

BE INSPIRED

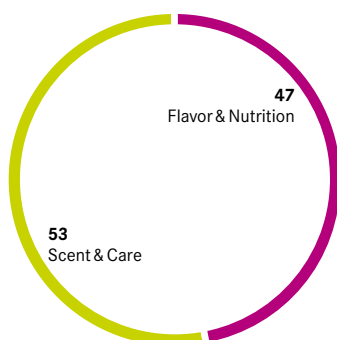
Key Figures

€ million	2006*	2007	Change %
Sales	1,229.4	1,274.5	3.7
Scent & Care	647.4	671.3	3.7
Flavor & Nutrition	582.0	603.2	3.6
EBITDA	243.2	272.1	11.9
Scent & Care	112.9	134.7	19.2
Flavor & Nutrition	130.3	137.4	5.5
EBITDA margin	in %	21.3	–
EBIT	163.5	195.7	19.7
Scent & Care	74.0	98.6	33.2
Flavor & Nutrition	89.5	97.1	8.5
EBIT margin	in %	15.4	–
Net loss/income for the year	-89.8	97.4	–
Earnings per share	in €	0.82	–
Dividend per share	in €	0.50	–
Balance sheet total	1,803.1	1,790.9	-0.7
Shareholders' equity	550.6	642.7	16.7
Capital ratio	in %	35.9	11.8
Investments (excluding acquisitions)	46.1	40.6	-11.9
Employees (as of December, 31)	number	5,046	3.2

* Adjusted for integration and restructuring expenses

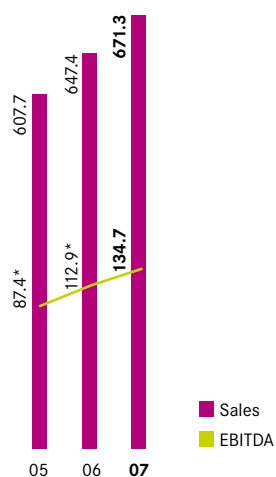
SHARE OF SALES OF THE DIVISIONS

%



SALES AND EBITDA SCENT & CARE

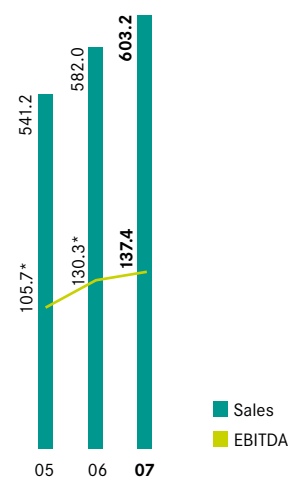
€ million



* Adjusted for integration and restructuring expenses

SALES AND EBITDA FLAVOR & NUTRITION

€ million



* Adjusted for integration and restructuring expenses

Highlights 2007

+6.2%

Sales

Growth rates double those of the market:
sales up to 6.2 % in local currency

+12%

EBITDA

More than proportionate growth in profits
EBITDA reaches € 272 million (+11.9%)

50 Cent

Dividend per share

Attractive dividend yield: 2.6% based on the
closing price of € 19.28 at the end of the
year 2007

+20%

EBIT

More than proportionate growth in profits
EBIT reaches €196 million (+19.7%)

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Extraordinary creativity and innovation are the threads running through all of our activities. With uncompromising customer orientation and organization geared toward speed and efficiency, we achieved remarkable success in 2007. We realize, namely, that creativity ensures tomorrow's business and innovation sustains it into the future.

Chronicle 2007

HIGHLIGHTS

FINANCIAL

January

Nicolas Siega becomes Vice President/ Global Account Director Procter & Gamble



February

Symrise restarts training program for junior perfumers

March



Introduction of new ingredients SymRelief®: anti-irritant made of natural bisabolol and ginger root extract

April

Prof. Hanns Hatt is appointed to the Scientific Advisory Board of Symrise. He is a consultant for research cosmetics.



BSB Innovation Awards 2007: SymRelief® and SymRepair® both win first prize.

New product lines: Chocolate Extrapone®

May



The first "Snack garden" in the world for children is set up in Holzminden. The projects' aim is to combat obesity in children.

Symrise research demonstrates that rooibos extract is more effective than average in protecting hair coloring.

June

Symrise invests in the sustainable production of alpha-bisabolol in Brazil.

Introduction of SymClariol®, a moisturizer.

With SymWhite® 377, Symrise research presents a new, highly effective skin lightener.

Wins the Beauty Care award for a pioneering study on skin ageing caused by the sun

More on page 31 and 46

Annual Press and Analyst Conference

Symrise acquires British natural flavorings manufacturer Steng

Symrise is admitted into the MDAX

DrinkStar and LANXESS renew their sales and service partnership to market Velodrin®

More on page 30

Strategic partnership with BRAIN Biotechnology Research and Information Network Aktiengesellschaft and AnalytiCon Discovery

More on page 30 and 46

1st Shareholders' Meeting in Frankfurt

Symrise and Italian biotech company Cutech Srl form a strategic partnership

Symrise invests € 1.8 million in the Nördlingen beverage plant

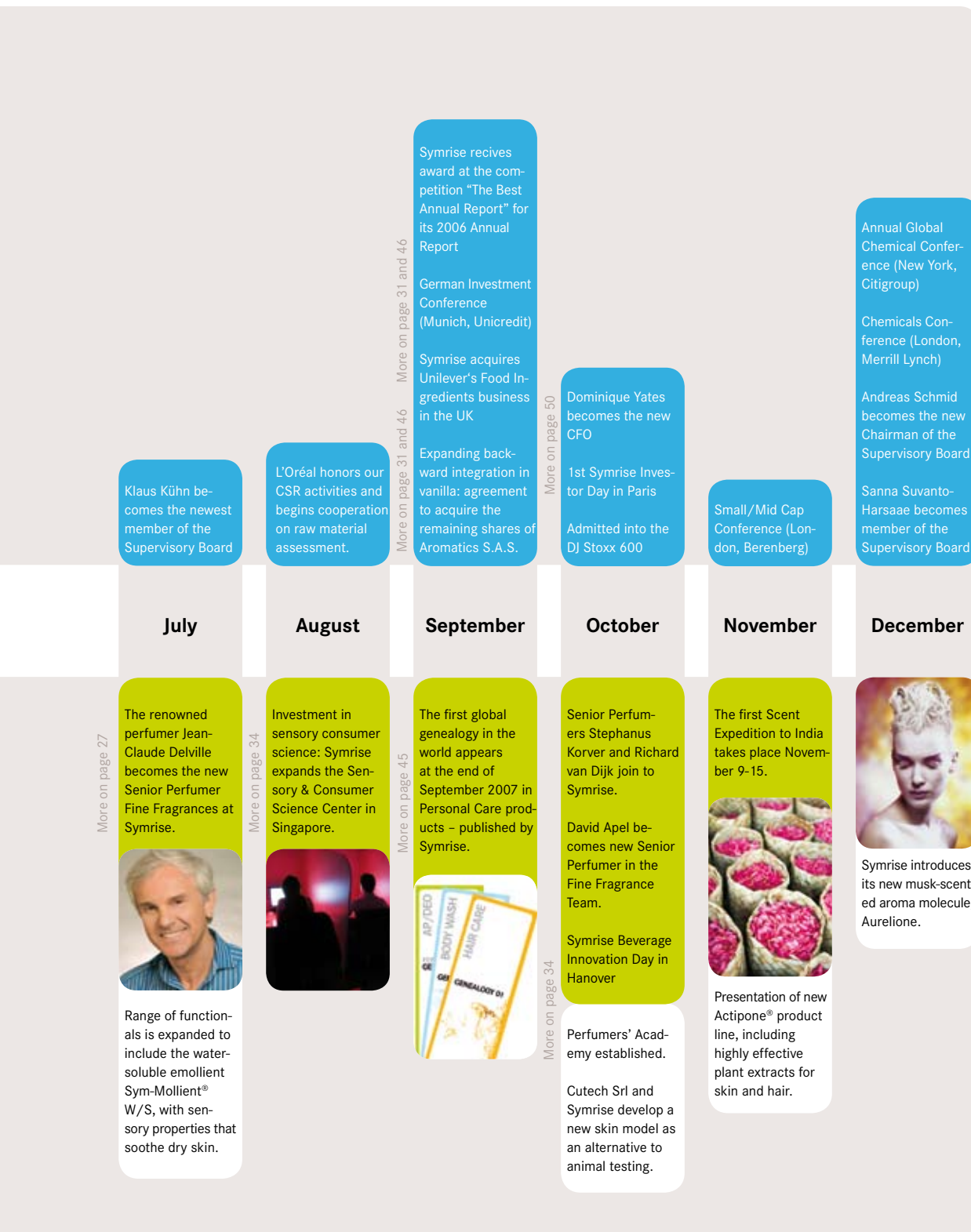
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German Corporate Conference (Frankfurt, Deutsche Bank)

Symrise becomes a member of industry/science association to promote microbial genome research

The first Corporate Social Responsibility (CSR) report is published. The focus of the Group's CSR activities is on promoting healthy eating habits among children.

INNOVATION CREATION



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Past Desires. Creative Ideas. New Accomplishments.

Company

Dear Shareholders and Friends of Symrise,

Desiring comfort, relaxation, beauty, health, and the good life has been the case from time immemorial. Desire as a market trend began to emerge some two decades ago. In the meantime, it has developed into a new philosophy of life. It has come to mean much more than just physical well-being. Each and every one of us wishes to feel wholly at ease and lead a long and active life in harmony with ourselves.

Consumer values and expectations marked a turning point in the food industry as well as the fragrance and cosmetic industries. Natural beauty, health, and well-being as well as convenience are global mega trends that are gaining in importance. The desire to lead a more healthy life is all too often frustrated by reality. People genuinely want to be healthier. However are they prepared to live healthier?

Consumers struggle with the conflict between their ideals and reality. They seek balance and, yet, they are caught up in complex working environments characterized by stress, lack of exercise, deadlines, and an imbalanced diet. Intensified urbanization means many people are living together in cramped and even misanthropic conditions. Natural fragrances cannot penetrate glass and cement barriers; stale air is recycled in air-conditioning systems.

At the same time, increased prosperity places products that can counteract this environmental adversity within consumers' reach. High-class convenience products reduce the time needed to prepare meals, fragrances give laundry the scent of a flowery meadow, and cosmetic products help to diminish negative environmental influences and slow down the aging process.

At Symrise, we are committed to developing products that meet peoples' desire for the good life products that let you enjoy life products that make being healthy and beautiful easy. We always strive to provide our products with an added value in the form of an extra feature or effect. We call this "the power of AND." It has become one of the three pillars of our corporate philosophy.

Our products are created in close collaboration with our customers and are frequently made to order. The more closely we work with our customers and the more we know about them, the better we are able to develop products that meet their needs. "Indispensable" is the second pillar of our corporate philosophy. It means being a valuable and indispensable partner for our customers.

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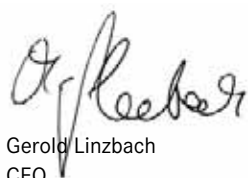
Being “bold” is the third pillar. It describes our corporate culture and how we endeavor to be a corporation that continuously sets itself ambitious goals and reaches them, as we did in 2007. By focusing on our customers and concentrating on fast-growing segments and regions, we have been able to grow twice as fast as the market. Total sales were up 6.2 percent in local currency and we significantly increased the percentage of our sales with strategic customers. More than 30 percent of our products come from the “AND” line. Sales in emerging markets now equal those in western Europe. All this resulted in a 12 percent jump in our EBITDA figure.

How did we do it? Three things guarantee our success. Knowledge of consumer desires which we are extremely careful to integrate into our product development. Innovations that ensure our products are dependable and give them that little something extra. A so extraordinary creativity that appeals to the consumers’ emotions, exposes them to a world of new experiences, and makes dreams come true. Each year we replace 30 percent of our products with new creations. This attests to the importance of creativity and innovation in our business.

Simply solving problems is passé. We think this approach is much too passive as reactions become too automatic and predictable. To us, creativity means proactive situations and applying networked thinking. Research is relatively one-dimensional and usually has a specific goal – that is the technical aspect. We add a bit of intuition, knowing there is always more than one correct solution to everything. Our success is not only derived from bringing together craftsmanship, creativity, and intuition. It also comes from transforming the ideas we generate in the process into business. We succeeded in doing that in 2007 by creating a unique growth structure that cannot be found anywhere else in the industry.

Here, we will outline for you a few of our propositions for commercial success. Follow the threads and let yourself be inspired.

Sincerely



Gerold Linzbach
CEO



Executive Board



CEO since November 2006; was named Managing Director in 2005. Before assuming this position at Symrise, Dr. Linzbach, who has a doctorate in chemistry, held positions at companies such as McKinsey, Hoechst AG, and Celanese Acetate LLC.



CFO since October 2007; Mr. Yates joins us from Imperial Tobacco Group plc, where he held various financial and management positions over nine years, most recently as Group Business Development Director.



Executive Board member responsible for Scent & Care since November 2006; Mr. Daub was initially hired as Director of the Fragrances division in 2004. Prior to that, he worked in management positions for the Procter & Gamble Group and Coty Deutschland GmbH.



Executive Board member responsible for Flavor & Nutrition since November 2006; following his postdoctoral work in organic chemistry, Dr. Bertram began his professional career at Bayer AG in Leverkusen, Germany. After joining Haarmann & Reimer in 1990, he filled several executive positions in research and operations.



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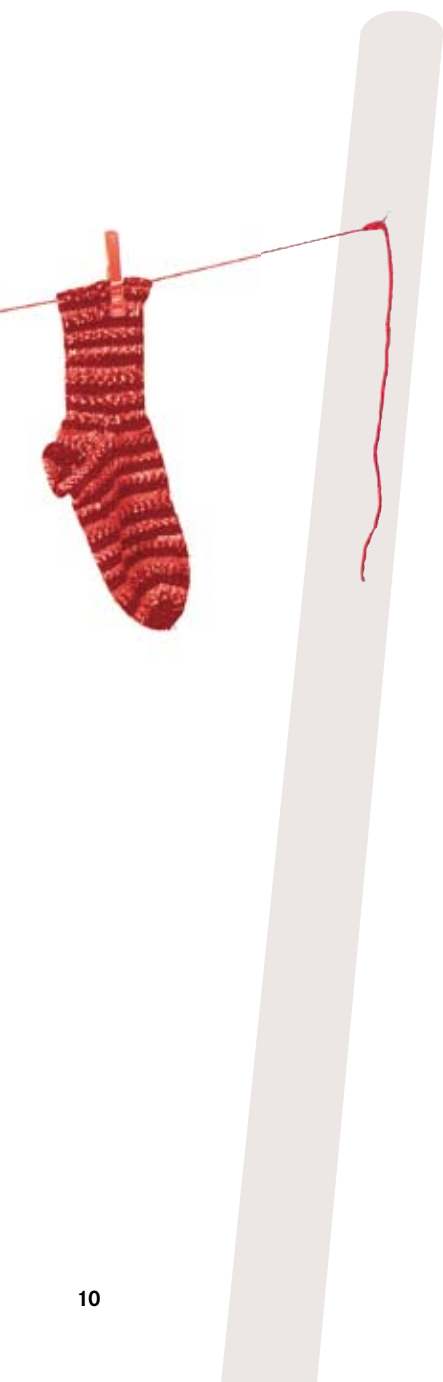
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This photo of the Executive Board was taken this year at the Menufaktur in Frankfurt, Germany following an Executive Board meeting. There, the Executive Board members jointly prepared four courses. The menu included roulade and apple soufflé with zabaione.

Innovate
or go under



How and why companies innovate are factors of compelling interest.



Our Record in 2007

- » We received **27,538 briefings** from all over the world.
- » Our employees performed **5,940 customer presentations**.
- » Our researchers worked on **180 different research projects**.
- » We had more than **45 different technologies** at our disposal.
- » We now own more than **1,300 patents**. Last year, we added **another 44**.
- » We cooperate with **59 partners** in research and development, including sensory and consumer research.
- » **80 percent of all of our research projects** that have passed our internal screening for commercializability and marketability ("Gate Process") **are concluded**.

Innovate or Go Under.

Innovation is one the most important success factors of the entire industry. All of our competitors are innovative. None of us have a choice about meeting the challenges presented by diminishing margins and ever shorter product life cycles. The life span of fast moving consumer goods is now less than three years.

Many have tried to avoid this by intensifying research. Unfortunately, research does not always breed success. The trick is to commercialize research. Once that is managed, a company can use fewer resources and still be successful. This is clearly the strategy Symrise pursues. We believe that quality, not quantity, is what is important in research. Research translates into profit when innovation is efficient and effective. It means keeping time and costs in check. It requires creating appropriate structures with intelligent interfaces. It demands optimizing process and effectively accelerating operations. This is exactly what Symrise has done.

In 2007, McKinsey conducted an investigation into the innovative strengths Symrise possesses. The result: we received a A- in innovation. McKinsey's executive consultants confirmed we are well on our way to becoming real innovation leaders in the industry. Innovation is key at Symrise. It is a major part of our value creation in both divisions (IRR 18%). The study gave us good grades for man-

aging innovative processes, commercializing innovations, and nurturing external networks, while idea management showed some room for improvement. Innovation management was clearly a strength. Symrise is cut above the rest in the chemical industry.

You do not have to be big to be innovative. As long as our global customers can be served, size is actually of little importance in this industry. The decisive factor is knowledge: knowledge of global consumer trends; knowledge of how to creatively translate trends into marketable, promising product concepts; and knowledge that helps develop and select the right technology. Innovation is created at Symrise by leveraging our knowledge in the right place and nurturing the sharing of information among a broad range of specialized areas. We don't do this simply to outshine the others. We do it because it is our passion and our conviction.

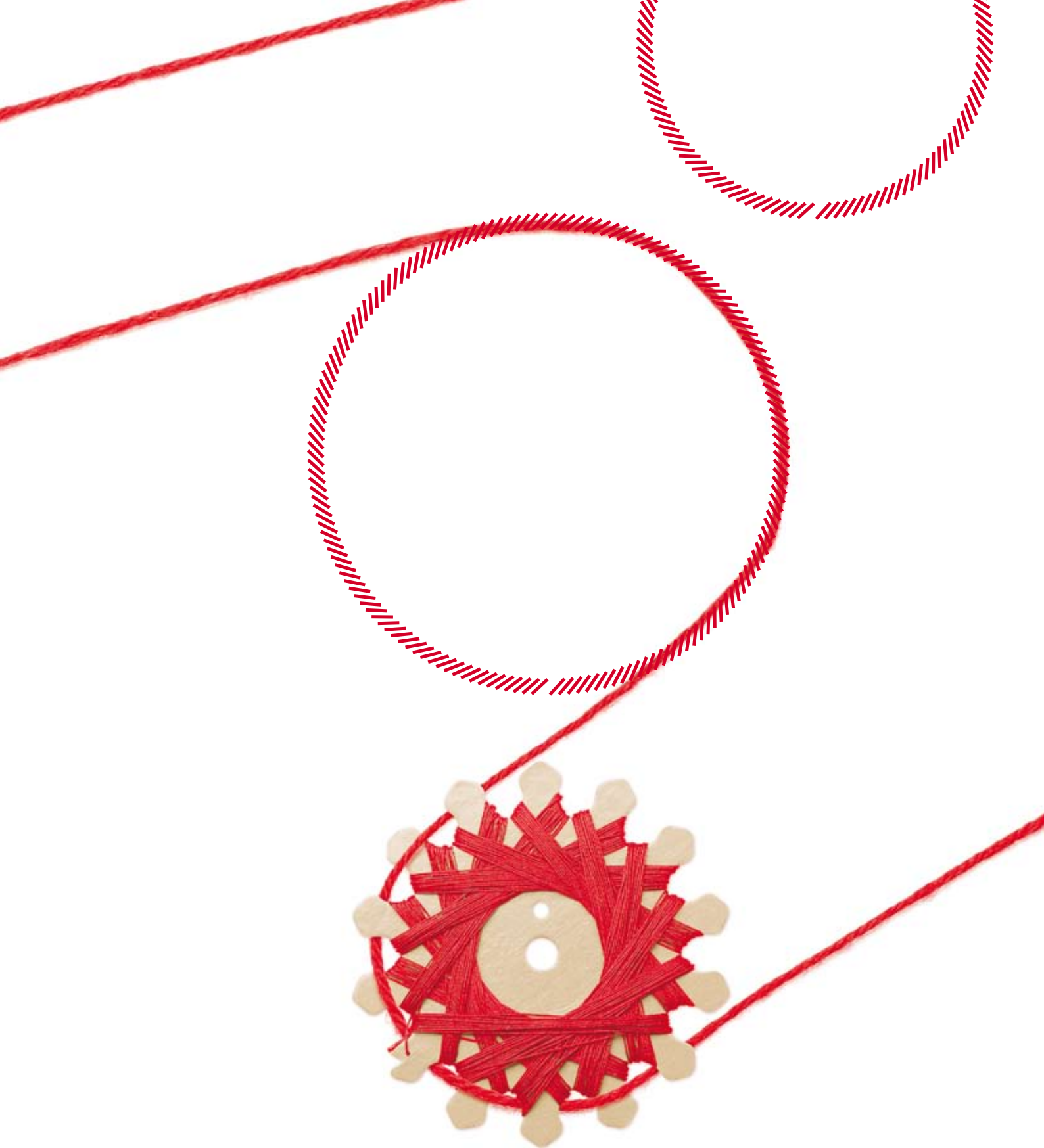
This is why we invested in projects that advance our innovative strengths and boost our creativity in 2007. A strategy of combining uncompromising customer focus with a company that hones its speed and efficiency has rewarded us with considerable success.

Creativity secures tomorrow's business. Innovation secures it for the long run.

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We reinvented
the wheel



Everybody talks about workflow, but a kind that goes in just one direction. In a radical departure, we prefer to handle productivity as a cyclical process.

We Reinvented the Wheel.

Our lives are linear. This is why most people think in a linear fashion. Important processes like product development often fall victim to linear thinking. First, there is a demand and, then, a long list of steps starting with research and continuing with developing, purchasing, ordering, and producing until the finished product reaches the consumer.

At Symrise, we departed from this way of thinking and began making some decisive changes in our structures in 2005. We systematically incorporated our research and development capacities into the sales organizations of both divisions. Former central services such as purchasing were integrated into the overall process of product development. Faster and more efficient innovation and creativity processes were the result. The upshot was marked improvement in sales growth thanks to our creating a unique structure unparalleled in the industry.

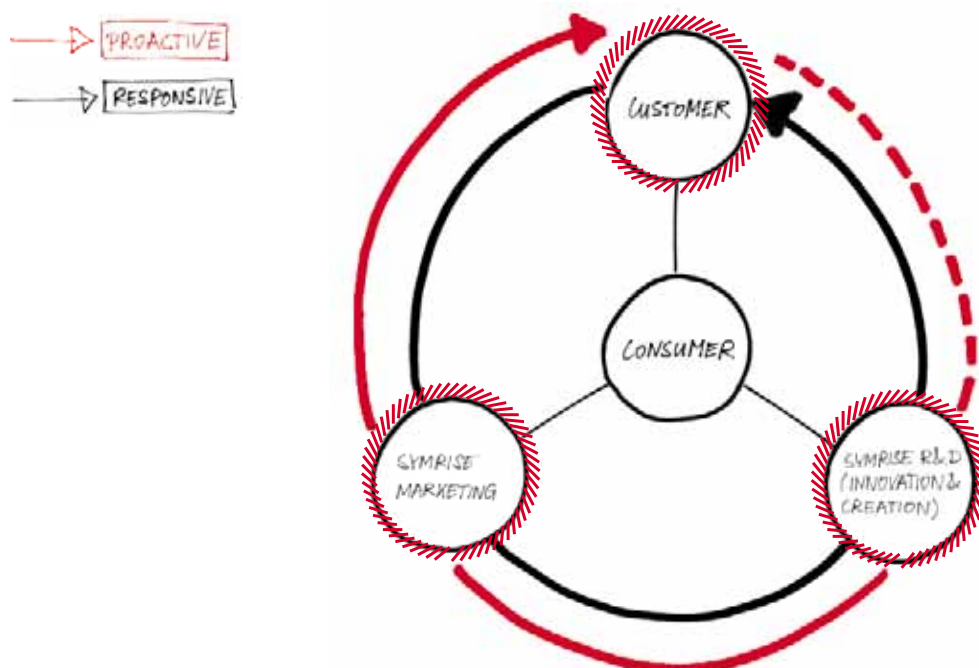
The consumer is the central focus of research and development activities in both divisions. The consumer is the axis

that everything revolves around. We imagine innovation to be like a wheel. Once it has some momentum, it will keep turning until it has reached its destination. Innovation and development are in a virtuous circle, a system with constant interaction where lines of communication are wide open so feedback is immediate and reaction times are accelerated.

Who is spinning the wheel? The impetus can come from anyone in the circle. From our customers, from the consumer insights experts, or from our technology scouts.

Classic product development usually involves three participants: the customer, the supplier, and the consumer. The customer approaches Symrise with a specific request and provides us (and some of our competitors) with a briefing that outlines a rough idea of the desired product, providing information such as product profile, target group, and pricing. Symrise then produces several product proposals from which the customer can select the most promising.

OUR INNOVATION WHEEL



Symrise and the customer then work closely in the next phase where the product is refined and fine tuned until the best possible product is ready for the market. Most of the time, there is exclusivity in the process, meaning the customer receives a custom-made product that the supplier usually sells only to him. Conversely, the customer is dependent on reliable delivery as it would be nearly impossible to find an alternative supplier on short notice. This responsive process is highly time consuming, particularly for the customer.

Symrise has stepped up proactiv product development so that innovative products can be created without specific briefings. We base this development on market and consumer analyses and in-depth knowledge of the needs and desires of our customers. We present ideas developed this way to select customers. We can also access them should they be needed in any briefing that should arise. proactiv product development allows us to react much faster to customer requests and this has proven to be essential for

our success. When it comes to new product ideas, innovation, and ingenuity Symrise has been able to prove beyond a doubt that we are an inspiring and competent partner that can communicate on par with its customers. Merging purchasing, production, and quality assurance with development and creation has meant we can keep delays and other risks to a minimum.

Regardless of where the suggestion comes from, we include our customers into the process as early as possible. We consider ourselves to be indispensable, valuable partners in product development. Being “indispensable” means always being there for the customer. This is the cornerstone of our corporate philosophy and it paves the way for a win-win situation.

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Critical Success Factors for Cooperation Based on Partnership

- » Speed is the name of the game in product development.
- » Strong and close customer contact – ideally a position in the customer’s core list. This is the basic prerequisite for a briefing.
- » Comprehensive knowledge of the target market, the product segment, and the target group in order to select the right samples for the first presentation to the customer.
- » Thorough knowledge of the customers, their product portfolios, marketing strategies, future plans, and operating procedures.
- » The right assessment of the briefing. How likely are we to win the bid? What is the sales potential? By answering these questions, we can be sure to use our resources effectively.
- » A seamless supply chain and reliable knowledge of legislation in the target markets are essential prerequisites for success.

Our senses
reach further



**1 + 1 = More is Symrise's formula for innovative,
inspiring products and also our goal, strategy, and
recipe for success**

Our Senses Reach Further.

“Always inspiring more...” – If you think that is just a marketing ploy will have to disappoint you. The sentence is a pledge to our customers, the consumers, and our shareholders. We want to be a source of inspiration in everything we do. We want to stimulate the senses of the people that use our products. We want to create whole worlds of pleasure and new experiences. We want everyone who comes into contact with us to be enthusiastic.

We kept these promises throughout 2007 by introducing many innovative and surprising products and creative concepts. Self confident, customer-oriented, and, dedicated employees as well as solid knowledge of consumer desires, markets, and trends made it possible.

Even if Symrise is a business-to-business company, what we do is always consumer driven. We observe and analyze closely their desires, needs, preferences, and dislikes. We do not disregard the market research our customers conduct. We believe, however, that we can complete their knowledge with our comprehensive perspective on global trends and markets. We are not as behemoth as our customers and often more agile and faster as a result, especially when it comes to detecting new trends in the world and translating them into successful product concepts. Sometimes we see things our customers have not yet spotted. Sometimes an extra pair of eyes is an advantage.

“The Power of AND”: this is how Symrise defines the high standards it sets itself. We want to create authentic added benefits that go beyond the actual product characteristics themselves to provide added value for our customers, the final products, and the consumers. AND is the strategy from the outset. Multifunctionality is an integral part of research; internal synergies are optimized – e.g., with technology platforms that can be implemented across all operating areas. AND means combining one ingredient with another to enhance effectiveness and versatility. It means uniting materials with new technology to generate additional functionalities.

“The Power of AND”: science meets perception and technology meets imagination. Experience joins with visions to create innovative products that will stand the test of time.

Intelligent Symrise products that offer added benefit beyond pure fragrance or flavor compositions whether in the form of additional functionalities or special sensory effects have garnered a lot of attention from customers, investors, and the industry. The profit margin on these products is extremely high. They already make up more than 30% of our sales and are poised to increase even more.



„The Power of AND“ Highlights 2007

- » **Hydrascent** from the Scent & Care Division but is a perfume oil that is not only fragrant, but has moisturizing characteristics – perfume that pampers the skin.
- » **Frescascent®** a perfume oil with an integrated cooling effect that can be used in after-sun products.
- » **Asset** a new technology that has significantly improved our perfumers' ability to measure how long fragrances will remain perceptible on skin and hair. Using this technology, we can offer the cosmetics industry new, long-lasting shampoo fragrances. This is a product feature that is highly important in emerging markets.
- » **SymClariol®** is a moisturizing ingredient that has an antibacterial effect.
- » **SymLife® Cream** is yet another technology that has been developed for the taste for life concept: flavorings that help significantly reduce the fat content of foodstuffs and generate an improved “mouthfeel.”
- » **SymTrap®** is a brand new Symrise technology that captures high quality flavorings that are otherwise lost in the industrial processing of fruits and vegetables, resulting in a more authentic and natural taste.

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Creativity is always



individual

In 2007, Symrise employees took part in a voluntary creativity test. To pass it, they had to systematically discard traditional ways of thinking.

Each Symrise employee all over the world was invited to participate in a voluntary creativity test that was especially developed for us.



symrise
always inspiring more...

Welcome to the Creativity Juicer

It takes about 30 minutes to complete but feel free to take as much time as you like. At the end you will receive a creativity score and profile. To view your profile, you must complete all questions. We hope you enjoy it!

This juicer is in PREVIEW mode

- ☒ Disable screenouts
- ☒ Auto-populate my Juicer

[Click here to start \(takes 30 mins max\)](#)

Thanks. Now please select how you would answer the following...

In tackling problems, I believe the most successful solution comes from...
(for each pair of statements below please select the radio button depending on where you feel you fit on the scale)

Unique, break the mould change which may need to be disruptive	☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐	Clever, incremental change which maintains continuity and stability
Focusing on a sufficient number of workable ideas	☐ ☐ ☐ ☐ ☐ ☐ ☒ ☐	Generating lots of ideas, tapping into trends and defying convention
Championing an idea which the organisation might resist	☒ ☐ ☐ ☐ ☐ ☐ ☐ ☐	Knowing how to get your ideas accepted by the organization
Focusing on getting the job completed with structured early planning	☐ ☐ ☐ ☐ ☐ ☐ ☒ ☐	Keeping the options open, staying flexible and focusing on the big picture
Keeping in mind the big idea and delegating routine if it gets in the way	☐ ☐ ☐ ☐ ☒ ☐ ☐ ☐	Paying attention to the detail which makes the difference between success and failure

Creativity Is Always Individual.

It is particularly difficult to evaluate creative potential and even more difficult to measure it. Using creativity is vital to Symrise's success. Imaginative thinking and acting is a core competence and one of the driving forces of our company.

It is a company's duty to do everything it can to leverage the potential it possesses. The fact is that potential only reveals what could be achieved. Identifying what is really possible is a lot of work. That is probably why so many companies unwisely neglect their duty. A rule of thumb says, the harder potential is to perceive, the more unlikely it will be used.

In keeping with our company philosophy, "always inspiring more...", we dedicated 2007 to the idea of creativity. All over the world in every department each and every Symrise employee was invited to participate in a voluntary creativity test. The test was developed especially for us and could be completed online in about 30 minutes.

The result? A pool of very diverse and highly creative people hailing from all departments of our company will soon take an active role in developing new marketing and product concepts - significantly boosting the quantity and quality of ideas. The test demonstrated clear advantages over classic brainstorming methods by not only producing better ideas, but nearly 10 times more of them.

The results may come as a bit of a surprise. Not only because so many people proved to have creative potential, but because it became obvious that the most innovative ideas do not surface in groups. Rather, they originate in each and every one of us when it is up to us to take on a challenge and individuals are prepared to try out unconventional ideas to meet it.

For Symrise, creativity means approaching problems and challenges playfully, not just leaving it at toying with the idea of doing something. Taking these thoughts, solutions, and ideas a step further and translating them into action is what Symrise does to achieve real results.

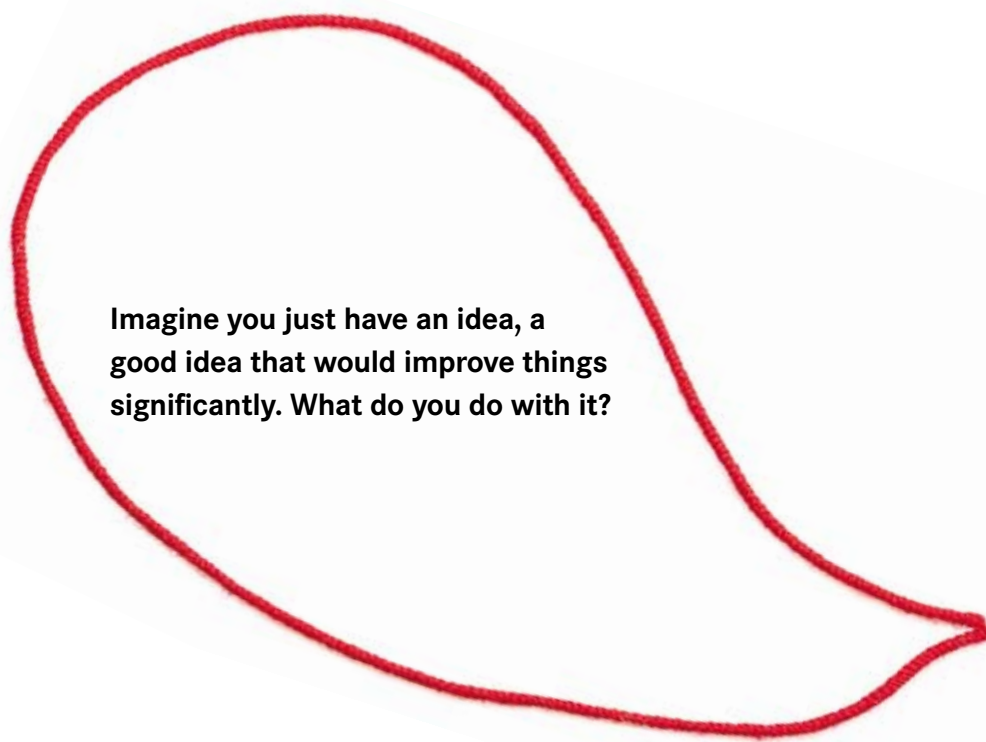
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The only valuable individual is one who shares knowledge



Imagine you just have an idea, a good idea that would improve things significantly. What do you do with it?

The Only Valuable Individual Is One Who Shares Knowledge.

Many companies consider creativity to be potential. We look at it as a raw material to be utilized. The great thing about it is, not one of our suppliers feels exploited.

Creativity is individual performance that Symrise does not want to simply leave up to chance. We want to get the best out of our employees – and that is only possible if we actively promote creativity and are prepared to listen to creative ideas in an environment where everyone can pitch in and share. If you do not have a chance to share your ideas you will never find out if they really are good.

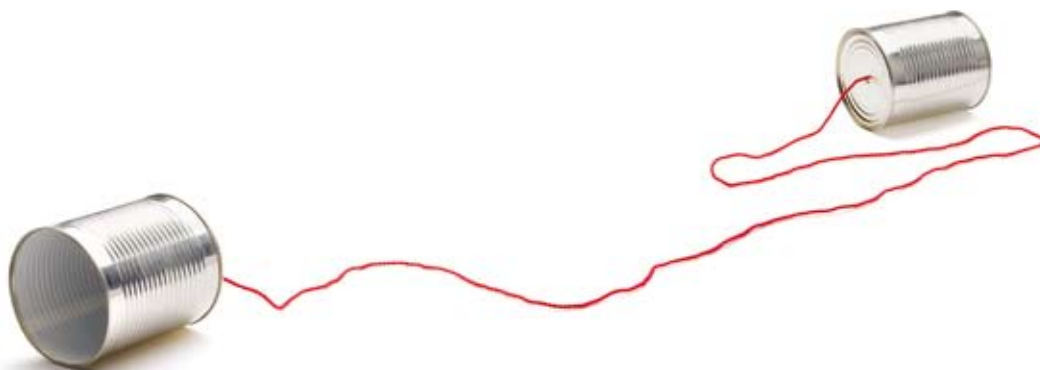
Action is good – interaction is better. An open exchange is an essential part of fostering innovation both within a department and outside of its confines. We believe the way we interact not only unveils knowledge, it increases it.

Global information and management software facilitates the transfer of knowledge. Every developer at Symrise has

instant access to information on the availability, costs, and regulations concerning a raw material they would like to use. Every innovation manager can see which topics are currently being worked on everywhere in the world and what degree of success we have had with any specific application.

Experts like to call it “knowledge management.” Communication is more to us than accessing databases or shuffling around information as an obligation to collect and deliver it. We nurture a communications culture that integrates employees and their ideas into the entire creative and innovative process. Creative suggestions that arise from thinking out of the proverbial box help us to achieve surprising results, create better products, and find intelligent solutions to challenges.

Steve Jobs once said creativity is just connecting things, synthesizing things by connecting experiences. We at Symrise are convinced that we are doing this every day.



Success with Dialog and Exchanging Ideas “Nothing Is Impossible.”

In 2007, the world-renowned perfumer Jean-Claude Delville joined the Symrise Fine Fragrances Team in New York. Prior to that, he worked at Créations Aromatiques, Quest, IFF, and Firmenich and is the creator of fragrances such as Vera Wang (Coty), Organza Indecent (LVMH/Givenchy), Parfum d'Été (LVMH/Kenzo), and many more.

What are the exact challenges a perfumer faces in a globalized world?

Dealing with global olfactory preferences – that includes eating habits, living environments, cultural backgrounds, and shifting fashions – means we must stay abreast by working closely with our marketing divisions, by traveling to the markets we serve, and maintaining close relations with our colleagues abroad. The challenges the European and American markets present are the biggest priority in my daily work. I believe we are going to have to revise our approach in the near future and include China or India so we can begin to get a feel for their preferences. Apart from a few international stars in the fashion world, local influences are much more important in these places. What's more, these countries are wealthy, complex, and highly innovative.

How do you keep up with the fast moving market?

We get as much information as we can by listening to our younger consumers. However, we also try to preserve our own visions, our clear mind, and our gut instincts – without them we would be lost.

What inspires you personally?

I love listening to my intuition, flashes of genius that are premonitions of inspiration. The sixth sense cannot be described and can only be activated with mediation, stimulation, and feelings – they are invisible advisers that I really trust. Art, colors, the scent of a fine wine, good food, and nature also inspire me. The main ingredient

for creativity is an open spirit (sometimes a bit of craziness, too). Desire is where all success has its origins. Creativity will not be subdued; it is a wild animal that you cannot tame entirely.

Do you have a personal credo?

Actually, I have two. First, you have to be happy to win, but not want to win in order to be happy. Each and every setback also contains a seed for success.

There are only 800 perfumers in the world – you are among a highly talented few...

And each one of us is different, like musicians that play the same instrument or painters that use the seven colors of the rainbow. If you brief five perfumers for a fragrance, you will get five different interpretations. Our personalities are extremely diverse – we are romantic, avant-garde, conservative, classic. I prefer the avant-gardists. Dealing with them can be highly exhausting, but it is more fun and full of surprises.

Why did you decide to work for Symrise?

Based on my experience with the competition, my feeling is that Symrise is totally underrated. However that is also its advantage. We can pull all the stops and surprise our customers with newer things. I enjoy the atmosphere in the studio in New York. It is much less academic than the others. The group is very open and not self-absorbed; we achieve things together and are not about satisfying our egos. Both younger and experienced perfumers work here. The mix creates positive synergies that allow us to achieve something for the company together. It is a real opportunity that is pretty rare in our business. Our office is like an atelier. We look at what other people are doing, make suggestions for improvement, and provide constructive criticism. Giving and swapping ideas – this team spirit is something new in the business. That is the secret that gives big dreams the strength to make anything possible.

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**Knowing everything
is not essential**





Realizing what you don't know is crucial.

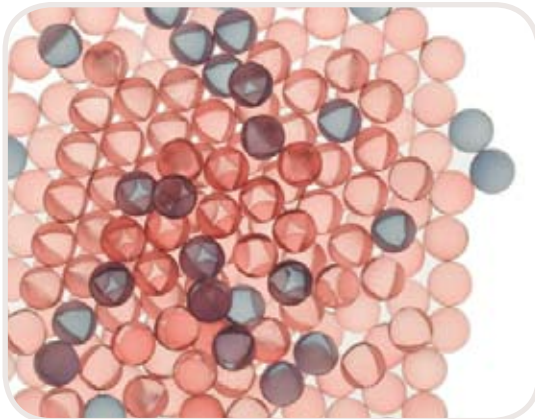
Strategic Partnerships in 2007

New Prospects for Research and Development

Symrise aims to leverage as much potential as it can in the growing cosmeceuticals market by pursuing a product strategy of innovation. Beauty and health are becoming more and more the same. In order to guarantee that our cosmetic ingredients are safe, effective and have no adverse qualities, we must use modern biotechnological procedures. New, strategic partnerships provide us with a way to significantly bolster our own research and development strategy.

Together with the biotech specialists BRAIN Biotechnology Research and Information Network Aktiengesellschaft and AnalytiCon Discovery GmbH, Symrise covers the whole process from identification and optimization to the development of innovative substances for cosmetics. We are concentrating our efforts on intelligent, all-natural bioactive cosmetics that provide the consumer with additional health benefits. The technology leader BRAIN AG is developing custom-made cellular tests for Symrise that will allow us to identify new agents for cosmetics on a high-throughput scale. Cooperating with AnalytiCon Discovery not only provides Symrise with access to an extensive substance collection, we profit as well from their superior expertise in natural materials for optimizing structures.

Cutech Srl (Padua/Italy) is a biotechnology company specializing in preclinical testing procedures that are highly important for humans. We collaborated in 2007 to develop alternatives to animal testing. A new, innovative procedure makes testing cosmetic ingredients efficient and reliable without animal testing and it fully complies with the European Cosmetics Directive. The procedure makes testing skin sensitivity and irritation as well as testing efficacy for skin aging and pigmentation ethical, time-saving, and extremely cost-efficient when compared to animal testing and synthetic skin models.



Knowing Everything is Not Essential.

We at Symrise believe a company has to specialize in order to research and work purposefully. We know exactly what we can accomplish and we know what we cannot. The fact is, companies do not have to be able to do or know everything themselves. It is essential to know exactly where to draw the line. Only then do you know when you have crossed it and need to seek assistance. We achieve that in two ways.

First, with acquisitions that provide access to markets, products, and technologies that complement our own resources in a meaningful way or are a good match with our product range. This explains why we bought the English company Steng and Unilever's Food Ingredients division in Burton-on-Trent. The purchase of Steng fits perfectly into our "clean label" strategy to cater to consumers' desires for more natural ingredients while the Unilever acquisition gave us access to additional expertise and formulas in culinary and snack foods. Purchasing the remaining shares of the French vanilla producer Aromatics assured us a dependable supply of first-class raw materials.

We also compliment our internal resources with targeted external partnerships. By exchanging ideas and cooperating closely with universities, research institutes, and other companies, we become more knowledgeable and create a healthy environment for creativity to flourish and innovation to thrive.

Research conducted together with Cotech has already produced a new and reliable process for testing cosmetic agents. New partnerships initiated in April 2007 with BRAIN Biotechnology Research and Information Network Aktiengesellschaft and AnalytiCon demonstrate the efficiency of our efforts. We have already achieved specific, highly promising results and will continue to work hard to attain more. Cooperation is not only about new products. It is also about perfecting processes. A dialog that allows us to significantly accelerate the entire development process and reduce costs is created when we join our efforts successfully.

Limits are there to be overcome. Acquisitions and collaboration are the right way to go about it as long as you never lose sight of the goal.

Scientific Advisory Board

Added Expertise at the Highest Level

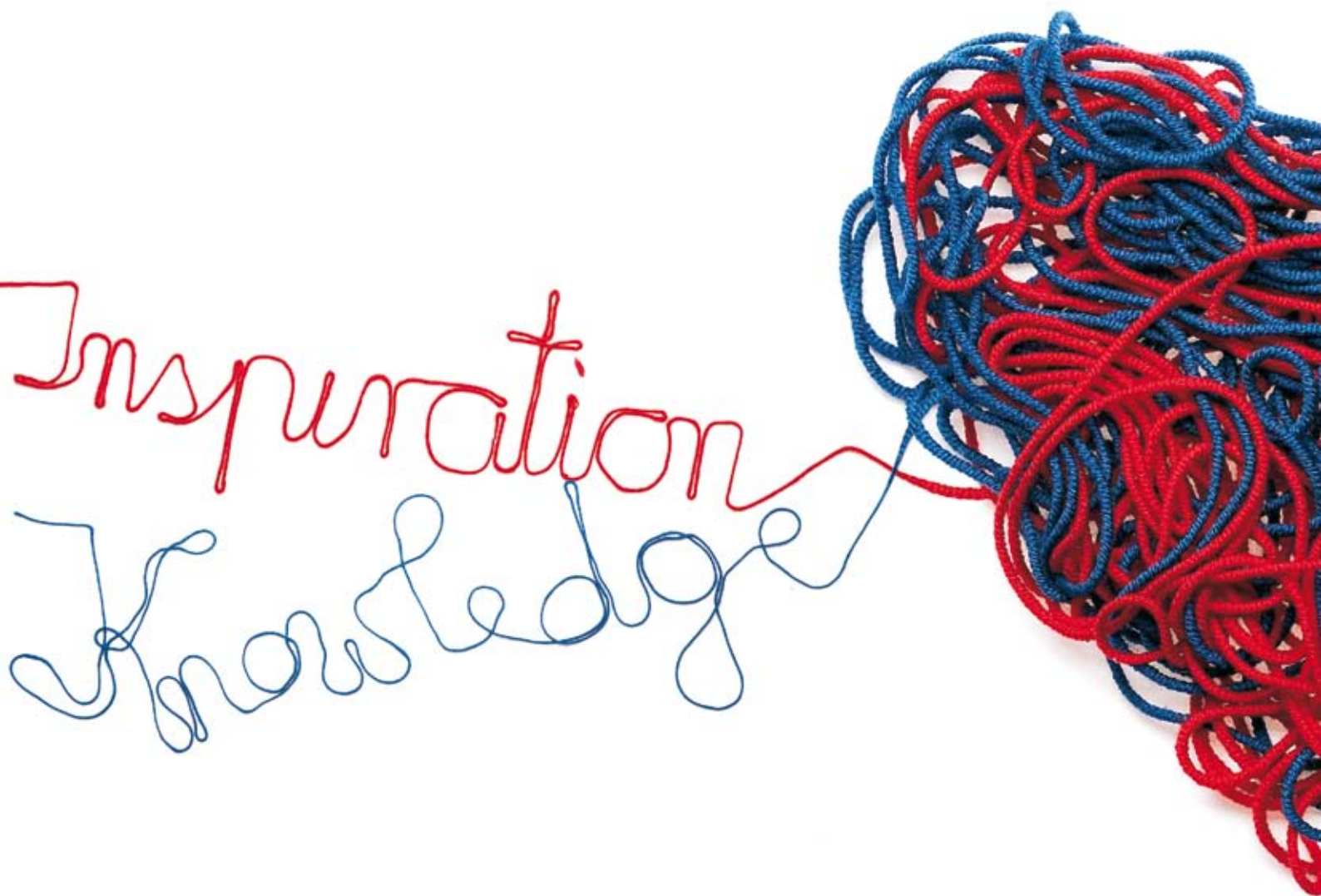
Symrise's Scientific Advisory Board (SAB) advises our cosmetic researchers in the development of new cosmetic ingredients. By working closely with these specialists, Symrise is able to integrate the latest research results in advances in dermatology directly into our daily business – a process that assures us a clear competitive advantage.

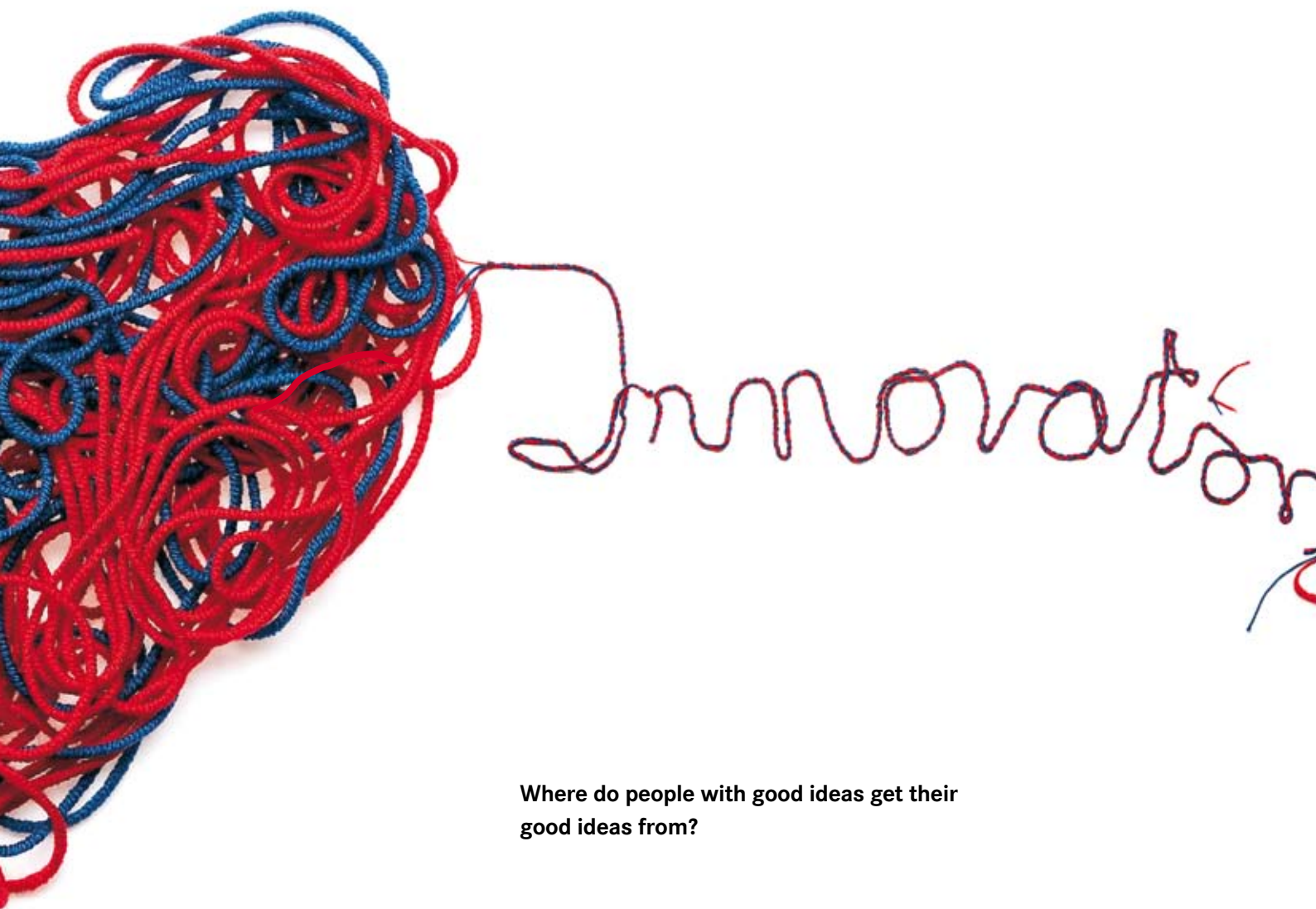
The board was established in 2000 and is comprised of five internationally acclaimed scientists representing various specialties in dermatology and allergology.

In 2007, Professor Dr. Hanns Hatt, chair of cell physiology at Ruhr University in Bochum, was appointed to the Scientific Advisory Board. Professor Dr. Hatt is one of the most acclaimed scientists in his field and was the first scientist to demonstrate that human sperm possess smell receptors. As a member of the SAB, Professor Dr. Hatt will concentrate his work on the effect of cooling and warming substances on the skin.

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**Where do people with good ideas get their
good ideas from?**

Inspiration + Knowledge = Innovation.

We believe inspiration is more than a skill that everybody must discover for themselves. We are convinced that as a company, Symrise must inspire itself and that inspiration can be nurtured with targeted measures. We are proud to say that developing and implementing steps to bolster inspiration in the company have figured in prominently among our accomplishments in 2007.

The multilevel program is tailored to the Perfumers' knowledge and experience levels. At the same time, it extends far beyond the traditional themes one would expect from a classic education. Perfumers can broaden their basic knowledge and perfect their technical skills. Advanced and senior perfumers are instructed in communication strategies, presentation techniques, and, most importantly, in all the business aspects of the trade.

The clear connection between theory and practice we emphasize is also unparalleled in the industry. Fragrance expeditions to important centers of the fragrance trade such as India are one of the highlights in the educational program. The subcontinent was the first destination our senior perfumers visited – a journey to the origins of the finest fragrances such as jasmine, tuberose, cardamom, cinnamon, and pepper. Plantations, exotic gardens and markets as well as a visit to Symrise's operations in Chennai were all part of the exciting program. Meeting face to face with the people and culture of this country and beholding the beauty of the place where the magnificent ingredients come from was a great inspiration to the participants.

Inspiration can trigger maximum creativity. The intellect, however, must always scrutinize new ideas. This is why information and knowledge are so indispensable to Symrise. We strive to use hard facts to make viable concepts out of good ideas. Knowledge gives our creativity sustenance. It is both a stimulus and a true test. It incorporates knowledge of raw materials and substances, expertise on technical procedures, and experience with innovative technologies. We perfect our knowledge precisely where our ideas wind up: with our customers.

It may appear banal to gather knowledge on consumer trends to develop innovative products. The true art is to identify trends and create product concepts that meet the customers' needs and fit into their portfolio strategy. What effect does an "all natural" fad have on dishwashing liquid? What does it mean for instant soup? Or body lotion? Will the fad last? These are the questions we ask ourselves so we can be sure to come up with both inspiring and well-informed solutions.

Asia is of key importance for Symrise. It will be a major market in the near future as the region continues to grow rapidly. At the same time, it presents a challenge with its highly marked consumer segmentation. This is why it was a top priority to enhance our sensory and consumer research in the region. Symrise took a major step in this direction by opening the Sensory & Consumer Science Center in Singapore in 2007.

The Center will play a pivotal role for our entry into the Asian markets. Solid empirical data gathered here afford us valuable insights into the true desires and expectations the consumers have. Knowledge gained here will find its way into promising, marketable product ideas in the foodstuffs and beverage sectors.

The Sensory & Consumer Science Center is part of a global network. Innovative tools such as freak groups, mimic tests, and indicative consumer panels complement tried and tested quantitative and qualitative practices. The Center works closely with Symrise Shanghai where a team of highly-qualified sensory specialists conduct research in some of the most modern sensory facilities available. Their expertise is unmatched. They have created profiles documenting the scents and tastes of products already on the market and conduct gap analyses to identify "sensory" gaps in the market that can be filled with new product concepts featuring original scents and tastes.

Sensory and consumer research is the foundation of our success at Symrise. Only by learning the needs of our consumers are we able to satisfy them by offering our customers convincing, tailor-made solutions.

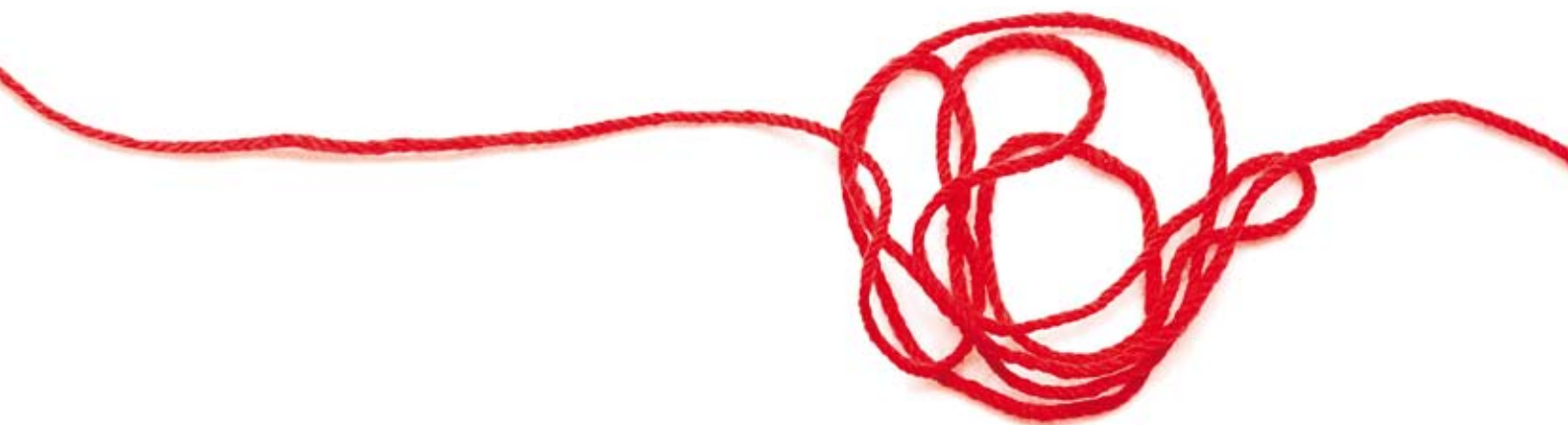
“Restaurant of the Future”

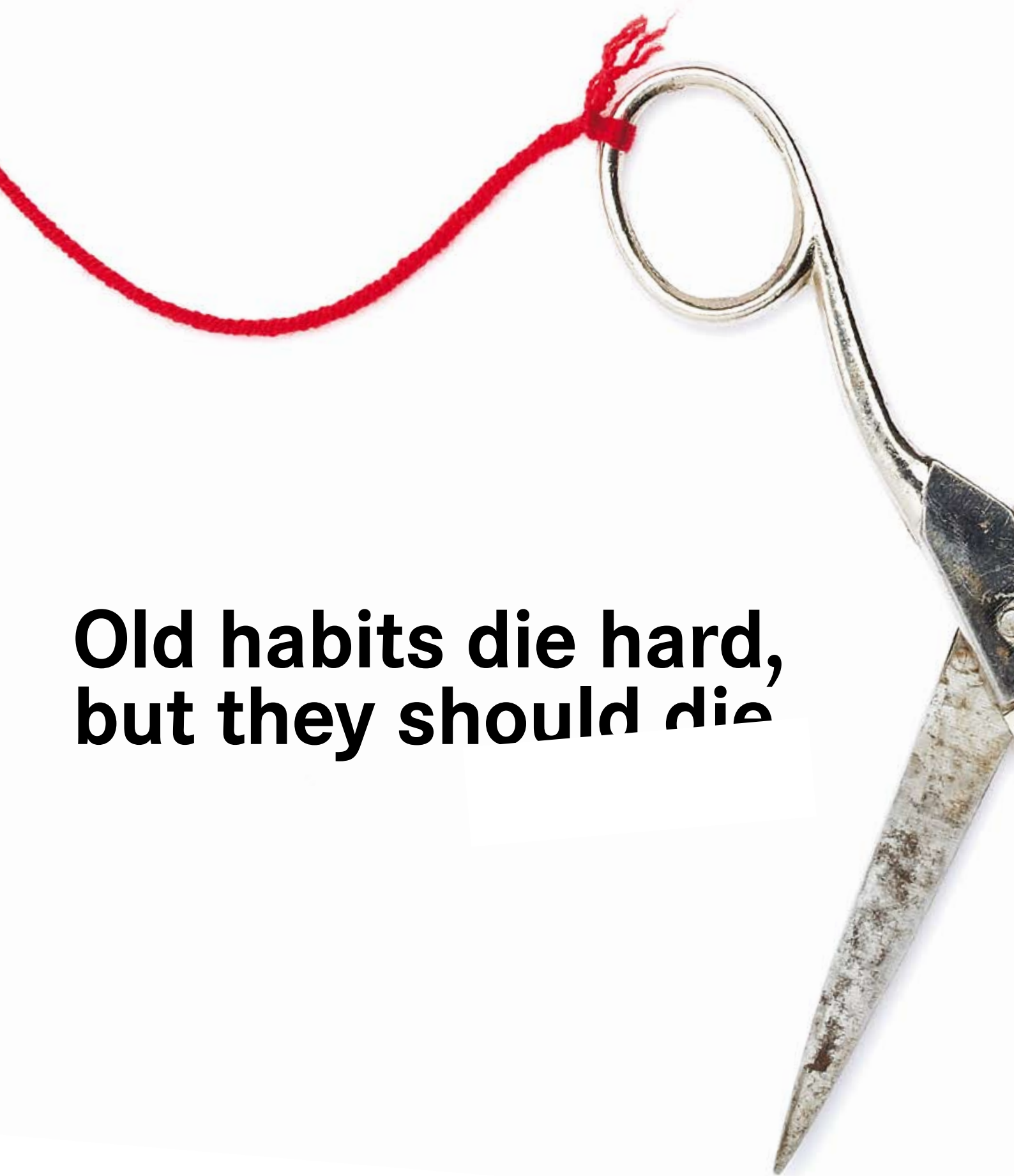
Consumer Research à la carte

Since 2007, Symrise has provided support for the “Restaurant of the Future” – a revolutionary approach to sensory and consumer research. The restaurant is run by the University of Wageningen in The Netherlands and features your everyday canteen and an experimental laboratory rolled into one. Customers eating here are filmed so that researchers can evaluate eating and drinking behavior as well as the influence of smell, color, and design on how meals are selected. Symrise can use the “Restaurant of the Future” for its own experiments in order to better predict shifts in taste preferences. The way consumers’ eating behaviors can be observed in the “Restaurant of the Future” is highly unique and constitutes a vital contribution to our product development division as the research results can be integrated directly into the work they perform.

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**Old habits die hard,
but they should die**



**Especially operating procedures that don't pay off
or products that turn out to be unmarketable.**

symrise

Old Habits Die Hard, but They Should Die.

There are companies that impose their view of things on others. There are those that present their customers with ready-made solutions straight from their research and development departments. We were also once such a company.

We paid dearly for this. Many of our ideas simply could not be brought to market because we waited much too long to integrate our customers, our sales departments, and even feedback from consumers into our development processes. An incident in Flavor & Nutrition illustrates this well.

After extensive research, we were able to use encapsulation technology for liquid stock in the Flavor division. The market surveys had been positive and customers showed a keen interest in the concept. Consumer tests conducted worldwide painted an entirely different picture. Consumers simply rejected the product. They did not find it appealing to the senses. It was too different from the stock cubes, the granulated cubes, and pastes to which they had grown accustomed. Development of the product was stopped.

You have to be able to call it quits. That applies equally to product concepts and your own habits. We realized that quick reaction times were key for customer satisfaction in emerging markets and promptly revised our plans to install centralized research and development. We then moved important analysis and development capacities directly into these countries. A specific case in Scent & Care demonstrates that deviating from the plan can be part of a strategy

as well. The sunscreen Neo Helopan was being produced in South America. In 2007, we outsourced production to an external company. This freed up local capacity for producing products with higher profit margins.

What lesson have we learned? Innovation for innovation's sake does not pay off and we must never lose sight of a successful commercialization of our products. In order to avoid mistakes from the outset, we further refined our internal monitoring processes. We continuously monitor aspects of a product's development such as commercial viability and profitability. It is a process that may place insurmountable obstacles in the way of many products or may only cause us to put them on ice.

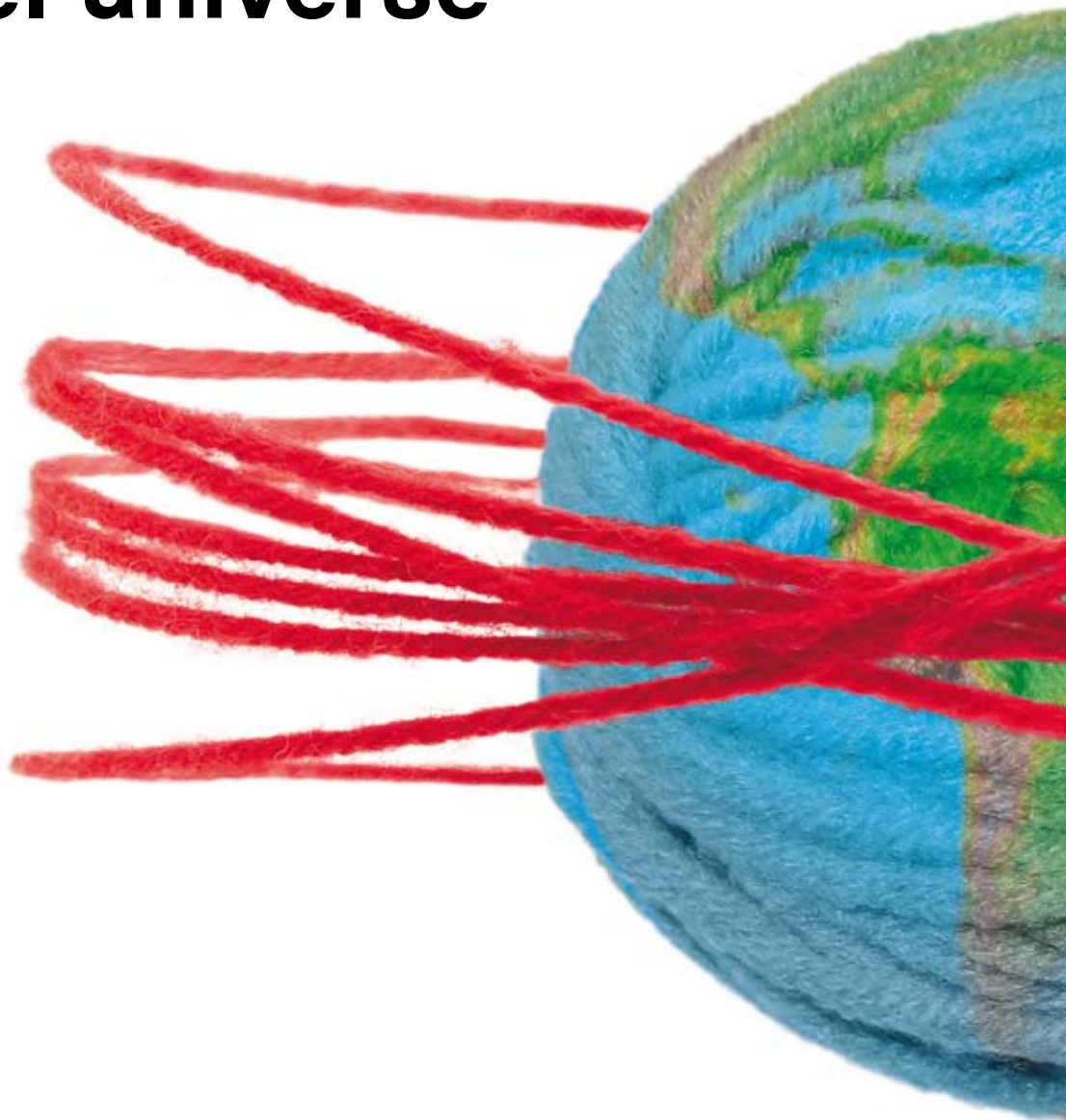
This does not mean to say we have put a stop to experimentation or trying out new and unexplored things – this is still very much a part of what we do. We are convinced that a deliberate, explorative approach to our work is essential and that it enables us to make significant accomplishments. This is why we encourage our employees to be self confident, to think and act independently. We cultivate a corporate culture that questions limits and encourages trying out new things. We want action not inaction and we value our “no blame” culture.

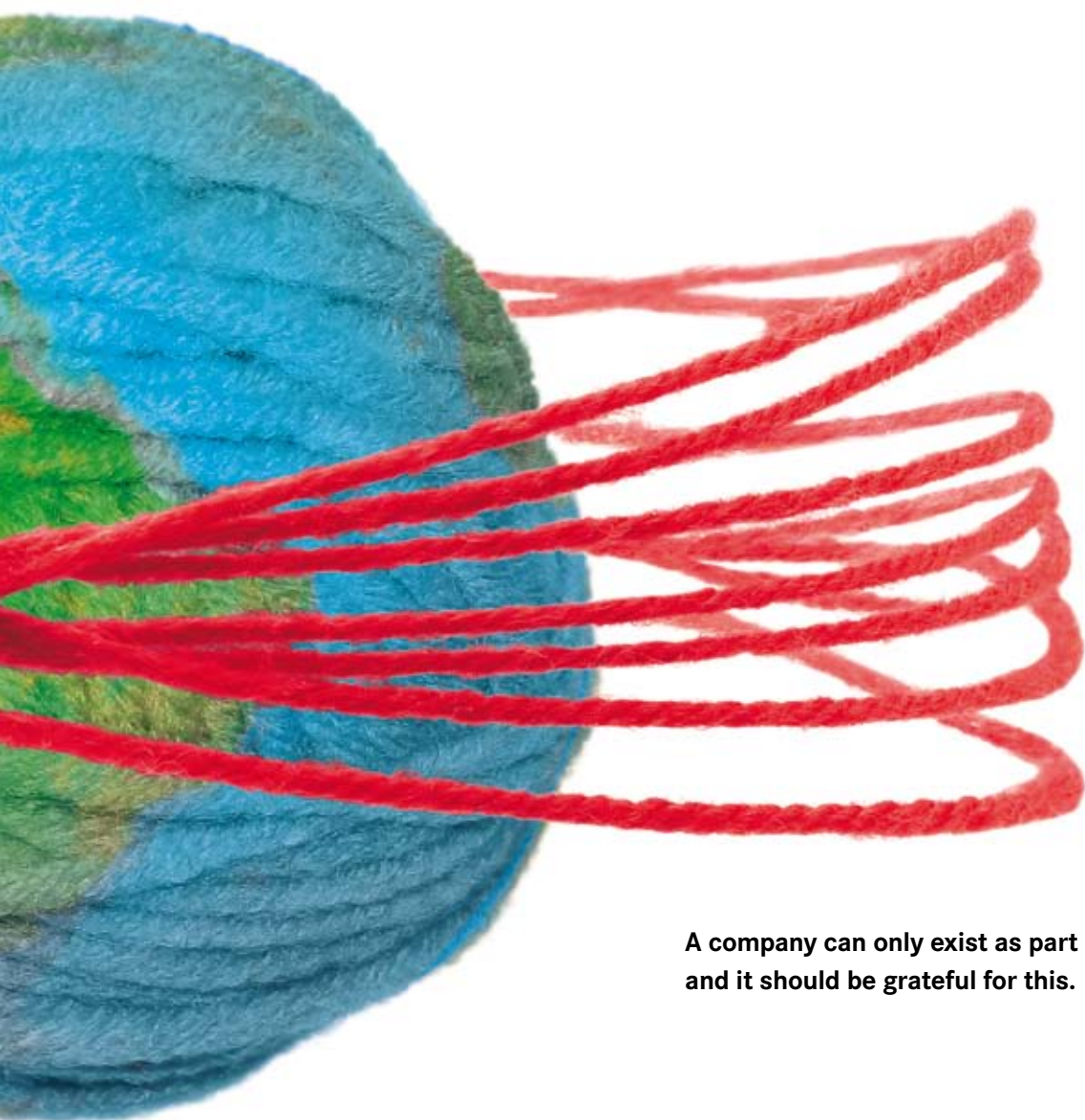
Even failure can reveal potential for improvement. The only real mistake you can make is not to learn from past mistakes.

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**We do not live in
a parallel universe**





**A company can only exist as part of society
and it should be grateful for this.**



A lot of children painted their impressions of the "Snack Garden" on the open house day. The area is perfect. Situated centrally and close to the Weser river is a spacious inviting grassland. A little creek runs through the area and there was already an old stand of fruit trees waiting for the children.

Corporate Social Responsibility (CSR) with a Clear Focus "Snack Garden" Project

Improving children's diets and reducing child obesity are two goals that Symrise addresses with CSR. Our "Snack Garden" project is part of our program for ethical and social responsibility in society. It is down to earth, accessible for everyone, and has good prospects for the future.

The first "Snack Garden" opened its doors to the public in Holzminden, Germany in 2007. Children aged three to twelve can experience the world of agriculture in grounds spanning some 8,000 m². There is a meadow, a fruit tree grove, and a garden providing children space to plant their own seeds and then even harvest and eat the produce. It is a terrific way to introduce them to a healthy and natural diet in a playful environment.

The main objective is not to impart theoretical knowledge, but to provide an environment for children to experience and enjoy nature first hand. There is something for all of the senses here. Children are encouraged to explore. They can experience nature up close and personal in the "Snack Garden". There are areas for playing soccer, skating, and all kinds of playful activities. Workshops, afternoon sports and games programs, and cooking classes will assure the "Snack Garden" a permanent place in the lives of the children and their parents.

Symrise is cooperating with many partners on this project. They include the University of Fulda and the Health Association in Lower Saxony as well as the city and county of Holzminden. The "Snack Garden" is an investment in children's health and therefore an investment in the future. It is CSR come to life and will surely have a lasting impact.

The German Federal Government included the "Snack Garden" in its "Germany – Land of Ideas" Initiative 2008 in the category "Education and Youth." This initiative aims to promote a positive picture of Germany both at home and abroad with a positive campaign emphasizing the country's strong points as a business location. Symrise is pleased to be part of the campaign.

We Do Not Live in a Parallel Universe.

A company's performance cannot only be measured in sales and economic vitality. A company must also be judged for its environmental record and commitment to society. The ability to integrate economy, ecology, and social issues is a benchmark for investors and customers. CSR is more and more becoming a license to operate and we fully support this view.

In 2007, we made a firm commitment to integrate CSR into our company vision. CSR is a major commitment for us. We have dedicated ourselves to sustainable corporate governance that will benefit our investors and our employees as well as society and the environment. We define sustainability as the long-term retention of value for everyone with we engage in business.

With regards to sustainability, we must meet the high standards we set for ourselves. Critical review will assure we will be able to verify success, analyze failure, and identify real opportunities to improve our efforts. In keeping with

our commitment, we commissioned our first comprehensive sustainability study in 2007. It gratifyingly revealed some of our successes and provided us with useful suggestions for improvements. The auditing employed all the officially recognized criteria to determine a company's sustainability and certified Symrise's commitment to sustainability as a company. In addition, four of our products in two product groups were awarded sustainability certification (in Scent & Care: alpha-bisabolol and menthol; in Food & Nutrition: the vanilla and citrus ranges).

We consider CSR to be work in progress. It is never complete and always changing. It is a project that is growing and helps our company to grow. For a global company like Symrise, CSR is a challenge that requires the constant attention of all of our people in all our countries in all of our departments. We are taking on this challenge with resolve. You can find detailed information about the efforts we have made and their results in our separate CSR report.

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The State of Affairs.

**We Follow up Words with Deeds.
You May Assess Us on the Basis of Both.**

The fragrance and flavor market is valued at some € 13 to 14 billion and has an annual growth of approximately two to three percent. Some regions are growing more strongly than others. In the emerging markets of Asia, Latin America, eastern Europe, Africa, and the Middle East disposable per capita income and the demand for consumer goods is growing every year.

Almost 40 percent of our sales is made conducting business with and in “emerging markets”. Success with regional customers in these regions of the world is due in no small part to our presence in those countries. We see promising potential to grow with both the regional and the multinational companies using local operations.

The Scent & Care and Flavor & Nutrition divisions are approximately equal in size and have similar profitability levels. We have expanded our divisional structure in the last years and have integrated many capacities into their areas of responsibility. Purchasing, production, and quality control were already made the operative responsibility of the divisions in 2006 and research was added in 2007. This way we are able to assure that research and development never lose sight of marketability, the benefits to the customer and consumer as well as sales potential.

We continued our efforts to intensify customer relations in 2007. Together with our customers, we worked on several successful product launches and sales growth was up largely because we were able to maintain and even expand our core list positions with strategic key customers. Our medium-term goals are to gain entry into the last core list in Flavor & Nutrition and secure more of these prized positions with our Scent & Care customers.

With our top 10 customers, we increased sales for both divisions.

SCENT & CARE

2007 was the Scent & Care division's year. We created newly launched products for some prestigious perfume producers. Our cosmetic researchers developed several new cosmetic agents and were duly rewarded with two innovation awards. Strategic cooperation assured us a healthy research pipeline.

Good for Our Image: Success with Fine Fragrances

Luxury fragrances – they fascinate us and keep the legend of the fragrance industry alive. Success with fine fragrances added to our prestige and reputation and also to the bottom line. In the supreme discipline of perfumery, Symrise had quite a showing in 2007: Paco Rabanne Black XS for her (Puig), Hypnose Homme (L'Oréal), Azzaro Now for men (Clarins), L'Instant Magic (Guerlain, LVMH), Burberry Sheer Brit (InterParfums), Humor 4 (Natura), and Celine Dion (Coty) were some of the most prestigious accomplishments of the year. Exceptional and creative perfumes created by exceptional and creative perfumers.

It stands to reason that we continue to invest in these talents. In 2007, no less than four internationally acclaimed perfumers joined our creative teams in New York, Paris, and Holzminden. We have set ourselves apart from the competition by establishing the Symrise Perfumers' Academy where perfumers can be trained or expand their knowledge base. The curriculum has been created to move beyond the classic trade and reflects our distinctive understanding of innovation knowledge and information about raw materials, markets, and the countries where fragrances hail from combined with inspired perfumers that are well versed in business management and production processes – this is our strategy for creativity.

More than “Just” Perfume: Technology for New Fragrances

There are a lot of nice fragrances out there. Our perfume oils are extremely versatile. Hydrascent and Frescascent® demonstrate the success of the “Power of AND” in luxury fragrances and body care products. Hydrascent is a perfume oil that is not only fragrant, but has moisturizing characteristics – this is a first. Frescascent® features an integrated cooling effect – a true innovation in the highly competitive after-sun products market.

When purchasing a product, consumers pay close attention to how long a fragrance remains perceptible on their skin or in their hair. Of course this should be as long as possible – a real challenge for developers. New technology created by Symrise makes their work much easier. Our Asset technology means we can control how long perfume oils remain perceptible better than ever.

Sharing Knowledge and Expertise: Symrise Genealogy

The diversity of fragrances and body care products entering the global market each year is bewildering. Symrise’s Genealogy of Fragrances has been an essential guide through this veritable jungle for several years now. It is undisputedly the standard reference without which work in the perfume industry has become unimaginable. In 2007, we set a new standard by publishing the world’s first genealogy for personal care products. It classifies products by fragrance category and gives an overview of all the best sellers, classic fragrances, and newcomers. It is indispensable when it comes to finding a common language with our customers to develop new products.

Award-Winning and Creative: Symrise’s New Cosmetic Ingredients

You thought chocolate was only for eating? You only heard of rooibos in connection with tea? We discovered that chocolate contains many valuable substances that fortify skin and give it firmness and vitality, so we went about putting a product range on the market that features chocolate plant extracts. We also found that the rooibos plant prevents hair color from fading and we now use this natural plant extract in many hair care products.

Our cosmetic researchers were both inspired by nature and guided by consumers’ needs for many of their new developments. SymMollient®, SymClariol®, SymWhite®, Hydromoiest L, and Hydromoiest O are good for hair and skin. They smooth, moisturize, brighten and can even have an antimicrobial effect.

Two of our cosmetic agents were awarded with the coveted BSB Innovation Award in 2007.

SymRelief® clearly demonstrates our expertise in natural plant extracts. Combining alpha-bisabolol and ginger is the secret behind the anti-irritant effect. Both natural products block certain mechanisms that cause inflammation in the skin and they work synergistically.

SymRepair® is a lipid combination that is similar to lipid composites in callus skin. This agent imitates the skin’s natural protective functions. Both products are used in care products for dry and sensitive skin and in sun protection and after sun compounds.

Sun protection is one of Symrise’s core competences. Our research in this field was awarded a prize in 2007. A pioneering study on skin aging caused by the sun that Symrise cosmetic research conducted together with the University of Dusseldorf won the Beauty Care Prize pre-ecuted by the Consortium for Aesthetic Dermatology and Cosmetology.

Internal Expertise Plus External Knowledge: Strategic Partnerships

In order to assure a steady research pipeline in the Scent & Care Division, we have pursued a clear strategy for years. We enhance our own research and development strengths using strategic partnerships – and it has proven highly successful. In close cooperation with Italian biotechnology experts from the company Cotech, we were able to develop an innovative procedure for cosmetic tests that represents a true alternative to animal testing. Our work with the biotech specialists BRAIN and AnalytiCon Discovery is already bearing fruit. After just a short time, we have been able to identify two highly promising agents.

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FLAVOR & NUTRITION

The Flavor & Nutrition division competed very effectively in 2007 as it implemented several successful product launches, pioneering acquisitions, and new partnerships topped off with superior instinct for consumer trends and innovative technology.

The Consumer: A Known Entity

Life is becoming ever more complex in the 21st century. Increasing pressure to perform, tight deadlines, and limited opportunities to exercise have become commonplace and have changed the way people eat. It is becoming rarer to eat food we have prepared ourselves. Eating “on the run” is the order of the day. Obesity, high blood pressure, strokes, and cardio-vascular diseases are often the result. People are talking about it and wonder how they can lead healthier lives without renouncing anything. Convenience is the magic word that promises to save us time. Symrise lets you indulge without sacrificing the least amount of pleasure.

Our taste for life® flavorings line caters to consumers' requests. taste for life® stands for highly innovative flavorings that help reduce the need for sugar, salt, and fat in foods to make them healthier. The great taste consumers demand from their foods is preserved. SymLife® Cream dramatically reduces the fat content of finished products while preserving the familiar taste and the distinctive, creamy “mouthfeel.” We added SymLife® Cream to this portfolio in 2007.

We continued our search for ways to reduce salt and sugar content in foods. Along with external specialists in the field of receptor research, we developed new substances we call taste actives that intensify sweet and salty tastes or can help mask bitterness. This market is sure to grow quickly.

Sensory solutions and consumer research are the foundation of our success. We continued to invest heavily in consumer research in 2007, especially in Asia as it is a region marked by strong growth and will be one of the most important markets in the future. At the same time, the consumer demands in this market are extremely segmented. We opened new Sensory Centers in Singapore and Shanghai to increase our access to this market. They are equipped with the most modern facilities available so that the highly qualified specialists working in them can investigate the wants and needs of Asian consumers.

We are entering new territory in sensory and consumer research by supporting the “Restaurant of the Future.” Researchers from the University of Wageningen in The Netherlands observe customers eating in this restaurant very closely. We joined the endeavor recently so we too can observe the way people eat and drink and integrate our findings directly into our product development.

Bridging the Gaps: Acquisitions, Partnerships, and Investments

Market and consumer research can be used to identify gaps in the market that can be bridged with new product concepts. At Symrise, we take a pragmatic approach to bridging

the gaps in our own market penetration or product portfolio: We prudently buy the expertise or market share we need. In 2007, we purchased Steng, a British producer of herbs and spice pastes, stocks, marinades, and natural flavorings. This enabled us to quickly tap into the “clean label” market and catch the “natural ingredients wave” without investing several years in research and development.

The motivation was similar for purchasing the food ingredients division of Unilever in Great Britain. We needed to acquire additional expertise and formulas, gain access to new technologies, and broaden the customer base. Unilever produces flavorings at their Burton-on-Trent facility for the fast growing chilled foods categories and snack foods sectors. The acquisition fits perfectly into our strategy of increasing added benefit and natural ingredients in our culinary flavorings.

We had already assumed a minority interest in the French company Aromatics in 2006. The producer of natural raw materials such as vanilla, cocoa, and coffee has facilities in Grasse, Paris, and Madagascar. In 2007, we purchased the remaining shares and completely integrated the supplier of raw materials into our company. The acquisition assures us a dependable supply of first-class raw materials and enables us to offer our customers absolute reliability and transparency in the traceability of the raw materials used.

In addition to considerable investments in the strategically important vanilla trade, we turned our gaze last year to another raw material of global significance: citrus fruits. We have been considered experts in citrus flavorings for decades. Now, we have opened the “Global Citrus Center” in Brazil directly in one of the world’s largest citrus-growing regions. The accumulated expertise on research, sensory

effects, and technology in the Symrise realm are all under one roof at the Global Citrus Center. Naturally Citrus!® is the newly launched citrus flavoring product range that boasts freshness, naturalness, and stability.

Innovative Technologies Enhance Quality

A brand new Symrise technology will give consumers what they look for most when deciding on what food to buy: authentic taste. Many of the flavor-yielding components of fruits and vegetables are lost during processing. SymTrap® captures the (citrus) flavorings that would otherwise escape with a cutting-edge process that concentrates the natural flavorings for a more natural and authentic taste.

Proximity to Customers is a Formula for Success

2007 was the Flavor & Nutrition division’s big year for major customer projects. We retained all of our core list positions and scored big with natural vanilla flavorings, innovative beverage concepts, and our taste for life® range. Sales figures were particularly high in the growth markets China, India, Korea, Thailand, and Indonesia due to the success of the taste for life® concept.

A reliable supply chain is essential to all of our projects. We value transparency and close ties with all of our customers. In 2007, we launched an initiative called Synchronize to optimize our supply chain. We have a holistic approach to the supply chain that starts with the sourcing of raw materials and extends all the way to the finished product. Our aims are: demand-oriented shipments, increased productivity with improved allocation of resources, optimized inventories, shorter lead times, and the synchronization of workflows between ourselves and our customers. These are all goals that will benefit both us and our customers well beyond the 2007 financial year.

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The Share

Symrise Shares: An Eventful First Year on the Stock Exchange

The performance of the stock markets in 2007 was marked by the difficult situation on the US mortgage market as well as further rising energy and raw material prices. After an overall good performance of the stock markets in the first half of 2007, mid-year brought a correction of share prices, which fluctuated more strongly.

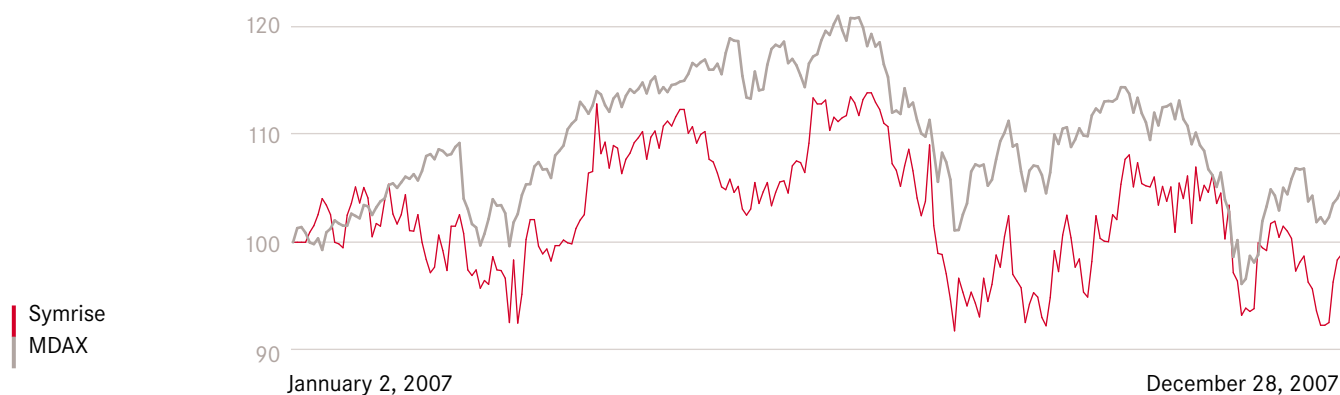
The German MDAX index, which has included the Symrise stock since March 19, 2007, showed 9,405 points at the be-

ginning of 2007. In the following twelve months, it fluctuated strongly and ended 2007 with an increase of approximately 5% at 9,865 points.

Despite some fluctuation, the Symrise stock was initially able to perform positively. The positive opinions of analysts and the good interim year performance of our Company were well accepted by the market and pushed the stock. On July 18 and 19, 2007, the stock reached € 22.20, its highest XETRA closing price in fiscal year 2007. From the end of July 2007, however, the stock markets underwent a

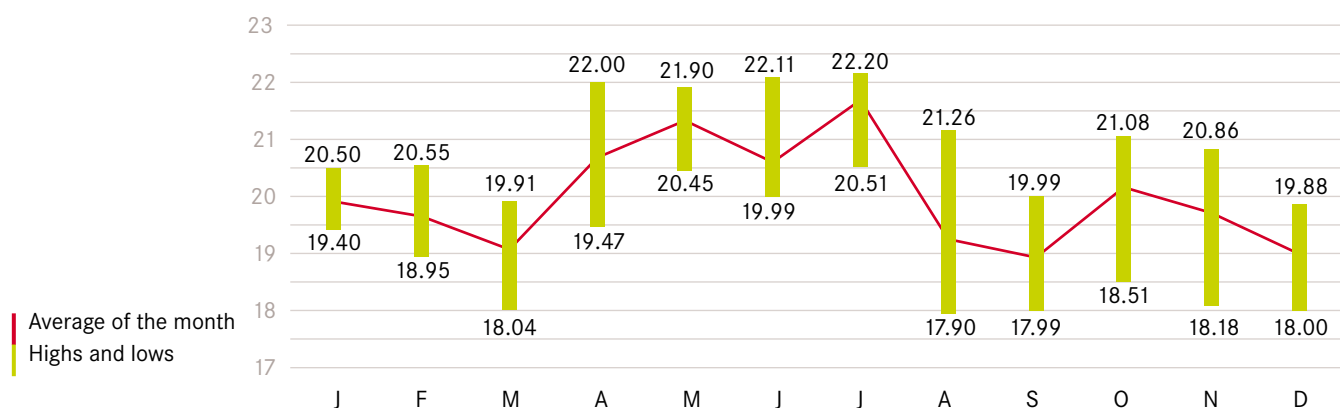
DEVELOPMENT OF SYMRISE STOCK IN COMPARISON TO THE MDAX IN 2007

indexed



HIGHS AND LOWS OF SYMRISE AG STOCK IN 2007

€



major consolidation phase. The difficult situation in the US mortgage market and its impact on financial institutions and the global economy led to strong volatility worldwide and some significant drops in share prices. Our stock was unable to avoid this trend. On August 16, 2007, it closed at € 17.90, its lowest share price of the year. In the following weeks and months, however, it was able to recover again. On December 28, 2007, it closed at € 19.28 and therefore ended 2007 just below its level at the beginning of the year of € 19.50.

Compared to our stock market debut on December 11, 2006, with an initial price of € 17.25, our share price has performed satisfactorily up to the end of 2007. Our shares posted an increase for this period of approximately 12%. The stock thus performed somewhat better than the MDAX, which was able to increase by approximately 10% in the same period.

At the beginning of 2008, the global downswing on the stock markets continued. The Symrise stock had to face additional losses and came down to € 18.00 at the editorial deadline for this report (February 27, 2008).

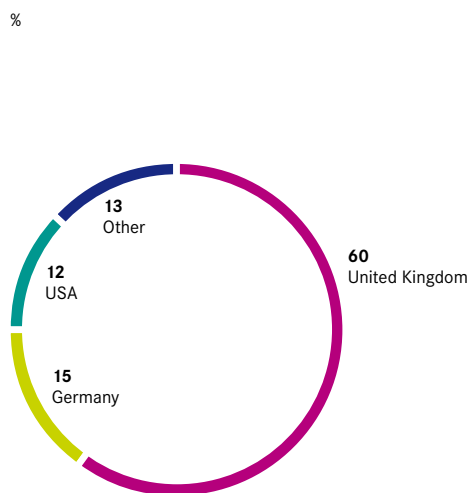
In the MDAX, the Symrise stock has a market capitalization of € 2.1 billion – measured on the basis of the free float of 94.1% – and is therefore ranked 14th place at the end of 2007. With this, the stock has a weighting of 2.3% within the index.

Shareholder Structure: Free Float More than 90%

After the initial public offering on December 11, 2006, 68.6% of the total 118 million shares were initially free float. The remaining shares were held by financial investors (EQT-III-Fonds: 15.9%, co-investors: 8%), Gerberding Vermögensverwaltung (5.9%), the Braunschweig GmbH (0.6%) and the Managementbeteiligungsgesellschaft (1.0%) with a six-month lock-up period.

Once the lock-up period expired, the financial investors sold approximately 28 million shares on May 25, 2007. Since that day, they hold zero percent of Symrise AG. The

REGIONAL SHAREHOLDER STRUCTURE



Source: Symrise estimate

shareholding of Gerberding Vermögensverwaltung remains unchanged. The free float of the Symrise stock has thus increased to 94.1%.

The large majority of our shares are held by institutional investors in English-speaking countries.

Investor Relations: Intensive Dialog with the Capital Market

The ongoing dialog with analysts as well as institutional and private investors is highly important to us. It is our aim to communicate the development and strategic alignment of Symrise transparently and openly and achieve a realistic and fair valuation of our stock on the capital market.

At the analysts' conference in March 2007, our board gave a full report to approximately 50 analysts and investors on fiscal year 2006, the strategic alignment of the Group, and the sales and earnings expectations for fiscal year 2007. The business performance of the first three quarters of

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2007 was announced during three telephone conferences with an average of 40 participants each.

At our first regular Shareholders' Meeting on May 15, 2007, in Frankfurt, Germany we were able to welcome roughly 200 shareholders, representing approximately 73% of the share capital. They approved the proposals for resolution on the individual agenda items with no less than 99.8% agreement.

Furthermore, at numerous road shows, investor conferences, and one-on-one meetings at all the important financial centers in Europe, in the US, and at the Group headquarters, the Executive Board and Investor Relations team shared information on the current business performance and strategic orientation of Symrise in a total of approximately 400 meetings. The divisions and operating management were also involved in this communication with the capital market. For example, at the Investor Day in Paris, analysts and investors had the opportunity to obtain a direct insight into the operating business of our Scent & Care division and form their own opinions about the creativity, innovative strength, and growth opportunities in this division.

Information on the current performance of our Company is also available on our website at any time. We provide comprehensive information in both German and English under the following address <http://investor.symrise.com/>. In addition to current announcements and the Company and quarterly reports, one can also find analysts' ratings, presentations, and our present financial calendar on the site.

Our first annual report as a publicly listed company won a prize at the annual "The Best Annual Report" competition. The journal "manager magazin" placed our 2006 report first for the category "Newcomers to the Stock Exchange." For us, this award represents both praise and incentive, as from 2007 on, we have to face the judgment of the experts in the MDAX category.

For 2008, in addition to regular telephone conferences in order to publish our quarterly figures, we have planned road shows worldwide, further one-on-one meetings, and another Investor Day. Furthermore, we will increase our participation in investor conferences for institutional and private shareholders. It is our aim not only to treat our current shareholders with excellent care, but also to attract new investors to our stock.

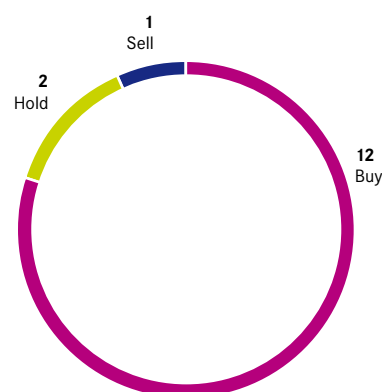
Increasing Interest among Analysts

In fiscal year 2007, we were able to entice additional investment firms to publish regular studies and commentaries (research coverage) on Symrise AG. Fifteen investment firms – especially in Germany, the UK, and Switzerland – now publish regular analyses on the current performance of our Company and provide recommendations. Their investment recommendations are nearly consistently positive: As of the end of December 2007, twelve out of 15 analysts rated the Symrise stock "Buy," two recommendations were "Hold," and one was "Sell."

In 2008, two banks have already initiated research coverage with a "Buy" recommendation.

ANALYSTS' RATINGS (RESEARCH COVERAGE)

Number of recommendations



Earnings per Share of € 0.82

Earnings per share reached € 0.82 after € -1.08 the previous year. EPS is determined by dividing the net profit or loss for the reporting year by the weighted average number of outstanding shares during that year. This amounted to 118,173,300 shares in fiscal year 2007.

Attractive Dividend Proposed for 2007

At the Shareholders' Meeting on April 29, 2008, the Executive Board and Supervisory Board of Symrise AG will propose paying a dividend of € 0.50 per share for fiscal year 2007. This corresponds to a payout ratio of 60.7% of Group net profit. Comparing the dividend per share to the share price as of December 28, 2007, of € 19.28, this represents a dividend yield of approximately 2.6%.

KEY FIGURES FOR THE SYMRISE STOCK

Stock category	No-par bearer shares of common stock
Trading segment	Prime Standard (Official Market, Amtlicher Handel)
Index	MDAX, Dow Jones STOXX 600
Sector	Chemicals
Most important trading place	XETRA (electronic trading platform)
Ticker symbol	SY1
ISIN	DE000SYM9999
WKN	SYM999
Common code	027647189
Designated sponsors	Deutsche Bank, UBS Investment Bank
Initial listing	December 11, 2006

THE SYMRISE STOCK IN 2007

Shares issued as of balance sheet date	millions	118.2
Share capital	€ million	118.2
Highest share price (XETRA closing price)	c	22.20
Lowest share price (XETRA closing price)	€	17.90
Share price at end of fiscal year (XETRA closing price)	€	19.28
Free float	%	94.1
Market capitalization at end of fiscal year (based on free float)	€ million	2,124.0
Average daily trading volume	shares, approximately	505,000
Earnings per share	€	0.82
Dividend per share	€	0.50

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Corporate Governance

The Executive Board, acting on behalf of the Supervisory Board as well, reports on the corporate governance at Symrise in accordance with Section 3.10 of the German Corporate Governance Code as follows:

Good corporate governance is indispensable for the success of a company. This success also depends on the trust of our business partners, investors, employees, and the public. Confirming and strengthening this trust requires responsible leadership and corporate management and control focused on creating sustainable added value, i.e. "corporate governance." Symrise therefore welcomes the amended Code of the Government Commission of the German Corporate Governance as available from the Federal Ministry of Justice as published in the official section of its electronic Federal Gazette of July 20, 2007 and will align itself to these international and nationally recognized standards of good corporate governance, also in the future. The Executive Board and Supervisory Board of Symrise AG intend to implement the recommendations of the Code as comprehensively as possible.

Symrise AG is a stock corporation (Aktiengesellschaft) under German law. Accordingly, the company is managed by the Executive Board and Supervisory Board. An intense, ongoing dialog between the two bodies is the foundation for efficient corporate management.

Statement of Compliance

Under § 161 of Germany's Stock Corporation Act (Aktien-gesetz "AktG"), the Executive Board and Supervisory Board of a listed company must issue an annual statement as to whether the company was and is in compliance with the German Corporate Governance Code and which recommendations of the Code were not applied. The Executive Board and Supervisory Board of Symrise AG issued a new statement of compliance pursuant to § 161 AktG on February 29, 2008.

According to the statement, deviations from the Code existed on two points:

1. Contrary to Section 3.8, Paragraph 2, the "Directors' & Officers" liability insurance that Symrise AG holds for its executives and the members of its management bodies does not include a deductible.

The Executive Board and Supervisory Board are of the opinion that the deductible of D&O insurance, which does not strictly insure against financial losses, is not an adequate means of achieving the objectives of the Code. In any case, willful neglect of duty is exempted from insurance coverage. Members of the Executive Board and Supervisory Board can cover the deductibles with their own insurance policy, thereby negating the actual function of the deductible.

2. Contrary to Section 5.1.2 Paragraph 2, Sentence 3, there is no age limit for members of the Executive Board.

No age limit was set for Executive Board members because the company should generally also have access to the expertise of experienced members. Exclusion based solely on age does not seem wise to the Executive Board and Supervisory Board, since this could lead to a mere formality blocking an optimum Executive Board appointment.

Close Cooperation between Executive Board and Supervisory Board

The Executive Board and Supervisory Board work together closely. The sustained growth of the company's value is the common objective of both the Executive Board and the Supervisory Board. The Executive Board provides the Supervisory Board with regular, prompt, and comprehensive reports on all relevant issues of corporate planning and strategic development, on company performance, and on the state of the Group, including a risk profile. The articles of incorporation specify reservations of consent for significant business transactions. The report of the Executive Board also includes the topic of compliance and lays out the measures implemented at Symrise to conform to the legal regulations and internal corporate guidelines.

There are no former members of the Executive Board on the Supervisory Board in order to ensure independent consultation and supervision.

The term of office for shareholder representatives and employee representatives on the Supervisory Board ends at the conclusion of the Shareholders' Meeting in which the actions of the Supervisory Board for fiscal year 2010 are formally approved.

There were also no conflicts of interest among members of the Executive Board and Supervisory Board in 2007. Any such conflicts of interest must be disclosed to the Supervisory Board without delay. Supervisory Board member Klaus Kühn is a member of the Executive Board of Bayer AG in Leverkusen. In certain cases, subsidiaries of Symrise AG have customer and supplier relationships with Bayer AG and its subsidiaries. Furthermore, Bayer AG is the former owner of Haarmann & Reimer GmbH, which was first sold to Symrise and later merged into the Symrise Group. To the extent that there are mutual claims for tax refunds or back duties arising from the purchase contract for Haarmann & Reimer GmbH from the year 2002, this does not have any effect on the responsibilities of Mr. Kühn on the Supervisory Board.

The only consultant or service agreements or other exchange contracts in fiscal year 2007 between members of the Supervisory Board and the Company involved Mr. Horst-Otto Gerberding.

The company and Mr. Horst-Otto Gerberding entered into an "Amended and Restated Service Agreement" on September 4, 2003. Under this agreement, Mr. Gerberding received an annual compensation of € 500,000 through September 30, 2007. Mr. Gerberding was also entitled to insurance coverage and certain material benefits. After September 30, 2007, Mr. Gerberding receives a transitional stipend for six months. Thereafter, the company must pay Mr. Gerberding 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. In 2003, Symrise GmbH & Co. KG also granted Mr. Gerberding the right to purchase a piece of property belonging to Symrise GmbH & Co. KG. Symrise GmbH & Co. KG has sold the property, which is no longer needed, to Mr. Gerberding for the price of € 411,000, the current market value as determined through an appraisal.

An overview of the mandates of the members of our Executive Board and Supervisory Board is shown in the financial statement. The relationships to affiliated companies and individuals are shown in the Notes to the consolidated financial statements.

Transparency

Pursuant to § 15 a of Germany's Securities Trading Act (WpHG) the members of the Executive Board and 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. All of the reports received by Symrise AG as of December 31, 2007, are published on our website under the heading [Investor Relations/Corporate Governance/Directors' Dealings](#). This includes all such reports since the IPO, including any involving persons who have meanwhile left the Executive Board and Supervisory Board.

Executive Board and Supervisory Board Remuneration

In addition to their base compensation, the Executive Board remuneration includes a variable bonus component that adequately reflects both the individual's performance and the company results. Members of the Executive Board earn a bonus component which is not to exceed 100% of their base compensation annually. Furthermore, there is a three-year rolling bonus plan for the Executive Board. In this regard, the bonus is based on the share price performance and the enterprise value. In terms of the three-year term of the plan, members of the Executive Board cannot earn more than 220% of their basic compensation.

A breakdown of the total remuneration of each member of the Executive Board, including the pension funding rates, is shown on pages 81 and 82 of this annual report.

In addition to their base compensation, the Supervisory Board remuneration includes a variable component that adequately reflects the Company's earnings per share. 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.

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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 in the Notes on pages 131 to 133 of this annual report.

Information Service for our Shareholders

All major press and capital market releases by Symrise AG are also published on the company's website.

We regularly notify our shareholders of important 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 of 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 Shareholders' 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 under the heading [Investor Relations/Events](#).

It is our intention to provide our shareholders with quick, comprehensive, and effective information before and during the Shareholders' Meeting and to make it easy for them to exercise their rights. The annual report and the invitation to the Shareholders' Meeting provide the shareholders with comprehensive advance information on past fiscal years and the individual agenda items of the upcoming meeting. All documents and information pertaining to the Shareholders' Meeting and the annual report are available on our website. The website will have additional information seven days before and during the Shareholders' Meeting.

The registration and legitimization process for the Shareholders' 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.

We offer shareholders who cannot personally attend the Meeting the opportunity to exercise their voting rights through a proxy of their choice or a voting proxy of the company who is bound by their instruments. Instructions on how voting rights are to be exercised may be given to a voting proxy before and during the Shareholders' Meeting on April 29, 2008, 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 PM on the evening of April 28, 2008.

Subsequent to the Shareholders' Meeting, we also publish the attendance and the votes.

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 management 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 without notice by outside auditors as well as the internal Group auditors. Risks identified in this manner are immediately reported to the Executive Board.

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 Auditor: KPMG

Our accounting at Symrise in fiscal year 2007 was again based on the International Financial Reporting Standards (IFRS). After five years of successful cooperation with the auditor Ernst & Young AG Wirtschaftsprüfungsgesellschaft of Hanover, fiscal year 2007 was audited by a new auditor, KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft, Wirtschaftsprüfungsgesellschaft of Hanover. We also have an agreement in place with this auditor 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. This auditor is also 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. Moreover, the auditor is 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 statement of compliance issued by the Executive Board and Supervisory Board in accordance with § 161 AktG.

Outlook

Good corporate governance remains a focus of the activities of the Executive Board and Supervisory Board in the current fiscal year. As part of the ongoing development of our compliance program, we will increasingly use electronic training programs to train as many employees here and abroad as possible. As another enhancement to our compliance program, we will introduce a whistleblower "hotline" in fiscal year 2008 operated by an independent, specialized service provider. Using this whistleblower hotline, employees of the Group have the possibility to report information regarding any legal misconduct or breaches of the guidelines at Symrise. This hotline is anonymous and free of charge to the employees. Hotline operators are available in English as well as the official languages of the countries in question.

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Report of the Supervisory Board

In the following, the Supervisory Board reports on its activities in fiscal year 2007. Key topics include the continuous dialog between the Supervisory Board and the Executive Board, the main agenda items in the full assembly as well as in the committees, and the annual and consolidated financial statements.

In fiscal year 2007, the Supervisory Board also fulfilled its responsibilities under the law and according to the articles of incorporation with great care.

The Supervisory Board provided regular consultation to the Executive Board and supervised the Company management. The Executive Board consulted us in determining the strategic planning and orientation of the Company. The Supervisory Board deliberated in detail on all business transactions of significance to the company based on the information received from the Executive Board. The Executive Board provided us with regular, current, and comprehensive reports on all relevant issues of corporate planning, company performance, the state of the Group, the risk profile, and risk management. The Supervisory Board was directly involved in all decisions of fundamental significance to the company. We know of no instance in which the course of business deviated from the plans and objectives negatively.

The Supervisory Board, wherever so called upon by law or according to the articles of incorporation, submitted its vote on the reports and proposed resolutions of the Executive Board following thorough analysis and discussion. In addition to the two incumbent chairpersons of the Supervisory Board, other members of the Supervisory Board were in close and continuous contact with the Executive Board beyond the scope of the Supervisory Board sessions in 2007. Special attention was paid here to the future orientation of the two corporate divisions, the status of essential projects, the company's day-to-day performance, and the key business transactions.

The Supervisory Board's Work in Committees

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. The four committees are the Auditing Committee, the Arbitration Committee pursuant to § 27 (3) of the Codetermination Act (MitbestG), the Presidential Committee, and the

Nominations Committee newly formed in December 2007. In certain instances, where permitted by law, the Supervisory Board's decision-making authority is assigned to its committees. The Chairman of the Supervisory Board also chairs all of the committees with the exception of the Auditing Committee.

Members of the Presidential Committee are Andreas Schmid (Chairman), Sanna Suvanto-Harsaae, Regina Hufnagel, Karl-Heinz Huchthausen, and Horst-Otto Gerberding.

Members of the Auditing Committee are Klaus Kühn (Chairman), Andreas Schmid, Dr. Peter Grafoner, and Peter Winkelmann.

Members of the Arbitration Committee are Andreas Schmid (Chairman), Sanna Suvanto-Harsaae, Regina Hufnagel, and Karl-Heinz Huchthausen.

Members of the Nominations Committee are Andreas Schmid (Chairman), Sanna Suvanto-Harsaae, and Horst-Otto Gerberding.

The Presidential Committee convened twice in fiscal year 2007. The focus of the committee's work was on the revision of the remuneration system of the Executive Board to include additional variable components to act as long-term incentives, the implementation of codes of conduct for the Executive Board and Supervisory Board, and the search for a new member of the Executive Board to become the new Group CFO.

The Auditing Committee convened five times in fiscal year 2007. The focus of its work was on the financial statements of Symrise AG, the consolidated financial statements and the auditor's report, and the revision of the risk management system and the compliance program.

It prepared the Supervisory Committee's proposal to the Shareholders' Meeting to nominate KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft, Wirtschaftsprüfungsgesellschaft of Hanover as the new auditor. Furthermore, the Auditing Committee discussed the interim reports to be published and solicited a statement of independence from the auditor. It commissioned the auditor and determined the auditing fees, a risk oriented audit approach and the main points of the audit.

The Auditing Committee convened in the presence of the auditor with the exception of one meeting. During the meeting in question, the various auditors presented themselves to the Auditing Committee.

It was not necessary to convene the Arbitration Committee pursuant to § 27 (3) MitbestG, during fiscal year 2007.

The Nominations Committee was newly formed in December 2007. It recommends suitable candidates for the Supervisory Board to the Shareholders' Meeting regarding the election of shareholder representatives to the Supervisory Board. The Nominations Committee did not convene in December 2007.

Topics in the Constituent Session of the Supervisory Board

A regular issue for consultation in the full session of the Supervisory Board was the sales and earnings performance of both corporate divisions in the individual regions under the economic conditions as they were developing. The Supervisory Board convened in full a total of five times in fiscal year 2007.

The agenda of our constituent session of March 28, 2007, primarily focused on the annual and consolidated financial statements as of December 31, 2006, as well as the corporate planning for fiscal year 2007. The auditor also participated in this session.

In our session of May 14, 2007, the Supervisory Committee recognized the performance and results of the first quarter 2007. Another topic was consultation regarding an acquisition project and its integration into the current Group structure.

The agenda of the session of July 27, 2007, focused on the results of business operations in the second quarter 2007 and in the first half-year 2007. Another topic was the presentation and explanation of the Executive Board's strategy for Asia.

In our session of October 26, 2007, the Supervisory Board concentrated on the performance and results of the third quarter 2007. Considerable attention was also given to the Executive Board's strategy for America.

The agenda of our session of December 13, 2007, was mostly turned over to the corporate planning for the upcoming fiscal year 2008. The Supervisory Board also elected Mr. Andreas Schmid as the new Chairman, as well as electing him to the current committees. Furthermore, in this session, the Supervisory Board formed a Nominations Committee pursuant to section 5.3.3 of the German Corporate Governance Code.

Annual and Consolidated 2007 Financial Statements

KPMG audited the annual financial statements for the fiscal year from January 1, 2007, to December 31, 2007, 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 15, 2007, resolution of the Shareholders' Meeting. The auditor issued an unqualified certification.

The Symrise AG consolidated financial statements were prepared in accordance with § 315 a HGB on the basis of the International Financial Reporting Standards (IFRS). 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 Audit Committee of February 22 and 27, 2008 and in the full session of the Supervisory Committee of February 29, 2008. 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 February 29, 2008, we approved the annual financial statements and the consolidated financial statements upon the recommendation of the Audit Committee. The annual financial statements are thereby adopted. We endorsed the proposal of the Executive Board for the use of the net profit of the year.

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Corporate Governance

Also on behalf of the Supervisory Board, pursuant to 3.10 of the German Corporate Governance Code, the Executive Board reports on the corporate governance at Symrise AG in its report on pages 52 et seqq. of this annual report. On February 29, 2008, the Executive and Supervisory Board submitted an updated Declaration of Conformity according to § 161 AktG and made this permanently available to the shareholders on the company's website. With two exceptions, Symrise AG conforms entirely to the recommendations of the Government Commission of the German Corporate Governance Code as published in the current (June 14, 2007) version available from the Federal Ministry of Justice in the official section of its electronic Federal Gazette on July 20, 2007.

Changes to the Executive Board and Supervisory Board

There was one change in the Executive Board during the reporting year. Mr. Rainer Grimm left the company by mutual agreement on September 30, 2007. Effective October 1, 2007, the Supervisory Board appointed Mr. Dominique Robert Yates to the Executive Board. He took over the responsibility as Group CFO.

In the Supervisory Board of Symrise AG, there were three personnel changes among the shareholder representatives during fiscal year 2007. These all took place in connection with the complete disposal of the shareholdings of the former majority owner EQT in summer 2007.

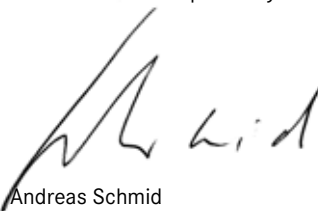
Dr. John Garcia resigned on June 20, 2007. In his place, Mr. Klaus Kühn was legally appointed to the Supervisory Board on July 16, 2007. Mr. Kühn is a member of the executive board of Bayer AG, Leverkusen.

Mr. Björn Hoi Jensen resigned on October 26, 2007. In his place, Ms Sanna Suvanto-Harsaae was legally appointed to the Supervisory Board on October 30, 2007. Ms Suvanto-Harsaae is freelance consultant.

Mr. Göran Lundberg resigned on December 13, 2007. In his place, Mr. Andreas Schmid was legally appointed to the Supervisory Board on November 28, 2007. Mr. Schmid is president of the Board of Directors of Oettinger Imex AG (Davidoff Group), Switzerland.

The Supervisory Board extends its thanks to the resigned members, all members of the Executive Board, the employees, and the employee representatives of all Group companies for their commitment and the work they have done in fiscal year 2007.

On behalf of the Supervisory Board,



Andreas Schmid
Chairman

Holzminden, Germany, February 29, 2008

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Group Management Report

1. FISCAL YEAR 2007 – AN OVERVIEW

Group Management Report

€ million		2006*	2007	Change %
Sales		1,229.4	1,274.5	3.7
Scent & Care		647.4	671.3	3.7
Flavor & Nutrition		582.0	603.2	3.6
Gross profit		523.1	560.8	7.2
Gross profit	in %	42.5	44.0	-
Earnings per share	in €	-1.08	0.82	-
Adjusted Earnings per share	in €	n.a.	1.02	-
EBITDA		243.2	272.1	11.9
EBITDA margin	in %	19.8	21.3	-
EBITDA Scent & Care		112.9	134.7	19.2
EBITDA Flavor & Nutrition		130.3	137.4	5.5
EBITA		203.8	232.3	14.0
EBIT		163.5	195.7	19.7
EBIT margin	in %	13.3	15.4	-
EBIT Scent & Care		74.0	98.6	33.2
EBIT Flavor & Nutrition		89.5	97.1	8.5

*Adjusted for restructuring and IPO expenses (€ 81.0 million)

The Executive and Supervisory Boards of Symrise AG will ask the Shareholders' Meeting on April 29, 2008, to approve a dividend of 50 cent per share for the fiscal year 2007. This corresponds to a dividend yield of around 2.6% based on the closing share price of € 19.28 on December 28, 2007. The total payout amounts to € 59.1 million; in terms of the consolidated net profit of the Group, this translates into a payout ratio of 60.7%.

2. GENERAL INFORMATION ON SYMRISE GROUP AND ITS BUSINESS ACTIVITIES

Overview of Business Activities

Symrise is a global supplier of flavors, fragrances, aroma molecules and cosmetic ingredients for the perfume, cosmetics, and food industries as well as personal care and

household. In 2007, total Group sales came to some € 1.3 billion. With an estimated market share of approximately 10% at present, the Company is one of the top four participants on the global market for flavors and fragrances (F&F) in terms of revenue. Experts estimate the global market volume at approximately € 13–14 billion in 2007. The development of the global F&F market is closely linked to disposable income, particularly in the emerging markets. In the more mature economies, the F&F market is more driven by consumer trends.

The nature of our business is that, while it operates on a global scale, a strong local network (providing both development and production) is required to support our customers. Symrise maintains a total of 27 sites around the globe. We are present in mature markets such as western Europe, the

United States, and parts of Asia as well as in the emerging markets of Asia, South America, Africa, the Middle East, and eastern Europe. In 2007, we generated close to 40% of our sales in the fast-growing emerging markets. In total, we create and produce more than 30,000 products using approximately 10,000 raw materials on five continents and sell these products in approximately 160 countries.

Symrise's business activities are divided between its two divisions Scent & Care and Flavor & Nutrition, which are nearly equal in size in terms of sales and operating result. In its Scent & Care division, Symrise develops, produces, and sells fragrances, mint flavors, cosmetic ingredients, and aroma molecules and develops specific application procedures for these substances.

The Flavor & Nutrition division develops, produces, and sells flavors which are used by our customers to produce food (savory products and sweets/dairy) and beverage products (soft drinks, alcoholic, and non-alcoholic beverages).

Our products are often created using a huge number of ingredients. Perfumers, flavorists, and chemists create

recipes and in some cases even the ingredients themselves. In addition, both divisions develop application systems and procedures in order to deliver value added solutions that allow our customers to distinguish themselves in the fast moving consumer goods markets.

Our flavors, fragrances, and cosmetic ingredients typically make up a relatively small part in the total cost of our customers' products, but are usually key components of our customers' end products and often constitute their entire flavor, fragrance, or cosmetic use. In many cases, the ingredients we deliver are decisive for the purchasing decision of the consumer.

Symrise combines an awareness of consumer trends with cutting-edge technologies, focusing on innovative products that have additional practical value for the consumer ("AND" products). We are striving to be an indispensable partner in the development, production, and marketing of products for our customers.

With 44 registered patents in 2007, Symrise is one of the most innovative manufacturers in the F&F market.

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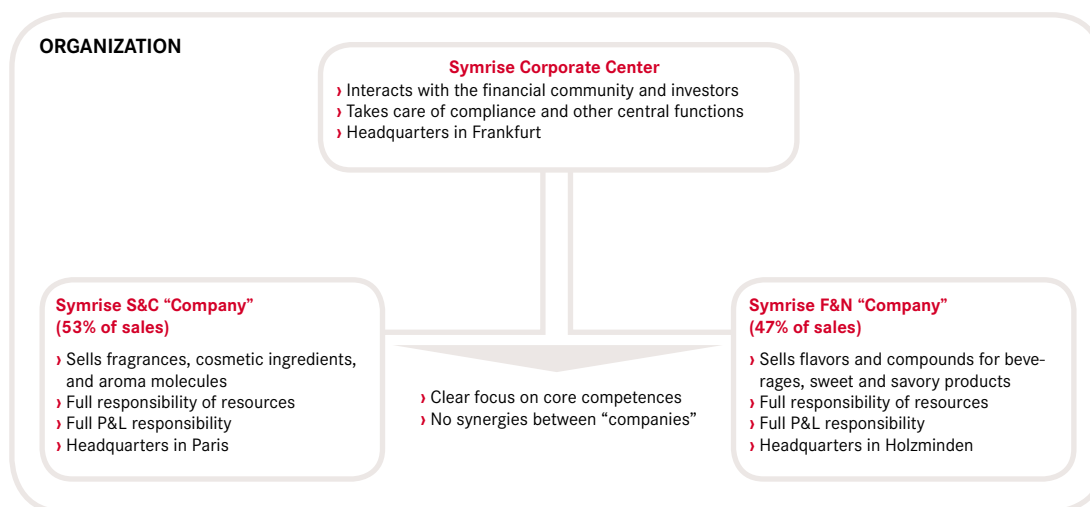
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Organization of the Symrise Group

In prior years, we implemented an organizational structure with streamlined structures and workflows. In 2007, we saw the impact of these improvements in an increase in EBITDA, especially in the Scent & Care division.

We run these two divisions out of a number of facilities around the world. The main sites include facilities in Singapore, Mexico, the US, Brazil, China, and Germany. Our Scent & Care and Flavor & Nutrition divisions run their daily business individually and are fully responsible for their business operations. Both have their own functional areas for research and development, procurement, production, and quality assurance as well as sales and marketing. Support functions such as IT, Engineering/Environment, Logistics, and Corporate Communications have been outsourced or are run separately from the core businesses to allow the divisions to focus on their core competencies and promote entrepreneurial activity.

The functions of Group management such as Finance, Accounting, Investor Relations, Legal Affairs, and Regulatory are performed at the Corporate Center.

This organizational set up gives us the utmost customer focus and helps rapid decision making. Our divisional organization is customer-focused and responds quickly to customers' requests.

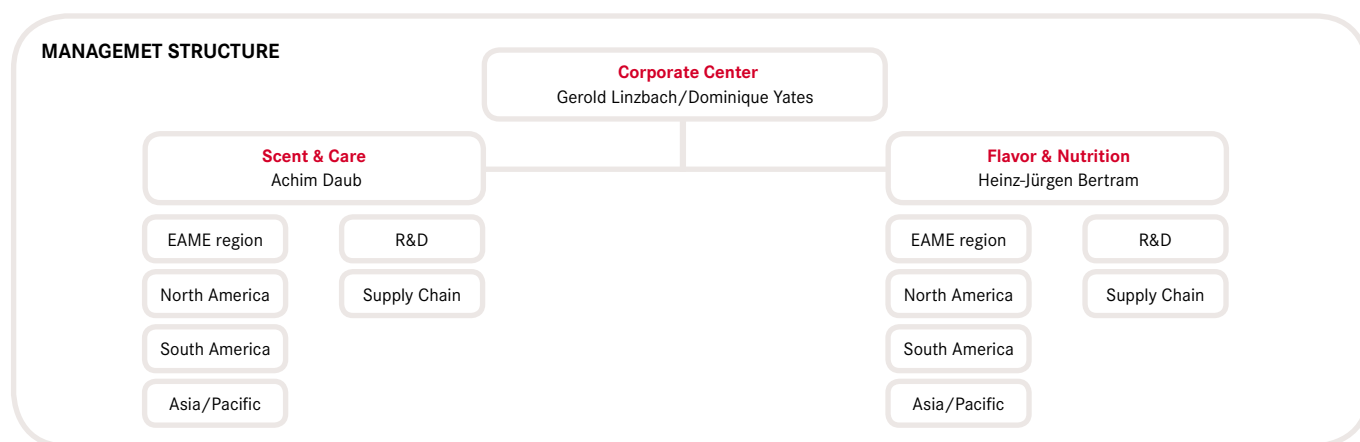
Corporate Management

As a German stock corporation, Symrise has a dual management and supervisory structure. The Executive Board has four members: Dr. Gerold Linzbach (CEO), Dr. Heinz-Jürgen Bertram (Head of Flavor & Nutrition), Achim Daub (Head of Scent & Care), and Dominique Yates (CFO).

The Executive Board reports regularly to the Supervisory Board. The reports focus on the business policies and strategies of the two divisions, the ongoing operations, potential acquisitions, and matters around corporate governance. The Supervisory Board is also kept informed of all events that could have a significant impact on the organization's future and the sustainable increase in the enterprise value of the Symrise Group.

The Supervisory Board appoints the members of the Executive Board and monitors and advises the Executive Board on the management of the Company. Although the Supervisory Board is not authorized to perform any management tasks, certain transactions may not be executed by the Executive Board without its prior approval. The Supervisory Board's twelve members represent the shareholders and employees on an equal basis. The shareholders' representatives are elected at the Shareholders' Meeting. Employee representatives are elected in compliance with the provisions of the German law on co-determination.

The Supervisory Board must meet at least twice in every half of the calendar year. Information on the remuneration system for the Board members can be found in section 13.



Overview of the Divisions

Scent & Care

In its Scent & Care division, Symrise develops, produces, and sells fragrances, mint flavors, cosmetic ingredients, and aroma molecules and develops specific application procedures for these substances. The products and application procedures developed by Symrise's Scent & Care division help customers to produce perfumes, personal care products, cosmetic products, dental care products, and cleaning products.

Flavor & Nutrition

The Flavor & Nutrition division develops, produces, and sells flavors which are used by our customers to produce food (savory products and sweets/dairy) and beverage products (soft drinks, alcoholic, and non-alcoholic beverages).

With our "taste for life®" platform, we will increasingly focus on active solutions, e.g. beverages concepts to meet consumer needs for health and nutrition. In addition, providing products which help customers conform with specific nutritional profiles such as concepts to support the optimum hydration level.

Market and Competition

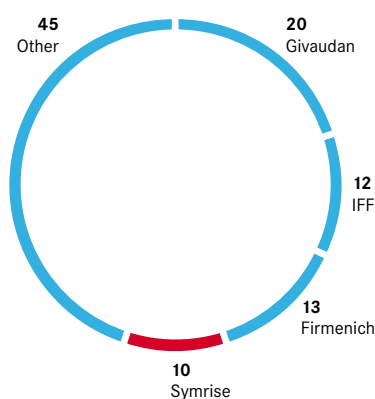
The F&F industry helps make people's lives more pleasant, comfortable, and interesting. Food, drink, and personal hygiene are basic human needs; additionally our industry heavily profits from trends like beauty, health, wellness, and convenience. Our corresponding market is some € 13–14 billion large and is growing 2.5%–3% annually, in 2007 at the upper end of the range. Some areas such as the emerging markets (parts of Asia, South America, eastern Europe, Africa, and the Middle East) and some market segments (health, wellness, beauty, convenience) are growing faster, while others are showing not such good performance.

In 2007, there were more than 500 F&F companies worldwide. The top four participants in the market have a combined market share of just below 60%. Typically, these participants grow faster than the rest of the F&F industry. With an estimated market share of 10% at present, Symrise is one of the top four in terms of revenue.

MARKET SHARE R&D INDUSTRY

(total € 13–14 billion)

%



Source: Company data and own estimates

Greater size is a less critical success factor once a company has reached a critical mass that we see at sales of approximately € 1 billion. This critical minimum size is important in order to support a global network that F&F companies need to follow their multinational customers and to do business with them in every region. The business itself is then typically generated in a country or a region due to different taste preferences.

In general, there are not any high-end technologies that provide a long-lasting competitive edge. Costs is important, but even more important is the level of creation and innovation we offer to our customers proactively in the tender process. Success in our industry is largely based on creative minds recognizing trends, choosing or developing the right technology, and translating all of that into a commercial product concept that is attractive to customers and consumers. Backed by a strong issue of commercial drive, we rely on our innovative spirit. 25%–30% of our products are replaced each year. A speedy development of new products and applications is of increasing importance in our business. Supported by our development centers in Singapore, Singapore, Shanghai, China, Teterboro, US, and Holzminden, Germany, we focus on our customers needs.

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The structural entry barriers to the F&F market are high around the world. These market entry barriers arise, on one hand, from the increasing customer demand for ever higher quality and distinctive products with ever shortening product cycles and, on the other hand, from the intensive cooperation between F&F companies and their customers in developing products. The demanding regulatory environment also makes it both difficult and costly to enter the market. Finally, it is hard for new competitors to enter the market by imitating existing products, as most F&F companies focus on specialized products developed and produced exclusively for a single customer.

Customer and Industry

Symrise's customers include many multinational consumer goods companies such as Beiersdorf, Colgate, Dior, Guerlain, Henkel/Schwarzkopf, and Procter & Gamble. Thanks to our extensive research competence and many years of experience, we offer our customers innovative and creative solutions when it comes to product development. In doing so, we rely on our extensive knowledge of the rapidly changing requirements of our end consumers.

In addition to many large multinational consumer companies, Symrise's customer base also includes large regional and local customers. With some of these companies, Symrise has been working for decades and is therefore highly familiar to the customer and well-informed about the company's needs and wishes concerning product development. In recent years, we have demonstrated that we are a reliable, effective supplier and have therefore managed to increase our status as a preferred supplier (core list status) with many global customers. This is important as large, multinational customers usually select a few core suppliers with whom they prefer to work.

Corporate Strategy and Aims

Our corporate strategy focuses on sustainable and profit-oriented growth. Symrise is striving to achieve medium-term revenue growth that is twice as much as the average growth of the F&F market and a leading profitability in the industry. We want to do better than our competitors when it comes to being innovative and creative in order to better meet the changing needs and preferences of the consumers. We intend to be an indispensable partner for our customers; in particular, by providing added-value solutions.

We are pursuing the following objectives to realize this strategy:

Focus on Innovation – The Power of “AND”

Symrise has set itself the objective of using its strengths in the field of research and development to develop new and innovative product concepts and product groups with a view to further increase its share of high-quality and high-margin products. In this context, Symrise specializes to an even greater extent on the development and production of what are known as “AND” products, i.e. using innovative technologies or new ingredients to create products that provide added value. As a result, our customers' products can then tap into interesting growth markets and offer clear points of differentiation in the market. These added-value products are typically found in relatively rapidly growing sub markets and thereby boost Symrise's growth.

Focus on Creation – Being an Indispensable Partner

Creativity is the key to becoming an indispensable partner in the development, production, and marketing of products for key accounts. Consequently, we not only create and produce flavors and fragrances for consumer goods to customer specifications, but also approach customers proactively and present new ideas and intelligent concepts. We want to support our customers to an ever greater extent from as early as the development stage of the final product by conducting joint market and trend research and integrated research and development work. Complemented by our extremely high reliability in the area of supply services and our expertise in regulatory approval and product marketing, Symrise has expanded partnerships with customers across the entire value chain.

Being Bold

Symrise consistently pursues the measures implemented in recent years to improve and maintain competitiveness and performance in the future. Symrise has developed a special margin optimization program that constantly checks the profitability of customer relationships, products, and individual application areas. If necessary, specific corrective measures are initiated immediately. Symrise has developed a strong commercial attitude in all its business activities.

Targeted Acquisition Strategy:

Strengthen our Technological Expertise

Symrise plans to further improve its technological expertise through the acquisition and integration of companies that provide a special skill or an innovative technology. In doing so, we especially focus on small

and medium-sized companies specializing in the development and production of flavors, fragrances, natural raw materials, nutraceuticals and nutritionals, active cosmetic ingredients, and natural extracts that, as a result of their affiliation with us, tap them into new customer groups.

In addition, regional expansion is also part of our ongoing acquisition strategy if it can give us access to market niches where we were not previously active to a sizeable extent.

Targeted Expansion Strategy: Focus on Emerging Markets

Symrise is ultimately aiming to rigorously market its expertise and take advantage of regional market opportunities. The Group therefore adapts its strategy to each individual market. Symrise wants to take a large share of the growth on the emerging markets in Asia, South America, and Eastern Europe through regional expansion and greater local presence.

We are also looking to make selective acquisitions to improve market coverage.

Financial Targets

Shaped by private equity and a levered buyout before the IPO, the Group is managed to a large extent on the basis of performance indicators. In addition to revenue the most closely monitored indicator for measuring the Company's operating success in 2007 was EBITDA, which is recognized at the Group and divisional level for the purposes of internal management reporting. According to the definition used by Symrise, EBITDA is operating profit (EBIT) adjusted for amortization and depreciation. EBITDA is an indicator of the Company's sustainable operating performance, but is not an indicator defined pursuant to IFRS. EBITDA is therefore supplemented by other indicators calculated on the basis of IFRS, in particular operating cash flow, which differs considerably from EBITDA due to the change in working capital, and cash flow from investing and financing activities.

The Company also uses capital market-oriented indicators, such as adjusted earnings per share and free cash flow. Adjusted earnings per share are earnings per share adjusted for one-off tax effects, non-cash interest movements, and amortization of recipes.

Nonfinancial Targets

As described above, Symrise aims to gain share in the global F&F market in order to sustain and consolidate its position as a leading partner of choice for our multinational customers, as well as continuing to strengthen our local consumer intelligence for the benefit of all of our customers. In this regard, continued success in creation and innovation are also recognized as being important for the future. Symrise will also continue to aim to employ a structure and decision-making process designed to allow us to respond rapidly to customers' requests. To further this goal, Symrise will continue to recruit and develop talented professionals in order to help drive the Group towards its goal.

In May 2007, we published our first Corporate Social Responsibility Report, in which we reported our strategy of our social awareness, communities around us and the environmental performance. We introduced a new evaluation and selection process for raw materials used in cosmetics protecting the environment, preserving diversity, promoting fair trade, and taking social considerations including working conditions into account in production.

Value-oriented Corporate Management

In addition to our financial aims, we have redefined the investment process to make sure that every investment meets certain internal criteria and therefore adds value. Payback terms are clearly defined. As described above, we will also focus on EBITDA and adjusted EPS.

In addition, part of the new Long Term Incentive Plan for Symrise's Executive Board members starting in 2008 is based on a measure of adjusted economic value added (EVA) and a part on shareholder return.

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Steering

Symrise uses a range of instruments to steer performance. Given the Group's healthy net margin levels, predictable sales performance is, by far, the most important steering mechanism. Extensive sales and market analysis is undertaken to better understand trends and allocate resources.

Value Management

Symrise has a multi-layered incentive scheme designed to encourage and reward management behavior consistent with the achievement of the Group's objectives. This is achieved via a range of financial and non financial objectives.

We also introduced a Code of Conduct, formalizing the values we aim to uphold in our dealings with customers, regulators, law-makers, and shareholders.

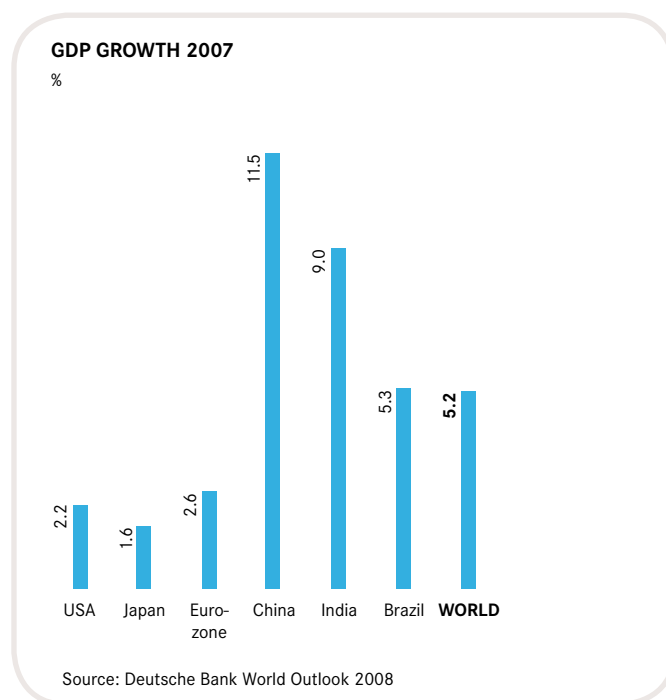
3. BACKGROUND

Economic Climate

World economic growth in 2007 continued to increase robustly at circa 5%, a similar pace of growth to 2006. Western European growth was circa 2.6%, again similar to 2006 figures, driven by the large economies of Germany and UK.

With the US subprime housing market crisis undermining confidence and leading to a slowdown in consumer spending, the North American economies grew slower than western Europe, while emerging markets continued to be buoyant. The overall growth in emerging markets of approximately 7% reflects Latin America growing at 5%, eastern Europe at above 6% (Russia 7.5%), and Asia (ex. Japan) at more than 9%. In Asia, China again grew in excess of 10%, so that the growth pattern of the world economy remained similar and emerging markets continue to grow in their importance to the global economy.

Raw material prices were at an all time high in many areas due to increasing demand from emerging markets and raised concerns due to



food price inflation. Although this does not create a problem for Symrise as a company due to the diversified raw material portfolio, the inflationary impact may restrict central banks' possible reactions to weakening consumer markets. Also, the weakening US dollar has been an area of concern for the world economy.

Going forward, the major economic think tanks forecast a slight slowdown of global growth, mainly driven by lower growth in the US and western Europe, and also express some concerns about the longer term effects of the subprime crisis and associated credit crunch, which may affect the financial sector, but also limit access to and increases the cost of capital for enterprises.

Developments within our Market

Beyond translation impacts, Symrise is not exposed to any material foreign exchange exposure due to natural hedges provided by the global production network.

We believe emerging markets will remain the driving force for global growth and may even be the “locomotive” in 2008. Emerging markets have become a less risky asset class in many cases and have reduced their dependence on mature economies significantly.

To summarize, Symrise is anticipating a similar, albeit slightly weaker scenario for the global economy in 2008. This would result in the F&F market growing at a similar pace next year and we believe Symrise can generate similar performance to 2007.

Regulatory Environment

Due to the fact that our products are used to produce food, cosmetics, pharmaceuticals, and household products, we have to observe globally applicable consumer protection provisions.

The European Union prohibits the use or restricts the volume of certain harmful ingredients in the production of food, cosmetics, and essential items. This also applies to certain fragrances. The Company must also comply with far-reaching labeling obligations. Aside from the European system, the US regulatory system is authoritative for Symrise products.

Consumer protection provisions are continuously adapted to the progress made in all jurisdictions in terms of research, development, and production technology, as well as increased safety requirements and consumers' health and environmental awareness. Symrise observes these developments to ensure it can react quickly to stricter consumer protection regulations and thus avoid any negative consequences for production costs and the product portfolio.

The Group has tools and expertise to cope with this crucial problem area.

Last Year's Achievement

Revenue growth in the Symrise Group was well above the industry average in 2007. At the same time, costs as a percentage of sales were reduced thanks to strict cost management. The combination of both of these factors led to significant increases in EBITDA and operating profit in 2007. As a result of this, we could increase our market share within the F&F market slightly.

Despite the higher prices for certain raw materials, Symrise managed to reduce its overall costs as a percentage of sales revenue. The increased sales revenue combined with the cost reduction generated an EBITDA of € 272.1 million in 2007, reflecting 11.9% increase over the EBITDA last year.

The Group profit and cash flow benefit from the efficient capital structure and the favorable financing conditions, which resulted in significantly reduced interest payments. These effects strengthen our position for the future.

TARGET ACHIEVEMENT

	Target 2007	Achieved 2007
Growth in sales	5–6%	✓ 6.2% (Based on local currencies)
EBITDA margin	>20%	✓ 21.3%

4. RESULTS OF OPERATIONS

Sales Growth Continues at a Strong Pace

On a local currency basis, Symrise's revenue in 2007 was 6.2% higher than the year before. At actual exchange rates, the company's revenue increased by 3.7%, from € 1,229.4 million to € 1,274.5 million.

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On a local currency basis, Symrise increased its sales in the EAME (Europe, Africa, and the Middle East) region by 4.9%, with revenue growth particularly strong in Africa and the Middle East. On a local currency basis, North American sales increased by 5.4%, although, at actual rates, the performance was 3.1% lower than last year, being hit by the weaker dollar.

In Asia Pacific (+9.7% on a local currency basis, +7.1% at actual exchange rates) and South America (+8.4% on a local currency basis, +7.8% at actual exchange rates), Symrise achieved high growth rates as a result of focusing on selected growth regions. Sales increased by 9.3% in the emerging economies at actual rates (10.8% on a local currency basis) with particularly strong growth rates in China, Indonesia, Korea, and Russia.

Sales of “AND” products continued to increase at a significant rate and accounted for 31.5% of Company sales in 2007. We achieved an above-average increase in sales to our key accounts of 8.2% on a local currency basis (5.6% at actual rates). Sales to our top ten customers also continued to increase, accounting for 28% of Company sales in the period.

The following table provides a breakdown of revenue by region:

SALES BY REGION

€ million	Q4 2006	Q4 2007	Change %	2006	2007	Change %
EAME	156.0	158.6	1.7	683.4	712.2	4.2
Asia Pacific	55.0	54.7	-0.6	232.2	248.6	7.1
North America (including Mexico)	52.7	50.7	-3.8	230.9	224.2	-2.9
South America	21.3	21.2	-0.5	82.9	89.5	8.0
Total	285.0	285.3	0.1	1,229.4	1,274.5	3.7

Translated at 2006 exchange rates, Symrise’s sales amounted to € 1,305.0 million in 2007, with the most significant exchange rate effect recorded in the US. The translation of sales reported in foreign currencies therefore reduced group sales in 2007 by € 30.5 million.

The income statement for 2007, the corresponding income statement items for the year-ago period (adjusted for non-recurring effects), and the unadjusted year-ago income statement items are presented in the table on the next page.

SUMMARY INCOME STATEMENT

€ million	2006 un- adjusted	2006 adjusted	2007	Change %
Sales	1,229.4	1,229.4	1,274.5	3.7
Cost of sales	-712.5	-706.3	-713.7	-1.1
Gross profit	516.9	523.1	560.8	7.2
Gross profit in %	42.0	42.5	44.0	–
Other operating income	11.6	7.9	14.2	79.7
Selling expenses	-211.8	-210.3	-215.7	-2.6
Research and development expenses	-78.0	-76.6	-82.3	-7.4
Administrative expenses	-153.7	-78.1	-78.0	0.1
Other operating expenses	-2.5	-2.5	-3.3	32.0
EBIT	82.5	163.5	195.7	19.7
EBIT margin in %	6.7	13.3	15.4	–

Cost of Sales

The cost of sales is mainly comprised of the cost of materials and production costs. The cost of materials, principally raw material costs, was the most important element of the cost of sales in fiscal years 2006 and 2007. Expressed as a percentage of sales, production costs amounted to 13.7%, compared with 14.0% in 2006.

In 2007, the cost of sales rose to € 713.7 million, up € 7.4 million on 2006, mainly due to greater sales; expressed as a percentage of sales, however, this figure fell from 57.5% in 2006 to 56.0%. As a result, gross profit rose from € 523.1 million to € 560.8 million (up 7.2%, 9.4% on a local currency basis), with the gross margin increasing from 42.5% in 2006 to 44.0% in 2007. This improvement is attributable to efficiency improvements and the elimination of some unprofitable product lines, particularly in the Scent & Care division.

The increase in selling and marketing expenses to € 215.7 million was lower than the sales growth, thereby decreasing as a percentage of sales from 17.2% to 16.9%.

As a percent of revenue, the company's research and development expenditure increased to 6.5% of sales revenue. In absolute terms, expenditure increased by € 4.3 million to € 82.3 million, primarily as a result of some new cooperation ventures. Symrise will continue to invest in R&D for the future.

Administrative expenses declined from € 153.7 million in 2006 to € 78.0 million in 2007. However, once the integration, restructuring, and IPO expenses are adjusted for in the 2006 figures, administrative expenses were flat.

Other Operating Income and Expenses

Other operating income rose from € 11.6 million to € 14.2 million in 2007. The growth is mainly attributable to the increase in income from non-core operations and the reversal of certain personnel and restructuring provisions. The reversal of provisions and income from non-core operations positively impacted net profit by an amount of € 10.5 million in 2007 as opposed to € 8.7 million in 2006. The income from non-core operations was due to services rendered by a subsidiary of Symrise to third parties, which are not part of the Group's core business.

RECONCILIATION OF EBIT AND EBITDA

€ million	2006* adjusted	2007
EBIT	163.5	195.7
Depreciation and amortization	79.7	76.4
EBITDA	243.2	272.1

* Adjusted for restructuring and IPO expenses (€ 81.0 million)

The EBIT margin jumped sharply from 13.3% in 2006 to 15.4% in 2007, reflecting the 19.7% growth in EBIT as the benefit of higher sales combined with the benefit of cost efficiencies. The EBITDA for 2007 also improved, increasing 11.9% from € 243.2 million to € 272.1 million. Accordingly, the EBITDA margin increased from 19.8% to 21.3%.

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Net Finance Costs Reflect Improved Capital Structure

At € 55.4 million, the net finance costs for 2007 were significantly less than the corresponding 2006 figure (€ 200.1 million). This decrease was due to the significantly lower interest expenses, both from lower debt levels and lower interest rates.

Excluding exchange movements of loans and movements in the valuation of swaps and pension interest, the net interest charge was € 27.0 million, reflecting an average interest charge on our net debt of 4.9% in 2007.

In addition, the financial result was negatively influenced by the development of currency effects arising from financing activities. The Group recognized mainly unrealized exchange losses of € 14.5 million from the valuation of intercompany and third-party loans in 2007 (2006: € 13.7 million).

The measurement of derivative interest rate hedges had a positive effect on the financial result. Caused by the increase in the market interest rate, this resulted in income of € 5.1 million in 2007 (2006: expense of € 1.4 million).

Taxes

The tax expenses for 2007 presented in the income statement amounted to € 42.8 million (2006: income of € 27.9 million) or 30.5% of profit before tax.

This relatively low rate is mainly the result of some significant changes in provisions relating to deferred tax (where the deferred tax liability was reduced as a result of a significant reduction in German corporate taxes from 2008 onwards), partially offset by some provisions for potential tax exposures in various jurisdictions.

Overall, these non-recurring effects reduced the company's tax expense by approximately € 9 million. Cash taxes paid principally continue to benefit from tax loss carry forwards in a number of jurisdictions, but were affected in the fourth quarter by payments of € 8.9 million relating to tax audits of prior years.

The net cash outflow in 2007 was € 27.3 million.

Net Profit and Earnings per Share

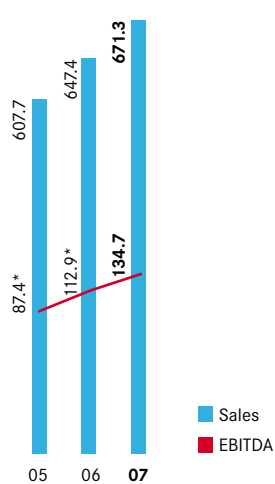
The 2007 net profit amounted to € 97 million, as compared with a loss of € 90 million for the corresponding 2006 period.

The earnings per share (diluted and basic) rose to € 0.82.

SALES AND EBITDA

SCENT & CARE

€ million



* Adjusted for integration and restructuring expenses

5. PERFORMANCE OF THE BUSINESS DIVISIONS

Scent & Care

Scent & Care reached sales of € 671.3 million in 2007 growing by 6.5% on a local currency basis compared to last year. At actual rates, sales grew by 3.7%.

All regions showed a very good sales performance. On a local currency basis, the division's sales in the EAME region increased 3.7% (at actual rates 3.0%). The sales generated in the North America region showed strong growth, increasing 11.2% on a local currency basis (2.4% at actual exchange rates).

On a local-currency basis, sales in the Asia Pacific region increased by a strong 9% (at actual rates 6.4%) with South America 4.4% up on a local currency basis (at actual rates 4.7%).

At a divisional level, Fragrance grew by 5.0% (2.3% at actual rates), driven by Fine Fragrance (+8.5%, 4.7% at actual rates), with several new prestige accounts (Black XS for Her Paco Rabanne Puig, Hypnose Homme Lancôme L'Oreal, L'Instant Magic Guerlain LVMH, Azzaro Now Men Clarins Group,

Red Delicious Donna Karan Estee Lauder, Missoni Acqua Estee Lauder) and followed by Personal Care, particularly strong in the EAME region (+5.2%, 4.4% at actual rates) and by Household, showing a double-digit growth in North America (+16.4%, 6.6% at actual rates). The Mint Unit also had a highly successful year, with double digit growth in Asia Pacific (+22.6%, 19.4% at actual rates) and a very high win rate on defend and new business.

On a customer level, Fragrance grew over-proportionally (+8.9%) with its top 10 customers, a key indicator of the successful implementation of the divisional strategy. The Fragrance Division successfully pursued the strategy of reinforcing its creative team and several highly talented perfumers joined the company in the course of the year, consolidating the foundation for an even stronger win rate in coming years.

Cosmetic Ingredients also enjoyed double-digit growth globally (+10.6%, 7.5% at actual rates), driven by successful sales of UV filters, especially in EAME (+8.3%, 7.9% at actual rates).

The focus of sales and development resources on the top 10 customers continues to pay off and we experienced growth of 11.5%. This is fully in line with the divisional strategy.

In all divisions and business units sales of “AND” products developed extremely nicely with a growth of 15.7% (11.8% at actual rates) globally.

In the Scent & Care division, EBITDA rose from € 112.9 million in 2006 to € 134.7 million in 2007. Increased operating profit is due mainly to the improved sales and higher gross margin due to improved profitability of new business and strict cost management, generating an EBITDA margin of 20.1% (2006: 17.4%).

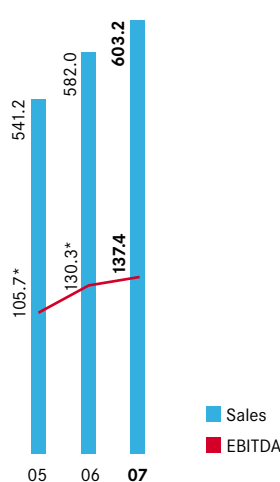
Flavor & Nutrition

Flavor & Nutrition Division looks back on a successful year 2007 with net sales of € 603.2 million, growing by 5.8% on a local currency basis compared to last year. At actual rates, the sales growth increased by 3.6%.

Sales in EAME increased by 6.0% on a local currency basis (5.4% at actual rates). In North America, the Flavor & Nutrition division suffered as a result of certain accounts

SALES AND EBITDA FLAVOR & NUTRITION

€ million



* Adjusted for integration and restructuring expenses

withdrawing products from the market, especially in Sweet. As a result, sales in the region were 3.9% on a local currency basis (11.9% at actual rates) less than last year. Slower product launches of the leading food and beverage companies were experienced in 2007, but we are anticipating a recovery in the business in 2008.

We posted a growth on a local currency basis of 10.6% in Asia (8.0% at actual rates), driven in particular by strong sales in the emerging economies of China and Indonesia. Increased sales to large regional customers were the significant factor in this increase.

Sales in South America continued to increase, as reflected in the 14.2% sales growth on a local currency basis (12.3% at current exchange rates). Here too, sales to large customers were the main driving factor of the sales growth.

Innovations from the “taste for life®” program such as the second generation of the SymLife Sweet and Salt technologies have decisively supported the positive performance of the Sweet and Savory application area. Both areas posted the strongest sales growth in the Middle East and South America.

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The strategic enlargement of product competences in the application areas Sweet and Savory gained from the acquisitions made in 2007 supports the global Symrise “taste for life®” positioning well, i.e. focusing the growing demand on health-conscious nutrition.

In the Beverages segment, a continuing trend to award beer mix drinks was recorded and could be further expanded to new markets in western Europe and the emerging markets. New business, especially in Asia Pacific, was generated in the category of nonalcoholic soft drinks with new and existing customers. In western Europe, new products were launched with existing customers on the back of “AND” concepts. We posted a growth on a local currency basis of 7.0% (5.4% at actual rates).

Sales growth of defined “AND” products increased by 6.8% (8.3% at actual rates).

To further strengthen the core competencies in the Citrus area, a global Citrus Center was opened in Brazil. Being close to the world's largest growing area of citrus fruits, Brazil and Argentina, as well as special in-house extraction technologies assures first class raw materials and enables the development of new and authentic aroma profiles.

The powerful implementation of our key account strategy resulted in new core listings in the application areas Savory and Sweet, facilitated significantly by our focused acquisition strategy.

In the Flavor & Nutrition business division, EBITDA rose from € 130.3 million in 2006 to € 137.4 million in 2007. Increased operating profit is due mainly to the improved sales performance, generating an EBITDA margin of 22.8% (2006: 22.4%).

6. FINANCIAL POSITION

Financial Management

Symrise secures and optimizes its liquidity centrally. Credit facilities are negotiated centrally and the development of liquidity is monitored and managed regularly. Interest and currency risks are regularly hedged at an appropriate level and the hedges adjusted in line with requirements.

Financial Structure

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor, and market confidence and sustain future development

of the business. With an equity ratio of 36% as of December 31, 2007, Symrise maintains a solid base for future financial performance.

After the IPO, the previous group financing arrangement was replaced by a more favorable financing arrangement better suited to the new circumstances. The financing banking syndicate, under the lead management of Barclays Capital and Commerzbank AG, provided the Group with long-term loans of € 500 million and a credit facility of € 300 million, of which € 128 million had been drawn as of December 31, 2007.

In addition to the credit facility, the company negotiated a € 20 million bilateral credit line with Commerzbank. The purpose of the credit line was to cover short term cash needs instead of drawing funds from the revolving facility.

Starting with a margin of 60 basis points above Euribor/Libor, as a result of the performance of the Group, we have been able to apply the margin grid, lowering the margin to 50 basis points above Euribor/Libor at the year end. Along with the lower level of indebtedness due to repayments of the revolving facility, this will lead to lower financing costs in the future.

Collateral in the form of real property, e.g. rights of lien, was not required under the new financing arrangement. Further details of the Group's net assets and financial position can be found in the Notes to the Financial Statements.

Financing Instruments

As described above, the core financing instruments are the long-term loans of € 500 million as well as the credit facility of € 300 million. Of this, € 150 million can be used for acquisition purposes; as of December 31, this amount is fully available. In order to tap new sources of credit, reflecting the company's position as an MDAX listed company, financing needs may be funded more through capital market instruments such as bonds, private placements, or similar instruments, as appropriate.

In addition, Symrise uses derivative financial instruments for controlling its interest and foreign exchange result.

Cash Flow/Liquidity

At € 152.6 million, the cash flow from operating activities was up € 3.2 million compared to the previous year, due mainly to the substantially higher profitability. Excluding the Management Participation

Program payment, cash flow from operating activities was up € 46.2 million compared to last year.

In 2007, Symrise invested a total of € 44.6 million (2006: € 50.8 million) worldwide in intangible assets, property, plant, and equipment, and acquisitions.

Cash outflows from financing activities amounted to € 101.0 million (2006: € 83.8 million) and are mainly attributable to repayment of bank loans and outstanding shareholder loans. As a positive countervailing trend, the interest payments to banks were reduced to € 27.0 million (2006: € 63.3 million).

Further information pertaining to the Group's cash flows is provided in the Notes to the Financial Statements.

Investments and Acquisitions

In the fiscal year, € 55.8 million (2006: € 59.4 million) was invested globally in intangible assets and property, plant, and equipment as well as acquisitions. Investments focused on production.

As of March 1, 2007, Symrise acquired Steng Ltd., a British manufacturer of natural herb and spice pastes, stocks, pesto, and marinades that are supplied to the fast growing chilled food categories, as well as a range of traditional culinary sectors. Steng produces a range of "clean label" products that are created in their test kitchens and development labs on site. The clean label designation is the food industry's term for products that are made of natural ingredients and do not, therefore, need to be identified separately on the label. Consumer demand for clean label foods continues to grow.

Symrise purchased the company's remaining shares of Aromatics S.A.S. on July 31, 2007, a well-established French supplier of natural raw materials such as vanilla, cocoa, and coffee. This vertical integration will secure access to first-class natural raw materials and will further strengthen the vanilla core competencies. Success stories such as the large, new vanilla business in Europe and the USA affirm the importance of this acquisition.

Effective August 31, 2007, Symrise acquired Unilever's Food Ingredients business in the UK. The product portfolio of this business consists mainly of flavorings for ready-to-eat meals (culinary applications). The sales revenue of this business, which was not a core business of Unilever UK, amounted to approximately € 5 million in 2006. As a result of this transaction, Symrise has acquired additional expertise and recipes that will further strengthen the business of our Savory business.

7. NET ASSETS

ASSETS

T€	2006	%	2007	%
Cash and cash equivalents	65,280	3.6	79,250	4.4
Trade receivables	211,922	11.8	214,478	12.0
Inventories	214,526	11.9	239,741	13.4
Intangible assets and property, plant, and equipment	1,191,772	66.1	1,144,451	63.9
Other assets	119,637	6.6	113,003	6.3
Total	1,803,137		1,790,923	-

EQUITY AND LIABILITIES

T€	2006	%	2007	%
Current liabilities	445,878	24.7	403,785	22.5
Non current borrowings	492,525	27.4	431,967	24.1
Retirement benefit obligation	180,464	10.0	186,295	10.4
Deferred tax liabilities	115,391	6.4	109,404	6.1
Other non current liabilities	18,238	1.0	16,759	1.0
Liabilities	1,252,496	69.5	1,148,210	64.1
Equity	550,641	30.5	642,713	35.9
Total	1,803,137		1,790,923	-

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Total assets of the Symrise Group are almost unchanged the prior year.

Non current borrowings were reduced by € 60.5 million with the use of the proceeds from the cash flow from operating activities. Current bank borrowings decrease by € 1.3 million compared to the prior year. In addition, the liabilities incurred from the MPP and the warrant agreement (see Note 8.16 in the Notes to the Consolidated Financial Statements) with Commerzbank were paid in 2007. This resulted in a significant decrease in current liabilities.

Intangible assets and property, plant, and equipment came to € 1,144.5 million (2006: € 1,191.8 million), accounting for around two-thirds of total assets, and are fully covered by fixed borrowings and equity. As in the prior year, the main components of non current assets included the goodwill acquired through business combinations (€ 411.9 million; 2006: € 412.4 million) as well as recipes, production knowledge, and trademarks (€ 351.1 million; 2006: € 360.8 million). For further information on the valuation of intangible assets and the sensitivities to changed parameters, we refer to the Notes to the Consolidated Financial Statements.

Driven by growth, the working capital adjusted for currency and measurement effects rose by € 20.4 million.

8. OTHER FACTORS RELEVANT TO RESULTS

R&D Activities

In 2007, 6.5% of sales was invested in research and development (2006: 6.3%).

Our research and development activities are focused on the further development of the current product portfolio, developing new applications for products, and optimizing production processes with a view to improving product quality and reducing production costs. We regard our intensive research and development activities as one of the central pillars of our success.

Symrise attaches a great deal of focus to efficient and creative research and the development of sustainable technologies.

In key areas, such as the research of new cosmetic ingredients and the development of new flavors, we have been able to draw on a network of partnerships with leading colleges and universities as well as our customers' research and development departments.

Focusing on further efficiency, the research and development departments of the Symrise Group were assigned to the individual business divisions. This ensures that research and development is geared toward fulfilling the needs of the application areas assigned to the respective business divisions as well as their markets and customers.

Symrise has numerous research and development units located all over the world. The Group's head office for research and development activities is in Holzminden, Germany, where research is focused on fragrance and flavors, analytical chemistry, cosmetic ingredients, and the evaluation of raw materials. Some research and development in these areas is also carried out in Teterboro, USA. As of December 31, 2007, Symrise employed 907 full-time equivalents at its global research and development units.

Given the array of product requirements, the focus of activities varies widely. Over the last four fiscal years, the most important research and development projects have included the following:

For flavors (Flavor & Nutrition business division), the focus is on the development of products on a natural basis, which, at the same time, are also destined for use in end products of growing complexity. Furthermore, the research and development of flavors also covers "AND" products that offer added value in addition to their typical product characteristics. New products in this area include, for example, modern flavor systems for beer mix drinks, vanilla aromas with cost-efficient alternative systems, enhanced mint aromas for chewing gum and oral hygiene products and menthol-based cooling substances as well as an expanded range of aromas for prepared meals. Concerted efforts were also made to research aromas that help reduce salt and sugar in foods.

For fragrances (Scent & Care business division), research is particularly focused on the development of new processes to optimize fragrance release in certain products, such as detergents. Symrise has been active in the encapsulation of flavors and fragrances for many years and now has a wide range of application technologies at its disposal. For cosmetic ingredients, research and development activities are, for example, geared toward developing new active substances that slow the aging process of skin.

In addition to its in-house R&D effort, Symrise has conducted a number of cooperation agreements with third parties whereby we aim to gain synergies from our joint efforts to the mutual benefit of both parties, demonstrating flexibility and far-sightedness in our approach to other important facts of the business.

We are sure that technology will play an ever increasing role in achieving success in our markets. This also applies to quality control methods and especially to regulatory problems, the importance of which is growing almost daily.

Increase in Efficiency and Alternative Raw Material Sources Help the Procurement Department Offset Rising Prices

Symrise uses natural and synthetic raw materials in production. The natural raw materials include plants as well as plant and fruit extracts. The synthetic products used include organic chemicals.

Symrise manages raw materials procurement within the divisions centrally. The divisions negotiate global supplier agreements for the most important raw materials in order to achieve cost-efficient and secure supply. At the present, around 50% of Symrise's raw materials are procured via European markets or suppliers. The remaining raw materials are procured on the respective global markets. Local production facilities outside Europe cover part of the raw material requirements via local raw materials markets, but intermediate products are also purchased from the main production facilities in Holzminden, Germany.

The raw materials used by Symrise are subject to price fluctuations. We use a number of methods to manage price risks. Symrise has negotiated supply agreements for the bulk of its procurement volume, under which prices are fixed for a maximum period of one year. In addition, Symrise is making increasing use of new raw materials markets, such as those in India, to benefit from the price advantages offered. Furthermore, the Company is succeeding in successively reducing the number of raw materials used.

Operations

As part of the reorganization already mentioned, specific operations, responsible for production and the supply chain, have been transferred to the divisions to achieve closer proximity to the customer and give the divisions more responsibility for their own actions. Delivery times were once again shortened considerably in comparison to the previous year. A scorecard system documents the monthly performance of all relevant supply chain parameters to identify problems as early as possible and solve them without

delay. A modern management approach known as total production maintenance (TPM) helps preserve performance progress and promotes the systematic continuation of the improvement process.

Symrise has production facilities at numerous locations worldwide. The largest capacities are in Germany (Holzminden, Nördlingen, and Braunschweig) and in the USA (Teterboro). The facilities at Holzminden and Bushy Park also have major chemical production plants available. The Group also has large production facilities in Singapore, Chennai (India), Shanghai (China), Cuautitlán Izcalli (Mexico), and Sao Paulo (Brazil). The other locations are focused on sales activities and have either relatively small mixed operations or no production facilities at all. As of December 31, 2007, Symrise employed 2,108 people in global manufacturing and technology.

Symrise operates a modern warehouse system at all of its major locations. Raw materials, intermediate products, and finished goods are stored at the relevant production sites or nearby. Symrise has continuously improved inventory management in recent years and reduced the average replacement time considerably in the last two years.

Efforts remain focused on reducing odorous emissions, resource consumption, and the number of accidents as well as continued optimization of the working conditions in the Group. To maintain high standards, Symrise relies on an integrated management system that has been certified in accordance with the ISO 9001 and 14001 standards.

Steps have begun toward the global standardization of the Management Information Systems currently in use at the local companies. The aim is to harmonize the system landscape and introduce SAP globally. At the present, work is being done at the Group's head office to develop a standard that will be implemented by the end of 2009 in all Group companies that do not use SAP.

Focus on Core Competencies

The most important organizational change in operations is the separation of various infrastructure functions either by outsourcing or spin-offs. The affected functions are IT, Engineering/Environment, Logistics and Corporate Com-

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munications. This separation facilitates the management of these functions and promotes entrepreneurial activity in these areas. It also allows the divisions to focus on their core competencies.

Flavor & Nutrition and Scent & Care are thus the two remaining operating business divisions within the Group and each has its own production, procurement, quality assurance, sales, and research and development functions. Human Resources and Finance, Controlling, and Legal are corporate center functions for both divisions.

Human Resources Shaped by Completion of the Restructuring

The following tables show the development of full-time equivalents (excluding loan workers but including trainees and interns) by function and region:

FUNCTIONS DECEMBER 31, 2007

	Symrise	Service Companies	Symrise Group
Manufacturing and technology	1,900	208	2,108
Sales and marketing	1,390	107	1,497
Research and development	901	6	907
Administration	409	5	414
Total (not including trainees and apprentices)	4,600	326	4,926
Trainees	107	13	120
Total Symrise Group	4,707	339	5,046

FUNCTIONS DECEMBER 31, 2006

	Symrise	Service Companies	Symrise Group
Manufacturing and technology	1,860	211	2,071
Sales and marketing	1,306	106	1,412
Research and development	887	6	893
Administration	396	5	401
Total (not including trainees and apprentices)	4,449	328	4,777
Trainees	101	11	112
Total Symrise Group	4,550	339	4,889

REGIONS

	Dec. 31, 2006	Dec. 31, 2007
Germany	2,230	2,253
Europe (excluding Germany), the Middle East, Africa	586	652
North America (including Mexico)	774	779
South America	388	397
Asia	799	845
Total (not including trainees and apprentices)	4,777	4,926
Trainees	112	120
Total Symrise Group	4,889	5,046

In terms of full-time equivalents rounded up to the next whole number, the number of people employed by the Group rose from 4,889 as of December 31, 2006, to 5,046 as of December 31, 2007.

9. INFORMATION ON CAPITAL STOCK AND SHAREHOLDINGS

Symrise AG's share capital amounts to € 118,173,300 and is divided into no-par bearer shares each with a notional share in capital of € 1. The associated rights and duties are set forth in the relevant provisions of the German Stock Corporation Act (AktG).

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 (Secs. 84 and 85 AktG) and amendments to the articles of incorporation and bylaws (Secs. 133 and 179) are based on the provisions of the German Stock Corporation Act.

The Executive Board is authorized, with the approval of the Supervisory Board, to increase capital stock by up to € 40.0 million by issuing new no-par shares on one or several occasions in the period until October 31, 2011. Moreover, the extraordinary Shareholders' Meeting on December 1,

2006, authorized the Executive Board to acquire treasury shares of up to 10% of capital stock for any purpose permissible under the legal provisions. The authorization is valid from December 15, 2006, to April 30, 2008.

10. SUBSEQUENT EVENTS

No events subject to reporting occurred after the end of the period under review.

11. RISK MANAGEMENT

Our global operations are shaped by risks and opportunities. Understanding and managing those risks and opportunities effectively is seen as a regular, ongoing management responsibility for Symrise's sustainable business development.

Our risk management system aims to timely recognize and successfully mitigate all potential risks that could endanger the achievement of our planned results or the continuity of our company. This way, our system enables us to identify risks promptly, assess them and put in place suitable countermeasures. We only enter into risks that are balanced by quality benefits expected from the business.

Whenever economically reasonable and possible, we have purchased insurance coverage to minimize the financial impact of some risks if they occur.

Risk management is not a separate organizational structure, but is integrated into our business processes throughout Symrise. Planning, controlling, and reporting mechanisms are fundamental parts of our early risk identification system. Workflows and guidelines ensure that management considers risks in decision making processes right at the beginning.

Symrise introduced a risk reporting policy for the Group that allows the Executive Board to have a current picture

of the company's overall risk situation. The policy enforces the written reporting of single risks twice a year.

The policy additionally demands the immediate notification of relevant risks independently of the scheduled reporting dates. This systematic approach to risk identification allows us, period after period, to make sure old risks (having been addressed by proper measures) no longer exist or their impact has significantly decreased.

All single risk reports collected are validated, if applicable, grouped, and then discussed with the Executive Board, who decides on additional action if necessary. The results of the above-mentioned reporting process and the early risk identification system are also presented to the Audit Committee.

Internal audit reviews the effectiveness of and adherence to internal controls and established policies as well as the efficacy of the company's risk reporting system.

This way, Symrise conforms to the requirements of Sec. 91 (2) of the German Stock Corporation Act (AktG), and is committed to continually fulfilling its obligations in the future.

The following information relates to the reported risks for the 2008 planning period.

Market and Product Risks

The ongoing consolidation of companies in the consumer goods industry poses a challenge of concentrated buying power. This consolidation process offers us the opportunity to gain market share from our competitors, but it can also result in business being lost. Symrise addresses this competitive pressure by exploiting its strengths and actively offering value added options.

To guarantee profitable margins of some products manufactured in Europe and sold in weak currency countries, Symrise negotiates its prices in euro. While this copes with

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the currency risk, some customers may ask for price reductions and the risk of losing business to a competitor cannot be disregarded. Alternatives, including manufacturing in the same currency zone as well as developing business models that allow Symrise to protect existing business in a strong euro environment, are being developed to counter this risk.

Since most of our products are used by our customers in merchandise that consumers apply to their skin or ingest, the risks associated with their effects on the human health cannot be excluded. Internal safety mechanisms, modern analysis procedures, constant update of knowledge through scientific publications, and extensive quality controls at international standard are applied daily in our worldwide facilities to counter this risk. Based on our proven commitment to minimization of risk, we are also able to purchase insurance to further minimize the financial consequences in the event that any case claims arose.

Political events might result in trade embargos to relevant export countries and therefore interrupt our product deliveries. At the same time, payments of outstanding debts could be stopped due to bank boycotts. We counter this risk by maintaining a constant dialog with customers and banks, closely observing the development of political events and continuously optimizing our working capital.

Operational Risks

Production continuity at some of our manufacturing facilities could be adversely affected in the event of technical failure. Regular tests, maintenance programs, modernization, and targeted investments contribute to counter this risk.

Also, stricter country-specific environmental regulations may challenge our ability to comply with the law at all times and result in fines or even shutdowns of our respective facilities. Similarly, risks related to the storage and handling of raw materials and products may cause damage to assets (e.g. fire) or even personal injuries.

Equipment to improve safety or environmental conditions is regularly evaluated and upgraded when necessary. Site security workshops, comprehensive guidelines, supporting systems, management reports, and audits contribute to the management and mitigation of these risks.

Moreover, Symrise aims not only to adhere to regulations, but proactively take care of matters that could negatively impact its neighbors (e.g. noise, odor).

Symrise's regulatory team closely follows the latest regulations, and makes sure compliance is maintained. For example, sometime ago, the company dedicated resources and started several projects to coordinate activities required to comply with the European REACH regulation (Registration, Evaluation, Authorization of Chemicals).

Symrise uses a number of IT systems for key business processes. To counter potential risks that could disrupt their functioning or stability and on top of technical precautions already in place, security enhancements and system updates are constantly being implemented. The IT services are supplied by an external party that has significant resources and the global expertise to manage any potential crisis.

Procurement Risk

Procurement is an essential activity at Symrise. In its daily business, the Company deals with a complex and very large portfolio of raw materials of both natural and petrochemical origin. On the one hand, it seeks quality and reliability; on the other, it seeks low prices. This constellation involves several risks, which are described in more detail below.

Unexpected increases in energy and petrochemical commodities prices that could negatively impact the costs of goods are mitigated by means of dynamic and intelligent sourcing strategies.

Market or weather conditions may result in highly volatile prices for some important raw materials. These can also have a negative impact on their quality and/or their availability. Aside from negotiating long-term global contracts and having alternative suppliers whenever feasible, Symrise is continuously working to extend its international supplier base, including supplies from Asian markets.

At the same time, stricter legislation requirements may endanger the sustainability of some vendors and narrow Symrise's list of raw material suppliers, forcing changes in sourcing activities and negatively impacting the costs of goods.

In particular cases, on top of actively monitoring the best sourcing opportunities, Symrise takes advantage of its expert knowledge to develop technical solutions, on its own or in cooperation with key suppliers, to find answers to the newest challenges in line with the company's interest for health.

To manage availability and resulting price increase issues, whenever possible, we pass along those costs to the customers or work with the research and development team to find more cost-effective substitutes.

Moreover, for key raw materials, we have completed acquisitions that guarantee access to our own sources.

Nevertheless, it is also important to indicate that, overall and due to the broad raw material portfolio, procurement risks in our business are rather leveraged.

Financial Risk Management

Symrise has exposure to the following risks from its use of financial instruments:

- › credit risk
- › liquidity risk
- › market risk

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from Symrise's receivables from customers and investment securities.

Symrise's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Executive Board will establish a credit policy in 2008 under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures and a collective loss component established for groups of similar assets in respect of losses that have been incurred, but not yet identified.

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The following table shows when the liabilities are due:

LIABILITIES

	Total	2008	2009	2010	2011
Trade payable	72,424	72,424			
Borrowings	608,662	176,695	72,000	72,000	287,967
Other liabilities	119,234	102,563	16,671		
Total	800,320	351,682	88,671	72,000	287,967

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holding of financial instruments.

Symrise monitors the associated risks using "natural hedging" by manufacturing most of the products in the areas where they are sold and, furthermore, we use cash flow and hedging instruments as forward exchange contracts to help offset the potential currency risk.

Rising interest rates could increase our debt exposure. Fluctuations are largely hedged through interest rate swaps. Considering the robust debt-equity ratio and significant free cash flow, even a significant rise in the interest rate would not represent a significant risk to the company.

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The Group adopts a policy of ensuring that 80% of its exposure to changes in interest rates on borrowings is on fixed rates basis. This is achieved by entering into interest rate swaps.

Legal and Tax Risks

Symrise, as a global company with significant structural changes in the recent past, is exposed to various tax assessment risks. There are a number of open tax issues outstanding that could potentially lead to material additional tax payment obligations. Where we consider these risks to be probable, we provide for them. Where we consider the risk to be more remote, we make no provision.

To a minor extent, the company is also exposed to ordinary legal risks related to environmental matters, former or current employee claims, product liability and intellectual property issues. To counter risks of this nature, we base our actions on careful analysis, supported by the comprehensive legal advice provided by our own lawyers and accredited external specialists. However, the outcome of current or future proceedings cannot be predicted with certainty.

Symrise affiliates are currently involved in very few trials worldwide; thereof only the one hereby included, has material significance. In the USA, plaintiffs have sued all major companies of the flavor industry and have raised the allegation that the defendants have sold products to the employers of the plaintiffs, although they knew or should have known that these products may evaporate toxic fumes in the event that certain safety measures are not respected when the plaintiffs process them. Symrise believes it has good arguments to disprove these allegations and will continue to vigorously defend itself.

Overall Risk Situation

Taking into account all information known to us, there is no company or industry specific risk that could pose a threat to the continuity of the existence of the Symrise Group.

12. OUTLOOK

We are focused on continuously developing and nurturing our core business, attaching particular importance to outperforming the market through organic growth.

Our product portfolio will continue to show a constantly increasing proportion of "AND" and "smart" products with higher added value.

Our customer base will further develop in two dimensions. We will expand our position with our international key accounts, paying special

attention to furthering our partner relationship. Simultaneously, we will foster our business with regional, mid-size customers, which, from our point of view, serve to reduce a one-sided dependence on a few key customers.

Symrise's business environment is still positive. Global economic growth is estimated at around 4% p.a. until 2008; growth of 3% is expected for the industry. Thanks to our presence in the growth regions and improved positioning on the North American market, we are confident that our sales growth will be significantly higher than industry growth. Our focus on innovations and products with added value also contributes to sales growth and boosting profitability. To safeguard long-term profitable growth, we have realigned our business portfolio in order to concentrate on the growth fields where Symrise can market its technological strengths. Our business divisions are well positioned to gain market share and boost profitability.

With the balance of price increases and increased turnover with higher value products, on the one hand, and continuing price pressure, on the other, we expect sales prices to remain constant for 2008. We do not foresee a declining price trend on the procurement market and assume that energy costs will remain high.

Overall, average local currency sales growth of around 5%-6% p.a. is budgeted for the two-year period 2008 to 2009. Profitability expressed as the EBITA margin is expected to increase from 18.2% in 2007 to above 19%. Accordingly, we forecast EBITA to grow at approximately 10% p.a. on a local currency basis in 2008 and 2009.

Sales growth for the Scent & Care division is forecast to outnumber the overall industry. It is expected to grow faster than the market rate until 2009. In the Scent & Care division, the EBITA margin is forecast to improve considerably by 2009.

In the Flavor & Nutrition division, sales growth is forecast to remain well above market growth until 2009. The EBITA margin is set to increase slightly by 2009.

We expect that Symrise will grow significantly more than the industry average over the coming years. In 2008, cash flow will be influenced by a planned growth-driven increase in working capital and a dividend of 50 cent per share of our net profit.

The planned investments in intangible assets and property, plant, and equipment will be in line with the level of prior years. The major share of planned capital expenditure will be for assets for the production of flavors and fragrances and for the support functions.

Strategic acquisitions are planned which must meet our specific criteria. Suitable targets for acquisition must fit our core business from a strategic point of view, add to our technical skills, and meet our revenue and earnings targets.

A number of factors could prevent the progress and results described above or impact their timing. These factors include rising raw material costs, energy costs and interest, delays or difficulties in integrating acquisitions, major exchange rate fluctuations, and geopolitical uncertainties. Opportunities will arise from economic growth rates which are higher than the anticipated growth rates stated above. Additionally, our portfolio should present further opportunities which will allow us to draw advantages from high demand for our products and solutions in the fast-growing emerging markets.

13. EXECUTIVE BOARD REMUNERATION

Remuneration Structure

Members of the Executive Board are remunerated in line with Sec. 87 AktG, pursuant to which the Supervisory Board sets the remuneration. Remuneration is comprised of fixed and variable components as well as fringe benefits. The appropriateness of the remuneration depends on the tasks and personal contribution of the individual Executive Board member as well as the economic situation and market environment of the Company as a whole.

The fixed remuneration of Executive Board members is paid out as a salary in equal monthly amounts. The variable component of total remuneration in 2007 is comprised of an annual bonus based on the achievement of Company targets. To determine the remuneration payment, adjusted EBITDA for the Group and its divisions was used as a key performance indicator. Working capital, certain cost items, and qualitative assessment criteria were also taken into consideration in the case of the CFO. The targets upon which the variable portion of total remuneration is based were agreed upon in target agreements with the individual members of the Executive Board at the start of calendar year 2006 based on the agreed company targets. The annual bonus will be paid out in the following year (2008) on the basis of the approved financial statements for 2007.

There is a long-term incentive plan for the Executive Board and senior managers starting in 2008. This is to be structured as a performance cash plan with performance-based components linked to the share price and the value of the Company. The corresponding plan was presented to the Supervisory Board and its bodies for discussion. An approval is planned in early 2008.

Pensions

All members of the Executive Board have the right to accumulate 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. Dr. Bertram waived the contractual rights from this employment contract in 2007.

In 2007, Rainer Grimm accumulated a deferred compensation benefit by converting his salary.

Early Termination

The employment contracts of members of the Executive Board (except Dr. Bertram) 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 is an additional agreement that, upon termination of his Executive Board contract, 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.

A post-employment non-compete provision has been agreed upon with the Executive Board members for 12 months. By way of compensation, the member concerned shall receive 50% of his or her contractually agreed fixed basic remuneration.

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EXECUTIVE BOARD REMUNERATION FOR SYMRISE AG IN 2007

€	Salary	Remuneration in kind	Variable Remuneration ³	Total without MPP	Contribution to the pensions liability
Dr. Gerold Linzbach (CEO) (2006)	550,000 (475,000)	14,840 (17,228)	662,500 ² (437,500)	1,227,340 (929,728)	0 (0)
Achim Daub (2006)	383,859 (345,696)	5,355 (5,515)	462,193 ² (415,245)	851,407 (766,456)	0 (0)
Dr. Heinz-Jürgen Bertram (2006)	372,500 (276,667)	7,356 (6,264)	472,140 ² (247,800)	851,996 (530,731)	-48,718 (47,277)
Rainer Grimm (until September 30, 2007) (2006)	240,000 (240,000)	5,024 (2,862)	610,720 ^{1,2} (185,400)	72,000 (428,262)	287,967 (0)
Dominique Yates (since October 1, 2007) (2006)	75,000 (0)	0 (0)	75,000 (0)	150,000 (0)	0 (0)

¹⁾ The amount includes compensation for loss of office of T€ 529

²⁾ Includes accrued bonus for 2007 as well as payments in 2007 which exceeded the accruals as of December 31, 2006

³⁾ Includes accrued bonuses for 2007. The actual payment in 2008 may differ

Management Participation Program (MPP)

In addition, like other participants, Executive Board members have received a one-time cash payment under the MPP.

MPP OBLIGATION

€	Accrued as of December 2006	Payment in 2007
Dr. Gerold Linzbach (CEO)	6,679,871	6,782,389
Dr. Heinz-Jürgen Bertram	4,174,919	4,238,993
Rainer Grimm	1,461,221	1,483,648
Achim Daub	521,865	529,874

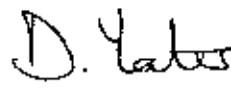
Other Executive Board Disclosures

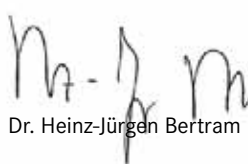
Symrise holds directors' and officers' insurance for the members of the Executive Board (please refer to the section on insurance for details). The insurance covers personal liability in the event of claims being made against any of the insured persons for financial loss in the course of performing his or her management duties. There is no deductible.

Holzminden, Germany, February 27, 2008

Symrise AG
The Executive Board


Dr. Gerold Linzbach


Dominique Yates


Dr. Heinz-Jürgen Bertram


Achim Daub

Consolidated Income Statement

T€	Notes	2006	2007
Sales	5	1,229,421	1,274,458
Cost of sales	8.5	-712,491	-713,701
Gross profit		516,930	560,757
Other operating income	6.1	11,567	14,228
Selling and marketing expenses	6.3	-211,800	-215,717
Research and development expenses	6.4	-78,022	-82,252
Administration expenses	6.5	-153,677	-78,020
Other operating expenses		-2,501	-3,290
EBIT (profit from operations)	6.6	82,497	195,706
Share of gain/(loss) of equity accounted investee		-94	57
Finance income		27,059	6,924
Finance expenses		-227,198	-62,425
Net finance costs	6.7	-200,139	-55,501
Profit/(loss) before tax		-117,736	140,262
Income tax	6.8	27,888	-42,826
Profit/(loss) for the year attributable to the equity holders of the company		-89,848	97,436
Earnings per share (in €)	7		
diluted and basic		-1.08	0.82

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Consolidated Balance Sheet

ASSETS

T€	Notes	Dec. 31, 2006	Dec. 31, 2007
Current assets			
Cash and cash equivalents	8.1	65,280	79,250
Trade receivables	8.2	211,922	214,478
Prepayments, other assets and receivables	8.4	28,640	29,446
Tax assets		5,228	11,965
Inventories	8.5	214,526	239,741
Assets held for sale	8.6	8,498	10,038
		534,094	584,918
Noncurrent assets			
Deferred tax assets	8.7	56,525	45,212
Other noncurrent assets and receivables	8.3, 8.8	14,054	11,759
Investment in equity accounted investee		3,976	0
Other investments	8.9	2,716	4,583
Intangible assets	8.10, 8.11	794,921	763,013
Property, plant and equipment	8.12	396,851	381,438
		1,269,043	1,206,005
Assets		1,803,137	1,790,923

EQUITY AND LIABILITIES

T€	Notes	Dec. 31, 2006	Dec. 31, 2007
LIABILITIES			
Current liabilities			
Trade payables		67,381	72,424
Borrowings	8.15	177,976	176,695
Provisions	8.14	14,673	4,001
Tax liabilities	8.7	28,785	48,102
Other current liabilities	8.16	157,063	102,563
		445,878	403,785
Noncurrent liabilities			
Borrowings	8.19	492,525	431,967
Other noncurrent liabilities	8.17	16,937	16,671
Provisions	8.14	1,301	88
Retirement benefit obligations	8.18	180,464	186,295
Deferred tax liabilities	8.7	115,391	109,404
		806,618	744,425
Total liabilities		1,252,496	1,148,210
EQUITY			
Share capital	8.21	118,173	118,173
Capital reserve	8.22	1,119,832	970,911
Revaluation and fair value reserves	8.22	2,289	2,678
Cumulative translation differences		-63,277	-70,109
Accumulated deficit		-626,376	-378,940
Total equity		550,641	642,713
Equity and liabilities		1,803,137	1,790,923

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Consolidated Cash Flow Statement

T€	Notes	Dec. 31, 2006	Dec. 31, 2007
Net profit/(loss)		-89,848	97,436
Share of (gain)/loss of equity accounted investee		94	-57
Income taxes	6.8	-27,888	42,826
Net interest expense	6.7	198,501	39,279
IPO expenses recognized in profit or loss	6.5	7,831	0
Cash flow from operating activities		88,690	179,484
Amortization, depreciation and impairment losses	8.6, 8.10, 8.12	80,337	74,278
Decrease/(increase) in retirement benefit obligations	8.18	151	-1,556
Decrease in provisions	8.14	-20,395	-11,810
Decrease/(increase) in accruals	8.16	964	-1,883
Increase in the accrual for the Management Participation Program	8.16	43,968	1,914
Loss on disposal of assets		303	211
Unrealized (loss)/profit from IAS 39 fair value adjustments	8.3	-13,902	1,397
Unrealized foreign exchange differences		17,700	4,496
Adjustment for noncash items		109,126	67,047
Cash flow before working capital changes		197,816	246,531
Increase in trade and other receivables	8.2, 8.4, 8.8	-12,791	-8,180
Increase in inventories	8.5	-11,719	-28,428
Increase/(decrease) in trade and other payables	8.16, 8.17	-2,697	16,233
Management Participation Program paid		0	-46,246
Income taxes paid		-21,216	-27,322
Net cash flows from operating activities		149,393	152,588

T€	Notes	Dec. 31, 2006	Dec. 31, 2007
Balance brought forward		149,393	152,588
Acquisition of subsidiaries, net of cash acquired	8.13, 8.15	-6,021	-6,683
Acquisition of shares in an equity accounted investee		-4,070	0
Purchase of intangible assets	8.10	-7,650	-10,293
Purchase of property, plant and equipment	8.12	-38,369	-29,779
Proceeds from the sale of investments/Purchase of investments net		-119	117
Net change in other financial loans		-38	32
Proceeds from the sale of other noncurrent assets		4,197	1,989
Interest received	6.7	1,260	1,692
Net cash flows used in investing activities		-50,810	-42,925
Proceeds from the IPO	8.21, 8.22	630,419	0
Payments related to the IPO and warrant liability		0	-17,687
Repayment of other financial borrowings	8.15, 8.19	-340,596	-7,204
Repayment of bank borrowings		-967,056	-48,054
Proceeds from bank borrowings		672,003	0
Transaction fees paid		-8,773	-1,062
Interest paid	6.7	-63,311	-28,715
Distribution of appropriated retained earnings	8.22	-6,515	0
Net cash flows used in financing activities		-83,829	-102,722
Net increase in cash and cash equivalents		14,754	6,941
Effects of exchange rate changes		-3,819	7,029
Cash and cash equivalents at the beginning of the year	8.1	54,345	65,280
Cash and cash equivalents at the end of the year	8.1	65,280	79,250

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Consolidated Statement of Changes in Equity

T€	Share capital	Capital reserve	Fair value reserve	Revaluation reserve	Cumulative translation differences ¹⁾	Appropriated retained earnings	Retained earnings	Total equity
Balance on January 1, 2006	1,914	600,767	-6	2,320	-49,249	6,515	-536,528	25,733
Investments available for sale								
Fair value movements, net of tax			-25					-25
Currency translation differences					-14,028			-14,028
Changes in value reported directly in equity	0	0	-25	0	-14,028	0		-14,053
Consolidated net loss							-89,848	-89,848
Total of profit or loss plus changes in value reported without effect on net income	0	0	-25	0	-14,028	0	-89,848	-103,901
Capital increase from reserves	78,459	-78,459						
Capital increase, made in cash	37,800	614,250						652,050
Distribution of appropriated retained earnings						-6,515		-6,515
Cost of issuing new shares, net of tax		-16,726						-16,726
Balance on December 31, 2006	118,173	1,119,832	-31	2,320	-63,277	0	-626,376	550,641
Balance on January 1, 2007	118,173	1,119,832	-31	2,320	-63,277		-626,376	550,641
Investments available for sale								
Fair value movements, net of tax			-9					-9
Change in tax rate in 2007, India				-21				-21
Currency translation differences					-6,832			-6,832
Reassessment of 40% of assets of Aromatics, net of taxes				420				420
Changes in value reported directly in the equity	0	0	-9	399	-6,832		0	-6,442
Consolidated net profit							97,436	97,436
Total of profit or loss plus changes in value reported without effect on net income	0	0	-9	399	-6,832		97,436	90,994
Amendment of costs allocated to the issuance of shares in 2006		1,079						1,079
Release of capital reserve		-150,000					150,000	0
Balance on December 31, 2007	118,173	970,911	-40	2,718	-70,109		-378,940	642,713

¹⁾ The cumulative translation differences comprise all foreign exchange differences arising from the translation of foreign operations as well as from the translation of liabilities that hedge the Group's net investment in foreign subsidiaries

Notes to the Consolidated Financial Statements

1. CORPORATE INFORMATION

The principal activity of the Group is to produce, market and sell flavors, fragrances, aroma chemicals and cosmetic ingredients. The registered office of Symrise AG is located at Mühlenfeldstrasse 1, 37603 Holzminden, Germany (commercial register: Hildesheim, HRB No. 200436).

Symrise AG shares are listed on the official market of the Frankfurt Stock Exchange.

The consolidated financial statements of Symrise AG (hereinafter referred to as the “Company” or “Group”) for the fiscal year ending December 31, 2007, were approved for issue by management on February 27, 2008.

2. ACCOUNTING POLICIES

2.1. Basis of Preparation

The consolidated financial statements are prepared on a historical cost basis with the exception of derivative financial instruments and available-for-sale investments, which are measured at fair value. The consolidated financial statements are presented in euros, which is the Company’s functional currency. All financial information presented in euros has been rounded to the nearest thousand (T€) except where indicated otherwise.

The preparation of the consolidated financial statements in conformity with International Financial Reporting Standards (IFRS) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Statement of Compliance

The consolidated financial statements of Symrise AG have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and the supplementary provisions of Section 315 a Paragraph 1 of the HGB [Handelsgesetzbuch or German Commercial Code].

2.2. Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous fiscal year, except that the Group has adopted those new or revised standards and interpretations that are mandatory for the fiscal year. The application of these new or revised standards and interpretations did not have any effect on the consolidated financial statements. However, they did lead to additional disclosures.

IFRS 7 “Financial Instruments: Disclosures”

IFRS 7 is effective for annual periods beginning on or after January 1, 2007. This standard supersedes IAS 30 (Disclosures in the Financial Statements of Banks and Similar Financial Institutions) and the disclosure requirements of IAS 32 (Financial Instruments: Disclosures and Presentation). The presentation requirements of IAS 32, including the debt or equity classification, remain unchanged. Many of the disclosure requirements of IAS 32 have been transferred unchanged to IFRS 7, but IFRS 7 also includes additional requirements. The extent of disclosures required by IFRS 7 depends on the extent of the entity’s use of financial instruments and its exposure to financial risks. The Group has provided the additional disclosures in the Notes to the Financial Statements and the Management Report (Section 11).

Amendment to IAS 1 “Presentation of Financial Statements: capital disclosures”

The amendment to IAS 1 requires additional disclosures on the objectives, policies and processes for managing capital. Appropriate additional disclosures are included in note 4.

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2.3. Key Judgments and Estimates

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that may cause an adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of intangible assets with indefinite useful lives

The Group determines whether intangible assets with indefinite useful lives (mainly goodwill and certain recipes) are impaired. This requires an estimate of the recoverable amount of the cash-generating units, to which these assets are allocated. Estimating the recoverable amount requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of cash flows. The carrying amount of the intangible assets with indefinite useful lives as at December 31, 2007, was € 486.2 million (2006: € 487.6 million). More details are given in note 8.10 and 8.11.

Recoverability of deferred tax assets

The Group determines whether tax loss carry forwards can be used to offset taxable profits in the foreseeable future on an annual basis. This requires the Group to make an estimation of the taxable income for each Group company. The carrying amount of the deferred tax assets as at December 31, 2007, was € 45.2 million (2006: € 56.5 million). More details are given in note 8.7.

Pensions and Other Post-Employment Benefits

The expenses from defined benefit plans and the Group's obligation to provide additional post-employment healthcare benefits are determined using actuarial calculations. The actuarial valuation is based on assumptions pertaining to discount rates, anticipated income from plan assets, future wage and salary increases, mortality rates and the future pension increases. The long-term nature of these plans means that these estimates are subject to great uncertainty.

As at December 31, 2007, the provisions for the retirement benefit obligations amounted to € 186.3 million (2006: € 180.5 million). More details are given in note 8.18.

2.4. Consolidation Principles

The consolidated financial statements comprise the financial statements of Symrise AG and its subsidiaries as at December 31 of each year. The financial statements of Symrise AG and all of the subsidiaries it controls are included in the consolidated financial statements.

The financial statements of the subsidiaries are prepared for the same reporting date as the parent company, using uniform accounting policies. Adjustments are made to bring any dissimilar accounting policies in line. All inter-company balances and transactions, including unrealized profits arising from intra-group transactions, are eliminated. Unrealized losses from inter-company transactions are eliminated unless costs cannot be recovered in the future.

Subsidiaries are fully consolidated from the date of acquisition, i.e. the date on which control is transferred to the Group, and continue to be consolidated until the date that such control ceases.

Equity method investments are recognized using the equity method, if Symrise does not hold a controlling interest, but is still able to exercise significant influence on the business and financial policies of these investees ("associates").

The consolidated financial statements as at December 31, 2007, include 55 (2006: 56) consolidated subsidiaries, of which 10 (2006: 16) are German and 45 (2006: 40) foreign.

More information on share interests can be found in the list of the Corporation's shareholdings filed with the electronically register.

The companies included in the consolidated financial statements as at December 31, 2007, are listed below:

NAME AND REGISTERED OFFICE OF THE COMPANY	Share %	NAME AND REGISTERED OFFICE OF THE COMPANY	Share %
Germany		South America	
Symrise AG, Holzminden		Symrise Aromas e Fragrancias Ltda., Brazil	100
Symrise GmbH & Co. KG, Holzminden	100	Symrise Srl., Argentina	100
Symrise Beteiligungs GmbH, Holzminden	100	Symrise S.A., Chile	100
DrinkStar GmbH, Rosenheim	100	DRAGOCO Colombia Ltda., Colombia	100
Schimmel & Co. GmbH, Holzminden	100	Symrise Ltda., Colombia	100
Kaden Biochemicals GmbH, Hamburg	100	Symrise C.A., Venezuela	100
Tesium GmbH, Holzminden	100		
Symotion GmbH, Holzminden	100	Asia Pacific	
Busiris Vermögensgesellschaft GmbH, Holzminden	100	Symrise Pty. Ltd., Australia	100
Symrise Verwaltungs GmbH, Holzminden	100	Symrise Ltd., Hong Kong, China	100
		Symrise Export Ltd., Hong Kong, China	100
Rest of Europe		Symrise Ltd., Shanghai, China	100
Aromatics, S.A.S., France	100	Symrise SDN. BHD, Malaysia	100
Steng Ingredients Ltd., United Kingdom	100	Symrise Holding Pte. Ltd., Singapore	100
Symrise S.A., Switzerland	100	Haarman & Reimer (SEA) Pte. Ltd., Singapore	100
Symrise Ltd., United Kingdom	100	Symrise Pte. Ltd., Singapore	100
Symrise Holding Ltd., United Kingdom	100	Symrise Limited, Korea	100
Flavors Direct Ltd., United Kingdom	100	Symrise Ltd., Thailand	100
Symrise B.V., Netherlands	100	Thamasarb Co. Ltd., Thailand	100
Symrise Holding S.L., Spain	100	Haarmann & Reimer (Thailand) Co. Ltd., Thailand	100
Symrise S.A., France	100	P.T. Symrise, Indonesia	100
Symrise S.r.l., Italy	100	Symrise Inc., Philippines	100
Symrise Vertriebs GmbH, Austria	100	Symrise Pvt. Ltd., India	100
Symrise Kimya Sanayi ve Ticaret Ltd. Sirketi, Turkey	100	Symrise K.K., Japan	100
Symrise Luxembourg S.a.r.l., Luxembourg	100		
WWS Ltd., United Kingdom	100	Africa/Middle East	
		Ragco (Pty) Ltd., South Africa	100
North America		Symrise (Pty) Ltd., South Africa	100
Symrise Inc., United States	100	Symrise Mauritius Ltd., Mauritius	100
Symrise Holding Inc., United States	100	Symrise S.A.E., Egypt	100
Symrise Srl de CV., Mexico	100	Aromatics Madagascar S.a.r.L., Madagascar	100
		Origines Madagascar S.a.r.L., Madagascar	100

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2.5. Summary of Significant Accounting Policies

Foreign Currency Translation

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates prevailing on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency rate effective on the balance sheet date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate on the date that the fair value was determined. Foreign currency differences arising on retranslation are recognized in profit or loss, except for differences arising on the retranslation of a financial liability designated as a hedge of the net investment in a foreign operation, which is recognized directly in equity.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into euro at exchange rates on the reporting date. Income, expenses and cash flows are translated into Euro at the exchange rate at the date of transactions. Foreign currency differences are recognized directly in equity (cumulative translation differences).

Financial Instruments

Non-derivative Financial Instruments

Non-derivative financial instruments comprise investments in equity, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognized initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Available-for-sale Financial Assets

Symrise's investments include a small quantity of marketable securities and other investments classified as available-for-sale. Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as available-for-sale and are included in noncurrent assets unless management expresses the intention of holding the investment for less than twelve months from the balance sheet date or unless they need to be sold to raise operating capital, in which case they are included in current assets.

Subsequent to initial recognition, these assets are measured at fair value and changes therein, other than impairment losses (see note 8.11) and foreign exchange gains and losses on available-for-sale monetary items (see note 9), are recognized directly in equity. When an investment is derecognized, the cumulative gain or loss in equity is transferred to profit or loss.

Financial Assets at Fair Value through Profit or Loss

An instrument is classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their value in accordance with the Group's documented risk management or investment strategy. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss.

Loans and Receivables

The Group's loans and receivables are financial instruments with fixed or determinable payments that are not quoted on an active market. After initial recognition, loans and receivables are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized costs are determined with consideration of all premiums and discounts granted upon acquisition and contain all charges that form an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in the income statement when the loans and receivables are derecognized, impaired or amortized.

Derivative Financial Instruments

Derivative financial instruments are measured at their fair value and initially recognized on the date on which a derivative contract is signed. At present, Symrise does not apply hedge accounting for derivative financial instruments.

Any gains or losses from a change in fair value of derivative instruments that do not fulfill the criteria of hedge accounting are recognized in the financial result of the income statement.

Share Capital

Ordinary Shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

Sale of Goods

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably and the amount of revenue can be measured reliably. Transfer of risks and rewards to the buyer is determined according to INCOTERMS (International Commercial Terms).

Leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized by the lessee in the income statement on a straight-line basis over the lease term. There are no significant finance leases.

Finance Income and Expenses

Finance income comprises interest income on funds invested, dividend income and changes in the fair value of financial assets at fair value through profit or loss. Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Finance expenses comprise interest expense on borrowings, unwinding of the discount on accrued liabilities, changes in the fair value of financial assets at fair value through profit or loss and impairment losses recognized on financial assets. All borrowing costs are recognized in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis.

Income Tax

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates for the reporting period, and any adjustment to tax payable in respect to previous years.

Deferred tax is recognized using the liability method on the balance sheet date, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences:

- › the initial recognition of goodwill; and
- › the initial recognition of an asset or a liability in a transaction that is not a business combination and affects neither the accounting profit nor taxable profit or loss.

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Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date and for the date of the reversal. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed on each reporting date and are adjusted to the extent that it is either no longer probable or that it became probable that the related tax benefit will be realized.

Sales Tax

Revenues, expenses and assets are recognized net of sales tax.

The following exceptions apply:

- › where the sales tax incurred on the purchase of goods or services is not recoverable from the taxation authority, the sales tax is recognized as part of the expense item as applicable; and
- › receivables and liabilities are stated with the amount of sales tax included.

The amount of sales tax recoverable from, or payable to, the tax authority is included in the balance sheet as part of other receivables or other current liabilities.

Earnings per Share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

Segment Reporting

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment) or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and returns that are different from those of other segments. Segment information is presented in respect to the Group's business and geographical segments. The business segments are determined based on the Group's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable and consistent basis. Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets.

Assets Held for Sale

Included within assets held for sale are mainly production sites that have been classified as held for sale in accordance with IFRS 5. The fair value of the assets was derived from market prices and appraisals. Liabilities relating to the respective disposals were not identified.

Property, Plant and Equipment

Recognition and Measurement

Property plant and equipment is stated at cost less accumulated depreciation and impairment losses. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized net within "other operating income" in profit or loss.

Depreciation

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

Buildings	20 to 50 years
Technical equipment and machinery	2 to 20 years
Furniture and fixtures	3 to 20 years

The carrying amount of property, plant and equipment is reviewed for impairment when events or changes in circumstances indicate the carrying amount may not be recoverable.

The residual values, useful lives and depreciation methods of property, plant and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate.

When each major inspection is performed, its cost is recognized in the carrying amount of the respective property, plant and equipment provided the recognition criteria are satisfied.

Business Combinations and Goodwill

Business combinations are accounted for using the purchase method. This comprises recording identifiable assets (including intangible assets not previously recorded) and liabilities (including contingent liabilities, but not for future restructuring) from the acquired operations at their fair value.

Goodwill arising from acquisition is initially measured at cost, being the excess of the cost of the business combination over the acquirer's interest in the fair value of the acquired identifiable assets and liabilities.

As of the acquisition date, any acquired goodwill is allocated to each of the cash-generating units expected to benefit from the combination's synergies.

In accordance with IFRS 3, goodwill is not amortized on a regular basis over an estimated useful life. An impairment test is conducted on goodwill at least once a year and more often if there is an indication of impairment.

Investments in equity accounted investees

Investments in equity accounted investees ('associates') are accounted for using the equity method. An associate is an entity over which Symrise has significant influence and which is neither an affiliate nor a joint venture.

Under the equity method, the equity investment is recognized at cost plus changes in net assets. Goodwill arising from an equity investment is factored into the carrying amount of the investment and is not amortized. The income statement contains the associate's share in profit and loss.

Gains and losses from transactions between the Group and the associate are eliminated according to the Group's interest in the associated company. The financial statements of the associate are prepared for the same reporting year as the Group, using consistent accounting policies.

Other Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost, for the purpose of initial recognition. The cost of an intangible asset acquired within the scope of a business combination is its fair value on the date of acquisition. Following initial recognition, intangible assets are stated at cost less accumulated amortization and impairment losses. The useful lives of these intangible assets are assessed to be either finite or indefinite.

Purchased computer software is carried at cost and is amortized on a straight-line basis over three to ten years. Patents and other rights are amortized on a straight-line basis over 5–20 years.

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The Group has recognized recipes with finite and indefinite useful lives. Recipes with finite useful life are amortized over seven to twenty years based on their estimated useful life according to their life cycle.

The Group has recognized recipes and trademarks with indefinite useful lives for which a limit to the number of years over which the assets are expected to generate net cash inflows for the Group is not foreseeable, so that no typical life cycle can be assumed. However, recipes and trademarks with indefinite useful lives are reviewed annually to ensure the carrying amount does not exceed the recoverable amount, regardless of whether or not an indicator of impairment is present.

Internally generated intangible assets are not recognized but rather all related costs are charged against profits in the year in which they are incurred.

The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the indefinite useful life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

The useful lives and amortization methods used for intangible assets with finite useful lives are reviewed for suitability once a year and adjustments, where applicable, are made on a prospective basis.

Gains or losses arising on the disposal of an intangible asset are recognized in the income statement as the difference between the disposal proceeds and the carrying amount of the asset as of the date of the disposal.

Research and Development Expenses

Research and development are expensed as incurred. Symrise AG capitalizes a small amount of the development expenses incurred on a project level in the cosmetic business sector, since future recoverability can be reasonably regarded as assured due to the fact that most of the projects in this segment are based on customer orders and market studies, and the other recognition criteria are met.

Following initial recognition of development expenses, the cost model is applied. This requires the asset to be carried at cost less any accumulated

amortization (calculated on a straight-line basis) and accumulated impairment losses. The recognized development expenses are amortized over the period of expected future revenues from the related project.

The carrying amount of development costs is reviewed for impairment annually when the asset is not yet in use or more frequently when an indicator of impairment arises during the reporting year.

Inventories

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

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Raw materials are valued with the purchase cost at a weighted average.

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

Trade and Other Receivables

Trade receivables are recognized and carried at the original invoice amount less an allowance for uncollectible amounts. An allowance is made when there is objective evidence that the Group will not be able to collect the receivables. Receivables are derecognized as soon as they become uncollectible.

Impairment

Financial Assets

A financial asset is assessed on each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

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

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognized in profit or loss. Any cumulative loss in respect to an available-for-sale financial asset recognized previously in equity is transferred to profit or loss.

Financial Assets Carried at Amortized Cost

If there is objective evidence that loans or receivables carried at amortized cost are impaired, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (with the exception of future credit defaults), discounted at the original effective interest rate of the financial asset (i.e. the interest rate determined upon initial recognition). The carrying amount of the asset is reduced either directly or through the use of an allowance account. The amount of the loss is recognized in profit or loss.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

If the amount of the impairment loss decreases in a subsequent period and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. The subsequent reversal of an impairment loss is recognized in profit or loss, to the extent that the asset's carrying amount does not exceed its amortized cost at the reversal date.

Non-financial Assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. The carrying amounts of property, plant and equipment and intangible assets with definite useful lives are reviewed for impairment when events or changes in circumstances indicate the carrying amount may not be recoverable. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell it and its value in use. The recoverable amount must be determined for each individual asset, unless the asset does not generate cash inflows that are largely independent from other assets or groups of assets. If the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and written down to its recoverable amount. In order to calculate the value in use of the asset, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market expectations of interest and the specific risks of the asset.

Impairment losses are recognized in the expense lines that correspond to the function of the impaired asset.

A review is carried out on each reporting date of assets other than goodwill to ascertain whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If there is such an indication, the recoverable amount is estimated. A previously recognized impairment loss is only reversed if there has been a change in the estimates used to determine the

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asset's recoverable amount since the last impairment loss was recognized. If this is the case, the carrying amount of the asset should be increased to its recoverable amount. This higher value may not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized for the asset in prior years. Such reversal is recognized immediately in the income statement unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

Goodwill

Goodwill is tested for impairment at least once a year. If events or changes in circumstances indicate the need to recognize impairment charges, impairment tests may also be carried out more frequently.

Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is charged. Impairment losses on goodwill may not be reversed in later periods. The Group carries out its annual impairment tests on goodwill on September 30.

Intangible Assets

Intangible assets with indefinite useful lives are tested for impairment at least annually either individually or at the level of the cash-generating units. These intangible assets are not amortized.

Assets Held for Sale

Assets (or disposal groups comprising assets and liabilities), which are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Any impairment loss on a disposal group is first allocated to goodwill and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to

inventories, financial assets, deferred tax assets, employee benefit assets and investment property, which continue to be measured in accordance with the Group's accounting policies.

Pensions and Other Post-Employment Benefits

The Group companies have various pension schemes in accordance with the regulations and practices in the respective countries in which they operate. In two countries, the Group companies have agreed to provide certain additional post-employment healthcare benefits. More than 90% of these benefits are unfunded.

Defined Contribution Plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligations to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

Defined Benefit Plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect to defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. This benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted. The discount rate is the yield on the reporting date on AA-rated bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefit is expected to be paid. The calculation is performed annually by a qualified actuary using the

projected unit credit method. When the calculation results in a gain to the Group, the recognized asset is limited to the net total of any unrecognized past service costs and the present value of any future refunds from the plan and any actuarial losses or reductions in future contributions to the plan. Actuarial gains and losses are recognized as income or expense when the net cumulative unrecognized actuarial gains and losses for each individual plan at the end of the prior reporting year exceed 10% of the higher of the defined benefit obligation or 10% of the plan assets' fair value on that date. These gains or losses are recognized over the expected average remaining working lives of the employees participating in the plans.

The past service cost is recognized as an expense on a straight-line basis over the average period until the benefits become vested. If the benefits have already been vested following the introduction of, or changes to a pension plan, the past service cost is recognized immediately.

Gains from a plan amendment in the US are recognized over the average remaining working lives of the employees participating in the plan.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation, plus or minus actuarial gains and losses not yet recognized, minus the past service cost not yet recognized, plus the plan amendment gains not yet recognized, and minus the fair value of plan assets out of which the obligations are to be settled directly.

The interest accrued by pensions is disclosed in the financial result.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) 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 Group expects at least some or all of a provision to be reimbursed, e.g. from an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. In the income statement, the expense relating to a provision is presented net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance expense.

The Group sets up and maintains provisions for probable and ongoing litigation cases when a reasonable estimate can be made. These estimates include legal fees and costs of settlements. The amounts are determined for each individual case considering the written notifications and reasonable settlement cost estimates provided by the Group's attorneys. The provisions are reviewed by the Group's attorneys and updated periodically.

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Adoption of IFRS

A number of new standards, amendments to standards, and interpretations are not yet effective for the year ended December 31, 2007, and have not been applied in preparing these consolidated financial statements:

- › IFRS 8 **Operating Segments** introduces the “management approach” to segment reporting. IFRS 8, which becomes mandatory for the Group’s 2009 financial statements, will require the disclosure of segment information based on the internal reports regularly reviewed by the Group’s Chief Operating Decision Maker in order to assess each segment’s performance and allocate resources to them. Currently the Group presents segment information in respect to its business and geographical segments (see note 5).
- › Revised IAS 1 **Presentation of financial statements**. In September 2007 the IASB issued a revised version of IAS 1 Presentation of financial statements that is aimed at improving the users ability to analyze and compare information given in the financial statements. The application of the new standard is compulsory for financial years beginning on or after January 1, 2009 while earlier adoption is permitted. The adoption of the revised standard will not have a material impact on the group consolidated financial statement.
- › Revised IAS 23 **Borrowing Costs** removes the option to expense borrowing costs and requires that an entity capitalize borrowing costs directly attributable to the acquisition or production of a qualifying asset as part of the cost of the asset. The revised IAS 23 will become mandatory for the Group’s 2009 financial statements and will constitute a change in accounting policy for the Group. In accordance with the transitional provisions, the Group will apply the revised IAS 23 to qualifying assets for which the capitalization of borrowing costs commences on or after the effective date.
- › IFRIC 11 IFRS 2 – **Group and Treasury Share Transactions** requires a share-based payment arrangement in which an entity receives goods or services as consideration for its own equity instruments to be accounted for as an equity-settled share-based payment transaction, regardless of how the equity instruments are obtained. IFRIC 11 will become mandatory for the Group’s 2008 financial statements, with retrospective application required. It is not expected to have any impact on the consolidated financial statements.
- › IFRIC 12 **Service Concession Arrangements** provides guidance on certain recognition and measurement issues that arise in accounting for public-to-private service concession arrangements. IFRIC 12, which becomes mandatory for the Group’s 2008 financial statements, is not expected to have any effect on the consolidated financial statements.
- › IFRIC 13 **Customer Loyalty Programs** addresses the accounting by entities that operate, or otherwise participate in, customer loyalty programs for their customers. It relates to customer loyalty programs under which the customer can redeem credits for awards such as free or discounted goods or services. IFRIC 13, which becomes mandatory for the Group’s 2009 financial statements, is not expected to have any impact on the consolidated financial statements.
- › IFRIC 14 IAS 19 – **The Limit on a Defined Benefit Asset, Minimum Funding Requirements, and their Interaction** clarifies when refunds or reductions in future contributions in relation to defined benefit assets should be regarded as available and provides guidance on the impact of minimum funding requirements (MFR) on such assets. IFRIC 14 will become mandatory for the Group’s 2008 financial statements, with retrospective application required. The Group has not yet determined the potential effect of the interpretation.

3. DETERMINATION OF FAIR VALUES

A number of the Group’s accounting policies and disclosures require the determination of fair value for both financial and non-financial assets and liabilities. Fair values have been determined for measurements and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Derivates

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market rates for a similar instrument at the measurement date.

Property, Plant and Equipment

The fair value of property, plant and equipment recognized as a result of a business combination is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The market value of items of plant, equipment, fixtures and fittings is based on the quoted market prices for similar items.

Intangible Assets

The fair value of recipes acquired in a business combination is based on the discounted estimated royalty payments that have been avoided as a result of the recipe being owned. The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

Investments and Other Financial Liabilities

The fair value of investments traded on organized financial markets is determined by reference to the stock exchange quoted market bid price at the close of business on the balance sheet date. The fair value of investments for which there is no active market is determined by reference to the current market value of comparable instruments or is calculated based on the expected cash flows from the underlying asset. The fair value of financial liabilities, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate on the reporting date.

4. CAPITAL MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the ratio of net debt (including pension liabilities) to EBITA. The Board of Directors also monitors the level of dividends to ordinary shareholders, where we aim to provide a level of dividend yield that reflects the level of confidence in future financial performance.

The Board seeks to maintain a balance between the more favorable WACC that might be possible with higher levels of borrowing and the advantages and security afforded by a sound capital position, as well as the bolt-on acquisition opportunities that secure financing affords the company.

The average interest expense on interest-bearing borrowings was 4.9 percent and the Company's ratio of net debt to EBITA was 2.3 times.

There were no changes in the Group's approach to capital management during the year. Neither the company nor any of its subsidiaries are subject to externally imposed capital requirements.

5. SEGMENT REPORTING

For the purpose of segment reporting, the Group's activities and products are pooled together in business divisions in which the market risks and opportunities are more or less the same.

As a result, Symrise has two divisions: Flavor & Nutrition, which develops, manufactures and sells flavors for beverages, foods, and pharmaceuticals; and Scent & Care, which develops, manufactures and sells fragrances, scents, and cosmetic ingredients.

The Group made the following disclosures required by IAS 14 separately by division Flavor & Nutrition and Scent & Care (primary segments) and geography (secondary segments).

Geographical segment reporting is based on the location of the asset. Sales to customers are disclosed in the geographical segment that covers the customers' location.

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PRIMARY SEGMENT – BUSINESS DIVISIONS

2006	Flavor &	Scent &	Non-	Total
T€	Nutrition	Care	allocable	divisions
Sales				
External sales	582,006	647,415	0	1,229,421
Result				
Operating result	50,329	32,156	12	82,497
Share of associate's loss	-94	0	0	-94
Financial result				-200,139
Earnings before taxes				-117,736
Income taxes				27,888
Result				-89,848
Assets and liabilities				
Segment assets	797,009	826,107	176,045	1,799,161
Investment in an associate	3,976			3,976
Total assets				1,803,137
Segment liabilities	189,457	228,840	834,199	1,252,496
Other segment information				
Investments (incl. acquisitions)				
Property, plant and equipment	17,094	24,826	0	41,920
Intangible assets (excl. goodwill)	3,671	6,689	0	10,360
Goodwill	0	3,198	0	3,198
Depreciation of property, plant and equipment	-17,106	-19,135	0	-36,241
Amortization of intangible assets	-24,164	-20,328	0	-44,492
Income from write-ups/ impairment losses recognized in profit or loss for the period	708	-311	0	397
Significant other noncash expenses	-56,331	-66,041	-2,773	-125,145

2007				
T€	Flavor & Nutrition	Scent & Care	Non-allocable	Total divisions
Sales				
External sales	603,208	671,250	0	1,274,458
Result				
Operating result	97,140	98,597	-31	195,706
Share of associate's gain				57
Financial result				-55,501
Earnings before taxes				140,262
Income taxes				-42,826
Result				97,436
Assets and liabilities				
Segment assets	799,088	804,735	187,100	1,790,923
Segment liabilities	167,190	207,030	773,990	1,148,210
Other segment information				
Investments (incl. acquisitions)				
Property, plant and equipment	17,033	14,249	0	31,282
Intangible assets (excl. goodwill)	10,342	4,158	0	14,500
Goodwill	10,114	0	0	10,114
Depreciation of property, plant and equipment	-18,239	-18,608	0	-36,847
Amortization of intangible assets	-21,479	-17,741	0	-39,220
Income from write-ups/ impairment losses recognized in profit or loss for the period	1,560	229	0	1,789
Significant other noncash expenses	-15,098	-17,713	0	-32,811

Significant noncash expenses include the increase in provisions (mainly for pensions and restructuring) and liabilities (mainly personnel expenses).

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SECONDARY SEGMENT – GEOGRAPHICAL REGION

T€	EAME*	North America	Asia/Pacific	South America	Total
2006					
Sales					
Sales according to region	683,391	230,932	232,154	82,944	1,229,421
Other segment information					
Segment assets	1,203,922	280,146	215,919	103,150	1,803,137
Investments (incl. acquisitions)					
Property, plant and equipment	31,900	6,972	1,788	1,260	41,920
Intangible assets (excl. goodwill)	10,282	0	65	13	10,360
Goodwill	3,198	0	0	0	3,198
2007					
Sales					
Sales according to region	712,214	224,165	248,545	89,534	1,274,458
Other segment information					
Segment assets	1,233,345	248,504	205,611	103,463	1,790,923
Investments (incl. acquisitions)					
Property, plant and equipment	19,068	5,868	2,896	3,450	31,282
Intangible assets (excl. goodwill)	13,799	0	110	591	14,500
Goodwill	10,114	0	0	0	10,114

*Europe, Africa, Middle East

6. CONSOLIDATED INCOME STATEMENT

6.1. Other Operating Income

T€	2006	2007
Income from the reversal of provisions and other liabilities	6,419	6,149
Income from non-core operations	3,313	5,586
Remaining other operating income	1,835	2,493
Total	11,567	14,228

6.2. Personnel Expenses

The following personnel expenses are included in the income statement:

T€	2006	2007
Wages and salaries	-219,858	-224,886
Social security expenses	-47,236	-46,782
Pension costs (excluding interest expenses)	-11,473	-10,424
Management Participation Program	-50,018	-1,978
Total	-328,585	-284,070

As at December 31, 2007, the Group employed 5,046 people (2006: 4,889), classified by function as follows:

Number	2006	2007
Manufacturing and technology	1,862	1,900
Sales and marketing	1,306	1,390
Research and development	888	901
Administration	395	409
Service entities	337	339
Trainees	101	107
Total	4,889	5,046

The average number of Group employees totaled 4,957 (prior year: 4,945).

6.3. Selling and Marketing Expenses

In addition to the cost of marketing departments and of the field sales force, selling and marketing cost include advertising, logistics and commissions.

See comments below in note 6.5 regarding the allocation of senior management expenses to selling and marketing expenses in 2007 (2006: no allocation made).

6.4. Research and Development Expenses

In addition to the costs of the research departments, this item also includes external costs and the cost of trials. Activities in this area include the research and development of products to generate sales and also the development of new or improved processes to reduce the cost of sales.

6.5. Administration Expenses

T€	2006	2007
Information technology	-20,521	-22,515
Senior management	-19,315	0
Finance and financial controlling	-17,906	-18,830
Human resources	-9,480	-9,653
Other administration expenses	-10,804	-25,044
	-78,026	-76,042
Management Participation Program	-50,018	-1,978
IPO expenses	-7,831	0
Restructuring and integration expenses	-17,802	0
	-75,651	-1,978
Total administration expenses	-153,677	-78,020

In 2007, Senior Management costs have been partially allocated to the selling and marketing costs. The remaining costs were shown under other administration expenses. Detailed information is not available to restate the 2006 comparatives on a line for line basis.

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Had the expenses from the Management Participation Program (€ 2.0 million in 2007 and € 50.0 million in 2006) been allocated to the functional areas that fall under the responsibility of the respective managers, 6% (2006: 6%) of the expenses would have been classified as cost of sales, 29% (2006: 29%) as sales and marketing, 5% (2006: 5%) as research and development and 60% (2006: 60%) as administration expenses.

6.6. Profit from Operations

In 2007, profit from operations amounted to € 195.7 million, representing an increase of € 113.2 million compared to the prior-year. In 2006, expenses of € 75.7 million from the IPO, Management Participation Program and restructuring and integration expenses were included within profit from operations; these were contrasted by expenses of € 2.0 million incurred in connection with the Management Participation Program in 2007.

6.7. Financial Result

T€	2006	2007
Interest income:		
from bank deposits	504	1,004
on derivatives	0	5,113
net gain on loans and receivables measured at amortized cost	12,472	0
other interest income	756	688
Subtotal interest income	13,732	6,805
Other finance income	0	119
Net change in fair value of financial assets at fair value through profit or loss	13,327	0
Finance income	27,059	6,924
Interest expenses:		
on bank borrowings and overdrafts	-63,064	-31,932
on derivatives	-1,392	0
other interest expenses	-147,779	-14,152
Subtotal interest expenses	-212,235	-46,084
net foreign currency exchange losses from third-party and intra-group borrowings	-13,753	-14,534
other finance expenses	-1,211	-410
Net change in fair value of financial assets at fair value through profit or loss	0	-1,397
Finance expenses	-227,198	-62,425

In 2006, other interest expenses also contained interest expenses arising from application of the effective interest method to the vendor note (€ 76.9 million) and the shareholder loans (€ 4.3 million).

Net change in fair value of financial assets at fair value through profit or loss of € -1.4 million (2006: € 13.3 million) is attributable to the remeasurement of derivative financial instruments (interest rate swaps) to fair value.

6.8. Income Taxes

T€	2006	2007
Current tax expense	-24,071	-39,812
Deferred tax income/expense:		
from loss carry forward	-6,203	-33,290
from temporary differences	58,162	30,276
Subtotal deferred tax income/expense	51,959	-3,014
Income tax expense/income	27,888	-42,826

A reconciliation of the income tax expense with the tax expense determined on the basis of local tax rates produces the following picture for the fiscal years ending December 31, 2007 and 2006:

T€	2006	2007
Group profit/(loss) before tax	-117,736	140,262
Tax expense/income calculated at local tax rates	43,338	-48,450
Tax effect on tax-free income	1,132	1,084
Tax effect of nondeductible expenses	-13,207	-6,718
Tax effect of adjustments on deferred tax assets	746	4,027
Effects from tax losses for which no deferred tax asset was set up	-2,582	-47
Taxes saved by the utilization of tax losses for which no deferred tax asset was set up	50	117
Effect from the change of tax rate	77	18,310
Non-recoverable withholding tax	-1,610	-2,633
Tax effect from prior periods	168	-8,637
Other tax effects	-224	121
Tax expense/income	27,888	-42,826

The effect of the non-deductible expenses mainly relates to interest expenses incurred in Germany and Singapore as well as to unrealized exchange rate losses in Singapore.

The positive effect from adjustments on deferred tax assets relates to the existence of reasonable concepts and plans, which led to the expectation that further tax loss carry-forwards can be utilized in the US and Germany in the foreseeable future. It was therefore possible to reverse the adjustment made to the deferred tax asset in prior years. New allowances were recognized in Mexico as the new legislation restricts the utilization of tax loss carry-forwards from 2008 onwards.

The effect from the change of tax rate is mainly the result of the tax reform in Germany and the associated reduction of the tax rate from 2008 onwards, leading to a significant reduction of the deferred tax liability in 2007. This positive effect was partly offset by increasing some provisions for potential tax exposures in various jurisdictions.

7. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit/loss for the year attributable to equity holders of the parent company by the weighted average number of ordinary shares outstanding during the year.

No option or conversion rights were issued in 2007 or in 2006; as a result, earnings per share were not diluted. Therefore, the diluted and basic results are the same.

€	2006	2007
Diluted earnings per share	-1.08	0.82
Basic earnings per share	-1.08	0.82
Weighted average number of ordinary shares (in thousands)	83,066	118,173

8. BALANCE SHEET

8.1. Cash and Cash Equivalents

T€	2006	2007
Cash	65,131	78,991
Cash equivalents	149	259
Cash and cash equivalents	65,280	79,250

Bank balances in key currencies earn interest at floating rates between 3.0% and 6.0% (2006: between 2.0% and 4.95%). The carrying amounts for cash and cash equivalents correspond to their fair value.

8.2. Trade Receivables

T€	2006	2007
Trade receivables	214,946	218,625
Less: Provision for doubtful accounts	-3,024	-4,147
Trade receivables, net	211,922	214,478

The credit risk from trade receivables is not considered to be significant given that the total balance comprises a large number of customers from a broad spectrum of products and markets. In view of this, management believes that the credit risk is represented fairly. Bad debt allowances are mainly based on an individual assessment of credit risk.

The carrying amount of trade receivables corresponds to their fair value.

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8.3. Derivative Financial Instruments

The derivative financial instruments are recognized as assets or liabilities at fair value.

T€	Nominal value		Fair value	
	2006	2007	2006	2007
Financial instruments held for trading				
Interest rate swaps	636,887	530,993	11,358	10,552
Forward exchange contracts	20,000	0	591	0
Total	656,887	530,993	11,949	10,552

T€	Carrying amount	Carrying amount
	2006	2007
Balance Sheet Presentation		
Prepayments, other assets and receivables current	778	1,251
Other assets noncurrent	11,171	9,301
Net receivables (from derivatives)	11,949	10,552

Derivative financial instruments falling due in less than one year have a nominal amount of T€ 0 (2006: T€ 120,000).

Derivative financial instruments with a term of one to five years have a nominal amount of T€ 530,993 (2006: T€ 536,887).

8.4. Prepayments, Other Assets and Receivables

T€	2006	2007
Non-income taxes	13,743	14,777
Prepayments	6,401	7,706
Security, guarantee and rental deposits	1,548	1,313
Loans to customers/employees	3,131	1,382
Derivative financial instruments	778	1,251
Other assets	3,039	3,017
Total	28,640	29,446

Non-income taxes mainly comprise value added tax.

The carrying amount of the other assets corresponds to their fair value.

8.5. Inventories

T€	2006	2007
Raw materials	80,089	87,304
Work in progress	64,710	66,206
Finished goods	82,476	97,277
Less: Impairment losses	-12,749	-11,046
Total	214,526	239,741

Inventories of € 499.9 million were expensed as part of the cost of sales in 2007 (2006: € 486.9 million).

The impairment loss of € 11.0 million (2006: € 12.7 million) is allocated as follows: € 5.1 million to raw materials (2006: € 6.0 million), work in progress: € 1.6 million (2006: € 1.7 million) and finished goods: € 4.3 million (2006: € 5.0 million).

8.6. Assets Held for Sale

As a consequence of the integration process and related plans to close foreign production sites, assets with a carrying value of T€ 10,038 (2006: T€ 8,498) have been classified as held for sale in accordance with IFRS 5.

The measurement of assets held for sale in accordance with IFRS 5 did not result in impairment charge in the fiscal years 2007 and 2006. The fair values were derived from market prices and appraisals.

Symrise Srl. de CV, Mexico, moved out of the premises formerly owned by Haarmann & Reimer and, since then, has only been using premises belonging to the company formerly known as Dragoco. The Group sold the vacated premises in January 2007 for T€ 543. After deduction of the prior-year carrying amount of T€ 104, gain of T€ 439 was generated on this sale.

Assets held for sale in France comprise the former production site of Symrise S.A. at Grasse. A precontract for the sale of this site was signed on December 15, 2007 and completion of the sale in 2008 is considered highly probable. An impairment gain of € 1.5 million on the remeasurement of the assets held for sale to fair value less costs to sell has been recognized in income in 2007. This represents the partial reversal of an impairment loss recorded against the assets in a prior period.

Premises and buildings worth an amount of T€ 164 located at the headquarters in Holzminden, Germany and used on a non-operational level have been classified as held for sale in 2007. The management expects these assets to be disposed of by the end of 2008.

2006 T€	Land and buildings	Plant and machinery	Equipment	Total
Carrying amount before reclassification as held for sale				
France	8,378	16	6	8,400
Mexico	104	0	0	104
Total carrying amount	8,482	16	6	8,504
Carrying amount/fair value	8,482	16	6	8,504
Currency translation differences	-6	0	0	-6
Total	8,476	16	6	8,498
2007 T€	Land and buildings	Plant and machinery	Equipment	Total
Carrying amount before reclassification as held for sale				
France	8,378	16	6	8,400
Germany	164	0	0	164
Total carrying amount	8,542	16	6	8,564
Reversal of impairment	1,474	0	0	1,474
Total	10,016	16	6	10,038

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8.7. Deferred Taxes

The deferred tax assets and liabilities from temporary differences relate to the following:

T€	2006			2007		
	Assets	Liabilities	+ Income/ – Expenses	Assets	Liabilities	+ Income/ – Expenses
Intangible assets	2,033	130,237	16,907	237	97,633	27,984
Property, plant and equipment	5,305	55,544	2,883	3,296	42,924	9,796
Investments	0	8	8	0	5	3
Inventories	7,468	4,074	467	6,187	1,267	1,344
Receivables	507	1,153	493	534	946	206
Other current assets	694	4,447	–3,355	1,512	5,649	–338
Pension provisions	11,769	108	463	10,547	174	–1,134
Other provisions and accruals	16,959	1,633	5,069	5,172	711	–9,192
Other liabilities	1,304	4,200	35,227	1,924	2,995	1,607
Loss carry-forwards	96,499	0	–6,203	58,703	0	–33,290
	142,538	201,404	51,959	88,112	152,304	–3,014
Set-off	–86,013	–86,013	0	–42,900	–42,900	0
Total	56,525	115,391	51,959	45,212	109,404	–3,014

In 2007, the deferred tax expense amounts to € 3.0 million, compared to a deferred tax income of € 52.0 million in 2006. This change results mainly from a significantly higher utilization of tax loss carry-forwards in 2007, which was partly offset by the effects from the tax reform in Germany and the associated reduction of the deferred tax liabilities.

The payment of MPP bonuses and the further utilization of the restructuring provision led to deferred tax expenses in 2007, as in some countries legislation provides that related cost is not tax deductible until payment was effected.

The extraordinary high deferred tax income in 2006 results from one-off effects related to the IPO and the Group's subsequent refinancing and resulting in tax losses carried forward.

A decrease in deferred tax assets of € 0.4 million was directly recognized in the capital reserve, resulting from the reversal of the provision for IPO costs. Deferred tax liabilities also increased as a result of the initial consolidation of the Aromatics-Group (€ 0.5 million) and WWS Ltd. respectively Steng Ingredients Ltd. (€ 0.9 million) and thus were not considered in profit or loss; we refer to note 8.13.

The deferred tax assets and liabilities were affected by currency translation differences of € 0.6 million (2006: € 0.1 million).

Existing losses carried forward by expiration date are as follows:

T€	2006			2007		
	Total	Not utilizable	Utilizable	Total	Not utilizable	Utilizable
One year	0	0	0	0	0	0
Two years	15	15	0	124	124	0
Three years	529	529	0	32	32	0
Four years	920	920	0	293	293	0
Five years or more	19,755	7,944	11,811	51,086	16,599	34,487
No expiry date	288,661	44,077	244,584	165,023	16,482	148,541
Total	309,880	53,485	256,395	216,558	33,530	183,028

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 on the basis of the resulting deferred tax assets (if applicable, before impairment) using the combined tax rate.

Total corporate income tax losses amounted to € 233.6 million as of the balance sheet date (prior year: € 306.9 million). Loss carry-forward of € 164.1 million (prior year: € 242.8 million) also resulted from other income tax categories, primarily from trade tax in Germany and the US state tax.

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

In 2007, new tax losses were incurred by Symrise Mexico (€ 12.6 million). As in 2006, the losses in Mexico refer again to exchange losses from financing activities and can be offset against future profits. We expect to be able to use the tax loss carry-forward in Mexico (€ 23.6 million) despite legal restrictions, which were taken into account when recognizing an allowance of € 4.0 million on the respective deferred tax asset.

In contrast to last year, trade tax loss carry-forwards of € 78.9 million relating to Symrise AG were categorized as utilizable, as plans and concepts were established in 2007 to utilize these losses. This gave rise to deferred tax assets of € 10.3 million.

Furthermore, the loss carry-forwards from US state tax were partly categorized as not utilizable, as they result from the time before the business combination and their use is restricted due to local tax regulations. The corresponding impairment of deferred tax assets amounted to € 0.9 million (prior year: € 3.6 million).

Corporate income tax loss carry-forwards in France were partly categorized as not utilizable, as it cannot be assumed they can be fully offset by taxable income in the foreseeable future. The corresponding impairment of deferred tax assets amounted to € 5.0 million.

The calculation of foreign income tax is based on the laws and regulations of the respective country. The income tax rates vary from 15% to 42% for the group entities excluding financing entities.

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8.8. Other Noncurrent Assets and Receivables

T€	2006	2007
Derivative financial instruments	11,171	9,301
Security, guarantee and rental deposits	1,358	1,239
Loans to customers/employees	1,231	976
Other receivables	294	243
Total	14,054	11,759

Derivative financial instruments represent the fair value of interest rate swaps (see note 8.3).

The carrying amount of the other noncurrent assets and receivables corresponds to their fair value.

8.9. Other Investments

Noncurrent investments comprise mainly long-term fixed-interest rate government bonds, municipal bonds, bank bonds, and shares in investment funds held in compliance with legal pension requirements in Austria and trade investments.

8.10. Intangible Assets

2006	Goodwill	Recipes ¹⁾ with finite useful life	Recipes ¹⁾ with indefinite useful life	Other intan- gible assets ²⁾ with finite useful life	Other intan- gible assets ³⁾ with indefinite useful life	Advance payments	Total
in T€							
Cost							
As at January 1, 2006	459,880	494,465	65,576	30,593	11,202	5,478	1,067,194
Acquisition of Kaden	3,198	2,709	0	0	0	0	5,907
Additions	0	0	0	1,513	0	6,138	7,651
Currency translation differences	-15,771	-11,832	-1,586	-931	0	0	-30,120
Disposals	0	0	0	-5,079	0	0	-5,079
Transfers	0	0	0	4,417	0	-4,417	0
Transfers with tangibles	0	0	0	-78	0	0	-78
As at December 31, 2006	447,307	485,342	63,990	30,435	11,202	7,199	1,045,475
Accumulated Amortiza- tion/Impairment							
As at January 1, 2006	-36,888	-163,994	0	-16,781	0	0	-217,663
Charges for the financial year	0	-40,321	0	-4,171	0	0	-44,492
Impairment losses	0	0	0	-114	0	0	-114
Currency translation differences	1,976	4,526	0	544	0	0	7,046
Disposals	0	0	0	4,665	0	0	4,665
Transfers with tangibles	0	0	0	4	0	0	4
As at December 31, 2006	-34,912	-199,789	0	-15,853	0	0	-250,554
Carrying amounts							
As at January 1, 2006	422,992	330,471	65,576	13,812	11,202	5,478	849,531
As at December 31, 2006	412,395	285,553	63,990	14,582	11,202	7,199	794,921

¹⁾ Recipes consist mainly of production formulas and know-how

²⁾ Software, concessions, patents

³⁾ Trademarks

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2007	Goodwill	Recipes ¹⁾ with finite useful life	Recipes ¹⁾ with indefinite useful life	Other intan- gible assets ²⁾ with finite useful life	Other intan- gible assets ³⁾ with indefinite useful life	Advance payments	Total
T€							
Cost							
As at January 1, 2007	447,307	485,342	63,990	30,435	11,202	7,199	1,045,475
Acquisitions of Subsidiaries ⁴⁾	10,114	2,500	0	1,131	0	0	13,745
Additions	0	2,686	0	1,996	0	6,187	10,869
Currency translation differences	-12,378	-9,826	-928	-816	0	0	-23,948
Disposals	0	-226	0	-1,420	0	0	-1,646
Transfers	0	0	0	1,857	0	-1,857	0
As at December 31, 2007	445,043	480,476	63,062	33,183	11,202	11,529	1,044,495
Accumulated Amortization/ Impairment							
As at January 1, 2007	-34,912	-199,789	0	-15,853	0	0	-250,554
Charges for the financial year	0	-35,414	0	-3,806	0	0	-39,220
Currency translation differences	1,794	4,443	0	569	0	0	6,806
Reversal of impairments	0	0	0	55	0	0	55
Disposals	0	11	0	1,420	0	0	1,431
As at December 31, 2007	-33,118	-230,749	0	-17,615	0	0	-281,482
Carrying amounts							
As at January 1, 2007	412,395	285,553	63,990	14,582	11,202	7,199	794,921
As at December 31, 2007	411,925	249,727	63,062	15,568	11,202	11,529	763,013

¹⁾ Recipes consist mainly of production recipes

²⁾ Software, concessions, patents

³⁾ Trademarks

⁴⁾ See Note 8.13

In 2007, internal development expenses of € 0.6 million (2006: € 0.3 million) were capitalized at cost. They have been assessed as having a finite life and will be amortized under the straight-line method over a period of five years. All other intangible assets with finite useful life mainly comprise acquired software including internal implementation cost.

Trademarks of € 11.2 million stated under other intangible assets with indefinite useful life mainly represent intangible assets purchased in a business combination on October 1, 2002.

Recipes with a finite useful life are amortized over their estimated useful life according to their product life cycle, but not exceeding 20 years.

The recoverable amount of an asset is based on its calculated value in use and is determined at the relevant cash-generating unit level. In determining the value in use of the cash-generating unit, the estimated future cash flows were discounted at nominal rates of 7.57% (prior year: 7.6%) on a post-tax basis.

Pursuant to IFRS, goodwill is tested for impairment on an annual basis. Based on the impairment test performed as at September 30, 2007, no impairment loss had to be recognized.

Acquisition of subsidiaries of € 13.7 million represents the acquisition of Steng Ingredients Ltd., Suffolk, Great Britain, on February 28, 2007 and of Aromatics SAS, France, on July 31, 2007.

Additions to recipes with finite useful life of € 2.7 million (GBP 1.8 million) arose from the purchase of the food ingredients flavorings operations of Unilever in Great Britain on August 31, 2007.

The amortization of recipes is allocated to production and therefore included in the cost of sales. The amortization of the other intangible assets is allocated to the functional areas of the income statement.

8.11. Impairment Testing of Goodwill, Recipes and Trademarks with Indefinite Useful Lives

Goodwill acquired through business combinations has been allocated to two cash-generating units for impairment testing as follows:

- › Flavor & Nutrition
- › Scent & Care

The recoverable amount of a cash generating unit is determined based on values in use as at September 30, 2007. The cash flow projections are based on financial budgets covering a three-year period. The discount rate applied to cash flow projections is 7.57% (prior year: 7.60%) net of tax.

The carrying amount of goodwill as at September 30, 2007 amounts to € 284.2 million in Flavor & Nutrition and € 131.7 million in Scent & Care.

As in the prior year, all recipes with indefinite useful life were attributable to the Scent & Care division (€ 63.1 million). These recipes were also tested at unit level as the relevant cash-generating unit as at September 30, 2007; these tests did not reveal any impairment.

Trademarks with indefinite useful life have also been tested for impairment as at September 30, 2007. No impairment was identified.

The goodwill allocated to the Scent & Care division has been impaired by € 35.7 million since 2003. The impairment relates to the former Aroma Chemicals business sector.

Key Assumptions Used in the Recoverable Amount Calculation

The Group determined the value in use as the recoverable amount.

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill, recipes and trademarks.

The value in use was determined applying the discounted cash flow (DCF) method, discounting the free cash flows with the weighted average cost of capital (WACC).

The Group assumes annual cash flow growth rates to vary between the business units from 2007 to 2010. The average growth rate of sales is expected to be 6% for the periods until 2010, with no growth thereafter.

The WACC is based on a risk-free rate of 4.7% derived from the interest rate of German government bonds and a market risk premium of 5.0%. The unlevered beta-factor is 0.75 and the levered beta-factor is 0.80. The estimated cost of equity is 8.7% and the cost of debt 6.2%.

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Applying the above assumptions, the recoverable amount of the cash-generating units exceeds the carrying amount of their assets so that the testing on September 30, 2007 required no impairment of either goodwill or of recipes. The recoverable amount in both divisions significantly exceeds the respective carrying amount and thus the sensitivity of the impairment test to a change in the assumptions above is low.

8.12. Property, Plant and Equipment

2006 T€	Land and buildings	Plant and machinery	Equipment	Advance payments	Total
Cost					
As at January 1, 2006	286,287	194,223	90,163	28,656	599,329
Acquisition of Kaden	1,432	1,777	87	256	3,552
Additions	1,982	5,960	4,736	25,690	38,368
Currency translation differences	-7,602	-6,128	-1,941	-769	-16,440
Disposals	-2,541	-2,044	-6,448	-315	-11,348
Transfers	5,007	13,337	8,025	-26,369	0
Transfers from intangibles	0	0	78	0	78
As at December 31, 2006	284,565	207,125	94,700	27,149	613,539
Accumulated Depreciation/Impairment					
As at January 1, 2006	-46,465	-96,989	-50,802	0	-194,256
Charges for the financial year	-10,436	-14,172	-11,633	0	-36,241
Impairment losses	-254	0	-226	-859	-1,339
Currency translation differences	1,423	2,715	943	36	5,117
Reversal of impairments	1,249	499	102	0	1,850
Disposals	1,496	1,129	5,560	0	8,185
Transfers from intangibles	0	0	-4	0	-4
As at December 31, 2006	-52,987	-106,818	-56,060	-823	-216,688
Carrying amounts					
As at January 1, 2006	239,822	97,234	39,361	28,656	405,073
As at December 31, 2006	231,578	100,307	38,640	26,326	396,851

T€ 27,069 of the gross amount of the advance payments relates to assets under construction at their acquisition and construction cost.

The impairment losses of € 1.3 million represent the write-down of property, plant and equipment to the recoverable amount and mainly relates to site consolidations. The recoverable amount is based on the value in

use and is determined on the basis of future cash flows or the fair value less cost to sell.

The acquisition of Kaden Biochemicals GmbH, Hamburg, Germany, on January 1, 2006 resulted in additions from business combinations of € 3.6 million.

2007 T€	Land and buildings	Plant and machinery	Equipment	Advance payments	Total
Cost					
As at January 1, 2007	284,565	207,125	94,700	27,149	613,539
Acquisitions of subsidiaries ¹⁾	706	681	116	0	1,503
Additions	1,213	5,061	5,492	18,013	29,779
Currency translation differences	-4,763	-5,038	-1,339	-629	-11,769
Disposals	-2,485	-1,776	-2,249	-977	-7,487
Transfers	2,765	9,119	3,661	-15,545	0
Transfers/IFRS 5 ²⁾	-283	0	0	0	-283
As at December 31, 2007	281,718	215,172	100,381	28,011	625,282
Accumulated Depreciation/Impairment					
As at January 1, 2007	-52,987	-106,818	-56,060	-823	-216,688
Charges for the financial year	-9,941	-15,346	-11,516	-44	-36,847
Impairment losses	-48	0	0	0	-48
Currency translation Differences	1,143	2,426	686	36	4,291
Reversal of impairments	175	39	94	0	308
Disposals	798	1,405	1,987	831	5,021
Transfers	129	988	-1,117	0	0
Transfers/IFRS 5 ²⁾	119	0	0	0	119
As at December 31, 2007	-60,612	-117,306	-65,926	0	-243,844
Carrying amounts					
As at January 1, 2007	231,578	100,307	38,640	26,326	396,851
As at December 31, 2007	221,106	97,866	34,455	28,011	381,438

¹⁾ See Note 8.13

²⁾ Germany. See Note 8.6

T€ 27,507 of the advance payments relates to assets under construction at their acquisition and construction cost.

Acquisition of subsidiaries of € 1.5 million result from the acquisition of WWS Ltd./Steng Ingredients Ltd., Suffolk, Great Britain, on February 28, 2007 and of Aromatics SAS, France, on July 31, 2007.

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8.13. Acquisitions

Acquisition of WWS Ltd./Steng Ingredients Ltd., Suffolk, UK

On February 28, 2007, the Group acquired 100% of voting shares in WWS Ltd., which in turn holds 100% of voting shares in Steng Ingredients Ltd., Suffolk (UK). The fair value of the identifiable assets and liabilities of the two companies on the acquisition date were as follows:

T€	Book value	Fair value adjust- ments	2007 Fair value
Recipes	–	2,500	2,500
Equipment	483	–	483
Noncurrent assets	11	–	11
Current assets	1,346	–	1,346
Liabilities to bank	–3,367	–	–3,367
Deferred tax liabilities	–55	–700	–755
Noncurrent liabilities and provisions	–649	–	–649
Net identifiable assets and liabilities	–2,231	1,800	–431
Goodwill arising on acquisition			4,755
Cost of acquisition			4,324
Less deferred consideration			678
Cash outflow			3,646

Since the date of their initial consolidation on February 28, 2007, Steng Ingredients Ltd. of Suffolk (UK) has contributed T€ 4,627 to Group sales and T€ 138 to the consolidated income in 2007. Assumed the acquisition has taken place at 01.01.2007 the estimated sales would be T€ 5,600 and the profit T€ 166. The expected sales for 2008 are T€ 8,700.

Recipes were valued using the license price method, based on a licensing rate of 7.3%. The Company estimates the time limitation of the use of the recipes of Steng at ten years and uses the straight-line method for amortization.

Under the purchase agreement, the equivalent of T€ 364 (T GBP 268) is due on March 1, 2008, and T€ 257 (T GBP 189) is due on March 1, 2009.

The distribution channels of Steng Ingredients Ltd. will give Symrise access to both the market for ready-to-use ingredients and the growing market of fast-food restaurant chains. The acquisition also expands Symrise's competence in the field of culinary applications.

Acquisition of Aromatics SAS, France

On July 31, 2007, Symrise completed its successive acquisition to obtain the remaining 60% of the voting shares of Aromatics SAS in France, giving it 100 % of all voting shares. Aromatics SAS in turn directly and indirectly holds 100% of

the shares of Origines S.a.r.L., Madagascar, and Aromatics S.a.r.L., Madagascar.

The fair value of the identifiable assets and liabilities of the two companies on the acquisition date were as follows:

T€	Book value	Fair value adjustments	2007 Fair value
Buildings, equipment	466	553	1,019
Know-how	0	1,119	1,119
Noncurrent assets	18	-	18
Current assets	3,837	-	3,837
Liabilities to bank	-1,592	-	-1,592
Deferred tax liabilities	0	-558	-558
Current liabilities and provisions	-1,710	-	-1,710
Net identifiable assets and liabilities (100%)	1,018	1,115	2,133
Less net assets relating to the interest previously held by Symrise			853
Net assets relating to the 60% acquired as of July 31, 2007			1,280
Goodwill			1,815
Cost of acquisition			3,095
Less deferred consideration			900
Less cash acquired			20
Cash outflow for the acquisition of the 60% interest			2,175

The total Goodwill related to the step-up acquisition of Aromatics SAS amounts to T€ 5,359, the total payable to T€ 7,165. The purchase price of the 40% acquisition of T€ 4,070 was fully paid in cash in 2006.

Since the date of their initial consolidation on July 31, 2007, until year-end 2007 Aromatics, has contributed T€ 605 to Group sales and a loss of T€ 213 to the consolidated income in 2007. Assuming the acquisition had taken place at January 1, 2007 the estimated sales would be T€ 1,400 and the loss T€ 70.

The expected sales for 2008 are T€ 1,100. An additional benefit is not reflected in sales but in more favorable raw material costs based on the special vanilla know-how of Aromatics.

Buildings & technical equipment has been revalued by a surveyor which led to a step-up of T€ 553. Aromatics, focused on vanilla extraction, developed a special technology which leads to advanced vanilla extraction capabilities. This knowledge is valued with T€ 1,100 by using the licence price method and an assumed royalty rate of 9%. The useful life is estimated with six years and will be amortized using the straight-line method.

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8.14. Provisions

2007 T€	Environ- mental	Restruc- turing	Other	Total
As at January 1, 2007	679	14,980	315	15,974
Additional provisions	198	612	50	860
Reversals	0	-3,304	0	-3,304
	877	12,288	365	13,530
Currency translation differences	0	-137	-25	-162
Utilized during the year	-678	-8,645	-42	-9,365
Interest expense	0	86	0	86
As at December 31, 2007	199	3,592	298	4,089
Thereof:				
Current	199	3,504	298	4,001
Noncurrent	0	88	0	88
Total	199	3,592	298	4,089

Environmental Provisions

The provision set up for environmental measures will be utilized by the end of 2008.

Restructuring Provisions

The Group has continued the project "Fit for Growth", which represents a number of restructuring measures designed to make the Group's organization leaner and more efficient and reduce the Group's activities to its core competencies.

The noncurrent portion of the restructuring provision is expected to be utilized in 2009.

Restructuring provisions of € 3.3 million (prior year: € 3.7 million) were released as the expenses for undertaken measurements were lower than expected.

8.15. Current Borrowings

T€	2006	2007
Bank borrowings	170,232	174,931
Shareholder loans	6,131	0
Interest accruals	258	411
Other financial liabilities	1,355	1,353
Total	177,976	176,695

Current bank borrowings are not secured and are attributable to:

2006 T€	Installments/ Maturity date	Nominal value	Carrying amount	Nominal interest rate	
Borrowings					
Symrise GmbH & Co. KG					
Senior facility – Term B	March 2007	80,900	80,354	Euribor + 0.60%	4.27%
Symrise Luxembourg S.a.r.l., Luxembourg					
Senior facility – Term B	March 2007	33,000	32,777	Euribor + 0.60%	4.27%
Symrise Mauritius Ltd., Mauritius					
Senior facility – Term B	March 2007	55,000	54,628	Euribor + 0.60%	4.27%
Symrise Limited, China					
China Construction Bank	March 2007	1,943	1,943	5.27 %	5.27%
Symrise S.A.E., Egypt					
Bank of Nova Scotia	Credit line	486	486	11.75%	11.75%
Bank overdrafts		44	44		
Total		171,373	170,232		

2007 T€	Installments/ Maturity date	Nominal value	Carrying amount	Nominal interest rate	
Borrowings					
Symrise GmbH & Co. KG					
Senior Facility – Term B	March 2008	40,000	39,559	Euribor + 0.5%	5.27%
Senior Facility – Term A – EUR	Dec. 13, 2008	11,700	11,614	Euribor + 0.5%	5.27%
Senior Facility – Term A – USD	Dec. 13, 2008	6,800	6,759	Libor + 0.5%	5.35%
Symrise Luxembourg S.a.r.l., Luxembourg					
Senior Facility – Term B	March 2008	33,000	32,820	Euribor + 0.5%	5.27%
Senior Facility – Term A – EUR	Dec. 13, 2008	11,000	10,920	Euribor + 0.5%	5.27%
Symrise Mauritius Ltd., Mauritius					
Mauritius Senior Facility – Term B	March 2008	55,000	54,700	Euribor + 0.5%	5.27%
Senior Facility – Term A – EUR	Dec. 13, 2008	13,000	12,904	Euribor + 0.5%	5.27%
Symrise Holding Ltd., UK					
Senior Facility – Term A – EUR	Dec. 13, 2008	2,300	2,267	Euribor + 0.5%	5.27%
Symrise Holding Inc., USA					
Senior Facility – Term A – USD	Dec. 13, 2008	3,398	3,213	Libor + 0.5%	5.35%
Aromatics SAS, France					
Bank overdrafts	Credit line	175	175	16.0%	16.0%
Total		176,373	174,931		

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Bank borrowings with a nominal value of T€ 10,373 (2006: T€ 2,429) are denominated in foreign currencies, mainly in US dollars.

An amount of € 127.1 million (2006: € 168.9 million) of current liabilities to banks relates to borrowings available to the Group under a revolving credit facility of € 300.0 million (Senior Facility – Term B) until December 13, 2011.

As at December 31, 2007, the Group had € 172.0 million of undrawn committed borrowing facilities available (2006: € 131.1 million including the facility in place for acquisitions and restructuring projects).

Due to the floating interest and corresponding cash flow, it can be assumed that the carrying amount of all borrowings corresponds to their fair value on the reporting date.

Shareholder Loans

Current shareholder loans of T€ 6,131 in 2006 were attributable to the remainder of shareholder loans, which were previously classified as non-current. The remainder has been repaid in full in January 2007.

Other Financial Liabilities

The purchase price of Steng Ingredients Ltd., England, was partially financed through the granting of loan notes. The debt remaining on December 31, 2007, was T€ 621, of which T€ 364 was allocated to current and T€ 257 to non-current liabilities. On April 1, 2007, the second installment of T€ 874 was paid on the loan notes granted for the acquisition of Flavour Direct. The remaining debt was T€ 810 as at December 31, 2007.

8.16. Other Current Liabilities

T€	2006	2007
Payroll taxes	5,565	19,607
Management Participation Program	46,837	2,015
Outstanding invoices	43,194	19,728
Liabilities to personnel	35,021	35,881
Warrant agreement	10,717	0
Miscellaneous other liabilities	15,729	25,332
Total	157,063	102,563

The warrant liability of € 10.7 million reported on December 31, 2006, was paid in full on January 19, 2007. Further liabilities of € 7.0 million related to the initial public offering were settled in the first half of 2007.

Liabilities to personnel primarily relate to bonus liabilities already earned, but not paid out, from vacation yet to be taken, and from accrued flexitime.

Miscellaneous other liabilities mainly relate to wages and salaries, social security contribution, VAT and other taxes.

Management Participation Program (MPP)

Through the MPP, a number of senior managers and some members of the former shareholder committee were offered a participation program that, in return for cash payment, entitles the participants to a bonus payment. The value of the bonus was based on the average share price of the last 60 trading days before December 11, 2007. On December 31, 2007, a small amount of the bonus payment was outstanding to mostly former employees.

8.17. Other Noncurrent Liabilities

T€	2006	2007
Liabilities to personnel	8,887	7,967
Miscellaneous other liabilities	8,050	8,704
Total	16,937	16,671

Liabilities to Personnel

Liabilities to personnel mainly relate to provisions for long-service awards, phased early retirement and other personnel expenses.

8.18. Defined Benefit Obligations

The individual entities have established pension plans that are either financed directly by the recognition of provisions by the individual Group entities or by contributions to external investment fund companies. The way these benefits are provided to employees varies according to legal regulations, fiscal requirements and economic conditions of the countries. The Group also has agreed in some countries to provide certain additional post-employment healthcare benefits. These benefits are generally funded. Retirement benefits and healthcare benefits are generally based on the employee's wage or salary and years of service. The obligations relate both to existing retirees and to entitlements of future retirees. Current expenditures, except interest on pensions, are included in the Group's operating result.

The active membership of employees of the former Haarmann & Reimer GmbH, Germany, in the Pension Fund of Bayer AG was terminated on March 31, 2003. The employees of Haarmann & Reimer GmbH who had acquired vested pension rights as of this date automatically became passive members of the pension fund.

A new pension scheme was established in Germany covering all Symrise employees on equal terms. However, former Haarmann & Reimer employees have been guaranteed that their benefits continue on the previous terms.

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PENSION EXPENSES

2006 T€	Defined Group benefit plans	Post-employment healthcare benefits, USA	Total Group pension plans
Service cost	12,432	294	12,726
Past service cost	104	0	104
Interest expense	8,567	557	9,124
Projected return on plan assets	-970	0	-970
Amortization of plan amendment (USA)	0	-619	-619
Settlements USA, Brazil	-1,067	0	-1,067
Recognized actuarial losses	1,299	0	1,299
Pension expense	20,365	232	20,597
Actual return on plan assets	1,338	0	1,338
2007 T€	Defined Group benefit plans	Post-employment healthcare benefits, USA	Total Group pension plans
Service cost	11,685	199	11,884
Past service cost	94	0	94
Interest expense	9,396	466	9,862
Projected return on plan assets	-1,189	0	-1,189
Amortization of plan amendment (USA)	0	-648	-648
Recognized actuarial losses	283	0	283
Pension expense	20,269	17	20,286
Actual return on plan assets	298	0	298

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The pension expenses are recognized in the following items of the income statement:

T€	2006	2007
Cost of sales	4,853	4,409
Selling and marketing expenses	3,811	3,461
Research and development expenses	1,995	1,813
Administration expenses	815	740

Movement in the present value of plan assets:

T€	2006	2007
Fair value of plan assets at 1 January	17,126	18,681
Contributions paid into the plan	2,937	2,563
Benefits paid by the plan	-846	-2,218
Expected return on plan assets	970	1,189
Actuary losses (-)/gains (+)	420	-217
Additions of a new scheme	0	2,454
Currency translation differences	-1,926	-1,840
Fair value of plan assets at 31 December	18,681	20,612

The fair value of the main groups of plan assets amount to:

	Plan USA 2006	Plan Japan 2006	Plan USA 2007	Plan Japan 2007
T€				
Debt securities	8,075	1,089	7,070	1,460
Equity instruments	6,290	2,514	7,175	1,783

The length of service adjustments to plan assets in the US amounted to T€ -50 (2006: T€ 302) in 2007. The experience adjustments to plan assets in Japan came to T€ -168 (2006: T€ 118) in 2007. The experience adjustments to the liabilities from the defined benefit obligation for Germany amounted to T€ 3,074 (actuarial gain) (2006: T€ 1,334 actuarial gain).

The actuarial assumptions and valuations are based on the following parameters, which vary from country to country due to the economic conditions:

	Parameters 2006	Parameters 2007
%		
Discount rate		
Germany	4.50	5.35
USA	5.75	6.50
Other countries vary from	2.0 to 10.0	2.0 to 6.0
Projected return on plan assets		
Germany	n.a.	n.a.
USA	7.00	7.00
Other countries (Japan only)	2.40	2.10
Salary increases		
Germany	1.70	1.90
USA	4.25	4.25
Other countries vary from	2.0 to 8.0	1.5 to 5.0
Pension increase		
Germany	1.70	1.90
Medical cost trend rate USA	11.0	9.0

A 1% change in anticipated cost trends for healthcare benefits would have the following effects:

	Increase 2006	Decrease 2006	Increase 2007	Decrease 2007
T€				
Effect on defined benefit obligation	423	373	361	324
Effect on service cost	44	39	39	35

The entity in the US provides healthcare services to its employees. These costs are valued based on the assumption that the medical cost trend rate for 2008 remains at 9% (2006: increase of 1% to 11%) and declines by 2% every two years to a minimum of 5% from 2012 onwards (prior year: declining of 5% as well).

Liabilities from defined benefit obligation:

T€	2006	2007
Defined benefit obligation, unfunded	194,688	176,302
Defined benefit obligation, funded	24,695	24,266
Total value of obligations	219,383	200,568
Fair value of plan assets	18,681	20,613
Unrecognized plan amendment gain	7,719	6,311
Unrecognized actuarial gains/losses	-27,856	29
Unrecognized past service costs	-101	0
Recognized liability for defined benefit obligations	180,464	186,295
Payment liability Management Participation Program	46,837	2,015
Total employee benefit	227,301	188,310

The defined benefit obligation in Germany amounts to T€ 153,156, in the US to T€ 25,810 and in Austria to T€ 9,498.

T€ 24,266 (2006: T€ 24,695) of the defined benefit obligations relates to the funded benefit obligation and T€ 176,302 (2006: T€ 194,688) is unfunded.

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The liability has changed as follows:

2006	Defined benefit plans of the Group	Post-employment healthcare benefits, USA	Total pension plans of the Group
T€			
Liability			
Liability as benefit obligation as at January 1	155,223	18,955	174,178
Exchange gains/losses	-1,035	-1,953	-2,988
Pension expense	20,365	232	20,597
Employer contributions	-2,310	-592	-2,902
Benefit payments	-8,421	0	-8,421
Pension liability as at December 31	163,822	16,642	180,464

2007	Defined benefit plans of the Group	Post-employment healthcare benefits, USA	Total pension plans of the Group
T€			
Liability			
Liability as benefit obligation as at January 1	163,822	16,642	180,464
Exchange gains/losses	-793	-1,724	-2,517
Pension expense	20,269	17	20,286
Employer contributions	-2,123	-349	-2,472
Benefit payments	-8,548	0	-8,548
Disposal USA	-918	0	-918
Pension liability as at December 31	171,709	14,586	186,295

All significant pension obligations are subject to annual actuarial valuations.

The Group made contributions to statutory pensions and other pension benefits of € 10.3 million (2006: € 9.9 million). The share attributable to German companies was € 10.0 million. These contributions were classified as a defined contribution plan.

Historical information:

T€	2003	2004	2005	2006	2007
Present value of defined benefit obligation	172,177	183,221	217,017	219,383	200,567
Fair value of plan assets	-15,970	-15,691	-17,126	-18,681	-20,613
Deficit in plan	156,207	167,530	199,891	200,702	179,954
Experience adjustments arising on plan liabilities (Germany)	n.a.	n.a.	n.a.	-1,334	-3,074
Experience adjustments arising on plan assets	n.a.	n.a.	n.a.	420	-217

The group expects T€ 2,273 in contributions to be paid to the funded defined benefit plans in 2008 and T€ 9,089 in benefits to be paid for the unfunded plans in 2008.

8.19. Noncurrent Borrowings

Noncurrent borrowings comprise the following:

T€	2006	2007
Bank borrowings	490,439	430,625
Interest accruals	0	11
Other financial liabilities	2,086	1,331
Total	492,525	431,967

Bank borrowings (nominal value) include an amount of T€ 91,787 (2006: T€ 113,774) in foreign currencies (mainly USD).

The unamortized transaction costs differing between the carrying amounts and nominal values of the bank borrowings amounted to T€ 3,162 (2006: T€ 3,335).

BORROWINGS 2006 T€	Due on	Nominal value	Carrying amount	Nominal interest rate	
Symrise GmbH & Co. KG, Holzminden, Germany					
Senior Facility – Term A – EUR	Dec. 13, 2011	117,000	116,211	Euribor + 0.6%	4.27%
Senior Facility – Term A – USD	Dec. 13, 2011	75,850	75,334	Libor + 0.6%	5.95%
Symrise Holding Inc., USA					
Senior Facility – Term A – USD	Dec. 13, 2011	37,924	37,667	Libor + 0.6%	5.95%
Symrise Holding Ltd., UK					
Senior Facility – Term A – EUR	Dec. 13, 2011	23,000	22,845	Euribor + 0.6%	4.27%
Symrise Luxembourg S.a.r.l., Luxembourg					
Senior Facility – Term A – EUR	Dec. 13, 2011	110,000	109,258	Euribor + 0.6%	4.27%
Symrise Mauritius Ltd., Mauritius					
Senior Facility – Term A – EUR	Dec. 13, 2011	130,000	129,124	Euribor + 0.6%	4.27%
Total		493,774	490,439		
BORROWINGS 2007 T€	Due on	Nominal value	Carrying amount	Nominal interest rate	
Symrise GmbH & Co. KG, Holzminden, Germany					
Senior Facility – Term A – EUR	Dec. 13, 2011	105,300	104,526	Euribor + 0.5%	5.27%
Senior Facility – Term A – USD	Dec. 13, 2011	61,190	60,657	Libor + 0.5%	5.35%
Symrise Holding Inc., USA					
Senior Facility – Term A – USD	Dec. 13, 2011	30,597	30,500	Libor + 0.5%	5.27%
Symrise Holding Ltd., UK					
Senior Facility – Term A – EUR	Dec. 13, 2011	20,700	20,526	Euribor + 0.5%	5.27%
Symrise Luxembourg S.a.r.l., Luxembourg					
Senior Facility – Term A – EUR	Dec. 13, 2011	99,000	98,272	Euribor + 0.5%	5.27%
Symrise Mauritius Ltd., Mauritius					
Senior Facility – Term A – EUR	Dec. 13, 2011	117,000	116,044	Euribor + 0.5%	5.27%
Total		433,787	430,625		

Repayment of Bank Borrowings

The senior facility Term A is repayable from 2008 to 2011 in the following installments:

2008	2009	2010	2011
10%	15%	15%	60%

The basis for the repayment calculation is the nominal loan amount of T€ 481,985. This amount consists of: a) a portion denominated in euros amounting to T€ 380,000 and b) a portion denominated in US dollars amounting to T\$ 150,000. The exchange rate used for the currency conversion of the senior Term A facility was 1.4708 USD/EUR.

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Securities

The total nominal loan amount of the above-mentioned facilities originally amounted to € 680.0 million and USD 150.0 million respectively, of which € 508.0 million and USD 150.0 million were drawn as at December 31, 2007. The loans are measured at amortized cost and recorded as current and noncurrent borrowings. As at December 31, 2007, therefore, the Group has access to € 172.0 million of undrawn committed borrowing facilities (prior year: € 131.1 million). Reference is made to note 8.15.

Symrise has agreed to the following financial covenants with the financing banks:

- a) EBITDA/Net interest expenses
- b) Net debt/EBITDA

These covenants will be measured quarterly.

Other Financial Liabilities

Symrise acquired all of the shares of Kaden Biochemicals GmbH, Hamburg, Germany, on January 1, 2006. According to the contractually agreed payment terms, T€ 1,200 of the purchase price is not due until the beginning of 2009. The effective interest rate is 4% p.a. Regarding the liabilities resulting from the acquisition of Steng, we refer to note 8.15. The acquisition of Aromatics SAS led to a liability of T€ 600.

8.20. Commitments and Contingencies

As at December 31, 2007, the Group had the following commitments and contingencies:

Operating Leases

Commitments relate to non-cancelable operating lease agreements mainly from motor vehicles and buildings. Some of these leases have terms of renewal or escalation clauses, but no purchase options. The aggregate future net lease payments are as follows:

T€	Minimum operating lease pay- ments 2007	Operating sublease payments receivable 2007	Net operating lease payments 2007	Net operating lease payments 2006
In the fiscal year	8,640	-291	8,349	13,239
Due in current year	1,241	0	1,241	0
Due next year	7,081	-355	6,726	5,818
Due in two years	6,148	-215	5,933	4,460
Due in three years	4,359	-120	4,239	3,190
Due in four years	2,995	-61	2,934	2,718
Due in five years	2,446	-61	2,385	2,099
Due in six years or thereafter	10,779	-107	10,672	8,613
Total	43,689	-1,210	42,479	40,137

Issuance and Endorsement of Bills

As at December 31, 2007, commitments and contingent liabilities towards third parties comprise the issuance and endorsement of trade and commercial bills of T€ 22 (2006: T€ 167).

Other Commitments

As at December 31, 2007, the Group has commitments of T€ 4,727 related to the purchase of property, plant and equipment (2006: T€ 4,754). These commitments are mainly related to production equipment. Additional commitments of T€ 38,746 (2006: T€ 22,729) relate to open purchase contracts for other assets and services.

Effective as at February 1, 2006, Symrise GmbH & Co. KG signed a service agreement with Atos Origin GmbH concerning the outsourcing of internal information technology, with a term of ten years. The remuneration to be paid will decrease steadily over the term of the agreement from € 12.6 million in 2008 to € 11.2 million in 2015. The total obligation to Atos amounts to € 108.4 million.

On March 30, 2007, Symrise GmbH & Co. KG signed two research and development contracts with terms of three years each and total costs of € 3.8 million. These agreements took effect on April 1, 2007. The two contractual partners are AnalytiCon Discovery GmbH (Potsdam) and BRAIN Biotechnology Research and Information Network AG (Zwingenberg).

Contingent Assets

As at December 31, 2007, there were no contingent assets (2006: 0).

8.21. Share Capital

In 2007, the authorized and issued share capital of Symrise AG remained unchanged. Shares of 118,173.3 thousand, each with a notional value of € 1.00 have been issued and fully paid.

Authorized Capital

On December 1, 2006, the extraordinary Shareholders' Meeting authorized the Executive Board, with the consent of the Supervisory Board, increasing the Company's capital stock by up to € 40.0 million on one or more occasions by October 31, 2011, by issuing new bearer shares without par value. The participating rights of new shares may be determined in deviation from Sec. 60 AktG.

The shareholders are to be granted a subscription right. However, the Executive Board may exclude this subscription right with the consent of the Supervisory Board:

1. If capital increases are made in return for noncash contributions for the purpose of acquiring companies or shares in companies.
2. If this is necessary to grant holders of the warrants and convertible bonds issued by Symrise AG or its subsidiaries a right to subscribe to new shares to the extent that they would have such a right upon exercising the option or warrant or upon meeting obligations arising from the option or warrant.

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 the shares already listed on the date of finally determining the issue price, whereby as part of the restriction of 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 shareholder in application of Sec. 186 (3) Sentence 4 AktG is excluded upon use of the authorization to sell treasury shares and use the authorization to issue conversion options or warrants.

8.22. Capital and Other Reserves

The following table shows the change in the capital reserve in 2007:

€ million	
As at January 1, 2007	1,119.8
Release of capital reserve	-150.0
Capital increase of issuing costs, after tax	1.1
As at December 31, 2007	970.9

In 2006, the capital reserve was reduced by € 16.7 million of issuing costs net of tax. In 2007, the capital reserve was increased by € 1.1 million net of tax. This increase is due to lower than expected initial public offering costs.

€ 150.0 million were transferred from the capital reserve. This part of the capital reserve originates from other payments of the shareholder in accordance with Sec. 272 clause 2 no. 4 HGB.

The revaluation reserve increased in 2007 by € 0.4 million based on the acquisition of the additional 60% of the shares of Aromatics SAS, France on July 31, 2007.

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9. FINANCIAL INSTRUMENTS

Payment Risk

Disclosure of categories according IAS 39

The financial instruments, classified to categories according IAS 39, are as follows:

T€	2006	2007
Assets		
Trade receivables	211,922	214,478
Other assets and receivables	7,603	6,265
Loans and receivables	219,525	220,743
Financial assets available for sale	2,716	4,583
Financial instruments stated as fair value	11,949	9,301
Liabilities		
Trade payables	67,381	72,424
Borrowings	492,525	608,662
Sundry liabilities	4,149	7,061
Financial liabilities stated at amortized costs	564,055	688,147

Credit Risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as of the reporting date was:

T€	2006	2007
Financial assets available for sale	2,716	2,605
Financial assets at fair value through profit or loss	11,949	9,301
Loans and receivables	219,525	220,743
Cash and cash equivalents	65,280	79,250
	299,470	311,899

The table below shows the net gains/losses recognized in the Income Statement:

T€	2006	2007
Financial assets at fair value through profit or loss	11,935	5,232
Loans and receivables	-3,024	-4,147
	8,911	1,085

The aging of trade receivables as of the reporting date was:

T€	2006			2007		
	Gross	Impairment	Net	Gross	Impairment	Net
Not yet due	179,837	3	176,834	184,448	0	184,448
Past due 1-30 days	20,348	0	20,348	21,631	3	21,628
Past due 31-90 days	7,657	303	7,354	7,524	24	7,500
Past due 91-360 days	5,352	1,131	4,221	3,303	2,401	902
More than one year	1,752	1,587	165	1,719	1,719	0
	214,946	3,024	211,922	218,625	4,147	214,478

The movement in the allowance for impairment in respect to trade receivables during the year was as follows:

T€	2006	2007
Balance on January 1	4,830	3,024
Currency translation differences	- 185	- 124
Impairment loss recognized	735	2,803
Utilized during the year	-535	-1,001
Reversal	-1,821	-555
Balance on December 31	3,024	4,147

Symrise has exposure to currency risk only in US dollars. All other currencies are either the local functional currency or the items are denominated in euro. The net risk from foreign currency translation was as follows:

Dec. 31	2006 TUSD	2006 T€	2007 TUSD	2007 T€
Currency risk from balance sheet items	7,726	5,860	12,609	8,573
Thereof financial assets	14,574	11,054	33,566	22,822
Thereof financial liabilities	-6,848	5,194	-20,597	-14,004
Change in future net income and equity resulting from a 10% rise of the euro	390	296	545	371

The assumptions of the sensitivity analysis are that all variables are left the same with the exceptions of a movement in the currency relation.

10. RELATED PARTY TRANSACTIONS

Related parties which, prior to the IPO, had control over the Group are the various EQT funds as the other shareholders had agreed on a former shareholding pool in the shareholder agreement, in which EQT was granted special rights. Since they sold their shares completely, there is no significant influence.

Executive Board members, former general managers, Supervisory Board members and former shareholder representatives also qualify as related parties.

Mr. Horst-Otto Gerberding granted shareholder loans to Symrise AG, which as at December 31, 2007, had been repaid apart from a residual amount of T€ 593. In addition, Mr. Horst-Otto Gerberding received remuneration of T€ 804 (2006: T€ 804) related to his resignation as managing director in 2003.

Mr. Göran Lundberg is the owner of Göran Lundberg Development AB. Symrise Holding GmbH, as the predecessor of Symrise AG, entered into a consultancy contract dated November 5, 2002, with this company for services related to the integration process. The agreement was terminated as at October 31, 2006. In fiscal year 2006, Göran Lundberg Development AB received a total of T€ 21 for consultancy services. There was no payment in 2007.

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Several former members of the shareholder committee of Symrise Holding GmbH participate in the “Board Participation Program Subscription Agreement”. On the basis of this agreement, the former shareholder committee members concluded a “Board Members’ Additional Remuneration

Agreement” with Symrise Holding GmbH. Mr. Lundberg is a participant in this program as well as being on the Supervisory Board of Symrise AG.

The total remuneration for members of the Advisory Board/Supervisory Board amounted to T€ 589 (2006: T€ 219).

SUPERVISORY BOARD REMUNERATION 2007

Name		Remuneration p.a.	Remuneration for earnings per share ¹⁾	Committees	Remuneration p.a. total	Remuneration pro rata	Committees	Payable for 2007
Göran Lundberg	Chairman until Dec. 12, 2007	40,000.00	32,800.00	22,500.00	95,300.00	90,339.00	8,000.00	98,339.00
Andreas Schmid	Chairman since Dec. 13, 2007	40,000.00	32,800.00	32,500.00	105,300.00	5,481.00	1,500.00	6,981.00
Horst-Otto Gerberding		20,000.00	16,400.00	5,000.00	41,400.00	41,400.00	6,500.00	47,900.00
Björn Hoi Jensen	until Oct. 26, 2007				0.00	0.00	0.00	0.00
Sanna Suvanto-Harsaae	since Oct. 26, 2007	20,000.00	16,400.00	7,500.00	43,900.00	8,058.00	2,000.00	10,058.00
Dr. John Garcia	until June 20, 2007	20,000.00	16,400.00		36,400.00	17,053.00	2,000.00	19,053.00
Klaus Kühn	since July 16, 2007	20,000.00	16,400.00	10,000.00	46,400.00	21,484.00	4,500.00	25,984.00
Dr. Peter Grafoner		20,000.00	16,400.00	9,375.00	45,775.00	45,775.00	9,000.00	54,775.00
Dr. Hans-Heinrich Gürtler		20,000.00	16,400.00		36,400.00	36,400.00	5,000.00	41,400.00
Dr. Helmut Frieden		20,000.00	16,400.00		36,400.00	36,400.00	5,000.00	41,400.00
Karl-Heinz Huchthausen	Vice Chairman	30,000.00	24,600.00	5,000.00	59,600.00	59,600.00	6,500.00	66,100.00
Regina Hufnagel		20,000.00	16,400.00	5,000.00	41,400.00	41,400.00	5,000.00	46,400.00
Helmut Tacke		20,000.00	16,400.00		36,400.00	36,400.00	5,000.00	41,400.00
Peter Winkelmann		20,000.00	16,400.00	2,500.00	38,900.00	38,900.00	9,000.00	47,900.00
Francesco Grioli		20,000.00	16,400.00		36,400.00	36,400.00	5,000.00	41,400.00
Total		330,000.00	270,600.00	99,375.00	699,975.00	515,090.00	74,000.00	589,090.00

¹⁾ Earnings per share: € 0.82

A few members of the Supervisory Board received additional bonus payments from the “Board Participation Program” (T€ 1,625). The remuneration for the Executive Board is shown in the management report.

The following table summarizes the stock transactions reported to the Company pursuant to Sec. 15 a WpHG [“Wertpapierhandelsgesetz”: German Securities Trading Act].

Name and position	Type of transaction	Type of security	Date, place	Number of shares	Price (€)	Total volume (€)
Dr. Heiner Gürtler (member of the Supervisory Board)	Purchase	Symrise no-par shares	12/11/2006 Xetra	11,594	17.25	199,996.50
Rainer Grimm (member of the Executive Board)	Purchase	Symrise no-par shares	5/25/2007 Xetra	2,000	20.46	40,920.00
Rainer Grimm (member of the Executive Board)	Purchase	Symrise no-par shares	8/9/2007 Xetra	2,000	19.96	39,920.00
Göran Lundberg (member of the Supervisory Board)	Purchase	Symrise no-par shares	8/10/2007 Xetra	5,000	19.62	98,100.00
Göran Lundberg (member of the Supervisory Board)	Purchase	Symrise no-par shares	8/13/2007 Xetra	5,000	19.06	95,300.00
Karl-Heinz Huchthausen (member of the Supervisory Board)	Purchase	Symrise no-par shares	8/13/2007 Xetra	200	19.48	3,986.00
Achim Daub (member of the Executive Board)	Purchase	Symrise no-par shares	8/14/2007 Xetra	1,300	18.50	24,050.00
Göran Lundberg (member of the Supervisory Board)	Purchase	Symrise no-par shares	8/15/2007 Xetra	6,000	18.63	111,780.00
Rainer Grimm (member of the Executive Board)	Purchase	Symrise no-par shares	8/16/2007 Xetra	3,000	17.93	53,790.00
Horst-Otto Gerberding (member of the Supervisory Board)	Purchase	Symrise no-par shares	8/17/2007 Xetra	32,423	17.96	582,317.08
Göran Lundberg (member of the Supervisory Board)	Purchase	Symrise no-par shares	8/21/2007 Xetra	4,000	18.95	75,800.00
Horst-Otto Gerberding (member of the Supervisory Board)	Purchase	Symrise no-par shares	8/24/2007 Xetra	27,021	17.97	485,567.37
Karl-Heinz Huchthausen (member of the Supervisory Board)	Purchase	Symrise no-par shares	9/10/2007 Xetra	200	18.25	3,650.00
Dr. Heinz-Jürgen Bertram (member of the Executive Board)	Transfer ¹⁾	Symrise no-par shares	12/14/2007	83,725	–	–
Dr. Gerold Linzbach (member of the Executive Board)	Transfer ¹⁾	Symrise no-par shares	12/17/2007	133,960	–	–
Achim Daub (member of the Executive Board)	Transfer ¹⁾	Symrise no-par shares	12/18/2007	10,466	–	–

¹⁾ The shares were transferred to the individual in connection with the Management Participation Program

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11. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

We refer to the risk report in our management report.

12. EVENTS AFTER THE BALANCE SHEET DATE

No significant events occurred after the balance sheet date.

13. AUDIT

The General Meeting of Symrise AG appointed the Hanover office of KPMG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Berlin, Germany, as auditors for fiscal year 2007 on May 15, 2007.

The following table provides an overview of auditors' fees:

Fees 2007

T€	2007
Audit services	864
Audit-related services	30
Tax advisory	155
Other services	124
Total	1,173

14. SHAREHOLDINGS IN SYMRISE AG

Symrise AG received the following notifications from company shareholders as of the balance sheet date pursuant to the provisions of the German Securities Trading Act ["Wertpapierhandelsgesetz": WpHG]:

Newton Investment Management Limited, Mellon Financial Centre, 160 Queen Victoria Street, London, UK, informed us in accordance with Sec. 21 (1) WpHG that its voting rights exceeded the 5% threshold on January 25, 2007 and that it has held 5.58% since this date. The voting rights are allocated in accordance with Sec. 22 (1) Sentence 1 No. 6 WpHG.

Schroders plc, London, Schroder Administration Limited and Schroder Investment Ltd., Great Britain, informed us in accordance with Sec. 21 (1) WpHG that its voting rights exceeded the threshold of 5% on December 12, 2006 and, since then, have amounted to 5.49%. These voting rights have been allocated to the companies in accordance with Sec. 22 (1) Sentence 1 No. 6 WpHG.

The following persons and entities also informed us in accordance with Sec. 21 (1) WpHG that they fell short of the threshold of 10% of voting rights in our company on December 13, 2006 and that they be granted 5.86% of the voting rights pursuant to Sec. 22 (1) Sentence 1 No. 1 WpHG:

- › Gerberding Vermögensverwaltung GmbH, Hungerborn 44, 37061 Holzminden, Germany
- › Herr Horst-Otto Gerberding, Hungerborn 44, 37061 Holzminden, Germany
- › Gerberding Vermögensverwaltungs GmbH & Co. KG, Hungerborn 44, 37061 Holzminden, Germany

Deutsche Bank AG, Frankfurt, Germany and DWS Investment GmbH, Frankfurt, Germany informed us in accordance with Sec. 21 (1) WpHG that its voting rights fell below the 3% threshold on June 18, 2007 and that it has held 2.79% since this date.

Massachusetts Financial Services, Boston, Massachusetts 02116, USA, informed us in accordance with Sec. 21 (1) WpHG that its voting rights exceeded the 3% threshold on June 29, 2007 and that it has held 3.03% since this date.

Threadneedle Asset Management Limited and Threadneedle Asset Management Holdings Limited, 60 St. Mary Axe, London, UK, as well as Ameriprise Financial Inc., 200 Ameriprise Financial Center, Minneapolis, USA, informed us in accordance with Sec. 21 (1) WpHG that their voting rights fell below the 3% threshold on July 2, 2007 and, since then, have amounted to 2.881%. These voting rights have been allocated to the companies in accordance with Sec. 22 (1) Sentence 1 No. 6 WpHG.

M & G Investment Funds (1), London, Great Britain, and M & G Investment Management Limited, London, Great Britain, as well as M & G Limited, London, Great Britain, M & G Group Limited, London, Great Britain, and Prudential plc., London, Great Britain, informed us in accordance with Sec. 21 (1) WpHG that their voting rights exceeded the 3% threshold on August 30, 2007 and, since then, have amounted to 3.04%. These voting rights have been allocated to the companies in accordance with Sec. 22 (1) Sentence 1 No. 6 WpHG.

JPMorgan Asset Management Holdings Inc., 270 Park Avenue, New York, USA, informed us in accordance with Sec. 21 (1) WpHG that its voting rights exceeded the 5% threshold on November 8, 2007 and, since then, have amounted to 5.17%. These voting rights have been allocated to JPMorgan in accordance with Sec. 22 (1) Sentence 1 No. 6 WpHG.

New Star Asset Management Ltd., London, Great Britain, informed us in accordance with Sec. 21 (1) WpHG that their voting rights exceeded the 3% threshold on October 19, 2007 and, since then, have amounted to 3.17%. These voting rights have been allocated to the companies in accordance with Sec. 22 (1) Sentence 1 No. 6 WpHG.

15. PROPOSAL FOR PROFIT APPROPRIATION

The Executive Board proposes to pay a dividend of 50 cent per share.

16. EXEMPTION FROM THE OBLIGATION TO PREPARE FINANCIAL STATEMENTS PURSUANT TO SEC. 264 B HGB

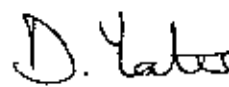
Symrise GmbH & Co. KG is included in the consolidated financial statements of Symrise AG pursuant to the provisions applicable to large corporations and is exempt from preparing, auditing and publishing financial statements in accordance with Sec. 264 b HGB.

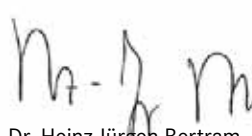
DrinkStar GmbH is included in the consolidated financial statements of Symrise AG pursuant to the provisions applicable to large corporations and is exempt from publishing financial statements in accordance with Sec. 264 III HGB.

Holzminden, Germany, February 27, 2008

Symrise AG
The Executive Board


Dr. Gerold Linzbach


Dominique Yates


Dr. Heinz-Jürgen Bertram


Achim Daub

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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, 2007. 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 27, 2008

KPMG Deutsche Treuhand-Gesellschaft
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Dr. Bartels-Hetzler
Wirtschaftsprüfer
(German Public Auditor)

Dr. Thümler
Wirtschaftsprüfer
(German Public Auditor)

Responsibility Statement ("Bilanzeid")

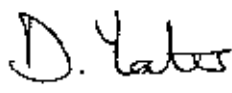
To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the group management report includes a fair review of the development 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, Germany, February 27, 2008

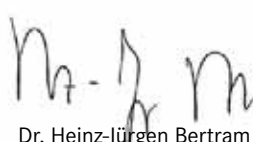
Symrise AG
The Executive Board



Dr. Gerold Linzbach



Dominique Yates



Dr. Heinz-Jürgen Bertram



Achim Daub

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Executive Board

Dr. Gerold Linzbach

(Chairman)

- › Duni AB, Sweden

Rainer Klaus Grimm

(CFO)

(until September 30, 2007)

- › Anthrex Inc., Naples, Florida, USA
(Non-executive member of Board of Directors)
- › Commerzbank Aktiengesellschaft Hamburg
(Member of the State Advisory Council North
(Landesbeirat Nord))

Dominique Robert Yates

(CFO)

(since October 1, 2007)

Dr. Heinz-Jürgen Bertram

(Flavor & Nutrition)

- › International Organization of the Flavor Industry,
Vernier Geneva, Switzerland (Board of Directors)
- › Max Planck Gesellschaft, Munich (Member)

Achim Daub

(Scent & Care)

Supervisory Board

Göran Lundberg

(Chairman)

(until December 13, 2007)

- Member of the Supervisory Board of
EQT II B.V., The Netherlands
- Member of Investment Committee des EQT III Fonds
- Member of Investment Committee des EQT IV Fonds
- › Duni AB, Sweden (Chairman of the Supervisory
Board)
- › IDI AB, Sweden (Member of the Supervisory Board)
- › EQT II B.V., The Netherlands (Member of the Super-
visory Board)

Andreas Schmid

(Chairman)

(since December 13, 2007)

- › Flughafen Zürich AG, Switzerland
- › Barry Callebaut AG, Switzerland
- › Gate Gourmet Holding LLC, Switzerland/USA
- › Badrutt's Palace Hotel AG, Switzerland

Karl-Heinz Huchthausen

(Vice Chairman)

Chairman of works council and general works council
of Symrise GmbH & Co. KG

Dr. Helmut Frieden*

Corporate Vice President Product, Safety, Health and
Environmental Compliance of Symrise GmbH & Co. KG,
Holzminden

John L. Garcia

(until June 20, 2007)

- President and CEO of AEA Investors LLC, New York,
NY (USA)
- › AEA Investors LLC, USA (President and CEO)
- › AEA Investors LQ Inc., USA (Chairman of the Board of
Directors)
- › AEA Investors Partners (Cayman) IL.P.,
Cayman Islands (Member of the Board of Directors)
- › AEA Investors Partners (Cayman) L.P.
Cayman Islands, (Member of the Board of Directors)
- › AEA Investors SP Inc., USA
(Chairman of the Board of Directors)
- › AEA Management (Cayman) Ltd., Cayman Islands
(Director)
- › AEA Mezzanine Management GP LLC, USA
(Member of the Board of Directors)
- › CFS Holdings B.V., The Netherlands
(Member of the Supervisory Board)
- › Pregis Holding I Corporation, USA
(Chairman of the Board of Directors)
- › Pregis Holding II Corporation, USA
(Chairman of the Board of Directors)
- › Pregis Corporation, USA
(Chairman of the Board of Directors)
- › EQT II B.V., The Netherlands (Member of the
Supervisory Board)
- › EQT Danmark B.V., The Netherlands
(Member of the Investment Committee)

Further Information

Horst-Otto Gerberding

(until April 27, 2007)

Member of the Supervisory Board of the Braunschweiger Zeitungsverlag Druckhaus Albert Limbach GmbH & Co. KG.

- › Georg Lemke GmbH & Co. KG (Chairman of the Advisory Board)
- › Gottfried Friedrichs GmbH & Co. KG (Member of the Advisory Board)
- › Kahl GmbH & Co. KG (Chairman of the Advisory Board)
- › Druck- und Verlagshaus Hüpke & Sohn Weserland-Verlag GmbH (daily gazette Holzminden, Member of the Advisory Board)
- › InfoTech AG (Chairman of the Supervisory Board)
- › Teehaus J.T. Ronnefeldt KG (Member of the Advisory Board since July 26, 2007)
- › Yanick + Fée AG (Member of the Board of Administration since December 10, 2007)

Dr. Peter Grafoner

Managing partner of TopManagerTeam GmbH, Bad Homburg v.d.H.

- › Beumer Maschinenfabrik GmbH & Co. KG (Member of the Advisory Board)
- › Drissler Papiergroßhandel GmbH & Co. KG (Member of the Advisory Board)
- › MASA Aktiengesellschaft (Deputy Chairman of the Supervisory Board)
- › SCANIA Deutschland GmbH (Chairman of the Supervisory Board)
- › SCANIA Österreich GmbH, Austria (Chairman of the Advisory Board)
- › VTI Technologies Oy, Finland (Chairman of the Board of Directors)

Francesco Grioli*

Head of the youth training department of IGBCE Hannover

- › IG BCE (Director of the works council)
- › RAG Bildung GmbH (Vice Chairman of the works council)
- › RAG Bildung Saar GmbH (Vice Chairman of the works council)

Dr. Hans-Heinrich Gürtler

- › Deutsche Bank Aktiengesellschaft (Member of the Advisory Board)
- › Triton Beteiligungsberatung GmbH, Frankfurt (Member of the Advisory Board)

Regina Hufnagel*

Vice Chairman of the works council and general works council of the Symrise GmbH & Co. KG

Bjørn Høi Jensen

(until October 26, 2007)

Senior partner of EQT Partners A/S, Denmark, and equity head of EQT Partners

- › Sanitec Oy, Finnland (Member of the Supervisory Board)
- › Gylendahl Bogklubber A/S, Denmark (Member of the Supervisory Board)
- › Erhvervsinvest Management A/S, Denmark (Member of the Board of Directors)

Klaus Kühn

(since July 16, 2007)

- › Board Bayer CropScience AG (Chairman of the Supervisory Board)
- › Bayer Business Services GmbH (Chairman of the Supervisory Board)
- › Bayer Schering Pharma AG (Member of the Supervisory Board)

Sanna Suvanto-Harsaee

(since October 30, 2007)

- › Duni AB, Sweden
- › Jetpak AB, Sweden
- › KDSelskaber Aps, Denmark

Helmut Tacke*

Member of the works council of Symrise GmbH & Co. KG

Peter Winkelmann*

Head for the region Alfeld of IG BCE

* Employee representative

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March 5, 2008

Annual Press Conference/Analyst Conference,
Financial Year 2007

April 29, 2008

Annual General Meeting, Frankfurt, Germany

April 30, 2008

Dividend Payment

April 30, 2008

Interim Report 1st Quarter 2008

July 29, 2008

Interim Report 2nd Quarter 2008

October 28, 2008

Interim Report 3rd Quarter 2008

Imprint

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