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Financial Statements for 2001

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Financial Statements for 2001

The Board of Directors of Auriga Industries A/S has at its meeting today, March 12, 2002, considered the Consolidated Accounts for 2001 and decided to submit the accounts for the approval of the General Meeting.

Main items:

- In the 2001 financial year, Auriga Industries A/S recorded its highest turnover so far, amounting to DKK 4,277 million, which is an increase of 15 per cent. The profit on ordinary operations was also a record high with a 19 per cent increase to DKK 406 million, while the profit before tax increased to DKK 268 million. The profit after tax increased from DKK 149 million in 2000 to DKK 162 million.

- Despite currency unrest in Latin America, Cheminova A/S recorded a satisfactory profit before tax amounting to DKK 325 million. Following an improvement of results of DKK 32 million, Hardi International A/S recorded a loss of DKK 18 million, while Skamol A/S's profit fell to DKK 3 million due to recession on the American market.

- In 2001, Auriga Industries A/S achieved a profit margin (EBIT margin) of 10 per cent and an ROIC of 6 per cent. The debt ratio at the end of the year was 41 per cent.

- For 2002, the Auriga Group expects to see an increase in turnover of just under 10 per cent and a profit before tax of DKK 300-330 million.

- The General Meeting of Auriga Industries A/S will be held at the company offices in Harboøre on May 6, 2002 at 2 pm. The Board of Directors recommends that an unchanged dividend of DKK 2.40 per share be paid, corresponding to a payout ratio of 38 per cent.

Yours faithfully,
Auriga Industries A/S

Harboøre, March 12, 2002

Povl U. Skifter
Chairman of the Board of Directors

Mogens Nehen-Hansen
Managing Director

Enquiries concerning this notification to Managing Director Mogens Nehen-Hansen on tel. +45 70107030.

Consolidated key figures and key ratios 1997-2001

Auriga Industries Group

In millions of DKK	2001	2000	1999	1998	1997
Net turnover	4,277	3,728	3,451	3,088	2,634
Profit on ord. operations (EBIT)	406	341	396	324	304
Financial items, etc.	-127	-80	-55	-38	-9
Profit before tax	268	250	334	289	292
Profit for the year	162	149	218	173	130
Balance	4,857	4,526	4,077	3,607	3,465
Share capital	255	255	255	255	255
Equity capital	2,063	1,979	1,915	1,790	1,674
Net assets	3,855	3,420	3,007	2,786	2,540
Net debt	1,590	1,253	858	811	641
Operating cash flow	140	-89	371	151	1
Investment cash flow	-395	-196	-284	-261	-938
Free cash flow	-255	-285	86	-109	-937
Depreciation	262	243	222	210	178
Research and development costs	195	167	157	137	114
Number of employees	2,948	2,860	2,798	2,753	2,412
Profit margin (EBIT margin)	10%	9%	11%	10%	12%
NOPAT	248	208	261	196	148
ROIC (return on invested capital)	6%	6%	9%	7%	6%
Debt ratio	41%	37%	29%	29%	25%
Return on equity in per cent	8%	8%	12%	10%	8%
Profit in DKK per share of DKK 10	6.6	6.1	8.7	6.8	5.1
Operating cash flow in DKK per DKK 10 share	5.7	-3.6	14.8	5.9	0.0
Intrinsic value in DKK per share of DKK 10	84.3	80.6	76.7	70.2	65.6
Dividend in DKK per share of DKK 10	2.4	2.4	2.4	2.0	1.5
Quoted price, end of year	57	67	105	105	164
Payout ratio	38%	41%	28%	29%	30%
Price/earnings ratio	9	11	12	15	32
Quoted price/intrinsic value	0.68	0.83	1.37	1.50	2.50
Market value, end of year	1,454	1,711	2,678	2,678	4,182

The financial ratios have been calculated in accordance with the recommendations of the Danish Society of Financial Analysts (Den Danske Finansanalytikerforening). The accounts have been audited and have been given a clean opinion.

Appendix 1 contains the more detailed Profit and Loss Account, Balance Sheet and Cash-flow Statement. **Appendix 2** contains the consolidated profit distributed on the individual companies as well as changes to the equity capital. **Appendix 3** contains the currency and interest rate risks of the Group. **Appendix 4** describes the shareholder value of the Group, strategy and Corporate Governance.

Financial Statements for Auriga Industries A/S for the period January 1, 2001 to December 31, 2001

ANNUAL REPORT FOR AURIGA INDUSTRIES A/S

Turnover in Auriga Industries A/S increased by 15 per cent to DKK 4,277 million. The profit on ordinary operations amounted to DKK 406 million against DKK 341 million in 2000. The profit before tax was DKK 268 million against DKK 250 million in 2000. The profit includes income in Cheminova A/S of DKK 35 million in the form of data compensation and losses of DKK 20 million due to the devaluation in Argentina.

Both Cheminova A/S and Hardi International A/S more or less lived up to expectations, while Skamol A/S failed to live up to expectations after the first six months, primarily as a result of the recession on the American market.

For 2002, the Auriga Group expects to see an increase in turnover of just under 10 per cent and a profit before tax of DKK 300-330 million.

Result, Balance and Cash Flow
The consolidated turnover increased by 15 per cent to DKK 4,277 million. Ninety-seven per cent of sales derived from countries outside Denmark. Out of the total turnover, Cheminova was responsible for DKK 3,243 million, Hardi for DKK 832 million and Skamol for DKK 202 million. Turnover increased in all three companies compared to 2000. Cheminova recorded the highest increase in turnover at 19 per cent.

The profit on ordinary operations increased by 19 per cent to DKK 406 million against DKK 341 million in 2000. Net financial expenditure increased by DKK 47 million to DKK 127 million, partly due to the devaluation in Argentina and the investment in flutriafol. The profit before tax was DKK 268 million against DKK 250 million in 2000. In 2001, Cheminova recorded a profit before tax of DKK 325 million, whereas Hardi recorded a loss of DKK 18 million and Skamol recorded a profit before tax of DKK 3 million.

The profit after tax and minority interests increased to DKK 162 million against DKK 149 million in 2000. Despite Skamol's decline, the improved results in Hardi and the satisfactory profit in Cheminova made the total profit after tax satisfactory.

Compared to 2000, the Balance Sheet total increased by 7 per cent to DKK 4,857 million. Of the assets, stocks increased by 2 per cent to DKK 1,212 million, while receivables went up by 27 per cent to DKK 1,542 million. A significant part of the increase in debtors is attributable to Cheminova A/S following a significant increase in its sales. In addition, the outstanding data compensation from Griffin and the currency unrest in Latin America have increased the receivables of the Group.

Liabilities display a reduction in short-term debt, while long-term debt increased following the arrangement of more long-term loans.

The operating cash flow was a positive DKK 140 million, an improvement on the year before of DKK 229 million. Large-scale capital investments and Cheminova's investment in flutriafol resulted in a negative free cash flow of DKK 255 million.

Financial Targets and Key Figures
Overall, the objective of a growth in turnover of 10 per cent for the Group was fulfilled as the turnover increased by 15 per cent in 2001. Another financial target of the Group is to maintain a profit margin for the Group and its subsidiaries of at least 10 per cent. In 2000, the profit margin was 9 per cent, while it increased in 2001 to 10 per cent: 13 per cent in Cheminova A/S, 2 per cent in Hardi and 1 per cent in Skamol.

The profit on ordinary operations after tax (NOPAT) was DKK 248 million against DKK 208 million in 2000. Net assets increased from DKK 3,420 million in 2000 to DKK 3,855 million at the end of 2001. In 2001, the Group recorded a return on the invested capital (ROIC) of 6 per cent corresponding to the return in 2000. With its ROIC of 11 per cent, only Cheminova lived up to Group expectations.

The debt ratio increased from 37 per cent in 2000 to 41 per cent in 2001.

Subsidiaries
Cheminova's objective is to double its sales of plant protection agents over the next five years. Cheminova intends to fulfil this objective through the development of own products and increased efforts at acquiring new products and companies. At the same time, the company intends to increase its sales of third-party products.

The consolidation of the agrochemical industry continued in 2001 as Bayer signed an agreement to take over Aventis CropScience, and as a result the Bayer/Aventis constellation will control just under 20 per cent of the world market in future. The consolidation of the largest companies in the industry is expected to continue in the coming years.

In connection with the founding of Syngenta, Cheminova acquired the fungicide flutriafol with an annual turnover of USD 20 million. In the coming years, Cheminova expects to acquire other products in connection with the industry consolidation.

At the end of 2000, Dow AgroSciences and Cheminova A/S formed a 50/50 joint venture company for the registration and marketing of a highly efficient pyrethroid insecticide. Cheminova developed and will manufacture the product. The construction of the new production plant and the registration work is on schedule, and the product is expected to be introduced on the first markets in the course of 2003.

Cheminova's development departments in Denmark and India, which together employ a total of 45 academics, are currently developing manufacturing processes for fungicides, herbicides and insecticides. Several of these new products are ready to be introduced on the market.

In recent years, Cheminova has strengthened its ability to assume its own distribution and marketing on the largest markets. This development continued in 2001. Towards the end of the year, two acquisitions were carried out. Cheminova acquired the Mexican company SQI as well as a controlling interest in the UK-based Headland Group. As a result, Cheminova will have a market share of approx. 3 per cent in both Mexico and the UK.

For the past couple of years, **Hardi** has recorded unsatisfactory results. In the short term, the objective of Hardi is to significantly improve company earnings so that the company again becomes a value-generating operation.

In recent years, the demand for Hardi products has changed from relatively small sprayers to larger and more advanced sprayers as well as trailer and self-propelled sprayers; this is an area where Hardi has yet to experience a satisfactory production economy.

Hardi's development and production departments are working closely together with a view to streamlining the production process.

Up until now, the final assembly of sprayers has been carried out by Hardi's subsidiaries and importers. A restructuring plan has been initiated to concentrate most of Hardi's European assembly activities at the factory in Nr. Alslev.

In 2001, the restoration plan generally produced the expected results, and the positive impact on results will be further strengthened in the next couple of years.

At the same time as Hardi again becomes a value-generating operation, the objective is for the company to expand its position as one of the world's leading suppliers of sprayers and spraying equipment. This is to be realised through product development and sales to new markets.

In February 2002, Hardi agreed with its five Australian importers that, as of July 1, 2002, Hardi will take over activities in Australia previously carried out by the importers. This transfer of activities will result in an increase in Hardi's consolidated annual turnover amounting to DKK 65 million, and Hardi will be able to achieve considerable synergies within assembly, logistics and distribution.

Skamol's primary business area has so far been the supply of insulation products for the primary aluminium industry. The aluminium industry has been subject to considerable cyclical variations, and Skamol's objective is to become less vulnerable to such variations and to strengthen the return on its assets. Skamol's strategy is to increase turnover by approx. 50 per cent over the next three years without increasing costs at a similar rate and to achieve an EBIT margin of at least 10 per cent as early as in 2003.

The increase in turnover is to come primarily from sales of customised items and calcium silicate products to fire door market. To meet the anticipated high demand, in particular for fire doors, Skamol in 2001 increased capacity by 70 per cent at the company's factory for the manufacture of calcium silicate slabs. The increased capacity is expected to be available in the course of 2002.

Financial Risk Management

The financial risk management in the Auriga Group includes the currency, interest, liquidity and credit risk exposure of the Group.

The Board of Directors has laid down the overall framework for the risk management which is administered by Auriga's finance function.

The Group policy is to identify and appropriately hedge the most important financial risks.

The Auriga Group has an international outlook and a significant level of currency exposure, which can be seen from Appendix 3.

The purpose of managing the currency risk is to limit the negative impact from exchange rate fluctuations and thus to increase predictability of the financial results.

With regard to the expectations of the future development in foreign exchange rates, both the existing assets and liabilities in the most important currencies as well as future cash flows are hedged. Hedging of the transaction risk is carried out by means of currency options and forward contracts with a maximum term of two years. All the company's budgeted net income for 2002 has been hedged for nearly all significant currencies.

In 2001, the primary currency of the company, USD, was strengthened by 5 per cent. At present, foreign exchange forward contracts have been arranged for all budgeted USD net income in 2002 and almost all of 2003. The average rate is slightly better than the one obtained in 2001.

Through the arrangement of foreign exchange loans, Auriga to a certain extent hedges capital interests in foreign subsidiaries.

The consolidated Profit and Loss Account and Balance Sheet Statement were affected by interest rate fluctuations, and the purpose of interest rate control is thus to limit the negative impact of such fluctuations.

Auriga's interest rate risks appear from Appendix 3. Approx. 48 per cent of the interest-bearing net debt of the Group bears a fixed rate, and approx. 55 per cent of the debt is arranged in DKK, while the rest is primarily arranged in USD and EUR.

The policy of the Group is to always ensure the presence of an adequate financial instrument. The liquidity risk is controlled through the use of short-term overdraft facilities combined with long-term, fixed credit facilities with a number of bank and other financial institutions.

The credit risk related to the use of money market deposits and financial instruments can only be minimised by cooperating with financial institutions with a satisfactory credit rating.

Expectations for 2002

Cheminova expects to see continued growth in turnover, however, slightly lower than the one generated in 2001. The profit before tax is expected to be on a par with the results of 2001. The expected profit for 2002 includes royalty income in relation to the above-mentioned data compensation, an expected reduction of the programme for the eradication of the boll weevil in the US, intensifying competition and rising registration costs in the joint venture company Pytech Chemicals GmbH.

Hardi expects an increase in turnover of approx. 5 per cent compared with 2001, primarily as a result of its acquisitions in Australia. However, the acquisitions will only contribute modestly to the 2002 earnings. The increased focus on improving profitability is expected to result in a profit before tax of DKK 15-20 million.

As a result of the capacity increase at its calcium silicate factory, Skamol expects a high increase in turnover compared to 2001. At the same time, expectations are of a significant increase in the profit before tax.

For 2002, the Auriga Group expects to see an increase in turnover of just under 10 per cent and a profit before tax of DKK 300-330 million. In 2002, capital investments are expected to fall to DKK 220 million against DKK 245 million in 2001.

ANNUAL REPORT FOR CHEMINOVA A/S

Despite a declining market, Cheminova A/S's turnover increased by 19 per cent to DKK 3,243 million which was in keeping with the objective of doubling the market share over a five-year period. After income in the form of a data compensation of DKK 35 million and losses of DKK 20 million due to the devaluation in Argentina, Cheminova achieved a satisfactory profit before tax of DKK 325 million.

Company Objectives and Strategy

The company mission is to contribute to the global supply of food and plant fibres and to the eradication of insect-borne diseases. The company seeks to fulfil this mission through the manufacture and marketing of fine chemicals, including its most important product group, plant protection agents.

Within the area of plant protection, it is Cheminova's vision to be the most value-generating global supplier of generic products based on technology, innovation and competitive professionalism.

The objective of the company is to double its turnover from the use of plant protection agents over the next five years so as to increase its market share from 1 to 2 per cent of the world market. The company intends to achieve this growth target by strengthening and efficiently utilising its core competences within its primary business area, generic plant protection agents.

Through its own product development as well as intensified acquisitions of several new products and companies, the company intends to compensate for the expected fall in sales of organophosphates, so far the company's most important product area. Furthermore, the company intends to increase sales of third-party products.

General Development

The global plant protection agent sector has had yet another difficult year with negative growth rates. The US market declined by approx. 10 per cent due to adverse climatic conditions and the continued success of trans-genetic crops such as soya and cotton, while adverse currency conditions in Brazil and especially Argentina caused the Latin American market to decline by 15-20 per cent. In Western Europe, adverse climatic conditions during the spring hampered the use of plant protection agents. Historically speaking, the prices of the primary crops are still very low, and as subsidies for farmers are generally reduced and restructured, the incentive to use plant protection agents, which can help to ensure and increase the yield rates, is thereby reduced.

In the past year, the consolidation of the industry continued. Bayer thus entered into an agreement for the takeover of Aventis CropScience to create a giant similar in size to the largest company of the industry, Syngenta. The consolidation of the largest companies in the industry is expected to continue in the coming years.

This consolidation is expected to present Cheminova with a number of new opportunities for taking over interesting products. The new merged companies will be forced to sell off products in order for the authorities to authorise the merger. Many of these products will complement Cheminova's existing product range and thus help ensure the continued growth of the company.

In the spring of 2001, Cheminova thus acquired the fungicide flutriafol from Zeneca. The condition for the EU Commission's approval of the merger of Novartis and Zeneca was that a number of products, including flutriafol, were to be sold.

Cheminova’s pyrethroid project is on schedule. The production plant for the manufacture of the highly efficient product gamma-cyhalothrin is under construction, and extensive global testing activities with a view to registering the product are taking place. This work is being carried out by Pytech Chemicals GmbH, a 50/50 joint venture company owned by Dow AgroSciences and Cheminova. The company was formed for the purpose of registering and marketing the product.

Already in 2001, it was possible to submit applications for registration in some countries based on the data developed so far, while further applications for approval by the authorities are expected to be submitted in the course of this year.

The planned general launch of the product is expected to start in 2003. Depending on economic and political developments in Argentina, Cheminova expects to be able to market gamma-cyhalothrin in Argentina as early as the 2002-2003 season.

Result, Balance and Cash Flow
Turnover increased by 19 per cent to DKK 3,243 million against an increase in turnover of 9 per cent from 1999 to 2000.

The profit on ordinary operations increased to DKK 428 million against DKK 386 million in 2000, while the profit before tax was DKK 325 million against DKK 323 million in 2000.

The results included income of DKK 35 million in the form of data compensation from the American company Griffin LLC. In July 2001, a court of arbitration ordered Griffin to pay Cheminova the compensation following the registration by Griffin in the USA of the insecticide malathion by that company in 1998 on the basis of the citing of Cheminova data. After deducting expenses incurred, the compensation would have secured Cheminova income of DKK 85 million.

At the end of February 2002, Cheminova entered into an agreement with Griffin after which Griffin paid Cheminova 50 per cent of the awarded compensation. The remaining 50 per cent, including future interest, will be paid in the form of royalties based on Griffin's sales of malathion on the US market. Furthermore, the agreement will compensate Cheminova for some of the costs which Cheminova has incurred since 1998 and will incur in future in connection with the continued registration of malathion on the US market.

Furthermore, the results include a devaluation loss of DKK 20 million from Cheminova’s activities in Argentina.

Cheminova’s Balance Sheet increased by 18 per cent to DKK 3,166 million. The fixed assets increased by DKK 122 million, primarily due to the acquisition of the fungicide flutriafol. Despite the large increase in turnover and the acquisition of SQI and Headland towards the end of the year, stocks only increased by DKK 39 million, while trade debtors increased by DKK 174 million; a percentage increase that corresponds to the increase in turnover.

Cheminova utilised the low interest rates to increase its long-term debt to DKK 314 million. The total debt increased by DKK 325 million, while equity increased by DKK 119 million. At the end of 2001, the equity share was 40 per cent compared to 43 per cent in the previous year.

The operating cash flow was a positive DKK 227 million, an improvement on the year before of DKK 285 million. The large-scale investments in plant, products and companies resulted in a negative free cash flow of DKK 78 million.

The dividend paid to the parent company will amount to 5 per cent of equity, corresponding to DKK 67 million.

Sales

Sales of flutriafol, acquired in March, developed satisfactorily during the first year despite the fact that the season was well under way at the time of the acquisition.

Sales of Cheminova's new plant protection agents, glyphosate, chlorpyrifos and imazethapyr again developed positively in 2001. For glyphosate, Cheminova primarily succeeded in increasing the market share on the important US market. However, the prices on this market are under pressure due to the increasing competition following the expiry of the patent in 2000.

As expected, sales of Cheminova's traditional organophosphorous insecticides are falling and in particular the smaller products are experiencing decreasing sales as they are withdrawn from several markets in step with the introduction of new data requirements which cannot be met from a financial perspective.

Sales of preservatives for the food industry increased by more than 50 per cent following a doubling of the capacity at the beginning of the year. Sales of intermediates also increased following the commissioning of a new plant in India which increased Cheminova's share of this market.

Subsidiaries

In 2001, Cheminova continued its strategy of strengthening its ability to carry out its own marketing and distribution in the most important markets. Thus, acquisitions were made in the UK and Mexico, the organisation has been strengthened in the USA, and expansion and establishment in other markets continue.

In November, the Headland Group in the UK was acquired, significantly strengthening Cheminova's position in this large European market. As a distributor of a portfolio of plant protection agents and micro-nutrients, Headland has an annual turnover of approx. DKK 100 million. With the integration of Headland's product range, Cheminova has achieved a market share of 3 per cent of the UK market which is the tenth-largest in the world.

The Mexico-based SQI, which offers a number of complementary products, was acquired towards the end of the year. It has thus become possible to establish a much stronger organisation in the Mexican market through the integration of SQI with the existing subsidiary in Mexico. Following the acquisition of SQI, Cheminova is expected to achieve a turnover of approx. DKK 120 million with a market share of approx. 3 per cent.

For the past fifteen years, Cheminova has operated on the US market through its own subsidiary. Last year, Cheminova started establishing a sales organisation in the most important regional areas with a view to strengthening distributor marketing of Cheminova's products. Regional salespeople are now working to disseminate knowledge of Cheminova's products among distributors and farmers, and these efforts have already resulted in increased sales of the company's new products.

In the past year, the establishment of a South American subsidiary in Brazil continued, while Cheminova in line with the general trends in the industry has limited its growth with a view to minimising exposure due to the uncertain currency situation. Cheminova thus succeeded in limiting its losses following the devaluation at the beginning of 2001.

The economic situation in Argentina remains chaotic, as the necessary delegated legislation in connection with the devaluation is not yet in place. Cheminova's subsidiary, Chemiplant, has reduced its sales activities considerably to avoid any further exposure.

The Ukraine is a future growth market for the industry and through the establishment of a representative office in 2001, Cheminova has ensured its participation in this growth in the future.

Product Development and Investments
The development departments in Denmark and India have continued their work on the development of manufacturing processes for fungicides, herbicides and insecticides which may be potential new products, of which several are ready to be introduced on the market. The cooperation between the Indian and the Danish development departments has been further strengthened.

In Denmark, intensive efforts have been made in synthesis laboratories, test plants and plant departments in connection with process optimisation and construction of the production plant for the pyrethroid gamma-cyhalothrin.

Plant investments amounted to DKK 117 million in 2001. On Rønland, the most important investments were DKK 59 million in the new pyrethroid plant and DKK 24 million in the completion of an expansion of potassium sorbate capacity.

The investment in the fungicide flutriafol amounted to DKK 15 million, while the total investment in the two companies Headland, UK, and SQI, Mexico, amounted to DKK 31 million. To this should be added a considerable derived investment in working capital.

Production, Environment and Safety
Production at the company's Danish plants has been at roughly the same level as in 2000. The production of potassium sorbate was increased by 50 per cent, but not without problems, partly because the investment in the capacity increase was delayed and partly due to plant construction activities. The capacity increase was successfully completed before the end of 2001. In 2001, the production of glyphosate was the largest so far.

As in previous years, a separate Environmental Statement (in Danish) has been published and is available on request.

At the beginning of 2001, the production at the company's Indian plant was modest, but a good level of monsoon rain increased demand and quickly resulted in full utilisation of capacity at all plants. In its first year of production, the new plant for the production of intermediates experienced a number of running-in problems, most of which, however, were solved during the course of the year.

At both the Danish and the Indian factories, focus was on the working environment and on reducing the number of individual accidents at work as well as the frequency of accidents. The Danish plant experienced a small increase in the number of accidents. The number of accidents was on a par with the average for the past four years, however this increase is unacceptable. At the Indian plant, the number of accidents was at a record low.

Foreign Currency
Cheminova is a Group with an international outlook and a significant level of currency exposure which the company seeks to reduce through the conclusion of foreign exchange forward contracts and options with a term of up to two years. The distribution of Cheminova's sales and costs in 2001 appears from Appendix 3. For all significant currencies, all the company’s budgeted net income for 2002 has been hedged. For the primary currency of the company, USD, all the company’s budgeted net income for 2002 and almost all of 2003 has been hedged at an exchange rate which is better than the rate realised in 2001.

Risks
A number of factors may affect the cash flow and results of the company:

- Fluctuations in the rates of the company’s main currencies.
- Increased exposure in emerging markets (South America and third-world countries).
- Climatic conditions and the occurrence of insect infestation in important sales regions.
- The supply and demand situation for agricultural crops.
- The introduction of new technology, new products or the advent of insect-resistant plants as well as conversions of agricultural production.
- Restrictions on or withdrawal of approvals by the authorities of the company’s products.
- Reduced production due to damage or breakdowns at the company's production and environmental plants.
- The company may be held liable under product liability legislation for the use of its products. No major product liability lawsuits have been filed against the company during the course of the year. In the late summer of 2001, the class-action case in Florida against Cheminova, which received much attention by the Danish press, was dismissed by the courts of Florida. The company has taken out product liability insurance.

Expectations for 2002
The year 2002 is expected to see continued growth in turnover, however, slightly lower than the one generated in 2001. The profit before tax is expected to be on a par with the results of 2001. The expected profit for 2002 includes royalty income in relation to the above-mentioned data compensation. The expectations are also influenced by an expected reduction of the programme for the eradication of the boll weevil in the US, intensifying competition as well as rising registration costs in the joint venture company Pytech Chemicals GmbH.

Investments in tangible fixed assets for 2002 are expected to increase slightly compared to 2001.

ANNUAL REPORT FOR HARDI INTERNATIONAL A/S

Turnover increased by DKK 13 million to DKK 832 million despite the drastic decline of the European agricultural machinery industry in 2001 due to the outbreaks of BSE and foot-and-mouth disease as well as an unusually wet spring. Compared to the previous year, Hardi International A/S improved its profit before tax by DKK 32 million, resulting in a loss of DKK 18 million. Hardi is thus following the plans for restoring profitability which were implemented at the beginning of 2001.

Company Objectives and Strategy
The company mission is to promote efficient and responsible plant care, thereby contributing to ensuring responsible and quality-conscious food production and plant cultivation.

Within the above area of activity, the company vision is to be the leading business within the production of spraying technology and to disseminate its knowledge to dealers and end-users, thereby ensuring that they can in turn contribute to optimising the application of the technology. This is achieved through the development, production and marketing of highly efficient precision sprayers for all crop segments.

In the short term, the main objective of Hardi is to significantly improve company earnings to ensure that the company will within two years be able to live up to the requirements of its parent company for an EBIT margin of 10 per cent. At the same time, Hardi aims to generate new growth in its turnover through product development and sales to new markets.

Plan for Restoring Profitability in the Hardi Group
Hardi has launched a plan for restoration which is to restore profitability in the company within a few years.

The most important initiatives launched include:

- **Restructuring**: With the effected closing of Hardi's plants in Fredericia, Denmark, and Eksjö, Sweden, and the transfer of the assembly function of these units to Nr. Alslev in Denmark, the restructuring of Hardi's European assembly and distribution facilities has been initiated. During 2002, the assembly of Hardi sprayers destined for the European market will be further concentrated in Nr. Alslev.

- **Streamlining**: In recent years, the demand for Hardi products has changed from relatively small and simple machines to larger and more advanced sprayers as well as trailer and self-propelled sprayers; this is an area in which Hardi has yet to experience a satisfactory production economy. A streamlining of the factory in Nr. Alslev has therefore been initiated, comprising shorter supply lines, tighter logistics and a rationalisation of the work processes. This work is being carried out in close cooperation with Hardi's development and production department and has this year already resulted in an improved production economy, an improvement which is to be strengthened further in the coming years.

- **Outsourcing**: Efforts to outsource labour-intensive metalwork processes to Polish subcontractors are underway, and the possibility of establishing production and assembly facilities in a low-wage country is being explored.

General Development
The earnings of the European agricultural sector were slightly higher than in 2000 despite considerable problems caused by foot-and-mouth disease, BSE and the very wet spring in Central Europe where France, in particular, was seriously affected.

The North American agricultural sector had a good year, partly thanks to favourable subsidy schemes. The agricultural sectors in the rest of the world experienced reduced earnings, primarily due to the low market prices.

The worldwide decline in sales of agricultural machinery continued in 2001 and fell to 2-5 per cent. The increasing markets in parts of North America, Australia, South America and Eastern Europe could not compensate for the considerable fall in Central Europe of 12-15 per cent.

In 2001, the market for sprayers followed the trend of agricultural machinery in general with considerable falls in Europe – in particular in the German and French markets – while the North American and the East European markets witnessed expansion.

Within the agricultural machinery sector, distribution is to a large extent dominated by a handful of large full-line suppliers who also operate within the market for spraying equipment. Although not specialising in spraying, these competing suppliers are able to offer highly competitive brands of equipment. To further strengthen the Hardi Group brand, an ambitious plan has been prepared to improve user awareness of the Hardi Group as the leading sprayer specialist through exhibitions, the media, advertising and a more visible presence in the distribution process.

Result, Balance and Cash Flow
The turnover for the year increased by DKK 13 million to DKK 832 million.

The profit on ordinary operations was DKK 15 million, an improvement of DKK 29 million compared to 2000. The loss before tax was DKK 18 million compared to a loss of DKK 50 million in 2000. The results more or less comply with the restoration plan which was adopted at the beginning of 2001 according to which Hardi is within two years to achieve key figures which fulfil the objectives set by the Auriga Group.

The Balance Sheet total increased by DKK 26 million. As regards the assets, stocks decreased slightly while trade debtors increased by DKK 44 million, partly as a result of increasing sales in North America where the credit period for the industry is traditionally longer than in Europe.

By means of a cash contribution made by the parent company in the spring of 2001, Hardi's capital was increased by DKK 150 million, and consequently it was possible to reduce the net interest-bearing debt by DKK 81 million.

Operating cash flow was a negative DKK 33 million, an improvement compared to DKK 25 million in 2000. Free cash flow was a negative DKK 69 million, an improvement of DKK 15 million compared to 2000.

Sales and Subsidiaries
In the largest European market for agricultural machinery, France, Hardi experienced a significant fall in sales of approx. 20 per cent. The French market was severely affected by climatic conditions and uncertainty concerning the EU agricultural policy.

The second-largest market, Germany, has generally declined by 15 per cent, while Hardi's share fell by just over 10 per cent.

Sales in the Scandinavian markets have been increasing, in particular as a result of a positive Danish market. The UK and Spanish subsidiaries recorded turnover figures at roughly the same level as in 2000.

A generally increasing market in a number of Eastern European countries has enabled Hardi to increase its turnover significantly in both the Hungarian and the Czech markets.

The North American market for agricultural machinery is estimated to have increased by 2-5 per cent. However, the market for sprayers is estimated to have increased even more, partly as a result of a good harvest and large cash subsidies. At the same time, the increasing use of genetically modified crops has made it more advantageous for farmers to use their own sprayers.

The American subsidiary succeeded in taking full advantage of the market situation, which resulted in an increase in turnover in excess of 25 per cent.

In Australia and New Zealand, expectations for a good harvest in 2001 resulted in a general market increase compared to 2000. Hardi's turnover in Australia and New Zealand increased by more than 20 per cent.

Product Development
Hardi's product development throughout 2001 reflects the company's focus on capacity, precision and usability in integrated solutions for plant growers.

Thus, the company has developed a brand new product range of trailers for the medium-end segment for extensive plant growing, mainly for the US and Australian markets. The year 2001 also saw the introduction of a complete steel boom series in the 24-36 metres range for the global market, with emphasis on capacity and precision.

Hardi's role as a specialist supplier of equipment for plant protection was further strengthened with the introduction of a complete range of nozzles for the application of liquid commercial fertilizer. The Quintastream nozzle (patent pending) operates with very high precision without scorching crops and independently of usually disturbing parameters such as adjustable boom height.

The Hardi Nova electronic control system, which handles the entire spraying operation, has been expanded with another functionality, amongst other things, to support the GPS-based precision growing of crops.

Hardi's range of backpack sprayers has been thoroughly streamlined and updated to make it a competitive and high-quality product range which complies with the current FAO standards and recommendations.

Production and Investments
The level of activity at Hardi's Danish facilities was generally high and throughout 2001 the production in Denmark was carried out in accordance with the plans laid down. Efforts are being made to improve the planning process, and there is a considerable focus on the interaction between sales and production. The painting facility, which previously caused major problems due to a lack of operational reliability, is now operating satisfactorily.

The French plants were unable to fully utilise their capacity. For this reason, investments have been made in further rationalisation and flexibility.

The Spanish production has successfully phased in the new Mercury product range. In this production, the assembly process was further optimised and streamlined, resulting in reduced unit costs.

In 2001, the Australian production company yet again recorded a small loss. In February 2002, Hardi agreed with its Australian importers that as of July 1, 2002, Hardi will take over activities in Australia previously carried out by the importers. By consolidating the current activities of the importers with Hardi's Australian plant, considerable synergies can be achieved in 2003.

In 2001, investments, primarily in machinery and plants, amounting to DKK 47 million were made with a view to improving the production economy of the Group.

Risks

The group's policy for the hedging of financial risks is described in the Annual Report of Auriga Industries A/S. The currency distribution of the company's turnover and costs in 2001 appears from Appendix 3.

The company's earnings in any one year are affected by the economic cycles affecting the agricultural sector and thereby the levels of investment in this sector.

Expectations for 2002

The level of agricultural earnings and investments for 2002 is expected to be on a par with those of 2001. The industry is expected to continue to focus on the environment, food quality and reliability of supply. This development will strengthen Hardi's position in the coming years.

For 2002, Hardi expects an increase in turnover of approx. 5 per cent, primarily as a result of the acquisitions in Australia. From 2002, the acquisitions will contribute considerably to improving Group earnings, however the impact on the results for 2002 will be modest.

The efforts to improve profitability continue, and a profit before tax of DKK 15-20 million is expected for 2002.

ANNUAL REPORT FOR SKAMOL A/S

In 2001, turnover increased by DKK 9 million to DKK 202 million. Throughout the year, this increase was hampered by insufficient capacity at the calcium silicate factory. Due to recession and losses on the American market, the profit before tax was reduced to DKK 3 million. At the beginning of 2002, a considerable expansion of the calcium silicate factory was completed and for this reason a significant increase in both turnover and profit figures is expected for 2002.

Company Objectives and Strategy
The mission of the company is to contribute to the optimum utilisation of the scarce energy resources in the world. This is achieved through the development and manufacture of insulation products which actively contribute to increasing thermal efficiency and minimising unwanted heat loss.

It is the company's vision to be a leading global supplier of insulation products for the primary aluminium industry as well as to be a leading regional supplier of shaped insulation products used for special fire-proofing purposes, consumer products and other niche areas. The company also offers a wide standard range of insulation products for selected regional markets and industries.

The objective of Skamol A/S is to increase its turnover by approx. 50 per cent over the next three years and to obtain an EBIT of 10 per cent as early as in 2003. The largest growth rate is expected within fire doors and customised items, making the company less vulnerable to economic cycles.

Result, Balance and Cash Flow
Despite a lack of capacity at the calcium silicate factory throughout the year, turnover increased by 5 percent to DKK 202 million. Due to recession and losses on debtors on the American market, the profit on ordinary operations fell to just over DKK 2 million compared to DKK 10 million in 2000. A slight increase in the profit of the associated company Damolin and increased financial expenditure resulted in a profit before tax of DKK 3 million compared to DKK 10 million in 2000.

A decrease in stocks and debtors reduced the binding of liquidity in the form of working capital by DKK 13 million to the effect that the operating activity contributed with a positive cash flow of DKK 24 million. However, considerable investments in tangible fixed assets amounting to DKK 57 million resulted in a negative free cash flow of DKK 31 million compared to a negative DKK 1 million in 2000.

With a return on invested capital (ROIC) of 1 per cent compared to 5 per cent in 2000, Skamol’s results were unsatisfactory.

Sales and Subsidiaries
Sales developed satisfactorily for all regions with the exception of North America. Growth was mainly attributable to the sales of moler insulating bricks and vermiculite. In particular, sales to the high-temperature and aluminium segments have been satisfactory.

Skamol Americas experienced a drastic fall in turnover, primarily as a result of the aluminium industry closing down most melting plants in the Western USA. At the same time, the industry has not carried out any major construction projects.

Skamol’s other three regional sales companies all achieved satisfactory increases in turnover. Skamol Europe, which mainly sells products for the high-temperature industry and customised items, experienced the highest rate of growth of all the Skamol companies. The profit centre Skamol Export, which mainly supplies the aluminium industry, also saw significant increases in turnover.

At the end of 2001, Skamol's order book was full, and the company thus expects a considerable increase in sales in 2002.

Production
In 2001, the production of moler insulating bricks and vermiculite was on a par with the previous year, while the production of calcium silicate and perlite insulating bricks was less than planned.

The calcium silicate capacity has more or less been fully utilised for almost two years. The project to increase capacity went well for the best part of the year, but in the fourth quarter, commissioning problems and the actual reconstruction work resulted in reduced capacity. The increased capacity is expected to be phased in gradually as from March 2002.

At the factory which processes moler insulating bricks, a number of projects have been carried out with a view to reducing energy consumption and this has resulted in satisfactory savings. Similarly, the vermiculite factory has achieved savings by reducing manufacturing costs.

Product Development and Investments
During the year, considerable investments have been made in a number of development activities.

The most promising of these projects is the fire door project with the development of a special core, mainly of calcium silicate, for use in wooden fire doors. The so-called "banded cores" are to be manufactured by a small Canadian company which Skamol founded at the end of 2001. The product launch on the North American market is expected to take place from the second quarter of 2002. Furthermore, plans are being made for the imminent launch of calcium silicate as a core material in steel and wooden fire doors for the European market.

The most significant capital investment in 2001 was the 70 per cent capacity increase of the company's calcium silicate plant. This investment amounted to approx. DKK 48 million.

Environment and Safety
In recent years, Skamol has made dedicated efforts to improve the working environment and safety at its plants. As a result, the company has been able to maintain an accident frequency which is significantly lower than the average for the industry while the number of working hours lost due to accidents at work has also remained lower than the average for the industry.

Skamol is making efforts to introduce energy management at all of its Danish facilities. These efforts have already resulted in a 5 per cent reduction of the energy consumption per kg of finished product.

Risks
The group's policy for the hedging of financial risks is described in the Annual Report of Auriga Industries A/S. The currency distribution of the company's turnover and costs in 2001 appears from Appendix 3.

Cyclical variations in the industries to which the company markets its products for high-temperature insulation, in particular the aluminium industry, may affect company performance.

Furthermore, lawsuits may be brought against the company for product liability. In connection with a single minor trial consignment of insulation material supplied to an aluminium plant in Texas in 1972 – incidentally, the only delivery ever made by Skamol of products containing asbestos for North America – Skamol has been entered in a lawyer database containing the details of suppliers of materials containing asbestos. As a result, and without the plaintiffs having been able to produce any evidence of injury, Skamol has been summarily charged in connection with a number of asbestos-related cases in the USA. The cases against Skamol, which are covered by the company product liability insurance, are normally withdrawn quickly, but nevertheless require considerable resources.

Expectations for 2002
A significant increase in turnover is expected as a result of the implemented capacity expansion. At the same time, a significant improvement of the profit before tax is expected as stable energy prices are expected to improve the results of the associated company Damolin.

FINANCIAL CALENDAR FOR 2002

6 May	Ordinary general meeting and financial statement for the first quarter of 2002
27 August	Interim report
14 November	Financial statement for the third quarter of 2002

The Financial Statements and other financial and general information about the Group can be found on the company's homepage at the addresses www.auriga.dk (Danish version) and www.auriga-industries.com (English version).

The printed version of the Annual Accounts is expected to be available two to three weeks before the general meeting which will be held on May 6, 2002. The individual reports in the printed Annual Report and Accounts will be identical to the corresponding sections in the Financial Statements.

Appendix 1

PROFIT AND LOSS ACCOUNT 2001

	Group		Parent company	
In thousands of DKK	2001	2000	2001	2000
Net turnover	**4,277,458**	3,727,907		
Production costs	**2,879,448**	2,399,945		
Gross profit	**1,398,010**	1,327,962		
Sales and distribution costs	**596,283**	546,314		
Administration costs	**226,957**	252,651	**11,795**	14,134
Research and development costs	**194,992**	167,011		
Total costs	**1,018,232**	965,976	**11,795**	14,134
Other operating income	**58,597**	10,959	**77**	801
Amortisation of consolidated goodwill	**32,378**	32,279	**27,142**	27,142
Operating profit	**405,997**	340,666	**-38,860**	-40,475
Share of profit/loss in subsidiaries before tax			**307,596**	279,209
Share of profit/loss in associated companies before tax	**5,861**	5,147		
Financial items	**-127,235**	-80,414	**-2,638**	7,560
Profit-sharing	**-16,667**	-15,612		
Profit before tax	**267,956**	249,787	**266,098**	246,294
Tax on profit for the year	**104,565**	97,366	**104,565**	97,366
Consolidated profit	**163,391**	152,421	**161,533**	148,928
Minority interests' share of the profit	**1,858**	3,493		
Profit for the year, Auriga Industries' share	**161,533**	148,928	**161,533**	148,928
Proposed appropriation of the profit for the year:				
Dividend			**61,200**	61,200
Reserve for net revaluation according to the equity method			**86,513**	93,667
Retained profit			**13,820**	-5,939
Total			**161,533**	148,928

Appendix 1

BALANCE SHEET AS AT 31. DECEMBER 2001

ASSETS

	Koncern		Moderselskab	
In thousands of DKK	2001	2000	2001	2000
Fixed assets				
Intangible fixed assets				
Sales and registration rights, etc.	**10,187**	14,635		
Know-how	**78,358**	1,971		
Goodwill, etc.	**38,379**	55		
Consolidated goodwill	**466,768**	478,025		
Total intangible fixed assets	**593,692**	494,686		
Tangible fixed assets				
Land and buildings	**496,039**	496,009	**3,489**	3,738
Technical plant and machinery	**548,854**	568,296		
Operating plant and equipment	**79,862**	62,723	**429**	784
Plant under construction	**145,057**	103,681		
Total tangible fixed assets	**1,269,812**	1,230,709	**3,918**	4,522
Financial fixed assets				
Capital interests in subsidiaries			**2,086,238**	1,849,725
Capital interests in associated companies	**26,351**	23,551		
Other financial fixed assets	**546**	590		
Own shares				
Total financial fixed assets	**26,897**	24,141	**2,086,238**	1,849,725
Total fixed assets	**1,890,401**	1,749,536	**2,090,156**	1,854,247
Current assets				
Stocks	**1,211,784**	1,191,748		
Receivables				
Trade accounts receivable	**1,284,105**	1,071,717		
Dividend receivable			**71,200**	64,900
Amounts owed by subsidiaries				101,079
Deferred tax asset	**24,991**			
Company tax receivable	**20,209**	7,220	**18,228**	
Other receivables	**212,925**	132,125	**4,878**	7,007
Total receivables	**1,542,230**	1,211,062	**94,306**	172,986
Securities	**54,816**	185,575	**54,779**	185,538
Cash funds	**157,998**	187,719	**769**	737
Total current assets	**2,966,828**	2,776,104	**149,854**	359,261
Total assets	**4,857,229**	4,525,640	**2,240,010**	2,213,508

Appendix 1

BALANCE SHEET AS AT DECEMBER 31, 2001

LIABILITIES

	Group		Parent company	
In thousands of DKK	2001	2000	2001	2000
Equity capital				
Share capital	**255,000**	255,000	**255,000**	255,000
Reserve for net revaluation according to the equity method			**787,776**	701,263
Retained profit	**1,808,466**	1,724,212	**1,020,690**	1,022,949
Total equity capital	**2,063,466**	1,979,212	**2,063,466**	1,979,212
Minority interests	**25,469**	15,498		
Provisions				
Pension contributions	**2,161**	2,163	**1,250**	1,250
Deferred tax	**198,932**	169,711		
Total provisions	**201,093**	171,874	**1,250**	1,250
Long-term debt				
Mortgage debt	**831,998**	432,561	**1,998**	2,014
Employee bonds	**17,663**	13,350		
Bank debt	**201,651**	302,380	**14,286**	42,857
Total long-term debt	**1,051,312**	748,291	**16,284**	44,871
Short-term debt				
Long-term debt falling due in less than 1 year	**93,862**	87,375	**28,680**	28,656
Bank debt	**580,013**	714,042	**883**	46,681
Trade creditors	**485,214**	431,776		
Group company payables			**67,290**	
Company tax payable	**6,807**	70,916		48,862
Other debt	**272,143**	229,843	**957**	2,776
Dividend for the financial year	**61,200**	61,200	**61,200**	61,200
Profit-sharing for the financial year	**16,650**	15,613		
Total short-term debt	**1,515,889**	1,610,765	**159,010**	188,175
Total debt	**2,567,201**	2,359,056	**175,294**	233,046
Total liabilities	**4,857,229**	4,525,640	**2,240,010**	2,213,508

Appendix 1

CASH-FLOW STATEMENT 2001

	Group	
In thousands of DKK	2001	2000
Profit for the year	**161,533**	148,928
Depreciation of fixed assets	**229,267**	210,305
Amortisation of consolidated goodwill	**32,378**	32,279
Other adjustments	**231,076**	196,343
Change in working capital	**-209,287**	-517,922
Operating cash flow before financial items	**444,967**	69,933
Financial items	**-127,235**	-80,414
Cash flow from ordinary operations	**317,732**	-10,481
Company tax paid	**-177,433**	-78,132
Operating cash flow	**140,299**	-88,613
Acquisition of subsidiaries	**-30,648**	
Acquisition of intangible fixed assets	**-131,775**	-1,870
Acquisition of tangible fixed assets	**-245,218**	-203,675
Disposal of intangible and tangible fixed assets	**11,960**	7,383
Dividend from associated companies	**624**	1,972
Investment cash flow	**-395,057**	-196,190
Free cash flow	**-254,758**	-284,803
Repayments of long-term debt	**-92,551**	-95,519
Issue of long-term loan	**395,413**	160,000
Issue of employee bonds	**4,483**	5,082
Payment of profit-sharing	**-15,613**	-16,939
Dividend paid	**-58,959**	-60,101
Acquisition of own shares	**-4,466**	-30,114
Financing cash flow	**228,307**	-37,591
Change in cash funds	**-26,451**	-322,394
Cash funds as at January 1	**-340,748**	-18,354
Cash funds as at December 31	**-367,199**	-340,748
Interest-bearing net cash funds can be calculated as follows:		
Cash funds and securities less short-term bank debt	**-367,199**	-340,748
Interest-bearing debt	**-1,145,174**	-835,666
Interest-bearing net cash funds as at 31 December	**-1,512,373**	-1,176,414

Appendix 2

Consolidated profit by companies

Figures listed for Auriga Industries A/S are exclusive of the share of the subsidiary companies' profits.

Companies	*Cheminova A/S*		*Hardi Intern. A/S*		*Skamol A/S*		*Auriga Ind. A/S*		*Group in total*	
DKK million	**2001**	2000	**2001**	2000	**2001**	2000	**2001**	2000	**2001**	2000
Net turnover	**3243**	2716	**832**	819	**202**	193	**-**	-	**4277**	3728
Operating profit	**428**	386	**15**	-14	**2**	10	**-39**	-40	**406**	341
Financial items, etc.*	**-87**	-48	**-33**	-36	**1**	-1	**-3**	8	**-127**	-80
Profit before tax	**325**	323	**-18**	-50	**3**	10	**-41**	-33	**268**	250
Profit for the year**	**200**	218	**-1**	-45	**-**	8	**-37**	-32	**162**	149
Profit margin	**0**	0	**0**	0	**0**	0	**-**	-	**0**	0
NOPAT***	**300**	262	**10**	-10	**2**	7	**-**	-	**248**	208
ROIC	**0**	0	**0**	0	**0**	0	**-**	-	**0**	0
Debt ratio	**-**	-	**-**	-	**-**	-	**-**	-	**0**	0

* For Skamol A/S including share of profit of associated company

** Auriga Industries A/S's share of the profit for the year after tax and minority interests

*** Net Operating Profit After Tax (in connection with the calculation of NOPAT for the subsidiaries, a tax rate of 30 per cent was used)

Changes to the equity capital of the parent company and the Group in DKK million	
Equity, beginning of 2001	1979
Profit for the year	162
Dividend to shareholders	-61
Write-down of own shares	-4
Currency adjustments	-13
Equity capital, end of 2001	**2063**

Appendix 3

Currency – Head figures 2001 (million DKK)

Turnover	USD	EUR	INR	BRL	ARS	DKK	AUD	CAD	GBP	Other	Total
Cheminova A/S	1.456	635	350	256	178	117	43	88	37	83	3.243
	45%	20%	11%	8%	5%	4%	1%	3%	1%	3%	100%
Hardi Int. A/S	129	333	0	0	0	174	59	53	47	37	832
	16%	40%	0%	0%	0%	21%	7%	6%	6%	4%	100%
Skamol A/S	52	88	0	0	0	49	4	0	8	1	202
	26%	44%	0%	0%	0%	24%	2%	0%	4%	0%	100%
Group in total	1.637	1.056	350	256	178	340	106	141	92	121	4.277
	38%	25%	8%	6%	4%	8%	2%	3%	2%	3%	100%

Costs	USD	EUR	INR	BRL	ARS	DKK	AUD	CAD	GBP	Øvrige	Total
Cheminova A/S	602	621	251	214	73	895	0	43	66	27	2.792
	22%	22%	9%	8%	3%	32%	0%	2%	2%	1%	100%
Hardi Int. A/S	52	245	0	0	0	303	8	27	25	21	681
	8%	36%	0%	0%	0%	44%	1%	4%	4%	3%	100%
Skamol A/S	17	27	0	0	0	82	0	0	1	1	128
	13%	21%	0%	0%	0%	64%	0%	0%	1%	1%	100%
Group in total	671	893	251	214	73	1.280	8	70	92	49	3.601
	19%	25%	7%	6%	2%	36%	0%	2%	3%	1%	100%

Rent risk as at December 31, 2001					Million DKK	
Maturity - years	< 1	1-5	> 5	Total	Market value	Gross yield
Dematerialized securities	0	55		55	58	
Cash funds	158			158	158	
Interest-bearing assets	**158**	**55**		**213**	**216**	**4,51%**
Mortgage debt	44	374	458	876	878	5,21%
Other long-term debt	50	215	4	269	269	5,39%
Bank debt	580	0	0	580	580	6,49%
Interest-bearing debt	**674**	**589**	**462**	**1.725**	**1.727**	**5,67%**

The interest-bearing debt consists of 48 per cent fixed-interest and 52 variable-interest loans. Mortgage debt and other debt consist of 70 per cent fixed-interest loans over a period of 4-5 years, while the remaining 30 per cent is variable-interest debt. The total bank debt is variable interest debt. The interest rate on the bank debt reflects the high finance costs in South America.

With regard to currency, the interest-bearing debt consists of approx. 55 per cent DKK and 45 per cent foreign currencies, mainly USD and EUR.

Financial instruments in the Group:
With a view to hedging the transaction risk exchange forward contracts have been made at the equivalent of DKK 2,919 million in exercise prices. Entered at market value as at December 31, 2001, these contracts constitute a loss of DKK 100 million of which DKK 41 million have been included in the Profit and Loss Account for 2001.

Appendix 4

AURIGA INDUSTRIES GROUP

Objective and return on net assets (shareholder value)
Auriga Industries A/S, a listed company, is the parent company in a Group with three wholly owned subsidiaries, Cheminova A/S, Hardi International A/S and Skamol A/S. Furthermore, the Group owns 49 per cent of the shares in Damolin, Dansk Molerindustri A/S.

Through ownership and operation of one or more companies, Auriga Industries A/S aims is to ensure its shareholders attractive returns on their investments in the form of share price increases and dividends. The objective is thus to generate the highest possible value – shareholder value – for the benefit of the shareholders.

In the efforts to fulfil this objective, the main focus is on the long-term profitability of the company. The use of a version of the EVA® (Economic Value Added) model, continuous control of and follow-up on the return on the net assets for the entire Group. The EVA model is used for setting and controlling financial objectives and return requirements for the subsidiaries, prioritise investment alternatives, etc. The Group strives to take into consideration the other interested parties of the companies. The operation of the Auriga Group and its subsidiaries must always be carried out with the due care and diligence of a prudent business.

To fulfil the objective of an increased return on net assets in the Group it is deemed necessary for the Group to:

- Achieve an annual growth in turnover of 10 per cent.
- Achieve a profit margin of at least 10 per cent.
- Achieve an ROIC, ensuring an addition of value which exceeds the estimated Weighted Average Cost of Capital of the company – WACC. With the present interest rate level and debt ratio, Auriga's WACC is estimated to be approx. 8 per cent.
- Strive to achieve a debt ratio of appr. 40 per cent.

Strategy
The Board of Directors has approved strategies and plans for the three subsidiaries of the Group which will increase value in the individual companies. The strategy of Auriga for the coming years is primarily to develop all three companies in compliance with the plans laid down.

Auriga will be open to the idea of accepting all partners in all companies if it is deemed in the best interest of the shareholders and the companies. It is not Auriga's intention to remain a minority shareholder in a company in the long term.

Corporate Governance
Auriga Industries A/S strives to ensure the shareholders a return on their assets and aims at achieving a high level of Corporate Governance. During 2002, the Board of Directors and the Board of Management will review the recommendation for sound company management made by the Nørby Committee.

The share capital of Auriga Industries A/S is divided into A and B shares. All A shares are owned by Aarhus University Research Foundation which, according to the Foundation stipulate shall own all A shares and at least 51 per cent of the voting rights of all shares in Auriga Industries A/S. However, there are no obligations with respect to how large a share of the individual companies Auriga Industries A/S must own. Auriga is therefore free to carry out any structural changes deemed necessary by the company.

The Board of Directors, which normally consists of nine members of whom three are staff representatives, meet six times a year. At least one of the meetings must be of a two day's duration.

At the beginning of 2001, a bonus scheme for the Board of Management and senior employees was established with a view to increasing value in the Group. The bonus principles, which are based on profit on ordinary operations and the ROIC, have been selected with a view to furthering the return on net assets within the Auriga Group. The Board of Directors has decided to continue the bonus scheme in 2002. Sixty persons will be comprised by the scheme.

However, the bonus scheme for 2002 does not comprise Auriga's Board of Directors which instead is offered a share option scheme comprising 285,000 options. One third of the options expire in each of the coming three years and can be exercised at strike prices which increase by 10 per cent per year in relation to the price as at March 11, 2002 (price 76).

The share option scheme introduced in 1999 for a total of eleven senior employees will remain in force until 2005, operating with a total of 486,000 share options at an strike price of 105 plus an annual "yield" of 10 per cent.

As from 2002, Auriga Industries A/S will publish quarterly reports.