



March 12, 2004

Financial statements of Auriga Industries A/S for 2003

A good year for the largest company in the group, Cheminova A/S, resulted in growth in both revenue and earnings in 2003 for the Auriga group. At the same time the company's cash flow from operating activities has been maintained at a high level. An unchanged dividend of DKK 2.40 per share of DKK 10 will be proposed.

Highlights:

- In 2003, the group realised a revenue of DKK 4,471 million (+5 per cent), while the operating profit was DKK 286 million. The profit before tax was DKK 182 million against DKK 43 million in 2002. Both revenue and profit before tax are in line with the expectations outlined in the quarterly report issued on November 12, 2003.
- Cheminova achieved a satisfactory operating profit of DKK 336 million, while Hardi realised an operating profit of DKK 16 million before restructuring costs. Skamol suffered from the slowdown in economic activity in Europe and returned a loss of DKK 12 million.
- The group's cash flow has been maintained at a high level with a cash flow from operating activities of DKK 306 million against DKK 425 million in 2002.
- As a result of developments in exchange rates and a low level of economic activity, it will in the short term be difficult to fulfil the group's objective of an annual growth in revenue of 10 per cent and a profit margin of 10 per cent.
- For 2004, the Auriga group expects revenue of approx. DKK 4,600 million and a profit before tax of approx. DKK 230 million.
- The general meeting will be held at the company offices in Harboøre, Denmark, on April 30, 2004 at 2 pm. The Board of Directors proposes that the dividend be an unchanged DKK 2.40 per share.

Povl U. Skifter
Chairman of the Board of Directors

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KEY FIGURES AND RATIOS FOR THE AURIGA GROUP 1999-2003

	EUR million					
In DKK million	1999	2000	2001	2002	2003	2003
Revenue	3,446	3,718	4,261	4,268	4,471	601
Operating profit*)	391	331	393	302	286	38
Net financials etc.	(54)	(76)	(119)	(129)	(97)	(13)
Profit/loss before tax*)	330	244	263	168	182	24
Write-down, consolidated goodwill	-	-	-	(125)	-	-
Net profit/loss after tax and minority interests	214	144	156	(43)	89	12
Balance sheet total	4,190	4,604	4,971	4,657	4,897	658
Share capital	255	255	255	255	255	34
Equity	1,956	1,990	2,092	2,163	2,156	290
Net assets	2,952	3,432	3,824	3,757	3,767	506
Net payables	771	1,175	1,514	1,333	1,444	194
Cash flow from operating activities	371	(89)	162	425	306	41
Cash flow from investing activities	(284)	(196)	(414)	(217)	(372)	(50)
– of which invested in property, plant and equipment	(229)	(204)	(264)	(211)	(162)	(22)
Available cash flow	87	(285)	(252)	208	(66)	(9)
Depreciation, amortisation and write-down	222	243	276	415	287	39
Research and development costs	157	167	195	188	174	23
Number of employees	2,790	2,860	2,948	3,027	2,996	2,996
Profit margin (EBITDA)	18%	15%	16%	14%	13%	13%
Profit margin (EBIT) *)	11%	9%	9%	7%	6%	6%
NOPAT *)	257	199	236	157	149	20
ROIC (Return on invested capital) *)	9%	6%	6%	4%	4%	4%
Debt ratio	26%	34%	40%	35%	38%	38%
Return on equity *)	11%	7%	8%	4%	4%	4%
Profit/loss in DKK per share of DKK 10 *)	8.6	5.9	6.4	3.3	3.6	0.5
Cash flow from operating activities in DKK per share of DKK 10	14.9	(3.6)	6.6	17.4	12.5	1.7
Equity value in DKK per share of DKK 10	78.4	81.0	85.5	88.4	88.1	11.8
Dividend in DKK per share of DKK 10	2.4	2.4	2.4	2.4	2.4	0.3
Quoted price, end of year	105	67	57	57	62	8.3
Price/earnings ratio *)	12	11	9	17	17	17
Quoted price/equity value	1.34	0.83	0.67	0.65	0.70	0.70
Market value, end of year	2,678	1,709	1,454	1,454	1,581	212

*) Stated prior to the one-off write-down of consolidated goodwill concerning Hardi in 2002.

The financial ratios have been calculated in accordance with the recommendations of the Danish Society of Investment Professionals (Den Danske Finansanalytikerforening). The financial ratios have been adjusted for the portfolio of treasury shares. The financial highlights in EUR are translated at the exchange rate as at December 31, 2003.

Appendix 1: Income statement, balance sheet, cash flow statement, and statement of changes in equity.



REVIEW FOR AURIGA INDUSTRIES A/S

In 2003, Auriga saw growth in revenue as well as earnings. At the same time, the satisfactory development in the cash flow from operating activities seen in recent years was maintained. The growth is attributable to a good year for Cheminova A/S, the largest company in the group. In 2003, Hardi International A/S completed a substantial part of the planned restructuring, while Skamol A/S suffered from the economic slowdown in Europe.

The increase in Cheminova's sales of newer products was – unlike 2002 – so large that it more than compensated for the structural fall in the company's sales of organophosphorous insecticides. The organophosphates are currently losing market shares to newer products. Measured in local currencies Cheminova's sales increased by 16 per cent relative to the year before.

Cheminova has in recent years invested heavily in the acquisition, development and marketing of new products. In the past three years, the company's product programme has thus been increased by seven own new products. The most promising of these new products is the pyrethroid gamma-cyhalothrin, an insecticide introduced in a number of countries in 2003.

In 2003, Hardi saw a considerable increase in orders from, in particular, Australia where farmers enjoyed a good harvest as well as good crop prices. Measured in local currencies, sales increased by 7 per cent, but the increase could have been larger. The relocation of production from the factory in Taastrup to the factory in Nr. Alslev on Falster led to inexpedient production and consequently delivery problems. The relocation of production has now been completed, and a material element of Hardi's restructuring plan has thus been implemented. At the beginning of 2004, Hardi has a large order book.

Excepting sales to the aluminium industry, Skamol's sales in 2003 were unsatisfactory and affected by the general slowdown in economic activity. In 2003, Skamol's sales fell by 8 per cent relative to the previous year.

Objectives and strategy

It is the objective of Auriga to ensure the long-term addition of value for the benefit of shareholders, employees and other interested parties. The addition of value is ensured through the operation of independent companies. Although the company's core activity is plant protection, it is the opinion of the management that the greatest long-term value is created through Auriga continuing to operate and develop all three companies in the group. The Board of Directors will, however, regularly be reviewing the composition of the group's portfolio of companies.

Auriga has for the coming years fixed growth and earnings targets for each of the three companies. As a result of the strong Danish currency and a low level of economic activity, it will in the short term be difficult to fulfil the group's objective of an annual growth in revenue of 10 per cent and a profit margin of 10 per cent.

Developments in subsidiaries

In 2003, Cheminova generated sales of DKK 3,420 million, which is an increase of 6 per cent on 2002. In 2003, the increase in sales of the company's newer products more than compensated for the fall in sales of the company's older organophosphorous insecticides. Stable economic conditions in Brazil and a good monsoon in India contributed to the increase in sales.

Cheminova's operating profit (EBIT) was DKK 336 million, corresponding to an EBIT margin of 10 per cent against 11 per cent in 2002. Cash flow from operating activities amounted to DKK 363 million, up DKK 33 million on 2002.



Hardi's revenue for 2003 was DKK 849 million, up 3 per cent on 2002. Thanks to good conditions for farmers, especially in North America and Australia, the order intake in 2003 was DKK 48 million higher than in 2002.

Hardi's operating profit before non-recurring expenses was DKK 16 million, an increase of DKK 24 million relative to 2002. Non-recurring expenses in connection with the relocation of production from Taastrup to Falster amounted to DKK 19 million and DKK 6 million more than expected. Cash flow from operating activities was DKK 8 million against DKK 2 million in 2002.

In 2003, Skamol generated a revenue of DKK 201 million, DKK 17 million less than the year before. The fall is primarily due to a low level of economic activity within all the company's business areas with the exception of the aluminium industry. The operating loss amounted to DKK 12 million against a profit of DKK 1 million in 2002. The cash flow from operating activities was DKK 22 million against DKK 4 million in 2002.

Important events in 2003

New products in Cheminova

Since 1994 Cheminova has been working on the pyrethroid project which is the company's largest investment ever. In addition to an intermediate, the project also concerns the development of the most active pyrethroid in the market, the insecticide gamma-cyhalothrin. The process has been developed at the company's laboratories in Denmark, and production will take place at a newly constructed factory at Cheminova on Rønland, Denmark.

With a view to ensuring fast, global market penetration, Cheminova in 2000 entered into a 50:50 joint venture with Dow AgroSciences. The joint company, Pytech GmbH, has been set up for the purpose of registering and marketing gamma-cyhalothrin. These activities are undertaken via the sales companies of the two parent companies. At the end of 2003, the product has been registered in eleven countries. Registration of the product in the USA is expected in March 2004. In the course of the coming years, gamma-cyhalothrin is expected to be registered and marketed in more than 50 countries. The pyrethroid project will in the coming years contribute significantly to Cheminova's growth.

In connection with mergers among the large players in the industry, Cheminova has in the past couple of years acquired three products. Sales and earnings for these products have lived up to expectations. The fungicide flutriafol has been particularly successful. Flutriafol has proved particularly suitable for the eradication of rust in soya, a fungal infection which in recent years has been plaguing Brazil.

Cheminova's new generic products include imidacloprid, the world's largest insecticide. The product is patent-free in India and has since 2002 been produced and marketed in India by Cheminova's Indian subsidiary. In the coming years, this product will be marketed globally by Cheminova in step with the expiry of the patent in the different countries.

At the end of 2003, Cheminova took over the global rights and registrations for the insecticides methyl parathion and malathion from the US company Griffin LLC. Malathion will continue to be a particularly important product for Cheminova in future.

Restructuring of Hardi

2003 saw the implementation of an important part of the restructuring plan for Hardi as the company's production in Taastrup was closed down and moved to the factory on Falster. Following the move, all production and assembly activities in Northern Europe have now been centralised on Falster by early 2004. The closing-down of the factory in Taastrup has unfortunately led to far more direct and indirect expenses than expected.



In 2004, our efforts to return Hardi to a healthy economic condition will focus on creating a stable production at the factory in Nr. Alslev on Falster. As part of this process, the number of products and product varieties will be reduced. Furthermore, the coming years will see the outsourcing of a large part of the production.

Development work aimed at improving the production economy of trailer sprayers continues in 2004.

Income, balance and cash flow

The group generated a revenue of 4,471 million against DKK 4,268 million in 2002. Of the increase in revenue, Cheminova contributed DKK 195 million and Hardi DKK 25 million, while Skamol's revenue fell by DKK 17 million.

The operating profit was DKK 286 million against DKK 177 million in 2002, which was affected by the one-off write-down by DKK 125 million of consolidated goodwill in respect of Hardi. Net financials fell from DKK 129 million in 2002 to DKK 97 million in 2003, especially on account of the more stable economic situation in South America.

The profit before tax was DKK 182 million against DKK 43 million in 2002. Adjusted for the one-off write-down of consolidated goodwill, the profit before tax was DKK 168 million in 2002.

Both revenue and the profit before tax for 2003 are in line with the expectations outlined in the quarterly report for the third quarter of 2003 issued on November 12, 2003.

Tax on profit for the year was DKK 87 million against DKK 81 million in 2002. The tax rate in 2003 is 48 per cent. The high tax rate is attributable to the fact that an increasing share of the group's profit are effected by its foreign subsidiaries and often in countries with higher tax rates than in Denmark. To this comes considerable deficits in recent years on account of the registration costs incurred by the Swiss joint venture company Pytech, where the tax rate is only 10 per cent. In the coming years, Pytech is expected to return a profit, which will have a positive bearing on the group's tax rate. Finally, the tax rate is affected by the fact that no tax credit is allowed for consolidated goodwill.

The profit after tax and minority interests was DKK 89 million against a loss of DKK 43 million in 2002. With an EBIT margin of 6 per cent and an ROIC of 4 per cent, the group did not live up to its long-term financial targets.

Relative to the year before, the balance sheet total increased by 5 per cent to DKK 4,897 million. At the end of 2003, net assets amounted to DKK 3,767 million, which is largely unchanged relative to the year before.

The cash flow from operating activities was DKK 306 million against DKK 425 million in 2002. At DKK 162 million, investments in property, plant and equipment were somewhat lower than in 2002, while investments in intangible assets rose from DKK 45 million in 2002 to DKK 201 million in 2003.

Exchange rate fluctuations

Auriga's three subsidiaries are all international companies and consequently affected by fluctuations in exchange rates. The foreign exchange risk is reduced in the fact that net positions in the most important currencies are hedged through the conclusion of forward exchange and option contracts with a term of up to two years.



The expected net positions for 2004 have been almost fully hedged for the most important currencies. The total net position in USD, which is the group's primary currency, has been hedged at a rate which is significantly higher than the current rate. A major part of the group's net positions in USD for 2005 has been hedged with option contracts against further depreciation compared to current rate.

Especially Cheminova, but also Skamol, have considerable net positions in USD. Both companies are working on a number of initiatives to reduce their dependence on the USD. The earnings of the two companies will, however, be affected by a continuingly low USD rate in 2005.

Expectations for 2004

In 2004, Cheminova is expecting a slight increase in sales to DKK 3,500 million. The generally emerging optimism within the industry is being offset by a weak USD exchange rate and intensifying competition, especially for glyphosate.

For 2004, an EBIT margin of 9 per cent is expected, and an operating profit slightly under the profit for 2003. Owing to the combination of long credit periods and high interest rates in Brazil, the sales prices of Cheminova Brasil contain a substantial financing element. For technical accounting reasons, the EBIT is reduced by this financing element, resulting in a corresponding improvement of net financials.

Hereafter, Cheminova is expecting an increase in profit before tax of 5 per cent in 2004 relative to 2003.

For 2004, Hardi is expecting an increase in revenue of approx. 7 per cent, especially as a result of the size of the order book at the beginning of 2004. All Northern European production activities have now been centralised on Falster, which is expected to result in improvements to both production economy and the reliability of deliveries. Expectations are of an EBIT margin of 4 per cent and profit before tax of DKK 5-10 million.

Skamol's revenue for 2004 is expected to increase by 5 per cent, especially on account of an improved economic climate in Europe. Major cost cuts have been implemented in 2003, which will have full effect in 2004. For 2004, Skamol expects a profit before tax of approx. DKK 5 million.

The Auriga group consequently expects a revenue of approx. DKK 4,600 million for 2004, a profit before tax of approx. DKK 230 million and a cash flow from operating activities on a par with 2003. Investments in property, plant and equipment are expected to total approx. DKK 160 million.



REVIEW FOR CHEMINOVA A/S

(In millions of DKK)	2003	2002
Revenue	3,420	3,226
Operating profit before depreciation and amortisation of goodwill (EBITDA)	540	548
Operating profit (EBIT)	336	348
Net financials	(70)	(96)
Profit-sharing	(15)	(14)
Profit before tax	251	238
Net profit for the year	142	147
Balance sheet total	3,466	3,008
Fixed assets	1,059	941
Equity	1,578	1,546
Net debt	868	701
Cash flow from operating activities	363	330
Cash flow from investing activities	(329)	(130)
Available cash flow	34	201
Investments in fixed assets	307	137
Depreciation	204	200
Profit margin (EBITDA)	16%	17%
Profit margin (EBIT)	10%	11%

Objectives and strategy

It is Cheminova's objective to be the most value-generating global supplier of generic products within the agrochemical industry – based on technology, innovation and competitive professionalism. To fulfil this objective, the company's global market share must be increased from the present approx. 1.5 per cent to at least 2 per cent over the next three to four years. This has to happen despite the fact that Cheminova's organophosphorous insecticides are currently losing market shares to newer products.

The increase will be achieved partly through the acquisition of products and companies, and partly through the introduction of new generic products developed by the company itself. Distribution will primarily happen through the company's own sales companies.

During this period of growth, the aim is to maintain a cash flow from operating activities of 10 per cent of revenue and an EBIT margin of 10 per cent. Depending on developments in the USD exchange rate, the EBIT margin may in some years fall below the stated level.

Market development

Following a number of years of declining sales, the global market for plant protection products was largely unchanged in 2003 relative to the year before. Measured in USD, however, an increase of 5-6 per cent was seen. Contributory factors in this context were, in particular, increasing world market prices for a number of crops as well as the improved economic situation in Latin America, especially in Brazil.

Unlike the previous year, both North America and South America experienced normal weather conditions in 2003, and the industry saw increases in sales in both areas. On the other hand, large parts of Europe were hit by drought, and measured in EUR, sales in Europe fell by approx. 4 per cent.



In 2003, the market for conventional, synthetically manufactured plant protection products was just over USD 26 billion. The North American market remains the biggest market, accounting for 30 per cent of global sales. Then follow Western Europe and Asia with 24 per cent and 22 per cent of the market, respectively.

The only area which is currently seeing structural growth is Latin America, which now accounts for 15 per cent of sales of plant protection products. Eastern Europe, which in the coming decade is expected to become a growth area, still accounts for a mere 4 per cent of the world market.

While sales of conventional products are seeing only modest or no growth at the moment, sales of biotechnological products are increasing and now amount to approx. USD 4 billion.

At the moment herbicides account for half the market for plant protection products, while insecticides account for 25 per cent and fungicides for 22 per cent of the market as a whole.

The agrochemical industry is currently characterised by considerable consolidation and has been for some time. The two largest companies in the industry, Bayer and Syngenta, account for about 40 per cent of the world market, and together with four other multinational research-based companies they represent approx. 80 per cent of the market as a whole. About ten to fifteen years ago, it took just under 20 companies to cover a similar share of sales. Consolidation often leads to divestment of products, and a number of these products offer interesting potential for Cheminova.

Furthermore, the industry is characterised by more and more products becoming patent-free. Sales of patented products account for only approx. 34 per cent of the world market. Another trend within the industry is that a large number of products are currently being reregistered in Europe and North America. The costs involved in this are often so high that a number of minor products are disappearing from the market in the process.

In this scenario there will be some scope for companies such as Cheminova to win market shares, but subject to intensifying price competition. In 2003, developments were affected, in particular, by price competition on glyphosate in the US market.

Sales and distribution

In 2003, Cheminova's sales of plant protection products developed satisfactorily and largely as expected.

Sales of the insecticide malathion also fell in 2003, although not by as much as anticipated. This is due, in particular, to increased sales to the USA boll weevil eradication programme for cotton. Cheminova has for a number of years been the main supplier to the programme, which is approaching a successful end. Cheminova's other organophosphorous insecticides also saw satisfactory sales on a par with the year before. In 2003, organophosphorous products accounted for 32 per cent of the company's sales against 56 per cent five years ago. In step with the completion of the boll weevil eradication programme, the organophosphorous products' share of sales is expected to continue to fall.

Sales deriving from the company's newer products, including the herbicide glyphosate, are continuing to grow and accounted for 39 per cent of revenue in 2003.

Sales of glyphosate increased again in 2003, but at heavily reduced prices, especially in the USA. The fungicide flutriafol, which was acquired from Syngenta in 2001, had a satisfactory year with increasing sales relative to 2002. Flutriafol has proved effective in the eradication of rust, which in 2003 seriously affected soya in Brazil. The two products which Cheminova acquired from Bayer at the beginning of the year, acrinathrin and phosalone, both lived up to expectations.



Gamma-cyhalothrin, Cheminova's new pyrethroid insecticide, generated sales on a par with expectations. The product is being marketed by Pytech GmbH, a 50:50 joint venture between Dow AgroSciences and Cheminova.

At the end of the year, gamma-cyhalothrin had been registered in eleven countries, but in most countries registration was not obtained until after the growing season. Registration of the product in the USA is expected in March 2004.

A number of new growth products, including the insecticide imidacloprid, have been introduced in recent years and are generating satisfactory sales figures. However, so far imidacloprid is only patent-free in a small number of countries.

In 2003, sales of fine chemicals accounted for approx. 13 per cent of revenue and developed largely as anticipated, but with continuing fierce price competition.

Third-party products which are complementing the sales companies' programme are continuing to grow and in 2003 accounted for approx. 15 per cent of revenue.

An important element in Cheminova's strategy is the distribution of the company's own brands via its own sales companies in the most important agricultural countries. In 2003, Cheminova took over the French distribution company Flexagri from Bayer. At the beginning of 2004, Flexagri was merged with Cheminova France and provides a good starting point for Cheminova's future expansion in France.

Unlike the situation in two previous years, 2003 was characterised by financial stability in South America. Developments in Brazil were particularly positive, and Cheminova Brasil had a good year with considerable increases in revenue and earnings. India had a good monsoon in 2003, which meant that Cheminova India returned satisfactory results.

Sales in Europe have developed in different directions. Some countries in Northern Europe have been affected by frost and drought, negatively impacting sales of plant protection products, while the Spanish subsidiary Agrodan, for example, had another year of satisfactory growth.

Product development and acquisitions

Developing formulations of Cheminova's new pyrethroid gamma-cyhalothrin continued in 2003 along with the work to obtain registrations in a large number of countries. The registrations are obtained by the joint-venture company Pytech. The production process has been developed by Cheminova, and it is Cheminova which also produces the product, while sales are in the hands of Pytech through local sales companies owned by Dow AgroSciences and Cheminova. The product will in the coming years and up until 2010 constitute an increasing share of Cheminova's revenue and earnings.

Cheminova's R&D departments in Denmark and India have in the course of the year worked on the development of new generic products which will be launched in the coming years.

At the end of 2002, the company acquired the two insecticides phosalone and acrinathrin in connection with the merger between Bayer and Aventis.

At the end of 2003, Cheminova took over the global brands and registrations for the insecticides methyl parathion and malathion from the US company Griffin LLC. Malathion in particular will be an important product for Cheminova in future. The acquisition will improve capacity utilisation at Cheminova's Danish production plant.



Production and investments

Cheminova's production takes place in Denmark and India. Furthermore, subcontractors are being used to an increasing extent in connection with the manufacture of active ingredients and the formulation of sales products.

In 2003, operations at the factories in both Denmark and India went well with satisfactory capacity utilisation and production economy.

In 2003, approx. DKK 106 million was invested in property, plant and equipment, primarily in connection with the construction of the plant for the production of pyrethroids. The construction has proceeded according to plan.

In the coming years, investments in property, plant and equipment will decrease primarily in the Danish factory. It has therefore been necessary to reduce the number of jobs in the Danish production and construction departments by approx. 90 employees in the period 2002-2004.

Income, balance and cash flow

Revenue amounted to DKK 3,420 million in 2003, which is 6 per cent higher than in 2002. With unchanged foreign exchange rates relative to 2002, the increase in revenue would have been 16 per cent. The satisfactory growth in revenue is primarily attributable to increases in sales by Cheminova's sales subsidiaries in Brazil, India and Spain.

Cheminova's EBITDA was DKK 540 million, corresponding to 16 per cent of revenue against 17 per cent in 2002. After depreciation on fixed assets of DKK 204 million against DKK 200 million in 2002, Cheminova's operating profit was DKK 336 million against DKK 348 million in 2002. An EBIT margin of 10 per cent was achieved in 2003 against 11 per cent in 2002. Thus, Cheminova lived up to expectations at the beginning of the year and to the financial earnings targets.

Net financials amounted to DKK 70 million against DKK 96 million in 2002. The improvement is primarily due to the fact that 2002 was characterised by the currency crisis in Brazil and Argentina.

The profit before tax was DKK 251 million against DKK 238 million in 2002.

The company's balance sheet total was DKK 3,466 million at the end of 2003. An increasing share of Cheminova's sales takes place in South America where the peak season arrives around the end of the year. This is the reason for the increase in trade receivables in 2003 relative to the year before.

Despite an increase in debtors, Cheminova realised a cash flow from operating activities of DKK 363 million in 2003, up DKK 33 million on 2002.

Investments in 2003 amounted to DKK 329 million, of which DKK 223 million concerns investments in intangible assets, primarily in connection with the acquisition of the products phosalone and acrinathrin, the acquisition of Flexagri in France and the acquisition of Griffin's malathion and methyl parathion rights.

Expectations for 2004

Emerging optimism is generally being detected within the agrochemical industry. However, on account of the weak US dollar and the intensifying competition, especially for glyphosate, Cheminova is only expecting a slight increase in revenue in 2004, to DKK 3,500 million.

The parent's net income in USD for 2004 has been hedged in the form of forward exchange contracts at a satisfactory rate.



For 2004, an EBIT margin of 9 per cent is expected, and an operating profit slightly under the profit for 2003. Owing to the combination of long credit periods and high interest rates in Brazil, the sales prices of Cheminova Brasil contain a substantial financing element. For technical accounting reasons, the EBIT is reduced by this financing element, resulting in a corresponding improvement of net financials.

For 2004, Cheminova expects its profit before tax to be up by approx. 5 per cent on 2003.

Cash flow from operating activities in 2004 is expected to be on the same level as in 2003. Investments in property, plant and equipment for 2004 are expected to be slightly lower than in 2003.



REVIEW FOR HARDI INTERNATIONAL A/S

(In millions of DKK)	2003	2002
Revenue	849	825
Operating profit before depreciation and amortisation of goodwill (EBITDA)	62	36
Operating profit (EBIT)	16	(8)
Restructuring costs	(19)	-
Net financials	(29)	(27)
Profit before tax	(33)	(35)
Net profit/loss for the year	(25)	(27)
Balance sheet total	1,098	1,097
Fixed assets	417	433
Equity	309	343
Net debt	574	540
Cash flow from operating activities	8	2
Cash flow from investing activities	(30)	(66)
Available cash flow	(22)	(64)
Investments in fixed assets	39	100
Depreciation	46	43
Profit margin (EBITDA)	7%	4%
Profit margin (EBIT)	2%	neg.

Objectives and strategy

It is Hardi's objective to be the professional plant growers' preferred supplier of sprayers globally. By focusing on application technology, Hardi wishes to create added value for dealers as well as end-users. Hardi's core competences are development, application know-how, marketing and assembly.

Hardi must be a profitable business which can attract and hold on to competent employees. The target is for Hardi's EBIT margin to increase from 4 per cent to 8 per cent in the period 2004-2006, while at the same time maintaining the company's global market share of just over 10 per cent.

Market development

In 2003, European farmers experienced yet another year of difficult growing conditions, characterised by frost followed by drought. In Europe, crop yields were lower than the year before for the second year running. Notable exceptions were Scandinavia and the UK which saw improved crop yields relative to 2002.

In North America, growing conditions were generally good with satisfactory crop yields. Following the disastrous 2002 harvest, the Australian market experienced unusually favourable growing conditions in 2003, and expectations are of one of the highest crop yields ever.

In 2003, the world market prices for a number of agricultural crops continued the positive trend which emerged in 2002. In the European markets, the higher prices will to some extent compensate for the poorer crop yields, while earnings for farmers in North America and, in particular, in Australia will be better than the year before.

The sprayer industry, with total sales of between USD 1.2 billion and USD 1.5 billion, is expecting an increase in the coming years in step with the continued intensification of growing methods.



The sprayer industry is very fragmented. A large number of small manufacturers which operate in just one or a few countries account for approx. one third of the market. The small suppliers are at the moment losing market shares as demand increases for ever more specialist high-performance sprayers.

Most of the major manufacturers of tractors and combine harvesters also offer a sprayer programme, especially within self-propelling sprayers. They also have a market share of approx. one third. The last third of the market consists of a few international suppliers with a highly specialized programme, and this is the group to which Hardi belongs. The group is currently winning market shares on account of its superior products and specialist knowledge.

Sales and distribution

In 2003, Hardi's sales and order intake largely followed general developments within the agricultural machinery sector. France, which is Hardi's largest market, had a weak first half, but improved towards the end of the year so that the order intake from France for 2003 as a whole almost reached the level of the year before. The order intake from the other Western European countries was largely on the same level as the year before with the exception of Germany which had a weak year. The positive trend in sales to the East European countries continued in 2003, and Hardi had a particularly good year in Hungary.

Measured in USD, North America saw an increase in the order intake of just over 10 per cent. The biggest increases in order intake and sales were, however, realised in Australia which far exceeded expectations. In mid-2002 Hardi took over the activities of its Australian importers, and the good results are based on this takeover together with the good growing conditions in 2003. Today, Hardi is the largest supplier of sprayers in the Australian market and enjoys a particularly strong position within trailer sprayers.

The geographical distribution of Hardi's turnover is unique within the industry. This means that, in comparison with its competitors, Hardi is less sensitive to local climatic and economic fluctuations.

For large parts of the year, Hardi's sales have been hampered by a difficult delivery situation. At the end of 2003, the company therefore had a record order book covering most of the expected sales in the spring of 2004.

Product development and production

Hardi's core competence is the development of sprayers and spraying equipment for effective and responsible plant care. Following the launch of a number of new products in 2002, work in 2003 focused on standardising and reducing cost prices, especially for trailer sprayers. This work will continue in 2004.

In the course of the second half of the year, Hardi moved its production from its factory in Taastrup to Nr. Alslev on Falster. The move was announced in January 2003 and affected approx. 100 employees of whom only a few accepted the offer of a job in Nr. Alslev. The announcement of the closing-down of the factory in Taastrup led to a dramatic fall in productivity and efficiency. As the factory in Taastrup was a subsupplier of the factory in Nr. Alslev, the problems have had a knock-on effect on the flow of production at the factory in Nr. Alslev. This has resulted in major delivery problems and heavily affected Hardi's unsatisfactory results for 2003. The relocation has now been completed, and the property in Taastrup has been put on the market.

Production at Hardi's assembly and production plants outside Denmark was satisfactory in 2003.

Income, balance and cash flow

Hardi's revenue for 2003 was DKK 849 million, which is up 3 per cent on 2002. With unchanged foreign exchange rates relative to 2002, the increase in revenue would have been 7 per cent. The increase in revenue is attributable, in particular, to the acquisition in mid-2002 of the Australian distributors.



In 2003, the production economy was improved as compared to the year before, while other costs remained largely unchanged in comparison with 2002.

Hardi's EBITDA was DKK 62 million before non-recurring relocation and restructuring costs, corresponding to 7 per cent of revenue against 4 per cent in 2002. Similarly, EBIT increased from DKK -8 million to DKK 16 million in 2003, corresponding to an EBIT margin of 2 per cent.

Costs in connection with the restructuring and relocation of production from Taastrup to Falster amounted to DKK 19 million against expected costs of DKK 13 million. The excess is primarily due to the fact that productivity at the factory in Taastrup fell far more than anticipated following the announcement of its closure.

After net financials of DKK 29 million, Hardi registered a loss before tax of DKK 33 million. This is not satisfactory, not least against the background of the good order intake throughout 2003.

Cash flow from operating activities was DKK 8 million against DKK 2 million in 2002, while investments amounted to DKK 30 million against DKK 66 million in the year before.

Restructuring of Hardi

Following the closing-down of the factory in Taastrup, all production and assembly activities in Northern Europe have been centralised in Nr. Alslev, excepting a minor plant in Norway. This constitutes the completion of an important part of the restructuring plan.

In 2004, work will concentrate, in particular, on the streamlining of product programmes and models, improving the delivery situation and preparing a new series of sprayers for production.

Hardi's core competence does not include the production of a large number of components, and the coming years will therefore see the outsourcing of component production. Thus, the company no longer has any intention of establishing a large-scale factory in Eastern Europe.

In addition to a concentration of production and assembly activities, Hardi is endeavouring to increase the efficiency of its distribution and sales organisation. This work is expected to be completed in 2005.

Expectations for 2004

At the beginning of 2004, the relocation of production from the factory in Taastrup to the factory on Falster had been completed. Hardi expects to see a considerable improvement in both production economy and the reliability of supply in 2004. At the beginning of 2004, the order intake was good, and provided that the climatic conditions remain normal, Hardi expects an increase in sales of approx. 7 per cent. Expectations are of an EBIT margin of 4 per cent and profit before tax of DKK 5-10 million.



REVIEW FOR SKAMOL A/S

(In millions DKK)	2003	2002
Revenue	201	218
Operating profit before depreciation and amortisation of goodwill (EBITDA)	9	20
Operating profit (EBIT)	(12)	1
Share of profit/loss in associated companies	8	9
Net financials	(1)	(6)
Profit before tax	(6)	4
Net profit/loss for the year	(4)	(4)
Balance sheet total	250	277
Fixed assets	144	151
Equity	90	89
Net debt	115	120
Cash flow from operating activities	22	4
Cash flow from investing activities	(17)	(20)
Available cash flow	5	(16)
Investments in fixed assets	20	19
Depreciation	21	20
Profit margin (EBITDA)	5%	9%
Profit margin (EBIT)	neg.	0%

Objectives and strategy

It is Skamol's objective to be a leading supplier of insulation products to the primary aluminium industry. Furthermore, the company wants to expand its other business activities within insulation in other high-temperature industries, the insulation of boilers, wood-burning stoves and fire protection. Growth is primarily to be attained through organic growth.

Targets are for revenue to increase by 25 per cent in the next three years, and for Skamol's EBIT margin to increase from 4 per cent in 2004 to 8 per cent in 2006.

Market development and sales

The negative trend in the level of economic activity within most of Skamol's business areas continued as in 2002. Only the aluminium industry is continuing to develop satisfactorily, although the considerable order intake in 2002 could not be repeated in 2003.

When the aluminium industry is not being hard hit by the slow-down in economic activity, it is because aluminium is winning market shares from other metals at the moment. This trend is expected to continue and for Skamol, this is expected to translate into a high level of sales both to new projects and for the maintenance of existing plants. Sales to the aluminium industry account for just under half of Skamol's sales.

The low level of building activity in Germany has led to further falls in sales of vermiculite products and shapes for use in night-storage heaters in 2003. On the other hand, high energy prices have meant that sales of inserts for fireplaces and wood-burning stoves have increased in Northern Europe, in particular towards the end of the year.

Sales of calcium silicate slabs for the insulation of industrial ovens have been hit by low levels of economic activity and the resulting intensifying price competition. Nevertheless, the company has increased sales to this market, and following the expansion of the factory on northern Salling, Denmark, it is well geared to meeting the expected increase in demand once the European economy improves again.



Within the field of fire protection, penetration of the market for calcium silicate products has been slower than expected. The primary reason is that it was not until 2003 that Skamol was able to identify the right industrial partners.

Product development and production

Much of the company's development activities currently concentrate on the business area of fire protection. In 2003, Skamol obtained important approvals of calcium silicate as the core material of fire doors and panels. Once the new European fire protection standards are implemented in the years to come, Skamol will be in a position to offer the market a product which can compete with existing products with regard to properties as well as weight and price.

Within the "aluminium industry" business area, the product programme has been extended to include complementary products manufactured by Skamol's partners. The products have been successfully introduced to Skamol's customers and will contribute to strengthening the company's position within the aluminium industry.

Production at the company's production facilities outside Denmark was satisfactory in 2003. The increase in capacity at the factory in Northern Salling, Denmark, which manufactures calcium silicate was completed in 2003. The factory has fully met expectations with regard to capacity, and costs of sales have been materially reduced in comparison with previous years. The expansion is putting considerable pressure on Skamol's depreciation, and the health of the production economy of the factory is dependent on improved capacity utilisation in the coming years.

Skamol's production facilities in Denmark have been thoroughly streamlined and geared to handling any future improvements in the international economic climate. The factory in France has towards the end of 2003 shown considerable growth in capacity and economy, and further improvements are expected in 2004.

Following the considerable expansion of the calcium silicate factory the company expects the level of investments in property, plant and equipment to fall to DKK 10-15 million annually in the coming years. Investments amounted to DKK 17 million in 2003.

Management

On December 1, 2003 Kurt Pedersen Kaalund took up the position as new managing director of Skamol. Kurt Pedersen Kaalund, who comes from a job as commercial director of Cheminova, replaces John Nielsen, who has been managing director of Skamol since 1989.

Income, balance and cash flow

In 2003, Skamol generated a revenue of DKK 201 million, or DKK 17 million less than in 2002. The big fall is attributable to low levels of economic activity within most of Skamol's business areas. EBITDA was DKK 9 million, corresponding to just under 5 per cent of revenue against 9 per cent in 2002. Depreciation and amortisation totalled DKK 21 million, corresponding to 10 per cent of revenue. The very high level of depreciation and amortisation is primarily attributable to the considerable expansion of the calcium silicate factory in recent years.

An operating loss of DKK 12 million was realised in 2003 against a profit of DKK 1 million in 2002, while the associate Damolin had another good year.

A loss before tax of DKK 6 million was returned against a profit of DKK 4 million in 2002, and this is not satisfactory.

In 2003, cash flow from operating activities was DKK 22 million, while investments amounted to DKK 17 million.



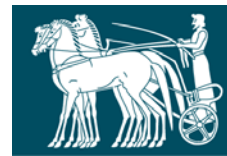
Expectations for 2004

At the end of 2003, Skamol had a satisfactory order intake, especially for moler and perlite bricks. The economic climate in Europe is expected to improve in 2004, which towards the end of the year will lead to an increase in demand within those of Skamol's business areas which are affected by general levels of economic activity. Furthermore, sales of fire protection products will continue to increase. For 2004, Skamol is thus expecting an increase in revenue of 5 per cent relative to 2003.

In the spring of 2003 the organisation was streamlined in a number of ways, resulting in a reduction in capacity costs of approx. 10 per cent. These savings will have full effect in 2004. Skamol is therefore expecting an EBIT margin in 2004 of approx. 4 per cent. As the associate Damolin is expecting results for 2004 to be as satisfactory as in 2003, Skamol is expecting to generate a profit before tax of approx. DKK 5 million in 2004.

FINANCIAL CALENDAR FOR 2004

Annual report for 2003 (printed version)	April 16, 2004
Annual general meeting	April 30, 2004
Quarterly report for the 1st quarter of 2004	April 30, 2004
Interim report for the 1st half of 2004	August 25, 2004
Quarterly report for the 3rd quarter of 2004	November 9, 2004



Appendix 1

INCOME STATEMENT 2003

DKK '000	Group		Parent	
	2003	2002	2003	2002
Revenue	4,470,924	4,268,431	-	-
Cost of sales	3,105,425	2,909,444	-	-
Gross margin	1,365,499	1,358,987	-	-
Sales and distribution costs	583,120	573,918	-	-
Administrative expenses	329,754	327,739	16,452	12,040
Research and development costs	174,115	188,368	-	-
Total costs	1,086,989	1,090,025	16,452	12,040
Other operating income	40,939	68,155	200	431
Amortisation and write-down of consolidated goodwill	33,327	159,725	18,370	152,142
Operating profit/loss	286,122	177,392	(34,622)	(163,751)
Share of profit in subsidiaries before tax	-	-	205,593	201,000
Share of profit in associates before tax	7,504	9,278	-	-
Net financials	(96,508)	(129,188)	4,746	532
Profit-sharing	(14,978)	(14,262)	-	-
Profit before tax	182,140	43,220	175,717	37,781
Tax on profit for the year	87,079	81,148	87,079	81,148
Consolidated profit/loss	95,061	(37,928)	88,638	(43,367)
Minority interests' share of the profit/loss	6,423	5,439	-	-
Net profit/loss for the year/Auriga Industries' share	88,638	(43,367)	88,638	(43,367)
Proposed appropriation of the profit for the year				
Dividend			61,200	61,200
Reserve for net revaluation according to the equity method			(20,368)	65,527
Retained earnings			47,806	(170,094)
Total			88,638	(43,367)



BALANCE SHEET AS AT DECEMBER 31, 2003

ASSETS

DKK '000	Group		Parent	
	2003	2002	2003	2002
Fixed assets				
Intangible assets				
Sales and registration rights etc.	94,756	8,666	-	-
Know-how	161,108	70,495	-	-
Goodwill etc.	66,240	72,659	-	-
Consolidated goodwill	309,905	310,583	-	-
Total intangible assets	632,009	462,403	-	-
Property, plant and equipment				
Land and buildings	476,633	499,102	2,715	2,951
Technical plant and machinery	576,945	639,993	-	-
Fixtures and fittings, tools and equipment	50,690	62,128	88	176
Plant under construction	43,396	38,706	-	-
Total property, plant and equipment	1,147,664	1,239,929	2,803	3,127
Investments				
Investments in subsidiaries	-	-	2,166,972	2,187,340
Investments in associates	33,190	30,885	-	-
Other investments	994	672	-	-
Total investments	34,184	31,557	2,166,972	2,187,340
Total fixed assets	1,813,857	1,733,889	2,169,775	2,190,467
Current assets				
Inventories	1,205,266	1,275,794	-	-
Receivables				
Trade receivables	1,133,163	893,629	-	-
Receivables from subsidiaries	-	-	100,520	348
Deferred tax asset	67,387	35,824	-	-
Income taxes receivable	3,950	-	3,189	-
Other receivables	402,939	412,140	4,175	5,166
Total receivables	1,607,439	1,341,593	107,884	5,514
Investments	9,393	58,995	9,135	58,958
Cash	261,291	246,426	5,816	722
Total current assets	3,083,389	2,922,808	122,835	65,194
Total assets	4,897,246	4,656,697	2,292,610	2,255,661



BALANCE SHEET AS AT DECEMBER 31, 2003

LIABILITIES

DKK '000	Group		Parent	
	2003	2002	2003	2002
Equity				
Share capital	255,000	255,000	255,000	255,000
Reserve for net revaluation according to the equity method			775,815	888,878
Retained earnings	1,839,528	1,846,637	1,063,713	957,759
Proposed dividend for the financial year	61,200	61,200	61,200	61,200
Total equity	2,155,728	2,162,837	2,155,728	2,162,837
Minority interests	29,487	28,031	-	-
Provisions				
Pension obligations	7,214	6,644	1,250	1,250
Other provisions	14,008	14,946	-	-
Deferred tax	159,180	139,833	-	-
Total provisions	180,402	161,423	1,250	1,250
Long-term liabilities				
Mortgage debt	158,947	188,559	1,714	1,823
Employee bonds	17,690	20,462	-	-
Lease obligations	5,666	5,238	-	-
Credit institutions	700,475	776,055	-	-
Total long-term liabilities	882,778	990,314	1,714	1,823
Short-term liabilities				
Long-term debt falling due within one year	262,024	85,279	109	14,388
Credit institutions	569,434	563,321	-	3,878
Trade payables	438,765	367,850	-	-
Payables to subsidiaries	-	-	132,170	-
Payables to associates	132	88	-	-
Income taxes payable	18,399	92,809	-	70,504
Other payables	349,715	190,895	1,639	981
Profit-sharing for the financial year	10,382	13,850	-	-
Total short-term liabilities	1,648,851	1,314,092	133,918	89,751
Total long-term and short-term liabilities	2,531,629	2,304,406	135,632	91,574
Total liabilities	4,897,246	4,656,697	2,292,610	2,255,661



CASH FLOW STATEMENT 2003

DKK '000	Parent	
	2003	2002
Net profit/loss for the year	88,638	(43,367)
Depreciation, amortisation and write-down, fixed assets	253,579	255,053
Amortisation and write-down, consolidated goodwill	33,327	159,725
Other adjustments	217,294	290,413
Change in working capital	(13,105)	25,503
Cash flow from operating activities before net financials	579,733	687,327
Net financials	(96,508)	(129,188)
Cash flow from ordinary activities	483,225	558,139
Income taxes paid	(177,216)	(133,131)
Cash flow from operating activities	306,009	425,008
Acquisition of subsidiaries	(27,401)	-
Acquisition of intangible assets	(200,543)	(45,236)
Acquisition of property, plant and equipment	(161,893)	(211,466)
Disposal of intangible assets and property, plant and equipment	14,490	38,607
Dividend received from associates	2,958	1,372
Cash flow from investing activities	(372,389)	(216,723)
Available cash flow	(66,380)	208,285
Repayment of long-term debt	(122,544)	(137,388)
Raising of long-term loan	200,000	62,709
Issue of employee bonds	2,653	5,340
Payment of profit-sharing	(13,850)	(16,650)
Dividend paid	(62,129)	(60,955)
Acquisition of treasury shares	-	(69)
Cash flow from financing activities	4,130	(147,013)
Change in cash and cash equivalents	(62,250)	61,272
Cash and cash equivalents as at January 1	(236,500)	(319,172)
Cash and cash equivalents as at December 31	(298,750)	(257,900)
Interest-bearing net cash and cash equivalents comprise:		
Cash and securities less short-term bank debt	(298,750)	(257,900)
Interest-bearing debt	(1,144,802)	(1,075,593)
Interest-bearing net cash and cash equivalents as at December 31	(1,443,552)	(1,333,493)



STATEMENT OF CHANGES IN EQUITY

Unless otherwise stated, all figures are in DKK '000

Group	Share capital	Reserve for net revaluation according to the equity method	Retained earnings	Proposed dividend for the financial year	Total
Equity as at January 1, 2003	255,000	-	1,846,637	61,200	2,162,837
Dividend paid				(61,200)	(61,200)
Dividend, treasury shares			2,449		2,449
Changes in equity in subsidiaries			1,466		1,466
Exchange rate adjustment etc. relating to subsidiaries and associates			(29,723)		(29,723)
Adjustment of hedging instruments at fair value			(7,978)		(7,978)
Tax on changes in equity			(761)		(761)
Net profit/loss for the year			27,438	61,200	88,638
Equity as at December 31, 2003	255,000	-	1,839,528	61,200	2,155,728

Parent	Share capital	Reserve for net revaluation according to the equity method	Retained earnings	Proposed dividend for the financial year	Total
Equity as at January 1, 2003	255,000	825,906	1,020,731	61,200	2,162,837
Dividend paid				(61,200)	(61,200)
Dividend, treasury shares			2,449		2,449
Changes in equity in subsidiaries			1,466		1,466
Exchange rate adjustment etc. relating to subsidiaries and associates		(29,723)			(29,723)
Adjustment of hedging instruments at fair value			(7,978)		(7,978)
Tax on changes in equity			(761)		(761)
Net profit/loss for the year		(20,368)	47,806	61,200	88,638
Equity as at December 31, 2003	255,000	775,815	1,063,713	61,200	2,155,728