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14 December 2006
Announcement of Results for H1 2006/07
(1 May - 31 October 2006)

Contents

Summary.....	3
Key figures and financial ratios	4
Group financials	5
Ingredients	7
Sugar.....	12
Outlook for 2006/07.....	14
Other information	16
Management's statement.....	17
Income statement.....	18
Cash flow statement.....	19
Balance sheet	20
Segment details	21
Top line growth in Ingredients.....	22
Stock exchange notices	23

With 10,500 employees in more than 40 countries, Danisco is one of the world's leading suppliers of food ingredients, sugar and industrial bioproducts. Based on our technology platform we use nature's own raw materials and resources to develop and produce ingredients for food and other products used in everyday life. Danisco ingredients are used in about every second ice cream and cheese, every third box of detergent and every fourth loaf of bread produced globally. Danisco ingredients based on food technology and biotechnology are also used in other consumer products - from feed and toothpaste to biofuel and plastics. Throughout the value chain, sustainability is integrated in Danisco's way of doing business.

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1 May – 31 October 2006
(Unaudited)

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Performance in H1 2006/07 as expected

In the first six months of 2006/07 Danisco recorded revenue of DKK 10,423 million, EBIT before special items of DKK 1,221 million and consolidated profit of DKK 643 million. Earnings and cash flows in both Ingredients and Sugar were in line with expectations. The implementation of 'Unfolding the potential' is progressing as planned, while the restructuring in Sugar is being executed ahead of plan.

Highlights

- 6% organic growth in Ingredients
- EBIT margin in Ingredients up 0.6 percentage points to 13.7%
- Cash flow from operating activities at DKK 2,769 million as expected
- Investment programme in the growth segments enzymes, cultures and xylitol progressing well
- Major challenges for sugar industry as renounced sugar quotas are insufficient
- Danisco plans for production of bioethanol in Germany

Outlook for 2006/07

Revenue is maintained at around DKK 21.0 billion but revenue in Ingredients is upgraded by DKK 250 million to approximately DKK 13.75 billion, chiefly attributable to stronger organic growth. Revenue in Sugar is downgraded by the same amount due to market conditions. EBITDA before special items and share-based payments is lifted DKK 50 million to around DKK 3,300 million as a result of Sugar's faster-than-expected execution of the restructuring plan and miscellaneous other income. The upgrade of EBITDA is offset by an increase in special items, which are now expected to be a net expense of around DKK 175 million. In consequence, the outlook for consolidated profit before share-based payments and after special items is maintained at around DKK 1 billion.

Key figures and financial ratios for first half 2006/07

(DKKm)	Q2 2006/07	Q2 2005/06	YTD 2006/07	YTD 2005/06
Income statement				
Revenue	5,140	5,229	10,423	10,391
EBITDA before special items	788	857	1,764	1,729
Operating profit before special items (EBIT)	517	589	1,221	1,147
Special items	(73)	(84)	(89)	(151)
Operating profit	444	505	1,132	996
Net financial expenses	(134)	(114)	(227)	(225)
Profit before tax	310	391	905	771
Profit from continuing operations	220	267	643	561
Profit from discontinued operations	-	10	-	(16)
Consolidated profit	220	277	643	545
Profit attributable to equity holders of the parent	215	269	629	537
Revenue				
Ingredients	3,428	3,275	6,931	6,629
Sugar	1,776	2,016	3,623	3,891
Eliminations	(64)	(62)	(131)	(129)
Total	5,140	5,229	10,423	10,391
Operating profit before special items (EBIT)				
Ingredients	438	415	949	870
Sugar	155	221	330	419
Unallocated	(38)	(38)	(76)	(78)
Subtotal	555	598	1,203	1,211
Share-based payments	(38)	(9)	18	(64)
Total	517	589	1,221	1,147
Cash flow				
Cash flow from operating activities	1,303	1,280	2,769	2,571
Cash flow from investing activities	(353)	(260)	(533)	(693)
Cash flow after investments	950	1,020	2,236	1,878
Balance sheet				
Total assets	31,028	33,233	31,028	33,233
Equity attributable to equity holders of the parent	12,544	12,475	12,544	12,475
Equity	12,845	12,750	12,845	12,750
Net interest-bearing debt	11,324	12,791	11,324	12,791
Net operating assets	14,329	15,376	14,329	15,376
Invested capital	24,999	26,515	24,999	26,515
Return on capital (%)*				
Return on invested capital including goodwill	7.7	7.8	7.7	7.8
Return on equity	5.2	8.5	5.2	8.5
Number of shares				
Diluted average number of shares	49,014	49,388	49,016	49,403
Diluted number of shares at period-end	49,040	49,231	49,040	49,231
Earnings per share (DKK)**				
Diluted earnings per share	4.40	5.45	12.82	10.87
Diluted earnings per share before special items and discontinued operations	5.46	6.40	14.11	12.72
Diluted cash flow per share	26.54	25.92	56.49	52.04
Diluted book value per share	260	255	260	255
Share price				
Market price per share (DKK)	470	395	470	395
Market capitalisation (DKK million)	23,049	19,446	23,049	19,446

*) Calculated on a rolling 12-month basis.

***) The effect of Danisco's programmes for share options and warrants has been included in the diluted values.

Group financials

Income statement

Continued strong growth in Ingredients

In the first six months of 2006/07 Danisco recorded revenue of DKK 10,423 million, with 66% in Ingredients and 34% in Sugar. Ingredients achieved a 5% revenue increase in H1, made up of 6% organic growth and a currency impact of (1)%. In Sugar, revenue declined as expected by DKK 268 million or 7%, mainly as a result of the EU sugar reform.

Rising gross margin despite setback in Sugar

Gross profit rose DKK 58 million or 2% to DKK 3,565 million, corresponding to a gross margin of 34.2% against 33.8% in the same period last year. The margin increase is attributable to favourable developments in Ingredients and a setback in Sugar following the reform of the EU sugar regime.

EBITDA before special items and share-based payments fell 3% to DKK 1,746 million caused by an increase of DKK 64 million in Ingredients and a decline of DKK 109 million in Sugar. On this basis the EBITDA margin came to 16.8% against 17.3% in the same period last year.

Depreciation lower than last year

Depreciation was DKK 543 million in H1 2006/07 against DKK 582 million in the prior year. The decline was attributable to Ingredients and Sugar alike. In Q1 2005/06, depreciation was overestimated by DKK 30 million in the opening balance sheet for Genencor, which was corrected in Q2 2005/06.

Flat EBIT despite decline in Sugar

EBIT before special items and share-based payments fell DKK 8 million or 1% to DKK 1,203 million in H1, equivalent to an EBIT margin of 11.5% against 11.7% in the same period last year. EBIT before special items rose DKK 74 million or 6% to DKK 1,221 million, corresponding to an EBIT margin of 11.7% against 11.0% the year before.

In the first six months of 2006/07 share-based payments represented an income of DKK 18 million compared with an expense of DKK 64 million last year. This figure is comprised of a DKK 56 million income in Q1 2006/07, which was caused by a fall in the share price in the period, and a DKK 38 million expense in Q2 2006/07 owing to an increase in the share price.

Special items were an expense of DKK 89 million

Special items were an expense of DKK 89 million in the first half of 2006/07, mainly attributable to costs relating to the integration of Genencor and the implementation of 'Unfolding the potential' in Ingredients. The expense also reflects a write-down on capitalised project costs relating to the factory project in Brazil, which as previously announced has been postponed due to assessed unfavourable developments in the risk-return profile of the project.

Net financial expenses came to DKK 227 million in H1 2006/07, including a capital gain of DKK 43 million from the sale of shares in Cambridge Antibody Technology. Adjusted for this, financial expenses rose DKK 45 million compared with the same period last year as a result of higher interest rates.

Profit before tax up 17%

Profit before tax grew DKK 134 million or 17% to DKK 905 million in H1 2006/07.

Tax amounted to DKK 262 million in the first six months of 2006/07, equivalent to a tax rate of 29% compared with 27% in the same period the year before. However, profit for H1 2005/06 included a tax-exempt income of DKK 60 million, adjusted for which last year's tax rate was close to 30%.

Consolidated profit grew 18%

Consolidated profit for H1 2006/07 grew 18% to DKK 643 million, mainly attributable to favourable developments in share-based payments and special items. Adjusted for share-based payments consolidated profit rose 7% to DKK 630 million.

***Continued strong
operating cash flow***

Cash flow statement

Cash flow from operating activities before change in working capital rose DKK 146 million or 15% to DKK 1,147 million. Working capital contributed DKK 1,622 million compared with DKK 1,570 million the year before. The underlying increase in working capital is somewhat higher, as Sugar received extraordinary restitution repayments from the EU in 2005/06. On this basis the total cash flow from operating activities grew DKK 198 million or 8% to DKK 2,769 million.

Investments totalled DKK 472 million in H1 against DKK 556 million the year before. DKK 61 million was used for acquisitions in H1 compared with DKK 137 million in the prior year. Free cash flow after investments grew DKK 358 million or 19% to DKK 2,236 million in the first six months of the financial year.

***Positive trend in invested
capital***

Balance sheet

Invested capital has fallen by DKK 1,567 million or 6% to DKK 24,999 million since 1 May 2006. The decline is mainly attributable to reductions in working capital in Ingredients as well as Sugar and to currency impact.

Net interest-bearing debt amounted to DKK 11,324 million by the end of H1, down DKK 1,900 million year-to-date or DKK 1,467 million compared with the same period last year. The current debt level corresponds to a gearing of 3.3 (net interest-bearing debt / EBITDA), which is within the target of a gearing in the 3.0-4.5 interval.

Equity rose DKK 119 million to DKK 12,845 million in H1 2006/07, driven by total recognised income and expenses for the period of DKK 499 million, total dividend payments of DKK 360 million and net buy-back of treasury shares etc. of DKK 20 million.

Ingredients

(DKKm)	Q2 2006/07	Q2 2005/06	YTD 2006/07	YTD 2005/06
Revenue				
Bio Ingredients	1,340	1,284	2,658	2,514
Texturants & Sweeteners	1,701	1,621	3,474	3,323
Flavours	390	373	808	797
Eliminations	(3)	(3)	(9)	(5)
Total	3,428	3,275	6,931	6,629
Growth (%)	5	32	5	34
Organic growth (%)	6	4	6	5
EBITDA	619	579	1,309	1,245
EBITDA margin (%)	18.1	17.7	18.9	18.8
EBIT				
Bio Ingredients	205	179	432	299
Texturants & Sweeteners	213	234	460	536
Flavours	29	12	73	53
Central R&D	(9)	(10)	(16)	(18)
Total	438	415	949	870
EBIT margin (%)	12.8	12.7	13.7	13.1
RONOA (%)	17.1	17.5	17.1	17.5
Net working capital	3,869	4,099	3,869	4,099
Non-current assets	6,066	5,844	6,066	5,844
Net operating assets	9,935	9,943	9,935	9,943
Goodwill	9,327	9,600	9,327	9,600
Invested capital	19,262	19,543	19,262	19,543

Steady organic growth in both Q1 and Q2 2006/07

H1 results 2006/07

Ingredients recorded organic growth of 6% in the first half of 2006/07, which is marginally higher than in the same period last year. A currency impact of (1)% in the period resulted in revenue growth of 5% or DKK 302 million to DKK 6,931 million.

EBITDA rose 5% despite high energy and raw material prices

EBITDA rose 5% or DKK 64 million to DKK 1,309 million in H1, equivalent to an EBITDA margin of 18.9% against 18.8% in the same period last year. Organic growth only had a moderately positive effect on the margin performance, attributable to continued pressure from energy and raw material costs, which could not be fully offset through price increases.

Depreciation in H1 2006/07 was DKK 360 million against DKK 375 million in the same period the previous year. The decline was due to, for instance, lower depreciation of office premises and was not related to production assets. When comparing Q2 results, it should be noted that in Q1 2005/06 depreciation relating to the opening balance sheet for Genencor at 1 May 2005 was overestimated by DKK 30 million, which was reversed in Q2 2005/06.

EBIT margin up 0.6 percentage points in H1 2006/07

EBIT rose 9% or DKK 79 million to DKK 949 million in H1 2006/07, equivalent to an EBIT margin of 13.7% against 13.1% in the same period last year – an improvement of 0.6 percentage points.

RONOA – Return on Net Operating Assets on a rolling 12-month basis – came to 17.1% compared with 17.5% in the same period the year before. Increased focus on RONO is expected to feed through as 'Unfolding the potential' begins to be reflected in earnings and invested capital. Tighter management of working capital resulted in a reduction of 6% or DKK 230 million compared with last year's H1 despite revenue growth of 5% in the same period. The increase in non-current

assets relates to production capacity expansions throughout the entire ingredients business.

***'Unfolding the potential'
progressing as planned***

'Unfolding the potential'

The roll-out of 'Unfolding the potential' is progressing as planned. The new organisational structure and the financial management systems were in place on 1 November 2006. As stated in the reorganisation announcement, Danisco's divisions will in the near future be dedicated to identifying focus areas and immediate cost reduction measures to ensure that the product divisions will meet the objectives set.

Investments in capacity expansions

Bio Ingredients is investing considerably in expanding capacity. A new enzymes plant in Wuxi, China, is under construction and is expected to be operational before the end of the current financial year. In Beloit, USA, the capacity for enzymes used in bioethanol production is being expanded. The cultures plant in Niebüll, Germany, recently concluded a capacity expansion, while another expansion has been initiated in Madison, USA, as market growth will render the current capacity inadequate in the long term. A significant expansion of the raw material capacity (xylose) in Lenzing, Austria, is underway in order to accommodate the surging demand for xylitol.

On 28 August 2006 Danisco announced the acquisition of a Chinese cellulose gum (CMC) manufacturer with revenue of close to DKK 100 million and some 250 employees. With this acquisition, Ingredients now owns five big factories in China, covering key product areas. The acquisition provides an interesting addition to the hydrocolloids range, and it gives Danisco access to CMC production at an efficient cost base.

Product divisions

Bio Ingredients

(DKKm)	Q2 2006/07	Q2 2005/06	YTD 2006/07	YTD 2005/06
Revenue	1,340	1,284	2,658	2,514
Growth (%)	4	111	6	124
Organic growth (%)	6	4	7	6
EBIT	205	179	432	299
EBIT margin (%)	15.3	13.9	16.3	11.9

***Stable organic growth
compared to 2005/06***

Bio Ingredients is made up of two divisions, Genencor (enzymes for all applications) and Cultures (food cultures and food safety), which together represented 38% of revenue in Ingredients. Enzymes and cultures both contributed to organic growth in Bio Ingredients, whereas food safety products showed weaker performance. Enzymes for detergents, bioethanol, textiles and feed grew the most, while progress in cultures was broadly based. Geographically, growth was fairly equally distributed in Bio Ingredients, however with bioethanol being particularly strong in North America.

***Significant progress in
EBIT margin in H1 2006/07***

EBIT grew 44% or DKK 133 million to DKK 432 million in the first half of 2006/07, equivalent to an EBIT margin of 16.3% against 11.9% the year before – an improvement of 4.4 percentage points. The positive trend was driven by factors such as organic growth, ongoing productivity improvements within enzymes and integration synergies in Genencor. It should be emphasised, however, that more resources are being used for R&D in enzymes for biomass-based production of bioethanol.

Bio Ingredients maintains a strong focus on product development.

As previously announced Genencor decided to withdraw SPEZYME[®] ETHYL – an alpha-amylase enzyme used in ethanol production – following the patent infringement ruling in a Delaware court, USA. There is no news regarding the SPEZYME[®] ETHYL patent case, and no provisions for any liability for compensation have been made in the outlook for 2006/07. After the ruling, Genencor launched SPEZYME[®] XTRA to replace SPEZYME[®] ETHYL, and the transition to the new product is progressing satisfactorily.

Texturants & Sweeteners

(DKKm)	Q2 2006/07	Q2 2005/06	YTD 2006/07	YTD 2005/06
Revenue	1,701	1,621	3,474	3,323
Growth (%)	5	9	5	10
Organic growth (%)	6	7	6	8
EBIT	213	234	460	536
EBIT margin (%)	12.5	14.4	13.2	16.1

Texturants, xylitol and Litesse[®] showed robust growth

Texturants & Sweeteners (T&S) covers all texturants products, sweeteners and various industrial ingredients and represented 50% of revenue in Ingredients. The division recorded 6% organic growth in H1 2006/07 compared with 8% in the same period the year before. Total revenue grew 5% or DKK 151 million to DKK 3,474 million in H1 2006/07. Organic growth is assessed to be satisfactory considering the strong growth in texturants in the same period last year. Xylitol and Litesse[®] showed particularly good volume progress.

Demand for xylitol exceeds production capacity

Xylitol has been impacted by rising costs and raw material shortage in recent quarters. Throughout the past four quarters demand has exceeded production capacity. Despite this Danisco has maintained its market-leading position. With the measures taken the raw material situation is expected to improve in the course of the next year.

Growth broadly based geographically

Growth was broadly based geographically, thereby reinforcing Texturants & Sweeteners' strong global market position.

Rising energy and raw material prices cause margin pressure

EBIT fell 14% or DKK 76 million to DKK 460 million in H1 2006/07, corresponding to an EBIT margin of 13.2% against 16.1% in the year before – a decline of 2.9 percentage points. As previously described this fall was attributable to the rising energy and raw material prices, for which it has not been possible to fully compensate through price increases.

Internal focus on improving profitability

As stated in the announcement of 'Unfolding the potential', T&S suffers the most from the rising energy and raw material prices in the ingredients segment. As a consequence focus will be on streamlining the overall business model going forward.

Flavours

(DKKm)	Q2 2006/07	Q2 2005/06	YTD 2006/07	YTD 2005/06
Revenue	390	373	808	797
Growth (%)	5	(4)	1	(4)
Organic growth (%)	6	(6)	3	(5)
EBIT	29	12	73	53
EBIT margin (%)	7.4	3.2	9.0	6.6

Positive organic growth for the second quarter running

Flavours represented 12% of revenue in Ingredients and recorded organic growth of 3% in H1 2006/07 (of which 6% in Q2), making this the second quarter running with positive organic growth in the division. Even though growth rates varied

geographically, it is important to emphasise that all regions except for Asia Pacific showed positive organic growth.

**Rationalisations
beginning to show results**

EBIT rose 38% or DKK 20 million to DKK 73 million in H1 2006/07, equivalent to an EBIT margin of 9.0% against 6.6% in the same period last year – an increase of 2.4 percentage points. This should be seen in the light of growing business volumes and the extensive restructuring activity in recent years.

In Flavours, focus remains on efficiency improvements of internal processes, which involve streamlining the product range and application support.

Geographic segments

Europe

(DKKm)	Q2 2006/07	Q2 2005/06	YTD 2006/07	YTD 2005/06
Revenue	1,373	1,274	2,879	2,688
Growth (%)	8	20	7	23
Organic growth (%)	7	(3)	7	0

Europe represented 41% of revenue in Ingredients and recorded organic growth of 7% in H1 2006/07, well above the full-year organic growth rate of 2% in 2005/06. The growth rate was achieved in spite of continued fierce competition on both price and volume.

**Improved organic growth
in Western Europe**

Although growth in Eastern Europe was somewhat above the growth rate reported for the European region as a whole, Western Europe has in recent quarters sustained growth rates above the level in 2005/06. This is essential for the overall performance in Ingredients, seeing that Western Europe is by far the biggest market in the region. In Eastern Europe, Russia has maintained organic growth of over 20% for a long period of time.

Cultures and enzymes – notably for food and feed – along with the traditional texturants, xylitol and Litesse® were the main growth drivers. Together, xylitol and Litesse® maintained double-digit growth in the first six months of the year, testifying to broadly based growth in H1. Of all customer segments, dairy and beverages grew the most.

North America

(DKKm)	Q2 2006/07	Q2 2005/06	YTD 2006/07	YTD 2005/06
Revenue	963	974	1,926	1,917
Growth (%)	(1)	55	0	53
Organic growth (%)	2	8	3	7

North America represented 28% of revenue in Ingredients, making it the second biggest region. Organic growth in H1 2006/07 was 3% against 4% in the financial year 2005/06. Growth in H1 was down by close to 1 percentage point due to transfer of orders to Latin America, which means that in reality growth was in line with the full year 2005/06. However, it should be emphasised that growth was very strong at the beginning of 2005/06.

Growth was broadly based in North America, where technical enzymes as well as xylitol and Litesse® performed above average. Of all customer segments, dairy grew the most in the region.

Latin America

(DKKm)	Q2 2006/07	Q2 2005/06	YTD 2006/07	YTD 2005/06
Revenue	316	312	608	564
Growth (%)	1	40	8	35
Organic growth (%)	4	18	10	12

Double-digit organic growth sustained

Latin America represented 9% of revenue in Ingredients and recorded organic growth of 10% in H1 2006/07, which was in line with the trend in 2005/06. Growth in Q2 2006/07 should be seen in the light of a strong Q2 in 2005/06. Organic growth was positively affected by transfer of orders from North America to Latin America. Growth was broadly based across all product divisions in H1. This was also the case for customers, where large segments such as beverages, dairy and ice cream all contributed significantly to the growth performance.

Asia-Pacific

(DKKm)	Q2 2006/07	Q2 2005/06	YTD 2006/07	YTD 2005/06
Revenue	611	568	1,204	1,158
Growth (%)	8	28	4	32
Organic growth (%)	11	8	7	10

Organic growth back on track in Q2

Asia-Pacific represented 17% of revenue in Ingredients and recorded 7% organic growth in H1 2006/07. Growth rates have been uneven between the quarters in 2006/07 with 4% in Q1 and 11% in Q2, bringing aggregate growth in H1 marginally below the 2005/06 level of 10%. This was attributable to unfavourable weather conditions in the region impacting on sales in Q1. Q2 signalled that the low growth in Q1 was not an indicator of generally declining growth rates in the region. This was highlighted by China sustaining a growth rate of around 15% – which has been the level of recently. The strongest product areas were technical enzymes, while for customers growth was broadly based across application areas.

Innovation

Examples of products launched by Danisco in Q2 2006/07:

- GRINDSTED[®] EggXit: A new series from Danisco enabling manufacturers to make mayonnaise without egg yolks. The main benefits are reduced production costs, no allergy risk and no cholesterol.
- HOWARU[™] Kefir Bifido: Kefir cultures combined with a probiotic strain with documented immune-modulation properties. This will open up new opportunities for the development of Kefir products, which already represent 1.2 million tonnes in Eastern Europe.
- YO-MIX[™] Vegetal: A unique range of dairy-free cultures for the emerging and fast growing market for fermented 'dairy alternatives' based on soy, oat and other vegetal raw materials.
- HOWARU[™] Restore: The first product of a series of health condition specific formulations to help restore the beneficial bacteria in the human gut after taking antibiotics. The health benefits of HOWARU[™] Restore were proven in a human clinical study recently completed in the US (scientific publication pending).

Sugar

(DKKm)	Q2 2006/07	Q2 2005/06	YTD 2006/07	YTD 2005/06
Total	1,776	2,016	3,623	3,891
Growth (%)	(12)	3	(7)	4
EBITDA	245	321	510	619
EBITDA margin (%)	13.8	15.9	14.1	15.9
Total	155	221	330	419
EBIT margin (%)	8.7	11.0	9.1	10.8
RONOA (%)	14.1	13.7	14.1	13.7
Net working capital	672	1,405	672	1,405
Non-current assets	3,651	4,092	3,651	4,092
Net operating assets	4,323	5,497	4,323	5,497
Goodwill	1,343	1,539	1,343	1,539
Invested capital	5,666	7,036	5,666	7,036

Competition and challenging market conditions impacted on revenue

H1 results 2006/07

The overall performance met expectations for H1 2006/07. Revenue fell 7% to DKK 3,623 million in the period due the increasing effect of the EU sugar reform. The warm summer meant strong sales to, for instance, the soft drinks industry. Exports of the last C sugar was finalised in Q2 2006/07. Sugar has been able to maintain its position on the home market, though surplus stocks are being offered at relatively low prices for the purpose of reducing capital tied up in inventories before the reform really starts making an impact. Besides the price, factors like quality, product development, logistics and supply reliability are increasingly important competitive parameters.

Recently the European sugar market has been characterised by growing price competition fuelled by expectations of overproduction in the first stage of the implementation period.

EBITDA in line with expectations

Compared with H1 2005/06, EBITDA fell DKK 109 million or 18% to DKK 510 million, which is in line with expectations. The earnings decline was attributable to lower sales prices, the extraordinary quota reduction in 2006/07 and higher energy costs. The effect of the announced restructuring plan in preparation for the EU sugar reform happened faster than anticipated. The remaining elements of the plan mainly relate to the closure of two sugar factories, one in Denmark and one in Finland, which will be effected immediately after the current campaign.

Depreciation down due to factory closure

Depreciation in H1 2006/07 came to DKK 180 million against DKK 200 million in the same period the year before. The fall can be ascribed to the closure of the sugar factory in Köpingsbro, Sweden.

EBIT fell 21% or DKK 89 million to DKK 330 million in H1 2006/07, equivalent to an EBIT margin of 9.1% against 10.8% in the same period last year.

Positive RONO trend

RONOA – Return on Net Operating Assets on a rolling 12-month basis – was 14.1% at the end of H1 2006/07, an increase of 0.4 percentage points compared with the same time last year. The positive trend is due to a decrease in working capital along with a reduction in non-current assets resulting from write-downs at the end of 2005/06.

Strong cash flow maintained

Cash flow from operating activities remained strong, which can be ascribed to the ongoing inventory reduction and tight management of other working capital elements.

Sugar output forecast for 2006 unchanged

Production is progressing as planned at all factories. The total sugar output is still expected to be in line with the current quota of 988,000 tonnes for 2006/07 (after the extraordinary quota reduction).

Positive signals in Germany

Decision to set up bioethanol production in Germany

The German government has passed a bill of compulsory admixture of bioethanol to petrol with effect from 1 January 2007, and from 2010 a minimum of 2% bioethanol in petrol is required, equalling some 1.5 million m³ of ethanol. In the light of this development and idle capacity at the sugar factory in Anklam, Germany, Danisco has decided to construct a bioethanol plant next to the sugar factory, subject to the German authorities granting the usual approvals. The net investment is estimated at around EUR 25 million and the annual production capacity will be around 55,000 m³. The plant is expected to be operational in 2008.

Bioethanol in Denmark not attractive to Danisco

With the current Danish political framework conditions and the high capacity utilisation at the sugar factories in Nakskov and Nykøbing it is now clear that it would not be profitable for Danisco to set up bioethanol production in Denmark.

Renunciation of sugar quotas lower than expected

The EU sugar reform

Recently the European Commission has been focusing on the insufficient renunciation of sugar quotas by the sugar industry. Failure to step up the renunciation may soon lead to considerable sugar surplus stocks in the EU, which would be a major challenge for the sugar industry in the form of a lack of sales opportunities and subsequent price pressure.

The Commission has stated that if the sugar industry fails to create the necessary balance on the EU sugar market it will not hesitate to take the necessary measures to restore the market balance in 2009/10 without any financial compensation to the sugar industry.

Risk of more turbulent market conditions

Danisco assesses that market conditions will become more turbulent in the next couple of years than previously assumed. This will lead to reduced profitability for the European sugar industry until the market balance has been restored.

Outlook for 2006/07

The overall outlook for the financial year 2006/07 is unchanged compared with the expectations after Q1 2006/07 with a few exceptions at segment level, which appear from the outlook overview below. The outlook is based on the prevailing energy and raw material prices.

Revenue

Revenue is expected to be unchanged at around DKK 21.0 billion (DKK 20,912 million) of which

- Ingredients represents around DKK 13.75 billion against previously around DKK 13.5 billion (DKK 13,289 million). The upgrade reflects stronger-than-expected organic growth and a small effect from the CMC acquisition.
- Sugar represents around DKK 7.25 billion against previously around DKK 7.5 billion (DKK 7,881 million). The downgrade is attributable to growing competition affecting volumes as well as sales prices.

EBITDA before special items and share-based payments

EBITDA is upgraded by DKK 50 million to around DKK 3,300 million (DKK 3,502 million) of which

- Ingredients continues to represent around DKK 2,550 million (DKK 2,355 million)
- Sugar represents around DKK 900 million against previously DKK 850 million (DKK 1,319 million) after payment of the earlier announced production levy of around DKK 100 million in 2006/07. The levy will be expensed in Q3 2006/07, which is a narrowing of the timeframe. The upward revision is attributable to improved operational performance in Q2 2006/07, the faster-than-planned execution of the announced restructuring and miscellaneous income.

EBIT before special items and share-based payments

EBIT is upgraded by DKK 50 million to around DKK 2,150 million (DKK 2,372 million) of which

- Ingredients continues to represent around DKK 1,800 million (DKK 1,644 million)
- Sugar represents around DKK 500-550 million against previously around 450-500 million (DKK 898 million).

Special items

Special items are expected to amount to a net expense of DKK 175 million against previously DKK 100-150 million, relating to integration costs in Genencor, the roll-out of 'Unfolding the potential' as well as cost increases pertaining to the restructuring in Sugar following the EU sugar reform, which, however, are offset to some extent by special income relating to the said reform.

Financials

Financial expenses are expected to be higher than last year (DKK 497 million) due to higher interest rates. Financials include a capital gain of DKK 43 million from the sale of shares in Cambridge Antibody Technology.

Consolidated profit before share-based payments and after special items

Consolidated profit for the year is expected to be unchanged at around DKK 1.0 billion (DKK 797 million).

Currency and interest assumptions

Outlook for the remainder of 2006/07 is based on the USD exchange rate of DKK 5.87 at the end of H1 2006/07. This should be seen against an average exchange rate in the financial year 2005/06 of DKK 6.16. The average USD rate in H1 2006/07 was DKK 5.87, and on 13 December 2006 it was DKK 5.62. The interest rate level for floating-rate loans is expected to be in line with the forward interest rates prevailing in December 2006.

Exchange rate sensitivity

In the calculation of sensitivity to changes in the USD rate, currencies that correlate with the USD are included. 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 800 million and in EBIT of around DKK 100 million.

Risk factors

The forward-looking statements contained in this announcement, 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.

Other information

Accounting policies

The accounting policies applied in the preparation of this interim report are unchanged from the policies applied for the Annual Report 2005/06.

Board of Directors

At the Annual General Meeting on 24 August 2006, Kirsten Drejer was elected to the Board of Directors. Jørgen Tandrup, Deputy Chairman, and Håkan Björklund were re-elected.

The employee representatives on the Board of Directors, Lis Glibstrup, Flemming Kristensen and Bent Willy Larsen, were re-elected at the end of November 2006.

Share capital

Danisco set up a warrant programme in 2002/03 covering more than 6,300 employees. In the fifth exercise window from 19 September 2006 to 17 October 2006, around 1% of the employees exercised their warrants (giving a total 89% of employees having exercised their warrants). The majority of the employees chose cash settlement and a small number chose to subscribe for new shares at a price of DKK 299 per share of DKK 20 nominal value. Danisco therefore effected a capital increase of 650 shares of DKK 20 nominal value on 2 November 2006 after which the share capital amounted to DKK 978,545,900, equivalent to 48,927,295 shares of DKK 20 nominal value.

Share-based payments

Danisco's warrant and option programmes totalled 1,539,221 shares at 31 October 2006, equivalent to 3.1% of the Company's share capital. The cost of these programmes, including market value adjustments, is expensed in the income statement on an ongoing basis.

As stated at the Annual General Meeting held on 24 August 2006, the Board of Directors of Danisco has decided to grant up to 250,000 share options at an estimated price of DKK 473 to key employees in Genencor. The granting procedure has been finalised and on 15 November 193,500 share options were issued at a price of DKK 490.

Information meeting

This announcement of results is also available on www.danisco.com. The meeting for institutional investors, equity analysts and the press to be held today at 3:00 pm can be followed on the above website.

Financial calendar

Date	Reporting period
16 February 2007	IR quiet period starts for Q3
20 March 2007	Q3 results
18 May 2007	IR quiet period starts for Q4
20 June 2007	Q4 results
17 August 2007	IR quiet period starts for Q1
29 August 2007	Annual General Meeting 2007
17 September 2007	Q1 results
19 November 2007	IR quiet period starts for Q2
17 December 2007	Q2 results
29 February 2008	IR quiet period starts for Q3
26 March 2008	Q3 results

For further information:

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Management's statement

The Board of Directors and the Executive Board have considered and approved the interim report for the period 1 May – 31 October 2006 of Danisco A/S.

The interim report, which is unaudited, has been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and Danish disclosure requirements governing interim financial reporting for listed companies. In our opinion, the interim report gives a true and fair view of the Group's assets, liabilities, financial position, cash flows and results of operations.

14 December 2006

Board of Directors

Anders Knutsen, Chairman

Jørgen Tandrup, Deputy Chairman

Håkan Björklund

Kirsten Drejer

Lis Glibstrup

Peter Højland

Flemming Kristensen

Bent Willy Larsen

Matti Vuoria

Executive Board

Tom Knutzen, CEO

Søren Bjerre-Nielsen

Mogens Granborg

Income statement 1 May 2006 - 31 October 2006

(DKKm)	Q2 2006/07	Q2 2005/06	YTD 2006/07	YTD 2005/06
Revenue	5,140	5,229	10,423	10,391
Cost of sales	(3,382)	(3,469)	(6,858)	(6,884)
Gross profit	1,758	1,760	3,565	3,507
Research and development expenses	(188)	(218)	(393)	(436)
Distribution and sales expenses	(698)	(624)	(1,367)	(1,243)
Administrative expenses	(326)	(344)	(627)	(653)
Other operating income	26	34	42	53
Other operating expenses	(17)	(10)	(17)	(17)
Share-based payments	(38)	(9)	18	(64)
Operating profit before special items (EBIT)	517	589	1,221	1,147
Special items	(73)	(84)	(89)	(151)
Operating profit	444	505	1,132	996
Net financial expenses	(134)	(114)	(227)	(225)
Profit before tax	310	391	905	771
Income tax expense	(90)	(124)	(262)	(210)
Profit from continuing operations	220	267	643	561
Profit from discontinued operations	-	10	-	(16)
Consolidated profit	220	277	643	545
Distribution of profit				
Minority interests	5	8	14	8
Equity holders of the parent	215	269	629	537
Total	220	277	643	545
Earnings per share (DKK)				
Basic earnings per share	4.43	5.51	12.91	10.98
Basic earnings per share from continuing operations	4.43	5.30	12.91	11.31
Diluted earnings per share	4.40	5.45	12.82	10.87
Diluted earnings per share before special items and discontinued operations	5.46	6.40	14.11	12.72

Cash flow statement 1 May 2006 - 31 October 2006

(DKKm)	Q2 2006/07	Q2 2005/06	YTD 2006/07	YTD 2005/06
Cash flow from operating activities				
Profit from continuing operations	220	267	643	561
Depreciation	271	268	543	582
Change in working capital	917	834	1,622	1,570
Other adjustments	(105)	(89)	(39)	(142)
Cash flow from operating activities	1,303	1,280	2,769	2,571
Investments				
Net investments	(292)	(260)	(472)	(556)
Purchase of undertakings and activities	(61)	-	(61)	(137)
Cash flow after investments	950	1,020	2,236	1,878
Cash flow from financing activities	(924)	(1,028)	(2,196)	(2,229)
Cash flow from discontinued operations	-	10	-	(16)
Decrease/increase in cash and cash equivalents	26	2	40	(367)
Cash position				
Cash and cash equivalents at start of period	420	407	411	729
Decrease/increase in cash and cash equivalents	26	2	40	(367)
Exchange adjustment of cash and cash equivalents	3	9	(2)	56
Cash and cash equivalents at end of period	449	418	449	418

Statement of recognised income and expense

(DKKm)	31 October 2006	31 October 2005	30 April 2006
Consolidated profit	643	545	622
Foreign exchange rate adjustment of subsidiaries and associates	(23)	268	28
Hedging of future transactions for the period	(160)	120	353
Tax on items recognised directly in equity	43	(9)	(83)
Other movements in equity	(4)	(64)	(35)
Net income recognised directly in equity	(144)	315	263
Total recognised income and expense	499	860	885

Balance sheet 31 October 2006

(DKKm)	31 October 2006	31 October 2005	30 April 2006
Assets			
Goodwill	10,670	11,139	10,689
Other intangible assets	1,250	1,226	1,276
Property, plant and equipment	8,716	9,235	8,683
Investments	1,023	757	1,091
Total non-current assets	21,659	22,357	21,739
Inventories	4,821	5,968	5,563
Receivables	4,099	4,490	4,549
Cash and cash equivalents	449	418	411
Total current assets	9,369	10,876	10,523
Total assets	31,028	33,233	32,262
Equity and liabilities			
Share capital	979	978	978
Other reserves	11,565	11,497	11,430
Equity attributable to equity holders of the parent	12,544	12,475	12,408
Minority interests	301	275	318
Total equity	12,845	12,750	12,726
Non-current liabilities	5,913	6,967	7,746
Current liabilities	12,270	13,516	11,790
Total liabilities	18,183	20,483	19,536
Total equity and liabilities	31,028	33,233	32,262
Changes in equity			
Equity at beginning of period	12,726	12,286	12,286
Total recognised income and expense	499	860	885
Dividends paid to shareholders	(328)	(330)	(330)
Dividends paid to minority interests	(32)	(72)	(73)
Capital increase	-	6	10
Share-based payments	3	-	-
Buyback of shares	(99)	-	(52)
Sale of treasury shares	76	-	-
Total change in equity	119	464	440
Equity at end of period	12,845	12,750	12,726
Other balance sheet data			
Net interest-bearing debt	11,324	12,791	13,224
Net operating assets	14,329	15,376	15,877
Invested capital	24,999	26,515	26,566

Segment details

(DKKm)	Q2 2006/07	Q2 2005/06	YTD 2006/07	YTD 2005/06
Revenue				
Ingredients	3,428	3,275	6,931	6,629
Sugar	1,776	2,016	3,623	3,891
Eliminations	(64)	(62)	(131)	(129)
Total	5,140	5,229	10,423	10,391
EBITDA before special items				
Ingredients	619	579	1,309	1,245
Sugar	245	321	510	619
Unallocated	(38)	(34)	(73)	(71)
Subtotal	826	866	1,746	1,793
Share-based payments	(38)	(9)	18	(64)
Total	788	857	1,764	1,729
Operating profit before special items (EBIT)				
Ingredients	438	415	949	870
Sugar	155	221	330	419
Unallocated	(38)	(38)	(76)	(78)
Subtotal	555	598	1,203	1,211
Share-based payments	(38)	(9)	18	(64)
Total	517	589	1,221	1,147
Special items				
Ingredients	(69)	(84)	(85)	(211)
Sugar	-	-	-	-
Unallocated	(4)	-	(4)	60
Total	(73)	(84)	(89)	(151)
RONOA (%)				
Ingredients	17.1	17.5	17.1	17.5
Sugar	14.1	13.7	14.1	13.7
Total	15.0	14.7	15.0	14.7
Net working capital				
Ingredients	3,869	4,099	3,869	4,099
Sugar	672	1,405	672	1,405
Unallocated	(136)	(361)	(136)	(361)
Total	4,405	5,143	4,405	5,143
Non-current assets				
Ingredients	6,066	5,844	6,066	5,844
Sugar	3,651	4,092	3,651	4,092
Unallocated	207	297	207	297
Total	9,924	10,233	9,924	10,233
Net operating assets				
Ingredients	9,935	9,943	9,935	9,943
Sugar	4,323	5,497	4,323	5,497
Unallocated	71	(64)	71	(64)
Total	14,329	15,376	14,329	15,376
Goodwill				
Ingredients	9,327	9,600	9,327	9,600
Sugar	1,343	1,539	1,343	1,539
Unallocated	-	-	-	-
Total	10,670	11,139	10,670	11,139
Invested capital				
Ingredients	19,262	19,543	19,262	19,543
Sugar	5,666	7,036	5,666	7,036
Unallocated	71	(64)	71	(64)
Total	24,999	26,515	24,999	26,515

Top line growth in Ingredients

(%)	Total	Currency	Acquisitions	Organic	Sales distribution
Sales growth by division					
Q2 2006/07 vs. Q2 2005/06					
Bio Ingredients	4	(2)	0	6	39
Texturants & Sweeteners	5	(2)	1	6	50
Flavours	5	(1)	0	6	11
Total	5	(1)	0	6	100
YTD 2006/07 vs. YTD 2005/06					
Bio Ingredients	6	(1)	0	7	38
Texturants & Sweeteners	5	(1)	0	6	50
Flavours	1	(2)	0	3	12
Total	5	(1)	0	6	100
Sales growth by geography					
Q2 2006/07 vs. Q2 2005/06					
Europe	8	1	0	7	40
North America	(1)	(3)	0	2	28
Latin America	1	(3)	0	4	9
Asia-Pacific	8	(5)	2	11	18
Rest of the world	12	(3)	1	14	5
Total	5	(1)	0	6	100
YTD 2006/07 vs. YTD 2005/06					
Europe	7	0	0	7	41
North America	0	(3)	0	3	28
Latin America	8	(2)	0	10	9
Asia-Pacific	4	(4)	1	7	17
Rest of the world	4	(2)	1	5	5
Total	5	(1)	0	6	100

Holding of treasury shares

	Nominal value (DKK '000)	Number	% of share capital
Holding at 1 May 2006	2,064	103,200	0.21
Purchase	3,960	198,000	0.40
Sale, exercise of share options	(3,279)	(163,954)	(0.34)
Holding at 31 October 2006	2,745	137,246	0.28

Stock exchange notices

Notices issued in the past 12 months

Date		No.	Title
15 December	2005	32	Announcement of results for H1 2005/06
20 December	2005	-	Updated Articles of Association with appendices
27 January	2006	01	Warrant programme: Issue of new shares
30 January	2006	-	Updated Articles of Association with appendices
1 February	2006	02	Tom Knutzen is granted options in Danisco
9 February	2006	03	Danisco safeguards sugar activities for the future
3 March	2006	04	Final adoption of new EU sugar regime and transitional measures
20 March	2006	05	Announcement of results for 9M 2005/06
28 April	2006	06	Leadership change in Danisco as of 1 May 2006
2 May	2006	07	Warrant programme: Issue of new shares
3 May	2006	-	Updated Articles of Association with appendix 1
20 June	2006	08	Announcement of Results for 2005/06
26 June	2006	-	Annual Report 2005/06
31 July	2006	-	Notice convening AGM 2006
2 August	2006	09	Warrant programme: Issue of new shares
3 August	2006	-	Updated Articles of Association with appendix 1
24 August	2006	10	Annual General Meeting – Excerpts from Chairman's report
24 August	2006	11	Annual General Meeting held on 24 August 2006
25 August	2006	12	Danisco withdraws SPEZYME [®] ETHYL enzyme product from the market
1 September	2006	-	Updated Articles of Association with appendix 1
19 September	2006	13	Announcement of Results for Q1 2006/07

Post balance-sheet notices

Date		No.	Title
2 November	2006	14	Warrant programme: Issue of new shares
3 November	2006	-	Updated Articles of Association with appendix 1
9 November	2006	15	New reporting structure in connection with Unfolding the Potential
27 November	2006	16	Election of employee representatives to the Board of Directors of Danisco A/S
4 December	2006	17	Election of employee representative to the Board of Directors of Danisco A/S

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