CHR. HANSEN HOLDING A/S

Annual Report 2004/05

ALK ABELLÓ

Contents

Key figures for the Chr. Hansen Group

DKKm	**2004/05**	2003/04	2002/03	2001/02	2000/01
Income statement					
Revenue	**4,381**	4,474	4,336	4,660	4,648
Operating profit before goodwill amortization etc. (EBITA)	**412**	385	336	373	346
Operating profit (EBIT)	**307**	320	269	303	272
One-time items	**4,206**	-	-	-	(74)
Net financial items	**(118)**	(118)	(130)	(130)	(158)
Profit from ordinary activities before tax	**4,395**	202	139	173	40
Extraordinary income after tax	**14**	-	-	-	-
Extraordinary costs after tax	**-**	-	(40)	-	-
Net profit/(loss) for the year	**4,288**	76	9	49	(38)
Average number of employees	**3,688**	3,644	3,561	3,423	3,622
Balance sheet					
Total assets	**6,912**	5,251	5,236	5,388	5,897
Invested capital	**572**	4,138	4,170	4,329	4,792
Equity	**6,170**	1,902	1,911	1,977	2,115
Cash flow and investments					
Depreciation and amortization	**275**	310	297	306	311
of which amortization of goodwill	***59***	*65*	*67*	*70*	*74*
Cash flow from operating activities	**407**	335	272	555	247
Cash flow from investing activities	**5,938**	(349)	(282)	(226)	(354)
Free cash flow	**6,345**	(14)	(10)	329	(107)
Information on shares					
Dividend	**4,050**	20	20	20	20
Share capital	**101**	101	101	101	101
Shares in thousands of DKK 10 each	**10,128**	10,128	10,128	10,128	10,128
Share price - DKK	**951**	408	295	233	258
Net asset value per share - DKK	**611**	188	189	195	209
Key figures					
EBITA margin - %	**9.4**	8.6	7.8	8.0	7.4
EBIT margin - %	**7.0**	7.2	6.2	6.5	5.9
ROAIC - %	**13.0**	7.7	6.3	6.6	5.7
Pay-out ratio - %	**94**	27	213	42	(53)
Earnings per share (EPS) - DKK	**423.4**	7.5	4.8	4.8	(3.8)
Cash flow per share (CFPS) - DKK	**40.2**	30.0	23.8	51.5	21.5
Price earnings ratio (PE)	**2**	54	60	49	(68)
Share price/Net asset value	**1.6**	2.2	1.6	1.2	1.2
Revenue growth					
Organic growth	**6**	8	2	4	2
Exchange differences	**(1)**	(5)	(9)	(4)	4
Acquisitions	**-**	-	-	-	2
Divestments	**(7)**	-	-	-	-
Total growth - %	**(2)**	3	(7)	-	8

Definitions: see inside of back cover

Key figures for the Chr. Hansen Group

EURm*	2004/05	2003/04	2002/03	2001/02	2000/01
Income statement					
Revenue	587	600	581	625	623
Operating profit before goodwill amortization etc. (EBITA)	55	52	45	50	46
Operating profit (EBIT)	41	43	36	41	36
One-time items	564	-	-	-	(10)
Net financial items	(16)	(16)	(17)	(17)	(21)
Profit from ordinary activities before tax	589	27	19	23	5
Extraordinary income after tax	2	-	-	-	-
Extraordinary costs after tax	-	-	(5)	-	-
Net profit/(loss)for the year	575	10	1	7	(5)
Average number of employees	3,688	3,644	3,561	3,423	3,622
Balance sheet					
Total assets	927	704	702	722	791
Invested capital	77	555	559	580	643
Equity	827	255	256	265	284
Cash flow and investments					
Depreciation and amortization	37	42	40	41	42
of which amortization of goodwill	*8*	*9*	*9*	*9*	*10*
Cash flow from operating activities	55	45	36	74	33
Cash flow from investing activities	796	(47)	(38)	(30)	(47)
Free cash flow	851	(2)	(1)	44	(14)
Information on shares					
Dividend	543	3	3	3	3
Share capital	14	14	14	14	14
Shares in thousands of EUR 1.35 each	10,128	10,128	10,128	10,128	10,128
Share price - EUR	128	55	40	31	35
Net asset value per share - EUR	82	25	25	26	28
Key figures					
EBITA margin - %	9.4	8.6	7.8	8.0	7.4
EBIT margin - %	7.0	7.2	6.2	6.5	5.9
ROAIC - %	13.0	7.7	6.3	6.6	5.7
Pay-out ratio - %	94	27	213	42	(53)
Earnings per share (EPS) - EUR	56.8	1.0	0.6	0.6	(0.5)
Cash flow per share (CFPS) - EUR	5.4	4.0	3.2	6.9	2.9
Price earnings ratio (PE)	2	54	60	49	(68)
Share price/Net asset value	1.6	2.2	1.6	1.2	1.2
Revenue growth					
Organic growth	6	8	2	4	2
Exchange differences	(1)	(5)	(9)	(4)	4
Acquisitions	-	-	-	-	2
Divestments	(7)	-	-	-	-
Total growth - %	(2)	3	(7)	-	8

*) Translated from DKK to EUR at exchange rate: EUR 100 = DKK 745.82 (August 31, 2005)

On the brink of a new era

The 2004/05 financial year was a watershed year. Following the divestment of the Ingredients Sector in July 2005, this is the last combined annual report of Chr. Hansen Holding A/S and the Chr. Hansen Group. At the annual general meeting to be held in December 2005 a resolution will be proposed to merge the holding company with ALK-Abelló A/S and change its name to ALK-Abelló A/S.

At the same time we will bid farewell to 130 years in food ingredients and welcome a new era for ALK-Abelló as the remaining activity of the listed company. In continuation of the divestment, the Board of Directors adopted a resolution in October to pay an interim dividend of DKK 4 billion to the company's shareholders.

ALK-Abelló is well-prepared for the challenges that lie ahead. In recent years, ALK-Abelló has increased growth in its core business, launched new products and has innovative new products in the pipeline.

ALK-Abelló has achieved good results with the launch of SLITone®, which is enjoying success in the market for drop-based allergy vaccination in Southern and Central Europe. We consider the development of the new grass pollen allergy tablet GRAZAX®, which is expected to be launched in the first European markets at the end of 2006, a paradigm shift in the treatment of allergy. The most recently published clinical study, GT-08, shows that the tablet is effective, even in a very broad patient population. GRAZAX® is also very user-friendly and has a strong safety profile. In the coming years, a growing number of patients and physicians are expected to switch to allergy vaccination, which has the potential to eliminate allergy permanently, unlike traditional symptom-relieving medication.

The backbone of our company remains the core business of injection-based and drop-based vaccines, for which we achieved satisfactory growth in organic sales in the financial year just concluded. ALK-Abelló recorded revenue of DKK 1,217 million, corresponding to organic growth of 15%. This growth was achieved primarily by upgrading and focusing local sales and marketing activities.

A series of steps were also taken to rationalize and streamline ALK-Abelló's business systems. Against this background, EBITA from our core business grew by 71% from DKK 143 million to DKK 245 million. In other words, we have a strong commercial platform to build on. The platform will allow ALK-Abelló to continue to balance investments in research and development of new products against sound growth and earnings in both new and existing markets.

Chr. Hansen Holding as a whole achieved a profit from ordinary activities before tax and the divestment of the Ingredients Sector of DKK 189 million, which was less than expected as the Ingredients Sector is included for only 11 months of the 2004/05 financial year. The gain on the divestment of the Ingredients Sector was DKK 4,206 million, which is in line with expectations.

The Board of Directors and Board of Management

Highlights 2004/05

ALK-Abelló – Allergy Vaccines

- ALK-Abelló's revenue totalled DKK 1,217 million (1,054) equivalent to organic growth of 15%, up from the latest forecast of 12%.
- EBITA for the core business before the settlement of share options was DKK 245 million (143), representing a 71% increase. The latest forecast of EBITA for the core business was approximately DKK 210 million. The improvement of earnings was primarily the result of improved sales and subdued costs.
- Pipeline costs were DKK 192 million (198), which was in line with the latest forecast.
- Overall EBITA for ALK-Abelló, before the settlement of share options, was DKK 53 million (a loss of 55) compared to a forecast of approximately DKK 20 million.

Chr. Hansen – Food Ingredients

- The Ingredients Sector's revenue totalled DKK 3,164 million, based on 11 months' sales.
- EBITA for the Ingredients Sector was DKK 353 million for the 11 months included in the 2004/05 financial statements, equivalent to an EBITA margin of 11% compared to the latest forecast of an EBITA margin of approximately 13%.

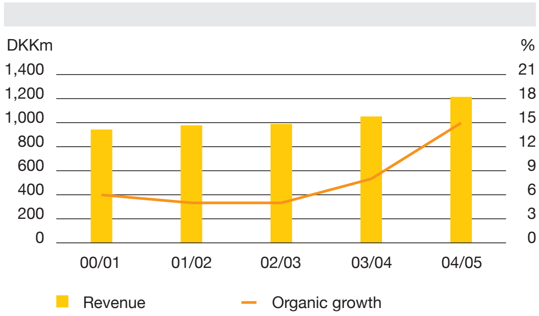
Chr. Hansen Group

- Group revenue totalled DKK 4,381 million (4,474). The reason for the decline in revenue was primarily that the Ingredients Sector was only consolidated for 11 months in 2004/05.
- The Group's pre-tax profit on ordinary activities was DKK 4,395 million (202), including the profit from 11 months' operations in the Ingredients Sector and the DKK 4,206 million gain on the divestment of the Ingredients Sector.
- Excluding the gain on the divestment of the Ingredients Sector, the Group's profit on ordinary activities before tax for 2004/05 was estimated at DKK 275-295 million based on 12 months' operations in the Ingredients Sector. Primarily as a result of the lower profit of the Ingredients Sector, the Group's profit on ordinary activities before tax and excluding the gain on the divestment of the Ingredients Sector was DKK 189 million.

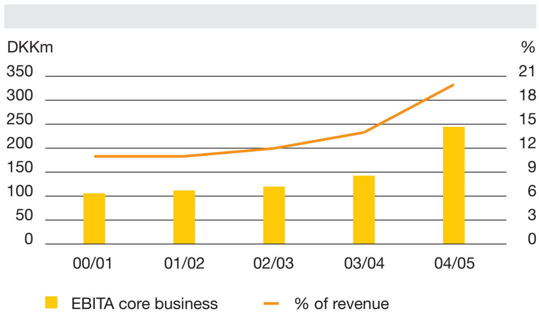
Outlook for the 2005/06 financial year

- Revenue, which will solely derive from ALK-Abelló in future, is forecast at approximately DKK 1.5 billion for the 2005/06 financial year, with organic growth in the range of 8-10%. After pipeline costs of approximately DKK 200 million and costs associated with the launch of GRAZAX®, the tablet against grass pollen allergy, EBIT is forecast at DKK 35-55 million. EBT is forecast at DKK 45-65 million.

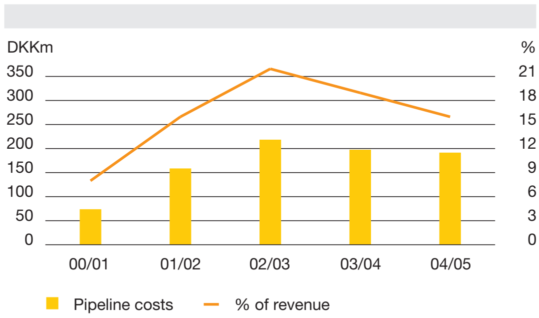
Revenue – ALK-Abelló



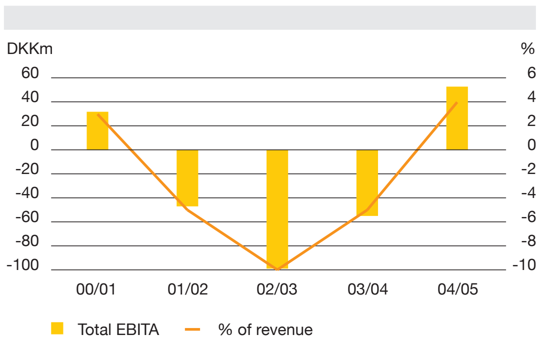
EBITA core business – ALK-Abelló



Pipeline costs – ALK-Abelló



Total EBITA – ALK-Abelló



Highlights of the year

Divestment of the Ingredients Sector
In April 2005, Chr. Hansen Holding A/S signed an agreement with PAI partners, a leading French private equity fund, concerning the divestment of Chr. Hansen Holding's Food Ingredients Sector. The selling price totalled DKK 8.2 billion on a debt-free basis and the gain on the divestment was DKK 4.2 billion.

Acquisition of Allerbio SA
In June 2005, ALK-Abelló A/S acquired French-based Allerbio SA. The agreement was an important step in ALK-Abelló's strategy of establishing a presence in the French market, which is the second largest market in Europe for immunotherapy.

GRAZAX® status
The application for regulatory approval of the tablet for treatment of grass pollen allergy – GRAZAX® – filed by ALK-Abelló with the Swedish authorities in June 2004 is still pending.

In January 2005, ALK-Abelló published results from the so-called GT-07 grass tablet study comprising 114 asthma patients at 15 clinics in Denmark and Sweden. The results, which were included in the registration application, showed that ALK-Abelló's tablet-based allergy treatment reduced hay fever symptoms by 37% in the patient population studied and concurrently reduced the need for symptom-relieving medication by 41% (compared to placebo).

After the end of the financial year, on October 18, 2005, ALK-Abelló published results from a new clinical study GT-08 of 634 patients with grass pollen allergy at 51 clinics in eight European countries. The results showed that GRAZAX® reduced hay fever symptoms by 30% and reduced the need for symptom-relieving medication by 38% (compared to placebo).

The GT-08 findings are thus the latest in the series of favourable results which have successfully demonstrated and confirmed in recent years that GRAZAX® is an effective, safe and convenient treatment that improves patients' quality of life. More than 1,700 patients with grass pollen allergy have participated in a total of six clinical studies.

The results from the GT-08 study were submitted to the Swedish regulatory authorities in late October. ALK-Abelló's expectation of being able to launch GRAZAX® on the first European markets in late 2006 is unchanged.

Other events after the balance sheet date

Interim dividend of DKK 4 billion
In May 2005, the Board of Directors of Chr. Hansen Holding was authorized to pay out an interim dividend following the divestment of the Ingredients Sector. Based on a review of the preliminary balance sheet and other material, the Board of Directors found it reasonable to distribute an interim dividend of DKK 4.0 billion, equivalent to DKK 394.93 per share. The dividend was paid to the shareholders on October 19, 2005.

Chr. Hansen Holding and ALK-Abelló to merge
As the Chr. Hansen Group will solely consist of the allergy business – ALK-Abelló – in future, the Boards of Directors of Chr. Hansen Holding A/S and ALK-Abelló A/S have resolved to merge the two companies in order to achieve a more simplified Group structure, with the operating company, ALK-Abelló A/S, continuing as the listed company of the Group. The merger will take effect, including accounting effect, as from September 1, 2005. Pursuant to the merger plan, A and B shares of DKK 10 each in Chr. Hansen Holding A/S will be exchanged for a corresponding number of A and B shares of DKK 10 each in ALK-Abelló A/S. It is expected that, in connection with the merger, the B shares of ALK-Abelló A/S will be listed on the Copenhagen Stock Exchange under a new securities identification code immediately following the annual general meeting.

Ordinary dividend and share buyback program
The Board of Directors intends to propose to the annual general meeting that an ordinary dividend of DKK 5 per share be declared, which will bring the total dividend payment in respect of the 2004/05 financial year to DKK 4,050 million.

Based on the gain on the divestment of the Ingredients Sector and ALK-Abelló's expected future capital requirements, the Board of Directors proposes that a share buyback program of up to DKK 200 million be initiated. The share buyback will be distributed over the quarters of the 2005/06 financial year.

Other than the above, no material events have occurred between the end of the financial year on August 31, 2005 and November 14, 2005.

Management's review

Introduction

The Chr. Hansen Group has consisted of two business units for a number of years: the Ingredients Sector and the Allergy Sector. In the autumn of 2004, the Board of Directors announced the intention to divest the Ingredients Sector. In April 2005, the Board of Directors announced that a binding agreement had been concluded with PAI partners, a French private equity fund, regarding the sale of the Ingredients Sector for DKK 8.2 billion on a cash and debt-free basis.

The divestment was made with accounting effect as from July 29, 2005, and the transaction has consequently had a significant impact on the financial statements for 2004/05. In addition to the gain after tax on the divestment, made up at DKK 4.2 billion, the Ingredients Sector was only consolidated in the income statement for 11 months, and the balance sheet was reduced and now solely comprises the assets and liabilities of the continuing business.

As in previous years, note 33 to the financial statements discloses information on the results, balance sheets and investments of the two sectors. In order to establish a comparative basis for the 2005/06 forecasts, the annual report this year includes the income statement of the continuing business on page 32.

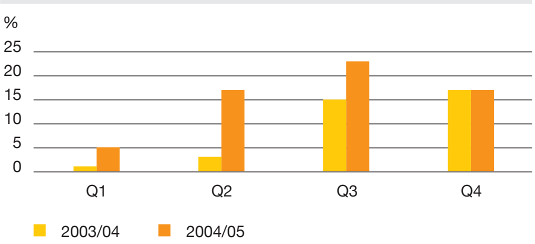
Allergy Sector

See income statement and balance sheet in note 33 to the financial statements on page 58.

In Q4, the Allergy Sector generated **revenue** of DKK 304 million (245), equivalent to organic growth at the rate of 17% (17%). For the full year, revenue totalled DKK 1,217 million (1,054), representing organic sales growth at the rate of 15%. The recently acquired French company, Allerbio, was consolidated for two months of the year and added 1% to sales. Exchange differences reduced sales by 1%.

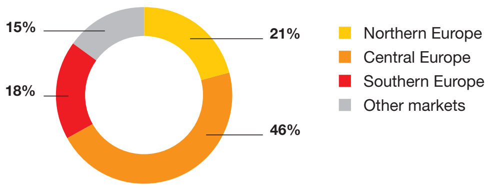
Seen over the quarters, the organic growth was composed of 5% growth in Q1, 17% in Q2, 23% in Q3 and 17% in Q4.

Revenue – quarterly organic growth



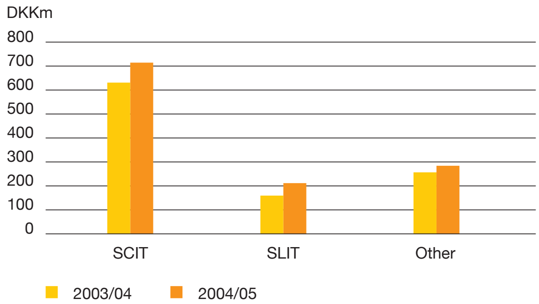
The mandatory discount on the German market was temporarily increased from 6% to 16% in the 2004 calendar year. Consequently, the discount had an adverse impact on growth in the first four months of the financial year and a favourable impact in the rest of the 2004/05 financial year.

Revenue by geography



For reporting purposes, Northern Europe comprises the Nordic region, the UK and the Netherlands, accounting for 21% of total sales. Central Europe, which, in addition to Germany, also comprises Austria and Switzerland, accounted for 46% and thus continues to be the largest region. This region also saw the strongest year-on-year growth. Southern Europe, comprising Spain, Italy and France, accounted for 18%. The Southern European region is going to grow substantially next year when Allerbio, the recently acquired French-based company, will be consolidated for the full year. Other markets comprise the USA, China and the rest of the world and account for 15% of sales.

Revenue by product line



As in previous years, by far the largest part of revenue came from sales of allergy vaccines, which accounted for 76% (75%) of total revenue, whilst diagnostic products, the adrenaline product EpiPen® for emergency treatment of anaphylactic shock, and goods for resale accounted for 24% (25%) of sales. The SLIT product line, which is growing more rapidly than the SCIT product line, now accounts for 23% (20%) of allergy vaccine sales. Generally, the increase in revenue comprises high growth in allergy vaccine sales, with increases in both initial and maintenance treatments and satisfactory growth in the sale of the EpiPen®. Most geographic markets saw satisfactory sales growth.

Cost of sales was DKK 104 million (114) in Q4 and DKK 422 million (417) for the full year. Although revenue increased, costs were retained at last year's level. This good performance, which was the result of continuing optimization and production efficiency, was a contributing factor to **gross profit** reaching DKK 200 million in Q4 (131) and DKK 795 million for the full year (637), equivalent to 65% (60%) of the year's revenue.

R&D costs totalled DKK 236 million (233), which was on a level with last year. R&D costs now account for 19% of revenue (22%).

Capacity costs relating to sales, marketing and administration totalled DKK 506 million (459). The increase was mainly seen within sales and marketing, partly as a result of an increase of the sales force and partly as a result of a generally higher activity level.

EBITA

DKKm	**2004/05**	2003/04
Core business	**245**	143
EBITA % of revenue	*20%*	*14%*
Pipeline	**(192)**	(198)
Total	**53**	(55)

EBITA for the core business before the settlement of share options amounted to DKK 45 million in Q4 (14) and reached DKK 245 million for the full year (143), equivalent to a year-on-year increase of 71%. This exceeded the latest forecast of DKK 210 million, primarily as a result of the higher sales and the fall in production costs.

Pipeline costs amounted to DKK 192 million (198), which was in line with the forecast.

Most of the pipeline costs are used for pharmaceutical development, clinical studies, registration of new vaccines, etc. Registration costs primarily relate to the GRAZAX® tablet against grass pollen allergy.

Total EBITA, operating profit before the settlement of warrants and amortization of goodwill, was DKK 53 million (a loss of 55) against the previous forecast of DKK 20 million.

Ingredients Sector

See income statement and balance sheet in note 33 to the financial statements on page 58.

The Ingredients Sector's **revenue** for the 11-month period was DKK 3,164 million compared to the previous full-year forecast of DKK 3,450 million. The lower revenue partly reflects the one month shorter revenue-generating period and partly a lower organic growth rate of 3% compared to the forecast of 5-6%.

EBITA was DKK 353 million for the 11 months consolidated in the 2004/05 financial statements, equivalent to an EBITA margin of 11% compared to the latest forecast of an EBITA margin of approximately 13%. The lower EBITA margin was primarily attributable to lower-than-expected revenue.

Chr. Hansen Group

Group **revenue** for the full year was DKK 4,381 million (4,474), which was 2% lower than in the previous year. The decline was primarily attributable to the exclusion of August from total sales of the Ingredients Sector, equivalent to minus 7%, and the effect of currency translation, representing minus 1%. Adjusted for this, the rate of organic growth of Group revenue was 6%, which was primarily driven by the sales growth in the Allergy Sector.

EBITA, operating profit before the settlement of share options and amortization of goodwill, rose to DKK 412 million (385), which was attributable to the improvement of earnings from the core business of the Allergy Sector. EBITA from the Ingredients Sector was DKK 78 million lower year on year, primarily as EBITA for August was not consolidated. Following the cash settlement of the Allergy Sector's share option plan by DKK 46 million and amortization of the Group's goodwill of DKK 59 million (65), **EBIT** amounted to DKK 307 million (320).

Consolidated Group's **ordinary profit before gain on the divestment of the Ingredients Sector and tax** was DKK 189 million (202) including 11 months' operations in the Ingredients Sector, which should be compared to the latest forecast of DKK 275-295 million based on 12 months' operations in the Ingredients Sector.

Gain before tax on the divestment of the Ingredients Sector was DKK 4,206 million.

In connection with the transaction, usual representations and warranties were made, which will expire successively over the coming years. See notes 3 and 25 to the financial statements.

The audited closing balance sheet as at July 29, 2005 prepared by the buyer is currently undergoing final verification. Any adjustments of the gain on the transaction will be recognized in the financial statements for 2005/06.

The calculated **tax on the ordinary profit** was DKK 75 million. This corresponds to an effective tax rate of approximately 2%. The low tax rate was due to the fact that most of the ordinary profit for the year consists of tax-free capital gains on shares in connection with the divestment of the companies in the Ingredients Sector.

Extraordinary income after tax relates to the Serbia case against Chr. Hansen Holding, which was settled in the course of the year. The costs totalled DKK 40 million. The original provision taken in 2002/03 was DKK 60 million. The remaining DKK 20 million was recognized as income in 2004/05. The tax effect was DKK 6 million.

Net profit including minority interests was DKK 4,334 million (108), and **net profit** attributable to Chr. Hansen Holding A/S was DKK 4,288 million (76).

Cash flow statement

DKKm	2004/05	2003/04
Operating profit	**307**	320
Change in working capital, adjustments etc.	**344**	251
Interests and taxes etc. paid	**(244)**	(236)
Cash flow from operating activities	**407**	335
Investments	**5.938**	(349)
Free cash flow	**6.345**	(14)
Cash flow from financing activities	**(928)**	(38)
Net cash flow for the year	**5.417**	(52)
Cash and cash equivalents at September 1	**123**	175
Net cash flow for the year	**5.417**	(52)
Cash and cash equivalents at August 31	**5.540**	123

The **free cash flow** for the year of DKK 6,345 million (an outflow of 14) was affected by the proceeds from the divestment of the Ingredients Sector and by acquisitions of companies and operations, primarily the acquisition of Allerbio SA in June.

In connection with the receipt of the sales proceeds, the Chr. Hansen Group has refinanced or repaid various bank, financial and mortgage loans at a total amount of DKK 882 million. The amount was recognized in cash flow from financing activities.

The cash inflow for the year totalled DKK 5,417 million (an outflow of 52), and **cash and cash equivalents** totalled DKK 5,540 million at year-end (123). Excess liquidity is invested in deposits for short fixed terms with various banks. The payment of the interim dividend of DKK 4,000 million in October 2005 subsequently reduced the Group's cash and cash equivalents.

Equity stood at DKK 6,170 million on August 31, 2005, equivalent to 89% (36%) of total assets. Less the interim dividend of DKK 4,000 million and the expected ordinary dividend, the equity ratio is 74%.

Continuing operations

The income statement for the continuing operations (page 32) has been made up by consolidating the income statements of the Allergy Sector and Chr. Hansen Holding, adjusted for intercompany transactions and net of the effects of the divestment of the Ingredients Sector.

The balance sheet as at August 31, 2005 of the continuing operations represents the sum of the balance sheets of the Allergy Sector and Chr. Hansen Holding and is identical to the assets, liabilities and equity stated in the consolidated balance sheet on pages 36-37.

The notes to the financial statements contain supplementary information to help readers understand the split between the discontinued operations and the continuing operations.

Revenue from the continuing operations was DKK 1,217 million (1,054) corresponding to the Allergy Sector's revenue. Cost of sales was attributable to the Allergy Sector and amounted to DKK 413 million (410) after elimination of intercompany transactions. Capacity costs relate to the Allergy Sector as well as Chr. Hansen Holding and are also stated net of intercompany transactions. The **EBITA** of the continuing business before the settlement of share options and amortization of goodwill was DKK 49 million (a loss of 55).

Transition to IFRS/IAS

With effect from 2005/06, the annual report and interim reports of the Chr. Hansen Group will be presented in accordance with the International Financial Reporting Standards (IFRS).

Based on IFRS 1, First-time Adoption of IFRS, the Group completed the analytical work during the financial year, identified the deviations from the existing accounting policies and calculated the effects thereof. Under IFRS 1, September 1, 2004 is considered the cut-off date from which the accumulated effect of the accounting policy changes is calculated and recognized in equity.

The table on the next page shows the overall effect of IFRS reporting on the Chr. Hansen Group:

Net profit

DKKm	Q1	Q2	Q3	Q4	2004/05
Curr. accounting policies	**60**	**24**	**46**	**4,158**	**4,288**
Continuing operations					
Pensions	-	-	-	(1)	(1)
Share options	(12)	(12)	(12)	36	-
Goodwill	-	1	1	1	3
Deferred taxes	4	4	4	(12)	-
Minority interests	14	8	9	8	39
Discontinued operations	14	15	15	(25)	19
IFRS accounting policies	**80**	**40**	**63**	**4,165**	**4,348**

Likewise, equity has been restated from the reported figure as shown below:

Equity at August 31

DKKm	2004	Net profit	Dividend	Other	2005
Curr. accounting policies	**1,902**	**4,288**	**(20)**	**-**	**6,170**
Continuing operations					
Pensions	1	(1)	-	-	-
Share options	-	-	-	-	-
Goodwill	-	3	-	-	3
Deferred taxes	-	-	-	-	-
Minority interests	22	39	(26)	-	35
Discontinued operations	17	19	(3)	(33)	-
IFRS accounting policies	**1,942**	**4,348**	**(49)**	**(33)**	**6,208**

In addition to the effect of recognition of minority interests within equity and minority interests' share of profit no longer being deducted in the income statement, the main differences to the Chr. Hansen Group are the changes in the treatment of goodwill, pensions and share options.

Goodwill will no longer be amortized, instead annual impairment tests will be made. The balance sheet value at September 1, 2004 will be considered the basic value for future measurement. Net profit for the year ended August 31, 2005 and equity as at August 31, 2005 have consequently been increased by the amortization charges taken in 2004/05 under the existing accounting policies.

The value of share-based compensation is recognized in the income statement over the period from the date of grant until the vesting date, whilst such costs are not recognized under the existing accounting policies. There were no outstanding share option plans in the company as at August 31, 2005.

The Chr. Hansen Group had an unrecognized actuarial loss on the defined benefit pension plans as at September 1, 2004. In accordance with the provisions of IFRS 1, the Group has decided to reset this loss to zero by increasing the pension provision by this amount and adjust equity accordingly.

A significant part of the adjustments were related to the Ingredients Sector and is thus reversed in the income statement with effect as of July 29, 2005 as an adjustment to the gain recognized under the current accounting policies. Adjustments to the reported equity at August 31, 2005 of DKK 6,170 million were therefore solely attributable to the continuing allergy business.

The **key figures of the continuing operations**, consisting of the Allergy Sector and Chr. Hansen Holding, made up according to IFRS, will be as stated in the table below:

Key figures, continuing operations

DKKm	Revenue	EBIT	Ordinary net profit	Net profit
Curr. accounting policies	**1,217**	**-**	**(68)**	**(109)**
Pensions	-	(1)	(1)	(1)
Goodwill	-	3	3	3
Minority interests	-	-	-	39
IFRS accounting policies	**1,217**	**2**	**(66)**	**(68)**

The figures stated are thus comparable to the forecasts for the coming financial year made in the following section.

Outlook for 2005/06

Revenue, which will solely derive from ALK-Abelló in future, is forecast at approximately DKK 1.5 billion for the 2005/06 financial year, with organic growth in the range of 8-10%. After pipeline costs of approximately DKK 200 million and costs associated with the launch of GRAZAX®, the tablet against grass pollen allergy, **EBIT** is forecast at DKK 35-55 million. **EBT**, ordinary profit before tax, is forecast at DKK 45-65 million.

This Annual Report contains forward-looking statements, including forecasts of future revenue and operating profit. Such statements are subject to risks and uncertainties as various factors, many of which are beyond the Chr. Hansen Group's control, may cause actual developments and results to differ materially from the expectations contained in the Annual Report. Factors that might affect such expectations include, among other things, overall economic and business conditions, fluctuations in currencies, demand and competitive factors. This Annual Report has been translated from Danish into English. However, the Danish text shall be the governing text for all purposes, and in case of any discrepancy the Danish wording shall be applicable.

Risk management

Doing business in the pharmaceutical industry is subject to risk. ALK-Abelló therefore endeavours at all times to manage the risks of specific significance to the company, and which are characteristic of the pharmaceutical industry.

The following risks are of particular significance to ALK-Abelló:

Commercial risks

Risks related to the development of new drugs
The future success of ALK-Abelló depends on the company's ability to successfully identify, develop and market new, innovative drugs, and this involves significant risks. Before a pharmaceutical drug can be approved for marketing, it must be subjected to very comprehensive and lengthy clinical trials in order to document aspects such as safety and effect. In the course of the development process, the outcome of the clinical trials is subject to significant risk. Even though substantial resources are invested in the development process, the trials may produce negative results. Delays in obtaining regulatory approvals – or failure to obtain such approvals – may also have a major impact on the ability of ALK-Abelló to achieve its long-term goals.

ALK-Abelló makes thorough risk assessments of its research and development programs in a continuing process before they are moved forward in the development process and into the final registration process. This is done to optimize the probability that the products reach the market.

Risks relating to regulation and price control
ALK-Abelló's products are subject to a large number of statutory and regulatory requirements with respect to issues such as safety, effect and production. In many cases, the national authorities also fix or restrict the product price through reimbursements. In most of the countries in which ALK-Abelló operates, prescription drugs are subject to reimbursements from and price control by the national authorities. This often results in major price differences in the individual markets. Regulatory intervention and price control may therefore have a significant impact on the company's earnings capacity. As an example, in 2004 the German authorities dictated a temporary increase in the mandatory price reduction on drugs from 6% to 16%. The price reduction was subsequently lowered to 6% in January 2005.

Risks relating to competition
ALK-Abelló operates in markets characterized by intense competition. If, for instance, a competitor launches a new and more efficient treatment of allergy, it may have a material impact on ALK-Abelló's sales. A competitive market may also lead to market-driven price reductions or price reductions dictated by the regulatory authorities.

Both competition and price are risks that may have a material impact on ALK-Abelló's ability to achieve its long-term goals. ALK-Abelló therefore closely monitors the economic developments, competitive situation and initiatives on all important markets.

Risks relating to patents and intellectual property rights
Patents and other intellectual property rights are important to developing and retaining ALK-Abelló's competitive strength. The risk that ALK-Abelló infringes patents or trade mark rights held by other companies and the risk that other companies may attempt to infringe the patents and trade mark rights of ALK-Abelló is carefully monitored and, if necessary, suitable measures are taken.

Risks relating to production and quality
ALK-Abelló has concentrated most of its production capacity at factories in Denmark, France, Spain and the USA. Although the factories are located in areas that have not historically been hit by natural disasters, this requires geographical diversification and calls for risk planning in order to avoid emergency situations such as lack of or poor access to raw materials, e.g. pollen. This planning includes the prevention of unwanted events and preventive inventory management such as the build-up of contingency inventories in order to ensure an unbroken chain of production.

Production and the manufacturing processes are also subjected to periodic and routine inspections by the regulatory authorities as a regular part of their monitoring process in order to ensure that all manufacturers observe the prescribed requirements and standards.

Meeting these quality standards is a prerequisite for the company's competitive strength. ALK-Abelló's production processes and quality standards have been developed and optimized over many years. Regular inspections by the regulatory authorities at ALK-Abelló did not give rise to any material comments in the past year.

Risks relating to key employees
ALK-Abelló is dependent on being able to attract and retain employees in key positions. A loss of key employees may have a material impact on the company's market and research efforts. ALK-Abelló is managing this risk, among other things, by continuously offering its staff professional development opportunities and fair compensation.

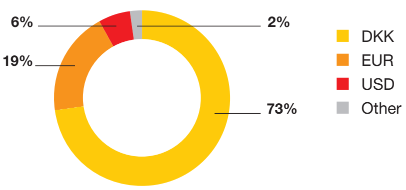
Financial risks

The goal of ALK-Abelló's financial risk management is to reduce the sensitivity of earnings to fluctuations in exchange rates, interest rates, credit rating and liquidity.

Exchange rate exposure
The most significant financial risk relates to exchange rate fluctuations. The exposure is greatest to EUR and USD, as 71% of the Allergy Sector's revenue is denominated in EUR and 12% in USD. As the costs of the company's subsidiaries are in local currencies, the exposure at EBIT level is reduced. The exposure to USD at EBIT level is thus less than 5%.

Currency translation adjustments relating to sales and costs denominated in other currencies than DKK are recognized in the income statement. In addition, the Allergy Sector is exposed to the exchange rate risks that relate to the translation into DKK of the net assets of its foreign subsidiaries. In accordance with the accounting policies, such currency translation adjustments are recognized directly in equity. The exposure, however, is very limited at the present balance composure.

Net assets by currency*)



*)After payment of interim dividend

The Allergy Sector's intercompany sales are generally invoiced in the currency of the buying country. Thus, the currency exposure is limited to Denmark and the other three production countries: Spain, France and the USA.

The other exchange rate risks, which are limited, are evaluated and hedged by financial instruments such as forward currency contracts. This serves to limit and postpone the impact of any currency fluctuations on the financial results. Financial instruments are not used for speculative purposes.

Interest-rate and liquidity exposure
At the end of the financial year, interest-bearing net assets stood at approximately DKK 5.4 billion, which have been reduced to approximately DKK 1.4 billion following the payment of the interim dividend. Excess liquidity from, among other things, the divestment of the Ingredients Sector, is invested in investment-grade, liquid, interest-bearing instruments with a relatively short duration. Based on an individual risk assessment, the interest-rate exposure of interest-bearing debt is, among other things, hedged by financial instruments.

Credit exposure
The credit exposure in connection with cash and cash equivalents as well as financial instruments is managed by using only financial institutions with satisfactory creditworthiness, in Denmark as well as abroad. Trade receivables are monitored closely at the local level and are distributed on a number of markets and customers. The credit risk is therefore considered low.

Market and products

Specialist in a niche market
ALK-Abelló is a specialist in a niche market. The company produces and markets allergy vaccines for patients with specific diagnoses. This means that besides focusing on alleviating the symptoms of allergy, the company also produces vaccines which stimulate the immune system of people with allergies. The vaccines have a potentially long-term curative effect.

From injections to tablets
One important element of ALK-Abelló's further development is to improve patients' quality of life by offering more accessible and user-friendly products. This is reflected above all in the company's development of tablet-based allergy vaccines. The grass pollen allergy tablet GRAZAX® is expected to be launched at the end of 2006. Clinical data show that GRAZAX® can be used as an effective and safe baseline treatment for patients suffering from grass pollen allergy. Combined with its user-friendliness, this means that the tablet will target more patients than ALK-Abelló's existing injection-based and drop-based products.

Expanding the market
The market potential for tablet-based vaccines is substantial. There are more than 150 million registered patients suffering from allergy in the USA and Europe alone, of whom 50% suffer from grass pollen allergy and/or house dust mite allergy.

The vaccine against grass pollen allergy will in the first instance target the 7-10 million diagnosed patients suffering from grass pollen allergy in Europe. Only 3-6% of these patients are currently being treated with allergy vaccination. ALK-Abelló believes that the tablet-based vaccine has the potential to increase this share significantly.

Types of allergy medicine

ALK-Abelló is the company with the largest number of registered and authorized allergy vaccine products. These vaccines currently come in two forms: injection-based vaccines and drop-based vaccines. ALK-Abelló expects to be the first company to launch a widely available tablet-based vaccine at the end of 2006.

Injection-based vaccines dominate the market in Northern Europe and the USA and account for 59% of ALK-Abelló's revenue. Alutard SQ® is still the most widely used injection-based product on the market, and around 180,000 people are undergoing treatment with it. The drop-based vaccines are gaining ground in Southern and Central Europe, where they account for more than half and almost a third of the market, respectively. In total, the SLIT products account for 17% of ALK-Abelló's revenue.

Injection-based allergy vaccines:	Subcutaneous immunotherapy (SCIT)
Drop-based allergy vaccines:	Sublingual immunotherapy (SLIT)

SLITone®

ALK-Abelló launched SLITone® in the markets of Central and Southern Europe in November 2003. SLITone® is a sublingual immunotherapy which is administered as drops under the tongue. Unlike previous SLIT products, which came in vials, the new vaccine comes in convenient single-dose containers. Three quarters of ALK-Abelló's SLIT patients use SLITone®.

High hopes for GRAZAX®

GRAZAX® is a new tablet for treating grass pollen allergy. In April 2004, ALK-Abelló presented the results of the first efficacy study of the tablet, which provided ”proof of concept”. In June 2004, a registration application was filed with the Swedish authorities. In January and October 2005, ALK-Abelló published further positive clinical data for GRAZAX®. The company expects to gain authorization to market GRAZAX® in time for patients suffering from grass pollen allergy to benefit from the new vaccine from the end of 2006.

Research and development

Decades of scientific research have given ALK-Abelló a leading position in the market for allergy vaccination. The company's core business is injection-based and drop-based allergy vaccines. In future the company will increasingly focus on tablet-based vaccines that give more patients access to convenient baseline treatment of their allergies.

In January and October 2005, ALK-Abelló presented a number of results from clinical studies of the company's tablet-based vaccine against grass pollen allergy, GRAZAX®. The findings are the latest in the series of favourable results which have successfully demonstrated and confirmed in recent years that GRAZAX® is an effective, safe and convenient treatment that improves patients' quality of life. The application for regulatory approval of the tablet filed by ALK-Abelló with the Swedish authorities in June 2004 is still pending. ALK-Abelló's expectation of being able to launch GRAZAX® on the first European markets in late 2006 is unchanged.

Acquisitions and collaborations
ALK-Abelló is well prepared for the launch of these new tablet-based vaccines and the new marketing challenges which they entail. At the end of May 2005, ALK-Abelló's position was strengthened further by the acquisition of the French company Allerbio. France is the second-largest market for allergy vaccines after Germany.

The acquisition of Allerbio is a natural step in ALK-Abelló's further development to be the leader in research, development and production, as well as marketing and sales, in its particular niche.

Pipeline

Product type	Active ingredient	Indication	Research	Preclinical	Phase I	Phase II	Phase III
GRAZAX®	Biological grass pollen allergen	Rhinit					
Tablet	Biological house dust mite allergen	Rhinit/asthma					
Tablet	Biological ragweed allergen	Rhinit					
Tablet	Biological birch pollen allergen	Rhinit					
	Recombinant allergy vaccines	Rhinit/asthma					

Research collaboration – T-Shift

ALK-Abelló has teamed up with the Copenhagen University Hospital (Rigshospitalet) and NOVI Innovation A/S to start up a new company, T-Shift, to explore innovative new research fields within allergy treatment with a view to developing increasingly more effective and user-friendly vaccines. The company builds on a patent-pending technology which makes it possible to intervene in the immune system. ALK-Abelló has prior-use rights to the technology in the allergy field.

House dust mites in China

In the spring of 2004, the Chinese health authorities gave ALK-Abelló the approval to market its injection-based vaccine Alutard SQ® against house dust mite allergy in China. So far, more than 30 allergy centers have been opened at hospitals in the largest Chinese cities, and in September 2005, ALK-Abelló opened a research center in Guangzhou. These centers have been warmly welcomed by specialists, patients and the authorities. House dust mites are the main cause of allergy in China.

Tablet against house dust mite allergy

ALK-Abelló initiated clinical tolerability studies of the tablet-based vaccine against house dust mite allergy in the autumn of 2005.

Employee development promotes a performance culture

Recruitment and development of employees is a key factor in ALK-Abelló's commercial success. Human resources activities support management and other employees' ability to develop innovative products and achieve results in marketing and sales.

Values

In 2001, ALK-Abelló launched a value process which led to the formulation of the company's four values: Progressive, Focused, Trustworthy and United. These values express the company's culture and code of conduct, and also provide guidelines for how ALK-Abelló wishes to grow. Internally, the values enhance empowerment of the organization, while externally they are reflected in communication with customers, investors and other stakeholders.

Project organization

ALK-Abelló has optimized the organization in recent years so that everyone is now more goal-oriented and focused on customers' specific needs. As part of this process, the company introduced a special project organization in 2003/04 which put additional focus on prioritizing, systematically organizing and evaluating the company's strategic projects.

Employee satisfaction

The impact of human resources initiatives can be seen e.g. in the results of the employee satisfaction surveys which we carry out every two years. The highest scores are achieved in areas such as:

- I have capable colleagues in my department
- I know which goals I am expected to achieve
- My department generates results
- I have influence on planning my own work
- I like my job

More than 80% of employees agree or completely agree with these statements.

These results are satisfactory. However, the survey also reveals a number of areas where a special effort needs to be made, such as employees' personal and professional development, and ALK-Abelló's ability as a company to handle change.

Evaluation of managers

ALK-Abelló's around 100 managers worldwide are evaluated not only by their superiors but also by the people that report to them. This evaluation is based on 12 strategic leadership competencies in four categories: business, development, team and process. In the latest survey, managers scored highest on ability to generate results, innovation, motivation, communication and strategic understanding, and lowest on readiness for change, cooperation and holistic thinking.

The survey is intended to help develop managers' competencies and ensure that ALK-Abelló develops and exploits special leadership talents. It is also a tool that helps focusing on education and training, making the company ready to meet the big market challenges we are facing.

Employees by area

	00/01	01/02	02/03	03/04	04/05*)
Production	471	452	447	453	489
Sales	283	277	282	278	379
Administration	122	133	123	123	129
R&D	137	156	187	176	187
Total	1,013	1,018	1,039	1,030	1,184

*) Incl. 177 employees in Allerbio

What do the values stand for?

Progressive: We reach for new ways
We take initiatives
We are ready for change

Focused: Our customers are important – both internal and external
We strive for results
We work goal-oriented and prioritized

Trustworthy: We live up to our promises
We are role models for each other
We base decisions on facts

United: We put the whole of ALK-Abelló above own area
We think globally
We create better results through cross-organizational cooperation

Environment and safety is a management discipline

ALK-Abelló is building up a cross-organizational structure for work on safety, health and environment (SHE). Leading this work is a management responsibility, and it requires focus on the company's roles and responsibilities towards a wide variety of stakeholders.

The process of implementing a systematic method of handling the most important aspects of safety, health and environment has been initiated. The system is being structured on the basis of the guidelines for ISO 14001 and OHSAS 18001. From the very beginning, the company thus meets the requirements of both Danish and foreign authorities, and has the option of further integrating the management tool with standards for quality management.

Aiming at certification
ALK-Abelló's work on SHE encompasses its headquarters in Hørsholm and the production sites in Stenløse (Denmark), Madrid (Spain), Round Rock, Port Washington, Spokane and Spring Mills (USA).

The goal for the work on SHE is aimed at achieving a basis for certification. Standards and action plans are gradually sustained throughout the organization. The first steps to develop an overall SHE manual and the general company-wide procedures have been taken. Risks have already been mapped and assessed in every department. In 2006, concrete targets and action plans will be introduced, preparing procedures and instructions, and appointing and training internal auditors.

The first SHE report applying the new measurements will be published at the end of 2006. On the environmental side, it will include data on the consumption of water, energy and materials, and on emissions of waste water, CO_2, NO_X and SO_2. ALK-Abelló has already started taking measurements this year, so the 2005/06 annual report can present comparisons for key data over two years.

Employees and accidents
An important part of the work on SHE relates to employee safety and well-being, which are e.g. measured via occupational injury frequency and the rate of absence due to sick leave.

The occupational injury target is an annual level of maximum nine injuries per million working hours, which is the average for the industry. In 2004/05, the frequency was 4.9, and there were no serious injuries. But every injury is one injury too many, and so ALK-Abelló is working constantly to control and reduce the risk of injury. Absence due to sick leave has been around 3% this year, which matches the average for manufacturing companies in Denmark.

ALK-Abelló uses indicators and figures which can typically be compared directly with other companies in the industry. Once the foundation is in place, new indicators are expected to be added.

Organization
The Board of Management at ALK-Abelló is responsible for approving the SHE management system, policies, vision, overall goals and action plans. On an everyday basis, this work is organized by a Group SHE Director, who works closely with local SHE managers to ensure that procedures and action plans are followed by the employees. The entire system and actual compliance are audited by internal auditors, and the work on SHE is assessed periodically by national and local authorities. Annual reporting ensures that external stakeholders are informed about the progress in this field.

SHE policy

We will:

- Ensure that focus on environmental protection and occupational health and safety is incorporated in our daily activities
  - involve and commit our employees to participate in the daily environmental and safety work
  - ensure that environmental issues and occupational health and safety are integrated parts of planning and design
  - educate and implement preventive actions to ensure that environmental, health or safety risk factors are monitored and constantly reduced
- Act in compliance with legal and other requirements
- Measure the results of our efforts and continuously set new goals for improvement
- Provide open and honest information on our policy, our efforts and results

Shareholder information

It is the goal of Chr. Hansen Holding A/S to increase the awareness of the company and its activities through a structured, ongoing, timely and balanced dialogue with investors, shareholders and other stakeholders. This is always done in accordance with the framework for good investor relations and the rules applicable to companies listed on the Copenhagen Stock Exchange. It is also a company goal to secure the liquidity of the company's shares and to generate reasonable, long-term returns to shareholders through share price increases and dividends.

Securities identification code and share capital
Chr. Hansen Holding's shares are listed on the Copenhagen Stock Exchange under the symbol CHRH B, and the securities identification (ISIN) code is DK0010264290. The company's shares are components of the MidCap+, KFMX, KAX and KBX indexes carrying a weighting of approximately 4.2% in the MicCap+ index at the end of October 2005.

The issued share capital of the company consists of 10,128,360 shares with a nominal value of DKK 10, equivalent to a total nominal share capital of DKK 101,283,600. The share capital consists of 920,760 A shares and 9,207,600 B shares. Each A share carries ten votes, and each B share carries one vote. No changes were made to the share capital during the financial year.

It is expected that, in connection with the proposed merger of Chr. Hansen Holding A/S with ALK-Abelló A/S, the shares in Chr. Hansen Holding A/S will be exchanged to the effect that A shares and B shares of DKK 10 each in Chr. Hansen Holding A/S will be exchanged for a corresponding number of A shares and B shares of DKK 10 each in ALK-Abelló A/S.

It is expected that the B shares of ALK-Abelló A/S will be listed on the Copenhagen Stock Exchange under a new securities identification code immediately following the annual general meeting to be held on December 13, 2005.

Registrar
Danske Bank A/S
Securities Registration
Holmens Kanal 2-12
1092 Copenhagen K
Denmark

Management urges all shareholders to have their shares registered in the company's register of shareholders.

Ownership
On August 31, 2005, the following shareholders (see table below) had notified the company pursuant to section 28(a) and (b) of the Danish Public Companies Act that they hold 5% or more of the company's shares.

As at November 1, 2005, Chr. Hansen Holding A/S had 6,210 registered shareholders, representing 81.5% of the share capital. Out of these, approximately 500 are foreign shareholders. The company estimates that a significant part of the remaining 18.5% of the share capital, which is unregistered, is held by investors outside Denmark. Management estimates that more than 70% of the B shares are held by institutional investors.

Shareholders holding 5% or more of the company's shares as at August 31, 2005

	Registered office	A shares Number of shares	B shares Number of shares	Interest	Votes
LFI A/S	Hellerup, Denmark	919,620	2,649,130	35.2%	64.3%
The Danish Labour Market Supplementary Pension Fond (ATP)	Hillerød, Denmark	-	862,318	8.5%	4.7%
LD Pensions	Copenhagen, Denmark	-	648,997	6.4%	3.5%
Total major shareholders				50.1%	72.5%

The divestment of the Ingredients Sector and the subsequent payment of the interim dividend in October caused a relatively large change in the composition of the shareholder base. Overall, the total number of shareholders is unchanged compared with last year.

Share price performance during the 2004/05 financial year

The price of Chr. Hansen Holding's shares was DKK 951 per share on August 31, 2005, representing a 133% year-on-year increase. Thus, the share price substantially outperformed the Copenhagen Stock Exchange all-share index (the KAX index) as well as the index of the most liquid shares (the OMXC20 index) and the shares of the MidCap+ index.

The volume of B shares traded during the period from September 1, 2004 to August 31, 2005 was 7.1 million with a total market value of DKK 5.3 billion. This corresponded to an average of DKK 21.1 million per trading day. The volume of B shares traded during the period from September 1 to October 31, 2005 was 3.0 million with a total market value of DKK 2.4 billion. This corresponded to an average of DKK 56.6 million per trading day.

October 14, 2005 was the first day the shares were traded ex the interim dividend, and the share price consequently dropped by approximately 40% to 572 on that day, corresponding to the value of the total interim dividend. At the end of October 2005 the share price closed at 585.

Dividend policy

Chr. Hansen Holding A/S pays dividends taking into account actual earnings, the risk management, strategy and investment plans.

In view of the divestment of the Ingredients Sector in the spring of 2005, the Board of Directors of Chr. Hansen Holding A/S had the intention to return surplus capital to the shareholders of the company. As a result, the Board of Directors passed a resolution on October 5 to exercise the authority in the company's Articles of Association to pay out an interim dividend of DKK 394.93 per share of DKK 10, equivalent to a total distribution of DKK 4.0 billion.

At the annual general meeting to be held on December 13, 2005, the Board of Directors intends to propose that an ordinary dividend of DKK 5 per share of DKK 10 be declared, which will bring total dividends for 2004/05 to DKK 400 per share, equivalent to a total dividend distribution of DKK 4.05 billion and a pay-out ratio of 94%.

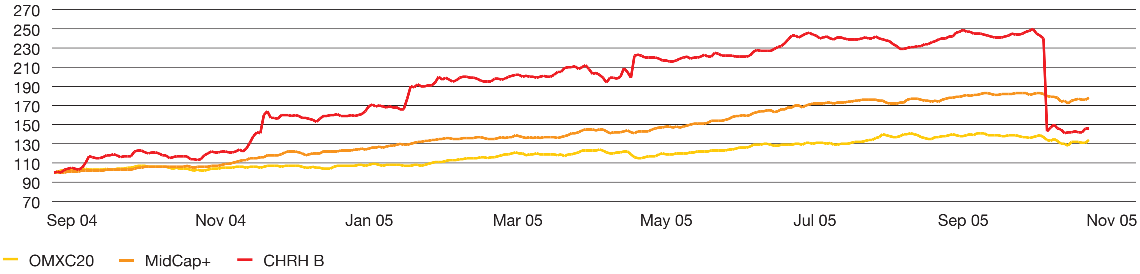
Payment of the ordinary dividend for 2004/05 is expected to take place on December 19, 2005.

Share options

In 2002/03, the Board of Directors established an incentive plan for the Corporate Management of Chr. Hansen Holding A/S in the form of a share option plan under which a total of 195,000 warrants were granted to the members of the Corporate Management in three tranches. The exercise prices were DKK 251, DKK 317 and DKK 448, respectively, for the three tranches.

The Chr. Hansen Holding share (CHRH B) compared to MidCap+ and OMXC20

Indexed share price development, September 1, 2004 = 100



In August 2005, the Board of Directors resolved, in connection with the divestment of the Ingredients Sector, to settle the Corporate Management share option plan in cash at the average price of Chr. Hansen Holding's shares during the period August 1-12, 2005. The settlement amount was DKK 121 million, which was included in the determination of the gain on the divestment of the Ingredients Sector.

During the 2002/03 financial year, it was resolved to introduce a share option plan for a group of executives of the Allergy Sector, subject to an independent listing of ALK-Abelló A/S. As a result of the divestment of the Ingredients Sector and the proposed merger of Chr. Hansen Holding A/S and ALK-Abelló A/S, the Board of Directors resolved to settle the share option plan in ALK-Abelló A/S by DKK 46 million in cash.

IR activities

The management and the investor relations function continuously work to further develop the dialogue with shareholders, analysts, potential investors and other stakeholders via open, honest and accessible information.

The person responsible for IR is:

Per Plotnikof
Investor Relations Manager
Tel: +45 4574 7527
Fax: +45 4574 8607
E-mail: investor@alk-abello.com

In 2004/05, approximately 230 investor meetings were held in major cities in Europe and the USA. In addition, the Chr. Hansen Group participated in various events targeting private investors in Denmark, including the Annual Danish Stock Day and the Copenhagen Stock Exchange MidCap+ events in Copenhagen and Aarhus.

Annual general meeting

The proposals to be made by the Board of Directors at the annual general meeting to be held on December 13, 2005 include:

- A resolution to merge ALK-Abelló A/S and Chr. Hansen Holding A/S with ALK-Abelló A/S as the continuing, listed company
- Declaration of an ordinary dividend of DKK 5 per share in respect of the 2004/05 financial year
- Auth
  December 12, 2010
- Authorization to the Board of Directors to issue warrants to executives and senior managers of the company equivalent to a nominal value of DKK 2,800,000 B share capital during the period until December 12, 2010
- Auth
  share buy back of up to DKK 200 million
- Authorization to the Board of Directors to declare extraordinary dividends until the next annual general meeting

The internet
Information on Chr. Hansen Holding and ALK-Abelló is also available at the corporate website: www.alk-abello-investor.com. The website includes information on the company's IR policy, a list of announcements to the Copenhagen Stock Exchange, relevant investor presentations, financial statements, and other relevant information.

The company invites all interested parties to register for the company's e-mail news service in order to receive information on stock exchange releases, interim financial statements and other information immediately after publication.

Financial calendar 2005/06
Annual general meeting
Bøge Allé 10-12, 2970 Hørsholm, Denmark,
4.15 pm
December 13, 2005

Payment of ordinary dividend in respect of 2004/05
December 19, 2005

Three-month report (Q1) 2005/06	January 19, 2006
Six-month report (Q2) 2005/06	April 24, 2006
Nine-month report (Q3) 2005/06	July 4, 2006
Annual report 2005/06	Week 47, 2006

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Corporate governance

As from January 1, 2006, the Copenhagen Stock Exchange is going to include the revised Corporate Governance Recommendations in the disclosure obligations of listed companies based in Denmark. This means that, in future, Danish listed companies must state how they relate to the recommendations based on the principle of "comply or explain".

The Copenhagen Stock Exchange emphasizes that the decision to implement the recommendations does not imply that the companies must comply with the recommendations. Conversely, the key approach should be transparency in the corporate governance structure of the companies.

The Board of Directors believes that the company currently complies with most of the Danish corporate governance recommendations. A deviation from the recommendations is, however, the capital and share structure.

As recommended, the Board of Directors has evaluated whether it is feasible for the company to have different share classes. The share capital of Chr. Hansen Holding A/S is divided into A and B shares. Each A share carries 10 votes, and each B share carries 1 vote. LFI A/S, which is owned by the Lundbeck Foundation, holds more than 99% of the A shares and 35% of the share capital as a whole. Through its ownership of A and B shares, LFI A/S holds 64% of the votes. The Board of Directors and Board of Management believe that the current ownership and share structure has been and continues to be appropriate with a view to ensuring the company's long-term goals and development.

As at August 31, 2005, the Board of Directors of Chr. Hansen Holding A/S has seven members, six of whom are elected by the shareholders at the Annual General Meeting, whilst the last member is elected by the employees of ALK-Abelló. In connection with the divestment of the Ingredients Sector, two employee-elected members of the Board of Directors retired on July 29, 2005. The two members had been elected by the employees of Chr. Hansen A/S. Each Board member has international experience and is highly competent in the Group's business areas. Furthermore, the Board of Directors is composed in such a way that its directors can act independently of special interests. The majority of the Board members elected by the shareholders are independent, which complies with the corporate governance recommendations.

The Board meets six times a year, including a two-day seminar focusing on strategy and R&D. Further meetings are held as and when needed, and visits are paid to subsidiaries abroad. It is the primary responsibility of the Board to define the strategic framework for the activities of the different business areas and to maintain a constructive dialogue with the Board of Management regarding the implementation of the strategies laid down.

Statement by the Management

The Board of Directors and the Executive Board today considered and adopted the annual report for the financial year September 1, 2004 - August 31, 2005. The annual report is presented in accordance with Danish accounting legislation, Danish Accounting Standards and the Copenhagen Stock Exchange regulations on the presentation of financial statements. The Management's review gives a true and fair description of the Group's and the Parent Company's activities, position and outlook. We consider the accounting policies to be adequate, to the effect that the financial statements of the Group and the Parent Company give a true and fair view of the Group's and the Parent Company's assets and liabilities, financial position, results of operations and cash flows. We recommend that the annual report be adopted by the shareholders at the Annual General Meeting.

Hørsholm, November 14, 2005

Board of Management

Jens Bager
President & CEO

Board of Directors

Jørgen Worning Chairman	Thorleif Krarup Vice Chairman
Nils Axelsen	Peter Foss
Niels Johansen	Anne Birgitte Lundholt
Carsten Lønfeldt	

Auditors' report

To the shareholders of Chr. Hansen Holding A/S
We have audited the annual report of the Chr. Hansen Group and Chr. Hansen Holding A/S for the financial year September 1, 2004 - August 31, 2005, which is presented in accordance with the Danish Financial Statements Act and Danish Accounting Standards. The annual report is the responsibility of the Company's Management. Our responsibility is to express an opinion on the annual report based on our audit.

Basis of opinion
We conducted our audit in accordance with Danish Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual report is free of material misstatement. An audit also includes assessing the accounting policies used and significant estimates made by the Management, as well as evaluating the overall annual report presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not resulted in any qualification.

Opinion
In our opinion, the annual report gives a true and fair view of the Group's and the Parent Company's assets, liabilities and financial position at August 31, 2005 and of the results of their operations as well as the consolidated cash flows for the financial year September 1, 2004 - August 31, 2005 in accordance with the Danish Financial Statements Act and Danish Accounting Standards.

Copenhagen, November 14, 2005

Deloitte Statsautoriseret Revisionsaktieselskab	**KPMG C. Jespersen Statsautoriseret Revisionsinteressentskab**
Jens Rudkjær State Authorized Public Accountant	Lars Andersen State Authorized Public Accountant
Kirsten Aaskov Mikkelsen State Authorized Public Accountant	Michael Sten Larsen State Authorized Public Accountant

Board of Directors

Carsten Lønfeldt (58)
First elected in 2003

Coloplast A/S,
Group Director

KIRKBI A/S,
Board Member

Polaris Management A/S,
Board Member

Investeringsforeningen Nykredit Invest,
Board Member

Thorleif Krarup (53)
Vice Chairman
First elected in 2004

TDC A/S,
Chairman

H. Lundbeck A/S,
Vice Chairman

LFI A/S,
Vice Chairman

Bang og Olufsen A/S,
Board Member

Group 4 Securicor plc,
Board Member

The Lundbeck Foundation,
Board Member

Scion DTU A/S,
Board Member

Nils Axelsen (63)
First elected in 1996

The Lundbeck Foundation,
Vice Chairman

LFI A/S,
Board Member

Jørgen Worning (65)
Chairman
First elected in 1990

Bang & Olufsen A/S,
Chairman

FLSmidth & Co. A/S,
Chairman

Anne Birgitte Lundholt (53)
First elected in 2002

Nordea AB,
Board Member

Orkla ASA,
Board Member

Post Danmark A/S,
Board Member

Niels Johansen (45)
First elected in 1999

Employee-elected

Peter Foss (49)
First elected in 2002

FOSS A/S,
President & CEO

StressO A/S,
Board Member

Shareholdings in Chr. Hansen Holding A/S as of August 31, 2005
The Board of Directors that includes seven individuals owns 3,179 shares in Chr. Hansen Holding A/S. The Board of Management in ALK-Abelló A/S that comprises five persons including the CEO in Chr. Hansen Holding A/S owns 705 shares in the company.

Board of Management of ALK-Abelló

The Board of Management of ALK-Abelló A/S will be the continuing Board of Management after the merger of ALK-Abelló A/S and Chr. Hansen Holding A/S, expected to be adopted by the shareholders at the annual general meeting to be held on December 13, 2005

Anders Hedegaard (45)
Executive Vice President,
Sales & Marketing

Anders Hedegaard joined ALK-Abelló in 2002. He has the overall responsibility for sales and marketing in all markets. From 2000-2002, he was Group Vice President of FOSS A/S and worked for Novo Nordisk A/S in 1991-2000, most recently as International Marketing Director.

Anders Hedegaard holds an MSc. (Engineering) with a major in Chemistry from 1988.

Henrik Jacobi (40)
Executive Vice President,
Research & Development

Henrik Jacobi joined ALK-Abelló in 2000. He is responsible for research and development. He was formerly a scientist at the Allergy Clinic of the Copenhagen University Hospital (Rigshospitalet) where he worked from 1995-2000. Previously, he worked in various positions, among other things at the Bornholm Central Hospital.

Henrik Jacobi holds a degree in Medicine from 1993.

Jens Bager (46)
President & CEO

Jens Bager was appointed President & CEO of Chr. Hansen Holding A/S in August 2005. Jens Bager has been President & CEO of ALK-Abelló and a member of the Corporate Management of the Chr. Hansen Group since 2000. During the period 1998-2000, he was Executive Vice President with responsibility for the Colour Division of Chr. Hansen A/S and Vice President, Corporate Development & Communication of Chr. Hansen Holding A/S from 1993-1998.

Jens Bager holds an MSc. (Economics and Business Administration) with a major in Strategy/Marketing from 1987.

Flemming Steen Jensen (44)
Executive Vice President,
Product Supply

Flemming Steen Jensen joined ALK-Abelló in 1999, and holds overall, global responsibility for production, logistics, quality and SHE (safety, health and environment). He was Vice President of NNE A/S in 1997-1999.
During the period 1986-1997, he was a Chemist and Project Manager holding various management positions with Novo Nordisk A/S.

Flemming Steen Jensen holds an MSc. (Pharmacy) from 1986.

Jutta af Rosenborg (47)
CFO, Executive Vice President,
Finance & IT

Jutta af Rosenborg has been CFO of ALK-Abelló since 2003.

She was Vice President, Group Accounting in Chr. Hansen Holding A/S in 2000-2003.
In the period 1992-2000 she owned an audit and consulting business. In the period 1978-1992, she worked for the Audit and Consulting Department of Deloitte.

Jutta af Rosenborg holds an MSc. (Business Administration and Auditing) from 1992 and is a State Authorized Public Accountant.

Basis of presentation

The annual report of Chr. Hansen Holding A/S and the Chr. Hansen Group has been prepared in accordance with the provisions of the Danish Financial Statements Act of June 7, 2001 (class D), Danish accounting standards and the Copenhagen Stock Exchange regulations on the presentation of financial statements by listed companies.

For a number of years the Chr. Hansen Group has comprised two separate business units: the Ingredients Sector and the Allergy Sector, but after the divestment of the Ingredients Sector (the discontinuing operations) with effect from July 29, 2005, the Group now solely consists of the Allergy Sector and Chr. Hansen Holding A/S (the continuing operations).

The assets and liabilities of the Group as of August 31, 2005 solely comprise the continuing operations. In order to further enhance the information and forward-looking value of the financial statements a supplementary income statement has been added in order to present comparative figures for the continuing operations, while the equivalent notes to the income statements present the division between the continuing and the discontinuing operations. Relevant notes to the balance sheet furthermore present the separate effects of the divestment of the Ingredients Sector.

Segment information is presented according to the same principle as the previous year, although for this year the operations of the Ingredients Sector solely comprise an 11-month period.

The accounting policies are unchanged from last year.

Moreover, certain editorial adjustments and clarifications that do not represent accounting policy changes have been made to the accounting policies.

The consolidated financial statements incorporate the financial statements of Chr. Hansen Holding A/S (the Parent Company) and companies (subsidiaries) in which the Parent Company holds, directly or indirectly, more than 50% of the votes or any other controlling interest. Companies in which the Chr. Hansen Group holds between 20% and 50% of the votes and exercises a significant but not controlling interest are considered associated companies. The legal structure of the Chr. Hansen Group is shown on page 60.

The consolidated financial statements are prepared on the basis of the financial statements of the Parent Company and the subsidiaries, which are all presented in accordance with the accounting policies of the Chr. Hansen Group.

The consolidated financial statements are prepared by adding items of a like nature and eliminating intercompany income and costs, equity investments, balances and dividends as well as realized and unrealized gains and losses on transactions among the consolidated companies. The tax effect of the elimination is taken into account.

Acquisitions are accounted for using the purchase method, under which assets and liabilities in the company acquired are measured at their fair values at the date of acquisition. Expected costs of restructuring of the company acquired, planned to be made in connection with the acquisition, are recognized as provisions. The tax effect of revaluations is taken into account.

If the cost of the company acquired exceeds the fair value of the net assets of the company, the difference is recognized as goodwill. If it later turns out that the fair value of the assets or liabilities taken over deviates from the values determined at the time of acquisition, the calculation of goodwill will be adjusted until the end of the financial year following the year of acquisition if the new value does not exceed the capital value of the expected future income. All other adjustments are recognized in the income statement.

Newly acquired or newly established companies are recognized in the consolidated financial statements from the date of acquisition. Companies divested or wound up are consolidated in the income statement until the date they are divested or wound up. The comparative figures are not restated to reflect acquisitions, divestments or companies wound up.

Minority interests. Minority shareholders' proportionate share of the results of subsidiaries and equity is stated separately in the calculation of the Chr. Hansen Group's net income or loss and equity.

Foreign currency. Transactions denominated in foreign currency are translated into local currency on the basis of average monthly exchange rates, which roughly express the exchange rates prevailing on the transaction date. Translation differences arising between the exchange rate prevailing on the transaction date and the exchange rate prevailing on the date of payment are recognized in the income statement as financial items.

Receivables, payables and other monetary items are translated at the exchange rates prevailing on the balance sheet date. Any difference between the exchange rate at the time a receivable or payable arose and the exchange rate prevailing on the balance sheet date is recognized in the income statement under financial items.

Fixed assets acquired denominated in foreign currency are translated at the exchange rates prevailing on the transaction dates.

On consolidation, the income statements of foreign subsidiaries are translated at average exchange rates for the year and balance sheet items are translated at the exchange rates prevailing on the balance sheet date. Exchange differences arising on the translation of the equity of subsidiaries at the beginning of the year to the exchange rates prevailing on the balance sheet date and exchange differences arising on the translation of income statements to average exchange rates for the year and the translation of balance sheets to the exchange rates prevailing on the balance sheet date are recognized directly in equity. All foreign subsidiaries are considered independent companies for foreign currency purposes.

When translating the financial statements of foreign companies which present their financial statements in currencies affected by annual inflation rates exceeding 50%, the exchange rates prevailing on the balance sheet date are used both for income statement and balance sheet items.

Derivative financial instruments are measured at fair value and recognized under other receivables or other payables, respectively.

Changes in the fair value of derivative financial instruments that are designated as and qualify as fair value hedges of a recognized asset or a recognized liability are recognized in the income statement together with any changes in the value of the hedged asset or hedged liability.

Changes in the fair value of derivative financial instruments that are designated as and meet the conditions for hedging future transactions are recognized directly in equity. Income and expenses relating to such hedging transactions are transferred from equity on realization of the hedged item and are recognized under the same line item as the hedged item, with due consideration of the tax effect.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognized in the income statement under financial items as they arise.

Public loans and grants. Development loans with a clause that the debt may be waived or grants are recognized in the income statement when the related research and development costs are incurred.

In the event of repayment, repayments plus interest are charged to the income statement when the related income is recognized.

Investment grants are set off against the cost of the assets for which the grants were provided and are then recognized when depreciation is recognized on the asset.

Income statement

The income statement is classified according to function.

Revenue is recognized in the income statement if delivery and the transfer of risk to the purchaser have taken place by the balance sheet date and the income can be made up reliably. The year's revenue is measured less commission and discounts granted in connection with the sales.

Cost of sales comprises the cost of products sold. The cost includes the purchase price of raw materials, supplies and goods for resale, direct payroll costs and a proportion of production overheads, including costs for the operation and depreciation of production facilities and the operation, administration and management of factories. In addition, the costs and impairment charges to net realizable value of obsolete and slow-moving goods are recognized.

Research and development costs comprise costs incurred for salaries and wages, depreciation and other overheads as well as costs relating to research partnerships.

Research costs are recognized in the income statement when incurred. Development costs are capitalized if the conditions for capitalizing them are deemed to have been met. Otherwise, such costs are recognized in the income statement when incurred.

Development costs incurred by the Ingredients Sector are used to maintain earnings on an ongoing basis, and the conditions for capitalizing such costs are therefore not deemed to have been met.

In the Allergy Sector, it is deemed that development costs should not normally be capitalized until the development of the product has been completed and all necessary public registrations and marketing authorizations have been received.

Costs reimbursed in accordance with a contractual agreement with a partner are set off against the expenses incurred.

Sales and marketing expenses. Comprise expenses incurred for sales staff salaries, advertising and exhibition costs, depreciation, etc.

Administrative expenses. Comprise expenses incurred for administrative staff and management, including office expenses, salaries, depreciation, etc.

Other operating income and expenses comprise income and expenses of a secondary nature relative to the activities of the Chr. Hansen Group.

Amortization of goodwill comprises the year's amortization and any impairment losses.

Restructuring costs arising in connection with acquisitions relating to the acquiring company are recognized in the balance sheet as a provision and are expensed in the income statement. Restructuring costs relating to the company acquired are included in the calculation of goodwill and are recognized in the income statement in the form of amortization of goodwill.

Profit from subsidiaries and associates. In the Parent Company's income statement, a proportionate share is recognized of each subsidiary's and associate's profit after elimination of unrealized intercompany gains and losses. The share of each company's tax is recognized under tax of ordinary activities.

Financial items comprise interest receivable and interest payable, commissions, the interest component of payments on finance leases, amortization income and costs as well as value adjustments of long-term financial assets, derivative financial instruments and items denominated in foreign currency. Financial items are recognized in the income statement in the amounts relating to the financial year.

Tax on the profit for the year comprises current tax on the year's expected taxable income, the year's change in deferred tax and any prior-year adjustment to tax.

The provision for deferred tax is calculated and recognized according to the liability method for all temporary differences between the accounting values and tax values of assets and liabilities.

The tax value of tax losses carried forward and negative deferred taxes are stated as assets if it is probable that they will reduce future tax payments.

The tax that would arise on a possible sale of shares in subsidiaries is not provided in the balance sheet unless such shares are expected to be sold within a short period of time.

No deferred tax liability is stated for goodwill, unless it is amortizable for tax purposes.

Deferred tax is calculated on the basis of current tax rules and tax rates in the respective countries.

The Parent Company is taxed jointly with its Danish subsidiaries. The Parent Company provides for and pays the total Danish tax based on the taxable income of these companies. The tax on the jointly taxed income is allocated and distributed among the jointly taxed companies pursuant to the modified parent company procedure. Deferred tax is recognized in the balance sheet of the jointly taxed companies.

Jointly taxed companies are included in the Danish tax prepayment scheme.

Balance sheet

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

The cost of software includes costs of projection work, including direct payroll costs and wages and a share of overheads.

Amortization of intangible fixed assets is charged on a straight-line basis over the estimated useful economic lives of the assets:

Goodwill	up to 20 years
Patents, trademarks and rights	up to 10 years
Software	10 years

Intangible fixed assets are written down to the recoverable amount if it is deemed lower than the carrying amount. Assets are evaluated annually, including valuation and assessment of the estimated economic lives.

Gains or losses on the disposal of intangible assets are recognized in the income statement under the same items as the related amortization.

Property, plant and equipment is measured at cost less accumulated depreciation and impairment losses.

Cost includes costs of materials, direct payroll costs and a share of overheads. For capital investments exceeding DKK 25 million, finance costs for loans during the production or installation period are recognized as part of cost.

Depreciation of property, plant and equipment is charged using the straight-line method over the estimated economic lives of the assets. Land is not depreciated. The estimated economic lives are as follows:

Buildings	25-50 years
Plant and machinery	5-10 years
Other fixtures and equipment	5-10 years

Assets held under finance leases are recognized in the balance sheet as property, plant and equipment and measured at the lower of fair value at the time of acquisition and the capital value of future lease payments. Assets held under finance leases are depreciated using the same principles as other property, plant and equipment in the Chr. Hansen Group.

Assets with a short life or of low value are expensed in the year of acquisition.

Property, plant and equipment is written down to the recoverable amount if it is deemed to be lower than the carrying amount. Assets are evaluated annually, including valuation and assessment of the estimated economic lives.

Gains or losses on the disposal or scrapping of property, plant and equipment are recognized in the income statement under the same items as the related depreciation.

Long-term financial assets. Investments in subsidiaries and associates are measured in the Parent Company's financial statements according to the equity method, under which the investments are measured in the balance sheet at the proportionate share of the equity value of the companies adjusted for intercompany profits/losses plus goodwill.

Subsidiaries with negative book value are accounted for at zero, and receivables from these are depreciated at the company's share of the negative equity to the extent that the receivable is regarded as uncollectable. If the negative equity exceeds the receivable, the remaining amount is accounted for as a provision for payables to the extent the Parent Company has a judicial or actual obligation to cover the company's negative balance.

Other securities and receivables that are accounted for as long-term financial assets are measured at fair value.

Inventories are measured at cost using the FIFO method. If the net realizable value is lower, the inventories are written down to such lower value.

Cost includes the costs of raw materials, supplies, direct payroll costs and a proportion of production overheads, including costs for the operation and depreciation of production facilities and the operation, administration and management of factories.

Receivables are measured at amortized cost taking into account a potential lower value on the basis of an individual evaluation of the risk of losses.

Prepayments recognized under receivables comprise costs incurred relating to the following financial year. Prepayments are measured at cost.

Treasury shares. Acquisition and sales sums arising on the purchase and sale of treasury shares and dividends on treasury shares are recognized directly in equity.

Dividends are recognized as a liability when adopted at the annual general meeting or when the Board of Directors resolves an interim dividend. Dividends expected to be paid in respect of the year are stated as a separate line item under equity.

Liabilities concerning share option plan and other plans based on share price are not included in the balance sheet. Amounts paid-in upon exercise concerning such plans are recognized in equity, while costs related to establishment, adjustment or buy-back of share option plans are recognized in the income statement.

Pension liabilities regarding defined benefit plans are calculated on an actuarial basis as the capitalized obligation of the pension benefits and are measured on the basis thereof after deduction of the market value of any assets attached to each plan. Actuarial gains and losses are amortized and recognized in the income statement and the balance sheet over the actuarially determined term.

Fixed periodic pension contributions for defined contribution plans and changes in provisions for defined benefit plans are recognized in the income statement in the period in which they arise.

Other provisions are included when a legal or actual obligation has arisen as a result of an event that occurred before or on the balance sheet date, and if it is likely that the obligation implies drawing on the financial resources. Provisions are measured at net realizable value.

Liabilities. Financial liabilities, including mortgage debt and bank and financial loans are measured when raised at the proceeds received less transaction costs. The liabilities are later measured at amortized cost.

Capitalized residual lease liabilities on finance leases are recognized in the balance sheet as financial liabilities.

Other debt is measured at amortized cost.

Deferred income recognized under debt comprises payments received relating to income in later financial years. Deferred income is measured at cost.

Other accounting information

The cash flow statement is prepared according to the indirect method starting with operating profit for the year and showing the Chr. Hansen Group's cash flow from operating activities, investing and financing activities as well as cash and cash equivalents at the beginning and end of the year.

Cash flow from operating activities is stated as operating profit for the year adjusted for non-cash operating items and change in working capital. Working capital includes inventories, receivables, trade payables and other liabilities relating to operations.

Cash flow from investing activities includes purchases and sales of intangible assets, property, plant and equipment and other investments and payments in connection with acquisitions and divestments of companies and activities.

Cash flow from financing activities includes capital increases, dividends paid, and raising and repayment of long-term and short-term debt not included in working capital.

Cash assets comprise cash, bank balances, and highly liquid bonds.

Segment information comprises business segments and geographical segments. The segment information complies with the Chr. Hansen Group's accounting policies and with the internal financial management.

The business segment is the Chr. Hansen Group's primary segment, while the geographical segment is secondary.

The key ratios have been calculated in accordance with "Recommendations and Ratios 2005" issued by the Danish Society of Financial Analysts.

Key figures and definitions of the ratios are stated on the flaps of the cover of this annual report.

Changes in accounting policies over the past five years

As from 2001/02 mortgage loans are recognized at amortized cost, while proposed dividend is recognized as a separate line item under equity. Changes in the value of derivative financial instruments classified as hedging instruments for future transactions are recognized directly in equity until realization of the hedged item.

Income statement, September 1 - August 31

Note	DKKm	Chr. Hansen Group 2004/05	Chr. Hansen Group 2003/04	Continuing operations 2004/05	Continuing operations 2003/04
1	**Revenue**	**4,381**	4,474	**1,217**	1,054
2	Cost of sales	**2,345**	2,452	**413**	410
	Gross profit	**2,036**	2,022	**804**	644
2	Research and development costs	**442**	453	**232**	218
2	Sales and marketing expenses	**765**	757	**358**	324
2	Administrative expenses	**425**	429	**166**	153
	Other operating income	**17**	6	**1**	-
2	Other operating expenses	**9**	4	**-**	4
	Operating profit/(loss) before goodwill amortization etc.	**412**	385	**49**	(55)
2	Settlement of share options	**46**	-	**46**	-
2	Amortization of goodwill	**59**	65	**3**	3
	Operating profit/(loss)	**307**	320	**-**	(58)
2-3	Gain before tax on divestment	**4,206**	-	**-**	-
5	Interest income and other financial income	**39**	10	**15**	2
6	Interest expenses and other financial expenses	**157**	128	**83**	49
	Profit/(loss) from ordinary activities before tax	**4,395**	202	**(68)**	(105)
7	Tax on profit from ordinary activities	**75**	94	**2**	(26)
	Profit/(loss) from ordinary activities after tax	**4,320**	108	**(70)**	(79)
8	Extraordinary income after tax	**14**	-	**-**	-
	Profit/(loss) for the year including minority interests	**4,334**	108	**(70)**	(79)
	Minority shareholders' share of the profit/(loss)	**46**	32	**39**	28
	Net profit/(loss) for the year	**4,288**	76	**(109)**	(107)

Chr. Hansen Holding A/S

Note	DKKm	2004/05	2003/04
1	**Revenue**	-	-
2	Cost of sales	-	-
	Gross profit	-	-
2	Research and development costs	-	-
2	Sales and marketing expenses	-	-
2	Administrative expenses	30	27
	Other operating income	64	65
2	Other operating expenses	26	29
	Operating profit before goodwill amortization etc.	8	9
2	Amortization of goodwill	-	-
	Operating profit	8	9
2-3	Gain before tax on divestment	4,206	-
4	Profit/(loss) before tax from subsidiaries	141	159
5	Interest income and other financial income	42	29
6	Interest expenses and other financial expenses	77	49
	Profit/(loss) from ordinary activities before tax	4,320	148
7	Tax on profit from ordinary activities	46	72
	Profit/(loss) from ordinary activities after tax	4,274	76
8	Extraordinary income after tax	14	-
	Net profit/(loss) for the year	4,288	76
	Earnings per share (EPS) - DKK	423.4	7.5
	Net profit for the year is proposed to be distributed as follows:		
	Interim dividend paid-out on October 19, 2005	4,000	-
	Ordinary dividend to shareholders, 50% of share capital at August 31, 2005 = DKK 5.00 per share	50	20
	Reserve for net revaluation according to the equity method	-	65
	Transfer to other reserves	238	(9)
		4,288	76

Cash flow statement, September 1 to August 31

Note	DKKm	Chr. Hansen Group 2004/05	2003/04
	Operating profit	**307**	320
A	Adjustments	**287**	312
B	Change in working capital	**57**	(61)
	Interest income and other financial income received	**39**	10
	Interest expenses and other financial expenses paid	**(128)**	(129)
	Income taxes paid	**(115)**	(117)
	Extraordinary items paid	**(40)**	-
	Cash flow from operating activities	**407**	335
C	Acquisitions of companies and operations	**(129)**	-
	Additions, intangible assets	**(22)**	(15)
	Additions, property, plant and equipment	**(284)**	(362)
D	Divestment of business	**6,352**	-
	Sale of intangible assets and property, plant and equipment	**22**	31
	Change in other long-term financial assets	**(1)**	(3)
	Cash flow from investing activities	**5,938**	(349)
	Free cash flow	**6,345**	(14)
	Dividend paid to Chr. Hansen Holding A/S' shareholders	**(20)**	(20)
	Dividend paid to minority interests	**(26)**	(30)
	Change in financial liabilities	**(882)**	12
	Cash flow from financing activities	**(928)**	(38)
	Net cash flow for the year	**5,417**	(52)
	Cash and cash equivalents at September 1	**123**	175
	Unrealized gain on foreign currency carried as cash and cash equivalents	**-**	-
	Net cash flow for the year	**5,417**	(52)
	Cash and cash equivalents at August 31	**5,540**	123

	Chr. Hansen Group	
DKKm	2004/05	2003/04
A Adjustments		
Depreciation, amortization and write-downs	275	310
Change in provisions	12	2
Total	287	312
B Change in working capital		
Inventories	(45)	(35)
Receivables	(14)	(69)
Trade payables	32	31
Other payables	84	12
Total	57	(61)
C Acquisitions of companies and operations		
Property, plant and equipment	76	-
Long-term financial assets	7	-
Inventories	17	-
Receivables	21	-
Cash and cash equivalents	49	-
Long-term debt	(30)	-
Short-term debt	(43)	-
Net assets acquired	97	-
Goodwill	81	-
Adjustment of cash and cash equivalents	(49)	-
Total	129	-
D Divestment of business		
Intangible assets	897	-
Property, plant and equipment	1,775	-
Long-term financial assets	36	-
Inventories	710	-
Receivables	678	-
Cash and cash equivalents	179	-
Long-term debt	(1,204)	-
Short-term debt	(888)	-
Net assets divested	2,183	-
Gain before provisions etc.	4,348	-
Adjustment of cash and cash equivalents	(179)	-
Total	6,352	-

The cash flow statement has been adjusted to the effect that exchange rate adjustments in foreign subsidiaries are not included in the statement. As a result, the individual figures in the cash flow statement cannot be obtained directly from the income statement and balance sheet.

Chr. Hansen Holding A/S			Assets	Chr. Hansen Group	
2004	2005	Note	DKKm	2005	2004
			Fixed assets		
			Intangible assets		
-	-	9	Goodwill	109	897
-	-	10	Other intangible assets	75	181
-	-			184	1,078
			Property, plant and equipment		
354	134	11	Land and buildings	253	1,152
23	10	12	Plant and machinery	142	622
-	-	13	Other fixtures and equipment	41	148
3	-	14	Property, plant and equipment in progress	76	184
380	144			512	2,106
			Long-term financial assets		
1,930	175	15	Investments in subsidiaries	-	-
610	-	16	Receivables from subsidiaries	-	-
1	-	17	Securities and receivables	9	11
-	16	18	Deferred tax assets	150	131
2,541	191			159	142
2,921	335		**Total fixed assets**	855	3,326
			Current assets		
			Inventories		
-	-		Raw materials and consumables	56	214
-	-		Work in progress	83	218
-	-		Manufactured goods and goods for resale	159	507
-	-	19		298	939
			Receivables		
-	-		Trade receivables	179	748
141	722		Receivables from subsidiaries	-	-
-	-		Income tax receivables	5	32
6	10	20	Other receivables	21	58
2	2	21	Prepayments	14	25
149	734			219	863
1	5,356		**Cash and cash equivalents**	5,540	123
150	6,090		**Total currents assets**	6,057	1,925
3,071	6,425		**Total assets**	6,912	5,251

Chr. Hansen Holding A/S 2004	Chr. Hansen Holding A/S 2005	Note	Equity and liabilities DKKm	Chr. Hansen Group 2005	Chr. Hansen Group 2004
			Equity		
101	**101**	22	Share capital	**101**	101
-	**-**		Hedges of future transactions	**-**	(6)
1,781	**2,019**		Other reserves	**2,019**	1,787
20	**4,050**		Proposed dividend	**4,050**	20
1,902	**6,170**		**Total equity**	**6,170**	1,902
			Minority interests	**35**	43
			Provisions		
1	**1**	23	Pensions and similar liabilities	**50**	68
8	**-**	24	Deferred tax	**-**	74
60	**140**	25	Other provisions	**147**	69
69	**141**		**Total provisions**	**197**	211
			Debt		
			Long-term debt		
171	**28**	26	Mortgage debt	**28**	342
609	**16**	26	Bank loans and financial loans	**42**	1,566
-	**-**	26	Other payables	**16**	1
780	**44**			**86**	1,909
			Short-term debt		
18	**8**		Mortgage debt and other long-term debt	**8**	56
182	**1**		Bank loans and financial loans	**7**	462
6	**32**		Trade payables	**148**	290
94	**-**		Payables to subsidiaries	**-**	-
-	**-**		Income taxes	**33**	41
15	**25**	27	Other payables	**203**	284
5	**4**		Deferred income	**25**	53
320	**70**			**424**	1,186
1,100	**114**		**Total debt**	**510**	3,095
3,071	**6,425**		**Total equity and liabilities**	**6,912**	5,251
			Supplementary notes		
		28	Treasury shares		
		29	Commitments and contingent liabilities		
		30	Financial instruments		
		31	Government grants		
		32	Related parties		
		33	Segment information		

DKKm	Share capital	Net reval. accord. to equity method	Hedges of future trans-actions	Other reserves	Dividend	Total equity
Chr. Hansen Holding A/S						
Equity at September 1, 2003	**101**	**-**	**-**	**1,790**	**20**	**1,911**
Dividend paid					(20)	(20)
Net profit for the year		65		(9)	20	76
Foreign currency translation adjustments in foreign subsidiaries		(60)				(60)
Hedges of future transactions, movement for the year		(5)				(5)
Equity at August 31, 2004	**101**	**-**	**-**	**1,781**	**20**	**1,902**
Dividend paid					(20)	(20)
Net profit for the year				238	4,050	4,288
Foreign currency translation adjustments in foreign subsidiaries		31				31
Hedges of future transactions, movement for the year		3				3
Divestment of business		(34)				(34)
Equity at August 31, 2005	**101**	**-**	**-**	**2,019**	**4,050**	**6,170**

DKKm	Share capital	Net reval. accord. to equity method	Hedges of future trans-actions	Other reserves	Dividend	Total equity	Minority share-holders
Chr. Hansen Group							
Equity at September 1, 2003	**101**	**-**	**(1)**	**1,791**	**20**	**1,911**	**40**
Dividend paid					(20)	(20)	(30)
Net profit for the year				56	20	76	32
Foreign currency translation adjustments in foreign subsidiaries				(60)		(60)	1
Hedges of future transactions, movement for the year			(5)			(5)	
Equity at August 31, 2004	**101**	**-**	**(6)**	**1,787**	**20**	**1,902**	**43**
Dividend paid					(20)	(20)	(29)
Net profit for the year				238	4,050	4,288	46
Foreign currency translation adjustments in foreign subsidiaries				31		31	3
Hedges of future transactions, movement for the year			3			3	
Divestment of business			3	(37)		(34)	(28)
Equity at August 31, 2005	**101**	**-**	**-**	**2,019**	**4,050**	**6,170**	**35**

Chr. Hansen Holding A/S 2003/04	Chr. Hansen Holding A/S 2004/05	DKKm	Chr. Hansen Group 2004/05	Chr. Hansen Group 2003/04
		1 Revenue		
		Geographical segments		
		Northern Europe	**258**	232
		Central Europe	**550**	451
		Southern Europe	**222**	199
		Other markets	**187**	172
		Total, continuing operations (Allergy Sector)	**1,217**	1,054
		Discountinued operations (Ingredients Sector)	**3,164**	3,420
		Total	**4,381**	4,474

The geographical segment information above is based on customer location.

Chr. Hansen Holding A/S 2003/04	Chr. Hansen Holding A/S 2004/05	DKKm	Chr. Hansen Group 2004/05	Chr. Hansen Group 2003/04
		2 Operating costs etc.		
		These costs include staff costs, depreciation and amortization, cost allowance, etc. received, costs attributable to operating leases and fees to the Chr. Hansen Group's auditors as follows:		
		Staff costs		
2	**4**	Wages and salaries, etc.	**455**	400
-	**-**	Pensions	**30**	26
-	**-**	Social security costs, etc.	**35**	39
2	**4**	Total, continuing operations	**520**	465
-	**-**	Discountinued operations	**898**	921
4	**36**	Remuneration to the Board of Management of Chr. Hansen Holding A/S	**147**	15
3	**3**	Remuneration to the Board of Directors of Chr. Hansen Holding A/S	**3**	3
9	**43**	**Total**	**1,568**	1,404

The former Board of Management's warrants were deemed to have vested automatically in connection with the divestment of the Ingredients Sector, and by mutual agreement a difference settlement in cash was made in the amount of DKK 121 million. Please also see note 3. Furthermore included in the remuneration to the Board of Management are bonuses related to the divestment of the Ingredients Sector.

By mutural agreement all outstanding warrants in the Allergy Sector were settled in the financial year by DKK 46 million in cash, equivalent to the estimated value of the plan on the date of settlement. The amount is stated in a separate line item in the income statement.

Chr. Hansen Holding A/S 2003/04	Chr. Hansen Holding A/S 2004/05		Chr. Hansen Group 2004/05	Chr. Hansen Group 2003/04
		Employees		
		Continuing operations:		
5	**4**	Average number	**1,027**	1,044
5	**4**	Number at year-end	**1,188**	1,034
		Discountinued operations:		
-	**-**	Average number	**2,661**	2,600
-	**-**	Number at year-end	**-**	2,647

Chr. Hansen Holding A/S 2003/04	Chr. Hansen Holding A/S 2004/05	DKKm	Chr. Hansen Group 2004/05	Chr. Hansen Group 2003/04
		2 Operating costs etc. – continued		
		Depreciation and amortization		
-	-	Cost of sales	23	29
-	-	Research and development costs	11	19
-	-	Sales and marketing expenses	1	2
-	-	Administrative expenses	22	24
16	15	Other operating expenses	-	-
-	-	Amortization of goodwill	3	3
16	15	Total, continuing operations	60	77
-	-	Discountinued operations	215	233
16	15	**Total**	275	310
		Cost allowance etc. received		
-	-	Continuing operations	-	16
-	-	Discountinued operations	-	-
-	-	**Total**	-	16
		Expenses relating to operating leases		
-	-	Continuing operations	10	14
-	-	Discountinued operations	19	21
-	-	**Total**	29	35
		Fees to the Chr. Hansen Group's auditors		
		Deloitte		
0.9	0.4	Audit	3.6	4.7
0.1	4.5	Other services	4.6	3.2
		KPMG		
0.1	0.1	Audit	0.1	0.4
-	-	Other services	-	-
		Other		
-	-	Audit	0.2	1.1
-	-	Other services	-	0.9
1.1	5.0	**Total**	8.5	10.3

A few of the Chr. Hansen Group's foreign companies are audited by local auditors.

Chr. Hansen Holding A/S 2003/04	Chr. Hansen Holding A/S 2004/05	DKKm	Chr. Hansen Group 2004/05	Chr. Hansen Group 2003/04
		3 Gain before tax on divestment		
-	4,327	Preliminary gain recognized as divestment of Ingredients Sector	4,327	-
-	(121)	Settlement of share options. Please see note 2	(121)	-
-	**4,206**	**Total**	**4,206**	-
		4 Profit/(loss) before tax from subsidiaries		
255	237	Profit before tax from subsidiaries		
(96)	(96)	Loss before tax from subsidiaries		
159	**141**	**Total**		
		5 Interest income and other financial income		
29	28	Interest income from subsidiaries	-	-
-	14	Other interest income	14	-
-	-	Currency gains	1	2
29	42	Total, continuing operations	15	2
-	-	Discountinued operations	24	8
29	**42**	**Total**	**39**	10
		6 Interest expenses and other financial expenses		
2	-	Interest expenses related to subsidiaries	-	-
44	77	Other interest expenses	80	43
3	-	Currency loss	3	6
49	77	Total, continuing operations	83	49
-	-	Discountinued operations	74	79
49	**77**	**Total**	**157**	128

Chr. Hansen Holding A/S 2003/04	Chr. Hansen Holding A/S 2004/05	DKKm	Chr. Hansen Group 2004/05		Chr. Hansen Group 2003/04	
		7 Tax on profit from ordinary activities				
76	154	Current tax on profit from ordinary activities		76		(15)
-	(97)	Adjustment of deferred tax on profit from ordinary activities		(76)		(8)
(4)	(11)	Prior-year adjustments		2		(3)
72	46	Total, continuing operations		2		(26)
-	-	Discountinued operations		73		120
72	46	**Total**		75		94
		Reconciliation of tax rate				
		Danish income tax rate	28%	1,231	30%	61
		Deviation of foreign subsidiaries' tax relative to Danish corporate income tax rate	1%	23	11%	21
		Non-taxable income and non-deductible expenses	(28%)	(1,224)	(1%)	(2)
		Adjustment of deferred tax for change in income tax rate	0%	2	0%	1
		Prior-year adjustments	0%	(15)	(5%)	(10)
		Other adjustments	1%	45	3%	5
		Non-deductible amortization of goodwill	0%	13	9%	18
		Effective tax rate	2%	75	47%	94
		Allocated as follows:				
		Continuing operations	(3%)	2	24%	(26)
		Discountinued operations	2%	73	39%	120
		Total	2%	75	47%	94
		8 Extraordinary income after tax				
-	20	Extraordinary income		20		-
-	(6)	Tax on extraordinary income		(6)		-
-	14	**Total**		14		-

Please also see note 25.

Chr. Hansen Holding A/S 2004	Chr. Hansen Holding A/S 2005	DKKm	Chr. Hansen Group 2005	Chr. Hansen Group 2004
		9 Goodwill		
		Accumulated cost at September 1	**1,282**	1,332
		Currency adjustments	**2**	(50)
		Additions	**81**	-
		Divestment of business	**(1,233)**	-
		Accumulated cost at August 31	**132**	1,282
		Amortization and impairment at September 1	**385**	332
		Currency adjustments	**2**	(12)
		Amortization and impairment for the year	**59**	65
		Divestment of business	**(423)**	-
		Amortization and impairment at August 31	**23**	385
		Balance at August 31	**109**	897

10 Other intangible assets

	Software	Patents, trademarks and rights	2005	2004
Accumulated cost at September 1	299	142	**441**	430
Currency adjustments	1	-	**1**	(2)
Additions	5	17	**22**	15
Disposals	(5)	(6)	**(11)**	(2)
Divestment of business	(152)	(127)	**(279)**	-
Accumulated cost at August 31	148	26	**174**	441
Amortization and impairment at September 1	147	113	**260**	214
Currency adjustments	-	-	**-**	-
Amortization and impairment for the year	28	8	**36**	48
Amortization and impairment of disposals	(4)	(1)	**(5)**	(2)
Divestment of business	(82)	(110)	**(192)**	-
Amortization and impairment at August 31	89	10	**99**	260
Balance at August 31	59	16	**75**	181

Chr. Hansen Holding A/S 2004	Chr. Hansen Holding A/S 2005	DKKm	Chr. Hansen Group 2005	Chr. Hansen Group 2004
		11 Land and buildings		
462	**464**	Accumulated cost at September 1	**1,508**	1,460
-	**-**	Currency adjustments	**7**	(26)
2	**5**	Additions	**89**	119
-	**-**	Acquisitions of companies and operations	**36**	-
-	**-**	Disposals	**(8)**	(45)
-	**(284)**	Divestment of business	**(1,297)**	-
464	**185**	**Accumulated cost at August 31**	**335**	1,508
98	**110**	Depreciation and impairment at September 1	**356**	334
-	**-**	Currency adjustments	**-**	(7)
12	**11**	Depreciation and impairment for the year	**36**	48
-	**-**	Acquisitions of companies and operations	**2**	-
-	**-**	Depreciation and impairment of disposals	**(4)**	(19)
-	**(70)**	Divestment of business	**(308)**	-
110	**51**	**Depreciation and impairment at August 31**	**82**	356
354	**134**	**Balance at August 31**	**253**	1,152
6	**2**	of which financing costs	**2**	12
-	**-**	of which assets held under finance leases	**31**	62
354	**134**	Land and buildings include buildings on land leased from Scion DTU A/S Hørsholm. The lease period for this land is unlimited	**134**	354
354	**134**	Land and buildings in Denmark	**134**	625
354	**134**	Value of land and buildings subject to mortgages	**134**	625

The Company's and the Group's land and buildings in Denmark were registered separately on the land register in connection with the divestment of the Ingredients Sector. The Company's and the Group's remaining properties have not been officially valued.

Chr. Hansen Holding A/S 2004	Chr. Hansen Holding A/S 2005	DKKm	Chr. Hansen Group 2005	Chr. Hansen Group 2004
		12 Plant and machinery		
89	89	Accumulated cost at September 1	1,215	1,126
-	-	Currency adjustments	8	(38)
-	1	Additions	100	163
-	-	Acquisitions of companies and operations	60	-
-	-	Disposals	(39)	(36)
-	(64)	Divestment of business	(1,104)	-
89	26	**Accumulated cost at August 31**	240	1,215
62	66	Depreciation and impairment at September 1	593	537
-	-	Currency adjustments	2	(21)
4	4	Depreciation and impairment for the year	111	110
-	-	Acquisitions of companies and operations	19	-
-	-	Depreciation and impairment of disposals	(29)	(33)
-	(54)	Divestment of business	(598)	-
66	16	**Depreciation and impairment at August 31**	98	593
23	10	**Balance at August 31**	142	622
-	-	of which assets held under finance leases	-	3
		13 Other fixtures and equipment		
		Accumulated cost at September 1	351	342
		Currency adjustments	6	(11)
		Additions	34	45
		Acquisitions of companies and operations	3	-
		Disposals	(22)	(25)
		Divestment of business	(240)	-
		Accumulated cost at August 31	132	351
		Depreciation and impairment at September 1	203	194
		Currency adjustments	2	(6)
		Depreciation and impairment for the year	33	37
		Acquisitions of companies and operations	2	-
		Depreciation and impairment of disposals	(20)	(22)
		Divestment of business	(129)	-
		Depreciation and impairment at August 31	91	203
		Balance at August 31	41	148

Chr. Hansen Holding A/S 2004	Chr. Hansen Holding A/S 2005	DKKm	Chr. Hansen Group 2005	Chr. Hansen Group 2004
		14 Property, plant and equipment in progress		
-	**3**	Accumulated cost at September 1	**184**	156
-	**-**	Currency adjustments	**1**	(11)
3	**-**	Additions	**134**	155
-	**(3)**	Disposals	**(73)**	(110)
-	**-**	Write-downs for the year	**-**	(6)
-	**-**	Divestment of business	**(170)**	-
3	**-**	**Accumulated cost at August 31**	**76**	184
-	**-**	of which financing costs	**1**	1

Notes 10 - 14
Project work for own account was capitalized in the amount of DKK 0 million as per August 31, 2005 (2003/04 DKK 5 million).

Chr. Hansen Holding A/S 2004	Chr. Hansen Holding A/S 2005	DKKm
		15 Investments in subsidiaries
1,834	**1,837**	Accumulated cost at September 1
3	**603**	Additions
-	**(1,464)**	Divestment of business
1,837	**976**	**Accumulated cost at August 31**
(40)	**(225)**	Revaluation and impairment at September 1
(60)	**31**	Foreign currency translation adjustments
11	**34**	Net profit/(loss) for the year from subsidiaries
(5)	**3**	Movement in hedges of future transactions
(131)	**(147)**	Dividends from subsidiaries
-	**(497)**	Divestment of business
(225)	**(801)**	**Revaluation and impairment at August 31**
1,612	**175**	**Net value at August 31**
318	**-**	of which subsidiaries with negative value, which has been netted against receivables
1,930	**175**	**Balance at August 31**
897	**109**	of which goodwill

Chr. Hansen Holding A/S 2004	Chr. Hansen Holding A/S 2005	DKKm	Chr. Hansen Group 2005	Chr. Hansen Group 2004
		16 Receivables from subsidiaries		
42	**928**	Accumulated cost at September 1		
927	-	Additions		
(41)	**(928)**	Disposals		
928	**-**	**Accumulated cost at August 31**		
(318)	**-**	Netting of subsidiaries with negative value		
610	**-**	**Balance at August 31**		
		17 Securities and receivables		
-	**1**	Accumulated cost at September 1	**4**	3
-	**-**	Currency adjustments	**-**	-
1	**-**	Additions	**3**	1
-	**-**	Acquisitions of companies and operations	**2**	-
-	**(1)**	Disposals	**(2)**	-
-	**-**	Divestment of business	**(2)**	-
1	**-**	**Accumulated cost at August 31**	**5**	4
-	**-**	Revaluation and impairment at September 1	**7**	7
-	**-**	Divestment of business	**(3)**	-
-	**-**	**Revaluation and impairment at August 31**	**4**	7
1	**-**	**Balance at August 31**	**9**	11
		18 Deferred tax assets		
-	**-**	Balance at September 1	**131**	85
-	**16**	Adjustment for the profit for the year	**45**	38
-	**-**	Prior-year adjustments	**-**	8
-	**-**	Acquisitions of companies and operations	**5**	-
-	**-**	Divestment of business	**(31)**	-
-	**16**	**Balance at August 31**	**150**	131

Please also see note 24.

Chr. Hansen Holding A/S 2004	Chr. Hansen Holding A/S 2005	DKKm	Chr. Hansen Group 2005	Chr. Hansen Group 2004
		19 Inventories		
		Direct materials	**140**	589
		Direct and indirect production costs	**158**	350
		Total	**298**	939
		Inventories carried at net realizable value are insignificant.		
		The Chr. Hansen Group has not used inventories as collateral for debt.		
		20 Other receivables		
-	**-**	Derivative financial instruments	**-**	14
-	**-**	VAT and other taxes	**3**	8
6	**10**	Miscellaneous receivables	**18**	36
6	**10**	**Total**	**21**	58
		21 Prepayments		
2	**2**	Operating expenses	**7**	18
-	**-**	Insurance	**1**	3
-	**-**	Other prepayments	**6**	4
2	**2**	**Total**	**14**	25
		22 Share capital		
		The share capital consists of:		
9	**9**	A shares, 920,760 shares of DKK 10 each	**9**	9
92	**92**	B shares, 9,207,600 shares of DKK 10 each	**92**	92
101	**101**	**Total nominal value**	**101**	101

Each A share carries 10 votes, whereas each B share carries 1 vote.

Please also see note 28.

Chr. Hansen Holding A/S 2004	Chr. Hansen Holding A/S 2005	DKKm	Chr. Hansen Group 2005	Chr. Hansen Group 2004
		23 Pensions and similar liabilities		
1	**1**	Pensions	**39**	50
-	**-**	Similar liabilities	**11**	18
1	**1**	**Total**	**50**	68

Most of the Chr. Hansens Group's employees are covered by pension plans, which are paid in whole or in part by the Chr. Hansen Group's companies. The plans vary according to the statutory rules, tax regulations and economic conditions of the countries in which the employees work, and they comprise both defined benefit plans and defined contribution plans.

Most of the pension plans are funded through payments of annual premiums to third-party insurance companies, which assume the pension liability. In such cases, the Chr. Hansen Group has no pension obligations to the employees when they leave the Group. These plans are called defined contribution pension plans. Pension contributions for such plans are recognized in the income statement when made.

For unfunded or partially funded defined benefit pension plans, where the Group has the actuarial and investment risk, the net liability determined on an actuarial basis is recognized in the balance sheet. The net liability is determined as the capital value of the estimated pension benefits less the fair value of the plan assets.

Chr. Hansen Holding A/S 2004	Chr. Hansen Holding A/S 2005	DKKm	Chr. Hansen Group 2005	Chr. Hansen Group 2004
		23 Pensions and similar liabilities – continued		
		When changes occur in the assumptions, such as the discount rate, inflation rate, mortality rate and disability rate, and in the event of differences between the expected and actual return on plan assets, the net liability calculated on an actuarial basis will change. Such movements in the net liability are called actuarial gains or losses and are basically not recognised in the balance sheet. If the actuarial gain or the actuarial loss exceeds 10% of the capital value determined, such gains or losses are amortized and recognized in the income statement and the balance sheet over the employees' expected remaining working period with the Chr. Hansen Group. Losses and gains are determined per pension plan.		
		Costs relating to defined contribution plans		
		Continuing oprations	27	23
		Discontinued oprations	31	36
		Total	58	59
		Defined benefit plans		
		The calculation of the obligation in respect of defined benefit pension plans is based on the following assumptions:		
		Discount rate	4.25%	5.25%-6%
		Expected return on plan assets	-	7.5%
		Expected rate of salary increases (only active plans)	2.5%	2.5%
-	-	Pension costs in the current financial year	2	1
-	-	Interest on the obligations	2	2
-	-	Expected return on plan assets, loss	-	-
-	-	The year's amortization of actuarial gains/(losses)	(1)	1
-	-	Total, continuing operations	3	4
-	-	Discountinued operations	6	1
-	-	**Costs in the current financial year**	9	5
-	-			
-	-	**Realized return on plan assets**	-	5

Chr. Hansen Holding A/S 2004	Chr. Hansen Holding A/S 2005		DKKm	Chr. Hansen Group 2005	Chr. Hansen Group 2004
		23	**Pensions and similar liabilities – continued**		
			Provisions for defined benefit plans		
-	**-**		Capital value of funded pension obligations	**1**	38
-	**-**		Fair value of plan assets	**(1)**	(29)
-	**-**		Net funded pension obligations	**-**	9
1	**1**		Capital value of unfunded pension obligations	**53**	48
-	**-**		Unrecognized actuarial loss	**(14)**	(7)
1	**1**		**Total**	**39**	50
			Movement in provisions for defined benefit plans:		
1	**1**		Balance at September 1	**50**	51
-	**-**		Currency adjustments of values at beginning of year	**-**	(1)
-	**-**		Movement recognized in income statement	**9**	5
-	**-**		Contributions	**(1)**	(5)
-	**-**		Divestment of business	**(19)**	-
1	**1**		**Balance at August 31**	**39**	50
		24	**Deferred tax**		
8	**-**		Deferred corporate income tax	-	74
-	**(16)**		Deferred corporate income tax assets	**(150)**	(131)
8	**(16)**		**Net balance**	**(150)**	(57)
			Deferred taxes recognized in the balance sheet comprise		
30	**4**		Intangible assets and property, plant and equipment	**(23)**	29
-	**-**		Inventories	**(33)**	(35)
(19)	**-**		Other assets, provisions and debt	**(25)**	(34)
(3)	**(20)**		Tax losses carried forward	**(69)**	(17)
8	**(16)**		**Net balance**	**(150)**	(57)

The tax value of tax losses carried forward is recognized to the extent they are expected to be utilized.

Unrecognized tax assets are insignificant.

Chr. Hansen Holding A/S 2004	Chr. Hansen Holding A/S 2005	DKKm	Chr. Hansen Group 2005	Chr. Hansen Group 2004
		25 Other provisions		
60	**60**	Balance at September 1	**69**	63
-	**-**	Currency adjustments	**-**	-
-	**140**	Additions	**142**	6
-	**-**	Acquisitions of companies and operations	**1**	-
-	**(60)**	Reversals	**(60)**	-
-	**-**	Divestment of business	**(5)**	-
60	**140**	**Balance at August 31**	**147**	69

Additions for the year concern the representations and warranties undertaken by Chr. Hansen Holding A/S in connection with the divestment of the Ingredients Sector. Please see note 29.

Reversals for the year concern the settlement of the arbitration case against a former Serbian partner. The provisions taken in the 2002/03 financial year exceeded the settlement amount including costs by DKK 20 million, which has been recognized as extraordinary income.

Chr. Hansen Holding A/S 2004	Chr. Hansen Holding A/S 2005	DKKm	Chr. Hansen Group 2005	Chr. Hansen Group 2004
		26 Long-term debt		
		Debt due between 1 and 5 years		
54	**28**	Mortgage debt	**4**	106
251	**2**	Bank loans and financial loans	**15**	961
-	**-**	Other debt	**16**	1
305	**30**		**35**	1,068
		Debt due after more than 5 years		
117	**-**	Mortgage debt	**24**	236
358	**14**	Bank loans and financial loans	**27**	605
475	**14**		**51**	841
780	**44**	**Total**	**86**	1,909

Chr. Hansen Holding A/S 2004	Chr. Hansen Holding A/S 2005	DKKm	Chr. Hansen Group 2005	Chr. Hansen Group 2004
		27 Other payables		
3	**4**	Salaries, holiday payments, etc.	**56**	154
-	**-**	VAT and other taxes	**22**	34
-	**-**	Derivative financial instruments	**-**	17
9	**-**	Interest	**-**	19
-	**-**	Share options	**46**	-
-	**-**	Acquisitions of companies and operations	**22**	-
3	**21**	Miscellaneous payables	**57**	60
15	**25**	**Total**	**203**	284

Chr. Hansen Holding A/S 2004	Chr. Hansen Holding A/S 2005	DKKm	Chr. Hansen Group 2005	Chr. Hansen Group 2004
		28 Treasury shares		
14,118	**14,118**	Holding at September 1 (number of B shares)	**14,118**	14,118
14,118	**14,118**	**Holding at August 31 (number of B shares)**	**14,118**	14,118
0.1	**0.1**	Nominal value at August 31	**0.1**	0.1
0.1	**0.1**	Proportion of share capital at August 31 in %	**0.1**	0.1
6	**13**	Market value at August 31	**13**	6
		29 Commitments and contingent liabilities		
-	**-**	Collaterals and guarantees	**5**	39
		Obligations under operating leases		
-	**-**	Due within 1 year	**11**	28
-	**-**	Due between 1-5 years	**31**	61
-	**-**	Due after more than 5 years	**1**	8
-	**-**	**Total**	**43**	97
-	**-**	**Obligations under finance leases**		
-	**-**	Due within 1 year	**4**	6
-	**-**	Due between 1-5 years	**18**	25
-	**-**	Due after more than 5 years	**12**	14
-	**-**	**Total**	**34**	45

The present value of the obligations under finance leases is DKK 3 million, DKK 15 million and DKK 11 million, respectively. The obligations are recognized under debt.

Chr. Hansen Holding A/S			Chr. Hansen Group	
2004	2005		2005	2004

29 Commitments and contingent liabilities – continued

Other financial obligations
In connection with the divestment of the Ingredients Sector, Chr. Hansen Holding A/S has undertaken usual representations and warranties towards the buyer. The representations and warranties expire successively over the coming years. A provision of DKK 140 million has been taken to cover specific risks, including environmental issues. Please also see notes 3 and 25.

Chr. Hansen Holding A/S is jointly and severally liable with ALK-Abelló A/S for corporate income tax. As at August 31, 2005, the jointly taxed companies had no current tax liability.

Chr. Hansen Holding A/S is jointly and severally liable with ALK-Abelló A/S for their drawings on a joint interest pooling account with a credit limit of DKK 50 million.

Liabilities relating to research and development projects are estimated at DKK 3 million at August 31, 2005 (August 31, 2004 DKK 1 million).

Pending litigation
Board of Management believes that the outcome of pending claims and other disputes will not have a material impact on the Group's financial position.

Share options

Holding 2004	Holding 2005	Outstanding warrants at August 31 (number)	Group 2005	Group 2004
195,000	-	Board of Management	-	195,000
130,980	-	Allergy Sector	-	130,980

Apart from the settlement of all outstanding warrants, there have been no movements during the year in the Board of Management's number of warrants.
In the Allergy Sector 76,520 warrants were granted and 15,000 were cancelled during the year, leaving 192,500 warrants in the settlement at August 31, 2005.

Chr. Hansen Group

30 Financial instruments

The Chr. Hansen Group uses hedging instruments as part of its efforts to hedge recognized and future transactions. Such instruments include foreign currency forward contracts and interest swaps. The hedged recognized transactions comprise receivables and payables.

For additional information on exchange rate exposure, interest rate exposure and credit risk please see the financial risk factors on page 9.

Exchange rate exposure

The exchange rate exposure related to expected net payments receivable during the coming 12 months is hedged on a continuing basis by foreign currency forward contracts and thus comprise a partial hedge of the net receivables recognized in the balance sheet and a partial hedge of future transactions. At August 31, the outstanding foreign currency forward transactions were as stated below:

	EUR		USD		Other		Total	
DKKm	**2005**	2004	**2005**	2004	**2005**	2004	**2005**	2004
Contract value	-	(19)	-	95	-	6	-	82
Market value	-	(19)	-	82	-	6	-	69

Interest rate exposure

The Chr. Hansen Group uses interest swaps on a continuing basis to achieve the desired interest duration and to reduce its interest rate exposure. Maturity periods, interest duration for interest-bearing assets and liabilities and effective interest rates are stated below, at August 31:

	Interest duration			Total	
DKKm	**0-1 years**	**1-5 years**	**Over 5 years**	**2005**	2004
Securities and receivables	9	-	-	**9**	11
Trade receivables	179	-	-	**179**	748
Other receivables	40	-	-	**40**	115
Cash and cash equivalents	5,540	-	-	**5,540**	123
Financial assets	5,768	-	-	**5,768**	997
Mortgage debt, bank loans and financial loans etc.	15	35	51	**101**	2,427
Trade accounts payable	148	-	-	**148**	290
Other financial liabilities	261	-	-	**261**	378
Financial liabilities	424	35	51	**510**	3,095

	Interest duration			Total	
DKKm	**0-1 years**	**1-5 years**	**Over 5 years**	**2005**	2004
Interest-bearing assets	5,549	-	-	**5,549**	134
Effective interest rates	0-2%			**0-2%**	0-6%
Interest-bearing liabilities	-	38	63	**101**	2,427
Effective interest rates	-	3-5%	3-4%	**3-5%**	2-8%

Chr. Hansen Group

30 Financial instruments – continued

Interest-bearing assets and liabilities at floating rates are recognized under interest duration of less than 1 year. The effective interest rates are made up on the basis of the current interest rate level at August 31.

The interest duration is affected by interests swaps that change floating interest rates (less than 1 year) to fixed interest rates (5
the hedges of future transactions has been recognized directly in equity and will, upon realization, be recognized in the income statement together with the items hedged.

The market value of the Chr. Hansen Group's financial assets and liabilities does not deviate significantly from the carrying value at August 31, 2005.

31 Government grants

In the financial year 2004/05, the Chr. Hansen Group received government grants for research and development in the amount of DKK 0 million (DKK 1 million in 2003/04).

32 Related parties

Parties holding controlling interests are Chr. Hansen Holding A/S' principal shareholder, LFI A/S, and the principal shareholder of this company, the Lundbeck Foundation, and the Board of Directors and the Corporate Management of Chr. Hansen Ho
subsidiaries, in this case H. Lundbeck A/S and its subsidiaries.

Transactions with related parties
There have only been few transactions with related parties other than the payment of remuneration to the members of the Corporate Management and the Board of Directors as stated in note 2. Those other transactions were immaterial.

Chr. Hansen Group

33 Segment information

DKKm	Allergy 2004/05	Allergy 2003/04	Ingredients 2004/05 (11 mths.)	Ingredients 2003/04	Holding/-eliminations 2004/05	Holding/-eliminations 2003/04	Total 2004/05	Total 2003/04
INCOME STATEMENT								
Revenue	1,217	1,054	3,164	3,420	-	-	4,381	4,474
Cost of sales	(422)	(417)	(1,938)	(2,048)	15	13	(2,345)	(2,452)
Gross profit	795	637	1,226	1,372	15	13	2,036	2,022
Research and development costs	(236)	(233)	(217)	(241)	11	21	(442)	(453)
Capacity costs, etc.	(506)	(459)	(656)	(700)	(20)	(25)	(1,182)	(1,184)
Operating profit/(loss) before goodwill amortization etc. (EBITA)	53	(55)	353	431	6	9	412	385
Settlement of share options	(46)	-	-	-	-	-	(46)	-
Amortization of goodwill	(3)	(3)	(56)	(62)	-	-	(59)	(65)
Operating profit/(loss) (EBIT)	4	(58)	297	369	6	9	307	320
Profit/(loss) from ordinary activities before tax	(30)	(85)	189	298	4,236	(11)	4,395	202
BALANCE SHEET								
Intangible assets	184	107	-	971	-	-	184	1,078
Property, plant and equipment	367	273	-	1,453	145	380	512	2,106
Long-term financial assets	143	68	-	73	16	1	159	142
Total fixed assets	694	448	-	2,497	161	381	855	3,326
Inventories	298	284	-	655	-	-	298	939
Receivables	206	186	-	671	13	6	219	863
Cash and cash equivalents	184	47	-	75	5,356	1	5,540	123
Total current assets	688	517	-	1,401	5,369	7	6,057	1,925
Total assets	1,382	965	-	3,898	5,530	388	6,912	5,251
Equity	176	(340)	-	1,951	5,994	291	6,170	1,902
Minority interests	35	22	-	21	-	-	35	43
Provisions	57	55	-	87	140	69	197	211
Long-term debt	42	43	-	1,086	44	780	86	1,909
Short-term debt	1,072	1,185	-	753	(648)	(752)	424	1,186
Total debt	1,114	1,228	-	1,839	(604)	28	510	3,095
Total equity and liabilities	1,382	965	-	3,898	5,530	388	6,912	5,251

Chr. Hansen Group

33 Segment information – continued

DKKm	Allergy 2004/05	Allergy 2003/04	Ingredients 2004/05	Ingredients 2003/04	Holding/-eliminations 2004/05	Holding/-eliminations 2003/04	Total 2004/05	Total 2003/04
INVESTMENTS								
Investments in fixed assets	**63**	79	**213**	264	**9**	6	**285**	349

GEOGRAPHICAL SEGMENTS*

DKKm	Fixed assets 2005	Fixed assets 2004	Current assets 2005	Current assets 2004	Total assets 2005	Total assets 2004	Investments 2005	Investments 2004
Northern Europe	**592**	665	**5,578**	152	**6,170**	817	**51**	67
Central Europe	**10**	5	**179**	150	**189**	155	**1**	1
Southern Europe	**177**	90	**205**	126	**382**	216	**13**	13
Other markets	**76**	69	**95**	96	**171**	165	**7**	4
Total, continuing operations	**855**	829	**6,057**	524	**6,912**	1,353	**72**	85
Discountinued operations	**-**	2,497	**-**	1,401	**-**	3,898	**213**	264
Total	**855**	3,326	**6,057**	1,925	**6,912**	5,251	**285**	349

The geographical segment information above is based on location of assets.

*) Revenue is stated in note 1.

Overview of companies in the Chr. Hansen Group at August 31, 2005 (100% owned unless otherwise stated)

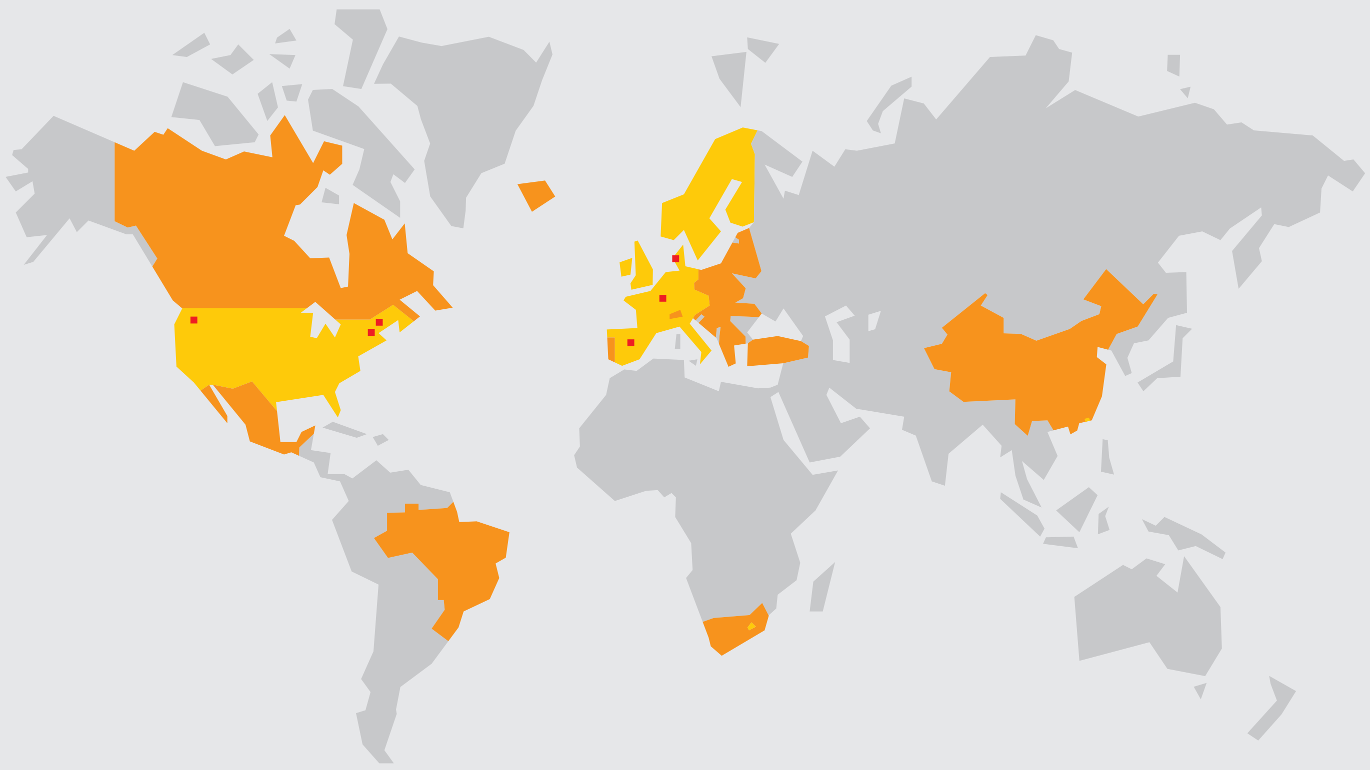
Nominal capital in 1,000

Denmark	
Chr. Hansen Holding A/S*	DKK 101,284
CVR no 61 06 95 18	
Hørsholm	
ALK-Abelló A/S*	DKK 101,284
CVR no 63 71 79 16	
Hørsholm	
Sweden	
ALK-Abelló, ALK Sverige AB	SEK 500
Kungsbacka	
Norway	
ALK-Abelló, ALK Sverige AB (branch)	-
Oslo	
Finland	
ALK-Abelló A/S (branch)	-
Helsinki	
England	
ALK-Abelló Ltd.	GBP 1
Hungerford	
France	
Allerbio SA	EUR 160
Varennes-en-Argonne	
Germany	
ALK-Scherax Arzneimittel GmbH	EUR 1,790
Hamburg	
50% owned by ALK-Abelló A/S	
Austria	
ALK-Abelló GmbH	EUR 73
Linz	
Holland	
ALK-Abelló bv	EUR 23
Nieuwegein	
Spain	
ALK-Abelló S.A.	EUR 4,671
Madrid	
Italy	
ALK-Abelló S.p.A.	EUR 3,680
Milan	
100% owned by ALK-Abelló S.A.	
USA	
ALK-Abelló, Inc.	USD 6,839
Austin	
Vespa Laboratories, Inc.	USD 5
Spring Mills	
Biopol Laboratory, Inc.	USD 1
Spokane	
100% owned by Vespa Laboratories	
China	
ALK-Abelló A/S (branch)	-
Hong Kong	

*) It is expected that the two companies will be merged effective September 1, 2005 with ALK-Abelló A/S as the continuing company. It is expected that the merger will be adopted at the annual general meeting to be held on December 13, 2005.

Curing Allergy

- Distributors
- Production
- Subsidiaries in France, Holland, Italy, Spain, Sweden (Nordic), Germany, UK, USA. Sales offices in China, Finland, Norway and Denmark.



About ALK-Abelló

All around the world, millions of people experience reduced quality of life due to allergy. In Europe and the USA alone, more than 80 million people suffer from grass pollen allergy. ALK-Abelló's allergy vaccines treat not only the symptoms of allergy but also the underlying disease – and at the same time prevent asthma. ALK-Abelló is a fast-growing company working with the very latest technology in research, development and production. It is the market leader in allergy vaccination in Europe and also commands strong positions in the USA and China. The company has approximately 1,200 employees.

Invested capital	Intangible assets, property, plant and equipment, inventories and receivables excluding provisions (deferred tax excluded), trade payables, other payables and minorities
EBITA margin - %	Operating profit before amortization of goodwill x 100/Revenue
EBIT margin - %	Operating profit x 100/Revenue
Net asset value per share	Equity at year-end/Number of shares at year-end
ROAIC - %	Return on average invested capital (Operating profit x 100/Average invested capital)
Pay-out ratio - %	Dividend declared x 100/Net profit/(loss) for the year
Earnings per share (EPS)	Net profit/(loss) for the year excluding extraordinary expenses/Average number of shares
Cash flow per share (CFPS)	Cash flow from operating activities excluding minority shareholders' shares/Average number of shares
Price earnings ratio (PE)	Share price/Earnings per share
Equity ratio	Equity at year-end x 100/Equity and liabilities at year-end

Key figures are calculated in accordance with 'Recommendations and Ratios 2005' issued by the Danish Society of Financial Analysts.

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