


Annual Report 2009

# NATURE INSIGHT

A close-up photograph of a sliced Aloe vera leaf. The leaf is cut lengthwise, revealing the thick, clear, gelatinous inner pulp (the pulp) and the thin, green outer skin (the rind). The background is dark and out of focus, with some light reflecting off the surface of the gel. The text is positioned in the lower-left quadrant of the image.

**ALOE VERA** – An example of our insight into Nature

In Latin, Aloe vera means “effective healer.” It is recommended for treatment of sunburn, burns, cuts and insect bites. Some 200 active substances and ingredients can be extracted from the sap in the plant’s leaves. Of the over 300 species of Aloe vera, Aloe barbadensis is the main one used for cosmetic and medical applications. It smoothes the skin, has an anti-inflammatory effect, and has moisturizing and nurturing qualities. Our Life Essentials business unit offers Aloe vera in different qualities for cosmetics products. The beverage industry has also discovered the nurturing properties of Aloe vera. From a combination of Aloe vera and fruit juice, Flavor & Nutrition has developed the novel “beauty from inside” beverage concept.

## KEY FIGURES OF THE GROUP

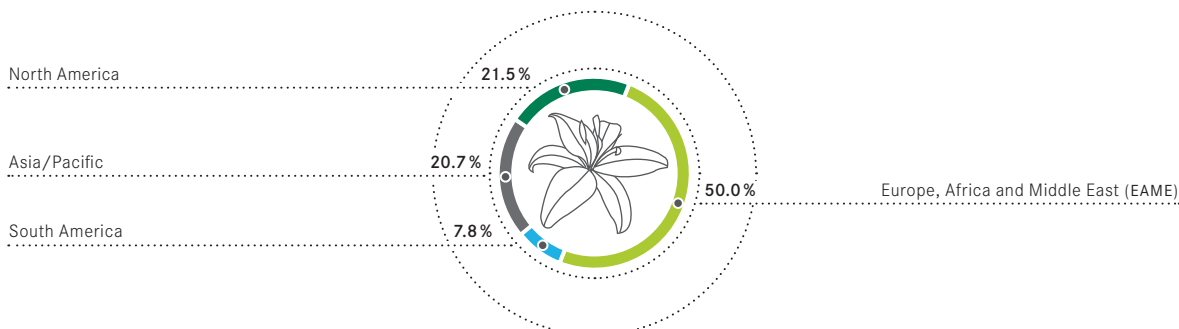
€ MILLION	2008	2009	CHANGE IN %	CHANGE IN % at local currency
Sales	1,319.9	1,362.0	3.2	2.7
EBITDA <sup>1</sup>	262.5	265.4	1	1
EBITDA margin <sup>1</sup>	in %	19.9	19.5	
EBIT	187.0	163.0	-13	-13
EBIT margin	in %	14.2	12.0	
Net income	90.4	84.3	-7	
Earnings per share	in €	0.76	0.71	-7
Dividend per share	in €	0.50	0.50 <sup>3</sup>	±0
Balance sheet total (as of December 31)	1,890.6	1,895.2	±0	
Capital ratio (as of December 31)	in %	34.3	36.4	
Investments	52.5	56.7		
Net debt (incl. pension provisions)/ EBITDA (as of December 31)	ratio	3.2	3.1	
Operating cash flow	153.1	225.7	47	
Employees (as of December 31)	FTE <sup>2</sup>	5,097	4,954	-3
<b>Scent &amp; Care</b>				
Sales	671.8	682.3	1.6	1.0
EBITDA <sup>1</sup>	130.2	122.8	-6	-7
EBITDA margin <sup>1</sup>	in %	19.4	18.0	
<b>Flavor &amp; Nutrition</b>				
Sales	648.1	679.7	4.9	4.5
EBITDA <sup>1</sup>	132.3	142.6	8	8
EBITDA margin <sup>1</sup>	in %	20.4	21.0	

<sup>1</sup> figure for 2009 adjusted for restructuring costs

<sup>2</sup> not including apprentices and trainees; FTE = Full Time Equivalent

<sup>3</sup> proposal

## GROUP SALES 2009 ACCORDING TO REGIONS (in %)



# BUSINESS DIVISIONS

Among the customer industries of our fragrances and flavors are the perfume, cosmetics and food industries, as well as household products' suppliers. We are continually growing our activities in the nutrition and body-care sectors on the basis of biofunctional and bioactive ingredients.

## FLAVOR & NUTRITION



Our customers use the flavors we produce in liquid, powder, granulated or paste form to make food and beverages. Our flavors give the products distinct tastes. We provide individual flavors or complete solutions, which, apart from the actual aroma, can contain additional functional raw materials, colorants or microencapsulated components. The new Consumer Health application area caters to the growing food supplement and pharmaceutical preparation markets, among others.

- Beverages
- Savory
- Sweet
- Consumer Health

## SCENT & CARE



**Fragrances** Perfume makers combine aromatic raw materials such as aroma chemicals and ethereal oils into complex fragrance compositions (perfume oils). Symrise perfume oils are used in perfumes (Fine Fragrances), in body-care products (hair-care products, washing lotions, skin creams, and deodorants) and in household products (washing products).

- Fine Fragrances
- Personal Care
- Household



**Oral Care** Symrise offers the entire range of mint aromas and intermediate products for toothpaste, oral care products and chewing gum.



**Life Essentials** The products manufactured by this business unit are used in skin care products, hair care products, suntan lotions, aftershave balsams, shower gels, washing lotions, anti-dandruff shampoos and deodorants. The unique feature of Life Essentials' activities is the combination of conventional body care and plant-based bioactive ingredients.

- Cosmetic Ingredients
- Active Ingredients
- Functionals
- Botanicals
- UV-Protection



**Aroma Molecules** These products, which exist in liquid or crystalline form, are used in various applications. Nature-identical menthol is used in oral care products, chewing gums and shower gels. Symrise uses aroma chemicals (intermediate products for perfume oils) to produce its own perfume oils and sells them to customers, who use them in their perfume oils.

- Sensates (Menthols)
- Special Fragrance & Flavor Ingredients
- Fine Aroma Chemicals

Flavors & Fragrances industry

Market for cosmetic ingredients

Market for aroma chemicals

## **BUSINESS MISSION**

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Symrise is the fourth-largest supplier in the flavors and fragrances market, with a global market share of 10%. We sell more than 30,000 products in over 160 countries. But we want more. Our goal is to grow faster than the market every year – with a clear focus on profitable growth.

More about our strategy on pages 14 to 17.

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Dear Shareholders and Friends of Symrise,

The 2009 fiscal year had its lights and shadows for Symrise. But despite the dismal business environment, there was fortunately more light than shadow. While the first half of the year was adversely affected by the international financial and economic crisis, there were clear signs of recovery starting in the summer. Overall, Symrise fared well in 2009. Our sales rose by around 3% to €1,362 million, doing so against the background of a 12% decrease in the global trade volume and the most severe recession in decades. So it's true: Symrise has a balanced business portfolio in which stable, crisis-proof elements have a strong effect, supplemented by dynamic growing fields of business.

In the face of weakening demand in the first months of 2009 caused by destocking on the part of our customers as a reaction to the economic situation, we took swift and consistent action. The Executive Board immediately introduced measures to successfully adapt to the business environment. When the economic environment improved in the second half of the year, Symrise benefited doubly. On the one hand, we became leaner and more effective due to previously optimized structures and processes. On the other, the advantages of a strict focus on our strategy took hold: growth with our global customers and in new markets and based on unique technologies. The EBITDA adjusted for restructuring measures was €265.4 million in 2009, slightly higher than in the previous year (€262.5 million), and the adjusted EBITDA margin was 19.5%, roughly equivalent to the previous year's figure (19.9%). In light of the turbulent year, we are quite satisfied with these results. At the Annual General Meeting on May 11, 2010, the Executive and Supervisory Boards will propose paying a dividend of €0.50 per share for the 2009 fiscal year, the same amount as in the previous year.



The 2009 fiscal year also brought changes to Symrise AG's Executive Board. As you know, I have been Chairman of the Executive Board of Symrise AG since the beginning of July 2009. Symrise is not new to me. I have been in the company for nearly 20 years, the last three as the member of the Executive Board in charge of the Flavor & Nutrition business division. For me personally and for Symrise, it is an exciting and challenging time with great tasks and equally great opportunities. Dr. Gerold Linzbach and Dominique Yates retired from the Executive Board and the Company. We would like to thank both former Executive Board members for their good teamwork and their contribution to the Company's success. In the autumn of 2009, Hans Holger Gliewe entered the top executive tier as the Head of Flavor & Nutrition, and at the end of 2009 Bernd Hirsch became the Company's new CFO. My fellow Executive Board members and I view ourselves as a management team, which, together with our employees, aims to bring Symrise further forward. In the very first months of our working together on the Executive Board, it has become clear that our different experiences, talents and characters excellently complement one another.

Changes in the Executive Board do not necessarily entail changes in strategy. Since Symrise has been successful for years, the focus is more on sharpening the Company's strategic profile. At the same time, we believe that an important part of our tasks is to critically question things and work on improving our processes and positions. Last year's developments show that Symrise can grow even in a difficult market environment. Our position has proved to be virtually crisis-proof. Symrise is a company with a long-term orientation, clear targets and a coherent strategy that we consistently pursue. In the future, we intend to heighten the focus

of our financial communication on the long-term qualities of our strategy, and relegate discussion of the quarterly ups and downs of business performance more to the background. Objective, trustworthy discourse with those active on the capital markets is important to us.

Symrise is cautiously optimistic about 2010. The markets relevant for us are developing well, despite increasing volatility in some cases. Our optimism is primarily rooted in our company's excellent positioning. At Symrise, we think in terms of the end customer. With the knowledge of their changing needs and wishes, we develop innovative products tailored to the specific requirements of our customers – and give them competitive advantages. Through intensive research and development that leads to new product solutions and technologies, we are extending Symrise's market share in the segment of very high-quality, high-margin products. The founding of the new global application area Consumer Health in the fourth quarter of 2009 is helping to drive this development. Consumer Health's products address consumers' desire for health and well-being and often have multiple uses. Our multidimensional product strategy is a main reason why Symrise stands out so strongly from the competition.

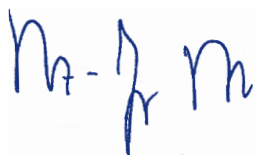
The core of our growth strategy is an organic development of our business, coupled with strategic acquisitions that round off our business model. We want to further increase our sales with rapidly growing and therefore strategically important international customers. In 2009, we extended our positions on important core lists, and in 2010 we will take additional important steps forward. We have an excellent position in the highly populous and

“Symrise is a company with a long-term orientation, clear targets and a coherent strategy that we consistently pursue. Customer orientation, innovative strength and the good positioning already achieved in most promising markets give Symrise as an independent company the potential to continuously increase its value for years to come.”

rapidly growing emerging markets. Our recent acquisition of Futura Labs, a leading flavors and fragrance manufacturer in Egypt and the United Arab Emirates, further supports this aspect of our strategy. In other words, customer orientation, innovative strength and the good positioning already achieved in most promising markets give Symrise the potential to continuously increase its value for years to come. We firmly believe that we can best exploit this potential as an independent company.

“Nature insight” is the motto of Symrise AG’s 2009 Annual Report. Insight into nature is offered by our range of products, which are increasingly based on natural raw materials. In this report, we discuss some of these developments. We wish you enjoyable reading.

On behalf of my colleagues on the Executive Board and all Symrise employees, I would like to thank you sincerely for your great support and trust in the 2009 business year.



Dr. Heinz-Jürgen Bertram

## THE EXECUTIVE BOARD

### HANS HOLGER GLIEWE

#### Member of the Executive Board

- Responsible for Flavor & Nutrition since December 2009
- Appointed until 2012
- Born 1959

### DR. HEINZ-JÜRGEN BERTRAM

#### Chief Executive Officer since July 2009

- Member of the Executive Board responsible for Flavor & Nutrition since 2006
- Appointed until 2012
- Born 1958

### BERND HIRSCH

#### Chief Financial Officer since December 2009

- Appointed until 2012
- Born 1970

### ACHIM DAUB

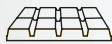
#### Member of the Executive Board

- Responsible for Scent & Care since 2006
- Appointed until 2010
- Born 1962

The Executive Board



#### CHOCOLATE PRODUCTS



In addition to their own bitter notes, dark chocolates obtain their inimitable taste from citrus.

#### HOUSEHOLD CLEANERS



Lemon arouses an impression of freshness and cleanliness better than any other substance.

#### PERFUMES



The freshness of citrus is essential in lively, sporty perfumes.



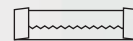


## BEVERAGES



Citrus aromas constitute the largest application area in non-alcoholic beverages, giving them a fresh and exhilarating flavor.

## CHEWING GUM



In addition to classical mint tastes, refreshing citrus flavors are becoming more and more popular.

## SWEETS



Whether it's fruit gums or hard caramels, many delicious sweets obtain their refreshing, sour taste from citrus aromas.



**ERLON PEREIRA**  
Global Brand Director Citrus



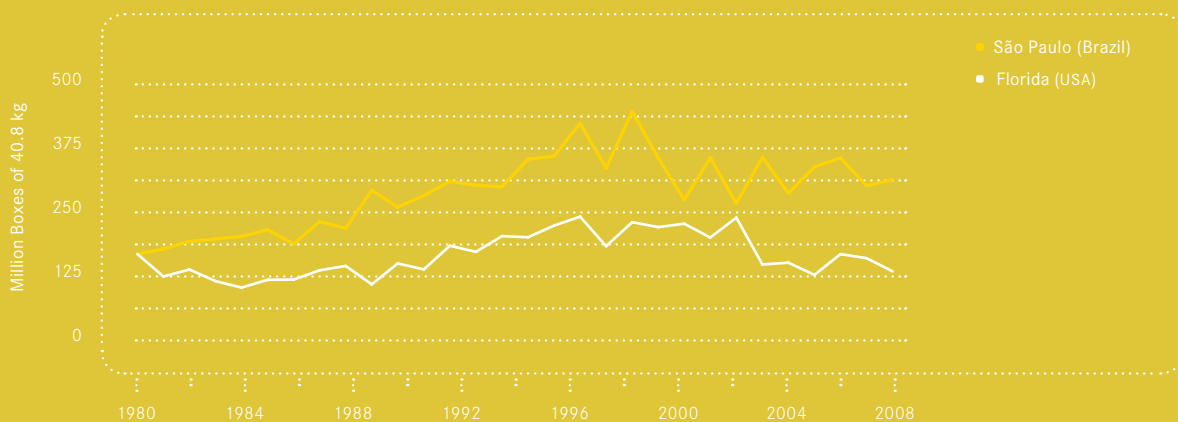
“In recent years, we have invested a lot to strengthen our citrus competence.”



Citrus flavors, which comprise around 25 % of the world’s flavor market, are the most important flavor tonality alongside vanilla. They constitute 55 % of the flavors used in the entire beverage market. With an average annual growth of around 5 %, the beverage market is one of the most dynamic markets in the flavor industry. In recent years, we have invested a lot to strengthen our citrus competence. In 2008, we opened our Global Citrus Center in Sorocaba, in the middle of the Brazilian citrus belt. Brazil is the world’s most important orange processor and grows around 50 % of the world’s oranges, whereas Argentina is the most important source for lemon, accounting

for approximately 55 % of the global lemon processing. The peel oils, essence oils and aqueous phase obtained from the processing of the fruit are the key raw materials. As an example of a cutting edge technology applied in the field of Citrus, Symrise developed SymTrap®, a patented technology for obtaining natural ingredients. It is installed right at the citrus processing plants, and is specifically used to enrich aqueous phases. This technology enables us to extract natural and above all authentic flavor components from high-quality source products with a safeguarded raw material basis.

CITRUS PRODUKTION OF BRAZIL AND NORTHERN AMERICA IN COMPARISON



Source: USDA

## TARGETS, STRATEGY, VALUES



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### CORPORATE SUCCESS – THE RESULT OF STRATEGIC THINKING AND RESPONSIBLE ACTION

We work in a dynamic, highly competitive global industry. To have lasting success in our industry, a company has to have a strategy carefully developed out of its goals. It must have the courage to be innovative and it has to pursue its goals with great consistency. In addition, a company must be ever aware that economic success cannot be separated from social responsibility.

### THE HIGH EXPECTATIONS PLACED ON US ARE ALSO OUR EXPECTATIONS

We have operations in more than 30 countries and sell our products around the globe. About 90% of our more than 30,000 products relate to the satisfaction of basic human needs. In this sense, people worldwide have a concrete interest in our success. Our corporate activities are marked daily by the responsibility we bear for people. Our customers expect high-quality products, innovative solutions, reliable delivery, and good value for money. Our shareholders expect us to sustainably increase the value of their and our company. Our employees expect us to promote and challenge them, to give them the opportunity to advance in their careers – in an environment in which their work is rewarding both professionally and personally. The society in which we strive to realize our financial success expects us to help it, in turn, become socially successful. Nature expects us to protect its resources and use them responsibly. And we expect ourselves to meet all of these expectations.

### CLEAR TARGETS: GROW FASTER, INCREASE PROFITABILITY – CONTINUOUSLY

Symrise is the world's fourth-largest manufacturer of fragrances and flavors. We are the market leader in many areas, for example, in aromatization of toothpastes and mouthwashes, in production of alpha-bisabolol, an important anti-inflammatory ingredient in many of today's cosmetics, and in the manufacture of sun protection filters. We intend to bolster our leading market position in these areas, and we have repositioned ourselves in many other areas to make the most of new growth opportunities.



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- **Market position:** We want our sales to grow faster than the market, which grows by 2–3% a year on average. In this way we can reduce the distance between us and the biggest companies in our industry step for step. By 2012, we hope to be the third-largest company in the flavor market.
- **Value orientation:** By growing our sales we want to become one of the most profitable companies in our industry. In the long term, we are striving for an EBITDA margin of at least 20%.
- **Financial stability:** We want the ratio of net debt (including pensions) to EBITDA to lie between 2.0 and 2.5 in the medium term. It is possible to exceed this spectrum in the short term as a result of acquisitions within the framework of our overall strategy. A continuously high operating cash flow contributes to the Company's financial stability.

Our shareholders participate in the Company's success through a stable dividend payment. Despite the economic difficulties faced in the fiscal year 2009, at the Annual General Meeting in May the Executive Board and the Supervisory Board will propose the same dividend payment as in previous years of €0.50 per share. Through the continuity of our dividend policy we would like to further strengthen the trust of our shareholders.

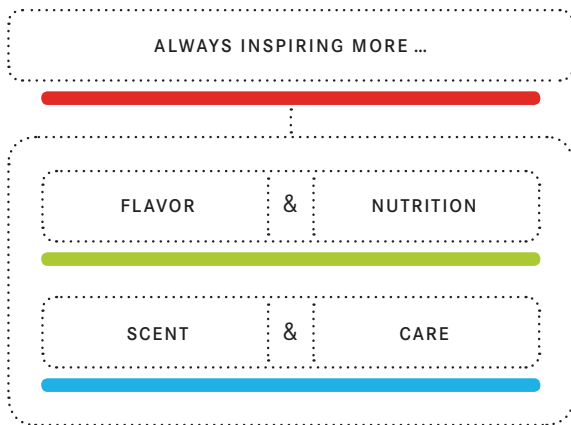
### MULTIDIMENSIONAL STRATEGY WITH ONE FOCUS – PROFITABLE GROWTH

Our strategy has a triple focus aimed at delivering the greatest value for Symrise:

- **Growth with global customers**
- **Growth in new markets**
- **Growth through innovations**

Our top 10 customers account for almost 30% of our sales. **We intend to further increase the percentage of our sales with rapidly growing, strategically important international customers.** With these customers, we achieved successful positions on core lists in the past. These core list positions qualify us as a core supplier to receive regular briefings for new product developments.

Targets, Strategy, Values



Our goal is to establish Symrise as a main supplier for the core brands of our customers and better leverage the potential of the core list positions. We intend to improve further the ratio between briefings and orders obtained. The introduction of a cross-business unit Key Account Management should further strengthen our relationships with customers. We expect our international customers to continue to grow in the future – our goal is disproportionately high participation in this growth. Traditionally, we have also had intensive business relations with medium-sized regional and local customers, and we intend to maintain these strong ties in the future.

**We geared our activities to emerging and developing countries early on.** Today, 41 % of our sales are generated in the most populous and fast-growing regions of the world. Consumption expenditure in Latin American, Asian, Arab and African countries will increase significantly in the long term. A firm understanding of local conditions, the markets and the consumers is an essential factor for further expansion of our business. To deepen this understanding, we adopted numerous measures in the 2009 fiscal year. For example, Scent & Care employees traveled around areas of China and India and visited people in their homes to learn about their home care and oral care habits. We intend to increase our consumer insight activities for targeted product development at the respective locations. Our commitment in developing markets is also increasing the business potential with our international customers as they expand into these markets.

**A major focus is on fields of business that have a higher growth potential than the general market for fragrances and flavors.**

In the business unit Life Essentials, Scent & Care concentrates a large part of its research on the cosmetic substances application area. Last year, Flavor & Nutrition bundled its nutrition-related

activities in the Consumer Health application area. These innovative business fields will differentiate us even more from our competitors and promise higher growth rates.

In the Life Essentials area, we combine body care with bioactive plant-based substances. In the last five years we achieved an average annual growth of around 8% in this area and are recognized as a main supplier for our customers. Our product launch rate in this field is disproportionately high. Among the products we introduced in the 2009 fiscal year are SymHelios®, SymCalmim® and SymRelief®. In the last two years we developed a number of new ingredients, and more will follow in the next two years.

Consumer Health offers products that cater to consumers' desires for both good taste and health-oriented nutrition. The new application area specializes in functional ingredients for food supplements and flavor solutions for health care products. They include bioactive antioxidants from superfruits such as blueberries, aronia berries and cranberries. These innovative products are particularly appropriate in developed markets. In addition, we see great potential in rapidly growing Eastern Europe, particularly in markets such as Russia and Poland.

#### MARKET ORIENTATION – THE SUCCESS OF OUR CUSTOMERS IS THE BASIS OF OUR SUCCESS

For our part, success demands more than understanding just our customers. We have to go further. We also want to – and must – understand the markets of our customers. By understanding markets and brands, we can recognize trends, adapt to market requirements at an early stage, and develop innovative solutions meeting our customers' specific requirements. Ultimately, through our understanding of consumer needs we want to create new markets. In doing so, we can distinguish ourselves from our competitors and at the same time help our customers gain competitive advantages.

Symrise stands for naturalness. To extend Symrise's lead in the area of natural aromas, Flavor & Nutrition surveyed more than 3,000 European consumers on this subject in a large-scale study. We wanted to understand consumers' understanding of naturalness more precisely and to find out what is important to them in connection with natural food and beverages. We wanted to know what naturalness tastes like. The results of the study are being incorporated into the different application areas' development work in order to tailor the Symrise portfolio of natural flavor concepts better to consumers and thus to our customers.



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OUR WORLD



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#### AT SYMRISE, THE INNOVATION PROCESS BEGINS BEFORE THE BEGINNING. AND IT NEVER STOPS

Innovation differentiates. Consumers and customers have ever-new needs, and new needs require new solutions. Merely satisfying existing needs contradicts the dynamics of our industry. We want to differentiate ourselves from the competition by anticipating new needs and fulfilling them quickly, efficiently, creatively, and in an environmentally friendly way. Innovation at Symrise does not begin with product research and development, but even earlier with market research and market knowledge. And it doesn't end with the manufacture of our products. We are constantly searching for better ways of delivering our products cost-effectively, ecologically, with consistent high quality and always on schedule.

#### FOCUSED ACQUISITIONS, STRATEGIC PARTNERSHIPS

Symrise mainly grows organically on the basis of its own strengths. Wherever it seems sensible, we make acquisitions or forge strategic alliances. Attractive target companies for acquisitions have to fulfill a number of conditions: They have to enhance Symrise's competencies in terms of technologies, know-how, access to new markets, customers or scarce raw materials. At the same time, we critically consider integration risks and costs at an early stage. In the last five years, around €170 million were used for the purpose of acquisitions. All of the acquired companies made a positive contribution to our results from the very beginning and were integrated quickly. The most recent example our acquisition strategy was at the end of 2009 when we concluded an agreement to acquire Futura Labs. The company is a leading provider of flavors and fragrances in the Gulf region and North Africa, underscoring our strategic goal to expand in emerging markets.

Partnerships are another key factor for us in the development of innovative products and solutions. In 2009, we introduced numerous new products or launched new projects based on partnerships. For example, together with the companies InterMed Discovery and Axxam we launched an initiative to identify natural flavor modulators. The objective is to find ingredients that are capable of masking undesired flavor qualities of other ingredients such as bitterness or strong acidic sensations, or to strengthen desired flavors such as sweet or fresh tastes. Through these cooperative ventures with external partners, we ensure ourselves their special knowledge and optimize our research with a carefully controlled cost base. Internally we focus on those things we do best, our core competencies, and achieve results more quickly.

#### LEAN PROCESSES PROMOTE OUR PROFITABILITY

Our growth ambitions are supported by continual process optimization. We aim to achieve cost leadership along the entire value chain. To control the costs of the raw materials used, we are increasingly buying raw materials at the places where they are processed (local sourcing). In the future, we intend to further harmonize the development and innovation process globally and across business divisions.

#### NATURE AS A BASIS FOR BUSINESS

A large part of our flavors and fragrances stem from nature. Therefore, we do not view nature as a resource, but as a type of partner that we treat with respect. Sustainable development of our business decisively depends on our ability to deal with nature in a careful, responsible way. Diverse efforts to promote protection of the climate and the environment are a key element in our environmental strategy.

- For a few years now, we have continuously reduced energy consumption, carbon dioxide emissions, and the amount of waste resulting from the manufacture of our products. In 2009, we reduced the energy consumption in relation to the units sold by 7%, CO<sub>2</sub> emissions by 6% and the amount of external waste by 21% compared to 2008.
- In 2009, we became the first company in our industry to receive a fair trade certificate for our extract from bourbon vanilla, which we obtain in Madagascar.

Symrise is increasingly becoming synonymous with naturalness. For this reason, we are doing everything possible to preserve the natural foundations our planet offers.

#### SOCIAL RESPONSIBILITY LOCALLY – WORLDWIDE

Those who are globally active have neighbors around the world. Good neighbors bear responsibility for one another. A business enterprise is always an integral part of the society in which it and its employees act. As a part of society, we are involved in numerous social, cultural, university- and sports-related projects. We build bridges to people at our locations and support the local communities. Whether it is a project to fight hunger in the Philippines, building a house for children and youth in São Paulo, Brazil, an employee program for healthier nutrition in the USA, or our "Snack Garden" in Holzminden where children playfully learn that health and good flavor go hand in hand: Our focus is always on people.



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WWW.SYMRISE.COM >  
OUR COMPANY >  
CORPORATE SOCIAL  
RESPONSIBILITY

Targets, Strategy, Values



#### PROMOTING OUR EMPLOYEES PROMOTES OUR COMPANY

Holzminden, New York, Cairo, Paris, São Paulo, Singapore – we have some 5,000 employees working in over 30 countries. Our global success is only possible thanks to the interplay between different competencies at regional locations. Across national borders, all employees do their part to contribute to Symrise's business processes with a single aim – to provide our customers with an innovative solution. Self-initiative and self-responsibility, coupled with a team orientation and mutual respect, are funda-

mental values of the dynamic corporate culture in which we systematically promote and challenge our staff.

We want to have the best employees. Their expertise and motivation are the cornerstones of our success. We therefore regularly offer our employees the possibility to improve their qualifications. This helps us create an important internal talent pool that we can tap when jobs have to be filled. We view career perspectives for our people as perspectives for Symrise.



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## THE SHARE AND INVESTOR RELATIONS

### RELIABLE PARTNER ON THE CAPITAL MARKET

Symrise views the capital market and its players – shareholders, institutional and private investors, bankers and brokers – as equal partners. The goal of our Investor Relations' activities is to further heighten awareness of the Symrise Group on the capital market and to bolster and improve perception of the Symrise share as an attractive investment. We seek to communicate the development and strategic alignment of Symrise continually, reliably and openly, and thus strengthen investors' trust in the Symrise share and achieve a realistic and fair evaluation of our share on the capital market.

### VOLATILE STOCK MARKET DEVELOPMENT

The predominant factors influencing stock markets in 2009 were the financial crisis and its impact on the global economy. At the beginning of the year, fears of a severe recession accelerated the downturn on the world's stock markets, heightening volatility further. In March, stock market prices reached a multiyear low. The leading industrial nations supported the economy with massive subsidy measures. This led to initial signs that the global economy was stabilizing, which in turn gave rise to a worldwide

stock market recovery. Still, volatility remained high during the rest of the year.

At the beginning of 2009, the German DAX index stood at 4,810 points. It fell significantly till March, but was able to recover over the course of the year, closing December 2009 at 5,957 points (+24%). The MDAX mid-cap index, which includes the Symrise share, outperformed the DAX, ending the year up 34% at 7,507 points.

### SYMRISE STOCK SHOWED STRONG GROWTH IN 2009

At the beginning of the year, the Symrise stock could not escape the negative capital market environment. It lost ground in January and February 2009, but after the solid results for 2008 were released, the stock regained lost terrain. This upward tendency continued as the year progressed. Positive analyst opinions as well as improved profitability over the course of the year were well received by the market, giving the stock a boost. On December 7, the Symrise stock reached its year high at € 15.73. The closing price on December 30, 2009 was € 14.98, a 50% increase over the previous year. For the year as a whole, the Symrise stock outpaced both the DAX and the MDAX indexes.

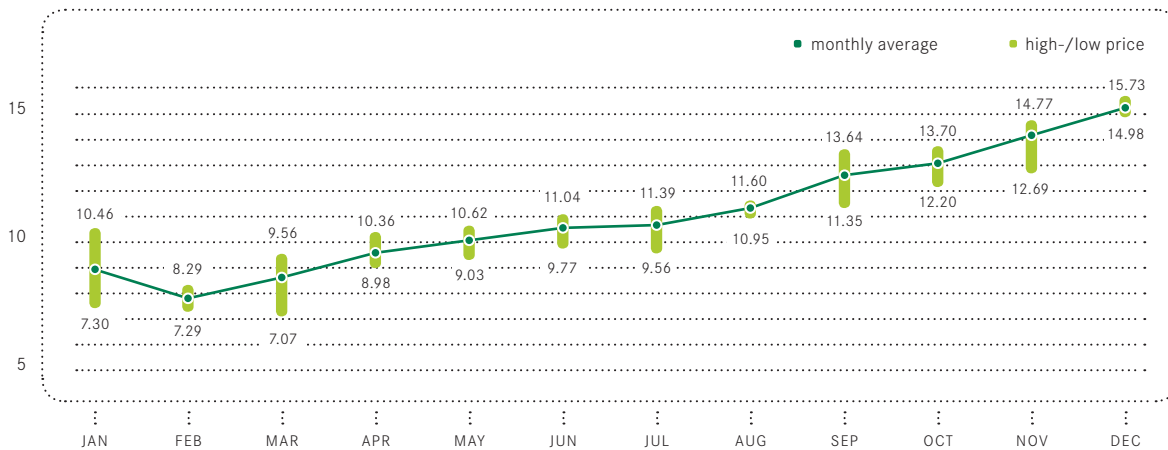
### PERFORMANCE OF THE SYMRISE STOCK IN COMPARISON TO THE MDAX IN 2009\* (IN €)



\* MDAX indexed on Symrise share price

The Share and Investor Relations

HIGHS AND LOWS OF THE SYMRISE STOCK IN 2009 (IN €)



The worldwide stock market recovery continued at the beginning of 2010. Uncertainties arising about economic development and national debt of some countries then led to a downswing. The Symrise stock made further gains, closing at € 15.81 on February 19, when the 2009 Annual Report went to press.

We expect the stock markets to continue to experience high volatility in 2010, and possibly show another downward trend. The defensive nature of our business model, however, should serve our share price well during these difficult, uncertain times.

TRADING VOLUME AND MARKET CAPITALIZATION

The average daily turnover of Symrise stock in the Xetra electronic trading system, which accounts for almost all of the total trade in the Company's shares, fell in 2009 as a result of the crisis on the capital markets by nearly 40% to 478,000 shares per day (2008 financial year: approximately 760,000 shares.) On the busiest days, more than 1,500,000 shares changed hands. With a


market capitalization of € 1.7 billion – based on the free float of 94% – the Symrise stock was ranked 12th within the MDAX at the end of 2009. As a result, it has a weighting of 2.4% within the index.

SHAREHOLDER STRUCTURE: FREE FLOAT CONSTANT AT 94 %

The shareholder structure did not change to any significant degree in 2009. The vast majority of our shares are held by institutional investors in English-speaking countries. The largest single shareholder is Gerberding Vermögensverwaltung, which holds 6% of our stock.

IN-DEPTH DIALOG WITH THE CAPITAL MARKET

Our ongoing, in-depth dialog with analysts as well as institutional and private investors is very important to us. At the Symrise analysts' conference in March 2009, the board presented to some 60 analysts and investors detailed information on fiscal year 2008, the Company's strategy, and sales and earnings expectations for

  
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REGIONAL SHAREHOLDER STRUCTURE

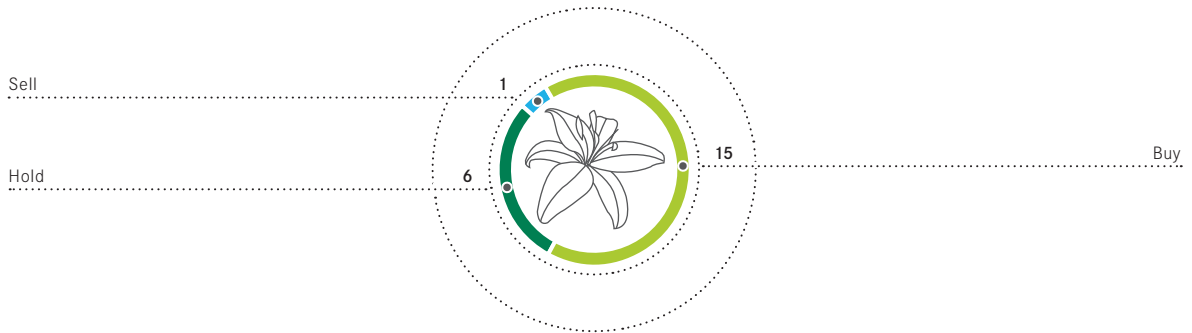
(as of December 2009)



Source: Symrise estimate

**ANALYSTS' RATING (RESEARCH COVERAGE)**

(number of recommendations as of December 2009)



fiscal year 2009. The Company's performance was also discussed in detail during three telephone conferences held in the first three quarters of 2009, which had an average of 50 participants.

We were able to welcome some 200 shareholders to our Annual General Meeting, held on May 11, 2009, in Frankfurt, Germany. The attendees accounted for some 67% of our share capital, and they approved the individual items on the meeting's agenda with no less than 89.7% agreement.

At numerous road shows, investor conferences and one-on-one meetings at all the key financial centers in Europe, in the US and Asia, as well as at individual business sites, the Executive Board and Investor Relations team shared information in approximately 400 meetings on Symrise's current performance and strategy. The Company's individual business divisions and operative management were also included in this dialog. Analysts and investors, for example, were given the opportunity to learn more about operations at our Flavor & Nutrition business division in Nördlingen during the Investor Day there, an event that allowed them to better understand the division's creativity, innovative strength and growth opportunities.

Existing and potential shareholders can learn more about the current performance of our Company by visiting the Symrise website at <http://investor.symrise.com/>, which provides comprehensive information about the Symrise share in both German and English. In addition to current news and quarterly and annual reports, users can access analysts' ratings, presentations and our present financial calendar. Our website and the information contained there are scheduled to be expanded in 2010.

In times of uncertainty, it is especially important that we seek ongoing contact with existing and potential shareholders and that we reinforce their confidence in Symrise. Global road shows and an Investor Day have therefore been planned once again for 2010, in addition to one-on-one meetings and the regularly held telephone conferences used for presenting our quarterly results. We will also be participating to an even greater extent in investor conferences.

**RESEARCH COVERAGE: ANALYST INTEREST AT A HIGH LEVEL**

In the 2009 fiscal year, we were able to attract one additional investment firm to begin releasing regular analysis and commentary (research coverage) on Symrise AG. Twenty-two investment firms – primarily in Germany, the UK and Switzerland – now publish regular reports on the ongoing performance of our Company and provide recommendations. Their investment recommendations are nearly consistently positive: As of the end of December 2009, 15 out of 22 analysts rated the Symrise stock "Buy," six recommendations were "Hold," and one was "Sell." Analysts appreciate the defensive nature of our business model, our stable cash flow and our limited cyclical business operations.

In 2010, one Swiss bank initiated research coverage with a "Buy" recommendation.

**EPS SLIGHTLY BELOW PREVIOUS YEAR'S LEVEL**

Earnings per share amounted to €0.71, compared to €0.76 in the previous year. Earnings per share are determined by dividing Group net income by the number of shares outstanding in the reporting year, which remained constant in fiscal year 2009 at 118,173,300 shares.



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## The Share and Investor Relations

**ATTRACTIVE DIVIDEND PROPOSED FOR 2009**

At the Annual General Meeting on May 11, 2010, the Executive Board and the Supervisory Board of Symrise AG will propose paying a dividend of €0.50 per share for fiscal year 2009. This corresponds to a dividend payout of €59 million. Comparing the dividend per share to the share price of €14.98 as of December 30,

2009, this represents a dividend yield of approximately 3.3%. With the stable dividend, unchanged from 2008, the Executive Board and the Supervisory Board want to continue their shareholder-focussed dividend policy. In the future, we intend to continue to enable our shareholders to appropriately share in our Company's success by paying an attractive dividend.



SEE PAGE 53

**KEY DATA FOR THE SYMRISE STOCK**

Stock category	No-par bearer shares of common stock
Trading segment	Prime Standard (regulated market)
Index	MDAX, Dow Jones STOXX 600, Dow Jones EURO STOXX Chemicals
Sector	Chemicals
Most important trading place	Xetra (electronic trading platform)
Ticker symbol	SY1
ISIN	DE000SYM9999
WKN	SYM999
Common code	027647189
Designated sponsor	Deutsche Bank
Initial listing	December 11, 2006

**COMPARATIVE PERFORMANCE OF THE SYMRISE STOCK**

€		2007	2008	2009
Shares issued as of balance sheet date	millions	118.2	118.2	118.2
Share capital	€ million	118.2	118.2	118.2
Highest share price (Xetra closing price)		22.20	19.28	15.73
Lowest share price (Xetra closing price)		17.90	7.75	7.07
Share price at end of fiscal year (Xetra closing price)		19.28	9.98	14.98
Free float	%	94.1	94.0	94.0
Market capitalization at end of fiscal year (based on free float)	€ million	2,124.0	1,109.0	1,664.0
Average daily trading volume	shares, approximately	505,000	760,000	478,000
Earnings per share		0.82	0.76	0.71
Dividend per share		0.50	0.50	0.50*

\* proposal



**HOUSEHOLD AND  
LAUNDRY CLEANERS**



Among the large number of fragrances in this broad category, the flowery notes are the most dominant. The scent of fresh roses is found in several products.

**DEODORANTS**



While efficiency and powerful, fresh notes dominate, some body fragrances continue to focus on rose-based themes.

**CREAMS AND LOTIONS**



Delicate fragrance combinations support the performance and moisturizing attributes of this category.



**PERFUMES**



Rose is an irreplaceable ingredient in exclusive perfumes with centuries-old traditions.

**SOAPS**



Fresh and cleansing fragrance attributes are often mixed with rose notes to give them a luxurious feel.



**ALEXANDRA CARLIN**  
Junior Perfumer, Scent & Care

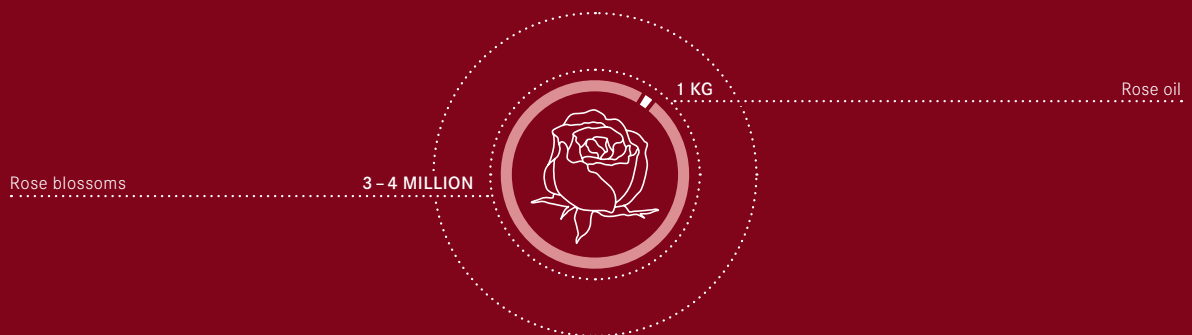
## “Paint it Rose.”



The first Rose Water was created in the 8th century in Iran. In the 12th century the Roman crusaders brought back the Rose of Damascus as well as the distillation know-how. It became a symbol of femininity and opulence! In 1904, François Coty made perfume history with the first Rose-Violette: La Rose Jacqueminot. In the 1970s, the Rose was combined with patchouli. In the 1990s it became fresh and fruity in “In Love Again”. Today with the development of niche brands, many exclusive rose creations have been launched. Among the 5,000 types of known roses only three are used in perfumery: The most common is the Damascene variety, grown in

Turkey, Bulgaria, Morocco and Iran. They all belong to the same botanical species but have slightly different nuances depending on their origin. The Rose Centifolia is mainly cultivated in Grasse. Known as the ‘Rose of May’, it is used exclusively by French creation icons such as Chanel, Patou and Guerlain. The fresh pear facet of the Rose Bourboniana from Tamil Nadu inspired Symrise perfumers on their scent expedition to India in 2007. It is a source of new creations that will make history! In 2007, Symrise created SymRose®, a new allergen-free molecule with a unique rose odour profile. From launch, its use has grown every year.

**LARGE QUANTITIES OF ROSE BLOSSOMS ARE REQUIRED TO PRODUCE HIGH-QUALITY ROSE OIL**



## INTERVIEW WITH DR. HEINZ-JÜRGEN BERTRAM

After 20 years of successful activity in different areas of the Symrise Group, including being a member of the Executive Board since 2006, Dr. Heinz-Jürgen Bertram became Chief Executive Officer of the MDAX-listed group in the summer of 2009. In an interview, he outlines Symrise's strategy, talks about the new Consumer Health application area, and explains why he considers Symrise to be an extraordinary company.

**"A new broom sweeps clean," a proverb has it. Dr. Bertram, where do you intend to lead Symrise in the years to come?**

**DR. BERTRAM:** I've been with Symrise since 1990 and have been on the Executive Board since 2006, so I don't consider myself a "new broom." Rather, I have helped decisively determine the company's course for a few years now. Since Symrise entered the stock exchange in 2006, the company has expanded its market position considerably. I intend to continue down this path, together with the new Executive Management team and all the employees. A fundamental reorientation is not needed. We are very successful. It's a matter of sharpening the company's profile, of consistently playing out our strengths in the face of global competition.

**What is the goal, and how do you attend to achieve it?**

**DR. BERTRAM:** In the medium term, we are striving to become one of the three leading manufacturers in our industry. Since we are currently number four, we have to grow faster than the market to reach this target. To achieve organic growth we will sharpen our focus on three strategic areas:

- Growing with our globally defined customers.
- Growing in the emerging markets in Asia, South America, the Middle and Near East, and Africa.
- Growing by developing new fields of business.

In addition, we will continue to strengthen ourselves selectively via acquisitions.

**Where do you get the self-assurance for this forward strategy?**

**DR. BERTRAM:** Our distinguishing characteristic is reflected in the names of the divisions: Scent & Care focuses on care in addition to scents, while Flavor & Nutrition deals with functionality and health in addition to flavor. At present, none of our major competitors is as multidimensional as we are.

**And the customers will follow you down this path?**

**DR. BERTRAM:** I like that image: ... customers following Symrise. It aptly describes our approach to collaboration with customers. We intend to move away from the reactive handling of customer briefings that is common in our industry towards actively offering product solutions. At present, we are investigating the sales markets of our customers, for example, on the basis of a global youth study that we carried out of our own accord in 2009. From this study, we are deriving product ideas that we are presenting to our customers. Or to put it another way: I don't know of any other company in the industry in which scientists and sales people, product development and marketing work together as closely as at Symrise.

Interview with  
Dr. Heinz-Jürgen Bertram

“In the medium term, we are striving to become one of the three leading manufacturers in our industry. Since we are currently number four, we have to grow faster than the market to reach this target.”

Dr. Heinz-Jürgen Bertram, Chief Executive Officer





That all sounds extremely positive. Aren't there any "problem points" at Symrise?

**DR. BERTRAM:** Naturally, in our company, as in all companies, there are areas in which we would like to improve. Not because they are "problem points", but because we have very high standards. An important control variable for the efficiency of our work, for instance, is the relation between the number of customer briefings and the number of projects won. In this area, we have made good progress in recent years thanks to a strict customer orientation and intensive collaboration with our globally defined customers. But under my aegis Symrise will never be satisfied here. Secondly, what comes to my mind is the continual optimization of our processes and an even stronger interlocking of the two divisions in order to tap the full potential of existing synergies.

In the fourth quarter of 2009, Symrise created a new global application area – Consumer Health. What was the aim of this move?

**DR. BERTRAM:** We established this application area in order to bundle our know-how in the field of health-oriented nutrition so that we can focus even more on the strong international trend toward health awareness. The target group is consumers who live in a health-conscious way, who feel good and want to look good. People who take action to prevent health problems or who want to reduce health problems yet still enjoy good taste. This market has a lot of potential for us.

What are the products in the consumer health application area?

**DR. BERTRAM:** Consumer health is generally viewed as an application area for food supplements. In this area we develop natural functional ingredients, for example, blueberry extract. Special functional ingredients can



Interview with  
Dr. Heinz-Jürgen Bertram

“The increasing pressure to succeed has made us fast, flexible and innovative. We are perceived to be a high-performance competitor, to be a company that is driving change in the entire industry.”

Dr. Heinz-Jürgen Bertram, Chief Executive Officer

have a positive effect, say, on the heart, digestion or the joints. The second pillar of this business unit is flavors for health-care products that give “bitter pills” a pleasant taste. In recent years we’ve had very good success in this field and have recorded excellent growth. From now on, we are interested in improving our global position in this application area. In the next few years, sales in consumer health, which currently accounts for less than 10 percent of the Flavor & Nutrition business division’s total sales, should grow twice as fast as flavorings revenues.

**In recent years Symrise has undergone a multitiered process of change. What kind of company is it today?**

**DR. BERTRAM:** Symrise emerged just a few years ago from the merger of two companies that out of Holzminden have provided fierce competition on the world markets. After the merger, they quickly formed a common identity. Subsequently the stock market flotation in 2006 ignited a further step in the company’s development: the internationalization of the shareholder structure. Today, the capital market gauges Symrise’s business success on a daily basis. The increasing pressure to succeed has made us fast, flexible and innovative. We are perceived to be a high-performance competitor, to be a company that is driving change in the entire industry. Yet we have remained a down-to-earth company that, for example, provides gainful

employment to many people for decades on end. This seeming contradiction gives Symrise a very distinctive corporate culture.

**Dr. Bertram, you have taken over the helm at Symrise in a very difficult economic environment. What is it that motivates you?**

**DR. BERTRAM:** Symrise predominantly contributes to satisfying basic human needs: nutrition, health, beauty. As a result, the international economic crisis has affected us less than companies in other industries. Nevertheless, it was and still is a challenge for us to reach the demanding goals we have set ourselves. In this respect, you could call my motivation a mixture between a sense of responsibility and a sporting spirit. Furthermore, we are active in what I consider to be one of the most interesting and attractive fields of business. It’s simply exciting to understand the dynamics of the markets for fragrances and flavorings along with their needs and trends. As a rule, we contribute only a small quantitative part of the end product; but the Symrise ingredient often determines whether a product is successful with consumers. So in this sense, Symrise makes a valuable contribution to our customers. That makes me proud.

**Thank you very much for the interview.**



**FACE AND  
BODY CREAMS**



This is an application area with a special focus on body care and well-being.

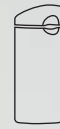
**SUN PROTECTION CREAMS**



Many new, modern sun protection products not only protect the skin from solar radiation but also contain nurturing components.



### SHAMPOOS



Shampoos are supposed to clean the hair and make it beautiful and shiny, but also to nurture the scalp.

### CREAMS FOR INSECT BITES



Insect bite creams soothe itching thanks to nurturing substances such as SymCalmin®.



**DR. GERHARD SCHMAUS**  
Director Life Essentials Global Innovations  
Explorative Research Scent & Care

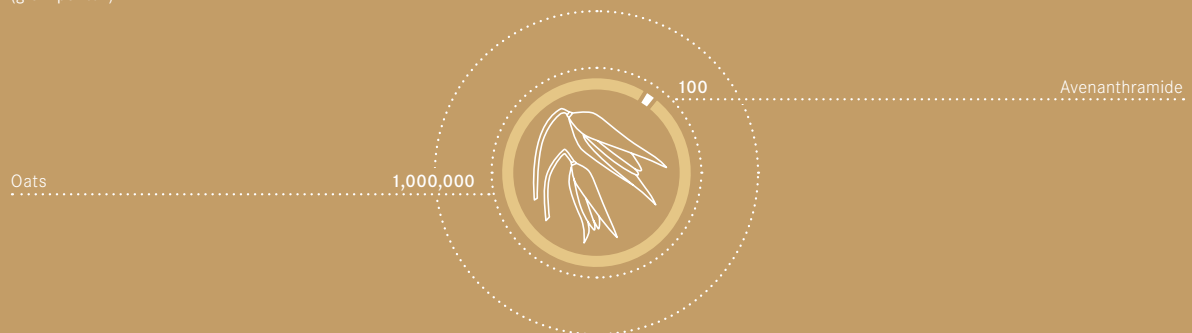
“We have expanded our product range by adding a new substance developed from oats. The brand name is SymCalmin®.”



Symrise is one of the leading manufacturers of substances that soothe irritated skin. Alpha-bisabolol, the active ingredient in chamomile, and SymRelief®, a combination of alpha-bisabolol and ginger extract, find application in cosmetics products. We have expanded our product range by adding a new substance developed from oats. The brand name is SymCalmin®. The anti-inflammatory and itch-relieving qualities of oats are described in folk medicine, and oatmeal baths are used to soothe the skin. Undesired and unpleasant skin sensations occur when skin is mature or dry, among other

things. They can also be caused by exposure to the sun, shaving or contact with certain irritant plants or chemicals. Studies have found that a class of very rare natural substances with a complex chemical structure called avenanthramides is responsible for the anti-oxidant effects of oats. SymCalmin® contains the new chemical substance dihydroavenanthramide D, which was inspired by oat avenanthramides. Clinical studies show that SymCalmin® effectively reduces itching and inflammation, soothes the skin and can considerably improve the overall condition of the skin.

**AVENANTHRAMIDE CONTENT IN OATS –  
TOO LOW FOR COMMERCIAL EXTRACTION**  
(gram per ton)



# SYMRISE GROUP MANAGEMENT REPORT

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## SYMRISE GROUP MANAGEMENT REPORT

### OVERVIEW OF THE 2009 FISCAL YEAR

In 2009, the Symrise Group had a solid performance in a difficult economic environment. While the business development in the first half of the year was still significantly affected by destocking on the part of our customers, we achieved a more dynamic development in the second half of the year. Sales increased by 3%, totaling €1,362 million in 2009. As a result, the company grew faster than the flavor and fragrance market, which largely remained stable. As the fourth-largest company in this market, our market share continues to be around 10%. Our share of sales with the strategically important top 10 customers was 29%, virtually the same as in 2008. Sales in emerging markets exceeded the previous year's figure by around 4% at local currency, and so the share of sales in these markets in the Group's total sales is now 41% (2008: 40%).

**Earnings before interest, taxes, depreciation and amortization (EBITDA)** fell in 2009 due to one-time restructuring expenses of €20 million to €246 million, compared to €262 million in the previous year. Adjusted for these expenses, the EBITDA was €265 million. This corresponds to a margin of 19.5%, nearly the same level as in 2008 (19.9%). The Group's two business divisions showed different developments. While **Scent & Care** managed to increase its sales at local currency by 1% to €682

million, the EBITDA fell by 16%, totaling €109 million. Adjusted for restructuring expenses, the EBITDA amounted to €123 million, 6% down on the previous year. The adjusted EBITDA margin was 18.0%, vis-à-vis 19.4% in 2008. **Flavor & Nutrition** increased its sales by 5% to €680 million at local currency. In 2009, Flavor & Nutrition's EBITDA climbed by 3% to €137 million. Adjusted for restructuring expenses, the EBITDA totaled €143 million (+8%). The adjusted EBITDA margin was 21.0%, after 20.4% in 2008.

The Symrise Group's net income in 2009 was €84 million, €6 million less than in the previous year. Earnings per share fell by €0.05 to €0.71. At the Annual General Meeting on May 11, 2010, Symrise AG's Executive Board and Supervisory Board will propose paying a dividend of €0.50 per share for the 2009 fiscal year. Assuming the proposal is accepted, the dividend will remain at the previous year's level.

In 2009, a higher operating cash flow of €226 million led to an increase in the Group's liquidity, which amounted to €81 million on December 31, 2009. Existing liabilities could be reduced further. Accordingly, net debt (including pension provisions) fell to €773 million at the end of the year (December 31, 2008: €834 million). The Group's capital ratio increased to 36% at the end of the fiscal year, compared to 34% a year earlier.

### KEY FIGURES

€ MILLION	2008	2009	CHANGE IN %	CHANGE IN % IN LOCAL CURRENCY
Sales	1,319.9	1,362.0	3.2	2.7
EBITDA	262.5	245.6	-6	-7
EBITDA (adjusted*)	262.5	265.4	1	1
EBITDA margin in %	19.9	18.0		
EBITDA margin (adjusted*) in %	19.9	19.5		
Net income for the year	90.4	84.3	-7	
Earnings per share in €	0.76	0.71	-7	
Net debt (including pension provisions) to EBITDA (Dec. 31) ratio	3.2	3.1		

\* 2009 adjusted for restructuring costs.



Overview of the 2009 Fiscal Year  
Structure and Business Activities

We are cautiously optimistic about 2010 and are striving for an organic growth in local currency of more than 3%. Assuming that raw materials prices persist at the high levels of 2009, for 2010 we expect an EBITDA margin of at least 20%. Based on a strong cash flow, we expect the ratio of net debt (including pension provisions) to EBITDA, which was 3.1 at the end of 2009, to normalize by the end of 2010 and lie at the upper end of the target corridor (2.0 to 2.5).

### STRUCTURE AND BUSINESS ACTIVITIES

#### COMPANY PROFILE

Symrise develops, produces and sells fragrances and flavors as well as active ingredients for the cosmetics industry. Its customers include companies in the perfume, cosmetics and food industries, as well as manufacturers of household products. In addition, Symrise provides biofunctional and bioactive ingredients and substances to the nutrition and body care sector. In 2009, Symrise achieved sales of around € 1.4 billion, making it the fourth-largest company in the flavor and fragrances market. The company sells its products in 160 countries. In the 2009 fiscal year, Symrise generated 59% of its sales in industrial countries in Western Europe and the United States, as well as in parts of Asia. We had more than 6,000 customers in 2009. 41% of our sales were achieved in the so-called emerging markets in Asia, South America, Africa, the Near and Middle East and Eastern Europe. Some 5,000 people work in the Symrise Group's two business divisions – Scent & Care and Flavor & Nutrition. With sites in 35 countries, we can serve our important sales markets at the respective locations. We supplement our internal growth with acquisitions if they offer us a

stronger market position or access to important technologies. In 2008, we acquired the aroma division of Chr. Hansen, which has a strong position in North America, and successfully integrated it in the course of 2009. Scent & Care also strengthened itself in the U.S. market, by purchasing Manheimer Fragrances and Intercontinental Fragrances, which were also successfully integrated in the 2009 fiscal year. Kaden Biochemicals, formerly a part of Scent & Care, was assigned to Flavor & Nutrition at the beginning of 2009. Our food supplement business is now bundled in the Consumer Health application area, which was established in 2009. To expand the business activities of both business divisions in North Africa and the Middle East, we signed an agreement at the end of 2009 to acquire Futura Labs. Futura Labs is one of the leading aroma and fragrance manufacturers in Egypt and the United Arab Emirates. In 2009, we launched important cooperative ventures in product development and research with, for example, BRAIN, AnalyticCon Discovery, Cambridge Theranostics, InterMed Discovery and Axxam, among others.

The Symrise Group was created by a merger between Haarmann & Reimer and Dragoco in 2003. Symrise's roots date back to 1874 and 1919, when the two companies were founded. In 2006, Symrise AG entered the stock exchange. Since then, the Symrise share has been listed in the Prime Standard segment of the German stock exchange. With a market capitalization of some € 1.7 billion at the end of 2009, the Symrise share is listed in MDAX index. Currently 94% of our shares are in free float.

#### SYMRISE SITES 2009



Both business divisions are responsible for our operating business. They each have their own research and development, purchasing, production, quality control, marketing and sales departments. With this system, internal processes can be accelerated. We aim to simplify procedures and make them customer-oriented and pragmatic. We place great value on fast and flexible decision-making.

Both business divisions have divided their organization into four regions with separate regional heads:

- Europe, Africa and the Middle East (EAME)
- North America
- Asia/Pacific
- South America

The activities of the two business divisions extend across several business units and application areas. The business units of the Scent & Care business division are Fragrances, Life Essentials, Aroma Molecules and Oral Care (formerly Mint). The business units are additionally structured based on different application areas. Fragrances, for example, is divided into Fine Fragrances, Personal Care and Household. The Flavor & Nutrition business division concentrates on products in the Beverages, Savory, Sweet and Consumer Health application areas. Symrise created the new application area Consumer Health in 2009. The application area designated Tobacco in 2008 was assigned to the Savory application area.

In addition, the Group has a Corporate Center, which encompasses the central areas of strategy and corporate development, finances and controlling, corporate communication, investor relations, legal affairs, corporate compliance, and global process design in order to exploit synergies. Other supporting functions such as information technology are either outsourced to external service providers or bundled in separate Group companies. The latter have, for example, in the areas of technology, energy, safety, environmental issues and logistics, have business ties to customers outside of the Group.

Symrise's headquarters is located in Holzminden, Germany. At this site, the Group's largest, Symrise employs nearly 1,900 people in the areas of research, development, production, marketing and sales. A large part of the Corporate Center employees are concentrated in Holzminden. The company has regional headquarters in the USA (Teterboro, N.J.), Brazil (São Paulo) and Singapore. Important manufacturing sites are located in Germany, Brazil, Mexico, Singapore and the USA. An example is the Global Citrus Center in Sorocaba, Brazil. Here we have direct and eco-friendly access to high-quality raw materials. On this basis, we developed and produced a number of novel, highly concentrated citrus oils in 2009.

Our most important development centers are located in Germany, Brazil, China, France, Singapore and the USA. We have sales branches in over 30 countries. Symrise opened a new site in Dubai in April 2009. To strengthen our presence in the Arab countries, the site includes sales and marketing activities as well as product development laboratories.

#### MANAGEMENT AND CONTROL

Symrise is a German stock corporation with a dual management structure consisting of an Executive Board and a Supervisory Board.

As of December 31, 2009, the Executive Board had four members: Dr. Heinz-Jürgen Bertram (CEO), Achim Daub (Head of Scent & Care), Hans Holger Gliewe (Head of Flavor & Nutrition) and Bernd Hirsch (CFO). The Executive Board is responsible for managing the Company with the aim of increasing the Company's value. Symrise AG's Supervisory Board has 12 members. The Supervisory Board oversees and advises the Executive Board in the management of the company. It regularly discusses business development, planning, strategy and risks with the Executive Board. In compliance with the German Codetermination Act (MitbestG), Symrise AG's Supervisory Board has an equal number of shareholder and employee representatives. To heighten the efficiency of its work, the Supervisory Board formed four committees.

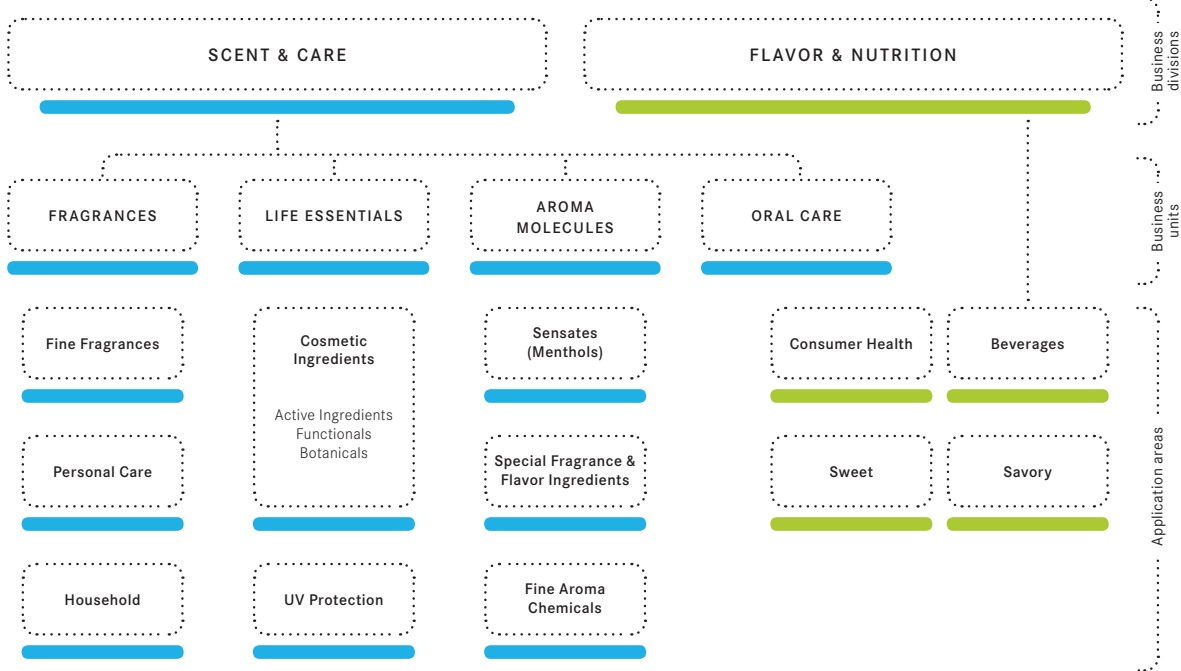
Details on cooperation between the Executive and Supervisory Boards as well as on corporate governance at Symrise can be found in the Report of the Supervisory Board and the Corporate Governance Report in this annual report.

#### BUSINESS ACTIVITIES AND PRODUCTS

Symrise manufactures some 30,000 products from around 10,000 raw materials including vanilla, citrus products, flower and plant materials. The value chain of both business divisions extends across product research, development, procurement and production, as well as sales of our products and solutions. Our aromas, perfume oils and active substances are normally central functional components of the end products of our customers, often playing a decisive role in consumers' purchase decisions. At the same time, the costs of our products usually account for only a small part of total costs of the end product. In addition to typical characteristics such as fragrance and flavor, our value creation lies in the development of products with added benefits. Examples of a combination of aromas and perfume oils with other innovative components include flavorings enabling the sugar or salt content of foods to be reduced, or a moisturizing cosmetic substance that reduces the proportion of preservatives in care products. On the

Structure and Business Activities

STRUCTURE OF BUSINESS ACTIVITIES



basis of these products, our customers can differentiate themselves with their tailor-made end products from competitors in the rapidly changing consumer goods market. The extensive research and development (R&D) department, which is supplemented by a wide-reaching network of research institutes and scientific facilities, forms the basis of our product development. Given the big differences in sensory preferences in Europe, Asia/Pacific, North and South America, comprehensive consumer research is an important part of our R&D activities. It is one of our main foundations for developing marketable products that are successful in the long term and that meet the various needs of consumers in different parts of the world.

Our customers include large multinational groups of companies as well as important regional and local manufacturers of foods, beverages, perfumes, cosmetics, body care products, cleaning products and washing products. It is particularly important for large manufacturers that their suppliers are globally operative. The worldwide presence and innovative strength of a supplier form an important basis for gaining positions on the so-called core lists of large key customers. Gaining positions on core lists is the prerequisite for taking part in a much larger number of briefings when new products are put out to tender and winning the contract. Customers check the core lists every three or four years on average. In addition to the company's financial stability and global reach,

the most important reasons for inclusion or retention on a core list are the manufacturer's creativity and innovative capacity. Furthermore, Symrise develops innovative products and solutions of its own accord and then presents them to possible buyers. BrewTopia®, a new and innovative product portfolio for the brewing industry, and SymSitive® 1609, a skin-care product with active ingredients, are successful examples of such activities in the 2009 fiscal year.

We manufacture our flavors and fragrances in our own production plants. In some cases, we have longer-term delivery contracts for obtaining important raw materials. We maintain close ties with our suppliers and establish uniform standards to guarantee that the quality of our base materials remains uniform.

SCENT & CARE

The Scent & Care business division's more than 15,000 products are sold in some 135 countries. Its portfolio includes fragrance compositions, cosmetic ingredients, aroma chemicals and mint products. The business division has sites in 33 countries. Its largest branches are in Brazil, China, Germany, France, Mexico, India, Singapore and the USA. The Scent & Care business division is divided into the Fragrances, Life Essentials, Aroma Molecules and Oral Care business units. In these business units, our products are used in the different application areas as follows.

**Fragrances:** Perfumers combine aromatic raw materials, aroma chemicals and ethereal oils into complex fragrance compositions (perfume oils). Symrise's perfume oils are used in perfumes (**Fine Fragrances application area**), in body-care products (**Personal Care application area**) and household products (**Household application area**). The perfume oils are delivered to customers in liquid or capsule form. The compositions are normally requested and produced after a briefing with a perfume manufacturer. Among the end products used in perfume oils in the **Personal Care** application area are hair care products, washing lotions, skin creams and shower gels. Symrise additionally offers solutions for covering up unpleasant body odors, for example deodorants. Washing and cleaning products as well as air fresheners are examples of perfume oil applications in **household products**. For example, perfume oils give cleaning products a pleasant smell. In addition, perfume oils mask unpleasant odors.

**Life Essentials:** The products manufactured in this business unit are used in skin care products, hair care products, sun creams, after-shave balsams, shower gels, washing lotions, anti-dandruff shampoos and deodorants. Products against skin irritation, for example, SymCalmin® oder SymRelief®, are an important part of this business unit. Alternative preservatives are another focus. The business unit is divided into the **Cosmetic Ingredients** and **UV Protection** application areas.

For the Cosmetic Ingredients application area, Symrise concentrates on developing active ingredients, functionals and botanicals. Active Ingredients are highly effective substances for cosmetic care, for example, materials that slow skin aging (anti-aging products), soothe inflamed or irritated skin (anti-irritants) or have an anti-bacterial effect. Another example is a moisturizing substance whose usage permits a lower dosage of conventional preservatives. Products that Symrise developed in 2009 based on active ingredients include SymDeo® B125 for use in deodorants and SymHelios® 1031 for application in sun protection creams. Functionals include emulsifiers (basic substances), which are used in creams and lotions to improve different properties of these end products. The Botanicals application area comprises plant extracts, which, in addition to their functional effects, are very appealing to consumers due to their sensory qualities. Examples are saffron extracts (skin-lightening, antioxidant and anti-inflammatory effects) and white tea (antioxidant effect).

**UV filters:** In the organic UV filter application area, Symrise has an extensive portfolio of oil- and water-soluble UVB and UVA filters, which we market under the name Neo-Heliopan®. In the inorganic UV filter segment, we are focusing on zinc oxide,

which apart from a wide range of dermatological applications offers highly effective sun protection.

**Aroma Molecules:** This business unit comprises products in liquid or crystalline form for the **Sensates** (Menthols), **Special Fragrance & Flavor Ingredients** and **Fine Aroma Chemicals** application areas. In the Menthols application area, Symrise manufactures nature-identical menthol, which is primarily used in the manufacture of oral care products, chewing gum and shower gels. Special Fragrance & Flavor Ingredients and Fine Aroma Chemicals encompass aroma chemicals (intermediate products for perfume oils) of a special quality. These chemicals are used for Symrise's own perfume oil production and are sold to consumer goods manufacturers, who make perfume oils from them. An important application area, among others, is biodegradable musk scents, which adhere significantly better to hairs, skin or textile fibers and are an essential ingredient in perfume oils.

**Oral Care:** Symrise offers the entire spectrum of mint aromas and their intermediate products for use in toothpaste, mouthwash and chewing gum. Among the particularly innovative products is Optacool®, which combines a fresh mint taste with a cooling freshness experience. Another example is Optaflow®, which stimulates salivation, thus contributing to oral hygiene. Some customers name the Optaflow® brand on their end products and use it for marketing purposes.

#### FLAVOR & NUTRITION

Flavor & Nutrition's portfolio consists of more than 15,000 products, which are sold in 140 countries. The flavors we develop in liquid, powder, granulate or paste form are used by customers to make foods (savory and sweet foods as well as dairy products) and beverages, giving the different products individual tastes. Symrise supplies individual flavorings used in end products as well as complete solutions, which, apart from the actual aroma, can contain additional functional raw materials, colorants or microencapsulated components. The new Consumer Health application area serves, among others, the growing market for nutritional supplement products and pharmaceutical preparations. The business division has sites in more than 20 countries in Europe, Asia, North and South America, and Africa. It has central offices in Brazil, China, Germany, England, France, India, Japan, Mexico, Singapore and the USA.

Symrise's flavors and ingredients are used in four applications areas:

**Beverages:** Our flavors are used in non-alcoholic beverages such as refreshment drinks, fruit juice drinks, energy and sports

Structure and Business Activities  
Market and Competition

drinks, tea and coffee drinks, mixed milk beverages, as well as functional drinks, which can be mixed with milk, yogurt, vitamins, minerals, fibers or plant and herbal extracts. Symrise also has applications with aroma granulates for instant drinks, such as tea and coffee specialties. Among Symrise's latest soft drink concepts are so-called blossom teas, for example, red tea with rose. We have consistently added new fruits such as chokeberries, seabuckthorn and acerola cherry to our refreshment drink and fruit juice concepts. And new products are being added to the spectrum, including flavorings, distillates and extracts for nearly all common types of alcoholic beverages – for example, for liqueurs, spirits, and mixed beer and wine drinks. A special focus is on mixed beer drinks, for which apart from the aroma we offer colorants and preservatives as a complete solution, introducing the optimum stability fit into a beer matrix.

**Savory:** This application area includes meat aromas, herb and vegetable extracts, and wine aromas for soups, sauces for instant foods, as well as seasonings for snacks. Special Symrise flavorings help reduce the salt and fat content in foods with no flavor loss. The Tobacco application area, which was a separate area in 2008, was integrated into Savory in 2009. The tobacco industry uses the tobacco aromas that we develop to manufacture cigarettes and pipe tobacco. We also offer special aromatization methods for tobacco products.

**Sweet:** This application area includes sweet products, baked goods, ice cream and dairy products. A focal point is products with improved aroma release and aroma systems with masking qualities that permit the use of functional ingredients and simultaneously conceal these ingredients' often unpleasant taste. Symrise is especially concentrating on vanilla, citrus and mint aromas. In 2009, selected high-quality bourbon vanilla extracts that we obtain in Madagascar were certified as meeting requirements for organic cultivation and thus are suitable for usage in organic food.

**Consumer Health:** This application area includes natural functional ingredients to promote heart and digestion function, flavor solutions for pharmaceutical products, as well as food colorings and coloring foods (specialties).

## MARKET AND COMPETITION

### MARKET STRUCTURE

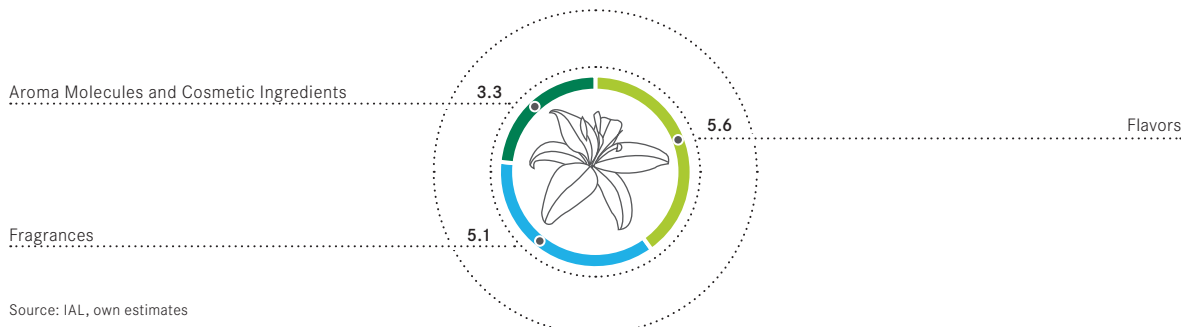
The Symrise Group is active in different markets worldwide. These include the classical market for flavors and fragrances (F&F), whose volume amounted to €10.7 billion in 2009 according to calculations made by IAL Consultants market research institute. In addition, with the Life Essentials and Aroma Molecules business units, the company is active in the market for aroma chemicals and cosmetic ingredients, which according to estimates achieved sales of €3.3 billion in 2009. In both markets the substances are among a series of products which are consumed or used by end consumers. As a result, the two markets have many trends and characteristics in common. The market relevant for Symrise has an estimated volume of €14.0 billion and is achieving an average long-term growth of 2% to 3% a year.

More than 500 companies are active in the market worldwide. The four largest suppliers, which include Symrise, together have a market share of more than 50% and normally achieve higher growth than smaller companies in the industry.

The F&F market is characterized by high entry barriers. There is increasing customer demand for higher quality and more differentiated products with ever-shorter life cycles. The majority of the products and recipes are manufactured especially for individual customers. Furthermore, due to local taste preferences, there are often many different recipes for one end product, depending on the country. Moreover, customer relations are often characterized by intensive cooperation in product development. At the same time, one can observe an increasing consolidation on the part of

### MARKET SIZE 2009 RELEVANT F&F MARKET (€ BILLION)

(total market €14 billion)



Source: IAL, own estimates

our customers into globally operative companies, which in turn favor globally active suppliers. A worldwide presence and high innovative strengths are important bases for being accepted into the circle of core suppliers of the big international customers (being put on so-called core lists). On average, they normally only review their core lists every three to four years. The companies in the industry continue to see themselves confronted with a demanding regulatory environment.

Apart from different local taste preferences and modes of behavior, the demand for end products in which our products are used is influenced by additional factors. The increasing income of people in the emerging markets is having a positive impact on the development of demand for products containing flavors and fragrances or cosmetic ingredients. Market growth is also partially based simple products meeting basic needs, which have long been on the market in industrial countries. In developed Western European, Asian and North American markets, consumer trends such as beauty, health, wellness, convenience and naturalness determine demand for products containing Symrise ingredients. Increasing quality requirements, quickly changing product innovations, and multifunctional products are further growth drivers. To achieve the decisive competitive edge, it is important to recognize market trends early on, to develop innovative products using new technologies and to successfully establish them in the market.

#### SYMRISE'S MARKET POSITION

Symrise is the fourth-largest company in the F&F industry. Related to the relevant F & F market of € 14 billion, the company's market share was 10% in 2009. Symrise's biggest competitors, including Givaudan, IFF and Firmenich, are primarily active in traditional aroma, scent and perfume oil business. Symrise has added applications in both business divisions: In Scent & Care, for example, cosmetic ingredients, and in Flavor & Nutrition nutritional supplements. On the basis of these more complex product solutions,

greater value creation can be achieved. In partial markets such as food supplements, sun protection filters and other cosmetic ingredients, moreover, Symrise competes with companies or segments of these companies that do not belong to the traditional F&F industry.

In 2009, Symrise's sales grew by 3%. As in the previous years, both business divisions gained new core list positions, laying the foundations for future growth and a stronger market position.

We have leading positions in certain market segments, for example, in the synthesis of nature-identical l-menthol and its derivatives, and mint flavor compositions. Symrise holds a leading position in the UV sun protection filter segment. By acquiring the perfume oil businesses of Intercontinental Fragrances and Manheimer Fragrances, we have become a leading manufacturer of air fresheners (air care market) and scented candles in the U.S. We expanded our position in the U.S. flavorings market by acquiring the flavors business of Chr. Hansen in 2008. With the acquisition of Futura Labs in Egypt, we became a market leader in that country for flavors and basic substances for the beverage industry.

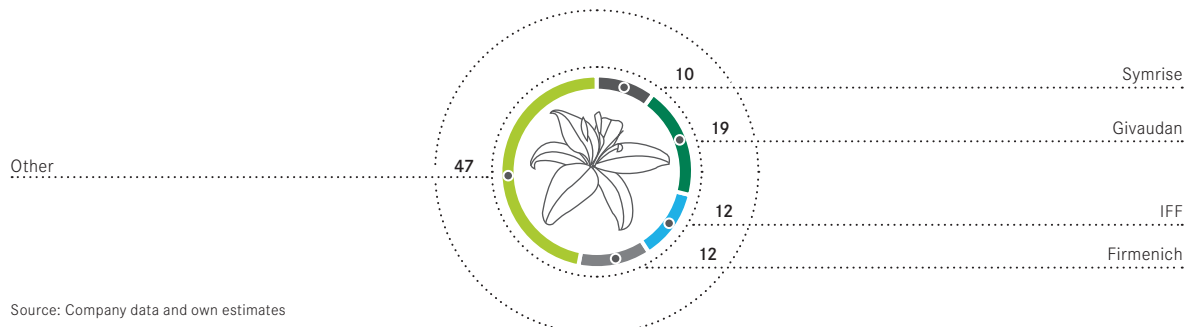
#### AIMS AND STRATEGY

Symrise has potential. We intend to further strengthen our market position and independence through earnings-oriented growth.

- Market position: We intend to achieve faster sales growth than the market, which grows by 2% to 3% on average. In this way, we intend to reduce the distance between the largest companies and Symrise step by step. We hope to be the third-largest company in the flavor segment by 2012.
- Value orientation: We want to permanently be among the most profitable companies in the industry. In the long term, we are striving for an EBITDA margin of at least 20%.

#### MARKET SHARE 2009 (%)

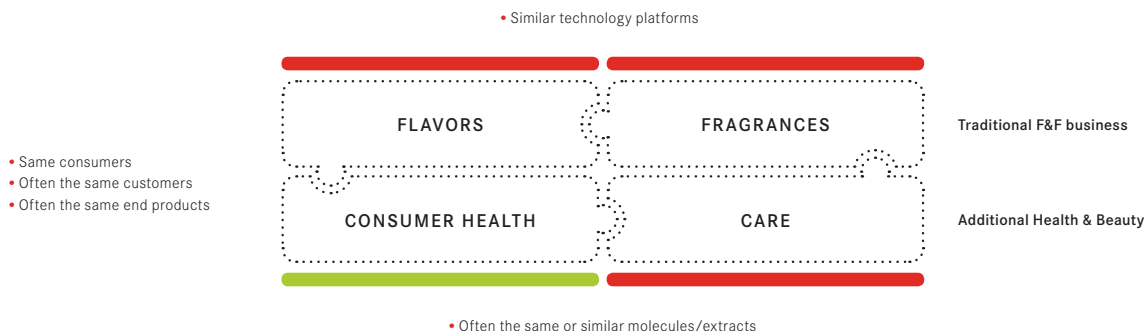
(Market volume around € 14 billion)



Source: Company data and own estimates

Market and Competition  
Aims and Strategy

## SYMRISE STRATEGY



- **Financial situation:** The ratio between net debt (including pension provisions) and EBITDA should be in a corridor between 2.0 and 2.5 in the medium term. In our view, it is permissible to exceed this range in the short term, for example, by making acquisitions within the framework of our strategy. A continuously high operating cash flow contributes to the company's stability.

Our shareholders participate in our economic success by receiving an attractive dividend. At the Annual General Meeting, the Executive and Supervisory Board will propose paying a dividend of €0.50 per share for the 2009 fiscal year, the same amount as in the previous year.

Symrise has set itself the goal of using innovation and creativity to better meet consumers' changing needs and wishes than the competition. Our focus on research and development, as well as on new and innovative product concepts and product groups, should help further increase our market shares in the high-quality, high-margin product segment.

In the fourth quarter of 2009, we established a new global application area called Consumer Health. It specializes exclusively in functional ingredients for nutritional supplements and flavor solutions for health preparations. Modern consumers want products that meet many different requirements at the same time. Food supplements should be healthy and promote well-being, yet also be easy to consume and taste good. Two factors in particular influence this trend. On the one hand, consumers are becoming more health-conscious, and on the other, the individualization of consumer needs is playing a role. Consumers want tailor-made products that are not simply "healthy," but also serve specific purposes: strengthening the heart, tautening the skin, slowing down the aging process or supporting physical fitness.

Our health and nutrition strategy caters to this growing market. The Competence Center for Health & Nutrition is part of this strategy. The Competence Center works independently for all four application areas (Beverages, Savory, Sweet and Consumer Health), provides them with market and consumer data as well as information on product safety, and supports them in their development of innovative products and ingredients, based on scientific and nutritional physiological knowledge. With these solutions, we want to be an indispensable partner for our customers.

We will achieve our growth and profitability targets by consistently implementing our strategy. Our strategy has three prongs that in our mind offer the greatest value leverage for Symrise:

- **Growth with global customers:** We want to continue to increase the share of our sales with the top 10 customers, who achieve particularly rapid growth. By gaining access to important core lists, we want to bolster our position as the main supplier of the respective products.
- **Growth in new markets:** We began stepping up our activities in emerging and developing countries early on. The acquisition of Futura Labs is a further step towards participating in the growth potential of these countries.
- **Growth through innovations:** We have a profound understanding of markets and brands, which we gain from extensive consumer research. This helps us develop innovative solutions and give our customers competitive advantages. Our main focus is on application areas like Life Essentials and Nutrition, which show a higher potential for growth.

Symrise is growing organically. In addition, we make acquisitions wherever it is sensible or enter into strategic alliances for product development.

### VALUE-ORIENTED MANAGEMENT

Different variables are used within the framework of value-oriented company management. The EBITDA margin serves as an indicator of the company's profitability. For the EBITDA margin, we have defined a long-term target value of at least 20%. Enhancing the value of the company is considered in the remuneration system for the Executive Board and other selected managerial staff. The Symrise Value Added (SVA) is a value-oriented assessment relating an absolute earnings value to the interest yield on capital employed. The concept combines the two value levers – increasing earning power and heightening profitability – by optimizing the capital employed.

In addition, we attach great importance to the company's financial stability. Important key figures include operating cash flow, the ratio of net debt to EBITDA, and the ratio of net interest expense to EBITDA.

Value-oriented management also means letting shareholders participate in the business results in the form of an attractive dividend. Our dividend policy is oriented to the company's earning power. We want our shareholders to have an appropriate share in the Company's success. At the same time, we want to guarantee that Symrise remains capable of seizing any growth opportunities that arise without jeopardizing the company's financial stability.

### GENERAL CONDITIONS

Symrise's business performance is influenced by various factors in the company's environment. Regarding sales, the general economic development plays a big role. Significantly negative or positive fluctuations in performance of the economy as a whole can have a detrimental or favorable effect on the sales of products containing our flavors or fragrances, which can have an impact on our customers' demand behavior. The sub-markets in which we are active show different degrees of fluctuation depending on economic developments.

In our manufacturing, we make use of 10,000 natural and synthetic raw materials. On account of various factors, including the development of the economy, oil prices, and harvests, these raw materials can be subject to strong price fluctuations. Furthermore, production can be affected by bottlenecks in raw materials procurement, due to unrest in supplier countries, among other factors.

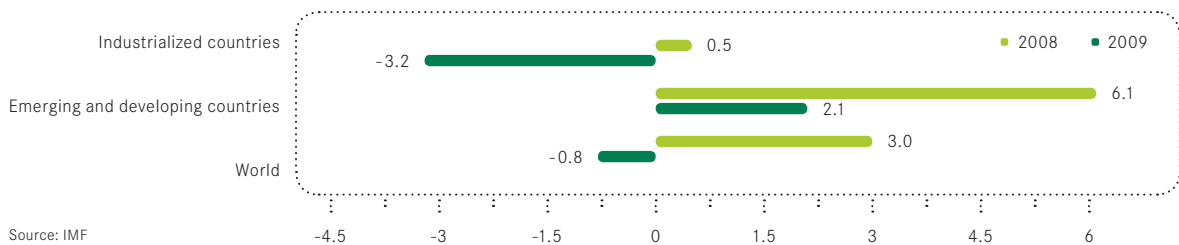
Symrise products are found in a number of application areas worldwide, including food processing, cosmetic and pharmaceutical end products, and in household products. Worldwide use of our products requires that we observe national and internationally valid consumer regulations. These regulations are in constant flux due to ever-new knowledge in research, development and production technology, due to a growing need for safety, and due to steadily increasing health and environmental awareness worldwide. We, therefore, observe the regional and global development of these processes very carefully, ensuring that we can react quickly to changes in or tightening of regulations.

### GENERAL ECONOMIC CONDITIONS

The 2009 fiscal year was marked by a deep worldwide recession. The global economic performance decreased, adjusted for price, by an estimated 0.8%, and the world trade volume fell by 12.3%. General economic value declined significantly in the industrialized countries, where in 2009 it was 3.2% down on the previous year. The economic performance of the emerging and developing countries, on the other hand, increased slightly by 2.1%, which, however, was much lower than the expansion rates in 2008 (+6.1%) and 2007 (+8.3%).

The nadir of international economic performance was reached at the end of 2008/beginning of 2009. The economies of large emerging countries, such as Brazil, China, India and Russia, picked up again noticeably in the spring of 2009. The economies of the industrialized countries showed positive rates of change again starting in the third quarter of 2009 – roughly two quarters later than the

### DEVELOPMENT OF GROSS DOMESTIC PRODUCT 2008/2009 (%)





emerging economies. This trend reversal was also reflected in the destocking development: While destocking in the industrialized countries dampened economic performance from the fall of 2008 to the summer of 2009, a normalizing of ordering behavior has since given palpable impetus to economic growth in the mature economies.

Exports and investments were particularly hard hit by the economic and financial crisis of 2008 and 2009. In Germany, for example, exports and investments were 20% lower than the previous year's level. Private consumption expenditure, however, remained largely unchanged, among other things because massive government expenditure programs stabilized the financial situation of private households.

The overall economic development – viewed as an isolated factor of influence – had different effects on the course of Symrise's business:

- Economic fluctuations in the developed markets have very little effect on the demand for end products containing Symrise products if the products cover basic needs, for example, in the nutrition, body care or household sectors.
- The demand for products in the “luxury segments” of Fine Fragrances and Personal Care (about 10% to 13% of our product portfolio), in terms of the income available in private households, is significantly more dependent on the general economic development.
- In the emerging countries, there was a higher demand for products refined with flavors and fragrances, in keeping with the rapidly growing standard of living of the populace.
- Symrise customer companies manage production and warehousing such that as little capital as possible is tied up. Uncertainties about future sales development lead to adjustments, including adjustments in the amount of ingredients bought from Symrise.

In 2009, the general economic environment had a negative impact on Symrise's business development. But the negative effects were limited compared to companies in other industries due to the robustness of our business, and were softened in the course of the year by improving economic impetus.

#### DEVELOPMENT OF ESSENTIAL SALES MARKETS

The F&F market relevant for the Symrise Group largely remained stable in 2009; its volume was unchanged at €14 billion. But different developments could be observed in different areas of the market. While according to the calculations of the IAL Consultants market research institute, the market for flavors increased

somewhat compared to the previous year (€5.6 billion in 2009 vis-à-vis €5.5 billion in 2008), the market for fragrances was down by 3% to €5.1 billion. According to our estimates, sales of aroma chemicals and cosmetic ingredients grew by about 6% to €3.3 billion.

While there was a general decline in market volume, the fragrances market developed heterogeneously. The sales decreases in fine fragrances and other fragrances were above the average. The drop was particularly pronounced in Western Europe and North America, while the other markets remained relatively stable, with some markets in the Asia/Pacific region even reporting for 2009 higher growth compared to 2008. Household cleaning product sales (Household) remained largely the same as in the previous year. However, Western European and North American markets reported negative growth in this area, while sales in Asian markets rose significantly. In the detergent (Detergents) and skin and body care (Personal Care) segments, there was a similar regional pattern, but sales decreased in both markets compared to the previous year.

According to market statistics, in 2009 the flavors market showed a slightly positive development or stayed at the previous year's level. Viewed supra-regionally, the significant sales declines in Western European countries were offset by the strong growth in Asia.

#### RAW MATERIALS PRICE DEVELOPMENT

Due to the large number of raw materials used by Symrise and the fact that the raw materials often comprise only a very small part of the total volume of products, the price development can only be described on a very aggregate level. While with some raw materials good harvests were reported, the harvest volume of other raw materials was reduced by strong rainfall, drought or cold periods. On the whole, after a significant rise in 2008, raw material prices remained at a high level in 2009, above the 2008 average. The situation relaxed somewhat in the second half of 2009, or at least the price increase abated. An increasing price volatility could be observed. In some areas, for example, with lemon juice and lemon oil, and with citral and terpene derivatives, which are used in the manufacture of fragrance compositions, the supply situation and thus the cost situation remained tense.

#### GENERAL POLITICAL AND REGULATORY CONDITIONS

In the Scent & Care business division, there is a need to adjust to regulations, particularly European Union (EU) regulations. In December 2006, the EU established REACH (Registration, Evaluation, Authorization and Restriction of Chemicals), laying

the foundations for comprehensive re-regulation of the use of chemical substances. Under REACH, the companies that produce the substances bear increased responsibility for their safe use. Symrise successfully completed the first phase (pre-registration) of REACH. By pre-registering more than 1,400 substances, Symrise put in place the prerequisites for manufacturing or importing the substances until the final registration dossier is drawn up (by 2018, depending on the substance). We are continually preparing for the next steps. We are involved in various SIEF (Substance Information Exchange Fora) and industrial consortia, and are preparing registrations for the dossiers planned for 2010 and 2013. In order to comply with the GHS (Globally Harmonized System of Classification and Labeling of Chemicals) and the related CLP (Regulation on Classification, Labeling and Packaging of Substances and Mixtures) regulation of the EU, we began implementing a globally uniform system for classifying chemicals and their labels on packaging on safety data sheets. As a result, in 2010 we can deliver our products with the new requirements to our customers on schedule.

The Flavor & Nutrition business division's products are primarily used in foods (savory and sweet foods as well as dairy products), beverages (soft drinks, beverages containing alcohol, and non-alcoholic drinks), and pharmaceutical applications. The legal regulations for use of flavors and aroma substances vary in the different legal jurisdictions, particularly in the European Union and the United States. Depending on the jurisdiction, different maximum amounts of certain ingredients are permitted and special labeling regulations may apply. On December 31, 2008, a new aroma regulation was concluded in the European Union (EU) containing new definitions, labeling requirements and maximum amounts of BAPs (biologically active principles). It will go into effect on January 20, 2011. Symrise implemented the new EU regulation on "aromas and food ingredients with flavoring properties" on schedule. As of February 1, 2010, Symrise began adopting new labels and lists of aroma components to meet the new requirements.

Since customers are using flavors in various markets worldwide, the global aspect is becoming significantly more important. To guarantee the legality of our products in relevant markets, Symrise utilizes data processing systems company-wide and has comprehensive expertise in food law. Thanks to our expert knowledge about the regulatory environment, we can actively support our customers when they introduce products in new markets.

The products in the Health & Nutrition sector are subject to the aforementioned legal regulations for aromas and food, and partially to the requirements of EU regulation number 1924/2006 on "nutrition and health claims made on food". Information about special health-related aspects of ingredients ("health claims") must be registered with and approved by the Food Safety Authority (EFSA). Symrise has a team of specialized developers and food lawyers who submit applications so that the "health claims" can be used.

## COMPANY DEVELOPMENT

### GENERAL STATEMENT ON THE COURSE OF BUSINESS

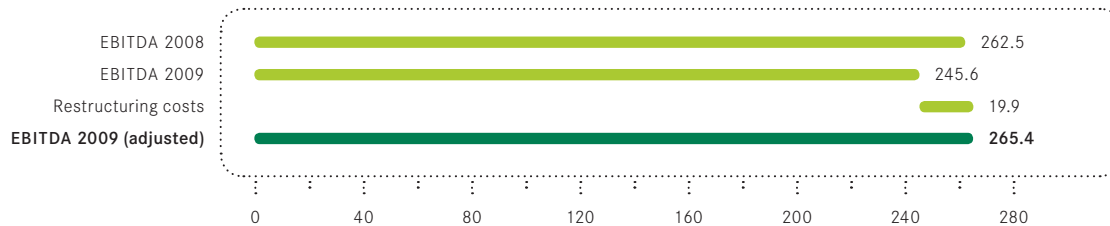
The difficult economic and market environment, destocking on the part of our customers and continuously high raw material prices, presented great challenges to us in the first half of 2009. We reacted to these challenges quickly and consistently with a comprehensive restructuring package. To utilize synergies better, the restructuring program included plans to close or merge production sites in Spain, Switzerland, Germany, the USA, and Great Britain. As a result, expenses arose in connection with severance payments for employees and unscheduled depreciations on assets. A relaxation of the general economic situation and positive effects from the restructuring measures contributed to an improvement of business. Adjusted for restructuring expenses, the Group's earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to €265 million, slightly higher than last year's €262 million. This corresponds to a margin related to sales of 19.5% (previous year: 19.9%).

Group sales rose by 3% to €1,362 million in 2009. The emerging markets' share in the Group's total sales reached 41% (2008: 40%).

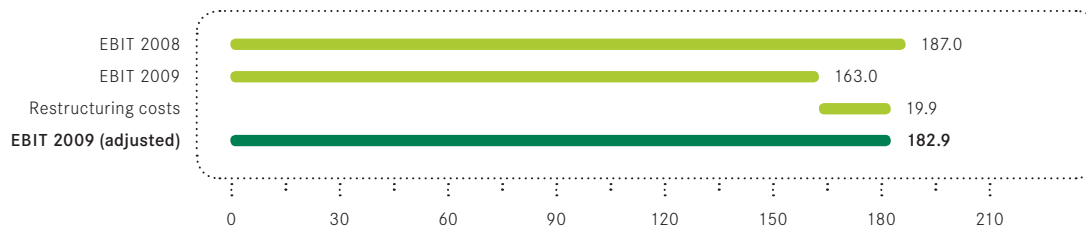
In 2009, net income fell by €6 million to €84 million. Earnings per share dropped to €0.71 (2008: €0.76). On the basis of its defensive business portfolio, the Symrise Group had a solid performance even in difficult business conditions. Our broad positioning - regionally and with the two business divisions - helped compensate for negative developments in certain regions and markets. At the same time, with the restructuring measures we sustainably improved the company's profitability. Therefore, at the Annual General Meeting on May 11, 2010, the Executive Board and the Supervisory Board of Symrise AG will propose paying a dividend of €0.50 per share for the 2009 fiscal year. If approved, the dividend would remain at the previous year's level.

General Conditions  
Company Development

#### EBITDA RECONCILIATION (€ MILLION)



#### EBIT RECONCILIATION (€ MILLION)



#### A COMPARISON BETWEEN THE ACTUAL AND FORECAST COURSE OF BUSINESS

At the beginning of the 2009 fiscal year, we forecasted that we would grow faster than the market again in 2009. Under the conditions that existed at that time we expected to grow between 5% and 7% at local currency including the acquisitions made in 2008 (1% to 3% excluding acquisitions). We assumed that the first half of the year would be weaker than the second. Due to the volatile economic environment, it was not possible at that time to make sound forecasts about profitability and the EBITDA margin. Nevertheless, we expected a strong cash flow for 2009.

In the course of the year, we continually reviewed our forecast and adapted it, if necessary, to developments. The first quarter was disappointing as expected.

When we published the figures for the first quarter, we restated our prediction that we would grow faster than the market, although we could not rule out a decline in the overall market due to customer destocking. We quickly introduced restructuring measures to bolster our competitiveness. Destocking on the part of our customers continued unabated in the second quarter, and our expectations that the F&F market would experience a downswing were reinforced. The restructuring measures led to an improvement in our profitability already in the second half of the year, despite continued high raw material prices.

In the third quarter, there were the first signs of an economic recovery. Destocking seemed to have largely come to an end, and we reported sales growth in all regions and divisions compared to the same quarter of the previous year. Subsequently, we substantiated our forecast for the 2009 fiscal year, now expecting a sales growth of 2% in local currencies and an EBITDA before one-time restructuring expenses at the previous year's level, and a corresponding EBITDA margin of over 19%. At the same time, we forecasted that adjusted earnings per share would increase by a single-digit percentage and that our net debt (excluding pension provisions) would amount to around €560 million, 2.1 times the EBITDA adjusted for restructuring expenses.

With a sales growth of 3%, an EBITDA adjusted for restructuring expenses of €265 million, and a resulting EBITDA margin of 19.5%, we achieved our targets. Adjusted earnings per share<sup>1</sup> (EPS) rose by 8% to €1.11. The net debt of €574 million also lies within the framework of our forecast for 2009.

<sup>1</sup> Adjusted earnings per share result from the earnings per share adjusted for non-cash interest expenses, restructuring expenses and the amortization of recipes (all taking account of the applicable tax rate).

## ACHIEVEMENT OF TARGETS IN 2009

	TARGET IN 2009 (AS OF Q3 2009)	ACHIEVEMENT OF TARGETS IN 2009
Sales growth (in local currencies)	2.0%	2.7%
EBITDA (before restructuring expenses)	At previous year's level (2008: €262 million)	€265 million
EBITDA margin (before restructuring expenses)	> 19.0%	19.5%
Adjusted EPS (earnings per share)	Single-digit increase	€1.11 (2008: €1.02) or 8%
Net debt (excluding pension provisions)	Net debt approx. €560 million or Net debt approx 2.1 times the EBITDA (adjusted)	€574 million 2.2

RESULTS OF OPERATIONS<sup>2</sup>

## GROUP SALES

The economic slump in 2008 had severe effects connected with massive destocking by our customers. In the first half of 2009, this led to drastic decreases in sales. At the beginning of the third quarter, the market regenerated itself: Sales volumes in the flavor and fragrance business increased again, and the weak sales performance in the first half of the year was followed by recovery in the second. For 2009 as a whole, Symrise generated sales of €1,362 million, representing an increase at actual currency rates and at local currency of 3% over the previous year.

In the 2009 fiscal year, sales with the **top 10 customers** rose by 4% in local currency. At 29%, this strategically important group's share of Group sales remained roughly the same as in 2008.

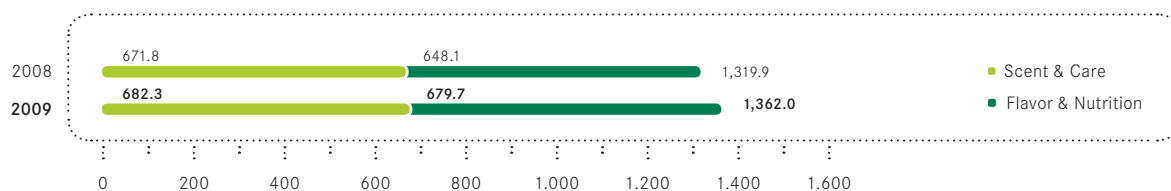
**Business divisions:** Although Scent & Care was particularly affected by the difficult economic environment, this business

division was able to boost its sales at local currency by 1% to €682 million. In 2009 after a successful second half year, the Flavor & Nutrition business division's sales amounted to €680 million, an increase of 5% at local currency compared to the previous year.

**Regions:** The EAME region, which in the first half of 2009 was particularly affected by the weak economy, destocking on the part of our customers and the resulting sales decreases, reported positive sales growth in the second half of the year. The good development offset the weak sales in the first half of the year. Sales in 2009 were 4% lower than the previous year's level (-3% at local currency). Sales in **North America** benefited from the acquisitions we made in 2008; sales rose by 14% (12% at local currency). Assuming that the acquisitions had already belonged to the Symrise Group at the beginning of 2008, then sales remained at the previous year's level. Sales in the **Asia/Pacific** region developed very positively in the course of 2009, rising by 8% (5% at local currency). Sales in **South America** grew by 12%. At local currency, the sales growth in the region was 17%. At local currency, sales in the emerging countries were around 4% higher than in the previous year. Sales in these countries accounted for 41% of total sales (2008: 40%).

<sup>2</sup> To improve the depiction of the earnings situation and make it easier to compare the results with those of the previous year, in 2009 for the first time restructuring costs are shown separately in the Group's Profit and Loss Statement. Also see the Group Profit and Loss Statement and the Notes on page 106 et seq. In the following analysis, we refer to the items of the Profit and Loss Statement adjusted for restructuring expenses.

## SALES DEVELOPMENT OF THE SYMRISE GROUP (€ MILLION)



## Company Development

## SALES BY REGION

€ MILLION	2008	2009	CHANGE IN %	CHANGE IN % IN LOCAL CURRENCY
EAME	705.5	679.5	-4	-3
North America	257.2	293.2	14	12
Asia/Pacific	262.2	282.5	8	5
South America	95.0	106.8	12	17
<b>Total</b>	<b>1,319.9</b>	<b>1,362.0</b>	<b>3.2</b>	<b>2.7</b>

## SCENT &amp; CARE SALES

Despite the difficult economic environment worldwide, the Scent & Care business division managed to achieve total sales of €682 million, a 2% increase over the previous year. The sales growth was 1% at local currency. While Fine Fragrances and the luxury segments of the Personal Care application area were particularly hard hit by the difficult economic situation, the Household application area and Personal Care's other care products more than compensated for the sales decreases in the Fragrances business unit. The Life Essentials and Aroma Molecules business units were affected more than in the previous year. Sales in the Oral Care business unit increased.

**Regions:** Sales in emerging countries accounted for 39% of Scent & Care's total sales. The sales growth was 5% at local currency. South American sales increased most. In the Asia/Pacific region, China reported strong sales growth, while in the EAME region Russia achieved the highest growth.

Accounting for 45% of Scent & Care's total sales, the EAME region remained the business division's largest market. In a year-to-year comparison, sales in this region decreased by 5% at local currency, predominantly due to the weak demand for fine fragrances and luxury products in Personal Care. The weak first half of 2009 was partially offset in the months to follow, supported by the Fragrances and Aroma Molecules business units. In **North America**, the integration of Manheimer Fragrances and Intercontinental Fragrances, which were acquired in 2008, was quickly completed. These acquisitions made a substantial contribution to the sales growth in the region. At local currency, North American sales rose by 14%. The sales decrease in Fine Fragrances was more than offset by the growth in Personal Care, Household and Aroma Molecules.

Symrise managed to win additional core list positions with international customers. The new customers gained through the acqui-

sition of Manheimer Fragrances and Intercontinental Fragrances were looked after by special customer teams, and we were able to move into new important fields of business.

The **Asia/Pacific** region reported 3% growth at local currencies, which was lower in a year-to-year comparison, due to the earnings-oriented optimization of our product and customer portfolio. Emerging markets such as China continued to show strong growth. Mature markets such as Japan, however, were impacted more strongly by the economic crisis. We were able to boost our position with local customers and simultaneously position ourselves with large international customers. The strong growth in the Aroma Molecules and Life Essentials business units, as well as the stable development in the Fragrances, was partially offset by the poorer development in Oral Care.

In **South America**, we increased our sales by 13% at local currency. Brazil reported particularly strong growth. The Fragrances and Aroma Molecules business units achieved significant growth. Contrary to the trend in other regions of the world, South America showed strong sales growth in the Fine Fragrances luxury segment, with both local and internationally important customers. We expanded our business activities in the Life Essentials business unit and gained new customers in the UV Protection and Cosmetic Ingredients/Botanicals application areas.

**Top 10 Customers:** While in the Scent & Care business division sales with our top 10 customers have traditionally been strong, in 2009 sales grew slightly by 1% due to the weak economy. The growth with this strategically important customer group was primarily due to our activities in emerging markets.

**Business Units:** The **Fragrances** business unit, which accounts for about 50% of the Scent & Care business division's sales, recorded significant growth. After the weak performance in the first half of the year, during which our customers destocked to a high degree,

demand increased again in the second half. The Household application area achieved the strongest growth in all regions. After a weak first six months, the Personal Care application area recovered in the second half of the year. For 2009 as a whole, sales in this area were roughly equivalent to the previous year's level, with particularly strong sales growth reported in North and South America. Despite the improved second half-year, the difficult economic situation had an adverse effect on Fine Fragrances for the year as a whole.

The **Life Essentials** business unit was strained by the sales drop in Europe, which could not be completely compensated for by the growth in Asia and South America. In the course of the year a few new products were brought on to the market, which were well received by customers. Among them were SymHelios® 1031, SymDeo® B125 and SymSitive®. The new products in this sector also included peptides from TPI (Therapeutic Peptide Inc.), a U.S. biotechnology company in which Symrise has a 20% stake.

Growth in the **Aroma Molecules** business unit was stunted in the first half of 2009, but picked up steam again in the second half. Our specialty chemicals business achieved slight growth in Asia as well as in North and South America.

The sales volume of the **Oral Care** business unit was slightly higher than in the previous year, driven by EAME, North America and South America.

#### FLAVOR & NUTRITION SALES

In the 2009 fiscal year, Flavor & Nutrition generated sales of €680 million, representing an increase of 5% at local currency and actual exchange rates. The global economic crisis had a strong impact on the business division's performance in 2009. The first half-year was particularly affected by destocking on the part of our customers, slowing our sales growth. In the second half, however, global markets showed a significant recovery, which had a positive effect on incoming orders. In the second half of 2009, we achieved significant sales growth compared to the same period of the previous year.

**Regions:** The emerging markets in South America and Asia remain an important and valuable growth engine for Flavor & Nutrition. In the 2009 fiscal year, we achieved strong growth at local currency in these markets. In some Eastern European markets, we felt the weak economy, particularly in the first half of the year. Nevertheless, the emerging markets' share in the business division's total sales increased to around 44% in 2009.

In the **EAME** region, sales in 2009 were 2% less than in the previous year on a local currency basis due to the weak first six months. We recovered significantly in the second half-year.

In some Western and Eastern European markets, we reported significant sales losses on account of the economic crisis. However, the markets in the Middle East and parts of North Africa showed a positive development.

To bolster our position in the dynamic markets of North Africa and the Gulf region, we signed an agreement to acquire the Futura Labs Group in November, effective as of January 1, 2010. Futura Labs is the leading regional manufacturer of aromas, emulsifiers, drink compounds, natural extracts and spice mixtures. With the acquisition, Symrise is now the market leader in Egypt. Both the product and customer portfolio of Futura Labs fit well with Symrise's existing business in Egypt. The acquisition underlines Symrise's focus on rapidly growing emerging markets.

In **North America**, sales in local currency, including the acquisition of the flavors business of Chr. Hansen, rose by 8%. As a result, sales in this region, in which we had had difficulty in the past, significantly outpaced the market. Our sweet aromas business was particularly strong in the North American market, primarily due to our focus on natural vanilla extracts, and also because the demand for sweet products was less affected by the economic downswing. Due to the reduced demand, especially for refreshment drinks, the Beverage business showed negative growth, above all in the first half of the year.

In 2009, sales in the **Asia/Pacific** region increased by 7% on a local currency basis. The strongest growth was achieved in the Beverages application area, particularly with international and large regional customers. We did experience some setbacks in the region, however. Sales in the sub-markets China, Japan and Korea were lower in a year-to-year comparison and thus lagged behind our expectations. With our "taste for life®" product platform, we were able to offer innovative product solutions with added benefits. The Savory application area profited from this, and its sales volume grew slightly. In Asia, we continued to ambitiously pursue the long-term growth strategy that we defined. In keeping with this strategy, we have expanded our development and production capacities in Singapore in recent years.

We continued to be very successful in **South America**, reporting sales growth of 21% in local currency in the 2009 fiscal year. A large part of that growth was achieved in the Beverages application area with international brand manufacturers. The global Citrus

## Company Development

Center in Sorocaba developed a new generation of multiconcentrated oils, which produce a more authentic overall character as well as flavor effects that are fruitier and juicier. Apart from technological expertise, we consistently make investments to increase our understanding of markets and consumers. In the third quarter, for example, we conducted an Internet-based study in selected online forums. This study is enabling us to gain new consumer insights supplementing the knowledge we have acquired using traditional methods. Our Savory business did very well in South America, achieving significant sales growth.

**Top 10 Customers:** Sales with our strategically important top 10 customers showed a positive development again in 2009, growing by 9% at local currency. This sales growth is significantly higher than the division's overall growth, once again confirming that we are on the right path with this important customer group. The formation of an integrated key account management with defined customer teams on all functional levels has paid off. In North America, for example, this enabled us to gain another important core listing with an internationally important brand manufacturer.

**Application Areas:** We established the new global Consumer Health application area in the fourth quarter of 2009. It specializes exclusively in functional ingredients for nutritional supplements and flavor solutions for pharmaceutical preparations.

In the past business year, our sales in traditional application areas displayed a positive development. In the Beverages applica-

tion area, our sales were slightly higher than in the previous year. While we were able to achieve double-digit growth rates in South America and the Asia/Pacific region, the economic crisis had a strong impact in North America and Europe in the first half of the year. In the second half of the year, our beverages business revived substantially.

Sales grew in the Savory application area. Here our strategic acquisitions in recent years have paid off, contributing to the continual expansion of our product portfolio.

We also boosted our sales in the Sweet products application area, reporting particularly high growth in North and South America. A lot of new business was generated by our integrated vanilla strategy. Due to the backwards integration in Madagascar, we improved our competencies and services related to cultivation and extraction of vanilla beans. The organic certification of our local production is part of these competencies, as are our efforts to act responsibly. In 2009, we received the fair trade certificate from the renowned Swiss organization FLOCERT.

#### DEVELOPMENT OF IMPORTANT ITEMS OF THE CONSOLIDATED INCOME STATEMENT

Raw material costs remained at a very high level in 2009, significantly affecting our gross profit. The **cost of sales** increased, mainly due to high raw material costs, by €32 million or 4% to €795 million (2008: €762 million). **Gross profit** in the first six months of 2009 was lower than in the previous year. In the second half

#### SUMMARY INCOME STATEMENT

€ MILLION	2008	2009*	CHANGE IN %
Sales	1,319.9	1,362.0	3.2
Cost of sales	-762.4	-794.9	4
<b>Gross profit</b>	<b>557.5</b>	<b>567.1</b>	<b>2</b>
Gross margin in %	42.2	41.6	
Other operating income	10.3	12.3	20
Selling expenses	-215.1	-225.1	5
Research and development expenses	-86.2	-91.6	6
Administrative expenses	-74.2	-79.2	7
Other operating expenses	-5.3	-0.6	-88
<b>Restructuring expenses</b>	<b>0.0</b>	<b>-19.9</b>	
<b>Operating income/EBIT</b>	<b>187.0</b>	<b>163.0</b>	<b>-13</b>

\* The summary income statement has been adjusted for restructuring costs.

of the year, however, it steadily improved. For the year as a whole, the gross profit was higher than for 2008, increasing by 2% or €10 million to €567 million (2008: €557 million). The **gross margin** was 41.6%, 0.6 percentage points lower than the previous year's margin (42.2%). **Selling expenses** rose, primarily due to sales, by around 5% or €10 million, amounting to €225 million. This corresponds to 16.5% of Group sales (2008: 16.3%). **R&D expenses** increased by around €5 million or 6% to €92 million (2008: €86 million). At 6.7%, the R&D rate was slightly higher than in 2008 (6.5%). **Administrative costs** in 2009 rose by €5 million or 7% to €79 million (2008: €74 million). The increase is primarily attributable to a changed, more appropriate booking system. As a result, since 2009, some of the items contained in "Other operating income" have been included in "Administrative expenses." The increase in administrative expenses also resulted from expenses in connection with the introduction of SAP as well as costs for the integration of the business segments acquired in 2008. Administrative expenses comprised 5.8% of Group sales (2008: 5.6%).

A global restructuring program was introduced in the 2009 fiscal year. To utilize synergies, the program included plans to close or merge production sites in Spain, Switzerland, Germany, the USA, and Great Britain.

To achieve a reorganization and optimization of processes within the Group, in the course of the worldwide bundling of resources the number of hierarchical levels was reduced, particularly in production, the supply chain, sales support and development. The restructuring program gave rise to one-time expenses, which reduced income by around €20 million. At issue were mainly severance payments for employees and depreciation on assets, caused by the reorganization of working processes. Costs for the integration in the first half of 2009 of the acquisitions made in 2008 reduced income by an additional €2.4 million.

#### EARNINGS SITUATION

**Group: Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)** fell by 6% to €246 million (2008: €262 million), particularly due to costs for raw materials and restructuring. The **EBITDA margin** was 18.0%, vis-à-vis 19.9% in 2008. The improved order situation and increasing sales in the last months of the year had a positive effect on the income in 2009. The savings resulting from the restructuring measures implemented already had an effect in the second half year. In addition, earnings in the second half of the year were no longer affected by integration costs. Price increases implemented at the end of 2008 and the beginning of 2009, as well as the contribution of the acquisitions made in 2008, also impacted positively on earnings.

#### OVERVIEW OF EARNINGS

€ MILLION	2008	2009	CHANGE IN %	CHANGE IN % AT LOCAL CURRENCY
EBIT	187.0	163.0	-13	-13
EBIT margin	14.2%	12.0%		
EBITDA	262.5	245.6	-6	-7
EBITDA margin	19.9%	18.0%		

#### OVERVIEW OF EARNINGS ADJUSTED FOR RESTRUCTURING COSTS

€ MILLION	2008	2009	CHANGE IN %	CHANGE IN % AT LOCAL CURRENCY
EBIT	187.0	182.9	-2	-3
EBIT margin (adjusted)	14.2%	13.4%		
EBITDA	262.5	265.4	1	1
EBITDA margin (adjusted)	19.9%	19.5%		



## Company Development

Despite the weak beginning of the year on account of destocking and high raw material costs, the **EBITDA adjusted** for restructuring costs amounted to €265 million, slightly above the previous year's level (2008: €262 million). The adjusted EBITDA margin was 19.5% (2008: 19.9%).

**Scent & Care:** Scent & Care reported an EBITDA of €109 million for 2009, 16% down on the previous year. The EBITDA margin was 16.0%, compared to 19.4% in 2008. The EBITDA adjusted for restructuring amounted to €123 million, 6% less than the previous year's €130 million. The adjusted EBITDA margin was 18.0%, compared to 19.4% in 2008.

**Flavor & Nutrition:** In 2009, the EBITDA for Flavor & Nutrition was 3% higher than the previous year's figure, reaching €137 million (2008: €132 million). The EBITDA margin was 20.1%, after 20.4% in 2008. The EBITDA adjusted for restructuring amounted to €143 million, an 8% increase (2008: €132 million). The adjusted EBITDA margin rose to 21.0%, vis-à-vis 20.4% in 2008.

**Financial Result:** The financial result in 2009 improved by €6 million to €-46 million, after €-52 million in the previous year. This is primarily attributable to a reduction of currency losses to €2 million, after €9 million the year before. By applying hedge accounting to essential interest rate swaps, we significantly reduced the volatility of our financing costs on the Consolidated Income Statement. Adjusted for exchange rate effects on loans and changes in valuation of the swaps, the net interest charge amounted to approximately €40 million, €1 million lower than in the previous year.

**Taxes:** In the 2009 fiscal year, tax expenses amounted to €32 million (2008: €44 million). With this amount, the tax rate in the year under review was significantly lower than in the previous year (28% after 33%), primarily attributable to an improved financing structure. In the reporting year, tax expenses were again subject to influences unrelated to the accounting period. While expenses of €5 million resulted from tax audits in the previous year, in 2009 current tax audits and the covering of tax risks accounted for €9 million of the total tax expense.

**Net Income and Earnings per Share:** The net income in 2009 totaled €84 million, €6 million or 7% lower than in the previous year (2008: €90 million). Accordingly, earnings per share fell by €0.05 to €0.71 (2008: €0.76).

**Dividend Proposal for 2009:** At the Shareholders' Meeting on May 11, 2010, the Executive Board and the Supervisory Board of

Symrise AG will propose payment of a dividend of €0.50 per share for fiscal 2009. Symrise views this dividend payment as being part of its corporate responsibility to continually achieve high yields for its shareholders and to enable shareholders to participate in the company's success by means of an appropriate dividend.

**FINANCIAL POSITION****FINANCIAL MANAGEMENT**

**Main Characteristics and Objectives:** The Symrise Group's financial management pursues the aim of guaranteeing that the company's financial needs are covered at all times, of optimizing the financing structure, and of limiting financial risks insofar as possible. Consistent central control and continuous monitoring of financing needs contribute to this.

In accordance with the Treasury department's guidelines, the financing of the Symrise Group is controlled centrally. The financial needs of Group subsidiary companies are ensured by means of internal Group financing, within the framework of a cash pool, among other things. The surplus liquidity of individual European Group units is put in a central account, so that liquidity deficits of other Group units can be offset without external financing and internal financial capital can be used efficiently. If external credit lines are needed, they are safeguarded by guarantees from Symrise AG. The Group's bank borrowings are unsecured and connected with generally accepted market credit agreements (covenants) that are reviewed every quarter. The covenants include the ratio of EBITDA to net interest expenses, and the ratio of net debt to EBITDA. The Group has good business relationships with all consortial banks and avoids becoming too dependent on individual institutes.

The Symrise Group safeguards against risks resulting from variable interest on bank borrowings by means of interest hedges. Here the principle applies that interest derivatives can only be concluded on the basis of basic business. Of the €471 million variable interest-bearing bank borrowings, as of December 31, 2009, €428 million were hedged by interest rate derivatives, a ratio of 91%. The same ratio related to variable interest on debt in US\$ is 78%; of US\$ 225 million, US\$ 175 million are hedged against interest fluctuations. The interest hedges are, if possible, to be incorporated in hedge accounting. Due to these requirements, the hedging instruments used are currently limited to Plain Vanilla Payer Swaps. In addition, interest caps or structured products can be used for hedging, if they adequately hedge the interest risks. The Notes to the Consolidated Financial Statements contain a sensitivity analysis regarding the change of fair values of interest derivatives.

Symrise does business in different currencies and thus is exposed to currency risks. Exchange risks arise when products are sold in different currency zones than the ones in which the raw material and production costs accrue (so-called transaction risks). Within the framework of its global strategy, Symrise manufactures a large part of its products in the currency zones in which they are sold to achieve a natural safeguard against exchange rate fluctuations (natural hedges). At present, Symrise is using no other significant active hedging strategies.

With a capital ratio of 36% on December 31, 2009, Symrise has a solid basis for sustainably driving future business.

**Financing Structure:** The Symrise Group covers its financial needs from its strong operating cash flow and via long-term financing. The financing mix with different credit lines provides the necessary liquidity for seasonal fluctuations and supports expansion of business activities. Essential external financing sources include the syndicated loan from 2006 as well as a note loan issued in April of 2009. The syndicated loan, provided by Barclays Capital and Commerzbank AG, has a volume of €380 million and US\$ 150 million. This is supplemented by a credit facility of more than €300 million. Both instruments expire in 2011. In December 2009, Symrise made further scheduled payments of €57 million and US\$ 23 million to redeem the long-term loans. The sums of €285 million and US\$ 112 million respectively remain outstanding. A further payment of €75 million is planned for December 2010. The last payment to redeem the long-term loans is due in 2011. €133 million and US\$ 113 million had been drawn from the credit facility as of December 31, 2009 (previous year: €158 million and US\$ 165 million). The note loan has a volume of €75 million and expires in 2013.

Symrise fulfilled all of the contractual obligations resulting from loans (covenants) in the 2009 fiscal year.

In addition to the credit facility, the company has a €20 million bilateral credit line with Commerzbank AG, which is to cover short-term cash requirements. The interest rate agreed on for the credit facility is at the accepted market level.

As in the previous year, in 2009 the Symrise Group was not directly affected by the consequences of the financial crisis. At the beginning of 2009, the Group succeeded in placing a loan note in a difficult market environment. The desired volume was exceeded by 50%. The positive response makes us confident that we will also be able to successfully conclude capital market transactions in the future. With a view to refinancing the syndicated loan, Symrise

further intensified and expanded its relations with the consortial banks. Symrise is in a position to turn to a stable and reliable circle of banks. In addition, the company is investigating new financing sources. For refinancing purposes, capital market instruments such as bonds, loan notes, private placements and similar instruments are becoming increasingly viable.

#### CASH FLOW AND LIQUIDITY ANALYSIS

Operating cash flow amounted to €226 million in 2009, considerably higher than the previous year's level (€153 million). The main reason was the positive working capital development, mainly due to a decrease in inventories.

The cash outflow from investment activities totaled €74 million in the reporting period, after €182 million in 2008. The high level of the previous year was influenced by the acquisitions of the flavors business of Chr. Hansen, Manheimer Fragrances and Intercontinental Fragrances.

The cash outflow from financing activities totaled €141 million (2008: cash inflow €10 million), resulting primarily from repayment of bank loans due to the extraordinarily strong operating cash flow. Adjusted for the dividend payment to shareholders, the cash outflow was €82 million. Interest payments to banks amounted to €25 million, significantly lower than in the previous year (2008: €29 million).

Taking into account exchange rate-related changes totaling €1 million, the Symrise Group's cash and cash equivalents increased by €12 million to €81 million as of December 31, 2009. All payment obligations were fulfilled in the fiscal year. There were no liquidity bottlenecks.

€ MILLION	2008	2009
Operating cash flow	153.1	225.7
Cash flow from investment activities	-181.6	-74.3
Cash flow from financing activities	10.4	-141.0
Liquidity (Dec. 31)	68.9	80.5

## Company Development

**NET ASSETS<sup>3</sup>****INVESTMENTS AND ACQUISITIONS**

The Symrise Group's investments amounted to €57 million in the 2009 fiscal year, after €52 million the year before.

Around €17 million were invested in intangible assets (2008: €14 million). The investment focus was SAP software, a patent, and costs connected with development of cosmetic ingredients. Investments in tangible assets amounted to €39 million, slightly higher than the previous year's level of €38 million. Most of this amount was invested in IT infrastructure and to finalize construction of a spray tower for the manufacture of aromas in powder form. In connection with restructuring, we continued to merge and expand production capacities. The investments in tangible assets also included investments in technical facilities and machines related to safety and productivity.

In November 2009, Symrise signed a contract – which went into effect in January 2010 – to acquire a 100% share in the Futura Labs Group. An acquisition price totalled €24.6 million was agreed on, of which €19.5 million were paid on the balance sheet date. We expect the transaction to be completed in the first quarter of 2010. With the acquisition of Futura Labs, we are driving our business expansion in emerging markets. Futura Labs is active in the seasonings, sweet flavors, savory flavors, dairy flavors, natu-

ral extracts, beverage raw materials and perfume oils segments. Futura Labs achieved stable growth in the last few years and is profitable. In the 2008 fiscal year, the company achieved sales of \$15 million. Through the acquisition, we are not only expanding our production capacities in North Africa (Cairo) and the Gulf region (Dubai), but are also acquiring employees who have a profound knowledge of local markets regarding country-specific taste preferences and consumer wishes. Futura Labs' product and customer portfolio ideally complements Symrise's existing business in Egypt.

In 2008, we spent a total of €128 million on acquisitions. Most of this amount was used to acquire the flavors business of Chr. Hansen, Intercontinental Fragrances and Manheimer Fragrances.

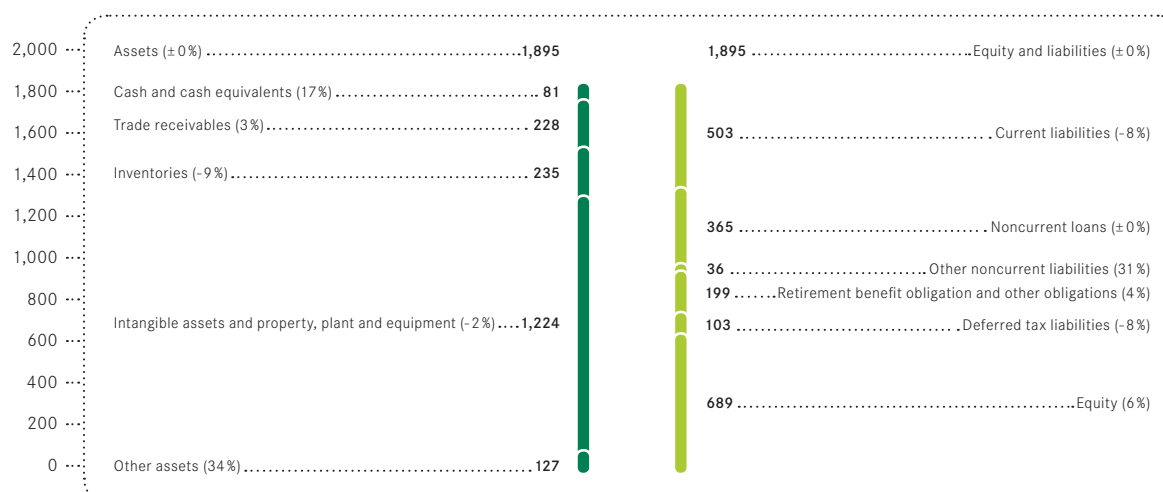
**SELECTED BALANCE SHEET ITEMS**

**Total assets** amounted to €1,895 million on December 31, 2009, roughly equivalent to the 2008 level (€1,891 million).

On balance sheet date, **intangible assets and property, plant and equipment** had fallen by 2% to €1,224 million (December 31, 2008: €1,246 million), accounting for 65% of total assets. The intangible assets include goodwill acquired through business mergers amounting to €462 million (December 31, 2008: €456 million), as well as recipes, production know-how, trademarks, software, patents and other rights amounting to €376 million (December 31, 2008: €402 million). Property, plant and equipment totaled €386 million (the previous year's balance sheet date: €389 million). A consistent working capital management, initiated at the end of 2008, led in 2009 to an optimization of inventory stocks. As a re-

<sup>3</sup> With reference to purchase price allocation, the figures of the previous year were adjusted. For details, please refer to the Notes: 2.3.3 Adjustment of prior year figures/final purchase price allocations.

<sup>4</sup> A detailed description of the balance sheet can be found on p. 82 et seq.

**BALANCE SHEET OVERVIEW<sup>4</sup> AS OF DECEMBER 31, 2009 (€ MILLION)**

sult, **inventories** decreased by €24 million or 9% to €235 million (December 31, 2008: €259 million). The items **current prepayments, other assets and receivables** increased by €25 million, or 70%, to €61 million at the end of 2009 (December 31, 2008: €36 million). This is primarily attributable to prepayments for customer bonuses and payments to be included on customer lists, which will be liquidated in the course of the listing period. Furthermore, at the end of 2009 there was a balance on an escrow account in connection with the handling of the acquisition of the Egyptian Futura Labs Group. In a year-to-year comparison, the Symrise Group's liquidity increased by €12 million to €81 million on December 31, 2009.

In terms of equity and liability, **current liabilities** decreased by €45 million or 8% to €503 million (December 31, 2008: €548 million), primarily due to repayment of loans. **Noncurrent borrowings** amounted to €365 million at the end of 2009, roughly the same as at the end of 2008 (€363 million). **Provisions for pensions and similar obligations** rose by 4% or €8 million to €199 million (December 31, 2008: €192 million).

Symrise AG's **equity** climbed by 6% to €689 million on December 31, 2009 (December 31, 2008: €648 million). The increase was mainly due to the net income of €84 million and a reduction in cumulated currency differences compared to the previous year. In 2009, a dividend of €59 million was paid out. At the end of 2009, the equity ratio was 36%, after 34% at the end of 2008.

#### NET BORROWINGS

€ MILLION	2008	2009
Net borrowings (including pension provisions) (Dec. 31)	833.6	773.4
EBITDA	262.5	245.6
Net borrowings (including pension provisions)/ EBITDA (Dec.31) ratio	3.2	3.1

Net borrowings (including pension provisions) fell, impacted by the strong operating cash flow, to €773 million on December 31, 2009. The ratio of net borrowings to EBITDA was 3.1 on December 31, 2009, after 3.2 a year earlier.

#### INTANGIBLE ASSETS NOT INCLUDED ON THE BALANCE SHEET

Symrise's value does not only consist of assets on the balance sheet. A number of intangible assets that are not on the balance

sheet play a significant role in the company's business success. They include smooth and optimized methods over the entire supply chain as well as existing customer relations. In addition, our employees and our R&D activities significantly contribute to increasing our company's value. A detailed discussion of these issues can be found in the chapters on page 57 and 59. The company's environmental and social activities are discussed in depth in the Sustainability Report which appears every year.

#### OPERATIONS/SUPPLY CHAIN

The areas Operations/Supply Chain are integrated into the business divisions and are responsible for production and the supply chain in both business divisions. This achieves greater customer proximity and increases the business unit's scope of action. With our innovative Synchronize™ approach, we continually make improvements along the entire value chain, from raw material procurement to delivery of the end product, for ourselves and for our customers. We ensure continual improvement of essential performance indicators such as work safety, service, quality and productivity by means of Total Productive Maintenance (TPM). A scorecard system records performance in all relevant areas of the supply chain every month and ensures control of results. As a result, we can quickly recognize and remedy inefficiencies and their causes. The main focus of operations in 2009 was on continual optimization through investment in new plants and through consolidations. Another major challenge was to quickly and flexibly adapt capacities and costs against the background of the worldwide financial crisis and the resulting decrease in demand. In South America, we concentrated our efforts on continuing the consolidation process as well as on preparing, implementing and introducing SAP systems in Argentina and Brazil. In Asia, the focus was on planning and beginning to expand of our site in Singapore; a pilot spray tower and the automation of the mixed fluid operation were successfully implemented. Additional technologies will follow in the years to come. In the USA, we concentrated on stabilizing the integration of the flavors business of Chr. Hansen, Manheimer Fragrances and Intercontinental Fragrances. In the course of optimization of our production, the Scent & Care site in Spain was closed in March 2009, with production transferred to Holzminden, Germany. The Le Bouveret (Switzerland) production site will also close by the end of 2010. For this reason, capacities at the Holzminden site were expanded and maximally automated.

#### PROCUREMENT

We use approximately 10,000 natural and synthetic raw materials from all over the world to manufacture our products. When we purchase raw materials, the quality, availability and price are decisive factors. To optimize the supply chain, purchasing is orga-

Company Development  
 General Statement on the Economic Situation  
 Research and Development

nized decentrally and integrated into the respective supply chain of the two business divisions. Global contracts are negotiated for the most important raw materials. Approximately 50% of our raw materials come from Europe. We buy the remainder in other parts of the world, basing our decisions on price, quality, and production site. Local production sites outside Europe satisfy part of their requirements from local raw materials markets and also purchase intermediate products from the main production facilities in Germany. We adopt various strategies to reduce raw material price risks. We have fixed contracts over a one-year period for a large part of our raw materials. We also utilize new technologies and processes to reduce the number of raw materials used.

#### CUSTOMER LOYALTY

Symrise's success depends to a large extent on long-term customer relations. In our support of our multinational customers, our sales platform and sales teams play a key role. In both business divisions, we managed in the past to increasingly win core list positions with these companies. Furthermore, we often cooperate closely with these customers on innovations. Another facet of our global sales strategy is expansion of our market shares in developing markets of the emerging countries. These markets currently account for approximately 41% of our business. Due to our local presence, we have direct access to regional and also local manufacturers. In many emerging markets, for example, in Russia, the Middle East and large parts of Asia, long-term customer loyalty is the key to success.

#### GENERAL STATEMENT ON THE ECONOMIC SITUATION

The Executive Board has a positive assessment of the Symrise Group's economic situation. In a difficult overall business environment, we achieved good results in 2009. Sales rose by 3% to €1,362 million. We managed to expand sales with our top 10 customers as well as in emerging markets. Adjusted for one-time restructuring expenses, the EBITDA amounted to €265 million, slightly higher than the previous year's level of €262 million. At 19.5%, the adjusted EBITDA margin nearly reached the 2008 level. The restructuring measures implemented will lead to cost savings and thus sustainably improve the Company's profitability. We achieved a strong operating cash flow and, therefore, could increase the Company's liquidity and further reduce the net debt. In April 2009, Symrise placed a note loan totaling €75 million that expires in four years. This is a first measure to improve the maturity profile of the liabilities and also to make use of alternative financing sources. The Symrise Group's equity ratio was 36% on December 31, 2009, representing an increase of 2 percentage points compared to the end of 2008. Underpinning our business activities with equity promotes the company's financial stability.

#### RESEARCH AND DEVELOPMENT

Successful activities in research and development (R&D) are the basis for Symrise's competitiveness. Since we develop innovative products and solutions, our customers perceive Symrise to be a creative and valuable partner.

#### GUIDELINES AND FOCAL POINTS

Our R&D strategy aims to combine individual components of product development such as market and consumer research, research and development and creation throughout the Group. All of our research activities are customer and market oriented. Through close cooperation between R&D and marketing and sales, purchasing and manufacturing, and product development and quality assurance, we check to see whether new products and technologies can be implemented and are profitable. All R&D activities follow guidelines for environmental friendliness, sustainability, innovativeness and cost efficiency.

The Scent & Care business division recently reworked its R&D strategy, gearing it to five main points:

- New molecules for application as fragrance and cosmetic ingredients
- Functional materials for oral care products
- Bioactive ingredients for cosmetic applications
- Release systems for fragrances to mask unpleasant odors
- Sensory research and new methods of sensory perception

In the Flavor & Nutrition business division, the following five technology platforms are being reworked:

- Development of natural aromas
- New taste-active compounds
- Plant extracts with special flavoring properties
- Natural substances for the health and wellness sectors with functional properties
- New technologies for selective enrichment and for releasing aroma substances

#### ORGANIZATION

On account of differing market and customer requirements, Symrise's two business divisions pursue their own R&D activities. At the same time, technologies, processes and knowledge gained are made available to both divisions to achieve synergies. The R&D resources in both business divisions are directly integrated into the organization. Symrise has several R&D centers worldwide, in order to optimally support the regional activities of both business divisions. The research activities in Holzminden concentrate on fragrance and flavor research, analytic chemistry, cosmetic ingredients and the development of new functional ingredients for

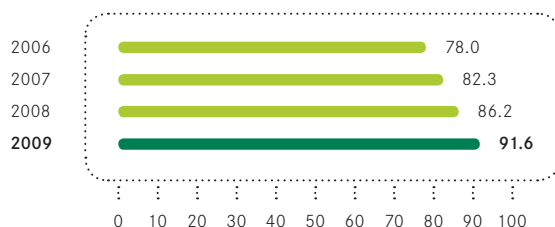
the Consumer Health application area. We also have development and application technologies in Teterboro (USA), Singapore, Tokyo (Japan), Chennai (India), Paris (France), Cuautitlán Izcalli (Mexico) and São Paulo (Brazil). In Teterboro, Flavor & Nutrition has access to the Technical and Culinary Center for Protein Foods since the beginning of 2009. The focus here is on taste improvements and various aromas for foods containing protein.

In Shanghai, Scent & Care has a Creative Center for the Chinese market and northeast Asia in which all development technology departments and creative resources are bundled. A new function of the Creative Center is the Navigator Center, which focuses on market research. With this approach, we are cultivating and expanding our worldwide network of consumer insights.

In addition to their own R&D activities, both divisions have comprehensive alliances with companies, universities and research institutes. This enables synergies to be utilized and expands the spectrum of R&D activities. Our partners include research institutes of the Technical University Munich, the Technical University Brunswick, Muenster University, and Ruhr University Bochum, the Fraunhofer Institute for Polymer Research in Potsdam and the German Institute of Human Nutrition, as well as companies such as Axxam, InterMed, BRAIN AG, AnalytiCon Discovery and Cutech. In addition, Scent & Care has an international Scientific Advisory Board consisting of renowned representatives from different scientific disciplines and application fields. The committee's task is to give advice regarding the latest research results and how to implement them in product innovations.

Further measures to expand the network within the scientific community in 2009 included participation in scientific events such as the annual meeting of the European Chemoreception Organization in Sardinia, the congress of the Phytochemical Society of Europe in Spain, and the 15th International Congress on Photobiology in Düsseldorf. In the Flavor & Nutrition business division, moreover, scientific studies were conducted together with different universities to have direct access to the latest developments in the research areas relevant for us.

#### R&D COSTS (€ MILLION)



Some R&D projects (for example, “Anthocyanin/Intestinal Health”, “Biocatalysis 2021 – Bioflavonoids”, “Development of Salt Taste Enhancers” as well as “Biotechnological Extraction of Musk Fragrances from Renewable Raw Materials” are promoted by the German Federal Ministry of Education and Research (BMBF). In 2009, new funding was obtained from the BMBF for a follow-up project to the terminating cooperative project “Development of Salt Taste Enhancers” that Symrise is carrying out together with the German Institute of Human Nutrition and the Technical University Munich. The new project, which is entitled “Development of Modern, Natural Aromas for Improving the Taste of Healthy Foods” is being sponsored by the European Funds for Regional Development (EFRE) and the Lower Saxony Economic Subsidy Funds (NBank).

From the idea to the marketable product, the innovation process is organized based on a uniform stage gate process with decision filters. The process is established company-wide. For every project, there is an exact description including the costs of the project and the resources used.

#### PERSONNEL, EXPENDITURE AND RESULTS

Worldwide, 920 or nearly 20% of our employees are employed in the R&D area. Last year, 964 people worked in R&D. While 388 of the employees work in Scent & Care, 532 are active in Flavor & Nutrition. In the 2009 fiscal year, R&D expenditure amounted to €92 million<sup>5</sup> (previous year: €86 million), comprising 6.7% of sales (previous year: 6.5%). Research expenditure will remain high in the future in order to further strengthen Symrise's innovativeness. Apart from the amount of expenditure, the efficiency and market orientation also play a role in the success of R&D and thus Symrise's competitiveness.

In fiscal 2009, Symrise received important awards in the industry:

- Within the framework of the In-cosmetics trade show in Munich in April 2009, the innovative active ingredient for SymHelios® 1031, which protects the skin from UV radiation, was awarded the BSB Innovation Prize.
- In the annual FIFI Awards, the Academy Awards of the perfume industry, a Symrise fragrance composition finished in first place.

#### SELECTED PROJECTS

**SymHelios® 1031:** With SymHelios® 1031, we succeeded in developing an active substance with an innovative mechanism that protects the skin against long-term damage caused by the

<sup>5</sup> Adjusted for restructuring costs.

Research and Development  
Employees

sun's rays. The substance also protects the skin from other environmental influences such as emissions and cigarette smoke. SymHelios® 1031 protects skin cells from harmful effects of UVB radiation that can cause skin cancer and skin aging.

**SymSitive® 1609:** In cooperation with the German biotech companies BRAIN and AnalytiCon, we developed SymSitive® 1609, a next-generation soothing active ingredient for sensitive skin. SymSitive® 1609 reduces stinging and burning sensations on this type of skin.

**SymDeo® B125:** Another example of an active ingredient made by Symrise in cooperation with BRAIN and AnalytiCon is SymDeo® B125, which effectively counters unpleasant body odors. The active substance for deodorants has a 24-hour effect. It concentrates on the bacteria responsible for the body odor and is very skin-friendly.

**Actipone® superfruits:** Apart from using so-called superfruits in foods, we expanded our Actipone® product line in the cosmetics segment. Superfruits such as chokeberries, pomegranate, blueberries, black currants, and cranberries are used in skin and hair care products. The positive effects include the binding of free radicals, which can be used to prevent premature skin aging.

**Encapsulation technologies:** In 2009, we developed a series of new technologies for encapsulating fragrances for body care and household products. The encapsulation makes it possible for the fragrances to unfold their odors only when needed, for example, when they come into contact with moisture (deodorants).

**SymLife®Mask:** Within the scope of its SymLife®Mask portfolio, Symrise became the first company to develop solutions through which the undesired flavor of the sweetener Stevia can be "masked" in a natural way. The solutions are mainly used in drinks and sweets.

**NEUROFLAVORONOMICS™:** This development platform used by Symrise is based on the latest knowledge. With the help of the

NEUROFLAVORONOMICS™ approach, further progress was made in identifying flavor modifiers.

In Southeast Asia and North America, we succeeded in introducing a substance that tastes like umami. For the sweetener Rebaudio-side A, which was recently approved in the USA, an aroma platform was developed based on some of the new taste modulators (including bitter maskers and sweet flavor optimizers).

**Ingredients (natural aroma systems):** Among the new or improved natural raw materials in 2009 were a special, almost colorless vanilla extract and a new generation of highly concentrated citrus oils under our brand NATURALLY CITRUS! The highly concentrated oil, which is extracted from Peruvian limes, is particularly suitable for a sweet cola taste.

**SymStixx®:** With the development of SymStixx®, our researchers and developers can now analyze the aroma- and flavor-relevant components of foods and food preparations faster and more comprehensively. SymStixx® is a glass probe with a special coating that is brought into direct contact with the preparation. Due to the special properties of this SymStixx® tool, culinary preparations can be analyzed as they are being prepared and eaten in an especially authentic way. The results enable flavorists to efficiently develop aroma creations that are natural and very authentic.

**SymLife® Salt:** Symrise is conducting an extensive study with university partners on the important topic of sodium reduction at the receptor level. The findings are very important for the development of new aroma solutions.

## EMPLOYEES

Symrise's employees make an essential contribution to the company's success. We promote and challenge our employees. Teamwork and entrepreneurial self-responsibility are essential elements of cooperation in the company. An intensive dialog creates the basis for a close partner-like relationship with our employees and helps optimally support their career paths.

NUMBER OF EMPLOYEES BY DIVISION	DEC. 31, 2008	DEC. 31, 2009	CHANGE IN %
Flavor & Nutrition	2,425	2,396	-1
Scent & Care	1,924	1,826	-5
Corporate functions and services	748	732	-2
<b>Total (excluding trainees and apprentices)</b>	<b>5,097</b>	<b>4,954</b>	<b>-3</b>
Trainees and apprentices	122	121	±0
<b>Total</b>	<b>5,219</b>	<b>5,075</b>	<b>-3</b>

<b>NUMBER OF EMPLOYEES BY FUNCTION</b> (not including trainees and apprentices)	<b>DEC. 31, 2008</b>	<b>DEC. 31, 2009</b>	<b>CHANGE IN %</b>
Production and technology	1,982	1,937	- 2
Sales and marketing	1,420	1,386	- 2
Research and development	964	920	- 5
Administration	409	390	- 5
Service companies	322	321	± 0
<b>Total</b>	<b>5,097</b>	<b>4,954</b>	<b>-3</b>

#### STRUCTURE OF THE WORKFORCE<sup>6</sup>

In a year-to-year comparison, the number of employees in the Symrise Group decreased by 143 to 4,954 on December 31, 2009. This was the result of our reaction to the negative business development caused by the general economic conditions. We examined our work processes to see where there was savings potential and what effects it would have on our workforce, and took the appropriate measures. The decrease in employee numbers is also due to our continuous process optimization designed to promote the company's profitability. Around 48% of our total workforce is employed by Flavor & Nutrition; 37% work in the Scent & Care business division. Around 15% work in Corporate Services, in the Corporate Center, or in the outsourced Group companies Symotion and Tesium. Symrise attaches great importance to internal training of its employees. A total of 121 trainees and apprentices are active in the Symrise Group. Most of them are being trained to become chemical laboratory workers and technicians, are business students (dual training), or are preparing to become industrial sales representatives or industrial mechanics.

The lower number of employees in the Symrise Group is mainly attributable to the reduction of 98 employees in the Scent & Care business division. Scent & Care's business was particularly hard

hit by the economic situation, and so personnel capacities had to be decreased to a larger degree.

The largest share of Symrise Group employees works in production and technology. Approximately 28% or 1,386 employees work in sales and marketing. Around 19% work in research and development. The decrease in the total number of employees in the Group is reflected in all function areas. In the course of process optimization, the number of employees in administration and research and development decreased to a somewhat greater extent. This occurred, particularly in the R&D area, through the exploitation of synergies between the R&D activities of both business divisions.

Of the Group's 4,954 employees, a large part works at sites in Germany. The share of employees in Germany is about 44%, roughly the same as in the previous year. The second-largest share - 19% - works in North America, followed by 17% in Asia/Pacific. The number of employees decreased above all in regions that were particularly affected by the worldwide economic crisis, such as North America and Europe (especially Switzerland, England and Spain). On the other hand, the workforce increased in South America, the fastest-growing market.

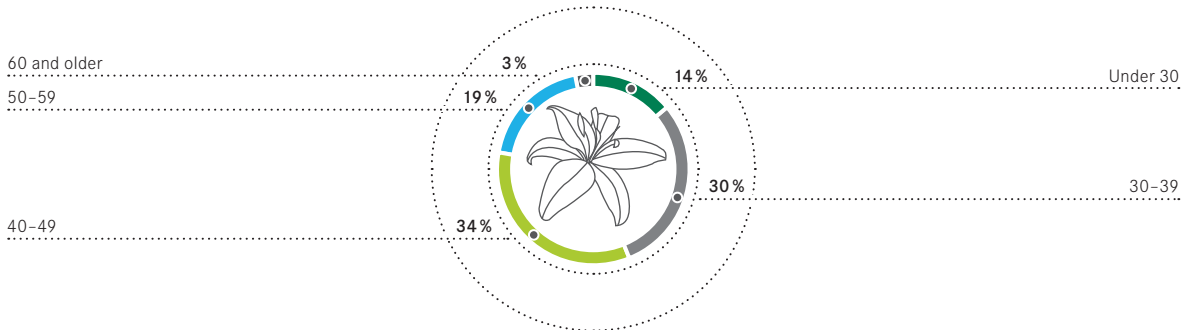
<b>NUMBER OF EMPLOYEES BY REGION</b> (not including trainees and apprentices)	<b>DEC. 31, 2008</b>	<b>DEC. 31, 2009</b>	<b>CHANGE IN %</b>
Germany	2,234	2,170	-3
EAME not including Germany	636	595	-6
North America	982	934	-5
Asia/Pacific	845	840	-1
South America	400	415	4
<b>Total</b>	<b>5,097</b>	<b>4,954</b>	<b>-3</b>

<sup>6</sup> All figures refer to FTEs (Full Time Equivalents)



## Employees

## AGE STRUCTURE (%)



30- to 49-year-olds comprise about 64% of the Symrise Group's workforce.

Our employee fluctuation remained low in 2009. It was 1.6% at our German sites, and 4.4% worldwide.

## PERSONNEL STRATEGY

Symrise's personnel strategy consists of four main points:

- Our aim is to hire and keep the best employees. We are striving to make Symrise an "employer of choice". We promote our employees to help them achieve top performances.
- We adapt our human resources to the strategic needs of the company. The main instrument for this is a comprehensive further training offer.
- We attach importance to a result and performance orientation. This is expressed in joint target agreements as well as a result-oriented remuneration system.
- We promote top management competence through special training programs for our managers and managers-to-be.

We implement this strategy by means of a broad spectrum of personnel measures.

## PERSONNEL MEASURES

## NEW EMPLOYEES

Symrise obtains qualified employees via different channels. We offer students the opportunity to become acquainted with Symrise within the framework of apprenticeships or Bachelor's and Master's degree courses. At present, 30 students work for German-based companies. Together with the Hochschule Ostwestfalen Lemgo, we are investigating the possibility of offering a dual chemicals/technical course starting in 2011. We intend to intensify our cooperation with universities in the future.

Providing apprenticeships is a way of obtaining qualified employees who are trained internally. Currently, 121 apprentices and trainees are active in the Group; each year we hire about 40 new ones. To ensure that the trainees and apprentices have sufficient qualifications, we cooperate closely with general and vocational schools in the form of sponsorships of training companies, project days and e-learning projects. In 2009, we held our first "Education Day" for interested pupils and parents in Holzminden. Due to the positive response, the event will be held again in 2010.

## FURTHER TRAINING

Symrise has a systematic talent management system and a further education program. With them, we ensure that our employees have the expertise required to implement our strategy and at the same time offer them attractive education and further training courses. The Symrise Academy plays a key role:

- Education and further training offers for perfumers, evaluators and members of the sales team are bundled in the **Perfumers' Academy**. Symrise has been active in initial training of perfumers since 2007. At the Perfumery School, five participants are currently completing their training to become Junior Perfumers. The final examinations are planned for 2010. In 2009, three trainees successfully completed their perfumery training, achieving the qualification Junior Perfumer. Our Scent Expeditions enable experienced perfumers to further develop their knowledge and expertise. A Scent Expedition to China is planned for 2010.
- At the **Flavor Academy**, ten employees from various Group sites received training to become flavorists from 2007 to 2009. The Junior Flavorists work in Singapore, Germany and Brazil. To qualify as a Junior Flavorist, trainees must undergo basic training (usage of raw materials, analytics and application technology) and then complete a practical phase and an assignment abroad. In the spring of 2009, three food and beverage technologists as well as two distillers completed the two-year product applica-

tion development technologist program. Two additional employees are still in the training phase, which ends with the development of a drink composition and a final examination.

- A further component of the Symrise Academy, the **Leadership Academy**, is a development program for Symrise executives. The focus here is on communication and sales techniques, intensifying of management skills, and various coaching programs (for example, the mentoring program). Training was also carried out in the Asia/Pacific region in 2009, particularly high performance sales training. In addition, Symrise executives received further training in project management and in the subject of “voice and personality”.

Our further training offer for all Symrise employees encompasses safety training, language courses, project management and data processing courses. The average length of training per employee in Germany was 4.3 days in 2009. Expenses for further training measures amounted to approximately €2.5 million.

In 2008 and 2009, a total of 60 employees received training in a seminar entitled “Leadership and Communication for Masters”. The seminar will be offered at the foreman level in 2010. Additional education and further training initiatives include a one-year program for 20 process chemical technicians, 20 mixed-subject technicians and 20 advanced lab technicians in production areas of both business divisions.

A worldwide talent management platform helps us identify and promote the right talent.

#### EMPLOYEE MOTIVATION

We expect great commitment from our employees. But this can only be achieved if they enjoy working at Symrise and view Symrise as part of their life. Reconciling family and profession plays an important role. Symrise offers its employees flexible working hours, part-time work and job sharing. Furthermore, in Germany we cooperate with day-care centers to ensure that children are looked after when their parents are at work.

We have launched a number of sports and cultural initiatives, including soccer, Kara T-Robics, jogging, volleyball, walking and health weeks. In addition, we attach great importance to “operational health management”. The well-being and health of our employees are essential prerequisites for high performance and dedication. Employee satisfaction and motivation can be heightened, and absenteeism and illness costs can be reduced. In 2009, we offered health days, a program of back exercises, and measures to help employees quit smoking.

In our further development of fringe benefits, we focused primarily on pensions in 2009. At all larger sites, Symrise offers its employees attractive pension plans financed through employee and company contributions. In Germany, we developed a new concept with a pension pool last year. Starting in 2010, all new employees are required to be members of this pension pool.

The annual goal-planning session between executives and employees is a central element of employee dialog. It ensures transparency in assessment of performance and enables targeted development perspectives to be defined for each employee. The discussion focuses on tasks and areas of responsibility, achievement of goals in the previous year, the targets for the current year, an appraisal of the employee’s performance, teamwork between superiors and employees, planned further training measures and possible development steps.

For many years now, an idea management system has been installed in the Symrise Group in order to continually improve work procedures. In 2009, 355 suggestions were submitted, of which 250 were implemented. The overall benefit amounted to €1.7 million. Bonuses totaling €153 thousand were paid out. The idea management system promotes employee identification with the company. At the same time, employees receive recognition for their new ideas, in the form of bonus payments, among other things.

#### REMUNERATION AND WAGE AGREEMENTS

Flexible remuneration systems, which with variable salary components honor employee’s individual contributions and at the same time take the company’s economic situation into account, are an important element of a modern remuneration policy. In addition, a performance-related remuneration makes the company more attractive as an employer and helps it obtain and keep high performers. For this reason, in 2009 a new, transparent remuneration structure was developed for Symrise’s approximately 340 staff members to whom the regular pay scale does not apply and who have managerial positions. It applies to sales employees and staff with management functions, as well as to experts such as our perfumers and evaluators. Apart from financial requirements derived from the corporate targets, the remuneration system also considers individual goals. A separate global performance bonus plan applies to around 70 executives with global or regional responsibilities. The plan consists of financial targets (for example, sales, EBIT and profitability), targets with a direct influence on financial key figures (for example, reducing the complexity of formulae and compositions), and qualitative targets (for example, process optimization).

Employees  
Risk and Opportunities Report

An important contribution to safeguarding the company's competitiveness was able to be realized within the framework of in-house collective bargaining. In negotiations between Symrise and the IG BCE union, a site and employment guarantee for employees was resolved until 2014. As a result, savings of more than €20 million will be achieved in the next five years. The essential parameters are: a retention of weekly work times of no less than 40 hours, step-by-step incorporation of IG BCE's collective agreement on remuneration with defined discounts, and a reduction of shift allowances to collective wage agreement level.

#### COMMUNICATION AND CORPORATE CULTURE

In 2009, various communications projects aimed to simplify interaction between employees. The Intranet, as a worldwide communications platform, was completely reworked in the autumn of 2009. A new design and improved user guidance ensure that our employees receive up-to-date information at all times and that internal and external Symrise communications are uniform. The new Intranet contains country-specific information as well as a blog written by the Chairman of the Executive Board.

Confidence, free thinking and the courage to experiment are the basis of our decisions and actions. We have a corporate culture that questions boundaries and tries out new things – Symrise is always inspiring more.

#### RISK AND OPPORTUNITIES REPORT

##### PRINCIPLES

The Symrise Group's business activities are continually exposed to a number of risks and opportunities. We define a risk as an event which can lead to a negative deviation from our targets within the planning period. Opportunities, on the other hand, are issues that can have a positive influence on the company's development. Recognizing and avoiding risks as well as exploiting opportunities are of decisive importance for the development of the company. The aim of our risk management system is to recognize all potential risks at an early stage and take suitable countermeasures to reduce these risks. To minimize the financial effects of remaining risks, we acquire insurance if this is deemed economically sensible. In taking advantage of opportunities, it is important that an acceptable risk profile is maintained. The existing guidelines ensure that management considers risks as part of the decision-making processes from the very beginning. Symrise has a risk handbook that regulates the risk management processes and provides employees with basic information about how to deal with risks. In addition, employees receive regular training in workshops and exchange experiences on recognizing and minimizing risks.

#### RISK MANAGEMENT STRUCTURE AND PROCESS

Symrise's risk management extends across all Group companies and business units. The coordination of risk assessment occurs at the level of the Corporate Center within the Corporate Compliance department. On the basis of individual companies, risk reports are issued which are subsequently brought together at the Group level to provide an overview of the current risk situation. On this basis a risk report is passed on to the Executive Board twice a year. In the risk report given to the Executive Board, potential risks are identified and classified according to their effects on profits, their probability of occurring, the risk type and business unit, as well as the business activity and risk owner. In addition, appropriate countermeasures and the employees responsible for them are listed. As a result, the risk report is also a basis for controlling risks and examination by the Group's internal auditing. The Executive Board informs the Supervisory Board or the Supervisory Board's Auditing Committee and takes further measures to deal with risks. Exemption thresholds for risks are oriented to financial effects on the company as well as the probability of the risk occurring. If a risk exceeds a certain exemption threshold, the Executive Board is informed immediately.

The effects of the ongoing economic crisis were taken into account in the assessment and control of risks in the 2009 fiscal year.

#### BUSINESS ENVIRONMENT AND INDUSTRY RISKS

In the consumer goods industry, we believe that a further consolidation of the companies that buy Symrise products is possible. As a result, there is the risk that Symrise could lose customers and thus market shares. Risks resulting from consolidations at the level of our suppliers exist inasmuch as the discontinuance of supplier's business can have a negative impact on our relations to our customers.

Increasingly fierce competition can be observed in our industry. This development puts Symrise at risk of losing customers. We react to this with increased marketing of our innovations and products in the Life Essentials and Consumer Health business units, which have added benefits vis-à-vis competitor's products.

Symrise is exposed to political risks in the form of a trade embargo in individual countries from which we obtain our raw materials and to which we export our products. We can partially compensate for impediments to trade by turning to other regions. In individual countries, we continually observe the possible risk of politically related suspension of payment due to a debt moratorium. A dialog with banks and customers serves to limit this risk. We counter risks in export countries arising for political reasons through

corresponding finance control so that a loss of receivables can be avoided.

The general economic development does affect the development of Symrise's business in different ways. In developed markets, the demand for end products containing Symrise products, in so far as they satisfy basic needs, is hardly exposed to economic fluctuations. In terms of the demand for available income, there is a much higher dependency with products in the "luxury segments" of Fine Fragrances and Personal Care. In emerging markets demand for all products tends to fluctuate more depending on the state of the economy. In addition, Symrise's customers control production and warehousing in such a way that the capital commitment is as small as possible. Uncertainties about future sales performance give rise to corresponding adjustments, also regarding ingredients obtained by Symrise. Destocking on the part of our customers can significantly reduce the quantities of materials purchased from Symrise.

#### CORPORATE STRATEGIC RISKS

As with every company, Symrise's corporate strategy is inherently connected with risks. Negative consequences for the company's development can, for example, arise from a misjudgment of customer requirements and peripheral conditions, as well as from erroneous technological decisions. This particularly concerns product developments, which Symrise partially carries out on its own initiative, as well as the founding of a new application area such as Consumer Health. In the case of a deficient ability to market products, the development expenditure is not offset by adequate income. Intensive market research is carried out to guarantee that our products remain marketable. Acquisitions made by Symrise are also liable to risks. In the course of the integration process, there is the threat of business interruptions or a loss of knowledge and resources due to employees' leaving the company. We counter these risks by means of a clearly defined integration process.

The company's strategic risks also include possible removal from a core list and the danger of not being put on such a list contrary to our expectations. We counter this risk by maintaining close contact with our customers. Further central factors for remaining or being put on core lists are pricing, delivery reliability and product quality. In these areas, we continually strive to be among the best companies in the industry.

#### ECONOMIC PERFORMANCE RISKS

**Product risks:** Symrise's fragrances and flavors are normally processed in products that end consumers consume as food or apply to their skin. As a result, our products can have a negative effect

on consumers' health in principle. To minimize this risk, our quality management includes current analysis methods and internal safety regulations. The tolerability of our products is continually tested on the basis of scientific research and testing based on international standards. Our goal is anticipate and thus avoid customer complaints to as great a degree as possible. Against this background, we have an internal process improvement procedure to remedy possible weak points and threats at an early stage and to continuously maintain the quality of our products at a high level.

Changes in a customer's technology can result in a situation in which individual products can no longer be offered to this customer. Symrise has a diversified customer portfolio to reduce this risk. Patent violations by competitors also pose a risk to our products. We counter this risk by means of comprehensive patent management.

**Procurement risks:** Purchase of raw materials, preliminary products, manufacturing plants and services is continuously exposed to the risk of an unplanned price development, fluctuating quality or insufficient availability. While purchase prices can rise, particularly due to more expensive raw materials or unfavorable exchange rates, the availability of goods and services can also partially depend on legal regulations. Symrise has developed **intelligent purchasing strategies** to counter an unexpected increase in the price of crude oil and energy. As climatic conditions and market modalities can lead to higher prices, deteriorating quality and a lack of availability, purchasing has developed a broad supplier basis, with suppliers based in different parts of the world. Furthermore, our main suppliers are tied to long-term basic agreements. **Procurement alternatives** are developed, partially together with important suppliers, to minimize the risk of not meeting the latest technological, market or legal requirements. If possible, an increase in the price of raw materials is passed on by correspondingly increasing the price of products sold to our customers, in order to reduce the effects on our results. Our suppliers are affected by the ongoing economic crisis, which heightens the risk of a supply shortage. However, too much diversification on the part of our suppliers increases costs, as this reduces purchasing amounts per supplier. Symrise continuously examines the financial strength of its suppliers.

**Operating risks:** Technical disturbances can interrupt the Group's continuous operations and mean a loss of income and corresponding return. The causes can lie in the safety of equipment and processes, in fire safety, in the safety of materials and their correct classification, or in the requirements of stricter, country-specific work and environmental regulations. We reduce such risks

## Risk and Opportunities Report

through maintenance, investment and work safety measures, as well as through corresponding guidelines, instructions and training courses. Changes in country-specific environmental regulations can result in fines or temporary closure of production sites. For this reason, we continuously observe regulatory developments in the countries in which we operate.

Business interruptions can also arise due to errors in the course of operations, for example, due to foreign bodies that are contained in raw materials or that are inserted into intermediate or end products during processing, as well as to incidents resulting from usage or work equipment. Symrise minimizes these kinds of risks through appropriate guidelines (for example, foreign body policy), procedures (Total Productive Maintenance), training courses, emergency plans, alternative production sites, an exchange of best practices and continuous improvements to operational processes. Contaminations of products occurred in individual countries in 2009. As a reaction to this, we changed our choice of suppliers or ushered in corrective measures on the part of the suppliers.

In order to continue to have a leading position in the industry in the future, Symrise launched different, forward-looking initiatives. We make efforts to improve the company's environment and the general environment, for example, to limit noise and odors as much as possible at all of our production sites. Adherence to the European REACH regulation (Registration, Evaluation, Authorization and restriction of Chemical substances), as well as to other regulations such as GHS (Globally Harmonized System of Classification and Labeling of Chemicals) was introduced in relevant projects.

**FINANCIAL RISKS**

Symrise is exposed to a number of different financial risks.

**Credit risk:** There is the risk of financial loss to Symrise if a customer or counterparty to a financial instrument fails to meet its contractual obligations. To reduce this risk, the creditworthiness of new customers has been analyzed since 2008. In addition, every year both the creditworthiness and the supply conditions of all customers are examined. Apart from this method of risk prevention, Symrise introduced a procedure estimating the allowance for impairment representing losses incurred with respect to receivables. This allowance consists of an individual depreciation and a general cost component. Symrise tries to limit the risk of non-payment due to bank boycott by engaging in continuous dialog with banks and customers. Financial crises in export countries require corresponding financial control on the part of Symrise, so that a suspension of payment can be avoided.

**Liquidity risk:** The liquidity risk describes the danger that Symrise is not in a position to fulfill financial obligations vis-à-vis third parties. In the case of a worsening of business performance, there is the additional risk of not fulfilling obligations that exist for certain credit approvals (so-called covenants). Symrise carries out continuous liquidity planning in order to recognize liquidity bottlenecks at an early stage. Parallel to this, the company possesses sufficient credit lines to cover payment claims. The Company's development is continuously monitored; corresponding emergency plans to avoid liquidity problems exist. With these plans, we ensure that we have sufficient means to fulfill our payment obligations when they fall due even under difficult conditions.

The following table shows when our liabilities, as of December 31, 2009, fall due:

**LIABILITIES OF SYMRISE GROUP, AS OF DECEMBER 31, 2009**

€ MILLION	TOTAL	2010	FROM 2011
Trade payables	77.1	77.1	0
Borrowings	654.5	78.7	575.8
Other and financial liabilities	125.0	88.8	36.2
<b>Total</b>	<b>856.6</b>	<b>244.6</b>	<b>612.0</b>

**Interest and currency risks:** Currency risks exist in economic areas in which Symrise sells its products on a foreign-currency basis (for example, the U.S. dollar) but at least some of these products were produced in a different currency area (for example, the euro zone). Symrise buys many of its raw materials in euros. If the U.S. dollar or a U.S.-dollar-based foreign currency weakens against the euro, this can lead to corresponding reductions in our margins. Symrise counters this risk by intensifying negotiations regarding prices. Overall, we restrict the currency risk by means of natural hedging, whereby products are manufactured or purchased in the currency area in which they are sold. The remaining currency risk is also reduced through appropriate currency interest rate swaps and other hedging tools.

Interest risks arise because rising interest rates can increase interest expense contrary to planning and thus have an adverse effect on Group earnings. Symrise counters this risk by means of contracted interest hedges, which minimize the risk of changing interest rates.

**Tax risk:** Symrise is also exposed to tax risk. Due to structural changes of our worldwide sites the local financial authorities have in some cases not been able to examine certain income tax-related matters to date and subsequently provide an overall assessment. In some cases, we have made provisions for these risks to be prepared to pay additional tax obligations. On the whole, we have made all necessary provisions preparing us for all tax risks known to us.

#### PERSONNEL RISKS

Symrise counters personnel risks, which basically arise from a fluctuation of personnel in key positions, by means of suitable further education and programs promoting young employees.

#### LEGAL RISKS

Currently, Symrise considers legal risks to be relatively minor. These risks typically result from the areas of labor law, product liability, warranty claims and intellectual property. To counter these risks in an appropriate and timely way, we analyze potential risks comprehensively by incorporating our legal department and, if necessary, by engaging external specialists. Despite these measures, the outcome of current or future legal proceedings cannot be predicted with certainty. At present, only a few Group companies are affected by ongoing legal proceedings. Therefore, we will only make reference to one type of legal procedure here. In the USA, Symrise Inc., along with many other companies, has been accused of selling aromas which when industrially processed can release harmful vapors if safety instructions are not adhered to. In none of these proceedings has a clear money claim been made so far. We believe that we can rebut these legal accusations. We do not expect the results of the individual proceedings to have a significant effect on the Group's results.

#### IT RISKS

IT risks basically arise from potential interruptions in exchange and information processing, which can lead to an interruption of operational processes dependent on functioning IT systems. Symrise has a number of IT and telecommunications systems whose data and programs are saved and further developed in different storage media. The introduction of uniform and up-to-date systems that began last year is being continued. Established protective measures are continuously renewed and extended to guarantee the security of IT processes and data.

#### OVERALL ASSESSMENT OF THE RISK SITUATION

Based on the information available to us, we see no risk that could pose a threat to the continued existence of the Symrise Group. Due to the fact the existing risk reporting and the integrated management

system are supplemented by a system of integrated internal controls, we expect to continue to meet all requirements in the future business environment and in view of changing legal regulations.

#### OPPORTUNITIES MANAGEMENT

The Symrise corporate culture attaches importance to entrepreneurial thinking and acting. We value employees who have a high degree of independence and responsibility. Therefore, we encourage all Symrise staff members, regardless of their area and scope of responsibility, to continuously seek and take advantage of opportunities. Group companies are urged to identify opportunities on an operative level which, for example, arise within the framework of an operational activity or due to improved market conditions, and to realize these opportunities with the aim of achieving results going beyond the scope of planning. Strategic opportunities are recorded in the business divisions and in the Corporate Center. They are evaluated and measures are taken to exploit them. Symrise's Executive Board is responsible for discussing strategic opportunities on a regular basis.

#### SELECTED OPPORTUNITIES

Opportunities arise for Symrise from various factors. Our employees submit suggestions within the scope of idea management enabling work processes and procedures to be improved. Operative opportunities can additionally arise from employee further education measures. The restructuring of the Group's two business divisions aims to further enhance Symrise's customer orientation. Here we see the opportunity of generating additional orders within the framework of know-how transfer. An example of this is a Group-wide project database in which all activities are documented and tracked. As a result, points of contact can be created easily. Potential synergies have not yet been totally realized.

Developments in the company's business environment particularly attributable to social and economic changes open up numerous strategic opportunities. In the developed countries, there is a trend toward healthier and more conscious nutrition, due among other things to the increasing age of the society. People's body care requirements are also constantly growing. As a basic principle, to be competitive a company has to continually provide consumers with innovative products. Accordingly, Symrise has positioned itself in new business units and application areas such as Life Essentials and Consumer Health. Intensive market research and comprehensive R&D work are the basis of the developments we can offer to our customers, enabling them to improve their products or introduce new products. In emerging and developing countries, there is a mounting demand for products containing Symrise flavors and fragrances. To take advantage of these

Risk and Opportunities Report  
Essential Features of the Accounting-Related Internal Control and Risk Management System  
Subsequent Report

opportunities, we are continuously expanding our activities in these countries.

Strategic opportunities also arise from acquisitions. To strategically expand our competencies, we are continually looking for suitable target companies. In addition, we see opportunities arising from cooperative ventures with universities and companies. Bundling competencies can speed up product development and yield innovative products.

**ESSENTIAL FEATURES OF THE ACCOUNTING-RELATED  
INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM  
BASIC FEATURES AND GOALS**

In accordance with the German Act on the Modernization of Accounting Law (BilMoG), capital-market oriented corporations are obliged to describe the essential features of their internal accounting-related control and management system in the management report section of the annual report.

The accounting-related internal control system (ICS) guarantees proper and reliable financial reporting. By means of the accounting-related risk management system, measures are taken to identify and evaluate risks that jeopardize issuing of consolidated financial statements in accordance with the rules. The system consists of a documentation of possible risks, the accompanying processes as well as control of these processes, and of the examination of these processes and controls. To guarantee that the ICS is effective, the Group-wide control mechanisms are analyzed at the individual company and Group level. The Internal Audit department examines how effectively those responsible adhered to the planned control mechanisms at both a decentralized and centralized level. The efficiency of the ICS can be limited by unforeseen changes in the control environment, criminal activities or human errors.

To define exiting control processes in the company and to expand them wherever applicable, Symrise launched a project to support documentation and analysis within the scope of self-assessment measures in the Group's business units and companies. The principles for the accounting-related internal control system and the risk management system define requirements, document the process landscape and business processes, and regulate controls to be carried out. Building on a basic training course for employees, experiences are regularly exchanged so that controls can continually be adapted to changing risks.

**ORGANIZATION AND PROCESS**

The ICS in the Symrise Group comprises both centralized and decentralized elements. Based on reports issued by subsidiaries,

an aggregate ICS Group report is regularly presented to the Executive Board. The Executive Board discusses the efficacy of the ICS with the Supervisory Board or with the Auditing Committee of the Supervisory Board.

The ICS is regularly monitored to check whether the documentation is up to date and the controls are suitable and functional, and to identify and evaluate arising control weaknesses.

- **Accounting-related risk management:** Using a risk-oriented approach, the essential companies and processes for the accounting are initially identified. On the basis of the results, specific minimum requirements and standards are defined to counteract the risks in financial reporting. The result is a centralized financial reporting-related risk catalog that is simultaneously the basis of work for employees involved in financial reporting.
- **Accounting-related internal control system:** First, existing control activities in the essential companies are documented and updated. The controls defined by the accounting-related ICS should guarantee adherence to Group accounting guidelines, the accounting guidelines of the individual companies, as well as the procedures and schedules of the individual accounting processes. The control mechanisms are analyzed for their effectiveness in preventing risks through the use of random samples, among other things. Whenever weaknesses have been documented, effects or potential risks for the consolidated financial statements are subsequently evaluated. In a further step, the individual risks are consolidated at the company level. The risks and their corresponding effects on financial reporting are reported to the Executive Board. These reports form the basis for reporting vis-à-vis the Supervisory Board's Auditing Committee. If control weaknesses are determined, measures are developed for improvement. The efficacy of the new control methods is then analyzed in the new examination cycle.

**SUBSEQUENT REPORT**

In February 2010, to strengthen our position in the flavor and nutrition markets in Russia and the CIS region, we purchased 100% of the shares of OOO Armonia, Rogovo near Moscow, Russia (acquisition costs: €4 million). Russia (and the CIS) is one of the most dynamic markets for the company, in which very strong growth was reported in the last years, but which is also burdened by high freight costs and customs duties, as well as currency turbulences. With the investment, we intend to improve our presence in this important market and serve customers there faster and more efficiently. The company primarily consists of a state-of-the-art manufacturing plant, which is under construction and which will be finished by Symrise. Production is scheduled to begin in the second half of 2010.

## OUTLOOK

### FUTURE GENERAL CONDITIONS

We assume the global economy will grow again in 2010. Initially, the upswing will be only moderate and will continue to be susceptible to disruptions, for example, by the financial markets. According to the International Monetary Fund, global economic growth should reach 3.9%. The growth will be driven by the emerging and developing countries, whose economic performance could increase by 6%, while that of the industrialized countries is expected to be only 2.1%. A return to dynamic growth is expected above all for China (+ 10%) and India (+ 7.7%). The industrialized countries, on the other hand, will have to struggle for quite some time to overcome the economic slump. For 2010, an increase in unemployment is expected after the government stimulus programs expire, which would affect private consumption. However, the International Monetary Fund expects the global economy to return to the growth path, forecasting a global economic growth of 4.3% for 2011.

In spite of the global economic crisis, the F&F market relevant for Symrise remained stable overall, with a volume of € 14 billion. According to long-term estimates by IAL Consultants, the flavor and fragrance markets should achieve an average annual growth of 3.7% until 2014. South American and Asian markets are expected to generate a disproportionate amount of that growth. In our appraisal, customer companies' warehousing normalized in the second half of 2009, following massive destocking. Although the economic outlook for 2010 has improved, we expect due to further existing uncertainties the fragrance and flavor markets to achieve only moderate growth of 2% to 3%.

### GENERAL STATEMENT ON THE COMPANY'S

#### ANTICIPATED DEVELOPMENT

Symrise AG's Executive Board continues to have a positive assessment of the Company's situation. We see our good performance in the difficult business environment of 2009 as confirming our strategy, which we refined and stated more precisely last year. The strategic pillars for strengthening our competitiveness even further are:

- Our robust and innovative product portfolio, almost 90% of which relates to satisfying basic needs
- Our positions on core lists of multinational customers
- Our position with regional and local customers in rapidly growing emerging markets
- Our focus on segments with the best growth potential (Life Essentials and Consumer Health)

We want to continue to primarily grow organically in the future. Wherever sensible, moreover, we will make acquisitions or form strategic alliances to have access to new technologies, to procure know-how, enter new markets, obtain new customers, and to ensure we have sufficient raw materials.

### FUTURE DEVELOPMENT

We are cautiously optimistic about 2010 and are confident that we will again grow faster than the F&F market. It is our goal to achieve a sales growth at local currency of at least 3%. The first half of 2010 will benefit from significantly weaker reference values that will balance out in the course of the year.

We will consistently carry on the initiatives we have launched to continuously improve our earnings. These initiatives include cost reduction and price management, portfolio optimization and a focus on innovative products and technologies. Assuming that raw material prices remain at the high level of 2009 and that currency exchange rates do not change significantly, we expect an EBITDA margin of at least 20% for 2010.

We will continue with our current dividend policy and in future we will continue to give our stockholders an appropriate share in the Company's success.

Our credit facilities are contracted until December 2011. We are financially in a position to fully implement our corporate strategy. We expect our debt, expressed as the ratio of net debt (including pension provisions) to EBITDA, to lie between 2.0 and 2.5 in the medium term. At the end of 2010, we expect to reach the upper end of the spectrum due to our strong cash flow. It is possible that we will be above this range for a short period in the event of acquisitions to promote our long-term strategy. Accordingly, we will continue to actively investigate acquisition opportunities in 2010.

How the F&F market will develop in 2011 strongly depends on further economic developments. However, on account of our innovative strengths, our good positioning worldwide and our unique portfolio, we are confident that will grow faster than the market again in 2011 and continue on our profitable growth course. Our loans are up for refinancing at the end of 2011. Our robust business and our strong and stable cash flow will help us renew this financing under attractive conditions in line with the prevailing market situation. Presently we do not exclude any of the potentially available refinancing alternatives.



## REMUNERATION OF THE EXECUTIVE BOARD

Members of the Executive Board are remunerated in line with Section 87 of the Stock Corporation Act, pursuant to which the Supervisory Board sets the remuneration. Remuneration is comprised of fixed and variable components, as well as fringe benefits in the form of a company car, group accident insurance as well as a housing allowance. The variable component consists of an annual bonus as well as a long-term incentive (Long Term Incentive Plan, LTIP). The remuneration depends upon the responsibilities and the personal achievements of the individual Executive Board member as well as upon the economic situation and market environment of the Company as a whole. In its session of December 1, 2009, the Presidential Committee of the Supervisory Board dealt with the appropriateness of the remuneration against the background of the German "Act Regarding the Appropriateness of Management Remuneration" and established that the remuneration is justified in both an internal vertical and an external horizontal comparison.

All Executive Board members receive their contractually agreed fixed remuneration paid as a salary in equal monthly payments. The variable component of the total remuneration in 2009 comprised an annual bonus based on the achievement of Company targets. To determine the remuneration payment, the EBIT for the Symrise Group or its Business Divisions was used as a key performance indicator for the Group, as were medium-term strategic targets and qualitative evaluation criteria. The targets upon which the variable portion of total remuneration is based were specified by the Supervisory Board and agreed upon in target agreements with the individual members of the Executive Board at the start of 2009 based on the agreed company targets. The annual bonus will be paid out in the following year (2010) on the basis of the approved financial statements for 2009. The annual bonus earned by a member of the Executive Board cannot exceed 130% of the respective basic remuneration.

There is a long-term incentive plan for the Executive Board, which went into effect in January 2008 and will run until December 2010. In addition, the Supervisory Board passed a further incentive plan for the members of the Executive Board for the period from 2009 to 2011. Both plans are performance cash plans. They are connected with performance-based components that are linked to the share price and the medium-term increase in value of the Company (Symrise Value added). More information can be found in the Notes to the Consolidated Financial Statements on page 139. Both plans - including the performance criteria - were discussed and approved by the Supervisory Board and its committees. For a period of three years, a member of the Executive Board

cannot earn more than 220% of the respective annual basic remuneration. Payment is based on the consolidated financial statements in the spring of the year following the three-year period.

## PENSIONS

All members of the Executive Board have the possibility of accumulating deferred compensation benefits by converting their salaries. A pension commitment exists solely for Dr. Heinz-Jürgen Bertram, due to his prior employment contract. This pension commitment was also offered to all other employees of the former Haarmann & Reimer GmbH and also serves Dr. Bertram as deferred compensation from his own income.

In 2009, Dr. Gerold Linzbach, Dr. Heinz-Jürgen Bertram and Dominique Yates accumulated deferred compensation benefits by converting their salary.

## EARLY TERMINATION OF EMPLOYMENT CONTRACTS

The employment contracts of members of the Executive Board do not provide for any benefits upon early termination. In this case, the Executive Board member in question is only entitled to continued payment of his or her fixed salary for the duration of the employment contract. He or she is not entitled to a bonus for the fiscal year concerned.

For Dr. Heinz-Jürgen Bertram there was an additional agreement that, upon termination of his contract as an Executive Board member responsible for the Flavor & Nutrition business division, he will receive a severance payment based on the employment contract he had prior to being appointed to the Executive Board and the related length of service since November 1, 1990. After being appointed Chairman of the Executive Board, he annulled this special agreement.

A post-employment non-compete provision was agreed upon with the Executive Board members for twelve months. By way of compensation, the member concerned shall receive 50% of his or her contractually agreed basic remuneration.

A breakdown of the total remuneration of each member of the Executive Board, including the pension funding rates, is shown on in the following table:

€	SALARY	REMUNERATION IN KIND*	VARIABLE REMUNERATION**	LONG-TERM BONUS PLAN***	TOTAL	PENSION PROVISION	ALLOCATION FOR PENSION PROVISION
<b>Executive Board members as of December 31, 2009</b>							
<b>DR. HEINZ-JÜRGEN BERTRAM</b> (total for year 2009 until June 30, 2009 responsible for Flavor & Nutrition as of July 1, 2009 CEO)	462,500	7,811	502,100	164,148	1,136,559	53,968	122,229
2008	400,000	7,356	117,400	11,290	536,046	1,665	26,884
<b>ACHIM DAUB (2009)</b>	400,000	6,091	487,162	128,909	1,022,162	0	0
2008	400,000	8,210	64,838	11,634	484,682	0	0
<b>HANS HOLGER GLIEWE</b> (as of November 5, 2009)	31,192	18,029	15,434	0	64,655	0	12,630
2008	0	0	0	0	0	0	0
<b>BERND HIRSCH</b> (as of December 1, 2009)	25,000	0	27,000	0	52,000	0	0
2008	0	0	0	0	0	0	0
<b>Board members who left the company in 2009</b>							
<b>DR. GEROLD LINZBACH</b> (CEO until June 30, 2009)	300,000	5,374	512,000	0	817,374	0	24,031
Severance payment/ remuneration from July 1 to October 22, 2009	186,364	0	0	0	186,364	0	0
2008	600,000	10,140	138,000	0	748,140	0	63,498
<b>DOMINIQUE YATES</b> (CFO until November 30, 2009)	275,000	6,399	255,500	0	536,899	0	58,448
Remuneration Dec. 2009****	25,000	582	27,000	0	52,582	0	0
2008	300,000	919	139,000	9,092	449,011	0	34,267

\*The amount includes allocations for fringe benefits for a company car, housing and moving expenses, and group insurance.

\*\* Variable remuneration includes bonus provisions for the current year as well as provisions for the previous year to the extent that they differ from the provisions as of December 31 of the previous year.

\*\*\* The amount includes provisions from the Long Term Incentive Plan.

\*\*\*\* The remuneration of Dominique Yates in December 2009 is based upon the agreed upon termination date of his contract on December 31, 2009. His appointment as member of the Executive Board ended on November 30, 2009.

Remuneration of the Executive Board  
Disclosures required in accordance with Section 315, paragraph 4 of the HGB  
(German Commercial Code)

#### **TERMINATION OF THE EMPLOYMENT CONTRACTS OF DR. GEROLD LINZBACH AND DOMINIQUE YATES**

The employment contracts of members of the Executive Board do not contain any special provisions as regards remuneration upon expiration of the contracts, and in particular do not contain any severance pay provisions.

The employment contract of Dr. Gerold Linzbach was terminated by mutual agreement as of June 30, 2009, when Dr. Heinz-Jürgen Bertram was appointed as his successor starting on July 1, 2009. His final salary payment included his fixed remuneration for the period from July 2009 to October 22, 2009, the original date his contract expired, as a one-time payment. In addition, he received his pro rata temporis bonus for the months from January to October 2009. There were no further payments.

By mutual agreement and at his own request, Dominique Yates retired from the Company on December 31, 2009. Up until this point, he had received his regular monthly remuneration. Furthermore, in 2010 he received the contractually agreed success- and performance-related bonus for 2009. There were no further payments.

In the case of the Board members whose contracts were terminated, Dr. Gerold Linzbach and Dominique Yates, it was mutually agreed to waive the post-employment non-compete provision.

#### **"DIRECTORS & OFFICERS" ("D&O") INSURANCE**

In 2009 Symrise purchased group liability insurance (so-called "Directors & Officers"/"D&O" Insurance) for members of the Executive Board. The insurance covers the personal liability risk of Board members in the event of damages that occur as a result of acts performed in the course of their duties as members of the Symrise Executive Board. For 2009, a deductible was not included as part of the insurance. Beginning in 2010 a deductible will be included based upon the German "Act Regarding the Appropriateness of Management Remuneration".

#### **DISCLOSURES REQUIRED IN ACCORDANCE WITH SECTION 315, PARAGRAPH 4 OF THE HGB (GERMAN COMMERCIAL CODE)**

The stated capital of Symrise AG remains unchanged at €118,173,300 and is divided into no-par-value bearer shares with a nominal value of €1. The associated rights and duties are set forth in the relevant provisions of the German Stock Corporation Act (AktG). There are no different types of shares with different rights and obligations. Nor do any special rights or rights of control exist for any shareholders.

No shareholder informed us that it had exceeded 10% or more of voting rights in our company.

The appointment and removal of members of the Executive Board (Sections 84 and 85 of the Stock Corporation Act) and amendments to the articles of incorporation and bylaws (Sections 133 and 179) are based on the provisions of the Stock Corporation Act.

The Executive Board is authorized, subject to the consent of the Supervisory Board, to increase the stated capital of the Company until October 31, 2011, by up to €40 million through one or more issuances of new no-par bearer shares against contribution in cash and/or in kind. The new shares may be underwritten by one or more financial institutions determined by the Executive Board, in order for such shares to be offered to the shareholders (indirect subscription right). The Executive Board is authorized, subject to the consent of the Supervisory Board, to exclude the subscription rights of existing shareholders in the following instances:

- a) in the event of a capital increase against contribution in kind, if the capital is increased in order to acquire businesses, business units or participating interests in businesses, or in order to grant shares to employees of the company or its affiliates in compliance with applicable law;
- b) to the extent necessary, to grant rights to subscribe for new shares of the Company to holders of options or convertible bonds issued by the company or its subsidiaries to the extent such holders will be entitled to such shares pursuant to the terms of the option or convertible bond;
- c) to exclude fractional amounts from the subscription rights;
- d) in the event of a capital increase against cash contribution, if the issue price of the new shares is not significantly lower within the meaning of Section 203, para. 1 and 2, 186 para. 3 sentence 4 of the German Stock Corporation Act (AktG) than the market price of already listed shares of the Company falling into the same class of shares at the time the issue price is definitively determined by the Executive Board, and if the amount by which the capital is increased and for which the subscription rights are excluded does not exceed 10% of the stated capital of the Company at the time the new shares are issued. Towards such 10% limit shall count shares that are sold without subscription rights pursuant to Section 71 para.1 no. 8 sentence 5, 186 para. 3 sentence 4 of the Stock Corporation Act during the term of this authorized capital, and shares as to which a right or obligation to buy or to convert attaches which is based on an option or, respectively, a convertible bond that was, in each case, issued without subscription rights pursuant to Section 221 para. 4, 186 para. 3 sentence 4 of the Stock Corporation Act during the term of this authorized capital.

The Executive Board is authorized, subject to the consent of the Supervisory Board, to determine the further particulars of the capital increase and its implementation including the scope of the shareholder rights and the conditions for the share issue.

Furthermore, the general meeting of shareholders held on May 11, 2009, authorized the Executive Board to acquire treasury stock up to a level of 10% of the current stated capital. The acquired shares together with any other treasury stock already owned by the Company, or which pursuant to Section 71 a et seq. of the Stock Corporation Act is attributed to the Company, may not at any time exceed 10% of the stated capital. The authorization may not be misused for the purposes of trading in the Company's own shares.

- a) For one or more purposes, the authorization may be invoked by the Company, or by third parties for the account of the Company, in one total amount or in a number of partial amounts either singly or on several separate occasions. The authorization is valid until October 31, 2010.
- b) The Executive Board has the choice of making the acquisition either through the stock exchange or in the form of a published purchase offer, or respectively, in the form of a published request for tender of such an offer.
  - aa) If the acquisition of the shares is made through the stock exchange, the consideration per share paid by the Company (excluding ancillary acquisition costs) may not exceed or undercut the opening auction price quoted on the Xetra dealing system (or a comparable replacement system) on the day of stock exchange dealing by more than 5%.
  - bb) If the acquisition is made in the form of a published purchase offer, or in the form of a published request for tender of a purchase offer, the purchase price offered per share, or the limits of the purchase price spread per share, may not exceed or undercut the average closing price quoted on the Xetra dealing system (or a comparable replacement system) on the last three stock exchange dealing days before the date of publication of the offer, or respectively, the date of publication of a request for tender of a purchase offer, by more than 10%. If, following publication of the purchase offer, or respectively following publication of a request for tender of a purchase offer, significant fluctuations occur in the applicable reference price, then an adjustment may be made to the offer, or respectively to the request for tender of such an offer. In such circumstances, reference will be made to the average price of the last three stock exchange dealing dates before publication of any potential adjustment. The purchase offer, or respectively, the request for tender of such an offer, may include further conditions.

Inasmuch as the offer is oversubscribed, or respectively, in the case of a request for tender of an offer, inasmuch as not all equivalent offers can be accepted, then acceptance must occur on a quota basis. Preferential acceptance of small quantities of up to 100 shares on offer is permissible.

- c) The Executive Board is authorized to use shares of the Company that are acquired based on this authorization for all permitted legal purposes, but also especially for the following purposes:
  - aa) The shares may be redeemed without the redemption or its execution requiring a resolution by a further general meeting of shareholders. In a simplified procedure, they may be redeemed without a formal reduction in capital by adjustment of the proportional amount applicable to the remaining no-par-value shares making up the Company's stated capital. The redemption may be limited to only a portion of the shares acquired. The authorization for redemption of shares may be invoked repeatedly. If the redemption is performed using the simplified procedure, then the Executive Board is authorized to adjust the number of non-par-value shares contained in the Company's articles of incorporation.
  - bb) The shares may be sold in an alternative manner than through trading on the stock exchange or via an offer to the shareholders, if the shares are sold for cash at a price that is not significantly lower at the time of sale than the price quoted on the stock exchange for shares of the Company that are of the same type.
  - cc) The shares may be sold in consideration for contributions in kind, particularly in connection with the acquisition of other entities, parts of entities or investments in entities as well as in connection with business combinations.
- d) The authorizations listed under paragraph c) sub-paragraphs aa) to cc) above also cover the disposition of shares of the Company that are acquired pursuant to Section 71 d sentence 5 of the Stock Corporation Act.
- e) The authorizations listed under c) above may be made use of singly or repeatedly, wholly or partly, individually or jointly; the authorizations under c) sub-paragraphs bb) and cc) may also be made use of by entities dependent on the Company, or by entities which are owned in the majority by the Company, or for their account, or for the account of third parties acting on behalf of the Company.
- f) Shareholder subscription rights in respect of this treasury stock are excluded to the extent that these shares are disposed of in accordance with the aforementioned authorization contained in paragraph c) sub-paragraphs bb) and cc).

Disclosures required in accordance with Section 315, paragraph 4 of the HGB  
(German Commercial Code)  
Corporate Governance Statement

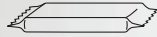
g) The Supervisory Board may prescribe that measures taken by the Executive Board based on this resolution by the general meeting of the shareholders may only be executed with its permission.

No further disclosure requirements exist pursuant to Section 315 paragraph 4 of the German Commercial Code.

#### **CORPORATE GOVERNANCE STATEMENT**

The declaration on corporate governance can be found on Symrise AG's website at [www.symrise.com](http://www.symrise.com) > Our Company > Investor Relations > Corporate Governance > Corporate Governance Statement

**FRUIT BARS**



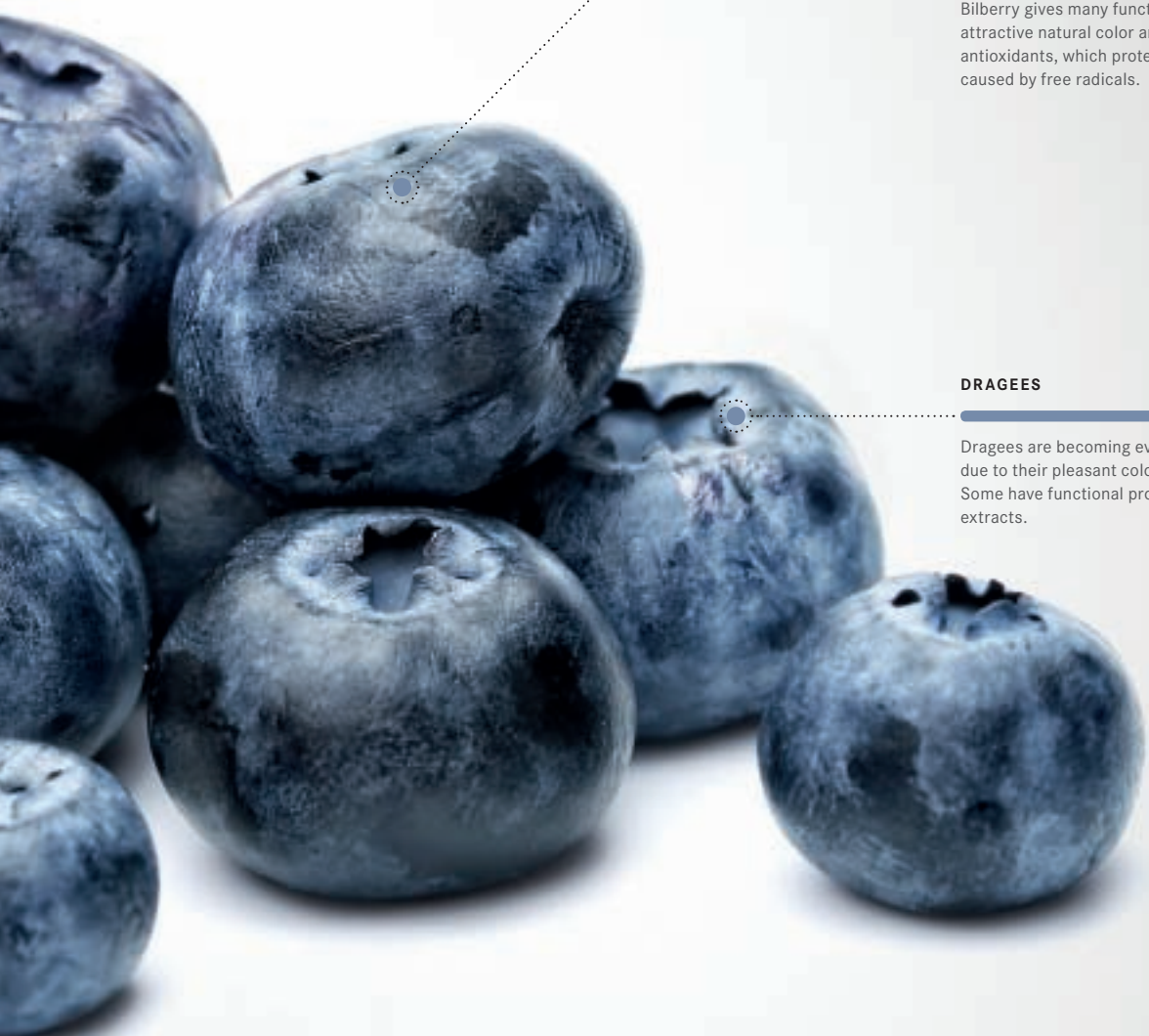
Natural fruit extracts increasingly provide functionality to new fruit bars.

**CAPSULES**



Capsules are a preferred dosage form for food supplements and sports nutrition products.





#### BEVERAGES

Bilberry gives many functional drinks an attractive natural color and provides antioxidants, which protect against damage caused by free radicals.



#### DRAGEES

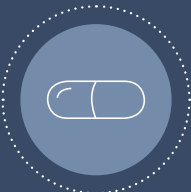
Dragees are becoming ever more popular due to their pleasant colors and great taste. Some have functional properties via natural extracts.



**DR. SIMONE PESCHKE**  
Head of Competence Center  
Health & Nutrition



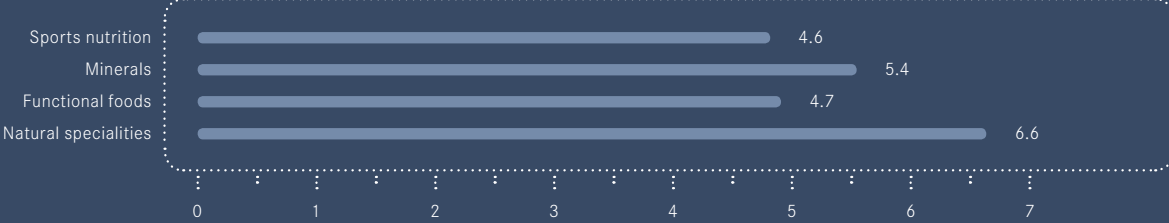
“Our new Consumer Health application area strengthens our position on the growing nutritional supplement market.”



In addition to the taste, Symrise also concentrates on the functional properties of botanical raw materials and the natural extracts with standardized ingredients made from them. With the acquisition of Kaden Biochemicals and with the new Consumer Health application area, we have clearly positioned ourselves as a competent partner on the growing nutritional supplement market. In the manufacture of natural food supplements, physical separation techniques are used to extract, concentrate and standardize the value-adding ingredients in a gentle way. We obtain the fruits for bilberry extract from wild

harvesting in different regions. The extract contains at least 25 % anthocyanin, which gives blueberries their intense color and greatly contributes to their antioxidant properties. Antioxidants can protect the body from damage caused by free radicals, which can cause cell damage as well as acute and chronic illnesses. They also help keep the retina healthy. In addition, they help strengthen the capillaries and promote the elasticity of the veins. The bilberry extract obtained by Symrise has nutritional quality and is used in a number of food supplements.

**GROWTH FORECAST 2008–2013: CAGR FOR THE APPLICATION AREAS NUTRITIONAL SUPPLEMENTS AND FOOD WITH FUNCTIONAL QUALITIES (IN %)**



Source: NBJ

## CONSOLIDATED FINANCIAL STATEMENTS

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## CONSOLIDATED FINANCIAL STATEMENTS

### CONSOLIDATED INCOME STATEMENT – JANUARY 1 TO DECEMBER 31, 2009

TE	NOTES	2008	2009 WITH RESTRUCTU- RING COSTS SEPARATELY IDENTIFIED	2009 RESTRUCTU- RING COSTS INCURRED*	2009
Sales	4,5	1,319,862	1,361,954	0	1,361,954
Cost of sales	4	-762,377	-794,850	-9,180	-804,030
<b>Gross profit</b>		<b>557,485</b>	<b>567,104</b>	<b>-9,180</b>	<b>557,924</b>
Other operating income	6	10,281	12,320	0	12,320
Selling and marketing expenses		-215,137	-225,135	-4,141	-229,276
Research and development expenses	8	-86,185	-91,569	-4,117	-95,686
Administration expenses	9	-74,155	-79,192	-2,266	-81,458
Other operating expenses	10	-5,333	-632	-181	-813
Restructuring costs	11	0	-19,885	19,885	0
<b>Income from operations/EBIT</b>		<b>186,956</b>	<b>163,011</b>	<b>0</b>	<b>163,011</b>
Finance income**		40,480	14,884	0	14,884
Finance expenses**		-92,654	-61,176	0	-61,176
<b>Financial result</b>	<b>12</b>	<b>-52,174</b>	<b>-46,292</b>	<b>0</b>	<b>-46,292</b>
<b>Income before income taxes</b>		<b>134,782</b>	<b>116,719</b>	<b>0</b>	<b>116,719</b>
Income taxes	13	-44,396	-32,370	0	-32,370
<b>Net income</b>		<b>90,386</b>	<b>84,349</b>	<b>0</b>	<b>84,349</b>
<b>Earnings per share (€)</b>					
- diluted and basic	15	0.76	0.71	0	0.71

\* The form of presentation has been changed; refer to the comments in note 2.3.2 - "Accounting policies - Changes in presentation".

\*\* Prior year figures have been reclassified; refer to the comments in note 2.3.2 - "Accounting policies - Changes in presentation".

Consolidated Income Statement  
 Consolidated Statement of Comprehensive Income

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

T€	NOTES	2008	2009
<b>Net income</b>		<b>90,386</b>	<b>84,349</b>
Currency translation differences	2.6	-8,456	16,406
Unrealized gains/losses (-) after tax deriving from "available-for-sale financial assets"		34	21
Unrealized gains/losses (-) after tax deriving from derivative financial instruments	44	-17,195	-1,120
<b>Cumulated income and expenses recognized directly in equity</b>		<b>-25,617</b>	<b>15,307</b>
<b>Total comprehensive income</b>		<b>64,769</b>	<b>99,656</b>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

T€	NOTES	DECEMBER 31, 2008	DECEMBER 31, 2009
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	16	68,860	80,540
Trade receivables	17	221,686	228,379
Inventories*	18	258,606	234,779
Prepayments, other assets and receivables	19	35,900	61,097
Current tax assets		7,169	8,172
Assets held for sale	20	50	3,003
		<b>592,271</b>	<b>615,970</b>
<b>Non-current assets</b>			
Deferred tax assets	21	44,392	43,909
Other non-current assets and receivables	22	2,895	3,802
Financial assets	23	4,454	7,792
Investments in associates*	24	168	70
Intangible assets*	25	857,378	837,667
Property, plant and equipment*	26	388,999	386,021
		<b>1,298,286</b>	<b>1,279,261</b>
<b>ASSETS</b>		<b>1,890,557</b>	<b>1,895,231</b>

\* Prior year figures have been changed; refer to the comments in note 2.3.3 - "Accounting policies - Adjustment of prior year figures/final purchase price allocations".

## Consolidated Statement of Financial Position

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

€	NOTES	DECEMBER 31, 2008	DECEMBER 31, 2009
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade payables	28	82,170	77,079
Short-term borrowings	29	347,646	289,941
Short-term provisions	30	1,716	5,862
Tax liabilities		48,898	41,322
Other current liabilities*	31	66,961	88,753
Short-term financial liabilities**	34	503	45
		<b>547,894</b>	<b>503,002</b>
<b>Non-current liabilities</b>			
Long-term borrowings	32	362,792	364,576
Other non-current liabilities	33	12,809	17,118
Long-term financial liabilities**	34	14,859	19,128
Long-term provisions		94	38
Provisions for pensions and similar obligations	35	191,922	199,448
Deferred tax liabilities	21	111,792	102,957
		<b>694,268</b>	<b>703,265</b>
<b>TOTAL LIABILITIES</b>		<b>1,242,162</b>	<b>1,206,267</b>
<b>EQUITY</b>			
Share capital	36	118,173	118,173
Capital reserve	37	970,911	970,911
Revaluation reserve		2,718	2,718
Fair value reserve	44	-17,201	-18,300
Cumulative translation differences		-78,565	-62,159
Accumulated deficit		-347,641	-322,379
<b>TOTAL EQUITY</b>		<b>648,395</b>	<b>688,964</b>
<b>LIABILITIES AND EQUITY</b>		<b>1,890,557</b>	<b>1,895,231</b>

\* Prior year figures have been changed; refer to the comments in note 2.3.3 - "Accounting policies - Adjustment of prior year figures/final purchase price allocations".

\*\* The form of presentation of the statement of financial position has been changed to incorporate the reporting line "Financial liabilities". In order to maintain comparability, prior year figures have been adjusted.

**CONSOLIDATED STATEMENT OF CASH FLOWS**

T€	NOTES	2008	2009
<b>Net income</b>		<b>90,386</b>	<b>84,349</b>
Income tax expenses	13	44,397	32,370
Net interest expenses	12	41,206	39,790
<b>Sub-total</b>		<b>175,989</b>	<b>156,509</b>
Amortization, depreciation and impairment losses on non-current assets	25, 26	75,116	86,557
Reversal of impairment loss on non-current assets	26	-5,156	0
Change in provision for pensions and similar obligations	35	-5,250	-5,001
Change in provisions	30	-2,246	3,950
Change in long-term accruals		-4,158	2,341
Change in the provision for success-based remuneration		1,549	-1,239
Gains (-)/losses on the sale of property, plant and equipment		-34	236
Unrealized losses deriving from IAS 39 fair value adjustments	44	1,703	2,575
Unrealized foreign exchange differences		-2,249	-4,630
<b>Adjustment for non-cash items</b>		<b>59,275</b>	<b>84,789</b>
<b>Cash flow before working capital changes</b>		<b>235,264</b>	<b>241,298</b>
Change in trade receivables or other assets that are not attributable to investment or financing activities	17, 19, 22	-23,403	-6,049
Change in inventories	18	-5,327	23,118
Change in trade payables or other liabilities that are not attributable to investment or financing activities	28, 31, 33	-6,348	15,569
Outflow for success-based remuneration deriving from the long term incentive program	46	-17,303	0
Income taxes paid	13	-29,785	-48,246
<b>Net cash flow from operating activities</b>		<b>153,098</b>	<b>225,690</b>



## Consolidated Statement of Cash Flows

€	NOTES	2008	2009
<b>Balance brought forward</b>		<b>153,098</b>	<b>225,690</b>
Payments for investments in subsidiaries	19, 27	-283	-19,506
Payments for the acquisition of business units (including inventories)		-138,073	0
Payments for investing in intangible assets	25	-14,393	-17,492
Payments for investing in property, plant and equipment	26	-38,140	-39,181
Payments for investing in financial assets		-4,249	-1,668
Proceeds deriving from financial assets		428	0
Net change in financial loans issued		1	13
Proceeds from sale of property, plant and equipment		11,603	2,255
Interest received		1,482	1,232
<b>Cash used in investing activities</b>		<b>-181,624</b>	<b>-74,347</b>
Proceeds from financial liabilities		366,158	95,957
Redemption of financial liabilities		-910	-1,044
Redemption of bank borrowings		-266,980	-151,497
Cash effective transaction costs (bank charges and advisory fees)		0	-361
Interest paid		-28,776	-25,014
Dividends paid	39	-59,087	-59,087
<b>Cash deriving from/used in financing activities</b>		<b>10,405</b>	<b>-141,046</b>
Net change in cash and cash equivalents		-18,120	10,297
Effects of changes in exchange rates		7,730	1,383
Cash and cash equivalents as of January 1	16	79,250	68,860
<b>Cash and cash equivalents as of December 31</b>		<b>68,860</b>	<b>80,540</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

€	SHARE CAPITAL	CAPITAL RESERVE	REVALUA- TION RESERVE	FAIR VALUE RESERVE	CUMU- LATIVE TRANS- LATION DIFFER- ENCES	ACCU- MULATED DEFICIT	TOTAL EQUITY
<b>Balance as of January 1, 2008</b>	<b>118,173</b>	<b>970,911</b>	<b>2,718</b>	<b>-40</b>	<b>-70,109</b>	<b>-378,940</b>	<b>642,713</b>
Net income	0	0	0	0	0	90,386	90,386
Other components of comprehensive income	0	0	0	-17,161	-8,456	0	-25,617
Dividends paid	0	0	0	0	0	-59,087	-59,087
<b>Balance as of December 31, 2008</b>	<b>118,173</b>	<b>970,911</b>	<b>2,718</b>	<b>-17,201</b>	<b>-78,565</b>	<b>-347,641</b>	<b>648,395</b>
<b>Balance as of January 1, 2009</b>	<b>118,173</b>	<b>970,911</b>	<b>2,718</b>	<b>-17,201</b>	<b>-78,565</b>	<b>-347,641</b>	<b>648,395</b>
Net income	0	0	0	0	0	84,349	84,349
Other components of comprehensive income	0	0	0	-1,099	16,406	0	15,307
Dividends paid	0	0	0	0	0	-59,087	-59,087
<b>Balance as of December 31, 2009</b>	<b>118,173</b>	<b>970,911</b>	<b>2,718</b>	<b>-18,300</b>	<b>-62,159</b>	<b>-322,379</b>	<b>688,964</b>

Consolidated Statement of Changes in Equity

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1 General information

Symrise Aktiengesellschaft (Symrise AG), a stock corporation under German law, principally produces, markets and sells flavors, fragrances, aroma chemicals and cosmetic ingredients. It is the parent company of the Symrise Group with a registered office at Muehlenfeldstrasse 1, 37603 Holzminden, Germany.

The shares of Symrise AG are authorized for trading on the stock exchange in the regulated market of the Frankfurt Securities Exchange and are listed in the Prime Standard segment and the MDAX.

The consolidated financial statements and the group management report of Symrise AG (hereinafter referred to as “Symrise” or “the Symrise Group”) for the fiscal year ended December 31, 2009 were approved for publication by a resolution of the Executive Board on February 22, 2010.

The consolidated financial statements and the group management report of Symrise AG have been prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), London, as well as the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the European Union and the supplementary commercial law provisions of Section 315 a (1) of the German HGB [“Handelsgesetzbuch” or Commercial Code] that were valid at the balance sheet date.

The following explanations encompass those disclosures and comments that are to be provided – in addition to the information contained in the consolidated income statement, the consolidated statement of financial position, the consolidated statement of changes in equity and the consolidated statement of cash flows – as notes to the consolidated financial statements in accordance with IFRS.

For the purposes of clearer and better organized presentation, some reporting lines included in the statement of financial position and the income statement group together individual items; supplementary information relating to such items is specifically presented in the notes to the consolidated financial statements. The income statement has been prepared using the “function of expense” (or “cost of sales”) method of presentation.

### 2 Accounting policies

#### 2.1 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The consolidated financial statements are generally prepared on a historical cost basis with the exception of derivative financial instruments and available-for-sale financial instruments that are measured at fair value.

The consolidated financial statements are presented in euros and amounts are rounded to the nearest thousand (T€) unless otherwise explicitly indicated; in this process, rounding differences may arise. The individual financial statements of the companies included in the consolidation were prepared at the balance sheet reporting date used for preparation of the consolidated financial statements. In cases where the normal balance sheet reporting date of any company differed from December 31, 2009, then additional financial statements were especially prepared as of this date.

#### 2.2 CHANGES TO ACCOUNTING POLICIES

The accounting policies adopted are generally consistent with those applied in the previous year. In addition, the Group has adopted those new or revised standards and interpretations that were mandatory for the fiscal year.

#### IFRS 2 (“Share-based payment: Vesting Conditions and Cancellations”)

The definition of the conditions governing rights of exercise now encompass only service-related conditions and performance-related conditions in combination with a period of service requirement. Application of the amended standard has not had any accounting impact to date.

#### Amendments to IFRS 7 (“Improving Disclosures about Financial Instruments”)

The changes include a 3-stage model for measurement at fair value and have resulted in additional disclosures. Adoption of the amendments has not resulted in any changes in accounting.

**IFRS 8 (“Operating Segments”)**: IFRS 8 has taken a management-oriented approach and requires disclosure of the controlling factors that are used internally for purposes of resource allocation and evaluation of segment formats. With the exception of the further disclosure requirements, there has been no impact on Symrise AG’s

consolidated financial statements. In particular, no differences arose with regard to the basic principles applied to segment reporting or in connection with the measurement principles used to determine the segment results.

**IAS 1 (“Presentation of Financial Statements: a Revised Presentation”)** includes new provisions for the presentation of financial statements. The changes relate to the presentation of changes in equity with respect to non-controlling interests in the statement of changes in equity, the statement of comprehensive income, the descriptions of the components of the financial statements, as well as comparative information to be disclosed.

**IAS 23 (“Borrowing Costs”)**: The alternative option to expense external borrowing costs relating to certain types of assets has been eliminated: external borrowing costs that can be directly attributed to qualifying assets are to be recognized as part of the costs of acquisition or construction. Borrowing costs have only been recognized as assets to an insignificant extent since the date of mandatory application of the standard from January 1, 2009 onwards.

**IAS 32 and IAS 1 (“Puttable Financial Instruments and Obligations Arising on Liquidation”)**: The changes relate to rules covering the differentiation between equity instruments and liabilities as well as related disclosure requirements. Certain financial instruments that are cancelable by their holders are classified as equity instruments and not as liabilities if such instruments fulfill certain specified requirements. This situation mainly relates to shares in non-corporate entities; as Symrise AG is a corporate entity, the changes to IAS 32 and IAS 1 have no impact within the Symrise Group.

**Amendments to IAS 39 and IFRS 7 (“Reclassification of Financial Assets: Effective Date and Transition”)**, published in October 2008 by the IASB, relate to the point of time at which the amendments to IAS 39 and IFRS 37 become effective and provide transitional provisions for their implementation. Their adoption had no impact on the consolidated financial statements.

**Amendments to IFRIC 9 and IAS 39 (“Embedded Derivatives”)**: When embedded derivatives are reclassified from the category “financial instruments designated for measurement as at fair value through profit or loss”, these must be examined and, where necessary, separately accounted for in the financial statements. As Symrise AG does not hold any financial instruments that fall under these provisions, the application of the changed provisions has no impact on the consolidated financial statements.

**“Improvements to IFRS 2008: Annual Improvements Process”**: Within the context of the IASB’s annual project to improve quality, minor and non-urgent improvements are made to IFRS. For Symrise, these have had no impact on accounting.

The following **interpretations** had to be applied for the first time for the current fiscal year, but did not have any impact on the consolidated financial statements:

**IFRIC 13 (“Customer Loyalty Programmes”)** addresses the accounting for loyalty award credits granted to customers, who receive such benefits when purchasing other goods or services.

**IFRIC 14 (“The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction”)** deals with the conditions under which an economic benefit deriving from a pension plan can be recognized by a company.

In addition to the changes mentioned above, the following new or amended interpretations and supplementary provisions have been approved by the IASB and the IFRIC. However, these have not yet been applied by Symrise as they are either not yet mandatory or their endorsement by the European Commission is still outstanding. The impact on the consolidated financial statements of the first-time application of the standards that are relevant to Symrise is currently under review. Symrise is not currently planning early adoption of any of these standards:

- **Amendments to IFRS 2 (“Group Cash-settled Share-based Payment Transactions”)** clarify how an individual subsidiary within a group should account for certain types of share-based payment arrangements within its own financial statements.
- **IFRS 3 (“Business Combinations”)** concerns the determination of purchase price, the measurement of non-controlling interests and the accounting for business acquisitions in stages. Even though the actual changes are not subject to application until the next fiscal year, some impacts did arise in the current consolidated financial statements. Some ancillary costs for acquisitions to be made in 2010, which were incurred in the period here reported, were charged against the results in the attached consolidated financial statements. In this connection see also note 27 “Acquisitions”.
- **IFRS 9 (“Financial Instruments”)** addresses the classification and measurement of financial assets, which are classified in future to the categories “*amortized cost*” and “*fair value*”.
- **Revised IAS 24 (“Related Party Disclosures”)** provides for a simplification of disclosure requirements for companies that are related parties to governments and clarifies the definition of a related party that is a company or a related party that is a person.
- **IAS 27 (“Consolidated and Separate Financial Statements”)** mainly regulates that purchases or sales of shares in subsidiary companies which do not change the possibility for control should be recognized in equity without impacting profit or loss and that any profit or loss on disposal should only be recognized in profit or loss at the point in time in which such control is lost.
- **Amendments to IAS 32 (“Classification of Rights Issues”)** regulates the accounting requirements for issuers of rights, options and warrants.

- **IAS 39 (“Eligible Hedged Items”):** These changes provide clarification of the treatment under hedge accounting for the inflation-related component of financial instruments and for option transactions that are used as hedges. For Symrise, no changes will arise from the application of the changes to IAS 39.
- **IFRIC 12 (“Service Concession Arrangements”)** serves to clarify some specific recognition and measurement circumstances in relation to service concession arrangements granted by public sector bodies to private operators.
- **Amendments to IFRIC 14 (“Prepayments of a Minimum Funding Requirement”)** deals with the conditions under which an economic benefit deriving from a pension plan can be recognized by a company.
- **IFRIC 15 (“Agreements for the Construction of Real Estate”)** regulates accounting requirements for construction companies regarding recognition of revenue deriving from the sale of apartments or houses before construction is complete.
- **IFRIC 16 (“Hedges of a Net Investment in a Foreign Operation”)** deals with questions relating to the hedging of an investment in a foreign operation.
- **IFRIC 17 (“Distribution of Non-Cash Assets to Owners”)** deals with the question as to when and with which amount a dividend distributed in non-cash form should be accounted for.
- **IFRIC 18 (“Transfers of Assets from Customers”)** is particularly relevant to the energy sector and deals with questions relating to the provision of a supply network or connection to a supply of goods or services.
- **IFRIC 19 (“Extinguishing Financial Liabilities with Equity Instruments”)** regulates cases in which a company partially or entirely settles a financial liability by issuing shares or other equity instruments.

The changes in IFRICs 12 to 19 will have no influence on Symrise’s consolidated financial statements.

**Improvements to IFRS 2009:** Within the context of the IASB’s annual project to improve quality, minor and non-urgent improvements are made to IFRS. Again, no appreciable changes are expected for Symrise’s consolidated financial statements.

#### Further accounting standards:

Symrise maintains a power supply network at its operations site in Holzminden for the purpose of generating its own electricity and is thus a power supply company as defined by Section 3 No. 18 of the so-called “EnWG” [“Energiewirtschaftsgesetz” or German Energy Management Act]. Pursuant to Section 110 (1) No. 1 to No. 3 of the EnWG, this network is classified as a so-called “Objektnetz” [site network] and – according to the current version of the EnWG – is exempted from many of the provisions of the EnWG, including, amongst others, the accounting and auditing provisions defined in Section 10 EnWG.

In 2008, the European Court of Justice issued a ruling that the exemption provisions contained in Section 110 (1) No. 1 of the EnWG do not conform to the European Directive on Electricity. Thereupon, the EU requested its member states to react by making legislative changes up until March 3, 2011.

Symrise is of the opinion that application of the accounting provisions of the EnWG is not mandatory until a change is made to the legislation. This position is supported by a respective opinion obtained from legal counsel.

#### 2.3 KEY JUDGMENTS AND ESTIMATES

Preparation of the consolidated financial statements in accordance with IFRS includes the necessity for the Executive Board to make measurements, estimates and assumptions which influence the application of accounting policies and the amounts at which assets and liabilities are recognized and contingent liabilities are disclosed at the balance sheet reporting date and which also influence income and expenses. Actual results may differ from these estimates.

Such estimates – and the assumptions on which they are based – are regularly reviewed. Any changes in values that result from such a review are recognized in the reporting period in which the change is made and any other future reporting periods that are impacted.

The following estimates and assumptions were made for the purpose of preparing the consolidated financial statements which have a significant impact on amounts included in the financial statements.

#### Impairment of goodwill

At least once a year, the Group reviews whether goodwill is impaired. This requires an estimate of the recoverable amounts of the cash-generating units to which these assets are allocated. In order to estimate the recoverable amount, the Group has to estimate the expected future cash flows deriving from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of these cash flows. As of December 31, 2009, the carrying amount for goodwill was €461.6 million.

#### Capitalized development costs

Intangible assets that are generated by own development projects are recognized as assets in accordance with the accounting policies disclosed in note 2.6 below. In order to determine the amounts to be recognized as assets, among other factors, the management of the company needs to make assumptions about the expected future cash flows deriving from the assets, about the interest rates to be applied and about the period over which future cash flows will be generated by the assets. As of December 31, 2009, the carrying amount attributable to self-developed intangible assets amounted to €14.8 million.

#### Recoverability of deferred tax assets

The Group makes an annual assessment as to whether tax loss carry-forwards can be utilized and offset against future taxable profits over a foreseeable period. This requires that the Group makes an estimate of the taxable income for each Group company. As at December 31, 2009, the carrying amount of the deferred tax assets was €43.9 million. More details are provided in note 21.

#### Take up of a "Schuldscheindarlehen"

The "Schuldscheindarlehen" [a German form of a bilateral loan agreement secured by a borrower's note, similar to bond financing] has a volume of €75 million and a term of 4 years. The variable tranche bears interest at a rate based on the 3-month Euribor plus a load factor of 2.8%. The interest warrant for the fixed tranche is 5.35%. The "Schuldscheindarlehen" is recognized at amortized cost using the effective interest rate method. In this connection, directly attributable transaction costs, originally amounting to T€361, have been deducted from the "Schuldscheindarlehen" liabilities and have been allocated on a straight-line basis over the term of the "Schuldscheindarlehen".

#### Pensions and other post-employment benefits

The expenses deriving from defined benefit pension plans and the Group's obligation to provide additional post-employment healthcare benefits are determined on the basis of actuarial computations. The actuarial valuation is made on the basis of assumptions pertaining to discount rates, anticipated income from plan assets, future wage and salary increases, mortality rates and future pension increases. The discounting factors applied are based on the yield that could be obtained at the balance sheet reporting date for prime ranking, fixed interest corporate bonds with a corresponding term and currency designation. If such yield information is not available, then the discounting factors are based on market yields for government bonds. The anticipated income from plan assets is determined on a consistent basis taking long-term historical yields and the portfolio structure into account. Due to a fluctuating market and economic situation, the assumptions may differ from actual developments which may result in significant impacts on the pension and other post-employment benefit obligations. Due to the long-term nature of such plans, these estimates are subject to great uncertainty. As at December 31, 2009, the provisions for retirement benefit and similar obligations amounted to €199.4 million (2008: €191.9 million). Further details are to be found in note 35.

In 2009, Symrise implemented a restructuring program. The objective of the program is to reduce employee numbers on a global basis and to optimize work processes, primarily in the areas of marketing & selling and development but also in the production and administration areas. Costs relating to the termination of employment and other costs are subject to significant estimates and assumptions. Liabilities deriving from obligations for other post-employment benefits amounted to €3.2 million as at December 31, 2009.

#### Trade receivables

The setting up of allowances for doubtful accounts receivable is based to a significant extent on estimations and assessments concerning individual receivables that are based on the creditworthiness of a particular customer, current developments in the economic climate and the analysis of debt default history on a portfolio basis. In cases where the business sets up allowances based on an analysis of debt default history on a portfolio basis, a decline in the volume of accounts receivable reduces the amount of any precautionary allowance and vice versa. The carrying amount of trade receivables at the balance sheet reporting date amounted to €228.4 million.

#### Provisions

The determination of warranty provisions and provisions for litigation is based to a considerable extent on a process of estimation. Symrise is confronted in a number of judicial areas with litigation and regulatory processes. These processes may lead to situations in which Symrise is subjected to criminal or civil law sanctions, monetary fines or confiscation of gains. Symrise has not set up provisions for litigation and warranty obligations at the balance sheet reporting date.

#### Assumptions and estimations relating to other Individual Items reported in the statement of financial position.

Assumptions and estimations are also necessary for the measurement of contingent liabilities and liabilities, in the determination of the fair value of long-lasting items of property, plant and equipment and intangible assets and of investments accounted for using the equity method. The main assumptions that are used to make the relevant estimates are disclosed for the individual reporting line items in the income statement and the statement of financial position. Actual values may differ in individual cases from the assumptions and estimates made such that significant adjustment of the carrying amounts of the affected assets, or respectively liabilities, may become necessary. Any such changes in estimates are accounted for in accordance with IAS 8 ("Accounting Policies, Changes in Accounting Estimates and Errors") by recognition in profit or loss at the point in time in which improved information becomes known.

#### 2.3.1 CHANGES TO ESTIMATES

##### Recipes and trademarks

Previously, the Symrise Group performed an annual review of recipes and trademarks with indefinite useful lives to ensure that their recoverable amounts exceed their carrying amounts and only wrote down the value of these assets if impairment was identified. During the process of preparation of the condensed interim reports as of March 31, 2009 and June 30, 2009, it was determined that the previously applied assumption of an indefinite useful life was no longer justifiable, due to the significant changes that have occurred in market conditions in recent months and with respect to increasingly shorter product life-cycles. As a consequence, the useful lives of recipes and trademarks have been changed, with retrospective effect from January 1, 2009, from being indefinite to a having a finite useful

life of 15 or 20 years respectively. Scheduled amortization is applied on a straight-line basis over the aforementioned periods. In consequence, a related amortization charge of some €3.8 million was made in the reported period which impacted the result. Annual results of future periods will be proportionally charged a total amount of some €66.0 million until the expiration of the respective remaining useful lives.

### 2.3.2 CHANGES IN PRESENTATION

In order to improve the presentation of the results of operations and comparability with the previous year, the form of classification for the consolidated income statement within the consolidated financial statements presented above was changed to include a separate reporting column for restructuring costs.

Furthermore, in order to improve the presentation of the financial result, positive changes in value in derivatives have been classified as interest income and negative changes have been classified as interest expenses, whereas in the past, these were shown net and classified as interest income. In order to maintain comparability, previous year's amounts have been restated.

Financial assets that don't represent trade receivables or other assets are separately presented in the statement of financial position. In a

similar manner, financial liabilities that do not represent trade payables or other liabilities have now also been separately presented. In order to maintain comparability, previous year's amounts have also been restated.

### 2.3.3 ADJUSTMENT OF PRIOR YEAR FIGURES/ FINAL PURCHASE PRICE ALLOCATIONS

During the period reported, accounting in accordance with IFRS 3.62 was finalized with respect to the business acquisition of the 20% share in Therapeutic Peptides Inc., Baton Rouge, USA (TPI), which was acquired in July 2008; as a consequence of this, values in the consolidated statement of financial position as of December 31, 2008 were adjusted.

In the same manner, the previous preliminary accounting for the acquisition of Intercontinental Fragrances, USA (ICF) in September 2008 and for the acquisition of Manheimer Fragrances, USA in November 2008 was finalized in accordance with IFRS 3.62 and as a consequence corresponding amounts in the statement of financial position and income statement were also adjusted.

For materiality reasons, the related adjustments impacting the income statement were recorded in the current year and are not disclosed due to their insignificance.

ASSETS	Dec. 31, 2008	FINALIZED FIRST-TIME CONSOLIDA- TION OF TPI	FINALIZED FIRST-TIME CONSOLIDA- TION OF ICF	FINALIZED FIRST-TIME CONSOLIDA- TION OF "MANHEIMER"	Dec. 31, 2008
	AS ORIGINALLY PUBLISHED				AFTER ADJUSTMENT
€					
<b>ASSETS</b>					
<b>Current assets</b>					
Inventories	258,974	0	0	-368	258,606
<b>Non-current assets</b>					
Investment in associates	1,622	-1,454	0	0	168
Intangible assets	856,263	1,454	247	-586	857,378
Property, plant and equipment	388,414	0	0	585	388,999

LIABILITIES AND EQUITY	Dec. 31, 2008	FINALIZED FIRST-TIME CONSOLIDATION OF TPI	FINALIZED FIRST-TIME CONSOLIDATION OF ICF	FINALIZED FIRST-TIME CONSOLIDATION OF "MANHEIMER"	Dec. 31, 2008
	AS ORIGINALLY PUBLISHED				AFTER ADJUSTMENT
€					
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Other current liabilities	67,586	0	247	-369	67,464



## 2.4 THE SCOPE OF THE CONSOLIDATION AND INVESTMENTS IN ASSOCIATES

### The scope of the consolidation

The consolidated financial statements include Symrise AG as the parent company and the companies that it has under its control (subsidiary companies). Subsidiary companies are those companies over which Symrise AG – due to the fact that it holds the majority of voting rights – exercises influence over business and financial policies in order to gain advantage from their activities.

Associates are companies over which Symrise AG exercises significant influence over business and financial policies but which are not subsidiary companies, cooperative ventures or joint ventures.

As of December 31, 2009 56 (2008: 57) Group companies were consolidated; of these 10 (2008: 10) were located in Germany and 46 (2008: 47) were located abroad.

	JAN. 1, 2009	ADDITIONS	DISPOSALS	DEC. 31, 2009
<b>Fully consolidated subsidiaries</b>				
Domestic	10	0	0	10
Foreign	46	2	3	45
<b>Companies accounted for using the equity method</b>				
Foreign	1	0	0	1
<b>Total</b>	<b>57</b>	<b>2</b>	<b>3</b>	<b>56</b>

In fiscal year 2009, the main changes to the scope of the Symrise AG consolidation were as follows:

On December 18, 2009, Busiris Vermögensverwaltung GmbH, Holzminden and Symrise Beteiligung GmbH, Holzminden founded the company Symrise Group Finance Holding 1 BVBA with a registered office in Brussels, Belgium. The company has a nominal share capital of T€ 18 and its intended purpose, in its role as the managing shareholder of Symrise Group Finance Holding 2, Brussels, Belgium, is to concentrate financing arrangements for foreign subsidiaries within the Symrise Group. The nominal share capital has been fully paid in.

Also on December 18, 2009, Symrise Group Finance Holding 1 BVBA, Brussels, Belgium and Symrise SAS, France founded the company Symrise Group Finance Holding 2 CV with a registered office in Brussels, Belgium. The company has liable equity capital of € 1.2 million. The purpose of the company, like that of Symrise Group Finance Holding 1 BVBA, is to arrange financing for the foreign subsidiaries. The liability contribution has been fully paid in.

All companies which were founded in 2009 were fully consolidated from the point in time in which they were incorporated.

Furthermore, three companies in Singapore, Thailand and Colombia were liquidated as a result of restructuring measures.

As there has been no great change in the scope of the consolidation in comparison to the previous year, the comparability of the net assets, financial position and results of operations with the prior year's consolidated financial statements has not been prejudiced.

The fully consolidated companies and the companies accounted for using the equity method that are included in the consolidated financial statements as of December 31, 2009 are listed in note 50.

## 2.5 PRINCIPLES DETERMINING THE INCLUSION OF SUBSIDIARY AND ASSOCIATED COMPANIES IN THE CONSOLIDATION

### Full consolidation

The financial statements of the parent company and those of its subsidiaries are prepared as of the balance sheet reporting date using uniform accounting policies. For this purpose, adjustments are made to compensate for any differences in recognition and measurement deriving from local accounting policies.

All inter-company balances, transactions and unrealized gains deriving from intra-Group transactions are eliminated. Unrealized losses deriving from intra-Group transactions are also eliminated unless Group acquisition and production costs cannot be recovered in future.

Subsidiaries are fully consolidated from the date of acquisition, i.e. from the date on which a controlling influence is gained by the Group. Inclusion in the consolidated financial statements ceases at such time as the parent company's controlling influence ends.

Assets, liabilities and contingent liabilities deriving from business acquisitions are generally recognized at their fair values at the time of acquisition. In circumstances where the acquisition costs relating to the business acquisition proportionately exceed the newly measured net assets of the acquired object, the amount of such difference is recognized as goodwill. The expenses and income of any subsidiary

company that is acquired are included in the consolidated income statement from the point in time at which the subsidiary is acquired.

#### The equity method of accounting

Investments in associates are accounted for using the equity method inasmuch as Symrise does not hold a controlling interest but is still able to exercise a significant influence over the business and financial policies of these entities ("associates").

They are initially recognized in the consolidated financial statements at their cost of acquisition. After the date of acquisition, Symrise's share in the result of the associate is recognized in the consolidated income statement. The share of any changes to equity which do not impact profit or loss is recognized directly in Group equity. Any accumulated changes that occur after the date of acquisition increase, or respectively decrease, the carrying amount of the investment in the associate.

Profits and losses deriving from transactions between the Group and the associate are eliminated in proportion to the investment share. The financial statements of the associate are prepared using uniform accounting policies as of the balance sheet reporting date of the consolidated financial statements.

## 2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Foreign Currency Translation

The subsidiaries of Symrise AG maintain their accounting records in the respective functional currency. As these subsidiaries conduct their business independently for financial, commercial and organizational purposes, in most cases the functional currency is the respective local territory currency.

Assets and liabilities of the foreign subsidiaries whose functional currency is not the euro are translated into euros by the Symrise Group at the rates applicable at the respective period closing date; expenses, income and the results are translated into euros at transaction-based rates. Any translation differences deriving from this process are disclosed by the Symrise Group in equity as a separate item: "Cumulative translation differences".

Equity components are translated at the historical rates of exchange effective at the time they were treated as an addition from a Group perspective. Any translation differences deriving from this process are disclosed in equity as a separate item: "Cumulative translation differences". When specific types of business transaction are involved – business sales, liquidation, release of capital reserves or discontinuance of operations – then any relevant "cumulative translation differences" that have been recognized in equity are released to profit or loss at this point in time.

The following table shows the changes in exchange rates relative to the euro for the most important currencies relevant to the Symrise Group:

COUNTRY	CURRENCIES		CLOSING RATE = 1€		AVERAGE RATE = 1€	
			DEC. 31, 2009	DEC. 31, 2008	2009	2008
Great Britain	British Pound	GBP	0.904	0.978	0.891	0.795
USA	US Dollar	US\$	1.433	1.416	1.394	1.474
Mexico	Mexican Peso	MXN	18.630	19.420	18.808	16.244
Brazil	Brazilian Real	BRL	2.496	3.330	2.766	2.661
Singapore	Singapore Dollar	SGD	2.013	2.045	2.023	2.077
China	Chinese Renminbi	CNY	9.779	9.681	9.525	10.240

### Sales revenue recognition

Revenue from the sale of merchandise and products is shown at the fair value of the consideration received or receivable less any returns, trade discounts and rebates. Sales revenue is recognized when the significant risks and rewards deriving from ownership of the merchandise or products have been transferred to the buyer and the amount of revenue realized can be measured reliably. Sales revenue deriving from services rendered is recognized as soon as the service is performed. No sales revenue is recognized if significant risk exists relating to receipt of the consideration or relating to possible return of the goods. The transfer of risks and rewards to the buyer is determined in accordance with INCOTERMS (International Commercial Terms).

### Government grants

Government grants are only recorded when reasonable certainty exists that the conditions attached to them will be complied with and that the grants will be received. As a rule, the grants are recorded as other operating income in those periods in which expenses that are to be compensated by the grants are incurred. In the 2009 reporting year, government grants were recognized amounting to €4.6 million.

### Leases

Leases, under the terms of which the lessor retains substantially all rights and obligations deriving from ownership of the leased object are classified as operating leases. Operating lease payments are recorded as an expense in the income statement on a straight-line basis over the term of the lease. There are no significant finance leases.

### Income taxes

Income taxes comprise both current and deferred taxes. Income taxes are recognized in the consolidated income statement unless they are related to items that are directly recognized in equity.

Current taxes are taxes that are expected to be payable on taxable profits of the current fiscal year. They are measured using the tax rate applicable to the year reported. Additionally, any adjustments to tax expenses for previous years are also included here that may arise, for example, as a result of tax field audits.

Deferred taxes are recognized by applying the liability method to all temporary differences existing at the balance sheet reporting date between the carrying amounts of assets, or respectively liabilities, in the IFRS-based statement of financial position and the amounts used for taxation purposes. No deferred taxes were recognized in respect of the following temporary differences:

- the initial recognition of goodwill
- the initial recognition of an asset or a liability relating to a transaction that does not constitute a business combination and which affects neither the profit for commercial accounting purposes nor the taxable result.

Symrise recognizes the effects of changes in tax rates on deferred taxes in the income statement in the reporting period in which the legislative procedures to make the tax changes are substantially completed. Changes that relate to items that have been directly recognized in equity without impacting profit or loss are accordingly also recognized directly in equity in the period in which the change is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current taxes and liabilities and they relate to income taxes levied by the same tax authority on a company.

Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available in future against which deductible temporary timing differences, unutilized tax loss carry forwards or unutilized tax credits can be offset. The carrying amount of the deferred tax assets is reviewed at each balance sheet reporting date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to offset the deferred tax asset.

### Earnings per share

The Group reports the basic undiluted earnings per share for its ordinary shares, which at the same time also represents the diluted earnings per share; this is, therefore, not separately presented. In calculating the undiluted earnings per share, the profit or loss attributable to the ordinary shareholders of the parent company is divided by the weighted average number of ordinary shares outstanding during the year.

### Business combinations and goodwill

Business combinations are accounted for using the purchase method. This comprises the recording of identifiable assets (including intangible assets that were not previously recognized) and liabilities (including contingent liabilities, but not giving consideration to future restructuring measures) of the acquired business operations at their fair values.

Goodwill deriving from a business combination is recognized initially at cost and represents the excess of the cost of the business combination over the Group's share in the fair values of the acquired identifiable assets and liabilities.

Any acquired goodwill is allocated at the acquisition date to the cash-generating units that are expected to benefit from the synergies deriving from the business combination.

In accordance with IFRS 3, in conjunction with IAS 36, goodwill is not amortized on a scheduled basis. An impairment test is conducted on goodwill at least once per year. If indications of impairment exist then a test is carried out more often.

In order to perform the impairment test, the goodwill has to be allocated – after it is acquired – to a cash-generating unit of the Group

that is expected to benefit from the synergies deriving from the business combination. Each such cash-generating unit to which goodwill has been allocated represents the lowest level within the Group at which goodwill is monitored for internal management purposes and is not larger than a segment as determined for purposes of IFRS 8.

#### Other Intangible Assets

Acquired intangible assets are measured at cost for the purpose of initial recognition. The cost of an intangible asset acquired during a business combination represents its fair value at the time of the acquisition.

Internally generated intangible assets are recognized as assets at their costs of generation provided that, as required by IAS 38, the reliable attribution of expenditure is possible, the technical feasibility for completion and marketing is assured, and evidence is available that future economic benefits will be derived.

Costs of generation comprise all costs that are directly or indirectly attributable to the development process as well as any necessary components of overheads that are development-related.

Following initial recognition, intangible assets are stated at cost less accumulated amortization and all accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets that are generated through the development process are amortized on a scheduled straight-line basis from the starting date of their use in production over the term of the anticipated related product life-cycle. At the balance sheet reporting date, there were no intangible assets within the Group that were assessed to have an indefinite useful life.

Other intangible assets with finite useful lives are amortized on a straight-line basis based on the following useful lives:

INTANGIBLE ASSETS	USEFUL LIFE
Software	3 to 15 years
Recipes	7 to 20 years
Trademarks	15 years
Customer data	15 years
Patents and other rights	5 to 20 years

The useful lives and amortization methods for intangible assets are reviewed annually for suitability and prospectively adjusted as necessary.

The carrying amounts of capitalized development costs are tested for impairment once per year if the asset is not yet in use, or respectively, more often, if indications for impairment arise during the year.

Gains and losses deriving from the disposal of intangible assets are determined at the time of disposal by comparing the proceeds of disposal and the carrying amounts of the intangible assets and the differences are recognized in the consolidated income statement

#### Research and Development Costs

Costs related to research activities – i.e. activities that are conducted in order to gain new scientific or chemical-related knowledge – are expensed by Symrise in full. Symrise particularly capitalizes development cost for projects in the “cosmetic ingredients” sector of the “Scent & Care” business division as confirmation of the sustainability of assets in this area can be derived relatively reliably from market studies and all remaining criteria for recognition are fulfilled.

Costs for development activities – i.e. for such activities which realize the results of research activities by implementing them into a production plan or design for new or significantly improved products – are recognized as assets. The prerequisite for such recognition is that the development costs can be reliably determined, that the product is technically and commercially feasible and that a future economic benefit is probable. In addition, Symrise must have the intention and have sufficient resources to complete the development and to use or sell the asset generated. The costs recognized as assets comprise material costs, direct manufacturing labor costs and other directly attributable costs – if these serve the purpose of preparing the asset for use. The capitalized costs are included as “Other intangible assets with finite useful lives” – see note 25. Any other development costs are expensed by Symrise as they are incurred.

#### Property, plant and equipment

Items of property, plant and equipment are recognized at cost less accumulated scheduled depreciation and impairment losses. If the costs of components of the individual items of property, plant and equipment are significant (in comparison to the total costs), then these components are recognized by Symrise as separate items and they are separately depreciated. The cost of so-called qualifying long-term assets – i.e. assets for which a substantial period of time is required to get them ready for their intended use – include capitalized interest costs in accordance with IAS 23R.

Gains and losses deriving from disposals of property, plant and equipment are determined as the difference between the proceeds of disposal and the carrying amounts of the items of property, plant and equipment and are disclosed on a net basis within the consolidated income statement, either under “other operating income” or “other operating expenses” (as applicable).

Depreciation is charged in the consolidated income statement based on the following useful lives. Land is not depreciated.

PROPERTY, PLANT AND EQUIPMENT	USEFUL LIFE
Buildings	20 to 50 years
Plant and machinery	2 to 20 years
Equipment	3 to 20 years

#### Impairment of property, plant and equipment and intangible assets (with the exception of goodwill)

At each balance sheet reporting date, Symrise assesses whether indications exist for the impairment of assets held on a long-term basis.

If this is the case, then the Group makes an estimate of the recoverable amount for the asset. If the recoverable amount cannot be determined for the individual asset, then the estimate of the recoverable amount is made at the level of the smallest cash-generating unit to which the asset belongs.

The recoverable amount of an asset is the higher of its values less any costs to sell it and its value in use. If the carrying amount of the asset exceeds its recoverable amount, then the asset is considered to be impaired and an impairment loss is recorded to reduce the value of the asset to its recoverable amount. In order to determine the value in use, estimated future cash flows deriving from the asset are discounted to their present value using a pre-tax discounting factor. Symrise discloses impairment losses in the consolidated income statement as part of the related functional expenses.

At each closing date, a review is made to check whether any indications exist that any impairment loss recognized in an earlier reporting period is no longer required, or could be reduced. If such an indication exists, then the recoverable amount of the asset is estimated. Any previously recognized impairment loss is reversed if – as a result of a change in estimate since the time when the impairment loss was originally recognized – the asset's recoverable amount now exceeds its carrying amount. The amount of the reversal of the impairment loss must not exceed the amortized cost of the asset which would have resulted if no impairment loss had been recognized in previous years. Such reversal is to be recognized immediately in the result for the period. Following reversal of an impairment loss, scheduled amortization or depreciation for future periods is adjusted as necessary in order to systematically spread the adjusted carrying amount of the asset – less any expected future residual value – over its remaining useful life.

## FINANCIAL INSTRUMENTS

### General information

Financial instruments are all contracts that give rise to a financial asset of one company and a financial liability or equity instrument of another company. Financial assets particularly comprise cash and cash equivalents, trade receivables, loans receivable, as well as derivative financial instruments with a positive market value.

Financial liabilities generally give rise to a claim for return of cash or another form of financial asset. This definition particularly covers bank borrowings, "Schuldscheindarlehen", trade payables, to a small extent liabilities deriving from financing leases, as well as derivative financial instruments with a negative market value.

Financial instruments are recognized as liabilities in the consolidated statement of financial position inasmuch as Symrise incurs a contractual obligation. This means that normal market purchases or sales of financial assets – i.e. purchases or sales for which delivery of the financial asset must be made within the period stipulated by the market in which trading takes place or by convention – are accounted for on the date of trading.

Financial instruments are classified by Symrise, based on their nature, in the category "at cost", or "financial assets and liabilities measured at amortized cost", as well as in the classifications "financial assets and liabilities measured at market values" and "held-to-maturity". Symrise has not taken advantage of the option – upon initial recognition – to classify financial assets and liabilities as at fair value through profit or loss (the fair value option).

The subsequent measurement of financial assets and liabilities is made in accordance with the category to which they have been assigned – "cash and cash equivalents", "financial assets available for sale", "loans and receivables" or "financial liabilities accounted for at amortized cost". For further information, see note 41.

### Derivative financial instruments

Derivative financial instruments are recognized at their fair value and are initially recorded at the time when the contract for the derivative financial instrument is entered into. Such instruments that are not used for purposes of hedging are classified by the company as "held for trading". From May 2008 onwards, Symrise has applied hedge accounting to "cash flow hedges" in the form of interest swaps that are used to hedge future fluctuations in cash flows deriving from bank borrowings. This reduces the volatility of impacts to the income statement. Derivative financial instruments are not held or issued for speculative purposes.

If the strict requirements of IAS 39 with regard to hedge accounting are fulfilled, Symrise designates and documents such hedging relationships thereafter as “cash flow hedges”. In consequence, gains and losses deriving from changes in the value of the interest swaps from this date onwards are no longer shown as part of the financial result but are now disclosed as one of the other components of equity after giving consideration to any deferred taxation implications.

The requirements deriving from IAS 39 and the application of hedge accounting are met by Symrise as follows: When hedging measures are commenced, both the relationship between the hedging instrument and the hedged item as well as the objective and strategy surrounding the hedge are documented. This includes not only the direct allocation of the hedging instrument to the related liability but also the assessment of the degree to which the hedging instrument employed is effective. Existing hedge relationships are regularly monitored to ensure their effectiveness. If a hedge becomes ineffective then it is immediately cancelled. The so-called “Dollar-Offset Method” is used for the purpose of retrospective measurement of the effectiveness. Under this method, a hypothetical derivative is defined. Changes in the fair value of the hypothetical derivative for each hedge period are compared to the respective changes in the fair value of the actual hedge transaction. An effective hedge should always be in the range from 80 % to 125 %, otherwise the swap relationship is considered to be ineffective.

Changes in the fair value of the derivatives are either recognized in the result or recognized in equity as a component of other reserves. Changes in the fair value of derivative instruments that are allocated to a cash flow hedge are initially recognized in equity in the amount of the portion that is determined to be an effective hedge. The change in fair value deriving from the ineffective portion of the hedge is recognized directly as part of the financial result. The transfer to the consolidated income statement occurs at the same time as the impact deriving from the hedged item is recognized in profit or loss.

If derivative financial instruments are not considered for hedge accounting purposes because the conditions for hedge accounting are not fulfilled then these are classified as “held for trading” and are consequently measured at fair value through profit or loss. If the fair value is negative, this leads to recognition as a financial liability.

#### **Trade and other current receivables**

These are measured – where applicable by applying the effective interest method – with their market value at the date they arose less any allowance for impairment. The allowances, which are made in the form of specific allowances for doubtful debts, are sufficient to take account of any anticipated default risks; any actual cases of default lead to write-off of the related receivable. In the process of making specific allowances, financial assets for which allowances are potentially required are grouped together based on similar default risk parameters and are collectively tested for impairment and where necessary an allowance is set up. For the purpose of determining the anticipated future cash flows relating to the portfolio, both the contractually foreseen cash flows and historical default parameters are considered.

Allowances for doubtful trade receivables are in part set up using separate allowance accounts. The decision as to whether a default risk is considered by using an allowance account or by directly reducing the amount of the receivable is dependent upon the degree of reliability with which the risk situation is assessed. Due to the differing nature of the operational segments and different regional circumstances, this assessment is made by the individuals responsible for the specific portfolios.

Other non-current receivables are measured at amortized cost under application of the effective interest method.

#### **CASH AND CASH EQUIVALENTS**

Cash and cash equivalents comprise cash balances and call deposits. Symrise measures cash and cash equivalents at amortized cost.

#### **Available-for-sale financial assets**

Symrise holds marketable securities and other available-for-sale financial assets to a limited extent. Financial assets that are still intended to be held for an indefinite period and which are to be sold in response to needs for liquidity or changes in interest rates are classified under non-current assets as “available-for-sale financial assets”. However, if management expresses the intention to sell the financial assets within twelve months of the balance sheet date, or if these need to be sold in order to generate liquid funds for operational purposes, then they are classified as “current assets”. Following their initial recognition, they are recorded at their fair value; all changes in fair value, with the exception of impairment losses and foreign exchange gains and losses on available-for-sale financial assets, which are recognized as a component of equity. If an asset is derecognized, the cumulative gain or loss is transferred from equity to the consolidated income statement.

### Financial liabilities

Upon initial recognition, financial liabilities are measured at their fair value, including any transaction costs that are directly related to the acquisition. For subsequent measurement purposes, with the exception of derivative financial instruments, they are measured at amortized cost under application of the effective interest method.

### Sales tax

Sales revenues, expenses and assets are recognized net of sales taxes. The following exceptions apply:

- If the sales tax incurred on the purchase of goods and services cannot be recovered from the tax authorities, then the sales tax is accordingly considered to be a component of the expense item; and
- Receivables and payables are recognized with the amount of the sales tax included.

The sales tax amount that is recoverable from or payable to the tax authorities is included in the statement of financial position under other current receivables or other current liabilities.

### Assets held for sale

“Assets held for sale” comprise long-lived assets and disposal groups of a company, which are classified as “held for sale” in accordance with IFRS 5. The fair values of these assets are determined based on market values and expert appraisals. Inasmuch as liabilities relating to the respective disposal groups are identified, then these are also classified as “held for sale”.

### Inventories

Inventories are valued at the lower of cost and net realizable value. The cost of inventories includes the cost of acquiring the inventories, production or conversion costs, and other costs incurred to bring the inventories to their existing location and condition.

Net realizable value is determined as the estimated selling cost less the estimated costs of completion and any necessary selling expenses.

Raw materials are valued using the weighted average purchase cost.

Finished goods and work in process are valued with the cost of direct materials, direct labor as well as other direct costs and a reasonable proportion of manufacturing overheads, based on normal capacity utilization, excluding borrowing costs.

### Pensions and other post-employment benefits

The companies within the Group have various pension schemes set up in accordance with the regulations and practices of the countries in which they operate. Additionally, in two countries agreements exist to provide additional post-employment healthcare benefits. Nearly 90% of these benefits are unfunded.

### Defined contribution plans

A defined contribution plan is a plan under the terms of which a company pays fixed contributions to another entity during the period up to termination of the employment relationship and has no further legal or constructive obligation to pay additional amounts. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense in the consolidated income statement as they become due.

### Defined benefit plans

Defined benefit plans comprise all pension plans other than defined contribution plans. Symrise measures the claim entitlement deriving from defined benefit plans (DBPs) with the actuarially computed present value of the benefit entitlement based on the period of service. The Group’s net pension obligation in respect of the defined benefit plans is calculated separately for each plan by estimating the future pension benefit amount that employees have become entitled to in return for their service in current and prior periods; the amount of this pension benefit is discounted to its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted. The discount rate is determined as the yield at the reporting date on “AA”-rated bonds that have maturity dates that approximate to the payment terms of the Group’s obligations and that are denominated in the same currency as the pension benefits are expected to be paid.

The computation is performed annually by a qualified actuary using the projected unit credit method. If the claim entitlement is not covered by external plan assets, then Symrise recognizes the DBP, corrected for any past-service related expenses/income deriving from retrospective changes in the plan (past service cost), as a liability. If the claim entitlement is covered by the plan assets, Symrise sets off the defined benefit obligation (DBO) against the market value of these assets. The net amount, corrected for any previously unrecognized past service cost and effects deriving from the asset ceiling is recognized either as a pension liability or as an asset.

Actuarial gains and losses are recognized as income or expense, if the net amount of the cumulative unrecognized actuarial gains and losses for each individual plan at the end of the previous reporting period exceeds the higher amount of 10% of the defined benefit obligation or 10% of the fair value of the plan assets at that date. The gains or losses are allocated over the expected average remaining period of service of the employees included in the plan.

The past service cost is recognized as an expense on a straight-line basis over the average period until the entitlement to the benefits becomes vested. Inasmuch as the benefit entitlement becomes vested upon introduction of, or at the time of changes to, a pension plan, then the past service cost is recognized immediately in profit or loss.

The amount of the liability to be recognized deriving from a defined benefit plan comprises the present value of the defined benefit obligation, plus or minus any actuarial gains or losses that have not yet been recognized in profit or loss, minus prior service costs not yet recognized, plus any unrecognized gains deriving from amendments to the plan and minus the fair value of plan assets out of which obligations are to be directly settled.

#### **PROVISIONS**

A provision is recognized if the Group has a current (legal or constructive) obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a pre-tax discount rate that reflects current market expectations as regards the effect of the time value of money and, where applicable, the specific risks associated with the liability. Where discounting takes place, the increase in the provision that results from the passage of time is recognized as a finance expense.

In general, Symrise recognizes increases in provisions against profit or loss. Any positive or negative amount arising out of the difference between the settlement of an obligation and the carrying amount of the provision is recognized by the organization in profit or loss.

Provisions for restructuring measures are recognized to the extent that the criteria defined in IAS 37 are fulfilled

#### **SHARE-BASED REMUNERATION**

The Symrise Group awards share-based remuneration to members of the Executive Board and to strategically important employees, which is paid in cash. The share of the fair value of share-based remuneration with cash settlement terms that is related to services rendered prior to the date of measurement is recorded as a personnel expense for which an "other liability" is disclosed at the same time. The fair value is re-determined at each balance sheet reporting date and also at the date of actual payment. Any change in the fair value is recognized in profit or loss. At the date of payment, the fair value of the liability is equal to the amount that is actually payable to the respective employees. Further information on share-based remuneration is to be found under note 46.

#### **IMPAIRMENT**

##### **FINANCIAL ASSETS**

Financial assets are measured at each reporting date to determine whether there is any objective evidence of impairment. An impairment loss is recorded for financial assets if objective evidence exists that one or more events have had a negative influence on future cash flows deriving from the asset.

An impairment loss in respect of a financial asset recognized at amortized cost is determined as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate. An impairment loss in respect of a financial asset held as available for sale is determined by reference to its fair value.

Individually significant financial assets are tested for impairment on an individual basis. All other financial assets are collected in groups that share similar default risk characteristics and then measured.

All impairment losses are recognized in the consolidated income statement. Gains and losses deriving from financial assets that are designated as available for sale are recognized in equity. Any cumulative gains or losses previously recognized in equity are transferred to the income statement at the time of disposal.

##### **Non-financial assets**

At each balance sheet reporting date, the Group assesses whether evidence exists that a non-financial asset is impaired. The carrying amount of the asset is reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the asset is lower than its recoverable amount. If such indications exist, or if a test for impairment of an assets needs to be made, then the Group makes an estimate of the recoverable amount. The recoverable amount of an asset is the higher of the fair value of the asset or cash-generating unit less any costs to sell it and its value in use. The recoverable amount must be determined for each individual asset unless the asset itself does not generate any cash inflows that are largely independent of those generated by other assets or groups of assets. If the carrying amount of the asset exceeds its recoverable amount, then an impairment loss is recorded to reduce the value of the asset to its recoverable amount. In order to determine an asset's value in use, estimated future cash flows deriving from the asset are discounted to their present value using a pre-tax discount rate.

Impairment losses are recorded in the expense categories that reflect the function of the impaired asset.

If the reasons for impairment cease to be applicable, then the impairment loss may be reversed to the extent that the value of the asset does not exceed its amortized or depreciated costs of acquisition or construction.



### Goodwill

In accordance with IAS 36 ("Impairment of Assets"), Goodwill is tested for impairment at least once per year. If events or changes in circumstances indicate that an impairment loss may need to be recognized, then a test is carried out more frequently.

Any impairment loss is ascertained by determining the recoverable amount attributable to the cash-generating unit to which the goodwill relates. The recoverable amount of a cash-generating unit is the higher of the fair value less any costs to sell it and its value in use.

If the recoverable amount attributable to the cash-generating unit is less than its carrying amount, then an impairment loss is recognized. Impairment losses on goodwill may not be reversed in future periods. The Group carries out its annual impairment test for goodwill as of September 30.

Within the Symrise Group, the two segments "Scent & Care" and "Flavor & Nutrition" have been defined as cash-generating units, whereby as of September 30, 2009, goodwill has been allocated in the amount of € 152.8 million (prior year: € 156.1 million) to the segment "Scent & Care" and in the amount of € 306.3 million (prior year: € 309.3 million) to the segment "Flavor & Nutrition". The recoverable amount is represented by the value in use and was determined as the present value of future cash flows. The future cash flows were determined based on the Symrise Group's planning information. The computation of the present value of estimated future cash flows is mainly based on assumptions relating to future selling prices, or respectively sales volumes, and costs and taking into account the changed economic circumstances. The planning information is based on a detailed planning horizon up to fiscal year 2010. For the two periods subsequent to the detailed planning horizon, planning was based on a growth rate of 5.0%; for precautionary reasons, a growth rate of 0.5% was assumed for measurement of the perpetual annuity. The cash flows so determined were discounted with a weighted after-tax capital cost factor of 7.87% (prior year: 7.98%). There were no indications of impairment for the fiscal year. In performing the impairment test, Symrise carried out sensitivity analyses. For this purpose, the discounting factor was alternatively increased by 1.0 percentage points and the planned EBITs were respectively reduced by 5%. These variations in the measurement parameters again did not result in any required impairment for capitalized goodwill.

### 3 Determination of fair value

Many of the Group's accounting policies require that a fair value is determined for financial and non-financial assets and liabilities. The fair value for measurement purposes has been determined using the methods described below. Further information regarding the assumptions used to determine fair value is contained in the notes specific to the particular asset or liability.

#### Derivates

The fair value for interest swaps corresponds to the market price, inasmuch as an active market exists. If no market price is available, then fair value is estimated by discounting the difference between the contractually agreed price and the current price for the remaining term of the contract using a risk-free interest rate (based on government bonds).

#### Property, plant and equipment

The fair value for items of property, plant and equipment recognized as a result of a business combination is based on market values. The market value for real estate is based on the estimated value at which the real estate could be sold on the day of measurement under the presumption that this would represent a business transaction between a willing buyer and a willing seller under the terms of which both parties operate knowledgeably, prudently and without compulsion and the transaction is preceded by adequate marketing activities. The market values of items of plant, equipment, fixtures and fittings are based on quoted prices for similar items.

#### Intangible assets

The fair value of recipes recognized as a result a business combination is based on discounted estimated royalty payments that were avoided as a result of the recipe becoming owned or based on discounted cash flows that are expected to derive from use of the recipes. The fair value of other intangible assets is based on the discounted cash flows that are expected to derive from the use and eventual sale of the asset.

#### Financial investments and other financial liabilities

The fair value of financial investments that are traded on regulated financial markets is determined by reference to the stock exchange quoted market (bid) price. The fair value of financial investments for which no regulated market exists is derived by reference to the current market price of comparable securities or is calculated based on the cash flows expected to derive from the underlying asset. The fair value of financial liabilities is calculated on the present value of future principal and interest payment cash flows which are discounted using an interest rate valid at the balance sheet closing date.

## 4 Segment information

### Description of segments for which mandatory reporting is required

In the year reported, segment information has been presented for the first time by Symrise in accordance with IFRS 8 - "Operating Segments" (c.f. note 2.2 - "Changes to accounting policies").

A segment is a distinguishable unit of the Group in which either related products are offered, or in which products are offered within a particular market environment (geographical segment) and for which the risks and opportunities are distinguishable from those of other segments. Segment information is summarized in compliance with internal reporting structures into the business divisions and geographical regions in which the Group operates. The business divisions are determined based on the Group's reporting and controlling system, which is used by the Group's management particularly for the purpose of monitoring the success of operations and for allocating resources.

The Symrise Group is currently active in two business segments; the segments "Flavor & Nutrition" and "Scent & Care". The segments cover products and customer solutions for these areas.

In the business division **Flavor & Nutrition**, Symrise develops, produces and sells flavors that are used by customers in the production of food products (seasoned and sweetened food products as well as dairy products) and beverages. In this connection, Symrise uses a modular concept in which individual aroma components are offered as complete product solutions for end-consumers.

In the business division **Scent & Care** Symrise develops, produces and sells fragrances, cosmetic ingredients, aroma molecules and mint aromas and develops special application processes for such substances. The products and application processes that are developed by Symrise in the Scent & Care division are used by customers in the manufacture of perfumes, body-care products, cosmetic products, dental care products or for cleaning products and detergents.

The segment reporting by region is aligned to the location of assets. Sales to customers are reported in the geographical segment in which the customer is located. Territories are grouped together for internal controlling and reporting purposes into the regions EAME (Europe, Africa, Middle-East) North America, Asia/Pacific and South America.

### Measurement criteria for segments and assets employed

Transactions are conducted between the two segments only to a limited extent. These are transacted at market prices and have not been separately disclosed for materiality reasons. External sales revenues represent the sales of the two segments with non-Group third parties and thus in their sum are equal to the consolidated sales of the Symrise Group. The same applies to the receivables and payables, or respectively the assets and liabilities, of the two segments and in total for those of the Symrise Group.

The results, assets and liabilities for a segment include assets employed which can be directly assigned to the segment and also assets employed that can be reasonably and consistently allocated to the segment. The capital investment in fixed assets for a segment covers the total capital expenditure incurred in the period reported for purchases of property, plant and equipment and intangible assets.

The income and expenditure, as well as the assets and liabilities of the Symrise Group's central units and functions, are completely included in the two segments "Flavor & Nutrition" and "Scent & Care" based on performance-related, or respectively utilization-related, criteria. The result-related determining factor for the management of the segments is the operating result, representing the result before considering financial income and expenses as well as taxes. The financial result is not included as the segments are mainly centrally financed. This is the reason why financial income and expenses are disclosed lower down at Group level combined together in the form of the financial result. Taxes are treated in a similar manner so that net income after tax is reported combined to give the Group result.

This process results in an asymmetrical allocation in the sense that the disclosed assets and liabilities of the segments include interest-bearing assets and liabilities as well as tax receivables and tax payables. If a symmetrical allocation had been undertaken, then segment assets and liabilities would have been correspondingly adjusted to take financial income and expenses as well as taxes into account.

The accounting rules applied for the purposes of segment reporting are generally consistent with the accounting rules applied by Symrise, which are described in note 2. - "Accounting policies".

## SEGMENT RESULTS

2008 T€	FLAVOR & NUTRITION	SCENT & CARE	NOT ATTRIBUTABLE	TOTAL BUSINESS DIVISIONS = TOTAL GROUP
External sales	648,084	671,778	0	1,319,862
Cost of sales	-365,146	-397,231	0	-762,377
<b>Gross profit</b>	<b>282,938</b>	<b>274,547</b>	<b>0</b>	<b>557,485</b>
Other operating income	4,053	6,228	0	10,281
Selling and marketing expenses	-111,411	-103,726	0	-215,137
Research and development expenses	-43,564	-42,621	0	-86,185
Administration expenses	-37,247	-36,908	0	-74,155
Other operating expenses	-2,641	-2,692	0	-5,333
<b>Income from operations/EBIT</b>	<b>92,128</b>	<b>94,828</b>	<b>0</b>	<b>186,956</b>
Financial result				-52,174
<b>Income before income taxes</b>				<b>134,782</b>
Income taxes				-44,396
<b>Net income</b>				<b>90,386</b>
<b>Assets and liabilities</b>				
Segment assets	892,947	899,895	97,715	1,890,557
Segment liabilities	167,562	181,764	892,836	1,242,162
<b>Other segment information</b>				
Investment, including business acquisitions				
Intangible assets(excluding goodwill)	42,160	46,959	0	89,119
Goodwill	22,150	26,119	430	48,699
Property, plant and equipment	21,567	21,500	0	43,067
Amortization of intangible assets	-21,972	-17,089	0	-39,061
Depreciation of property, plant and equipment	-17,928	-18,144	0	-36,072
Impairment loss reversals included in the result for the period	83	5,090	0	5,173
Material other non-cash expenses	-16,622	-18,138	0	-34,760

## SEGMENT RESULTS

2009 T€	FLAVOR & NUTRITION	SCENT & CARE	NOT ATTRIBUTABLE	TOTAL BUSINESS DIVISIONS = TOTAL GROUP
External sales	679,666	682,288	0	1,361,954
Cost of sales	-386,869	-417,161	0	-804,030
<b>Gross profit</b>	<b>292,797</b>	<b>265,127</b>	<b>0</b>	<b>557,924</b>
Other operating income	5,274	7,046	0	12,320
Selling and marketing expenses	-115,914	-113,362	0	-229,276
Research and development expenses	-46,578	-49,108	0	-95,686
Administration expenses	-41,569	-39,889	0	-81,458
Other operating expenses	-358	-455	0	-813
Restructuring costs included as expenses	-6,058	-13,827	0	-19,885
<b>Income from operations/EBIT</b>	<b>93,652</b>	<b>69,359</b>	<b>0</b>	<b>163,011</b>
Financial result				-46,292
<b>Income before income taxes</b>				<b>116,719</b>
Income taxes				-32,370
<b>Net income</b>				<b>84,349</b>
<b>Assets and liabilities</b>				
Segment assets	900,269	868,839	126,123	1,895,231
Segment liabilities	199,213	183,689	823,365	1,206,267
<b>Other segment information</b>				
Investment, including business acquisitions				
Intangible assets	7,664	9,828	0	17,492
Property, plant and equipment	23,547	15,634	0	39,181
Amortization of intangible assets	-22,198	-22,765	0	-44,963
Depreciation of property, plant and equipment	-21,200	-20,394	0	-41,594
Material other non-cash expenses	-34,847	-35,721	-659	-71,227

The material other non-cash expenses include additions to provisions (mainly for pensions and restructuring measures) and liabilities set up (mainly employee-related liabilities).

There were no customers – either in the year reported or in the previous year – with which more than 10% of Group sales were transacted.

## RESULT BY GEOGRAPHICAL REGION

2008 T€	EAME*	NORTH AMERICA	ASIA/ PACIFIC	SOUTH AMERICA	TOTAL
<b>Sales</b>					
Sales by region (point of delivery)	705,419	257,229	262,223	94,991	1,319,862
Domestic					203,490
Foreign					1,116,372
<b>Other segment information</b>					
Segment assets	1,176,909	319,070	215,175	179,403	1,890,557
Of which: non-current assets**					
Domestic					676,113
Total foreign					570,264
Investment, including business acquisitions					
Intangible assets (excluding goodwill)	13,312	75,493	20	294	89,119
Goodwill	0	48,269	430	0	48,699
Property, plant and equipment	21,092	8,790	4,549	8,636	43,067
Research and development expenses	53,582	15,535	11,014	6,054	86,185
<b>2009 T€</b>	<b>EAME*</b>	<b>NORTH AMERICA</b>	<b>ASIA/ PACIFIC</b>	<b>SOUTH AMERICA</b>	<b>TOTAL</b>
<b>Sales</b>					
Sales by region (point of delivery)	679,449	293,187	282,471	106,847	1,361,954
Domestic					193,934
Foreign					1,168,020
<b>Other segment information</b>					
Segment assets	1,159,347	311,596	229,739	194,548	1,895,231
Of which: non-current assets**					
Domestic					669,916
Total foreign					553,772
Investment					
Intangible assets	15,239	809	263	1,181	17,492
Property, plant and equipment	22,499	5,361	6,672	4,649	39,181
Research and development expenses	59,582	18,342	11,349	6,413	95,686

\* Europe, Africa, Middle East

\*\* Excluding financial instruments and deferred tax assets

**FURTHER COMMENTS RELATING TO  
THE CONSOLIDATED INCOME STATEMENT**

**5 Sales**

Sales revenue results primarily from the sale of products. Please refer to the segment reporting information that is presented in note 4 for a presentation of sales by business division and geographical region.

**6 Other operating income**

€	2008	2009
Income from government subsidies	0	4,592
Income from service units	2,433	2,541
IT development costs	0	663
Income from the reversal of provisions and other liabilities	1,816	870
Income from insurance compensation and damage claims	1,880	448
Rental income	894	329
Release of allowances against receivables	424	0
Miscellaneous other income	2,834	2,787
<b>Total</b>	<b>10,281</b>	<b>12,320</b>

The government subsidies were granted in France (€4.0 million) and Germany to promote research projects as well as in Singapore and China in respect of investments in future technology.

The income from service units results from services performed by Group companies and mainly comprise canteen income, rental and lease income as well as further services performed for third parties.

IT development costs were incurred on behalf of Group companies in the previous year; they were charged out in the current year and capitalized by the companies who received the benefits.

The total amount of miscellaneous other income is made up of a large number of individually insignificant items.

**7 Personnel expenses**

The following personnel expenses are included in the consolidated income statement:

€	2008	2009
Wages and salaries	-229,866	-239,086
Social security charges	-46,640	-51,058
Pension expense (excluding interest expense)	-6,504	-7,242
Success-based remuneration	-549	-1,419
<b>Total</b>	<b>-283,559</b>	<b>-298,805</b>

The personnel expenses mainly include wages and salaries and other forms of remuneration and rewards granted to employees.

The social security charges include social security contributions that the organization is required by to make by law. These include defined contribution plan benefits amounting to €9.9 million (2008: €10.0 million). The share thereof incurred by German companies amounts to €9.6 million (2008: €9.9 million).

The pension expense mainly comprises employer contributions to company supplementary benefit schemes. The interest impact deriving from the unwinding of discounted pensions is disclosed as a component of the financial result (see note 12).

Expenses deriving from success-based remuneration were allocated in 2009 to the relevant functions in which the respective responsible managers were active. In 2009 the amounts incurred were T€805 included under administration expenses (2008: T€338), T€391 under selling and marketing expenses (2008: T€211) and T€223 under research and development expenses (2008: T€0).

The average number of employees (excluding trainees) employed within the Group in 2009 was 5,004 (prior year: 5,039).

	2008	2009
Manufacturing and technology	1,968	1,947
Sales and marketing	1,398	1,403
Research and development	945	934
Administration	403	397
Service units	325	323
<b>Total number of employees</b>	<b>5,039</b>	<b>5,004</b>
Trainees	113	112
<b>Total (including trainees)</b>	<b>5,152</b>	<b>5,116</b>

## 8 Research and development expenses

In addition to the costs of Symrise's own research departments, this item also includes costs for external services and trial-related activities. Activities in this area include both basic research and development of products to generate sales revenues and also development of new or improved processes to reduce the cost of sales.

## 9 Administration expenses

Administration expenses are made up as follows:

€	2008	2009
Information technology	-21,291	-23,645
Finance and financial controlling	-19,465	-21,144
Human resources	-9,362	-9,525
Other administration expenses	-23,699	-26,339
<b>Subtotal</b>	<b>-73,817</b>	<b>-80,653</b>
Success-based remuneration	-338	-805
<b>Total</b>	<b>-74,155</b>	<b>-81,458</b>

The reason for the increase in other administration expenses is particularly due to integration costs in the USA as well as due to expenses which were included under "other operating expenses" in the previous year. The additional information technology costs are a result of SAP implementations which took place in Singapore, Argentina and Switzerland.

## 10 Other operating expenses

Due to an improvement in the accounting system, from 2009 onwards, expenses previously included under other operating expenses have been allocated to functions, mainly the administration function.

## 11 Restructuring costs

These mainly comprise termination payments made to employees (€12.6 million) and impairment losses (€3.5 million) on assets that were incurred as a result of the global restructuring program to transform work processes, particularly within the EAME and USA regions.

The program provides for the closure and amalgamation of production locations (in Spain, Switzerland, Germany, the USA and Great Britain) in order to gain benefits from synergies in operational processes. Furthermore, by concentrating global resources, a start has been made

to eliminate hierarchy levels and to redesign and optimize operating processes throughout the whole Group, particularly in the production, supply chain, sales support and development areas.

## 12 Financial result

€	2008	2009
Interest income		
from bank deposits	653	801
from derivatives*	38,806	12,725
other	869	578
<b>Interest income*</b>	<b>40,328</b>	<b>14,104</b>
Change in financial assets based on measurement at fair value through profit or loss	0	458
Other finance income	152	322
<b>Finance income</b>	<b>40,480</b>	<b>14,884</b>
Interest expenses		
for bank borrowings	-32,122	-11,767
for derivatives*	-34,410	-26,381
other	-15,001	-15,746
<b>Interest expenses*</b>	<b>-81,533</b>	<b>-53,894</b>
Foreign currency losses/gains primarily from external and internal Group lending	-9,102	-2,001
Change in financial assets based on measurement at fair value through profit or loss	-1,695	-3,025
Other financial expenses	-324	-2,256
<b>Financial expenses</b>	<b>-92,654</b>	<b>-61,176</b>
<b>Financial result</b>	<b>-52,174</b>	<b>-46,292</b>

\* Prior year figures have been reclassified; refer to the comments in note 2.3.2 - "Accounting policies - Changes in presentation".

Changes in the fair value measurement of derivative financial instruments (interest swaps) impacted results by a total of €-3.0 million (2008: €-1.7 million).

Other interest expenses amounting to €15.7 million (2008: €15.0 million) include the unwinding of discount on pension provisions amounting to €12.6 million (2008: €10.7 million).

Due to the application of IAS 23R, which is mandatory from January 1, 2009 onwards, relatively insignificant amounts of borrowing costs were capitalized as part of the cost of so-called “qualifying assets”. The financing cost factor used was 6.01 %.

### 13 Income taxes

Income taxes disclosed comprise current taxes paid or owing in individual territories as well as deferred taxes.

€	2008	2009
<b>Current tax expense</b>	<b>-33,949</b>	<b>-39,874</b>
Deferred tax income/expense		
from losses carried forward	-15,144	-3,649
from temporary differences	4,697	11,153
<b>Total deferred tax expense/income</b>	<b>-10,447</b>	<b>7,504</b>
<b>Income taxes</b>	<b>-44,396</b>	<b>-32,370</b>

It again proved possible to significantly reduce the overall income tax expense for the year reported. Despite a higher provision for risks than was set up in the previous year, with a resultant increase in current taxes, the total income tax expense reduced by € 12.0 million to € 32.4 million. Highly significant contributing factors to this development have been an improved concept for the utilization of tax loss carry forwards and a change in the financing structure. Furthermore, due to scheduled depreciation and amortization, it was possible in 2009 to reduce the temporary measurement differences in the area of non-current assets that had arisen in 2008 due to special effects deriving from the reversal of impairment losses.

**Derivation of the effective tax rate.** The income taxes disclosed in the year reported, amounting to € 32.4 million (2008: € 44.4 million) can be reconciled to an “expected” income tax expense, which would have arisen if the statutory tax rates, giving consideration to different local tax rates, had been applied to the consolidated earnings before tax:

€	2008	2009
<b>Consolidated earnings before tax</b>	<b>134,782</b>	<b>116,719</b>
Expected tax expense calculated at local tax rates	-38,589	-28,564
Tax effect deriving from prior periods	-5,848	-9,300
Tax effect deriving from tax-free income	252	5,752
Tax saving due to the set-off of tax loss carry forwards for which no deferred tax asset was set up	3,754	4,856
Tax effect deriving from non-deductible expenses	-2,845	-2,744
Non-recoverable withholding tax	-257	-1,831
Tax effect of measurement adjustments to deferred tax assets	-463	-689
Tax effect deriving from change in tax rate	-32	-6
Tax effect from losses for which no deferred tax asset was set up	-18	0
Other tax effects	-350	156
<b>Income tax expense</b>	<b>-44,396</b>	<b>-32,370</b>

The income tax expense in the year reported was again influenced by impacts that were not directly related to the period. Following expenses amounting to € 5.2 million in the previous year, which derived from tax field audits covering earlier years, the processing of ongoing tax field audits and provision for tax risks in 2009 contributed an impact of € 9.3 million to the total tax expense.

In the year reported, government subsidies and tax benefits for innovative activities and self-generated intangible assets led for the first time to a significant increase in tax-free income.

In 2009, it was again possible to set off tax loss carry forwards, for which no deferred tax assets had been set up. The increase in this positive effect from € 3.8 million to € 4.9 million also results from the increased potential to utilize tax loss carry forwards that is due to improved concepts in this area.

### 14 Amortization and depreciation

The amounts for amortization of intangible assets and depreciation of property, plant and equipment are visible in the schedules showing movements in non-current assets that are included under notes 25 and 26.



## 15 Earnings per share

	2008	2009
<b>Earning per share (€)</b>	<b>0.76</b>	<b>0.71</b>
Weighted average number of ordinary shares (in thousands)	118,173	118,173

Basic undiluted earnings per share are calculated by dividing the profit for the year attributable to the holders of the parent company's ordinary shares by the average number of ordinary shares outstanding during the year.

No option or conversion rights were issued either in 2009 or 2008; as a consequence, there is no dilutive effect on the earnings per share. The diluted and basic undiluted results are thus identical.

## FURTHER COMMENTS RELATING TO THE CONSOLIDATED BALANCE SHEET

## 16 Cash and cash equivalents

€	2008	2009
Cash	68,664	80,431
Cash equivalents	196	109
<b>Total</b>	<b>68,860</b>	<b>80,540</b>

Cash and cash equivalents mainly comprise balances with banks and for the most significant Group currencies earn interest at variable interest rates of up to 5% (2008: between 0.5% and 7.0%). The carrying amounts of these balances represent their values.

## 17 Trade receivables

€	2008	2009
Trade receivables	224.007	231.719
Less: allowances for doubtful accounts	-2.321	-3.340
<b>Trade receivables, net</b>	<b>221.686</b>	<b>228.379</b>

Trade receivables due to the companies are not secured. The organization therefore bears the risk of default on payment of the receivables. However, the Company's experience in the past was that only insignificant cases of default arose with some individual customers. The carrying amount of the trade receivables represents their fair value. The Company grants credit terms that are normal for the industry and the territories in which it operates.

The due-dates for unsettled trade receivables at the reporting date and the related allowances for doubtful accounts receivable have developed as follows:

€	CARRYING AMOUNT (GROSS)	NO ALLOWANCE SET UP AND ALSO NOT OVERDUE	FULL OR PARTIAL ALLOWANCE SET UP	SPECIFIC ALLOWANCE SET UP	OVERDUE FOR 1 - 30 DAYS	OVERDUE FOR 31 - 90 DAYS	OVERDUE FOR 91 - 360 DAYS	OVERDUE FOR MORE THAN ONE YEAR	OVERDUE BUT NO ALLOWANCE SET UP
Dec. 31, 2008									
Trade receivables	224,007	190,366	33,641	2,321	22,176	7,647	2,556	1,262	0
Dec. 31, 2009									
Trade receivables	231,719	203,269	28,450	3,340	19,568	5,139	2,371	1,372	0

The development for the allowances for doubtful trade receivables during the year reported was as follows:

T€	2008	2009
Balances as of January 1	4,147	2,321
Foreign currency differences	14	16
Allowances set up	2,304	2,230
Allowances utilized in the year reported	-916	-265
Allowances reversed	-3,228	-962
<b>Balances as of December 31</b>	<b>2,321</b>	<b>3,340</b>

The risk of default for trade receivables is limited due to the large number of customers and their widely diversified activities in different markets.

The expenses deriving from the set up of allowances for doubtful trade receivables and debt write-offs are disclosed under selling and marketing expenses. They relate to a large number of individual cases.

## 18 Inventories

T€	2008	2009
Raw materials	96,318	89,790
Work in progress	67,094	61,677
Finished goods *	105,812	96,536
Less: Impairment losses	-10,618	-13,224
<b>Total</b>	<b>258,606</b>	<b>234,779</b>

\* Prior year figures have been changed; refer to the comments in note 2.3.3 - "Accounting policies - Adjustment of prior year figures/final purchase price allocations".

As a result of a process of unrelenting focus on working capital management, which commenced at the end of the previous year, the Group's inventories have been critically monitored as regards their range of coverage and marketability. This process has resulted in a reduction in inventories for all units.

Costs of materials amounting to €576.7 million were recognized in the consolidated income statement and are included in the cost of sales (2008: €547.2million).

The impairment losses of €13.2 million (2008: €10.6 million) are made up as follows: €5.7 million (2008: €4.6 million) for raw materials, €2.0 million (2008: €1.6 million) for work in process and €5.5 million (2008: €4.4 million) for finished goods. The impairment losses were included in the material costs.

## 19 Prepayments, other assets and receivables

T€	2008	2009
Taxes other than on income	18,962	23,449
Advance payment for acquisition of "Futura Labs"	0	19,506
Other prepayments	8,531	11,614
Litigation claims	1,895	2,014
Receivables from employees	603	1,223
Non-trade receivables from customers	1,656	1,109
Security deposits, guarantees and rental deposits	1,488	748
Other assets	2,765	1,434
<b>Total</b>	<b>35,900</b>	<b>61,097</b>

In order to improve comparability, the presentation of previous year's data for prepayments, other assets and receivables has been made in more detail. All items in excess of T€500 have been separately listed.

Other prepayments relate particularly to advance payments made in respect of customer bonuses and payments made to achieve inclusion in customer supplier listings. Such amounts are then amortized over the agreed contract periods.

Taxes other than income tax mainly comprise value-added tax.

Prepayments, other assets and receivable are not secured. Symrise therefore bears the risk of default on payment for the carrying amounts of the receivables. However, the Company's experience in the past was that only insignificant cases of default arose. The reporting line item includes only a minimal amount of allowances; due to this lack of materiality, presentation of the development of these allowances accounts has been waived.

The carrying amount of prepayments, other assets and receivables represents their fair value.

## 20 Assets held for sale

As a consequence of the restructuring process (refer to note 11), a decision was taken to close the "Scent & Care" production location in Switzerland and to relocate it to Holzminden. The intention is to sell the land and all production and administration buildings before the end of the first quarter of 2010. These assets were reclassified as assets "held for sale" for first half-year reporting purposes and from that date onwards have not been depreciated on a scheduled basis. They are measured at their fair values by reference to market prices less

expected costs of disposal, which were determined based on expert appraisals.

Buildings with a value of T€806 were sold already in the fourth quarter of 2009. A loss of T€21 was incurred after deducting the carrying amount of the buildings, amounting to T€827.

The assets that were classified as "held for sale" in 2008 (T€50) have been reclassified to non-current assets in the year reported, as disposal within the short-term is no longer considered to be likely.

2008 T€	LAND AND BUILDINGS	TOTAL
Carrying amount before reclassification as held for sale		
Germany	50	50
<b>Total</b>	<b>50</b>	<b>50</b>

2009 T€	LAND AND BUILDINGS	TOTAL
Carrying amount before reclassification as held for sale		
Switzerland	3,003	3,003
<b>Total</b>	<b>3,003</b>	<b>3,003</b>

## 21 Deferred taxation

Deferred tax assets and liabilities are made up as follows:

T€	2008			2009		
	DEFERRED TAX ASSETS	DEFERRED TAX LIABILITIES	DEFERRED TAX INCOME/ EXPENSE (-)	DEFERRED TAX ASSETS	DEFERRED TAX LIABILITIES	DEFERRED TAX INCOME/ EXPENSE (-)
Intangible assets	5,776	94,770	9,003	4,228	82,604	10,618
Property, plant and equipment	6,344	47,251	-1,370	7,158	44,793	3,298
Financial investments	0	16	-12	0	23	-7
Inventories	7,427	1,992	552	7,777	2,969	-627
Receivables	887	40	1,349	1,531	703	-20
Other assets	1,172	5,574	-284	1,100	5,357	145
Pension provisions	9,604	586	-1,451	9,820	751	51
Other provisions and accruals	3,929	244	-819	6,972	327	2,961
Other liabilities	12,776	9,412	-2,271	8,087	9,140	-5,266
Tax loss carry forwards	44,568	0	-15,144	40,919	0	-3,649
<b>Subtotal</b>	<b>92,484</b>	<b>159,885</b>	<b>-10,447</b>	<b>87,619</b>	<b>146,667</b>	<b>7,504</b>
Set-off	-48,093	-48,093	0	-43,710	-43,710	0
<b>Total</b>	<b>44,392</b>	<b>111,792</b>	<b>-10,447</b>	<b>43,909</b>	<b>102,957</b>	<b>7,504</b>

In 2009, deferred tax income amounted to €7.5 million compared to a deferred tax expense of €10.4 million in 2008. This change primarily derives from the fact that temporary measurement differences in the area of non-current assets, which had arisen in 2008 due to special effects deriving from the reversal of impairment losses, were reduced by scheduled amortization and depreciation. In addition, more tax loss carry forwards were available in Germany for 2008.

For the first time in the year reported, deferred tax assets and liabilities do not include currency translation impacts (2008: €0.2 million). A deferred tax asset of €7.4 million derived from hedging of interest rates. In accordance with hedge accounting provisions, the offset accounting entry was made directly in equity.

Reference is made to note 13 with respect to changes in deferred tax assets that derive from tax loss carry forwards.

The following table shows the periods over which tax loss carry forwards can be utilized or when they expire:

REMAINING TERMS FOR TAX LOSS CARRY FORWARDS	2008			2009		
	TOTAL	NOT UTILIZABLE	UTILIZABLE	TOTAL	NOT UTILIZABLE	UTILIZABLE
T€						
In one year	0	0	0	0	0	0
In two years	0	0	0	0	0	0
In three years	319	68	251	276	33	243
In four years	445	445	0	318	301	17
In five or more years	47,140	13,310	33,830	41,209	9,417	31,792
Unlimited term for tax loss carry forwards	122,441	15,672	106,769	100,944	1,809	99,135
<b>Total</b>	<b>170,345</b>	<b>29,495</b>	<b>140,850</b>	<b>142,747</b>	<b>11,560</b>	<b>131,187</b>

In order to calculate the figures in the above table, the loss carry-forward of those entities subject to two types of income tax was determined using the combined tax rate, taking the resulting deferred tax assets as a basis (where applicable, before any recognition adjustment).

Total corporate income tax loss carry-forwards amounted to €108.2 million (2008: €170.8 million). In addition, tax loss carry-forwards of €140.1 million (2008: €116.5) existed for other categories of income tax, primarily for trade tax in Germany and US state tax.

Use of the tax loss carry-forwards, and thus the measurement of corresponding deferred tax assets, is supported by tax planning information.

In 2009, tax loss carry-forwards were utilized particularly in Germany, Mexico, Brazil and France. Only a small amount of new tax loss carry-forwards arose, the bulk of which can be utilized, however, in the next 3 to 5 years. In consequence, allowances for impairment recorded against deferred tax assets only amounted to €3.9 million (2008: €5.8 million). These measurement corrections relate mainly to the territories Mexico, the USA and France.

As expected, despite legal restrictions, it was possible to make use of tax loss carry-forwards in Mexico, due to beneficial business trends and adequate financing. The restriction of utilization possibilities was taken into account by making an allowance for impairment of €1.5 million (2008: €3.0 million) against the related deferred tax assets.

In addition, the tax loss carry-forwards for US state tax purposes were partially categorized as being not utilizable as their use is restricted due to local tax regulations. The corresponding impairment of deferred tax assets amounted to €1.8 million (2008: €1.1 million).

Furthermore, the corporate tax losses in France are partly categorized as not utilizable, as it cannot be assumed that they can be fully offset against taxable income in the foreseeable future. The corresponding correction for impairment of deferred tax assets amounted to €0.6 million (prior year: €1.3 million).

The calculation of foreign income taxes is based on the legal regulations prevailing in the respective countries. The tax rates for the individual companies vary from 10% to 42%, excluding financing entities.

## 22 Other non-current assets and receivables

€	2008	2009
Security deposits, guarantees and rental deposits	1,393	1,692
Prepayments, customer bonuses	0	958
Taxes other than on income	0	567
Loans to customers/employees	707	301
Other loans	795	284
<b>Total</b>	<b>2,895</b>	<b>3,802</b>

We refer to note 19 - "Prepayments, other assets and receivables" with regard to prepayments and customer bonuses.

The carrying amount of other non-current assets and receivables is equivalent to their fair value.

## 23 Financial assets

Non-current financial assets include participatory investments in other companies as well as shares in investment funds that have to be held in compliance with legislative requirements for pension obligations in Austria.

## 24 Investments in associates

These investments are accounted for at their acquisition costs plus any subsequent changes in the net assets of the investment in accordance with the equity method of accounting.

## 25 Intangible assets

2008 T€	GOODWILL	RECIPES <sup>1)</sup> WITH FINITE USEFUL LIVES	RECIPES <sup>1)</sup> WITH INDEFINITE USEFUL LIVES	OTHER INTANGIBLE ASSETS <sup>2)</sup> WITH FINITE USEFUL LIVES	OTHER INTANGIBLE ASSETS <sup>3)</sup> WITH INDEFINITE USEFUL LIVES	ADVANCE PAYMENTS	TOTAL
<b>Cost</b>							
As of January 1, 2008	445,043	480,476	63,062	33,183	11,202	11,529	1,044,495
Acquisitions*	48,265	36,526	0	38,695	0	0	123,486
Additions	434	0	0	6,788	0	7,110	14,332
Currency translation impacts	-4,182	-152	-982	728	0	-5	-4,593
Disposals	0	0	0	-2,477	0	0	-2,477
Transfers	0	1,119	0	5,339	-4,443	-2,015	0
As of Dec. 31, 2008*	489,560	517,969	62,080	82,256	6,759	16,619	1,175,243
<b>Accumulated amortiza- tion/impairment</b>							
As of January 1, 2008	-33,118	-230,749	0	-17,615	0	0	-281,482
Scheduled amortization for the fiscal year	0	-34,055	0	-5,006	0	0	-39,061
Currency translation impacts	-597	1,141	0	-337	0	0	207
Impairment loss reversals	0	0	0	60	0	0	60
Disposals	0	0	0	2,411	0	0	2,411
As of Dec. 31, 2008	-33,715	-263,663	0	-20,487	0	0	-317,865
<b>Carrying amounts</b>							
As of January 1, 2008	411,925	249,727	63,062	15,568	11,202	11,529	763,013
As of Dec. 31, 2008*	455,845	254,306	62,080	61,769	6,759	16,619	857,378

\* Amounts were adjusted; refer to the comments in note 2.3.3 – "Adjustment of prior year figures/final purchase price allocations".

<sup>1)</sup> Recipes mainly consist of production formulas

<sup>2)</sup> Software, patents and other similar rights, development costs

<sup>3)</sup> Trademarks

2009 T€	GOODWILL	RECIPES <sup>1)</sup> WITH FINITE USEFUL LIVES	RECIPES <sup>1)</sup> WITH INDEFINITE USEFUL LIVES	OTHER INTANGIBLE ASSETS <sup>2)</sup> WITH FINITE USEFUL LIVES	OTHER INTANGIBLE ASSETS <sup>3)</sup> WITH INDEFINITE USEFUL LIVES	ADVANCE PAYMENTS	TOTAL
<b>Cost</b>							
As of January 1, 2009*	489,560	517,969	62,080	82,256	6,759	16,619	1,175,243
Additions	0	0	0	12,911	0	4,581	17,492
Disposals	0	-14	0	-1,540	0	-85	-1,639
Transfers	0	63,041	-63,041	17,154	-6,759	-10,395	0
Currency translation impacts	5,581	4,614	961	-1,297	0	69	9,928
As of Dec. 31, 2009	495,141	585,610	0	109,484	0	10,789	1,201,024
<b>Accumulated amortiza- tion/impairment</b>							
As of January 1, 2009	-33,715	-263,663	0	-20,487	0	0	-317,865
Scheduled amortization for the fiscal year	0	-37,850	0	-6,344	0	0	-44,194
Impairment losses recognized	0	0	0	-769	0	0	-769
Impairment loss reversals	0	0	0	0	0	0	0
Disposals	0	0	0	1,529	0	0	1,529
Currency translation impacts	188	-2,283	0	37	0	0	-2,058
As of Dec. 31, 2009	-33,527	-303,796	0	-26,034	0	0	-363,357
<b>Carrying amounts</b>							
As of January 1, 2009*	455,845	254,306	62,080	61,768	6,759	16,619	857,378
As of Dec. 31, 2009	461,614	281,814	0	83,450	0	10,789	837,667

\* Prior year amounts were adjusted; refer to the comments in note 2.3.3 – "Adjustment of prior year figures/final purchase price allocations".

<sup>1)</sup> Recipes mainly consist of production formulas

<sup>2)</sup> Patents and other similar rights, software, trademarks and development costs

<sup>3)</sup> Trademarks

The disclosed amount for goodwill, of €461.6 million (2008: €455.8 million), derives from difference amounts that arise during the investment consolidation process. The increase derives from the currency translation of goodwill recognized by foreign business operations that is designated in foreign currencies and then translated into the Group's reporting currency, the euro. In conformity with IFRS 3, in conjunction with IAS 36, Goodwill is subjected to an annual impairment test. The impairment test for 2009 resulted in no requirement to record an impairment loss as the recoverable amounts determined for the cash-generating units exceeded their respective carrying amounts. The cash flows determined in this process were discounted with a weighted after-tax capital cost factor of 7.87% (2008: 8.00%). More detailed comments are to be found in note 2.5.

Certain recipes and trademarks, which were acquired as a result of the business combination on October 1, 2002 were classified as having indefinite useful lives. During the course of fiscal year 2009, due to changes in surrounding market conditions, the recipes (€62.1 million) and trademarks (€6.7 million), previously classified as having an indefinite useful life were reclassified and assigned finite useful lives of 15, and respectively 20, years. Further, more detailed, note disclosures are to be found in note 2.3.1.

Pursuant to IAS 38, it is mandatory to capitalize development costs if certain, precisely specified preconditions exist. Within the Symrise Group, development costs are capitalized particularly in the "Scent & Care" segment, as confirmation of the sustainability of assets in this

area can be derived relatively reliably from market studies and all remaining criteria for recognition are fulfilled. During 2009, development costs of €6.7 million were capitalized, a significant amount of which (€3.0 million) resulted from our partnership with Cambridge Theragnostics Limited. Research and development expenses, which were directly expensed in the income statement, amounted in fiscal year 2009 to €95.7 million (2008: €86.2 million).

Further major additions in this fiscal year were in connection with the global roll-out of SAP (€7 million) and the acquisition of a patent (€ 1.9 million).

The amortization of recipes and customer-bases is allocated to production and is therefore included in the cost of sales. The amortization of other intangible assets is generally allocated to the respective functional areas included in the income statement. Impairment losses of T€769 have been recognized in *intangible assets* in the context of restructuring measures within the Symrise Group (see note 11).

## 26 Property, plant and equipment

2008 T€	LAND AND BUILDINGS	PLANT AND MACHINERY	EQUIPMENT	ADVANCE PAYMENTS	TOTAL
<b>Cost</b>					
<b>As of January 1, 2008</b>	<b>281,718</b>	<b>215,172</b>	<b>100,381</b>	<b>28,011</b>	<b>625,282</b>
Acquisitions*	0	4,655	274	0	4,929
Additions	1,722	4,250	5,755	26,411	38,138
Disposals	-759	-2,469	-4,400	-232	-7,860
Transfers	6,720	13,555	5,538	-25,813	0
Reclassifications in accordance with IFRS 5	212	0	0	0	212
Currency translation impacts	-370	-1,617	-1,710	-193	-3,890
<b>As of December 31, 2008*</b>	<b>289,243</b>	<b>233,546</b>	<b>105,838</b>	<b>28,184</b>	<b>656,811</b>
<b>Accumulated depreciation/impairment</b>					
<b>As of January 1, 2008</b>	<b>-60,612</b>	<b>-117,306</b>	<b>-65,926</b>	<b>0</b>	<b>-243,844</b>
Scheduled depreciation for the fiscal year	-9,961	-16,217	-9,876	0	-36,054
Impairment losses	-18	0	0	0	-18
Impairment loss reversals	1,358	3,499	0	256	5,113
Disposals	269	1,906	4,057	0	6,232
Transfers	0	-50	50	0	0
Reclassifications in accordance with IFRS 5	-98	0	0	0	-98
Currency translation impacts	-314	212	948	11	857
<b>As of December 31, 2008</b>	<b>-69,376</b>	<b>-127,956</b>	<b>-70,747</b>	<b>267</b>	<b>-267,812</b>
<b>Carrying amounts</b>					
As of January 1, 2008	221,106	97,866	34,455	28,011	381,438
<b>As of December 31, 2008*</b>	<b>219,867</b>	<b>105,590</b>	<b>35,091</b>	<b>28,451</b>	<b>388,999</b>

\* Prior year amounts were adjusted; refer to the comments in note 2.3.3 - "Adjustment of prior year figures/final purchase price allocations".



2009 T€	LAND AND BUILDINGS	PLANT AND MACHINERY	EQUIPMENT	ADVANCE PAYMENTS	TOTAL
<b>Cost</b>					
<b>As of January 1, 2009</b>	<b>289,243</b>	<b>233,546</b>	<b>105,838</b>	<b>28,184</b>	<b>656,811</b>
Additions	2,159	4,395	6,981	25,646	39,181
Disposals	-1,571	-3,220	-7,631	0	-12,422
Transfers	6,325	12,213	4,646	-23,184	0
Reclassifications in accordance with IFRS 5	-4,811	0	0	0	-4,811
Currency translation impacts	3,411	2,568	2,031	380	8,390
<b>As of December 31, 2009</b>	<b>294,756</b>	<b>249,502</b>	<b>111,865</b>	<b>31,026</b>	<b>687,149</b>
<b>Accumulated depreciation/impairment</b>					
<b>As of January 1, 2009</b>	<b>-69,376</b>	<b>-127,956</b>	<b>-70,747</b>	<b>267</b>	<b>-267,812</b>
Scheduled depreciation for the fiscal year	-11,278	-16,982	-10,089	0	-38,349
Impairment losses	-100	-3,038	-107	0	-3,245
Impairment loss reversals	0	0	0	0	0
Disposals	676	2,578	6,972	0	10,226
Transfers	-180	89	91	0	0
Reclassifications in accordance with IFRS 5	1,858	0	0	0	1,858
Currency translation impacts	-1,022	-1,272	-1,508	-4	-3,806
<b>As of December 31, 2009</b>	<b>-79,422</b>	<b>-146,581</b>	<b>-75,388</b>	<b>263</b>	<b>-301,128</b>
<b>Carrying amounts</b>					
<b>As of January 1, 2009*</b>	<b>219,867</b>	<b>105,590</b>	<b>35,091</b>	<b>28,451</b>	<b>388,999</b>
<b>As of December 31, 2009</b>	<b>215,334</b>	<b>102,921</b>	<b>36,477</b>	<b>31,289</b>	<b>386,021</b>

\* Prior year amounts were adjusted; refer to the comments in note 2.3.3 – “Adjustment of prior year figures/final purchase price allocations”.

The most significant additions for land and buildings were the investments in buildings in Holzminden (€1.5 million). The additions of plant and machinery relate to the expansion of production facilities, partly in the Fragrance area, in connection with the merging of the operational locations. The additions in equipment mainly related to investment in IT infrastructure.

Impairment losses amounting to €3.2 million were recognized in respect of property, plant and equipment, of which €2.7 million arose in the context of the Symrise Group’s restructuring program (see note 11).

## 27 Acquisitions

No acquisitions were made in the past fiscal year. Rather, final purchase price allocations were made in respect of earlier acquisitions for which preliminary purchase prices had been allocated due to the fact that expert appraisals had not been previously completed.

### THERAPEUTIC PEPTIDES INC. (TPI)

In July 2008, Symrise acquired a 20% share in Therapeutic Peptides Inc., Baton Rouge, USA. The purchase price allocation in accordance with IFRS 3 was carried out on a preliminary basis at the time of acquisition.

As the acquisition of the share interest in Therapeutic Peptides Inc., Baton Rouge, USA was primarily made to secure a delivery right, this right has been recognized under “*intangible assets*” and is amortized on a scheduled basis.

The final purchase price allocation was made in July 2009 and as of the date of initial consolidation is presented as follows:

T€	JULY 2008
Investments in associates	168
Delivery contract	1,454
<b>Total assets = acquisition costs</b>	<b>1,622</b>

Prior year figures have been correspondingly adjusted. In this connection, refer to note 2.3.3 - "Adjustment of prior year figures/final purchase price allocations".

The acquisition costs led to a cash outflow in the same amount. The disclosed Symrise Group earnings after tax for the year reported include an amount of T€-38.8 deriving from TPI, which has not been separately disclosed for reasons of materiality. TPI's separate annual financial statements as of December 31, 2008 reported total assets of T€709 (US\$ 1.0 million) and liabilities of T€310 (TUS\$ 439) [TUS\$ = thousands of US dollars]. Sales for fiscal year 2008 amounted to T€667 (TUS\$ 983) and a result for the period of T€-159 (TUS\$ -234).

#### Intercontinental Fragrances (ICF)

In September, 2008, Symrise acquired the fragrance business from the American fragrance producer Intercontinental Fragrances. The purchase price allocation in accordance with IFRS 3 was carried out on a preliminary basis at the time of acquisition as expert appraisals relating to measurement of intangible assets were not available at the time. The final purchase price allocation includes a subsequent purchase price increase of TUS\$ 350 and as of the date of initial consolidation is presented as follows:

T€	SEPTEMBER 2008
Inventories	1,075
Non-current assets	
Recipes	558
Customer-bases	8,723
Trademarks	475
Technology	70
Other	223
Non-competition agreement	1,472
<b>Identifiable assets</b>	<b>12,596</b>
Goodwill	2,582
<b>Total assets = acquisition costs</b>	<b>15,178</b>

Prior year figures have been correspondingly adjusted using the currency exchange rate applicable at the previous year's closing date. In this connection, refer to note 2.3.3 - "Adjustment of prior year figures/final purchase price allocations".

The acquisition costs led to a cash outflow in the same amount.

#### Manheimer Fragrances

In November 2008, Symrise acquired the fragrance business of the American fragrance producer Manheimer Fragrances. The purchase price allocation in accordance with IFRS 3 was carried out on a preliminary basis at the time of acquisition. The final purchase price allocation as of the date of initial consolidation is presented as follows:

T€	NOVEMBER 2008
Inventories	3,503
Non-current assets	
Recipes	3,286
Customer-bases	24,961
Other	648
Non-competition agreement	1,252
<b>Identifiable assets</b>	<b>33,650</b>
Goodwill	21,280
<b>Total assets = acquisition costs</b>	<b>54,930</b>

Prior year figures have been correspondingly adjusted using the currency exchange rate applicable at the previous year's closing date. In this connection, refer to note 2.3.3 - "Adjustment of prior year figures/final purchase price allocations".

The acquisition costs led to a cash outflow in the same amount.

#### Futura Labs Group

A contract was concluded in November 2009 for the acquisition of a 100% share interest in the Futura Labs group with effect from January 2010.

The Futura Labs group comprises Aroma Labs For Flavours SAE, Futura Labs International SAE and Roseland World Corp. In this manner, Symrise acquired one of the leading producers of flavors and fragrances in Egypt and the United Arab Emirates and as a result became the market leader in Egypt. The most important reasons for the acquisition were to gain the customer base and the efficient organization of the group with which Symrise can press ahead with its plans for further expansion in the region. Furthermore synergy effects are expected with the existing location in Egypt and Dubai.

Only insignificant sales had been generated with this organization up to the time of its purchase.

The acquisition costs agreed, or respectively the fair value of the consideration transferred, amounts to TUS\$ 35,250 (T€24,599). TUS\$ 28,000 (T€19,539) of this amount had been paid as of the closing date. The remaining purchase price installments of TUS\$ 7,250 (T€5,060) represent conditional consideration. The installment conditions are:

- payment of TUS\$ 3,000 (T€2,094), plus interest, due on April 1, 2011, conditionally linked to the achievement of projected growth rates in the Dubai region for the first half-year of 2010.
- payment of TUS\$ 2,000 (T€1,396), plus interest, due on May 1, 2011, conditionally linked to the achievement working capital targets and net borrowing levels
- a final payment of a retention of TUS\$ 2,250 (T€1,570), plus interest, due on December 31, 2012, which is to be reduced at the time of payment by any damage claims made by third parties.

For purposes of estimation of the conditional consideration, assumptions and internal plans were used as a basis, which show that all the respective conditions will be completely fulfilled.

Ancillary acquisition costs of T€405 were incurred, which - in accordance with IFRS 3R (for further information, refer to note 2.2 - "Changes to accounting policies") - have been recognized as expenses under "selling and marketing expenses". The acquisition has had no further impact on the result.

A preliminary allocation of the purchase price at the date of initial consolidation was not possible before release of the consolidated financial statements for publication, because the annual financial statements of the acquired organization as of December 31, 2009 were not available. Accordingly, no disclosures were possible with regard to acquired receivables, assets and liabilities. For the same reason, it has not been possible to disclose information with respect to sales revenues and the result for the period - both for the period from the date of acquisition onwards and for the whole year.

#### 000 "Armonia"

In February 2010, 100% of the shares of 000 "Armonia", Rogovo, Russia (near to Moscow) were purchased. Ancillary acquisition costs of T€100 were incurred, which were recognized as expenses under "selling and marketing expenses". The intention of the acquisition is to further promote the "Flavor & Nutrition" business in Russia and the CIS Region. Russia (and the CIS) represents a dynamic market for the organization in which very strong rates of growth have been achieved over the past years but one which is also burdened with some import barriers such as high freight costs and customs duties as well as being subject to significant currency turbulence. The intention behind this investment is to significantly improve our presence in this important market and to serve customers more quickly and efficiently.

The company mainly consists of a highly modern production facility, which is under construction, and which Symrise will complete the construction of. It is expected that production will start in the second half of 2010.

The cost of acquisition is TUS\$ 5,700 (T€3,978), payable in two installments: TUS\$ 4,300 (T€ 3,001) was due immediately and TUS\$ 1,400 (T€977) is due within 18 months of the conclusion of the purchase agreement. Complete payment of the remaining amount will only be made, however, if the company is not burdened in the meantime by certain obligations that are defined in the purchase agreement. If such obligations do arise, then the amount will be correspondingly reduced. The probability that these events will arise cannot be estimated at the moment.

No business relationships existed with the company before the date on which it was acquired. Production facilities and licenses were mainly acquired so that the purchase price did not include consideration for receivables and liabilities. As no annual financial statements as of December 31, 2009 were available for the company, no disclosure has been made of period results since the date of acquisition.

#### 28 Trade payables

As in the previous year, trade payables are due within one year.

#### 29 Short-term borrowings

T€	2008	2009
Bank borrowings	345,928	288,568
Accrued interest	293	1,330
Other short-term borrowings	1,425	43
<b>Total</b>	<b>347,646</b>	<b>289,941</b>

The differences between the carrying amounts and the nominal amounts of liabilities, deriving from unamortized transaction costs, amounted to €1.0 million (2008: €1.5 million).

No security has been provided for short-term bank borrowings, which are made up as follows:

2008 T€					
CREDIT FACILITY	MATURITY DATE	NOMINAL VALUE	CARRYING AMOUNT	NOMINAL INTEREST RATE	
<b>Symrise GmbH &amp; Co. KG</b>					
Senior Facility – Term B – EUR	January 2009	125,000	125,000	Euribor + 0.5%	3.244%
Senior Facility – Term B – US\$	January 2009	116,501	116,501	LIBOR + 0.5%	0.97225%
Senior Facility – Term A – EUR	December 2009	57,000	56,816	Euribor + 0.5%	3.244%
Senior Facility – Term A – US\$	December 2009	15,886	15,609	LIBOR + 0.5%	0.97225%
<b>Symrise Luxembourg S.a.r.l., Luxemburg</b>					
Senior Facility – Term B – EUR	January 2009	33,000	32,002	Euribor + 0.5%	3.244%
<b>Total</b>		<b>347,387</b>	<b>345,928</b>		

2009 T€					
CREDIT FACILITY	MATURITY DATE	NOMINAL VALUE	CARRYING AMOUNT	NOMINAL INTEREST RATE	
<b>Symrise GmbH &amp; Co. KG</b>					
Senior Facility – Term B – EUR	January 2010	133,000	132,338	Euribor + 0.5%	0.98%
Senior Facility – Term B – US\$	January 2010	78,856	78,856	LIBOR + 0.5%	0.75%
Senior Facility – Term A – EUR	December 2010	57,000	56,820	Euribor + 0.5%	0.98%
Senior Facility – Term A – US\$	December 2010	15,701	15,524	LIBOR + 0.5%	0.75%
<b>Symrise AG</b>					
Bilateral Credit Line	January 2010	5,000	5,000		1.03%
<b>Symrise Vertriebs GmbH, Österreich</b>					
Bank Overdrafts	January 2010	30	30		6.75%
<b>Total</b>		<b>289,587</b>	<b>288,568</b>		

The short-term bank borrowings deriving from the Senior Facility – Term B, totaling €211.2 million (2008: 273.5 million), relate to borrowings available to the Group under the terms of a revolving credit arrangement of €300.0 million that is available until December 31, 2011.

For further information on the short term loan of €72.3 million deriving from the Senior Facility – Term A, we refer to note 32.

As at December 31, 2009, Symrise had an unutilized line of credit available amounting to €108.1 million (2008: €44.1 million).

Short-term bank borrowings with a nominal value of €94.6 million (2008: €132.4 million) are designated in US dollars.

Due to the variable interest rates and the related payment obligations, it can be assumed that the carrying amounts for all borrowings correspond to their fair value at the balance sheet reporting date.

### 30 Short-term provisions

Details of the most significant provisions are listed below:

T€			2009	2008
	RESTRUCTURING MEASURES	OTHER PROVISIONS	TOTAL	TOTAL
January 1	1,438	372	1,810	4,089
Utilized	-682	-239	-921	-2,562
Released	-174	0	-174	-137
Increases	5,024	19	5,043	453
	5,606	152	5,758	1,843
Currency translation impacts	178	-36	142	-33
<b>As of December 31</b>	<b>5,784</b>	<b>116</b>	<b>5,900</b>	<b>1,810</b>
of which:				
current	5,746	116	5,862	1,716
non-current	38	0	38	94
<b>Total</b>	<b>5,784</b>	<b>116</b>	<b>5,900</b>	<b>1,810</b>

#### Provision for restructuring measures

Symrise started off a global project in 2009 which combines a number of restructuring measures with which the organization aims to become slimmer and more efficient and intends to reduce activities to

its core areas of competency. The provision mainly comprises the costs still to be incurred deriving from termination payments in Switzerland, the USA and France. For further information, we refer to note 11 – “Restructuring costs”.

### 31 Other current liabilities

T€	2008	2009
Employee-related liabilities	23,520	32,990
Outstanding invoices	13,056	15,870
Liabilities to customers	7,282	10,594
Taxes on wages and salaries	6,005	5,966
Social security contributions	1,941	4,211
Taxes other than income taxes	4,575	3,609
Liabilities deriving from tax field examinations	1,509	1,944
Liabilities deriving from success-based remuneration	466	1,457
Insurance premiums	941	967
Litigation-related liabilities	2,342	673
Purchase price adjustment*	587	0
Miscellaneous other liabilities	4,737	10,472
<b>Total</b>	<b>66,961</b>	<b>88,753</b>

\* Prior year figures have been changed; refer to the comments in note 2.3.3 – “Adjustment of prior year figures/final purchase price allocations”.

In order to improve comparability, the presentation of previous year's data for other current liabilities has been made in more detail. All items in excess of T€500 have been separately listed.

The increase in employee-related liabilities primarily results from increased annual awards, bonuses and termination agreements.

With respect to success-based remuneration, we refer to note 46.

Miscellaneous other liabilities mainly result from diverse administration, sales and marketing expenses which arise during the normal course of operations.

## 32 Long-term borrowings

Long-term borrowings comprise:

T€	2008	2009
Bank borrowings	362,792	364,576
<b>Total</b>	<b>362,792</b>	<b>364,576</b>

Bank borrowings (nominal value) include amounts designated in foreign currencies (US\$) in the amount of €62.8 million (2008: €79.4 million).

The differences between the carrying amounts and the nominal amounts for bank borrowings, deriving from unamortized transaction costs, amounted to €1.2 million (2008: €1.6 million).

BORROWINGS 2008	MATURITY DATE	NOMINAL VALUE	CARRYING AMOUNT	NOMINAL INTEREST RATE	
T€					
<b>Symrise GmbH &amp; Co. KG, Holzminden</b>					
Senior Facility – Term A – EUR	December 2011	152,000	151,314	Euribor + 0.5%	3.244%
Senior Facility – Term A – US\$	December 2011	79,432	79,078	LIBOR + 0.5%	0.97225%
<b>Symrise Luxembourg S.a.r.l., Luxembourg</b>					
Senior Facility – Term A – EUR	December 2011	110,000	109,504	Euribor + 0.5%	3.244%
<b>Symrise Holding Ltd., UK</b>					
Senior Facility – Term A – EUR	December 2011	23,000	22,896	Euribor + 0.5%	3.244%
<b>Total</b>		<b>364,432</b>	<b>362,792</b>		

BORROWINGS 2009	MATURITY DATE	NOMINAL VALUE	CARRYING AMOUNT	NOMINAL INTEREST RATE	
T€					
<b>Symrise GmbH &amp; Co. KG, Holzminden</b>					
Senior Facility – Term A – EUR	December 2011	228,000	227,279	Euribor + 0.5%	0.98%
Senior Facility – Term A – US\$	December 2011	62,805	62,603	LIBOR + 0.5%	0.75%
“Schuldscheindarlehen”	April 2013	47,500	47,306	Euribor + 2.8%	3.52%
“Schuldscheindarlehen”	April 2013	27,500	27,388	Fixed	5.35%
<b>Total</b>		<b>365,805</b>	<b>364,576</b>		

Due to the variable interest rates and the related payment obligations, the carrying amounts for all borrowings correspond to their fair value at the balance sheet reporting date.

#### Repayment of bank borrowings

The Senior Facility Term A is repayable in the period from 2010 to 2011 in the following installments:

2010	2011
15%	60%

25% of the Senior Facility Term A borrowings have already been repaid as scheduled in 2008 and 2009. The next installment – due in 2010 – of 15% is disclosed under short-term borrowings (note 29).

The basis for the computation of the repayment installments is the nominal amount of the borrowings, giving consideration to utilization in the respective currency. The amount comprises a) a component denominated in euros amounting to €380.0 million; and b) a component denominated in US\$ amounting to US\$ 150.0 million. The exchange rate used for currency translation of the Senior Facility Term A was 1.433 US\$/€.

The “Schuldscheindarlehen“ of €75 million is due for repayment in 2013.

#### Security provided

The total nominal amount of the above-mentioned credit agreements is €800.0 million (the original amount before installment repayments in 2008 and 2009), of which amounts of €418.0 million and US\$ 225.5 million were utilized as of December 31, 2009. The loans are measured at amortized cost and are disclosed as a current component and a non-current component in accordance with the terms to maturity. The Group had unutilized credit lines available at December 31, 2009 amounting to €108.1 million (prior year: €44.1 million). We refer to the disclosures in note 29.

Symrise has agreed financial covenants with the financing banks to comply with agreed limits to the following key ratios:

- EBITDA/net interest expense
- Net debt/EBITDA.

These key ratios are monitored on a quarterly basis.

### 33 Other non-current liabilities

€	2008	2009
Employee-related liabilities	9,105	10,287
Litigation-related liabilities	1,547	2,677
Liability to the “PSVaG” (German mutual pension security fund)	0	1,188
Liabilities for taxes other than income taxes	520	962
Liabilities deriving from success-based remuneration	83	264
Other liabilities	1,554	1,740
<b>Total</b>	<b>12,809</b>	<b>17,118</b>

Employee-related liabilities mainly relate to provisions for long-service awards and phased early retirement. Liabilities deriving from phased early retirement obligations of €3.1 million (prior year: €2.3 million) represent post-employment benefit liabilities.

The liability to the “PSVaG” (German mutual pension security fund) has been deferred over a period of five years, due to the significant increase in the mandatory contribution for the reported period (due to the high number of insolvency cases).

With respect to the liability for success-based remuneration, we refer to note 46.

Miscellaneous other non-current liabilities mainly derive from diverse administration, sales and marketing expenses which arise during the normal course of operations.

### 34 Financial liabilities

This item is made up as follows:

€	2008	2009
Short-term derivative financial instruments	503	45
Long-term derivative financial instruments	14,859	19,128
<b>Total</b>	<b>15,362</b>	<b>19,173</b>

For information on the development of derivative financial instruments, refer to note 44.

### 35 Provisions for pensions and similar obligations

Individual companies have established pension plans that are either financed directly by the Group companies themselves by the recognition of provisions or by making contributions to external investment fund companies outside the Group. The manner in which these benefits are provided to employees varies depending on the legal regulations and the fiscal and economic environments in the respective countries involved. In addition, in certain individual countries, the Group has agreed to provide certain additional post-employment health care benefits to its employees. Retirement benefits and health care benefits are generally measured based on the wages or salary of the employees and their respective years of service. The obligations relate to both existing retirees and also to entitlements of future retirees. With the exception of pension-related interest costs, current expenses for the fiscal year are included in the Group's operating result.

The active participation of employees of the former Haarmann & Reimer GmbH, Germany in the Bayer AG pension fund was terminated with effect from March 31, 2003. The employees of Haarmann & Reimer GmbH who had already acquired vested pension rights as of this date automatically became passive members of the pension fund. Active members, who had unvested rights as of March 31, 2003 had the option to have their pension entitlement (excluding employer contributions) paid out at this date in the form of a capital sum and from that point in time ceased to be members of the Bayer pension fund. For all individuals in the Bayer pension fund who were active members as of March 31, 2003, a benefit scheme was introduced with effect from April 1, 2003 in the form of a direct benefit promise, which is financed through a deferred gross compensation arrangement. At the time that the new benefit scheme was introduced, the former Haarmann & Reimer employees were guaranteed that their benefits under the company retirement benefit scheme would not worsen as a result of the business combination. The benefits have to be maintained at the same level that existed before the business combination took place. This is assured under the new benefit scheme.

From January 1, 2010 onwards, all Symrise new joiners at German locations are obligated to join the RPK ("Rheinische Pensionskasse" – a German pension fund) from the seventh month of their employment onwards. Under the terms of this arrangement, the employee pays 2% of his remuneration in the form of deferred gross compensation to the RPK (mandatory contribution); the organization tops up the contribution with the same amount. Voluntary contributions are also possible and are also topped up with the same amount by the organization. The employee contribution and the employer top-up contribution taken together are limited to a maximum of 4% of the respective income limit for the assessment of contributions as defined by the German State Pension Authority West. From January 1, 2010, individuals who were already employed in the organization but who – unlike the former Haarmann & Reimer employees or employees of Dragoco who joined before December 31, 1981 – did not belong to a benefit scheme,

may join the RPK scheme on a voluntary basis. Pension provisions in the 2009 year reported have not as yet been impacted by these arrangements.

The amount of the pension obligations (the present value of the entitlement or defined benefit obligation) has been determined based on actuarial methods by means of an actuarial report made using assumptions for the various relevant parameters.

Increases or decreases in the present value of the defined benefit obligations can result in actuarial gains or losses, which may derive from changes in the parameters used in the computation and changes in estimates with respect to the development of risks related to the pension obligations. The net amount of the pension provisions can be derived as follows:

€	2008	2009
Defined benefit obligation, unfunded	177,264	198,675
Defined benefit obligation, funded	26,719	36,873
<b>Present value of benefit obligations as of December 31</b>	<b>203,983</b>	<b>235,548</b>
Fair value of plan assets	-19,593	-25,683
Unrecognized gain from plan amendments	5,923	5,260
Unrecognized actuarial gains/losses (-)	2,433	-14,838
Unrecognized past service costs	-824	-839
<b>Liability deriving from defined benefit obligations as of December 31</b>	<b>191,922</b>	<b>199,448</b>



The pension and similar provisions, amounting to €199.4 million (2008: €191.9 million) are divided by region as follows:

T€	2008	2009
EAME	169,933	177,233
North America	19,916	19,962
Asia/Pacific	130	309
South America	1,943	1,944
<b>Total</b>	<b>191,922</b>	<b>199,448</b>

The present value of the benefit obligations developed as follows:

T€	2008	2009
<b>Present value of benefit obligations as of January 1</b>	<b>200,568</b>	<b>203,983</b>
Current service cost	8,221	8,864
Interest expense	10,713	12,570
Gains (-)/losses deriving from plan amendments	-146	218
Actuarial gains (-)/losses	-6,644	20,038
Benefits paid	-10,429	-11,078
Initial recognition of a plan	0	1,478
Currency translation impacts	1,700	-525
<b>Present value of benefit obligations as of December 31</b>	<b>203,983</b>	<b>235,548</b>

The liability for defined benefit obligations developed as follows:

2008 T€	GROUP DEFINED BENEFIT PLANS	POST- EMPLOYMENT HEALTH CARE BENEFITS (USA)	TOTAL PENSION PLANS OF THE GROUP
<b>Defined benefit obligations as of January 1</b>	<b>171,709</b>	<b>14,586</b>	<b>186,295</b>
Currency translation impacts	-382	545	163
Pension expense	17,189	28	17,217
Employer contributions	-1,841	-400	-2,241
Benefits paid	-9,020	0	-9,020
Leavers (USA)	-492	0	-492
<b>Defined benefit obligations as of December 31</b>	<b>177,163</b>	<b>14,759</b>	<b>191,922</b>

2009 T€	GROUP DEFINED BENEFIT PLANS	POST- EMPLOYMENT HEALTH CARE BENEFITS (USA)	TOTAL PENSION PLANS OF THE GROUP
<b>Defined benefit obligations as of January 1</b>	<b>177,163</b>	<b>14,759</b>	<b>191,922</b>
Pension expense	19,752	60	19,812
Employer contributions	-2,101	-437	-2,538
Benefits paid	-9,646	0	-9,646
Leavers (USA)	-59	0	-59
Currency translation impacts	119	-162	-43
<b>Defined benefit obligations as of December 31</b>	<b>185,228</b>	<b>14,220</b>	<b>199,448</b>

The fair value of the plan assets developed as follows:

T€	2008	2009
<b>Fair value of the plan assets as of January 1</b>	<b>20,613</b>	<b>19,593</b>
Employer and employee contributions	2,338	2,637
Benefits paid	-1,408	-1,432
Expected yield on plan assets	1,215	1,173
Actuarial gains/losses (-)	-4,771	2,604
Initial recognition of a plan	0	1,478
Currency translation impacts	1,606	-370
<b>Fair value of the plan assets as of December 31</b>	<b>19,593</b>	<b>25,683</b>

The experience adjustments to plan assets in the USA in 2009 amounted to €2.4 million (2008: €-3.9 million). In Japan, the experience adjustments to plan assets in 2009 amounted to €0.2 million (2008: €-1.0 million).

The fair values for the main groups of plan assets are as stated below:

T€	THE NETHERLANDS PLAN		THE SWISS PLAN		THE USA PLAN		THE JAPANESE PLAN	
	2008	2009	2008	2009	2008	2009	2008	2009
Bonds	0	0	2,580	2,740	6,865	7,331	1,764	1,573
Equity instruments	0	0	611	194	5,527	9,596	1,303	1,379
Real estate	0	0	391	366	0	0	0	0
Other assets	1,292	1,478	121	155	209	452	135	77
<b>Total as of December 31</b>	<b>1,292</b>	<b>1,478</b>	<b>3,703</b>	<b>3,455</b>	<b>12,601</b>	<b>17,379</b>	<b>3,202</b>	<b>3,029</b>

The expense for pensions and similar benefits is made up as follows:

2008 T€	GROUP DEFINED BENEFIT PLANS	POST- EMPLOYMENT HEALTH CARE BENEFITS (USA)	TOTAL PENSION PLANS OF THE GROUP
Current service cost	8,032	189	8,221
Past service cost	104	0	104
Interest expense	10,267	446	10,713
Expected yield on plan assets	-1,215	0	-1,215
Recognized plan amendments for USA	0	-606	-606
Recognized actuarial losses	98	0	98
Employee contributions	-98	0	-98
<b>Expense for pensions and similar benefits as of December 31</b>	<b>17,188</b>	<b>29</b>	<b>17,217</b>
<b>Actual expenses from plan assets</b>	<b>3,556</b>	<b>0</b>	<b>3,556</b>

2009 T€	GROUP DEFINED BENEFIT PLANS	POST- EMPLOYMENT HEALTH CARE BENEFITS (USA)	TOTAL PENSION PLANS OF THE GROUP
Current service cost	8,645	219	8,864
Past service cost	78	0	78
Interest expense	12,088	482	12,570
Expected yield on plan assets	-1,173	0	-1,173
Recognized plan amendments for USA	0	-641	-641
Recognized actuarial losses	212	0	212
Employee contributions	-98	0	-98
<b>Expense for pensions and similar benefits as of December 31</b>	<b>19,752</b>	<b>60</b>	<b>19,812</b>
<b>Actual yield from plan assets</b>	<b>5,254</b>	<b>0</b>	<b>5,254</b>

Costs for pension and similar benefits are recognized in the income statement as follows:

T€	2008	2009
Cost of sales	2,622	2,920
Selling and marketing expenses	1,494	1,664
Research and development expenses	1,415	1,575
Administration expenses	973	1,083
<b>Total</b>	<b>6,504</b>	<b>7,242</b>

In the past five years, the financing status, derived from the present value of all benefit promises and the fair value of plan assets, has changed as follows:

T€	2005	2006	2007	2008	2009
Present value of defined benefit obligations	217,017	219,383	200,567	204,449	235,548
Fair value of plan assets	-17,126	-18,681	-20,613	-19,593	-25,683
<b>Financing status as of December 31</b>	<b>199,891</b>	<b>200,702</b>	<b>179,954</b>	<b>184,856</b>	<b>209,865</b>
Experience adjustments arising on plan liabilities (Germany)	n.a.	-1,334	-3,074	4,502	-1,800
Experience adjustments arising on plan assets	n.a.	420	-217	-4,771	4,082

In 2010, Symrise expects payment of contributions of T€ 397 (2008: T€ 225) into the funded defined benefit plans.

The experience adjustments to liabilities arising from defined benefit plan obligations for Germany amounted to €-1.8 million (actuarial gain) (2008: €4.5 million actuarial loss).

The actuarial assumptions and measurements are based on the following parameters, which vary from territory to territory due to their differing economic environments.

%	PARAMETERS	
	2008	2009
<b>Interest rate used for discounting</b>		
Germany	6.20	5.20
USA	6.00	6.00
Other countries vary between	1.50 and 6.05	2.0 and 7.50
<b>Expected yield from plan assets</b>		
USA	7.00	7.00
Other territories vary between	3.00 and 7.50	1.00 and 7.50
<b>Salary trends</b>		
Germany	2.50	2.50
USA	4.25	4.25
Other countries vary between	1.50 and 8.00	2.75 and 8.00
<b>Pension trends</b>		
Germany	2.25	1.75
Cost increase factor for medical benefits in the USA	9.00	9.00

The salary trend covers expected future rates of salary increase, which are estimated annually, depending on - amongst other factors - inflation rates and length of service with the company.

A 1% change in the assumption made for cost trends for health-care benefits would have the following effect:

t€	INCREASE	DECREASE	INCREASE	DECREASE
	2008	2008	2009	2009
Impact on defined benefit obligations	384	344	399	359
Impact on service cost	40	36	44	39

The company in the USA provides health-care benefits to its employees. The costs are determined based on the assumption that the cost trend for 2010 and 2011 remains unchanged at 9% (2008: 9%) and then falls by 2% every two years until it reaches a minimum level of 5% that is expected to be applicable in 2014 and later years.

## 36 Share capital

The capital stock of Symrise AG remained unchanged at € 118,173,300 and is fully paid in. It is divided into 118,173,300 no-par value bearer shares, each with a calculated nominal share value of € 1.00 per share.

### Authorized capital

On December 31, 2006, an extraordinary general meeting of the shareholders authorized the Executive Board to increase the Company's capital stock in the period up to October 31, 2011, with the consent of the Supervisory Board, by up to €40.0 million in one or more issues of new no-par value bearer shares. In this connection, the participation rights for the new shares may be determined in deviation from Section 60 AktG ["Aktiengesetz": German Stock Corporation Act].

Existing shareholders are to be granted a subscription right. However, the Executive Board may exclude this subscription right, with the approval of the Supervisory Board, in the following circumstances:

1. In the case of capital increases in return for non-cash contributions in kind for the purpose of acquiring companies or share interests in companies.
2. Inasmuch as this is necessary in order to grant holders of warrants and convertible bonds issued by Symrise AG or its subsidiaries a right to subscribe for new shares to the extent that they would be entitled to such a right when exercising the warrants or options or when meeting obligations arising from the warrants or options.
3. To offset fractional amounts arising as a result of a capital increase in return for cash contributions.
4. In order to issue new shares at an issue price that is not substantially less than the market price of shares already quoted on the stock exchange at the date the issue price is finally determined, whereby within the context of restricting this authorization to a total of ten percent of the capital stock, those shares are to be set off for which the subscription right of the shareholders in application of Section 186 (3) Sentence 4 AktG is excluded upon use of the authorization to sell treasury stock and upon use of the authorization to issue conversion options or warrants.

### Treasury stock

Following a resolution by the annual general meeting of shareholders held on May 11, 2009, the Executive Board is authorized in accordance with Section 71 (1) No. 8 AktG up until October 31, 2010 to purchase its own shares up to a level of 10% of the capital stock at the time the resolution was made.

The purchase of treasury stock is to be made through the stock exchange or by means of a public offer made by the Company.

- In case of an acquisition through the stock market, the amount of consideration paid by the Company for each share shall not exceed or undercut the opening auction price of the Company's shares for Xetra trading purposes on the stock exchange trading day by more than 5%.
- In the case of acquisition by means of a public offer to purchase, the offered purchase price or the margins of the purchase price range per share shall not exceed or undercut the the average closing price quoted by the Xetra trading system for the three stock exchange trading days prior to the day of publication of the offer by more than 10%.
- The authorization was granted for all legally permitted purposes, particularly the following:
  - For redemption purposes, without the necessity for the redemption or its execution to be authorized by a further resolution of a general meeting of shareholders
  - For disposal purposes - also in the case of disposal other than through the stock exchange or by means of an offer to the shareholders - if the shares are disposed of against payment in cash at a price that is not significantly less than the quoted stock exchange price for shares of the same type.
  - For disposal against non-cash consideration, particularly in connection with the acquisition of companies.

## 37 Capital reserve and other reserves

The capital reserve mainly comprises the share premium that arose at the time of the capital increase that was carried out in the context of the initial public offer and is unchanged since December 31, 2008.

### 38 Disclosures relating to the management of capital

With an equity ratio (equity in relation to total assets employed) of 36.4% (2008: 34.3%), Symrise has a solid equity structure. One of Symrise's fundamental principles is to maintain a strong capital basis in order to maintain the confidence of investors, creditors and the market and to be able to drive the future business development forward in a sustained manner.

The capital situation is monitored through use of a number of key ratios. The relationship between net borrowing (including pension provisions) to EBITDA and the equity ratio are important key ratios for this purpose. The basis for the computation is provided by the equity as disclosed for accounting purposes:

te	2008	2009
Share capital	118,173	118,173
Capital reserve	970,911	970,911
Revaluation reserve	2,718	2,718
Fair value reserve	-17,201	-18,300
Cumulative currency differences	-78,565	-62,159
Accumulated deficit	-347,641	-322,379
<b>Total equity</b>	<b>648,395</b>	<b>688,964</b>

In addition, the Executive Board monitors the amount of dividends to shareholders who should be provided with a dividend return which provides justification for confidence in the organization's future results.

A further objective is to maintain a balance between more favorable weighted average capital costs (WACC) by taking up additional borrowing and the advantages and security provided by a solid equity base. This also applies to suitable acquisition opportunities that are made possible for the Group by virtue of solid financing.

The average interest expense on liabilities (including pension provisions) was 4.7% (2008: 5.0%) and the ratio of net debt - including pension provisions - to EBITDA was 3.1 (2008: 3.2).

There was no change in the Group's approach to capital management compared to the previous year. Neither the Company itself nor its subsidiaries are subject to externally imposed capital requirements.

### 39 Dividends

At the annual general meeting of shareholders held on May 11, 2009 a resolution was passed to distribute a dividend for fiscal year 2008 of €0.50 for each ordinary share with a dividend entitlement (2007: €0.50); the total amount of the dividend was T€59,087 (2007: T€59,087).

The Executive Board again recommends a dividend distribution of €0.50 per share for fiscal year 2009, which equates to a total dividend amount of T€59,087.

### 40 Additional disclosures relating to the statement of cash flows

In accordance with IAS 7, the statement of cash flows for reporting year 2009 shows the development of cash flows separated into cash inflows and outflows deriving from operating, investing and financing activities. The derivation of cash flows is made using the indirect method of presentation.

The balance of cash and cash equivalents includes cash balances, checks and balances on hand with banks with a term to maturity of less than three months, as was the case in the previous year; the amount disclosed is equivalent to the reporting line "cash and cash equivalents" in the consolidated statement of financial position.

41 Additional disclosures relating to financial instruments

INFORMATION ON FINANCIAL INSTRUMENTS BY CATEGORY

CARRYING AMOUNTS, VALUES RECOGNIZED AND FAIR VALUES BY MEASUREMENT CATEGORIES AND CLASSES

T€	MEASUREMENT CATEGORY UNDER IAS 39	CARRYING AMOUNT DECEMBER 31, 2008	VALUE RECOGNIZED UNDER IAS 39		
			AMORTIZED COST	FAIR VALUE IN EQUITY	FAIR VALUE DECEMBER 31, 2008
<b>Class as required by IFRS 7</b>					
<b>Assets</b>					
Cash and cash equivalents	LaR	68,860	68,860	0	68,860
Trade receivables	LaR	221,686	221,686	0	221,686
Prepayments, other assets and receivables (short-term and long-term)	Report line	38,795	0	0	0
of which:					
Prepayments, other assets and receivables	LaR	19,833	19,833	0	19,833
Financial assets	Report line	4,454	0	0	0
of which:					
Financial assets available for sale	Afs	2,193	0	2,193	2,193
Financial assets held to maturity	Htm	2,261	2,261	0	2,261
Investments in associates	Afs	168	168	0	168
<b>Liabilities and Equity</b>					
Trade payables	FLAC	-82,170	-82,170	0	-82,170
Borrowings (short-term and long-term)	FLAC	-710,438	-710,438	0	-710,438
Other liabilities (short-term and long-term)	Report line	-79,770	0	0	0
of which:					
Other liabilities	FLAC	-62,878	-62,878	0	-62,878
Financial liabilities	FAHfT	-15,362	0	-15,362	-15,362
of which: aggregated by measurement categories in accordance with IAS 39:					
Loans and Receivables	LaR	310,379	310,379	0	310,379
Available-for-Sale Financial Asset	AfS	2,361	168	2,193	2,193
Held-to-Maturity Financial Assets	Htm	2,261	2,261	0	2,261
Financial Liabilities Measured at Amortized Cost	FLAC	-855,486	-855,486	0	-855,486
Financial Assets Held for Trading	FAHfT	-15,362	0	-15,362	-15,362



T€	MEASUREMENT CATEGORY UNDER IAS 39	CARRYING AMOUNT DECEMBER 31, 2009	VALUE RECOGNIZED UNDER IAS 39		
			AMORTIZED COST	FAIR VALUE IN EQUITY	FAIR VALUE DECEMBER 31, 2009
<b>Class as required by IFRS 7</b>					
<b>Assets</b>					
Cash and cash equivalents	LaR	80,540	80,540	0	80,540
Trade receivables	LaR	228,379	228,379	0	228,379
Prepayments, other assets and receivables (short-term and long-term)	Report line	64,899	0	0	0
of which:					
Prepayments, other assets and receivables	LaR	40,883	40,883	0	40,883
Financial assets	Report line	7,792	0	0	0
of which:					
Financial assets available for sale	Afs	5,416	0	5,416	5,416
Financial assets held to maturity	Htm	2,376	2,376	0	2,376
Investments in associates	Afs	70	70	0	70
<b>Liabilities and Equity</b>					
Trade payables	FLAC	-77,079	-77,079	0	-77,079
Borrowings (short-term and long-term)	FLAC	-654,517	-654,517	0	-654,517
Other liabilities (short-term and long-term)	Report line	-105,871	0	0	0
of which:					
Other liabilities	FLAC	-88,506	-88,506	0	-88,506
Financial instruments measured at fair value	FAHfT	-19,173	0	-19,173	-19,173
of which: aggregated by measurement categories in accordance with IAS 39:					
Loans and Receivables	LaR	349,802	349,802	0	349,802
Available-for-Sale Financial Assets	AfS	5,486	70	5,416	5,486
Held-to-Maturity Financial Assets	Htm	2,376	2,376	0	2,376
Financial Liabilities Measured at Amortized Cost	FLAC	-820,102	-820,102	0	-820,102
Financial Assets Held for Trading	FAHfT	-19,173	0	-19,173	-19,173

Due to the fact that most of the financial instruments are short-term in nature, their carrying amounts are only insignificantly different to their fair values. The fair values of bank borrowings and liabilities

deriving from "Schuldscheindarlehen" are determined as the present values of payments relating to the liabilities based on the respectively valid interest rate curve structure.

#### 42 Net gains and losses by measurement category

	2008	2009
Financial assets measured at fair value through profit or loss (interest hedges)	4,548	-2,567
Loans and receivables (allowances)	-2,321	-1,019
<b>Total</b>	<b>2,227</b>	<b>-3,586</b>

The respective results presented do not include expenses and income deriving from interest and dividends.

#### 43 Disclosures relating to financial instrument risk management

Fluctuations in currency and interest rates can result in significant risks to earnings and cash flows. For this reason, Symrise has centralized these risks to the extent possible and then manages them proactively, also through use of derivative financial instruments. The management of such risks is based on guidelines that are valid throughout the Group, in which objectives, basic principles, responsibilities and areas of competence are defined. These are monitored on a regular basis and are adjusted to take current market and production developments into account.

#### CURRENCY RISKS

Within the context of its global activities, Symrise is subjected to two types of currency risk. The **transaction risk** arises in the separate financial statements of companies through changes in the amounts of future payments denoted in foreign currencies due to fluctuations in currency exchange rates. Within the Symrise Group, both purchases and sales are transacted in foreign currencies. To date, such risks have not been hedged as both purchases and sales are mainly made in the same, or respectively the functional, currency.

The **translations risk** describes the risk of changes in reporting line positions in the statement of financial position and the income statement due to the translation of separate local financial statements into the Group reporting currency. Currency fluctuations that derive from the translation of the line items reported in the statement of financial position of these companies are disclosed in equity. The resultant risks are not hedged.

Foreign currency sensitivity is determined by Symrise through aggregation of US dollar foreign currency items, which are not denoted in the functional currency of the respective companies, and making a comparison to any existent hedges. The market values of the hedged items and the hedges are measured once using actual exchange rates and once using sensitivity-adjusted rates. The difference between the results of both measurements represents the impact on equity and the result.

The net risk deriving from currency conversion is presented as follows:

DECEMBER 31	2008		2009	
	TUS\$	T€	TUS\$	T€
Currency risks in balance sheet items	31,553	22,987	24,372	17,008
Of which: financial assets	70,435	50,593	75,119	52,421
Of which: financial liabilities	-38,883	-27,606	-50,747	-35,413
Future impacts on profit or loss and change in equity as a result of a 10% increase in the value of the euro	2,868	2,734	2,216	1,546

This sensitivity analysis is based on the assumption that all variables other than a change in foreign currency exchange rates remain constant.

**LIQUIDITY RISK DERIVING FROM BORROWINGS**

The liquidity risk, i.e. the risk that Symrise is unable to meet its financial obligations, is limited by creating the necessary financial flexibility within the context of existing financing arrangements and through effective cash management. Symrise manages the liquidity risk through use of a 12 month financial plan. This makes it possible to finance forecast deficits under normal market conditions on normal market terms. Based on current liquidity information, no liquidity risks are foreseen at the moment. In April 2009, Symrise issued a

“Schuldscheindarlehen” amounting to €75.0 million. The financial crisis that started in 2008 did not lead to any negative influences on the existing credit lines.

The following summary shows the contractually agreed redemption payments in respect of financial liabilities, including estimated interest payments (3%), as the loans deriving from revolving credit lines will be available to us on a long term basis.

2008 T€	CARRYING AMOUNT	EXPECTED PAY- MENT OUTFLOWS	TERMS FOR EXPECTED PAYMENT OUTFLOWS	
			< 1 YEAR	> 1 YEAR
Financial liabilities	708,720	804,178	108,322	695,856

2009 T€	CARRYING AMOUNT	EXPECTED PAY- MENT OUTFLOWS	TERMS FOR EXPECTED PAYMENT OUTFLOWS	
			< 1 YEAR	> 1 YEAR
Financial liabilities	654,517	691,426	96,382	593,044

**CASH FLOW FORECAST FOR DERIVATIVES**

The following table shows the periods in which cash flows will derive from contracted interest hedges:

2008 T€	CARRYING AMOUNT	EXPECTED PAY- MENT OUTFLOWS	TERMS FOR EXPECTED PAYMENT OUTFLOWS	
			< 1 YEAR	> 1 YEAR
Liabilities	-15,362	-9,431	-4,020	-5,411

2009 T€	CARRYING AMOUNT	EXPECTED PAY- MENT OUTFLOWS	TERMS FOR EXPECTED PAYMENT OUTFLOWS	
			< 1 YEAR	> 1 YEAR
Liabilities	-19,173	29,619	10,992	18,626

2009 T€	CARRYING AMOUNT	EXPECTED PAY- MENT OUTFLOWS	TERMS FOR EXPECTED PAYMENT OUTFLOWS	
			< 1 YEAR	> 1 YEAR
Liabilities	-19,173	-40,841	-19,580	-21,261

#### SENSITIVITY ANALYSIS FOR DERIVATIVES AS OF DECEMBER 31, 2009

A parallel transformation of the interest curve by 0.1 % upwards or downwards would have the following impact on the financial result

and on equity. The analysis is based on the assumption that all other variables, in particular exchange rates, remain constant.

DECEMBER 31, 2009	CARRYING AMOUNT	FINANCIAL RESULT		EQUITY	
		0,1 % INCREASE	0,1 % DECREASE	0,1 % INCREASE	0,1 % DECREASE
Interest swaps T€	-14,409	18	-18	863	-863
Interest swaps TUS\$	-6,763	7	-7	334	-334

#### SENSITIVITY ANALYSIS FOR UTILIZED AMOUNTS OF TOTAL CREDIT FACILITIES

	NOMINAL	OF WHICH HEDGED	OF WHICH NOT HEDGED	1 % INCREASE	1 % DECREASE
T€	498,000	427,500	43,000	43	-43
TUS\$	225,500	175,000	50,500	50,5	-50,5

#### CREDIT RISKS

A credit risk is the unexpected loss of cash or income. This occurs when a customer is not able to meet his obligations as they become due. Receivables management, which employs guidelines that are globally valid, coupled with regular analysis of the aging structure of trade receivables, ensures that the risks are permanently monitored and limited; in this manner cases of default on receivables are minimized. Due to the Symrise Group's wide-ranging business structure, there is no particular concentration of credit risks either in relation to customers or in relation to individual territories.

For the purpose of cash investments, we only enter into financial contracts with banks which we have carefully chosen and which are permanently monitored. The Symrise Group is exposed to credits risks related to derivative financial instruments, which would result from the contractual partner not fulfilling his obligations. This risk is minimized in that transactions are only entered into with contract partners of the highest credit standing. The carrying amounts of the financial assets represent the maximum credit risk.

#### 44 Derivative financial instruments

Derivative financial instruments are disclosed as assets or liabilities that are measured at fair value.

	NOMINAL VALUES		FAIR VALUES	
	2008	2009	2008	2009
<b>Financial instruments held for trading</b>				
Interest swaps, T€	760,000	807,500	-9,089	-14,409
Interest swaps, TUS\$	265,000	175,000	-8,117	-6,763

DISCLOSURES RELATING TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION		2008	2009
T€			
Other short-term borrowings		-503	-45
Other long-term borrowings		-14,859	-19,128
<b>Net receivables/payable deriving from derivatives</b>		<b>-15,362</b>	<b>-19,173</b>

Derivative financial instruments with a nominal value of €380 million (2008: €380 million) and US\$ 0 million (2008: US\$ 90 million) have a term to maturity of less than one year.

The nominal value of derivative financial instrument with a term to maturity of between one and five years amounted to €427.5 million and US\$ 175 million (2008: €380 million/US\$ 175 million).

##### Cash flow hedges

The Group has designated cash flow hedges related to the hedging of interest risks. The hedged item consists of borrowings that form part of an overall credit facility amounting to €800 million, which has a term until December 31, 2011.

As a result of contracted plain vanilla payer interest swaps, Symrise is charged variable interest by its bank trading partner and pays a fixed interest rate in return. This interest rate is fixed over the term of the swap and eliminates the risk of fluctuating cash flows, which derives from the variable interest bearing liabilities that have been designated as the hedged item.

The interest risk that is hedged is the interest risk deriving from changes in the risk-free Euribor, or respectively LIBOR, reference rate (excluding the credit spread).

The fair value of the interest hedges at the balance sheet reporting date amounted to €-19.2 million (2008: €-15.3 million). Thus, the change for the year 2009 amounted to €-3.8 million. During the year 2009, net unrealized losses after tax amounting to €1.1 million deriving from the measurement of derivatives were recognized in equity without impacting profit or loss.

The consolidated results for 2009 are stated after recognizing net losses after tax of €2.6 million deriving from the measurement of derivative financial instruments that were classified as ineffective hedges.

The terms of the interest hedges correspond to the terms of the hedged items. As at December 31, 2009, Symrise held derivative instruments with a maximum residual term of three and a half years. The related hedging quota for the contracted interest hedges at the balance sheet date was 92% of liabilities designated in euros and 78% of liabilities designated in US dollars.

#### 45 Contingent liabilities and other financial commitments

As at December 31, 2009, Symrise had the following contingent liabilities and other financial commitments:

##### Operating leases

Payment commitments derive from non-cancelable operating lease agreements mainly entered into for motor vehicles and buildings. Some of the agreements contain renewal options or escalation clauses but do not include purchase options. The aggregate net future cash outflows are phased as follows:

T€	MINIMUM PAYMENTS DERIVING FROM OPERATING LEASES	CASH INFLOWS FROM OPERATING SUB-LEASES	NET CASH OUTFLOW	NET CASH OUTFLOW
	2009	2009	2009	2008
In the fiscal year	12,256	179	12,076	9,336
Due next year	10,160	239	9,921	9,648
Due in 2 years	7,388	0	7,388	7,880
Due in 3 years	5,502	0	5,502	5,188
Due in 4 years	4,708	0	4,708	3,912
Due in 5 years	8,092	0	8,092	3,091
Due in 6 years or thereafter	8,972	0	8,972	6,294
<b>Total</b>	<b>57,078</b>	<b>418</b>	<b>56,659</b>	<b>45,349</b>

##### Issue and endorsement of bills

As at December 31, 2009, no commitments and contingent liabilities derived from the issue and endorsement of trade and commercial bills (2008: T€239).

##### Other Commitments

As of December 31, 2009, the Group had commitments of €2.7 million (2008: €7.1 million) for the purchase of property, plant and equipment. These mainly related to production facilities. Further commitments of €31.7 million (2008: €31.7 million) derived from open contracts for other assets and services.

With effect from February 1, 2006, Symrise GmbH & Co. KG entered into a service agreement with Atos Origin GmbH to outsource its internal information technology functions for a term of ten years. The fees payable reduce successively over the term of the agreement from €12.1 million in 2009 to €11.2 million in 2015. The total remaining obligation to Atos amounts to €87.0 million.

On March 31, 2007, Symrise GmbH & Co. KG signed two research and development agreements, each with a term of three years and total

costs of €3.8 million. These agreements became effective on April 1, 2007. The two partners to the contracts are AnalytiCon Discovery GmbH (Potsdam) and BRAIN Biotechnology Research and Information Network AG (Zwingenberg). As at December 31, 2009, the total commitment arising from these agreements was €0.3 million. In addition, further consultancy and cooperation agreements exist with a term up to 2014. The total commitment arising from these agreements was €2.3 million.

Symrise signed a purchases agreement in November 2009 for the acquisition of the Futura Labs Group under the terms of which Symrise is obligated to make payments totaling US\$ 35.3 million (€24.6 million). Of this amount, some US\$ 28 million (€19.5 million) had been paid at the closing date so that, at that date, the remaining outstanding payment commitment amounted to US\$ 7.3 million (€5.1 million). The fixed dates for payment of the installments are defined in the purchase agreement up to the final payment on December 31, 2012; if certain conditions are not fulfilled, then the payments may be reduced. For further information on this subject, refer to note 27 - "Acquisitions".

#### 46 Success-based remuneration (long term incentive program and strategic share bonus scheme):

##### Long term incentive program

In 2007, for the first time, the Supervisory Board resolved to introduce a long term incentive program (LTIP), covering the period from 2008 until 2010, in which both the members of the Executive Board and selected second level senior managers within the Symrise Group participated. The program is a company performance plan which takes both group earnings from its ordinary business activities (the so-called "Symrise Value Added") and increases in the share price into account. The program is designed based on a "performance cash bonus" concept; this means that the participating managers receive a variable cash bonus, after the end of the three year performance period, which is dependent on the achievement of defined performance objectives and further conditions. Payment is only made, if the capitalized earnings value – based on earnings from ordinary business activities less a yield on the capital employed in the years from 2008 to 2010 – achieves a target amount set by the Supervisory Board which is aligned to Symrise's strategic plan.

For members of the Executive Board, 70% of this performance cash bonus is based on the development of the share price and 30% is based on the so-called "Symrise Value Added". The bonus entitlement of a further eight second level senior managers (so-called "regional presidents") is based on the same performance criteria but with an equal weighting (50% respectively) for the share price component and the "Symrise Value Added" component.

At a meeting held on July 21, 2009, the Supervisory Board resolved to offer the members of the Executive Board a further long-term incentive program for the years from 2009 to 2011; this program became effective on January 1, 2009. The basic principles of this program are unchanged from the previous LTIP.

A comparison will be made of the share price at the end of 2011 with a starting average share price of €9.88 – this being the average share price for the period of 10 stock exchange trading days before and after the appointed date of January 1, 2009. The terms include an expected minimum increase of 20%; furthermore, there is a maximum share price limitation (cap). Measurement of the probability of achieving these targets was made based on a "Black-Scholes" formula using a share price of €14.98 and an anticipated volatility of 43.5%. A dividend yield is not factored into the required performance of the share component.

##### Strategic share bonus

In 2008, the Executive Board launched a global share-based bonus program for the first time, which covers a total of 24 strategically

important employees and senior managers. 55,905 virtual shares were "issued" based on a share price of €20.39. The bonus program for this group ended on December 31, 2009.

In 2009, 16 strategically important employees joined a newly established share-based bonus program covering the period from January 2009 to December 2010. 64,364 virtual shares were "issued" based on a share price of €9.71.

At the end of 2010, which is the end of the term, a cash payment is to be made based on the quoted average share price for the last 20 trading days on the stock exchange. Thus, the bonus is tied to the development of the share price. The fair value of this program was calculated at T€253 based on the closing share price of €14.98 at the balance sheet reporting date. Any dividends were not considered in determining the fair value.

In order to retain the commitment of the strategically important employees to the organization even if the share price falls, a virtual hedge was fixed for 50% of the of the share price relevant for bonus purposes. Furthermore, to exclude non-performance-related share price impacts, a maximum share price was fixed as being 200% of the share price relevant for bonus purposes.

#### 47 Transactions with related parties

##### Associated companies

In fiscal year 2009, goods were purchased from an associated company to a limited extent.

##### Related parties

Members of the Executive Board, former executive directors as well as members of the Supervisory Board and former shareholder representatives are considered to be related parties.

In fiscal year 2009, the members of the Executive Board received cash-based remuneration of T€3,337 (prior year: T€2,186) including fringe benefits and variable remuneration components. Expenses deriving from share-based remuneration (LTIP) amounted to T€293 in fiscal year 2009 (prior year: T€32).

Dr. Gerold Linzbach left the organization as of June 30, 2009 and the remuneration to which he was entitled – for the period after his position on the board was terminated up to the end of his contract, amounting to T€186.4 – was paid out to him.

Dominique Yates was retired from his position of CFO with effect from November 30, 2009 and the remuneration to which he was entitled – for the period after his position on the board was terminated up to the end of his contract, amounting to T€52.5 – was paid out to him.

The service cost for pensions in fiscal year 2009 amounted to T€271 (2008: T€126).

The former Executive Board member Mr. Horst-Otto Gerberding received the following payments in fiscal year 2009:

- Compensation payments amounting to T€41.7 deriving from a subsequent non-competition agreement. This entitlement existed up to and including September 2009.
- Monthly pension payments of T€23.5

Provisions for current pensions and pension entitlements for former members of the Executive Board and executive directors amounting to €2.2 million were recognized as at December 31, 2009.

The remuneration of individual members of the Executive board is disclosed in the Group management report.

The following table summarizes the stock transactions reported to the Company pursuant to Section 15 a WpHG [“Wertpapierhandelsgesetz”: German Securities Trading Act]:

NAME AND POSITION	TYPE OF TRANSACTION	TYPE OF SECURITY	DATE, WHERE TRADED	NUMBER OF SHARES	PRICE PER SHARE (€)	TOTAL VOLUME (€)
Achim Daub (Member of the Executive Board)	Sale	Symrise no-par value shares	June 2, 2009, Xetra	5,000	11.00	55,005.00
Dr. Gerold Linzbach (Member of the Executive Board)	Sale	Symrise no-par value shares	June 4, 2009 Xetra	90,000	10.87	978,390.00
Dr. Gerold Linzbach (Member of the Executive Board)	Sale	Symrise no-par value shares	June 5, 2009 Xetra	44,249	10.95	484,526.55

Total remuneration of the Supervisory Board amounted to T€660 (2008: T€673).

NAME		BASIC REMUNERATION	REMUNERATION BASED ON EARNINGS PER SHARE <sup>1)</sup>	COMMITTEE REMUNERATION	TOTAL REMUNERATION	ATTENDANCE FEES	TOTAL PAYABLE
Andreas Schmid	Chairman	40,000.00	28,400.00	32,500.00	100,900.00	17,000.00	117,900.00
Horst-Otto Gerberding		20,000.00	14,200.00	5,000.00	39,200.00	13,000.00	52,200.00
Sanna Suvanto-Harsaee		20,000.00	14,200.00	7,500.00	41,700.00	13,000.00	54,700.00
Dr. Thomas Rabe <sup>2)</sup>	from April 22, 2009	13,833.00	9,822.00	6,389.00	30,044.00	8,500.00	38,544.00
Dr. Peter Grafoner <sup>2)</sup>		20,000.00	14,200.00	5,229.00	39,429.00	13,000.00	52,429.00
Dr. Hans-Heinrich Gürtler		20,000.00	14,200.00		34,200.00	9,000.00	43,200.00
Dr. Helmut Frieden		20,000.00	14,200.00		34,200.00	9,000.00	43,200.00
Karl-Heinz Huchthausen	Vice Chairman	30,000.00	21,300.00	5,000.00	56,300.00	13,000.00	69,300.00
Regina Hufnagel		20,000.00	14,200.00	5,000.00	39,200.00	13,000.00	52,200.00
Helmut Tacke		20,000.00	14,200.00		34,200.00	9,000.00	43,200.00
Peter Winkelmann		20,000.00	14,200.00	2,500.00	36,700.00	13,000.00	49,700.00
Francesco Grioli		20,000.00	14,200.00		34,200.00	9,000.00	43,200.00
<b>Total</b>		<b>263,833.00</b>	<b>187,322.00</b>	<b>69,118.00</b>	<b>520,273.00</b>	<b>139,500.00</b>	<b>659,773.00</b>

<sup>1)</sup> Earnings per share: €0.71

<sup>2)</sup> Dr. Thomas Rabe replaced Dr. Peter Grafoner as Chairman of the Audit Committee as of May 12, 2009.



#### 48 Long-term objectives and methods used to manage financial risks

Reference is made to the risk report, which is a component of our Group management report.

#### 49 Audit

At the annual general meeting of shareholders held on May 11, 2009, KPMG AG Wirtschaftsprüfungsgesellschaft was appointed as auditor for fiscal year 2009.

The following table provides an overview of the fees paid to the auditors:

€	2008	2009
Audit of financial statements	872	875
Other audit assurance services	34	28
Tax advisory services	181	710
Other services	138	174
<b>Total</b>	<b>1,225</b>	<b>1,787</b>

#### 50 List of companies included in the consolidated financial statements

Fully consolidated companies as of December 31, 2009:

NAME AND LOCATION OF THE COMPANY	SHARE
<b>Germany</b>	
Symrise GmbH & Co. KG, Holzminden	100%
Symrise Beteiligungs GmbH, Holzminden	100%
DrinkStar GmbH, Rosenheim	100%
Schimmel & Co. GmbH, Holzminden	100%
Kaden Biochemicals GmbH, Hamburg	100%
Tesium GmbH, Holzminden	100%
Symotion GmbH, Holzminden	100%
Busiris Vermögensverwaltung GmbH, Holzminden	100%
Symrise Verwaltungs GmbH, Holzminden	100%
Symrise US-Beteiligungs GmbH, Frankfurt am Main	100%
<b>Rest of Europe</b>	
Aromatics, S.A.S., France	100%
Steng Ingredients Ltd., Great Britain	100%
Symrise S.A., Switzerland	100%
Symrise Ltd., Great Britain	100%
Symrise Holding Ltd., Great Britain	100%

NAME AND LOCATION OF THE COMPANY	SHARE
Flavors Direct Ltd., Great Britain	100%
Symrise B.V., The Netherlands	100%
Symrise Iberica S.L., Spain	100%
Symrise S.A.S., France	100%
Symrise S.r.l., Italy	100%
Symrise Vertriebs GmbH, Austria	100%
Symrise Kimya Sanayi ve Ticaret Ltd. Sirketi, Turkey	100%
Symrise Luxembourg S.a.r.l., Luxembourg	100%
WWS Ltd., Great Britain	100%
Symrise Group Finance Holding 1 BVBA, Belgium	100%
Symrise Group Finance Holding 2 CV, Belgium	100%
<b>North America</b>	
Symrise Inc., USA	100%
Symrise Holding Inc., USA	100%
Symrise S. de R.L. de CV., Mexico	100%
<b>South America</b>	
Symrise Aromas e Fragancias Ltda., Brazil	100%
Symrise S.r.l., Argentina	100%
Symrise S.A., Chile	100%
Symrise Ltda., Colombia	100%
Symrise C.A., Venezuela	100%
<b>Asia and Pacific</b>	
Symrise Pty. Ltd., Australia	100%
Symrise Ltd., Hong Kong, China	100%
Symrise Export Ltd., Hong Kong, China	100%
Symrise Ltd., Shanghai, China	100%
Symrise SDN. BHD, Malaysia	100%
Symrise Holding Pte. Ltd., Singapore	100%
Symrise Pte. Ltd., Singapore	100%
Symrise Asia Pacific Pte. Ltd., Singapore	100%
Symrise Ltd., Korea	100%
Symrise Ltd., Thailand	100%
Thamasarb Co. Ltd., Thailand	100%
P.T. Symrise, Indonesia	100%
Symrise Inc., The Philippines	100%
Symrise Pvt. Ltd., India	100%
Symrise K.K., Japan	100%
<b>Africa and the Middle East</b>	
Ragco (Pty) Ltd., South Africa	100%
Symrise (Pty) Ltd., South Africa	100%
Symrise Mauritius Ltd., Mauritius	100%
Symrise S.A.E., Egypt	100%
Aromatics Madagascar S.a.r.L., Madagascar	100%
Origines Madagascar S.a.r.L., Madagascar	100%

Associated Company as of December 31, 2009

NAME AND LOCATION OF THE COMPANY	SHARE
Therapeutic Peptides Inc., Baton Rouge, USA	20%

51 Shareholdings in Symrise AG  
pursuant to Section 160 (1) No. 8 AktG

As of the balance sheet reporting date, Symrise AG received the following notifications from shareholders of the Company pursuant to the provisions of the German Securities Trading Act (WpHG):

COMPANY	LOCATION	NOTIFICATION DATED	EFFECTIVE AS OF	% THRESHOLD EXCEEDED OR FALLEN BELOW	% SHARE HOLDING AFTERWARDS	VOTING RIGHTS
Altrinsic Global Advisor LLC <sup>2</sup>	Stamford, USA	Dec. 18, 2009	Nov. 20, 2009	3.00%	2.95%	3,489,577
Gerberding Vermögensverwaltung GmbH <sup>4</sup>	Holzminden	Dec. 28, 2006	Dec. 13, 2006	10.00%	5.86%	6,928,087
Herr Horst-Otto Gerberding <sup>4</sup>	Holzminden	Dec. 28, 2006	Dec. 13, 2006			
Gerberding Vermögensverwaltung GmbH & Co. KG <sup>4</sup>	Holzminden	Dec. 28, 2006	Dec. 13, 2006			
Bank of New York Mellon Corporation <sup>1</sup>	Pittsburgh, Pennsylvania, USA	Feb. 01, 2008	July 1, 2007	5.00%	5.24%	6,190,618
Bank of New York Mellon Corporation <sup>1</sup>	New York, New York, USA	Dec. 31, 2008	Dec. 30, 2008	5.00%	4.98%	5,888,136
BNY Mellon International Limited <sup>1</sup>	London, UK	Feb. 24, 2009	Feb. 5, 2009	3.00%	2.71%	3,198,784
Capital Income Builder, Inc., <sup>2</sup>	Los Angeles, USA	Sept. 2, 2009	Aug. 27, 2009	5.00%	5.22%	6,164,220
Capital Research and Management Company <sup>2</sup>	Los Angeles, USA	Feb. 24, 2009	Feb. 19, 2009	5.00%	5.27%	6,222,671
Deutsche Bank <sup>1</sup>	Frankfurt, Germany	July 31, 2008	July 25, 2008	3.00%	2.90%	3,428,355
Deutsche Bank Americas Holding Corp. <sup>1</sup>	Wilmington, Delaware, USA	July 28, 2008	July 22, 2008	3.00%	2.87%	3,393,317
Deutsche Investment Management Americas Inc. <sup>5</sup>	New York, USA	June 2, 2008	May 23, 2008	3.00%	2.87%	3,393,317
DWS Investment GmbH <sup>1</sup>	Frankfurt, Germany	May 7, 2008	May 6, 2008	3.00%	2.97%	3,511,300
Deutsche Bank AG/ Taunus Corp. <sup>1</sup>	Wilmington, Delaware, USA	July 28, 2008	July 22, 2008	3.00%	2.93%	3,458,490
Egerton Capital Limited <sup>1</sup>	London, UK	Feb. 19, 2008	Feb. 13, 2008	3.00%	2.98%	3,521,323

COMPANY	LOCATION	NOTIFICATION DATED	EFFECTIVE AS OF	% THRESHOLD EXCEEDED OR FALLEN BELOW	% SHARE HOLDING AFTERWARDS	VOTING RIGHTS
Egerton Capital Limited Partnership <sup>1</sup>	London, UK	Feb. 22, 2008	Feb. 13, 2008	3.00%	2.98%	3,521,323
Fidelity Management & Research Company <sup>2</sup>	Boston, Massachusetts, USA	Feb. 19, 2009	Feb. 18, 2009	3.00%	2.58%	3,054,400
FMR LLC <sup>1</sup>	Boston, Massachusetts, USA	Feb. 20, 2009	Feb. 19, 2009	3.00%	2.72%	3,218,600
John Armitage <sup>1</sup>	London, UK	Feb. 22, 2008	Feb. 13, 2008	3.00%	2.98%	3,521,323
JPMorgan Asset Management (Taiwan) Limited <sup>2,6</sup>	Taipei, Taiwan	Dec. 7, 2009	Dec. 2, 2009	3.00%	3.03%	3,582,960
JPMorgan Asset Management (UK) Limited <sup>2,6</sup>	London, UK	Dec. 1, 2009	Nov. 26, 2009	3.00%	3.02%	3,570,582
JPMorgan Asset Management Holding (UK) Limited <sup>1</sup>	London, UK	March 17, 2009	Jan. 22, 2009	3.00%	2.94%	3,474,305
JPMorgan Asset Management Holdings Inc. <sup>1</sup>	New York, USA	March 17, 2009	March 11, 2009	3.00%	2.91%	3,439,679
JPMorgan Asset Management International Limited <sup>1</sup>	London, UK	March 17, 2009	Jan. 22, 2009	3.00%	2.94%	3,474,305
JPMorgan Chase & Co. <sup>1,4</sup>	New York, USA	March 17, 2009	March 11, 2009	3.00%	2.93%	3,456,859
JPMorgan Investment Management Inc. <sup>2,6</sup>	New York, USA	Dec. 1, 2009	Nov. 26, 2009	3.00%	3.02%	3,570,582
Lazard Asset Management LLC <sup>2</sup>	New York, USA	Sept. 30, 2008	Sept. 25, 2008	3.00%	2.75%	3,246,887
M&G Group Limited <sup>1</sup>	London, UK	March 3, 2008	Feb. 28, 2008	5.00%	5.17%	6,114,758
M&G Investment Funds <sup>2</sup>	London, UK	March 25, 2008	March 18, 2008	5.00%	5.06%	5,974,017
M&G Investment Management Limited <sup>1</sup>	London, UK	March 3, 2008	Feb. 28, 2008	5.00%	5.13%	6,056,787
M&G Limited <sup>1</sup>	London, UK	March 3, 2008	Feb. 28, 2008	5.00%	5.17%	6,114,758
M&G Securities Limited <sup>2</sup>	London, UK	25.03.2008	18.03.2008	5.00%	5.18%	6,115,017
Massachusetts Financial Services Company (MFS) <sup>2</sup>	Boston, Massachusetts, USA	Oct. 7, 2008	Sept. 30, 2008	5.00%	5.02%	5,929,174
MBC Investments Corp., Greenville <sup>1</sup>	Delaware, USA	Feb. 24, 2009	Feb. 5, 2009	3.00%	2.71%	3,208,273
Mellon International Holdings S.A.R.L., Luxembourg <sup>1</sup>	Luxembourg	Feb. 24, 2009	Feb. 5, 2009	3.00%	2.71%	3,198,784
Neptune LLC <sup>1</sup>	Pittsburgh, Pennsylvania, USA	Feb. 24, 2009	Feb. 5, 2009	3.00%	2.71%	3,198,784
New Star Asset Management Limited <sup>2</sup>	London, UK	Dec. 17, 2008	Dec. 12, 2008	3.00%	2.92%	3,453,794

COMPANY	LOCATION	NOTIFICATION DATED	EFFECTIVE AS OF	% THRESHOLD EXCEEDED OR FALLEN BELOW	% SHARE HOLDING AFTERWARDS	VOTING RIGHTS
Newton Management Limited, Mellon Financial Centre <sup>1</sup>	London, UK	Feb. 24, 2009	Feb. 5, 2009	3.00%	2.71%	3,198,784
Newton Investment Management Ltd. <sup>2</sup>	London, UK	Feb. 24, 2009	Feb. 5, 2009	3.00%	2.71%	3,198,784
Prudential plc. <sup>1</sup>	London, UK	Feb. 27, 2008	Feb. 21, 2008	5.00%	5.08%	6,013,331
Schroders Administration Limited <sup>3</sup>	London, UK	Feb. 4, 2008	Jan. 25, 2008	5.00%	4.96%	5,865,659
Schroders Investment Management Limited <sup>2</sup>	London, UK	Feb. 4, 2008	Jan. 25, 2008	5.00%	4.96%	5,865,659
Schroders plc. <sup>3</sup>	London, UK	Feb. 4, 2008	Jan. 25, 2008	5.00%	4.96%	5,865,659
Sun Life Assurance Company of Canada – US Operations Holdings Inc. <sup>1</sup>	Wellesley Hills, Massachusetts, USA	Oct. 7, 2008	Sept. 30, 2008	5.00%	5.02%	5,929,174
Sun Life Financial (U.S.) Holding Inc. <sup>1</sup>	Wellesley Hills, Massachusetts, USA	Oct. 7, 2008	Sept. 30, 2008	5.00%	5.02%	5,929,174
Sun Life Financial (U.S.) Investments LLC <sup>1</sup>	Wellesley Hills, Massachusetts, USA	Oct. 7, 2008	Sept. 30, 2008	5.00%	5.02%	5,929,174
Sun Life Financial Inc. <sup>1</sup>	Toronto, Ontario, Canada	Oct. 7, 2008	Sept. 30, 2008	5.00%	5.02%	5,929,174
Sun Life Global Investments Inc. (vormals Sun Life Financial Corp.) <sup>1</sup>	Toronto, Ontario, Canada	Oct. 7, 2008	Sept. 30, 2008	5.00%	5.02%	5,929,174
Sun Life of Canada (U.S.) Financial Services Holdings Inc. <sup>1</sup>	Boston, Massachusetts, USA	Oct. 7, 2008	Sept. 30, 2008	5.00%	5.02%	5,929,174
The Bank of New York Mellon Corporation, New York <sup>1</sup>	New York, USA	Feb. 24, 2009	Feb. 5, 2009	3.00%	2.71%	3,208,338
William Bollinger <sup>1</sup>	London, UK	Feb. 22, 2008	Feb. 13, 2008	3.00%	2.98%	3,521,323

<sup>1</sup> The voting rights are attributed pursuant to Section 22 (1) S.1 No.1 together with Sentence 2 of the WpHG [German Securities Trading Act]

<sup>2</sup> The voting rights are attributed pursuant to Section 22 (1) S.1 No. 6 of the WpHG

<sup>3</sup> The voting rights are attributed pursuant to Section 22 (1) S.1 No.1 together with Sentences 2 and of the WpHG

<sup>4</sup> The voting rights are attributed pursuant to Section 22 (1) S.1 No.1 of the WpHG

<sup>5</sup> All voting rights are attributed to the company pursuant to Section 22 (1) S.1 No.6 of the WpHG, thereof 0,03% (37,934 voting rights) in connection with Section 22 (1) S.2 of the WpHG

<sup>6</sup> The voting rights are attributed pursuant to Section 22 (2) of the WpHG

52 Exemption from the obligation to prepare annual financial statements pursuant to Sections 264 b and 264 (3) HGB

Die Symrise GmbH & Co, KG is included in the consolidated financial statements of Symrise AG in accordance with the provisions applicable for corporate entities and has taken advantage of the exemption provisions covering the preparation, audit and publication of separate annual financial statements pursuant to Section 264 b HGB.

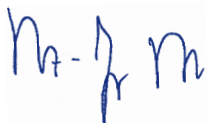
Drinkstar GmbH, Tesium GmbH and Symotion GmbH are included in the consolidated financial statements of Symrise AG in accordance with the provisions applicable for corporate entities and have taken advantage of the exemption provisions covering the preparation, audit and publication of separate annual financial statements pursuant to Section 264 (3) HGB.

53 Corporate governance

The declaration of compliance pursuant to Section 161 AktG has been submitted for 2009 and has been made available to shareholders on an ongoing basis through our website [www.Symrise.com](http://www.Symrise.com).

Holzminden, February 22, 2010

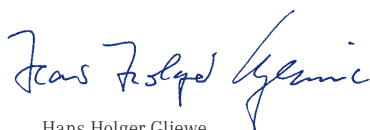
Symrise AG  
The Executive Board



Dr, Heinz-Jürgen Bertram



Achim Daub



Hans Holger Gliewe



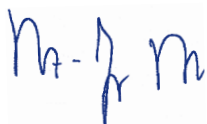
Bernd Hirsch

## STATEMENT OF THE EXECUTIVE BOARD

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the group management report 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 group.

Holzminden, February 22, 2010

Symrise AG  
The Executive Board



Dr. Heinz-Jürgen Bertram



Bernd Hirsch



Achim Daub



Hans Holger Gliewe

## AUDITOR'S REPORT

We have audited the consolidated financial statements prepared by the Symrise AG, Holzminden, comprising the consolidated balance sheet, the consolidated income statement, consolidated statement of changes in equity, consolidated cash flow statement and the notes to the consolidated financial statements, together with the group management report for the business year from January 1 to December 31, 2009. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315 a Abs. 1 HGB are the responsibility of the parent company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with section 317 HGB [Handelsgesetzbuch „German Commercial Code“] and 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 includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used, and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and 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 IFRSs as adopted by the EU, the additional requirements of German commercial law pursuant to Section 315 a Abs. 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Group 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.

Hanover, February 22, 2010

KPMG AG  
Wirtschaftsprüfungsgesellschaft

Dr. Bartels-Hetzler  
Wirtschaftsprüfer

Dr. Thümler  
Wirtschaftsprüfer

## CORPORATE GOVERNANCE REPORT



WWW.SYMRISE.COM >  
OUR COMPANY >  
INVESTOR RELATIONS >  
CORPORATE  
GOVERNANCE >  
CORPORATE  
GOVERNANCE  
STATEMENT

The printed Corporate Governance report is part of the Corporate Governance Statement, which is available in its entirety on the Company's website.

### INTRODUCTION

Corporate Governance at Symrise is based on the German Corporate Governance Code, which has established itself as guideline and standard for good corporate governance in Germany. Today, we are convinced more than ever before that good corporate governance is a prerequisite and indispensable basis for the success of a company. Particularly in times of a worldwide financial and economic crisis, this success depends even more so on the trust of our business partners, financial markets, investors, employees and the public. Confirming and further strengthening this trust is a prioritized objective at Symrise. Achieving this objective calls for responsible leadership and corporate management and control focused on creating sustainable value.

Symrise shapes corporate governance in the Company in keeping with the recommendations and suggestions of the German Corporate Governance Code. The Code has been updated; the updated version includes new points, particularly with respect to remuneration. Symrise has addressed and implemented all of the adjustments made to the Code. As of January 1, 2010, Symrise AG has fully complied with the recommendations made by the "Government Commission on the German Corporate Governance Code" (version: June 18, 2009) published by the German Federal Ministry of Justice on August 5, 2009 in the official part of the electronic Federal Gazette (Bundesanzeiger).



WWW.SYMRISE.COM >  
OUR COMPANY >  
INVESTOR RELATIONS >  
CORPORATE GOVERNANCE >  
DIRECTOR'S  
DEALINGS

In the past, we oriented ourselves to internationally and nationally acknowledged standards of good and responsible corporate governance and will continue to do so in the future. In the 2009 fiscal year, the Executive Board and the Supervisory Board dealt intensively with all corporate governance issues on numerous occasions across all areas.

### CONFLICTS OF INTEREST

As in the previous year, conflicts of interest of members of the Executive Board, which have to be disclosed to the Supervisory Board without delay, did not occur in 2009. The only consultant or service agreements or other exchange contracts in fiscal year 2009 between members of the Supervisory Board and the company involved Mr. Horst-Otto Gerberding, as in the previous year:

In connection with the retirement of Mr. Gerberding as managing director of the former Symrise Holding GmbH, the company and Mr. Gerberding entered into an "Amended and Restated Service Agreement" on September 4, 2003. Under the terms of this agreement, Mr. Gerberding is entitled to an annual retirement pension of € 100,000 until his death. This amount increases by € 7,500 for each year that Mr. Gerberding remains in the service of the company after the expiration of the agreement. Mr. Gerberding is also entitled to a pension from Symrise GmbH & Co. KG through an employment and supply contract dated July 29, 1983. The total sum of retirement pension and pension entitlement is € 23,475 per month. This amount is borne to one half each by Symrise GmbH & Co. KG and Symrise AG. In addition, Mr. Gerberding was entitled in fiscal year 2009 to payment of monthly compensation of a further € 41,666 for a post-contract ban on competition. This entitlement was valid until and including September 2009.

### TRANSPARENCY

Pursuant to § 15a of Germany's Securities Trading Act (WpHG - Wertpapierhandelsgesetz) the members of the Executive Board and the Supervisory Board of Symrise AG as well as certain employees with management duties and the persons with whom they have a close relationship must disclose the purchase or sale of Symrise shares and related financial instruments. This duty of disclosure applies if the value of the transactions undertaken by one of the aforementioned persons reaches or exceeds the sum of € 5,000. All of the reports received by Symrise AG as of December 31, 2009, are published on our website. This includes all such reports since the IPO in December 2006, including any involving persons who have meanwhile left the Executive Board and Supervisory Board.



The direct or indirect total holding of shares in Symrise AG by all members of the Executive and Supervisory Boards as at December 31, 2009, was more than 1%. The amount of 6.14% of shares in Symrise AG held in total by members of the Executive and Supervisory Boards consists of 6.01% held by members of the Supervisory Board and 0.13% by members of the Executive Board.

A summary of the respective mandates of the members of the Executive Board and the Supervisory Board outside of the Symrise Group can be found on page 156 in this Annual Report. Relationships to affiliated companies and persons are stated on page 139 in this Annual Report

#### EXECUTIVE BOARD AND SUPERVISORY BOARD REMUNERATION

The remuneration of the Executive Board as well as the individualized disclosure of the remuneration of the Executive Board can be found on pages 69 to 71 of this Annual Report.

In addition to their base compensation, the Supervisory Board remuneration also includes a variable component that adequately reflects the company's earnings per share. The base compensation for each member of the Supervisory Board is € 20,000. As long as the company's earnings per share amount to at least € 0.15, each member of the Supervisory Board receives € 200 per € 0.01 company earnings per share. The Chairman of the Supervisory Board receives twice this amount in both base compensation and variable remuneration. The Deputy Chairman receives 1.5 times these two remuneration components. The variable remuneration component has an upper limit. For simple members of the Supervisory Board, this limit is € 40,000, for the Deputy Chairman it is € 60,000 and for the Chairman it is € 80,000.

Committee chairpersons receive an additional, fixed, annual remuneration of € 10,000. Deputy committee chairpersons receive an additional € 5,000 annually, and simple committee members receive an additional € 2,500 annually. All members of the Supervisory Board receive a stipend of € 1,000 per committee meeting or per meeting of the Supervisory Board, though the maximum stipend is € 1,500 per calendar day. A breakdown of the total remuneration of each member of the Supervisory Board is shown on page 140 of this report.

Symrise AG took out a professional indemnity insurance (D&O insurance) for all members of the Executive and Supervisory Boards with an appropriate deductible. From 2010, a deductible was agreed on of at least 10% of the damages and up to at least one-and-a-half times the fixed annual remuneration of the respective member of the Executive Board or the Supervisory Board.

#### SHAREHOLDERS AND ANNUAL GENERAL MEETING

Symrise AG shareholders exercise their co-determination and control rights at the Annual General Meeting. The Meeting takes decisions on all statutory matters that are binding on all shareholders and the Company. In decisions made, each share is entitled to one vote. All shareholders registering in due time are entitled to participate in the Annual General Meeting. Shareholders who are not able to attend the Meeting in person are entitled to have their voting rights exercised by a bank, a shareholders association, a voting proxy of Symrise AG who is bound by its instruments, or another proxy of their own choosing. Shareholders also have the opportunity of voting per Internet in the run-up to the Annual General Meeting or authorizing the voting proxy provided by the Company on the Web. Instructions on how voting rights are to be exercised may be given to a voting proxy before and during the Annual General Meeting on May 11, 2009, up until the end of the general debate. It is possible to transfer the voting rights to a voting proxy electronically up until 6:00 p.m. on the evening of May 10, 2010. The invitation to the Annual General Meeting and the reports and information required for the decision are published according to stock corporation law and made available on Symrise AG's website in German and English.

It is our intention to provide our shareholders with quick, comprehensive and effective information before and during the Annual General Meeting and to make it easy for them to exercise their rights. The annual report and the invitation to the Annual General Meeting, both of which are also available on the website of the Symrise AG, provide the shareholders with comprehensive information on past fiscal years and the individual agenda items of the upcoming Annual General Meeting. All documents and information pertaining to the Annual General Meeting and the Annual Report are available on the website of the Symrise AG. The registration and legitimization process for the Annual General Meeting is simple and follows the international standard for the record date, according to which the 21st day before the Meeting is the applicable cutoff date for the legitimization of the shareholders. Subsequent to the Annual General Meeting, we also publish the attendance and the votes on our website.

#### INFORMATION SERVICE FOR OUR SHAREHOLDERS

Corporate communication is undertaken with the objective of guaranteeing the greatest possible transparency and equality of opportunities through timely and equal information to all target groups. All major press and capital market releases by Symrise AG are also published on the Company's website in German and in English. The articles of association, rules of procedure of the Executive Board and the Supervisory Board, as well as the annual and



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consolidated financial statements, quarterly results and the annual and half-yearly financial reports can also be found on our website.

We regularly notify our shareholders, analysts, shareholder associations and the public of all important recurring dates through a financial calendar published in the annual report, the quarterly reports and on the Company website. Regular meetings with analysts and institutional investors are part of our investor relations activities. This includes an annual analysts' conference as well as conference calls for analysts coinciding with the publishing of our quarterly and half-yearly figures. The most important presentations prepared for these events, the Annual General Meeting and road shows and investor conferences can also be viewed on our website. The location and dates of road shows and investor conferences can similarly be found on our website.



WWW.SYMRISE.COM >  
OUR COMPANY >  
INVESTOR RELATIONS >  
EVENTS



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#### RISK MANAGEMENT

Dealing with risks of all kinds responsibly has the utmost importance for the success of a company. For this reason, a comprehensive risk management system is a mandatory element of suitable corporate governance. The Executive Board ensures appropriate risk management and risk controlling throughout the Group. The risk early recognition system at Symrise AG is monitored by the auditors both in Germany and abroad. It is constantly being developed and adapted to changing conditions. Twice a year, potential risks are analyzed and classified throughout the Group.

The risk management system at Symrise AG, its security mechanisms, internal guidelines and checks are additionally examined by outside auditors and without prior notice by the internal Group auditors. Risks identified in this manner are immediately reported to the Executive Board.

Along with the audit of annual accounts and monitoring of accounting procedures, the Auditing Committee set up by the Supervisory Board also undertakes regular auditing and monitoring of the effectiveness of the internal control and risk management system. This includes regular reporting by Internal Auditing and the Compliance Office of Symrise.

This overlapping mechanism allows risks to be identified and assessed at an early stage. The Executive Board regularly informs the Supervisory Board of existing risks and their development. Specific measures are proposed and implemented right from this early stage to mitigate the identified risks. The Group's in-house auditors also check on the implementation of these new measures and the results are given a critical assessment. The risk profile is thereby constantly monitored and necessary measures to mitigate risks are introduced. Specific staff members are assigned responsibility for this and held accountable in their performance review.

#### OUR AUDITORS: KPMG

With regard to the consolidated financial statements and the interim reports at Symrise, our accounting in fiscal year 2009 was again based on the International Financial Reporting Standards (IFRS) as required to be applied in the European Union. The legally prescribed individual accounts of Symrise AG that are decisive for the payment of dividends have been prepared in accordance with the regulations of the German Commercial Code (HGB – Handelsgesetzbuch). As in 2008, the annual accounts of Symrise AG as well as the management report and the consolidated annual financial statements of Symrise AG as well as the group management report were also audited in 2009 by our auditors KPMG AG Wirtschaftsprüfungsgesellschaft, Hanover. An agreement is in place with the auditors to promptly notify the chairman of the Auditing Committee of any grounds for disqualification or prejudice that are identified during the audit, insofar as such circumstances cannot immediately be rectified. The auditors are instructed to report without delay on all findings and incidents of significance to the duties of the Supervisory Board that are identified during the audit to the Executive Board and the Supervisory Board. Moreover, the auditors are required to notify the Supervisory Board and make a note in the audit report if circumstances are identified during the audit that are incompatible with the declaration of compliance issued by the Executive Board and Supervisory Board in accordance with § 161 AktG.

## REPORT OF THE SUPERVISORY BOARD OF SYMRISE AG

### Dear Shareholders,

The fiscal year 2009 was marked by the ongoing worldwide financial and economic crisis and its aftermath. But in spite of the difficult conditions, Symrise can look back on a successful fiscal year. This is by no means self-evident. The anticipatory restructuring and cost reduction measures adopted by the Executive Board have proved to be successful.

In this report I would like to inform you about the activities of the Supervisory Board in the 2009 fiscal year. In 2009, the Supervisory Board again fulfilled its responsibilities under the law and according to the articles of association with great care. I will report in more depth about the continuous dialog between the Supervisory Board and the Executive Board, the main agenda items and tasks in the full assembly as well as in the committees. I will also explain the Supervisory Board's review of the annual and consolidated financial statements.

We provided regular consultation to the Executive Board and supervised the Company management. The Supervisory Board was directly involved in all decisions of fundamental significance to the Company. The Executive Board consulted us in determining the strategic planning and alignment of the Company. As in the previous fiscal year, the Supervisory Board and the Executive Board held a special meeting to examine and evaluate the Company's strategy. We deliberated in detail on all business transactions of significance to the Company based on information received from the Executive Board. In accordance with the legal requirements and the articles of association the Executive Board presented matters subject to our approval in time for a decision to be taken. Wherever required by law or by the articles of association, we submitted our vote on the reports and proposed resolutions of the Executive Board following thorough analysis and discussion. In special cases, decisions were made in consultation with the chairman of the Supervisory Board, either by telephone or in writing. Conflicts of interest of members of the Executive Board and the Supervisory Board, which have to be disclosed to the Supervisory

Board without delay and which have to be reported at the Annual General Meeting, did not occur in 2009.

The Executive Board provided us with regular, current and comprehensive reports on all relevant issues related to corporate planning, investment planning, the course of business, the state of the Group, the risk profile and risk management. The Executive Board also reported to the Supervisory Board on the compliance program and on business management in conformity with the law. It did so in both written and oral form. The Executive Board reported all important key financial figures to us once a month. Deviations of the course of business from the plans and objectives were explained to us at an early stage and in detail. We examined and understood all such deviations based on documents provided by the Executive Board. Beyond the scope of Supervisory Board sessions, I and other members of the Supervisory Board were in close and continuous contact with the Executive Board and offered additional support. The worldwide financial and economic crisis and its effects on the current and future business situation, the status of essential projects and key business transactions in both Group divisions were repeatedly a subject of our discussions with the Executive Board.

### THE SUPERVISORY BOARD'S WORK IN COMMITTEES

As in the past, to fulfill its responsibilities more efficiently, the Supervisory Board formed a total of **four committees**. These committees draft the Supervisory Board's resolutions and prepare the agenda items to be addressed in the full session. To the extent that this is legally admissible, in individual cases the Supervisory Board delegates decision-making to its committees. The Supervisory Board established an Auditing Committee, an Arbitration Committee pursuant to § 27 (3) of the Codetermination Act (MitbestG), a Presidential Committee and a Nominations Committee as permanent committees. The task of the latter is to propose suitable candidates to represent the shareholders when new Supervisory Board elections are coming up. The Chairman of the Supervisory Board chairs all of the committees with the exception of the Auditing Committee. In the full session, the chairmen of the committees report

regularly and comprehensively on the content and results of the committee meetings.

The **Presidential Committee** is responsible for the employment contracts of the members of the Executive Board as well as other Executive Board matters. Among these issues are making resolution recommendations to the Supervisory Board at the full session of the Supervisory Board regarding appointments of Executive Board members or regarding essential components of Executive Board members' employment contracts. This committee is also responsible for succession planning at the Executive Board level. The Presidential Committee currently has five members. Three members are appointed by the shareholders' representatives in the Supervisory Board and two are appointed by the employee representatives in the Supervisory Board. The members are Andreas Schmid (Chairman), Horst-Otto Gerberding, Karl-Heinz Huchthausen, Regina Hufnagel and Sanna Suvanto-Harsaae. The Presidential Committee convened five times in the 2009 fiscal year. A main focus of the committee's work was on replacement of Executive Board members and reshuffling of the Executive Board. Initially, the procedure for selecting the successor to Dr. Linzbach as Chairman of the Executive Board was carried out. After Dr. Bertram had taken over this position, the committee's consultations centered on finding a new Head of the Flavor & Nutrition division. In addition, the Presidential Committee coordinated the procedure for selecting a successor to Mr. Yates as CFO. Another focus of the committee's work was an examination of the remuneration system of the Executive Board and adoption of success criteria for variable remuneration components to act as long-term incentives (Long Term Incentive Plan, LTIP).

The **Auditing Committee** monitors the accounting process, the effectiveness of the internal controlling system, the risk management system, the internal revision system and the audit of annual accounts. It deals in particular with the independence and qualifications of the auditor as well as additional services provided by the auditor. The Auditing Committee prepares, among other things, the Supervisory Board's decision on the approval of the financial statements and the consolidated financial statements. To this end, it is responsible for pre-auditing the annual financial statements, the consolidated financial statements, the management reports and the proposal regarding appropriation of earnings. The individual agenda items also include receipt of the internal revision and compliance office reports. At least one member of the Auditing Committee must be independent and possess expertise in accounting or auditing. The Auditing Committee has four members. Three members are appointed by the shareholder representatives on the Supervisory Board and one by the employee representatives on

the Supervisory Board. The members are Dr. Thomas Rabe (member and Chairman as of May 11, 2009), Dr. Peter Grafoner (Chairman until May 11, 2009), Andreas Schmid and Peter Winkelmann. The Auditing Committee convened five times in the 2009 fiscal year. In the presence of the auditor as well as the CEO and the CFO, the committee dealt with financial statements and consolidated financial statements of Symrise AG, the auditors' review of quarterly reports and half-year report, auditor's reports, as well as the further development of the risk management system and the compliance program. The Auditing Committee also discussed in detail the yearly and half-yearly financial report. In its session of September 28, 2009, the Auditing Committee obtained comprehensive information about the status of the German Act on the Modernization of Accounting Law ("BilMoG") and the first experiences with it. The second focal point of this session were possibilities of medium-term finance planning against the background of the financial and economic crisis.

The Auditing Committee prepared the Supervisory Committee's proposal to the Annual General Meeting to nominate KPMG AG Wirtschaftsprüfungsgesellschaft of Hanover as the auditor. Furthermore, the Auditing Committee solicited a statement of independence from the auditor. It commissioned the auditor and determined the auditing fees, and agreed upon the main points of the audit.

The **Arbitration Committee** pursuant to § 27 (3) of the Codetermination Act (MitbestG) consists of two shareholder and two employee representatives who are on the Supervisory Board. Its current members are Andreas Schmid (Chairman), Karl-Heinz Huchthausen, Regina Hufnagel and Sanna Suvanto-Harsaae. It was not necessary to convene the Arbitration Committee during the 2009 fiscal year.

The **Nominations Committee** currently has three members. Its task is to recommend shareholders' representatives to the Annual General Meeting who would be suitable Supervisory Board members when Supervisory Board elections are coming up. In compliance with the German Corporate Governance Code, the committee consists exclusively of Supervisory Board members who are shareholders' representatives. Its members are Andreas Schmid (Chairman), Horst-Otto Gerberding and Sanna Suvanto-Harsaae. It was not necessary to convene the Nominations Committee during the 2009 fiscal year.

#### TOPICS OF THE SUPERVISORY BOARD MEETINGS

An issue for regular consultation in the full session of the Supervisory Board was the sales and earnings performance as well as



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**ANDREAS SCHMID**  
Chairman of the Supervisory Board  
of Symrise AG

the employment development of Symrise AG, of the Group and its two corporate divisions in the individual regions under the economic conditions as they were developing, the financial situation as well as important participatory projects and their development as measured against the planned objectives. The Executive Board provided us with regular and comprehensive information on corporate planning, the strategic development, the course of business and the state of the Group. The Supervisory Board obtained continual information on the development and consequences of the worldwide financial and economic crisis. In the 2009 fiscal year, the Supervisory Board held six ordinary sessions and one extraordinary session. In addition, there were two telephone conferences. No Supervisory Board member took part in less than half of the sessions.

The Supervisory Board's **session of February 25, 2009**, primarily focused on the annual and consolidated financial statements as of December 31, 2008, the Executive Board's proposal regarding appropriation of earnings, and the Group's dividend policy in the face of the ongoing worldwide financial and economic crisis. The auditor also participated in this session. The session was additionally devoted to the declaration regarding the Corporate Governance code pursuant to § 161 of the German Stock Corporation Act (AktG), the agenda items of the Annual General Meeting on May 11, 2009, and the extension of the authorization to acquire treasury shares. In addition, the Supervisory Board agreed on a process through which the Supervisory Board can evaluate its own work and launched this process.

During a **telephone conference on March 26, 2009**, the Executive Board provided us with comprehensive information on a strategic

acquisition. We discussed this matter with the Executive Board and reached an agreement on how to proceed.

Our **extraordinary meeting of April 29, 2009** was devoted completely to the dramatically worsening economic environment. We analyzed and discussed the course of business in depth and in detail. The focus was on the course of business so far in the 2009 fiscal year, including the first three months of 2009. We dealt extensively with the restructuring and cost reduction measures proposed by the Executive Board and discussed their possible effects on the corporate strategy.

In its **meeting of May 11, 2009**, the Supervisory Board dealt, on the basis of the course and results of the first quarter of 2009, with the anticipated development of business for 2009 as a whole. In the light of the worldwide economic stimulus programs and their short-term effects, the consultations focused on the soundness of the planning for 2009 as a whole. Against this background, together with the Executive Board we subjected the growth and innovation strategy to a critical appraisal. A further focus was the presentation and explanation of an acquisition project by the Executive Board.

A main focus of our **session of July 22, 2009** were the business results for the first half of 2009 and the second quarter of 2009, along with the half-year report pursuant to § 37w of Germany's Securities Trading act (WpHG). Furthermore, we deliberated on who might succeed Dr. Bertram as the person responsible for the Flavor & Nutrition division and the process of searching for candidates. In this session, we also dealt extensively with the results of the Supervisory Board members' evaluation of the work of the Super-

visory Board, and discussed the future structure and organization of the Corporate Center with the Executive Board. We formed a separate work group to prepare the November session focusing on examining and evaluating the Company's strategy.

During the **telephone conference of October 16, 2009**, we abstractly discussed and debated, together with the Executive Board and in anticipation of the special session devoted to examining and evaluating the Company's strategy, some fundamental strategic considerations.

Our **session of November 3, 2009**, was devoted to the presentation of the business results for the first nine months of 2009 and the third quarter 2009. Together with the Executive Board, we agreed on the basic data and assumptions for preparation of corporate planning for 2010. Within the framework of the efforts to replace Executive Board members and reshuffle the Executive Board, we appointed Mr. Hans Holger Gliewe and Mr. Bernd Hirsch as members of the Executive Board.

The **session held on November 4, 2009**, was exclusively devoted to examining and evaluating the Company's strategy. During this session, we listened to external third parties, who showed and analyzed the strategic possibilities of our company from their respective individual perspective. With these assessments in mind, we discussed the Executive Board's strategy with the Executive Board and questioned this strategy. We talked about possible alternative scenarios and, against the background of different scenarios of global economic development, examined whether they were appropriate and able to be implemented.

The **session of December 2, 2009** focused entirely on corporate planning for the 2010 fiscal year. At this session, the Supervisory Board approved the corporate planning for 2010. In keeping with the legal regulations pertaining to members of the Executive Board of stock market listed companies, we reached an agreement on the deductible of D&O insurance for members of the Supervisory Board. We added an age limit of 65 for people who are appointed members of the Executive Board to the rules of procedure pertaining to the Executive Board. In addition, we adapted the rules of procedure for the Supervisory Board to the new regulations contained in the German Act on the Modernization of Accounting Law (BilMoG).

#### **ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS 2009**

The auditor KPMG AG Wirtschaftsprüfungsgesellschaft, Hanover, audited the annual financial statements for the fiscal year from January 1, 2009, to December 31, 2009, that were prepared by the

Executive Board according to HGB (German Commercial Code) standards as well as the Symrise AG management report. The Auditing Committee issued the order for the audit in accordance with the May 11, 2009, resolution of the Annual General Meeting. The auditor issued an unqualified certification.

The Symrise AG consolidated financial statements were prepared in accordance with § 315a HGB on the basis of the International Financial Reporting Standards (IFRS), as applicable in the European Union. The auditor also certified the consolidated financial statements and the Group management report without qualification.

The auditor's report on these financial statements and additional auditing reports and documentation were delivered to all members of the Supervisory Board in a timely manner. They were discussed thoroughly in the sessions of the Auditing Committee of February 22 and March 1, 2010, and in the full session of the Supervisory Board of March 2, 2010. The auditors participated in the discussion of the annual financial statements and consolidated financial statements in both bodies, where they reported on the key audit results and were available to the Supervisory Board to answer questions and provide additional information.

Following our own review of the annual financial statements, the consolidated financial statements, the management report and the Group management report, we accepted the findings of the auditor. In our session of March 2, 2010, we approved the annual financial statements and the consolidated financial statements upon the recommendation of the Auditing Committee. The annual financial statements are thereby adopted. After examining it, we endorsed the proposal of the Executive Board for the use of the net income of the year. The Supervisory Board considers the proposal regarding the appropriation of profits to be appropriate.

#### **CORPORATE GOVERNANCE**

Also on behalf of the Supervisory Board, pursuant to 3.10 of the German Corporate Governance Code, the Executive Board reports on corporate governance at Symrise AG within the framework of the declaration on business management pursuant to § 289a of the German Commercial Code (HGB). The declaration on business management is now accessible to the public on Symrise AG's website. The address is: [www.symrise.com](http://www.symrise.com) > Our Company > Investor Relations > Corporate Governance > Corporate Governance Statement. In 2009, we continually observed the further development of corporate governance standards in Germany and abroad, and we will continue to do so. On March 2, 2010, the Executive Board and the Supervisory Board submitted an updated Declaration of Compliance according to § 161 AktG and made this permanently



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available to the shareholders on the Company's website. Since January 1, 2010, Symrise AG has conformed entirely to all recommendations of the Government Commission of the German Corporate Governance Code as published in the current (June 18, 2009) version available from the Federal Ministry of Justice in the official section of its electronic Federal Gazette of August 5, 2009.

#### CHANGES IN THE EXECUTIVE BOARD AND SUPERVISORY BOARD

There were three changes in the Executive Board during the reporting year: Dr. Gerold Linzbach left the company on conclusion of June 30, 2009, for personal reasons and on the best of terms. The Supervisory Board appointed Dr. Heinz-Jürgen Bertram as Chairman of the Executive Board taking effect on July 1, 2009. The Supervisory Board appointed Mr. Hans Holger Gliewe as a new member of the Executive Board taking effect on November 5, 2009. He now heads the Flavor & Nutrition division. Mr. Dominique Robert Yates left the company on conclusion of November 30, 2009, for personal reasons and on the best of terms. The Supervisory Board appointed Mr. Bernd Hirsch as a new Executive Board member taking effect on December 1, 2009. He is the new CFO.

In the Supervisory Board of Symrise AG, there was a shareholder representative change in the 2009 fiscal year.

By virtue of a legal decision made on April 22, 2009, Dr. Thomas Rabe was appointed a member of the Supervisory Board. Dr. Rabe is the CFO of Bertelsmann AG in Gütersloh. At the Shareholders' Meeting on May 11, 2010, Dr. Rabe's appointment to the Supervisory Board will be subject to shareholders' approval.

The Supervisory Board would like to thank all of the members of the Executive Board, the employees of all Group companies in Germany and abroad, as well as all employee representatives for their commitment and accomplishments in the 2009 fiscal year. You contributed to another successful business year for Symrise.

On behalf of the Supervisory Board,



**Andreas Schmid**

Chairman

Holzminden, March 2, 2010

## BODIES AND MANDATES

### EXECUTIVE BOARD

The Executive Board of the Symrise AG consists of following members:

**DR. HEINZ-JÜRGEN BERTRAM**  
CEO

**ACHIM DAUB**  
Executive Board Member responsible for Scent & Care

**BERND HIRSCH**  
CFO

**HANS HOLGER GLIEWE**  
Executive Board Member responsible for Flavor & Nutrition

### SUPERVISORY BOARD

The following have been elected as members of the Supervisory Board:

**ANDREAS SCHMID\***  
Chairman of the Supervisory Board of Symrise AG

- **Oettinger Imex AG**  
(Oettinger Davidoff Group)  
President of the Board of Directors
- **gategroup AG**  
President of the Board of Directors

- **Flughafen Zürich AG**  
President of the Board of Directors
- **Barry Callebaut AG**  
Vice President of the Board of Directors

- **Karl Steiner AG**  
Member of the Board of Directors
- **Badrutt's Palace Hotel AG**  
Member of the Board of Directors

**KARL-HEINZ HUCHTHAUSEN**  
Vice Chairman, Chairman of works council and general works council of Symrise GmbH & Co. KG

- **Stadtwerke Holzminden GmbH**  
Chairman of the Supervisory Board

**DR. HELMUT FRIEDEN**  
Corporate Vice President Corporate Compliance of Symrise GmbH & Co. KG, Holzminden

**HORST-OTTO GERBERDING\***  
Managing partner of the Drago Invest GmbH & Co. KG

- **InfoTech AG**  
Member of the Supervisory Board

- **Yanick + Fée AG**  
Member of the Advisory Board



**DR. PETER GRAFONER\***

Chairman of the Management Board, CBR Fashion Holding GmbH, Celle

- SKF AB, Göteborg, Sweden  
Member of the Supervisory Board
- SCANIA Schweiz AG, Kloten, Switzerland  
Chairman of the Board of Directors
- MASA Aktiengesellschaft, Andernach  
Vice Chairman of the Supervisory Board
- VTI Technologies Oy, Finland  
Chairman of the Board of Directors

**FRANCESCO GRIOLI**

Executive Secretary for Tariff Policy and Finance of IG BCE

**DR. HANS-HEINRICH GÜRTLER\*****REGINA HUFNAGEL**

Vice Chairwoman of the works council and general works council of Symrise GmbH & Co. KG

**DR. THOMAS RABE\* (SINCE APRIL 22, 2009)**

CFO Bertelsmann AG

- Arvato AG  
Vice Chairman of the Supervisory Board
- BMG RM Germany GmbH  
(since September 30, 2009)  
Chairman of the Supervisory Board
- Druck- und Verlagshaus  
Gruner + Jahr AG  
Member of the Supervisory Board
- IKB AG (since June 17, 2009)  
Member of the Supervisory Board

**SANNA SUVANTO-HARSAAE\***

Freelance consultant

- Sunset Boulevard AS, Denmark  
Chairwoman of the Supervisory Board
- Duni AB, Sweden  
Member of the Supervisory Board
- Candyking AB, Sweden  
Member of the Supervisory Board
- Babysam AS, Denmark  
Chairwoman of the Supervisory Board
- Paulig AB, Finland  
Member of the Supervisory Board
- BTX AS, Denmark  
Member of the Supervisory Board
- Jetpak AB, Sweden  
Member of the Supervisory Board

**HELMUT TACKE**

Member of the works council of Symrise GmbH & Co. KG

**PETER WINKELMANN**

Head for the region Alfeld of IG BCE

\* Shareholder representative

## GLOSSARY

### A

#### AKTG

German Stock Corporation Act (Aktiengesetz)

#### ALLERGEN

A substance that cause a hypersensitive reaction of the immune system

#### ALPHA-BISABOLOL

An anti-irritant active ingredient contained in chamomile

#### ANTHOCYANINS

Water-soluble pigments found in red/purplish fruit and vegetables

#### ANTIOXIDANTS

In food, medicine or synthetics they prevent the oxidation of other molecules

#### AROMA

A flavor or fragrance often based on an aromatic organic chemical compound

### B

#### BILMOG

German Accounting Law Modernization Act (Bilanzrechtsmodernisierungsgesetz)

#### BIOFUNCTIONALITY

The ability of a substance or product to interact with an organism without causing undesirable effects

#### BRIEFING

Information given to a potential supplier by a customer company to bid on a new product

### C

#### CAGR

Compound Annual Growth Rate

#### CORE LIST

List of key suppliers; the position on a core list is often the prerequisite for being invited by customers to bid on new product developments

#### COVENANTS

Conditions or duties contained in a loan agreement between a company and a bank

#### CSR

Corporate Social Responsibility

### E

#### EAME

The commercial region including Europe, Africa, and the Middle East

#### EBIT

Earnings before interest and taxes

#### EBITDA

Earnings before interest, taxes, depreciation and amortization of tangible and intangible assets

#### EBT

Earnings before taxes

#### EPS

Earnings per share

## F

**F&F**

Flavors & Fragrances

**FAIR VALUE**

The estimated value of an asset or liability used in the consolidation of the financial statement

**FREE FLOAT**

Non-restricted shares of a public company not held by large owners

**FREE RADICALS**

Atoms or molecules with at least one unpaired electron that are usually highly reactive

## G

**GDP**

Gross Domestic Product, a statistic used to measure the economic strength (goods and services) of a country

**GHS**

Globally Harmonised System used in the classification and labelling of chemicals

## H

**HEALTH CLAIMS**

Claims stating that products have special health benefits

**HGB**

German Code of Commercial Law (Handelsgesetzbuch)

## I

**IAL**

IAL is an industrial and market-research consultancy specializing in the chemicals, plastics, and allied process industries

**IMF**

International Monetary Fund

## L

**LTIP**

Long Term Incentive Plan, a plan used as a part of executive compensation

## O

**OPERATING CASH FLOW**

Cash generated for the operations of a company, defined as the revenues less operating expenses; an important indicator of a company's earning power

## R

**REACH**

The regulation of the European Union for the Registration, Evaluation, Authorisation and Restriction of Chemicals

**RESEARCH COVERAGE**

Regular published analysis of a company's financial development by a bank or broker

## S

**SVA**

Symrise Value Added, a measure indicating Symrise's increase in value

**SWAP**

An exchange agreement concerning future payment flow statements, frequently used as a financial tool to limit financial risks

## IMPRINT

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### Mixed Sources

Product group from well-managed forests  
 and other controlled sources

[www.fsc.org](http://www.fsc.org) Cert no. GFA-COC-001580  
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The FSC-Logo identifies products which contain wood from well-managed forests certified in accordance with rules of the Forest Stewardship Council.

## HIGHLIGHTS OF THE YEAR 2009

02/04



**February 23** Selected high-grade extracts of bourbon vanilla that we obtain in Madagascar are certified by ECOCERT. Now these extracts can be used in end products designated as being organic. The fair trade certificate followed in June.

**April 20** The opening of our Dubai branch underlines our plans to expand our business in emerging markets and brings us closer to customers in the country.

05



**May 7** Despite the difficult market environment, we were able to strengthen our capital base by issuing a promissory note loan of € 75 million with a four-year maturity period.

**May 13** SymHelios® – an innovative substance that protects the skin against UVB rays and other environmental influences – won the BSB innovation prize. This was the fourth time that Symrise has won the award, after 2005, 2007 and 2008.

07



**July 1** Dr. Heinz-Jürgen Bertram became Symrise AG's new Chairman of the Executive Board, taking effect as of July 1, 2009.

**July 2** With SymStixx®, we can better analyze the aroma- and flavor-relevant components of food and essence preparations. SymStixx® is a glass probe with a special coating that is brought into direct contact with preparations. SymStixx® is helping us develop aroma creations that are natural and very authentic.

09



**September 10** BrewTopia® is a unique portfolio of flavorings for the brewing industry. We isolated new flavor molecules that can be combined as desired. Different kinds of beer such as pilsners, ales and stouts can now be manufactured on the basis of one brew.

11



**November 5** Hans Holger Gliewe became a new member of the Executive Board. He is now responsible for the Flavor & Nutrition business division.

**November 18** We signed an agreement to acquire Futura Labs, thus driving our expansion into the dynamic markets of Northern Africa and the Gulf region.

**November 24** Consumer Health is a new application area at Symrise. The focus is on functional ingredients for food supplement products and aroma solutions for pharmaceutical preparations.

12



**December 1** Bernd Hirsch was appointed CFO of Symrise AG, taking effect as of December 1, 2009.

**December 7** In the area of cosmetics, we added superfruits such as blueberries, aronia berries and cranberries to our Actipone® product line. Rich in active ingredients, these fruits can be used in creams to help prevent premature skin aging.

## FIVE-YEAR FINANCIAL OVERVIEW

€ MILLION	2005	2006	2007	2008	2009
<b>Group – Results of operations</b>					
Sales	1,148.9	1,229.4	1,274.5	1,319.9	1,362.0
Share of sales in emerging markets	in % 36	37	39	40	41
EBITDA <sup>1</sup>	193.1	243.2	272.1	262.5	265.4
EBITDA margin <sup>1</sup>	in % 16.8	19.8	21.3	19.9	19.5
Net income	-52.4	-89.8	97.4	90.4	84.3
Earnings per share	in € -0.65	-1.08	0.82	0.76	0.71
Dividends paid	-	-	59.1	59.1	59.1 <sup>3</sup>
Dividend per share	in € -	-	0.50	0.50	0.50 <sup>3</sup>
<b>Group – Financial position/net assets</b>					
Operating cash flow	135.9	149.4	152.6	153.1	225.7
Investments	46.3	46.0	40.6	52.5	56.7
Balance sheet total (as of December 31)	1,792.2	1,803.1	1,790.9	1,890.6	1,895.2
Capital ratio (as of December 31)	in % 1.4	30.5	35.9	34.3	36.4
Net debt (incl. pension provisions) (as of December 31)	1,068.4 <sup>4</sup>	779.6 <sup>4</sup>	715.7	833.6	773.4
Employees (as of December 31)	FTE <sup>2</sup> 5,003	4,777	4,926	5,097	4,954
<b>Scent &amp; Care</b>					
Sales	607.7	647.4	671.3	671.8	682.3
EBITDA <sup>1</sup>	87.4	112.9	134.7	130.2	122.8
EBITDA margin <sup>1</sup>	in % 14.4	17.4	20.1	19.4	18.0
<b>Flavor &amp; Nutrition</b>					
Sales	541.2	582.0	603.2	648.1	679.7
EBITDA <sup>1</sup>	105.7	130.3	137.4	132.3	142.6
EBITDA margin <sup>1</sup>	in % 19.5	22.4	22.8	20.4	21.0

<sup>1</sup> figures for 2005 and 2006 adjusted for restructuring and integration costs, figure for 2009 adjusted for restructuring costs

<sup>2</sup> not including apprentices and trainees; FTE = Full Time Equivalent

<sup>3</sup> proposal

<sup>4</sup> without vendor note and shareholder loans

# FINANCIAL CALENDAR

**MARCH 3, 2010**

Annual Press Conference/Analyst Conference  
Financial Year 2009

**MAY 4, 2010**

Interim Report 1st Quarter 2010

**MAY 11, 2010**

Annual General Meeting, Frankfurt am Main

**MAY 12, 2010**

Dividend Payment


**AUGUST 10, 2010**

Interim Report 2nd Quarter 2010

**NOVEMBER 9, 2010**

Interim Report 3rd Quarter 2010





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