SCHOUW & CO.

# ANNUAL REPORT 2003

# Aktieselskabet Schouw & Co.

- CREATING VALUE THROUGH ACTIVE LONG-TERM INVESTMENTS IN LEADING INDUSTRIAL BUSINESSES FOCUSING ON PROFITABLE GROWTH

This publication is a translation of the Statutory Danish Annual Report for 2003. The original Danish text shall be controlling for all purposes, and in case of discrepancy, the Danish wording shall be applicable.

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**ANNUAL ACCOUNTS 2003**

# Introduction

## GROWTH THROUGH GLOBAL INVESTMENT

Schouw & Co. made a number of investments in 2003 and launched initiatives in the individual businesses intended to enhance the company's competitive strength, ensure future growth and improve the Group's profitability.

Due to the increasing globalisation, the Group's businesses are facing ever-more competitive markets. At the same time, the risk from fluctuations in major trading currencies has increased substantially.

Consequently, it is essential that we build a strong strategic platform for our businesses through a presence in attractive core markets in which we would benefit from manufacturing or sourcing products or from establishing a strong sales channel.

By opening production facilities in Malaysia and an assembly plant in China, Fibertex and the Martin Group have both gained important solid footholds in Asia, which is set to become the next major growth region.

In addition, Grene has strengthened its position in Poland with a new central warehouse ahead of that country joining the EU, creating a good platform for growth in Eastern Europe.

Schouw & Co.'s business model is rooted in active strategic ownership of the companies in our portfolio. Through our 25% stake in NEG Micon, we contributed to the process that led to the very promising combination of two of the world's leading wind turbine manufacturers, Vestas and NEG Micon. Our principal concern in connection with this transaction was the long-term value creation for our shareholders.

Schouw & Co. faced a challenging year in 2003, as our core operations were hit by the economic slump in a number of key markets, as well as depreciating currencies and difficult production conditions.

Our goal remains to consistently improve our operating profit and to generate a satisfactory return on capital employed. By focusing on enhancing profitability and on continually growing our businesses and making attractive investments in production capacity and market expansion, we have built a solid platform from which to achieve these goals.

Jens Bjerg Sørensen, President

# Key Figures

| GROUP SUMMARY (DKK million) | 2003 | 2002 | 2001 | 2000 | 1999 |
|---|---|---|---|---|---|
| **Net turnover** | **3,081.9** | **2,939.0** | **2,187.3** | **1,882.4** | **1,503.6** |
| Operating profit before amortisation of goodwill | 202.1 | 245.5 | 200.8 | 99.9 | 122.0 |
| Amortisation and write-down of goodwill | (29.6) | (50.5) | (24.0) | (12.1) | (7.3) |
| Share of profit in associated companies before amortisation of goodwill | (116.4) | 29.4 | 66.1 | 54.5 | (148.4) |
| Amortisation and write-down of goodwill in associated co.s | (6.9) | (36.9) | (21.6) | (17.5) | (48.2) |
| Net financing | 172.7 | (90.5) | (30.0) | (39.5) | (30.8) |
| Profit before divestments | 221.9 | 97.0 | 191.3 | 85.3 | (112.7) |
| Profit on divestments | (4.6) | 380.8 | 8.4 | 629.2 | 140.5 |
| Profit on ordinary activities before tax | 217.3 | 477.8 | 199.8 | 714.5 | 27.8 |
| Tax on profit on ordinary activities | (44.4) | (50.5) | (61.5) | (39.2) | (53.4) |
| Profit before minority interests | 172.9 | 427.3 | 138.3 | 675.3 | (25.6) |
| Minority interests | (0.7) | (0.5) | (7.9) | 7.0 | (7.7) |
| **Profit for the year** | **172.2** | **426.8** | **130.4** | **682.3** | **(33.3)** |
| | | | | | |
| Total capital and reserves | 1,904.4 | 1,838.6 | 1,398.3 | 1,297.0 | 518.9 |
| Minority interests | 67.9 | 67.1 | 26.0 | 52.2 | 59.3 |
| **The Group companies' total capital and reserves** | **1,972.3** | **1,905.7** | **1,424.3** | **1,349.2** | **578.2** |
| Balance-sheet total | 4,243.6 | 4,690.1 | 2,747.9 | 2,372.3 | 1,805.8 |
| | | | | | |
| **Key financials – the Group** | | | | | |
| Average number of employees | 2,441 | 2,203 | 1,742 | 1,590 | 1,250 |
| Investments in tangible fixed assets | 232.8 | 508.9 | 178.9 | 131.8 | 145.0 |
| Depreciation of tangible fixed assets | 192.1 | 176.6 | 106.2 | 90.6 | 67.9 |
| Return on equity (%) | 9.2 | 26.4 | 9.7 | 75.1 | (6.3) |
| ROIC (%) | 1.2 | 13.7 | 9.8 | 38.4 | 4.1 |
| Solvency ratio (%) | 44.9 | 39.2 | 50.9 | 54.7 | 28.7 |
| | | | | | |
| **Key ratios** | | | | | |
| Ordinary profit in DKK per share (DKK 10) | 14.2 | 34.2 | 10.5 | 54.7 | (2.7) |
| Dividend in DKK per share (DKK 10) | 2.00 | 3.00 | 0.98 | 4.89 | 0.73 |
| Net book value in DKK per share (DKK 10) | 159 | 147 | 112 | 104 | 42 |
| Year-end market price of shares (DKK 10) | 118 | 109 | 134 | 188 | 85 |
| Price/equity value | 0.74 | 0.74 | 1.20 | 1.81 | 2.04 |
| P/E | 8.3 | 3.2 | 12.8 | 3.4 | Neg. |
| | | | | | |
| Total market value | 1,476 | 1,359 | 1,672 | 2,342 | 1,061 |

Net financing in 2003 includes DKK 236.8 million related to the value adjustement of NEG Micon shares.
Key ratios per share have been adjusted to reflect the issue of bonus shares in 2001 and 2002, and figures for 2003 have been adjusted for the holding of own shares.

# Highlights

**Summary:**

- Schouw & Co.'s consolidated turnover increased by 5% to DKK 3,082 million.

- Profit before tax was DKK 217 million against DKK 478 million in 2002.

- The profit for the year was strongly impacted by a value adjustment on the holding of NEG Micon shares.

- Fibertex and the Packaging Group reported very satisfactory performances.

- Unsatisfactory results from the Martin Group, Dansk Biogas and NEG Micon.

- Substantial investments in Malaysia, China and Poland providing a strengthened platform for growth for Fibertex, the Martin Group and Grene.

- Schouw & Co. contributed to the combination of Vestas and NEG Micon. After the share exchange, we hold a 5.1% stake in Vestas.

- Agreement with Det danske Hedeselskab to combine the activities of Dansk Biogas and DDH Contractors. Schouw & Co. now holds a 50% stake in DDH Contractors.

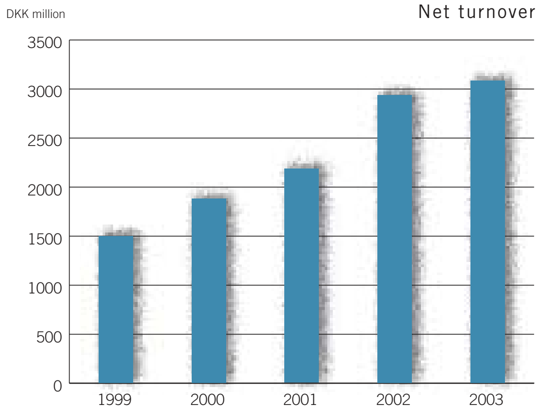
- The Board intends to propose a dividend of DKK 2 per share of DKK 10 nominal value.

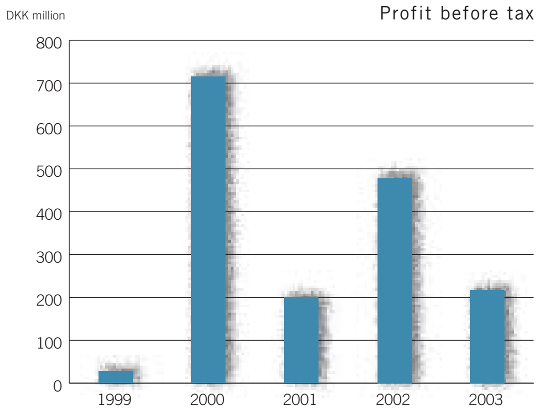
- The Group maintains the strategy of focusing on profitability and continued development of the subsidiaries.

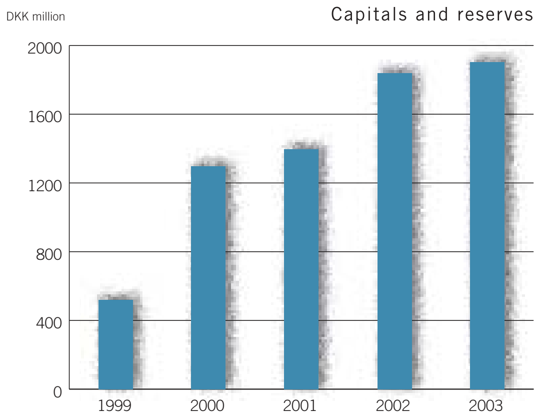
- Schouw & Co. will begin to issue quarterly financial statements starting May 25, 2004.

- Considering the prospects of uncertain market conditions, Schouw & Co. projects moderate growth in consolidated turnover to approximately DKK 3.3 billion for 2004.

- Schouw & Co. expects the operating profit to improve in 2004 and the profit before tax to be approximately DKK 140 million excluding any value adjustments on the holding of Vestas shares.



# Schouw & Co.´s strategic platform

■ As a listed industrial conglomerate, Schouw & Co. works from a simple idea and a clearly-defined business model that combined provide the guidelines for the Group's day-to-day strategic operations and forward-looking value creation.

Briefly, Schouw & Co.'s strategic approach is to

- take an active ownership approach with a view to consistently achieving profitable growth and to develop the businesses of the portfolio;
- actively invest in leading Danish industrial businesses;
- retain financial versatility; and
- maintain a professional dialogue with our shareholders and the market.

At Schouw & Co., we recognise that results are created by people. Accordingly, we work to provide a solid foundation for developing the employees of our businesses.

### Active ownership

As a pro-active and dynamic owner, Schouw & Co. acts through and in interaction with each portfolio company's management. Through our active ownership approach we aim to create value, focusing specifically on

- formulating clear financial and strategic goals;
- focusing on profitable growth;
- ensuring efficient and competent follow-up;
- being a strategic and financial sparring partner;
- contributing dynamic resources by appointing board members with comprehensive competences;
- taking an open-minded approach to investments with a long-term potential;
- providing the necessary capital resources;
- supporting ongoing organisational development;
- giving people time, freedom and responsibility to work; and
- retaining Schouw & Co.'s values.

### Investment strategy

Schouw & Co. gives priority to profitable growth and aims to have a size that makes the Company a visible and attractive player in the market. We look to invest in leading industrial businesses that have the potential to add value to our Group both short term and long term. The investments we make must generate a satisfactory return on the capital employed.

We do not operate with pre-defined exit strategies for the investments we make. Our objective is to retain ownership of and develop our businesses as long as we feel that we provide the best ownership.

In selecting our investment candidates, we look for businesses that

- offer firm and stable earnings;
- have a significant market position in a promising industry;
- are in need of a new long-term owner;
- could potentially be developed through active ownership;
- have a competent management with a good track record;
- are headquartered in Denmark;
- have a size to match Schouw & Co.'s other portfolio companies; and
- are reasonably priced.

### Strategic goals

In order to achieve our long-term earnings targets, we have defined the following strategic goals for the Group and for our individual businesses.

### Schouw & Co.

Generating sustained profitable growth by operational enhancements and strategic investments in each of the Group companies and by making attractive acquisitions of leading Danish industrial businesses.

- Ensuring annual growth in operating profit of not less than 15%
- Providing a satisfactory return on investments
- Maintaining a substantial equity ratio

### Grene

Improving profitability by continuous efficiency enhancement of the entire value chain, focusing on core competencies and setting up three dedicated divisions, that will each seek to expand its leading market position.

- Meeting the EBIT target of 10%
- Ensuring profitability in all group companies

### The Martin Group

Implementing efficiency enhancements to ensure profitability and maintain the position as a global market leader through internationalisation of the production platform, tight cost management and continued innovation and brand building in the entertainment and architectural markets.

- Meeting the EBIT target of 10%
- Restoring a positive cash flow from operations
- Strongly expanding sales to the architectural market

### Fibertex

Maintaining high profitability by continued operational excellence and significant innovation and by increasingly expanding the international presence of the two divisions, Personal Care and the Technical Division.

- Maintaining high efficiency and profitability
- Expanding the market share of both divisions

### The Packaging Group

Further developing the strong market position in Denmark and Sweden in a close partnership with and by providing high service standards to customers, and expanding the position in Poland through increased market investments and innovation.

- Maintaining high efficiency and profitability
- Becoming a market leader in Poland

### DDH Contractors

Leveraging investments made along with development efforts to create a leading and profitable international turnkey supplier of biogas and sludge separation projects.

- Generating positive earnings
- Maintaining a positive cash flow from operations

### INCUBA

Strengthening the foothold in the entrepreneurial environment of eastern Jutland in order to participate in promising investments.

### Our values

We emphasise basic values which for decades have contributed to the growth and success of Schouw & Co.:

- Enterprise and dedication
- Long-term focus and patience
- Commitment to creating profitable growth
- Sound business acumen
- Ability to take firm action, be consistent and willingness to accept risk
- Openness and readiness for change
- Sense of responsibility and ethically correct behaviour

# The Schouw & Co. Group

www.grene.dk

### The Grene Group

A leading supplier of spare parts and accessories for the agricultural sector, and of hydraulics, technical articles, electrical products and services for industry.

- Head office: Skjern, Denmark.
- Core markets: Denmark, Norway, Sweden, Finland and Poland.
- Wholly owned by Schouw & Co. since 1988.

www.martin.dk

### The Martin Group

The world's leading manufacturer of computer-controlled effect lighting for the entertainment industry and the architectural market. The Martin Group also produces loudspeakers, smoke machines and smoke products used as anti-theft measures.

- Head office: Aarhus, Denmark.
- Core markets: Europe, North and South America, Asia and Australia.
- Partly owned by Schouw & Co. since 1999, wholly owned since 2001.

www.fibertex.com

### The Fibertex Group

A leading manufacturer of nonwovens, supplying needlepunch products for industrial and technical applications and spunbond products for the personal care industry.

- Head office: Aalborg, Denmark.
- Core markets: Europe, North and South America, Asia and Australia.
- Wholly owned by Schouw & Co. since 2002.

www.schouw.dk

### Schouw & Co.

Listed industrial conglomerate taking a pro-active approach to its ownership of businesses that each hold a leading position in their sphere of operations.

- Originally founded as a manufacturer of paper bags in 1878.
- Converted to a limited liability company in 1911.
- Listed on the Copenhagen Stock Exchange since 1954.

www.elopak.dk

### The Packaging Group

A leading manufacturer of packaging systems for milk, juice, water, etc. Also sells and services filling plants.

- Head Office: Lystrup, a suburb of Aarhus, Denmark.
- Core markets: Denmark, Sweden and Poland.
- Since 1988, owned on a fifty/fifty basis by Schouw & Co. and Elopak a.s. of Norway.

www.ddh-contractors.com


### DDH Contractors

Leading Danish supplier of turnkey energy and environmental systems, including biogas and separation systems.

- Head office: Aalborg, Denmark.
- Core markets: Denmark and the rest of Europe.
- Owned on a fifty/fifty basis by Schouw & Co. and Det danske Hedeselskab since March 2004.

www.incuba.dk

### INCUBA

A development and venture operation supporting entrepreneurial environments and investing actively in new companies.

- Head office: Aarhus, Denmark.
- Owned by Schouw & Co. (40%), Dansk Kapitalanlæg, Aarhus Universitets Forskningsfond and TDC.

# Consolidated report Schouw & Co.

■ The Annual Report of Aktieselskabet Schouw & Co. for the year ended December 31, 2003 has been prepared in accordance with the provisions of the Danish Financial Statements Act for class D companies, Danish accounting standards and the requirements of the Copenhagen Stock Exchange.

The accounting policies are unchanged from those applied in 2002.

## Financial performance

Schouw & Co. generated consolidated turnover of DKK 3,082 million in 2003 against DKK 2,939 million in 2002. The improvement was mainly attributable to Fibertex being consolidated for the full year compared with only 9½ months in 2002. In addition, Fibertex reported a turnover improvement, whereas the Martin Group, Dansk Biogas and the Packaging Group all suffered a decline.

The consolidated turnover does not include turnover from the associated companies NEG Micon and INCUBA. Turnover from the two pro rata consolidated companies, the Packaging Group and Dansk Biogas, is included in the consolidated turnover at 50%.

The Group's consolidated operating profit before amortisation and write-down of goodwill was DKK 202.1 million in 2003 (2002: DKK 245.5 million), and the consolidated profit before tax was DKK 217.3 million (2002: DKK 477.8 million). Profit for the year after tax was DKK 172.2 million against DKK 426.8 million in 2002.

In summary, Fibertex and the Packaging Group reported very satisfactory performances in 2003, while Grene and INCUBA both fell slightly short of expectations. On the other hand, the Martin Group, Dansk Biogas and NEG Micon all reported results that were substantially below expectations and highly unsatisfactory.

However, the profit for the year was lifted by a special value adjustment on the holding of NEG Micon shares, which improved financial items by DKK 236.8 million. The positive value adjustment and, by extension, the profit before tax were both approximately DKK 27 million higher than indicated in the guidance provided in the announcement to the Copenhagen Stock Exchange on February 24, 2004, because NEG Micon has decided not to capitalise deferred tax on its loss for the year. Causing a corresponding change in the overall tax charge, this decision will not influence Schouw & Co.'s consolidated net profit.

Accordingly, net of the positive effect of the value adjustment, Schouw & Co.'s consolidated profit for 2003 was substantially lower than originally forecast and is therefore not satisfactory. Overall, the profit is in line with the most recent guidance provided, apart from the changed treatment of the deferred tax asset in NEG Micon.

## Group performance

After two years of investing heavily in company acquisitions, we made substantial investments in existing group companies in 2003. The agreement to divest Schulstad to Cerealia was also finalised during the year.

A large part of the investments were made outside Denmark. First of all, Fibertex set up production in Malaysia, but the Martin Group's new production facilities in China and Grene's new central warehouse in Poland also expanded the Group's international presence.

Towards the end of the year, the dominant event was the share exchange offer from Vestas Wind Systems A/S to the shareholders of NEG Micon, which was completed in March of 2004.

After the end of the financial year, agreement was reached to combine the activities of Dansk Biogas and DDH Contractors A/S, which is owned in equal shares by Schouw & Co. and Det danske Hedeselskab effective March 1, 2004.

Other than as set out above, Schouw & Co. is not aware of events occurring after December 31, 2003, which are expected to have a material impact on the Group's financial position or outlook.

## Schulstad

Schulstad A/S announced on January 8, 2003, that the company had agreed with the Swedish company Cerealia AB to transfer all activities in the Schulstad group with the exception of shares in KelsenBisca A/S, which had a nominal value of DKK 35,031,300. Under the agreement, Cerealia would acquire the assets and assume all debts in Schulstad against consideration of DKK 1.5 billion. The agreement improved Schouw & Co.'s consolidated profit for 2002 by a DKK 381 million tax-free value adjustment.

Schouw & Co.'s Board of Directors and Management. From left to right: Jens Bjerg Sørensen, President, Erling Eskildsen, Deputy Chairman, Niels Kristian Agner, Erling Lindahl, Kjeld Johannesen, Jørn Ankær Thomsen, Chairman and Peter Kjær, Vice President.

After the relevant authorities had given their approval, the transaction was finalised on April 9, 2003 when the purchase price was paid in cash. Immediately after the transaction, Schulstad A/S changed its name to Aktieselskabet af 26. november 1984.

The agreement gave Cerealia the right to object against the statement of equity prepared for Schulstad at December 31, 2002. However, on June 19, 2003, an agreement was signed with Cerealia for a final adjustment of the purchase price. The agreement reduced the purchase price by DKK 7.5 million in return for Cerealia waiving their right of objection. The agreement had a negative impact of DKK 4.6 million on Schouw & Co.'s consolidated profit.

Also on June 19, 2003, Aktieselskabet af 26. november 1984 signed an agreement with LD Pensions for the transfer of the remaining equity stake in KelsenBisca at a price of DKK 100 million. As the selling price was identical to the book value of the shares at December 31, 2002, the transaction did not influence the profit for the year.

The overall proceeds from the transfer of the Schulstad operations amounted to DKK 1.6 billion, most of which was distributed to shareholders in 2003. Overall, Schouw & Co. received DKK 1,030 million in tax-free dividends.

### NEG Micon

The NEG Micon Group had a difficult year in 2003, suffering delays and project postponements in a number of markets. The fewer and forced deliveries led to inexpedient production planning and caused the results for the year to fall considerably short of the original expectations. NEG Micon generated turnover of DKK 5,267 million in 2003, compared with DKK 6,252 million in 2002. The company posted a loss before tax of DKK 497.2 million against a profit of DKK 213.5 million the year before.

On November 6, 2003, NEG Micon reported on the performance, announcing that its board of directors would recommend to the shareholders that a capital increase be implemented with proceeds in the order of DKK 1 billion with pre-emption rights for the existing shareholders. At that time, we indicated our intention to subscribe in proportion to Schouw & Co.'s ownership interest.

However, the situation changed on December 12, 2003, when Vestas Wind Systems A/S submitted a tender offer to the shareholders of NEG Micon to exchange their shares in NEG Micon to shares in Vestas at a 1:1 ratio. Schouw & Co. had accepted tendering its NEG Micon shares ahead of the offer.

The share exchange offer was subject to a number of terms and conditions, which were all since settled, and on February 23, 2004, NEG Micon and Vestas announced that the share exchange would be completed in March 2004.

After the share exchange, Schouw & Co. holds 6,677,790 shares in Vestas, equal to a 5.1% ownership interest. Following the transaction, NEG Micon is considered a holding of listed securities in Schouw & Co.'s consolidated accounts and is recognised at market price instead of as an associated undertaking. As a result of the change, the loss contributed by NEG Micon in 2003 is offset by a positive value adjustment under financial income.

### Interim reports

As NEG Micon is no longer considered an associated undertaking of the Schouw & Co. Group, the board of directors has resolved that Schouw & Co. will begin making quarterly profit announcements to the Copenhagen Stock Exchange. The Q1 announcement is expected to be released on May 25, 2004.

### Special risks

Schouw & Co. is an industrial conglomerate whose primary activities are distributed on six different business areas and a portfolio of securities. Through diversification the Group achieves the spread of the ordinary business risk associated with the individual business areas.

Schouw & Co. considers it important that the Group's assets are prudently valued, and that individual companies cannot trigger a crisis in the overall Group.

The majority of the Group's activities are located in Denmark or in neighbouring European countries. The insurance cover taken out is usual for assets of this nature, but the Group has not taken out cover for insurance events resulting from terrorist actions.

The parent company and the individual companies of the Group hold interest-bearing debt, part of which has short-term maturities and part carries variable interest rates, resulting in

On March 11, 2004, Schouw & Co.'s shares in NEG Micon were exchanged for shares in Vestas as part of the combination of the two wind turbine manufacturers. The combined business will be headquartered at NEG Micon's head office in Randers, Denmark.

overall ordinary risk. In addition, the Group does not always hedge its operations denominated in currencies other than Danish kroner.

## Dividend

The Board of Directors intends to recommend to the Annual General Meeting that a dividend of DKK 2 per share of DKK 10 nominal value be paid in respect of the 2003 financial year, equal to total dividend payments of DKK 24.9 million.

## Outlook

Schouw & Co. projects consolidated turnover of approximately DKK 3.3 million for 2004. Based on the generally uncertain market conditions, this forecast implies moderate expectations for turnover growth relative to 2003.

Our core emphasis in 2004 will be to ensure that the companies of the Group are focused on achieving satisfactory profitability in all parts of their business, including by way of ongoing efficiency improvements.

Schouw & Co. expects the operating profit before amortisation and write-down of goodwill to improve by about 20% in 2004 and the consolidated profit before tax for 2004 is projected to be approximately DKK 140 million. We would emphasise that the forecast for the profit before tax is expressed net of any value adjustments on the portfolio of shares in Vestas Wind Systems A/S. The actual value adjustment at March 24, 2004 was minus DKK 24 million.

# Report - The Grene Group

The Grene Group is a trading business operating in three business areas:
- Agro - the sale of spare parts and accessories for the agricultural sector.
- Hydraulics - sales, production, projects and service for industry and agriculture.
- Industry - sales, service and automation projects for industry.

The Group engages in production and service in these three sectors to the extent that it supports the key trading activities.

## Financial performance

The Grene Group experienced a difficult year in 2003. Agriculture suffered economic setbacks in the five countries Grene Agro operates in and Grene Hydraulics was hurt by the general restraint in Danish industry, whereas Grene Industry reported a decent turnover improvement. In spite of the difficult market conditions, the Grene Group generated turnover of DKK 997 million in 2003 against DKK 999 million in 2002.

The profit for the year before tax fell from DKK 67.8 million in 2002 to DKK 62.7 million in 2003. The performance was adversely affected by a partially unrealised currency loss of DKK 6.5 million, mainly on Polish zloty, and lifted by an extraordinary income of DKK 9.8 million from the sale of land in Poland. The net profit for the year fell from DKK 48.4 million in 2002 to DKK 42.2 million in 2003, which is considered acceptable under the prevailing circumstances.

## Grene Agro

In the Agro business, Grene's vision is to achieve a leadership position in the sale of spare parts, accessories and hydraulics for the agricultural aftermarket in the Nordic region, Poland and some of the new EU member states in central Europe. In the longer term, the Group's aspiration is to become a European leader in this business area.

The Agro business is operated by Chr. C. Grene A/S in Denmark and by the Grene companies in Norway, Sweden, Finland and Poland.

The agricultural sector had a difficult year in 2003. The adverse market conditions and the resulting restructuring placed new demands on distribution, and Grene will be facing a changed and more industrialised buyer behaviour. The changed market conditions will be addressed through intense cost management and efficient logistics.

In November 2003, Grene Poland opened a new central warehouse and management building at Konin in central Poland. The Polish operation has evolved quite strongly in recent years, making a great effort to organise its in-house structure, and Grene Poland is today a modern company, also by western European standards.

Turnover in the Agro sector was DKK 475 million against DKK 483 million in 2002.

## Grene Hydraulics

In the Hydraulics sector, the Grene Group's vision is to further develop its already strong position in the Danish market, and to strengthen its position in the other markets where it has subsidiary representation.

Activities in the Hydraulics sector are primarily handled by Hydra-Grene A/S and Hydropower Grene A/S in Denmark and by the Grene companies in Norway and Sweden.

Hydra-Grene, which offers the market's broadest range of components and services, generated turnover on a level with last year and continued its very satisfactory performance. The share of turnover generated by the company's own production and shipments of complete kits continued to increase.

Hydropower Grene on the other hand, which is engaged in selling, planning, assembling and maintaining hydraulic systems for the industrial, offshore and maritime markets, was severely hit by the general recession and reported a profit decline.

The expansion of the hydraulics activities in Sweden generated a fair increase in turnover, while Norway is still at a moderate level. Additional resources will be allocated in 2004 to expanding the hydraulics activities outside Denmark, and preparations for starting up in Poland are also underway.

Turnover in the Hydraulics sector was DKK 282 million against DKK 289 million in 2002.

## Grene Industry

In the Industry sector, Grene aims to become the preferred service partner within industrial maintenance in Denmark and to strengthen its position as a supplier to the OEM segment.

In recent years, the Industry Service division has grown to a

| DKK MILLION | 2003 | 2002 | 2001 | 2000 | 1999 |
|---|---|---|---|---|---|
| NET TURNOVER | 996.9 | 999.4 | 950.5 | 882.5 | 824.7 |
| PROFIT BEFORE TAX | 62.7 | 67.8 | 70.0 | 50.1 | 36.7 |
| PROFIT FOR THE YEAR | 42.2 | 48.4 | 50.1 | 35.5 | 25.3 |
| CAPITAL AND RESERVES | 263.6 | 258.0 | 254.8 | 229.6 | 219.3 |
| TOTAL ASSETS | 681.2 | 640.0 | 587.6 | 579.4 | 547.7 |

considerable size, and the company therefore resolved in 2003 to hive off the activity into an independent company effective January 1, 2004. The new unit, Grene Industri-service A/S, is based in Aarhus and consolidates a number of activities previously operated by Chr. C. Grene and Grene Industri Fyn A/S.

The Group still aims to expand Grene Industri-service into a profitable nationwide organisation either by setting up divisions or by acquiring suitable existing operations.

OEM sales of industrial components remains a profit centre for Chr. C. Grene. Intensified purchasing efforts in the Far East make for expectations of increasing turnover. Turnover from the sale of industrial hoses, which is handled by Hydra-Grene, was stagnant in a fiercely competitive market.

Turnover in the Industry sector was DKK 240 million against DKK 227 million in 2002.

## Outlook

Per Frank, managing director of the Group's parent company, P. Grene A/S, has announced his retirement as from April 30, 2004. Following Mr Frank's retirement, the Grene Group executive management will consist of Carsten Thygesen, Grene Agro, Erik Lodberg, Grene Hydraulik and Søren Jakobsen, CFO.

The Grene Group does not expect to see any material improvement in general market conditions in 2004. The Group therefore intends to focus on an aggressive market strategy, increased purchasing in the Far East, in-house efficiency improvements and tight cost management.

Overall the Grene Group expects to achieve turnover of just over DKK 1.0 billion and a profit before tax of approximately DKK 65 million in 2004.

Charles Bitsch Sørensen, hydraulic fitter at Hydra-Grene

# Report - The Martin Group

The Martin Group is the world's leading manufacturer of computer-controlled effect lighting for studios, theatres, the concert industry and discothèques, and for architectural and industrial applications in most parts of the world.

The Martin Group also produces loudspeakers and smoke machines as well as smoke products used as anti-theft measures.

## Financial performance

A number of adverse factors strongly impacted the Martin Group's financial performance in 2003. The performance fell substantially short of the budgeted targets due to the combined effect of the sustained depreciation of the US dollar, the European recession, delays in scheduled launches of new products and start-up problems early in the year at the new facilities at Frederikshavn.

The Martin Group generated turnover of DKK 936 million in 2003 against DKK 966 million last year and posted a loss before tax of DKK 46.6 million against a profit of DKK 32.2 million in 2002. After tax, the Martin Group posted a loss of DKK 34.2 million against a profit of DKK 25.5 million in 2002, a highly unsatisfactory performance well below expectations.

Due to the serious situation facing the Martin Group in terms of its earnings ability, its commercial focus is on adapting to current market conditions. At the beginning of 2004, around 40 white-collar jobs were eliminated and some 80 production staff were laid off. Combining these measures with a number of market initiatives, moderate growth and break even is expected for 2004. The Martin Group does not expect to be back in the black until 2005.

## Market trends

The total market volume of effect lighting for the entertainment industry in 2003 is estimated to be on a level with the previous year. The Martin Group believes it has won market share in the US market, while on the other hand losing ground in Europe. Europe, the US and the rest of the world accounted for 46%, 39% and 15%, respectively, of the Group's total turnover in 2003.

The important professional market segment Stage, Studio & Event (SSE) outperformed the budget in 2003 thanks to developments in the USA, while the other business segments generally failed to meet expectations.

SSE, which accounted for 65% of turnover, launched a number of new products in 2003. However, due to delays, the launches had only a moderate effect on sales.

Likewise, the DJ/Club segment, which accounted for 20% of turnover, presented a number of exciting and promising product launches, including the first low-end products developed and manufactured in China, which target a very price-sensitive, but high-volume market.The products met with a very positive reception from customers.

The architectural division, which accounted for 7% of turnover, continued its positive performance in 2003, but failed to meet the original strong sales expectations. The division introduced a new product concept based on simple colour mixing, which was well received by the market. The division added to its portfolio of prestigious projects, the most visible international project being Hong Kong Shanghai Bank.

The aggregate performance of the Martin Group's activities within audio, which accounted for 3% of turnover, and within smoke machines and anti-theft systems, which accounted for 5% of turnover, failed to meet expectations.

## Group performance

In late 2002, the Martin Group established a new assembly factory at Zhuhai in Guangdong province in south-each China. After a delay of some four months due to the outbreak of SARS in Asia, the factory has now commenced large-volume production. The factory began producing to planned levels in the third quarter of 2003 and already in the final months of the year, its volume production matched the planned monthly output for 2004.

The Chinese development function took longer to establish than originally anticipated, but the Group has now created a good platform, running in four new products in 2003.

In the autumn of 2003, Martin opened a sourcing office in Hong Kong staffed by two Asian employees. The office is intended to support and strengthen the Danish sourcing activities for the benefit of the Group's European production units.

In its first full year of operation, the Group's new facility at Frederikshavn encountered more start-up problems than had

| DKK MILLION | 2003 | 2002 | 2001 | 2000 | 1999 |
|---|---|---|---|---|---|
| NET TURNOVER | 936.4 | 965.9 | 877.5 | 777.3 | 657.4 |
| PROFIT BEFORE TAX | (46.6) | 32.2 | 73.2 | (3.6) | 38.5 |
| PROFIT FOR THE YEAR | (34.2) | 25.5 | 52.0 | (13.9) | 32.0 |
| CAPITAL AND RESERVES | 137.0 | 184.1 | 168.3 | 117.9 | 122.2 |
| TOTAL ASSETS | 1,005.9 | 919.2 | 674.6 | 543.2 | 454.4 |

been expected, especially in the spring of 2003. Attempts to combine tight logistics materials management with optimised utilisation of production capacity resulted in a mismatch between the flow of goods and staffing. The consequences were reduced efficiency and impaired supply capacity. Responsibilities in the former logistics function were restructured in mid-2003, and the entire area improved substantially throughout the second half of the year.

## Outlook

In 2004, the Martin Group will focus on restoring profitability in the changed market environment. Price increases were introduced effective January 1, and costs were adapted. The Group is focused on optimising in-house processes and procedures and is in the process of implementing a number of enhancement measures.

Sales will be supported by the new products developed in 2003 together with the new low-end products produced in China and other exciting new products currently in the pipeline.

The Martin Group expects to generate total turnover of approximately DKK 1.0 billion in 2004 with an operating margin of 3-4%, enabling the Group to break even. The Martin Group maintains its strategic goal of generating a contribution margin of at least 10% and expects to achieve this within 3-4 years.

The existing capacity framework holds significant potential for growth, and achieving that potential is a requirement for generating satisfactory earnings. The Group expects to be back in the black by 2005.

Claus Hansen – Technical Manager, R&D at Martin

# Report - The Fibertex Group

The Fibertex Group is a leading manufacturer of nonwovens, which are used by various industries in a number of different areas.

Fibertex is a specialised supplier to the carpet, furniture and mattress industries as well as the automotive and the construction sectors and, in recent years, the company has also become an important supplier to the personal care industry.

The company is divided into the Technical Division which is based on the needlepunch technology, and the Personal Care Division which is based on the spunbond/meltblown technology.

Fibertex nonwovens are primarily manufactured on the basis of polypropylene granulate, an environmentally friendly plastic.

## Financial performance

Fibertex reported another good year in 2003, generating a profit significantly ahead of the forecast. The turnover of the Fibertex Group rose from DKK 704 million in 2002 to DKK 765 million in 2003 including a turnover in the amount of DKK 20 million in the final quarter of the year from the new factory in Malaysia.

The profit for the year before tax increased from DKK 74.0 million in 2002 to DKK 91.0 million. The profit includes financial income of DKK 10.4 million from a repaid US dollar loan. Profit after tax amounted to DKK 63.4 million against DKK 51.6 million in 2002.

The profit for the year was achieved in a market characterised by fair demand for products within the personal care industry and the technical applications on the one hand and increased pressure on selling prices on the other. The prices of raw materials remained at a high level on average, especially polypropylene, the company's principal raw material.

The weak US dollar has made exports from Denmark to dollar-based areas more difficult. Thus, sales in South America and to some extent North America have ground to a halt. The newly established production in Malaysia is located in a dollar-based area and is expected to strengthen the global position of the company in the slightly longer term.

## Sales

Fibertex exports roughly 90% of its Danish output. The company sells either directly to large customers or through the company's own sales companies in France, Portugal and Spain, and also in Germany effective from January 2004. Additionally, the company relies on a global network of distributors and agents.

In 2003, Fibertex opened a production line in Malaysia through the newly established subsidiary: Fibertex Nonwovens Sdn. Bhd.

The factory in Malaysia is primarily intended to strengthen Fibertex' position in South East Asia, but will also support the company's vision to become a key global player in the nonwovens market.

## Production

Fibertex' total production of nonwovens has until 2003 taken place at two factories in Aalborg, Denmark, but the new production plant in Malaysia began operating in late summer and now supplies products to the personal care sector.

The establishment of the new factory took place according to plan. At present, most products have been run in, but a few key products are still outstanding. At the beginning of 2004, the production line was approved to begin manufacturing for a number of large customers.

During the year, another DKK 30 million was contributed to the subsidiary in Malaysia, bringing the overall investment to DKK 180 million. The investment was made by Fibertex in partnership with the Industrialization Fund for Developing Countries on a 60:40 basis.

## The Fibertex divisions

The Personal Care Division had a very good year with turnover increasing by 13% to DKK 395 million.

The division's key task during the year was to ensure that the production plant in Malaysia was run in satisfactorily. Key employees were seconded from Denmark for this purpose. At year-end, about 20 of the some 60 employees working for the Malaysian operations were from Denmark.

The Technical Division also had a good year, improving turnover by 4% to DKK 370 million.

The principal tasks of the division were the complete renovation of the needlepunch lines for manufacturing products specifically for the mattress sector as well as the construction and

| DKK MILLION | 2003 | 2002 | 2001 | 2000 | 1999 |
|---|---|---|---|---|---|
| NET TURNOVER | 765.1 | 704.4 | 656.7 | 515.1 | 407.7 |
| PROFIT BEFORE TAX | 91.0 | 74.0 | 66.5 | 40.2 | 19.2 |
| PROFIT FOR THE YEAR | 63.4 | 51.6 | 46.7 | 26.5 | 13.4 |
| CAPITAL AND RESERVES | 325.2 | 299.5 | 253.7 | 206.8 | 167.1 |
| TOTAL ASSETS | 928.0 | 835.8 | 667.2 | 668.9 | 536.2 |

organisation of a new warehouse allowing the division move all external inventories back to the Fibertex site in Aalborg. As a result, logistics improved significantly.

## Energy and environment

Both Fibertex divisions worked to reduce energy consumption and waste. In order to support these efforts, the company was certified to the DS/ISO 2403 energy standard in October 2003. Subsequently, Fibertex has entered into a three-year agreement with the Danish Energy Authority, committing the company to investigate the possibilities of implementing energy savings within a number of areas.

Since 2001, Fibertex has reduced energy consumption per unit produced by 7%, corresponding to annual energy savings of 4.3 GWh and cutting annual costs by more than DKK 2 million. The waste area also improved in 2003, particularly in the Personal Care Division which reduced waste by 25%.

Fibertex is certified to the DS/EN ISO 9001:2000 standard and environmentally certified to the DS/EN ISO 14001 standard. Also, the company prepares separate green accounts.

## Outlook

In 2004, the company intends to stabilise and further develop operations at the Malaysian factory. The factory's output capacity will be expanded as soon as warranted by demand.

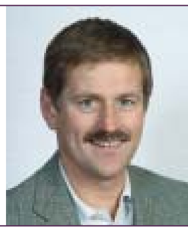
A number of products were further developed in 2003, and these projects continue in 2004. They are expected to contribute to profits already this year, just as the productivity improvements at the Aalborg factories are set to continue in order to make the company even more competitive.

The efforts to globalise Fibertex will continue in 2004. In this connection, several investments are being considered and will be ranked in order of priority, with a view to ensuring the further progress of the company.

Overall, Fibertex expects to generate a turnover of nearly DKK 900 million in 2004 with a profit before tax of approximately DKK 75 million.

John Villadsen, Process Operator at Fibertex

# Report - The Packaging Group



■ The Packaging Group comprises Elopak Denmark A/S with its headquarters at Lystrup near Aarhus, Denmark and a subsidiary in Poland, and its sister company Elopak AB in Helsingborg, Sweden. Both companies are owned on a fifty/fifty basis by Schouw & Co. and Norwegian Elopak a.s. Owing to the close affiliation between the two companies, they are considered as a single unit in relation to Schouw & Co.

The Group is a leading manufacturer of packaging systems for liquid foods, including milk, juice, water, etc. in the Danish, Swedish and Polish markets, based on Pure-Pak cartons and plastic-based packaging just as the Group sells and services complete filling plants for both cartons and plastic-based packaging. In addition, Pure-Pak cartons are produced for the Elopak Group's subsidiaries worldwide.

## Financial performance

In 2003, the Packaging Group generated a turnover of DKK 745 million compared with DKK 769 million in 2002. The Group had anticipated a decline in 2003 because the turnover in 2002 was lifted by significant projects of a one-off nature in the Swedish market.

The 2003 turnover, which therefore outperformed the original expectations, is composed of stable sales in the Danish and Swedish markets, and upward trends in other markets, particularly in Poland. Add to this that 2003 saw the implementation of a few large one-off projects in Denmark contributing favourably to both turnover and earnings.

The profit before tax was DKK 108.6 million against DKK 89.0 million in 2002 while the profit after tax was DKK 76.2 million against DKK 62.6 million in 2002, which was much better than had been anticipated.

The profit for the year reflects high efficiency and optimum capacity utilisation in the course of the year. It also reflects the successful synergies from the acquisition of Elopak AB in 2001, and the subsequent transfer of production from Sweden to the Lystrup factory.

As expected, the acquisition of Elopak AB increased interest expenses and the amortisation of goodwill in Schouw & Co., but the profit for the year is still considered very satisfactory.

## Denmark

The dairy industry is generally affected by the increasingly competitive international markets leading to consolidation and efficiency-improving initiatives throughout the industry, which has increased demand for large technically integrated filling plants.

The Danish market for Pure-Pak cartons was stable, whereas sales of both plastic-based packaging and technical products improved.

Overall production of Pure-Pak cartons at the Lystrup factory rose in 2003, and rationalisation and efficiency-improving measures implemented at the carton and plastic-based packaging facilities served to make the group more competitive.

## Sweden

Activities in Sweden are handled via Elopak AB. Sales of Pure-Pak cartons in the Swedish market were stable in 2003, but the company is experiencing fierce competition from alternative packaging types.

In 2002, Elopak AB made substantial shipments of materials handling equipment for the Swedish market. As expected these special projects were not repeated in 2003.

## Poland

Activities in Poland are handled through Elopak S.A., which is a wholly owned subsidiary of Elopak Denmark. The Polish company performed favourably in 2003 and built a good platform from which to further develop sales to the most important dairy companies in Poland.

At the end of 2002 production of plastic-based packaging was initiated in Poland. Production in 2003 met the expectations in terms of quality and efficiency, but market penetration was slow. In consequence, the company allocated more efforts to working the markets in 2003.

Following Poland's accession to the EU and the expected modernisation of its dairy sector, we project continued growth in the Polish market in the years ahead.

## Environmental issues

The environmental policy of the Packaging Group is to be an environmentally conscious undertaking acting ahead of the

| DKK MILLION | 2003 | 2002 | 2001 | 2000 | 1999 |
|---|---|---|---|---|---|
| NET TURNOVER | 745.4 | 768.9 | 640.8 | 432.5 | 415.0 |
| PROFIT BEFORE TAX | 108.6 | 89.0 | 51.9 | 32.7 | 34.5 |
| PROFIT FOR THE YEAR | 76.2 | 62.6 | 36.1 | 24.3 | 22.6 |
| CAPITAL AND RESERVES | 215.2 | 226.0 | 204.7 | 123.1 | 117.8 |
| TOTAL ASSETS | 345.6 | 383.0 | 451.0 | 311.2 | 289.5 |

expectations of customers and its business environment, and an undertaking which, as a minimum, meets the requirements of the authorities. By motivating and involving the employees, the Packaging Group is continually implementing environmentally-friendly measures in all its operations.

Elopak Denmark complies with the requirements of the Danish Environmental Protection Act applying to enterprises constituting a particular source of pollution and prepares green accounts in compliance with the existing guidelines. The company has no unsettled issues in relation to the Danish Environmental Protection Act.

### Product development

In 2003, the factories in Denmark as well as Poland underwent improvements in terms of quality and efficiency. In order to ensure that the products of the Group remain at the forefront of market requirements, emphasis will also in future be on its investments and business activities enhancing the production of both Pure-Pak cartons and plastic-based packaging and improving production efficiency.

The Packaging Group does not itself perform actual research and development. Instead, this is performed in partnership with the Norwegian Elopak Group.

### Outlook

Sales in the Danish and Swedish markets are expected to remain stable in 2004 with close coordination of all activities. However, both markets are expected to remain extremely competitive just as special projects of a one-off nature are not expected to be repeated in 2004.

In the years ahead, the positive trend in the Polish market for cartons and plastic-based packaging is expected to continue. In consequence of Poland's accession to the EU, the existing customer base in Poland will be strengthened through consolidation and significant investments.

Against this background, the Packaging Group expects to generate a turnover of just over DKK 700 million and a profit before tax of approximately DKK 100 million.

Mikkel Jul Brix, Printer at Elopak

# Report - Biogas

■ Until March 1, 2004, the activities of the Schouw & Co. Group in the biogas area were handled by Dansk Biogas A/S, a 50%-owned business.

However, with effect from March 1, 2004, the activities were transferred to DDH Contractors A/S which is, from that same date, owned on a fifty/fifty basis by Schouw & Co. and Det danske Hedeselskab.

## Dansk Biogas

In 2003, Dansk Biogas generated a modest turnover of DKK 6 million against DKK 42 million in 2002, which was considerably less than previously expressed expectations.

The turnover deviation was mainly attributable to the fact that contrary to expectations the political framework agreement on future electricity settlement prices was not finalised and to a generally low level of investment in the pig farming sector.

The company posted a loss before tax of DKK 22.0 million against a loss of DKK 21.8 million in 2002. Likewise, the company posted a loss after tax of DKK 22.0 million compared with a loss of DKK 20.4 million in 2002.

Needless to say, the loss is highly unsatisfactory. In addition to the natural consequences of the turnover shortfall, the deviation was attributable to costs incurred in connection with finalising previously performed projects as well as with continued product development.

The delayed development and the unsatisfactory performance gave rise to substantial organisational adjustments in the course of the year. The related costs were included in the loss for the year.

## DDH Contractors

On February 23, 2004, Schouw & Co. and Det danske Hedeselskab agreed to combine the activities of Dansk Biogas and DDH Contractors.

The purpose of the agreement is to join forces and set up a new company with sufficient professional, financial and executive power to meet future challenges within the markets of biogas and slurry treatment.

The two companies complement each other well in terms of their competencies. Dansk Biogas has built strong competencies within process technology for biogas and separation systems whereas DDH Contractors has implemented more than 100 Danish and international turnkey projects primarily within combined heat and power (CHP) and district heating plants, thereby developing strong competencies both within the power sector and in project management.

The agreement implies that Schouw & Co. obtains a 50% ownership interest in DDH Contractors which will purchase the activities and take over the employees from Dansk Biogas. The agreement will strengthen the capital base of DDH Contractors by DKK 19.5 million corresponding to the amount paid by Schouw & Co. for the stake. Dansk Biogas will change its name to DB 2001 A/S after the transaction.

## Outlook

Despite the current difficult market conditions, expectations are still high for the long-term opportunities of the biogas and slurry treatment markets.

In addition to the biogas business, DDH Contractors will continue the current activities to establish and operate power systems and establishing biological sludge treatment and water treatment systems. The company thereby has access to ensuring the presence of professional competencies enabling development of the biogas area in step with market demand.

Following the combination, DDH Contractors has about 60 employees. A modest profit is projected for 2004 on turnover in the range of DKK 150 million.

The combined contribution from Dansk Biogas and DDH Contractors, respectively, is expected to modestly reduce Schouw & Co.'s profits for 2004.

# Report - INCUBA

The associated company INCUBA A/S is a development and venture operation supporting entrepreneurial environments and investing actively in new companies.

## Financial performance

In 2003 INCUBA suffered a loss before tax of DKK 1.8 million compared with a loss of DKK 13.0 million in 2002. Given the nature of the activity, no profit should be expected during the company's initial years in operation, and the results of individual years may fluctuate significantly.

## Entrepreneurial activities

INCUBA is directly involved in entrepreneurial activities through its ownership of the Aarhus Business Incubator (Udviklingsparken A/S) and through a 22.8% ownership interest in Science Park Aarhus (Forskerpark Aarhus A/S) which opened a new Bio/Medico department closely affiliated with Aarhus University Hospital in Skejby at the beginning of 2004.

The Aarhus Business Incubator and Science Park Aarhus are moreover part of the consortium which won the contract to establish and operate a new 10,000 sq.m. IT Science Park expected to open in 2006 at IT City Katrinebjerg in Aarhus. The Aarhus Business Incubator is project manager of the development office at IT City Katrinebjerg, charged with ensuring expedient development of IT activities in the area.

Additionally, INCUBA has a 26.9% ownership interest in East Jutland Innovation A/S, an innovation company offering financing to seed-stage companies and promising projects in their early stages.

## Venture activities

INCUBA is involved in the venture capital area through co-ownership of INCUBA Venture I K/S which increased the capital base from DKK 200 million to DKK 276 million by expanding the group of investors to include among others Industriens Pension. Following the capital increase, INCUBA owns 32.6%.

INCUBA Venture received about 400 applications in 2003, of which 150 were specific investment proposals. INCUBA Venture has invested a total of DKK 41 million in seven companies, three of which are in information technology and the remaining four are in biotechnology.

Typically, INCUBA invests in companies originating from research projects at Danish universities, and the investments are made at a relatively early stage with the inherent chances of generating a profit or suffering a loss. It is expected that the investments cannot generally be sold until after a period of several years.

A typical investment example is Cobento Biotech originating from a year-long research project into vitamin B12 at the University of Aarhus. Cobento Biotech uses genetically modified plants to produce human proteins connected with the human absorption of vitamin B12.

Initially, the company's products are expected to be sold for use in diagnostic kits which can measure vitamin B12 in blood samples. In the longer term, the products are expected to be sold for actual treatment of vitamin B12 deficiency, which affects a large part of the population in the Western world aged 60 and over. An effective treatment of vitamin B12 deficiency may prevent conditions such as anaemia and has lately been associated with slowing down for instance senile dementia.

## Outlook

The Aarhus Business Incubator and Science Park Aarhus will in 2004 continue to work to develop the infrastructure of the entrepreneurial environment in the Aarhus region.

INCUBA Venture also expects to continue investing in a number of new companies in the years ahead and to maintain the 2004 investment level at the same level as in 2003.

Overall, INCUBA expects to record a minor loss for 2004.

# Investor information

## Share capital

The shares of Aktieselskabet Schouw & Co. are listed on the Copenhagen Stock Exchange. The Company's 12,470,000 shares of DKK 10 nominal value equal a total share capital DKK 124,700,000 nominal value.

## Shareholder structure

Aktieselskabet Schouw & Co. has approx. 4,600 registered shareholders of whom the following are listed in the company's register in accordance with section 28 B of the Danish Companies Act:

| | |
|---|---|
| Givesco A/S | 28.72% |
| Direktør Svend Hornsylds Legat | 15.15% |
| ATP pension fund | 9.94% |

The Copenhagen Stock Exchange has previously pointed out that, pursuant to Section 31 of the Securities Trading Act, the three shareholders Givesco A/S, Direktør Svend Hornsylds Legat and Erling Eskildsen are to be considered as a single shareholder of Aktieselskabet Schouw & Co. Together, the three shareholders hold 47.90% of the shares in the company.

At the end of 2003 the Board of Directors and the Management of Aktieselskabet Schouw & Co. and their connected persons held 623,470 and 37,392 shares, respectively, in the company.

At the end of 2003 the company held 490,505 own shares, recognised in the balance sheet at DKK 0.

## Share price performance

The shares of Schouw & Co. closed the year at a price of DKK 118 each for a total market capitalisation of DKK 1,476 million at the close of the financial year, against DKK 1,359 million at the close of 2002, equivalent to a rise of 8.6%. By comparison, the CSE20 Industri PI index rose by 56.4% in 2003.

## Web site

SCHOUW & CO.'s web site - www.schouw.dk - presents announcements to the Copenhagen Stock Exchange and interim financial statements, as well as more detailed information on the Group.

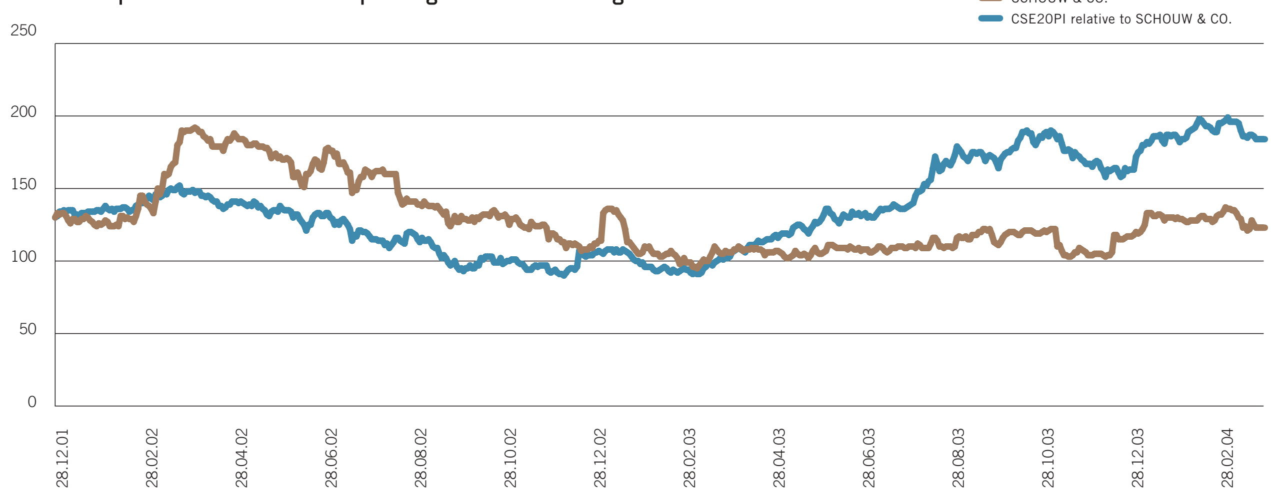
## Financial calendar

| | |
|---|---|
| April 27, 2004 | Annual General Meeting |
| May 25, 2004 | Expected release of Q1 interim report |
| August 26, 2004 | Expected release of H1 interim report |
| November 25, 2004 | Expected release of Q3 interim report |

## Board meetings

The Board of Directors of Schouw & Co. held six Board meetings, two conference calls and one Board seminar in 2003. A similar level of activity is expected in 2004.

## Share performance on the Copenhagen Stock Exchange



## Incentive programmes

As part of the Schouw & Co. Group's ongoing efforts to create shareholder value, a share-based incentive programme was set up in January 2003. Currently 62,000 options have been issued and granted on the following terms:

The Management of Schouw & Co., comprising two persons, have been granted a total of 18,000 options.

Other senior executives, including managers of subsidiaries, comprising nine persons, have been granted a total of 44,000 options.

Each option entitles the holder to purchase one Schouw & Co. share of DKK 10 nominal value at a price of DKK 136, equivalent to the closing price on January 8, 2003, plus a premium of 4% p.a., calculated from January 1, 2003. The premium was added initially on July 1, 2003 and is added every six months.

The options may be exercised during a four-week period following the publication of Schouw & Co.'s full-year profit announcement for the 2005 financial year.

The option programme is covered by Schouw & Co.'s holding of own shares, which is recognised in the balance sheet at DKK 0.

## Corporate governance

The Management and Board of Directors of Aktieselskabet Schouw & Co. see corporate governance as a natural part of responsible business operations, addressing on an ongoing basis the issues in relation to corporate governance and interaction with the Company's stakeholders. The decision to distribute quarterly financial statements in 2004 and the transition to presenting the financial statements under IFRS/IAS from 2005 are further steps towards improving corporate governance in Schouw & Co.

In our opinion, Schouw & Co. complies in all material respects with the intentions of the recommendations made in the Nørby Committee's report of December 6, 2001 on corporate governance in Denmark.

However, corporate governance is an ongoing process. Consequently, there are procedures and policies which Schouw & Co. has not formally expressed in writing to the extent recommended by the Nørby Committee.

In addition, there are areas in which Schouw & Co. does not apply the recommendations of the Nørby Committee's report. In such cases the Management and Board seek other ways of maintaining a high standard.

Below is a brief outline of the areas in which Schouw & Co. is believed to deviate materially from the recommendations of the Nørby Committee. The outline is based on the seven main areas of the Nørby Committee's report.

### I. The role of the shareholders and their interaction with the management of the company

- Authorisation to vote by proxy at the Annual General Meeting does not enable the shareholder to vote on each individual item of the agenda.

### II. The role of the stakeholders and their importance to the company

- No significant deviations

### III. Openness and transparency

- No significant deviations

### IV. The tasks and responsibilities of the Board of Directors

- No significant deviations

### V. Composition of the Board of Directors

- Schouw & Co. has not set any limit on the number of board memberships.
- Schouw & Co. has not set an age limit for Board members.
- The Board of Schouw & Co. is elected for four-year terms and there are no restrictions as to the overall length of service of Board members.

### VI. Remuneration of Board of Directors and Management

- Schouw & Co. does not publish information on each individual executive's share-based incentive remuneration. The Management has no unusual employment terms, and as a matter of principle the Board does not receive incentive remuneration.

### VII. Risk management

- No significant deviations.

# Board of directors and management

Directorships in other Danish incorporated companies, excluding wholly owned subsidiaries of the Schouw & Co. Group.

**Jørn Ankær Thomsen, Chairman (born 1945, elected to the Board in 1982)**
Chairman of: Aida A/S, Aktieselskabet af 26. november 1984, Bodilsen Holding A/S, Bodilsen A/S, Carlsen Byggecenter Løgten A/S, Th. C. Carlsen Løgten A/S, Carlsen Supermarked Løgten A/S, Danish Biogas Technology A/S, Dansk Biogas A/S, Danish Industrial Equipment A/S, Danske Invest Administration A/S, F.M.J. A/S, Frima Vafler A/S, GAM Holding A/S, GFKJURA 883 A/S, Givesco A/S, Investeringsforeningen BG Invest, Investeringsforeningen Danske Invest, Krone Erhvervsinvestering A/S, Krone Kapital A/S, K.E Mathiasen A/S, NEG Micon A/S, Pipeline Biotech A/S, Scanad Udviklingsbureau A/S, Søndergaard Give A/S, TraceXpert A/S. Deputy Chairman of: Carletti A/S, Elopak Denmark A/S. Board member of: DBC International A/S, Dansk Chokoladefabrik A/S. Executive management: Galten Midtpunkt A/S.

**Erling Eskildsen, Deputy Chairman (born 1941, elected to the Board in 1988)**
Chairman of: Carletti A/S, Dansk Chokoladefabrik A/S, Leighton Foods A/S. Board member of: Bähncke A/S, Bähncke Ejendomme A/S, Danish Industrial Equipment A/S, DBC International A/S, Elopak Denmark A/S, Frima Vafler A/S, Givesco A/S, Struer Brød A/S, Søndergaard Give A/S. Executive management: Danish Industrial Equipment A/S, DBC International A/S, Givesco A/S, Søndergaard Give A/S.

**Niels Kristian Agner (born 1943, elected to the Board in 1998)**
Chairman of: Brynje A/S, G.E.C. Gad A/S, G.E.C. Gads Boglader A/S, G.E.C. Gads Forlag, Aktieselskabet af 1994, INCUBA Venture I K/S, InnFond P/S, InnKomplementar A/S, SP Group A/S. Board member of: A/S Dantherm Holding, Ero Invest A/S, INCUBA A/S, Inventure Management A/S, NOVI A/S, Polaris Management A/S. Executive management: Dansk Kapitalanlæg Aktieselskab, Inventure Management A/S.

**Erling Lindahl (born 1945, elected to the Board in 2000)**
Chairman of: Bähncke A/S, Bähncke Ejendomme A/S, MA 24 A/S, Udviklingsparken A/S, Østjysk Innovation A/S. Board member of: Forskerpark Aarhus A/S, Hwam Handling A/S, Hwam Heat Design A/S, Hwam Holding A/S, Hwam Venti A/S, INCUBA A/S, INCUBA Venture I K/S, IT-Forskerpark Katrinebjerg A/S, OG 25 A/S. Executive management: INCUBA A/S, OG 25 A/S.

**Kjeld Johannesen (born 1953, elected to the Board in 2003)**
Deputy Chairman of: DAT-Schaub a.m.b.a., Danish Crown Incorporated A/S, Tulip Food Company P/S. Board member of: DAT-Schaub Holding A/S, Door Holding A/S, Vest-Wood A/S. Executive management: Danish Crown a.m.b.a., Danish Crown Holding A/S.

**Jens Bjerg Sørensen, President (born 1957, appointed in 2000)**
Chairman of: DDH Contractors A/S. Board member of: Aktieselskabet af 26. november 1984, Aida A/S, Danish Biogas Technology, Dansk Biogas A/S, Dansk Moler Industri A/S, F.M.J. A/S, INCUBA A/S, NEG Micon A/S, Trøjborg Grafisk A/S.

**Peter Kjær, Vice President (born 1956, appointed in 1993)**
Board member of: DDH Contractors A/S, Lastas A/S, Udviklingsparken A/S.

# Announcements to the Copenhagen Stock Exchange

Schouw & Co.'s announcements to the Copenhagen Stock Exchange since January 1, 2003.

**Jan. 8, 2003** **No. 1. Agreement to sell Schulstad activities to Cerealia**
Schulstad has agreed to transfer all business activities to Cerealia, with the exception of the stake in KelsenBisca.

**Jan. 9, 2003** **No. 2. Incentive programme established**
Schouw & Co. sets up incentive programme.

**Jan. 23, 2003** **No. 3. Profit warning from NEG Micon for 2002**
NEG Micon has issued a profit warning, lowering its 2002 earnings forecast to DKK 200-225 million before tax.

**Mar. 20, 2003** **No. 4. Official approval of divestment of Schulstad activities**
The authorities have officially approved the sale of the Schulstad activities to Cerealia.

**Mar. 20, 2003** **No. 5. Profit announcement 2002**
The Schouw & Co. Group generated consolidated turnover of DKK 2,939 million and a profit before tax of DKK 478 million in the year ended 31 December 2002.

**Apr. 3, 2003** **No. 6. Schouw & Co. increasing stake in NEG Micon to 25%**
Schouw & Co. has increased its stake in NEG Micon to 6,677,790 shares.

**Apr. 9, 2003** **No. 7. Transfer of Schulstad activities finalised**
Schulstad has now completed the transfer of the Schulstad Group activities to Cerealia.

**Apr. 29, 2003** **No. 8. Annual general meeting and new appointment to the Board of Directors**
Schouw & Co. held its annual general meeting on April 29, 2003. Kjeld Johannesen was elected as a new member of the Board.

**June 19, 2003** **No 9. Stake in KelsenBisca sold and final adjustment of selling price in connection with the transfer of Schulstad activities**
Aktieselskabet af 26. november 1984 has sold its holding of shares in KelsenBisca to LD Pensions for a total consideration of DKK 100 million.

**Aug. 21, 2003** **No. 10. Interim report - first half of 2003**
Schouw & Co. recorded a loss before tax of DKK 70.4 million for the first half. A profit of DKK 110-135 million expected for the full year.

**Nov. 6, 2003** **No. 11. NEG Micon lowers profit forecast and announces capital increase**
NEG Micon has lowered its full-year profit forecast. The board of directors of NEG Micon intends to propose a capital increase in the company.

**Jan. 6, 2004** **No. 1. Financial calendar 2004**
Schouw & Co.'s financial calendar for 2004.

**Feb. 23, 2004** **No. 2. Schouw & Co. and Hedeselskabet in new alliance**
Schouw & Co. and Det danske Hedeselskab have agreed to combine the activities of Dansk Biogas and DDH Contractors.

**Feb. 24, 2004** **No. 3. Value adjustment on NEG Micon shares and unsatisfactory performance by the Martin Group in 2003**
Positive value adjustment as a result of the combination of NEG Micon and Vestas. The Martin Group reported a loss before tax of approximately DKK 47 million for 2003.

**Mar. 11, 2004** **No. 4. Schouw & Co. holds 5.1% stake in Vestas**
Schouw & Co.'s holding of shares in NEG Micon exchanged for shares in Vestas Wind Systems.

■ In continuation of the Management's report, the financial review includes comments on the annual accounts and consolidated accounts for 2003 and the accounting policies.

### Accounting policies

The Annual Report of Aktieselskabet Schouw & Co. for 2003 is presented in accordance with the provisions of the Danish Financial Statements Act for class D companies, Danish accounting standards and the financial reporting requirements of the Copenhagen Stock Exchange for Danish listed companies.

The accounting policies are unchanged from those applied in 2002.

### Company acquisitions and divestments

Schouw & Co. owned 23.6% of NEG Micon A/S from the start of the year. At the beginning of April 2003, the ownership interest was raised to 25.0% through the acquisition of 365,600 shares.

Share of profits from NEG Micon is recognised under profit from associated companies at 23.6% from January 1, 2003 to March 31, 2003, and at 25.0% from April 1, 2003 to the end of 2003.

In December 2003, NEG Micon and Vestas Wind Systems A/S announced their plan to combine the two companies. This business combination would result in Schouw & Co's stake in NEG Micon being exchanged for a 5.1% shareholding of Vestas in 2004. Schouw & Co. made a binding commitment to accept the share exchange.

As a result of the share exchange and the fulfilment of the other assumptions of the share exchange offer, the shareholding of NEG Micon is considered a holding of listed securities in Schouw & Co.'s consolidated accounts at the end of 2003 and no longer an associated company. At December 31, 2003, the shareholding was adjusted by DKK 236.8 million to the market price at the balance sheet date. The value adjustment was recognised under financial income.

Effective January 1, 2003, Schulstad A/S transferred all bakery activities to the Swedish company Cerealia AB, with the exception of a 20.2% stake in KelsenBisca. After the transaction, Schulstad A/S changed its name to Aktieselskabet af 26. november 1984 and started to wind up the activities in the most expedient manner. At January 1, 2003, Schouw & Co. owned 61.6% of the company, and this stake was raised to 66.1% through the acquisition of minority shareholders. The company's remaining shares are owned by LD Pensions.

At the annual general meeting held on June 16, 2003, Aktieselskabet af 26. november 1984 distributed dividends of DKK 1,202.0 million, of which Schouw & Co. received DKK 793.9 million as tax-exempt dividends. Immediately after the annual general meeting, on June 19, 2003, the company sold its holding of shares in KelsenBisca A/S to LD Pensions for a total consideration of DKK 100 million, corresponding to the book value at December 31, 2002. As such, the sale did not affect the profit for the year. At the same time, Aktieselskabet af 26. november 1984 signed an agreement with Cerealia to complete the final adjustment of the purchase price. The agreement reduced the purchase price by DKK 7.5 million but, in return, Cerealia waived its right to object to the statement of equity until December 31, 2003. The agreement had a negative impact of DKK 4.6 million on Schouw & Co.'s consolidated profit for 2003.

In September 2003, it was decided to reduce the share capital of Aktieselskabet af 26. november 1984. The capital reduction was carried out in November 2003, distributing additional dividends of DKK 356.9 million, of which Schouw & Co. received DKK 235.7 million as tax-exempt dividends.

Schouw & Co. owned 39.2% of the development and venture company INCUBA A/S from the start of the year. INCUBA owns a share of the limited venture fund INCUBA Venture I K/S. In connection with INCUBA's investment commitment to the limited venture fund, Schouw & Co. and the other major shareholder, Dansk Kapitalanlæg A/S, each contributed DKK 5 million as additional capital in April 2003. This raised Schouw & Co.'s ownership interest in INCUBA to 40.1%.

Share of profits from INCUBA is recognised under profit from associated companies at 39.2% from January 1, 2003 to April 30, 2003, and at 40.1% from May 1, 2003 to the end of 2003.

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

### Turnover

Consolidated turnover rose from DKK 2,939 million to DKK 3,082 million. The total increase of DKK 143 million covers growth as well as setbacks in the individual group companies.

Fibertex contributed an increase of DKK 203 million, of which DKK 142 million was attributable to the fact that in 2002 the company only contributed to the consolidated turnover during 9½ months of the year, compared with 12 months in

2003. Of the full-year increase of DKK 61 million, DKK 20 million derived from turnover during the final quarter from Fibertex' new factory in Malaysia.

The other companies posted an overall decline of DKK 60 million. About half of this setback was ascribable to the Martin Group, whose turnover decline was largely due to falling exchange rates in key export markets relative to Danish kroner.

The Packaging Group and Dansk Biogas A/S, both of which are consolidated on a pro-rata basis, are included in the consolidated turnover at 50% of their respective turnover.

Sales in foreign markets accounted for 68.8% in 2003, up from 67.2% in 2002.

### Operating profit

Operating profit was DKK 172.5 million against DKK 195.0 million in 2002. The DKK 22.5 million decline covers growth as well as setbacks in the individual group companies.

The Martin Group posted a DKK 72.6 million drop in operating profit relative to 2002, caused by market and manufacturing problems in 2003. Conversely, Fibertex and the Packaging Group contributed an increase of DKK 24.7 million and DKK 8.3 million, respectively, in 2003.

The parent company posted a DKK 19.7 million income due to a reduction in goodwill amortisation relative to 2002, when a non-recurring impairment charge of DKK 17.5 million was recorded in respect of Dansk Biogas. The other companies posted a small decline of DKK 2.7 million.

### Share of profits in associated companies

Share of profits from associated companies before tax was a loss of DKK 123.3 million compared with a loss of DKK 7.5 million in 2002. The share of profits comprises the following main items (DKK million):

| | |
|---|---|
| NEG Micon | (123.3) |
| INCUBA | (0.8) |
| Associated companies in the Martin Group | 1.3 |
| Goodwill amortisation | (0.5) |
| | (123.3) |

The share pre-tax results from NEG Micon was a loss of DKK 123.3 million against a profit of DKK 47.4 million in 2002. NEG Micon posted a loss before tax of DKK 497.2 million in 2003 against a profit of DKK 213.5 million in 2002.

Venture activities in INCUBA are included with a share of profit before tax of DKK -0.8 million compared with DKK -4.4 million in 2002. INCUBA reported a loss of DKK 2.4 million in 2003 against a loss of DKK 11.1 million in 2002.

### Financial items

The Group's financial items amounted to a net income of DKK 172.7 million, compared with a net expense of DKK 90.5 million in 2002. The increase of DKK 263.2 million was primarily attributable to the value adjustment of the stake in NEG Micon of DKK 236.8 million. In addition, dividend payments totalling DKK 1,030 million from the former Schulstad significantly reduced the Group's interest-bearing debt and, by extension, interest expenses.

### Profit from divestment of capital investments

Profit from divestment of capital investments include Schouw & Co.'s DKK 4.6 million share of the final adjustment of the purchase price in connection with Schulstad's divestment of the bakery activities to Cerealia.

In 2002, profit from divestment of capital investments included DKK 380.8 million, which was Schouw & Co.'s share of the profit in connection with Schulstad's sale of all operating activities.

### Corporate tax

The tax charge on the ordinary profit was DKK 44.4 million, against DKK 50.5 million in 2002. The lower tax charge was primarily the result of tax-exempt value adjustments of listed shares held for more than three years, included in a total amount of DKK 246.8 million as financial income.

The Group's effective tax rate increased from 10.6% in 2002 to 20.4% in 2003. The low effective tax rate was materially affected by tax-exempt value adjustment to the market price at December 31, 2003 of the Group's shares of NEG Micon.

## CONSOLIDATED BALANCE SHEET

### Assets

The balance sheet total of the Schouw & Co. Group decreased by DKK 446 million from DKK 4,690 million to DKK 4,244 million.

The lower balance sheet total was primarily based on the reduced investment in Aktieselskabet af 26. november 1984 in the form of dividend payments of DKK 1,030 million to Schouw & Co. These dividends were applied for the repayment of debt, reducing the balance sheet total, and also for an increase in current assets, including a DKK 256.1 million increase in cash. Consolidated interest-bearing debt was reduced by DKK 557.9 million relative to December 31, 2002.

The Group's holding of shares in NEG Micon has been reclassified from associated companies under fixed assets to other securities under current assets.

### Own shares

In 2003, Schouw & Co. disposed of 27,861 shares for employee share schemes in Group companies. In addition, Schouw & Co. acquired 264,461 own shares at a total price of DKK 28.3 million. At December 31, 2003, Schouw & Co. owned 490,505 own shares, corresponding to 3.93% of the share capital. The portfolio of own shares is recorded at DKK 0.

### Liabilities

As previously mentioned, the decrease in the Group's liabilities totalling DKK 446 million was impacted by the repayment of debt. The Group's interest-bearing debt was reduced from DKK 2,301.7 million at December 31, 2002, to DKK 1,743.8 million at December 31, 2003.

Capital and reserves at December 31, 2003, was adversely affected by a DKK 28.3 million writedown concerning the purchase of own shares. Exchange rate adjustments in foreign subsidiaries had an averse impact of DKK 39.0 million on capital and reserves. After giving effect to the profit for the year and distribution of dividends for 2002 totalling DKK 38.8 million and other adjustments totalling DKK 0.3 million, Schouw & Co.'s capital and reserves amounted to DKK 1,904.4 million at December 31, 2003, up from DKK 1.838.6 million the year before.

### Cash flow statement

The cash flow statement provides an overview of cash flows during the year.

Cash flow from operations declined by DKK 74.3 million, or 27%, to DKK 179.5 million from DKK 253.8 million in 2002. The decline was triggered by a DKK 86.3 million fall in cash flow from operations in the Martin Group. Other Group companies made a positive contribution to cash flow from operations.

Total investments for the year were down by DKK 1,984.4 million from an inflow of DKK 1,296.9 million in 2002 to an outflow of DKK 687.5 million in 2003. Adjusted for the dividends received from Aktieselskabet af 26. november 1984, investments for the year totalled DKK 274.4 million.

Investments for the year in tangible fixed assets totalled DKK 232.8 million against DKK 508.9 million in 2002. The lower level of investment in 2003 should be seen in light of the 2002 investments in the Martin Group's new factory at Frederikshavn and Fibertex' new facility in Malaysia.

Acquisitions of associated companies comprise the purchase of NEG Micon shares in the amount of DKK 27.2 million and a DKK 5.0 million contribution in INCUBA.

Financing activities generated a total cash outflow of DKK 610.9 million, primarily due to the repayment of debt totalling DKK 558.0 million. In addition, we have distributed dividends and purchased own shares in the amount of DKK 64.9 million. Finally, minority shareholders contributed DKK 12 million in connection with a capital increase in Fibertex' new company in Malaysia.

Cash and cash equivalents at year-end, comprising bank deposits, increased by DKK 256.1 million to DKK 314.8 million in total in 2003.

### International accounting standards

Starting January 1, 2005, the Schouw & Co. Group will prepare its accounts according to international accounting standards (IFRS/IAS). Following the transition to the new Danish Financial Statements Act, the Group's annual accounts have only deviated from the coming accounting policies in a few respects. The most important deviation will be that goodwill amortisation, amounting to DKK 36.5 million in 2003, will no longer be expensed through the profit and loss account but will remain as an asset and form part of the ongoing valuation of fixed assets. This will lead to an increase in profits, capital and reserves and balance sheet total.

## Introduction

The Annual Report of Aktieselskabet Schouw & Co. for 2003 is presented in accordance with the provisions of the Danish Financial Statements Act for class D companies, Danish accounting standards and the financial reporting requirements of the Copenhagen Stock Exchange for Danish listed companies.

### Recognition and measurement in general

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

Liabilities are recognised in the balance sheet when they are probable and can be reliably measured.

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

Certain financial assets and liabilities are measured at amortised cost, implying the recognition of a constant effective rate of interest to maturity. Amortised cost is stated as original cost less any principal payments and plus or minus the accumulated amortisation of any difference between cost and the nominal amount.

Recognition and measurement take into consideration gains, losses and risks that arise before the time of presentation of the Annual Report and that confirm or invalidate matters existing at the balance sheet date.

Income is recognised in the profit and loss account as earned. This includes the recognition of value adjustments of financial assets and liabilities measured at fair value or amortised cost. Also recognised are costs incurred to achieve the year's income, including amortisation, depreciation, writedowns and provisions as well as reversals made to reflect changed accounting estimates concerning amounts previously recognised in the profit and loss account.

### Basis of consolidation

The consolidated accounts comprise the parent company Schouw & Co. and subsidiaries in which Schouw & Co. directly or indirectly holds more than 50% of the voting rights or otherwise exercises a controlling interest. Companies in which the ownership interest is 50% are consolidated on a pro-rata basis.

In the consolidation, intra-group income and expenses, shareholdings, balances, dividends and realised and unrealised intra-group gains and losses are eliminated.

Capital investments in subsidiaries are eliminated by the proportionate share of the subsidiaries' market value of net assets and liabilities at the time of acquisition.

Newly acquired or newly established companies are recognised in the consolidated accounts from the date of acquisition. Companies divested or wound up are consolidated in the profit and loss account until the date they are divested or wound up. Comparative figures are not restated to reflect acquisitions, divestments or companies wound up.

Acquisitions are accounted for using the purchase method, according to which the assets and liabilities of companies acquired are measured at fair value at the time of acquisition.

Positive differences (goodwill) between the historic cost and fair value of assets and liabilities taken over, including provisions for restructuring, are recognised under intangible fixed assets and amortised systematically through the profit and loss account on the basis of an individual assessment of the useful lives of the assets. For current goodwill amounts, the useful life has been set at 5-20 years.

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

Gains or losses from the divestment or winding up of subsidiaries and associated companies are stated as the difference between the sales price or the winding up sum and the book value of net assets at the date of disposal, and anticipated divestment or winding-up costs. The result is recognised in the profit and loss account under the item "Profit from divestment of capital investments".

### Minority interests

The line items of subsidiaries' accounts are fully consolidated in the consolidated accounts. The proportionate shares of the profits and capital and reserves of subsidiaries attributable to minority interests are adjusted annually and stated separately in the profit and loss account and the balance sheet.

### Foreign currency translation

On initial recognition, transactions in foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences arising between the exchange rate at the transaction date and the exchange rate at the date of payment are recognised in the profit and loss account as financial items.

Debtors, creditors and other monetary items denominated in foreign currencies are translated at the exchange rates ruling at the balance sheet date. The difference between the exchange rate ruling at the balance sheet date and the exchange rate at the time when the debtor or liability arose or was recorded in the most recent annual accounts is recognised in the profit and loss account under financial income or expenses.

When recognising foreign companies, the profit and loss accounts are translated at an average exchange rate, while balance sheet items are translated at the exchange rates ruling at the balance sheet date. Exchange differences arising on the translation of these companies' capital and reserves at the beginning of the year using the exchange rates at the balance sheet date as well as on the translation of the profit and loss accounts using average exchange rates at the balance sheet date are taken directly to capital and reserves.

Exchange adjustments of balances with foreign subsidiaries that are considered to be part of the overall investment in the company are taken directly to capital and reserves. Similarly, exchange gains and losses on loans and derivative financial instruments to hedge foreign companies are taken directly to capital and reserves.

### Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and subsequently remeasured at their fair value. Positive and negative fair values of derivatives are recognised under other debtors and other creditors, respectively.

Changes in the fair value of derivative financial instruments that are designated as and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the profit and loss account together with any changes in the value of the hedged asset or hedged liability.

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

For derivative financial instruments not qualifying as hedges, changes in fair value are recognised in the profit and loss account as and when they occur.

## PROFIT AND LOSS ACCOUNT

### Net turnover

Net turnover from the sale of goods for resale and finished goods is recognised in the profit and loss account if delivery and transfer of risk to the buyer have taken place before year-end and if the income can be reliably measured and is expected to be received. Net turnover is measured excluding VAT, taxes and discounts related to sales.

Contract work in progress is included in the net turnover as production is carried out, so that net turnover is equivalent to the sales value of the work carried out during the year (the percentage of completion method). Net turnover is recognised when the total income and expenses relating to the construction contract and the percentage of completion on the balance-sheet date can be reliably stated and it is likely that financial benefits, including payments, will flow to the Group.

### Production costs

Production costs comprise costs, including depreciation and wages and salaries, incurred to generate the year's net turnover. For goods for resale this comprises consumption, and for production it comprises production costs equivalent to the turnover for the year. This includes direct and indirect costs for raw materials and consumables, wages and salaries, rent and leasing, as well as depreciation on production equipment.

### Distribution costs

Distribution costs include costs incurred for distribution of goods sold and for sales campaigns, etc. during the year. This includes costs for warehouse and sales staff, advertising and exhibition costs, as well as depreciation.

### Administrative expenses

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

### Other operating income and expenses

Other operating income and expenses comprise accounting items of a secondary nature in relation to the companies' activities, including rent income and gains and losses from the sale of intangible and tangible fixed assets.

### Results of capital investments in subsidiaries and associated companies

The profit and loss account of the Parent Company includes the proportionate share of the pre-tax profit or loss of each individual group company after full elimination of intra-group gains or losses. The shares of tax and extraordinary items in the group companies are recognised under tax on profit on ordinary activities and extraordinary items after tax, respectively.

### Financial income and expenses

Financial income and expenses include interest, exchange rate gains and losses on securities, debt and transactions in foreign currencies, amortisation of financial assets and liabilities, and supplements and remunerations under the on-account scheme, etc.

### Profit from divestment of capital investments

Profit from divestments which are not part of the company's ordinary activities is stated separately.

### Tax on profit for the year

Schouw & Co. is jointly taxed with a number of wholly owned Group companies. The current income tax liability is allocated among the companies of the Danish tax pool in proportion to their taxable income (full allocation subject to reimbursement in respect of tax losses). Jointly taxed companies are registered for the Danish on-account tax scheme.

Tax for the year, consisting of the year's current tax and movements in deferred tax, is recognised in the profit and loss account as regards the amount that can be attributed to the results for the year, and is posted directly on capital and reserves as regards the amount that can be attributed to movements directly on capital and reserves.

## BALANCE SHEET

### Intangible fixed assets

Goodwill is amortised over its estimated useful life determined on the basis of Management's experience with the individual business areas. Goodwill is amortised on a straight-line basis over periods ranging from 5-20 years.

The book value of goodwill is assessed regularly and is written down in the profit and loss account to the recoverable amount if the book value exceeds the anticipated future net income from the company or operations to which the goodwill relates.

Development costs comprise costs, wages and salaries and depreciation directly and indirectly attributable to the company's development activities.

Clearly defined and identifiable development projects are recognised as intangible fixed assets where the technical feasibility of the project, the availability of adequate resources and a potential future market or development opportunity in the company can be demonstrated and where the intention is to manufacture, market or use the project if the cost can be measured reliably and it is probable that the future earnings can cover production and selling expenses, administrative expenses as well as the development costs.

Other development costs are recognised in the profit and loss account when incurred.

Capitalised development costs are measured at the lower of cost less accumulated depreciation and writedowns and the recoverable amount. On completion of a development project, the development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is 3-7 years.

Patents and licenses are measured at cost less accumulated amortisation and writedowns. Patents are amortised on a straight-line basis over the remaining patent term, and licenses are amortised over the term of the agreement up to a maximum of 5 years.

Intangible fixed assets are written down to the lower of the recoverable amount and the book value. Each year, each individual asset or groups of assets are tested for impairment.

### Tangible fixed assets

Land and buildings, plant and machinery and other fixtures, tools and equipment are valued at cost less accumulated depreciation and write-downs.

Cost encompasses the purchase price and costs directly associated with the purchase until the time when the asset is ready to be brought into use. In the case of assets produced in-house, cost comprises direct and indirect costs for materials, components, third-party suppliers and labour.

Interest expenditure on loans to finance the manufacture of tangible fixed assets are included in the cost price if they relate to the production period. All other financing costs are recognised in the profit and loss account.

Assets are depreciated on a straight line basis over their estimated useful lives, as follows

| | |
|---|---|
| Buildings | 10-50 years |
| Plant and machinery | 3-10 years |
| Other fixtures tools and equipment | 3-10 years |

Acquisitions costing between DKK 10,500 and DKK 50,000 per unit are written off in the year of acquisition, while acquisitions below DKK 10,500 are charged to the profit and loss account.

Depreciation is recognised in the profit and loss account as production costs, distribution costs or administrative expenses.

Tangible fixed assets are written down to the lower of the recoverable amount and the book value. Each year, each individual asset or groups of assets are tested for impairment.

Gains and losses on the sale of tangible fixed assets are stated as the difference between the selling price less selling expenses and the book value at the date of disposal. Gains and losses are recognised in the profit and loss account under other operating income or other operating expenses.

### Capital investments in subsidiaries and associated companies

Capital investments in subsidiaries and in associated companies are measured according to the equity method.

Capital investments in subsidiaries and associated companies are recognised in the balance sheet at the pro-rata share of the companies' net book value in accordance with the parent company's accounting policies with the deduction or addition of unrealised intra-group profits or losses with the deduction or addition of the remaining value of positive or negative goodwill.

Subsidiaries and associated companies with a negative net book value are recognised at DKK nil, and any receivable amount from these companies is written down, to the extent it is estimated to be uncollectible, by the company's share of the negative net book value. Where the negative net book value exceeds the amount receivable, the residual amount is recognised under provisions to the extent that the parent company has a legal or constructive obligation to cover the subsidiary's negative balance.

The net revaluation of capital investments in subsidiaries and associated companies is recognised under capital and reserves to reserve for net revaluation according to the equity method to the extent that the book value deviates from the acquisition cost.

Acquisitions are accounted for using the purchase method. See above under ”Basis of consolidation”.

### Stocks

Stocks are measured at cost using the FIFO method. Stocks are written down to the lower of cost and net realisable value.

The cost of goods for resale and raw materials and consumables includes the purchase price plus transportation costs.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables, direct labour and indirect production costs. Indirect production costs comprise the cost of indirect materials, labour and maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management. Borrowing costs are not recognised.

The net realisable value of stocks is calculated as the selling price less costs of conversion and costs incurred to execute the sale and it is determined having regard to marketability, obsolescence and expected selling price movements.

### Debtors

Debtors are measured at amortised cost. Debtors are written down for anticipated losses.

### Prepayments and accrued income

Prepayments and accrued income comprise costs paid relating to the following financial year.

### Other securities and capital investments

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

### Capital and reserves

Proposed dividend and profit-sharing to employees are recognised as liabilities at the time of adoption at the Annual General Meeting (the time of declaration). Dividend and profit-sharing which is expected to be paid out for the year is shown as a separate item under capital and reserves.

Own shares are considered as a de facto capital reduction, and acquisition and divestment sums are taken directly to retained profit under capital and reserves. Gains and losses on the sale of own shares are thus not recognised in the profit and loss account.

Net revaluation according to the equity method comprises the parent company's share of accumulated profits (net profits less dividend paid out) in subsidiaries and associated companies, which are calculated using the equity method less the share of any losses in these companies. Other changes in the net book value of the relevant companies, which are taken directly to capital and reserves, are also included in the reserve.

Net revaluation can be used to eliminate losses in the parent company and for issues of bonus shares.

Amounts included in the net revaluation relating to a subsidiary or an associated company are released when the subsidiary or associated company is discontinued or divested.

### Corporation tax and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as estimated tax on the taxable income for the year, adjusted for tax on prior years' taxable income and for tax paid under the on-account tax scheme.

Deferred tax is calculated according to the balance sheet liability method on all timing differences between the accounting and tax value of assets and liabilities. However, no deferred tax is recognised on timing differences regarding non-deductible goodwill, office property and other items for which timing differences have arisen at the acquisition date without affecting the financial results or taxable income. When the tax value can be calculated according to alternative taxation rules, deferred tax will be calculated on the basis of the planned usage of the tax asset or settlement of the tax liability, as the case may be.

Deferred tax assets, including the tax value of tax losses carried forward, are recognised in the amount at which they are expected to be used, either by setting off tax on future earnings or by setting off deferred tax liabilities within the same legal tax entity and jurisdiction.

Deferred tax is measured on the basis of the various countries' tax rules and tax rates that will apply under the legislation in force at the balance sheet date when the deferred tax asset is expected to crystallise as current tax. Changes in deferred tax resulting from changes in tax rates are recognised in the profit and loss account.

### Financial liabilities

Debt to mortgage and credit institutions is recognised at the time the loans are obtained in the amount of the proceeds after deduction of transaction costs. In the subsequent periods, financial liabilities are recognised at amortised cost, equivalent to the capitalised value applying the effective rate of interest, to the effect that the difference between the proceeds and the nominal value is recognised in the profit and loss account over the term of the loan.

Other creditors, which comprise trade creditors and affiliated and associated companies and other creditors, are measured at amortised cost.

### Accruals and deferred income

Accruals and deferred income comprises payments received relating to income in later financial years.

### Cash flow statement

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

The cash effect of acquisitions and divestments is shown separately under cash flows from investing activities. In the cash flow statement, cash flows concerning acquired companies are recognised from the date of acquisition, while cash flows concerning divested companies are recognised until the date of divestment.

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

Cash flows from investing activities comprise payments made in connection with the acquisition and divestment of companies and operations and the acquisition and disposal of intangible, tangible and financial fixed assets.

Cash flows from financing activities comprise changes in the size or composition of the Group's share capital and associated costs and the raising of loans, repayment of interest-bearing debt, dividend payments to shareholders and buying and selling of own shares.

Cash and cash equivalents include cash at bank and in hand as well as short-term securities with a short maturity that can immediately be converted into cash and that involve insignificant risk of value fluctuations.

### Segment information

Information is provided about business segments and geographic segments. The segment information follows the Group's accounting policies, risks and in-house financial management.

Fixed assets in the segment comprise fixed assets used directly in the operations of the segment, including intangible fixed assets, tangible fixed assets and financial fixed assets in associated companies.

Current assets in the segment comprise current assets used directly in the operations of the segment, including stocks, trade debtors, other debtors, prepayments and cash.

Segment obligations comprise obligations that have arisen out of the segment operations, including interest-bearing debt, trade creditors and other creditors.

### Key ratios

The key ratios have been calculated in accordance with "Recommendations and Ratios 1997" issued by the Danish Society of Investment Professionals.

## SIGNATURES

The Board of Directors and Management of Aktieselskabet Schouw & Co. have today reviewed and approved the Annual Report for 2003.

The Annual Report is presented in accordance with the provisions of the Danish Company Accounts Act for class-D companies, Danish accounting guidelines and the requirements of the Copenhagen Stock Exchange concerning the accounts of listed companies. In our opinion the accounting policies chosen are adequate, so that the Annual Report gives a true and fair view of the Group's and parent company's assets, liabilities, financial position and profit for the year, as well as the Group's cash flows.

The Annual Report is recommended for approval by the Annual General Meeting.

Aarhus, March 25, 2004

## MANAGEMENT

Jens Bjerg Sørensen
President

Peter Kjær

## BOARD OF DIRECTORS:

Jørn Ankær Thomsen
Chairman

Erling Eskildsen
Deputy Chairman

Niels Kristian Agner

Erling Lindahl

Kjeld Johannesen

## AUDITORS' REPORT

We audited the Annual Report of Aktieselskabet Schouw & Co. for the financial year January 1 - December 31, 2003.

The Board of Directors and Management of the company are responsible for the Annual Report. Our responsibility is to express an opinion on the basis of the audit conducted.

### Basis of opinion

We conducted our audit in accordance with generally accepted Danish auditing principles. These principles require that we plan and conduct our audit with a view to obtaining reasonable assurance that the Annual Report is free of material misstatement. The audit comprises random examination of information supporting the amounts and disclosures in the accounts. In addition, we have evaluated the adequacy of the accounting policies applied and the material assessments made by the Board of Directors and Management, and assessed the overall presentation of the Annual Report. In our opinion the audit conducted gives an adequate basis for our opinion.
Our audit has not resulted in any qualifications.

### Opinion

In our opinion, the Annual Report gives a true and fair view of the Group's and the parent company's assets, liabilities and financial position at December 31, 2003, as well as of the profit on the Group's and parent company's activities and the Group's cash flows for the financial year January 1 - December 31, 2003 in accordance with the Danish Company Accounts Act, Danish accounting guidelines and the requirements of the Copenhagen Stock Exchange concerning the accounts of listed companies.

Aarhus, March 25, 2004

## KPMG C.JESPERSEN, STATSAUTORISERET REVISIONSINTERESSENTSKAB  DELOITTE, STATSAUTORISERET REVISIONSAKTIESELSKAB

Claus Monfeldt
State-Authorised
Public Accountant

Kim R. Mortensen
State-Authorised
Public Accountant

Karsten Mumm
State-Authorised
Public Accountant

Jesper Meto
State-Authorised
Public Accountant

# Profit and Loss Account - January 1 - December 31

| Note | DKK million | 2003 | 2002 | 2003 | 2002 |
|---|---|---|---|---|---|
| | | THE GROUP | | PARENT COMPANY | |
| 1, 2 | **Net turnover** | 3,081.9 | 2,939.0 | 18.3 | 17.0 |
| 3 | Production costs | (2,180.4) | (2,029.1) | (3.2) | (3.2) |
| | **Gross profit** | 901.5 | 909.9 | 15.1 | 13.8 |
| 3 | Distribution costs | (512.8) | (491.1) | 0.0 | 0.0 |
| 3, 4 | Administrative expenses | (202.9) | (181.5) | (14.7) | (14.2) |
| 3, 12 | Amortisation and write-down of goodwill | (29.6) | (50.5) | 0.0 | 0.0 |
| | **Operating profit on ordinary activities** | 156.2 | 186.8 | 0.4 | (0.4) |
| 5 | Other operating income | 19.5 | 10.8 | 1.1 | 0.7 |
| 3, 5 | Other operating costs | (3.2) | (2.6) | (0.6) | (0.5) |
| | **Operating profit** | 172.5 | 195.0 | 0.9 | (0.2) |
| 6 | Profit on ordinary activities before tax in affiliated companies | - | - | 130.5 | 151.1 |
| 7 | Profit on ordinary activities before tax in associated companies | (123.3) | (7.5) | (124.3) | (9.8) |
| 8 | Financial income | 284.9 | 21.2 | 262.0 | 8.3 |
| 9 | Financial expenses | (112.2) | (111.7) | (48.6) | (53.0) |
| | **Profit on ordinary activities before divestments** | 221.9 | 97.0 | 220.5 | 96.4 |
| 10 | Profit from divestment of capital investments | (4.6) | 380.8 | (4.6) | 380.8 |
| | **Profit on ordinary activities before tax** | 217.3 | 477.8 | 215.9 | 477.2 |
| 11 | Tax on profit on ordinary activities | (44.4) | (50.5) | (43.7) | (50.4) |
| | **Profit on ordinary activities after tax** | 172.9 | 427.3 | 172.2 | 426.8 |
| 18 | Minority interests | (0.7) | (0.5) | - | - |
| | **Profit for the year** | 172.2 | 426.8 | 172.2 | 426.8 |
| | **Proposed distribution of profits** | | | | |
| | Proposed dividend, DKK 2 per share (2002: DKK 3 per share) | | | 24.9 | 37.4 |
| | Proposed profit-sharing to employees | | | 2.1 | 2.4 |
| | Reserve for net revaluation according to the equity method | | | (36.7) | 96.0 |
| | Retained profit | | | 181.9 | 291.0 |
| | | | | 172.2 | 426.8 |

## Balance Sheet at December 31

| Note | DKK million | 2003 | 2002 | 2003 | 2002 |
|---|---|---|---|---|---|
| Note | **ASSETS** | **THE GROUP** | | **PARENT COMPANY** | |
| | **Fixed assets** | | | | |
| 12 | **Intangible fixed assets** | | | | |
| | Completed development projects | 40.4 | 28.8 | 0.0 | 0.0 |
| | Patents and licences | 2.6 | 1.6 | 0.0 | 0.0 |
| | Goodwill | 441.3 | 471.0 | 0.0 | 0.0 |
| | Ongoing development projects | 13.1 | 6.7 | 0.0 | 0.0 |
| | | 497.4 | 508.1 | 0.0 | 0.0 |
| 13 | **Tangible fixed assets** | | | | |
| | Land and buildings | 555.5 | 549.2 | 78.3 | 80.7 |
| | Leasehold improvements | 12.7 | 13.8 | 0.0 | 0.0 |
| | Plant and machinery | 417.1 | 442.8 | 1.8 | 2.3 |
| | Rental equipment | 54.5 | 71.6 | 0.0 | 0.0 |
| | Other fixtures, tools and equipment | 70.9 | 80.3 | 1.8 | 2.0 |
| | Fixed assets under construction, including prepayments | 228.0 | 188.3 | 0.0 | 0.0 |
| | | 1,338.7 | 1,346.0 | 81.9 | 85.0 |
| | **Financial fixed assets** | | | | |
| 6 | Capital investments in affiliated companies | - | - | 1,259.3 | 1,314.1 |
| 7 | Capital investments in associated companies | 53.0 | 553.5 | 47.9 | 548.8 |
| | Other debtors. including deposits | 23.9 | 21.0 | 0.0 | 0.0 |
| | | 76.9 | 574.5 | 1,307.2 | 1,862.9 |
| | **Total fixed assets** | 1,913.0 | 2,428.6 | 1,389.1 | 1,947.9 |
| | **Current assets** | | | | |
| | **Stocks** | | | | |
| | Raw materials and consumables | 111.3 | 88.6 | 0.0 | 0.0 |
| | Work in progress | 66.5 | 50.8 | 0.0 | 0.0 |
| | Finished goods and goods for resale | 537.0 | 508.6 | 0.0 | 0.0 |
| | | 714.8 | 648.0 | 0.0 | 0.0 |
| | **Debtors** | | | | |
| | Trade debtors | 505.1 | 454.0 | 0.0 | 0.0 |
| 14 | Contract work in progress | 0.8 | 0.1 | 0.0 | 0.0 |
| | Receivables from affiliated companies | 0.7 | 0.3 | 346.6 | 156.3 |
| 21 | Corporate tax receivable | 16.1 | 10.7 | 0.0 | 3.4 |
| 19 | Deferred tax asset | 17.6 | 11.7 | 0.0 | 0.0 |
| | Other debtors | 45.7 | 53.0 | 4.2 | 1.5 |
| 15 | Prepayments and accrued income | 10.4 | 11.3 | 0.0 | 0.0 |
| | | 596.4 | 541.1 | 350.8 | 161.2 |
| 16 | **Securities** | 704.6 | 1,013.7 | 696.2 | 1,006.4 |
| | **Cash** | 314.8 | 58.7 | 206.7 | 0.0 |
| | **Total current assets** | 2,330.6 | 2,261.5 | 1,253.7 | 1,167.6 |
| | **TOTAL ASSETS** | 4,243.6 | 4,690.1 | 2,642.8 | 3,115.5 |

| Note | DKK million | 2003 | 2002 | 2003 | 2002 |
|---|---|---|---|---|---|
| Note | LIABILITIES | THE GROUP | | PARENT COMPANY | |
| | **Capital and reserves** | | | | |
| | Share capital | 124.7 | 124.7 | 124.7 | 124.7 |
| | Share premium account | 185.8 | 185.8 | 185.8 | 185.8 |
| | Reserve for net revaluation according to the equity method | - | - | 2.7 | 187.0 |
| | Retained profit | 1,566.9 | 1,488.3 | 1,564.2 | 1,301.3 |
| | Proposed dividend | 27.0 | 39.8 | 27.0 | 39.8 |
| 17 | **Total capital and reserves** | 1,904.4 | 1,838.6 | 1,904.4 | 1,838.6 |
| 18 | **Minority interests** | 67.9 | 67.1 | - | - |
| | **Provisions for liabilities and charges** | | | | |
| 19 | Deferred tax | 94.9 | 67.5 | 12.4 | 9.8 |
| | Total provisions for liabilities and charges | 94.9 | 67.5 | 12.4 | 9.8 |
| | **Creditors** | | | | |
| | **Long-term creditors** | | | | |
| 20 | Mortgage-credit institutes | 133.7 | 125.9 | 57.9 | 64.8 |
| 20 | Credit institutions | 1,056.4 | 1,431.5 | 519.0 | 838.0 |
| 20 | Lease obligations | 6.7 | 4.0 | 0.0 | 0.0 |
| | Deposits | 1.7 | 1.7 | 3.1 | 3.0 |
| | Accruals and deferred income | 3.3 | 2.9 | 0.0 | 0.0 |
| | | 1,201.8 | 1,566.0 | 580.0 | 905.8 |
| | **Short-term creditors** | | | | |
| 20 | Short-term share of long-term debt | 272.1 | 283.8 | 125.9 | 212.7 |
| | Credit institutions | 274.9 | 456.6 | 0.0 | 128.3 |
| | Customer prepayments | 2.3 | 2.6 | 0.0 | 0.0 |
| | Trade creditors | 229.7 | 215.5 | 0.6 | 0.8 |
| | Debt to affiliated companies | 0.0 | 0.0 | 5.1 | 0.0 |
| 21 | Corporate tax | 1.5 | 2.7 | 1.5 | 0.0 |
| | Other creditors | 192.4 | 188.0 | 12.9 | 19.5 |
| | Accruals and deferred income | 1.7 | 1.7 | 0.0 | 0.0 |
| | | 974.6 | 1,150.9 | 146.0 | 361.3 |
| | **Total creditors** | 2,176.4 | 2,716.9 | 726.0 | 1,267.1 |
| | **TOTAL LIABILITIES** | 4,243.6 | 4,690.1 | 2,642.8 | 3,115.5 |

22 **Contingent liabilities, option scheme and charges**

27,28 **Notes without reference to the accounts**

# Cash Flow Statement - January 1 - December 31

| Note | DKK million | 2003 | 2002 |
|---|---|---|---|
| | | THE GROUP | |
| | **Net turnover** | 3,081.9 | 2,939.0 |
| | Costs | (2,692.6) | (2,515.1) |
| | Other operating income/costs, net | 6.2 | 5.4 |
| 23 | Cash flow from primary operations before change in working capital | 395.5 | 429.3 |
| 24 | Change in working capital | (103.0) | (58.1) |
| | Cash flow from primary operations | 292.5 | 371.2 |
| | Interest income paid | 30.8 | 20.2 |
| | Interest costs paid | (114.5) | (102.3) |
| | Cash flow from ordinary activities | 208.8 | 289.1 |
| 21 | Corporate income tax paid | (29.3) | (35.5) |
| | **Cash flow from operating activities** | 179.5 | 253.6 |
| | Purchase of intangible fixed assets | (31.7) | (27.4) |
| | Purchase of tangible fixed assets | (232.8) | (508.9) |
| | Sale of tangible fixed assets | 25.2 | 55.2 |
| 25 | Acquisition of affiliated companies and activities | 0.0 | (366.8) |
| | Acquisition of associated companies | (32.2) | (452.3) |
| | Purchase of financial fixed assets | (2.9) | 1.2 |
| | Purchase / dividend on securities | 961.9 | 2.1 |
| | **Cash flow from investment activities** | 687.5 | (1,296.9) |
| | Debt financing: | | |
| | Additional minority shareholders, net | 12.0 | 60.0 |
| | Purchase of minority interests | 0.0 | (7.6) |
| | Increase in long-term creditors | (376.3) | 1,004.5 |
| | Increase in short-term debt to credit institutions | (181.7) | 13.6 |
| | Shareholders and employees: | | |
| | Dividend paid | (39.6) | (17.6) |
| | Purchase and sale of own shares | (25.3) | 2.4 |
| | **Cash flow from financing activities** | (610.9) | 1,055.3 |
| | **Cash flow for the year** | 256.1 | 12.0 |
| 26 | Cash and cash equivalents at January 1 | 58.7 | 46.7 |
| 26 | **Cash and cash equivalents at December 31** | 314.8 | 58.7 |

The cash flow statement cannot be derived exclusively from the consolidated accounts.

| Note | DKK million | 2003 | 2002 | 2003 | 2002 |
|---|---|---|---|---|---|
| | | THE GROUP | | PARENT COMPANY | |
| 1 | **Net turnover** | | | | |
| | Sale of goods and services | 3,074.9 | 2,924.8 | 18.3 | 17.0 |
| | Market value of contract work in progress | 7.0 | 14.2 | 0.0 | 0.0 |
| | | 3,081.9 | 2,939.0 | 18.3 | 17.0 |
| 2 | **Net turnover. geographical distribution** | | | | |
| | Net turnover, Denmark | 961.0 | 964.2 | 18.3 | 17.0 |
| | Net turnover, rest of Europe | 1,492.5 | 1,401.5 | 0.0 | 0.0 |
| | Net turnover, rest of world | 628.4 | 573.3 | 0.0 | 0.0 |
| | | 3,081.9 | 2,939.0 | 18.3 | 17.0 |
| 3 | **Costs** | | | | |
| | **Staff costs** | | | | |
| | Remuneration to Board members in the parent company | (1.5) | (1.6) | (0.7) | (0.8) |
| | Wages and salaries | (684.0) | (596.0) | (7.1) | (6.4) |
| | Pension contributions | (41.4) | (38.1) | (0.4) | (0.3) |
| | Other social security costs | (28.4) | (25.8) | 0.0 | 0.0 |
| | Other staff costs | (11.0) | (8.5) | 0.0 | 0.0 |
| | | (766.3) | (670.0) | (8.2) | (7.5) |
| | Staff costs include salaries and remuneration to the Management: | (4.8) | (4.2) | (4.6) | (3.9) |
| | Staff costs are recognised as follows: | | | | |
| | Production | (392.2) | (336.3) | 0.0 | 0.0 |
| | Distribution | (253.4) | (236.3) | 0.0 | 0.0 |
| | Administration | (102.3) | (88.9) | (8.2) | (7.5) |
| | Adjustment of wages and salaries for construction of tangible fixed assets and IPO for stocks | (18.4) | (8.5) | 0.0 | 0.0 |
| | | (766.3) | (670.0) | (8.2) | (7.5) |
| | Average number of employees | 2,441 | 2,203 | 8 | 8 |

| Note | DKK million | 2003 | 2002 | 2003 | 2002 |
|---|---|---|---|---|---|
| | | THE GROUP | | PARENT COMPANY | |
| 3 | **Development costs** | | | | |
| | Development costs are recognised as follows: | | | | |
| | Development costs for the year | (43.3) | (36.4) | 0.0 | 0.0 |
| | Capitalised development projects | 22.1 | 20.5 | 0.0 | 0.0 |
| | Depreciation and write-down of development projects | (12.1) | (10.2) | 0.0 | 0.0 |
| | | (33.3) | (26.1) | 0.0 | 0.0 |
| | **Depreciation and write-downs** | | | | |
| | Intangible fixed assets | (42.3) | (61.2) | 0.0 | 0.0 |
| | Tangible fixed assets | (192.1) | (176.6) | (3.4) | (3.4) |
| | Capital investments in affiliated and associated companies | (0.5) | (13.1) | (24.2) | (55.6) |
| | | (234.9) | (250.9) | (27.6) | (59.0) |
| | Depreciation and write-downs are recognised as follows: | | | | |
| | Production | (163.7) | (144.3) | (2.1) | (2.0) |
| | Distribution | (23.9) | (30.9) | 0.0 | 0.0 |
| | Administration | (45.5) | (61.4) | (0.9) | (0.9) |
| | Other operating costs | (1.3) | (1.2) | (0.4) | (0.5) |
| | Capital investments in affiliated and associated companies | (0.5) | (13.1) | (24.2) | (55.6) |
| | | (234.9) | (250.9) | (27.6) | (59.0) |
| 4 | **Fees to statutory auditors** | | | | |
| | Total fees to KPMG | 3.0 | 3.8 | 0.5 | 0.6 |
| | Total fees to Deloitte | 1.1 | 1.0 | 0.1 | 0.1 |
| | Total fees to other auditors | 1.4 | 1.1 | 0.0 | 0.0 |
| | | 5.5 | 5.9 | 0.6 | 0.7 |
| | Of which other services than audit to KPMG | 1.2 | 2.2 | 0.3 | 0.5 |
| | Of which other services than audit to Deloitte | 0.6 | 0.6 | 0.0 | 0.0 |
| | Of which other services than audit to other auditors | 0.3 | 0.3 | 0.0 | 0.0 |
| 5 | **Other operating income and costs** | | | | |
| | Sale of windpower | 1.5 | 1.7 | 0.6 | 0.7 |
| | Rental, royalty and other income | 5.7 | 4.5 | 0.0 | 0.0 |
| | Profit from the sale of property | 9.8 | 0.0 | 0.0 | 0.0 |
| | Profit from the sale of fixed assets | 2.5 | 4.6 | 0.5 | 0.0 |
| | Total other operating income | 19.5 | 10.8 | 1.1 | 0.7 |
| | Costs concerning wind turbines, etc. | (2.2) | (1.9) | (0.5) | (0.5) |
| | Loss on sale of fixed assets | (1.0) | (0.7) | (0.1) | 0.0 |
| | **Total other operating costs** | (3.2) | (2.6) | (0.6) | (0.5) |

| Note | | PARENT COMPANY | |
|---|---|---|---|
| 6 | **Capital investments in affiliated companies** | | |
| | Cost price at January 1 | 1,101.2 | 752.6 |
| | Additions during the year | 0.0 | 352.6 |
| | Disposals during the year | 0.0 | (4.0) |
| | Cost price at December 31 | 1,101.2 | 1,101.2 |
| | | | |
| | Revaluation at January 1 | 283.0 | 233.4 |
| | Disposals for the year | 0.0 | (0.1) |
| | Exchange-rate adjustment | (24.4) | (24.5) |
| | Value adjustment of hedging transactions after tax | (3.9) | 3.3 |
| | Profit for the year | 102.5 | 137.3 |
| | Declared dividend and profit-sharing to employees | (105.0) | (66.4) |
| | Revaluation at December 31 | 252.2 | 283.0 |
| | | | |
| | Amortisation and write-down of goodwill at January 1 | (70.1) | (27.4) |
| | Amortisation and write-down of goodwill during the year | (24.0) | (42.7) |
| | Amortisation and write-down of goodwill at December 31 | (94.1) | (70.1) |
| | | | |
| | **Net book value at December 31** | 1,259.3 | 1,314.1 |
| | | | |
| | Of which recognised goodwill | 407.3 | 431.3 |

| | | | | | | Parent Company´s share | | |
|---|---|---|---|---|---|---|---|---|
| Company | Registered address | Ownership interest | Share capital | Capital and reserves | Profit for the year | Capital and reserves | Profit before tax | Profit for the year |
| | | | Currencies million | DKK million | DKK million | DKK million | DKK million | DKK million |
| P. Grene A/S | Skjern | 100% | 25.0 | 263.6 | 42.2 | 263.6 | 61.4 | 42.2 |
| Martin Gruppen A/S | Aarhus | 100% | 50.0 | 137.0 | (34.2) | 137.0 | (46.8) | (34.2) |
| Schouw Finans A/S | Aarhus | 100% | 5.0 | 15.3 | 4.0 | 15.3 | 5.6 | 4.0 |
| Fibertex A/S | Aalborg | 100% | 40.9 | 325.2 | 63.4 | 325.2 | 91.0 | 63.4 |
| Dansk Biogas A/S | Hasselager | 50% | 2.0 | 6.6 | (22.0) | 3.3 | (11.0) | (11.0) |
| Elopak AB | Helsingborg | 50% | 10.0 | 58.6 | 13.2 | 29.3 | 9.3 | 6.6 |
| Elopak A/S | Aarhus | 50% | 32.0 | 156.6 | 62.9 | 78.3 | 45.0 | 31.5 |
| | | | | 962.9 | 129.5 | 852.0 | 154.5 | 102.5 |
| | | | | | | | | |
| Goodwill at December 31, 2003 | | | | | | 407.3 | | |
| Amortisation of goodwill | | | | | | | (24.0) | (24.0) |
| | | | | | | 1,259.3 | 130.5 | 78.5 |

| Note | DKK million | 2003 | 2002 | 2003 | 2002 |
|---|---|---|---|---|---|
| | | THE GROUP | | PARENT COMPANY | |
| 7 | **Capital investments in associated companies** | | | | |
| | Cost price at January 1 | 575.5 | 753.9 | 572.3 | 750.7 |
| | Additions during the year | 32.2 | 458.3 | 32.0 | 458.3 |
| | Disposals during the year | (551.9) | (636.7) | (551.9) | (636.7) |
| | Cost price at December 31 | 55.8 | 575.5 | 52.4 | 572.3 |
| | | | | | |
| | Revaluation at January 1 | (20.7) | (74.2) | (22.5) | (74.5) |
| | Exchange-rate adjustment | (6.7) | (8.2) | (6.2) | (7.7) |
| | Value adjustment of hedging transactions after tax | 0.0 | (3.9) | 0.0 | (3.9) |
| | Profit for the year | (122.4) | 679.9 | (123.4) | 677.9 |
| | Adjusted issue/dilution, of which | 0.0 | 64.7 | 0.0 | 64.7 |
| | Disposals during the year | 147.6 | (679.0) | 147.6 | (679.0) |
| | Revaluation at December 31 | (2.2) | (20.7) | (4.5) | (22.5) |
| | | | | | |
| | Amortisation and write-down of goodwill at January 1 | (1.3) | (7.2) | (1.0) | (7.1) |
| | Amortisation of goodwill for the year | (0.5) | (13.1) | (0.3) | (12.9) |
| | Disposals on sale | 1.2 | 19.0 | 1.3 | 19.0 |
| | Amortisation and write-down of goodwill at December 31 | (0.6) | (1.3) | 0.0 | (1.0) |
| | | | | | |
| | **Net book value at December 31** | 53.0 | 553.5 | 47.9 | 548.8 |
| | | | | | |
| | Of which recognised goodwill | 0.7 | 5.3 | 0.0 | 4.3 |

| | | | | | | The Group's share | | |
|---|---|---|---|---|---|---|---|---|
| Company | Registered address | Ownership interest | Share capital | Capital and reserves | Profit for the year | Capital and reserves | Profit before tax | Profit for the year |
| | | | Currencies million | DKK million | DKK million | DKK million | DKK million | DKK million |
| INCUBA A/S | Aarhus | 40,1% | 65.4 | 119.6 | (2.4) | 47.9 | (0.8) | (0.8) |
| Martin Professional (HK) Ltd. | Hong Kong | 46,0% | 1.6 | 6.4 | 1.7 | 3.0 | 1.0 | 0.8 |
| Beacon AB | Sweden | 25,0% | 0.1 | 1.4 | 0.0 | 0.4 | 0.0 | 0.0 |
| Martin Professional Japan Ltd. | Japan | 40,0% | 10.0 | 2.6 | 0.6 | 1.0 | 0.3 | 0.2 |
| | | | | | | 52.3 | 0.5 | 0.2 |
| NEG Micon recorded under current assets at December 31, 2003 | | | | | | | (123.3) | (122.6) |
| | | | | | | | (122.8) | (122.4) |
| Goodwill at December 31, 2003 | | | | | | 0.7 | | |
| Amortisation of goodwill, of which NEG Micon A/S (DKK 0.3 million) | | | | | | | (0.5) | (0.5) |
| | | | | | | 53.0 | (123.3) | (122.9) |

The parent company's profit on ordinay activities in associated companies consists of profit-share from INCUBA A/S and NEG Micon.

| Note | DKK million | 2003 | 2002 | 2003 | 2002 |
|---|---|---|---|---|---|
| | | THE GROUP | | PARENT COMPANY | |
| 8 | **Financial income** | | | | |
| | Interest income from affiliated companies | 0.0 | 0.0 | 7.4 | 5.9 |
| | Capital gains on NEG Micon shares | 236.8 | 0.0 | 236.8 | 0.0 |
| | Capital gains on other securities | 17.6 | 1.4 | 14.6 | 0.2 |
| | Exchange-rate gains | 11.9 | 5.0 | 0.0 | 0.3 |
| | Other interest income | 18.6 | 14.8 | 3.2 | 1.9 |
| | | 284.9 | 21.2 | 262.0 | 8.3 |
| 9 | **Financial expenses** | | | | |
| | Interest expenditure to affiliated companies | 0.0 | 0.0 | 0.0 | 0.0 |
| | Currency losses | (6.0) | (5.0) | (1.5) | 0.0 |
| | Capital losses on securities | 0.0 | (1.5) | 0.0 | (1.2) |
| | Other interest expenditure | (106.2) | (105.2) | (47.1) | (51.8) |
| | | (112.2) | (111.7) | (48.6) | (53.0) |
| 10 | **Profit from divestment of capital investments** | | | | |
| | Share of profit on divestment after tax in Group companies (the amount in 2003 is an adjustment to 2002) | (4.6) | 682.4 | (4.6) | 682.4 |
| | Tax withheld | 0.0 | (0.4) | 0.0 | (0.4) |
| | | (4.6) | 682.0 | (4.6) | 682.0 |
| | Goodwill - non-amortised share on divestment | 0.0 | (301.2) | 0.0 | (301.2) |
| | | (4.6) | 380.8 | (4.6) | 380.8 |
| 11 | **Corporation tax for the year** | | | | |
| | Tax payable | (22.4) | (23.8) | 11.0 | 15.5 |
| | Deferred tax/deferred tax asset | (21.0) | (17.7) | (2.6) | 0.5 |
| | Tax in associated companies | 0.4 | (6.6) | 0.6 | (6.1) |
| | Tax in affiliated companies | - | - | (51.3) | (57.9) |
| | | (43.0) | (48.1) | (42.3) | (48.0) |
| | Specified as follows: | | | | |
| | Tax on profit on ordinary activities | (44.4) | (50.5) | (43.7) | (50.4) |
| | Tax on changes in capital and reserves | 1.4 | 2.4 | 1.4 | 2.4 |
| | **Total tax for the year** | (43.0) | (48.1) | (42.3) | (48.0) |

| DKK million | 2003 | 2002 |
|---|---|---|

Note

| | | THE GROUP | |
|---|---|---|---|
| 11 | **Corporation tax for the year (continued)** | | |
| | Tax on profit on ordinary activities is specified as follows: | | |
| | Calc. 30% tax on profit on ordinary activities before tax | (65.2) | (143.4) |
| | Adjustment of calculated tax in foreign affiliated companies compared to 30% | (1.6) | 3.5 |
| | Non-taxable profit on divestments | 0.0 | 114.7 |
| | Non-taxable profit on value adjustment of securities | 71.6 | 0.0 |
| | Tax effect of: | | |
| | Non-deductible amortisation and write-down of goodwill | (8.4) | (22.3) |
| | Non-deductible costs and non-taxable income (incl. associated companies) | (1.5) | (0.8) |
| | Tax adjustment concerning previous years | 0.5 | 0.0 |
| | Non-capitalised tax asset | (39.8) | (2.2) |
| | | (44.4) | (50.5) |
| | Effective tax rate | 20.4% | 10.6% |

Note

THE GROUP

| 12 | **Intangible fixed assets** | Completed development projects | Patents and licences | Goodwill | Ongoing development projects | Total |
|---|---|---|---|---|---|---|
| | Cost price at January 1, 2003 | 42.1 | 4.4 | 565.9 | 6.7 | 619.1 |
| | Exchange-rate adjustment in foreign companies | 0.0 | 0.0 | (2.3) | 0.0 | (2.3) |
| | Carried forward/reclassification | 0.0 | 0.0 | (0.3) | 0.0 | (0.3) |
| | Additions | 23.7 | 1.6 | 0.0 | 25.5 | 50.8 |
| | Disposals | (5.5) | (1.2) | 0.0 | (19.1) | (25.8) |
| | Cost price at December 31, 2003 | 60.3 | 4.8 | 563.3 | 13.1 | 641.5 |
| | Amortisation and write-downs at January 1, 2003 | (13.3) | (2.8) | (94.9) | 0.0 | (111.0) |
| | Exchange-rate adjustment in foreign companies | 0.0 | 0.0 | 2.2 | 0.0 | 2.2 |
| | Carried forward/reclassification | 0.0 | 0.0 | 0.3 | 0.0 | 0.3 |
| | Amortisation for the year | (12.1) | (0.6) | (29.6) | 0.0 | (42.3) |
| | Write-downs on divested assets | 5.5 | 1.2 | 0.0 | 0.0 | 6.7 |
| | Amortisation and write-downs at December 31, 2003 | (19.9) | (2.2) | (122.0) | 0.0 | (144.1) |
| | **Net book value at December 31, 2003** | 40.4 | 2.6 | 441.3 | 13.1 | 497.4 |
| | Amortised over | 3-7 years | 5 years | 5-20 years | | |

DKK million

Note

13 **Tangible fixed assets**

**THE GROUP**

| | Land and buildings | Leasehold improvements | Plant and machinery | Rental equipment | Other fixtures tools and equipment | Fixed assets under construction, including prepayments | Total |
|---|---|---|---|---|---|---|---|
| Cost price at January 1, 2003 | 669.2 | 22.1 | 970.7 | 203.1 | 242.3 | 188.3 | 2,295.7 |
| Exchange-rate adjustment in foreign companies | (3.0) | (1.5) | (1.6) | (2.2) | (4.1) | (27.6) | (40.0) |
| Additions | 28.3 | 2.7 | 74.6 | 29.9 | 29.9 | 83.7 | 249.1 |
| Carried forward/reclassification | 0.0 | 0.2 | (0.1) | (0.4) | 0.0 | 0.0 | (0.3) |
| Disposals | (0.7) | (1.0) | (12.4) | (39.6) | (14.9) | (16.4) | (85.0) |
| Cost price at December 31, 2003 | 693.8 | 22.5 | 1,031.2 | 190.8 | 253.2 | 228.0 | 2,419.5 |
| Depreciation and write-downs at January 1, 2003 | (120.0) | (8.3) | (527.9) | (131.5) | (162.0) | 0.0 | (949.7) |
| Exchange-rate adjustment in foreign companies | 1.0 | 0.5 | 0.8 | 1.2 | 2.7 | 0.0 | 6.2 |
| Depreciation | (19.9) | (3.0) | (96.2) | (39.1) | (33.9) | 0.0 | (192.1) |
| Carried forward/reclassification | 0.0 | 0.0 | 0.0 | 0.3 | (0.1) | 0.0 | 0.2 |
| Disposals | 0.6 | 1.0 | 9.2 | 32.8 | 11.0 | 0.0 | 54.6 |
| Depreciation and write-downs at December 31, 2003 | (138.3) | (9.8) | (614.1) | (136.3) | (182.3) | 0.0 | (1,080.8) |
| **Net book value at December 31, 2003** | 555.5 | 12.7 | 417.1 | 54.5 | 70.9 | 228.0 | 1,338.7 |
| Of which financial leased assets | 0.0 | 0.0 | 10.5 | 0.0 | 0.2 | 0.0 | 10.7 |
| Of which interest | 5.2 | 0.0 | 12.3 | 0.0 | 0.0 | 3.4 | 20.9 |
| Depreciated over | 10-50 years | 4-10 years | 3-10 years | 4-7 years | 3-10 years | | |

Official property valuation of Danish properties with a book value of DKK 395 million amounts to DKK 397 million

**PARENT COMPANY**

| | Land and buildings | Leasehold improvements | Plant and machinery | Rental equipment | Other fixtures tools and equipment | Fixed assets under construction, including prepayments | Total |
|---|---|---|---|---|---|---|---|
| Cost price at January 1, 2003 | 106.9 | 0.0 | 4.7 | 0.0 | 4.3 | 0.0 | 115.9 |
| Additions | 0.0 | 0.0 | 0.0 | 0.0 | 0.9 | 0.0 | 0.9 |
| Disposals | 0.0 | 0.0 | 0.0 | 0.0 | (0.8) | 0.0 | (0.8) |
| Cost price at December 31, 2003 | 106.9 | 0.0 | 4.7 | 0.0 | 4.4 | 0.0 | 116.0 |
| Depreciation and write-downs at January 1, 2003 | (26.3) | 0.0 | (2.4) | 0.0 | (2.3) | 0.0 | (31.0) |
| Depreciation | (2.3) | 0.0 | (0.5) | 0.0 | (0.6) | 0.0 | (3.4) |
| Disposals | 0.0 | 0.0 | 0.0 | 0.0 | 0.3 | 0.0 | 0.3 |
| Depreciation and write-downs at December 31, 2003 | (28.6) | 0.0 | (2.9) | 0.0 | (2.6) | 0.0 | (34.1) |
| **Net book value at December 31, 2003** | 78.3 | 0.0 | 1.8 | 0.0 | 1.8 | 0.0 | 81.9 |

Official property valuation of Danish properties with a book value of DKK 78 million amounts to DKK 146 million

| Note | DKK million | 2003 | 2002 | 2003 | 2002 |
|---|---|---|---|---|---|
| | | THE GROUP | | PARENT COMPANY | |
| 14 | **Contract work in progress** | | | | |
| | Contract work in progress | 0.8 | 1.6 | 0.0 | 0.0 |
| | On-account invoicing | 0.0 | (1.5) | 0.0 | 0.0 |
| | **Contract work in progress, net** | 0.8 | 0.1 | 0.0 | 0.0 |
| | Recognised as follows: | | | | |
| | Contract work in progress | 0.8 | 0.1 | 0.0 | 0.0 |
| | Prepayments | 0.0 | 0.0 | 0.0 | 0.0 |
| | **Contract work in progress, net** | 0.8 | 0.1 | 0.0 | 0.0 |
| 15 | **Prepayments and accrued income** | | | | |
| | Exhibition costs | 1.6 | 2.1 | 0.0 | 0.0 |
| | Rent | 1.0 | 1.0 | 0.0 | 0.0 |
| | Insurance premiums | 0.2 | 0.4 | 0.0 | 0.0 |
| | Other | 7.6 | 7.8 | 0.0 | 0.0 |
| | | 10.4 | 11.3 | 0.0 | 0.0 |
| 16 | **Securities** | | | | |
| | Shares in A/S af 26. november 1984 (former Schulstad A/S) | 30.9 | 989.2 | 30.9 | 989.2 |
| | Shares in NEG Micon A/S * | 639.8 | 0.0 | 639.8 | 0.0 |
| | Other securities | 33.9 | 24.5 | 25.5 | 17.2 |
| | | 704.6 | 1,013.7 | 696.2 | 1,006.4 |

*) Converted on March 11, 2004 to shares in Vestas Wind Systems A/S.

| Note | DKK million | 2003 | 2002 | 2003 | 2002 |
|---|---|---|---|---|---|
| 17 | **Capital and reserves** | | | | |
| | Capital and reserves at January 1 | 1,838.6 | 1,398.3 | 1,838.6 | 1,398.3 |
| | Dividend paid | (39.8) | (14.4) | (39.8) | (14.4) |
| | Dividend from own shares | 1.0 | 0.3 | 1.0 | 0.3 |
| | Acquisition of own shares | (28.3) | 0.0 | (28.3) | 0.0 |
| | Sale of own shares | 3.0 | 2.4 | 3.0 | 2.4 |
| | Profit for the year after allocation of dividend | 145.2 | 387.0 | 145.2 | 387.0 |
| | Exchange-rate adjustment, foreign companies | (39.0) | (32.2) | (39.0) | (32.2) |
| | Value adjustment of hedging instruments after tax | (3.3) | (7.3) | (3.3) | (7.3) |
| | Value adjustment in connection with capital contribution, etc., to associated companies | 0.0 | 64.7 | 0.0 | 64.7 |
| | Proposed dividend | 27.0 | 39.8 | 27.0 | 39.8 |
| | **Capital and reserves at December 31** | 1,904.4 | 1,838.6 | 1,904.4 | 1,838.6 |

DKK million 2003 2002 2003 2002

| Note | | THE GROUP 2003 | THE GROUP 2002 | PARENT COMPANY 2003 | PARENT COMPANY 2002 |
|---|---|---|---|---|---|
| 17 | **Capital and reserves (continued)** | | | | |
| | **Specification** | | | | |
| | Share capital at January 1 | 124.7 | 122.0 | 124.7 | 122.0 |
| | Issue of bonus shares | 0.0 | 2.7 | 0.0 | 2.7 |
| | **Share capital at December 31** | 124.7 | 124.7 | 124.7 | 124.7 |
| | | | | | |
| | Premium on share issue at January 1 | 185.8 | 185.8 | 185.8 | 185.8 |
| | Premium on share issue during the year | 0.0 | 0.0 | 0.0 | 0.0 |
| | **Premium on share issue at December 31** | 185.8 | 185.8 | 185.8 | 185.8 |
| | | | | | |
| | Reserve for net revaluation according to the equity method at January 1 | | | 187.0 | 123.4 |
| | Share of profit for the year | | | (36.7) | 96.0 |
| | Exchange-rate adjustment, foreign companies | | | (39.0) | (32.2) |
| | Value adjustment of hedging instruments after tax | | | (3.9) | (0.6) |
| | Value adjustment in connection with capital contribution, etc., to associated companies | | | 0.0 | 64.7 |
| | Declared dividend in subsidiaries and associated companies | | | (104.7) | (64.3) |
| | **Reserve for net revaluation according to equity method at December 31** | | | 2.7 | 187.0 |
| | | | | | |
| | Retained profit January 1 | 1,488.3 | 1,076.1 | 1,301.3 | 952.7 |
| | Share of profit for the year | 145.2 | 387.0 | 181.9 | 291.0 |
| | Declared dividend in subsidiaries and associated companies | 0.0 | 0.0 | 104.7 | 64.3 |
| | Value adjustment of hedging instruments after tax | (3.3) | (7.3) | 0.6 | (6.7) |
| | Exchange-rate adjustment, foreign companies | (39.0) | (32.2) | 0.0 | 0.0 |
| | Value adjustment in connection with capital contribution, etc., to associated companies | 0.0 | 64.7 | 0.0 | 0.0 |
| | Acquisition of own shares | (28.3) | 0.0 | (28.3) | 0.0 |
| | Sale of own shares | 3.0 | 2.4 | 3.0 | 2.4 |
| | Dividend from own shares | 1.0 | 0.3 | 1.0 | 0.3 |
| | Issue of bonus shares | 0.0 | (2.7) | 0.0 | (2.7) |
| | **Retained profit at December 31** | 1,566.9 | 1,488.3 | 1,564.2 | 1,301.3 |
| | | | | | |
| | Proposed dividend January 1 | 39.8 | 14.4 | 39.8 | 14.4 |
| | Dividend paid | (38.8) | (14.1) | (38.8) | (14.1) |
| | Dividend from own shares | (1.0) | (0.3) | (1.0) | (0.3) |
| | Carried forward from distribution of profit | 27.0 | 39.8 | 27.0 | 39.8 |
| | **Proposed dividend at December 31** | 27.0 | 39.8 | 27.0 | 39.8 |
| | | | | | |
| | **Capital and reserves at December 31** | 1,904.4 | 1,838.6 | 1,904.4 | 1,838.6 |

The share capital consists of: 12,470,000 shares with a nominal value of DKK 10 each.

The share capital has been increased twice over the last five years. In 2001, the share capital was increased from DKK 61 million to DKK 122 million in a bonus share issue.
In 2002, bonus shares at a nominal value of DKK 2.7 million were issued to holders of class A shares concurrently with the merging of the A and B share classes.

| Note | DKK million | 2003 | 2002 | 2003 | 2002 |
|---|---|---|---|---|---|
| | | THE GROUP | | PARENT COMPANY | |
| 18 | **Minority interests** | | | | |
| | Minority interests at January 1 | 67.1 | 26.0 | - | - |
| | Additions | 12.0 | 60.0 | - | - |
| | Disposals | 0.0 | (8.2) | - | - |
| | Share of profit for the year | 0.7 | 0.5 | - | - |
| | Exchange-rate adjustment | (11.1) | (7.9) | - | - |
| | Dividend to minority shareholders | (0.8) | (3.3) | - | - |
| | **Minority interests at December 31** | 67.9 | 67.1 | - | - |
| 19 | **Deferred tax asset/deferred tax** | | | | |
| | Deferred tax asset at January 1 | 11.7 | 13.5 | 0.0 | 0.0 |
| | Adjustments for the year | 5.9 | (1.8) | 0.0 | 0.0 |
| | **Deferred tax asset at December 31** | 17.6 | 11.7 | 0.0 | 0.0 |
| | Deferred tax asset pertaining to: | | | | |
| | Intangible fixed assets | (9.4) | (6.5) | 0.0 | 0.0 |
| | Tangible fixed assets | 21.5 | 8.4 | 0.0 | 0.0 |
| | Current assets | 2.7 | 6.9 | 0.0 | 0.0 |
| | Creditors | 0.9 | 0.7 | 0.0 | 0.0 |
| | Tax losses to be carried forward | 1.9 | 2.2 | 0.0 | 0.0 |
| | | 17.6 | 11.7 | 0.0 | 0.0 |
| | Deferred tax at January 1 | 67.5 | 41.4 | 9.8 | 10.3 |
| | Exchange-rate adjustment, beginning of year | 0.5 | 0.2 | 0.0 | 0.0 |
| | Deferred tax for the year | 26.9 | 15.9 | 2.6 | (0.5) |
| | Additions on acquisition of subsidiaries | 0.0 | 10.0 | 0.0 | 0.0 |
| | **Deferred tax at December 31** | 94.9 | 67.5 | 12.4 | 9.8 |
| | Deferred tax pertaining to: | | | | |
| | Intangible fixed assets | 0.4 | (1.0) | 0.0 | 0.0 |
| | Tangible fixed assets | 90.5 | 69.6 | 9.7 | 9.5 |
| | Current assets | 6.1 | 1.9 | 2.5 | 0.0 |
| | Creditors | (0.2) | 0.2 | 0.2 | 0.3 |
| | Untaxed reserves in subsidiaries | 6.8 | 6.2 | 0.0 | 0.0 |
| | Tax losses to be carried forward | (8.7) | (9.4) | 0.0 | 0.0 |
| | | 94.9 | 67.5 | 12.4 | 9.8 |

DKK million 2003 2002 2003 2002

Note

THE GROUP

20 **Mortgage credit institutions and credit institutions**

The Group has raised the following long-term loans:

| Loans | Expiry | Fixed/variable | Effective interest rate % 2003 | 2002 | Net book value 2003 | 2002 |
|---|---|---|---|---|---|---|
| DKK | 2004-2005 | Fixed | 5.8% | 4.2% | 41.3 | 248.6 |
| DKK | 2006-2022 | Fixed | 5.5% | 5.7% | 229.0 | 286.2 |
| DKK | 2004-2005 | Variable | - | 4.6% | 0.0 | 136.4 |
| DKK | 2006-2014 | Variable | 5.0% | 5.1% | 78.4 | 100.8 |
| EUR | 2004-2005 | Fixed | 4.7% | 4.7% | 41.6 | 42.6 |
| EUR | 2006-2022 | Fixed | 5.6% | 5.7% | 354.3 | 364.0 |
| EUR | 2006-2022 | Variable | 4.0% | 4.6% | 619.0 | 546.3 |
| MYR | 2009 | Fixed | 7.0% | 7.0% | 67.4 | 37.6 |
| PLN | 2009 | Variable | 8.2% | 4.0% | 25.8 | 2.7 |
| USD | 2007 | Variable | 2.1% | 2.9% | 12.1 | 80.0 |
| | | | | | 1,468.9 | 1,845.2 |
| Weighted average effective interest rate | | | 5.0% | 4.9% | | |

PARENT COMPANY

| Loans | Expiry | Fixed/variable | Effective interest rate % 2003 | 2002 | Net book value 2003 | 2002 |
|---|---|---|---|---|---|---|
| DKK | 2004-2005 | Fixed | 5.6% | 4.0% | 26.8 | 225.9 |
| DKK | 2006-2009 | Fixed | 4.8% | 4.8% | 78.1 | 95.5 |
| DKK | 2004-2005 | Variable | - | 4.6% | 0.0 | 136.4 |
| DKK | 2006 | Variable | 4.9% | 4.9% | 60.0 | 80.0 |
| EUR | 2007 | Fixed | 4.7% | 4.7% | 75.4 | 95.2 |
| EUR | 2006-2022 | Variable | 4.3% | 4.7% | 462.5 | 482.5 |
| | | | | | 702.8 | 1,115.5 |
| Weighted average effective interest rate | | | 4.5% | 4.6% | | |

| Note | DKK million | 2003 | 2002 | 2003 | 2002 |
|---|---|---|---|---|---|
| | | THE GROUP | | PARENT COMPANY | |
| 20 | **Mortgage credit institutions and credit institutions (continued)** | | | | |
| | Creditors are distributed as follows: | | | | |
| | **Mortgage credit institutions** | | | | |
| | Long-term | 133.7 | 125.9 | 57.9 | 64.8 |
| | Short-term | 15.5 | 14.4 | 7.0 | 6.6 |
| | **Total mortgage credit institutions** | 149.2 | 140.3 | 64.9 | 71.4 |
| | **Credit institutions** | | | | |
| | Long-term | 1,056.4 | 1,431.5 | 519.0 | 838.0 |
| | Short-term | 252.0 | 263.0 | 118.9 | 206.1 |
| | **Total credit institutions** | 1,308.4 | 1,694.5 | 637.9 | 1,044.1 |
| | **Lease obligations** | | | | |
| | Long-term | 6.7 | 4.0 | 0.0 | 0.0 |
| | Short-term | 4.6 | 6.4 | 0.0 | 0.0 |
| | **Total lease obligations** | 11.3 | 10.4 | 0.0 | 0.0 |
| | **Total creditors** | 1,468.9 | 1,845.2 | 702.8 | 1,115.5 |
| | Creditors are recognised on the balance sheet as follows: | | | | |
| | Long-term creditors | 1,196.8 | 1,561.4 | 576.9 | 902.8 |
| | Short-term creditors | 272.1 | 283.8 | 125.9 | 212.7 |
| | | 1,468.9 | 1,845.2 | 702.8 | 1,115.5 |
| | Market value | 1,475.7 | 1,900.8 | 708.3 | 1,169.7 |
| | Nominal value | 1,468.9 | 1,845.2 | 702.8 | 1,115.5 |
| | Long-term creditors due for payment 5 years from the expiry of the financial year (net book value) | 286.6 | 395.9 | 106.7 | 154.0 |

Of which long-term creditors concerning financial leased assets:

| | THE GROUP 2003 | | | THE GROUP 2002 | | |
|---|---|---|---|---|---|---|
| | Lease payment | Interest rate | Net book value | Lease payment | Interest rate | Net book value |
| 0-1 year | 5.0 | (0.4) | 4.6 | 6.6 | (0.2) | 6.4 |
| 1-5 years | 7.2 | (0.5) | 6.7 | 4.1 | (0.1) | 4.0 |
| > 5 years | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | 12.2 | (0.9) | 11.3 | 10.7 | (0.3) | 10.4 |

| Note | DKK million | THE GROUP 2003 | THE GROUP 2002 | PARENT COMPANY 2003 | PARENT COMPANY 2002 |
|---|---|---|---|---|---|
| 21 | **Corporate tax payable** | | | | |
| | Corporate tax payable at January 1 | (8.0) | 3.2 | (3.4) | (1.0) |
| | Exchange-rate adjustment, beginning of year | 0.3 | 0.5 | 0.0 | 0.0 |
| | Corporate tax for the year | 22.4 | 23.8 | (11.0) | (15.5) |
| | Corporate tax paid for the year | (29.3) | (35.5) | 15.9 | 13.1 |
| | **Corporation tax payable at December 31** | (14.6) | (8.0) | 1.5 | (3.4) |
| | Distributed as follows: | | | | |
| | Corporate tax receivable | (16.1) | (10.7) | 0.0 | (3.4) |
| | Corporate tax payable | 1.5 | 2.7 | 1.5 | 0.0 |
| | | (14.6) | (8.0) | 1.5 | (3.4) |
| 22 | **Contingent liabilities, option scheme and charges** | | | | |
| | **Contingent liabilities** | | | | |
| | Total lease obligations (operating lease) due for payment within 5 years | 17.0 | 14.5 | 0.0 | 0.0 |
| | Guarantee for debt owing to banks and credit institutions | 6.3 | 5.3 | 0.0 | 0.0 |
| | Guarantee in connection with concluded contract agreement | 0.3 | 0.0 | 0.3 | 0.0 |
| | Rent obligations for leased premises, etc., in the period of interminability amount to | 94.3 | 103.6 | 0.0 | 0.0 |

**Option scheme**

On January 9, 2003 Schouw & Co. issued a total of 62,000 options. Each option carries the right to purchase one Schouw & Co. share at nominally DKK 10 at a price of DKK 136, equivalent to the closing price on January 8, 2003 with addition of 4% per annum calculated from January 1, 2003. The premium is added for the first time on July 1, 2003 and subsequently every six months. The options can be utilised for a period of 4 weeks after the publication of Schouw & Co.'s preliminary statement for 2005.

**Charges**

| | THE GROUP 2003 | THE GROUP 2002 | PARENT COMPANY 2003 | PARENT COMPANY 2002 |
|---|---|---|---|---|
| The following assets have been pledged as security for mortgages: | | | | |
| Land and buildings with a book value of | 376.1 | 381.8 | 76.9 | 79.3 |
| Plant and machinery with a book value of | 285.9 | 294.0 | 0.0 | 0.0 |
| The following assets have been pledged as security to the Group’s banks: | | | | |
| Land and buildings with a book value of | 216.8 | 228.9 | 0.0 | 0.0 |
| Financial fixed assets | 405.2 | 384.0 | 405.2 | 384.0 |
| Current assets | 2.5 | 296.4 | 0.0 | 293.6 |
| Other charges | 35.9 | 22.0 | 15.9 | 18.4 |

| Note | DKK million | 2003 | 2002 |
|---|---|---|---|
| | | THE GROUP | |
| 23 | **Cash flow from primary operations before change in working capital** | | |
| | Operating profit | 172.5 | 195.0 |
| | Adjustment for non-liquid operating items, etc.: | | |
| | Depreciation, etc. | 223.0 | 234.3 |
| | | 395.5 | 429.3 |
| 24 | **Change in working capital** | | |
| | Change in stocks | (67.4) | (34.5) |
| | Change in debtors | (45.3) | 10.7 |
| | Change in trade creditors and other creditors, etc. | 9.7 | (34.3) |
| | | (103.0) | (58.1) |
| 25 | **Acquisition of affiliated companies and activities** | | |
| | Intangible fixed assets | 0.0 | 1.1 |
| | Tangible fixed assets | 0.0 | 483.9 |
| | Financial fixed assets | 0.0 | 2.2 |
| | Stocks | 0.0 | 91.6 |
| | Securities | 0.0 | 0.7 |
| | Debtors | 0.0 | 119.0 |
| | Cash and cash equivalents | 0.0 | 0.4 |
| | Credit institutions | 0.0 | (28.4) |
| | Mortgages | 0.0 | (298.8) |
| | Deferred corporate tax | 0.0 | (10.0) |
| | Trade creditors | 0.0 | (52.2) |
| | Other creditors | 0.0 | (36.8) |
| | | 0.0 | 272.7 |
| | Goodwill | 0.0 | 94.5 |
| | **Acquisition price** | 0.0 | 367.2 |
| | Of which cash and cash equivalents | 0.0 | (0.4) |
| | **Cash acquisition price** | 0.0 | 366.8 |
| 26 | **Cash and cash equivalents** | | |
| | Cash and cash equivalents at January 1 | 58.7 | 46.7 |
| | Securities with a maturity of less than 3 months | 0.0 | 0.0 |
| | **Adjusted cash and cash equivalents at January 1** | 58.7 | 46.7 |
| | Cash and cash equivalents at December 31 comprise: | | |
| | Securities with a maturity of less than 3 months | 0.0 | 0.0 |
| | Cash | 314.8 | 58.7 |
| | **Cash and cash equivalents at December 31** | 314.8 | 58.7 |
| | Securities at December 31 comprise: | | |
| | Securities with a maturity of less than 3 months, included under cash and cash equivalents | 0.0 | 0.0 |
| | Securities attributable to investment activities | 704.6 | 1,013.7 |
| | **Securities at December 31** | 704.6 | 1,013.7 |

DKK million

Note | THE GROUP

27 **Foreign-exchange and interest-rate risks and application of financial derivatives**

As an element of hedging of recognised and non-recognised transactions the Group applies hedging instruments such as forward-exchange contracts, currency options and interest-rate and foreign-exchange swaps. Hedging of recognised transactions mainly comprises creditors and debtors.

| Currency | Payment/expiry | Debtors | Creditors | Hedged by forward-exchange contracts and foreign-exchange swaps | Net position |
|---|---|---|---|---|---|
| EUR | < 1 year | 230.8 | (225.2) | 0.0 | 5.6 |
| | > 1 year | 0.0 | (904.6) | 0.0 | (904.6) |
| USD | < 1 year | 182.2 | (30.8) | 0.0 | 151.4 |
| | > 1 year | 0.0 | (7.5) | 0.0 | (7.5) |
| PLN | < 1 year | 51.4 | (4.8) | 0.0 | 46.6 |
| | > 1 year | 0.0 | 0.0 | 0.0 | 0.0 |
| SEK | < 1 year | 24.4 | (9.7) | (2.5) | 12.2 |
| | > 1 year | 0.0 | 0.0 | 0.0 | 0.0 |
| GBP | < 1 year | 51.1 | (12.7) | (2.1) | 36.3 |
| | > 1 year | 0.0 | 0.0 | 0.0 | 0.0 |
| MYR | < 1 year | 2.4 | (5.5) | 0.0 | (3.1) |
| | > 1 year | 0.0 | 0.0 | 0.0 | 0.0 |
| NOK | < 1 year | 6.2 | (0.4) | (0.9) | 4.9 |
| | > 1 year | 0.0 | 0.0 | 0.0 | 0.0 |
| Other | < 1 year | 25.5 | (15.9) | (4.5) | 5.1 |
| | > 1 year | 0.0 | 0.0 | 0.0 | 0.0 |
| | | 574.0 | (1,217.1) | | |

At December 31, 2003 unrealised net losses on derivative financial instruments for currency hedging purposes amounted to DKK 0.5 million, which has been recognised in the profit and loss account.

**Expected future transactions**

The Group hedges expected foreign-exchange and interest-rate risks via forward-exchange contracts, interest-rate swaps and interest-rate capping.

| | Period | Contract value | | Deferred recognition in the profit and loss account of capital gains/losses (-), expected to be realised after the balance sheet date | |
|---|---|---|---|---|---|
| | | 2003 | 2002 | 2003 | 2002 |
| Forward exchange contracts | 0-6 months | 37.6 | 0.0 | 1.2 | 0.0 |
| Currency options | 0-6 months | 163.2 | 35.1 | 0.4 | 0.1 |
| Currency options | 6-12 months | 0.0 | 8.1 | 0.0 | 0.3 |
| Currency loans | > 12 months | 0.0 | 70.4 | 0.0 | 4.8 |
| Interest-rate swaps | > 12 months | 378.3 | 472.3 | (7.3) | (7.8) |
| Interest-rate capping | > 12 months | 150.2 | 149.8 | 1.1 | (2.1) |
| | | 729.3 | 735.7 | (4.6) | (4.7) |
| | | | | | |
| Of which corporate tax | | | | 1.3 | 1.3 |
| Associated companies' deferred recognition of capital gains/losses on capital and reserves | | | | 0.0 | (5.0) |
| Of which corporate tax | | | | 0.0 | 1.1 |
| | | | | (3.3) | (7.3) |

DKK million

| Note | THE GROUP |
|---|---|
| 27 | **Foreign-exchange and interest-rate risks and application of financial derivatives (continued)** |

**Interest-rate risks**

The table below sets out the revaluation and maturity periods of the Group's financial assets and liabilities, listed by maturity date.

| | Revaluation/maturity | | | Of which at a | Effective |
|---|---|---|---|---|---|
| Category | 0-1 year | 1-5 years | > 5 years | fixed interest rate | interest rate |
| Receivables from sales | 505.1 | 0.0 | 0.0 | 0.0 | 0.0% |
| Bonds | 0.0 | 0.0 | 0.0 | 0.0 | 0.0% |
| Mortgage credit institutions | (272.1) | (920.1) | (276.7) | (733.6) | 4.8% |
| Credit institutions | (274.9) | 0.0 | 0.0 | 0.0 | 2.7% |
| Other short-term creditors | (425.8) | 0.0 | 0.0 | 0.0 | 0.0% |
| Interest-rate swaps (principal), variable part | 378.2 | 0.0 | 0.0 | 0.0 | 4.7% |
| Interest-rate swaps (principal), fixed part | (65.1) | (313.1) | 0.0 | (378.2) | 4.5% |
| | (154.6) | (1,233.2) | (276.7) | (1,111.8) | |

The effective interest rates are calculated on the basis of interest rates at December 31, 2003.

**Credit risk**

The Group's credit risks are primarily related to trade debtors. The Group is not exposed to significant risks concerning individual customers or business partners. The Group's policy for undertaking credit risks involves an ongoing credit assessment of all major customers. Historically, the Group has not incurred any substantial losses on debtors.

**The Group's short-term bank debt is specified in currencies as follows:**

| Currency | Creditors | | Day-to-day interest rate | |
|---|---|---|---|---|
| | 2003 | 2002 | 2003 | 2002 |
| DKK | 191.2 | 375.8 | 2.6% | 4.0% |
| USD | 3.2 | 3.6 | 1.1% | 2.4% |
| EUR | 39.8 | 48.9 | 3.1% | 4.1% |
| GBP | 3.2 | 0.6 | 4.0% | 4.7% |
| JPY | 7.9 | 10.1 | 0.0% | 0.9% |
| SEK | 8.6 | 10.3 | 4.5% | 4.9% |
| NOK | 0.9 | 1.7 | 4.0% | 7.3% |
| PLN | 4.5 | 3.4 | 7.0% | 9.9% |
| Other | 15.6 | 2.2 | 4.0% | 3.8% |
| | 274.9 | 456.6 | | |

Note

28 **Related parties**

In accordance with current Danish legislation Givesco A/S, Svinget 24, DK-7323 Give is considered to be a related party. There have been no transactions with related parties during the financial year.

Pursuant to Section 31 of the Danish Securities Trading Act the Copenhagen Stock Exchange has previously concluded that the three shareholders Givesco A/S, Give, Direktør Svend Hornsylds Legat, Aarhus, and Director Erling Eskildsen, Give, are considered to be one single shareholder in Aktieselskabet Schouw & Co. Together the three shareholders hold 47.90% of the share capital of Aktieselskabet Schouw & Co.

| DKK million | The Grene Group | | The Martin Group | |
|---|---|---|---|---|
| **PROFIT AND LOSS ACCOUNT** | 2003 | 2002 | 2003 | 2002 |
| Turnover: | | | | |
| Denmark | 691.4 | 699.8 | 21.1 | 30.2 |
| Rest of Europe | 305.5 | 299.6 | 416.5 | 468.0 |
| Rest of world | 0.0 | 0.0 | 498.8 | 467.7 |
| Total net turnover | 996.9 | 999.4 | 936.4 | 965.9 |
| **Profit before depreciation (EBITDA)** | 105.3 | 111.2 | 66.5 | 130.1 |
| EBITDA ratio | 10.6% | 11.1% | 7.1% | 13.5% |
| Depreciation | (26.7) | (27.5) | (85.1) | (76.1) |
| Amortisation / write-down of goodwill | (2.9) | (5.2) | (2.5) | (2.4) |
| **Profit before financial items (EBIT)** | 75.7 | 78.5 | (21.1) | 51.6 |
| EBIT ratio | 7.6% | 7.9% | -2.3% | 5.3% |
| Financial items, net | (13.0) | (10.7) | (25.5) | (19.4) |
| Divestments | 0.0 | 0.0 | 0.0 | 0.0 |
| **Profit before tax (EBT)** | 62.7 | 67.8 | (46.6) | 32.2 |
| Tax for the year | (20.0) | (19.8) | 12.5 | (5.8) |
| Minorities | (0.5) | 0.4 | (0.1) | (0.9) |
| **Profit for the year** | 42.2 | 48.4 | (34.2) | 25.5 |
| Schouw & Co.'s share of the profit for the year | 42.2 | 48.4 | (34.2) | 25.5 |
| Amortisation / divestment of goodwill | 0.0 | 0.0 | (13.0) | (13.0) |
| **Recognised in Schouw & Co.'s profit** | 42.2 | 48.4 | (47.2) | 12.5 |
| **Cash flow from operations** | 50.2 | 100.7 | (46.2) | 40.4 |
| **BALANCE SHEET** | | | | |
| Intangible fixed assets | 11.4 | 13.0 | 75.7 | 62.8 |
| Tangible fixed assets | 225.5 | 213.4 | 306.2 | 324.0 |
| Financial fixed assets | 0.0 | 0.1 | 26.8 | 25.0 |
| Current assets | 444.3 | 413.5 | 597.2 | 507.4 |
| **Total assets** | 681.2 | 640.0 | 1.005.9 | 919.2 |
| Capital and reserves | 263.6 | 258.0 | 137.0 | 184.1 |
| Minority interests | 10.6 | 11.7 | 0.6 | 1.3 |
| Provisions | 20.0 | 17.9 | 0.0 | 0.0 |
| Interest-bearing debt | 273.8 | 244.2 | 719.3 | 589.9 |
| Other creditors | 113.2 | 108.2 | 149.0 | 143.9 |
| **Total liabilities** | 681.2 | 640.0 | 1,005.9 | 919.2 |
| Schouw & Co.'s share of the capital and reserves | 263.6 | 258.0 | 137.0 | 184.1 |
| Average number of employees | 826 | 797 | 1.039 | 939 |

| The Fibertex Group | | The Packaging Group | | Dansk Biogas | | The NEG Micon Group | | The Schouw & Co. Group | |
|---|---|---|---|---|---|---|---|---|---|
| 2003 | 2002 | 2003 | 2002 | 2003 | 2002 | 2003 | 2002 | 2003 | 2002 |
| 77.7 | 70.6 | 324.0 | 300.8 | 2.1 | 41.9 | 314.4 | 804.2 | 961.0 | 964.2 |
| 557.8 | 501.4 | 421.4 | 468.1 | 3.8 | 0.0 | 3,133.4 | 3,720.8 | 1,492.5 | 1,401.5 |
| 129.6 | 132.4 | 0.0 | 0.0 | 0.1 | 0.0 | 1,819.6 | 1,727.3 | 628.4 | 573.3 |
| 765.1 | 704.4 | 745.4 | 768.9 | 6.0 | 41.9 | 5,267.4 | 6,252.3 | 3,081.9 | 2,939.0 |
| 157.6 | 152.1 | 166.3 | 157.5 | (19.5) | (20.0) | (114.4) | 454.2 | 406.9 | 432.8 |
| 20.6% | 21.6% | 22.3% | 20.5% | -325.0% | -47.8% | -2.2% | 7.3% | 13.2% | 14.7% |
| (57.9) | (56.4) | (61.7) | (69.5) | (2.2) | (1.8) | (237.0) | (146.4) | (204.8) | (187.3) |
| 0.0 | 0.0 | 0.0 | 0.0 | (0.3) | (0.3) | (26.7) | (27.1) | (29.6) | (50.5) |
| 99.7 | 95.7 | 104.6 | 88.0 | (22.0) | (22.1) | (378.1) | 280.7 | 172.5 | 195.0 |
| 13.0% | 13.6% | 14.0% | 11.4% | -366.7% | -52.8% | -7.2% | 4.5% | 5.6% | 6.6% |
| (8.7) | (21.7) | 4.0 | 1.0 | 0.0 | 0.4 | (119.1) | (67.2) | 49.4 | (98.0) |
| 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | (4.6) | 380.8 |
| 91.0 | 74.0 | 108.6 | 89.0 | (22.0) | (21.8) | (497.2) | 213.5 | 217.3 | 477.8 |
| (27.6) | (22.4) | (32.4) | (26.4) | 0.0 | 1.4 | 2.6 | (53.7) | (44.4) | (50.5) |
| 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | (3.8) | (1.3) | (0.7) | (0.5) |
| 63.4 | 51.6 | 76.2 | 62.6 | (22.0) | (20.4) | (498.4) | 158.5 | 172.2 | 426.8 |
| 63.4 | 40.4 | 38.1 | 31.3 | (11.0) | (10.2) | (122.6) | 35.4 | - | - |
| (4.4) | (3.4) | (6.6) | (6.6) | 0.0 | (19.6) | (0.3) | (0.3) | - | - |
| 59.0 | 37.0 | 31.5 | 24.7 | (11.0) | (29.8) | (122.9) | 35.1 | - | - |
| 137.3 | 127.7 | 149.5 | 131.9 | (13.2) | (16.0) | 357.6 | (448.1) | 179.5 | 253.6 |
| 2.8 | 0.7 | 0.0 | 0.0 | 0.3 | 0.6 | 536.9 | 397.0 | 497.4 | 508.1 |
| 643.1 | 616.2 | 159.0 | 207.7 | 5.0 | 7.1 | 1,096.9 | 913.6 | 1,338.7 | 1,346.0 |
| 0.0 | 0.0 | 7.2 | 7.1 | 0.2 | 0.3 | 122.2 | 12.7 | 76.9 | 574.5 |
| 282.1 | 218.9 | 179.4 | 168.1 | 9.4 | 31.5 | 4,394.7 | 4,937.2 | 2,330.6 | 2,261.5 |
| 928.0 | 835.8 | 345.6 | 383.0 | 14.9 | 39.5 | 6,150.7 | 6,260.5 | 4,243.6 | 4,690.1 |
| 325.2 | 299.5 | 215.2 | 226.0 | 6.6 | 28.7 | 1,596.1 | 2,119.0 | 1,904.4 | 1,838.6 |
| 56.8 | 54.2 | 0.0 | 0.0 | 0.0 | 0.0 | 14.7 | 11.4 | 67.9 | 67.1 |
| 53.3 | 27.3 | 19.0 | 25.0 | 0.6 | 1.0 | 462.0 | 540.1 | 94.9 | 67.5 |
| 388.0 | 369.0 | 15.0 | 31.5 | 1.0 | 0.0 | 1,561.8 | 1,388.8 | 1,743.8 | 2,301.7 |
| 104.7 | 85.8 | 96.4 | 100.5 | 6.7 | 9.8 | 2,516.1 | 2,201.2 | 432.6 | 415.2 |
| 928.0 | 835.8 | 345.6 | 383.0 | 14.9 | 39.5 | 6,150.7 | 6,260.5 | 4,243.6 | 4,690.1 |
| 325.2 | 299.5 | 107.6 | 113.0 | 3.3 | 14.3 | 399.0 | 500.7 | - | - |
| 422 | 388 | 275 | 281 | 17 | 22 | 2,601 | 2,180 | 2,441 | 2,203 |

NEG Micon is recognised at DKK 95.81 per share, equalling a total market value of DKK 639.8 million. Not all figures are audited.

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