ACCOUNTING POLICIES FOR NOVOZYMES A/S

ACCOUNTING POLICIES

The financial statements of Novozymes A/S have been prepared in accordance with the Danish Financial Statements Act (accounting class D) and the regulations of NASDAQ OMX Copenhagen A/S on the presentation of accounts by listed companies. The accounting policies are unchanged from last year.

As the accounting policies for Novozymes A/S only differ from those of the Group, which follow IFRS, with respect to a few items, only the accounting policies that differ from the Group's are detailed below. Reference is made to *Accounting policies* for the Novozymes Group for the other items.

Recognition and measurement in general

Income is recognized in the income statement as it is earned. Value adjustments of financial assets and liabilities measured at fair value or amortized cost are also recognized in the income statement. All costs incurred in generating the year's revenue are also recognized in the income statement, including depreciation, amortization, and impairment losses.

Assets are recognized in the balance sheet when it is considered probable that future economic benefits will accrue to the company, and the value of the asset can be measured on a reliable basis. Liabilities are recognized in the balance sheet when they are considered probable and can be measured on a reliable basis. When first recognized, assets and liabilities are measured at cost. Thereafter assets and liabilities are measured as described below for each item.

The recognition and measurement principles take due account of predictable losses and risks occurring prior to the presentation of the financial statements that confirm or refute the conditions prevailing on the balance sheet date.

Business combinations

Acquisition of new companies is treated using the purchase method, and the assets and liabilities of each new company are thus restated at fair value at the time of acquisition. Goodwill is recognized as an asset in the balance sheet and amortized over the expected useful life. Goodwill from acquisitions is adjusted for changes in recognition and measurement of net assets until one full financial year after the date of acquisition. Amortization of goodwill is allocated in the financial statements to the functions to which it relates. Newly acquired companies are recognized as from the date of acquisition and comparative figures are not restated.

Intangible assets

The accounting policies for intangible fixed assets follow those of the Group with the exception of goodwill, which is amortized over the useful life, not exceeding 20 years.

Financial assets

Investments in subsidiaries are recognized using the equity method, i.e., at the respective proportion of the shareholders' equity of subsidiaries with addition of goodwill.

The company's share of the net profits of subsidiaries less unrealized intercompany profits on inventories is recognized in the income statement of the parent company. If the shareholders' equity of subsidiaries is negative, amounts owed by the subsidiaries will be offset against the parent company's share of the negative equity on the basis of a concrete assessment. If the parent company has a legal or constructive obligation to cover the company's negative equity, a provision is recognized.

To the extent that it exceeds dividends received from such subsidiaries, net revaluation of investments in subsidiaries is recognized in the net revaluation reserve under Shareholders' equity.

Dividend

The dividend proposed for the financial year is shown as a separate item under Shareholders' equity.