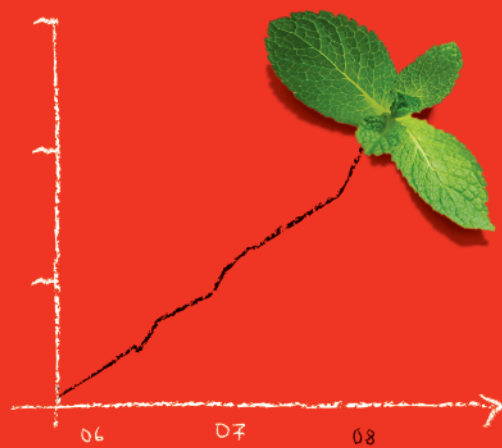


THE NATURE OF OUR BUSINESS – STABLE GROWTH



Highlights 2008

+ 6,5 %

Sales

Symrise outperforms the market
+ 6,5 % in local currency

19,9 %

EBITDA margin

forecasted EBITDA margin achieved

1,02 €

Adjusted EPS

adjusted earnings per share
(EPS) reaches 2007 level

9,3 %

Free cashflow/sales

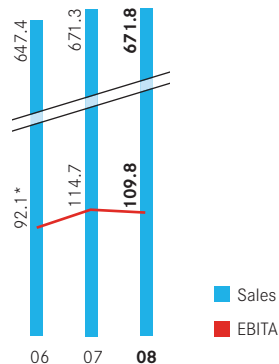
strong cash flow generation

Key Figures

€ million	2007	2008	Change AR %	Change LC %
Sales	1,274.5	1,319.9	3.6	6.5
Scent & Care	671.3	671.8	0.1	3
Flavor & Nutrition	603.2	648.1	7.4	10.4
EBITDA	272.1	262.5	-4	-4
EBITDA margin %	21.3	19.9		
Scent & Care	134.7	130.2	-3	-3
Flavor & Nutrition	137.4	132.3	-4	-4
EBITA	232.3	221.6	-5	-5
EBITA margin %	18.2	16.8		
Scent & Care	114.7	109.8	-4	-4
Flavor & Nutrition	117.6	111.8	-5	-5
EBIT	195.7	187.0	-4	-5
EBIT margin %	15.4	14.2		
Scent & Care	98.6	94.8	-4	-4
Flavor & Nutrition	97.1	92.1	-5	-6
Net loss/income for the year	97.4	90.4	-7	-2
Earnings per share €	0.82	0.76	-7	-2
Dividend per share €	0.50	0.50		
Balance sheet total	1,790.9	1,890.7		
Shareholders' equity	642.7	648.4		
Capital ratio %	35.9	34.3		
Investments (excluding acquisitions)	40.6	45.0		
Employees (as of December, 31) number	5,046	5,219		
Operating Free Cashflow	145.5	123.4		

SALES AND EBITDA SCENT & CARE

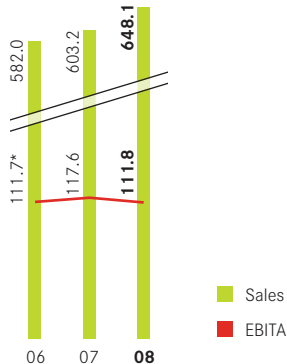
€ million



* Adjusted for integration and restructuring expenses

SALES AND EBITDA FLAVOR & NUTRITION

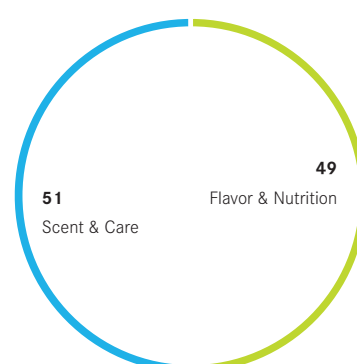
€ million



* Adjusted for integration and restructuring expenses

SHARE OF SALES OF THE DIVISIONS

%



Content 2008

Company

Consolidated Management Report

Consolidated Financial Statements

Notes

Further Information

4 - 51

- 4** Chronicle 2008
- 6** Letter to the Shareholders
- 10** Executive Board
- 12** Growth Means Stability –
in Nature and in Our Business
- 16** Flavors und Fragrances Are More
Than Just Flavors and Fragrances
- 20** Innovation Is Never Just
About Products

- 24** Responsibility Knows No
Boundaries
- 28** Interview with Dr. Gerold Linzbach,
CEO Symrise AG
- 37** Success Has Many Faces
- 40** The Share
- 44** Corporate Governance
- 49** Report of the Supervisory Board

Company

52 - 92

- 52** Glossary
- 53** Detail Index Group
Management Report
- 54** Overview
- 54** Overview of Business Activities
- 65** Background
- 68** Result of Operations
- 72** Performance of the
Business Divisions
- 77** Financial Position

- 78** Net Assets
- 79** Other Factors Relevant to Results
- 83** Risk Management
- 88** Outlook
- 90** Structure of Remuneration

Group Management Report

93-98

- 93** Consolidated Income Statement
- 94** Consolidated Balance Sheet
- 96** Consolidated Cash Flow Statement
- 98** Consolidated Statements of
Changes in Equity

Consolidated Financial Statements

99-147

- 99** Corporate Information
- 99** Accounting Policies
- 112** Determination of Fair Values
- 112** Capital Management
- 113** Segment Reporting
- 117** Consolidated Income Statement
- 120** Earnings per Share
- 120** Balance Sheet
- 138** Financial Instruments
- 141** Related Party Transactions

- 143** Audit
- 144** Shareholdings
- 146** Proposal for Profit Appropriation
- 146** Exemption from the Obligation to
Prepare Financial Statements
- 146** Corporate Governance

Notes

148-152

- 148** Auditor's Report
- 149** Responsibility Statement "Bilanzeit"
- 150** Bodies
- 152** Financial Calendar
- 152** Imprint

Further Information

Chronicle 2008 – Highlights

FINANCES/STRATEGY
FLAVOR & NUTRITION
SCENT & CARE

January 2

Symrise and Cambridge Thera-nostics enter into a strategic partnership.

January 14 - 16

German Investment Seminar, New York.

January 21 - 23

German Corporate Conference, Frankfurt.

1

February

No developments



2

March 5

Annual Press and Analyst Conference in Frankfurt.

March 12 - 13

Small / Mid Cap Conference, London.

3

April 1 - 2

2008 All Stars Conference, New York.

April 21

Symrise and Cutch found SCotech. The company offers customers from the cosmetics, pharmaceutical and nutrition supplement industries highly developed testing methods for production agents.

April 24

Small / Mid-Cap Conference, London.

April 25

Symrise acquires the US-based flavors business of Chr. Hansen.

April 29

Shareholders' Meeting in Frankfurt.

4

June 2

Renowned dermatologist Xuemin Wang joins the Symrise Scientific Advisory Board.

June 4

Symrise opens its new Creative Center in Shanghai. The center pools the Scent & Care division's expertise

to serve the Chinese market.

June 4

Symrise launches "Navigator," its new sensory consumer science research system. It also opens a Center for Consumer Research in Shanghai.



July 4

Symrise sponsors the building of a new school in China's earthquake-stricken Sichuan province.

July 15

Frank Pellmann becomes Symrise's new European HR director.

7

July

Symrise enters into a biotech partnership with Therapeutic Peptides Inc. (TPI) in the US, thereby acquiring exclusive marketing rights to state-of-the-art cosmetics agents.

July 11

Symrise expands its facility in Mexico City with new laboratories for developing flavorings and culinary applications.



October 16

Symrise opens a new development center in Moscow, including new laboratories for the Sweet, Savory and Beverages business units, as well as a Center for Sensory Consumer Science.

October 8

High-class scents for a good cause: Symrise perfumers and international fashion designers join forces to create exclusive perfumes for charitable organizations.

October 14

Symrise and Cutch receive the award for Best New Technology at the HBA industry awards in New York.

October 31

Symrise releases its first genealogy for skin care products.



November 12 - 13

Germany Conference, Frankfurt.

November 18 - 20

Global Consumer & Retail Conference, New York.

November 24

Symrise enters into a strategic partnership with US-based First Choice Ingredients, expanding the companies' leading role in the area of enzyme-modified flavors.

November 6

Symrise acquires the US-based fragrance business of Manheimer Fragrances.

11

April 25

Symrise organizes the “taste for life®” symposium on healthier nutrition. Participants include leading food producers, trade association members and policymakers.

**April 2**

Novel sunscreen care: Symrise develops innovative recipes for sun protection that are easier on the skin.

April 8

Symrise's Scent & Care division restructures its innovation management activities.

May 15 - 16

Chemicals Conference, Zurich.

May 26

SymClariol® and SymMollient® W/S win the BSB Innovation Prize in Amsterdam.

June 4 - 5

German Corporate Conference, Frankfurt.



5

6

July 15

Holger Wetzler becomes Symrise Vice President for Innovation/Marketing Fabric & Home Care.

August 4

Symrise focuses on “green cosmetics” by becoming the exclusive marketers of organically grown plant extracts from California-based Bayliss Ranch.



8

September 3

Symrise acquires International Fragrances, becoming one of the leading fragrance producers in the US air care market

September 12
Best of Germany Conference, New York.

September 24 - 25
German Investment Conference, Munich.

September 18

Symrise initiates “Beverage Innovation Day” in Hamburg, which highlights trends, target groups and PR relating to successful beverage products.

9

October 9

Symrise is joined by top chef Marcus Leben, who contributes his culinary expertise in the area of savory flavors.

**November 14**

Symrise opens its Global Citrus Center in Brazil to expand its innovative technologies in citrus flavors.

**November 12**

Nathalie Feisthauer becomes Symrise's new Senior Perfumer in its Paris Creative Center.

November 17

The American Society of Perfumers presents its Perfumers Choice Awards in New York, recognizing four Symrise perfumers.

**November 20**

Symrise, BRAIN and AnalytiCon acquire exclusive marketing rights for innovative cosmetic agents made from natural ingredients.

December 11

Symrise expands its Vienna facility, opening the Margarine Competence Center, which focuses on developing new culinary products.

12

December 18

Symrise launches its SymTriol™ cosmetic agent.



“For the year as a whole we managed to stay at the same high level as in 2007, our record year.”

Near Shareholders and Friends of Symrise,

2008: A financial crisis became an economic crisis spanning the world and unparalleled in history. When the year came to a conclusion, there was no end in sight. Ever-new questions arose that are still waiting to be answered. If there was an economic word of the year, it was “uncertainty” – written large and more and more often, and used almost exclusively in the plural. We at Symrise have a response. Our response by no means denies the uncertainties. Instead, it says that there are ways of not only surviving them, but also continuing to live profitably despite these uncertainties. Our response: continuity, flexibility, stability.

We owe our stability to the strategy we adopted when we went public at the end of 2006. We see this strategy confirmed again by our results in 2008. And we view our good results as the accomplishment of the more than 5,000 people at Symrise worldwide. They implement the strategy all year round and constitute the real value of the company.

The difficulties our competitors had to contend with in 2008 also affected us. Raw materials prices were high, and growth in the developed markets was restrained, particularly in Western Europe and generally in the fine fragrance and luxury segment. As the dimensions and consequences of the economic crisis became clearer in the second half of the year, our customers’ ordering and inventory behavior became increasingly cautious and conservative. The negative developments became more apparent from quarter to quarter, reflected above all by a comparison between the quarters and our record year, 2007. In accordance with these developments, we had to adjust our expectations from quarter to quarter.

For the year as a whole, however, we managed to stay at the same high level as in 2007. We achieved important goals. Including our important acquisitions, our sales grew by 6.5% at local currency. Our EBITA compared to last year was down slightly by 5%. In the unfavorable environment of 2008, we regard our EBITDA margin of almost 20% as good – better than or comparable to the other leading companies in the flavors and fragrances industry. It is especially good in comparison with other industries. Our underlying earnings per share remain on last year’s level at € 1.02.

But it is never solely a matter of results and it is always wrong to view a single year in isolation. It is primarily a question of how we achieved our good results, and whether they helped position us to continue to develop in the years to come.

The decisive question is: Can we maintain in the next few years the stability we have demonstrated since our flotation? When I strategically examine the development of our industry on the one hand, and our own development and results on the other in the last three years, the answer is a resounding yes.

The flavors and fragrances industry is stable. Within this stable industry, Symrise is one of the four market leaders. The flavors and fragrances industry largely has to do with satisfying fundamental needs such as eating, personal care and household hygiene. These basic needs also have to be met in times of crisis.

At Symrise, around 90% of our products are geared to satisfying basic needs. While this does not make us immune to crises, it does make us crisis-proof to a large degree. If we manage to meet these needs more efficiently, quickly and creatively, we will not only confront problems during the crisis, but also discover new opportunities. I'm confident that we will be able to maintain our stability in 2009.

I would like to give a few reasons for why I am confident.

- › The potential of our "AND" products, products that offer new and additional functions, is becoming more apparent in both divisions. In the Fragrances & Care division, cosmetic active ingredients, sun protection filters (UV filters) and our Life Essentials in general are showing good growth; in the Flavor & Nutrition division our "taste for life®" products are growing well;
- › We are on the core lists of important global customers and have supplemented this business with good relationships to attractive regional and local customers in important markets;
- › We have a good position in the fastest-growing markets, Asia and Eastern Europe;
- › With the acquisition of Chr. Hansen Flavors, Intercontinental Fragrances and Manheimer Fragrances, we significantly bolstered our presence in North America; the integration work has been completed successfully, and both divisions are showing good growth in the important US market;
- › We heightened our proximity to customers and to the market. We further expanded our citrus competencies by opening a new center in Brazil; we extended our knowledge in the important Chinese market thanks to a new Creative Center in Shanghai. We also opened development centers in Mexico City and Moscow to be able to better serve the rapidly growing markets there;
- › Alliances we forged to enhance our innovativeness are starting to bear fruit after only a short time; here I will cite as examples our partnerships with the biotech experts BRAIN and the specialists for natural products AnalytiCon Discovery.

As we reported at the end of 2008, personal reasons led me to decide not to renew my contract as CEO of Symrise. My contract runs out at the end of October 2009. I announced my decision at an early stage to give the Supervisory Board enough time to find the right person to help Symrise develop successfully in the years to come.

My personal decision does not change Symrise's strategy. It means that another person, to be more precise another person in a team of more than 5,000 people, will further develop the corporate strategy. The task remains the same: to consistently and profitably realize the potential in our processes and products, in our markets and above all in our people.

But let's not deceive ourselves. 2009 will not be easy. The uncertainties that devastated the global economy in 2008 will also be felt in 2009. Those who still speak of certainty have not learned the lessons of last year – or have not accepted them. Those who promise certainty are laboring under an illusion. Those who speak of stability are positive-thinking realists who insist in an economically critical way on differentiating between illusion and hope and base their hope on the content of their business.

We can hope that 2009 will bring the world economy more certainty. But we have to plan without this certainty. We at Symrise will find the certainty missing in the economic environment in our corporate strategy. Hyper-activism will be the wrong approach; increased interaction between employees and with our customers will be more important than ever. As a result, we will know better what our customers need, and how we can provide it faster, better and more profitably. Due to the uncertainties of the global economy, it is impossible to make precise forecasts. But even in this situation, Symrise's strategy promises stable growth.

At the Shareholders' Meeting on May 11, 2009, we will propose paying a dividend of € 0.50 per share. The total dividend payment amounts to approximately € 59 million. This confirms our dividend strategy of paying 50% of our adjusted profit to our shareholders. **We view the dividend payment in the current difficult economic situation as well-earned acknowledgment of the trust that you, our shareholders, have put in us. It is also a sign of the trust we have in ourselves that we will continue to earn your trust in the future.**

Sincerely,



Gerold Linzbach
CEO



Executive Board

Dr. Heinz-Jürgen Bertram

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.

Dr. Gerold Linzbach

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.

**Dominique Yates**

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.

Achim Daub

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.



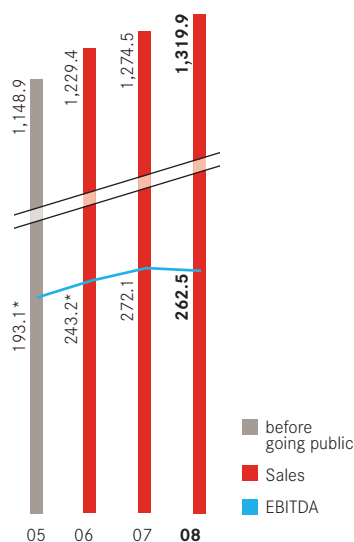
Growth Means Stability – in Nature and in Our Business

Mint refreshes and cools – and simply tastes good. It is one of our most important natural raw materials, playing a key role in both our Flavor & Nutrition division and our Scent & Care division. In the Mint segment, we offer the entire range of mint aromas and intermediate products for toothpaste, mouthwashes and gum. Symrise is the market leader in aromatization of toothpastes and mouthwashes.

In nature and in a business enterprise, growth is a sign of inner forces and a favorable environment. In a business enterprise, however, it is not a self-evident process but a strategic one. Our strategy makes growth the nature of our business.

SALES AND EBITDA TOTAL COMPANY*

€ million



* Adjusted for integration and restructuring expenses

GROWTH – THE NATURE OF OUR BUSINESS

Growth is not self-evident – neither in nature nor in business. We see growth as a goal, and as the result of a long-term strategy.

Growth – a reference value in space and time

Growth is a value, but not an absolute value. It is measurable, and has to be measured in space and time. Growth is also a future value. Today's growth has to be the beginning of tomorrow's. A company that doesn't strategically ensure that it will grow tomorrow has already stopped growing today.

We don't want to be incomparable. We prefer to simply become better and better. We want our performance and our competitiveness to measure up. That's why we critically compare ourselves with our goals, with our market and with the best companies in our industry. We don't just make these comparisons for a day, for a quarter or for a year. These periods are important to us, but they aren't the basis for measuring growth that we're striving for. We're striving for growth that is apparent today and foreseeable for tomorrow – long-term, continuous, stable growth.

A new beginning

Symrise's roots date back to 1875 when the Haarmann & Reimer company was founded in Holzminden. In 2003, Haarmann & Reimer merged with another Holzminden company called Dragoco. Dragoco was founded in 1915. Our roots are recognizable in our logo. When the hummingbird of Haarmann & Reimer joined forces with the dragon of Dragoco, the result was something colorful, dynamic, new. Symrise went on the stock market at the end of 2006.



Our flotation marked a new beginning. A new age dawned in which we started measuring our growth in a different context, under tighter competitive conditions. The new era began with a sharpened strategic focus, and with a promise: We intend to grow faster than our market – today and tomorrow.

The path to this goal is our strategy. Our strategy has an impressive simplicity; it requires continuous, stringent consistency. We seek to offer innovative products. When we research and develop our products, we focus on the needs of our customers. The main focus is products that offer added benefits – our "AND" products. We want to be well-positioned in the fastest-growing areas – with large multi-national customers and in the emerging markets.

OUR THREE BRAND PILLARS

ALWAYS INSPIRING MORE...

THE POWER OF 'AND'

the appeal of our products
and technologies

INDISPENSABLE

the measure of our service

BOLD

our unmistakable way
of doing things

The flavors and fragrances market – a growing market that is growing together

The market for flavors and fragrances (F&F market) achieves annual sales of approximately € 13 to € 14 billion. More than 500 companies are active in this industry worldwide. More than 50% of the total sales is generated by the top four companies: Givaudan S.A. (20%) and Firmenich S.A. (13%), both from Switzerland; IFF (12%) from the USA; and Symrise (10%). In recent years, the market has been characterized by consolidation. We expect this consolidation process to continue. Due to higher entry barriers, we do not expect any new companies to enter the top tier in our industry. However, we do anticipate continued stiff competition.

We estimate that the F&F market will grow by 2% to 3% a year in the long term. The financial and economic crisis that became ever clearer and more drastic in the second half of 2008 affected the F&F market, albeit less so than other industries. According to our estimates, the F&F market grew by less than 2% because of the global economic downturn.

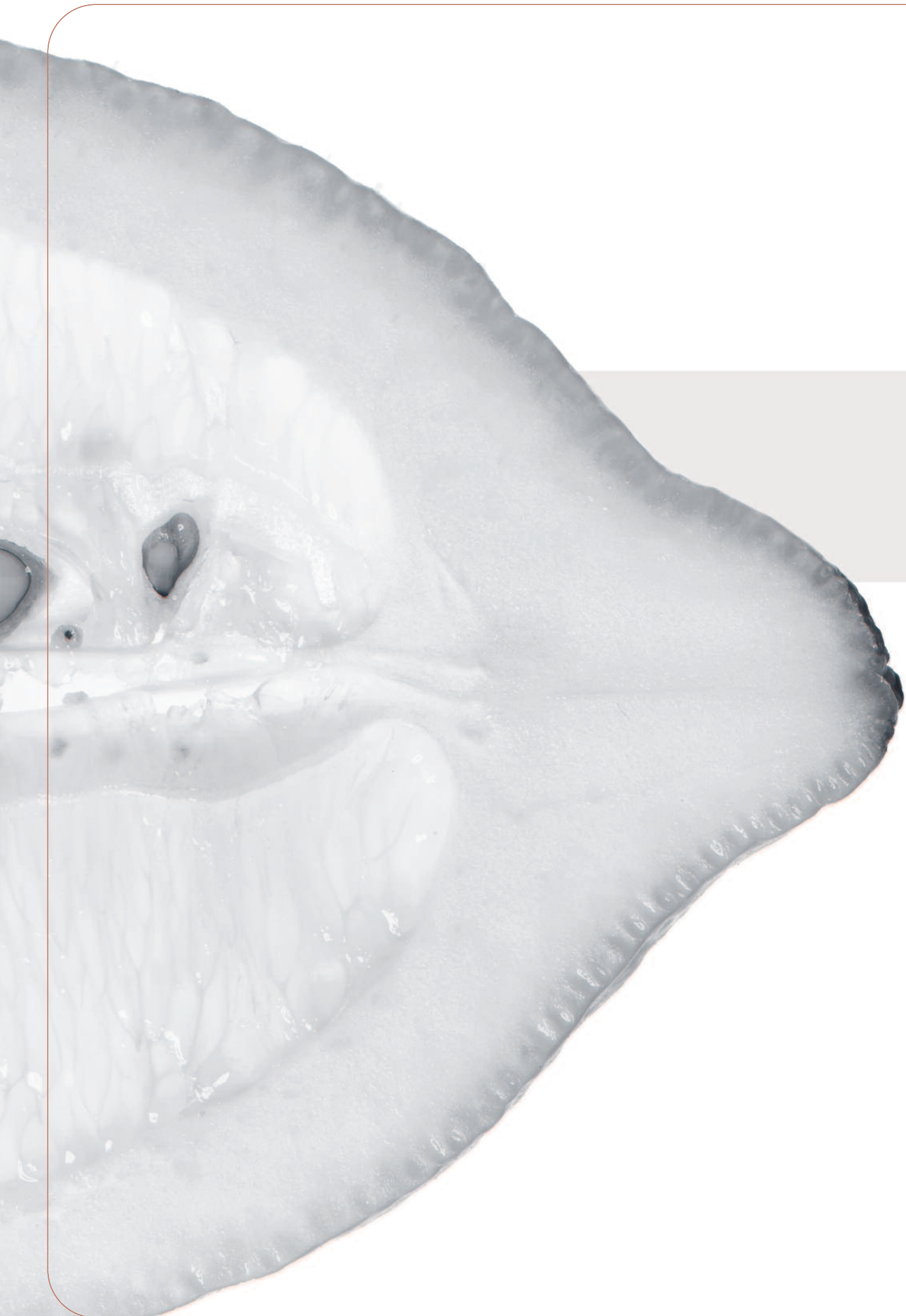
Symrise continues to grow – and faster

In 2008, we grew further, in spite of the fact that we had to struggle with high raw materials prices throughout the year and with the economic crisis. When the business environment worsened,

we had to adjust our original expectations to the new situation. Yet at the end of the year we had grown twice as fast as the market. On a local currency basis, our sales including our acquisitions in the US rose by 6.5% (3.6% at the current exchange rates). With an EBITDA of € 262.5 million (- 0.4%), we reached the level of our record year, 2007. Our adjusted earnings per share (EPS) were € 1.02, equivalent to the previous year's level. With a good cash flow of 9.6% of sales revenue, we recorded an EBITDA margin of nearly 20%.

And the future?

At present, the economic signs are not good worldwide. Economic policy measures are being implemented; it will take time before we see whether they have an effect. We consider it a good sign that we were able to achieve so much in 2008. The first half of 2009 will surely be difficult, and the year as a whole will be a challenge. But we are well-positioned strategically, self-critical enough to learn from last year and open to opportunities that can arise even in times of crisis. And we believe we will be able to keep the promise of our strategy next year as well.



Flavors and Fragrances Are More Than Just Flavors and Fragrances

Lemon remains one of the world's most popular and versatile fruits. In 2008, we opened a new Global Citrus Center in Sorocaba, Brazil. With access to first-rate raw materials and by expanding our innovative technologies, we will be able to extend our market position in the citrus aromas segment.

Those who grow change. We're growing because we know how the needs of our customers change. And because we're not content to merely satisfy their needs. The names of our divisions express something that makes us different and that changes the flavors and fragrances industry. Our divisions are called Scent & Care and Flavors & Nutrition.



More than just flavors and fragrances?

Why are flavors and fragrances more than just flavors and fragrances at Symrise? There are two interrelated answers to this question. "Always inspiring more..." is a basic principle of our corporate philosophy. But another fundamental tenet of our Company's philosophy is not to see everything only from our perspective, but also from that of the market. We offer more because our customers need more – more and more variety.

Basic needs – the constancy of change

Almost 90% of our products have to do with satisfying basic needs. Our products focus on food, body care and household hygiene. People will continue to have all of these needs regardless of the times. But times change and so do people. The way people eat, care for themselves and clean constantly changes, depending on the culture they live in, the state of the technology, the prosperity of the society – and on each individual. These changes are our challenges. We have to react to them with product ideas that are concrete, precise and efficient. And we have to react better and faster than the competition.

Reconciling opposites through new approaches and more inspiration

People today live more consciously. They want more for themselves and require more from the products they use. It is not easy to satisfy people with simple answers because their questions have become more complex.

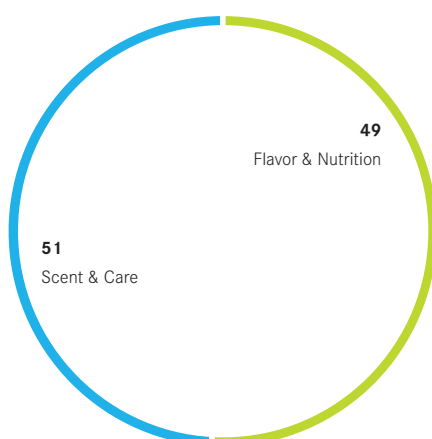
With the increasing wealth of many countries in the world, the issue of nutrition has changed. People want foods that not only satisfy hunger and taste good, but that are also healthy. Tasting good and being healthy is not a contradiction, but a requirement. Can a product taste good with less sugar? Can a product taste spicier without salt?

In addition, people today have a different understanding of beauty. Cosmetics not only relate to aesthetics but also to health. For body- and health-conscious people, appearance and reality are not opposites. Can you get older without your skin aging too? Can you enjoy the sun without it damaging your skin?

People's self-awareness today includes a growing awareness of nature and the environment. Here, too, a seeming contradiction has become a new requirement. The desire for products made from more natural raw materials is connected with the desire to protect nature's raw materials.

SHARE OF SALES OF THE DIVISIONS

%



Our requirement is to meet new requirements with innovative approaches.

Care that gets under your skin

Beauty comes from within – with the help of products from the Life Essentials business unit of our Scent & Care division. Symrise is entering new territory in the context of the F&F market, exploiting the “Power of AND” to the full extend. Beauty and health are combined through the use of substances that protect people “under the skin” from dangerous UV radiation, that slow down skin aging and that soothe irritated skin.

People are more than what they eat

What people demand from food today is what they demand from themselves. They want to enjoy life to the fullest, but not at the expense of their health. Can foods have a full taste with less sugar, salt and fat? Is natural flavor in today’s food only a memory of yesterday? Not everything necessary for health tastes good. Can we make a virtue out of taste necessity? Is it possible to not only suppress unpleasant tastes but also to arouse new taste impressions at the same time? In our Flavor & Nutrition division, the answer is “taste for life™.” The categorical imperatives of today’s cuisine are “lighten up™,” “be natural™” and “get active™.”

Market knowledge and closeness to customers – partnerships for success

Our customers view us as a partner because for us success is always the result of good collaboration, whether with our large multinational customers who have put us on their core lists, or with our regional and local customers with whom we generate around two-thirds of our sales. In 2008, we took several steps to boost our strengths.

Fortification for the future

In Scent & Care, we bolstered our position in the world’s largest market by making two acquisitions. The acquisition of the US divisions of Manheimer Fragrances and Intercontinental Fragrances have made us a main competitor in this important market for fragrance manufacturers. With the purchases, we gained access to raw materials as well as to development and production capacities in the important organic fragrance segment. A global air care center in the United States is planned for 2009.

In addition, we formed important alliances in the US. We heightened our expertise in the “green cosmetics” segment by entering into an alliance with the California company Bayliss. We are taking over the exclusive sales of organic plant extracts, which are used in cosmetics and body care products with organic ingredients –

products that are becoming more and more important. An alliance with the biotech company Therapeutic Peptides, Inc has given us access to the innovative group of peptide substances, which are used, for example, in anti-aging products.

Thanks to our partnership with Cambridge Theranostics in Great Britain, we can now tap the potential in the fast-growing “beauty from within” segment.

In Flavor & Nutrition, we also increased our competitiveness in the United States through important acquisitions. We took over the aroma division of Chr. Hansen and as a result are well-positioned in the attractive US flavor market. A strategic alliance with the American company First Choice Ingredients has bolstered our position in the dairy product segment.

We opened a Global Citrus Center in South America in 2008. In Sorocaba, Brazil, we have direct access to high-quality raw materials as well as innovative technologies and can thus expand our market position in the citrus segment. We also improved our customer service in Mexico by adding new development and application labs.

We strategically developed our presence in Europe by expanding our Vienna branch. From there, we will be able to step up cooperation with our customers in Austria and southeastern Europe. A new development center in Moscow will help us better understand and satisfy customer needs in this growing market.

We market more than 30,000 products in over 140 countries. In the manufacture of our products, we use approximately 10,000 natural and synthetic raw materials from all over the world. For more information about our products, visit our website at www.symrise.com.



Innovation Is Never Just About Products

Vanilla led to one of our first innovations. In 1874, Dr. Wilhelm Haarmann, one of the founders of our company, made vanillin as the first synthetic aroma compound. Today we are focusing on developing and marketing natural vanilla aromas and extracts.

Innovation does not begin with products. It begins earlier, with the way in which we think about products. For example, our “AND” products offer an added benefit. But where does the “AND” come from? Can it be that R & D actually begins and ends with consumer research and marketing? Yes, and ...



Innovation is not an art, unless...

In a business enterprise, innovation is not an art, unless the art comes from ability – and the ability comes not only from the research lab but also from the market. A philosopher may contemplate things in general, but an entrepreneur knows that there is no such thing as a product per se. Every successful product is a product for someone. Therefore, in our research activities we have turned things on their head, so to speak, with the feet standing in the respective market in which the product is sold. We have integrated our research and development, consumer research and marketing activities worldwide.

A new star rising in the East – the Creative Center in Shanghai

China is a huge market that is becoming more and more important for Symrise. The Chinese market – like the emerging markets in general – is growing faster than the established markets. In China, our sales are growing with the market. Our new Creative Center in Shanghai aims to ensure that things stay that way.

The new Creative Center is in the Puxi district, in the heart of modern Shanghai. Here, all of the departments and creative resources of our Scent & Care division are bundled. At the same time, the center in Shanghai will serve as a hub for northeast Asia.

Navigator – a center within a center

Our strategy of integrating market needs and research and development is finding its most consistent expression thus far in Shanghai. At the heart of the new Creative Center is a center for consumer research – the global “Navigator Center.”

Navigator is a unique system developed by Symrise for consumer research. Navigator combines different approaches and methods far exceeding the possibilities of classical analysis methods. With the aid of Navigator, we can utilize an international database which is continuously updated by our worldwide “Consumer Insight” network. The new system is used to understand consumer trends and to analyze the language of consumers. Information on consumer acceptance of different categories of flavors and fragrances is evaluated. As a result, we gain better insight into the sensory categories that are decisive for research and development and for the successful positioning of our products in the different markets.

Navigator provides us with useful information about the preferences and consumer trends of important Asian growth markets including the Chinese, Indian, Indonesian, Thai and Philippine markets. At the same time, it enables us to compare consumer needs internationally and thus identify global trends. By creating a

MORE INNOVATION THROUGH MORE INTEGRATION

Yesterday



Today



common “fragrance language” on the basis of the Symrise genealogy, the Navigator optimizes communication between consumer researchers, fragrance developers, marketing managers and customers. Focus group rooms and sensory facilities ensure that qualitative research can be done continuously at the location.

Testing for the skin without testing the skin

Strategic alliances play a key role in our research activities. By forming alliances, we supplement our own strengths purposefully and efficiently – and successfully. For instance, together with the Italian biotechnology company Cotech we developed a whole-skin model which can be used to test the effectiveness of, for example, skin pigmentation modulators and substances that fight cellulites or skin aging. The new model, called PSOCM (Pig Skin Organ Culture Model), is an ethical, versatile, timesaving and cost-effective alternative to animal experiments and artificial skin models. The pigskin used for the test models comes exclusively from animals from meat manufacture; therefore, usage fully complies with the new EU cosmetics guideline. In September 2008, this innovation received the HBA (Health & Beauty America) Best Technology Award in New York.

An innovative trap for fruit

At our new Global Citrus Center in Brazil, SympTrap® will play a key role. SympTrap® is an innovative method used to recover high-quality aromatic substances that are normally lost when fruits and vegetables are processed. Using the method, we can exploit raw materials more completely than before – without expending significantly more energy. The interplay between quality, technology and sustainability is setting trends for the future.

“AND” products and production

“The Power of AND” is more than a product philosophy. We also intend to offer our customers added benefits in the supply chain. Our innovative approach is called Symchronize™. This integrated approach is realized in close contact with selected customers and encompasses the entire value chain, from raw material procurement to the end product. Customer service, integration and trans-border cooperation also play a key role in the production context. Our goals are integrated with the goals of our partners in the supply chain – they are “Symchronized.” The Symchronization of joint processes optimizes resource usage, inventories and cycle times.

All of our research activities are customer and market oriented. In both divisions, they are integrated directly into the organization and closely entwined with our market research. Hence we have R & D centers at different sites worldwide: in Brazil, China, Germany, France, India, Japan, Mexico, Austria, the Russian Federation, Singapore and the US. We supplement our own research activities through strategic alliances with leading researchers and research facilities across the globe. About a fifth of our total workforce is involved in research. In 2008, we spent 6.5% of our sales (around € 86 million) on research and development.

For more information on our latest product innovations, visit our website at www.symrise.com.



Responsibility Knows No Boundaries

The candeia tree grows in the Brazilian highlands. Alpha-bisabolol is obtained from the oil of the tree. Alpha-bisabolol has an anti-inflammatory effect and is an important component of many cosmetics products. Symrise is the world's largest manufacturer of natural alpha-bisabolol and an important advocate of the principles of sustainability. We invest a great deal to help preserve the candeia tree in its natural habitat.

In a globally active company like Symrise, responsibility is at home everywhere. In Holzminden, where we originated; in the United States, where we bolstered our presence in 2008 with new acquisitions; in Shanghai, where we opened a new Creative Center; and in the Brazilian rain-forest, where we obtain our alpha-bisabolol from the candeia tree.



Responsibility begins at home

What do a “snack garden” in a small German town and the Brazilian rainforest have in common? Responsibility. To be more precise, the corporate responsibility of Symrise. As different as a rainforest is from a snack garden, they have one common feature: Symrise is at home there. And where you are at home you have responsibility.

What does it mean for a global company to be at home?

For a globally operating company such as Symrise, that means being at home in more than 140 countries – and taking responsibility in all of these nations. A company active around the globe has to have an environmental strategy – in several respects. The company has to recognize local regulations and at the same time set global standards for itself. And sometimes, global standards can bring about a world of change at a location.

Regulations are good, planning ahead is better – strategy, not control

Corporate social responsibility (CSR) is an integral part of our strategy. It characterizes the way we think and act from the beginning. It is not an afterthought. With increasing economic globalization, it is plainer than ever before: We are part of a whole, because there is only one world. Our company’s success is indivisible from the world in which we achieve it. And when there is a worldwide economic crisis, it becomes evident how much the world needs a healthy economy to ensure prosperity and to push through environmental measures. As part of the world, we as a company are co-responsible for it – not reactively, but proactively. For us, the result is a world of commitment.

- › We are committed to our shareholders. We do everything we can to maintain and increase the value of the company.
- › We are committed to our employees. Our success is their accomplishment. Safe working conditions, development opportunities and fair treatment of staff are prerequisites at Symrise.
- › We are committed to our customers. We provide quality and continuously improve it. Our quality is partially responsible for our customers’ success and encompasses many things: product quality and safety, reliable delivery, fair prices and good cooperation.
- › We’re committed to our neighbors in the countries in which we operate around the world. We respect their culture and needs. We view the safety and environmental compatibility of our sites and products as joint, actively shared interests. As a company, our interest is economically motivated. But it is also anchored in society with local roots. An understanding of the countries in which we are active is part of our self-understanding.
- › We are committed to nature – in several respects. Our products are largely based on natural raw materials. Part of the nature of our business is to protect the nature that we need. Our aim is to utilize raw materials stemming from renewable resources. Using state-of-the-art technologies we process raw materials more effectively than ever before. As a result, we consume fewer raw materials and less energy. Part of our environmental strategy is our own climate protection concept. Although we sell more, we manage, for example, to significantly reduce greenhouse gas

emissions. We require of ourselves what the world requires of us: the highest environmental protection and ecological standards worldwide.

- › We are committed to innovation because we are committed to the future. For us, innovation is not only the key to our competitiveness but also the basis for economic, ecological and social sustainability.

Forging ahead with good examples

In 2008, there were a few examples that set trends for the future.

A school of hope. In May, thousands of people died in one of the most severe earthquakes in China's history. Cities were reduced to rubble. Symrise donated € 50,000 to provide hope where there was only desperation. The donation was used to build a new school. The school bears the name "The Symrise School of Hope."

To your health. At sites around the world, Symrise regularly organizes activities to promote the safety and health of its staff. In Singapore, we received the Singapore Health Award for our efforts.

The garden of bidden fruit.

The difference between the Garden of Eden and the small garden in Holzminden where Symrise has its origins is telling. In Eden there was fruit that led to sin. In Holzminden, there are no forbidden fruits. On the contrary, those who eat from the fruits in the Holzminden snack garden resist the temptations of improper nutrition. The world's first snack garden was an initiative introduced by Symrise to fight obesity and other illnesses caused by improper nutrition. The initiative was launched in 2006 on an 8,000 m² piece of land with grass, the remains of an old orchard and a brook. Children aged three to twelve can playfully learn that eating the right foods is not a sin but is very healthy. Within the framework of the "Germany – Land of Ideas" initiative, the snack garden was recognized in 2008 for its unique educational concept.



The tree of acknowledgement in Brazil. The snack garden in Holzminden and the Brazilian highlands that are home to the can-deia tree are worlds apart – unless, of course, one is conscious of the fact that there is only one world in which social awareness and ecological awareness are both parts of the same concerns about the future. Symrise is the world's largest manufacturer of natural alpha-bisabolol, which is obtained in Brazil from the oil of the can-deia tree. Due to its anti-inflammatory properties, among others, alpha-bisabolol is an important component of many beauty products. Symrise acknowledges the principles of sustainability and obtains the oil from controlled farms as much as possible. At the same time, we invest large sums to promote the preservation of the can-deia tree in its natural habitat. At this location, we are building a network with certified partners.

... always inspiring more. Can global standards change the world locally? An example from China shows that this is possible. During one of our regular audits, we discovered that a manufacturer in China no longer met our worldwide standards for sustainability in the supply chain and we therefore terminated cooperation with the company. The manufacturer took our demands seriously and built a new state-of-the-art production facility. Now the cooperation can continue.



Interview

“We wanted to grow faster than the market, and we succeeded despite the unfavorable environment.”

Dr. Gerold Linzbach, speaking
with Dr. Thomas Quinn

2008 was a difficult year for many companies and industries. Are you satisfied with Symrise's performance?

Satisfied, no. Not because our performance wasn't good, but because good can quickly become the enemy of better. Those who are satisfied won't necessarily get better. I think we can still improve on our good performance. That remains our goal. Again this year, we sought to grow faster than the market, and we succeeded despite the unfavorable environment. With a sales growth of 6.5% we reached the high level of our previous record year. Our EBITDA margin of just under 20% was slightly weaker than in the previous year. But compared to other industries it is a very good margin. It shows how robust the flavors and fragrances (F&F) market is. Within this robust industry we rank in the Top 4. This confirms our strategy. But this confirmation is no reason for us to be satisfied. Instead, it's an incentive for us to continue to pursue our strategy.

What factors played the biggest role in the 2008 business results?

The environment was difficult. Raw materials prices were high, and in the context of the increasingly severe financial and economic crisis in the second half of the year it wasn't possible to completely balance out the raw materials price increases through higher prices. In this environment, our customers' ordering behavior was more conservative than otherwise. This negative trend became noticeable in established European markets.

On the positive side: This year we again achieved good growth in the rapidly growing markets in Asia. In Europe, the situation is more differentiated. The markets in Eastern Europe are growing faster than in Western Europe. We improved our position in the former. In Western Europe, the market was more restrained overall. We were able to keep pace with our competitors there, but we couldn't outperform them. We achieved good growth in the US, despite the costs of integrating Chr. Hansen Flavors, Manheimer Fragrances and Continental Fragrances.

Fourth quarter numbers were not good. What is the explanation for this negative development?

The fourth quarter was worse than expected, especially in comparison with the previous year. There is a small consolation. In a sense there is no historical comparison to what happened to the entire global economy last year. The fourth quarter directly reflected how the overall economic uncertainty grew towards the end of the year. At Symrise this expressed itself in different ways.

For example, despite the negative environment the Scent & Care division – including the acquisitions of Intercontinental Fragrances and Manheimer Fragrances – grew by about 8.5%, at local currency by 7.2%. In geographical terms, the emerging markets were the growth drivers. From the viewpoint of products, our "AND" products were growth drivers. We even managed to grow in the US, because we gained positions on two important core lists. These results show that our strategy is on the right track. In the Fragrances area, especially in fine fragrances and the luxury segment, sales declined. In Europe the economic downturn was particularly evident.

How important are the acquisitions in the US?

In spite of the economic uncertainties prevailing in the United States, the US market will remain important for the entire F&F industry in the future. It is large and very competitive; presence and image play a big role there. With the acquisitions, we acquired expertise that has strengthened both divisions and firmly established our company's presence in the United States. The integration went according to plan and was successfully concluded by the end of the year. The acquisitions are examples of strategic decisions which are hardly recognizable in the results for 2008 but which will be decisive for the future.

What were last year's future-oriented strategic decisions?

Strategic decisions are always geared to the future. For this reason, we never evaluate our results for a given year in isolation, but always critically in the context of a longer-term, sustainable strategy. It is never a matter of a single decision. Our strategy is the sum of many critically examined individual decisions in different markets, which further expand our technology and innovation competencies and heighten our proximity to our customers and end consumers.

You repeatedly stress the Symrise strategy. What are the main elements of this strategy? Has it changed since the company went public at the end of 2006?

The three pillars of the strategy remain the same – "The Power of AND," "indispensable" and being "bold." Let me begin with "indispensable." On the one hand, we want to be on the so-called core lists of our biggest and most successful multinational customers, and on the other hand we want to have a strong presence with regional and local customers in the rapidly growing threshold countries. Good customer relations and a strong position in the most important markets are the prerequisites for stability and

A few future-oriented strategic decisions from last year:

- › In Shanghai, we opened a Creative Center for our Scent & Care division. With it, we will better understand the cultural qualities of the important Chinese market. The Shanghai Creative Center is not only a research unit. For us, innovation is not just a research matter but a combination of creativity, cultural knowledge and expertise, and market analysis. Ultimately, the decisive success factor is an understanding of the people who need our products and therefore buy from our customers;
- › To grow our business in Eastern and southeastern Europe, we opened centers in Vienna and Moscow;
- › We have bolstered our market position in the strategically important citrus segment by opening a global citrus center in Sorocaba, Brazil. We have access to first-rate raw materials there. In addition, we have further developed our own innovative technologies;
- › In Mexico we have opened new facilities for development and applications;
- › The acquisitions of the flavors business of Chr. Hansen, Manheimer Fragrances and Intercontinental Fragrances in the US will strengthen our presence and competitiveness in the world's largest single market;
- › We gained important positions on new core lists, for example in the US;
- › Our "AND" products grew well in both divisions and underscored their strategic importance. The innovative areas "Life Essentials" and "taste for life®" are developing especially well.

growth. Here "indispensable" not only means independence, but also reciprocity, a partnership based on a win-win relationship.

How do you become "indispensable"?

It presupposes that we understand our customers and our markets so well that we can anticipate their needs. We have been able to do that better every year. In addition, we have the good fortune of being indispensable not only to a few large customers, but to many others as well. Since we are indispensable to many customers, we are not overly dependent on one. None of our customers accounts for more than 5% of our sales. We have increased our opportunities and distributed the risks. And since we have developed good relations with regional and local customers, we can do business with them in addition to multinational core list customers. At present, we do approximately 70% of our business with regional and local customers. The balance between our relationship with large international customers and regional and local ones is a sign of stability.

... and "The Power of AND." What is this "power"?

The power of "AND" is basically the power of a paradox. People today want their basic needs met but are not satisfied with merely having their needs met – they want more. Can you have your cake and eat it, too? With our "AND" products we try to answer this question affirmatively. In terms of our strategy, the "more" that people today expect means: "Always inspiring more." In the future, more people will desire flavors and fragrances that offer more than before. Expectations are higher and at the same time more differentiated. People not only want more flavor; they want more flavor and more health. The combination of flavor and health is playing a bigger and bigger role in our Flavor & Nutrition division.

What people expect in fragrances has also changed. In this area, too people want more and different from before. Functionality is combined with a feeling of fitness and well-being. In Scent & Care, for example, we have supplemented our classic fragrances business with cosmetic ingredients. Here the power of "AND" means, say, that a skin cream not only moisturizes the skin but also protects it from the sun and premature aging. This is a completely new and profitable path in the traditional F&F industry.

What is the relevance of "AND" outside of Symrise?

The "AND" embodies the necessity and the potential to change our industry. The new path is signified by the names of our

divisions. At the same time, the names of the divisions are an expression of their self-understanding. At Symrise, the fragrances division is called Scent **and** Care. The flavors division is called Flavors **and** Nutrition. The motto is change or be changed.

“AND” has to do with the way we understand our business. We at Symrise not only seek to meet our customers’ expectations. Success in our industry will increasingly depend on the ability to anticipate new expectations. The trick is to meet expectations almost before they are perceived. It’s that simple – and that difficult.

Is “The Power of AND” merely philosophy? Where can it be felt concretely in products?

Philosophy or product would be an erroneous either-or-proposition. Here, too, we should stress the “and.” We should really talk about a product philosophy. In the Scent & Care division “The Power of AND” is currently clearest and most concretely recognizable in our Life Essentials products. To understand what life essentials are is not a philosophical task for us, but an entrepreneurial duty. How do people want to shape their lives? How do people today define what is necessary in life? We try to answer these questions with products. In the Life Essentials segment of the Scent & Care division we grew 9%. In the current economic environment the growth of the “AND” products may slow down, but we are confident that they will show overproportional growth even in the current crisis situation.

... and in the Flavor & Nutrition division?

In the Flavor & Nutrition division, I’d like to put special emphasis on the “taste for life®” products. The focus here is to develop healthier foods. Behind the brand names LIGHTEN UP™, BE NATURAL™ and GET ACTIVE™ are products that use natural flavorings to, for example, reduce sugar, salt and fat content. With other products, the aim is to mask flavors that are unpleasant but promote better health with new flavors. For instance, cod liver oil doesn’t taste better when we speak of Omega 3 fatty acids, but you can’t taste the unpleasant flavor in breakfast yogurt because it’s smuggled past the taste buds in an encapsulated form. Through the combination of enjoyment and health there is more of both – for the benefit of all. The demand for products combining sustainability, health and functionality will grow in the future. We achieved double-digit growth with these products and as a market leader we are well positioned for further growth.

So is “The Power of AND” only the sum of the product attributes?

It would be wrong to reduce “The Power of AND” to the sum of product features. Products are only part of our business. Here we’d have to talk about product philosophy again, and about corporate philosophy. If you focus too much on products, then we look like a manufacturer of products. But we are much more than a product-making company. Instead, we work more like designers or architects.

Symrise as a designer or architectural office?

Actually, yes. Customers often can only describe what kind of feeling or effect a product should have or elicit – freshness, for example, or clarity or courage. That’s very subjective, differing from culture to culture and from person to person. The functionality of the product – anti-aging, UV sun protection, or salt and fat reduction – which can accompany the feeling is comparatively objective. The “product” we ultimately provide is a composition of many different components that work together to correspond to a perception which in a way cannot be measured objectively. Let’s stick with the image of the architect. The satisfied customer knows when everything is finished: The house is right, it’s my house, unmistakable, unique – and the customer feels good about it. But he doesn’t know how the house was built in detail. And he doesn’t have to know. We have to know. That’s our knowledge.

What is special about this knowledge?

You can acquire sustained growth with this knowledge. How can you acquire this knowledge? You need experience and know-how, research in a double sense, scientific research and market research, creativity and a feeling for innovations. Know-how in chemistry is not as important as experience and openness for things that are new and different. Thinking outside the box is decisive.

What role does innovation play in the F&F industry?

There is no question that innovation will continue to determine our industry in the future. The question is how to determine innovation. We see innovation as the exact anticipation of an individual need. The impetus comes less from basic research and much more from society and from the market. Innovation is the point at which creativity in the market context becomes concrete. That’s why we integrated our research and development, marketing and consumer research. When you separate research from market research in a company, you seem to give research autonomy; in

reality, however, you really reduce its importance. Product innovations go into the market faster when we better know the needs they have to meet in the market. And since markets differ from culture to culture, we conduct customer- and consumer-oriented research at different centers worldwide – in Paris, Holzminden and Shanghai, but also in New Jersey, Moscow and Brazil.

What role does creativity play?

Concrete product innovations as well as innovative marketing approaches and new technologies are ultimately the product of creativity. Creativity always has to do with people – and that's why we're constantly looking for creative-minded people in all areas – perfumists and flavorists, researchers, the people who buy our raw materials and manage our supply chain and those who manufacture and send out our products, to cite just a few examples. We are not competing for sales, but primarily for the people who make sales possible. For creative people, nothing has to stay the way it is. The incentive to take new paths, new risks, to give more than only what is necessary, comes from inside. In our strategy, we seek to combine creativity with "The Power of AND." This leads to innovations that will be successful in the market in the future.

How do you distinguish between innovation and creativity?

You can't systematize creativity. You have to have a clear idea of what it is and means, and then you have to look for it systematically. Once you've found creativity, you have to give it more room to unfold. Creativity is something very individual with very subjective, almost artistic components. To my mind, innovation is not an artistic category; it's an entrepreneurial one through and through. Creativity and innovation promote each other in the right context. We're working on making Symrise such a context and keeping things that way. Here the third pillar of our strategy comes into play. Being "bold" ensures that the link between creativity and innovation is also a link between the interests of the customer and the interests of Symrise as a results-oriented company.

Since Symrise went on the stock market at the end of 2006 the company has showed stable growth. But the share has developed negatively nonetheless ...

Unfortunately, stock markets worldwide have developed negatively, particularly in the second half of 2008. And unfortunately, we were not able to prevent Symrise from succumbing to this general development. But the fact that most other companies have had a similar fate is no consolation. In addition to that, Symrise is still actually a newcomer on the stock market. And newcomers have a

more difficult time when there is an economic crisis. In our view the specific potential of Symrise is not reflected by the development of our share last year. There is something important and positive that distinguishes our industry from other industries and that distinguishes our company from the competitors in our industry. A newcomer is not afraid to try new things. In the F&F market that can mean advantages for the customers.

How do the F&F industries differ positively from other industries?

The flavors and fragrance industry is less dependent on cyclical developments than, say, the automobile industry or the finance industry. The high raw materials prices in the first half-year that caused us problems were not a result of the financial and economic crisis in the second half. With a weak economy it will be difficult in 2009 to implement price increases, but the F&F industry will remain stable next year as well. It is conceivable that the luxury segment will continue to be under pressure. On the whole, however, the F&F industry has to do with basic needs, such as eating, drinking, personal hygiene and household hygiene. People have a certain choice about how to satisfy these needs, but not about whether to satisfy them. I don't view the general economic downturn as a crisis threatening the survival of our industry. An indication of this is that many of our customers from the consumer goods industry achieved good results last year. Our products are an important component of their success and a reason to be optimistic about our industry. I don't want to make a virtue out of necessity, but one shouldn't overlook the fact that a main virtue of the F&F industry is a stability that is relatively resistant to economic developments.

Where does Symrise stand within the flavors and fragrances industry?

Last year, the global F&F market had an estimated total volume of € 13 billion to € 14 billion. Symrise has a market share of approximately 10% and is one of the four market leaders, along with Givaudan and Firmenich in Switzerland and International Flavors & Fragrances (IFF) in the United States. In a way the F&F business is not very complicated. The F&F market, on the other hand, is highly complex. The barriers to entering the top tier are great. Customer requirements are constantly growing. Higher-quality and more differentiated products, flexibility and reliability worldwide have become the minimum requirements in the top tier. You have to have a recognizable, proven global presence. The critical mass has to have sufficient sustainable innovativeness and financial stability to consistently pursue the corporate strategy. Added to that

are increasingly strict and expensive regulations worldwide regarding product quality, safety and environment. Symrise is one of the few companies that fulfills all of these conditions. None of the market leaders has it easy, but despite the economic uncertainties, we have a certain stability because of this.

Do you expect the flavors and fragrances industry to undergo changes in 2009?

The market is still very fragmented. There are more than 500 companies in the F&F market. The top four manufacturers together have a market share of more than 50%. The consolidation process will continue. The big companies in the top tier will have better growth opportunities than the small ones. I expect the top tier of our industry to remain stable. I'm not afraid of new players, but I expect competition between the market leaders to stiffen.

How does Symrise differ from its rivals?

In general terms, our strategy and the consistency with which we pursue it. Less generally, the specific way we are positioned in the market. This is often overlooked. We have a different self-image, a different customer portfolio, and we are organized differently.

With our "AND" products we have laid the foundation for gaining new market shares in established as well as new, rapidly growing markets in the future. Unlike our main competitors, we are active in the growing market for cosmetic active ingredients in addition to the classic F&F market. We are putting our emphasis on care and nutrition within the F&F context. We see additional potential here.

Our customer portfolio is well balanced. We do 30% of our business with international core customers. We achieve about 70% of our sales with regional and local customers in emerging markets where our size and experience are particularly important to young, growing clients. Our organizational structure permits trans-divisional synergies, and at the same time each division has the independence it needs to make quick and efficient operational decisions.

How do you assess your chances for 2009?

Our chances to keep growing faster than the market and the competition, and to improve our profit, are good. We have a stable or growing presence in all the important markets worldwide. We have access to the necessary raw materials and a supply chain that can combine constantly improving flexibility with efficiency. We are in

“Our chances to keep growing faster than the market and to improve our profit are good. We have a stable or growing presence in all the important markets worldwide.”

“If we can manage to satisfy basic needs with better margins, as well as faster and more creatively, we will also discover new opportunities during the crisis period.”

a good position financially. Our cash flow is good and our financing is ensured until 2011. We have the financial means and leeway to strategically gauge our consolidation opportunities. And we are in a position to meet strict regulations worldwide. We have been able to meet all requirements of the EU REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) ordinance. As far as environment, health and safety are concerned, we have proven ourselves to be a responsibly-minded, “sustainable” company.

To be sure, the general economic environment will be difficult in 2009. At Symrise, more than 90% of our business concerns satisfying basic needs. Only about 10% involves products in the more economy-dependent luxury segment. When there is an economic downswing, people do not abandon their basic needs. But they are especially open to new ways of satisfying them. If we can manage to satisfy these basic needs with better margins, as well as faster and more creatively, we will not only confront problems during the crisis period – we will also discover new opportunities.

Do you have a sales and earnings forecast for 2009?

In the current context of the global economy, exact forecasts are extremely difficult. At this point in time, I can only promise what our strategy and preparations make possible – stability and continuity. We can’t say exactly how much and how fast we will grow. But we are positioned worldwide so that we can outperform the competition.

Do you expect higher price pressure?

We have more than 10,000 different raw materials in our more than 30,000 products. Raw materials prices comprise more than 40% of our costs. They were particularly high in the first half of 2008 and have stabilized somewhat since then. We were only able to raise prices in the second half of the year, but that didn’t balance out the higher costs. We do not sell commodities, however. Our products are not interchangeable. As a rule, they are tailor-made for certain customers and have highly creative and innovative components. Our products often account for a small part of the total price of the end product, but due to their effect they often play a big role in consumers’ purchase decisions. Against this background, we can always expect relative price stability.

What possibilities do you have to cut costs?

We are continually optimizing our processes. Generally we adhere to the “design to cost” principle. Since our products are normally tailored to the specific wishes of individual customers, we can crit-

ically examine the costs from the very outset. We combine efficient recipe design with a procurement strategy that continually looks for new markets for high quality but less expensive raw materials. Our supply chain is designed to be flexible enough to quickly adjust to new systems and technologies. Overall we have a holistic approach that goes from the purchase of a raw material to the delivery of the finished product. Cost reduction and service improvement go hand in hand.

In 2009, companies around the world are cutting back on personnel to reduce costs. Do you think a reduction of staff is an acceptable way of cutting costs?

Both job cuts and job additions are subject to the same principle. At the end of the day, there are only as many jobs as competitiveness allows. This applies every year, in every business environment, not only for 2009. As a publicly traded company, we at Symrise are obliged to be competitive, and we must be responsible to everyone who has put their trust in us – our shareholders and customers as well as the countries where we operate. If we see our competitiveness endangered, we have to act. But there are other things that can be done before jobs are cut. Cutting jobs is an extreme but, in certain circumstances unfortunately, a necessary and legitimate measure to safeguard vital investments for the company and ultimately keep as many jobs as possible.

Is Symrise planning job cuts for 2009?

Every year we develop various scenarios so that we can react quickly to market developments. When there are positive developments, we have to be in a position to expand capacities, possibly with the help of additional personnel. With negative developments, we have to be able to reduce capacities, by cutting jobs if need be. In both cases it's a matter of maintaining and increasing productivity. And in both cases we try to achieve this without adding or reducing personnel. Before job cuts are contemplated, other measures are considered, such as process optimizations, new technologies and various savings measures in each area. But if job cuts are necessary, we shouldn't hesitate. If cutbacks should be required, we have plans to make this as socially responsible as possible for the people affected.

In short, no job cuts are planned at Symrise at present, but this cannot be completely ruled out. In today's economy, a responsible entrepreneur cannot guarantee jobs, just as he cannot guarantee good results. Cutting back on jobs is not an end in itself. For us at Symrise the primary issue is not whether we have too many people. The most important question, rather, is whether we are in the

right segments. As a business enterprise, we only want to be active in segments that promise profitable business. After that we strive for results that safeguard our employees.

Do you have a forecast concerning the development of the Symrise share?

Needless to say, we are not happy about the negative development. The stability we have shown since we entered the stock market is not reflected in the development of our share. There are many external factors affecting the share that we can't influence at all. We focus on what we can influence – on our margins, our costs and processes, on innovative products. Our strategy is long term. If we realize it, we will be able to achieve stable, sustained growth and continually better results. Despite the current situation we believe that the stock market will honor our stability over time.

What will you do to promote the share?

Above all, we will try to have good business results. But good results alone are not enough. They have to be communicated well. In 2009, we intend to further intensify communication with our investors and potential investors. We intend to develop a closer relationship with our key investors. In the long run, we can only expect more trust from investors if they understand us better. We have therefore made investor communication a top priority of the entire Executive Board.

Dividend payments in the current economic environment have been criticized by some. Should a company cut or stop dividend payments to save jobs?

The values driving the criticism are important ones – responsibility and solidarity. But we should be careful about inaccurate over-moralizing and ideology. The shareholder is usually not the care-free, well-to-do individual. In most cases we are dealing with an investor group that helps normal everyday people secure their life insurance and build their personal savings. Sometimes the capital is needed by the company itself to ensure the company's development. Reducing the question of solidarity to an oversimplified either-or is not helpful. A publicly listed company has to be responsible to both its shareholders and its employees. In the end, playing one group off against the other won't be responsible to either group. It goes without saying that it would be irresponsible to pay a dividend if it would jeopardize the company's financial stability. That would be neither in the interests of the employees nor in the interests of the shareholders.

How important is the role of the CEO?

The CEO can enable a creative, productive corporate culture, but he can't substitute for it if it's missing. The stability and productivity of a company should never depend on one person at the top; they are the result of many individual people in the whole company, who have their own competencies and supplement and increase their competencies through cooperation in a team. A CEO who makes himself too important is heading in the wrong direction. He has to make the others important, give them freedom so they can take responsibility themselves. A CEO who is always the center of attention can be a kind of cult figure, but this would be counterproductive in the culture Symrise is striving for.

In 2009, there will be a change of leadership at the top. At the end of 2008, you informed the Supervisory Board that you did not want your contract to be renewed for personal reasons. Does your decision mean for Symrise, in addition to external uncertainties in the global economy, problematic uncertainties within the company?

I announced my decision early on so that the Supervisory Board would have plenty of time to find the right successor. In the meantime, I will do everything I can to ensure that Symrise does not lose its strategic focus but, on the contrary, sharpens it further.

Does a new CEO mean a change of strategy?

The change of leadership is not a change of strategy. The strategy is confirmed by our results. It is important to develop the strategy further. It has to be continually adapted to meet the changes in the market. The leadership of the two divisions in which the strategy is implemented will also remain the same. The divisions operate independently under Achim Daub (Scent & Care) and Heinz-Jürgen Bertram (Flavor & Nutrition). Both divisions have prepared themselves well for the challenges of the market. We've learned from last year's developments.

What kind of corporate culture is Symrise striving for?

In recent years we at Symrise have tried to build a corporate culture focusing on creativity, individual initiative and personal responsibility. That doesn't mean that the CEO isn't important. But his role is not to have the employees focus on him. His task, rather, is to get the employees to focus on the corporate strategy and the results. This is based on a different notion of leadership. The term "manager" is not correct here. Instead of "managers," one should speak of "focusers," of people who are strategically and objec-

tively focused themselves and therefore can focus others. Strategic focus constitutes the potential of the company, since in the long run strategic focusing leads to results. Such a culture cannot be created on command; it has to be enabled and it takes time. Symrise's historical roots go way back, but Symrise is a young company. Since our flotation at the end of 2006, a corporate culture has begun to emerge that makes me optimistic.

Dr. Linzbach, in conclusion, I'd like to return to Symrise's strategy. You discussed "The Power of AND" and "indispensable." What does being "bold" mean in Symrise's culture?

Being "bold" does not determine what we think and do, but how. It is inextricably linked to the other two elements. Being "bold" is the force that gives "AND" its power and fills "indispensable" with life. It makes us bold, but not rash. We are prepared to take risks, but we're not careless. It forces us to focus on the present, without losing our vision of the future. It may make us uneasy, but not uncertain. It has nothing to do with arrogance, but with self-assurance and entitlement. Being "bold" makes Symrise's corporate culture an entrepreneurial culture. Being "bold" is the thorn in our company's side. It reminds us that we can accomplish something, but also that as businesspeople we should never rest on our laurels, that the nature of our business is growth.

Our People



Success has many faces. And it never comes automatically. Corporate success is the achievement of many individuals who work together as one company. At Symrise, it is more than 5,000 individuals working on five continents.



Human resources: the principle of mutual responsibility

The most important resources of a company are its human resources. The staff members embody the values of the company and constitute the real value of Symrise. Among Symrise's most important values are creativity, initiative, responsibility, teamwork and a result-oriented focus. Our HR strategy is based on a simple idea: The employees are responsible for Symrise's success, and Symrise is responsible for the employees.

Personalized corporate strategy

Evaluating the performance of staff is important for every company and its workforce. It is particularly important at Symrise, because evaluation of staff is at the same time a kind of evaluation of the company's strategy. At the beginning of the year, Symrise employees define their personal goals together with their superiors. The personal goals are developed from the individual tasks of the employee; the goals are concrete, measurable and directly relate to the corporate strategy. Skills and competencies are defined in terms of the strategic categories "The power of AND" and "indispensable"; actions and decisions are evaluated based on the "bold" category. Did the staff member act creatively and in an enterprising way? Did their decisions make a concrete contribution to increasing the company's value? Did they simply accept existing processes? Or were they "bold"? Did they, for example, ques-

tion processes and improve them? When employees deal with their personal goals they are simultaneously dealing with the Company's strategy.

We believe that the best way to increase the value of our Company is to ensure that our people continue to develop. An example: the Symrise Academy.

The Symrise Academy – qualifications for quality and competitiveness

The Symrise Academy plays a key role in our employees' development. The academy systematically promotes special talents ensuring that the Company will remain competitive in the future. So that nothing is overlooked, the approach has a twofold focus. On the one hand, the aim is to promote the different creative abilities that are necessary in each of our divisions. On the other, it's a matter of enhancing management skills that are needed to recognize market requirements at an early stage and to meet them before the competition does. Creativity without knowledge of the market is blind, and knowledge of the market without creativity that gives rise to innovative products is fruitless in the end.

At the **Perfumers' Creative Academy**, creativity has a double meaning – a meaning for fragrances and a meaning for markets.



A complete Junior Perfumer program lasts two years. It starts with the study of raw materials and extends to the fundamental business categories – Fine Fragrance, Personal Care and Household Products. The course of study includes a stay abroad. For graduates and postgraduates, the focus is on chemistry, technique and management skills that turn creations into successful products. Senior Perfumers take “scent expeditions.” They experience spices and flowers in places where they have natural and cultural origins. And the journey also leads to the generation of new fragrance ideas.

At the **Flavor Academy**, the training is more than just a matter of taste. Those who pass the theoretical and sensory entrance examination can go on to learn the theory and practical skills of a flavorist. After two years, the trainee’s knowledge is tested and they present their own aroma composition. In addition to the flavorist program, there is also a program to become a Product and Application Development Technologist. Symrise is one of the few companies in the world that offers a flavorist training program.

How does a company become and remain competitive in an increasingly complex, highly competitive global economy? There is no single, simple answer to this question. Consequently, Symrise’s **Leadership Academy** offers managers many possibilities. The

focuses include communication strategies and techniques as well as management and training skills. A mentoring program ensures that young managerial staff benefit from the experience of senior managers. With the help of the “leadership toolbox,” top managers engage with the most important economic issues and corporate strategies. In March, the Company’s top 20 managers met to discuss acquisition strategies; staff of the renowned Management School St. Gallen were also present at the meeting.

The Share

The Development of the Symrise Share in 2008

The predominant factors influencing stock markets in 2008 were the financial crisis and its impact on the global economy, as well as the rapid increase in prices for raw materials and energy. These factors accelerated the global downturn on the stock markets and subjected them to increasing volatility. Growing fears of a recession, the insolvency of numerous US-based banks and the

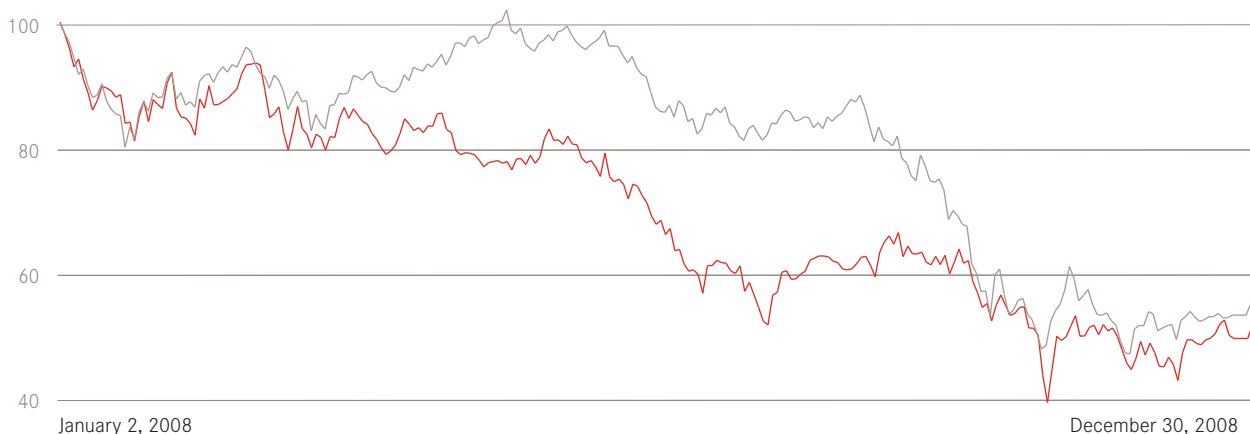
difficulties many companies experienced in securing financing all resulted in diminished confidence among shareholders and served as a drag on market performance over the course of the year.

At the beginning of 2008, the German DAX® index stood at 8,067 points. It then fell by some 40% over the next twelve months, ending the year at 4,810 points. The MDAX® mid-cap index, which in-

PERFORMANCE OF THE SYMRISE STOCK IN COMPARISON TO THE MDAX IN 2008

indexed

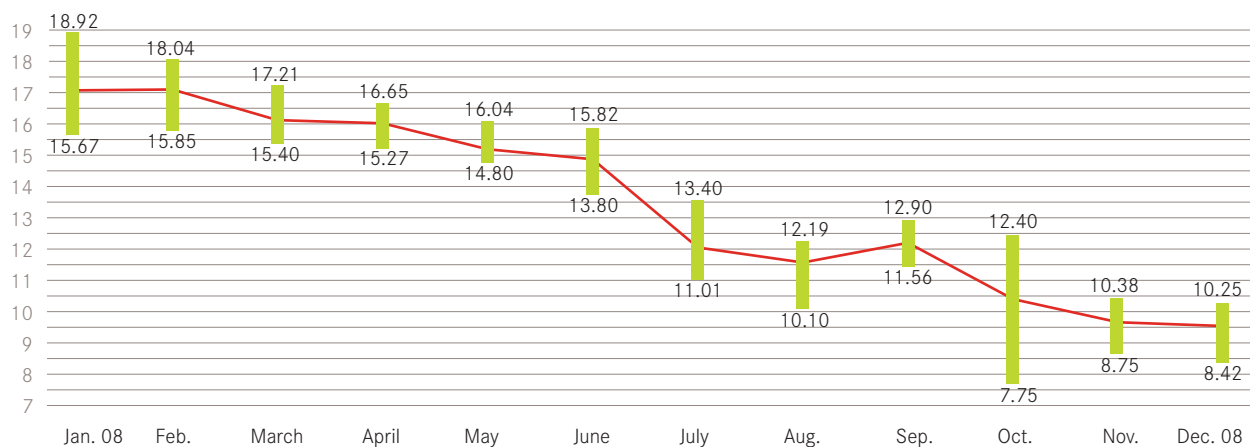
Symrise
MDAX



HIGHS AND LOWS OF THE SYMRISE STOCK IN 2008

in €

Average of the month
Highs and lows



cludes the Symrise share, declined by a slightly greater amount, ending the year at 5,602 points, down some 43% over the course of 2008.

Despite positive expectations on the part of analysts and a positive response from investors, in the first quarter of 2008 the Symrise stock fell under its initial listing of € 17.25. Subsequently, shares of consumer product companies – who are supplied by Symrise AG and who therefore serve as a key indicator for it – were particularly hard hit by developments in the stock markets. Consequently, the price of the Symrise stock continued to decline. In light of the ongoing financial crisis and its impact on the global economy, stock markets worldwide underwent another major wave of consolidation beginning in July 2008. As a result, the Symrise stock reached its lowest price for the year – € 7.75 – on October 28, 2008, subsequently posting gains in the following weeks. It closed on December 30, 2008, at € 9.98, down 48% for the year. The performance of the Symrise stock thus reflected the performance of the MDAX® over the course of 2008.

The decline in the stock markets continued in 2009. The Symrise stock price also continued to fall, closing at € 8.01 on February 18, 2009, when the 2008 Annual Report went to press.

We expect stock markets to experience considerable volatility in 2009 and possibly to continue their downward trend. The defensive nature of our business model, however, should serve our share price well during these difficult, uncertain times.

Trading Volume and Market Capitalization: Increase in Turnover

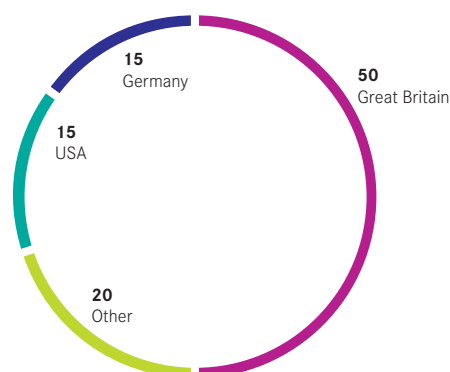
The average daily turnover of Symrise stock in the XETRA electronic trading system, which accounts for some 94% of total trade in the Company's shares, rose in 2008 by 50% to 760,000 shares per day. (In the 2007 financial year, the figure was approximately 505,000 shares.) On the busiest days, more than 2,000,000 shares changed hands. With a market capitalization of € 1.1 billion – based on the free float of 94% – the Symrise stock was ranked 13th within the MDAX® at the end of 2008. With that, it has a weighting of 2.6% within the index.

Shareholder Structure: Free Float Constant at 94%

The shareholder structure did not change to any significant degree in 2008. The vast majority of our shares are held by institutional investors in English-speaking countries. The largest single shareholder is Gerberding Vermögensverwaltung, which holds 6% of our stock.

REGIONAL SHAREHOLDER STRUCTURE

in %



Source: Symrise estimate

Investor Relations: In-Depth Dialog with the Capital Market

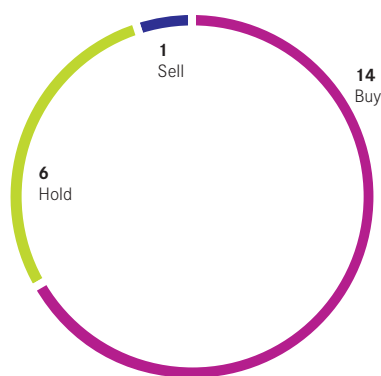
Our ongoing, in-depth dialog with analysts as well as institutional and private investors is very important to us. The goal of the dialogue is to communicate Symrise's development and strategic alignment transparently and openly and thereby achieve a realistic and fair valuation of our stock on the capital market.

At our analysts' conference in March 2008, the board presented to some 60 analysts and investors detailed information on fiscal year 2007, the Company's strategy and sales and earnings expectations for fiscal year 2008. The Company's performance was also discussed at length during three telephone conferences held in the first three quarters of 2008, which had an average of 50 participants.

We were able to welcome some 200 shareholders to our second regular Shareholders' Meeting, held on April 29, 2008, in Frankfurt, Germany. The attendees represented some 70% of our share capital, and they approved the individual items on the meeting's agenda with no less than 98.9% agreement.

ANALYSTS' RATINGS (RESEARCH COVERAGE)

Number of recommendations



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

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

present financial calendar. Our website and the information contained there are scheduled to be upgraded and expanded in 2009.

In times of uncertainty, it is especially important that we maintain ongoing contact with existing and potential shareholders and that we reinforce their confidence in Symrise. Global road shows and an Investor Day have therefore been planned once again for 2009, in addition to one-on-one meetings and the regularly held telephone conferences used for presenting our quarterly results. In addition, we will participate to an even greater extent in investor conferences for institutional and private shareholders. We feel certain that such communications activities will pay off once the present market turbulence subsides.

Research Coverage: Increasing Analyst Interest

In the 2008 fiscal year, we were able to entice six additional investment firms to begin releasing regular analysis and commentary (research coverage) on Symrise AG. Twenty-one investment firms – primarily in Germany, the UK and Switzerland – now publish regular reports on the ongoing performance of our Company and provide recommendations. Their investment recommendations are nearly consistently positive: As of the end of December 2008, 14 out of 21 analysts rated the Symrise stock "Buy," six recommendations were "Hold," and one was "Sell." Analysts appreciate the defensive nature of our business model, our stable cash flow and our limited cyclical business operations.

In 2009, one German bank has initiated research coverage with a "Buy" recommendation.

Stable year-on-year adjusted EPS

Earnings per share amounted to € 0.76, compared to € 0.82 in the previous year. Earnings per share are determined by dividing Group net profits by the number of shares outstanding in the reporting year. This figure remained constant in fiscal year 2008 at 118,173,300 shares.

Adjusted earnings per share amounted to € 1.02, the same level as in the previous year. Adjusted earnings per share are determined by adjusting Group net profits for one-off tax effects, non-cash interest movements, and amortization of recipes, and then dividing by the number of shares outstanding in the reporting year.

Attractive Dividend Proposed for 2008

At the Shareholders' Meeting on May 11, 2009, the Executive Board and Supervisory Board of Symrise AG will propose paying a dividend of € 0.50 per share for fiscal year 2008. This corresponds to a payout ratio of approximately 50% of adjusted Group net profit. Comparing the dividend per share to the share price of € 9.98 as of December 30, 2008, this represents a dividend yield of approximately 5.0%.

With the 2008 dividend, which is unchanged from 2007, the Executive Board and Supervisory Board want to continue their shareholder-friendly dividend policy. In the future, we intend to maintain a payout ratio of approximately 50% of adjusted earnings per share.

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, Dow Jones Euro Stoxx® Chemicals
Sector	Chemicals
Most important trading place	XETRA (electronic trading platform)
Ticker symbol	SY1
ISIN	DE000SYM9999
WKN	SYM999
Common Code	027647189
Designated sponsors	Deutsche Bank, UBS Investment Bank (until March 2009)
Initial listing	December 11, 2006

COMPARATIVE PERFORMANCE OF THE SYMRISE STOCK

		2007	2008
Shares issued as of balance sheet date	millions	118.2	118.2
Share capital	€ million	118.2	118.2
Highest share price (XETRA closing price)	€	22.20	19.28
Lowest share price (XETRA closing price)	€	17.90	7.75
Share price at end of fiscal year (XETRA closing price)	€	19.28	9.98
Free float	%	94.1	94.0
Market capitalization at end of fiscal year (based on free float)	€ million	2,124.0	1,109.0
Average daily trading volume	shares, approximately in T €	505	760
Earnings per share	€	0.82	0.76
Adjusted earnings per share	€	1.02	1.02
Dividend per share	€	0.50	0.50

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:

Corporate Governance at Symrise is based on the German Corporate Governance Code which has established itself as guideline and standard for good corporate governance in Germany. We are convinced that good corporate governance is a prerequisite and indispensable basis for the success of a company. Particularly in times of a worldwide financial crisis, this success depends even more so on the trust of our business partners, financial markets, investors, employees and the public. Confirming and further strengthening this trust is a prioritized objective at Symrise. Achieving this objective calls for responsible leadership and corporate management and control focused on creating sustainable added value, i.e. "corporate governance."

We therefore welcome most emphatically the amended version of the German Corporate Governance Code of June 6, 2008, as published by the Federal Ministry of Justice in the official section of its electronic Federal Gazette of August 8, 2008. We have already aligned ourselves in the past to international and nationally recognized standards of good and responsible corporate governance and will continue to do so without restriction in future as well. In fiscal year 2008, we once again involved ourselves intensively and across all areas with the fulfillment of the provisions of the German Corporate Governance Code, in particular with the new requirements of June 6, 2008.

Agreement on a remuneration system for the Executive Board, including main contractual elements, was reached in the past by the Supervisory Board upon proposal by its Presidential Committee, and it has since audited this system regularly. Naturally, we will continue to adhere to this. Likewise, the former proposal for a so-called "severance pay cap," which was upgraded to a recommendation, has also been put into place at Symrise. We will also be adhering to this. Additional payments as a result of a premature termination of an activity on the Executive Board of Symrise AG in the course of a "change of control" were not and are not foreseen in the service contracts of the members of the Executive Board of Symrise AG.

As in past years, we have implemented the recommendations of the German Corporate Governance Code at Symrise in full, with just two minor exceptions.

Statement of Compliance

Under § 161 of Germany's Stock Corporation Act ("AktG" – Aktiengesetz), the Executive Board and Supervisory Board of a listed company must issue an annual statement detailing whether the company was and is in compliance with the German Corporate Governance Code and detailing recommendations of the Code have not been applied. On the basis of their deliberations, the Executive Board and Supervisory Board of Symrise AG issued a new statement of compliance on February 25, 2009, pursuant to § 161 AktG.

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

1. Contrary to Section 3.8, Paragraph 2, the "Directors & Officers" ("D&O") 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 could cover the deductibles with their own insurance policy, thereby negating the actual function of the deductible. In addition, unlike other forms of insurance, deductibles in the case of D&O insurance do not result in any reduction in premiums. The company, therefore, would have to pay the same price for less performance by the insurer.

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

Symrise AG is a stock corporation (Aktiengesellschaft) under German law. Accordingly, the company is managed by the Executive Board and Supervisory Board. This dual management system, characterized by a separation of managerial and supervisory bodies, represents an efficient corporate management on the basis of the intense ongoing dialog between the two bodies at Symrise.

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 manages the company on its own responsibility, develops the Group's strategic alignment, coordinates this with the Supervisory Board and is responsible for its implementation. The Supervisory Board monitors and advises the Executive Board with respect to its managerial activities. 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, on the state of the Group, including a risk profile, and on risk management. The articles of incorporation specify reservations of consent for significant business transactions. These reservations of consent are contained in identical form in rules of procedure for the Executive Board. These provisions, together with the rules of procedure for the Supervisory Board, are available to the public on our website. The report of the Executive Board also includes the topic of compliance, i.e. the measures for adherence to legal regulations and internal corporate guidelines.

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.

As in past years, there are no former members of the Executive Board on the Supervisory Board in order to ensure independent consultation and supervision.

There were also no conflicts of interest among members of the Executive Board and Supervisory Board in 2008. Any such conflicts of interest must be disclosed to the Supervisory Board without delay.

Klaus Kühn, who retired from the Supervisory Board of Symrise AG at the end of December 31, 2008, 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 has not had 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 2008 between members of the Supervisory Board and the company involved Mr. Horst-Otto Gerberding.

In connection with the retirement of Mr. Gerberding as managing director of the former Symrise Holding GmbH, the company and Mr. Gerberding entered into an "Amended and Restated Service Agreement" on September 4, 2003. Under the terms of this agreement, Mr. Gerberding is entitled to monthly transitional allowance of € 41,666 until March 31, 2008.

Following this, the company is required to 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. The total sum of retirement pension and pension entitlement is € 23,475 per month. This amount is borne to one half each by Symrise GmbH & Co. KG and Symrise AG.

In addition, Mr. Gerberding is entitled in fiscal year 2008 to payment of monthly compensation of a further € 41,666 for a post-contract ban on competition. This entitlement is valid until and including September 2009.

Transparency

Pursuant to § 15a of Germany's Securities Trading Act ("WpHG" – Wertpapierhandelsgesetz) the members of the Executive Board and Supervisory Board of Symrise AG as well as certain employees with management duties and the persons with whom they have a close relationship must disclose the purchase or sale of Symrise shares and related financial instruments. This duty of disclosure applies if the value of the transactions undertaken by one of the aforementioned persons reaches or exceeds the sum of € 5,000. All of the reports received by Symrise AG as of December 31, 2008, are published on our website under the heading Investor Relations/Corporate Governance/Directors' Dealings. This includes all such reports since the IPO in December 2006, including any involving persons who have meanwhile left the Executive Board and Supervisory Board.

The direct or indirect total holding of shares in Symrise AG by all members of the Executive and Supervisory Boards as at December 31, 2008, was more than 1%. The amount of 6.24% of shares in Symrise AG held in total by members of the Executive and Supervisory Boards consists of 5.99% held by members of the Supervisory Board and 0.25% by members of the Executive Board.

A summary of the respective mandates of the members of the Executive and Supervisory Boards can be found in the financial statement. Relationships to affiliated companies and persons are stated in the Notes to the Consolidated Financial Statements.

Executive Board and Supervisory Board Remuneration

This remuneration report is also part of the management report. Remuneration of members of the Executive Board is paid on the basis of § 87 Stock Corporation Act. In accordance with this, remuneration is stipulated by the Supervisory Board. In addition to their base compensation, Executive Board remuneration includes a variable component that adequately reflects an individual's performance as well as company results and the market environment. Base compensation is paid monthly in twelve equal amounts as non-performance-related remuneration. The variable components consist of an annual bonus and a bonus component with long-term incentive effect.

The annual bonus earned by a member of the Executive Board does not exceed 100% of the respective basic remuneration. The EBIT of the Symrise Group according to the business plan is used as business ratio for the Group and/or its operating divisions for determination of target achievement rates. Medium-term strategic targets and qualitative appraisal criteria are also taken into account.

A component with a long-term incentive effect is the bonus plan covering a period of three years ("LTIP" – Long Term Incentive Plan). This pays a bonus based on share price performance and the development of the company's value. In terms of the three-year duration of the bonus plan, members of Executive Board cannot earn more than 220% of their respective basic remuneration.

The targets used for appraisal of the variable components of total annual remuneration are stipulated at the beginning of a business year in target agreements with the individual members of the Executive Board on the basis of the agreed corporate goals. Earned variable components are paid out in the spring of the following year or in the spring of the year following a three-year period on the basis of the approved financial statements.

All members of the Executive Board have the right to accumulate deferred compensation benefits by converting their salaries. Dr. Linzbach, Dr. Bertram and Mr. Yates accumulated deferred compensation benefits in fiscal year 2008 by conversion of salary. In the case of Dr. Bertram, there is also an additional pension commitment due to his prior employment contract with Symrise GmbH & Co. KG. This pension commitment was also offered to all other

employees of Symrise GmbH & Co. KG. Dr. Bertram services this pension commitment from his own income by means of salary conversion.

Furthermore, the employment contracts of the members of the Executive Board (with the exception of Dr. Bertram) do not provide for any additional remuneration in the case of early termination without due reason by the company. In this case, the respective Executive Board member receives no more than the remuneration for the remaining duration of his or her employment contract. There is no entitlement to bonus payments for the respective fiscal year. In the case of Dr. Bertram, there is an agreement that in the event of a termination without due reason of his Executive Board contract, severance payment will be made on the basis of his employment contract prior to being appointed to the Executive Board and the related length of service since November 1, 1990.

A post-contract ban on competition has been agreed with the Executive Board members for a period of twelve months. The respective members of the Executive Board shall be paid 50% of their contractually agreed basic remuneration as compensation for this ban.

A breakdown of the total remuneration of each member of the Executive Board, including the pension funding rates, is shown on page 90 of this annual report.

In addition to their base compensation, the Supervisory Board remuneration also includes a variable component that adequately reflects the company's earnings per share. The base compensation for each member of the Supervisory Board is € 20,000. As long as the company's earnings per share amount to at least € 0.15, each member of the Supervisory Board receives € 200 per € 0.01 company earnings per share. The Chairman of the Supervisory Board receives twice this amount in both base compensation and variable remuneration. The Deputy Chairman receives 1.5 times these two remuneration components. The variable remuneration component has an upper limit. For simple members of the Supervisory Board, this limit is € 40,000, for the Deputy Chairman it is € 60,000 and for the Chairman it is € 80,000.

Committee chairpersons receive an additional, fixed, annual remuneration of € 10,000. Deputy committee chairpersons receive an additional € 5,000 annually, and simple committee members receive an additional € 2,500 annually. All members of the Supervisory Board receive a stipend of € 1,000 per committee meeting or per meeting of the Supervisory Board, though the maximum stipend is € 1,500 per calendar day.

A breakdown of the total remuneration of each member of the Supervisory Board is shown in the Notes on pages of this annual report.

Information Service for our Shareholders

Corporate communication is undertaken with the objective of guaranteeing the greatest possible transparency and equality of opportunities through timely and equal information to all target groups. All major press and capital market releases by Symrise AG are also published on the company's website in German and in English. The articles of incorporation, rules of procedure of the Executive Board and the Supervisory Board, as well as the annual and consolidated financial statements, quarterly results and the annual and half-yearly financial reports can also be found on our website.

We regularly notify our shareholders, analysts, shareholder associations and the public of all important recurring dates through a financial calendar published in the annual report, the quarterly reports and on the Company website. Regular meetings with analysts and institutional investors are part of our investor relations activities. This includes an annual analysts' conference as well as conference calls for analysts coinciding with the publishing of our quarterly and half-yearly figures.

The most important presentations prepared for these events, the 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, both of which are also available on our website, 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 May 11, 2009, up until the end of the general debate. It is possible to transfer the voting rights to a voting proxy electronically up until 6:00 PM on the evening of May 10, 2009.

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

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

Along with the audit of annual accounts and monitoring of accounting procedures, the Auditing Committee set up by the Supervisory Board also undertakes regular auditing and monitoring of the effectiveness of the internal control and risk management system. This includes regular reporting by Internal Auditing and the Compliance Office of Symrise.

This overlapping mechanism allows risks to be identified and assessed at an early stage. The Executive Board regularly informs the Supervisory Board of existing risks and their development. Specific measures are proposed and implemented right from this early stage to mitigate the identified risks. The Group's in-house auditors also check on the implementation of these new measures and the results are given a critical assessment. The risk profile is thereby constantly monitored and necessary measures to mitigate risks are introduced. Specific staff members are assigned responsibility for this and held accountable in their performance review.

Compliance

At Symrise, we understand “compliance” as measures to ensure adherence to legal regulations and inter-company guidelines of all types. In this respect, the focus of compliance activities at Symrise is also on the areas of antitrust law and combating corruption. The Executive Board of Symrise AG has explicitly expressed both internally and externally its refusal to accept any form of antitrust or corruption infringement. Infringements will not be tolerated at Symrise and sanctions will be imposed upon involved employees wherever necessary and legally possible.

Symrise has an integrated Compliance Management System which combines both legal and ethical aspects and rules; we have made this into a fundamental principle for everything we do in business. We act on the basis of our understanding and conviction that adherence to these fundamental rules are an inalienable and non-negotiable component of our Symrise identity. Only a clearly defined and transparent framework of what is and what is not allowed guarantees the success and sustainability of our business. Our principle: “A transaction that cannot be brought into line with our fundamental principles is not a transaction for Symrise” applies to all our employees in all countries.

The Compliance Office reports directly to the Chairperson of the Executive Board. This ensures its independence and authority. The Compliance Officer reports to the Auditing Committee of the Supervisory Board regularly at each meeting.

In the year 2008, the Compliance Office introduced two further instruments to ensure that the same high ethical and legal standards are applied consistently throughout Symrise. Since the summer of 2008, all our employees have been able to reach the Compliance Office using free-of-charge telephone numbers (“whistleblower hotlines”) which have been specially set up in the individual countries. An intermediary, neutral service operator ensures that employees can retain anonymity where required and can always communicate in their own mother tongue anything that is on their mind. This indirect contact through a service operator also has a further advantage: It enables communication between the Compliance Office and the respective employee while at the same time preserving the anonymity of that employee. Naturally, all employees are also able to contact the Compliance Office personally or by email.

Upon successful completion of the tests in 2008, we will be able from the spring of 2009 to offer all our employees not only training courses across the complete range of compliance topics but also internet-based on-screen training. With this, we will be able to

reach more employees in a shorter period of time, while at the same time providing all employees with a greater flexibility of choice when and where they would like to take part in which training measure. In addition to this, the Compliance Office will also be offering inhouse training.

We also intend to further intensify our endeavors with regard to our Compliance Management System in 2009. These focus at all times on the integrity of our daily actions and the awareness of all our employees in this respect.

Our auditors: KPMG

With regard to the consolidated financial statements and the interim reports at Symrise, our accounting in fiscal year 2008 was again based on the International Financial Reporting Standards (IFRS) as required to be applied in the European Union. The legally prescribed individual accounts of Symrise AG which are decisive for the payment of dividends have been prepared in accordance with the regulations of the German Commercial Code (HGB – Handelsgesetzbuch). As in 2007, fiscal year 2008 was also audited by our auditors KPMG AG Wirtschaftsprüfungsgesellschaft, Hanover, (formerly KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft, Wirtschaftsprüfungsgesellschaft, Hanover). An agreement is in place with the auditors to promptly notify the chairman of the Auditing Committee of any grounds for disqualification or prejudice that are identified during the audit, insofar as such circumstances cannot immediately be rectified. The auditors are instructed to report without delay on all findings and incidents of significance to the duties of the Supervisory Board that are identified during the audit. Moreover, the auditors are required to notify the Supervisory Board and make a note in the audit report if circumstances are identified during the audit that are incompatible with the statement of compliance issued by the Executive Board and Supervisory Board in accordance with § 161 AktG.

Report of the Supervisory Board

In the following, the Supervisory Board reports on its activities in fiscal year 2008. 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 2008, the Supervisory Board also fulfilled its responsibilities under the law and according to the articles of incorporation with great care.

We 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. For this purpose, the Supervisory Board and Executive Board held a strategy conference beyond the scope of its regular sessions on May 28 and 29. In five regular meetings, the Supervisory Board deliberated in detail on all business transactions of significance to the Company based on information received from the Executive Board. The Executive Board provided us with regular, current and comprehensive reports on all relevant issues related to corporate planning, investment planning, the course of business, the state of the Group, the risk profile and risk management. The Executive Board also reported to the Supervisory Board on the compliance program and on business management in conformity to the law. It did so in both written and oral form. The Executive Board reported all important key financial figures to us once a month. The Supervisory Board was directly involved in all decisions of fundamental significance to the Company. Deviations of the course of business from the plans and objectives were explained to us at an early stage and in detail. We examined and understood all such deviations based on documents provided by the Executive Board.

Wherever so called upon by law or according to the articles of incorporation, we submitted our vote on the reports and proposed resolutions of the Executive Board following thorough analysis and discussion. In addition to me, other members of the Supervisory Board were in close and continuous contact with the Executive Board beyond the scope of Supervisory Board sessions. Furthermore, I paid special attention here to the future orientation of the two corporate divisions, the status of essential projects and the key business transactions. The increasingly severe worldwide financial crisis in the second half of 2008 was repeatedly a subject of my discussions with the Supervisory Board.

The Executive Board presented legal or regulatory matters subject to our approval in time for a decision to be taken. In urgent cases, decisions were taken in consultation with the Chairman of the Supervisory Board in writing or on the phone. Conflicts of interest between members of the Executive Board and Supervisory Board,

which have to be disclosed to the Supervisory Board without delay and which have to be reported at the Shareholders' Meeting, did not occur in 2008.

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. In the full session, the chairmen of the committees report regularly and comprehensively on the content and results of the committee meetings.

Members of the **Presidential Committee**, which is responsible for the employment contracts of the members of the Executive Board including benefits as well as other Executive Board matters, are Andreas Schmid (Chairman), Horst-Otto Gerberding, Karl-Heinz Huchthausen, Regina Hufnagel and Sanna Suvanto-Harsaae. The Presidential Committee convened four times in the 2008 fiscal year. The focus of the committee's work was on the examination of the remuneration system of the Executive Board and the adoption of success criteria for variable remuneration components to act as long-term incentives (Long Term Incentive Plan, LTIP). A further focus of the advisory sessions was the proposal to extend the appointments of the Executive Board members Dr. Heinz-Jürgen Bertram, Achim Daub and Dominique Yates until December 31, 2010, and the announcement by the CEO, Dr. Linzbach, that he did not intend to renew his contract, which expires on October 22, 2009, for personal reasons.

Members of the **Auditing Committee**, which deals in particular with issues related to accounting, risk management and business management in conformity with the law, are Klaus Kühn (Chairman until December 16, 2008, and a member until December 31, 2008), Dr. Peter Grafoner (Chairman as of December 16, 2008), Andreas Schmid and Peter Winkelmann. The Auditing Committee convened six times in the 2008 fiscal year. In the presence of the auditor as well as the CEO and the CFO, the committee dealt with financial statements and consolidated financial statements of Symrise AG, the quarterly reports and the auditor's reports, as well as the further development of the risk management system and the compliance program. The Auditing Committee also discussed

in detail the yearly and half-yearly financial reports. In its session on October 24, 2008, the Auditing Committee obtained comprehensive information on the integrated compliance management system of the Symrise Group. The individual agenda items also included receipt of the internal revision report.

The Auditing Committee prepared the Supervisory Committee's proposal to the Shareholders' Meeting to nominate KPMG AG 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.

Members of the **Arbitration Committee** pursuant to § 27 (3) MitbestG are Andreas Schmid (Chairman), Karl-Heinz Huchthausen, Regina Hufnagel and Sanna Suvanto-Harsaae. It was not necessary to convene the Arbitration Committee during the 2008 fiscal year.

Members of the **Nominations Committee**, whose task is to recommend suitable candidates for the Supervisory Board to the Shareholders' Meeting regarding the election of shareholder representatives to the Supervisory Board, are Andreas Schmid (Chairman), Horst-Otto Gerberding and Sanna Suvanto-Harsaae. The Nominations Committee convened once in the 2008 fiscal year. The session dealt with the search for a suitable candidate to succeed Klaus Kühn.

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. Important participatory projects and their development as measured against the planned objectives were also regular subjects of consultation in the full session. The Supervisory Board convened in full a total of five times in fiscal year 2008. No Supervisory Board member took part in less than half of the sessions.

Our **session of February 29, 2008**, primarily focused on the annual and consolidated financial statements as of December 31, 2007, the Executive Board's proposal regarding appropriation of earnings and the Group's future dividend policy. The auditor also participated in this session. The session was also devoted to the Flavour & Nutrition division's presentation of its healthcare strategy and the extension of the authorization to acquire treasury shares.

Also at this session, the Supervisory Board approved the acquisition of the aroma division of the Danish company Chr. Hansen.

At our **session of April 29, 2008**, right before the beginning of the Shareholders' Meeting, the Supervisory Board recognized the Company's performance and results from the first quarter 2008. The Executive Board comprehensively informed us about the current state of the Group. We also used the session to make final preparations for the subsequent Shareholders' Meeting. In addition, we reached an agreement on the main focuses and the preparation of the strategy conference convened by the Executive Board and Supervisory Board on May 28 and 29, 2008.

The agenda of the **session of July 23, 2008**, focused on the results of business operations in the second quarter 2008 and in the first half-year 2008. A further focus was the Executive Board's presentation and explanation of an acquisition project. In addition, we discussed the state of implementation of the Group's growth strategy together with the Executive Board and checked whether it was successful based on documents pertaining to it presented by the Executive Board.

In a **session held on October 24, 2008**, the Supervisory Board dealt with the performance results of the third quarter 2008. Against the background of the drastically worsening worldwide financial crisis, we discussed the consequences of the financial crisis for planning for the 2009 fiscal year with the Executive Board comprehensively and in detail. The focus of the consultation was the strongly fluctuating exchange rates of the currencies that are most important for the Group and the continued rising prices of raw materials and energy.

The **session of December 16, 2008**, focused completely on corporate planning for the 2009 fiscal year against the background of the ongoing global financial crisis. We discussed possible alternative scenarios with the Executive Board which, in the case of a further worsening of the global economy, could help us safeguard the Group's results. In the session, the Supervisory Board approved the corporate planning for the 2009 fiscal year and selected Dr. Peter Grafoner as the new Chairman of the Auditing Committee. Also during this session, the CEO Dr. Linzbach informed us that for personal reasons he did not intend to renew his contract, which expires on October 22, 2009. In addition, following a suggestion made by the Presidential Committee, the Supervisory Board resolved to extend the appointments of the Executive Board members Dr. Heinz-Jürgen Bertram, Mr. Achim Daub and Mr. Dominique Yates to December 31, 2010.

Annual and Consolidated 2008 Financial Statements

The auditor KPMG AG Wirtschaftsprüfungsgesellschaft, Hanover, (formerly KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft, Wirtschaftsprüfungsgesellschaft, Hanover) audited the annual financial statements for the fiscal year from January 1, 2008, to December 31, 2008, 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 April 29, 2008, 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 18, 2009, and in the full session of the Supervisory Board of February 25, 2009. 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 25, 2009, 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.

After examining it, we endorsed the proposal of the Executive Board for the use of the net profit of the year. The Supervisory Board considers the proposal regarding the appropriation of profits to be appropriate.

Corporate Governance

Also on behalf of the Supervisory Board, pursuant to 3.10 of the German Corporate Governance Code, the Executive Board reports on the corporate governance at Symrise AG on pages 44 – 48 of this annual report.

We have continually observed the further development of corporate governance standards in Germany and abroad.

On February 25, 2009, the Executive Board 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 6, 2008) version available from the Federal Ministry of Justice in the official section of its electronic Federal Gazette of August 8, 2008.

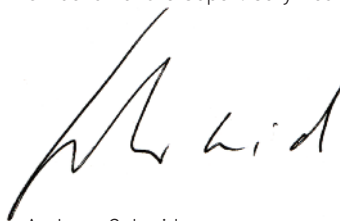
Changes in the Executive Board and Supervisory Board

There were no changes in the Executive Board during the reporting year.

There was one change in the Supervisory Board of Symrise AG in the 2008 fiscal year. Mr. Klaus Kühn resigned as shareholders' representative as of the end of 2008. A successor has yet to be named.

The Supervisory Board extends its thanks to Mr. Kühn, the Executive Board, the employees and the employee representatives of all Group companies for their commitment and the work they did in fiscal year 2008.

On behalf of the Supervisory Board,



Andreas Schmid



Chairman

Holzminden, February 25, 2009

Glossary

AC	at Actual Currency rates
AktG	“Aktengesetz” – German Stock Corporation Act
BilMoG	“Bilanzrechtsmodernisierungsgesetz” – The German Act on the Modernization of Accounting Law
CSR	Corporate Social Responsibility
EBIT	Earnings Before Interest and Taxes
EBITA	Earnings Before Interest, Taxes and Amortization
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization
EBT	Earnings Before Taxes
EPS	Earnings Per Share
EVA	Economic Value Added
HGB	“Handelsgesetzbuch” – German Commercial Code
LC	results at last year’s Local Currency rates
LTIP	Long Term Incentive Plan
Operating Cash Flow	the balance determined as the excess of receipts over payments deriving from operational transactions. The operating cash flow is an important indicator for the earning power of a business enter- prise.
Operating Free Cash Flow	a freely distributable cash flow, which illustrates the funds available for dividends to shareholders and/or redemption of borrowings.
REACH	Registration, Evaluation, Authorisation and restriction of Chemicals

Detail Index Group Management Report

54 1. FISCAL YEAR 2008 – AN OVERVIEW	77 6. FINANCIAL POSITION
54 2. GENERAL INFORMATION ON THE SYMRISE GROUP AND ITS BUSINESS ACTIVITIES	77 Main Financial Characteristics and Objectives
	77 Financing Structure
	77 Cash Flow/Liquidity
54 Overview of Business Activities	78 7. NET ASSETS
55 Organization of the Symrise Group	
57 Overview of the Divisions and Products	79 8. OTHER FACTORS RELEVANT TO RESULTS / NON-FINANCIAL PERFORMANCE INDICATORS
57 Scent & Care	79 Procurement
59 Scent & Care: Innovations and Focuses	79 Operations/Supply Chain
60 Flavor & Nutrition	80 Employees
61 Flavor & Nutrition: Innovations and Focuses	80 Perfumers' Academy
62 Overview of Research and Development	80 The Leadership Academy
62 Market and Competition	81 The Flavor Academy
63 Customers and Industries	81 Sustainability
64 Corporate Strategy and Aims	81 Audits and Guidelines
64 Financial Objectives and Value-based Corporate Management	82 Sustainability in the Divisions
	82 Raw Materials
65 3. GENERAL CONDITIONS	82 Technology
65 Business Environment	82 Social Commitment
66 Performance of the Flavor and Fragrance Market	82 Compliance
66 Investments and Acquisitions	83 Organization and Tools
67 Regulatory Environment	83 Benchmarks and Environmental Indicators
68 The Company's Performance in 2008 – A Comparison between the Actual and Forecast Course of Business	
	83 9. RISK MANAGEMENT
68 4. RESULTS OF OPERATIONS	83 Risk Management System
68 Sales	84 Strategy, Market and Product Risks
70 Gross Profit and Operating Income	85 Operational and IT Risks
71 EBIT/EBITA/EBITDA	85 Procurement Risks
71 Q4 EBIT/EBITA/EBITDA	86 Financial Risks
72 Financial Result	86 Credit Risks
72 Taxes	86 Liquidity Risks
72 Net Profit and Earnings per Share	87 Currency and Interest Rates
72 Dividend	87 Legal and Task Risks
	87 Overall Risk Situation
72 5. PERFORMANCE OF THE BUSINESS DIVISIONS	88 10. SUBSEQUENT REPORTS
72 Scent & Care	87 General Statement and Economic Situation of the Symrise Group
72 Scent & Care Growing with the Market	
73 "AND" Products Grow Faster	88 11. OUTLOOK AND OPPORTUNITIES ASSESSMENT
73 High Sales Growth with Top 10 Customers	88 Underlying Conditions and Future Development of the Symrise Group
73 Emerging Countries Remain Growth Engine	
73 Strong Sales in Emerging Countries	89 12. REMUNERATION OF THE EXECUTIVE BOARD
73 Solid Growth in Q4	89 Remuneration Structure
74 Regions	90 Pensions
74 Earnings Situation	90 Early Termination of Employment Contracts
74 Flavor & Nutrition	91 Expiration of Employment Contracts
74 Good Business Performance	91 Directors and Officers Insurance
75 "AND" Products Offering Added Values	91 Disclosures Required by Takeover Law in accordance with Section 315, par 4 of the HGB (German Commercial Code)
75 Customer Segmentation Pays Off	
75 Emerging Countries Remain Growth Engine	
75 Challenges in the Fourth Quarter	
75 Business Divided into Application Areas	
75 Regions	
76 Earnings Situation	

Group Management Report

1. FISCAL YEAR 2008 – AN OVERVIEW

€ million	2007	2008	Change AR %	Change LC %
Sales	1,274.5	1,319.9	3.6	6.5
Scent & Care	671.3	671.8	0.1	3.0
Flavor & Nutrition	603.2	648.1	7.4	10.4
Gross profit	560.8	557.5	-1	1
Gross profit in %	44.0	42.2		
Earnings per share in €	0.82	0.76	-7	-2
Adjusted earnings per share in €	1.02	1.02	0	0
EBITDA	272.1	262.5	-4	-4
EBITDA margin in %	21.3	19.9		
EBITDA Scent & Care	134.7	130.2	-3	-3
EBITDA Flavor & Nutrition	137.4	132.3	-4	-4
EBITA	232.3	221.6	-5	-5
EBITA margin in %	18.2	16.8		
EBITA Scent & Care	114.7	109.8	-4	-4
EBITA Flavor & Nutrition	117.6	111.8	-5	-5
EBIT	195.7	187.0	-4	-5
EBIT margin in %	15.4	14.2		
EBIT Scent & Care	98.6	94.8	-4	-4
EBIT Flavor & Nutrition	97.1	92.1	-5	-6
Dividend in €	0.50	0.50		
Free cash flow	145.5	123.4		

2. GENERAL INFORMATION ON THE 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 the personal care and household supply sectors. In terms of sales, Symrise is one of the world's four largest companies in the flavors and fragrances market.

Symrise's two divisions, Scent & Care and Flavor & Nutrition, are the Company's operating pillars.

Scent & Care develops, produces and sells fragrances, cosmetic ingredients, aroma molecules and mint flavors used in the manufacture of perfumes, body care products, cosmetic products and dental care products as well as cleaning and washing products. In 2008, the Cosmetic Ingredients business unit was renamed Life Essentials (see Group structure) to reflect the inclusion in our busi-

ness activities of cosmeceuticals, medical food, and nutra-ceuticals.

The Flavor & Nutrition division develops, produces and sells flavors that are used by our customers to produce food (savory products and sweets/dairy) and beverage products.

Both divisions additionally develop application systems and methods enabling Symrise to offer its customers product solutions which, apart from the typical product qualities, have added benefits – so-called “AND” products. For these products, Symrise combines a conventional component (a fragrance or flavor) with a specific technology, with further innovative components, or with an additional function. Examples include flavorings enabling the sugar or salt content of foods to be reduced, or a moisturizing cosmetic substance that reduces the proportion of preservatives in care products. These “AND” products enable our customers to differentiate themselves with their tailor-made end products from competitors in the rapidly changing consumer goods market.

As a rule, our flavor, fragrance and cosmetic ingredients are key functional components of our customers' end products and influence their taste, smell or cosmetic benefits. In many cases, the recipes and effects of our products are decisive for consumers' purchasing decisions. At the same time, our products often account for only a small percentage of the total costs of the end product. The research and development (R&D) department is supplemented by a wide-reaching network of research institutes and scientific facilities. Given the big differences in sensory preferences in Europe, Asia and North America, comprehensive consumer research is indispensable for Symrise. In addition to classical R&D activities, consumer research is one of the main foundations for developing marketable products that are successful in the long term and that meet the various needs of consumers in different parts of the world.

Symrise develops and produces more than 30,000 products from around 10,000 raw materials on five continents. We sell these products in some 160 countries. We are present in mature markets in 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. Our regional strategy goal is a positioning with important multinational customers on the one hand,

and in regional markets with particularly good growth opportunities on the other. In 2008, we generated more than 39% of our sales in rapidly growing emerging markets.

Organization of the Symrise Group

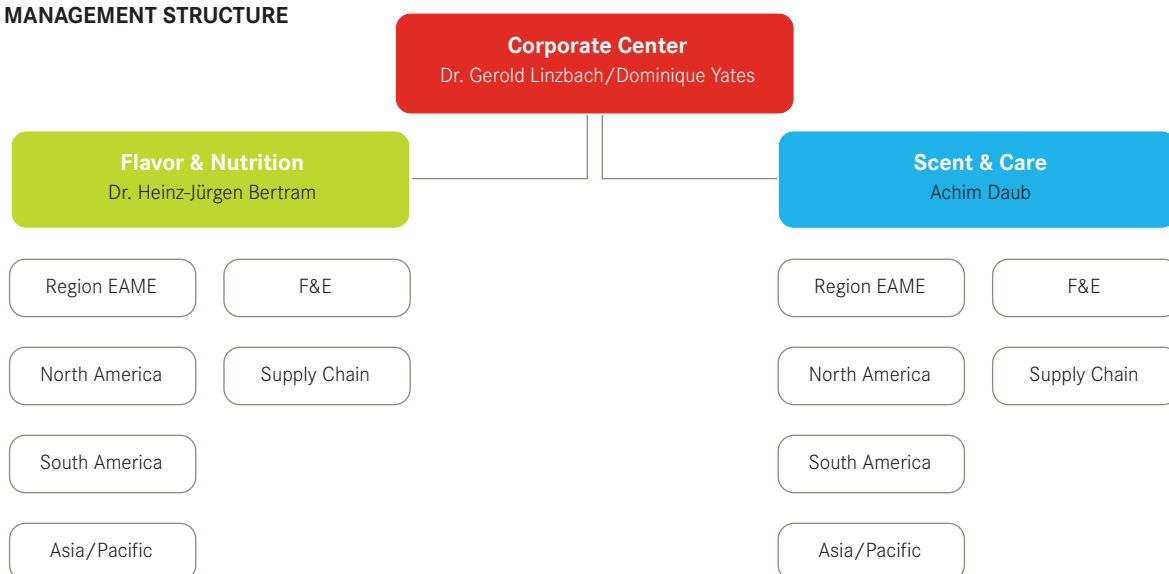
As a German stock corporation Symrise has a dual management and supervisory structure consisting of an Executive Board and a Supervisory Board. The Executive Board has four members: Dr. Gerold Linzbach (CEO), Dr. Heinz-Jürgen Bertram (Head of Flavor & Nutrition), Achim Daub (Head of Scent & Care) and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

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

With sites in more than 35 countries, Symrise has a global as well as a regional presence in all important markets.

The Group consists of a Corporate Center and the two divisions Scent & Care and Flavor & Nutrition. The **Corporate Center** bundles classical central functions such as corporate strategy,

MANAGEMENT STRUCTURE



Group finance, investor relations, auditing, legal affairs, product safety and sustainability (CSR) and personnel. The staff of all corporate center functions work closely with the two divisions.

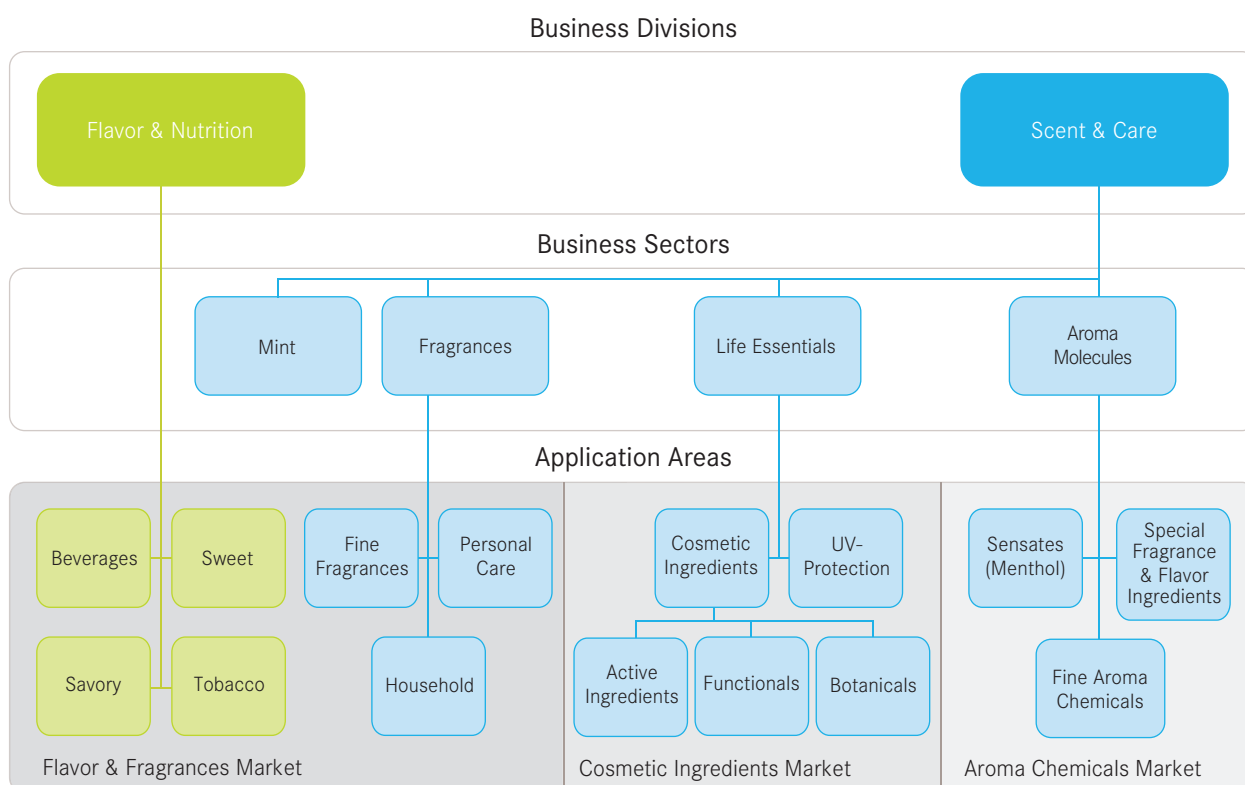
Other **supporting functions** such as information technology and corporate communication are either outsourced to external service providers or bundled in separate Group companies that have full responsibility for their results and access to third-party clients. The latter applies to the areas of technology, energy, safety, environmental issues and logistics.

The Scent & Care and Flavor & Nutrition divisions have responsibility for and control of their operating business and its processes. As “companies within a company,” they have their own research and development, purchasing, production and quality control as well as marketing and sales. This approach guarantees that the divisions have comprehensive control of their business and business processes, and it speeds up handling of internal processes.

Both divisions’ organizations are divided into four regions with separate regional heads. These regions are

- › Europe, Africa and the Middle East (EAME)
- › North America and Mexico (NA)
- › Latin America (LATAM) and
- › Asia/Pacific (APAC).

Symrise has its own production sites in all of these regions. The largest sites are in Germany, the US, Singapore, Mexico, Brazil and China.



The organizational structure is customer-oriented, conducive to fast action, and practical. Due to the simplified processes and structures, our employees can concentrate on the essentials – conducting business with their customers – and can make decisions flexibly in keeping with their customers' wishes. At the same time, the organizational structure enables synergies. An example is the joint purchase of raw materials or the formation of cross-divisional work groups devoted to certain topics.

Overview of the Divisions and Products

The structure and focus of the activities of **Scent & Care** and **Flavor & Nutrition** will now be discussed in detail.

Scent & Care

Scent & Care markets more than 15,000 products in some 135 countries and has its own branches in more than 33 countries. Scent & Care has production sites in Europe and Asia as well as North and South America.

Scent & Care is active worldwide in the development, manufacture and marketing of fragrance compositions, cosmetic ingredients, aroma chemicals and mint products. In keeping with this, the division is divided into **four business sectors: Fragrances, Life Essentials, Aroma Molecules, Mint.**

Scent & Care | Fragrances

In the Fragrances business sector Symrise develops perfume oils for use in perfumes (the Fine Fragrances application area) as well as in body care products (the Personal Care application area) and household products (the Household application area). Perfume oils are delivered to Symrise's customers in liquid or capsule form.

Fine Fragrances

Perfumers combine aromatic raw materials such as aroma chemicals and ethereal oils into complex fragrance compositions (perfume oils). The compositions are usually made for perfume manufacturers on request and based on briefing specifications. Well-known perfumes created by Symrise include Fahrenheit (Dior), Cerrutti 1881 (Cerrutti), Be Delicious (Donna Karan) and Insolence (Guerlain). In 2008, our perfumers created fragrances for the following perfume manufacturers, among others: Procter & Gamble, Coty, LVMH, L'Oreal and Estée Lauder.

At the Perfumer's Choice Awards, the American Society of Perfumers gave two Symrise perfumers awards for their perfume creations.

Personal Care

At the Perfumer's Choice Awards in 2008, three Symrise perfumers were honored for their creations in the Personal Care application area. In the Personal Care application area, Symrise makes perfume oils for the body care segment including hair care products, washing lotions, skin creams, shower gels and the like. In addition, Symrise possesses great expertise in developing special technologies for masking unpleasant body odors; these solutions are applied in deodorants, for example.

Household

In this application area, Symrise develops perfume oils geared to the special requirements of household products, including washing and cleaning products as well as air fresheners. Without fragrances, cleaning products often smell unpleasant. We mask these odors with the help of perfume oils. Moreover, fragrance compositions tailored to the respective products enhance consumers' impressions of the products' performance.

In 2008, we acquired the fragrances business of Intercontinental Fragrances and Manheimer Fragrances to become a leading manufacturer in the US air care market.

Scent & Care | Life Essentials

The **Cosmetic Ingredients** and **UV Filters** application areas are assigned to the Life Essentials business unit (formerly Cosmetic Ingredients). The products manufactured in Life Essentials are used in skin care products, hair care products, suntan lotions, after-shave balsams, shower gels, washing lotions, anti-dandruff shampoos and deodorants. Skin-lightening products are an important part of this application area and are in particularly high demand in the Asian market. The development and manufacture of alternative preservatives is a further focus. Because of the expansion of the business unit's research and development activities into the area of "beauty from within," in 2008 the Cosmetic Ingredients business unit was renamed Life Essentials.

Cosmetic Ingredients

The **Cosmetic Ingredients** application area concentrates on the development of **active ingredients, functionals** and **botanicals**. **Active ingredients** are highly effective substances for cosmetic care; the focus is on the development and production of agents that slow skin aging (anti-aging products), soothe inflamed or irritated skin (anti-irritants), or have an anti-bacterial effect. "AND" products are also developed in this area – an example is a moisturizing agent whose application allows a lower dosage of conventional preservatives. Symrise has owned a stake in Therapeutic Peptides Inc. since July 2008, as a result of which it now has

access to the highly innovative, future-oriented peptide substance group. Peptides are used in cosmetic products as effective antimicrobial substances, anti-aging substances, or agents that stimulate hair growth.

Functionals are emulsifiers, for example, basic substances used in creams and lotions.

In the **Botanicals** application area, Symrise produces plant extracts that appeal to consumers not only because of their proven functional effects, but also due to their sensory qualities. They include saffron extracts (which have skin-lightening, antioxidant, and anti-inflammatory effects) and white tea (which has an antioxidant effect). Furthermore, Symrise's partnership with the American company Bayliss, established in 2008, gives Symrise access to 100% organically grown plant extracts, of which we are the exclusive worldwide distributor.

Highly pure plant extracts, some of which are used as nutraceuticals (food supplement products with additional health benefits) to manufacture nutraceuticals, are the focus of our subsidiary Kaden Biochemicals GmbH. Symrise recently started marketing these natural substances (which include apigenin and trehalose) for use in cosmetic products. In 2009, Kaden will be integrated into the Flavor & Nutrition division to optimally exploit the Company's potential for developing innovative additives for foods and beverages.

Symrise's strategic cooperation with Cambridge Theranostics Ltd. (England) is enabling the Company to tap growth potential in a new, promising, fast-growing market segment. Medical food products, i.e. health-promoting nutritional supplements, are being developed on the basis of active substances made by Symrise.

UV-Filter

Due to its comprehensive customer service (market knowledge, wide range of products, quality products, ability to deliver), Symrise holds a leading position in the **UV sun protection filter** segment. In the organic UV filter area, Symrise has an extensive portfolio of oil- and water-soluble UVB and UVA filters, which we market under the name Neo-Heliopan®. In the inorganic UV filter segment, we are focusing on zinc oxide. In addition to a wide range of dermatological applications, it has an excellent sun protection effect. Use of UV filters is subject to different laws worldwide. In this complex regulatory environment, Symrise is an experienced, competent contact partner for its customers.

Scent & Care | Aroma Molecules

The Aroma Molecules business sector comprises the application areas **Sensates (Menthols)**, **Special Fragrance Ingredients**, and **Fine Aroma Chemicals**. These products are manufactured and marketed in liquid and crystalline form. The aroma chemicals produced by the Aroma Molecules business unit are predominantly highly standardized products.

Sensates (Menthole)

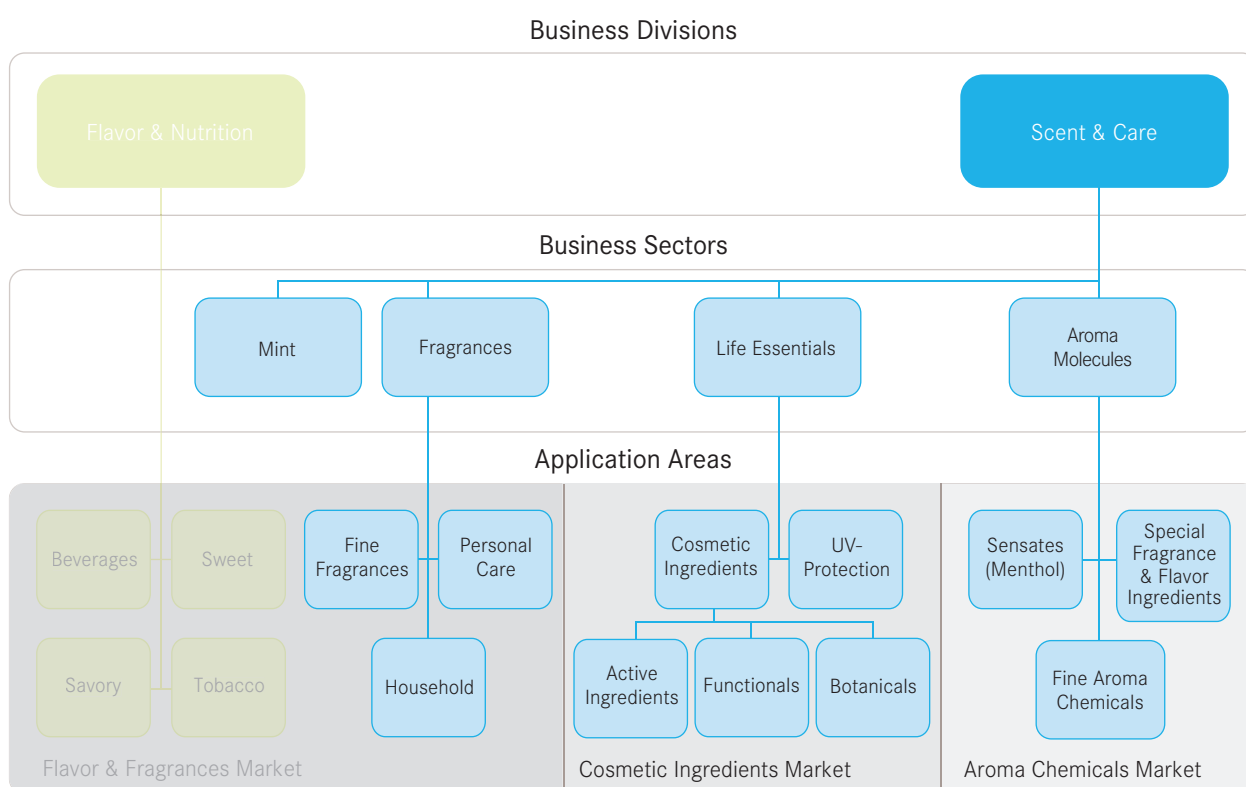
In the Menthols application area, Symrise develops and produces nature-identical menthol. Symrise has many years of experience developing and producing menthol oils and is the world's leading synthesizer of nature-identical l-menthol and its derivatives, and mint flavor compositions. Many of our products are used in dental care products, chewing gums and shower gels.

Special Fragrance & Flavor Ingredients and Fine Aroma Chemicals

In the Special Fragrance & Flavor Ingredients and Fine Aroma Chemicals application areas, Symrise develops and produces aroma chemicals (intermediate products used in perfume oils) of special quality. Among the most important products in this application area are biodegradable musk scents, which adhere significantly better to hairs, skin or textile fibers and are an essential ingredient in perfume oils. Some of the aroma chemicals made by Symrise are used for the Company's own perfume oil production, while others are sold to consumer goods manufacturers that make perfume oils out of them.

Scent & Care | Mint

In the Mint business sector, Symrise offers the entire range of mint flavors and intermediate products used in toothpastes, mouthwashes and chewing gums. Symrise is the market leader in the aromatization of toothpastes and mouthwashes. The Company's particularly innovative products in this area include Optacool®, which not only provides a fresh mint flavor but also an extraordinarily cooling sensation of freshness. Optaflow® is one of our "AND" products. Apart from having a mint flavor, it stimulates salivation and thus contributes to oral hygiene. Some customers name the Optaflow® brand on their end products and use it for marketing purposes.



Scent & Care: Innovations and Focuses

In 2008, Scent & Care launched a number of product innovations (see the research and development section), made a number of future-oriented acquisitions, and established several partnerships:

- › Acquisition of the US business activities of Manheimer Fragrances and Intercontinental Fragrances has made us one of the leading fragrance manufacturers in the US market for air fresheners and scented candles (the air care market). We are planning to open a global air care center in 2009 in the United States. With the acquisition of Manheimer Fragrances, moreover, we now have access to raw materials as well as development and production capacities in the organic fragrances segment.
- › The strategic partnership between Symrise and Cambridge TheraNostics is enabling us to tap potential in the rapidly growing “beauty from within” segment. On the basis of Symrise’s active substances, we are currently jointly developing new products in the health and medical food segments.
- › Our stake in the US biotech company Therapeutic Peptides Inc. has given us access to the highly innovative, forward-looking peptide substance group. These substances are used primarily in anti-aging and hair growth products.
- › We opened a new Creative Center in Shanghai to take advantage of the rising importance of China and the entire north Asian region. The center bundles all of the departments and creative resources of the Scent & Care division. Located in the heart of the historic old town of Puxi in the middle of a cultural, lifestyle and art center, it is ideally situated for obtaining useful information on Chinese consumer preferences and consumer trends and for implementing successful product concepts together with our customers.

Furthermore, 2008 witnessed the first successes from last year's cooperative ventures:

- ▶ Through our cooperation with the biotech companies BRAIN and AnalytiCon Discovery, we were able to license two new cosmetic substance classes and secure the worldwide marketing rights to them.

Symrise's cooperation with Cotech Srl. spawned the SCootech project. With this project we are offering customers in the cosmetics, pharmaceutical and food supplement sectors highly specialized substance testing methods and end products for skin and hair care. Together we developed a whole skin model that offers an ethical, versatile, time-saving and cost-effective alternative to artificial skin models and animal experiments. Our model received the Best New Technology Award at the 2008 HBA Industry Awards in the United States.

Flavor & Nutrition

Flavor & Nutrition markets more than 15,000 products in 140 countries and has its own branches in more than 20 countries. The division has production sites in Europe and Asia, North and South America and Africa.

The flavors we develop and manufacture form important components of many foods and beverages. They are produced in liquid, powder, or granulated form or as a paste. Symrise supplies individual flavorings used in end products as well as complete solutions which, apart from the actual aroma, can contain additional functional raw materials, colorants or microencapsulated product components.

The Flavor & Nutrition division encompasses four main application areas: **Beverages, Sweet, Savory and Tobacco.**

Flavor & Nutrition | Beverages

The **Beverages** application area develops, produces and markets flavorings for alcohol-free beverages such as refreshment drinks, fruit juice drinks, energy and sports drinks, tea and coffee drinks, and mixed milk beverages. Our flavorings are also used in functional beverages, which can be mixed with milk, yogurt, vitamins, minerals, fibers or plant and herbal extracts. Another application area is Instant Drinks, such as tea and coffee specialties. Here Symrise has developed special technologies for manufacturing aroma granulates. In addition, we develop, produce, and market flavorings, distillates and extracts for nearly all common types of alcoholic beverages – for example for liqueurs, spirits, mixed beer drinks, and beverages containing wine.

At present, mixed beer drinks are among the most important product segments in this application area. We offer aroma substances as well as colorants and preservatives as a complete solution, introducing the optimum stability fit into a beer matrix.

Flavor & Nutrition | Sweet

In the Sweet application area, flavors are developed and manufactured for sweet products, baked goods, ice cream and dairy products, among others.

A focal point is products with improved aroma release and aroma systems with masking qualities that permit the use of functional ingredients and simultaneously conceal these ingredients' often unpleasant taste.

A further focus of this application area is vanilla, citrus, and mint aromas. Symrise's expertise in the vanilla segment dates back to 1874, when the Company's founder, Dr. Wilhelm Haarmann, manufactured vanillin as the first synthetic aroma compound. Today we concentrate on developing and marketing natural vanilla aromas and extracts. With the acquisition of the raw materials supplier Aromatics S.A.S. in 2007, we gained access to first-rate raw materials and an optimum and secure supply of vanilla. This year, we managed successfully to market vanilla aromas and extracts in the US, for example. Before acquiring Aromatics S.A.S., the US FDA Standards of Identity prevented us from accessing this important vanilla market.

Flavor & Nutrition | Savory

In the Savory application area, Symrise develops and produces flavors for soups and sauces, as well as instant dishes and snacks. As a result, we provide the food industry with building blocks that give individual tastes to all kinds of products. For example, the wine aromas, meat aromas, and herbal and vegetable extracts that we produce are used to refine instant foods. In the Savory application area flavors are developed as "AND" products, enabling our customers to reduce the salt and fat content in foods with no flavor loss. Among the most important products in the Savory application area are seasonings for snacks. They contain flavors, some in microencapsulated form, and spices. The technological challenge is to ensure that the seasoning retains its flavor for as long as possible, e.g. on potato chips.

Flavor & Nutrition | Tobacco

In the Tobacco application area, we develop and market tobacco aromas used by the tobacco industry in the manufacture of cigarettes and pipe tobacco. Also in this area, special aromatization methods are developed for the tobacco industry.

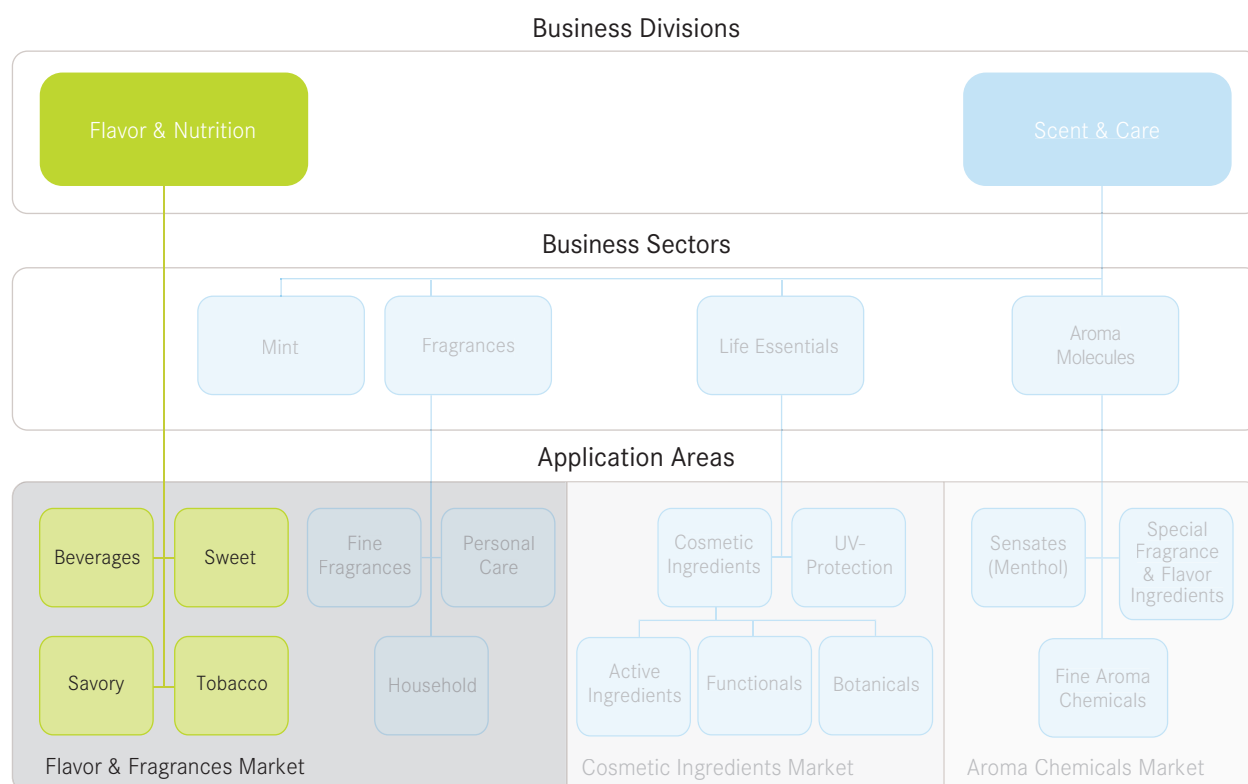
Flavor & Nutrition: Innovations and Focuses

In 2008, we strengthened our presence in the US through acquisitions and expanded and further developed existing sites:

- › Purchase of the flavor division of **Chr. Hansen** marks Symrise's largest acquisition to date. The business sector generates over 80% of its flavor sales in North America. This acquisition has significantly bolstered our presence in the world's largest domestic flavor market.
- › Our strategic partnership with the US company **First Choice Ingredients** will ensure the growth of our portfolio in the milk and cheese product segments and extend our leading position in enzyme-modified flavors.
- › At the **Sorocaba, Brazil** site we opened the Global Citrus Center. There, we develop and produce novel citrus aromas and products such as citrus terpene, citrus oil washings and extracts,

highly concentrated citrus oils, fractional specialties, spray-dried emulsions, fruit powders, and extracts. The Global Citrus Center gives us direct, resource-conserving access to first-rate raw materials; through the use of innovative technologies we can further expand our market position in the citrus aroma segment.

- › The expansion of our branch in **Vienna** strengthens our presence in Austria and in the southeast European market. The goal of the expansion is to serve regional customers better and to gear product development more to local markets with a focus on fat products.
- › We opened a new development center at our **Moscow** site. It contains development labs for all our application areas as well as a new center for sensory and consumer research. With this site expansion, too, the most important aspects are proximity to customers and continuous service, as well as further development in the region.



- › We expanded the **Mexico City** site, adding labs for the development and application of flavors and culinary concepts. The main reasons for the expansion were to achieve solid growth in the region's beverage segment and to move closer to customers.

Overview of Research and Development

Research and development (R&D) plays a key role for us, helping us to heighten our competitiveness. This applies to both the development of innovative products and solutions and more generally to our image as a creative and valuable partner of our customers.

Nearly 20% of our entire workforce is employed in our worldwide research and development units. In 2008, we allocated 6.5% of our sales revenue (around € 86 million) for research and development. Symrise has several R&D centers worldwide to optimally support the regional activities of both divisions. In Holzminden, research activities focus on fragrance and flavors, analytical chemistry, cosmetic ingredients and raw materials evaluation. Application technology research and development work is also carried out in Teterboro (USA), Singapore, Tokyo (Japan), Chennai (India), Paris (France), Cuautitlán Izcalli (Mexico) and São Paulo (Brazil).

R&D resources are directly integrated into the organization in both divisions so that development activities can be geared to the specific requirements of the division and the demands of the respective markets and customers. The R&D departments' close cooperation with market research, customer service, purchasing and manufacturing, product development and quality assurance means that the feasibility and profitability of new products and technologies can be monitored early on. This integrated approach has demonstrably heightened the effectiveness and efficiency of development processes, giving Symrise – and its customers – competitive advantages in terms of creating new, innovative products.

Moreover, we pursue a strategy of acquiring small companies that have interesting technologies or raw material bases, or cooperating with them in strategic partnerships. This saves us time-consuming in-house development, increases our R&D potential and minimizes the commercialization risks. As a globally operative company, we are in a position to market these technologies on a larger scale than would have been possible for their innovators.

Aside from Symrise's "traditional" research activities, market research also takes high priority in our Company. It is an important and reliable source of information for developing consumer-oriented products that will be successful on the market in the long term. A milestone in this area is the Creative Center opened in 2008 in Shanghai. Its core is a consumer and sensory research system developed by

Symrise that enables us to combine different data sources as well as testing and analysis methods far exceeding the possibilities of classical consumer research.

Market and Competition

With its flavor, fragrance and mint products, Symrise is globally active on the flavor and fragrances (F&F) market. With its Life Essentials and Aroma Molecules business units, Symrise is prominent on the market for cosmetic ingredients and the market for aroma chemicals.

The relevant F&F market has an estimated volume of € 13 billion to € 14 billion and is recording long-term growth of 2% to 3% a year. In 2008, there were more than 500 companies in the F&F industry worldwide. The four largest manufacturers in this market have a combined market share of more than 50%. They typically grow faster than the rest of the F&F industry. With an estimated market share of 10% at present, Symrise is one of these "big four" in terms of turnover.

The products of the F&F market and the markets for cosmetic ingredients and aroma chemicals are normally important components of foods and beverages, perfumes, cosmetic products, cleaning products and washing products consumed or used by end customers. The F&F market, the market for cosmetic ingredients and the market for aroma chemicals have many trends and characteristics in common.

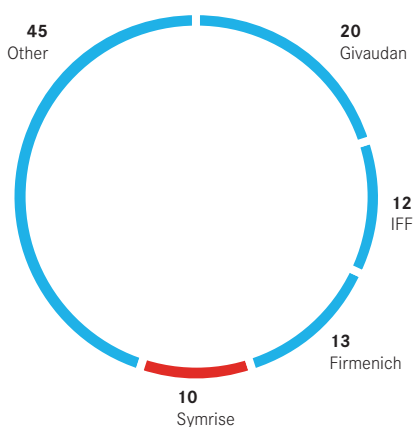
Demand for the finished products in which our components are used is driven by different factors in emerging countries than in mature markets. In the emerging countries, income growth among the populace is fueling demand for products containing flavorings, fragrances or cosmetic ingredients. In some of these countries, it is possible to grow business with simple products meeting basic needs that were satisfied long ago in other markets. In the developed Western European and North American markets, consumer trends such as beauty, health & spa, wellbeing, convenience and naturalness are having an impact on demand for our products. Greater need for high-quality and novel products, as well as multi-functional products, is apparent in these countries. In many cases, competition on the markets there does not take place through product pricing. What is decisive is recognizing market trends early on, developing innovative production methods, products, and brands, and establishing them in the market.

The manufacturers of end products using flavors and fragrances and cosmetic ingredients are increasingly globally active companies, partly as a result of market consolidation in recent years.

MARKET SHARE F&F INDUSTRY

(total € 13 – 14 billion)

in %



Source: Company data and own estimates

These manufacturers are showing growing preference for globally operative suppliers whose worldwide presence and innovativeness forms an important basis for their acceptance by the group of core manufacturers (who place them on so-called core lists). For us, being on a core list is the prerequisite for consideration as a possible manufacturer by our customers when new products are put out to tender. Core listing is thus crucial to increasing our sales. Customers check the lists every three or four years on average. One of the most important reasons for inclusion or retention on a core list is the manufacturer's innovative capacity. In recent years, and particularly in 2008, both divisions of Symrise secured new core listings. This improves our chances of expanding in the future.

Once a company achieves annual sales revenues of approximately € 1 billion, additional size is a less of a success factor. But generating revenue of more than € 1 billion is important for us, because as an F&F company we have to possess a global network and infrastructure to follow our multinational customers and to maintain business relationships with them in all world regions. Due to different taste preferences, business is generated in the individual countries or regions. As the graphic shows, only the world's four biggest players exceed this critical revenue level.

The F&F market is characterized by high entry barriers worldwide. On the one hand, these entry barriers are the result of increasing customer demand for higher quality and more differentiated products with shorter lifecycles. On the other, they stem from intensive cooperation on product development between F&F companies and their customers. Moreover, the business model is very complex. We develop and manufacture more than 30,000 products from approximately 10,000 raw materials; and most of our products are manufactured exclusively for one client. This makes it more difficult for new competitors to gain a foothold in the market with copies of existing products. The demanding regulatory environment also makes market penetration difficult and expensive.

Customers and Industries

Symrise's customers include multinational groups of companies as well as important regional and local manufacturers of food, beverages, perfumes, cosmetics, body care products, and cleaning and washing products. We earn the bulk of our revenue with regional and local customers.

Among the most important customers of the Scent & Care division are Procter & Gamble, Johnson & Johnson and L'Oreal, as well as other leading global manufacturers. Scent & Care generated 31% of its sales with the top 10 customers in 2008.

The most important customers for our Flavor & Nutrition division are the leading global manufacturers of food and beverage brands. In 2008, the division generated 26% of its sales with its top 10 customers. Last year, a global food and beverage manufacturer rated Flavor & Nutrition the best supplier in terms of know-how, quality and delivery capacity for the second year in a row.

Group-wide, no single customer accounted for more than 5% of our total revenue in 2008.

Corporate Strategy and Aims

Our strategy focuses on sustainable and profit-oriented growth. Our aim is constantly to grow faster than the market. We estimate that the F&F market is achieving growth of 2% to 3% a year on a long-term average. Additionally, we are aiming for a leading position in terms of profitability. Symrise has set itself the goal of accommodating the changing needs and wishes of consumers better than its competitors, through innovation and creativity. Particularly with solutions offering added benefits ("AND" products), we are striving to be an indispensable partner for our customers.

We intend to meet our growth and profitability targets through the consistent implementation of our strategy. This strategy is based on three equally important pillars:

Focus on Innovation – “The Power of AND”

Symrise has set itself the objective of leveraging its ability to research and develop new and innovative product concepts and groups to further grow its market share in the high-quality, high-margin product segment. We are therefore focusing on “AND” products. “AND” products are innovative technologies or novel ingredients that offer an added benefit. As these products have unique features, they can help our customers open up interesting growth markets. At the same time, these products enable our customers to stand out from the competition. Typically, our “AND” products are found in relatively fast-growing submarkets or trendy segments. We therefore expect them to continue to drive Symrise’s growth in the future.

Focus on Customer Needs – Being an Indispensable Partner

A sound understanding of our customers’ needs and of consumer trends is the key to being an indispensable partner in the development, manufacture and marketing of successful products. Consequently, besides creating and producing flavors and fragrances to outside specifications, we also approach customers proactively to present new ideas and intelligent concepts. We aspire to offer our customers increasing support at the end product development stage with joint market and trend research and integrated research and development work. By combining this with extremely high supply reliability and outstanding competence in applying for regulatory approval and in marketing products, Symrise could expand its partnerships with its customers across the entire value chain.

Our strategic goal is to bolster our position on the core lists of important multinational customers and to strengthen our presence in the high-growth emerging markets by having a thorough understanding of the needs of our customers and consumer trends, and by cooperating closely with our customers on the development of new products.

Being Bold

Going forward, Symrise will continue to pursue the measures it has taken in recent years to improve and maintain its competitiveness and profitability. To this end, Symrise has developed a margin optimization program through which the profitability of our customer relations, our products, and the areas of application of our products are constantly monitored. We will immediately implement corrective measures when necessary.

Through consistent implementation of our strategy we intend to achieve growth rates making us the foremost company in our industry.

Additionally, Symrise intends to broaden its technological expertise by acquiring and integrating companies that possess special know-how or innovative technologies. We are concentrating in particular on small and medium-sized companies specializing in the development and production of flavors and fragrances, natural raw materials, neutraceuticals and nutritionals, and active cosmetic ingredients and plant extracts. By becoming part of the Symrise Group, these companies can gain access to new customer groups.

Financial Objectives and Value-based Corporate Management

We gauge Symrise's performance with reference to the indicators profitability and free cash flow. To assess development of the profitability of our operating business, we use the key factors EBITA (earnings before interest, taxes and amortization) and adjusted EPS (earnings per share). Underlying EPS take account of adjusted one-time effects from interest and taxes, non-cash tax items and the amortization of recipes. We prefer to use EBITA rather than EBIT to assess our operating profitability because it omits amortization of intangible assets. This is important because intangible assets contain the formulae of companies whose amortizations are connected with this are acquisition-related special factors and are, therefore, not suitable for assessing operating business.

Underlying EPS is adjusted for interest and taxes. To assess the Company's performance as accurately as possible in comparison to the previous year and the figures budgeted, we modify the ratios EBITA and adjusted EPS to allow for currency effects.

In terms of the cash flow, we believe that the ratio operating free cash flow has the greatest validity. More detailed information on operating free cash flow is available on pages 77-78.

In 2008, we set ourselves the medium-term target band for our debt ratio, expressed as the ratio of net debt (including pension costs) to EBITDA of 2.0 to 2.5. Since our business generates a strong cash flow, we tolerate a short-term increase in this ratio, for example to make acquisitions, with the proviso that the target range can be met again in the foreseeable future.

Symrise endeavors to pay a dividend of 50% of the adjusted earnings per share. The dividend payment is an expression of Symrise's fundamental duty to continuously achieve high yields for its shareholders. Symrise is committed to reporting on the development of the Company regularly and transparently.

To promote long-range value generation in the Company, Symrise introduced a long-term incentive plan (LTIP) for the Executive Board and selected managers in the operating business. The program is based on total shareholder value and economic value added (EVA) over a period of three years.

3. GENERAL CONDITIONS

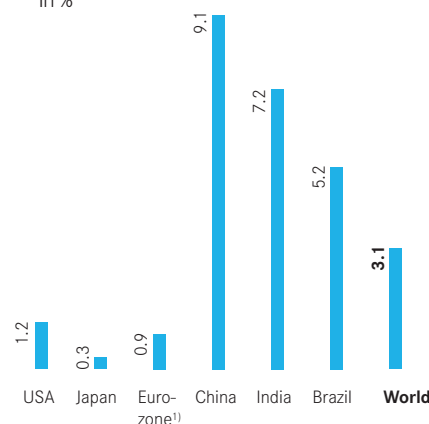
Business Environment

The global economic outlook deteriorated from the second quarter of 2008 onwards, with many indicators - from the housing market to new car registrations to lower retail sales - all pointing to an extended downturn in the global economy. The fourth quarter of 2008 also witnessed a strong de-stocking trend, with many companies trying to reduce working capital levels and maximize year-end cash positions. This impacted Symrise's sales performance in the fourth quarter, with many customers delaying orders into early 2009 as they systematically reduced inventory levels to a new lower base. We anticipate that the mature industrialized countries will remain in recession for some time and that growth in emerging markets will be softer in 2009.

While oil and other commodity prices hit historic peak levels in July, prices have since fallen dramatically, reflecting the projected downturn in demand from the weaker global economy. Our own raw material costs have yet to show any significant weakening in price, but we expect to see some softening as we go through 2009. On top of this, certain materials continue to show a tendency towards higher prices even in the recessionary environment

GDP GROWTH 2008

in %



¹⁾ Composed of 15 countries: Austria, Belgium, Cyprus, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Malta, Netherlands, Portugal, Slovenia, Spain

Source: Deutsche Bank World Outlook

given current supply/demand equations, increasing scarcity or more demanding regulatory constraints. This is true, for example, of all turpentine derivatives and citral-based materials.

In mature markets, growth in the flavors and fragrances segment is led by consumer trends satisfying basic needs, except for the fine fragrances and luxury-end personal care products, which are more susceptible to changes in consumers' disposable income and therefore suffered during 2008 from the business downturn and economic uncertainty. In emerging markets, the flavors and fragrance segment correlates more directly to GDP growth, and sales there held up well as these economies generally continued to grow strongly.

Performance of the Flavor and Fragrance Market

As mentioned elsewhere (see page 57), Symrise is active on the worldwide market for flavors and fragrances with its fragrances, mint products, and flavors. With its Life Essentials and Aroma Molecules business units, Symrise is present on the market for cosmetic ingredients and the market for aroma chemicals.

In a recent study, IAL Consultants (IAL) estimates the total volume of sales generated in the worldwide F&F market in 2008 at € 10.7 billion. The fragrances submarket accounted for around € 5.3 billion of this, and the flavors submarket for about € 5.4 billion. If the submarkets of aroma chemicals and cosmetic substances are added (together accounting for around € 3 billion), the F&F market of relevance to us in 2008 had a volume of € 13- € 14 billion. From a long-term perspective, the market is expanding by between 2% and 3% a year. In 2008, market growth was less than 2%; due to the financial and economic crisis, we expect zero growth for 2009.

Symrise is the fourth-largest player in the F&F market with a market share of approximately 10%. The market leader is the Swiss company Givaudan S.A., with an estimated market share of 20%, followed by Firmenich S.A., Switzerland, with a share of around 13%. In third place is International Flavors & Fragrances Inc. (IFF), USA, whose market share stands at about 12%. The top four players in this market thus comprise more than 50% of the total, although there are more than 500 companies active in this segment.

Investments and Acquisitions

In the fiscal year 2008 we invested worldwide € 179.2 million (2007: € 55.8 million) in intangible and tangible assets. The significant investment and acquisitions activity centred around the strengthening of both the Flavors & Nutrition and Scent & Care divisions through acquisitions in the United States.

In early March, we announced the acquisition of the flavors business from the Danish manufacturer Chr. Hansen, which was subsequently completed on April 25. \$ 110 million (€ 72 million) was paid for the business, which enjoyed a turnover of \$70 million (€ 51 million) in 2007.

The acquired business comprised the Seasonings, Sweet, Savory and Dairy Flavors activities of Chr. Hansen and added production capacity and new technologies to strengthen our North American capabilities. In addition, our sales force was further strengthened and we gained a customer base which was very complementary to the existing Symrise business.

In 2008, this business contributed \$ 45 million (€ 31 million) of additional sales and is performing in line with our expectations. As previously highlighted, the acquisition did not benefit EBITA in 2008 as a result of the costs of the business integration which were incurred. Following the finalisation of the purchase price allocation and the subsequent amortisation of capitalised recipes during 2008, the acquisition reduced EBIT by € 3 million. Integration was complete by the end of 2008 and, from the beginning of 2009 the business is expected to contribute additional margins in line with the rest of the Group.

For the Scent & Care division, we announced in late September the acquisition of the businesses of Intercontinental Fragrances, which was completed on September 3, 2008, and of Manheimer Fragrances, which was subsequently completed on November 6, 2008. The combined consideration for these businesses was \$ 92 million (€ 65 million). In 2007, Intercontinental Fragrances enjoyed turnover of \$16 million (€ 12 million), while Manheimer Fragrances generated turnover of \$ 33 million (€ 25 million).

Through these acquisitions, Symrise was immediately promoted to the position of one of the leading fragrance suppliers for air care products in North America, where the market is estimated to exceed \$ 300 million and represents about 10% of the entire US fragrance market. Symrise has also gained some attractive new customers and will leverage the expertise gained to strengthen Symrise's position in the global air care market. In 2009, Symrise plans to build a global air care center in the US.

In 2008, these businesses contributed \$ 7 million (€ 5 million) of additional sales and are both performing in line with expectations. Integration of the businesses, which involves transferring production of the Manheimer products to other Symrise production sites, including the Intercontinental factory in Houston, Texas, is proceeding according to plan and should be completed in the first

half of 2009. After integration costs are taken into account, the acquisitions did not benefit EBITA and, after recipe amortisation is taken into account, EBIT was reduced by € 1.5 million. Further integration costs of about € 3 million are anticipated in the first half of 2009, but Group EBITA will be enhanced in 2009.

Also in the US, in July we acquired for \$ 2.3 million (€ 2 million) a 20 % stake in the US biotechnology company, Therapeutic Peptides Inc. (TPI) for an immaterial consideration. This secures exclusive distribution rights for highly advanced cosmetic active ingredients for Symrise and will further strengthen the Life Essentials business within the Scent & Care Division.

On April 1, 2008, Symrise and the Italian biotech company Coutech Srl. founded the cooperation project SCoutech. SCoutech offers customers from the cosmetics, pharmaceutical and food supplement sectors comprehensive testing methods for skin and hair care substances and end products. We jointly developed a whole skin model based on ex vivo pigskin that represents a highly innovative alternative to artificial skin models and animal experiments.

Regulatory Environment

Symrise products are found in a number of application areas, including food processing, cosmetic and pharmaceutical end products, and household products. Worldwide use of our products requires that we observe national and internationally valid consumer regulations.

These regulations are in constant flux due to ever-new knowledge in research, development and production technology, due to a growing need for safety, and due to steadily increasing health and environmental awareness worldwide. We therefore observe the regional and global development of these processes very carefully. This ensures that we can react quickly to changes in or the tightening of regulations and avoid negative effects on production costs or our product portfolio.

At present, the regulatory activities of the Scent & Care division are focusing on the European Union (EU). In December 2006, the EU established REACH (Registration, Evaluation, Authorisation and restriction of Chemicals), laying the foundations for comprehensive re-regulation of the use of chemical substances. Under REACH, the companies that produce the substances bear greater responsibility for their safe use.

Symrise successfully completed the first phase (pre-registration) of REACH. We pre-registered more than 1,400 substances through different legal entities and exclusive representatives, putting in

place the prerequisites for manufacturing or importing the substances until the final registration dossier is drawn up (by 2018, depending on the substance). We are continually preparing for the next steps. We are involved in various SIEF (Substance Information) and industrial consortia, and are preparing the registrations for the dossiers planned for 2010 and 2013. In addition, we are also preparing to introduce the Globally Harmonized System of Classification and Labelling of Chemicals (GHS).

The Flavor & Nutrition division's products are primarily used in foods (savory and sweet foods as well as dairy products), beverages (soft drinks, beverages containing alcohol, and alcoholic drinks), and pharmaceutical applications. The legal regulations for flavors vary in the different legal jurisdictions, particularly in the European Union and the United States. Depending on the jurisdiction, different maximum amounts of certain ingredients are permitted and special labeling regulations may apply.

Symrise utilizes company-wide data processing systems and its comprehensive expertise in food law to ensure that our products are legally marketable in the relevant markets. Since more and more customers are using Symrise's flavors in all kinds of markets, the global aspect is becoming significantly more important. Thanks to our expertise in the regulatory environment, we can actively support these customers in the roll-out of their products in new markets.

2008 witnessed a number of changes in legal regulations, particularly in the European Union. Due to the passing of new EU laws governing the approval of food additives, flavors, and enzymes, the legal environment for these EU industries will change in the years to come. Symrise has followed the legislation process via its activities in different industry associations and is therefore well prepared for change. Consequently, we do not expect legislation to have negative effects on the costs of our products or our product portfolio.

The Company's Performance in 2008 – A Comparison between the Actual and Forecast Course of Business

The forecast delivered on March 5, 2008 at the presentation of the 2007 business results was for organic, currency-adjusted sales growth of 5% to 6% (excluding acquisitions) and an increase in the EBITDA margin to 22% for fiscal 2008, the year having got off to a good start.

However, in mid-2008 we had to revise our sales growth and EBITDA margin forecasts downwards. The main reasons for this were the rapidly weakening business environment, an unforeseeably high increase in raw materials prices and energy costs, and the slight margin dilution due to the acquisition of Chr. Hansen Flavors. The adjusted forecast issued at the end of July predicted sales growth at local currency (including acquisitions) of 6% to 7%, and an EBITDA margin of approximately 21%.

In the course of the third quarter, the economic situation worsened further. At the same time, our negotiations with customers on price increases lasted longer than anticipated. In addition, our customers grew increasingly cautious over ordering their materials, making our business more difficult to plan and predict. In the end, we had to adjust our earnings forecast once again. At the end of October we announced an EBITDA margin of approximately 20%. We were able to maintain our sales growth forecast (currency-adjusted), including acquisitions, of 6% - 7%.

Raw materials prices rose relentlessly until the end of November 2008, with price increases first starting to slow in the course of December. In the fourth quarter, moreover, customers transferred orders from 2008 to 2009 to minimize working capital. The positive effects of our price increases only became evident in the fourth quarter and failed to offset the significantly higher cost of sales. Against this backdrop, we failed to meet our target of achieving currency-adjusted EBITA on a par with the previous year. At current rates EBITA fell by 5%. The EBITDA margin reached 19.9%, within our target range of around 20%.

The fact that we did not meet our EBITA target had a negative impact on adjusted earnings per share (EPS). We were not able to increase adjusted EPS as forecast; instead they remained at the previous year's level of € 1.02. However, we see this as an indication of the robustness of our business amid the steadily worsening business environment in 2008.

4. RESULTS OF OPERATIONS

Sales

Symrise achieved total sales of € 1,319.9 million in 2008. On a local currency basis, this represents an increase of 6.5%. Based on actual rates, sales rose by € 45.4 million (3.6%) compared to 2007. Sales excluding the acquisitions discussed above climbed in local currencies by 3.5% (0.8% at actual rates).

The sales performance of Scent & Care in fiscal 2008 was mixed. While Life Essentials, Household, Aroma Molecules and Mint performed according to plan, the "luxury segments" Fine Fragrances and Personal Care had to contend with demand problems caused by the global economic situation. In 2008, Scent & Care generated sales of € 671.8 million. As a result, including the acquisitions Intercontinental Fragrances and Manheimer Fragrances, sales reached the previous year's mark. At local exchange rates Scent & Care's sales were up by 3%. Excluding Intercontinental Fragrances and Manheimer Fragrances, sales fell slightly by 0.7% to € 666.8 million (+ 2.2% on a local currency basis).

Including Chr. Hansen Flavors, Flavor & Nutrition recorded sales of € 648.1 million in 2008, an increase of 7.4% (10.4% at local rates). Excluding Chr. Hansen Flavors, sales rose by 2.4% to € 617.5 million (5.0% on a local currency basis). After the acquisition in April, Chr. Hansen flavors posted sales of € 30.6 million.

In fiscal 2008, sales in the emerging countries rose 8% (on a local currency basis) compared to the previous year, thus contributing to the overall sales growth.

ACHIEVEMENT OF GOALS

	Goal in 2008 (as of October 28, 2008)	Achievement of goals in 2008
Sales growth (in local currencies)	6% - 7% (incl. acquisitions)	6.5%
EBITDA margin	Approximately 20%	19.9%
EBITA	EBITA at previous year's level in LC	- 5%
Adjusted EPS	Currency-adjusted growth of 4% - 6%	0%
Free Cash Flow	9% -10% of Sales	9.3%

SALES BY REGION

€ million	Q4 2007	Q4 2008	Change AR %	Change LC %	2007	2008	Change AR %	Change LC %
EAME	158.6	148.9	-6	-4	712.2	705.5	-1	1
Asia/Pacific	54.7	60.2	10	5	248.6	262.2	6	8
North America (including Mexico)	50.7	74.8	48	42	224.2	257.2	15	23
South America	21.2	26.5	25	25	89.5	95.0	6	9
Total	285.2	310.4	9	8	1,274.5	1,319.9	4	7

Sales in the Asia/Pacific region increased by 8% at local currency, and sales in South America were 9% higher than in 2007 on a local currency basis.

In North America (including Mexico) sales jumped 23% (in local currency). The acquisitions made in the year under review had a positive impact on sales growth. Excluding acquisitions, sales growth came in at 9%. This strong performance was driven by both the Scent & Care and the Flavor & Nutrition division.

In the EAME region, acquisition-adjusted sales reached the previous year's level. In the second half of 2008, the recession in the Western European markets and the significant sales declines in the Eastern European markets had a negative impact on sales growth.

Further information on sales performance in the various regions can be found in the division reports.

Sales with our top 10 customers grew by 9% on a local currency basis and by 5% at actual rates. The percentage of total sales generated with this customer group edged up slightly to 28.5%. Details are also available in the reports on the divisions.

The table on top provides a breakdown of revenue by region:

Based on the previous year's exchange rates, Symrise's sales amounted to € 1,356.8 million in 2008. The conversion of sales reported in foreign currencies reduced Group sales by € 36.9 million. Fourth-quarter sales were significantly impacted as many of our customers postponed the delivery dates of orders in a bid to maximize their year-end cash position and minimize their working capital outlay. Consequently, after strong year-on-year growth in October (due to differing order patterns from the third quarter of last year), sales in November and December were significantly lower than anticipated.

Overall, sales in the quarter grew by 8.8% at actual rates and 7.8% in local currency, including acquisitions. Excluding the acquisitions, sales rose by a more modest 3.0% at actual rates and 2.0% in local currency, benefiting from strong October sales.

Gross Profit and Operating Income

The table below shows the profit and loss statement for the fiscal year 2008 compared to 2007.

The total cost of sales amounted to € 762.4 million in 2008, up by € 48.7 million on 2007. This 6.8% increase was higher than that in sales, due mainly to higher raw materials and energy costs. From November 2008, this cost increases were partially recovered through price increases.

For the reasons discussed, gross profit fell by € 3.3 million to € 558 million. This corresponds to a decrease in the gross margin compared to the previous year by 1.8 percentage points to 42.2%. This decline was also influenced by the acquisition of Chr. Hansen Flavors, which impaired the margin mix.

Other operating income fell from € 14.2 million to € 10.3 million, mainly due to lower reversal of provisions in 2008 than in 2007.

In 2008, selling expenses totaled € 215.1 million, € 0.6 million down on the previous year. Selling expenses as a percentage of sales decreased slightly from 16.9% in 2007 to 16.3% in the year under review.

Research and development costs rose 4.7% (€ 3.9 million) to € 86.2 million. They accounted for 6.5% of sales in 2008, on a par with the previous year.

Administrative costs fell by € 3.8 million to € 74.2 million, which is mainly attributable to cost savings.

Due to higher costs for various external services other operating costs increased by € 2.0 million to € 5.3 million.

SUMMARY INCOME STATEMENT

€ million	2007	2008	Change	
			AR %	LC %
Sales	1,274.5	1,319.9	3.6	6.5
Cost of sales	-713.7	-762.4	7	11
Gross profit	560.8	557.5	-1	1
Gross profit in %	44.0%	42.2%		
Other operating income	14.2	10.3	-27	-27
Selling expenses	-215.7	-215.1	0	2
Research and development expenses	-82.3	-86.2	5	7
Administrative expenses	-78.0	-74.2	-5	-3
Other operating expenses	-3.3	-5.3	61	62
EBIT	195.7	187.0	-4	-5
EBIT margin in %	15.4%	14.2%		
EBITA	232.3	221.6	-5	-5
EBITA margin in %	18.2%	16.8%		
EBITDA	272.1	262.5	-4	-4
EBITDA margin in %	21.3%	19.9%		

RECONCILIATION

€ million	Q4/2007	Q4/2008	Change		2007	2008	Change	
			AR %	LC %			AR %	LC %
EBIT	34.1	28.5	-17	-22	195.7	187.0	-4	-5
EBIT margin in %	12.0	9.2			15.4	14.2		
EBITA	43.6	39.5	-9	-14	232.3	221.6	-5	-5
EBITA margin in %	15.3	12.7			18.2	16.8		
EBITDA	52.5	50.9	-3	-7	272.1	262.5	-4	-4
EBITDA margin in %	18.4	16.4			21.3	19.9		

EBIT/EBITA/EBITDA

EBITA was down 5% to € 222 million in fiscal 2008, narrowing the EBITA margin by one percentage point to 16.8%. This was due mainly to the greater increase in the cost of sales than in sales. Raw materials prices and energy costs in 2008 climbed by around 5%. Small price increases were pushed through from November, but they could not offset the negative trend in raw materials costs. The EBITA margin was also negatively impacted by acquisitions, which contributed to sales growth but not profitability.

Q4 EBIT/EBITA/EBITDA

Fourth-quarter margins are traditionally the lowest of the four quarters in the year, since we do not benefit from a full 'normal' month of sales in December. This year, margins suffered further as a result of lower sales due to customers delaying orders through November and December. This led not only to a lower absolute gross margin; the gross margin percentage also suffered due to significant under-recovery of fixed manufacturing costs as factory throughput decreased and we attempted to minimize our own working capital exposure from finished goods at year end.

Higher raw materials costs had a negative impact on our margins. As mentioned, we only managed to push through price increases with our customers as from November 2008. With lower Fine Fragrance and Sweet sales and stronger Savory and UV Filter sales, the product mix was adverse in Q4 2008.

The EBIT margin was further impacted by the recipe amortization charge for the new acquisitions, which, in the case of Chr. Hansen Flavors, resulted in a catch-up from April once the purchase price allocation was completed.

Financial Result

The financial result for 2008 was € 52 million, € 4 million lower than the previous year's € 56 million. We were able significantly to reduce the volatility of our financing costs in the profit and loss statement through the use of hedge accounting and interest rate swaps.

Excluding differences in exchange rates for loans and alterations in the valuation of swaps for exchange rate effects, the net interest charge was € 41.2 million. That is an increase of € 2 million over the previous year. Higher net debt and an increase in interest on pensions are the main reasons for the heavier interest charge.

Taxes

In 2008, income tax of € 44.4 million (2007: € 42.8 million) was reported in the profit and loss statement. This amounts to a tax rate of 33%.

The 33% tax rate is lower than the 37% underlying tax rate in 2007 as a result of a reduction in German corporate taxes, which took effect on January 1, 2008. The 2007 P&L tax rate benefited from a release of deferred tax provisions associated with capitalized

recipes, following the announcement in 2007 of the lower German corporate tax rate.

This tax rate also includes the formation of certain provisions to reflect the risks of additional tax assessments arising from various current and pending tax audits in different jurisdictions.

As a result of tax losses carried forward, the tax cash payments in 2008 of € 29.8 million (2007: € 27.3 million) were almost € 15 million below the tax charge shown in the income statement

Net Profit and Earnings per Share

Net income for 2008 decreased by 7% to € 90.4 million, down from € 97.4 million in 2007. Accordingly, earnings per share for 2008 fell to € 0.76 (2007: € 0.82).

Underlying net income increased by € 0.1 million from € 120.7 million to € 120.8 million. Adjusted earnings are earnings before taxes not allowing for depreciation on recipes, foreign exchange rate effects on loans, and movements in fair value evaluation of derivatives (all taking account of the applicable tax rate).

Underlying earnings per share in 2008 remained stable at € 1.02.

Dividend

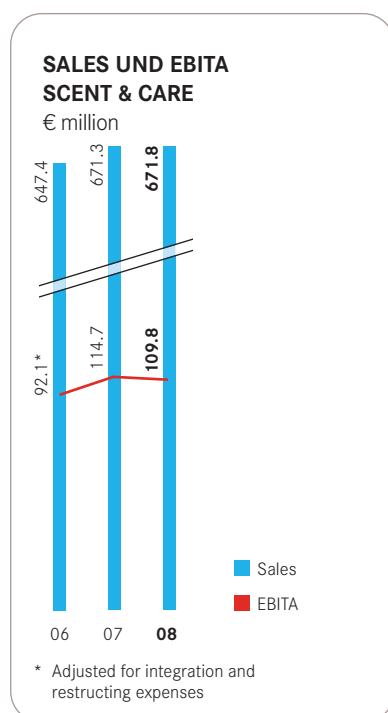
At the Shareholders' Meeting on May 11, 2009, the Executive Board of Symrise AG will propose payment of a dividend of € 0.50 per share for fiscal 2008, as in the previous year. This is consistent with our dividend policy of paying out around 50% of adjusted profits. The dividend provides shareholders an attractive return.

5. PERFORMANCE OF THE BUSINESS DIVISIONS

Scent & Care

Scent & Care Growing with the Market

Scent & Care turned in a mixed sales performance in fiscal 2008. While the Life Essentials, Aroma Molecules and Mint areas developed according to plan, the "luxury segments" Fine Fragrances and Personal Care had to contend with demand problems arising from the global economic situation. In 2008, Scent & Care notched up sales of € 671.8 million. Including the acquisitions of Intercontinental Fragrances and Manheimer Fragrances, the division's sales matched the previous year's level. On a local currency basis, Scent & Care recorded sales growth of 3.0%. Excluding Intercontinental Fragrances and Manheimer Fragrances, sales amounted to € 666.8 million, corresponding to an increase of 2.2% at local currency (- 0.7% at actual rates).



“AND” Products Grow Faster

Sales of “AND” products rose in local currency by almost 6.5%. The growth drivers among the “AND” products come primarily from the Life Essentials and Aroma Molecules business unit. Of all the “AND” products, Life Essentials accounted for the highest percentage of sales (50%) as well as for the highest growth rate (12%) in actual exchange rates. Our new product category bioactive peptides is arousing keen interest among our customers. In 2008, we recorded our first sales of this new, future-oriented product category.

High Sales Growth with Top 10 Customers

Expressed in local currency, sales to our top 10 customers in 2008 increased by around 7%. The top 10 customers now account for slightly more than 30% of the division’s total sales. We were able to strengthen our position in the fragrance market in the year under review. In July, Scent & Care made it onto an important core list and is now this multinational customer’s preferred provider. In the medium term, this new core list position could give rise to significant increases in sales.

Strong Sales Growth in Emerging Markets

Scent & Care sales growth of 3.0% on a local currency basis over the previous year was driven by solid growth in the emerging markets, where sales climbed 6% in local currency. As in 2007, sales in the newly industrializing countries accounted for 36% of our total. We achieved strong sales growth at local currency in the growth markets of Indonesia, China and India.

Life Essentials the Growth Engine

Life Essentials is the fastest-growing business unit, with sales in local currency up 9% on the previous year. The strong increase is mainly attributable to double-digit growth in North America, Asia, and South America.

In 2008, Life Essentials entered into a strategic alliance with Cambridge Theranostics Ltd. (England) to gain access to the promising and rapidly growing medical food market segment. Medical food products are health-promoting food supplements made from food. The aim of this cooperative venture is to develop new products for this segment on the basis of Symrise’s own active substances.

Additionally, Scent & Care acquired a stake in the US biotech company Therapeutic Peptides Inc. (TPI). As a result, Symrise now has access to the highly innovative peptide substance group. Peptides are used in cosmetic products as highly effective antimicrobial, anti-aging, or hair-growth-stimulating substances.

Furthermore, we added organically grown plant extracts to our product portfolio through a sales partnership with the American company Bayliss.

Sales in the Fragrances business unit in local currency were slightly higher than in the previous year, at 1%. The “luxury segments” Fine Fragrances and Personal Care were confronted with demand problems, particularly in Western Europe and North America, due primarily to the downswing in the global economy. The Household business unit developed very positively in 2008, boosting sales by 10% on a local currency basis. In this area, we were able to do new business with multinational customers, particularly in the US, which significantly lifted our sales.

Aroma Molecules is showing strong growth, particularly in North America and Asia. In Asia, we posted double-digit sales growth in 2008, which helped the division’s sales increase by 3% in local currency over the previous year.

Mint grew by 5% in local currency compared to 2007, due mainly to higher sales in the EAME and Asia regions.

Solid Growth in Q4

Sales in the fourth quarter of 2008 reached € 162.1 million. Including Intercontinental Fragrances and Manheimer Fragrances, sales were 8.5% higher than in same quarter of the previous year (+ 7.2% at local currency). Even when adjusted for acquisitions, sales performance was solid in the fourth quarter, with growth of 5.2% to € 157.2 million. In local currency, this represents an increase of 3.7%. Scent & Care recorded the highest sales growth rate in the fourth quarter of 2008.

Nonetheless, the sales performance in Q4 2008 cannot be viewed in isolation. In November and December, our customers postponed delivery dates of orders to minimize working capital outlays.

Regions

EAME

In EAME, the largest region, Scent & Care's currency-adjusted sales were down slightly on the previous year (~2%), which is attributable primarily to weak demand in the luxury segments Fine Fragrances and Personal Care. The solid sales performance in the Household, Life Essentials and UV Filters business units could not completely offset the sales drop.

North America

With sales of 12% at local currency, North America is our fastest-growing region. The main sales driver was the Household application area, followed by Cosmetic Ingredients and UV Filters. Sales of Fine Fragrances and Mint fell in 2008. This was due in part to overstocking by a few customers at the end of 2007/beginning of 2008, but primarily to general consumer restraint in the US

Our acquisition of the US companies Manheimer Fragrances and Intercontinental Fragrances makes us one of the leading fragrance manufacturers on the US air care market. We are planning to open a global air care center in 2009 in the US.

Asia/Pacific

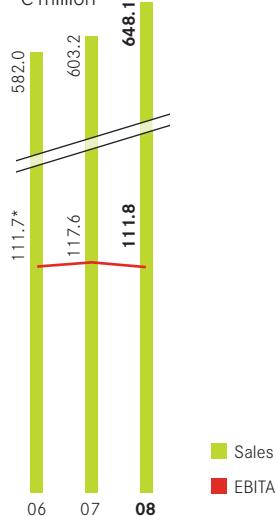
Asia/Pacific continued to post solid sales growth of 6% in local currency. In the emerging markets, our growth depends very much on consumers' disposable income. Demand for products containing our recipes grows with increasing disposable income. In Asia/Pacific, the Aroma Molecules and Life Essentials applications performed particularly well, recording double-digit growth rates. The opening in June 2008 of our new Creative Center in Shanghai is a further sign of our efforts to constantly expand our leading position in the burgeoning Asian market. The new site provides an inspiring and modern work atmosphere promoting cooperation between creative, innovation, sales, and marketing teams and contributing to a better understanding of consumers' wishes in this important part of the world. The Creative Center also acts as the new regional headquarters for northern Asia. It will serve China and Taiwan as well as Japan and Korea

South America

Sales performance in South America was mixed. While Life Essentials and Personal Care developed positively, Household and Mint were confronted with a drop in demand. Overall, the region recorded slight currency-adjusted growth of 1% compared to the previous year.

SALES AND EBITA FLAVOR & NUTRITION

€ million



* Adjusted for integration and restructuring expenses

Earnings Situation

Scent & Care reported EBITA of € 109.8 million for 2008, which was 4.0% below the previous year's level at both actual rates and at local currency. The result was negatively impacted by various factors in the course of 2008. Despite the general economic downturn, raw materials prices rose steadily up to the end of November 2008. The positive effects of our price increases became evident only late in the year and could not offset the significantly higher sales costs. Consequently, the EBITA margin also decreased to 16.4%, 0.7 percentage points lower than in 2007.

Flavor & Nutrition

Good Sales Performance

In fiscal 2008, Flavor & Nutrition including Chr. Hansen Flavors achieved sales of € 648.1 million. Adjusted for currency effects, this represented a 10.4% increase over the previous year (7.4% at actual rates). Excluding Chr. Hansen Flavors, sales rose by 2.4% at actual rates to € 617.5 million (5.0% at local currency). After the acquisition in April, Chr. Hansen Flavors generated sales of € 30.6 million. All regions and application areas boosted their sales compared to 2007.

"AND" Products Offering Added Value

Sales achieved with "AND" products increased only slightly, by 1% at local currency. This meant that sales growth of "AND" prod-

ucts was significantly lower than overall growth at the division, mainly because we lost a large Beverages account in 2008. We successfully grew our business in natural savory products for culinary use (particularly Steng products), achieving double-digit growth of 11%.

Customer Segmentation Pays Off

The increase in sales with our top 10 customers was again in the double digits in 2008, increasing by 11% at actual rates and keeping us on our growth path with this important group of customers. The establishment of integrated key account management with strict assignment to customer teams on all functional levels is paying off. This leads to faster and more successful project implementation and, moreover, secures long-term growth perspectives with these customers.

Emerging Countries Remain Growth Engine

The emerging markets of South America, Asia and Eastern Europe including the states of the Russian Federation remain an important growth engine for Flavor & Nutrition. Last year, we achieved good growth of 10% at local currency in these markets. On December 31, 2008, sales in emerging markets accounted for around 42% of the division's total sales.

Challenges in the Fourth Quarter

Sales in the fourth quarter of 2008 totaled € 148.3 million; including Chr. Hansen Flavors, they were 9.2% higher than in the same quarter of 2007 (8.4% at local currency). Excluding Chr. Hansen Flavors, sales amounted to € 136.7 million, hitting the previous year's level. Adjusted for exchange rate effects, this corresponds to a slight increase of 0.2%. As mentioned in the context of Scent & Care (see page 73), sales performance in the fourth quarter of 2008 cannot be viewed in isolation. In November and December, customers postponed delivery dates of orders to minimize working capital outlays.

Business Divided into Application Areas

In the Beverages application area our business grew by 3% in local currency. Business with our global customers in the instant beverages segment was brisk thanks to the high acceptance of our encapsulation technology, which offers branded manufacturers a differentiating factor in respect to shelf-life properties and sensory characteristics.

As a partner of sweets manufacturers, including producers of dairy products and ice cream, we increased our expertise in vanilla flavorings, achieving growth of 6% at local exchange rates.

Strategic acquisitions in the field of culinary applications and snack products enabled us to ramp up growth in this segment by 24% at local currency.

Regions

EAME

Sales in the EAME region rose by 3% at local currency. Despite the ongoing difficult market environment in Western Europe, the previous year's sales level was matched. Sales in the Africa, Middle East, and east European markets grew 7% at local currency. All areas of application contributed equally to this sales growth.

To exploit the growth potential in Austria, southeastern Europe, and the Russian Federation intensively, we invested in the expansion of our Vienna and Moscow sites. In Vienna, new offices and laboratories were provided for the sales, development and application technology departments. We are focusing on developing culinary concepts for the Savory line. Consequently, new culinary cuisine forms the core of the Austrian branch, which will develop new product concepts together with customers. This will shorten development times to market introduction, giving our customers a clear competitive advantage. With state-of-the-art testing labs, consumer research is also important at our Vienna site. The application technology for sweets, snack products, and beverages for Eastern Europe is also located in Vienna.

At the Moscow site, new development labs were installed for Sweet, Savory, and Beverages, as well as a new center for sensory and consumer research. Symrise's sensory and consumer research will enable us to meet the greater need for detailed knowledge of consumers' wishes and preferences. The center will help us to better understand Russian consumers' taste preferences and to react to growing demand early on with innovative product concepts. Both sites were also linked up to our global network of trend and consumer researchers

North America

In North America, sales including Chr. Hansen Flavors rose by 42% at local currency in 2008. Even excluding Chr. Hansen Flavors, we achieved robust growth of 8%. Consequently, we grew considerably faster than the market in an environment that had been so difficult for us in the past. Overall, we significantly bolstered our strategic position there, one of the main attractions of the Chr. Hansen Flavours business Acquisition.

Integration of the Chr. Hansen division was completed according to plan in 2008, the sites being consolidated or integrated into the Symrise group. The technologies and competencies acquired with

the purchase, such as the fermentation of milk and cheese products, were strategically positioned with new partners with a view to the future. For example, we concluded a cooperation agreement with First Choice on the development and manufacture of fermentation products. The cooperation aims at ensuring the growth of Symrise's portfolio in the milk and cheese product segments and particularly at expanding the Company's role in enzyme-modified flavors.

With a volume of about € 2 billion, the North American market still holds out the greatest potential for Symrise. In 2008, our structural measures, the extension of core technologies such as encapsulation, the establishment of a protein laboratory, and integration of the production site in Elyria, Ohio paved the way for future growth. This has now placed us on an equal footing with our leading competitors. In 2008, we successfully achieved our ambitious goals in this market.

Asia/Pacific

In Asia/Pacific sales increased by 8% last year or 10% in local currency. The Sweet and Savory product segments registered high, double-digit growth rates, particularly with international and large regional customers. Nevertheless, we did suffer setbacks in the region, with the melamine crisis leading to weaker growth in China, for example.

With our "taste for life®" product platform, we offered high-quality and innovative product solutions with added benefits. The Savory line benefited particularly from this, achieving sales growth of 17% at local currency. In Asia, we are on the right track and are ambitiously pursuing our medium- to long-term growth strategy there. As a supportive measure, in the fourth quarter we opened a modern pilot plant for the manufacture of microencapsulated flavors in Singapore. Our goal is to have know-how and production capacities available in all our important markets so that we can take the best possible advantage of the growth possibilities they offer.

South America

We continue to be successful in South America. In fiscal 2008, we boosted our sales by 19% at local currency, and in the fourth quarter by no less than 30%. Much of the sales growth was achieved in Beverages with international brand manufacturers.

With the opening of our global citrus center in Sorocaba, Brazil, the citrus initiative launched in the previous year is entering a new, decisive phase. The new global competence location is situated in the "Brazilian citrus belt," in immediate proximity to the world's most important citrus fruit cultivation areas. By having direct ac-

cess to first-rate raw materials and building our own innovative technologies, we will be able further to extend our market position in the citrus aroma segment. To this end, in Sorocaba in 2008 the development technology units were expanded and the encapsulation technology capacities tripled. We also use our Brazilian citrus platform for joint projects with global customers; we expect new growth possibilities here in 2009.

Our Savory business in South America also went well, recording 30% growth at local currency. New business with sales potential in Brazil, Argentina, and Venezuela contributed to the success.

Earnings Situation

The earnings situation for Flavor & Nutrition in fiscal 2008 was squeezed hard by higher raw materials and energy costs. On top of that, growth slowed, particularly in the second half of the year, and customers postponed delivery dates for orders in November and December to 2009 to minimize working capital outlays. Such short-term purchase decisions have a negative effect on our profitability due to the high share of fixed costs in our cost base.

As a result, in 2008, EBITA at Flavor & Nutrition fell 5% at local exchange rates to € 111.8 million.

The EBITA margin contracted to 17.2%, down from 19.4% in the previous year, diluted by integration costs for Chr. Hansen Flavors. Excluding Chr. Hansen Flavors, EBITA worked out at 18.1%.

6. FINANCIAL POSITION

Main Financial Management Characteristics and Objectives

The guiding principle of the Symrise group's financial management is adequately to secure and optimize funding requirements while at the same time limiting financial risks. This is achieved by means of consistent central control and continuous monitoring of borrowing requirements.

With a capital ratio of 34% on December 31, 2008, Symrise has a solid basis for future financial performance and for driving future business sustainably.

Financing Structure

The core of the group's funding is a solid, long-term financing structure established parallel to Symrise's flotation at the end of 2006. The financing banking syndicate, under the lead management of Barclays Capital and Commerzbank AG, provided the Group with long-term loans of € 380 million and \$ 150 million and a credit facility of more than € 300 million, of which € 158 million and \$ 165 million had been drawn as of December 31, 2008.

In December 2008, Symrise made initial scheduled payments of € 38 million and \$ 15 million to redeem the long-term loans. Further payments of € 72 million each are planned in December 2009 and December 2010. The long-term funding for the remaining € 300 million expires in December 2011. The credit facility also has to be refinanced by this time.

The financing arrangement includes generally accepted market agreements on compliance with certain key ratios (so-called covenants). Despite taking out additional loans, the Group still has sufficient hedroom in the leverage covenant and interest covenant to be able to implement its corporate strategy. Symrise fulfilled all its contractual obligations resulting from the loans in 2008.

In addition to the credit facility, the Company has a € 20 million bilateral credit line with Commerzbank. The purpose of this credit line was to cover short-term cash requirements.

The Symrise Group conducts cash pooling, whereby surplus liquidity is concentrated in one account. Liquidity surpluses in the cash pool are used to cover necessary internal Group financing. If required, Symrise employs derivative instruments to limit interest and currency risks.

The global financial crisis in 2008 caused the financial markets to become increasingly jittery as the year progressed and seriously impaired international cash flows. As a consequence of the still-difficult situation in 2009 and the unpredictability of developments on the financial markets going forward, we are investigating alternative financing possibilities. Building on our solid financing structure and our stable cash flow, we are confident that Symrise will remain in a position to tap the capital and credit markets. Potential funding requirements further down the line could be met by note loans, bonds, and similar instruments.

Cash Flow/Liquidity

Operating cash flow was € 153.1 million in 2008, slightly higher than the previous year's € 152.6 million. Details are to be found in the Consolidated Cash Flow Statement.

Investments in intangible assets, property, plant and equipment, and acquisitions in 2008 increased from € 42.9 million in 2007 to a total of € 181.6 million. Particularly noteworthy are the Hansen, Manheimer and ICF (€ 138.1 million) business acquisitions.

The cash outflow from financing activities totaled € 10.4 million (2007: € 102.7 million), resulting primarily from bank loans taken out to finance acquisitions. Adjusted for the dividend payment to shareholders, the cash flow was € 69.5 million. Interest payments to banks remained virtually unchanged at € 28.8 million (2007: € 28.7 million).

Operating cash flow decreased in comparison to the previous year. Against € 145.5 million in 2007, the cash available to the Group before acquisitions and dividends in 2008 dropped by € 22.1 million to € 123.4 million. However, at 9.3% of sales, operating cash flow was still within our target range of 9% -10%.

For further details of operating free cash flow, kindly refer to the following table on the next page.

€ million	2007	2008
EBIT before restructuring costs	195.7	193.2
Changes in working capital	-20.3	-27.7
Income taxes paid	-27.3	-29.8
Interest	-28.7	-27.3
Capital expenditure	-33.5	-45.0
Depreciation and amortization	74.3	75.1
Other noncash expenses and income	-14.7	-15.1
Operating Free Cash Flow	145.5	123.4
Disbursements for acquisition of subsidiaries, recipes and business units	-8.4	-138.1
Working capital deriving from companies purchased	0.0	-5.8
Restructuring costs from acquisitions		-6.2
Dividend payments	0.0	-59.1
Success-based remuneration (disbursements)	-46.2	-17.3
Disbursements relating to the IPO and repayment of liabilities deriving from warrants	-17.7	
Change in Cash	73.2	-103.1
Opening balance - net borrowings	-605.1	-529.4
Net exchange rate impacts	2.5	-9.1
Closing balance - net borrowings	-529.4	-641.6

To ensure that Symrise always has the capital necessary to consistently develop its corporate strategy, the Company is also considering the use of additional financial instruments.

Additional information on cash flow can be found in the Consolidated Financial Statements.

7. NET ASSETS

Total assets increased by € 99.8 million compared to December 31, 2007.

Intangible assets and property, plant and equipment increased to € 1,244.7 million (2007: € 1,144.5 million), accounting for approximately two-thirds of total assets. The main components include the goodwill acquired through business mergers amounting to € 452.3 million (2007: € 411.9 million) as well as recipes, production know-how and trademarks amounting to € 403.9 million (2007: € 351.1 million).

Short-term liabilities rose by 35.7% to € 548.0 million (2007: € 403.8 million), of which the main component was the increase in the short-term borrowings amounting to € 170.9 million, used mainly for financing. The acquisitions were made in 2008 (see Note 8.13 in the Notes on the Consolidated Financial Statements). Non-current borrowings decreased by 16% to € 362.8 million (2007: € 432.0 million).

Equity increased by 0.9% to € 648.4 million, due mainly to the net income in 2008, offset by dividend payments in 2008 totalling € 59.1 million.

NET ASSETS

€ thousands	2007	%	2008	%
Cash and cash equivalent	79,250	4.4	68,860	3.6
Trade receivables	214,478	12.0	221,686	11.7
Inventories	239,741	13.4	258,974	13.7
Intangible assets and property, plant and equipment	1,144,451	63.9	1,244,677	65.8
Other assets	113,003	6.3	96,482	5.1
Total	1,790,923		1,890,679	

EQUITY AND LIABILITIES

€ thousands	2007	%	2008	%
Current liabilities	403,785	22.5	548,016	29.0
Non current borrowings	431,967	24.1	362,792	19.2
Retirement benefit Obligation	186,295	10.4	191,922	10.2
Deferred tax liabilities	109,404	6.1	111,792	5.9
Other non current Liabilities	16,759	0.9	27,762	1.5
Liabilities	1,148,210	64.1	1,242,284	65.7
Equity	642,713	35.9	648,395	34.3
Total	1,790,923		1,890,679	

8. OTHER FACTORS RELEVANT TO RESULTS/ NON-FINANCIAL PERFORMANCE INDICATORS

Procurement

We use approximately 10,000 natural and synthetic raw materials from all over the world to manufacture our products. Among the natural raw materials are plants as well as plant and fruit extracts. Organic chemicals are among the synthetic products we use.

When we purchase raw materials quality, availability and price are decisive factors. To optimize our supply chain, we organize purchasing centrally. Global contracts are negotiated for the most important raw materials. Approximately 50% of our raw materials come from Europe. We buy the remainder in other parts of the world, basing our decisions on price, quality, and production site. Local production sites outside Europe satisfy part of their requirements from local raw materials markets. They also purchase intermediate products from the main production facilities in Germany.

Our raw materials are subject to price fluctuations, and we adopt various approaches to minimize price risks. We have fixed contracts over a maximum one-year period for a large part of our raw materials. In addition, we use new raw materials markets, for example India, where price and quality are offering new opportunities to reduce our production costs and thus increase our profitability in the long run. We also utilize new technologies, processes, and recipes to reduce the number of raw materials used.

Raw materials prices rose constantly in 2008. In November, quotations were 6% higher than a year previously. Despite a slight drop in December, prices were still 5% higher year-on-year. We enjoyed currency-related advantages in the first half of 2008, because about half of our products are manufactured in the euro zone and many raw materials were purchased during that period in the weaker US dollar. In the second half of the year, however, this situation reversed when the US dollar gained ground against the euro.

In recent months many raw materials prices have eased somewhat. However, in some areas, such as the production of citral, which is needed to manufacture fragrance compositions, the cost situation remains tense. At this stage we do not expect average raw materials prices to fall significantly in 2009. In our planning for the year we are therefore penciling in further price increases, although we do not expect them to be as steep as in 2008.

Operations/Supply Chain

The operational areas integrated into the divisions are responsible for production and the supply chain. The purpose of integrating operations into the divisions is to achieve closer customer proximity and to maximize the responsible business units' scope for action. With our innovative Symchronize™ approach, we closely cooperate with individual customers to realize new potential in the value chain for both our customers and ourselves. Symchronize seeks to optimize the supply chain by taking an integrated view of the entire value chain, from raw material procurement to successful delivery of the end product. Total Productive Maintenance (TPM) forms part of Symchronize. TPM ensures continuous control of the results achieved by measuring and comparing performances. A scorecard system records performance in all relevant areas each month. The aim is to increase productivity continuously and measurably by quickly recognizing and remedying problems.

Symrise operates production facilities at numerous sites worldwide. The largest capacities are in Germany at our Holzminden, Nördlingen, and Braunschweig sites, as well as in Teterboro (USA). Holzminden and Teterboro also have major chemical production plants available. Additionally, the Group maintains large production facilities in Singapore, Chennai (India), Shanghai (China), Cuautitlán Izcalli (Mexico) and São Paulo (Brazil). The other sites are focused on sales activities and have either relatively small mixed operations or no production facilities at all. As of December 31, 2008, Symrise employed more than 2,100 manufacturing and technology staff worldwide.

The main focus of operations was successful integration of the companies we acquired in 2008 in the US. The Flavor & Nutrition division acquired Chr. Hansen Flavors. In July, Chr. Hansen's production facilities in Mahwah (New Jersey) were integrated into our production operations in Teterboro (New Jersey). In August, we introduced SAP at the site acquired in Elyria (Ohio). This factory is now fully operative and linked to the Symrise production facilities. The integration of Chr. Hansen's sites was completed by the end of the year, as scheduled.

Scent & Care acquired Intercontinental Fragrances (Houston, Texas) in September and Manheimer Fragrances (Teterboro, New Jersey) in November. Intercontinental Fragrances' site in Texas is being integrated into our operations network. The acquisition of Manheimer Fragrances did not involve any property, plant and equipment. We acquired recipes and know-how, which are being transferred to our Scent & Care division sites in the US.

Employees

In order to meet market demands and customer requirements, our company must continue to evolve steadily. It is committed to allowing its employees to participate in this growth and to involving them in the development of the organization. For their part, the employees, who form the vital core of Symrise, are required actively to shape the development process and the company's success. Our HR strategy is characterized by this principle of reciprocity. The company is responsible for its employees – and each employee in turn bears responsibility for the success of the company. A key factor in joint success is systematic talent management. The Symrise Academy with its sub-sections Perfumers' Academy, Leadership Academy and Flavor Academy plays a major part in this success.

REGIONS

	Dec. 31, 2007	Dec. 31, 2008
Number		2008
Germany	2,253	2,234
Europe (excluding Germany), the Middle East, Africa	652	636
North America (including Mexico)	779	982
South America	397	400
Asia	845	845
Total (not including trainees and apprentices)	4,926	5,097
Trainees	120	122
Total Symrise Group	5,046	5,219

The Perfumers' Academy

The Symrise Perfumers' Academy is setting new standards in basic and advanced training for perfumers, evaluators and members of the sales team. It provides a forum and a global framework for obtaining qualifications, exchanging ideas and information and gaining inspiration. The Academy encompasses the Perfumery School for the initial training of perfumers and offers graduate and post-graduate programs for further on-the-job training. Our Scent Expeditions provide a creative program for experienced senior perfumers.

Two perfumer trainees successfully completed their perfumery training in 2008, achieving the qualification Junior Perfumer. Three further trainees will complete their training in April 2009.

As part of the **Graduate and Postgraduate Program**, various workshops and seminars were held on the topics "Financial Skills for Perfumers" and "Fundamentals of Chemistry". The topics "Presentation Techniques for Perfumers" and "Coaching and Mentoring Skills" are currently in preparation.

Seven Senior Perfumers from all parts of the world were the first participants on the Scent Expedition through India. It took the specialists to regions where flowers and spices are cultivated and brought them into close contact with the culture and people of the country. Shortly afterwards, four perfumers who had been inspired by the trip to India won projects in the areas Fine Fragrance, Body Wash, Laundry und Soap.

The Leadership Academy

The Leadership Academy is a tailor-made development program for Symrise executives. The focus here is on communication and sales techniques, management skills (the Leadership Toolbox), coaching and train-the-trainer measures.

FUNCTIONS DECEMBER 31, 2007

	Symrise	Service Companies	Symrise Group
Number			
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, 2008

	Symrise	Service Companies	Symrise Group
Number			
Manufacturing and technology	1,982	201	2,183
Sales and marketing	1,420	110	1,530
Research and development	964	5	969
Administration	409	6	415
Total (not including trainees and apprentices)	4,775	322	5,097
Trainees	106	16	122
Total Symrise Group	4,881	338	5,219

High Performance Sales Training, comprising seven progressive modules, equips participants for successful selling at an international level. In the basic workshops, all the phases of a sale are dealt with, while the advanced program includes modules on strategic thinking, sales psychology and a special English training course. In 2008, the program was also introduced in Asia for the first time.

The **Leadership Toolbox** takes a deeper look at topical issues in industry and in corporate practice. In March 2008, 20 top executives from Symrise, supported by the St. Gallen Management School, met to establish the fundamentals of Symrise's future acquisitions strategy.

Furthermore, a **Mentoring Program** was launched for the first time in 2008 to give young, up-and-coming managers an opportunity to benefit from the experience and expertise of senior management at Symrise

The Flavor Academy

Very few companies in the flavor and fragrance industry provide training to become a flavorist – and Symrise is one of them. The Flavor Academy enables international participants with highly developed sensory skills to qualify as flavorists or as product and application development technologists.

In a two-year program, the Symrise Academy prepares trainees for the creative vocation of **flavorist**. To qualify as a Junior Flavorist, trainees must undergo basic training in raw materials, analytics and application technology and then complete a practical phase and a stint abroad. After that, they must develop a flavoring composition and pass a theory examination. Seven up-and-coming creatives successfully completed their training in 2008.

Young food and beverage technologists as well as brewers and distillers can take the two-year program to qualify as **Product and Application Development Technologists** for beverages. Besides imparting knowledge on raw materials and product development, the program includes on-the-job training as well as lectures and excursions. To qualify as a Junior Beverage Development Technologist, participants must create a beverage composition and pass a final examination. The first participants qualified in 2008, and others will follow in the spring of 2009.

Sustainability

For Symrise, sustainability is an essential commitment. There are many reasons for this. It is a commitment towards our customers, who demand a sustainable supply chain in order to meet consumer

needs. It is also a means of giving back something to the community of which our company is a part and without which it could not operate. It is a dynamic, global project forming an integral part of all operations. And on top of that, it is a key means of securing our business success – and hence the future of our company and its employees.

Audits and guidelines

Sustainability cannot be determined on the basis of performance in an isolated area. Rather, it is the product of many individual factors, such as energy consumption, CO₂ emissions and water consumption. On the basis of these factors, sustainability in our company is measurable. Initiatives to standardize and evaluate sustainability based on the Global Reporting Initiative™ are also a benchmark for Symrise, enabling it to gauge its environmental commitment. In order to gain detailed final results, we commissioned a comprehensive sustainability study for our largest locations in EAME, North America, Asia-Pacific, Mexico and Brazil. It sheds light on the areas in which we maintain or exceed our standards and indicates where shortcomings exist and improvements are necessary. We present the results of such audits and our activities annually in a separate CSR report.

In order to guarantee sustainability in the supply chain, we conduct regular supplier audits. These enable us to identify external processes that no longer meet international standards. In 2008, the corrective action undertaken by Symrise resulted, for example, in a supplier in China building a brand-new, state-of-the-art production facility to meet our requirements.

CERTIFICATION FOR QUALITY, ENVIRONMENT AND SAFETY AT SYMRISE

- › DIN EN ISO 9001
- › DIN EN ISO 14001
- › American Institute of Baking (AIB)
- › International Food Standard (IFS), higher Level
- › British Retail Consortium (BRC), higher Level
- › EFSIS „A“ Level
- › Good manufacturing Practice (GmP)
- › Hazard Analysis of Critical Control Points (HACCP)
- › Socially Responsible Investment (SRI)

Sustainability in the divisions

At Symrise, sustainability is an engine that drives the company forward – from research through to product development and from management to production. The concept is also gaining ground in the Scent & Care and Flavor & Nutrition divisions. In both those divisions, we guarantee the highest standards, thanks to extensive, systematic regulations such as a strict food safety policy. Our sustainability strategy encompasses the entire product life cycle. Raw materials should originate from renewable resources – also with regard to balancing CO₂ emissions. In production, we adhere to green chemistry guidelines: We totally restrict the use of solvents, and we are replacing halogenated solvents and renouncing the use of toxic products. We also make sure that our products are free of allergens and that they yield a high degree of effectiveness with the smallest possible volume. And in terms of waste disposal, we strive for biological degradability – in other words, decomposition with the aid of oxygen and bacteria in order to render substances harmless. Maintaining safety standards for our employees is a matter of course.

Raw materials

Sustainability plays an increasingly important role in the manufacture, purchasing and handling of raw materials. The Global Citrus Center in Brazil, which was opened in 2008, is located in the immediate vicinity of areas where citrus fruits are cultivated – a deliberate choice intended to make the value chain considerably more environmentally compatible. We obtain most of our alpha-bisabolol from renewable sources certified as organic. Symrise was one of the first companies to take this step. In the case of alpha-bisabolol, an on-the-spot audit performed in 2008 by Eco-pass certified sustainability, starting with the candeia tree, which

is cultivated in the Brazilian rainforest, through to its processing at Symrise. We obtain palm oil from members of the Roundtable on Sustainable Palm Oil (RSPO), suppliers for whom safety, health and environment (SHE) aspects are part of their standard code of practice. Last year we had our key strategic products scrutinized for their sustainability (see 2007 CSR Report).

For detailed information on sustainability and to download a copy of our current CSR report please visit our website:

www.symrise.com/en/our.company/corporate-social-responsibility

Technology

Innovative technologies play an increasingly important role in Symrise's efforts to achieve sustainability. One example is SymTrap®, a process developed by the company for reclaiming top-quality aroma substances that are normally lost during fruit or vegetable processing. SymTrap® exploits raw materials more thoroughly than has been possible up to now, without any substantial increase in energy consumption. This not only improves the company's sustainability performance but also the quality of the end product. As another example illustrates, combining high tech and natural resources can improve quality: A high-tech plant in Brazil identifies conventionally grown fruits that contain residues and separates them out before production. The thermal reactors with which we ensure environmentally friendly production in Germany and, more recently, also in Brazil similarly rely on state-of-the-art technology.

Social commitment

A healthier diet and a reduction in child obesity are two of the key goals of Symrise's CSR activities. With our "Snack Garden", we put our claims of social and ethical responsibility to the test in an exemplary fashion. This project is down-to-earth, run on democratic lines and future-oriented. The "Snack Garden" – a plot of land covering 8,000 sq. meters with a meadow, fruit trees and its own stream – gives children aged three to twelve the opportunity to design and set up a real garden. Here, they can sow seeds, put in plants and harvest and eat the produce – and be introduced to a healthy and natural diet in a playful environment. In 2008, the German federal government awarded a prize to the "Snack Garden" as part of its creative initiative "Germany – Land of Ideas".

In Singapore, we received the "Singapore Health Award" in recognition of our outstanding activities to promote the health and well-being of our employees. In China, Symrise is helping to fund the construction of a new school in the province of Szechuan, which was hit by an earthquake in 2008. Further social activities also coordinated by our companies in the individual countries include

active health promotion programs and measures to raise awareness of AIDS.

Compliance

Our integrated Compliance Management System reconciles legal and ethical aspects and regulations, thereby creating the guiding principles for our business activities. These activities are founded on our conviction that adherence to basic rules is an indispensable and non-negotiable component of our corporate identity. Only a clear and transparent framework of permitted and non-permitted activities can guarantee continuity and our long-term financial success. For all our employees worldwide the following holds true: "Business that cannot be brought into harmony with our basic rules is no business for Symrise."

Organization and tools

In order to prevent any conflicts of interests, it is mandatory for every employee at our company to keep work life and home life separate. Integrity towards the company and the responsible handling of inside information are clearly defined in the Executive Board's guidelines. In 2008, a Compliance Officer was appointed to coordinate all our compliance activities. The Compliance Office falls under the direct remit of the Chairman of the Executive Board, thereby guaranteeing its independence and authority. The Compliance Officer reports regularly to the Audit Committee of the Supervisory Board at each of its meetings.

In 2008, the Compliance Office implemented two new tools in order to ensure that the same high ethical and legal standards apply throughout the Symrise world.

- › All employees are obliged to report any breach of the Compliance Program immediately. In order to clarify compliance issues or if there are any questionable matters in their working environment, all employees have been able since summer 2008 to reach the Compliance Office via a toll-free phone service set up in every country. An intermediary service provider ensures that employees can voice their concerns anonymously and in their native language. Contacting the service provider directly also enables anonymous communication between the Compliance Office and the employee in question. Every employee can, of course, also contact the Compliance Office by email or in person.
- › Following successful tests in 2008, we can also offer all employees education on various compliance topics in the form of Internet- or screen-based training, starting in the spring of 2009. This will enable us to reach more employees in a shorter time and will, moreover, give every employee greater flexibility as regards the timing of the training. The Compliance Office also offers face-to-face training.

In 2009, we aim to step up our compliance management efforts. In the process, we will always place special emphasis on the integrity of our daily activities and promote the corresponding mindset among our employees.

Benchmarks and environmental indicators

In 2008, we again managed to exceed our Key Performance Indicators. Year-on-year, we further significantly reduced all the environmental events that we are obliged to report in the four regions (EAME, NA, LATAM, APAC). Despite the increase in sales volume, we substantially lowered our greenhouse gas emissions. By implementing targeted technical measures, accompanied by investments, we were able once again to considerably reduce complaints about odors – in fact, by more than 30 percent at our largest location in Holzminden. Details are available in the annual CSR Report.

Symrise has also developed its own climate protection concept and has reduced its energy consumption and related CO₂ emissions in line with globally agreed environmental protection standards and the targets additionally defined by the company. We have therefore considerably lowered the proportion of direct and indirect greenhouse gases in accordance with the Greenhouse Gas (GHG) Protocol based on the year 2005. Individual programs within the supply chain support these aims, as do Research and Development and IT.

We attach the highest priority to the safety and environmental compatibility of our products. For years we have therefore been supporting the goals of the REACH EU chemicals policy and – thanks to targeted measures – we guarantee the safety of our employees within the supply chain and the safety of our staff.

Symrise remains listed in various green funds (see 2007 CSR Report) and is thus rated by independent fund managers as a sustainable company. Since 2006, Symrise has been a member of the Carbon Disclosure Project (CDP) Investor Group and for the third time in succession is thus supporting the basic climate protection demands. We have received feedback showing that our latest, specific Supply Chain Leadership Collaboration (CDP-SCLC) activities were successful in terms of climate protection.

9. RISK MANAGEMENT

Global operations are always 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.

Risk Management System

Our risk management system aims to recognize in good time and successfully mitigate all potential risks that could endanger the achievement of our planned results or the continuity of our company. In this way, our system enables us to identify risks promptly, to assess them and to put in place suitable countermeasures.

Whenever economically reasonable and possible, we have purchased insurance to minimize the financial impact of some risks if they occur. Compared to previous years, our risk awareness and risk profile now also cover implications of the current economic and financial crisis.

Risk management is integrated into all our business processes. 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. Employees who are responsible for processes and hence their own risk remits participate regularly in workshops in order to exchange knowledge and experience on risk recognition and mitigation and to support each other in implementing best practices.

Symrise has 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. It 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 appropriate measures) no longer exist or their impact has significantly decreased. The policy and reporting formats have now been further developed in order to dovetail with the current business structure. Advancement of policy, system and procedures will be an ongoing process in future, too.

All single risk reports collected are validated, if applicable, grouped and then discussed with the Executive Board, who decide on any additional action 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. In 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.

In order to comply with future legal requirements such as the effects of the upcoming accounting legislation update (BilMoG) to the German Commercial Code (HGB) and the German Stock Corporation Act (AktG), we have launched a new initiative. This project includes Finance, Controlling, Legal and Internal Auditing and aims at integrating risk management with a group-wide internal control system.

The following information relates to the reported risks for the 2009 planning period.

Strategy, 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.

There are **consolidation** efforts in our industry, too. The integration of new business fields and affiliates might be attended by incomplete or delayed transfer of knowledge and facilities, resulting in business interruptions. Risk mitigation has been achieved by assigning direct ownership to management staff in order to ensure continuity of business and operations.

To guarantee profitable margins for some products manufactured in Europe and sold in weak **currency** countries, Symrise negotiates its prices in euros. While this addresses the currency risk, some customers may ask for price reductions, and the risk of losing business to a competitor cannot be disregarded. Alternatives are being developed to counter this risk. These include manufacturing in the same currency zone as well as developing business models that allow Symrise to protect existing business in a strong euro environment,

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

Customer complaints about product quality are always possible. We prepare for such risks by applying strict quality control measures as well as through insurance policies.

Symrise is always exposed to issues if customers change their **technology** of integrating our products into further operations. This issue is countered by increased efforts to merchandise current products in different markets and by highlighting the advantages of current products.

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 dialogue with customers and banks, closely observing the development of political events and continuously optimizing our working capital. Besides this, the current financial crisis in export countries may also lead to payment interruption. Here we improve financial control and adjust payment procedures wherever possible.

In the current **critical financial environment** there is also the risk that customers may reduce their inventory levels in order to optimize their working capital. Depending on the extent and duration of this destocking, it can have a significant impact on the entire supply chain. A prolonged recession in the global economy can also influence the type of products that customers order. This in turn can impact the growth of the F&F market. Nevertheless, we feel that we are able to adapt quickly and successfully to such changes.

Operational and IT 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 are designed 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 local 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 also proactively takes 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, some time ago the company dedicated resources and rolled out several projects to coordinate activities required to comply with the European REACH regulation (Registration, Evaluation and Authorization of Chemicals).

The **integration of new businesses** and affiliates into the Symrise world also gives rise to supply chain and production issues. Business acquisitions, supported by toll manufacturing as an interim solution, will be followed by issues of material and formula harmonization. The integration of new operations into the existing setup of facilities might lead to interruptions because of production transfer and to breakdowns as a result of over-utilization.

These risks are mitigated by Total Productive Maintenance (TPM) measures, contingency plans and possible fall-backs, the exchange of best practices, and ongoing operational improvements.

Symrise uses different telecommunications and IT systems to run its business.

In addition to technical precautions already in place, security enhancements and system updates are constantly being implemented to counter potential risks that could disrupt their functioning or stability. A common IT system is currently being rolled out, and outdated communication technology will soon be replaced. The IT services are supplied by an external party that has significant resources and the global expertise to manage any potential crisis.

Procurement Risks

Procurement is an essential activity at Symrise. In its daily business, the company deals with a complex and very large portfolio of raw materials, both natural and of 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 and can also have a negative impact on their quality and availability. Besides negotiating long-term global contracts and having alternative suppliers whenever feasi-

ble, Symrise is continuously working to extend its international supplier base, including supplies from Asian markets. The risks that may occur in this context are described below.

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 addition to actively monitoring the best sourcing opportunities, in particular cases Symrise takes advantage of its expert knowledge to develop technical solutions to find answers to the newest challenges in line with the company's objectives. In some cases solutions are developed in cooperation with key suppliers.

Some raw materials, purchased in US dollar-related countries and used in products sold in euro regions, might expose Symrise to a currency risk if the US dollar were to gain in value.

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

The current economic and financial crisis basically also threatens our suppliers' business continuity. There is a risk to us of not receiving deliveries, followed by cost issues in the event of multi-sourcing and by potential business interruptions in the case of single-sourcing. In order to mitigate these risks, credit rating is now regularly included in the vendor selection procedure, similarly in the credit assessment of customers. Furthermore, efforts to find alternative vendors are being stepped up.

Moreover, for key raw materials we have completed acquisitions that guarantee access to our own sources. Nevertheless, it is also important to point out that in general and due to the broad raw material spectrum procurement risks in our business are rather leveraged.

Financial Risks

Symrise has exposure to the following issues in connection with the use of its financial instruments:

- › credit risks
- › liquidity risks
- › currency and interest risks

Credit risks

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. This type of risk 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. In 2008, the Executive Board established a credit policy under which each new customer is analyzed individually for its 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 losses incurred 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 individually identified.

Liquidity risks

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.

In the current economic environment companies face the possibility of declining earnings. Lower earnings can lead to an increase in net debt. In a worst-case scenario this could negatively impact our ability to meet credit obligations as well as our ability to remain within established covenant agreements with respect to our equity/debt ratio. To counter this risk we carefully monitor our performance and have developed appropriate contingency plans.

The following table shows when our liabilities, as of December 31, 2008, fall due:

LIABILITIES

€ thousands	Total	2009	2010	2011
Trade payable	82,170	82,170	0	0
Borrowings	710,438	347,646 *	72,000	290,792
Other liabilities	95,254	67,586	27,668	0
Sum	887,862	497,402	99,668	290,792

*€ 274.5 million thereof remain available until the end of credit term on December 13, 2011.

Currency and interest risks

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

Symrise monitors the associated risks using "natural hedging" by manufacturing most of the products in the areas where they are sold. We also 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 substantial free cash flow, even a significant rise in the interest rate would not constitute a serious risk to the company.

The Group adopts a policy of ensuring that 80% of its exposure to changes in interest rates on borrowings is placed on a fixed-rate 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 tax issues outstanding that could potentially lead to material additional tax liabilities.

Due to the accurate settlement of running tax audits and successful negotiation with the authorities, the total amount of tax risks has been reduced considerably compared to previous years. Where we consider these risks likely, we make provision 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 or 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 lawsuits worldwide. We do not expect these individual legal proceedings to have any material impact, as our affiliates always transfer legal issues to our own lawyers who then act on their behalf.

Overall Risk Situation

Taking into account all the circumstances of which we are aware, there is no company- or industry-specific risk that could pose a threat to the continued existence of the Symrise Group. In view of our latest push towards the further development of risk management at Symrise, we are confident of being able to meet future requirements as well.

10. SUBSEQUENT REPORT

No events subject to reporting occurred after the reporting period.

General statement on the economic situation of the Symrise Group

Symrise is globally active in a sector that can be considered robust in comparison to other industries and that is less affected by fluctuations in the business cycle. Almost 90% of our products help satisfy basic needs; the rest belong to luxury segments (such as Fine Fragrances) that are more subject to fluctuation. Excluding acquisitions, our sales rose by 3.5% in 2008, adjusted for currency effects, despite the financial and economic crisis. We therefore grew by only 1.5% less than we originally forecast at the beginning of the year under much better conditions. As a result, we consider this year's performance to be strong; it reconfirms our corporate strategy and our position as one of the leading companies in our sector. With a market share of some 10%, we are one of the top four in the F&F industry. The strategic strengths that have played the largest role in increasing our competitiveness are:

- ▶ Focusing on segments with the greatest growth potential
- ▶ Ensuring our position on the core lists of major multinational customers
- ▶ Ensuring our position among regional and local customers in rapidly growing emerging markets

As part of our strategy, we pursued acquisitions in 2008 that significantly improved the positions of both divisions in the key US market.

At the beginning of March we announced the acquisition of the flavor business of Denmark-based Chr. Hansen, which was successfully concluded on April 25, 2008. The purchase price of the company, which posted sales in 2007 of \$ 70 million (€ 51 million), was \$ 110 million (€ 72 million). The flavor business acquired from Chr. Hansen includes the areas of Seasonings, Sweet Flavors, Savory Flavors and Dairy Flavors. The purchase provided us with additional production capacity and new technologies, which have increased our competitiveness in the North American market. In addition, we were able to expand our marketing organization and gained access to a new customer base that makes an excellent addition to Symrise's existing business.

In the Scent & Care division, we announced the acquisition of Intercontinental Fragrances at the end of September, which had been successfully concluded on September 3, 2008. On November 6, 2008, we also successfully completed the acquisition of Manheimer Fragrances. Symrise paid a total of \$ 92 million (€ 65 million) for both transactions. In 2007, Intercontinental Fragrances had sales of \$ 16 million (€ 12 million), with Manheimer Fragrances registering sales of \$ 33 million (€ 25 million).

With these acquisitions, Symrise became one of the leading scent providers for air care products in the US. The North American market for air care products accounts for over \$ 300 million in sales and thus makes up 10% of the total fragrance market in the US. In addition, Symrise acquired a number of attractive new customers and will take advantage of the newly won expertise to secure its position in the global air care market. For example, we are planning to open a global air care center in the US in 2009.

Our sales were negatively impacted by various factors over the course of 2008: the financial and economic crisis, which worsened in the second half of the year; changes in the ordering habits of many customers; and high prices for raw materials, which remained elevated throughout the year.

The financial and economic crisis led to a recession in established markets and to a slowdown in growth in emerging markets. Although these developments had a negative impact on the entire F&F market, they did not fundamentally alter the industry's basic robustness. They did, however, directly influence the ordering habits of our customers in the second half of the year. In order to maximize cash flow at the end of the year and to minimize working capital,

customers tried to reduce inventories in November and December and to delay orders planned for 2008 until after the new year. This led to a temporary, atypical gap between demand and orders, which slowed our sales growth in the second half of the year. Excluding acquisitions, our currency-adjusted sales growth fell from 5.2% in the first half of the year to 1.6% in the second half.

Despite the general economic downturn, prices for raw materials rose continually in 2008. As the increases began to slow in December, prices were still more than 5% higher, on average, than in December 2007. High prices for raw materials led to higher sales-related costs over the entire year and had a direct, negative impact on our profit margins. Given the economic crisis, putting our price increases into place was more difficult than expected. They only had a positive effect later in the year and were not able to make up for the increase in sales-related costs. Against this background, our EBITA fell in the second half of the year by 15%, at local currency. For the entire year, EBITA fell 5% year-on-year at local currency. Despite the negative impacts, our EBITA margin remained at the high level of 16.8% for the entire year.

11. OUTLOOK AND OPPORTUNITIES ASSESSMENT

Underlying conditions and future development of the Symrise Group

At the start of 2009, the world economy is characterized by several negative factors: volatile stock and financial markets, fluctuations in currencies and the price of raw materials, a shortage of liquidity and a negative consumer climate worldwide. Markets in the emerging countries – the strategic growth drivers in our business – look set to grow faster in 2009 than the established markets, albeit not as rapidly as in recent years. Against this background, we anticipate that the global F&F market will not grow in 2009.

Despite the unfavorable business environment, we consider our core business to be as stable and robust as before. We see our relatively good results in 2008, which was a difficult year, as confirmation of our strategy. And we view the economic crisis as an incentive to further fine-tune and pursue our strategy. Various different factors have paved the way for a further increase in our competitiveness:

- › the focus on segments with the best growth prospects
- › market-driven research worldwide
- › an innovative product portfolio, almost 90% of which is based on satisfying basic needs

- › our position on the core lists of large multinational customers
- › our position vis-à-vis regional and local customers in the more dynamic emerging markets

In 2009 we therefore expect to outpace market growth. Under the present conditions, we anticipate currency-adjusted growth of between 5% and 7%, including the acquisitions made in 2008 (1% to 3% without these acquisitions).

With regard to certain raw materials, we expect price increases to slow down in the course of the year. In the case of raw materials in short supply worldwide, we expect demand to keep prices stable or push them up. At the beginning of 2009, we had enough raw materials and finished goods in stock to meet our requirements for five to six months. These raw materials were bought at prices that were significantly higher than those at the beginning of 2008, and this will be reflected in cost of sales in the first half of 2009. Any possible decline in the cost of raw materials will only materially affect our results in the second half-year. However, the effect of the price increases introduced in the fourth quarter of 2008 and of those that will take effect in 2009 will have an impact on the first-half results.

We will steadily pursue the initiatives we introduced in 2008 to continually optimize our results. Our policy of cash optimization, cost reduction and price management, portfolio optimization plus our focus on innovative products and technologies will ensure that we are well prepared for crises. We will respond to external factors that impede our ability to plan by introducing measures that we ourselves can plan. In 2009 we will continue to actively review further consolidation opportunities.

Compared with the strong first half in 2008, we expect the first half of 2009 will be weaker. Nevertheless we expect sales for the entire year 2009 to grow at least as fast as the market. Due to the volatility in the current economic environment, precise statements about profitability and the EBITA margin are not possible at this time.

Assuming that the price of raw materials remains at a high level while our revenue growth slows down, we do not anticipate any substantial increase in working capital. As a result of tax loss carry forwards in numerous regions and thus lower tax payments, we expect a positive influence on our cash flow. For 2009 as a whole we expect strong cash flow.

Our liquidity situation is good and our credit facilities are secure until 2011. Financially, we are in a position to fully implement our corporate strategy. We do not foresee any difficulties amortizing on schedule any debts that are due for repayment.

It is too early to say whether the planned measures to stimulate the economy and to normalize the financial and global markets will have the desired success. We can therefore only make a forecast for 2010 with certain reservations. We assume the measures planned to stimulate the economy to take effect in the second half-year at the earliest. On that premise, we anticipate that the F&F market will benefit from the recovery of the global economy. We therefore consider growth of between 1% and 3% possible in 2010. Based on our growth strategy, our portfolio and our good positioning in all the key global markets, we assume that Symrise will also outpace market growth in 2010. For Symrise we think that growth of 3% - 5% is possible in 2010 at local currency. We also expect to see a corresponding improvement in our margin and our operating result.

During economic downturns, people do not cut out their basic needs but they are particularly open to new ways of satisfying them. If we succeed in satisfying these basic needs faster and more creatively and with improved margins, we will not only encounter problems in the crisis period but also discover new opportunities.

12. REMUNERATION OF THE EXECUTIVE BOARD

Remuneration Structure

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

All Executive Board members receive their fixed remuneration paid as a salary in equal monthly payments. The variable component of the total remuneration in 2008 comprised an annual bonus based on the achievement of Company targets. To determine the remuneration payment, the EBIT for the Symrise Group was used as a key performance indicator for the Group and its divisions, in accordance with the business plan, as were medium-term strategic targets and qualitative evaluation criteria. The targets upon which the variable portion of total remuneration is based were

EXECUTIVE BOARD REMUNERATION FOR SYMRISE AG IN 2008

€	Salary	Remu- neration in kind	Variable Remu- neration ¹⁾	Long-term bonus plan	Pension provision	Total	Allocation for pension provision
Dr. Gerold Linzbach (Chairman)	600,000	10,140	138,000	0	0	748,140	63,498
(2007)	550,000	14,840	662,500	6,782,389 ⁴⁾	0	8,009,729	0
Dr. Heinz-Jürgen Bertram	400,000	7,356	117,400	11,290 ³⁾	1,665	537,711	26,884
(2007)	372,500	7,356	472,140	4,238,993 ⁴⁾	- 48,718	5,042,271	0
Achim Daub	400,000 ²⁾	8,210	64,838	11,634 ³⁾	0	484,682	0
(2007)	383,859	5,355	462,193	529,874 ⁴⁾	0	1,381,281	0
Dominique Yates	300,000	919	139,000	9,092 ³⁾	0	449,011	34,267
(since October 1, 2007)	75,000	0	75,000	0	0	150,000	0

¹⁾ The amounts include allocations for the bonus for the current year as well as the previous year, to the extent that they differ from the provision as of December 31 of the previous year.

²⁾ This amount does not include a currency-related salary overpayment of € 22,973 to Achim Daub in the United States during the second half of 2008. This amount has been taken into account as a receivable in the financial statement.

³⁾ The amount includes provisions from the Long Term Incentive Plan.

⁴⁾ The amount refers to payments made in 2007 in connection with the Management Participation Program.

agreed upon in target agreements with the individual members of the Executive Board at the start of calendar year 2008 based on the agreed company targets. The annual bonus will be paid out in the following year (2009) on the basis of the approved financial statements for 2008.

There is a long-term incentive plan for the Executive Board and eight senior managers. It went into effect in January 2008 and will run until December 2010. This plan is a performance cash plan with performance-based components that are linked to the share price and the medium-term increase in value of the Company. The plan – including the performance criteria – was discussed and approved by the Supervisory Board and its committees.

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.

In 2008, Dr. Gerold Linzbach, Dr. Heinz-Jürgen Bertram and Dominique Yates accumulated deferred compensation benefits by converting his salary.

Early Termination of Employment Contracts

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.

Expiration of Employment Contracts

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

Dr. Gerold Linzbach therefore requested that his contract should not be extended beyond the agreed term of October 2009. His fixed salary will continue to be paid up until then. He will be entitled to pro rata bonus payments.

Directors and Officers Insurance

Symrise holds liability insurance for the members of its executive board. The insurance covers personal liability for the members of this group and does not include a deductible.

Disclosures required by Takeover Law in accordance with Section 315, para 4 of the HGB (German Commercial Code)

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

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

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

The Executive Board is authorized, subject to the consent of the Supervisory Board, to increase the stated capital of the Company until October 31, 2011, by up to EUR 40 million through one or more issuances of new no-par bearer shares against contribution in cash and/or in kind.

The new shares may be underwritten by one or more financial institutions determined by the Executive Board, in order for such shares to be offered to the shareholders (indirect subscription right). The Executive Board is authorized, subject to the consent of the Supervisory Board, to exclude the subscription rights of existing shareholders in the following instances:

a) in the event of a capital increase against contribution in kind, if the capital is increased in order to acquire businesses, business units or participating interests in businesses, or in order to grant shares to employees of the Company or its affiliates in compliance with applicable law;

b) to the extent necessary, to grant rights to subscribe for new shares of the Company to holders of options or convertible bonds issued by the Company or its subsidiaries to the extent such holders will be entitled to such shares pursuant to the terms of the option or convertible bond;

c) to exclude fractional amounts from the subscription rights;

d) in the event of a capital increase against cash contribution, if the issue price of the new shares is not significantly lower within the meaning of Sec. 203, para. 1 and 2, 186 para. 3 sentence 4 of the German Stock Corporation Act (AktG) than the market price of already listed shares of the Company falling into the same class of shares at the time the issue price is definitively determined by the Executive Board, and if the amount by which the capital is increased and for which the subscription rights are excluded does not exceed 10% of the stated capital of the Company at the time the new shares are issued. Towards such 10% limit shall count shares that are sold without subscription rights pursuant to sec. 71 para.1 no. 8 sentence 5, 186 para. 3 sentence 4 of the Stock Corporation Act during the term of this authorized capital, and shares as to which a right or obligation to buy or to convert attaches which is based on an option or, respectively, a convertible bond that was, in each case, issued without subscription rights pursuant to sec. 221 para. 4, 186 para. 3 sentence 4 of the Stock Corporation Act during the term of this authorized capital.

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

Furthermore, the general meeting of shareholders held on April 29, 2008 authorized the Executive Board to acquire treasury stock up to a level of 10% of the current stated capital. The acquired shares together with any other treasury stock already owned by the Company, or which pursuant to Sec. 71 a et seq. of the Stock Corporation Act is attributed to the Company, may not at any time exceed 10% of the stated capital. The authorization may not be misused for the purposes of trading in the Company's own shares.

a) for one or more purposes, the authorization may be invoked by the Company, or by third parties for the account of the Company, in one total amount or in a number of partial amounts either singly or on several separate occasions. The authorization is valid until September 30, 2009.

b) The Executive Board has the choice of making the acquisition either through the stock exchange or in the form of a published purchase offer, or respectively, in the form of a published request for tender of such an offer.

aa) if the acquisition of the shares is made through the stock exchange, the consideration per share paid by the Company (excluding ancillary acquisition costs) may not exceed or undercut the opening auction price quoted on the Xetra dealing system (or a comparable replacement system) on the day of stock exchange dealing by more than 5%.

bb) If the acquisition is made in the form of a published purchase offer, or in the form of a published request for tender of a purchase offer, the purchase price offered per share, or the limits of the purchase price spread per share, may not exceed or undercut the average closing price quoted on the Xetra dealing system (or a comparable replacement system) on the last three stock exchange dealing days before the date of publication of the offer, or respectively the date of publication of a request for tender of a purchase offer, by more than 10%. If, following publication of the purchase offer, or respectively following publication of a request for tender of a purchase offer, significant fluctuations occur in the applicable reference price, then an adjustment may be made to the offer, or respectively to the request for tender of such an offer. In such circumstances, reference will be made to the average price of the last three stock exchange dealing dates before publication of any potential adjustment. The purchase offer, or respectively the request for tender of such an offer, may include further conditions. Inasmuch as the offer is oversubscribed, or respectively, in the case of a request for tender of an offer, inasmuch as not all equivalent offers can be accepted, then acceptance must occur on a quota basis. Preferential acceptance of small quantities of up to 100 shares on offer is permissible.

c) The Executive Board is authorized to use shares of the Company that are acquired based on this authorization for all permitted legal purposes, but also especially for the following purposes:

aa) The shares may be redeemed without the redemption or its execution requiring a resolution by a further general meeting of shareholders. In a simplified procedure, they may be redeemed without a formal reduction in capital by adjustment of the proportional amount applicable to the remaining no-par-value shares making up the Company's stated capital. The redemption may be limited to only a portion of the shares acquired. The authorization for redemption of shares may be invoked repeatedly. If the redemption is performed using the simplified procedure, then the Executive Board is authorized to adjust the number of non-par-value shares contained in the Company's articles of incorporation.

bb) The shares may be sold in an alternative manner than through trading on the stock exchange or via an offer to the shareholders, if the shares are sold for cash at a price that is not significantly lower at the time of sale than the price quoted on the stock exchange for shares of the Company that are of the same type.

cc) The shares may be sold in consideration for contributions in kind, particularly in connection with the acquisition of other entities, parts of entities or investments in entities as well as in connection with business combinations.

d) The authorizations listed under paragraph c) sub-paragraphs aa) to cc) above also cover the disposition of shares of the Company that are acquired pursuant to Sec. 71 d sentence 5 of the Stock Corporation Act.

e) The authorizations listed under c) above may be made use of singly or repeatedly, wholly or partly, individually or jointly; the authorizations under c) sub-paragraphs bb) and cc) may also be made use of by entities dependent on the Company, or by entities which are owned in the majority by the Company, or for their account, or for the account of third parties acting on behalf of the Company.

f) Shareholder subscription rights in respect of this treasury stock are excluded to the extent that these shares are disposed of in accordance with the aforementioned authorization contained in paragraph c) sub-paragraphs bb) and cc).

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

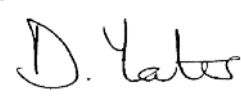
No further disclosure requirements exist pursuant to Sec. 315 paragraph 4 of the German Commercial Code.

Holzminden, February 18, 2009

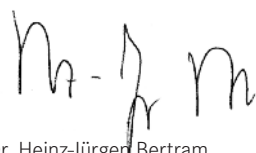
Symrise AG, The Executive Board



Dr. Gerold Linzbach



Dominique Yates



Dr. Heinz-Jürgen Bertram



Achim Daub

Consolidated Income Statement

T€	Notes	2007	2008
Sales	5, 6.1	1,274,458	1,319,862
Cost of sales	8.5	-713,701	-762,377
Gross profit		560,757	557,485
Other operating income	6.2	14,228	10,281
Selling and marketing expenses	6.4	-215,717	-215,137
Research and development expenses	5, 6.5	-82,252	-86,185
Administration expenses	6.6	-78,020	-74,155
Other operating expenses	6.7	-3,290	-5,333
EBIT (profit from operations)		195,706	186,956
Share of gain/(loss) of equity accounted investee		57	0
Finance income		6,924	6,070
Finance expenses		-62,425	-58,244
Net finance costs	6.8	-55,501	-52,174
Profit/(loss) before tax		140,262	134,782
Income tax	6.9	-42,826	-44,396
Profit/(loss) for the year attributable to the equity holders of the company		97,436	90,386
Earnings per share (€)	7		
diluted and basic		0.82	0.76

Consolidated Balance Sheet

ASSETS

T€	Notes	Dec. 31, 2007	Dec. 31, 2008
Current assets			
Cash and cash equivalents	8.1	79,250	68,860
Trade receivables	8.2	214,478	221,686
Inventories	8.5	239,741	258,974
Prepayments, other assets and receivables	8.4	29,446	35,900
Tax assets		11,965	7,169
Assets held for sale	8.6	10,038	50
		584,918	592,639
Noncurrent assets			
Deferred tax assets	8.7	45,212	44,392
Other noncurrent assets and receivables	8.3, 8.8	11,759	2,895
Other investments	8.9	4,583	4,454
Investment in equity accounted investee	2.4, 8.13	0	1,622
Intangible assets	8.10, 8.11	763,013	856,263
Property, plant and equipment	8.12	381,438	388,414
		1,206,005	1,298,040
ASSETS		1,790,923	1,890,679

EQUITY AND LIABILITIES

T€	Notes	Dec. 31, 2007	Dec. 31, 2008
LIABILITIES			
Current liabilities			
Trade payables	8.14	72,424	82,170
Borrowings	8.16	176,695	347,646
Provisions	8.15	4,001	1,716
Tax liabilities	8.7	48,102	48,898
Other current liabilities	8.17	102,563	67,586
		403,785	548,016
Noncurrent liabilities			
Borrowings	8.20	431,967	362,792
Other noncurrent liabilities	8.18	16,671	27,668
Provisions	8.15	88	94
Retirement benefit obligations	8.19	186,295	191,922
Deferred tax liabilities	8.7	109,404	111,792
		744,425	694,268
Total liabilities		1,148,210	1,242,284
EQUITY			
Share capital	8.22	118,173	118,173
Capital reserve	8.23	970,911	970,911
Revaluation reserve		2,718	2,718
Fair value reserve		-40	-17,201
Cumulative translation differences		-70,109	-78,565
Retained earnings		-378,940	-347,641
Total equity		642,713	648,395
EQUITY AND LIABILITIES		1,790,923	1,890,679

Consolidated Cash Flow Statement

T€	Notes	Dec. 31, 2007	Dec. 31, 2008
Profit or loss		97,436	90,386
Share of (gain)/loss of equity accounted investee		-57	0
Income tax expenses	6.9	42,826	44,397
Net interest expenses	6.8	39,279	41,206
Cash flow from operating activities		179,484	175,989
Cash flow from operating activities	8.10,8.11,8.12	74,278	75,116
Impairment reversal	8.12	0	-5,156
Change in retirement benefit obligations	8.19	-1,556	-5,250
Change in provisions	8.14	-11,810	-2,246
Change in accruals		-1,883	-4,158
Change in the accrual for the Mangement Participation Program		1,914	1,549
Profit (-)/loss on disposal of assets		211	-34
Unrealized (loss)/profit from IAS 39 fair value Adjustments	8.3	1,397	1,703
Unrealized foreign exchange differences		4,496	-2,249
Adjustment for noncash items		67,047	59,275
Cash flow before working capital changes		246,531	235,264
Change in trade and other receivables	8.2,8.4,8.8	-8,180	-23,403
Change in inventories	8.5	-28,428	-5,327
Change in trade and other payables	8.16,8.17	16,233	-6,348
Management Participation Program paid		-46,246	-17,303
Income taxes paid		-27,322	-29,785
Net cash flows from operating activities		152,588	153,098

T€	Notes	Dec. 31, 2007	Dec. 31, 2008
Balance brought forward		152,588	153,098
Investments in subsidiaries, associates, and investments (net of cash acquired)	8.13,8.16	-6,683	-283
Payments for the acquisition of business units (including inventories)		0	-138,073
Investments in intangible assets	8.10	-10,293	-14,393
Investments in property, plant, and equipment	8.12	-29,779	-38,140
Payments for investments in financial assets		-244	-4,249
Payments for investments in financial assets		361	428
Net change in other financial loans		32	1
Disinvestment		1,989	11,603
Interest received	6.8	1,692	1,482
Cash flow from investment activities		-42,925	-181,624
Payments relating to the IPO and repayment of warrant liability		-17,687	0
Change in financial borrowings	8.16,8.20	-7,204	365,248
Repayment of bank borrowings		-48,054	-266,980
Transaction fees (bank and consultation fees)		-1,062	0
Interest paid	6.8	-28,715	-28,776
Dividends paid		0	-59,087
Cash flow from financing activities		-102,722	10,405
Net increase/decrease		6,941	-18,120
Effects of changes in exchange rates		7,029	7,730
Cash and cash equivalents as of January 1	8.1	65,280	79,250
Cash and cash equivalents as of December 31		79,250	68,860

Consolidated Statement of Changes in Equity

TE	Share capital	Capital reserve	Fair value reserve	Revaluation reserve	Cumulated translation differences ¹⁾	Retained earnings	Total equity
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	0	0	-9	0	0	0	-9
Change in tax rate in 2007	0	0	0	-21	0	0	-21
Currency translation differences	0	0	0	0	-6,832	0	-6,832
Reassessment of 40% of aromatics, net of tax	0	0	0	420	0	0	420
Changes in value reported directly in the equity	0	0	-9	399	-6,832	0	-6,442
Consolidated net profit	0	0	0	0	0	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	0	1,079	0	0	0	0	1,079
Release of capital reserve	0	-150,000	0	0	0	150,000	0
Balance on December 31, 2007	118,173	970,911	-40	2,718	-70,109	-378,940	642,713
Balance on January 1, 2008	118,173	970,911	-40	2,718	-70,109	-378,940	642,713
Investments available for sale							
Fair value movements, net of tax	0	0	-17,161	0	0	0	-17,161
Currency translation differences	0	0	0	0	-8,456	0	-8,456
Changes in value reported directly in the equity	0	0	-17,161	0	-8,456	0	-25,617
Consolidated net profit	0	0	0	0	0	90,386	90,386
Total of profit or loss plus changes in value reported without effect on net income	0	0	-17,161	0	-8,456	90,386	64,769
Dividends paid	0	0	0	0	0	-59,087	-59,087
Balance on December 31, 2008	118,173	970,911	-17,201	2,718	-78,565	-347,641	648,395

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. GENERAL INFORMATION

Symrise Aktiengesellschaft (Symrise AG) is a stock corporation incorporated under German law and principally produces, markets and sells flavors, fragrances, aroma chemicals and cosmetic ingredients. The registered office of the Group is at Muehlenfeldstraße 1, 37603 Holzmin-den, Germany (commercial register: District Court of Hildesheim; HRB No. 200436).

Symrise AG shares are authorized for trading on the official market of the Frankfurt Stock Exchange and are listed in the Prime Standard segment of the MDAX.

The consolidated financial statements of Symrise AG (hereinafter referred to as “the Company” or “the Group”) for the fiscal year ending December 31, 2008, were approved for publication by the Executive Board on February 18, 2009.

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

2. ACCOUNTING POLICIES

2.1. Basis of Preparation of the Financial Statements

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

The consolidated financial statements are presented in euros as this is the Group’s functional currency. Unless otherwise indicated, all financial information presented in euros has been rounded to the nearest thousand (T€). The individual financial statements of the companies included in the consolidation were prepared at the balance sheet reporting date used for preparation of the consolidated financial statements.

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

Estimates and underlying assumptions are subject to review on an ongoing basis. Changes in accounting estimates are recognized in the accounting period in which the estimate is changed and in any future reporting periods affected.

2.2. Changes to Accounting Policies

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

Changes in IAS 39 and IFRS 7 (“IAS 39/IFRS 7 – Reclassification of Financial Instruments”) in given circumstances permit the reclassification of certain financial assets from the category “at fair value through profit or loss” to another measurement category. Under certain circumstances, the changes also allow financial assets included in the category “available for sale” to be reclassified to the category “loans and receivables.” IFRS 7 was correspondingly expanded to cater for reclassifications made under the terms of these new provisions. The changes became mandatory on July 1, 2008. No impacts to the 2008 consolidated financial statements resulted from these changes.

IFRIC 11 (“IFRS 2 – Group and Treasury Share Transactions”) regulates share-based compensation for a payment transaction in which an entity receives, or is granted, goods or services in exchange for its equity instruments. IFRIC 11 became mandatory with effect from January 1, 2008, onwards. The changes have no significant impact on the consolidated financial statements of Symrise AG.

IFRIC 14 (IAS 19 “The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction”) provides direction as to when refunds or re-

ductions in future contributions to defined benefit plans are deemed to be available and provides guidelines as to what impact minimum funding requirements have on such assets. Application of IFRIC 14 is mandatory from January 1, 2008, onwards. The changes have no significant impact on the consolidated financial statements of Symrise AG.

The following accounting standards became effective in fiscal year 2008 but have not as yet been applied by the Symrise Group as their approval by the EU is still outstanding:

IFRIC 12 (“Service Concession Arrangements”) provides clarification of certain recognition and measurement issues relating to public sector service concessions granted to private operators. IFRIC 12 is mandatory from the consolidated 2008 financial statements onwards. It is not expected that IFRIC 12 will impact the consolidated financial statements of Symrise AG.

IFRIC 16 (“Hedges of a Net Investment in a Foreign Operation”): The objective of the interpretation is clarification of two issues arising within the context of the two standards IAS 21 “The Effects of Changes in Foreign Exchange Rates” and IAS 39 “Financial Instruments: Recognition and Measurement” in connection with accounting for the hedging of foreign currency risks within an organization and its foreign business operations. IFRIC 16 provides clarification as to what should be considered as a risk in connection with the hedging of a net investment in a foreign operation and as to where the hedging instrument to reduce such a risk may be held within a group of companies. The interpretation should be applied to fiscal years that commence on or after October 1, 2008. It is not expected that IFRIC 16 will have any impact on the consolidated financial statements of Symrise AG.

The following new accounting standards have been approved by the IASB and the IFRIC:

IFRS 1 and IAS 27 (“Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate”): These changes make it possible for entities that are applying International Financial Reporting Standards (IFRS) for the first time to recognize the acquisition cost of an investment in their separate financial statements either at fair value or at the carrying amount deriving from previous application of national accounting standards. Mandatory application of the changes is required for fiscal years commencing on or after January 1, 2009. No impacts on the consolidated financial statements of Symrise AG are expected.

IFRS 2 (“Vesting Conditions and Cancellations”) provides clarification on the definition of “vesting conditions” relating to share-based payment transactions and stipulates that all cancellations of share-based payment plans should be accounted for in the same manner – irrespective of the party which is responsible for the cancellation. The mandatory application of the changes to IFRS 2 is required for the first time for all fiscal years commencing on or after January 1, 2009. It is not expected that IFRS 2 will impact the consolidated financial statements of Symrise AG.

IFRS 3 (“Business Combinations”) includes amended provisions for accounting for business acquisitions. The mandatory application of the changes to IFRS 3 is required for the first time for fiscal years commencing on or after July 1, 2009. Impacts on the Symrise Group are currently being assessed.

IFRS 8 (“Operating Segments”) introduces the “management approach” for segment reporting. Mandatory application of IFRS 8 is required from January 1, 2009, onwards. The Group currently provides segment information by division and by geographical region (see note 5). Apart from the form of presentation, it is not expected that IFRS 8 will impact the segments reported in the financial statements of Symrise AG.

The revised version of **IAS 1 (“Presentation of Financial Statements: A Revised Presentation”)** contains new provisions for the presentation of financial statements. In particular, it improves the possibilities for users to analyze and compare information contained in the financial statements. Application of the new standard is mandatory for all fiscal years commencing on or after January 1, 2009. Earlier application is permissible. Impacts on the group consolidated financial statements are currently being assessed.

The revised version of **IAS 23 (“Borrowing Costs”)** excludes the option to recognize borrowing costs in profit or loss and requires that subject to certain conditions, borrowing costs that are directly related to the acquisition, construction or production of so-called “qualifying assets” are to be recognized as forming part of the cost of such assets. The revised version of IAS 23 becomes mandatory for the consolidated 2009 financial statements and will result in a change in the accounting policies for the Group. The impact on the Symrise Group is currently under assessment.

IAS 27 (“Consolidated and Separate Financial Statements”): In the revised version of IAS 27, the IASB has made changes to provisions relating to the accounting for transactions between non-controlling and controlling shareholder interests for a group as well as relating to accounting in cases where control over a subsidiary

company is lost. The changed provisions are to be applied at the latest for fiscal years commencing on or after July 1, 2009. It is not expected that the revised IAS 27 will have an impact on future financial statements of the Symrise Group.

IAS 32 ("Puttable Financial Instruments and Obligations Arising on Liquidation") includes revised provisions to differentiate between equity and debt. The changed provisions are to be applied for the first time to fiscal years commencing on or after January 1, 2009. It is not expected that the changed version of IAS 32 will have any significant impact on the consolidated financial statements of Symrise AG.

The supplementary amendments to **IAS 39 ("Financial Instruments: Recognition and Measurement: Eligible Hedged Items")** explain, amongst other things, the conditions under which inflation risks can be hedged as hedged items within the context of hedging transactions as well as the possibility of using options as hedging instruments to hedge unilateral risks. The interpretation is to be applied to fiscal years commencing on or after January 1, 2009. Earlier application is recommended. Impacts on the Symrise Group are currently being assessed.

IFRIC 13 ("Customer Loyalty Programmes") governs the accounting for companies that offer loyalty programs to their customers or that participate in such programs. The type of loyalty programs covered are those under the terms of which loyalty award credits for free or discounted goods or services are granted to customers, who receive these when they purchase other goods or services. The interpretation should be applied for the first time to fiscal years commencing on or after July 1, 2009. It is not expected that IFRIC 13 will have any significant impact the consolidated financial statements of Symrise AG.

IFRIC 15 ("Agreements for the Construction of Real Estate") addresses the standardization of accounting practices used by companies that undertake the development of real estate and in this capacity sell units – such as, for example, apartments or houses – "off plan," i.e. before these are completed. This interpretation should be applied to fiscal years that commence on or after January 1, 2009. Earlier adoption is recommended. It is not expected that IFRIC 15 will have any impact on the consolidated financial statements of Symrise AG.

IFRIC 17 ("Distributions of Non-cash Assets to Owners") addresses issues as to how a company should measure assets used to make distributions other than cash that are used to pay dividends to shareholders. IFRIC 17 comes into effect for financial

years commencing on or after July 1, 2009. Earlier application is permissible. It is not expected that IFRIC 17 will have any impact on the consolidated financial statements of Symrise AG.

2.3. Key Judgments and Estimates

The most important future assumptions and other significant sources of uncertainty in estimates at the balance sheet date, which may result in a significant risk that the carrying amounts of assets and liabilities will require adjustment within the next fiscal year, are discussed below.

Impairment of intangible assets with indefinite useful lives

At least once a year, the Group reviews whether intangible assets with indefinite useful lives (mainly goodwill and certain recipes) are impaired. This requires an estimate of the recoverable amounts of the cash-generating units to which these assets are allocated. In order to estimate the recoverable amount, the Group has to estimate the expected future cash flows deriving from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of these cash flows. As at December 31, 2008, the carrying amount of intangible assets with indefinite useful lives was € 521.2 million (2007: € 486.2 million). More details are provided in notes 8.10 and 8.11.

Recoverability of deferred tax assets

The Group makes an annual assessment as to whether tax loss carry-forwards can be used to offset against future taxable profits over a foreseeable period. This requires that the Group makes an estimate of the taxable income for each Group company. As at December 31, 2008, the carrying amount of the deferred tax assets was € 44.6 million (2007: € 58.7 million). More details are provided in note 8.7.

Pensions and other post-employment benefits

The expenses deriving from defined benefit pension plans and the Group's obligation to provide additional post-employment healthcare benefits are determined on the basis of actuarial computations. The actuarial valuation is made on the basis of assumptions pertaining to discount rates, anticipated income from plan assets, future wage and salary increases, mortality rates and future pension increases. Due to the long-term nature of such plans, these estimates are subject to great uncertainty. As at December 31, 2008, the provisions for retirement benefit and similar obligations amounted to € 191.9 million (2007: € 186.3 million). Further details are provided in note 8.19.

2.4. Consolidation Principles

The consolidated financial statements comprise the financial statements of Symrise AG and its subsidiaries as at December 31, 2008, respectively.

The financial statements of the subsidiaries are prepared for the same reporting date as that of the parent company using uniform accounting policies. For this purpose, adjustments are made to compensate for any differences in recognition and measurement deriving from local accounting policies. All inter-company balances, transactions and unrealized gains deriving from intra-group transactions are eliminated. Unrealized losses deriving from intra-group transactions are also eliminated unless Group acquisition and production costs cannot be recovered in future.

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

Investments are accounted for using the equity method inasmuch as Symrise does not hold a controlling interest but is still able to exercise a significant influence over the business and financial policies of these entities ("associates"). In July 2008, a 20% interest was acquired in Therapeutic Peptides Inc., Baton Rouge, US. This investment was accounted for using the equity method of accounting in the consolidated financial statements as at December 31, 2008, for the first time.

The consolidated financial statements as at December 31, 2008, includes 58 (2007: 55) Group companies, of which 11 (2007: 10) are German and 47 (2007: 45) are foreign.

	Dec. 1, 2008	Additions	Disposals	Dec. 31, 2008
Fully consolidated subsidiaries				
Domestic	10	1	0	11
Foreign	45	1	0	46
Investments accounted for using the equity method				
Foreign	0	1	0	1
Total	55	3	0	58

Further information on share interests can be found in the list of Group shareholdings that is filed with the electronic commercial register. The fully consolidated subsidiaries that

are included in the consolidated financial statements as at December 31, 2008, are listed below:

NAME AND LOCATION OF COMPANY	Share %
Germany	
Symrise AG, Holzminden	
Symrise GmbH & Co. KG, Holzminden	100
Symrise Beteiligungs GmbH, Holzminden	100
DrinkStar GmbH, Rosenheim	100
Schimmel & Co. GmbH, Holzminden	100
Kaden Biochemicals GmbH, Hamburg	100
Tesium GmbH, Holzminden	100
Symotion GmbH, Holzminden	100
Busiris Vermögensverwaltung GmbH, Holzminden	100
Symrise Verwaltungs GmbH, Holzminden	100
Symrise US-Beteiligungs GmbH, Frankfurt am Main	100
Rest of Europe	
Aromatics, S.A.S., France	100
Steng Ingredients Ltd., United Kingdom	100
Symrise S.A., Switzerland	100
Symrise Ltd., United Kingdom	100
Symrise Holding Ltd., United Kingdom	100
Flavors Direct Ltd., United Kingdom	100
Symrise B.V., Netherlands	100
Symrise Iberica S.L., Spain	100
Symrise S.A., France	100
Symrise S.r.l., Italy	100
Symrise Vertriebs GmbH, Austria	100
Symrise Kimya Sanayi ve Ticaret Ltd. Sirketi, Turkey	100
Symrise Luxembourg S.a.r.l., Luxembourg	100
WWS Ltd., United Kingdom	100
North America	
Symrise Inc., United States	100
Symrise Holding Inc., United States	100
Symrise S. de R.L. de CV., Mexico	100

NAME AND LOCATION OF COMPANY	Share %
South America	
Symrise Aromas e Fragrancias Ltda., Brazil	100
Symrise S.r.l., Argentina	100
Symrise S.A., Chile	100
DRAGOCO Colombia Ltda., Columbia	100
Symrise Ltda., Columbia	100
Symrise C.A., Venezuela	100
Asia and Pacific	
Symrise Pty. Ltd., Australia	100
Symrise Ltd., Hong Kong, China	100
Symrise Export Ltd., Hong Kong, China	100
Symrise Ltd., Shanghai, China	100
Symrise SDN. BHD, Malaysia	100
Symrise Holding Pte. Ltd., Singapore	100
Haarmann & Reimer (SEA) Pte. Ltd., Singapore	100
Symrise Pte. Ltd., Singapore	100
Symrise Asia Pacific Pte. Ltd., Singapore	100
Symrise Ltd., Korea	100
Symrise Ltd., Thailand	100
Thamasarb Co. Ltd., Thailand	100
Haarmann & Reimer (Thailand) Co. Ltd., Thailand	100
P.T. Symrise, Indonesia	100
Symrise Inc., Philippines	100
Symrise Pvt. Ltd., India	100
Symrise K.K., Japan	100
Africa and Middle East	
Ragco (Pty) Ltd., South Africa	100
Symrise (Pty) Ltd., South Africa	100
Symrise Mauritius Ltd., Mauritius	100
Symrise S.A.E., Egypt	100
Aromatics Madagascar S.a.r.L., Madagascar	100
Origines Madagascar S.a.r.L., Madagascar	100

2.5. Summary of Significant Accounting Policies

Foreign Currency Translation

The subsidiaries of Symrise AG maintain their accounting records in the respective functional currency. In their local separate financial statements all receivables and payables denoted in a currency that is not the functional currency are measured at the rate of exchange prevailing at the balance sheet date. Any differences deriving from measurement of items denoted in foreign currencies are recognized in profit or loss. Assets and liabilities of the foreign companies at the beginning of the year and at the end of the year are translated into euros at the rates applicable at the respective balance sheet dates; all changes during the year as well as expenses and income are translated into euros at transaction-based rates. Equity components are translated at the historical rates of exchange effective at the time they were treated as an addition from a Group perspective. Any translation differences deriving from this process are disclosed in equity as a separate item: "Cumulative translation differences."

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

Country	Currencies		Closing rates = € 1		Average rate = € 1	
			Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2008	Dec. 31, 2007
Great Britain	British Pound	GBP	0.978	0.736	0.795	0.687
USA	US Dollar	USD	1.416	1.471	1.474	1.379
Mexico	Mexican Pesos	MXN	19.420	15.970	16.244	15.055
Brazil	Brazilian Real	BRL	3.330	2.587	2.661	2.653
Singapore	Singapore Dollar	SGD	2.045	2.124	2.077	2.069
China	Chinese Renminbi	CNY	9.681	10.744	10.240	10.446

Financial Instruments

General information concerning financial risks

Symrise is subjected to changes in market prices deriving from foreign exchange rates, interest rates and share prices. Commodity price risks exist for procurement purposes. The Group is also subject to credit-related risks that particularly derive from its trade receivables. Furthermore, liquidity risks exist that are related to credit and market-price risks or which accompany a decline in operational business or, respectively, disruption of the financial markets.

Symrise has issued internal guidelines covering the subject of risk control processes as well as regulating the deployment of financial instruments. The guidelines, which are based on the Group's risk management processes, are directed towards the identification and analysis of risks throughout the Group on a global basis. They are also aimed at suitably limiting and controlling such risks. They are

regularly monitored and adjusted to reflect current market and product developments.

Derivative financial instruments

Derivative financial instruments are recognized at their fair value and are initially recorded at the time when the contract for the derivative financial instrument is entered into. Symrise has applied hedge accounting for significant interest swaps from May 23, 2008, onwards. As a consequence, from this date on, gains and losses deriving from changes in the values of swap transactions are no longer included in the financial result.

Gains and losses that derive from changes in the fair value of derivative financial instruments and which do not meet the criteria for hedge accounting are recognized in the income statement.

If the requirements of IAS 39 with regard to hedge accounting are fulfilled, Symrise AG designates and documents such hedging relationships thereafter as cash flow hedges. In the case of a cash flow hedge, variable cash flows to be paid or to be received relating to a recognized asset or recognized liability or highly probable future cash flows are hedged. The documentation of the hedging relationship includes risk management objectives and strategies, the nature of the hedging relationship, the nature of the risk being hedged, the relationship between the hedging instrument and the hedged item and also a description of the method used to assess the effectiveness of the hedge. The hedging relationships are assessed as being highly effective in achieving compensation for risks deriving from changes in fair value or cash flows attributable to the hedged risk and are regularly examined to ensure whether they are highly effective during the whole reporting period for which they are designated.

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

If derivative financial instruments are not part of, or are no longer considered to be part of, a hedge accounting relationship because the conditions for hedge accounting are not fulfilled, or are no longer fulfilled, then these are classified as held for trading.

The fair value of interest swaps is calculated from the present value of the future payments, based on publicly quoted interest rates, using mathematical models for financial valuation.

Non-derivative financial instruments

Non-derivative financial instruments comprise share interests, trade and other receivables, cash and cash equivalents, and loans as well as trade and other payables.

Non-derivative financial instruments are initially recognized at their fair value including any directly attributable transaction costs. This does not apply to non-derivative financial instruments included in the category "at fair value through profit and loss," which are recognized solely at their fair values, and the transaction costs of which are recognized directly in profit or loss. Following their initial recognition, non-derivative financial instruments are treated as follows:

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts, which make up a considerable part of the Group's cash management facilities are considered to be a component of cash and cash equivalents for the purposes of the cash flow statement.

Available-for-sale financial assets

Symrise holds marketable securities and other available-for-sale financial assets to a limited extent. Financial assets that are intended to be held for an indefinite period and which are to be sold in response to needs for liquidity or changes in interest rates are classified as available-for-sale and included as noncurrent assets. However, should management express the intention of selling the financial assets within twelve months of the balance sheet date, or should these need to be sold in order to generate liquid funds for operational purposes, then they are classified as current assets.

Following their initial recognition, they are recorded at their fair value; all changes in fair value, with the exception of impairment losses (see note 8.11) and foreign exchange gains and losses on available-for-sale financial assets (see note 8.6), are recognized as a component of equity. If an asset is derecognized, the cumulative gain or loss is transferred from equity to profit or loss.

Financial assets at fair value through profit or loss

A financial instrument is measured at fair value through profit or loss if it is held for trading or it is designated as such upon initial recognition. Financial instruments are measured at fair value through profit and loss when the Group manages these assets and makes decisions to purchase or sell them based on their value in accordance with the Group's documented risk management or investment strategy. Financial instruments are recognized at their fair value and any change in their fair value is 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 recognized at amortized cost applying the effective interest method, less any impairment. Amortized costs are determined under consideration of any premiums or discounts granted at the time of acquisition and include all charges that form an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in the income statement if the loans and receivables are derecognized, impaired or amortized.

Share Capital

Ordinary shares

Ordinary shares are classified as equity. Ancillary costs that directly result from the issue of ordinary shares or share options are recognized as a deduction from equity, net of any tax effects.

Sale of Merchandise and Products

Revenue from the sale of merchandise and products is shown at the fair value of consideration received or receivable less any returns, trade discounts and rebates. Sales revenue is recognized when the significant risks and rewards deriving from ownership of the merchandise or products have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of the goods can be reliably estimated and the amount of revenue can be measured reliably. The transfer of risks and rewards to the buyer is determined in accordance with INCOTERMS (International Commercial Terms).

Leases

Leases, under the terms of which the lessor retains all significant risks and benefits deriving from ownership of the leased object are to be classified as operating leases. Operating lease payments are recognized as an expense on a straight-line basis over the term of the lease. There are no significant finance leases.

Financial Income and Expenses

Financial income comprises interest income on funds invested, dividend income and changes in the fair value of financial instruments (interest swaps). Interest income is recognized in the income statement as it accrues using the effective interest rate method.

Financial expenses comprise interest expense on borrowings, unwinding of discount on liabilities, changes in the fair value of financial assets and impairment losses on financial assets. All borrowing costs are recognized in the income statement using the effective interest rate method.

Foreign exchange gains and losses are disclosed on a net basis.

Income Taxes

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

Current taxes are taxes that are expected to be payable on taxable profits of the current fiscal year. They are recognized using the tax rate applicable to the year reported. Additionally, any adjustments to tax expenses for previous years are also included here.

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

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

Deferred taxes are determined using the tax rates that are expected to be applicable to the temporary differences when these reverse and are based on tax legislation that has been enacted or announced before the balance sheet reporting date as being applicable at the time of the reversal. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current taxes and liabilities and they relate to income taxes levied by the same tax authority on a company, or in the case of joint assessment, to different companies that have the intention to settle current assets or current liabilities on a net basis or to realize tax assets and tax liabilities simultaneously.

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

Sales Tax

Sales revenues, expenses, assets and liabilities are recognized net of sales tax.

The following exceptions apply:

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

The sales tax amount that is recoverable from or payable to the tax authorities is included in the balance sheet under other current receivables or other current liabilities.

Earnings per Share

The Group reports basic undiluted and diluted earnings per share for its ordinary shares. In determining the undiluted earnings per share, the profit or loss attributable to the ordinary shareholders of the parent company is divided by the weighted average number of ordinary shares outstanding during the year.

The diluted earnings are calculated by adjusting the profit or loss attributable to the ordinary shareholders of the parent company and the weighted average number of ordinary shares for the effects of all potentially dilutive ordinary shares, including convertible notes and share options granted to employees.

Segment Reporting

A segment is a distinguishable component of the Group in which either related products and services are offered (business segment) or in which products and services are offered within a particular market environment (geographical segment) and for which the risks and opportunities are distinguishable from those of other segments. Segment information is summarized according to business segments and geographical segments in which the Group is involved. The business segments are determined based on the Group's reporting and administration structures.

Segment results, assets and liabilities include both items that are directly attributable to the segment as well as items that can be allocated to the segment on a reasonable and consistent basis. Segment capital expenditure investment comprises all expenditure incurred during the reporting period to acquire property, plant and equipment and intangible assets.

Assets Held for Sale

Assets held for sale comprise undeveloped real estate that has been classified as held for sale in accordance with IFRS 5. In the previous year, the classification mainly included production sites. The fair values of these assets were determined based on market values and expert appraisals. Liabilities relating to the disposal groups were not identified.

Property, Plant and Equipment

Recognition and measurement

Property, plant and equipment are stated at cost less accumulated scheduled depreciation and impairment losses. If individual components of assets have differing useful lives, then these are treated

as separate items (major components) within property, plant and equipment.

Gains and losses deriving from disposals of property, plant and equipment are determined by comparing the proceeds of disposal and the carrying amounts of the items of property, plant and equipment and the differences are recognized net within "other operating income" in the income statement.

Depreciation

Depreciation is charged in the income statement on a straight-line basis over the expected useful life of the item of property, plant or equipment. Leased assets are depreciated over the shorter term of the contractual term of the lease and the useful life of the item unless it is reasonably certain that the Group will become the owner of the leased asset at the end of the lease period. Land is not depreciated. The estimated useful lives for the current and comparative reporting periods are as follows:

Buildings	20 to 50 years
Plant and machinery	2 to 20 years
Equipment	3 to 20 years

The carrying amounts attributable to items of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate that the carrying amount is not recoverable.

The carrying amounts, useful lives and depreciation methods for items of property, plant and equipment are reviewed each year and adjusted if appropriate.

Costs relating to the general overhaul of assets are considered as part of the carrying amount of the asset if the recognition criteria are satisfied.

Business Combinations and Goodwill

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

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

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

In accordance with IFRS 3, goodwill is not amortized on a scheduled basis. An impairment test is conducted on goodwill at least once per year or more often, if indications of impairment exist.

Investments in Associates

Investments in associates are accounted for using the equity method. An associate is an entity over which Symrise exercises significant influence but which represents neither an affiliate nor a joint venture.

Under the equity method, the equity investment is recognized at cost plus any changes in the net assets of the entity. Any goodwill arising from an investment in an associate is included in the updated carrying amount of the investment and is not amortized. The income statement includes the share of the result of the associate.

Gains and losses deriving from transactions between the Group and the associate are eliminated according to the share interest in the associate. The financial statements of the associate are prepared as at the same balance sheet reporting date as that of the consolidated financial statements and using uniform accounting policies.

Other Intangible Assets

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

Acquired computer software is recognized at cost and is amortized on a straight-line basis over a period of between three and ten years. Patents and other rights are amortized on a straight-line basis over a period of between five and twenty years.

The Group has recognized recipes with both finite and indefinite lives. The useful lives of recipes with finite useful lives are determined based on typical life cycles; the amortization is over a period of between seven and twenty years.

The Group has recognized recipes and trademarks with indefinite useful lives for which the period over which these assets generate cash flows is not foreseeable. For this reason, it is not possible to assess their useful lives. In consequence, these recipes and trademarks are reviewed annually to ensure that the carrying amount does not exceed their recoverable amount. This review is performed at least once per year, irrespective as to whether indications of impairment exist.

Internally generated intangible assets are not recognized as assets; all costs associated with their generation are charged to profit or loss in the year that they are incurred.

The useful life of an intangible asset with a finite useful life is reviewed once a year to ensure that the presumption with respect to the finite useful life is still justifiable. If this is not the case, then adjustment is made on a prospective basis.

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

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

Research and Development Costs

Research and development costs are treated as expenses in the period in which they are incurred. Symrise recognizes development costs as assets for projects in the cosmetic ingredients area, since future recoverability can be reasonably regarded as assured through use of market studies, and because the other criteria for recognition are fulfilled.

Following initial recognition of development costs as assets, the cost model is applied, under which the asset is recognized at cost less accumulated amortization and impairment losses. The devel-

opment costs recognized are amortized over the period of expected future sales revenues connected to the related project.

The carrying amount of the development costs is reviewed annually for impairment if the asset is not yet in use or more frequently if indications of impairment arise during the course of the year.

Inventories

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

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

Raw materials are valued using the weighted average purchase cost.

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

Trade and Other Receivables

Trade receivables are recognized at their original invoice amounts less an allowance for uncollectible receivables. An allowance is made when there is substantial 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

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

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

Individually significant financial assets are tested for impairment on an individual basis. All other financial assets are collectively assessed in groups that share similar default risk characteristics.

All impairment losses are recognized in the income statement. Any cumulative losses with respect to an available-for-sale financial asset previously recognized in equity are transferred to the income statement.

Assets recognized at amortized cost

If objective evidence exists that loans and receivables accounted for at amortized cost are impaired, then the amount of the loss is determined as the difference between the carrying amount of the asset and the present value of the estimated future cash flows deriving from the asset, discounted at the original effective interest rate. The carrying amount is either reduced directly or indirectly using an allowance account. The amount of the loss is recognized in profit or loss.

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

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

Non-financial assets

At each reporting date, the Group assesses whether evidence exists that an asset is impaired. The carrying amount of items of property, plant and equipment is reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the asset is not recoverable. If any such indications exist, or if an impairment test for the asset is required, then the Group estimates the recoverable amount for the asset. An asset's

recoverable amount is the higher amount of the fair value of the asset or a cash-generating unit less any costs to sell it and its value in use. The recoverable amount must be determined for each individual asset unless the asset itself does not generate any cash inflows that are largely independent of those generated by other assets or groups of assets. If the carrying amount of the asset exceeds its recoverable amount, then an impairment loss is recorded to reduce the value of the asset to its recoverable amount. In order to determine an asset's value in use, estimated future cash flows deriving from the asset are discounted to their present value using a pre-tax discount rate that reflects current market interest expectations and the specific risks associated with the asset.

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

At each reporting date, the Group reviews all assets other than goodwill to check whether any indications exist that any impairment loss recognized in an early reporting period is no longer required or can be reduced. If such indications exist, then the recoverable amount of the asset is estimated. Any previously recognized impairment loss is only reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the previous impairment loss was recognized. If this is the case, then the carrying amount of the asset should be adjusted to its higher recoverable amount. This higher amount may not exceed the carrying amount of the asset that would have been determined, net of accumulated depreciation or amortization, if no impairment loss had been recognized in earlier years. Such reversal is recognized immediately in the income statement unless the asset is carried at a revalued amount, in which case the increase is treated as a revaluation increase.

Goodwill

Goodwill is tested for impairment at least once per year. If events or changes in circumstances indicate that an impairment loss may need to be recognized, then a test is carried out more frequently.

Impairment is determined by determining the recoverable amount attributable to the cash-generating unit to which the goodwill relates. If the recoverable amount attributable to the cash-generating unit is less than the carrying amount, then an impairment loss is recognized. Impairment losses on goodwill may not be reversed in future periods. The Group carries out its annual impairment test for goodwill as at 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 on a scheduled basis.

Assets Held for Sale

Assets (or disposal groups comprising assets and liabilities) which are primarily designated for sale and not for continuing use are classified as held for sale. Any impairment loss attributable to a disposal group is first allocated to goodwill and then to other assets and liabilities on a pro rata basis. However, no impairment loss is allocated to inventories, financial assets and deferred tax assets, which continue to be measured in accordance with the Group's accounting policies.

Pensions and Other Post-Employment Benefits

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

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under the terms of which a company pays fixed contributions to another entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense in the income statement as they become due. Prepaid contributions are recognized as assets to the extent that a cash refund or a reduction in future payments is applicable.

Defined benefit plans

Defined benefit plans comprise all pension plans other than defined contribution plans. The Group's net pension obligation with respect to the defined benefit plans is calculated separately for each plan by estimating the amount of future pension benefit entitlements that employees have earned in return for their service in current and prior periods; the amount of this pension benefit is discounted to its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted. The discount rate is determined as the rate on the reporting date of AA-rated bonds that have maturity dates that approximate to the payment terms of the Group's obligations and that are denominated in the same currency as the pension benefits are expected to be paid. The computation is performed annually by a qualified actuary using the projected unit credit method. If the computa-

tion results in a gain, any recognized asset is limited to the sum of all accumulated unrecognized actuarial losses, past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan. Actuarial gains and losses are recognized as income or expense, if the net amount of the cumulative unrecognized actuarial gains and losses for each individual plan at the end of the previous reporting period exceed the higher amount of 10% of the defined benefit obligation or 10% of the fair value of the plan assets at that date. The gains or losses are allocated over the expected average remaining period of service of the employees included in the plan.

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

Gains deriving from an amendment to a plan in the US are recognized on a straight-line basis over the average remaining period of service of the employees benefiting from the plan.

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

Any pension-related interest is disclosed as part of the financial result.

Provisions

A provision is recognized if the Group has a current (legal or constructive) obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Inasmuch as the Group expects that some or all of the recognized provision will be reimbursed (e.g. from an insurance contract), then the amount to be reimbursed is only recognized as an asset if the reimbursement is virtually certain. The expense relating to the provision is recognized in the income statement after deducting the amount of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a pre-tax discount rate that reflects current market expectations as regards the effect of the time value of money and, where applicable, the specific risks associated with the liability. Where

discounting takes place, the increase in the provision that results from the passage of time is recognized as a finance expense.

Thus, the Group sets up provisions for probable and ongoing litigation cases, if the risks can be reasonably estimated. In making the determination, legal advisory fees and settlement costs are considered. The probable amounts are determined for each individual litigation case by reference to written documentation and cost estimates for settlement of the litigation that are prepared by the Group's attorneys and provisions are set up accordingly. The provisions are regularly reviewed for reasonableness and adjusted as necessary.

3. DETERMINATION OF FAIR VALUE

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

Derivatives

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

The fair value of a currency swap is based on listed market prices. These prices are validated by discounting estimated cash flows based on the individual contracts, using a market interest rate for a similar instrument at the date of the validation.

Property, Plant and Equipment

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

Intangible Assets

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

Investments and Other Financial Liabilities

The fair value of investments that are traded on regulated financial markets is determined by reference to the stock exchange quoted market (bid) price. The fair value of investments for which no reg-

ulated market exists is derived by reference to the current market price of comparable instruments or is calculated based on the cash flows expected to derive from the underlying asset. The fair value of financial liabilities determined for disclosure purposes is calculated on the present value of future principal and interest payment cash flows which are discounted using an interest rate valid at the balance sheet closing date.

4. CAPITAL MANAGEMENT

It is management's policy to maintain a strong capital base in order to maintain investor, creditor and market confidence and to sustain the future development of the business. The Executive Board regularly monitors the ratio of net debt (including pension liabilities) to EBITDA. The Executive Board also regularly monitors the level of dividends paid to ordinary shareholders, for whom we aim to provide a level of dividend yield that justifies confidence in future business results.

The Executive Board strives to maintain a balance between more favorable weighted average capital costs (WACC) by taking up additional borrowing and the advantages and security provided by a solid equity base. This also applies to suitable acquisition opportunities that are made possible for the Group by virtue of solid financing.

The average interest expense on interest-bearing loans was 4.8% and the ratio of net debt to EBITDA was 3.2.

There was no change in the Group's approach to capital management during the reporting period. Neither the Company itself nor its subsidiaries are subject to externally imposed capital requirements.

5. SEGMENT REPORTING

For the purpose of segment reporting, the activities and products of the Group are grouped together into business divisions in which the conditions governing market risks and opportunities are substantially the same.

As a result, Symrise maintains two business divisions: Flavor & Nutrition, which develops, produces and sells flavors for beverages, foods and pharmaceutical products; and Scent & Care, which develops, produces and sells fragrances, scents and cosmetic ingredients.

The Group makes separate disclosures below, as required under IAS 14 for the divisions Flavor & Nutrition and Scent & Care (primary segments) and for geographical regions (secondary segments).

Geographical segment reporting is based on asset locations. Sales to customers are reported in the geographical segment in which the customer is located.

PRIMARY SEGMENT – BUSINESS DIVISIONS
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 loss				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 including company acquisition				
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

2008

T€	Flavor & Nutrition	Scent & Care	Non- allocable	Total divisions
Sales				
External sales	648,084	671,778	0	1,319,862
Result				
Operating result	92,128	94,828	0	186,956
Share of associate's loss				0
Financial result				-52,174
Earnings before taxes				134,782
Income taxes				-44,396
Result				90,386
Assets and liabilities				
Segment assets	892,947	899,895	97,837	1,890,679
Segment liabilities	167,562	181,764	892,958	1,242,284
Other segment information				
Investments including company acquisition				
Property, plant and equipment	21,567	20,916	0	42,483
Intangible assets (excl. goodwill)	42,160	49,368	0	91,528
Goodwill	0	0	45,169	45,169
Depreciation of property, plant and equipment	-17,928	-18,126	0	-36,054
Amortization of intangible assets	-21,972	-17,089	0	-39,061
Income from write-ups/impairment losses recognized in profit or loss for the period	83	5,050	0	5,133
Significant other noncash expenses	16,622	18,138	0	34,760

The main noncash expenses include the increase in provisions (mainly for pensions and restructuring) and the recognition of liabilities (mainly personnel-related liabilities).

SECONDARY SEGMENT – GEOGRAPHICAL REGIONS

T€	EAME*	North America	Asia/ Pacific	South America	Total
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
Research and development expenses	52,325	15,048	9,362	5,517	82,252
2008					
Sales					
Sales according to region	705,419	257,229	262,223	94,991	1,319,862
Other segment information					
Segment assets	1,176,909	319,070	215,175	179,525	1,890,679
Investments (incl. acquisitions)	21,092	8,206	4,549	8,636	42,483
Property, plant and equipment	13,312	77,902	20	294	91,528
Intangible assets (excl. goodwill)	0	44,739	430	0	45,169
Research and development expenses	53,582	15,535	11,014	6,054	86,185

*Europe, Africa, Middle East

6. CONSOLIDATED INCOME STATEMENT

6.1. Sales Revenue

Sales revenue results mainly from the sale of products. For presentation of sales by business division and geographical region, we refer to the segment reporting information presented under note 5 above.

6.2. Other Operating Income

T€	2007	2008
Income from service units	1,236	2,433
Income from insurance compensation	193	1,880
Income from reversal of provisions and other liabilities	8,094	1,816
Rental income	715	894
Reversal of valuation allowances for receivables	0	424
Other income	3,990	2,834
Total	14,228	10,281

The presentation of prior year figures for other operating income has been adjusted to improve comparability.

The total for remaining operating income is made up of many individually immaterial items.

6.3. Personnel Expenses

The following personnel expenses are included in the income statement:

T€	2007	2008
Wages and salaries	-224,886	-229,866
Social security charges	-46,782	-46,640
Pension expense (excluding interest expense)	-10,424	-6,504
Performance-related remuneration	-1,978	-549
Total	-284,070	-283,559

The unwinding of discount on pension liabilities is included as a component of the financial result under note 6.8 below.

As at December 31, 2008, the Group employed 5,219 (2007: 5,046) employees, distributed over the following functions:

Number	2007	2008
Manufacturing and technology	1,900	1,982
Sales and marketing	1,390	1,420
Research and development	901	964
Administration	409	409
Service entities	326	322
Trainees	120	122
Total	5,046	5,219

The average number employed by the Group was 5,152 (prior year: 4,957).

Success-based Remuneration (Long Term Incentive Program and Strategic Share Bonus):

In 2008, expenses deriving from success-based remuneration were allocated to the respective functions for which the related managers had responsibility. In the year 2008, T€ 338 were incurred as administration expenses and T€ 211 as selling and marketing expenses. Of these, T€ 466 are included as other current liabilities and T€ 83 as other noncurrent liabilities.

Long Term Incentive Program

In a meeting dated May 14, 2007, the Supervisory Board, represented by the Presidential Committee, resolved to introduce a long-term incentive program which came into effect on January 1, 2008.

The program is based on the “performance cash bonus” concept; i.e. after expiration of the performance period of three years, the managers that are entitled under the program receive a variable monetary bonus depending upon achievement of defined performance objectives and if the relevant conditions are complied with.

For the four members of the Executive Board, 70% of this performance cash bonus is based on the development of the share price and 30% is based on the so-called “Symrise Value Added.” A further eight second level senior managers (so-called “regional presidents”) have been included in the long-term incentive program. Their bonus entitlement is based on the same performance criteria but with an equal weighting (50% respectively) for the share price component and the “Symrise Value Added” component.

A comparison will be made of the share price at the end of 2010 with the initial share price of € 17.93 as at January 1, 2008. The terms include a minimum performance expectation of 20% and a maximum share price limitation (cap). Measurement of the prob-

ability of achieving these targets was made based on a “Black-Scholes” formula using a share price of € 9.50 and an anticipated volatility of 43.5%. A dividend yield is not factored into the required performance of the share component.

The “Symrise Value Added” is a value-oriented assessment basis which is calculated independently from the share price and which comprises an absolute earnings value less an interest yield on capital employed. The cumulative target value for the three year period of the plan is € 233.8 million.

The legally binding specifications for the long-term incentive program are defined in the “Legal Terms and Conditions for Tranche 2008,” which was also approved by the Supervisory Board.

No other members of senior management have been included in the program.

Strategic Share Bonus

With effect from January 1, 2008, the Executive Board launched a global share-based bonus program for a total of 24 strategically important employees and senior managers for the first time. For all 24 of these employees, a monetary bonus has been defined. 55,905 virtual shares were “issued” based on a share price of € 20.39.

The cash payment is to be made at the end of a term of two years (term to the end of 2009) based on the quoted average share price for the last 20 trading days on the stock exchange. Thus, the bonus is tied to the development of the share price. The fair value was calculated at T€ 466 based on the closing share price of € 9.50 at the balance sheet reporting date.

Any dividends were not considered in determining the fair value.

In order to retain the commitment of the strategically important employees to the organization if the share price falls, a virtual hedge was fixed for 50% of the share price relevant for bonus purposes. Furthermore, to exclude non-performance-related share price impacts, a maximum share price was fixed as being 200% of the share price relevant for bonus purposes.

6.4. Selling and Marketing Expenses

In addition to the costs of the marketing departments and the field sales forces, selling and marketing expenses include costs for advertising, logistics and commissions.

6.5. Research and Development Costs

In addition to the costs of research departments, this item also includes costs for external services and costs related to trials. Activities in this area include basic research as well as development of products to generate sales revenues and also development of new or improved processes to reduce the cost of sales. Information regarding allocation of research and development cost by geographical region is available under the segment reporting disclosures in note 5 above.

6.6. Administration Expenses

Administration expenses are made up as follows:

T€	2007	2008
Information technology	-22,515	-21,291
Finance and financial controlling	-18,830	-19,465
Human resources	-9,653	-9,362
Other administration expenses	-25,044	-23,699
Subtotal	-76,042	-73,817
Performance-related remuneration	-1,978	-338
Total	-78,020	-74,155

6.7. Other Operating Expenses

The increase in costs is mainly due to higher outlays for other external services.

6.8. Financial Result

T€	2007	2008
Interest income:		
from bank deposits	1,004	653
from derivatives	5,113	4,396
Other interest income	688	869
Other finance income	119	152
Finance income	6,924	6,070
Interest expense on bank loans and overdrafts	-31,932	-32,122
Other interest expense	-14,152	-15,001
Foreign currency losses/gains, primarily from external and internal group-lending	-14,534	-9,102
Change in value of financial assets on the basis of effective performance evaluation at fair value	-1,397	-1,695
Other financial expenses	-410	-324
Financial expenses	-62,425	-58,244
Financial results	-55,501	-52,174

Changes in the fair value measurement of derivative financial instruments (interest swaps) impacted results by a total of € -1.7 million (2007: € -1.4 million).

Other interest expenses amounting to € -15.0 million (2007: € -14.2 million) include unwinding of discount on pension liabilities amounting to € 10.7 million (2007: € 9.9 million).

6.9. Income Taxes

T€	2007	2008
Current tax expense	-39,812	-33,949
Deferred tax income/expense:		
from loss carry forward	-33,290	-15,144
from temporary differences	30,276	4,697
Subtotal deferred tax	-3,014	-10,447
Income tax expense	-42,826	-44,396

A reconciliation of the income tax expense to the tax expense determined on the basis of local tax rates produces the following picture for the fiscal years ending December 31, 2008 and 2007:

T€	2007	2008
Group profit/(loss) before tax	140,262	134,782
Tax expense/income calculated at local tax rates	-48,450	-38,589
Tax effect on tax-free income	1,084	252
Tax effect of nondeductible expenses	-6,718	-2,845
Tax effect of adjustments on deferred tax assets	4,027	-463
Effects from tax losses for which no deferred tax asset was set up	-47	-18
Taxes saved by the utilization of tax losses for which no deferred tax asset was set up	117	3,754
Effect from the change of tax rate	18,310	-32
Non-recoverable withholding tax	-2,633	-257
Tax effect from prior periods	-8,637	-5,848
Other tax effects	121	-350
Tax expense/income	-42,826	-44,396

The effect deriving from non-deductible expenses mainly derives from interest expenses incurred in Germany and Singapore. In 2008, there was a significant reduction in this effect as compared to the previous year because it was possible, to a large extent, to avoid non-deductible interest expenses and also foreign exchange impacts following a realignment of the financing arrangements for the companies in Singapore.

The positive tax effect, arising from utilization of loss carry forwards for which no deferred tax asset was set up, mainly results from France, where taxable income was earned through the sale of real estate and equipment deriving from discontinued operations.

Additional tax payments relating to previous years, arising from tax audits in some countries, increased the tax expense by € 5.2 million.

6.10. Depreciation and Amortization

Further information regarding amortization of intangible assets and depreciation of property, plant and equipment is contained in the schedules showing movements in noncurrent assets (see notes 8.10, 8.11 and 8.12).

7. EARNINGS PER SHARE

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

No option or conversion rights were issued either in 2008 or 2007, so that the diluted and basic undiluted results are identical.

	2007	2008
Earnings per share in €	0.82	0.76
Weighted average number of ordinary shares, in thousands	118,173	118,173

8. CONSOLIDATED BALANCE SHEET

8.1. Cash and Cash Equivalents

T€	2007	2008
Cash	78,991	68,664
Cash equivalents	259	196
Cash and cash equivalents	79,250	68,860

Bank balances in the Group's key currencies earn interest at variable rates of up to 7.0% (2007: between 3.0% and 6.0%). The carrying amounts for cash and cash equivalents correspond to their fair value.

8.2. Trade Receivables

T€	2007	2008
Trade receivables	218,625	224,007
Less: Provision for doubtful accounts	-4,147	-2,321
Trade receivables, net	214,478	221,686

The risk of default for trade receivables is limited due to the large number of customers and their widely diversified activities in different markets. In view of this, management believes that the risk has been appropriately measured. Any allowances for bad debts are mainly based on an individual assessment of the default risk.

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

8.3. Derivative Financial Instruments

Derivative financial instruments are recognized as assets or liabilities at their fair value.

	Face Value		Fair value	
	2007	2008	2007	2008
Financial instruments held for trading				
Interest rate swaps T€	480,000	760,000	10,366	-9,089
Interest rate swaps TUS\$	75,000	265,000	273	-8,117

Balance Sheet Presentation	Carrying amount 2007	Carrying amount 2008
T€		
Prepayments, other assets and receivables current	1,251	0
Other assets noncurrent	9,301	0
Other current liabilities (Point 8.17)	0	-503
Other noncurrent liabilities (Point 8.18)	0	-14,859
Net receivables from derivatives and liabilities	10,552	-15,362

Derivative financial instruments with a nominal value of € 380 million (2007: € 100 million) and \$ 90 million (2007: \$ 75 million) have a term to maturity of less than one year.

The nominal value of derivative financial instruments with a term to maturity of between one and five years amounted to € 380 million and \$ 175 million (2007: € 531 million).

Cash Flow Hedges

The Group has designated cash flow hedges related to the hedging of interest risks. The hedged item consists of borrowings that form part of an overall credit facility amounting to € 800 million, which has a term until December 13, 2011.

As a result of contracted plain vanilla payer interest swaps, Symrise is charged variable interest by its bank trading partner and pays a fixed interest rate in return. This interest rate is fixed over the term of the swap and eliminates the risk of fluctuating cash flows, which would result from the variable interest bearing liabilities that have been designated as the hedged item.

The interest risk that is hedged is the interest risk deriving from changes in the risk-free EURIBOR, or respectively LIBOR, reference rate (excluding the credit spread).

The fair value of the interest hedges at the balance sheet reporting date amounted to € -15.3 million (2007: € 10.6 million). Thus, the change for fiscal year 2008 amounted to € -25.9 million. During fiscal year 2008, net unrealized losses after tax deriving from the measurement of derivatives amounting to € 17.2 million were recognized in equity without impacting profit or loss.

The consolidated results for the year are stated after recognizing net losses after tax of € 1.1 million deriving from the measurement of derivative financial instruments that were classified as ineffective hedges.

The terms of the interest hedges correspond to the terms of the hedged items. As at December 31, 2008, Symrise held derivative instruments with a maximum residual term of 36 months. The related hedging quota for the contracted interest hedges at the balance sheet date was 76% of liabilities designated in euros and 58% of liabilities designated in \$.

8.4. Prepayments, Other Assets and Receivables

T€	2007	2008
Non-income taxes	14,777	18,962
Prepayments	7,706	8,531
Security, guarantee and rental deposits	1,313	1,488
Loans to customers/employees	1,382	2,259
Derivative financial instruments	1,251	0
Other assets	3,017	4,660
Total	29,446	35,900

Non-income taxes mainly comprise value added tax.

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

8.5. Inventories

T€	2007	2008
Raw materials	87,304	96,318
Work in progress	66,206	67,094
Finished goods	97,277	106,180
Less: Impairment losses	-11,046	-10,618
Total	239,741	258,974

Costs of materials amounting to € 547.2 million were recognized in the income statement and are included in the cost of sales for 2008 (2007: € 499.9 million).

The impairment losses of € 10.6 million (2007: € 11.0 million) are made up as follows: € 4.6 million (2007: € 5.1 million) for raw materials, € 1.6 million (2007: € 1.6 million) for work in progress and € 4.4 million (2007: € 4.3 million) for finished goods.

8.6. Assets Held for Sale

In accordance with IFRS 5, assets with a carrying amount of T€ 50 (2007: € 10.0 million) are classified as held for sale.

The measurement of assets held for sale in accordance with IFRS 5 did not result in any impairment-related losses in fiscal years 2008 and 2007. Fair values were derived from market prices and appraisals.

Management expects that these assets will be sold off before the end of 2009.

2007		Land and	Plant and	Equipment	Total
T€		buildings	machinery		
Carrying amount before reclassification as held for sale					
France		8,378	16	6	8,400
Germany		164	0	0	164
Subtotal		8,542	16	6	8,564
Attributions		1,474	0	0	1,474
Total carrying amount		10,016	16	6	10,038

2008		Land and	Plant and	Equipment	Total
T€		buildings	machinery		
Carrying amount before reclassification as held for sale					
Germany		50	0	0	50
Total carrying amount		50	0	0	50

8.7. Deferred Taxes

Deferred tax assets and liabilities deriving from temporary differences relate to the following items:

T€	2007			2008		
	Assets	Liabilities	+ Income/ - Expenses	Assets	Liabilities	+ Income/ - Expenses
Intangible assets	237	97,633	27,984	5,776	94,770	9,003
Property, plant and equipment	3,296	42,924	9,796	6,344	47,251	-1,370
Investments	0	5	3	0	16	-12
Inventories	6,187	1,267	1,344	7,427	1,992	552
Receivables	534	946	206	887	40	1,349
Other current assets	1,512	5,649	-338	1,172	5,574	-284
Pension provisions	10,547	174	-1,134	9,604	586	-1,451
Other provisions and accruals	5,172	711	-9,192	3,929	244	-819
Other liabilities	1,924	2,995	1,607	12,776	9,412	-2,271
Loss carry-forwards	58,703	0	-33,290	44,568	0	-15,144
	88,112	152,304	-3,014	92,484	159,885	-10,447
Set-off	-42,900	-42,900	0	-48,093	-48,093	0
Total	45,212	109,404	-3,014	44,392	111,792	-10,447

In 2008, deferred tax expenses increased to € 10.4 million (2007: € 3.0 million) although it was possible to utilize tax loss carry-forwards to a greater extent in 2007. This change is primarily due to

the fact that the effects of the tax reform in Germany and the resultant reduction in deferred tax liabilities provided relief for the deferred tax expense in 2007.

The deferred tax assets and liabilities include foreign currency translation effects amounting to € 0.2 million (2007: € 0.6 million). A deferred tax asset amounting to € 7.0 million derived from interest hedges. In accordance with hedge accounting requirements, the contra booking was recognized directly in equity.

T€	2007				2008		
	Total	Not utilizable	utilizable		Total	Not utilizable	utilizable
One year	0	0	0		0	0	0
Two years	124	124	0		0	0	0
Three years	32	32	0		319	68	251
Four years	293	293	0		445	445	0
Five years or more	51,086	16,599	34,487		47,140	13,310	33,830
No expiry date	165,023	16,482	148,541		122,441	15,672	106,769
Total	216,558	33,530	183,028		170,345	29,495	140,850

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

Total corporate income tax loss carry-forwards amounted to € 170.8 million (prior year: € 233.6 million). In addition, tax loss carry-forwards of € 116.5 million (prior year: € 164.1) existed for other categories of income tax, primarily for trade tax in Germany and US state tax.

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

In 2008, tax loss carry-forwards were utilized in Germany, France and Mexico. Only a small amount of new tax loss carry-forwards arose.

The expectation is that, despite legal restrictions, it will continue to be possible to use tax loss carry-forwards in Mexico (€ 18.9 million). The restriction of utilization possibilities was taken into account by making an allowance for impairment of € 3.0 million (prior year: € 4.0 million) against the related deferred tax assets.

Furthermore, the tax loss carry-forwards for US state tax purposes were partially categorized as being not utilizable as they result from the time prior to the business combination and their use is restricted due to

local tax regulations. The corresponding impairment of deferred tax assets amounted to € 1.1 million (prior year: € 0.9 million).

The high level of taxable income in France for 2008, which mainly resulted from special factors, and the resultant reduction of the impairment allowance correction on the deferred tax assets amounting to € 3.7 million had a positive impact on the Group's overall tax rate. Nevertheless, the corporate tax losses in France continue to be partly categorized as not utilizable, as it cannot be assumed that they can be fully offset against taxable income in the foreseeable future. The corresponding correction for impairment of deferred tax assets amounted to € 1.3 million (prior year: € 5.0 million).

The calculation of foreign taxes is based on the legal regulations prevailing in the respective countries. The tax rates for the individual companies vary from 15% to 42%, excluding financing entities.

8.8. Other Noncurrent Assets and Receivables

T€	2007	2008
Derivative financial instruments	9,301	0
Security, guarantee and rental deposits	1,239	1,393
Loans to customers/employees	976	707
Other receivables	243	795
Total	11,759	2,895

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

For further information regarding the development of derivative financial instruments, we refer to notes 8.3 and 8.18.

8.9. Other Noncurrent Investments

Noncurrent investments comprise mainly fixed interest government bonds, state bonds, bank bonds and share interests, as well as shares in investment funds that have to be held in compliance with legislative requirements for pension obligations in Austria.

8.10. Intangible Assets

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
Acquisition	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 Amortiza- tion/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
Attributions	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

2008

	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, 2008	445,043	480,476	63,062	33,183	11,202	11,529	1,044,495
Acquisition	44,740	74,917	0	2,714	0	0	122,371
Additions	434	0	0	6,788	0	7,110	14,332
Currency translation differences	-4,182	-152	-982	728	0	-5	-4,593
Disposals	0	0	0	-2,477	0	0	-2,477
Transfers	0	1,119	0	5,339	-4,443	-2,015	0
As at December 31, 2008	486,035	556,360	62,080	46,275	6,759	16,619	1,174,128
Accumulated Amortiza- tion/Impairment							
As at January 1, 2008	-33,118	-230,749	0	-17,615	0	0	-281,482
Charges for the financial year	0	-34,055	0	-5,006	0	0	-39,061
Currency translation differences	-597	1,141	0	-337	0	0	207
Attributions	0	0	0	60	0	0	60
Disposals	0	0	0	2,411	0	0	2,411
As at December 31, 2008	-33,715	-263,663	0	-20,487	0	0	-317,865
Carrying amounts							
As at January 1, 2008	411,925	249,727	63,062	15,568	11,202	11,529	763,013
As at December 31, 2008	452,320	292,697	62,080	25,788	6,759	16,619	856,263

¹⁾ Recipes mainly consist of production formulas

²⁾ Software, concessions and patents, development costs

³⁾ Trademarks

⁴⁾ See note 8.13

In 2008, development expenses of € 7.7 million (2007: € 1.4 million) were capitalized at cost; € 4.0 million of this amount derived from our co-operation with Cambridge Theranostics Limited, England. Thus, at the year end, the total of capitalized development costs amounted to €10.7 million. The assets have been assessed as having a finite useful life and they are being amortized on a straight-line basis over a period of five years. All other intangible assets with finite useful lives mainly comprise acquired software including related internal implementation costs incurred.

Trademarks with a value of € 11.2 million, which are classified as other intangible assets, were mainly recognized in connection with a business combination which took place on October 1, 2002. In fiscal year 2008, due to changes in the market environment, the useful life of trademarks amounting to € 4.4 million was amended from indefinite use to a period of use of 15 years.

Recipes with finite useful lives are amortized over their estimated useful life in accordance with 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 for the cash-generating unit, future cash flows are estimated and are discounted using an interest rate of 8.0% (prior year: 7.6%), representing the average cost of capital on a post-tax basis.

In conformity with IFRS, goodwill is tested annually for impairment. Based on the impairment test made as at September 30, 2008, no impairment loss had to be recognized.

Acquisitions of businesses amounting to € 122.4 million result from the acquisition of the flavor business from Chr. Hansen and of the fragrance businesses from Intercontinental Fragrances and Manheimer Fragrances.

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

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

Goodwill arising through business combinations has been allocated to the following two cash-generating units, which are tested for impairment:

- › Flavor & Nutrition
- › Scent & Care

The recoverable amount of a business division is determined based on the value in use as at September 30, 2008. Cash flow projections are based on the Group's three year financial planning. A net tax discounting factor of 8.0% (prior year: 7.6%) was used to discount cash flow projections.

The carrying amount of goodwill as at September 30, 2008 amounted to € 309.3 million in the Flavor & Nutrition division and € 156.1 million in the Scent & Care division. As compared to the balance sheet reporting date as at December 31, 2008, the estimated goodwill recognized for the Manheimer acquisition was then some € 10.6 million (\$ 15.0 million) higher. Within the context of a purchase price reduction made in December 2008, a correspondingly lower goodwill was derived at the balance sheet reporting date.

As in the previous year, the total amount (€ 62.1 million) relating to recipes with indefinite useful lives has been allocated to the Scent & Care division. In this case, an impairment test was also carried out as of September 30, 2008, at the level of the cash-generating unit with the result that no impairment requirement was identified.

Trademarks with indefinite useful lives were also tested for impairment as at September 30, 2008. No impairment was identified.

An impairment loss of € 35.7 million was recognized in 2003 with respect to goodwill attributed to the Scent & Care division. The impairment related to the former Aroma Chemicals business sector.

Key assumptions used in determining the recoverable amount

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

The key assumptions are described below which provided the basis for management's cash flow projections used in making the impairment tests for goodwill, recipes and trademarks.

The value in use was calculated using the discounted cash flow (DCF) method under which free cash flows are discounted using the weighted average cost of capital (WACC).

The Group has calculated the cash flows of the individual divisions during the period from 2008 to 2011 based on varying growth rates. For 2009, the data used was based on the detailed budget data for 2009, whereas for the years 2010 and 2011 a constant growth rate of 4.5% was used for the Flavor & Nutrition division and a constant growth rate of 3.5% was used for the Scent & Care division. An overall growth rate of 0.5% was assumed for the year 2012.

The WACC comprises a risk-free interest rate of 4.8%, which is derived from the interest rate on German federal government bonds, and a market risk premium of 5.0%. The unlevered beta factor is 0.75 and the levered beta factor is 0.9. The estimated cost of equity is 9.3% and the cost of debt is 6.3%.

The ICF and Manheimer acquisitions (see note 8.13) were included in the impairment test as at September 30, 2008.

Applying the assumptions described above, the impairment test carried out as at September 30, 2008, confirmed that there was no impairment of either goodwill or recipes. The recoverable amount was higher than the respective carrying amounts in both business divisions.

8.12. Property, Plant and Equipment

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
Acquisition	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	-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	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

The column "Advance Payments" includes assets under construction with an original acquisition and construction cost of € 27.5 million.

Additions deriving from business combinations amounting to € 1.5 million include the acquisitions of WWS Ltd. / Steng Ingredients Ltd., Suffolk, Great Britain on February 28, 2007, and Aromatics SAS, France on July 31, 2007.

2008

T€	Land and buildings	Plant and machinery	Equipment	Advance payments	Total
Cost					
As at January 1, 2008	281,718	215,172	100,381	28,011	625,282
Acquisition	0	4,070	274	0	4,344
Additions	1,722	4,250	5,755	26,411	38,138
Currency translation differences	-370	-1,617	-1,710	-193	-3,890
Disposals	-759	-2,469	-4,400	-232	-7,860
Transfers	6,720	13,555	5,538	-25,813	0
Transfers/IFRS 5	212	0	0	0	212
As at December 31, 2008	289,243	232,961	105,838	28,184	656,226
Accumulated Depreciation/Impairment					
As at January 1, 2008	-60,612	-117,306	-65,926	0	-243,844
Charges for the financial year	-9,961	-16,217	-9,876	0	-36,054
Unscheduled depreciation	-18	0	0	0	-18
Effects of exchange rate changes	-314	212	948	11	857
Reversal of impairments	1,358	3,499	0	256	5,113
Disposals	269	1,906	4,057	0	6,232
Transfers	0	-50	50	0	0
Transfers/IFRS 5	-98	0	0	0	-98
As at December 31, 2008	-69,376	-127,956	-70,747	267	-267,812
Carrying amounts					
As at January 1, 2008	221,106	97,866	34,455	28,011	381,438
As at December 31, 2008	219,867	105,005	35,091	28,451	388,414

¹⁾ See Note 8.13

A impairment loss of € 5.0 million that had been recognized in profit or loss in previous years with respect to equipment at our American plant in Bushy Park (Scent & Care segment) was reversed in the period reported. The reversal of the impairment loss is included as part of cost of sales and resulted in a positive impact after depreciation of € 4.7 million.

The gross amount disclosed in the column "Advance Payments" includes € 27.9 million of assets under construction at their original cost of acquisition or construction.

Additions deriving from business combinations amounting to € 4.3 million derive from the acquisitions of the flavor business of Chr. Hansen on April 25, 2008, and Intercontinental Fragrances on September 3, 2008.

8.13. Acquisitions

Cambridge Theraagnostics Ltd.

In December 2007, we agreed on a co-operation with Cambridge Theraagnostics Ltd. A payment of € 2.0 million made in January 2008 is reported in the cash flow statement as a payment for financial assets.

Acquisition of Chr. Hansen's Flavor Business

We acquired the flavor business of the Danish producer Chr. Hansen on April 25, 2008 for an amount of \$ 110.0 million (€ 71.9 million). The acquisition comprised the flavor business areas: Seasonings, Sweet, Savory, Dairy and Confectionary. The fair values attributed to identifiable assets at the date of the acquisition were:

T€	2008 Fair value
Recipes	32,703
Trademark Co-Existence agreement	769
Competition ban	1,796
Equipment	3,901
Inventories	6,603
Net identifiable assets and liabilities	45,772
Goodwill arising on acquisition	26,115
Cost of acquisition/Cash outflow	71,887

From the acquisition date on April 25, 2008, onwards, the flavor business contributed sales revenue of € 30.6 million (\$ 45.0 million) and an EBIT of € -2.8 million (\$ -4.1 million, including amortization of recipes) to the Group. The EBIT includes restructuring costs of € 5.1 million (\$ 7.6 million). If an assumption is made that the acquisition had taken place on January 1, 2008, then the probable contribution would have been € 45.8 million (\$ 67.5 million) to the Group's sales revenue and € -1.5 million (\$ -2.3 million) to the Group's EBIT. A sales revenue forecast for 2009 is no longer possible as the flavor business of Chr. Hansen was fully integrated at the year end.

As well as adding further production sites, the acquisition increased our sales and marketing capabilities through the addition of qualified employees. Particularly in the Seasoning, Dairy and Confectionary areas, we were able to acquire customer-specific recipes and, as a consequence, to expand our technological capability as well as increase our range of customers. The acquisition opens up long-term growth possibilities.

Therapeutic Peptides Inc. (TPI)

In July 2008, Symrise acquired a 20% interest in Therapeutic Peptides Inc., Baton Rouge, US, for an amount of \$ 2.3 million (€ 1.6 million). A provisional purchase price allocation was made in accordance with IFRS 3 as at December 31, 2008. The provisional unaudited financial statements as at December 31, 2008 disclose total assets of T€ 709 (\$ 1.0 million) and liabilities of T€ 310 (T\$ 439). Sales revenue for fiscal year 2008 was T€ 667 (T\$ 983), producing a result for the period of T€ -159 (T\$ -234).

Acquisition of Intercontinental Fragrances (ICF)

Symrise acquired the fragrance business of the American fragrance producer Intercontinental Fragrances on September 3, 2008, for € 15.1 million (\$ 21.4 million). A provisional purchase price allocation was made in accordance with IFRS 3 as at December 31, 2008. The purchase price was allocated to inventories (€ 1.1 million / \$ 1.6 million), property, plant and equipment (€ 0.2 million / \$ 0.3 million), recipes (€ 8.2 million / \$ 11.5 million) and goodwill (€ 5.6 million / \$ 8.0 million).

From the acquisition date on September 3, 2008, onwards, Intercontinental Fragrances contributed sales revenue of € 3.2 million (\$ 4.7 million) to the Group and generated an EBIT of T€ -389 (T\$ -573, including amortization of recipes). The EBIT includes restructuring costs of T€ 287 (T\$ 423). Due to the short period of membership in the Group, it has not been possible to disclose estimates of the sales revenue and EBIT contribution that would have been made if the acquisition had been made on January 1, 2008. Sales revenue of € 10.9 million is expected for 2009.

Acquisition of Manheimer Fragrances

Symrise acquired the fragrance business of the American fragrance producer Manheimer Fragrance on November 6, 2008, for € 50.3 million (\$ 70.7 million). A provisional purchase price allocation was made in accordance with IFRS 3 as at December 31, 2008. The purchase price was allocated to inventories (€ 3.5 million / \$ 5.0 million), recipes (€ 33.8 million / \$ 47.8 million) and goodwill (€ 13.0 million / \$ 17.8 million).

From the acquisition date on November 6, 2008, onwards, Manheimer Fragrances contributed sales revenue of € 1.8 million (\$ 2.6 million) and an EBIT of € -1.1 million (\$ -1.6 million, including amortization of recipes) to the Group. The EBIT includes restructuring costs of T€ 811. Due to the short period of membership in the Group, it has not been possible to disclose estimates of the sales revenue and EBIT contribution that would have been made if the acquisition had been made on January 1, 2008. Sales revenue of € 21.8 million is expected for 2009.

The acquisitions of Intercontinental Fragrances and Manheimer Fragrances make it possible for Symrise to strengthen its position in the US market, particularly in the Air Fragrances area.

8.14. Trade Payables

As in the previous year, trade payables are all due within one year.

8.15. Provisions

2008

T€	Environ- mental	Restruc- turing	Other	Total
As at January 1, 2008	199	3,592	298	4,089
Utilized during the year	-140	-2,401	-21	-2,562
Reversals	-59	-78	0	-137
Additional provisions	0	408	45	453
	0	1,521	322	1,843
Currency translation differences	0	-83	50	-33
As at December 31, 2008	0	1,438	372	1,810
Thereof:				
Current	0	1,344	372	1,716
Noncurrent	0	94	0	94
Total	0	1,438	372	1,810

Restructuring Provisions

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

8.16. Current Borrowings

T€	2007	2008
Bank borrowings	174,931	345,928
Interest accruals	411	293
Other financial liabilities	1,353	1,425
Total	176,695	347,646

Current bank borrowings are not secured and are attributable to:

2007

Borrowings	Installments/ Maturity date	Nominal value	Carrying amount	Nominal interest rate	
T€					
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 - US\$	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 - US\$	Dec. 13, 2008	3,398	3,213	Libor + 0,5%	5,35%
Aromatics SAS, Frankreich	Credit line				
Bank overdrafts		175	175	16,0%	16,0%
Total		176,373	174,931		

2008

Borrowings	Installments/ Maturity date	Nominal value	Carrying amount	Nominal interest rate	
T€					
Symrise GmbH & Co. KG					
Senior Facility - Term B - EUR	January 2009	125,000	125,000	Euribor + 0,5%	3,244%
Senior Facility - Term B - US\$	January 2009	116,501	116,501	Libor + 0,5%	0,97225%
Senior Facility - Term A - EUR	Dec. 13, 2008	57,000	56,816	Euribor + 0,5%	3,244%
Senior Facility - Term A - US\$	Dec. 13, 2008	15,886	15,609	Libor + 0,5%	0,97225%
Symrise Luxembourg S.a.r.l., Luxembourg					
Senior Facility - Term B - EUR	January 2009	33,000	32,002	Euribor + 0,5%	3,244%
Total		347,387	345,928		

Notes

The current bank borrowings deriving from the Senior Facility - Term B, amounting to € 273.5 million (2007: € 127.1 million) relate to borrowings available to the Group under the terms of a revolving credit arrangement of € 300.0 million that is available until December 31, 2011.

For further information on the short term loan of € 72.4 million deriving from the Senior Facility - Term A, we refer to note 8.20.

As at December 31, 2008, Symrise had an unutilized line of credit available amounting to € 44.1 million (2007: € 172.0 million).

Bank borrowings with a nominal value of € 132.4 million (2007: €10.4 million) are designated in \$ 187.5 million (2007: \$ 15.0 million).

Due to the variable interest rates and the related payment obligations, it can be assumed that the carrying amounts for all borrowings correspond to their fair value at the balance sheet reporting date.

8.17. Other Current Liabilities

T€	Dec. 31, 2007	Dec. 31, 2008
Taxes on wages and social security	19,607	6,005
Outstanding invoices	19,728	13,056
Purchase price adjustment	0	709
Liabilities to personnel	35,881	23,520
Performance-related remuneration	2,015	466
Other taxes	0	4,575
Miscellaneous other liabilities	25,332	19,255
Total	102,563	67,586

The purchase price adjustment amounting to T€ 709 relates to the acquisition of Intercontinental Fragrances and was set up within the context of the provisional purchase price allocation for obligations that are linked to particular conditions.

The reduction in payroll taxes is related to payments made from the Management Participation Program in the previous year.

Liabilities to personnel primarily relate to bonus liabilities already earned but not yet paid out to employees as well as liabilities arising from vacation yet to be taken and from accrued flextime credits.

Miscellaneous other liabilities mainly relate to wages and salaries, social security contributions, value added tax and other taxes as well as to short-term derivative financial instruments (note 8.3) and remaining purchase price obligations deriving from the acquisitions of Kaden Biochemicals GmbH (€ 1.2 million), Aromatics SAS (T€ 300) and Steng Ingredients Ltd (T€ 193) that were made in previous years.

8.18. Other Noncurrent Liabilities

T€	Dec. 31, 2007	Dec. 31, 2008
Liabilities to personnel	7,967	9,105
Derivative financial instruments -	0	14,859
Miscellaneous other liabilities	8,704	3,704
Total	16,671	27,668

Liabilities to Personnel

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

Miscellaneous Other Liabilities

Noncurrent liabilities amounting to T€ 284 resulted from the acquisition of Aromatics SAS (for disclosures relating to the current portion, we refer to note 8.17).

8.19. Defined Benefit Obligations

Individual Group companies have established pension plans that are either financed by themselves directly by the recognition of provisions or by making contributions to external investment fund companies. The manner in which these benefits are provided to employees varies depending on the legal regulations and the fiscal and economic environments of the respective countries involved. In addition, in some countries, the Group has agreed to provide certain additional post-employment healthcare benefits to its employees. Retirement benefits and healthcare benefits are generally measured based on the wages or salary of the employees and their respective years of service. The obligations relate to both existing retirees and also to entitlements of future retirees. With the exception of pension-related interest costs, current expenses for the fiscal year are included in the Group's operating result.

The active participation of employees of the former Haarmann & Reimer GmbH, Germany in the Bayer AG pension fund was terminated with effect from March 31, 2003. The employees of Haarmann & Reimer GmbH who had already acquired vested pension rights as of this date automatically became passive members of the pension fund.

A new pension plan was established in Germany covering all Symrise employees on equal terms. In addition, the former Haarmann & Reimer employees have been guaranteed that their benefits will continue at the same level that existed before the business combination took place.

Liabilities deriving from defined benefit obligations:

T€	2007	2008
Defined benefit obligation, unfunded	176,302	177,264
Defined benefit obligation, funded	24,266	26,719
Total value of obligations	200,568	203,983
Fair value of plan assets	-20,613	-19,593
Unrecognized plan amendment gain	6,311	5,923
Unrecognized actuarial gains/losses	29	2,433
Unrecognized past service costs	0	-824
Recognized liability for defined benefit obligations	186,295	191,922
Payment liability management participation program	2,015	0
Total employee benefit	188,310	191,922

The liabilities for defined benefit obligations relate particularly to Germany in the amount of € 153.9 million, to the US in the amount of € 27.4 million and to Austria in the amount of € 9.2 million.

The pension expense is made up as follows:

2007	Defined Group benefited plans	Post-employment healthcare benefits, USA	Total pension plans of the Group	2008	Defined Group benefited plans	Post-employment healthcare benefits, USA	Total pension plans of the Group
T€				T€			
Current service cost	11,685	199	11,884	Current service cost	8,032	189	8,221
Past service cost	94	0	94	Past service cost	104	0	104
Interest expense	9,396	466	9,862	Interest expense	10,267	446	10,713
Expected return on plan assets	-1,189	0	-1,189	Expected return on plan assets	-1,215	0	-1,215
Scheduled US plan	0	-648	-648	Scheduled US plan	0	-606	-606
Actuarial losses	283	0	283	Actuarial losses	98	0	98
Expenses for retirement benefits	20,269	17	20,286	Employee contributions	-98	0	-98
Actual return on plan assets	298	0	298	Expenses for retirement benefits	17,188	29	17,217
				Actual expenses from plan assets	3,556	0	3,556

Notes

The present value of the vested rights has developed as follows:

T€	2007	2008
Projected benefit obligation at January 1	219,383	200,568
Currency translation differences	-3,644	1,700
Current service cost	11,974	8,221
Interest expense	9,862	10,713
Gains deriving from plan change	-707	-146
Additions of a new scheme	3,106	0
Actuary gains	-28,640	-6,644
Benefits paid by the plan	-10,766	-10,429
Anwartschaftsbarwert am 31. Dezember	200,568	203,983

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

T€	2007	2008
Cost of sales	4,409	2,622
Selling and marketing expenses	3,461	1,494
Research and development expenses	1,813	1,415
Administration expenses	741	973
Total	10,424	6,504

The fair value of the plan assets developed as follows:

T€	2007	2008
Fair value of plan assets at January 1	18,681	20,613
Contributions paid into the plan	2,563	2,338
Benefits paid by the plan	-2,218	-1,408
Expected return on plan assets	1,189	1,215
Actuary losses (-)/gains (+)	-217	-4,771
Additions of a new scheme	2,454	0
Currency translation differences	-1,839	1,606
Fair value of plan assets at December 31	20,613	19,593

The experience adjustments to plan assets in the US in 2008 amounted to € -3.9 million (2007: T€ -50). In Japan, the experience adjustments to plan assets in 2008 amounted to € -1.0 million (2007: T€ -1 68). Compensating impacts resulted from experience adjustments to plan assets in Switzerland and India.

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

T€	Plan USA 2007	Plan Japan 2007	Plan USA 2008	Plan Japan 2008
Debt securities	7,070	1,460	6,865	1,764
Equity instruments	7,175	1,783	5,527	1,303

The actuarial assumptions and valuations are based on the following parameters that differ from country to country, due to variations in their economic situations:

%	Parameter 2007	Parameter 2008
Discount rate		
Germany	5.35	6.20
USA	6.50	6.00
Other countries vary from	2.00 to 6.00	1.50 to 6.05
Projected return on plan assets		
Germany	n.a.	n.a.
USA	7.00	7.00
Other countries (Japan only)	2.10	3.00 to 7.50
Salary increases		
Germany	1.90	2.50
USA	4.25	4.25
Other countries vary from	1.50 to 5.00	1.50 to 8.00
Pension increase		
Germany	1.90	2.25
Medical cost trend rate USA	9.00	9.00

A 1% change in the assumption made for cost trends for healthcare benefits would have the following effect:

T€	Increase 2007	Decrease 2007	Increase 2008	Decrease 2008
Effect on defined benefit obligation	361	324	384	344
Effect on service cost	39	35	40	36

The entity in the US provides healthcare benefits to its employees. The costs are determined based on the assumption that the cost trend for 2009 and 2010 remains unchanged at 9% (2007: 9%) and then falls by 2% every two years until it reaches a minimum level of 5%, which is expected to be applicable in 2013 and later years.

The pension liability has changed as follows:

2007

T€	Defined benefit plans of the Group	Post-employment healthcare benefits, USA	Total pension plans of the Group
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

2008

T€	Defined benefit plans of the Group	Post-employment healthcare benefits, USA	Total pension plans of the Group
Liability			
Liability as benefit obligation as at January 1	171,709	14,586	186,295
Exchange gains/losses	-382	545	163
Pension expense	17,189	28	17,217
Employer contributions	-1,841	-400	-2,241
Benefit payments	-9,020	0	-9,020
Disposal USA	-492	0	-492
Pension liability as at December 31	177,163	14,759	191,922

All significant pension obligations are measured using annual actuarial valuation appraisals.

The Group made statutory and other retirement benefit contributions amounting to € 10.0 million (2007: € 10.3 million). Of this amount, the share attributable to German companies amounted to € 9.9 million. These contributions were classified as being to defined contribution plans.

Historical information:

T€	2004	2005	2006	2007	2008
Present value of defined benefit obligation	183,221	217,017	219,383	200,567	204,449
Fair value of plan assets	-15,691	-17,126	-18,681	-20,613	-19,593
Deficit in plan	167,530	199,891	200,702	179,954	184,856
Experience adjustments arising on plan liabilities (Germany)	n.a.	n.a.	-1,334	-3,074	4,502
Experience adjustments arising on plan assets	n.a.	n.a.	420	-217	-4,771

In 2009, the Group expects contributions of T€ 225 into the funded defined benefit plans.

The experience adjustments to liabilities arising from defined benefit plan obligations for Germany amounted to € 4.5 million (actuarial loss) (2007: € 3.1 million actuarial gain).

Notes

8.20. Noncurrent Borrowings

Noncurrent borrowings are made up as follows:

T€	2007	2008
Bank borrowings	430,625	362,792
Interest accruals	11	0
Other financial liabilities	1,331	0
Total	431,967	362,792

Bank borrowings (nominal value) include amounts designated in foreign currencies (\$) in the amount of € 79.4 million (2007: € 91.8 million).

The differences between the carrying amounts and the nominal amounts for bank borrowings, deriving from unamortized transaction costs, amounted to €1.6 million (2007: € 3.2 million).

BORROWINGS 2007

T€	Due on	Nominal value	Carrying amount	Nominal interest rate		
Symrise GmbH & Co. KG, Holzminden						
Senior Facility - Term A - EUR	Dec. 13, 2011	105,300	104,526	Euribor	+ 0,5%	5,27%
Senior Facility - Term A - US\$	Dec. 13, 2011	61,190	60,757	Libor	+ 0,5%	5,35%
Symrise Luxembourg S.a.r.l., Luxemburg						
Senior Facility - Term A - EUR	Dec. 13, 2011	99,000	98,272	Libor	+ 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%
Symrise Holding Ltd., UK						
Senior Facility - Term A - EUR	Dec. 13, 2011	20,700	20,526	Euribor	+ 0,5%	5,27%
Symrise Holding Inc., USA						
Senior Facility - Term A - US\$	Dec. 13, 2011	30,597	30,500	Euribor	+ 0,5%	5,27%
Total		433,787	430,625			

BORROWINGS 2008

T€	Due on	Nominal value	Carrying amount	Nominal interest rate		
Symrise GmbH & Co. KG, Holzminden						
Senior Facility - Term A - EUR	Dec. 13, 2011	152,000	151,314	Euribor	+ 0,5%	3,244%
Senior Facility - Term A - US\$	Dec. 13, 2011	79,432	79,078	Libor	+ 0,5%	0,97225%
Symrise Luxembourg S.a.r.l., Luxemburg						
Senior Facility - Term A - EUR	Dec. 13, 2011	110,000	109,504	Euribor	+ 0,5%	3,244%
Symrise Holding Ltd., UK						
Senior Facility - Term A - EUR	Dec. 13, 2011	23,000	22,896	Euribor	+ 0,5%	3,244%
Total		364,432	362,792			

Due to the variable interest rates and the related payment obligations, it can be assumed that the carrying amounts for all

borrowings correspond to their fair value at the balance sheet reporting date.

Repayment of Bank Borrowings

The Senior Facility Term A is repayable in the period from 2009 to 2011 in the following installments:

2009	2010	2011
15%	15%	60%

10% of the Senior Facility Term A has already been repaid in 2008, as scheduled. The next installment of 15% due in 2009 has been classified under current borrowings (note 8.16).

The basis for the computation of the repayment installments is the nominal amount of the borrowings considering usage in the respective currency. The amount comprises a) a component denominated in euros amounting to € 380.0 million; and b) a component denominated in \$ amounting to \$ 150.0 million. The exchange rate used for currency translation of the Senior Facility Term A was 1.4163 \$/€.

Securities

The total nominal amount of the above-mentioned credit agreements is € 800.0 million, of which amounts of € 500.0 million and \$ 300.0 were drawn upon as at December 31, 2008. The loans are measured at amortized cost and are disclosed as a current component and a noncurrent component in accordance with the terms to maturity. As a consequence, the Group had unutilized credit lines available at December 31, 2008 amounting to € 44.1 million (prior year: € 172.0 million). We refer to the disclosures in note 8.16.

Symrise has agreed financial covenants with the financing banks to comply with agreed limits to the following key ratios:

- a) EBITDA/net interest expense
- b) Net debt/EBITDA.

These key ratios are monitored on a quarterly basis.

8.21. Contingent Liabilities and Other Financial Commitments

As at December 31, 2008, the Group had the following contingent liabilities and other financial commitments:

Operating Leases

Payment commitments derive from non-cancelable operating lease agreements mainly entered into for motor vehicles and buildings. Some of the agreements contain renewal options or escalation clauses but do not include purchase options. The aggregate net future cash outflows are phased as follows:

T€	Minimum operating lease payments 2008	Operating sublease payments receivable 2008	Net operating lease payments 2008	Net operating lease payments 2007
In the fiscal year	9,660	-324	9,336	8,349
Due next year	9,764	-116	9,648	7,967
Due in two years	7,924	-44	7,880	5,933
Due in three years	5,188	0	5,188	4,239
Due in four years	3,912	0	3,912	2,934
Due in five years	3,091	0	3,091	2,385
Due in six years or thereafter	6,294	0	6,294	10,672
Total	45,833	-484	45,349	42,479

Insurance and Endorsement of Bills

As at December 31, 2008, commitments and contingent liabilities amounting to T€ 239 (2007: T€ 22) derived from the issue and endorsement of trade and commercial bills.

Other Commitments

As at December 31, 2008, the group had commitments of € 7.1 million (2007: € 4.7 million) for the purchase of property, plant and equipment. These mainly related to production equipment. Further commitments of € 31.7 million (2007: € 38.7 million) derived from open contracts for other assets and services.

With effect from February 1, 2006, Symrise GmbH & Co. KG entered into a service agreement with Atos Origin GmbH to outsource its internal information technology functions for a term of ten years. The fees payable reduce successively over the term of the agreement from € 12.1 million in 2008 to € 10.8 million in 2015. The total remaining obligation to Atos amounts to € 92.2 million.

On March 30, 2007, Symrise GmbH & Co. KG signed two research and development agreements, each with a term of three years and total costs of € 3.8 million. These agreements became effective on April 1, 2007. The two partners to the contracts are AnalytiCon Discovery GmbH (Potsdam) and BRAIN Biotechnology Research and Information Network AG (Zwingenberg). As at December 31, 2008, the total residual commitment arising from these agreements was € 1.6 million.

Claims for damages were made against Symrise during 2008 with respect to defective products; the claims have not yet been brought to court. In view of the uncertainty relating to the actual commencement of litigation proceedings and the related chance of success, it is not possible at present to estimate the potential financial impact. Furthermore, it is possible that any potential legally binding claim may be recoverable through insurance.

Contingent Assets

As in the previous year, there were no contingent assets at December 31, 2008.

8.22. Share Capital

During 2008, the subscribed capital of Symrise AG remained unchanged. The total number of shares is 118,173,300, each of which has a nominal value of € 1.00. No capital contributions were outstanding.

Authorized Capital

On December 1, 2006, an extraordinary general meeting of the shareholders authorized the Executive Board to increase the Company's capital stock, with the consent of the Supervisory Board, by up to € 40.0 million in one or more issues of new non-par value bearer shares up until October 31, 2011. In this connection, the participation rights for the new shares may be determined in deviation from Section 60 AktG ["Aktiengesetz": German Stock Corporation Act].

Existing shareholders are to be granted a subscription right. However, the Executive Board may exclude this subscription right, with the approval of the Supervisory Board, in the following circumstances:

1. In the case of capital increases in return for non-cash contributions in kind for the purpose of acquiring companies or share interests in companies.
2. Inasmuch as this is necessary, in order to grant holders of warrants and convertible bonds issued by Symrise AG or its subsidiaries a right to subscribe to new shares to the extent that

they would be entitled to such a right when exercising the warrants or options or when meeting obligations arising from the warrants or options.

3. To offset fractional amounts arising as a result of a capital increase in return for cash contributions.
4. In order to issue new shares at an issue price that is not substantially less than the market price of shares already quoted on the stock exchange at the date the issue price is finally determined, whereby within the context of restricting this authorization to a total of 10% of the capital stock, those shares are to be set off for which the subscription right of the shareholders in application of Section 186 (3) Sentence 4 AktG is excluded upon use of the authorization to sell treasury stock and upon use of the authorization to issue conversion options or warrants.

8.23. Capital and Other Reserves

The capital reserve remained unchanged in 2008.

9. FINANCIAL INSTRUMENTS

Default Risk

Items for Which There Is a Risk of Default

The financial instruments classified in accordance with IAS 39 are as follows:

T€	2007	2008
Assets		
Trade receivables	214,478	221,686
Other assets and receivables	6,265	9,463
Loans and receivables	220,743	231,149
Financial assets available for sale	4,583	2,261
Financial instruments stated as fair value	9,301	0
Liabilities		
Trade payables	72,424	82,170
Borrowings	608,662	710,438
Sundry liabilities	7,061	22,962
Financial liabilities stated at amortized costs	688,147	815,570
Financial instruments stated as fair value	0	15,362

The following table shows amounts recognized in the income statement:

T€	2007	2008
Financial assets at fair value through profit or loss (Interest hedges)	5,232	4,548
Loans and receivables (Impairment allowances)	-4,147	-2,321
	1,085	2,227

Credit Risk

The carrying amount of financial assets reflects their maximum exposure to credit risk. At the reporting date, the following items were exposed to credit risk:

T€	2007	2008
Financial assets available for sale	2,605	2,261
Financial assets at fair value through profit or loss	9,301	0
Loans and receivables	220,743	231,149
Cash and cash equivalents	79,250	68,860
	311,899	302,270

The maximum credit risk for loans and receivables by region was as follows:

T€	2007	2008
EAME	128,056	129,176
North America	19,482	30,777
Asia/Pacific	47,369	42,308
South America	25,836	28,888
	220,743	231,149

The aging of trade receivables as of the reporting date was as follows:

T€	2007			2008		
	Gross	Impairment	Net	Gross	Impairment	Net
Not yet due	184,448	0	184,448	190,366	0	190,366
Overdue since 1–30 days	21,631	3	21,628	22,176	2	22,174
Overdue since 31–90 days	7,524	24	7,500	7,647	38	7,609
Overdue since 91–360 days	3,303	2,401	902	2,556	1,447	1,109
More than one year	1,719	1,719	0	1,262	834	428
	218,625	4,147	214,478	224,007	2,321	221,686

The movement on allowances for impairment with respect to trade receivables during the year reported was as follows:

T€	2007	2008
Balance on January 1	3,024	4,147
Currency translation differences	-124	14
Impairment loss recognized	2,803	2,304
Utilized during the year	-1,001	-916
Reversal	-555	-3,228
Balance on December 31	4,147	2,321

The major currency exposure that Symrise has is with respect to the US dollar. For other currencies, items are generally either denominated in the functional currency of the respective territories or in euros. The net risk from foreign currency translation was as follows:

	2007 in TUS\$	2007 in T€	2008 in TUS\$	2008 in T€
Dec. 31				
Currency risk from balance sheet items	12,609	8,573	31,553	22,987
Thereof financial assets	33,566	22,822	70,435	50,593
Thereof financial liabilities	-20,597	-14,004	-38,883	-27,606
Change in future net income and equity resulting from a 10% rise in the euro	545	371	2,868	2,734

This sensitivity analysis is based on the assumption that all variables other than a change in foreign currency exchange rates remain constant.

Liquidity Risk for Loans

The following summary shows the contractually agreed redemption payments with respect to financial liabilities, including estimated interest payments (5%), as the loans deriving from revolving credit lines will be available to us on a long-term basis.

2007

T €	Carrying amount	Disbursements	Terms - disbursements less than 1 year more than 1 year	
Financial liabilities	605,556	666,283	79,799	586,484

2008

T €	Carrying amount	Expected disbursements	Expected terms - disbursements less than 1 year more than 1 year	
Financial liabilities	708,720	804,178	108,322	695,856

Cash Flow Forecast for Derivatives

The following summary shows the periods in which cash flows arise from contracted interest hedges.

2007

T €	Carrying amount	Receipts	Receipts - terms less than 1 year more than 1 year	
Receivables	10,552	4,396	-333	4,729

2008

T €	Carrying amount	Expected disbursements	Term - expected disbursements less than 1 year more than 1 year	
Liabilities	-15,362	-9,431	-4,020	-5,411

* Expected cash flow deriving from financial instruments with a remaining term to maturity of less than/more than one year.

Sensitivity Analysis for Derivatives as at December 31, 2008

A parallel transformation of the interest curve by 1% upwards or downwards would have the following impact on the financial result and on equity. The analysis is based on the assumption that all other variables, in particular exchange rates, remain constant.

	Carrying amount	Financial result		Equity	
		1% Increase	1% Decrease	1% Increase	1% Decrease
Interest swaps					
T€	-9,089	209	-209	10,226	-10,226
Interest swaps					
TUS\$	-8,117	98	-98	4,826	-4,826

Sensitivity Analysis Deriving from Utilized Total Lines of Credit

	Nominal	thereof: secured	thereof: unsecured	1% Increase	
				1% Increase	1% Decrease
T€	500,000	380,000	120,000	7,200	4,800
TUS\$	300,000	175,000	125,000	7,500	5,000

10. RELATED PARTY TRANSACTIONS

Executive Board members, former general managers as well as Supervisory Board members and former shareholder representatives qualify as related parties.

A receivable amounting to T€ 23 resulted from overpayments, which derived from foreign currency conversion of salary computations on behalf of a member of the Executive Board (see report on remuneration), due to the fact that the basis for the salary computation was changed to US \$ in the second half of 2008. This receivable has been recognized as a component of other assets.

In fiscal year 2008, the former Executive Board member Mr. Horst-Otto Gerberding received the following monthly payments within the context of a termination agreement (Amended and Restated Services Agreement) deriving from 2003:

- › an interim allowance amounting to T€ 42 up to March 31, 2008
- › compensation payments amounting to T€ 42, deriving from a subsequent non-competition agreement. This entitlement exists up to and including September 2009. The payment relating to the period from September to December 2007 was made in 2008.
- › retirement and pension entitlements totaling T€ 23 from April 1, 2008 onwards. The pension entitlement derives from a contract of employment and benefits, dated July 29, 1983.

Provisions for current pensions and pension entitlements for former members of the Executive Board amounting to € 2.1 million were recognized as at December 31, 2008.

The total remuneration for members of the Supervisory Board amounted to T€ 673 (2007: T€ 589).

SUPERVISORY BOARD REMUNERATION 2008

Name	Remuneration p.a.	Remuneration for earnings per share ¹⁾	Committees	Remuneration p.a. total	Committees	Payable for 2008
€						
Andreas Schmid, Chairman	40,000	30,400	32,500	102,900	15,500	118,400
Horst-Otto Gerberding	20,000	15,200	5,000	40,200	11,000	51,200
Sanna Suvanto-Harsaae	20,000	15,200	7,500	42,700	11,000	53,700
Klaus Kühn, until Dec. 31, 2008	20,000	15,200	9,589	44,789	11,000	55,789
Dr. Peter Grafoner	20,000	15,200	2,911	38,111	12,000	50,111
Dr. Hans-Heinrich Gürteler	20,000	15,200	0	35,200	8,000	43,200
Dr. Helmut Frieden	20,000	15,200	0	35,200	8,000	43,200
Karl-Heinz Huchthausen, Vice Chairman	30,000	22,800	5,000	57,800	11,000	68,800
Regina Hufnagel	20,000	15,200	5,000	40,200	11,000	51,200
Helmut Tacke	20,000	15,200	0	35,200	8,000	43,200
Peter Winkelmann	20,000	15,200	2,500	37,700	13,000	50,700
Francesco Grioli	20,000	15,200	0	35,200	8,000	43,200
Total	270,000	205,200	70,000	545,200	127,500	672,700

¹⁾ Earnings per share: € 0.76

The remuneration of the Executive Board members is reported in the management report.

The following table summarizes the stock transactions reported to the Company pursuant to Section 15a WpHG [“Wertpapierhandelsgesetz”: German Securities Trading Act]:

Name and position	Type of transaction-	Type of security	Date, place	Number of shares	Price (€)	Total volume (€)
Horst-Otto Gerberding (member of the Supervisory Board)	Purchase	Symrise no-par shares	03/27/2008 Xetra	101,850	16.26	1,656,417.11
Dominique Robert Yates (member of the Executive Board)	Purchase	Symrise no-par shares	03/31/2008 Xetra	4,000	16.48	65,928.00
Dr. Heinz-Jürgen Bertram (member of the Executive Board)	Purchase	Symrise no-par shares	07/29/2008 Xetra	27,200	10.96	298,190.88
Karl-Heinz Huchthausen (member of the Supervisory Board)	Purchase	Symrise no-par shares	07/29/2008 Xetra	500	11.00	5,500.00
Sanna Suvanto-Harsaae (member of the Supervisory Board)	Purchase	Symrise no-par shares	08/20/2008 Xetra	2,200	12.11	26,633.07
Dominique Robert Yates (member of the Executive Board)	Purchase	Symrise no-par shares	08/22/2008 Xetra	18,550	12.05	223,518.23
Dr. Heinz-Jürgen Bertram (member of the Executive Board)	Purchase	Symrise no-par shares	11/05/2008 Xetra	3,692	9.85	36,371.37
Dr. Heinz-Jürgen Bertram (member of the Executive Board)	Purchase	Symrise no-par shares	11/06/2008 Xetra	16,608	9.87	163,856.19

11. LONG TERM FINANCIAL RISK MANAGEMENT OBJECTIVITIES AND POLICIES

We refer to the risk report included as part of our management report.

12. SIGNIFICANT EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

No events occurred after the balance sheet date that require reporting.

13. AUDIT

On April 29, 2008, the Shareholders' Meeting of Symrise AG appointed KPMG Deutsche Treuhand-Gesellschaft AG Wirtschaftsprüfungsgesellschaft (as from October 1, 2008, KPMG AG Wirtschaftsprüfungsgesellschaft) as auditors for fiscal year 2008.

The following table provides an overview of fees awarded to the auditors:

Fees 2008

T€	2007	2008
Auditing	864	872
Audit-related services	30	164
Tax advisory services	155	181
Other services	124	8
Total	1,173	1,225

14. SHAREHOLDINGS IN SYMRISE AG PURSUANT TO SECTION 160 (1) NO. 8 AKTG

As of the balance sheet reporting date, Symrise AG received the following notifications from shareholders of the Company pursuant to the provisions of the German Securities Trading Act:

Company	Location	Notification dated	Effective as of	% Threshold level exceeded or fallen below	Shareholding in % afterwards	Voting rights
Gerberding Vermögensverwaltung GmbH ⁴⁾	Holzminden	Dec. 28, 2006	Dec. 13, 2006	10.00%		
Herr Horst-Otto Gerberding ⁴⁾	Holzminden	Dec. 28, 2006	Dec. 13, 2006		5.86%	6,928,087
Gerberding Vermögensverwaltung GmbH & Co.KG ⁴⁾	Holzminden	Dec. 28, 2006	Dec. 13, 2006			
The Bank of New York Mellon Corporation ¹⁾	Pittsburgh, Pennsylvania, USA	Feb. 1, 2008	July 1, 2007	5.00%	5.24%	6,190,618
The Bank of New York Mellon Corporation ¹⁾	New York, USA	Dec. 31, 2008	Dec. 30, 2008	5.00%	4.98%	5,888,136
Mellon International Holdings S.a.r.l	Luxembourg	Nov. 9, 2007	Jan. 25, 2007	3.00%	5.58%	6,595,115
Deutsche Bank AG ¹⁾	Frankfurt, Germany	July 31, 2008	July 25, 2008	3.00%	2.90%	3,428,355
Deutsche Bank Americas Holding Corp. ¹⁾	Wilmington, Delaware, USA	July 28, 2008	July 22, 2008	3.00%	2.87%	3,393,317
Deutsche Investment Management Americas Inc. ⁵⁾	New York, USA	July 28, 2008	July 22, 2008	3.00%	2.87%	3,393,317
DWS Investment GmbH	Frankfurt, Germany	May 7, 2008	May 6, 2008	3.00%	2.97%	3,511,300
Egerton Capital Limited Partnership ²⁾	London, UK	Feb. 22, 2008	Feb. 13, 2008	3.00%	2.98%	3,521,323
Egerton Capital Limited ¹⁾	London, UK	Feb. 19, 2008	Feb. 13, 2008	5.00%	2.98%	3,521,323
Fidelity Management & Research Company ²⁾	Boston, Massachusetts, USA	Nov. 27, 2008	Nov. 24, 2008	5.00%	4.90%	5,791,400
FMR LLC ¹⁾	Boston, Massachusetts, USA	Oct. 30, 2008	Oct. 24, 2008	3.00%	5.17%	6,107,440
John Armitage ¹⁾	London, UK	Feb. 22, 2008	Feb. 13, 2008	3.00%	2.98%	3,521,323
JPMorgan Asset Management (UK) Limited ²⁾	London, UK	Jan. 27, 2009	Jan. 22, 2009	3.00%	2.94%	3,474,305
JPMorgan Asset Management Holdings (UK) Limited ¹⁾	London, UK	Sep. 29, 2008	April 18, 2008	5.00%	3.78%	4,468,488
JPMorgan Asset Management Holdings Inc. ¹⁾	New York, USA	Jan. 30, 2008	Jan. 30, 2008	3.00%	4.49%	5,311,526
JPMorgan Asset Management International Limited ¹⁾	London, UK	Sep. 29, 2008	April 18, 2008	5.00%	3.78%	4,468,488
JPMorgan Chase & Co. ⁶⁾	New York, USA	Feb. 13, 2008	Feb. 8, 2008	5.00%	4.90%	5,794,360
Newton Investment Management Limited, Mellon Financial Centre ²⁾	London, UK	Feb. 20, 2007	Jan. 25, 2007/Correction Feb. 8, 2007	3.00%	5.58%	6,595,115
Lazard Asset Management LLC ²⁾	New York, USA	Sep. 30, 2008	Sep. 25, 2008	5.00%	2.75%	3,246,887
M&G Group Limited ¹⁾	London, UK	March 3, 2008	Feb. 28, 2008	5.00%	5.17%	6,114,758
M&G Investment Funds	London, UK	March 25, 2008	March 18, 2008		5.06%	5,974,017

continuance

Company	Location	Notification dated	Effective as of	% Threshold level exceeded or fallen below	Share-holding in % afterwards	Voting rights
M&G Investment Management Limited ¹⁾	London, UK	March 3, 2008	Feb. 28, 2008	5.00%	5.13%	6,056,787
M&G Limited ¹⁾	London, UK	March 3, 2008	Feb. 28, 2008	5.00%	5.17%	6,114,758
M&G Securities Limited ²⁾	London, UK	March 25, 2008	March 18, 2008	5.00%	5.18%	6,115,017
Massachusetts Financial Services Company (MFS) ²⁾	Boston, Massachusetts, USA	Oct. 7, 2008	Sep. 30, 2008	5.00%	5.02%	5,929,174
New Star Asset Management Limited ²⁾	London, UK	Dec. 17, 2008	Dec. 12, 2008	3.00%	2.92%	3,453,794
Prudential plc. ¹⁾	London, UK	Feb. 27, 2008	Feb. 21, 2008	5.00%	5.08%	6,013,331
Schroders Administration Limited ³⁾	London, UK	Feb. 4, 2008	Jan. 25, 2008	5.00%	4.96%	5,865,659
Schroders Investment Management Limited ²⁾	London, UK	Feb. 4, 2008	Jan. 25, 2008	5.00%	4.96%	5,865,659
Schroders plc. ³⁾	London, UK	Feb. 4, 2008	Jan. 25, 2008	5.00%	4.96%	5,865,659
Sun Life Assurance Company of Canada - US Operations Holdings Inc. ¹⁾	Wellesley Hills, Massachusetts, USA	Oct. 7, 2008	Sep. 30, 2008	5.00%	5.02%	5,929,174
Sun Life Financial (U.S.) Holdings Inc. ¹⁾	Wellesley Hills, Massachusetts, USA	Oct. 7, 2008	Sep. 30, 2008	5.00%	5.02%	5,929,174
Sun Life Financial (U.S.) Investments LLC ¹⁾	Wellesley Hills, Massachusetts, USA	Oct. 7, 2008	Sep. 30, 2008	5.00%	5.02%	5,929,174
Sun Life Financial Inc. ¹⁾	Toronto, Ontario, Canada	Oct. 7, 2008	Sep. 30, 2008	5.00%	5.02%	5,929,174
Sun Life Global Investments Inc. (vormals Sun Life Financial Corp.) ¹⁾	Toronto, Ontario, Canada	Oct. 7, 2008	Sep. 30, 2008	5.00%	5.02%	5,929,174
Sun Life of Canada (U.S.) Financial Services Holdings Inc. ¹⁾	Boston, Massachusetts, USA	Oct. 7, 2008	Sep. 30, 2008	5.00%	5.02%	5,929,174
Taunus Corp. ¹⁾	Wilmington, Delaware, USA	July 28, 2008	July 22, 2008	3.00%	2.93%	3,458,490
William Bollinger ¹⁾	London, UK	Feb. 22, 2008	Feb. 13, 2008	3.00%	2.98%	3,521,323

¹⁾ The voting rights are attributed pursuant to Sec. 22 (1) S.1 No.6 together with Sentence 2 of the WpHG [German Securities Trading Act].

²⁾ The voting rights are attributed pursuant to Sec. 22 (1) S.1 No.6 WpHG.

³⁾ The voting rights are attributed pursuant to Sec. 22 (1) S.1 No. 6 together with Sentences 2 and 3 of the WpHG.

⁴⁾ The voting rights are attributed pursuant to Sec. 22 (1) S.1 No.1 of the WpHG.

⁵⁾ All voting rights are attributed to the company pursuant to Sec. 22 (1) S.1 No. 6 of the WpHG, thereof 0.03% (37,394 voting rights) together with Sec. 22 (1) S.2 of the WpHG.

⁶⁾ Of these voting rights, 4.35% (or respectively 5,141,441 voting rights) are attributed to the company pursuant to Sec. 22 (1) S.1 No.6 and S.2. of the WpHG. A further 0.55% (or respectively 652,919 voting rights) are attributed to the company pursuant to Sec. 22 (1) S.1 No. 1 of the WpHG.

15. PROPOSAL FOR PROFIT APPROPRIATION

The Executive Board proposes distribution of a dividend of € 0.50 per share.

16. EXEMPTION FROM THE OBLIGATION TO PREPARE FINANCIAL STATEMENTS PURSUANT TO SECTION § 264B HGB

Symrise GmbH & Co. KG is included in the consolidated financial statements of Symrise AG in accordance with the provisions applicable for corporations and has taken advantage of the exemption provisions covering preparation, audit and publication of financial statements pursuant to Section 264b HGB.

Drinkstar GmbH is included in the consolidated financial statements of Symrise AG in accordance with the provisions applicable for corporations and has taken advantage of the exemption provisions covering the publication of financial statements pursuant to Section 264 III HGB.

17. CORPORATE GOVERNANCE

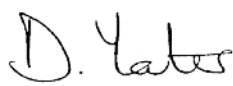
The declaration of compliance made pursuant to Section 161 AktG has been submitted for 2008 and has been made available to shareholders on an ongoing basis through our website www.symrise.com.

Holzminden, February 18, 2009

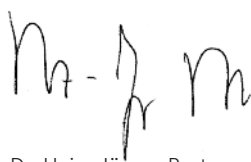
Symrise AG
The Executive Board



Dr. Gerold Linzbach



Dominique Yates



Dr. Heinz-Jürgen Bertram



Achim Daub



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, 2008. 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 19, 2009

KPMG Deutsche Treuhand-Gesellschaft
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

KPMG AG
Wirtschaftsprüfungsgesellschaft

(formerly
KPMG Deutsche Treuhand-Gesellschaft
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft)

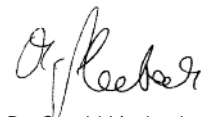
Dr. Bartels-Hetzler	Dr. Thümler
Wirtschaftsprüfer	Wirtschaftsprüfer

Responsibility Statement ("Bilanzeid")

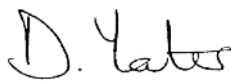
To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the group management report includes a fair review of the development 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 18, 2009

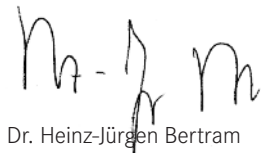
Symrise AG
The Executive Board



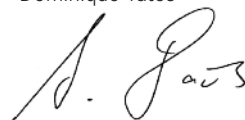
Dr. Gerold Linzbach



Dominique Yates



Dr. Heinz-Jürgen Bertram



Achim Daub

Bodies

Executive Board

The Executive Board of the Symrise AG consists of the following members:

Dr. Gerold Linzbach
Chairman

› Member of the Board of Directors, Duni AB, Sweden
(until May 2, 2008)

Dominique Robert Yates
CFO

Dr. Heinz-Jürgen Bertram
Board Flavor & Nutrition

› Regional Advisory Council of the North LB
(Holzminden)

Achim Daub
Board Scent & Care

Supervisory Board

Name	Function	Other positions held
Andreas Schmid* Chairman	Chairman of the Supervisory Board of Symrise AG	› Oettinger Imex AG (Davidoff Group) (President of the Board of Directors) › Unique (Flughafen Zürich AG) (President of the Board of Directors) › Barry Callebaut AG (Vice President of the Board of Directors) › Gate Gourmet Group Holding LLC (Vice President of the Board of Directors und Lead Independent Director) › Karl Steiner AG (Member of the Board of Directors) › Badrutt's Palace Hotel AG (Member of the Board of Directors)
Karl-Heinz Huchthausen Vice Chairman	Chairman of works council and general works council of Symrise GmbH & Co. KG	
Dr. Helmut Frieden	Corporate Vice President Product, Safety, Health and Environmental Compliance of Symrise GmbH & Co. KG, Holzminden	
Dr. Peter Grafoner*	Vercammen & Cie, Andernach (General Manager)	› SKF AB, Göteborg, Sweden (Member of the Board of Directors) › Beumer Maschinenfabrik GmbH & Co. KG, Beckum (Member of the Advisory Board) › Drissler Papiergroßhandel GmbH & Co. KG, Dietzenbach (Member of the Advisory Board) › MASA Aktiengesellschaft, Andernach (Deputy Chairman of the Supervisory Board) › SCANIA Deutschland GmbH, Koblenz (Chairman of the Advisory Board)

Dr. Peter Grafoner*

- › SCANIA Österreich GmbH, Wien, Austria (Chairman of the Advisory Board)
- › SCANIA Schweiz AG, Kloten, Switzerland (Chairman of the Board of Directors)
- › VTI Technologies Oy, Finland (Chairman of the Board of Directors)

Horst-Otto Gerberding*

Managing partner of the Drago Invest GmbH & Co KG

- › Georg Lemke & Co. KG (Chairman of the Advisory Board)
- › Gottfried Friedrichs KG (Member of the Advisory Board)
- › Kahl GmbH & Co. KG (Chairman of the Advisory Board)
- › Druck- und Verlagshaus Hüpke & Sohn Weserland-Verlag GmbH (Täglicher Anzeiger Holzminden) (Member of the Advisory Board)
- › InfoTech AG, (Member of the Supervisory Board)
- › Teehaus J.T. Ronnefeldt KG (Member of the Advisory Board)
- › Yanick + Fée AG (Member of the Advisory Board)

Francesco Grioli

Director of the works council of IG BCE Hannover

- › RAG Bildung GmbH (Vice Chairman of the Advisory Board)
- › RAG Bildung Saar GmbH (Vice Chairman of the Advisory Board)
- › BWS GmbH (Member of the Advisory Board)

Dr. Hans-Heinrich Gürtler*

- › Deutsche Bank AG (Member of the Advisory Board)
- › Triton Beteiligungsberatung GmbH, Frankfurt (Member of the Advisory Board)

Regina Hufnagel

Vice Chairwoman of the works council and general works council of the Symrise GmbH & Co. KG

Klaus Kühn*
(until December 30, 2008)

Member of the board of directors Bayer AG (CFO)

- › 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*

Freelance consultant

- › Sunset Boulevard AS, Denmark (Chairwoman of the Supervisory Board)
- › Babysam AS, Denmark (Chairwoman of the Supervisory Board)
- › Duni AB, Sweden (Member of the Supervisory Board)
- › Paulig AB, Finland (Member of the Supervisory Board)
- › Jetpak AB, Sweden (Member of the Supervisory Board)
- › Candyking AB, Sweden (Member of the Supervisory Board)

Helmut Tacke

Member of the works council of Symrise GmbH & Co. KG

Peter Winkelmann Head for the region Alfeld of IG BCE

*Shareholder representative

Financial Calendar

March 4, 2009

Annual Press Conference/Analyst Conference
Financial Year 2008

May 7, 2009

Interim Report 1st Quarter 2009

May 11, 2009

Annual General Meeting, Frankfurt

May 12, 2009

Dividend Payment

August 6, 2009

Interim Report 2nd Quarter 2009

November 5, 2009

Interim Report 3rd Quarter 2009

Imprint

Publisher

Symrise AG
Mühlenfeldstraße 1
37603 Holzminden, Germany
T +49 55 31 90 - 0
F +49 55 31 90 - 16 49

Concept and editing

Dr. Thomas Quinn, Frankfurt, Germany

Design and production

Rolf Kuhl, marketingtools kuhl, Cologne, Germany

Photography and illustration

Illustration on title: Rolf Kuhl, Cologne
S. 10/11 and 38 right:
Jo Röttger, Hamburg, Germany
S. 18: Getty Images
S. 26: Nici Heuke®
All other pictures by Symrise AG

Printed by

Peipers, Druckzentrum KölnWEST, Germany

The German version of this Annual Report is legally binding. German and English online versions are available on the Web at www.symrise.com.

**Mix**

Produktgruppe aus vorbildlich bewirtschafteten
Wäldern und anderen kontrollierten Herkünften
www.fsc.org Zert.-Nr. GFA-COC-1374
© 1996 Forest Stewardship Council

The FSC Logo identifies products which contain wood from well managed forests certified in accordance with the rules of the Forest Stewardship Council.



Symrise AG
Mühlenfeldstraße 1
37603 Holzminden
Germany

T +49(0) 55 31-90-0
F +49(0) 55 31-90-16 49

ir@symrise.com
www.symrise.com