

Income statement

For the year ended 31 December

in millions of Swiss francs	2010	2009
Income from investments in Group companies	90	114
Royalties from Group companies	562	479
Interest income from Group companies	25	34
Other income	224	494
Total income	901	1,121
Research and development expenses to Group companies	(195)	(197)
Interest expense to Group companies	(2)	(11)
Amortisation of intangible assets	(71)	(53)
Other financial expenses	(294)	(567)
Other expenses	(78)	(101)
Withholding taxes and capital taxes	(24)	(17)
Total expenses	(664)	(946)
Income before taxes	237	175
Income taxes	(9)	(2)
Net income	228	173

Statement of financial position

As at 31 December

Overview
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Financial statements

in millions of Swiss francs	Note	2010	2009
Cash and cash equivalents	3	524	533
Marketable securities		115	131
Accounts receivable from Group companies		63	58
Other current assets		29	29
Current assets		731	751
Investments in Group companies		3,666	2,919
Loans to Group companies		351	767
Other long-term investments	9	1	9
Intangible assets		498	497
Other long-term assets		26	17
Non-current assets		4,542	4,209
Total assets		5,273	4,960
Short-term debt		275	
Accounts payable to Group companies		119	131
Other payables and accrued liabilities		37	110
Current liabilities		431	241
Long-term debt	4	1,274	1,646
Loans from Group companies		237	603
Other non-current liabilities		111	32
Non-current liabilities		1,622	2,281
Total liabilities		2,053	2,522
Share capital	6, 7	92	85
General legal reserve - first attribution	6, 7	17	17
- additional paid-in capital	6, 7	2,023	1,289
Reserve for own equity instruments	6, 7	144	160
Free reserve	6, 7	698	679
Retained earnings			
Balance brought forward from previous year		18	35
Net profit for the year		228	173
Equity		3,220	2,438
Total liabilities and equity		5,273	4,960

Notes to the statutory financial statements

1. General

The financial statements of Givaudan SA, Vernier near Geneva in Switzerland, are prepared in accordance with the provisions of Swiss company law and accepted business principles.

The Group has changed the presentation of prior year numbers where appropriate to ensure consistent presentation with this year's financial statements.

2. Valuation methods and translation of foreign currencies

Investments in, and loans to and from, Group companies are stated respectively at cost and nominal value less appropriate write-downs. Marketable securities are shown at the lower of cost and market value. Derivatives are re-valued at fair value.

In the balance sheet, foreign currency assets and liabilities are re-measured at year-end exchange rates with the exception of investments in Group companies which are valued at historical exchange rates. Foreign currency gains and losses are recognised in the income statement except for unrealised foreign currency gains which are deferred in the balance sheet.

3. Cash and cash equivalents

Cash and cash equivalents information includes an amount of CHF 492 million (2009: CHF 398 million) related to the cash pooling agreements with a Group company.

4. Bonds

On 7 February 2003, the Group entered into a private placement for a total amount of CHF 50 million. The private placement was made by Givaudan SA. It was redeemed in 2009.

On 9 July 2003, the Group entered into a private placement for a total amount of CHF 100 million. The private placement was made by Givaudan SA. It is redeemable in 2013 with an annual interest rate of 3.3%.

On 2 March 2007, the Group entered into a syndicated loan agreement for a total amount of CHF 1.9 billion through its holding company, Givaudan SA. The outstanding amount of the syndicated loan at 31 December 2010 is CHF 826 million (2009: CHF 925 million) of which CHF 800 million (2009: CHF 900 million) is based on a fixed rate of 2.82% (2009: 2.82%) in average, CHF 26 million (2009: CHF 25 million) is based on 1-month CHF LIBOR, the weighted average interest rate of the total syndicated loan borrowing is 3.00% (2009: 3.10%) at 31 December 2010. This syndicated loan contains a covenant with externally imposed capital requirements. The Group was in compliance with these requirements as at 31 December 2010.

On 23 May 2007, the Group entered into a private placement for a total amount of CHF 50 million with maturity 21 May 2014, with an annual interest rate of 3.125%. The private placement was made by Givaudan SA.

On 18 October 2007, the Group issued a 3.375% 4-year public bond (maturity 18 October 2011) with a nominal value of CHF 275 million. The bond was issued by Givaudan SA.

On 19 February 2009, the Group issued a 4.25% 5-year public bond (maturity 19 March 2014) with a nominal value of CHF 300 million. The bond was issued by Givaudan SA. The proceeds of CHF 297 million were mainly used to repay private placements at maturity for a total amount of CHF 90 million and to repay a portion of the syndicated loan for a total amount of CHF 174 million.

5. Guarantees

Guarantees issued in favour of Group companies amounted to CHF 300 million (2009: CHF 1,050 million).

6. Equity

As at 31 December 2010, the share capital amounts to CHF 92,335,860, divided into 9,233,586 fully paid-up registered shares, with a nominal value of CHF 10.00 each. Every share gives the right to one vote.

The Board of Directors has at its disposal conditional capital of a maximum aggregate amount of CHF 7,481,980 that may be issued through a maximum of 748,198 registered shares, of which a maximum of CHF 1,618,200 can be used for executive share option plans. The Board of Directors was authorised until 7 April 2008 to increase the share capital by up to CHF 10,000,000 through the issuance of a maximum of 1,000,000 fully paid-in registered shares with a par value of CHF 10.00 per share. At the Annual General Meeting on 25 March 2010, the shareholders approved the extension of the existing authorised capital of CHF 10,000,000 until 26 March 2012.

At the Annual General Meeting held on 25 March 2010 the distribution of an ordinary dividend of CHF 20.60 per share (2009: in the form of cash, CHF 10.00, and one warrant, CHF 10.00) was approved. The warrants were tradable and were exchanged with a ratio of 31:1 for Givaudan shares within a limited period. In total, 226,837 shares were issued from conditional capital. In April 2009 this resulted in an increase of CHF 2,268,370 in share capital and an increase of CHF 72,587,840 of reserves corresponding to the total value of the net proceeds received from the warrant executions.

On 11 June 2009, the Board of Directors announced an increase in the share capital through the issuance of 999,624 fully paid-in registered shares from authorised capital with a nominal value of CHF 10.00 each. The new shares were offered to all shareholders by the way of a rights issue which were traded from 17 June 2009 to 23 June 2009 on SIX Swiss Exchange. The exercise of 15 rights entitled the holder to subscribe for two new shares at a subscription price of CHF 420 per new share. On 29 June 2009, 999,624 shares were issued from the authorised capital. This resulted in an increase of CHF 9,996,240 in share capital and an increase of CHF 388,003,760 of reserves corresponding to the total value of the net proceeds received from the rights executions, and transactions costs of CHF 22 million.

On 26 February 2010, the share capital was increased through the issuance of 736,785 fully paid-in registered shares from conditional capital with a nominal value of CHF 10.00 each. These shares were delivered to holders of the MCS in March 2010. This resulted in an increase of CHF 7,367,850 in share capital and an increase of CHF 733,859,745 in reserves.

Movements in own shares are as follows:

2010	Number	Price in Swiss francs			Total in millions of Swiss francs
		High	Average	Low	
Balance as at 1 January	158,245				160
Purchases at cost					
Sales and transfers at cost	(19,109)	826.5	826.5	826.5	(16)
Issuance of shares					
Balance as at 31 December	139,136				144

2009	Number	Price in Swiss francs			Total in millions of Swiss francs
		High	Average	Low	
Balance as at 1 January	158,245				160
Purchases at cost					
Sales and transfers at cost					
Issuance of shares					
Balance as at 31 December	158,245				160

As at 31 December 2010, there are no other companies controlled by Givaudan SA that held Givaudan SA shares.

On 31 December 2010, Nestlé SA and Chase Nominees Ltd were the only shareholders holding more than 5% of total voting rights.

7. Movements in equity

2010 in millions of Swiss francs	Share Capital	General legal reserve		Reserve for own equity instruments	Free reserve	Retained earnings	Total
		First attribution	Additional paid-in capital				
Balance as at 1 January	85	17	1,289	160	679	208	2,438
Registered shares							
Issuance of shares	7		734				741
Appropriation of available earnings							
Transfer to the general legal reserve							
Dividend paid relating to 2009					3	(190)	(187)
Transfer to/from the reserve for own equity instruments				(16)	16		
Net profit for the year						228	228
Balance as at 31 December	92	17	2,023	144	698	246	3,220

2009 in millions of Swiss francs	Share Capital	General legal reserve		Reserve for own equity instruments	Free reserve	Retained earnings	Total
		First attribution	Additional paid-in capital				
Balance as at 1 January as published	73	17	829	160	677	108	1,864
Registered shares							
Issuance of shares	12		460				472
Appropriation of available earnings							
Transfer to the general legal reserve							
Dividend paid relating to 2008					2	(73)	(71)
Transfer to/from the reserve for own equity instruments							
Net profit for the year						173	173
Balance as at 31 December	85	17	1,289	160	679	208	2,438

Pursuant to the new Swiss tax legislation, reserves from additional paid-in capital are presented separately in equity. Any dividend payment made out of these reserves will not be subject to Swiss withholding tax, nor will they be subject to income tax on individual shareholders who are resident in Switzerland. This change in presentation has been included in the above tables. All distributions of reserves are subject to the requirements of the Swiss Code of Obligations.

8. List of principal direct subsidiaries

The following are the principal direct subsidiaries of the company, which are wholly-owned unless otherwise indicated (percentage of voting rights):

Switzerland	Givaudan Suisse SA
	Givaudan Finance SA
	Givaudan International SA
	Givaudan Trading SA
Argentina	Givaudan Argentina SA
Australia	Givaudan Australia Pty Ltd
Austria	Givaudan Austria GmbH
Brazil	Givaudan Do Brasil Ltda
Chile	Givaudan Chile Ltda
China	Givaudan Frangrances (Shanghai) Givaudan Ltd
	Givaudan Flavors (Shanghai) Ltd
	Givaudan Specialty Products (Shanghai) Ltd
	Givaudan Hong Kong Ltd

Colombia	Givaudan Colombia SA
Czech Republic	Givaudan CR, S.R.O.
Denmark	Givaudan Scandinavia A/S
Ecuador	Givaudan Ecuador SA
France	Givaudan Participation SAS
Germany	Givaudan Deutschland GmbH
Hungary	Givaudan Hungary Kft
India	Givaudan (India) Private Ltd
Indonesia	P.T. Givaudan Flavours and Fragrances Indonesia
Italy	Givaudan Italia SpA
Japan	Givaudan Japan K.K.
Korea	Givaudan Korea Ltd
Malaysia	Givaudan Malaysia Sdn.Bhd
Mexico	Givaudan de Mexico SA de CV
Netherland	Givaudan Nederland Services B.V. Givaudan Treasury International B.V.
Peru	Givaudan Peru SAC
Poland	Givaudan Polska Sp. Z.o.o.
Russia	Givaudan Rus LLC
Singapore	Givaudan Singapore Pte Ltd
South Africa	Givaudan South Africa (Pty) Ltd
Spain	Givaudan Iberica, SA
Sweden	Givaudan North Europe AB
Thailand	Givaudan (Thailand) Ltd
Turkey	Givaudan Aroma Ve Esans Sanayi Ve Ticaret Limited Sirketi
United States of America	Givaudan United States, Inc.
Venezuela	Givaudan Venezuela SA

9. Jointly controlled entities

Name of joint venture	Principal activity	Country of incorporation	Ownership interest
TecnoScent	Olfactory receptor research	Belgium	50%

10. Board of Directors and Executive Committee compensation

Information required by Swiss law, as per art. 663b^{bis} CO, on the Board of Directors and Executive Committee compensation are disclosed in the Givaudan consolidated financial statements, Note 30.

11. Disclosure of the process of risk assessment

Givaudan SA is fully integrated into the risk management framework of the Givaudan Group. This risk management framework also addresses the nature and scope of business activities and the specific risks of Givaudan SA (refer to Note 32 in the consolidated financial statements of this financial report).

Proposal of the Board of Directors to the general meeting of shareholders

Available earnings

in Swiss francs	2010	2009
Net profit for the year	228,304,805	173,086,204
Balance brought forward from previous year	18,071,649	35,197,317
Total available earnings	246,376,454	208,283,521
Distribution of an ordinary dividend of CHF 20.60 gross per share		190,211,872
Total appropriation of available earnings		190,211,872
Amount to be carried forward	246,376,454	18,071,649

General legal reserve – additional paid-in capital

in Swiss francs	2010	2009
Additional paid-in capital from issuance of shares	733,859,744	460,591,600
Balance brought forward from previous year	1,288,970,835	828,379,235
General legal reserve – additional paid-in capital	2,022,830,579	1,288,970,835
Distribution of an ordinary dividend of CHF 21.50 gross per share ^a	198,522,099	
Total appropriation of general legal reserve – additional paid-in capital	198,522,099	
Amount to be carried forward	1,824,308,480	1,288,970,835

a) All distributions of reserves are subject to the requirements of the Swiss Code of Obligations.

Report of the statutory auditors

On the financial statements

Deloitte.

Report of the statutory auditor
to the General Meeting of
Givaudan SA, Vernier

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Report on the financial statements

As statutory auditor, we have audited the financial statements of Givaudan SA presented on pages 118 to 123, which comprise the income statement, the statement of financial position and the notes for the year ended 31 December 2010.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the 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 system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended 31 December 2010 comply with Swiss law and the company's articles of incorporation.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Deloitte SA



Thierry Aubertin
Licensed Audit Expert
Auditor in Charge



Annik Jatón Hüni
Licensed Audit Expert

Geneva, 7 February 2011

Audit. Fiscalité. Conseil. Corporate Finance.

Member of Deloitte Touche Tohmatsu