

AURIGA INDUSTRIES A/S



Auriga Magasinet

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Auriga Industries A/S

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*Modernisation of Russian farming
means considerable growth
opportunities for Cheminova.*



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Growth

Cheminova's recent years' of massive focus on development, registration and introduction of new products is now beginning to see tangible results. Since 2005, approximately 5 per cent of revenue has been spent on development and registration activities, including the re-registration of products in our existing portfolio. This year alone, this equates to approximately DKK 300 million.

In 2008, a total of nine new products will be introduced, the highest number ever. The timing is perfect; with the intensifying pressure to increase agricultural production worldwide, these products are in strong demand.

One region which holds considerable potential for an increase in agricultural production is the CIS countries, including in particular Russia and the Ukraine. The CIS countries are investing massively in their agricultural sectors, and yields are increasing considerably, i.e. thanks to the increasing use of modern plant protection products.

Cheminova has, in the past five years, established a strong position in the

CIS markets with market shares being substantially higher than the average market shares held by Cheminova worldwide. With the registration and introduction of several new products in Russia, Cheminova is further strengthening the competitive edge and expects to lead the way in these growth markets in the coming years.

In this issue of the Auriga Magazine, you can, among other things, read about the registration of plant protection products in Russia and about Cheminova's many development activities.

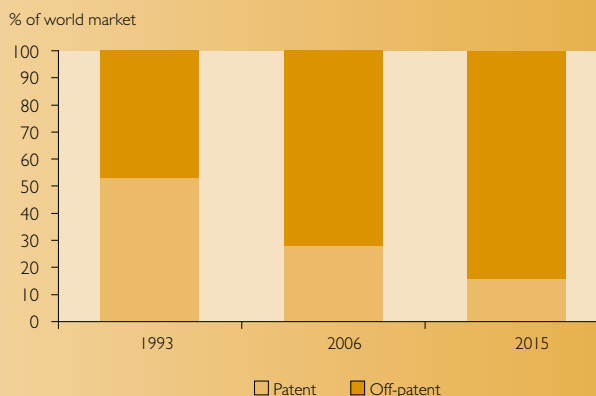
Enjoy your read!



Bjørn Albinus
President and CEO

Strong growth potential for Cheminova

The strong focus on development and registration opens up the prospect of Cheminova exploiting potential market opportunities in the coming years. Several products come off-patent and are thus accessible to Cheminova. As the graph shows, this part of the market for plant protection products is increasing considerably constituting a strong potential for Cheminova being able to develop, produce and market these products competitively. Moreover, Cheminova's development activities focus on improving the environmental profile of these products through innovative formulations.





Analysts and investors visiting Cheminova in Denmark

A unique opportunity to get to know Auriga and Cheminova better.

On Tuesday, August 26, Auriga organised a capital market day at Cheminova for 25 analysts and investors.

"Food prices are increasing, and stocks of agricultural products are historically low. The value of agricultural production is back on the agenda. As a supplier to the global agricultural sector, the entire plant protection industry is seeing growth. The purpose of the capital market day was to provide visitors with insights into some of the challenges facing Cheminova and some of the opportunities opening up in future as Cheminova makes its contribution to meeting demand for food worldwide," explains Kurt Pedersen Kaalund, President and CEO of Cheminova.

The capital market day is a new element in a number of activities targeted

at investors. The visitors spent the morning listening to presentations about Cheminova, and after lunch followed a guided site tour.

"We hope that our guests came to know more about Cheminova and the basis for our strategy. We had a really good and interesting debate about important and complex issues, and it is my clear impression that the participants benefited from their visit to Rønland," Kurt Pedersen Kaalund concludes.

The capital market day, which was held for the first time at Rønland, replaced this year's meeting with analysts after the release of the first half interim financial statements.

Niels Morten Hjort, Senior Vice President, Production & Logistics, described the current lean projects.



Fresh sea air and seagulls cries were part of the programme. The capital market day included a site tour in the Danish production facilities which are situated on a 1.5-square-kilometre peninsula called "Rønland".





Auriga – the best-performing stock in 2008?

Analyst Jens Houe Thomsen, Jyske Bank, shares with us his estimates of the Auriga share and the conditions affecting the share price.

It is yet too early to say whether Auriga will be the best-performing stock at NasdaqOMX (the Nordic Exchange in Copenhagen) in 2008. But it will definitely be one of the runners-up. For several reasons.

External factors

The market for plant protection products is favoured by increasing wealth in populous nations such as China and India as well as in other countries in Asia. In many cases, increasing wealth translates into an increase in demand for food products. In recent years, we have seen how increasing demand combined with failing harvests in a few major markets has resulted in price increases for several crops. An increase in the use of crops such as maize in the USA or sugar cane in Brazil for the production of bioethanol is also increasing demand, while on the other hand, the introduction of more GMO crops has boosted yields.

Increasing crop prices makes the use of plant protection products more financially attractive so as to optimise yields from a given area of farmland. Moreover, increasing prices are followed by fallow fields being cultivated again. Both factors are boosting demand for plant protection products. The growth in demand will continue for as long as we are seeing higher standards of living in several large countries.

For one of Auriga's most important products, glyphosate, the increase in demand

is combined with a decline in production capacity as several Chinese manufacturers have withdrawn from the market. The very high prices for glyphosate are, in fact, the main reason why Auriga has made upward adjustments of its outlook during 2008 and why the first half interim financial statements looked very promising. While prospects of growth for plant protection products are generally looking good for the coming years, glyphosate prices will probably stabilise next year as new production capacity is introduced in the market in both the USA and China.

Internal factors

When market conditions are favourable, it is important that businesses are geared to making the most of the favourable conditions. In this context, two of Auriga's strategic choices stand out. In 2005, the Auriga management decided to focus even more on developing, registering and marketing new products. More resources were allocated to these areas of activity, several new products were introduced, and several more are in the pipeline and awaiting registration. These investments in development and registration are important for Auriga's future growth, and in fact the most recent first half interim financial statements showed that Auriga's portfolio of products introduced to the market in recent years is seeing strong growth in sales.

In addition to focusing on development

and registration, Auriga also decided to focus on its core business and divest two subsidiaries which were not directly involved in the production of plant protection products. The sale of Skamol and Hardi has made it easier for management to focus on the core business. Focusing strategies are virtually always approved by the stock market with large investors often preferring to spread their risk across several business areas rather than having the listed companies doing the spreading.

Another important strategic choice made by Auriga is the decision to phase out the Class I products, replacing them with less toxic products. In this respect, Auriga has set an ambitious target for renewing its product portfolio. Ambitious targets are necessary to achieve ambitious results. The phasing-out of Class I products may result in the loss of customers and sales in the short term, but in the longer term Auriga can help set the standard for which products should be allowed. By actively developing new and less toxic products, Auriga can establish a strong position in the market if the authorities decide to impose stricter product requirements.

Outlook of improved earnings results in price increases

Auriga's focusing on its core business and the favourable market conditions in this area have driven both Auriga's earnings and the price of the Auriga stock in 2008. At



On the capital market day, Auriga's and Cheminova's results and strategy were presented by Bjørn Albinus, President and CEO of Auriga, Kurt Pedersen Kaalund, President and CEO of Cheminova, Niels Morten Hjort, Senior Vice President, Production & Logistics, and Søren Vedel, Senior Vice President, Finance & Support. Allan Skov, Senior Vice President, Development & Registration, is seen explaining the project processes.

the time of writing, the price of the Auriga stock has doubled, while earnings in first half saw a fivefold increase relative to first half of 2007. It is worth bearing in mind that first half of 2007 was characterised by problems in major market such as the USA, Brazil and India, while first half of 2008 has gone really well. So while the fivefold increase may be based on a low starting point, earnings levels have been very satisfactory this year with a profit margin of 12 per cent for the first half. The stock market had a taste of the impressive first half early in the year which saw marked increases in the earnings outlook and the stock price.

The positive outlook was confirmed by Auriga management in connection with the presentation of the financial statements for 2007, and not least by the outlook for 2008. Increases in the Auriga stock price were not driven by the results for 2007, but rather by Auriga's own outlook for 2008. This outlook was more positive than expected by the stock market, and it was even adjusted upwards in connection with the presentation of the financial statements for Q1 and again at the end of June.

The stock market is realising that Auriga's improved earnings are created both by a sustained positive trend based on the

increasing demand for plant protection products, but also by a short-term imbalance in the supply and demand for glyphosate which will probably be redressed in the coming quarters. For the stock market, a sustained growth in earnings is more valuable than unsustained growth. This distinction is impacting the Auriga stock price, so whether it will be the best-performing stock in 2008 remains to be seen in a few months' time. However, there is no doubt at the present time that Auriga is a real favourite.



"Auriga's focus on its core business and the favourable market developments are major growth drivers for Auriga's earnings and increases in the Auriga share price. Auriga is definitely one of the hot tips to become the best-performing stock at NasdaqOMX," says Jens Houe Thomsen, analyst with Jyske Bank, who also attended the capital market day.



Cheminova launching several new products

Management team of the development department. From the left Anton Bro, Allan Skov, Anita Wengel and Diane Allemang.

Strong focus on development and registration of new products.

Each year, Cheminova invests millions of DKK in developing and registering new products.

"There is very considerable scope for introducing new products at the moment, and Cheminova needs growth to improve earnings. With the new global corporate organisation structure, our sales subsidiaries must make the most of their capacity, and that calls for a larger product portfolio. We need to introduce new products and also register some of our existing products in new markets," explains Allan Skov, Senior Vice President, Development & Registration.

The new global organisation is the result of considerable streamlining and many improvements. This also goes for development and registration.

"We have gathered all activities dealing with registrations in the development department. Consequently, all necessary expertise is available, from the ideas phase through to the final approval of the finished product. Moreover, global responsibility is now placed in the hands of one department. The time factor is crucial which is the reason why we endeavour to get to the market first when a patent expires. With the new global structure, we are better geared than before," explains Allan Skov.

Strict requirements

It is not unusual that the period from project launch through to obtaining all approvals and registrations lasts for three to

five years. After that marketing and sales to end-users can commence.

"It is a long and complicated process and involves several people in our project groups. Cheminova aims at introducing the new products globally because the company is present in all major markets. We generally appreciate the strict requirements because they guarantee the highest possible level of consumer protection, and because we enjoy an advantage compared to our competitors thanks to many years' of extensive knowhow," adds Diane Allemang, Vice President, Regulatory Affairs.

Registration of new products or new formulations of existing products requires close cooperation with authorities in various countries.

"We are in constant dialogue with authorities. It happens that rules change during the registration process to include, for example, field trials and development of more data. It is, of course, essential that we are targeted and professional in our activities if we want to make the most of the very considerable investments involved," says Diane Allemang.

Quite apart from legislative changes in the global markets, the agrochemical industry is also changing the whole time, and these changes are also significant for Cheminova.

"Most recently, we have seen dramatic changes among producers in China which may well open up new opportunities for Cheminova," adds Allan Skov.



Diane Allemang, Vice President, Regulatory Affairs, is responsible for Cheminova's global registrations and is based in Washington. She highlights the international cooperation between registration specialists as one of Cheminova's strengths.

Global strategy executed locally

As in most other countries, the registration procedure is very complex in Russia. Consequently, in-depth knowledge of Russian affairs is decisive for obtaining registrations without unnecessary delays.

A variety of data and reports documenting product properties must be submitted for a product to be granted approval. Trials conducted under Russian conditions are supplemented with data from several studies carried out by Cheminova and used in several countries. The entire process is managed locally, while the data used are both global and local.



Cheminova's Russian chief agronomist, Alexander Dolgih, assesses the effect of a spraying trial in the fertile Lipetsk region.

Three a year

In the past, Cheminova used to introduce a new product every third year. According to the new strategy, the plan is for the company to introduce three new products each year:

"This indicates that we have changed our approach to development and registration. However, such changes must always live up to what we call the Cheminova standard, which has become a special brand in the industry. Strict standards as regards product chemistry and documentation benefit both customers and us," Allan Skov emphasises.

The global market for agricultural production is changing all the time. Many aspects change with the advent of new crops, new pests, new farming methods and climate change.

"These factors have an impact on our projects and not least our work on chemical synthesis, which is clearly one of Cheminova's strong points. Even though we are based in Denmark, this does not stop us from competing with similar departments all over the world, and reaping the benefits of our endeavours," Allan Skov points out.

Cheminova's development and registration department has about 125 employees, of whom about half hold a university degree.

"We can only succeed through close teamwork - both within our own department and with other Cheminova departments such as, for example, Portfolio Management," conclude Allan Skov and Diane Allemang.

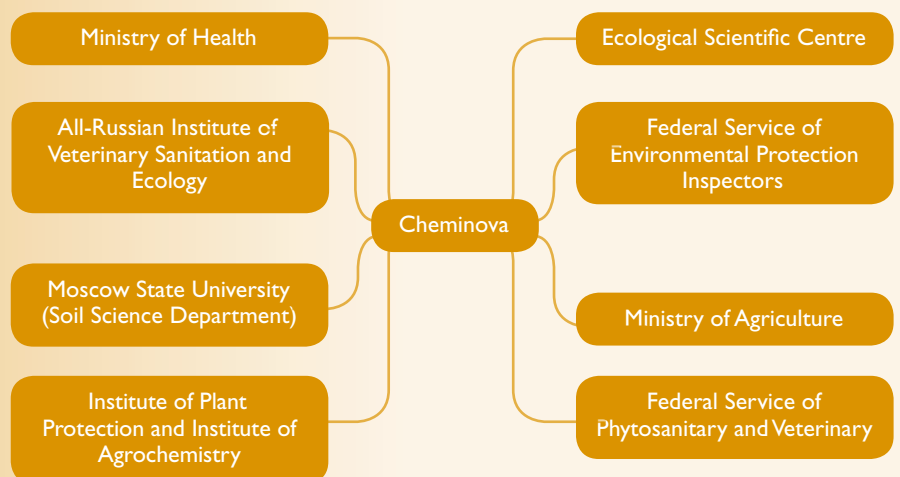
A concentrated process is rewarded with a registration certificate.



Simplified list of the most important authorities in the Russian registration system

Cheminova's Russian subsidiary is in charge of procuring and submitting the necessary data in the form of local trial results and documentation from the Cheminova databank.

Moreover, Cheminova Russia is responsible for collecting expert conclusions and reports and forwarding these to relevant authorities. The local registration experts in Cheminova Russia also handle the dialogue with authorities, clarify questions that may arise and procure additional documentation required.





Russian farming on a grand scale

Global food shortages favour large farms.

The Lipetsk region is situated approximately 700 kilometres south of Moscow and is part of the large Black Soil Area, the most important agricultural region in Russia. It is dominated by several very large farms, such as Zeros, a company which grows vegetables on approximately 48,000 hectares of farmland, divided between ten farms. Moreover, Zeros has approximately 13,500 cattle and three turkey farms. Zeros has its own warehouse for plant protection products, four planes for spraying, and a number of storage facilities

for agricultural products. Zeros also has a stake in a slaughterhouse and a modern factory producing bioethanol from 250-300,000 tonnes of maize a year. Zeros has approximately 1,100 employees.

By comparison, the by far largest farm in Denmark, Frijsenborg/Vedelsborg, farms approximately 4,000 hectares.

"We expect to harvest approximately 5 tonnes of wheat per hectare. However, for this figure to hold, we must control several pests, including weeds and various types of fungi. We use several of Cheminova's

herbicides, but we are also very interested in new products such as flutriafol to control the fungal infestation of maize and other crops," says Oleg V. Dolgih, CEO of Zeros.

The new products are tested on experimental fields, and depending on the results, the products will be used on very extensive areas of farmland in the coming years, with field sizes of 150-200 hectares being quite normal.

"The most important crops for Zeros are wheat, malt barley, maize and rapeseed, but we pay a lot of attention to the

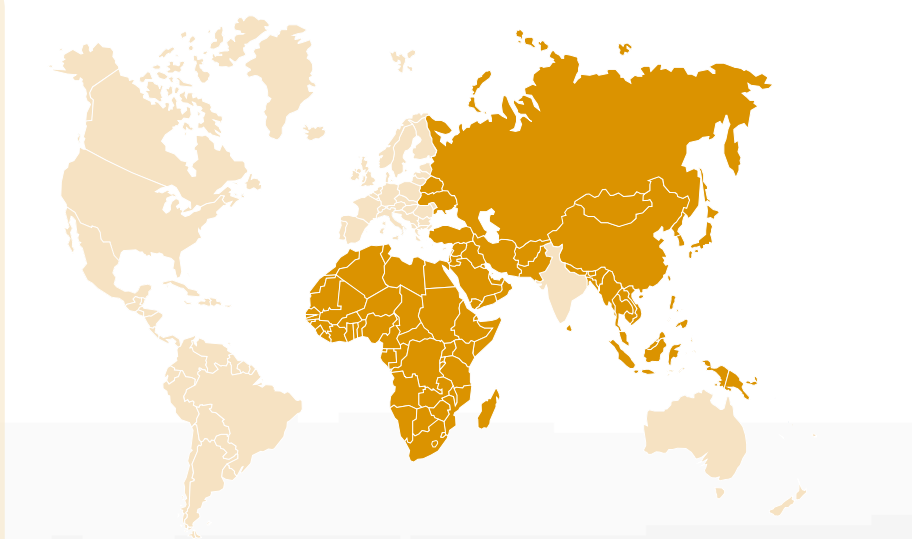
Region International

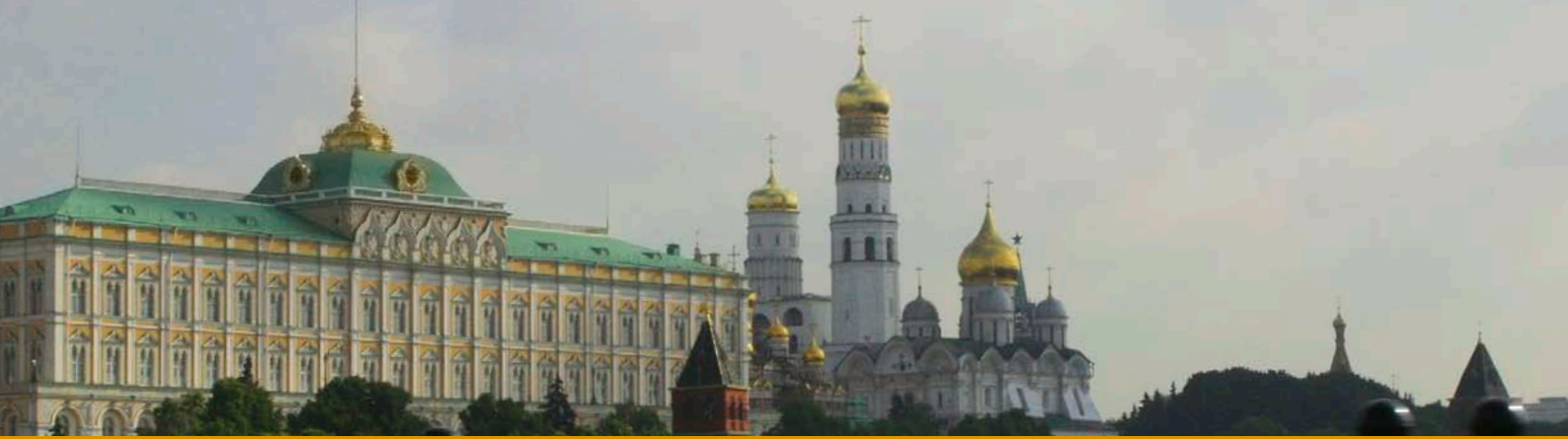
Cheminova's sales region "International" is a heterogeneous area which is generally characterised by very considerable growth potential.

The market for plant protection products in the region (including China) is worth more than USD 8 billion. There are considerable differences between the various countries, but the market is generally seeing satisfactory growth with CIS as the frontrunner.

In Asia, increasing standards of living and increasing demand for quality products throughout the value chain are pointing in the direction of stricter regulatory requirements, also for products used in the agricultural sector. In Africa, the food crisis has been an eye-opener, which will result in increased local food production.

"An increasing demand for plant protection products in combination with stricter documentation requirements are a perfect match for Cheminova's core competences," says Regional President Mats Edh from the newly opened regional office in Zurich.





Strong performance in the Russian market for plant protection products.

development of new crops and methods of cultivation which may be interesting for us," says Oleg Dolgih.

In this context, he mentions the development of new technologies within the agricultural sector as well as new knowledge from research into and the development of new plant protection products.

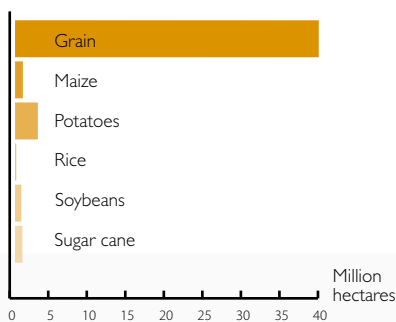
"The only way to increase yields is by using fertilizers, irrigation and plant protection products. We have already gained a lot of positive experience from

using several of Cheminova's existing products, and we look forward to following Cheminova's introduction of new and more effective products," stresses Oleg Dolgih.

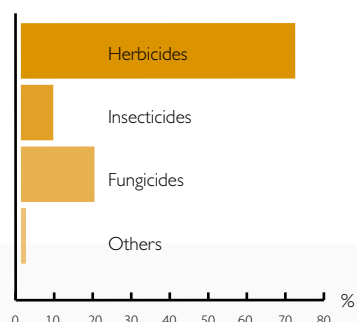
The harvest looks set to be slightly above average this year, leaving Zeros with scope for continued investments and development of new activities.



Oleg V. Dolgih, CEO of the agricultural company Zeros, emphasises the need for plant protection products to increase grain yields to European levels.



The most important crops in Russia by area.



The market for plant protection products by product type.





Strong performance in Russian market

"It is a question of ensuring continued success by making the most of the potential," says Jesper Eichen, President of CIS and General Manager of Cheminova Russia LLC.

Strong increase in revenue and earnings in just 5 years.

The Russian market for plant protection products is seeing strong growth, among other things as a result of increasing crop prices in the world market. At the same time, considerable investments are being made by the enormous farms in the Black Soil Area agricultural belt in the south of the vast country which stretches several thousand kilometres from Poland in the west and far into Siberia.

"In 2008, the Russian market will be worth approximately USD 500 million. To this should be added a significant market in the CIS countries (Commonwealth of Independent States) such as the Ukraine and Belarus. In the past five years, Cheminova has seen strong growth as a result of the targeted introduction of several new products and cooperation with many large customers," explains Jesper Eichen, General Manager of Cheminova Russia and President of Cheminova's CIS region.

Satisfactory return

Cheminova's revenue in Russia and CIS has seen a tenfold increase in just five years, and Cheminova Russia has established a solid platform in the market. The activities are managed by the headquarters in Moscow, which is staffed by about a dozen

employees. Moreover, approximately fifteen salespeople work in the agricultural areas in the various regions.

"Initially, we targeted a handful of customers who are now operating very large farms. Today, we are working with approximately 60 distributors. The product portfolio was very modest at the outset in 2003. At the time, Cheminova had virtually no products with permanent registrations. Obtaining 76 permanent registrations in seven countries for 29 different products has thus been a major challenge. It has been tackled in close cooperation with the departments in Denmark, but the investment has been worthwhile and is generating a good return," says Jesper Eichen.

Close to the market

In addition to having the right products in the portfolio and being able to supply the products at the right time, it is important for Cheminova to be close to the end-users in the Russian market.

"We have given the organisation an overhaul. Today, the entire organisation is working very professionally as we have carefully selected the right people for the regions in which they operate.

Close customer relations are of immense psychological importance in Russia. Selling the products is important, but key factors are also service, innovation and advice for farmers and distributors," says Jesper Eichen.

More potential

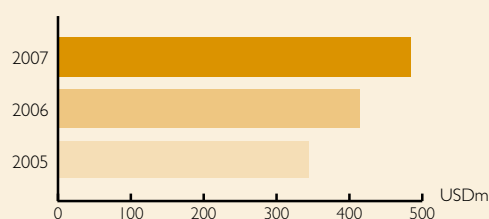
Cheminova sells most of products via local distributors. The company has a total of fourteen warehouse facilities which cover a very large geographical area.

"We are about to introduce several new products, which will open up a lot of new opportunities for Cheminova in the Russian market. Farmers are demanding effective plant protection products to control various pests in their crops. The main market will continue to be grain crops such as wheat and malt barley, but several new crops – for example maize for bioethanol production – are seeing growth. Moreover, it is important that our portfolio includes products which cover the entire cycle from sowing to harvesting," says Alexander Dolgih, an agronomist with Cheminova Russia.

New markets in Russia are, for example, vegetables and potatoes, but crops used to produce various types of oil, such as sunflower oil or rapeseed oil, are also being cultivated more extensively.

"The current world market prices are ensuring stable and satisfactory growth in the Russian agricultural sector. Competition in the market is, of course, fierce, but Cheminova has a strong position. We must continue to ensure a high level of quality through our presence in the market. Working closely with farmers benefits both parties in our endeavours to create continued growth," concludes Alexander Dolgih.

Plant protection products constitute a growing market in Russia. Intensified farming in recent years has resulted in increasing demand.



Strong growth throughout IH 2008

The favourable market conditions experienced by the company in Q1 continued in Q2 and resulted in strong growth in revenue and earnings for Auriga's subsidiary Cheminova. In IH, Auriga's revenue increased by 47 per cent to DKK 3,076 million, while the EBIT margin improved by 8 percentage points to 11 per cent, corresponding to an operating profit of DKK 347 million for the first six months.

- Revenue for the Auriga group for IH 2008 amounted to DKK 3,076 million after satisfactory growth in Cheminova.
- The operating profit for IH was DKK 347 million, and the profit before tax was DKK 319 million in IH 2008.
- Favourable market conditions for Cheminova's biggest product, glyphosate, is the single most important factor behind the growth and improvement in earnings, but Cheminova has also realised satisfactory growth in sales of new products.
- Stähler, which is pro rata-consolidated with Cheminova, contributed to the growth after a good half year which exceeded expectations. The underlying growth in revenue was more than 40 per cent.

Outlook for 2008 maintained

Auriga is maintaining the upward adjustment of the outlook announced in the company announcement on June 24, 2008 of revenue for the year of approx. DKK 5.5 billion and a profit before tax of DKK 440-490 million.

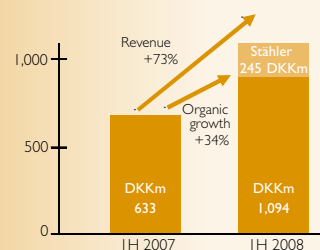
Cheminova's financial targets for 2010 expected to be met already by 2009

Provided that the continued favourable market conditions for plant protection products continue, Cheminova expects already in 2009 to meet the previously announced financial targets for 2010 (excluding Stähler) of revenue of DKK 5.5 billion and an EBIT margin of 10 per cent. With the pro rata consolidation of Stähler, revenue of just under DKK 5.9 billion is thus expected for 2009 with an EBIT margin of approx. 10 per cent.

Growth in revenue in the regions

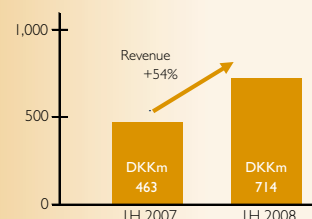
Europe

Growth within most markets and product segments in region Europe. Major growth driver was the acquisition of a 50 per cent stake in Stähler, but all companies improved performance.



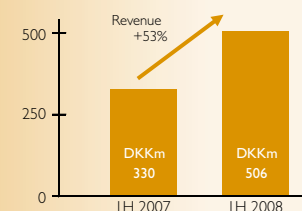
ANZAC

Most products saw increase in demand in region ANZAC (Australia, New Zealand, the USA and Canada), but major growth driver was, in particular, the strong demand for glyphosate.



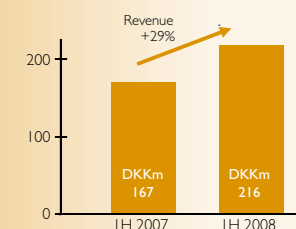
LATAM

Region Latin America is dominated by Brazil. Cheminova has subsidiaries and a significant market share in Mexico, Colombia, Brazil and Argentina, and all four companies have improved performance.



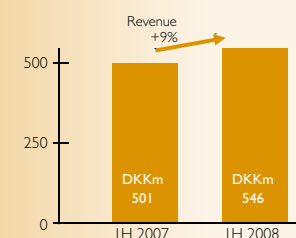
International

Growth in region International is attributable, in particular, to strong performance in the CIS countries (Russia, the Ukraine etc.).



Other activities

Revenue within the segment Other activities include sales of other fine chemicals, global contract customers and activities in India. The Indian subsidiary recorded strong growth.



Key figures and ratios

DKK million	IH 2008	IH 2007
Revenue	3,076	2,094
Operating profit (EBIT)	347	68
Net financials	(30)	(26)
Profit before tax of continuing operations	319	45
Profit after tax from discontinuing operations	0	38
Profit after tax and minority interests	217	61

The full interim report for IH can be seen on www.auriga-industries.com.

Fungicide plant in Denmark producing two products



Cheminova's new production plant in Denmark strengthens Cheminova's position within fungicides, which account for a quarter of the world market for agrochemical plant protection products.

Fungicides account for approximately a quarter of the world market for plant protection products. Cheminova's product programme includes an increasing number of the most popular fungicides, which serves to illustrate the growing importance of fungicides for Cheminova.

Converted production plant

To ensure the production of sufficient quantities of flutriafol, which is Cheminova's first and most important fungicide, production has now been established in Denmark. The production plant is an existing converted plant, which was previously used for producing food additives which are no longer produced or marketed by Cheminova. It has been possible to convert this plant for the production of flutriafol and other fungicides at about half the cost of building an entirely new plant.

Chemistry upgrade

Parallel with the construction activities, the process for producing flutriafol has been thoroughly optimised by the development

department. The result is a much more streamlined process and thus a more competitive product.

New product

This year, another fungicide, fluazinam, has been supplied by the converted plant. The product was successfully launched in the UK in 2008 where it is used for protection of potatoes against mould.

Strengthened position, not just for flutriafol

Following the successful production of fluazinam, the production of flutriafol has now commenced at the converted plant. Indications are that the plant will live up to expectations.

Generally, the experience gained from converting an existing plant to produce new products will strengthen Cheminova's flexibility and competitive edge in future.



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