SIMONA

Annual Report

2009

Key Financials

SIMONA Group*		2009	2008	2007
Revenue	€ m	215.1	303.7	299.9
Year-on-year change	%	–29.2	1.3	14.1
of which abroad	€ m	138.6	191.6	185.0
of which abroad	%	64.4	63.1	61.7
Staff costs	€ m	55.3	58.2	58.1
Profit before income taxes	€ m	7.1	20.2	19.8
Profit for the period	€ m	5.0	13.9	14.1
Net cash from operating activities	€ m	28.2	44.7	17.1
EBIT	€ m	7.3	19.8	19.7
EBIT	%	3.4	6.5	6.6
EBITDA	€ m	21.9	32.3	32.5
EBITDA	%	10.2	10.6	10.8
Total assets	€ m	244.7	244.8	233.8
Equity	€ m	157.5	157.6	148.3
Non-current assets	€ m	94.3	97.1	88.3
Investments in property, plant and equipment	€ m	11.6	21.2	13.5
Average number of employees		1,230	1,237	1,224

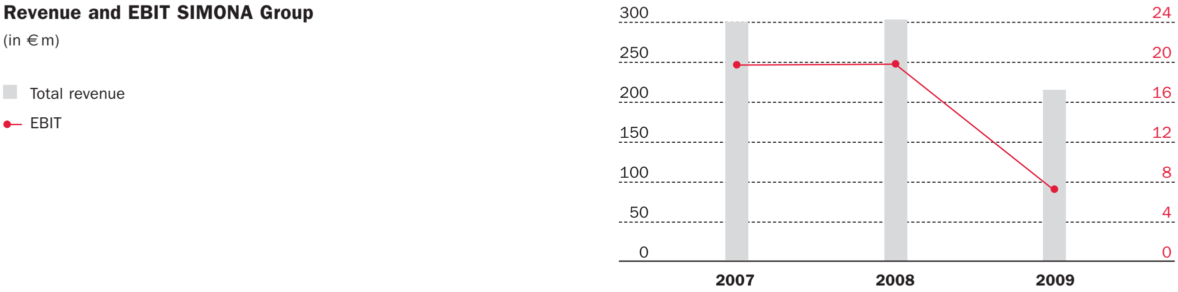
* Based on IFRS

Stock Data		2009	2008	2007
Earnings per share	€	8.31	23.20	23.53
Dividend	€	6.00	8.50	8.50
Dividend yield		1.9	2.6	2.5
P/E ratio*		38.1	14.0	14.3
Market capitalisation-over-equity ratio*		1.21	1.23	1.36
share price as at Dec. 31	€	317.00	324.0	336.1

* Each calculated on consolidated basis

Revenue and EBIT SIMONA Group

(in € m)



SIMONA

MAGAZINE
ACCOMPANYING THE
2009 ANNUAL REPORT

SIMONA City Magazine

INSIGHT AND VISION.
SHAPING THE FUTURE WITH PLASTICS.

Editorial

Wolfgang Moyses, CEO
Chairman

Dear Partners,

How does a plastics processing company tackle the ecological and economic challenges of the future?
We see them as an opportunity for growth. Water and energy supply, life sciences and mobility are all emerging applications for our plastics solutions around the world. SIMONA City illustrates where our products are already used to improve people's quality of life and where they will be applied in the future.
For SIMONA, innovation and customising are key to achieving this goal. We believe that innovation is about listening to our customers and thinking beyond the present. Thinking beyond the present when it comes to the properties of plastics; thinking beyond the present when it comes to potential applications for plastics; thinking beyond the present when it comes to the efficiency of plastics. With this in mind, our City magazine offers a glimpse of a world where plastics increasingly help us to meet the challenges of the future.

Enjoy the magazine.

Wolfgang Moyses

Contents

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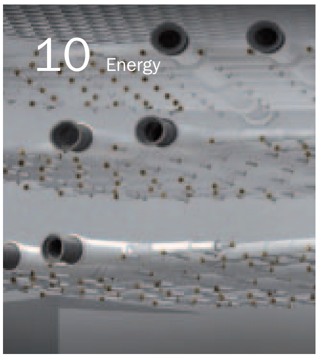
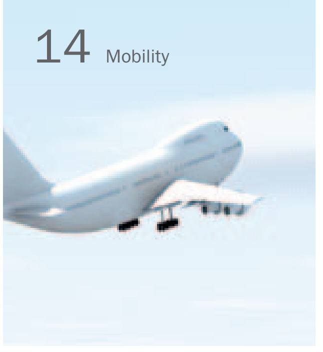
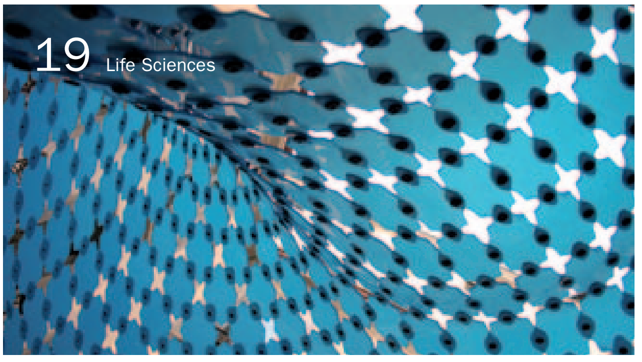






SIMONA shapes living spaces

With SIMONA City, we want to bring our wide variety of applications to life and invite our partners to help create the city of plastics solutions around the world. SIMONA City stands for internationality, innovation and inspiration.

Attention to detail, quality and technical expertise: those are the values one commonly associates with SIMONA. Building on this solid foundation, we intend to move forward with conviction and purpose by embracing internationality, innovation and inspiration as integral elements of our future business development in the global arena.

Internationality

We have identified considerable potential for growth outside our established markets. To achieve this, we have estab-

lished new plants in the Czech Republic and China, following our clients to the regions they have targeted for their own growth.

Innovation

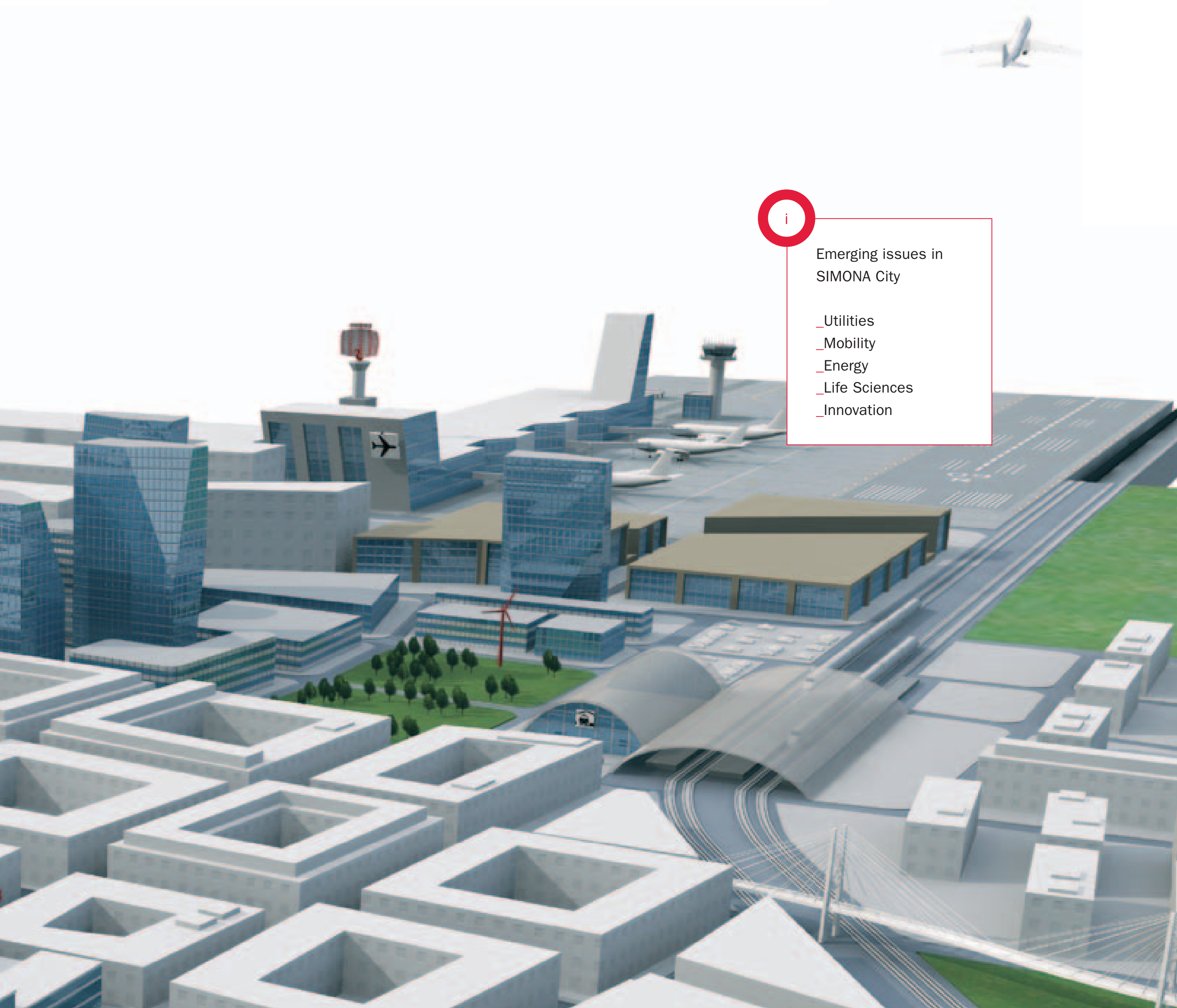
SIMONA has the highest levels of technical expertise in altering the properties of plastics. Our engineers and application specialists are particularly accomplished at listening and thinking ahead. It is by drawing on these abilities that SIMONA has been able to develop such an extensive range of products – our platform for plastics solutions tailored to any conceivable requirement.

Inspiration

Developing SIMONA City showed us that our products' properties and, above all, the applications they can be used for can stir up a great deal of enthusiasm. Our primary objective, however, is to impress clients with our expertise in every aspect of customer care – from sales and technical advice to order handling – and thus inspire our customers with confidence.

The spirit of diversity

A city is the best way to show the wide range of products we offer. In addition to this, cities are where the challenges faced by our society manifest themselves. This is how we came up with the idea of using a city to illustrate the wide range of applications catered for by SIMONA products. SIMONA City is open, international and universal. Like the company itself, SIMONA City is built on solid foundations which provide a good basis for healthy growth. Discover SIMONA City in all its diversity and help us to create a city built on the plastics solutions of the future.



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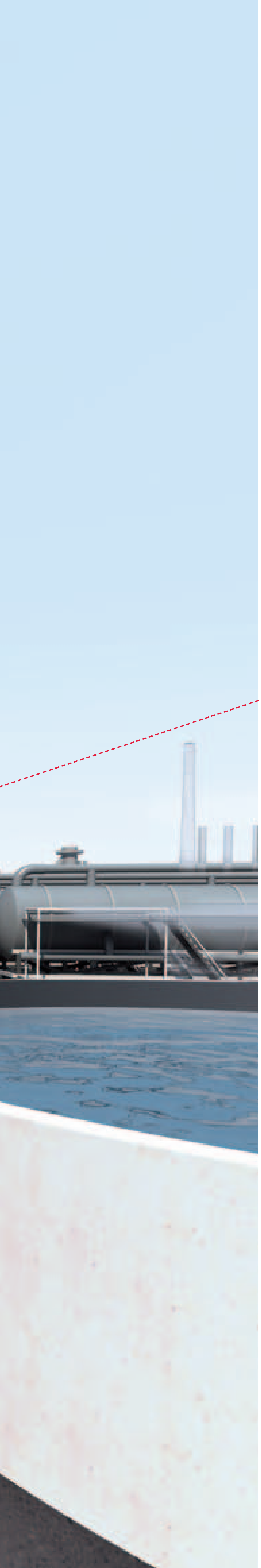
Emerging issues in SIMONA City

_Utilities
_Mobility
_Energy
_Life Sciences
_Innovation

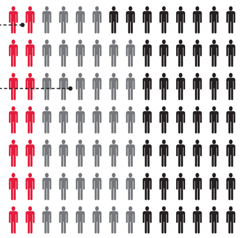
Supplying drinking water to the world

Urbanisation, population growth, climate change: global water supply poses significant challenges. Fortunately, SIMONA's product portfolio for the construction of facilities to treat water, store drinking water and dispose of wastewater is just as diverse.



At desalination plants, networks of pipes supplied by SIMONA help to improve the supply of drinking water and utilise new resources.

Insufficient water supply and wastewater disposal services



No direct access to drinking water

No provision of basic sanitary facilities and suitable wastewater disposal

There are approximately 6.7 billion people in the world. 1.1 billion of them have no access to clean drinking water and 2.6 billion have no basic facilities.

Source: Unesco

Supplying drinking water: an emerging application for SIMONA

Many experts believe it is the ultimate social challenge: supplying the human population with clean drinking water. 3.7 billion people already have no access to clean drinking water or an acceptable sanitary infrastructure. Rapid urbanisation – especially in emerging countries – will compound this problem; it is also considered the main reason for water pollution and shortages. By 2025, the population of China's cities alone will grow by 350 million – that is more than the entire population of the United States. In addition to this, rapid industrialisation twinned with lax environmental regulations is leading to severe contamination of the surface and ground water in many emerging countries.

This problem also affects industrialised nations. Areas in southern Europe at risk of drought are struggling with limited water resources. Barcelona has already had to import large quantities of fresh water from France. In Greater London, long dry periods can lead to water shortages. All this means we face a complex set of challenges.

Desalination plant in London

A wide range of products for water treatment applications is the answer. SIMONA

01_PE 100 pressure pipes for the first large-scale desalination plant in Britain: outstanding resistance to corrosion and a lifespan of up to 100 years.

offers plastic piping systems and sheets for plants and projects which provide reliable access to clean drinking water.
We have already supplied corrosion-resistant SIMONA® PE 100 pipes to our partner Pipex Ltd. for the first desalination plant in Greater London. These PE pipes are the ideal way to transport both saltwater and filtered drinking water. Reverse osmosis is used to produce drinking water. During the process, raw water is filtered using a set amount of pressure and specially designed osmosis membranes to create drinking water. With the aid of this process and 100 per cent renewable energy, the regional supplier Thames Water generates approximately 140 million litres of drinking water every day – in an environmentally friendly manner and at an acceptable cost. London is just one example of the many desalination plants which SIMONA supplies with intelligent pipe systems.

Simplon Pass, Switzerland

Environmental factors and growing demand for water made it necessary to renew the drinking water and fire-fighting pipelines which supply the Simplon Pass in Switzerland. The old cast-iron pipes were replaced with modern plastic ones. For this project, SIMONA® PE 100 SPC RC-Line drinking water pipes with SVGW and DVGW approval were used. These multi-layered pipes consist of an inner pipe made from PE 100 RC (RC = high resistance to cracking) and a protective jacket made of modified polypropylene (SIMONA® PP Protect). The surface of the pipe provides protection against dangerous nicks and cracks caused by stones and fragments. In total, 3,000 m of SIMONA® PE 100 SPC RC-Line drinking water pipes with a diameter of between 200 and 250 mm were laid.

Pipeline modernisation in Berlin

Modernising existing supply pipelines is a major challenge for public authorities and water companies, especially in Europe. As the available funds become increasingly limited, the emphasis is on fast and cost-effective solutions that are guaranteed to last.
In Berlin, the local water companies had allowed just 40 hours to modernise a 500 m length of old grey cast-iron pipe. Thanks to the innovative swage lining process and flexible SIMONA® PE 100 pressure pipes, the work was completed in record time with minimal environmental impact. These pressure pipes have a lifespan of up to 100 years.

02_The 2012 Olympic Games will lead to a higher demand for water in Greater London.
03_SIMONA® PE 100 SPC RC-Line drinking water pipes with protective jackets to renew drinking water and fire-fighting pipelines in Switzerland.

Photograph 02: Courtesy of Populous, www.populous.com

Wide-ranging emerging issues

SIMONA supplies twin-wall sheets for hotel swimming pools and teaching pools. SIMONA supplies pipe systems made from PP-H AlphaPlus® for ventilation systems at biological wastewater treatment plants and electrically conductive PE pipes for exhaust air treatment systems. SIMONA supplies PE sheets to line water towers and both PE pipe systems and sheets for sewage works.

Safeguarding drinking water supplies is an increasingly important application for SIMONA and an emerging issue for society as a whole. SIMONA is tackling this challenge with state-of-the-art technology, durable plastic systems, the highest standards of engineering expertise and unrivalled commitment in the face of technical challenges.

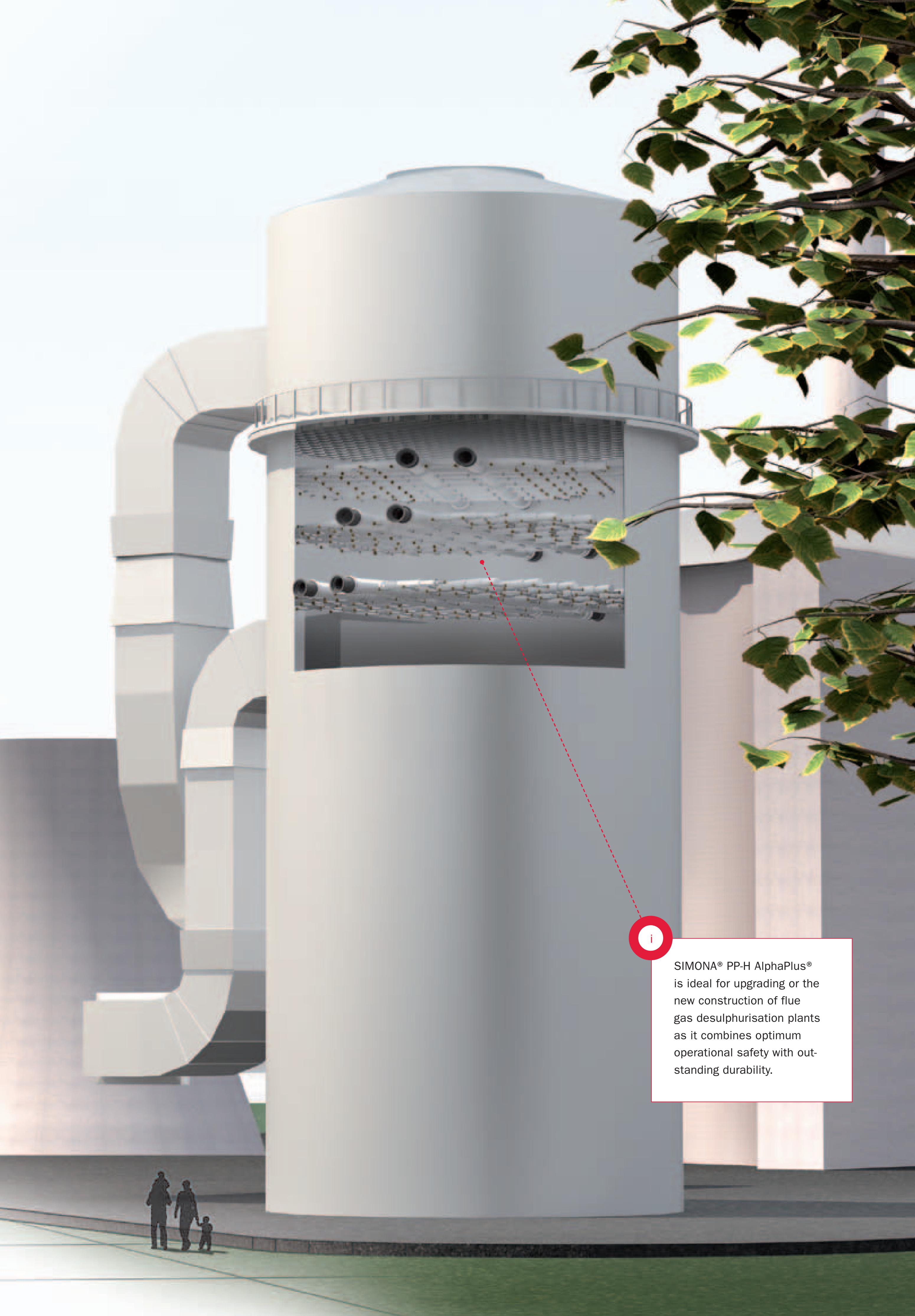
Eco-friendly energy technology

Producing and distributing energy in a way that respects the environment is one of the greatest challenges facing our society in the future. Detlef Becker, Director of Sales and Marketing at SIMONA AG, explains the contribution made by SIMONA's plastic products in meeting this challenge.

Where are SIMONA products used in the area of energy and environmental technology?
SIMONA has a proven track record of expertise in the field of environmental technology that goes back many years. By way of example, our products are used in flue gas desulphurisation and chimney linings. More recently, we have developed products for deep geothermal energy projects and piping systems to transport CO_2.

Can you tell us some more about these new developments?
Geothermal energy is a form of renewable energy. It involves using heat from the earth, which is of course available 365 days a year, as a sustainable source of power. SIMONA was recently involved in two geothermal projects, one of which was in the Netherlands. There are several disused coal mines in the area around Heerlen. Using a complex system of pipes made of SIMONA® PP-H AlphaPlus®, ground water is transported from the mine to the surface and used for heating or cooling purposes. This successful pilot project in Heerlen is supported by the European Union and acts as a model for other former coal mining regions in Europe.
We also took part in a deep geothermal energy project in collaboration with the RWTH Technical University in Aachen. The university's new 'SuperC' study and service centre is supplied with energy from a geothermal probe located at a depth of 2,500 metres. Our job was to produce a modified form of SIMONA® PP-H AlphaPlus® that could withstand the thermal

Detlef Becker,
Chief Sales Officer,
SIMONA AG



SIMONA® PP-H AlphaPlus® is ideal for upgrading or the new construction of flue gas desulphurisation plants as it combines optimum operational safety with outstanding durability.

"Pipe systems for deep geothermal energy and CO_2 transport are new developments that enhance our expertise in the field of energy and environmental technology." Detlef Becker, Chief Sales Officer, SIMONA AG

and mechanical stresses involved in the project. Temperatures at the lowest point of the borehole are over 85 degrees Celsius. The energy produced covers 80 per cent of the heating and cooling requirements for the new study and service centre. That would be enough to heat around 200 homes. Using fossil fuels instead would have generated around 300 metric tonnes of carbon dioxide emissions each year.
Another new development involves pipe systems for transporting CO_2. The 'OCAP CO_2 Green Gas' project uses the greenhouse gas CO_2 in an environmentally beneficial way to promote plant growth. The 'waste' gas produced at the Shell refinery in Rotterdam is conducted through over 140 kilometres of SIMONA® PE 100 pipes into nearby plant nurseries. All of these projects bring together customising and forward-looking technology and demonstrate why we place so much importance on the role of energy and environmental technology.

How does SIMONA intend to position itself in the area of environmental and energy technology?
We have established a strong focus on this area. In fact, our new business unit 'Mobility, Life Sciences and Environmental Technology' was set up particularly for this purpose. That alone shows how important it is to SIMONA. Our new business unit is actively involved in all these forward-looking areas and combines technical expertise with experience. We also look at using new materials. There are countless applications for our products throughout the world, for example in aircraft interiors, orthopaedic technology and desalination plants.

Photograph: Arch. Eva-Maria Pape & Susi Fritzer

How can SIMONA plastics help to reduce the environmental impact of energy production?
One of the great advantages of plastics is their chemical resistance and their low specific weight. As a result, they are increasingly being used instead of steel and concrete and have a wide range of applications in the field of energy production. Our products are used to help generate energy from wind and water and to transport CO_2. In fact, SIMONA products have contributed for decades to the environmentally compatible generation of energy.

What does SIMONA itself do to ensure the sustainability of its production?
For many years we have made sure that even very small amounts of raw materials are returned to the production cycle. Consequently, the volume of waste we produce is relatively low. Our production processes are subjected to continuous review of their energy efficiency. Naturally, we make every effort to promote sustainability in our other business units, too. To give you an example, nearly all our brochures are printed using FSC-certified paper.

On a personal level, do you make an effort to save energy?
I'm a real nature lover. I try very hard to encourage my children to use the resources we have very carefully – by always switching off the lights, for example. If future generations learn to appreciate nature, maybe one day the dream of quiet, energy-saving aircraft and cars will come true.

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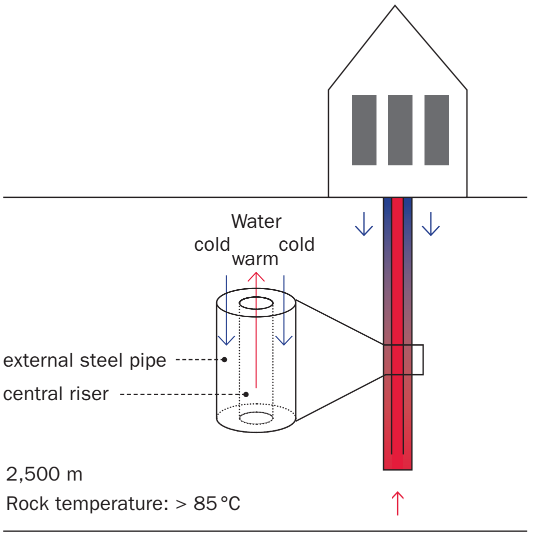
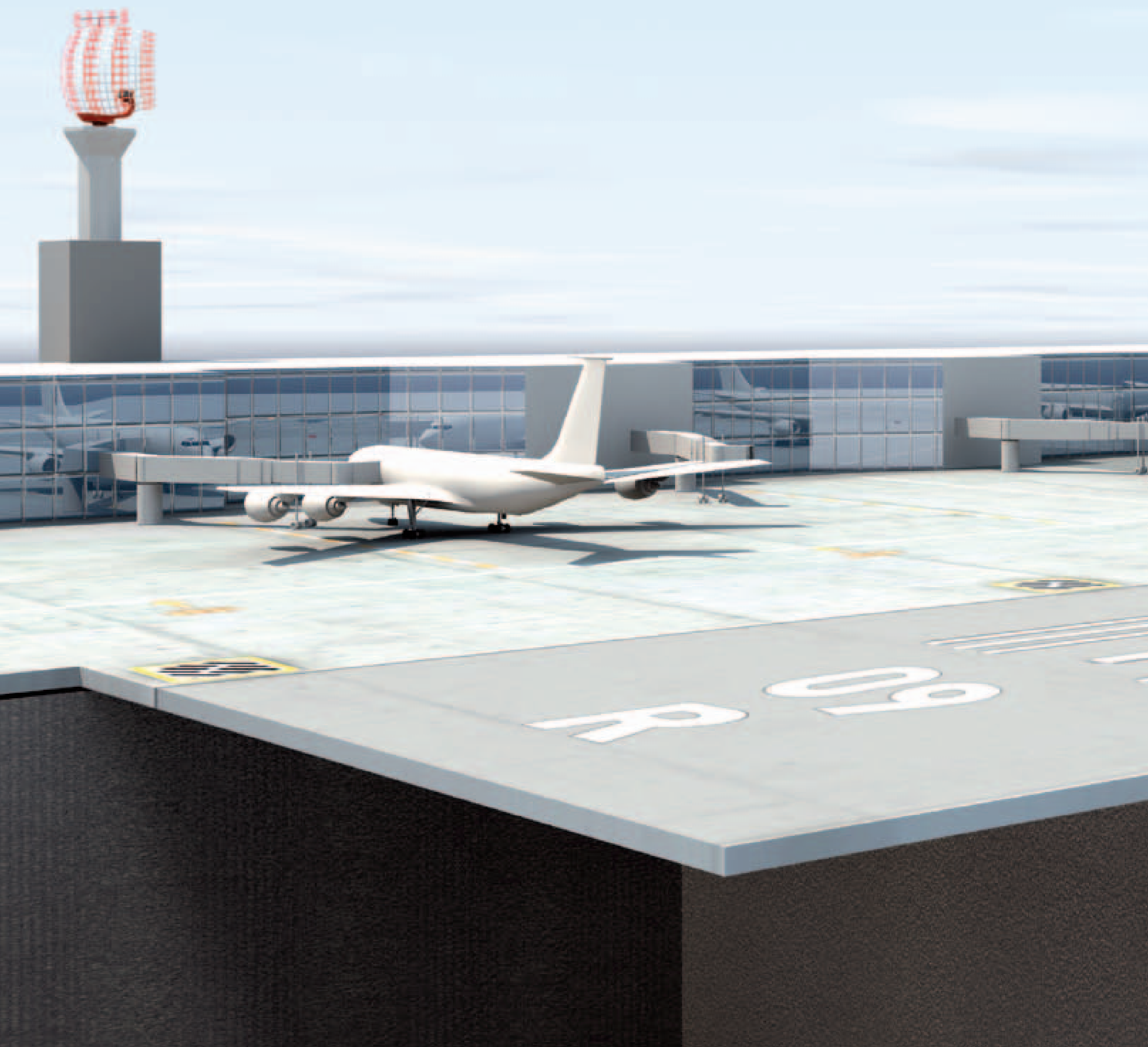
The 'SuperC' geothermal project, RWTH University, Aachen

Geothermal energy involves harnessing the heat produced by the earth itself. SIMONA recently took part in a geothermal project in collaboration with RWTH University in Aachen. Energy for the new 'SuperC' study centre is supplied from a deep geothermal probe at a depth of around 2,500 metres. Water is used as the heat-conducting medium. Temperatures at the lowest point of the hole are above 85 degrees Celsius (rock) and 70 degrees Celsius (water). The material used for the pipes, SIMONA® PP-H AlphaPlus®, was modified to withstand the high thermal and mechanical stresses and to make it suitable for long-term use in this temperature range. The system was designed to produce a geothermal output of 450 KWth and to generate 620 MWh/a of heat. The plant is intended to meet 80 per cent of the heating and cooling requirements for the new 'SuperC' study centre. That would be enough to heat around 200 homes. Using fossil fuels instead would have generated around 300 metric tonnes of carbon dioxide emissions each year.



Transport solutions

Personal and freight transport are set to expand rapidly across the world – in spite or indeed because of the internet and social media. Plastics solutions can help to mitigate the impact of increased mobility on the use of resources. SIMONA has set up an entire business unit dedicated to this goal.

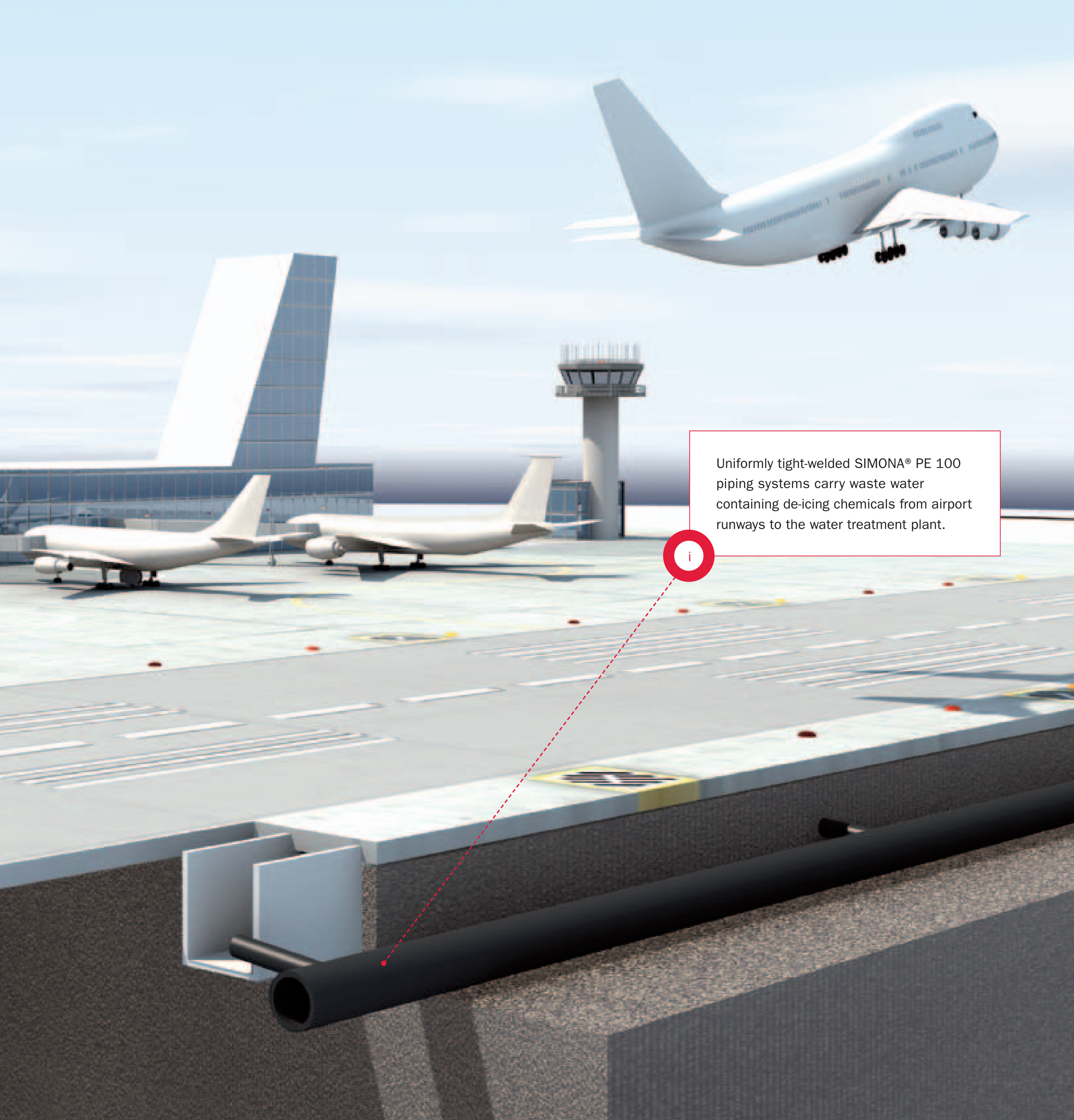


SIMONA – shaping the future of mobility

We are on the move – ever more frequently, ever faster and ever further. In spite or indeed because of the countless ways in which we can now communicate online, mobility is becoming more and more important. Why? Above all, the internet has vastly increased the scope for buying goods. At the same time, however, in an age of social media marketing and virtual worlds, we are rediscovering the value of personal relations and dialogue.

That is how we see it at SIMONA, too. For an international organisation like ours, networked communication is extremely important; nevertheless, both we and our customers appreciate the real value of long-term personal relations.

We are clearly seeing an expansion of every method of transport in use throughout the world. According to forecasts, global transport services are set to grow by approximately 50 per cent over the next twenty years. Transport is already



Uniformly tight-welded SIMONA® PE 100 piping systems carry waste water containing de-icing chemicals from airport runways to the water treatment plant.

01_Global shipping volumes are set to expand rapidly. SIMONA supplies PE sheets for customs and harbour police boats that are made entirely of PE. From Turkey, they are exported as far as Japan and Korea.

Photograph: Turbostan

responsible for around a quarter of global CO_2 emissions, even though the number of cars in developing countries with large populations is still at quite a low level. The World Business Council for Sustainable Development (WBCSD) anticipates a rapid increase in car ownership especially in these developing countries, where the distances travelled per person using different forms of transport are also expected to grow by a substantial margin – in China, for example, by as much as 300 per cent – between now and the year 2050.

SIMONA has set up a business unit specifically to examine the potential development of plastic products for applications in the automotive, shipping and, looking further ahead, the aircraft construction industries. The benefits of using plastics are self-evident: lightness and flexibility. In vehicle construction, plastics are increasingly taking the place of heavier materials in order to reduce weight, as this helps to cut fuel consumption and emissions.

Product solutions for fuel tanks

A multilayer sheet developed by SIMONA has been adapted for use in fuel tanks for the BMW X3. We have constantly updated our process expertise in this segment, and in 2009 we signed a framework agreement with Magna Steyr. SIMONA supplies 6-layer sheets based on HDPE

with an EVOH barrier layer. The sheets are used to make thermoformed fuel tanks for the new Audi A6 and A7 and the BMW Mini Countryman using twin-sheet technology. SIMONA can also supply deep-drawn PE sheets for car boot/trunk panels and inserts as well as PE sheets for car door sill panels.

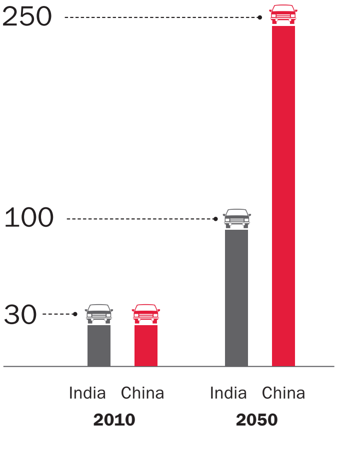
Product solutions for air and marine transport

Growth in air traffic has an impact on the environment. Runways have to be extended, and the greater number of flights means an increase in emissions. Plastics can help to mitigate this impact, and not only inside the aircraft. The task of draining water from the new runway at Frankfurt airport presents a considerable technical challenge. This is a major project for

02_Fuel tanks made of SIMONA® HDPE multilayer sheets using twin-sheet technology
03_Waste water drainage collector made of SIMONA® PE 100 at Frankfurt airport; civil engineering and pipe construction: Franz Kassecker GmbH, Waldsassen
04_SIMODRAIN® pipe system for traffic route drainage

which SIMONA supplies PE pipes and fittings that carry the waste water (some of which may contain de-icing chemicals) in a safe and environmentally compatible manner to the appropriate water treatment plants. A similar system has already been installed at Hahn airport in the Hunsrück region.
SIMONA supplies companies in Turkey with PE sheets in a range of colours for boats up to 14 metres in length. Among their many applications, these boats are used by the customs and harbour police in Turkey and are exported as far afield as Japan and Korea via neighbouring countries.
SIMONA produces SIMODRAIN® piping systems to drain waste water from transport routes and PVC sheets for train compartment interiors. SIMONA supplies finished parts for the anti-slip rails used in baggage transport and illuminated signs made of transparent PVC at airports. SIMONA produces transport boxes for HGVs and deep-drawn products for engine mounts. SIMONA produces fifth-wheel couplings made of dehoplast® PE-500 as well as pipes and pressed sheets for the brush systems used in road sweeping vehicles.
Our society faces the challenge of ensuring mobility while minimising the impact of that mobility on the environment. This also presents an opportunity for SIMONA. Drawing on the advanced properties of our materials and the track record of our engineers in terms of innovation, plastics solutions from SIMONA can help to achieve this goal in every method of transport.

Increase in car ownership
India and China
per 1,000 inhabitants



Source: WBCSD

SIMONA® Eco-Ice sheets for year-round skating at comparatively low energy and running costs.

Life-enhancing innovations

Companies can only count on long-term success if they offer lasting benefits – we at SIMONA are convinced of it. SIMONA City showcases a host of applications that help to enhance people's lives.

The advancing industrialisation of many emerging economies has increased human prosperity, even though poverty remains an enormous problem in many regions of the world. Rising purchasing power creates new needs and stimulates growth in markets. Body optimisation is a mega trend of the future. It will mean soaring numbers of cosmetic surgery procedures and an equally steep upturn in the professionalisation of leisure sport. Hence, medical technology is one of the growth sectors of the next few decades. The leisure industry, too, will profit from body-consciousness and the anti-aging trend.

As people become ever more prosperous and educated, they have a growing sense of responsibility for natural resources and their living environment. They still want to enjoy life, but not at any price. In medical technology and the leisure industry, innovative plastics offer untold potential to make life more liveable and, at the same time, more sustainable.

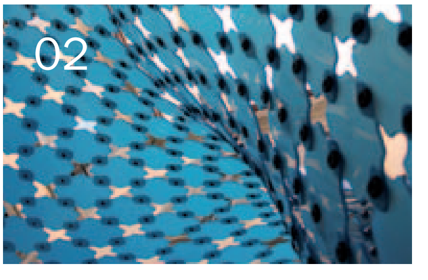
Sustainable ice rinks

Ice rinks are a popular facility in any town, but their energy consumption is staggeringly high. Innovative synthetic surfaces made of SIMONA® Eco-Ice plastic sheets are supremely smooth to skate on and deliver significant savings on energy and running costs. Ice resurfacing machines and refrigeration plants are surplus to requirements. Unlike conventional ice rinks, there is no need for a chilling system to produce ice. Once the sheets are installed and interlocked, users can take directly to the surface on their usual skates. It delivers virtually the same gliding quality as a mechanically frozen ice rink that has been freshly cleaned.

Portable dialysis machines

Mobile dialysis machines give patients back their independence and the freedom to travel further afield. SIMONA supplies tiny tubes made from SIMOLUX, which are incorporated as filters into portable dialysis equipment.

SIMONA supplies PP milled parts for medical devices and PETG sheets for computer tomographers. SIMONA produces PE, PP and PETG sheets for orthopaedic prostheses and antibacterial sheets for hospital ram-protection rails. SIMONA supplies plastic sheets for stadium seating and PE pipes for stadium roof drainage. SIMONA supplies PP-C sheets for snowboard coatings and ram-protection sheets for gondola lifts. SIMONA aims to innovate in the direction society is moving: with life-enhancing, sustainable products, backed with our excellent service. Relishing every challenge that the future holds.



01_Piping system for the Black Mamba ride at Phantasialand, Brühl
02_Project Or: SIMONA® PP sheets with light-reactive pigments

Next-generation plastics

In future, plastics will be an integral element of everyday life to an extent we can barely imagine. They will make applications even more efficient and our lives all the more convenient. And they will help to save resources – in both mobile and stationary fields of use.

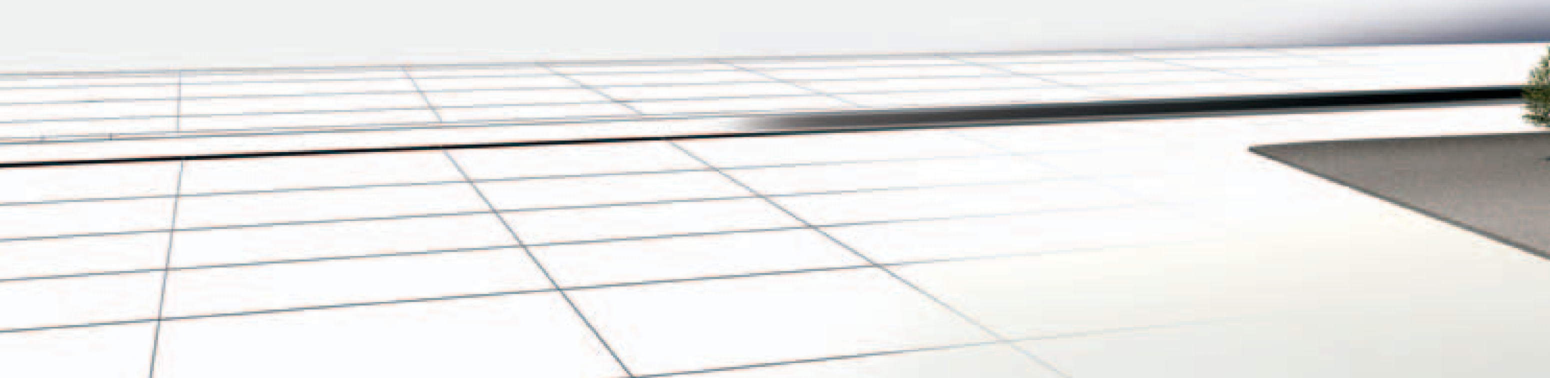
Metals, glass, ceramics and stone – up to the middle of the last century, these were the construction materials our world relied on. That era came to an end as plastics began their triumphal march, taking over from traditional materials in one established field of application after another. The progress so far is impressive enough, but this is only the very start of an exhilarating phase of development.

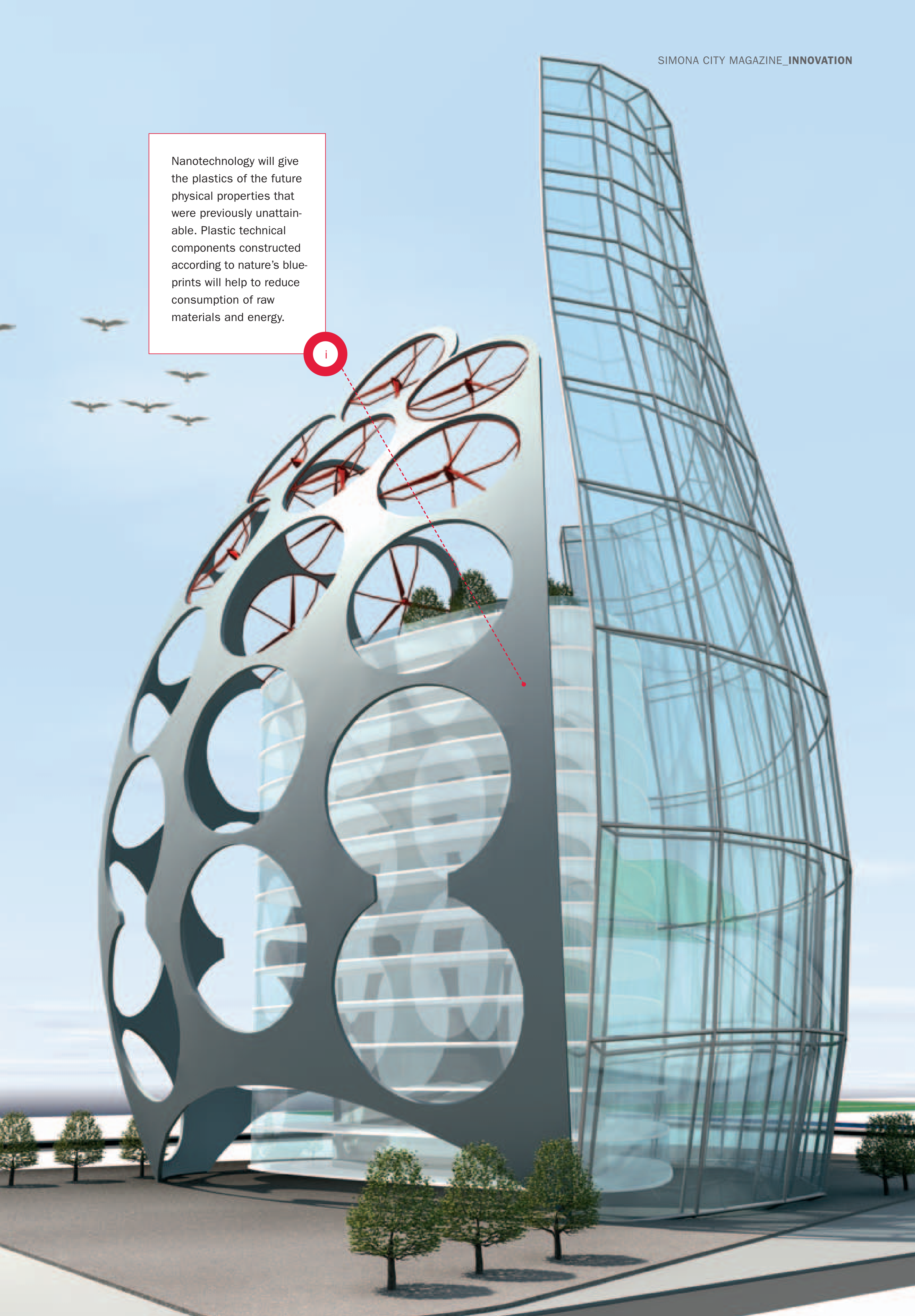
Right now we are learning that it is perfectly possible to produce plastics economically even without fossil fuels. Polymers based on renewable raw materials are already attaining qualities at least on a par with those of their traditional, oil-based predecessors. Very soon, polymer chemistry will be making systematic use of nature's virtually infinite supply of carbon as standard practice. Rigid and flexible piping, assemblies, technical parts, packaging and consumer goods – everything will be made of components from renewable sources.

What is more, the components can be arranged intelligently for different purposes, giving these sustainable plastics enormous development potential. Properties that we describe today as ultra-rigid, ultra-tough or ultra-elastic will be more than exceeded by the new generation of plastics. Aligning molecule chains with the flow of forces could exponentially reinforce a product's rigidity and toughness. Elastic components which strictly alternate with rigid chain elements could pave the way for hyper-intensified and reversible qualities of extensibility.

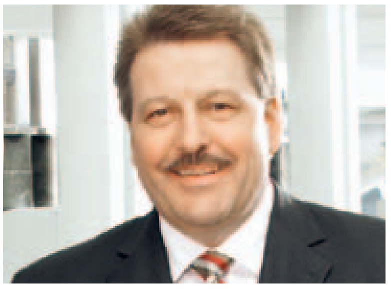
Fillers based on nanotechnology will give future plastics physical properties that were previously unattainable. Electrical conductivity mimicking that of metals will be useful for integrating electronic circuits into plastic products. Nanopores can minimise thermal conductivity and maximise heat insulation. Rigid, impact resistant and yet highly transparent plastics will combine the transparency of glass with supreme shatter-resistance.

Electrical conductivity will make the physical properties of future plastics variable. Electronic controls can then





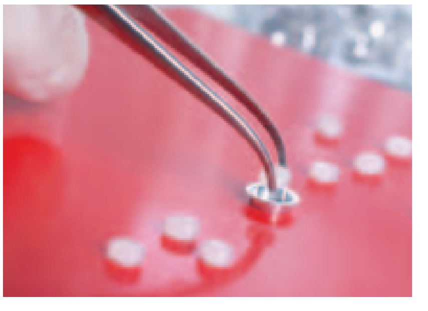
Nanotechnology will give the plastics of the future physical properties that were previously unattainable. Plastic technical components constructed according to nature's blueprints will help to reduce consumption of raw materials and energy.



“An undeniable trend: lighter, more powerful and more economical.”

Dirk Möller, Chief Operating Officer, SIMONA AG

Innovation and customising are key success factors for SIMONA. To us, innovation doesn’t just mean developing new products. What innovation means to us is listening to you and working with your ideas.

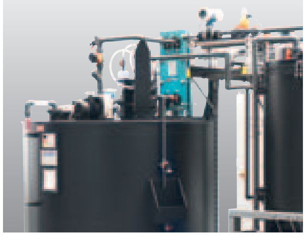


determine whether a surface appears light or dark, whether a sheet is transparent or opaque, a wall hot or cold, a surface smooth or rough, sound-absorbent or sound-reflecting. And what can be realised on a large scale will apply equally to the tiniest pixels: organic light diodes would be able to turn plastic films into three-dimensional displays, which light rooms, provide information or entertainment, and deliver a calming or an invigorating ambience. And plastics will also help to generate the necessary energy: lightweight, flexible and durable solar cells could be manufactured without the slightest need for metal or glass – and perform significantly better than conventional versions ever could.

Engineers searching for materials to meet high specifications more economically will make use of developments by polymer chemists and physicists. With their unique combination of rigidity, toughness, resilience and low weight, technical parts, pipes, profiles and elements made of plastic and constructed according to nature’s blueprints will help to reduce consumption of raw materials and energy. In close consultation with our customers, SIMONA will actively support developments in plastic technology – for the benefit of people and the environment.

Customising at SIMONA

At SIMONA, we have perfected the art of listening and learning. Our ambition is to deliver solutions tailored to your individual needs. Applying our state-of-the-art process technology and unrivalled technical expertise, we are capable of adapting the properties of raw materials to create new products and customised solutions.



SIMONA® PE 100 for gel-mixing systems used in the battery industry

Sulphuric acid storage tank and gel-mixing tank to be used by KUSTAN GmbH & Co. KG, Gelsenkirchen – with exceptional demands on material, structural design and components.

SIMONA® SIMOPOR-DIGITAL

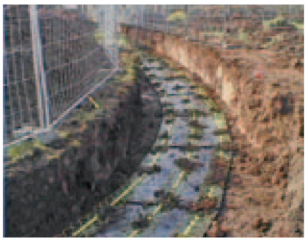
Specially designed for digital direct printing. The new PVC free-foam sheet guarantees perfect printing results and brilliant colours, as well as offering best-in-class process reliability.

Twin-wall sheets made of PP-DWU AlphaPlus® for storage tanks

Construction of chemically resistant buffer tanks made of SIMONA® PP-DWU AlphaPlus® twin-wall sheets for the purification of proteins in the cosmetics industry – commissioned by Angenstein AG, Aesch/Switzerland.

SIMONA® RC-Line and SPC-RC-Line

New range of protective pipes for trenchless or sand-bed-free installation. SPC-RC-Line includes coextruded pressure pipes with a protective jacket for highly demanding applications.



SIMONA® PE-HD sheets used to cover gas pipes

The GDF SUEZ Group, France, had to protect 3,500 km of gas pipes against external damage. SIMONA® PE-HD sheets were used to cover individual pipe sections. Working in close collaboration, SIMONA and GDF developed an end-to-end solution that includes protective sheeting, connection technology and efficient installation.

SIMONA dehoplast® superlining

Market launch of a premium product range with exceptional gliding properties and outstanding durability for applications in the field of mining, open-cast mining and bulk-goods handling.

SIMONA – Our world of plastics

SIMONA AG is a manufacturer of thermoplastic products, with production facilities and sales offices around the globe. Our team of more than 1,200 employees brings together best-in-class expertise and an unrivalled passion for customer service, while our portfolio of 35,000+ items represents one of the most extensive and diverse product ranges worldwide. Annual production exceeds 100,000 tonnes.

SIMONA's product portfolio includes semi-finished products, pipes and fittings as well as finished parts. The range of semi-finished products consists of sheets, rods, profiles and welding rods. Displaying superior resistance to aggressive chemicals, these products are used for a wide range of applications, with particular emphasis on chemical tank and equipment engineering. Other key areas in which SIMONA's high-performance plastics are used include mechanical engineering, automotive applications, transport technology, life sciences, advertising and structural engineering.

SIMONA pipes and fittings are mainly deployed within the utility and waste disposal industry. In addition, our piping systems have become highly sought after as solutions for cutting-edge industrial applications.

Product diversity, quality and best-in-class technical service have been inextricably linked with the SIMONA name for more than 150 years. Beyond our comprehensive range of standardised products, we also develop customised solutions tailored to the requirements of virtually any application imaginable. Committed to excellence, we have established a finely honed logistics and global distribution network to ensure that SIMONA solutions are delivered to customers wherever and whenever they are required.

SIMONA is committed to delivering cutting-edge solutions to address some of the most pressing issues facing our society in the future. Plastics are predestined for applications within the field of environmental protection, energy provision, mobility and water supply. We have formulated a corporate strategy that is targeted closely at these areas of business. SIMONA is a pioneer in environmental protection. For decades, we have been producing PVC sheets without hazardous lead stabilisers. Ninety-five per cent of the waste produced during operations is recycled.

i

SIMONA Group – Key Facts & Figures

1,200
employees worldwide

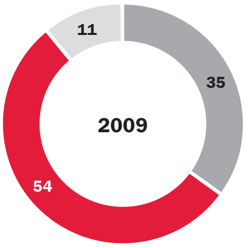
35,000
products

100,000
tonnes processed per annum

SIMONA Group*		2009	2008
Revenue	€ m	215.1	303.7
Year-on-year change	%	–29.2	1.3
of which abroad	€ m	138.6	191.6
of which abroad	%	64.4	63.1
Staff costs	€ m	55.3	58.2
Profit before income taxes	€ m	7.1	20.2
Profit for the year	€ m	5.0	13.9
Cash flow from operating activities	€ m	28.2	44.7
EBIT	€ m	7.3	19.8
EBIT	%	3.4	6.5
EBITDA	€ m	21.9	32.3
EBITDA	%	10.2	10.6
Total assets	€ m	244.7	244.8
Equity	€ m	157.5	157.6
Non-current assets	€ m	94.3	97.1
Investments in property, plant and equipment	€ m	11.6	21.2
Average number of employees		1,230	1,237

* based on IFRS

Revenue by region
SIMONA Group (in %)



Germany
Rest of Europe & Africa
Asia, America & Australia

Stock Data		2009	2008
Earnings per share	€	8.31	23.20
Dividend	€	6.00	8.50
Dividend yield		1.9	2.6
P/E ratio*		38.1	14.0
Market capitalisation-over-equity ratio*		1.21	1.23
based on share price at 31 Dec.	€	317.00	324.0

* calculated on consolidated basis

SIMONA AG

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2009 Annual Report of SIMONA AG

Management Board

Wolfgang Moyses
Chairman
Chief Executive Officer

Dirk Möller
Deputy Chairman
Chief Operating Officer

Detlef Becker
Chief Sales Officer

Letter to Shareholders

Dear Shareholders,

The 2009 financial year proved to be one of the most difficult in the recent history of SIMONA. Indeed, we were faced with a number of significant challenges. The majority of our sales markets and regions around the globe were severely impacted by the effects of the economic crisis. Against this backdrop, we had to contend with a considerable downturn in order intake and revenue – across all geographical regions and sales segments.

The first ripples of the crisis were felt in the fourth quarter of 2008, and we responded immediately. Inventory levels were scaled back at the end of 2008. Furthermore, we initiated and rigorously implemented an extensive package of measures aimed at streamlining costs and securing earnings. Within this context, our objective was to retain our core workforce and achieve an above-par result – and we succeeded in meeting this target for 2009. Despite a slump in revenue by almost 30 per cent to € 215.1 million, we managed to post a pre-tax profit of € 6.8 million, aided by the introduction of short-time work as a highly effective instrument. However, at the same time we had to take the difficult decision to close our plant in Würdinghausen. This was prompted primarily by structural issues rather than by the general economic malaise, although the economic downturn certainly forced us to take swift action. As for the future, we see good potential for business within the area of pressed sheets and finished parts, and we have established an excellent position when it comes to serving our customers in the mechanical engineering and transport technology sectors from our existing facilities in Kirn and Ringsheim.

One of the principal challenges in 2009 was to remain focused on our medium-term growth targets, irrespective of the need for heightened cost awareness in the short term. We are confident that the prospects for our product portfolio within the global arena remain excellent. With this in mind, we again invested in sales activities within key markets such as South America, India and Russia during 2009. Following the successful start of production, we also directed our new facility in Litvinov, Czech Republic, towards full-scale operations over the course of the financial year under review. In Jiangmen, China, our first Asian plant underwent a test run in 2009; this site will help to improve considerably our position in the growth region of Asia/Pacific during 2010. We also worked hard at optimising our processes in 2009, the objective being to further enhance our service proposition and speed up the delivery of standard products within our range.

We shall continue to pursue our growth opportunities with the same diligence and energy displayed when tackling the challenge of global economic downturn. At the same time, we are well aware of the fact that 2010 will also be difficult. But we remain committed to our ambitious goals. We want “SIMONA” to be the first name to spring to mind when it comes to semi-finished products, piping systems and finished parts made of plastic. Around the globe – with the ambition of expanding SIMONA City. We hope you enjoy reading our Annual Report and our City Magazine.

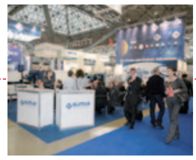
Wolfgang Moyses, CEO
Chairman of the Management Board

Dirk Möller, COO
Deputy Chairman
Technology and Logistics

Detlef Becker, CSO
Marketing and Sales

Key Events in 2009

01



Interplastica, Moscow
Launch of SIMONA® twin-wall sheets in burgeoning Eastern Europe market

02

Plastindia, New Delhi
Attendance at leading plastics trade show in India – go-ahead for permanent commercial agency

DIBt accreditation for SIMONA® PP-DWU AlphaPlus®
First and only semi-finished plastics producer with accreditation for PP compound

04

Wasser Berlin trade fair
Swage-lining at exhibition stand and "live" at construction site of Berliner Wasserbetriebe

07

AGM 2009, Kirn
SIMONA City presented to satisfied shareholders – dividend remains high

Mobility, life sciences and environmental technology
Customizing for future fields of business – SIMONA unveils new business unit

09

Motek, Stuttgart
Extensive range of finished parts for mechanical engineering and transport technology sector

Visit by Federal Minister Annette Schavan and Permanent Secretary Julia Klöckner
Open dialogue on promoting investment and on-the-job degree courses

SIMONA presents vocational training programme
Job training exchange is a popular platform for potential candidates

Running for a good cause
SIMONA team delivers solid performance at 4th Elisabeth-Stiftung Company Run

Start of production at Litvinov, Czech Republic
Position in Eastern Europe strengthened by first multi-functional production facility

Re-certification of quality and environmental management system
TÜV Süd certifies high standard when it comes to meeting customer requirements and complying with process specifications

03

Customer and dealer training
Train, present and network: Oadby Plastics visits SIMONA Kirn

Top marks for quality and customer focus
Survey on customer satis-faction in Europe

Financial results press conference 2009, Frankfurt
SIMONA 2008: further increase in sales and earnings despite economic downturn

05

Achema, Frankfurt
SIMCHEM database on chemical resistance showcased at trade fair

08

Sustainability as a company principle
FSC-certified paper for an increasing number of SIMONA publications: guarantee of sustainable forest management and responsible use of natural resources

Team-building
Induction programme for new vocational trainees at Naturklettergarten Idar-Oberstein

Award for best-in-class performance
IHK honours SIMONA trainee Tristan Stephan and super-visor Andreas Eli

11

Committed to education
Students from FH Koblenz visit SIMONA Technical Service Center

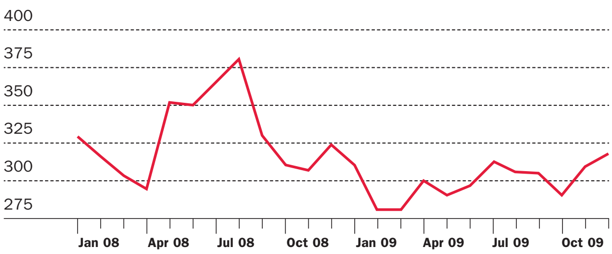
12

Christmas donation to Stiftung Bärenherz
Help for terminally ill children and their parents

Stock Performance and Capital Markets

Following the dramatic slump in share prices during 2008, the start to 2009 was one of cautious optimism. However, market sentiment soon took a heavy beating after a string of unfavourable announcements from the corporate sector and negative forecasts issued by leading economists with regard to the future direction of the global economy. Germany's DAX lost more than 28 per cent in the first two months of 2009, plunging from approx. 5,000 points to below the 3,600 mark. It was not until the second quarter of 2010 that efforts by central banks and governments to support and stabilise the financial sector produced a renewed sense of confidence among investors. Stock market turnaround finally came on the back of more encouraging news from the banking sector and much improved early economic indicators. The yields produced by government bonds with high credit ratings were so low that funds were being directed into investment instruments with greater risk exposure. Against this backdrop, the DAX surged by almost 70 per cent during the subsequent months, recording its fastest ever gain. Towards the end of 2009 it breached the 6,000 mark. It closed the year at 5,957.43 points, just slightly short of its high of 6,026.69 points and 22.7 per cent up on the opening mark of 4,856.85. Initially, the DAX continued to rally in the first weeks of 2010, only to come under renewed pressure as excessive levels of national debt in Greece and Portugal brought uncertainty to the investment sector. At the end of March, Germany's lead index stood at approx. 6,150 points.

Share performance SIMONA AG* (in €)



* Closing market prices at end of month

Performance of SIMONA shares

SIMONA shares developed well at the beginning of the year, reaching an annual high of € 325 on 9 January. During the remainder of the first quarter, however, the company's shares were unable to escape the general downturn experienced by stock markets; on 6 March SIMONA's stock fell to a low of € 270. In view of SIMONA's more subdued business performance, underlined by a significant decline in revenue in the wake of the financial and economic crisis, the company's stock developed inconsistently during the rest of the year, with prices hovering around the € 300 mark. At the end of the year SIMONA's share price stood at € 317, not far off its opening price of € 323. The price of SIMONA shares was also € 317 at the end of March.

Dividend

SIMONA will be paying a dividend of € 6.00 per share for the 2009 financial year. Despite the challenging situation, SIMONA remains fully committed to its corporate policy of safeguarding appropriate dividends for its shareholders. The dividend of € 6.00 per share represents 72 per cent of the company's annual profit.

SIMONA stock

WKN	723940
ISIN	DE0007239402
Type of security	Domestic stock
Par value	No-par-value shares
Share capital	€ 15.5 million
Exchange	Frankfurt am Main, General Standard

Report by the Supervisory Board of SIMONA AG

The 2009 financial year presented a challenge of unprecedented severity not only for the company's Management Board and employees but also it's Supervisory Board. In response to the dramatic slump in revenue and order intake experienced from the end of 2008 onward, the management team was forced to draw up an immediate action plan that required swift implementation. SIMONA succeeded in rapidly executing these measures. Against this backdrop, the fact that the company was able to post a positive result for 2009 is a testament to the tremendous commitment of the entire SIMONA team.

SIMONA scaled back its costs, but without jeopardising its medium-term growth targets. Thus, the company will be in a position to react with similar speed to an upturn in business. Indeed, the global growth opportunities for SIMONA products – particularly in high-potential sectors such as energy, the environment, utilities and life sciences – are outstanding.

In view of the economic crisis, an even closer dialogue between the Management Board and the Supervisory Board was necessary during the period under review. Decisions had to be taken promptly, but nevertheless on a well-judged basis. Within this context, the focus throughout was on defending SIMONA's solid (financial) base regardless of the prevailing difficulties and on securing its position for the future.

This report outlines the Supervisory Board's interaction with the Management Board as well as the key topics discussed at meetings convened by the Supervisory Board and its committees.

Cooperation with the Management Board

Over the course of the 2009 financial year, the Supervisory Board discharged its duties under statutory provisions and the company's articles of association, advised the Management Board and senior staff on a regular basis and evaluated and monitored management's activities. It also conducted an assessment of the company's risk management and compliance procedures and came to the conclusion that the system implemented meets the requirements to the fullest extent. The Management Board and Supervisory Board consulted on the strategic direction of the company – particularly in view of the challenging economic situation – and regularly discussed the status of strategy execution. The Supervisory Board was directly involved in all decision-making processes of fundamental importance to the company. The Management Board informed the Supervisory Board as part of regular written and verbal reports, furnished in a timely and comprehensive manner. The reports focused in particular on issues relating to corporate planning, the course of business and the position of SIMONA AG and its subsidiaries, including the risk situation, risk management, compliance and transactions of significant importance to the company. At the same time, the Management Board outlined any deviations between specified targets and the actual course of business, elucidated them in full and explained any countermeasures taken to rectify the situation. The content and scope of reports furnished by the Management Board meet the requirements set out by the Supervisory Board. In addition to the above-mentioned reports, the Supervisory Board asked the Management Board to provide supplementary information relating to certain issues. In particular, the Management Board was available at Supervisory Board meetings for the purpose of discussing specific points and answering any questions put to it by the Supervisory Board. Transactions requiring the Supervisory Board's consent were dealt with and examined thoroughly in cooperation with the Management Board, focusing particularly on the benefits and effects of these transactions.

The Chairman of the Supervisory Board was also kept fully informed in between meetings convened by the Supervisory Board and its committees. For example, the

Hans-Werner Marx
Chairman of the Supervisory Board

CEO and the Chairman of the Supervisory Board met regularly to discuss SIMONA's strategy, current progress in business and risk management, as well as other key topics and decisions that arose. Additionally, the Chairman of the Supervisory Board conducted one-to-one meetings with the other members of the Management Board for the purpose of discussing specific issues relating to their departments. The CEO informed the Chairman of the Supervisory Board without delay of all important events that were significant in the assessment of SIMONA's state of affairs and progress or for the management of the company. The Supervisory Board also deliberated on the implementation of the German Corporate Governance Code within the company and, where applicable, initiated measures aimed at fulfilling the new requirements, working in close cooperation with the Management Board. The Supervisory Board does not concur with all aspects of the Corporate Governance Code. A summary of departures from the code was made available to the shareholders and explained in full via the company's website and the Corporate Governance Report as part of the updated Declaration of Conformity, dated 10 March 2010 and issued pursuant to Section 161 of the German Stock Corporation Act (Aktiengesetz – AktG).

Supervisory Board meetings

The Supervisory Board convened four scheduled meetings over the course of 2009.

The focus of the meeting held on 24 February 2009 was on the concluding report prepared by the Management Board for the 2008 financial year and the outlook for the 2009 financial year. Furthermore, the Supervisory Board discussed the corporate strategy with the Management Board, as well as reviewing measures aimed at stabilising earnings in the financial year under review. Additionally, the agenda included the progression of business at the production sites in the United States, the Czech Republic, China and Würdinghausen.

At the meeting of 23 April 2009 the Supervisory Board discussed the consolidated financial statements, the annual financial statements of the parent as well as the Group management report and the management report of SIMONA AG for the 2008 financial year, the proposal by the Management Board for the appropriation of distributable profit generated in the 2008 financial year and the result of the year-end audit conducted by Ernst & Young GmbH, Wirtschaftsprüfungsgesellschaft. The meeting was attended by the auditor, who reported in detail on the results of the audit. The Supervisory Board was thus able to satisfy itself that the audit had been conducted in a proper manner. At the same meeting, the Supervisory Board approved the results of the audit.
Having concluded its examination in full, the Supervisory Board raised no objections to the annual financial statements of the parent and consolidated financial statements or the management report and Group management report for the 2008 financial year; the accounts were thus approved by the Supervisory Board. It assessed and endorsed the Management Board's proposal for the appropriation of net retained earnings (i.e. unappropriated surplus).
Other items on the agenda at this meeting included determining the date and agenda for the 2009 Annual General Meeting. At this meeting the Supervisory Board informed itself about the course of business during the first quarter of 2009 as well as the situation at the Würdinghausen plant and the facilities in the United States, China and the Czech Republic.
At the Supervisory Board meeting of 30 July 2009 the Management Board reported on the progression of business for the first half of 2009 and provided its outlook for the second half of the year. Additionally the Supervisory Board informed itself about the latest state of affairs at the Würdinghausen plant. Other items on the agenda included first-half reports relating to the production sites in the United States, the Czech Republic and China, as well as a facility-specific outlook for the second half of the financial year.
Business performance as at 30 September as well as the financial situation for 2010 were among the key issues discussed at the Supervisory Board meeting of 5 November 2009.In addition, the Supervisory Board informed itself about the principal strategic projects as well as the sale of a company-owned property. At this meeting the Supervisory Board also passed the amended by-laws of the Management Board, including regulations governing transactions subject to prior approval and interaction between the Management Board and the Supervisory Board. Furthermore, the dates for Supervisory Board meetings in 2010 were discussed.

Committee work

The Supervisory Board is assisted by the Audit Committee and Personnel Committee. Both committees regularly provide the Supervisory Board with extensive information relating to their activities. The Audit Committee is responsible mainly for addressing issues relating to accounting and year-end auditing, risk management and acquisitions. The principal duties of the Personnel Committee are centred around compensation as well as the conclusion, amendment and termination of Management Board members' employment contracts.
The Audit Committee convened on four occasions during 2009. In particular, it focused on the corporate strategy and principal projects of the Management Board. In view of the difficult situation with regard to incoming orders in 2009, the Audit Committee also discussed the earnings outlook. Additionally, it looked at the issue of capacity utilisation at the facilities in the United States and the Czech Republic as well as the situation at distribution centres. The Audit Committee also reviewed the half-yearly and quarterly results and prepared the

proposal by the Supervisory Board for the appointment of the independent auditor for the 2009 financial year, to be put forward to the Annual General Meeting of Shareholders, as well as determining the focal points of the audit.
In 2009, the Personnel Committee focused mainly on the compensation system for the Management Board.

Annual financial and consolidated financial statements
The accounts of SIMONA AG for the 2009 financial year were audited by Ernst & Young GmbH, Wirtschaftsprüfungsgesellschaft, Frankfurt, appointed as auditor by the General Meeting of Shareholders on 31 July 2009. Before proposing Ernst & Young GmbH as auditor to the General Meeting of Shareholders, the Chairman of the Supervisory Board had obtained confirmation from Ernst & Young GmbH that there were no circumstances which might prejudice its independence as an auditor. Ernst & Young GmbH audited the financial statements and the consolidated financial statements for the year as well as the management report and the Group management report in conjunction with the accounting records and issued an unqualified audit opinion. The financial statements mentioned above, the audit reports prepared by Ernst & Young GmbH and the Management Board's proposal for the appropriation of net retained earnings were sent to all Audit Committee and Supervisory Board members in good time.

Against the backdrop of a difficult year, the Supervisory Board would like to express its gratitude to the Management Board and all employees within the Group. They all made a highly successful contribution during 2009 and displayed great dedication. The Supervisory Board would also like to thank the Group's customers and business partners for their trust and solid business relations.

Kirn, 21 April 2010

The Supervisory Board
Hans-Werner Marx, Chairman

Corporate Governance Report by the Supervisory Board and the Management Board of SIMONA AG

The objective of the German Corporate Governance Code is to make existing national regulations governing corporate management and supervision more transparent for both domestic and international investors, thereby promoting trust in the governance of listed German stock corporations. This framework is based on the German Corporate Governance Code adopted by the Commission of the German Corporate Governance Code in the amended version of 18 June 2009. SIMONA AG has met the majority of recommendations specified within the Code. The Supervisory Board and the Management Board responded to the legal requirements of the Code by implementing appropriate measures within the company, insofar as these were necessary to supplement the corporate governance system already in place at SIMONA.

Departures from the German Corporate Governance Code

There are several company-specific characteristics which preclude SIMONA AG from adopting the Code in its entirety.

Invitation to General Meeting of Shareholders

"The company shall send notification of the convening of the General Meeting together with the convention documents to all domestic and foreign financial services providers, shareholders and shareholders' associations by electronic means if the approval requirements are fulfilled." (Section 2.3.2 of the Code)
Under Section 30 b (1) No. 1 of the Securities Trading Act (Wertpapierhandelsgesetz – WpHG), the convening of a General Meeting of Shareholders as well as the convention documents must be published in the electronic Federal Gazette. Disclosure in the electronic Federal Gazette cannot be substituted with publication in other media or transmission of the convention documents in a different format. An additional dispatch to all recipients by electronic means would not be feasible for SIMONA AG, even if the necessary approval requirements were to be met, as the names and e-mail addresses of shareholders are not known in all cases. Therefore, SIMONA AG is of the opinion that convening the General Meeting of Shareholders by electronic means, in addition to the method already implemented, is not practicable. In view of this, the company has decided not to implement procedures relating to the request for approval to electronic notifications.

Transparency of Management Board and Supervisory Board compensation

"In concluding Management Board contracts, care shall be taken to ensure that payments made to a Management Board member on premature termination of his contract without serious cause do not exceed the value of two years' compensation (severance payment cap) and compensate no more than the remaining term of the contract. The severance payment cap shall be calculated on the basis of the total compensation for the past full financial year and if appropriate also the expected total compensation for the current financial year. Payments promised in the event of premature termination of a Management Board member's contract due to a change of control shall not exceed 150 per cent of the severance payment cap." (Section 4.2.3 para. 4 of the Code)
At present, the Management Board contracts contain no possibilities of limitation (cap) in respect of extraordinary developments. In the company's opinion, a change of ownership in particular is considered to constitute an extraordinary development. As regards such events, the current Management Board contracts contain no provisions under which board members would have a claim for additional payments. Therefore, from SIMONA's perspective an agreement concerning caps is deemed unnecessary.

"The total compensation of each one of the members of the Management Board is to be disclosed by name, divided into fixed and variable compensation components. The same applies to promises of benefits that are granted to a Management Board member in case of premature or statutory termination of the function of a Management Board member or that have been changed during the financial year. Disclosure may be dispensed with if the General Meeting has passed a resolution to this effect by three-quarters majority." (Section 4.2.4 of the Code)
On 23 June 2006, the General Meeting of Shareholders of SIMONA AG agreed by a three-quarters majority to disclose Management Board compensation in an aggregated format, divided into fixed and performance-related components, rather than disclosing each amount by name.

"Disclosure shall be made in a compensation report which as part of the Corporate Governance Report describes the compensation system for Management Board members in a generally understandable way." (Section 4.2.5 of the Code)
The compensation report is published as part of the management report.

"Members of the Supervisory Board shall receive fixed as well as performance-related compensation. Performance-related compensation should also contain components based on the long-term performance of the enterprise. The compensation of the members of the Supervisory Board shall be reported individually in the Corporate Governance Report, subdivided according to components. Also payments made by the enterprise to the members of the Supervisory Board or advantages extended for services provided individually, in particular, advisory or agency services shall be listed separately on an individual basis in the Corporate Governance Report." (Section 5.4.6 para. 2, 3 of the Code)
The members of the Supervisory Board receive remuneration that is commensurate with their duties and scope of responsibility. This compensation consists of fixed remuneration as specified by the Articles of Association and does not contain a performance-related component. However, the General Meeting of Shareholders is authorised to introduce compensation for the Supervisory Board, with this form of remuneration being linked to the attainment of specific performance targets. In view of the overall compensation structure, SIMONA considers this approach to be the most suitable compensation model in respect of the Supervisory Board's activities. No such variable compensation components were agreed by the General Meeting of Shareholders for the 2009 financial year. Disclosure of Supervisory Board compensation is made on an itemised basis, i.e. for each member, within the compensation report, which forms an integral part of the management report.

Structure of the Supervisory Board and its Committees

"The Supervisory Board shall form a nomination committee composed exclusively of shareholder representatives which proposes suitable candidates to the Supervisory Board for recommendation to the General Meeting." (Section 5.3.3 of the Code)
The Supervisory Board has not yet formed a Nomination Committee. The shareholder representatives on the Supervisory Board already discuss nominations on a separate basis. Therefore, in SIMONA's opinion the actual formation of a Nomination Committee is unnecessary.

Reporting

"The consolidated financial statements shall be publicly accessible within 90 days of the end of the financial year; interim reports shall be publicly accessible within 45 days of the end of the reporting period." (Section 7.1.2 of the Code)
Consolidated financial statements and interim statements are made publicly accessible in accordance with the statutory time frames. Owing to the procedures defined for the preparation of annual financial statements, the aim being to deliver the greatest possible transparency and accuracy, SIMONA is of the opinion that earlier publication would not be feasible in terms of meeting requisite quality standards.

Shareholdings

Ownership interests held by members of the Management Board or the Supervisory Board are presented in the consolidated financial statements or in the compensation report, which is an integral part of the management report. Furthermore, the ownership interests are presented online insofar as the company was notified of any movements above or below the thresholds necessitating disclosure.

Conflicts of interest

Dr. Roland Reber was re-appointed to the Supervisory Board of SIMONA AG on 27 June 2008. Dr. Roland Reber also holds the position of Managing Director at Ensinger GmbH, Nufringen. The two entities maintain business relations with each other on arm's length terms. Should a material conflict of interest arise in specific areas as a result of the mandate held by Dr. Roland Reber, the latter will inform the Supervisory Board about such conflict of interest and will not take part in discussions or, if applicable, voting on any such items on the agenda. No conflicts of interest occurred during the period under review.

Disclosure on the internet

SIMONA AG also publishes its corporate governance statement, declaration of conformity, compensation report and corporate governance report on the internet. In addition, all facts deemed to be of relevance are disclosed on the corporate website in order to reach a broad audience and establish a level playing field for shareholders, analysts and other stakeholders.

Consolidated Financial Statements

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2009 Group Management Report of SIMONA AG

1. Business Activities and General Conditions

1.1. Organisation and legal structure of the SIMONA Group

The SIMONA Group develops, manufactures and markets a range of semi-finished thermoplastics, pipes and fittings as well as finished parts. The materials used include polyethylene (PE), polypropylene (PP), polyvinyl chloride (PVC), polyethylene terephthalate (PETG), polyvinylidene fluoride (PVDF) and ethylene-chlorotrifluoroethylene (E-CTFE) as well as various specialist materials. The production methods applied within this area range from extrusion, pressing and injection moulding to CNC manufacturing. SIMONA also maintains its own plastics laboratories and workshops for the production of customised fittings.

Semi-finished products are deployed mainly within the area of chemical equipment and mechanical engineering, the transport industry, the construction sector, the exhibition and display sector as well as the automotive industry. Pipes and fittings are used primarily for drinking-water supply, sewage disposal and industrial piping systems, including the chemical process industry. Finished parts are destined in particular for the mechanical engineering and transport technology sectors.

The SIMONA Group markets its products worldwide. The sales structure is primarily based on the following three sales regions:

- Germany
- Rest of Europe and Africa
- Asia, America and Australia

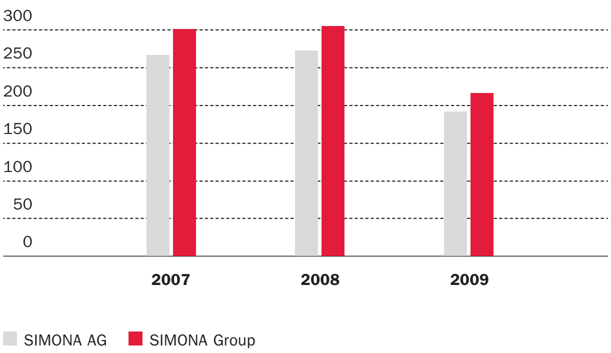
The secondary segments are centred around product areas (semi-finished products as well as pipes and fittings). Sales activities at Group level are conducted by SIMONA AG and subsidiaries in the United Kingdom, Italy, France, Spain, Poland, the Czech Republic, Hong Kong, China and the United States, both directly and via trading partners. Beyond this, the AG (i.e. the parent company) operates a sales office in Möhlin, Switzerland. The parent company, SIMONA AG, has its registered office in 55606 Kirn (Germany).

In the period under review, the SIMONA Group operated facilities located in Germany and abroad. Semi-finished products (sheets, rods, welding rods) are manufactured at two plants in Kirn (Rhineland-Palatinate), while sheets and finished parts were produced at the company's plant in Kirchhundem-Würdinghausen (North Rhine-Westphalia) and pipes and fittings at a facility in Ringsheim (Baden-Württemberg). The facility based in Hazleton (Pennsylvania, USA) manufactures products destined mainly for the American market. In 2009, the facility in Litvinov, Czech Republic, which is the first multifunctional production plant within the SIMONA Group, focused mainly on the manufacture of pipes and sheets for the Eastern European market. The 2009 financial year marked the commencement of partial operations in Jiangmen, China, the emphasis being on polyolefin sheets. In November 2009, the Management Board took the decision to close the plant in Kirchhundem-Würdinghausen in response to the significant losses and structural inadequacies associated with this site.

In the financial year under review the Management Board consisted of Wolfgang Moyses (Chairman/CEO), Detlef Becker, Jochen Feldmann and Dirk Möller. In 2009, the members of the Supervisory Board included Hans-Werner Marx (Chairman), Dr. Rolf Gößler (Deputy Chairman), Roland Frobel and Dr. Roland Reber as shareholder representatives, as well as Bernd Meurer and Karl-Ernst Schaab, who again represented staff interests.

1.2. Business Review

Revenue performance SIMONA AG – SIMONA Group (in € m)



Significant decline in revenue

SIMONA was severely affected by the general malaise that followed in the wake of the financial crisis, with sales revenue plunging by 29.2 per cent to € 215.1 million (2008: € 303.7 million). This was attributable primarily to extremely sluggish investment spending within our key sales markets, the chemical and mechanical engineering industries, and the dramatic decline in exports recorded by these sectors. What is more, the fallout from the financial crisis pervaded virtually all customer sectors and sales regions covered by SIMONA, and thus there was little room for manoeuvre with regard to offsetting shortfalls in specific areas. Revenue generated by the parent company, SIMONA AG, fell from € 271.2 million a year ago to € 191.1 million in 2009, a year-on-year decline of 29.5 per cent.

Germany

Germany's gross domestic product stood at – 5.0 per cent in 2009, the most noticeable decline since the end of the Second World War. Both exports and investments in machinery and equipment suffered a severe blow. Industrial production plummeted to unknown depths, and in April 2009 it was around 30 per cent down on the previous year's figure. Exports recorded a price-adjusted decline of 14.7 per cent. Capital expenditure on machinery and equipment fell by around one fifth compared to 2008, a decline of 20 per cent. The economic downturn proved particularly severe in the winter of 2008/2009. However, the economy stabilised over the course of the year, albeit at an extremely low level.

Developments within the company's principal sales markets in 2009 were as follows

Germany's mechanical and plant engineering sector recorded its worst year in decades, with production output plunging by almost 25 per cent in real terms and industry revenue falling by 23.1 per cent in nominal terms, in some areas even by more than 40 per cent. Orders for new machinery were down 38 per cent year on year, plummeting faster and more dramatically than ever before in the history of the VDMA statistics on order intake.

Within the chemical industry, the first signs of the economic downturn were seen as early as 2008. As a result of this, the sector as a whole gradually emerged from the recession in mid-2009, buoyed to a certain extent by overseas demand. Having said that, the industry still had to contend with an aggregate decline in production of 10 per cent in 2009. At – 12.5 per cent on average, revenue generated by the sector as a whole fell at a more pronounced rate than output.

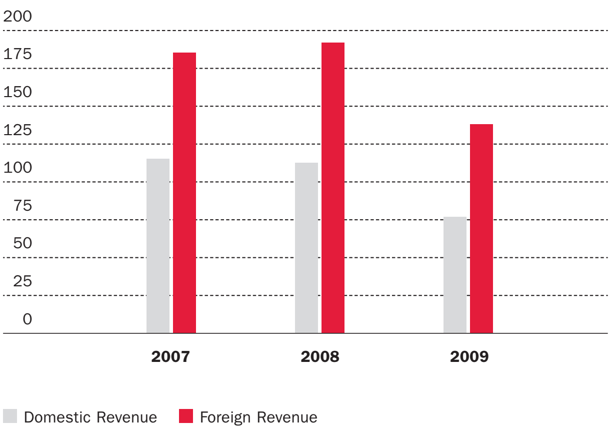
The crisis also had an impact on Germany's international trade fairs in 2009, with exhibitor numbers receding by 3 – 4 per cent based on preliminary calculations. The overall exhibition space booked at trade fairs fell by approx. 5 per cent, while visitor numbers dropped by 8 – 9 per cent on average.

The economic downturn also affected the German construction industry, although the blow was cushioned somewhat by targeted stimulus packages. In nominal terms, revenue generated by the principal construction sector contracted by 4 per cent in 2009. Within this context, construction projects in the public sector provided a significant boost to demand, contributing sales growth of 3.4 per cent within the industry as a whole. By contrast, the commercial construction sector declined by 9 per cent.

The economic crisis also had a severe impact on Germany's plastics-processing industry in 2009, with sector revenue falling by 14 per cent year on year. Production contracted by 11 per cent. Some segments of the industry were more severely affected than others. By way of example, suppliers of engineered plastic components destined for the automotive and electrical sector had to contend with a 20 per cent fall in revenue. By contrast, the plastic packaging industry contracted by just 10 per cent. Within this segment, however, producers of industrial packaging were faced with a significant downturn in orders, while business in the area of consumer-goods packaging remained relatively stable. The marked decline in overseas demand proved particularly detrimental to industry performance. Compared to 2008, exports declined by 16 per cent in the period under review.

Against the backdrop of an unprecedented decline in investment spending and extremely sluggish exports, particularly in the chemical and mechanical engineering sector, the SIMONA Group recorded a particularly severe contraction in total revenue within the sales region of Germany. Sales revenue declined by € 35.6 million to € 76.5 million, which corresponds to a decline of 31.7 per cent. As a sales region, Germany accounted for 35.6 per cent of total revenue, down from 36.9 per cent a year ago.

Development of revenue SIMONA Group (in € m)



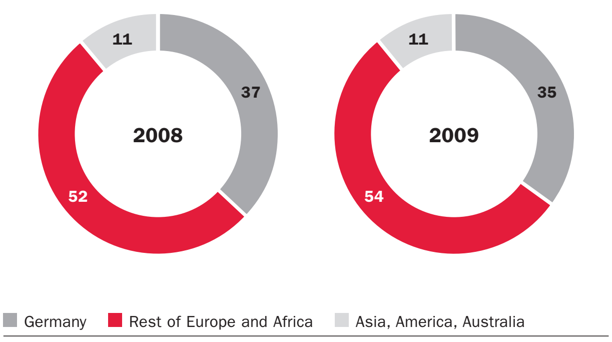
Europe and Africa

Gross domestic product in the eurozone contracted by 4.0 per cent in 2009 (2008: +0.7 per cent), while the EU27 region had to contend with a decline of 4.2 per cent in the same period (2008: +0.9 per cent). Africa was faced with a significant slowdown in economic growth. Revenue from sales in the Rest of Europe and Africa also fell sharply during the period under review. Drawing on its solid position in Western Europe, however, the company was able to partially offset the dramatic decline in revenue experienced in Eastern Europe. Revenue within this region contracted by 27.1 per cent to € 115.4 million (2008: € 158.3 million), which was less severe than the decline in total revenue. The sales region accounted for 53.7 per cent of total revenue within the SIMONA Group, up from 52.1 per cent a year ago.

America, Asia and Australia

At 2.4 per cent (2008: +0.4 per cent), the decline in economic output in the United States proved less severe than in many of the other industrialised economies. Asia was among the first to be severely impacted by the financial and economic crisis, and as a result some of the Asian economies managed to recover somewhat

SIMONA Group Revenue by region (in %)



over the course of 2009. China (+ 8.7 per cent) and India (+ 5.6 per cent) showed signs of growth in 2009, albeit at a significantly lower level than in the previous year. By contrast, the newly industrialised Asian economies were faced with a year-on-year decline in economic output (– 1.2 per cent, compared to + 1.7 per cent in the previous year).
The severe decline in Asia's economic output from the end of 2008 well into the first quarter of 2009 had a significant impact on SIMONA's business performance in this region. Demand recovered only gradually over the course of the year, resulting in low-level growth in specific markets. The company's performance in North America was blemished by weak demand in this region, although the situation improved slightly as the year progressed. Revenue from sales in Asia, America and Australia fell by 29.6 per cent to € 24.3 million.

Severe decline in PP sheets – Higher sales volume of finished parts – Stable business with fittings
Within the area of semi-finished products, PP extruded sheets and pressed sheets bore the brunt of the downturn in business, whereas the decline in revenue from foamed PVC sheets was less severe. The overall sales volume of finished parts rose slightly year on year. Within this area, SIMONA has succeeded in positioning itself as a system supplier to the chemical and mechanical engineering sectors. In total, revenue within the semi-finished products segment fell by 31.5 per cent to € 149.5 million.
The decline in revenue generated within the area of piping systems was less pronounced than that of total revenue, mainly as a result of relatively stable sales in the area of PE and PP fittings. As regards international project business, we managed to strengthen our position in the market for water treatment piping systems. In total, revenue generated from piping systems stood at € 65.5 million, a year-on-year decline of 23.2 per cent.

Product development based on customer-driven requirements
SIMONA pursues product development at various levels. Our Technical Service Centre is responsible for reviewing customer requirements and refining existing products by making well-judged alterations to polymer properties, e.g. by changing the basic formula. The New Products & Applications unit works in close collaboration with our product management to test new materials and develop plastics for new fields of application. Among the newly developed products in 2009, for instance, was a special PVC for doors manufactured with the help of inline foiling technology. The product is targeted mainly at the UK market. Having said that, in the medium term the inline foiling method looks set to unlock opportunities in a number of other fields of application. We also developed a PVC digital printing sheet, thereby extending our SIMOPOR product family. It is to be launched in 2010. Within the area of compact PVC, the company developed an impact-resistant, thermoformable product variant, which is also to be rolled out over the course of 2010. As regards our polyolefin-based products, we created a foamed sheet made of polyethylene that combines the benefits of high rigidity with very low weight. The piping

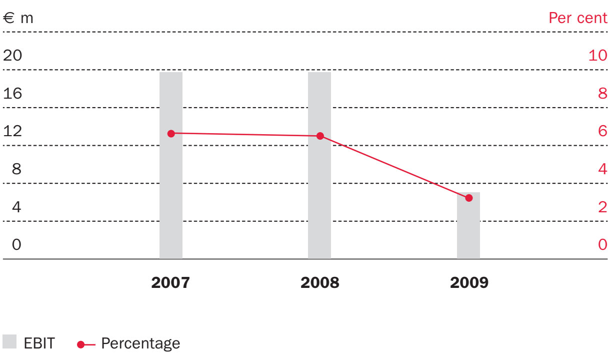
systems division introduced SIMONA® RC-LINE and SIMONA® SPC-RC-LINE pipes, which offer excellent protection with regard to trenchless and sand-bed-free installation. SIMODRAIN®, a product used for the drainage of traffic routes, was certified by Network Rail in the year under review, thus providing a solid foundation for international expansion within this line of business. The company's new SIMOFUSE® range was further extended to include PP as a material specially tailored to applications within the area of geothermal (mine-water) projects. We also focused on the area of multilayer extrusion with the express purpose of extending our abilities of coextrusion up to 630 mm, thereby paving the way for future product innovation.
Research and development expenses are mainly comprised of staff costs, material costs and depreciation/amortisation of non-current assets. Owing to the interrelationship between customer-specific manufacturing procedures, optimisation measures within the area of process engineering and formulae as well as product development itself, the above-mentioned expenses cannot be clearly segregated from production costs.

2. Financial Performance

Positive result despite dramatic decline in revenue
Against the backdrop of economic conditions in 2009, SIMONA managed to stand its ground during the period under review. Earnings before interest and taxes (EBIT) contracted by € 12.5 million to € 7.3 million, while the EBIT margin was just 3.4 per cent, down significantly on last year's figure. However, given the severe decline in revenue by almost 30 per cent, achieving above-par EBIT can be considered a satisfactory result.
After a significant downturn towards the end of 2008, commodity prices rebounded sharply in the period up to the end of the third quarter of 2009. This was followed by a slight correction during the fourth quarter, but prices remained well above the level recorded at the beginning of the year. Expenses for raw materials and consumables used were scaled back significantly as a result of these trends and the considerable reduction of volumes. The cost of materials fell by 37.9 per cent to € 103.7 million. After a marked increase in 2007 and 2008, the cost of energy and water at parent-company level fell by € 2.1 million due to lower capacity utilisation. Against the backdrop of lower sales volumes, gross profit for 2009 declined by € 20.4 million to € 117.0 million.
As a result of commodity price movements at the end of 2009, the carrying amount of inventories rose by € 0.3 million despite the reduction in stock volumes. The carrying amount of finished goods and work in progress was scaled back by € 1.2 million. Operating income fell by € 1.2 million to € 7.4 million due to lower freight and toll revenue as well as a year-on-year decline in foreign currency gains.
Staff costs were also scaled back in 2009, by 5.1 per cent to € 55.3 million, mainly as a result of short-time work introduced by the company.
Other operating expenses fell by € 7.0 million, which was attributable primarily to the significant reduction in maintenance, packaging and freight costs.
Due to difficult market conditions in the wake of the financial and economic crisis, the results recorded in the United States as well as in Asia, France and Italy were in negative territory.

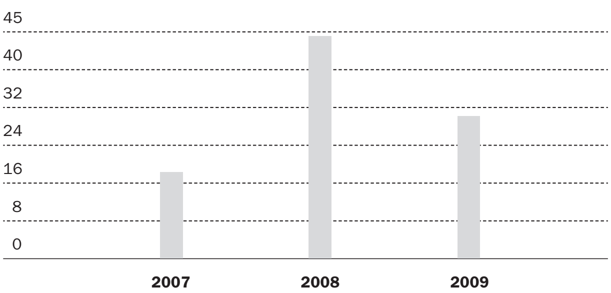
Stable EBITDA margin
The key financial indicators used by SIMONA for the purpose of analysing and controlling operating results are EBIT (Earnings before Interest and Taxes) and EBITDA (Earnings before Interest, Taxes, Depreciation and Amortisation). EBIT represents the operating result before interest and taxes as well as the effects of investments.

EBIT SIMONA Group



Cash flow from operating activities

(in € m)



In the case of EBITDA, non-cash depreciation of property, plant and equipment as well as amortisation of intangible assets are added to the EBIT figure. Both EBIT and EBITDA can thus be used for the purpose of evaluating a company's earnings performance, in addition to providing an approximation of cash flow.

Earnings before interest and taxes amounted to €7.3 million, resulting in an EBIT margin of 3.4 per cent. EBITDA at Group level fell to €21.9 million (2008: €32.3 million), with depreciation and write-downs of property, plant and equipment rising slightly year on year due to an impairment charge. The EBITDA margin remained largely unchanged at 10.2 per cent (2008: 10.6 per cent).

3. Financial Assets and Liabilities

The financial assets mainly comprise cash and short-term bank deposits totalling €61.5 million. In addition, the Group has recognised €0.2 million in foreign currency options at fair value.

The Group's non-current financial liabilities fell by €1.5 million to €7.0 million in 2009. Within this context, a loan of US$5.0 million matures in 2010 and has therefore been presented as a current financial liability. Additionally, non-current financial liabilities rose as a result of a new £2.0 million loan whose principal is due at the final maturity date as well as a loan taken out with the State of Pennsylvania (USA) in the amount of US$0.2 million, which is repayable on a monthly basis. The annuity loan was extinguished by US$0.3 million as scheduled. Other financial liabilities alongside current financial liabilities amount to €0.3 million in connection with interest rate swaps. Interest rate swaps are designed to hedge the risk of a change in the fair value of US dollar loans.

Other financial obligations include €3.1 million from rental and lease agreements. Of this total, an amount of €1.3 million is due within one year. A total of €0.7 million in current obligations is attributable to investment projects already initiated.

Based on finance income of €0.5 million and finance cost of €0.7 million, net finance cost amounted to €0.2 million in 2009.

4. Financial Position

Stable equity ratio

At 31 December 2009 total assets remained largely unchanged at € 244.7 million. Despite further investments in new facilities in Litvinov (Czech Republic) and Jiangmen (China), property, plant and equipment fell by € 2.8 million, as depreciation and write-downs, particularly as a result of an impairment attributable to the Kirn plant, were higher than investments. Receivables fell by € 8.0 million as a result of the decline in revenue, while cash and cash equivalents rose by € 13.0 million. In terms of liabilities, deferred taxes and non-current financial liabilities declined in the period under review, while current financial liabilities rose due to a loan that matures in 2010.

Other financial assets comprise capitalised corporation tax credits of SIMONA AG amounting to € 5.0 million, the economic benefits of which will flow to the company as from 31 December 2009. This is to be seen within the context of the Act Governing Tax Measures Accompanying the Introduction of the European Company and for the Change of other Tax Regulations (SEStEG), according to which the dividend-related reduction of corporation tax is no longer applicable for periods subsequent to 2006. In accordance with these legal provisions, the existing corporation tax credit was determined, and the entitlement was recognised as an asset in the statement of financial position as at 31 December 2009 in an amount equivalent to the present value.

The volume of inventories declined in the period under review. However, this was offset by higher commodity prices that resulted in a higher valuation of stock, as a result of which the carrying amount of inventories rose slightly year on year by € 0.3 million. Within this context, raw materials and consumables rose by € 1.5 million, while finished goods and merchandise fell by € 1.2 million.

At the end of the reporting period trade receivables amounted to € 33.3 million, down € 8.0 million year on year to due to less buoyant business.

Cash and cash equivalents rose by € 13.0 million to € 61.5 million. EBITDA stood at € 21.9 million and cash flow was positive due to the reduction in working capital; investments amounted to € 12.4 million. These aspects are discussed in greater detail in the Statement of Cash Flows in the notes to the consolidated financial statements.

Trade payables fell by € 0.5 million at the end of the reporting period due to the reduction in inventory levels. With an annual profit of € 5.0 million and a dividend payment of € 5.1 million in 2009, equity remained largely unchanged at € 157.5 million. Owing to the fact that total equity and liabilities was largely unchanged year on year, the equity ratio also remained stable at 64.4 per cent.

5. Events after the Reporting Date

For financial reasons, SIMONA AG has reduced the size of its Management Board. On 26 February 2010, the Supervisory Board passed a resolution not to extend the contract of Mr. Jochen Feldmann, which is scheduled to end on 31 December 2010. Mr. Feldmann was the member of the Management Board responsible for Controlling, Accounting, Purchasing, IT/Organisation and Quality Management. The areas previously directed by Mr. Feldmann will be covered by Wolfgang Moyses, CEO/Chairman of the Management Board of SIMONA AG, with immediate effect. Apart from this, there were no events of material significance to the state of affairs of the SIMONA Group in the period between the end of the 2009 financial year and the preparation of this management report. Beyond this and in accordance with statutory provisions, interim announcements will be issued during 2010, outlining the development of the entity and any events that are subject to disclosure requirements.

6. Risk Report

The risk management system of SIMONA AG controls the following material risks: risks relating to the general business environment and sector, financial risks and IT-specific risks.

The risks associated with the general business environment and the sector in which the company operates relate mainly to the economic development of customer segments supplied by SIMONA as well as fluctuating commodity prices and exchange rate movements. Owing to our broad range of products and thorough analysis of the market, we are able to mitigate these risks and respond to changes. The establishment of new production facilities in China and the Czech Republic will help us to improve the company's flexibility when it comes to meeting new customer requirements at a global level.

Price risks associated with exchange rates tend to increase in proportion to revenue generated outside the eurozone. The expansion of production in the United States has helped to scale back risks within this area. What is more, the start of production at our new plant in China at the beginning of 2010 will further mitigate foreign exchange risks. In addition, SIMONA AG addresses the issue of currency risk to the largest extent possible and commercially viable by deploying hedging instruments. Sector-specific risks will continue to be a focal point of our risk management during 2010. Sales and earnings performance in 2010 will be influenced to a large extent by the restrained progression of business within the company’s principal sales markets. The risk situation with regard to the various sales regions, such as Asia and America, has improved slightly. By contrast, commodity price risks have increased during the first few months of 2010 and are thus regarded as a factor of central importance to the company’s earnings performance.

Given the difficult market situation, the risk of default is likely to become more pronounced. Within this context, thorough assessments of credit ratings and continuous monitoring within this area help to mitigate risk as a whole as well as risk associated with individually identifiable items. Default-related risk associated with specific customers is limited by credit insurance and the cut-off of deliveries in the case of outstanding payments.

The carrying amounts of inventories were assessed on a regular basis, and adjustments in the form of allowances were made for specific (unsaleable) products.

At the end of the 2009 financial year, we are of the opinion that there has been no year-on-year change to the risk situation for the company as a result of the factors outlined above.

Corporate Governance Statement

The declaration on corporate governance pursuant to Section 289 a (1) sentences 2 and 3 of the German Commercial Code (Handelsgesetzbuch – HGB) has been published by SIMONA AG on its corporate website at www.simona.de.

7. Report on Expected Developments

Slow recovery of global economy

The world economy is on a path to slow recovery. The key economies throughout Asia returned to growth as early as 2009, and there are visible signs of recovery within the industrialised markets. Having said that, this positive performance is also being driven to a certain extent by basis effects following the severe downturn. Furthermore, global monetary and fiscal measures continue to have a stabilising effect. Whereas Germany is likely to reap the rewards of a more dynamic global economy, the outlook for the eurozone as a whole is less convincing. Spain, Ireland and Greece are expected to suffer another decline in GDP. In the United States, meanwhile, the industrial sector has been showing some forward momentum. The International Monetary Fund has projected global economic growth of around 4 per cent for 2010. The industrialised nations are expected to perform below average, while China and India are likely to generate more dynamic growth of 10 and 7.7 per cent respectively. However, the uncertainties as to future economic performance remain tangible, particularly within the manufacturing industry. The propensity to invest is expected to remain low within the industrial sector as long as sales prospects are poor and excess capacities persist. This scenario will have an adverse effect on SIMONA's business.

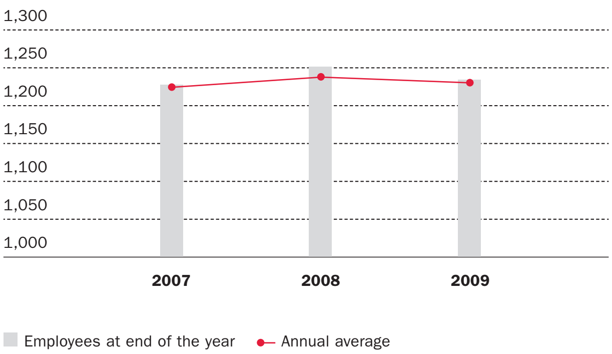
First quarter remains sluggish

SIMONA anticipates that 2010 will be as challenging as 2009. Revenue generated from sales in January and February remained low, which may also be attributable to the severe winter and the negative effects this had on business within the area of piping systems. Additionally, rising commodity prices have been exerting pressure on profit margins. Against this backdrop, the first quarter is expected to produce a break-even result. SIMONA believes that it will take until the second half of the year at the very least before there is any noticeable and viable recovery. Depending on the level of incoming orders, short-time work will continue at different levels throughout the year; the reduction of working hours has been officially registered up until 1 March 2011. Investment plans will be reviewed in short intervals and adjusted in line with current developments.

2010: targeting revenue growth and profit

Despite this situation, the SIMONA Group will be looking to grow revenue to a level of €255 million. Within this context, growth is likely to be achieved mainly in the as yet unsaturated non-European markets. Margins will continue to be squeezed by intense competition and developments within the commodity markets. However, these growth targets are achievable if we consistently position the company as a premium supplier within both existing and new markets, such as Asia, and if we continue to build on our extensive range of products. The solid start achieved by our plants in the Czech Republic and China has improved our position in up-and-coming markets and represents an important step towards further international expansion, one of several aspects considered essential to the long-term future of SIMONA.
Our market strategy includes plans to enter into high-potential fields of application that embrace key ecological trends of the future, such as water supply. Having pressed ahead with product development, e.g. piping systems for desalination plants as well as geothermal facilities, we are confident that SIMONA is well positioned within this area.
Against the background of a very difficult first half and the added risks associated with commodity prices, SIMONA will be targeting positive earnings before taxes and above-par results at each subsidiary for the 2010 financial year as a whole (with the exception of the new Jiangmen facility).
The company's performance in 2011 will depend on future trends within the markets for raw materials as well as the speed with which the industrialised economies can recover. SIMONA anticipates that, on the whole, demand will continue to improve at a global level in 2011.

Employees SIMONA Group



8. Other Information

Employees

The number of employees within the SIMONA Group fell only slightly in 2009, despite the challenging situation with regard to orders as well as excess capacities. New, market-focused positions were created at the Group's international sites. In total, the SIMONA Group employed 1,234 people as at 31 December 2009, 17 fewer than at the end of 2008. The average headcount was 1,230. Within this context the number of people employed at SIMONA AG at the end of the financial year fell by 56 to 957, primarily as a result of part-time employment of staff approaching retirement, natural labour turnover and the expiry of temporary contracts. Additionally, several employees left the company following the decision taken in November 2009 to close our plant in Kirchhundem-Würdinghausen. The headcount in Asia and North America rose slightly from 99 to 102. The emphasis on recruitment at our European subsidiaries was on market-focused positions. Additionally, the workforce at our new production facility in Litvinov, Czech Republic, was expanded. In total, the number of people employed at the European subsidiaries rose by 36 to 175.

The overall number of apprentices was slightly down on last year's figure, which had been relatively high. At the end of 2009, 60 (2008: 65) young people were enrolled in one of seven apprenticeship programmes centred around training within a technical or business discipline. In 2009, 20 apprentices successfully completed their vocational training with the company. In total, 14 apprentices were offered positions with the company in 2009. Two apprentices are attending part-time degree courses on the basis of the integrated educational programme introduced in 2001 in collaboration with the University of Applied Sciences Ludwigshafen.

In 2009 SIMONA introduced the Balanced Scorecard (BSC) as a strategic management instrument. Group managers were trained in the fundamentals of BSC as well as the techniques to be applied within this area. Staff training was also centred around the qualification of the company's product managers and young professionals. These measures were complemented by specialist training in various disciplines as well as foreign language instruction.

The emphasis of IT support in 2009 was on harmonising and standardising processes, as well as improving the performance of the SAP system. The rollout templates were extended to include additional features. Our Italian subsidiary, SIMONA S.r.l. Italia, was integrated within the SAP network as part of the company-wide introduction of SAP. The company also launched sub-project 2 for the introduction of SAP at SIMONA AMERICA Inc.

Significant elements of the internal control and management system with regard to the financial reporting process

Overall responsibility for the internal control system with regard to the financial reporting process and the Group financial reporting process rests with the Management Board. All entities included within the consolidated

group have been integrated within this system by means of clearly defined management and reporting structures. The internal control system, which implements specific controls with regard to the financial reporting process, is aimed at providing reasonable assurance that annual financial statements can be prepared in accordance with statutory requirements despite possible risks. The risk management system includes the full range of guidelines and measures required to identify risk and to manage risk associated with commercial operations.
The policies, the structural and procedural organisation as well as the processes of the internal control and risk management system operated in respect of financial reporting have been incorporated in guidelines and organisational instructions that are revised regularly to account for the latest external and internal developments. As regards the financial reporting process, we consider those elements to be of significance to the internal control and risk management system that may potentially influence financial reporting and overall assessment of the annual financial statements, including the management report. These elements are as follows:

- Identification of significant areas of risk and control with an influence over the group-wide financial reporting process
- Monitoring of the group-wide financial reporting process and any findings therefrom at Management Board level
- Preventative measures of control with regard to group accounting as well as subsidiaries included in the consolidated group
- Measures that safeguard the appropriate IT-based preparation of items and data of relevance to financial reporting

Quality and environmental management

Quality is one of the integral strengths of the SIMONA brand. The goal of SIMONA's quality management is to ensure the standardised and sustainable quality of its products and processes. Within this context, the aim is to achieve a consistently high standard of quality at all production sites and regional offices. The Litvinov production facility in the Czech Republic was certified by TÜV Management Service with regard to its quality and environmental management. At present, plans are underway to introduce a quality management system at the new production site in Jiangmen, China, as well as at the company's North American plant in Hazleton. Among the focal points of SIMONA's quality management in 2009 were several product audits conducted for the purpose of ensuring compliance with quality criteria defined in specific regulations and quality agreements. The significant reduction in customer complaints prompted by deviations from specified quantities bears testimony to the success of these product audits recently.
Within the area of pipes and fittings the emphasis of quality management was on customer- and country-specific product certifications. In response to customer requirements within this field, the company performed an extensive number of audits for the purpose of documenting to customers or their commissioned auditors our company's compliance with requisite technical standards.
SIMONA products contribute to the protection of resources, e.g. by replacing heavier materials or by facilitating water treatment. Sustainability has also been defined as a strategic goal with regard to our production processes. Indeed, production-integrated environmental protection plays a pivotal role when it comes to planning new production processes and coordinating fabrication methods. SIMONA's high standards with regard to energy saving and reduction of production waste are closely monitored and improved. Thus, environmental protection forms an integral part of our continuous improvement process.

Compensation Report

Management Board compensation
The Supervisory Board, based on the recommendations of the Personnel Committee, is responsible for determining the overall compensation of the respective Management Board members. It also regularly reviews the compensation system relating to the Management Board. The Personnel Committee consists of Hans-Werner Marx, Chairman of the Supervisory Board, as well as the Supervisory Board members Dr. Rolf Gößler and Roland Frobel. Compensation for the members of the Management Board of SIMONA AG is calculated on the basis of the size of the company, its commercial and financial position, as well as the level and structure of compensation granted to Management Board members of similar enterprises. In addition, the duties and the contribution of the respective members of the Board of Directors are taken into account.
Management Board compensation is performance-based. It is comprised of a fixed level of remuneration as well as a variable component in the form of a bonus. Both of the aforementioned components are assessed on an annual basis. In addition, both components are subject to thorough analyses in intervals of two to three years, based on a comparison with compensation figures applicable to executive staff of similar enterprises. The most recent assessment was conducted in 2008.
The fixed component of compensation is paid as a salary on a monthly basis. In addition, the members of the Management Board receive a bonus, the level of which is dependent on attaining specific financial targets which are calculated on the basis of the company's earnings performance. Total compensation for the Management Board amounted to €1,296 thousand (2008: €1,448 thousand). Total compensation comprises €988 thousand (2008: €908 thousand) in fixed-level compensation and €308 thousand (2008: €540 thousand) in bonus payments. The company does not grant loans to members of the Management Board. There are no share option plans or other share-based compensation programmes in place for members of the Management Board.
The company's Articles of Association contain no provisions that are non-compliant with those set out in the German Stock Corporation Act as regards the conditions applicable to the appointment or removal of Management Board members as well as amendments to the company's Articles of Association. In view of this, readers are asked to refer to the relevant statutory provisions set out in Sections 84, 85, 133 and 179 of the German Stock Corporation Act (Aktiengesetz – AktG) for further details.
Remuneration for the former members of the Management Board amounted to €853 thousand (2008: €795 thousand). Pension provisions for active and former members of the Management Board were recognised to the full extent and amounted to €8,507 thousand as at 31 December 2009 (2008: €8,341 thousand).

Supervisory Board compensation
Supervisory Board compensation is calculated according to the size of the company, as well as the duties and responsibilities of the Supervisory Board members.
The Chairman and the Deputy Chairman as well as members involved in Committees receive supplementary compensation.
Members of the Supervisory Board receive a standard fixed level of compensation amounting to €10,000. The Chairman of the Supervisory Board receives an amount equivalent to double the standard level of compensation; the Deputy Chairman receives an amount equivalent to one and a half times the standard level of compensation. Supervisory Board members who are engaged in Committee work receive supplementary compensation of €5,000. All expenses associated directly with a position

on the Supervisory Board, as well as sales tax, are reimbursed.
In addition to fixed compensation, the General Meeting shall be authorised to pass a resolution on a variable component of compensation, payment of which shall be dependent on whether specific corporate performance indicators have been met or exceeded. At the Annual General Meeting of Shareholders on 31 July 2009 no such resolution for variable compensation components was passed for the 2009 financial year.
Supervisory Board compensation for 2009 amounted to €121 thousand (2008: €122 thousand). The company does not grant loans to members of the Supervisory Board. There are no share option plans or other share-based compensation programmes in place for members of the Supervisory Board.

Disclosures pursuant to Sections 289 (4) and 315 (4) HGB and explanatory report
As at 31 December 2009, the share capital of SIMONA AG was €15,500,000, divided into 600,000 no-par-value bearer shares ("Stückaktien" governed by German law). Thus, it remained unchanged in the 2009 financial year. The shares are traded in the General Standard of the German stock exchange in Frankfurt as well as on the Berlin securities exchange. There are no different categories of share or shares furnished with special rights. Each share is equipped with one vote at the General Meeting of Shareholders.
On 31 July 2009, the General Meeting of Shareholders of SIMONA AG passed a resolution that amends Section 6 of the Articles of Association and precludes a shareholder's right to a certificate relating to his ownership interest in the company's share capital to the extent that this is permissible under law and insofar as the rules of a stock exchange to which the shares are admitted do not require certification. The corresponding amendment to the Articles of Association was entered in the Commercial Register of the Bad Kreuznach District Court on 18 August 2009.
In view of the fact that a shareholder's right to a certificate of ownership interests has been precluded under the company's Articles of Association, upon declaration of invalidity of the effective share certificates the share capital of our company is represented only in the form of a global certificate, which has been deposited with Clearstream Banking AG, Frankfurt am Main. Therefore, our shareholders will in future only have an interest as co-owners in the collective holdings of the no-par-value shares in our company, as held by Clearstream Banking AG, according to their interest in the company's share capital. We shall no longer issue effective share certificates.
As far as the Management Board is aware, there are no restrictions affecting voting rights or the transfer of shares.
An 18.66 per cent interest was held by Anita Bürkle (Kirn), a 12.13 per cent interest by Dr. Wolfgang und Anita Bürkle Stiftung, an 11.64 per cent interest by Dirk Möller (Kirn), an 11.41 per cent interest by Regine Tegtmeyer (Seelze), a 10.67 per cent interest by Kreissparkasse Biberach (Biberach), a 10.0 per cent interest by SIMONA Vermögensverwaltungsgesellschaft mbH (Kirn) and a 10.1 per cent interest by Rossmann Beteiligungs GmbH (Burgwedel). The remaining 15.39 per cent of shares in the company were in free float. On 3 March 2010, Kreissparkasse Biberach notified the company in accordance with Section 21 (1) of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG) that its voting power in respect of SIMONA AG had exceeded the threshold of 15 per cent of voting rights on 2 March 2010 and that at this date its interest was 15.0038 per cent (corresponding to 90,023 voting rights).

As at 31 July 2009, members of the Management Board reported a total holding of 70,776 own shares; this corresponds to 11.80 per cent of the share capital of SIMONA AG. According to the notification of 31 July 2009, members of the newly appointed Supervisory Board held a total of 1,970 shares. This corresponds to 0.33 per cent of total share capital.

To the extent that employees hold an interest in the company's capital, these employees themselves directly exercise the rights of control associated with their shareholdings.

The appointment and the removal of members of the Management Board are governed by the statutory provisions set out in Sections 84 and 85 of the German Stock Corporation Act (Aktiengesetz – AktG) as well as by Section 9 of the Articles of Association of SIMONA AG. Under these provisions, the Management Board of the company consists of at least two members. The appointment of deputy members of the Management Board is permitted. The Management Board generally has a chairman to be appointed by the Supervisory Board. The Supervisory Board is entitled to transfer to a Supervisory Board committee the duties relating to the conclusion, amendment and termination of Management Board employment contracts. Any amendments to the Articles of Association must be made in accordance with the statutory provisions set out in Section 179 et seq. of the German Stock Corporation Act.

According to Section 6 of the Articles of Association, the company is entitled to issue share certificates that embody one share (single certificate) or multiple shares (global certificates).

At present there are no significant agreements containing a change of control provision that would apply in the event of a takeover bid.

At present there are no agreements with members of the Management Board or with employees relating to compensation payments in the event of a change of control.

Forward-looking statements and forecasts

This Group management report contains forward-looking statements that are based on the current expectations, presumptions and forecasts of the Management Board of SIMONA AG as well as on information currently available to the Management Board. These forward-looking statements shall not be interpreted as a guarantee that the future events and results to which they refer will actually materialise. Rather, future circumstances and results depend on a multitude of factors. These include various risks and imponderabilities, as well as being based on assumptions that may conceivably prove to be incorrect. SIMONA AG shall not be obliged to adjust or update the forward-looking statements made in this report.

Closing statement

We hereby declare that to the best of our knowledge the management report conveys the course of business, the financial performance and the material opportunities and risks associated with the expected development of the SIMONA Group.

Kirn, 23 March 2010

The Management Board

Group Income Statement of SIMONA AG

in € '000	Notes	01/01 – 31/12/09	01/01 – 31/12/08
Revenue	[8]	215,070	303,651
Other operating income		7,408	8,614
Changes in inventories of finished goods		–1,833	–8,035
Cost of materials		103,686	166,901
Staff costs	[9]	55,256	58,229
Depreciation of property, plant and equipment, and amortisation of intangible assets	[16], [17]	14,554	12,477
Other operating expenses	[11]	39,830	46,826
Interest income	[12]	506	1,024
Interest expense	[12]	690	572
Profit before tax		**7,135**	**20,249**
Income tax expense	[13]	2,113	6,321
Profit for the period		**5,022**	**13,928**
of which attributable to:			
Owners of the parent company		4,988	13,920
Non-controlling interests		34	8

Earnings per share in €			
– basic, calculated on the basis of profit for the period attributable to ordinary shareholders of the parent company	[14]	8.31	23.20
– diluted, calculated on the basis of profit for the period attributable to ordinary shareholders of the parent company	[14]	8.31	23.20

Group Statement of Comprehensive Income of SIMONA AG

in € '000	01/01 – 31/12/09	01/01 – 31/12/08
Profit for the period	**5,022**	**13,928**
Exchange differences on translating foreign operations during the year	–17	496
Amount recognised directly in equity	–17	496
Total comprehensive income	**5,005**	**14,424**
Total comprehensive income attributable to:		
Owners of the parent company	4,968	14,428
Non-controlling interests	37	–4

Group Statement of Financial Position of SIMONA AG

Assets in € '000	Notes	31/12/09	31/12/08
Intangible assets	[16]	1,412	1,498
Property, plant and equipment	[17]	92,839	95,601
Financial assets		23	23
Non-current tax assets		4,320	4,844
Deferred tax assets	[13]	236	276
Non-current assets		**98,830**	**102,242**
Inventories	[18]	43,994	43,709
Trade receivables	[19]	33,320	41,345
Other assets and prepaid expenses	[20]	6,902	8,426
Derivative financial instruments	[30]	160	607
Cash and cash equivalents	[21]	61,479	48,432
Current assets		**145,855**	**142,519**
Total assets		**244,685**	**244,761**

Equity and liabilities in € '000	Notes	31/12/09	31/12/08
Issued capital		15,500	15,500
Capital reserves		15,274	15,274
Revenue reserves		127,755	128,092
Other reserves		–1,225	–1,430
Equity attributable to owners of the parent company		**157,304**	**157,436**
Non-controlling interests		242	211
Total equity	[22]	**157,546**	**157,647**
Financial liabilities	[23]	7,000	8,514
Provisions for pensions	[24]	36,698	35,929
Other provisions	[26]	5,979	6,825
Other liabilities		414	216
Deferred tax liabilities	[13]	5,271	7,089
Non-current liabilities		**55,362**	**58,573**
Financial liabilities	[23]	3,824	350
Provisions for pensions	[24]	1,637	1,576
Other provisions	[26]	5,708	5,957
Trade payables		6,904	7,373
Income tax liabilities		2,638	2,250
Other liabilities and deferred income		10,771	10,655
Derivative financial instruments	[30]	295	380
Current liabilities		**31,777**	**28,541**
Total equity and liabilities		**244,685**	**244,761**

Notes to Consolidated Financial Statements of SIMONA AG for Financial Year 2009

[1] Company information

SIMONA AG is a stock corporation (Aktiengesellschaft) founded in Germany – registered office at Teichweg 16, 55606 Kirn, Germany. Its shares are traded within the General Standard of the Frankfurt and Berlin Stock Exchanges. The consolidated financial statements of SIMONA AG for the financial year ended 31 December 2009, were released by the Management Board on the basis of a resolution passed on 23 March 2010 for the purpose of forwarding them to the Supervisory Board. The activities of SIMONA AG mainly include the production and sale of semi-finished products in the form of sheets, rods, welding rods, pipes and fittings made of thermoplastics.
Semi-finished products are manufactured at facilities in Kirn, Kirchhundem-Würdinghausen (Germany) and Hazleton (USA); pipes are produced at a facility in Ringsheim (Germany) and fittings at facilities in Ringsheim and Litvinov (Czech Republic). The products are marketed under the joint SIMONA brand as well as a range of separate brands.
SIMONA AG maintains a sales office in Möhlin/Switzerland.
In addition, distribution is conducted via subsidiaries in the United Kingdom (SIMONA UK Limited, Stafford, United Kingdom), France (SIMONA S.A., Domont, France), Italy (SIMONA s.r.l., Vimodrone, Italy), Spain (SIMONA IBERICA SEMIELABORADOS S.L., Barcelona, Spain), Poland (SIMONA POLSKA Sp. z o.o., Wrocław, Poland, DEHOPLAST POLSKA Sp. z o.o., Kwdizyn, Poland), the Czech Republic (SIMONA PLASTICS CZ, s.r.o., Prague, Czech Republic), Hong Kong (SIMONA Far East Ltd., Hong Kong, China), China (SIMONA Engineering Plastics Trading Co. Ltd., Shanghai, China) and the United States (SIMONA AMERICA Inc., Hazleton, USA).

[2] Accounting policies

Basis of preparation
The consolidated financial statements are prepared using the historical cost principle, with the exception of derivative financial instruments and available-for-sale financial assets, which are measured at fair value. The consolidated financial statements are prepared in euro. Unless otherwise stated, all amounts are rounded to € ’000.

Statement of compliance with IFRS
The consolidated financial statements of SIMONA AG and the entities included in the consolidated group for the period ended 31 December 2009 have been prepared in accordance with the International Financial Reporting Standards (IFRS) applicable at the reporting date, as adopted by the European Union, and the provisions of commercial law to be applied additionally pursuant to Section 315a(1) of the German Commercial Code (Handelsgesetzbuch – HGB).
The term “IFRS” comprises all International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) to be applied on a mandatory basis as at the reporting date. Additionally, all interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) – formerly Standing Interpretations Committee (SIC) – were applied insofar as their application was mandatory for the 2009 financial year.
The consolidated financial statements consist of the financial statements of SIMONA AG and its subsidiaries as at 31 December of each financial year (hereinafter also referred to as “Group” or “SIMONA Group”).
The Group statement of financial position conforms with the presentation requirements of IAS 1. Various items reported in the income statement and the statement of financial position have been aggregated for the purpose

of improving the overall clarity of presentation. These items are disclosed and discussed separately in the notes to the consolidated financial statements.

Principles of consolidation

The consolidated financial statements comprise the accounts of SIMONA AG and its subsidiaries for each financial year ended 31 December. The financial statements of SIMONA AG and the subsidiaries are prepared using uniform accounting policies for the same reporting period.

All intragroup balances (receivables, liabilities, provisions), transactions, income and expenses as well as profits and losses from transactions between consolidated entities ("intercompany profits") are eliminated as part of consolidation.

Subsidiaries are fully consolidated effective from the acquisition date, which is the date on which the Group effectively obtains control. Inclusion in the consolidated financial statements ends as soon as the parent ceases to control the subsidiary.

Pursuant to IFRS 3, all business combinations shall be accounted for on the basis of the purchase method, according to which the identifiable assets acquired as well as the liabilities and contingent liabilities assumed are recognised at their fair value. The excess of the cost of the combination over the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities is recognised as goodwill and is subject to regular impairment testing. If the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, a reassessment is performed in respect of the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities, and any excess remaining after that assessment is recognised immediately in profit or loss.

Minority interests are disclosed separately in the Group income statement and within equity of the Group statement of financial position.

[3] New financial reporting standards

[3.1] Accounting standards applicable for the first time in the financial year

The International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) issued the following revised accounting standards in 2008 and 2009. These standards shall be applied by the company for the 2009 financial year on the basis of their adoption by the European Union (Endorsement Procedure):

- IAS 1 "Presentation of Financial Statements"
  (amended with regard to additional information)
- IAS 23 "Borrowing Costs"
  (amended as regards elimination of option to recognise borrowing costs as expense)
- IFRS 1/IAS 27 "Consolidated and Separate Financial Statements"
  (amended with regard to specific first-time application issues)
- IAS 32 "Financial Instruments: Presentation"
  (amended with regard to puttable financial instruments and obligations arising on liquidation)
- IAS 39 "Financial Instruments: Recognition and Measurement"
  (amended to clarify accounting for embedded derivatives in the case of reclassifications and transitional provisions applicable to reclassification of financial assets)
- IFRS 2 "Share-based Payment"
  (amended with regard to vesting and non-vesting conditions as well as cancellations)

- IFRS 4 “Insurance Contracts” (amended with regard to further disclosures relating to fair value measurement and liquidity risk)
- IFRS 7 “Financial Instruments: Disclosures” (amended with regard to further disclosures relating to fair value measurement and liquidity risk as well as transitional provisions in the case of reclassification of financial assets)
- IFRS 8 “Operating Segments” (new Standard)
- IFRIC 9 “Reassessment of Embedded Derivatives” (amended as regards accounting for embedded derivatives in the case of reclassifications)
- IFRIC 13 “Customer Loyalty Programmes” (new Interpretation)
- IFRIC 14/IAS 19 “The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction” (new Interpretation)
- Various improvements to IFRS (amendments to 35 Standards with regard to presentation, recognition and measurement as well as terminology and editorial changes)

The following section provides a summary of Standards that are of relevance to the SIMONA Group, as well as detailing the possible implications for the consolidated financial statements:

- IFRS 7 “Financial Instruments: Disclosures” includes additional disclosure requirements with regard to fair value measurements and liquidity risk. The amendments require a qualitative analysis of fair value measurements on the basis of a three-level hierarchy for each class of financial instrument that is measured at fair value. Additionally, for fair value measurements in Level 3 of the fair value hierarchy, a reconciliation from the beginning balances to the ending balances is required, as well as the disclosure of significant reclassifications between Level 1 and Level 2 of the hierarchy. The amended Standard also clarifies provisions governing the disclosure of liquidity risks with regard to business transactions that relate to derivatives as well as assets used for the purpose of liquidity management. Please refer to the details in Note [30].
- IFRS 8 requires the disclosure of information relating to a Group’s operating segments and replaces the provision in IAS 14 that specified the presentation of primary and secondary segment reporting for an entity. IFRS 8 is centred around the so-called management approach, according to which segment reporting shall be based solely on financial information used by an entity’s decision-making bodies for the purpose of internal management of the entity. Within this context, the key areas of significance relate to the internal reporting and organisational structure of an entity as well as to those elements of financial data that are relied upon in decision-making processes regarding the allocation of resources or the assessment of an entity’s performance. The application of IFRS 8 will have an effect on the presentation of the Group’s segment reporting. Please refer to segment reporting in Note [7].
- The revised version of IAS 1 contains significant amendments to the presentation and classification of financial information within financial statements. In future, the statement of changes in equity will only include transactions with equity holders acting in their capacity as equity holders. The other changes in equity are to be presented in a statement of comprehensive income; within this context, details may be presented either in a single statement of comprehensive income or in two statements: a statement displaying components of profit or loss (separate income statement) and a second statement beginning with profit or loss and displaying components of other comprehensive income (statement of comprehensive income). Additionally, under this

Standard entities are obliged to provide a statement of financial position as at the beginning of the earliest comparative period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements. SIMONA has opted for the separate presentation of its comprehensive income in a "Statement of Comprehensive Income".

[3.2] Issued standards and interpretations which have not yet been applied (EU endorsement completed)

The IASB and IFRIC issued the following Standards and Interpretations which have already been adopted by the European Union as part of the comitology procedure but whose application was not yet mandatory in the 2009 financial year. The Group will not apply these Standards and Interpretations for an earlier period.

- IAS 32 "Financial Instruments: Presentation" (amended with regard to classification of rights issues)
- IAS 39 "Financial Instruments: Recognition and Measurement" (amended with regard to eligible hedged items)
- IFRS 1 "First-time Adoption of International Financial Reporting Standards" (amended for the purpose of changing the structure of the standard and facilitating application)
- IAS 27/IFRS 3 "Business Combinations" (Phase II: general revision as part of the convergence project of the IASB and FASB)
- IFRIC 12 "Service Concession Arrangements" (new interpretation)
- IFRIC 15 "Agreements for the Construction of Real Estate" (new interpretation)
- IFRIC 16 "Hedges of a Net Investment in a Foreign Operation" (new interpretation)
- IFRIC 17 "Distributions of Non-cash Assets to Owners" (new interpretation)
- IFRIC 18 Transfers of Assets from Customers (new interpretation)

With the exception of IAS 27 and IFRS 3, application of the aforementioned standards and interpretations is unlikely to have significant implications for the future financial statements issued by the SIMONA Group:
The revised Standard IAS 27/IFRS 3 was issued in January 2008 and must be applied by entities for annual periods beginning on or after 1 July 2009. The Standard was amended extensively as part of the convergence project implemented by the IASB and FASB. The key amendments are centred around the introduction of an option relating to the measurement of minority interests (i.e. non-controlling interests), with a choice between recognition on the basis of the proportionate identifiable net assets (Purchased Goodwill Method) and the so-called Full Goodwill Method, whereby the entire portion of goodwill applicable to the minority shareholder shall be recognised. Other points include the revaluation, with recognition in profit or loss, of any existing ownership interests at the date of initially obtaining control (business combination achieved in stages), the recognition at the acquisition date of any consideration contingent on future events as well as the recognition of transaction costs in profit or loss. The transitional provisions stipulate a prospective application of the amendments.
There are no changes in respect of assets and liabilities that arise from business combinations prior to the initial application of the new standards. The amendments may have an effect on the carrying amount of goodwill, on the results of the reporting period in which a business combination has occurred and on future results. In particular, application of the full-goodwill method may result in higher goodwill being recognised.

[3.3] Issued standards and interpretations which have not yet been applied (EU endorsement pending)

The IASB and IFRIC issued the following Standards and Interpretations that were not yet applicable in the 2009 financial year. These Standards and Interpretations have yet to be adopted by the European Union and are therefore not applied by the Group.

- IAS 24 "Related Party Disclosures"
  (amended with regard to disclosure requirements for government-related entities)
- IFRS 1 "First-time Adoption of International Financial Reporting Standards"
  (amended with regard to additional exceptions)
- IFRS 2 "Share-based Payment"
  (clarification as regards accounting for cash-settled share-based payment transactions within a group in the separate financial statements of a subsidiary)
- IFRS 9 "Financial Instruments" (new standard)
- IFRIC 14/IAS 19 "The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction"
  (amended with regard to prepayments of a minimum funding requirement)
- IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments" (new interpretation)

Additionally, the IASB issued the second part of its Improvements to International Financial Reporting Standards, which has also yet to be transposed into European Union law.
The implications of the above-mentioned Standards and Interpretations on the Group's financial position, performance and cash flows are currently being assessed.

[4] Material judgements and estimates

Judgements
When applying the accounting policies, the management made the following judgements with the most significant effect on the amounts recognised in the financial statements. Within this context, decisions containing estimates have not been taken into account. Among other aspects, significant estimates relate to the useful lives of assets.
Material judgements relate to the classification of leases, the recognition of provisions, the estimation or assessment of the recoverability or possible impairment of trade receivables, inventories and deferred tax assets, as well as assessment of factors that may indicate an impairment of assets and the classification of non-current assets held for sale and discontinued operations.

Uncertainties relating to estimates
The following section outlines the most important forward-looking assumptions as well as other material uncertainty regarding the use of estimates, applicable at the reporting date, as a result of which there is a significant risk that the carrying amounts of assets and liabilities may require material adjustments within the coming financial year.

Impairment of goodwill
The Group performs impairment tests for goodwill at least once per year. This requires estimates to be made with regard to the value in use of cash-generating units to which goodwill is allocated. For the purpose of estimating the value in use, the Group has to determine, on the basis of estimates, the projected cash flows associated with the cash-generating unit, as well as selecting an appropriate discount rate in order to determine the present value of the aforementioned cash flows.

As at 31 December 2009, the carrying amount of goodwill was € 143 thousand (2008: € 143 thousand).

Deferred tax assets
Deferred tax assets are recognised for the carryforward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised. The process of determining the level of deferred tax assets requires significant judgement by the management with regard to the timing and amount of future taxable profit as well as the future tax planning strategies. For further details, please refer to Note [13].

Provisions
Provisions are recognised in accordance with the accounting policies discussed in Note [26]. In determining the level of provisions, the management is required to make significant judgements as to the timing and the amounts of future outflow of resources.

Pensions
Expenses relating to defined benefit plans are determined on the basis of actuarial methods. Actuarial valuation is conducted on the basis of assumptions in respect of discount rates, future salary increases, mortality and future pension increases. In view of the long-term orientation of such plans, these estimates are associated with significant uncertainty. For further details, please refer to Note [24].

[5] Summary of significant accounting policies

Assets of a disposal group classified as held for sale as well as liabilities related to assets held for sale
Non-current assets and disposal groups are reported separately in the statement of financial position as "held for sale" if they are available for immediate sale and their sale is highly probable. Non-current assets and disposal groups classified as "held for sale" are measured at the lower of their carrying amount and fair value less costs to sell. In accordance with their classification, liabilities directly related to an asset held for sale are presented separately from other liabilities in the statement of financial position.

Currency translation
Annual financial statements prepared by the consolidated Group entities in a foreign currency are translated on the basis of the functional currency method. The functional currency is the currency of the primary economic environment in which the entities operate, which in the case of the Group companies of SIMONA AG is the respective local currency. The consolidated financial statements are prepared in euro.
Those foreign entities whose functional currencies differ from the euro have been presented below, together with details of their functional currency:

- SIMONA UK Ltd.,
  Stafford, United Kingdom – Pound Sterling
- SIMONA POLSKA Sp. z o.o.,
  Wrocław, Poland – Polish Zloty
- DEHOPLAST POSLKA Sp. z o.o.,
  Kwidzyn, Poland – Polish Zloty
- SIMONA-PLASTICS CZ s.r.o,
  Prague, Czech Republic – Czech Koruna
- SIMONA Plast-Technik s.r.o.,
  Litvinov, Czech Republic – Czech Koruna

- SIMONA FAR EAST Ltd., Hong Kong, China – Hong Kong Dollar
- SIMONA ASIA Ltd., Hong Kong, China – Hong Kong Dollar
- SIMONA AMERICA Inc., Hazleton, USA – US Dollar
- 64 NORTH CONAHAN DRIVE HOLDING LLC, Hazleton, USA – US Dollar
- SIMONA ENGINEERING PLASTICS TRADING Co. Ltd., Shanghai, China – Renminbi
- SIMONA ENGINEERING PLASTICS Co. Ltd., Jiangmen, China – Renminbi

The items accounted for in the respective financial statements are measured on the basis of the functional currency. Foreign currency transactions are translated initially between the functional currency and the foreign currency at the arithmetic mean rate applicable on the day of the transaction. All exchange differences are recorded in profit or loss for the period.
Non-monetary items that are measured at historical cost of purchase or conversion in a foreign currency are translated at the foreign exchange rate applicable on the day of the transaction. Non-monetary items that are measured at fair value in the foreign currency are translated at the rate that was prevailing at the time the fair value was determined.
In the consolidated financial statements expenses and income associated with financial statements of subsidiaries prepared in a foreign currency are translated on the basis of the year-average exchange rate, whereas assets and liabilities are translated on the basis of the closing rate. Exchange differences arising from the translation of equity as well as exchange differences arising from the use of exchange rates in the income statement that differ from those used for the translation of balance sheet items are recognised in other reserves. On the disposal of a foreign operation, the cumulative amount of the exchange differences accounted for in respect of the foreign operation is recognised in profit or loss.

Property, plant and equipment

All items classified as property, plant and equipment are used for operational purposes and are measured at cost less depreciation on a systematic basis. Depreciation of property, plant and equipment is performed on a straight-line basis in accordance with the pattern of use of such items. To the extent that depreciable assets of property, plant and equipment have different useful lives, they are depreciated separately.
The carrying amounts of property, plant and equipment are tested for impairment as soon as there are indications that the carrying amount of an asset exceeds its recoverable amount.
The residual values of assets as well as the useful lives and depreciation methods are assessed at the end of each financial year and are adjusted where necessary.

Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

Intangible assets

Acquired and internally generated intangible assets are capitalised in accordance with IAS 38 if it is probable that the intangible asset will generate future economic benefits and the costs of the intangible asset can be reliably measured. They are measured at cost of purchase or conversion. Intangible assets with a finite useful life are amortised on the basis of the length of that useful life. Amortisation of intangible assets, with the exception of capitalised development costs, is performed over a useful life of between three and five years. Intangible assets with indefinite useful lives are regularly assessed for impairment. In the case of impairment, they are adjusted to their recoverable amount.

Research and development costs

The research and development activities conducted by SIMONA AG are directed principally at the optimisation of production and manufacturing processes (advancement within the area of production engineering), at changes and improvements to formulae, some of which have been in existence for an extensive period of time, or at fundamental improvements for the purpose of meeting specified quality and inspection requirements, including new testing procedures and new areas of application. Generally, these activities do not involve the development of an entirely new product that would sever the link with existing formulae and manufacturing processes.
To the extent that research and development activities provide the basis for a product that is technically feasible and from which the Group can generate future economic benefits, the period attributable to general research activities constitutes the major part thereof. The scale of development expenses arising after the product has been made marketable is negligible. In consideration of the principle of materiality the intangible asset is not capitalised in such cases. This approach does not adversely effect the true and fair view of the Group's state of affairs as regards financial performance, financial position and cash flows.
In addition, SIMONA AG does not capitalise development costs to the extent that costs (expenditure) cannot be reliably allocated to development projects. The costs are recognised as expense in the period in which they are incurred.
There were no development projects resulting in the capitalisation of intangible assets in 2009 or 2008.

Impairment of assets

The Group assesses at each reporting date whether there is any indication that an asset may be impaired. If such indications are present or an annual impairment test of an asset is required, the Group makes an estimate of the recoverable amount. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable amount. That reduction is an impairment loss.

Investments and other financial assets

Financial assets within the meaning of IAS 39 are classified either as financial assets at fair value through profit or loss, as loans and receivables, as held-to-maturity investments or as available-for-sale financial assets. On initial recognition the financial assets are measured at fair value. Additionally, in the case of financial assets other than those classified as at fair value through profit or loss, transaction costs directly attributable to the acquisition of the asset are accounted for accordingly. The designation of financial assets to the respective measurement categories occurs upon initial recognition. To the extent that they are permitted and necessary, reclassifications are performed at the end of the financial year.
All regular way purchases or sales of financial assets are accounted for at the date of settlement. A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.
The group of financial assets at fair value through profit or loss comprises financial assets held for trading.
A financial asset is classified as held for trading if it is acquired principally for the purpose of selling it in the near term. Derivates, including embedded derivatives accounted for separately, are also classified as held for trading, with the exception of those derivatives that are designated and effective hedging instruments. Gains

and losses on financial assets held for trading are recognised in profit or loss.
Non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity are classified as held-to-maturity investments. After initial recognition held-to-maturity investments are measured at amortised cost using the effective interest method. Gains or losses are recognised in profit or loss when the financial asset is derecognised or impaired, and through the amortisation process.
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition loans and receivables are measured at amortised cost using the effective interest method, less impairments where applicable. Gains or losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.
Available-for-sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss. After initial recognition available-for-sale financial assets are measured at fair value. Gains and losses on available-for-sale financial assets are recognised directly in equity. If an available-for-sale financial asset is derecognised or impaired, the cumulative gain or loss previously recognised in equity is recognised in profit or loss.
The fair value of financial instruments traded within organised markets is determined on the basis of the market price quoted at the reporting date. The fair value of financial instruments for which no active market exists is determined on the basis of valuation techniques. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and other valuation models.
Held-to-maturity investments as well as loans and receivables are measured at amortised cost. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts, minus any reduction for impairments.
A financial asset (or a part of a financial asset or a part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the financial asset expire.

Impairment of financial assets

The Group determines at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate, i.e. the effective interest rate computed at initial recognition. The carrying amount of the asset is reduced through use of an allowance account. The amount of the impairment loss is recognised in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. However, the new carrying amount must not exceed the amortised cost at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

If in the case of trade receivables there is objective evidence that not all due amounts will be received in accordance with the agreed invoicing terms and conditions (e.g. likelihood of an insolvency or significant financial difficulties of the obligor), the carrying amount is reduced through use of an allowance account. Receivables are derecognised when they are considered to be uncollectible.

Inventories
Inventories are stated at the lower of purchase or conversion cost and current cost or net realisable value. The inventories associated with consumables have been capitalised at average historical cost. As part of Group accounting, the cost of raw materials is assigned mainly by using the first-in, first-out (FIFO) method. Finished goods are measured at manufacturing cost (cost of conversion) according to item-by-item calculations based on current operational accounting; in addition to the directly related cost of direct material and units of production, this item also includes special production costs as well as production and material overheads, including depreciation. Financing costs are not accounted for in the cost of conversion. All identifiable risks associated with inventories, particularly relating to holding periods in excess of average duration, diminished usability and net realisable value, are recognised by an appropriate write-down.
The net realisable value is the estimated selling price achievable in the ordinary course of business, less the estimated costs incurred until completion and the estimated costs necessary to make the sale.

Interest-bearing borrowings
On initial recognition, loans are measured at the fair value of the consideration received, having deducted the transaction costs relating to the origination of the loan. After initial recognition interest-bearing borrowings are measured at amortised cost using the effective interest method. A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or when it expires.

Cash and cash equivalents
Cash and cash equivalents recognised in the statement of financial position comprise cash on hand, bank balances and short-term deposits with original maturities of less than three months.
As regards the Group statement of cash flows, cash and cash equivalents comprise the aforementioned cash and cash equivalents in addition to overdrafts used by the Group and securities that are readily convertible to cash.

Other provisions
Other provisions are recognised when an obligation exists towards a third party, settlement of this obligation is probable and a reliable estimate can be made of the amount of the required provision. Other provisions are measured at aggregate costs. Long-term provisions with more than one year to maturity are recognised at their discounted settlement value as at the reporting date.

Pensions
The Group has direct pension plans as well as one indirect pension plan. The indirect pension plan is serviced by SIMONA Sozialwerk GmbH, which manages the plan assets. The plan assets are accounted for in the Group statement of financial position such that the fair value of those assets of SIMONA Sozialwerk GmbH and SIMONA Vermögensverwaltungsgesellschaft der Belegschaft mbH that fulfil the requirements for plan assets are deducted from the benefit obligation of the Group (funding company) when measuring the pension provision to be recognised. As the requirements for plan assets specified in IAS 19.7 have been fulfilled, the deduction

of the plan assets from the obligation of the Group does not give rise to an obligation to consolidate on the part of SIMONA Sozialwerk GmbH and SIMONA Vermögensverwaltungsgesellschaft der Belegschaft mbH because their sole purpose is to service the pension obligations. Provisions for pensions are accounted for on the basis of the Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) (IAS 19). As part of this process, besides pensions and benefits known at the reporting date, expected future increases in salaries and pensions are accounted for with sufficient reliability. The calculation is based on actuarial reports that take into account specific biometric data. Actuarial gains and losses are recognised as income or expense if the net cumulative unrecognised actuarial gains and losses at the end of the previous reporting period exceeded the greater of 10 per cent of the present value of the defined benefit obligation at that date (before deducting plan assets) and 10 per cent of the fair value of any plan assets at that date.
The amount recognised as a defined benefit liability is the net total of the present value of the defined benefit obligation at the end of the reporting period plus any actuarial gains (less any actuarial losses) not recognised minus any past service cost not yet recognised minus the fair value at the end of the reporting period of plan assets out of which the obligations are to be settled directly.

Revenue recognition
Revenue is recognised when it is probable that the economic benefits associated with a transaction will flow to the Group and the amount of revenue can be measured reliably. Additionally, the following conditions must be satisfied for the recognition of revenue.

a) Sale of goods
Revenue is recognised when the Group has transferred to the buyer the significant risks and rewards of ownership of the goods.

b) Interest
Revenue is recognised using the effective interest method when the interest arises.

Taxes
a) Current tax assets and current tax liabilities
Current tax liabilities and current tax assets for current and prior periods are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

b) Deferred taxes
Deferred taxes are recognised for all temporary differences between the carrying amount of an asset or liability in the statement of financial position and its tax base as well as in connection with consolidation procedures. Additionally, a deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

c) Value added tax
Sales revenues, expenses and assets are recognised after deduction of value added tax.

Derivative financial instruments and hedging instruments

Derivate financial instruments are used solely for hedging purposes in order to mitigate currency and interest rate risks arising from operating business. Under IAS 39, all derivative financial instruments, such as interest rate, currency and foreign exchange forward contracts as well as currency options, are to be carried at fair value, irrespective of the purpose such transactions have been entered into by the entity.

The derivative financial instruments do not fulfil the restrictive requirements of IAS 39 applying to the recognition of hedging relationships. Therefore, gains and losses arising from a change in the fair value of derivative financial instruments are recognised immediately in profit or loss.

The fair value of derivative financial instruments is calculated on the basis of market data and generally accepted valuation methodologies. The market changes associated with derivative financial instruments are reported in the results.

[6] Assets of a disposal group classified as held for sale as well as liabilities related to assets held for sale

In the consolidated financial statements of SIMONA AG for the financial year ended 31 December 2007, the investment in Georg Fischer SIMONA Fluorpolymer Products GmbH, Ettenheim, was accounted for on a pro-rata basis. In this case, the assets and liabilities were presented separately in a disposal group classified as held for sale.

Effective from 1 January 2008, SIMONA AG, Kirn, disposed fully of its 50 per cent interest held in Georg Fischer SIMONA Fluorpolymer Products GmbH, Ettenheim. Upon disposal of the ownership interest, the investment was no longer accounted for in the consolidated financial statements of SIMONA AG; correspondingly derecognition of this item was performed effective from 1 January 2008.

As at the end of the reporting date of 31 December 2008, the assets included in a disposal group classified as held for sale as well as the liabilities relating to assets held for sale ceased to exist within the Group.

The disposal had the following effect on the consolidated financial statements as at 31 December 2008:

in € '000	
Assets of a disposal group classified as held for sale	4,082
Liabilities related to assets held for sale	–1,129
Liabilities related to assets held for sale eliminated as part of the consolidation process	–617
Deferred tax liabilities	–9
Net assets disposed of	**2,327**
Purchase price	3,100
Income from disposal	**773**

[7] Segment reporting

For company management purposes, the Group is organised according to geographic regions and has the three following reportable operating segments:

- Germany
- Rest of Europe and Africa
- Asia, America and Australia

All three segments generate their revenues mainly through the sale of semi-finished plastics and pipes, including fittings and finished parts.
Management assesses the operating results of these segments for the purpose of making decisions as to the distribution of resources and determining the profitability of the business units. Segment profitability is determined on the basis of operating results from operating activities before the effects of financing activities and excluding income tax effects.
As a matter of course, segment information is based on the same principles of presentation and the same accounting policies as those applied to the consolidated financial statements. Receivables, liabilities, revenues and expenses as well as profit/loss between the individual segments are eliminated as part of reconciliation. Internal transfer pricing between the business segments is determined on the basis of competitive market prices charged to unaffiliated third parties (regular way transaction). External sales revenue relates to the country in which the customer is domiciled. Capital expenditure relates to additions to intangible assets as well as property, plant and equipment. Segment assets and segment liabilities comprise assets and liabilities that contribute to the achievement of operating profit. Depreciation and amortisation of non-current assets relate to both intangible assets and property, plant and equipment.
The following tables include information relating to revenues and profit or loss as well as specific information regarding assets and liabilities of the segments. The differences in respect of the consolidated financial statements are presented in the reconciliation.

Segment information – SIMONA Group for the 2009 Financial Year

Segmentation by region in € '000	Germany		Rest of Europe and Africa		Asia, America and Australia		Eliminations		Group	
	2009	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**
Revenue from sales to external customers	76,518	112,096	115,387	158,268	24,319	34,568	–1,154	–1,281	215,070	303,651
Revenue from sales to other segments	0	0	47,097	59,231	5,306	8,981	–52,403	–68,212	0	0
Segment revenue									**215,070**	**303,651**
Segment result	4,080	11,832	3,836	9,986	–597	–2,021	0	0	7,319	19,797
Segment assets	122,362	136,298	31,032	31,433	24,344	22,570			177,738	190,301
Segment liabilities	62,150	62,772	3,479	4,319	2,482	1,441			68,111	68,532
Segment capital expenditure	5,323	11,414	4,023	5,560	3,050	4,496			12,396	21,470
Depreciation/amortisation	12,860 [1]	11,411	925	315	769	751			14,554	12,477

[1] Depreciation/amortisation includes impairment losses of € 1,790 thousand

A reconciliation between segment assets, segment liabilities and segment profit/loss and current and non-current assets and liabilities as well as earnings before taxes is presented below:

Reconciliation

in € '000	31/12/09	31/12/08
Segment assets	177,738	190,301
Cash and cash equivalents	61,479	48,432
Non-current tax assets	4,320	4,844
Current tax assets	889	885
Deferred tax assets	236	276
Financial assets	23	23
Current and non-current assets	**244,685**	**244,761**
Segment liabilities	68,111	68,532
Deferred tax liabilities	5,271	7,089
Income tax liabilities	2,638	2,250
Non-current financial liabilities	7,000	8,514
Current financial liabilities	3,824	350
Derivative financial instruments	295	380
Current and non-current liabilities	**87,139**	**87,115**
Segment result	7,319	19,797
Interest income	506	1,024
Interest expense	690	–572
Earnings before taxes	**7,135**	**20,249**

Information relating to product groups

Sales revenue from external customers

in € '000	2009	2008
Semi-finished plastics	149,534	218,359
Pipes and fittings	65,536	85,292
Total	**215,070**	**303,651**

Notes to Group income statement

[8] Sales revenue

Sales revenue is attributable solely to the sale of semi-finished plastics, pipes and fittings. The classification of sales revenue by region and product segment is outlined in segment reporting – Note [7].

[9] Staff costs

in € '000	2009	2008
Wages and salaries	43,703	46,338
Expenses relating to social security	9,005	9,411
Expenses relating to pensions	2,548	2,480
	55,256	**58,229**

[10] Research and development expenses

The costs incurred as part of research and development activities vary in nature and are recognised in the respective items of the Group income statement. Delineation of research and development costs from costs incurred when implementing customised product properties is not possible on a systematic basis due to the same production processes applied in both areas. Research and development expenses are mainly comprised of staff costs, material costs and depreciation of property, plant and equipment.

[11] Rental and leasing expenses

Other operating expenses include expenses relating to rental and lease agreements amounting to €1,978 thousand in the financial year under review (2008: €2,605 thousand). The expenses are attributable mainly to the rental of dispatch warehouses and production facilities. The rental agreements have various contractual maturities (usually 3 to 15 years); some of the rental agreements include options for the extension of rental periods. All rental and lease agreements are structured as operating leases within the meaning of IAS 17.

[12] Net finance income

in € ’000	2009	2008
Interest income	**506**	**1,024**
of which from the measurement of derivatives	76	0
of which from loans and receivables	430	1,024

in € ’000	2009	2008
Interest expense	**690**	**572**
of which from the measurement of derivatives	0	190
of which from borrowings and financial liabilities	690	382

[13] Income taxes

The principal elements of income tax expense for the 2009 and 2008 financial years are as follows:

Group income statement in € ’000	2009	2008
Current tax		
Current tax expense	4,185	7,378
Adjustments of current tax attributable to previous periods	–80	–106
Income from measurement of credits for the reduction of corporation tax	–214	–235
Deferred tax		
Origination and reversal of temporary differences	–1,778	–716
Income tax expense reported in Group income statement	**2,113**	**6,321**

Reconciliation between income tax expense and the product of profit for the year carried in the statement of financial position and the tax rate applicable to the Group for the 2009 and 2008 financial years is as follows:

in € '000	2009	2008
Profit before income taxes	7,135	20,249
Income tax expense at German tax rate of 28.43 % (prev. year: 28.43 %)	2,028	5,757
Adjustments of current tax attributable to previous periods	–80	–106
Tax effect of non-deductible expenses	26	47
Tax rate differences	–125	–87
Tax effect of non-taxable disposal of interests	0	–204
Reversal of deferred tax assets relating to loss carryforwards attributable to previous year due to lack of recoverability	0	357
Income from measurement of credits for the reduction of corporation tax	–214	–235
Loss carryforwards used in connection with deferred tax assets not recognised in previous year	–116	–180
Unrecognised deferred tax assets relating to tax losses	532	992
Other	62	–20
Income tax expense at effective tax rate of 29.61 % (prev. year: 31.22 %)	**2,113**	**6,321**
Income tax expense reported in Group income statement	**2,113**	**6,321**

At 31 December 2009, the potential credit for the reduction of corporation tax, which results from the provisions set out in Section 37 and 38 KStG and is to be disclosed in accordance with IAS 12.82A, was € 5,914 thousand (2008: € 6,653 thousand). In the period under review, the credit for the reduction of corporation tax was measured at the present value of € 5,037 thousand (2008: € 5,563 thousand). Payouts in connection with the corporation tax credits will be made in eight remaining annual instalments of € 739 thousand p.a. in the period from 2010 to 2017. To the extent that these payments do not fall due within one year, the items are accounted for in the statement of financial position as non-current assets. Payments due within one year are carried as current assets.

Deferred tax

The deferred tax liabilities and assets for the period under review are outlined below:

in € '000	Group statement of financial position		Group income statement	
	31/12/ 2009	31/12/ 2008	2009	2008
Deferred tax liabilities				
Non-current assets	7,954	8,654	–700	–638
Inventories	1,677	2,457	–780	–403
Receivables and other assets	168	261	–93	–135
Other provisions and liabilities	52	151	–99	79
Other items	0	211	–211	110
	9,851	**11,734**	**–1,883**	**–987**
Deferred tax assets				
Provisions for pensions	3,565	3,624	59	77
Other provisions and liabilities	490	510	20	26
Inventories	465	580	115	–116
Loss carryforward	179	61	–118	357
Other items	117	146	29	–73
	4,816	**4,921**	**105**	**271**
after set-off:				
Deferred tax assets	**236**	**276**		
Deferred tax liabilities	**–5,271**	**–7,089**		
Deferred tax income			**–1,778**	**–716**

Deferred tax assets and deferred tax liabilities are offset to the extent that the company has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities related to income taxes levied by the same taxation authority (IAS 12.74).
At the end of the reporting date, loss carryforwards amounted to € 10,990 thousand (2008: € 9,142 thousand). Deferred tax assets of € 179 thousand (2008: € 61 thousand) were recognised for € 1,147 thousand (2008: € 174 thousand) of the loss carryforwards mentioned above. Beyond this, no other deferred tax assets were recognised, as the losses may not be used for the purpose of set-off with the taxable profit of other Group companies whose earnings situation is unlikely to improve so significantly in the short term that future taxable profit will be available against which the unused tax losses can be utilised.

Expiry date of tax loss carryforwards:

in € '000	2009	2008
Between 3 and 20 years	10,452	8,545
Indefinite carryforward	538	597
	10,990	**9,142**

[14] Earnings per share

For the calculation of basic earnings per share, the profit or loss attributable to ordinary equity holders of the parent entity shares is divided by the weighted average number of ordinary shares outstanding during the year. There were no dilutive effects in the 2009 or 2008 reporting periods.

The following table presents the amounts relevant to the calculation of basic and diluted earnings per share:

in € '000 or units of 1,000	2009	2008
Profit or loss attributable to ordinary equity holders of the parent company	4,988	13,920
Weighted average number of ordinary shares (without treasury shares) for the purpose of calculating basic earnings per share	**600**	**600**
Dilutive effects	0	0
Weighted average number of ordinary shares (without treasury shares) for the purpose of calculating diluted earnings per share	600	600
Basic earnings per share (in euro)	**8.31**	**23.20**
Diluted earnings per share (in euro)	**8.31**	**23.20**

No transactions with ordinary shares occurred between the reporting date and the preparation of the consolidated financial statements.

[15] Paid and proposed dividends

During the financial year a dividend, attributable to the ordinary shares of the parent company, in the amount of € 8.50 per share was declared and distributed.
The total payment made in the financial year under review amounted to € 5,100 thousand (2008: € 5,100 thousand).
A dividend proposal of € 6.00 per share (2008: € 8.50 per share) will be submitted to the Annual General Meeting of Shareholders. The proposed total dividend was not recognised as a liability at the reporting date.
The corresponding payment would total € 3,600 thousand (2008: € 5,100 thousand).

[16] Intangible assets

31 December 2009

in € '000	Patents and licences	Goodwill	Total
Balance at 1 January 2009 (Cost of purchase/ conversion, taking into account accumulated amortisation and impairments)	1,355	143	1,498
Additions	834	0	834
Amortisation during the financial year	–920	0	–920
Balance at 31 December 2009	**1,269**	**143**	**1,412**
Balance at 1 January 2009			
Cost of purchase/ conversion (gross carrying amount)	7,861	143	8,004
Accumulated depreciation	–6,506	0	–6,506
Carrying amount	**1,355**	**143**	**1,498**
Balance at 31 December 2009			
Cost of purchase/ conversion (gross carrying amount)	8,460	143	8,603
Accumulated depreciation	–7,191	0	–7,191
Carrying amount	**1,269**	**143**	**1,412**

31 December 2008

in € '000	Patents and licences	Goodwill	Total
Balance at 1 January 2008 (Cost of purchase/ conversion, taking into account accumulated amortisation and impairments)	2,381	143	2,524
Additions	275	0	275
Amortisation during the financial year	–1,303	0	–1,303
Exchange differences	2	0	2
Balance at 31 December 2008	**1,355**	**143**	**1,498**
Balance at 1 January 2008			
Cost of purchase/ conversion (gross carrying amount)	7,575	143	7,718
Accumulated amortisation	–5,194	0	–5,194
Carrying amount	**2,381**	**143**	**2,524**
Balance at 31 December 2008			
Cost of purchase/ conversion (gross carrying amount)	7,861	143	8,004
Accumulated amortisation	–6,506	0	–6,506
Carrying amount	**1,355**	**143**	**1,498**

In accordance with the method applied in the previous year, patents and licences are amortised systematically over their economic life of three to five years by using the straight-line method.

[17] Property, plant and equipment

31 December 2009

in € '000	Land and buildings	Plant and equipment	Total
Balance at 1 January 2009 (taking into account accumulated depreciation/amortisation and impairments)	28,782	66,819	95,601
Additions	6,818	4,744	11,562
Disposals	–20	–426	–446
Depreciation/amortisation during the financial year [1]	–1,544	–12,090	–13,634
Effects of changes in foreign currency exchange rates	–98	–146	–244
Balance at 31 December 2009 (taking into account accumulated depreciation/amortisation and impairments)	**33,938**	**58,901**	**92,839**
Balance at 1 January 2009			
Cost of purchase or conversion	54,205	198,146	252,351
Accumulated depreciation/amortisation and impairments	–25,423	–131,327	–156,750
Carrying amount	**28,782**	**66,819**	**95,601**
Balance at 31 December 2009			
Cost of purchase or conversion	60,888	196,577	257,465
Accumulated depreciation/amortisation and impairments	–26,950	–137,676	–164,626
Carrying amount	**33,938**	**58,901**	**92,839**

[1] Depreciation/amortisation of technical equipment as well as operating and office equipment for the financial year includes impairment losses of €1,790 thousand. The impairment loss is attributable to the segment categorised as "Germany" (cf. Note [7]).
The impairment loss of €1,790 thousand recognised in the 2009 financial year relates to the reduction of the carrying amount of specific items of property, plant and equipment within the area of "PVC" to the recoverable amount due to expected negative cash flows. The impairment loss was recognised in the income statement as depreciation of property, plant and equipment, and amortisation of intangible assets. The recoverable amount was determined on the basis of the value in use.

31 December 2008

in € '000	Land and buildings	Plant and equipment	Total
Balance at 1 January 2008 (taking into account accumulated depreciation/amortisation and impairments)	29,490	56,245	85,735
Additions	536	20,660	21,196
Disposals	–1	–582	–583
Depreciation/amortisation during the financial year	–1,426	–9,748	–11,174
Effects of changes in foreign currency exchange rates	183	244	427
Balance at 31 December 2008 (taking into account accumulated depreciation/amortisation and impairments)	**28,782**	**66,819**	**95,601**
Balance at 1 January 2008			
Cost of purchase or conversion	53,487	179,591	233,078
Accumulated depreciation/amortisation and impairments	–23,997	–123,346	–147,343
Carrying amount	**29,490**	**56,245**	**85,735**
Balance at 31 December 2008			
Cost of purchase or conversion	54,205	198,146	252,351
Accumulated depreciation/amortisation and impairments	–25,423	–131,327	–156,750
Carrying amount	**28,782**	**66,819**	**95,601**

The useful life of assets was estimated on the following basis:

Buildings	20 – 40 years
Plant and equipment	5 – 20 years

Other operating income includes gains from the disposal of property, plant and equipment amounting to € 430 thousand (2008: € 120 thousand); other operating expense includes losses from the disposal of property, plant and equipment amounting to € 209 thousand (2008: € 177 thousand).

[18] Inventories

in € '000	31/12/09	31/12/08
Raw materials and consumables used	12,904	11,446
Finished goods	31,090	32,263
Inventories	**43,994**	**43,709**

In the 2009 financial year inventory impairments rose by € 333 thousand to € 3,230 thousand compared to 31 December 2008. The cost of materials includes expenses relating to raw materials and consumables in the amount of € 103,082 thousand (2008: € 166,263 thousand).

[19] Trade receivables

Trade receivables are not interest-bearing and are generally due within 30 to 90 days.

in € '000	31/12/09	31/12/08
Carrying amount	33,320	41,345
of which not impaired at the reporting date and past due within the following time ranges		
• up to 30 days	3,512	4,343
• between 31 and 60 days	884	1,441
• between 61 and 90 days	408	271
• between 91 and 120 days	72	287
• more than 120 days	916	476

As regards the trade receivables that were neither impaired nor past due, there were no indications at the reporting date that customers will fail to meet their payment obligations.

The changes to **valuation allowances for trade receivables** are outlined below:

in € '000	31/12/09	31/12/08
Balance of specific allowances at 1 January	894	466
Exchange differences	+7	–27
Allocated	+183	+528
Utilised	–28	–48
Reversed	–137	–25
Balance of specific allowances at 31 December	**919**	**894**

The following table includes expenses and income attributable to the derecognition of trade receivables as well as income from amounts received in connection with derecognised trade receivables. Expenses attributable to the derecognition of trade receivables are reported as other operating expenses, while income attributable to amounts received in connection with derecognised trade receivables is accounted for as other operating income.

in € '000	2009	2008
Expenses attributable to the derecognition of trade receivables	82	291
Income attributable to amounts received in connection with derecognised trade receivables	35	53

[20] Other assets and prepaid expenses

in € '000	31/12/09	31/12/08
Other receivables	6,139	7,964
Receivables from other long-term investees and investors	58	1
Prepaid expenses/deferred income	705	461
Other assets and prepaid expenses	**6,902**	**8,426**

Other receivables include reimbursement rights attributable to value-added tax, bonus receivables from suppliers as well as a reimbursement right due within one year in respect of corporation tax credits associated with the Act Governing Tax Measures Accompanying the Introduction of the European Company and for the Change of other Tax Regulations (SEStEG). At the reporting date, other assets were neither impaired nor past due.

[21] Cash and cash equivalents

in € '000	31/12/09	31/12/08
Bank balances and cash on hand	61,479	48,432
Cash and cash equivalents	**61,479**	**48,432**

Bank balances bear interest on the basis of floating interest rates applicable to balances payable on demand.

At 31 December 2009, the Group had undrawn borrowing facilities of €6,829 thousand (2008: €10,260 thousand).

[22] Equity

Changes in equity are presented in a separate statement of changes in equity.

Issued capital

As at 31 December 2009, the share capital of SIMONA AG was divided into 600,000 no-par-value shares. These shares are classified as ordinary bearer shares. Each no-par-value share has a notional interest of €25.83 in the company's share capital. The ordinary shares have been issued and fully paid in.

in € '000	31/12/09	31/12/08
Share capital	15,500	15,500
Issued capital	**15,500**	**15,500**

Other reserves

in € '000	31/12/09	31/12/08
Currency translation effects	–1,225	–1,430
Other reserves	**–1,225**	**–1,430**

Other reserves include currency translation effects attributable to exchange differences occurring upon translation of the financial statements of foreign subsidiaries.

[23] Financial liabilities

in € '000	Due date	31/12/09	31/12/08
Current liabilities			
Pro-rata loan of USD 3 million (principal repayments due by 31/12/10)	09/2010	231	237
Loan of USD 5.0 million (nominal amount)	09/2010	3,471	0
Pro-rata loan of USD 210 thousand (principal repayments due by 31/12/10)	01/2010 – 12/2010	22	0
Liabilities from deferred interest attributable to USD loans (current liabilities)	03/2010	85	89
Liabilities from deferred interest attributable to GBP loans (current liabilities)	04/2010	15	0
Bank overdrafts	on demand	0	24
		3,824	**350**
Non-current liabilities			
Loan of USD 5.0 million (nominal amount)	09/2010	0	3,547
Loan of GBP 2.0 million (nominal amount)	04/2012	2,252	0
Loan of USD 5.0 million (nominal amount)	12/2013	3,471	3,547
Pro-rata loan of USD 3 million (principal repayments due after 31/12/10)	09/2011 – 09/2015	1,157	1,420
Pro-rata loan of USD 210 thousand (principal repayments due after 31/12/10)	01/2011 – 10/2016	120	0
		7,000	**8,514**

[24] Pensions

The majority of employees within the SIMONA Group are entitled to post-employment benefits attributable to pension plan agreements. The aforementioned plans are structured as final salary pension plans in the case of both personnel employed on the basis of collective wage agreements and managerial staff, including members and former members of the Management Board. With the exception of payments to SIMONA Sozialwerk GmbH (cf. Note [25]), no contributions are made to funds. The following table includes a breakdown of the expense items recognised in the Group income statement in connection with retirement benefits as well as the amounts carried in the statement of financial position for the respective plans.

Expenses included in staff costs for retirement benefits

in € '000	2009	2008
Current service cost	947	929
Interest cost	1,672	1,551
Actuarial gain	–71	0
Cost of retirement benefits	**2,548**	**2,480**

The changes in the present value of defined benefit obligations are as follows:

in € '000	31/12/09	31/12/08
Obligation at beginning of reporting period	37,505	36,521
Current service cost	947	929
Interest cost	1,672	1,551
Benefits paid	–1,789	–1,496
Obligations at end of reporting period	**38,335**	**37,505**
of which non-current liability	36,698	35,929
of which current liability	1,637	1,576

The Group anticipates expenses of €2,606 thousand in connection with defined benefit pension plans for the 2010 financial year.
Actuarial gains and losses are offset in profit or loss to the extent that they exceed the 10 per cent corridor. As from the subsequent period, the portion of actuarial gains and losses exceeding this corridor is offset over the future average remaining working life of the employees.

Liabilities attributable to defined benefit obligations

in € '000	31/12/09	31/12/08
Present value of defined benefit obligation	34,022	32,826
Unrecognised actuarial gains attributable to the obligation	–4,313	–4,679
Liabilities attributable to defined benefit obligations	**38,335**	**37,505**

The present values of the defined benefit obligations relating to the current and the four previous reporting periods are as follows:

in € '000	2009	2008	2007	2006	2005
Present value of defined benefit obligation	34,022	32,826	33,598	37,123	35,508

The assumptions made for the purpose of determining the pension obligations are as follows:

	31/12/09	31/12/08
Discount rate	5.25 %	5.25 %
Salary increase	2.0 %	2.0 %
Pension adjustments	1.5 %	1.5 %
Mortality (mortality tables published by K. Heubeck)	2005 G	2005 G

[25] Company welfare institutions

SIMONA Sozialwerk GmbH is structured as a long-term employee benefit fund within the meaning of IAS 19.7. Under the Articles of Association, the entity operates solely for the purpose of ensuring that former employees of SIMONA AG as well as their dependants receive retirement benefits. The beneficiaries of pensions are entitled to all the assets belonging to the entity as well as all income derived from these assets while the entity is in existence as well as in the case of liquidation or insolvency of the entity. SIMONA AG has no access rights to assets held by SIMONA Sozialwerk GmbH. In the event of liquidation of the entity, the entity's assets are to be allocated to the recipients of benefits or are to be secured for the purpose of providing future benefits for said recipients. Thus, even in the event that SIMONA AG becomes insolvent, the creditors identified in connection with insolvency have no rights in respect of the assets of SIMONA Sozialwerk GmbH.
The assets of SIMONA Vermögensverwaltungsgesellschaft der Belegschaft mbH may be utilised solely for benefit-related purposes relating to SIMONA Sozialwerk GmbH.

in € '000	31/12/09	31/12/08
Present value of defined benefit plans at the beginning of the year	26,603	24,731
Current service cost	1,188	1,262
Interest cost	1,413	1,283
Benefits paid	–704	–673
Present value of defined benefit plans at the end of the year	**28,500**	**26,603**
Market value of fund assets at the beginning of the year	39,074	40,276
Disposals of financial assets	–704	–673
Return (prev. year: loss) on fund assets	227	–529
Market value of fund assets at the end of the year	38,597	39,074
Surplus plan assets	**10,097**	**12,471**

As regards the basic assumptions for determining the pension obligations, please refer to the details in Note [24].

The surplus relating to plan assets is not accounted for in the consolidated financial statements of SIMONA AG, as SIMONA AG has no control over these assets. In accordance with the provisions set out in IAS 19.7, the plan assets are available to be used only to pay or fund employee benefits.
The fair value of the plan assets includes shares in SIMONA AG with a fair value of € 18,900 thousand (2008: € 19,440 thousand) as at 31 December 2009.

Assets (liabilities) attributable to defined benefit obligations

in € '000	31/12/09	31/12/08
Defined benefit obligation	–28,500	–27,327
Fair value of plan assets	38,597	39,074
Overfunded	**10,097**	**11,747**
Unrecognised actuarial losses attributable to the obligation	42	724
Assets attributable to defined benefit obligations	**10,139**	**12,471**

The amounts relating to the current and the four previous reporting periods are as follows:

in € '000	2009	2008	2007	2006	2005
Present value of defined benefit obligations	–28,500	–27,327	–27,381	–30,184	–26,119
Fair value of plan assets	38,597	39,074	40,276	37,400	32,795
	10,097	**11,747**	**12,895**	**7,216**	**6,676**

[26] Other provisions

in € '000	Personnel-related obligations	Guarantees/warranties	Other items	Total
Balance at 01/01/09	**4,855**	**6,481**	**1,446**	**12,782**
Allocated	1,564	691	2,455	4,710
Used	1,310	3,296	311	4,917
Reversed	165	723	0	888
Balance at 31/12/09	**4,944**	**3,153**	**3,590**	**11,687**
Short-term provisions	1,455	715	3,538	5,708
Long-term provisions	3,489	2,438	52	5,979
Balance at 31/12/09	**4,944**	**3,153**	**3,590**	**11,687**
Short-term provisions	1,309	3,321	1,327	5,957
Long-term provisions	3,546	3,160	119	6,825
Balance at 31/12/08	**4,855**	**6,481**	**1,446**	**12,782**

Personnel-related provisions encompass obligations in connection with agreements regarding part-time employment of staff approaching retirement, provisions relating to anniversaries as well as obligations from flexitime surpluses accumulated by employees. With the exception of provisions for flexitime surpluses, personnel-related provisions are measured on the basis of actuarial data. Provisions for flexitime surpluses are measured by discounting the estimated staff costs over a period calculated as the difference between the average age and the projected date of retirement of those affected. At the reporting date, obligations in connection with agreements regarding part-time employment of staff approaching retirement amounted to € 4,161 thousand (2008: € 3,785 thousand). This item is composed of obligations for performance-related arrears, additional compensation and severance payments.
Provisions for guarantees are recognised in connection with warranties for products sold in preceding years.

Guarantee-related provisions at SIMONA AG are recognised for ongoing, regularly occurring warranty cases as well as for individual cases that occur on an irregular basis and are associated with the risk of above-average claims.
As regards regularly occurring warranty cases, a provision is calculated on the basis of experience over what is adjudged to be a probable average claim period of 5 years. For the purpose of measuring the provision, the expenses actually incurred in connection with customer credits/refunds from warranty obligations as well as the thus resulting direct costs of processing a complaint are analysed in detail. Within this context, the weighted average warranty expense of the past 3 years is used for calculation purposes.
The portion of warranty provisions calculated in respect of individual cases occurring on an irregular basis is recognised only when the utilisation of the provision is considered likely, a payment relating thereto is deemed probable and a reliable estimate can be made.
The portion of the warranty provision whose utilisation is not due within one year after the reporting date is discounted.
Other provisions include provisions of €3,294 thousand attributable to the closure of the Würdinghausen plant. In view of the significant losses incurred by the plant, SIMONA AG took the decision to close its Würdinghausen production facility. The closure affects 78 members of staff responsible for producing pressed sheets, profiles and finished parts at the facility, mainly for customers operating within the mechanical engineering and transport systems sector. Staff costs and other operating expenses include expenses of €1,239 thousand and €2,314 thousand respectively relating to the closure of the Würdinghausen plant. The expenses are attributable solely to the segment classified as "Germany".

[27] Statement of cash flows

The statement of cash flows presents changes to cash and cash equivalents during the financial year by outlining case inflows and outflows. In accordance with IAS 7, the statement of cash flows includes information relating to cash flows from operating activities, investing activities and financing activities.
As at 31 December, cash and cash equivalents composed of securities, cash and cash equivalents as well as current financial liabilities were as follows:

in € '000	31/12/09	31/12/08
Cash and cash equivalents	61,479	48,432
Current financial liabilities (excluding liabilities attributable to loans)	–100	–113
	61,379	**48,319**

The effects of changes to cash and cash equivalents attributable to exchange rates were minus €190 thousand (2008: €223 thousand) at Group level.
Cash flows from investing and financing activities are accounted for directly, i.e. on a payments basis.
Cash flows from operating activities are determined indirectly on the basis of earnings before taxes, i.e. via changes to the Group statement of financial position, having accounted for the effects of currency translation.

[28] Related-party disclosures

Entities and persons with control over the SIMONA Group, as well as associated entities and persons, including close members of the family and intermediate entities, with significant influence over the financial and operating policies of the SIMONA Group are to be disclosed in accordance with IAS 24.

Management Board

- Wolfgang Moyses,
  Chairman of the Management Board, Kirn
- Detlef Becker, Saarbrücken
- Jochen Feldmann, Kirn
- Dirk Möller, Kirn

Supervisory Board

- Hans-Werner Marx, Kirn,
  Merchant
  Chairman of the Supervisory Board
- Dr. Rolf Gößler, Bad Dürkheim,
  Diplom-Kaufmann
  Deputy Chairman of the Supervisory Board
  Member of the Supervisory Board of J. Engelsmann AG, Ludwigshafen
- Roland Frobel, Isernhagen,
  Managing Director of Dirk Rossmann GmbH, Burgwedel
- Dr. Roland Reber, Stuttgart,
  Managing Director of Ensinger GmbH, Nufringen
- Bernd Meurer, Hennweiler,
  Employee Representative
- Karl-Ernst Schaab, Bergen,
  Employee Representative

Dirk Möller is a shareholder (11.64 per cent of shares in SIMONA AG) and a member of the Management Board of SIMONA AG. Additionally, Mr. Möller performs executive or controlling duties within the individual companies of the SIMONA Group

- SIMONA Plast-Technik s.r.o., Litvinov, (1)
- SIMONA AMERICA Inc., Hazleton, (2)
- SIMONA FAR EAST Ltd., Hong Kong, (2)
- SIMONA ENGINEERING PLASTICS TRADING Co. Ltd., Shanghai, (2)
- SIMONA ASIA Ltd., Hong Kong, (2)
- SIMONA ENGINEERING PLASTICS Co. Ltd., Jiangmen, (2)

The duties as an executive or controlling body are as follows:
(1) Managing Director/General Manager,
(2) Member of the Board of Directors

In the period under review, SIMONA AG and the entities specified above sold plastic products to each other and provided services on arm's length terms.
Dr. Roland Reber, member of the Supervisory Board of SIMONA AG, is also the Managing Director of Ensinger GmbH. The two entities maintain business relations with each other on arm’s length terms.
Beyond this, companies of the SIMONA Group entered into no significant transactions with members of the Management Board or the Supervisory Board of SIMONA AG and/or entities to which these persons have been appointed in an executive or controlling capacity. This also applies to close family members of the aforementioned persons.
SIMONA AG provides various services for related entities as part of its normal business activities. Likewise, the respective Group companies render services within the SIMONA Group in the context of their business purpose. These extensive transactions with regard to goods

supplied and services rendered are executed at market prices.

Compensation of members of the Management Board and Supervisory Board

Total Management Board compensation amounted to € 1,559 thousand in the period under review (2008: € 1,448 thousand). It comprises € 988 thousand (2008: € 908 thousand) in fixed-level compensation and € 571 thousand (2008: € 540 thousand) in bonus payments. The company does not grant loans to members of the Management Board.
Post-employment benefits of € 11,236 thousand (2008: € 11,079 thousand) have been provisioned for active members of the Management Board, former members of the Management Board and their surviving dependants. Compensation of former Management Board members and their surviving dependants amounted to € 853 thousand (2008: € 795 thousand).
Supervisory Board compensation at Group level totalled € 121 thousand in the 2009 financial year (2008: € 122 thousand). Supervisory Board compensation encompasses no variable components.

[29] Financial risk management objectives and policies

Principles of risk management

Some of the assets, liabilities and planned transactions of SIMONA AG are exposed to risks associated with changes to foreign exchange rates and interest rates. The principal aim of financial risk management is to mitigate risks attributable to ongoing operating and finance-related transactions.
Depending on the risk, the aim is to restrict the level of associated risk by means of derivative financial instruments and non-derivative hedging instruments. All hedging instruments are used solely for the purpose of hedging cash flows.

Interest-rate risk

The financial instruments exposed to interest-rate risk include short-term bank overdrafts as well as floating-rate US dollar loans. In the 2009 financial year, the interest-rate risk associated with these instruments was mitigated entirely by means of interest rate derivatives (interest rate swaps), as was the case in the previous financial year. In accordance with IFRS 7, interest-rate risks are addressed in the form of sensitivity analyses. These present the effects of changes in market interest rates on interest income, interest expense and items in the statement of financial position. As the interest rate derivatives (interest rate swaps) are not part of a hedging relationship as described in IAS 39, changes are recognised directly in finance income or cost.
Had the market interest rate of the US dollar been 100 basis points higher or lower at 31 December 2009, the net finance result would have been € 60 thousand higher and € 62 thousand lower respectively.
Had the market interest rate of the US dollar been 100 basis points higher or lower at December 31, 2008,

the net finance result would have been € 113 thousand higher and € 118 thousand lower respectively.

Currency risks

The SIMONA Group is exposed to risks associated with exchange rate fluctuations within the area of investing and financing activities. Risks attributable to foreign currencies are hedged to the extent that they affect the cash flows of the Group. The risk of exchange rate fluctuations associated solely with the translation of assets and liabilities into the reporting currency of the consolidated financial statements (euros) remains unhedged. Within the area of financing activities, the Group is exposed to foreign currency risks relating to two US dollar loans and one GBP loan granted for the purpose of financing the US and UK subsidiaries. The currency risk remains unhedged due to the fact that the loan is denominated in the same currency as the functional currency of the US and the UK subsidiary. In view of the origination of an additional US dollar loan in December 2008 for the benefit of an Asian subsidiary, which has accounted for an intercompany receivable in the same amount, the aggregate unhedged currency risk remains balanced.

At an operating level, the respective entities within the Group conduct the majority of their business transactions in their functional currency. The parent company is responsible almost solely for managing transactions in foreign currencies and hedges these activities within specified parameters as part of treasury management. Foreign exchange forward contracts and currency options are used for the purpose of hedging currency risks associated with operating activities. Within this context, payments up to a maximum of one year in advance are subject to hedging. As a result of these hedging activities, SIMONA AG was not exposed to significant currency risks as at the reporting date.

IFRS 7 requires entities to present risk on the basis of sensitivity analyses. These analyses show how profit or loss and equity would have been affected by changes in the relevant risk variable that were reasonably possible at the end of the reporting date. Exchange rate movements may occur in the case of primary financial instruments that are beyond the hedged parameters or that are hedged by means of financial derivatives in the form of forward foreign exchange transactions or currency options.

If, as at 31 December 2009, the euro had appreciated (depreciated) by 10 per cent against all other currencies, earnings before taxes would have been € 990 thousand lower (€ 1,569 thousand higher).

The hypothetical effect on profit of minus € 990 thousand (plus € 1,569 thousand) is attributable to the following sensitivity to exchange rates:

EUR/USD	–236 thsd	(439 thsd)
EUR/CHF	–117 thsd	(143 thsd)
EUR/GBP	143 thsd	(34 thsd)
EUR/CZK	–628 thsd	(768 thsd)
EUR/PLN	–103 thsd	(126 thsd)
EUR/HKD	–49 thsd	(59 thsd)
	–990 thsd	**1.569 thsd**

If, as at 31 December 2008, the euro had appreciated (depreciated) by 10 per cent against all other currencies, earnings before taxes would have been € 740 thousand lower (€ 1,055 thousand higher).

The hypothetical effect on profit of minus € 740 thousand (plus € 1,055 thousand) is attributable to the following sensitivity to exchange rates:

EUR/USD	–279 thsd	(376 thsd)
EUR/CHF	–25 thsd	(131 thsd)
EUR/GBP	–47 thsd	(73 thsd)
EUR/CZK	–296 thsd	(362 thsd)
EUR/PLN	–176 thsd	(215 thsd)
EUR/HKD	83 thsd	(–102 thsd)
	–740 thsd	**1.055 thsd**

Credit risk

SIMONA AG is exposed to credit risk as part of its operating activities. Financial assets outstanding – principally trade receivables – are monitored on a decentralised basis, i.e. by each legally separate company within the Group. Depending on the credit rating of the customer, receivables are subject to the risk of default, which is addressed with the help of trade credit insurance. Receivables exposed to probable credit risk are identified and monitored on a regular basis; credit risk relating to such items is accounted for by means of specific allowances on an item-by-item basis. The maximum potential credit risk is limited to the net carrying amount (less value-added tax) of the financial assets.

Liquidity risk

In order to ensure solvency and maintain financial flexibility, the Group continuously monitors liquidity levels associated with operating activities as well as anticipated payments attributable to commitments arising from capital investment orders of the respective companies. Within this context, liquidity is identified and assessed with a separate tool.

Alongside cash and cash equivalents amounting to € 61.5 million, the SIMONA Group has undrawn borrowing facilities of € 6.8 million. The Group's objective is to maintain a well-judged balance between ongoing coverage of cash requirements and sustained flexibility through the utilisation of bank overdrafts and loans.
As at 31 December 2009, the maturity structures of payment obligations relating to the financial liabilities of the Group were as follows.

in € '000	**Up to 1 year**	**2 – 5 years**	**More than 5 years**	**Total**
Financial liabilities	4,271	7,480	288	12,039
Trade payables	6,904	0	0	6,904
Financial liabilities	**11,175**	**7,480**	**288**	**18,943**

As at 31 December 2008, the maturity structures of payment obligations relating to the financial liabilities of the Group were as follows.

in € '000	**Up to 1 year**	**2 – 5 years**	**More than 5 years**	**Total**
Financial liabilities	743	9,162	521	10,426
Trade payables	7,373	0	0	7,373
Financial liabilities	**8,116**	**9,162**	**521**	**17,799**

As in the previous financial year, at 31 December 2009, there were no foreign exchange forward contracts that would result in amounts due to the entity or payment obligations.
The market valuation of interest rate swaps resulted in a net payment obligation of € 295 thousand (2008: € 380 thousand).
Based on market data, the value of the currency options is considered to be positive, resulting in a net amount due of € 160 thousand (2008: € 607).

Capital management

The primary objective of capital management within the Group is to ensure a high credit rating and maintain a healthy equity ratio.

The Group manages its capital structure and makes adjustments in response to changing economic conditions where such action is deemed appropriate.

[30] Financial instruments

The following table presents the carrying amounts and fair values of all financial instruments recognised by the Group.

in € '000		Carrying amount		Fair value	
		31/12/ 2009	31/12/ 2008	31/12/ 2009	31/12/ 2008
Financial assets that					
Cash and short-term deposits	LaR	61,479	48,432	61,479	48,432
Currency options	FAHfT	160	607	160	607
Trade receivables	LaR	33,320	41,345	33,320	41,345
Financial liabilities					
Bank overdrafts	FLAC	0	–24	0	–24
Other current financial liabilities	FLAC	–100	–89	–100	–89
Loans	FLAC	–10,724	–8,751	–10,724	–8,751
Interest-rate swap	FLHfT	–295	–380	–295	–380
Trade payables	FLAC	–6,904	–7,373	–6,904	–7,373

Total by measurement category

in € '000				
LaR	94,799	89,777	94,799	89,777
FAHfT	160	607	160	607
FLAC	–17,728	–16,237	–17,728	–16,237
FLHfT	–295	–380	–295	–380

(LaR = Loans and Receivables, FAHfT = Financial Assets Held for Trading, FLAC = Financial Liabilities Measured at Amortised Cost, FLHfT = Financial Liabilities Held for Trading)

The fair value of derivative financial instruments and loans was determined by discounting the expected future cash flows on the basis of the prevailing market rate of interest as well as by applying option pricing models. Within this context, the calculation takes into account that the loans are subject to floating or fixed interest rates on the basis of standard market terms and conditions.

The following table presents the net gains and losses from subsequent measurement of financial instruments recognised in the statement of financial position, listed according to the respective measurement categories.

2009: Net gains and losses by measurement category

in € '000	Interest	Fair value	Currency trans-lation	Impair-ment loss /Disposal	Total
LaR	506	0	263	–73	696
HfT	0	–288	–124	0	–412
FLAC	–559	0	0	0	–559
Total	**–53**	**–288**	**139**	**–73**	**–276**

2008: Net gains and losses by measurement category

in € '000	Interest	Fair value	Currency trans-lation	Impair-ment loss /Disposal	Total
LaR	1,024	0	–865	–666	–507
HfT	0	132	364	0	496
FLAC	–319	0	0	0	–319
Total	**705**	**132**	**–501**	**–666**	**–330**

Hedging transactions

a) Cash flow hedging instruments

As at 31 December 2009 and 31 December 2008, the Group held no forward currency contracts.

b) Fair value hedging instruments

At the reporting date the Group had two interest-rate swaps used for the purpose of hedging risk arising from changes to the fair value of floating-rate US dollar loans. The maturities are based on the underlying loans.

As at 31 December 2009, the Group also held currency options deployed for the purpose of hedging receivables denominated in a foreign currency. The terms and conditions of these contracts are outlined in the following table:

Foreign currency options for fair value hedging

	in '000	Due date	Exchange rate
US Dollar	3,500	03/2010	1.4000
Pound Sterling	3,000	01/2010 – 07/2010	0.9000

The terms and conditions of contracts held by the Group as at 31 December 2009, are outlined in the following table:

Foreign currency options for fair value hedging

	in '000	Due date	Exchange rate
US Dollar	8,000	01/2009	1.6100
Pound Sterling	3,000	02/2009 – 06/2009	0.8200
Swiss Francs	2,200	01/2009 – 03/2009	1.5600 – 1.6000

The Group uses the following hierarchy for the purpose of determining and disclosing the fair values of financial instruments per measurement method:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: methods for which all inputs with a significant effect on the recognised fair value are observable either directly or indirectly; and
- Level 3: methods that use inputs which have a significant effect on the recognised fair value and are not based on observable market data

Assets measured at fair value:

in € '000	as at 31 Dec. 2009	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss				
Foreign currency options	160	0	160	0

Liabilities measured at fair value:

in € '000	as at 31 Dec. 2009	Level 1	Level 2	Level 3
Financial liabilities at fair value through profit or loss				
Interest rate swap	295	0	295	0

[31] Other information

Subsidiaries

Alongside SIMONA AG as the parent, the consolidated financial statements include the following entities. Unless otherwise specified, the ownership interest in the previous year was identical to that of the financial year under review.

in %	Ownership Interest
SIMONA Beteiligungs-GmbH, Kirn, Germany	100.0
SIMONA UK Ltd., Stafford, United Kingdom	100.0
SIMONA S.A., Domont, France	96.6
SIMONA S.r.l., Vimodrone, Italy	98.0
SIMONA IBERICA SEMIELABORADOS S.L., Barcelona, Spain	100.0
SIMONA POLSKA Sp. z o.o., Wrocław, Poland	100.0
SIMONA-PLASTICS CZ s.r.o., Prague, Czech Republic	100.0
SIMONA FAR EAST Ltd., Hong Kong, China	100.0
SIMONA AMERICA Inc., Hazleton, USA	100.0
SIMONA ENGINEERING PLASTICS TRADING Co. Ltd., Shanghai, China	100.0
SIMONA ASIA Ltd., Hong Kong, China	100.0
SIMONA ENGINEERING PLASTICS Co. Ltd., Jiangmen, China	100.0
64 NORTH CONAHAN DRIVE HOLDING LLC, Hazleton, USA	100.0
DEHOPLAST POLSKA, Sp.z o.o., Kwidzyn, Poland	51.0
SIMONA Plast-Technik s.r.o., Litvinov, Czech Republic	100.0

Financial assets

SIMONA AG holds at least a one-fifth interest in the following entities, without being able to control or significantly influence the financial and operating policies of the entities in question. Unless otherwise specified, the ownership interest in the previous year was identical to that of the financial year under review.

	Ownership Interest	Equity 31/12/08	Profit/loss 2008
Company	%	€ '000	€ '000
SIMONA Sozialwerk GmbH, Kirn, Germany	50.0	14,177	226
SIMONA Vermögens-verwaltungsgesellschaft der Belegschaft mbH, Kirn, Germany	50.0	7,685	709

Owing to its classification as a pension fund, SIMONA Sozialwerk GmbH is not included in the consolidated financial statements, as specified in IAS 19.7. SIMONA Vermögensverwaltungsgesellschaft der Belegschaft mbH is not included in the consolidated financial statements because the assets of this entity may be utilised solely for funding purposes in respect of SIMONA Sozialwerk GmbH and thus remain outside SIMONA AG's scope of economic control.

Average number of staff employed during the financial year:

	2009	2008
	Group	Group
Industrial staff	744	763
Clerical staff	430	419
	1,174	1,182
School-leaver trainees (apprentices)	56	55
Total number of employees	**1,230**	**1,237**

Contingent liabilities and other financial commitments

No provisions were recognised for the following contingent liabilities, carried at their nominal amounts, because the probability of the occurrence of risk is considered to be low.

Other financial commitments

in € '000	31/12/09	31/12/08
Commitments from operating rental and lease agreements		
Due within:		
1 year	1,278	1,447
2 – 5 years	1,730	2,869
after 5 years	53	153
	3,061	**4,469**

Purchase commitments arising from investment projects

in € '000	31/12/09	31/12/08
	711	5,334

Declaration of Conformity regarding the German Corporate Governance Code

In accordance with Section 161 AktG, the Company filed a Declaration of Conformity for 2009 on 10 March 2010. It has been made permanently available to shareholders on its corporate website at www.simona.de.

Directors' holdings – Shares held by members of the Management Board and Supervisory Board of SIMONA AG

As at 31 July 2009 (date of the Annual General Meeting of Shareholders) the members of the Management Board reported a total holding of 70,776 shares; this corresponds to approx. 11.80 per cent of the share capital of SIMONA AG.

The members of the Supervisory Board reported holdings of 1,970 shares, which corresponds to 0.33 per cent of share capital.

In accordance with Section 15a of the Securities Trading Act (Wertpapierhandelsgesetz – WpHG), the members of the Supervisory Board and the Management Board, as well as related parties, are legally obliged to disclose all significant acquisitions or disposals of shares in SIMONA AG. In the period under review, the company was notified of no such transaction.

Audit fees

Professional fees accounted for as expense in connection with the year-end financial audit amounted to € 217 thousand, while fees attributable to tax consulting services amounted to € 16 thousand and other services totalled € 22 thousand.

Events after the reporting period

No events occurred after the reporting date that would necessitate a change to measurements or recognised amounts.

SIMONA AG

Kirn, 23 March 2010

The Management Board

Group Statement of Cash Flows of SIMONA AG

in € '000	Notes	01/01 – 31/12/09	01/01 – 31/12/08
Profit before tax		7,135	20,249
Income taxes paid		–4,105	–7,272
Interest expense/income	[12]	184	–452
Depreciation of property, plant and equipment, and amortisation of intangible assets	[16], [17]	14,554	12,477
Other non-cash expenses and income		441	473
Change in pensions	[24]	830	984
Result from disposal of non-current assets		–221	57
Result from disposal of investments in an entity whose assets and liabilities were included in a disposal group classified as held for sale	[6]	0	–773
Change in inventories	[18]	–285	11,970
Change in trade receivables	[19]	8,025	6,104
Change in other assets		2,495	4,222
Change in liabilities and other provisions		–901	–3,306
Net cash from operating activities		**28,152**	**44,733**
Investments in intangible assets and property, plant and equipment	[16], [17]	–12,396	–21,470
Proceeds from disposal of non-current assets		667	96
Proceeds from disposal of investments in an entity whose assets and liabilities were included in a disposal group classified as held for sale	[6]	0	3,100
Net cash used in investing activities		**–11,729**	**–18,274**
Proceeds from financial liabilities		2,398	3,547
Repayment of financial liabilities		–235	–236
Payment of prior-year dividend	[15]	–5,100	–5,100
Payment of prior-year dividend non-controlling interests		–6	–12
Interest received		430	1,024
Interest paid and other expenses		–660	–382
Net cash used in financing activities		**–3,173**	**–1,159**
Effect of foreign exchange rate changes on liquidity	[27]	**–190**	**223**
Change in cash and cash equivalents	[27]	**13,060**	**25,523**
Cash and cash equivalents at 1 January		**48,319**	**22,796**
Cash and cash equivalents at 31 December		**61,379**	**48,319**
Change in cash and cash equivalents	[27]	**13,060**	**25,523**

Group Statement of Changes in Equity of SIMONA AG

		Equity attributable to owners of the parent company									Non-controlling interests	Total equity
	Notes	Issued capital		Capital reserves	Revenue reserves					Other reserves		
in € '000		Share capital (cf. Note [22])	Total		Legal reserves	Statutory reserves	Other revenue reserves	Accumulated profit for the period	Total	Currency translation differences (cf. Note [22])		
Balance at 01/01/08		15,500	**15,500**	**15,274**	397	2,847	73,587	42,002	**118,833**	**−1,499**	**227**	**148,335**
Amount recognised directly in equity		0	**0**	**0**	0	0	0	439	**439**	**69**	**−12**	**496**
Profit for the period		0	**0**	**0**	0	0	0	13,920	**13,920**	**0**	**8**	**13,928**
Total comprehensive income for the period		0	**0**	**0**	0	0	0	14,359	**14,359**	**69**	**−4**	**14,424**
Appropriations to other revenue reserves		0	**0**	**0**	0	0	6,862	−6,862	**0**	0	**0**	**0**
Dividend payment	[15]	0	**0**	**0**	0	0	0	−5,100	**−5,100**	0	**0**	**−5,100**
Distribution to non-Group parties		0	**0**	**0**	0	0	0	0	**0**	0	**−12**	**−12**
Balance at 31/12/08		15,500	**15,500**	**15,274**	397	2,847	80,449	44,399	**128,092**	**−1,430**	**211**	**157,647**
Balance at 01/01/09		15,500	**15,500**	**15,274**	397	2,847	80,449	44,399	**128,092**	**−1,430**	**211**	**157,647**
Amount recognised directly in equity		0	**0**	**0**	0	0	0	−225	**−225**	**205**	**3**	**−17**
Profit for the period		0	**0**	**0**	0	0	0	4,988	**4,988**	**0**	**34**	**5,022**
Total comprehensive income for the period		0	**0**	**0**	0	0	0	4,763	**4,763**	**205**	**37**	**5,005**
Appropriations to other revenue reserves		0	**0**	**0**	0	0	6,206	−6,206	**0**	0	**0**	**0**
Dividend payment	[15]	0	**0**	**0**	0	0	0	−5,100	**−5,100**	0	**0**	**−5,100**
Distribution to non-Group parties		0	**0**	**0**	0	0	0	0	**0**	0	**−6**	**−6**
Balance at 31/12/09		15,500	**15,500**	**15,274**	397	2,847	86,655	37,856	**127,755**	**−1,225**	**242**	**157,546**

Details of Shareholdings of SIMONA AG

Company	Ownership interest %	Equity € '000	Profit/loss of last financial year € '000
Indirectly			
SIMONA S.A., Domont, France	96.6	3,198	–45
SIMONA S.r.l., Vimodrone, Italy	98.0	598	–359
SIMONA UK Ltd., Stafford, United Kingdom	100.0	660	121
SIMONA IBERICA SEMIELABORADOS S.L., Barcelona, Spain	100.0	–15	86
SIMONA ENGINEERING PLASTICS TRADING Co. Ltd., Shanghai, China	100.0	467	14
SIMONA ENGINEERING PLASTICS Co. Ltd., Jiangmen, China	100.0	5,250	–299
64 NORTH CONAHAN DRIVE HOLDING LLC, Hazleton, USA	100.0	2,531	0
Directly			
SIMONA-PLASTICS CZ s.r.o., Prague, Czech Republic	100.0	317	27
SIMONA FAR EAST Ltd., Hong Kong, China	100.0	755	–39
SIMONA POLSKA Sp. z o.o., Wrocław, Poland	100.0	875	258
SIMONA Sozialwerk GmbH, Kirn (2008)	50.0	14,177	226
SIMONA Vermögensverwaltungsgesellschaft der Belegschaft mbH, Kirn (2008)	50.0	7,685	709
SIMONA Beteiligungs-GmbH, Kirn	100.0	1,834	0
SIMONA AMERICA Inc., Hazleton, USA	100.0	668	–1,212
SIMONA Plast-Technik s.r.o., Litvinov, Czech Republic	100.0	5,169	404
SIMONA ASIA Ltd., Hong Kong, China	100.0	4,991	–116
DEHOPLAST POLSKA Sp. z o.o., Kwdizyn, Poland	51.0	247	86

Auditor's Report

We have audited the consolidated financial statements of SIMONA AG, Kirn, comprising the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the notes to the consolidated financial statements, together with the Group management report for the financial year from 1 January to 31 December 2009. The legal representatives of the Company are responsible for the preparation of the consolidated financial statements and the Group management report in accordance with IFRS, as adopted by the EU, as well as in compliance with the additional provisions set out in Section 315 a (1) of the German Commercial Code (Handelsgesetzbuch – HGB). Our responsibility is to express an opinion on the consolidated financial statements and the Group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Section 317 of the German Commercial Code and in compliance with German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the Group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the Group management report are examined primarily on a test basis within the framework of the audit. The audit also includes assessing the annual financial statements of those entities included in consolidation, the determination of the entities to be included in consolidation, the accounting and consolidation principles applied and the significant estimates made by the legal representatives, as well as evaluating the overall presentation of the consolidated financial statements and the Group management report. We believe that our audit provides a reasonable basis for our opinion. Our audit has not led to any reservations. In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRS, as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315 a (1) HGB and give a true and fair view of the net assets, financial position and results of operations in accordance with these requirements. The Group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Eschborn/Frankfurt am Main, 24 March 2010

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Klein	Erbacher
German Public Auditor	German Public Auditor

Other Information

Responsibility Statement pursuant to Sections 297 (2), 315 (1) HGB

"To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements of the SIMONA Group give a true and fair view of the assets, liabilities, financial position and profit or loss of the SIMONA Group, and the management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the SIMONA Group."

SIMONA AG
Kirn, 23 March 2010

The Management Board

Financial Statements 2009 SIMONA AG (Extract)

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Balance Sheet of SIMONA AG as at 31 December 2009

Assets in € '000			31/12/09	31/12/08
A.	**Non-current assets**			
I.	**Intangible assets**			
	Industrial property rights and similar rights		481	636
II.	**Property, plant and equipment**			
	1. Land, land rights and buildings	15,358		16,305
	2. Technical equipment and machinery	17,353		21,314
	3. Other equipment, operating and office equipment	5,091		5,385
	4. Prepayments and assets under construction	1,771		1,181
			39,573	**44,185**
III.	**Financial assets**			
	1. Investments in affiliated companies	16,207		16,207
	2. Other long-term equity investments	23		23
			16,230	**16,230**
			56,284	**61,051**
B.	**Current assets**			
I.	**Inventories**			
	1. Raw materials, consumables and supplies	9,558		7,665
	2. Finished goods and merchandise	19,382		18,348
			28,940	**26,013**
II.	**Receivables and other assets**			
	1. Trade receivables	16,661		21,006
	2. Receivables from affiliated companies	26,166		26,074
	3. Receivables from other long-term investees and investors	58		1
	4. Other current assets	9,260		11,206
			52,145	**58,287**
III.	**Cash in hand, bank balances and cheques**		56,694	43,154
C.	**Prepaid expenses**		470	247
			194,533	**188,752**

Equity and liabilities in € ’000		31/12/09	31/12/08
A. Equity			
I. Subscribed capital		15,500	15,500
II. Capital reserves		15,032	15,032
III. Revenue reserves			
1. Legal reserve	397		397
2. Statutory reserve	2,847		2,847
3. Other revenue reserves	92,417		86,655
		95,661	**89,899**
IV. Unappropriated surplus		15,549	14,887
		141,742	**135,318**
B. Provisions			
1. Provisions for pensions	25,811		24,791
2. Provisions for taxes	1,283		2,226
3. Other provisions	15,140		17,610
		42,234	**44,627**
C. Liabilities			
1. Trade payables	3,960		4,827
2. Liabilities to affiliated companies	0		226
3. Other liabilities	6,597		3,754
– of which taxes € 3,185 thousand (prev. year: € 944 thousand)			
– of which relating to social security € 670 thousand (prev. year: € 541 thousand)			
		10,557	**8,807**
		194,533	**188,752**

Income Statement of SIMONA AG for FY 2009

in € '000		2009	2008
1, Revenue		191,124	271,221
2. Increase (prev. year: decrease) in finished goods inventories		661	–5,322
3. Other operating income		7,465	9,518
		199,250	**275,417**
4. Cost of materials			
a) Cost of raw materials, consumables and supplies	96,641		151,788
b) Cost of services purchased	226		356
		96,867	**152,144**
5. Staff costs			
a) Wages and salaries	36,285		39,690
b) Social security, post-employment and other employee benefit costs – of which in respect of old age pensions € 3,286 thousand (prev. year: € 3,068 thousand)	10,371		10,415
		46,656	**50,105**
6. Depreciation, amortisation and write-downs of property, plant and equipment as well as intangible assets		9,982	9,857
7. Other operating expenses		31,257	38,866
8. Income from long-term equity investments – of which from affiliated companies € 295 thousand (prev. year: € 576 thousand)		295	576
9. Other interest and similar income – of which from affiliated companies € 171 thousand (prev. year: € 388 thousand)		664	1,338
10. Write-down of financial assets		0	7,000
11. Interest and similar expenses		52	33
12. Result from ordinary activities		**15,395**	**19,326**
13. Taxes on income		3,647	6,756
14. Other taxes		224	157
15. Net profit for the period		**11,524**	**12,413**
16. Unappropriated retained earnings brought forward		14,887	13,780
17. Dividend distribution		5,100	5,100
18. Allocation to other revenue reserves		5,762	6,206
19. Unappropriated surplus		**15,549**	**14,887**

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Financial Calendar

Analyst Conference for 2009 Annual Results (Frankfurt)	28 April 2010
Financial Report of SIMONA Group and SIMONA AG	28 April 2010
Interim Announcement within the First Half	28 April 2010
Publication of Annual Report	18 May 2010
Annual General Meeting (Kirn)	25 June 2010
Publication of Group Financial Report (Half-Year)	25 August 2010
Interim Announcement within the Second Half	10 November 2010

SIMONA AG Shareholdings

SIMONA AG
Kirn

- **SIMONA Beteiligungs-GmbH**
  Kirn/Germany
  100 %
  - **SIMONA S.A.**
    Domont/France
    96.6 %
  - **SIMONA S.r.l. Italia**
    Vimodrone/Italy
    98 %
  - **SIMONA UK Limited**
    Stafford/United Kingdom
    100 %
  - **SIMONA IBERICA SEMIELABORADOS S.L.**
    Barcelona/Spain
    100 %
- **SIMONA Sozialwerk GmbH**
  Kirn/Germany
  50 %
- **SIMONA Vermögensverwaltungs-gesellschaft der Belegschaft mbH**
  Kirn/Germany
  50 %
- **SIMONA-PLASTICS CZ, s.r.o.**
  Prague/Czech Republic
  100 %
- **SIMONA Plast-Technik s.r.o.**
  Litvinov/Czech Republic
  100 %
- **SIMONA POLSKA Sp. z o.o.**
  Wrocław/Poland
  100 %
- **DEHOPLAST POLSKA Sp. z o.o.**
  Kwidzyn/Poland
  51 %
- **SIMONA AMERICA Inc.**
  Hazleton/USA
  100 %
  - **64 North Conahan Drive Holding LLC**
    Hazleton/USA
    100 %
- **SIMONA FAR EAST Limited**
  Hong Kong/China
  100 %
  - **SIMONA ENGINEERING PLASTICS TRADING Co. Limited**
    Shanghai/China
    100 %
- **SIMONA ASIA Limited**
  Hong Kong/China
  100 %
  - **SIMONA ENGINEERING PLASTICS Co. Limited**
    Jiangmen/China
    100 %

Governing Bodies at SIMONA AG

Members of the Management Board

Wolfgang Moyses
Chairman of the Management Board
Chief Executive Officer
Member of the Management Board since 1999

Areas of responsibility:
Strategic Business Development
Global HR Management & Legal Affairs
Investor Relations
Chairman Asia Pacific
Finance and Controlling
Purchasing
IT and Organisation
Environmental and Quality Management

Jochen Feldmann
Chief Financial Officer
Active member of the Management Board until 26 February 2010

Dirk Möller
Deputy Chairman (since 1 May 2010)
Chief Operating Officer
Member of the Management Board since 1993

Areas of responsibility:
Production
Land Holdings/Construction and Occupational Safety
Technical Service Center
Logistics
Chairman SIMONA AMERICA Inc.

Detlef Becker
Chief Sales Officer
Member of the Management Board since 2008

Areas of responsibility:
Sales
Marketing

Members of the Supervisory Board

Hans-Werner Marx
Merchand, Kirn
Chairman

Dr. Rolf Gößler
Diplom-Kaufmann, Bad Dürkheim
Deputy Chairman

Roland Frobel
Managing Director of Dirk Rossmann GmbH, Burgwedel

Dr. sc. techn. Roland Reber
Managing Director of Ensinger GmbH, Stuttgart

Karl-Ernst Schaab
Employee Representative
Clerk, Bergen

Bernd Meurer
Employee Representative
Maintenance Fitter, Hennweiler

Supervisory Board Committees

Audit Committee

Hans-Werner Marx
Chairman

Dr. Rolf Gößler

Roland Frobel

Personnel Committee

Hans-Werner Marx
Chairman

Dr. Rolf Gößler

Roland Frobel

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