Givaudan

ENGAGING
THE
SENSES

ANNUAL & FINANCIAL REPORT 2010

As the leading Company in the fragrance and flavour industry, Givaudan develops unique and innovative fragrance and flavour creations for its customers around the world. We have approximately 25% market share, and this industry leadership position is underpinned by a sales and marketing presence in all major markets. We create fragrances for personal and homecare brands that range from prestige perfumes to laundry care, and in flavours our expertise spans beverages, savoury, snacks, sweet goods and dairy products.

What's inside:

Overview

CHF 4.2bn sales

Gross profit up 9.9% (2010: CHF 1,956m)

Strategy

A platform for growth
The integration of Quest International has created a platform for growth, enabling Givaudan to further expand its position as industry leader.

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Performance

Laundry care
The joy of freshly laundered clothes, towels and bed linen is in the fragrance and the feel. Our expert knowledge communicates freshness and softness to people wherever they are, however they do their laundry. Our presence and scale is driving success in this category in developing markets, particularly India and China.

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Salt reduction
Sense It™ Salt is a sensory language that enhances Givaudan's ability to accurately assess the consequences of reducing salt.

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Engaging the Senses

Givaudan has significantly evolved over many decades and continues to grow its leadership position without losing sight of its heritage. Our brand provides a strong framework to showcase an expanded product and technology portfolio as well as our unique talent and expertise. Our tagline 'Engaging the Senses' and the four pillars – Knowledge, Discovery, Artistry and Performance – are the words and ideas that define us and compose our voice.

Sustainable business model

ChefsCouncil™ Hong Kong
Michelin-starred restaurant chefs joined a team of Givaudan experts for a global flavour innovation event, ChefsCouncil™ Hong Kong.

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Corporate governance

Financial report

Distinct capabilities

Depths and range of customer relationships

Long-standing strategic relationships with top accounts

Diverse client portfolio across multinationals, regional, local customers and private labels

Global reach

3,300 employees dedicated to R&D, sales and marketing

40% of these employees are based in the developing markets

Supply chain and **creative centres** operate close to our customers' end markets and service our customers locally

Diversity in our teams

Unmatched resources to service our clients

CHF 336 million spend in R&D in 2010

Largest commercial organisation allowing us to operate a dedicated customer servicing model

Broadest product offering

More in-depth customer relationship

Cross leveraging of product knowledge

Strong performance

- Sales CHF 4.2 billion, up 8.9% in local currencies
- Comparable EBITDA improved to CHF 963 million, up 18.4% in local currencies
- Comparable EBITDA margin improved to 22.7%, reaching pre-acquisition levels
- Net income CHF 340 million, up 71%
- Free cash flow CHF 437 million, 10.3% of sales
- Strengthened balance sheet, net debt reduced to CHF 1,353 million
- Tax free cash dividend of CHF 21.50 proposed

in millions of Swiss francs, except for per share data	2010	2009
Sales	**4,239**	**3,959**
Gross profit	**1,956**	**1,780**
as % of sales	46.1%	45.0%
EBITDA at comparable basis[a, b]	**963**	**820**
as % of sales	22.7%	20.7%
EBITDA[a]	**887**	**758**
as % of sales	20.9%	19.1%
Operating income at comparable basis[b]	**655**	**525**
as % of sales	15.5%	13.3%
Operating income	**556**	**460**
as % of sales	13.1%	11.6%
Income attributable to equity holders of the parent	**340**	**199**
as % of sales	8.0%	5.0%
Earnings per share – basic (CHF)[c]	**37.87**	**25.07**
Earnings per share – diluted (CHF)[c]	**37.63**	**24.97**
Operating cash flow	**730**	**738**
as % of sales	17.2%	18.6%

a) EBITDA: Earnings Before Interest (and other financial income (expense), net), Tax, Depreciation and Amortisation. This corresponds to operating income before depreciation, amortisation and impairment of long-lived assets and impairment on joint ventures.

b) EBITDA at comparable basis excludes impairment on restructuring expenses. Operating income at comparable basis excludes restructuring expenses and impairment of long-lived assets and impairment on joint ventures.

c) The issuance of 736,785 shares in 2010 related to the MCS conversion decreased the EPS.

6,923m
Total assets (CHF)

3,477m
Total liabilities (CHF)

3,446m
Total equity (CHF)

730m
Operating cash flow (CHF)

Our business

Divisions

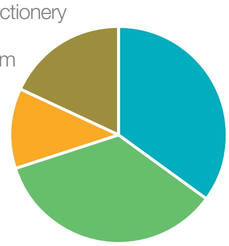
Flavour Division – 53% of Group sales

We are a trusted partner to the world's leading food and beverage companies, combining our global expertise in sensory understanding, analysis and consumer-led innovation in support of unique product applications and new market opportunities. We work with food and beverage manufacturers to develop flavours and tastes for market-leading products across all continents.

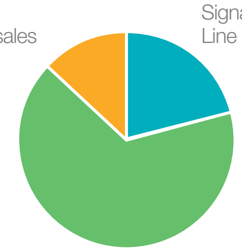
Fragrance Division – 47% of Group sales

Our perfumery team is the largest in the industry. Our talents extend across three business areas – Fine Fragrances, Consumer Products and Fragrance Ingredients – through which we create scents for leading brands worldwide. In-depth consumer understanding, a high-performing research and development organisation and an efficient global operations network support our business.

Division breakdown
Flavour Division sales %



Division breakdown
Fragrance Division sales %



Business process

Research
Innovating to create new consumer-preferred aromas and ingredients combinations and improving the performance of fragrances and flavours in their final application.

→

Creation
The creative process of transforming ingredients and technology into successful products.

→

Winning the brief
An ability to fulfil the demands of our customers, thanks to successful research and creation.

→

Production
Timely and efficient manufacturing of thousands of fragrance and flavour ingredients globally.

Global locations

● Mature markets – 60% of Group sales

Representing 60% of the annual revenue, mature markets such as North America, Western Europe and Japan are expected to grow less fast than the developing markets but at the same time offer potential for growth in areas such as the increase in demand for Health and Wellness products.

● Developing markets – 40% of Group sales

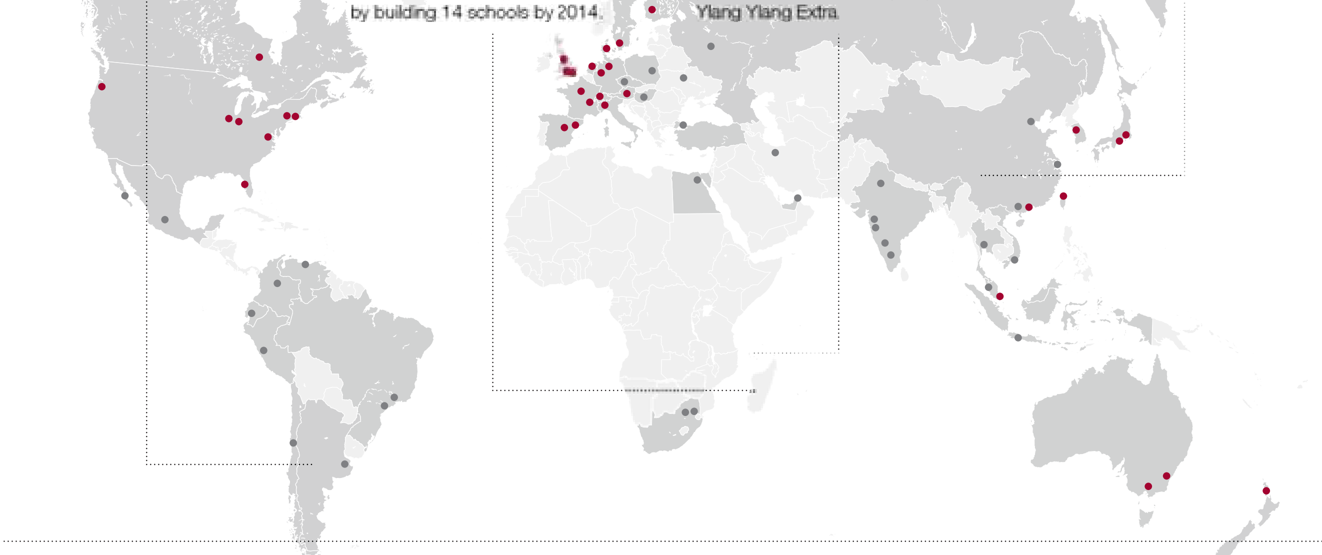
Sales in developing markets such as Asia Pacific and Latin America, as well as Eastern Europe, already account for 40% of annual revenues but this number is expected to increase to 50% by 2015. Market growth is expected to be significantly higher due to urbanisation and changes in lifestyle as well as the increase in consumers' disposable income. In order to fully capture this potential, we have a dedicated presence with creation and production facilities in all key regions.

TasteTrek™, Argentina
Givaudan undertakes first CulinaryTrek™ Beef in Argentina and Brazil.

Ethical sourcing, Madagascar
Givaudan establishes collaboration with a local partner to secure a sustainable supply of vanilla and assists more than 2,000 families by building 14 schools by 2014.

Ethical sourcing, Comoros
A new ethical sourcing partnership on Mohéli, the smallest of the Comoros islands, brings Givaudan perfumers an exclusive quality of Ylang Ylang Extra.

CulinaryTrek™, China
Givaudan CulinaryTrek™ China team travel to Sichuan Province.



8,618
Employees

33
Production sites

82
Locations worldwide

25%
Market share (approx)

Key events of the year

January

13 January
Givaudan celebrates the 60th anniversary of its presence in the Mexican market. The Company started in 1949 with a small office in Chimalpopoca Street, Mexico City and in 1983 opened its flavours facility in Cuernavaca in Morelos.

February

1 – 6 February
A Givaudan flavour team travels through northern and western India on a CulinaryTrek™ looking for sources of inspiration and authentic flavour creation ideas from new ingredients and traditional recipes that will translate into snacks and ready-meals.

4 February
A new fragrance ingredients production unit inaugurated at Pedro Escobedo, Mexico. The facility enables Givaudan to carry out complex, multi-step processes resulting in a key marketplace advantage.

16 February
Full Year 2009 Results: Givaudan reinforces its leadership position with a solid performance in challenging times.

March

5 March
The implementation of Givaudan's enterprise system based on SAP continues across North America with successful go-lives at three sites: Mount Olive (New Jersey), Ridgedale (New Jersey) and New York (New York State).

8 – 10 March
Givaudan's taste experts gather in Tokyo to discuss commercialisation of new umami ingredients sourced from its TasteTrek™ in Japan during 2009.

25 March
The Annual General Meeting elects Irina du Bois as a new member of the Board and re-elects Peter Kappeler, both for a term of three years. A 34% increase in the number of attending shareholders makes this 10th anniversary AGM the largest yet.

25 March
Release of Givaudan's first sustainability report – 'Sustainability: the Givaudan Facts' shares many of the existing sustainability-related initiatives from the last 12 months, as well as the Company's long-term aspirations.

July

2 July
New Fragrance Creative Centre opens at the Jaguaré site in São Paulo, Brazil. The new facility doubles the team's capabilities in creation, application and technology to meet growing demand in Brazil and Latin America.

9 July
The implementation of Givaudan's new enterprise system based on SAP continues with successful go-lives at three Mexican sites: Cuernavaca, Pedro Escobedo and Mexico City.

19 July
Givaudan's Sensory Research and Molecular Biology groups based in Cincinnati, working with the United States National Institutes of Health, identify particular gene variants that regulate sweetness sensitivity.

August

5 August
Half Year 2010 Results: Double-digit sales growth and strongly improved profitability.

16 August
The implementation of Givaudan's new enterprise system based on SAP continues across Latin America with successful go-lives at four sites: Brazil (São Paulo), Argentina (Munro and Malvinas) and Colombia (Bogotá).

28 August
Givaudan features in 'The Perfume Diaries', an exhibition that celebrates the heritage of perfume at Harrods in London. Our Innovative Naturals programme and iPerfumer are displayed, highlighting Givaudan's leading influence in the industry.

31 August
Givaudan unveils its updated five-year strategy to continue to outperform underlying market growth and to further expand its leading position in the fragrance and flavours industry. As part of this strategy, Givaudan plans to build a CHF 170 million best-in-class, centralised flavours production facility in Makó, Hungary.

September

2 September
Givaudan develops a unique sensory language, Sense It™ Salt, which enables a more accurate description of the complex taste effects of salt in foods. Sense It™ Salt enhances Givaudan's ability to create flavours that restore the taste aspects of salt and drive consumer preference in low sodium applications.

13 September
The Fragrance Ingredients plant of Pedro Escobedo, Mexico is awarded the 'Clean Industry Certification' from the Mexican Environmental Protection Agency.

28 September
Givaudan supports the 2010 International Year of Biodiversity through its commitment to preserving the environment and safeguarding biodiversity.

April

9 April
First quarter 2010 sales: Givaudan posts strong start into 2010.

25 March – 17 April
Over a period of three weeks, Givaudan partners with high-end Paris department store Printemps. Hosting workshops for La Fête du Printemps, Givaudan educates and builds relationships with fragrance consumers.

28 April
The Fragrance Foundation, New York announces Givaudan's Miriad® 2.0 as the winner of this year's FiFi® Technological Breakthrough of the Year for Fragrance Creation & Formulation.

May

21 May
Givaudan sweeps to success at the Cosmetic Executive Women (CEW) Beauty Awards in New York. In the presence of 1,800 industry professionals, Givaudan is the creative force behind the winners in all three fragrance categories.

27 May
Flavours teams from the USA and Europe staff booths at The Drinks Ingredients 2010 Virtual Conference and Expo offering information about TasteEssentials® Citrus, TasteSolutions® Sweetness, TasteEssentials® Tea, TasteEssentials® Coffee and ByNature™ for beverages.

28 May
Launch of the new 'Engaging the Senses' brand positioning, reflecting a stronger and more differentiated Givaudan to all stakeholders.

Givaudan
ENGAGING THE SENSES

June

8 June
Givaudan celebrates its 10th anniversary on the SIX Swiss Exchange.

9 June
Givaudan launches iPerfumer, the personal 'fragrance consultant' in your pocket and the first iPhone application to help consumers navigate the perfume market.

10 June
The Givaudan team celebrates the selection of Marc Jacob's Lola as 'Fragrance of the Year, Women's Luxe' and Love Rocks' selection as 'Women's Private Label Fragrance of the Year' at the New York FiFi® Awards.

14 – 18 June
Givaudan launches major coffee flavours initiative in Japan for key customers, showcasing new innovative concepts and flavour combinations for one of the world's largest ready-to-drink coffee markets.

23 – 30 June
Givaudan CulinaryTrek™ China team travels to Sichuan Province to smell, taste and analyse spicy cuisines popular with Chinese consumers. The exploration of local markets and restaurants for authentic ingredients, flavours and popular dishes will translate into new flavours for processed meat, noodles, snacks and quick serve restaurant meals for our customers.

October

1 October
Our US-based flavour production site in East Hanover receives Fair Trade status for vanilla beans converted into certified extracts.

5 October
Givaudan partners with SafeStart™ and launches worldwide safety awareness training for all employees as part of the Company's global behavioural-based safety initiative.

5 October
Givaudan's ChefsCouncil™, a panel of world-renowned international chefs, meet in Hong Kong to share and demonstrate its flavour expertise and creative mastery, resulting in an evolution of culinary thinking and flavour innovation. The simultaneous launch of our Discovery blog attracts more than 1,000 visitors over the three days of the event.

8 October
Third quarter 2010 sales: Givaudan growth momentum maintained.

November

25 November
Givaudan scientist Dr Roman Kaiser publishes 'Scent of the Vanishing Flora'. His third book tracks, reveals and discusses the scent of endangered plant species and is endorsed by the UN Convention on Biological Diversity.

30 November
Givaudan hosts follow-up webinar from the ChefsCouncil™ Hong Kong for over 100 key customers.

December

1 December
Givaudan implements new labelling and classification rules in compliance with the new Globally Harmonized System (GHS) to ensure the protection of the people and the environment. The initiative launches in Europe with a phased global roll-out.

14 December
Givaudan formalises its commitment to creating a diverse and inclusive workforce with a Diversity Position Statement. As part of the Company's Sustainability programme, it pledges to act in two areas: to continue the effective practices already in place to manage diversity and to increase the representation of women in senior leadership positions.

17 December
Givaudan defines corporate charitable themes as part of its Sustainability programme by providing employees with a clear policy statement and overarching framework for charitable support and community involvement.

Chairman's letter

Dr Jürg Witmer, Chairman

"Operating a sustainable business model with global reach, Givaudan is well positioned to participate in the growth of the emerging new consumer markets."

6bn

creation in shareholder value (CHF) from 2000 to 2010.

Dear Shareholder

During the year of our 10th anniversary as an independent, stock listed Company we have recorded the highest annual sales growth rate since 2000 coupled with one of the highest profitability figures ever. Compared to the previous year we improved our EBITDA in local currency by 18.4% to CHF 963 million and the net income rose to CHF 340 million, an increase of 71%. In 2010 we also completed the three year integration process of Quest International by meeting all objectives we had set ourselves at the time of acquisition in 2007.

Based on this result, the Board of Directors will propose a cash dividend of CHF 21.50 per share for the financial year 2010, the tenth consecutive dividend increase since Givaudan's listing on the stockmarket.

The 2010 performance is proof of the Company's ability to quickly adapt to and perform in rapidly changing market conditions. The past two years could not have been more contrary. 2009 was defined by a flat sales development whereas 2010 has been a year in which we recorded a fast-growing increase in demand. Givaudan's adaptability to these fundamentally different market conditions is a sign of the strength of the Company overall and our employees and the management team in particular, making me confident about Givaudan's future and its ability to continue to perform while growing by seizing new opportunities.

On behalf of the Board of Directors, I would like to thank all our 8,618 employees around the world for their continued dedication. It is their daily work effort and capabilities which ultimately provide the difference in developing and producing outstanding sensory solutions for our customers and the final consumer.

Fragrances and flavours are at the heart of the many consumer products we use on a daily basis. Our new brand positioning 'Engaging the Senses' captures this special emotional connection that customers and consumers have with our products. Yet it is not only the taste and the smell that we provide. We are committed to further develop solutions for packaged consumer products to make people feel better and eat healthier.

Looking ahead, we have many opportunities to further expand and grow. With its global footprint, Givaudan is well positioned to participate in the rapidly growing consumer markets in Asia, Middle East and Latin America. In Europe and North America as well, our customers have ambitious growth plans and it is our task to be their preferred partner in developing sustainable and innovative fragrance and flavour solutions, particularly related to enhancing well-being and health. To sharpen our focus, the Executive Committee reviewed the Company's strategy during this final year of the integration period and the Board approved the new five-year strategic plan in August. I am confident that the outlined strategies will enable Givaudan to further build on its leading global market position, in a rapidly changing macroeconomic and geopolitical environment. This also means an in-depth awareness of inherent business risks and a heightened caution in managing the Company's assets. Operating a sustainable business model has been an important pillar of our past success and the Company's broader and enlarged Sustainability programme is very much at the heart of the Board of Director's strategic vision.

We have an important role in preserving natural resources and a commercial and ethical responsibility to drive sustainable development as the leading Company in our industry. Fostering diversity is also related to the continued development of our employees and to provide opportunities for the professional growth of our great talent base around the world.

I am personally involved in supporting our fragrance and flavour programmes to source raw materials in a sustainable and ethical way. This year, I had the opportunity to visit one of our five ongoing sustainable sourcing programmes. We source sustainable sandalwood oil in Western Australia where I met local growers to demonstrate our continued commitment to ethical sourcing in general and to this precious raw material in particular.

At our 10th anniversary Annual General Meeting on 25 March 2010 we welcomed a record number of shareholders in Geneva. At this meeting, Dietrich Fuhrmann stepped down from the Board of Directors and I would like to thank him for his valuable contribution first as a member of the Executive Committee and then as a Board Member since 2004. Succeeding Dietrich Fuhrmann, Ms. Irina du Bois was elected to the Board of Directors. With her background in food technology, she brings long-standing experience in regulatory and environmental affairs to the team. This change also reflects our policy of a phased renewal, long-term internal succession planning and fostering diversity of experience, including at Board level.

Given the Company's clear strategic focus, coupled with the unparalleled capabilities to support our customers in their growth plans and based on the record performance delivered in 2010, I am confident that the Company will continue to deliver value to customers and shareholders in innovative and sustainable ways in the years to come.

Dr Jürg Witmer Chairman

Chief Executive's review

"By generating our strongest sales and returning to our pre-acquisition profitability level, the 2010 results are a sign of Givaudan's ability to successfully leverage the new and expanded platform."

Gilles Andrier, Chief Executive Officer

Dear Shareholder

The year marked two milestones in Givaudan's recent history, as we celebrated our 10th anniversary as an independent Company on the Swiss stock exchange and successfully completed our three-year integration of Quest International.

Since our listing in June 2000, we have been able to continuously improve and transform the Company with the service and innovation capabilities provided to our customers. During the integration we accelerated this considerable improvement of our innovation capabilities, efficiency and organisation to continue our success in an even more rapidly changing marketplace.

The Group's 2010 financial results demonstrated that we met all the integration goals set out for this ambitious project. The most visible and measurable sign of this was the return to our pre-acquisition profitability as well as achieving the CHF 200 million annual savings target.

730m

Operating cash flow (CHF)

However, there is more to the integration than meeting financial targets. The benefits from our enhanced structure, combined with the talents of our enlarged employee base – applied to creating and producing fragrances and flavours that win in the market each day – have surpassed our expectations. These are important factors that will continue to make us successful in a dynamic marketplace.

By generating our strongest sales and returning to our pre-acquisition profitability level, the 2010 results are a sign of Givaudan's ability to successfully leverage the new and expanded platform. Group sales increased 8.9% in local currencies, propelled by an outstanding sales performance in the developing markets. The continued rise in income levels in developing countries, increasing the number of consumers who use flavoured and fragranced products, led to a 12.5% rise in sales in these markets.

The EBITDA margin reached the 22.7% mark we set ourselves three years ago and the net profit during the reporting year under review increased by 71% compared to 2009.

The Company continued with the integration of its supply chain in order to establish the best-in-class and industry-leading supply organisation. The announced closure of our fragrance compounding site in Argenteuil, France was completed in October. Our commitment to further expand our position in developing markets was underlined by the announcement to build a best-in-class savoury flavours production facility in Hungary, close to the fast-growing Eastern European markets. In São Paulo, we inaugurated our regional Fragrance Creative Centre, serving the home market of Brazil and the other fast-growing markets of Latin America.

Givaudan's strong innovation capabilities were also recognised by our industry. In 2010, our consumer understanding programme Miriad® 2.0 won the FiFi® Technological Breakthrough of the Year for Fragrance Creation and Formulation award.

The sustainability of our products, our Company and the communities in which we operate is an important element of our growth strategy. As part of the continued expansion of our sustainable raw materials sourcing strategy, we made new commitments in Laos and Madagascar. In Laos, where we sustainably source benzoin, a raw material in our perfumery activities, we opened as part of these commitments a second school for 120 students aged 10-14.

In our comprehensive Sustainability programme, progress during the year included establishing eco-efficiency targets for 2020. Detailed progress will be presented in our second Sustainability Report which will be published in March 2011.

As a global Company operating in over 45 countries and more than 80 locations, many of which have 15 or more nationalities working together, diversity has always been important to us. Indeed, much of our success has been founded on understanding and appreciating the diversity of our employees and, in turn, the markets in which we operate. This commitment has now been defined in a global diversity policy.

5.2%

Underlying sales CAGR, twice market growth rate

The global roll-out of our new SAP-based enterprise management system continues smoothly. During the year, the Fragrance and the Finance organisations in North America and all sites in Spain and Latin America went live. Our production and other systems such as finance and customer service now run with SAP software, and 1,360 new users were brought online, a record number for the year. This brought the total number of users in the Company to 4,700, or 70% of the targeted total.

The considerable change the Company has undergone provided us with an opportunity to align our brand. 'Engaging the Senses', our new brand positioning and tagline, is the most visible sign of this change and commitment to what we want to achieve every day.

While our industry leadership today stems from a rich legacy of the past, it is important to look ahead and ensure we capitalise on the numerous opportunities ahead, and so 2010 was also a time of asking 'what's next?'

At the beginning of the year we started to develop a five-year strategy, including ambitious targets. The result was communicated in August and we have a clear plan and roadmap to continue the success of the last ten years.

The strategy is built around five key points, which are explained in more detail later in this report:

- Leverage our unique position in the fast-growing developing markets, which already represent approximately 40% of our sales, we expect this share to reach 50% by 2015.
- Deliver consumer-relevant solutions driven by Givaudan's unique innovation platform which is backed by an industry-leading research & development investment of over CHF 300 million per year.
- Capture a significant share of the expanding Health and Wellness market opportunity for Flavours by capitalising on our technology innovation portfolio under our TasteSolutions® programme.
- Expand Givaudan's sustainable raw material sourcing strategy, with a focus on naturals, by leveraging the Company's unique knowledge and heritage.
- Build on the strategic partnerships with our main customers, developing our presence with accounts or product categories where we are currently under-represented relative to Givaudan's overall leadership position.

These strategic areas will guide all our future activities. Sustainability, which is already an integral part of the way we do business, will continue to be a main focus.

"At the beginning of the year we started to develop a five-year strategy, including ambitious targets. The result was communicated in August and we have a clear plan and roadmap to continue the success of the last ten years."

Givaudan started as an independent Company ten years ago. Much has been achieved and the Company has proven its capacity to be a trusted and preferred partner for our customers in helping them develop the best fragrance and flavour solutions for their final products. By applying a consistent strategy and vision, we have expanded our leadership and changed the dynamics of our industry. I would like to thank all our employees worldwide for this achievement.

During the three-year integration period and in the adverse economic environment of 2009, we proved we are an agile Company, capable of quickly adapting to changing circumstances. The daily commitment and hard work of our people around the globe gives me confidence in our ability to operate in an environment that will change even more rapidly, with continued macroeconomic and geopolitical uncertainties.

We are receiving mixed signals about the sustained strength of the global economic recovery we saw in 2010. In light of this, we will evaluate additional ways of driving competitiveness in 2011 and over the long term.

In 2011, we enter the next era of growth for our business. Over the next five years, the overall objective is to grow organically between 4.5% and 5.5% per annum, assuming a market growth of 2-3%, and to continue on the path of market share gains.

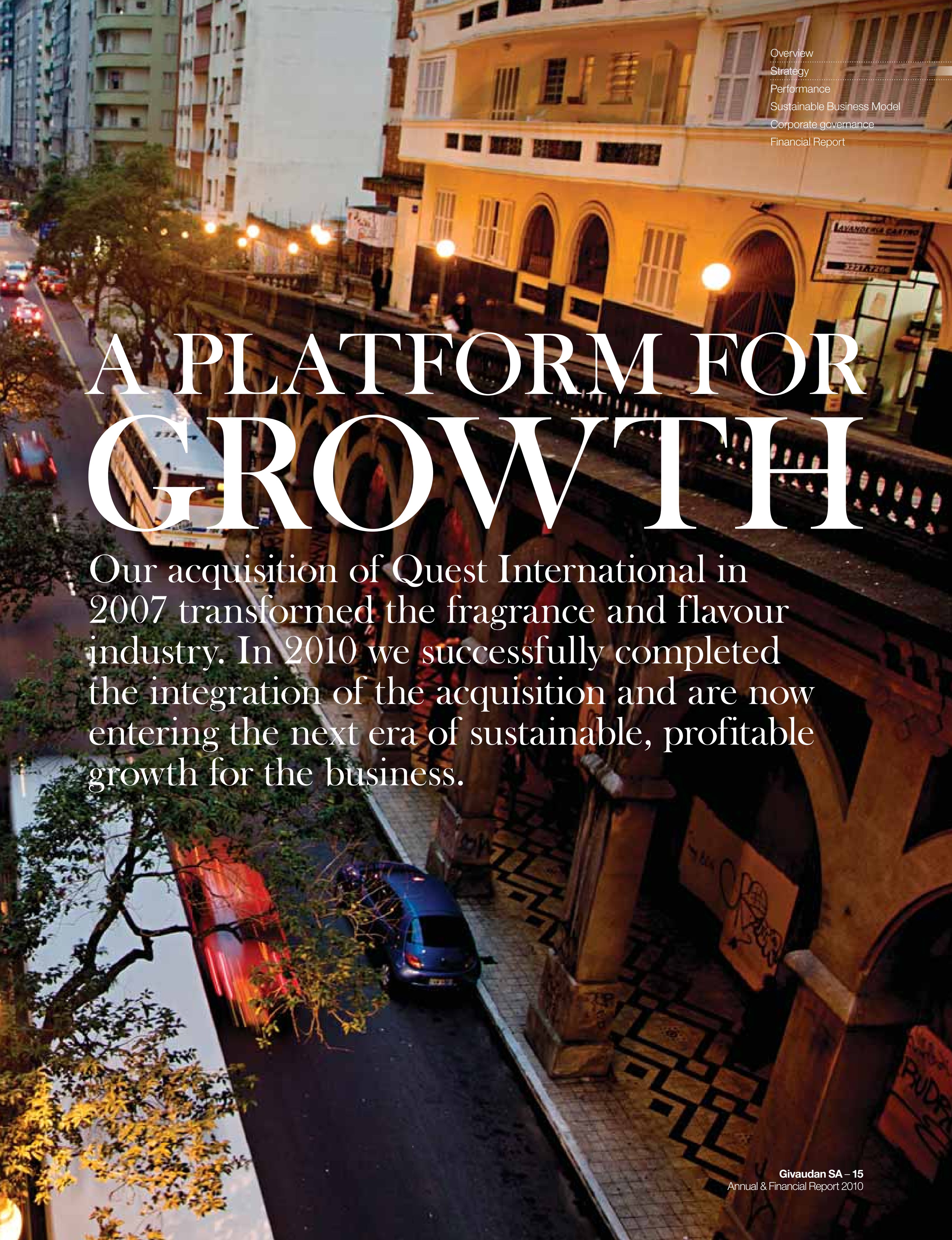
By delivering on the Company's growth strategy outlined in this report, Givaudan expects to outgrow the underlying market and continue to achieve its industry-leading EBITDA margin while improving its annual free cash flow to between 14% and 16% of sales by 2015.

Givaudan confirms its intention to return above 60% of the Company's free cash flow to shareholders once the targeted leverage ratio – defined as net debt, divided by net debt plus equity – of 25% has been reached.

We have a challenging agenda ahead but I am confident that we will continue to build on and expand our distinct position in our industry.

Gilles Andrier CEO

Streetview, Brazil
One of Givaudan's key developing markets



A PLATFORM FOR GROWTH

Our acquisition of Quest International in 2007 transformed the fragrance and flavour industry. In 2010 we successfully completed the integration of the acquisition and are now entering the next era of sustainable, profitable growth for the business.

FIVE-YEAR STRATEGY:

We are in a strong position to capitalise on our distinct leading capabilities to continue to outperform the underlying market growth. This strength is underpinned by our long-standing relationships with the leading food, beverage, household, personal care and fine fragrance manufacturers around the world. Our global reach, the diversity and creativity of our teams coupled with our customer-servicing model ensures we have the right people in the local markets to further build, develop and sustain our privileged relationships with global, regional and local customers.

The key pillars of our five-year strategy are:

- Developing markets
- Research & development
- Health and Wellness
- Sustainable sourcing of raw materials
- Targeted customers and segments

Through the successful implementation of our strategy we will achieve our mid-term objectives:

EBITDA
Best-in-class

14-16%
Free cash flow of sales by 2015

4.5-5.5%
Organic sales growth

Based on an assumed market growth of 2-3%

Above
60%
free cash flow return

Once the target leverage ratio of 25% has been reached

FIVE-YEAR STRATEGY:
Developing markets

Brazil Creative Centre
Brazil is a nation of fragrance enthusiasts whose growing affluence has led to wide anticipation that it will become one of the leading fragrance consuming regions of the world. In October 2010 we opened a new Latin American Fragrance Creative Centre in São Paulo to further strengthen our local presence and position to respond to customer briefs in the region.

Hungary manufacturing facility
The savoury segment represents about one-third of the flavour potential in Europe, with strong growth opportunities. Based on our leading savoury position in this region we have approved a CHF 170 million investment in a best-in-class savoury manufacturing facility in Makó, Hungary. We recognise the need to support future growth in developing markets and to deliver leading product quality and service. We continue to comply with increasing regulatory requirements and be cost competitive. This facility will start production in 2012 and be fully operational in the first half of 2013.

Developing markets represent a significant growth opportunity as consumers increase their consumption of packaged food, beverages, household and personal care products. This is because of increasing urbanisation, the rise in disposable incomes and the purchase of more sophisticated products such as fine fragrances, high-end personal care and nutritional beverages and foods. However, to be successful in these markets, we know that true taste and smell experiences can only be created with an in-depth understanding of the local markets.

We are ideally positioned to make this a reality. We have over 1,300 creative, sales and marketing employees in the developing markets – more than any of our competitors – and are continuing to invest in creative, sales and marketing personnel and best-in-class facilities. We interview hundreds of thousands of consumers every year, have dedicated sensory panels in local markets and are expanding our TasteTreks to gather consumer and market understanding.

We will leverage this leading position in the fast-growing developing markets and expect our sales in developing markets to increase from 40% in 2010 to 50% by 2015.

To deliver this growth objective we are focusing on targeted accounts and segments including air care, household and fine fragrances in the Fragrance Division and beverages, snacks, dairy and savoury in the Flavour Division.

FIVE-YEAR STRATEGY:
Research and development

Malodour counteraction
Our receptor research is helping to define how the human sense of smell works. Humans use about 400 different olfactory receptors, whose genes and protein structures are known, but the odorants which activate individual receptors have, until now, only been established for a small number.

High throughput screening by TecnoScent™ of up to 500 fragrance materials on several olfactory receptor cells simultaneously has verified that for each and every receptor there are odour molecules that are agonists and antagonists. This means that some materials will activate a receptor whilst others will shut it down. This opens the possibility of new approaches to malodour control.

EverCool
Our receptor-based technology is instrumental in discovering, designing and developing novel cooling agents for oral care, food and beverage applications. During our research into cooling agents, we screened 28,000 materials against receptors from which we were able to effectively reduce this number down to 350 materials that were tasted and then 25 compounds, which were then selected for in-depth application tests. Two final cooling agents stood out: EverCool 180 and EverCool 190. The products are the newest proprietary cooling ingredients to enter the market, and are a part of our successful EverCool portfolio. We are now commercialising the EverCool flavour systems in different physical forms to meet specific customer applications for cost-effective cooling performance requirements.

We will deliver consumer-relevant solutions driven by our unique innovation platform, which is backed by:

- An industry-leading R&D spend of CHF 336 million in 2010
- A rich creative talent pool: 25% of the world's best perfumers and 40% of the world's best flavourists and flavour food scientists
- Active collaboration with outside experts including our ChefsCouncil™ programme in flavours or our TecnoScent™ project, with ChemCom SA, which was established to accelerate understanding of the sense of smell
- Leveraging cross-divisional knowledge in chemistry, biotechnology, delivery systems and analytical science

Our R&D teams have a strong link with our consumer understanding teams to drive value in innovation. We are focusing on targeted areas including: TasteSolutions® to develop healthier, clean-label products; TasteEssentials® to develop – with our customers – consumer-preferred taste for food and beverage products; receptor research and new molecule creation to gain competitive advantage with our fragrance and flavour creations.

Our leading receptor research includes high throughput screening for novel natural sweetener enhancers, salt replacers and bitter maskers that help in the development of great tasting, healthier food and beverage products.

FIVE-YEAR STRATEGY:
Health and Wellness

Today's consumers seek to address health problems and reduce the incidence of obesity and conditions such as heart disease and diabetes. They want food and beverage products that are good for them, but which also taste good.

This consumer shift is creating a growing Health and Wellness market opportunity and our objective is to capture a significant share of it by capitalising on our technology innovation portfolio TasteSolutions®. One example is TasteSolutions® Salt.

Salt reduction
Givaudan's latest sensory innovation – Sense It™ Salt – is a key breakthrough in helping our customers respond to a global demand for reduced salt levels in foods, from soups, sauces and ready-meals to snacks and cereals. Sense It™ Salt is a unique sensory language that enhances our ability to accurately assess the consequences of reducing salt and the performance of flavours or ingredients that are used to restore the taste of salt. The ultimate goal is to meet increasing nutritional requirements and government regulations regarding sodium content without compromising the taste that consumers love. In achieving these goals, we further strengthen our role as a key partner to food manufacturers worldwide as they develop products in the Health and Wellness category.

Fragrances uplift everyday tasks by communicating freshness, cleanliness, softness, calmness or relaxation, and by contributing to our sense of well-being. Fragrances evoke a positive emotional response in each of us and fragrance technologies draw on various methods to ensure the perfume experience occurs at exactly the right moment in product use, whether for personal washing, laundry or home care. This technology has been commercialised in Mechacaps™.

Mechacaps™
Our Mechacaps™ perfume encapsulation technology is a shell encapsulate which allows a significant increase in perfume material delivery on laundry, as well as a controlled release of perfume over a period of time. This means that the scent experience from both the washing and drying of clothes is enhanced. This technology, combined with the underlying fragrance, has generated significant interest in the market with sales already having a positive impact on business performance. This technology is an example of our collaboration between fragrance and flavour research in the area of taste and smell delivery.

FIVE-YEAR STRATEGY:

Sustainable sourcing of raw materials

Our Sustainability programme is based on a five-pillar strategy that extends across the full life cycle of our business, ranging from raw material sourcing, to product creation, our employees, our customers and the end consumer.

As the world's largest buyer of raw materials in the fragrance and flavour industry, we have an ethical and commercial responsibility in the supply chains in which we operate. Using over 14,000 different ingredients in our fragrance and flavour products from more than 50 countries, it is critical that we have a deep understanding of our raw materials supply chains.

We source nearly 200 natural perfumery materials. Our Innovative Naturals programme brings together strands that not only reinforce the sustainability of our business – they enrich the palettes of our perfumers. We combine a programme of ethical sourcing and sustainable development with a drive to find the purest natural ingredients for inclusion in our Orpur® range, a special collection of more than 50 ingredients that are the jewels in our naturals portfolio.

Our first pioneering initiative aimed at achieving these objectives was in Australia. Since 2001 we have preferred to use Australian sandalwood due to the deforestation and quality issues that threaten Indian sandalwood. In June 2007, we signed a partnership agreement with Mount Romance, a producer of pure Australian sandalwood oil. This partnership creates a sustainable supply of a specific grade of oil from sandalwood that is harvested by indigenous communities in the southern part of Western Australia.

Since this first initiative we have expanded our sustainable naturals sourcing programme with further initiatives including the sourcing of benzoin from Laos and tonka beans from Venezuela. As part of our five-year strategy we will further expand our sustainable sourcing with a focus on naturals by leveraging this knowledge and heritage.

Madagascar vanilla
Madagascar is the source for almost 80% of the world's vanilla. To ensure a long-term, sustainable Fair Trade supply of vanilla from this island, we are working with the local communities and a local partner to bring greater traceability to this supply chain. As part of this cooperation, we started an initiative to improve the education infrastructure in the areas where vanilla is grown and represents the main sources of income. In addition, our cooperation with a local partner supports the adoption of best practices for harvest and production methods to safeguard the quality of vanilla, which undergoes an elaborate and difficult process until it is used as a key ingredient for fragrances and flavours.

Comoros Ylang Ylang
The flower Ylang Ylang grows on Mohéli, the smallest of the Comoros Islands located in the Indian Ocean. Our most recent partnership in sustainable naturals sourcing will secure a special quality of the essential oil derived from this flower, which is known for its floral, radiant and luminous smell, reminiscent of summer. Through the close cooperation with a local supplier we provide technical support and upgraded the distillation equipment, improving the quality of the oil that is ultimately produced. Together with the local communities, we are working to improve the forest management around the Ylang Ylang plantations, and we have started a programme to plant fast growing trees to fight deforestation in that area.

FIVE-YEAR STRATEGY:
Targeted customers and segments

Feminine fine fragrance
Innovation, creativity and close collaboration with customers has resulted in a 25% increase in the number of feminine fragrances created by our perfumers that now appear in the top 20 sellers lists in the USA and France. In 2010, for the first time, Givaudan created both best male and best female award-winning fragrances at the Fragrance Foundation FiFi® and CEW Beauty awards with Lola by Marc Jacobs and One Million by Paco Rabanne. In total, 21 fragrances created by Givaudan won awards in different ceremonies across Europe, the USA and the Middle East.

Our customers are looking for a true partner who can bring innovation, consumer insight, market understanding and commercial expertise to develop sustainable fragrance and flavour creations. We are building on our strategic partnerships with our main customers and developing our presence with accounts or product categories where we are currently under-represented relative to our overall industry position and where we have an opportunity to expand. This will enable us to drive market share growth in mature as well as developing markets.

In Flavours, our strategy of customer intimacy and technology investment has and will continue to support growth in this pillar.

TasteEssentials® is our iconic flavour palette with the latest in technology, artistry and built-in consumer appeal. It focuses on the most significant flavours, inspiring new products and new opportunities for our customers, and will be a key driver of growth.

In Fragrances we are driving a proactive programme in feminine fine fragrances focusing on creating 'new classics'. We also have dedicated sales teams in North America to seek selected regional and local accounts, and remain focused on the air care and household categories.

TasteEssentials® Chicken
Over the past two years we spoke to consumers in markets and shopping malls, cooked with them in their homes, ate with them in high-end restaurants and in fast-food venues and street stalls. The richness of the language we gathered forms the heart of Sense It™, our global language and dialogue enabler between flavourists, application teams and sensory experts. A set of references of the 20 most relevant chicken descriptors are now enhancing the way we describe chicken tastes, helping us to win new products.

Business performance

Givaudan Group sales totalled CHF 4,239 million, an increase of 8.9% in local currencies and 7.1% in Swiss francs compared to the previous year.

Sales of the Fragrance Division were CHF 1,988 million, an increase of 10.5% in local currencies and 9.0% in Swiss francs.

Sales of the Flavour Division were CHF 2,251 million, an increase of 7.5% in local currencies and 5.4% in Swiss francs compared to the previous year.

Gross margin

The gross profit margin increased to 46.1% from 45.0% as a result of higher volumes, favourable product mix and relatively stable input costs.

Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)

EBITDA increased to CHF 887 million in 2010 from CHF 758 million last year. On a comparable basis, excluding integration and restructuring expenses, EBITDA increased to CHF 963 million from CHF 820 million reported last year. The comparable EBITDA margin was 22.7% in 2010, compared to the 20.7% reported in 2009. Higher sales and gross margin, as well as tightly controlled operating expenses, all contributed to this result. When measured in local currency terms, EBITDA on a comparable basis increased by 18.4%.

Operating income

Operating income increased to CHF 556 million from CHF 460 million last year. On a comparable basis, excluding CHF 99 million of integration and restructuring costs, operating income increased to CHF 655 million in 2010 from CHF 525 million in 2009. The operating margin on a comparable basis increased to 15.5% in 2010 from 13.3% reported last year, mainly as a result of the higher sales and proportionally lower operating expenses. When measured in local currency terms, operating income on a comparable basis increased by 25.5%.

Financial performance

Financing costs were CHF 93 million in 2010, down from CHF 142 million in 2009. Other financial expenses, net of income, were CHF 26 million in 2010, versus CHF 51 million in 2009. In particular, the impairment charges incurred in the first half of 2009 were not repeated in 2010.

The Group's income taxes as a percentage of income before taxes were 22% in 2010, versus 25% in 2009.

Net income

Net income increased by 70.9% to CHF 340 million in 2010 from CHF 199 million in 2009. This represents 8.0% of sales in 2010, versus 5.0% in 2009. Basic earnings per share increased to CHF 37.87 in 2010 from CHF 25.07 in the previous year.

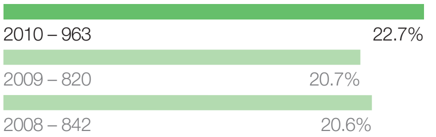
Cash flow

Givaudan delivered an operating cash flow of CHF 730 million, a reduction of CHF 8 million on 2009. The strong sales growth required a higher working capital but, as a percentage of sales, working capital remained stable.

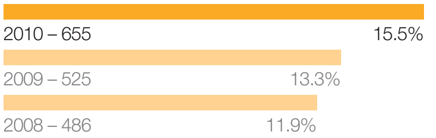
Total net investments in property, plant and equipment were CHF 105 million, up from the CHF 85 million incurred in 2009, mainly driven by the investment in the new

Sales
in millions of Swiss francs

EBITDA*
in millions of Swiss francs and as per cent of sales



Operating Income*
in millions of Swiss francs and as per cent of sales



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* On a comparable basis.

savoury flavours production facility in Hungary. Intangible asset additions were CHF 72 million in 2010, a significant portion of this investment being in the Company's Enterprise Resource Planning (ERP) project based on SAP. Implementation was completed in the remainder of Europe, South America and North America (Fragrances), with the project focus now moving to North America (Flavours) and Asia. Operating cash flow after investments was CHF 553 million, down 6.1% versus the CHF 589 million recorded in 2009. Free cash flow, defined as operating cash flow after investments and interest paid, was CHF 437 million in 2010, down from CHF 459 million in 2009, mainly driven by the working capital requirements and higher investments in 2010. Free cash flow as a percentage of sales was 10.3%, compared to 11.6% in 2009.

Financial position

Givaudan's financial position remained solid at the end of December 2010. A strong operating performance was only dampened by pressure on working capital, although as a percentage of sales, working capital remained constant. Net debt at December 2010 was CHF 1,353 million, down from CHF 1,499 million (excluding the Mandatory Convertible Securities – MCS) at December 2009. In March 2010, MCS with a value of CHF 750 million matured and the Givaudan shares were delivered to holders of these securities. In total 736,785 new shares were delivered to holders of MCS, increasing the total number of outstanding shares to 9,233,586. At the end of December 2010 the leverage ratio (defined as net debt divided by net debt plus equity) was 28%, compared to 30% at the end of 2009.

Integration and restructuring

In 2010 Givaudan successfully completed the integration of Quest International, which started in 2007. The integration process was completed as planned and met previously communicated financial targets, transforming Givaudan into the leading player in the industry. Annual savings of CHF 230 million per year are being generated from the combined operations of the two companies, allowing the Group to achieve pre-acquisition profitability levels, and in particular an EBITDA margin in 2010 of 22.7%. Total integration costs were CHF 440 million.

In 2010 Givaudan announced the streamlining of its savoury manufacturing in the UK and Switzerland, as well as other efficiency programmes, and in the same year the Group incurred restructuring costs of CHF 27 million and impairments of CHF 10 million. Total costs of the restructuring programme are expected to be CHF 75 million, of which CHF 55 million are cash related. The restructuring is expected to be completed in 2011.

Dividend proposal

The Board of Directors of Givaudan will propose to the Annual General Meeting, on 24 March 2011, a cash dividend of CHF 21.50 per share for the financial year 2010. This is the 10th consecutive dividend increase in the past ten years, since Givaudan's listing at the SIX Swiss Exchange in 2000. The total amount of this dividend distribution will be made out of reserves for additional paid-in capital which Givaudan shows in its balance sheet as per the end of 2010. Pursuant to the new Swiss tax legislation, this dividend payment will not be subject to Swiss withholding tax and it will also not be subject to income tax on the level of the individual shareholders who hold the shares as part of their private assets and are resident in Switzerland for tax purposes.

Board succession planning

In order to facilitate a smooth Board succession planning over the next years, the Board of Directors will propose to the Annual General Meeting, two changes to the Articles of Incorporation, allowing flexible terms of office between one and three years and allowing to increase the number of Board members from seven to a maximum of nine.

The Board will propose the re-election of Prof Henner Schierenbeck for a term of one year. He will then have served for twelve years as a Board member and will no longer stand for re-election. In addition Ms Lilian Fossum Biner, a Swedish national, will be proposed as a new member for a term of three years. Ms Biner is a Board member of two companies listed in Sweden, Oriflame Cosmetics SA and RNB, Retail and Brands AB.

Short-term outlook

Given the recent sharp increase in some key raw material prices towards the end of 2010, the Company expects an overall strong raw material price increase in 2011. Givaudan will work in close collaboration with its customers to make the necessary adaptation of its prices.

Mid-term guidance

Mid-term, the overall objective is to grow organically between 4.5% and 5.5% per annum, assuming a market growth of 2-3%, and to continue on the path of market share gains over the next five years.

By delivering on the Company's five-pillar growth strategy – emerging markets, Health and Wellness as well as market share gains with targeted customers and segments – Givaudan expects to outgrow the underlying market and to continue to achieve its industry-leading EBITDA margin while improving its annual free cash flow to between 14% and 16% of sales by 2015.

Givaudan confirms its intention to return above 60% of the Company's free cash flow to shareholders once the targeted leverage ratio, defined as net debt, divided by net debt plus equity, of 25% has been reached.

Fragrance Division

The Fragrance Division recorded sales of CHF 1,988 million, an increase of 10.5% in local currencies and 9.0% in Swiss francs. After a double-digit performance in the first half year, sales continued to show a strong growth in the second half on top of stronger comparables.

Total sales for Fragrance compounds (Fine Fragrances and Consumer Products combined) increased 10.5% in local currencies and 9.0% in Swiss francs to CHF 1,719 million from CHF 1,576 million.

Fragrance Ingredients sales increased by 10.7% in local currencies thanks to an overall high level of demand, notably for specialities. All three business units performed very well in 2010. Particularly Fine Fragrances, which was affected by the reduction of inventories last year, rebounded strongly with an annual sales growth of 18.3%. The less cyclical Consumer Products business delivered an increase in sales of 8.3%.
A certain element of restocking has been seen in both Fine Fragrances and Fragrance Ingredients sales.

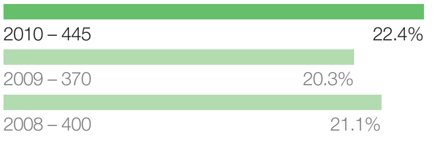
EBITDA increased to CHF 398 million from CHF 333 million last year. In comparable terms, EBITDA increased to CHF 445 million from CHF 370 million reported last year. Favourable product mix due to higher sales in Fine Fragrances and a good utilisation of capacities due to higher production volumes across all business units helped to increase the gross profit margin. The EBITDA margin on a comparable basis increased to 22.4% compared to the 20.3% of last year.

The operating income increased by 25.1% to CHF 239 million from CHF 191 million last year due to a higher gross profit and stable operating expenses. The operating margin on a comparable basis increased to 14.9% from 12.5% reported last year, mainly as a result of higher gross margin and overall cost absorption. Operating income on a comparable basis was CHF 297 million, above the CHF 228 million reported last year.

The new multi-purpose manufacturing unit in Pedro Escobedo, completed in November 2009, became fully operational early in 2010 and helped meet the recent increase in demand for fragrance ingredients. In October, the closure of our compounding facility in Argenteuil was completed and its products are now being produced in Ashford, UK and Vernier, Switzerland. The fragrance ingredients site in Naarden, the Netherlands, is planned to cease its activities fully by 2012 and first product transfers to other productions sites have already started.

Sales
in millions of Swiss francs

EBITDA*
in millions of Swiss francs and as per cent of sales



Operating Income*
in millions of Swiss francs and as per cent of sales

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* On a comparable basis.

The new Fragrance Creative Centre in São Paulo, Brazil, was officially opened in October 2010. This centre houses both the regional Fine Fragrances and Consumer Product teams with Perfumery, Applications laboratories and the latest evaluation facilities for Air care, Household, Fabric and Personal care. The new facility doubles the size of the current unit and offers the teams better capabilities in creation, application and technology to meet growing demand in Brazil and elsewhere in Latin America.

SAP was successfully implemented in Brazil, Argentina, Colombia and in the ingredients manufacturing sites of Mexico and Spain.

Fine Fragrances

Fine Fragrance sales had a continued strong growth momentum throughout 2010, delivering 18.3% growth compared to 2009. Customers increased their inventories at the beginning of the year and returned to more normalised order patterns towards the end of the year. This performance was strongly supported by an inflow of new wins, in all key segments including prestige mass, specialty retail and direct sell.

On a regional basis Europe and North America delivered strong double-digit gains. In Latin America, the business delivered solid volume gains building on the exceptionally strong growth in 2009. The pipeline of briefs and new wins continuously improved throughout the year.

Givaudan had another strong showing at the annual award ceremonies in the USA, France, UK, Germany and Italy where the following products with Givaudan fragrances won awards:

- FiFi® Awards in the USA: Marc Jacob's Lola was the Fragrance of the Year, Women's Luxe; Victoria Secret's Love Rocks' won Women's Private Label Fragrance of the Year; John Varvatos Artisan and Yves Rocher Comme une Evidence were selected for Best Packaging Awards.
- Grand Prix du Parfum in France: Nina Ricci's, Ricci Ricci won the Best Women's Fragrance and Design; Paco Rabanne One Million won The Perfume Shop Fragrance of the Decade Award for Men.
- FiFi® Awards in the UK: Marc Jacob's Lola was the Best New Prestige Fragrance for Women; D&G Rose the One won the House of Fraser People's Choice Award for Women; Gucci by Gucci pour Homme won the House of Fraser People's Choice Award for Men; Paco Rabanne One Million won The Perfume Shop Fragrance of the Decade Award for Men.
- Cosmetic Executive Women's Beauty Awards in the USA: Marc Jacob's Lola won Women's Scent Prestige, John Varvatos Artisan won Men's Scent, Avril Lavigne Black Star won Women's Scent Mass.

Using technology to inspire creation
Miriad® 2.0 is the portal into Givaudan's extensive portfolio of consumer understanding tools. Launched in 2009, Miriad® 2.0 uses Motion Analytics to unveil a stunning array of market history, current trends and olfactive preferences. Bridging the communication gap between consumer and perfumer, Miriad® 2.0 is designed to meet modern marketing challenges and brings a new level of consumer understanding to fragrance design for all product categories.

Fragrance education
As fragrance industry leaders, we believe in sharing our knowledge and understanding. Through a series of events and the launch of iPerfumer, an iPhone application to help consumers choose perfumes, we have positioned ourselves as fragrance educators.

Our programme of consumer-facing events has included partnerships with Printemps in Paris, Harrods in London, Longwood Gardens in Philadelphia and O Boticário in São Paulo.

10 Years in Dubai
Givaudan was the first fragrance Company to establish a full office in Dubai in 2000 and has since built a strong presence in the region. The office is our regional hub, serving the huge area of Africa and the Middle East.

After ten years we are the fragrance specialist in this region. Having fragrance experts on the ground makes us the ideal partner for multinational brands looking for local knowledge and global expertise. The Middle East is also a region where understanding local needs and culture is vital. Our early investment has led to steady growth of an average of 16% in sales year on year.

- Duftstars in Germany: Marc Jacob's Lola won Parfum Exclusif Femme; Paco Rabanne One Million won Best Prestige Men and Grand Prix du Public Prestige; Jean-Paul Gaultier Le Male was Parfum Classique Homme.
- Accademia del Profumo in Italy: Marc Jacob's Lola won Best New Prestige Fragrance for Women; Acqua di Parma Magnolia Nobile won Best Olfactive Creation for Women; Calvin Klein CK Free won Best Perfume of the Year for Men.

In addition to the above mentioned awards, the Company further demonstrated its leadership position with Miriad® 2.0, which was the winner of this year's FiFi® Technological Breakthrough of the Year award for Fragrance Creation and Formulation. This was reinforced by the launch of iPerfumer, a new application for the iPhone to help consumers navigate the perfume market. This tool is available for free download from the Apple App Store.

New perfumes created by Givaudan during the year included:

Women's Fragrances

Avon
- Eternal Magic
- Herve Leger Femme

Beauty Avenues
- Signature Orange Sapphire
- Victoria's Secret Bombshell

Coty
- Beyonce Heat
- Love, Chloe

Elizabeth Arden
- Peace, Love & Juicy Couture

Estee Lauder
- Tommy Hilfiger Loud for Her

Natura
- Amo Chamego
- Ekos Águas De Banho Ópera Amazonica Canto Vermelho

Procter & Gamble
- Gucci Guilty
- Boss Orange Sunset

Men's Fragrances

Coty
- Davidoff Champion

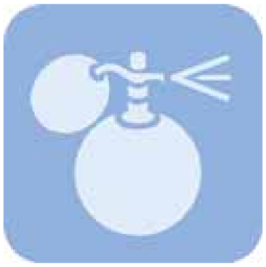
Estée Lauder
- Tommy Hilfiger Loud for Him

L'Oreal
- Big Pony Collection No 2

L.V.M.H.
- 7 De Loewe

Procter & Gamble
- Boss Bottled Night
- Gucci by Gucci Homme Sport

Puig
- The Secret by Antonio Banderas



Consumer connection
Whether visiting communities in Asia, Latin America and Eastern Europe to talk about washing laundry, or using technology to help people navigate the fine fragrance market, Givaudan engages with its consumers.

Our award-winning tools use a variety of techniques to collect information about the way that perfume is perceived by people around the world. Perfume Pulse, for example, is a database of fragrance insights based on true-life scent associations which can be interrogated by customers and perfumers to inspire fragrance creation.

Powered by Givaudan, the iPerfumer iPhone App launched in June as a consumer guide to perfume. Over five months, 30,000 people across 150 different countries have downloaded iPerfumer, and the community continues to grow.

iPerfumer is available for free download from Apple App Store, Android Market Link (with Android Browser) and as a Facebook app.

Consumer Products

The Consumer Products business grew by 8.3% in local currencies driven by sales increases across all customer groups. Developing as well as mature markets contributed to this achievement.

Asia Pacific reported strong double-digit sales growth spread across all customer groups and all product segments, especially in India, Thailand and China.

Latin America posted significant growth driven by sales in the Fabric Care segment, led by Mexico and Venezuela. Local and regional customers' sales showed double-digit growth followed by international customers.

Europe, Africa and the Middle East reported a sales increase across developing and mature markets, driven by international customers. Local and regional customer sales reported a strong growth in the developing markets of the region.

Sales in North America increased, supported by the good performance in the Air care category and a solid sales volumes with international customers.

On a worldwide basis, all product segments posted a sales increase versus prior year. Fabric Care sales showed the strongest performance followed by a significant growth in Household. Within the Household segment, the air care category delivered a strong double-digit increase especially in North America and Asia Pacific. Sales in the Personal Care segment were also significantly above last year across all regions.

Fragrance Ingredients

Sales for Fragrance Ingredients increased by 10.7% in local currencies, a performance achieved across all product categories. Givaudan specialties have shown a particularly strong sales increase thanks to a sustained high level of demand for innovative ingredients.

The multi-purpose production unit in our ingredients manufacturing site of Pedro Escobedo, Mexico, became fully operational in early 2010. To ensure the competitiveness of our ingredients, several key products were transferred to Pedro Escobedo.

The fragrance ingredients manufacturing unit in Naarden, the Netherlands, is scheduled to be closed by 2012 and products will be transferred to other Givaudan plants.

By the end of 2010, all ingredients manufacturing sites were using SAP.

Flavour Division

The Flavour Division reported sales of CHF 2,251 million, representing a growth rate of 7.5% in local currencies and an increase of 5.4% in Swiss francs.

The strong momentum experienced in the first six months across all regions and segments continued on top of strong comparables in the second half of 2010. Growth has been strong due to the continued successful execution of the divisional growth strategies, such as the focus on developing markets, Health and Wellness initiatives and with targeted key accounts.

The Flavour Division saw an accelerating momentum in North America and Europe and continued strong growth across Asia Pacific and Latin America. All major segments posted gains with Beverage, Snacks and Sweet Goods delivering double-digit growth.

The briefs pipeline was strong throughout the year, supported by the continued focus of our customers on innovative products.

EBITDA increased to CHF 489 million from CHF 425 million last year. The comparable EBITDA increased to CHF 518 million from CHF 450 million reported last year. The comparable EBITDA margin increased to 23.0% in 2010 from 21.1% in 2009, mainly as a result of the higher sales, higher gross profit and tightly controlled expenses.

Operating income rose to CHF 317 million from CHF 269 million last year. The operating margin on a comparable basis increased to 15.9% from 13.9% reported last year. On a comparable basis, operating income was CHF 358 million, above the CHF 297 million reported last year.

Throughout all regions and segments, the Flavour Division worked closely with its customers on growth and innovation opportunities. In Health and Wellness applications, the division continued its successful commercialisation of sweetness and salt replacement solutions, translating into double-digit growth rate in this market segment.

Asia Pacific

Sales in Asia Pacific achieved 8.4% growth in local currencies, a solid performance on top of high comparables. The developing markets of China, India and South-East Asia recorded double-digit increases coming from successful new wins and further customer penetration. Sales in mature markets increased with solid growth in Japan.

Growth was well balanced across all segments as new wins and organic customer growth helped each segment with particular strength coming from Snacks, Beverages and Confectionery.

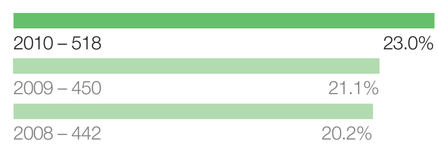
Europe, Africa, Middle East (EAME)

Sales grew at 5.6% in local currencies with the developing markets of Africa and the Middle East, as well as Eastern Europe (driven by Poland and Russia), delivering double-digit growth throughout the year. The mature markets of Western Europe also showed solid growth.

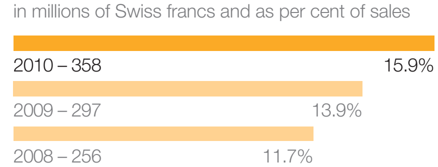
The region recorded growth across all segments supported by stronger customer collaboration translating into new wins and innovative flavour solutions. Expanded Health and Wellness offerings in the areas

Sales
in millions of Swiss francs

EBITDA*
in millions of Swiss francs and as per cent of sales



Operating Income*
in millions of Swiss francs and as per cent of sales



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* On a comparable basis.

of salt, sugar, fat and umami helped drive increased volumes as well. Double-digit growth was recorded in the Beverage and Snacks segment.

In August 2010, the Givaudan Board approved the investment for a new centralised savoury flavours production facility. In line with our strategy the new site will be located in Makó, Hungary, close to the fast-growing markets of Eastern Europe.

North America

After a solid start in the first half, sales continued to accelerate and recorded double-digit growth in the second half, resulting in a 7.2% growth for the full year.

Growth was realised across most segments with Sweet Goods and Beverages posting double-digit gains. The Dairy and Savoury segments delivered solid performance. Supported by the economic recovery, customers increased their emphasis on the development of innovative products and technologies.

Latin America

Sales increased at a strong double-digit growth rate of 13.5% in local currencies against high comparables. Organic growth at key customers as well as new wins from local and regional customers helped drive the results with the markets of Argentina, Brazil, Peru and Mexico leading the way. Increased sales can be attributed to Beverage, Savoury and Confectionery segments. The region successfully implemented the new global enterprise system based on SAP during the second half of the year while still delivering this outstanding result.

ChefsCouncil™ Hong Kong
ChefsCouncil™ is a diverse and rotating panel of chefs, food scientists and flavourists focusing on culinary trends, creativity and innovation. In October, Michelin-starred restaurant chefs joined Givaudan experts for our global ChefsCouncil™ event in Hong Kong to inspire the group's artistry in developing consumer-relevant, 'chef-to-shelf' concepts for snacks, soups and ready-meals.

The event generated ideas which broadened the team's understanding of taste enhancement and how we taste. This, in turn, opened up new avenues to enrich our ingredients palette. The dishes presented and the inspiring translations shown by chefs and flavourists will be used to develop more enjoyable and healthy eating experiences for consumers.

Argentina and Brazil Beef exploration
The first CulinaryTrek™ Beef experience in Latin America has been undertaken by our Flavours team to enhance our understanding of the culinary process and capture the sensory profiles of beef dishes that consumers love. The culinary exploration allowed our experts to research the beef cuisine authenticity through a trip around signature cuisine and traditional restaurants. Their special interest was in beef flavours based on their growing popularity and importance around the world – above all in relation to products such as sausages, processed meats and snacks.

Research and development

The foundation of Givaudan's continued commercial success is a longstanding commitment to research and development programmes in both the Fragrance Division and the Flavour Division.

Creative and innovative programmes are a clear focus on the current and future needs of customers is essential for us to retain our competitive edge in the fragrance and flavour industry.

As part of these programmes, our scientists merge analytical precision with human sensory response in developing systems and technologies that help the business perform successfully in the market.

In 2010, Givaudan invested CHF 336 million in research and development, more than any other Company in the industry. This investment will allow us to deliver on short- and mid-term research initiatives. It also gives us an opportunity to invest in promising long-term programmes.

During the year, the Fragrance Division's global Research & Technology organisation focused on the discovery of new fragrance molecules and their applications in fine fragrances and consumer products, concentrating research resources and programmes in line with industry and consumer lifestyle trends.

The Science & Technology organisation of the Flavour Division continued its commitment to developing a strong programme which addressed business growth with a focused ingredient discovery pipeline, new process technologies and a creative approach to sensory science.

R&D spend
in millions of Swiss francs

2010 – 336

2009 – 326

Fragrance Division

During 2010, Fragrance Research & Technology worked to sustain a vibrant and relevant organisation in which innovation and discovery can thrive and reap rewards.

A review of the career structures within the technical functions of Givaudan revealed the need for a different approach in order to be commensurate with the experience and knowledge that is developed over a long career of dedicated research. The new Dual Career Ladder is specific to Research & Technology in Givaudan and reflects the value that the business places on technical understanding specific to fragrance, recognising that researchers generate value through expert knowledge.

Activity within Fragrance Research & Technology was repositioned under three pillars in 2010: Wellbeing, Hygiene and Delight. These three pillars provide focus for research activity and technology development to support consumer-perceptible benefits for fragrance. Together they provide a framework that encompasses the many and diverse areas of expertise within Givaudan.

Well-being

The Sensory research team has developed multiple connections with academia to explore new fragrance benefits, aiming at determining methods and fragrance formulations to enhance mood and ultimately lead to consumer benefits such as improved sleep. The programme is in its early development phase and has already shown promising initial results.

On a day-to-day basis, Sensory Science continues to support the three business units of the Fragrance Division via its global network. Regional sensory teams in Singapore, São Paulo, Ridgedale (NJ), Paris and Ashford provide expertise in fragrance profile, longevity and odour masking properties to our business partners to support product claims.

Hygiene

Our researchers have discovered gender differences in the composition of human sweat – a discovery that is now being utilised to refine fragrance design for deodorising and antiperspirant products.

Fragrance ingredient design

The latest findings from TecnoScent™, a collaboration between Givaudan and ChemCom SA, will radically change the way that future fragrance molecules are designed.

Screening of fragrance materials on several olfactory receptor cells simultaneously has verified that for every receptor there are odour molecules that are agonists and antagonists. This means that some materials will activate a receptor whilst others will shut it down.

The field of molecular olfaction is still young, but the new concepts being developed may be put in use already. The chemical processes in the human nose itself will define the design of fragrances and fragrance ingredients in the future.

This knowledge enables our fragrance development teams to create perfumes to specifically block, mask or even remove malodour from masculine or feminine sweat as we identify specific materials that work best for each gender. In the same arena our partnership with TecnoScent™ has identified routes for blocking the perception of malodour by nasal receptors – this discovery leads to the possibility of designing products to protect people from offensive odours that are inevitable in crowded areas, for example, or even to enable individuals to control what they smell.

Delight

The search for new ingredients for fragrance design remains the life blood of Givaudan and the ultimate quest for our research teams. Responding to the demands of the market today, however, our focus throughout 2010 has been to re-evaluate our current palette to identify how Research & Technology can support the macroeconomic climate and the sustainability of our industry. We are currently exploring innovative synthesis techniques of our lead ingredients to lower their cost and thus make them more accessible for use in developing markets.

On the discovery front, we have developed the first bio-converted Patchouli-like accord: Akigala. This material will open doors to new creative avenues for both masculine accords and signature feminine fragrances.

Two new captive ingredients were introduced to Givaudan perfumers in 2010: Cassyrane™ and Sylkolide™. Cassyrane™ is the first sulphur-free cassis top note and confers a very comfortable and pleasant character, whilst Sylkolide™ is a revolutionary musk. The latter is set to become a future classic musky note. It brings a modern musky backbone that is noticeable throughout a fragrance and combines wonderfully with the red fruit facets that characterise this ingredient.

Delivering fragrance at the key touch points of the product experience remains a key priority at Givaudan. Recent advances in polymer chemistry have helped us progress the performance of our lead technology, Mechacaps™ which is used in laundry products and fabric conditioners worldwide.

Last but not least, Givaudan is the key contributor from the fragrance industry to the development of in-vitro methods of testing ingredients for skin sensitisation. Our work was published this year and we hope this will set the standard for the industry as the 2013 ban on animal testing under the 7th amendment of the EU Cosmetic Directive draws closer. Our dedicated team in the Research & Technology hub in Dübendorf, Switzerland continues to lead research in this area.

> "The ability to accurately predict which flavour will appeal to consumers is critical to food and beverage manufacturers around the world. Getting this right has significant economic value and the knowledge gained provides additional focus for Givaudan's science & technology programme."

Flavour Division

Creation of high performance flavour systems requires a combination of artistry and technology. Leadership in the development of innovative solutions is considered essential to deliver differentiated and sustainable product offerings making foods and beverages taste better and improving quality of life.

The ability to accurately predict which flavour properties will appeal to consumers is critical to food and beverage manufacturers around the world. Getting this right has significant economic value and the knowledge gained provides additional focus for Givaudan's science & technology programme.

Aided by its SmartTools sensory measurement technology, Givaudan sensory science, in conjunction with our analytical profiling team, continues to deliver a significant body of information on key global flavours as diverse as citrus, vanilla, mint, tea, coffee, dairy, cheese, beef and chicken. These consumer insights have resulted in a series of TasteEssentials® flavour product categories which address application-specific customer requirements from soups, sauces and snacks to beverages, ready-meals and foodservice menu items.

The emotional reaction to flavour stimuli can have a significant impact on purchasing decisions. Techniques to measure people's cognitive response are being investigated to better calibrate the effect of emotion on decision-making. Investigation of genetic drivers of sensitivity to taste are of interest since these could suggest a rationale for dietary preference. A major study is under way with the USA National Institutes of Health (NIH) to provide detailed knowledge of this effect and there has been widespread interest in the initial findings across the scientific community.

Delivery of the appropriate flavour impression at the right moment with the precision required is a critical factor for marketplace success. Patented technologies within our PureDelivery® flavour encapsulation platform has employed advances in material science to address stability, authenticity and release dynamics which result in enhanced performance in customer food and beverage products.

Predictive modelling and simulation of materials interactions have accelerated the development of unique solutions such as our proprietary system for sequential release of distinct flavours in chewing gum applications. In addition, magnification of aroma release can be a source of positive product differentiation. The broad spectrum of application-tuned core encapsulation technologies available suggested a number of formula adaptations for fruitful development of engineered release of volatiles in food products that Givaudan is currently investigating.

A key element of our innovation strategy has been the development of a strong pipeline of unique, proprietary ingredients. A focused natural products discovery programme leverages TasteTrek™ expertise to investigate new sensory space –whether molecules arise from exotic botanicals in the rainforest or traditional cooking techniques. Our association with the University of California, Riverside has created an opportunity to explore and sustain the biodiversity of its citrus grove. The outcome has been identification of several orange-, lemon- and grapefruit-based molecules of interest for further development as ingredients in beverages and other applications.

Effective modification of taste attributes has become a major flavour development activity. There is increased global demand for products with lower levels of salt, sugar and fat leading to interest in salt reduction technology, sweetness modulation materials and bitterness-masking agents. Our investigation of solutions includes a rational design approach which utilises knowledge of molecular biology to integrate taste receptor-based bioassays into probes for novel tastant molecules. Powerful cheminformatics tools have been designed to expand upon this effort with in-silico modelling capabilities. Expertise in organic chemistry, biotechnology and process engineering are employed to translate these discoveries into TasteSolutions® for food and beverage applications.

Advanced bioprocesses such as fermentation and enzyme catalysis have become especially powerful tools for the creation of building blocks which address the growing demand for natural flavourants. In 2010, four novel taste molecules received the generally recognised as safe, or GRAS approval from the Flavour and Extract Manufacturers Association (FEMA) targeting sweetness modulation and umami character. These are expected to have a significant impact on future development efforts.

Body and mouthfeel deficiencies surface when healthy taste modulation alternatives are introduced. Therefore, the development of ingredients which can correct these problems has been a targeted area of investigation. A building block collection containing a series of dairy-type natural bioingredients to provide richness and body have been developed to rebalance finished products.

Besides having a strong internal discovery team, Givaudan has pursued open innovation objectives through collaboration with external academic and industrial partners. These networks focus on adjacent and complementary technologies and also serve as windows to emerging technologies with potential value.

Flavourist training
The area of taste technology which relates to salt, sugar, MSG and fat reduction poses considerable challenges to flavourists trying to reduce the level of these ingredients in foods and beverages – while maintaining the great tastes that consumers expect. Givaudan has established centres of excellence in Naarden, the Netherlands, Cincinnati, USA and Dübendorf, Switzerland to train experts who then acquire the expertise to train colleagues in Asia, Latin America and beyond. The new skills acquired are enabling lower-salt/sugar/fat/ MSG flavours to be created for new products for which consumers express a preference over the standard product. More than 25 flavourists have received intensive training which lasts from several weeks to several months.

Sustainable business model

During the 12 months of 2010, Givaudan further increased its commitment to operating a sustainable business model. With the publication of our first Sustainability Report, we introduced our framework and our long-term vision. This challenging vision was developed together with our partner, the Natural Step, and is based on five pillars.

These five pillars span our product life cycle, from the sourcing of raw materials to the end-of-life of our customers' products.

Since March, we have made continuous progress within this holistic framework of our Company-wide Sustainability programme. As the leading Company in our industry, we have an important role to play in preserving resources we need, coupled with a commercial and ethical responsibility, to drive sustainable development in our industry.

Our next Sustainability Report, to be published in March 2011, will report in detail on the progress made in 2010. This section of the Annual Report will continue to provide easy access and information on other areas such as Compliance, Risk Management and Regulatory. It is our aim to combine this section with the Sustainability Report in the coming years and to provide one, comprehensive document.

Compliance

As the leader in its industry, Givaudan is both expected and committed to adhere to high ethical standards in business conduct and to comply with all applicable laws and regulations in its relations with customers, suppliers, shareholders, employees, competitors, government agencies and the communities in which it works. These principles are enshrined in Givaudan's Principles of Business Conduct and are complemented by a system of internal policies, procedures and guidelines and overseen by a multilayered compliance organisation.

Given the nature of Givaudan's industry, compliance has many different facets, comprising general compliance as well as specialised fields of compliance, including product safety compliance and environment, health and safety. Compliance control in the special fields is assured by specialised corporate functions, including the regulatory product safety team (Regulatory) and the environment, health and safety team (EHS). The general compliance team assures compliance with the Principles of Business Conduct and coordinates with the different specialised compliance functions to ensure a harmonised compliance system.

Acknowledging the increase in Givaudan's size after the successful acquisition and integration of Quest International and the increased complexity of compliance due to ever-increasing regulations and stakeholder demands, Givaudan has in further strengthened its general compliance organisation by splitting the Compliance and Legal functions and creating a new function of Corporate Compliance Officer at the head of the general compliance organisation. The Corporate Compliance Officer was appointed on 1 September 2010. The Corporate Compliance Officer works with the existing local compliance officers and the Regulatory and EHS teams to further enhance Givaudan's compliance function.

Following the creation of the new function, the compliance team has focused on recent changes in general compliance requirements due to new legislation (including the UK Bribery Act 2010), increased demands for compliance reporting in the area of sustainability and changed requirements through the increased use of social media. As part of this, Givaudan reviewed its general compliance training programme with a view to launching a new e-training programme in 2011.

The Principles of Business Conduct can be found on Givaudan's internet site: *www.givaudan.com – [our company] – [corporate governance] – [rules and policies]*

Shareholders

Since its spin-off in 2000 and until the end of 2010, Givaudan has created approximately CHF 6 billion in value for its shareholders in the form of dividend payments and share price appreciation.

Givaudan adheres to good corporate governance, following best practices coherent with those of major industrial countries. In particular, all information published in our Annual Report complies with both the Swiss Code of Corporate Governance and the SIX Corporate Governance Guidelines. For more information please refer to the separate section on Corporate Governance.

Informing Givaudan's different stakeholders in a timely and responsible way is of key importance to ensure transparency and equal treatment. Through frequent press releases, teleconferences and publications on www.givaudan.com, the Company disseminates material information about its performance and activities widely and simultaneously, following the Art. 72 of the revised Listing Rules (Ad Hoc Publicity) of the SIX Swiss Exchange directives.

Brazil Investor Event
The Latin American markets represent 12% of Givaudan's sales and activities in the region show strong growth. In November, over 20 sell-side analysts and fund managers attended a dedicated event hosted by Givaudan Brazil's Management Team and the Executive Committee. Taking place at the newly opened Fragrance Creative Centre in São Paolo, the participants learned about the promising outlook of the Latin American markets.

The event included in-depth presentations on the vibrant regional fragrance and flavour businesses and a visit to one of our fastest-growing fine fragrance customers.

The principles of Givaudan's disclosure and information policy can be found on: *www.givaudan.com – [our company] – [corporate governance] – [rules and policies]*

At the close of 2010, Givaudan had 16,188 shareholders listed in the share register, owning 51.4% of the share capital. The top 20 shareholders, including nominees and funds, represent around 69% of the share capital. With little changes compared to last year, approximately 40% of the shareholders are based in North America.

In 2010, Givaudan's management team conducted 31 road shows, maintaining the high level of activity seen in 2009. Givaudan added Brazil to its roadshow destinations in 2010 and will in the future expand its activities into developing countries. In 2010 the Company met existing and potential shareholders in 38 financial centres. Thirty Group presentations and conferences with a total of more than 1,000 participants were given. Close to 400 individual meetings with fund managers globally contributed to improved awareness about Givaudan. In order to inform the financial community directly, Givaudan organised two conference calls to provide more details about the full and half year results. Together, they attracted 150 participants. Furthermore, 17 visits to Givaudan sites globally with a total of 152 participants, mainly fund managers, were organised to provide an in-depth view of Givaudan's activities. This year's site visit programme included a two-day investor event in Brazil. Over 20 sell-side analysts and fund managers participated in this event to learn about the promising future of the Latin American markets.

For the fifth time, Givaudan organised a year-end presentation in its fine fragrance creation studios in New York to satisfy the increasing demand to visit these important and fascinating facilities and to meet with our talents. Two similar visits where held in Paris, combined with the presentation of Roman Kaiser's new book, 'Scent of the Vanishing Flora'.

The complete agenda of forthcoming events for shareholders is published on *www.givaudan.com – [investors] – [investor calendar]*

Customers

In 2010, the top ten customers accounted for around 55% of fragrance sales and about 30% of flavour sales. Our customers are among the most successful consumer and luxury goods manufacturers. Being a reliable business partner lies at the heart of our success, as well as adhering to high professional standards.

Through close partnership with our customers in the creation process we engage the senses of consumers around the world. Being a key partner and adviser to our customers is a key factor for sustaining Givaudan long-term. We are committed to creating and manufacturing tastes and smells which will in turn enable our customers to be successful in their respective markets. As a result, a high innovation rate and an in-depth consumer understanding are vital for the sustainability of our strong relationships.

Dedicated teams, including a strong network of colleagues working across functional categories, as well as perfumers and flavourists, serve our customers across the world. These are decisive contributors in delivering the unmatched innovation needed to remain at the cutting-edge of today's market. This can only be achieved by knowing our clients and their markets while constantly challenging ourselves to exceed customer expectations.

Givaudan's business model is based on a make-to-order process in a business-to-business environment. The Company serves its global, regional and local customers around the world through a global network of more than 40 subsidiaries and a world-spanning supply chain.

One of the key aspects of Givaudan's internal policies and practices is the commitment to maintain strict confidentiality on proprietary customer information and customer projects, as well as to fully protect their intellectual property.

Our People

In today's competitive environment, the success of an organisation is closely connected with the talented employees that it can recruit, retain and develop.

As this long-term success is built with the strength of our people, Givaudan's Human Resources organisation has been successfully re-aligned over the past two years with the goal to develop, challenge and reward our talents to foster a performance-driven organisation while promoting respect, openness, and diversity.

Bringing the Human Resources strategy to the next level

Two years after the launch of the Company's new Human Resources strategy, which is focused on building a competent internal network of HR Business Partners and completing the ongoing integration activities, we are launching the next phase of our strategic development. We want to provide industry leading services and programmes to sustain Givaudan's leadership position.

Our success in this area will be measured by our department's ability to influence so called Strategic Talent Outcomes across the business. Our Human Resource Business Partners have been specifically trained to help support line management to improve their talent planning. In the end, it is our business leaders which have the most influence and control over improving talent management outcomes.

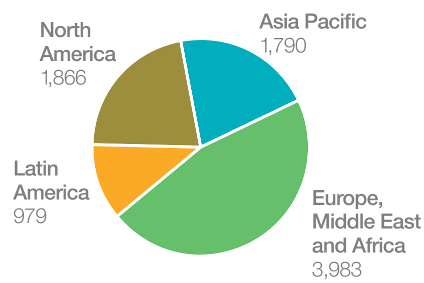
People Management

People management starts with knowing where to find the best talents and how to be able to attract and retain them. It also covers on-boarding of new employees, setting clear and transparent performance targets which are aligned to the business priorities, educating our people to achieve their full potential through attractive developmental opportunities, and managing our talent pipeline to ensure the sustainability and leadership position of Givaudan.

The annual talent management programme is designed to review the personnel needs of the business and make sure we have thorough succession planning in place.

Our pipeline of talent is identified through an in-depth Talent Planning and Succession Planning process, based on input from

Employees by region



e-Recruitment
In August, a new online process for recruiting candidates was launched on the careers section of www.givaudan.com.

The new tool supports two key objectives: to provide improved transparency on open positions and to engage with internal and external talent pools.

In addition, the e-Recruitment programme underpins Givaudan's commitment to all employees to enable them to play an active role in their career development.

Through its common and consistent framework, the programme also provides improved efficiencies in handling the volume of applicants.

Head count development by region	Number of employees 31.12.2010	%	Number of employees 31.12.2009	%	Change from 2009 to 2010
Switzerland	1,551.5	18.0	1,494	17.6	3.8%
Other Europe, Africa, Middle East	2,431.5	28.2	2,475	29.1	-1.8%
North America	1,866.0	21.7	1,856	21.8	0.5%
Latin America	979.0	11.4	974	11.5	0.5%
Asia Pacific	1,790.0	20.8	1,702	20.0	5.2%
Total	**8,618.0**	**100.0**	**8,501**	**100.0**	**1.4%**

various management levels of the organisation. In these processes we are constantly assessing individuals' potential and competencies, matching them to their aspirations and the organisational needs while identifying any gaps that should be addressed.

Our Talent Planning process is strongly connected to the Individual Development Programme or IDP, which sits at the heart of the development programme in Givaudan. Individuals who have the potential, the performance level, and the aspiration are identified for various developmental opportunities in the Company and as successors for key positions.

Givaudan wants all employees to reach their maximum potential, achieve their aspirations and contribute to the success of our Company.

Enhancing our online recruitment tools

Feedback gathered from the Employee Value Proposition outlined that one of the major requests expressed by our employees was to have a better view on career opportunities within the Company.

This need was addressed by launching a comprehensive and new e-Recruitment platform. It has been a significant step forward towards a more effective and efficient recruiting process used both internally and externally. The platform provides employees and external applicants with increased transparency on career opportunities through our online job postings.

This illustrates Givaudan's commitment to enable all the employees to play an active role in their career development in partnership with HR and their line manager.

Employee Value Proposition

Another important cornerstone of people management is our Employee Value Proposition, or EVP. The development of an EVP which is unique to Givaudan and summarises what an employee experiences while being part of our organisation, has been one of the key initiatives in 2010 for the HR organisation. In a 'bottom-up' approach we were able to gather a deep understanding of what our people thought about working at Givaudan. This was done through an online survey involving a significant sample of our employees globally and this was accompanied with focus groups engaging many more participants in the major sites worldwide.

Among the many different reasons, our employees identified five prime reasons on why they feel that working at Givaudan is unique.

1. What you do really matters

We feel lucky to be in an industry that really enhances our everyday engagement with the senses, as we experience the full pleasure of life through taste and smell. Much of our work is about finding novel solutions to improve our sensory well-being. Individuals are encouraged to find the best way. Ideas and suggestions are respected. We set new professional standards and we know we are making a difference – to our colleagues and to our customers. It is great to prove your worth and believe that you really count.

2. Always something new

Innovation is our lifeblood. Our creative teams and scientists have access to unique ingredients: we not only apply the very latest thinking – we invent it. Our renowned artistry is backed by tailor-made, modern business systems and modern production facilities. And we collaborate with the world's most talented thinkers at universities and in our imaginative research expeditions. We embrace new thinking and the spirit of adventure.

3. Teamwork across borders

We have all the benefits of industry-leading scale combined with the culture and friendliness of a small team. No one seems far away, even if they are on the other side of the world. You can always ask for help and know you will get it. Colleagues share expertise and work in teams, across sites and countries. Teamwork is a way of life.

4. Believing in our products

Givaudan people believe in what they make and sell – from the fragrances that have such a positive impact on everyday personal and household care to the flavours that improve our diets by boosting the taste of healthy food. Backed by our unrivalled heritage, our extraordinary global supply chain team works with local populations to source raw materials sensitively and sustainably. Our consumer understanding operates hand-in-hand with our impressive quality regime, our marketing expertise and our centres of technical excellence. We are confident that we deliver on our promises.

5. Pride in working for a leader

It is a privilege to be a market leader in such a fascinating industry. We can act with confidence, yet we never stop challenging and improving. We can afford to try out new things, to push the boundaries of our science and research and to experiment with the latest thinking, in all aspects of our performance. We never stop building knowledge and redefining the frontiers of our industry. So it is great to be out there – at the front, but still striving.

Continuous improvement ahead

In keeping with our strategic focus and in cooperation with the business leaders, our Human Resource Business Partners will continue to develop their ability to influence strategic talent outcomes across the business.

We will continue to invest in training and development of our HR professionals.

We will develop a competency framework as a platform for the People Management Programmes at Givaudan.

We will invest in our middle management Succession Planning and development which will be supported by Learning and Development programmes.

We will continue to look for opportunities to increase the effectiveness and efficiency of delivering HR services.

We will continue to strengthen the core HR Centre of Excellence (CoE) functions to provide best-fit programmes for Givaudan.

Suppliers

As the largest individual ingredient buyer in the global fragrance and flavour industry, Givaudan is mindful of the need to invest responsibly in the supply chains of today in order to ensure availability tomorrow. Reliable suppliers and continuous supply are crucial in order to fulfil our customer commitments and provide the service to which we aspire.

Despite the economic recovery after the challenging year of 2009, fragility among our suppliers has been evident over the past two years. Significant de-stocking and re-stocking has hindered continuity and stability in the supply of some materials, whilst the 'on/off' environment has created challenges that have led to consolidation among some of our suppliers.

At the same time, unprecedented demand has meant that carry-over inventories have been used this year that will take years to rebuild. The unusual surge in demand has created material shortages in many areas and stock building along the chain. Fortunately, Givaudan was able to mitigate most shortages through its own stocks and material planning, although an increasingly volatile price situation was evident in the latter part of the year.

Partnerships are always important, but never more so than during the challenging times recently experienced by our suppliers. In these circumstances, good relationships, long-term purchasing strategies and supplier alliances are of paramount importance. We continue to further grow and build these key relationships to support our future business. Looking ahead into 2011, we expect that demand for raw materials will continue to be firm, particularly from developing economies. Currency and price volatility continues and the lack of a stable environment, demand visibility and sustainable revenues in some supply chains are likely to lead to some forms of protectionism such as quotas on raw material supplies, allocations and unpredictable movements in short-term pricing structures.

ZERO IS POSSIBLE

Serious about safety

Safety inheritance
The integration of Quest International led to many of its best practices being leveraged throughout Givaudan. Where Quest had a comprehensive behavioural-based safety programme, Givaudan's strengths lay in the technical, engineering and process applications areas of safety. With the completion of the integration, the combination of safety approaches has created a platform for the development of a solid programme.

In November 2010, Givaudan launched SafeStart™, a globally recognised safety awareness programme designed to promote techniques for minimising the risk of injury and to contribute to Givaudan reaching its ambitious accident reduction goals. Available to all employees, it is part of Givaudan's global behavioural-based safety programme 'Zero is Possible' which aims to further strengthen safety behaviour and awareness across the business.

Staff turnover by region	2010	%	2009	%
Asia Pacific	193	22	154	17
Europe, Middle East and Africa	417	47	448	50
Latin America	123	14	99	11
North America	152	17	194	22
Total	**885**	**100**	895	100

Environment, Health and Safety

Givaudan acknowledges that environmental issues as well as health and safety concerns shape the current and future sustainability of its business. As part of this awareness, our Environmental, Health and Safety (EHS) organisation has launched a number of initiatives to ensure the Company continues to innovate and perform without compromising the safety of our people, products, assets, and the environment. To support these initiatives, the EHS organisation has been strengthened by implementing a regional EHS network that ensures the effective management of all EHS activities, risks, and programmes. The EHS organisation benefits also from the unique know-how and support of a reinforced team of global experts in the areas of safety, hazardous materials, dangerous goods, reporting, auditing, and change management.

Key among the initiatives in 2010 has been the development of the first Global EHS Strategy and the strengthening of a safety culture that is starting to result in tangible advances and improved key performance indicators. The strategy has been designed to be easily actionable at regional and local levels and reflects various priorities, challenges and plans. It will be implemented worldwide in 2011.

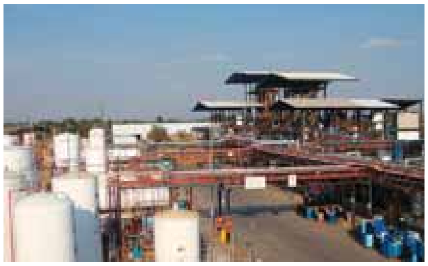
During the year Givaudan continued to take actions as part of its behavioural-based safety initiative, 'Zero is Possible', with the introduction of SafeStart™ to raise the awareness among employees and further enhance a sounder safety culture. The SafeStart™ methodology is based on simple concepts that can be related to and applied to situations in everyday contexts. Our goal is to use SafeStart™ throughout our organisation and during the on-boarding process of new employees. Givaudan's overarching aspiration is to reach zero accidents. In line with our Sustainability targets, we have set a major milestone of less than one accident involving a lost time injury per 1,000 employees by 2020. In 2010, we have already achieved more than 16% reduction of lost time injury rate in our manufacturing sites worldwide compared to a year ago.

Givaudan has also expanded its audit programme beyond internal audit and major facility risk audit to include a global approach providing a comprehensive EHS external audit review of best practices, local regulations and compliance. The new programme formally started in October 2010 and will provide Givaudan with objective viewpoints on areas requiring further improvement and link them to the Company's EHS directives and policies. All locations are scheduled to be audited by the end of 2011, and each site will then be re-audited every two to four years, depending on a risk evaluation and outcomes from the initial audit.

Givaudan has successfully implemented in 2010 the United Nations mandated chemicals classification system called 'Globally Harmonized System'. This programme is globally recognised and includes new compatible labelling of products, redesigned safety data sheets and easily understandable hazard symbols. Givaudan successfully implemented these requirements, starting in Europe.

Givaudan's EHS organisation is part of the Sustainability initiative and is proud of their contribution in the everyday activities happening at the site level focused on employees' health, our products, everyone's safety and environmental protection. We believe that the decisive steps taken in 2010 will enable Givaudan to even better meet the environmental, health and safety needs of employees, customers and society.

Givaudan's sustainable development principles and values are detailed in our 2010 Sustainability Report, published separately and available from March 2011 on *www.givaudan.com – [sustainability] – [publications]*



Mexico: Clean Industry Certification
Located in a rural area, our Pedro Escobedo fragrance ingredients manufacturing site in Mexico has developed strong relations with the local community and neighbouring villages over the years. This commitment was recognised in 2010 with a 'Clean Industry Certification' from the Mexican Environmental Protection Agency. The certification recognises the commitment of the site to reduce the impact of its activities on the environment and for its continuous improvement over the past few years. Pedro Escobedo is the largest chemical production plant in the Group and employs about 200 people, most of whom live near the site.

Information Technology

Extending the implementation of the Outlook solution, an enterprise system based on SAP, continued to be the dominant activity for the Company and the Information Technology group during 2010. Outlook, which first went live at selected sites in 2008, was successfully implemented at the fragrance sites and at the finance organisation in North America. In addition, all fragrance and flavour sites in Spain and Latin America, including Mexico, Brazil, Argentina and Colombia, went live during 2010.

This work meant 1,360 new users were transferred, a record number in any one year, and brought the total number of users in the Company to 4,700, or 70% of all employees who will work with the Outlook solution. Roll-out in Asia Pacific has started and is scheduled to continue during 2011, with final deployments planned in 2012. The overall Outlook programme roll-out has been without significant problems and remains on schedule.

Internally, the IT organisation has been undergoing a structural re-alignment to better support the transition from the project implementation to an embedded SAP-based enterprise management system and to further align it with the SAP-based needs of the two divisions as well as the service organisations such as finance. This re-alignment, announced in 2010, will be implemented during 2011 in preparation for the move from the roll-out of Outlook to the day-to-day support of the new system and its associated SAP packages.

During the year, the IT teams continued to enhance their service offerings to the creation platforms in the Fragrance Division and the Flavour Division, including supporting marketing and consumer understanding with the development of new tools.

The implementation of a new business management and archiving tool to improve the preservation of key Company documents such as those relating to governance and compliance matters was also achieved during 2010.

In addition, the teams supported the introduction of IBIS, a global initiative for the improved management of Fragrance Division briefs. This new system, which will also soon be available to external partners, helps those in the fragrance briefing process in their day-to-day work. The expanding use of the iPhone encouraged the IT teams during the year, working with Fragrance Division, to develop iPerfumer, a free application available via the Apple Appstore that offers consumers online guidance when buying perfume.

Risk Management

Managing risk is an integral part of Givaudan's business. The Company actively promotes the continuous monitoring and management of risks at the operational management level on a day-to-day basis. We also operate a structured and continuous process of identifying, assessing and deciding on responses to key strategic risks at the Group level.

Risk Management is the responsibility of the Board of Directors which empowers the Executive Committee to lead the overall risk management process. The Givaudan Risk Management Charter, established by the Board of Directors, focuses on detailing the objectives and principles of risk management within Givaudan and formalising roles and responsibilities. It offers a framework for a pragmatic and effective risk management process to deal with the most relevant key risks which may affect Givaudan's business ability to achieve its critical objectives.

This risk assessment and management process is set out to be comprehensive, organised and documented in order to further enhance compliance with corporate governance regulations, guidelines and good practices. It involves business managers from all business areas and allows understanding risk profiles and of the opportunities and threats they present for the Company. This then allows adequate management and mitigation plans to be put in place to address the different risks.

Additionally, the overall Risk Management process facilitates disclosure of potential risks to key stakeholders and the Company's philosophy for dealing with them. At the same time, it reinforces the awareness of key executives of the magnitude of risks, provides risk-based management information for more effective decision-making, helps to safeguard the values of the Company and its assets, and protects the interests of shareholders.

Givaudan's management at various levels is accountable for ensuring the appropriateness and adequacy of the risk mitigation decisions at individual and combined levels, as well as for ensuring timeliness of their implementation. It is also responsible for tracking and reporting on progress of the risk mitigation programmes to the Executive Committee on a regular basis, with an overall high level review of risk assessment and mitigation plan provided periodically to the Board of Directors. Please also consult pages 83 to 88 of the Financial Report regarding our financial risk management.

Regulatory

With our regulatory expertise we not only provide an essential service of advice to our customers but also ensure that our products meet or exceed all requirements around the world.

Givaudan continued to drive the regulatory advocacy activities within the International Organization of the Flavor Industry (IOFI). This committee, chaired by Givaudan, is working closely with the European Union (EU) Food Safety Authority and the EU Commission to ensure a smooth implementation of the most important reforms to flavour regulations in the EU for the past 30 years.

Finalisation of this EU flavour regulation was expected by the end of 2010. Givaudan is well-positioned to support its customers to meet any new regulations as required.

As more developing market countries establish requirements for the introduction of new ingredients into their markets, Givaudan is also leading efforts to achieve harmonisation of regulations to the greatest extent possible. This effort is important as harmonised regulations allow for easy movement of our customers' products throughout the global marketplace.

There has been ongoing progress to further improve the integration of all regulatory and safety activities internally. In addition, we have continued to integrate the activities of our research and development organisation with the Strategic Business Development teams to ensure the rapid global commercialisation of new ingredients to aid innovative flavour creation and application for our customers. This has been especially important in supporting our clients' efforts in the growing market for products promoting Health and Wellness.

A major effort to establish a more integrated technology commercialisation process was completed this year, ensuring that regulatory and safety aspects are fully addressed for all new ingredients and technologies. This effort has minimised any potential negative effects of an increasingly complex global regulatory environment and helped us maintain our rapid introduction of new materials into the global market.

Improving our customer support and worker safety capabilities, SAP-based Environmental, Health and Safety (EHS) functions were successfully launched in Europe and Latin America this year and will be introduced in Asia Pacific and the USA in 2011. This will result in further improvements in the quality and timeliness of responses to customer requests for EHS information and documentation.

In 2010, we initiated a programme called 'Easy to do Business With' to better understand and implement ways we can make doing business with Givaudan even easier for our customers. From a regulatory perspective, this programme focuses on getting accurate regulatory information and documents to our customers rapidly and in a form that is most convenient for them.

Over 25 new ingredients or technologies were successfully introduced into the market this year focusing on the areas of Health and Wellness, in line with our global growth strategy. Important additions to the ingredient palette were made in the area of salt and sugar reduction as well as other key consumer focus areas, allowing our customers to develop more desirable and healthy products.

We have continued to invest in new methods for toxicological evaluation of raw materials. The development of KeratinoSense has achieved international recognition for its ability to identify dermal sensitisers of varying potency.

Givaudan also continues to develop customised approaches for determining biodegradation of volatile raw materials. We have started a new programme to investigate in-vitro systems for predicting bioaccumulation of materials in fish. The Fragrance Division provided leadership to the global industry in regulatory advocacy activities within the International Fragrance Association (IFRA) – both at the global and regional level and particularly in the USA.

We also played a leading role in engaging key stakeholders to address new questions on ingredient transparency and a push for more labelling requirements on finished products in the USA. This has the potential for direct impact on intellectual property protection of fragrance formula. To enable more information to be accessible to consumers while protecting product-specific formula disclosure, IFRA has published the list of fragrance ingredients used in commerce, amounting to some 3,123 materials, on its website *www.IFRAorg.org.*

In 2010 Givaudan met its obligations for the first phase of REACH registrations and has commenced phase II of the programme.

Corporate governance

Givaudan's corporate governance system is aligned with international standards and practices to ensure proper checks and balances and to safeguard the effective functioning of the governing bodies of the Company.

This section has been prepared in accordance with the Swiss Code of Obligations, the Directive on Information Relating to Corporate Governance issued by the SIX Swiss Exchange and the 'Swiss Code of Best Practice for Corporate Governance' issued by economiesuisse and takes into consideration relevant international governance standards and practices.

The basis of the internal corporate governance framework is contained in Givaudan's Articles of Incorporation. In order to further clarify the duties, powers and regulations of the governing bodies of the Company, the Company has adopted an organisational regulation which is published on its website *www.givaudan.com*.

Except when otherwise provided by law, the Articles of Incorporation and Givaudan's Board regulations, all areas of management are fully delegated by the Board of Directors, with the power to sub-delegate to the Chief Executive Officer, the Executive Committee and its members. The organisational regulation of Givaudan also specifies the duties and the functioning of its three Board Committees.

The Articles of Incorporation and other documentation regarding Givaudan's principles of corporate governance can be found at *www.givaudan.com – [our company] – [corporate governance]*

Group structure and shareholders

Group structure

Givaudan SA, 5 Chemin de la Parfumerie, 1214 Vernier, Switzerland, the parent Company of the Givaudan Group, is listed on the SIX Swiss Exchange under security number 1064593, ISIN CH0010645932. The Company does not have any subsidiaries that are publicly listed. The list of principal consolidated companies is presented in note 31 to the consolidated financial statements of the 2010 Financial Report.

As at 31 December 2010, the market capitalisation of the Company was CHF 9,316,688,274.

Givaudan is the global leader in the fragrance and flavour industry, offering its products to global, regional and local food, beverage, consumer goods and fragrance companies. The Company operates around the world and is split into two principal divisions: Fragrance and Flavour. The Fragrance Division is further divided into Fine Fragrances, Consumer Products and Fragrance Ingredients business units. The Flavour Division consists of four business units: Beverages, Dairy, Savoury and Sweet Goods.

Both divisions are present through their sales and marketing presence in all major countries and markets and operate separate research and development organisations. Whenever it makes sense, the divisions share resources in the areas of research, sensory understanding and purchasing with the goal to remain the undisputed and most innovative leader in the industry.

Corporate functions include Finance, Information Technology, Legal, Compliance and Communications as well as Human Resources.

For more details regarding the structure of the Group, please refer to notes 1 and 5 to the consolidated 2010 financial statements.

Significant Shareholders

To our knowledge, the following shareholders were the only shareholders holding more that than 3% of the share capital of Givaudan SA as at 31 December 2010 (or at the date of their last notification under art. 20 of the Stock Exchange Act): Nestlé SA (10.03%), MFS Investment Management and affiliates (9.75%), Chase Nominees Ltd (nominee) (8.52%), Nortrust Nominees Ltd (nominee) (4.04%), Mellon Bank NA (nominee) (3.50%), Credit Suisse Asset Management Fund AG (3.001%), Blackrock Inc. (3.02%) and Gartmore Investment Ltd (3.04%).

The Company has not entered into any shareholders agreements with any of its key shareholders, nor does it have any cross-shareholdings with any other Company.

For further information, please consult the SIX internet site: *www.six-swiss-exchange.com – [shares] – [company] – [significant shareholders]*

Shares

The Company has one class of shares only. All shares are registered shares. Subject to the limitations described below, they have the same rights in all respects. Every share gives the right to one vote and to an equal dividend. There exist no other dividend–right certificates or participation certificates.

Structure of share capital

Amount of ordinary share capital

As at 31 December 2010, Givaudan SA's ordinary share capital amounted to CHF 92,335,860 fully paid in and divided into 9,233,586 registered shares with a par value of CHF 10.00 each.

Conditional share capital

Givaudan SA's share capital can be increased

- by issuing up to 161,820 shares through the exercise of option rights granted to employees and directors of the Group
- by issuing up to 463,215 shares through the exercise of option or conversion rights granted in connection with bond issues of Givaudan SA or a Group Company. The Board of Directors is authorised to exclude the shareholders' preferential right to subscribe to such bonds if the purpose is to finance acquisitions or to issue convertible bonds or warrants on the international capital market. In that case, the bonds or warrants must be offered to the public at market conditions, the deadline for exercising option rights must be not more than six years and the deadline for exercising conversion rights must be not more than fifteen years from the issue of the bond or warrants and the exercise or conversion price for new shares must be at a level corresponding at least to the market conditions at the time of issue
- by issuing up to 123,163 shares through the exercise of option rights granted to the shareholders of Givaudan SA.

For the conditional share capital, the preferential right of the shareholders to subscribe shares is excluded. The acquisition of shares through the exercise of option or conversion rights and the transfer of such shares are subject to restrictions as described below.

Authorised share capital

According to the decision of the Annual General Meeting held on 25 March 2010, the Board of Directors is authorised until 26 March 2012 to increase the share capital up to CHF 10,000,000 through the issuance of a maximum of 1,000,000 shares fully paid-in listed shares with a par value of CHF 10.00 per share.

Changes in equity

The information regarding the year 2008 is available in note 6 and 7 to the statutory financial statements of the 2009 Financial Report. Details of the changes in equity for the years 2009 and 2010 are given in note 6 and 7 to the statutory financial statements of the 2010 Financial Report.

Limitations on transferability and nominee registrations

Registration with voting rights in Givaudan SA's share register is conditional on shareholders declaring that they have acquired the shares in their own name and for their own account. Based on a regulation of the Board of Directors, nominee shareholders may be entered with voting rights in the share register of the Company for up to 2% of the share capital without further condition, and for more than 2% if they undertake to disclose to the Company the name, address and number of shares held by the beneficial owners. Moreover, no shareholder will be registered as shareholder with voting rights for more than 10% of the share capital of Givaudan SA as entered in the register of commerce. This restriction also applies in the case of shares acquired by entities which are bound by voting power, common management or otherwise or which act in a coordinated manner to circumvent the 10% rule. It does not apply in the case of acquisitions or acquisition of shares through succession, division of an estate or marital property law.

The limitations on transferability and nominee registrations may be changed by a positive vote of the absolute majority of the share votes represented at a shareholders' meeting.

No exceptions to these rules have been granted during 2010.

Exchangeable bond

In March 2010, Givaudan Nederland Finance B.V. CHF 750,000,000 Guaranteed Mandatory Convertible Securities matured. A total of 737,897 shares of Givaudan SA were delivered to the holders of such securities (of which 736,785 new shares created out of conditional capital).
For further information, see notes 2.23, 23 and 26 to the consolidated financial statements of the 2010 Financial Report. There are no other bonds convertible into the shares of Givaudan SA outstanding.

Board of Directors

The Board of Directors is responsible for the ultimate direction, strategic supervision and control of the management of the Company, as well as other matters which, by law, are under its responsibility.
This includes the establishment of medium and long-term strategies and of directives defining Company policies and the giving of the necessary instructions. All other areas of management are delegated to the Chief Executive Officer and the Executive Committee.

Givaudan's Board of Directors comprises an in-depth knowledge in the areas of finance, strategy and the fragrance and flavour industry. The Board has long-standing experience in many areas of our business, ranging from research and innovation to marketing. The Board members' knowledge, diversity and expertise are an important contribution to lead a Company of Givaudan's size in a complex and fast-changing environment.

The term of office of the Board members is three years, subject to prior resignation or removal by the shareholders meeting. Board members have to resign at the latest at the Annual General Meeting following their 70th birthday. Elections are by rotation in such a way that the term of office of about one-third of the Board members expires every year. The members of the Board of Directors are elected by the general meeting of shareholders and election is individual. Re-election of Board members is possible. In order to allow a phased renewal of the Board's composition, the Board has adopted an internal succession planning.

At the 2010 Annual General Meeting, Mr. Dietrich Fuhrmann, a German national, retired from the Board of Directors after three terms in office, having joined the Board in 2004. He was replaced by Mrs. Irina du Bois, a Swiss and German national, with a long standing experience as a food regulatory affairs expert. The Annual General meeting also re-elected Peter Kappeler for an additional three years in office.

Board Meetings

During the course of 2010, the Givaudan Board of Directors held six regular meetings and three extraordinary Board meetings. Regular meetings in Switzerland usually last for one day, Board meetings at Givaudan locations outside Switzerland for two days, including visits to the sites and discussion with the management of the visited region. Extraordinary meetings are usually shorter. Apart from one excused absence for one meeting, all Board members attended all Board meetings. During each Board meeting, the Company's operational performance was presented by management and reviewed by the Board. The Board was also informed and discussed various aspects of the Company's future strategy, the findings of Internal Audit and all major investment projects, management succession planning and other major business items. The CEO and the CFO attended all regular meetings for business-related agenda items. Other members of the Executive Committee and selected members of the senior management team were regularly invited to address specific projects.

In 2010, the Board held two meetings at Givaudan locations outside of Switzerland. In July 2010, the Board visited the Givaudan creation and application centre in Argenteuil as well as the Fine Fragrance creation centre in Paris. In October, the Board met with Asian management at Givaudan's site in Singapore and held its Board meeting in Hong Kong.

In 2010, the Board conducted an annual self-assessment and discussed its own succession planning.

In preparation for Board meetings, Board members receive pertinent information by mail. A data room containing additional information and historical data is set up prior to each meeting where Board members can consult relevant documents. All Board members have direct access to the Givaudan intranet where all internal information on key events, presentations and organisational changes are posted. In addition, the Board members receive relevant information, including press releases and information sent to investors and financial analysts via e-mail.

Committees of the Board

The Board of Directors has established three Committees: an Audit Committee, a Nomination and Governance Committee and a Compensation Committee. Each committee is led by a Committee Chairman whose main responsibilities are to organise, lead and minute the meetings.

Meetings of Board Committees are usually held before or after each Board meeting, with additional meetings scheduled as required. Moreover, the Board has delegated specific tasks to other Committees, consisting of the CEO and managers with technical expertise: the Environment, Health & Safety Committee and the Corporate Compliance Committee.

The Audit Committee's primary function is to assist the Board in fulfilling its oversight responsibilities by reviewing the financial information, the systems of internal controls and the audit process. It carries out preparatory work for the Board of Directors as a whole (with the exception of reviewing and approving the compensation of the External Auditors for the annual audit and other services). The Audit Committee ensures that the Company's risk management systems are efficient and effective. It promotes effective communication among the Board, management, the internal audit function and external audit. It reviews and approves the compensation of the external auditors for the annual audit. The CFO attends the meetings of the Audit Committee upon invitation of its chairman. The Audit Committee met four times in the course of 2010. Each meeting lasted approximately half a day.

The Compensation Committee reviews and recommends the compensation policies to the Board of Directors. It approves the remuneration of the CEO and the other members of the Executive Committee as well as all performance-related remuneration instruments and pension fund policies.

The Compensation Committee consists of three independent members of the Board. The Committee takes advice from external independent compensation specialists and consults with the Chairman and the CEO on specific matters where appropriate. In 2010, the Compensation Committee met twice. The average duration of each meeting was two hours. During these meetings, the Committee reviewed inter alia the remuneration policy and compensation principles for Givaudan.

The Nomination and Governance Committee assists the Board in applying the principles of good corporate governance. It prepares appointments to the Board of Directors and the Executive Committee and advises on the succession planning process of the Company. The Nomination and Governance Committee met once during the course of 2010 for a duration of two hours. In addition, the Nomination and Governance Committee interviewed potential Board member candidates individually.

More information on the Board of Directors and the roles of the Committees are described on the following internet sites: *www.givaudan.com – [our company] – [board of directors]*

Members of the Board

Dr Jürg Witmer
Chairman

- Attorney
- Swiss national, born 1948
- Non-executive
- First elected in 1999
- Current term of office expires in 2012

Chairman of the Board of Directors of Clariant AG, Vice-Chairman of the Board of Syngenta AG. Jürg Witmer joined Roche (1978) in the legal department and subsequently held a number of positions including Assistant to the CEO, General Manager of Roche Far East in Hong Kong, Head of Corporate Communications and Public Affairs at Roche headquarters in Basel, Switzerland, and General Manager of Roche Austria. He was appointed CEO of Givaudan in 1999 and became Chairman of the Board of Directors in 2005. He has a doctorate in law from the University of Zürich, as well as a degree in international studies from the University of Geneva.

André Hoffmann
Vice-Chairman

- Businessman
- Swiss national, born 1958
- Non-executive
- First elected in 2000
- Current term of office expires in 2012

Vice-Chairman of the Board of Roche Holding Ltd, Member of the Board

From left
André Hoffmann, Vice-Chairman
Prof. em. Dr Dres. h. c. Henner Schierenbeck, Director
Dr Nabil Y. Sakkab, Director
Dr Jürg Witmer, Chairman
Irina du Bois, Director
Peter Kappeler, Director
Thomas Rufer, Director

of Amazentis SA, Genentech Inc, Glyndebourne Productions Ltd, INSEAD and MedAssurant Inc. Chairman of FIBA – Fondation Internationale du Banc d'Arguin, Fondation MAVA, Living Planet Fund Management Co., Massellaz SA as well as Nemadi Advisors Ltd. Vice-President of Fondation Tour du Valat and WWF International. André Hoffmann became Head of Administration of the Station Biologique de la Tour du Valat in France (1983) and then joined James Capel and Co. Corporate Finance Ltd, London as an associate at the Continental Desk (1985), and later became Manager for European Mergers and Acquisitions. He joined Nestlé UK, London as a brand manager (1991). He studied economics at the University of St. Gallen and holds a Master of Business Administration from INSEAD.

Irina du Bois
Director

Chemical Engineer
Swiss and German national, born in 1946
Non-executive
First elected 2010
Current term of office expires in 2013

Chairperson of the Fondation Pierre du Bois pour l'histoire du temps présent. Irina du Bois started her career at Nestlé as Regulatory Affairs Manager (1976) and became Head of Regulatory Affairs (1986), subsequently taking on the additional function of Corporate Environmental Officer (1990). Before retiring from Nestlé in 2010, she headed the Regulatory and Scientific Affairs department (2004-2009). Active in a number of organisations and institutions related to the food industry, Irina du Bois has been chairperson of the International Standards Expert Group of the Confederation of the Food and Drink Industries of the EU; member of the International Organisations Committee of the International Life Sciences Institute; member of the Biotechnology Committee of the Swiss Society of Chemical Industries; and member of the Swiss committee of the Codex Alimentarius. She holds a diploma in chemical engineering of the École Polytechnique Fédérale de Lausanne (EPFL).

Peter Kappeler
Director

Businessman
Swiss national, born 1947
Non-executive
First elected in 2005
Current term of office expires in 2013

Chairman of the Board of Berner Kantonalbank until May 2008, Member of the Board of Directors of Cendres et Métaux SA, Schweizerische Mobiliar Holding AG, Schweizerische Mobiliar Genossenschaft. Peter Kappeler has served in different industrial and banking companies. For 17 years, he was head of BEKB/BCBE (Berner Kantonalbank), from 1992 to 2003 as CEO and until 2008 as Chairman of the Board of Directors. He is also a member of various boards, including the Summer Academy Foundation at the Paul Klee Center. He holds a Master of Business Administration from INSEAD as well as a degree in engineering from the ETH Zürich.

Thomas Rufer
Director

Certified Public Accountant
Swiss national, born 1952
Non-executive
First elected in 2009
Current term of office expires in 2012

Member of various public and private bodies such as Vice-Chairman of the Board of Directors and Chairman of the Audit Committee of the Berner Kantonalbank, Vice-Chairman of the Board of Directors of the Federal Audit Oversight Authority and Member of the Swiss Takeover Board. Thomas Rufer joined Arthur Andersen (1976) where he held several positions in audit and business consulting (accounting, organisation, internal control and risk management). He was Country Managing Partner for Arthur Andersen Switzerland (1993-2001). Since 2002, he has been an independent consultant in accounting, corporate governance, risk management and internal control. He holds a degree in business administration (économiste d'entreprise HES) and is a Swiss Certified Public Accountant.

Dr Nabil Y. Sakkab
Director

Businessman
American national, born 1947
Non-executive
First elected in 2008
Current terms of office expires in 2011

Member of the Board of Altria Group Inc, Aplion Medical LLC, BiOWiSH Technologies, Creata Ventures and Deinove. Advisory Professor at Tsinghua University, Beijing. Nabil Y. Sakkab joined Procter & Gamble in Cincinnati (1974) and retired from the same Company (2007) as Senior Vice-President, Corporate Research and Development. During this time, he served on P&G's Leadership Council and the Innovation Committee of P&G's Board of Directors. He is the author of several scientific and innovation management publications and co-inventor on more than 27 patents. Nabil Y. Sakkab graduated with a BSc degree in Chemistry from American University of Beirut and a PhD in Chemistry from Illinois Institute of Technology.

Prof. em. Dr Dres. h. c. Henner Schierenbeck
Director

Professor
German national, born 1946
Non-executive
First elected in 2000
Current term of office expires in 2011

Professor of Bank Management and Controlling at the University of Basel, scientific adviser for the 'Zentrum für Ertragsorientiertes Bankmanagement' (Münster/Westfalen), Member of the Supervisory Board of DIA Consult AG. Henner Schierenbeck became a Professor of Accounting (1978), and of Banking (1980), at the University of Münster. He became Professor of Bank Management and Controlling at the University of Basel (1990). Since January 2010, he is Professor emeritus. He holds a PhD from the University of Freiburg, together with two honorary doctoral degrees from the State University of Riga, Latvia and Mercartor School of Management, Duisburg, Germany.

Information and control instruments vis-à-vis the Executive Committee

The Board is kept informed of the activities of the Executive Committee in various ways.

The Board members receive information and reports from the Executive Committee and other members of senior management via a data room and other means of communication prior to each Board meeting. The Board also receives regular reports from its Committees.

The CEO and the CFO are present and report at all regular Board meetings and answer all requests for information by the Board members about any matter concerning Givaudan that is transacted. Other members of the Executive Committee and selected members of the senior management team were regularly invited to address specific projects. The Head of Internal Audit and the Corporate Compliance Officer report to the Board once annually and the Board also receives reports on Environment, Health & Safety and Risk Management once annually.

Furthermore, the Head of Internal Audit is present and reports at each meeting of the Audit Committee. The CFO is also present at all meetings of the Audit Committee, as are the external auditors. Furthermore, the Group Controller attends most Audit Committee meetings.

Additionally, Board members are encouraged to visit country operations when travelling and meet with local and regional management directly to get first-hand information on local and regional developments and to interact directly with management across the globe.

Executive Committee

The Executive Committee, under the leadership of the Chief Executive Officer, is responsible for all areas of operational management of the Company that are not specifically reserved to the Board of Directors.

The Chief Executive Officer, subject to the powers attributed to him, has the task to achieve the strategic objectives of the Group as set by the Board of Directors and determine the operational priorities. In addition, he leads, supervises and coordinates the other members of the Executive Committee, including to convene, prepare and chair the meetings of the Executive Committee.

The members of the Executive Committee are appointed by the Board of Directors on recommendation of the Chief Executive Officer after evaluation by the Nomination Committee. The Executive Committee is responsible for developing the Company's strategy as well as the long-term business and financial plan. Key areas of responsibility also include the management and supervision of all areas of the business development on an operational basis and approving investment decisions.

The tasks and powers of the Executive Committee include the approval of investments, leasing agreements and divestments within the corporate investment guidelines. The Committee approves important business projects, prepares the business plan of the Group and the budgets of the individual divisions and functions. In addition, it plays a key role – together with the Human Resources organisation – in the periodic review of the talent management programme, including succession planning for key positions. Alliances and partnerships with outside institutions, such as universities, think tanks and other business partners, are also monitored by the Executive Committee.

The members of the Executive Committee are individually responsible for the business areas assigned to them.

The Executive Committee meets generally on a monthly basis to discuss general Company business and strategy. In 2010, the committee held 11 meetings at Givaudan sites around the world, each meeting lasting between one and three days. These meetings are an opportunity to be present at Givaudan locations across the globe. Each major region is at least visited once a year to ensure a close interaction with all the different business areas.

Committees of the Board	Jürg Witmer Chairman	André Hoffmann	Irina du Bois	Peter Kappeler	Thomas Rufer	Nabil Sakkab	Henner Schierenbeck
Audit				■	■		■
Nomination and Governance	■	■	■				
Compensation		■		■		■	

■ = Chairman of the Committee ■ = Member of the Committee

Members of the Executive Committee

Gilles Andrier
Chief Executive Officer

He joined Givaudan (1993) as Fragrance Division Controller and Assistant to the CEO. He later held various positions including Head of Fragrances Operations in the USA and Head of Consumer Products in Europe. He was appointed Head of Fine Fragrances, Europe (2001) before becoming Global Head of Fine Fragrances (2003) and then CEO of Givaudan (2005). Born in Paris, France (1961), Gilles Andrier graduated with two Masters in Engineering from ENSEEIH Toulouse and spent the first part of his career with Accenture in management consulting. He is a French national.

Mauricio Graber
President Flavour Division

Vice-President (up to October 2010) / President (since October 2010) of the International Organization of the Flavor Industry (IOFI). He began his career with Givaudan (1995) as Managing Director for Latin America with Tastemaker. When Tastemaker was acquired by Givaudan, he became Managing Director for Mexico, Central America and the Caribbean before becoming Vice President for Latin America (2000). He then was appointed President of the Givaudan Flavours Division (2006). Born in 1963, he is a Mexican citizen and has a BSc in Electronic Engineering from Universidad Autónoma Metropolitana and a Masters in Management from the JL Kellogg Graduate School of Management, Northwestern University, USA.

Michael Carlos
President Fragrance Division

Board of Directors, International Fragrance Association. Board Member of the Research Institute of Fragrance Materials. He began his career with Givaudan (1984) as General Manager in Hong Kong. He became Head of the European Creative Centre in Argenteuil (1992) where he was in charge of integrating the creative resources from Givaudan and Roure.

From left
Joe Fabbri, Human Resources
Mauricio Graber, President Flavour Division
Gilles Andrier, Chief Executive Officer
Matthias Währen, Chief Financial Officer
Michael Carlos, President Fragrance Division
Adrien Gonckel, Information Technology

He was appointed Global Head of Consumer Products (1999) and then President of the Fragrance Division (2004). Born in 1950, Michael Carlos is a French citizen and has an MBA from the Indian Institute of Management and a degree in chemical engineering from the Indian Institute of Technology.

Matthias Währen
Chief Financial Officer

Member of the Regulatory Board, SIX Exchange Regulation, Board Member of the SGCI Chemie Pharma Schweiz. He started his career in Corporate Audit with Roche (1983) and became Finance Director of Roche Korea (1988) and then Head of Finance and Information Technology at Nippon Roche in Tokyo (1990). He was appointed Vice President Finance and Information Technology at Roche USA (1996) and then Head of Finance and Informatics of the Roche Vitamins Division (2000). He was involved in the sale of this business to DSM (2003) before joining Givaudan (2004). Born in 1953, Matthias Währen is a Swiss national and a graduate of the University of Basel.

Adrien Gonckel
Information Technology

He began his career with F. Hoffmann-La Roche Ltd, (Basel) in the IT department (1973). He worked for Roche Belgium, Brussels as Head of IT and with Citrique Belge in charge of systems integration (1975-1978). He rejoined F. Hoffmann-La Roche Ltd, Basel (1978), taking European leadership of its IT coordination, moving then to the Roche subsidiary Roure-Bertrand-Dupont in Argenteuil, France as Head of Group IT (1982) before becoming Givaudan-Roure's Head of Group IT (1992). Born in 1952, Adrien Gonckel is a French national. He completed a Masters in IT at the Universities of Belfort and Lyon, France.

Joe Fabbri
Human Resources

He joined Givaudan (1989) as Operations Director responsible for commissioning the Canadian manufacturing facility. Moving to the USA (1996) he was appointed Head of Operations at East Hanover, New Jersey. Based in Switzerland, he led various regional operations projects before becoming Head of Flavours Operations, EAME (2001), Head of Global Flavours Operations (2004), and then Head of Global Human Resources (2008). Born in 1958 in Ontario, Canada, Joe Fabbri graduated in mechanical engineering technology and spent the first years of his career in various engineering roles before moving into operations management.

Compensation, Shareholdings and Loans

In accordance with the Swiss Code of Obligations and the SIX Directive on Corporate Governance, Givaudan publishes the details of the remuneration of its Board of Directors and its Executive Committee in the separate chapter 'Compensation Report' in this Annual Report as well as in the 2010 Financial Report.

Shareholders Participation Rights

In exercising voting rights, no shareholder may, with his own shares and the shares he represents, accumulate more than 10% of the entire share capital. Entities which are bound by voting power, common management or otherwise or which act in a coordinated manner to circumvent the 10% rule are considered as one shareholder. This restriction does not apply to the exercise of voting rights through members of a corporate body, independent representatives and holders of deposited shares, to the extent that no avoidance of the said restriction to the voting rights results there from. Any change in this rule requires a positive vote of the absolute majority of the share votes represented at a shareholders' meeting, as prescribed by Swiss law.

Any shareholder who, on the day determined by the Board of Directors, is registered as a shareholder with voting rights has the right to attend and to vote at the shareholders' meeting. Each shareholder may be represented by another shareholder who is authorised by a written proxy, or by a legal representative, a holder of deposited shares, a member of a corporate body or an independent person designated by the Company.

The Articles of Incorporation of Givaudan SA follow the majority rules prescribed by Swiss law for decisions of general meetings of shareholders.

Shareholders registered with voting rights are convened to general meetings by ordinary mail and by publication in the Swiss official trade journal at least 20 days prior to the day of the meeting. Shareholders representing shares for a nominal value of at least CHF 1 million may demand in writing at least 45 days before the meeting, that an item be included in the agenda, setting forth the item and the proposals. Shareholders registered in the share register with voting rights at the date specified in the invitation will be convened to the ordinary general meeting, which will be held on 24 March 2011. The specified date will be approximately two weeks before the meeting.

Change of Control and Defence Measures

The Articles of Incorporation of Givaudan SA do not contain any rules on opting out or opting up. The legal provisions apply, by which anyone who acquires more than 33 1/3% of the voting rights of a listed Company is required to make a public offer to acquire all listed securities of the Company that are listed for trading on the SIX Swiss Exchange.

In the event of a change of control, share options granted by the Company to members of the Board of Directors and to a total of 276 senior management and employees will vest immediately. All other defence measures against change of control situations previously in effect were deleted by the Board of Directors in 2007.

Internal Audit

Corporate Internal Audit is an independent and objective corporate function established to assist management in achieving their objectives.

The role of Internal Audit is to evaluate and contribute to the continuous improvement of the Company's risk management and control systems. This specifically includes also the analysis and evaluation of the effectiveness of business processes and recommendations for adjustments where necessary.

The risk-based audit approach used aims at providing assurance on all relevant business processes across Givaudan entities following a business process audit methodology that provides value to the local entities and to the Group's management. Givaudan Risk Management output, past audit results, management input, changes in organisation and Corporate Internal Audit experience are the elements taken into account to build the annual internal audit plan. Effective communication and reporting ensure an efficient implementation of the audit recommendations.

Corporate Internal Audit reports to the Audit Committee of the Board of Directors and the function has been headed since 2008 by Laurent Pieren.

For specific audits of affiliates, staff from Ernst & Young support the internal audit function.

External Auditors

At the Annual General Meeting of shareholders on 26 March 2009, and in line with best practices in corporate governance, Deloitte SA were newly appointed as Group and statutory auditors of Givaudan SA and its affiliates. At the Annual General Meeting of shareholders on 25 March 2010, Deloitte SA were reappointed. Since March 2009, the responsible principal auditor for the Givaudan audit at Deloitte has been Thierry Aubertin, Partner.

The fees of Deloitte for professional services related to the audit of the Group's annual accounts for the year 2010 were CHF 3.1 million. This amount includes fees for the audit of Givaudan, its subsidiaries, and of the consolidated financial statements.

In addition, for the year 2010, Deloitte rendered other services (mainly tax-related) for CHF 0.4 million.

The external auditor presents the outcome of the audit directly to the Audit Committee at the end of each reporting year. The Audit Committee is also responsible for evaluating the performance of Deloitte as external auditors pursuant to a set of defined criteria. In addition, the Committee reviews and approves the compensation of Deloitte, evaluates and approves other services provided by the external auditor.

During the year 2010, Deloitte attended all four meetings of the Board's Audit Committee. The scope of the audit is defined in an engagement letter approved by the full Board of Directors.

Information Policy

Givaudan's Principles of Disclosure and Transparency are described in detail at *www.givaudan.com – [our company] – [corporate governance] – [rules and policies]*

Hardcopies of Company publications such as the Annual Report, Half Year Report and the Sustainability Report and other corporate documents, are available on request. They can also be downloaded from Givaudan's internet site: *www.givaudan.com – [investors] – [financial information] and [full and half year reports] and www.givaudan.com – [sustainability]*

Other important internet site paths:

Quarterly sales information and other media releases: *www.givaudan.com – [media] – [press releases]*

Key reporting dates:

- Annual General Meeting 2011
  24 March 2011
- Three Months Sales
  8 April 2011
- Half Year Results 2011
  4 August 2011
- Nine Months Sales
  11 October 2011
- Full Year Results 2011
  16 February 2012
- Annual General Meeting 2012
  22 March 2012

The complete calendar of events:

www.givaudan.com – [investors] – [investor calendar]

Articles of Incorporation:

www.givaudan.com – [our company] – [corporate governance]

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Compensation report

Givaudan aims to attract, motivate and retain the highest calibre of professional and executive talent to sustain its leadership position within the fragrances and flavours industry. The Company's compensation policies are an essential component of this strategy, as well as a key driver of organisational performance.

Compensation governance

The Compensation Committee of the Board of Directors consists of three non-executive members of the Board, chaired by André Hoffmann. The Chairman of the Board of Director, in an advisory capacity, as well as the CEO, are regularly invited to Compensation Committee meetings. The CEO does not participate in discussions regarding his own compensation.

The Compensation Committee regularly reviews and approves Company-wide compensation policies and programmes. This includes annual base salary positioning, annual incentive plans, share-based long-term incentive plans as well as benefits policies. The Compensation Committee is also responsible for reviewing and approving the individual compensation and benefits of each Executive Committee member as well as recommending the overall compensation for the Board of Directors.

The Compensation Committee meets two to three times a year. It utilises independent external consultants to benchmark the compensation of Executive Committee members.

Compensation principles

Givaudan compensation programmes are based on the following principles:

- **Pay for performance:** employees are rewarded for their contribution to business results. This is achieved through the variable pay plans described below.
- **External competitiveness:** total compensation positioning should enable Givaudan to attract and retain highly talented individuals critical to its success.
- **Internal consistency and fairness:** internal salary scales reflect job level, job function and geographic market.
- **Alignment of interests:** Givaudan seeks to align management and shareholders' interests by rewarding long-term value creation through share-based programmes.

Givaudan's total compensation offering is composed of the following elements:

- **Base salary:** base salary is regularly benchmarked in each location and pay scales are reviewed annually according to local market evolution. As a general rule, pay scales are built around market median.
- **Profit Sharing Plan:** non-management employees participate in the global Profit Sharing Plan. Payouts are based on yearly evolution of Group EBITDA (at comparable basis).
- **Annual Incentive Plan:** this plan covers all managers and executives globally. It rewards participants for the achievement of financial targets and other individual objectives.
- **Long Term Incentive Plan:** the LTIP links selected executives and key employees to the evolution of the Givaudan share price through share option and/or restricted share unit awards.
- **Performance Share Plan:** participation in the Performance Share Plan is restricted to approximately 50 senior executives. This plan has a five-year performance period (2008-2012). Vesting of performance shares is conditional upon the economic value generated over the performance period.
- **Benefits (indirect compensation):** benefit plans seek to address current and future security needs of employees. These generally include retirement, health, death and disability benefits. Benefits-in-kind such as Company vehicles are offered to certain employees according to local market practice.

As is apparent from the chart below, every Givaudan employee is linked to Company performance through cash-based and/or share-based variable pay plans.

The Annual Incentive Plan, the Long Term Incentive Plan and the Performance Share Plan are described in more detail in the next section.

Givaudan compensation architecture

Pay component	Targeted population	Approximate number of participants
Base salary	All employees	8,600
Profit Sharing Plan	Non-management employees	6,100
Annual Incentive Plan	Managers and executives	2,500
Long Term Incentive Plan	Executives and key employees	270
Performance Share Plan	Senior executives	50

Compensation of Givaudan executives

The compensation of Givaudan executives, in terms of both structure and level, is regularly benchmarked against individuals in similar positions within listed European companies. This comparative group of companies are similar in size and have a significant international presence in the fragrance and flavour or in related industries (e.g. consumer products, food and beverage, specialty chemicals). All benchmarking activity is performed by independent external consultants.

Givaudan's executive compensation targets base pay at the market median. Executives have the opportunity to be rewarded with above median pay for sustained outstanding performance through various variable compensation components. These variable elements reflect achievements against quantitative targets established by the Board of Directors, as well as the contribution and leadership qualities of individual executives. Variable compensation represents a significant portion of an executive's total compensation. The weight of variable compensation increases with level of responsibility and impact of the position on Company results.

The total compensation of Givaudan executives consists of direct and indirect compensation components.

- Direct compensation is composed of base salary, annual incentive and share-based components.
- Indirect compensation includes retirement coverage, health benefits, death and disability protection as well as certain benefits-in-kind according to local market practice.

Direct compensation components are described below.

Base salary

Base salary adjustments are based primarily on market evolution, taking into consideration the executive's performance and contribution to Company results. Salary adjustments for Executive Committee members are decided by the Compensation Committee.

Annual Incentive Plan

The Annual Incentive Plan is designed to reward executives and managers for the achievement of annual operational targets.

Annual targets for Executive Committee members are set by the Board of Directors upon recommendation by the Compensation Committee. For 2010, these targets and their respective weights were as follows:

- Sales Growth (local currencies): 50%
- Operating Return On Sales (OROS): 50%

For the purpose of the Annual Incentive Plan, OROS is defined as Operating Income (excluding exceptional items), expressed as a percentage of Sales.

Achievements against these targets are reviewed and approved by the Compensation Committee.

Annual incentive payouts for lower level executives and managers are based on a mix of financial objectives cascaded from Givaudan Group targets and qualitative objectives addressing key initiatives and/or process improvements.

Expressed as a percentage of base salary, annual incentives at target were the following in 2010:

- Chief Executive Officer: 80%
- Chief Financial Officer and Division Presidents: 60%
- Global Head of Human Resources and Global Head of Information Technology: 50%
- Division Management Committee members: 35%-50%
- Other executives and managers: 10%-35%

Based on the performance achievements, incentive payouts may vary between 0% and a cap of 200% of target incentive.

Long Term Incentive Plan

A new design for the Givaudan Long Term Incentive Plan (LTIP) was approved by the Board of Directors on 25 March 2009.

Until 2008, the Givaudan LTIP was delivered in the form of stock options.

As from 2009, the LTIP gives participants a choice as to how they receive their awards:

- 100% of award value in stock options
- 100% of award value in restricted share units (RSUs)
- 50% of award value in stock options and 50% in RSUs

These three alternatives have approximately equal values at grant and are designed to address the various financial situations, personal circumstances and risk profiles of LTIP participants. The Company believes that offering participants a choice enhances the perceived value of the Givaudan LTIP, and therefore its effectiveness in attracting, retaining and motivating key talent.

The total grant value of the LTIP awards is approved each year by the Board of Directors. Participation is limited to approximately 3% of the employee population, including senior executives and key contributors. The individual grants to Executive Committee members are reviewed and approved annually by the Compensation Committee.

Both stock options and RSUs link executive compensation to shareholder value creation as reflected in the evolution of Givaudan's share price.

The main characteristics of stock options and RSUs are described below. More details can be found in the 'Share-Based Payments' section of the 2010 Financial Report.

Stock options

Stock options have a vesting period of two years and expire after five years.

As a principle, the strike price for the options is established by the Board of Directors at a level that is higher than the market value of the Givaudan share at grant (out-of-the-money options). The underlying market value at grant is the average price of the Givaudan share in the two weeks following the publication of the annual results.

The maximum number of options awarded each year (with annual issuance of call warrants on the Swiss stock exchange) and the option parameters are approved by the Board of Directors.

Restricted Share Units

RSUs give participants the right to receive a specific number of Givaudan shares (or a cash equivalent, where securities laws prevent the offering of Givaudan securities to employees) at the end of a vesting period of three years, subject to continued employment with the Company.

Participants have no shareholder's rights during the vesting period, i.e. they do not receive dividends and have no voting rights until RSUs are converted into Givaudan shares.

After the vesting period has elapsed, shares can be held or sold by the participant with no restriction except for applicable blackout periods.

Performance Share Plan

The introduction of a Performance Share Plan (PSP) was approved by the Board of Directors on 30 November 2007. The PSP is designed to reward executives who significantly impact long-term Company performance. Fifty-two senior executives were awarded performance shares in 2008. Performance shares will vest on 1 March 2013, conditional upon the economic value generation over the five-year period. The economic value generation will be measured by cumulative EBITDA over the five-year period, adjusted for the utilisation of capital.

The actual number of shares to vest at the end of the five-year performance period may vary between 0% and a maximum of 150% of the number of performance shares granted, based upon the performance achievement. Thirty thousand performance shares were reserved for the plan over the five-year period.

Performance shares are granted only once in respect of the five-year performance period.

Compensation of the Executive Committee

in Swiss francs	Gilles Andrier CEO	Executive Committee members (excl. CEO)[a]	Total remuneration 2010	Total remuneration 2009
Base salary	905,441	2,348,908	3,254,349	3,278,700
Annual incentive[b]	402,687	941,381	1,344,068	1,743,908
Total cash	**1,308,128**	**3,290,289**	**4,598,417**	**5,022,608**
Pension benefits[c]	127,580	376,009	503,589	732,260
Other benefits[d]	176,839	537,070	713,909	739,858
Number of options granted[e]	60,000	160,000	220,000	220,000
Value at grant[f]	909,600	2,425,600	3,335,200	3,295,600
Number of RSUs granted[g]		400	400	526
Value at grant[h]		322,480	322,480	312,970
Number of performance shares granted[i]	3,000	6,900	9,900	9,900
Annualised value at grant[j]	533,580	1,227,234	1,760,814	1,760,814
Total remuneration	**3,055,727**	**8,178,682**	**11,234,409**	**11,864,110**

a) Represents full year compensation of five Executive Committee members.
b) Annual incentive paid in March 2010 based on year 2009 performance.
c) Company contributions to broad-based pension and retirement savings plans and annualised expense accrued for supplementary executive retirement benefit.
d) Represents annualised value of health & welfare plans, international assignment benefits and other benefits in kind. Contributions to compulsory social security schemes are excluded.
e) Options vest on 2 March 2012.
f) Economic value at grant based on a Black & Scholes model, with no discount applied for the vesting period.
g) Restricted share units vest on 1 March 2013.
h) Economic value at grant according to IFRS methodology, with no discount applied for the vesting period.
i) Performance shares are granted in March 2008 for the 5 year period 2008-2012 and vest on 1 March 2013.
j) Annualised value at grant calculated according to IFRS methodology, and assuming 100% achievement of performance target.

Highest total compensation

CEO Gilles Andrier was the Executive Committee member with the highest total compensation in 2010. For compensation details, please refer to the above table as well as the complete disclosure of compensation to Board of Directors and Executive Committee members set out in the ‘Related Parties’ section of the 2010 Financial Report.

Other compensation, fees and loans to members or former members of the Executive Committee

No other compensation or fees were accrued for or paid to any member or former member of the Executive Committee during the reporting period.

No member or former member of the Executive Committee had any loan outstanding as of 31 December 2010.

Special compensation of members of the Executive Committee who left the Company during the reporting period

No such compensation was incurred during the reporting period.

Contractual termination clauses of Executive Committee members

Employment contracts of Executive Committee members provide for a maximum indemnity equivalent to twelve months’ total remuneration for termination of employment by the Company. No additional compensation or benefits are provided in the case of change in control, except for the immediate vesting of share options granted by the Company.

All contractual arrangements of Executive Committee members are approved by the Compensation Committee of the Board of Director.

Compensation of members of the Board

Compensation of Board members consists of Director fees and Committee fees. These fees are paid shortly after the Annual General Meeting for year in office completed. In addition, each Board member is entitled to participate in the Givaudan Long Term Incentive Plan (LTIP) described above. With the exception of the Chairman and the outgoing Board member, each Board member receives an amount of CHF 10,000 for out-of-pocket expenses. This amount is paid for the coming year in office. The LTIP awards are also granted for the same period.

The compensation paid out to the Board of Directors during the year was as follows:

in Swiss francs	Jürg Witmer Chairman	André Hoffmann	Irina du Bois [a]	Dietrich Fuhrmann [b]	Peter Kappeler	Thomas Rufer	Nabil Sakkab	Henner Schierenbeck	Total remuneration 2010	Total remuneration 2009
Director fees	320,000	80,000		80,000	80,000	80,000	80,000	80,000	800,000	800,000
Other cash compensation										30,000
Committee fees	30,000	50,000		20,000	40,000	20,000	20,000	40,000	220,000	220,000
Total cash	**350,000**	**130,000**		**100,000**	**120,000**	**100,000**	**100,000**	**120,000**	**1,020,000**	**1,050,000**
Number of options granted [c]	26,800	6,700			3,350	3,350	3,350	3,350	46,900	50,250
Value at grant [d]	406,288	101,572			50,786	50,786	50,786	50,786	711,004	752,745
Number of RSUs [e]			134		67	67	67	67	402	440
Value at grant [f]			108,031		54,015	54,015	54,015	54,015	324,091	261,800
Total remuneration	**756,288**	**231,572**	**108,031**	**100,000**	**224,801**	**204,801**	**204,801**	**224,801**	**2,055,095**	**2,064,545**

a) Joined the Board of Directors on 25 March 2010.

b) Retired from the Board of Directors on 25 March 2010.

c) Options vest on 2 March 2012.

d) Economic value at grant based on a Black & Scholes model, with no discount applied for the vesting period.

e) Restricted share units vest on 1 March 2013.

f) Economic value at grant according to IFRS methodology, with no discount applied for the vesting period.

Payment to Board members for out-of-pocket expenses amounted to CHF 60,000.

Compensation of the Board member with the highest compensation

The Board member with the highest compensation in 2010 is Dr. Jürg Witmer, Chairman of the Board as of 28 April 2005. For compensation details please refer to the detailed table above as well as the complete disclosure of compensation to Board of Directors and Executive Committee members set out in the 'Related Parties' section of the Financial Report.

Other compensation, fees and loans to members or former members of the Board

No additional compensation or fees were paid to any member of the Board. No Board member had any loan outstanding as of 31 December 2010.

Special compensation of members of the Board who left the Company during the reporting period

No such compensation was incurred during the reporting period.

Additional fees and loans

No additional fees and/or compensation were paid during the reporting period to any member of the Board. None of them had any loan outstanding as per 31 December 2010.

Ownership of shares

In total, the Chairman and other non-executive Board members including persons closely connected to them held 88,512 Givaudan shares. For further details, please refer to the table on page 57.

As per 31 December 2010, the CEO and other members of the Executive Committee, including persons closely connected to them, held 351 Givaudan shares. For further details, please refer to the table on page 57.

Ownership of share options and restricted Share Units

Board members and Executive Committee members who elect to receive stock options may receive:

(1) Call warrants. These securities are fully tradable after vesting;

or

(2) Option rights, in jurisdictions where securities laws prevent the offering of Givaudan securities to employees. Option rights are settled in cash and offer recipients economic benefits identical to share options. These rights are not tradable or transferable after the vesting period.

As from 2009, Board members and Executive Committee members may elect to receive Restricted Share Units (RSUs) in lieu of stock options as described above.

Details about Givaudan stock options and RSUs are described in the 'Share-Based Payments' section of the 2010 Financial Report.

The following table shows:

- The shares held individually by each Board member as per 31 December 2010.
- The RSUs that were granted in 2010 and were still owned by members of the Board as per 31 December 2010.
- The share options/option rights that were granted during the corresponding periods and were still owned by the members of the Board as per 31 December 2010.

The Company is not aware of any ownership of shares, share options/option rights or RSUs as per 31 December 2010 by persons closely connected to the Board of Directors.

2010			Share options / Option rights				
in number	Shares	Restricted Shares	Maturity 2011	Maturity 2012	Maturity 2013	Maturity 2014	Maturity 2015
Jürg Witmer, Chairman	1,000			26,800	26,800	26,800	26,800
André Hoffmann[a]	86,929		6,700	6,700	6,700	6,700	6,700
Irina du Bois	39	134					
Peter Kappeler	10	155				3,350	3,350
Thomas Rufer	58	155				3,350	3,350
Nabil Sakkab		155			6,700	3,350	3,350
Henner Schierenbeck	476	67		6,700	6,700	6,700	3,350
Total Board of Directors	**88,512**	**666**	**6,700**	**40,200**	**46,900**	**50,250**	**46,900**

a) The following Givaudan derivatives were also held by Mr Hoffmann as at 31 December 2010:
- 30,000 call warrants UBS – Givaudan 20.08.2013 (ISIN value no. CH 011 659 55 10)

The following table shows:

- The shares held individually by each member of the Executive Committee as per 31 December 2010.
- The RSUs that were granted in 2010 and were still owned by members of the Executive Committee as per 31 December 2010.
- The share options/option rights that were granted during the corresponding periods and were still owned by the members of the Executive Committee as per 31 December 2010.

Two persons closely connected to members of the Executive Committee owned Givaudan securities as per 31 December 2010:

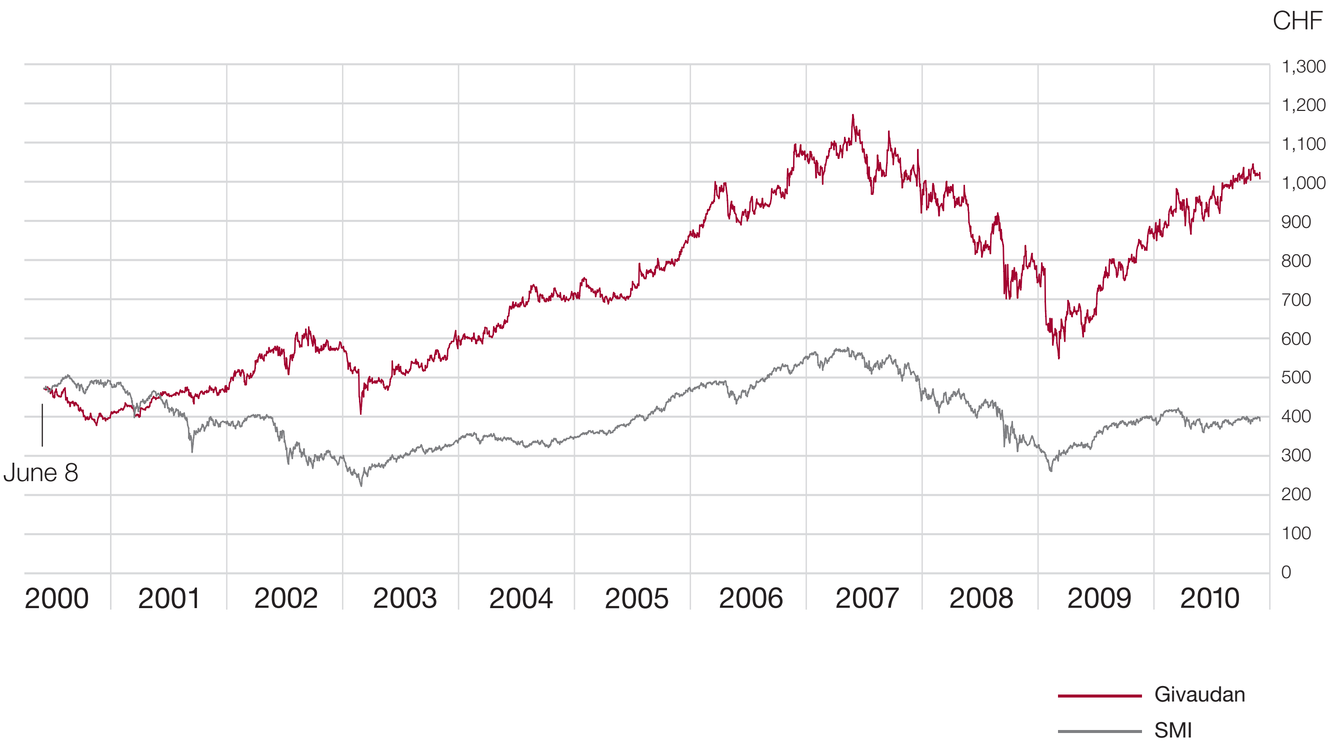
- One person owned 6,000 option rights (3,000 maturing in 2014 and 3,000 maturing in 2015)
- One person owned 98 shares

The Company is not aware of any other ownership of shares, share options/option rights or RSUs as per 31 December 2010 by persons closely connected to members of the Executive Committee.

2010			Share options / Option rights				
in number	Shares	Restricted Shares	Maturity 2011	Maturity 2012	Maturity 2013	Maturity 2014	Maturity 2015
Gilles Andrier, CEO					60,000	60,000	60,000
Matthias Währen		926				20,000	20,000
Mauricio Graber	116					40,000	40,000
Michael Carlos				40,000	40,000	40,000	40,000
Joe Fabbri	117				30,000	30,000	30,000
Adrien Gonckel	20				30,000	30,000	30,000
Total Executive Committee	**253**	**926**		**40,000**	**160,000**	**220,000**	**220,000**

Givaudan Securities

Price development of shares since public listing



Givaudan Shares are traded at virt-x, ticker symbol 1064593

FINANCIAL REPORT 2010

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Financial review

in millions of Swiss francs, except for per share data	2010	2009
Sales	**4,239**	**3,959**
Gross profit	**1,956**	**1,780**
as % of sales	46.1%	45.0%
EBITDA at comparable basis [a, b]	**963**	**820**
as % of sales	22.7%	20.7%
EBITDA [a]	**887**	**758**
as % of sales	20.9%	19.1%
Operating income at comparable basis [b]	**655**	**525**
as % of sales	15.5%	13.3%
Operating income	**556**	**460**
as % of sales	13.1%	11.6%
Income attributable to equity holders of the parent	**340**	**199**
as % of sales	8.0%	5.0%
Earnings per share – basic (CHF) [c]	**37.87**	**25.07**
Earnings per share – diluted (CHF) [c]	**37.63**	**24.97**
Operating cash flow	**730**	**738**
as % of sales	17.2%	18.6%

a) EBITDA: Earnings Before Interest (and other financial income (expense), net), Tax, Depreciation and Amortisation. This corresponds to operating income before depreciation, amortisation and impairment of long-lived assets and impairment on joint ventures.

b) EBITDA at comparable basis excludes restructuring expenses. Operating income at comparable basis excludes restructuring expenses and impairment of long-lived assets and impairment on joint ventures.

c) The issuance of 736,785 shares in 2010 related to MCS conversion decreased the EPS.

in millions of Swiss francs, except for employee data	31 December 2010	31 December 2009
Total assets	6,923	7,083
Total liabilities	3,477	4,271
Total equity	3,446	2,812
Number of employees	8,618	8,501

Foreign exchange rates

Foreign currency to Swiss francs exchange rates	ISO code	Units	31 Dec 2010	Average 2010	31 Dec 2009	Average 2009	31 Dec 2008	Average 2008
Dollar	USD	1	0.93	1.04	1.04	1.08	1.07	1.08
Euro	EUR	1	1.25	1.38	1.48	1.51	1.49	1.59
Pound	GBP	1	1.46	1.61	1.67	1.69	1.56	2.00
Yen	JPY	100	1.15	1.19	1.11	1.16	1.18	1.05

Sales

In 2010, Givaudan Group sales totalled CHF 4,239 million, an increase of 8.9% in local currencies and 7.1% in Swiss francs compared to the previous year. Sales of the Fragrance Division were CHF 1,988 million, an increase of 10.5% in local currencies and 9.0% in Swiss francs. Sales of the Flavour Division were CHF 2,251 million, an increase of 7.5% in local currencies and 5.4% in Swiss francs compared to the previous year.

Operating performance

Gross margin

The gross profit margin increased to 46.1% from 45.0% as a result of higher volumes, favourable product mix and relatively stable input costs.

Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)

EBITDA increased to CHF 887 million in 2010 from CHF 758 million last year. On a comparable basis, excluding integration and restructuring expenses, EBITDA increased to CHF 963 million from CHF 820 million reported last year. The comparable EBITDA margin was 22.7% in 2010, compared to the 20.7% reported in 2009. Higher sales and gross margin, as well as tightly controlled operating expenses, all contributed to this result. When measured in local currency terms, EBITDA on a comparable basis increased by 18.4%.

Operating income

Operating income increased to CHF 556 million from CHF 460 million last year. On a comparable basis, excluding CHF 99 million of integration and restructuring costs, operating income increased to CHF 655 million in 2010 from CHF 525 million in 2009. The operating margin on a comparable basis increased to 15.5% in 2010 from 13.3% reported last year, mainly as a result of the higher sales and proportionally lower operating expenses. When measured in local currency terms, operating income on a comparable basis increased by 25.5%.

Financial performance

Financing costs were CHF 93 million in 2010, down from CHF 142 million in 2009. Other financial expenses, net of income, were CHF 26 million in 2010, versus CHF 51 million in 2009. In particular, the impairment charges incurred in the first half of 2009 were not repeated in 2010.

The Group's income taxes as a percentage of income before taxes were 22% in 2010, versus 25% in 2009.

Net income

Net income increased by 70.9% to CHF 340 million in 2010 from CHF 199 million in 2009. This represents 8.0% of sales in 2010, versus 5.0% in 2009. Basic earnings per share increased to CHF 37.87 in 2010 from CHF 25.07 in the previous year.

Cash flow

Givaudan delivered an operating cash flow of CHF 730 million, a reduction of CHF 8 million on 2009. The strong sales growth required a higher working capital but, as a percentage of sales, working capital remained stable.

Total net investments in property, plant and equipment were CHF 105 million, up from the CHF 85 million incurred in 2009, mainly driven by the investment in the new savoury flavours production facility in Hungary. Intangible asset additions were CHF 72 million in 2010, a significant portion of this investment being in the company's Enterprise Resource Planning (ERP) project based on SAP. Implementation was completed in the remainder of Europe, South America and North America (Fragrances), with the project focus now moving to North America (Flavours) and Asia. Operating cash flow after investments was CHF 553 million, down 6.1% versus the CHF 589 million recorded in 2009. Free cash flow, defined as operating cash flow after investments and interest paid, was CHF 437 million in 2010, down from CHF 459 million in 2009, mainly driven by the working capital requirements and higher investments in 2010. Free cash flow as a percentage of sales was 10.3%, compared to 11.6% in 2009.

Financial position

Givaudan's financial position remained solid at the end of December 2010. A strong operating performance was only dampened by pressure on working capital, although as a percentage of sales, working capital remained constant. Net debt at December 2010 was CHF 1,353 million, down from CHF 1,499 million (excluding the Mandatory Convertible Securities – MCS) at December 2009. In March 2010, MCS with a value of CHF 750 million matured and the Givaudan shares were delivered to holders of these securities. In total 736,785 new shares were delivered to holders of MCS, increasing the total number of outstanding shares to 9,233,586. At the end of December 2010 the leverage ratio (defined as net debt divided by net debt plus equity) was 28%, compared to 30% at the end of 2009.

Integration and restructuring

In 2010 Givaudan successfully completed the integration of Quest International, which started in 2007. The integration process was completed as planned and met previously communicated financial targets, transforming Givaudan into the leading player in the industry. Annual savings of CHF 230 million per year are being generated from the combined operations of the two companies, allowing the Group to achieve pre-acquisition profitability levels, and in particular an EBITDA margin in 2010 of 22.7%. Total integration costs were CHF 440 million.

In 2010 Givaudan announced the streamlining of its savoury manufacturing in the UK and Switzerland, as well as other efficiency programmes, and in the same year the Group incurred restructuring costs of CHF 27 million and impairments of CHF 10 million. Total costs of the restructuring programme are expected to be CHF 75 million, of which CHF 55 million are cash related. The restructuring is expected to be completed in 2011.

Dividend proposal

The Board of Directors of Givaudan will propose to the Annual General Meeting, on 24 March 2011, a cash dividend of CHF 21.50 per share for the financial year 2010. This is the 10th consecutive dividend increase in the past ten years, since Givaudan's listing at the Swiss stock exchange in 2000. The total amount of this dividend distribution will be made out of reserves for additional paid-in capital which Givaudan shows in its balance sheet as per the end of 2010. Pursuant to the new Swiss tax legislation, this dividend payment will not be subject to Swiss withholding tax and it will also not be subject to income tax on the level of the individual shareholders who hold the shares as part of their private assets and are resident in Switzerland for tax purposes.

Board succession planning

In order to facilitate a smooth Board succession planning over the next years, the Board of Directors will propose to the Annual General Meeting, two changes to the Articles of Incorporation, allowing flexible terms of office between one and three years and allowing to increase the number of Board members from seven to a maximum of nine.

The Board will propose the re-election of Prof Henner Schierenbeck for a term of one year. He will then have served for twelve years as a Board member and will no longer stand for re-election. In addition, Ms Lilian Fossum Biner, a Swedish national, will be proposed as a new member for a term of three years. Ms Biner is a Board member of two companies listed in Sweden, Oriflame Cosmetics SA and RNB, Retail and Brands AB.

Short-term outlook

Given the recent sharp increase in some key raw material prices towards the end of 2010, the company expects an overall strong raw material price increase in 2011. Givaudan will work in close collaboration with its customers to make the necessary adaptation of its prices.

Mid-term guidance

Mid-term, the overall objective is to grow organically between 4.5% and 5.5% per annum, assuming a market growth of 2-3%, and to continue on the path of market share gains over the next five years.

By delivering on the company's five-pillar growth strategy – emerging markets, Health and Wellness as well as market share gains with targeted customers and segments – Givaudan expects to outgrow the underlying market and to continue to achieve its industry-leading EBITDA margin while improving its annual free cash flow to between 14% and 16% of sales by 2015.

Givaudan confirms its intention to return above 60% of the company's free cash flow to shareholders once the targeted leverage ratio, defined as net debt, divided by net debt plus equity, of 25% has been reached.

Consolidated income statement

For the year ended 31 December

in millions of Swiss francs, except for per share data	Note	2010	2009
Sales	5	4,239	3,959
Cost of sales		(2,283)	(2,179)
Gross profit		**1,956**	**1,780**
as % of sales		46.1%	45.0%
Marketing and distribution expenses		(606)	(596)
Research and product development expenses		(336)	(326)
Administration expenses		(138)	(137)
Amortisation of intangible assets	22	(194)	(176)
Share of loss of jointly controlled entities	8	-	(1)
Other operating income	9	8	9
Other operating expense	10	(134)	(93)
Operating income		**556**	**460**
as % of sales		13.1%	11.6%
Financing costs	12	(93)	(142)
Other financial income (expense), net	13	(26)	(51)
Income before taxes		**437**	**267**
Income taxes	14	(97)	(67)
Income for the period		**340**	**200**
Attribution			
Income attributable to non-controlling interests	31		1
Income attributable to equity holders of the parent		340	199
as % of sales		8.0%	5.0%
Earnings per share – basic (CHF)	15	**37.87**	**25.07**
Earnings per share – diluted (CHF)	15	**37.63**	**24.97**

The notes on pages 69 to 116 form an integral part of these financial statements.

Consolidated statement of comprehensive income

For the year ended 31 December

in millions of Swiss francs	Note	2010	2009
Income for the period		**340**	**200**
Available-for-sale financial assets			
Movement in fair value for available-for-sale financial assets, net		8	28
Movement in deferred taxes on fair value adjustments	14	-	1
(Gain) loss on available-for-sale financial assets removed from equity and recognised in the consolidated income statement		(7)	7
Cash flow hedges			
Fair value adjustments in year		(7)	(22)
Removed from equity			
- and recognised in the consolidated income statement		5	18
- and recognised in non-financial assets (inventories)	4.2.1.3	-	10
Exchange differences arising on translation of foreign operations			
Change in currency translation		(276)	51
Other comprehensive income for the period		**(277)**	**93**
Total comprehensive income for the period		**63**	**293**
Attribution			
Total comprehensive income attributable to non-controlling interests	31		1
Total comprehensive income attributable to equity holders of the parent		63	292

The notes on pages 69 to 116 form an integral part of these financial statements.

Consolidated statement of financial position

As at 31 December

in millions of Swiss francs	Note	2010	2009
Cash and cash equivalents	16	805	825
Derivative financial instruments	4	91	35
Derivatives on own equity instruments	25	26	14
Available-for-sale financial assets	4, 17	54	18
Accounts receivable – trade	4, 18	717	685
Inventories	19	735	633
Current income tax assets	14	44	73
Assets held for sale	20	10	12
Other current assets	4	127	94
Current assets		**2,609**	**2,389**
Property, plant and equipment	21	1,312	1,437
Intangible assets	22	2,705	3,014
Deferred income tax assets	14	91	47
Assets for post-employment benefits	6	98	71
Financial assets at fair value through income statement	4	24	
Jointly controlled entities	8	3	6
Other long-term assets	17	81	119
Non-current assets		**4,314**	**4,694**
Total assets		**6,923**	**7,083**
Short-term debt	23	314	791
Derivative financial instruments	4	40	29
Accounts payable – trade and others	4	344	322
Accrued payroll & payroll taxes		121	92
Current income tax liabilities	14	83	69
Financial liability: own equity instruments	25	30	30
Provisions	24	35	19
Other current liabilities		140	114
Current liabilities		**1,107**	**1,466**
Derivative financial instruments	4	55	54
Long-term debt	23	1,844	2,282
Provisions	24	90	100
Liabilities for post-employment benefits	6	120	130
Deferred income tax liabilities	14	202	186
Other non-current liabilities		59	53
Non-current liabilities		**2,370**	**2,805**
Total liabilities		**3,477**	**4,271**
Share capital	26	92	85
Retained earnings and reserves	26	4,632	3,741
Hedging reserve	26	(47)	(45)
Own equity instruments	25, 26	(112)	(132)
Fair value reserve for available-for-sale financial assets		9	8
Cumulative translation differences		(1,128)	(852)
Equity attributable to equity holders of the parent		**3,446**	**2,805**
Non-controlling interests	31		7
Total equity		**3,446**	**2,812**
Total liabilities and equity		**6,923**	**7,083**

The notes on pages 69 to 116 form an integral part of these financial statements.

Consolidated statement of changes in equity

For the year ended 31 December

2010

in millions of Swiss francs	Note	Share Capital	Retained earnings and reserves	Own equity instruments	Hedging reserve	Fair value reserve for available-for-sale financial assets	Currency translation differences	Equity attributable to equity holders of the parent	Non-controlling interests	Total equity
Note		26	26	25, 26					31	
Balance as at 1 January		**85**	**3,741**	**(132)**	**(45)**	**8**	**(852)**	**2,805**	**7**	**2,812**
Income for the period			340					340		340
Available-for-sale financial assets	4, 17					1		1		1
Cash flow hedges					(2)			(2)		(2)
Exchange differences arising on translation of foreign operations							(276)	(276)		(276)
Other comprehensive income for the period					**(2)**	**1**	**(276)**	**(277)**		**(277)**
Total comprehensive income for the period			**340**		**(2)**	**1**	**(276)**	**63**		**63**
Issuance of shares	26	7	734					741		741
Dividends paid	26		(187)					(187)	(1)	(188)
Changes in non-controlling interests			4					4	(6)	(2)
Movement on own equity instruments, net				20				20		20
Net change in other equity items		**7**	**551**	**20**				**578**	**(7)**	**571**
Balance as at 31 December		**92**	**4,632**	**(112)**	**(47)**	**9**	**(1,128)**	**3,446**		**3,446**

2009

in millions of Swiss francs	Note	Share Capital	Retained earnings and reserves	Own equity instruments	Hedging reserve	Fair value reserve for available-for-sale financial assets	Currency translation differences	Equity attributable to equity holders of the parent	Non-controlling interests	Total equity
Note		26	26	25,26					31	
Balance as at 1 January		**73**	**3,153**	**(157)**	**(51)**	**(28)**	**(903)**	**2,087**	**6**	**2,093**
Income for the period			199					199	1	200
Available-for-sale financial assets	4, 17					36		36		36
Cash flow hedges					6			6		6
Exchange differences arising on translation of foreign operations							51	51	-	51
Other comprehensive income for the period					**6**	**36**	**51**	**93**		**93**
Total comprehensive income for the period			**199**		**6**	**36**	**51**	**292**	**1**	**293**
Issuance of shares	26	12	460					472		472
Dividends paid	26		(71)					(71)	-	(71)
Movement on own equity instruments, net				25				25		25
Net change in other equity items		**12**	**389**	**25**				**426**		**426**
Balance as at 31 December		**85**	**3,741**	**(132)**	**(45)**	**8**	**(852)**	**2,805**	**7**	**2,812**

The notes on pages 69 to 116 form an integral part of these financial statements.

Consolidated statement of cash flows

For the year ended 31 December

in millions of Swiss francs	Note	2010	2009
Income for the period		340	200
Income tax expense	14	97	67
Interest expense	12	82	119
Non-operating income and expense		37	74
Operating income		**556**	**460**
Depreciation of property, plant and equipment	21	115	119
Amortisation of intangible assets	22	194	176
Impairment of long-lived assets and joint ventures	21, 22	22	3
Other non-cash items			
- share-based payments		10	11
- additional and unused provisions, net		105	71
- other non-cash items		14	(15)
Adjustments for non-cash items		**460**	**365**
(Increase) decrease in inventories		(152)	126
(Increase) decrease in accounts receivable		(37)	(7)
(Increase) decrease in other current assets		(48)	(10)
Increase (decrease) in accounts payable		53	(19)
Increase (decrease) in other current liabilities		71	(32)
(Increase) decrease in working capital		**(113)**	**58**
Income taxes paid		**(59)**	**(50)**
Other operating cash flows, net[a]		**(114)**	**(95)**
Cash flows from (for) operating activities		**730**	**738**
Increase in long-term debt		99	304
(Decrease) in long-term debt		(198)	(550)
Increase in short-term debt		1	16
(Decrease) in short-term debt		(34)	(295)
Interest paid		(116)	(130)
Dividends paid	26	(188)	(71)
Issuance of shares	26		472
Purchase and sale of own equity instruments, net		9	5
Others, net		13	2
Cash flows from (for) financing activities		**(414)**	**(247)**
Acquisition of property, plant and equipment	21	(120)	(95)
Acquisition of intangible assets	22	(72)	(64)
Proceeds from the disposal of property, plant and equipment	21	15	10
Interest received		3	5
Dividends received			-
Purchase and sale of available-for-sale financial assets, net		1	98
Purchase and sale of financial assets at fair value through income statement, net		(29)	
Purchase and sale of derivative financial instruments, net		11	1
Others, net		(35)	(38)
Cash flows from (for) investing activities		**(226)**	**(83)**
Net increase (decrease) in cash and cash equivalents		**90**	**408**
Net effect of currency translation on cash and cash equivalents		(110)	(2)
Cash and cash equivalents at the beginning of the period		825	419
Cash and cash equivalents at the end of the period		**805**	**825**

a) Other operating cash flows, net mainly consist of the utilisation of provisions.

The notes on pages 69 to 116 form an integral part of these financial statements.

Notes to the consolidated financial statements

1. Group organisation

Givaudan SA and its subsidiaries (hereafter 'the Group') operate under the name Givaudan. Givaudan SA is a limited liability company incorporated and domiciled in Switzerland. The Group is headquartered in Vernier, near Geneva, Switzerland.

Givaudan is a leading supplier of creative fragrance and flavour products to the consumer goods industry. It operates in over 100 countries and has subsidiaries and branches in more than 40 countries. Worldwide, it employs 8,618 people. A list of the principal Group companies is shown in Note 31 to the consolidated financial statements.

The Group is listed on the SIX Swiss Exchange (GIVN).

2. Summary of significant accounting policies

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the IASB and with Swiss law. They are prepared under the historical cost convention as modified by the revaluation of available-for-sale financial assets, of financial assets and financial liabilities at fair value through the income statement, and of own equity instruments classified as derivatives.

Givaudan SA's Board of Directors approved these consolidated financial statements on 7 February 2011.

2.1.1 Changes in accounting policy and disclosures

Standards, amendments and interpretations effective in 2010

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2009, as described in the 2009 consolidated financial statements, with the exception of the adoption as of 1 January 2010 of the standards and interpretations described below:

- IFRS 3 Revised Business Combinations
- Amendments to IAS 27 Consolidated and Separate Financial Statements
- Amendments to IAS 39 Financial Instruments Recognition and Measurement. Eligible Hedged Items
- Improvements to IFRSs: May 2008
- Improvements to IFRSs: April 2009
- Amendments to IFRS 1: Additional Exemptions for First-time Adopters
- Amendments to IFRS 2: Group Cash-settled Share-based Payment Transactions
- IFRIC 17 Distribution of Non-cash Assets to Owners

IFRS 3 Revised Business Combinations continues to apply the acquisition method to business combinations, with some significant changes. This standard will apply prospectively to all future business combinations.

Amendments to IAS 27 Consolidated and Separate Financial Statements requires the effects of all transactions with a non-controlling interest to be recognised in equity if there is no change in control and these transactions will no longer result in adjustments to goodwill or recognition of gains and losses. The standard also specifies the accounting when control is lost. These amendments apply prospectively and affect future acquisitions or loss of control of subsidiaries and transactions with non-controlling interests. The appropriate accounting treatment was applied to the purchase of the remaining shares of Givaudan Thailand.

Amendment to IAS 39 Financial Instruments Recognition and Measurement. Eligible Hedged Items clarifies whether a hedged risk or portion of cash flows is eligible for hedge accounting. The adoption of this amendment did not have any impact on the consolidated financial statements of the Group but will be considered prospectively to relevant hedging relationships.

Improvements to IFRSs (May 2008) clarifies disclosure requirements when the entity is committed to a sale plan involving loss of control of a subsidiary when criteria and definitions are met in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

Improvements to IFRSs (April 2009) set out amendments across 12 different standards, related basis for conclusions and guidance. They relate to IFRS 2 Share-based Payment, IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, IFRS 8 Operating Segments, IAS 1 Presentation of Financial Statements, IAS 7 Statement of Cash Flows, IAS 17 Leases, IAS 18 Revenue, IAS 36 Impairment of Assets, IAS 38 Intangible Assets, IAS 39 Financial Instruments: Recognition and Measurement, IFRIC 9 Reassessment of Embedded Derivatives, and IFRIC 16 Hedges of a Net Investment in a Foreign Operation. The adoption of these improvements did not have any impact on the consolidated financial statements of the Group, except for IFRS 8 Operating Segments where the Group has changed the segment assets disclosure (see Note 5).

Amendments to IFRS 2: Group Cash-settled Share-based Payment Transactions clarifies the scope and the accounting for such transactions in the separate or individual financial statements of the entity receiving the goods or services when that entity has no obligation to settle the share-based payment transaction. The adoption of this amendment did not have any impact on the consolidated financial statements of the Group.

IFRIC 17 Distribution of Non-cash Assets to Owners provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. This interpretation had no effect on the consolidated financial statements of the Group.

In addition, the Group voluntarily changed its accounting policy regarding the reporting of own equity instruments classified as derivatives. For the year ended 31 December 2010 the Group has modified the accounting policy with respect to the presentation of the change in fair value and realised gains or losses on own equity instruments classified as derivatives from the line other financial (income) expense, net to each relevant line of the operating expenses. These own equity instruments are used to hedge the cash-settled share option plans. The Group believes that subsequent measurements of the hedge item (the cash-settled payment liability) and the hedge instruments (the own equity instruments classified as derivatives) shall be both recorded in operating income to provide more relevant information of the hedge activities related to the share options plans and to provide more accurate information on the operating performance. This change in presentation does not significantly affect the operating income and, as such, no adjustment was deemed necessary to prior year comparative information.

IFRS and IFRIC issued but not yet effective
New and revised standards and interpretations, issued but not yet effective, have been reviewed to identify the nature of the future changes in accounting policy and to estimate the effect of any necessary changes in the consolidated income statement and financial position upon their adoption.

a) Issued and effective for 2011

- IAS 24 Related Party Disclosures (revised)
- Amendment to IAS 32: Financial Instrument – Presentation: Classification of Rights Issues
- Amendment to IFRS 1: Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters
- Improvements to IFRSs: May 2010
- Amendments to IFRIC 14 Prepayments of a Minimum Funding Requirement

IAS 24 Related Party Disclosures (revised) removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities it also clarifies and simplifies the definition of a related party. The Group does not expect that this revision will have an impact on its consolidated financial statements.

Amendment to IAS 32: Financial Instrument – Presentation: Classification of Rights Issues eliminates volatility in profit and loss for rights issue denominated in a foreign currency. This amendment will not have impact on the Group's consolidated financial statements.

Amendment to IFRS 1: Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters provides first-time adopters with the same transition provision than existing IFRS prepares who were granted relief from presenting comparative information for the new disclosures requirements. This amendment will not have impact on the Group's consolidated financial statements.

Improvements to IFRSs (May 2010) sets out amendments across 7 different standards, related basis for conclusions and guidance. They relate to IFRS 1 First-time Adoption of IFRSs, IFRS 3 Business Combinations, IFRS 7 Financial instruments: Disclosures, IAS 1 Presentation of Financial Statements, IAS 27 Consolidated and Separate Financial Statements, IAS 34 Interim Financial Reporting, and IFRIC 13 Customer Loyalty Programmes. The Group does not expect that these improvements will have an impact on its consolidated financial statements.

Amendments to IFRIC 14 Prepayments of a Minimum Funding Requirement remove an unintended consequence of IFRIC 14 where entities are in some circumstances not permitted to recognise as an asset prepayments of minimum funding contributions. These amendments will not have impact on the Group's consolidated financial statements.

The following interpretation is mandatory for accounting periods beginning on 1 January 2011:

- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

The Group will apply this interpretation from 1 January 2011. This is not expected to have any impact on the Group's consolidated financial statements.

b) Issued and effective for 2012 and after

- IFRS 9 Financial Instruments
- Amendments to IFRS 7 Disclosures: Transfers of Financial Assets

The Group has not yet evaluated the impact of the revised standard and amendments on its consolidated financial statements.

2.2 Consolidation

The subsidiaries that are consolidated are those companies controlled, directly or indirectly, by Givaudan SA, where control is defined as the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. Thus, control is normally evidenced when the Group owns, either directly or indirectly, more than 50% of the voting rights of a company's share capital. Companies acquired during the year are consolidated from the date on which operating control is transferred to the Group, and subsidiaries to be divested are included up to the date on which control passes to the acquirer.

The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets acquired, shares issued and liabilities undertaken or assumed at the date of acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest and except for non-current assets (or disposal groups) that are classified as held for sale (see Note 2.17). The excess of the cost of acquisition over the fair value of the Group's share of net assets of the subsidiary acquired is recognised as goodwill. If the cost of acquisition is less than the fair value of the net assets of the acquired subsidiary, a reassessment of the net identifiable assets and the measurement of the cost is made, and then any excess remaining after the reassessment is recognised immediately in the consolidated income statement.

Where necessary, changes are made to the accounting policies of subsidiaries to bring and ensure consistency with the policies adopted by the Group.

Balances and income and expenses resulting from inter-company transactions are eliminated.

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

2.3 Interest in a joint venture

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control, which exists when the strategic, financial and operating decisions relating to the activities of the joint venture require the unanimous consent of the parties sharing control.

Where the Group has an interest in a joint venture which is a jointly controlled entity, the Group recognises its interest using the equity method of consolidation until the date on which the Group ceases to have joint control over the joint venture. Adjustments are made where necessary to bring the accounting policies in line with those adopted by the Group. Unrealised gains and losses on transactions between the Group and a jointly controlled entity are eliminated to the extent of the Group's interest in the joint venture.

2.4 Foreign currency valuation

Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the functional currency of that entity. The functional currency is normally the one in which the entity primarily generates and expends cash. The consolidated financial statements are presented in millions of Swiss francs (CHF), the Swiss franc being the Group's presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions, or using a rate that approximates the exchange rates on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the reporting period-end rates of monetary assets and liabilities denominated in foreign currencies are recognised in other financial income (expense), net, except for:

- Exchange differences deferred in equity as qualifying cash flow hedges on certain foreign currency risks and qualifying net investment hedges
- Exchange differences on monetary items to a foreign operation for which settlement is neither planned nor likely to occur, therefore forming part of the net investment in the foreign operation, which are recognised initially in other comprehensive income and reclassified from equity to the income statement on disposal or partial disposal of the net investment
- Exchange differences on foreign currency borrowings relating to assets under construction which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings

Non-monetary items that are measured in terms of historical cost in foreign currencies are not retranslated. Translation differences on non-monetary financial assets carried at fair value such as equity securities classified as available-for-sale are included in the available-for-sale reserve in equity, and reclassified upon settlement in the income statement as part of the fair value gain or loss.

Group companies

For the purpose of presenting consolidated financial statements, the assets and liabilities of Group companies reporting in currencies other than Swiss francs (foreign operations) are translated into Swiss francs using exchange rates prevailing at the end of the reporting period. Cash flows, income and expenses items of Group companies are translated each month independently at the average exchange rates for the period when it is considered a reasonable approximation of the underlying transaction rate. All resulting exchange differences are recognised in other comprehensive income and accumulated in equity.

On the disposal of a foreign operation (i.e. loss of control), all of the cumulative currency translation differences in respect of that foreign operation are reclassified to the income statement as part of the gain or loss on divestment. In the case of a partial disposal (i.e. no loss of control) of a foreign operation, the proportionate share of cumulative currency translation differences relating to that foreign operation are re-attributed to non-controlling interests and are not recognised in the income statement.

2.5 Segment reporting

The operating segments are identified on the basis of internal reports that are regularly reviewed by the Executive Committee, the members of the Executive Committee being the chief operating decision makers, in order to allocate resources to the segments and to assess their performance. The internal financial reporting is consistently prepared along the lines of the two operating Divisions: Fragrances and Flavours.

The business units of each Division, respectively Fine Fragrances, Consumer Products and Fragrance Ingredients for the Fragrance Division and Beverages, Dairy, Savoury and Sweet Goods for the Flavour Division, are not considered as separately reportable operating segments as decision making about the allocation of resources and the assessment of performance are not made at this level.

Inter-segment transfers or transactions are set on an arm's length basis.

Information about geographical areas are determined based on the Group's operations; Switzerland, Europe, Africa & Middle-East, North America, Latin America, and Asia Pacific. Revenues from external customers are shown by destination. Non-current assets consist of property, plant and equipment, intangible assets and investments in jointly controlled entities.

Information regarding the Group's Reportable Segments is presented in Note 5.

2.6 Sales

Revenue from sale of goods is measured at the fair value of the consideration received or receivable in the ordinary course of the Group's activities. Sale of goods is reduced for estimated volume discounts, rebates, and sales taxes. The Group recognises revenue when the amount can be reliably measured, it is probable that future economic benefits will flow to the entity and when significant risks and rewards of ownership of the goods are transferred to the buyer.

2.7 Research and product development costs

The Group is active in research and in formulas, technologies and product developments. In addition to its internal scientific efforts, the Group collaborates with outside partners.

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Internal developments or developments obtained through agreements on formulas, technologies and products costs are capitalised as intangible assets only when there is an identifiable asset that will generate probable economic benefits and when the cost can be measured reliably. When the conditions for recognition of an intangible asset are not met, development expenditure is recognised in the income statement in the period in which it is incurred. Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life is reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

2.8 Employee benefit costs

Wages, salaries, social security contributions, annual leave and paid sick leave, bonuses and non-monetary benefits are expensed in the year in which the associated services are rendered by the Group's employees.

Pension obligations

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, principally dependent on an employee's years of service and remuneration at retirement. Plans are usually funded by payments from the Group and employees to financially independent trusts. The liability recognised in the statement of financial position is the aggregate of the present value of the defined benefits obligation at the statement of financial position date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains and losses, and past service costs not yet recognised. If the aggregate is negative, the asset is measured at the lower of such aggregate or the aggregate of cumulative unrecognised net actuarial losses and past service costs and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan. The present value of the defined benefits obligation and the related current service cost are calculated annually by independent actuaries using the projected unit credit method. This reflects the discounted expected future payment required to settle the obligation resulting from employee service in the current and prior periods. The future cash outflows incorporate actuarial assumptions primarily regarding the projected rates of remuneration growth, long-term expected rates of return on plan assets, and long-term indexation rates. Discount rates, used to determine the present value of the defined benefit obligation, are based on the market yields of high-quality corporate bonds in the country concerned. A portion, representing 10% of the greater of the present value of the defined benefit obligation and the fair value of plan assets, of the differences between assumptions and actual experiences, as well as the effects of changes in actuarial assumptions are recognised over the estimated average remaining working lives of employees.

Where a plan is unfunded, a liability is recognised in the statement of financial position. A portion, representing 10% of the present value of the defined benefit obligation, of the differences between assumptions and actual experiences, as well as the effects of changes in actuarial assumptions are recognised over the estimated average remaining working lives of employees. Past service costs are amortised over the average period until the benefits become vested. Pension assets and liabilities in different defined benefit schemes are not offset unless the Group has a legally enforceable right to use the surplus in one plan to settle obligations in the other plan.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into publicly or privately administrated funds. The Group has no further payment obligations once the contributions have been made. The contributions are charged to the income statement in the year to which they relate.

Other post-retirement obligations

Some Group companies provide certain post-retirement healthcare and life insurance benefits to their retirees, the entitlement to which is usually based on the employee remaining in service up to retirement age and completing a minimum service period. The expected costs of these benefits are accrued over the periods in which employees render service to the Group.

2.9 Share-based payments

The Group has established share option plans and a performance share plan to align the long-term interests of key executives and members of the Board of Directors with the interests of the shareholders. Key executives are awarded a portion of their performance-related compensation either in equity-settled or cash-settled share-based payment transactions. The costs are recorded in each relevant functions part of the employees' remuneration as personnel expenses with a corresponding entry in equity in own equity instruments for equity-settled share-based payment transactions and in the statement of financial position as accrued payroll & payroll taxes for the cash-settled share-based payment transactions. The different share-based payments are described in the below table:

Share-based payment transactions		Equity-settled	Cash-settled
Share options plans	Call options	A	C
	Restricted shares	B	D
Performance share plan	Shares	E	n/a

Share options plans

The *equity-settled share-based payment transactions* are established with call options, which have Givaudan registered shares as underlying securities, or with restricted shares. At the time of grant, key executives can select the portion, with no influence on the total economic value granted, of call options or restricted shares of the plan to be received.

A. Call options are set generally with a vesting period of two years, during which the options cannot be exercised or transferred. The Group has at its disposal either treasury shares or conditional share capital when the options are exercised. The cost of these equity-settled instruments to be expensed, together with a corresponding increase in equity, over the vesting period, is determined by reference to the market value of the options granted at the date of the grant. Service conditions are included in the assumptions about the number of options that are expected to become exercisable. No performance conditions were included. At each statement of financial position date, the Group revises its estimates of the number of options that are expected to become exercisable. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation.

B. Restricted shares are set generally with a vesting period of three years, during which the restricted shares cannot be settled or transferred. The Group has at its disposal treasury shares for the delivery of the restricted shares. The cost of these equity-settled instruments to be expensed, together with a corresponding increase in equity, over the vesting period, is determined by reference to the fair value of the restricted shares granted at the date of the grant. The fair value is determined as the market price at grant date reduced by the present value of dividends expected to be paid during the vesting period, as participants are not entitled to receive dividends during the vesting period. Services conditions are included in the assumptions about the number of restricted shares that are expected to become deliverable. No performance conditions were included. At each statement of financial position date, the Group revises its estimates of the number of restricted shares that are expected to be delivered. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation.

The *cash-settled share-based payment transactions* are established with options right units which provide a right to an executive to participate in the value development of Givaudan call options or in the value development of Givaudan shares. At the time of grant, key executives can select the portion, with no influence on the total economic value granted, of call options or restricted shares of the plan to be received in equivalent of cash.

C. Options right units related to call options, which can only be settled in cash, are set generally with a vesting period of two years, during which the right cannot be exercised or transferred. The liability of the cash-settled instruments, together with a corresponding adjustment in expenses is measured during the vesting period using market values. The market value is based on market prices of similar observable instruments available on the financial market, as a rule the market price of the equity-settled instruments with identical terms and conditions upon which those equity instruments were granted.

D. Options right units related to restricted shares, which can only be settled in cash, are set generally with a vesting period of three years, during which the right cannot be exercised or transferred. The liability of the cash-settled instruments, together with a corresponding adjustment in expenses is measured during the vesting period using market values. The market value is the closing share price as quoted on the market the last day of the period.

Performance share plan

With the performance share plan, key executives are awarded a portion of their performance-related compensation in *equity-settled share-based payment transactions.*

E. The performance share plan is established with Givaudan registered shares and a vesting period of five years. The Group has at its disposal either treasury shares or conditional share capital. The cost of equity-settled instruments is expensed over the vesting period, together with a corresponding increase in equity, and is determined by reference to the fair value of the shares expected to be delivered at the date of vesting. Performance conditions are included in the assumptions in which the number of shares varies. No market conditions are involved. The fair value is determined as the market price at grant date reduced by the present value of dividends expected to be paid during the vesting period, as participants are not entitled to receive dividends during the vesting period. At each statement of financial position date, the Group revises its estimates of the number of shares that are expected to be delivered. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation.

2.10 Taxation

Income taxes include all taxes based upon the taxable profits of the Group, including withholding taxes payable on the distribution of retained earnings within the Group. Other taxes not based on income, such as property and capital taxes, are included either in operating expenses or in financial expenses according to their nature. The Group's liability for current income tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are provided based on the full liability method, under which deferred tax consequences are recognised for temporary differences between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting nor the taxable income. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and interests in jointly controlled entities, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available.

Current tax assets and liabilities are offset and deferred income tax assets and liabilities are offset when the income taxes are levied by the same taxation authority and when there is a legally enforceable right to offset them. Current and deferred tax are recognised as an expense or income in the income statement, except when they relate to items that are recognised outside the income statement, in which case the tax is also recognised outside the income statement.

2.11 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and time and call and current balances with banks and similar institutions. Cash equivalents are held for the purpose of meeting short-term cash commitments (maturity of three months or less from the date of acquisition) and are subject to an insignificant risk of changes in value.

2.12 Financial assets

Financial assets are classified as financial assets at fair value through the income statement, loans and receivables, held-to maturity investments, or available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at inception. All regular way purchases and sales of financial assets are recognised at the settlement date i.e. the date that the asset is delivered to or by the Group. Financial assets are classified as current assets, unless they are expected to be realised beyond twelve months of the statement of financial position date. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Information on financial risk management of the Group is described in the Note 4.2. Detailed disclosures can be found in Note 17 to the consolidated financial statements.

Dividends and interest earned are included in the line other financial income (expense), net.

a) Financial assets at fair value through the income statement
Financial assets at fair value through income statement are financial assets held for trading. A financial asset is classified in this category if acquired for the purpose of selling in the near term or when the classification provides more relevant information. Derivatives are classified as held for trading unless they are designated as effective hedging instruments. When initially recognised, they are measured at fair value, and transaction costs are expensed in the income statement. Gains or losses on held for trading investments are recognised in the income statement.

b) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortised cost using the effective interest method. Gains or losses on loans and receivables are recognised in the income statement when derecognised, impaired, or through the amortisation process. Loans and receivables are classified as other current assets and accounts receivable – trade (see Note 2.14) in the statement of financial position.

c) Held-to-maturity investments
Debt securities with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. These investments are measured at amortised cost using the effective interest method, less any impairment losses. Gains or losses on held-to-maturity investments are recognised in the income statement when derecognised, impaired, or through the amortisation process.

d) Available-for-sale financial assets
Available-for-sale financial assets are non-derivative financial assets that are designated as such or not classified in any of the other categories. They are initially measured at fair value, including directly attributable transaction costs. At the end of each period, the book value is adjusted to the fair value with a corresponding entry in a separate component of equity until the investment is derecognised or determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the income statement. When denominated in a foreign currency, any monetary item is adjusted for the effect of any change in exchange rates with the unrealised gain or loss recognised in the income statement.

For quoted equity instruments, the fair value is the market value, being calculated by reference to share exchange quoted selling prices at close of business on the statement of financial position date. Non-quoted financial assets are revalued at fair value based on observable market transactions or if not available based on prices given by reputable financial institutions or on the price of the latest transaction.

In management's opinion an available-for-sale instrument is impaired when there is objective evidence that the estimated future recoverable amount is less than the carrying amount or when its market value is 20% or more below its original cost for a six-month period. When an impairment loss has previously been recognised, further declines in value are recognised as an impairment loss in the income statement. The charge is recognised in other financial income (expense), net. Impairment losses recognised on equity instruments are not reversed in the income statement. Impairment losses recognised on debt instruments are reversed through the income statement if the increase of the fair value of available-for-sale debt instrument objectively relates to an event occurring after the impairment charge.

2.13 Derivative financial instruments and hedging activities

Most derivative instruments are entered into to provide economic hedges. They are initially recognised at fair value on the date a derivative contract is entered into and are subsequently measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either hedges of the fair value of recognised items (fair value hedge), or hedges of a particular risk associated with highly probable forecast transactions (cash flow hedge).

The Group documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, as to whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Information on financial risk management within the Group is described in Note 4.2. Movements on the hedging reserve in shareholders' equity are shown in the statement of changes in equity. These derivatives are presented as current or non-current on the basis of their settlement dates.

a) Fair value hedge
Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

For fair value hedges relating to items carried at amortised cost, for which the effective interest method is used, the adjustment to carrying value is amortised to the income statement over the time to maturity.

The Group discontinues fair value hedge accounting if the hedging instrument expires, is sold, terminated, exercised, no longer meets the criteria for hedge accounting, or designation is revoked.

b) Cash flow hedge
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity, while the gain or loss relating to the ineffective portion is immediately recognised in other financial income (expense), net in the income statement.

Amounts taken to equity are transferred to the income statement when the hedged transaction affects income, such as when hedged financial income (expense), net is recognised or when a forecast sale or purchase occurs. Where the hedged item is the cost of a non-financial asset or liability, the amounts taken to equity are transferred to the initial carrying amount of the non-financial asset or liability.

When the hedging instrument expires or is sold, terminated or exercised without replacement or roll over, or the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the ultimate forecast transaction occurs. If the forecast transaction is no longer expected to occur, any cumulative gain or loss existing in equity is immediately taken to the income statement.

c) Derivatives at fair value through the income statement
Certain derivative instruments do not qualify for hedge accounting and are accounted for at fair value through the income statement. At each statement of financial position date, these derivative instruments are valued at fair value based on quoted market prices, with the unrealised gain or loss recognised in the income statement. They are derecognised when the Group has lost control of the contractual rights of the derivatives, at which time a realised gain or loss is recognised in the income statement.

d) Embedded derivatives
Derivatives embedded in other financial instruments are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and when the host contract is not carried at fair value through the income statement. Changes in the fair value of separable embedded derivatives are immediately recognised in the income statement.

2.14 Accounts receivable – trade

Trade receivables are carried at amortised cost less provisions for impairment. A provision for impairment is made for potentially impaired receivables during the year in which they are identified based on a periodic review of all outstanding amounts. Any charges for impairment are recognised within marketing and distribution expenses of the income statement. Accounts receivable – trade are deemed as impaired when there is an indication of significant financial difficulties of the debtor (delinquency in or default on payments occurs, probability of bankruptcy or need for financial reorganisation).

2.15 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in process comprises raw materials, direct labour, other direct costs and related production overheads but exclude borrowing costs. Cost of sales includes the corresponding direct production costs of goods manufactured and services rendered as well as related production overheads. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

2.16 Property, plant and equipment

Property, plant and equipment are initially recognised at cost of purchase or construction and subsequently less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment includes expenditure that is attributable to the purchase or construction. It includes, for qualifying assets, borrowing costs in accordance with the Group's accounting policy (see Note 2.21), and cost of its dismantlement, removal or restoration, related to the obligation for which an entity incurs as a consequence of installing the asset.

The assets are depreciated on a straight-line basis, except for land, which is not depreciated. Estimated useful lives of major classes of depreciable assets are as follows:

- Buildings and land improvements 40 years
- Machinery and equipment 5-15 years
- Office equipment 3 years
- Motor vehicles 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

The carrying values of plant and equipment are written down to their recoverable amount when the carrying value is greater than their estimated recoverable amount (see Note 2.20).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount with gains being recognised within other operating income and losses being recognised within other operating expense within the income statement.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Subsequent costs such as repairs and maintenance are recognised as expenses as incurred.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the income statement on a straight-line basis over the expected lives of the related assets.

2.17 Non-current assets held for sale

Non-current assets may be a component of an entity, a disposal group or an individual non-current asset. They are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This situation is regarded as met only when the sale is highly probable and the non-current asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets held for sale are measured at the lower of carrying amount and fair value less costs to sell.

2.18 Leases

Leases of assets are classified as operating leases when substantially all the risks and rewards of ownership of the assets are retained by the lessor. Operating lease payments are charged to the income statement on a straight-line basis over the term of the lease.

When substantially all the risks and rewards of ownership of leased assets are transferred to the Group, the leases of assets are classified as finance leases. They are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as debt. Assets purchased under finance lease are depreciated over the lower of the lease period or useful life of the asset. The interest charge is recognised over the lease term in the line financing costs in the income statement. The Group has no significant finance leases.

2.19 Intangible assets

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions is recognised in the statement of financial position as an intangible asset. Goodwill is tested annually for impairment or more frequently when there are indications of impairment, and carried at cost less accumulated impairment losses. Any goodwill or fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are recognised in the local currency at the effective date of the transaction and translated at year-end exchange rates. For the purpose of impairment testing, goodwill is allocated to the cash-generating unit being the Group's reportable operating segments; Fragrance Division and Flavour Division.

Internally generated intangible assets that are directly associated with the development of identifiable software products and systems controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Costs include system licences, external consultancies, and employee costs incurred as a result of developing software as well as overhead expenditure directly attributable to preparing the asset for use. Such intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is on a straight-line basis over the estimated economic useful life of the asset. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in the income statement in the period in which it is incurred. Development costs previously recognised as an expense are not recognised as an asset in subsequent periods.

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. Such intangible assets are recognised at cost, being their fair value at the acquisition date, and are classified as intangible assets with finite useful lives. They are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is on a straight-line basis over the estimated economic useful life of the asset.

Other intangible assets such as intellectual property rights (consisting predominantly of know-how being inseparable processes, formulas and recipes) and process-oriented technology are initially recognised at cost and classified as intangible assets with finite useful lives. They are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is on a straight-line basis over the estimated economic useful life of the asset. Internally generated intangible assets, other than those related to software products and systems, are not capitalised. Estimated useful lives of major classes of amortisable assets are as follows:

- Software/ERP system 3-7 years
- Intellectual property rights 5-20 years
- Process-oriented technology 5-15 years
- Client relationships 15 years

An impairment charge against intangible assets is recognised when the current carrying amount is higher than its recoverable amount, being the higher of the value in use and fair value less costs to sell. An impairment charge against intangible assets is reversed when the current carrying amount is lower than its recoverable amount. Impairment charges on goodwill are not reversed. Gains or losses arising on the disposal of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount with gains being recognised within other operating income and losses being recognised in other operating expense within the income statement.

2.20 Impairment of long-lived assets

Non-financial assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. When the recoverable amount of a non-financial asset, being the higher of its fair value less cost to sell and its value in use, is less than its carrying amount, then the carrying amount is reduced to the asset's recoverable value. This reduction is recognised as an impairment loss within other operating expense within the income statement. Value in use is determined by using pre-tax-cash flow projections over a five-year period and a terminal value. These are discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Intangible assets with indefinite useful lives are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

An impairment loss is reversed if there has been a change in the circumstances used to determine the recoverable amount. A previously recognised impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised.

2.21 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to prepare for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the income statement in the period in which they are incurred.

2.22 Accounts payable – trade and others

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers and are carried at amortised cost.

2.23 Debt

The proceeds of straight bonds, of private placements and of debt issued are recognised as the proceeds received, net of transaction costs incurred. Any discount arising from the coupon rate, represented by the difference between the net proceeds and the redemption value, is amortised using the effective interest rate method and charged to interest expense over the life of the bonds or the private placements. Debt is derecognised at redemption date.

The Mandatory Convertible Securities (MCS) instrument issued by the Group was a contract settled by way of a variable number of the Group's own equity instruments and that met the recognition criteria of a financial liability. The debt discount arising from the difference between the net proceeds and the par value was recognised using the effective interest method over the life of the MCS. Both the charge equivalent to the market interest rate and the mandatory conversion feature of the coupon were recognised as separate components in financing costs (see Note 12) in the consolidated income statement. In March 2010 the MCS matured and Givaudan shares were delivered to holders of this instrument (see Note 23).

Debt is classified within current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the statement of financial position date.

2.24 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and for which a reliable estimate of the amount of the obligation can be made. Provisions are reviewed regularly and are adjusted where necessary to reflect the current best estimates of the obligation.

Restructuring provisions comprise lease termination penalties, employee termination payments and 'make good' provisions. They are recognised in the period in which the Group becomes legally or constructively committed to payment. Costs related to the ongoing activities of the Group are not provided for in advance.

2.25 Own equity instruments

Own equity instruments are own shares and derivatives on own shares. Purchases and sales are accounted for at the settlement date.

Purchases of own shares are recognised at acquisition cost including transaction costs as a deduction from equity. The original cost of acquisition, results from resale and other movements are recognised as changes in equity, net. Treasury shares bought back for the purpose of cancellation are deducted from equity until the shares are cancelled. Treasury shares acquired by the execution of own equity derivatives are recognised at the execution date market price.

The settlement and the contract in derivatives on own shares determine the categorisation of each instrument. When the contract assumes the settlement is made by exchanging a fixed amount of cash for a fixed number of treasury shares, the contract is recognised in equity except for a forward contract to buy and write puts which is recognised as a financial liability. When the contract assumes the settlement either net in cash or net in treasury shares or in the case of option of settlement, the contract is recognised as a derivative. Instruments recognised in equity are recognised at acquisition cost including transaction costs. Instruments recognised as financial liabilities are recognised at the net present value of the strike price of the derivative on own shares with the interest charge recognised over the life of the derivative in the line finance costs of the income statement. They are derecognised when the Group has lost control of the contractual rights of the derivative, with the realised gain or loss recognised in equity. At each statement of financial position date, instruments recognised as derivatives used to hedge the cash-settled share option plans are revalued at fair value based on quoted market prices, with any unrealised gain or loss recognised in each relevant line of the operating expenses. They are derecognised when the Group has lost control of the contractual rights of the derivatives, with any realised gain or loss recognised in each relevant line of the operating expenses. Similar treatment is applied to instruments recognised as derivatives that are not used to hedge the cash-settled share option plans apart from the unrealised and realised gain or loss which are recognised in the line other financial income (expense), net in the income statement.

More detailed information is provided in Note 25 of the consolidated financial statements.

2.26 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.27 Dividend distributions

Dividend distributions are recognised in the period in which they are approved by the Group's shareholders.

3. Critical accounting estimates and judgments

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the reporting period. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

3.1 Critical accounting estimates and assumptions

The key assumptions concerning the future, and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are for the most part related to:

1) The impairment of goodwill requiring estimations of the value in use of the cash-generating units to which goodwill is allocated (see Note 22)
2) The impairment of property, plant and equipment requiring estimations to measure the recoverable amount of an asset or group of assets (see Note 21)
3) The calculation of the present value of defined benefit obligations requiring financial and demographic assumptions (see Note 6)
4) The determination and provision for income taxes requiring estimated calculations for which the ultimate tax determination is uncertain (see Note 14)
5) The provisions requiring assumptions to determine reliable best estimates (see Note 24)
6) The contingent liabilities assessment (see Note 28)

If, in the future, estimates and assumptions, which are based on management's best judgement at the date of the financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the year in which the circumstances change.

3.2 Critical judgment in applying the entity's accounting policies

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimates, which have the most significant effect on the amounts recognised in the consolidated financial statements:

- *Computer software and Enterprise Resource Planning:* Computer software is internally developed programmes or modifications that results in new or in substantial improvements of existing IT systems and applications. Enterprise Resource Planning relates to the implementation of an ERP system that is changing the way the business is done in the areas of Finance, Supply Chain and Compliance. The Group has determined that the development phase of certain internally developed software and the ERP business transformations will provide future economic benefits to the Group and meet the criterion of intangible assets (see Note 22).
- *Internal developments on formulas, technologies and products:* The outcome of these developments depends on their final assemblage and application, which varies to meet customer needs, and consequently the future economic benefits of these developments are not certain. Thus the criteria for the recognition as an asset of the internal developments on formulas, technologies and products are generally not met. The expenditures on these activities are recognised as expense in the period in which they have incurred.
- *Available-for-sale financial assets:* In addition to the duration and extent (see accounting policy in Note 2.12) to which the fair value of an investment is less than its cost, the Group evaluates the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance. This judgment may result in impairment charges (see Note 2.20).

4. Financial risk management

4.1 Capital risk management

The objective of the Group when managing capital is to maintain the ability to continue as a going concern whilst maximising shareholder value through an optimal balance of debt and equity.

In order to maintain or adjust the capital structure, management may increase or decrease leverage by issuing or reimbursing debt, and may propose to adjust the dividend amount, return capital to shareholders, issue new shares and cancel shares through share buy back programmes.

The Group monitors its capital structure on the basis of a leverage ratio, defined as net debt divided by the total equity plus net debt. Net debt is calculated as the total of the consolidated short-term and long-term debt (2009: excluding the Mandatory Convertible Securities (MCS)), less cash and cash equivalents. Equity is calculated as total equity attributable to equity holders of the parent, non-controlling interests (and the MCS in 2009).

The Group has entered into several private placements and a syndicated loan which contain various covenants with externally imposed capital requirements. The Group was in compliance with these requirements as at 31 December 2010.

The leverage ratio as at 31 December was as follows:

in millions of Swiss francs	Note	2010	2009
Short-term debt (2009: excluding MCS)	23	314	42
Long-term debt	23	1,844	2,282
Less: cash and cash equivalents	16	(805)	(825)
Net Debt		**1,353**	**1,499**
Total equity attributable to equity holders of the parent		3,446	2,805
Mandatory Convertible Securities	23		749
Non-controlling interests	31		7
Equity (2009: including MCS)		**3,446**	**3,561**
Net Debt and Equity		**4,799**	**5,060**
Leverage ratio		**28%**	**30%**

The leverage ratio decreased to 28% in 2010 from 30% in 2009. A strong operating performance was only dampened by pressure on working capital, although as a percentage of sales, working capital remained constant. Net debt at December 2010 was CHF 1,353 million, down from CHF 1,499 million (excluding the Mandatory Convertible Securities – MCS) at December 2009. The Group maintains its medium term leverage ratio target at approximately 25%.

4.2 Financial risk management

The Group's Treasury function monitors and manages financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risk. These risks include market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. To manage the interest rate and currency risk arising from the Group's operations and its sources of finance, the Group enters into derivative transactions, primarily interest rate swaps, forward currency contracts and options.

Risk management is carried out by Group Treasury under the risk management policies approved by the Board of Directors. The Board of Directors provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk and credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity. The Group generally enters into financial derivative transactions to hedge underlying business related exposures.

Categories of financial instruments

The accounting policies for financial instruments have been applied to the line items below:

2010 in millions of Swiss francs	Note	Loans and receivables	At fair value through the income statement	Derivatives used for hedge accounting	Available-for-sale	Other financial liabilities	Total
Current assets							
Available-for-sale financial assets	17				54		54
Accounts receivable – trade	18	717					717
Derivative financial instruments	4.3		91				91
Cash and cash equivalents	16	805					805
Other current assets[a]		57					57
Non-current assets							
Available-for-sale financial assets	17				40		40
Financial assets at fair value through income statement			24				24
Total assets as at 31 December		**1,579**	**115**		**94**		**1,788**
Current liabilities							
Short-term debt	23					314	314
Derivative financial instruments	4.3		40				40
Accounts payable		309					309
Non-current liabilities							
Long-term debt	23					1,844	1,844
Derivative financial instruments[b]	4.3		1	54			55
Total liabilities as at 31 December		**309**	**41**	**54**		**2,158**	**2,562**

a) Other current assets consist of other receivables non trade.

b) Derivatives qualified as hedge accounting on non-current transactions are classified and presented as non-current assets or liabilities (see Note 2.13).

2009 in millions of Swiss francs	Note	Loans and receivables	At fair value through the income statement	Derivatives used for hedge accounting	Available-for-sale	Other financial liabilities	Total
Current assets							
Available-for-sale financial assets	17				18		18
Accounts receivable – trade	18	685					685
Derivative financial instruments	4.3		35				35
Cash and cash equivalents	16	825					825
Other current assets[a]		73					73
Non-current assets							
Available-for-sale financial assets	17				87		87
Total assets as at 31 December		**1,583**	**35**		**105**		**1,723**
Current liabilities							
Short-term debt	23					791	791
Derivative financial instruments	4.3		29				29
Accounts payable		294					294
Non-current liabilities							
Long-term debt	23					2,282	2,282
Derivative financial instruments[b]	4.3		2	52			54
Total liabilities as at 31 December		**294**	**31**	**52**		**3,073**	**3,450**

a) Other current assets consist of other receivables non trade.

b) Derivatives qualified as hedge accounting on non-current transactions are classified and presented as non-current assets or liabilities (see Note 2.13).

Except where mentioned in the relevant notes, the carrying amount of each class of financial assets and liabilities disclosed in the above tables approximates the fair value. The fair value of each class of financial assets and liabilities, except loans and receivables, are determined by reference to published price quotations and are estimated based on valuation techniques using the quoted market prices. Given the nature of the Group's accounts receivable trade items, the carrying value is considered as equivalent to the fair value.

4.2.1 Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and commodity prices. The Group enters into a number of derivative financial instruments to manage its exposure as follows:

- Currency derivatives including forward foreign exchange contracts and options to hedge the exchange rate risk
- Interest rate swaps to mitigate the risk of interest rate increases
- Commodity swaps to mitigate the risk of raw material price increases

4.2.1.1 Foreign exchange risk

The Group operates across the world and is exposed to movements in foreign currencies affecting its net income and financial position. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities, and net investments in foreign operations.

The following table summarises the quantitative data about the Group's exposure to the foreign currency risk in the currency pairs the Group has significant exposure at the statement of financial position date:

Currency exposure 2010 CCY1/CCY2[a]

in millions of Swiss francs	EUR/CHF	USD/CHF	GBP/EUR	GBP/CHF	GBP/USD	EUR/USD
Currency exposure without hedge[b]	+222	+94	-31	+122	-3	-37
Hedged amount	-242	-112	+26	-137	+5	+39
Currency exposure including hedge	-20	-18	-5	-15	+2	+2

Currency exposure 2009 CCY1/CCY2[a]

in millions of Swiss francs	EUR/CHF	USD/CHF	GBP/EUR	GBP/CHF	GBP/USD	EUR/USD
Currency exposure without hedge[b]	+590	+102	-30	+137	-7	-73
Hedged amount	-598	-178	+29	-139	+4	+49
Currency exposure including hedge	-8	-76	-1	-2	-3	-24

a) CCY = currency

b) + long position; – short position

In the exposure calculations the intra Group positions are included.

The following table summarises the Group's sensitivity to transactional currency exposures of the main currencies at 31 December. The sensitivity analysis is disclosed for each currency pair to which the Group entities have significant exposure.

The sensitivity is based on the Group's exposure at the statement of financial position date based on assumptions deemed reasonable by management, showing the impact on income before tax. To determine the reasonable change, management uses historical volatilities of the following currency pairs:

Currency risks 2010 in CCY1/CCY2[a]

in millions of Swiss francs	EUR/CHF	USD/CHF	GBP/EUR	GBP/CHF	GBP/USD	EUR/USD
Reasonable shift	15%	20%	18%	20%	20%	20%
Impact on income statement if CCY1 strengthens against CCY2	(3)	(4)	(1)	(3)	0	0
Impact on income statement if CCY1 weakens against CCY2	3	4	1	3	0	0

Currency risks 2009 in CCY1/CCY2[a]

in millions of Swiss francs	EUR/CHF	USD/CHF	GBP/EUR	GBP/CHF	GBP/USD	EUR/USD
Reasonable shift	12%	18%	15%	20%	20%	18%
Impact on income statement if CCY1 strengthens against CCY2	(1)	(14)	0	0	(1)	(4)
Impact on income statement if CCY1 weakens against CCY2	1	14	0	0	1	4

a) CCY = currency

Group Treasury monitors the exposures on a regular basis and takes appropriate actions. The Group has set currency limits for the current exposure of each individual affiliate and has set limits for the forecasted transactions in each foreign currency. In addition, Group Treasury regularly calculates the risk sensitivities per currency by applying a 5% movement or increments thereof.

It is the Group's policy to enter into derivative transactions to hedge current and forecasted foreign currency transactions. While these are hedges related to underlying business transactions, the Group generally does not apply hedge accounting to foreign currency transactions.

4.2.1.2 Interest rate risk

The Group is exposed to fair value and cash flow interest rate risks. The Group is exposed to cash flow interest rate risk where the Group invests or borrows funds with floating rates. In addition, the Group is exposed to fair value interest rate risks where the Group invests or borrows with fixed rates. For the hedges related to interest rate risk please refer to Note 23.

The following tables shows the sensitivity of the Group to variable rate loans and to interest rate derivatives to interest rate changes:

As at 31 December in millions of Swiss francs	2010 CHF interest rate	2009 CHF interest rate
Reasonable shift	150 basis points increase / 50 basis points decrease	150 basis points increase / 50 basis points decrease
Impact on income statement if interest rate increases	3	2
Impact on income statement if interest rate decreases	(1)	(1)
Impact on equity if interest rate increases	46	59
Impact on equity if interest rate decreases	(16)	(21)

The sensitivity is based on the Group's exposure at the statement of financial position date using assumptions which have been deemed reasonable by management showing the impact on the income before tax and equity.

The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings, through the use of interest rate swap contracts and forward interest rate contracts. Hedging activities are regularly evaluated to align interest rate views and defined risk limits. Hedging strategies are applied, by either positioning the statement of financial position or protecting interest expense through different interest cycles. In addition, Group Treasury regularly calculates the sensitivity to a 1% change in interest rates.

In order to protect against the increase of interest rates related to the financing of the acquisition of the Quest International business, the Group has entered into a number of interest rate swaps, whereby it pays fixed and receives floating interest rate until the final maturity of the syndicated loan (see Note 23).

In order to hedge the series of interest payments resulting from the 5-year syndicated loan, Givaudan SA entered into a 5-year interest rate swap transaction, changing the LIBOR 6-month floating rate into a fixed rate. The total amount of the hedged transactions as at 31 December 2010 is CHF 800 million (2009: CHF 900 million). In January 2010 the Group reimbursed CHF 100 million (2009: CHF 400 million) of the syndicated loan. In order to adjust the hedging amount, the Group closed a CHF 100 million interest rate swap resulting in a charge of CHF 5.4 million (2009: CHF 11.6 million) to the consolidated income statement.

The Group has designated the above transaction as a cash flow hedge. The cash flow hedge was effective during the year.

In December 2007, the Group entered into a basis swap deal, changing the LIBOR 6-month floating rate into a LIBOR 1-month floating rate for a nominal value of CHF 1,100 million (2009: CHF 1,100 million). The Group received an upfront of CHF 2.8 million for this transaction. As a result of this transaction Givaudan SA has changed the basis of syndicated loan borrowing from 6-month to 1-month. The economic result of these transactions is that Givaudan SA pays an average fixed rate of 2.82% (2009: 2.82%) for the CHF 800 million (2009: CHF 900 million) tranche of the syndicated loan.

In order to protect against future increases of the current CHF interest rates and to fix the interest rates of highly probable future debt issuances, the Group has entered into several forward starting interest rate swaps starting in 2011, CHF 200 million with average rate 2.69% with five-year maturity and in 2012, CHF 250 million with average rate of 2.70% with five-year maturity, CHF 50 million with average rate of 2.45% with three-year maturity. The Group has designated these transactions as cash flow hedges. The cash flow hedges were effective during the year.

4.2.1.3 Price risk

Other price risk arises on financial instruments because of changes in equity prices or on raw material purchase prices because of changes in commodity prices.

The Group is exposed to equity securities price risk due to investments held by the Group and classified on the consolidated statement of financial position as available-for-sale. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is in accordance with the limits approved by the Board of Directors. The Group measures the aggregate sensitivity of the Group's financial instruments to pre-defined stock market scenarios. After having calculated the price (shares) exposure of each equity-related position, the revaluation effect of a sudden movement of stock markets of +/-10% for each product is calculated.

The Group holds its own shares to cover future expected obligations under the various share-based payment schemes.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risks at the reporting date.

The Group's equity portfolio is composed primarily of Swiss and US shares. The benchmark for the reasonable change is the SMI index historical volatility (20% for the last three years) and an average of historical volatility of US indexes (20% for the last three years). If equity prices had been 20% higher/lower, the total value would have increased or decreased by CHF 13 million (2009: CHF 10 million applying 20% change for Swiss and for US shares), with this movement being recognised in equity.

4.2.2 Credit risk

Credit risk is managed by the Group's affiliates and controlled on a Group basis. Credit risk arises from the possibility that the counterparty to a transaction may be unable or unwilling to meet its obligations, causing a financial loss to the Group. Trade receivables are subject to a policy of active risk management which focuses on the assessment of country risk, credit limits, ongoing credit evaluation and account monitoring procedures.

Generally, there is no significant concentration of trade receivables or commercial counter-party credit risk, due to the large number of customers that the Group deals with and their wide geographical spread with the exception of one single external customer that generates revenues, mainly attributable to the Fragrance Division, of approximately CHF 437 million (2009: CHF 419 million). Country and credit risk limits and exposures are continuously monitored.

Except as detailed in the following table, the carrying amount of financial assets recognised in the financial statements which is net of impairment losses, represents the Group's maximum exposure to credit risk.

The Group is exposed to credit risk on liquid funds, derivatives and monetary available-for-sale financial assets. Most of the credit exposures of the above positions are against financial institutions with high credit-ratings.

The following table presents the Group's credit risk exposure to individual financial institutions:

	2010			2009		
	Total in Mio CHF	Max. with any individual bank in Mio CHF	Number of banks	Total in Mio CHF	Max. with any individual bank in Mio CHF	Number of banks
AA – range	207	79	3	88	88	1
A – range	639	143	6	656	185	6

4.2.3 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funds through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Group Treasury maintains flexibility in funding by maintaining availability under committed and uncommitted credit lines.

Group Treasury monitors and manages cash at the Group level and defines the maximum cash level at affiliate level. If necessary, inter-company loans within the Group provide for short-term cash needs; excess local cash is repatriated in the most appropriate manner.

The following table analyses the Group's remaining contractual maturity for financial liabilities and derivative financial instruments. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group is obliged to pay. The table includes both interest and principal cash flows:

2010

in millions of Swiss francs	Up to 6 months	6 – 12 months	1 – 5 years	Over 5 years	Total
Short-term debt (excluding bank overdraft)	(34)	(284)			(318)
Accounts payable	(309)				(309)
Net settled derivative financial instruments	(11)	(8)	(35)	(2)	(56)
Gross settled derivative financial instruments – outflows	(866)	(110)			(976)
Gross settled derivative financial instruments – inflows	913	115			1,028
Long-term debt	(30)	(15)	(1,890)	(53)	(1,988)
Balance as at 31 December	**(337)**	**(302)**	**(1,925)**	**(55)**	**(2,619)**

2009

in millions of Swiss francs	Up to 6 months	6 – 12 months	1 – 5 years	Over 5 years	Total
Short-term debt (excluding bank overdraft)	(74)				(74)
Accounts payable	(294)				(294)
Net settled derivative financial instruments	(11)	(9)	(35)	1	(54)
Gross settled derivative financial instruments – outflows	(1,372)				(1,372)
Gross settled derivative financial instruments – inflows	1,377				1,377
Long-term debt	(32)	(27)	(2,337)	(115)	(2,511)
Balance as at 31 December	**(406)**	**(36)**	**(2,372)**	**(114)**	**(2,928)**

4.3 Fair value measurements recognised in the statement of financial position

The following tables present the Group's assets and liabilities that are measured subsequent to initial recognition at fair value, 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 (unadjusted) 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 (i.e. as prices) or indirectly (i.e. derived from prices); and
- *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 (unobservable inputs).

2010

in millions of Swiss francs	Note	Level 1	Level 2	Level 3	Total
Financial assets at fair value through income statement					
Forward foreign exchange contracts			91		91
Corporate owned life insurance			24		24
Available-for-sale financial assets					
Equity securities	17	42	17		59
Debt securities	17	12	23		35
Total assets		**54**	**155**		**209**
Financial liabilities at fair value through income statement					
Forward foreign exchange contracts			40		40
Swaps (hedge accounting)			54		54
Basis swap			1		1
Total liabilities			**95**		**95**

2009

in millions of Swiss francs	Note	Level 1	Level 2	Level 3	Total
Financial assets at fair value through income statement					
Forward foreign exchange contracts			35		35
Available-for-sale financial assets					
Equity securities	17	16	39		55
Debt securities	17	8	42		50
Total assets		**24**	**116**		**140**
Financial liabilities at fair value through income statement					
Forward foreign exchange contracts			29		29
Swaps (hedge accounting)			52		52
Basis swap			2		2
Total liabilities			**83**		**83**

There was no transfer between Level 1 and 2 in the period. The Group did not carry out any transactions on Level 3 type assets during 2010 and 2009, nor did it have any assets in this category at 31 December 2010 and 2009.

5. Segment information

Management has determined the operating segments based on the reports reviewed by the Executive Committee that are used to allocate resources to the segments and to assess their performance. The Executive Committee considers the business from a divisional perspective:

Fragrances

Manufacture and sale of fragrances into three global business units: Fine Fragrances, Consumer Products and Fragrance Ingredients, and

Flavours

Manufacture and sale of flavours into four business units: Beverages, Dairy, Savoury and Sweet Goods.

The performance of the operating segments is based on a measure of the operating income at comparable basis. This measure is computed as the operating income adjusted for non-recurring items.

Business segments

			Fragrances		Flavours		Group
in millions of Swiss francs	Note	2010	2009	2010	2009	2010	2009
Segment sales		1,989	1,824	2,253	2,138	4,242	3,962
Less inter segment sales[a]		(1)	-	(2)	(3)	(3)	(3)
Segment sales to third parties	2.6	**1,988**	**1,824**	**2,251**	**2,135**	**4,239**	**3,959**
Operating income at comparable basis		**297**	**228**	**358**	**297**	**655**	**525**
as % of sales		14.9%	12.5%	15.9%	13.9%	15.5%	13.3%
Depreciation	21	(56)	(59)	(59)	(60)	(115)	(119)
Amortisation	22	(92)	(83)	(102)	(93)	(194)	(176)
Impairment of long-lived assets and joint ventures	21	(11)	-	(11)	(3)	(22)	(3)
Acquisition of property, plant and equipment	21	47	50	73	45	120	95
Acquisition of intangible assets	22	35	31	37	33	72	64
Capital expenditures		**82**	**81**	**110**	**78**	**192**	**159**

a) Transfer prices for inter-divisional sales are set on an arm's length basis.

The amounts by division provided to the Executive Committee are measured in a consistent manner in terms of accounting policies with the consolidated financial statements. The Group has removed communication on segment assets and liabilities to align the business segment information with management reporting that is focused mainly on free cash flow. The corresponding information of earlier periods has been restated.

Reconciliation table to Group's operating income

		Fragrances		Flavours		Group
in millions of Swiss francs	2010	2009	2010	2009	2010	2009
Operating income at comparable basis	**297**	**228**	**358**	**297**	**655**	**525**
Integration and restructuring costs	(47)	(37)	(30)	(25)	(77)	(62)
Impairment of long-lived assets and joint ventures	(11)	-	(11)	(3)	(22)	(3)
Operating income	**239**	**191**	**317**	**269**	**556**	**460**
as % of sales	12.0%	10.5%	14.1%	12.6%	13.1%	11.6%
Financing costs					(93)	(142)
Other financial income (expense), net					(26)	(51)
Income before taxes					**437**	**267**
as % of sales					10.3%	6.7%

Entity-wide disclosures

The breakdown of revenues from the major group of similar products is as follows:

in millions of Swiss francs	2010	2009
Fragrance Division		
Fragrance Compounds	1,719	1,576
Fragrance Ingredients	269	248
Flavour Division		
Flavour Compounds	2,251	2,135
Total revenues	**4,239**	**3,959**

The Group operates in five geographical areas: Switzerland (country of domicile), Europe, Africa & Middle-East, North America, Latin America, and Asia Pacific.

	Segment sales[a]		Non-current assets[b]	
in millions of Swiss francs	2010	2009	2010	2009
Switzerland	51	50	935	959
Europe	1,313	1,311	1,481	1,756
Africa, Middle-East	315	279	88	92
North America	999	944	947	1,056
Latin America	515	459	169	179
Asia Pacific	1,046	916	400	415
Total geographical segments	**4,239**	**3,959**	**4,020**	**4,457**

a) Segment sales are revenues from external customers and are shown by destination.

b) Non-current assets other than financial instruments, deferred tax assets, post-employment benefit assets. They consist of property, plant and equipment, intangible assets and investments in jointly controlled entities.

Revenues of approximately CHF 437 million (2009: CHF 419 million) are derived from a single external customer. These revenues are mainly attributable to the Fragrance Division.

6. Employee benefits

The following amounts related to employee remuneration and benefits are included in determining operating income:

in millions of Swiss francs	2010	2009
Wages and salaries	786	714
Social security costs	95	91
Post-employment benefits: defined benefit plans	45	64
Post-employment benefits: defined contribution plans	12	15
Equity-settled instruments	9	11
Cash-settled instruments	20	(1)
Change in fair value on own equity instruments	(6)	
Other employee benefits	55	70
Total employees' remuneration	**1,016**	**964**

Defined benefits plans

The Group operates a number of defined benefit and defined contribution plans throughout the world, the assets of which are generally held in separate trustee-administered funds. The pension plans are generally funded by payments from employees and by the relevant Group companies, taking account of the recommendations of independent qualified actuaries. The most significant plans are held in Switzerland, United States of America, the Netherlands and United Kingdom.

The amounts recognised in the consolidated income statement are as follows:

in millions of Swiss francs	Defined benefit plans 2010	Defined benefit plans 2009	Non-pension post-employment plans 2010	Non-pension post-employment plans 2009
Current service cost	39	44	3	2
Interest cost	69	68	4	5
Expected return on plan assets	(80)	(68)		
Effect of settlement / curtailment	(5)	3		
Effect on amount not recognised as an asset	-	-		
Termination benefits	5			
Recognition of past service cost	1			
Net actuarial (gains) losses recognised	9	9		1
Total included in employees' remuneration	**38**	**56**	**7**	**8**

Non-pension post-employment benefits consist primarily of post-retirement healthcare and life insurance schemes, principally in the United States of America.

The amounts recognised in the statement of financial position are as follows:

in millions of Swiss francs	Defined benefit plans 2010	Defined benefit plans 2009	Non-pension post-employment plans 2010	Non-pension post-employment plans 2009
Funded obligations				
Present value of funded obligations	(1,622)	(1,537)	(8)	(8)
Fair value of plan assets	1,391	1,382	1	1
Net present value of funded obligations	**(231)**	**(155)**	**(7)**	**(7)**
Amount not recognised as an asset	-	-		
Unrecognised actuarial (gains) losses	305	200		(3)
Recognised asset (liability) for funded obligations, net	**74**	**45**	**(7)**	**(10)**
Unfunded obligations				
Present value of unfunded obligations	(47)	(51)	(66)	(69)
Unrecognised actuarial (gains) losses	12	11	7	11
Recognised (liability) for unfunded obligations	**(35)**	**(40)**	**(59)**	**(58)**
Total defined benefit asset (liability)	**39**	**5**	**(66)**	**(68)**
Deficit recognised as liabilities for post-employment benefits	(59)	(66)	(66)	(68)
Surplus recognised as part of other long-term assets	98	71		
Total net asset (liability) recognised	**39**	**5**	**(66)**	**(68)**

Amounts recognised in the statement of financial position for post-employment defined benefit plans are predominantly non-current. The non-current portion is reported as non-current assets and non-current liabilities. The current portion is reported as current liabilities within other current liabilities.

Changes in the present value of the defined benefit obligation are as follows:

in millions of Swiss francs	Defined benefit plans 2010	Defined benefit plans 2009	Non-pension post-employment plans 2010	Non-pension post-employment plans 2009
Balance as at 1 January	**1,588**	**1,431**	**77**	**77**
Net current service cost	39	44	3	2
Interest cost	69	68	4	5
Employee contributions	9	9	1	1
Benefit payment	(69)	(73)	(4)	(4)
Effect of settlement / curtailment	(7)			
Termination benefits	5			
Actuarial (gains) losses	148	108	2	(1)
Past service cost	1			
Currency translation effects	(114)	1	(9)	(3)
Balance as at 31 December	**1,669**	**1,588**	**74**	**77**

The effect of a 1.0% movement in the assumed medical cost trend rate is as follows:

in millions of Swiss francs	Increase	Decrease
Effect on the aggregate of the current service cost and interest cost	-	-
Effect on the defined benefit obligation	3	2

Changes in the fair value of the plan assets are as follows:

in millions of Swiss francs	Defined benefit plans 2010	Defined benefit plans 2009	Non-pension post-employment plans 2010	Non-pension post-employment plans 2009
Balance as at 1 January	**1,382**	**1,159**	**1**	**1**
Expected return on plan assets	80	68		
Actuarial gains (losses)	11	105	-	-
Employer contributions	72	115	3	3
Employee contributions	9	9	1	1
Benefit payment	(69)	(73)	(4)	(4)
Effect of settlement	-	(4)		
Termination benefits				
Currency translation effects	(94)	3		
Balance as at 31 December	**1,391**	**1,382**	**1**	**1**

The actual return on plan assets is a gain of CHF 91 million (2009: gain of CHF 173 million).

Plan assets are comprised as follows:

in millions of Swiss francs		2010		2009
Debt	503	36%	478	35%
Equity	537	39%	587	42%
Property	179	13%	176	13%
Other	173	12%	142	10%
Total	**1,392**	**100%**	**1,383**	**100%**

The plan assets do not include Givaudan registered shares. They do not include any property occupied by, or other assets used by, the Group.

The expected return on plan assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the statement of financial position date. Expected returns on equity and property investments reflect long-term real rates of return experienced in the respective markets.

Expected contributions to post-employment benefit plans for the year ending 31 December 2011 are CHF 66 million.

As at 31 December in millions of Swiss francs	2010	2009	2008	2007[a]	2006
Present value of defined benefit obligation	1,743	1,665	1,508	1,639	1,289
Fair value of plan asset	1,392	1,383	1,160	1,439	1,060
Deficit / (surplus)	**351**	**282**	**348**	**200**	**229**
Experience adjustments on plan liabilities	7	1	22	2	6
Experience adjustments on plan assets	11	105	(269)	(12)	(3)

a) The final valuation of the Quest related intangible assets occurred within the 12 months of the date of acquisition resulting in adjustments to the 2007 financial results.

The Group operates defined benefit plans in many countries for which the actuarial assumptions vary based on local economic and social conditions. The assumptions used in the actuarial valuations of the most significant defined benefit plans, in countries with stable currencies and interest rates, were as follows:

Weighted percentage	2010	2009
Discount rates	4.0%	4.6%
Projected rates of remuneration growth	2.9%	2.8%
Expected rates of return on plan assets	5.7%	5.9%
Healthcare cost trend rate	4.9%	5.4%

The overall discount rate and the overall projected rates of remuneration growth are calculated by weighting the individual rates in accordance with the defined benefit obligation of the plans. The expected rates of return on individual categories of plan assets are determined by reference to relevant indices published by the respective stock exchange of each country where assets are managed. The overall expected rate of return is calculated by weighting the individual rates in accordance with the assets allocation of the plans.

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory. Mortality assumptions for the most important countries are based on the following post-retirement mortality tables:

(i) Switzerland: EVK2000

(ii) United States of America: RP2000

(iii) United Kingdom: PA2000

(iv) Netherlands: GB2010G

Allowance for future improvements in mortality have been allowed for as appropriate in each country. In Switzerland a provision of 5% of the computed pension liabilities has been included. In the United States of America the published rates have been projected in accordance with the AA scale as required by local funding rules. In the United Kingdom the base rates have been projected in accordance with the long cohort with a 1% minimum underpin. In the Netherlands the generational rates have been employed.

7. Share-based payments

Performance share plan

Performance shares shown in the table below have been granted in 2008. No further plan was granted after 2008. These performance shares are converted into tradable and transferable shares of Givaudan S.A. after the vesting period, subject to performance conditions. The performance metric is the comparison of the business plan to the actual cumulative cash flow. Participation in this plan is mandatory.

Year of grant	Commencing date	Vesting date	Number of shares expected to be delivered at vesting date 31 Dec 2010	Weighted average fair value (CHF)	Number of shares expected to be delivered at vesting date 31 Dec 2009	Weighted average fair value (CHF)
2008	1 Jan 2008	31 Dec 2012	13,850	889.3	18,005	889.3

The cost of the equity-settled instruments of CHF 1 million (2009: CHF 2 million) has been expensed in the consolidated income statement.

Equity-settled instruments related to share options

Share options shown in the table below have been granted on a yearly basis. These options are tradable and transferable after the vesting period. Participation in these plans is mandatory.

Share options outstanding at the end of the year have the following terms:

Year of grant	Maturity date	Vesting date	Strike price[a] (CHF)	Ratio[a] (option: share)	Option value at grant date (CHF)	Number of options 2010	Number of options 2009
2005	21 Mar 2010	21 Mar 2007	772.5	9.6:1	10.74		60,650
2006	7 Mar 2011	6 Mar 2008	1,007.6	9.6:1	12.07	114,050	374,600
2007	5 Mar 2012	5 Mar 2009	1,199.5	9.6:1	14.18	357,250	555,000
2008	4 Mar 2013	4 Mar 2010	1,113.6	12.5:1	14.23	389,100	587,800
2009	3 Mar 2014	3 Mar 2011	700.5	8.6:1	14.98	427,400	427,150
2010	3 Mar 2015	3 Mar 2012	925.0	9.5:1	15.16	429,800	

a) Strike price and ratios of options have been adjusted consecutively to the approval by the shareholders, at the Annual General Meetings held on 27 April 2005, to distribute extraordinary dividends, and in 2009, subsequent to the share capital increase related to the rights issue.

The cost of these equity-settled instruments of CHF 6 million (2009: CHF 8 million) has been expensed in the consolidated income statement.

Movements in the number of share options outstanding, expressed in equivalent shares, are as follows:

Number of options expressed in equivalent shares	2010	Weighted average exercised price (CHF)	2009	Weighted average exercised price (CHF)
As at 1 January	**199,768**	**1,019.1**	**173,062**	**1,113.0**
Effect of the change in ratios subsequent to the share capital increase related to the rights issue			7,150	(44.5)
Granted	45,416	924.2	49,458	700.5
Sold	(70,007)	1,069.8	(28,708)	857.4
Lapsed/cancelled	(145)	700.5	(1,194)	1,087.5
As at 31 December	**175,033**	**974.3**	**199,768**	**1,019.1**

Of the 175,033 outstanding options expressed in equivalent shares (2009: 199,768), 80,303 options (2009: 103,192) were exercisable. For these plans, the Group has at its disposal either treasury shares or conditional share capital up to an amount of CHF 1,618,200, representing 161,820 registered shares with a par value of CHF 10 per share. When held or sold, an option does not give rights to receive a dividend nor to vote.

Equity-settled instruments related to restricted shares

Restricted shares shown in the table below have been granted on a yearly basis. These shares are tradable and transferable after the vesting period. Participation in these plans is mandatory.

Restricted shares outstanding at the end of the year have the following terms:

Year of grant	Maturity date	Vesting date	Restricted share at grant date (CHF)	Number of restricted share 2010	Number of restricted share 2009
2009	3 Mar 2014	3 Mar 2012	595.0	6,148	6,232
2010	3 Mar 2015	3 Mar 2013	806.2	3,942	

Of the 10,090 outstanding restricted shares (2009: 6,232), no share (2009: none) were deliverable. The cost of these equity-settled instruments of CHF 2 million (2009: CHF 1 million) has been expensed in the consolidated income statement.

Movements in the number of restricted shares outstanding are as follows:

Number of restricted shares	2010	2009
As at 1 January	**6,232**	
Granted	3,942	6,258
Sold		
Lapsed/cancelled	(84)	(26)
As at 31 December	**10,090**	**6,232**

For this plan, the Group has at its disposal treasury shares.

Cash-settled instruments related to shares options

Options rights shown in the table below have been granted on a yearly basis. These rights are not tradable and transferable after the vesting period. Participation in these plans is mandatory.

Year of grant	Maturity date	Vesting date	Strike price[a] (CHF)	Ratio[a] (option: share)	Option value at grant date (CHF)	Number of options 2010	Number of options 2009
2005	21 Mar 2010	21 Mar 2007	772.5	9.6:1	10.74		83,300
2006	7 Mar 2011	6 Mar 2008	1,007.6	9.6:1	12.07	70,500	476,700
2007	5 Mar 2012	5 Mar 2009	1,199.5	9.6:1	14.18	358,400	604,400
2008	4 Mar 2013	4 Mar 2010	1,113.6	12.5:1	14.23	438,900	589,900
2009	3 Mar 2014	3 Mar 2011	700.5	8.6:1	14.98	424,100	420,100
2010	3 Mar 2015	3 Mar 2012	925.0	9.5:1	15.16	493,350	

a) Strike price and ratios of options have been adjusted consecutively to the approval by the shareholders, at the Annual General Meetings held on 27 April 2005, to distribute extraordinary dividends, and in 2009, subsequent to the share capital increase related to the rights issue.

The change of the fair value and the executions of these cash-settled instruments resulted to a charge of CHF 18 million (2009: credit of CHF 2 million) in the consolidated income statement. The liability element of the cash-settled instruments of CHF 21 million (2009: CHF 7 million) has been recognised in the statement of financial position.

Movements in the number of options rights outstanding, expressed in equivalent shares, are as follows:

Number of options expressed in equivalent shares	2010	Weighted average exercised price (CHF)	2009	Weighted average exercised price (CHF)
As at 1 January	**217,268**	**1,021.2**	**184,308**	**1,112.2**
Effect of the change in ratios subsequent to the share capital increase related to the rights issue			7,679	(44.7)
Granted	53,021	921.2	49,151	703.6
Exercised	(86,118)	1,060.5	(23,353)	827.9
Lapsed/cancelled	(3,257)	900.8	(517)	1,044.4
As at 31 December	**180,914**	**976.3**	**217,268**	**1,021.2**

Of the 180,914 outstanding options expressed in equivalent shares (2009: 217,268), 79,877 options (2009: 121,340) were exercisable. The Group has at its disposal treasury shares to finance these plans. When held or sold, an option right does not give rights to receive a dividend nor to vote.

Cash-settled instruments related to restricted shares

Options rights shown in the table below have been granted on a yearly basis. These rights are not tradable and transferable after the vesting period. Participation in these plans is mandatory.

Year of grant	Maturity date	Vesting date	Option value at grant date (CHF)	Number of options 2010	Number of options 2009
2009	3 Mar 2014	3 Mar 2012	595.0	3,277	3,348
2010	3 Mar 2015	3 Mar 2013	806.2	1,965	

The change of the fair value and the executions of these cash-settled instruments resulted to a charge of CHF 2 million (2009: CHF 1 million) in the consolidated income statement. The liability element of these cash-settled instruments of CHF 3 million (2009: CHF 1 million) has been recognised in the statement of financial position.

Movements in the number of restricted shares outstanding are as follows:

Number of restricted shares	2010	2009
As at 1 January	**3,348**	
Granted	1,965	3,348
Exercised		
Lapsed/cancelled	(71)	
As at 31 December	**5,242**	**3,348**

The Group has at its disposal treasury shares to finance this plan. When held or sold, an option right does not give rights to receive a dividend nor to vote.

8. Jointly controlled entities

Name of joint venture	Principal activity	Country of incorporation	Ownership interest	Joint venture with
TecnoScent	Olfactory receptor research	Belgium	50%	ChemCom
Pacific Aid	Flavour compounds	United States of America	50%	Myron Root & Company

Summarised financial information in respect of the Group's joint venture is set out below. The following net assets represent 100% of the jointly controlled entities:

As at 31 December in millions of Swiss francs	2010	2009
Current assets	7	5
Non-current assets	2	12
Current liabilities	(3)	(2)
Non-current liabilities	-	(2)
Total net assets of joint venture	**6**	**13**

in millions of Swiss francs	2010	2009
Income	(10)	-
Expenses	19	3

As the substantial part of the loss in the joint venture results from an impairment of the assets, the Group has reflected this in impairment of assets (see note 10).

9. Other operating income

in millions of Swiss francs	2010	2009
Gains on fixed assets disposal	1	1
Interest on accounts receivable-trade	1	1
Royalty income	-	1
Other income	6	6
Total other operating income	**8**	**9**

10. Other operating expense

in millions of Swiss francs	2010	2009
Impairment of long-lived assets and joint ventures	22	3
Losses on fixed assets disposals	2	3
Business related information management project costs	7	10
Integration related expenses and restructuring related expenses	77	62
Other business taxes	9	9
Other expenses	17	6
Total other operating expense	**134**	**93**

In the year ended 31 December 2010, the Group incurred significant expenses in connection with the combination with Quest International. Integration related charges of CHF 50 million (2009: CHF 62 million) and assets impairment of CHF 8 million (2009: CHF 3 million) have been recognised in the other operating expense. Refer also to Note 21 on property, plant and equipment and Note 24 on provisions. In addition, the Group announced plans to streamline its savoury manufacturing in the United Kingdom and Switzerland. These planned closures resulted in various restructuring related charges of CHF 27 million and assets impairment of CHF 10 million (2009: none). The Group also re-evaluated its joint venture investment in TecnoScent, incurring an impairment of CHF 4 million (2009: none).

11. Expenses by nature

in millions of Swiss francs	Note	2010	2009
Raw materials and consumables used		1,536	1,525
Employee benefit expense	6	1,016	964
Depreciation, amortisation and impairment charges	21, 22	331	298
Transportation expenses		59	51
Freight expenses		103	81
Consulting and service expenses		113	125
Other expenses		525	455
Total operating expenses by nature		**3,683**	**3,499**

12. Financing costs

in millions of Swiss francs	2010	2009
Interest expense	82	119
Derivative interest (gains) losses	5	(1)
Mandatory conversion feature of the Mandatory Convertible Securities	4	17
Amortisation of debt discounts	2	7
Total financing costs	**93**	**142**

13. Other financial (income) expense, net

in millions of Swiss francs	2010	2009
Fair value and realised (gains) losses from derivatives instruments, net (at fair value through income statement)	(75)	24
Fair value and realised (gains) losses from own equity instruments, net	-	6
Exchange (gains) losses, net	96	2
Impairment of available-for-sale financial assets		8
Gains from available-for-sale financial assets	(1)	-
Losses from available-for-sale financial assets		2
Realised gains from available-for-sale financial assets removed from equity	(7)	(3)
Realised losses from available-for-sale financial assets removed from equity	-	3
Unrealised (gains) from fair value through income statement financial instruments	(3)	
Unrealised losses from fair value through income statement financial instruments	4	
Interest income	(3)	(5)
Capital taxes and other non business taxes	8	8
Other (income) expense, net	7	6
Total other financial (income) expense, net	**26**	**51**

14. Income taxes

Amounts charged (credited) in the consolidated income statement are as follows:

in millions of Swiss francs	2010	2009
Current income taxes	116	61
Adjustments of current tax of prior years	10	(14)
Deferred income taxes		
- origination and reversal of temporary differences	(29)	19
- changes in tax rates	-	-
- reclassified from equity to income statement	-	1
Total income tax expense	**97**	**67**

Since the Group operates globally, it is liable for income taxes in many different tax jurisdictions. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Differences between the final tax outcome and the amounts that were initially recorded impact the current and deferred taxes in the period in which such determinations are made.

The Group calculates its average applicable tax rate as a weighted average of the tax rates in the tax jurisdictions in which the Group operates, including tax credits and withholding tax on dividends, interest and royalties.

The Group's effective tax rate differs from the Group's average expected tax rate as follows:

	2010	2009
Group's average applicable tax rate	**21%**	**23%**
Tax effect of		
Income not taxable	(2)%	(2)%
Expenses not deductible	2%	2%
Other adjustments of income taxes of prior years	1%	2%
Other differences	-	-
Group's effective tax rate	**22%**	**25%**

The variation in the Group's average applicable tax rate is caused by changes in volumes, product mix and profitability of the Group's subsidiaries in the various jurisdictions, as well as changes in local statutory tax rates.

Income tax assets and liabilities

Amounts recognised in the statement of financial position related to income taxes are as follows:

As at 31 December in millions of Swiss francs	2010	2009
Current income tax assets	44	73
Current income tax liabilities	(83)	(69)
Total net current income tax asset (liability)	**(39)**	**4**

As at 31 December in millions of Swiss francs	2010	2009
Deferred income tax assets	91	47
Deferred income tax liabilities	(202)	(186)
Total net deferred income tax asset (liability)	**(111)**	**(139)**

Amounts recognised in the statement of financial position for deferred taxes are reported as non-current assets and non-current liabilities, a portion of which are current and will be charged or credited to the consolidated income statement during 2011.

Deferred income tax assets are recognised for tax loss carry forwards only to the extent that the realisation of the related tax benefit is probable. Of the deferred income tax assets of CHF 91 million, deferred tax assets of CHF 8 million have been recognised on loss carry forwards (2009: CHF 8 million). To the extent that the utilisation of these deferred tax assets is dependent on future taxable profits in excess of the reversal of existing temporary differences, management considers it is probable that these tax losses can be used against additional future taxable profits based on its business projections for these entities. The Group has no material unrecognised tax losses.

Deferred income tax liabilities have not been established for withholding tax and other taxes that would be payable on the unremitted earnings of certain foreign subsidiaries, as such amounts are currently regarded as permanently reinvested. The related temporary differences amount to CHF 240 million at 31 December 2010 (2009: CHF 177 million).

Deferred income tax assets and liabilities and the related deferred income tax charges are attributable to the following items:

2010 in millions of Swiss francs	Property, plant & equipment	Intangible assets	Pension plans	Tax loss carry forward	Other temporary differences	Total
Net deferred income tax asset (liability) as at 1 January	**(102)**	**(107)**	**39**	**8**	**23**	**(139)**
Reclassification			(14)		14	
(Credited) charged to consolidated income statement	(1)	13	(6)	1	22	29
(Credited) debited to other comprehensive income					-	-
Currency translation effects	9	3	(3)	(1)	(9)	(1)
Net deferred income tax asset (liability) as at 31 December	**(94)**	**(91)**	**16**	**8**	**50**	**(111)**

2009 in millions of Swiss francs	Property, plant & equipment	Intangible assets	Pension plans	Tax loss carry forward	Other temporary differences	Total
Net deferred income tax asset (liability) as at 1 January	**(85)**	**(128)**	**46**	**20**	**27**	**(120)**
Reclassification	(6)		5		1	
(Credited) charged to consolidated income statement	(11)	20	(11)	(11)	(6)	(19)
(Credited) debited to other comprehensive income					1	1
Currency translation effects	-	1	(1)	(1)	-	(1)
Net deferred income tax asset (liability) as at 31 December	**(102)**	**(107)**	**39**	**8**	**23**	**(139)**

15. Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the net income attributable to shareholders by the weighted average number of shares outstanding:

	2010	2009
Income attributable to equity holder of the parent (CHF million)	**340**	**199**
Weighted average number of shares outstanding [a]		
Ordinary shares	9,120,545	8,097,674
Treasury shares	(143,324)	(161,438)
Net weighted average number of shares outstanding [a]	**8,977,221**	**7,936,236**
Basic earnings per share (CHF)	**37.87**	**25.07**

a) The issuance of 736,785 shares in 2010 related to MCS conversion decreased the EPS.

Diluted earnings per share

For the calculation of diluted earnings per share, the weighted average number of shares outstanding is adjusted to assume conversion of all potentially dilutive shares:

	2010	2009
Income attributable to equity holder of the parent (CHF million)	**340**	**199**
Weighted average number of shares outstanding for diluted earnings per share of 57,133 (2009: 32,291) [a]	**9,034,354**	**7,968,527**
Diluted earnings per share (CHF)	**37.63**	**24.97**

a) The issuance of 736,785 shares in 2010 related to MCS conversion decreased the EPS.

16. Cash and cash equivalents

in millions of Swiss francs	2010	2009
Cash on hand and balances with banks	361	349
Short-term investments	444	476
Balance as at 31 December	**805**	**825**

17. Available-for-sale financial assets

in millions of Swiss francs	2010	2009
Equity securities [a]	59	55
Bonds and debentures	35	50
Balance as at 31 December	**94**	**105**
Current assets	54	18
Non-current assets [b]	40	87
Balance as at 31 December	**94**	**105**

a) In 2010 and 2009 no equity securities were restricted for sale.

b) Available-for-sale financial assets are included in Other long-term assets in the Statement of Financial Position.

18. Accounts receivable – trade

in millions of Swiss francs	2010	2009
Accounts receivable	713	698
Notes receivable	11	4
Less: provision for impairment	(7)	(17)
Balance as at 31 December	**717**	**685**

Ageing list:

in millions of Swiss francs	2010	2009
Neither past due nor impaired	646	608
Less than 30 days	51	64
30 – 60 days	11	15
60 – 90 days	8	6
Above 90 days	8	9
Less: provision for impairment	(7)	(17)
Balance as at 31 December	**717**	**685**

Movement in the provision for impairment of accounts receivable – trade:

in millions of Swiss francs	2010	2009
Balance as at 1 January	**(17)**	**(20)**
Increase in provision for impairment recognised in consolidated income statement	(2)	(4)
Amounts written off as uncollectible	7	2
Reversal of provision for impairment	4	5
Currency translation effects	1	-
Balance as at 31 December	**(7)**	**(17)**

No significant impairment charge has been recognised in the consolidated income statement in 2010 or 2009. Past due and impaired receivables are still considered recoverable. The carrying amount of accounts receivable trade is considered to correspond to the fair value.

19. Inventories

in millions of Swiss francs	2010	2009
Raw materials and supplies	388	344
Work in process	28	32
Finished goods	347	290
Less: allowance for slow moving and obsolete inventories	(28)	(33)
Balance as at 31 December	**735**	**633**

In 2010, the amount of write-down of inventories was CHF 33 million (2009: CHF 18 million). At 31 December 2010 and 2009 no significant inventory was valued at net realisable value.

20. Assets held for sale

As a result of the Quest acquisition, the Group has a number of unused facilities, principally in the United States of America which it intends to sell. These facilities were reclassified as assets held for sale during 2009. Sales of these assets (only property, plant and equipment for an amount of CHF 10 million) which were expected to take place during 2010 were postponed due to unfavourable market conditions. An impairment loss of CHF 1 million was recognised in 2010.

21. Property, plant and equipment

2010 in millions of Swiss francs	Land	Buildings and land improvements	Machinery, equipment and vehicles	Construction in progress	Total
Net book value					
Balance as at 1 January	**116**	**675**	**594**	**52**	**1,437**
Additions	2	3	30	85	120
Disposals		(4)	(2)		(6)
Transfers		15	32	(47)	
Impairment		(7)	(10)		(17)
Depreciation		(28)	(87)		(115)
Currency translation effects	(13)	(51)	(39)	(4)	(107)
Balance as at 31 December	**105**	**603**	**518**	**86**	**1,312**
Cost	105	973	1,490	86	2,654
Accumulated depreciation		(348)	(958)		(1,306)
Accumulated impairment		(22)	(14)		(36)
Balance as at 31 December	**105**	**603**	**518**	**86**	**1,312**

2009 in millions of Swiss francs	Land	Buildings and land improvements	Machinery, equipment and vehicles	Construction in progress	Total
Net book value					
Balance as at 1 January	**125**	**692**	**586**	**83**	**1,486**
Additions		3	12	80	95
Disposals	(6)	(2)	(4)		(12)
Transfers		23	89	(112)	
Impairment	-	(2)	(1)		(3)
Depreciation		(29)	(90)		(119)
Reclassified as assets held for sale	(3)	(9)	-		(12)
Currency translation effects	-	(1)	2	1	2
Balance as at 31 December	**116**	**675**	**594**	**52**	**1,437**
Cost	116	1,029	1,537	52	2,734
Accumulated depreciation		(338)	(936)		(1,274)
Accumulated impairment		(16)	(7)		(23)
Balance as at 31 December	**116**	**675**	**594**	**52**	**1,437**

In 2010, the Group continued the integration of Quest International business activities by concentrating resources and locations. The recoverable amount of Quest International impacted assets has been determined based on value in use calculations. The discount rate used to discount the estimated future cash flows of the assets held in the various locations is on average 13%. These actions resulted in various asset impairment losses of CHF 7 million (2009: CHF 3 million). In addition, the Group announced plans to streamline its savoury manufacturing in the United Kingdom and Switzerland. The recoverable amount has been determined based on value in use calculations. The discount rate used to discount the estimated future cash flows of the assets held in United Kingdom and Switzerland is on average 11%. These planned closures resulted in various asset impairment losses of CHF 10 million (2009: none).

During 2010, new qualifying assets related to the investment in Hungary for which borrowing costs were directly attributable to its acquisition or construction were recognised (2009: nil). At 31 December 2010 the capitalised borrowing costs were not significant.

Fire insurance value of property, plant and equipment amounted to CHF 4,012 million in 2010 (2009: CHF 3,548 million).

22. Intangible assets

2010 in millions of Swiss francs	Goodwill	Intellectual property rights	Process-oriented technology and other	Software/ ERP system	Clients relationships	Total
Net book value						
Balance as at 1 January	**1,931**	**209**	**411**	**202**	**261**	**3,014**
Additions				72		72
Disposals						
Impairment						
Amortisation		(17)	(124)	(32)	(21)	(194)
Currency translation effects	(187)					(187)
Balance as at 31 December	**1,744**	**192**	**287**	**242**	**240**	**2,705**
Cost	1,744	339	766	287	322	3,458
Accumulated amortisation		(147)	(479)	(45)	(82)	(753)
Balance as at 31 December	**1,744**	**192**	**287**	**242**	**240**	**2,705**

2009 in millions of Swiss francs	Goodwill	Intellectual property rights	Process-oriented technology and other	Software/ ERP system	Clients relationships	Total
Balance as at 1 January	**1,888**	**226**	**534**	**153**	**282**	**3,083**
Additions			1	63		64
Disposals				-		
Impairment						
Amortisation		(17)	(124)	(14)	(21)	(176)
Currency translation effects	43				-	43
Balance as at 31 December	**1,931**	**209**	**411**	**202**	**261**	**3,014**
Cost	1,931	339	766	215	322	3,573
Accumulated amortisation		(130)	(355)	(13)	(61)	(559)
Balance as at 31 December	**1,931**	**209**	**411**	**202**	**261**	**3,014**

Impairment test for goodwill

Goodwill is allocated to the Group's cash-generating units (CGUs) which are defined as the Fragrance Division and the Flavour Division. Goodwill allocated to these two CGUs was CHF 480 million (2009: CHF 544 million) to the Fragrance Division and CHF 1,264 million (2009: CHF 1,387 million) to the Flavour Division.

The recoverable amount of each CGU has been determined based on value in use calculations. These calculations use pre-tax cash flow projections based on financial business plans and budgets approved by management covering a five-year period, as well as a terminal value. The basis of the key assumptions is market growth adjusted for estimated market share gains. The discount rate used to discount the estimated future cash flows has a number of components which are derived from capital market information where the cost of equity corresponds to the return expected by the shareholders by benchmarking with comparable companies in the fragrance and flavour industry, and where the cost of debt is based on the conditions on which companies with similar credit rating can obtain financing.

A discount rate of 12.0% (2009: 10.8%) was applied to cash flow projections of the Fragrance Division and to cash flow projections of the Flavour Division. Cash flows of both divisions beyond the five-year period have not been extrapolated using a growth rate per annum. These discount rates are pre-tax.

No impairment loss in either division resulted from the impairment tests for goodwill. The outcome of the impairment test was not sensitive to reasonable changes in the cash flows and in the discount rate in the periods presented.

Intellectual property rights

As part of the acquisition of Food Ingredients Specialties (FIS), the Group acquired intellectual property rights, predominantly consisting of know-how being inseparable processes, formulas and recipes.

Process-oriented technology and other

This consists mainly of process-oriented technology, formulas, molecules and delivery systems acquired when the Group purchased IBF and Quest International.

Software/ERP system

This consists of Group ERP system development costs and computer software costs.

Client relationships

As part of the acquisition of Quest International, the Group acquired client relationships in the Flavour and Fragrance Divisions, mainly consisting of client relationships with key customers.

The residual useful lives of the acquired intangible assets carried at cost, being their fair value at acquisition date, are determined in accordance with the principles set out in Note 2.19.

Remaining useful lives of major classes of amortisable intangible assets are as follows:

- Software/ERP system 5.5 years
- Process-oriented technology 11.2 years
- Client relationships 11.2 years
- Intellectual property rights 17.2 years

In 2009, the Group terminated the research collaboration and licensing agreement with Redpoint Bio Corporation. Any further obligations ceased at the same time. The related intangible assets have been tested for impairment. The recoverable amount has been determined based on value in use calculations and is higher than the carrying value. The intangible asset is amortised as from the date of termination on a straight-line basis over the estimated economic useful life of the asset, being 10 years. The carrying value at 31 December 2010 is CHF 6 million (2009: CHF 7 million).

23. Debt

2010 in millions of Swiss francs	Within 1 to 3 years	Within 3 to 5 years	Thereafter	Total long-term	Short-term within 1 year	Total
Floating rate debt						
Bank borrowings						
Syndicated loan – unhedged part	26			26		26
Bank overdrafts					6	6
Total floating rate debt	**26**			**26**	**6**	**32**
Fixed rate debt						
Straight bonds	299	298		597	275	872
Private placements	203	167	51	421	33	454
Syndicated loan – hedged part	800			800		800
Total fixed rate debt	**1,302**	**465**	**51**	**1,818**	**308**	**2,126**
Balance as at 31 December	**1,328**	**465**	**51**	**1,844**	**314**	**2,158**

2009 in millions of Swiss francs	Within 1 to 3 years	Within 3 to 5 years	Thereafter	Total long-term	Short-term within 1 year	Total
Floating rate debt						
Bank borrowings					2	2
Syndicated loan – unhedged part	25			25		25
Bank overdrafts					9	9
Total floating rate debt	**25**			**25**	**11**	**36**
Fixed rate debt						
Straight bonds	573	297		870		870
Private placements	36	342	109	487	31	518
Syndicated loan – hedged part	900			900		900
Mandatory Convertible Securities (MCS)					749	749
Total fixed rate debt	**1,509**	**639**	**109**	**2,257**	**780**	**3,037**
Balance as at 31 December	**1,534**	**639**	**109**	**2,282**	**791**	**3,073**
Balance as at 31 December (excluding MCS)	**1,534**	**639**	**109**	**2,282**	**42**	**2,324**

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 28 May 2003, the Group entered into a private placement for a total amount of USD 220 million. The private placement was made by Givaudan United States, Inc. It is redeemable by instalments at various times beginning on May 2008 through May 2015 with annual interest rates ranging from 3.65% to 5.00%. There are various covenants contained in the transaction covering conditions on net worth, indebtedness and disposition of assets of Givaudan United States, Inc. Until now, Givaudan United States, Inc has been in full compliance with the covenants set. Givaudan United States, Inc. redeemed USD 30 million of this placement in May 2010, the total outstanding at 31 December 2010 being USD 160 million (equivalent to CHF 150 million).

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 16 April 2004, the Group entered into a private placement for a total amount of USD 200 million. The private placement was made by Givaudan United States, Inc. It matures at various times in instalments beginning May 2009 through May 2016 with annual interest rates ranging from 4.16% to 5.49%. There are various covenants contained in the transaction covering conditions on net worth, indebtedness and disposition of assets of Givaudan United States, Inc. Until now, Givaudan United States, Inc has been in full compliance with the covenants set. Givaudan United States, Inc. redeemed USD 35 million of this placement in May 2009, the total outstanding at 31 December 2010 being USD 165 million (equivalent to CHF 154 million).

On 11 May 2005, the Group issued a 2.25% straight bond 2005-2012 with a nominal value of CHF 300 million. The bond was issued by Givaudan Finance SA and is guaranteed by Givaudan SA.

The acquisition of Quest International was financed through a 5-year syndicated loan of CHF 1.9 billion granted to Givaudan SA, a Mandatory Convertible Securities (MCS) of CHF 750 million issued by Givaudan Nederland Finance BV; and cash received from the sale of shares previously purchased under a share buy back programme.

On 1 March 2007, Givaudan Nederland BV issued the MCS. The principal amount of the MCS was CHF 750 million and matured on 1 March 2010. The MCS was converted into 736,785 registered shares, with the shares being delivered to the holders of the securities.

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.

On 25 June 2009, the Group issued 999,624 fully paid-in registered shares from authorised capital. The proceeds, net of transaction costs, of CHF 398 million have been fully used to pre-pay a portion of the syndicated loan.

The carrying amounts of the Group's debt are denominated in the following currencies:

in millions of Swiss francs	2010	2009
Swiss Franc	1,848	2,695
US Dollars	306	368
Euro		6
Other currencies	4	4
Total debt as at 31 December	**2,158**	**3,073**

The weighted average effective interest rates at the statement of financial position date were as follows:

	2010	2009
Amounts due to banks and other financial institutions	3.0%	3.1%
Private placements	4.5%	4.5%
Straight bond	3.3%	3.3%
Mandatory Convertible Securities[a]		5.4%

a) An amount corresponding to the interest rate of 3.1125% is recognised as interest expense and the mandatory conversion feature of the coupon of 2.2625% is recognised separately in financing costs (see Note 12).

24. Provisions

2010 in millions of Swiss francs	Restructuring from Quest acquisition	Other restructuring	Claims and litigation	Environmental	Others	Total
Balance as at 1 January	**33**	**11**	**27**	**19**	**29**	**119**
Additional provisions	33	25	11	13	-	82
Unused amounts reversed	(5)	-	(2)	(2)	(1)	(10)
Utilised during the year	(29)	(4)	(18)	(3)	(1)	(55)
Currency translation effects	(5)	(1)	(1)	(3)	(1)	(11)
Balance as at 31 December	**27**	**31**	**17**	**24**	**26**	**125**
Current liabilities	21	2	6	5	1	35
Non-current liabilities	6	29	11	19	25	90
Balance as at 31 December	**27**	**31**	**17**	**24**	**26**	**125**

2009 in millions of Swiss francs	Restructuring from Quest acquisition	Other restructuring	Claims and litigation	Environmental	Others	Total
Balance as at 1 January	**39**	**15**	**15**	**22**	**26**	**117**
Additional provisions	32	5	52	3	3	95
Unused amounts reversed	(2)	(1)		(2)	-	(5)
Utilised during the year	(36)	(8)	(42)	(4)	(4)	(94)
Currency translation effects	-	-	2	-	4	6
Balance as at 31 December	**33**	**11**	**27**	**19**	**29**	**119**
Current liabilities	6	2	6	4	1	19
Non-current liabilities	27	9	21	15	28	100
Balance as at 31 December	**33**	**11**	**27**	**19**	**29**	**119**

Significant judgment is required in determining the various provisions. A range of possible outcomes are determined to make reliable estimates of the obligation that is sufficient for the recognition of a provision. Differences between the final obligations and the amounts that were initially recognised impact the income statement in the period which such determination is made.

Restructuring provisions from Quest International acquisition

Provisions for the Quest International acquisition have been recognised for compensating Quest International employees as a result of termination of their employment and closing Quest International facilities.

Other restructuring provisions

Other restructuring provisions correspond to former Quest International restructuring programmes, as well as Givaudan restructuring provisions which are not considered directly linked to the Quest International acquisition.

Claims and litigation

These provisions are made in respect of legal claims brought against the Group and potential litigations. Related estimated legal fees are also included in these provisions.

Environmental

The material components of the environmental provisions consist of costs to sufficiently clean and refurbish contaminated sites and to treat where necessary.

Other provisions

These consist largely of provisions related to 'make good' on leased facilities and similar matters.

25. Own equity instruments

Details on own equity instruments are as follows:

2010 As at 31 December	Settlement	Category	Maturity	Strike price[a] (CHF)	in equivalent shares	Fair value in millions CHF
Registered shares		Equity			139,136	140
Written calls	Gross shares	Equity	2011 - 2015	700.5 - 1,199.5	528,625	55
Purchased calls	Net cash	Derivative	2011 - 2015	700.5 - 1,199.5	191,380	26
Purchased calls	Gross shares	Equity	2011 - 2014	772.5 - 1,199.5	36,825	7
Written puts	Gross shares	Financial liability	2011	790.0 - 867.0	36,472	-

a) Strike price of options have been adjusted consecutively to the approval by the shareholders, at the Annual General Meetings held on 16 April 2004 and on 27 April 2005, to distribute extraordinary dividends, and in 2009, subsequent to the share capital increase related to the rights issue.

2009 As at 31 December	Settlement	Category	Maturity	Strike price[a] (CHF)	in equivalent shares	Fair value in millions CHF
Registered shares		Equity			158,245	131
Written calls	Gross shares	Equity	2010 - 2014	700.5 - 1,199.5	541,254	35
Purchased calls	Net cash	Derivative	2010 - 2014	700.5 - 1,199.5	221,223	14
Purchased calls	Gross shares	Equity	2010 - 2012	772.5 - 1,199.5	40,672	4
Written puts	Gross shares	Financial liability	2011	790.0 - 867.0	36,472	5

a) Strike price of options have been adjusted consecutively to the approval by the shareholders, at the Annual General Meetings held on 16 April 2004 and on 27 April 2005, to distribute extraordinary dividends.

26. Equity

Share capital

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	High	Average	Low	Total in millions of Swiss francs
				Price in Swiss francs	
Balance as at 1 January	**158,245**				**132**
Purchases at cost					
Sales and transfers at cost	(19,109)	1,004.85	1,004.85	1,004.85	(19)
Issuance of shares					
(Gain) loss, net recognised in equity					4
Movement on derivatives on own shares, net					**(5)**
Balance as at 31 December	**139,136**				**112**

2009	Number	High	Average	Low	Total in millions of Swiss francs
				Price in Swiss francs	
Balance as at 1 January	**158,245**				**157**
Purchases at cost					
Sales and transfers at cost					
Issuance of shares					
(Gain) loss, net recognised in equity					
Movement on derivatives on own shares, net					**(25)**
Balance as at 31 December	**158,245**				**132**

27. Commitments

At 31 December, the Group had operating lease commitments mainly related to buildings. Future minimum payments under non-cancellable operating leases, are as follows:

in millions of Swiss francs	2010	2009
Within one year	26	21
Within two to five years	39	38
Thereafter	16	21
Total minimum payments	**81**	**80**

The 2010 charge in the consolidated income statement for all operating leases was CHF 38 million (2009: CHF 42 million).

The Group has capital commitments for the purchase or construction of property, plant and equipment totalling CHF 83 million (2009: CHF 2 million).

28. Contingent liabilities

From time to time and in varying degrees, Group operations and earnings continue to be affected by political, legislative, fiscal and regulatory developments, including those relating to environmental protection, in the countries in which it operates.

The activities in which the Group is engaged are also subject to physical risks of various kinds. The nature and frequency of these developments and events, not all of which are covered by insurance, as well as their effect on the future operations and earnings are not predictable.

Givaudan Group companies are involved in various legal and regulatory proceedings of a nature considered typical of its business, including contractual disputes and employment litigation.

Our US subsidiary Givaudan Flavors Corporation is named as a defendant in several lawsuits brought against it and other flavour companies. The plaintiffs are alleging that they sustained pulmonary injuries due to diacetyl-containing butter flavours manufactured by one or more of the flavour company defendants. A large number of the original lawsuits have been settled or dismissed prior to the end of 2010. The Group has already recovered or is pursuing the recovery of amounts disbursed under the terms of its insurance policies. The Group believes that any potential financial impact of the remaining lawsuits cannot be predicted and that related insurance coverage is adequate.

29. Related parties

Transactions between Givaudan SA and its subsidiaries, which are related parties of Givaudan SA, have been eliminated on consolidation and are not disclosed in this note.

Compensation of key management personnel

The compensation of the Board of Directors and the Executive Committee during the year was as follows:

in millions of Swiss francs	2010	2009
Salaries and other short-term benefits	9	9
Post-employment benefits	1	1
Share-based payments	7	2
Total compensation	**17**	**12**

No related party transactions have taken place during 2010 (2009: nil) between the Group and the key management personnel.

Reconciliation table to the Swiss code of obligations

	IFRS		Adjustments[a]		Swiss CO (Art. 663b bis)	
in millions of Swiss francs	2010	2009	2010	2009	2010	2009
Salaries and other short-term benefits	9	9	(3)	(2)	6	7
Post-employment benefits	1	1	-	-	1	1
Share-based payments	7	2	(1)	4	6	6
Total compensation	**17**	**12**	**(4)**	**2**	**13**	**14**

a) IFRS information is adjusted mainly by the underlying assumptions, accrual basis versus cash basis, and to the recognition of the share-base payments, IFRS 2 versus economic value at grant date. IFRS information also includes security costs.

In 2007, the Group entered into a joint venture agreement with ChemCom SA, a leader in the field of olfactory receptor technology. Givaudan invested CHF 10 million in this joint venture named TecnoScent.

In 2007, the Group acquired a joint venture named Pacific Aid through the Quest acquisition.

There are no other significant related party transactions.

30. Board of Directors and Executive Committee compensation

Compensation of members of the Board of Directors

Compensation of Board members consists of Director Fees and Committee fees. These fees are paid shortly after the Annual General Meeting for year in office completed. In addition, each Board member is entitled to participate in the stock option plan of the company. With the exception of the Chairman, each Board member receives an amount for out-of-pocket expenses. This amount of CHF 10,000 is paid for the coming year in office. The options are also granted for the same period.

The compensation of the Board of Directors during the year was as follows:

in Swiss francs	Jürg Witmer Chairman	André Hoffmann	Irina du Bois [a]	Dietrich Fuhrmann [b]	Peter Kappeler	Thomas Rufer	Nabil Sakkab	Henner Schierenbeck	Total remuneration 2010	Total remuneration 2009
Director fees	320,000	80,000		80,000	80,000	80,000	80,000	80,000	800,000	800,000
Other cash compensation										30,000
Committee fees	30,000	50,000		20,000	40,000	20,000	20,000	40,000	220,000	220,000
Total cash	**350,000**	**130,000**		**100,000**	**120,000**	**100,000**	**100,000**	**120,000**	**1,020,000**	**1,050,000**
Number of options granted [c]	26,800	6,700			3,350	3,350	3,350	3,350	46,900	50,250
Value at grant [d]	406,288	101,572			50,786	50,786	50,786	50,786	711,004	752,745
Number of restricted shares [e]			134		67	67	67	67	402	440
Value at grant [f]			108,031		54,015	54,015	54,015	54,015	324,091	261,800
Total remuneration	**756,288**	**231,572**	**108,031**	**100,000**	**224,801**	**204,801**	**204,801**	**224,801**	**2,055,095**	**2,064,545**

a) Joined the Board of Directors on 25 March 2010.

b) Retired from the Board of Directors on 25 March 2010.

c) Options vest on 2 March 2012.

d) Economic value at grant based on a Black & Scholes model, with no discount applied for the vesting period.

e) Restricted shares vest on 1 March 2013.

f) Economic value at grant according to IFRS methodology, with no discount applied for the vesting period.

Payment to Board members for out-of-pocket expenses amounted to CHF 60,000.

Other compensation, fees and loans to members or former members of the Board

No additional compensation or fees were paid to any member of the Board.

No Board member had any loan outstanding as at 31 December 2010.

Special compensation of members of the Board who left the company during the reporting period

No such compensation was incurred during the reporting period.

The compensation of the Executive Committee during the year was as follows:

in Swiss francs	Gilles Andrier CEO	Executive Committee members (excl. CEO)[a]	Total remuneration 2010	Total remuneration 2009
Base salary	905,441	2,348,908	3,254,349	3,278,700
Annual incentive[b]	402,687	941,381	1,344,068	1,743,908
Total cash	**1,308,128**	**3,290,289**	**4,598,417**	**5,022,608**
Pension benefits[c]	127,580	376,009	503,589	732,260
Other benefits[d]	176,839	537,070	713,909	739,858
Number of options granted[e]	60,000	160,000	220,000	220,000
Value at grant[f]	909,600	2,425,600	3,335,200	3,295,600
Number of restricted shares granted[g]		400	400	526
Value at grant[h]		322,480	322,480	312,970
Number of performance shares granted[i]	3,000	6,900	9,900	9,900
Annualised value at grant[j]	533,580	1,227,234	1,760,814	1,760,814
Total remuneration	**3,055,727**	**8,178,682**	**11,234,409**	**11,864,110**

a) Represents full year compensation of five Executive Committee members.

b) Annual incentive paid in March 2010 based on year 2009 performance.

c) Company contributions to broad-based pension and retirement savings plans and annualised expense accrued for supplementary executive retirement benefit.

d) Represents annualised value of health & welfare plans, international assignment benefits and other benefits in kind. Contributions to compulsory social security schemes are excluded.

e) Options vest on 2 March 2012.

f) Economic value at grant based on a Black & Scholes model, with no discount applied for the vesting period.

g) Restricted share vest on 1 March 2013.

h) Economic value at grant according to IFRS methodology, with no discount applied for the vesting period.

i) Performance shares are granted in March 2008 for the 5 year period 2008-2012 and vest on 1 March 2013.

j) Annualised value at grant calculated according to IFRS methodology, and assuming 100% achievement of performance target.

Other compensation, fees and loans to members or former members of the Executive Committee

No other compensation or fees were accrued for or paid to any member or former member of the Executive Committee during the reporting period.

No member or former member of the Executive Committee had any loan outstanding as at 31 December 2010.

Special compensation of members of the Executive Committee who left the company during the reporting period

No such compensation was incurred during the reporting period.

Ownership of shares

Details on the Givaudan share based payment plans are described in Note 7.

The following share options or option rights were granted during the corresponding periods and are still owned by the members of the Board of Directors, the CEO and members of the Executive Committee as at 31 December 2010:

2010			Share options / Option rights				
in number	Shares	Restricted Shares	Maturity 2011	Maturity 2012	Maturity 2013	Maturity 2014	Maturity 2015
Jürg Witmer, Chairman	1,000			26,800	26,800	26,800	26,800
André Hoffmann[a]	86,929		6,700	6,700	6,700	6,700	6,700
Irina du Bois	39	134					
Peter Kappeler	10	155				3,350	3,350
Thomas Rufer	58	155				3,350	3,350
Nabil Sakkab		155			6,700	3,350	3,350
Henner Schierenbeck	476	67		6,700	6,700	6,700	3,350
Total Board of Directors	**88,512**	**666**	**6,700**	**40,200**	**46,900**	**50,250**	**46,900**
Gilles Andrier, CEO					60,000	60,000	60,000
Matthias Währen		926				20,000	20,000
Mauricio Graber	116					40,000	40,000
Michael Carlos				40,000	40,000	40,000	40,000
Joe Fabbri	117				30,000	30,000	30,000
Adrien Gonckel	20				30,000	30,000	30,000
Total Executive Committee	**253**	**926**		**40,000**	**160,000**	**220,000**	**220,000**

a) The following Givaudan derivatives were also held by Mr Hoffmann as at 31 December 2010:
- 30,000 call warrants UBS – Givaudan 20.08.2013 (ISIN value no. CH 011 659 55 10)

The company is not aware of any ownership of shares, share options, option rights or restricted shares as at 31 December 2010 by persons closely connected to the Board of Directors.

One person closely connected to a member of the Executive Committee owned 6,000 option rights (3,000 maturing in 2014 and 3,000 maturing in 2015) as at 31 December 2010.

One person closely connected to a member of the Executive Committee owned 98 shares as at 31 December 2010.

The company is not aware of any other ownership of shares, share options, option rights or restricted shares as at 31 December 2010 by persons closely connected to the Executive Committee.

There are no other significant related party transactions.

Ownership of share options

Givaudan's share options are fully tradable after vesting. Details on the Givaudan share-based payment plans are described in Note 7.

The following share options were granted to members of the Board during the corresponding periods and are still owned by them as at 31 December 2010:

Year of grant	Maturity date	Vesting date	Ticker	Strike price[a] (CHF)	Ratio[a] (option: share)	Option value at grant date (CHF)	Number of options held
2006	7 Mar 2011	6 Mar 2008	GIVLP	1,007.6	9.6:1	12.07	6,700
2007	5 Mar 2012	5 Mar 2009	GIVCD	1,199.5	9.6:1	14.18	40,200
2008	4 Mar 2013	4 Mar 2010	GIVEF	1,113.6	12.5:1	14.23	46,900
2009	3 Mar 2014	3 Mar 2011	GIVLM	700.5	8.6:1	14.98	50,250
2010	3 Mar 2015	3 Mar 2012	GIVNT	925.0	9.5:1	15.16	46,900

a) Strike price and ratios of options have been adjusted consecutively to the approval by the shareholders, at the Annual General Meetings held on 16 April 2004 and on 27 April 2005, to distribute extraordinary dividends, and, in 2009, subsequent to the share capital increase related to the rights issue.

The following share options are owned by the CEO, the other members of the Executive Committee and by persons closely connected to them as at 31 December 2010:

Year of grant	Maturity date	Vesting date	Ticker	Strike price[a] (CHF)	Ratio[a] (option: share)	Option value at grant date (CHF)	Number of options held
2006	7 Mar 2011	6 Mar 2008	GIVLP	1,007.6	9.6:1	12.07	
2007	5 Mar 2012	5 Mar 2009	GIVCD	1,199.5	9.6:1	14.18	40,000
2008	4 Mar 2013	4 Mar 2010	GIVEF	1,113.6	12.5:1	14.23	160,000
2009	3 Mar 2014	3 Mar 2011	GIVLM	700.5	8.6:1	14.98	223,000
2010	3 Mar 2015	3 Mar 2012	GIVNT	925.0	9.5:1	15.16	223,000

a) Strike price and ratios of options have been adjusted consecutively to the approval by the shareholders, at the Annual General Meetings held on 16 April 2004 and on 27 April 2005, to distribute extraordinary dividends, and, in 2009, subsequent to the share capital increase related to the rights issue.

31. List of principal group companies

The following are the principal companies of the Group. The companies are wholly-owned unless otherwise indicated (percentage of voting rights). Share capital is shown in thousands of currency units:

Switzerland	Givaudan SA	CHF	92,336
	Givaudan Suisse SA	CHF	4,000
	Givaudan Finance SA	CHF	300,000
	Givaudan International SA	CHF	100
	Givaudan Trading SA	CHF	100
Argentina	Givaudan Argentina SA	ARS	3,010
Australia	Givaudan Australia Pty Ltd	AUD	10
Austria	Givaudan Austria GmbH	EUR	40
Bermuda	FF Holdings (Bermuda) Ltd	USD	12
	Givaudan International Ltd	USD	12
	FF Insurance Ltd	USD	170
Brazil	Givaudan Do Brasil Ltda	BRL	133,512
Canada	Givaudan Canada Co	CAD	12,901
Chile	Givaudan Chile Ltda	CLP	5,000
China	Givaudan Fragrances (Shanghai) Ltd	USD	7,750
	Givaudan Flavors (Shanghai) Ltd	USD	10,783
	Givaudan Specialty Products (Shanghai) Ltd	USD	12,000
	Givaudan Hong Kong Ltd	HKD	7,374
Colombia	Givaudan Colombia SA	COP	6,965,925
Czech Republic	Givaudan CR, S.R.O.	CZK	200
Denmark	Givaudan Scandinavia A/S	DKK	1,000
Egypt	Givaudan Egypt SAE	USD	2,000
France	Givaudan Participation SAS	EUR	41,067
	Givaudan France Fragrances SAS	EUR	12,202
	Givaudan France Arômes SAS	EUR	2,028
Germany	Givaudan Deutschland GmbH	EUR	4,100
Hungary	Givaudan Hungary Kft	HUF	500
India	Givaudan (India) Private Ltd	INR	75,755
Indonesia	P.T. Quest International Indonesia	IDR	2,608,000
Italy	Givaudan Italia SpA	EUR	520
Japan	Givaudan Japan K.K.	JPY	1,000,000
Korea	Givaudan Korea Ltd	KRW	550,020
Malaysia	Givaudan Malaysia Sdn.Bhd	MYR	200
Mexico	Givaudan de Mexico SA de CV	MXN	53,611
Netherlands	Givaudan Nederland B.V.	EUR	402
	Givaudan Nederland Services B.V.	EUR	18
	Givaudan Treasury International B.V.	EUR	18

New Zealand	Givaudan NZ Ltd	NZD	71
Peru	Givaudan Peru SAC	PEN	25
Philippines	Quest International Philippines Inc	PHP	11,266
Poland	Givaudan Polska Sp. Z.o.o.	PLN	50
Russia	Givaudan Rus LLC	RUB	9,000
Singapore	Givaudan Singapore Pte Ltd	SGD	24,000
South Africa	Givaudan South Africa (Pty) Ltd	ZAR	140,002
Spain	Givaudan Iberica, SA	EUR	8,020
Sweden	Givaudan North Europe AB	SEK	120
Thailand	Givaudan (Thailand) Ltd	THB	107,90
Turkey	Givaudan Aroma Ve Esans Sanayi Ve Ticaret Limited Sirketi	TRL	34
United Kingdom	Givaudan UK Ltd	GBP	70
	Givaudan Holdings UK Ltd	GBP	317,348
United States of America	Givaudan United States, Inc.	USD	0.05
	Givaudan Flavors Corporation	USD	0.1
	Givaudan Fragrances Corporation	USD	0.1
	Givaudan Flavors and Fragrances, Inc.	USD	0.1
Venezuela	Givaudan Venezuela SA	VEB	4,500

In 2010, The Group has acquired the shares owned by external shareholders for Givaudan Thailand and liquidated Quest Venezuela. At 31 December 2010, all companies are fully owned by the Group.

32. Disclosure of the process of risk assessment

Risk management in Givaudan is an integral part of the business. It is a structured and continuous process of identifying, assessing and deciding on responses to risks. The reporting of the opportunities and threats that these risks create and how they might hinder the business in achieving its objectives is also part of managing risks.

Risk management is the responsibility of the Board of Directors, which empowers the Executive Committee to manage the overall company risk management process. The Group actively promotes the continuous monitoring and management of risks at the operational management level.

The Givaudan Risk Management Charter, established by the Board of Directors, focuses on formalising the process of dealing with the most relevant risks which may affect the business. The charter details the objectives and principles of risk management and offers a framework for a pragmatic and effective risk management process.

This process aims to be comprehensive, organised and documented in order to improve compliance with corporate governance regulations, guidelines and good practices; better understand the risk profile of the business; and provide additional risk-based management information for decision making.

The objectives of the Risk Management process are to continuously ensure and improve compliance with good corporate governance guidelines and practices as well as laws and regulations, where applicable; facilitate disclosure to key stakeholders of potential risks and the company's philosophy for dealing with them. At the same time, the process creates the awareness of all key executives of the magnitude of risks; provides risk-based management information for effective decision-making; and safeguard the values of the company and its assets, and protect the interests of shareholders.

Givaudan's management, at various levels, is accountable for ensuring the appropriateness, timeliness and adequacy of the risk analysis. Mitigation decisions are taken at individual and combined levels. This management is also responsible for implementing, tracking and reporting the risk mitigation directives of the Executive Committee, including periodic reporting to the Board.

The assessment continued to be performed through the collaboration of Internal Audit and the divisional management teams.

The Board of Director's Audit Committee also promotes the effective communication between the Board, Givaudan's Executive Committee, Corporate Internal Audit in order to foster openness and accountability.

Givaudan has carried out its annual review of internal controls over accounting and financial reporting. A risk assessment is performed throughout the Internal Control System for those identified risks which may arise from the accounting and financial reporting.
Then, relevant financial reporting controls are defined for each risk.

Report of the statutory auditors

On the consolidated financial statements

Deloitte.

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CH-1215 Genève 15

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

Report on the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements of the Givaudan SA presented on pages 64 to 116, which comprise the income statement, statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows, and notes for the year ended 31 December 2010.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law, Swiss Auditing Standards and International Standards on Auditing (ISA). Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated 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. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 and fair presentation of the consolidated 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 consolidated 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 consolidated financial statements for the year ended 31 December 2010 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with IFRS and comply with Swiss law.

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 consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Deloitte SA

Thierry Aubertin Licensed Audit Expert Auditor in Charge	Annik Jaton Hüni Licensed Audit Expert

Geneva, 7 February 2011

Audit. Fiscalité. Conseil. Corporate Finance.

Member of Deloitte Touche Tohmatsu

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

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		Price in Swiss francs			Total
	Number	High	Average	Low	in millions of Swiss francs
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		Price in Swiss francs			Total
	Number	High	Average	Low	in millions of Swiss francs
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 First attribution	 Additional paid-in capital	Reserve for own equity instruments	Free reserve	Retained earnings	Total
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 First attribution	 Additional paid-in capital	Reserve for own equity instruments	Free reserve	Retained earnings	Total
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

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

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 Jaton Hüni Licensed Audit Expert

Geneva, 7 February 2011

Audit. Fiscalité. Conseil. Corporate Finance.
Member of Deloitte Touche Tohmatsu

Givaudan worldwide

Country	Address	Legal Entity name	Fragrances	Flavours	Financing Services	Sales	Creation/ Application	Production
Argentina	San Lorenzo 4759, Esquina Ave Mitre, B 1605 EIO Munro, Prov. Buenos Aires	Givaudan Argentina SA		■		■	■	■
	Ruta 9 Panamericana, Km 36.5, B1667KOV, Partido Malvinas Argentinas, Buenos Aires	Givaudan Argentina SA	■			■	■	■
Australia	12 Britton Street, Smithfield 2164, Sydney NSW	Givaudan Australia Pty Ltd		■				■
	Unit 36, 5 Inglewood Place Baulkham Hills 2153, Sydney NSW	Givaudan Australia Pty Ltd	■	■		■	■	
	14 Woodruff Street Port Melbourne 3217, Melbourne VIC	Givaudan Australia Pty Ltd		■		■		
Austria	Twin Tower Vienna, Wienerbergstrasse 11, A-1109 Vienna	Givaudan Austria GmbH		■		■	■	
Bermuda	Hamilton	Givaudan International Ltd			■			
		FF Holdings (Bermuda) Ltd			■			
		FF Insurance Ltd			■			
Brazil	Avenida Engenheiro Billings 2185, Jaguaré, Caixa Postal 66041, São Paulo, SP – CEP 05321-010	Givaudan do Brasil Ltda	■	■		■	■	■
	Avenida Engenheiro Billings 1653 & 1729, Unit 3, Building 31, Condominio Empresarial Roche, Jaguaré, São Paulo, SP – CEP 05321-010	Givaudan do Brasil Ltda	■			■	■	
Canada	2400 Matheson Blvd., East Mississauga, Ontario L4W 5G9	Givaudan Canada Co.		■		■		
Chile	Avda Del Valle 869, oficina 202-203 Ciudad Empresarial, Huechuraba	Givaudan Chile Ltda		■		■	■	
China	15F, Tower 2, Zhong Sha Plaza, No. 16 Xin Yuan Li Road, Chao Yang District, Beijing, 100027	Givaudan Fragrances (Shanghai) Ltd Beijing Branch	■			■		
	298 Li Shi Zhen Road, Zhangjiang High-Tech Park, Pudong New Area, Shanghai 201203	Givaudan Fragrances (Shanghai) Ltd	■			■	■	■
	17 Floor, Yin Zheng Mansion, 338# Huan Shi East Road, Guangzhou 510060	Givaudan Fragrances (Shanghai) Ltd Guangzhou Branch	■			■		
	222, Jiang Tian East Road, Songjiang Development Zone, Shanghai 201600	Givaudan Specialty Products (Shanghai) Ltd	■	■				■
	15F, Tower 2, Zhong Sha Plaza, No. 16 Xin Yuan Li Road, Chao Yang District, Beijing, 100027	Givaudan Flavors (Shanghai) Ltd Beijing Branch		■		■	●	
	17 Floor, Yin Zheng Mansion, 338# Huan Shi East Road, Guangzhou 510060	Givaudan Flavors (Shanghai) Ltd Guangzhou Branch		■		■	●	
	668 Jing Ye Road Jin Qiao Export Area, Pu Dong New Area, Shanghai 201201	Givaudan Flavors (Shanghai) Ltd		■		■	■	■
	298 Li Shi Zhen Road, Zhangjiang High-Tech Park, Pudong New Area, Shanghai 201203	Givaudan Management Consulting (Shanghai) Ltd			■			
Colombia	Carrera 98 No. 25 G – 40, Bogotá D.C.	Givaudan Colombia SA	■	■		■	■	
Czech Republic	Klimentska 10, 110 00 Praha	Givaudan CR, s.r.o.		■		■		
Denmark	Gøngehusvej 280, 2970 Hørsholm	Givaudan Scandinavia A/S		■		■		
Egypt	P.O. Box 95, Piece 37, Industriel Zone 3, 6th of October City	Givaudan Egypt SAE		■		■	■	■
Finland	Svinhufvudinkatu 23A, 15110 Lahti	Givaudan Suisse SA Finland Branch		■		■		
France	46, avenue Kléber, 75116 Paris	Givaudan France Fragrances SAS	■			■	■	
	55 Rue de la voie des Bans, BP 24, 95102 Argenteuil Cedex	Givaudan France Fragrances SAS	■			■	■	■
	19-23 Rue de la voie des Bans, BP 24, 95102 Argenteuil Cedex	Givaudan France Arômes SAS		■		■	■	
	55 Rue de la voie des Bans, BP 24, 95102 Argenteuil Cedex	Givaudan France Fragrances SAS	■					
Germany	Giselherstrasse 11, 44319 Dortmund	Givaudan Deutschland GmbH		■		■	■	■
	Lehmweg 17, 20251 Hamburg	Givaudan Deutschland GmbH	■			■		
Hong Kong	17A, Lippo Leighton Tower 103-109, Leighton Road Causeway Bay	Givaudan Hong Kong Ltd	■	■		■		
Hungary	Seregely koz 11. H-1037 Budapest	Givaudan Schweiz AG Hungary Commercial Representative Office		■		■		
India	Plot No. 30, Survey No. 168, Dabhel Industrial Estate, Daman 396210	Givaudan (India) Pvt Ltd		■				■
	Plot No. 26, 2nd Cross Jigani Industrial Area, Anekal Taluk, Jigani, Bangalore 560 105, Karnataka	Givaudan (India) Pvt Ltd	■					■
	401, Akruti Centre Point, 4th Floor, MIDC Central Road, MIDC, Andheri (East), Mumbai 400093	Givaudan (India) Pvt Ltd	■	■		■	■	
	Block B, Vatika Atrium, Golf Course Road, Sector 53, Gurgaon (NCR)	Givaudan (India) Pvt Ltd	■	■		■		

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Country	Address	Legal Entity name	Fragrances	Flavours	Financing Services	Sales	Creation/ Application	Production
Indonesia	Jl. Raya Jakarta-Bogor Km 35, Cimanggis 16951, Depok, West Java	PT. Quest International Indonesia	■	■			■	■
	Menara Anugrah 7th -9th Floor, Kantor Taman E3.3, Jl. Mega Kuningan Lot 8.6 – 8.7, Kawasan Mega Kuningan, Jakarta 12950	PT. Quest International Indonesia	■			■	■	
	Menara Anugrah 9th Floor, Kantor Taman E3.3, Jl. Mega Kuningan Lot 8.6 – 8.7, Kawasan Mega Kuningan, Jakarta 12950	PT. Givaudan Flavours and Fragrances Indonesia		■		■	■	
Iran	P.O. Box 15175/534, No.202-204, Gol Bld., Gol Alley, After Park Saei, Vali Asr, Tehran	Givaudan Suisse SA Iran Branch	■	■		■		
Italy	Via XI Febbraio 99, 20090 Vimodrone, Milano	Givaudan Italia SpA	■	■		■	●	
Japan	3014-1 Shinohara-cho, Kohoku-ku, Yokohama-shi, Kanagawa 222-0026	Givaudan Japan K.K.	■			■	■	
	3056 Kuno, Fukuroi-shi, Shizuoka 437-0061	Givaudan Japan K.K.		■				■
	3-23, Shimomeguro 2-chome, Meguro-ku, Tokyo 153-0064	Givaudan Japan K.K.		■		■	■	
Malaysia	A-901 Menara 1, Kelana Brem Towers, Jalan SS 7/15 (Jalan Stadium) 47301 Petaling Jaya, Selangor Darul Ehsan	Givaudan Malaysia Sdn Bhd	■	■		■	●	
Mexico	Camino a Quintanares Km. 1.5, Pedro Escobedo, Queretaro 76700	Givaudan de México SA de CV	■			■		■
	Av. Eje Norte-Sur No. 11 Civac, 62578 Jiutepec Morelos	Givaudan de México SA de CV		■		■	■	■
	Av. Paseo de la Reforma #2620, piso 12 Edificio Reforma Plus, Col. Lomas Altas, 11950 Mexico, D.F	Givaudan México SA de CV		■		■		
	Av. Paseo de la Reforma #2620, piso 9 Edificio Reforma Plus, Col. Lomas Altas, 11950 Mexico, D.F	Givaudan México SA de CV	■			■	■	
Netherlands	Huizerstraatweg 28, 1411 GP Naarden	Givaudan Nederland BV	■	■		■	■	■
	Huizerstraatweg 28, 1411 GP Naarden	Givaudan Nederland Services BV			■			
	Huizerstraatweg 28, 1411 GP Naarden	Givaudan Nederland Finance BV			■			
	Huizerstraatweg 28, 1411 GP Naarden	Givaudan Treasury International BV			■			
	Nijverheidsweg 60, 3771 ME Barneveld	Givaudan Nederland BV		■				■
New Zealand	2 Birmingham Road, East Tamaki, Auckland	Givaudan NZ Ltd		■		■		
Peru	Av. Victor Andrés Belaúnde 147, Centro Empresarial Real, Torre Real 1 Piso 11, San Isidro 27 Lima	Givaudan Peru SAC	■	■		■	●	
Philippines	37/F Robinsons Equitable Tower, ADB Avenue corner Poveda Street, Ortigas Center, 1605 Pasig City	Givaudan Singapore Pte Ltd, Philippines Regional Headquarters	■			■	●	
	37/F Robinsons Equitable Tower, ADB Avenue corner Poveda Street, Ortigas Center, 1605 Pasig City	Givaudan Singapore Pte Ltd, Philippines Regional Headquarters		■		■	●	
Poland	ul. Podchorazych 83, 00-722 Warszawa	Givaudan Polska Sp. z o.o.		■		■		
Russia	Riverside Towers Business Centre Kosmodamianskaya nab., 52/1, Floor 8, 115054 – Moscow	Givaudan Rus LLC		■		■	■	
	Ocean Plaza Business Centre, floor 7, Suschevskiy val 12, 127055 – Moscow	Givaudan Rus LLC	■			■	■	
Singapore	1 Woodlands Avenue 8, Singapore 738972	Givaudan Singapore Pte Ltd	■	■		■	■	■
South Africa	9-11 Brunel Road, Tulisa Park, Johannesburg 2197	Givaudan South Africa (Pty) Ltd		■		■	■	■
	51A Galaxy Avenue, Linbro Business Park Frankenwald, Sandton 2065	Givaudan South Africa (Pty) Ltd	■			■	●	
South Korea	11/F, Trust Tower Bldg, 275-7 Yangjae-Dong, Seocho-Gu, Seoul 137-739	Givaudan Korea Ltd	■			■	●	
	12/F, Trust Tower Bldg, 275-7 Yangjae-Dong, Seocho-Gu, Seoul 137-739	Givaudan Korea Ltd		■		■	●	
Spain	Colquide, 6 Edificio Prisma I, 2a Planta 28231 Las Rozas, Madrid	Givaudan Ibérica, SA		■		■		
	Pla d'en Batlle s/n, 08470 Sant Celoni, Barcelona	Givaudan Ibérica, SA		■		■	■	■
	Edificio Géminis, Bloque B 1°, 2a Parque de Negocios Mas Blau, 08820 El Prat de Llobregat, Barcelona	Givaudan Ibérica, SA	■			■		
Sweden	Råbyholms allé 4, 223 55 Lund	Givaudan North Europe AB		■		■		
Switzerland	**Corporate Headquarters**							
	5, Chemin de la Parfumerie, 1214 Vernier	Givaudan SA			■			
	5, Chemin de la Parfumerie, 1214 Vernier	Givaudan International SA			■			
	5, Chemin de la Parfumerie, 1214 Vernier	Givaudan Finance SA			■			
	138, Überlandstrasse, 8600 Dübendorf	Givaudan Schweiz AG	■	■		■	■	■
	8310 Kemptthal	Givaudan Schweiz AG		■			■	■
	5, Chemin de la Parfumerie, 1214 Vernier	Givaudan Suisse SA	■			■	■	■

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Givaudan worldwide

Country	Address	Legal Entity name	Fragrances	Flavours	Financing Services	Sales	Creation/ Application	Production
Taiwan	7/F N° 303, Sec.4, Hsin Yi Road, Taipei 106	Givaudan Singapore Pte Ltd, Taiwan Branch	■	■		■	●	
Thailand	719 KPN Tower, 16 & 25 Floor, Rama 9 Road, Bangkapi, Huaykwang Bangkok 10310	Givaudan (Thailand) Ltd	■	■		■	●	
Turkey	Ebulula Cad. Lale Sok. Park Maya Sitesi Barclay 19A Daire 3-6-7, 34335 Akatlar, Besiktas / Istanbul	Givaudan Aroma ve Esans Sanayi ve Ticaret Ltd. Sti.	■	■		■		
UAE	Gulf Tower 901-902, P.O. Box, 33170 Dubai	Givaudan Suisse SA Representative Office in Dubai		■		■	■	
	P.O. Box No. 33170, Concord Tower Floor 21, Offices 2109-2114, Media City, Tecom Zone, Dubai	Givaudan Suisse SA Representative Office in Dubai	■			■	■	
Ukraine	Pimonenko Str. 13, 6B/18 Kiev 04050	Givaudan Suisse SA Representative Office in Ukraine		■		■		
United Kingdom	Magna House, 76-80 Church Street, Staines, Middx. TW18 4XR	Givaudan UK Ltd	■			■		
	Chippenham Drive, Kingston MK10 OAE, Milton Keynes	Givaudan UK Ltd		■		■	■	
	Kennington Road, Ashford, Kent TN24 0LT	Givaudan UK Ltd	■			■	■	■
	Bromborough Port, Wirral, Merseyside, CH62 4SU	Givaudan UK Ltd		■		■	■	■
United States of America	880 West Thorndale Avenue, Itasca, IL 60143	Givaudan Flavors Corporation		■				■
	580 Tollgate road, Suite A, Elgin, IL 60123 USA	Givaudan Flavors Corporation		■		■	■	
	1199 Edison Drive 1-2, Cincinnati, Ohio 45216	Givaudan Flavors Corporation		■		■	■	
	245 Merry Lane, East Hanover, NJ 07936	Givaudan Flavors Corporation		■		■	■	■
	9500 Sam Neace Drive, Florence KY 41042	Givaudan Flavors Corporation		■				■
	4705 U.S. Highway, 92 East Lakeland, FL 33801-9584	Givaudan Flavors Corporation		■		■		■
	110 East 69th Street, Cincinnati, OH 45216	Givaudan Flavors Corporation		■				■
	International Trade Center, 300 Waterloo Valley, Road Mount Olive, NJ 07828	Givaudan Fragrances Corporation	■					■
	40 West 57th St. 11th floor, New York, NY 10019	Givaudan Fragrances Corporation	■			■	■	
	717 Ridgedale Avenue, East Hanover, NJ 07936	Givaudan Fragrances Corporation	■			■	■	
	1702 Eska Way Silverton, OR 97381	Pacific Pure-Aid Company		■		■	■	■
Venezuela	Calle Veracruz con calle Cali, Torre ABA, Piso 8, Ofic 8A, Las Mercedes, CP 1060, Caracas	Givaudan Venezuela SA	■	■		■	●	
Vietnam	Giay Viet Plaza 5th Fl., 180-182 Ly Chinh Thang Street District 3, Ho Chi Minh City	Givaudan Singapore Pte Ltd, Vietnam Representative Office	■	■		■	●	

● Application only

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Givaudan has significantly reduced the number of printed Annual Report copies following a survey of its shareholders, by asking them to use the PDF and online versions. This environmentally friendly behaviour resulted in savings, which were donated to Arboretum botanical garden in Aubonne, Switzerland and to its ethical sourcing programme of sandalwood oil in Australia.

The Givaudan Annual Report is published in English, German and French.
The Givaudan Financial Report is published in English.

Printed in Switzerland.