

# 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	
<b>Balance as at 1 January</b>	<b>158,245</b>				<b>160</b>
Purchases at cost					
Sales and transfers at cost	(19,109)	826.5	826.5	826.5	(16)
Issuance of shares					
<b>Balance as at 31 December</b>	<b>139,136</b>				<b>144</b>

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

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				
<b>Balance as at 1 January</b>	<b>85</b>	<b>17</b>	<b>1,289</b>	<b>160</b>	<b>679</b>	<b>208</b>	<b>2,438</b>
<b>Registered shares</b>							
Issuance of shares	7		734				741
<b>Appropriation of available earnings</b>							
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
<b>Balance as at 31 December</b>	<b>92</b>	<b>17</b>	<b>2,023</b>	<b>144</b>	<b>698</b>	<b>246</b>	<b>3,220</b>

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				
<b>Balance as at 1 January as published</b>	<b>73</b>	<b>17</b>	<b>829</b>	<b>160</b>	<b>677</b>	<b>108</b>	<b>1,864</b>
<b>Registered shares</b>							
Issuance of shares	12		460				472
<b>Appropriation of available earnings</b>							
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
<b>Balance as at 31 December</b>	<b>85</b>	<b>17</b>	<b>1,289</b>	<b>160</b>	<b>679</b>	<b>208</b>	<b>2,438</b>

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):

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

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