long-term share option programs, including accelerations and reversals (2011/12: EUR 2.2 million).

There were no outstanding, exercisable share options at 31 August 2013. The average exercise price of outstanding share options was DKK 129.99.

	Option program 1	Option program 2	Option program 3	Option program 4	Option program 5	Option program 6
Year allocated	2009/10	2009/10	2010/11	2011/12	2012/13	2012/13
Vesting conditions (KPIs)	Retention	EBITDA and share price	EBIT and EPS	EBIT and EPS	EBIT and EPS	EBIT and EPS
Exercise price	DKK 1	DKK 99	DKK 123.11	DKK 129.80	DKK 199.18	DKK 230.97
Vesting	May 2012	Nov. 2013	Nov. 2013	Nov. 2014	Nov. 2015	Apr. 2016
Weighted average share price during exercise period	EUR 21.2	Not vested	Not vested	Not vested	Not vested	Not vested
Average Black-Scholes value of options	EUR 12.6	EUR 2.1	EUR 3.2	EUR 3.4	EUR 3.5	EUR 3.8
Assumptions:						
Risk-free interest rate	0.62%	1.15%	1.74%	0.99%	0.04%	0.23%
Volatility	30.0%	30.0%	30.0%	31.1%	25.7%	23.0%
Dividend	1.50%	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	3-5 years

Number of share options

	Executive Board	Managerial employees	Former employees	Total
Outstanding at 1 September 2011	**1,974,935**	**138,035**	**17,971**	**2,130,941**
Allocated	655,663	34,509	-	690,172
Exercised	(111,471)	-	(17,971)	(129,442)
Forfeited	-	-	-	-
Outstanding at 31 August 2012	**2,519,127**	**172,544**	**-**	**2,691,671**
Allocated	825,020	99,660	-	924,680
Transferred	(1,386,445)	-	1,386,445	-
Forfeited	(498,880)	-	-	(498,880)
Outstanding at 31 August 2013	**1,458,822**	**272,204**	**1,386,445**	**3,117,471**

Note 26 - Share-based payment - continued

Short-term restricted stock unit (RSU) programs

The short-term RSU programs are granted to the Executive Board and other managerial employees based on fulfillment of individual key performance indicators. The RSUs are granted as share options with an exercise price of DKK 1. 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.

The value of RSUs granted in 2012/13 is estimated to be EUR 1.9 million (2011/12: EUR 2.4 million). The number of options allocated and their value will be determined in November 2013.

In the financial year 2012/13, EUR 1.8 million was expensed relating to the short-term RSU programs (2011/12: EUR 1.5 million).

There were no outstanding, exercisable RSUs at 31 August 2013.

	RSU program 1	**RSU program 2**	**RSU program 3**	**RSU program 4**
Year allocated	2009/10	2010/11	2011/12	2012/13
Vesting	Nov. 2011, 2012 and 2013	Nov. 2012, 2013 and 2014	Nov. 2013, 2014 and 2015	Nov. 2014, 2015 and 2016
Weighted average share price during exercise period	EUR 24.5	EUR 24.5	Not vested	Not vested
Average Black-Scholes value of options	EUR 12.4	EUR 15.9	EUR 24.2	EUR 25.7
Assumptions:				
Risk-free interest rate	0.52-1.11%	2.42%	(0.09%) - (0.32%)	0.23%
Dividend	1.50%	1.50%	1.50%	1.50%
Period	2-5 years	2-5 years	2-5 years	2-5 years

RSU (number)

	Executive Board	**Managerial employees**	**Former employees**	**Total**
Outstanding at 1 September 2011	**58,929**	**114,205**	**1,592**	**174,726**
Adjustment to allocation	(1,719)	9,874	-	8,155
Allocated	23,202	81,978	-	105,180
Transferred	-	(2,682)	2,682	-
Exercised	(11,073)	(18,456)	(531)	(30,060)
Forfeited	-	(6,404)	-	(6,404)
Outstanding at 31 August 2012	**69,339**	**178,515**	**3,743**	**251,597**
Adjustment to allocation	2,677	7,935	-	10,612
Allocated	13,458	59,162	-	72,620
Transferred	(19,592)	(5,312)	24,904	-
Exercised	(19,070)	(37,550)	(1,555)	(58,175)
Forfeited	(11,603)	(1,329)	-	(12,932)
Outstanding at 31 August 2013	**35,209**	**201,421**	**27,092**	**263,722**

EUR million	**2012/13**	2011/12
Note 27 - Non-cash adjustments		
Depreciation, amortization and impairment losses	56.5	50.5
Gains and losses from disposal of assets	(0.5)	0.5
Share-based payment	5.5	3.8
Change in provisions	0.3	0.2
Total	**61.8**	**55.0**

EUR million	**2012/13**	2011/12
Note 28 - Change in working capital		
Inventories	(8.1)	(2.4)
Trade receivables	(16.0)	(2.5)
Trade payables	8.5	6.7
Other receivables and other payables	7.4	(8.5)
Total	**(8.2)**	**(6.7)**

EUR million

Note 29 - Derivative financial instruments

The Group is exposed to market risk, primarily risks relating to currency and interest rates, and uses financial instruments to hedge recognized and future transactions. The Group only enters into hedging agreements that relate to the underlying business.

Interest rate risk

Interest rate swaps are used for cash flow hedging, where the underlying floating interest rates are hedged. At 31 August 2013, the outstanding interest swaps had the following market value:

Market value of open interest rate swaps				**2013**
	Contract amount	**Gain/loss at 31 August**	**Recognized in income statement**	**Recognized in fair value reserve**
EUR 75 million interest rate swaps, expiry February 2016	75.0	0.2	-	0.2
EUR 150 million interest rate swaps, expiry April 2015	150.0	(3.0)	-	(3.0)
USD 75 million interest rate swaps, expiry 15 April 2015	56.7	(1.2)	-	(1.2)
Total	**281.7**	**(4.0)**	**-**	**(4.0)**

				2012
	Contract amount	**Gain/loss at 31 August**	**Recognized in income statement**	**Recognized in fair value reserve**
EUR 180 million interest rate swaps, expiry 15 April 2015	180.0	(5.3)	-	(5.3)
USD 75 million interest rate swaps, expiry 15 April 2015	59.5	(2.1)	-	(2.1)
Total	**239.5**	**(7.4)**	**-**	**(7.4)**

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

The interest on the Group's financing facilities is based on floating interest plus a margin. At 31 August 2013, 70% of outstanding debt was hedged through interest rate swaps or loans with a fixed interest rate. The total debt had an average maturity of 2.6 years at 31 August 2013.

	2013	2012
Debt with fixed interest rate	70%	62%
Average maturity in years	2.6	2.9
Effect on total debt of a 1 percentage point increase in interest rates	(4.1)	(4.0)
Effect on interest rate swaps of a 1 percentage point increase in interest rates	2.8	2.4
Net effect	**(1.3)**	**(1.6)**

An increase of 1 percentage point in the average interest rate on the Group's interest-bearing debt including swaps will reduce the Group's earnings before tax by EUR 1.3 million during the next 12-month period and have a positive effect on equity of EUR 4.7 million (EUR 5.3 million for the financial year 2011/12).

EUR million

Note 29 - Derivative financial instruments - continued

Currency hedging of balance sheet position and future cash flows

Net outstanding forward exchange contracts at 31 August

	Nominal principal	Gain/loss in income statement	Recognized in fair value reserve	Fair value of principal	Maximum maturity (months)
					2013
USD	60.5	(0.6)	-	61.1	3
GBP	0.9	-	-	0.9	1
AUD	1.0	-	-	1.0	1
DKK	(62.4)	-	-	(62.4)	1
Total		**(0.6)**	**-**	**(0.6)**	

	Nominal principal	Gain/loss in income statement	Recognized in fair value reserve	Fair value of principal	Maximum maturity (months)
					2012
USD	33.3	0.5	-	32.8	1 + 3
GBP	1.0	-	-	1.0	1
SGD	1.6	-	-	1.6	1
AUD	2.5	-	-	2.4	1
DKK	(38.4)	-	-	(38.3)	1
Total		**0.5**	**-**	**(0.5)**	

All contracts are used for fair value hedges.

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, USD and USD-related currencies. Exposure is limited by assets, debt and expenses to a certain degree matching the geographic segmentation of sales. Investments in subsidiaries are not hedged.

Foreign exchange sensitivity analysis

Effect on the income statement	**2012/13**	2011/12
Increase of 5%	2.1	2.2
Decrease of 5%	(2.1)	(2.2)

Financial instruments are defined as cash, trade receivables, trade payables, current and non-current loans and foreign exchange forwards.

EUR million	**2013**	2012
Note 30 - Commitments and contingent liabilities		
Operating lease commitments		
Due within 1 year	2.3	2.8
Due between 1 and 5 years	3.1	3.7
Total	**5.4**	**6.5**

Lease commitments relate primarily to car and equipment rental.

Expensed payments relating to operating leases	**3.8**	**4.4**

Individual assets directly pledged		
Land and buildings	74.7	71.2
Plant and machinery	55.1	41.7
Book value of pledged individual assets	**129.8**	**112.9**

The recognized liabilities are based on minimum lease payments.

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.

At 31 August 2013, Chr. Hansen was defendant in three 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 the Company's financial position or results.

Change of control

The loan facilities are subject to change-of-control clauses. Regarding change-of-control clauses in employment contracts, please refer to note 5.

EUR million

Note 31 - Related parties

Related parties are defined as parties with control or significant influence, including Group companies.

On 29 March 2012, Novo A/S, Denmark, disclosed a holding of 35,419,331 shares in Chr. Hansen Holding A/S. Its current holding is 25-30%.

On 4 September 2012, Capital Group Companies, USA, disclosed a holding of 10,977,000 shares in Chr. Hansen Holding A/S. Its current holding is 5-10%.

Other related parties include the Group's Executive Board and Board of Directors together with their immediate families.

Transactions with related parties in 2012/13

	Purchases of goods, materials and services	Financial liabilities
Novo A/S Group	1.9	0.1
Total	**1.9**	**0.1**

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

Share-based payment is specified in note 26.

Note 32 - Government grants

During 2012/13, the Group received EUR 0.1 million in public grants for research & development purposes (2011/12: EUR 0.5 million), which was recognized in the income statement as a reduction in research & development expenses. The Group also received EUR 0.5 million in public grants for investments (2011/12: EUR 0.2 million), which has been set off against the cost of the assets to which the grants relate.

Note 33 - Events after the balance sheet date

On 7 October 2013, Chr. Hansen announced a global strategic alliance with FMC Corporation covering the development and commercialization of biological crop protection products.

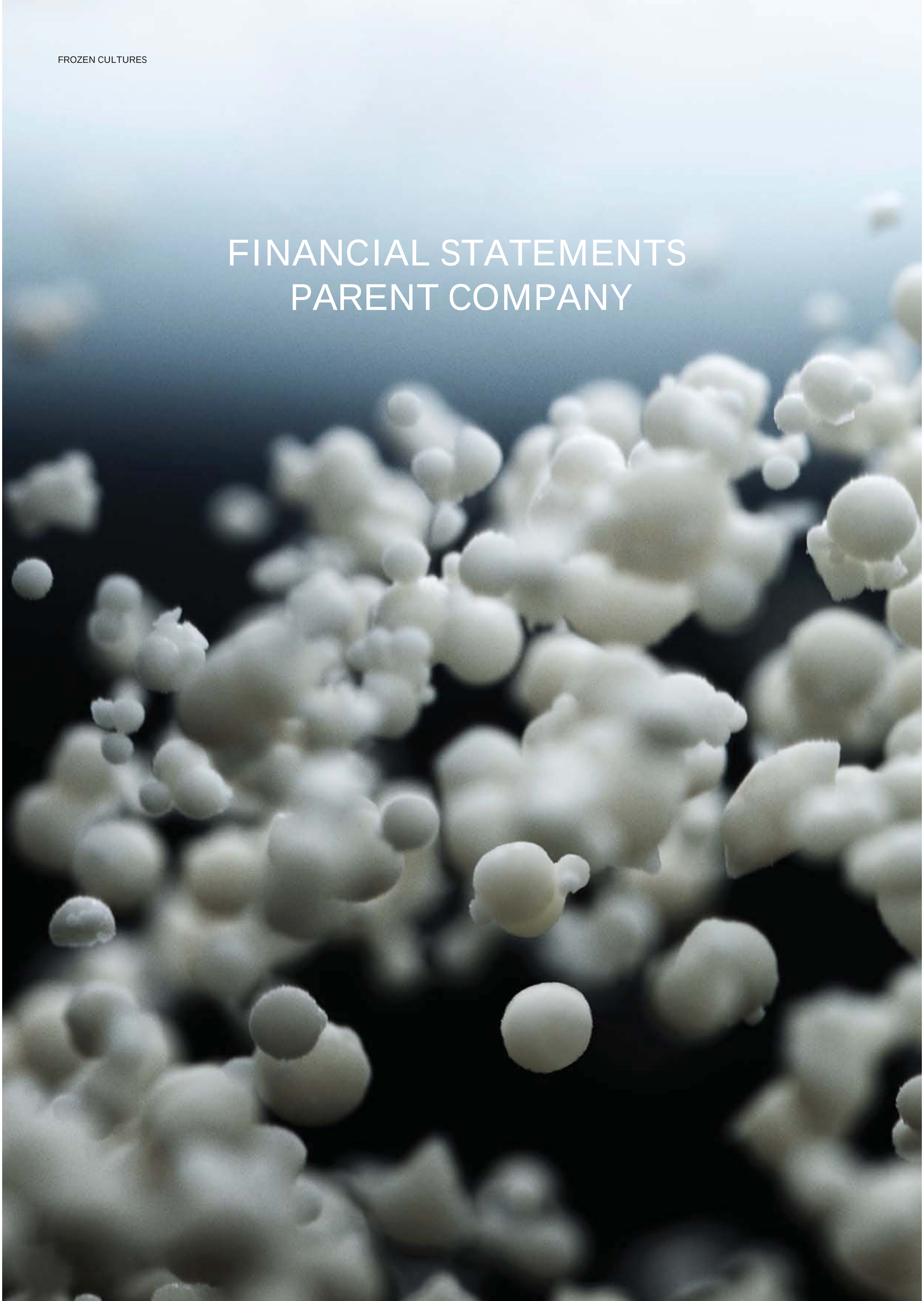
No other events have occured after the balance sheet date of importance to the Annual Report.

Note 34 - List of Group companies at 31 August 2013

Entity	**Country**	**Currency**	**Nominal capital ('000)**	**Chr. Hansen's holding (%)**	Production	Sales	Other
Chr. Hansen Argentina S.A.I.C.	Argentina	ARS	648	100	x	x	
Paprika S.A.	Argentina	ARS	1,300	70			x
Batch S.A.*	Argentina	ARS	1	99			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 Limited	Canada	CAD	24	100		x	
Urex Biotech ULC	Canada	CAD	-	100			x
Urex Biotech Inc.	Canada	CAD	-	100			x
Chr. Hansen (Tianjin) Food Ingredients Co. Ltd.	China	CNY	7,995	100	x	x	
Chr. Hansen (Beijing) Trading Co., 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	194,101	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 Ireland Limited	Ireland	EUR	1	100		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 C.V.	Mexico	MXN	3,050	100			x
Chr. Hansen Centroamérica S.A.	Panama	PAB	-	100		x	
Chr. Hansen S.A.	Peru	PEN	1,842	100	x	x	
Chr. Hansen Poland Sp. z o.o.	Poland	PLN	50	100		x	
Chr. Hansen SRL	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	
Chr. Hansen Sweden AB	Sweden	SEK	1,000	100			x
Peyma Chr. Hansen's A.S.	Turkey	TRY	988	100	x	x	
Chr. Hansen Ukraine LLC	Ukraine	UAH	32	100		x	
Chr. Hansen Middle East FZCO	UAE	AED	500	100		x	
Chr. Hansen Ltd	UK	GBP	250	99.99		x	
Chr. Hansen Inc.	USA	USD	-	100	x	x	

* Under liquidation.

FINANCIAL STATEMENTS PARENT COMPANY



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

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Income statement
1 September - 31 August

EUR million	Note	2012/13	2011/12
Revenue		**-**	**-**
Cost of sales		-	-
Gross profit		**-**	**-**
Sales and marketing expenses	4	(4.6)	(3.4)
Administrative expenses	3, 4, 5	(16.9)	(13.9)
Other operating income		22.3	20.3
Other operating expenses		-	(0.8)
Operating profit		**0.8**	**2.2**
Dividends received from Group companies		108.8	93.0
Financial income	6	15.0	24.3
Financial expenses	7	(17.9)	(23.8)
Profit before tax		**106.7**	**95.7**
Income taxes	8	1.6	2.4
Profit for the year		**108.3**	**98.1**

Statement of comprehensive income

EUR million	Note	**2012/13**	2011/12
Profit for the year		**108.3**	**98.1**
Currency translation to presentation currency		(0.1)	0.3
Deferred gains/(losses) on cash flow hedges arising during the year		0.3	(7.0)
Gains/(losses) on cash flow hedges expiring during the year		3.1	1.6
Tax related to cash flow hedges		(0.8)	1.4
Other comprehensive income for the year		**2.5**	**(3.7)**
Total comprehensive income for the year		**110.8**	**94.4**

Balance sheet at 31 August

EUR million

ASSETS	Note	2013	2012
Non-current assets			
Intangible assets			
Software	9	0.7	0.9
Intangible assets in progress	9	0.1	0.1
Total intangible assets		**0.8**	**1.0**
Fixtures and equipment	10	-	-
Total property, plant and equipment		**-**	**-**
Fixed asset investments			
Investments in Group companies	11	751.0	736.4
Receivables from Group companies	12	189.7	201.3
Total fixed asset investments		**940.7**	**937.7**
Other non-current assets			
Deferred tax	13	2.3	1.3
Total other non-current assets		**2.3**	**1.3**
Total non-current assets		**943.8**	**940.0**
Current assets			
Receivables			
Receivables from Group companies		6.7	-
Tax receivables		33.7	26.5
Other receivables		-	2.2
Prepayments		0.2	0.1
Total receivables		**40.6**	**28.8**
Cash and cash equivalents		**2.9**	**0.2**
Total current assets		**43.5**	**29.0**
Total assets		**987.3**	**969.0**

Balance sheet at 31 August

EUR million

EQUITY AND LIABILITIES	Note	2013	2012
Equity			
Share capital	14	180.3	185.3
Reserves		479.6	450.7
Total equity		**659.9**	**636.0**
Liabilities			
Non-current liabilities			
Borrowings	15	305.3	264.2
Payables to Group companies	15	9.8	7.5
Other payables	15	0.8	0.8
Total non-current liabilities		**315.9**	**272.5**
Current liabilities			
Borrowings	15	-	31.1
Trade payables		3.9	0.5
Payables to Group companies		0.1	14.3
Other payables	16	7.5	14.6
Total current liabilities		**11.5**	**60.5**
Total liabilities		**327.4**	**333.0**
Total equity and liabilities		**987.3**	**969.0**

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Statement of changes in equity

EUR million	Note	Share capital	Treasury shares	Cash flow hedges	Retained earnings	Total
Equity at 1 September 2012		**185.3**	**(88.3)**	**(5.6)**	**544.6**	**636.0**
Purchase of treasury shares*		-	(41.2)	-	-	(41.2)
Total comprehensive income for the year cf. statement of comprehensive income		(0.3)	-	2.6	108.5	110.8
Reduction of share capital		(4.7)	4.7	-	-	-
Share-based payment	17	-	-	-	5.5	5.5
Dividend		-	-	-	(51.2)	(51.2)
Equity at 31 August 2013		**180.3**	**(124.8)**	**(3.0)**	**607.4**	**659.9**

* EUR 28.0 million relates to the share buy-back program.

For the financial year 2012/13, an ordinary dividend of EUR 0.42 (DKK 3.13) and an extraordinary dividend of 0.42 (DKK 3.13) per share, corresponding to EUR 110.0 million in total, are proposed.

EUR million	Note	Share capital	Treasury shares	Cash flow hedges	Retained earnings	Total
Equity at 1 September 2011		**185.3**	**(35.0)**	**(1.6)**	**507.7**	**656.4**
Purchase of treasury shares*		-	(53.3)	-	-	(53.3)
Total comprehensive income for the year cf. statement of comprehensive income		-	-	(4.0)	98.4	94.4
Share-based payment	17	-	-	-	3.4	3.4
Dividend		-	-	-	(64.9)	(64.9)
Equity at 31 August 2012		**185.3**	**(88.3)**	**(5.6)**	**544.6**	**636.0**

* EUR 52.0 million relates to the share buy-back program.

Cash flow statement
1 September - 31 August

EUR million	Note	**2012/13**	2011/12
Operating profit		**0.8**	**2.2**
Non-cash adjustments	18	5.7	3.6
Change in working capital	19	2.1	8.7
Interest payments received		12.3	10.3
Interest payments made		(9.4)	(9.5)
Dividends received		108.8	92.0
Taxes paid		(7.5)	(6.3)
Cash flow from operating activities		**112.8**	**101.0**
Acquisition of interest in a subsidiary		(13.1)	-
Cash flow used for investing activities		**(13.1)**	**-**
Free cash flow		**99.7**	**101.0**
Dividends paid		(51.2)	(64.9)
Purchase of treasury shares, net		(43.6)	(50.9)
Repayment to / from Group companies		(16.9)	28.3
Repayment of long-term loans		14.7	(47.6)
Cash flow used for financing activities		**(97.0)**	**(135.1)**
Net cash flow for the year		**2.7**	**(34.1)**
Cash and cash equivalents at 1 September		0.2	34.3
Net cash flow for the year		2.7	(34.1)
Cash and cash equivalents at 31 August		**2.9**	**0.2**

Notes

NOTE 1 - ACCOUNTING POLICIES

The Financial Statements of Chr. Hansen Holding A/S as Parent Company have 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 from subsidiaries

Dividends from 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 of the net assets of the subsidiary, or the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared, the carrying amount 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 JUDGMENTS

In preparing the Financial Statements 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 judgments for the Parent Company are presented below.

The most significant accounting estimates and judgments for the Chr. Hansen Group are presented in note 2 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 considers 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 amounts of assets or liabilities within the next financial year.

Investments in subsidiaries

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.

Management is of the opinion that no indications of impairment existed at the end of the year 2012/13, and impairment tests have therefore not been performed for investments in subsidiaries.

Judgments in applying accounting policies

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

EUR million	2012/13	2011/12
Note 3 - Depreciation, amortization and impairment losses		
Intangible assets		
Administrative expenses	(0.2)	(0.2)
Total amortization	**(0.2)**	**(0.2)**
Total depreciation, amortization and impairment losses	**(0.2)**	**(0.2)**

EUR million	2012/13	2011/12
Note 4 - Staff expenses		
Wages and salaries, etc.	(4.5)	(5.0)
Pension expenses - defined contribution plans	(0.4)	(0.3)
Social security etc.	-	(0.1)
Salaries and other remuneration for the Executive Board and Board of Directors of Chr. Hansen Holding A/S	(9.9)	(6.9)
Total	**(14.8)**	**(12.3)**
Average number of employees	**46**	**44**

The remuneration of the Executive Board and Board of Directors breaks down as follows:

The Executive Board		
Salaries etc.	(5.0)	(3.7)
Pensions - defined contribution plans	(0.6)	(0.2)
Share-based payment	(3.6)	(2.4)
Board of Directors		
Fee	(0.7)	(0.6)

EUR million	2012/13	2011/12
Note 5 - Fees to auditors		
Statutory audit	(0.2)	(0.1)
Tax advisory services	(0.1)	(0.2)
Total	**(0.3)**	**(0.3)**

EUR million	2012/13	2011/12
Note 6 - Financial income		
Interest from Group companies	9.9	10.3
Gains on derivative financial instruments	1.2	-
Other interest income	-	0.1
Foreign exchange gains	3.9	13.9
Total	**15.0**	**24.3**

EUR million	**2012/13**	2011/12
Note 7 - Financial expenses		
Interest paid to Group companies	(0.4)	(0.4)
Losses on derivative financial instruments	(0.6)	(0.9)
Interest expenses on loans and swaps	(5.9)	(7.5)
Foreign exchange losses	(7.1)	(12.5)
Losses on derivatives transferred from other comprehensive income	(3.1)	(1.6)
Other financial expenses, including amortized costs	(0.8)	(0.9)
Total	**(17.9)**	**(23.8)**

EUR million	**2012/13**	2011/12
Note 8 - Income taxes		
Current tax on operating profit	(0.2)	2.4
Change in deferred tax concerning operating profit	2.1	-
Tax on profit for the year	**1.9**	**2.4**
Adjustments concerning previous years	(0.3)	-
Total	**1.6**	**2.4**

	2012/13		2011/12	
Reconciliation of tax rate				
Danish tax rate	25%	(26.7)	25%	(23.8)
Non-taxable income and non-deductible expenses	(27%)	28.9	(28%)	26.2
Adjustments concerning previous years	-	(0.3)	-	-
Other taxes	-	(0.2)	-	-
Impact of change in the Danish tax rate	-	(0.1)	-	-
Income taxes	**(2%)**	**1.6**	**(3%)**	**2.4**

EUR million **2013**

Note 9 - Intangible assets

	Software	Intangible assets in progress	Total
Cost at 1 September	1.9	0.1	2.0
Cost at 31 August	**1.9**	**0.1**	**2.0**
Amortization at 1 September	(1.0)	-	(1.0)
Amortization for the year	(0.2)	-	(0.2)
Amortization at 31 August	**(1.2)**	**-**	**(1.2)**
Carrying amount at 31 August	**0.7**	**0.1**	**0.8**

2012

	Software	Intangible assets in progress	Total
Cost at 1 September	1.9	0.1	2.0
Cost at 31 August	**1.9**	**0.1**	**2.0**
Amortization at 1 September	(0.8)	-	(0.8)
Amortization for the year	(0.2)	-	(0.2)
Amortization at 31 August	**(1.0)**	**-**	**(1.0)**
Carrying amount at 31 August	**0.9**	**0.1**	**1.0**

Software

Software comprises expenses for acquiring software licenses and expenses related to internal development of software within the Group. The value of the recognized software has been compared to the expected value in use. No indicators of impairment have been identified.

EUR million	**2013**	2012
Note 10 - Fixtures and equipment		
Cost at 1 September	-	0.4
Disposals for the year	-	(0.4)
Cost at 31 August	-	**-**
Depreciation at 1 September	-	(0.4)
Disposals for the year	-	0.4
Depreciation at 31 August	-	**-**
Carrying amount at 31 August	-	-

EUR million	2013	2012
Note 11 - Investments in Group companies		
Cost at 1 September	736.4	736.4
Currency translation	(0.8)	-
Additions for the year	15.4	-
Cost at 31 August	**751.0**	**736.4**

See note 34 to the Consolidated Financial Statements for a list of Group companies.

EUR million	2013	2012
Note 12 - Receivables from Group companies		
Due between 1 and 5 years		
Loans to Group companies	189.7	201.3
Total	**189.7**	**201.3**

EUR million	**2013**	2012
Note 13 - Deferred tax		
Deferred tax at 1 September	1.3	(0.1)
Change in deferred tax - recognized in the income statement	2.1	-
Change in deferred tax - recognized in other comprehensive income	(0.7)	1.4
Adjustment to previous year	(0.3)	-
Impact of change in the Danish tax rate	(0.1)	-
Deferred tax at 31 August	**2.3**	**1.3**
Specification of deferred tax		
Intangible assets	(0.2)	(0.3)
Property, plant and equipment	-	0.3
Current assets	1.0	-
Liabilities	1.5	1.3
Total deferred tax at 31 August	**2.3**	**1.3**

Note 14 - Share capital

The Company's share capital has a nominal value of DKK 1,344,999,760 (equivalent to EUR 180.3 million), divided into shares of DKK 10.

The share capital has been fully paid up.

The Company has concluded the share buy-back program initiated in 2011/12 under which it acquired 1,185,455 shares for an amount of EUR 28.0 million in 2012/13 (2,348,789 shares for an amount of EUR 52.0 million in 2011/12). At 31 August 2013, the Company held 3,374,799 treasury shares (5,282,763 treasury shares at 31 August 2012). The treasury shares were held to cover share option programs.

During 2012/13, the share capital was reduced by canceling 3,534,244 treasury shares of DKK 10 each acquired under the Company's share buy-back program.

Further information about the Group's policy for managing its capital can be found under "Shareholder information".

	2012/13	2011/12
Number of shares outstanding:		
Outstanding at 1 September	132,751,457	135,140,186
Purchase of treasury shares	(1,684,455)	(2,418,789)
Sold during the year	58,175	30,060
Outstanding at 31 August	**131,125,177**	**132,751,457**

The Company had share capital of DKK 1,008,252,200 at 1 September 2008. It was increased by DKK 372,090,000 in 2009/10 and reduced by DKK 35,342,440 in 2012/13.

EUR million	2013	2012
Note 15 - Financial liabilities		
Due within 1 year		
Borrowings	-	31.1
	-	**31.1**
Due between 1 and 5 years		
Borrowings	272.0	264.2
Payable to Group companies	9.8	7.5
Other payables	0.8	0.8
	282.6	**272.5**
Due after 5 years		
Borrowings	33.3	-
	33.3	**-**
Total	**315.9**	**303.6**

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

EUR million	2013	2012
Note 16 - Other payables		
Wages, salaries and holiday pay, etc	1.9	3.6
VAT and other duties	0.2	0.5
Derivative financial instruments	4.0	7.4
Other	1.4	3.1
Total	**7.5**	**14.6**

Note 17 - Share-based payment

Share option programs

Long-term share option programs are granted to the Executive Board and certain managerial employees. Vesting is subject to fulfillment of certain key performance indicators. Each option gives the right to purchase one existing share in Chr. Hansen Holding A/S.

The value of share option programs granted in 2012/13 was EUR 3.6 million (2011/12: EUR 2.4 million).

In the financial year 2012/13, EUR 3.6 million was expensed relating to the long-term share option programs, including accelerations and reversals (2011/12: EUR 2.2 million).

There were no outstanding, exercisable share options at 31 August 2013. The average exercise price of outstanding share options was DKK 129.99.

	Option program 1	**Option program 2**	**Option program 3**	**Option program 4**	**Option program 5**	**Option program 6**
Year allocated	2009/10	2009/10	2010/11	2011/12	2012/13	2012/13
Vesting conditions (KPIs)	Retention	EBITDA and share price	EBIT and EPS	EBIT and EPS	EBIT and EPS	EBIT and EPS
Exercise price	DKK 1	DKK 99	DKK 123.11	DKK 129.80	DKK 199.18	DKK 230.97
Vesting	May 2012	Nov. 2013	Nov. 2013	Nov. 2014	Nov. 2015	Apr. 2016
Weighted average share price during exercise period	EUR 21.2	Not vested	Not vested	Not vested	Not vested	Not vested
Average Black-Scholes value of options	EUR 12.6	EUR 2.1	EUR 3.2	EUR 3.4	EUR 3.5	EUR 3.8
Assumptions:						
Risk-free interest rate	0.62%	1.15%	1.74%	0.99%	0.04%	0.23%
Volatility	30.0%	30.0%	30.0%	31.1%	25.7%	23.0%
Dividend	1.50%	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	3-5 years

Number of share options

	Executive Board	**Managerial employees**	**Former employees**	**Total**
Outstanding at 1 September 2011	**1,974,935**	**138,035**	**17,971**	**2,130,941**
Allocated	655,663	34,509	-	690,172
Exercised	(111,471)	-	(17,971)	(129,442)
Forfeited	-	-	-	-
Outstanding at 31 August 2012	**2,519,127**	**172,544**	**-**	**2,691,671**
Allocated	825,020	99,660	-	924,680
Transferred	(1,386,445)	-	1,386,445	-
Forfeited	(498,880)	-	-	(498,880)
Outstanding at 31 August 2013	**1,458,822**	**272,204**	**1,386,445**	**3,117,471**

Note 17 - Share-based payment - continued

The short-term RSU programs are granted to the Executive Board and other managerial employees based on fulfillment of individual key performance indicators. The RSUs are granted as share options with an exercise price of DKK 1. 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.

The value of RSUs granted in 2012/13 is estimated to be EUR 1.9 million (2011/12: EUR 2.4 million). The number of options allocated and their value will be determined in November 2013.

In the financial year 2012/13, EUR 0.8 million was expensed relating to the short-term RSU programs (2011/12: EUR 1.1 million).

There were no outstanding, exercisable RSUs at 31 August 2013.

	RSU program 1	**RSU program 2**	**RSU program 3**	**RSU program 4**
Year allocated	2009/10	2010/11	2011/12	2012/13
Vesting	Nov. 2011, 2012 and 2013	Nov. 2012, 2013 and 2014	Nov. 2013, 2014 and 2015	Nov. 2014, 2015 and 2016
Weighted average share price during exercise period	EUR 24.5	EUR 24.5	Not vested	Not vested
Average Black-Scholes value of options	EUR 12.4	EUR 15.9	EUR 24.2	EUR 25.7
Assumptions:				
Risk-free interest rate	0.52-1.11%	2.42%	(0.09%) - (0.32%)	0.23%
Dividend	1.50%	1.50%	1.50%	1.50%
Period	2-5 years	2-5 years	2-5 years	2-5 years

RSU (number of RSUs)

	Executive Board	**Managerial employees**	**Former employees**	**Total**
Outstanding at 1 September 2011	**58,929**	**11,562**	**1,592**	**72,083**
Adjustment to allocation	(1,719)	3,714	-	1,995
Allocated	23,202	29,802	-	53,004
Transferred	-	(1,036)	1,036	-
Exercised	(11,073)	(1,842)	(531)	(13,446)
Outstanding at 31 August 2012	**69,339**	**42,200**	**2,097**	**113,636**
Adjustment to allocation	2,677	1,302	-	3,979
Allocated	13,458	7,638	-	21,096
Transferred	(19,592)	(2,321)	21,913	-
Exercised	(19,070)	(4,749)	(876)	(24,695)
Forfeited	(11,603)	(906)	-	(12,509)
Outstanding at 31 August 2013	**35,209**	**43,164**	**23,134**	**101,507**

EUR million	**2012/13**	2011/12
Note 18 - Non-cash adjustments		
Depreciation, amortization and impairment losses	0.2	0.2
Share-based payment	5.5	3.4
Total	**5.7**	**3.6**

EUR million	**2012/13**	2011/12
Note 19 - Change in working capital		
Trade payables	3.4	0.2
Other receivables and other payables	(1.3)	8.5
Total	**2.1**	**8.7**

EUR million

Note 20 - Financial instruments

Chr. Hansen Holding A/S is exposed to market risk, primarily risks relating to currency and interest, and uses financial instruments to hedge of recognized and future transactions. Chr. Hansen Holding A/S only enters into hedging agreements that relate to the underlying business.

Interest rate risk

Interest rate swaps are used for cash flow hedging by hedging the underlying floating interest rates. At 31 August 2013, the outstanding interest swaps had the following market value:

Market value of open interest rate swaps				**2013**
	Contract amount	**Gain/loss at 31 August**	**Recognized in income statement**	**Recognized in fair value reserve**
EUR 75 million interest rate swaps, expiry February 2016	75.0	0.2	-	0.2
EUR 150 million interest rate swaps, expiry 15 April 2015	150.0	(3.0)	-	(3.0)
USD 75 million interest rate swaps, expiry 15 April 2015	56.7	(1.2)	-	(1.2)
	281.7	**(4.0)**	**-**	**(4.0)**

				2012
	Contract amount	**Gain/loss at 31 August**	**Recognized in income statement**	**Recognized in fair value reserve**
EUR 180 million interest rate swaps, expiry 15 April 2015	180.0	(5.3)	-	(5.3)
USD 75 million interest rate swaps, expiry 15 April 2015	59.5	(2.1)	-	(2.1)
	239.5	**(7.4)**	**-**	**(7.4)**

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

The interest on the Company's financing facilities is based on floating interest plus a margin. At 31 August 2013, 92% of outstanding debt was hedged through interest rate swaps or loans with a fixed interest rate (81% at 31 August 2012). The total debt had an average maturity of 2.3 years at 31 August 2013 (2.4 years at 31 August 2012). An increase of 1 percentage point in the average interest rate on the Group's interest-bearing debt excluding swaps will reduce the Group's earnings before tax by EUR 3.1 million during the next 12-month period (EUR 3.0 million for the financial year 2011/12). The effect on the swaps entered into of an interest rate change of 1 percentage point will be EUR 2.8 million based on the interest change of 1 percentage point (EUR 2.4 million for the financial year 2011/12).

EUR million	**2013**	2012
Note 20 - Financial instruments - continued		
Financial assets		
Receivables from Group companies	6.7	-
Tax receivables	33.7	26.5
Other receivables and prepayments	0.2	2.3
Cash and cash equivalents	2.9	0.2
Total financial assets	**43.5**	**29.0**
Financial liabilities		
Borrowings	305.3	295.3
Trade payables	3.9	0.5
Other financial liabilities	18.2	37.2
Total financial liabilities	**327.4**	**333.0**
Classification of financial assets		
Loans and receivables	43.5	29.0
	43.5	**29.0**
Classification of financial liabilities		
Financial liabilities measured at amortized cost	327.4	333.0
	327.4	**333.0**
Maturity analysis for financial liabilities		
Borrowings		
0-1 year	-	31.1
1-5 years	272.0	264.2
> 5 years	33.3	-
Trade payables		
0-1 year	3.9	0.5
Other financial liabilities		
0-1 year	7.6	28.9
1-5 years	10.6	0.8
> 5 years	-	7.5
	327.4	**333.0**
Average interest rate	1.5%	1.9%

Borrowings have been reduced by amortization and financing expenses.

Amortization expenses offset under non-current debt	**1.4**	**2.0**

Note 21 - Credit, currency and interest rate risk

Credit risk

Credit risk for cash and cash equivalents and financial instruments is managed by only working with financial institutions that have a satisfactory credit rating. In general, the risk is considered to be limited.

Currency risk

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

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

Interest risk

The interest on the Company's multi-currency loan facility is based on variable interest plus a margin. Interest rate swaps are utilized to reduce the risk to the income statement. At 31 August 2013, 92% of the outstanding debt was hedged through interest rate swaps (81% at 31 August 2012).

Cash flow risk

Chr. Hansen Holding A/S's net interest-bearing debt amounted to EUR 303.8 million at 31 August 2013 (EUR 297.3 million at 31 August 2012).

Note 22 - Commitments and contingent liabilities

Operating leases

Lease commitments, primarily related to car and equipment rental and due within 1 year and between 1 and 5 years, amounted to EUR 0.2 million (EUR 0.1 million in 2011/12). Payments of EUR 0.2 million were expensed in 2012/13 (EUR 0.2 million in 2011/12).

Other guarantees and liabilities

Chr. Hansen Holding A/S was jointly and severally liable for drawings of EUR 57.5 million on the Group's credit facility by the subsidiaries Chr. Hansen A/S and Chr. Hansen France SAS at 31 August 2013 (EUR 57.3 million on 31 August 2012).

Pending court and arbitration cases

Certain claims have been made against Chr. Hansen Holding A/S. Management is of the opinion that the result of these disputes will not have a significant 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 employment contracts, please refer to note 5 to the Consolidated Financial Statements.

EUR million

Note 23 - Related parties

Related parties are defined as parties with control or significant influence, including Group companies.

On 29 March 2012, Novo A/S, Denmark, disclosed a holding of 35,419,331 shares in Chr. Hansen Holding A/S. Its current holding is 25-30%.

On 4 September 2012, the Capital Group Companies, USA, disclosed a holding of 10,977,000 shares in Chr. Hansen Holding A/S. Its current holding is 5-10%.

Other related parties include the Group's Executive Board and Board of Directors together with their immediate families.

Transactions with related parties

	2012/13	
	Subsidiaries	Executive Board and Board of Directors
Sale of services	22.3	-
Interest income	9.9	-
Interest expenses	(0.4)	-
	31.8	**-**
Amounts receivable at 31 August	196.4	-
Amounts payable at 31 August	9.9	-

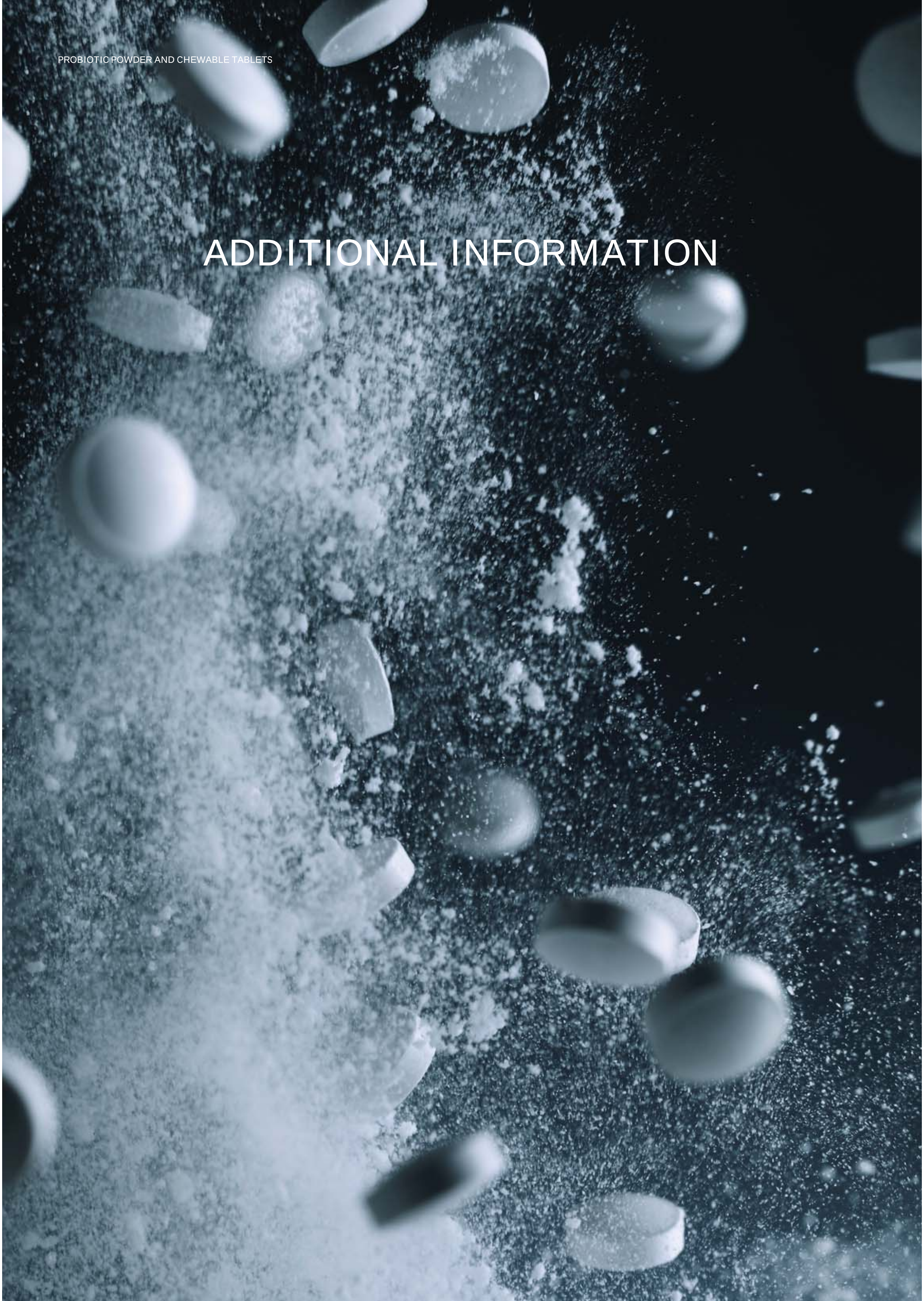
Fees and other considerations to the Executive Board and Board of Directors are specified in note 4.

	2011/12	
	Subsidiaries	Executive Board and Board of Directors
Sale of services	20.3	-
Interest income	10.3	-
Interest expenses	(0.4)	-
	30.2	**-**
Amounts receivable at 31 August	201.3	-
Amounts payable at 31 August	21.8	-

Note 24 - Events after the balance sheet date

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

ADDITIONAL INFORMATION



Policies and positions

Chr. Hansen signed up to the UN Global Compact in September 2009, and sustainability and CSR are reflected in its policies and positions set by the Board of Directors.
The policies and positions are linked to the business through the strategy, ambitions and operational goals. They are implemented through procedures integrated into the management system of the Company. Governance is established in accordance with the Danish Recommendations on Corporate Governance as adopted by NASDAQ OMX Copenhagen (http://investor.chr-hansen.com/governancestatement.cfm).

Chr. Hansen's policies and positions

	Topics	Content
Business Integrity	Environment & Biodiversity + CSR + Anti-corruption + Competition + Intellectual property	Chr. Hansen respects and complies with applicable local and international rules, regulations and other stipulations such as standards and stakeholder requirements. Chr. Hansen conducts business with due respect to the society in which it operates. The Company is committed to continuous improvement, preventive actions and efficient utilization of resources, and respects and operates according to the UN Convention on Biodiversity. Chr. Hansen supports the UN Guiding principles on Business and Human Rights, i.e. respect of human rights and fair labor standards such as freedom of association, equal rights, decent working time and remuneration. Chr. Hansen does not accept or tolerate bribes in any form, whether directly or indirectly, and the Company abides by the rules of fair dealing and fair competition. Chr. Hansen also supports international standardization and does the utmost to respect third parties' valid IP rights.
Quality & Product Safety	Product safety + Allergens	Chr. Hansen wants to meet or exceed its customers' expectations regarding product quality and services. This is why the Company applies risk identification and risk management, and requires 100% traceability on all products. Product alerts are handled quickly to prevent or eliminate potential adverse impacts. Chr. Hansen provides useful, accurate and complete information about its products to ensure that consumers have sufficient information to avoid an accidental allergic reaction from consuming the Company's products.
People, Knowledge & Organization	Health & Safety + Competence development + Reward & Remuneration	Chr. Hansen is committed to continuously improving both the physical and psychological working environment to ensure that employees operate in a safe working environment. It is the Company's ambition to help people remain employable throughout their career, and Chr. Hansen provides an attractive working environment with opportunities to develop and generate results. Chr. Hansen wants to ensure a diverse workforce and has a sharp focus on inclusion based on the key elements of respect, intercultural competencies and inclusive leadership. Chr. Hansen follows legal and industry standards for reward practices, and provides terms and conditions of employment reflecting the effort and performance of its employees and their value to the Company.
Sourcing & Finance	Sustainable sourcing + Tax	Through strategic sourcing and cooperation with suppliers, Chr. Hansen conducts responsible supply chain management in relation to product safety and product security as well as sustainability and social responsibility. The Company approves and monitors suppliers to ensure compliance with requirements. Chr. Hansen recognizes tax as a cost of doing business, and the Company ensures correct tax payment in accordance with the local legislation applicable for each Chr. Hansen entity.
Communication	Stakeholder engagement	Corporate communication is used in both strategic and operational ways to ensure strategically managed and organized stakeholder management, engagement and relationship building. Chr. Hansen believes that successful communication depends on mutual understanding and cooperation.

Progress on sustainability ambitions for 2019/20

Chr. Hansen's ambitions and operational goals, set by the Executive Board, are summarized in the table below showing progress on ambitions for 2019/20. For more information on policies, activities and management systems regarding CSR, see www.chr-hansen.com/about-us/csr.

Ambitions 2019/20

Goal accomplished	●
Goal not accomplished	○

Area	Ambition	
Product safety and quality	Deliver the highest product safety standards through the entire value chain	
	Operational goals	
	All production sites PAS 220/FSSC 22000 certified by 2012/13	◕
	10% reduction in product safety audit findings	◔
	Customer complaints closed within 30 days	○
	10% reduction in customer complaints measured against turnover and number of orders per year	○
Area	**Ambition**	
People development and welfare	Be an attractive employer through employee and business development	
	Operational goals	
	Employee turnover between 10-15%	●
	Rate of absence less than 2%	◕
	Maintain more than 2 days of training per year per employee	●
	Employee satisfaction survey rating of managers: Sterling managers >50%*	◕
	Result of employee satisfaction survey above benchmark*	●
	Lost-time incidents less than 5 per one million working hours by 2012/13	◑
	0 serious accidents	●
	Ambition	
	Promote diversity and inclusion to strengthen our business	
	Operational goals	
	Women in management to equal company distribution by 2019/20	◔
	25% women in key positions by 2019/20	◔
	55% non-danes in key positions by 2019/20	◔
	80% of corporate management teams meeting diversity criteria by 2019/20	◑
	Board of Directors having one woman and one non-local by the end of 2016	◑
Area	**Ambition**	
Sustainable sourcing	Assess, approve and monitor high risk vendors	
	Operational goals	
	All high risk vendors approved by 2012/13	◕

* Not conducted in 2012/13.

Ambitions 2019/20

Goal accomplished	●
Goal not accomplished	○

Area	**Ambition**	
Community involvement	Contribute to sustainable development through social involvement	
	Operational goals	
	Conduct at least 5 community projects per year	●
Area	**Ambition**	
Resource efficiency	Produce more with less	
	Operational goals	
	Increase in water and energy consumption of no more than 50% of the growth in production volume compared to 2008/09	●
Area	**Ambition**	
Pollution prevention	Produce more with less	
	Operational goals	
	Keeping the amount of waste at 2008/09 level	○
	Recycle 50% of our waste	◔
	Reduce wastewater discharge by 30% per produced unit compared to 2008/09	◑
Area	**Ambition**	
Climate change mitigation and adaption	Reduce our impact on climate change	
	Operational goals	
	Reduce the amount of CO_2 by 30% per produced unit compared to 2008/09	●
	Conduct full Life cycle asessments for three products	◕
	Establish CO_2 and water footprint for major products, incl. packaging material and transportation	◕

Non-financial key performance indicators

Environmental performance indicators (1)

	Unit	**2012/13**	2011/12	2010/11	2009/10	2008/09
EPI - water	EPI	116	102	111	97	100
EPI - water (% improvement)	%	14	(9)	14	(3)	-
EPI - energy	EPI	138	132	122	111	100
EPI - energy (% improvement)	%	6	9	11	11	-
EPI - CO_2	EPI	141	120	114	113	100
EPI - CO_2 (% improvement)	%	21	5	2	13	-

1) The base year of the EPIs is 2008/09.

People

	Unit	**2012/13**	2011/12	2010/11	2009/10	2008/09
Total number of employees (end of year)	Number	2,526	2,472	2,360	2,303	2,178
Full-time equivalents	FTE	2,489	2,448	2,337	2,268	2,143
Employee turnover (average)	%	12	10	13	9	14
Rate of absence	%	2	2	2	2	2

Diversity & Inclusion

	Unit	**2012/13**	2011/12	2010/11	2009/10	2008/09
Gender - all employees (male/female)	%	59/41	60/40	61/39	61/39	61/39
Gender - managers (male/female)	%	66/34	68/32	-/-	-/-	-/-
Gender - key positions (male/female)	%	82/18	83/17	-/-	-/-	-/-
Nationality - key postions (Dane/non-Dane)	%	60/40	60/40	-/-	-/-	-/-
Diverse teams	%	63	46	-	-	-
Board of Directors (male/female/non-local)	%	100/0/50	-/-/-	-/-/-	-/-/-	-/-/-
Inclusiveness (2)	Score	-	80	-	-	-

2) No employee satisfaction survey was conducted in 2008/09, 2010/11 and 2012/13.

Training

	Unit	**2012/13**	2011/12	2010/11	2009/10	2008/09
Total number of training days	Days	7,497	7,711	6,106	5,578	5,164
Training days per employee	Days	3.0	3.1	2.6	2.4	2.4

Employee satisfaction (2)

	Unit	**2012/13**	2011/12	2010/11	2009/10	2008/09
Satisfaction & motivation	Score	-	75	-	76	-
Loyalty	Score	-	83	-	85	-
Daily work	Score	-	77	-	78	-
Professional and personal development	Score	-	69	-	69	-
Managers (sterling manager/weak manager)	%	-/-	44/9	-/-	45/8	-/-

2) No employee satisfaction survey was conducted in 2008/09, 2010/11 and 2012/13.

Occupational health & safety

	Unit	**2012/13**	2011/12	2010/11	2009/10	2008/09
Lost-time Incidents (LTI) (3)	Number	34	39	46	34	27
LTI per one million working hours		8	10	12	9	7
Severity (days away per LTI)	Days	15	9	9	12	9

3) Away from work more than one day

Quality & product safety

	Unit	**2012/13**	2011/12	2010/11	2009/10	2008/09
Product safety audit findings	%	22	23	-	-	-
Customer complaints	Number	2,912	2,505	2,447	1,997	1,992

Product retrievals

Retrieval type:	**Reason for product retrieval in 2012/13**
Product safety (recall)	None
Quality (4)	a) five unharmful product cross contaminations
	b) one product density
Legal	None

	Unit	**2012/13**	2011/12	2010/11	2009/10	2008/09
Product retrievals (5)	Number	6	3	5	4	6

4) Quality related recalls do not implicate risks for the consumers.

5) Retrieval, i.e. withdrawals as no actual recall has been required, except in 2010/11 with one recall.

Accounting policies for non-financial key performance indicators

DISCLOSING NON-FINANCIAL DATA

This is the fifth corporate social responsibility (CSR) report now fully integrated in the Annual Report with supplementary data and information available at www. chr-hansen.com/about-us/csr. Chr. Hansen has embarked on a process where strategies, goals and indicators for CSR are set. These explain not only non-financial risks, impacts and challenges but also business opportunities that conform to the Company's commitments and internationally recognized principles.

The data included in the report reflect issues relevant for Chr. Hansen's license to operate, i.e. regulatory requirements and potential business risks in relation to the environment, labor standards, ethics, quality and product safety. They also reflect areas where the Company has a significant impact and where it is Chr. Hansen's responsibility to act. Furthermore, the information addresses various concerns and interests of major stakeholders, such as society, employees, shareholders, customers and other business partners.

Who submits data

The criteria for the collection of data are identical to the Company's financial accounting policies, i.e. subsidiaries in which Chr. Hansen Holding A/S holds, directly or indirectly, 50% or more of the votes or any controlling interest are included.

Changes from 2011/12

There were no major changes in the Company's operations, such as acquisitions or divestments, that may have a significant impact on its performance.

Data scope

Data regarding environment, product safety & quality as well as occupational health & safety cover activities mainly related to production that may have a significant impact on the business. Data is reported by production sites, major warehouses, innovation centers, pilot plants and administration units, while sites considered as not having a significant impact, such as pure sales offices, are excluded. Outsourced toll manufacturing activities are not included.

Global data concerning people, people development and employee satisfaction are reported by all legal entities and sites.

ENVIRONMENTAL DATA

Environmental performance indicators (EPIs)

Chr. Hansen monitors environmental performance using environmental performance indicators (EPIs). Each EPI is calculated on the basis of production volume and/or product activity and indexed with 2008/09 as the base year (100). An increase in an EPI indicates an improvement.

SOCIAL DATA

Employees

Number of employees

The number of employees is the total number at year-end, excluding substitutes and trainees. Headcount is also expressed in full-time equivalents (FTE), i.e. number of full-time positions.

Employee turnover

Employee turnover is calculated as an accumulated percentage at the end of the financial year. The calculation is based on the number of employees who were dismissed or voluntarily left the Company during each month compared to the total number of employees per month. Temporary employees are not included in this number.

Rate of absence

Rate of absence is the number of days employees have been absent due to own illness compared to the number of possible annual working days (240 working days). Absence due to illness of children or relatives and maternity/paternity leave is not included.

Diversity & inclusion

Gender, nationality, age, job category and position for each employee are consolidated. Data are calculated as the number of employees within each category at the end of the financial year. Diverse teams are corporate management teams, reporting to Vice President level and above, that include at least one woman and one non-local. The percentage of diverse teams is calculated at the end of the financial year. The composition of the Board of Directors is calculated at the end of the financial year.
Inclusion is measured in the employee satisfaction survey at least

every second year (see section on employee satisfaction). The inclusiveness index is based on seven indicators in the questionnaire.

Employee development

The average number of days of training per employee per year recorded locally in individual training records. For some small sites or offices, e.g. in Eastern Europe, the number of training days is estimated for data before 2009/10.

Employee satisfaction

An employee satisfaction survey is conducted at least every second year. All employees with a seniority of three months or more and who are not on leave of absence participate in the survey. Temporary employees are included if they have a contract of more than six months. Overall employee “satisfaction and motivation” and “loyalty” are measured, as is satisfaction with engagement drivers such as “professional and personal development,” “daily work” and “immediate manager.”

Occupational health & safety

The number of lost-time incidents (LTIs), i.e. accidents resulting in more than one day's absence from work, and the incident type are recorded. The LTI frequency is calculated as incidents resulting in more than one day's absence per million working hours, excluding sickness, maternity/paternity leave and holidays. A decrease in the frequency is an improvement.

The severity of incidents is measured as the number of days away from work per incident.

Quality & product safety

Customer complaints

Customer complaints are recorded when received.

Product safety audit findings

All ISO 9001, ISO 22000 and FSSC 22000 third-party audits are performed by the Company’s certifying body, Bureau Veritas Certification (BVC). If the final BVC audit report has not been received at the time of reporting, the number of non-conformities mentioned at the audit exit meeting is used.

Product retrievals

An internal procedure is in place for managing incidents that can lead to the withdrawal or recall of products. All products sold by Chr. Hansen are covered by this procedure. Retrievals are recorded on the day the decision is made to retrieve.