

## GROUP FINANCIAL STATEMENT FOR FIRST HALF OF 2007

August 9, 2007

**Novozymes' results for the first half of 2007 are fully in line with the outlook. Sales rose by 14%, while operating profit rose by 20% including one-off items and by 9% based on ordinary activities. Novozymes is maintaining its expectations for sales and operating profit for 2007, while the expectations for net profit are being adjusted upwards.**

- Sales rose by 14% to DKK 3,734 million from DKK 3,282 million in the same period of 2006. Calculated in local currencies sales rose by 18%, or 14% excluding acquisitions
- Operating profit rose by 20% to DKK 788 million from DKK 657 million in the first half of 2006. The total payment received from Danisco relating to a patent suit settled by the parties in the second quarter of 2007 ("one-off items") increased operating profit by DKK 75 million. The operating profit margin including one-off items was 21.1% against 20.0% in 2006
- Operating profit excluding one-off items rose by 9%. The operating profit margin excluding one-off items was 19.1% against 20.0% in the first half of 2006
- Net financial costs were DKK 28 million against DKK 66 million in the first half of 2006
- Net profit for the period rose by 29% to DKK 570 million against DKK 443 million in the first half of 2006. Growth excluding the above one-off items was 16%
- Earnings per share (diluted) were DKK 8.95, an increase of 33% compared with the first half of 2006
- Free cash flow before acquisitions was DKK 519 million against DKK 600 million in the first half of 2006
- Return on invested capital (ROIC) rose to 24.1% from 19.7% in the same period of 2006

### Outlook for 2007

Novozymes is maintaining its expectations for sales and operating profit for 2007, assuming exchange rates for the company's key currencies remain at the same level for the rest of 2007. The outlook for 2007 includes the payment from the above-mentioned patent suit. Growth in sales is expected to be 8–10% in DKK and 11–13% in local currencies. Operating profit is expected to rise by 11–13% in DKK. Following a reduction in Danish corporation tax, net profit for the year is now expected to increase by 14–16% (previously 11–13%). Free cash flow before acquisitions is expected to be in the region of DKK 850–950 million. Share buy-backs continue within the original framework of DKK 500 million.

#### Stock exchange announcement no. 18, 2007

Novozymes A/S  
Investor Relations  
2007-33040-01

Krogshøjvej 36  
2880 Bagsværd  
Denmark

Telephone:  
+45 8824 9999  
Fax:  
+45 4442 1002

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Internet:  
[www.novozymes.com](http://www.novozymes.com)  
CVR number:  
10 00 71 27

“We are very satisfied with our results in the first half,” says Steen Riisgaard, President and CEO. “The results are fully in line with our outlook for the year. We had really good organic growth in the first half of 2007. Productivity improvements have made a positive contribution to earnings, which have remained at a satisfactory level despite lower exchange rates and higher raw material prices.

The development of the business is supporting our ambition of achieving sales of DKK 10 billion in 2010. We have also just entered into an agreement to acquire the enzyme activities of Biocon Limited in Bangalore, India. The acquisition of Biocon’s enzyme activities is a good strategic fit. The company’s product portfolio and strong distribution set-up in India complement our existing enzymes business. The acquisition simultaneously provides Novozymes with a leading position on the Indian market, where we expect to see attractive growth rates in the years ahead.”

## Income statement and balance sheet

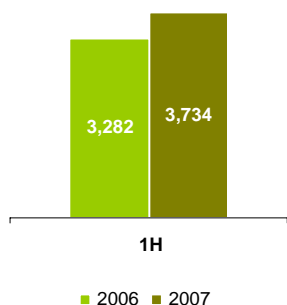
### Appendices 1 and 2

18% growth in sales –  
4% from acquisitions

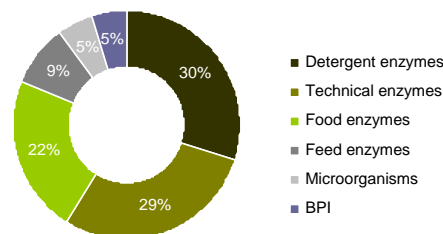
### Sales

Sales in the first half of 2007 were DKK 3,734 million compared with DKK 3,282 million in the first half of 2006, an increase of 14% in DKK. Sales were negatively affected by exchange rate movements for the company’s key currencies. Growth was 18% in local currencies. The acquisitions of Novozymes Delta, United Kingdom, and Novozymes GroPep, Australia, in the second half of 2006 had a positive effect on sales. Organic growth in the first half of 2007 was 14%.

Sales in DKK million

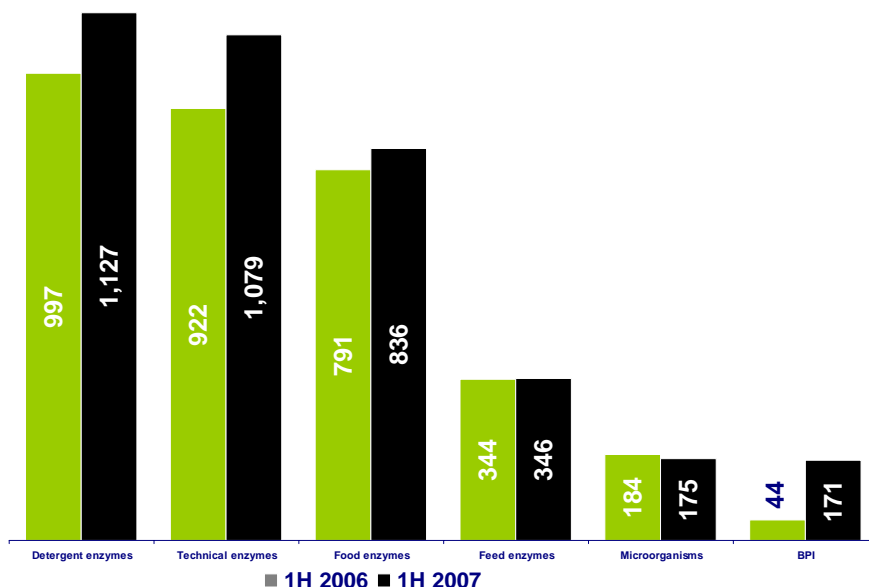


Distribution of sales



Seen in isolation, sales in the second quarter of 2007 rose by 9% in DKK and 13% in local currencies compared with the second quarter of 2006. There was a positive effect of just below 3 percentage points from acquisitions. Organic growth in the second quarter of 2007 was just above 10%.

Sales in DKK million



### Enzymes

Enzymes contributed 11 percentage points of the total growth of 14%

Sales of enzymes rose by 11% in the first half of 2007 to DKK 3,388 million from DKK 3,054 million in the first half of 2006. Exchange rate movements impacted negatively on sales. Growth in local currencies was 15% in the first half of 2007. Sales of enzymes in the second quarter of 2007 rose by 8% compared with the same period of 2006. Lower exchange rates in 2007 reduced growth, with sales of enzymes rising by 12% in local currencies.

Rising sales of detergent enzymes to all geographical regions provided growth of 13%

Sales of **detergent enzymes** rose by 13% in DKK and 16% in local currencies in the first half of 2007 compared with the first half of 2006. This positive trend was primarily driven by rising sales in Europe as a result of increased demand and a higher market share. There was also nice growth in sales to China and Latin America, mainly due to increasing penetration of detergent enzymes. Sales of detergent enzymes in the first half of 2007 were positively affected by fluctuations in the inventory levels held by detergent manufacturers.

Taking the second quarter of 2007 in isolation, sales of detergent enzymes rose by 13% in DKK and 15% in local currencies compared with the same period of 2006. This trend can be attributed to the same factors applicable to sales in the first half of 2007 as a whole.

Enzymes for bioethanol grew by more than 40% – and were the major growth engine

Sales of **technical enzymes** rose by 17% in DKK in the first half of 2007. Exchange rate movements, particularly for the USD, impacted negatively on sales, and growth in local currencies was 24%. There was significant growth in sales of enzymes for bioethanol. This relates primarily to the US and can be attributed to a number of factors, including the growth in bioethanol production and a higher market share.

Also the sale of enzymes to the starch industry supported the growth. There was a small positive development in underlying sales of enzymes to the textile industry, although this was off-set by the negative currency effect. Sales of technical enzymes rose by 14% in DKK and 21% in local currencies in the second quarter of 2007 compared with the second quarter of 2006. This trend is mainly due to increased sales of enzymes for the bioethanol and starch industries.

6% growth within food enzymes – highest growth in Europe

Sales of **food enzymes** rose by 6% in DKK and 9% in local currencies in the first half of 2007. This growth can mainly be attributed to increased sales of enzymes for the baking and brewing industries, with rising demand coming above all from Europe and Asia. There was also healthy growth in sales of enzymes for processed foods, while sales of enzymes for beverage alcohol were lower than last year.

Sales of food enzymes rose by 2% in local currencies in the second quarter of 2007. Exchange rate movements meant that sales in DKK were on par with the second quarter of 2006. Growth was mainly reduced by lower sales of enzymes for beverage alcohol and wine.

Moderate growth in sales of feed enzymes

Sales of **feed enzymes** rose by 1% in DKK in the first half of 2007. Sales were negatively affected by lower exchange rates. Growth was 5% in local currencies compared with the first half of 2006. There was healthy growth in sales of enzymes for vegetable proteins, particularly in Latin America. However, growth was reduced by lower sales of phytase products, which were affected by a competitive market in the first half of 2007 and lower prices as a result.

During second quarter of 2007, sales in local currencies were on a par with the same period of 2006, with sales in DKK down 3% as a result of lower exchange rates. The development in sales in the second quarter was also affected by lower prices and competition on the market for phytase products.

### **Microorganisms**

Lower sales in institutional and household cleaning reduced growth

Sales of microorganisms rose by 1% in local currencies in the first half of 2007. Sales were 5% lower in DKK than in the first half of 2006 as a result of the negative exchange rate effect. Progress was achieved primarily in sales of microorganisms for wastewater treatment and plant care. The development in sales was reduced by lower sales within institutional and household cleaning.

Sales of microorganisms rose by 7% in local currencies and 1% in DKK in the second quarter of 2007 compared with the second quarter of 2006. Growth was highest within sales of microorganisms for plant care.

### **Biopharmaceutical ingredients (BPI)**

Good growth in BPI activities

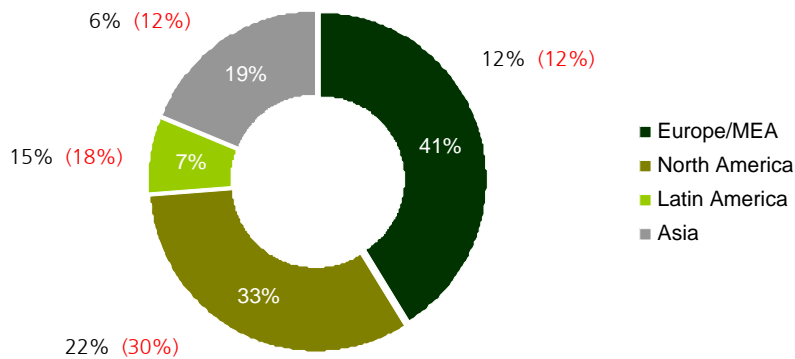
Sales of biopharmaceutical ingredients rose to DKK 171 million in the first half of 2007 from DKK 44 million in 2006. Sales within this business area were positively affected by the acquisitions of Novozymes Delta, United Kingdom, and Novozymes GroPep, Australia, both acquired in the second half of 2006.

Sales of biopharmaceutical ingredients rose to DKK 51 million in the second quarter

of 2007 from DKK 21 million in the same period of 2006. This trend was primarily due to the above-mentioned acquisition effect. The significantly lower sales in the second quarter compared with the first quarter of 2007 reflect greater variation in sales patterns within this industry.

### Sales by geographical area

Double-digit growth in all geographical regions in first half of 2007



Growth in DKK/(Growth in local currencies)

Sales in Europe/MEA rose by 12% in both DKK and local currencies in the first half of 2007. Growth was highest in sales of detergent and baking enzymes.

Significant growth of 22% in DKK and 30% in local currencies was achieved in North America in the period under review, driven primarily by sales of enzymes for bioethanol and starch. There was also a significant positive effect as a result of the acquired activities within biopharmaceutical ingredients.

Growth in Latin America was 15% in DKK and 18% in local currencies in the first half of 2007. The biggest increase was achieved in sales of detergent and feed enzymes, with enzymes for the brewing industry also showing healthy growth.

Sales in Asia rose by 6% in DKK and 12% in local currencies. Exchange rate movements therefore had a negative effect on sales. Growth can primarily be attributed to rising sales of enzymes to the detergent and brewing industries.

## Appendix 5

Eight new products launched in 2007 – five of them in the second quarter

### New products

Novozymes launched eight new products in the first half of 2007, five of them in the second quarter:

- Stainzyme<sup>®</sup> Plus, a detergent enzyme with improved washing characteristics at low temperatures
- Ultraflo<sup>®</sup> Max, an enzyme for the brewing industry which allows a long and consistent filtration process and therefore an optimized production process
- Saczyme<sup>®</sup>, a cost-effective enzyme for use in the production of beverage alcohol
- Ronozyme<sup>®</sup> NP, an improved enzyme for the feed industry used to release naturally occurring phosphate in feed for pigs and poultry
- Spirizyme<sup>®</sup> Ultra, an enzyme used in the conventional conversion of corn to bioethanol to increase yields

A number of minor products within the microorganisms business were also launched in the second quarter of 2007.

Around 26% of enzyme sales in the first half of 2007 related to products launched in the last five years.

## Appendix 1

Increased costs driven by higher sales

Continued healthy productivity improvements

Gross margin on a par with first half of 2006 when adjusted for the effect of lower exchange rates and lower margin on acquired inventories

### Costs, License fees and Other operating income

Total costs excluding net financials and tax rose by 15% in the first half of 2007 to DKK 3,047 million from DKK 2,647 million in the equivalent period of last year. This increase was primarily related to higher sales in the first half of 2007.

Cost of goods sold rose by 18% in the first half of 2007 compared with the same period of 2006. This trend was mainly driven by increased sales within both enzymes and biopharmaceutical ingredients. The cost level was also negatively affected by higher raw material prices and a change in product mix, while continued productivity improvements had a positive effect.

The gross margin for the first half of 2007 was 52.8% against 54.7% in the same period of 2006. The main reasons for the lower margin in 2007 were a relatively low margin on the sale of products from acquired activities within the biopharmaceutical ingredients business area and significantly lower exchange rates for the USD and JPY. At the same time, the development in raw material prices had a negative effect on the gross margin. In addition, the basis for comparison was challenging due to a particularly good second quarter in 2006. The gross margin for the first half of 2007 is on a par with the same period in 2006 when adjusted for the negative currency effect and the lower margin on the sale of products from acquired activities – despite increased raw material prices.

Other operating costs rose by 11% to DKK 1,286 million in the first half of 2007. This

rise can mainly be attributed to increased sales and acquired activities in the second half of 2006. Costs of sales, distribution and business development rose by 12%, representing 12% of sales in the first half of the year. Research and development costs rose by 13%, representing 13% of sales, while administrative costs rose by 8% and represented just below 10% of sales in the first half of 2007.

Other operating income positively affected by one-off items

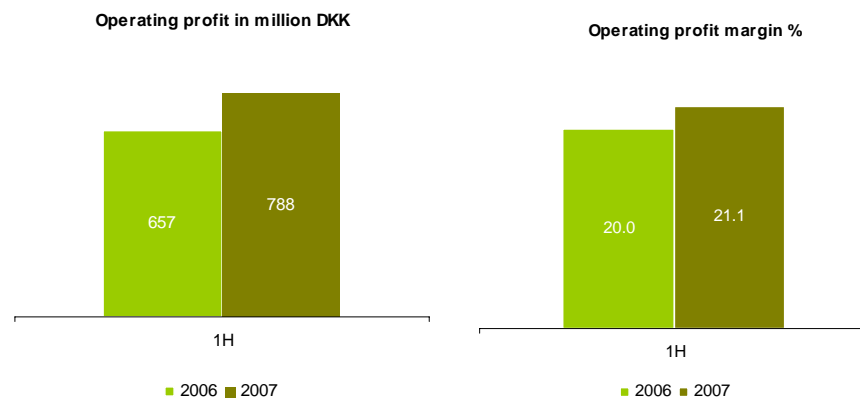
Other operating income in the first half of 2007 was DKK 101 million against DKK 22 million in the same period of 2006. The main reason for this increase was one-off items, cf. Stock exchange announcement no. 14/2007 "Novozymes terminates patent infringement suit." Most of the other operating income related to the research collaboration with Solvay Pharmaceuticals.

Depreciation and amortization charges rose by 4% to DKK 223 million from DKK 214 million in the first half of 2006. This increase was related to the activities acquired in the second half of 2006.

## Appendix 1

### Operating profit

20% growth in operating profit – 9% when adjusted for one-off items



Operating profit rose to DKK 788 million in the first half of 2007 from DKK 657 million in the same period of 2006, an increase of 20%. This result incorporates a net positive effect of approximately DKK 75 million as a result of the one-off items. Adjusted for this, growth in operating profit was 9% in the first half of 2007. Growth was reduced by lower exchange rates, particularly for the USD and JPY, and a relatively lower margin on sales of biopharmaceutical ingredients from the acquisitions in 2006.

Earnings remain high – on a par with the first half of 2006

The operating profit margin, expressed as operating profit as a percentage of sales, was 21.1% in the first half of 2007 against 20.0% in the same period of 2006. The operating profit margin was 19.1% excluding the one-off items. When adjusted to take account of the one-off items and the negative effect of lower margins on products from acquired activities, the operating profit margin in the first half of 2007 was on a par with the same period of 2006.

Lower net financial costs as a result of gain on currency hedging in 2007

### **Appendix 1**

29% growth in net profit for the period includes the positive effect of the one-off items and reduced corporation tax in Denmark

### **Appendix 3**

As expected free cash flow lower than in 2006 – primarily as a result of higher net investments

## **Net financial items**

Net financial costs for the first half of 2007 were DKK 28 million, down from DKK 66 million in the first half of 2006. The main reason for the lower cost level in 2007 was a foreign exchange gain of DKK 30 million on hedging of the Group's currency exposure, whereas there was a foreign exchange loss of DKK 51 million in the first half of 2006.

Net interest expenses in the first half of 2007 were higher than in 2006 as a result of higher net interest-bearing debt and higher interest rates. Net interest expenses in the first half of 2006 were also positively affected by tax-related non-recurring interest income. Net interest-bearing debt rose to DKK 1,348 million in the first half of 2007 compared with DKK 1,030 million in the first half of 2006.

Net financial costs for the first half of 2007 also included an increase of DKK 14 million in the obligation relating to employee stock options. Net financial costs in the first half of 2006 included an increase in the obligation of DKK 6 million.

## **Profit before tax and net profit for the period**

Profit before tax rose by 29% to DKK 760 million from DKK 591 million in the first half of 2006. Adjusted for the positive effect of one-off items, profit before tax rose by 16%.

Net profit for the period was DKK 570 million against DKK 443 million in the same period of 2006, an increase of 29%. Net profit for the period was positively affected by the above-mentioned one-off items and by the recently adopted reduction in Danish corporation tax from 28% to 25%, which also gave rise to a positive one-off effect in the second quarter of 2007 in the form of a reduction in deferred tax for 2007.

## **Cash flow, investments and acquisitions**

Free cash flow before acquisitions was DKK 519 million in the first half of 2007 against DKK 600 million in the first half of 2006. Adjusted for the payment received in relation to the patent suit, free cash flow was DKK 444 million. The decline in free cash flow can mainly be attributed to higher net investments in the first half of 2007, and should also be seen in the light of the positive effect of tax-related non-recurring items in the first half of 2006.

Cash flow from operating activities was negatively affected by an increase in working capital in the first half of 2007. This trend is the result of an increase in trade receivables, although this was reduced by an increase in trade payables and lower inventories.

Net investments before acquisitions rose to DKK 334 million from DKK 184 million in



the first half of 2006. This increase is within the expected investment framework and relates among other things to the establishment of a customer service center in the American Midwest, completion of the conversion of Novozymes' production facilities in Lund, Sweden, and new research buildings in Denmark.

#### **Appendix 4**

Equity represents 44% of the balance sheet total

#### **Balance sheet and Statement of shareholders' equity**

Shareholders' equity was DKK 3,502 million at June 30, 2007, against DKK 3,393 million at January 1, 2007. Shareholders' equity was increased by net profit for the period but reduced by currency translation adjustments in respect of subsidiaries' net assets, dividend payments, and purchase of treasury shares. Shareholders' equity represented 44% of the balance sheet total at June 30, 2007.

A dividend of DKK 278 million was paid for 2006. Purchase of treasury shares, reduced by exercise of stock options (DKK 93 million), decreased shareholders' equity by DKK 169 million.

In the first half of 2007 Novozymes has purchased treasury shares worth DKK 262 million. At June 30, 2007, the holding of treasury shares was approximately 2.9 million B shares, equivalent to 4.5% of the share capital.

Share buy-backs continue

A framework of up to DKK 500 million has been approved for share buy-backs in 2007 as part of the capital adjustment program implemented in 2003 with a view to reducing the Group's equity ratio to around 45% by the end of 2007. Novozymes will continue share buy-backs within the approved framework of DKK 500 million for 2007.

#### **IAS 34**

#### **Accounting policies**

The financial statement for the second quarter of 2007 has been prepared in accordance with IAS 34 and the additional Danish requirements of disclosure for the presentation of quarterly financial statements by listed companies. The financial statement follows the same accounting policies as the Novozymes Report 2006.

## **Outlook for 2007**

The spot rates on August 7, 2007, for the company's key currencies were lower relative to the DKK than the average rates in 2006. As a result the average rates for 2007 are estimated to be lower than the average rates for 2006.

(DKK)	USD	JPY	CNY
Average exchange rate 2006	595	5.11	74.58
Spot rate August 7, 2007	540	4.55	71.28
Estimated average exchange rate for 2007*	550	4.61	72.00
Change in estimated average exchange rate for 2007* compared with average exchange rate in 2006	-8%	-10%	-3%

\*Estimated average exchange rate is calculated as average exchange rate year to date combined with the spot rate August 7, 2007

**Novozymes is maintaining its outlook for sales and earnings for 2007. The outlook for net profit is being adjusted upwards following the reduction of 3 percentage points in Danish corporation tax.**

This outlook is based on exchange rates remaining at their current levels for the rest of 2007, particularly the USD, JPY, and CNY. In greater detail, the outlook is as follows:

Sales	Growth of 8–10% in DKK and 11–13% in local currencies.
New products	Launch of 10–11 new products in 2007.
Operating profit	Growth in operating profit of 11–13%. Excluding the effect of the payment from the patent suit, growth is expected to be 5–7%.  A 5% change in the exchange rate for the USD and JPY is expected to have an impact on operating profit in 2007 of DKK 35–45 million and DKK 5–10 million respectively. Excluding the effect of the payment from the patent suit, growth in operating profit in local currencies is expected to be higher than Novozymes' long-term financial growth target of minimum 10% p.a.
Operating profit margin	Operating profit margin, excluding the payment from the patent suit, of around 19%.
Net financials	Net financial costs of around DKK 110 million.
Net profit	Growth in net profit of 14–16%. Excluding the effect of the payment from the patent suit, growth of 8–10% is expected.
Investments	Investments before acquisitions in the region of DKK 600–700 million.
Free cash flow	Free cash flow before acquisitions is expected to be in the region of DKK 850–950 million. Excluding the payment from the patent suit, free cash flow is expected to be DKK 800–900 million.
ROIC	Return on invested capital after tax (ROIC) of 21–22%. Excluding the payment from the patent suit, ROIC is expected to be 20–21%.

## Events after the end of the quarter

Novozymes acquires leading market position in growth market

With reference to Stock exchange announcement no. 17 "Novozymes to acquire the enzyme business of Biocon, India," on July 18, 2007, Novozymes entered into an agreement to acquire the enzyme activities of Biocon Limited ("Biocon"), Bangalore, India. The agreed purchase price is approximately DKK 551 million, excluding service fees and lease payments. The transaction is subject to the approval of Biocon's shareholders and other factors such as local regulatory authority approvals. Before the agreement was settled the approval of shareholders representing approximately 60% of the total shares was received. The transaction is expected to be complete around October 2007.

Biocon is a leading player on the Indian enzyme market with a strong local distribution set-up, market knowledge, and application development.

The acquisition is a good strategic fit and complements Novozymes' enzymes business and existing activities in India. The acquisition gives Novozymes a leading position on the Indian market as well as a leading position globally within enzymes for the wine and juice industries.

## Business development

Strategy unchanged – focus on growth

Novozymes is maintaining the overall strategic frameworks for developing the business. The company has increased its focus on business development in recent years with a view to accelerating sales growth.

13–14% of sales invested in research and development

In recent years Novozymes has spent 12–13% of sales on research and development. Approximately 13% is invested at present, and this is expected to be 13–14% going forward. The increasing investment in research and development is primarily targeted toward the enzyme business, including "New Business Development" activities, cf. below, and increased efforts within enzymes for cellulose-based bioethanol. Additional resources are also expected to be used for research within the rest of the enzyme business.

The enzyme business is the company's largest business area, with a broad focus within industrial enzymes. The expansion of enzyme activities is contributing to a high level of robustness in the business, which the company wishes to maintain.

On the way to "10 in 10"

Realized growth in 2007 supports the ambition of achieving sales of DKK 10 billion in 2010. The company's research portfolio is assessed as being satisfactory and forms the basis for the outlook of long-term growth of 8–9% p.a. in enzymes and microorganisms. There is also the recently announced agreement to purchase the

enzyme activities of the Indian company Biocon, which is expected to be completed around October 2007. Novozymes will continue to focus on acquisitions, both within the enzymes business and in the new business areas.

Progress within “New Business Development”

Both research projects and a commercial business within sustainable agriculture have now been established within the longer-term growth initiatives. Sustainable farming and better use and handling of fertilizer from livestock farming both offer interesting potential.

The area of conversion of plant materials into bio-chemicals, textiles, and other end products has also proved to offer interesting potential. These are long-term research projects.

Projects within BPI on schedule

Activities within biopharmaceutical ingredients and the integration of the acquired activities are on schedule.

With regard to the research project concerning development of antimicrobial peptides for the treatment of resistant bacterial infections, Novozymes has decided to continue the project as a clinical phase I study, provided satisfactory results are obtained from the preclinical studies, which are expected to be complete at the beginning of 2008. Subsequent development and potential commercialization are expected to involve a partner.

DKK 250 million expansion of production capacity in China – largely within expected investments

In recent years a marked change in the company’s product mix and significant growth within enzymes for bioethanol has led to high capacity utilization of Novozymes’ production facilities. As a result Novozymes will spend a total of approximately DKK 250 million expanding its production capacity in China. The expansion will begin in the second half of 2007 and is expected to be finished in the first half of 2009. It is anticipated that the expanded capacity and continued productivity improvements will be sufficient to accommodate Novozymes’ capacity requirements to support expected long-term growth of 8–9%. The investment will largely fall within the expected level of investments.

Success may trigger new investments – and higher long-term growth

If Novozymes and its partners are successful in one or more of these research projects aimed at the biopharmaceuticals industry, it will be necessary to invest in production capacity for this purpose in the coming years. Other things being equal, this will have a positive effect on Novozymes’ long-term growth outlook.

## Environmental and social discussion

### Appendix 6

Challenging target  
for 2007

#### **Water and energy – effective utilization of resources**

Consumption of water and energy related to goods sold rose by 25% and 21% respectively in the first half of 2007 compared with the same period of 2006. The target for 2007 is for the increase in consumption of water and energy related to goods sold to be at least 1 percentage point lower than growth calculated in local currencies.

#### **Significant spills**

There were no significant spills in the first half of 2007.

#### **Occupational accidents**

The frequency of reported occupational accidents resulting in absence was 4.6 per million working hours in the first half of 2007 compared with 3.0 in the first half of 2006. A number of activities have now been initiated with a view to further increasing the focus on prevention, and the target for 2007 of keeping the frequency of occupational accidents resulting in absence below 4.5 per million working hours is expected to be achieved for the year as a whole.

#### **Rate of employee turnover and absence**

Calculated at the end of the first half of 2007 the rate of employee turnover for the 12 months to date was 8.3%, equivalent to an increase of 0.9 percentage points on the same period of 2006. The rate of absence was 2.4% for the period, which was 0.1 percentage point lower than for the first half of 2006.

## Forward-looking statements

This Stock exchange announcement contains forward-looking statements, including the financial outlook for 2007. Forward-looking statements are, by their very nature, 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 within Novozymes' core areas.

**Bagsværd, August 8, 2007**

**Board of Directors  
Novozymes A/S**

## Contact persons:

### Press and media:

Eva Veileborg Hald  
Tel. (direct): +45 4442 3998  
Tel. (mobile): +45 3077 3998

Annegrethe M. Jakobsen  
Tel. (direct): +45 4442 3050  
Tel. (mobile): +45 3079 3050

Johan Melchior  
Tel. (direct): +45 4446 0690  
Tel. (mobile): +45 3077 0690

### Investor Relations:

Lene Aabo  
Tel. (direct): +45 4446 0082  
Tel. (mobile): +45 3077 0082

Ian Christensen  
Tel. (direct): +45 4446 0341  
Tel. (mobile): +45 3077 0341

Tobias Bjørklund (North America)  
Tel. (direct): +1 919 494 3483  
Tel. (mobile): +1 919 649 2565

*Novozymes is the world leader in bioinnovation. Together with customers across a broad array of industries we create tomorrow's industrial biosolutions, improving our customers' business and the use of our planet's resources. Read more at [www.novozymes.com](http://www.novozymes.com).*

# Statement of the Board of Directors and the Management

The Board of Directors and the Management have considered and approved the unaudited Group financial statement for Novozymes A/S for the second quarter of 2007.

The quarterly financial statement has been prepared in accordance with International Financial Reporting Standards (IAS 34), and the additional Danish requirements of disclosure for the presentation of quarterly financial statements by listed companies.

In our opinion the accounting policies used are appropriate, the Group's internal controls relevant to preparation and presentation of a group financial statement are adequate, and the Group financial statement gives a true and fair view of the Group's assets, liabilities, net profit and financial position at June 30, 2007, and of the results of the Group's operations and cash flow for the second quarter of 2007.

Bagsværd, August 8, 2007

## Management:

Steen Riisgaard  
*President and CEO*

Per Falholt

Benny D. Loft

Peder Holk Nielsen

Arne W. Schmidt

## Board of Directors:

Henrik Gørtler  
*Chairman*

Kurt Anker Nielsen  
*Vice-Chairman*

Paul Petter Aas

Arne Hansen

Jerker Hartwall

Søren Jepsen

Ulla Morin

Walther Thygesen

Mathias Uhlén

Hans Werdelin

# Appendices

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	4.2 Statement of shareholders' equity
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Appendix 6	Selected key figures, environmental and social data
Appendix 7	Overview of Stock exchange announcements for 2007 to date (excluding insiders' trading)
Appendix 8	Financial calendar 2007



## Appendix 1: Main items and key figures

(DKK million)	2007 1H	2006 1H	% change 1H/1H	2007 2Q	2006 2Q	% change 2Q/2Q
<b>Sales</b>	<b>3,734</b>	<b>3,282</b>	<b>14%</b>	<b>1,803</b>	<b>1,649</b>	<b>9%</b>
<b>Gross profit</b>	<b>1,973</b>	<b>1,795</b>	<b>10%</b>	<b>969</b>	<b>913</b>	<b>6%</b>
Gross margin	52.8%	54.7%		53.7%	55.4%	
<b>Operating profit</b>	<b>788</b>	<b>657</b>	<b>20%</b>	<b>429</b>	<b>344</b>	<b>25%</b>
Operating profit margin	21.1%	20.0%		23.8%	20.9%	
Net financials	(28)	(66)	-	(15)	(18)	-
<b>Profit before tax</b>	<b>760</b>	<b>591</b>	<b>29%</b>	<b>414</b>	<b>326</b>	<b>27%</b>
Corporation tax	(190)	(148)	28%	(98)	(79)	24%
<b>Net profit</b>	<b>570</b>	<b>443</b>	<b>29%</b>	<b>316</b>	<b>247</b>	<b>28%</b>
Attributable to:						
Shareholders in the parent company	570	438	30%	316	244	30%
Equity minority interests	0	5	-	0	3	-
Foreign exchange gain/(loss), net	30	(51)	-	25	(27)	-
Interest income/(costs)	(40)	(3)	-	(15)	7	-
Other financial items	(18)	(12)	-	(25)	2	-
<b>Total financial income/(costs)</b>	<b>(28)</b>	<b>(66)</b>	<b>-</b>	<b>(15)</b>	<b>(18)</b>	<b>-</b>
<b>Earnings per DKK 10 share</b>	<b>9.21</b>	<b>6.89</b>	<b>34%</b>	<b>5.10</b>	<b>3.85</b>	<b>32%</b>
Average no. of A/B shares, outstanding (million)	61.9	63.5		61.9	63.3	
<b>Earnings per DKK 10 share (diluted)</b>	<b>8.95</b>	<b>6.72</b>	<b>33%</b>	<b>4.96</b>	<b>3.76</b>	<b>32%</b>
Average no. of A/B shares, diluted (million)	63.7	65.2		63.7	65.0	
<b>Free cash flow before acquisitions</b>	<b>519</b>	<b>600</b>	<b>-14%</b>			
Return on invested capital after tax (ROIC), incl. goodwill	24.1%	19.7%				
Net interest-bearing debt	1,348	1,030	31%			
Equity ratio	43.6%	47.6%				
Return on equity	33.1%	24.3%				

## Appendix 2: Distribution of sales

### 2.1 By industry

(DKK million)	2007 1H	2006 1H	% change 1H/1H
<b>Enzymes</b>	<b>3,388</b>	<b>3,054</b>	<b>11</b>
- detergent enzymes	1,127	997	13
- technical enzymes	1,079	922	17
- food enzymes	836	791	6
- feed enzymes	346	344	1
<b>Microorganisms</b>	<b>175</b>	<b>184</b>	<b>(5)</b>
<b>BPI</b>	<b>171</b>	<b>44</b>	<b>289</b>
<b>Sales</b>	<b>3,734</b>	<b>3,282</b>	<b>14</b>

### 2.2 By geographical region

(DKK million)	1H 2007	1H 2006	% change 1H/1H	% currency impact	% change in local currency
Europe, Middle East & Africa	1,531	1,372	12	(0)	12
North America	1,231	1,012	22	(8)	30
Asia Pacific	722	681	6	(6)	12
Latin America	250	217	15	(3)	18
<b>Sales</b>	<b>3,734</b>	<b>3,282</b>	<b>14</b>	<b>(4)</b>	<b>18</b>

### 2.3 Quarterly sales by industry

(DKK million)	2007		2006				% change 2Q/2Q
	2Q	1Q	4Q	3Q	2Q	1Q	
<b>Enzymes</b>	<b>1,661</b>	<b>1,727</b>	<b>1,608</b>	<b>1,658</b>	<b>1,538</b>	<b>1,516</b>	<b>8</b>
- detergent enzymes	555	572	505	538	492	505	13
- technical enzymes	537	542	550	505	469	453	14
- food enzymes	402	434	374	438	404	387	0
- feed enzymes	167	179	179	177	173	171	(3)
<b>Microorganisms</b>	<b>91</b>	<b>84</b>	<b>81</b>	<b>83</b>	<b>90</b>	<b>94</b>	<b>1</b>
<b>BPI</b>	<b>51</b>	<b>120</b>	<b>75</b>	<b>15</b>	<b>21</b>	<b>23</b>	<b>143</b>
<b>Sales</b>	<b>1,803</b>	<b>1,931</b>	<b>1,764</b>	<b>1,756</b>	<b>1,649</b>	<b>1,633</b>	<b>9</b>

### 2.4 Quarterly sales by geographical region

(DKK million)	2007		2006				% change 2Q/2Q
	2Q	1Q	4Q	3Q	2Q	1Q	
Europe, Middle East & Africa	734	797	733	750	689	683	7
North America	592	639	530	524	507	505	17
Asia Pacific	355	367	366	354	340	341	4
Latin America	122	128	135	128	113	104	8
<b>Sales</b>	<b>1,803</b>	<b>1,931</b>	<b>1,764</b>	<b>1,756</b>	<b>1,649</b>	<b>1,633</b>	<b>9</b>

## Appendix 3: Statement of cash flow

(DKK million)	1H 2007	1H 2006
<b>Net profit</b>	<b>570</b>	<b>443</b>
Reversals of non-cash expenses	478	501
Corporation tax paid	(76)	44
Interest received	34	64
Interest paid	(79)	(85)
<b>Cash flow before change in working capital</b>	<b>927</b>	<b>967</b>
<b>Change in working capital</b>		
(Increase)/decrease in receivables	(154)	(95)
(Increase)/decrease in inventories	58	(71)
(Increase)/decrease in trade payables and other liabilities	22	(17)
<b>Cash flow from operating activities</b>	<b>853</b>	<b>784</b>
<b>Investments</b>		
Purchase of intangible fixed assets	(11)	(12)
Sale of property, plant and equipment	7	18
Purchase of property, plant and equipment	(330)	(190)
<b>Cash flow from investing activities before acquisitions</b>	<b>(334)</b>	<b>(184)</b>
<b>Free cash flow before acquisitions</b>	<b>519</b>	<b>600</b>
Acquisition of activities and companies	-	(66)
<b>Free cash flow after acquisitions</b>	<b>519</b>	<b>534</b>

## Appendix 4: Balance sheet and Statement of shareholders' equity

### 4.1 Balance sheet at June 30, 2007

Assets (DKK million)	2007 2Q	2006 2Q	2006 End
Completed IT development projects	31	41	39
Acquired patents, licenses and know-how	484	258	497
Goodwill	217	130	216
IT development projects in progress	28	23	17
<b>Intangible fixed assets</b>	<b>760</b>	<b>452</b>	<b>769</b>
Land and buildings	1,707	1,730	1,723
Production equipment and machinery	971	926	1,012
Other equipment	313	302	319
Property, plant and equipment under construction	677	454	499
<b>Property, plant and equipment</b>	<b>3,668</b>	<b>3,412</b>	<b>3,553</b>
<b>Deferred tax assets</b>	<b>60</b>	<b>33</b>	<b>45</b>
<b>Non-current financial assets (non-interest-bearing)</b>	<b>41</b>	<b>25</b>	<b>12</b>
<b>Total fixed assets</b>	<b>4,529</b>	<b>3,922</b>	<b>4,379</b>
Raw materials and consumables	199	174	201
Goods in progress	286	289	338
Finished goods	782	787	787
<b>Inventories</b>	<b>1,267</b>	<b>1,250</b>	<b>1,326</b>
Trade receivables	1,265	1,063	1,193
Tax receivable	247	162	248
Other receivables	184	178	145
<b>Receivables</b>	<b>1,696</b>	<b>1,403</b>	<b>1,586</b>
Financial assets (interest-bearing)	115	126	133
Financial assets (non-interest-bearing)	33	64	44
<b>Total financial assets</b>	<b>148</b>	<b>190</b>	<b>177</b>
<b>Cash at bank and in hand</b>	<b>396</b>	<b>600</b>	<b>497</b>
<b>Total current assets</b>	<b>3,507</b>	<b>3,443</b>	<b>3,586</b>
<b>Total assets</b>	<b>8,036</b>	<b>7,365</b>	<b>7,965</b>

<b>Liabilities and shareholders' equity</b> (DKK million)	<b>2007</b> 2Q	<b>2006</b> 2Q	<b>2006</b> End
Share capital	650	650	650
Treasury shares	(1,618)	(923)	(1,449)
Other reserves	74	114	86
Retained earnings	4,364	3,630	4,072
Minority interests	32	38	34
<b>Total shareholders' equity</b>	<b>3,502</b>	<b>3,509</b>	<b>3,393</b>
Deferred tax liabilities	757	557	756
Long-term employee benefits	14	12	15
Non-current provisions	141	88	134
Non-current financial liabilities (interest-bearing)	1,608	1,676	1,637
Non-current financial liabilities (non-interest-bearing)	85	48	71
Other non-current liabilities (interest-bearing)	21	23	21
<b>Total non-current liabilities</b>	<b>2,626</b>	<b>2,404</b>	<b>2,634</b>
Financial liabilities (interest-bearing)	230	57	427
Financial liabilities (non-interest-bearing)	24	16	34
Provisions	20	20	20
Trade payables	334	291	386
Tax payable	154	78	50
Other current liabilities	1,146	990	1,021
<b>Total current liabilities</b>	<b>1,908</b>	<b>1,452</b>	<b>1,938</b>
<b>Total liabilities</b>	<b>4,534</b>	<b>3,856</b>	<b>4,572</b>
<b>Total liabilities and shareholders' equity</b>	<b>8,036</b>	<b>7,365</b>	<b>7,965</b>

#### 4.2 Statement of shareholders' equity

(DKK million)	<b>2007</b> 2Q	<b>2006</b> 2Q	<b>2006</b> End
<b>Shareholders' equity excl. minority interests – beginning of period</b>	<b>3,359</b>	<b>3,761</b>	<b>3,761</b>
Net profit	570	443	909
Dividend paid	(278)	(255)	(255)
Purchase of treasury shares, net	(169)	(468)	(996)
Currency translation of net assets, etc.	(12)	(10)	(60)
<b>Shareholders' equity excl. minority interests</b>	<b>3,470</b>	<b>3,471</b>	<b>3,359</b>
Minority interests – beginning of period	34	33	33
Net profit	0	5	2
Dividend paid	(1)	(2)	(1)
Currency translation of net assets, etc.	(1)	(2)	(1)
Change in minority interests	0	4	3
<b>Minority interests – end of period</b>	<b>32</b>	<b>38</b>	<b>34</b>
<b>Total equity – end of period</b>	<b>3,502</b>	<b>3,509</b>	<b>3,393</b>

## Appendix 5: New products in 2007

1Q 2007	Mannaway <sup>®</sup> , an enzyme for the detergent industry designed to remove mannan-containing stains
1Q 2007	Viscoferm <sup>®</sup> , an enzyme for the alcohol industry reducing viscosity as well as water and energy consumption in the production process
1Q 2007	HyaCare <sup>®</sup> , an optimized hyaluronic acid for eyecare in the medical device market
2Q 2007	Stainzyme <sup>®</sup> Plus, a detergent enzyme with improved washing characteristics at low temperatures
2Q 2007	Ultraflo <sup>®</sup> Max, an enzyme for the brewing industry which allows a long and consistent filtration process and therefore an optimized production process
2Q 2007	Saczyme <sup>®</sup> , a cost-effective enzyme for the alcohol industry used to convert raw materials into fermentable sugars
2Q 2007	Ronozyme <sup>®</sup> NP, an improved enzyme for the feed industry used to release naturally occurring phosphate in feed for pigs and poultry
2Q 2007	Spirizyme <sup>®</sup> Ultra, an enzyme used in the conventional conversion of corn to bioethanol to increase yields

## Appendix 6: Selected key figures, environmental and social data

	2007 1H	2006 1H	% change 1H/1H
Water consumption (related to goods sold), 1,000 m <sup>3</sup>	2,739	2,194	25
Energy consumption, 1,000 GJ	1,922	1,589	21
Significant spills	-	-	
Fatalities	-	-	
Frequency of occupational accidents per million working hours	4.6	3.0	
Employees at June 30, 2007	4,640	4,221	10
Rate of employee turnover	8.3%	7.4%	
Rate of absence	2.4%	2.5%	

## Appendix 7: Stock exchange announcements for 2007 to date

Excluding insiders' trading

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January 25, 2007	Group financial statement for 2006
February 19, 2007	Novozymes awarded damage payment for patent infringement
March 9, 2007	Annual Meeting of Shareholders 2007
April 3, 2007	Change in revenue reporting
April 17, 2007	Novozymes terminates patent infringement suit
April 25, 2007	Group financial statement for 1Q 2007
July 18, 2007	Novozymes to acquire the enzyme activities of Biocon, India

## Appendix 8: Financial calendar 2007

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October 25, 2007	Group financial statement for the first nine months of 2007
November 7–8, 2007	Capital Markets Day
January 25, 2008	Group financial statement for 2007