THE NOVOZYMES REPORT 2010

novozymes®
Rethink Tomorrow

CONTENTS

REPORT

OUTLOOK

MANAGEMENT

ACCOUNTS

THE NOVOZYMES REPORT 2010

REPORT

CELEBRATING 10 SUCCESSFUL YEARS

A decade has passed since Novozymes was formed as a separate company and introduced on the Copenhagen Stock Exchange. The aim was to bring about a stronger focus on the exciting industrial enzyme business. Looking back, this stronger focus has paid off.

Among many things, the Board makes sure that Novozymes has the means and measures in place to achieve profitable and sustainable growth in both the short and long term. One important way to achieve this is by always keeping innovation and strategic change high on the agenda. We believe that one of the reasons why Novozymes has achieved very good results over the past decade is that the company has not slipped into complacency. We will strive to ensure that Novozymes continues to focus on growth, making the coming decades as exciting as the one just ended.

The strategy we embarked on a decade ago, with the emphasis on using our technology platform to create new business opportunities and looking at acquisitions where we could see a strong match with Novozymes' core technologies, has led to greater diversity in sales and created a stronger growth platform. In 2000, detergent enzymes accounted for roughly half of Novozymes' sales. Today, the same industry accounts for roughly one third of sales. This is not because detergent enzyme sales have stopped growing, but because innovation has enabled other industries to emerge and develop.

Innovation and recognition

Novozymes' ability to innovate, change, and adapt to our surroundings has put the company in a strong market position. Novozymes estimates that its share of the enzyme market increased from 42% in 2000 to 47% in 2010, while the market grew from DKK 12 billion to DKK 19 billion. This larger market share is the result of expanding the industrial enzyme market through innovation and penetrating new industries where enzymes have not previously been used.

Novozymes' unique biotechnology and optimization skills have resulted in products that have been repeatedly improved, delivering more efficient and environmentally friendly solutions to our customers. Procter & Gamble named Novozymes its "Supplier of the Year" for the third year in a row in 2010 out of more than 80,000 suppliers. This is the first time ever that a company has received the award three times and is a testimony to our innovative capabilities.

Novozymes is recognized by both customers and financial institutions for our innovative products and for our sustainability efforts. We have been honored for our sustainability work numerous times over the past decade, but to be named by Dow Jones as sustainability sector leader in the biotech area again in 2010 makes us particularly proud.

Novozymes' high standards of financial, social, and environmental performance depend on the activities and actions of our employees around the world. This was

emphasized and further developed in 2010 by involving our employees in formulating a revitalized set of corporate values called *Touch the World*.

For the benefit of shareholders, customers, and the environment

We are very proud of what Novozymes has accomplished over the past 10 years. Sales have almost doubled and net profit has more than tripled. Value creation for our shareholders has been even stronger, with our market capitalization more than quadrupling in the same period. In addition, more than DKK 7 billion has been returned to shareholders in the form of dividends and stock buybacks. Novozymes' products, when applied in customers' industrial production processes, have also facilitated a significant worldwide reduction in CO_2 emissions.

The Board has been committed to developing Novozymes' corporate governance practices over the past decade. This includes putting systems in place to ensure that Novozymes maintains high standards of performance and follows the ever-changing recommendations in this area, to the extent that this supports and strengthens Novozymes' business.

Setting our sights for the future

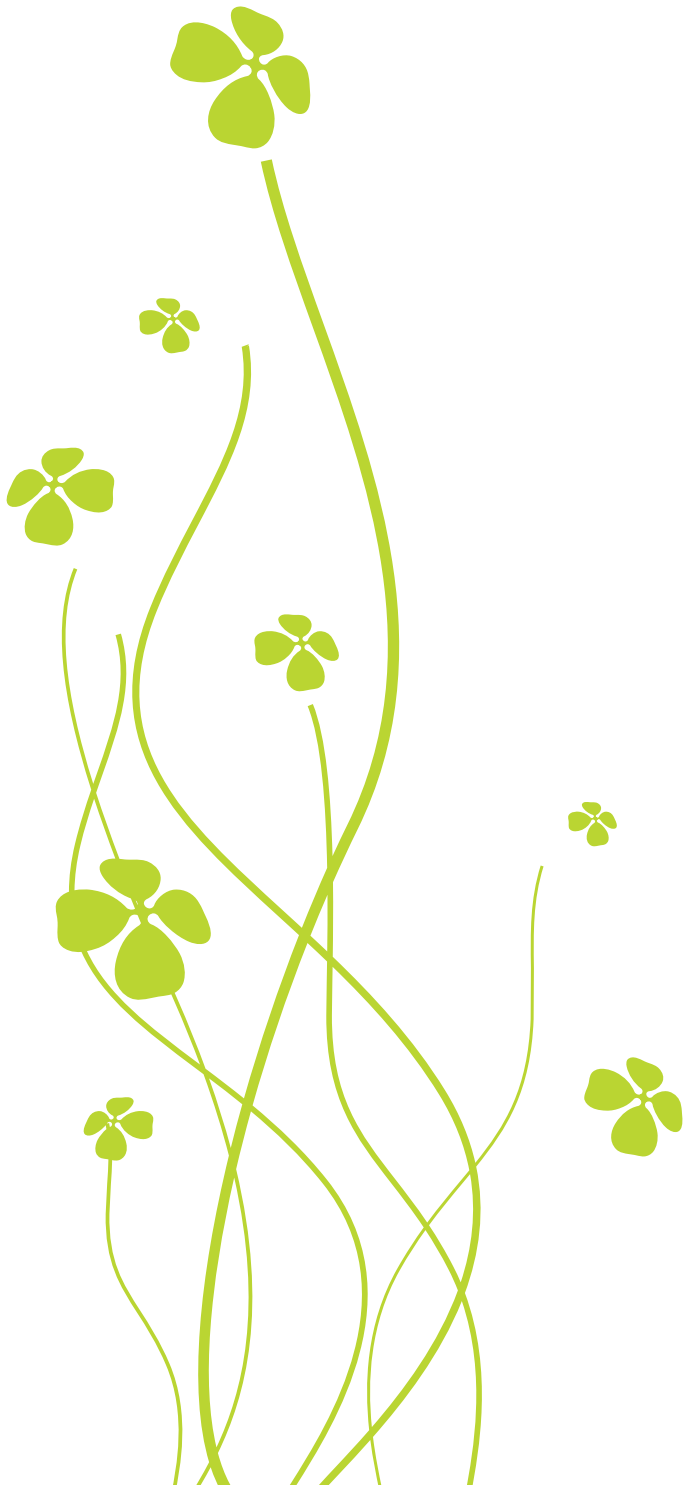
New long-term targets were introduced in 2009, replacing those communicated back when Novozymes was first introduced on the stock exchange in 2000. The new targets reflect a changing world where, in particular, Novozymes' advancing R&D technologies, more innovative products, a planet in need of more sustainable solutions, higher commodity prices, and a broader geographical presence permit more ambitious expectations of the future. Well-defined targets for environmental and social performance are also included, ensuring high levels of awareness and regular follow-up in an area we consider an integral and very important part of the way we do business.

Novozymes' strong performance in 2010 confirms that we are moving in the right direction. Despite being hit by the global recession at the beginning of 2009, we came close to delivering on our 10-in-10 ambition of sales of DKK 10 billion in 2010. The year brought double-digit growth in sales and record growth in earnings. Novozymes also helped customers reduce their CO_2 emissions by 40 million tons.

Novozymes can look back with pride on a decade of strong and sustainable growth, and we feel confident that the means and measures currently in place will pave the way for decades of exciting progress for Novozymes, our employees, our shareholders, and the world.

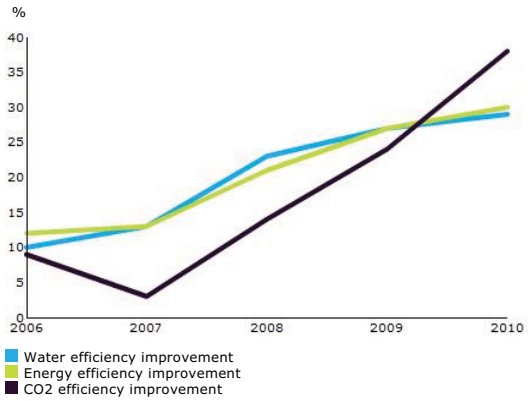
January 2011

The Board of Directors
Novozymes A/S

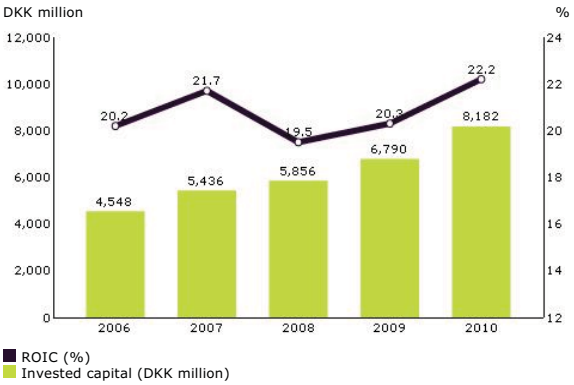


KEY FIGURES

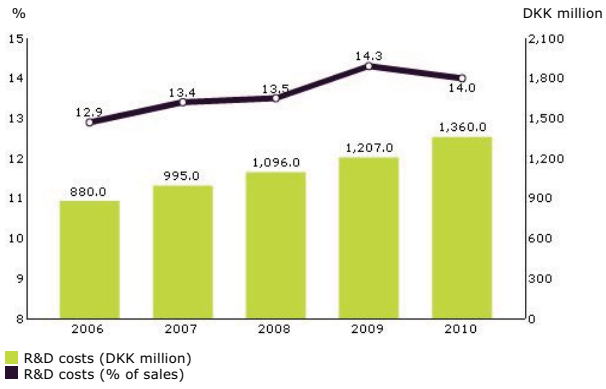
RESOURCE EFFICIENCY IMPROVEMENT



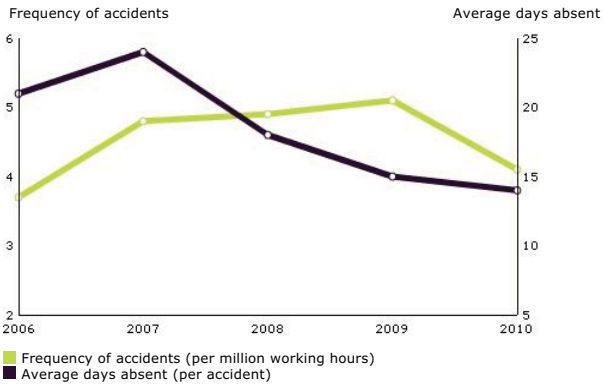
ROIC AND INVESTED CAPITAL



RESEARCH AND DEVELOPMENT



FREQUENCY OF ACCIDENTS AND AVERAGE DAYS ABSENT



		2010	2009	2008	2007	2006
Income statement (DKK million)						
Revenue		9,724	8,448	8,146	7,438	6,802
Research and development costs		1,360	1,207	1,096	995	880
EBITDA		2,796	2,252	2,060	1,971	1,809
Operating profit / EBIT		2,117	1,688	1,504	1,481	1,340
Financial items, net		6	(67)	(85)	(96)	(122)
Profit before tax		2,123	1,621	1,419	1,385	1,218
Net profit		1,614	1,194	1,062	1,042	911
Balance sheet (DKK million)						
Non-current assets		7,057	5,991	5,641	5,218	4,379
Total assets		12,593	10,890	9,925	8,871	7,965
Shareholders' equity		7,836	5,841	4,476	3,667	3,393
Non-current liabilities		2,249	2,528	2,563	2,810	2,634
Current liabilities		2,508	2,521	2,886	2,394	1,938
Invested capital		8,182	6,790	5,856	5,436	4,548
Net interest-bearing debt		346	949	1,380	1,769	1,455
Investments and cash flows (DKK million)						
Cash flow from operating activities		2,324	1,817	1,697	1,714	1,534
Cash flow from investing activities, net		(1,349)	(978)	(942)	(1,467)	(953)
Of which investments in property, plant and equipment, net		(1,323)	(972)	(885)	(721)	(463)
Free cash flow before acquisitions		998	839	755	963	1,058
Free cash flow		975	839	755	247	581
Cash flow from financing activities		(737)	(523)	287	(631)	(851)
Net cash flow		238	316	1,042	(384)	(270)
Key ratios						
Research and development costs as a percentage of revenue	%	14.0	14.3	13.5	13.4	12.9
EBITDA margin	%	28.8	26.7	25.3	26.5	26.6
Operating profit margin	%	21.8	20.0	18.5	19.9	19.7
Net profit margin	%	16.6	14.1	13.0	14.0	13.4
Effective tax rate	%	24.0	26.3	25.2	24.8	25.2
Equity ratio	%	62.2	53.6	45.1	41.3	42.6
Return on equity	%	23.6	23.1	26.1	29.5	25.4
Return on invested capital (ROIC), including goodwill	%	22.2	20.3	19.5	21.7	20.2
Return on invested capital (ROIC), excluding goodwill	%	23.7	21.8	21.2	23.4	21.1
WACC	%	5.6	7.0	7.4	8.1	7.5
Earnings per share (EPS)	DKK	25.75	19.24	17.17	16.93	14.46
Proposed dividend per share	DKK	8.00	5.75	5.25	5.00	4.50
Environmental and social data						
Water efficiency improvement (compared to 2005)	%	29	27	23	13	10
Energy efficiency improvement (compared to 2005)	%	30	27	21	13	12
CO_2 efficiency improvement (compared to 2005)	%	38	24	14	3	9
Total waste recycled	%	43	45	45	43	42
Significant spills	No.	0	0	0	0	0
Rate of employee turnover	%	7.5	6.7	11.3	9.0	8.0
Rate of absence	%	2.1	2.3	2.2	2.2	2.3
Fatalities	No.	0	0	0	0	0
Frequency of accidents with absence per million working hours		4.1	5.1	4.9	4.8	3.7

COMPANY PROFILE

Novozymes is the world leader in bioinnovation. Our business is industrial enzymes, microorganisms, and biopharmaceutical ingredients. Our biological solutions help companies make more from less, as our solutions save energy and raw materials, and reduce waste. The result is higher quality, lower costs, lower CO_2 emissions, and a better environment.

Novozymes is organized into two business areas, each covering a number of industries: Enzyme Business and BioBusiness. The development, production, distribution, and sale of enzymes form the major part of our business, currently accounting for 94% of sales. BioBusiness, accounting for the remaining 6%, is home to both a smaller, established business in microorganisms and biopharmaceutical ingredients and a portfolio of initiatives where Novozymes is exploring business opportunities outside the enzyme sphere.

We generated sales of DKK 9,724 million and EBIT of DKK 2,117 million in 2010.

Rethink Tomorrow

We use biotechnology to discover new sustainable solutions. More than 16% of Novozymes' global workforce of 5,432 works on innovation and development, and we invest around 14% of our sales in research and development.

Our solutions are based on a unique technology platform that provides a wealth of opportunities for the world's industries. Gene technology, microbiology, and fermentation technology are some of the tools on which we base our business. Combining industrial insight with this technology platform, we partner with customers across a broad range of industries to create tomorrow's industrial biosolutions that not only improve the use of our planet's resources but also our customers' business. We currently hold more than 6,500 granted or pending patents, which is an indication of the possibilities that emerge when nature and technology join forces.

Sustainability is integrated

Sustainability is an integral part of our business, and we enable our customers to optimize their use of raw materials and energy, thereby reducing the environmental impact of their operations. In 2010 alone, the worldwide application of our products enabled reductions in CO_2 emissions of approximately 40 million tons.

We believe in decency and responsibility in business, which includes respect for all stakeholders. Our commitments to international agreements and universal values help define issues and challenges of relevance to our stakeholders and our business:

- We subscribe to the United Nations Global Compact
- We support the United Nations Declaration of Human Rights
- We support the United Nations Convention on Biological Diversity
- We subscribe to the International Chamber of Commerce's Charter for Sustainable Development

ENZYME BUSINESS

Enzymes, which are found in all living organisms, are biodegradable proteins that catalyze biochemical reactions. Enzyme technologies can typically replace conventional chemicals, getting more out of raw materials and making production processes more efficient.

We are constantly striving to expand our markets by introducing innovations within existing markets as well as developing new applications. With a 47% share of the global enzyme market in 2010, we retained our position as the world's largest and leading producer of industrial enzymes.

We organize our enzyme business into four areas:

Detergent enzymes

Enzymes are widely used in laundry and dishwashing detergents, and account for 32% of Novozymes' sales. Our solutions improve the performance of detergents by enabling improved stain removal, garment care, and general wash performance. Enzymes can also replace petrochemically derived ingredients that traditionally make up the bulk of detergents. Because of their unique catalytic action, enzymes are particularly useful ingredients in low-temperature detergents and concentrated detergents.

Technical enzymes

Technical enzymes are mainly used in the transformation of starch into different kinds of sugars. The largest application is enzymes for the biofuel industry, turning starch (primarily corn) into fermentable sugars. Other areas include enzymes for converting starch into syrups and enzymes for textile treatment, leather, and pulp & paper. In 2010, we launched the first commercially viable enzymes for large-scale production of biofuel from cellulosic feedstocks.

Food enzymes

Enzymes for the food and beverage industries enhance quality and efficiency in the manufacture of products such

as bread, wine, juice, beer, and alcohol. Enzymes can, for instance, be used to reduce waste by keeping bread fresh for longer, to produce trans-fat-free oils, and to reduce levels of a potential carcinogen, acrylamide, in baked or fried starchy foods.

Feed enzymes

Enzymes increase the digestibility and nutritional value of animal feed. For instance, Novozymes' protease RONOZYME® ProAct helps animals digest the protein in their diet by supplementing the activity of their own digestive enzymes. This improved nutrient uptake leads to better feed utilization and helps the environment as fewer nutrients are released through manure.

BIOBUSINESS

BioBusiness builds on the technological capabilities and expertise gained from working with biotechnology and enzymes for more than 60 years. BioBusiness focuses on developing new and improved microorganisms, biopharmaceutical ingredients for drug delivery and formulation, and renewable chemicals. We consider BioBusiness to be a portfolio of growth opportunities for the future.

Microorganisms

Microorganisms are a diverse group of microscopic organisms such as fungi, bacteria, and yeasts. They are found everywhere in nature, where they both form and degrade organic materials. Novozymes develops, produces, and sells microorganisms in three main areas. In bioagriculture, the uses of our microorganisms include enhancing yields by helping plants to take up naturally occurring nutrients such as nitrogen and phosphates more effectively. In wastewater treatment, our microorganisms help break down organic matter. In institutional and household cleaning, our microorganisms have a wide range of applications in cleaning, degreasing, and odor control.

Biopharmaceutical ingredients

Novozymes supplies a range of recombinant biopharmaceutical ingredients for improved drug delivery and formulation, and medical devices. Our biopharmaceutical ingredients are typically recombinant molecules that replace the similar molecules derived from humans and animals traditionally used in the industry. Our solutions offer customers alternative, cost-competitive, and safe solutions, helping them to develop better drugs and devices.

Renewable chemicals

Novozymes is working on a number of research projects to develop cost-competitive processes for using microorganisms to produce chemicals from renewable sources. Today, most chemicals are derived from oil. We believe that, in the future, sugar from renewable sources will form the basis of some of these chemicals, complementing the volumes generated from oil. Novozymes is working to develop these technologies in close collaboration with global partners.

THE FIRST 10 YEARS

A REMARKABLE SALES STORY

Novozymes' sales have almost doubled over the past decade. At the same time, the company has developed into a more robust business with a wider range of markets, a more diverse geographical footprint, and a broader customer base.

Novozymes was born as the world's leading enzyme producer with the largest market share, the widest product portfolio, and a technology leadership position. However, the enzyme industry was very different a decade ago than it is today. Although enzyme technology was recognized, the range of applications was smaller.

The industry relied heavily on the detergent and food industries – in Novozymes' case, these two accounted for more than 70% of sales. Detergent enzymes alone provided roughly half of our sales, the Group's sales were concentrated in Europe, and our largest customers were a small number of leading detergent producers.

Today, Novozymes is still the market leader, and the detergent business is still our single largest segment, but many other aspects have changed.

Global market growth

The global enzyme market has expanded over the past decade from a total value of about DKK 12 billion to an estimated DKK 19 billion in 2010, even with the headwind from a lower USD. Growth has been global, but the North American market has grown particularly fast, due mainly to the emergence of the biofuel industry.

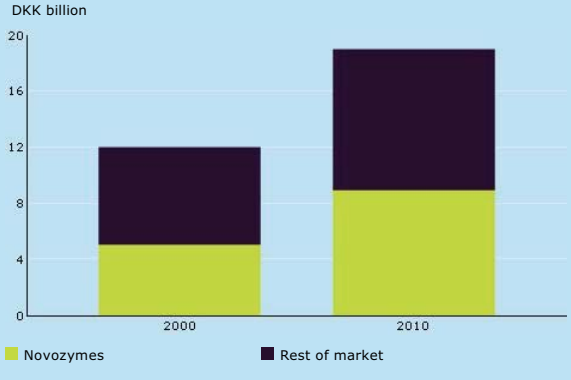
Novozymes has been at the forefront of the industry's development, taking it into new areas and new markets. Today, Novozymes commands 47% of the global enzyme market, compared to 42% in 2000, and our sales are spread across more industries; the detergent industry accounted for 32% of our sales in 2010, technical and food industries 32% and 22% respectively, and feed enzymes 8%. Novozymes has also added activities within microorganisms and biopharmaceutical ingredients.

This increased diversity has also led to decreased customer and market concentration. Our top five customers accounted for 28% of sales in 2010, as opposed to 38% a decade earlier. In 2000, North America accounted for 28% of Novozymes' sales; in 2010, this figure had increased to 37%. During the same period, sales in Europe, the Middle East & Africa went from 43% to 36% of sales. Emerging markets' share of sales is unchanged overall, but China has been a strong growth engine and has been Novozymes' second-largest national market after the US since 2005.

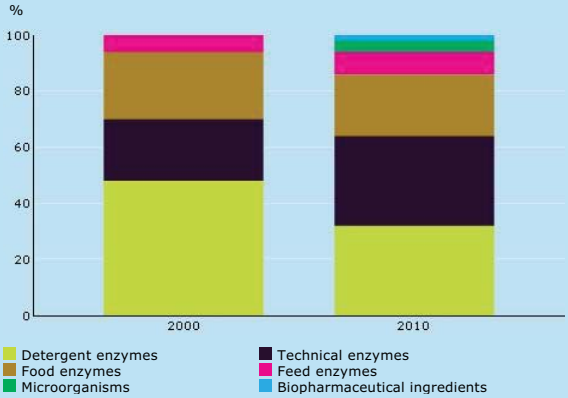
Innovation drives sales

Our customers turn to Novozymes for solutions that can help them improve their business. In many cases, we save them money by providing the tools to make better use of raw materials, energy, and water. In other cases, customers turn to us for technology that can help them develop a more differentiated product. As the marketplace is constantly evolving, the only way to compete as an enzyme producer is to stay at the forefront of technology and deliver groundbreaking solutions, which is exactly what Novozymes has done over the past decade, consolidating our position

ENZYME MARKET AND NOVOZYMES' SHARE



DISTRIBUTION OF SALES BY INDUSTRY



as innovation leader. We have brought more than 85 new products to market, and we have extended the range of applications and customers for enzymes through innovation. The technological advances we have made during the period help us do things today that we could only dream of a decade ago.

Regulation can create markets

Novozymes always strives to develop markets through innovation, but sometimes customer trends or regulatory changes lead the way. Enzymatic solutions have increasingly been favored by regulatory initiatives over the past decade.

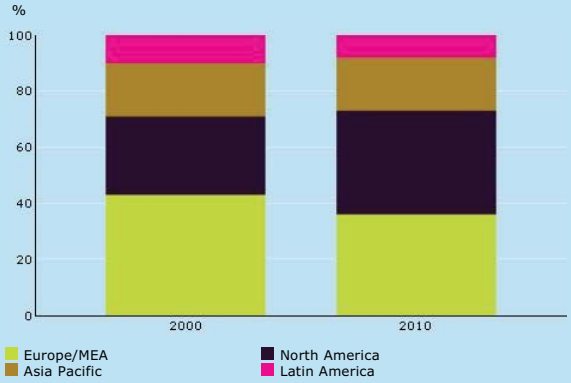
In many cases, new regulations have forced customers to make significant changes. One example of this is the banning of bone meal in animal feed, where it was a key source of phosphate. This made our phytase enzymes competitive as an alternative technology with unique and safe characteristics. Phytase enzymes not only help animals make use of the phosphate in their feed, but also help the environment by reducing the amount of undigested phosphate in their manure.

The future is bright

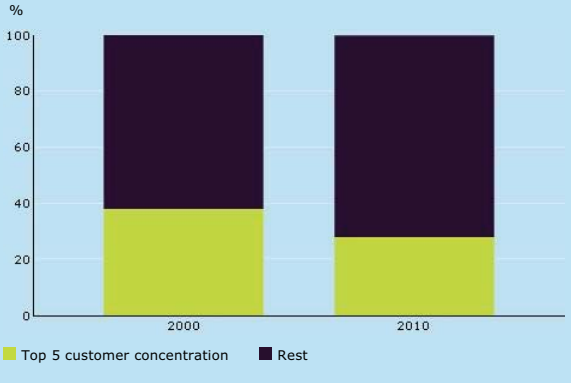
We look forward to another decade of expansion in the global enzyme market. Rapid growth in emerging economies is expected to fuel demand for products made using enzyme technology, and we will continue to develop the larger, developed markets in Europe, North America, and Japan by building on our technology leadership position.

We also look forward to seeing how governments will shape future demand for our products. The increasing focus on the sustainable use of natural resources, environmental protection, and climate change has the potential to radically transform the marketplace in favor of biological solutions. It will be exciting to see how our technology and insight can help customers develop new and improved ways of making more from less and so help change the world.

DISTRIBUTION OF SALES BY REGION



TOP 5 CUSTOMER CONCENTRATION AS % OF SALES



THE FIRST 10 YEARS

A HISTORY OF TECHNOLOGICAL INNOVATION

In our quest to deliver more from less, Novozymes invests heavily in technological innovation to improve both the strains that produce our enzymes and the performance of the enzymes themselves.

Novozymes is a growth company with a difference. Rather than simply building new factories to accommodate rising sales volumes, we use biotechnology to increase output from existing facilities and reduce consumption of raw materials, water, and energy. This benefits both Novozymes and the environment, as we are able to produce more from less.

Continuous efficiency improvements have ensured that the construction of new production capacity has lagged growth in sales volumes, and will continue to do so in the future. The technological innovation that makes this possible also plays an important part in the discovery and development of new enzymes.

Continuous improvements

Novozymes has produced enzymes by microbial fermentation for more than 50 years, first as part of Novo Nordisk and since 2000 as an independent company. The first genetically modified (recombinant) production strain was launched in 1988, and our product portfolio is now dominated by enzymes from recombinant microorganisms.

Enzymes are produced by microorganisms such as bacteria, fungi, and yeasts throughout nature. To produce enzymes on an industrial scale, however, we have to stimulate and improve the microorganisms so that they yield more of the desired enzyme, release fewer unwanted by-products, and generally perform better and more efficiently in the production environment.

This is an ongoing process, and we are constantly developing new technologies that push the boundaries of productivity. Increased understanding of the biology of the microorganisms that we work with has dramatically accelerated this process. Twenty years ago, even minor modifications of our production organisms could take a team of scientists several months or even years. Today, a single scientist can design and implement significant genetic modifications in just a few weeks – and with a much more predictable outcome. Ten years ago, the genome sequences of our strains were largely unknown. Today, sequencing an entire genome is standard procedure.

Once developed, a new production strain opens up new possibilities in our production processes. A constant focus on optimizing our processes to get the most out of each individual strain, while at the same time retaining a fairly standardized production setup, enables significant further improvements. We also make great efforts to find cheaper raw materials and minimize energy and water consumption.

State-of-the-art technologies

Novozymes strives constantly to improve the properties of our enzymes. An enzyme is a protein consisting of a string of amino acids, and it is the sequence and positioning of these amino acids that determine the enzyme's properties, such as stability and activity. By using our technologies to make our enzymes longer lasting or more powerful, we can lower the dosage of enzyme required in customers' applications.

One of the techniques is crystal structures showing how all the components of the enzyme molecule are positioned in 3D, enabling us to modify the amino acid composition of an enzyme. Using computer programs that simulate the function of the enzyme, we get ideas for how the amino acid composition can be modified to improve the enzyme's performance. These ideas must then be tested. In the best case, we only need to test hundreds of enzymes with different combinations of modifications to get the desired result. Often, however, the task is so complicated that we have to spend months testing hundreds of thousands of modified enzymes. In this case, robotic equipment is used to carry out high-throughput screening to find the "needle in the haystack." This is only possible thanks to the advances in robotics over the past 20 years. Novozymes has exploited the potential of this technology from its very infancy and has in many cases developed in-house robotic solutions.

Other technological developments have also helped transform our work on optimizing enzymes. Twenty years ago, only a few protein 3D structures were known, and very few tools were available for exploring the function and dynamics of these structures. Today, much more structural information is available, and general understanding of enzyme function has greatly improved. Computer power has increased enormously, enabling the use of new simulation techniques such as molecular dynamics to help understand the determinants of enzyme stability and activity.

New technologies are constantly improving our understanding of enzyme molecules and ways of working with DNA, making optimization increasingly efficient. Of course, these technologies are only as good as those who use them, which only serves to emphasize the need for highly talented people. Human creativity and interaction have always been, and will always be, the key to our ability to innovate.

THE FIRST 10 YEARS

SUSTAINABILITY AS BUSINESS DRIVER

Sustainability has increasingly become a business driver for Novozymes over the past decade. We have been able to turn it into a competitive advantage in our relations with customers in recent years as more customers look to use sustainability as a differentiator. Thus, the original focus on sustainability as a matter of risk and cost management has broadened to also include and even create business opportunities for Novozymes.

Interest in Novozymes' biological solutions has soared in recent years. Our technology can help save raw materials, reduce the use of chemicals, and bring about energy and quality improvements. Our solutions have always had these benefits – the difference today is that demand for sustainable solutions is being stimulated by national regulatory initiatives and retailers' tougher sustainability criteria for suppliers in response to consumer preferences.

Customers recognize that sustainable solutions can be better and more profitable in the long run. They are keen to differentiate themselves through the reduced environmental impact made possible by our technology.

It is a major step forward for Novozymes that we can now promote sustainability together with more of our customers, and this was reflected in our new ambition launched in 2009. We aim to drive the world toward sustainability together with our customers, which means making better use of the world's resources to meet people's needs for food and other consumables. Many different factors have helped us come this far, but two key priorities have been particularly important in making us an attractive partner in sustainability today: our decision in 2005 to build up in-house life cycle assessment (LCA) expertise and our continuing commitment to integrating sustainability into our organization and strategy.

In-house life cycle assessment expertise

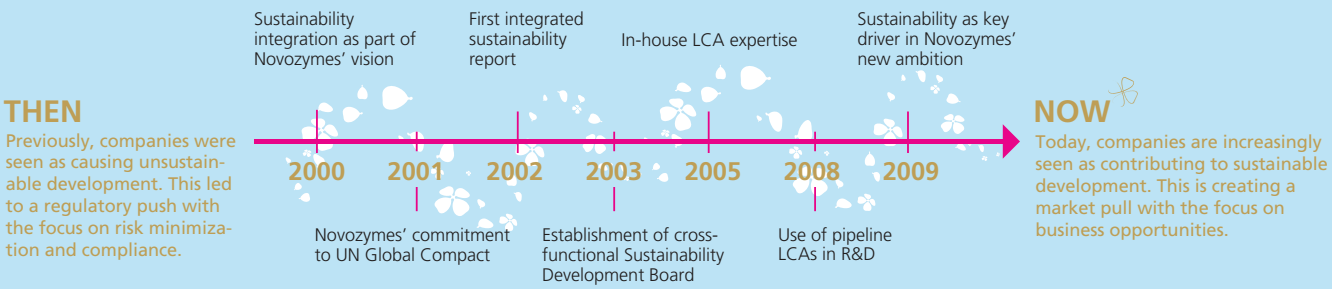
The decision to build up in-house expertise in life cycle assessment has been crucial for our ability to use sustainability as a true business driver. Our LCA specialists work with colleagues in Sales & Marketing and with our customers to compare the environmental impact of conventional technologies and our biological solutions, covering products' entire life cycles "from cradle to grave." This enables customers to back up their claims with solid data, and Novozymes to document our carbon footprint.

Since 2008, Novozymes has also used rough LCA estimates in R&D to assess and compare the environmental impact of new products as an important element in prioritizing our pipeline.

Integration of sustainability

At Novozymes, we integrate sustainability into our everyday business activities. It is how we do business and part of who we are, because we truly believe that this is the right way to do business. Sustainability is also key in our relations with stakeholders. In 2002, we were one of the very first companies to publish an integrated report combining traditional financial information and sustainability data, as is now considered best practice.

SUSTAINABILITY DURING NOVOZYMES' FIRST 10 YEARS



We have been committed to building an organization based on our priorities and geared to respond to our stakeholders' concerns. In 2003, this led to the establishment of a Sustainability Development Board (SDB) with high-level representation of all main areas of the business. SDB develops our sustainability strategy, which is integrated with the business strategy and takes stakeholders' concerns into consideration. SDB also sets the annual sustainability targets that form part of our corporate bonus scheme.

Our efforts have made us a top performer in the Dow Jones Sustainability Indexes for the past nine years, and we have been awarded both Gold Class and Sector Leader for our performance. More importantly to us, however, our internal sustainability setup enhances our credibility with business partners, who appreciate that having our own house in order is part of our offering – and something that we are ready to share with them.

SALES AND MARKETS

2010 was a very strong year from a sales perspective. High demand in the enzyme business resulted in double-digit organic sales growth for Novozymes.

Total sales in 2010 were DKK 9,724 million, an increase of 15% compared to 2009. Exchange rates impacted sales positively, and sales in local currency (LCY) increased by 10%. Organically, sales grew by 11% compared to 2009.

ENZYME BUSINESS

Enzyme Business sales were DKK 9,109 million, up by 17% compared to 2009. Sales in LCY were up by 12%, with divestments of noncore activities in India in 2009 having a small negative impact on sales growth. Detergent, technical, and food enzymes were the strongest growth contributors in the period.

The global enzyme market grew in 2010 to a total market value of approximately DKK 19 billion, up from DKK 16 billion in 2009. All segments of the market grew in 2010, but the detergent and biofuel enzyme segments were the main drivers behind the market growth. The industry did no see any major new entrants to the market in 2010, and there was no change in the overall competitive position between the existing players. Novozymes' global market share of 47% was unchanged.

Detergent enzymes

Detergent enzyme sales increased by 18% in DKK and by 15% in LCY compared to 2009. The strong growth was driven by increased enzyme penetration across detergent tiers to enhance wash performance, enable low-temperature washing, and replace traditional chemicals in detergent formulations.

Technical enzymes

Technical enzyme sales increased by 18% in DKK and by 12% in LCY compared to 2009. Most industries in the technical enzyme group contributed to the growth, with many of the smaller industries showing growth. Enzyme sales to the textile industry bounced back after a challenging 2009, while the strong growth in enzyme sales to the starch industry was driven by greater demand from emerging markets.

Enzyme sales to the ethanol industry, representing 19% of Novozymes' total sales, were up by 25% in DKK and by 19% in LCY compared to 2009. Favorable blending economics and exports kept US ethanol demand and production at a high level during most of 2010. In the European market, ethanol enzyme sales continued to show good growth, although the market is small compared to North America.

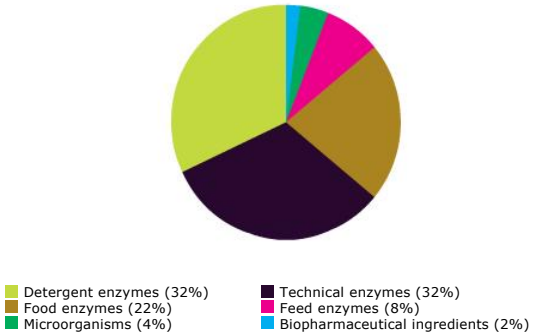
Food enzymes

Food enzyme sales increased by 18% in DKK and by 13% in LCY compared to 2009. The divestment of noncore ingredient activities in India in 2009 reduced food enzyme sales growth by around 1 %-point. Higher demand, particularly for baking and brewing enzymes for enhanced quality, performance, and yields, was the main driver behind the growth. For the brewing industry in particular, it should be remembered that 2009 was a relatively easy comparison. Newly introduced products in the food industry continued to contribute positively to growth.

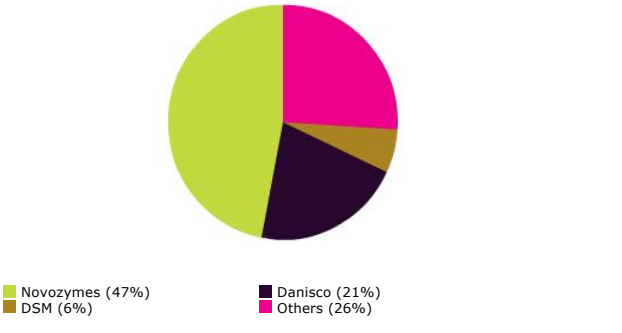
Feed enzymes

Feed enzyme sales were up by 6% in DKK and flat in LCY compared to 2009. Although phytase enzyme sales

2010 SALES BY INDUSTRY



2010 MARKET SHARE IN ENZYMES FOR INDUSTRIAL USE



stabilized in the latter part of 2010, a competitive European phytase enzyme market put pressure on sales during the year. RONOZYME® ProAct, a feed enzyme increasing protein uptake in poultry, performed very well during its first year on the European market and continued to deliver strong growth in emerging markets.

ANOTHER STEP TOWARD A BIO-BASED SOCIETY

In 2010, Novozymes and Dacheng Group, a major starch-processing company based in China, signed an agreement to develop technologies to produce glycol from agricultural waste. Glycols are biochemicals used in household cleaning products and cosmetics, and as building blocks in the production of polyesters and plastics. The agreement ties in well with Novozymes' vision of developing a bio-based society where agricultural waste replaces oil as a new raw material.

Under the agreement, Novozymes will provide Dacheng Group with know-how and enzymes for converting biomass such as corn stover and wheat and rice straw into sugar. Dacheng will then convert the sugar into glycols using a technology involving inorganic catalysts. Dacheng already produces glycol from corn starch on a commercial scale and is also planning to produce glycol from agricultural waste within a few years.

The agreement is a good example of how Novozymes is working together with global partners to develop new solutions based on renewable sources instead of petroleum. Along the same lines, Novozymes is working together with partners such as Cargill, ADM, and Braskem to develop microorganisms (organic catalysts) for the production of renewable chemicals from sugar.

BIOBUSINESS

BioBusiness sales were 5% lower in DKK and 12% lower in LCY compared to 2009. Divestment of noncore activities in the microorganism business in 2009 and lower sales of biopharmaceutical ingredients (BPI) were the main reasons for the decrease. Organically, BioBusiness sales were 10% lower compared to 2009.

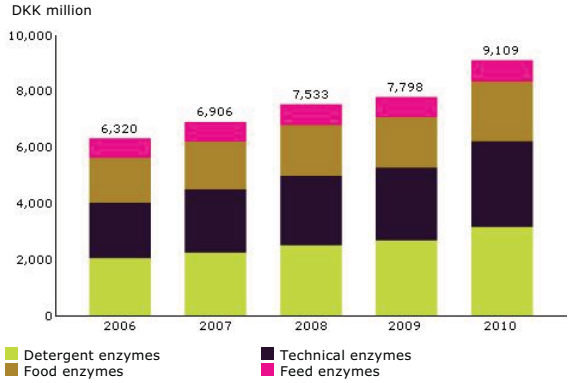
Microorganisms

Microorganism sales were up by 3% in DKK and down by 4% in LCY compared to 2009. The total consolidated sales growth impact in 2010 from the divestment of the turf and landscape business in July 2009 and the acquisition of Brazilian bioagriculture company Turfal in August 2010 was approximately minus 4 %-points. Sales to the bioagriculture (BioAg) and wastewater treatment industries increased, whereas microorganism sales to the institutional & household cleaning industry were lower compared to 2009, partly explained by ongoing product pruning.

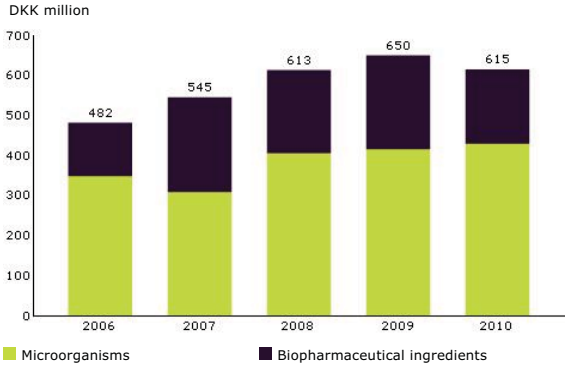
Biopharmaceutical ingredients

Biopharmaceutical ingredient sales were down by 21% in DKK and by 28% in LCY compared to 2009. The decrease was caused by lower sales of Recombumin® and cell culture ingredients throughout the year and also by the absence of plectasin sales in the fourth quarter of 2010 compared to the same quarter of 2009. The BPI industry is subject to substantial quarterly variations in sales patterns, as sales comprise a small number of transactions of relatively large value.

FIVE-YEAR SALES DEVELOPMENT IN ENZYME BUSINESS



FIVE-YEAR SALES DEVELOPMENT IN BIOBUSINESS



A PLATFORM FOR GROWTH IN AGRICULTURE

With one acquisition finalized and another pending customary regulatory approval, 2010 was the year when Novozymes accelerated building a platform for strong growth in the agricultural market. Novozymes entered this fast-growing market, currently estimated to be worth USD 1 billion, with the acquisition of Philom Bios in Canada in 2007. In August 2010, Novozymes announced the acquisition of Brazilian company Turfal, and in December 2010, we signed an agreement to acquire one of the leading global players, EMD/Merck Crop BioScience, from Merck KGaA.

Interesting niche in a global market

Agricultural biologicals are a small but interesting niche in the USD 150 billion global market for fertilizers and pesticides. The market is divided into three segments: biofertility, biocontrol, and bioyield enhancement. Biofertility products help plants take up more nutrients, while biocontrol products help plants fight off pests and diseases, and bioyield enhancement products support the health of plants.

These products enable farmers to optimize the use of fertilizers, increase yields, and save money while also benefiting the environment. Becoming a major player in this area is an opportunity for Novozymes to help meet the global challenge of feeding the world's growing population in a sustainable manner.

Expected acquisition

The acquisition of EMD/Merck Crop BioScience is expected to be completed between February and May 2011 provided Novozymes receives regulatory approval. The total consideration to be paid to Merck KGaA is USD 275 million, subject to customary post-closing adjustments.

With approximately 165 employees and sales of around USD 60 million in 2010, EMD/Merck Crop BioScience is one of the leading players in the global market for agricultural biologicals and has delivered average annual growth of around 15% over the past seven years.

Headquartered in Milwaukee, Wisconsin, and with a division of equal size in Pilar, Argentina, EMD/Merck Crop BioScience has a well-established presence in the US and Argentina and complements Novozymes' existing operations in Canada and Brazil. EMD/Merck Crop BioScience's products and technologies are well defined and established, with documented and proven efficacy gains on numerous soils and crops. Its biofertility and bioyield enhancement products are primarily used in growing soy and pulse crops, and join Novozymes' existing biological product range consisting mainly of biofertility and biocontrol products applied to canola, pulses, and soy.

Turfal gives access to the growing Brazilian market

Turfal is one of the key players in the Brazilian biofertilizer market with around USD 3 million in annual sales and more than 40 years' experience in the market. Conveniently located only 25 miles from Novozymes' Latin American headquarters in Araucária just outside Curitiba in southern Brazil, Turfal is to be the hub for all of Novozymes' agriculture business in Brazil. It will provide Novozymes with a platform for faster testing and registration, and deliver direct access to the growing Brazilian market for agricultural products.

SALES BY REGION

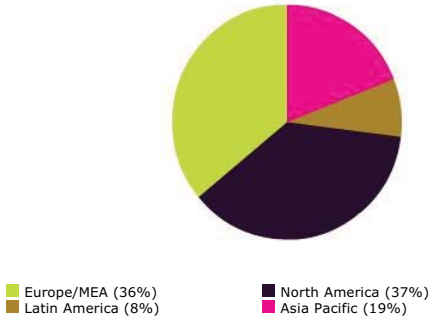
Sales in Europe, the Middle East, and Africa (Europe/MEA) increased by 11% in DKK and by 10% in LCY compared to 2009. Detergent and food enzyme sales were the main growth contributors, while sales of biopharmaceutical ingredients decreased.

Sales in North America were up by 18% in DKK and by 12% in LCY compared to 2009. Detergent, food, and technical enzyme sales, in particular enzyme sales to the US ethanol industry, were the main growth drivers.

Sales in Asia Pacific increased by 15% in DKK and by 7% in LCY compared to 2009. Detergent and technical enzyme sales were the strongest growth drivers in absolute terms, while sales of feed enzymes decreased. Sales of microorganisms also performed well during the year, whereas the divestment of noncore ingredient activities in India in 2009 impacted growth negatively.

Sales in Latin America were up by 27% in DKK and by 16% in LCY compared to 2009. All enzyme areas developed well during the year, especially food and detergent enzyme sales. Microorganism sales also performed very well during the year, partly explained by the acquisition of Brazilian company Turfal in August 2010.

2010 SALES BY REGION



PRODUCT LAUNCHES IN 2010

Eight new products were launched in 2010, starting in Q1 with Cellic® CTec2, a product allowing for cost-efficient conversion of cellulose to sugars.

Q1 2010	Cellic® CTec2 – a unique and improved cellulase complex for cost-effective hydrolysis for commercial production of bioethanol from cellulosic feedstock. High conversion efficiency on acid and neutral pretreated feedstocks.
Q1 2010	Cellic® HTec2 – an improved hemicellulase complex for commercial production of ethanol from cellulosic feedstock that provides a hydrolysis boost option over Cellic CTec2, i.e., improves C5 sugar yields.
Q1 2010	Novamyl® Steam – an enzyme for the Chinese steamed bread market allowing longer-lasting freshness.
Q1 2010	BG Max™ – a combination of microorganisms and enzymes designed to maximize biogas potential and improve the efficiency of anaerobic wastewater systems.
Q2 2010	Spirizyme® Excel – a saccharification enzyme for the ethanol industry enabling higher conversion of starch into sugars and hence improving productivity for ethanol producers.
Q2 2010	Pectinex® Ultra AFP – a new generation of pectinases developed for secondary mash treatment to break down the cell wall of fruits, thus providing improved performance in fruit processing.
Q4 2010	XPect® – a new detergent enzyme targeting fruit, juice, and other pectin-based stains.
Q4 2010	Vinoflow® Max – a new concept for the wine industry, enabling the large wine producers to optimize filtration processes, thereby minimizing production losses.

NEW ENZYME MAKES CELLULOSIC ETHANOL PRODUCTION COST-EFFICIENT

In February 2010, Novozymes launched the first commercially viable enzymes for the production of biofuel from agricultural waste. Breakthroughs in enzyme technology over the past 10 years have enabled cellulosic ethanol to become a cost-competitive alternative to gasoline. Novozymes' new Cellic® enzymes enable the biofuel industry to produce cellulosic ethanol at a price down to USD 2.00 per gallon.

Extraordinary advances in enzyme development have reduced the enzyme cost for cellulosic ethanol by 80% in recent years to approximately 50 cents per gallon of ethanol applying Cellic with the best available process technologies. Novozymes allocated significant resources to the project, and we also received development grants totaling USD 29.3 million from the US Department of Energy.

Novozymes has partnered with a wide range of leading companies in the biofuel industry to help accelerate process technology development and implementation. Coupled with further improvements in enzyme efficiency, Novozymes expects the cost of producing cellulosic biofuel to be further reduced in the coming years.

Cellulosic ethanol is produced by using enzymes to break down the cellulose in biomass into sugars that are then fermented into cellulosic ethanol. Cellic has proven effective on many different feedstock types, including corn cobs and stalks, wheat straw, sugarcane bagasse, and woodchips. Cellulosic ethanol is estimated to reduce CO_2 emissions by 90% compared to petroleum-based fuels.

A number of pilot- and demonstration-scale facilities are in operation all over the world, while the first commercial facilities are expected to be operational within the next couple of years. With these facilities under development and the launch of Cellic, the industry is well on its way to commercializing cellulosic ethanol.

FINANCIAL AND SUSTAINABILITY DISCUSSION

Sales, earnings, and cash flow grew strongly in 2010. Overall demand was high in the enzyme business, and costs were kept under control. Novozymes met all financial targets for 2010, and we showed good progress on our sustainability performance.

2010 key performance (DKK)

Sales growth	15%
EBIT growth	25%
EBIT margin	21.8%
Net profit growth	35%
Free cash flow before acquisitions	DKK 998m
Net investments excl. acquisitions	DKK 1,326m
ROIC	22.2%
Water efficiency (compared to 2005 index)	29%
Energy efficiency (compared to 2005 index)	30%
Reduction in CO_2 emissions through our customers' application of our products (million tons)	40
Frequency of accidents with absence per million working hours	4.1

The following section presents the realized financial, environmental, and social data for the year. An overview of data and key figures can be found in Accounts and Key figures, while an overview of reporting in accordance with the Global Reporting Initiative (GRI) guidelines can be found under Supplementary reporting.

Sales

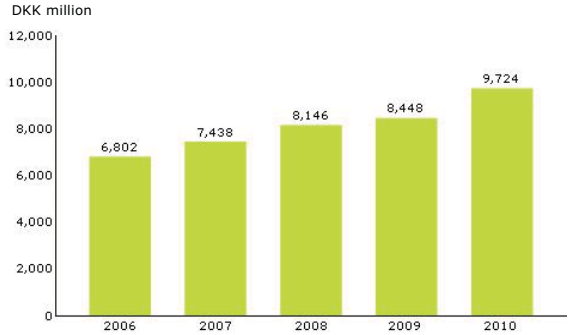
Total sales in 2010 were DKK 9,724 million, an increase of 15% compared to 2009. Exchange rates impacted sales positively, and sales in LCY increased by 10%. Organically, sales grew by 11% compared to 2009.

Costs and Other operating income

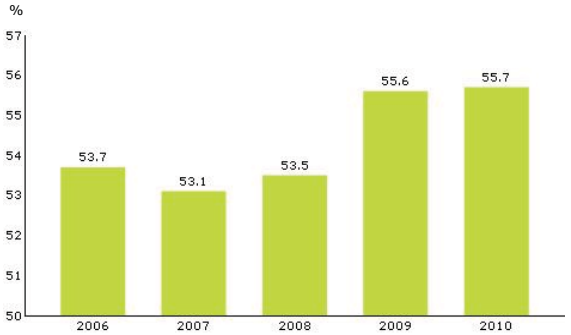
Total costs excluding net financials and tax increased by 12% to DKK 7,676 million. Cost of goods sold and other operating costs increased, mainly as a result of higher volumes sold and higher activity levels, especially in R&D. Depreciation was also higher, partly due to one-off write-downs.

Gross profit increased by 15% compared to 2009, resulting in a gross profit margin of 55.7%, which is 0.1 %-point higher than the gross margin in 2009. Increased sales, productivity improvements, and higher capacity utilization in the enzyme plants all contributed positively to the increase in the gross margin, whereas a rise in depreciation and amortization impacted negatively compared to 2009. The higher level was mainly due to one-off write-downs of know-how and other assets of approximately DKK 65 million, of which approximately DKK 50 million was related to BioBusiness and mainly expensed in the fourth quarter of 2010.

SALES



GROSS MARGIN



The gross profit margin for Enzyme Business was 58.6%, an improvement of 1.2 %-points compared to 2009. The gross profit margin for BioBusiness was 12.0%, against 34.5% in 2009. Lower sales (including the absence of plectasin sales), and one-off write-downs in the biopharmaceutical ingredient business were the main reasons for the decrease.

Other operating costs increased by 9% to DKK 3,364 million in 2010. The ratio of other operating costs to sales was 35%, against 36% in 2009. Costs associated with the agreement to acquire EMD/Merck Crop BioScience were roughly DKK 30 million and were expensed in the fourth quarter of 2010 under Sales and distribution costs.

- Sales and distribution costs, including business development, increased by 11%, representing 13% of sales
- R&D costs increased by 13%, representing 14% of sales
- Administrative costs were up by 1%, representing 8% of sales

Other operating income increased by DKK 5 million to DKK 69 million in 2010. Most of this income was related to the grant from the US Department of Energy regarding Novozymes' cellulosic biofuel enzyme project DECREASE.

Depreciation and amortization rose to DKK 679 million, an increase of DKK 115 million, or 20%, compared to 2009. The higher level of depreciation and amortization was primarily the result of one-off write-downs of know-how in BioBusiness.

EBIT

EBIT increased by 25% to DKK 2,117 million, against DKK 1,688 million in 2009, and the EBIT margin was 21.8%, against 20.0% in 2009. Strong underlying sales growth in the enzyme business and the development in other operating costs impacted the EBIT margin positively, whereas one-off write-downs, mainly in BioBusiness, as well as costs related to the acquisition process for EMD/Merck Crop BioScience impacted EBIT and the EBIT margin negatively by approximately DKK 95 million and 1%-point respectively.

Net financial items and Net profit

Net financial income was DKK 6 million in 2010, compared to net financial costs of DKK 67 million in 2009. Net currency hedging/revaluation gains were DKK 12 million higher compared to 2009, whereas other financials developed negatively by DKK 56 million, partly explained by the fair value adjustment of employee stock option schemes. Net interest expenses were DKK 23 million, a decrease of DKK 117 million compared to 2009.

At the end of 2010, net interest-bearing debt was DKK 346 million, against DKK 949 million at year-end 2009.

Profit before tax increased by 31% to DKK 2,123 million from DKK 1,621 million in 2009.

In 2010, the effective tax rate was 24.0%, against 26.3% in 2009. The lower tax rate was mainly the result of negotiated advance pricing agreements (APA).

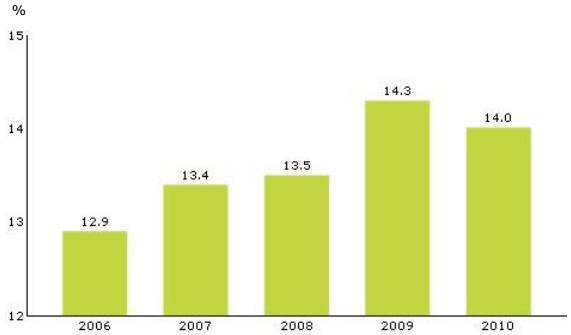
Net profit increased by 35% to DKK 1,614 million from DKK 1,194 million in 2009. The strong growth in net profit was the result of stronger EBIT, a positive development in net financials, and a lower effective tax rate compared to 2009.

Cash flow, investments, and acquisitions

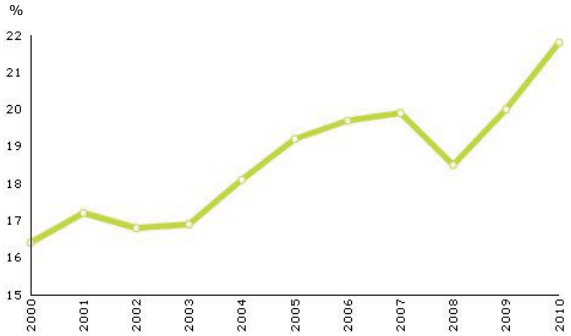
Cash flow from operating activities increased by 28% to DKK 2,324 million compared to 2009. The rise was primarily due to higher net profit and a relative improvement in net working capital compared to 2009. Net working capital benefited from a relative improvement in payables.

Net investments excluding acquisitions totaled DKK 1,326 million, against DKK 978 million in 2009. The relatively high investment level was related to the new enzyme plant in Nebraska, USA, the construction of the cGMP hyaluronic acid facility in Tianjin, China, and the expansion of enzyme granulation capacity in China and Denmark.

R&D/SALES RATIO



EBIT MARGIN



Free cash flow before acquisitions came to DKK 998 million in 2010, against DKK 839 million in 2009. The increase was the result of higher operating cash flow, which benefited from higher net profit and a relative improvement in net working capital, but was reduced by higher net investments.

Acquisitions amounted to DKK 23 million in 2010 and related to the acquisition of the Brazilian company Turfal in August.

Balance sheet and Statement of shareholders' equity

Shareholders' equity was DKK 7,836 million at December 31, 2010, up from DKK 5,841 million at year-end 2009. Shareholders' equity was increased by comprehensive income and decreased by dividend payments of DKK 359 million. Shareholders' equity represented 62% of the balance sheet total, against 54% at year-end 2009.

Net debt-to-equity was 4% at December 31, 2010, against 16% at year-end 2009.

Return on invested capital (ROIC), including goodwill, was 22.2%, against 20.3% in 2009.

At December 31, 2010, the holding of treasury stock was 2.1 million B shares, equivalent to 3.2% of the total number of shares outstanding.

Utilization of resources

Water and energy consumption are key indicators of efficiency and environmental impact related to the utilization of resources. We therefore implemented a set of efficiency indexes with targets for relative improvement for 2015 compared to 2005. For water the 2015 target is to improve efficiency by 40% and for energy by 50% compared to 2005.

The realized improvement in water efficiency in 2010 was 29% and for energy efficiency 30%, compared to 27% realized improvements for both in 2009. Thus we are well on our way to meet the long-term targets.

Climate change impact

It is important for Novozymes to be able to position our enzyme technology as part of the solution to address climate change. At the same time we also need to consider our own carbon footprint. Accordingly, Novozymes has set a 2015 efficiency target to improve CO_2 efficiency by 50% compared to 2005. With an improvement of 38% in 2010, compared to 24% in 2009, we improved our CO_2 efficiency by 14 %-points. This was a result of the implementation of several projects, including an increased share of purchased electricity from wind turbines.

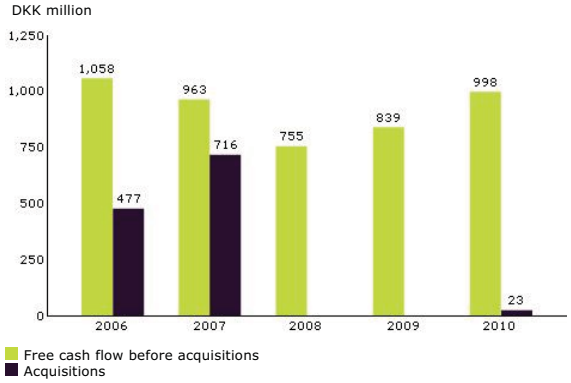
We also set a target for global reduction of CO_2 emissions based on LCA studies. With a calculated reduction of 40 million tons for 2010 through our customers' application of our products, we achieved a considerable improvement compared to 2009 as a result of improved product performance as well as a positive product mix, with increased sales volumes of products with a high CO_2 reduction potential.

Stakeholder engagement

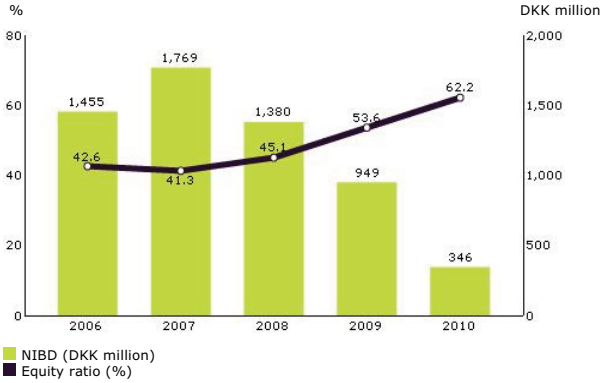
Sustainability is key in our engagement and dialogue with stakeholders. In 2010, the goal for our work on supplier performance management and sustainability management was a Gold Class rating in the Sustainability Yearbook.

Having worked dedicatedly to cover more and more of our purchasing with our supplier performance management system introduced in 2009, the target for 2010 was to establish action plans for all suppliers with performance issues. This target was met with 168 action plans developed, of which the majority have resulted in engagement with suppliers to resolve commercial, quality, and sustainability issues. For 2011, we do not have a quantitative target for our supplier performance management, but since this is still one of our focus areas, we will continue working on improving our suppliers' sustainability performance. Focus areas in 2011 will include further sustainability training of purchasers and supplier auditors. We will also initiate an

FIVE-YEAR CASH FLOW AND ACQUISITION OVERVIEW



NET INTEREST-BEARING DEBT (NIBD) AND EQUITY RATIO



assessment of the raw materials with the greatest environmental impact in order to identify areas for improvement in raw material sourcing. Furthermore, the system will be used to advance specific supply chain engagement initiatives.

To be able to adequately respond to stakeholders' needs and expectations, we need to know how partners, investors, employees, customers, NGOs, etc. evaluate our sustainability management performance. Analysts and rating agencies continuously assess the overall sustainability performance of companies, and we use the most valid ratings to compare ourselves with our peers. Our rating from Dow Jones Sustainability Indexes and the underlying evaluation completed by Sustainability Asset Management (SAM) were our yardsticks when formulating the target for 2010 to obtain a Gold Class rating from SAM in the Sustainability Yearbook. This target was reached, and Novozymes maintained our position as leader in the biotech sector.

Compliance and complaints

We do not have targets for compliance and complaints, but we make efforts to comply with regulations and to minimize complaints. In 2010, 36 breaches of regulatory limits were registered worldwide. Of these, 31 were related to pH in wastewater or concentrations of polluting substances in wastewater.

In 2010, HFC emissions increased to 1,532 kg, compared to the usual maintenance level of around 550 kg. This was mainly due to a technical breakdown at one of our sites in the US.

Novozymes received 21 complaints from neighbors in 2010, with the majority being related to odor and noise from nearby factories. By way of comparison, we received 33 complaints in 2009.

Novozymes always strives to avoid significant spills such as the release of chemicals into watercourses or soil. There were no significant spills in 2010.

In 2003, high nitrate levels were found in the groundwater around Novozymes' site in Franklinton, North Carolina, USA. Subsequent measurements were submitted to the authorities in early 2008. The data are still under review by the authorities.

Employer performance

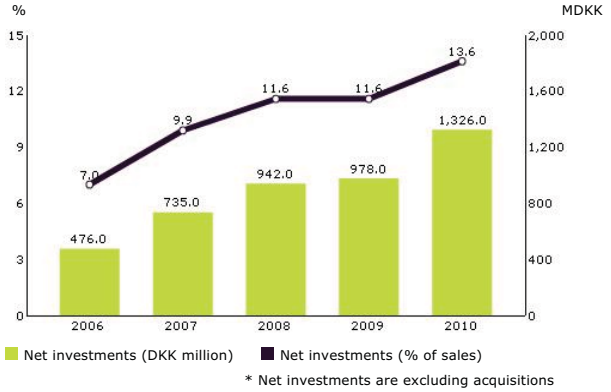
The target for employee turnover was defined as a range between 4% and 9%, reflecting the present job market and Novozymes' aim to attract and retain employees. With a realized employee turnover of 7.5% for 2010, this target was met.

Every year, Novozymes' employees have the opportunity to express their opinions in our People's Opinion survey. Employees' satisfaction and motivation, as measured by the survey this year, reached a score of 76 and thereby exceeded the target of 75. Asked to rate opportunities for professional and personal development, our employees gave a score of 73 this year, which is above the company target of 70. Thus both targets were reached.

The 2010 target for absence from work was a rate of below 3%. With a rate of absence of 2.1%, this target was achieved.

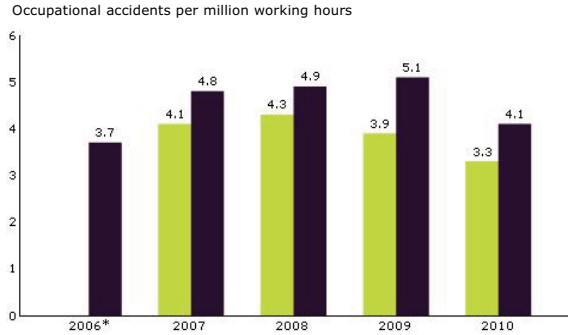
The frequency of occupational accidents in 2010 decreased to 4.1 accidents per million working hours from 5.1 in 2009. As the target was a frequency below 4.5, the target was met. The majority of the accidents were related to routine activities. In 2010, we implemented a program called "Dare to Care" at all major sites with the purpose of fostering an attentive and caring culture to safeguard everyone's safety and well-being at work. The program uses observations of work operations and feedback as a tool for eliminating hazards and improving our safety behavior.

NET INVESTMENTS*



* Net investments are excluding acquisitions

FREQUENCY OF OCCUPATIONAL ACCIDENTS



* The split between routine and nonroutine activities is not available for 2006

HEALTHY CHOICES AT NOVOZYMES

Health is a personal responsibility, but we also have a responsibility as an employer. Novozymes aims to help employees make healthy choices by providing conditions, information, and facilities in the workplace that promote good lifestyle habits and wellness opportunities.

Health promotion is beneficial not only for our employees, but also for our business, due to the stability that reduced sick leave and improved well-being bring. Moreover, it is part of our corporate social responsibility to offer healthy and safe working conditions to help prevent both work-related and lifestyle-related health problems. In this way, our initiatives indirectly benefit society in general by reducing the burden of treatment, care, and sick leave expenses.

Examples of health promotion initiatives

At Novozymes, the objective of health promotion is primarily prevention. We are constantly expanding the range of opportunities for employees to improve their health through information campaigns and other initiatives across the business. Novozymes' sites are either tobacco free or only permit smoking within screened smoking cabins, and healthy choices are available in all canteens. Some sites have fitness centers that are open during and outside working hours. All employees are offered health insurance. Globally, Novozymes also has various return-to-work arrangements where employees on sick leave gradually increase their number of working hours, often under the supervision of a doctor, nurse, or social advisor.

As health issues are generally very culture specific, most initiatives are regional or local. They range from on-site skin cancer screenings in the US and on-site flu and hepatitis B vaccinations in China to yoga classes twice a week in Brazil and on-site health checks in Denmark, the last of which include a follow-up session with a doctor from the in-house medical center. The offerings are numerous and vary with local needs.

Incentive program for Executive Management

Executive Management's stock option program for the period 2007–2010 has come to an end. Stock options under this program were granted in three out of the four years; the expectation of not reaching DKK 10 billion in sales in 2010 did not allow for the granting of options in 2010. The Board of Directors will propose new guidelines for incentive-based remuneration for Executive Management, which will be announced together with the notice convening the Annual Shareholders' Meeting, where approval for the guidelines will be sought. Subject to the approval of the new guidelines, after the Annual Shareholders' Meeting Novozymes will announce a new incentive program for Executive Management based on the principles contained in the guidelines.

Incentive program for vice presidents and directors

Novozymes has established a three-year restricted stock-based incentive program for vice presidents and directors covering the period 2011–2013, with restricted stock offered each year. Management shall approve the allocations made each year.

The restricted stock-based program is based on fulfillment of specified financial and nonfinancial targets. The total allocation of restricted shares is calculated on the basis of fulfillment of the following targets:

- EBIT target: 0–20% of the total restricted stock-based program
- Economic profit target: 0–60% of the total restricted stock-based program
- Sustainability targets: 0–20% of the total restricted stock-based program

The release of the restricted stock is subject to continued employment at the end of the binding period. The restricted stock is free of charge to employees.

The number of restricted shares in the program is determined each year. The restricted shares have a qualifying period of one year and a binding period of three years.

The value of the program for 2011 could total up to approximately DKK 30 million. The stock-based program will be accrued and expensed over four years, and the amount recognized for 2011 is approximately DKK 8 million.

Events occurring after the end of the year

No significant events have occurred after December 31, 2010.

NOVOZYMES' STOCK

Novozymes' stock performed well in 2010, with a 44% increase in price. The stock peaked at DKK 782 in early December.

Novozymes' overall financial ambition is to provide our shareholders with competitive returns. Shareholder value is created through share price appreciation, dividend payments, and stock buybacks.

Novozymes' stock is listed on NASDAQ OMX Copenhagen and included in the OMX Copenhagen 20 index (OMXC20). The stock is listed under ticker code NZYM B and ISIN DK0010272129. Novozymes is registered with the Danish Commerce and Companies Agency under 10 00 71 27.

Share performance

Novozymes had common stock of DKK 650 million, or 65 million shares, at the end of 2010, unchanged from the level at the end of 2009.

Novozymes' stock (DKK)	**2010**	**2009**
Share price, year-end	777	540
Total market value, year-end (billion)*	42.15	29.3
Earnings per share, diluted	25.25	18.93
Dividend per share	8.00**	5.75

** B shares only*
*** Proposed*

The average daily trading volume of Novozymes' stock in 2010 was 110,509 shares, or DKK 73 million, making it the ninth most actively traded stock on NASDAQ OMX Copenhagen. At year-end, the total market value of Novozymes' B shares was DKK 42.15 billion.

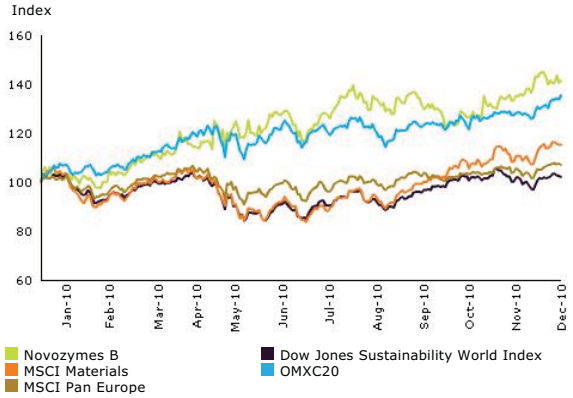
Novozymes' share price increased by 44% during the year. In comparison, the OMXC20 gained 36%, the MSCI Pan Europe Index 6%, the Dow Jones World Sustainability Index 4%, and the MSCI Materials Index 19%.

Over the past five years, Novozymes' stock has generated an average annual return to shareholders, including dividends, of more than 25%. This can be compared to a five-year average return of 3% for the OMXC20, -3% for the MSCI Pan Europe Index, 0% for the Dow Jones World Sustainability Index, and 11% for the MSCI Materials Index.

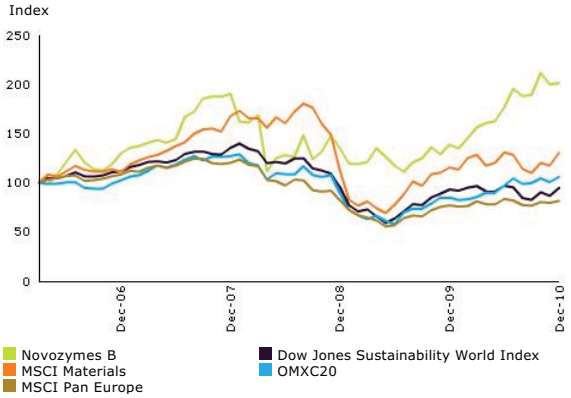
Dividends

Novozymes' dividend policy is a payout ratio of around 30% of net profit. The Board of Directors proposes that the Annual Shareholders' Meeting approve a dividend of DKK 8.00 per share for the 2010 financial year. This will result in an expected total dividend payment of approximately DKK 504 million.

2010 INDEXED SHARE PRICE DEVELOPMENT



FIVE-YEAR INDEXED SHARE PRICE DEVELOPMENT



Distributions	2010	2009	2008	2007	2006
Dividends (DKK million)	504*	358	326	309	278
Stock buybacks (DKK million)	0	0	0	500	1,107
Total (DKK million)	**504***	**358**	**326**	**809**	**1,385**
Net profit (DKK million)	1,614	1,194	1,062	1,042	911
Payout ratio	31.2%*	30.0%	30.7%	29.7%	30.5%
Number of shares outstanding, year-end (million)	62.9	62.2	62.0	61.8	61.8
Dividend per share (DKK)	8.00*	5.75	5.25	5.0	4.5

** Proposed*

In general, Novozymes' decision to buy back stock is based on an assessment of the need for capital structure optimization, and whether excess capital can be invested in profitable growth opportunities. Stock buy-backs may also be carried out to cover employee stock option obligations.

Dividend dates, 2011

Resolution adopted at the Annual Shareholders' Meeting	March 2
Last day of trading with right to dividend for 2010	March 2
First day of trading without right to dividend for 2010	March 3
Disbursement of dividend	March 8

Equity analysts

The following companies have analysts covering Novozymes' stock:

- ABG Sundal Collier
- Alm. Brand Markets
- Carnegie
- Cheuvreux
- Credit Suisse
- Danske Markets Equities
- Deutsche Bank
- Goldman Sachs
- Handelsbanken Capital Markets
- Jefferies & Company Inc.
- J.P. Morgan Securities
- Jyske Bank
- Nordea Markets
- Nykredit Markets
- SEB Enskilda Equities
- Standard & Poor's Investment Services Equity Research
- Sydbank
- UBS
- Vontobel

Sustainability ratings

Providing information on sustainability performance to analysts, rating agencies, and asset managers is an important element of Novozymes' interaction with shareholders. Novozymes continuously seeks to improve our sustainability reporting and processes, and values this interaction highly. In 2010, Novozymes was:

- Reconfirmed as a member of the Dow Jones Sustainability World Index and the Dow Jones Sustainability STOXX Index, named sector leader for the ninth time, and awarded a Gold Class rating
- Awarded PRIME status by Oekom Research for being among the sustainability leaders in the Pharmaceuticals & Biotechnology industry
- Ranked among The Global 100 Most Sustainable Corporations in the World for the fifth consecutive year
- Ranked in the top 1% in the ET Global 1000 Carbon Index, and received the Environmental Tracking Carbon Verification Leaders Award 2010
- Reconfirmed as a member of the OMX GES Nordic Sustainability Index
- Awarded a score of 77 out of 100 in the Carbon Disclosure Project
- Reconfirmed as a member company of the FTSE4Good Index

Shareholders

Novozymes' common stock consists of two types: A shares and B shares, both with a nominal value of DKK 10 per share. All A stock is held by Novo A/S, and an A share carries 10 times as many votes as a B share.

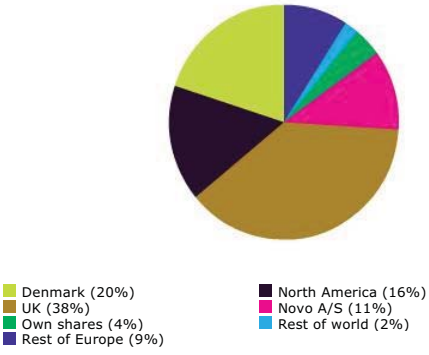
	A stock	B stock	Total
Common stock (DKK)	107,487,200	542,512,800	650,000,000
Number of shares	10,748,720	54,251,280	65,000,000
Number of votes	1,074,872,000	542,512,800	1,617,384,800
Voting rights (%)	66.5	33.5	100

At the end of 2010, Novo A/S held 25.5% of the total outstanding common stock and, through its holding of the A stock and a proportion of the B stock (5,826,280 shares), controlled 70.1% of the votes. Novo A/S is wholly owned by the Novo Nordisk Foundation, and so Novozymes is included in the consolidated financial statements of the Novo Nordisk Foundation. Novo A/S is domiciled in Hellerup, Denmark.

Novozymes had roughly 47,000 shareholders at the end of the year, of whom around 98% were private investors, mainly in Denmark. Thirty institutional shareholders owned approximately 60% of the B stock (this includes Novozymes A/S' holding of treasury stock and Novo A/S' holding). Investors outside Denmark held approximately 66%.

Novozymes held 3.8% of the B stock, equivalent to 3.2% of the total number of shares outstanding.

SHAREHOLDER DISTRIBUTION OF B COMMON STOCK



Under the Danish Companies Act, shareholders must notify the company if they hold 5% or more of the company's common stock. No shareholders, except Novo A/S, held more than 5% of Novozymes' common stock.

Financial calendar

Group financial statement for 2010	January 21, 2011
Annual Shareholders' Meeting	March 2, 2011
Group financial statement for the first quarter of 2011	April 29, 2011
Group financial statement for the first half of 2011	August 11, 2011
Group financial statement for the first nine months of 2011	October 28, 2011
Group financial statement for 2011	January 19, 2012

CONTACT INVESTOR RELATIONS

Visit our Investor site at www.novozymes.com/Investor for investor relations guidelines, presentations, Group financial statements, and other information for both private and institutional shareholders.

If you have questions for Investor Relations, please contact:

Tobias Cornelius Bjorklund
Head of Investor Relations
Tel.: +45 4446 8682
Fax: +45 4446 9999
E-mail: tobb@novozymes.com

Thomas Steenbech Bomhoff
Senior Investor Relations Manager
Tel.: +1 919 494 3483
Fax: +1 919 494 3473
E-mail: tsbm@novozymes.com

Martin Riise
Investor Relations Manager
Tel.: +45 4446 0738
Fax: +45 4446 9999
E-mail: mrsn@novozymes.com

THE NOVOZYMES REPORT 2010

OUTLOOK

BOTH DARING AND RESPONSIVE

Novozymes' ambition is to change the world together with our customers, and our achievements over the past decade leave the company even better positioned to realize this ambition. We must continue to focus on innovation, optimization, and diversification.

We envision a future where our biological solutions create the necessary balance between better business, cleaner environment, and better lives. We are passionate about our work, we seek to understand the bigger picture, we dare to lead, and we strive to earn the trust of our partners.

But we recognize that we do not know what the future holds. The world is changing, and the only thing we can be sure of is that nothing is forever. We therefore need to be both daring and responsive. If we can ensure that we have the most innovative solutions that enable the world to change, this will not only secure Novozymes' future but also benefit our customers and the environment.

Novozymes' business is about innovation and rethinking. We are proud about the use of enzymes to clean our clothes, fuel our cars, produce our wine, and brew our beer. Over the past 10 years, we have achieved much that we could barely dream of when Novozymes was founded – not only for our customers but also for ourselves. In another 10 years, we will probably be working with technologies that we cannot even imagine today. The ability to rethink is key to the future – not only for Novozymes but for all societies.

Growth through diversification

Novozymes has matured since its establishment 10 years ago, and we have almost doubled our sales and more than tripled our net profit. It has been quite a journey, and I am equally excited when looking to the future.

Our long-term targets entail even higher sales growth and continued strong earnings growth. By being innovative and providing our customers with valuable solutions based on our industrial insight, we can help them change the world – while growing our business. And vice versa: By growing our business we will have a bigger impact and be better positioned to realize our ambition.

The Enzyme Business segment is expected to be our biggest growth engine in absolute terms in both the short and the medium term. Different industries will contribute to growth at different times as a natural consequence of our exposure to growth in many different areas. Given this level of diversification, the opportunities seem endless. For instance, we reformulate detergents to enhance their performance and sustainability profile while stabilizing costs for the manufacturer. We reduce costs for poultry producers by maximizing the utilization and nutritional value of feed. And we are very positive about the opportunities in bioenergy, as cellulosic ethanol has the potential to transform both our business and the supply of energy to the transport sector.

We also use our technology beyond enzymes by driving innovation in new industries and applications in the BioBusiness segment. By their very nature, these are high-risk activities, but the potential rewards are also high, and they are expected to contribute to our long-term growth. Interesting examples are the development of an alternative plastic made from sugar instead of oil and the development of microorganisms that stimulate crop growth and reduce the need for fertilizers.

An unpredictable world

But size is not all that matters. It is just as important that we retain the responsiveness that often characterizes smaller businesses. As our business develops and the world evolves, sometimes things do not work out as we thought they would. In that situation it is crucial that we dare to respond, shift direction, kill our darlings, and seize the advantages of change.

A few years ago, for example, we developed various scenarios for turning cellulosic ethanol into a business area. Our models were based partly on the price of a barrel of oil. Our most optimistic scenario assumed a price per barrel of about USD 100, which seemed almost inconceivably high. Less than a year later, oil prices were up above USD 140 per barrel!

Oil prices have fluctuated since, but the change was beneficial for Novozymes as it supported the deployment of biofuels. This has naturally been extensively debated since, as it suddenly altered the fuel and grain markets in the US. Novozymes believes that, if produced and used correctly, biofuels will make a significant contribution to the sustainable energy solutions that society needs. This applies not only to biofuels from corn, but even more so to biofuels from biomass, which is why Novozymes is working hard to realize the full potential of converting biomass into fuel.

We launched a new enzyme in 2010, Cellic® CTec2, that enables the production of biofuel from agricultural residues such as straw and corn stover on a large scale. Combined with other available technologies, this makes it possible to produce cellulosic ethanol in the US for a price down to USD 2 per gallon – a production cost that is commercially viable, albeit unproven as yet on an industrial scale.

A need for sustainable solutions

Over the past couple of years, we have seen that the pressure on the world's scarce resources has made people more receptive to the necessity of sustainable solutions. Businesses see not only the necessity but also the benefits of using sustainability in their response to customer demand and regulation. We enable our customers to make more from less, as our solutions save energy and raw materials and reduce waste. The result is higher quality, lower costs, and a better environment. And that is exactly what our vision is all about.

I look forward to seeing what the next 10 years will bring!

Steen Riisgaard
President & CEO

LONG-TERM TARGETS

Novozymes' performance in 2010 leaves us even better positioned to fulfill our ambition of changing the world together with our customers. The long-term targets communicated at the beginning of 2009 are unchanged.

For a decade, Novozymes has focused on delivering strong growth in sales, earnings, and cash flow. In 2009, we launched a new ambition with new and more demanding targets for both financial and sustainability performance.

Novozymes' strong financial performance in 2010 surpassed the new financial targets, but it is our average performance over a longer time period that matters most, so the targets are unchanged. When it comes to sustainability, 2010 showed that we are well on track to meet the targets for 2015.

NOVOZYMES' LONG-TERM TARGETS

Financial targets:

- Organic sales growth of more than 10% p.a.*
- EBIT margin of more than 20%
- Return on invested capital of more than 22%

Sustainability targets:

- Enable a 75 million ton reduction in CO_2 emissions in 2015 through our customers' application of our products
- Improve energy efficiency by 50% in 2015 compared to 2005
- Improve CO_2 efficiency by 50% in 2015 compared to 2005
- Increase energy supply from renewable and CO_2-neutral sources to 50% in 2020
- Improve water efficiency by 40% in 2015 compared to 2005
- Be recognized as a global leader in sustainability
- Be a preferred employer globally

** Sales of enzymes for cellulosic ethanol are not included in the target.*

Broad and diversified growth platform

Enzyme Business, which accounted for 94% of sales in 2010, is expected to be the strongest absolute growth contributor, with the detergent, technical, food, and feed enzyme segments all having the potential to support the long-term target of double-digit yearly sales growth. Sales of enzymes for cellulosic ethanol are not included in this target as it is too early to estimate the sales.

BioBusiness accounted for 6% of sales in 2010. Our ambition is to grow BioBusiness into a DKK 6 billion business by 2018. This requires the successful development and commercialization of products in our pipeline, as well as success for our customers' biopharmaceutical products currently in different phases of development. To reach this goal, we also need to pursue further acquisitions in areas where we see a good match.

The agreement to acquire EMD/Merck Crop BioScience signed in December 2010 is an example of such an acquisition. As a consequence, BioBusiness will become more sizable and the acquisition will support the ambition for BioBusiness.

The project portfolio in BioBusiness is constantly under review to ensure that we allocate and optimize available resources in the best way possible. As a result, after unsuccessfully exploring the market for a potential new partner for plectasin, Novozymes is pursuing a divestment or spin-off of the AMP (antimicrobial peptide) activities as these are not deemed optimally developed within Novozymes.

We expect growth in all geographical markets, developed as well as developing. There are numerous growth opportunities around the world, some unique to each geographical area and some of more global significance, such as saving water and energy and replacing chemicals. Enzyme consumption per capita in the developing world is significantly lower than in developed markets, which means that enzyme penetration rates in countries like China and India are well below those in the US and Europe. Novozymes views this as an opportunity for future growth in the developing world. However, we also regard the developed countries as growth areas, as our technology can improve the efficiency of existing processes and further enhance quality.

Besides growth in sales, continuous improvements in productivity and enzyme performance will help achieve our long-term financial targets.

Investing in growth

Historically, annual organic sales growth of 8–9% has been

achieved with an investment level of around 6–7% of sales, as productivity improvements have enabled us to continuously increase throughput in existing production facilities. However, the higher annual sales target of organic growth of more than 10% has required a period of time when our investment level relative to sales has been high, which is also the case for 2011. Once the new production capacity is established, we estimate an investment level of less than 8% of sales to be sufficient to achieve long-term sales growth of around 10%.

With additional funds allocated to new growth initiatives, for the next couple of years the R&D-to-sales ratio is expected to be somewhat higher than the figure of approximately 14% of sales we have spent on R&D historically. This reflects the strategic decision to explore the many growth opportunities in our various business segments that have the potential not only to add growth in the short term but particularly to support annual organic growth of more than 10% on a 5–10 year horizon.

Sustainability leader

Our long-term resource efficiency targets for energy and water are linked directly to minimizing environmental impact, increasing cost efficiency, and long-term risk management. In addition, we are striving to use renewable energy in our production, and we have a target for absolute reductions in CO_2 emissions through our customers' use of our products.

Fulfillment of our targets for sourcing energy and reducing CO_2 emissions depends partly on markets for energy and the availability of preferred energy sources. Novozymes is particularly dependent on developments in the renewable energy markets in China and the US.

Novozymes is committed to demonstrating sustainability leadership by making sure that we identify developments on the sustainability agenda that are relevant for our business and organization. This helps us mitigate risks as well as capitalize on opportunities. We believe that sustainability will increasingly become an important growth driver and define markets, and it is our long-term ambition to be recognized as a company that demonstrates leadership and sets the standards when it comes to sustainability. Our annual rating by Dow Jones Sustainability Indexes is based on an assessment of our broad sustainability management performance and is therefore a relevant indicator of how we are performing in this area.

To fulfill our growth ambition, we need highly skilled, motivated, and engaged employees. Novozymes therefore strives continuously to be a preferred employer globally. Every year, Novozymes measures satisfaction, motivation, and opportunities for professional and personal development among our employees, and the company often participates in international rankings of preferred employers. We need to stay among the best to attract committed people who share our vision and passion.

GLOBAL INITIATIVE TO IMPROVE PRODUCT SUSTAINABILITY

In August 2010, Novozymes became a founding member of The Sustainability Consortium, a new global organization that aims to improve the sustainability of consumer products, consumption, and global supply chains. The consortium represents a diverse group of stakeholders with the mission of promoting a new generation of products and supply networks that address environmental, social, and economic issues. The aim is to drive research and develop standards for product sustainability from a life cycle perspective. Primary academic partners are the University of Arkansas and Arizona State University while NGO members include WWF and Business for Social Responsibility (BSR). Business members include retailers, such as Wal-Mart, as well as a number of our customers, such as Cargill, Unilever, Henkel, and Procter & Gamble.

The consortium's goal of changing the consumer market supports Novozymes' ambition of changing the world together with our customers and partners, and driving the world toward sustainability. Novozymes decided to be a founding member of the consortium to help develop new standards and strategies that will create more sustainable consumer products for the future.

Experts in life cycle assessment

Novozymes is recognized for our in-house expertise in life cycle assessment (LCA), a method for measuring the environmental impact of products throughout their life cycle, from cradle to grave. LCA has been used systematically at Novozymes since 2005, and the results are playing an increasing role in managing product development and providing our customers with documented claims.

Our team of internationally recognized LCA experts is working on documenting the environmental impact of our products in industries from bread to beer to biofuel. Novozymes' products helped customers reduce their CO_2 emissions by 40 million tons in 2010, equivalent to the emissions of more than 15 million cars, based on average driving and average CO_2 emissions from cars in Europe.

For further information about LCA studies conducted by Novozymes during the year, please see Supplementary reporting/LCA studies.

EXPECTATIONS FOR 2011

Novozymes expects continued positive sales growth, and although we will be stepping up our activity levels, we still expect a very healthy profit margin in 2011 above our long-term target.

EXPECTATIONS FOR 2011*

Financial targets:

- Sales growth of 7–10% in DKK
- Sales growth of 7–10% in local currency (LCY)
- Organic sales growth of 7–10%
- EBIT growth of 8–11%
- EBIT margin of 21–22%
- Net profit growth of 8–11%
- Investments of around DKK 1.4 billion
- Free cash flow before acquisitions of DKK 900–1,000 million
- ROIC of 21–22%

Sustainability targets:

- Enable a 45 million ton reduction in CO_2 emissions through our customers' application of our products
- Improve energy efficiency by 32% compared to 2005
- Improve CO_2 efficiency by 41% compared to 2005
- Improve water efficiency by 31% compared to 2005
- Score at least 75 for "satisfaction and motivation" in our employee survey
- Score at least 70 for "opportunities for professional and personal development" in our employee survey
- Keep the frequency of occupational accidents below 4.5 per million working hours
- Keep employee absence below 3%
- Keep employee turnover between 4% and 9%
- Retain our Gold Class rating by SAM in the Sustainability Yearbook

** The 2011 outlook excludes any potential impact from the EMD/Merck Crop BioScience acquisition.*

Sales expectations

Total full-year sales are expected to grow by 7–10% in LCY and also organically. Based on exchange rates at January 20, 2011, sales growth in DKK is expected at 7–10%.

Within Enzyme Business, detergent and feed enzyme sales are expected to be the strongest contributors to full-year sales growth. One assumption included in the full-year sales growth expectation is that the US biofuel industry will produce roughly 13.8 billion gallons of ethanol during the year, corresponding to growth close to 5% over the 13.2 billion gallons of ethanol expected to have been produced in the US in 2010. BioBusiness' sales are expected to undergo double-digit growth, supported in particular by strong sales of microorganisms.

Earnings expectations

EBIT is expected to grow by 8–11%, supported by sales growth, productivity improvements, and continued cost control. The expectation includes the investment of DKK 150 million in additional R&D and business-building activities. The EBIT growth expectation also takes into consideration the negative 2010 one-offs of approximately DKK 95 million. The leverage on EBIT from higher expected sales is expected to be neutralized by increased raw material prices.

The EBIT margin is expected to be 21–22%, taking into consideration the items explained under EBIT growth above.

Net profit is expected to grow by 8–11% in 2011 as a result of EBIT growth. Expected USD exposure for 2011 has been hedged at 5.85 DKK/USD. Roughly half of the expected USD exposure for 2012 has been hedged at 5.98 DKK/USD.

Investment, ROIC, and cash flow expectations

Investments are expected to be around DKK 1,400 million. The relatively high level is mainly related to the Nebraska enzyme facility, expected to begin production in early 2012.

Free cash flow before acquisitions is expected to be DKK 900–1,000 million.

The return on invested capital is expected to be 21–22%.

Capital structure

Novozymes takes a cautious approach to its capital structure and aims to ensure that the flexibility needed to pursue different business opportunities is always in place. Such business opportunities could include acquisitions. Novozymes' equity ratio stood at 62% on December 31, 2010, but will fall slightly in 2011 as a result of dividend payments, a DKK 400 million stock buyback program initiated to cover employee incentive programs, and potentially also the USD 275 million (approx. DKK 1,560 million) EMD/Merck Crop BioScience acquisition announced in late December 2010.

Currency assumptions

The 2011 outlook is based on exchange rates for the company's key currencies remaining at the closing rates on January 20, 2011, for the full year.

(DKK)	EUR	USD	JPY	CNY
Average exchange rate 2009	745	536	5.73	78.47
Average exchange rate 2010	745	562	6.42	83.08
Closing rate January 20, 2011	745	553	6.72	83.99
Change in estimated exchange rate for 2011 compared to average exchange rate in 2010	0%	-2%	5%	1%

Note: Other things being equal, a 5% movement in the USD is expected to have an annual impact on EBIT of DKK 60–80 million.

Environmental impact reductions

We have chosen 2005 as the baseline year for setting targets for reducing the environmental impact from energy and water consumption and CO_2 emissions. The targets for 2011 for improving resource efficiency are 32% and 31% for energy and water respectively. In 2011, CO_2 efficiency is expected to be improved by 41% compared to 2005. This target is based on emissions from Novozymes' own production sites and from energy suppliers. It is also crucial for Novozymes to look at the broader picture in order to see emissions and other forms of impact from a product life cycle perspective. In 2011, Novozymes expects to enable a 45 million ton reduction in CO_2 emissions through the application of our products by our customers.

Employee focus

Our goal is to have satisfied employees at Novozymes. We address this through targets for employee satisfaction and employee development. The target for 2011 for employee satisfaction and motivation is a score of 75. This score was achieved in both 2009 and 2010, and the ambition is to keep this high level. Similarly, we aim to retain our high score of 70 for employees' opportunities for professional and personal development.

In addition to these indicators, we work continuously on reducing the number of occupational accidents as well as absence from work.

The target for employee turnover is set at a range that reflects the present job market and Novozymes' aims with regard to attraction and retention of employees. It is seen as preferable to have a turnover above 4% and below 9%.

Stakeholder engagement

Novozymes sees sustainability as a significant lever in support of our overall efforts to grow the business. It is therefore valuable to us when stakeholders evaluate our sustainability performance. Analysts and rating agencies continuously assess the overall sustainability performance of companies, and we use the most valid ones to compare Novozymes to peers in this respect. We have chosen Dow Jones Sustainability Indexes and SAM's rating as yardsticks, although a number of alternative ratings are just as valuable. Our goal is to retain our Gold Class rating by SAM in the Sustainability Yearbook.

INVESTING IN ADDITIONAL AND SUPPORTIVE GROWTH OPPORTUNITIES

Novozymes' current R&D pipeline and business activities are well positioned to achieve our long-term target of more than 10% annual organic growth. However, to explore additional and supportive growth opportunities, Novozymes has decided to allocate additional funds to selected R&D and business-building activities.

The main purpose of the additional investments is to deliver organic growth of more than 10% 5–10 years ahead. In absolute terms, we want to invest up to DKK 150 million in 2011, and the full amount has been included in our guidance for the year.

One area where there is potential for a more immediate sales impact is accelerating our enzyme presence in selected geographical markets. This will include building new and stronger relations with local players and understanding local requirements, priorities, and processes better than we do today. Another area with potential in the short term is stepping up our efforts to replace chemicals in detergents with enzymatic technology and further investigating the possibilities for washing at lower temperatures.

The main part of the additional funds will be allocated to R&D and business-building activities that will support our long-term target of annual sales growth of more than 10% on a 5–10 year horizon. Investments will be made to develop new technologies and initiate new projects, ensuring that Novozymes continues to deliver results supportive of the current long-term sales target.

R&D and business-building activities are behind Novozymes' unique position in bioinnovation today and will remain so in the future, translating into strong long-term growth in sales, earnings, and cash flow – to the benefit of Novozymes, our customers, the environment, and our shareholders.

THREE AREAS OF SUSTAINABILITY TO BE EXPLORED FURTHER

Novozymes' sustainability development strategy and targets are reviewed annually by the Sustainability Development Board (SDB). In addition to our short- and long-term targets, SDB has decided that three areas need to be explored further with the aim of finding the best way of addressing these issues and potentially incorporating them into our strategy: biodiversity, socioeconomic impact assessment, and water.

A broader approach to biodiversity

Biodiversity is under pressure worldwide. Novozymes has historically focused on complying with the UN Convention on Biological Diversity's requirements concerning the fair use of genetic resources. As demand for biological solutions grows, we find it increasingly important to explore how we can broaden our approach to address biodiversity issues in relevant parts of our value chain and throughout our products' life cycles.

Socioeconomic impact assessment of our business activities

Authorities, customers, NGOs, and other stakeholders are showing more and more interest in Novozymes' societal impact. As we believe this to be an area of increasing importance, we are engaging in dialogue with stakeholders to understand their expectations and subsequently improve our efforts and documentation of our socioeconomic impacts if relevant.

Water as a growing global challenge

Water scarcity is a source of increasing public concern, and water is becoming a strategic issue for Novozymes – both as a risk, because we need water for production, and as an opportunity, because many of our solutions can help customers save water. Over the next couple of years we will establish the necessary know-how and organizational capabilities to avoid the risks and benefit from the opportunities.

THE NOVOZYMES REPORT 2010

MANAGEMENT

BOARD OF DIRECTORS

HENRIK GÜRTLER*

Born 1953. CEO, Novo A/S. Chairman of the Board since 2000. Elected for one year at a time.

Board positions
Chairman: Copenhagen Airports A/S and COWI A/S
Member: Novo Nordisk A/S

Special competencies: In-depth knowledge of Novozymes' business and expertise in managing and working in an international biotechnology company

KURT ANKER NIELSEN*

Born 1945. Vice-Chairman of the Board. Chairman of the Audit Committee. Member of the Board since 2000. Elected for one year at a time.

Board positions
Chairman: Reliance A/S
Member: The Novo Nordisk Foundation
Member and Chairman of the audit committee: Novo Nordisk A/S, Vestas Wind Systems A/S, and LifeCycle Pharma A/S

Special competencies: Expertise in financial and accounting matters and in-depth knowledge of Novozymes' business

PAUL PETTER AAS

Born 1946. Senior Vice President, Yara International ASA (Norway). Member of the Board since 2000. Elected for one year at a time.

Special competencies: Extensive international management experience

LARS BO KØPPLER

Born 1962. Technician. Employee representative. Member of the Board since 2010. Elected for four years at a time.

MATHIAS UHLÉN

Born 1954. Professor, the Royal Institute of Technology (Kungliga Tekniska Högskolan), Stockholm (Sweden). Member of the Board since 2007. Elected for one year at a time.

Board positions
Member: KTH Holding AB, Atlas Antibodies AB, Affibody Holding AB, Swetree Technologies AB, NorDiag ASA, and Bure Equity AB

Special competencies: Broad experience in research and biotechnology

ULLA MORIN

Born 1954. Laboratory Technician. Employee representative. Member of the Board since 2001. Elected for four years at a time.

** These board members are not regarded as independent in the sense of the definition contained in the Danish Recommendations on Corporate Governance.*

BOARD OF DIRECTORS

WALTHER THYGESEN

Born 1950. CEO, Thrane & Thrane A/S. Member of the Board since 2000. Member of the Audit Committee. Elected for one year at a time.

Board positions
Chairman: Hewlett-Packard Denmark and The Growth Foundation (Vækstfonden)
Member: Royal Unibrew A/S

Special competencies: Expertise in IT, finance, and marketing and broad international business experience

SØREN HENRIK JEPSEN

Born 1947. Regulatory Affairs Manager. Employee representative. Member of the Board since 2005. Elected for four years at a time.

JERKER HARTWALL

Born 1952. Self-employed consultant. Member of the Board since 2000. Member of the Audit Committee. Elected for one year at a time.

Special competencies: Expertise in financial matters and extensive international management experience

EXECUTIVE MANAGEMENT

STEEN RIISGAARD

Born 1951. President and CEO.

Board positions
Chairman: WWF (World Wide Fund for Nature) Denmark

Member: Egmont International Holding A/S, Rockwool International A/S, and CAT Science Park A/S

PER FALHOLT

Born 1958. Executive Vice President, Research & Development and CSO.

Board positions
Member: Asseco Denmark A/S

BENNY LOFT

Born 1965. Executive Vice President and CFO.

Board positions
Member: The Blue Planet and Xellia Pharmaceuticals AS

THOMAS NAGY

Born 1963. Executive Vice President, Stakeholder Relations and COS.

Board positions
Member: Danish-American Business Forum and AmChamDenmark

THOMAS VIDEBÆK

Born 1960. Executive Vice President, BioBusiness.

PEDER HOLK NIELSEN

Born 1956. Executive Vice President, Enzyme Business.

Board positions
Member: Hempel A/S

CORPORATE GOVERNANCE

The Danish *Recommendations on Corporate Governance* were revised and extended in 2010. With a very few exceptions, Novozymes complies with the new code. Internally, we updated and simplified our set of values and commitments during the year.

Novozymes' management systems have been developed over many years and are constantly adjusted to reflect changes in legal requirements, new business developments, and stakeholder expectations. A cornerstone of these management systems is Novozymes' corporate governance setup.

Corporate governance is the name commonly given to the frameworks and guidelines for business management, including the overall structures and principles that regulate the interaction between a company's management bodies, shareholders, and other stakeholders. As every company is unique, there is no exact standard for "good corporate governance." However, a number of valid principles have been developed and stated in recommendations, guidelines, or law. Novozymes' goal is to have management systems in place that ensure openness and transparency at all times, providing stakeholders with relevant insight into the business – and, of course, effective management.

In accordance with Danish legislation, Novozymes has a two-tier management system comprising the Board of Directors and Executive Management, with no individual a member of both. The division of responsibility between the Board of Directors and Executive Management is clearly laid down and described in the Rules of Procedure for the Board of Directors and Guidelines for Executive Management, available at www.novozymes.com.

Charters and recommendations

In laying down the management principles for Novozymes, the Board of Directors has followed the *Recommendations on Corporate Governance* that form part of the disclosure requirements applicable to companies listed on NASDAQ OMX Copenhagen.

This code was revised in 2010, resulting in a total of 78 recommendations, many of which are new. The Board of Directors considers that Novozymes complies with the new code, with the following exceptions:

- Remuneration and nomination committees have not been set up. Instead, these responsibilities are laid down in the charter for the Chairmanship, which consists of the Chairman and Vice-Chairman of the Board
- Information on the remuneration of Executive Management is provided at an aggregate rather than an individual level. Novozymes considers this information to be private and confidential, and believes that information at an individual level is of limited value to shareholders. Information on the maximum level of individual remuneration is nevertheless provided, please refer to Note 4 to the financial statements
- The remuneration policy for Executive Management contains no specific clause on the repayment of variable remuneration components paid on the basis of misstated information as Novozymes considers the rules in Danish law to be sufficient in such cases
- The current Executive Management has the right to termination payments amounting to a maximum of three years' fixed base salary and pension contributions. This maximum does not currently exceed the recommended maximum of two years' total remuneration. Novozymes has decided not to change existing contracts, but future contracts will provide for a maximum of two years' fixed base salary
- Due to the limitations imposed by the articles of association of the Novo Nordisk Foundation and Novozymes' ownership structure, the Board of Directors reserves the right in certain circumstances to reject takeover bids without consulting shareholders

A detailed review of Novozymes' positions on all of the recommendations can be found under Corporate governance at www.novozymes.com .

Novozymes also acts within the parameters of *Touch the World* – a document setting out our values and commitments. We have also committed ourselves to principles derived from the following international charters and standards:

- Novozymes subscribes to the International Chamber of Commerce's Charter for Sustainable Development
- Novozymes supports the United Nations Convention on Biological Diversity
- Novozymes supports the United Nations Declaration of Human Rights
- Novozymes subscribes to the United Nations Global Compact

Changes since last year

Michael Munksø, an employee representative elected to the Board of Directors, took up a position outside Novozymes in 2010. He was therefore replaced by alternate member Lars Bo Køppler as of December 1.

Self-assessment of the Board of Directors

The Board's main responsibilities are to:

- Ensure the best possible day-to-day management of the company and the right organizational structure
- Supervise financial and sustainability performance, and Executive Management's day-to-day running of the company
- Participate in the overall management and strategic development of the company

For an overview of the tasks performed to fulfill these responsibilities, see *A year with the Board of Directors*.

The Board of Directors held eight meetings in 2010. All were attended by all board members, except for one meeting where one member was absent.

In order to ensure that Novozymes has well-functioning management systems in place at all times, the Board of Directors and Executive Management assess annually whether their main responsibilities have been fulfilled. The performance of the Board of Directors and Executive Management and the quality of collaboration between these two bodies are also discussed and assessed. The assessment in 2010 was once again positive, with only minor areas for improvement identified. Overall, there was broad satisfaction with the planning, content, and implementation of the meetings. The general impression was that presentations and discussions at the meetings are of high quality, and that Executive Management is very responsive to input from the Board. Emphasis was placed on the continued use of external input in strategy discussions.

One of the responsibilities of the Board of Directors is to assess each year whether the ownership structure with A and B common stock is optimal. The Board of Directors maintains that this is the best way to safeguard Novozymes' long-term development and thus to benefit the company's shareholders and other stakeholders.

In addition, the Audit Committee performs an annual assessment of its own performance, and the external auditors are asked to evaluate whether its performance fulfilled the requirements of the Audit Committee's charter. The 2010 assessment was positive and identified only minor areas for improvement.

Each year the Audit Committee evaluates the need for an internal audit function at Novozymes. Based on its positive assessment of the company's internal control environment, the Audit Committee has advised the Board of Directors that the establishment of an internal audit function is not necessary.

A YEAR WITH THE BOARD OF DIRECTORS

1. Ensure the best possible day-to-day management of the company.

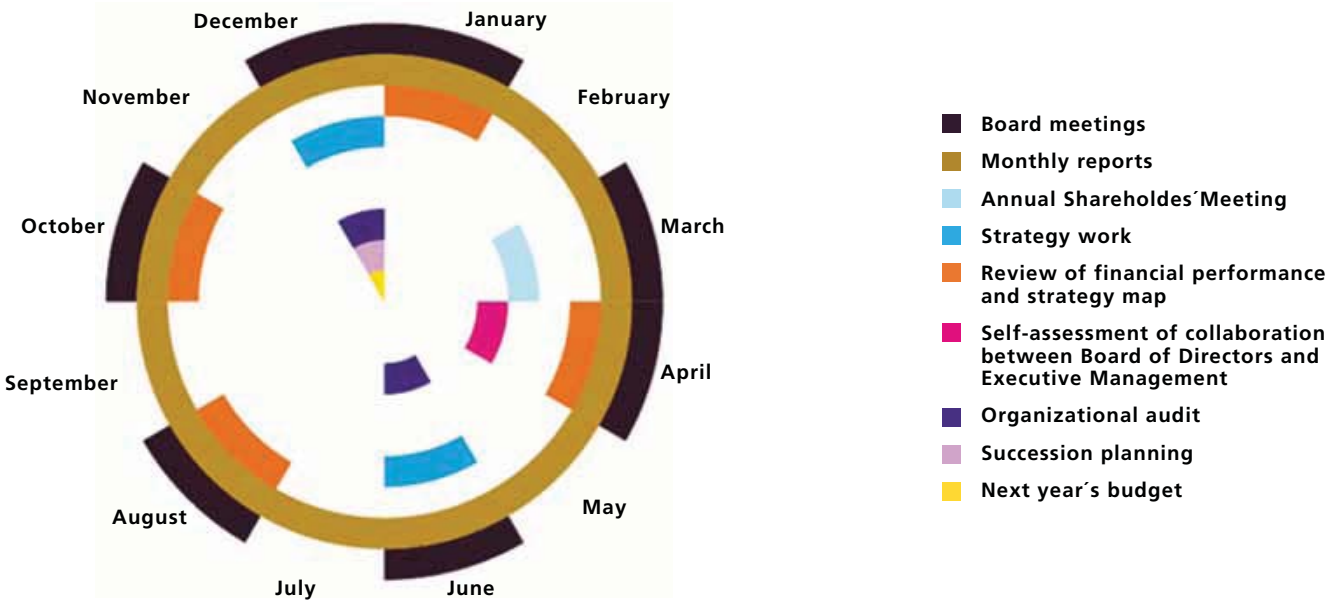
Ensure the right organizational structure.

2. Supervise the financial and sustainability performance of the company.

Supervise Executive Management's day-to-day running of the company.

3. Participate in overall management of the company.

Participate in determining the strategy of the company.



TOUCH THE WORLD

PREPARING FOR THE FUTURE WITH A NEW SET OF VALUES

Novozymes' 10th birthday on November 13, 2010, provided the ideal occasion to launch a new set of values to carry the company into the future.

Novozymes has come a long way over the past decade. In the beginning, the focus was on establishing ourselves as an independent company and demonstrating the value of our business model. As Novozymes has matured and proved the worth of our technology, we have become much more oriented toward the outside world. Today, we ask our stakeholders to Rethink Tomorrow and we aim to change the world together with our customers. To realize our ambitious goals and align our company culture with our outward-looking focus, we have revitalized and simplified the values that we previously shared with the rest of the Novo Group.

Our new values have been developed on the basis of input from our employees around the world and go hand-in-hand with Novozymes' strategy. They capture the essence of our accomplishments in the past and will help us to make our next 10 years even more successful.

Along with our existing vision, company idea, and commitment, the new values form an overall guide that we call *Touch the World*. This will help us attain our vision by changing the ways of our customers, their industries, and, ultimately, the world.

Touch the World

Our vision: *A future where our biological solutions create the necessary balance between better business, cleaner environment, and better lives*

Our company idea: *Rethink Tomorrow*

Our commitment: *To continuously improve our financial, environmental, and social performance to drive the world toward sustainability*

Our values:

- *Dare to lead – because the future is created by you*
- *Trust and earn trust – because nothing beats a circle of trust*
- *Connect to create – because the world is full of ideas*
- *Unlock passion – because passion makes dreams come alive*

RISK MANAGEMENT

For a decade now, Novozymes has had a vision of creating value in the broadest sense. We aim to create a cleaner environment, better lives, and better business. The way Novozymes is managed reflects this, as management systems are set up to seek opportunities in all these areas while at the same time reducing risk and ensuring compliance with rules and regulations.

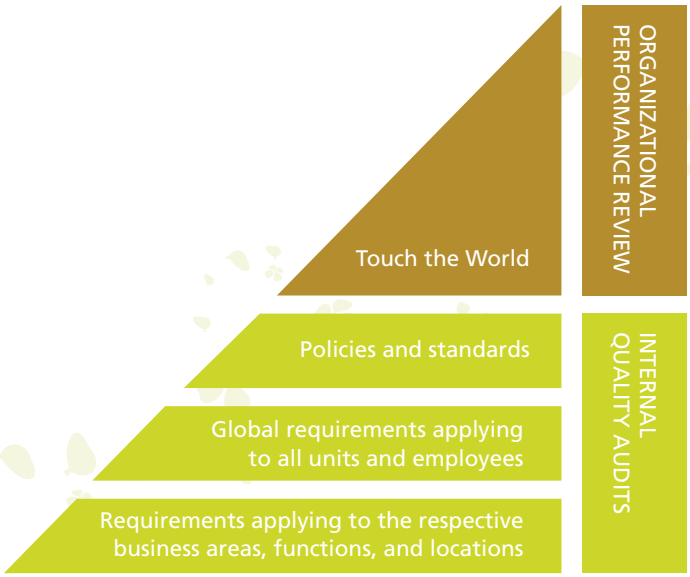
The process of identifying and managing risk is integrated into the management systems at Novozymes. We define risks as "events or tendencies that can prevent the company from achieving its overall targets – including financial, environmental, and social targets – or negatively affect our image or our future results and activities." Novozymes strives to identify risks as early as possible and, once they have been identified, act and follow up on them.

At the top of the management system, Touch the World sets out the company's vision, company idea, commitment, and values. It guides us in everything we do and outlines Novozymes' philosophy. By acting in accordance with these principles, we encourage the right behavior and thereby reduce the risk of misconduct. To ensure that the company lives up to the values in Touch the World, an organizational performance process is conducted annually where the impact of each business unit's work to support and uphold the principles in Touch the World is assessed. This process is overseen by Executive Management and the results reported to Board of Directors.

Risks are often related to external factors affecting our achievement of targets, but can also be related to internal procedures, such as errors leading to the misstatement of information, malfunctioning of products, etc. Novozymes strives to minimize these procedural risks through the extensive use of quality management systems and ISO certifications, which include general policies and standards, as well as detailed control and action requirements covering both global procedures and specific requirements dependent on location, business area, and function.

To ensure compliance with quality management systems, a large number of internal quality audits are performed. Each year, a report on compliance with these systems is submitted to Executive Management.

COMPLIANCE PROCESS



REACH SUPPORTS NOVOZYMES' BUSINESS STRATEGY

REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) is a European Union (EU) regulation which entered into force in June 2007, replacing some 40 existing EU regulations and directives on chemicals. More than 30 different enzymes need to be registered by 2018 as they are regarded as chemicals under REACH. Novozymes' enzymes for industries such as detergent, leather, textile, and biofuel require registration.

First mover on registration

Novozymes was the first of the European enzyme manufacturers to register enzymes produced in volumes of more than 1,000 tons per year, which is the first major registration milestone under REACH. The enzyme groups in question are proteases (mainly used in the detergent industry) and glucoamylases (mainly used in the production of starch and fuel).

With the ambition of being the first to submit REACH dossiers, Novozymes took on sole responsibility for assessing the necessary risk and safety data for the enzyme industry as lead registrant. Novozymes has successfully submitted the required data in two comprehensive dossiers representing hundreds of products. These include exposure scenarios documenting adequate control of risks.

Regulatory requirements as opportunities

Novozymes looks positively on REACH, as the increased focus on sustainable solutions outweighs the increased burden of compliance. One important objective of the regulation is to encourage the substitution of hazardous substances with safer substances or technologies as economically and technically viable alternatives become available.

REACH has the potential to drive innovation and sustainable growth through the replacement of harsh chemicals with safer biological solutions. REACH therefore supports Novozymes' ambition and business strategy by stimulating customer demand for sustainable solutions, where enzymatic and other biological solutions are key alternatives.

Novozymes is implementing all the requirements of REACH as they come into force in order to ensure uninterrupted supplies to customers. Given the high quality of the safety data and competencies we have developed together with our customers, we are in a good position to deal with the requirements. Novozymes also sees REACH as a great opportunity to implement high global safety standards for enzyme products.

Timely and accurate reporting

Novozymes attaches great importance to timely and accurate reporting, as this is considered key to being a trustworthy company.

Novozymes' risk management and internal controls relating to financial reporting are designed to facilitate:

- Presentation of management accounts that allow the Group's performance to be measured, evaluated, and monitored
- Presentation of financial statements that provide a true and fair view without material misstatement, and comply with International Financial Reporting Standards as adopted by the EU, and other additional disclosure requirements for the annual reports of listed companies

Novozymes' internal controls and risk management systems are updated on an ongoing basis and have been designed with a view to discovering and eliminating errors and defects in the financial statements. However, as there is always a risk of misuse of assets, unexpected losses, etc., the internal controls and risk management systems can only provide reasonable and not absolute assurance that all material errors and defects are discovered and eliminated.

The internal controls and risk management systems also cover environmental and social data in The Novozymes Report.

A more detailed description of Novozymes' risk management and internal controls concerning the financial reporting process can be found in the statutory report on corporate governance fulfilling the requirements in Section 107b of the Danish Financial Statements Act.

The financial reporting process is monitored by the Audit Committee. As part of this monitoring, all cases of fraud and concerns raised either through the whistleblower system or directly by internal or external personnel are reported to the Audit Committee. Six cases were reported in 2010. Four cases led to the dismissal of employees, of which two were reported to the police.

Fulfilling sustainability reporting requirements

Under Section 99a of the Danish Financial Statements Act, it is mandatory for large companies to report on corporate responsibility. As a member of the UN Global Compact, Novozymes prepares a Communication on Progress that is published in Supplementary Reporting. This Communication on Progress fulfills the requirement for the reporting on corporate responsibility. In addition to this, integrated financial, environmental, and social reporting is included in The Novozymes Report.

Risks, opportunities, and stakeholder engagement

While Novozymes aims to do business in accordance with our values, we also have to stay in touch with the needs of society. One way of identifying risks, opportunities, and new trends, while at the same time living up to Novozymes'

ambition of being open and honest, is to engage with our stakeholders. We give high priority to understanding and living up to our stakeholders' expectations, as we wish to maintain a good reputation.

An example is our recently published tax policy, which is the result of an increased media debate on taxes and reflects our positioning on this topic. With the tax policy we strive to be open and give our stakeholders insight into how we operate in this area. The policy can be found at www.novozymes.com.

In our dialogue with stakeholders we naturally also promote our points of view, our solutions, etc. We want to ensure that this is done in a respectful way that does not create a risk of harming Novozymes' reputation. Novozymes has therefore established principles for ethical ways to influence our stakeholders. In other words, we have a management standard defining good business practice for dealing with authorities, policy-makers, and political parties.

To fulfill our commitment to society, Novozymes sets targets for sustainability performance and strives to be the best among our peers. We must always be up-to-date on the sustainability agenda relevant to our stakeholders and society at large. Through numerous annual meetings with our stakeholders, such as investors, politicians, customers, neighbors, and NGOs, we become aware of relevant issues and trends that provide valuable input for our strategic development and have done so for many years.

In 2010, a more systematic approach to sustainability trendspotting was implemented in order to better capture market opportunities, discover risks, spur innovation, and consequently maintain our role as a leader in sustainability. This external input, together with internal input from key functions, is used in our target-setting process once assessed by our Sustainability Development Board for materiality and relevance to Novozymes. It is also used to help prioritize focus areas in our overall strategic development.

SATISFIED CUSTOMERS

Novozymes commissioned a global Customer Satisfaction Measurement (CSM) study in 2010 to monitor the overall satisfaction and loyalty of our customers. CSM studies are one of the most important tools Novozymes has for measuring customer satisfaction, which is an integral part of our business operations – from coaching our sales force to complaint handling to key account management.

For the CSM study, a third-party survey partner selected a random, representative sample of customers for enzymes, microorganisms, and biopharmaceutical ingredients to participate in a comprehensive web-based survey questionnaire. The partner received 290 responses. The central indicator for the survey is a global customer satisfaction benchmark called the Loyalty Index, which is a two-dimensional measure of customer satisfaction (strength of relationship versus attraction). In 2010, an estimated 95% of our customers were either very satisfied or satisfied with their relationship with Novozymes. An estimated 59% of our customers find Novozymes "more attractive" than other suppliers of enzymes, microorganisms, and biopharmaceutical ingredients. Novozymes received an overall Loyalty Index score of 74 out of 100.

The survey also covered a wide range of parameters representing quality and customer satisfaction indicators throughout the value chain. Novozymes performed best in the product safety, packaging, and delivery categories.

Novozymes' account managers followed up on the survey by taking corrective actions with dissatisfied survey respondents and by interviewing key accounts that participated in the survey.

Customer feedback affects sustainability rating

Our customers' feedback on our ability to constantly improve customer satisfaction is important for our success. In line with our commitment to being transparent about our performance, we communicate customer satisfaction survey results to our stakeholders. Our customer satisfaction survey is also included in the assessment of Novozymes' sustainability performance that forms the basis for our rating by Dow Jones Sustainability Indexes (DJSI), where Novozymes in 2010 was named sector leader for the ninth time.

Long-term scenarios

Executive Management conducts an annual evaluation of opportunities for future growth. This evaluation is based on reports on long-term scenarios for each of the business areas, supplemented by selected key scenarios. The reports contain sensitivity analyses and, for expansion projects and larger investment proposals, an estimate of the net present value of the investment.

Part of this scenario work involves identifying potential bottlenecks for future growth, such as the need to expand production capacity and the availability of resources such as water.

Some of the scenarios presented to Executive Management spring from risks identified by the enterprise risk management setup.

Enterprise risk management setup

As well as the activities mentioned above to identify risks, Novozymes has a formal process to continually map and mitigate risks. All business units and vice presidents systematically report new risks and any changes to previously defined risks. This process, which is headed by the Vice President of Finance, ensures that top management has a high level of risk awareness, with involvement and ownership throughout the organization.

Reported risks are collated and mapped by the Risk Management Office on the basis of probability and possible consequences. Risks are assessed on the basis of both financial and reputational impact, and the reporting covers both financial and nonfinancial risks.

The aim of risk management at Novozymes is to ensure proactive management of key risks, so that efforts to reduce both probability and unwanted consequences will be made where possible.

Every six months, risks are reported to the Risk Management Office. These are then assessed, and a shortlist of approximately 30 risks judged to be the most significant is reported to Executive Management. Twice a year, the most significant risks are also presented to and discussed with the Board of Directors.

This systematic and analytical approach to risk management enables Novozymes to achieve greater transparency and gives a stronger basis for making decisions about investing resources. In addition, it provides Executive Management with the opportunity to discuss risks and undertake the necessary actions in relation to the Group's risk profile.

RISK FACTORS

All businesses are exposed to a wide range of risk factors. Novozymes strives to identify and mitigate risks that could affect our financial, environmental, or social performance and/or reputation as early as possible.

This section describes a number of critical risks along with measures that Novozymes has taken to reduce them. The list is not in any order of priority and is not exhaustive.

Financial risks are presented in Note 37 to the financial statements.

SALES-RELATED RISKS

Markets, customers, and sales channels

Novozymes sells products worldwide and is subject to the financial and political risks this naturally entails. Growth in individual markets is therefore influenced by the local economic situation and local legislation. Novozymes works together with our agents, distributors, and other business partners to ensure that they know and do not violate Novozymes' business integrity rules when selling our products.

Customer concentration

A relatively small number of customers account for a high proportion of Novozymes' sales in certain product areas, which means that Novozymes is also affected by trends in these customers' markets. Novozymes works closely with our major customers to limit risks, for example by means of joint development projects and joint production planning, including the integration of IT systems.

Innovation

Novozymes strives to maintain our position as market leader by continually launching new and improved, high-quality products that meet customers' needs. Novozymes' projected sales are not dependent on single large product launches, as we constantly have several new products in the pipeline. This places high demands on the Group's research and development, requiring it to keep pace with customer needs. Failure here would entail the risk of a negative impact on Novozymes' sales targets. Novozymes allocates around 14% of sales to research and development to ensure sufficient resources for future innovation.

Enzymes produced using GMOs

Novozymes produces a large number of enzymes using genetically modified organisms (GMOs). Without this technology, it would be necessary to use larger quantities of raw materials, water, and energy, and in many cases commercial production of an enzyme would not be viable.

The use of gene technology is the subject of ongoing debate around the world, mainly concerning genetically modified crops or foods containing GMOs. Novozymes' use of gene technology has only featured in the debate to a limited degree, as the Group's end products do not contain GMOs. However, it is possible that Novozymes' production and sales to the food and feed industries in particular may be affected by the public debate on gene technology and the impact this may have on consumer demand.

Read more about Novozymes' use of gene technology at www.novozymes.com.

Supply chain management

Novozymes has sharpened our focus on integrating sustainability and risk management into the selection and evaluation of key suppliers. In order to identify risks and opportunities in our global purchasing processes, an advanced supplier performance management system has been developed.

Sustainability is a performance parameter in the system and is evaluated alongside commercial and quality parameters. Instead of relying only on supplier self-evaluations, the supplier evaluation process is supplemented with media research, dialogue, and the critical insight of Novozymes' purchasers. The system helps rank and compare suppliers according to risk and opportunity and provides an overview of the global supplier pool. The system is also designed to help the purchasing function identify the suppliers who typically pose the biggest risks. Suppliers with critical issues are subject to further questions or an audit.

As maintaining optimal production is critical for Novozymes, there is a strong focus on the reliability of deliveries from suppliers. To safeguard supplies, cooperation agreements have been entered into with a number of key suppliers. These agreements also help to reduce sensitivity to fluctuations in the price of raw materials and energy.

Competition

Historically, Novozymes has experienced constant price pressure in our markets. Competition from producers based in low-cost countries, particularly China and India, will always be a challenge. One of the ways in which we are trying to counter this challenge is by using our technology to continuously optimize production, thereby reducing costs per unit produced so that production remains at the forefront and competitive.

Patent strategy

Novozymes' technology is the basis of our business, and we pursue an active patent strategy by protecting new discoveries as early as possible. This prevents new products, processes, etc., from being copied.

ENVIRONMENTAL AND SOCIAL ISSUES

Novozymes' fundamental values include environmental and social responsibility. These are key to the way in which Novozymes conducts business and are significant to all activities. These values are underpinned by a number of targets for environmental and social responsibility.

Reputation

Novozymes is heavily dependent on being able to attract and retain skilled people, and our reputation is an important factor in this respect. Novozymes aims to maintain a good reputation by means of openness and transparency in both internal and external communications. Work is also carried out on an ongoing basis to reduce the risk of situations arising that could damage Novozymes' reputation. For example, employees have been trained in our business integrity principles. Relevant legislation must be complied with at all times, and Novozymes is committed to setting an even higher standard in many areas.

Having a positive impact on our surrounding environment is important to Novozymes. We therefore endeavor to do business in such a way that our environmental impact is part of the solution to current environmental problems. Novozymes' targets of achieving significant reductions in CO_2 emissions and water and energy consumption are examples of this.

Animal testing

Novozymes uses animal testing in connection with the development and approval of products where this is demanded by public authorities. The use of animal testing is the subject of ongoing public debate and as such constitutes a risk to Novozymes' reputation and business. The current product portfolio involves relatively few animal tests, but this may change as a result of the development of new business areas.

Novozymes strives continuously to minimize the number of animal tests by further refining the methods used and employing alternatives wherever possible.

Business partners and acquisitions

In Novozymes' relations with business partners, the company seeks to reduce the risk of being associated with environmental and social failings that could impact negatively on Novozymes' reputation.

On entering into agreements with new business partners or acquiring new companies or activities, Novozymes takes environmental and social issues into account on par with the financial considerations.

OTHER RISKS

Energy consumption and prices

Our production requires relatively large amounts of energy, and fluctuations in energy prices will therefore affect the cost of the goods we sell. The risk of a negative impact from rising energy prices is managed by optimizing the production process, for example by using gene technology, and by partially hedging energy prices for a future period. In the long term, this risk is offset by the positive impact on sales when energy prices go up, as it becomes more profitable for our customers to replace oil-based ingredients with enzymes and to use energy-saving enzymes in their production.

Raw material consumption and prices

A significant proportion of Novozymes' raw materials is derived from agricultural produce, and fluctuations in prices for these commodities will therefore affect the cost of the goods we sell. Novozymes seeks to reduce the risk of a negative impact on costs by optimizing the production process, for example by using gene technology, and by ensuring the greatest possible flexibility in the use of raw materials.

Global organization and taxes

Novozymes operates in many markets via sales companies and distributors, while production takes place in a small number of countries. This leads to transactions between Group companies. Novozymes follows the OECD principles in setting internal transfer prices for these transactions, but this is a complicated area and entails a tax risk, partly because the area is subject to political judgment in each individual country. Novozymes regularly enters into dialogue with the tax authorities to reduce this risk, and we have entered into advance pricing agreements with the tax authorities in the countries where internal transactions are most significant. For Novozymes, such agreements create predictability in relation to taxation and reduce the risk of Novozymes becoming part of the ongoing transfer pricing debate around the world. However, some countries, including India and Brazil, have yet to introduce legislation permitting agreements of this kind. All in all, a major part of internal transactions in the Group is covered by advance pricing agreements.

Insurance

The risk of personal injury, material damage, and other events beyond our control, as well as other losses that Novozymes may cause, is covered by an extensive insurance program to the extent that this is feasible and possible. Cover in different areas is subject to a premium based on Novozymes' claims history. The current price of the policies and the cover provided may be affected by external circumstances, such as natural disasters and similar events.

THE NOVOZYMES REPORT 2010

ACCOUNTS

Income statement

Note		2010 DKK million	2009 DKK million
1, 2	Revenue	9,724	8,448
3, 6	Cost of goods sold	4,312	3,748
	Gross profit	**5,412**	**4,700**
3, 6	Sales and distribution costs	1,242	1,118
3, 6	Research and development costs	1,360	1,207
3, 4, 5, 6	Administrative costs	762	751
7	Other operating income, net	69	64
	Operating profit / EBIT	**2,117**	**1,688**
8	Financial income	113	153
9	Financial costs	107	220
	Profit before tax	**2,123**	**1,621**
10	Corporation tax	509	427
	Net profit	**1,614**	**1,194**
	Attributable to:		
	Shareholders in the parent company	1,613	1,194
	Minority interests	1	-
		1,614	1,194
	Proposed dividend per share	DKK 8.00	DKK 5.75
20	Earnings per share	DKK 25.75	DKK 19.24
20	Earnings per share, diluted	DKK 25.25	DKK 18.93

Statement of comprehensive income

Note		2010 DKK million	2009 DKK million
	Net profit	**1,614**	**1,194**
	Transferred to Financial income re fair value adjustment of Novo Nordisk stock	-	(29)
	Currency translation of subsidiaries and minority interests	465	84
	Tax related to currency translation of subsidiaries and minority interests	(23)	5
	Cash flow hedges	(39)	195
	- transferred to Financial income/costs	(28)	(75)
	Tax related to cash flow hedges	13	5
	Other comprehensive income	**388**	**185**
	Comprehensive income for the year, total	**2,002**	**1,379**
	Attributable to:		
	Shareholders in the parent company	2,000	1,380
	Minority interests	2	(1)
		2,002	1,379

Balance sheet

Note		Dec. 31, 2010 DKK million	Dec. 31, 2009 DKK million
	ASSETS		
11	Intangible assets	1,070	1,124
13	Property, plant and equipment	5,866	4,804
14	Deferred tax assets	71	62
15	Other financial assets	50	1
	Total non-current assets	**7,057**	**5,991**
16	Inventories	1,640	1,535
17	Trade receivables	1,772	1,468
18	Tax receivables	232	210
19	Other receivables	249	215
15	Other financial assets	178	187
	Cash at bank and in hand	1,465	1,284
	Total current assets	**5,536**	**4,899**
	Total assets	**12,593**	**10,890**
	LIABILITIES AND SHAREHOLDERS' EQUITY		
20	Common stock	650	650
20	Treasury stock	(1,479)	(1,624)
	Other reserves	540	154
	Retained earnings	8,113	6,651
21	Minority interests	12	10
	Total shareholders' equity	**7,836**	**5,841**
14	Deferred tax liabilities	493	694
22	Long-term employee benefits	13	13
23	Provisions	169	125
24	Other financial liabilities	1,574	1,696
	Total non-current liabilities	**2,249**	**2,528**
24	Other financial liabilities	291	632
23	Provisions	50	30
	Trade payables	764	531
18	Tax payables	86	97
25	Other payables	1,317	1,231
	Total current liabilities	**2,508**	**2,521**
	Total liabilities	**4,757**	**5,049**
	Total liabilities and shareholders' equity	**12,593**	**10,890**

Statement of shareholders' equity

	Attributable to shareholders in the company							
	Common stock DKK million	Treasury stock DKK million	Currency translation DKK million	Available-for-sale financial assets DKK million	Cash flow hedges DKK million	Retained earnings DKK million	Minority interests DKK million	Total DKK million
Shareholders' equity at January 1, 2010	**650**	**(1,624)**	**(49)**	**-**	**203**	**6,651**	**10**	**5,841**
Comprehensive income for the year, total			440		(54)	1,614	2	**2,002**
Sale of treasury stock		145						**145**
Dividend						(359)		**(359)**
Stock-based payment						60		**60**
Tax related to equity items						147		**147**
Changes in shareholders' equity	**-**	**145**	**440**	**-**	**(54)**	**1,462**	**2**	**1,995**
Shareholders' equity at December 31, 2010	**650**	**(1,479)**	**391**	**-**	**149**	**8,113**	**12**	**7,836**
Shareholders' equity at January 1, 2009	**650**	**(1,791)**	**(139)**	**29**	**78**	**5,638**	**11**	**4,476**
Comprehensive income for the year, total			90	(29)	125	1,194	(1)	**1,379**
Sale of treasury stock		36						**36**
Dividend						(326)		**(326)**
Stock-based payment						61		**61**
Tax related to equity items		131				84		**215**
Changes in shareholders' equity	**-**	**167**	**90**	**(29)**	**125**	**1,013**	**(1)**	**1,365**
Shareholders' equity at December 31, 2009	**650**	**(1,624)**	**(49)**	**-**	**203**	**6,651**	**10**	**5,841**

The proposed dividend of DKK 504 million for 2010 is included in Retained earnings.

Reference is made to Note 20 concerning treasury stock and average number of shares.

Statement of cash flows and financial resources

Note		2010 DKK million	2009 DKK million
	Net profit	**1,614**	**1,194**
34	Reversal of non-cash items	1,340	1,539
	Corporation tax paid	(609)	(594)
	Interest received	24	61
	Interest paid	(87)	(210)
	Cash flow before change in working capital	**2,282**	**1,990**
	Change in working capital:		
	(Increase)/decrease in receivables	(239)	(264)
	(Increase)/decrease in inventories	(13)	43
	Increase/(decrease) in trade payables and other payables	267	46
	Currency translation	27	2
	Cash flow from operating activities	**2,324**	**1,817**
	Investments:		
11	Purchase of intangible assets	(3)	(11)
	Sale of intangible assets	-	5
	Sale of property, plant and equipment	3	37
13	Purchase of property, plant and equipment (including interest of DKK 26 million)	(1,326)	(1,009)
	Acquisition of companies (excluding unpaid earn-out of DKK 24 million)	(23)	-
	Cash flow from investing activities	**(1,349)**	**(978)**
	Free cash flow	**975**	**839**
	Financing:		
	Borrowings	20	607
	Repayments of borrowings	(448)	(854)
	Sale of Novo Nordisk A/S stock	-	14
20	Sale/(purchase) of treasury stock, net	145	36
	Refundable income tax	(95)	-
	Dividend paid	(359)	(326)
	Cash flow from financing activities	**(737)**	**(523)**
	Net cash flow	**238**	**316**
	Unrealized gain/(loss) on currencies and financial assets included in cash and cash equivalents	24	3
	Net change in cash and cash equivalents	**262**	**319**
	Cash and cash equivalents at January 1	1,062	743
35	**Cash and cash equivalents at December 31**	**1,324**	**1,062**
36	Undrawn committed credit facilities	3,745	3,000
	Financial resources at December 31	**5,069**	**4,062**

Environmental and social data

Note			2010	2009
	ENVIRONMENT			
	Consumption of resources			
38	Water	1,000 m^3	5,746	5,064
39	Internally generated energy	1,000 GJ	865	802
	Externally generated energy	1,000 GJ	3,039	2,728
	Energy, total	1,000 GJ	3,904	3,530
	Raw materials	1,000 tons	413	355
	Packaging	1,000 tons	13	12
	Wastewater			
40	Volume	1,000 m^3	3,935	3,714
	Dry matter	Tons	277	370
	BOD5	Tons	638	777
	COD	Tons	1,447	1,832
	Nitrogen	Tons	183	195
	Phosphorus	Tons	77	77
	Biomass			
	Volume, NovoGro®	1,000 m^3	291	248
	Volume, NovoGro® 30	1,000 m^3	139	128
	Volume, compost	1,000 m^3	48	51
	Nitrogen	Tons	2,026	2,450
	Phosphorus	Tons	824	774
	Waste			
	Nonhazardous waste	Tons	8,636	7,610
	Hazardous waste	Tons	1,604	1,393
41	Waste, total	Tons	10,240	9,003
	Percentage of total waste recycled	%	43	45
	Emissions to air			
	Ozone-depleting substances, HCFCs	Kg	1,532	524
42	CO_2	1,000 tons	410	430
	SO_2	Tons	1,176	1,157
	NO_x	Tons	1,016	993
	Environmental impact potentials			
43	Global warming	1,000 tons CO_2-eqv.	414	431
44	Ozone layer depletion	Kg CFC_{11}-eqv.	265	29
	Acidification	Tons SO_2-eqv.	1,886	1,852
	Environmental compliance, etc.			
	Breaches of regulatory limits, groundwater	No.	28	27
	Breaches of regulatory limits, other	No.	36	17
	Unintended releases of GMOs	No.	0	0
	Significant spills	No.	0	0
	Neighbor complaints	No.	21	33
	Animals for testing			
	Enzyme Business	No.	590	820
	BioBusiness	No.	3,120	1,940

Note				2010	2009
		SOCIAL			
		Employee statistics			
	45	Employees, total	No.	5,432	5,275
45	46	Women	%	36.0	36.2
		Men	%	64.0	63.8
	47	Rate of employee turnover	%	7.5	6.7
		Average age	Years	39.9	39.8
		Seniority	Years	9.1	9.0
	48	Rate of absence	%	2.1	2.3
		Expatriates	No.	80	71
		Training costs			
		Average spent per employee	DKK	6,060	6,506
		Costs as percentage of total employee costs	%	1.2	1.4
		HEALTH AND SAFETY			
		Occupational accidents and diseases			
		Fatalities	No.	0	0
	49	Accidents with absence	No.	35	43
		Of which life-threatening accidents	No.	0	0
		Of which accidents requiring professional first aid	No.	27	39
50	51	Occupational diseases	No.	14	27
		Frequency of occupational accidents	Per million working hours	4.1	5.1
		Frequency of occupational accidents requiring professional first aid	Per million working hours	3.1	4.6
		Frequency of occupational diseases	Per million working hours	1.6	3.2
		KNOWLEDGE			
		Processes and technology			
		New products	No.	8	9
		Active patent families	No.	1,047	1,018

Index of notes

ACCOUNTING POLICIES

The consolidated financial statements of the Novozymes Group have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish requirements on the presentation of accounts. Novozymes has prepared its consolidated financial statements in accordance with all the IFRS standards in force. The consolidated financial statements have been prepared on a going concern basis and under the historical cost convention, with the exception of the following items, which are recognized at fair value:

- Available-for-sale financial assets
- Derivatives

Some of the information required pursuant to IFRS is contained in the sections *Report* and *Management*. The rest will be found in the following sections.

The Novozymes Report does not contain the financial statements for the parent company, Novozymes A/S. The financial statements for the parent company can be found online under *Financial statements for Novozymes A/S* at www.report2010.novozymes.com. Together, The Novozymes Report and the financial statements for the parent company, Novozymes A/S, form the Annual Report that will be sent to the Danish Commerce and Companies Agency.

IMPACT OF NEW ACCOUNTING STANDARDS

In 2010, the following amendments with relevance for Novozymes were brought into effect and implemented:

- "Improvements to IFRSs – 2009," etc.
- "Improvements to IFRSs – 2010"
- Amendments to IFRS 2 "Group Cash-settled Share-based Payment Transactions"

Implementation of these has led to further specifications in the Notes but no changes in recognition and measurement.

Standards and interpretations issued by IASB with effective date after December 31, 2010, or not adopted by the EU and therefore not implemented, comprise:

- Amendments to IFRS 7 "Disclosures – Transfers of Financial Assets"
- IFRS 9 "Financial Instruments"
- Revised IAS 24 "Related Party Disclosures"
- Amendments to IFRIC 14 "Prepayment of a Minimum Funding Requirement"
- IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments"

Implementation of these will lead to further specifications in the Notes but no material changes in recognition and measurement.

SIGNIFICANT ACCOUNTING POLICIES

Consolidation

The consolidated financial statements comprise the financial statements of Novozymes A/S (the parent company) and all the companies in which the Group owns more than 50% of the voting rights or otherwise has control or similar de facto control (subsidiaries), as well as joint ventures. The consolidated financial statements are based on the financial statements for the parent company and subsidiaries, and are prepared by combining items of a uniform nature and subsequently eliminating intercompany transactions, internal stockholdings and balances, and unrealized intercompany profits and losses. All the financial statements used for consolidation are prepared in accordance with the Group's accounting policies.

The Group's holdings in joint ventures regarded as jointly controlled entities are consolidated using the proportionate consolidation method by including its proportional share of their assets, liabilities, revenue, and costs line by line.

Business combinations

On acquisition of new companies, the assets, liabilities, and contingent liabilities of each new company are recognized at fair value at the time of acquisition. Goodwill is adjusted for changes in the purchase price after acquisition and changes in the fair value of the acquired identifiable assets, liabilities, and contingent liabilities since the acquisition date until 12 months afterward. Newly acquired companies are recognized as from the date of acquisition, and no adjustment is made to comparative figures.

In acquisitions where less than 100% of a company is acquired, the Group can choose between goodwill recognized at its full fair value or solely at the percentage owned by the Group (partial goodwill). The goodwill recognized at the time of acquisition will not be changed in connection with later acquisitions of minority interest regardless of whether full or partial goodwill is chosen.

Translation of foreign currencies

The consolidated financial statements are presented in Danish kroner (DKK). Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the transaction date. Monetary items denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing at the balance sheet date. Financial statements of foreign subsidiaries are translated into Danish kroner at the exchange rates prevailing at the balance sheet date for assets and liabilities, and at average exchange rates for income statement items.

Goodwill arising on the acquisition of new companies is treated as an asset belonging to the new foreign subsidiaries and translated into Danish kroner at the exchange rates prevailing at the balance sheet date.

Realized and unrealized foreign exchange gains and losses are recognized under Financial income or Financial costs, with the exception of unrealized gains and losses relating to hedging of future cash flows, which are recognized in Other comprehensive income. The following exchange rate differences are also recognized in Other comprehensive income, translated at the exchange rates prevailing at the balance sheet date:

- Translation of foreign subsidiaries' net assets at the beginning of the year
- Translation of foreign subsidiaries' income statements from average exchange rates to the exchange rates prevailing at the balance sheet date
- Translation of long-term intercompany balances, which are considered to be an addition to net assets in subsidiaries
- Fair value adjustment of financial liabilities that qualify for hedging of net assets in foreign subsidiaries

Stock-based payment

The Group's employees are covered by stock option programs comprising equity-settled and cash-settled programs.

The fair value of the employee services received in exchange for the grant of stock options is computed using the value of the granted stock options.

The fair value of stock-based payment on the grant date is recognized as an employee cost over the period in which the stock options are vested. In measuring the fair value, account is taken of the number of employees expected to gain entitlement to the options as well as the number of options the employees are expected to gain. This estimate is adjusted at the end of each period such that only the number of options to which employees are entitled, or expected to be entitled, is recognized.

The value of equity-settled programs is offset against Shareholders' equity. The value of cash-settled programs, which are offset against Other payables, is adjusted to fair value at the end of each period, and the subsequent adjustment in fair value is recognized in the income statement under Financial income or Financial costs.

Government grants

Government grants received relating to research and development costs are recognized under Other operating income, net, based on the percentage completion of the projects. Grants received relating to investments in property, plant and equipment are offset against the cost price of the eligible assets.

Segment information

The consolidated financial statements provide information on the Group's operating segments in a manner that is consistent with the internal reporting that goes to the Board of Directors and Executive Management. In addition, information is provided on geographical allocation.

Leases

Operating lease costs are recognized in the income statement on a straight-line basis over the period of the lease. Liabilities relating to non-cancelable contracts are specified in the Notes.

Key figures

Key figures are mainly prepared in accordance with the "Recommendations and Key Figures 2005" of the Danish Society of Financial Analysts.

Revenue

Revenue covers sales of goods and services for the year less goods returned, and volume and cash discounts. Sales are recognized at the time of risk transfer relating to the goods sold, provided that the revenue can be measured on a reliable basis and is expected to be received.

The Group has entered into few agreements where the other contracting party undertakes sales to third parties and the profit is distributed between the Group and the other contracting party on the basis of a predetermined formula. Sales are recognized using information on the other contracting party's realized sales, and a liability is recognized for the distribution of the profit, which is calculated and settled with final effect once a year.

The Group has entered into commission agreements where agents undertake sales to third parties in return for commission on realized sales. These sales are recognized when they are realized. A liability is recognized when it is permitted for goods to be returned and this is likely.

Research and development costs

Research costs are expensed as incurred. Development costs pertaining to ongoing optimization of production processes for existing products, or to development of new products, where lack of approval by the authorities, approval by customers, and other uncertainties mean the development costs do not fulfill the criteria for recognition in the balance sheet, are expensed as incurred.

Other operating income, net

Other operating income, net, comprises grants from public authorities and customers for research projects and collaborations, and income, net, of a secondary nature in relation to the main activities in the Group. This item also includes non-recurring income items, net, in respect of damages, outlicensing, etc.

Tax

Corporation tax, comprising the current tax liability, change in deferred tax for the year, and possible adjustments relating to previous years, is recognized in the income statement, except to the extent that it relates to items recognized either in Other comprehensive income or directly in Shareholders' equity. Deferred tax is measured using the balance sheet liability method and comprises all temporary differences between the accounting and tax values of assets and liabilities. No deferred tax is recognized for goodwill, unless amortization of goodwill for tax purposes is allowed. Deferred tax is measured and recognized to cover retaxation of losses in jointly taxed foreign subsidiaries if this is expected to be realized on the divestment of stock or when recapture of tax losses becomes applicable. The tax value of tax-loss carry-forwards is included in the calculation of deferred tax to the extent that the tax losses can be expected to be utilized in the future.

Deferred tax is measured according to current tax rules and at the tax rate expected to be in force on elimination of the temporary differences. Changes in deferred tax due to tax rate changes are recognized in the income statement, except to the extent that they relate to items recognized either in Other comprehensive income or directly in Shareholders' equity.

Novozymes A/S and its Danish subsidiaries are jointly taxed with the Danish companies in the Novo A/S Group. The tax for the individual companies is allocated in full on the basis of the expected taxable income.

Intangible assets

Intangible assets other than goodwill are measured at cost less accumulated amortization and impairment losses. Goodwill is not subject to amortization.

Costs associated with large IT projects for the development of software for internal use are capitalized if they are incurred with a view to developing new and improved systems. Amortization is based on the straight-line method over the expected useful lives of the assets, as follows:

- Completed IT development projects are amortized over the useful life. Booked IT development assets are amortized over 3–5 years
- Acquired patents, licenses, and know-how are amortized over their useful lives. Patents are amortized over their useful lives, normally identical to the patent period, and licenses are amortized over the agreement period. Booked patents, licenses, and know-how are amortized over 7–15 years

Some assets are amortized over a shorter period.

Property, plant and equipment

Property, plant and equipment is measured at cost less accumulated depreciation and impairment losses. Borrowing costs in respect of construction of major assets are capitalized.

Depreciation is based on the straight-line method over the expected useful lives of the assets, as follows:

- Buildings: 12–50 years
- Plant: 5–16 years
- Other equipment: 3–16 years

The assets' residual value and useful life are reviewed on an annual basis, and adjusted if necessary at each balance sheet date.

Impairment of intangible assets and property, plant and equipment

Goodwill
Goodwill is tested for impairment annually or whenever there is an indication that the asset may be impaired.

For the purpose of impairment testing, assets are grouped at the lowest levels for which there are separately identifiable cash flows, termed as

cash-generating units. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is first allocated to reduce the carrying amount of goodwill and then pro rata on the basis of the carrying amount of the other assets. The recoverable amount is the higher of an asset's fair value less expected costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or the cash-generating unit to which the asset belongs. As a rule of thumb the recoverable amount is calculated as the present value of expected future net cash flows.

If the recoverable amount for the cash-generating unit again exceeds the carrying amount, the recognized impairment losses for goodwill are not reversed in a subsequent year.

Property, plant and equipment and finite-lived intangible assets
The Group regularly reviews the carrying amounts of its property, plant and equipment and finite-lived intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent, if any, of the impairment loss.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is written down to its recoverable amount.

Impairment losses are reversed only to the extent of changes in the assumptions and estimates underlying the impairment calculation.

Inventories

Inventories are measured at cost determined on a first-in first-out basis or net realizable value where this is lower.

The cost of Work in progress and Finished goods comprises direct production costs such as raw materials and consumables, energy, and labor directly attributable to production, and indirect production costs such as employee costs, and maintenance and depreciation of plant, etc.

If the expected selling price less any completion costs and costs to execute sales (net realizable value) of inventories is lower than the cost, the inventories are written down to net realizable value.

Financial assets and liabilities

The Novozymes Group categorizes financial assets and liabilities as follows: Financial assets/liabilities at fair value through profit or loss, Loans and receivables, Hedge accounting, Available-for-sale financial assets, and Financial liabilities.

Financial assets/liabilities measured at fair value through profit or loss is the part of derivatives that cannot be designated as hedge accounting, e.g., accrued interest on currency swaps and time value of currency options. Loans and receivables are non-derivatives with fixed or determinable payments that are not listed on an active market. Loans and receivables are entered in the balance sheet under the following items: Trade receivables, Other receivables, and Cash at bank and in hand. The items are measured at amortized cost or net realizable value equivalent to nominal value less allowances for doubtful receivables, whichever is lower.

Hedge accounting consists of positive and negative fair values of derivatives, which are itemized in the balance sheet under Other financial assets and Other financial liabilities respectively.

Derivatives used to hedge assets and liabilities are measured at fair value on the balance sheet date, and value adjustments are recognized as Financial income or Financial costs.

Derivatives used to hedge future cash flows are measured at fair value on the balance sheet date, and value adjustments are recognized in Other comprehensive income.

Derivatives used to hedge net investments in foreign subsidiaries are measured at fair value, and value adjustments are recognized in Other comprehensive income.

Income and costs relating to cash flow hedges and hedging of net investments in subsidiaries are transferred from Other comprehensive income on realization of the hedged item and are recognized as Financial income or Financial costs.

Derivatives are recognized on the settlement date, while other financial instruments are recognized on the transaction date.

Available-for-sale financial assets is the remaining category of financial assets not included above. Available-for-sale financial assets are itemized in the balance sheet as Other financial assets and are measured at fair value (share price) on the balance sheet date. Unrealized fair value adjustments are recognized in Other comprehensive income. Value adjustments are transferred from Other comprehensive income to Financial income or Financial costs when realized. Write-offs are recognized as Financial costs.

Financial liabilities are entered in the balance sheet under the following items: Other financial liabilities, Trade payables, and Other payables.

Shareholders' equity

Treasury stock
The cost price and proceeds from the sale of treasury stock are recognized directly in Shareholders' equity as a separate item. Among other things, the company's holding of treasury stock is used to hedge employees' exercise of granted stock options.

Dividend
The dividend proposed for the financial year is included in Retained earnings until approved at the Annual Shareholders' Meeting.

Provisions

Provisions are recognized where a legal or constructive obligation has been incurred as a result of past events, and it is probable it will lead to an outflow of financial resources. Provisions are measured at the present value of the expected expenditure required to settle the obligation.

Prepayments and deferred income

Prepaid expenses under Other receivables comprise expenses paid relating to subsequent financial years such as rent, insurance premiums, subscription fees, and interest.

Deferred income under Other payables comprises payments received relating to income in subsequent years, such as revenue and interest.

Prepayments and deferred income are measured at amortized cost.

Pension obligations and other long-term employee benefits

Costs relating to defined contribution plans are recognized in the income statement in the financial year to which they relate.

Costs and liabilities relating to defined benefit plans are stated using the projected unit credit method. Liabilities for the major plans are calculated annually by an external actuary. Actuarial gains and losses are recognized in the income statement over the employees' expected average remaining working life if these differences exceed 10% of either the present value of the liability or the fair value of the plan assets in the previous year, whichever is the higher. Pension assets can only be recognized to the extent that the Group is able to achieve future financial benefits in the form of refunds from the pension plan or a reduction in future benefits.

Costs relating to other long-term employee benefits are accrued over the employees' expected average remaining working life.

Statement of cash flows and financial resources

The Statement of cash flows and financial resources for the Group, which is compiled using the indirect method, shows cash flows from operating, investing, and financing activities, and the Group's cash and cash equivalents at the beginning and end of the year.

Cash flow from operating activities comprises net profit adjusted for non-cash items, paid financial items, corporate tax paid, and change in working capital. Cash flow from investing activities comprises payments relating to the acquisition and sale of companies and minority stock, intangible assets, and property, plant and equipment.

Cash flow from financing activities comprises proceeds from borrowings, repayment of principal on interest-bearing debt, payment of dividends, proceeds from stock issues, and the purchase and sale of treasury stock and other securities.

Cash and cash equivalents comprises cash at bank and in hand less current bank loans due on demand. Financial resources comprises cash and cash equivalents plus undrawn committed credit facilities.

ACCOUNTING POLICIES FOR ENVIRONMENTAL AND SOCIAL DATA

The accounting policies for environmental, social, and knowledge data are unchanged from last year, except for the calculation of improvement of water, energy, and CO_2 efficiency, where indexes are used to measure performance compared to 2005. The change does not affect the recognition or measurement of consumed quantities.

The environmental and social data in the Annual Report are based on data for the parent company and for all subsidiaries, combining items of a uniform nature compiled using the same methods, unless specifically stated otherwise below. The selection of parameters to report on is based on an evaluation of what Novozymes considers to be responsible, relevant, and of value for its stakeholders when measuring sustainable performance.

Acquired companies are recognized as from the date of acquisition, and comparative figures are not restated.

Information on Novozymes' use of the GRI indicators will be found in the online report under *Supplementary reporting*.

Environmental and social data are an integrated part of The Novozymes Report and are covered by the statutory audit performed by the auditor elected by the Annual Shareholders' Meeting.

ENVIRONMENT

The environmental data cover those activities that, based on an overall environmental assessment, could have a significant impact on the environment, see *Companies in the Novozymes Group*.

Sites with activities considered not to have a significant impact are not included. Such sites comprise sales offices, R&D labs, and sites with limited blending and storage of products.

Resource consumption from construction work in relation to new production plants is not included, unless the resource consumption (water and energy) is registered by meters that measure resource consumption at Novozymes' premises. Resource consumption from production trials at new facilities is included.

Water

Water includes drinking water, industrial water, and steam. The reported quantities are stated on the basis of the metered intake of water to Novozymes, and include both quantities consumed in the production process and in other areas. The reported quantities of steam are converted to volume of running water and therefore subject to calculation.

Drinking water is water of drinking water quality.

Industrial water is water from lakes or groundwater from own wells that is not of drinking water quality, but which is suitable for certain industrial processes, for example for use in cooling towers.

Energy

The energy consumption includes both quantities consumed in the production process and in other areas.

Internally generated energy is measured as fuel consumption converted to energy on the basis of the lower combustion value and weight by volume, except in the US where legal requirements for reporting of CO_2 state that the higher combustion value is to be applied. The associated emissions of CO_2, SO_2, and NO_x are calculated on the basis of the amount of fuel consumed using local conversion factors where possible. If these are not available, annually determined conversion factors from Danish authorities and suppliers are used.

Externally generated energy is the input to Novozymes of externally generated electricity, heat, and steam. The associated emissions of CO_2, SO_2, and NO_x are calculated using annually determined conversion factors from power plants or their organizations.

Fuel consumption does not include fuel for transportation.

Efficiency indexes

The three efficiency indexes (water, energy, and CO_2) are calculated using the same methodology. Improvement is measured against efficiency rates calculated for the base year (2005).

The efficiency rates are calculated as total consumption per business segment divided by either the volume of finished goods produced (the Enzyme Business indexes) or total sales (the BioBusiness indexes) in the corresponding period.

The production volume is adjusted to reflect the concentration of enzymes in the products. Sales figures are adjusted to eliminate the effect of currency rate changes for the years covered in the calculation.

The total index is calculated as a weighted average of the indexes for the business area Enzyme Business and the production sites in the business area BioBusiness, where the resource consumption for each business segment determines its weight in the calculation.

For sites acquired in 2005 or later, the base line index is adjusted so that it equals data reported in the first full year of operating as a Novozymes site.

Raw materials and packaging

Raw materials and packaging comprises materials for fermentation, recovery, granulation, wastewater and sludge treatment, and packaging of products. Consumption of raw materials and packaging is converted into kilograms.

Wastewater

Wastewater is measured as the volume discharged by Novozymes. COD, dry matter, BOD5, nitrogen, and phosphorus in the wastewater are calculated on the basis of samples taken at the point of discharge.

Biomass

Biomass is measured or calculated on the basis of volume or weight produced and transported from Novozymes as liquid fertilizer (NovoGro®) or converted to a fertilizer product with a higher dry matter content (NovoGro 30 or compost). The nitrogen and phosphorus contents in the fertilizer are measured in spot checks.

Waste

Waste is the registered volume of waste broken down into hazardous and nonhazardous waste, and by disposal method. Disposal methods include landfill, incineration, recycling, and other. The amount recycled is the quantity sent to a certified service provider for recycling.

Emissions to air of ozone-depleting substances

Emissions to air of ozone-depleting substances is measured as consumption of CFCs, HCFCs, and halons.

Environmental impact potentials

The environmental impact potentials for global warming and ozone layer depletion are calculated on the basis of data published by the US Environmental Protection Agency (US EPA) and the Montreal Protocol published by UNEP (United Nations Environment Programme). Acidification is calculated on the basis of data published by "Udvikling af Miljøvenlige Industriprodukter" (UMIP), published by the Institute for Product Development at the Technical University of Denmark.

Environmental compliance

Breaches of regulatory limits is measured as the number of incidents considered to be in nonconformity to environmental permits or requirements under environmental law.

Unintended releases of GMOs is spill of fermentation liquid to recipients that, based on criteria such as amount, type of recipient, and public authority specifications, is considered to have an impact on the environment.

Minor GMO spills not considered to have an impact on the environment are not included in this figure.

Significant spills is measured as the number of spills of chemicals, oil, etc., into water, air, or soil, and includes both on-site and transport-related spills. Significance is assessed both on the basis of extent of the spill and impact on the environment.

Minor spills not considered to have an impact on the environment are not included in this figure.

Neighbor complaints is the number of registered environmental complaints, primarily related to odor and noise.

Animals for testing

This item covers the number of animals used for all commenced internal and external testing undertaken for Novozymes.

SOCIAL RESPONSIBILITY

Number of employees

The number of employees is calculated as the actual number of employees at year-end, excluding employees on unpaid or parental leave, temporary hires, student interns, and PhD students.

In calculating the number of full-time employees, employees with a working-time ratio of 95% or over are stated as full-time employees.

Job categories

Senior management comprises the CEO, executive vice presidents, vice presidents, and directors. Management comprises middle managers and specialists. Professional comprises employees with academic backgrounds, as well as team leaders. Administrative comprises administrative personnel. Skilled workers, laboratory technicians, and other technicians comprises skilled workers, laboratory technicians, and other technicians. Process operators comprises operators and unskilled workers.

Employee turnover

Employee turnover is measured as the number of permanent employees who left the Group during the financial year, compared to the average number of permanent employees in the financial year. The average number of permanent employees is calculated as the average number of permanent employees at the end of each quarter.

Growth in number of employees, organic

The organic growth in number of employees is measured as the number of employees at year-end less the number of employees gained via acquisitions and the number of employees at the beginning of the year.

Growth in number of employees, acquisitions

The growth in number of employees via acquisitions is measured as the number of employees gained via acquisition of new companies.

Age and seniority

Age and seniority are calculated as the average age and seniority in whole years per employee.

Absence

Absence is stated as time lost due to the employee's own illness, including pregnancy-related sick leave, and occupational accidents and diseases. The rate of absence is calculated as the number of registered days of absence as a percentage of the total number of normal working days in one year, less holidays and public holidays.

Expatriation

Expatriation refers to Novozymes employees being temporarily assigned to undertake tasks outside their home country for a period of more than six months.

Training costs

Training costs is the costs of seminars and internal and external training courses, translated into Danish kroner at the average exchange rates. Training costs is also shown as a percentage of total employee costs.

OCCUPATIONAL HEALTH AND SAFETY

Occupational accidents

Occupational accidents with absence is defined as the number of reported work-related accidents involving at least one day's absence after the day on which the accident occurred.

Occupational diseases

Occupational diseases is defined as the number of new reported cases of work-related diseases. In accordance with Danish legislation, employees working in noisy areas must be tested for hearing disorders. Identified cases are reported as occupational diseases even though it may not be possible to establish whether the disorder is related to working at Novozymes.

Consequences of occupational accidents and occupational diseases

The consequences of occupational accidents with absence and occupational diseases are measured by recording the work situation once the outcome of the incident has stabilized, for example whether the employee has returned to his or her original job, and the total number of (calendar) days of absence.

Frequencies of occupational accidents and occupational diseases

The frequencies of occupational accidents with absence and occupational diseases are calculated per million working hours.

KNOWLEDGE

Number of new products

The number of new products with new or improved characteristics launched during the year.

Number of active patent families

The number of inventions for which there are one or more active patent applications or active patents at year-end.

ACCOUNTING ESTIMATES AND JUDGMENTS

In accordance with generally accepted accounting principles, calculation of the carrying amount of certain assets and liabilities requires estimates and judgments to be made concerning future events. Estimates and judgments are based on historical experiences and other factors that Management considers reasonable and relevant. These assumptions may be incomplete or inaccurate, and unexpected events may occur, as a result of which the estimates and judgments made are subject to a certain degree of intrinsic uncertainty.

Impairment testing

Annual impairment testing of goodwill is based on the value in use of the individual cash-generating unit, using the discounted cash flow method. The calculation is based on budgets approved by Management. Cash flows after the budget period are extrapolated using individual growth rates. The discount rate used for the calculation does not contain possible impacts of future risks, as these are included in future cash flows. The cash flows and growth rates take account of previous experiences, and represent Management's best estimate of future developments. In combination with the discount rate, however, these judgments may have a significant impact on the calculated values. This year's impairment testing has not given rise to any write-downs. Further information can be found in Note 12. The total carrying amount of goodwill at the end of 2010 was DKK 513 million (2009: DKK 443 million).

Inventories

Inventories are measured at cost including indirect production costs. The costs are assessed on an ongoing basis to ensure optimal measurement of expected raw material consumption, payroll costs, capacity utilization, and other relevant factors. Changes in the parameters may have an impact on the value of inventories. If the net realizable value of the inventories is lower than cost, the inventories are written down to net realizable value. Inventories are continuously assessed for indications of impairment on the basis of an individual valuation of the product or product group and the products' expected sales. The carrying amount of inventories was DKK 1,640 million at the end of 2010 (2009: DKK 1,535 million).

Deferred tax assets and liabilities

Deferred tax assets and liabilities are recognized in the financial statements. Determining the value of these assets and liabilities also requires a judgment by Management. The value of deferred tax assets takes account of Management's expectations of future taxable income and whether this is sufficient to utilize the temporary differences and cover unused tax losses. The carrying amount of deferred tax assets and liabilities was DKK 71 million and DKK 493 million respectively at the end of 2010 (2009: DKK 62 million and DKK 694 million).

Allowances for doubtful trade receivables

Allowances for doubtful trade receivables are based on a country-specific credit rating by external rating agencies. However, the allowances also reflect Management's judgment and review of the individual receivables based on individual customer creditworthiness and current economic trends. If customers' financial situations change in the future, this may give rise to additional indications of impairment in future accounting periods. The carrying amount of allowances for doubtful trade receivables was DKK 133 million at the end of 2010 (2009: DKK 125 million).

Provisions and contingent liabilities

Management assesses the need for provisions and contingent liabilities on an ongoing basis. This assessment takes account of the likelihood of Novozymes being obliged to expend financial resources and the amount at which the liabilities are expected to be settled. As these assessments are based on estimates of the future, they are subject to a high level of uncertainty and may give rise to changes in amounts in future accounting periods. Further information can be found in Note 23. The carrying amount of provisions was DKK 219 million at the end of 2010 (2009: DKK 155 million).

Stock options

Calculation of cash-settled stock option programs is based on the Black–Scholes model. The input variables for this model include assumptions about the stock option's expected volatility and term to maturity. These input variables are based on estimates and impact the recognized employee costs and employee liabilities. The calculation is performed once and is not adjusted in future accounting periods. An estimate of the number of employees expected to utilize the stock options in the future is taken into account in calculating the cost. The estimate is based on expected rate of employee turnover and is updated every year. Further information on stock options can be found in Note 26.

See also Note 37 on Financial risk factors.

Note 1 - Segment information

Novozymes' operating segments reflect the way the activities are organized and controlled. Most of the production facilities are common to Enzyme Business as a whole, which is why the activities are considered to be integrated. Therefore, Enzyme Business cannot be subdivided into further activities; see also Company profile. Gross profit is the primary parameter used when Management evaluates the performance of the segments.

Cost of goods sold is allocated directly. The functions for Sales and distribution, Research and development, and Administrative are considered as working for both segments, and their costs are therefore allocated to the Corporate function. Sales between the individual segments are deducted from the revenue of the selling company and amount to DKK 16 million in 2010 (2009: DKK 24 million).

When evaluating the performance of BioBusiness, it should be considered that the activities within this segment are focused on building capacity for future sales, and the gross profit is therefore affected by costs for idle capacity.

	2010				2009			
Income statement	Enzyme Business DKK million	BioBusiness DKK million	Corporate DKK million	Total DKK million	Enzyme Business DKK million	BioBusiness DKK million	Corporate DKK million	Total DKK million
Revenue	9,109	615	-	9,724	7,798	650	-	8,448
Cost of goods sold	3,771	541	-	4,312	3,322	426	-	3,748
Gross profit	**5,338**	**74**	**-**	**5,412**	**4,476**	**224**	**-**	**4,700**
Sales and distribution costs			1,242	1,242			1,118	1,118
Research and development costs			1,360	1,360			1,207	1,207
Administrative costs			762	762			751	751
Other operating income, net			69	69			64	64
Operating profit (EBIT)				**2,117**				**1,688**
Capital expenditure								
Intangible assets	3	33	-	36	-	-	11	11
Property, plant and equipment	950	264	126	1,340	731	171	107	1,009
Capital expenditure, total	**953**	**297**	**126**	**1,376**	**731**	**171**	**118**	**1,020**
Depreciation and amortization								
Intangible assets	38	16	66	120	22	12	58	92
Property, plant and equipment	336	31	128	495	315	42	115	472
Depreciation and amortization, total	**374**	**47**	**194**	**615**	**337**	**54**	**173**	**564**
Write-downs and impairment losses								
Intangible assets	-	50	-	50	-	-	-	-
Property, plant and equipment	14	-	-	14	-	-	-	-
Write-downs and impairment losses, total	**14**	**50**	**-**	**64**	**-**	**-**	**-**	**-**
Assets								
Inventories	1,482	158	-	1,640	1,411	124	-	1,535
Trade receivables	1,660	112	-	1,772	1,400	68	-	1,468

Geographical allocation	2010 DKK million	2009 DKK million
Revenue		
Denmark	117	129
Rest of Europe, Middle East, and Africa	3,447	3,083
North America	3,580	3,046
Asia Pacific	1,827	1,595
Latin America	753	595
Revenue, total	**9,724**	**8,448**
Assets		
Denmark	5,292	5,026
Rest of Europe, Middle East, and Africa	549	435
North America	2,134	1,650
Asia Pacific	2,346	1,856
Latin America	276	179
Assets, total	**10,597**	**9,146**
Capital expenditure		
Denmark	389	270
Rest of Europe, Middle East, and Africa	30	26
North America	468	370
Asia Pacific	426	332
Latin America	63	22
Capital expenditure, total	**1,376**	**1,020**

The Group operates in four geographical regions: Europe/MEA, North America, Asia Pacific, and Latin America.

The geographical allocation is made on the basis of the Group's revenue, assets, and capital expenditure. The geographical distribution of revenue is based on the country in which the customer is domiciled. With a number of strategic customers, central deliveries are made to specified locations, and the final recipient is unknown. The stated geographical distribution of revenue may therefore vary significantly from year to year if the delivery destination for these strategic customers changes.

Note 2 - Revenue

	2010 DKK million	2009 DKK million
Detergent enzymes	3,151	2,672
Technical enzymes	3,065	2,600
Food enzymes	2,128	1,801
Feed enzymes	765	725
Microorganisms	429	415
Biopharmaceutical ingredients	186	235
Revenue, total	**9,724**	**8,448**
Sales to the five largest customers as a percentage of revenue	28%	28%

Note 3 - Employee costs

	2010 DKK million	2009 DKK million
Wages and salaries	2,108	2,019
Pensions - defined contribution plans	189	178
Pensions - defined benefit plans	7	6
Other social security costs	156	137
Other employee costs	119	116
Stock-based payment	88	64
Employee costs, total	**2,667**	**2,520**
Recognized in the income statement under the following items:		
Cost of goods sold	978	996
Sales and distribution costs	549	493
Research and development costs	738	652
Administrative costs	401	391
	2,666	**2,532**
Recognized in the assets as:		
Change in employee costs recognized in inventories	1	(12)
Employee costs, total	**2,667**	**2,520**
Geographical distribution:		
Denmark	1,558	1,534
Rest of Europe, Middle East, and Africa	212	225
North America	530	482
Asia Pacific	289	223
Latin America	78	56
Employee costs, total	**2,667**	**2,520**
Average number of employees in the Group	5,357	5,217
Number of employees outside Denmark as a percentage of total number of employees	56%	54%

Reference is made to Note 45 concerning the geographical distribution of employees.

Note 4 - Management remuneration

Executive Management

Remuneration	2010 DKK million	2009 DKK million
Salaries	19	19
Cash bonuses	7	6
Pensions	6	5
Stock-based payments	20	19
Total remuneration	**52**	**49**

The remuneration comprises a fixed base salary (base salary and pension contribution), a cash bonus, and a stock option program. No member of Executive Management has a fixed base salary exceeding DKK 6 million. The variable part of the total remuneration (cash bonus and stock option program) is relatively large compared to the fixed base salary and is dependent on achievement of individual targets and the company's targets for financial, social, and environmental results. The maximum cash bonus is equivalent to five months' fixed base salary. General guidelines for remuneration of Executive Management are approved by the Annual Shareholders' Meeting, and more detailed information is available at www.novozymes.com. The amount relating to stock-based payments is the value calculated in the vesting period for the previously allocated stock option programs, using the Black–Scholes model.
Members of Executive Management have contracts of employment containing standard conditions for members of Executive Management of Danish listed companies, including the periods of notice that both parties are required to give and competition clauses. If the executive officer's contract of employment is terminated by the company without there having been misconduct on the part of the executive officer, the executive officer has the right to compensation, which, depending on the circumstances, may amount to a maximum of three years' salary and pension contributions.

	Stock options					Shares
Stock options and shares of stock	Options at January 1, 2010	Additions during the year	Exercised during the year	Options at Dec. 31, 2010	Market value in DKK million	Number
Steen Riisgaard	165,322	-	(7,700)	157,622	58.3	12,715
Per Falholt	94,801	-	-	94,801	32.5	-
Benny D. Loft	98,160	-	(1,979)	96,181	33.1	452
Peder Holk Nielsen	103,681	-	-	103,681	38.0	-
Thomas Nagy	67,121	-	-	67,121	25.1	100
Thomas Videbæk	67,121	-	-	67,121	25.1	-
Total stock options and shares of stock	**596,206**	**-**	**(9,679)**	**586,527**	**212.1**	**13,267**

In 2007 a new four-year stock option program was adopted with annual allocations to Executive Management. A general condition for the annual allocations was that the budget for the coming year would in all probability lead to revenue of DKK 10 billion in 2010. Additionally, the allocation was based on achievement of financial and nonfinancial targets set each year. The exercise price was calculated on the basis of the average closing price on NASDAQ OMX Copenhagen A/S on the first five trading days after the publication of the financial statements. The annual allocation for 2010 was canceled as the general conditions for the allocation had not been met.

The program contains a maximum clause that allows the Board of Directors to limit the number of stock options that are allocated to Executive Management over the four years. This limitation can be implemented if the intrinsic value of the total allocated stock option programs exceeds DKK 200 million at the time of computation in January 2011.

The intrinsic value of the allocated stock options at the date of computation, January 21, 2011, is slightly in excess of DKK 200 million, and the Board of Directors has decided to implement the limitation of the number of stock options allocated. The limitation will reduce the number of allocated stock options by 2,988 options.

Board of Directors and Audit Committee

Remuneration	Board of Directors	Audit Committee	2010 DKK thousand	Board of Directors	Audit Committee	2009 DKK thousand
Henrik Gürtler	833	-	833	833	-	833
Kurt Anker Nielsen	500	333	833	500	333	833
Paul Petter Aas	333	-	333	333	-	333
Jerker Hartwall	333	167	500	333	167	500
Søren Henrik Jepsen	333	-	333	333	-	333
Lars Bo Køppler*	28	-	28	-	-	-
Ulla Morin	333	-	333	333	-	333
Michael Munksø*	305	-	305	333	-	333
Walther Thygesen	333	167	500	333	167	500
Mathias Uhlén	333	-	333	333	-	333
Remuneration	**3,664**	**667**	**4,331**	**3,664**	**667**	**4,331**

* Michael Munksø has left the Board of Directors and has been replaced by Lars Bo Køppler as of December 1, 2010.

Shares of stock	Shares at January 1, 2010	Additions during the year	Sold during the year	Shares at Dec. 31, 2010	Market value in DKK million
Henrik Gürtler	-	-	-	-	-
Kurt Anker Nielsen	10,439	450	(920)	9,969	7.8
Paul Petter Aas	-	-	-	-	-
Jerker Hartwall	-	-	-	-	-
Søren Henrik Jepsen	410	30	-	440	0.3
Lars Bo Køppler	-	-	-	-	-
Ulla Morin	416	-	-	416	0.3
Walther Thygesen	4,300	-	(1,300)	3,000	2.3
Mathias Uhlén	-	-	-	-	-
Shares of stock	**15,565**	**480**	**(2,220)**	**13,825**	**10.7**

The employee-elected board members also hold stock options in Novozymes A/S, granted in connection with stock option allocations in previous years covering all employees in Novozymes on the relevant dates.

Note 5 - Fees to statutory auditor

	2010 DKK million	2009 DKK million
Statutory audit	8	9
Other assurance engagements	-	1
Tax advisory services	6	12
Other services	2	1
Fees to statutory auditor	**16**	**23**

Note 6 - Depreciation, amortization, and impairment losses

	2010 DKK million	2009 DKK million
Recognized in the income statement under the following items:		
Cost of goods sold	380	358
Sales and distribution costs	22	18
Research and development costs	89	80
Administrative costs	18	16
Depreciation and impairment losses, property, plant and equipment, total	**509**	**472**
Recognized in the income statement under the following items:		
Cost of goods sold	105	34
Sales and distribution costs	14	24
Research and development costs	45	22
Administrative costs	6	12
Amortization and impairment losses, intangible assets, total	**170**	**92**
Depreciation, amortization, and impairment losses, total	**679**	**564**

Of which impairment losses on buildings in 2010 are DKK 14 million (2009: DKK 0 million), included in Cost of goods sold. The impairment losses comprise empty buildings.
Of which impairment losses on know-how in 2010 are DKK 50 million (2009: DKK 0 million), included in Cost of goods sold.
The changed estimate of useful life of a number of know-how assets has increased amortization for the year by DKK 33 million, which will also be the effect for 2011.

Note 7 - Other operating income, net

	2010 DKK million	2009 DKK million
Income and grants concerning research projects/collaborations	66	56
Other operating income, net	3	8
Other operating income, net, total	**69**	**64**

Note 8 - Financial income

	2010 DKK million	2009 DKK million
Interest income	45	65
Exchange gains on derivatives, net	31	47
Other foreign exchange gains, net	37	9
Stock-based payment and gain on sale of securities	-	23
Dividends, etc., net	-	9
Financial income, total	**113**	**153**

Note 9 - Financial costs

	2010 DKK million	2009 DKK million
Interest costs	94	212
Other financial costs	20	15
Stock-based payment and value adjustment of securities	19	-
Capitalized interest (interest rate used 3.9% p.a. (2009: 3.4%))	(26)	(7)
Financial costs, total	**107**	**220**

Note 10 - Tax

	2010 DKK million	2009 DKK million
Tax payable on net profit	415	456
Change in deferred tax	81	10
Adjustment for previous years	13	(39)
Tax in the income statement	**509**	**427**
Calculation of effective tax rate:		
Corporation tax in Denmark	25.0%	25.0%
Non-deductible expenses	1.4%	1.5%
Difference in foreign tax rates	0.5%	(0.7)%
Other adjustments	(2.9)%	0.5%
Effective tax rate	**24.0%**	**26.3%**

Note 11 - Intangible assets

	Completed IT development projects* DKK million	Acquired patents, licenses, and know-how DKK million	Goodwill DKK million	IT development projects in progress* DKK million	Total DKK million
Cost at January 1, 2010	232	992	456	45	1,725
Currency translation	-	34	62	-	96
Additions during the year	-	22	11	3	36
Transfer (to)/from other items	37	-	-	(37)	-
Cost at December 31, 2010	**269**	**1,048**	**529**	**11**	**1,857**
Amortization and impairment losses at January 1, 2010	225	363	13		601
Currency translation	-	13	3		16
Amortization for the year	11	109	-		120
Write-downs and impairment losses for the year	-	50	-		50
Amortization and impairment losses at December 31, 2010	**236**	**535**	**16**		**787**
Carrying amount at December 31, 2010	**33**	**513**	**513**	**11**	**1,070**
Cost at January 1, 2009	229	1,010	461	56	1,756
Currency translation	-	26	32	-	58
Additions during the year	-	-	-	11	11
Disposals during the year	(19)	(44)	(37)	-	(100)
Transfer (to)/from other items	22	-	-	(22)	-
Cost at December 31, 2009	**232**	**992**	**456**	**45**	**1,725**
Amortization and impairment losses at January 1, 2009	217	314	46		577
Currency translation	-	4	1		5
Amortization for the year	8	84	-		92
Amortization and impairment losses reversed on disposals for the year	-	(39)	(34)		(73)
Amortization and impairment losses at December 31, 2009	**225**	**363**	**13**		**601**
Carrying amount at December 31, 2009	**7**	**629**	**443**	**45**	**1,124**

* Assets developed internally

Write-downs and impairment losses of DKK 50 million (2009: DKK 0 million) were recognized in 2010, based on a specific assessment of a know-how asset.

Note 12 - Impairment test of goodwill

The carrying amount of goodwill was tested for impairment at December 31, 2010. Goodwill relates to three cash-generating units: Enzyme Business, Microorganisms, and Biopharmaceutical ingredients. The impairment test did not reveal any need to write down the carrying amounts for impairment (2009: DKK 0 million). Refer to the Company profile for a description of the individual business areas.

The impairment tests compared the discounted cash flow of the individual cash-generating units to the carrying amounts of the units. Cash flow is based on budgets and business plans for the period 2011–2025.

For Enzyme Business no impairment test has been performed as the expected profit within this business area in 2011 significantly exceeds the value of goodwill, DKK 205 million (2009: DKK 183 million). The expected profit is based on the growth rates stated in the expectations for 2011.

Material assumptions used in calculating the discounted cash flow are based on an assessment of the individual unit as follows:

2010	Microorganisms	Biopharmaceutical ingredients
Goodwill	128	180
Expected sales growth	7.6%	10–15%
Sales growth, terminal value	3.0%	0.7%

2009	Microorganisms	Biopharmaceutical ingredients
Goodwill	109	151
Expected sales growth	7.5%	10–15%
Sales growth, terminal value	3.0%	0.8%

In 2010, a lower discount rate after tax (5.6%) was used for all segments compared to 2009 (7.0%), primarily because the risk-free interest rate decreased during 2010. The test for impairment in 2010 included a sensitivity analysis based on a discount rate on par with 2009. A test on this basis would not give rise to impairment losses.

Note 13 - Property, plant and equipment

	Land and buildings DKK million	Plant and machinery DKK million	Other equipment DKK million	Assets under construction and prepayments DKK million	Total DKK million
Cost at January 1, 2010	3,438	5,123	1,063	906	10,530
Currency translation	147	203	49	52	451
Additions during the year	38	116	68	1,118	1,340
Disposals during the year	(17)	(220)	(96)	-	(333)
Transfer (to)/from other items	59	248	69	(376)	-
Cost at December 31, 2010	**3,665**	**5,470**	**1,153**	**1,700**	**11,988**
Depreciation and impairment losses at January 1, 2010	1,415	3,574	737		5,726
Currency translation	56	112	28		196
Depreciation for the year	134	271	90		495
Write-downs and impairment losses for the year	14				14
Depreciation and impairment losses eliminated on disposals during the year	(7)	(216)	(86)		(309)
Depreciation and impairment losses at December 31, 2010	**1,612**	**3,741**	**769**		**6,122**
Carrying amount at December 31, 2010	**2,053**	**1,729**	**384**	**1,700**	**5,866**
Cost at January 1, 2009	3,126	4,774	1,030	781	9,711
Currency translation	23	1	(1)	1	24
Additions during the year	140	170	73	626	1,009
Disposals during the year	(39)	(118)	(57)	-	(214)
Transfer (to)/from other items	188	296	18	(502)	-
Cost at December 31, 2009	**3,438**	**5,123**	**1,063**	**906**	**10,530**
Depreciation and impairment losses at January 1, 2009	1,319	3,386	687		5,392
Currency translation	13	1	(2)		12
Depreciation for the year	103	280	89		472
Depreciation and impairment losses eliminated on disposals during the year	(20)	(93)	(37)		(150)
Depreciation and impairment losses at December 31, 2009	**1,415**	**3,574**	**737**		**5,726**
Carrying amount at December 31, 2009	**2,023**	**1,549**	**326**	**906**	**4,804**

Obligations to third parties relating to capital expenditure are DKK 347 million at December 31, 2010, compared to DKK 486 million at December 31, 2009.

Geographical distribution	2010 DKK million	2009 DKK million
Denmark	2,429	2,317
Rest of Europe, Middle East, and Africa	213	186
North America	1,532	1,067
Asia Pacific	1,593	1,166
Latin America	99	68
Carrying amount at December 31	**5,866**	**4,804**

Note 14 - Deferred tax

	2010 DKK million	2009 DKK million
Deferred tax at January 1	(632)	(782)
Currency translation	4	11
Tax related to the income statement	145	(67)
Tax on shareholders' equity items	61	206
Deferred tax at December 31	**(422)**	**(632)**
Deferred tax assets	71	62
Deferred tax liabilities	(493)	(694)
Deferred tax at December 31	**(422)**	**(632)**

	Deferred tax assets DKK million	Deferred tax liabilities DKK million	Total DKK million
Intangible assets and property, plant and equipment	162	(735)	(573)
Deferred tax relating to inventories	315	(313)	2
Tax-loss carry-forwards and balance re recapture of tax losses	18	(18)	-
Stock options	260	-	260
Liabilities, etc.	283	(394)	(111)
	1,038	**(1,460)**	**(422)**
Offsetting items	(967)	967	-
Deferred tax at December 31, 2010	**71**	**(493)**	**(422)**
Due after more than 12 months			(396)
Unrecognized share of tax-loss carry-forwards, etc.	79		

	Deferred tax assets DKK million	Deferred tax liabilities DKK million	Total DKK million
Intangible assets and property, plant and equipment	48	(747)	(699)
Deferred tax relating to inventories	216	(237)	(21)
Tax-loss carry-forwards and balance re recapture of tax losses	28	(18)	10
Stock options	175	-	175
Liabilities, etc.	327	(424)	(97)
	794	**(1,426)**	**(632)**
Offsetting items	(732)	732	-
Deferred tax at December 31, 2009	**62**	**(694)**	**(632)**
Due after more than 12 months			(487)
Unrecognized share of tax-loss carry-forwards, etc.	30		

Tax-loss carry-forwards are recognized in deferred tax assets to the extent that the losses are expected to be realized in the form of future taxable profits.

Note 15 - Other financial assets

	2010 DKK million	2009 DKK million
Available-for-sale financial assets	96	1
Derivatives	132	187
Other financial assets at December 31	**228**	**188**
Non-current assets	50	1
Current assets	178	187

Available-for-sale financial assets comprise a minor investment in stock holdings and a temporary investment.

Note 16 - Inventories

	2010 DKK million	2009 DKK million
Raw materials and consumables	216	237
Work in progress	402	411
Finished goods	1,022	887
Inventories at December 31	**1,640**	**1,535**

Cost of materials, included under Cost of goods sold, is DKK 2,217 million (2009: DKK 2,017 million)

Expensed write-downs on inventories	50	57
Reversal of write-downs on inventories	48	14

Some of the reversal of write-downs can be attributed to written-down inventories being reused in production.

Note 17 - Trade receivables

	2010 DKK million	2009 DKK million
Trade receivables	1,860	1,536
Allowances for doubtful trade receivables	(133)	(125)
	1,727	**1,411**
Amounts owed by related companies	45	57
Trade receivables at December 31	**1,772**	**1,468**

	2010 DKK million	2009 DKK million
Changes in allowances for doubtful trade receivables:		
At January 1	125	126
Allowances during the year	64	59
Write-offs during the year	(18)	(14)
Reversed allowances	(38)	(46)
Allowances at December 31	**133**	**125**

The cost is included in Sales and distribution costs.

Allocation of overdue net receivables (not written off) by maturity period is as follows:		
Up to 30 days	155	148
Between 30 days and 90 days	32	34
Between 91 days and 365 days	3	2
December 31	**190**	**184**

Note 18 - Tax receivables and payables

	2010 DKK million	2009 DKK million
At January 1	113	(143)
Currency translation	2	3
Tax related to the income statement	(654)	(360)
Tax on other comprehensive income	(1)	2
Tax on shareholders' equity items	77	17
Tax paid on account for the current year, net	696	621
Tax received on account for previous years, net	(87)	(27)
Tax receivables/(payables) at December 31	**146**	**113**
Tax receivables	232	210
Tax payables	(86)	(97)
Tax receivables/(payables) at December 31	**146**	**113**
Of which due after more than 12 months	-	5

Note 19 - Other receivables

	2010 DKK million	2009 DKK million
Deposits	32	31
Prepaid expenses	64	83
Other receivables	153	101
Other receivables at December 31	**249**	**215**

Other receivables primarily fall due within 1 year from the balance sheet date.

Note 20 - Common stock

	2010 DKK million	2009 DKK million
Common stock		
Nominal value		
A common stock	107	107
B common stock	543	543
Common stock at December 31	**650**	**650**

	2010 No.	2009 No.
Shares of common stock		
A shares of DKK 10	10,748,720	10,748,720
B shares of DKK 10	54,251,280	54,251,280
Shares of common stock at December 31	**65,000,000**	**65,000,000**

Each A share gives an entitlement to 100 votes, while each B share gives an entitlement to 10 votes. The common stock was written down in 2006.

	2010 No.	2009 No.
Shares of common stock in circulation		
Shares of stock at January 1	62,175,245	61,956,473
Sale of treasury stock	766,257	218,772
Shares of common stock in circulation at December 31	**62,941,502**	**62,175,245**

	2010 DKK million	2009 DKK million
Treasury stock - B stock		
Carrying amount		
Carrying amount at January 1	1,624	1,791
Disposals during the year	(145)	(36)
Other	-	(131)
Carrying amount at December 31	**1,479**	**1,624**
Nominal value		
Nominal value at January 1	28	30
Disposals during the year	(7)	(2)
Nominal value at December 31	**21**	**28**

	2010 No.	2009 No.
Shares of treasury stock		
Shares of stock at January 1	2,824,755	3,043,527
Disposals during the year	(766,257)	(218,772)
Shares of stock at December 31	**2,058,498**	**2,824,755**

	2010 %	2009 %
Percentage of common stock		
Percentage of common stock at January 1	4.3%	4.7%
Disposals during the year	(1.1)%	(0.4)%
Percentage of common stock at December 31	**3.2%**	**4.3%**

	2010 DKK million	2009 DKK million
Profit basis for earnings per share	1,614	1,194

	2010 No.	2009 No.
Average number of shares:		
Average shares of stock	62,635,594	62,053,218
Adjustment for stock options	1,240,108	1,017,809
Average number of diluted shares	**63,875,702**	**63,071,027**

Note 21 - Minority interests

	2010 DKK million	2009 DKK million
Minority interests at January 1	10	11
Share of net profit	1	
Currency translation	1	(1)
Minority interests at December 31	**12**	**10**

Note 22 - Provisions for pensions and similar obligations

The Group has entered into pension agreements with a significant number of its employees. Most of the pension plans are defined contribution plans, and only a small number are defined benefit plans. A health insurance plan has also been established in the US.

Some of the pension plans are funded by payments from Group companies. However, some plans are not funded, and a liability has been recognized in the balance sheet for these plans.

As well as pension agreements, a few countries also have plans covering other long-term employee benefits that meet local requirements for insuring employees in the event of termination, etc.

	2010 DKK million	2009 DKK million
Amounts recognized in the income statement re defined benefit pension plans:		
Current service costs	7	6
Interest costs	3	2
Expected return on plan assets	(3)	(2)
Service costs relating to changes to plans	0	0
Total amount recognized in the income statement re defined benefit plans	**7**	**6**

The actual return on plan assets was DKK 0 million (2009: gain of DKK 11 million).

	2010 DKK million	2009 DKK million
Amounts recognized in the balance sheet re defined benefit pension plans:		
Present value of fully/partly funded obligations	81	56
Fair value of plan assets	(87)	(58)
Net value	**(6)**	**(2)**
Present value of unfunded obligations	13	13
Unrecognized part of plan assets	6	2
Liability recognized in the balance sheet	**13**	**13**

	2010 DKK million	2009 DKK million
Change in the net liability:		
Opening net liability	13	16
Currency translation	1	0
Total pension costs expensed in the income statement	7	6
Contributions paid	(7)	(9)
Other changes	(1)	0
Closing net liability	**13**	**13**

The actuarial valuations of the most significant defined benefit plans are based on the following assumptions:

	2010	2009
Discount rates	2.9%	4.0%
Expected rate of return on plan assets	3.2%	3.5%
Future salary increases	1.4%	1.4%
Annual increase in healthcare costs	10.0%	10.0%

Note 23 - Provisions

	2010 DKK million	2009 DKK million
Provisions at January 1	155	154
Currency translation	7	2
Additions during the year	64	7
Reversals during the year	-	(1)
Utilization during the year	(7)	(7)
Provisions at December 31	**219**	**155**
Current	50	30
Non-current	169	125

Provisions include remainder of purchase price in connection with acquisitions, which was DKK 40 million in 2010 (2009: DKK 17 million), of which DKK 21 million (2009: DKK 5 million) is expected to be settled within one year, while the rest will be settled over a period of up to seven years.

Provisions also include items relating to liabilities for restoring rental premises to their original condition on moving out, pending litigation, environmental cases, and other long-term employee benefits with the exception of pensions and similar obligations. These are expected to be settled over a longer period.

Note 24 - Other financial liabilities

	2010 DKK million	2009 DKK million
Credit institutions	1,792	2,214
Derivatives	54	95
Other financial liabilities	19	19
Other financial liabilities at December 31	**1,865**	**2,328**
Non-current	1,574	1,696
Current	291	632
The credit institutions are payable within the following periods from the balance sheet date:		
Less than 1 year	271	559
Between 1 and 2 years	5	80
Between 2 and 3 years	562	5
Between 3 and 4 years	5	562
Between 4 and 5 years	490	5
After 5 years	459	1,003
Credit institutions at December 31	**1,792**	**2,214**
The debt is denominated in the following currencies:		
CNY	89	209
DKK	618	614
EUR	966	966
INR	119	89
USD	-	336
Credit institutions at December 31	**1,792**	**2,214**

Debt to credit institutions runs to 2011–2029 at interest rates between 1.6% and 9.0%.

The interest rates on the above variable loans will be adjusted in 2011.

The carrying amount of credit institutions corresponds to the fair value.

Analysis of time to maturity of financial liabilities
This table analyzes financial liabilities settled by financial assets, including derivatives, broken down by payment periods, based on the contractual due date. The amounts are shown undiscounted, so the figures cannot be directly reconciled with the respective items in the balance sheet.

DKK million	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	After 5 years
Financial liabilities at December 31, 2010				
Other financial liabilities	271	5	1,057	478
Trade payables	764			
Other payables	1,178			
Gross settlement of derivatives (outflow)	28	28	276	16
The figures below show the inflow from the above gross settlement of derivatives, so as to provide an adequate and fair picture of the actual draw on liquidity.				
Gross settlement of derivatives (inflow)	9	10	260	5

DKK million	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	After 5 years
Financial liabilities at December 31, 2009				
Other financial liabilities	559	80	572	1,022
Trade payables	531	-	-	-
Other payables	1,076	-	-	-
Gross settlement of derivatives (outflow)	35	27	45	20
The figures below show the inflow from the above gross settlement of derivatives, so as to provide an adequate and fair picture of the actual draw on liquidity.				
Gross settlement of derivatives (inflow)	13	12	20	8

Note 25 - Other payables

	2010 DKK million	2009 DKK million
Employee costs payable	537	530
Taxes and duties payable	10	40
Accruals and deferred income	108	98
Stock-based payment	31	25
Other payables	631	538
Other payables at December 31	**1,317**	**1,231**

Note 26 - Stock-based payment

Novozymes has previously established stock option programs for Executive Management, other managers, and other employees. The purpose of the stock option programs has been to ensure common goals for management, employees, and shareholders. Allocation of options has been, and remains, dependent on profit, value-creation, and sustainability targets being achieved.

For the period 2007–2010 annual stock option programs were established conferring the right to purchase one share per stock option at a nominal price of DKK 10. Allocations were made on the basis of the individual employee's basic salary and achievement of a series of business targets – both financial and nonfinancial – set by the Board of Directors for each year. The stock options have a vesting period of four years, followed by an exercise period of five years. In order to exercise the options, the employee must still be employed on the exercise date. This does not apply to persons who have retired, taken a voluntary early retirement pension, or been given notice. There was no stock option program covering all employees in 2010 as the general condition for the allocation was not met.

Executive Management has previously also been allocated stock options with a maturity period of between six and eight years. For other managers and other employees, the stock options have previously been allocated with a maturity of eight years.

The above-mentioned stock option programs are primarily equity settled, and no liability is recognized for these. In the case of allocations in countries where ownership of foreign stock is not permitted, the value of stock options is settled in cash, and a liability of DKK 31 million has been recognized for this in 2010 (2009: DKK 25 million). The intrinsic value of the program in 2010 was DKK 37 million (2009: DKK 26 million).

A stock purchase plan under the gross salary deduction scheme was established for Danish employees in 2010, with employees buying shares at the official trading price. Total employee costs of DKK 25 million recognized for this plan in 2010 are included in Note 3 - Employee costs. A total of 31,076 shares have been transferred to employees.

Stock options in Novozymes A/S	Executive Management	Other managers	Other employees	Total	Number of options that can be exercised	Exercise price per option in DKK	Remaining term to maturity (years)
Outstanding at January 1, 2010	**596,206**	**1,468,429**	**1,270,263**	**3,334,898**	**1,211,474**	**327***	**5****
Additions during the year	-	4,116	-	4,116			
Options exercised in 2010	(9,679)	(401,732)	(384,223)	(795,634)		188*	
Terminations in 2010	-	(8,089)	(60,019)	(68,108)			
Outstanding at December 31, 2010	**586,527**	**1,062,724**	**826,021**	**2,475,272**	**755,750**	**373***	**5****
Outstanding at January 1, 2009	**456,005**	**1,403,619**	**1,297,463**	**3,157,087**	**1,447,748**	**298***	**5****
Additions during the year	157,581	159,523	125,079	442,183			
Options exercised in 2009	(17,380)	(76,555)	(137,742)	(231,677)		161*	
Terminations in 2009	-	(18,158)	(14,537)	(32,695)			
Outstanding at December 31, 2009	**596,206**	**1,468,429**	**1,270,263**	**3,334,898**	**1,211,474**	**327***	**5****

* The exercise price is a weighted average of several option programs.

** Remaining term to maturity is stated as a weighted average of the outstanding options.

Stock options in Novozymes A/S	Executive Management	Other managers	Other employees	Total	Number of options that can be exercised	Exercise price per option in DKK	Remaining term to maturity (years)	Market value in DKK million
Outstanding program 2002	-	10,750	51,643	62,393	62,393	169	0	38
Outstanding program 2003	24,720	123,217	278,828	426,765	426,765	148	1	266
Outstanding program 2006	8,458	249,112	-	257,570	257,570	344	4	110
Outstanding program 2006	-	2,145	-	2,145	2,145	400	4	1
Outstanding program 2007	149,911	214,069	162,128	526,108	-	495	5	148
Outstanding program 2007	-	26,244	-	26,244	-	585	7	6
Outstanding program 2007	-	6,877	-	6,877	6,877	596	5	1
Outstanding program 2008	245,857	248,175	213,498	707,530	-	390	6	275
Outstanding program 2008	-	17,294	-	17,294	-	417	7	6
Outstanding program 2008	-	8,055	-	8,055	-	403	6	3
Outstanding program 2009	157,581	149,386	119,924	426,891	-	443	7	146
Outstanding program 2009	-	3,284	-	3,284	-	529	7	1
Outstanding program 2010	-	4,116	-	4,116	-	752	8	1
Outstanding at December 31, 2010	**586,527**	**1,062,724**	**826,021**	**2,475,272**	**755,750**	**373***	**5****	**1,002**

* The exercise price is a weighted average of several option programs.
** Remaining term to maturity is stated as a weighted average of the outstanding options.

Market value is calculated on the basis of the Black–Scholes model for valuation of options. The historical volatility over the last year is used when calculating the value of the options at year-end. The risk-free interest is based on Danish government bonds with a maturity equivalent to the option's expected remaining term to maturity. The expected maturity is fixed at one year after the expiry of the binding period, or the option's expiry date if this is within one year.

The following assumptions are used when calculating market value at the end of the period:

	2010	2009
Dividend per share, DKK	8.00	5.75
Volatility, %	25.1	30.3
Average risk-free interest, %	1.0	1.6
Share price	777	540

Note 27 - Foreign currencies in the balance sheet

Hedging of assets and liabilities in foreign currency (transaction risk)

The table below shows the Group's assets and liabilities in foreign currencies at December 31, 2010, calculated as the total of each Group company's assets and liabilities in a currency other than its own. The table also shows the derivatives used to hedge these assets and liabilities.

DKK million	Currency exposure	Derivatives	Net currency exposure	Exchange rate at Dec. 31, 2010 (for 100 units)
AUD	(51)	55	4	569.95
CNY	136	-	136	85.04
CHF	86	-	86	597.55
EUR	543	(847)	(304)	745.44
GBP	(112)	112	-	866.59
JPY	52	(25)	27	6.89
MXN	8	(23)	(15)	45.32
SEK	27	(41)	(14)	82.70
USD	900	(1,182)	(282)	561.33
Other	99	-	99	-
	1,688	**(1,951)**	**(263)**	

Transaction risk is the possibility of gains/losses on transactions that are open on the balance sheet date as a result of subsequent exchange rate changes. Gains/losses are recognized in the income statement.

Hedging of investments in foreign subsidiaries (translation risk)

DKK million	Net investment in foreign subsidiaries	Derivatives	Net assets with translation risk	Exchange rate at Dec. 31, 2010 (for 100 units)
AUD	106	-	106	569.95
BRL	207	-	207	336.06
CAD	185	-	185	561.54
CNY	1,418	-	1,418	85.04
EUR	70	-	70	745.44
GBP	174	-	174	866.59
INR	203	-	203	12.50
SEK	238	-	238	82.70
USD	736	-	736	561.33
Other	71	-	71	-
	3,408	**-**	**3,408**	

Translation risk is the possibility of gains/losses arising from translation of net assets in subsidiaries as a result of subsequent exchange rate changes. Gains/losses are recognized in the statement of comprehensive income.

Note 28 - Derivatives - Hedge accounting

Cash flow hedges

The table below shows the derivatives that the Group has contracted to hedge currency exposure, interest rate exposure, or price exposure on future cash flows. The total fair value adjustment at year-end is entered directly in Shareholders' equity and will be taken to the income statement as the financial contracts are realized, with the exception of currency translation and accrued interest on currency swaps used for interest hedging, as these do not qualify as cash flow hedges and are therefore entered directly in the income statement.

	2010		2009	
DKK million	Contract amount based on agreed rates	Market value Dec. 31	Contract amount based on agreed rates	Market value Dec. 31
Forward exchange contracts (sales)				
JPY	-	-	118	15
USD	2,834	115	1,418	164
	2,834	**115**	**1,536**	**179**
Interest rate swaps				
DKK/DKK - pays fixed rate of 2.95% / earns variable rate of 1.21% (compared to 1.55% in 2009)	307	(8)	307	(3)
EUR/EUR - pays fixed rate of 3.06% / earns variable rate of 1.09% (compared to 1.38% in 2009)	112	(5)	112	(2)
EUR/EUR - pays fixed rate of 3.58% / earns variable rate of 1.09% (compared to 1.38% in 2009)	112	(6)	112	(3)
	531	**(19)**	**531**	**(8)**
Currency swaps				
EUR/DKK - pays fixed rate of 4.27% / earns variable rate of 1.21% (compared to 1.55% in 2009)	250	(15)	250	(16)
EUR/USD - paid fixed rate of 4.03% / earned variable rate of 0.25% in 2009	-	-	383	(61)
	250	**(15)**	**633**	**(77)**
Forwards				
Electricity price agreement (average payment of DKK 326/MWh) (2009: DKK 288/MWh)	76	3	74	3
Oil price agreement (average payment of USD 707/MT) (2009: USD 0/MT)	11	1	-	-
	87	**4**	**74**	**3**
	3,702	**85**	**2,774**	**97**

The forward exchange contracts fall due in the period January 2011 to December 2012 (January 2010 to December 2010 at the end of 2009), while the interest rate and currency swaps fall due in the period March 2013 to July 2019 (June 2010 to July 2017 at the end of 2009). Electricity agreements have been contracted for the period January 2011 to December 2012 (January 2010 to December 2011 at the end of 2009) and oil contracts for the period January 2011 to December 2011.

The Group's future net cash flows in USD and JPY are hedged over the following periods:

	2010	2009
USD	24 months	12 months
JPY	-	12 months

Hedges of net investments in foreign subsidiaries

There were no hedges of currency exposure on investments in subsidiaries in 2010 or 2009.

Fair value hedges

The table below shows the derivatives that the Group has contracted to hedge currency exposure on financial assets and liabilities that give rise to currency adjustments in the income statement, and derivatives that no longer fulfill the criteria for cash flow hedges. Gains or losses on market value adjustments at year-end are entered in the income statement.

	2010		2009	
DKK million	Contract amount based on agreed rates	Market value Dec. 31	Contract amount based on agreed rates	Market value Dec. 31
Forward exchange contracts (sales)				
AUD (net purchase)	(55)	2	(11)	-
CAD (net purchase)	-	-	(7)	-
CHF (net purchase)	-	-	(249)	(2)
GBP (net purchase)	(112)	(1)	(124)	2
JPY	25	(5)	40	(1)
MXN	23	-		
SEK	41	-	43	-
USD	1,182	(3)	618	6
	1,104	(7)	310	5

The forward exchange contracts fall due in the period January 2011 to October 2011 (January 2010 to December 2010 at the end of 2009).

The gain on forward exchange contracts was DKK 31 million (2009: DKK 46 million), compared to a gain on the hedged items of DKK 41 million (2009: DKK (17) million).

Other information

The derivatives are not traded on an active marked based on quoted prices, but are individual contracts. The fair value of the derivatives is determined using valuation techniques that utilize market-based data such as exchange rates, interest rates, electricity prices, and oil prices (Level 2).

The carrying amounts for the categories Loans and receivables and Other financial liabilities at December 31, 2010, are DKK 3,422 million and DKK 3,734 million respectively (2009: DKK 2,967 million and DKK 3,853 million). For the categories Hedge accounting (asset), Available-for-sale financial assets, and Hedge accounting (liability) the carrying amounts are shown in Notes 15 and 24.

Note 29 - Commitments and contingent liabilities

	2010 DKK million	2009 DKK million
Commitments		
Rental commitments expiring within the following periods from the balance sheet date:		
Within 1 year	63	57
Between 1 and 2 years	53	43
Between 2 and 3 years	42	34
Between 3 and 4 years	39	29
Between 4 and 5 years	21	29
After 5 years	102	78
Rental commitments at December 31	**320**	**270**

Of which commitments to related companies at December 31, 2010, amount to DKK 29 million, compared to DKK 33 million at December 31, 2009. The above rental commitments relate to non-cancelable operating lease contracts, primarily for buildings and offices.

The following amount has been recognized in the consolidated income statement in respect of rentals	97	70
Other liabilities		
Contractual obligations to third parties relating to capital expenditure, etc.	347	486
Other guarantees		
Other guarantees and commitments to related companies	157	76
Other guarantees and commitments	308	149

Pending litigation and arbitration
Novozymes is engaged in certain legal proceedings. In the opinion of the Board of Directors and Executive Management, settlement or continuation of these proceedings will not have a material effect on the Group's financial position. A liability has been recognized under Provisions in case the risk of a loss should arise.

Contract conditions
Several of the partnership contracts to which Novozymes is a party could be terminated by the opposite party in the event of significant changes concerning ownership or control of Novozymes. Furthermore, a few contracts contain provisions that restrict Novozymes' licenses to use specific forms of technology in such situations.

Novozymes has signed a definite agreement to acquire EMD/Merck Crop BioScience for USD 275 million. The acquisition is subject to customary regulatory approval and is expected to be completed between February and May 2011. Under certain conditions Novozymes may decide not to fulfill the transaction, in which case Novozymes is committed to paying USD 10 million to the seller as compensation.

Liability for the debts and obligations of Novo Nordisk A/S
As a result of the Demerger of Novo Nordisk A/S into two companies, Novo Nordisk A/S and Novozymes A/S are jointly and severally liable in accordance with Section 136, subsection 2 of the Danish Companies Act for debts and obligations arising after January 1, 2000, but relating to the period before January 1, 2000, that cannot be clearly attributed to either Novo Nordisk A/S or Novozymes A/S. Liability will be distributed proportionately between the two companies.

Note 30 - Joint ventures

Novozymes A/S has interests in two joint ventures, namely two houseowners' associations run as jointly controlled entities with Novo Nordisk A/S. The objects of the associations are the operation and maintenance of common facilities.

	2010 DKK million	2009 DKK million
Non-current assets	39	39
Current assets	39	33
Total assets at December 31	**78**	**72**
Non-current liabilities	(51)	(59)
Current liabilities	(27)	(13)
Total liabilities at December 31	**(78)**	**(72)**
Net profit	-	-

Novozymes A/S has not assumed any material contingent liabilities in connection with its interests in these joint ventures.

Note 31 - Related party transactions

Novozymes A/S is controlled by Novo A/S, which holds 70.1% of the votes in Novozymes A/S. The remaining stock is widely held. The ultimate parent of the Group is the Novo Nordisk Foundation (incorporated in Denmark).

Related parties are considered to be the Novo Nordisk Foundation and its subsidiaries, i.e., the Novo and Novo Nordisk Groups, and the directors of these entities, and the Board of Directors and Executive Management of Novozymes A/S, together with their immediate families. Related parties also include companies in which the above persons have significant interests.

All agreements relating to these transactions are based on the list prices used for sale to third parties where such list prices exist, or the price has been set at what is regarded as market price. The material terms of these agreements are renegotiated regularly. The Group has had the following transactions with related parties:

	2010 DKK million	2009 DKK million
Sale of goods, materials, and services		
Sale of goods and materials:		
- The Novo Nordisk Group	3	38
Sale of services:		
- The Novo Nordisk Group	79	80
Total sale of goods, materials, and services	**82**	**118**

	2010 DKK million	2009 DKK million
Purchase of goods, materials, services, and assets		
Purchase of goods and materials:		
- Novo Nordisk A/S	74	79
- Minority shareholders in subsidiaries	61	53
Purchase of services:		
- NNIT A/S	59	54
- Novo Nordisk A/S	69	55
- NNE Pharmaplan A/S	193	170
Total purchases of goods, materials, services, and assets	**456**	**411**

There have not been any material transactions with the Novo Nordisk Foundation or with Management of Novozymes A/S, Novo A/S, the Novo Nordisk Foundation, or the Novo Nordisk Group, other than normal remuneration. The remuneration of the Board of Directors and Executive Management is presented in Note 4.

	2010 DKK million	2009 DKK million
Receivables:		
The Novo Nordisk Group	13	30
Minority shareholders in subsidiaries	12	15
Receivables at December 31	**25**	**45**

	2010 DKK million	2009 DKK million
Payables:		
NNIT A/S	6	6
Novo Nordisk A/S	28	27
NNE Pharmaplan A/S	41	18
Payables at December 31	**75**	**51**

Note 32 - Government grants

During the financial year the Novozymes Group has received grants of DKK 33 million for research and development, compared to DKK 38 million in 2009. Government grants are recognized under Other operating income, net.

Government grants includes grants from the EU for various research projects and from the US Department of Energy for biomass.

Note 33 - Acquisition of activities and companies

There were no material acquisitions of activities or companies in 2010 or 2009.

Note 34 - Non-cash items

	2010 DKK million	2009 DKK million
Financial gain/loss on sale of assets	9	9
Allowances for doubtful trade receivables	12	12
Tax	509	655
Depreciation, amortization, and impairment losses	679	564
Stock-based payment (excluding DKK 25 million in gross salary deduction scheme)	63	64
(Gain)/loss on financial assets, etc., net	19	(23)
Unrealized foreign exchange (gain)/loss	(7)	124
Accrued interest income and interest costs	23	140
Change in provisions	33	(5)
Other items	-	(1)
Non-cash items, total	**1,340**	**1,539**

Note 35 - Cash and cash equivalents

	2010 DKK million	2009 DKK million
Cash at bank and in hand	1,465	1,284
Credit institutions - on demand	(141)	(222)
Cash and cash equivalents at December 31	**1,324**	**1,062**

Note 36 - Expiration date for undrawn committed credit facilities

	2010 DKK million	2009 DKK million
Expiration of undrawn committed credit facilities:		
Less than 1 year	1,000	1,000
Between 1 and 2 years	745	-
Between 2 and 3 years	2,000	-
Between 3 and 4 years	-	2,000
Undrawn committed credit facilities	**3,745**	**3,000**

Note 37 - Financial risk factors

Novozymes' international operations mean that the income statement and balance sheet are exposed to a number of financial risk factors. Financial risks are managed centrally for the entire Group. The use of financial instruments is governed by the treasury policy approved by Novozymes' Board of Directors. The treasury policy is unchanged from previous years, and contains rules on which financial instruments can be used for hedging, the counterparties that can be used, and the risk profile that is to be applied. Financial instruments are used to hedge existing assets, liabilities, and future net cash flow.

Currency exposure
Currency exposure arises due to imbalances between income and costs in each individual currency and because Novozymes has more assets than liabilities in foreign currencies in connection with its many foreign companies. Operating profit is most exposed to the EUR, USD, and JPY.

A 0.50% movement in the EUR would, other things being equal, result in a change in operating profit of around DKK 15–20 million. A movement of 5% in the USD would result in a change in operating profit of around DKK 60–80 million. A movement of 5% in the JPY would result in a change of around DKK 5–10 million in operating profit.

A 5% movement in the CNY would, other things being equal, result in a change in Shareholders' equity of around DKK 71 million, while a movement of 5% in the USD would result in a change in Shareholders' equity of around DKK 37 million.

Novozymes' policy is to hedge existing net assets in foreign currencies and expected future net exposure from the Group's operations. Hedging of exchange rate exposure is carried out through a combination of loans, forward exchange contracts, swaps, and options. Exchange rate hedging transactions are carried out to minimize risks and thereby increase the predictability of the Group's financial results.

Currency exposure relating to investments in foreign subsidiaries is hedged where this is deemed appropriate. Currency exposure is managed primarily by taking out loans and entering into swaps. Currency swaps, which are used to hedge participating interests, generally have a maturity period of over 12 months.

Interest rate exposure
Interest rate exposure arises in relation to interest-bearing assets and liabilities. An increase of 1 percentage point in the average interest rate on Novozymes' net interest-bearing assets would have a positive effect on profit before tax of around DKK 8 million. In accordance with Novozymes' treasury policy, a minimum of 30% of loans must be at fixed interest rates. At year-end 2010, 67% (2009: 67%) of the loan portfolio was at fixed interest rates, based on financial instruments.

According to Novozymes' treasury policy, free funds may only be invested in government bonds, ultra-liquid mortgage credit bonds, and money market deposits.

Credit risk
Credit risk arises especially on cash and cash equivalents, derivatives, and customer sales. The credit risk on cash and cash equivalents and derivatives is managed by only trading in derivatives and only placing deposits with banks that have a credit rating of at least A2 (Moody's) or A (S&P). The credit risk is calculated on the basis of net market values and is governed by the Group's treasury policy. Novozymes has entered into netting agreements (ISDA) with all the banks used for trading in financial instruments, which means that Novozymes' credit risk is limited to net assets. At December 31, 2010, the maximum credit risk related to one counterparty was DKK 502 million (2009: DKK 500 million). The credit risk of debtors is countered by thorough, regular analyses based on customer type, country, and specific conditions. Generally, customers are creditworthy.

Liquidity risk
In connection with the Group's ongoing financing of operations, including refinancing risk, efforts are made to ensure adequate and flexible liquidity. This is guaranteed by placing deposits in cash and ultra-liquid negotiable instruments, and using binding credit facilities.

Note 38 - Water allocated to primary source

	2010 1,000 m^3	2009 1,000 m^3
Drinking water	3,392	3,123
Industrial water	2,085	1,699
Steam	269	242
Water, total	**5,746**	**5,064**

Note 39 - Internally generated energy allocated to primary source

	2010 1,000 GJ	2009 1,000 GJ
Coal	-	-
Gas oil	55	34
Heavy fuel oil	140	154
Light fuel oil	1	9
Natural gas	669	605
Internally generated energy, total	**865**	**802**

Note 40 - Treated wastewater for irrigation

	2010 1,000 m^3	2009 1,000 m^3
Volume	713	673

	2010 Tons	2009 Tons
Nitrogen	31	16
Phosphorus	45	31

Note 41 - Total waste volume by disposal method

	2010 Tons	2009 Tons
Incineration	1,453	1,448
Landfilling	3,855	2,963
Recycling	4,380	4,003
Other	552	589
Waste, total	**10,240**	**9,003**

Note 42 - CO_2 emissions by internally and externally generated energy

	2010 1,000 tons	2009 1,000 tons
Internally generated energy	50	44
Externally generated energy	360	386
CO_2 emissions, total	**410**	**430**

Note 43 - Global warming, CO_2-equivalents

	2010 1,000 tons	2009 1,000 tons
Internally generated energy	50	44
Externally generated energy	361	386
Ozone-depleting substances, HCFCs	3	1
CO_2-equivalents, total	**414**	**431**

Note 44 - Ozone layer depletion, CFC_{11}-equivalents

	2010 Kg	2009 Kg
CFCs	182	-
HCFCs	83	29
CFC_{11}-equivalents, total	**265**	**29**

Note 45 - Employee statistics

	2010 No.	2009 No.
Women	1,958	1,910
Men	3,474	3,365
Employees, total	**5,432**	**5,275**
Full-time employees	5,114	4,968
Part-time employees	318	307
Employees, total	**5,432**	**5,275**
Denmark	2,409	2,414
Rest of Europe, Middle East, and Africa	395	432
North America	874	850
Asia Pacific	1,531	1,397
Latin America	223	182
Employees, total	**5,432**	**5,275**
Senior management	172	169
Management	839	766
Professional	1,463	1,407
Administrative	577	577
Skilled workers, laboratory technicians, and other technicians	986	1,007
Process operators	1,395	1,349
Employees, total	**5,432**	**5,275**

Note 46 - Percentage of women by job category

	2010 %	2009 %
Senior management	18.0	18.9
Management	30.2	31.3

As there is a particular focus on the percentage of women at management level, the percentage of women is only reported for Senior management and Management, and not for other job categories.

Note 47 - Job creation

	2010 No.	2009 No.
Net growth in number of employees, organic	111	129
Terminations	381	327

Note 48 - Rate of absence by job category

	2010 %	2009 %
Senior management, management, professional, and administrative	1.2	1.4
Skilled workers, laboratory technicians, other technicians, and process operators	3.3	3.3

Rate of absence has been broken down by grouped job categories based on whether the work carried out is primarily office based, and is therefore not stated per job category.

Note 49 - Consequences of occupational accidents

	2010 No.	2009 No.
Return to original job	33	41
Return to a different job in the same department	-	1
Transfer to a different job in another department	1	-
No longer employed by Novozymes, but still able to work	-	1
Out of work or early retirement	-	-
Case pending	1	-
Occupational accidents, total	**35**	**43**
Total days of absence	476	629

For comparison purposes, cases that were pending at the end of 2009 have been updated in line with information available at the end of 2010. The derived figure for total days of absence has also been updated.

Note 50 - Consequences of occupational diseases

	2010 No.	2009 No.
Return to original job	11	24
Return to a different job in the same department	-	2
Transfer to a different job in another department	-	1
Out of work or early retirement	-	-
No longer employed by Novozymes, but still able to work	-	-
Case pending	3	-
Occupational diseases, total	**14**	**27**
Total days of absence	326	102

For comparison purposes, cases that were pending at the end of 2009 have been updated in line with information available at the end of 2010. The derived figure for total days of absence has also been updated.

Note 51 - Types of occupational disease

	2010 No.	2009 No.
Musculoskeletal disorders	5	5
Skin diseases	2	2
Identified hearing disorders	1	12
Stress related	-	2
Respiratory disease	1	-
Enzyme allergy	5	6
Occupational diseases, total	**14**	**27**

COMPANIES IN THE NOVOZYMES GROUP

Group companies

	Country	Activity					Issued common stock/paid-up stock	Percentage of shares owned
Novozymes Biologicals Argentina SA	Argentina			■			ARS	12,000	100
Novozymes Australia Pty. Ltd.	Australia			■			AUD	500,000	100
Novozymes Biopharma Holdings AU Ltd.	Australia					□	AUD	30,000,001	100
Novozymes Biopharma AU Ltd.	Australia			■	▲		AUD	78,684,909	100
Novozymes Austria GmbH	Austria			■			EUR	36,337	100
Novozymes Belgium BVBA	Belgium			■			EUR	18,600	100
Novozymes Latin America Ltda.	Brazil	○	●	■			BRL	23,601,908	100
Turfal Ind. e Com. de Prod. Biologicos e Agron. Ltda.	Brazil		●	■			BRL	7,454,860	100
Novozymes Biologicals Brasil Participações Ltda.	Brazil					□	BRL	8,640,000	100
Novozymes Biologicals Ltd.	Canada		●	■	▲		CAD	4,079,799	100
Novozymes Biologicals Investments, Inc.	Canada					□	CAD	100	100
Novozymes (China) Biotechnology Co. Ltd.	China	○	●	■			CNY	859,058,400	100
Novozymes (China) Investment Co. Ltd.	China			■	▲		CNY	816,449,373	100
Novozymes (Shenyang) Bioprocessing Co. Ltd.	China			■			CNY	31,793,578	100
Qingdao Huayuan Fine Bio-Products Co. Ltd.	China					□	CNY	27,000,000	100
Suzhou Hongda Enzyme Co. Ltd.	China	○	●	■			CNY	356,744,150	96
Novozymes (China) Biopharma Co. Ltd.	China					□	CNY	327,242,564	100
Novozymes A/S	Denmark	○	●	■	▲	□	DKK	650,000,000	-
Novozymes Adenium Biotech A/S	Denmark					□	DKK	600,000	100
Novozymes Bioindustrial A/S	Denmark					□	DKK	1,000,000	100
Novozymes Bioindustrial China A/S	Denmark					□	DKK	729,700,000	100
Novozymes Biopharma DK A/S	Denmark			■	▲	□	DKK	611,000	100
Novozymes Biologicals Holding A/S	Denmark					□	DKK	500,000	100
Novozymes Biologicals France S.A.	France			■			EUR	650,000	100
Novozymes France S.A.	France			■			EUR	45,735	100
Novozymes Deutschland GmbH	Germany			■			EUR	255,646	100
Novozymes Hong Kong Ltd.	Hong Kong					□	HKD	768,285,140	100
Novozymes Biopharma Hong Kong Co. Ltd.	Hong Kong					□	HKD	372,568,965	100
Novozymes South Asia Pvt. Ltd.	India		●	■	▲		INR	1,550,000,020	100
Novozymes Italia S.r.l.	Italy			■			EUR	10,400	100
Novozymes Japan Ltd.	Japan			■	▲		JPY	300,000,000	100
Novozymes Malaysia Sdn. Bhd.	Malaysia			■			MYR	6,666,414	100
Novozymes Mexicana, S.A. de C.V.	Mexico			■			MXN	338,100	100
Novozymes Mexico, S.A. de C.V.	Mexico			■			MXN	35,224,200	100
Novozymes Netherlands BVBA	Netherlands			■			EUR	18,000	100
Novozymes Singapore Pte. Ltd.	Singapore					□	SGD	59,071,000	100
Novozymes South Africa (Pty) Ltd.	South Africa			■			ZAR	100	100
Novozymes Korea Limited	South Korea			■			KRW	3,300,000,000	100
Novozymes Spain S.A.	Spain			■			EUR	360,607	100
Novozymes Biopharma Sweden AB	Sweden		●	■	▲		SEK	28,001,000	100
Novozymes Switzerland AG	Switzerland			■			CHF	5,000,000	100
Novozymes Switzerland Holding AG	Switzerland					□	CHF	3,000,000	100
Novozymes Enzim Dis Ticaret Limited Sirketi	Turkey			■			TRY	21,000	100
Novozymes Biopharma UK Ltd.	UK		●	■	▲		GBP	22,535,113	100
Novozymes UK Ltd.	UK			■			GBP	1,000,000	100
Novozymes Biologicals, Inc.	USA		●	■	▲		USD	3,000,000	100
Novozymes Biologicals, Ltd.	USA			■			USD	10,000	100
Novozymes Biopharma US, Inc.	USA			■			USD	1	100
Novozymes Blair, Inc.	USA					□	USD	1	100
Novozymes, Inc.	USA				▲		USD	1,000	100
Novozymes North America, Inc.	USA	○	●	■	▲		USD	17,500,000	100
Novozymes US, Inc.	USA					□	USD	115,387,497	100

Joint ventures	Country	Activity	Proportion of ownership interest
Hallas Park houseowners' association	Denmark	□	50
Smørmosen houseowners' association	Denmark	□	50

○ ISO 14001-certified sites. All major companies are also ISO 9001-certified.
● Production
■ Sales & Marketing
▲ Research & Development
□ Holding companies, etc.

STATEMENT OF THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

The Board of Directors and Executive Management have today considered and approved the Annual Report of Novozymes A/S for the financial year January 1 – December 31, 2010.

The Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU, and the Financial Statements are prepared in accordance with the Danish Financial Statements Act. Moreover, the Consolidated Financial Statements and the Financial Statements are prepared in accordance with additional Danish disclosure requirements for listed companies. Management's Review is also prepared in accordance with Danish disclosure requirements for listed companies.

In our opinion, the accounting policies used are appropriate, and the Group's internal controls relevant to preparation and presentation of the Annual Report are adequate. The Consolidated Financial Statements and the Financial Statements give a true and fair view of the financial position at December 31, 2010, of the Group and the Company, and of the results of the Group and the Company operations, and of consolidated cash flows for the financial year 2010.

In our opinion, Management's Review includes a true and fair account of the development in the operations and financial circumstances of the Group and the Company, of the result for the year, and of the financial position of the Group and the Company as well as a description of the most significant risks and elements of uncertainty facing the Group and the Company.

In our opinion, Novozymes A/S adheres to the AA1000 AccountAbility principles, and environmental and social data are stated in accordance with the accounting policies.

We recommend that the Annual Report be adopted by the Annual Shareholders' Meeting.

Bagsvaerd, January 21, 2011

Executive Management

Steen Riisgaard
President & CEO

Benny Loft	Per Falholt	Peder Holk Nielsen	Thomas Nagy	Thomas Videbæk

Board of Directors

Henrik Gürtler *Chairman*	Kurt Anker Nielsen *Vice-Chairman*	Paul Petter Aas	Jerker Hartwall	Søren Henrik Jepsen
Lars Bo Køppler	Ulla Morin	Walther Thygesen	Mathias Uhlén	

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Novozymes A/S

We have audited the Consolidated Financial Statements, the Financial Statements and Management's Review, including environmental and social data, of Novozymes A/S for the financial year January 1 - December 31, 2010. The Consolidated Financial Statements and the Financial Statements comprise Income Statement, Balance Sheet, Statement of Shareholders' Equity and Notes for both the Group and the Company as well as Statement of Comprehensive Income and Statement of Cash Flows and Financial Resources for the Group. The Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU, and the Financial Statements are prepared in accordance with the Danish Financial Statements Act. Moreover, the Consolidated Financial Statements and the Financial Statements are prepared in accordance with additional Danish disclosure requirements for listed companies. Management's Review is prepared in accordance with Danish disclosure requirements for listed companies, and environmental and social data are prepared in accordance with the accounting policies stated in Accounting policies for environmental and social data.

Management's Responsibility

Management is responsible for the preparation and fair presentation of the Consolidated Financial Statements and the Financial Statements in accordance with the above-mentioned legislation and disclosure requirements. This responsibility includes: designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of Consolidated Financial Statements and Financial Statements that are free from material misstatement, whether due to fraud or error. This responsibility also includes selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances. Furthermore, Management is responsible for preparing a Management's Review that includes a true and fair account in accordance with Danish disclosure requirements for listed companies and for preparing environmental and social data in accordance with accounting policies used for environmental and social data.

Auditor's Responsibility and Basis of Opinion

Our responsibility is to express an opinion on the Consolidated Financial Statements, the Financial Statements and Management's Review, including environmental and social data, based on our audit. We conducted our audit in accordance with Danish Auditing Standards. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the Consolidated Financial Statements, the Financial Statements and Management's Review, including environmental and social data, are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements, the Financial Statements and Management's Review, including environmental and social data. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, the Financial Statements and Management's Review, including environmental and social data, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Company's preparation and fair presentation of the Consolidated Financial Statements and Financial Statements and to the preparation of a Management's Review, including environmental and social data, that includes a true and fair account in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the Consolidated Financial Statements, the Financial Statements and Management's Review, including environmental and social data.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the Consolidated Financial Statements give a true and fair view of the financial position of the Group at December 31, 2010 and of the results of the Group's operations and cash flows and financial resources for the financial year January 1 – December 31, 2010 in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for listed companies.

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at December 31, 2010 and of the results of the Company's operations for the financial year January 1 - December 31, 2010 in accordance with the Danish Financial Statements Act and additional Danish disclosure requirements for listed companies.

In our opinion, Management's Review includes a true and fair account of the development in the operations and financial circumstances of the Group and the Company, of the results for the year and of the financial position of the Group and the Company as well as a description of the most significant risks and elements of uncertainty facing the Group and the Company, in accordance with Danish disclosure requirements for listed companies, and assurance that environmental and social data are prepared in accordance with accounting policies used for environmental and social data.

Bagsvaerd, January 21, 2011

PricewaterhouseCoopers
Statsautoriseret Revisionsaktieselskab

Kim Füchsel
State Authorized Public Accountant

Torben Jensen
State Authorized Public Accountant

INDEPENDENT ASSURANCE STATEMENT ON NOVOZYMES' 2010 SUSTAINABILITY REPORTING AND ADHERENCE TO THE AA1000 ACCOUNTABILITY PRINCIPLES

To the Stakeholders of Novozymes

We have been engaged by Novozymes A/S' Management to obtain moderate assurance (review) as to whether Novozymes adheres to the AA1000 AccountAbility Principles and to obtain reasonable assurance (audit) as to the statement of the Board of Directors and Executive Management, Management's review, accounting policies and the quantitative environmental and social data in Novozymes' 2010 Annual Report.

Criteria for the preparation of reporting on data

The criteria for the preparation of the environmental and social data are evident from the accounting policies described in Novozymes' 2010 Annual Report. These contain information concerning which of Novozymes' activities and functions are included in the reporting, types of data, Management's reasons for choosing the data included and the accounting policies and methods applied.

Management's responsibility

Adherence to the AA1000 AccountAbility Principles of Inclusivity, Materiality and Responsiveness is the responsibility of Management. Furthermore, Management is responsible for preparing the environmental and social data as well as for establishing data collection and registration and internal control systems with a view to ensuring reliable reporting, specifying acceptable reporting criteria and choosing data to be collected for intended users of the Annual Report.

Assurance provider's responsibility

As assurance provider, it is our responsibility, on the basis of our work, to make observations and recommendations with respect to the nature and extent of Novozymes' adherence to the AA1000 AccountAbility Principles as well as to express an opinion on the reliability of the environmental and social data in the Annual Report.

Our team of experts has competencies within performing assurance of environmental and social data and within assessing such data and information. In addition, our team has competencies with regard to assessing sustainability management systems. We have in 2010 not performed any tasks or services for Novozymes or other clients which would have conflicted with our independence, nor have we been responsible for the preparation of any part of the Annual Report. Thus, we are independent as defined in the AA1000 Assurance Standard (AA1000AS (2008)) and we consider our team qualified to carry out this independent assurance engagement.

Scope, standards and criteria used

We have planned and performed our work based on AA1000AS (2008), using the criteria in the standard to perform a Type 2 engagement, and in accordance with the International Standard on Assurance Engagements (ISAE) 3000, "Assurance engagements other than audits or reviews of historical financial information".

We have worked to obtain:
- A moderate assurance (review) as to Novozymes' adherence to the AA1000 AccountAbility Principles
- A reasonable assurance (audit) of the quantitative environmental and social data in the Annual Report

Methodology, approach, limitation and scope of work

Our methodology has included procedures to obtain evidence of Management's commitment to the AA1000 AccountAbility Principles and of the implementation of systems and procedures in support of the principles.

Our methodology has also included procedures to obtain evidence of the environmental and social data in the Annual Report. The procedures chosen depend on our judgment, including the assessment of the risks of material data misstatements. In conducting those risk assessments, we have considered internal controls relevant to the preparation and fair presentation of environmental and social data in order to design assurance procedures which are appropriate under the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Novozymes' internal controls.

Based on an assessment of materiality and risk, our work has included:
(i) Enquiries and interviews with members of Executive Management, staff from the Sustainability Development department as well as management of different corporate functions regarding Novozymes' adherence and commitment to the AA1000 AccountAbility Principles, the existence of systems and procedures to support adherence to the principles and the embedding of the principles at corporate level
(ii) Sample testing of key processes and controls which form part of management reporting systems, processes and procedures, and the obtaining of evidence supporting the environmental and social data disclosed in the Annual Report. Our assurance on environmental and social data has been undertaken at chosen reporting units and combined with analytical assurance procedures on data covering the Novozymes Group.

Conclusion

In our opinion, the environmental and social data in the 2010 Annual Report have been stated in accordance with the criteria mentioned and, based on our review, nothing has come to our attention causing us to believe that Novozymes does not adhere to the AA1000 AccountAbility Principles.

Observations and recommendations

According to AA1000AS (2008), we are required to include observations and recommendations for improvements in relation to Novozymes' adherence to the AA1000 AccountAbility Principles.

Regarding Inclusivity:

Management's strong commitment to inclusivity and stakeholder engagement has in 2010 been reinforced through the introduction of Novozymes' new values "Touch the World". Processes for stakeholder mapping and ongoing engagement planning are in place across Novozymes' corporate functions. Novozymes is in the process of further improving a situation-based stakeholder engagement tool and its application and will introduce a new tool to track stakeholder engagement. The developments continue to form the basis of structured and systematic stakeholder engagement processes being integrated and applied across the organization. We recommend that Novozymes monitor the use of the processes and tools to assess their efficiency and to facilitate learning.

Regarding Materiality:

Materiality is taken into consideration when making decisions regarding sustainability at management level. Also, Novozymes has in place relevant governance bodies to discuss, evaluate and determine the materiality of sustainability issues and decide on the corporate sustainability targets and strategy. In 2010, Novozymes has further developed its materiality assessment approach. We recommend the implementation of the new approach in 2011 and that the processes and criteria applied to assess materiality of sustainability issues are formalized and documented to ensure a consistent process.

Regarding Responsiveness:

Novozymes is committed to being responsive to its stakeholders, which is evident from the ongoing and wide-ranging communication on sustainability issues in media, forums and forms, including the Annual Report.

Bagsvaerd, January 21, 2011

PricewaterhouseCoopers
Statsautoriseret Revisionsaktieselskab

Kim Füchsel
State Authorized Public Accountant

Birgitte Mogensen
State Authorized Public Accountant

THE NOVOZYMES REPORT 2010

Novozymes' ambition is to provide a report that integrates financial and sustainability data. We have been working on integrated reporting for many years, as this reflects the way we operate our business.

The Novozymes Report 2010 is available in English in a full online version at www.report2010.novozymes.com. The written online report is supplemented by a series of videos adding perspective and insight into Novozymes' performance in 2010. To further enhance the online reporting universe, we have an integrated feature called My Report that enables you to compile a full or customized pdf download of the report. We hope that you will find this feature useful. A printed version of the full report is no longer available, but a printed extract of the report is still published in both English and Danish. The extract will be available at the Annual Shareholders' Meeting.

The reporting website is dedicated to The Novozymes Report 2010 and other information relevant to our shareholders and financial stakeholders, but is also a mine of information for anyone else with an interest in Novozymes.

All photos in the report feature Novozymes employees from around the world, illustrating both our global presence and our human touch. It is our 5,432 employees who make Novozymes the world leader in bioinnovation.

REPORTING AND AUDITS

The Novozymes Report 2010 has been audited by PwC. As part of its work, PwC has been the sustainability assurance provider and has based the assurance on the AA1000 Assurance Standard (2008).

The website contains The Novozymes Report (which, pursuant to section 149 of the Danish Financial Statements Act, is an extract of the company's annual report) and the financial statements of the parent company Novozymes A/S. Together these form the company's annual report, which will be filed with the Danish Commerce and Companies Agency. The annual report is available at www.novozymes.com as a separate publication in Danish.

The audit covers financial, social, and environmental data, and PwC has audited as well as performed the assurance on all content in the Report, Outlook, Management, and Accounts sections of The Novozymes Report 2010. These are marked "Audited by PwC." See also the statements in the report.

PwC has not audited the sections of the report found under the heading Supplementary reporting, which include our Communication on Progress with respect to the Global Compact, our report index based on the Global Reporting Initiative (GRI), and detailed sustainability data from our activities in Brazil, Canada, China, Denmark, India, Sweden, the UK, and the US.

The report has been produced in accordance with International Financial Reporting Standards (IFRS), the Danish Financial Statements Act, and the additional requirements of NASDAQ OMX Copenhagen A/S for the presentation of financial statements by listed companies. It has also been prepared as an element of Novozymes' reporting according to the GRI's G3 Guidelines for Sustainability Reporting.

FORWARD-LOOKING STATEMENTS

The Novozymes Report 2010 contains forward-looking statements, including Novozymes' financial outlook for 2011, which, by their very nature, are associated with risks and uncertainties that may cause actual results to differ materially from expectations.
The uncertainties may include unexpected developments in the international currency exchange and securities markets, market-driven price decreases for Novozymes' products, and the introduction of competing products in Novozymes' core areas. See Risk management.

EDITORIAL TEAM

Editor: Kirsten Laugesen, Corporate Communications, kilg@novozymes.com, tel. +1 919 494 3361
Finance: Jens Breitenstein, Finance, jlb@novozymes.com, tel. +45 4446 1087,
Jan Paulsen, Finance, jpau@novozymes.com, tel. +45 4446 3208
Investor Relations: Tobias Bjorklund, Investor Relations, tobb@novozymes.com, tel. +45 4446 8682,
Thomas Steenbech Bomhoff, Investor Relations, tsbm@novozymes.com, tel. +1 919 494 3483
Sustainability: Mette Gyde Møller, Sustainability Development, mgmq@novozymes.com, tel. +45 4446 0434
Assistance: Tanja Bengtsson, Finance, tbss@novozymes.com, tel. +45 4446 1239

Text: The editorial team from Novozymes, headed by Corporate Communications
Photos: Niclas Jessen
Design & web: Bysted A/S
Editing, proofreading & Danish translation: Borella projects