

Invested capital

3.4 Joint operations and associates

Joint operations

In 2012, Novozymes formed a strategic partnership with Beta Renewables S.p.A. The objective of the partnership is to market, demonstrate and guarantee cellulosic biofuel solutions based on technologies held by Beta Renewables S.p.A. and Novozymes on a global basis. The parties have joint control of the partnership. The partnership had no material impact on revenue and earnings in 2016 (2015: no material impact).

Novozyymes has interests in joint operations with Novo Nordisk. These are houseowners' associations and related utility facilities in connection with the shared Danish production sites in Kalundborg and Bagsvaerd. The operations had no impact on revenue and earnings in 2016 (2015: no impact). Novozymes

and Novo Nordisk share control of the arrangements equally.

Associates

Novozyymes holds 9.95% of the shares in Beta Renewables S.p.A., with which Novozymes has formed a jointly controlled operation within cellulosic biofuel solutions.

Novozyymes holds 23.1% of the shares in Microbiogen Pty Ltd., with which Novozymes collaborates exclusively on the exploration and development of yeast for the ethanol industry.

In 2016, a minor investment was made in MagnaBioAnalytics LLC.

None of the associates is individually material to the Group.

DKK million		2016	2015
Associates			
Share of losses	I/S	(31)	(6)
Comprehensive income for the year		(31)	(6)
Investments in associates	B/S	73	91



CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Although Novozymes holds less than 20% of the equity shares in Beta Renewables S.p.A., the Group exercises significant influence

by virtue of its contractual right to appoint members of key management boards, and has the power to participate in Beta Renewables' financial and operating policy decisions. Consequently, this investment has been classified as an associate.



ACCOUNTING POLICIES

Joint operations

The Group's holdings in joint operations are consolidated by including its interest in the joint operations' assets, liabilities, revenue and costs.

Associates

Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment in an associate is initially recognized at cost, and the carrying amount is increased or decreased to recognize Novozymes' share of the profit or loss of the associate after the date of acquisition. The Group's investment in associates includes the fair value of the net assets and goodwill identified on acquisition.

The accounting policies of associates have been changed where necessary to ensure consistency with the accounting policies adopted by the Group. Gains and losses resulting from transactions between the Group and its associates are recognized in the Group's financial statements only to the extent of unrelated investors' investments in the associates.

In a step acquisition, the previously held equity interest in the acquiree is remeasured at its fair value on the acquisition date, and the resulting gain or loss is recognized in profit and loss. The estimated total fair value of the equity interest held immediately after the step acquisition is recognized as the cost of the equity interest.