

The background of the page features a dynamic, abstract composition of blue liquid shapes. These shapes vary in color from a pale blue to a medium blue, and they overlap and flow in a way that suggests motion and fluidity. They are positioned in the upper half of the page, creating a sense of organic form and movement.

Annual Report

2009/10

Contents



Innovation



Sustainability

REVIEW

Danisco snapshots 2009/10	5
Focus on execution	
Key figures and financial ratios	
Management's review	
Business segments	
Our marketplace	
Innovation	24
Sustainability	38
Our organisation	
Shareholder information	
Corporate governance	
Risk management	

5

5	Parent company financial statements	122
6	Income statement	123
7	Balance sheet	124
8	Statement of changes in equity	126
18	Notes	127

FINANCIAL STATEMENTS

66

Quarterly key figures	66
Group financial statements	69
Income statement	70
Statement of comprehensive income	71
Statement of financial position	72
Statement of changes in equity	74
Statement of cash flows	75
Notes	76

46	Management's statement	134
50	Independent auditor's report	135
54	Board of Directors	137
61	Executive Board	141
	Executive Committee	142
	Definition of key figures and financial ratios	143
	Contact Danisco	151

Our business

Food Ingredients

- Revenue DKK 9.2 billion – around 67% of group revenue
- EBIT margin 14.6%

Danisco is a world leader in bio-based ingredients that deliver safe and healthy solutions to a wide range of food and beverage products. We hold leading positions within cultures, emulsifiers, gums & systems and natural sweeteners through close partnerships with the world's food manufacturers. Key applications include dairy, baking, ice cream, beverages, confectionery, dietary supplements and chewing gum.

Danisco's Food Ingredients business is organised into three divisions and reporting segments – Enablers, Cultures and Sweeteners. Our BioActives cluster encompasses the Cultures and Sweeteners businesses as well as our group-wide health & nutrition activities.

Please see Our marketplace, or visit www.danisco.com or www.genencor.com

Industrial enzymes – Genencor

- Revenue DKK 4.5 billion – around 33% of group revenue
- EBIT margin 13.5% (14.6% before Bio Chemicals Projects)

Genencor is a world leader in industrial biotechnology that helps customers improve their performance and environmental footprint. We are the second-largest global developer and manufacturer of industrial enzymes, partnering with blue-chip global leaders in a wide range of industries.

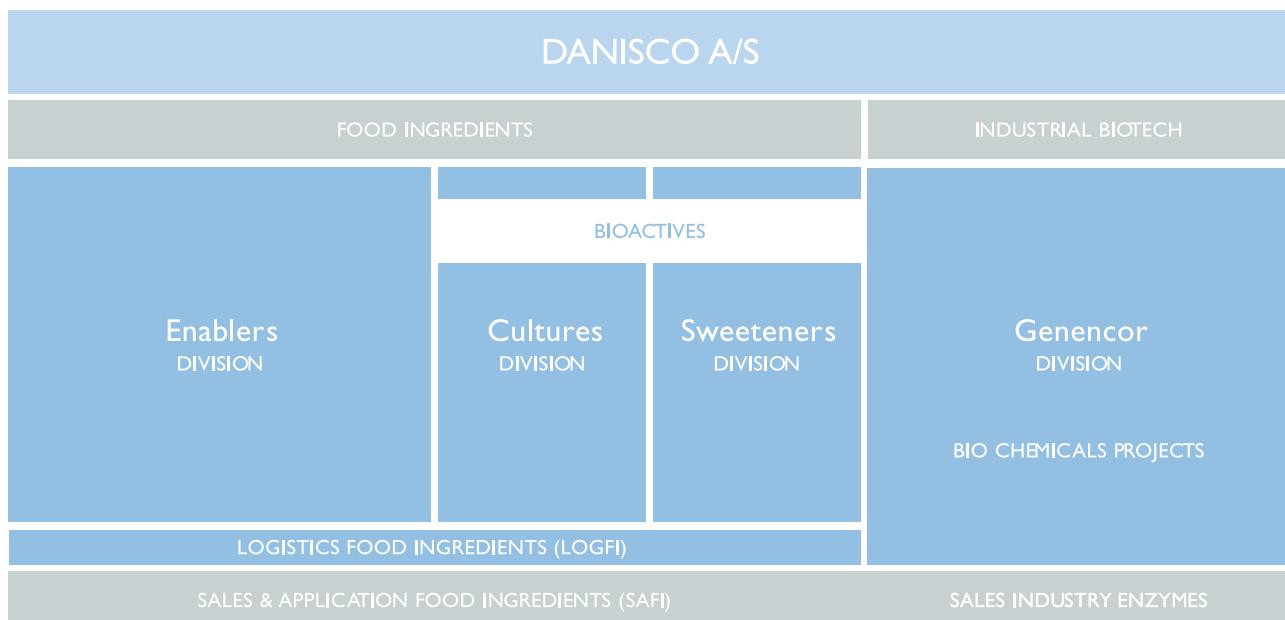
Core businesses today

- Fabric & Household Care: for example, enzymes for detergents and dishwashing
- Technical Enzymes: for example, enzymes for bioethanol and carbohydrate processing as well as textile treatment
- Food and Animal Nutrition: for example, enzymes for bread, feed and brewing applications

Bio Chemicals Projects

We envision that in the near future biorefineries will take their place alongside oil refineries to produce renewable energy and bio-based chemicals. Genencor is already leveraging its core competencies through several collaborations, including one with Goodyear Tire & Rubber Company on the development of Biolsoprene™ and a joint venture called DDCE with DuPont on the development of integrated solutions in second-generation bioethanol.

Danisco has made sizeable financial commitments to these two collaborations.



Picnic with Danisco



Danisco's ingredients are part of consumers' everyday life in their food, clothes and other products. Egg-laying hens have been fed our enzymes through their feed, bread and margarine contain emulsifiers from palm oil, and dairy cultures are part of cheese and other dairy products. Jeans may be bleached by our enzymes, and in just a few years' time rubber tyres could be based on Biolsoprene™. Fresh fruit and raw fish are almost the only areas where consumers will not meet Danisco's ingredients.

VISION

To be the First choice provider of bio-based ingredients to industry globally

MISSION

To help our customers increase their competitiveness through innovative, sustainable and bio-based ingredient solutions that meet market demand for healthier and safer products

STRATEGY

To create value through:

- organic and acquisitive growth by leveraging and strengthening our market access, applications and technology platforms
- talented and engaged people

Danisco snapshots 2009/10

REVIEW

GROUP REVENUE DKK billion	GROUP EBIT* DKK million	GROUP PROFIT DKK million
13.7	1,745	481
ORGANIC REVENUE GROWTH	EMPLOYEES	R&D SPEND DKK million
6%	6,800	884
RONOA	DIVIDEND/SHARE** DKK	SHARE PRICE *** DKK
19.0%	17.00	404

* In this report, EBIT will refer to EBIT before share-based payments and special items unless otherwise stated

** Board of Directors' proposal to the Annual General Meeting on 19 August 2010 (ordinary dividend of DKK 8.50 plus extraordinary dividend of DKK 8.50)

*** Share price at financial year-end

Financial ambitions

Our ambition for organic growth is at the level of 5-7% over a business cycle and a long-term EBIT margin (before BCP) of at least 13.5% and to have a capital structure, which over time

will correspond to debt defined as a net interest-bearing debt/EBITDA (including Bio Chemicals Projects) ratio at the level of 1.5-2.5. A reduction of the capital base will be in the form of dividends and/or share buybacks.

Focus on execution

The financial year 2009/10 has been a turning point for Danisco. We continued to take important steps towards meeting our strategic ambitions, and our business performance showed sustained improvement compared to the previous year. Throughout the year, focus has been on execution – to deliver on the commitments that we have made to our stakeholders and to ourselves. As a result, we announced in May 2010 that we had been able to meet our 12.5% milestone in EBIT margin (before Bio Chemicals Projects – BCP) already in 2009/10, well ahead of plan.

We achieved group revenue growth of 6% – all of which was organic – and an overall EBIT margin expansion of 3.2 percentage points, to 13.1%, resulting in an EBIT (before BCP) of DKK 1,796 million for 2009/10.

One driver of this broad-based performance was a return to growth in many of the core markets that we are addressing. We also enjoyed some tailwind from lower and less volatile input costs in some areas and a string of cost containment initiatives. But growth has also emerged as a result of our collaboration with customers as we continue to strengthen our reach and capabilities and put our full product offering to play, with the continued ambition of becoming our customers' First choice. This has been made possible by our dedicated employees who have been keeping us on track and strengthening our momentum by accepting salary freezes and other measures – and we wish to thank our staff for their strong contribution.

One year ago, we highlighted two immediate challenges for Danisco: Our Sweeteners division, which was hurt by markedly lower demand for xylitol, and margin deterioration for Genencor, our industrial biotech division. Since then, Genencor has regained momentum in line with our plans and expectations, as our stepped-up innovation focus on industrial enzymes to ensure competitive and innovative solutions has started to gain traction. And Sweeteners, albeit clearly still challenged, achieved above-target cash flow for the year and has recently been showing signs of stability. Meanwhile, both our Enablers and Cultures divisions maintained their strong momentum over the financial year.

Looking ahead, our focus will be on further streamlining our business, and we will continue to invest into our sustainability offering and innovation platform to support our long-term growth path. This is necessary if we are to address unmet customer needs stemming from the global challenges discussed throughout this report. We see step-change opportunities for us in designing solutions to many of these overarching challenges. Specifically for our Bio Chemicals Projects, we believe we are now nearer to realising these major opportunities, and we are looking into our options for deployment and play out of these projects. It is part of our mindset that Danisco should also be able to grasp such opportunities in future.

On that basis, we continue to adhere to our overall ambitions of an EBIT margin (before BCP) of 13.5% and RONOA of more than 18%, based on an organic growth rate of 5-7% over an economic cycle. In terms of gearing, we have taken our previous target range of 2.5-4.0 times net interest-bearing debt (NIBD) to EBITDA down to 1.5-2.5, allowing for the financial flexibility that we deem necessary taking the prevailing financial markets into account combined with the opportunities for investments our strategy will create moving forward. For the year 2009/10, we propose an ordinary dividend per share of DKK 8.50 (last year DKK 7.50 per share) as well as an additional, extraordinary dividend of DKK 8.50 per share reflecting the substantial debt reduction we have achieved both from the sale of Danisco Sugar and from our operations, bringing the total proposed dividend payout for this financial year to DKK 17.00 per share – a payout ratio of 169%.

On behalf of the Executive Committee



Tom Knutzen
CEO



From left:

Iain Witherington,
Tjerk de Ruiter,
Ole Søgaard Andersen,
Søren Bjerre-Nielsen,
Fabienne Saadane-Oaks,
Tom Knutzen

Key figures and financial ratios

GROUP

(DKKm)	2009/10	2008/09	2007/08	2006/07	2005/06
Income statement					
Revenue	13,706	12,991	12,219	18,802	20,912
EBITDA before special items	2,441	1,931	2,192	3,078	3,289
Operating profit before share-based payments and special items	1,745	1,248	1,457	2,013	2,372
Operating profit before special items	1,691	1,233	1,499	2,034	2,159
Special items	(796)	(738)	(95)	(179)	(768)
Operating profit	895	495	1,404	1,855	1,391
Share of profit from joint ventures	(65)	(46)	-	-	-
Net financial expenses	(152)	(68)	(201)	(506)	(497)
Profit before tax	678	381	1,203	1,349	894
Profit from continuing operations	481	131	770	940	633
Profit from discontinued operations	-	(59)	529	139	(11)
Profit	481	72	1,299	1,079	622
Cash flow					
Cash flow from operating activities	2,592	1,288	1,044	2,203	2,646
Cash flow from investing activities	(841)	(1,416)	(702)	(1,178)	(1,420)
of which acquisition and divestment of enterprises and activities	(38)	(506)	1	(60)	(159)
of which net investment in property, plant and equipment	(650)	(773)	(626)	(1,036)	(1,067)
of which net investment in intangible assets	(52)	(47)	(76)	(118)	(178)
of which purchase and sale of financial assets	(101)	(90)	(1)	36	(16)
Free cash flow	1,751	(128)	342	1,025	1,226
Financial position*					
Equity attributable to owners of the parent	12,498	12,134	12,259	12,644	12,408
Equity	12,505	12,140	12,542	12,949	12,726
Net interest-bearing debt (NIBD)	3,007	4,739	9,545	12,222	13,224
Total assets	20,508	21,278	27,943	31,385	32,262
Invested capital					
Net assets	16,034	17,263	16,451	25,843	26,566
Net operating assets	9,038	9,725	9,083	14,342	15,877
Financial ratios (%)					
Operating profit margin before special items	12.3	9.5	12.3	10.8	10.3
Return on net assets (RONA)	10.7	7.1	8.5	8.1	7.3
Return on net operating assets (RONOA)	19.0	12.7	15.8	14.5	14.5
Return on equity (ROE)*	4.0	0.9	9.9	8.4	4.6
NIBD (average)/EBITDA*	1.5	3.1	3.0	3.7	3.8
Number of shares ('000)					
Average number of shares, diluted	47,625	47,513	48,137	49,010	49,373
Number of shares at year-end, diluted	47,878	47,502	47,520	48,943	49,256
Earnings per share (DKK)					
Earnings per share (EPS)*	10.10	2.28	26.03	21.71	11.52
Diluted earnings per share (DEPS)*	10.08	2.28	25.97	21.58	11.41
DEPS before special items*	26.17	16.82	27.35	24.43	22.92
Cash flow per share, diluted	54.43	27.11	21.69	44.95	53.59
Book value per share, diluted*	261	255	258	258	252
Share price					
Market price per share (DKK)	404	186	320	443	502
Market capitalisation	19,343	8,835	15,206	21,682	24,727
Paid to shareholders					
Dividends paid in the financial year	357	356	361	328	330
Net purchase of treasury shares	(60)	-	506	35	42
Total	297	356	867	363	372
Average number of employees*	6,853	8,986	9,631	10,423	10,636

* In the 5-year period Danisco has divested two major business operations: Sugar in 2008/09 and Flavours in 2007/08. Income statement, cash flow, invested capital and financial ratios exclude divested business in the year of divestment and the preceding year unless marked with an asterisk (*). Lines marked with an asterisk (*) include for all years continuing and discontinued operations for the year in question.

See Definition of key figures and financial ratios.

In 2009/10 we continued to take important steps towards meeting our strategic ambitions, and our business performance showed sustained improvement over the year. Focus has been on execution



Management's review

Group overview

Strategy and organisation

The financial year 2009/10 has been a turning point for Danisco. We continued to take important steps towards meeting our strategic ambitions, and our business performance showed sustained improvement over the year. Throughout the year, focus has been on execution – to deliver on the commitments that we made to our stakeholders and to ourselves.

Quarter by quarter, we have experienced a continued positive earnings momentum. This has been the result of growing demand in most of our key markets, partly reflecting more stable market conditions compared to a very volatile FY 2008/09 and some tailwind from lower and less volatile input costs in some areas. However, the improved performance was equally the result of our customer collaboration and putting our full product offering to play. Furthermore, we felt the positive impact from a string of cost initiatives – particularly early in the financial year – and our ongoing efforts to streamline the organisation.

As a result, we were pleased to announce in May 2010 that we had met our financial EBIT margin milestone of 12.5% (before BCP) well ahead of plan. And in the coming financial year 2010/11, we are targeting an EBIT margin (before BCP) of around 13.5%, thus allowing us to realise our present long-term margin ambition.

Going forward, it is our priority to maintain the positive momentum in earnings, also in the longer term. As a result, we will continue to pursue growth opportunities by supporting our capabilities in innovation and sustainability that meet many of the overarching global challenges discussed in greater detail throughout this annual report. We will continue to dedicate the resources necessary to pursue these options, both in terms of R&D funding across our platforms and by providing the investments necessary to play out the prioritised projects.

In terms of gearing, this means that we have taken our previous target range of 2.5-4.0 times net interest-bearing debt (NIBD) to EBITDA down to 1.5-2.5. This will allow for the financial flexibility that we deem necessary taking the prevailing financial markets into account and considering the opportunities for investments that our strategy will create going forward. All other previously communicated financial targets and ambitions remain unchanged.

Group RONO A increased from 12.7% to 19.0% over the year as a result of stronger capacity utilisation, improvements in our net working capital and EBIT margin enhancement.

For the year 2009/10, we propose an ordinary dividend per share of DKK 8.50 (last year DKK 7.50 per share) as well as an additional, extraordinary dividend of DKK 8.50 per share reflecting the substantial debt reduction we have achieved both from the sale of Danisco Sugar and from operations, bringing the total proposed dividend payout for this financial year to DKK 17.00 per share – a payout ratio of 169%.

As mentioned at our 2009 Annual General Meeting, we are continuing to optimise our organisation so we can meet our ambition of becoming our stakeholders' First choice by working on removing unnecessary complexity and focus on what matters for our customers. We are particularly focused on five key areas at the heart of our organisation: Customer focus, Core product, Excellent pricing, Best supply chain and Leaner structure and processes.

Among other things, this means that we aim to more strongly differentiate our services and prices depending on the needs of our target customers and focus our efforts on marketing and selling prioritised products. Furthermore, it means operating from an increasingly focused footprint.

In order for us to improve our efficiency, a new organisational unit called Logistics Food Ingredients – LOGFI – was established on 1 May 2010 to handle the logistics of finished goods in Food Ingredients and the supply hereof. At the end of the year, Sales &

13.5%
EBIT
MARGIN*

>18%
RONOA

GEARING
1.5–2.5x
EBITDA

5-7%
organic
GROWTH
over business
cycle

* EBIT refers to EBIT before BCP

PROFIT FROM CONTINUING OPERATIONS

(DKKm)	Q4 2009/10	Q4 2008/09	YTD 2009/10	YTD 2008/09
Revenue				
Food Ingredients	2,501	2,285	9,192	8,975
of which BioActives	938	870	3,501	3,431
Genencor	1,233	1,037	4,553	4,065
Elimination	(9)	(12)	(39)	(49)
Total	3,725	3,310	13,706	12,991
EBIT before BCP	481	321	1,796	1,288
EBIT BCP	(12)	(11)	(51)	(40)
Total	469	310	1,745	1,248
Share-based payments	(13)	(8)	(54)	(15)
Special items	(96)	(9)	(796)	(738)
Operating profit	360	293	895	495
Share of profit from joint ventures	(15)	(10)	(65)	(46)
Net financial expenses	(31)	(79)	(152)	(68)
Profit before tax	314	204	678	381
Income tax expense	(18)	(47)	(197)	(250)
Profit from continuing operations	296	157	481	131

Bio Chemicals Projects (BCP)

Application Food Ingredients – SAFI – moved from five to four operational units.

There has been no change to our divisional set-up or reporting structure during the financial year 2009/10.

Group financials

In FY 2009/10, Danisco recorded total revenue of DKK 13.7 billion against DKK 13.0 billion in the same period of last year, made up of DKK 9.2 billion from Food Ingredients and DKK 4.5 billion from Genencor.

Group headline growth for the full year came in at 6%, all of which was organic. Enablers, Cultures and Genencor all contributed to this growth, while Sweeteners saw declining revenue Y/Y.

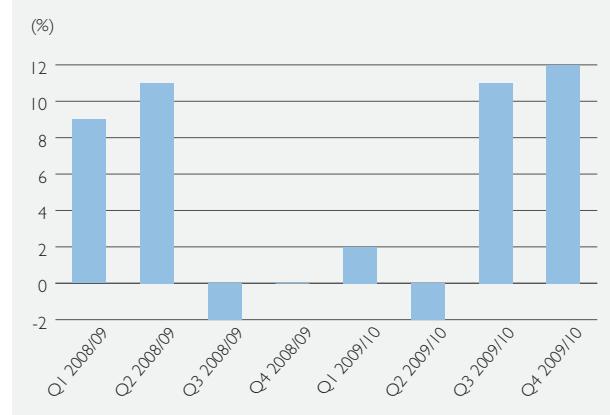
Specifically for Q4 2009/10, revenue grew by 13% of which 12% was organic, driven by all divisions – including Sweeteners – and beating our long-term growth expectations for each area over an economic cycle as the good momentum in demand continued in many of our key business areas. Please refer to the individual chapters on the divisions later in this report for further detail.

All key geographies contributed to growth over the year, especially North America and Asia-Pacific. In the four BRIC

countries, organic revenue for the Group increased by 13% (4% in Q4) led by particularly strong growth in China and Russia, whereas Latin America came in below our expectations. The global emerging markets remain a key growth driver for Danisco.

BioActives, our cluster encompassing both Cultures, Sweeteners and group-wide health & nutrition activities, posted total revenue of DKK 3.5 billion. Over the year, we continued to work intensely on our pipeline for health & nutrition, one of the pillars in our growth strategy.

ORGANIC GROWTH



Danisco remains committed to interacting with the European Food Safety Authority (EFSA) and other stakeholders in the food and drink industry and academic world to build a regulatory framework, which encourages the innovation of healthy foods in the EU. We continue to support well-designed scientific studies to build proven efficacy on our health-promoting ingredients. To date, we have experienced no change to our business or to our customers' pipeline relating to the EFSA situation.

EBIT (before BCP) came in at DKK 1,796 million, up DKK 508 million over the previous year, reflecting a margin enhancement of 3.2 percentage points Y/Y to 13.1%. In Q4, the margin came in at 12.9% against 9.7% in the same quarter of 2008/09, an increase of 3.2 percentage points.

Throughout the year we communicated that the expected margin enhancement would be somewhat front-end loaded due to a number of factors such as cost phasing and more favourable raw material prices. This trend developed in line with our expectations. At the same time, top-line growth exceeded our initial expectations for the second half of the year, which meant that our margin enhancement Y/Y became less front-end loaded than we had initially assumed.

Overall, group margins increased as a result of the previously mentioned productivity gains and gradually less volatile input cost environment, as well as an enhanced product offering in many fields that improved our product mix. The negative currency translation effect was around DKK 10 million for the full year.

Bio Chemicals Projects – covering our collaborations with DuPont and Goodyear – recorded total costs of DKK 158 million for the year (Q4: DKK 37 million), of which DKK 107 million related to our share of the joint venture with DuPont (DKK 65 million after tax) and DKK 51 million to Goodyear. This was in line with our expectations. Please refer to our discussion of Genencor for further details.

Special items came in at DKK 796 million, of which DKK 775 million was of a non-cash nature. DKK 700 million related to the non-cash goodwill writedown in Sweeteners, and the remainder to restructuring initiatives concerning that division.

Net financial expenses came in at DKK 152 million against DKK 68 million the previous year. The increase Y/Y was due to one-off items in 2008/09.

Taxes came in at DKK 197 million (last year: DKK 250 million), reflecting a tax rate of 29%. This included reversals of DKK 150

million related to provisions for tax in previous years (primarily of a non-cash nature).

The Group's profit thus closed at DKK 481 million.

Danisco closed the year with a net interest-bearing debt (including the Sugar vendor note) of DKK 3.0 billion, resulting in a gearing level of 1.2 times EBITDA (last 12 months' continuing operations). We replaced the funding of our syndicated facility ending May 2010.

Cash flow from operating activities for the year came in at DKK 2.6 billion against DKK 1.3 billion last year, due to the above-mentioned margin enhancements, inventory reductions in Sweeteners and other divisions, and overall higher efficiencies.

Year-to-date, consolidated equity increased by DKK 365 million, made up of consolidated profit of DKK 481 million plus other comprehensive income of DKK 159 million stemming mainly from exchange rate adjustments of subsidiaries. Furthermore, equity was impacted by the payout of dividends totalling DKK 358 million and the sale of treasury shares of DKK 60 million.

As we mentioned when closing the Sugar transaction (06/2009, 2 March 2009), Danisco temporarily retained sugar inventories with a value of DKK 0.6 billion (at year-end 2008/09 DKK 0.4 billion), to be gradually sold to Nordzucker, the buyer of Sugar, for cash. In 2009, these inventories had all been sold to Nordzucker at the previously agreed price. During the year, Danisco and Nordzucker reached a settlement regarding the opening balance of Sugar, which had a DKK 90 million negative liquidity effect on Danisco. This was already included in provisions taken at the time of the deal and thus had no impact on Danisco's income statement in 2009/10.

Enablers

Enablers encompasses our emulsifiers, gums and systems activities and accounted for 42% of group revenue in FY 2009/10.

The segment recorded revenue of DKK 5.7 billion for the period against DKK 5.5 billion in 2008/09, up 3% Y/Y. Organic growth came in at 2%, while last year's Abitec acquisition contributed 1%. After initial pressure on pricing early in the year caused by lower raw material prices, the overall price momentum stabilised towards the latter part of the year. We saw increases in demand throughout the year in all major business segments. Enablers posted EBIT of DKK 923 million for the year – a margin of

ENABLERS

(DKKm)	Q4 2009/10	Q4 2008/09	YTD 2009/10	YTD 2008/09
Revenue	1,563	1,415	5,691	5,544
Growth (%)	10	3	3	8
Organic growth (%)	8	(3)	2	6
EBITDA	383	263	1,214	906
EBITDA margin (%)	24.5	18.6	21.3	16.3
EBIT	281	198	923	646
EBIT margin (%)	18.0	14.0	16.2	11.7
RONOA (%)	26.1	18.3	26.1	18.3
Net working capital	1,525	1,587	1,525	1,587
Net non-current assets	2,097	2,002	2,097	2,002
Net operating assets	3,622	3,589	3,622	3,589
Goodwill	1,004	907	1,004	907
Net assets	4,626	4,496	4,626	4,496

16.2% against 11.7% in the same period of last year and ahead of our long-term margin ambition over an economic cycle.

The 4.5 percentage point margin expansion was triggered by a combination of a better product mix, internal cost containment measures, strong production performance and favourable external factors such as restocking and phasing. Furthermore, last year was negatively impacted by volatile and sharply increasing input costs. Finally, we realised synergies from the integration of Abitec's production into existing Danisco sites.

In terms of geography, Enablers' growth was especially strong in Asia Pacific. In Pirapozinho, Brazil, we upgraded and expanded our emulsifier plant in order to broaden our product offering and capacity, thus strengthening our competitiveness and ability to offer locally produced goods.

Specifically in Q4, Enablers posted 8% organic growth, driven by good demand and a stable pricing environment in most regions and business areas, not least Systems and Gums, and our EBIT margin reached 18.0% against 14.0% in the same quarter of last year. The 4.0 percentage point margin enhancement Y/Y was much in line with the full-year trend and ahead of our expectations.

We merged the Emulsifiers and Gums & Systems divisions with effect from November 2009, allowing for major functional benefits across operations, supply chain, purchasing, marketing, HR etc. The organisational change is progressing well, and we are beginning to realise synergies.

Cultures

Cultures – accounting for 15% of group revenue in FY 2009/10 – experienced another year of strong momentum. Revenue came in at DKK 2.1 million, up 7% Y/Y – reflecting 10% organic growth and a 3% negative currency impact. Growth was fairly broad-based, although starter cultures performed especially well as we continue to see conversion from bulk starter to DVI technology. The pricing environment was stable.

Most geographies contributed to Cultures' positive development. In the early quarters of the year, we benefited from a rebound in demand in Asia Pacific following last year's melamine scandal which also had an indirect negative effect on us. Eastern Europe performed especially well throughout the year, reinforcing emerging markets as a key pillar in our growth strategy. In order to address the emerging Indian dairy market, we started sampling customers with our newly developed cultures for dahi (Indian style yoghurts).

EBIT for the segment came in at DKK 396 million, resulting in a margin of 19.0% for the full year (16.5% in FY 2008/09). As we expected, this margin enhancement was driven by particularly strong performance in the early part of the financial year, impacted by a positive product mix and faster than expected conversion of part of Genencor's Rochester site into cultures production.

In Q4, Cultures delivered revenue of DKK 566 million, reflecting 10% organic growth that was once again driven by starter

CULTURES

(DKKm)	Q4 2009/10	Q4 2008/09	YTD 2009/10	YTD 2008/09
Revenue	566	516	2,081	1,936
Growth (%)	10	16	7	9
Organic growth (%)	10	13	10	9
EBITDA	118	118	505	420
EBITDA margin (%)	20.8	22.9	24.3	21.7
EBIT	85	93	396	320
EBIT margin (%)	15.0	18.0	19.0	16.5
RONOA (%)	31.3	25.4	31.3	25.4
Net working capital	306	424	306	424
Net non-current assets	971	827	971	827
Net operating assets	1,277	1,251	1,277	1,251
Goodwill	2,058	2,025	2,058	2,025
Net assets	3,335	3,276	3,335	3,276

cultures in particular; and North America performed especially well over the quarter along with China and Russia. The division posted an EBIT margin of 15.0% in Q4, down from 18.0% in Q4 last year. This margin drop was related to prudent inventory management and a number of non-recurring items. We have further accelerated our focus on scientific research including efficacy studies.

Early in the year, Cultures published plans to invest EUR 60 million (around DKK 450 million) into additional frozen cultures capacity over the coming three years in order to support the continued strong demand. This programme is progressing according to our overall plan while cash expenditure was slower than expected due to the persistently cold European winter weather.

The conversion of capacity at our Rochester site from Genencor to Cultures was completed during the financial year, and the plant is delivering in line with our expectations. Cultures announced the opening of our upgraded R&D centre in Dangé, France, one of Cultures' global anchor sites. This is a competence centre in microbiology and biotechnology operating for the whole of Danisco.

Sweeteners

Danisco's Sweeteners segment accounted for 10% of group revenue in FY 2009/10. Sweeteners recorded revenue of DKK 1,420 million, down 5% Y/Y, made up of 6% negative organic

growth and a 1% positive currency impact. The business momentum remained positive for Litesse®, our fibre sweetener, and lactitol over the year; and the situation for xylitol and fructose stabilised over the year.

In terms of geographies, the Americas and Rest of the world were the key drivers of growth this year. The negative pressure on revenue was intense during the first quarters of the financial year but showed signs of stability towards the end of the year, which was encouraging although we remain a long way from reaching our overall financial targets for the division. In Q4, revenue came in at DKK 372 million, marking the second quarter of positive organic growth driven especially by good demand in North America.

Sweeteners posted EBIT of DKK 20 million against DKK 77 million last year, reflecting a margin of 1.4% against 5.2% last year. This financial year, our clearly stated main objective for Sweeteners was to generate a positive free cash flow of at least DKK 200 million by reducing inventories through a markedly lower production rate at several of our plants. The results of that initiative have been satisfactory, as we realised a free cash flow of more than DKK 350 million.

Although we continued to see positive cash generation over the year, we wrote down our DKK 700 million goodwill in Sweeteners due to the continued uncertainty related to the longevity of the current market imbalances for xylitol.

As part of our continued efforts to improve our competitiveness and profitability in Sweeteners, we implemented further

SWEETENERS

(DKKm)	Q4 2009/10	Q4 2008/09	YTD 2009/10	YTD 2008/09
Revenue	372	354	1,420	1,495
Growth (%)	5	(2)	(5)	(10)
Organic growth (%)	4	(10)	(6)	(12)
EBITDA	28	27	113	175
EBITDA margin (%)	7.5	7.6	8.0	11.7
EBIT	2	2	20	77
EBIT margin (%)	0.5	0.6	1.4	5.2
RONOA (%)	1.4	4.8	1.4	4.8
Net working capital	491	795	491	795
Net non-current assets	721	785	721	785
Net operating assets	1,212	1,580	1,212	1,580
Goodwill	-	700	-	700
Net assets	1,212	2,280	1,212	2,280

restructuring initiatives in Q4 2009/10. These initiatives focused on capacity reduction at certain sites as well as efficiency measures resulting in staff reductions. The financial impact of these initiatives was DKK 96 million of which DKK 75 million related to non-cash writedowns on fixed assets. These expenses were booked under special items in Q4 2009/10. The initiatives are being executed and are developing satisfactorily.

During the year, xylitol received a positive opinion from EFSA, the European Food Safety Authority.

Genencor's EBIT before BCP came in at DKK 667 million against DKK 441 million last year, with a margin increase from 10.8% to 14.6%. The EBIT margin improvement of 3.8 percentage points was the result of productivity gains and an improved product mix. After BCP, Genencor's EBIT came in at DKK 616 million against DKK 401 million in the same period of last year – a 3.6 percentage point EBIT margin increase Y/Y to 13.5%. As discussed at the beginning of the financial year, we assumed a somewhat more moderate earnings momentum for the second half of this financial year compared to the first half due to cost phasing and lower market growth assumptions.

In Q4, Genencor delivered revenue of DKK 1,233 million, reflecting organic growth of 20% and thus continuing the broad-based, positive performance of the division. EBIT (before BCP) came in at DKK 181 million – a margin of 14.7% against 10.6% in the same quarter of last year – and the EBIT margin after BCP was 13.7%, a 4.2 percentage point margin enhancement Y/Y.

Accrued costs for the Genencor long-term incentive programme are recorded as an overhead cost and not as share-based payments as originally planned due to accounting regulations.

Our efforts within grain-based (first-generation) bioethanol were further supported by our grain processing application innovation centre in Cedar Rapids, Iowa, USA. Within cellulose-based (second-generation) bioethanol, we launched Accellerase® DUET, our next generation enzyme product that joins our Accellerase® product line.

Genencor

Genencor, our industrial biotech division, posted revenue of DKK 4,553 million in FY 2009/10, up 12% Y/Y, all of which was organic and ahead of our long-term target of 7-9% over a cycle. In FY 2009/10, Genencor accounted for 33% of group revenue.

The organic growth rate was the result of a welcome return to growth for the overall global enzyme market as well as a continued improved product offering from Genencor to its customers. The division showed broad-based growth in all major product segments and all key geographies. Throughout the year, growth was particularly strong in enzymes for bioethanol production and animal nutrition, and we strengthened our product offering and positions in many fields including detergent and food enzymes.

GENENCOR

(DKKm)	Q4 2009/10	Q4 2008/09	YTD 2009/10	YTD 2008/09
Revenue				
Genencor division	1,233	1,037	4,553	4,065
Bio Chemicals Projects	-	-	-	-
Total	1,233	1,037	4,553	4,065
Growth (%)	19	11	12	10
Organic growth (%)	20	-	12	7
EBITDA	237	161	868	636
EBITDA margin (%)	19.2	15.5	19.1	15.6
EBIT				
Genencor division	181	110	667	441
Bio Chemicals Projects	(12)	(11)	(51)	(40)
Total	169	99	616	401
EBIT margin (%)				
Genencor division	14.7	10.6	14.6	10.8
Total	13.7	9.5	13.5	9.9
Joint ventures before tax	(25)	(23)	(107)	(70)
RONOA (%)				
Net working capital	20.4	11.8	20.4	11.8
Net non-current assets	1,074	1,107	1,074	1,107
Net operating assets	1,852	2,240	1,852	2,240
Goodwill	2,926	3,347	2,926	3,347
Net assets	3,934	3,906	3,934	3,906
	6,860	7,253	6,860	7,253

In June 2010, Genencor launched SPEZYME® Robust Starch Liquefaction at the 2010 Fuel Ethanol Workshop and Expo (FEW) in St. Louis, Missouri, USA. The latest in Genencor's liquefaction product line, the enzyme more efficiently liquefies dry ground corn or milo, significantly reducing costs and increasing yields for ethanol producers.

In May 2010, Huntsman Textile Effects won the prestigious German "Industriepreis 2010" in the Biotechnology category for Gentle Power Bleach™, the novel bio-based pre-treatment system based on Genencor's enzyme innovation.

Bio Chemicals Projects

Genencor continued to make good progress with its two major Bio Chemicals Projects.

DuPont Danisco Cellulosic Ethanol LLC (DDCE), our partnership with DuPont on second-generation bioethanol, continued to meet key technical milestones over the year. The

official opening of our demonstration plant in Vonore, Tennessee, USA, took place in January 2010.

DDCE continues to work towards integrated solutions that will not only ensure more efficient enzyme use and lower unit costs but strive towards reducing the overall CAPEX requirement of the ethanol producers of the future. As previously announced, we are expecting to announce licence agreements already in the current year as a next step towards commercialisation of second-generation bioethanol.

Our Biolsoprene™ collaboration with Goodyear also met its technical milestones. The first concept tyre made from Biolsoprene™ was delivered by Goodyear for the UN Climate Change Conference in Copenhagen held in December 2009 and has since been awarded the prestigious "Environmental Achievement of the Year" by the Tire Technology International Awards for Innovation and Excellence. Although we remain several years from commercialisation, we see these events as a clear indication of the strength and potential of Biolsoprene™.

Please refer to separate sections later in this annual report for further details on Genencor's biorefineries vision and BCP platform.

We expect CAPEX of around DKK 1.1 billion. The level of expected CAPEX takes into account the previously announced investment programme for Cultures.

Outlook for 2010/11

Assumptions underlying the outlook for 2010/11

Our group outlook for operations for the financial year 2010/11 is based on the current energy and raw material prices. Our currency and interest rate assumptions are specified below. Our outlook for 2010/11 is positively impacted by the recent EUR and DKK depreciation against many leading currencies, whereas we will not be seeing the favourable impact from raw material prices that last year had a clear positive impact on our results.

We expect group revenue of more than DKK 14.5 billion, corresponding to an organic growth rate of around 4%.

Before costs relating to BCP, we expect our EBIT margin to be around 13.5%, i.e. we expect to be able to realise our long-term financial margin ambition. This corresponds to EBIT (before BCP) of around DKK 2.0 billion. We expect to see an increase in EBIT for Cultures, Sweeteners and Genencor Enablers is expected to report EBIT broadly in line with that of 2009/10.

We anticipate BCP costs relating to Goodyear of around DKK 70 million. We expect to book special items in the level of DKK 50-100 million relating to further efficiency and restructuring initiatives.

In Share of profit from associates and joint ventures, we expect to book after-tax expenses of around DKK 100 million relating to DDCE, our cellulosic ethanol joint venture with DuPont.

We expect a tax rate of around 30%.

We expect profit for the year above DKK 1.0 billion.

Currency and interest assumptions

The outlook for 2010/11 is based on a USD rate at the level of DKK 5.61. The average exchange rate in 2009/10 was DKK 5.27.

The calculation of translation sensitivity to changes in the USD rate includes currencies that correlate with the USD. A change in the USD rate of DKK 1.00 and the same relative change in USD-related currencies will cause a change in full-year revenue of around DKK 900 million and in EBIT of around DKK 120 million. Our revenue in EUR countries is generally in the range of 20-25% of our total revenue.

At the end of April 2010, the Group's average interest rate duration was 4.4 years and around 80% of the Group's loans were based on fixed interest rates. A change in interest rates of 1 percentage point on an annual basis would – viewed in isolation – impact the Group's interest expenses by around DKK 10 million.

Risk factors

The forward-looking statements contained in this report, including expected revenue and earnings performance, inherently involve risks and uncertainties that could be materially affected by factors such as global economic matters, including interest rate and currency movements, fluctuations in raw material prices, production-related problems, breach or unexpected termination of contracts, price reductions resulting from market-driven price reductions, market acceptance of new products and launches of rivalling products. Danisco is only obliged to update and adjust the stated expectations in so far as this is required by law, including the Danish Securities Trading Act and guidelines from NASDAQ OMX Copenhagen A/S.

OUTLOOK HIGHLIGHTS

	Outlook 2010/11	Group 2009/10
Revenue	DKKbn	>14.5
EBIT*	DKKbn	~2.0
EBIT margin*	%	~13.5
BCP (Goodyear)	DKKm	(70)
Special items	DKKm	(50) - (100)
DDCE joint venture** (after tax)	DKKm	(100)
Tax rate	%	30
Profit	DKKbn	>1.0

* Before share-based payments, special items and BCP

** DuPont Danisco Cellulosic Ethanol LLC
Bio Chemicals Projects (BCP)

Other information

Accounting policies etc.

Except from the changes described below, the accounting policies are unchanged from the Annual Report 2008/09.

The revised and amended accounting standards IAS 1, Presentation of Financial Statements and IAS 23, Borrowing Costs have been implemented. The implementation of IAS 1 has resulted in a change of terminology in the presentation, and IAS 23 prescribes the recognition of borrowing costs as part of the cost price for non-current assets which take a substantial period of time to get ready for use. IAS 23 applies only to assets where the construction started on or after 1 May 2009. The adoption of these accounting standards has not affected the recognition and measurement in the interim report.

During the year, the financial ratio RONA (return on net assets) was implemented. This financial ratio should be coupled with the existing financial ratio RONO A (return on net operating assets). The two financial ratios measure the return for the past 12 months as a percentage of average net assets, RONO A excluding goodwill and RONA including goodwill. Goodwill is recognised at book value and the return is recognised as EBIT before special items and share-based payments. Comparative figures for previous periods are shown. Net assets were previously termed invested capital.

In the case of discrepancies between the Danish and English versions of the announcement of results, the Danish version prevails.

Incentive schemes

The progress in earnings and the strong cash flow have resulted in a maximum bonus of six months' salary to the two members of Danisco's Executive Board as specified in note 36 to our 2009/10 Annual Report. Further, substantial amounts are earned by the participants in Danisco's short-term and long-term incentive schemes. All obligations have been expensed in the Income statement and accrued in the Statement of financial position. For a description of these schemes, please refer to Our organisation.

For several years, Danisco has granted share options to the Executive Board and senior managers to motivate and retain them and encourage common goals with the shareholders.

The Board of Directors has decided to propose to the 2010 Annual General Meeting that a share option scheme of up to 600,000 share options be adopted with an exercise price based on the average share price of five consecutive trading days prior

to the Annual General Meeting (13 August 2010 to 19 August 2010 – both days included) excluding any dividend adopted at the Annual General Meeting with a premium of 10%. The share options may be exercised between 1 September 2013 and 1 September 2016, with the first options being granted on 1 September 2010 at the earliest. The share options will be granted to the Executive Board and senior managers, comprising a total of over 200 persons. At the assumption that the share price at grant date is DKK 432 (equalling the share price at 21 June 2010) the value of the scheme is estimated at DKK 60 million according to the Black-Scholes model. The model is based on the following additional assumptions: volatility of 34%, a dividend of DKK 8.50 per share, an interest rate of 3% and a strike price of DKK 456.

At the financial year-end, 2,586,584 share options had been granted to Executive Board members and senior staff, corresponding to 5.4% of the company's share capital.

Proposals for the Annual General Meeting

The Annual General Meeting (AGM) will be held on Thursday 19 August 2010 at 3.00 pm in Tivoli Concert Hall, Vesterbrogade 3, 1630 Copenhagen V, Denmark.

Shareholders are entitled to claim that the Board of Directors puts a specific item on the agenda for the AGM. Shareholders are entitled to have the item put on the agenda if the claim is made by 7 July 2010 at the latest. In case a claim is received after this date, the Board of Directors will decide whether the claim has been made in due time for the item to be put in the agenda.

The agenda for the AGM will be included in the invitation to the AGM, which will be published and sent to shareholders by the end of July 2010. The Board of Directors proposes:

- The following changes to the Articles of Association:
 - Lifting of voting right restriction of 7.5%
 - Election of all Board members every year
 - Revision of Articles of Association in consequence of the new Danish Companies Act
 - Corporate language changed to English
- That a dividend of DKK 8.50 per share be paid, an increase of DKK 1.00 or 13% on 2008/09, and an extraordinary dividend of DKK 8.50 to a total of DKK 17.00 per share
- Re-election of Board members
- That in the period until next year's Annual General Meeting the Board of Directors be authorised to allow the Company to purchase treasury shares up to an amount of 10% of the share capital at market price at the time of purchase with a deviation of up to 10%
- Share option scheme for the Executive Board and senior staff

Business segments

BUSINESS SEGMENTS

(DKKm)	ENABLERS		
	2009/10	2008/09	2007/08
Income statement			
Revenue	5,691	5,544	5,134
Intra-group sales	-	-	-
External sales	5,691	5,544	5,134
Operating profit before share-based payments and special items	923	646	568
Organic growth (%)	2	6	4
EBITDA before special items	1,214	906	836
EBITDA margin (%)	21.3	16.3	16.3
EBIT margin (%)	16.2	11.7	11.1
Special items	-	(43)	(90)
Operating profit before share-based payments	923	603	478
Share of profit from joint ventures	-	-	-
Material non-cash items of operating profit			
Depreciation and amortisation	(257)	(260)	(268)
Writtenowns	(34)	-	(63)
Impairment of goodwill	-	-	-
Other material items of operating profit			
Bio Chemicals Projects (Goodyear)	-	-	-
Assets	5,566	5,224	4,860
Information on assets			
Purchase of non-current assets*	306	343	278
Investments in joint ventures	-	-	-
Net working capital	1,525	1,587	1,491
Net non-current assets excluding goodwill	2,097	2,002	1,824
Net operating assets	3,622	3,589	3,315
Goodwill	1,004	907	822
Net assets	4,626	4,496	4,137
RONOA (%)	26.1	18.3	16.5

* Other than financial assets

Full segment information is stated in note 1, Segment reporting.

BUSINESS SEGMENTS (CONTINUED)

CULTURES			SWEETENERS			GENENCOR		
2009/10	2008/09	2007/08	2009/10	2008/09	2007/08	2009/10	2008/09	2007/08
2,081 (9)	1,936 (19)	1,779 -	1,420 (1)	1,495 -	1,652 -	4,553 (29)	4,065 (30)	3,686 (32)
2,072	1,917	1,779	1,419	1,495	1,652	4,524	4,035	3,654
396	320	261	20	77	266	616	401	516
10	9	9	(6)	(12)	(5)	12	7	9
505	420	359	113	175	369	868	636	731
24.3	21.7	20.2	8.0	11.7	22.3	19.1	15.6	19.8
19.0	16.5	14.7	1.4	5.2	16.1	13.5	9.9	14.0
-	(10)	(6)	(796)	(578)	(2)	-	(107)	3
396	310	255	(776)	(501)	264	616	294	519
-	-	-	-	-	-	(65)	(42)	-
(101) (8)	(100)	(98)	(91) (71)	(98) (99)	(103)	(244) (8)	(235) (73)	(215) -
-	-	-	(700)	(459)	-	-	-	-
-	-	-	-	-	-	(51)	(40)	-
3,813	3,633	3,385	1,459	2,434	2,797	7,708	7,857	7,154
226	163	129	44	77	135	153	291	280
-	-	-	-	-	-	140	102	-
306	424	386	491	795	616	1,074	1,107	1,030
971	827	765	721	785	877	1,852	2,240	2,025
1,277 2,058	1,251 2,025	1,151 1,903	1,212	1,580	1,493	2,926	3,347	3,055 3,498
3,335	3,276	3,054	1,212	2,280	2,638	6,860	7,253	6,553
31.3	25.4	22.6	1.4	4.8	18.1	20.4	11.8	17.0



Danisco is a global leader in bio-based food ingredients and industrial enzymes

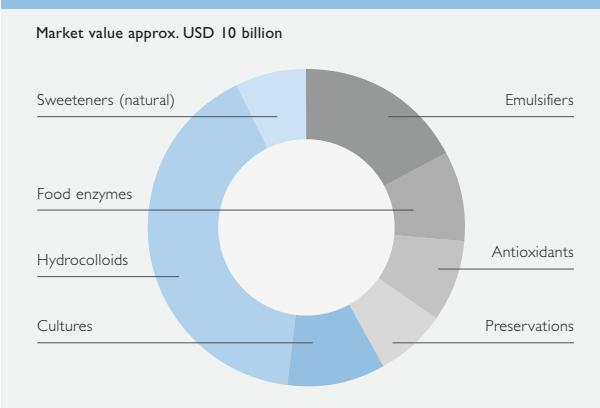
Our marketplace

Food ingredients

Danisco delivers bio-based food ingredients to thousands of customers globally, including the world's leading food manufacturers. We are a first choice provider for a global food industry that is continually seeking healthy and safe ingredients founded on sustainability. Our focus areas centre on Enablers (emulsifiers, systems and gums) that offer increased functionality to processed foods and BioActives (cultures and natural sweeteners) with both a functionality and health & nutrition profile. Danisco is an important driver of innovation and sustainability within a USD 1.5 trillion food industry.

The global food ingredients market is estimated at USD 24 billion (DKK 150 billion) and grows at around 3-5% annually. The areas in which Danisco operates amount to around USD 10 billion (around DKK 60 billion), with Danisco as the overall largest player within this space, holding a number one or two position in each category. Danisco's leadership position has developed in close collaboration with our customers through SAFI, our sales and application organisation for food ingredients (including food enzymes manufactured by our Genencor division). The food ingredients market is fairly diversified, but among our many competitors are Cargill, Kerry, Huber, Cognis, Chr. Hansen and ABF. To learn more about Danisco's food ingredients business, please visit www.danisco.com

FOOD INGREDIENTS MARKET



Industrial enzymes

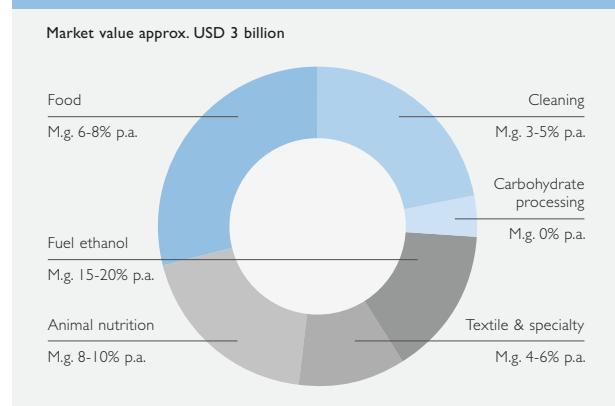
The global market for industrial enzymes was estimated to be around USD 2.9 billion in 2008, growing at an average of 6-8% over an economic cycle. It is our assumption that the market grew by approximately 3% in 2009, bringing the total market to around USD 3 billion (around DKK 18 billion). Major application areas include industries as diverse as animal nutrition, detergents, bioethanol, textile treatment, carbohydrate processing and food and beverages.

As the world's second-largest developer and manufacturer of industrial enzymes, Genencor holds prominent market positions in all major segments. Competitors include Novozymes, DSM, AB Enzymes, BASF, Shin-Nihon, Amano and a range of niche players. The industrial enzymes market is fairly consolidated, with Genencor and Novozymes together servicing an estimated 70% of the total market.

Genencor is a top 10 leader in global biotechnology. As a leading force in innovation into the white biotech space, Genencor addresses previously unmet needs within as well as beyond its current business areas. The Innovation and Sustainability sections of this report discuss this work in greater detail.

To learn more about Genencor, please visit www.genencor.com. You may also visit www.danisco.com/cmd for access to the detailed presentation material on Genencor that we published in connection with our 2008 capital markets day for institutional investors.

INDUSTRIAL ENZYME MARKET





Enablers

Emulsifiers bind together oil and water; which makes them indispensable in the development and manufacturing of modern food products. The Gums and Systems business units produce six types of hydrocolloids each of which is manufactured from specially selected natural raw materials such as seaweed or citrus fruits. Functional systems blends offer unique customer solutions based on both owned and sourced materials.

Cultures

Cultures are blends of microorganisms or strains grown through fermentation technology. For example, probiotic cultures are widely recognised to enhance the immune system of humans and animals; and cultures offer natural food protection solutions to the food industry.

Sweeteners

Our sweeteners, such as xylitol, fructose and Litesse®, are produced from natural raw materials such as milk sugar and wood and help reduce the risk of lifestyle-related diseases such as obesity, diabetes and tooth decay.

Enzymes

Enzymes are proteins present in all living cells. Enzymes function as catalysts for the thousands of chemical reactions that take place in such cells. As natural substances, enzymes are ideal ingredients for use in modern industries demanding high levels of sustainability and efficiency.

PRODUCT/COMPETITOR MATRIX

	Emulsifiers	Functional systems	Textural ingredients				
	✓	✓	✓	✓	✓	✓	✓
» Danisco (DK)	✓	✓	✓	✓	✓	✓	✓
Degussa/Cargill (USA)	✓	✓	✓	✓	✓	✓	✓
Kerry Group (IE)	✓	✓	✓	✓	✓	✓	✓
Huber (DK/USA)				✓	✓	✓	✓
Cognis (D)	✓	✓	✓				
Novozymes (DK)							
Chr. Hansen (DK)							
DSM (NL)		✓					
ABF (UK)							
Tate & Lyle (UK)		✓					
Danisco's global position	1	1	2	1	2	2	1

Danisco's competitors include a wide range of global and regional companies some of which are shown in the figure above. Danisco's key raw materials include vegetable oils

(such as palm oil, soya bean oil and rapeseed oil), citrus peel, carrageenan, locust bean, alginates, guar seeds, wood pulp and sugars.

Innovation is the conversion of a new idea into revenue and profits and it is at the heart of what we do at Danisco



Innovation

– meeting customer needs with innovative bio-based ingredients

Innovation is the conversion of a new idea into revenue and profits and it is at the heart of what we do at Danisco. Underpinning our innovation are science and technology capabilities with R&D and application centres around the world generating new bio-based products and solutions to meet the needs of our customers. Also, we continuously invest in process development in order to increase efficiencies and drive down manufacturing costs, water and energy use and CO2 emissions.

Our innovation is strongly aligned to the needs of both industry and society and contributes to finding solutions to some of the

challenges that humankind is facing. It is not by accident that Danisco has strategically positioned itself to address these global challenges. It is because our customers see the same future and want innovative solutions to help address consumer aspirations to a healthier and more sustainable lifestyle for themselves, their families and future generations.

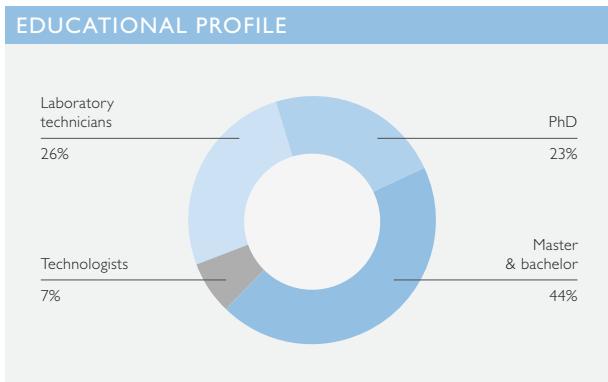
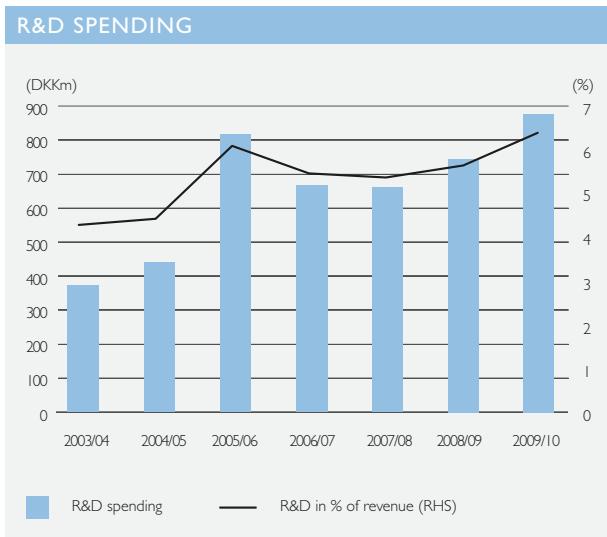
Once again, we have had a successful year in terms of innovation. In recognition of this achievement, we received a number of awards for innovation from both our customers and other organisations.

INNOVATION AWARDS

CASE



- Champion supplier award: Our ability to respond quickly and effectively to customer needs brought us a prestigious accolade at the beginning of 2010. A large US customer presented us with a champion supplier award for collaboration. Drawing on advanced emulsification and aeration expertise, a dedicated Danisco team had produced an outstanding solution for cake mixes. The solution not only reduced the fat content of the mixes from 5% to 2% and eliminated trans fatty acids, it also gave the customer a significant cost saving.
- A new rye toast, developed in close collaboration with a bakery customer, has been voted by German consumers in the magazine *Lebensmittel Praxis* as the Best Innovation of the Year in the category Bread. The secret behind the success is GRINDSTED® Fiberline; our new invention for fibre-rich toast bread has a 100% content of rye flour but without the taste and appearance of traditional rye bread.
- Genencor received two awards for its Accellerase® product line, enzymes used to convert biomass into sugar, a critical step in the production of cellulosic ethanol and other advanced biofuels and biochemicals:
 - The Frost & Sullivan 2009 New Product Innovation Award for Enzymes for Biofuel Production.
 - The National Sustainable Energy Award from the American Institute of Chemical Engineers (AIChE).
- The world's first concept demonstration tyres made with Biolsoprene™ technology made their debut in Copenhagen for the UN Climate Change Conference in 2009. Also, Goodyear's concept tyre based on our innovative Biolsoprene™ product received the prestigious auto industry award, Environmental Achievement of the Year. See page 37 for more on Biolsoprene™.



Becoming first choice

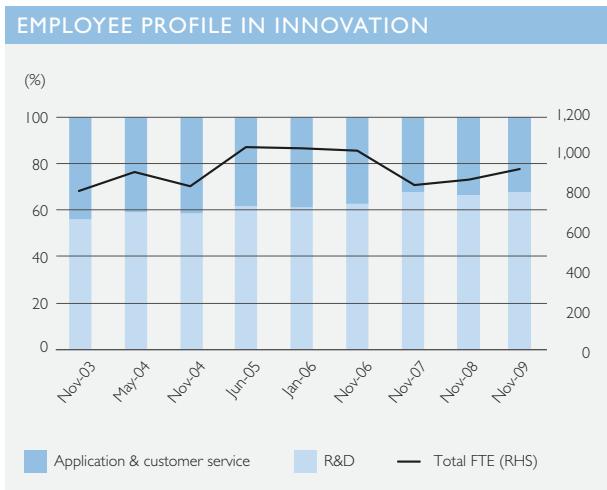
Bringing the excitement and aspiration of our innovation programmes to commercial realisation demands, among other things, a clear vision and strategy, highly competent and engaged employees, first-class laboratories as well as robust project management and knowledge management processes and a customer-oriented organisation and culture. In terms of the latter, the global Danisco innovation network, comprising the divisional R&D (or "technology") organisations, the SAFI innovation organisation and the Corporate Technology & Business Development team, has an especially important role to play in the innovation process.

Understanding our customers and their current and future needs is a crucial part of the innovation process as it enables us to select and prioritise the projects to invest in. Therefore, in the context of Danisco's aspiration of Becoming first choice and as one of the priority actions from the Danisco-wide

innovation strategy process developed during 2008/09, the Danisco Innovation Coordination Committee launched a major new initiative in 2009/10 called Market Driven Innovation, which aims at enhancing our innovation processes to ensure that we are focussed on the present and anticipated future needs of our customers and the consumers.

Danisco Innovate

One of the projects running under the umbrella of Market Driven Innovation is Danisco Innovate. With 6,800 employees – all consumers – working for the company, Danisco Innovate was initiated to make it possible for all employees globally to contribute to the innovation process by proposing their unmet needs as consumers as well as ideas for solutions to these unmet needs. In all, 1,059 employees from 87 of our sites participated in the first Danisco Innovate campaign, which was launched in October 2009. From the 521 ideas received, 10 pre-projects have been initiated for business evaluation by a panel comprising business and innovation leaders from across the company. It is expected that at least one or two new projects will be launched as a consequence of this process. Due to its success, plans are underway to run a second Danisco Innovate campaign in October 2010.



Knowledge management

A recent addition to our knowledge management toolbox, such as screen sharing and teleconference tools, is our global Competency Finder. By registering employee competencies, the system can be used to locate members of staff with the necessary knowledge for a specific project. Putting together customised teams has never been faster and easier. The Competency Finder is also accessible through a second new tool, Danisco Knowledge Search. With its Google-like functionality, this search engine makes it possible to explore internal knowledge systems across platforms.

Double Up means improving customer opportunities

Market-driven innovation is also about prioritising opportunities and "doing the right things right" as this is key

to building a strong business. The opportunity management process ensures a business evaluation of each opportunity and provides priorities based on evaluation towards our industry strategies, the commercial business value of the opportunity and our likelihood of success. Initially launched in Western Europe in 2007, the roll-out has continued region by region and is now global. This is why we initiated Double Up, an ambitious programme that has given us a well-defined, well-managed customer opportunity handling process. Today, Double Up is implemented throughout most of Danisco, where it helps us prioritise our use of resources and become more market driven. Communication between our sales, innovation and divisional teams is now faster and smoother, as the same global language is used when agreeing on what needs to be done. The programme has also enabled us to measure and follow up on our performance.

Promoting innovation through award schemes

Danisco Knowledge Award: Since the launch of the Danisco Knowledge Award in 2004, students have competed annually to come up with the innovative food and beverage product that will take first prize. The initiative has proven an excellent means of strengthening our links with academia – most of the participating universities returning year after year:

Each year produces an impressive creative display that is a source of inspiration for our own work with innovation. In 2009, first and second prizes went to two novel concepts – Dark Delirium by Clemson University and Washington State University's Pro-Yo Delectables – both on a healthy indulgence theme. University of Arkansas took third prize for Trio-Tizers, a tray of convenient appetisers.

The Danisco Award of DKK 250,000 is granted annually by the Danisco Foundation to a young researcher or an institution in Denmark to recognise outstanding work within food science and/or food biotechnology in particular to improve the quality of food from a nutritional or health point of view or to produce sustainable solutions in the manufacture of food. In 2009, the Award went to a senior scientist at The Faculty of Agricultural Sciences, Aarhus University for research in meat and meat products that has given an important understanding of how water binding and water distribution in meat and meat products influence the perceived eating quality.

Danisco China Award: Health & nutrition was the theme of the 2009 Danisco China Award, which marked the first collaboration between Danisco and the Chinese Institute of Food Science and Technology (CIFST). Students from eight universities and colleges took part in the competition.

Health & Nutrition

ENABLERS

BIOACTIVES



Bone health

Cardiovascular health

Digestive health

Immune health

Oral health

Weight management

Sport nutrition

All entries contained at least one Danisco ingredient and drew on a broad selection of raw materials with the ability to boost the nutritional profile of the final food product. After several tough competition rounds, the first prize was finally awarded to students from Fuzhou University for their "Fruit tea candy". The prize-winning students were invited to attend the 2009 CIFST Food Summit in Beijing – a great start to a career in the Chinese food industry.

Strong patent portfolio

The number of new patent applications filed grew by 13% compared with the previous year. At the end of 2009, Danisco's patent portfolio stood at more than 9,300 patents. The Patent Board Scorecard, published by the Wall Street Journal Market Data Center, has ranked Danisco no. 9 in the world in the segment Food, Beverages and Tobacco.

Food Ingredients

A large part of our innovation activity centres around food ingredients. Focus areas for Danisco within food ingredients are taste and texture, health & nutrition and food protection. Our ingredient portfolio comprises what we call "enablers" and "bioactives" and this is reflected in our organisational structure. Our enabling ingredients such as emulsifiers, hydrocolloids and enzymes provide technological benefits and may allow a nutrition claim, whereas our bioactives or health promoting ingredients such as probiotics and speciality carbohydrates provide physiological effects, permitting potential health claims. As can be seen in the many examples given below, the potential to innovate within food ingredients is high, especially as customers seek to reformulate food and beverage products for reasons of cost, shelf life and health.

Innovation in taste, texture and functionality

Doors opened to European tortilla producers

Our investment in a pilot-scale tortilla machine has led to considerable activity within tortilla development over the past year. Today, we have contacts to all major European producers of wheat tortillas. Strengthened by our ability to run realistic application trials, we have gained several new wins for our GRINDSTED® POWERFlex range, a functional solution based on emulsifiers, enzymes and other ingredients, which ensures less stickiness during processing, stay-fresh quality and improved rollability.

Opportunities to develop new quark desserts

Eastern markets gained new opportunities to turn traditional quark into new value-added desserts with the launch of our GRINDSTED® PF 500 Creamline Stabiliser Systems. Suitable for hot filling, the range makes it possible to achieve a diversity of gelled, semi-gelled and creamy textures.

Stabilisers satisfy cream trend

A growing number of consumers in South America look for UHT (ultra heat treated) dairy cream with a reduced fat content and improved viscosity. GRINDSTED® WPB is our response to that – a new line of stabilisers suitable for both light and standard dairy cream products. Processing advantages, including easy flow and higher filling temperatures, also reduce manufacturing costs.

Powerful emulsifier for spreads and chocolate

Our new emulsifier GRINDSTED® PGPR Super is a versatile choice for smooth-flowing chocolate processes and stable low-fat spreads. Production at our plant in Brazil brings an extra supply chain advantage for our customers in South America in

the form of fast and economical deliveries with no overseas import taxes.

New and high performance xanthan gum

Danisco has launched a new high performance xanthan gum range, GRINDSTED® Xanthan gum, obtained through a patented technology, which delivers a breakthrough for the industry. Thanks to a specific quality control regime, more consistent performance at lower dosages is assured.

ACETEM 60, a new emulsifier-based plasticiser for PVC cling film

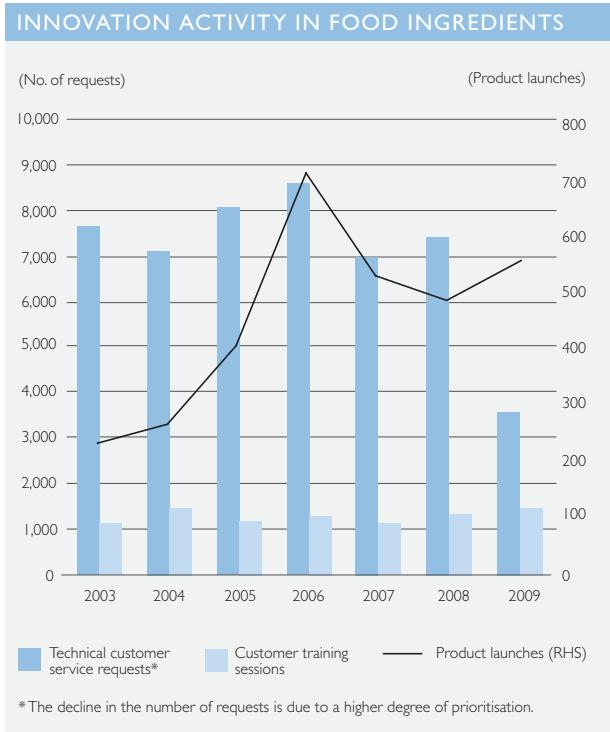
Increasingly Danisco is identifying opportunities to leverage our technology into industries outside of our traditional food ingredient markets. We realised the potential for a new plasticiser in Brazil as soon as they were aware of the market need and began designing a product that would fulfil three basic conditions: how to appeal to a PVC market that is hungry for a product meeting stringent new local regulations and without losing sight of financial pressures. The product, ACETEM 60, had instant appeal to the market for PVC cling film with customers recognising that the plasticiser fulfilled all the criteria that they were looking for – a neat combination of functionality, product appeal and economics. ACETEM 60 is a vegetable oil-derived emulsifier-based plasticiser that is more environmentally acceptable than DOA (dioctyl adipate) now banned in Brazil.

New food enzymes

FoodPro® Cleanline is Danisco's new unique enzyme development for the dairy industry. Based on patented Danisco technology, FoodPro® Cleanline is designed to naturally overcome the common issue in milk processing of fouling in UHT units. Caramelised proteins separate from milk and milk-based products during heat treatment and form deposits on the surface of plate heat exchangers. This results in back pressure build-up in the system, which can only be eradicated by shutting down the UHT unit for cleaning.

FoodPro® Cleanline solves the problem by modifying the phospholipids naturally present in milk and, through this, limiting the ability of milk proteins to settle on the heat exchanger. Dairies benefit from a longer interval between cleaning cycles and a capacity increase of up to 15% due to the reduced downtime. The reduced use of harsh cleaning chemicals and energy for the cleaning process itself is very much in line with today's environmental focus. Other gains include improved milk emulsion stability and an up to 80% reduction in free cholesterol.

LAMINEX® Super 3G is Danisco's upgrade of the LAMINEX® Super brewing enzyme. LAMINEX® is a concentrated enzyme complex, which is an ideal filtration aid. A low dose of LAMINEX® Super 3G is sufficient to speed up processing



viability of food cultures at intermediate moisture and elevated temperatures is being used for specific product developments, including extending the application areas for probiotic cultures.

A new technology for drying cultures is being developed in collaboration with the Canadian company, EnWave. This technology uses microwaves to transfer energy directly to the material being dried. Feasibility studies have so far surpassed expectations.

Cultures and genomics

Technologies in the genomics field have been developed in collaboration with academic institutions and are increasingly applied to our range of bacterial cultures. The investment in this field has already yielded the CRISPeR™ technology and it has started to make a significant contribution to the division's growth, which will come from products with new functionalities, new health benefits and production process improvements. In the short term, the value of the technologies will be to defend and improve the regulatory position of our probiotic range. Complete genome sequences are of prime importance in the process of seeking European Food Safety Authority (EFSA) approval of documented health benefits of specific probiotic strains.

significantly and achieve higher consistency in beer filtration cycles. Brewhouse capacity can be improved and cleaning needs reduced, making the brewing process altogether more cost-efficient.

New starter cultures

The Danisco range of food cultures has done well in all markets, though the range is under constant development and renewal based on the feedback we receive from our customers. The process of adapting the performance of the cultures to current needs is a key element in maintaining our competitiveness. This incremental renewal process has been maintained along with a number of projects aiming at generating breakthrough innovations. Of the breakthrough innovations, CRISPR is the most advanced and the practical implementation of the CRISPeR™ technology to build phage robustness has continued during the year. The CRISPeR™ technology, proprietary to Danisco, is being applied in our range of yoghurt cultures and in the range of acidifiers for cheese. The versatility of the technology allows us to develop robustness ahead of the occurrence of a phage problem without altering the performance or the production processes. Moreover, Danisco's expertise on CRISPR was further acknowledged with the recent publication of a second article in the international weekly journal *Science*.

Encapsulation and drying of cultures

During the year, we advanced our technologies and IP position for encapsulated cultures. A technology that improves the

Due to our leading position in the field of applied bacterial genomics for food cultures, we have been able to team up with leading universities in this field. We have a strong network in the USA and Canada. We are also part of the Danish government's FøSu programme that funds research in this field; the project "Gene discovery and molecular interactions in prebiotics/probiotics systems" is a collaborative project involving the Technical University of Denmark (DTU) and University of Copenhagen. The project was initiated two years ago and has led to the discovery of new functionalities of probiotic bacteria based on genomics.

Innovation in health & nutrition

Danisco's health & nutrition R&D effort is managed by our multidisciplinary team based in Kantvik, Finland. The establishment of BioActives' Health & Nutrition Platform in 2009 has strengthened our focus on this critically important sector of the global food business.

A key objective of health & nutrition is to offer consumers food products and dietary supplements for which health and/or nutrition claims are made. The ability to make these claims is carefully controlled by legislation around the world and the publication of the long anticipated EU Regulation on Nutrition and Health Claims has intensified the focus in this region, a situation which is unlikely to change in the foreseeable future.

⟳ Together we can achieve the biorefinery vision



Transportation fuel



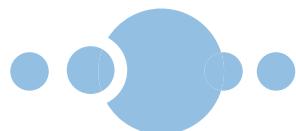
Plastic



Chemicals



Biomaterials



Enzyme systems



Cell factories

Low-cost carbon



Traditional agricultural feedstock



Biomass

Sound science is a must for health & nutrition and Danisco, with its fundamental science capabilities, is well placed to rise to the challenge of providing the necessary documentation to establish claims of relevance to consumers. We complement our own in-house activities with a wide-ranging collaboration with universities and research organisations around the world. In this way we interact with leading experts in the field, undertaking and commissioning world-class research involving our ingredients. More and more, we evaluate health outcomes as well as intermediate markers of efficacy.

We have aligned our R&D programme with our business objectives under specific health platforms, including digestive health, immune health, cardiovascular health, women's health, bone health, oral health and weight management. The Health & Nutrition Platform works in close collaboration with Danisco's Corporate Regulatory Affairs team to define claims of interest and study protocols to support these.

Probiotics remain an important focus area

The publication of research documenting the positive impact of probiotics on cold and influenza-like symptoms in children has attracted considerable attention. This provides an excellent example of our capabilities and sets the standard for future endeavours. Another highlight of our research has been the completion of the "Geometrics" project, a project combining bacterial and human genomics. In this study, we were able to characterise differences in the response of human cells to exposure to either probiotic or pathogenic strains.

Physiology-based definition of fibre – new opportunities for Litesse®

In the developed world, we are better known for overconsumption than for nutrient deficiencies. However, the move towards more refined diets has led to a significant shortfall in dietary fibre intake as well as inadequate intakes of certain vitamins and other micronutrients. All these provide opportunities for Danisco under the health & nutrition banner. The absence of a globally accepted definition of dietary fibre has hindered developments in this area. Danisco colleagues have worked with a variety of special interest groups in an effort to resolve this situation and we can now report excellent progress. A physiology-based definition of dietary fibre has been incorporated into European legislation and a similar definition has been adopted by the Codex Alimentarius Committee under the auspices of the World Health Organization (WHO). This opens up new opportunities for Danisco's Litesse® speciality carbohydrate, which offers the physiological benefits of dietary fibre but, until these recent developments, its acceptance as a fibre has been ambiguous.

Augmenting the health & nutrition pipeline

Under the cardiovascular health platform, we are developing Evesse™ apple extracts. The apples from which the extracts are derived have been specially selected for their high epicatechin (EPC) content. EPC is a polyphenol specifically implicated in improved endothelial function (blood circulation).

Under our bone health platform, we are focusing on MenaQ7, a natural vitamin K2 derived from fermented soya. EFSA has recognised the role of vitamin K in bone health, where it plays a critical role in the deposition of calcium in the bones.

Danisco is in an excellent position to integrate new products into our health & nutrition portfolio. We are constantly evaluating new opportunities arising from in-house research as well as from external sources.

Xylitol – enhancing our cost competitiveness

Several major initiatives to improve the cost effectiveness of xylitol production across the industrial footprint have been implemented. We have realised a reduction in water, energy and raw material usage, making Danisco's xylitol even more cost competitive. Xylitol is a key ingredient within the Danisco portfolio although recent years have seen the market price decrease due to the influx of competitive products mainly from China. The projects undertaken by our innovation group have gone a long way to ensure the future profitability of Danisco's xylitol in this demanding market. The outlook for xylitol looks strong, being the only polyol to be recognised by EFSA for its unique dental benefits. A positive opinion from EFSA for the claim "100% xylitol chewing gum reduces the risk of plaque in children" and a footnote that plaque is a risk factor for dental caries further strengthens the position of xylitol as the gold standard polyol for oral hygiene.

Genencor

Genencor is recognised as the leading provider of world-changing industrial biotechnology solutions. The division designs and operates cell factories that produce enzymes and other functional proteins that provide customer solutions for novel product development, processing aids for increased efficiencies as well as help reduce customers' environmental footprint.

Our cell factories produce enzymes and other proteins at chemical ingredient costs as well as chemical ingredients from renewable feedstocks. Through our Industrial Protein Engineering technology, we rapidly (usually in less than 6-12 months) create novel, engineered proteins that accomplish the previously impossible to deliver significant value to our customers.

Process innovation

Genencor is continuing to expand its process technology capabilities, enabling simpler, more cost effective processes which lead to higher-quality products while lowering its ecological footprint.

Discovery

Our China Research Center (CRC) in Shanghai, which opened in 2008, is growing to become a world-leading enzyme discovery unit as well as a key networking site for industrial biotechnology in China. Several collaborations have been set up in China allowing CRC access to microbial and DNA metagenome collections to initiate and implement an open innovation strategy. Many new enzymes were expressed last year, generating a steady stream of potential new molecules for Genencor products with differentiated properties.

Strengthening applications

Grain Processing: From groundbreaking last year, Genencor this year officially opened the doors on its new Grain Processing Applied Innovation Center in Cedar Rapids, Iowa, USA. This state-of-the-art facility represents a tremendous commitment to fuel ethanol producers and carbohydrates processors and allows our fuel ethanol and carbohydrate processing customers to solve challenges in real-world production. Combined with the application group at our research facility in Palo Alto, California, USA, we engage with our customers and provide them with the on-site product development and optimisation that will be key to growth for both our customers and ourselves.

Fabric and Household Care: Over the last year, we have made a fundamental investment in expanding our new applications capabilities in both laundry and automatic dishwashing. In early 2010, we completed the new applications facility in Wuxi, China, as a centre for full-scale testing of new products. In mid-2009, we launched a core team in Brabrand, Denmark, to take the materials produced at our growing CRC facility in Shanghai and take the first steps in new product development for both laundry and dishwashing.

Danisco Animal Nutrition: In collaboration with our Cultures division, we now have an active Healthy Nutrition platform driven, partly, by the continuing global move by customers away from use of antibiotics in animal feed. We are now well placed to provide unique and powerful sustainable solutions through our cross-divisional research.

Delivering new products and product concepts in 2009/10

Fabric and Household Care continues to drive from its very strong position in laundry and dish proteases, having forged new alliances with its long-standing commercial partners for the development of new enzymes delivering performance

at the lower temperatures required to minimise the carbon footprint of clothes washing. In the dishwashing segment, we continue to grow with the overwhelming number of consumers of automatic dish products today using Genencor protease systems. In addition to these proprietary relationships, we have also introduced to the marketplace:

- Twin Power; a new enzyme system developed for superior performance in dish formulations
- Clean Power; an enzyme system developed for cold water laundry applications
- Puradax HA 1200E, a high payload granule developed for dish applications
- Purafast HS, a new protease product that will save consumers time, energy and water by delivering premium cleaning performance under short cycle and low temperature wash conditions. The new HS granule allows for potential reduction in overdosing and creates overall formulation flexibility.

Grain Processing

Our fuel alcohol business has experienced rapid growth. As a result, we have made substantial innovation investments to reduce the capacity required to produce the products for this important market. In addition, we have launched several products to enhance the consistency and efficiency of our customers' fermentation processes. Last but not least, we enhanced our product line for the production of specialty syrups with the launch of a new transglucosidase product.

We continue to invest heavily to meet the needs of our wet mill and dry grind customers and anticipate the launch of multiple products during the 2010/11 financial year.

DISTILLASE SSF is a novel saccharification enzyme system designed to produce glucose from liquefied corn or milo mash during simultaneous saccharification and fermentation (SSF) to ethanol. The enzymes it contains provide faster glucose release, more complete saccharification and enhanced yeast nutrition. This product was the result of a multiyear research effort and over nine months of testing in customer facilities prior to launch.

DISTILLASE SSF+ contains all of the activities that make DISTILLASE SSF the first choice of ethanol producers and a phytase which generates inositol, an important yeast nutrient, as well as makes the phosphorus in distillers grains more accessible to monogastric animals (pigs, chickens, turkeys etc.).

Transglucosidase L-2000 enables producers of isomaltoligosaccharide (IMO) syrups to create them efficiently and cost effectively. IMO syrups are principally marketed by our customers in Asia Pacific for a variety of food and beverage applications.

Genencor has continued to strengthen its position as the innovator in textiles by launching new products with unique features which are focused on chemical replacement and deliver textile processing at reduced resource demand, lower temperature and water usage.

PrimaGreen® EcoLight is a liquid esterase enzyme that can be used to achieve a vintage-style denim look replacing the traditional hypochlorite process. It is also the only enzyme system capable of bleaching sulfur dyed garments. In combination with cellulase stonewashing, the vintage look can be obtained using a single bath process with estimated water savings of more than 50% and energy reduction of more than 40%. In addition, PrimaGreen® EcoLight in combination with PrimaGreen® Ecofade enables processors to change the cast of denim garments and deliver shades ranging from blue to grey and vice versa.

IndiAge® NeutraFlex is a new neutral cellulase granulated product for use in premium, high contrast, low back-staining denim finishing. The product supports stonewashing conditions over a wide pH and temperature range and is the first

neutral cellulase offered by Genencor which meets customer expectations.

GC 829 is a liquid acid cellulase product with outstanding biofinishing performance. This product allows biofinishing in low mechanical action processing systems.

Accellerase® DUET – Genencor continues its long tradition of commitment to addressing the need for alternative, renewable fuels to help combat climate change.

With improved overall hemicellulase activity, Accellerase® DUET builds on the advances in beta-glucosidase and cellulase activity previously made by Accellerase® 1500. These additional improvements allow Accellerase® DUET to achieve higher sugar and biofuel yields, often at threefold lower dosing, and to be feedstock and pretreatment flexible. Accellerase® DUET employs a whole broth formulation, which provides nutrients for fermentative organisms and lowers the chemical load introduced into our customers' processes. Higher performance at lower dose will lead to significant improvements in enzyme cost in use for producers, which is critical to enable the cellulosic biofuels industry.

FUEL ETHANOL: OPPORTUNITIES AND REALITIES

Our vision of a bio-based economy is founded on using land not only as a renewable resource for growing tomorrow's food, but also tomorrow's chemicals, materials and fuel. While its potential is attractive on various fronts, our challenge is how to maximise the use of these raw materials to feed, fuel, build and enjoy the landscape, sustainably.

Genencor's unique position

Through our Genencor division, we are constantly improving the effectiveness of our enzymes to break down the sugars locked in various types of crops, which in turn are used as building blocks to make bio-based ingredients. Genencor is one of the few companies in the world that leverages leading biotechnology platforms in biomass conversion, pathway engineering and large-scale manufacturing. We are thus uniquely positioned to develop solutions to enable the development of biorefineries and their bio-based products, biochemicals and biomaterials.

For the transportation sector, these sugars are fermented into ethanol to produce first-generation (from starch plant material) and second-generation (from cellulose plant material) ethanol. This alternative biofuel is expected to reduce the overall CO₂ emissions from the transportation sector by around 50%, compared with traditional petrol.

Danisco's solutions to the transportation sector are multiple, and the various initiatives below are helping to reduce its environmental footprint. In addition to our current first-generation fuel ethanol business, we have a two-pronged approach for second-generation fuel ethanol, which includes our dedicated Genencor Accellerase® biomass enzyme business and our joint venture DuPont Danisco Cellulosic

Ethanol LLC (DDCE). These three elements are part of Danisco's strategy to drive the fuel ethanol industry forward.

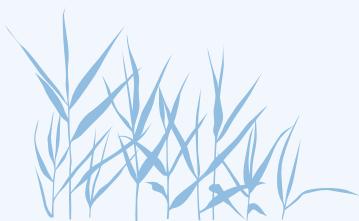
I) Genencor's first-generation ethanol business – a critical role to play in the bio-based economy

Fuel ethanol is not a distant dream. It is a real and growing market today – and we have been consistently growing our enzyme business for first-generation ethanol revenue by a double-digit expansion for several years now.

In 2009, the amount of fuel ethanol produced around the world was almost 74 billion litres (more than 17 billion gallons). This means that ethanol production displaced the need for 315 million barrels of oil globally. The average growth rate for the past three years has been close to 25%. Virtually all of this fuel ethanol is produced from grain and sugar cane, and the grain feedstock requires enzymes to convert it into fermentable sugars. First-generation biofuel is therefore a major market for Genencor and Danisco. If you consider the penetration of ethanol in the motor fuel market with Brazil over 50%, the USA about 10% and Europe and ASPAC between 1-5%, there is still a huge opportunity for continued growth. As the technology develops and governments enable higher usage through new legislation, the outlook for first-generation ethanol looks very bright in the years to come.

A bridge to second-generation ethanol

First-generation bioethanol is already providing a renewable and sustainable alternative to fossil fuels, with reductions in greenhouse gases of more than 50% compared to fossil fuels. Yet, Genencor is developing solutions for our customers to help them improve the sustainability footprint of their



processes even further. We are focusing our efforts on significant technology improvements to increase the amount of CO₂ savings from ethanol, improving the yields of the processes and reducing energy and water use. Some of our customers are already reducing 80% of CO₂ compared to petrol. Today's plants are in fact efficient biorefineries that produce ethanol and co-products like biogas, animal feed and food products – all from grains.

But there are other reasons to grow this sector. The first-generation ethanol market is also establishing a solid platform for the development of second-generation fuel ethanol. The continuing growth of first-generation ethanol contributes to future biofuel developments via its investments in infrastructure development, process technology advancements, consumer mindshare, constructive engagement with the oil companies and by spurring agronomic advances.

2) Accellerase® product line

Genencor's first prong approach for succeeding in cellulosic ethanol is to supply state-of-the-art enzymes directly to the pioneers in the marketplace. The Accellerase® product line will enable these early starters to begin using commercial enzymes in their emerging facilities.

In February 2010, Genencor introduced Accellerase® DUET. This product is the latest generation in the line of enzymes used to convert biomass into sugars, a critical step in the production of cellulosic ethanol and other advanced biofuels and biochemicals from non-food feedstocks. With this new product, Genencor is now ready to support the fast deployment of cellulosic biofuels. Accellerase® DUET aims to become the standard in terms of cost and performance.

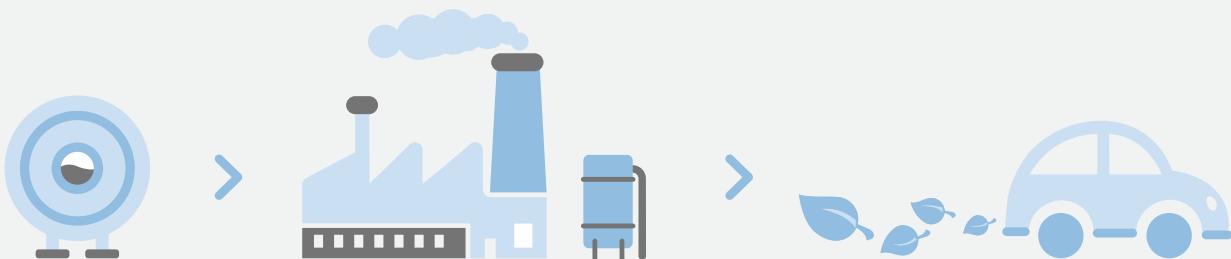
This translates into improvements to achieve higher sugar and biofuel yields, often at threefold lower dosing. It is also feedstock and pretreatment flexible. So, enzyme costs are no longer considered the major hurdle on the road to second-generation ethanol deployment.

Genencor already has several customers around the globe actively working at pilot and demonstration scale. These companies are part of the first wave of cellulosic ethanol demonstration plants now coming online, most of them in Europe and the USA. With huge technology advances being developed in crops, enzymes, production of ethanol and vehicles, the future is bright.

3) DuPont Danisco Cellulosic Ethanol LLC – a leader in second-generation biofuels

DuPont Danisco Cellulosic Ethanol LLC (DDCE) has rapidly positioned itself as a global leader in the evolving cellulosic ethanol industry. DDCE was listed in the top ten of Biofuels Digest's 50 Hottest Companies in Bioenergy, a list recognising innovation and achievement in bioenergy development.

In December 2009, just a year and a half after Danisco established the 50/50 joint venture with DuPont, DDCE began producing ethanol from corncobs at its 74,000-square-foot demonstration-scale biorefinery in Vonore, Tennessee, USA. The grand opening celebration in January 2010 was attended by more than 450 people, for example business leaders, farmers and Tennessee officials, including Governor Phil Bredesen, who gathered to celebrate the opening of one of the world's first cellulosic ethanol biorefineries.



FUEL ETHANOL: OPPORTUNITIES AND REALITIES (CONTINUED)

DDCE's state-of-the-art facility in Vonore is designed to convert both agricultural residues and bioenergy crops into fuel-grade ethanol. It has the capacity to produce 250,000 gallons of ethanol annually and will focus on testing and validating the technology to deliver comprehensive, low-cost, sustainable solutions for commercial production. The successful integration of DuPont and Danisco's innovative bioprocessing technologies and engineering excellence, puts DDCE on track to deliver investment-grade production systems.

The world is watching

The Vonore plant represents impressive technological progress for second-generation ethanol. It also plays a major role in overcoming one of today's biggest challenges to commercial deployment of cellulosic ethanol: establishing a reliable, low-cost biomass supply chain. It is the result of a collaboration with the state-backed University of Tennessee Biofuels Initiative (UTBI) and Genera Energy that takes a farm-to-fuel approach for establishing a supply chain for switchgrass, a hearty bioenergy crop with high potential for yield and greenhouse gas reduction. UTBI includes a USD 70 million commitment from the state of Tennessee in farmer incentives and the biorefinery.

We can expect the world to be watching Tennessee as DDCE continues to make breakthroughs in production scale-up and the biomass supply chain while contributing to agricultural economic growth. DDCE plans to build a commercial plant for corn stover conversion in the Midwest, followed by a facility for commercial scale conversion of bioenergy crops.

DDCE is leveraging market interest and political support for renewable transportation fuel to take its business forward. Federal policy in the USA continues to support cellulosic ethanol mandates, including a requirement for the transportation fuel supply to include 16 billion gallons of cellulosic ethanol by 2022. European mandatory targets aim for 10% biofuels in transportation fuel by 2020, yet without any specification on the ratio between first- and second-generation biofuels. DDCE has earned a strong market reputation and is working closely with potential collaborators to begin the next phase of building commercial facilities.

Standard setting sustainability

Sustainability is vital to the success of the cellulosic ethanol industry, which will help build energy independence worldwide, while contributing to a clean energy economy. DDCE is setting industry standards in sustainable production, through best-in-class practices and innovative solutions to reducing natural resource consumption, greenhouse gas emissions and waste. Sustainability is therefore also an integrated part of the solution we are offering.

DDCE leverages both DuPont's and Danisco's expertise in sustainable supply chain development and analysis. Life Cycle Assessment (LCA) methodologies are incorporated into the system design to monitor and minimise well-to-wheel (WTW) environmental impacts of cellulosic ethanol production. Consequently, the company designed, built and operates a demo-scale facility in Vonore, Tennessee, with a state-of-the-art water-recycle system and energy by-product capture, minimising natural resource consumption, emissions and waste. Current DDCE technology designs have the potential to reduce WTW greenhouse gas emissions over 100% when compared to conventional gasoline reference, well beyond the US Renewable Fuel Standard reduction goal for cellulosic ethanol of 60%. As the cellulosic ethanol industry moves forward, DDCE will continue to set the bar for safe, sustainable production.

By succeeding in all three approaches, Danisco will continue to strive for even better solutions to society's demands in this critical sector. Genencor's 25+ years of experience in developing enzymes and our ability to make things work give us the right to play and win in this space. This is our game plan for success in all of our biorefinery initiatives.

For more information, please visit www.genencor.com, www.accelerase.com or www.ddce.com

BIOISOPRENE™ OPPORTUNITIES

Our tyre collaboration with Goodyear

Technological developments in the past year have given Genencor's collaboration with Goodyear a strong momentum and an increasing level of excitement. The research teams at Genencor and Goodyear reached major technical milestones that showed proof of concept for our Biolsoprene™ platform aimed at developing a bioprocess for the manufacture of isoprene from renewable raw materials.

Traditionally, isoprene is synthesised from petroleum-based raw materials either through energy-intensive cracking processes or through chemical synthesis. Genencor is developing a bio-based process using the latest metabolic pathway engineering, synthetic biology and biochemical engineering technologies to establish a commercially sustainable route to a new bioproduct. It has the potential to expand the supply and utilisation of an otherwise constrained chemical intermediate.

In March 2009, we delivered our first batch of Biolsoprene™ product to Goodyear to begin larger scale polymerisation reactions to produce synthetic rubber. In fact, we produced enough quantities for Goodyear to produce three concept tyres. We displayed one of these concept tyres to coincide with the UN Climate Change Conference in Copenhagen in December 2009.

Danisco at the UN Climate Change Conference 2009

In December 2009, Danisco sent a group of representatives to the UN Climate Change Conference 2009 (COP15).

At the conference, we established a firm media presence as a climate-friendly company in targeted media ranging from domestic print coverage to TV interviews in global media.

While COP15 failed to reach a legally binding treaty, this has not impacted Danisco's direction. We have chosen our strategic path to help build the bioeconomy and will continue moving forward in this direction.

Please refer to our Sustainability section for related information.

In February 2010, we were proud to learn that Goodyear was honoured with the Environmental Achievement of the Year by the Tire Technology International Awards for Innovation and Excellence. Furthermore, Goodyear's concept tyre made with Biolsoprene™ technology made its auto show debut at the 80th Geneva Motor Show.

Going forward, we will continue to advance this research project towards the piloting phase and target the necessary performance milestones. When technological progress substantiates commercial viability of Biolsoprene™, we will be able to map out implementation from pilot to commercial plant.

The Biolsoprene™ biorefinery

As part of Genencor's biorefinery vision, we are also looking into other exciting opportunities beyond tyres for our Biolsoprene™ monomer product. Among the attractive options is use of the monomer in the production of hot melt adhesives to assemble disposable nappies and in the production of specialty elastomers used in a wide range of industrial applications. We are also exploring options for a drop-in advanced biofuel based upon Biolsoprene™ monomer for use in transportation and jet fuels.

Biolsoprene™ opportunities

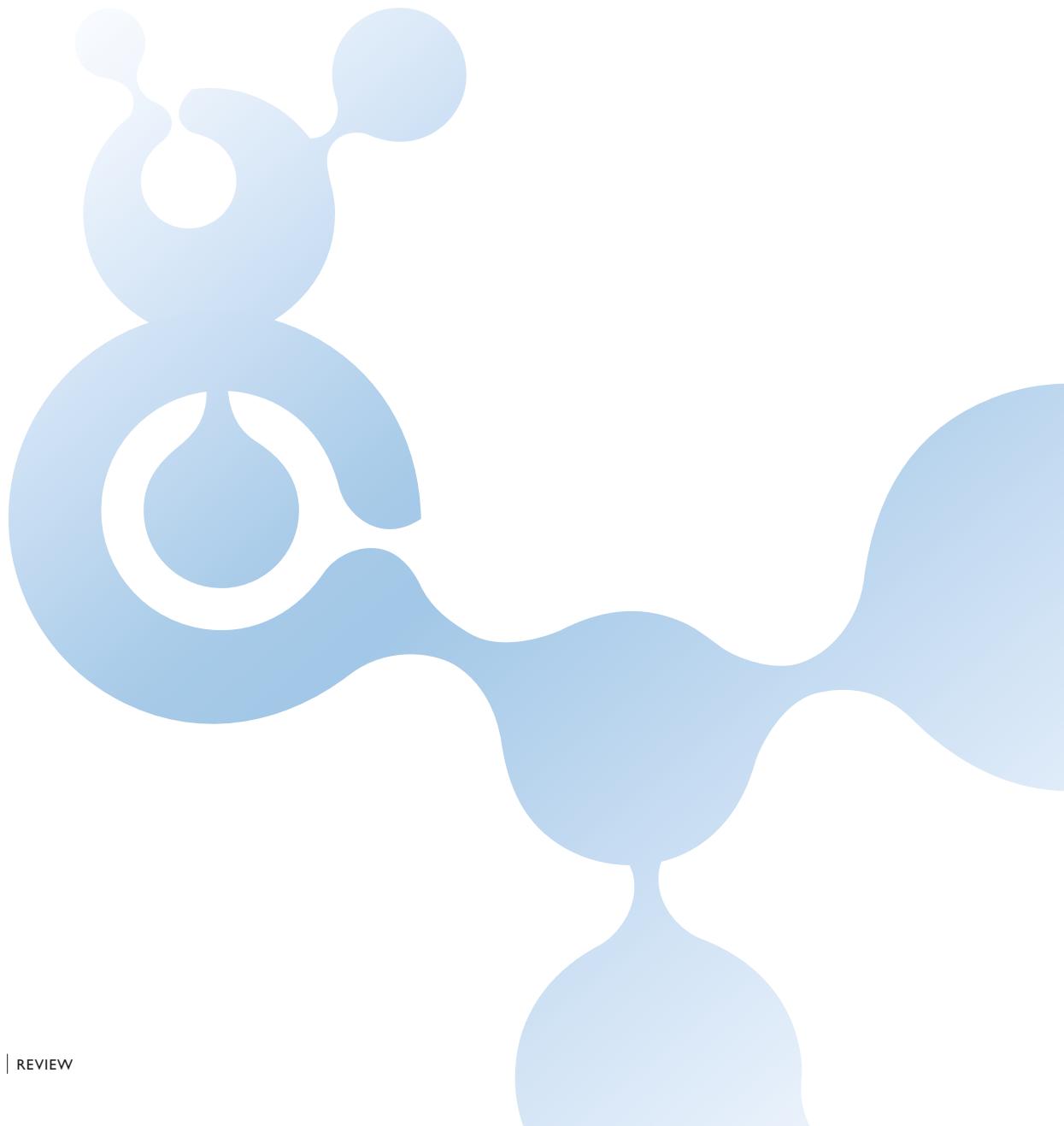
- Reduces volatility in cost and availability – compared with petroleum-derived isoprene
- Offers key high-purity, low-cost raw material for manufacturers
- Enables customers to reduce their carbon footprint in the production of synthetic rubber and other elastomers
- Has vast commercial potential, including tyres, adhesives, surgical gloves, golf balls and specialty elastomers
- Is convertible to advanced biofuel blend stocks

A vision of our bio-based future and the technology to bring us there

The December 2009 UN Climate Change Conference raised awareness of the need for alternatives to today's petro-based products. In today's society, oil is also the source of synthetic rubber products, plastics and numerous other chemicals and materials. The key to success is not only to develop replacements for these oil-based materials and chemicals, but to do so in an economically viable way.

Through Genencor, Danisco is addressing this major societal challenge by leveraging its leadership in modern biotechnology to create solutions such as the Biolsoprene™ biorefinery with multiple product applications. As we look to the prospects of bio-based refineries and their enormous societal and economic impacts, Danisco researchers and businesses will be at the forefront, leading the way into our bio-based future.

We live in a time of daunting challenges. At Danisco, we have identified four – food, health, energy and chemicals – that are especially critical and that we feel we are positioned to help address



Sustainability

– imagining a new reality

What if ... food was efficiently and responsibly produced, distributed, consumed and disposed of – with little or no waste. All of us – in every region of the world – had enough nutritious, safe and affordable food to sustain healthy lives. Energy was renewable, plentiful and environmentally neutral. The chemicals that make life easier, more comfortable and more convenient were based on non-toxic, biological components – and safe for all living things.

Such a world is within our reach. Breakthrough technological innovation, coupled with leadership and the shared commitment of individuals and organisations worldwide, can drive the change we need. At Danisco, we find tremendous inspiration in contributing to a truly sustainable world and applying ourselves to the challenges that must be overcome to imagine – and create – this new reality. In fact, sustainability is our key driver for innovation.

Forging the path to 2050

By 2050, the global population is projected to reach nine billion, a 32% increase over 2010. The earth's carrying capacity will be severely strained if we continue our current patterns of inefficient and environmentally damaging agriculture, wasteful food distribution and consumption, dependence on non-renewable energy sources and unchecked use of petrochemicals.

We live in a time of daunting challenges. At Danisco, we have identified four challenges – food, health, energy and chemicals – that are especially critical and that we feel we are positioned to help address.

I. FOOD CHALLENGES – inefficiency, waste, cost

Although the global population will "only" increase by 32% by 2050, global food production must almost double to meet demands from those regions of the world whose eating habits are changing to more energy-intensive foods. And, despite agricultural advances that have increased crop yield, food production remains wasteful. Losses between "field and fork" may be as high as 50%. Inefficient growing, harvesting, transport, storage and packaging all reduce food availability, as do wasteful food processing, sales and consumption. In parts of the developed world, up to one-third of all food purchased

This section summarises parts of Danisco's Sustainability Report 2009/10, which is available in full on www.danisco.com/sustainability

Danisco has a comprehensive set of policies in place to direct the organisation on all key sustainability aspects – please refer to www.danisco.com/sust_policies.

Our full Sustainability Report provides a detailed account of policy implementation and results.

by consumers is discarded. Every tonne of food waste is responsible for 4.5 tonnes of CO₂. And with global food costs trending upward, this also represents food we cannot afford to waste.

Along with these inefficiencies come environmentally harmful agricultural practices such as clear cutting forests for arable land, energy-intensive farming methods and chemical applications. Water use is also significant, with 500 to 4,000 litres of water evaporated to produce a kilogram of wheat, and 5,000-20,000 litres evaporated in producing a kilogram of meat. Just as food production must double by 2050, so will the demands on water increase to produce that food.

2. HEALTH CHALLENGES

– an ageing and overweight population

Unless we make significant changes, global health by 2050 may be marked by extremes and contradictions, partly due to differences among developed and developing nations. As many as 40% of people worldwide are forecast to be obese. The World Health Organization (WHO) considers obesity to be one of the top 10 causes of preventable death worldwide. They estimate that two billion adults will be overweight and more than 700 million will be obese by 2015. This projection, combined with the fact that obesity is one of the most important modifiable risk factors for chronic diseases like diabetes and heart disease,

makes food ingredient providers like Danisco play an important role. At the same time, undernutrition is predicted to worsen. Without intervention, the health challenges associated with these situations will be staggering. The costs to provide adequate health care may well extend beyond the reach of individuals, communities and governments.

Danisco offers an array of probiotics, enablers, fibres, enzymes, starter cultures, pectin, gums, vitamins and speciality sweeteners that allow people to manage weight, improve digestive health, strengthen immunity and reduce intake of salt, sugar and unhealthy fats.

PRODUCT SOLUTION: GETTING MORE FROM LESS

CASE

In the UK alone, more than 320,000 tonnes of bread is thrown away each year because it has lost its freshness. This equates to more than 1.4 million tonnes of CO₂ due to the production of methane in landfills. By adding various enzymes, GRINDAMYL™ POWERFresh can keep bread fresher up to seven days longer, potentially saving two million tonnes of flour per year and making more bread available with no increase in flour.

Product solution: Helping chickens get more from their feed – and reduce phosphorus in their manure

How do we get more out of the feed that is used to produce poultry? Even more importantly, how can we reduce the impact of phosphorus that leaches from their manure into waterways leading to algae blooms and eutrophication? Danisco enzymes significantly improve the uptake of energy from chicken feed by improving digestion and uptake of phosphorus.

One of our enzyme products, Avizyme® 1500, stabilises the quality of poultry feed and increases the energy value of corn diets by up to 5%, reducing feed costs as well as the impact on water and energy needed to treat wastewater. Another enzyme, Phyzyme XP, allows animals to derive phosphorus entirely from grains, reducing the addition of inorganic phosphates – and their discharge to the environment.

Product solution: Reducing the carbon footprint of food production

Danisco offers more than 70 ways to help the food and beverage industry reduce CO₂ emissions and natural resource consumption. In one example, our FoodPro® Cleanline enzyme reduces the number of cleaning cycles required in UHT milk processing, eliminates the need for harsh cleaners, reduces water consumption and boosts processing capacity by up to 15%.

3. ENERGY CHALLENGES – dependence on finite resources

Climate change mitigation and global security depend on widespread use of alternatives to fossil fuels. Given that our energy use today comprises 60% petroleum and natural gas – both limited resources – the current approach and consumption

are unsustainable. Global oil production in 2050 is expected to be less than 20% of current rates, with natural gas production less than 25% of current rates. Renewable and bio-based solutions are urgently needed.

PRODUCT SOLUTION: HELPING CONSUMERS AVOID TRANS FATS

The consumption of trans fats increases the risk of coronary heart disease by raising levels of "bad" LDL cholesterol and lowering levels of "good" HDL cholesterol. Health authorities worldwide have recommended that trans fats be reduced. In fact, it is estimated that between 30,000 to 100,000 deaths per year in the USA are directly linked to trans fatty acid consumption. Worldwide the toll of premature deaths is in the millions.

We have responded to this concern with the proactive development of DIMODAN NH 100, a non-hydrogenated monoglyceride for use in industrial margarines for breads and cakes without hydrogenated trans fats. As an additional bonus it allows for a longer shelf life resulting in less spoilage and food waste.

Product solution: Supporting immune health through probiotics

The thought of eating bacteria is unappealing to most of us. However, there is increasing evidence that the consumption

of "good bacteria" can alleviate a variety of conditions. The use of bacteria to treat illness is not as illogical as it seems. The human gut contains more than 500 different species of living microorganisms. In fact, they help keep the "bad bacteria" at bay, assist in digestion, nutrient uptake and contribute to the function of our immune system.

Some digestive disease experts recommend using probiotics for conditions like irritable bowel syndrome. Clinical studies from the mid-1990s to date have demonstrated that probiotic therapy can help treat several gastrointestinal disorders, delay the development of allergies in children and treat and prevent a variety of infections.

This is why we produce HOWARU® Bifido. A new immune-boosting probiotic that can be added to fruit juices to enhance the body's immune response. Especially effective for children, the elderly and those who are lactose intolerant, this is just one of our many health-promoting probiotics.

4. CHEMICAL CHALLENGES

– petroleum-based and unhealthy

Many of the industries we depend on to serve our basic needs for clothing, shelter, transport and household use rely on unsustainable petroleum-based chemicals and consume large amounts of water and energy. Our need for chemicals will expand along with the growing population, however, requiring newer, environmentally friendly alternatives, such as bio-based polymers, solvents and other biological alternatives.

The availability of oil to derive petrochemicals for plastics, speciality chemicals and other materials will be severely limited

by 2050. However, we believe that Genencor's demonstrated leadership in synthetic biology and metabolic pathway engineering will poised us to lead the development and processes for manufacturing biochemicals and other molecules, which will replace their petrochemical counterparts.

Genencor is addressing this environmental and societal challenge through its Biolsoprene™ technology to produce multiple products, including the rubber used in tyres. Please refer to page 37 of this report for further information on this project.

PRODUCT SOLUTION: BREAKING DOWN CELLULOSE TO MAKE SECOND-GENERATION BIOETHANOL

First-generation bioethanol is a step towards driving emission reductions needed to prevent the rise of global average temperatures by 2 °C, and why major economies have mandated blends of bioethanol for the years ahead.

This is why we maintain a strong competency in our Genencor division for improving the effectiveness of its enzymes to break down the various parts of agriculture crops into sugars, which in turn are used as building blocks to

make bio-based materials. For fuels blending in the transport sector, these sugar building blocks are fermented into ethanol to produce first-generation (from sugar cane, beets or starch plant material) and second-generation (from cellulose plant material) bioethanol. This alternative is expected to reduce the overall CO2 emissions from the transport sector by around 50% compared with traditional petrol. Please refer to page 31 of this report for further information on Genencor's step-change opportunities.

Sustainability strategies

Based on a review of our long-term sustainability challenges, key impacts along our entire value chain and input from stakeholders, Danisco has defined strategies and targets for addressing these challenges.

New targets

In the development of our 2009/10 strategies, we took into account input from a wide range of sources, including our materiality assessment, stakeholder feedback and consultations with Danisco's Board of Directors, Executive Committee, divisional leaders, heads of operations and line management. The strategies, which have been approved by the Executive Committee, are designed to drive performance in areas of opportunity that we believe are material.

We have also developed new long-term targets with an eye to where we want to be in 2020. In developing strategies for

sustainable sourcing and innovation, our next step will be to conduct focus groups to help define short-term milestones, resource needs, and short- and long-term targets.

Measuring performance

We will use our existing sustainability performance management database to help monitor progress in executing each new strategy, and progress will be reported to our Executive Committee on a quarterly basis. Our performance will also be published in our quarterly and annual reports as well as sustainability reports. Danisco employees worldwide have direct access to the most up-to-date sustainability performance data available via our company intranet; this is one important means of engaging our global workforce in the effort to achieve our defined targets.

SUSTAINABILITY STRATEGIES

Strategies to drive performance at group level	Sustainable sourcing strategy Protect our resources and ecosystems and enable our business to contribute to a more sustainable future
Strategies to drive performance at business level	Operational efficiency Improve resource efficiency to create value for our stakeholders
	Sustainable offerings Provide innovative, bio-based product offerings that improve the overall sustainability profiles of our customers

Setting goals for an even brighter future

Although Danisco is just one piece in a much larger puzzle, we have an extraordinary potential to help address the world's most urgent challenges. We are already leveraging bioinnovation to foster sustainable food production and consumption. We are promoting health. And we are devising alternative energy and biochemical solutions.

Looking ahead, our plans are to:

- Provide an even broader range of value-added ingredients for healthier, safer foods developed through highly efficient and sustainable agricultural practices
- Help our customers move towards renewable, bio-based resources that extend product shelf life, eliminate waste and protect the environment
- Develop breakthrough innovations in biotechnology that revolutionise industrial processes, replace petrochemicals and deliver abundant renewable energy
- Accelerate the pace of progress by using sustainability as a driver for innovation and transformative collaboration
- Protect our employees, the environment and consumers by controlling risks and delivering safe, streamlined and environmentally and socially responsible products

Beating our targets and getting ahead with new ones

Since 2007, we have reduced our water consumption by 30% per tonne of product, beating our 5% reduction target sixfold. We have lowered our energy consumption per tonne of product by 21%, double our target of 10%. And we have reduced CO2 emissions by 15% per tonne of product. At the same time, we recognise they are largely due to efficiency initiatives, and that enhancing efficiency represents only the first step in sustainability improvements.

Going forward, we expect to invest more in low-carbon renewable energy as better and more cost-effective technologies continue to emerge. More importantly, however, we look forward to addressing those sustainability challenges that are harder to reach – such as in our supply chain – and to implementing more complex strategies to advance our performance. Our customers expect it of us and we expect it of ourselves.

Because we achieved our initial sustainability targets ahead of schedule, we have developed new, longer-term targets in water, energy and CO2 emissions. We aim to meet these targets by 2020, with Danisco's 2009/10 financial year as the baseline. As before, our new targets are based on revenue.

- **Water** – 20% reduction
- **Energy** – 10% reduction in energy consumption and 20% reduction in use of non-renewable sources
- **CO2** – 20% reduction

Each year we evaluate the progress of our targets and assess the need for new targets. In 2010, we will achieve some of our environmental targets ahead of schedule and have made plans to establish additional – and more ambitious – targets.

These new targets will stretch us. At the same time, as sustainability becomes more integrated into our organisation, we no longer consider our sustainability challenges separate from our business challenges. For example, we know we must further reduce energy consumption to help mitigate climate change and also to minimise the business impacts of a carbon-constrained future.

Carbon Disclosure Project

In November 2009, Danisco was once again recognised for its efforts in climate change reduction by the Carbon Disclosure Project, an organisation that acts on behalf of 534 institutional investors, holding USD 64 trillion in assets under management. In the 2009 report, Danisco ranked no. 3 in Denmark and no. 14 in the Nordic countries.

Danone Carbon Pact

Danisco partners with customers to support their carbon reduction efforts and minimise their contributions to climate

change. In the case of Danone, we have signed the Danone Carbon Pact, by which we have agreed to make specific contributions to the customer's upstream carbon footprint through the products we deliver to Danone.

Health and safety

Protection of the health and safety of our employees is a way of life at Danisco. This means that we continually drive a systematic risk assessment approach throughout our organisation to ensure that both routine and non-routine tasks are examined.

When we set the target of 2.0 lost time injuries (LTI) per one million working hours in 2006, we experienced scepticism around the attainability of such an ambitious goal. In 2007, we were experiencing an LTI frequency of 5.0, today the entire organisation is proud of an LTI frequency of 3.5.

The key changes influencing the performance are the increased accountability for safety performance on the senior management agenda and the change of focus from observing behaviours to proactively assessing risk.

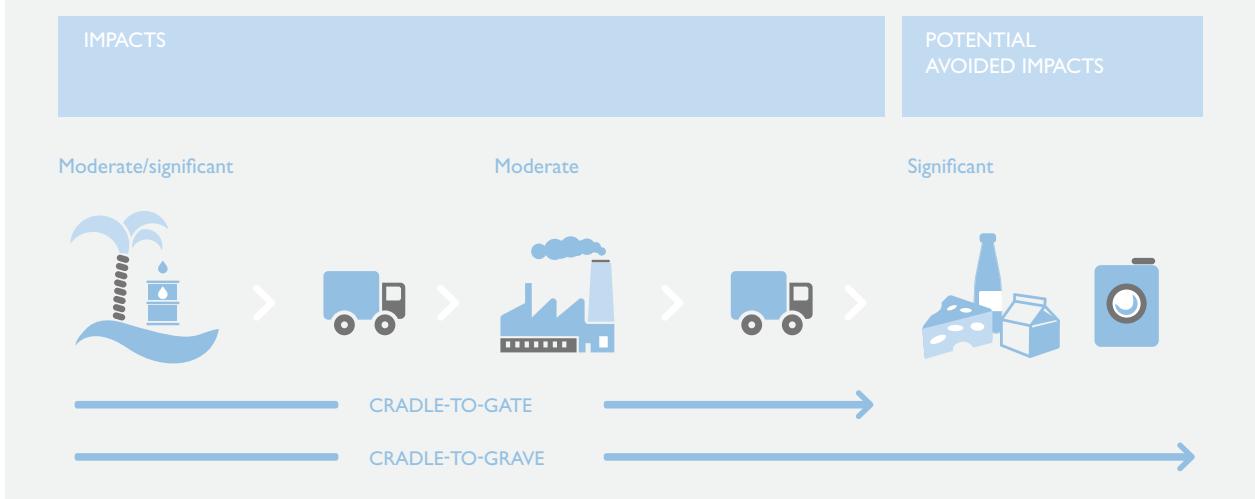
Our manufacturing sites are developing management systems based on the OHSAS 18000 standard. To date, 34% of our production sites have a certified OHSAS 18000 management system. As part of a robust safety management system, formal joint management-worker health and safety committees have been developed to help track performance and monitor risks and issues related to occupational health and safety.

Sustainability throughout the value chain

As a supplier of bio-based ingredients to industries around the world, we understand the importance of integrating sustainability throughout our value chain. We believe in developing relationships with suppliers that share our values and follow ethical business practices. And we work closely with our customers to ensure they receive the high-quality products they expect from us.

Whether we are devising enzyme breakthroughs to reduce sugar and salt in foods, minimising water and energy in textile processing, converting agricultural waste to bioenergy or helping customers eliminate unhealthy fats in their products, we are working to embed sustainability in every step of our value chain. We do this by balancing environmental, social and economic factors in procurement, manufacturing, customer use and consumer use. Additionally, life cycle assessment, in which we determine the full environmental impacts of our products through the value chain, informs our decision-making and helps us optimise activities to deliver innovative products with the greatest overall environmental benefits.

KEY SUSTAINABILITY IMPACTS IN THE VALUE CHAIN (ESTIMATED)



The complexity of our supply chain

With thousands of global suppliers located in 40 countries, we find that the complexity requires a proactive approach to managing material sustainability risks. In our upstream supply chain, material risks include management of single-source suppliers, potential human rights issues in farming in the developing world, loss of biodiversity due to cultivation, food safety and quality, and climate change impacts.

In addition to addressing human and labour rights issues, quality and food safety programmes and risks of single-source suppliers using audits and assessments, we are also seeking to improve our processes significantly through the development of a supplier management system. We are building capabilities to further assess our environmental impacts using Life Cycle Assessment (LCA) for critical raw material sources. By 2012/13, we plan to conduct at least six peer-reviewed LCAs for pectin, locust bean gum, freeze-dried cultures, frozen cultures, textile bleaching and xylitol.

We have strategically located our manufacturing sites in regions where we source our raw materials to minimise transport impacts and costs, but not in all instances. As an example, Enablers sources its major raw materials globally from a variety of sources. From waste citrus peels in the Americas to locust beans from wild carob trees in the Mediterranean and Northern Africa – from farmed and wild seaweeds off the coast of Chile, Japan and Europe to palm oils derived from palm kernel in South-East Asia, they all have potential environmental and social impacts.

In part we support impact reduction through participation in multi-stakeholder organisations such as the Roundtable on Sustainable Palm Oil and the Roundtable on Sustainable

Soy. However, we will continue to proactively work with our suppliers to further improve their productivity and reduce their environmental impacts through capacity building efforts, collaboration, incentives and guidance.

In the course of 2010, a new supplier management system will further strengthen our global supplier and material management

Life Cycle Assessment

The environmental and social impacts – and benefits – of a product are not limited to its manufacture, use or disposal. Instead, the impacts occur throughout a product's life cycle, encompassing each element in the value chain, from raw material sourcing, energy generation, production and use, to end-of-life disposal or recovery.

Danisco incorporates life cycle thinking into product development with the goal of reducing environmental impacts and enhancing the socioeconomic benefits of our products throughout the entire value chain.

Examples of products for which we have conducted LCAs include:

- **Xylitol** – a natural sweetener with an extremely low carbon footprint (in review)
- **Huntsman Gentle Power Bleach™** – to provide low temperature textile bleaching (in review)
- **Excellase™** – short cycle and low temperature dish-washing enzyme

SUSTAINABILITY PERFORMANCE

Environment	2009/10	2008	2007
Production volume (1,000 tonnes)	533	539	530
Total energy consumption (GWh)	2,290	2,692	2,881
Total energy consumption per tonne product (MWh/t)	4.30	5.05	5.41
Total water consumption (1,000 m ³)	10,377	13,828	14,294
Total water consumption per tonne product (m ³ /t)	19.5	25.7	27.0
Total CO ₂ emissions (scope 1 and 2) (1,000 tonnes)	781	876	918
Total CO ₂ emissions per tonne product (tonnes/tonnes)	1.47	1.63	1.73
Health and safety	2009/10	2008	2007
Lost-time injury frequency ¹	3.5	4.8	4.4
Severity rate ²	12.1	20.4	25.8

¹ Number of lost-time injuries with one or more lost work days per million working hours

² Lost work days per accident

systems through detailed assessments, prioritised audits and improved collections of supplier and raw material information and documentation.

Food safety

Food safety and quality in all aspects of our supply chain is a cornerstone of Danisco's way of producing products and in the approaches with our suppliers, employees and customers. We realise the importance and accept no compromises to our compliance with regulations and food safety standards.

The consequences of food scandals in the last few years, like the melamine contamination of milk powder, have forced food manufacturers and retailers to strengthen the requirement for third-party food safety certifications. Future incidents will increase the scrutiny and attention on the safety of our food supply by the general public and will force suppliers to the food industry to constantly maintain systems to prevent such incidents and to maintain traceability.

To address this concern, we have decided to enhance our already robust approaches with additional scrutiny of our food

ingredient manufacturing sites through audits against third-party standards like the BRC (British Retail Consortium) standard or the FSSC 22000 (Food Safety Standard Certification) standard.

Stakeholder engagement

At Danisco, our stakeholders play an important role in our sustainability journey. Without their existence, and more importantly, the dialogue and interaction that we actively pursue, we risk making the wrong decisions – or even missing important opportunities. This engagement process helps us to identify potential weaknesses in our approach while providing a chance to harvest opportunities and guide our strategy. We listen, learn and hopefully build trust and mutual understanding.

Our Sustainability Report has achieved the GRI A+ Application Level from Deloitte.

You are always welcome to contact us at
sustainability@danisco.com





The aim of our structure is to achieve a market-driven organisation that responds fast to customer demands and changes in the market place in order to increase the value proposal to all our stakeholders and become First choice

Our organisation

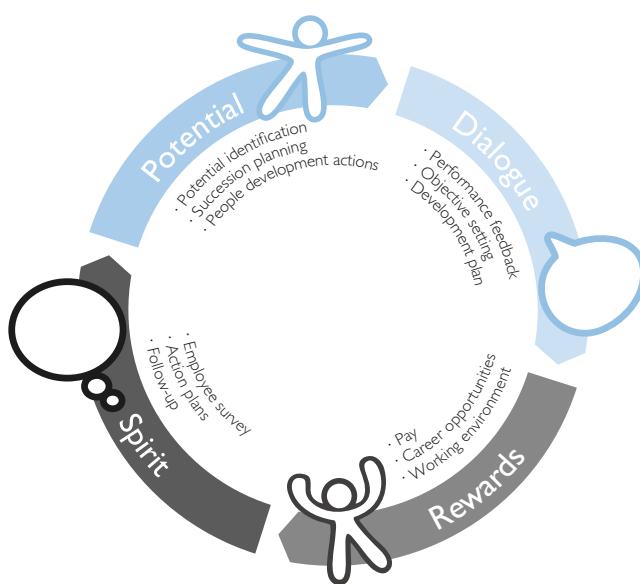
Establishing world-class human resource capabilities

Business performance and the skills and engagement of employees are closely interlinked – you cannot have one without the other. Therefore, Danisco's employees are at the heart of our business intent of "Becoming first choice". It is essential for Danisco to continue to develop as a First choice employer who is able to attract and retain the best people across all roles and in all the countries where we operate. In line with this, we have made substantial investments over the past years in building our human resource capabilities to further support our people agenda.

The purpose of Human Resources at Danisco is to understand and support the resolution of Danisco's business needs by enabling the right decisions to be made across areas such as talent acquisition and development, performance management, recognition and reward as well as organisational effectiveness. HR is a key contributor to enabling the business to leverage its size and scale as a global pure play bio-based ingredients business by developing a framework and processes that support our continued growth and business development. This will give us access to talent and know-how and provide tools to motivate and reward employees who deliver business results.

People Planning Cycle

Our People Planning Cycle illustrates the core people processes at Danisco. It consists of four main steps naturally feeding into each other and focusing on people performance, rewards, employee engagement and talent management/succession planning. In short, the objective is to drive a global performance and development orientation – to benefit our people as well as our business.



Danisco Dialogue

Danisco Dialogue is our yearly performance and development process. The overall objective is to drive a stronger performance orientation at Danisco by aligning individual goals with team and business goals, and by evaluating all employees' performance against agreed deliverables. The process coincides with Danisco's financial year-end and takes place from March to June. In 2010/11, the globally harmonised Danisco Dialogue process will run for the second time.

Danisco Spirit

Danisco Spirit is our global engagement survey. It measures the attitudes and commitment that underline day-to-day behaviours, which in turn drive business performance. Survey results are being used to facilitate discussions in the organisation about how to make Danisco a better place to work. The 2009 version of Danisco Spirit was conducted in September with a very high response rate of 91%, which clearly illustrates our employees' willingness to express their opinion and give feedback on matters important to them. In comparison with the 2008 survey, we saw improvements in almost all areas. As was the case in 2008, the 2009 survey results have been turned into action plans at all levels in the organisation. In autumn 2010, our global engagement survey will be conducted for the third year in a row, reflecting our strong focus on actively working with employee engagement as a key lever for driving organisational performance.

Danisco Potential

Danisco Potential is a talent management process to support our managers and management teams in making the right people decisions and discussing development actions that will ensure we have the right people in place across Danisco to meet our future objectives. During this financial year, the Danisco Potential process was conducted for the third time and included a broader scope of employees than in previous cycles.

Rewards

The rewards part of our people planning cycle has been a key focus area for Human Resources in 2009/10 with a lot of work being done on pay and leadership development.

Pay at Danisco

At Danisco, pay is defined as the compensation and benefits part of the total rewards package our employees receive for performing their work when employed by Danisco.

In February 2010, we launched the Danisco Pay Philosophy and five pay principles along with a number of other global pay initiatives like harmonising the salary review dates to one global date and defining global base salary review principles. We acknowledge that while pay is not the main reason that

people join or stay at Danisco, it is of significant concern if it is not fair. Our pay philosophy will recognise this by focusing on differentiated pay for the best performers and providing stretch opportunities for stretch personal and business performance.

Pay for performance is at the heart of our pay philosophy. This means that we will challenge our employees to "go the extra mile" by encouraging them to set ambitious goals so they can contribute directly to the performance of the business.

In order to live the philosophy, we have defined five principles that must be taken into account in all pay-related decisions.

- Pay for performance
- Market-driven pay
- Total pay perspective
- Business alignment and consistency
- Transparency: understand the link between business strategy and priorities, performance and pay

Leadership at Danisco

Leadership is pivotal for any organisation, especially in times of change. In 2009, Human Resources put a lot of focus on what kind of leadership we need at Danisco to execute our strategy and meet our business objectives.

Based on a number of one-to-one interviews and group sessions with senior leaders in the organisation, we have developed a Danisco leadership model that outlines a number of behaviours, skills and disciplines that should guide leaders' thinking and actions. The objectives of the leadership model are to:

- reinforce behaviours and competencies that lead to great performance
- create a common understanding of what "role model" leadership at Danisco looks like
- set clear behaviour and performance expectations for different roles
- strengthen the Danisco culture by introducing the same leadership language across the divisions and functions

The leadership model consists of four dimensions:

1. Setting direction:

"Setting direction" is about taking leadership, setting a clear direction and having the courage to influence the industry and the environment around us. It is about innovating and thinking out of the box to meet emerging needs in the bio-based competitive arena in which Danisco operates.

2. Executing:

"Executing" is about never letting the end goal slip out of sight and pursuing it relentlessly and with discipline. It also means having the courage to manage conflicts and make necessary decisions to move things forward with pace. It is about holding ourselves and others responsible for the outcome.

3. Energising:

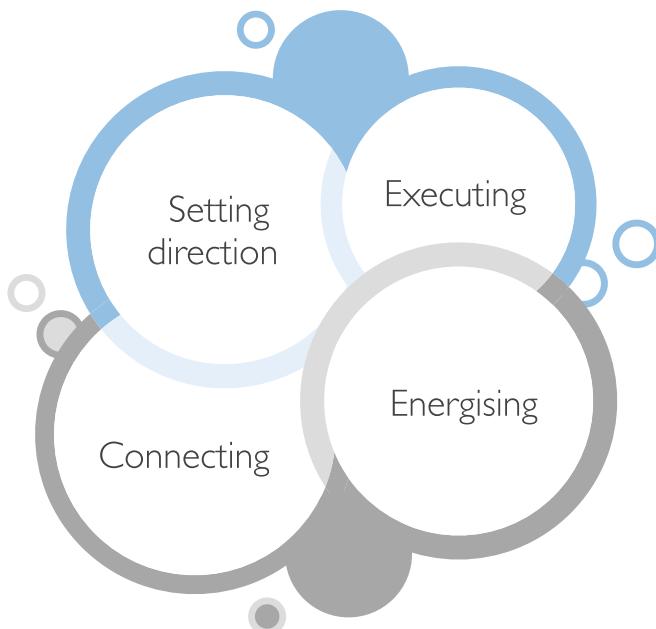
"Energising" is about giving others freedom to act, trusting and empowering others to make decisions and to grow in their role. It is about creating a team spirit where discipline and focus, but also fun, prevails. Energising leaders are passionate about developing others and building competency, and they are courageous in engaging in supportive but challenging dialogue.

4. Connecting:

"Connecting" is about boundary-less thinking and behaviour; it is about reaching out, to colleagues in other divisions, functions and geographical locations. It is about actively seeking to share knowledge and learn from others. "Connecting" is also about seeking to get closer to customer needs to enable us to create value and become their First choice.

The leadership model will be used as a "backbone" and will be integrated into all our key HR processes (talent management, performance management, recruitment, 360 feedback and leadership development activities).

As part of the leadership model launch a workshop called "Coaching and managing for performance" has been developed. During 2010 and 2011, most managers in Danisco will attend this workshop, where they will be introduced to and discuss the leadership model and receive training in basic management



disciplines such as setting performance and development goals, giving feedback, coaching employees and monitoring performance.

"Coaching and managing for performance" is the first new initiative in a series of leadership development activities that we expect to implement over the coming years with the objective to strengthen leadership capabilities within the organisation and in the longer term to strengthen our ability to identify internal candidates for vacant leadership positions.

We look forward to the year ahead where our main focus will be on "continuous improvement" – i.e. embedding the processes and tools that have been launched in the last couple of years strongly into the organisation so they become a truly integrated part of the way in which Danisco operates and manages its business.

Incentive schemes

We currently have two major annual short-term incentive (STI) schemes and a number of local short-term incentive schemes, including sales incentive schemes. The schemes have been established to give employees an incentive to achieve critical company goals, to allow employees to directly share in the success of the company and to retain qualified and dedicated employees. A maximum payout exists for all short-term schemes.

As part of our pay philosophy, we are in the process of ensuring further alignment of our STI programme.

The corporate bonus scheme is for approximately 200 senior people within all business lines globally, except the Genencor division that has its own Variable Pay Plan (VPP). To support us in operating as a pure play bio-based ingredients business with aligned global processes, all participants in the corporate bonus scheme and the senior management team in the Genencor VPP have from 2009/10 between 15% and 60% of their bonus targets allocated to an overall Danisco Group EBIT target. In addition to the overall EBIT target, participants in the corporate bonus scheme mainly operate with financial goals at divisional and business unit level, while corporate staff have individual goals.

Genencor's VPP scheme was established to reinforce a team-based culture of inclusion and tie pay to divisional performance. It is a broad-based plan covering all employees, though employees in recent acquisitions and expansions have not been enrolled. Below the senior management team, the plan has three components weighted equally for all employees: divisional revenue, divisional operating profit and line of sight goals. The line of sight goals can be one or more goals, all team based.

In addition to the short-term incentive schemes, we also have several long-term incentive schemes: a corporate share option scheme and a value creation incentive plan within the Genencor division.

Within the corporate share option scheme, share options are granted annually to the Executive Board, senior managers and specific key members of staff. The grant is normally based on a strike price of the share price around the grant date +10%. The scheme involves a 3-year vesting period followed by a 3-year exercise period, and a new scheme will be granted, vests and expires in August/September after the annual general meeting. The annual schemes are approved at the annual general meeting by the shareholders of Danisco. The aggregate amount of options granted means that the employees' participation in the value creation of the share above the strike price is 6-8%.

The Genencor Value Creation Incentive Plan (VCIP) was created by Danisco in 2005 to replace Genencor's share-based long-term incentive plan in place when Genencor was a listed company. VCIP is a long-term incentive plan sharing value creation within the division with the participating employees based mainly on a standardised measurement of value of the division as 10 times Genencor's EBITDA. VCIP participation units are granted annually to key employees with a grant price based on the current EBITDA. The units vest on the third anniversary of the grant date and if Genencor's per unit EBITDA on the vesting date is higher than the grant date EBITDA, the difference in standardised value is paid in cash for 50% of the vested units. The remaining 50% are deferred one additional year (i.e. the fourth anniversary of the grant date) and paid out at that time based on the then current EBITDA relative to the grant date EBITDA. The aggregate amount of units granted means that the employees' participation in the enterprise value creation of the division is 6-8%. If the increase in EBITDA in a given year exceeds 10%, the excess EBITDA is shared and the employee part of the enterprise value creation of the division increases. Further, 10% of the value creation from the DDCE and Goodyear activities is allocated to the VCIP.

Both the corporate share option schemes as well as the Genencor Value Creation Incentive Plan serve as important retention mechanisms as the right to any non-exercised options is generally forfeited if the employee chooses to leave Danisco while VCIP units are generally forfeited if employment is terminated.

All obligations at the balance sheet date for cash incentive schemes are accrued consistently in the financial accounts. Option schemes are accounted for in accordance with IFRS 2, Share-based Payment.

Shareholder information

IR policy

Danisco aims to maintain a constant and high level of information through an active and open dialogue with the capital markets. We strive to provide comprehensive information to the stock market about our financial and operational performance as well as our strategy and longer-term financial targets. Through open communication, we aim to ensure that the valuation of the Danisco stock reflects the company's situation and expectations.

Investor Relations (IR) is organised as an independent unit under the Communications department with direct reference to the Executive Board. IR has access to all relevant financial and strategic information in the company and is responsible for maintaining contact with investors and analysts through regular information meetings in Denmark and abroad. IR is also responsible for directing information from shareholders to the Executive Board.

When hosting investor events, we seek to make them widely available to the public, using the Internet in connection with results announcements and meetings for analysts, investors and the press. Other prioritised activities include capital market days and other thematic presentations, which are made available on the Internet after the events. It is also possible to track planned activities and events via our calendar on www.danisco.com/investor. Furthermore, our web services allow all our stakeholders to view analyst recommendations and consensus earnings estimates for Danisco.

We have further tightened the internal rules for publication of stock exchange notices following the event in December 2009 when we unintentionally made a release accessible immediately prior to the planned release due to procedural loopholes.

DANISCO'S MASTER DATA

Stock exchange	NASDAQ OMX Copenhagen A/S
Share capital	DKK 953,865,900
Denomination	DKK 20
Number of shares	47,693,295
Classes of shares	One
Bearer security	Yes
Voting right restriction	7.5%*
ID code	DK0010207497
Bloomberg code	DCO DC
Datastream	DK:DAO
Reuters code	DCO.CO
Thomson Financial	DCO.DK

* Lifting of voting right restriction proposed for the 2010 Annual General Meeting

Indices

The Danisco stock is included in the following international stock indices. For further details, please see the respective websites.

INDEX LISTINGS

Index	Website
Dow Jones STOXX	www.stoxx.com
Dow Jones Sustainability	www.sustainability-indexes.com
NASDAQ OMX Group	www.nasdaqomx.com
OMX Sustainability Nordic	www.nasdaqomx.com
MSCI Barra	www.msccbarra.com
FTSE	www.ftse.com

IR activities

In the financial year 2009/10, we held more than 700 investor meetings in 11 countries compared with around 500 meetings in 14 countries last year, an increase of around 40%. We see the larger number of meetings as an expression of interest in Danisco and a sign that investors increasingly seek information directly from the companies. As part of our efforts to increase transparency, we have increasingly hosted investor and analyst meetings with a wider group of Danisco's senior management, including divisional and staff function leaders. Presentations from these events are made available on www.danisco.com/investor.

Financial calendar

There are certain periods during the financial year when, under the NASDAQ OMX Copenhagen A/S rules, Danisco is prohibited from holding investor meetings. These quiet periods start four weeks prior to results announcements.

FINANCIAL CALENDAR

7 July	2010	Deadline for proposals for the AGM
19 August	2010	Annual General Meeting 2010
24 August	2010	IR quiet period starts for Q1
21 September	2010	Q1 results
18 November	2010	IR quiet period starts for Q2
16 December	2010	Q2 results
18 February	2011	IR quiet period starts for Q3
17 March	2011	Q3 results
23 May	2011	IR quiet period starts for FY
21 June	2011	FY results
12 July	2011	Deadline for proposals for the AGM
23 August	2011	IR quiet period starts for Q1
23 August	2011	Annual General Meeting 2011
20 September	2011	Q1 results

Danisco and NASDAQ OMX Copenhagen A/S

Danisco's shares are listed on NASDAQ OMX Copenhagen A/S and the closing price at 30 April 2010 was DKK 407 compared to DKK 186 last year. This equals an increase of 119% in the financial year. With a dividend per share of DKK 7.50 being paid after the Annual General Meeting on 20 August 2009, the stock has yielded a total positive return of 123% in the financial year. By comparison, the OMX C20 Index increased by 50% over the same period, dividend payments excluded.

The market capitalisation of the company's shares was DKK 19.3 billion at 30 April 2010 compared with DKK 8.8 billion last year. At the financial year-end, Danisco was the 11th largest stock in

the OMXC20 Index. In the financial year 2009/10, 60.7 million Danisco shares were traded on NASDAQ OMX Copenhagen A/S, equivalent to a market capitalisation of DKK 17.8 billion.

Share capital

At the end of the financial year, Danisco's share capital was DKK 953,865,900, equivalent to 47,693,295 shares. At the financial year-end, 2,586,584 share options had been issued to Executive Board members and senior staff, corresponding to 5.4% of the company's share capital. For further information on the Board of Directors' authorisation to make capital increases, see note 23.

DANISCO'S SHARE CAPITAL

Financial year	Change	Denomination (DKK)	Change in no. of shares	No. of shares	Share capital (DKK)
1993/94	5-for-1 stock split	20	44,124,292	55,155,365	1,103,107,300
1994/95	Issue of employee shares	20	204,409	55,359,774	1,107,195,480
1994/95	Converted bonds	20	87	55,359,861	1,107,197,220
1995/96	Converted bonds	20	13,399	55,373,260	1,107,465,200
1996/97	Converted bonds	20	4,548,596	59,921,856	1,198,437,120
1996/97	Issue of employee shares	20	188,452	60,110,308	1,202,206,160
1998/99	Cancellation of shares	20	(1,888,529)	58,221,779	1,164,435,580
2002/03	Cancellation of shares	20	(5,022,177)	53,199,602	1,063,992,040
2003/04	Cancellation of shares	20	(2,131,050)	51,068,552	1,021,371,040
2004/05	Cancellation of shares	20	(1,380,000)	49,688,552	993,771,040
2005/06	Cancellation of shares	20	(786,750)	48,901,802	978,036,040
2005/06	Two issues of employee shares	20	22,643	48,924,445	978,488,900
2006/07	Four issues of employee shares	20	4,050	48,928,495	978,569,900
2007/08	Two issues of employee shares	20	13,000	48,941,495	978,829,900
2008/09	Cancellation of shares	20	(1,248,200)	47,693,295	953,865,900

Shareholders

Through a dedicated information policy, we strive to maintain an open dialogue with our current and potential shareholders, and we encourage shareholders to register their holdings in the company's Register of Shares (Register of Owners).

At 30 April 2010, the number of registered shareholders was around 47,500, which is an increase of about 4% on last year. The registered share capital accounts for 78% of the total share capital compared to 77% last year. At 30 April 2010, ATP, a Danish public pension fund, held 5.1% of Danisco's share capital, being the only shareholder holding more than 5% of the share capital.

The ownership structure at the end of the financial years 2008/09 and 2009/10 is shown to the right. The table shows

that the most significant change in the ownership structure was an increase in the share of international investors, growing from 38% to 49% at the expense of domestic investors.

DANISCO'S OWNERSHIP STRUCTURE

(%)	30 April 2010	30 April 2009	Change
Professional investors	75	72	+3
Private investors	25	28	-3
Total	100	100	-
International investors	49	38	+11
Domestic investors	51	62	-11
Total	100	100	-

Source: VP Securities

Trading in treasury shares

During the financial year, no treasury shares were bought or sold, despite the existing authorisation granted by the Annual General Meeting on 20 August 2009 to buy back shares of up

to 10% of the company's share capital in the period until the Annual General Meeting due on 19 August 2010. At 30 April 2010, Danisco held 38,077 treasury shares, or 0.1% of the share capital.

TRADING IN TREASURY SHARES

No.	2009/10	2008/09	2007/08
Holding at 1 May	191,577	1,439,777	165,146
Purchase	-	-	1,348,200
Sale of treasury shares (exercised options)	(153,500)	-	(73,569)
Reduction of share capital	-	(1,248,200)	-
Holding at 30 April	38,077	191,577	1,439,777

Insider register

Danisco's insider register comprises the Board of Directors, the Executive Board and other senior staff with access to inside information. These persons may trade in Danisco shares only in certain predetermined periods, e.g. after results announcements, unless prohibited by other matters.

Dividend policy

Danisco aims to ensure the necessary equity to fund the Company's operations and distribute surplus capital to the shareholders through dividend payments and/or share buybacks. Dividends are decided at the annual general meeting, and Danisco does not pay interim dividend.

Annual General Meeting

The Annual General Meeting will be held on Thursday 19 August 2010 in Tivoli Concert Hall, Vesterbrogade 3, 1630 Copenhagen V, Denmark. Details on registration and voting procedures are available on our website www.danisco.com. Please note the electronic shareholder registration procedures that were introduced prior to our 2009 Annual General Meeting.

For the year 2009/10, the Board of Directors proposes an ordinary dividend per share of DKK 8.50 (last year DKK 7.50 per share) as well as an additional, extraordinary dividend of DKK 8.50 per share reflecting the substantial debt reduction we have achieved both from the sale of Danisco Sugar and from our operations, bringing the total proposed dividend payout for this financial year to DKK 17.00 per share – a payout ratio of 169%.

KEY FIGURES AND FINANCIAL RATIOS

Group	2009/10	2008/09	2007/08	2006/07	2005/06
Number of shares in share capital at year-end	'000	47,693	47,693	48,941	48,928
Number of shares excluding treasury shares					
Number at year-end, diluted	'000	47,878	47,502	47,520	48,943
Average number	'000	47,533	47,502	48,030	48,728
Average number, diluted	'000	47,625	47,513	48,137	49,010
Basic earnings per share (EPS)	DKK	10.10	2.28	26.03	21.71
Earnings per share, diluted (DEPS)	DKK	10.08	2.28	25.97	21.58
Cash flow per share, diluted*	DKK	54.43	27.11	21.69	44.95
Book value per share, diluted	DKK	261	255	258	258
Market price per share	DKK	404	186	320	443
Market price/book value, diluted	DKK	1.55	0.73	1.24	1.71
Market capitalisation	DKKm	19,343	8,835	15,206	21,682
Price/earnings, basic	DKK	40.00	81.58	12.29	20.41
Ordinary dividend per share	DKK	8.50	7.50	7.50	6.75
Extraordinary dividend per share	DKK	8.50	-	-	-
Payout ratio	%	168.8	329.9	28.5	34.1
* For 2007/08 and 2008/09 cash flow per share, diluted is restated and does not include discontinued operations.					

Stockbrokers covering Danisco

Danisco is currently covered by 16 local and international brokers.

An overview of recommendations and consensus earnings estimates can be found on www.danisco.com/investor. Danisco does not vouch for the accuracy of these estimates or recommendations.

STOCKBROKERS COVERING DANISCO

ABG Sundal Collier	+45 3318 6100
Alm. Brand Markets	+45 3547 4848
Carnegie Bank	+45 3288 0200
Cheuvreux Nordic	+46 8723 5100
Credit Suisse	+44 207 888 8888
Dansk Aktie Analyse	+45 3296 0960
Danske Equities	+45 3344 0000
Goldman Sachs International	+44 207 774 1000

Handelsbanken Capital Markets	+45 3341 8200
Jyske Bank	+45 8989 8989
Nordea	+45 3333 2972
Royal Bank of Scotland	+44 207 678 8000
SEB Enskilda	+45 3697 7000
Standard & Poor's	+46 8440 5900
Sydbank	+45 3369 7800
UBS	+31 20551 0100

STOCK EXCHANGE NOTICES 2009/10

Date	Year	No.	Title
27 May	2009	8	Board of Directors changes at the upcoming Annual General Meeting
24 June	2009	9	Announcement of results for FY 2008/09
31 July	2009	-	Notice convening Annual General Meeting
20 August	2009	10	Excerpt of the Chairman's report at the Annual General Meeting
20 August	2009	11	Annual General Meeting of Danisco A/S held on 20 August 2009
21 August	2009	-	Updated Articles of Association
17 September	2009	12	Announcement of results for Q1 2009/10
16 December	2009	13	Announcement of results for Q2 2009/10
18 March	2010	1	Announcement of results for Q3 2009/10

Post balance-sheet notices

6 May	2010	2	Strong fourth quarter triggers earnings upgrade
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Corporate governance

Danisco is a Danish listed company managed in accordance with the Articles of Association, the Danish Companies Act, the Listing Agreement between Danisco and NASDAQ OMX Copenhagen A/S as well as other relevant Danish and international laws and regulations.

The management of Danisco is based on a two-tier system, which separates the Executive Board and the Board of Directors. Danisco's management – the Board of Directors and the Executive Board – is committed to exercising good corporate governance and focuses on shareholder relations, long-term value creation and the swift release of relevant information.

Corporate governance recommendations

The corporate governance recommendations are included in the rules governing securities listing on NASDAQ OMX Copenhagen A/S. Companies must either comply with the corporate governance recommendations or explain why the recommendations are not fully or only partly complied with.

Danisco generally complies with the Danish Committee on Corporate Governance's recommendations with one exception:

- The term of office for Board members

The Board of Directors has decided to propose a change of the election period for the Board members from two years to one year. This will be proposed at Danisco's next Annual General Meeting to be held on 19 August 2010. The Board of Directors has also decided to propose a removal of the 7.5% voting right restriction. This will also be proposed at Danisco's next Annual General Meeting on 19 August 2010.

For more information about Danisco's corporate governance, please see About us/Corporate governance at www.danisco.com

for a full list of the Committee on Corporate Governance's recommendations along with our comments.

The recommendations of the Committee on Corporate Governance have been revised in the spring of 2010 and NASDAQ OMX Copenhagen A/S has adopted the recommendations to be implemented as of the financial year starting on 1 January 2010. The Board of Directors adheres to the policy that Danisco generally complies with the corporate governance recommendations. During the financial year 2010/11, the Board will have a discussion and make a decision regarding the adoption of the revised rules.

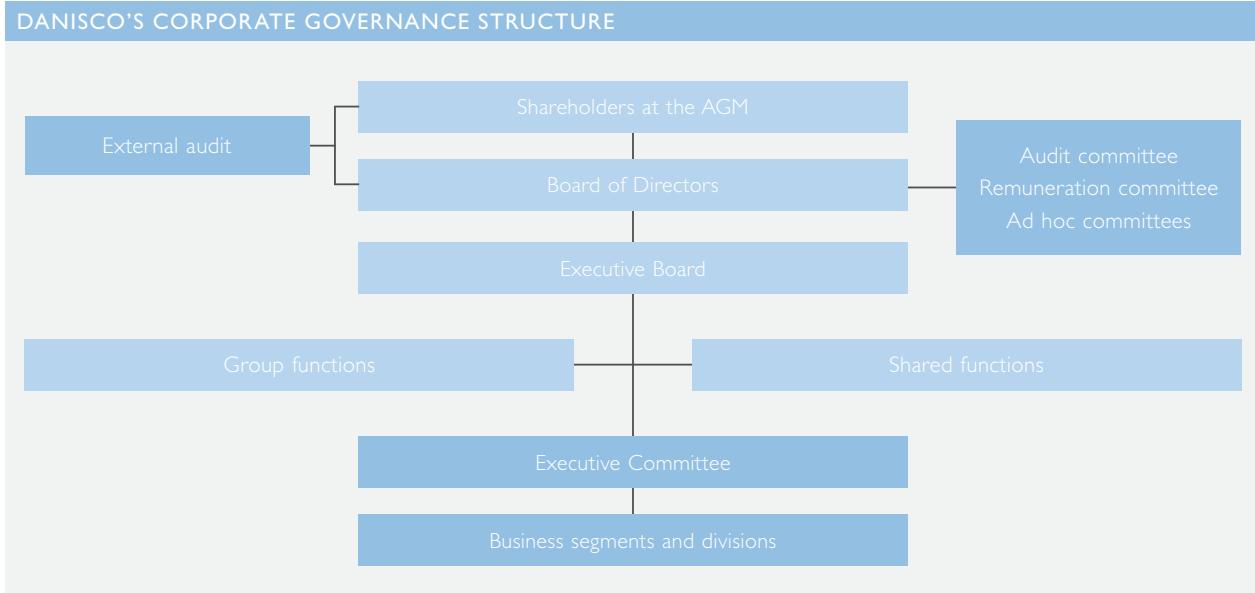
Key laws and regulations and internal management tools constituting significant factors in the management of Danisco are listed below:

Laws and regulations:

- Danish Companies Act
- Danish Securities Trading Act
- Listing Agreement with NASDAQ OMX Copenhagen A/S

Internal management tools:

- Rules of Procedure of the Board of Directors and instructions to the Executive Board
- Code of Conduct
- Danisco's five values
- Policies on communication of information, balance-sheet management, bookkeeping etc.
- Internal control and risk management procedures
- Articles of Association



Shareholder structure

According to the Register of Shares (Register of Owners), Danisco had around 62,400 shareholders at 30 April 2010, about 79% of whom were registered shareholders. Danish shareholders represent about 97% of the shareholder base and about 51% of the share capital.

Annual General Meeting

Notice convening general meetings

According to the Articles of Association, Danisco's annual general meeting must be held no later than four months after the financial year-end, and is usually held in August. General meetings are held in the Capital Region of Denmark. Annual general meetings are convened by the Board of Directors giving no more than four weeks' and no less than two weeks' notice, and extraordinary general meetings are convened by the Board of Directors giving no more than four weeks' and no less than eight days' notice by an announcement in the Danish Commerce and Companies Agency's electronic information system and a national newspaper at the discretion of the Board of Directors, and by ordinary mail or e-mail addressed to all registered shareholders who have requested to be notified of general meetings. The notice convening the meeting must contain the meeting agenda and state the main content of any proposals for amendments to the Articles of Association.

Participation in general meetings

Shareholders wishing to exercise their influence at general meetings should register as shareholders and request admission card and ballot paper. Shareholders are entitled to attend general meetings upon requesting an admission card no later than two weekdays prior to the date of the meeting. Each shareholder must account for his/her status as shareholder by presenting a less than 30-day-old transcript copy from VP Investor Services A/S. If registered in the company's Register of Shares (Register of Owners) at the time of the notice convening the general meeting, shareholders who have requested to be notified of general meetings automatically receive the notice convening the meeting.

Voting at general meetings

Shareholders are entitled to attend general meetings with either a consultant or by proxy. A proxy must present a written, dated authorisation given for a maximum of one year. Shareholders may also authorise the Board of Directors to vote at general meetings on their behalf. Moreover, registered shareholders may vote by electronic proxy on Danisco's website at www.danisco.com

Deadline for proposals

Shareholders are entitled to have specific matters and proposals transacted at general meetings. Shareholder proposals or matters for transaction must be submitted to the Board of Directors no later than 30 days prior to the annual general meeting by e-mail to bestyrelsen@danisco.com or by letter to Danisco, addressed to the Board of Directors. The date of the annual general meeting appears from the calendar on Danisco's website and in our announcements of results.

Voting rights at general meetings

Danisco has one class of shares, and no shares carry special rights. Each share of DKK 20 represents one vote, but no shareholder or coordinated group of shareholders is entitled to exercise voting rights representing more than 7.5% of the issued share capital. The Board of Directors has decided to propose a removal of the 7.5% voting right restriction. This will be proposed at Danisco's next Annual General Meeting on 19 August 2010.

Conducting general meetings

General meetings are held in Danish with live webcast and simultaneous interpretation into English. The Board of Directors appoints a chairman to conduct the general meeting, and the agenda must include the following items:

- The Board of Directors' report on the company's business for the year ended
- Submission of the audited annual report and resolution on the approval of the annual report
- Resolution on the appropriation of profits or covering of losses in respect of the approved annual report
- Election of members to the Board of Directors
- Election of an independent state-authorised public accountant to serve as auditor
- Resolutions proposed by the Board of Directors or shareholders

Matters transacted at general meetings are decided by simple majority. Adoption of special resolutions such as amendment of the company's Articles of Association, the size of the share capital, dissolution of the company or merger with another company requires that two-thirds of the votes cast and shareholders representing two-thirds of the voting rights present at the general meeting vote for the resolution in compliance with Danish company law.

Election of members to the Board of Directors

Board members are elected at the annual general meeting to serve for a term of two years to ensure continuity. The Board of Directors has proposed an amendment of the Articles of Association to be adopted at the 2010 Annual General Meeting allowing Board members to be elected for a term of one year. An ad hoc nomination committee is appointed comprising the Chairman, the Deputy Chairman and one Board member elected by the general meeting with a mandate to propose candidates to the Board of Directors, who will then decide on the final nomination of Board candidates to the general meeting.

Election of auditor

The general meeting elects one firm of state-authorised public accountants to audit the company's financial statements and bookkeeping for one year at a time. Based on the audit committee's recommendations, the Board of Directors

evaluates the auditor's independence and competencies before nomination to the general meeting. The auditors regularly report on the progress of the auditing in an audit report submitted to the audit committee. The auditors participate in at least one Board meeting a year, usually in connection with the annual report. The audit committee normally meets with the auditors every quarter. At the 2009 Annual General Meeting, Deloitte was elected as auditors for a period of one year.

As a result of the new Danish Companies Act, the Board of Directors proposes a number of changes to the company's Articles of Association at the 2010 Annual General Meeting, including a revision of the Articles of Association and a change of the corporate language to English.

Board of Directors

The Board of Directors is elected by the annual general meeting and is responsible for the overall management of Danisco, including the appointment and dismissal of the members of the Executive Board. Apart from the employee representatives stipulated by Danish legislation, no member of the Board of Directors must be employed by Danisco.

The Board of Directors has eight members, six elected at the annual general meeting and presently two elected by the employees in Denmark. The Board of Directors regularly considers if the number of Board members is suitable in relation to the company's needs. Board members elected at the annual general meeting are elected individually for a term of two years. The Board of Directors has proposed an amendment to the Articles of Association to be adopted at the 2010 Annual General Meeting allowing Board members to be elected for a term of one year.

The potential candidates' independence of the company and their competencies are the most important criteria for election to the Board of Directors. All the Board members elected by the general meeting are deemed to be independent in accordance with the recommendations of NASDAQ OMX Copenhagen A/S. Election of employee-elected Board members is a right exercised by Danish employees under Danish company law. The employee-elected Board members must represent a number corresponding to half of the members elected by the general meeting. As of 30 April 2010, the number of employee-elected Board members was two due to the divestment of Sugar. At the employee election in June 2010, three members were elected. Employee-elected Board members are subject to the same terms and conditions as other Board members, but in accordance with Danish company law they are elected for a term of four years.

Board members elected by the general meeting retire from the Board of Directors no later than at the general meeting held in the year in which the member in question turns 70.

Nomination of Board candidates

In connection with the nomination of Board candidates, an ad hoc nomination committee is appointed consisting of the Chairman, the Deputy Chairman and one Board member elected by the general meeting with a mandate to propose candidates to the Board of Directors, who will then decide on the nomination of Board candidates to the general meeting. Danisco emphasises the following criteria in the nomination of Board candidates:

- The candidate's professional competencies complement the existing competencies of the Board and match the company's needs
- The candidate has broad and international business experience
- A balanced age distribution in the Board
- A balanced gender distribution in the Board
- The candidate is independent of the other members of the Board, the Executive Board and the day-to-day management
- No conflict of interest exists between the candidate and Danisco
- The candidate is not employed by or dependent on the company

BOARD OF DIRECTORS AT 30 APRIL 2010

	Born	Nationality	Elected	Member of	Independent*
Jørgen Tandrup, Chairman	1947	Danish	2002	Remuneration committee	Yes
Håkan Björklund, Deputy Chairman	1956	Swedish	2004	Remuneration and audit committees	Yes
Diego Bevilacqua	1953	British	2009	Remuneration committee	Yes
Kirsten Drejer	1956	Danish	2006		Yes
Jesper Ovesen	1957	Danish	2009	Audit committee	Yes
Søren Skou	1964	Danish	2009	Audit committee	Yes
Lis Glibstrup	1948	Danish	2002		Employee-elected
Flemming Kristensen	1960	Danish	2005		Employee-elected

* As defined by NASDAQ OMX Copenhagen A/S

Board of Directors' profile

The Board of Directors is characterised as having broad and international business experience and professional competencies within sales and marketing, R&D, biotechnology etc., which are considered to match the company's needs.

The Board of Directors considers on an ongoing basis the need for changes in the competencies of the combined Board. Board members must actively keep updated on Danisco and the industry in general.

Composition of the Board of Directors

The Board of Directors presently consists of eight members, six elected by the general meeting and two by the employees in Denmark. Two of the members are non-Danish, and two members are women. For more information on the Board of Directors, please see pages 137-140 or www.danisco.com

In 2009/10, the following changes to the Board of Directors took place:

- Anders Knutsen, Peter Højland and Matti Vuoria retired from the Board of Directors at the 2009 Annual General Meeting as they did not stand for re-election

- Diego Bevilacqua, Jesper Ovesen and Søren Skou were elected to the Board of Directors at the 2009 Annual General Meeting
- The Board of Directors appointed Jørgen Tandrup Chairman of the Board of Directors and Håkan Björklund Deputy Chairman

Board members' ownership of Danisco shares

Board members are allowed to own shares in Danisco on their own account, in which case they are subject to the insider trading rules. Each Board member's competencies, other positions of trust and directorships as well as holdings, including any changes, of Danisco shares during the financial year are stated on pages 137-140 and at www.danisco.com

Board meetings and Rules of Procedure

The Board of Directors is responsible for Danisco's overall management, and seven Board meetings are usually held each year. At these meetings, the Board of Directors deals with all matters concerning Danisco's overall development, including:

- An annual review of the company's strategy
- The strategies of the individual business areas
- Financial reporting
- Performance evaluation

- Review of R&D pipeline, IP rights, future markets, macroeconomic trends etc.
- The overall financial targets and capital structure
- Social, ethical and environmental issues as well as an annual evaluation of the company's risk profile
- Proposals for mergers, acquisition and divestment of companies and activities as well as major development and investment projects
- The Board of Directors' annual self-evaluation
- Annual review of the company's corporate governance

The meetings allow the Board to meet senior staff and ask questions related to the presentation of various key subjects. In the interim between Board meetings, Board members are regularly briefed about the Group's affairs, and extraordinary Board meetings are called when necessary. The Board of Directors visits the company's enterprises in Denmark and abroad at suitable intervals. Once a year, the Board of Directors reviews the Rules of Procedure, guidelines, policies and other practices to ensure that they are updated and relevant.

The Executive Board normally participates in the Board meetings unless matters concerning the Executive Board are discussed or the work of the Board of Directors is evaluated.

Chairmanship

The Board of Directors appoints a Chairman and one or two Deputy Chairmen, who together constitute the Chairmanship. Like the other Board members elected by the general meeting, the Chairmanship is independent of the company and, hence, not employed by Danisco. The work of the Chairmanship is regulated by the provisions of the Danish Companies Act as well as the Rules of Procedure for the Board of Directors. The Chairmanship will continue to meet with the auditors twice a year and participate in the nomination committee. The Chairman is in regular contact with the Executive Board.

Evaluation of the Board's work

The Chairmanship evaluates on an annual basis:

- The work of the Board of Directors
- The performance of the individual Board members
- The collaboration between the Board of Directors and the Executive Board
- The performance and results of the Executive Board
- The incentive schemes for the Executive Board

The evaluation is based on meetings between the Chairman and the individual Board members to discuss the Board's work and collaboration with the Executive Board. The results of these consultations are presented for discussion by the Board in the absence of the Executive Board at the annual strategy meeting.

This evaluation serves as a basis for the Board's discussion, evaluation and any actions to be taken.

If a Board member's employment situation changes, the Chairman must be informed of this. Based on a discussion about whether the Board member in such a situation maintains his/her professional and other competencies, the Board of Directors decides on the Chairman's recommendation if the Board member should be requested to resign from the Board at the next general meeting.

Audit committee

The purpose of the audit committee is to assist the Board of Directors in maintaining the integrity of the company's financial reporting and the control of the Board of Directors. The committee regularly reviews the internal control procedures, risk management systems, audit procedures as well as the process related to the company's announcements of results. The committee also assists in the recommendation for election of external auditors.

The audit committee comprises three Board members appointed by the Board of Directors. All the members comply with the applicable independence requirements. The Board of Directors decides whether the independence criterion has been met. At least one of the members must be a "financial expert" as defined by law and the Board of Directors. The audit committee is appointed every year by the Board of Directors.

The audit committee convenes at least four times a year or more often, as required. The Executive Board and the external auditors usually attend these meetings to ensure open communication.

The tasks and responsibilities of the audit committee are described in the terms of reference adopted by the Board of Directors. The remuneration of committee members is decided by the Board of Directors and approved by the general meeting. The remuneration for 2009/10 will amount to one-third of that paid to Board members.

Remuneration committee

The Board of Directors has established a remuneration committee, which as part of its work will review the bonus schemes for compliance when the expected good corporate governance rules in this field have been implemented. The committee consists of the Chairman, the Deputy Chairman and one Board member. The remuneration paid to Directors participating in the remuneration committee makes up one sixth of the annual remuneration paid to Directors. The Chairman and the Deputy Chairman are not paid additional remuneration for participating in the remuneration committee.

Ad hoc committees

The Board of Directors may appoint ad hoc committees in addition to the nomination and remuneration committees, but so far this has not been considered expedient for the Board's work, the size of the Board and Danisco's business taken into account. The remuneration paid to Directors participating in ad hoc committees makes up one sixth of the annual remuneration paid to Directors. The Chairman and the Deputy Chairman are not paid additional remuneration for participating in ad hoc committees.

Activities of the Board of Directors in 2009/10

The annual evaluation of the Board's work and collaboration with the Executive Board was made during the year. The corporate governance guidelines were discussed at the Board of Directors' annual strategy meeting and it was decided to await the new guidelines for corporate governance. The Board will have a discussion in the financial year 2010/11 regarding the adoption of these rules.

ACTIVITIES OF THE BOARD OF DIRECTORS IN 2009/10

24 June 2009	Board meeting	Annual report
20 August 2009	Board meeting	Annual General Meeting
17 September 2009	Board meeting	Q1 report
16 December 2009	Board meeting	Q2 report
17 March 2010	Board meeting	Strategy
18 March 2010	Board meeting	Q3 report
12-14 April 2010	Board trip	Plant visit (USA), budget 2010/11 and evaluation of the Board of Directors and the Executive Board

Company structure and Executive Board

The company has four business segments. To this should be added a global sales and applications organisation for food ingredients, an organisational unit called Logistics Food Ingredients and a number of corporate staff functions.

The Chairmanship discusses and proposes the delegation of responsibilities in the Executive Board to the Board of Directors.

The Executive Board is responsible for carrying out the strategy and the overall guidelines approved by the Board of Directors. The Executive Board reports on the company's financial development and position via monthly and quarterly reports to the Board of Directors. The Board of Directors has laid down detailed procedures for the Executive Board's reporting and communication to ensure that the Board of Directors continuously receives the requisite information about the company's business. The Executive Board is responsible for the company's day-to-day management, including operational performance, results, asset management, bookkeeping and internal affairs.

Members of the Executive Board may not without prior agreement with the Board of Directors take on other duties

or posts. However, the Board of Directors appreciates that the members of the Executive Board take on duties or posts outside the company where this is possible subject to suitable time consumption and when estimated to provide valuable knowledge and experience to the Executive Board.

Remuneration

Remuneration of the Board of Directors

Board members receive a fixed annual remuneration and are not included in any share option or bonus schemes. The remuneration is fixed on the basis of market terms and reflects the workload, competence requirements and number of Board meetings. Every year, the annual general meeting approves the remuneration of the Board members. The remuneration paid to the Chairman is 2.5 times the annual remuneration of Board members and that paid to the Deputy Chairman is 1.5 times. For the financial year 2009/10, the remuneration of the Chairman was an unchanged DKK 750,000, of the Deputy Chairman DKK 450,000, while the remuneration of the remaining Board members was DKK 300,000.

Remuneration of the Executive Board

The Board of Directors discusses on an ongoing basis the remuneration of the Executive Board to ensure a balance that

encourages value creation in the long term while maintaining focus on the annual value increase and the performance of the individual. The remuneration committee prepares the Board of Directors' annual evaluation of the work of the Executive Board. The objective of the remuneration of the Executive Board is to maintain and attract the most qualified candidates for the Executive Board while at the same time ensuring continuity. The remuneration committee decides on the salary and other conditions of employment for the Executive Board. The Board of Directors is provided with the relevant information.

Guidelines for incentive schemes for the Executive Board

In order to encourage common goals for the Executive Board and the shareholders and to meet the short and long-term goals, Danisco considers it appropriate that incentive schemes are set up for the Executive Board. Such incentive schemes may comprise any form of variable remuneration, including share-based instruments such as share options, warrants and phantom shares as well as non-share-based bonus agreements – ongoing, single-based as well as event-based. Where Danisco wants to enter into a specific agreement on incentive schemes with members of the Executive Board, such specific agreement will be subject to these guidelines.

In the guidelines for incentive schemes, a balance is sought in which an annual bonus based on one-year or multi-year relevant targets, at the discretion of the Board of Directors,

for the company's financial performance may represent up to 50% of the fixed salary at the time of grant. In special cases, an additional 100% of the fixed salary may be granted. Options are granted on the basis of a method of calculation (Black-Scholes model), the target being that the value of the options account for up to 50% of the fixed salary at the time of grant.

Incentive schemes are submitted for approval to the Board of Directors annually. The Board of Directors proposes to the annual general meeting that the share-based incentive schemes be approved. A more detailed description of the overall guidelines for incentive schemes for the Executive Board is available on Danisco's website.

The Executive Board and some 200 senior staff participate in option schemes as described in note 30.

As part of the policy to retain key staff Danisco has a bonus obligation to a number of senior key staff subject to a public bid on Danisco being made and a transaction being completed. Danisco's obligation is contingent on the key employee not providing notice of resignation within a certain timeframe after the completion or Danisco not terminating the employment for cause.

Please see note 36 for further information on the remuneration of the Executive Board, note 30 for share options and page 141 or www.danisco.com for ownership of Danisco shares.

REMUNERATION OF THE EXECUTIVE BOARD

		2009/10				2008/09			
		Fixed salary	Bonus	Total	Options granted	Fixed salary	Bonus	Total	Options granted
Tom Knutzen	CEO	5.8	2.9	8.7	40,000	5.8	0.5	6.3	40,000
Søren Bjerre-Nielsen	CFO	5.2	2.5	7.7	35,000	5.2	0.8	6.0	35,000
Total		11.0	5.4	16.4	75,000	11.0	1.3	12.3	75,000

Executive Committee

Danisco's management forum, the Executive Committee, meets on a monthly basis to coordinate and follow up on the Group's performance in accordance with the strategy

plan. The members of the Executive Board and the Executive Committee are listed in the table below. For more information, please see pages 141-142 or www.danisco.com

DANISCO'S MANAGEMENT STRUCTURE

Born	Position	Nationality	Executive Board	Executive Committee
Tom Knutzen	1962 CEO	Danish	X	X
Søren Bjerre-Nielsen	1952 CFO	Danish	X	X
Ole Søgaard Andersen	1952 Chief Sales & Application Officer	Danish	-	X
Iain Witherington	1961 SVP, Corporate HR	English	-	X
Fabienne Saadane-Oaks	1958 President BioActives	French	-	X
Tjerk de Ruiter	1959 CEO Genencor	Dutch	-	X
Mikael Sternberg Christensen*	1965 President Enablers	Danish	-	X

* Resigns as of 30 June 2010

Risk management

Overview of risk management

The Executive Board is responsible for implementing effective risk management systems in the Group and for maintaining focus on improving the systems. In connection with the Board of Directors' annual risk management review in the spring of 2010, none of the risk areas identified were assessed as being critical to Danisco's ability to reach its goals and execute its strategy. The management of the Group – including risks – is based on the following:

- Corporate governance: Determines the overall management structure of the Group
- Code of Conduct: A set of rules for the behaviour of the employees within the business and towards the surrounding environment
- Danisco's five values: We are innovative, we create value, we build competencies, we take responsibility and we believe in dialogue
- Internal policies and procedures

Danisco's risk perception and risk management are split into five levels as illustrated in Danisco's risk ladder below.



The five risk elements are described in detail at segment or group level below. The specific, potential risk factors may deviate from the below review of the individual risk elements, and the list does not necessarily cover all risk-related aspects for Danisco.

Strategic risks

Market or product image

One of Danisco's basic values is to comply with the legislation and be a good citizen in the countries where the company operates. However, we may from time to time encounter image problems such as events related to our business areas which

can damage Danisco financially and in other ways. Such damage could also be caused by e.g. political issues, on which Danisco has no direct influence.

Political and legislative risks

Overall, the political risks relating to sales and production do not appear to constitute a real threat to the company due to the fragmented business model. In management's view, this is due to the company's broad product, production and customer platform. Production is often located close to the raw materials, which is also the case for several of our competitors. In consequence, the political risks are assessed to be of a temporary rather than a structural nature.

Legislative changes may in the long term constitute a threat to Danisco in certain sectors. However, a tightening of, for instance, food regulations could be an advantage to Danisco due to our strong technology platform and product range. The reason for this is that, typically, new legislation aims at better and healthier foods with a high level of technology.

Competition from low-cost countries

Along with other industries, Danisco is facing still stiffer competition from businesses located in low-cost countries. Danisco seeks to offset this threat as far as possible by means of tight cost control, focus on value-adding ingredients – i.e. a high level of technology in production processes, products or applications – and establishment of a strong market position and production in these markets.

Acquisitions and joint ventures

Acquisitions and joint ventures are natural elements in the development of the business platform. The risk profiles of such transactions may differ from an organic expansion of the existing platform. Overall, Danisco has not been appreciably impacted by such risks so far due to effective risk analyses and integration processes. Our joint venture with DuPont as well as our collaboration with Goodyear will increase the risk profile of the Group as it is a significant change of our business model and the risks involved due to increasing complexity, technology content and development timeline. Danisco is entering into a new product area for which there is no guarantee of a profitable outcome.

Product development

Danisco may decide to increase R&D efforts within one or several attractive product areas, which may have an adverse impact on the Group's earnings capacity for a time. However, investments in new products and technology are no guarantee of successful, commercial product launches.

Market and business risks

Like other companies, Danisco is affected by macroeconomic developments. However, the food sector is assessed to be less sensitive to cyclical fluctuations than the economy as such.

Market position

It cannot be ruled out that due to our competitive market position in some product areas, Danisco will have limited access to participate in, for instance, industry consolidation or the pricing of goods and services.

Customer dependence

The strategy involves establishing close customer relations through a high innovation and service level in a broad sense. Danisco's long-term dependence on individual customers is assessed to be relatively limited. Our ten largest customers account for less than 20% of revenue, representing a total customer base of more than 10,000.

Dependence on suppliers and raw materials

It is part of Danisco's risk management strategy to spread supplier relations geographically and contractually to cover against risks in the best possible way.

Climate change has been recognised as one of the greatest environmental, social and economic challenges of our time. According to the Intergovernmental Panel on Climate Change (IPCC), there is 90% certainty that greenhouse gas emissions generated as a result of human activity (burning fossil fuels, over-farming and deforestation) are the main cause of climate change. Danisco is highly dependent on raw materials produced from plant crops, and fluctuating crop yields may therefore affect raw material prices. The competitive situation does not always allow Danisco to raise sales prices accordingly. However, it is considered unlikely that several such occurrences should materialise simultaneously. It is a fact, though, that changes in the consumption pattern of raw materials can affect prices as in the case of bioethanol in the USA and the increasing demand for food from developing countries. Such changes can at times represent major challenges for the food industry due to more volatile raw material prices.

Excess capacity in the industry

Some product segments may experience excess capacity from time to time and, consequently, intensified competition and price pressure. Danisco is prepared to counter this pressure by constantly developing the product range and distancing the company from the competitors through application know-how.

Operational risks

Supply reliability

Supply reliability is key to staying competitive. Over the past few years Danisco has therefore invested in a general roll-out of SAP to ensure that our IT infrastructure supports the business structure.

Raw materials

The availability of raw materials and unfavourable price trends could put pressure on Danisco's earnings capacity for a period of time until the harvest situation improves or alternative raw materials/technologies have been obtained.

Innovation and patents

Investments in innovation are made on an ongoing basis to ensure that our product portfolio remains competitive. The scope and range of our existing product offering reduce the risk of a single product losing its competitive position. This development activity is associated with some risk as new competing products and technologies along with regulatory changes could leave Danisco in a weakened competitive position for a period of time. However, the strong technology and innovation platforms should ensure that this does not pose a major problem for a prolonged period of time.

Danisco's innovation activities and product range are protected through patents where relevant. Existing or new products may potentially infringe on a competitor's patents, which could have a negative impact on Danisco with regard to future sales possibilities and damages. Conversely, Danisco protects itself against competitors' infringements of the company's patents.

Product safety

Product safety is given top priority at Danisco, including the elimination of unhealthy properties in food ingredients. Regulatory restrictions may impact the cost level of food ingredients and technical enzymes production. Danisco is prepared for such restrictions, and in our business development we have always taken the health properties of our products into account. We maintain rigorous quality control procedures as well as extensive traceability and product recall capabilities.

Environmental issues

Danisco focuses strongly on complying with legislation in the countries where we operate. However, it cannot be ruled out that environmental problems in the broad sense could arise and damage Danisco financially and in other ways. At some sites Danisco has in the past deposited hazardous waste material in accordance with legislative requirements. Danisco is working closely with the authorities in order to assess the overall risk.

Staff

Being a knowledge-based business, Danisco is highly dependent on attracting sufficient employees with the required qualifications, which is sometimes difficult within specialised technology areas.

Tax

It is Danisco's policy to be compliant with the tax rules in the countries where we operate. Danisco pursues an active, but not aggressive tax policy. This means that we evaluate potential tax savings against the risk and cost of litigation as well as the impact on the company's image. Tax issues may be challenged by the local tax authorities, but so far this has not caused any significant problems for Danisco.

Based on broad international production and sales platforms, Danisco seeks on an ongoing basis to maintain a fair transfer pricing system based on OECD guidelines and local legislation. Transfer pricing is always subject to the local authorities' interpretation of international guidelines, but this has so far not caused any major problems for the Group.

Pension

Companies in the Group have various retirement and termination plans. For defined contribution plans, fixed contributions are paid to independent pension funds and Danisco has no legal or constructive obligation to pay further contributions. For defined benefit plans, Danisco has an obligation to provide the agreed benefits to current and former employees and Danisco is therefore subject to the actuarial and investment risks associated with the plans. Actuarial risks comprise employees' life expectancy, retirement age, possible changes in interest rates, annual retirement benefit amount and employee turnover. These risks are evaluated by external actuaries who use statistical methods to ensure that obligations and assets are measured and recognised in the accounts in accordance with IFRS. For details please refer to note 15, Pension assets and pension liabilities.

Financial risks

As a result of globalisation and Danisco's international activities, Danisco's results and equity are impacted by various financial risks such as liquidity, exchange rate, interest rate, deposits of interim surplus liquidity and credit extended to customers.

The overall framework for managing liquidity, exchange rate, interest rate and deposits of interim surplus liquidity is established by instructions issued by the Board of Directors and the Executive Board. These instructions specify risk limits

for Corporate Treasury, types of financial instruments allowed, eligible transaction partners and guidelines for reporting of actual positions compared with the risk limits.

The Group's liquidity, interest rate and deposits of interim surplus liquidity are managed centrally by Corporate Treasury whereas exchange rate risk is monitored locally by the units in cooperation with Corporate Treasury. Customer credit risk is monitored by the business units.

Some of Danisco's committed credit facilities have provisions in respect of creditor approval in case of change of control.

For further information, please refer to note 34, Financial risks.

Risk and insurance

It is not possible to predict and quantify the effect of natural disasters (for example earthquakes), war, terror and other external circumstances and damage. Therefore, Danisco seeks via insurance schemes to reduce any financial impact on the Group's results. Danisco's Risk Management department closely monitors the Group's covered risks and has taken out insurance against natural disasters, product and commercial liability, property and movables as well as industrial and personal injuries and environmental damage. Insurance schemes are taken out with a deductible reflecting Danisco's claims history and risk profile. Contractual risks are to a great extent covered by Danisco's business and product liability insurance scheme just as Danisco always seeks to limit any contractual liability where possible, but not all contractual risks can be covered by insurance or be contractually limited at a fair cost. There is no guarantee that all risks are correctly assessed and that Danisco has sufficient insurance cover for all potential risks.

Management and accounting risks

The implemented management, accounting and control systems are assessed to ensure efficient data collection and control throughout the Group. In addition, in large parts of the Group the sales and production activities are separate units, which add to the level of control. All business units report to the Group's central finance unit on a monthly basis, which provides the basis for the Group financial statements submitted to the Executive Board each month. The monthly reports are unaudited, but internal control of the business units' reporting and cash flows is regularly carried out.

At the end of the financial year 2009/10, more than 90% of the Group had been transferred to standardised SAP platforms,

increasing transparency throughout the Group and reducing the time spent on reporting and control.

Internal control and risk management systems relating to the financial reporting process

Control environment

The responsibility for maintaining sufficient and effective internal controls and a risk management system for financial reporting lies with the Executive Board, which ensures the design and implementation of controls considered necessary to mitigate risks identified in relation to the financial reporting process.

The Executive Board has defined a number of policies, standards and procedures including:

- Accounting policies as set out in a Finance Manual
- Terms of reference for Corporate Treasury
- Group Information Security Policy
- The Danisco business controls framework
- Code of Conduct

The audit committee set up by the Board of Directors in August 2009 assists the Board of Directors in monitoring the financial reporting process and the efficiency of Danisco's internal control and risk management systems.

An internal audit function, Systems Audit, has been established reporting to the CFO. The internal audit function assists the organisation in implementing the Danisco business controls framework based on COSO Internal Control – integrated framework to ensure compliance with corporate governance requirements.

The Danisco business controls framework addresses controls related to selected, material business transaction flows.

The implementation of the framework is focused on sites using SAP (more than 90% of sales) and the framework is aiming to provide a documented oversight of the control environment.

Risk assessment

The Board of Directors and the Executive Board annually assess the risks to which Danisco is exposed.

The audit committee engages in dialogues with the Executive Board regarding Danisco's risk exposure, including any impact on the financial reporting.

Control activities

The global finance organisation is reviewed on an ongoing basis in order to ensure an appropriate and satisfactory control environment.

Corporate Finance, reporting to the CFO, is responsible for controlling the financial reporting from the parent company and the subsidiaries.

Danisco has internal controls standards relating to financial reporting. The Danisco business controls framework focuses on segregation of duties and on preventive and detective controls carried out locally at company level. These standards are intended to ensure that internal controls are implemented in selected Danisco companies, thus making the control environment more efficient.

Information and communication

Information and communication systems to maintain a good preventive control environment are established including a Finance Manual, a business controls framework and other relevant guidelines. This information is available for all employees at the Danisco Intranet Portal.

The Finance Manual contains instructions and guidelines to ensure correct recognition, measurement and reporting.

Acquired companies are offered initial support in connection with their reporting in the integration period by Corporate Finance or locals with experience in Danisco accounting.

Corporate Finance provides feedback to reporting entities on the receipt of monthly reporting data.

Monitoring

Monitoring is carried out at several layers and by different parts of the organisation. The interaction between the various parts of the organisation is an important element of Danisco's internal controls system:

- Operational control and monitoring is carried out by the divisions and cost carriers
- Financial control and monitoring is handled by Corporate Finance
- Management controls at operational level are incorporated in the Danisco business controls framework

The individual entity reporting is analysed and monitored on an ongoing basis by Corporate Finance to ensure the quality of the financial reporting. The validation of data related to financial reporting and systematic documentation of internal monthly reporting procedures ensures consistency and completeness of the review and control performed at the end of each month. In connection with the preparation of the annual report, additional control activities are performed to ensure proper presentation in the annual report.

The internal controls are subject to ongoing reviews, including controller visits to subsidiaries during the year conducted by Corporate Finance. Guidelines for controller visits have been established to ensure uniformity and completeness. Conclusions from these controller visits are submitted to the CFO and shared with external and internal auditors.

In the event that Danisco A/S merges or is delisted subsequent to a takeover, Danisco's CEO Tom Knutzen may within six months from the takeover date choose to terminate his employment at six months' notice and receive a termination benefit corresponding to two years' fixed salary. This entitlement also applies in case Tom Knutzen is dismissed in connection with a takeover of Danisco A/S.

Change of control clauses

Some agreements to which Danisco is a party contain provisions that will come into effect in case of change of control.

In May 2008 DuPont and Danisco signed an agreement to form DuPont Danisco Cellulosic Ethanol LLC (DDCE), a 50/50 joint venture to develop and commercialise the technology for producing cellulosic ethanol. The agreement contains certain takeover provisions in case of change of control in the companies (Danisco or DuPont).

Danisco's loan agreements generally have provisions in respect of creditor approval in case of change of control.

As part of the policy to retain key staff Danisco has a bonus obligation to a number of senior key staff subject to a public bid on Danisco being made and a transaction being completed. Danisco's obligation is contingent on the key employee not providing notice of resignation within a certain timeframe after the completion or Danisco not terminating the employment for cause.

In the event that Danisco's CFO Søren Bjerre-Nielsen is dismissed in connection with a takeover of Danisco A/S or a merger in which Danisco A/S is involved, a termination benefit corresponding to one year's fixed salary is paid in addition to the ordinary salary paid in the two-year notice period.

Quarterly key figures

(Unaudited) (DKKm)	2009/10					2008/09				
	Q1	Q2	Q3	Q4	YTD	Q1	Q2	Q3	Q4	YTD
INCOME STATEMENT										
Revenue	3,449	3,239	3,293	3,725	13,706	3,235	3,348	3,098	3,310	12,991
EBITDA before special items	693	547	514	687	2,441	571	496	384	480	1,931
Share-based payments	(7)	(15)	(19)	(13)	(54)	(9)	7	(5)	(8)	(15)
Operating profit before special items	517	379	339	456	1,691	403	324	204	302	1,233
Special items	-	-	(700)	(96)	(796)	(6)	(23)	(700)	(9)	(738)
Operating profit	517	379	(361)	360	895	397	301	(496)	293	495
Share of profit from joint ventures	(19)	(15)	(16)	(15)	(65)	(9)	(6)	(21)	(10)	(46)
Net financial expenses	(46)	(20)	(55)	(31)	(152)	(45)	146	(90)	(79)	(68)
Profit before tax	452	344	(432)	314	678	343	441	(607)	204	381
Income tax expense	(146)	(111)	78	(18)	(197)	(113)	(142)	52	(47)	(250)
Profit from continuing operations	306	233	(354)	296	481	230	299	(555)	157	131
Profit from discontinued operations	-	-	-	-	-	41	40	(143)	3	(59)
Profit attributable to owners of the parent	305	232	(354)	297	480	265	339	(646)	150	108
CASH FLOW										
Cash flow from operating activities	497	826	545	724	2,592	82	418	75	713	1,288
Acquisition and divestment of enterprises and activities	-	(3)	(35)	-	(38)	-	(438)	(16)	(52)	(506)
Net investment in property, plant and equipment	(126)	(144)	(135)	(245)	(650)	(141)	(180)	(175)	(277)	(773)
Net investment in intangible assets	(8)	(5)	(10)	(29)	(52)	(13)	(18)	(10)	(6)	(47)
Purchase and sale of financial assets	(43)	5	(20)	(43)	(101)	36	(40)	(30)	(56)	(90)
Free cash flow	320	679	345	407	1,751	(36)	(258)	(156)	322	(128)
Cash flow from discontinued operations	124	272	-	(90)	306	710	332	(858)	5,059	5,243
STATEMENT OF FINANCIAL POSITION										
Assets	20,603	19,706	19,653	20,508	20,508	27,587	29,523	29,280	21,278	21,278
Assets held for sale	272	-	-	-	-	7,927	7,887	8,731	396	396
Assets, continuing operations	20,331	19,706	19,653	20,508	20,508	19,660	21,636	20,549	20,882	20,882
Equity attributable to owners of the parent	12,253	11,863	11,830	12,498	12,498	12,700	13,262	12,101	12,134	12,134
Non-controlling interests	7	7	8	7	7	288	270	240	6	6
Equity	12,260	11,870	11,838	12,505	12,505	12,988	13,532	12,341	12,140	12,140
Net interest-bearing debt	4,180	3,508	3,239	3,007	3,007	8,830	9,468	10,396	4,739	4,739
Revenue										
Enablers	1,447	1,350	1,331	1,563	5,691	1,390	1,429	1,310	1,415	5,544
Cultures	537	489	489	566	2,081	476	477	467	516	1,936
Sweeteners	376	334	338	372	1,420	408	397	336	354	1,495
Genencor	1,104	1,074	1,142	1,233	4,553	966	1,056	1,006	1,037	4,065
Elimination	(15)	(8)	(7)	(9)	(39)	(5)	(11)	(21)	(12)	(49)
Total	3,449	3,239	3,293	3,725	13,706	3,235	3,348	3,098	3,310	12,991
Organic growth (%)										
Enablers	-	(4)	5	8	2	13	15	-	(3)	6
Cultures	11	7	12	10	10	8	11	4	13	9
Sweeteners	(15)	(16)	6	4	(6)	(10)	(8)	(21)	(10)	(12)
Genencor	6	2	21	20	12	13	16	-	-	7
Total	2	(2)	11	12	6	9	11	(2)	-	4
Revenue by region										
Europe	1,294	1,213	1,190	1,322	5,019	1,315	1,258	1,132	1,216	4,921
North America	1,010	939	966	1,161	4,076	852	1,001	945	1,025	3,823
Latin America	309	342	338	346	1,335	312	359	331	327	1,329
Asia Pacific	625	567	590	632	2,414	570	533	513	564	2,180
Rest of the world	211	178	209	264	862	186	197	177	178	738
Total	3,449	3,239	3,293	3,725	13,706	3,235	3,348	3,098	3,310	12,991
Organic growth by region (%)										
Europe	(2)	(2)	7	8	2	5	6	(8)	(7)	(1)
North America	4	(6)	13	17	7	18	26	8	6	15
Latin America	7	6	3	(3)	3	11	17	12	16	14
Asia Pacific	(1)	5	20	9	8	1	(6)	(16)	(5)	(6)
Rest of the world	12	(8)	17	38	15	9	31	16	5	15
Total	2	(2)	11	12	6	9	11	(2)	-	4

(Unaudited) (DKKm)	2009/10					2008/09				
	Q1	Q2	Q3	Q4	YTD	Q1	Q2	Q3	Q4	YTD
EBITDA before special items										
Enablers	320	259	252	383	1,214	254	227	162	263	906
Cultures	132	139	116	118	505	123	104	75	118	420
Sweeteners	32	29	24	28	113	69	39	40	27	175
Genencor	254	186	191	237	868	166	152	157	161	636
Unallocated	(38)	(51)	(50)	(66)	(205)	(32)	(33)	(45)	(81)	(191)
Subtotal	700	562	533	700	2,495	580	489	389	488	1,946
Share-based payments	(7)	(15)	(19)	(13)	(54)	(9)	7	(5)	(8)	(15)
Total	693	547	514	687	2,441	571	496	384	480	1,931
EBITDA margin (%)										
Enablers	22.1	19.2	18.9	24.5	21.3	18.3	15.9	12.4	18.6	16.3
Cultures	24.6	28.4	23.7	20.8	24.3	25.8	21.8	16.1	22.9	21.7
Sweeteners	8.5	8.7	7.1	7.5	8.0	16.9	9.8	11.9	7.6	11.7
Genencor	23.0	17.3	16.7	19.2	19.1	17.2	14.4	15.6	15.5	15.6
Total	20.1	16.9	15.6	18.4	17.8	17.7	14.8	12.4	14.5	14.9
Operating profit before special items										
Enablers	257	196	189	281	923	192	163	93	198	646
Cultures	107	114	90	85	396	98	79	50	93	320
Sweeteners	9	7	2	2	20	46	12	17	2	77
Genencor	190	129	128	169	616	112	96	94	99	401
Unallocated	(39)	(52)	(51)	(68)	(210)	(36)	(33)	(45)	(82)	(196)
Subtotal	524	394	358	469	1,745	412	317	209	310	1,248
Share-based payments	(7)	(15)	(19)	(13)	(54)	(9)	7	(5)	(8)	(15)
Total	517	379	339	456	1,691	403	324	204	302	1,233
EBIT margin (%)										
Enablers	17.8	14.5	14.2	18.0	16.2	13.8	11.4	7.1	14.0	11.7
Cultures	19.9	23.3	18.4	15.0	19.0	20.6	16.6	10.7	18.0	16.5
Sweeteners	2.4	2.1	0.6	0.5	1.4	11.3	3.0	5.1	0.6	5.2
Genencor	17.2	12.0	11.2	13.7	13.5	11.6	9.1	9.3	9.5	9.9
Total operating profit margin before special items	15.0	11.7	10.3	12.2	12.3	12.5	9.7	6.6	9.1	9.5
Special items										
Enablers	-	-	-	-	-	(1)	(18)	(19)	(5)	(43)
Cultures	-	-	-	-	-	-	(6)	(3)	(1)	(10)
Sweeteners	-	-	(700)	(96)	(796)	-	(2)	(576)	-	(578)
Genencor	-	-	-	-	-	-	(2)	(102)	(3)	(107)
Unallocated	-	-	-	-	-	(5)	5	-	-	-
Total	-	-	(700)	(96)	(796)	(6)	(23)	(700)	(9)	(738)
RETURN ON CAPITAL (%)*										
RONOA										
Enablers	19.8	20.8	23.7	26.1	26.1	17.8	18.7	18.1	18.3	18.3
Cultures	25.6	28.4	31.8	31.3	31.3	24.2	25.6	24.4	25.4	25.4
Sweeteners	2.5	2.2	1.3	1.4	1.4	15.4	10.7	8.3	4.8	4.8
Genencor	14.0	15.5	17.3	20.4	20.4	15.5	13.3	11.6	11.8	11.8
Total, continuing operations	13.7	14.8	16.8	19.0	19.0	15.6	14.8	13.1	12.7	12.7
RONA	7.7	8.3	9.5	10.7	10.7	8.5	8.2	7.4	7.1	7.1
ROE	1.2	0.3	2.8	4.0	4.0	5.7	5.9	(1.7)	0.9	0.9

RONOA and RONA do not include discontinued operations

* Calculated for last 12 months' income and average balance sheet

(Unaudited) (DKKm)	2009/10					2008/09				
	Q1	Q2	Q3	Q4	YTD	Q1	Q2	Q3	Q4	YTD
NET ASSETS										
Net working capital										
Enablers	1,585	1,422	1,443	1,525	1,525	1,542	1,664	1,653	1,587	1,587
Cultures	435	337	348	306	306	438	454	471	424	424
Sweeteners	731	613	566	491	491	694	812	838	795	795
Genencor	1,132	1,013	1,020	1,074	1,074	1,136	1,310	1,296	1,107	1,107
Unallocated	(49)	(79)	(82)	(103)	(103)	(53)	(61)	(60)	(56)	(56)
Total	3,834	3,306	3,295	3,293	3,293	3,757	4,179	4,198	3,857	3,857
Net non-current assets (excl. goodwill)										
Enablers	1,987	2,003	2,047	2,097	2,097	1,845	1,983	1,985	2,002	2,002
Cultures	873	880	916	971	971	786	836	835	827	827
Sweeteners	800	773	780	721	721	845	915	797	785	785
Genencor	2,031	1,927	1,979	1,852	1,852	2,027	2,351	2,291	2,240	2,240
Unallocated	13	23	26	104	104	126	91	105	14	14
Total	5,704	5,606	5,748	5,745	5,745	5,629	6,176	6,013	5,868	5,868
Net operating assets										
Enablers	3,572	3,425	3,490	3,622	3,622	3,387	3,647	3,638	3,589	3,589
Cultures	1,308	1,217	1,264	1,277	1,277	1,224	1,290	1,306	1,251	1,251
Sweeteners	1,531	1,386	1,346	1,212	1,212	1,539	1,727	1,635	1,580	1,580
Genencor	3,163	2,940	2,999	2,926	2,926	3,163	3,661	3,587	3,347	3,347
Unallocated	(36)	(56)	(56)	1	1	73	30	45	(42)	(42)
Total	9,538	8,912	9,043	9,038	9,038	9,386	10,355	10,211	9,725	9,725
Goodwill										
Enablers	926	916	950	1,004	1,004	815	969	890	907	907
Cultures	2,004	1,984	2,025	2,058	2,058	1,907	2,076	2,021	2,025	2,025
Sweeteners	701	700	-	-	-	1,147	1,159	700	700	700
Genencor	3,776	3,665	3,814	3,934	3,934	3,489	4,012	3,974	3,906	3,906
Unallocated	-	-	-	-	-	-	-	-	-	-
Total	7,407	7,265	6,789	6,996	6,996	7,358	8,216	7,585	7,538	7,538
Net assets										
Enablers	4,498	4,341	4,440	4,626	4,626	4,202	4,616	4,528	4,496	4,496
Cultures	3,312	3,201	3,289	3,335	3,335	3,131	3,366	3,327	3,276	3,276
Sweeteners	2,232	2,086	1,346	1,212	1,212	2,686	2,886	2,335	2,280	2,280
Genencor	6,939	6,605	6,813	6,860	6,860	6,652	7,673	7,561	7,253	7,253
Unallocated	(36)	(56)	(56)	1	1	73	30	45	(42)	(42)
Total	16,945	16,177	15,832	16,034	16,034	16,744	18,571	17,796	17,263	17,263

Net assets do not include discontinued operations

Contents of Group financial statements

Financial statements

Income statement
Statement of comprehensive income
Statement of financial position
Statement of changes in equity
Statement of cash flows

Notes

1. Segment reporting
2. Cost of sales
3. Employee expenses and statistics
4. Depreciation, writedowns and amortisation
5. Fees for auditors elected at the annual general meeting
6. Share-based payments by function
7. Special items
8. Financial income and expenses
9. Income tax expense
10. Earnings per share
11. Movements in equity reserves
12. Intangible assets
13. Property, plant and equipment
14. Financial assets
15. Pension assets and pension liabilities
16. Deferred tax
17. Other receivables
18. Inventories
19. Trade receivables
20. Maturity analysis of financial liabilities
21. Finance lease obligations
22. Other provisions
23. Share capital and treasury shares
24. Corporation tax
25. Other payables
26. Acquisition and divestment of enterprises and activities
27. Adjustments to the statement of cash flows
28. Change in working capital
29. Change in net interest-bearing debt
30. Share-based payments
31. Discontinued operations
32. Contingent assets and contingent liabilities
33. Government grants
34. Financial risks
35. Categories of financial assets and liabilities as defined in IAS 39
36. Transactions with related parties
37. Subsidiaries
38. Accounting policies

Income statement

1 May 2009 - 30 April 2010

INCOME STATEMENT

(DKKm)	Note	2009/10	2008/09
Revenue	1	13,706	12,991
Cost of sales	2,3,4	(7,661)	(7,783)
Gross profit		6,045	5,208
Research and development expenses	3,4	(884)	(743)
Distribution and sales expenses	3,4	(2,476)	(2,301)
Administrative expenses	3,4,5	(936)	(922)
Other operating income		50	65
Other operating expenses	3,4	(54)	(59)
Share-based payments	3,6	(54)	(15)
Operating profit before special items		1,691	1,233
Special items	3,4,7	(796)	(738)
Operating profit		895	495
Share of profit from joint ventures	14	(65)	(46)
Financial income	8	523	1,062
Financial expenses	8	(675)	(1,130)
Profit before tax		678	381
Income tax expense	9	(197)	(250)
Profit from continuing operations		481	131
Profit from discontinued operations	1, 31	-	(59)
Profit		481	72
Profit attributable to			
Owners of the parent		480	108
Non-controlling interests		1	(36)
Total		481	72
Earnings per share in DKK			
EPS	10	10.10	2.28
DEPS	10	10.08	2.28
EPS from continuing operations	10	10.10	3.52
DEPS from continuing operations	10	10.08	3.52
Proposed dividend per share in DKK			
Ordinary dividend		8.50	7.50
Extraordinary dividend		8.50	-
Total		17.00	7.50

Statement of comprehensive income

1 May 2009 - 30 April 2010

STATEMENT OF COMPREHENSIVE INCOME

(DKKm)	Note	2009/10	2008/09
Profit		481	72
Other comprehensive income	11		
Exchange rate adjustments of subsidiaries		187	534
Movements in hedging instruments		(13)	(374)
Actuarial gains/losses on pensions		(32)	(89)
Other		3	(2)
Tax on changes in other comprehensive income	9	14	55
Other comprehensive income		159	124
Total comprehensive income		640	196
Total comprehensive income attributable to			
Owners of the parent		638	203
Non-controlling interests		2	(7)
Total		640	196

Statement of financial position

ASSETS

(DKKm)	Note	30 April 2010	30 April 2009
NON-CURRENT ASSETS			
Intangible assets	12		
Goodwill		6,996	7,538
Other intangible assets		834	906
Total		7,830	8,444
Property, plant and equipment	13		
Land and buildings		2,048	1,930
Plant and machinery		2,593	2,507
Fixtures, fittings, tools and equipment		266	290
Prepayments and assets under construction		476	629
Total		5,383	5,356
Financial assets			
Investments in joint ventures	14	69	36
Other investments and securities	14	17	21
Pension assets	15	65	58
Deferred tax assets	16	133	246
Other receivables	17	32	551
Total		316	912
Total non-current assets		13,529	14,712
CURRENT ASSETS			
Inventories	18		
Raw materials and consumables		671	870
Work in progress		580	609
Finished goods and goods for resale		1,324	1,514
Prepayments for goods		5	5
Total		2,580	2,998
Receivables			
Trade receivables	19	2,488	2,268
Corporation tax	24	190	195
Other receivables	17	915	249
Prepayments		108	140
Total		3,701	2,852
Cash and cash equivalents		698	320
Total current assets		6,979	6,170
Assets held for sale		-	396
Total assets		20,508	21,278

EQUITY AND LIABILITIES

(DKKm)	Note	30 April 2010	30 April 2009
EQUITY			
Share capital	23	954	954
Other reserves		(1,336)	(1,510)
Retained earnings		12,880	12,690
Equity attributable to owners of the parent		12,498	12,134
Non-controlling interests		7	6
Total equity		12,505	12,140
NON-CURRENT LIABILITIES	20		
Mortgage debt		515	30
Other credit institutions		1,982	3,661
Finance lease obligations	21	29	33
Other payables	25	454	29
Pension liabilities	15	172	131
Deferred tax liabilities	16	479	819
Other provisions	22	131	141
Total		3,762	4,844
CURRENT LIABILITIES	20		
Mortgage debt		7	6
Other credit institutions		1,718	1,855
Finance lease obligations	21	2	2
Trade payables		834	638
Corporation tax	24	209	242
Other payables	25	1,435	1,395
Deferred income		4	5
Other provisions	22	32	151
Total		4,241	4,294
Total liabilities		8,003	9,138
Total equity and liabilities		20,508	21,278

Statement of changes in equity

STATEMENT OF CHANGES IN EQUITY

(DKKm)	Share capital	Hedging reserve	Translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
Equity at 1 May 2009	954	(216)	(1,294)	12,690	12,134	6	12,140
Total comprehensive income	-	(13)	187	464	638	2	640
Dividends paid	-	-	-	(357)	(357)	(1)	(358)
Equity-settled share-based payments	-	-	-	23	23	-	23
Sale of treasury shares (exercised options)	-	-	-	60	60	-	60
Total change in equity	-	(13)	187	190	364	1	365
Equity at 30 April 2010	954	(229)	(1,107)	12,880	12,498	7	12,505

The Board of Directors proposes an ordinary dividend of DKK 8.50 per share (2008/09 DKK 7.50) and an extraordinary dividend of DKK 8.50 per share, in total DKK 810 million (2008/09 DKK 357 million). The proposed dividend is included in retained earnings. No dividend is paid on treasury shares.

For information on treasury shares the Board of Directors' authorisation to increase the share capital and/or issue convertible bonds see note 23 for the Group, Share capital and treasury shares.

For information on the development of the share capital see Shareholder information.

(DKKm)	Share capital	Hedging reserve	Translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
Equity at 1 May 2008	979	148	(1,821)	12,953	12,259	283	12,542
Total comprehensive income	-	(364)	527	40	203	(7)	196
Dividends paid	-	-	-	(356)	(356)	(27)	(383)
Capital decrease	(25)	-	-	25	-	-	-
Divestment of activity	-	-	-	-	-	(243)	(243)
Equity-settled share-based payments	-	-	-	28	28	-	28
Total change in equity	(25)	(364)	527	(263)	(125)	(277)	(402)
Equity at 30 April 2009	954	(216)	(1,294)	12,690	12,134	6	12,140

Statement of cash flows

1 May 2009 - 30 April 2010

STATEMENT OF CASH FLOWS

(DKKm)	Note	2009/10	2008/09
Cash flow from operating activities			
Operating profit before special items from continuing operations		1,691	1,233
Depreciation, writedowns and amortisation	4	750	698
Adjustments	27	9	36
Share-based payments paid		(17)	(1)
Special items paid		(5)	(52)
Change in working capital	28	757	(207)
Change in other investments and securities		-	120
Interest received		485	943
Interest paid		(688)	(1,123)
Corporation tax paid	24	(390)	(359)
Cash flow from operating activities		2,592	1,288
Cash flow from investing activities			
Acquisition of enterprises and activities	26	(35)	(498)
Payables concerning acquisition of enterprises and activities		(3)	(8)
Purchase of property, plant and equipment		(679)	(844)
Sale of property, plant and equipment		29	71
Purchase of intangible assets		(54)	(53)
Sale of intangible assets		2	6
Purchase of financial assets		(133)	(158)
Sale of financial assets		32	68
Cash flow from investing activities		(841)	(1,416)
Free cash flow		1,751	(128)
Cash flow from financing activities			
Change in financial liabilities	29	(1,407)	(4,732)
Sale of treasury shares		60	-
Dividends paid		(357)	(356)
Amounts paid to non-controlling interests		(1)	(27)
Cash flow from financing activities		(1,705)	(5,115)
Cash flow from discontinued operations	31	306	5,243
Change in cash and cash equivalents			
Cash and cash equivalents beginning of period		320	342
Exchange adjustment of cash and cash equivalents		26	3
Change in cash and cash equivalents, held for sale		-	(25)
Cash and cash equivalents end of period		698	320

Notes

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SEGMENT REPORTING

Business segments 2009/10

The reporting segments are strategic business units that offer different products and services.

Enablers, Cultures and Sweeteners share a common sales organisation (SAFI) whereas Genencor's sales are managed within the Genencor segment.

Enablers produces and offers products that influence the texture and mouthfeel of numerous food and beverage products. Also, the products improve processing tolerance and extend shelf life.

Cultures produces and offers blends of natural microorganisms and strains with a history of safe use. Largely comprising lactic acid bacteria, Cultures also covers other types of bacteria as well as yeasts and moulds.

Sweeteners comprise a range of products used for the replacement or reduction of sugars. They are produced from a range of natural raw materials including wood, milk sugar and sucrose (sugar) itself.

Genencor produces and offers enzymes for the food and feed processing industries such as bakery, dairy and animal feed. Also enzymes for technical use such as detergents and bioethanol are produced.

Enzymes are naturally occurring proteins produced by all living cells. Enzymes are vital for life as they speed up biochemical reactions that would otherwise occur too slowly to support life.

The accounting policies of the operating segments are the same as those described in the note on accounting policies. The performance of the operations is evaluated on the basis of profit or loss from operations before share-based payments, interest and tax expense. Inter-segmental sales and transfers are accounted for as if the sales or transfers were to third parties, which is in line with Danisco's transfer pricing policy.

(DKKm)	Food Ingredients				Total
	Enablers	Cultures	Sweeteners	Genencor	
Income statement					
Revenue	5,691	2,081	1,420	4,553	13,745
Intra-group sales	-	(9)	(1)	(29)	(39)
External sales	5,691	2,072	1,419	4,524	13,706
Operating profit before share-based payments and special items					
Organic growth (%)	2	10	(6)	12	6
EBITDA before special items	1,214	505	113	868	2,700
EBITDA margin (%)	21.3	24.3	8.0	19.1	
EBIT margin (%)	16.2	19.0	1.4	13.5	
Special items	-	-	(796)	-	(796)
Operating profit before share-based payments	923	396	(776)	616	1,159
Share of profit from joint ventures	-	-	-	(65)	(65)
Material non-cash items of operating profit					
Depreciation and amortisation	(257)	(101)	(91)	(244)	(693)
Writtenowns	(34)	(8)	(71)	(8)	(121)
Impairment of goodwill	-	-	(700)	-	(700)
Other material items of operating profit					
Bio Chemicals Projects (Goodyear)	-	-	-	(51)	(51)
Assets	5,566	3,813	1,459	7,708	18,546
Information on assets					
Purchase of non-current assets*	306	226	44	153	729
Investments in joint ventures	-	-	-	140	140
Net working capital	1,525	306	491	1,074	3,396
Net non-current assets excluding goodwill	2,097	971	721	1,852	5,641
Net operating assets	3,622	1,277	1,212	2,926	9,037
Goodwill	1,004	2,058	-	3,934	6,996
Net assets	4,626	3,335	1,212	6,860	16,033
RONOA (%)	26.1	31.3	1.4	20.4	

* Other than financial assets

SEGMENT REPORTING (CONTINUED)

Reconciliation 2009/10

(DKKm)	Reporting segments	Corporate costs and central R&D	Other unallocated	Total Group
External sales	13,706	-	-	13,706
Special items	(796)	-	-	(796)
Operating profit before share-based payments	1,159	(210)	-	949
Depreciation, write-downs and amortisation	(1,514)	(5)	-	(1,519)
Assets	18,546	262	1,700	20,508
Net working capital	3,396	(103)	-	3,293
Net non-current assets excluding goodwill	5,641	104	-	5,745
Net operating assets	9,037	1	-	9,038
Goodwill	6,996	-	-	6,996
Net assets	16,033	1	-	16,034

Other unallocated assets comprise financial assets, cash and cash equivalents, tax and other unallocated assets.

Business segments 2008/09

(DKKm)	Food Ingredients				Total
	Enablers	Cultures	Sweeteners	Genencor	
Income statement					
Revenue	5,544	1,936	1,495	4,065	13,040
Intra-group sales	-	(19)	-	(30)	(49)
External sales	5,544	1,917	1,495	4,035	12,991
Operating profit before share-based payments and special items					
646	320	77	401	1,444	
Organic growth (%)	6	9	(12)	7	4
EBITDA before special items	906	420	175	636	2,137
EBITDA margin (%)	16.3	21.7	11.7	15.6	
EBIT margin (%)	11.7	16.5	5.2	9.9	
Special items	(43)	(10)	(578)	(107)	(738)
Operating profit before share-based payments	603	310	(501)	294	706
Share of profit from joint ventures	-	-	-	(42)	(42)
Material non-cash items of operating profit					
Depreciation and amortisation	(260)	(100)	(98)	(235)	(693)
Write-downs	-	-	(99)	(73)	(172)
Impairment of goodwill	-	-	(459)	-	(459)
Other material items of operating profit					
Bio Chemicals Projects (Goodyear)	-	-	-	(40)	(40)
Assets	5,224	3,633	2,434	7,857	19,148
Information on assets					
Purchase of non-current assets*	343	163	77	291	874
Investments in joint ventures	-	-	-	102	102
Net working capital	1,587	424	795	1,107	3,913
Net non-current assets excluding goodwill	2,002	827	785	2,240	5,854
Net operating assets	3,589	1,251	1,580	3,347	9,767
Goodwill	907	2,025	700	3,906	7,538
Net assets	4,496	3,276	2,280	7,253	17,305
RONOA (%)	18.3	25.4	4.8	11.8	

* Other than financial assets

Notes

1

SEGMENT REPORTING (CONTINUED)

Reconciliation 2008/09

(DKKm)	Reporting segments	Corporate costs and central R&D	Other unallocated	Total Group
External sales	12,991	-	-	12,991
Special items	(738)	-	-	(738)
Operating profit before share-based payments	706	(196)	-	510
Depreciation, writedowns and amortisation	(1,324)	(6)	-	(1,330)
Assets	19,148	297	1,833	21,278
Net working capital	3,913	(48)	(8)	3,857
Net non-current assets excluding goodwill	5,854	11	3	5,868
Net operating assets	9,767	(37)	(5)	9,725
Goodwill	7,538	-	-	7,538
Net assets	17,305	(37)	(5)	17,263

Other unallocated assets comprise financial assets, cash and cash equivalents, assets held for sale, tax and other unallocated assets.

(DKKm)	2009/10		2008/09	
	Revenue	Non-current assets	Revenue	Non-current assets
Denmark	225	1,979	236	2,619
Europe excluding Denmark	4,794	4,953	4,685	5,628
North America	4,076	4,861	3,823	4,907
Latin America	1,335	566	1,329	478
Asia-Pacific	2,414	1,078	2,180	1,002
Rest of the world	862	93	738	78
Total	13,706	13,530	12,991	14,712

Revenue is attributed to countries on the basis of the customers' location and excludes discontinued operations. No single customer accounts for 10% or more of revenue.

2

COST OF SALES

The cost of inventories recognised as an expense of continuing and discontinued operations was DKK 7,505 million (2008/09 DKK 7,151 million) and DKK 396 million (2008/09 DKK 4,540 million), respectively. Cost of sales includes DKK 3 million (2008/09 DKK 15 million) in respect of writedowns of inventory to net realisable value. The cost has been reduced by DKK 0 million (2008/09 DKK 3 million) due to a reversal of writedowns in previous years.

EMPLOYEE EXPENSES AND STATISTICS

(DKKm)	2009/10	2008/09
Employee expenses		
Wages and salaries	(2,502)	(2,683)
Defined contribution plans	(141)	(170)
Defined benefit plans	(50)	(52)
Social security expenses etc.	(370)	(435)
Share-based payments	(54)	(15)
Total	(3,117)	(3,355)
See notes 6 and 30 for information on share-based payments.		
See note 36 for information on remuneration of management.		
Employee expenses included in the costs below		
Cost of sales	(952)	(917)
Research and development expenses	(591)	(471)
Distribution and sales expenses	(781)	(711)
Administrative expenses	(713)	(581)
Other operating expenses	(64)	(28)
Special items	(9)	(15)
Total, continuing operations	(3,110)	(2,723)
Total, discontinued operations	-	(632)
Total	(3,110)	(3,355)
Employee expenses included in the statement of financial position		
Projects	(1)	(1)
Other	(6)	1
Total	(7)	-
Total employee expenses	(3,117)	(3,355)
Employee statistics		
Total average number of employees	6,853	8,986
Number of employees at 30 April	6,876	6,999
Number of employees at 30 April		
Denmark	1,330	1,311
Europe excluding Denmark	2,187	2,221
North America	1,342	1,366
Latin America	816	819
Asia-Pacific	1,102	1,181
Rest of the world	99	101
Total	6,876	6,999

Notes

4

DEPRECIATION, WRITEDOWNS AND AMORTISATION

(DKKm)	2009/10	2008/09
Depreciation, writedowns and amortisation for the year included in the costs below		
Cost of sales	(499)	(459)
Research and development expenses	(79)	(42)
Distribution and sales expenses	(113)	(127)
Administrative expenses	(56)	(68)
Other operating income and expenses	(3)	(2)
Special items	(769)	(632)
Total, continuing operations	(1,519)	(1,330)
Total, discontinued operations	-	(491)
Total	(1,519)	(1,821)

Special items of continuing operations comprise impairment losses on goodwill of DKK 700 million (2008/09 DKK 460 million), writedowns on property, plant and equipment of DKK 69 million (2008/09 DKK 142 million) and writedowns on patents, rights and licenses of DKK 0 million (2008/09 DKK 30 million).

In 2008/09 discontinued operations included impairment losses on goodwill of DKK 200 million.

5

FEES FOR AUDITORS ELECTED AT THE ANNUAL GENERAL MEETING

(DKKm)	2009/10	2008/09
Deloitte		
Audit fee	(17)	(19)
Other assurance engagements	(1)	-
Tax advisory services	(9)	(10)
Other services	(5)	(10)
Total	(32)	(39)

Other services comprise accounting assistance including assistance in the acquisition and divestment of companies.

In 2008/09 fees for auditors comprised continuing and discontinued operations.

6

SHARE-BASED PAYMENTS BY FUNCTION

(DKKm)	2009/10	2008/09
Cost of sales	-	-
Research and development expenses	(5)	(3)
Distribution and sales expenses	(11)	(3)
Administrative expenses	(14)	(5)
Other operating expenses	(24)	(4)
Total	(54)	(15)

SPECIAL ITEMS

(DKKm)	2009/10	2008/09
Writedown of goodwill	(700)	(460)
Writedown of patents, rights and licences	-	(30)
Writedown of property, plant and equipment	(69)	(142)
Restructuring costs	(27)	(106)
Total	(796)	(738)

FINANCIAL INCOME AND EXPENSES

(DKKm)	2009/10	2008/09
Financial income		
Financial income from bank deposits	17	38
Financial income from other receivables	36	29
Financial income from available-for-sale assets	32	-
Financial income from assets at fair value in the income statement	5	121
Realised gain on financial hedging instruments recycled from equity	-	130
Exchange gains	433	820
Financial income transferred to discontinued operations	-	(76)
Total, continuing operations	523	1,062
Financial expenses		
Financial expenses to credit institutions etc.	(248)	(489)
Financial expenses from available-for-sale assets	-	(3)
Financial expenses from assets at fair value in the income statement	(4)	(22)
Exchange losses	(423)	(847)
Financial expenses transferred to discontinued operations	-	231
Total, continuing operations	(675)	(1,130)
Net financial income and expenses	(152)	(68)

Notes

INCOME TAX EXPENSE

(DKKm)	2009/10	2008/09
Current tax on profit	(424)	(529)
Change in deferred tax	268	197
Other taxes, exchange adjustments etc.	(9)	(3)
Utilisation of unrecognised tax assets	3	13
Adjustment of tax for previous years	7	(17)
Total	(155)	(339)
Attributable to continuing operations	(197)	(250)
Attributable to discontinued operations	-	(117)
Attributable to joint ventures	42	28
Total	(155)	(339)

Tax on discontinued operations in 2008/09 of DKK 117 million relates to the Sugar division.

Reconciliation of tax rate (%)

Danish corporation tax rate	25	25
Difference between tax rate for subsidiaries outside Denmark and Danish tax rate	5	23
Writedowns	26	39
Non-taxable income and non-deductible expenses	(6)	(3)
Reversal of tax provision from previous years	(23)	-
Utilisation of unrecognised tax assets	1	(14)
Other, including adjustment to previous years	1	(4)
Effective tax rate	29	66

Tax recognised in other comprehensive income 2009/10

(DKKm)	Recognised items before tax	Tax income/ (expense)	Net of tax
Exchange rate adjustments of subsidiaries	187	-	187
Movements in hedging instruments	(13)	3	(10)
Actuarial gains/losses on pensions	(32)	11	(21)
Other	3	-	3
Total	145	14	159

Tax recognised in other comprehensive income 2008/09

(DKKm)	Recognised items before tax	Tax income/ (expense)	Net of tax
Exchange rate adjustments of subsidiaries	534	-	534
Movements in hedging instruments	(374)	26	(348)
Actuarial gains/losses on pensions	(89)	29	(60)
Other	(2)	-	(2)
Total	69	55	124

EARNINGS PER SHARE

(DKKm)	2009/10	2008/09
Profit attributable to owners of the parent	480	108
Profit from discontinued operations	-	59
Profit from continuing operations attributable to owners of the parent	480	167
Special items after tax	766	691
Profit from continuing operations attributable to owners of the parent before special items	1,246	858
Average number of shares	47,693,295	48,077,741
Average number of treasury shares	(160,287)	(576,023)
Average number of shares excluding treasury shares	47,533,008	47,501,718
Average dilution effect of share options	92,187	11,137
Average number of shares, diluted	47,625,195	47,512,855
Basic earnings per share from continuing operations, DKK	10.10	3.52
Basic earnings per share from discontinued operations, DKK	-	(1.24)
Basic earnings per share, DKK	10.10	2.28
Diluted earnings per share from continuing operations, DKK	10.08	3.52
Diluted earnings per share from discontinued operations, DKK	-	(1.24)
Diluted earnings per share, DKK	10.08	2.28
Diluted earnings per share from continuing operations before special items, DKK	26.17	18.07
Diluted earnings per share before special items, DKK	26.17	16.82

MOVEMENTS IN EQUITY RESERVES

(DKKm)	2009/10	2008/09
Hedging reserve		
Hedging of future transactions for the year	(24)	(278)
Hedges recycled to the income statement, financial items	-	(130)
Hedges recycled to the income statement, operating items	11	(22)
Hedges recycled to the income statement, discontinued operations	-	66
Total	(13)	(364)
Translation reserve		
Unrealised exchange rate adjustments of subsidiaries	187	420
Exchange rate adjustments of subsidiaries recycled to the income statement	-	114
Total	187	534
Retained earnings		
Actuarial losses and assets ceiling	(32)	(89)
Hedges recycled to the income statement, discontinued operations	-	(10)
Changes in deferred tax on actuarial gains/losses	11	29
Current tax on equity movements	5	48
Deferred tax on equity movements	(2)	(22)
Other	3	(2)
Total	(15)	(46)
Other comprehensive income	159	124

Notes

12

INTANGIBLE ASSETS

(DKKm)	Goodwill	Software	Patents, rights and licences	Intangible assets under construction	Other	Total
Cost at 1 May 2009	7,538	580	738	16	398	9,270
Exchange rate adjustment of opening value	139	13	-	3	2	157
Additions due to acquisition of enterprises and activities	19	-	19	-	-	38
Writedowns for the year	(700)	-	-	-	-	(700)
Additions	-	12	-	31	-	43
Additions internally developed	-	-	-	11	-	11
Disposals	-	(50)	(12)	(1)	(4)	(67)
Transferred to (from) other items	-	41	-	(41)	-	-
Cost at 30 April 2010	6,996	596	745	19	396	8,752
Amortisation at 1 May 2009	-	(387)	(306)	-	(133)	(826)
Exchange rate adjustment of opening value	-	(9)	-	-	-	(9)
Writedowns for the year	-	(3)	-	-	-	(3)
Amortisation of disposals during the year	-	49	12	-	4	65
Amortisation for the year	-	(81)	(37)	-	(31)	(149)
Amortisation at 30 April 2010	-	(431)	(331)	-	(160)	(922)
Carrying amount at 30 April 2010	6,996	165	414	19	236	7,830

Adjustments due to prior year acquisition of enterprises and activities

Adjustments due to prior year acquisition of enterprises relate to Beijing Ferment Biological Technology Co.,Ltd. and reflect an increase in the purchase price of DKK 3 million.

Other intangible assets

Patents, rights and licenses include trademark rights. Other intangible assets mainly include the value of customer contracts and enzyme technology. Trademark rights and enzyme technology in use are deemed to have indefinite useful lives and are measured at cost less impairment loss. These assets are included in the annual impairment test together with goodwill. The carrying amount of intangible assets with indefinite useful lives is DKK 197 million allocated to: Enablers DKK 16 million, Cultures DKK 66 million and Genencor DKK 115 million.

Impairment tests for goodwill

The carrying amount of goodwill of DKK 6,996 million is allocated to: Enablers DKK 1,004 million, Cultures DKK 2,058 million and Genencor DKK 3,934 million.

Impairment tests for goodwill are made to estimate the recoverable amount of the assets. The recoverable amount is the higher of the value in use (discounted estimated cash flows) and the estimated market value less sales costs.

Impairment tests are conducted if there is an indication of impairment and at least once a year in connection with the Board of Directors' and the Executive Board's strategy review. This is to ensure that the recognised values do not exceed the estimated recoverable amounts.

During 2009/10 an impairment test was conducted separately for Sweeteners due to uncertainty related to the longevity of the market imbalances in the sweeteners area. In Q3 the remaining goodwill in Sweeteners of DKK 700 million was written down.

Testing for impairment in Enablers, Cultures and Genencor did not indicate any need for writing down goodwill allocated to these units.

In the tests performed, future cash flows were based on the budget for 2010/11, strategy forecasts for 2011/12-2012/13 and projections for the following two years. General projection parameters in year 4 and 5 have been used. General projection parameters for sales, EBIT and working capital have been: Enablers 3%, Cultures 4% and Genencor 4%. General projection parameters for investments in fixed assets have been set to 15% of sales growth.

The terminal values are influenced by eternal growth, which is estimated at 3%-4% depending on the mid- to lower-end of the expected market growth for the unit in question: Enablers 3%, Cultures 4% and Genencor 4%.

WACC has been set to 7.20% and a tax rate of 30% was used for all units for all years.

(DKKm)	Goodwill	Software	Patents, rights and licences	Intangible assets under construction	Other	Total
Cost at 1 May 2008	8,110	579	822	44	577	10,132
Exchange rate adjustment of opening value	274	13	28	(2)	22	335
Additions due to acquisition of enterprises and activities	354	-	19	-	58	431
Adjustments due to prior year acquisition of enterprises and activities	2	-	-	-	-	2
Writtenowns for the year	(660)	-	-	-	-	(660)
Additions	-	16	84	23	11	134
Additions internally developed	-	-	-	18	-	18
Disposals due to divestment of enterprises and activities	(542)	(89)	(188)	-	(270)	(1,089)
Disposals	-	(4)	(29)	-	-	(33)
Transferred to (from) other items	-	65	2	(67)	-	-
Cost at 30 April 2009	7,538	580	738	16	398	9,270
Amortisation at 1 May 2008	-	(383)	(270)	-	(102)	(755)
Exchange rate adjustment of opening value	-	(5)	(14)	-	(20)	(39)
Disposals due to divestment of enterprises and activities	-	82	18	-	38	138
Writtenowns for the year	-	-	(30)	-	-	(30)
Amortisation of disposals during the year	-	2	27	-	-	29
Amortisation for the year	-	(83)	(37)	-	(49)	(169)
Amortisation at 30 April 2009	-	(387)	(306)	-	(133)	(826)
Carrying amount at 30 April 2009	7,538	193	432	16	265	8,444

Adjustments due to prior year acquisition of enterprises and activities

Adjustments due to prior year acquisition of enterprises relate to Innovation Ingredients (Pty) Ltd. and reflect an adjustment of DKK 2 million of an earn-out agreement.

Other intangible assets

Patents, rights and licenses include trademark rights. Other intangible assets mainly include the value of customer contracts and enzyme technology. Trademark rights and enzyme technology in use are deemed to have indefinite useful lives and are measured at cost less impairment loss. These assets are included in the annual impairment test together with goodwill. The carrying amount of intangible assets with indefinite useful lives is DKK 182 million allocated to the following cash-generating units: Emulsifiers DKK 2 million, Gums & Systems DKK 14 million, Cultures DKK 66 million and Genencor DKK 100 million.

Impairment tests for goodwill

The carrying amount of goodwill of DKK 7,538 million is allocated to the Group's five cash-generating units: Emulsifiers DKK 99 million, Gums & Systems DKK 808 million, Cultures DKK 2,025 million, Sweeteners DKK 700 million and Genencor DKK 3,906 million. Impairment tests for goodwill are made to estimate the recoverable amount of the assets. The recoverable amount is the higher of the value in use (discounted estimated cash flows) and the estimated market value less sales costs.

Impairment tests are conducted if there is an indication of impairment, however, at least once a year in connection with the Board of Directors' and the Executive Board's strategy review. This is to ensure that the invested capital do not exceed the estimated recoverable amounts.

During 2008/09 difficult trading conditions in Sweeteners indicated a potential need for impairment and a test was conducted separately for Sweeteners when the indications were observed. On 2 March 2009 a writedown of goodwill of DKK 460 million was announced. In connection with the annual report the remaining invested capital in Sweeteners has been reconsidered, which justified that no further writedown is needed at year-end.

Testing for impairment in Emulsifiers, Gums & Systems, Cultures and Genencor did not indicate any need for writing down goodwill allocated to these units.

In the tests performed, future cash flows were based on the budget for 2009/10, strategy forecasts for 2010/11-2011/12 and projections for the following two years. General projection parameters in year 4 and 5 have been used for all cash-generating units except for Sweeteners where specific assessments have been made. General projection parameters for sales, EBIT and working capital have been: Emulsifiers and Gums & Systems 3.5%, Cultures and Genencor 4%. General projection parameters for investments in fixed assets have been set to 15% of sales growth.

The terminal values are influenced by eternal growth, which is estimated at 3%-4% depending on the mid- to lower-end of the expected market growth for the unit in question: Sweeteners 3%, Emulsifiers and Gums & Systems 3.5%, Cultures and Genencor 4%. WACC has been set to 7.12% and a tax rate of 30% was used for all units for all years.

Notes

13

PROPERTY, PLANT AND EQUIPMENT

(DKKm)	Land and buildings	Plant and machinery	Fixtures, fittings, tools and equipment	Prepayments and assets under construction	Total
Cost at 1 May 2009	3,170	5,911	876	629	10,586
Exchange rate adjustment of opening value	39	102	16	9	166
Additions	33	109	18	519	679
Disposals	(36)	(245)	(164)	(3)	(448)
Transferred to (from) other items	236	394	48	(678)	-
Cost at 30 April 2010	3,442	6,271	794	476	10,983
Depreciation and writedowns at 1 May 2009	(1,240)	(3,404)	(586)	-	(5,230)
Exchange rate adjustment of opening value	(30)	(79)	(12)	-	(121)
Depreciation of disposals during the year	23	233	159	3	418
Depreciation for the year	(112)	(350)	(87)	-	(549)
Writedowns for the year	(35)	(78)	(2)	(3)	(118)
Depreciation and writedowns at 30 April 2010	(1,394)	(3,678)	(528)	-	(5,600)
Carrying amount at 30 April 2010	2,048	2,593	266	476	5,383
Carrying amount of leased assets	22	-	16	-	38

Writedowns for the year include DKK 69 million due to restructuring initiatives in Sweeteners. These are disclosed as special items.

PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(DKKm)	Land and buildings	Plant and machinery	Fixtures, fittings, tools and equipment	Prepayments and assets under construction	Total
Cost at 1 May 2008	4,969	10,601	1,085	721	17,376
Exchange rate adjustment of opening value	(13)	(24)	(9)	50	4
Additions due to acquisition of enterprises and activities	9	6	1	-	16
Additions	78	153	42	806	1,079
Disposals due to divestment of enterprises and activities	(1,866)	(5,071)	(226)	(29)	(7,192)
Disposals	(250)	(378)	(69)	-	(697)
Transferred to (from) other items	243	624	52	(919)	-
Cost at 30 April 2009	3,170	5,911	876	629	10,586
Depreciation and writedowns at 1 May 2008	(2,368)	(6,240)	(746)	-	(9,354)
Exchange rate adjustment of opening value	74	(4)	21	-	91
Disposals due to divestment of enterprises and activities	1,090	3,131	176	-	4,397
Depreciation of disposals during the year	170	365	63	-	598
Depreciation for the year	(163)	(557)	(100)	-	(820)
Writedowns for the year	(49)	(91)	(2)	-	(142)
Transferred (to) from other items	6	(8)	2	-	-
Depreciation and writedowns at 30 April 2009	(1,240)	(3,404)	(586)	-	(5,230)
Carrying amount at 30 April 2009	1,930	2,507	290	629	5,356
Carrying amount of leased assets	65	-	18	-	83

Due to the discontinuation of the enzyme production at Genencor's production site in Rochester, USA, and the reduction of xylitol production at Sweeteners' facilities in Anyang, China, the production facilities have been written down by DKK 142 million.

(DKKm)	2009/10	2008/09
Information on non-current assets		
Financial liabilities with pledges in property, plant and equipment	522	36
Carrying amount of pledged assets	339	151
Contractual obligations to acquire property, plant and equipment	22	22

Notes

14

FINANCIAL ASSETS

(DKKm)		Investments in joint ventures	Other investments and securities
Cost at 1 May 2009		110	129
Exchange rate adjustment of opening value		7	-
Additions		140	-
Disposals		-	(5)
Cost at 30 April 2010		257	124
Value adjustments at 1 May 2009		(74)	(108)
Exchange rate adjustment of opening value		(7)	-
Share of profit for the year		(107)	-
Fair value adjustments		-	1
Value adjustments at 30 April 2010		(188)	(107)
Carrying amount at 30 April 2010		69	17

Investments in joint ventures 2009/10

(DKKm)	Owner-ship (%)	Revenue	Profit before tax	Assets	Liabilities	Danisco's share of equity	Danisco's share of profit before tax
Genencor							
DuPont Danisco Cellulosic Ethanol LLC, USA	50	-	(214)	208	70	69	(107)
Total	50	-	(214)	208	70	69	(107)

On 14 May 2008, Danisco A/S and DuPont entered an agreement to form DuPont Danisco Cellulosic Ethanol LLC, a 50/50 global joint venture to develop and commercialise the production of cellulosic ethanol. The agreement contains certain takeover provisions.

The partners agreed on an initial three-year investment of USD 140 million. As at 30 April 2010 Danisco's remaining obligation was USD 24.2 million.

FINANCIAL ASSETS (CONTINUED)

(DKKm)	Investments in associates	Investments in joint ventures	Other investments and securities
Cost at 1 May 2008	12	-	137
Exchange rate adjustment of opening value	-	8	(1)
Additions	-	102	16
Disposals due to divestment of activities	(4)	-	-
Disposals	(8)	-	(23)
Cost at 30 April 2009	-	110	129
Value adjustments at 1 May 2008	(1)	-	(92)
Exchange rate adjustment of opening value	-	(4)	1
Share of profit for the year	(4)	(70)	-
Disposals due to divestment of activities	4	-	-
Disposals	1	-	-
Fair value adjustments	-	-	(17)
Value adjustments at 30 April 2009	-	(74)	(108)
Carrying amount at 30 April 2009	-	36	21

Investments in associates and joint ventures 2008/09

(DKKm)	Owner-ship (%)	Revenue	Profit before tax	Assets	Liabilities	Danisco's share of equity	Danisco's share of profit before tax
Genencor							
DuPont Danisco Cellulosic Ethanol LLC, USA	50	-	(140)	68	-	36	(70)
Unallocated							
Danisco Organo Food Tech Co. Ltd., Japan	-	-	-	-	-	-	(4)
Total						36	(74)

On 14 May 2008, Danisco A/S and DuPont entered an agreement to form DuPont Danisco Cellulosic Ethanol LLC, a 50/50 global joint venture to develop and commercialise the production of cellulosic ethanol. The agreement contains certain takeover provisions. The partners plan an initial three-year investment of USD 140 million. In 2008/09 Danisco contributed USD 19.5 million. As at 30 April 2009 Danisco committed itself to contribute an additional USD 50.5 million.

Danisco Organo Food Tech Co. Ltd., SBU Sockernäringens BetodlingsUtveckling AB and Voimavasu OY were divested in 2008/09.

Notes

15

PENSION ASSETS AND PENSION LIABILITIES

Companies in the Group have various retirement and termination plans. For defined contribution plans contributions are paid to independent pension funds and Danisco has no legal or constructive obligation to pay further contributions. For defined benefit plans Danisco has an obligation to provide the agreed benefits to current and former employees upon retirement. Danisco's largest benefit obligations are in Belgium, the Netherlands and the United States. The Belgian pension plans are average salary plans that pay both lump sums and annuities. The pension plans in the Netherlands are average salary plans that pay annuities. The defined benefit plans in the United States pay both annuities and lump sums. The rest of the defined benefit obligations comprise various salary pension plans and to an immaterial extent medical plans. The Group recognises actuarial gains and losses immediately in other comprehensive income.

(DKKm)	2009/10	2008/09
Defined benefit obligations at 1 May	762	1,004
Exchange rate adjustment of opening value	1	(10)
Disposals due to divestment of enterprises and activities	-	(218)
Interest expenses	48	51
Current service costs	43	45
Member contributions	4	4
Benefit payments	(61)	(65)
Amendments	4	-
	801	811
Actuarial gains and losses	145	(49)
Defined benefit obligations at 30 April	946	762
Fair value of plan assets at 1 May	699	769
Exchange rate adjustment of opening value	-	9
Expected return on plan assets	41	44
Contributions	49	75
Member contributions	4	4
Benefit payments	(61)	(65)
	732	836
Actuarial gains and losses	103	(137)
Fair value of plan assets at 30 April	835	699
Net obligations at 30 April before adjustments	111	63
Unrecognised past service cost	(4)	-
Effect of asset ceiling (IAS 19:58)	-	10
Net obligations at 30 April	107	73
Net obligations are recognised in the statement of financial position as follows		
Pension assets	65	58
Pension liabilities	172	131
Total	107	73

PENSION ASSETS AND PENSION LIABILITIES (CONTINUED)

(DKKm)	2009/10	2008/09
Recognition of costs		
Interest expenses	(48)	(51)
Current service costs	(43)	(45)
Expected return on plan assets	41	44
Recognised in the income statement	(50)	(52)
Actuarial gains and losses recognised in other comprehensive income	(42)	(88)
Change of asset ceiling (IAS 19:58) recognised in other comprehensive income	10	(1)
Total	(82)	(141)
Attributable to continuing operations	(82)	(122)
Attributable to discontinued operations	-	(19)
Major categories of plan assets (%)		
Equities	39	33
Bonds and other securities	40	39
Other	21	28
Total	100	100
Location of the defined benefit obligations (%)		
Netherlands	26	24
Belgium	25	26
United States	24	21
Finland	13	17
France	6	7
United Kingdom	5	4
Other	1	1
Total	100	100
Actuarial assumptions (%)		
Discount rate	5.00 - 6.00	6.25 - 7.75
Expected return on plan assets	3.10 - 8.00	3.50 - 8.00
Salary increase	3.00 - 4.50	3.00 - 4.50
Inflation	2.00 - 3.40	2.00 - 3.00
The return on assets assumption has been determined separately for each country. This assumption is determined by calculating the weighted average of the expected return on various asset classes. The weighting is based on the asset allocation of the plan.		
Status of defined benefit obligations		
Unfunded plans	96	77
Wholly or partly funded plans	850	685
Defined benefit obligations at 30 April	946	762
Actual return on plan assets	144	(93)
Contributions expected to be paid in the next financial year	44	31

Notes

15

PENSION ASSETS AND PENSION LIABILITIES (CONTINUED)

(DKKm)	2009/10	2008/09	2007/08	2006/07	2005/06
Defined benefit obligations at 30 April	946	762	1,004	1,573	1,575
Fair value of plan assets at 30 April	835	699	769	1,266	1,248
Unrecognised past service cost	(4)	-	-	-	-
Effect of asset ceiling (IAS 19;58)	-	10	9	-	-
Net obligations at 30 April	107	73	244	307	327
Actuarial gains and losses due to plan experience	14	(21)	71	29	(68)
Actuarial gains and losses due to change in assumptions	(159)	70	(10)	14	(11)
Actuarial gains and losses on plan assets	103	(137)	(72)	(11)	121
Actuarial gains and losses recognised in other comprehensive income	(42)	(88)	(11)	32	42
Cumulative actuarial gains and losses at 30 April	(70)	(28)	60	71	39

16

DEFERRED TAX

(DKKm)	2009/10	2008/09
Deferred tax at 1 May	573	1,104
Adjustment of opening value	50	78
Tax concerning acquired/divested enterprises and activities	-	(405)
Change in deferred tax recognised in the income statement	(268)	(197)
Change in deferred tax recognised in other comprehensive income	(9)	(7)
Deferred tax at 30 April	346	573
Deferred tax recognised in the statement of financial position		
Deferred tax (assets)	133	246
Deferred tax (liabilities)	479	819
Total	346	573

Deferred tax assets/liabilities arise from the following

(DKKm)	Deferred tax at 1 May 2009	Recognised in income statement	Recognised in other comprehensive income	Acquisition/divestment	Exchange rate adjustments	Change in tax rates	Deferred tax at 30 April 2010
Intangible assets	453	(29)	-	-	6	-	430
Property, plant and equipment	127	11	-	-	4	(1)	141
Financial assets	20	(18)	-	-	-	-	2
Current assets	(102)	48	-	-	1	1	(52)
Net pension liabilities	(19)	7	(11)	-	-	-	(23)
Other non-current liabilities	151	(166)	-	-	-	2	(13)
Current liabilities	(5)	(28)	2	-	(2)	(7)	(40)
Tax losses carried forward	(39)	13	-	-	(4)	-	(30)
Special tax losses and credits	(32)	(56)	-	-	-	-	(88)
Unrecognised tax assets regarding balance sheet items	19	-	-	-	-	-	19
Total	573	(218)	(9)	-	5	(5)	346

DEFERRED TAX (CONTINUED)

Deferred tax assets/liabilities arise from the following

(DKKm)	Deferred tax at 1 May 2008	Recognised in income statement	Recognised in other comprehensive income	Acquisition/divestment	Exchange rate adjustments	Change in tax rates	Deferred tax at 30 April 2009
Intangible assets	430	38	-	(39)	24	-	453
Property, plant and equipment	544	(42)	-	(348)	(18)	(9)	127
Financial assets	19	1	-	-	-	-	20
Current assets	(12)	(70)	-	(12)	(4)	(4)	(102)
Net pension liabilities	8	(2)	(29)	6	(2)	-	(19)
Other non-current liabilities	233	(130)	34	10	1	3	151
Current liabilities	(101)	121	(12)	(5)	(8)	-	(5)
Tax losses carried forward	(12)	(9)	-	(17)	-	(1)	(39)
Special tax losses and credits	(9)	(24)	-	-	1	-	(32)
Unrecognised tax assets regarding balance sheet items	4	15	-	-	-	-	19
Total	1,104	(102)	(7)	(405)	(6)	(11)	573

(DKKm)	2009/10	2008/09
Deferred tax assets not recognised in the statement of financial position		
Unrecognised at 1 May	242	160
Adjustment of opening value	(36)	38
Additions	16	72
Recognition of previously unrecognised tax assets	(4)	(15)
Utilised during the year	(3)	(13)
Unrecognised at 30 April	215	242

82% of unrecognised tax assets is without limitation, whereas the remaining part will expire in 1-5 years.

Deferred tax liabilities not recognised in the statement of financial position

Temporary differences concerning investments in subsidiaries	-	216
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OTHER RECEIVABLES

(DKKm)	2009/10	2008/09
Non-current		
Receivables from Nordic Sugar A/S	-	510
Other	32	41
Total	32	551
Current		
Receivables from Nordic Sugar A/S	530	-
Derivative financial instruments	2	31
Other	383	218
Total	915	249

After the divestment of the Sugar division on 28 February 2009, Danisco A/S keeps a vendor note issued by Nordic Sugar A/S of EUR 68 million carrying an interest rate of 4% p.a. and maturing on 15 March 2011. The vendor note is guaranteed by Nordzucker AG and is measured at par.

Notes

18

INVENTORIES

(DKKm)	2009/10	2008/09
Inventories recognised at net realisable value	6	28
Inventories pledged as security for debt	36	-

19

TRADE RECEIVABLES

(DKKm)	2009/10	2008/09
Ageing of not impaired trade receivables		
Not due yet	2,329	2,059
1 - 30 days	140	173
31 - 60 days	12	30
61 - 90 days	4	12
91 + days	22	22
Total	2,507	2,296
Ageing of impaired trade receivables		
Not due yet	3	-
1 - 30 days	1	-
31 - 60 days	-	1
61 - 90 days	2	1
91 + days	35	37
Total	41	39
Movement in allowance for doubtful debts		
Allowance for doubtful debts 1 May	(67)	(110)
Impairment losses for the year	(5)	(20)
Disposals due to divestment of enterprises and activities	-	47
Amounts written off as uncollectible	9	7
Impairment losses reversed	3	9
Allowance for doubtful debts at 30 April	(60)	(67)

Danisco does not hold collateral as security for trade receivables.

Trade debtors are subject to an individual assessment of potential loss. The debtors are distributed on customers and geographical areas in such a manner that the Group's credit risks are not considered exceptional.

20

MATURITY ANALYSIS OF FINANCIAL LIABILITIES

(DKKm)	2009/10	2008/09
Ageing of contractual maturities		
Within 1 year	2,567	2,759
Between 1 and 5 years	1,717	3,685
Over 5 years	1,032	6
Total	5,316	6,450

FINANCE LEASE OBLIGATIONS

All lease obligations are usually subject to a fixed repayment scheme and none of the agreements contain provisions on conditional leasing services apart from provisions on indexation based on public indexes.

(DKM)	2009/10		2008/09	
	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
Maturity of finance lease obligations				
Within 1 year	5	4	5	4
Between 1 and 5 years	17	14	19	15
Over 5 years	16	14	14	17
Total	38	32	38	36
Finance charge for future expenditure	7		3	
Total	31		35	
Analysed by				
Non-current lease obligations	29		33	
Current lease obligations	2		2	
Total	31		35	

The fair value of fixed-rate lease obligations, calculated at the present value of future repayments and interest payments by applying the present market interest rate as the discount rate, does not differ significantly from the calculated present value of the minimum leasing services. The leases cover buildings and a water treatment plant.

OTHER PROVISIONS

(DKM)	Acquisitions	Restructuring	Other	2009/10	2008/09
				Total	Total
Other provisions at 1 May	13	32	247	292	351
Exchange rate adjustment of opening value	-	-	4	4	(10)
Provisions for the year	-	-	15	15	139
Provisions reversed	-	-	3	3	(7)
Provisions utilised during the year	(1)	(19)	(131)	(151)	(97)
Disposal due to divestment of enterprises and activities	-	-	-	-	(84)
Other provisions at 30 April	12	13	138	163	292
Analysed by					
Non-current liabilities				131	141
Current liabilities				32	151
Total				163	292

2009/10

Provisions for restructuring reflect costs primarily related to the closure of a plant in Portugal. Other provisions include pending litigations, obligations to management and employees and environmental costs.

2008/09

Provisions for restructuring reflect costs primarily related to the closure of a plant in Portugal and reduction of production at the facilities in Anyang, China. Other provisions include pending litigations, obligations to management and employees and environmental costs.

Notes

23

SHARE CAPITAL AND TREASURY SHARES

Share capital	Number	Nominal value (DKK '000)
Share capital at 1 May 2009	47,693,295	953,866
Share capital at 30 April 2010	47,693,295	953,866

	Number	Nominal value (DKK '000)
Share capital at 1 May 2008	48,941,495	978,830
Reduction of share capital	(1,248,200)	(24,964)
Share capital at 30 April 2009	47,693,295	953,866

The Board of Directors is authorised to increase the share capital and/or issue convertible bonds for an amount corresponding to a potential aggregate increase of the share capital by DKK 250 million. If the subscription price in connection with an increase of the share capital corresponds to the market price, or if the convertible loans are issued at a subscription price and conversion price, which in the aggregate at least correspond to the market price of the shares at the time of the Board of Directors' decision, the Board of Directors may decide that subscription is made without pre-emptive right for existing shareholders. The authorisation is effective until 20 August 2013.

For further information on the development of the share capital, see Shareholder information.

Treasury shares	Number	Nominal value (DKK '000)	% of share capital
Holding at 1 May 2009	191,577	3,832	0.40
Sale of treasury shares (exercised options)	(153,500)	(3,070)	(0.32)
Holding at 30 April 2010	38,077	762	0.08

The treasury shares are held to hedge Danisco's share option schemes. The market value of treasury shares was DKK 15 million (2008/09 DKK 36 million).

	Number	Nominal value (DKK '000)	% of share capital
Holding at 1 May 2008	1,439,777	28,796	2.94
Reduction of share capital	(1,248,200)	(24,964)	(2.54)
Holding at 30 April 2009	191,577	3,832	0.40

CORPORATION TAX

(DKKm)	2009/10	2008/09
Corporation tax payable at 1 May	47	292
Adjustment of opening value	(57)	(89)
Tax concerning acquired/divested enterprises and activities	-	(68)
Tax on changes in other comprehensive income	(5)	(48)
Current tax on profit for the year	424	529
Tax paid during the year	(390)	(569)
Corporation tax payable at 30 April	19	47
Corporation tax payable is recognised in the statement of financial position as follows		
Corporation tax (assets)	190	195
Corporation tax (liabilities)	209	242
Total	19	47

OTHER PAYABLES

(DKKm)	2009/10	2008/09
Non-current		
Wages, salaries, holiday pay etc.	187	-
Derivative financial instruments	252	-
Other	15	29
Total	454	29
Current		
Wages, salaries, holiday pay etc.	790	486
Bonus to customers	54	68
Share-based payments	15	-
VAT and other taxes	162	98
Derivative financial instruments	8	260
Other	406	483
Total	1,435	1,395

Notes

26

ACQUISITION AND DIVESTMENT OF ENTERPRISES AND ACTIVITIES

2009/10

On 11 November 2009, Danisco acquired the activity Sorbial which is located in France. The activity is dedicated to the development and manufacturing of microbial-based products for the animal production and waste treatment industries. The acquisition of Sorbial builds on the purchase of Agtech in 2008.

Businesses acquired	Principal activity	Date of acquisition	Proportion of shares acquired	Holding of votes acquired
Sorbial	Production, sale and R&D	11 November 2009	-	-
(DKKm)			Carrying amount	Preliminary fair value adjustments
Intangible assets			-	19
Net assets			-	19
Goodwill on acquisition				16
Adjustment of cash and cash equivalents				-
Total cost of acquisition				35
Components of the cash purchase amount				
Cash				32
Directly attributable acquisition costs				3
Cash purchase amount				35

In 2009/10 the effect on Danisco's revenue is DKK 1 million and EBIT negative of DKK 1 million. The assessment of the fair value of the acquired assets resulted in identification of total intangible assets of DKK 19 million. The most important identified intangible asset is know-how of DKK 15 million.

Goodwill represents synergies that are expected to be generated, intellectual capital represented by the acquired staff and growth expectations. Synergies from Sorbial's technology combined with Danisco Animal Nutrition are expected to provide a broader reach into the customers' decision-making organisation. Synergies from research and development, improved utilisation of the workforce and intellectual capital are not recognised separately from goodwill as the future economic benefits arising from them cannot be reliably measured.

2008/09

In 2008/09 Danisco acquired Abitec Ltd., UK, Agtech Products, Inc., USA, and Beijing Ferment Biological Technology Co., Ltd., China. On 28 February 2009 Danisco's sugar division was divested, see note 31, Discontinued operations.

Businesses acquired	Principal activity	Date of acquisition		Proportion of shares acquired	Holding of votes acquired			
		Abitec Ltd.	Agtech Products, Inc.	Beijing Ferment Biological Technology Co., Ltd.				
(DKKm)		Carrying amount	Preliminary fair value adjustments	Carrying amount	Preliminary fair value adjustments	Carrying amount	Preliminary fair value adjustments	Total opening balance at fair value
Intangible assets		-	57	-	19	1	-	77
Property, plant & equipment		27	(18)	5	-	2	-	16
Inventories		19	1	6	1	-	-	27
Trade receivables		39	-	9	-	-	-	48
Other receivables		1	-	2	-	-	-	3
Cash and cash equivalents		4	-	4	-	-	-	8
Deferred tax liabilities		(2)	-	-	6	-	-	4
Trade payables		(14)	-	(2)	-	-	-	(16)
Corporation tax		(1)	-	-	-	-	-	(1)
Other payables		(5)	-	(5)	(4)	-	-	(14)
Net assets		68	40	19	22	3	-	152
Goodwill on acquisition			86		257		11	354
Adjustment of cash and cash equivalents			(4)		(4)		-	(8)
Cash purchase amount		190		294		14		498
Financial liabilities		-		-		-	-	-
Total cost of acquisition		190		294		14		498
Components of the cash purchase amount								
Cash			175		291		13	479
Directly attributable acquisition costs			15		3		1	19
Cash purchase amount		190		294		14		498

Goodwill arising from acquisition

Goodwill arising from acquisition

Goodwill arising from acquisition
Goodwill represents synergies that are expected to be generated in the acquired entities, intellectual capital represented by the acquired staff and growth expectations. The synergies comprise cost savings from the purchase of raw materials and better capacity use on the production plants. Synergies from Agtech Products' core competence combined with Danisco Animal Nutrition's global sales and solutions-based capability are expected to provide a broader reach into the customers' decision-making organisation. Also, goodwill reflects synergies from research and development, improved utilisation of the workforce and its intellectual capital. These benefits are not recognised separately from goodwill as the future economic benefits arising from them cannot be reliably measured.

Abitec Ltd.

On 28 August 2008, Danisco acquired 100% of the shares in Abitec Ltd. The effect on Danisco's revenue and EBIT is DKK 90 million and a negative amount of DKK 16 million. The plant was closed in March 2009 and the production transferred to Denmark and Malaysia. The assessment of the fair value of the acquired assets resulted in identification of total intangible assets of DKK 57 million, which relate to the company's customer list. Production equipment and other non-current assets have primarily been assessed by the company's production engineers. This assessment resulted in a writedown of DKK 18 million mainly due to old production equipment and the closure of the plant during the acquisition year.

Notes

26

ACQUISITION AND DIVESTMENT OF ENTERPRISES AND ACTIVITIES (CONTINUED)

Agtech Products, Inc.

On 31 October 2008, Danisco acquired the net assets and 100% of the shares in Agtech Products, Inc. The effect on Danisco's revenue and EBIT is DKK 57 million and DKK 1 million respectively. The assessment of the fair value of the acquired assets resulted in identification of total intangible assets of DKK 19 million. The most important identified intangible assets are patents of DKK 15 million and trademarks of DKK 4 million. Production equipment has primarily been assessed by the company's production engineers.

Beijing Ferment Biological Technology Co., Ltd.

On 9 October 2008, Danisco acquired the manufacturing activities of Beijing Ferment Biological Technology Co., Ltd., which were subsequently transferred to new premises in the Beijing area. The new plant was opened on 27 February 2009 and is estimated to start up production and sale in May 2009. The assessment of the fair value of the acquired assets and liabilities has not resulted in adjustments of the carrying amounts.

27

ADJUSTMENTS TO THE STATEMENT OF CASH FLOWS

(DKKm)	2009/10	2008/09
Profit/loss on disposal of non-current assets	(1)	(16)
Other provisions	(41)	74
Share-based payments recognised in the income statement	54	15
Share-based payments non-cash	(37)	(14)
Writtenowns recognised in special items	769	632
Special items non-cash	(791)	(686)
Other non-cash adjustments recognised in the income statement	56	31
Total	9	36

28

CHANGE IN WORKING CAPITAL

(DKKm)	2009/10	2008/09
Change in inventories	501	(225)
Change in receivables	(274)	129
Change in payables	530	(111)
Total	757	(207)

29

CHANGE IN NET INTEREST-BEARING DEBT

(DKKm)	2009/10	2008/09
Net interest-bearing debt at 1 May	4,739	9,545
Exchange rate adjustment of opening value	(19)	94
Change in cash flow from financial liabilities, continuing operations	(1,407)	(4,732)
Change in cash flow from financial liabilities, discontinued operations	-	(75)
Change in cash flow from financial liabilities not included in interest-bearing debt	(5)	(5)
Net financial liabilities acquired and divested	-	(183)
Change in cash and cash equivalents	(352)	25
Other movements	51	70
Net interest-bearing debt at 30 April	3,007	4,739

SHARE-BASED PAYMENTS

The purpose of Danisco's share-based payment schemes is to motivate and retain employees and management and to encourage common goals for employees, management and shareholders.

Schemes issued before 2006/07 are exercisable through cash settlement and share settlement (cash-settled schemes), whereas schemes issued in 2006/07 and later are exercisable through share settlement only (equity-settled schemes).

Options entitle employees and management to buy or subscribe for a number of shares at a determined price. The number of shares to be acquired under the schemes total 2.6 million (2008/09 2.4 million) corresponding to 5.4% (2008/09 5.0%) of the share capital less treasury shares.

The table shows number of shares, strike prices and the theoretical market value estimated according to the Black-Scholes model. The model assigns the following assumptions: volatility 34.11% (2008/09 30.91%), dividend DKK 8.50 per share (2008/09 DKK 7.50), interest rate 3.0% (2008/09 3.5%), actual date of exercise in the middle of the period during which exercise may take place, and close to 100% of the options granted are exercised. Volatility has been calculated on the basis of three years' performance of the Danisco stock. The Danisco share price was DKK 404 (2008/09 DKK 186) at the financial year-end.

In the financial year a total of DKK 54 million was recorded as expense (2008/09 DKK 15 million). For cash-settled schemes and equity-settled schemes the expense was DKK 31 million (2008/09 income DKK 13 million) and DKK 23 million (2008/09 DKK 28 million) respectively. For cash-settled schemes, the accrued provision was DKK 15 million (2008/09 DKK 0 million), and the unaccrued provision was DKK 15 million (2008/09 DKK 0 million). For equity-settled schemes, the accumulated expense recognised in the income statement corresponds to 53% of the total amount expected to be expensed over the vesting period (DKK 78 million). The average daily closing price of the Danisco stock at the NASDAQ OMX Nordic Exchange was DKK 307 in 2009/10 (2008/09 DKK 267).

Cash-settled schemes

Share option scheme established in 2004/05

The exercise price of the scheme is DKK 330, which has been determined as the share price level at the time of announcement of the 2003/04 annual results with a premium of 10%. The options vested on 1 May 2007 for exercise in the period from 1 May 2007 until 1 May 2010. No options remained liable at the end of the financial year.

Share option schemes established in 2005/06

The exercise price of the scheme is DKK 457, which has been determined as the share price level at the time of announcement of the 2004/05 annual results with a premium of

10%. The options vested on 1 May 2008 for exercise in the period from 1 May 2008 until 1 May 2011.

Danisco's CEO holds 51,000 options with an exercise price of DKK 440 corresponding to the share price level in mid-August 2005 with a premium of 10%. The options can be exercised in two tranches of 25,500 each on 1 June 2007 and 1 June 2008 and three years ahead.

Equity-settled schemes

Share option schemes established in 2006/07

The exercise price of the scheme is DKK 473, which has been determined as the share price level at the time of announcement of the 2005/06 annual results with a premium of 10%. The options vested on 1 May 2009 for exercise in the period from 1 May 2009 until 1 May 2012. The fair value of the scheme at grant date was DKK 25 million.

A share option scheme for senior executives in Genencor was established in 2006. The exercise price of the scheme is DKK 490 corresponding to the share price at grant date. The options vested on 1 May 2009 for exercise in the period from 1 May 2009 until 1 May 2012. The fair value at grant date was DKK 16 million.

Share option scheme established in 2007/08

The exercise price of the scheme is DKK 483, which has been determined as the share price level at the time of announcement of the 2006/07 annual results with a premium of 10%. The options will vest on 6 September 2010 for exercise in the period from 6 September 2010 until 6 September 2013. The fair value at grant date was DKK 23 million.

Share option scheme established in 2008/09

The exercise price of the scheme is DKK 369, which has been determined as the share price level at the time of the Annual General Meeting 2008 with a premium of 10%. The options will vest on 21 August 2011 for exercise in the period from 21 August 2011 until 21 August 2014. The fair value at grant date was DKK 25 million.

Share option scheme established in 2009/10

The exercise price of the scheme is DKK 271, which has been determined as the share price level at the time of the Annual General Meeting 2009 with a premium of 10%. The options will vest on 21 August 2012 for exercise in the period from 21 August 2012 until 21 August 2015. The fair value at grant date was DKK 30 million.

Social taxes

To cover social taxes, which are levied in some countries, a liability of DKK 2 million is recognised (2008/09 DKK 2 million).

Notes

30

SHARE-BASED PAYMENTS (CONTINUED)

CASH-SETTLED SCHEMES

Number	Executive Board	Managerial staff	Other	Total
Granted 2004/05, strike price 330				
Outstanding at 1 May 2009	48,000	83,750	133,500	265,250
Cancelled or transferred	(24,000)	(11,000)	28,500	(6,500)
Exercised	(24,000)	(72,750)	(162,000)	(258,750)
Outstanding at 30 April 2010	-	-	-	-
Accrued liability, DKKm	-	-	-	-
Total liability, DKKm	-	-	-	-
Remaining contractual life, years	-	-	-	-
Granted 2005/06, strike price 457				
Outstanding at 1 May 2009	80,000	140,500	161,000	381,500
Cancelled or transferred	(40,000)	(13,500)	43,500	(10,000)
Outstanding at 30 April 2010	40,000	127,000	204,500	371,500
Accrued liability, DKKm	2	5	7	14
Total liability, DKKm	2	5	7	14
Remaining contractual life, years	1.0	1.0	1.0	1.0
Granted 2005/06, strike price 440				
Outstanding at 1 May 2009	51,000	-	-	51,000
Cancelled or transferred	-	-	-	-
Outstanding at 30 April 2010	51,000	-	-	51,000
Accrued liability, DKKm	1	-	-	1
Total liability, DKKm	1	-	-	1
Remaining contractual life, years	0.6	-	-	0.6

SHARE-BASED PAYMENTS (CONTINUED)

EQUITY-SETTLED SCHEMES

Number	Executive Board	Managerial staff	Other	Total
Granted 2006/07, strike price 473				
Outstanding at 1 May 2009	110,000	157,000	160,000	427,000
Cancelled or transferred	(35,000)	(12,000)	35,500	(11,500)
Outstanding at 30 April 2010	75,000	145,000	195,500	415,500
Accumulated amount recognised in the income statement, DKKm	4	9	11	24
Total amount to be recognised in the income statement, DKKm	4	9	11	24
Remaining contractual life, years	2.0	2.0	2.0	2.0
Granted 2006/07, strike price 490				
Outstanding at 1 May 2009	-	142,000	47,500	189,500
Cancelled or transferred	-	-	(7,000)	(7,000)
Outstanding at 30 April 2010	-	142,000	40,500	182,500
Accumulated amount recognised in the income statement, DKKm	-	12	3	15
Total amount to be recognised in the income statement, DKKm	-	12	3	15
Remaining contractual life, years	-	2.0	2.0	2.0
Granted 2007/08, strike price 483				
Outstanding at 1 May 2009	110,000	335,000	109,167	554,167
Cancelled or transferred	(35,000)	(6,000)	19,500	(21,500)
Outstanding at 30 April 2010	75,000	329,000	128,667	532,667
Accumulated amount recognised in the income statement, DKKm	3	13	4	20
Total amount to be recognised in the income statement, DKKm	3	15	5	23
Remaining contractual life, years	3.4	3.4	3.4	3.4
Granted 2008/09, strike price 369				
Outstanding at 1 May 2009	110,000	348,800	26,850	485,650
Cancelled or transferred	(35,000)	(3,000)	32,000	(6,000)
Outstanding at 30 April 2010	75,000	345,800	58,850	479,650
Accumulated amount recognised in the income statement, DKKm	2	10	2	14
Total amount to be recognised in the income statement, DKKm	4	18	3	25
Remaining contractual life, years	4.4	4.4	4.4	4.4
Granted 2009/10, strike price 271				
Granted	75,000	481,767	-	556,767
Cancelled or transferred	-	(19,667)	16,667	(3,000)
Outstanding at 30 April 2010	75,000	462,100	16,667	553,767
Accumulated amount recognised in the income statement, DKKm	1	6	-	7
Total amount to be recognised in the income statement, DKKm	4	25	1	30
Remaining contractual life, years	5.4	5.4	5.4	5.4

Notes

30

SHARE-BASED PAYMENTS (CONTINUED)

Outstanding contracts at 30 April 2010

	Executive Board		Managerial staff		Other		Total	
	Number	Average strike price	Number	Average strike price	Number	Average strike price	Number	Average strike price
Outstanding at 1 May 2009	509,000	433	1,207,050	436	638,017	433	2,354,067	435
Granted	75,000	271	481,767	271	-	-	556,767	271
Cancelled or transferred	(169,000)	429	(65,167)	381	168,667	405	(65,500)	412
Exercised	(24,000)	330	(72,750)	330	(162,000)	330	(258,750)	330
Outstanding at 30 April 2010	391,000	410	1,550,900	392	644,684	456	2,586,584	410
Exercisable at 30 April 2010	166,000		414,000		440,500		1,020,500	
Average remaining contractual life, years	2.7		3.8		2.3		3.2	

Outstanding contracts at 30 April 2009

	Executive Board		Managerial staff		Other		Total	
	Number	Average strike price	Number	Average strike price	Number	Average strike price	Number	Average strike price
Outstanding at 1 May 2008	424,500	450	1,300,317	446	271,800	420	1,996,617	443
Granted	110,000	369	375,650	369	-	-	485,650	369
Cancelled or transferred	(25,500)	440	(468,417)	410	366,217	443	(127,700)	299
Exercised	-	-	(500)	264	-	-	(500)	264
Outstanding at 30 April 2009	509,000	433	1,207,050	436	638,017	433	2,354,067	435
Exercisable at 30 April 2009	179,000		224,250		294,500		697,750	
Average remaining contractual life, years	3.3		3.7		2.7		3.3	

Outstanding contracts for the Executive Board at 30 April 2010

Executive Board	Out-standing at 1 May 2009				Out-standing contracts at 30 April 2010	Average strike price	Accrued amount, DKKm
		Granted	Trans-ferred	Exercised			
Tom Knutzen	171,000	40,000	-	-	211,000	409	7.0
Søren Bjerre-Nielsen	169,000	35,000	-	(24,000)	180,000	412	6.0
Mogens Granborg	169,000	-	(169,000)	-	-	-	-
Total	509,000	75,000	(169,000)	(24,000)	391,000	410	13

Outstanding contracts for the Executive Board at 30 April 2009

Executive Board	Out-standing at 1 May 2008				Out-standing contracts at 30 April 2009	Average strike price	Accrued amount, DKKm
		Granted	Cancelled	Exercised			
Tom Knutzen	156,500	40,000	(25,500)	-	171,000	441	4.0
Søren Bjerre-Nielsen	134,000	35,000	-	-	169,000	429	3.5
Mogens Granborg	134,000	35,000	-	-	169,000	429	3.5
Total	424,500	110,000	(25,500)	-	509,000	433	11

DISCONTINUED OPERATIONS

(DKKm)	2009/10	2008/09
Revenue	396	5,535
Cost of sales	(396)	(4,561)
Gross profit	-	974
Expenses including depreciation	-	(638)
Operating profit before special items	-	336
Special items	-	(152)
Operating profit	-	184
Reversal of depreciation and writedowns	-	491
Operating profit before depreciation, writedowns and gain on divestment	-	675
Depreciation and writedowns	-	(491)
Gain on divestment	-	29
Operating profit	-	213
Net financial expenses	-	(155)
Profit before tax	-	58
Tax on profit from discontinued operations	-	(117)
Tax on divestment	-	-
Profit from discontinued operations	-	(59)
Cash flow		
Cash flow from operating activities	306	306
Cash flow from investing activities	-	4,987
Cash flow from financing activities	-	(75)
Change in cash and cash equivalents	-	25
Total	306	5,243
Special items		
Writedown of goodwill	-	(200)
Reimbursement of production levies	-	48
Total	-	(152)

2009/10

Cash flow from operating activities comprises sale of sugar consignment stock worth DKK 396 million less settlement of closing balance for the sale of Danisco Sugar A/S of DKK 90 million.

2008/09

On 14 July 2008 Danisco agreed to sell Danisco Sugar A/S to Nordzucker AG. The transaction was conditional on the shareholders of Danisco A/S granting the Board of Directors a mandate to close the transaction and on merger clearance from the competition authorities. On 18 February 2009 all conditions were met and the deal was closed by the end of February 2009. An audited closing statement was delivered to the buyer on 6 May 2009 and the buyer should within 45 working days hereafter notify the seller of items, if any, disputed by the buyer.

As from 1 May 2008 to 28 February 2009 the Sugar business has been accounted for as discontinued operations in accordance with IFRS 5, Non-current Assets Held for Sale and Discontinued Operations.

After the divestment Danisco A/S keeps a sugar consignment stock worth DKK 396 million classified as assets held for sale and a vendor note issued by Nordic Sugar A/S of EUR 68 million at an interest rate of 4% p.a. maturing on 15 March 2011.

Notes

32

CONTINGENT ASSETS AND CONTINGENT LIABILITIES

(DKKm)	2009/10	2008/09
Guarantees and other financial commitments		
Guarantees and other financial commitments	27	29
Total	27	29

(DKKm)	2009/10	2008/09
Operating rental receivables		
Maturity of operating rental receivables		
Within 1 year	8	8
Between 1 and 5 years	12	20
Over 5 years	-	-
Total	20	28

(DKKm)	2009/10	2008/09
Operating lease and rental liabilities		
Maturity of operating lease and rental liabilities		
Within 1 year	102	97
Between 1 and 5 years	168	216
Over 5 years	114	121
Total	384	434
Minimum lease payments recognised in the income statement	90	108
Contingent rents	-	-

Operating rental receivables and lease/rental liabilities

The nature and content of Danisco's leases do not deviate from ordinary operating business needs. The leases cover buildings, production plants and other equipment.

Legal proceedings pending

Certain claims have been raised against Danisco. In the opinion of management, the outcome of these proceedings will not have any material effect on the financial position of Danisco.

33

GOVERNMENT GRANTS

During the financial year Danisco received government grants for research and development of DKK 2 million (2008/09 DKK 3 million), DKK 1 million (2008/09 DKK 9 million) for investments and DKK 6 million (2008/09 DKK 14 million) for other purposes.

Further, Danisco was granted quotas of 49,551 tonnes of CO2 allowances (2008/09 610,277 tonnes). The value at grant date was DKK 5 million (2008/09 DKK 88 million), and the quotas match the expected emission tax.

FINANCIAL RISKS

General

As a result of globalisation and Danisco's international activities, Danisco's results and equity are impacted by various financial risks such as liquidity, exchange rate, interest rate, deposits of interim surplus liquidity, credit extended to customers and commodities.

The overall framework for managing liquidity, exchange rate, interest rate and deposits of interim surplus liquidity is established by instructions issued by the Board of Directors and the Executive Board. These instructions specify risk limits for Corporate Treasury, types of financial instruments allowed, eligible transaction partners and guidelines for the reporting of actual positions compared with the risk limits.

The Group's liquidity, interest rate and deposits of interim surplus liquidity are managed centrally by Corporate Treasury whereas exchange rate risk is monitored locally by the units in cooperation with Corporate Treasury. Customer credit risk is monitored by the business units.

All financial contracts have been entered into in an active market.

Liquidity

Liquidity risk is the risk that the Group in connection with funding, including refinancing of loans, has to pay higher credit margins or, in the worst case, cannot obtain sufficient liquidity.

It is the Group's policy that credit commitments from financial institutions match the Group's need for net interest-bearing debt. This ensures the right balance between obtaining liquidity and avoiding excess financial expenses due to unused drawing rights.

At the end of the financial year, Danisco's total loan and credit commitments from financial institutions were DKK 4.3 billion against gross interest-bearing debt of DKK 4.3 billion. Net interest-bearing debt was DKK 3.0 billion. The utilisation of loans and credit commitments was DKK 3.3 billion. The difference (DKK 1.0 billion) between gross interest-bearing debt and utilised loan and credit commitments reflects primarily liquidity obtained by means of short-term commercial paper programmes (short-term debt instruments). Credit commitments that have not been utilised serve as back-up for these programmes and as general reserve for liquidity risk. The net debt/EBITDA financial ratio is often an important key figure when assessing a company's credit rating. At the end of the financial year, this financial ratio was 1.2 and the average for the year was 1.5.

In the coming financial year, a fixed loan of DKK 750 million (the European Investment Bank) as well as a receivable of EUR 68 million (DKK 506 million) from Nordic Sugar A/S guaranteed by Nordzucker AG and established in connection with the sale of the sugar business in 2008/09 will expire. The maturity structure of the portfolio of loans, credit commitments and the above-mentioned financial receivable is shown below.

In addition, the Group has access to surplus liquidity, which is temporarily deposited in relationship banks, and the Group has access to uncommitted financial credit facilities.

Danisco's committed credit facilities have general provisions in respect of creditor approval in case of change of control.

Interest-bearing debt

(DKKm)	2009/10	2008/09
Interest-bearing debt		
Non-current mortgage and credit institutions debt	2,526	3,724
Current mortgage and credit institutions debt	1,727	1,863
Gross interest-bearing debt	4,253	5,587
Other interest-bearing receivables and debt	(548)	(528)
Cash and cash equivalents	(698)	(320)
Net interest-bearing debt	3,007	4,739

Other interest-bearing receivables include a vendor note of EUR 68 million issued by Nordic Sugar A/S and guaranteed by Nordzucker AG with an interest rate of 4% p.a. maturing on 15 March 2011.

Committed credit facilities and maturity profile

Within 1 year	757	876
Between 1 and 2 years	2,469	3,550
Between 2 and 5 years	292	2,218
Over 5 years	780	6
Total	4,298	6,650

Notes

34

FINANCIAL RISKS (CONTINUED)

Interest rate

The Group's interest rate risk arises from increases in interest rates on the floating-rate debt portfolio and decreases in interest rates on the fixed-rate debt portfolio.

The Group's funding is obtained at floating rates and is converted to fixed rates via interest rate swap contracts to an extent deemed appropriate. The composition of fixed versus floating rate debt is assessed on an ongoing basis based on a long-term perspective, including a balancing of stable funding costs against lower floating rates with the risk of an increase.

(DKKm)	2009/10	2008/09
3-month money market interest rates at 30 April (%)		
DKK	1.27	2.88
USD	0.35	1.02
EUR	0.66	1.37
SEK	0.55	0.94
JPY	0.24	0.55
GBP	0.68	1.45

Due to the Group's strong cash flow, interest-bearing debt was reduced significantly in 2009/10, and with unchanged interest rate swaps the proportion of fixed interest rate debt is now 79% against 59% the previous year.

On interest rate swaps Danisco receives a floating rate (3 months) and pays a fixed rate. Cash flow hedge accounting is used for all interest rate swap contracts. This implies that changes in fair values are recognised in equity via the statement of comprehensive income until the future hedged items are recognised in the accounts.

Danisco uses level 2 fair value measurements for interest rate swaps. The contracts are measured at indicative quotations received from banks.

Interest rate swaps	Maturity	Danisco pays (%)	2009/10		2008/09	
			Nominal million currency	Fair value DKKm	Nominal million currency	Fair value DKKm
	07.07.2015	USD	4.489	300 300	(154) (154)	300 300
	16.03.2016	DKK	3.923	784	(47)	784
	16.03.2016	DKK	3.949	410	(24)	410
	16.03.2016	DKK	3.950	448	(27)	448
				1,642	(98)	1,642
						(53)

A change in interest rates of 1% on an annual basis would – all things being equal – impact the Group's interest expenses by around DKK 9 million. Last year the sensitivity was approximately DKK 23 million.

Foreign exchange

The Group's foreign exchange risks fall into risk categories: Future transactions, monetary net assets/liabilities, equity investments in foreign subsidiaries and associates and translation of foreign group enterprises' results.

Future transactions

Transaction risk arises when goods or services are traded in currencies other than the local currency of the individual group enterprises. The Group's production is largely located in the currency areas where the products are sold. This provides a degree of natural currency hedging and reduces the Group's transaction risk. Sales and procurement managers take the specific need for currency match into consideration when concluding commercial contracts with customers and suppliers. Additional hedging of commercial transactions through forward exchange contracts is limited and made on a case by case basis initiated by the operational units for non-recurring large, singular or exceptional contracts. The purpose is to lock in currency rates for those exceptional contracts, if any, including selected investment exposure. The lifespan of forward exchange contracts is limited to 18 months. Cash flow hedge accounting is used for these forward exchange contracts. This implies that changes in fair values are recognised in equity via the statement of comprehensive income until the future hedged items are recognised in the accounts. As at 30 April 2010 this type of contracts was not in existence.

Monetary net assets or liabilities

Monetary assets measured in foreign currency must be offset by liabilities measured in the same currency. This risk is monitored by the group enterprises firstly by offsetting assets and liabilities and secondly for positions still open by entering into spot/forward transactions with Corporate Treasury. The positions are hereby transferred to Corporate Treasury, and Corporate Treasury transfers the resulting net positions to external banks if deemed appropriate or if Corporate Treasury's limits would otherwise be exceeded. These limits are restricted to fulfil operational purposes.

Fair value via the income statement is used for these forward exchange contracts.

FINANCIAL RISKS (CONTINUED)

Forward foreign exchange contracts, fair value via the income statement

(DKKm)	2009/10			2008/09		
	Nominal value	Months to maturity	Fair value	Nominal value	Months to maturity	Fair value
DKK	(1,115)	2	-	(2,576)	2	-
USD	(1,644)	1	-	(522)	1	-
EUR	2,650	2	-	3,298	3	-
JPY	(210)	1	-	(290)	1	-
SEK	317	3	-	249	3	-
GBP	(72)	1	-	(171)	1	-
Other	68	1	-	22	1	-
Total	(6)	2	(10)	10	2	7

Equity investments in foreign subsidiaries

Translation risk of equity investments in foreign group enterprises and joint ventures is not hedged as these investments are considered long-term interests and it is assumed that hedging will not add value in the long term. Exchange rate adjustments are recognised in equity via the statement of comprehensive income and are recycled to the income statement at the disposal of the investment.

Net investments in foreign subsidiaries by currency

(DKKm)	2009/10	2008/09
EUR	7,371	7,681
USD	2,303	3,994
GBP	637	594
CNY	609	559
MXN	528	436
Other	2,264	1,874
Total	13,712	15,138

At 30 April 2010 the main exposure was in EUR and USD. A change in the EUR and the USD exchange rates of 1% and 10%, respectively, will impact equity by DKK 74 million (2008/09 DKK 77 million) and DKK 230 million (2008/09 DKK 399 million).

Translation of foreign entities' results

The risk of translating foreign group enterprises' income statements for the financial year into Danish kroner is not hedged as this type of risk cannot be hedged by derivative instruments.

Credit

The main credit risks include trade debtors, other outstanding amounts, including gains on financial derivatives (forward exchange contracts and interest rate swaps), bank deposits and a receivable from Nordic Sugar A/S.

Trade debtors are subject to individual assessment of potential loss. The debtors are distributed on customers and geographical areas in such a manner that the Group's credit risks are not considered exceptional. Derivative financial instruments and cash and cash equivalents are only placed with financial institutions with high credit ratings. In order to facilitate the sale of the sugar business, payment of EUR 68 million of an intercompany receivable from Nordic Sugar A/S has been deferred. The amount receivable is guaranteed by Nordzucker AG and carries interest of 4% p.a. The principal plus interest matures on 15 March 2011.

Commodities

Danisco concludes energy contracts to hedge the risk of future increases in energy prices. Only a limited part of the group's consumption of energy is hedged.

Cash flow hedge accounting is used for these commodity contracts. This implies that changes in fair values are recognised in equity via the statement of comprehensive income until the future hedged items are recognised in the accounts.

(DKKm)	2009/10		2008/09	
	Months to maturity	Fair value	Months to maturity	Fair value
Purchase of energy	16	4	14	(12)
Total	16	4	14	(12)

Notes

35

CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES AS DEFINED IN IAS 39

(DKKm)	2009/10	2008/09
FINANCIAL ASSETS (IAS 39)		
Non-current assets		
Other receivables	32	551
Loans and receivables	32	551
Other investments and securities (other shareholdings), level 1	1	1
Other investments and securities (other shareholdings), level 3	1	5
Available-for-sale financial assets	2	6
Other investments and securities (venture investments), level 1	7	3
Other investments and securities (venture investments), level 3	8	12
Fair value recognised in the income statement	15	15
Current assets		
Trade receivables	2,488	2,268
Other receivables	530	-
Cash and cash equivalents	698	320
Loans and receivables	3,716	2,588
Other receivables (derivative financial instruments), level 2	2	31
Fair value through profit and loss - held for trading	2	31
FINANCIAL LIABILITIES (IAS 39)		
Non-current liabilities		
Mortgage debt	515	30
Other credit institutions	1,982	3,661
Financial liabilities measured at amortised cost	2,497	3,691
Current liabilities		
Mortgage debt	7	6
Other credit institutions	1,718	1,855
Trade payables	834	638
Financial liabilities measured at amortised cost	2,559	2,499
Other payables (derivative financial instruments), level 2	8	36
Fair value through profit and loss - held for trading	8	36

The fair value of mortgage debt is DKK 534 million (2008/09 DKK 40 million).

The above table includes an analysis of financial assets and liabilities that are measured at fair value subsequent to initial recognition. The assets and liabilities are grouped into levels 1 to 3 based on the degree to which the fair value is observable.

Level 1: Fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities.

Level 2: Fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

There were no transfers between level 1 and level 2 in the period.

TRANSACTIONS WITH RELATED PARTIES

Related parties include joint ventures, associates and post-employment benefit plans for the benefit of employees.

Members of the Board of Directors and the Executive Board of Danisco A/S and family members of these persons are also considered to be related parties.

(DKKm)	2009/10	2008/09
Transactions with associates		
Sale of goods	-	18
Transactions with associates include transactions with Danisco Organo Food Tech Co., Ltd. until the divestment in December 2008.		
Transactions with joint ventures		
Sale of administration, research and development services	80	75
Transactions with joint ventures include transactions with DuPont Danisco Cellulosic Ethanol LLC.		
Transactions with post-employment benefit plans		
See note 15, Pension assets and pension liabilities for information on transactions with post-employment benefit plans.		

Remuneration of the Board of Directors and the Executive Board

The annual remuneration paid to Directors is DKK 300,000 (2008/09 DKK 300,000) with premiums of 150% and 50% paid to the Chairman and Deputy Chairman, respectively.

The remuneration paid to members of the audit committee makes up one third of the annual remuneration paid to Directors with a premium of 50% paid to the Chairman of the committee.

The remuneration paid to Directors participating in the remuneration committee or ad hoc committees makes up one sixth of the annual remuneration paid to Directors. The Chairman and the Deputy Chairman are not paid additional remuneration for participating in the remuneration committee or ad hoc committees.

The remuneration paid to Directors does not consist of share options or warrants.

The total remuneration of the Board of Directors, excluding remuneration for participation in the audit and remuneration committees, was DKK 3.0 million (2008/09 DKK 3.3 million), and the total remuneration paid to members of the audit committee was DKK 0.2 million (2008/09 DKK 0.0 million). The remuneration for participating in the remuneration committee totalled DKK 16,667 (2008/09 DKK 0). No ad hoc committees were set up.

None of the Directors were employed by the Group in the financial year 2009/10, with the exception of the members of the Board of Directors elected by the employees of the company. None of the Directors were paid a separate consulting fee or the like, as no member of the Board of Directors provided any additional services to the Group.

Members who have retired from the Board of Directors of Danisco A/S after more than 15 years of service may be granted a fee for being available as advisers to the Board of Directors. The Board of Directors considers the granting of such fees at the first board meeting after the annual general meeting. The fee is fixed at 40% of the remuneration received by the Director at the time of retirement. In the financial year 2002/03, the Board of Directors decided to discontinue the arrangement over a short period of years. In 2009/10 one (2008/09 one) retired Director was available to the Board of Directors receiving remuneration of DKK 120,000 (2008/09 DKK 120,000).

Danisco A/S pays an annual life-long pension of DKK 60,000 (2008/08 DKK 60,000) to one retired member of the Board of Directors of the former Aktieselskabet De Danske Sukkerfabrikker, which formed part of the merger in 1989. Provision is made for this obligation.

Members of the Executive Board receive a fixed salary, including pension contribution and car at disposal for private use. Executive Board members also receive a variable bonus, subject to certain targets being met, and share options. See note 30, Share-based payments for information on share options.

(DKKm)	2009/10			2008/09		
	Fixed salary	Bonus	Total	Fixed salary	Bonus	Total
Tom Knutzen	5.8	2.9	8.7	5.8	0.5	6.3
Søren Bjerre-Nielsen	5.2	2.5	7.7	5.2	0.8	6.0
Mogens Granborg	-	-	-	5.2	1.3	6.5
Total	11.0	5.4	16.4	16.2	2.6	18.8

TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

Danisco has a two-year notice period for the Executive Board.

In case Tom Knutzen wishes to retire at the age of 60, he will be entitled to an early retirement pension until the age of 65. The early retirement pension is calculated on the basis of the fixed salary received in the last year before retirement and decreases during the period from 72% in the first year to 58%. The same terms apply to Søren Bjerre-Nielsen, whose retirement age is 62. Provision for this obligation is made on an ongoing basis. In specific cases, Søren Bjerre-Nielsen will be entitled to partial payment of the early retirement pension in the case of resignation for other reasons than pension retirement.

In the event that Danisco merges or is delisted subsequent to a takeover, Tom Knutzen may within six months from the takeover date choose to terminate his employment at six months' notice and receive a termination benefit corresponding to two years' fixed salary. This entitlement also applies in case Tom Knutzen is dismissed in connection with a takeover of Danisco A/S.

In the event that Søren Bjerre-Nielsen is dismissed in connection with a takeover of Danisco A/S or a merger in which Danisco A/S is involved, a termination benefit corresponding to one year's fixed salary is paid in addition to the ordinary salary paid in the two-year notice period.

No member of the Executive Board or the Board of Directors receives a special fee as member of boards in subsidiaries or associates.

Mogens Granborg retired from the Executive Board on 30 April 2009 and from his position in Danisco on 31 August 2009. For the period 1 May to 31 August 2009 Mogens Granborg received a total salary including bonus of DKK 2.1 million. In connection with his retirement on 31 August 2009, his early retirement entitlement was converted to a lump sum payment of DKK 9.2 million.

SUBSIDIARIES

Enterprise ¹	Country	Currency	Nominal capital ²	Danisco's share in %
A/S Synthetic	Denmark	DKK	1,000	100%
Danisco Argentina S.A.	Argentina	ARS	6,780	100%
Danisco Australia Pty Limited	Australia	AUD	56,000	100%
Danisco Austria GmbH	Austria	EUR	12,094	100%
Danisco Ingredients Belgium N.V.	Belgium	EUR	62	100%
Genencor International, BVBA	Belgium	EUR	9,520	100%
Danisco Brazil Ltda.	Brazil	BRL	16,481	100%
Danisco Canada Inc.	Canada	CAD	100	100%
Danisco Chile S.A.	Chile	CLP	9,455,439	100%
Danisco (Beijing) Culture Co.,Ltd	China	CNY	29,247	100%
Danisco (China) Co. Ltd.	China	CNY	203,790	100%
Danisco (Zhangjiagang) Textural Ingredients Co. Ltd.	China	CNY	56,063	100%
Danisco Ingredients (Shanghai) Co. Ltd.	China	CNY	1,655	100%
Danisco Sweeteners (Anyang) Co., LTD	China	CNY	81,111	54%
Genencor (Wuxi) Bio-products Co., Ltd.	China	CNY	240,336	100%
Danisco Colombia Ltda.	Colombia	COP	4,565,768	100%
Danisco Czech Republic, a.s.	Czech Republic	CZK	175,000	100%
Danisco Egypt Trading LLC	Egypt	EGP	50	100%
Danisco Sweeteners Oy	Finland	EUR	10,000	100%
Finnfeeds Finland Oy	Finland	EUR	1,346	100%
Finnfeeds Oy Vaasa	Finland	EUR	9	100%
Genencor International Oy	Finland	EUR	12,000	100%
Danisco France SAS	France	EUR	46,123	100%
Danisco Landerneau S.A.S.	France	EUR	808	100%
Danisco Deutschland GmbH	Germany	EUR	5,000	100%
Danisco Centro America S.A.	Guatemala	GTQ	5	100%
Danisco Guatemala S.A.	Guatemala	GTQ	50	100%
Danisco India Pvt. Ltd.	India	INR	405,579	100%
Danisco Italy S.p.A.	Italy	EUR	120	100%
Danisco Japan Limited	Japan	JPY	498,000	100%
Genencor Kyowa Co., Ltd.	Japan	JPY	50,000	70%
Danisco Malaysia Sdn. Bhd.	Malaysia	MYR	67,000	100%
Danisco Mexicana S.A. de C.V.	Mexico	MXN	71,637	100%
Danisco Mexico S.A. de C.V.	Mexico	MXN	1,142	100%
Danisco B.V. (South Africa branch)	Netherlands	ZAR	100	100%
Danisco Holland B.V.	Netherlands	EUR	20	100%
Danisco Zaandam BV	Netherlands	EUR	125	100%
Genencor International, B.V.	Netherlands	EUR	18	100%
Danisco New Zealand Limited	New Zealand	NZD	43,969	100%
Danisco Norway AS	Norway	NOK	100	100%

Enterprise ¹	Country	Currency	Nominal capital ²	Danisco's share in %
Danisco Peru S.A.C.	Peru	PEN	1,795	100%
Danisco Biolacta Sp. z.o.o.	Poland	PLN	3,851	100%
Danisco Poland Sp. z.o.o	Poland	PLN	200	100%
Danisco Portugal, Industrias de Alfarroba Lda.	Portugal	EUR	500	100%
Danisco Romania S.R.L.	Romania	RON	1,491	100%
ZAO Danisco	Russia	RUB	264	100%
Danisco Singapore Pte. Ltd.	Singapore	SGD	4,000	100%
Danisco Slovakia s.r.o.	Slovakia	EUR	7	100%
Innovation Ingredients (Proprietary) Limited	South Africa	ZAR	100	100%
Danisco Cultor Espana S.A Valencia	Spain	EUR	357	100%
Danisco Cultor (Switzerland) AG	Switzerland	CHF	600	100%
Danisco Switzerland AG	Switzerland	CHF	100	100%
Danisco Dis Ticarat Limited Sirketi	Turkey	TRY	0	100%
Broadland Foods Ltd.	UK	GBP	417	100%
Danisco Beaminster Ltd.	UK	GBP	2,129	100%
Danisco Northampton Ltd.	UK	GBP	100	100%
Danisco UK Ltd.	UK	GBP	11	100%
Danisco Ukraine LLC	Ukraine	UAH	846	100%
Agtech Products Inc.	USA	USD	9,415	100%
Danisco US Inc.	USA	USD	620	100%
Danisco USA Inc.	USA	USD	55,843	100%

Holding companies

Enterprise	Country	Currency	Nominal capital ²	Danisco's share in %
Danisco (China) Holding co. Ltd.	China	CNY	230,285	100%
Cultor OY	Finland	EUR	12,750	100%
Danisco Finland Oy	Finland	EUR	39,500	100%
Danisco Beteiligungsgesellschaft mbH	Germany	EUR	7,670	100%
Danisco Ingredients Beteiligungsgesellschaft mbH	Germany	EUR	1,000	100%
Perlarom Investissements SA	Luxembourg	EUR	6,200	100%
Genencor Mauritius Ltd.	Mauritius	USD	10	100%
Danisco Holding Holland B.V.	Netherlands	EUR	22	100%
Genencor International Ltd. (Jersey)	Netherlands	EUR	1	100%
Danisco South Africa (Pty) Ltd.	South Africa	ZAR	0	100%
Danisco Cultor Sweden AB	Sweden	SEK	4,000	100%
Danisco Holdings (UK) Ltd.	UK	GBP	8,600	100%
Genencor International Cayman Ltd	UK	USD	1	100%
Danisco Holding USA Inc.	USA	USD	1	100%

Danisco A/S is the ultimate parent company.

1) Enterprises with activities during the financial year. For a list of associates see note 14, Financial assets.

2) Nominal share capital in 1,000.

ACCOUNTING POLICIES

The consolidated annual report of the Group has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. The financial statements for the Parent company (Danisco A/S) are presented in accordance with the provisions of the Danish Financial Statements Act for class D entities.

The annual report has been prepared in accordance with further Danish disclosure requirements for annual reports published by listed entities as formulated by NASDAQ OMX Copenhagen A/S as well as the IFRS order issued in compliance with the Danish Financial Statements Act.

The Parent's accounting policies on recognition and measurement are generally consistent with the Group's accounting policies. The instances in which the Parent's accounting policies deviate from those of the Group are described below. To ensure uniform presentation the terminology used in the consolidated financial statements has as far as possible also been applied in the Parent's financial statements.

The annual report is presented in Danish kroner (DKK), which is also the functional currency of the Parent.

Implementation of new and amended standards as well as interpretations

The Annual Report 2009/10 is presented in accordance with the new and amended standards (IFRS/IAS), which apply for the financial year. These standards include:

- IAS 1, Presentation of Financial Statements (September 2007)
- IAS 23, Borrowing Costs (March 2007)
- IFRS 7, Financial Instruments: Disclosures (March 2009)

The implementation has not resulted in any changes in accounting policies. The implementation of IAS 1 has led to changes of terminology in the presentation of the accounts.

No new interpretations (IFRIC) presently affecting Danisco have been introduced.

Future IFRS changes

Amended or new standards (IAS 27 and 39 and IFRS 1, 2 and 3) and interpretations (IFRIC 9, 17 and 18), published but not yet effective at the time of publication of the annual report, have not been incorporated into the annual report. Only IAS 27, IFRS 1 and 3 and IFRIC 17 have been adopted by the EU. In management's opinion, any future implementation of the above-mentioned standards and interpretations will not materially affect the annual report.

Accounting estimates, assumptions and uncertainties

To determine the carrying amounts of assets and liabilities at the end of the reporting period, estimates are required of how future events will affect Danisco.

Estimates that are significant for the financial reporting are mainly made in the determination of inventory, depreciation, amortisation and write-downs, pension and similar employee benefits, share-based payments, provisions, contingent assets and contingent liabilities.

The estimates are based on assumptions that are deemed to be reliable but which are inherently uncertain. The assumptions may be incomplete or inaccurate and unexpected events or circumstances may arise. Furthermore, the Group and Parent are subject to risks and uncertainties which imply that the results recorded may differ from these estimates.

Risk management is described in the risk management section. The notes contain information on assumptions about the future and other estimated uncertainties, which imply a significant risk of changes that may lead to a considerable subsequent adjustment of the carrying amount of assets or liabilities.

Consolidated financial statements

The consolidated financial statements comprise the Parent and the subsidiaries in which the Parent, directly or indirectly, holds more than 50% of the voting rights or otherwise has a controlling interest. Entities for which the Group or Parent exercises joint control are regarded as joint ventures. Enterprises in which the holding is between 20% and 50% of the voting rights and the Group or Parent exercise significant but not controlling influence are regarded as associates.

The Group financial statements comprise the consolidated financial statements of the Parent and the individual subsidiaries, which have been prepared in accordance with the Group's accounting policies. Intra-group income, expenses, shareholdings, balances, dividends as well as profits and losses that have occurred in transactions between the consolidated enterprises have been eliminated. The subsidiaries' accounting items are recognised 100% in the consolidated financial statements. Minority interests' proportionate share of profits is recognised in the consolidated income statement and included in a separate line in equity.

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred

ACCOUNTING POLICIES (CONTINUED)

or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3, Business Combinations, are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5, Non-current Assets Held for Sale and Discontinued Operations, which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an intangible asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the cost is lower than the net value received (negative goodwill), the difference is recognised immediately in the income statement.

Minority interests are reported as the proportionate share of the fair value of the recognised assets, liabilities and contingent liabilities acquired.

Where at first-time recognition a business combination can only be accounted for on a temporary basis, adjustments of the amount of goodwill and the fair value of assets, liabilities and contingent liabilities are recognised within 12 months of the date of acquisition.

In the Parent company's financial statements, acquisition of subsidiaries is recognised at cost and presented in a separate line: Investments in subsidiaries.

Currency translation

Transactions in foreign currencies are recognised at the exchange rates at the day of the transaction. Non-monetary assets acquired in foreign currencies are not subsequently adjusted. Receivables, liabilities and other monetary items in foreign currencies are translated at the closing exchange rate.

Currency adjustments arising from the difference between the exchange rate of the transaction date and the closing exchange rate are recognised in the income statement under financial items.

For subsidiaries, associates and joint ventures that do not use the Group's functional currency (DKK), the income statements are translated at monthly average exchange rates and assets/liabilities are translated at the closing exchange rate.

Exchange rate differences arising from translating the equity of foreign subsidiaries, associates and joint ventures at the beginning of the year at closing exchange rates and from translating income statements from average exchange rates to closing exchange rates are presented in the Group's accounts in other comprehensive income. Such exchange differences are transferred via other comprehensive income to the income statement in the period in which the foreign operation is disposed of.

In the Group's accounts, currency adjustments of liabilities in foreign currencies and derivative financial instruments for the hedging of net investments in subsidiaries, associates and joint ventures are presented in other comprehensive income.

Currency adjustments of balances between subsidiaries and Danisco A/S, which are in reality additions to or deductions from the subsidiary's equity, are recognised in the Group's accounts in other comprehensive income.

In the Parent, currency adjustments are recognised in the income statement.

Derivative financial instruments

The Group uses forward currency contracts and interest rate swaps to reduce exchange rate and interest rate risks. The Group does not use derivative instruments for speculative purposes.

Derivative financial instruments are recognised at trade day at fair value and are subsequently re-measured at fair value at the end of reporting periods.

The fair value of derivatives is included in Other receivables (positive fair value) or Other creditors (negative fair value) as the case may be. Realised as well as unrealised gains and losses on contracts are recognised in the income statement as financial items unless the derivative financial instruments have been concluded to hedge future transactions.

Changes in fair value of derivative financial instruments, classified as and satisfying the conditions for effective hedging of future transactions, are recognised in other comprehensive income. An ineffective portion is recognised in the income statement. When the hedged transactions are realised, gains or losses arising from the hedging instrument are recognised under the same item as the hedged item, and postings to other comprehensive income are reversed.

Notes

ACCOUNTING POLICIES (CONTINUED)

Where a hedged transaction is no longer expected to occur, the accumulated net gains or losses are transferred to the income statement via other comprehensive income.

The fair values of financial instruments are calculated on the basis of current market data and recognised valuation methods.

Income statement

Revenue

Revenue comprises invoiced sales less returned goods, bonuses and discounts granted in connection with sales. Sale of goods is recognised when the goods have been delivered and ownership and risk have passed to the buyer.

Cost of sales

Cost of sales includes raw materials, consumables, direct labour and indirect production costs such as maintenance and depreciation of production plant as well as administration and plant management.

Research and development expenses

Research and development expenses include costs, salaries and depreciation directly or indirectly attributable to research and development activities. Research expenses are recognised in the income statement in the year in which they are incurred. Clearly defined and identifiable development projects in which the technical degree of exploitation, adequate resources and potential market or development possibility in the enterprise are recognisable, and where it is the intention to produce, market or use the project, are recognised in intangibles where a correlation exists between the costs incurred and future earnings. Lack of regulatory approval, customer approvals and other uncertainties often imply that the requirements for recognition as an asset have not been met and that development expenses are consequently expensed when incurred.

Distribution and sales expenses

Distribution and sales expenses comprise the salary expenses for sales personnel, advertising and exhibition expenses, depreciation and other indirect expenses.

Administrative expenses

Administrative expenses comprise the expenses of the administrative staff and management as well as depreciation and other indirect expenses.

Other operating income

Other operating income comprises income of a secondary nature in relation to the activities, including gains on the sale of intangible assets and property, plant and equipment.

Other operating expenses

Other operating expenses comprise expenses of a secondary nature in relation to the activities, including losses on the sale of intangible assets and property, plant and equipment.

Share-based payments

For cash-settled share-based payments, the current fair value is determined at the end of the reporting period and the portion corresponding to the vesting period passed is recognised as a liability. Until the liability is settled, any changes in fair value are recognised in profit or loss for the period.

For equity-settled share-based payments, fair value determined at the grant date is expensed on a straight-line basis over the vesting period. The matching item is recognised in equity.

Recognition of both types of share-based payments is based on an estimate of shares that will eventually vest. Fair value is measured by use of the Black-Scholes model.

Government grants

Government grants, which are disclosed in a note, include grants for research and development, CO2 allowances and investments. Grants for research and development and CO2 allowances are recognised as income on a systematic basis to match the related cost. Investment grants are set off against the cost of the subsidised assets.

Special items

Special items include major income and expenditure of a non-recurring nature, including restructuring costs. The items are shown separately to facilitate the comparability of income statements and to provide a better picture of the operational results.

Income from investments in subsidiaries, associates and joint ventures

In the accounts of the Parent, income from investments in subsidiaries, associates and joint ventures comprises dividends and writedowns. Dividends are recognised when the right to receive dividends has been approved by the relevant company bodies. To the extent that distributed dividends exceed the accumulated earnings after acquisition, dividends are recognised as writedown of the cost of the investment.

In the consolidated accounts, income from investments in joint ventures and associates comprises the proportionate share of the enterprises' profit or loss after tax.

Financial income and expenses

Borrowing costs are recognised in the income statement unless they are directly attributable to assets that necessarily

ACCOUNTING POLICIES (CONTINUED)

take a substantial period of time to get ready for their intended use or sale. Financial income and expenses include interest income, interest expenses, commission for committed facilities, borrowing expenses, amortisation of financial assets and liabilities, expenses incurred on finance leases and value adjustments, including fair value adjustments of derivative financial instruments not concluded for hedging of future transactions.

Income tax expense

Income tax expense represents current tax and changes to deferred tax.

Current tax

The tax currently payable is based on the taxable profit for the year, using the applicable tax rates that have been enacted at the end of the reporting period.

Deferred tax

Deferred tax is measured according to the liability method in respect of all temporary differences between the tax base and the carrying amount of an asset or liability. Deferred tax on goodwill is not recognised unless the goodwill is tax deductible. Taxation arising on the sale of investments in subsidiaries is not recognised unless the investments are expected to be sold within a short period of time. The tax base of tax losses carried forward and negative deferred tax are recognised as assets when it is likely that they will reduce future tax payments within a reasonable period of time. Deferred tax is also recognised for reversal of tax benefits arising from losses in formerly jointly taxed subsidiaries outside Denmark that are deemed to represent a tax liability. Deferred tax is measured on the basis of the regulatory tax rules and tax rates applicable at the end of the reporting period when the deferred tax is expected to become current tax. Changes in deferred tax due to changes in tax rates are recognised in the income statement.

Danisco A/S is jointly taxed with all Danish subsidiaries. Current Danish corporation tax is divided between the jointly taxed enterprises relative to their taxable income. Withholding taxes relating to dividends from subsidiaries outside Denmark are recognised in the year in which the dividend is declared.

Discontinued operations

Discontinued operations are business areas that are classified as held for sale or have been sold. Discontinued operations are disclosed in a separate line item in the income statement and include the post-tax profit or loss of discontinued operations, the post-tax loss recognised in writing down assets to the lower of their previous carrying amount and fair value less costs to sell, and the post-tax gain or loss on the disposal of the assets

or disposal groups constituting the discontinued operation. Additional information is provided in the notes.

Statement of financial position

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use or split-off of the business. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which is expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets and disposal groups classified as held for sale are measured at the lower of their previous carrying amount and fair value less cost to sell. Assets are not depreciated or amortised from the date when they are classified as held for sale.

Assets and liabilities are recognised in separate line items and main items are disclosed in the notes.

Goodwill

Goodwill is not amortised, but is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. For the purpose of impairment testing in the consolidated financial statements, goodwill is allocated to the Group's cash-generating units. The determination of cash-generating units complies with the Group's internal management reporting. Writedowns are recognised in the income statement and are not subsequently reversed. On the disposal of investments, including investments in subsidiaries, associates and joint ventures, the goodwill amount is included in the statement of gains or losses in connection with the disposal.

In the Parent company, goodwill is moreover amortised over its estimated useful life, not to exceed 20 years.

Other intangible assets

Intangible assets with definite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is made on a straight-line basis over the estimated useful lives of the assets.

Amortisation period:

Patents, licences	up to 20 years
and other intellectual property rights	up to 5 years

Software

Notes

ACCOUNTING POLICIES (CONTINUED)

The amortisation periods are determined on the basis of management's experience in the Group's business areas and reflect in the opinion of management the best estimate of the economic useful lives of the assets.

Granted and purchased CO2 quotas are recognised at cost equivalent to fair value at the time of grant or purchase price at the time of acquisition.

Intangible assets with indefinite useful lives are measured at cost less accumulated impairment losses.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and writedowns. Cost of property, plant and equipment comprises purchase price and costs directly attributable to making the asset capable of operating in the intended manner. Costs of self-constructed assets are determined using the same principles as for acquired assets.

For an asset that necessarily takes a substantial period of time to get ready for the intended use or sale, borrowing costs are attributed to the cost of that asset.

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets. Depreciation is initiated when the assets are deemed to be ready for use. Land is not depreciated.

Depreciation period:

Buildings	20-40 years
Plant and machinery	10-20 years
Fixtures, fittings, tools and equipment	3-7 years

The basis of depreciation is determined subject to the residual value of the asset. The residual value is determined at the date of acquisition and reviewed annually along with the useful life. In the consolidated financial statements, depreciation ceases if the residual value exceeds the carrying amount of the asset.

In the Parent company, residual values are not written up subsequent to initial assessment.

Expenditure relating to repairs or maintenance of property, plant and equipment is recognised either as indirect production costs in the cost of inventories or directly in the income statement.

On first-time recognition, finance leases are measured as assets at the lower of the fair value of the leases and the present value of the future minimum lease payments at the time of leasing. Finance leases are subsequently depreciated on the same

basis as other property, plant and equipment. Residual lease obligations are recognised under liabilities, and interest charges on the lease are recognised as financial expenditure.

Lease payments under operating leases are accrued and recognised in the income statement as operating expenditure over the lease term.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

Investments in subsidiaries, associates and joint ventures

Investments in joint ventures and associates are measured in the consolidated financial statements according to the equity method. The proportionate share of the enterprises' equity value determined in accordance with the Group's accounting policies is adjusted for unrealised intra-group profits and losses and adjusted for any impairment of the value of individual investments.

Investments in subsidiaries, associates and joint ventures are measured in the Parent's financial statements at cost less writedowns. To the extent that distributed dividends exceed the accumulated earnings after acquisition, dividends are recognised as writedown of the cost of the investment.

Other investments and securities

Investments determined to be venture investments are classified as financial assets, which are initially measured at cost and subsequently at fair value with adjustments recognised in the income statement as financial item. Adjustments include dividend income.

Other investments and securities are classified as available for sale and include listed and unlisted assets. Available-for-sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

Such assets are recognised and cease to be recognised on the trade date, also where purchase or sale of securities is contractually subject to transfer within a time frame determined by the market in question.

Measurement at first-time recognition is at cost and subsequently at fair value with positive adjustments recognised in other comprehensive income and net accumulated negative adjustments recognised in the income statement.

ACCOUNTING POLICIES (CONTINUED)

In the Parent, non-realised value adjustments are recognised in the income statement.

The fair values of other investments and securities are calculated on the basis of current market data and recognised valuation methods.

Other receivables

Other long-term receivables are initially measured at cost and subsequently at amortised cost or a lower value subject to individual assessment of loss.

Impairment of non-current assets

At year-end the carrying amounts of tangible and intangible assets with definite useful lives are reviewed to determine any indication of impairment. In the case of such indication, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss.

Where the asset does not generate cash flows that are deemed to be independent of other assets, an estimate is made of the recoverable amount of the unit to which the asset belongs. Assets with indefinite useful lives, including goodwill, are tested annually for impairment and if there is indication of impairment.

The recoverable amount is determined at the higher of the fair value less selling cost and the value in use. In the determination of value in use, estimated future cash flows are discounted by a discount rate reflecting market assessments of the time value of money and special risks associated with the asset for which adjustments have not been made in the estimated future cash flows.

Where the recoverable amount of the asset or unit is estimated to be lower than the carrying amount, the carrying amount is written down to the recoverable amount.

Impairment losses are recognised in the income statement. Where the impairment is subsequently reversed, the carrying amount of the asset is increased to the adjusted estimate of the recoverable amount, however not exceeding the carrying amount, which the asset would have had, had it not been written down. Reversal of impairment is recognised in the income statement. Impairment of goodwill is not reversed.

Financial non-current assets that are not measured at fair value are assessed at the end of the reporting period to determine if any objective indicators exist that an asset or group of assets has been impaired. In that case, the recoverable amount of the asset is determined and where lower than the carrying amount is written down to the recoverable amount.

Inventories

Inventories are recognised on a first-in/first-out (FIFO) basis and measured at cost. Where the cost exceeds the net realisable value, a writedown to this lower value is performed. Cost includes raw materials, consumables, direct labour and indirect production costs such as maintenance and depreciation of production plant and operations as well as administration and plant management.

Obsolete items, including slow-moving items, are written down to net realisable value.

Receivables

Trade receivables are initially measured at cost and subsequently at amortised cost or a lower value subject to individual assessment of potential loss.

In the Parent, fixed-interest short-term loans to subsidiaries are held to maturity and measured at amortised cost.

Equity and treasury shares

Translation reserve includes exchange rate differences arising from translation of financial statements of subsidiaries, associates and joint ventures from their own currencies into the Group's reporting currency (DKK). On realisation of the net investment the exchange rate adjustments are transferred to the income statement via other comprehensive income.

Hedging reserve includes fair value adjustments of financial instruments or loans that meet the requirements for accounting hedges of future transactions. The amounts are transferred to the income statement or the assets/liabilities via other comprehensive income following the recognition of the hedged transactions.

Dividends are recognised as a liability at the date of adoption at the annual general meeting. In the consolidated annual accounts proposed dividend payments for the financial year are disclosed in a note to equity. Acquisition and sale considerations for treasury shares are recognised in equity.

Pension liabilities

Fixed contributions under defined contribution plans are recognised in the income statement in the periods they relate to and any contributions payable are recognised as other debt.

Under defined benefit plans, Danisco is obliged to pay certain benefits upon retirement (e.g. a fixed amount paid regularly or a percentage of the annual salary at the time of retirement). Commitments for defined benefit plans are determined by actuarial calculations of the present value of the commitments.

ACCOUNTING POLICIES (CONTINUED)

The present value includes the benefits for which the employees are eligible through their employment and is calculated on the basis of assumptions about the future development of interest rates, inflation, mortality and disability. The actuarial present value less the fair value of assets held as part of the plan is recognised under provisions for pensions and similar liabilities. If the net amount is an asset, it is recognised under pension assets if Danisco directly or indirectly can use the asset. Actuarial gains and losses, which represent differences between the expected development of pension assets and pension commitments and the realised values, are recognised in other comprehensive income.

In the Parent, any actuarial gains or losses are recognised in the income statement.

Past service costs (costs due to changes in the benefits payable) are recognised in the income statement if the employees have already earned the right to the changed benefits. Otherwise, past service costs are recognised and amortised in the income statement over the period in which the employees earn that right.

Other provisions

Other provisions primarily relate to obligations concerning acquisitions, disposals, restructuring, environmental costs and obligations to management and employees. Provisions are recognised for legal and constructive obligations that have arisen as a result of past events in the financial year or prior years, and where it is likely that the company's financial resources will be required in settling such obligations. The provisions are measured according to management's assessment of the amount by which the obligation is expected to be redeemed.

Financial liabilities

Mortgage debt and debt to credit institutions are recognised at the time of the raising of the loan at proceeds received less transaction costs and subsequently at amortised cost. The difference between the loan proceeds and the nominal value is recognised as a financial item in the income statement over the term of the loan.

Other payables, which include trade payables, payables to subsidiaries, associates and joint ventures, as well as other debt are measured at amortised cost.

Statement of cash flows

The statement of cash flows is based on the indirect method. The statement of cash flows shows cash flows from operating, investing and financing activities as well as the cash position at the beginning and end of the year.

Cash flows from operating activities are determined as profit for the year adjusted for non-cash operating items, changes in working capital and corporation tax paid.

Cash flows from investing activities comprise payments made on the purchase and sale of intangible, tangible and financial assets and the acquisition and divestment of enterprises and activities.

Cash flows from financing activities comprise cash changes in share capital, sale and acquisition of treasury shares, dividend payments as well as raising and repayment of interest-bearing debt.

Cash and cash equivalents comprise deposits with banks and securities with insignificant price exposure.

As a statement of cash flows is presented for the Group, no separate statement for the Parent is presented.

Contents of Parent company financial statements

Financial statements

Income statement

Balance sheet

Statement of changes in equity

Notes

1. Employee expenses and statistics
2. Depreciation, writedowns and amortisation
3. Fees for auditors elected at the annual general meeting
4. Income from investments in subsidiaries
5. Financial income and expenses
6. Income tax expense
7. Intangible assets
8. Property, plant and equipment
9. Financial assets
10. Deferred tax
11. Other receivables
12. Inventories
13. Maturity analysis of financial liabilities
14. Other provisions
15. Deferred income
16. Other payables
17. Share-based payments
18. Contingent assets and contingent liabilities
19. Discontinued operations

Income statement

1 May 2009 - 30 April 2010

INCOME STATEMENT

(DKKm)	Note	2009/10	2008/09
Revenue		3,226	2,795
Cost of sales	1, 2	(2,476)	(2,093)
Gross profit		750	702
Research and development expenses	1, 2	(479)	(353)
Distribution and sales expenses	1, 2	(548)	(555)
Administrative expenses	1, 2, 3	(344)	(320)
Other operating income		523	466
Other operating expenses	1, 2	(43)	(39)
Operating profit before amortisation of goodwill		(141)	(99)
Amortisation of goodwill	2	(24)	(24)
Operating profit		(165)	(123)
Income from investments in subsidiaries	4	1,754	836
Income from investments in associates		-	(2)
Financial income	5	446	1,162
Financial expenses	5	(455)	(1,105)
Profit before tax		1,580	768
Income tax expense	6	51	50
Profit		1,631	818
Distribution of profit			
Ordinary dividend		405	356
Extraordinary dividend		405	-
Proposed dividend		810	356
Retained earnings		821	462
		1,631	818
Proposed dividend per share in DKK			
Ordinary dividend		8.50	7.50
Extraordinary dividend		8.50	-
Total		17.00	7.50

Balance sheet

ASSETS

(DKKm)	Note	30 April 2010	30 April 2009
NON-CURRENT ASSETS			
Intangible assets	7		
Goodwill		266	290
Other intangible assets		861	986
Total		1,127	1,276
Property, plant and equipment			
Land and buildings	8	531	480
Plant and machinery		430	422
Fixtures, fittings, tools and equipment		55	74
Prepayments and assets under construction		32	134
Total		1,048	1,110
Financial assets			
Investments in subsidiaries	9	13,615	13,731
Receivables from subsidiaries		2,803	2,941
Other investments and securities		15	15
Other receivables		1	511
Total		16,434	17,198
Total non-current assets		18,609	19,584
CURRENT ASSETS			
Inventories	12		
Raw materials and consumables		123	137
Work in progress		74	87
Finished goods and goods for resale		164	545
Total		361	769
Receivables			
Trade receivables		306	292
Receivables from subsidiaries		3,909	4,527
Corporation tax		34	32
Other receivables	11	576	81
Prepayments		25	19
Total		4,850	4,951
Cash and cash equivalents		404	3
Total current assets		5,615	5,723
Total assets		24,224	25,307

EQUITY, PROVISIONS AND LIABILITIES

(DKKm)	Note	30 April 2010	30 April 2009
EQUITY			
Share capital		954	954
Other reserves		(218)	(195)
Retained earnings		10,369	9,470
Proposed dividend		810	356
Total equity		11,915	10,585
PROVISIONS			
Deferred tax liabilities	10	235	299
Other provisions	14	65	137
Total provisions		300	436
NON-CURRENT LIABILITIES	13		
Mortgage debt		515	30
Other credit institutions		1,982	3,661
Other payables	16	252	-
Total		2,749	3,691
CURRENT LIABILITIES	13		
Mortgage debt		7	6
Other credit institutions		1,712	1,840
Trade payables		121	99
Payables to subsidiaries		7,104	8,020
Other payables	16	312	626
Deferred income	15	4	4
Total		9,260	10,595
Total liabilities		12,009	14,286
Total equity, provisions and liabilities		24,224	25,307

Statement of changes in equity

STATEMENT OF CHANGES IN EQUITY

(DKKm)	Share capital	Hedging reserve	Retained earnings	2009/10 Total	2008/09 Total
Equity at 1 May	954	(195)	9,826	10,585	10,438
Appropriated from net profit for the year	-	-	821	821	462
Hedging of future transactions for the year	-	(23)	-	(23)	(208)
Recycled to the income statement, financial items	-	-	-	-	(130)
Tax on items taken directly to or transferred from equity	-	-	6	6	47
Current tax on equity movements	-	-	-	-	(35)
Dividends proposed	-	-	810	810	356
Dividends paid	-	-	(357)	(357)	(356)
Equity-settled share-based payments	-	-	13	13	11
Sale of treasury shares (exercised options)	-	-	60	60	-
Total change in equity	-	(23)	1,353	1,330	147
Equity at 30 April	954	(218)	11,179	11,915	10,585
Change in share capital	2009/10	2008/09	2007/08	2006/07	2005/06
Share capital at 1 May	954	979	979	978	994
Capital increase	-	-	-	1	-
Capital decrease	-	(25)	-	-	(16)
Share capital at 30 April	954	954	979	979	978

The Board of Directors proposes an ordinary dividend of DKK 8.50 per share (2008/09 DKK 7.50) and an extraordinary dividend of DKK 8.50 per share, in total DKK 810 million (2008/09 DKK 357 million). The proposed dividend is included in retained earnings. No dividend is paid on treasury shares.

For information on treasury shares and authorisation of the Board of Directors to increase the share capital and/or issue convertible bonds see note 23 for the Group, Share capital and treasury shares.

Notes

1

EMPLOYEE EXPENSES AND STATISTICS

(DKKm)	2009/10	2008/09
Employee expenses		
Wages and salaries	(586)	(586)
Defined contribution plans	(59)	(52)
Social security expenses etc.	(7)	(8)
Share-based payments	(37)	(5)
Total	(689)	(651)

For information on share-based payments, see note 17.

For information on remuneration of management see note 36 for the Group.

Employee statistics

Total average number of employees	1,292	1,311
Number of employees at 30 April	1,327	1,304
Number of employees at 30 April		
Denmark	1,327	1,304
Total	1,327	1,304

2 DEPRECIATION, WRITEDOWNS AND AMORTISATION

(DKKm)	2009/10	2008/09
Depreciation, writedowns and amortisation for the year included in the costs below		
Cost of sales	(100)	(80)
Research and development expenses	(137)	(16)
Distribution and sales expenses	(31)	(97)
Administrative expenses	(73)	(51)
Other operating expenses	-	(12)
Amortisation of goodwill	(24)	(24)
Total	(365)	(280)

3 FEES FOR AUDITORS ELECTED AT THE ANNUAL GENERAL MEETING

(DKKm)	2009/10	2008/09
Deloitte		
Audit fee	(1)	(2)
Other assurance engagements	(1)	-
Tax advisory services	(2)	(3)
Other services	(5)	(8)
Total	(9)	(13)

Other services comprise accounting assistance including assistance in acquisition and divestment of companies.

Notes

4

INCOME FROM INVESTMENTS IN SUBSIDIARIES

(DKKm)	2009/10	2008/09
Dividends from subsidiaries	1,890	532
Writtenowns of financial assets	(116)	(110)
Divestment of subsidiaries	(20)	414
Total	1,754	836

5

FINANCIAL INCOME AND EXPENSES

(DKKm)	2009/10	2008/09
Financial income		
Financial income from subsidiaries	202	498
Financial income from bank deposits	13	29
Financial income from other receivables	32	3
Income from other investments and securities	5	121
Realised gain on financial hedging instruments recycled from equity	-	130
Exchange gains	194	381
Total	446	1,162
Financial expenses		
Financial expenses relating to subsidiaries	(33)	(249)
Financial expenses relating to credit institutions etc.	(232)	(449)
Loss on other investments and securities	(4)	(22)
Exchange losses	(186)	(385)
Total	(455)	(1,105)
Net financial income and expenses	(9)	57

6

INCOME TAX EXPENSE

(DKKm)	2009/10	2008/09
Current tax on profit	(10)	(43)
Change in deferred tax	43	120
Other taxes, adjustments etc.	(5)	-
Adjustment of tax for previous years	23	(27)
Total	51	50

INTANGIBLE ASSETS

(DKM)	Goodwill	Software	Patents, rights and licenses	Intangible assets under construction	2009/10 Total	2008/09 Total
Cost at 1 May	431	223	1,079	2	1,735	1,370
Additions	-	-	19	17	36	400
Disposals	-	(1)	(11)	-	(12)	(35)
Transferred to (from) other items	-	16	-	(16)	-	-
Cost at 30 April	431	238	1,087	3	1,759	1,735
Amortisation at 1 May	(141)	(184)	(134)	-	(459)	(362)
Writedowns for the year	-	-	(58)	-	(58)	-
Amortisation of disposals during the year	-	1	12	-	13	33
Amortisation for the year	(24)	(20)	(84)	-	(128)	(130)
Amortisation at 30 April	(165)	(203)	(264)	-	(632)	(459)
Carrying amount at 30 April	266	35	823	3	1,127	1,276

PROPERTY, PLANT AND EQUIPMENT

(DKM)	Land and buildings	Plant and machinery	Fixtures, fittings, tools and equipment	Prepayments and assets under construction	2009/10 Total	2008/09 Total
Cost at 1 May	1,078	1,271	362	134	2,845	2,799
Additions	-	-	-	124	124	158
Disposals	(8)	(65)	(27)	-	(100)	(112)
Transferred to (from) other items	106	102	18	(226)	-	-
Cost at 30 April	1,176	1,308	353	32	2,869	2,845
Depreciation and writedowns at 1 May	(598)	(849)	(288)	-	(1,735)	(1,663)
Writedowns for the year	(13)	(35)	-	-	(48)	(12)
Depreciation of disposals during the year	7	62	24	-	93	78
Depreciation for the year	(41)	(56)	(34)	-	(131)	(138)
Depreciation and writedowns at 30 April	(645)	(878)	(298)	-	(1,821)	(1,735)
Carrying amount at 30 April	531	430	55	32	1,048	1,110
Carrying amount of leased assets	-	-	-	-	-	-
(DKM)					2009/10	2008/09

Information on non-current assets

Financial liabilities with pledges in property, plant and equipment	522	36
Carrying amount of pledged assets	338	151

Notes

9

FINANCIAL ASSETS

(DKKm)	Investments in subsidiaries	Receivables from subsidiaries	Other investments and securities	Other receivables	2009/10 Total	2008/09 Total
Cost at 1 May	18,953	2,941	115	511	22,520	19,437
Additions	-	-	-	-	-	4,483
Transferred to (from) other items	-	-	-	(510)	(510)	-
Disposals	-	(138)	-	-	(138)	(1,400)
Cost at 30 April	18,953	2,803	115	1	21,872	22,520
Value adjustments at 1 May	(5,222)	-	(100)	-	(5,322)	(5,198)
Writedowns	(116)	-	-	-	(116)	(124)
Value adjustments at 30 April	(5,338)	-	(100)	-	(5,438)	(5,322)
Carrying amount at 30 April	13,615	2,803	15	1	16,434	17,198

Writedowns on investments reflect writedowns of non-current assets including goodwill in Sweeteners' subsidiaries. Writedowns on investments in subsidiaries are recognised in the income statement, see note 4, Income from investments in subsidiaries. .

10

DEFERRED TAX

(DKKm)	2009/10	2008/09
Specification of deferred tax		
Intangible assets	213	228
Property, plant and equipment	19	37
Current assets	8	8
Non-current liabilities	(76)	(95)
Current liabilities	112	148
Tax losses carried forward	(41)	(27)
Total	235	299
Deferred tax assets not recognised in the balance sheet		
Tax losses carried forward	114	122

II

OTHER RECEIVABLES

(DKKm)	2009/10	2008/09
Receivables from Nordic Sugar A/S	530	-
Derivative financial instruments	2	31
Other	44	50
Total	576	81

12

INVENTORIES

(DKKm)	2009/10	2008/09
Inventories recognised at net realisable value	-	8
Inventories pledged as security for debt	-	-

13

MATURITY ANALYSIS OF FINANCIAL LIABILITIES

(DKKm)	2009/10	2008/09
Ageing of contractual maturities		
Within 1 year	8,823	9,866
Between 1 and 5 years	1,717	3,685
Over 5 years	1,032	6
Total	11,572	13,557

14

OTHER PROVISIONS

Other provisions include pending litigations and obligations to management and employees.

15

DEFERRED INCOME

(DKKm)	2009/10	2008/09
Amounts received in respect of future years	4	4
Total	4	4

16

OTHER PAYABLES

(DKKm)	2009/10	2008/09
Non-current		
Derivative financial instruments	252	-
Total	252	-
Current		
Wages, salaries, holiday pay etc.	127	130
Share-based payments	11	-
VAT and other taxes	33	105
Derivative financial instruments	13	255
Other items	128	136
Total	312	626

Notes

17

SHARE-BASED PAYMENTS

The purpose of Danisco A/S' share option schemes is to motivate and retain employees and management and to encourage common goals for employees, management and shareholders. See note 30 for the Group, Share-based payments, for information about the schemes.

In the financial year, a total of DKK 37 million was recorded as expense (2008/09 income of DKK 5 million). For cash-settled schemes, DKK 27 million was recorded as expense and for equity-settled schemes DKK 10 million was expensed. For cash-settled schemes, the accrued provision was DKK 11 million (2008/09 DKK 0 million), and the unaccrued provision computed according to the Black-Scholes model was DKK 11 million (2008/09 DKK 0 million). For equity-settled schemes the accumulated expense recognised in the income statement corresponds to 55% of the total amount expected to be expensed over the vesting period (DKK 34 million).

Outstanding contracts	2009/10						2008/09	
	Executive Board		Managerial staff		Other		Total	
	Average Number	strike price	Average Number	strike price	Average Number	strike price	Average Number	strike price
Outstanding 1 May	509,000	433	357,900	429	468,850	427	1,335,750	430
Transfer from Danisco Sugar A/S	-	-	-	-	-	-	-	137,100
Granted	75,000	271	148,067	271	-	-	223,067	271
Forfeited and transferred	(169,000)	429	(28,667)	379	150,667	419	(47,000)	421
Exercised	(24,000)	330	(31,500)	330	(120,000)	330	(175,500)	330
Outstanding 30 April	391,000	410	445,800	390	499,517	455	1,336,317	420
Exercisable 30 April	166,000		139,500		342,000		647,500	522,500
Average remaining contractual life, years	2.7		3.6		2.2		2.8	3.1

18

CONTINGENT ASSETS AND CONTINGENT LIABILITIES

(DKKm)	2009/10	2008/09
Guarantees and other financial commitments	2	3
Total	2	3

(DKKm)	2009/10	2008/09
Operating rental receivables		
Maturity of operating rental receivables		
Within 1 year	8	8
Between 1 and 5 years	12	20
Over 5 years	-	-
Total	20	28

Operating lease and rental receivables liabilities

Danisco A/S solely has leases which by nature and content do not deviate from ordinary operating business needs. The leases cover buildings, production plants and other equipment.

Legal proceedings pending

Certain claims have been raised against Danisco A/S. In the opinion of management, the outcome of these proceedings will not have any material effect on the financial position of Danisco A/S.

DISCONTINUED OPERATIONS

(DKKm)	2009/10	2008/09
Key figures and financial ratios for discontinued operations		
Profit for the year after tax from discontinued operations	-	575
Current assets	-	396

Management's statement

The Board of Directors and the Executive Board today approved the Annual Report of Danisco A/S for the financial year 1 May 2009 – 30 April 2010.

The Group financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU, and the Parent company financial statements have been prepared in accordance with the Danish Financial Statements Act. Further, the Annual Report has been prepared in accordance with additional Danish disclosure requirements for annual reports of listed companies.

In our opinion, the Group financial statements and the Parent company financial statements give a true and fair view of the

Group's and the Parent's assets, liabilities and financial position at 30 April 2010 and of the results of the Group's and the Parent's operations and of the Group's cash flow for the financial year 1 May 2009 – 30 April 2010.

Further, in our opinion the Management's review gives a fair presentation of developments in the Group's and the Parent's activities and financial position, the result for the year and of the Group's and the Parent's financial position in general as well as a description of the most significant risks and uncertainties to which the Group and the Parent are exposed.

We present the Annual Report for approval at the Annual General Meeting.

Copenhagen, 22 June 2010

Executive Board

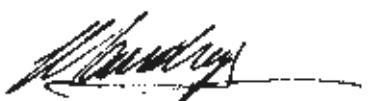


Tom Knutzen
CEO



Søren Bjerre-Nielsen
CFO

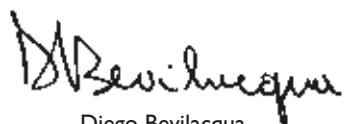
Board of Directors



Jørgen Tandrup
Chairman



Håkan Björklund
Deputy Chairman



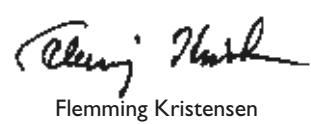
Diego Bevilacqua



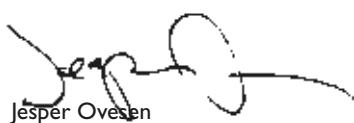
Kirsten Drejer



Lis Glibstrup



Flemming Kristensen



Jesper Ovesen



Søren Skou

Independent auditor's report

To the shareholders of Danisco A/S

Report on the consolidated financial statements and parent financial statements

We have audited the consolidated financial statements and parent financial statements of Danisco A/S for the financial year 1 May 2009 - 30 April 2010, which comprise the income statement, balance sheet, statement of changes in equity and notes, including the accounting policies, for the Group as well as the Parent and the statement of comprehensive income and cash flow statement for the Group. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU, and the parent financial statements have been prepared in accordance with the Danish Financial Statements Act. Further, the consolidated financial statements and financial statements have been prepared in accordance with additional Danish disclosure requirements for listed companies.

Management's responsibility for the consolidated financial statements and parent financial statements

Management is responsible for the preparation and fair presentation of consolidated financial statements and parent financial statements in accordance with International Financial Reporting Standards as adopted by the EU in respect of the consolidated financial statements, and in accordance with the Danish Financial Statements Act in respect of the parent financial statements, and additional Danish disclosure requirements for listed companies. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility and basis of opinion

Our responsibility is to express an opinion on these consolidated financial statements and parent financial statements based on our audit. We conducted our audit in accordance with Danish and International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements and parent financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and parent financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements and parent financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of consolidated financial statements and parent financial statements 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 entity's internal control. 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 and parent financial statements.

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 Group's financial position at 30 April 2010, and of its financial performance and its cash flows for the financial year 1 May 2009 - 30 April 2010 in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for listed companies.

Further, in our opinion, the parent financial statements give a true and fair view of the Parent's financial position at 30 April 2010, and of its financial performance for the financial year 1 May 2009 - 30 April 2010 in accordance with the Danish Financial Statements Act and additional Danish disclosure requirements for listed companies.

Statement on the management review

Management is responsible for preparing a management review that contains a fair review in accordance with the Danish Financial Statements Act.

Our audit did not include the management review, but we have read it pursuant to the Danish Financial Statements Act. We did not perform any procedures other than those performed during the audit of the consolidated financial statements and parent financial statements.

Based on this, we believe that the disclosures in the management review are consistent with the consolidated financial statements and parent financial statements.

Copenhagen, 22 June 2010

Deloitte

Statsautoriseret Revisionsaktieselskab



Erik Holst Jørgensen
State Authorised Public Accountant



Anders Dons
State Authorised Public Accountant

Board of Directors

JØRGEN TANDRUP

Born 1947

Nationality: Danish

MSc Economics and Business Administration

Chairman of the Board of Directors since 2009

Joined the Board of Directors in 2002

Re-elected 2008, term expires 2010

- Chairman of the Boards of Fritz Hansen A/S, the Marketing Denmark Fund, Scandinavian Holding A/S, Scandinavian Tobacco Group A/S, Skodsborg Sundhedscenter A/S and Tivoli A/S
- Deputy Chairman of the Board of Chr. Augustinus Fabrikker A/S
- Director of Augustinus Fonden

Committees

- Chairman of the remuneration committee in Danisco A/S

Contact details: Scandinavian Tobacco Group A/S, Sydmarken 42, 2860 Søborg, Denmark

Competencies

International experience from the fast-moving consumer goods (FMCG) segment focused in a business-to-consumer environment. Jørgen Tandrup began his career with a marketing focus on the FMCG segment and branding. Rapidly he took on more responsibility and has been a CEO for the last 26 years in different companies, most recently in the Scandinavian Tobacco Company A/S from 1993-2006 where he maintained a strong focus on international brand building. Jørgen Tandrup has been the main contributor to the development of this company.

Shareholding

Holding of Danisco shares at 30 April 2010: 2,405

Sale of Danisco shares in the financial year 2009/10: 0

Purchase of Danisco shares in the financial year 2009/10: 0



Jørgen Tandrup



Håkan Björklund



Diego Bevilacqua



Kirsten Drejer



Lis Glibstrup



Flemming Kristensen



Jesper Ovesen



Søren Skou

HÅKAN BJÖRKLUND

Born 1956

Nationality: Swedish

PhD Neuroscience

Deputy Chairman of the Board of Directors since 2009

Joined the Board of Directors in 2004

Re-elected 2008, term expires 2010

- CEO of Nycomed Holding A/S
- Director of Atos AB and Coloplast A/S

Committees

- Member of the audit and remuneration committees in Danisco A/S

Contact details: Nycomed Group, Langebjergvej 1,
4000 Roskilde, Denmark

Competencies

International background from the pharmaceutical industry. First Håkan Björklund was responsible for a major part of the research activities in Astra, and then became responsible for sales and marketing in the Nordic region and selected countries in Europe and South Africa, representing total sales of approximately USD 2 billion. In 1999 Håkan Björklund became CEO of Nycomed where he has been instrumental in expanding the business from around DKK 2 billion to just over DKK 24 billion over the past ten years.

Shareholding

Holding of Danisco shares at 30 April 2010: 175

Sale of Danisco shares in the financial year 2009/10: 0

Purchase of Danisco shares in the financial year 2009/10: 0

DIEGO BEVILACQUA

Born 1953

Nationality: British

BA Honours Business Studies – Marketing

Board member

Joined the Board of Directors in 2009, term expires 2011

- Chief Customer & Marketing Officer, member of the Executive Board of Metro C&C International GmbH
- Has given advice on business issues in Africa, working with Private Investors for Africa, to the Bretton Wood Institutions and the EU

Committees

- Member of the remuneration committee in Danisco A/S

Contact details: Danisco A/S, Langebrogade 1, P.O. Box 17,
1001 Copenhagen K, Denmark

Competencies

International background from the food, home and personal care industry as Executive Vice President at Unilever and responsible for a turnover of EUR 4.2 billion in Africa, the Middle East and Turkey since 2006. Since 2004, he has also served as a Director on the board of Pepsi Lipton International Ltd., a joint venture between Unilever and PepsiCo. He joined Unilever in 2001 as President, Unilever Foodservice which markets solutions to the business-to-business segment. He was in charge of the integration of Unilever's and Bestfoods' foodservice activities. Prior to his time with Unilever, he was President, Asia Division and Corporate Officer based in Hong Kong at Bestfoods, a global food manufacturer, following a number of other senior international executive positions in Asia and Europe.

Shareholding

Holding of Danisco shares at 30 April 2010: 200

Sale of Danisco shares in the financial year 2009/10: 0

Purchase of Danisco shares in the financial year 2009/10: 200

KIRSTEN DREJER

Born 1956

Nationality: Danish

PhD Pharmacology

Board member

Joined the Board of Directors in 2006

Re-elected 2008, term expires 2010

- CEO of Symphogen A/S
- Director of Bioneer A/S and The Danish National Advanced Technology Foundation
- Member of the Advisory Boards of The Faculty of Pharmaceutical Sciences, University of Copenhagen, and of the Department of Systems Biology, Technical University of Denmark

Contact details: Symphogen A/S, Elektrovej Building 375, 2800 Lyngby, Denmark

LIS GLIBSTRUP

Born 1948

Nationality: Danish

MSc Chemical Engineering

Board member elected by the employees

Joined the Board of Directors in 2002

Re-elected 2006, term expires 2010

- Product Service Manager

FLEMMING KRISTENSEN

Born 1960

Nationality: Danish

Board member elected by the employees

Joined the Board of Directors in 2005

Re-elected 2006, term expires 2010

- Senior Shop Steward

Competencies

International background from the pharmaceutical and biotech industry. In 2000 Kirsten Drejer co-founded the biotech company Symphogen and has as CEO raised a total of EUR 108 million in equity capital and built a unique antibody platform company with a maturing clinical pipeline. Before founding Symphogen A/S she held several scientific and managerial positions at Novo Nordisk, including four years as Director of Diabetes Discovery and three years as Corporate Facilitator.

Shareholding

Holding of Danisco shares at 30 April 2010: 550

Sale of Danisco shares in the financial year 2009/10: 0

Purchase of Danisco shares in the financial year 2009/10: 0

Contact details: Danisco A/S, Edwin Rahrs Vej 38,

8220 Brabrand, Denmark

Shareholding

Holding of Danisco shares at 30 April 2010: 915

Sale of Danisco shares in the financial year 2009/10: 0

Purchase of Danisco shares in the financial year 2009/10: 0

Contact details: Danisco Grindsted, Tårnvej 25, 7200 Grindsted, Denmark

Shareholding

Holding of Danisco shares at 30 April 2010: 2

Sale of Danisco shares in the financial year 2009/10: 0

Purchase of Danisco shares in the financial year 2009/10: 0

JESPER OVESEN

Born 1957

Nationality: Danish

MBA and MSc Business Economics and Auditing

Board member

Joined the Board of Directors in 2009, term expires 2011

- Senior Executive Vice President and Chief Financial Officer, TDC A/S
- Director on the boards of FLSmidth and Skandinaviska Enskilda Banken

Committees

- Chairman of the audit committee in Danisco A/S

Contact details: Danisco A/S, Langebrogade 1, P.O. Box 17, 1001 Copenhagen K, Denmark

Competencies

Jesper Ovesen has been CFO of several international Danish companies and has extensive experience in finance and M&A activities from major international Danish companies. Prior to his current position at TDC, Jesper Ovesen was President of Kirkbi, an investment company in the Lego Group, from 2006 to 2007 after having been responsible for the Lego Group's corporate finance activities from 2003 to 2006. From 1998 to 2003 he was CFO of Danske Bank and from 1993 to 1997 Vice President at Novo Nordisk with responsibility for the company's corporate finance activities.

Shareholding

Holding of Danisco shares at 30 April 2010: 1,000

Sale of Danisco shares in the financial year 2009/10: 0

Purchase of Danisco shares in the financial year 2009/10: 1,000

SØREN SKOU

Born 1964

Nationality: Danish

MBA and Graduate Diploma in Marketing

Board member

Joined the Board of Directors in 2009, term expires 2011

- Partner and CEO of Maersk Tankers
- Member of the Executive Board of the A.P. Moller – Maersk Group
- Director on the boards of International Chamber of Commerce Denmark, International Tanker Owners Pollution Federation Limited (ITOPF) and Lloyds Register

Committees

- Member of the audit committee in Danisco A/S

Contact details: Danisco A/S, Langebrogade 1, P.O. Box 17, 1001 Copenhagen K, Denmark

Competencies

International background from the shipping and oil industry as CEO of Maersk Tankers and extensive experience in procurement and logistics in a global company. Søren Skou joined the A.P. Moller – Maersk Group in 1983 and held key international positions in the Group until 1998. In 1999, he came to Maersk Tankers, a company in the A.P. Moller – Maersk Group, and was appointed CEO in 2001. In 2006, he joined the Executive Board of the A.P. Moller – Maersk Group. He currently holds responsibilities for the following areas: Maersk Tankers, Damco, Group Procurement, Norfolkline, and Höegh Autoliners among others. In July 2007, he was appointed Partner of the A.P. Moller – Maersk Group.

Shareholding

Holding of Danisco shares at 30 April 2010: 1,381

Sale of Danisco shares in the financial year 2009/10: 0

Purchase of Danisco shares in the financial year 2009/10: 890

Executive Board

TOM KNUTZEN

Born 1962
MSc Economics and Business Administration
Chief Executive Officer (CEO)
Employed in Danisco since 1 February 2006

- Director of Nordea Bank AB (publ)

Competencies

In 1996 Tom Knutzen was appointed CFO of NKT Holding A/S, a public company listed on NASDAQ OMX Copenhagen A/S, and promoted to CEO in 2000. In 2006 he became CEO of Danisco A/S.

Contact details: Danisco A/S, Langebrogade 1, P.O. Box 17, 1001 Copenhagen K, Denmark

Shareholding

Holding of Danisco shares at 30 April 2010: 15,000
Sale of Danisco shares in the financial year 2009/10: 0
Purchase of Danisco shares in the financial year 2009/10: 9,000

SØREN BJERRE-NIELSEN

Born 1952
MSc Economics and Business Administration,
state-authorised public accountant
Executive Vice President, Chief Financial Officer (CFO)
Employed in Danisco in current position since 1995

- Chairman of the Board of Danmarks Nationalbank
- Chairman of the Board of VKR Holding A/S

Competencies

In 1982 Søren Bjerre-Nielsen was appointed partner at Deloitte, an accounting company, and promoted to managing partner in 1986. In 1995 Søren Bjerre-Nielsen became Executive Vice President and CFO of Danisco A/S.

Contact details: Danisco A/S, Langebrogade 1, P.O. Box 17, 1001 Copenhagen K, Denmark

Shareholding

Holding of Danisco shares at 30 April 2010: 7,500
Sale of Danisco shares in the financial year 2009/10: 24,000
Purchase of Danisco shares in the financial year 2009/10: 27,000

Executive Committee

TOM KNUTZEN

SØREN BJRRE-NIELSEN

OLE SØGAARD ANDERSEN

Born 1952
MSc Economics
Chief Sales & Application Officer responsible for Sales & Application Food Ingredients
Employed in Danisco since 2002

Contact details: Danisco A/S, Langebrogade 1, P.O. Box 17, 1001 Copenhagen K, Denmark

IAN WITHERINGTON

Born 1961
HND Business Studies
Senior Vice President Corporate HR
Employed in Danisco since 2009

Contact details: Danisco A/S, Langebrogade 1, P.O. Box 17, 1001 Copenhagen K, Denmark

TJERK DE RUITER

Born 1959
Master of International Management
CEO Genencor
Employed in Danisco since 1999

Contact details: Genencor, Danisco US Inc., 925 Page Mill Road, Palo Alto, CA 94304, USA

FABIENNE SAADANE-OAKS

Born 1958
MSc Mechanical Engineering, MBA
President BioActives
Employed in Danisco since 2004

Contact details: Danisco France SARL, 20 Rue de Brunel, 75017 Paris, France



Tom Knutzen



Søren Bjerre-Nielsen



Ole Søgaard Andersen



Iain Witherington



Tjerk de Ruiter



Fabienne Saadane-Oaks

Definition of key figures and financial ratios

EBITDA*	=	Operating profit before depreciation, amortisation and special items
EBIT*	=	Operating profit before special items
Net assets (NA)	=	Net working capital, intangible assets, property, plant and equipment and other provisions
Net operating assets (NOA)	=	Net assets excluding goodwill
Net interest-bearing debt (NIBD)	=	Interest bearing liabilities - interest bearing assets - cash and cash equivalents
EBITDA* margin (%)	=	$\frac{\text{EBITDA} \times 100}{\text{Revenue}}$
EBIT* margin (%)	=	$\frac{\text{EBIT} \times 100}{\text{Revenue}}$
Return on net assets (RONA) (%)	=	$\frac{\text{EBIT before share-based payments} \times 100}{\text{Average net assets}}$
Return on net operating assets (RONOA) (%)	=	$\frac{\text{EBIT before share-based payments} \times 100}{\text{Average net operating assets}}$
Return on equity (ROE) (%)	=	$\frac{\text{Profit for the year attributable to owners of the parent} \times 100}{\text{Average equity excluding non-controlling interests}}$
Payout ratio (%)	=	$\frac{\text{Dividend} \times 100}{\text{Profit for the year attributable to owners of the parent}}$
NIBD/EBITDA ratio	=	$\frac{\text{Average NIBD}}{\text{EBITDA before share-based payments}}$
Basic earnings per share (EPS)	=	$\frac{\text{Profit for the year attributable to owners of the parent}}{\text{Average number of shares}}$
Diluted earnings per share (DEPS)	=	$\frac{\text{Profit for the year attributable to owners of the parent}}{\text{Average number of shares, diluted}}$
DEPS before special items	=	$\frac{\text{Profit for the year attributable to owners of the parent, before special items after tax}}{\text{Average number of shares, diluted}}$
Cash flow per share, diluted	=	$\frac{\text{Cash flow from operating activities}}{\text{Average number of shares, diluted}}$
Book value per share, diluted	=	$\frac{\text{Equity excluding non-controlling interests}}{\text{Number of shares at year-end, diluted}}$
Market price per share/book value, diluted	=	$\frac{\text{Market price per share}}{\text{Book value per share, diluted}}$
Price/earnings, basic	=	$\frac{\text{Market price per share}}{\text{EPS}}$

*) Share-based payments are not allocated to segments. For the Group EBITDA and EBIT include costs of share-based payments.

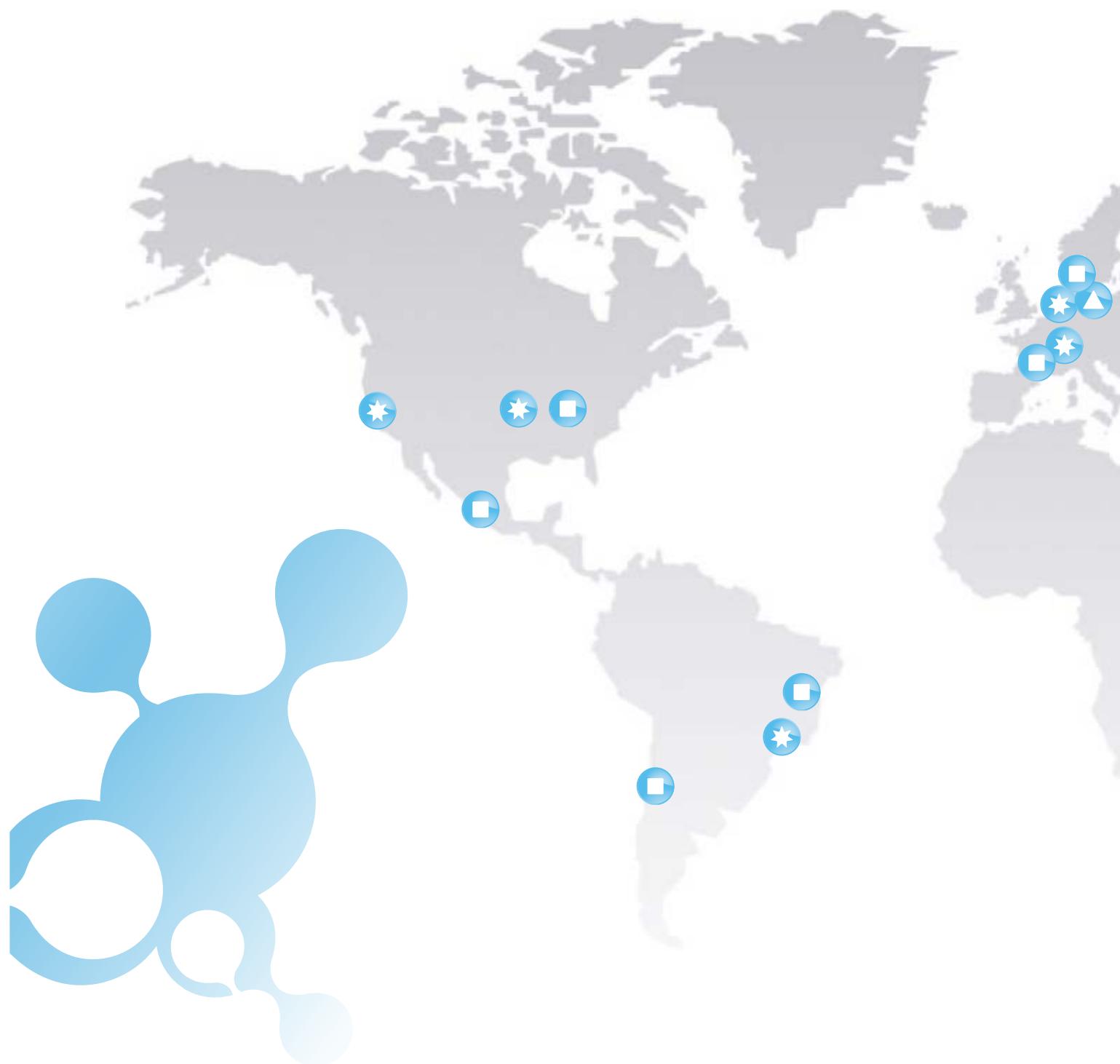
Long-term EBIT (financial ambition) is defined as operating profit before share-based payments, special items and Bio Chemicals Projects (BCP).

The effect of Danisco's share option schemes and warrant programmes has been included in the diluted values.

Notes

Notes

Notes



The world map shows Danisco's R&D sites, major production sites and the head office in Copenhagen, Denmark.

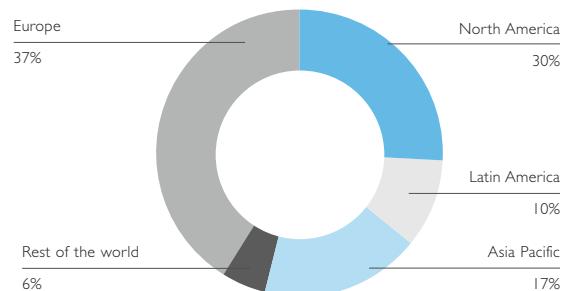
 R&D centres

 Major production sites

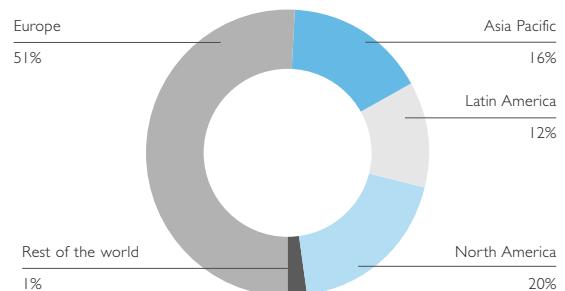
 Head office



Sales by region



Employees by region



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About Danisco

With a rich and innovative portfolio, Danisco is a world leader in food ingredients, enzymes and bio-based solutions. Using nature's own materials, science and the knowledge of our 6,800 people, we design and deliver bio-based ingredients that meet market demand for healthier and safer products. Danisco's ingredients are used globally in a wide range of industries – from bakery, dairy and beverages to animal feed, laundry detergents and bioethanol – to enable functional, economic and sustainable solutions. Headquartered in Denmark and operating from more than 80 locations, Danisco's key focus is to become our customers' First choice and a truly market-driven global business. Find out more at www.danisco.com



First you add knowledge...

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