Financial Statements of SIMONA AG

2009

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2009 Management Report of SIMONA AG

1. Business Review

General economic situation

In 2009, the global economy found itself in the grip of an unprecedented recession that had begun towards the end of 2008. It was only with the help of far-reaching stability measures directed at the financial systems that governments were able to prevent a total collapse. The crisis was endemic in that it engulfed almost all regions and industries. However, some regions – particularly Asia – returned to growth as early as mid-2009. In total, the global economy contracted by 0.8 per cent. 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. 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.

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).

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 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.

Revenues and orders at SIMONA AG

SIMONA was severely affected by the general malaise that followed in the wake of the financial crisis. 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. 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 AG. Therefore, in contrast to other periods of economic crisis, there was little room for manoeuvre with regard to offsetting shortfalls in specific areas. 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. Products made of specialty plastics also showed more forward momentum than our overall business within the area of semi-finished plastics. 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. SIMONA has divided its market activities into three sales regions:

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

Business development in Germany

Against the backdrop of an unprecedented decline in investment spending and extremely sluggish exports, particularly in the chemical and mechanical engineering sector, SIMONA AG recorded a significant contraction in total revenue within the sales region of Germany. Revenue generated from sales in this region fell by 31.9 per cent to € 76.1 million.

Business development in Rest of Europe and Africa

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 28.2 per cent to € 105.0 million (2008: € 146.2 million), which was less severe than the decline in total revenue. Rest of Europe and Africa accounted for 54.9 per cent of SIMONA AG's total revenue in 2009, up from 53.9 per cent last year.

Business development in Asia, America and Australia

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 gradually recovered 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 24.6 per cent to € 10.1 million, a less pronounced decline when compared to that of total revenue.

Earnings performance

Due to the economic climate and the thus resulting decline in revenue, gross profit fell by € 24.8 million to € 94.3 million. In parallel, however, lower commodity prices helped to lift the company's gross profit margin from 43.9 to 49.3 per cent.

While the overall volume of finished goods declined in terms of quantities held in stock, the actual value of inventories was up € 2.9 million at the end of the reporting date due to the rise in commodity prices towards the end of the year. The decline in other operating income by € 2.1 million was attributable chiefly to the fact that last year's figure had included income from the disposal of the company's interest in GF SIMONA Fluorpolymer Products GmbH, Ettenheim. Additionally, foreign currency gains were lower than a year ago.

Staff costs fell by € 3.4 million to € 46.7 million, primarily as a result of short-time work.

Depreciation and write-downs attributable to property, plant and equipment remained stable.

Other operating expenses declined by € 7.6 million in the year under review. Within this context, selling expenses were scaled back considerably due to the reduction in outward freight and lower packaging costs as well as a decline in maintenance costs.

Despite the streamlining measures introduced by the company, operating profit fell to € 14.8 million (2008: € 18.0 million) due to the general decline in business. The EBIT margin was 7.7 per cent.

Production

The SIMONA Group manufactures and markets a range of semi-finished plastics, 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.

In 2009, semi-finished products (sheets, rods, welding rods) were 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).

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.

Procurement

The price of standard polymers underwent a significant adjustment at the beginning of 2009. However, in parallel with trends witnessed within the area of crude oil, the price of standard polymers gradually began to rise again as the year progressed. Viewed across the twelve-month period, the prices within this area surged by up to 50 per cent. Specialty commodities and additives reached their low in mid-2009, but without nosediving completely. Within this segment, too, prices gradually began to rise again since the third quarter of 2009.

Capital expenditure

In view of the general economic conditions, capital expenditure was scaled back significantly in 2009 from € 18.9 million to € 5.3 million. Within the area of property, plant and equipment, investments included a PVC calender, an extruder, a sheet processing unit as well as a CNC milling and drilling station. Investments in intangible assets were attributable mainly to software licences.

Employees

The number of people employed by SIMONA AG declined in 2009. At 31 December 2009, the company had 957 employees, 56 fewer than at the same date a year ago. The overall headcount declined mainly as a result of part-time employment of staff approaching retirement, natural labour turnover and the expiry of temporary contracts. In addition, some members of staff left the company following the announcement that the Kirchhundem-Würdinghausen plant was to be closed. The average headcount was 971. At the end of the reporting period, the overall number of apprentices was slightly down on last year's figure, which had been relatively high. At the end of 2009, 59 (2008: 63) 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.
At 31 December 2009, 5 female members of staff were on parental leave. SIMONA is committed to the effective use of part-time employment for staff approaching retirement. At the end of 2009, 64 members of staff (2008: 55) had opted for part-time employment until they are eligible for retirement. In total 35 members of staff were able to retire by taking part in the semi-retirement scheme.
In 2009 SIMONA introduced the Balanced Scorecard (BSC) as a strategic management instrument. 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 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.

2. Review of financial situation

Financial position and cash flows

The total assets of SIMONA AG rose by € 5.8 million to € 194.5 million.

The overall volume of inventories was scaled down in the period under review. However, this reduction in stock levels was more than offset by higher commodity prices at the end of the year, as a result of which the carrying amount of inventories rose by € 2.9 million.

At the end of the reporting period trade receivables amounted to € 16.7 million, down € 4.3 million year on year to due to less buoyant business.

SIMONA AG significantly increased its net cash from operating activities in 2009. This led to a further improvement in the company's solid level of liquidity. Cash resources increased by € 13.5 million to € 56.7 million.

As regards equity and liabilities, the company recorded a further increase in shareholders' equity, up € 6.4 million to € 141.7 million in 2008. The equity ratio rose from 71.7 to 72.9 per cent.

Trade payables fell by € 0.9 million to € 4.0 million at the end of the reporting period.

3. 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 3.9 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.

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 break-even results. 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.
Despite this situation, SIMONA AG will be looking to grow revenue to a level of € 210 to € 220 million. 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 and if we continue to build on our extensive range of products. 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 for the 2010 financial year as a whole.
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.

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.

4. Other information

Research and development

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 multi-layer 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.

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 compensa-

tion granted to Management Board members of similar enterprises. In addition, the duties and the contribution of the respective Management Board members 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 2007 financial year.
Supervisory Board compensation for 2009 amounted to € 105 thousand (2008: € 105 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.

Declaration on corporate governance pursuant to Section 289 a of the German Commercial Code

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 on its corporate website at www.simona.de.

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 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 SIMONA AG.

Kirn, 23 March 2010

The Management Board

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**

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**

Notes to the 2009 Financial Statements of SIMONA AG

General information

These financial statements have been prepared in accordance with Section 242 et seq. and Section 264 et seq. of the German Commercial Code (Handelsgesetzbuch – HGB) as well as on the basis of the relevant provisions set out in the Stock Corporation Act (Aktiengesetz – AktG) and the supplementary accounting requirements of the Articles of Association. In this case, regulations governing large corporations apply. The income statement has been prepared on the basis of the nature of expense method.

Accounting policies

The following accounting policies, which remain largely unchanged compared with the previous year, have been used in preparing the annual financial statements. Purchased **intangible assets** are recorded at their cost of acquisition and, to the extent that their useful lives are finite, their carrying amount is appropriately reduced by systematic amortisation. **Property, plant and equipment** are initially recorded at cost of purchase or cost of conversion and, to the extent that their useful lives are finite, their carrying amounts are reduced by systematic depreciation. Assets relating to property, plant and equipment are written down according to their estimated useful lives on the basis of the maximum rates permissible under tax law. The diminishing balance method of depreciation is applied to movable assets insofar as this is permissible under tax law. Transition to the straight-line method occurs in the year in which the straight-line method results in higher annual depreciation charges. The remaining non-current assets are written down using the straight-line method of depreciation. Low-cost assets with a value up to € 410.00 purchased prior to 2008 have been written off fully in the year they were recognised as additions to assets and have been presented under the assumption that an immediate disposal/retirement of the asset has taken place. Low-cost assets that are purchased after 2007 and whose net cost does not exceed € 150 are subject to immediate write-downs. Low-cost assets with values ranging from € 150.00 to € 1,000.00 net are accounted for annually in a collective item. The collective item is subject to consistent depreciation of 20 per cent per annum for a period of five years. Depreciation on additions to property, plant and equipment is performed pro rata temporis. In the case of **financial assets**, equity interests are carried at the lower of cost or fair value. Inventories are stated at the lower of purchase or conversion cost and current cost. Inventories have been capitalised at the lower of average historical cost or current cost at the reporting date. Raw materials and finished goods were measured on the basis of the LIFO method. The differences in these amounts to those resulting from measurement on the basis of the exchange price or the market price at the balance sheet date have been presented as part of the explanatory notes. The inventories associated with consumables have been capitalised at the lower of average historical cost or current cost at the balance sheet date. **Finished goods** have been 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, direct labour and special production costs, this item also includes production and material overheads as well as depreciation in accordance with the minimum requirements specified under German tax law. As in the previous year, all other items held in inventories are stated at the lower of purchase or replacement cost at the balance sheet date. All identifiable risks associated with **inventories**, relating to holding periods in excess of average duration, diminished usability and lower replacement costs, are recognised by an appropriate write down.

Receivables and other assets are carried at their nominal values. All items subject to risk are written down on an item-by-item basis; where items are subject to a general credit risk, a general allowance is recognised. Non-interest-bearing other assets with a term of more than one year have been discounted. **Pension provisions**, i.e. retirement benefit obligations, are stated at amounts permissible under tax legislation. The partial values ("Teilwert", relating to allocation from date of entry into service) calculated on the basis of actuarial principles in accordance with Section 6 a of the Income Tax Act (Einkommensteuergestz – EStG) are based on a rate of interest of 6 per cent, applying the Richttafeln 2005 G (actuarial mortality assumptions). The discount rate associated with provisions for partial retirement obligations was 5.25 per cent. **Tax and other provisions** were created with reference to liabilities, the timing or amount of which were uncertain at the reporting date or in consideration of contingent losses associated with onerous contracts. They are carried at the amount that is deemed appropriate according to reasonable commercial judgement. **Liabilities** are stated at their repayment amount; to the extent that they are non-current and non-interest-bearing, they are recognised as liabilities at their present value.

Currency translation

In the financial statements of SIMONA AG, receivables and liabilities denominated in **foreign currencies** are carried at the foreign exchange rate applicable at the date the receivables or liabilities arose, insofar as changes in foreign currency exchange rates do not necessitate a reduction in the carrying amounts of receivables or an increase in the carrying amounts of liabilities. Bank deposits or liabilities denominated in foreign currencies are translated at the closing rate.

Notes to balance sheet

Non-current assets

Changes to individual items classified as non-current assets have been presented in the statement of changes in fixed assets together with details of depreciation and amortisation for the full financial year. Non-scheduled write-downs for machinery were performed under the provisions set out in Section 253(3) sentence 2 HGB. Non-scheduled write-downs amounted to € 1,035 thousand.

Details of shareholdings

Please refer to page 22 for further details of shareholdings.

Inventories

Inventories of raw materials and finished goods are measured on the basis of the LIFO method. The LIFO measurement of inventories entails the classification of inventories into appropriate groups, which are then valued at the lower of cost and net realisable value. The difference arising from the application of this method compared with the average cost method amounted to € 5,898 thousand.

Receivables and other assets

All receivables and other assets have maturities of under one year. In connection with the Act Governing Tax Measures Accompanying the Introduction of the European Company and for the Change of other Tax Regulations (SEStEG), the company capitalised its entitlement to the payment of the corporation tax credit (€ 5,038 thousand) and reported this item under other assets. The respective instalments are due between 2010 and 2017. In addition, reimbursement rights (€ 275 thousand) have been recognised as assets in relation to the Bundesagentur für Arbeit, as the conditions for reimbursement have been met under AltTZG and have been documented on the basis of an Official Notice. The total amount of other assets with a remaining term of more than one year was € 4,399 thousand (2008: € 4,941 thousand).

Other provisions

Other provisions mainly relate to warranty obligations, obligations regarding partial employment for staff approaching retirement, restructuring measures, anniversary emoluments, holiday pay, flexitime surpluses, management and staff bonus payments as well as trade association fees.

Liabilities

With the exception of the following "other liabilities" detailed below, all liabilities are due within one year. As a result of statutory changes to the insolvency protection measures required in connection with occupational pension provision in 2006, at the reporting date, the company had an obligation in respect of accumulated benefit entitlements from prior periods that now require supplementary financing. The remaining present value of the obligation is € 204 thousand and is payable in 12 equal annual instalments between 2010 and 2021. Additionally, at the reporting date the company had an obligation arising from the significant increase in premiums for insolvency insurance relating to occupational pension provision. The remaining present value of the obligation is € 258 thousand and is payable in 4 equal annual instalments between 2010 and 2013. The total amount of liabilities due after one and prior to five years is € 263 thousand. The total amount of liabilities with a remaining term of five or more years after 31 December 2009 is € 110 thousand. All liabilities are unsecured.

Contingencies

SIMONA AG, Kirn, issued absolute suretyships for the benefit of its subsidiaries SIMONA America Inc., Hazleton, USA, SIMONA Asia Ltd., Hong Kong, China, and SIMONA UK Ltd., Stafford, United Kingdom. At 31 December 2009 they amounted to € 4,859 thousand, € 3,471 thousand and € 2,252 thousand respectively.

Other financial commitments

Commitments from rental and lease agreements in € '000	
Due 2010	569
Due 2011 – 2014	803
	1,372
Order commitments arising from investment orders	**542**
Financial derivatives	
Currency options	5,833

The company holds currency options that entitle it to sell a total of GBP 3,000,000 and USD 3,500,000 at an agreed rate. The currency options are used for the purpose of hedging SIMONA Group receivables denominated in a foreign currency. On the basis of the market valuation of the options, the unrealised foreign exchange losses at the reporting date were € 53 thousand.

Letter of comfort

On May 15, 2008, SIMONA AG issued a Letter of Comfort for the subsidiary SIMONA UK Limited, Stafford, United Kingdom. In accordance with this Letter of Comfort, the Company is obliged to furnish the subsidiary with sufficient financial resources so that it is in a position to meet its obligations.

Notes to income statement

Revenue

	2009		2008	
	€ '000	%	€ '000	%
Domestic	76,059	39.8	111,625	41.2
Non-domestic	115,065	60.2	159,596	58.8
	191,124	**100.0**	**271,221**	**100.0**

Other operating income

Other operating income includes income not attributable to the accounting period in connection with the reversal of provisions (€ 1,673 thousand), income from insurance compensation (€ 1,680 thousand), income from the disposal of property, plant and equipment (€ 549 thousand), income from the reversal of specific valuation allowances (€ 131 thousand) as well as income from incoming payments attributable to receivables previously written off (€ 24 thousand).

Other operating expenses

Expenses not attributable to the accounting period relate mainly to the write-offs of receivables (€ 30 thousand) as well as losses from the disposal of assets (€ 13 thousand).

Taxes on income

Income taxes are attributable to earnings from ordinary activities in the financial year under review. Taxes on income include tax income of € 401 thousand and tax expense of € 321 thousand relating to previous financial years.

Other information

Governing bodies and compensation

Management Board

- Wolfgang Moyses,
  MBA, Diplom-Betriebswirt, (Chairman)
- Detlef Becker, Diplom-Kaufmann
- Jochen Feldmann, Diplom-Kaufmann
- Dirk Möller, Diplom-Ingenieur

Supervisory Board

- Hans-Werner Marx, Kirn,
  Merchant, (Chairman)
- Dr. Rolf Gößler, Bad Dürkheim,
  Diplom-Kaufmann, (Deputy Chairman)
  Other supervisory board mandates:
  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),
  Maintenance Engineer/Fitter
- Karl-Ernst Schaab, Bergen,
  (Employee Representative),
  Member of Commercial Staff

Total Management Board compensation

Total Management Board compensation for the 2009 financial year amounted to € 1,296 thousand, of which € 308 thousand was attributable to variable components.

Total Supervisory Board compensation

Supervisory Board compensation comprises remuneration in respect of supervisory board duties (€ 75 thousand) and remuneration for committee work performed by Supervisory Board members (€ 30 thousand). Total Supervisory Board compensation amounted to € 105 thousand, itemised as follows:

in € '000	2009
Hans-Werner Marx	30.0
Dr. Rolf Gößler	25.0
Roland Frobel	20.0
Dr. Roland Reber	10.0
Bernd Meurer	10.0
Karl-Ernst Schaab	10.0
	105.0

Compensation and pension provisions for former members of the Management Board and the Supervisory Board

Compensation relating to former members of the Management Board amounted to € 853 thousand. Full allocations have been made to pension provisions for former members of the Management Board. At 31 December 2009 these amounted to € 6,811 thousand.

Employees

Average number of staff employed in the financial year:

	2009	2008
Industrial staff	613	654
Clerical staff	302	304
	915	**958**
School-leaver trainees (apprentices)	56	55
	971	**1,013**

Appropriation of profits

The Management Board proposes that the unappropriated surplus ("Bilanzgewinn", i.e. the distributable profit) be appropriated as follows:

in € '000	2009
Profit for the period	11,524
Unappropriated retained earnings brought forward	9,787
Appropriation to other revenue reserves in accordance with the Articles of Association	**–5,762**
Unappropriated surplus	**15,549**
Dividend (€ 6.00 per share)	–3,600
Carried forward to new account	**11,949**

The share capital amounts to EUR 15,500,000 and consists of 600,000 bearer shares. Share capital is in the form of no-par-value shares ("Stückaktien").

Corporate Governance Code Declaration pursuant to Section 161 of the Stock Corporation Act

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.

Shareholdings pursuant to Section 21(1) WpHG

On 21 June 2008, the company disclosed in accordance with Section 26(1) of the Securities Trading Act (Wertpapierhandelsgesetz – WpHG) that it had received notification of the following interests held in the company. The ownership interests are outlined below:

Voting rights in SIMONA AG	in %
Anita Bürkle, Kirn	18.66
Dr. Wolfgang und Anita Bürkle Stiftung, Kirn	12.13
Dirk Möller, Kirn	11.64
Regine Tegtmeyer, Seelze	11.41
Kreissparkasse Biberach, Biberach	10.67
Rossmann Beteiligungs-GmbH, Burgwedel	10.10
SIMONA Vermögensverwaltungsgesellschaft der Belegschaft mbH, Kirn	10.00

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).

Group relationship

The separate financial statements are included in the consolidated financial statements of SIMONA AG, Kirn. The consolidated financial statements have been filed with the District Court Bad Kreuznach, Commercial Register No. HRB 1390.

Audit and consulting fees

Professional fees accounted for as an expense in connection with the year-end financial audit amounted to € 112 thousand, while fees attributable to tax consulting services amounted to € 14 thousand and other services totalled € 22 thousand.

Kirn, 23 March 2010
SIMONA Aktiengesellschaft, Kirn

The Management Board

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

Statement of Changes in Fixed Assets of SIMONA AG

	Cost of purchase or conversion					Accumulated depreciation/amortisation				Net carrying amounts	
in € '000	01/01/ 2009	Additions	Dispos-als	Reclassi-fications	31/12/ 2009	01/01/ 2009	Additions	Dispos-als	31/12/ 2009	31/12/ 2009	31/12/ 2008
I. Intangible assets											
Industrial property rights and similar rights	7,511	121	219	0	7,413	6,875	276	219	6,932	481	636
II. Property, plant and equipment											
1. Land, land rights and buildings	46,257	78	0	177	46,512	29,952	1,202	0	31,154	15,358	16,305
2. Technical equipment and machinery	122,791	2,278	5,029	579	120,619	101,477	6,712	4,923	103,266	17,353	21,314
3. Other equipment operating and office equipment	64,889	1,499	928	22	65,482	59,504	1,792	905	60,391	5,091	5,385
4. Prepayments and assets under construction	1,181	1,368	0	–778	1,771	0	0	0	0	1,771	1,181
	235,118	**5,223**	**5,957**	**0**	**234,384**	**190,933**	**9,706**	**5,828**	**194,811**	**39,573**	**44,185**
III. Financial assets											
1. Investments in affiliated companies	25,439	0	0	0	25,439	9,232	0	0	9,232	16,207	16,207
2. Other long-term equity invest-ments	23	0	0	0	23	0	0	0	0	23	23
	25,462	**0**	**0**	**0**	**25,462**	**9,232**	**0**	**0**	**9,232**	**16,230**	**16,230**
	268,091	**5,344**	**6,176**	**0**	**267,259**	**207,040**	**9,982**	**6,047**	**210,975**	**56,284**	**61,051**

Auditor's Report

We have audited the annual financial statements – comprising the balance sheet, income statement and notes to the financial statements – in conjunction with the accounting records and management report of SIMONA Aktiengesellschaft, Kirn, for the financial year from 1 January to December 31, 2009. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law as well as supplementary accounting requirements set out in the articles of association are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements – having referred to the accounting records – and the management report based on our audit.

We conducted our audit of the financial statements in accordance with Section 317 of the German Commercial Code and in compliance with generally accepted German auditing standards 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 annual financial statements in accordance with German principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. An audit includes assessing, on a test basis, the efficacy of the accounting-related internal control system, as well as examining evidence supporting the amounts and disclosures in the accounting records, annual financial statements and management report. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements and 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 annual financial statements comply with the legal requirements and supplementary provisions of the articles of association and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with German principles of proper accounting. The management report is consistent with the annual financial statements and as a whole provides a suitable view of the Company'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 Accountant	German Public Accountant

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