AARHUSUNITED

Annual Report 2004

Aarhus United A/S - CVR no. 45954919

www.aarhusunited.com

Corporate information

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Established: 1918
Reg. office: Aarhus

Supervisory Board
Kjeld Ranum, Chairman
Brian Bech Nielsen, Deputy Chairman
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Martin Bek-Nielsen
John Goodwin
Ebbe Simonsen
Pia Madsen* (till 1 December 2004)
Lone Hjelmeborn* (from 1 February 2005)
Bjarne Uldall*
Henrik Vuholm*
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Executive Board
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Esben Vibe, Group CFO

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Karsten Mumm

Annual General Meeting
The annual general meeting will be held on Wednesday 27 April 2005 at 11 am at the company address.

The annual report 2004 for Aarhus United is available in Danish and English as pdf files at www.aarhusunited.com. In addition, the "Annual Report 2004 Highlights" is available in print. In case of variations, the original version in Danish will apply.

Editors: Erik Højsholt and Esben Vibe (editors in chief), Aarhus United A/S
Design: Simpatico A/S
Photographers: Photos from the company's own files.

Consolidated key figures and ratios

Key figures DKK million	2004	2003	2002	2001	2000
Revenue	4,972	4,485	4,886	4,811	4,565
Value added	1,368	1,285	1,394	1,419	1,312
Net margin	1,000	923	1,035	1,077	-
Operating income (EBIT)	234	153	231	282	209
Operating income before depreciation (EBITDA)	366	287	370	426	344
Net interest expenses	-64	-65	-79	-91	-99
Profit on ordinary activities, before tax and minority interests	229	142	190	208	128
Profit for the year	**175**	**88**	**144**	**166**	**101**
Noncurrent assets	1,624	1,639	1,836	1,948	1,922
Current assets	1,647	1,619	1,547	1,935	1,750
Total assets	**3,271**	**3,258**	**3,383**	**3,883**	**3,672**
Share capital	400	400	400	400	400
Capital and reserves	**1,327**	**1,274**	**1,424**	**1,531**	**1,355**
Provisions	88	63	73	102	66
Long-term debt	831	798	868	1,147	1,179
Current liabilities	993	1,084	966	1,051	1,021
Capital investments	132	117	189	119	139
Depreciation	132	134	139	143	135
Net cash from operating activities	**335**	**228**	**244**	**293**	**162**
Net cash used in investing activities	-135	-77	-190	-128	-164
Net cash from financing activities	-40	-148	-337	-85	4
Key ratios					
Average number of employees	1,717	1,711	1,743	2,126	2,025
Profit margin ratio	4.7	3.4	4.7	5.9	4.6
Return on assets	8.1	5.3	7.4	8.7	6.6
Net margin (%)	20.1	20.6	21.2	22.4	-
Acid test ratio	1.7	1.5	1.6	1.8	1.7
Equity ratio	40.6	39.1	42.1	39.4	36.9
Return on equity	13.5	6.5	9.8	11.5	7.7
Return on invested capital	11.6	7.2	10.5	10.6	9.7

For changes in accounting policies implemented in 2002, the comparative figures for 2000 have not been adjusted in accordance with the new Danish Financial Statements Act/new Danish accounting standards.

The past year

As most readers will know, the second half of 2004 was to a large extent characterised by the lead-up to the sale of Aarhus United A/S after the main shareholder, United International Enterprises Limited, put its shareholding of 45.9% up for sale.

Overall, 2004 was characterised by the consolidation of the entire organisation in the new group structure, implemented as per 1 January 2004. Whilst the pending sale of the company impacts upon everyday business, to a large extent we have aimed at continuing the positive development that is seen throughout the group.

Events and occurrences contributing to the overall picture of 2004 include:

- With effect as from 1 January 2004, Aarhus United A/S became the parent company of all companies in the group, including the four production companies in Denmark, UK, USA and Mexico.
- Aarhus United Denmark and a partner in Uruguay, Compañía Oleaginousa Uruguaya S.A., signed an agreement, which forms part of the group's growth strategy within speciality fats in the South American market. The agreement covers local production of speciality fats, and two Danish employees will be stationed in Uruguay from mid-2005.
- A new video presentation of the group was released. It can be accessed on the group web-site www.aarhusunited.com. It features a general introduction to the company and the consumer products in which our many speciality products are found.
- In 2004, Aarhus United A/S was included in the MidCap+ segment on the Copenhagen Stock Exchange. In the words of the Stock Exchange this segment includes "medium-sized companies that have good liquidity in their shares, provide frequent information to the market and have good investor relations activities".
- All four production companies in Denmark, UK, USA and Mexico achieved better results in 2004 than in 2003. The four production companies in total thus realised an EBIT increase of DKK 67 million. (In this number a negative exchange rate effect of DKK 13 million is set off).

- The four production companies have all realised higher volume sales. Up more than 25% to 2003, Aarhus United México has seen the most remarkable increase.
- After several years of adjusting activities in Sri Lanka, the subsidiaries there are now able to generate a good profit.
- All in all, 2004 was a year when once again we witnessed an increase in the demand of our products. At the same time it was a year when we were not affected by the economic downturn that marked 2003.
- The group as a whole is elaborating a coherent strategy plan, in which the larger subsidiaries are involved. The principles of the Balanced Scorecard are used for making the group strategy operational. We do not produce one common Balanced Scorecard; rather, the involved subsidiaries and their departments elaborate their own Balanced Scorecards, which match the main objectives of the group as a whole and the sub-objectives of the individual companies.

Product development

A new product, DeliAir™, was launched by Aarhus United Denmark. DeliAir™ is an airy chocolate filler for the confectionery market and is trans-free or has a very low content of trans fatty acids.

The product series EsSence™ was launched by Aarhus United USA. The EsSence™ series comprises trans free shortenings. The fats are non-hydrogenated, do not contain trans fatty acids, and have low levels of saturated fats.

Sustainability

In 2002, Aarhus United A/S began its participation in UN's Global Compact partnership, which focuses on advancing sustainability. As part of this cooperation, in 2004 we sponsored a project in Burkina Faso that relieves women of some of their physical work and allows them the opportunity to earn their own salary, for example through the collection of shea nuts.

On behalf of the group, Aarhus United UK is playing a major role in the development of The Roundtable for Sustainable Palm Oil (RSPO), a world-wide movement that includes retailers, NGOs (in particular the WWF), the food industry, refineries and producers. The RSPO focuses on the sustainable production of palm oil, which is one of Aarhus United's most important raw materials. On the first general assembly in October 2004 in Jakarta, Indonesia, Aarhus United UK was elected to fill one of the seats of the Board for a two-year period.

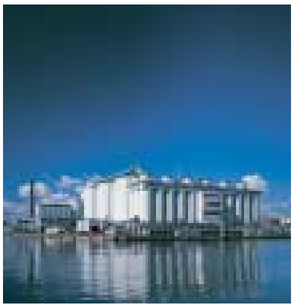
Report from Aarhus United Denmark A/S

As a result of the new group structure in Aarhus United A/S, Aarhus United Denmark is now an independent subsidiary along with the three other production companies.

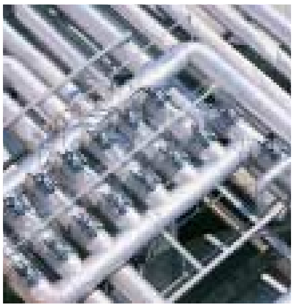
2004 has been a satisfying year for Aarhus United Denmark, with continued growth in speciality fats sales. In total, Aarhus United Denmark reached an EBIT of DKK 81.9 million, compared with DKK 62.3 million in 2003.

In Spring 2004, the strategy was adjusted to allow more focus on optimising all parts of the value chain. The changed strategy was a result of the ever-increasing competition in the market.

To improve profitability it was necessary to reduce the number of employees. Further, focus was paid to implementing profitability-driven production investments. In addition, the organisation at large worked with efficiency-building activities, including more effective utilisation of production capacity.



At the same time, Aarhus United Denmark has witnessed continued growth in earnings as well as volume in the sales of speciality fats for the confectionery business, particularly within CBE (Cocoa Butter Equivalent), and especially in the new markets that are part of the strategic aim. The wish for continued growth has, among other things, lead to the establishment of the previously mentioned subsidiary in Uruguay, Aarhus United Latin America. In cooperation with local competencies, the production and marketing of speciality fats for the confectionery business in South America will be expanded. Through the new subsidiary, Aarhus United Denmark has a unique opportunity that allows proximity to local customers and the possibility to offer them attractive and competitive solutions.



Based on strong cooperation with customers, a range of new products has been developed that supports the ambitions of continued growth in earnings and the intentions of maintaining and developing the leading position as a supplier to the confectionery business. Among the epoch-making products are Tripplefill™, DeliAir™ and Illexao™ BR NL, which enable customers to create new products with new functionalities.

Similarly, the Health Care business area and cooperation with BSP Pharma A/S are developing well, and we continue to expect good results.

The shift in strategic focus with a better balance between profitability and growth continues to be based on the development of the employees through constant development of competencies and strengthening of the company values: integrity, responsibility and commitment.

Report from Aarhus United UK Ltd.

The year 2004 has been a splendid year for Aarhus United UK, with the highlight being the realisation of significant returns from Bakery and Foodservice. The investments made in this area during 2002 and 2003 have really begun to pay off, and the company has been able to operate with exceptional service levels and product quality. This combined with good results in other areas of the business have led to a record year for Aarhus United UK and a very firm platform on which to build in the coming years. The strategy of focussing on valued-added products and services, rather than trying to compete simply on price, has been a factor in the company's good financial performance.

Also encouraging has been the stabilisation of results from the bulk oils business, where margins seem to have settled after several years of decline due to competitor activity. Operational efficiencies throughout the business also improved markedly on 2003 as the investment in technology and automation began to show a return, and OEE (overall equipment efficiency) steadily improved.

Intangible drivers of value excluded from immediate financial returns also showed excellent progress. Brand development has moved forward, and Aarhus United UK is now a very clear market leader in the foodservice sector with its brands Prep™ and Whirl™. Our mix of marketing activities have included trade shows in UK, USA, France, Italy and Hong Kong as well as launching an innovative loyalty scheme for users of the Prep™ brand of frying oil.

Retail sales have also continued to be strong, both in the UK and export markets with both Aarhus United UK brands such as International Collection and private label sales contributing to the success.

During 2004, the Rowallan property in Scotland was sold to a housing development company, and the old factory has now been demolished. Most importantly, in financial terms, 2004 was really excellent with the company enjoying a record-breaking year boosted by the one-off gain on the sale of the Rowallan property. For 2004 EBIT has been finalised as a record DKK 88 million (GBP 8.2 million), compared with DKK 68 million (GBP 6.2 million) in 2003. It is particularly pleasing that gains have occurred in operating profit, which excludes trading gains and exceptional items such as the Rowallan property sale. Operating profit rose to DKK 81 million (GBP 7.6 million), an excellent 23% increase on 2003. Pre-tax return on capital employed of 15.1% in 2004 comprises a splendid return, despite heavy investment in the Bakery business over previous years.

All in all, an excellent year built on solid foundations leaving the company in a strong position to compete in the coming years.

Report from Aarhus United USA Inc.

The shape of the business of Aarhus United USA Inc. has changed significantly in 2004. It was an extremely rewarding year not just financially but also crowned with satisfaction of enjoying a high degree of organic growth. The year 2004 was coloured with enthusiastic work on developing new products, their vigorous promotion and subsequent, successful placement with the client base interested in replacing existing hydrogenated trans-containing fats with those free of trans fatty acids, hydrogenation and in many cases with low saturated fat content.

The company's traditional mature lauric, predominantly confectionery business has been augmented with sales of new trans-free, non-hydrogenated products into bakery, cereal and nutritional bar segments of food manufacturing market.

At the International Baking Industry Expo in Las Vegas, Aarhus United USA launched the EsSence™ brand, the most advanced line of trans free shortenings produced without hydrogenation and containing low levels of saturated fat but maintaining a high degree of functionality. The success of these endeavours is clearly reflected in the handsome revenue contribution originating from the marketing of new products, not just EsSence™, but also the new Cisao™ brand and the extended line of Cebes™ products.

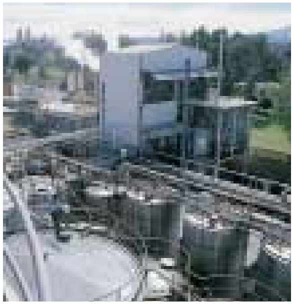
In its first year, the trans-free, non-hydrogenated products contributed 7% of volume and 9.7% of the net margin to the business of Aarhus United USA in 2004.

After four years of flat volume and net margin growth, in 2004 the company boasted 9.2% growth in volume and 17.7% growth in net margin.

The company has also invested into a large variety of resources essential to supporting the successful growth of the new business segments and has opened an office in Canada in order to be closer to the client base. Two additional strategically positioned business partners, in southern United States and in Canada, not only added new technologies but also greatly enhanced the service and delivery response and expanded total production capacity.

For Aarhus United USA, 2004 was a year that served as an extremely efficient springboard for building entirely new and successful business and driving significant growth opportunities well into the future.

For Aarhus United USA, EBIT for 2004 reached DKK 33 million (USD 5.5 million). Compared with 2003, this represents a DKK 8 million increase, which is primarily due to the sales of the new trans-free products.



Report from Aarhus United México, S.A. de C.V.

In 2004, Aarhus United México achieved a very satisfactory result and reinforced its position as the Mexican market leader within the industrial fat and specialty fat segment.

Achieving an outstanding result for the year 2004 is a consequence of various factors, but in particular, it is the effort and commitment of the people of Aarhus United México who are responsible for such a successful year.

During the year the company expanded its market in the supplying of the margarine, dairy-like and mid-size frying market segment, in total increasing the sales by 33%, compared with the previous year.

The increased sales were possible through an improvement of the plant's existing refining capacity by nearly 20%, a considerable enhancement of the plant efficiency in general, as well as significant development of new applications for existing products.

A well-driven financial management taking a precise advantage of the economic environment, such as excellent hedging and raw material negotiation performances kept us along the year in a very competitive position.

This year's result shows that the strategy of focusing on its people, starting with the management leadership program in 2003 and continuing in 2004 including an extensive IT training program, has paid off. The company has been very successful in improving internal communication and the control of the key procedures in different departments; as a result, the Employee Satisfaction Survey showed an outstanding 85% satisfaction reading compared with the 79% in the previous year.

An excellent year is reflected not only in indicators, but also in the generation of new opportunities sustained by a solid ground on which to stand. Aarhus United México is in the best position to undertake future challenges, of which the development of low-trans positioning, increase of market share, investment to improve production efficiency, and the development of a culture of "sustained improvement" will be the key issues on which to build our growth.

In 2004, Aarhus United México realised an EBIT of DKK 43 million (MXN 82 million); an increase of DKK 19 million on 2003. The profit improvement is primarily due to a volume increase of 32,000 tonnes, and with the same exchange rate for translating the result into Danish kroner as last year, it would have been DKK 6 million higher.

BSP Pharma A/S (subsidiary of Aarhus United Denmark A/S)

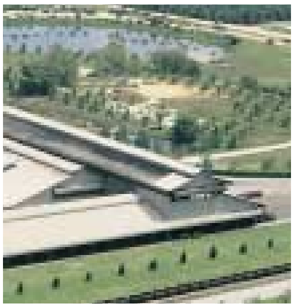
BSP Pharma notified the health authorities in the US (Food and Drug Administration, FDA) about the planned marketing of the dietary supplement BSP 201 against arthritis and muscle pains. The notification did not cause any objections from the FDA, and BSP 201 can now be marketed and sold in the US.

The company participated in leading expositions in the US and Japan with the purpose of identifying potential partners for the launch of BSP 201 in these markets.

Intense negotiations were held with potential partners for the launch of BSP 201 in the North American markets. The final decision regarding the strategy for marketing and distribution has been postponed until the new ownership of Aarhus United is in place.

Clinical tests of BSP 103 against psoriasis were initiated, and the result is expected before the end of the first quarter of 2005.

The protocol for the coming clinical test of BSP 110 against herpes simplex has been submitted to the relevant ethical committee, and tests started in early 2005.



United Plantations Berhad

In 2004, the associated company United Plantations Berhad attained net profits of DKK 203 million (MYR 129 million), compared with DKK 162 million (MYR 95 million) in 2003. With a share of 23%, this gives Aarhus United A/S a profit share of DKK 48 million. The profit share corresponds to that of last year. However, when comparing it should be noted that the development in exchange rates has had a negative translation effect of DKK 4 million.

The sale of Aarhus United A/S

On 30 August 2004, United International Enterprises Limited (UIE) announced that an investigation had been initiated with the purpose of determining whether UIE should maintain its shareholding of 45.9% in Aarhus United A/S. On 21 October 2004, UIE announced that it would now actively seek to divest its shareholding.

With this, a sales process began, and in the following months a number of management presentations were given to potential buyers, who concurrently carried out their own investigations of the company. As this report goes to press, the sales process is expected to be completed by the end of the first quarter of 2005 as announced in stock exchange announcement no. 3 of 31 January 2005.

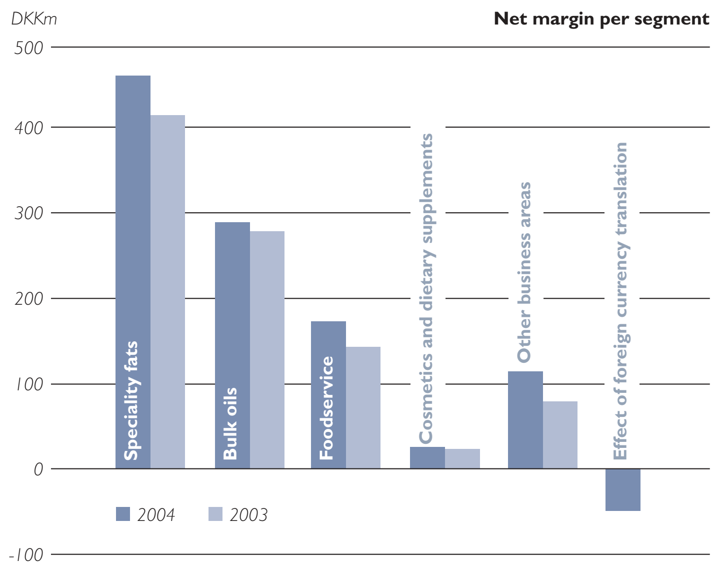
The result for the year – overview and background

For the Aarhus United group 2004 was a very satisfying year. With net profits of DKK 175 million it was up DKK 87 million from last year's result – a 100% increase. When disregarding an extraordinary tax income of DKK 23 million, net profits amount to DKK 152 million, which lies within the interval of DKK 140-160 million announced in the third quarter report (stock exchange announcement no. 20 of 22 November 2004).

Considerable growth is seen in all of the group's primary companies, and this increase should be seen as the result of general economic circumstances being better than last year, but also as the result of a deliberate strategic aim at efficiency and core business.

The satisfying result has been achieved despite the fact that lower exchange rates have had a negative influence on the consolidated result when translating results in foreign currencies into Danish kroner. Had the exchange rates been the same as the ones used last year, consolidated net profits would have been DKK 13 million higher.

Development in net margin per segment adjusted for effect of foreign currency translation at declining exchange rates



Expectations for 2005

As a listed company, Aarhus United A/S will – as from 2005 – submit its annual report in accordance with international accounting standards. However, as a consequence of the ongoing sales process, we do not expect our financial reporting to be subject to the IFRS. Further, a potential changeover to the IFRS is estimated to have only limited influence on future results.

For that reason, the expectations for 2005 stated below are based on the current accounting policies.

In the light of the satisfactory result for 2004, we expect to continue this development in 2005, based on the following expectations:

- Relative to 2004, marginal increases are expected in sales volumes – with a change in product mix towards more value-added products within vegetable speciality fats and foodservice.

- Increased sales of vegetable speciality fats are expected due to the growing demand that is anticiptated within the EU as a result of the so-called 5% rule and increased applications in other parts of the world.

- Consolidated bulk oil sales are expected to continue to be under pressure due to severe competition.

- Aarhus United USA expects sales of trans-free palm-based products to increase.

Sales of BSP Pharma products for treatment of arthritis and eczema are not expected to contribute to the income of Aarhus United Denmark until 2006.

For the full year, consolidated operating income is expected to amount to DKK 210-230 million and pre-tax profits to DKK 190-210 million. Consolidated profits, after tax, are expected to amount to DKK 120-140 million.

Based on unchanged raw material prices and higher sales volumes, we expect revenue to be marginally higher in 2005 than in 2004 when revenue, expressed in Danish kroner, amounted to DKK 5.0 billion.

As the sales process has not yet been concluded at the time of going to press, expectations for 2005 include the full proportion of United Plantations Berhad's expected profit for 2005.

Development in the segments

Aarhus United's wide range of vegetable oils is used in many sectors of the food industry and in cosmetic and health care products.

The range includes a broad assortment of vegetable speciality products, which are marketed internationally, e.g. as tailor-made ingredient solutions for the chocolate and the health care industries or as retail products with unique properties. Aarhus United always strives to create value for the customer by satisfying their requirements for products with special characteristics, which demand an advanced production and service apparatus. The range also includes bulk vegetable oils, which are standardised products with low profit margins, and which are primarily sold locally on those markets where the group has its own production facilities.

Chocolate and the confectionery industry

A position as one of the biggest producers of vegetable speciality fats to the chocolate industry worldwide places big demands on the ongoing development work, and Aarhus United is becoming increasingly involved in customer development projects. More than half of these projects result in products – an outstanding result in the branch and proof of a unique knowledge.

In 2004, the group witnessed increased growth in sales as well as earnings from speciality fats to the chocolate industry, especially within CBE, and the establishment of a new subsidiary in South America, Aarhus United Latin America in Uruguay, forms the basis for continued growth.

The 2003 implementation of an EU directive in national legislation opened up great growth potential for Aarhus United within the EU. The directive allows all EU countries to add up to 5% vegetable oil to replace cocoa butter in chocolate products; however, in terms of sales it has not had a full effect yet.

Foodservice and bakery fats

The foodservice and bakery segments have become an important market, especially for Aarhus United UK. The company is now a market leader, and the investments that were made in 2002 and 2003 have resulted in earnings that have improved significantly.

Bulk oils

The market for bulk vegetable oils is traditionally characterised by large volumes and low profit margins due to the many suppliers and, consequently, intensive price competition. The focus on costs and production efficiency is a central element in Aarhus United's strategy for this area. After several years of decreasing profit margins, in 2004 the market witnessed a certain degree of stabilisation.

Oils for dietary supplements

The subsidiary BSP Pharma has worked on identifying possible partners in the US and Japan for the launching of the dietary supplement BSP 201 against arthritis and muscle pains. Further, there are negotiations with potential partners regarding the launch of the product in the North American markets.

The final decision on marketing and distribution strategies have been deferred until the new ownership of Aarhus United is in place.

Clinical tests of BSP 103 against psoriasis have been started, and the result is expected in the first quarter of 2005. Tests of BSP 110 against herpes simplex started in early 2005.

Fats free of trans fatty acids

The market for processed fats increasingly demands speciality products that can meet specific needs. In order to keep one step ahead of these needs, the group spends many resources on development work. The company was, for example, quick to launch an entire range of trans-free fats, when the market began to show an interest in such products. In 2004, the American market, among others, saw an increase in demand for these products, and Aarhus United USA launched a new series of trans-free shortenings that met with a ready market.

Aarhus United is particularly well geared to producing trans-free products due to its big involvement in palm oil, which due to its high melting point does not require the hydrogenation process that produces trans fatty acids.

THE GROUP'S STRATEGIC COMPANIES AND BUSINESS SEGMENTS

Net margin*	Aarhus United Denmark	Aarhus United UK	Aarhus United USA	Aarhus United México	Total DKKm
Speciality fats	73%	11%	66%	33%	445
Bulk oils	18%	33%	26%	66%	271
Foodservice	0%	53%	0%	1%	163
Cosmetics and dietary supplements	3%	3%	0%	0%	20
Others	6%		8%		36
Total	100%	100%	100%	100%	
Total DKKm	420	303	112	100	935

The net margin is revenue minus raw materials and direct production costs. Due to joint production, segment information divided into product types can only be given on net margin level.

Sustainability

Global Compact

In 2002, Aarhus United joined the UN-based international agreement to promote sustainability, the Global Compact. The subject has interested the group for many years and efforts to systematise the involvement of each company in this area will continue.

To ensure this work progresses systematically, the group has opted to report on its sustainable efforts via the Global Reporting Initiative, which is closely linked to the Global Compact.

In 2004, the group investigated the sustainable initiatives currently underway in the individual subsidiaries. Data on 30 of the 50 core indicators in the Global Reporting Initiative were reported by the individual subsidiaries, and a set-up has been established to ensure this reporting in future.

As a result of the sustainability initiative, an international cooperation forum was set up which, from now on, will ensure knowledge sharing and a common direction in the group's sustainable initiatives.

Fighting poverty in Africa

The group aims to see its involvement in the UN Global Compact produce real, meaningful development projects that promote sustainability.

At the beginning of 2004, Aarhus United entered into a partnership and sponsor agreement with United Nations Development Programme (UNDP) about a project in Burkina Faso. The project works with the country's shea nut gatherers. Aarhus United's aim as a participant is to secure better conditions for the gatherers and, in this way, encourage increased gathering and stable supplies of one of the group's most important raw materials.

Leaders in a joint organisation for sustainable palm oil production

"The Round Table on Sustainable Palm Oil" is an initiative involving a number of companies in cooperation with the WWF, and in which Aarhus United has played a part since the beginning in September 2001. The aim of the work is to develop criteria for sustainable palm oil production and to ensure these criteria become widespread.

The range of participants is so broad that they cover all aspects of the production and application of palm oil with the aim of promoting sustainability in palm oil production. The issue is complex and includes not only environmental but also social and economic aspects of palm oil production in the many growth areas of the world.

During 2004, the group developed the first draft criteria for defining sustainable palm oil.

Nordic initiative

In 2004, Aarhus United joined The Nordic Partnership, which is an NGO business network founded in 2001 by the WWF, among others. The network members operate in the Nordic region as well as worldwide and their main objective is to take initiatives that make sustainability a rewarding business.

Food safety

Group policy is to remain one step ahead when it comes to food safety. This is necessary in order to maintain a high degree of credibility on the market. The group's international subsidiaries report on a growing awareness of the subject among customers and authorities.

A high level of food safety has, for many years, been an uncompromising demand within Aarhus United's production plants. The group regards the issue a common, global responsibility, and cooperation across the group is very well-established. Efforts are made to ensure that it is possible to trace all products right back through the supply chain.

In 2004, the individual subsidiaries completed the mapping of all food safety routines implemented to date. Subsequently, internal benchmarking efforts were made, partly to stimulate the intra-group learning culture, partly to define minimum food safety limits in all relevant areas. A special Cross-Company Team will be playing a major role in this process.

Example of a supply chain:

	Examples of potential risks	Examples of critical control points	Examples of traceability
Cultivation	• Use of pesticides • Use of gene technology • Environmental load • Working conditions	• Monitoring of pesticides • Audit	• Invoice • Batch no. • Container no.
Transport/ storage	• Contamination with other products • Contamination with fungal toxins	• Dedicated transport • Toxin check in raw materials	• Number plate of lorry • Batch no. • Invoice • Weight slip • Reception no.
Oil extraction	• Direct drying of raw materials with waste gas • Contamination with lubricants	• Lubricant check	• Batch no. • Tank no. • Clip-lock box no. • Contract no. • Analysis no.
Oil transport	• Contamination with other products	• Dedicated transport	• Container or ISO container no. • Number plate of tank lorry • Batch no. • Clip-lock box no. • Contract no. • Invoice
Tank storage	• Contamination with other products	•Dedicated tank system	• Tank no. • Batch no. • Contract no.
Ship storage	• Contamination with cleaning agents • Contamination with other products	• Inspection of ship tanks • Check of previous cargoes	• B/L • Container or ISO container no. • Contract no.
Aarhus United tank storage	• Oxidation/decomposition	• Temperature control/antioxidant • Release control • Check for potential contaminants	• Batch no. linked to AU tank • Clip-lock box no. • Analysis no. • Contract no.
Aarhus United refining	• Contamination with mineral oil, foreign bodies, pathogenic bacteria • Incomplete removal of undesirable substances	• Food grade lubricants • Control of critical process parameters • Sterilisation • Final filtration • Metal detection • High standard of hygiene	
Tank lorry transport	• Contamination with previous cargoes • Contamination with cleaning agents • Contamination during transport	• Cleaning certificate • Visual inspection • Sealing of tank compartments	

Risk Management

Financial risk management is one of the business' most important processes. Without this focus, the financial result could fluctuate significantly without having any bearing on the group's real business performance.

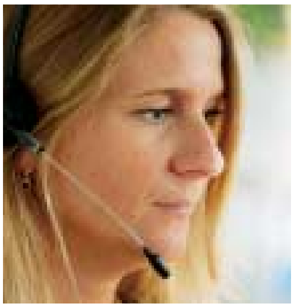
Raw material and currency risks

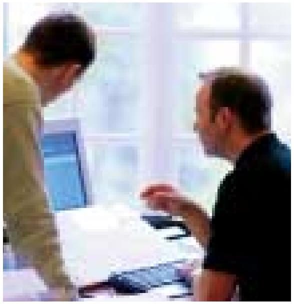
Group raw material costs represent a relatively large part of consolidated revenue. Moreover, the major part of consolidated revenue and raw material purchases is denominated in foreign currencies. This makes group raw material and currency exposure management a key success criterion.

It is group policy to hedge raw material and currency exposures as best possible in order to reduce the effect of changes in raw material and currency prices on consolidated profit.

Hedging of sales contracts

In general, group exposure is smallest when raw materials are purchased and currency exposure is hedged at the same time as new sales contracts are entered into.





The hedging of raw material and currency risk is based on three main principles:

Dynamic sales prices for customers	Sales prices of finished products are not set until a contract has has been made with the customer. The price is based on the current raw material process and exchange rates.
Online price calculation	The calculation of customer sales prices is based on calculation systems that are regularly updated with the latest raw material prices and exchange rates.
Immediate risk elimination	As soon as the sales contract has been made, the raw materials department covers its risks by buying the equivalent raw materials. The currency risks for the sales contract and raw material purchase are then covered through trade on the currency market. In this way, the risks involved in the sales contract are eliminated.

So raw material and currency exposures emerge and are hedged immediately upon the conclusion of new sales contracts. However, within clearly defined and narrow position and risk limits, raw material and currency risk managers are authorised to optimise the hedging of raw material and currency exposures.

Other aspects

The group is exposed to currency fluctuations on its equity investments in foreign subsidiaries and associates. As a result, the consolidated profit is affected by the translation into Danish Kroner of profits from these companies and the consolidated capital and reserves is affected by the translation into Danish Kroner of the same companies' capital and reserves.

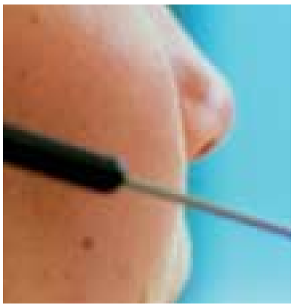
A 10% change in relevant currencies against Danish Kroner is estimated to exert a net effect of DKK 9 million per year on consolidated profits, after tax, and a net effect of DKK 115 million on consolidated capital and reserves.

Interest rate risk

The group interest rate exposure relates to interest bearing debts and cash reserves only.

According to group policy, the interest bearing debt must be equally split between fixed rate and floating rate borrowing. The floating rate is often fixed for the coming budget year. Group risk managers are, within well-defined limits, responsible for optimising the financing costs by changing the proportions of floating and fixed rate borrowings. This is achieved through interest rate swaps as well as other interest rate instruments.

For 2005, a 1% rise in interest rates will increase consolidated interest expenses by approximately DKK 1 million.



Financial resources

The group's total interest-bearing debts at the end of 2004 amounted to DKK 1,317 million, of which DKK 831 million has duration of more than one year.

Group financial reserves consist of cash reserves, a bond portfolio and unused credit facilities.

As at 31 December 2004, group unused credit facilities amounted to DKK 772 million, of which DKK 158 million has duration of more than one year.

The group liquidity risk primarily relates to changes in working capital requirements caused by changes in raw material prices. Thus a 10% change in all relevant raw material prices will increase the group working capital requirements by approximately DKK 100 million.

Credit risk

The group credit risks consist of credit risk on trade debtors and counterparty risk on contracts.

The group will continue to evaluate the creditworthiness of customers and other counterparties. This evaluation is made by each subsidiary and is based on current market conditions and practice within the industry.

The majority of the group's customers and other counterparties are large multinational companies with a good credit rating and long-standing business relations. The credit risk on these counterparties is typically low.

For counterparties with inadequate or unsatisfactory credit information, only small credit limits are granted both to each counterparty and each country or group of countries. This applies especially to counterparties in Eastern Europe, Russia and other distant markets.

Insurance

Group insurance is based on Danish insurance standards, which generally provide a higher level of coverage than normally experienced elsewhere. We make use of worldwide coverage adjusted to the individual country, a policy that secures considerable cost savings. These insurance conditions are in accordance with all relevant Danish and international legislation.

Shareholder information

Dividend

Aarhus United A/S has a policy that favours paying out a dividend as this gives the company's shares a certain amount of liquidity.

In recent years, the dividend rate has been 12%.

The supervisory board will propose at the annual general meeting that the dividend for 2004 is maintained at 12%, or DKK 48 million. In making this proposal, all due consideration is taken for the necessary consolidation of capital and reserves, which underlie the group's continuing growth.

Policy regarding treasury shares

Aarhus United A/S is authorised by the annual general meeting to purchase up to 10% of the company's shares.

As at 31 December 2004, this shareholding comprised 121,778 shares, equivalent to 3.0% of share capital, compared to a holding of 3.3% as at 31 December 2003. The holding was reduced following the allocation of employee shares after the annual general meeting, as part of the bonus scheme.

Share and dividend key figures	2004	2003	2002	2001	2000
Average no. of shares of DKK 100 (1,000 shares)	4,000	4,000	4,000	4,000	4,000
Market price year-end (DKK)	556	313	310	248	180
Equity value (DKK)	332	319	356	383	339
Price/equity value	1.68	0.98	0.87	0.65	0.53
Price earnings (PE)	12.7	14.2	8.6	6.0	7.1
Price cash flow (PCF)	7.2	5.6	4.4	3.2	3.2
Earnings per share (EPS) (DKK)	43.8	21.9	36.1	41.6	25.2
Cash flow per share (CFPS) (DKK)	76.9	55.4	70.8	77.4	57.2
Dividend per share (%)	12.0	12.0	12.0	12.0	12.0
Pay-out ratio (%)	27.4	54.7	33.2	28.9	47.6

See definitions of key figures on page 45.

Shareholders, capital and votes

The company's share capital of DKK 400 million comprises 4 million shares of DKK 100 with one vote per share.

The shareholders comprise:	Share ownership nominal DKK	Equity/votes %
United International Enterprises (Denmark) A/S, Copenhagen, Denmark – including subsidiaries	183,764,400	45.9
The Danish Labour Market Supplementary Pension Scheme, Hillerød, Denmark	40,013,500	10.0
The Employees Capital Pension Fund, Copenhagen, Denmark	21,089,600	5.3
Other registered shareholders	88.612.268	22.2
– of which bound employee shares	6,422,700	1.6
Non-registered shareholders	54,342,432	13.6
Total excluding treasury shares	387,822,200	97.0
Treasury shares	12,177,800	3.0
Total	400,000,000	100.0

Share class

Only one share class exists and the company's articles of association include no provision that gives any share or shareholder special rights.

Annual general meeting

The annual general meeting in April is typically announced two to three weeks in advance by advertisement in a national newspaper. All registered shareholders receive a printed copy of "Annual report 2004 Highlights" together with the agenda for the annual general meeting. The full annual report can be found at the company's website at www.aarhusunited.com.

Financial calendar for 2005

7 March	Preliminary announcement of the annual accounts for 2004
13 April	Web version of the annual report 2004
27 April	Annual general meeting
23 May	First quarter report
29 August	Second quarter report (half year)
21 November	Third quarter report

Proposal to the annual general meeting

At the annual general meeting on 27 April 2005, the supervisory board will propose the profits of DKK 175 million are allocated as follows:

■ 12% dividend	DKK 48 million
■ Reserve for net revaluation of investments in subsidiaries and associates	DKK 32 million
■ Retained profit/free reserves	DKK 95 million

Investor Relations policy

Aarhus United's Investor Relations activities contribute to ensuring an effective pricing of the share.

Information and communication contribute to raising the profile and understanding of Aarhus United's business concept – and should be prompt and satisfactory with all due respect for competitor-sensitive information and stock exchange rules.

Contact person

Further information is available at Aarhus United's website www.aarhusunited.com, the Investor Relations section.

Inquiries related to investor and share market relations can also be made to:

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Group CFO
Tel +45 8730 6215
Fax +45 8730 6002
esben.vibe@aarhusunited.com

Corporate governance

There are many elements involved in working with corporate governance and Aarhus United considers openness and information particularly important in dealing with the different stakeholders, among these not least the shareholders. The company management will continue promoting and developing corporate governance at all levels throughout the group.

In January 2004, the Copenhagen Stock Exchange Committee for Corporate Governance published an updated version of the Danish Nørby committee's original recommendations for corporate governance in Denmark. A number of the areas covered by these recommendations are described below, while the others appear elsewhere in the report (under Shareholder Information and Risk Management).

The supervisory board's tasks and responsibilities

The supervisory board meets at least five times a year. In connection with the August meeting, a strategy conference is held, in which the managers from the major group subsidiaries participate. Here, strategy plans for the next three years are discussed and approved for each company and the group as a whole.

Composition of the supervisory board

The supervisory board comprises six members, who are elected at the annual general meeting, and three representatives elected by the employees. The members of the executive board, while not members of the supervisory board, participate in board meetings.

A majority of the elected supervisory board members are independent, as defined by the Nørby report.

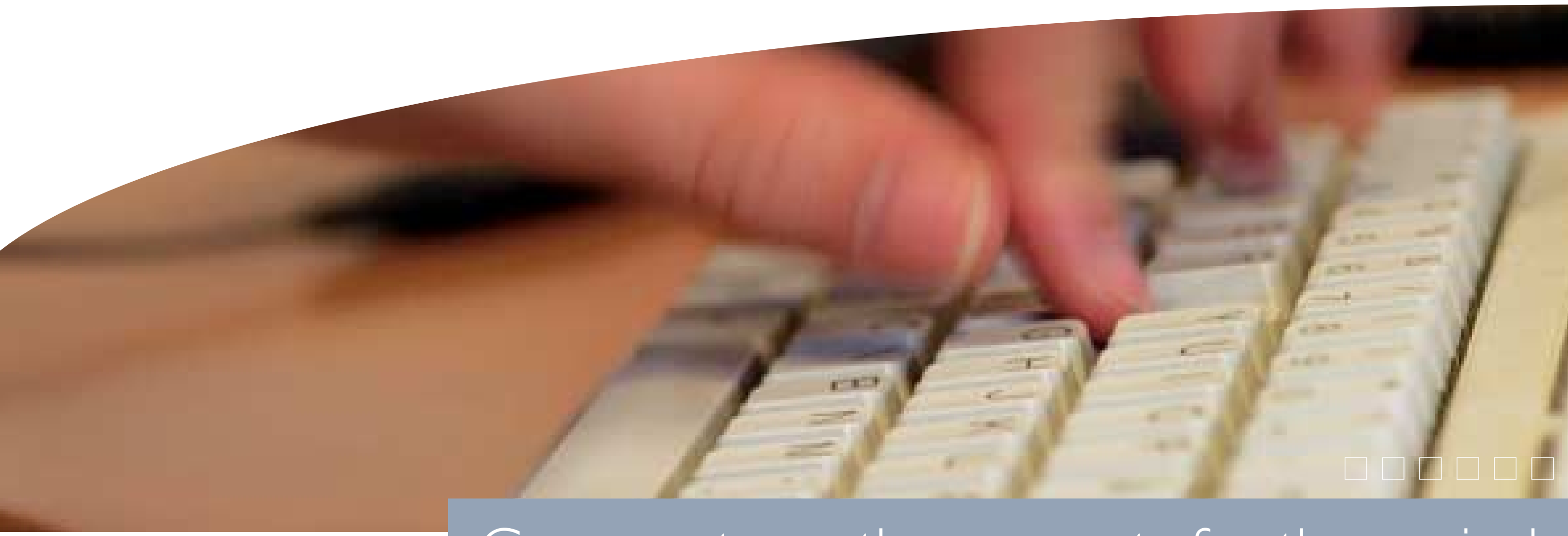
Members voted in at the annual general meeting are elected for two years at a time and are required to withdraw at the meeting held in the year of their 70th birthday, at the latest.

There is no maximum limit on the number of years members can remain on the supervisory board or limitation on members' involvement in other boards, as these criteria are not considered relevant when evaluating the competence of a supervisory board member.

Supervisory board and executive board salaries

Neither the supervisory board nor the executive board is rewarded with rights over shares or options. The two executive board members are entitled to a bonus system, which gives each member a bonus depending on annual profits – at present profit levels this is equal to 30-45% of the set salary.

In principle, no form of golden handshake exists for members who leave the supervisory board or the executive board, but in connection with the divestment of United International Enterprises' controlling interest in Aarhus United A/S, a number of key persons in the companies of the group were offered financial compensation – if the sale is completed – in return for accepting a longer, mutual term of notice (cf stock exchange announcement no. 18 of 21 October 2004).



Comments on the accounts for the period

The Aarhus United group achieved a very satisfactory result for 2004. Post-tax profits of DKK 175 million were DKK 87 million above profits for 2003 – a 100% improvement. Disregarding the extraordinary tax income of DKK 23 million, post-tax profits would have amounted to DKK 152 million, which is within the DKK 140-160 million result expected in the published report for the third quarter (stock exchange announcement no. 20 dated 22 November 2004).

The four production companies in Denmark, the UK, the USA and Mexico all achieved better results in 2004 than in 2003. Their operating income improved by DKK 67 million in total. This is considered to be due to favourable economic developments in general, compared with the previous year, but also to be the result of the companies' strategic commitment to efficiency and core business.

The satisfactory result has been achieved despite the negative influence of exchange rates applied in converting the results in foreign currencies into Danish Kroner. If exchange rates had remained unchanged relative to 2003, consolidated profits, after tax, would have been DKK 13 million higher.

In comparing with the post-tax profit of DKK 88 million in 2003, it should be noted that

- In 2003, the withdrawal from the company's commitment in Maritex AS in Norway exerted a negative post-tax influence of DKK 25 million.
- In 2004, total post-tax income from the sale of silos and land of DKK 23 million was included.
- In 2004, extraordinary tax income of DKK 23 million was included.

Even if consolidated profits are adjusted for the above non-recurring items, the improvement of DKK 29 million in the result, after tax, is significant.

Consolidated revenue in 2004 was higher than in 2003. This was due to the net effect of the higher volume sales of the group as a whole, the lower exchange rates when converting international results into Danish Kroner and higher raw material prices.

The value-added increase totalled DKK 83 million in 2004, relative to 2003. The increase was due to the general higher sales volumes – in particular, the increased sales of vegetable speciality fats to the chocolate industry.

Net margin, which is the value added, minus direct production costs, was DKK 77 million above the level achieved in 2003.

Consolidated fixed costs increased by DKK 46 million in 2004, compared with the previous year. In addition, the effect of the lower exchange rates applied in converting the results in foreign currencies into Danish Kroner improved costs by DKK 29 million. The actual increase was thus DKK 75 million, or 10%. The increase results from a general rise in costs, increased bonuses due to the higher result – primarily in Aarhus United México – and increased depreciation and maintenance in Aarhus United Denmark. Fixed costs were also influenced by the extraordinary costs incurred in 2004 in connection with the ongoing sales process.

Consolidated operating income increased from DKK 153 in 2003 to DKK 234 million in 2004. The improvement is mainly due to higher sales volumes, but, compared with 2003, it should be noted that the withdrawal from our commitment in Maritex exerted negative influence of DKK 19 million on operating income in 2003.

Pre-tax profits from investments in associates, at DKK 59 million, increased by DKK 5 million, compared with 2003. In 2003, the investment in Maritex in Norway produced a loss of DKK 12 million up to the sale of the company.

Consolidated interest expenses for 2004 amounted to DKK 64 million – the same level as in 2003.

Pre-tax profits totalled DKK 229 million, compared with DKK 142 million in 2003.

Tax for the year amounted to DKK 48 million, the equivalent of a 21% effective taxation rate. In 2003, tax of DKK 51 million was equivalent to a 36% tax rate. Tax for the year is influenced by the adjustment of the group's tax asset and new tax rules, which have affected the accounting tax by DKK 23 million.

The extraordinary tax income of DKK 23 million comprise various items. In the first half of 2004, deferred tax in United Plantations Berhad was adjusted due to the final tax effect of United Plantations Berhad's acquisition of United International Enterprises, Malaysia. The tax effect is stated at DKK 6 million in Aarhus United's accounts. Moreover, Mexican tax legislation was amended at the end of 2004, which resulted in a re-evaluation of the Aarhus United México tax asset. Aarhus United's proportion of this tax asset amounts to DKK 8 million. Finally, the tax assessment of the Danish companies, relative to the fiscal years of 2001 and 2002, was concluded at the end of 2004. As a result, tax assets in the jointly taxed companies were re-evaluated, exerting a positive influence of DKK 9 million on the accounts.

Consolidated investments totalled DKK 132 million in 2004, compared with DKK 117 million the previous year.

Capital and reserves

Consolidated capital and reserves increased by DKK 53 million to DKK 1,327 million. The net effect of the annual result, less the dividend distributed, was an increase of DKK 127 million, whereas the currency conversion of foreign subsidiaries' capital and reserves resulted in a decline of DKK 76 million.

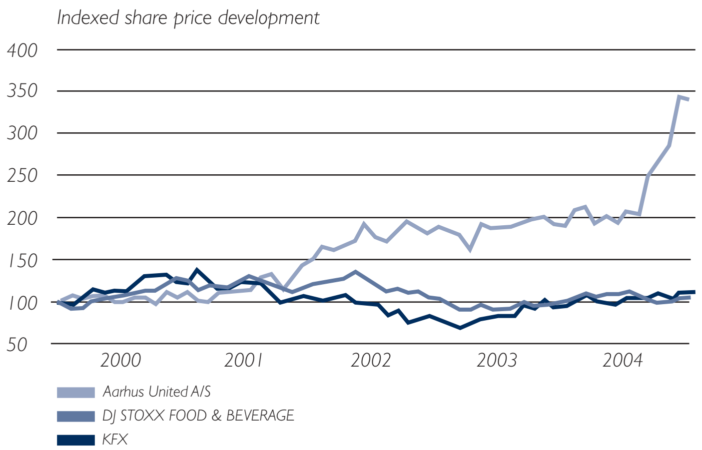
Of this, DKK 11 million related to Aarhus United México, S.A. de C.V., DKK 4 million to Aarhus United UK Limited, DKK 32 million to Aarhus (Malaysia) Sdn Bhd (United Plantations Berhad), DKK 18 million to Aarhus United USA Inc., and DKK 11 million to other companies.

Share price development and own shares

In recent years, the company's share price has increased from DKK 180 at the end of 2000 to DKK 556 at the end of 2004 – equivalent to an increase in the market capitalisation of DKK 1.5 billion.

Throughout the year, Aarhus United A/S has been quoted on the MidCap+ segment of the Copenhagen Stock Exchange.

Own shareholdings numbered 121,778 on 31 December 2004 – equivalent to 3.0% of the share capital. These shares are included in capital and reserves at the purchase price, which is DKK 30 million below the year-end market price.



Cash flow

Operating income and depreciation together produced a positive cash flow of DKK 366 million – an increase of DKK 79 million, compared with 2003.

Total cash flow from operating activities totalled DKK 335 million, compared with DKK 228 million the previous year.

Consolidated cash flow from operating and investing activities totalled DKK 200 million in 2004, compared with DKK 151 million in 2003.

Consolidated negative cash flow from financing totalled DKK 40 million. The two main constituents were DKK 32 million in payments on long-term bank and mortgage loans and dividends of DKK 48 million paid out to shareholders.

Accounting policies

The annual report of Aarhus United A/S for 2004 has been prepared in accordance with the provisions applying to class D enterprises under the Danish Financial Statements Act, Danish accounting standards and the Copenhagen Stock Exchange financial reporting requirements for listed companies.

The accounting policies have been applied consistently with those of the preceding year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Group and the value of the asset can be reliably measured.

Liabilities are recognised in the balance sheet when an economic outflow is probable and when the liability can be reliably measured.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each individual item.

Certain financial assets and liabilities are measured at amortised cost implying the recognition of a constant effective interest rate to maturity. Amortised cost is calculated as initial cost minus any principal repayments and plus or minus the cumulative amortisation of any difference between cost and nominal amount.

In recognising and measuring assets and liabilities, any gains, losses and risks that occur prior to the presentation of the annual report and that confirm or disconfirm conditions existing at the balance sheet date are taken into account.

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities measured at fair value or amortised cost. Equally, costs incurred to generate the year's earnings are recognised, including depreciation, amortisation, impairment and provisions as well as reversals as a result of changes in accounting estimates of amounts which were previously recognised in the income statement.

It is group policy to hedge commodity and exchange rate risks on concluded sales contracts so that the calculated net margin is fixed as far as possible at the contracting date. Consequently, the price of raw materials in the contracts and inventories as well as in financial hedging contracts are restated at current value and the adjustment is recognised in the income statement. The purpose is to ensure correct accrual of the contracts and, with reference to Section 11 (3) of the Danish Financial Statements Act, a true and fair view.

Consolidated financial statements

The consolidated financial statements comprise the parent company, Aarhus United A/S, and subsidiaries in which Aarhus United A/S directly or indirectly holds more than 50% of the voting rights or which it, in some other way, controls. Enterprises in which the Group holds between 20% and 50% of the voting rights and over which it exercises significant influence, but which it does not control, are considered associates.

On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains and losses on intra-group transactions are eliminated.

The parent company's investments in the consolidated subsidiaries are set off against the parent company's share of the subsidiaries' net asset values computed when the subsidiaries became part of the group.

Enterprises acquired or formed during the year are recognised in the consolidated financial statements from the date of acquisition or formation. Enterprises disposed of are recognised in the consolidated income statement until the date of disposal. The comparative figures are not adjusted for acquisitions or disposals.

Acquisitions of enterprises are accounted for using the purchase method, according to which the identifiable assets and liabilities acquired are measured at their fair values at the date of acquisition. Provision is made for costs related to adopted and announced plans to restructure the acquired enterprise. The tax effect of the restatement of assets and liabilities is taken into account.

Any excess of the cost of the acquisition over the fair value of the identifiable assets and liabilities acquired (goodwill), including restructuring provisions, is recognised as intangible assets and amortised on a systematic basis in the income statement based on an individual assessment of the useful life of the asset, not exceeding 20 years. Any excess of the fair values of the identifiable assets and liabilities acquired over the cost of the acquisition (negative goodwill), representing an anticipated adverse development in the acquired enterprises, is recognised in the balance sheet as deferred income and recognised in the income statement as the adverse development is realised. Negative goodwill not related to any anticipated adverse development is recognised in the balance sheet at an amount corresponding to the fair value of non-monetary assets. The amount is subsequently recognised in the income statement over the average useful lives of the non-monetary assets.

Goodwill and negative goodwill from acquired enterprises can be adjusted until the end of the year following the acquisition.

Gains or losses on disposal of subsidiaries and associates are stated as the difference between the sales amount and the carrying amount of net assets at the date of disposal plus anticipated disposal costs.

Minority interests

In the consolidated financial statements, the items of subsidiaries are recognised in full. The minority interests' proportionate shares of the subsidiaries' results and capital and reserves are adjusted annually and stated separately in the income statement and balance sheet.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the contracting date. Foreign exchange differences arising between the exchange rates at the contracting date and at the date of payment are recognised in the income statement as interest income or expense and similar items.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as interest income or expense and similar items.

On recognition of foreign subsidiaries and associates which are separate entities, the income statements are translated at the average exchange rates, and the balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising on translation of the opening capital and reserves of foreign subsidiaries at the exchange rates at the balance sheet date and on translation of the income statements from average exchange rates to the exchange rates ruling at the balance sheet date are recognised directly in capital and reserves.

Exchange adjustments of separate foreign subsidiaries' intercompany balances, which are considered a part of the total investment in the subsidiary, are recognised directly in capital and reserves.

On recognition of foreign subsidiaries that are integral entities, monetary items are translated at the exchange rates at the balance sheet date. Non-monetary items are translated at the exchange rates at the acquisition date or at the date of any subsequent revaluation or impairment of the asset. Income statement items are translated at the exchange rates at the transaction date, although items derived from non-monetary items are translated at the historical exchange rates applying to the non-monetary items.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and payables, respectively.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in the income statement together with changes in the value of the hedged asset or liability.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future assets or liabilities are recognised in capital and reserves. Income and expenses relating to such hedging transactions are transferred from capital and reserves on realisation of the hedged item and recognised in the same item as the hedged item.

For derivative financial instruments that do not qualify for hedge accounting, changes in fair value are recognised in the income statement when they occur.

Income statement

Revenue

Revenue from the sale of goods is recognised in the income statement provided that delivery and transfer of risk to the buyer have taken place before year-end and that the income can be reliably measured and is expected to be received. Revenue is measured ex VAT, taxes and discounts in relation to the sale and less direct delivery costs to the customer and commission (if any) to intermediaries/sales agents.

Revenues denominated in foreign currencies are recognised on a translation basis using the exchange rate at the sales contracting date.

Raw materials

The consumption of raw materials comprises raw materials used to generate the net revenues of the year computed at cost including landed costs as well as unrealised and realised results of commodity hedging contracts and including changes from contractual prices at the current value of raw materials of concluded purchase and sales contracts.

Production costs

Production costs comprise costs in the direct departments of the production and in the production support departments.

Direct production costs comprise energy and consumables used in the production processes as well as labour costs for those processes where the wage is directly variable in proportion to the production quantities.

Indirect production overheads comprise other costs, including wages and salaries, maintenance and depreciation. Production costs also comprise research and development costs that do not qualify for capitalisation, and amortisation of capitalised development costs.

Distribution costs

Distribution costs comprise costs incurred during the year in sales and marketing functions, including costs relating to sales staff, advertising, exhibitions and depreciation.

Administrative expenses

Administrative expenses comprise expenses incurred during the year for management and administration, including expenses for administrative staff, office premises and office expenses, and depreciation.

Other operating income and costs

Other operating income and costs comprise items secondary to the principal activities of the enterprises, including gains and losses on disposal of intangible assets and property.

Profits/losses from investments in subsidiaries and associates

The proportionate share of the results before tax of the individual subsidiaries is recognised in the income statement of the parent company after elimination of intra-group profits/losses. The share of the taxes of subsidiaries is recognised as tax on the profit/loss for the year.

The proportionate share of the results before tax of the associates is recognised in both the parent company and the consolidated income statement after elimination of the proportionate share of intra-group profits/losses. The share of the taxes of associates is recognised as tax on the profit/loss for the year.

Interest income and expense and similar items

Interest income and expense and similar items comprise interest income and expense, market gains and losses in respect of securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities.

Tax on profit/loss for the year

Aarhus United A/S is jointly taxed with a number of wholly owned Danish and foreign subsidiaries. The current Danish corporation tax is allocated between the jointly taxed Danish companies in proportion to their taxable income (full absorption with refunds for tax losses).

Tax for the year comprises current tax and changes in deferred tax for the year. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in capital and reserves is recognised directly in capital and reserves.

Balance sheet

Intangible assets

Goodwill

Goodwill is amortised over its estimated useful life determined on the basis of Management's experience of the specific business areas. Goodwill is amortised on a straight-line basis over a maximum amortisation period of 20 years, longest for strategically acquired enterprises with strong market positions and long-term earnings profiles.

The carrying amount of goodwill is assessed currently and written down in the income statement to the recoverable amount if the carrying amount exceeds the expected future net income from the enterprise or activity to which the goodwill relates.

Consolidated goodwill acquired before 1 January 2002 is treated according to Danish Accounting Standard no. 18, section 131 b, and has, accordingly, been amortised over the capital and reserves.

Development projects, patents and licences

Development costs comprise costs, salaries and amortisation directly or indirectly attributable to the Company's development activities. These costs are recognised in the income statement when incurred.

Development projects that are clearly defined and identifiable, where the technical utilisation degree, sufficient resources and a potential future market or development opportunities in the company is evidenced, and where the company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling and administrative expenses and the development costs.

Capitalised development costs are measured at the lower of cost less accumulated amortisation and the recoverable amount.

Following the completion of the development work, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is usually five years and is not to exceed 20 years.

Patents and licences are measured at cost less accumulated amortisation and impairment. Patents are amortised on a straight-line basis over the remaining patent period, and licences are amortised over the licence period, although not exceeding eight years.

Intangible assets are written down to the recoverable amount if this is lower than the carrying amount. Impairment tests are conducted annually of each individual asset or group of assets.

Property, plant and equipment
Land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, subsuppliers, and wages and salaries.

On financial leasing the cost is stated at the lower of fair value and the present value of the future lease payments. For the calculation of the net present value, the interest rate implicit in the lease or an approximation thereof is used as discount factor.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

Buildings	20-30 years
Plant and machinery	10-15 years
Fixtures and fittings, tools and equipment	3-7 years

Minor acquisitions are written off in the year of purchase.

Depreciation is recognised in the income statement as production costs, distribution costs and administrative expenses, respectively.

Property, plant and equipment are written down to the recoverable amount if this is lower than the carrying amount.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the sales price less disposal costs and the carrying amount at the date of disposal. The gains or losses are recognised in the income statement.

Investments in subsidiaries and associates

Investments in subsidiaries and associates are measured according to the equity method.

Investments in subsidiaries are measured in the balance sheet at the proportionate share of the enterprises' net asset values calculated in accordance with the parent company's accounting policies plus or minus unrealised intra-group profits and losses.

Investments in associates are measured in the balance sheet at the proportionate share of the enterprises' net asset values calculated in accordance with the accounting policies approximate to those of the parent company.

Subsidiaries and associates with negative net asset values are measured at DKK 0 (nil), and any amounts owed by such enterprises are written down by the parent company's share of the negative net asset value if the amount owed is considered irrecoverable. Where the negative net asset value exceeds the amount owed, the remaining amount is recognised under provisions if the parent company has a legal or constructive obligation to cover the deficit of the enterprise.

The net revaluation of investments in subsidiaries and associates for the year is transferred to the reserve for net revaluation according to the equity method in capital and reserves.

On acquisition of subsidiaries, the purchase method is applied, cf. the consolidated financial statements above.

Inventories

Raw materials are measured at their fair value at the balance sheet date plus landed costs and incurred interest expenses based on an individual assessment.

Raw materials used for finished products or intermediate products are measured at fair value with addition of landed costs, direct production costs and indirect production overheads for production of intermediate products and finished goods.

Raw materials for which no officially quoted fair price exists are recognised at weighted average prices.

Indirect production overheads comprise indirect materials, wages and salaries as well as maintenance and depreciation of production machinery, buildings and equipment as well as factory administration and management.

Obsolete raw materials and products are recognised at net realisable values calculated as the sales price less costs of completion and costs necessary to make the sale taking marketability, obsolescence and development in expected sales price into account.

Receivables

Receivables are measured at amortised cost. Provision is made for anticipated losses based on an individual assessment.

All raw materials that are part of concluded purchase and sales contracts are recognised at the balance sheet date at fair value. The difference compared to the contractual price of the contracts is recognised in the income statement and shown in the balance sheet as a receivable or debt.

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

Other securities and investments

Listed securities and investments recognised as current assets are measured at fair value at the balance sheet date.

Capital and reserves

Dividends

Proposed dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under capital and reserves.

Treasury shares

Cost of acquisition and proceeds received as well as dividends received from treasury shares are recognised directly as retained earnings in capital and reserves. Gains and losses from sale are not recognised in the income statement.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on the planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Adjustment is made to deferred tax resulting from elimination of unrealised intra-group profits and losses.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. The change in deferred tax as a result of changes in tax rates is recognised in the income statement.

Other provisions

Provisions comprise anticipated costs related to restructurings, etc. Provisions are recognised when, as a result of past events, the Group has a legal or a constructive obligation and it is probable that there may be an outflow of resources embodying economic benefits to settle the obligation.

On acquisition of enterprises, provision for restructurings of the acquired enterprise is included in the calculation of the cost of acquisition and, accordingly, in goodwill, provided that they have been adopted and announced not later than at the date of the acquisition.

Financial liabilities

Amounts owed to mortgage credit institutions and banks are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Financial liabilities also include the capitalised residual obligation on finance leases.

Other liabilities, comprising trade payables, amounts owed to group enterprises and associates as well as other payables, are measured at amortised cost.

Deferred income

Deferred income comprises negative goodwill, cf. the description of consolidation practice, and payments received concerning income in subsequent years.

Cash flow statement

The cash flow statement shows the Group's cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

The cash flow effect of acquisitions and disposals of enterprises is shown separately in cash flows from investing activities. Cash flows from acquisitions of enterprises are recognised in the cash flow statement from the date of acquisition. Cash flows from disposals of enterprises are recognised up until the date of disposal.

Cash flows from operating activities

Cash flows from operating activities are calculated as the Group's share of the profit/loss adjusted for non-cash operating items, changes in working capital and corporation tax paid.

Cash flows used in investing activities

Cash flows used in investing activities comprise payments in connection with acquisitions and disposals of enterprises and activities and of intangible assets, property, plant and equipment and investments.

Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of the Group's share capital and related costs as well as the raising of loans, repayment of interest-bearing debt and payment of dividends to shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise cash and listed securities less short-tem bank loans and mortgage debt.

Segment information

Information is provided on business segments and geographical markets. Segment information is based on the Group's accounting policies, risks and internal financial management. Due to joint production the internal financial and risk management is based on the individual production companies, which are defined as separate business segments (primary segments). See note 19.

Key ratio definitions

$$\text{Profit margin ratio} = \frac{\text{Operating income} \times 100}{\text{Revenue}}$$

$$\text{Return on assets} = \frac{\text{Operating income} \times 100}{\text{Average assets*}}$$

$$\text{Net margin (\%)} = \frac{\text{Net margin} \times 100}{\text{Revenue}}$$

$$\text{Acid test ratio} = \frac{\text{Currrent assets}}{\text{Current liabilities}}$$

$$\text{Equity ratio} = \frac{\text{End-of-year capital and reserves} \times 100}{\text{End-of-year liabilities}}$$

$$\text{Return on capital and reserves} = \frac{\text{Profit} \times 100}{\text{Average capital and reserves}}$$

$$\text{Return on invested capital} = \frac{\text{Operating income} \times 100}{\text{Average invested capital**}}$$

$$\text{Equity value} = \frac{\text{End-of-year capital and reserves}}{\text{End-of-year number of shares}}$$

$$\text{Price/Equity value} = \frac{\text{Market price}}{\text{Equity value}}$$

$$\text{Price Earnings} = \frac{\text{Market price}}{\text{EPS}}$$

$$\text{Price Cash Flow} = \frac{\text{Market price}}{\text{CFPS}}$$

$$\text{Earnings Per Share (EPS)} = \frac{\text{Profit}}{\text{Average number of shares}}$$

$$\text{Cash Flow Per Share (CFPS)} = \text{EPS} + \frac{\text{Depreciation}}{\text{Average number of shares}}$$

$$\text{Dividend per share} = \frac{\text{Dividend \%} \times \text{share's nominal value}}{100}$$

$$\text{Pay-out ratio} = \frac{\text{Dividend} \times 100}{\text{Profit}}$$

* *Average assets have been adjusted for shares in associates.*

** *Average invested capital = capital and reserves plus interest bearing debts minus liquid funds, listed securities and investments and other assets.*

Income statement

		GROUP		PARENT COMPANY	
Note	**DKK million**	**2004**	**2003**	**2004**	**2003**
1	**Revenue**	**4,971.7**	**4,485.1**	**-**	**1,394.0**
	Raw materials	3,603.9	3,200.3	-	885.9
	Value added	**1,367.8**	**1,284.8**	**-**	**508.1**
	Direct production overheads	367.8	362.1	-	137.9
2	**Net margin**	**1,000.0**	**922.7**	**-**	**370.2**
3	Indirect production overheads	514.3	494.5	-	230.1
4	Distribution costs	127.4	126.6	-	53.3
5	Administrative expenses	148.9	133.5	24.2	52.0
8	Other operating income	24.1	-15.0	-6.6	-18.2
	Operating income	**233.5**	**153.1**	**-30.8**	**16.6**
9	Pre-tax profits from investments in subsidiaries and associates	59.2	53.9	263.8	149.4
10	Interest expenses, net	64.2	64.6	6.8	27.1
	Pre-tax profit on ordinary activities, before tax	**228.5**	**142.4**	**226.2**	**138.9**
14	Tax on profit for the year	36.7	33.8	-10.4	-5.7
	Tax on profits from investments in subsidiaries and associates	11.7	17.4	61.5	56.8
	Profit on ordinary activities	**180.1**	**91.2**	**175.1**	**87.8**
	Minority shareholders' proportion of the profit	5.0	3.4	-	-
	Profit for the year	**175.1**	**87.8**	**175.1**	**87.8**
6	Staff and labour cost				
7	Depreciation				
	Proposed allocation of profits				
	Proposed dividends	48.0	48.0	48.0	48.0
	Transfer to reserve for net revaluation of investments in subsidiaries and associates	32.3	21.1	157.6	41.0
	Retained profit/free reserves	94.8	18.7	-30.5	-1.2
		175.1	87.8	175.1	87.8

Balance sheet

		GROUP		PARENT COMPANY	
Note	**DKK million**	**2004**	**2003**	**2004**	**2003**
	ASSETS				
11	Intangible assets	24.0	22.4	-	4.6
12	Property, plant and equipment				
	Land and buildings	272.7	288.1	-	73.9
	Plant and machinery	718.7	749.8	-	313.3
	Other assets	49.7	59.7	0.7	39.0
	Plant under construction	87.1	53.0	-	48.4
	Total property, plant and equipment	1,128.2	1,150.6	0.7	474.6
13	Investments and other assets				
	Investments in subsidiaries	-	-	1,608.3	1,088.6
	Loans to subsidiaries	-	-	73.0	73.0
	Investments in associates	394.1	398.6	9.7	9.8
	Other securities	19.4	21.7	11.6	17.4
14	Tax asset	58.6	45.6	14.5	30.5
	Total investments and other assets	472.1	465.9	1,717.1	1,219.3
	TOTAL NONCURRENT ASSETS	1,624.3	1,638.9	1,717.8	1,698.5
15	Inventories	695.0	723.6	-	398.3
	Receivables				
	Trade receivables	629.1	516.0	-	151.0
	Subsidiaries	-	-	137.8	36.9
	Associates	24,5	-	-	-
	Exchange adjustments of contracts	10.4	9.3	-	8.2
14	Corporation tax	-	9.5	-	-
	Other receivables	93.4	203.5	1.1	17.1
	Prepayments and deferred charges	1.2	1.9	-	-
	Total receivables	758.6	740.2	138.9	213.2
	Listed securities	6.8	9.6	6.8	7.1
	Cash at bank and in hand	186.3	145.6	0.8	20.6
	TOTAL CURRENT ASSETS	1,646.7	1,619.0	146.5	639.2
	TOTAL ASSETS	3,271.0	3,257.9	1,864.3	2,337.7

Balance sheet

Note	DKK million	GROUP 2004	GROUP 2003	PARENT COMPANY 2004	PARENT COMPANY 2003
	LIABILITIES				
	Capital and reserves				
	Share capital	400.0	400.0	400.0	400.0
	Reserve for net revaluation of investments in subsidiaries and associates	218.9	207.6	488.1	360.6
	Retained profit/free reserves	660.2	618.6	391.0	465.6
	Proposed dividends	48.0	48.0	48.0	48.0
	Total capital and reserves	**1,327.1**	**1,274.2**	**1,327.1**	**1,274.2**
	Minority shareholders	**32.4**	**38.7**	**-**	**-**
	Provisions				
14	Deferred tax	77.6	58.5	-	-
	Pension obligations	5.2	4.3	-	-
	Other provisions	5.0	-	-	-
	Total provisions	**87.8**	**62.8**	**-**	**-**
16	Long-term debt				
	Bank loans	566.6	465.7	275.0	175.0
	Mortgage debt	264.1	332.7	-	250.5
	Total long-term debt	**830.7**	**798.4**	**275.0**	**425.5**
	Current liabilities				
	Bank loans	425.0	568.0	243.6	410.8
	Short-term mortgage debt	61.2	39.8	-	31.7
	Trade payables	232.9	128.8	-	57.2
	Subsidiaries	-	-	-	53.4
	Associates	1.8	8.4	-	8.4
14	Corporation tax	5.5	8.6	-	-
	Exchange adjustments of contracts	44.9	6.6	-	4.5
	Other payables	221.7	323.6	18.6	72.0
	Total current liabilities	**993.0**	**1,083.8**	**262.2**	**638.0**
	TOTAL LIABILITIES	**3,271.0**	**3,257.9**	**1,864.3**	**2,337.7**

17 Guarantees and financial liabilities
18 Raw material, currency and interest rate exposures and application of derivatives
19 Annual results for the group's production companies
20 Related party transactions
21 Supervisory board and executive board

Capital and reserves

GROUP

DKK million	Share capital	Reserve for revaluation of investments	Retained profit/free reserves	Proposed dividends	Total capital & reserves
Capital and reserves as at 1 January 2003	**400.0**	**177.7**	**799.0**	**48.0**	**1,424.7**
Exchange adjustments relating to investments in subsidiaries and associates	-	-36.6	-145.3	-	-181.9
Currency hedging of income from subsidiaries and associates	-	-	1.8	-	1.8
Dividends distributed	-	-	-	-48.0	-48.0
Dividends from treasury shares	-	-	1.7	-	1.7
Profit for the year	-	-	87.8	-	87.8
Income from associates	-	36.5	-36.5	-	-
Dividends from associates	-	-15.4	15.4	-	-
Disposals, Maritex AS, Norway	-	60.6	-60.6	-	-
Employee shares, 10,809 shares	-	-	2.0	-	2.0
Price adjustment of treasury shares	-	-	1.6	-	1.6
Adjustment of capital and reserves in associates	-	-15.2	-	-	-15.2
Hedging instruments at year-start, reversed	-	-	6.7	-	6.7
Hedging instruments at year-end	-	-	-7.1	-	-7.1
Hedging instruments, tax	-	-	0.1	-	0.1
Proposed dividends for 2003	-	-	-48.0	48.0	-
Capital and reserves as at 1 January 2004	**400.0**	**207.6**	**618.6**	**48.0**	**1,274.2**
Exchange adjustments relating to investments in subsidiaries and associates	-	-21.0	-53.8	-	-74.8
Currency hedging of income from subsidiaries and associates	-	-	-0.8	-	-0.8
Dividends distributed	-	-	-	-48.0	-48.0
Dividends from treasury shares	-	-	1.6	-	1.6
Profit for the year	-	-	175.1	-	175.1
Income from associates	-	47.5	-47.5	-	-
Dividends from associates	-	-15.2	15.2	-	-
Employee shares, 12,195 shares	-	-	2.2	-	2.2
Price adjustment of treasury shares	-	-	2.0	-	2.0
Hedging instruments at year-start, reversed	-	-	7.1	-	7.1
Hedging instruments at year-end	-	-	-13.4	-	-13.4
Hedging instruments, tax	-	-	1.9	-	1.9
Proposed dividends for 2004	-	-	-48.0	48.0	-
Capital and reserves as at 31 December 2004	**400.0**	**218.9**	**660.2**	**48.0**	**1,327.1**

Capital and reserves

PARENT COMPANY

DKK million	Share capital	Reserve for revaluation of investments	Retained profit/free reserves	Proposed dividends	Total capital & reserves
Capital and reserves as at 1 January 2003	**400.0**	**326.0**	**650.7**	**48.0**	**1,424.7**
Exchange adjustments relating to investments in subsidiaries and associates	-	-52.0	-129.9	-	-181.9
Currency hedging of income from subsidiaries and associates	-	-	1.8	-	1.8
Dividends distributed	-	-	-	-48.0	-48.0
Dividends from treasury shares	-	-	1.7	-	1.7
Profit for the year	-	-	87.8	-	87.8
Income from subsidiaries and associates	-	92.6	-92.6	-	-
Dividends from subsidiaries and associates	-	-51.6	51.6	-	-
Disposals, Maritex AS, Norway	-	60.6	-60.6	-	-
Employee shares, 10,809 shares	-	-	2.0	-	2.0
Price adjustment of treasury shares	-	-	1.4	-	1.4
Price adjustment of treasury shares, subsidiaries	-	0.2	-	-	0.2
Adjustment of capital and reserves in associates	-	-15.2	-	-	-15.2
Hedging instruments at year-start, reversed	-	-	6.7	-	6.7
Hedging instruments at year-end	-	-	-7.1	-	-7.1
Hedging instruments, tax	-	-	0.1	-	0.1
Proposed dividends for 2003	-	-	-48.0	48.0	-
Capital and reserves as at 1 January 2004	**400.0**	**360.6**	**465.6**	**48.0**	**1,274.2**
Exchange adjustments relating to investments in subsidiaries and associates	-	-30.1	-44.7	-	-74.8
Currency hedging of income from subsidiaries and associates	-	-	-0.8	-	-0.8
Dividends distributed	-	-	-	-48.0	-48.0
Dividends from treasury shares	-	-	1.6	-	1.6
Profit for the year	-	-	175.1	-	175.1
Income from associates	-	202.3	-202.3	-	-
Dividends from associates	-	-44.7	44.7	-	-
Employee shares, 12,195 shares	-	-	2.2	-	2.2
Price adjustment of treasury shares	-	-	2.0	-	2.0
Hedging instruments at year-start, reversed	-	-	7.1	-	7.1
Hedging instruments at year-end	-	-	-13.4	-	-13.4
Hedging instruments, tax	-	-	1.9	-	1.9
Proposed dividends for 2004	-	-	-48.0	48.0	-
Capital and reserves as at 31 December 2004	**400.0**	**488.1**	**391.0**	**48.0**	**1,327.1**

Treasury shares **DKK million**	Number	Acquisition price	Market price
Holding as at 1 January 2003	144,782	26.2	44.9
Employee shares	-10,809	-2.0	-3.4
Addition, subsidiary	20,000	6.3	6.3
Disposal, subsidiary	-20,000	-6.3	-6.5
Price adjustment of treasury shares, subsidiary	-	-	0.2
Price adjustment at year-end	-	-	0.4
Holding as at 1 January 2004	133,973	24.2	41.9
Employee shares	-12,195	-2.2	-4.2
Price adjustment at year-end			30.0
Holding as at 31 December 2004	121,778	22.0	67.7

Treasury shares are recognised in capital and reserves.

Cash flow statement

	GROUP		PARENT COMPANY	
DKK million	**2004**	**2003**	**2004**	**2003**
Cash flow from operating activities				
Operating income	234	153	-31	17
Depreciation	132	134	-	52
Provisions for pension obligations, etc.	6	-	-	-
Decrease (Increase) in inventories	29	-82	-179	-78
Decrease (Increase) in receivables	-28	37	13	42
Increase (Decrease) in trade payables	96	41	-5	23
Increase (Decrease) in other payables	-62	35	-	-3
Increase (Decrease) in hedging instruments value	-6	-	-	-
Interest income (expenses), net	-61	-65	-2	-27
Dividends received	15	16	45	52
Tax paid	-20	-41	-	-
Net cash from operating activities	**335**	**228**	**-159**	**78**
Cash flows from investing activities				
Investments in intangible assets	-2	-12	-	-3
Investments in property, plant and equipment	-132	-105	-	-72
Investments in subsidiaries, associates and other financial assets	-1	40	-	28
Net cash used in investing activities	**-135**	**-77**	**-**	**-47**
Net cash flows from operating and investing activities	**200**	**151**	**-159**	**31**
Cash flows from financing activities etc.				
Increase (Decrease) in minority shareholders' shares	-6	-13	-	-
Increase (Decrease) in long-term loans	32	-70	100	-128
Dividends to shareholders in parent company	-48	-48	-48	-48
Treasury shares	6	5	6	5
Minority shareholders' share of losses (profits)	-5	-3	-	-
Exchange adjustments	-19	-19	-1	2
Net cash provided by financing activities, etc.	**-40**	**-148**	**57**	**-169**
Net increase (decrease) in cash	**160**	**3**	**-102**	**-138**
Net cash and cash equivalents at year-start	-453	-456	-415	-277
Transferred to Aarhus United Denmark				
in connection with the restructuring	-	-	281	-
Net cash and cash equivalents at year-start	**-293**	**-453**	**-236**	**-415**

Net cash and cash equivalents comprise listed securities and cash at bank and in hand less short-term bank loans and mortgage debt.

Notes

		GROUP		PARENT COMPANY	
Note	**DKK million**	**2004**	**2003**	**2004**	**2003**
1	Revenue				
	Denmark	349.8	365.9	-	362.1
	Other Scandinavian countries	133.4	117.6	-	105.4
	Other Western European countries	2,310.8	2,223.1	-	453.6
	Eastern Europe	364.9	267.3	-	241.7
	Africa	82.4	68.1	-	66.8
	Middle East	63.5	34.9	-	34.9
	The Americas	1,440.8	1,138.7	-	27.1
	Far East, Australia and New Zealand	226.1	269.5	-	102.4
		4,971.7	**4,485.1**	**-**	**1,394.0**
2	Net margin				
	Speciality fats	445.2	411.7	-	267.9
	Bulk oils	270.8	275.6	-	81.4
	Foodservice	162.7	139.4	-	-
	Health care	20.2	19.7	-	12.9
	Other business areas	101.1	76.3	-	8.0
		1,000.0	**922.7**	**-**	**370.2**
3	Indirect production overheads				
	Labour costs	216.4	200.9	-	88.6
	Maintenance	76.2	71.7	-	50.1
	Energy and consumables	4.6	3.5	-	2.2
	Other costs	101.1	96.1	-	40.5
	Depreciation	116.0	122.3	-	48.7
		514.3	**494.5**	**-**	**230.1**
4	Distribution costs				
	Staff costs	69.9	70.0	-	29.3
	Bad debts	9.9	0.7	-	-0.6
	Depreciation	2.7	2.6	-	0.6
	Other distribution costs	44.9	53.3	-	24.0
		127.4	**126.6**	**-**	**53.3**

Note	DKK million	GROUP 2004	GROUP 2003	PARENT COMPANY 2004	PARENT COMPANY 2003
5	Administrative expenses				
	Staff costs	77.8	70.9	14.4	26.7
	KPMG, audit	2.4	1.9	0.5	0.9
	KPMG, other services	1.2	0.9	0.7	0.6
	Other auditors' fees	0.5	0.5	0.1	0.1
	Other costs	53.3	50.0	8.3	21.2
	Depreciation	13.7	9.3	0.2	2.5
		148.9	**133.5**	**24.2**	**52.0**
6	Staff and labour costs				
	Salaries and wages	372.5	365.1	11.6	181.5
	Pension contributions	26.6	25.6	0.9	12.3
	Social security	30.7	34.8	-	12.1
	Other staff and labour costs	12.3	8.6	0.6	2.0
	Directors' fees	2.4	1.7	1.3	1.2
		444.5	**435.8**	**14.4**	**209.1**
	distributed on:				
	direct production	36.7	38.7	-	9.7
	indirect production	216.4	200.9	-	88.6
	sales	69.9	70.0	-	29.3
	administration	77.8	70.9	14.4	26.7
	overhead, plant and maintenance	43.7	55.3	-	54.8
		444.5	435.8	14.4	209.1
	Including Executive Board remuneration	5.4	5.9	5.4	5.9
	Number of employees (average)	1,717	1,711	11	486
7	Depreciation				
	Depreciation for the year, cf. Notes 11 and 12	132.4	134.0	0.2	51.8
	Profit on sale of machinery and equipment	-0.3	-0.8	-0.2	-
		132.1	**133.2**	**-**	**51.8**
	distributed on:				
	production	116.0	122.3	-	48.7
	sales	2.7	2.6	-	0.6
	administration	13.7	9.3	0.2	2.5
	other operating income	-0.3	-1.0	-0.2	-
		132.1	133.2	-	51.8
8	Other operating income				
	Income from sale of real property	30.1	3.7	-	-
	Profit on sale of machinery and equipment	0.3	1.0	0.2	-
	Loss resulting from withdrawal from commitment in Maritex AS	-	-18.7	-	-18.7
	Costs related to the sales process	-5.3	-	-5.3	-
	Costs related to the sales process, KPMG	-1.5	-	-1.5	-
	Sundries	0.5	-1.0	-	0.5
		24.1	**-15.0**	**-6.6**	**-18.2**

		GROUP		PARENT COMPANY	
Note	**DKK million**	**2004**	**2003**	**2004**	**2003**
9	**Profits from investments in subsidiaries and associates**				
	Profits from subsidiaries:				
	Aarhus United Denmark A/S			53.0	-
	Aarhus United UK Ltd.			54.8	38.3
	Aarhus United USA Inc.			19.3	12.2
	Aarhus (Malaysia) Sdn. Bhd.			44.5	44.1
	Aarhus United México, S.A. de C.V.			22.9	5.1
	Aarhus United Byejendomme A/S			2.1	-
	Sundry profits			4.8	9.6
	Total profits			201.4	109.3
	Losses from subsidiaries:				
	Aarhus United Byejendomme A/S			-	2.1
	Sundry losses			0.3	5.1
	Total losses			0.3	7.2
	Net profits from subsidiaries			**201.1**	**102.1**
	Profits from associates:				
	United Plantations Berhad	47.5	48.1	1.2	2.1
	Losses from associates:				
	Maritex AS	-	11.6	-	11.6
	Total losses	-	11.6	-	11.6
	Net profits/losses from associates	**47.5**	**36.5**	**1.2**	**-9.5**
	Net income from investments	47.5	36.5	202.3	92.6
	Tax deducted from the amount	11.7	17.4	61.5	56.8
	Pre-tax income from investments	**59.2**	**53.9**	**263.8**	**149.4**
10	**Interest expenses, net**				
	Interest from subsidiaries	-	-	11.5	2.7
	Bond interest	1.2	0.3	0.5	0.3
	Other interest receivable	4.2	3.8	-	1.3
	Price adjustment of listed securities	0.4	9.7	7.8	9.9
	Total financial income	5.8	13.8	19.8	14.2
	Interest to subsidiaries	-	-	0.1	0.9
	Other interest payable	62.3	69.3	22.2	42.4
	Net foreign exchange losses including adjustments of loans and contracts	12.9	10.1	1.7	1.0
	Remortgaging cost	-	2.9	-	-
	Total financial expenses	75.2	82.3	24.0	44.3
	Price adjustment of other securities (noncurrent assets)	2.6	-	2.6	-
	Income from other securities (noncurrent assets)	7.8	3.9	-	3.0
	Interest expenses, net	**64.2**	**64.6**	**6.8**	**27.1**

Note	DKK million	Goodwill	Development projects under construction	Total assets
11	**Intangible assets**			
	GROUP			
	Original cost as at 1 January 2004	4.9	17.8	22.7
	Additions	-	2.1	2.1
		4.9	19.9	24.8
	Depreciation as at 1 January 2004	0.3	-	0.3
	Depreciation for the year	0.5	-	0.5
		0.8	-	0.8
	Book value as at 31 December 2004	**4.1**	**19.9**	**24.0**
	PARENT COMPANY			
	Original cost as at 1 January 2004	4.9	-	4.9
	Transferred to Aarhus United Denmark in connection with the restructuring	4.9	-	4.9
		-	-	-
	Depreciation as at 1 January 2004	0.3	-	0.3
	Transferred to Aarhus United Denmark in connection with the restructuring	0.3	-	0.3
		-	-	-
	Book value as at 31 December 2004	**-**	**-**	**-**

Consolidated goodwill acquired before 1 January 2002 has been amortised over capital and reserves pursuant to accounting standard no. 18, section 131 b. On amortisation over 10 years, it would have been possible to increase capital and reserves together with intangible assets by DKK 25 million at the end of 2004 and depreciation for the year would have amounted to DKK 9 million.

Note	DKK million	Land and buildings	Plant and machinery	Other assets	Plant under con-struction	Total assets
12	**Property, plant and equipment**					
	GROUP					
	Original cost as at 1 January 2004	560.5	1,697.9	160.4	53.0	2,471.8
	Exchange adjustments	-12.6	-30.1	-2.4	-0.4	-45.5
	Additions	14.7	81.5	8.8	34.5	139.5
	Disposals	5.2	5.5	3.4	-	14.1
		557.4	1,743.8	163.4	87.1	2,551.7
	Depreciation as at 1 January 2004	272.4	948.1	100.7	-	1,321.2
	Exchange adjustments	-3.5	-17.6	-1.7	-	-22.8
	Depreciation for the year	16.2	98.2	17.5	-	131.9
	Disposals	0.4	3.6	2.8	-	6.8
		284.7	1,025.1	113.7	-	1,423.5
	Book value as at 31 December 2004	**272.7**	**718.7**	**49.7**	**87.1**	**1,128.2**
	PARENT COMPANY					
	Original cost as at 1 January 2004	213.9	710.8	107.7	48.4	1,080.8
	Transferred to Aarhus United Denmark in connection with the restructuring	213.9	710.8	106.8	48.4	1,079.9
	Additions	-	-	0.4	-	0.4
	Disposals	-	-	0.2	-	0.2
		-	-	1.1	-	1.1
	Depreciation as at 1 January 2004	140.0	397.5	68.7	-	606.2
	Transferred to Aarhus United Denmark in connection with the restructuring	140.0	397.5	68.2	-	605.7
	Depreciation for the year	-	-	0.2	-	0.2
	Disposals	-	-	0.3	-	0.3
		-	-	0.4	-	0.4
	Book value as at 31 December 2004	**-**	**-**	**0.7**	**-**	**0.7**

Note	DKK million	Investments in subsidiaries	Loans to subsidiaries	Investments in associates	Other securities and loans	Total investments
13	**Investments and other assets**					
	GROUP					
	Balance as at 1 January 2004			398.6	67.3	465.9
	Exchange adjustments			-36.8	-1.2	-38.0
	Additions			-	2.4	2.4
	Price adjustments			-	-3.7	-3.7
	Additions tax assets			-	14.1	14.1
	Dividends			15.2	-	15.2
	Disposals			-	0.9	0.9
	Share of profits			47.5	-	47.5
	Balance as at 31 December 2004			**394.1**	**78.0**	**472.1**
	PARENT COMPANY					
	Balance as at 1 January 2004	1,088.6	73.0	9.8	47.9	1,219.3
	Exchange adjustments	-73.9	-	-0.9	0.3	-74.5
	Net addition in connection with the restructuring	437.7	-	-	-28.8	408.9
	Price adjustments	-	-	-	-4.3	-4.3
	Additions tax assets	-	-	-	11.8	11.8
	Change in hedging instruments in subsidiaries	-1.2	-	-	-	-1.2
	Dividends	44.3	-	0.4	-	44.7
	Disposals	-0.3	-	-	0.8	0.5
	Share of profits	201.1	-	1.2	-	202.3
	Balance as at 31 December 2004	**1,608.3**	**73.0**	**9.7**	**26.1**	**1,717.1**

Subsidiaries as at 31 December 2004	Currency	Nominal value of shares	Proportion of share capital %
Aarhus United Denmark A/S, Aarhus	DKK	100,000,000	100
Aarhus United UK Ltd., Hull	GBP	23,600,000	100
Aarhus United USA Inc., Port Newark	USD	20,300,000	100
Aarhus United México, S.A. de C.V., Morelia	MXN	173,287,829	93
Aarhus (Malaysia) Sdn. Bhd., Teluk Intan*)	MYR	169,000,000	100
Aarhus Insurance Brokers A/S, Aarhus	DKK	200,000	100
Aarhus United Byejendomme A/S, Aarhus	DKK	1,000,000	100
Ceylon Trading Co. Ltd., Colombo	LKR	95,500,000	100
C.W. Mackie & Co. Ltd., Colombo**)	LKR	108,301,310	57
Frank Fontannaz (Holdings) Ltd., London	GBP	1,778,932	100
Associates as at 31 December 2004			
United Plantations Berhad, Teluk Intan	MYR	48,788,067	23

*) *Aarhus (Malaysia) Sdn. Bhd. is the holding company for the investment in United Plantations Berhad except 0.6% of the share capital, which is directly owned by the parent company.*

**) *30% of the shares in C.W. Mackie & Co. is owned by Aarhus United A/S, 27% via Ceylon Trading Co. Ltd.*

		GROUP		PARENT COMPANY	
Note	**DKK million**	**2004**	**2003**	**2004**	**2003**
14	Tax				
	Provisions as at 1 January	58.5	69.2	-	-
	Recognised in current liabilities	8.6	8.2	-	-
	Recognised in receivables	9.5	-	-	-
	Tax asset recognised in investments & other assets	45.6	27.7	30.5	24.7
	Transferred tax asset	-	28.3	-	-
	Transferred to Aarhus United Denmark in connection with the restructuring	-	-	27.8	-
	Exchange adjustments	-2.1	-2.5	-	-
		9.9	18.9	-2.7	-24.7
	Paid during the year/tax refund	-20.2	-40.6	-	-
		-10.3	-21.7	-2.7	-24.7
	Tax for the year recognised in income statement	36.7	33.8	-10.4	-5.7
	Tax for the year recognised in capital and reserves	-1.9	-0.1	-1.4	-0.1
	Total	24.5	12.0	-14.5	-30.5
	Recognised in current liabilities	5.5	8.6	-	-
	Recognised in receivables	-	9.5	-	-
	Tax asset recognised in investments and other assets	58.6	45.6	14.5	30.5
	Provisions as at 31 December	77.6	58.5	-	-
	Tax reconciliation				
	Tax calculated on pre-tax profit	30%	30%	30%	30%
	Tax differential on income from foreign subsidiaries and associates, compared with 30%	-	7%	-	-
	Tax differential on income from subsidiaries and associates, compared with 30%	-	-	-8%	8%
	Disallowed expenses	1%	1%	1%	1%
	Non-taxable receivables	-3%	-2%	-1%	-2%
	Other adjustments	-7%	-	-	-
	Effective tax rate	21%	36%	22%	37%
15	Inventories				
	Raw materials and consumables	509.3	476.4	-	240.8
	Work in progress	55.3	126.0	-	117.8
	Finished goods	130.4	121.2	-	39.7
	Total inventories	695.0	723.6	-	398.3
	Interest included	2.4	2.4	-	2.4

		GROUP		PARENT COMPANY	
Note	**DKK million**	**2004**	**2003**	**2004**	**2003**
16	Long-term debt				
	Bank loans due within 5 years	566.6	390.7	275.0	100.0
	after 5 years	-	75.0	-	75.0
	Mortgage debt due within 5 years	153.6	203.5	-	130.9
	after 5 years	110.5	129.2	-	119.6
		830.7	**798.4**	**275.0**	**425.5**
17	Guarantees and financial liabilities				
	Guarantees for subsidiaries	-	-	29	7
	Lease commitments not included in the balance sheet	4	5	-	-
	Rental commitment towards subsidiary	-	-	36	31
	Provision of security:				
	The following assets have been deposited				
	as security for debts etc.:				
	Mortgage deeds on real property: FIH (Note 12)	250	250	-	250
	Real property	12	-	-	-
	Current assets	33	43	-	18

A sale of Aarhus United A/S as a result of the sales process initiated in 2004 will release a financial compensation to the key management in return for accepting a longer, mutual term of notice and an extraordinary remuneration to the chairman. The compensation is expected to amount to DKK 37 million.

Note

18 Raw material, currency and interest rate exposures and application of derivatives

Raw material exposure

Raw material tonnes	Raw material stock	Raw material equivalents in finished goods stock	Raw material contracts	Raw material reserved for finished goods contracts	Hedge contracts Sold	Hedge contracts Purchased	Net exposure
Palm oil	37,836	10,292	112,225	-297,458	-231,706	378,255	9,444
Palm kernel oil	18,063	1,789	71,429	-66,133	-33,400	13,000	4,748
Coconut oil	6,747	348	8,521	-13,915	-2,250	250	-298
Soya bean oil	1,306	2,598	9,665	-22,308	-11,487	18,155	-2,072
Rape seed oil	14,427	4,089	33,230	-46,122	-66,134	52,495	-8,015
Sunflower oil	450	475	842	-2,745	0	0	-977
Others	5,420	895	1,449	-6,119	0	0	1,645
Total	**84,250**	**20,486**	**237,362**	**-454,800**	**-344,977**	**462,155**	**4,476**

Currency exposure

DKK million Currency	On balance Assets	On balance Liabilities	Contracts Sales contracts	Contracts Purchase contracts	Hedge contracts Sold	Hedge contracts Purchased	Net exposure
USD	236	-165	501	-1,065	-316	764	-44
EUR	125	-45	587	-227	-560	136	15
GBP	4	-8	30	0	-46	21	1
NOK	15	0	6	0	-32	14	3
SEK	1	-19	32	0	-15	4	4
MYR	4	0	83	0	0	0	87
Others	2	0	0	0	0	0	3
Total	**387**	**-237**	**1,239**	**-1,292**	**-969**	**939**	**69**

Interest rate exposure

DKK million	Fixed rate period (years) 0-1	1-3	3-5	5-10	Fixed rate %	Present value
Mortgage debt	-325	0	0	0	2.8	0
Bank loans, long term	-442	-119	-6	0	5.8	-7
Bank loans, short term	-424	0	0	0	4.5	0
Bonds	0	26	0	0	3.7	0
Interest rate swaps	639	-486	-152	0	4.4	-8
FRA	500	-500	0	0	0	-2
Net exposure	**-53**	**-1,079**	**-158**	**0**		

Note	DKK million
19	**Annual result for the group's production companies**

Aarhus United Denmark

	2004 DKK	2003 DKK	2002 DKK	2001 DKK	2000 DKK
Revenue	1,599.1	1,564.0	1,229.7	1,200.2	1,441.3
Value added	550.7	532.0	493.6	461.3	436.7
Net margin	420.3	390.2	389.3	380.2	352.9
Operating income (EBIT)	81.9	62.3	71.0	67.6	63.8
Operating income before depreciation (EBITDA)	142.7	115.3	120.1	110.4	110.1
Pre-tax profit on ordinary activities	56.9	45.2	51.6	51.4	40.8
Profit for the year	53.0	31.7	51.6	51.4	40.8
Capital investments	62.3	81.0	50.9	70.5	86.8
Capital and reserves at year-end	529.0	561.0	498.0	446.4	407.8
Total assets at year-end	1,167.7	1,212.2	1,067.3	1,286.2	1,058.8
Profit margin ratio (%)	5.1	4.0	5.8	5.6	4.4
Return on assets (%)	6.9	5.1	6.6	6.0	6.1
Return on invested capital (%)	9.9	6.8	8.3	9.5	8.4
Total business volume (tonnes)	198,782	176,852	169,006	177,027	178,152
Number of employees	510	517	490	508	532

The key figures for 2004 and 2003 relate to the Aarhus United Denmark Group inclusive of subsidiaries. The 2003 figures have been adjusted to the restructuring effected at 1 January 2004, to the widest possible extent. Comparative figures for previous years have not been adjusted.

Aarhus United UK Ltd.

	2004 DKK	2004 GBP	2003 GBP	2002 GBP	2001 GBP	2000 GBP
Revenue	1,878.2	175.2	165.4	160.3	146.0	136.0
Value added	482.7	45.0	42.3	43.5	46.5	39.3
Net margin	303.4	28.3	26.4	27.3	30.6	-
Operating income (EBIT)	87.9	8.2	6.2	7.2	8.0	7.8
Operating income before depreciation (EBITDA)	132.6	12.4	10.8	11.4	12.7	11.8
Pre-tax profit on ordinary activities	75.7	7.1	5.1	6.3	7.0	7.4
Profit for the year	54.8	5.1	3.5	4.2	4.8	5.5
Capital investments	23.3	2.2	1.8	8.0	4.0	7.9
Capital and reserves at year-end	383.8	36.6	35.5	36.5	32.3	41.9
Total assets at year-end	787.8	75.1	73.8	76.1	70.5	68.4
Profit margin ratio (%)		4.7	3.7	4.5	5.5	5.8
Return on assets (%)		11.0	8.2	9.8	11.5	12.0
Return on invested capital (%)		15.1	10.7	13.0	15.4	15.8
Total business volume (tonnes)		365,141	351,101	366,794	382,313	317,627
Number of employees		308	317	285	369	284

Note **DKK million**

19 **Annual result for the group's production companies**

Aarhus United USA Inc.

	2004 DKK	2004 USD	2003 USD	2002 USD	2001 USD	2000 USD
Revenue	620.2	101.7	77.0	75.5	77.1	99.9
Value added	135.9	22.3	18.6	18.6	16.7	19.9
Net margin	111.4	18.3	15.5	15.8	13.8	17.4
Operating income (EBIT)	33.3	5.5	3.7	4.9	3.7	7.5
Operating income before depreciation (EBITDA)	42.9	7.0	5.3	6.7	5.5	9.2
Pre-tax profit on ordinary activities	31.4	5.2	3.5	4.7	3.2	7.2
Profit for the year	19.3	3.2	1.8	2.8	3.0	7.2
Capital investments	27.1	5.0	1.9	4.0	1.9	1.4
Capital and reserves at year-end	194.8	35.6	32.5	30.7	27.9	36.8
Total assets at year-end	307.8	56.3	47.2	45.5	46.3	61.9
Profit margin ratio (%)		5.4	4.8	6.5	4.8	7.5
Return on assets (%)		10.1	7.9	10.8	6.8	12.8
Return on invested capital (%)		14.0	10.1	13.7	8.5	17.9
Total business volume (tonnes)		123,398	113,051	117,296	113,681	116,908
Number of employees		55	49	48	48	48

Aarhus United México, S.A. de C.V.

	2004 DKK	2004 MXN	2003 MXN	2002 MXN	2001 MXN	2000 MXN
Revenue	687.8	1,302.7	913.7	788.0	717.6	666.1
Value added	133.4	252.7	171.3	174.6	174.6	170.6
Net margin	99.7	188.9	123.0	127.6	128.3	88.4
Operating income (EBIT)	43.0	81.5	39.5	43.1	52.7	24.6
Operating income before depreciation (EBITDA)	53.5	101.3	57.8	60.6	67.5	37.9
Pre-tax profit on ordinary activities	29.8	56.5	16.1	19.6	22.4	-10.8
Profit for the year	24.7	46.7	9.7	12.1	17.4	-10.8
Aarhus United's proportion of profit	22.9	43.3	8.5	10.6	15.2	-9.6
Capital investments	9.0	18.4	6.4	17.3	55.0	26.5
Capital and reserves at year-end	125.8	258.5	223.1	213.9	202.2	184.8
Aarhus United's proportion of capital and reserves at year-end	116.6	239.6	196.2	187.8	177.5	163.0
Total assets at year-end	374.9	770.2	613.8	543.3	539.3	461.9
Profit margin (%)		6.3	4.3	5.5	7.3	3.7
Return on assets (%)		11.9	6.8	8.0	10.5	5.0
Return on invested capital (%)		15.4	8.6	9.9	13.4	6.0
Total business volume (tonnes)		155,916	123,824	130,695	126,834	101,532
Number of employees		314	300	345	355	310

Note

20 Related party transactions

In 2004, goods and services were traded with related parties. Unitata Berhad, Malaysia, which is a subsidiary of the associate United Plantations Berhad in Malaysia, supplied fractionated palm kernel products to Aarhus United A/S and Aarhus United USA. These products were sold at world market prices, in other words at the same prices and under the same conditions as if the products had been supplied by an independent third party. The trade with Unitata Berhad totalled approximately DKK 280 million in 2004.

21 Supervisory board and executive board

Directors and managers together with connected persons hold the following stakes in Aarhus United A/S and the following positions of trust in other Danish limited companies and subsidiaries which are not 100% owned:

Supervisory Board	**Share holding (nominal DKK)**	**Positions of trust**
Kjeld Ranum, Chairman	388,100	B.U.H.L., Randers A/S (C) Hempel A/S (C) Svejsemaskinefabrikken Migatronic A/S (C) JP/Politikens Hus A/S (BM) Superfos A/S (BM) Superfos Industries A/S (BM)
Brian Bech Nielsen, Deputy Chairman	0	
Carl Bek-Nielsen	183,764,400	United International Enterprises (Denmark) A/S (BM)
Martin Bek-Nielsen	0	United International Enterprises (Denmark) A/S (BM)
John Goodwin	1,600	United International Enterprises (Denmark) A/S (BM)
Ebbe Simonsen	0	A/S Ole Haslunds Hus (MD) Bjørn Wiinblads Værksted A/S (C) Bodilsen Holding A/S (BM) Museumsbygningen Kunstauktioner A/S (BM)
Lone Hjelmeborn*	14,900	
Henrik Vuholm*	21,400	
Bjarne Uldall*	38,800	Industriens Pensionsforsikring A/S (BM)
Executive Board		
Erik Højsholt, Group CEO	54,600	Aarhus School of Business (C) Rode & Rode A/S (C) Bryggerigruppen A/S (BM) *Aarhus United companies:* *Aarhus United Denmark A/S (C)* *Aarhus United USA Inc. (C)* *Aarhus United México, S.A. de C.V. (C)* *Aarhus United UK Ltd. (BM)*
Esben Vibe, Group CFO	32,800	Investeringsforeningen Formuepleje (C) Plan-Epikur A/S (C) Plan-Pareto A/S (C) Plan-Penta A/S (C) Plan-Safe A/S (C) *Aarhus United companies:* *Aarhus United Denmark A/S (BM)*

(C) = Chairman
(MD) = Managing Director
(BM) = Board member
*) = Employee representative

Management's statement on the financial statements

The supervisory board and the executive board have today considered and adopted the annual report for 2004 for Aarhus United A/S.

The annual report has been prepared in accordance with the Danish Financial Statements Act, the accounting provisions of Danish legislation and the Copenhagen Stock Exchange on listed companies. We consider that the accounting policies used are appropriate and that the annual report thus gives a true and fair view of the group's and the company's assets, liabilities and financial position as at 31 December 2004 and of the profit/loss on the group's and the company's activities and the group's cash flows for the financial year from 1 January to 31 December 2004.

We recommend that the annual report be approved at the annual general meeting.

Aarhus, 7 March 2005

Executive board:

Erik Højsholt Group CEO	Esben Vibe Group CFO

Supervisory board:

Kjeld Ranum Chairman	Brian Bech Nielsen Deputy Chairman	Carl Bek-Nielsen
Martin Bek-Nielsen	John Goodwin	Lone Hjelmeborn
Ebbe Simonsen	Bjarne Uldall	Henrik Vuholm

Auditors' report

To the shareholders of Aarhus United A/S

We audited the annual report of Aarhus United A/S for the financial year 1 January-31 December 2004, prepared in accordance with the Danish Financial Statements Act, Danish accounting standards and the Copenhagen Stock Exchange financial reporting requirements for listed companies.

The annual report is the responsibility of the company's supervisory board and the executive board. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the annual report. An audit also includes assessing the accounting policies used and significant estimates made by the supervisory board and the executive board, 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 actual report gives a true and fair view of the group's and company's assets and liabilities, financial position at 31 December 2004 and of the results of the group's and the parent company's operations and cash flows for the financial year 1 January-31 December 2004 in accordance with the Danish Financial Statements Act, Danish accounting standards and the Copenhagen Stock Exchange financial reporting requirements for listed companies.

Aarhus, 7 March 2005

KPMG C. Jespersen
Statsautoriseret Revisionsinteressentskab

Deloitte
Statsautoriseret
Revisionsaktieselskab

E. Black Pedersen
State Authorised
Public Accountant

Claus Hammer-Pedersen
State Authorised
Public Accountant

Karsten Mumm
State Authorised
Public Accountant