

Annual Report 2010

# DYNAMIC MARKETS



**DYNAMIC MARKETS** – We geared our activities to the world’s most populous and fastest-growing regions early on. In 2010, we achieved 46 % of our sales in these emerging markets, compared to 41 % in the previous year and 36 % in 2005. But our new markets do not just have a geographical dimension. We are concentrating on business units and application areas that have a greater growth potential than the Flavors and Fragrances industry as a whole.



## **BUSINESS MISSION**

---

Symrise is the fourth-largest supplier in the flavors and fragrances market, with a global market share of 11 %. We sell more than 30,000 products in over 160 countries. Our goal is to grow faster than the market every year and to set new standards with innovative products. In doing so, we are one of the most profitable companies in our industry on a sustained basis.

More on our strategy on pages 14 to 19.

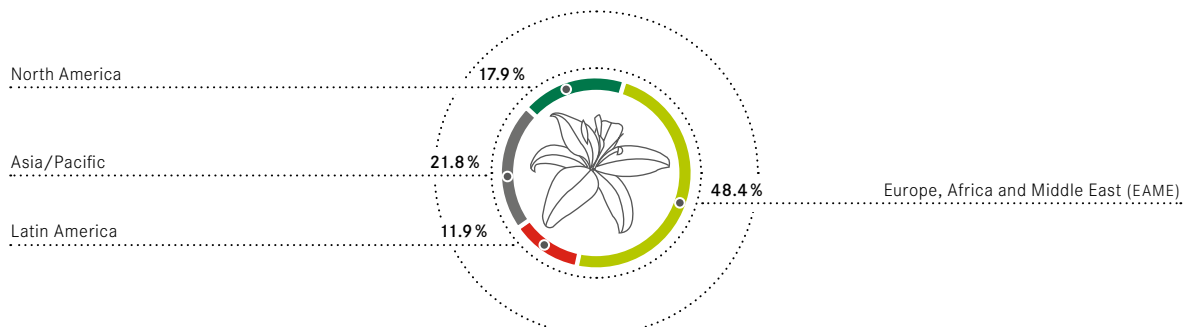
## KEY FIGURES OF THE GROUP

€ MILLION	2009	2010	CHANGE IN %	CHANGE IN % at local currency
Sales	1,362.0	1,571.9	15.4	11.0
EBITDA	245.6	331.2	35	32
EBITDA margin	in %	18.0	21.1	
EBIT	163.0	244.4	50	47
EBIT margin	in %	12.0	15.5	
Net income	84.3	133.5	58	
Earnings per share	in €	0.71	1.13	58
Dividend per share	in €	0.50	0.60 <sup>2</sup>	20
Balance sheet total (as of December 31)	1,895.2	2,059.0	9	
Capital ratio (as of December 31)	in %	36.4	40.9	
Investments	56.7	70.5		
Net debt (incl. pension provisions)/ EBITDA (as of December 31)	ratio	3.1	2.2	
Operating cash flow	225.7	235.1	4	
Employees (as of December 31)	FTE <sup>1</sup>	4,954	5,288	7
<b>Scent &amp; Care</b>				
Sales	682.3	804.5	17.9	12.4
EBITDA	109.0	160.8	48	43
EBITDA margin	in %	16.0	20.0	
<b>Flavor &amp; Nutrition</b>				
Sales	679.7	767.4	12.9	9.7
EBITDA	136.6	170.4	25	22
EBITDA margin	in %	20.1	22.2	

<sup>1</sup> not including apprentices and trainees; FTE = Full Time Equivalent






<sup>2</sup> proposal

## GROUP SALES 2010 ACCORDING TO REGIONS (in %)



# BUSINESS DIVISIONS

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

FLAVOR & NUTRITION		SCENT & CARE	
	<p>Our customers use the flavors we produce in liquid, powder, granulated or paste form to make food and beverages. Our flavors give the products distinct tastes. We provide individual flavors or complete solutions, which, apart from the actual aroma, can contain additional functional raw materials, colorants or microencapsulated components. With functional natural ingredients, the new Consumer Health application area caters to the functional food supplement and pharmaceutical preparation markets.</p>	<ul style="list-style-type: none"> <li>■ Beverages</li> <li>■ Savory</li> <li>■ Sweet</li> <li>■ Consumer Health</li> </ul>	Flavors & Fragrances industry
	<p><b>Fragrances</b> Perfumers create complex fragrance compositions (perfume oils) by combining a number of uniform ingredients and essential oils. Symrise's perfume oils are used in perfumes (Fine Fragrances), in body-care products (hair care products, washing lotions, skin creams, deodorants) and household products (washing and cleaning products).</p>	<ul style="list-style-type: none"> <li>■ Fine Fragrances</li> <li>■ Personal Care</li> <li>■ Household</li> </ul>	
	<p><b>Oral Care</b> Symrise offers the entire range of mint aromas and intermediate products for toothpaste, oral care products and chewing gum.</p>		
	<p><b>Life Essentials</b> The products manufactured by this business unit are used in skin care products, hair care products, suntan lotions, aftershave balsams, shower gels, washing lotions, anti-dandruff shampoos and deodorants. The unique feature of Life Essentials' activities is the combination of conventional body care products and plant-based bioactive ingredients.</p>	<ul style="list-style-type: none"> <li>■ Cosmetic Ingredients</li> <li>■ Active Ingredients</li> <li>■ Functionals</li> <li>■ Botanicals</li> <li>■ UV-Filter</li> </ul>	
	<p><b>Aroma Molecules</b> These products, which exist in liquid or crystalline form, are used in various applications. Nature-identical menthol is used in oral care products, chewing gums and shower gels. Symrise uses uniform aroma chemicals (intermediate products for perfume oils) to produce its own perfume oils and sells them to customers who use them in their perfume oils.</p>	<ul style="list-style-type: none"> <li>■ Sensates (Menthole)</li> <li>■ Special Fragrance &amp; Flavor Ingredients</li> <li>■ Fine Aroma Chemicals</li> </ul>	Market for aroma chemicals

## TABLE OF CONTENTS



### COMPANY

## 04 – 35

Letter to the Shareholders	4
The Executive Board	8
On Course in Dynamic Markets	14
Symrise on the Capital Market	20
Menthol: A Dynamic Market with Tradition	28



### GROUP MANAGEMENT REPORT

## 36 – 77

Table of Contents	36
Overview of the 2010 Fiscal Year	38
Structure and Business Activities	39
Market and Competition	43
Aims and Strategy	44
General Conditions	45
Company Development	48
Research & Development	58
Employees	60
Opportunities and Risk Report	64
Essential Features of the Accounting-Related Internal Control and Risk Management System	69
Subsequent Report	69
General Statement on the Company's Economic Situation	69
Outlook	70
Remuneration of the Executive Board	71
Disclosures Required in Accordance With Section 315, Paragraph 4 of the HGB (German Commercial Code)	71
Corporate Governance Statement	73



### CONSOLIDATED FINANCIAL STATEMENTS

## 78 – 85

Table of Contents	78
Consolidated Income Statement	80
Consolidated Statement of Comprehensive Income	81
Consolidated Statement of Financial Position	82
Consolidated Statement of Cash Flows	84
Consolidated Statement of Changes in Equity	85



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

# 86 – 142

General information	86
Accounting policies	86
Determination of fair value	98
Segment information	99
Further comments relating to the consolidated income statement	103
Further comments relating to the consolidated balance sheet	106
Disclosures relating to the management of capital	129
Dividends	129
Additional disclosures relating to the statement of Group cash flows	129
Additional disclosures relating to financial instruments	130
Transactions with related parties	136
Audit	137
Shareholdings in Symrise AG	138
Responsibility Statement	141
Auditor's Report	142



## CORPORATE GOVERNANCE

# 143 – 166

Corporate Governance Report	143
Report of the Supervisory Board of Symrise AG	150
Bodies and Mandates	156
Glossary	158
Imprint	160

### LEGEND

Internet 

ADDITIONAL INFORMATION  
AT WWW.SYMRISE.COM

Cross-  
reference 

SEE PAGE 39

Dear Shareholders and Friends of Symrise,

For Symrise the fiscal year 2010 went very well: sales rose by 15% to € 1.57 billion. Once again we grew faster than the market. We achieved an EBITDA margin of 21.1%, above our long-range target of 20%. While doing all of this, we also strengthened our equity base, further reduced our debt and established a long-term refinancing plan at favorable conditions. In short: we successfully reached all of our goals.

There are three main reasons for this positive development. First, on the world's markets we saw an economic recovery. Second, we have a unique business model that complements our established business activities in the Flavors & Fragrances industry by adding new, fast-growing businesses like Consumer Health and Life Essentials. And third, our strategy is clearly focused on profitable growth.

Our strategy has a special focus on Emerging markets. The world's economic centers of power are shifting. While some industrial countries are struggling with debt problems and structural deficits, the economic strength, wealth and consumption continues to grow in the Emerging Markets. We were active in these markets early on and have consistently expanded our presence there over the years. With success: in 2010 we achieved 46% of our sales in Emerging Countries. In the past fiscal year we took further steps to strengthen our position. We set up a new production site in Moscow, in India we opened our first perfumers' academy, and through our acquisition of Futura Labs we increased our potential in North Africa and the Near East.

DYNAMIC MARKETS is the title of this year's annual report. This highlights clearly what makes these markets different and how we are using the dynamics in these markets to drive our growth.





Our business with large international customers was another success factor in 2010. We placed special emphasis on expanding our business with this strategically important customer group. We gained new positions on Core Lists and were able to make new business on the basis of the positions we already had. With our large international customers we were able to increase sales by 13%; this customer group now accounts for 30% of our total sales.

Symrise has made great progress in the past few years. Our business has grown significantly. Today we rank among the world leaders in the Flavors & Fragrances industry. As a result, it is one of our main tasks to clearly and sustainably position our strengths and our uniqueness on today's market: no other company in our industry combines innovation and tradition better than Symrise. We have complemented our

“Symrise aspires to permanently rank among the industry’s most profitable companies. We want to continue to grow faster than the market and achieve an EBITDA margin of more than 20%. We are well prepared to meet these goals.”

Dr. Heinz-Jürgen Bertram, Chief Executive Officer of Symrise AG

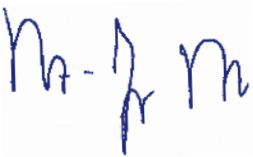
traditional F&F business by focusing on the new megatrends toward health-oriented nutrition and the heightened awareness for a healthy lifestyle. The products in our newest business units Consumer Health and Life Essentials address the needs in these rapidly growing market segments. In 2010, both of these units worked hard to expand their product lines. Their dynamic growth testifies to the potential in these segments and spurs us on to further develop these business units and continue to strengthen the unique Symrise business profile.

We have made it our goal to permanently rank among the most profitable companies in our industry. This was also the goal we set our sights on in 2010. Our EBITDA increased – supported on the one hand by a strong rise in sales and on the other hand by strict and systematic cost management – by 35% to € 331 million. The corresponding EBITDA margin of 21.1% (2009: 18.0%) is better than the long-range target of 20% that we aim to meet on a sustainable basis. In light of the positive results in 2010, at the General Assembly the Executive and Supervisory Boards will propose paying a dividend of €0.60: this amounts to a 20% increase over last year’s dividend.

Dear Shareholders and Friends of Symrise: Symrise continued to successfully develop its business in 2010 and has created the foundation for further growth as we move ahead. To ensure this, a series of decisive investments have been made: the expansion to double our menthol production capacities, new mixing and dosing facilities for perfume oils and a new plant for producing liquid flavors in Singapore.

As we look forward to 2011, we are optimistic. We will, however, have to carefully monitor the economic challenges presented by the debt crisis in some countries as well as by the development of raw material prices. We have made it our goal to again grow faster than the market. In addition, it is also our goal to again achieve an EBITDA margin of more than 20%. We are well prepared to meet these goals: we have a unique position, a proven strategy and great innovative strengths. In addition, thanks to the refinancing concept we successfully realized in 2010 we have solid long-term financing as we move ahead.

On behalf of my colleagues on the Executive Board I would like to express my sincere thanks for your trust. At the same time I would like to invite you to accompany us in the future as we successfully guide Symrise down its growth path.

A handwritten signature in blue ink, appearing to read 'H-J Bertram', is positioned above the printed name.

Dr. Heinz-Jürgen Bertram



**ACHIM DAUB**  
Head of Scent & Care

- Member of the Executive Board since November 2006
- Appointed until 2013
- Born 1962



**BERND HIRSCH**  
Chief Financial Officer

- Member of the Executive Board since December 2009
- Appointed until 2012
- Born 1970

## THE EXECUTIVE BOARD



**HANS HOLGER GLIEWE**  
Head of Flavor & Nutrition

- Member of the Executive Board since November 2009
- Appointed until 2012
- Born 1959



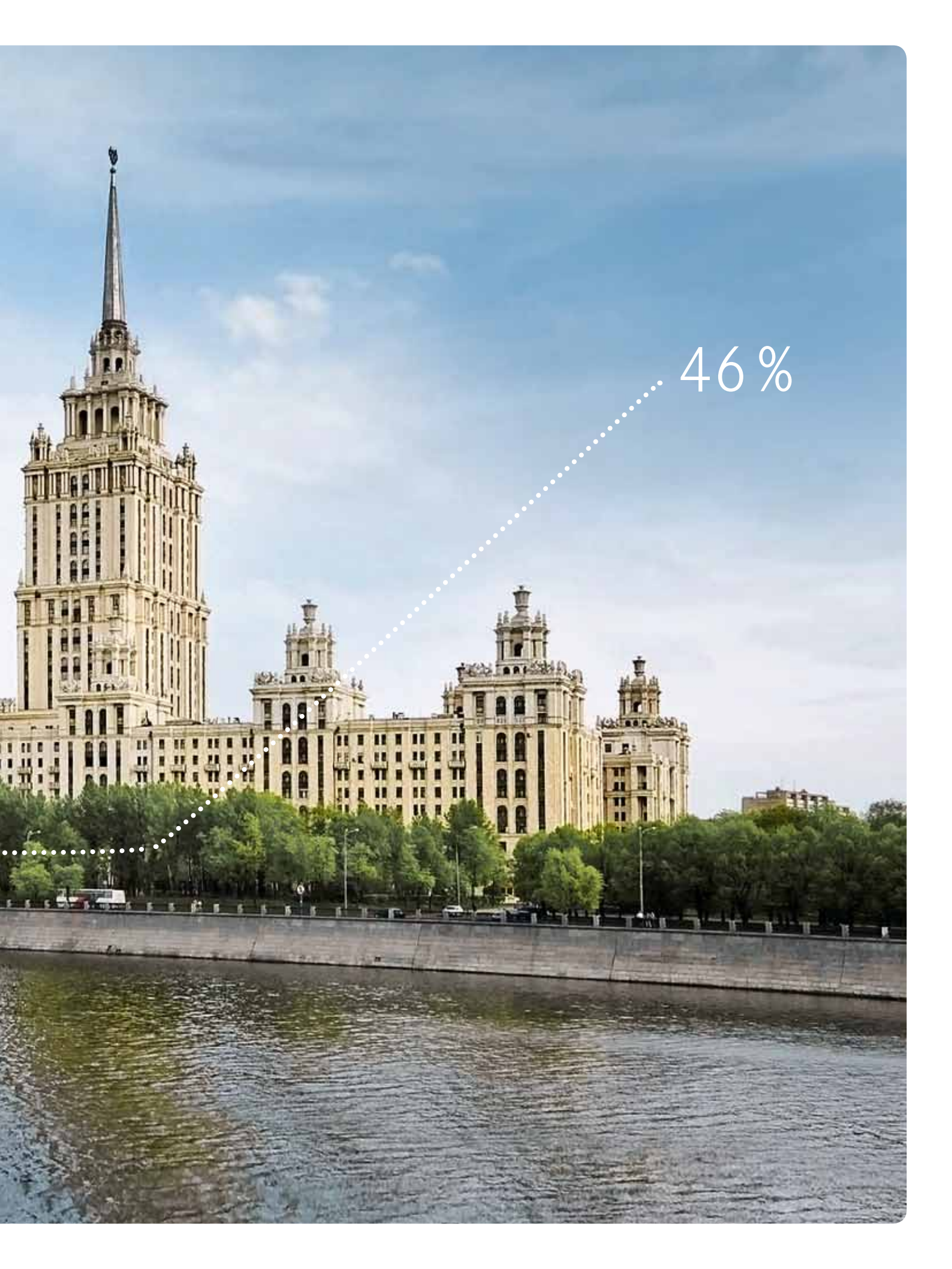
**DR. HEINZ-JÜRGEN BERTRAM**  
Chairman of the Executive Board and  
Labor Director since July 2009

- Member of the Executive Board since November 2006
- Appointed until 2012
- Born 1958

A wide-angle photograph of a city skyline, likely Moscow, viewed from across a body of water. The sky is filled with soft, white clouds. In the foreground, the water is dark blue with gentle ripples. A stone embankment runs along the water's edge, with a few white boats docked. Behind the embankment, a row of trees is visible. The city buildings are a mix of modern glass-fronted structures and older, classical-style buildings with ornate facades. A prominent building with a tall, multi-tiered tower is visible on the right side of the skyline. A dotted white line starts from the right side of the text and curves upwards and to the right, ending near the top of the page.

# RUSSIA | MOSCOW

SYMRISE GEARED ITS BUSINESS STRATEGY TOWARD THE FAST-GROWING MARKETS IN RUSSIA AND THE CIS REGION EARLY ON. SINCE 2005 THE PERCENTAGE OF OUR SALES GENERATED IN THESE EMERGING MARKETS HAS INCREASED FROM 36 % TO 46 %.

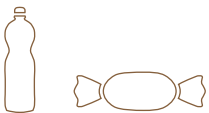


46%

# FLAVOR & NUTRITION

“BY PRODUCING ON-SITE WE CAN BETTER SERVE LOCAL CUSTOMERS AS WELL AS OUR STRATEGIC AND GLOBAL CUSTOMERS.”

**SINCE DECEMBER 2010 SYMRISE HAS BEEN THE FIRST INTERNATIONAL FLAVOR COMPANY PRODUCING IN RUSSIA. NELLI TAZINA PLAYED A KEY ROLE IN SETTING UP THE NEW FACILITY IN MOSCOW. SHE LOOKS FORWARD TO HELPING DEVELOP SYMRISE FURTHER AS AN INNOVATIVE LEADER IN HER HOME REGION.**



The new production site complements the already established capabilities for development, marketing, sales and sensory research of Symrise in Russia. The on-site laboratories for development and application technologies will focus on the application areas beverages, sweets, spicy products and snack articles.





NELLI TAZINA, Production Manager, Symrise Moscow

## ON COURSE IN DYNAMIC MARKETS

### OUR BUSINESS MISSION

Symrise is the fourth-largest supplier in the flavors and fragrances market, with a global market share of 11 %. We sell more than 30,000 products in over 160 countries. Our goal is to continuously grow faster than the market by setting new standards with innovative product concepts. This will enable us to remain one of the most profitable companies in the industry.

### CLEAR TARGETS

We are the market leader in several areas and have a unique portfolio of innovative solutions aimed to meet our customers' specific requirements. We intend to bolster and further extend this position. We have repositioned ourselves in many additional areas, including consumer health, to focus our strengths on the given growth potentials. Symrise creates new markets by understanding people's changing needs and preferences and implementing them in product solutions.

- **Market position:** We aim to achieve sales that outperform the market, which is growing by 3 % a year on long-term average. In this way, we will successively increase the distance between the smaller companies in our industry and us and gain market share.
- **Value orientation:** Sales growth, optimization of our product mix, and a continual improvement of our processes will enable us to become one of the most profitable companies in our industry. We are striving for a sustainable EBITDA margin of more than 20%.
- **Financial position:** We want the ratio of net debt (including pensions) to EBITDA to lie between 2.0 and 2.5. It is possible to exceed this spectrum temporarily, as a result of acquisitions within the framework of our overall strategy. A continuously high operating cash flow contributes to the Company's financial stability.

Our shareholders participate in the Company's success through a dividend payment that takes into account the

necessary financial support for our growth strategy and the returns expected by our shareholders in a balanced and proper relationship. In addition, we ascribe great importance to the principle of dividend continuity. At the Annual General Meeting in 2011, the Executive Board and the Supervisory Board will propose that the previous year's dividend of €0.50 per share be increased to €0.60 per share due to the successful 2010 business year.

### MULTIDIMENSIONAL STRATEGY

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

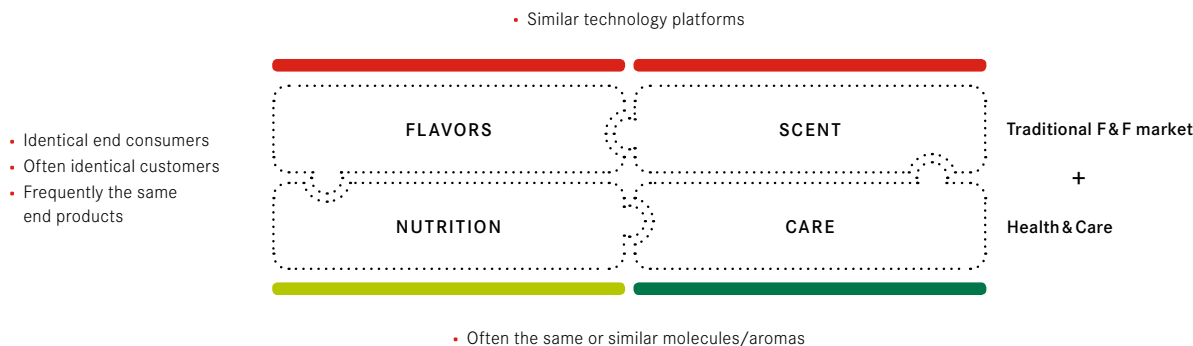
- **Growth with global customers**
- **Growth in new markets**
- **Growth through innovations**

Organic growth can be supported by selective acquisitions strengthening our business model. We are increasing our profitability via the cost-reducing effects of sales expansion and by making continuous efforts to optimize our operational processes.

Our top 10 customers accounted for 30 % of our sales in 2010, after 29 % in the previous year. **We intend to further increase the percentage of our sales with rapidly growing, strategically important international customers.** In 2010, we again were successful in achieving positions on the core lists of these customers. These core list positions qualify us as a core supplier to receive regular briefings for new product developments. Our goal is to establish Symrise as a main supplier for the core brands of our customers and better leverage the potential of the core list positions. We also intend to improve further the ratio between briefings and orders obtained. The introduction of a cross-business unit Key Account Management has further strengthened our relationships with selected customers. We gear our core competencies, for example, in the citrus, vanilla, or mint segments, to our customers' main brands. Symrise is one of very few suppliers that is able to

On Course in  
Dynamic Markets

## SYMRISE STRATEGY



provide the highest-quality products, in the relatively high volumes demanded by large customers, worldwide and in a reliable way. We expect our top 10 customers to continue to grow significantly in the future – our goal is high participation in this growth. As one of the world's largest suppliers, we have traditionally had close and varied business relations with medium-sized regional and local customers. These trustworthy ties, many of which have developed over decades, are also valuable and important to us.

**We geared our activities to the world's most populous and fastest-growing regions early on.** In 2010, we achieved 46% of our sales in these emerging markets, compared to 41% in the previous year. In Latin America, Asia, the Arab world, Eastern Europe, and Africa the standard of living of a growing share of the population and thus consumer spending are increasing at a much faster rate than the international mean in the medium and long term. 'All business is local': A good understanding of the conditions at different locations, as well as of the markets and consumers, is an essential success factor for further expansion of our business. To deepen this understanding, we launched numerous initiatives in 2010. In India, we opened a perfumery school, giving talented young people the opportunity to learn a fascinating profession in a two-year course of study. With this step, we are also increasing our knowledge of the local preferences of customers in one of the world's biggest sales markets. Furthermore, our involvement in developing markets is growing our potential to do business with international customers, who are expanding in these markets.

Our expansion into new markets not only has a geographic dimension. **We are also focusing our activities on new fields of business and application areas that have higher growth potential than the general market for flavors and fragrances.** Scent & Care concentrates a large part of its research on cosmetic ingredients. In the Life Essentials business unit, we combine body care with plant-based bio-active ingredients. Flavor & Nutrition has bundled its nutrition-related activities in the Consumer Health application area. The linking of established and new business fields on a technological level or via identical end consumers and customers is opening up considerable synergy potential, which we are using consistently. Our innovations are giving us an outstanding profile on the market and additional growth potential.

The products of the **Life Essentials** business unit offer many end customers clearly recognizable added benefits. For example, protection from harmful UV rays is coupled with skin care. Due to the exceptional quality of our products, we are an esteemed main supplier of our customers. The ratio of our product introductions in this area is above average. In the 2010 fiscal year, these products included the SymMollient® series, containing novel moisturizing ingredients, and many new ingredients are in the pipeline.

**Consumer Health** develops products that meet consumers' taste and health-oriented nutritional needs. The rapidly expanding application area specializes in functional ingredients for food supplement products and taste solutions for health preparations. These include, for example, bioactive

antioxidants from superfruits such as blueberries, aronia berries, and cranberries. This market is growing almost twice as fast as the overall flavor market, with some segments expanding by up to 8% a year. Our regional focus is on developed markets. We also see great potential in rapidly growing Eastern European markets such as Russia and Poland.

#### **CUSTOMER AND MARKET ORIENTATION**

The success of our customers is the basis of our success. Therefore, we not only have to know and understand our customers extremely well, but also have to know the markets in which they operate. On the basis of our understanding of markets and brands, we identify trends, adapt to market needs at an early stage, and develop innovative solutions tailored to our customers' requirements. Moreover, we want to open up new markets based on our understanding of consumer needs. As a result, we can distinguish ourselves from our competitors and help our customers gain competitive advantages.

Against this background, the Scent & Care division, together with network partners &Equity and Select NY, launched the LIONS initiative, which constitutes a new market research approach. LIONS stands for "Limbic Insights of Needs and Sensations". The limbic system is the part of the brain that links sensory impressions with emotions and memories. LIONS generates important insights into consumer behavior and can combine information about brands, trends, and fragrances in a novel way.

Today, consumers' desires are changing faster than ever before and becoming increasingly differentiated. In terms of lifestyle and nutrition, this means that consumers are trying to bridge the gap between health and enjoyment, though the two aspects are not mutually exclusive. With the "taste for life®" strategic marketing platform, which the Flavor & Nutrition division further developed in 2010, Symrise helps its customers position their brands and products so that they can meet both of these needs. "taste for life®" provides indications of the trends and consumer needs to which the industry should gear its brands, shows where there are gaps in product portfolios, and provides information on the positioning of the competition.

#### **DYNAMIC MARKETS REQUIRE DYNAMIC COMPANIES**

New customer demands, new regional sales markets, and new business units and application areas: Symrise is active in dynamic markets. New ideas, new challenges, and new opportunities are part of our daily business. We want to differentiate ourselves from our competitors by anticipating changing needs and preferences as early as possible and meeting them quickly, efficiently, creatively, and ecologically. At Symrise, innovation does not begin with research and development but even earlier with market research and market knowledge. Symrise was the first company in the industry to change its perspective. We no longer talk first about molecules and technologies but focus on the consumer. Our customers need more than just a service provider. They need a strong and creative innovation partner. And innovation does not stop with the manufacture of products. We are continually looking for better ways of supplying our products cost-effectively, ecologically, and in uniform quality.

#### **SELECTIVE ACQUISITIONS AND STRATEGIC ALLIANCES**

Symrise is primarily growing organically. When it is sensible, we make selective acquisitions and form strategic partnerships. The companies that we acquire have to meet a number of conditions. They have to expand our competencies - for example, by giving us access to new technologies and know-how, to new customers and markets, or to scarce raw materials. We expect acquisitions to enable us to form clear synergies for our customers or for the target company's customers. Before we make an acquisition, we carefully examine the integration risks and costs. In the last five years, we have spent €194 million on acquisitions. The most recent example is the purchase in late 2009 of Futura Labs, a leading supplier of flavors and fragrances in the Gulf region and North Africa. In the meantime, the company has been successfully integrated in the Symrise network and is strengthening our activities in the strategically important emerging markets.

For Symrise, alliances are another key element in our development of innovative products and solutions. In 2010, we launched numerous products and projects on this basis. Through cooperation with external partners, we ensure ourselves specialized knowledge and optimize our research at limited cost. For instance, we are carrying out a project with the Leibniz Institute of Botany in Halle to obtain natural flavors.



#### **AS MUCH AS NECESSARY, AS LITTLE AS POSSIBLE**

Symrise is proud to have developed from a medium-size company into a group of companies with a global scope. But a pronounced cost awareness is still firmly rooted in the company's "genetic code." Our global growth strategy is accompanied by continuous process optimization. We are striving to optimize our cost structure along the entire value creation chain.

#### **LONG-TERM SOLID FINANCING ASSURED**

In the 2010 fiscal year, Symrise implemented a new refinancing concept to clear off debts at an early stage and put company financing on a more long-term footing. The core of the concept was the first bond in the company's history with a volume of €300 million, which was received very well by the capital market and was several times oversubscribed. In addition, the company agreed a term note of US\$ 175 million within the framework of a private placement in the USA and reached a new agreement on a revolving credit line of €300 million with a selected consortium of banks. With these measures, Symrise has achieved the important goal of diversifying its debt instruments,

expanding its debt profile, and securing lower financing costs based on the entire period. Furthermore, a continually high operating free cash flow is contributing to the company's financial stability.

#### **CORPORATE SOCIAL RESPONSIBILITY**

Corporate Social Responsibility (CSR) is part of Symrise's corporate strategy and corporate culture. It is firmly anchored in the company. Guidelines that are valid worldwide provide the framework for concrete goals and measures:

- We work hand-in-hand with our clients to develop innovative and sustainable product solutions which enhance consumers' quality of life.
- In doing so, we act responsibly in handling the resources that are available to us.
- We make long-term investments in our employees and show them appreciation and respect.
- We act on and encourage a sense of social responsibility that creates a framework for the further development of our employees and the society we live in.

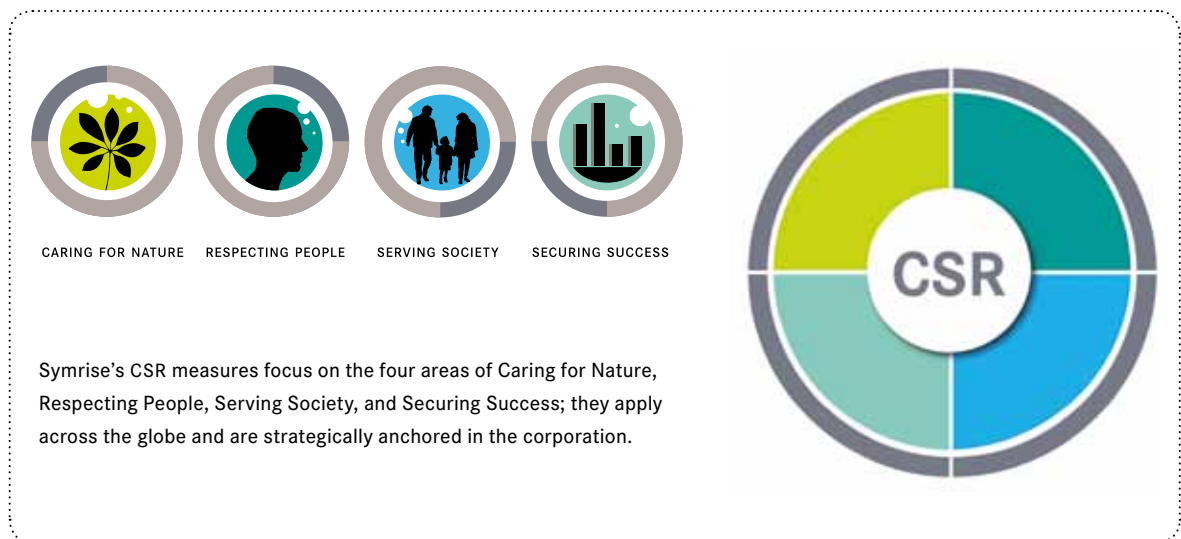
These CSR goals benefit our corporation, its employees, society in general and the environment. By internalizing and living by these guidelines, we ensure Symrise’s success as a business – today and in the future.

Symrise’s CSR activities are assigned to Corporate Compliance, which reports directly to the CEO. Our Sustainability Board, in which all relevant business units and functions are represented, is responsible for implementing CSR strategy. The Sustainability Board bundles all management processes that are important regarding sustainability. It defines the company’s CSR goals, decides on measures to be taken, and ensures that they are implemented. The Sustainability Board assesses sustainability management in cooperation with rating agencies, auditing firms, scientific institutions, and NGOs. We publish in a separate CSR-report targets, figures and CSR-activities.

**Dealing with nature gently and responsibly is very important for Symrise.** Many of our flavors and fragrances originate from nature. As a result, we have set ourselves ambitious goals regarding our CSR strategy for the next decade until 2020. In terms of sold product unit, we intend

to reduce energy consumption, CO<sub>2</sub> emissions, amount of waste, water consumption, and wastewater emissions by a third compared to 2010. In addition, we intend to continually increase the share of sustainable raw materials in our procurement volumes and further develop and expand our sustainability strategy in the purchasing. A good example is our involvement in Madagascar, one of the largest areas of origin of natural vanilla. We are the only company in our industry to produce vanilla extract there. We obtain the raw material from some 6,000 self-employed farmers and support the local cooperatives in the north of Madagascar in various ways, for instance, by launching initiatives to optimize cultivation, the harvest, and refinement. This results in a better-quality raw material and at the same time we improve the social situation of around 40,000 people.

**The people working at Symrise are an essential success factor of our company.** Our over 5,000 employees work in more than 30 countries. We are successful globally due to the interplay between our different competencies at our regional sites. They all contribute to Symrise’s business processes beyond national borders. Teamwork and entre-





preneurial initiative are important elements of this cooperation. Our dynamic corporate culture is based on the values of mutual respect and appreciation. We consider the wide variety and diversity of the people working for the Company in terms of ethnicity, culture, gender, age, religion, and other aspects to be valuable. Among other things, this helps us develop the best solutions for our global customers. To enhance this success factor in the long term, we invest in employee training and further education on the basis of a comprehensive concept. The competence and motivation of our people are the cornerstones of our success.

**Symrise is an integral part of the society in which we are active.** As a good neighbor, we are involved at our worldwide sites in numerous projects in social, cultural, university, and sporting areas. The subject of “healthy nutrition” is particularly important to us. A flagship project is the “Naschgarten,” a unique “snack garden” in nature that we opened in Holzminden where Symrise is headquartered. Here children learn that health and good flavor go hand in hand. Furthermore, we are active in numerous social, charity, and educational-policy projects in our immediate environment. Our corporate activities and social involvement have one common denominator: They focus on people.

## SYMRISE ON THE CAPITAL MARKET

### A RELIABLE PARTNER FOR THE CAPITAL MARKET

Symrise views the capital market and its players – shareholders, institutional and private investors, bankers and brokers – as equal partners. With our Investor Relations activities we intend to further heighten awareness of the Symrise Group on the capital market and to bolster and improve perception of the Symrise stock as an attractive investment. We communicate the development and strategic alignment of Symrise continually, reliably and openly. In this way we strengthen investors' trust in the Symrise stock and enable the capital market to evaluate our share realistically and fairly.

### TURBULENT STOCK MARKET YEAR

Uncertainty about the general economic development and the tense debt situation of some countries in the euro zone caused unrest on the international stock markets in the course of 2010. After a lateral movement at the beginning of the year, in the spring stock prices rose, reflecting increasing optimism about the economy. At the end of April, however, discussion about the precarious debt situation of Greece and other countries at the periphery of the euro sent prices into a tailspin. This caused volatility on the markets, which lasted until the beginning of October. Due

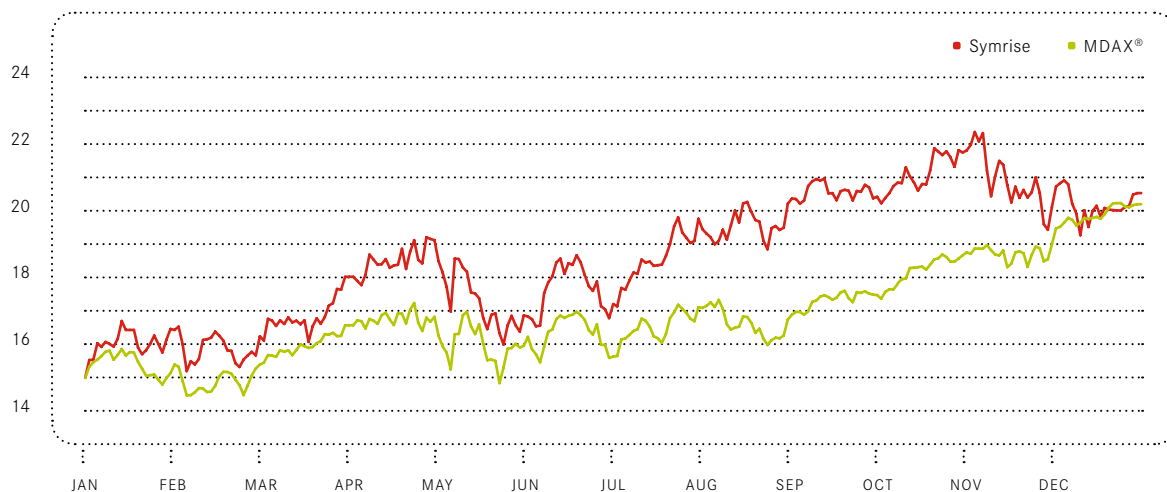
to positive news about the economic development, a strong upswing followed, which lasted until the end of the year, with prices stagnating only briefly at the end of November due to Ireland's escalating debt problems.

At the beginning of 2010, the German DAX® index stood at 5,957 points. It fell substantially in May and June, but was able to rebound in the course of the year. At the end of December, it had increased by 16.1%, closing at 6,914 points. The MDAX® mid-cap index, which includes the Symrise share, grew by 34.9%.

### SYMRISE SHARE PRICE RISES SIGNIFICANTLY AGAIN IN 2010

The Symrise stock developed in keeping with the market trend at the beginning of 2010. The publication of positive business figures in early March triggered a strong upsurge lasting until late April. In May and June, the Symrise share, like other shares, was impacted by the weak development of the overall market, which was burdened by Greece's debt crisis. At the beginning of July, a steep upward climb began, culminating in a year high of €22.34 on November 8. On account of profit taking, the price of our stock edged down somewhat in the last weeks of the year.

### PERFORMANCE OF THE SYMRISE STOCK IN COMPARISON TO THE MDAX® IN 2010\* (IN €)

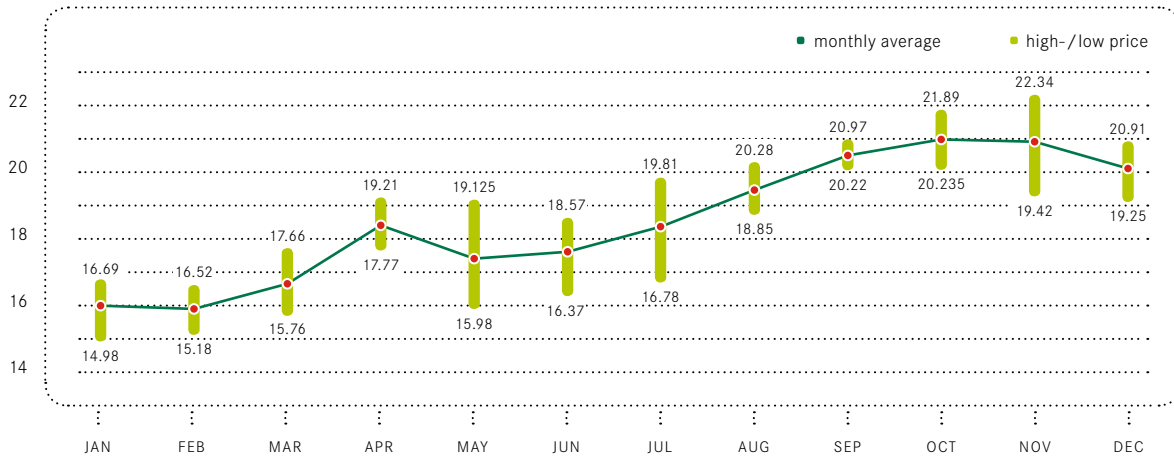


\* MDAX® indexed on Symrise share price



Symrise on  
the Capital Market

#### HIGHS AND LOWS OF THE SYMRISE STOCK IN 2010 (IN €)



At the end of 2010, the Symrise share traded at €20.53, more than 37% higher than at the end of 2009. As a result, it outperformed both the DAX® and the MDAX®.

In the first weeks of 2010, developments on the stock market were unsettled. On February 18, the DAX® reached its high for the year so far, closing at 7,427 points. In mid-January, the price of the Symrise share increased by around €1 to €21.50, before falling again somewhat. When this annual report went to press (February 18, 2011), our share closed at €20.13.

Our general outlook for the economy and expectations regarding Symrise's business performance are generally positive. Symrise has a very balanced and stable business model. These factors should support the Symrise stock in the future. However, the financial markets continue to face considerable risks due to the debt situation of a few countries and the need for consolidation and restructuring.

#### TRADING VOLUME AND MARKET CAPITALIZATION

The average daily turnover of Symrise stock in the Xetra® electronic trading system, which accounts for almost all of the total trade in the Company's shares, rose in 2010 by 27% to 597,000 shares per day (2009 financial year: 470,000 shares.) On the busiest days, more than 1,500,000 shares changed hands. With a market capitalization of €2.3 billion - based on the free float of 94% - the Symrise stock was ranked 9th within the MDAX® at the end of 2010.

#### SHAREHOLDER STRUCTURE: FREE FLOAT CONSTANT AT 94%

With bearer shares, information on the shareholder structure is difficult to obtain and can only be gathered with a delay. In addition, Symrise has a high, internationally distributed free float.

A strategic investor of Symrise is the Gerberding Vermögensverwaltung, with 6% of the total shares. According to the definition applied by the German Stock Exchange, 94% of Symrise share are thus in free float.

Around 97% of free float are held by institutional investors, with only 3% held by private investors. 80% of the institutional investors come from countries other than Germany, predominantly from Great Britain and the USA.

#### FIRST BOND ISSUE

In November 2010, Symrise AG successfully issued its first bond on the European capital market. The bond has a volume of €300 million and an annual interest coupon of 4.125%. The duration is 7 years. With this bond, Symrise AG was able to shape the maturity profile of its financial debts in a much more balanced way and extend them until 2017. The bond terms can be found on Symrise's Investor Relations website.

#### IN-DEPTH DIALOGUE WITH THE CAPITAL MARKET

Our ongoing, in-depth dialogue with analysts as well as institutional and private investors is very important to us. In March 2010, the Executive Board presented to some 70 analysts and investors detailed information on fiscal year 2009, the Company's strategy, and assumptions about sales and earnings for fiscal year 2010. The Company's performance was also discussed in detail during three telephone conferences held after publication of the Quarterly Reports 2010, which had an average of 60 participants.

Some 250 shareholders and guests attended Symrise's Annual General Meeting, held on May 11, 2010, in Frankfurt, Germany, to obtain information. The attendees accounted for some 70% of our share capital, and they approved the individual items on the meeting's agenda with no less than 98.9% agreement.

At numerous road shows, investor conferences and one-on-one meetings at all the key financial centers in Europe, in the USA and Asia, as well as at our business sites, the Executive Board and Investor Relations team shared information in approximately 350 meetings on Symrise's current performance and strategy. The Company's business divisions and operative management were included in the communication. They provide the Executive Board and Investor Relations team continually with detailed information about trends and new products in their area of responsibility.

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 the quarterly and annual reports, users can access analysts' ratings, presentations and our current financial calendar.

In times of volatility, it is especially important that we seek ongoing contact with existing and potential shareholders and that we reinforce their confidence in Symrise. We have therefore planned numerous investor meetings within the framework of capital market conferences and roadshows in relevant financial centers once again for 2011, in addition to regularly held telephone conferences used for presenting our quarterly results.

To enable investors and analysts to get a close-up picture of Symrise, we will again hold a Capital Markets Day at our headquarters in Holzminden in 2011.

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

In 2010, 25 financial institutes published regular studies on Symrise - three more than in the previous year. This reflects a continued growing interest in Symrise and should facilitate our access to new investor groups. Of the 25 financial institutes, 12 rated the Symrise stock "Buy," 11 recommendations were "Hold," and 2 were "Sell." Analysts appreciate the defensive nature of our business model, our stable cash flow and our limited cyclical business operations.

In 2011, one US bank initiated research coverage with a "Buy" recommendation.



[HTTP://INVESTOR.SYMRISE.COM](http://investor.symrise.com)

#### BANKS AND BROKERS PUBLISHING RESEARCH ON SYMRISE ON A REGULAR BASIS\*

Bank of America – Merrill Lynch	CA Cheuvreux	Goldman Sachs	Macquarie Securities	UniCredit
Bank Vontobel	Citigroup	Helvea	MainFirst Bank	WestLB
Bankhaus Lampe	Commerzbank	HSBC Trinkaus	Morgan Stanley	
Bankhaus Metzler	Deutsche Bank	Independent Research	Nomura	
Berenberg Bank	DZ Bank	J.P.Morgan Cazenove	Nord/LB	
BHF-Bank	Exane BNP Paribas	LBBW	UBS	

\* as of January, 2011. No claim to be exhaustive.

Symrise on  
the Capital Market

### EARNINGS PER SHARE SIGNIFICANTLY HIGHER

Earnings per share amounted to €1.13, compared to €0.71 in the previous year. This key indicator is determined by dividing Group net income by the number of shares outstanding in the reporting year. The number of shares remained constant in fiscal year 2010 at 118,173,300.

### ATTRACTIVE DIVIDEND PROPOSED FOR 2010

At the Annual General Meeting on May 18, 2011, the Executive Board and the Supervisory Board of Symrise AG

will propose paying a dividend of €0.60 per share for fiscal year 2010. This corresponds to a dividend payout of €71 million. Comparing the dividend per share to the share price of €20.53 as of December 30, 2010, this represents a dividend yield of approximately 2.9%. By paying a higher dividend than in the previous year, the Executive Board and the Supervisory Board want to continue to enable our shareholders to appropriately share in our Company's success.

### KEY DATA FOR THE SYMRISE STOCK

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

### COMPARATIVE PERFORMANCE OF THE SYMRISE STOCK

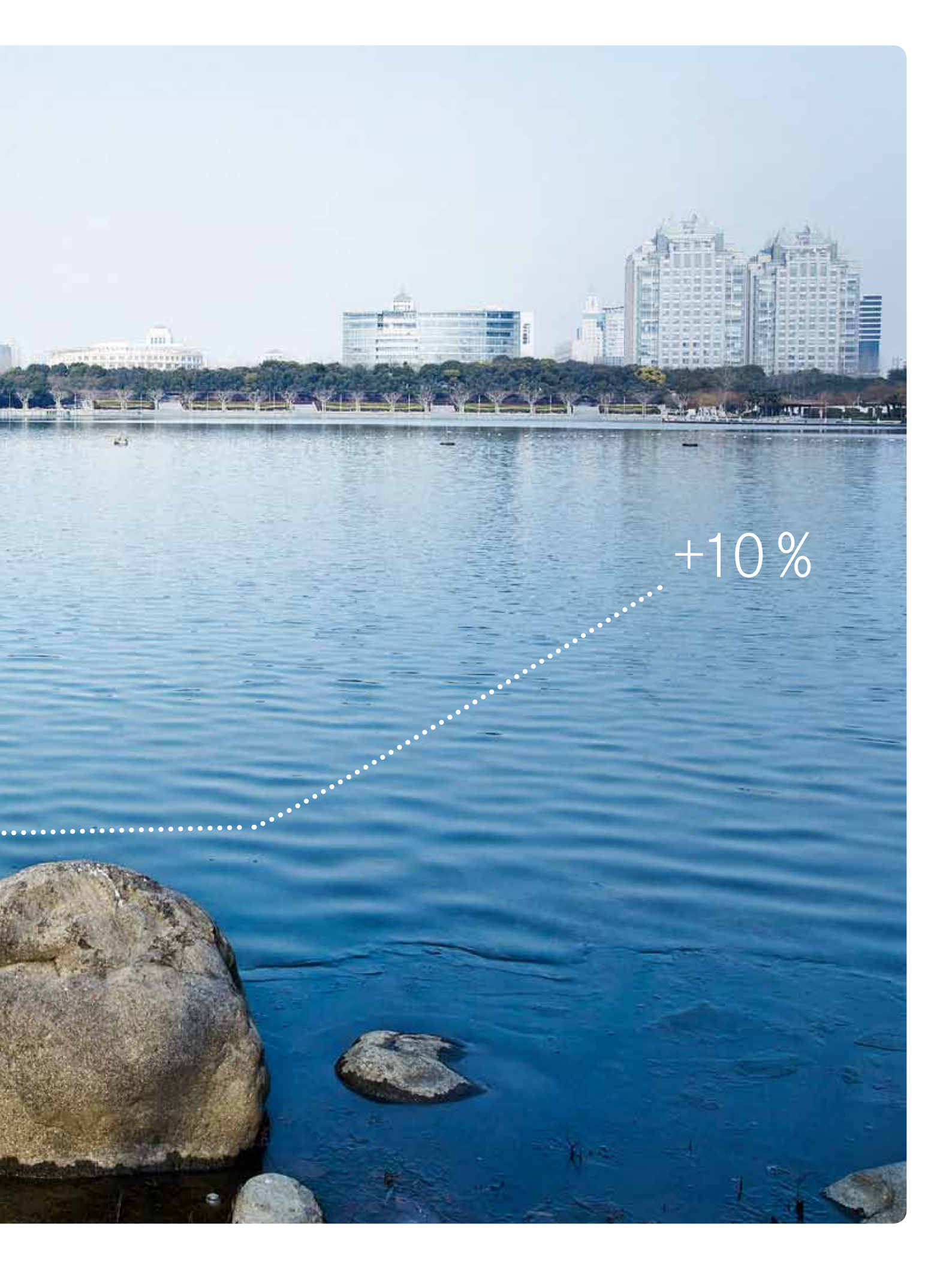
€		2007	2008	2009	2010
Shares issued as of balance sheet date	millions	118.2	118.2	118.2	118.2
Share capital	€ million	118.2	118.2	118.2	118.2
Highest share price (Xetra® closing price)		22.20	19.28	15.73	22.34
Lowest share price (Xetra® closing price)		17.90	7.75	7.07	14.98
Share price at end of fiscal year (Xetra® closing price)		19.28	9.98	14.98	20.53
Free float	%	94.1	94.0	94.0	94.0
Market capitalization at end of fiscal year	€ million	2,278.3	1,179.4	1,770.2	2,426.1
Average daily trading volume (all German exchanges)	shares, approximately	520,000	760,000	470,000	597,000
Earnings per share		0.82	0.76	0.71	1.13
Dividend per share		0.50	0.50	0.50	0.60*

\* proposal



# CHINA | SHANGHAI

CHINA'S ECONOMY GREW BY 10.3% IN 2010; RETAIL SALES WERE UP BY 18.4%.  
THE HUGE GROWTH POTENTIAL OF THE MARKET FOR SKIN CARE PRODUCTS  
REFLECTS THE ECONOMY'S STRENGTHS.

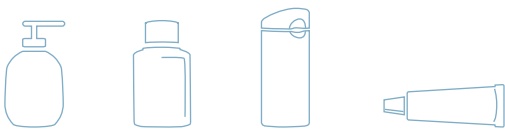


+10%

# SCENT & CARE

“WITH INNOVATIVE PRODUCTS WE AIM TO FURTHER EXPAND OUR LEADING MARKET POSITION IN CHINA. ACTIVE INGREDIENTS PLAY A VITAL ROLE.”

SHANGHAI IS THE CENTER OF ACTIVITIES FOR SYMRISE IN EAST ASIA, ONE OF THE COMPANY'S STRONGEST GROWING REGIONS. THOMAS ZENG, SALES AND KEY ACCOUNT MANAGER IN THE LIFE ESSENTIALS BUSINESS UNIT, SEES A COMPETITIVE ADVANTAGE FOR SYMRISE IN ITS SPECIAL COMPETENCY IN THE APPLICATION AREA OF SPECIAL INGREDIENTS. WITH PRODUCTS LIKE SYMSITIVE® 1609, SYMRELIEF® 100 AND SYMFINITY® 1298 SYMRISE IS TURNING BUSINESS POTENTIAL INTO PROFITABLE GROWTH.



Active ingredients are highly effective substances for cosmetic care. They slow down the aging process of the skin (anti-aging), soothe inflamed or irritated skin (anti-irritants) or have an anti-bacterial effect.



THOMAS ZENG, Key Account Manager/  
Life Essentials, Symrise Shanghai

# MENTHOL: A DYNAMIC MARKET WITH TRADITION

IF YOU WANT TO GROW FASTER THAN THE MARKET YOU HAVE TO RECOGNIZE TRENDS EARLY ON AND BE READY TO QUICKLY MEET THE GROWING MARKET'S NEEDS. THAT'S WHY SYMRISE WILL DOUBLE ITS PRODUCTION CAPACITIES FOR SYNTHETIC MENTHOLS BY 2012.





Menthol: A Dynamic Market with Tradition

**A STRATEGICALLY IMPORTANT GROWTH MARKET**

Fresh, pleasant coolness and a clean feeling – menthol produces positive sensations in nearly all people. The world’s most important cooling substance is an important component in aromas for oral care products, chewing gums and sweets, and also finds widespread application in pharmaceutical and cosmetic products. The demand for menthol has shown above-average growth for years.

Symrise is the world’s leading manufacturer of synthetic menthols. We intend to extend this position even further: Production capacities will double by 2012. With this step, we are ensuring the raw material basis for strategically important product groups and giving customers a clear signal: We aim to further increase our competitiveness and to grow our product portfolio. In the process, we can build on a long and extremely successful history.

**THE HISTORY OF A PRODUCT IDEA**

Egyptian burial finds show that peppermint plants were known 1,000 years before Christ. In Japan and China, peppermint oil is said to have been used as a remedy 2,000 years ago. The “Pharmacopeia Augustana” from 1696 provides the first indications that the healing effects of Oleum menthae were also used in Europe. Menthol is the main component of peppermint oils from the plant of the same name. It has a very strong and pleasantly mint taste and

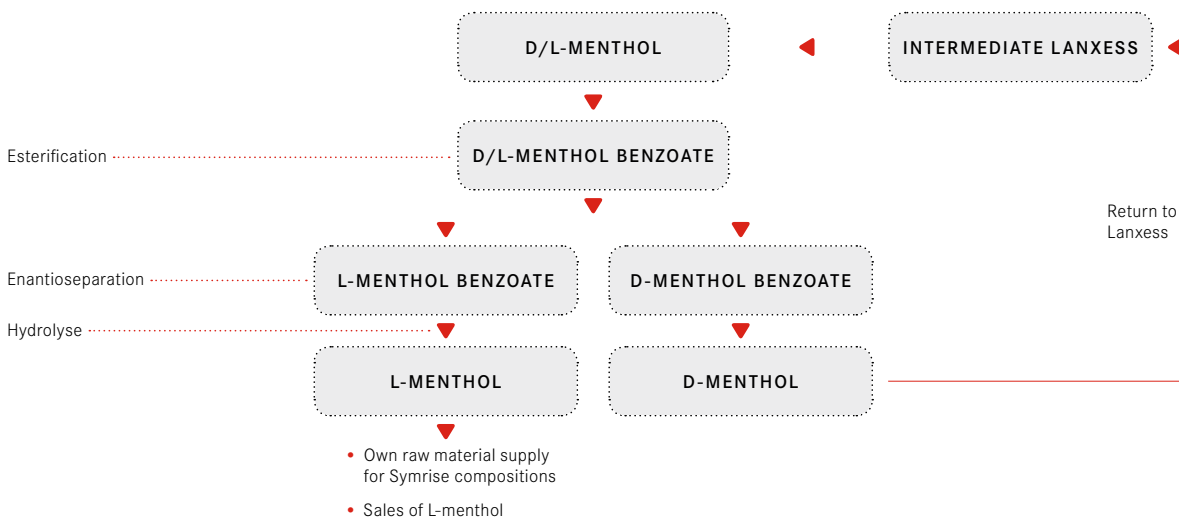
creates a strong cooling sensation in the cold receptors of the throat and skin. In addition, menthol stimulates the blood vessels, promoting circulation. This special effect and the antiseptic properties of the substance have been utilized and esteemed in pharmacology for many decades.

Menthol applications took a quantum leap in the middle of the 20th century, when the substance’s freshness and cooling effect were incorporated in many daily use products. To meet the strongly growing demands of a large sector of the population, mint and menthol were put in mouthwashes, dental care products, refreshment tissues, chewing gums, candies, and chocolates. New needs arose, creating great market potential, and menthol consumption increased. That is still the case today.

**UPS AND DOWNS OF NATURAL MENTHOL**

Before 1939, the traditional supplier of natural menthols was Japan, with small amounts also coming from China. The interruption of trade due to World War II and rapidly growing demand, particularly in the USA, led to increased peppermint cultivation in Brazil. On account of its ideal climatic conditions, as well as the low land prices and wage costs, Brazil became the biggest peppermint oil and menthol provider until the mid-1970s, covering 80% of the world’s menthol needs. But to grow mint in Brazil, forests were cleared using “slash and burn” techniques, which was an

**SCHEMATIC REPRESENTATION OF THE MANUFACTURE OF SYNTHETIC MENTHOL**

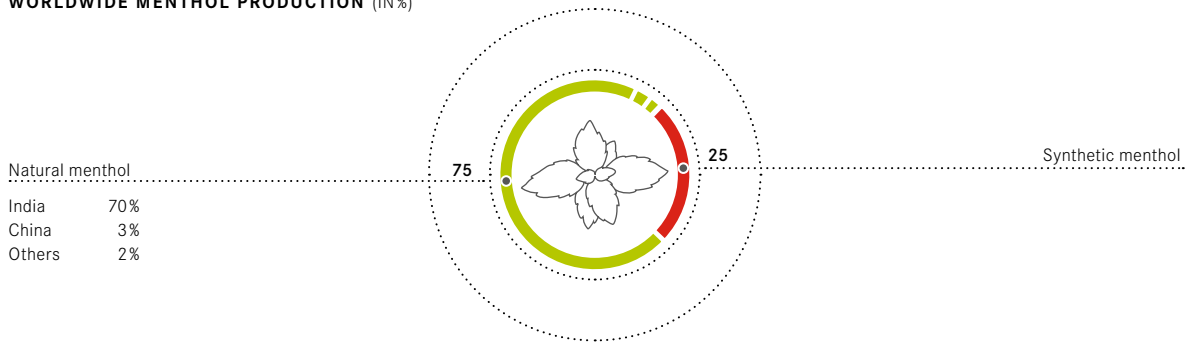


ecologically dubious undertaking and came up against natural limits. The plantations were extended all the way to Paraguay, but not even this move could prevent menthol production from declining in South America. China used the supply gap and massively expanded its capacities. New peppermint crops were planted there every year and, due to intensive cultivation of the soil, twice as much mint was produced as in Brazil. In the middle of the 1990s, however, production declined strongly due to economic and social changes in China. Today, only 3% of the world's menthol supply comes from China. The main source of menthol is now India, which covers the majority of worldwide needs. Although the peppermint plant is not native to India, two new hybrids of *Mentha avensis* were developed there, with cultivation particularly successful in the state of Uttar Pradesh. The farmers generate high yields in a system where they grow three different plants successively on one field in the course of one year, e.g. peppermint, potatoes and other crops. But even here higher wages and growing costs for energy and irrigation have increasingly impacted menthol production.

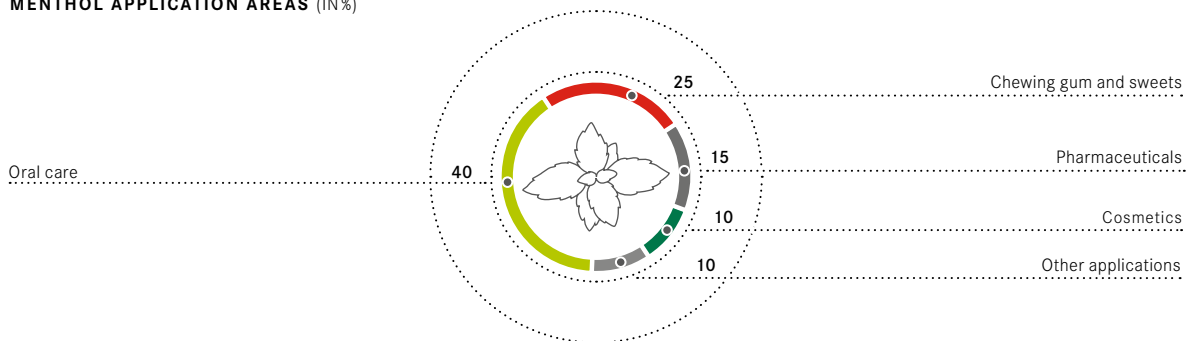
**A PIONEER IN THE PRODUCTION OF SYNTHETIC MENTHOL**

Worldwide demand for menthol keeps on growing. Toothpaste, chewing gum and cosmetics manufacturers depend on reliable supplies of menthol of unchanging quality that give their products an unmistakable character. On the other hand, there is natural menthol, which is influenced by weather, soil composition, growth methods, difficult-to-calculate external cost factors and speculation. This combination has led for decades to an unstable supply situation and strongly fluctuating world market menthol prices. As a result, efforts were made to produce synthetic menthol already back in the 1960s. Haarmann & Reimer, a predecessor company of Symrise, was among the pioneers. In 1974, after ten years of research and development work, menthol was made on a large scale for the first time in Holzminden, with an annual production of some 300 tons. Starting with thymol, the intermediate, a mixture of D- and L-menthol, was made in facilities of Lanxess - which was Bayer at the time. The subsequent so-called racemate splitting of the D- and L-isomers was carried out at Symrise.

**WORLDWIDE MENTHOL PRODUCTION (IN%)**



**MENTHOL APPLICATION AREAS (IN%)**



Menthol: A Dynamic  
Market with Tradition



“Symrise is already the world leader in the production of synthetic menthol. Our customers will profit further from our increase in production capacities and an expanded product portfolio with new menthol qualities.”

Dr. Heinz-Jürgen Bertram, Chief Executive Officer, Symrise AG

In 1978, another synthetic menthol production facility was set up in South Carolina, USA. Due to the strong demand, Symrise continually increased its capacities in the years to follow. By working together with our long-time partner Lanxess we will double our production capacity and further expand our position as the world’s leading producer of synthetic menthol. Both partners have signed contracts ensuring that, in the event of a change of control, all interests are protected.

#### FOCUSING ON THE CUSTOMER

Symrise has produced nature-identical menthol for almost 40 years. We cooperate closely with our customers on the basis of long-term supply contracts. We have a comprehensive worldwide distribution system and a global network of service units. Regardless of the vicissitudes of nature and erratic market fluctuations, we offer our customers delivery security while consistently maintaining high quality.

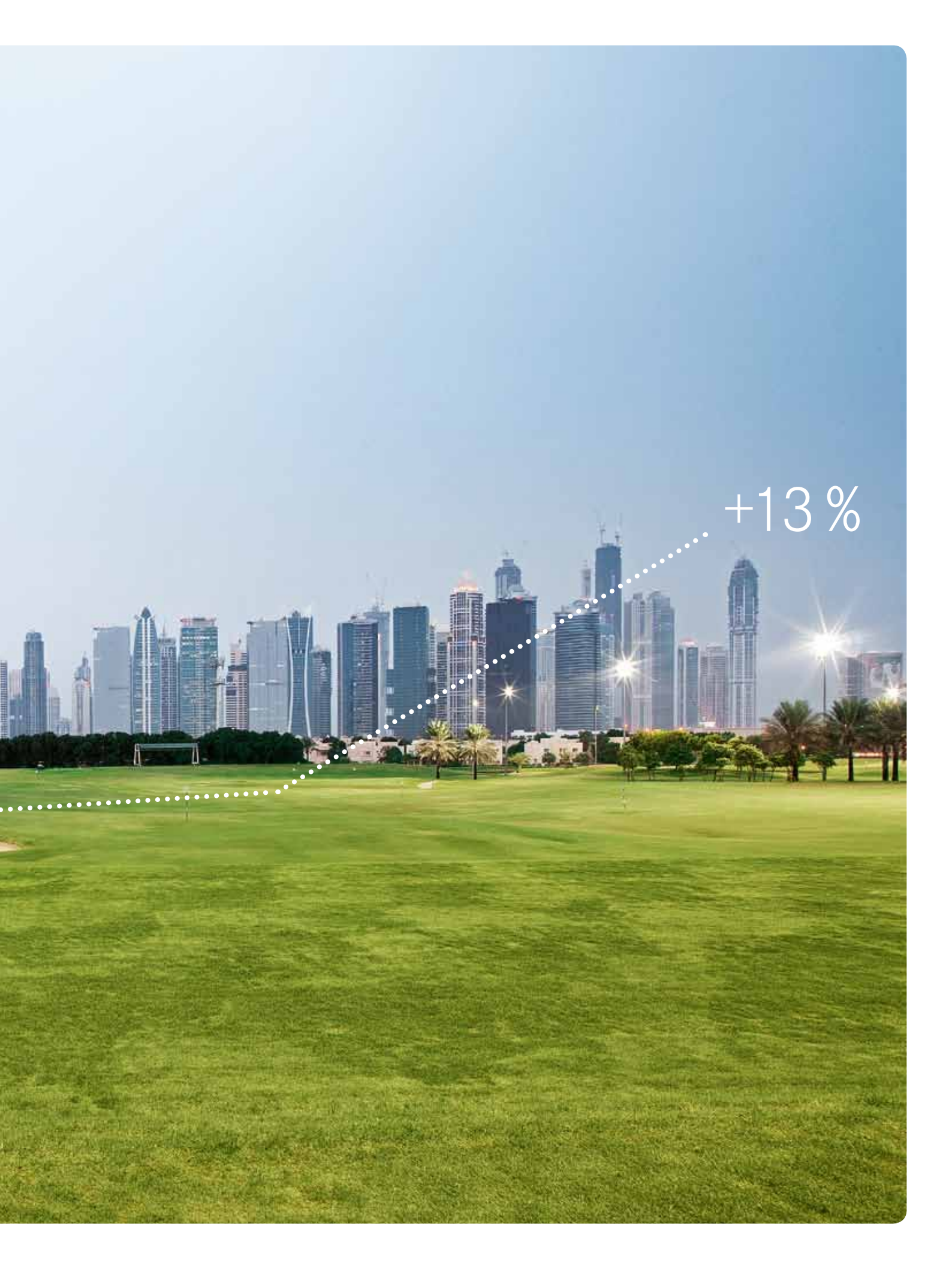
Our production processes are audited and meet the highest standards. Good Manufacturing Practice (GMP) is a sine qua non for products used in the pharmaceutical or food industry. Moreover, the European Medicines Agency gave us a Certificate of Suitability (COS). We manufacture more than 30 menthol products for a number of application areas and constantly try to meet our customers’ requirements better by developing product variants. An example is L-menthol FreeFlow, a free-flowing crystalline menthol that was developed specifically for use in chewing gum. With our highly refined products, we offer our customers added benefits.

The manufacture of synthetic menthols is a central pillar of our flavors and fragrances business. By doubling our capacities, we are further expanding our market-leading position. In the menthol segment, too, Symrise is growing faster than the dynamically developing market.



# U.A.E. | DUBAI

THE GULF REGION RANKS AMONG THE MOST ATTRACTIVE GROWTH MARKETS IN THE WORLD. IN 2010, SYMRISE INCREASED SALES IN THE EMERGING MARKETS BY 13% AT LOCAL CURRENCY.



+13%

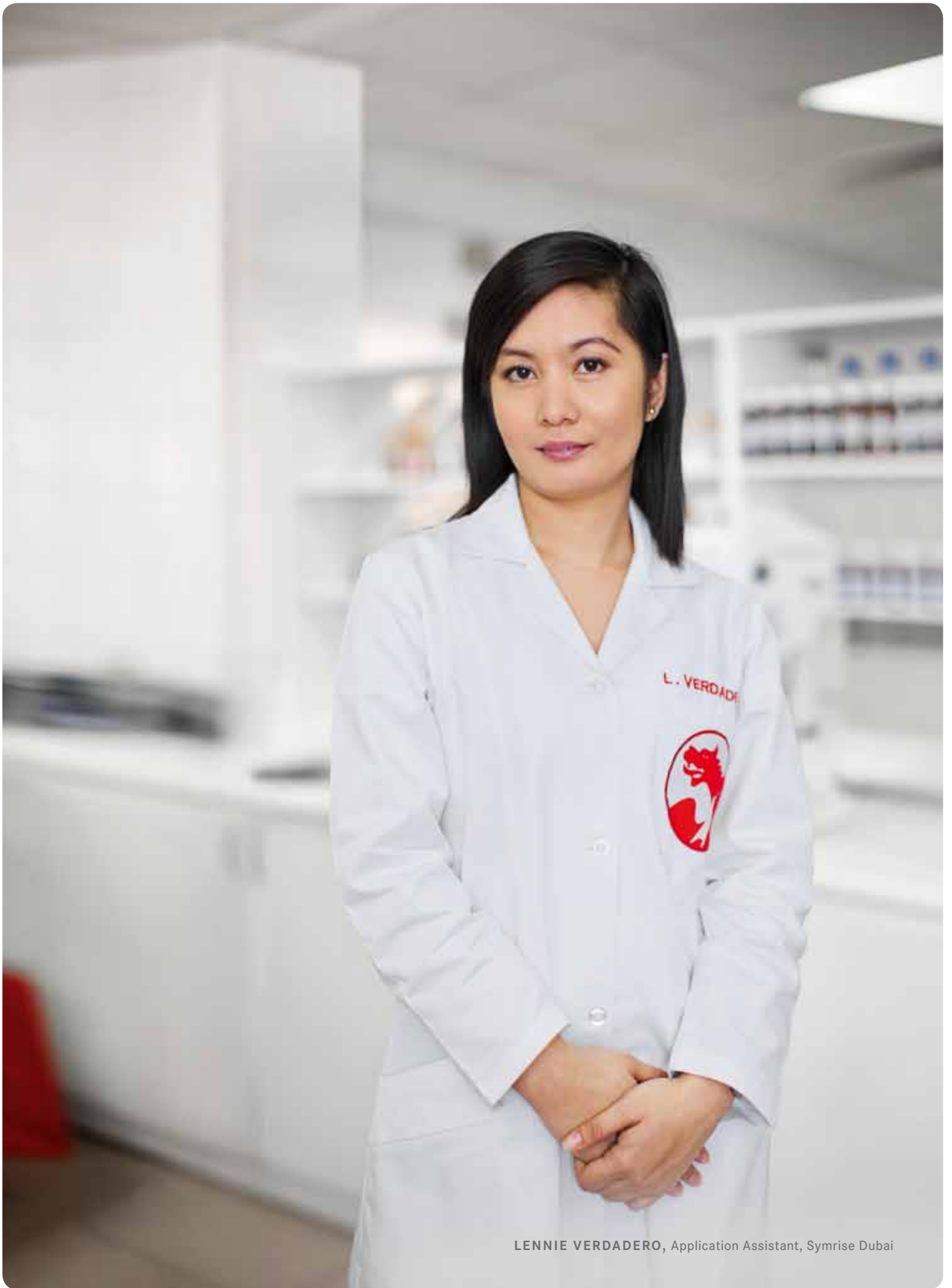
# FLAVOR & NUTRITION

“KNOWLEDGE OF CULTURE  
SPECIFIC TASTE PREFERENCES  
IS ALL-IMPORTANT HERE.”

WITH THE ACQUISITION OF FUTURA LABS AT THE END OF 2009 SYMRISE SIGNIFICANTLY EXPANDED ITS POSITION IN THE REGION. AS A LABORATORY ASSISTANT, LENNIE VERDADERO WORKS CLOSELY WITH THE DEVELOPMENT TEAMS. SHE IS ESPECIALLY RESPONSIBLE FOR APPLICATIONS IN MILK PRODUCTS AND DRINKS. MAKING SURE THINGS TASTE GOOD IS ALSO IMPORTANT FOR HER AT HOME: COOKING AND BAKING ARE TWO OF HER FAVORITE HOBBIES.



The Arab world has a long tradition in fragrance and flavor ingredients. In our application labs aromas and recipes are adapted to local preferences.



LENNIE VERDADERO, Application Assistant, Symrise Dubai

# SYMRISE GROUP MANAGEMENT REPORT

## TABLE OF CONTENTS

OVERVIEW OF THE 2010 FISCAL YEAR .....	38	COMPANY DEVELOPMENT .....	48
STRUCTURE AND BUSINESS ACTIVITIES ....	39	General Statement on the Course of Business....	48
Company Profile .....	39	A Comparison Between the Actual	
Management and Control.....	40	and Forecast Course of Business .....	49
Business Activities and Products .....	40	Results of Operations .....	49
MARKET AND COMPETITION .....	43	Financial Position .....	54
Market Structure.....	43	Net Assets .....	55
Symrise's Market Position .....	44	Intangible Assets Not Included	
AIMS AND STRATEGY .....	44	on the Balance Sheet.....	56
Aims .....	44	Non-financial Performance Indicators .....	58
Strategy.....	45		
Value-Oriented Management.....	45		
GENERAL CONDITIONS .....	45		
Differentiated Effects on Symrise .....	45		
General Economic Conditions .....	46		
Development of Essential Sales Markets.....	47		
Price Development and Availability			
of Raw Materials .....	47		
General Political and Regulatory Conditions.....	47		

Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.



RESEARCH & DEVELOPMENT .....	58	SUBSEQUENT REPORT.....	69
Guidelines and Focal Points.....	58	GENERAL STATEMENT ON THE	
Organization.....	58	COMPANY'S ECONOMIC SITUATION .....	69
Personnel, Expenditure and Results .....	59	OUTLOOK .....	70
Selected Projects/New Products.....	59	Future General Conditions.....	70
EMPLOYEES .....	60	Future Development.....	70
Structure of the Workforce .....	60	General Statement on the Company's	
Personnel Strategy.....	62	Expected Development .....	71
Personnel Measures .....	62	REMUNERATION OF THE	
OPPORTUNITIES AND RISK REPORT.....	64	EXECUTIVE BOARD .....	71
Principles .....	64	DISCLOSURES REQUIRED IN ACCORDANCE	
Risk Management Structure and Process .....	64	WITH SECTION 315, PARAGRAPH 4 OF THE	
Overall Assessment of the Risk Situation .....	68	HGB (GERMAN COMMERCIAL CODE) .....	71
Opportunities Management.....	68	CORPORATE GOVERNANCE STATEMENT ....	73
ESSENTIAL FEATURES OF THE			
ACCOUNTING-RELATED INTERNAL CONTROL			
AND RISK MANAGEMENT SYSTEM.....	69		
Basic Features and Goals.....	69		
Organization and Process.....	69		

## SYMRISE GROUP MANAGEMENT REPORT

### OVERVIEW OF THE 2010 FISCAL YEAR

Fiscal year 2010 was a successful year for the Symrise Group. The revival of demand that was noticeable in the second half of 2009 continued in 2010. This favorable development occurred in all four regions – Europe, Africa and the Middle East (EAME), North America, Asia/Pacific and Latin America. In the year under review, Group sales increased by 15% to €1,572 million. As a result, the company grew faster than the flavor and fragrance market once again. As the fourth-largest company in this market, our market share was around 11%. Our share of sales with the strategically important top 10 customers climbed to 30% in 2010. Sales in emerging markets exceeded the previous year's figure by 13% at local currency. The share of sales in these markets in the Group's total sales is now 46%.

The Symrise Group's worldwide capacity utilization was good, enabling us to boost our profitability significantly in all regions. Earnings before interest, taxes, depreciation and amortization (EBITDA) rose from €246 million in the previous year to €331 million, an increase of 35%. This corresponds to a margin related to sales of 21.1%, after 18.0% in 2009, a year which, however, was hampered by restructuring expenses. Scent & Care increased its sales at local currency by 12% to €805 million. Its EBITDA was 48% higher than in the previous year, rising to €161 million. The EBITDA margin was 20.0%. In the Flavor & Nutrition business division, sales were up by 10% at local currency. This division's EBITDA was

€170 million, 25% higher than in the previous year. The EBITDA margin reached 22.2%.

The Symrise Group's net income amounted to €134 million in 2010, following €84 million in the previous year. Earnings per share rose from €0.71 to €1.13, up by 58%. At the Annual General Meeting on May 18, 2011, the Executive Board and Supervisory Board will propose paying a dividend of €0.60 per share for the 2010 fiscal year.

The company's operating cash flow increased to €235 million. Liquidity rose to €112 million at the end of 2010. Net debt (including pension provisions) fell to €734 million. At balance sheet date, it was 2.2 times higher than the EBITDA. In the 2010 fiscal year, Symrise implemented a new financing concept, refunded existing liabilities at an early stage, and geared company financing to the long term.

Symrise is optimistic about the 2011 fiscal year. We are striving for a sales growth of more than 3% at local currency, although the basis of 2010 is very high. For 2011 we expect a sustainable EBITDA margin of more than 20%. Based on a strong cash flow, we expect the ratio of net debt (including pension provisions) to EBITDA, which was 2.2 at the end of 2010, to continue to improve until the end of 2011 and lie at the lower end of the target corridor (2.0 to 2.5).

### KEY FIGURES

€ MILLION	2009	2010	CHANGE IN %	CHANGE IN % at local currency
Sales	1,362.0	1,571.9	15	11
EBITDA	245.6	331.2	35	32
EBITDA margin in %	18.0	21.1		
Net income	84.3	133.5	58	
Earnings per share in €	0.71	1.13	58	
Net debt (including pension provisions) to EBITDA (Dec. 31) ratio	3.1	2.2		

## STRUCTURE AND BUSINESS ACTIVITIES

### COMPANY PROFILE

Symrise develops, produces and sells fragrances and flavors as well as active ingredients for the cosmetics industry. Its customers include companies in the perfume, cosmetics and food industries, as well as manufacturers of household products. In addition, Symrise provides biofunctional and bioactive ingredients and substances to the health and body care sector. In 2010, Symrise achieved sales of around €1.6 billion, making it the fourth-largest company in the flavor and fragrances market. The company sells its products in 160 countries. In the 2010 fiscal year, Symrise generated 54% of its sales in industrial countries in Western Europe and the United States, as well as in parts of Asia. We had more than 6,000 customers in 2010. A total of 46% of our sales were achieved in the so-called emerging markets in Asia, Latin America, Africa, the Near and Middle East and Eastern Europe. Some 5,300 people work in the Symrise Group's two business divisions – Scent & Care and Flavor & Nutrition. With sites in 36 countries, we have a local presence in our most important sales markets. We supplement our internal growth with acquisitions if they offer us a stronger market position or access to important technologies. To grow the business activities of both business divisions in North Africa and the Middle East, we signed an agreement at the end of 2009 to acquire Future Labs. Futura Labs is one of the leading aroma and fragrance manufacturers in Egypt and the United Arab Emirates. In 2010, we had important cooperative ventures in product development

and research with, for example, BRAIN, AnalyticCon Discovery, InterMed Discovery and Axxam, among others.

The Symrise Group was created by a merger between Haarmann & Reimer and Dragoco in 2003. Symrise's roots date back to 1874 and 1919, when the two companies were founded. In 2006, Symrise AG entered the stock exchange. Since then, the Symrise share has been listed in the Prime Standard segment of the German stock exchange. With a market capitalization of some €2.4 billion at the end of 2010, the Symrise share is listed in MDAX index. Currently 94% of our shares are in free float.

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

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

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

### SYMRISE SITES 2010



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

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

Symrise's headquarters is located in Holzminden, Germany. At this site, the Group's largest, Symrise employs 2,072 people in the areas of research, development, production, marketing and sales. A large part of the Corporate Center employees are concentrated in Holzminden. The company has regional headquarters in the USA (Teterboro, N.J.), Brazil (São Paulo) and Singapore. Important manufacturing sites are located in Germany, Brazil, Mexico, Singapore and the USA. An example is the Global Citrus Center in Sorocaba, Brazil. Here we have direct and eco-friendly access to high-quality raw materials. On this basis, we developed and produced a number of novel, highly concentrated citrus oils in 2010. Symrise has development centers in Germany, Brazil, China, France, Singapore and the USA. We have sales branches in over 30 countries.

#### **MANAGEMENT AND CONTROL**

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

As of December 31, 2010, the Executive Board had four members: Dr. Heinz-Jürgen Bertram (CEO), Achim Daub (Head of Scent & Care), Hans Holger Gliewe (Head of Flavor & Nutrition) and Bernd Hirsch (CFO). The Executive Board is responsible for managing the Company with the aim of increasing the Company's value.

Symrise AG's Supervisory Board has 12 members. The Supervisory Board oversees and advises the Executive Board in the management of the Company. It regularly discusses business development, planning, strategy and risks with the Executive Board. In compliance with the German Codetermination Act (MitbestG), Symrise AG's Supervisory Board has an equal number of shareholder and employee representatives. To heighten the efficiency of its work, the Supervisory Board formed four committees.

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

#### **BUSINESS ACTIVITIES AND PRODUCTS**

Symrise manufactures some 30,000 products from around 10,000 – mostly natural – raw materials such as vanilla, citrus products, flower and plant materials. The value chain of both business divisions extends across product research, development, procurement and production, as well as sales of our products and solutions. Our aromas, perfume oils and active substances are normally central functional components of the end products of our customers, often playing a decisive role in consumers' purchase decisions. At the same time, the costs of our products usually account for only a small part of total costs of the end product. In addition to typical characteristics such as fragrance and flavor, our value creation lies in the development of products with added benefits. Examples of a combination of aromas and perfume oils with other innovative components include flavorings enabling the sugar or salt content of foods to be reduced, or a moisturizing cosmetic substance that reduces the proportion of preservatives in care products. On the basis of these products, our customers can differentiate themselves with their tailor-made end products from competitors in the rapidly changing consumer goods market. The extensive research and development (R&D) department, which is supplemented by a wide-reaching network of research institutes and scientific facilities, forms the basis of our product development. Given the big differences in sensory preferences in Europe, Asia/Pacific, North and Latin America, comprehensive consumer research is an important part of our R&D activities. It is one of our main foundations for developing marketable products that are successful in the long term and that meet the various needs of consumers in different parts of the world.

Our customers include large multinational groups of companies as well as important regional and local manufacturers of foods, beverages, perfumes, cosmetics, body care products, as well as clean-

ing products and washing products. It is particularly important for large manufacturers that their suppliers are globally operative. The worldwide presence and innovative strength of a supplier form an important basis for gaining positions on the so-called core lists of large key customers. Gaining positions on core lists is the prerequisite for taking part in a much larger number of briefings when new products are put out to tender and winning the contract. Customers check the core lists every three or four years on average. In addition to the company’s financial stability and global reach, the most important reasons for inclusion or retention on a core list are the manufacturer’s creativity and innovative capacity. In addition, Symrise develops innovative products and solutions of its own accord and then presents them to possible buyers. For example, under the brand name “taste for life®” Symrise develops a number of product concepts focusing on health, naturalness and sustainability. Another example is the new cosmetic ingredient SymHelios®, which protects skin cells from negative environmental influences and strong solar radiation.

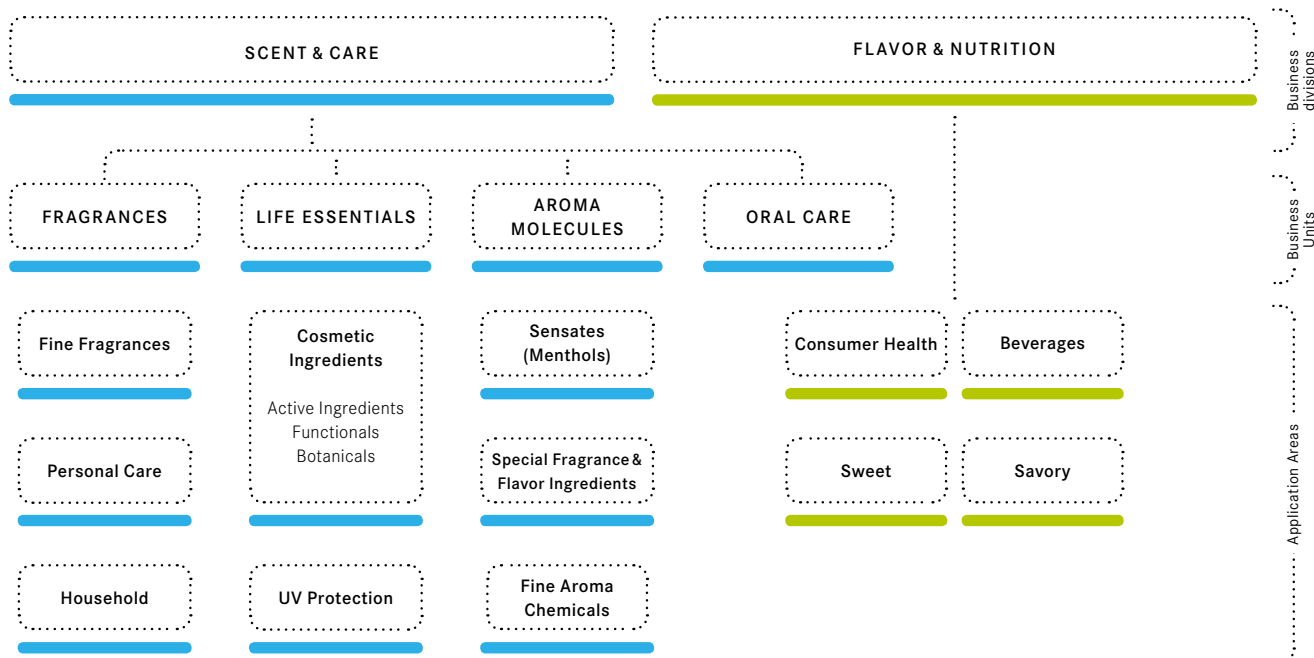
We manufacture our flavors and fragrances in our own production plants. In some cases, we have longer-term delivery contracts for obtaining important raw materials. We maintain close ties with our suppliers and establish uniform standards to guarantee that the quality of our base materials remains uniform.

**SCENT & CARE**

The Scent & Care business division’s more than 15,000 products are sold in some 135 countries. Its portfolio includes fragrance compositions, cosmetic ingredients, aroma chemicals and mint products. The business division has sites in more than 30 countries. Its largest branches are in Brazil, China, Germany, France, Mexico, India, Singapore and the USA. The Scent & Care business division is divided into the Fragrances, Life Essentials, Aroma Molecules and Oral Care business units. In these business units, our products are used in the different application areas as follows.

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

**STRUCTURE OF BUSINESS ACTIVITIES**



perfume oil applications in household products. For example, perfume oils give cleaning products a pleasant smell. In addition, perfume oils mask unpleasant odors.

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

For the Cosmetic Ingredients application area, Symrise concentrates on developing active ingredients, functionals and botanicals. Active Ingredients are highly effective substances for cosmetic care, for example, materials that slow skin aging (anti-aging products), soothe inflamed or irritated skin (anti-irritants) or have an anti-bacterial effect. Another example is a moisturizing substance whose usage permits a lower dosage of conventional preservatives. Products that Symrise developed in 2010 based on active ingredients include SymFinity® 1298, a highly effect Echinacea purpurea extract that increases the length of cells' life, and SymMollient®, a novel moisturizing cosmetic ingredient. Functionals include emulsifiers (basic substances), which are used in creams and lotions to improve different properties of these end products. The Botanicals application area comprises plant extracts, which, in addition to their functional effects, are very appealing to consumers due to their sensory qualities. Examples are saffron extracts (skin-lightening, antioxidant and anti-inflammatory effects) and white tea (antioxidant effect).

In the organic UV Protection application area, Symrise has an extensive portfolio of oil- and water-soluble UVB and UVA filters, which we market under the name Neo-Heliopan®. In the inorganic UV Protection segment, we are focusing on zinc oxide, which apart from a wide range of dermatological applications offers highly effective sun protection.

**Aroma Molecules:** This business unit comprises products in liquid or crystalline form for the Sensates (Menthols), Special Fragrance & Flavor Ingredients and Fine Aroma Chemicals application areas. In the Menthols application area, Symrise manufactures nature-identical menthol, which is primarily used in the manufacture of oral care products, chewing gum and shower gels. Special Fragrance & Flavor Ingredients and Fine Aroma Chemicals encompass aroma chemicals (intermediate products for perfume oils) of a

special quality. These chemicals are used for Symrise's own perfume oil production and are also sold to consumer goods manufacturers, who make perfume oils from them. An important application area, among others, is biodegradable musk scents, which adhere significantly better to hairs, skin or textile fibers and are an essential ingredient in perfume oils.

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

#### FLAVOR & NUTRITION

Flavor & Nutrition's portfolio consists of more than 15,000 products, which are sold in 140 countries. The flavors we develop in liquid, powder, granulate or paste form are used by customers to make foods (savory and sweet foods as well as dairy products) and beverages, giving the different products individual tastes. Symrise supplies individual flavorings used in end products as well as complete solutions, which, apart from the actual aroma, can contain additional functional raw materials, colorants or microencapsulated components. The global Consumer Health application area serves, among others, the growing market for nutritional supplement products and pharmaceutical preparations. The business division has sites in more than 30 countries in Europe, Asia, North and Latin America, and Africa. It has central offices in Brazil, China, Germany, England, France, India, Japan, Mexico, Singapore and the USA.

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

**Beverages:** Our flavors are used in non-alcoholic beverages such as refreshment drinks, fruit juice drinks, energy and sports drinks, tea and coffee drinks, mixed milk beverages, as well as functional drinks, which can be mixed with milk, yogurt, vitamins, minerals, fibers or plant and herbal extracts. Symrise also has applications with aroma granulates for instant drinks, such as tea and coffee specialties. Among Symrise's latest soft drink concepts are so-called blossom teas, for example, red tea with rose. We have consistently added new fruits such as chokeberries, sea-buckthorn and acerola cherry to our refreshment drink and fruit juice concepts. New products are being added to the spectrum, including flavorings, distillates and extracts for nearly all common types of alcoholic beverages – for example, for liqueurs, spirits, and mixed beer and wine drinks. A special focus is on mixed beer drinks, for which

apart from the aroma we offer colorants and preservatives as a complete solution, introducing the optimum stability fit into a beer matrix.

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

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

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

**MARKET AND COMPETITION**

**MARKET STRUCTURE**

The Symrise Group is active in different markets worldwide. These include the classical market for flavors and fragrances (F&F), whose volume amounted to € 11.1 billion in 2010 according to

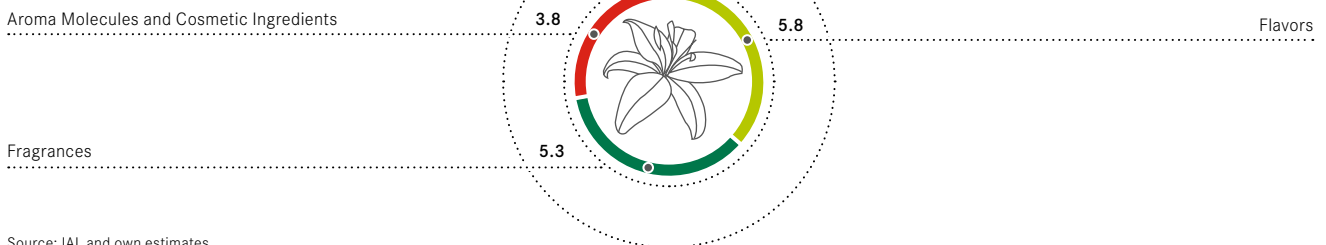
calculations made by IAL Consultants market research institute. In addition, with the Life Essentials and Aroma Molecules business units, the company is active in the market for aroma chemicals and cosmetic ingredients, which according to our own estimates achieved sales of €3.8 billion in 2010. In both market sectors the substances are among a series of products which are consumed or used by end consumers. As a result, the two markets have many trends and characteristics in common. The market relevant for Symrise has an estimated volume of € 14.9 billion and is achieving an average long-term growth of around 3% a year.

More than 500 companies are active in the market worldwide. The four largest suppliers, which include Symrise, together have a market share of almost 60% and normally achieve higher growth than smaller companies in the industry.

The F&F market is characterized by high entry barriers. There is increasing customer demand for higher quality and more differentiated products with ever-shorter life cycles. The majority of the products and recipes are manufactured especially for individual customers. Furthermore, due to local taste preferences, there are often many different recipes for one end product, depending on the country. Moreover, customer relations are often characterized by intensive cooperation in product development. At the same time, one can observe an increasing consolidation on the part of our customers into globally operative companies, which in turn favor globally active suppliers. A worldwide presence and great innovative strengths are important bases for being accepted into the circle of core suppliers of the big international customers (being put on so-called core lists). On average, they normally only review their core lists every three to four years. The companies in the industry continue to see themselves confronted with a demanding regulatory environment.

**MARKET SIZE 2010 RELEVANT F & F MARKET (€ BILLION)**

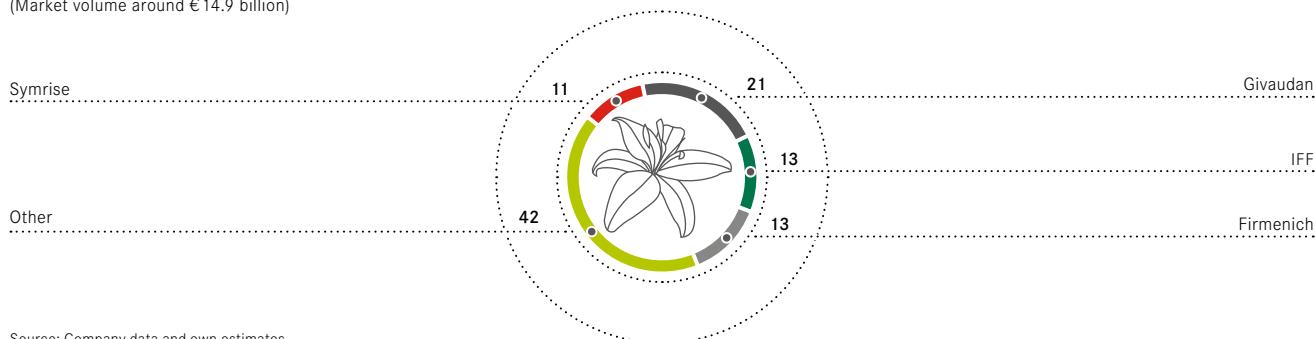
(around € 14.9 billion)



Source: IAL and own estimates

**MARKET SHARE 2010 (%)**

(Market volume around € 14.9 billion)



Source: Company data and own estimates

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

**SYMRISE'S MARKET POSITION**

Symrise is the fourth-largest company in the F&F industry. Related to the relevant F&F market of € 14.9 billion, the company's market share was 11 % in 2010. Symrise's biggest competitors, including Givaudan, IFF and Firmenich, are primarily active in traditional aroma, scent and perfume oil business. Symrise has added applications in both business divisions: in Scent & Care, for example, cosmetic ingredients, and in Flavor & Nutrition nutritional supplements. On the basis of these more complex product solutions, greater value creation can be achieved. In markets such as food supplements, sun protection filters and other cosmetic ingredients, moreover, Symrise competes with companies or segments of these companies that do not belong to the traditional F&F industry.

In 2010, Symrise's sales grew by 15%. As in the previous years, both business divisions gained new core list positions, laying the foundations for future growth and a stronger market position.

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

**AIMS AND STRATEGY****AIMS**

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

- **Market position:** We intend to achieve faster sales growth than the market, which grows by about 3% a year on average in the long term. In this way, we intend to increase the distance between the smaller companies and Symrise step by step and gain market shares.
- **Value orientation:** We want to permanently be among the most profitable companies in the industry. In the long term, we are striving for a sustainable EBITDA margin of at least 20%.
- **Financial situation:** The ratio between net debt (including pension provisions) and EBITDA should be in a corridor between 2.0 and 2.5 in the medium term. In our view, it is permissible to exceed this range in the short term, for example, by making acquisitions within the framework of our strategy. A continuously high operating cash flow contributes to the company's financial stability.



Our shareholders participate in our economic success by receiving an attractive dividend. At the Annual General Meeting, the Executive and Supervisory Board will propose paying a dividend of €0.60 per share for the 2010 fiscal year, a 20% increase over the previous year.

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

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

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

#### STRATEGY

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

- Growth with global customers: We want to continue to increase the share of our sales with the top 10 customers, who achieve particularly rapid growth. By gaining access to important core lists, we want to bolster our position as the main supplier of the respective products.

- Growth in new markets: We began stepping up our activities in emerging and developing countries early on. The acquisition of Futura Labs in 2010 is a good example. Another step was the establishment of a production site in Russia in 2010.
- Growth through innovations: We have a profound understanding of markets and brands, which we gain from extensive consumer research. This helps us develop innovative solutions and give our customers competitive advantages. Our main focus is on application areas like Life Essentials and Consumer Health, which show a higher potential for growth.

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

#### VALUE-ORIENTED MANAGEMENT

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

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

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

#### GENERAL CONDITIONS

##### DIFFERENTIATED EFFECTS ON SYMRISE

Symrise's business performance is influenced by various factors in the Company's environment. Regarding sales, the general economic development plays a big role. Significantly negative or positive fluctuations in performance of the economy as a whole can have a detrimental or favorable effect on the sales of products

containing our flavors or fragrances, which can have an impact on our customers' demand behavior. The sub-markets in which we are active show different degrees of fluctuation depending on economic developments.

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

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

**GENERAL ECONOMIC CONDITIONS**

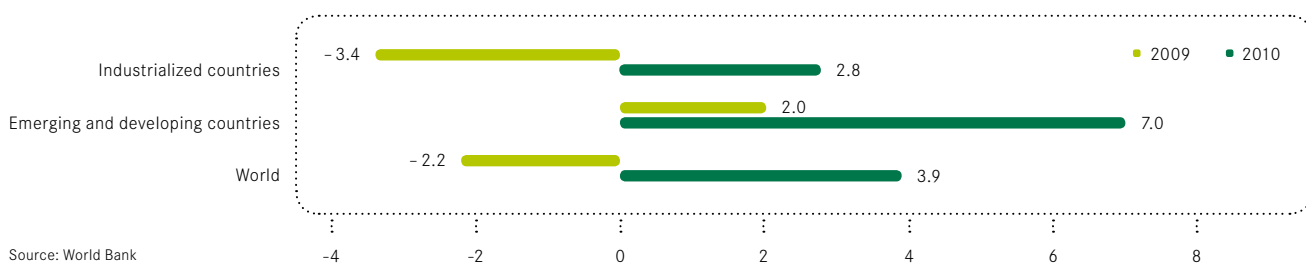
The world economy recovered from the deep recession in 2008 and 2009 more quickly than had been expected. In the course of 2010, catch-up effects abated in the wake of the economic crisis. Since then, the economic development has been characterized by more moderate yet more sustainable growth. According to World Bank estimates, the global economic performance increased by 3.9% on average in real terms, while the gross domestic product (GDP) had fallen dramatically by 2.2% in the previous year. It is estimated that the world trade volume, which is subject to stronger fluctuations

than economic performance, increased by 15.7% in 2010, after decreasing by 11% in the previous year following the collapse.

The economic performance of the industrial countries varied in 2010. Some economies, including Germany and Japan, achieved strong economic growth, which was primarily buoyed by export demand in the emerging countries and an increasing revival of the domestic economies. The economic performance of the USA was moderate by comparison. The US economy continues to be burdened by structural distortions in the real-estate sector and high unemployment. In 2010, the United States' GDP was around 2.8%. Based on estimates, the economic performance in the euro zone increased by about 1.7% on average. The tense public finance situation in a few countries and the resulting need to consolidate led to uncertainty about the economy, uncertainty among consumers, and uncertainty in the financial markets. The economic growth is not strong enough to reduce high unemployment. Germany occupied a special position in the euro area. The German GDP rose by 3.6%. The country's high degree of international business, which had contributed to the severe decline in economic performance (-4.7%) in 2009, provided strong impetus in 2010. German exports were up by 14.2% in real terms. In addition, investments in equipment were 9.4% higher than in the previous year. Private consumption and inventory buildup also made positive contributions to the economic growth.

In 2010, the developing and emerging countries achieved an average economic growth of 7.0%, showing a much higher expansion rate than the industrial countries, which grew by 2.8% on average. While many weaker-income countries benefited from self-produced raw materials, the emerging economies were driven by a continuous lively domestic demand and export growth. Trade between the developing and emerging countries is playing an ever-bigger role. Viewed in terms of regions, East Asia grew most strongly in 2010, spearheaded by China. The region as a whole

**DEVELOPMENT OF GROSS DOMESTIC PRODUCT IN 2009/2010 (IN %)**



grew by 9.3%, and China by 10.0%. The countries of southern Asia achieved an average GDP growth of 8.7%, with India growing by 9.5%. Latin America achieved a real economic growth of 5.7%, led by Argentina (+8.0%) and Brazil (+7.6%).

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

- Economic fluctuations in the developed markets have very little effect on the demand for end products containing Symrise products if the products cover basic needs, for example, in the nutrition, body care or household sectors.
- The demand for products in the “luxury segments” of Fine Fragrances and Personal Care (about 10% to 15% of our product portfolio), in terms of the income available in private households, is significantly more dependent on the general economic development.
- In the emerging countries, there was a higher demand for products refined with flavors and fragrances, in keeping with the rapidly growing standard of living of the populace.
- Symrise customer companies manage production and warehousing such that as little capital as possible is tied up. Uncertainties about future sales development lead to adjustments, including adjustments in the amount of ingredients bought from Symrise.

In 2010, the general economic environment had a positive impact on Symrise's business development. These supporting effects were clearly noticeable compared to companies in other industries due to the robustness of our business.

#### DEVELOPMENT OF ESSENTIAL SALES MARKETS

The F&F market relevant for the Symrise Group grew above long term average by more than 6% in 2010; its volume was €14.9 billion. But different developments could be observed in different areas of the market. According to the calculations of the IAL Consultants market research institute, the market for flavors increased from €5.6 billion in 2009 to €5.8 billion in 2010. The market for fragrances increased from €5.1 billion to €5.3 billion. According to our estimates, sales of aroma chemicals and cosmetic ingredients grew to €3.8 billion from €3.3 billion in 2009.

After markets stagnated or even shrunk in 2009, all market segments showed a positive development in 2010. The Fine Fragrances and Personal Care application areas in particular could more than compensate for the declining market performance during the economic crisis, driving the market volume of fragrances upward.

The flavors market showed a homogeneous development, achieving a comparable growth dynamic. According to our estimates, the highest growth was achieved by Aroma Chemicals and Cosmetic Ingredients, as in the previous year.

Viewed in terms of regions, significant growth was attained in Eastern Europe, Middle Eastern countries, Africa and Asia.

#### PRICE DEVELOPMENT AND AVAILABILITY OF RAW MATERIALS

Symrise uses nearly 10,000 different raw materials in production. Of particular importance are menthol intermediate products, crude oil-based solvents and products derived from them, natural citrus derivatives (juice, ethereal oils, etc.), as well as citral and turpentine derivatives. In general, however, individual raw materials comprise only a very small part of total needs. With a large number of raw materials, the harvest volume was moderate or poor due to strong rainfall, drought or cold periods. The market situation in the citrus segment remains tense. With citral and turpentine derivatives, which are used to manufacture fragrance compositions, the supply and thus cost situation also worsened.

Overall, raw material prices increased in 2010, particularly in the second half of the year, somewhat more than we had anticipated. While the effects from changing exchange rates balanced themselves out to a large extent, with individual raw materials there were strong price distortions. Price volatility continued to increase in 2010. As a consequence, many suppliers insisted on short contract periods. To increase supply security with base products, Symrise has pursued a strategy of long-term cooperation for years. Examples are collaboration with Lanxess in the manufacture of synthetic menthols and a presence in Madagascar, the most important country for bourbon vanilla, with backward integration.

#### GENERAL POLITICAL AND REGULATORY CONDITIONS

2010 was an eventful year in terms of regulatory conditions in Europe. December 1, 2010, was the first registration deadline by which registration dossiers for all materials with higher tonnage had to be submitted. Symrise fully complied with this regulation, handing in 14 dossiers. Another important milestone was the introduction of a new system for classifying and labeling substances, GHS (Globally Harmonised System), in the European Union (EU). Symrise implemented the corresponding guidelines for all raw materials and mixtures before the deadline on December 1, 2010. The third regulatory challenge in Europe was the requirement to register all raw materials classified as being hazardous as well as pre-registered materials in the newly established Classification and Labeling Inventory. Symrise also successfully surmounted this obstacle, registering approximately 2,600 substances.

The Flavor & Nutrition business division's products are primarily used in foods (savory and sweet foods as well as dairy products), beverages (soft drinks, beverages containing alcohol, and non-alcoholic drinks), and pharmaceutical applications. The legal regulations for use of flavors and aroma substances vary in the different legal jurisdictions, particularly in the European Union and the United States. Depending on the jurisdiction, different maximum amounts of certain ingredients are permitted and special labeling regulations may apply. Due to the new aroma regulation concluded in the EU on December 31, 2008 (pertaining to aromas and food ingredients with flavoring properties), new labeling requirements, requirements regarding accompanying regulatory documents and maximum amounts of BAPs (biologically active principles) went into effect as of January 20, 2011. Early on, back in February 2010, Symrise had adapted its central data administration and document management system to the new regulations. Since then, our customers have received new documents and were able to adjust their own product declarations early enough. Food law experts in national, regional and global associations have helped develop guidelines for interpreting the new aroma regulation. In addition, associations worked intensively on changing the extraction solvent regulation and additive law for aromas. A primary smoke condensate produced by Symrise requiring approval was evaluated as being safe by the European Food Safety Authority (EFSA). The food industry uses our flavors in various markets worldwide. As a result, the global aspect is becoming significantly more important. To guarantee the legality of our products in relevant markets, Symrise utilizes data processing systems company-wide and has comprehensive expertise in food law. Thanks to our expert knowledge about the regulatory environment, we can actively support our customers when they introduce products in new markets.

The products in the Health & Nutrition sector are subject to the aforementioned legal regulations for aromas and food, and partially to the requirements of EU regulation number 1924/2006 on "nutrition and health claims made on food". Information about special health-related aspects of ingredients ("health claims") must be

registered with and approved by the European Food Safety Authority (EFSA). Symrise has a team of specialized developers and food lawyers who precisely observe and analyze developments in this area to be able to give product developers targeted assistance. Then dossiers should be submitted to be able to use the "health claims" provided.

Symrise continues to formulate corporate guidelines guaranteeing that it meets worldwide safety, environmental and health-protection standards. Symrise requires an uniform minimum standard going beyond adherence to local rules and laws that significantly exceeds local legislation in some countries.

#### COMPANY DEVELOPMENT

##### GENERAL STATEMENT ON THE COURSE OF BUSINESS

The revival of demand which was already noticeable in 2009 continued in the past business year. This favorable development was apparent in all four regions worldwide.

Group sales increased by 15% to €1,572 million in 2010. The emerging markets' share of total Group sales reached 46% (previous year: 41%)<sup>1</sup>.

Our capacity utilization was very good, enabling us to increase our profitability significantly in all regions. Earnings before interest, taxes, depreciation and amortization (EBITDA) at the Group level rose from €246 million in the previous year to €331 million, an increase of 35%. This corresponds to a margin related to sales of 21.1% (previous year: 18.0%).

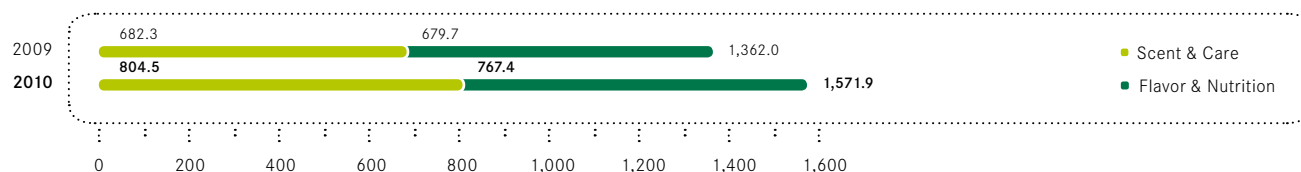
Net income also increased by €49 million to €134 million in 2010. The earnings per share were €1.13 (2009: €0.71). Against the background of this favorable development, at the Annual General Meeting on May 18, 2011, the Executive Board, in consultation

<sup>1</sup> Within the framework of the reorganization of the North America and Latin America regions, with Mexico being shifted from North America to Latin America, this country was assigned to the emerging markets.

#### ACHIEVEMENT OF TARGETS 2010

	TARGETS 2010	ACHIEVEMENT OF TARGETS 2010
Sales growth (at local currency)	> 8%	11%
EBITDA margin	> 20.0%	21.1%
Net debt (including pension provisions)/EBITDA	Reduction to approx. 2.5 times the EBITDA	2.2

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



with the Supervisory Board, will propose to increase the dividend payment to €0.60 per share, 20% more than in the previous year.

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

At the beginning of the fiscal year, we adapted our key figures to unadjusted results both internally and externally. The goal was to present simple and consistent figures that can be understood by all stakeholders. With the publishing of the half-year report, the forecast made at the beginning of the fiscal year was adapted to the sales performance, which was higher than originally expected.

At the beginning of the 2010 fiscal year, we forecast that we would achieve an organic growth of more than 3% at local currency. In terms of profitability development, we expected an EBITDA margin of more than 20%.

With the publishing of the half-year report in August 2010, we increased our outlook to at least 8% sales growth and confirmed that the EBITDA margin would be more than 20%.

With a sales growth of 15% (11% at local currency) to €1,572 million, an EBITDA of €331 million, and a resulting EBITDA margin of 21.1%, we exceeded our targets. In addition, we were able to reduce our net debt. The net debt is 2.2 times higher than the EBITDA, and so we reached our target of approximately 2.5.

#### RESULTS OF OPERATIONS

##### GROUP SALES

For 2010 as a whole, the Symrise Group achieved sales of €1,572 million. This corresponds to an increase over the previous year of 15%, or 11% in local currency. The recovery tendencies at the beginning of the fiscal year continued during the rest of the year, as demand continued to rebound. Sales in both business divisions and all regions increased by a double-digit percentage.

In the 2010 fiscal year, sales with the **top 10 customers** rose by 14% in local currency. At 30%, this strategically important group's share of Group sales was slightly higher than in the previous year.

**Business Divisions:** Scent & Care increased its sales in local currency by 12% to €805 million. Following a successful second half of 2010, Flavor & Nutrition's sales reached €767 million, representing an increase in local currency of 10% compared to the previous year.

**Regions:** Sales in the **EAME** region rose by 12% (11% at local currency). After a 3% decrease in sales at local currency in 2009, we achieved a clear turn toward growth. Our sales performance in **North America** in the 2010 fiscal year picked up on the previous year's growth rate; sales increased by 16% (10% at local currency). Sales in the **Asia/Pacific** region were also excellent, climbing by 21% (11% at local currency). Sales in **Latin America** were up by

#### SALES BY REGION

€ MILLION	2009	2010	CHANGE IN %	CHANGE IN % at local currency
EAME	679.5	761.5	12	11
North America*	242.5	281.0	16	10
Asia/Pacific	282.5	343.0	21	11
Latin America*	157.5	186.3	18	12
<b>Total</b>	<b>1,362.0</b>	<b>1,571.9</b>	<b>15.4</b>	<b>11.0</b>

\* Mexico was assigned to the Latin America region in line with our management structure. The previous year's figures in North America and Latin America are adjusted accordingly.

18% over the previous year. In this region, we again achieved the highest sales growth in local currency, at 12%.

Sales in the emerging markets were 13% higher than in the previous year at local currency. The share of these markets' sales in total sales was 46% in the 2010 fiscal year (2009: 45%; excluding Mexico: 41%).

#### SCENT & CARE SALES

In 2010, Scent & Care's sales grew by 18% to €805 million. In local currencies the sales growth was 12%. All regions - EAME, North America, Asia/Pacific and Latin America - boosted sales strongly, achieving double-digit percentage growth. In the fourth quarter of 2010, the Scent & Care division continued the positive trend of the first nine months, reporting double-digit growth on a local currency basis. This is particularly positive given the fact that the global recovery of the markets began back in the third quarter of 2009. The Fine Fragrances and Personal Care application areas, which were hit hardest by the weak economy in the previous year, achieved good sales growth in 2010. All of the business sectors generated double-digit growth compared to 2009 in the fourth quarter and for 2010 as a whole.

**Regions:** Sales in the emerging markets accounted for 44% of Scent & Care's total sales. In these countries, sales rose by 20% (12% at local currency). Sales in the Asia/Pacific, Latin America, Africa and Middle East regions increased by a strong double-digit percentage. We achieved our highest sales growth in the Asia/Pacific region, in the Chinese, Indian and Thai markets. In Latin America sales grew most strongly in Argentina, Colombia and Mexico. In Africa and the Middle East, sales were particularly high in South Africa, Saudi Arabia, Iran and Nigeria.

**EAME** is the Scent & Care business division's largest market. Sales in this region rose by 13% in local currencies, primarily due to the recovery of Fine Fragrances and to sales of Personal Care's high-priced products. These application areas showed the strongest recovery, after being most affected in 2009 by the worldwide economic crisis. In addition to the Fragrances business unit, the Aroma Molecules, Oral Care and Life Essentials business units also achieved double-digit growth.

Sales in **North America** increased by 13% at local currency. All of the business units reported double-digit growth. Fragrances and Oral Care had a particularly successful fiscal year. The Fragrances business unit was able to steadily expand its business thanks to strategic customers obtained in recent years and to new core list positions.

The sales growth in the **Asia/Pacific** region was 12% at local currency. Consumer demand in this region remained high throughout 2010. All business units achieved double-digit growth. Among the highest-performance application areas were Cosmetic Ingredients and UV Protection (Life Essentials business unit), Fine Fragrances (Fragrance business unit) and Special Fragrances & Flavor Ingredients as well as Fine Aroma Chemicals (Aroma Molecules business unit).

In **Latin America**, we boosted our sales by 10% in local currency. We would like to put special emphasis on this development, inasmuch as this region was relatively unaffected by the previous year's worldwide economic crisis. The continual expansion was driven by double-digit growth in Fine Fragrances and Personal Care (Fragrances business unit), Cosmetic Ingredients and UV Protection (Life Essentials business unit), and strong growth in the menthol business (Aroma Molecules business unit).

**Top 10 Customers:** Sales with our top 10 customers were up by 18% over the previous year. The sales growth in local currency was 13%. Sales with these important customers exceeded the growth of the Scent & Care business division as a whole and is in line with Symrise's global strategy of growing with its large customers. The high growth rates in the Scent & Care business division were also the result of successful conclusions of numerous new customer projects.

**Business Units:** The **Fragrances** business unit, which accounts for around 50% of Scent & Care's total sales, achieved significant, double-digit sales growth vis-à-vis the previous year. The growth was mainly driven by the Fine Fragrances and Personal Care application areas. The Fine Fragrances area recovered most strongly and achieved the highest growth rates, as this application area, along with Personal Care, was most affected by destocking on the part of our customers. The Fragrances business unit reported double-digit growth in all regions. In 2010, we began operating two new mixing and dosing facilities in Holzminden. With these investments, we were able to increase our capacities in this area by 25%.

The **Life Essentials** business unit recovered from the previous year, achieving double-digit sales growth in both application areas (Cosmetic Ingredients and UV Protection) and in all regions. In the course of the year, many new products were introduced. Some of the highlights in the anti-aging segment were: SymMollient®L, a skin-care cream with clinically tested moisturizing properties; SymMollient®S, a clinically tested water-soluble emollient that

improves the skin's lipid content and regulates its moisture content; SymRelief® 100, an active anti-irritant composed of Dragosantol® 100 and ginger extract; and SymFinity®, a highly effective Echinacea purpurea extract that keeps skin cells healthy and increases the length of their life. In April, Symrise Life Essential's research department received the highly esteemed BSB Innovation Prize 2010 in the Innovative Raw Materials Category for its cosmetic ingredient SymSitive®1609. The soothing effect of SymSitive®1609 is a breakthrough in care of sensitive skin.

The **Aroma Molecules** business unit achieved double-digit sales growth. The strong demand for Special Fragrances & Flavor Ingredients and Fine Aroma Chemicals boosted sales. The Menthol application area was also very successful. This segment has now grown overproportionally for several years. Symrise's Aroma Molecules business unit is the world's leading producer of synthetic menthol. In the second quarter of 2010, the Group announced plans to double its existing product capacities for menthol by 2012. In November 2010, work began on the factory grounds in Holzminden, where the additional production facility is to go into operation in 2012. Menthol is an essential component of aromas for oral care products, pharmaceutical preparations, chewing gums and sweets. Synthetically produced menthol is one of Symrise's most important strategic product segments.

The **Oral Care** business unit reported double-digit growth in all regions except for Latin America. Symrise Oral Care focuses on marketing promising innovative products – for example, Frescolat® SC, a cooling agent used in a new generation of oral care products that offer a pleasant and long-lasting freshness effect.

#### FLAVOR AND NUTRITION SALES

In the 2010 fiscal year, Flavor & Nutrition achieved sales of €767 million, representing a growth of 13% compared to the previous year. The increase was 10% at local currency. The continued positive economic development, greater consumer trust in the established markets, and the ongoing high demand in the emerging markets had a considerable impact on the positive development in the 2010 fiscal year, leading to high growth rates in all application areas.

**Regions:** In 2010, Flavor & Nutrition significantly increased its sales in all regions compared to the previous year. The emerging markets in Asia, Latin America, Eastern Europe, Africa and the Gulf region were again an important growth engine for Flavor & Nutrition; the Division posted double-digit growth in these markets. The emerging markets' share of sales in the business division's total sales increased again in 2010, to 48%. We were also

able to achieve double-digit growth rates in the established European and North American markets.

In the 2010 fiscal year, sales in the **EAME** region were 10% higher than in the previous year at local currency. High growth rates could be achieved in the established Western European markets as well as in the emerging markets of Eastern Europe and the Gulf region. The strongest growth was attained in Russia. In February, we announced that we would be opening a fully integrated production site near Moscow. The new manufacturing site was erected at an existing site that Symrise had taken over from the Russian Aromaros-M Group. At the new plant, initially dry mixtures for snack articles and other spicy products will be manufactured for customers in the region. By manufacturing in the area, we will be able to better serve strategic, globally operating customers in the future and at the same time continue to expand our leading market position in this important growth region. The new facility has been ready for production since December. Since the beginning of the year, Futura Labs Group has belonged to the Symrise Group. In the meantime, the company has become firmly established in the Gulf region. With its innovative manufacturing technologies and solid knowledge of local markets, Symrise offers its customers a comprehensive product portfolio and fast service. Last year, the Company significantly strengthened its presence in the region with its own site in Dubai. The production site contains a fully automatic and aseptic filling and mixing facility with a capacity of up to 35,000 tons a year for producing aromas and basic substances for juice for the beverage industry.

Sales in **North America** grew by 7% at local currency in 2010. A large part of the growth was achieved with our strategic customers. Here we benefited from our core list positions and from additional expertise from the Chr. Hansen Flavors acquisition. In the Sweet application area, we are increasingly able to successfully market our competencies in the natural vanilla segment. In the Beverages application area, we achieved the strongest growth in the soft drinks segment. In June, we gained an additional important core list position with an important brand manufacturer. This further success of our focused Key Account Management provides us with additional potential for future growth.

In the **Asia/Pacific** region, sales rose by 10% at local currency in the past fiscal year. The growth was driven particularly by our business in China, Thailand and the Philippines. All application areas developed positively throughout Asia. In the beverage aromatization area, we gained new business with our multinational and local customers, above all due to our global citrus initiative

Naturally Citrus!® and the introduction of new products. In the Savory application areas, we achieved strong growth in meat aromatizations on account of our Symlife®Salt product platform. To further increase our activities in Asia, we began operating a new facility for liquid aromas in Singapore in January 2010. The ultra-modern production facility was custom-developed for Symrise and efficiently adapts production to customers' needs. State-of-the-art technology ensures greater production precision and flexibility. The investment in the new facility continues the consistent strategic expansion of our Asian business.

In the **Latin America** region, Flavor & Nutrition achieved sales of 15% on a local currency basis. The positive business development was driven by strong growth with our strategic global and local customers. Particularly the Savory and Sweet application areas realized high double-digit growth rates with these customer groups. To intensify and improve cooperation with our customers, we opened a new "taste for life®" creative studio in São Paulo in the third quarter. In a multimedia showroom and a flavor design lounge, our staff can develop new concepts and ideas together with selected customers in a creative atmosphere.

**Top 10 Customers:** Sales with our strategically important top 10 customers developed well again in 2010. At local currency, the sales growth was 15%. We achieved high growth rates in all application areas and regions. We were able to obtain new business from established core list positions as well as from new core listings gained in 2010. The sales growth with our top 10 customers was again significantly higher than the business division's total growth, confirming our expansion path with this important customer group.

**Building Competence for Healthy Nutrition:** In June, we founded a new scientific advisory committee and thus further expanded our competence in health-oriented nutrition. The Scientific Advisory Board for Health and Nutrition is composed of internationally renowned scientists, who advise Symrise regarding development of new ingredients for food supplements and health-care products. The external specialists help Symrise researchers implement new scientific knowledge in products as quickly as possible. In addition, they give them access to new technologies. In the Scent & Care business division, Symrise has been successfully working for many years with a scientific advisory board that advises the Group regarding development of new cosmetic ingredients.

**Top Know-how and Tastes that Consumers Love – The New "taste for life®" Platform:** In September, we expanded our successful "taste for life®" program into a strategic marketing platform. With

"taste for life®", we are offering the food and beverage industry an innovative instrument which can be used to develop new products faster and tailor them better to consumers' needs. "taste for life®" is geared to consumers' wishes and focuses on good health and full flavor.

Consumers' wishes are not only changing faster than ever before, they are becoming increasingly differentiated. In terms of lifestyle and nutrition, consumers are trying to find a happy medium between health and enjoyment. These preferences are by no means mutually exclusive, rather they can be combined. With its "taste for life®" platform, Symrise helps its customers position and further develop their brands and products between these two poles. "taste for life®" helps to show which trends and consumer needs the industry should cater to with its brands, where there are gaps in product portfolios, where the competition is positioned, where product lines can be sensibly supplemented, and much more. At the center of the platform is Symrise's core competence, taste, with consumers not having to make any compromises.

**Efficient Use of Global Development Competencies Gives Rise to Innovative Product Launches:** In April, we presented a new generation of molecularly distilled citrus oils (MD oils), thus expanding our portfolio of fresh and fruity citrus aromas. With this new product line, we are offering our customers a consistent extension and continuation of our brand Naturally Citrus!®. The new generation of MD oils impresses due to their superior flavor intensity, authenticity and solubility. The new collection of products was developed by our Global Citrus Center in Sorocaba, Brazil, in close cooperation with Symrise chemists in the USA and Holzminden.

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

In 2010, the **cost of sales** rose by €86 million, or 11%, and thus disproportionate to sales, to €890 million (2009: €804 million). The increased utilization of existing product capacities and the improved raw material costs compared to the previous year had a positive effect. As a result, **gross profit** increased by 22%, or €124 million, reaching €682 million (2009: €558 million). The **gross margin** was 43.4%, 2.4 percentage points higher than the previous year's margin (41.0%). **Selling expenses** rose, primarily due to sales, and among other things due to higher provisions, disproportionately by around 10%, or €24 million, amounting to €253 million. This corresponds to 16.1% of Group sales (2009: 16.8%). **R&D expenses** increased by around €12 million, or 13%, to €108 million (2009: €96 million), primarily due to a number of new projects in the fiscal year. The R&D rate was 6.9%, nearly the same as the previous



## SUMMARY INCOME STATEMENT

€ MILLION	2009*	2010	CHANGE IN %
Sales	1,362.0	1,571.9	15.4
Cost of sales	-804.0	-890.2	11
<b>Gross profit</b>	<b>557.9</b>	<b>681.7</b>	<b>22</b>
Gross margin in %	41.0	43.4	
Other operating income	12.3	7.7	-37
Selling expenses	-229.3	-252.8	10
Research and development expenses	-95.7	-107.9	13
Administrative expenses	-81.5	-83.2	2
Other operating expenses	-0.8	-1.2	50
<b>Operating income/EBIT</b>	<b>163.0</b>	<b>244.4</b>	<b>50</b>

\* 2009 including restructuring expenses

year's level (7.0%). **Administrative expenses** rose underproportionately in 2010 by over € 1 million, or 2%, to €83 million (2009: €82 million), among other things due to further expenditure in the IT area. Administrative expenses comprised 5.3% of Group sales, compared to 6.0% in the previous year, which, however, was burdened by restructuring expenses.

## EARNINGS SITUATION

**Group: Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)** rose by 35% to €331 million (2009: €246 million). The improved gross margin and the underproportional increase in selling and administrative expenses compared to the previous year had a positive effect. The **EBITDA margin** reached 21.1% in 2010, compared to 18.0% in 2009. The improved order situation and the significant increase in sales had a positive effect on earnings. While the previous year's earnings were still influenced by restructuring costs of €20 million, the resulting efficiency enhance-

ments in 2010 had a major impact on earnings. The successfully completed integration of the acquisitions made in past years also contributed positively to the results.

**Scent & Care:** For the 2010 fiscal year as a whole, Scent & Care achieved an EBITDA of €161 million. The EBITDA was 48% higher than in 2009. The EBITDA margin was 20.0%, vis-à-vis 16.0% in 2009.

**Flavor & Nutrition:** The EBITDA of the Flavor & Nutrition business division was 25% higher than the previous year's figure (2009: €137 million), reaching €170 million. The EBITDA margin was 22.2%, after 20.1% in the previous year.

**Financial Result:** The financial result in 2010 was € -66.9 million, primarily due to negative one-time effects. The latter resulted in large part from the early repayment of interest rate swaps in con-

## OVERVIEW OF EARNINGS

€ MILLION	2009*	2010	CHANGE IN %	CHANGE IN % at local currency
<b>EBIT</b>	<b>163.0</b>	<b>244.4</b>	50	47
EBIT margin	12.0%	15.5%		
<b>EBITDA</b>	<b>245.6</b>	<b>331.1</b>	35	32
EBITDA margin	18.0%	21.1%		

\* 2009 including restructuring expenses

nection with the successfully completed refinancing of the existing bank loans in the fiscal year, all of which were due for repayment in December 2011. In the third and fourth quarter, allowances for financial participations continued to be made. Gains from foreign currency, on the other hand, had a positive effect compared to the previous year. Due to the aforementioned issues, there were special effects amounting to € - 22.9 million. Adjusted for one-time expenses, the financial result is € - 44.0 million, an improvement of € 2.2 million over the previous year.

**Taxes:** In the 2010 fiscal year, tax expenses amounted to €44 million (2009: €32 million). With this amount, the tax rate in the year under review was lower than in the previous year (25% after 28%). The higher tax expenses despite the lower tax rate is primarily attributable to the improved earnings situation. The lower tax rate was mainly due to the improved financing structure and the utilization of tax deduction potential abroad.

**Net Income and Earnings Per Share:** The net income in 2010 totaled €134 million, €50 million or 58% higher than in the previous year (2009: €84 million). Accordingly, earnings per share rose by €0.42 to €1.13 (2009: €0.71).

**Dividend Proposal for 2010:** At the Shareholders' Meeting on May 18, 2010, the Executive Board and the Supervisory Board of Symrise AG will propose payment of a dividend of €0.60 per share for fiscal 2010. Symrise views this dividend payment as being part of its corporate responsibility to continually achieve high yields for its shareholders and to enable shareholders to participate in the company's success by means of an appropriate dividend.

## FINANCIAL POSITION

### FINANCIAL MANAGEMENT

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

In accordance with the Treasury department's guidelines, the financing of the Symrise Group is controlled centrally. The financial needs of Group subsidiary companies are ensured by means of internal Group financing, within the framework of a cash pool, among other things. The surplus liquidity of individual European Group units is put in a central account, so that liquidity deficits

of other Group units can be offset without external financing and internal financial capital can be used efficiently. If external credit lines are needed, they are safeguarded by guarantees from Symrise AG. The Group's bank borrowings are unsecured and connected with generally accepted market credit agreements (covenants) that are reviewed every quarter. The Group has good business relationships with all consortial banks and avoids becoming too dependent on individual institutes.

The Symrise Group safeguards against risks resulting from variable interest on bank borrowings by means of interest hedges, if need be. Here the principle applies that interest derivatives can only be concluded on the basis of basic business.

Symrise does business in different currencies and thus is exposed to currency risks. Exchange risks arise when products are sold in different currency zones than the ones in which the raw material and production costs accrue. Within the framework of its global strategy, Symrise manufactures a large part of its products in the currency zones in which they are sold to achieve a natural safeguard against exchange rate fluctuations. In addition, Symrise is currently implementing a risk management system, which, based on detailed cash flow planning, identifies open currency positions. These are subsequently systematically safeguarded against fluctuations.

With a capital ratio of 41% on December 31, 2010, Symrise has a solid basis for sustainably driving future business.

**Financing Structure:** The Symrise Group covers its financial needs from its strong operating cash flow and via long-term financing. In the fourth quarter, the Group replaced the existing financing with a new financing concept consisting of three core elements. The goal was to take advantage of the relatively low interest-rate level to diversify its financing activities and improve its debt maturity profile. The core of the refinancing concept is a bond with a volume of €300 million with a duration of seven years. It was offered to institutional and private investors in Europe and has a coupon of 4.125%. The second component is a term note amounting to US\$ 175 million. The term note has a duration of ten years and an interest rate of 4.09%, and was fully accepted by the US investor Prudential Investment Management Inc. in a private placement. The refinancing scheme is completed by a revolving credit facility with a volume of €300 million. The revolving credit facility has a duration of five years and was arranged by the company itself as part of a club deal. All of the financing instruments served to fully replace existing credit due for repayment in

December 2011 as well as the variable part of the promissory note issued in April 2009. All three components of the refinancing concept include the usual commercial and legal provisions required in the event of a change of control.

Symrise fulfilled all of the contractual obligations resulting from loans (covenants) in the 2010 fiscal year.

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

#### CASH FLOW AND LIQUIDITY ANALYSIS

Operating cash flow amounted to €235.1 million, around €10 million higher than in the previous year (€225.7 million), reflecting the good earnings situation. The increase in earnings was partially offset by the increase in working capital related to sales. Nevertheless, a sales-related cash-flow rate of 15% was achieved.

Cash flow from investment activities fell by around €7 million to €68.5 million. It primarily consisted of essential replacement and expansion investments.

The cash flow from financing activities totaled €143.5 million, slightly higher than the previous year's level. It primarily comprises the dividend paid out to shareholders amounting to €59 million, repayments of bank loans with a net value of €37 million (previous year: €56.5 million) and net interest payments to credit institutions totaling €40.2 million (previous year: €25 million). These contain extraordinary payments due to the dissolution of swaps totaling €17.9 million. Adjusted for this effect, interest payments decreased by €2.7 million compared to the previous year. All payment obligations were fulfilled in the fiscal year. There were no liquidity bottlenecks.

#### OVERVIEW OF CASH FLOW

€ MILLION	2009	2010
Operating cash flow	225.7	235.1
Cash flow from investment activities	- 75.6	- 68.5
Cash flow from financing activities	- 139.8	- 143.5
Liquidity (Dec. 31)	80.5	112.5

#### INVESTMENTS AND ACQUISITIONS

The Symrise Group invested €71 million in intangible and tangible assets in 2010, after €57 million in the previous year.

Around €13 million were invested in intangible assets (2009: €17 million). The investment focus was software, primarily SAP, as well as patents and registration of substances based on the European chemicals directive. Investments in tangible assets amounted to €57 million, considerably higher than the previous year's €39 million. A large part of this amount was invested in capacity expansions for spray-dried aromas in the Asia and Latin America regions due to the building of additional spray towers with state-of-the-art technology. In addition, we invested in establishing a production site in Russia and expanding our production capacities for natural vanilla extract in Madagascar. We made first partial investments for building additional synthetic menthol production facilities. Furthermore, we invested in expanding and replacing technical facilities and machines to improve productivity and safety.

At the end of 2009, Symrise acquired Futura Labs Group. The acquisition went into effect on January 1, 2010. The price was €23.8 million. With the acquisition of Futura Labs, we are driving our business expansion in emerging markets. Futura Labs is active in the seasonings, sweet flavors, savory flavors, dairy flavors, natural extracts, beverage raw materials and perfume oils segments. Futura Labs achieved stable growth in the last few years and is profitable. In the 2010 fiscal year, the company reported sales of €15.8 million. Through the acquisition, we not only expanded our production capacities in North Africa (Cairo) and the Gulf region (Dubai), but also acquired employees who have a profound knowledge of local markets regarding country-specific taste preferences and consumer wishes. Futura Labs' product and customer portfolio ideally complements Symrise's existing business in Egypt.

#### NET ASSETS

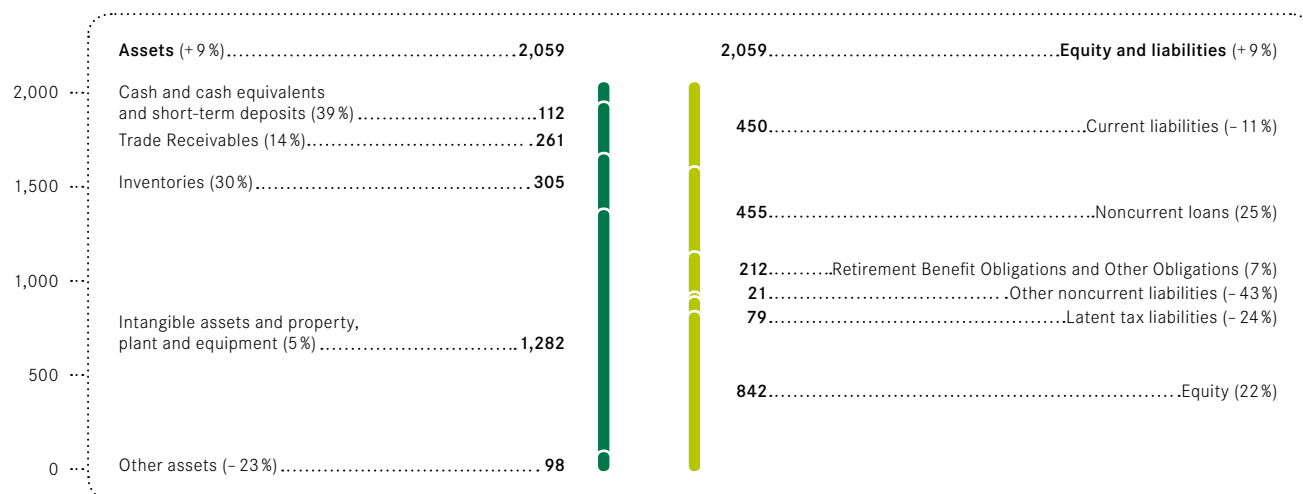
##### SELECTED BALANCE SHEET ITEMS

**Total assets** amounted to €2,059 million on December 31, 2010, €164 million higher than at the end of the previous year (December 31, 2009: €1,895 million). This was mainly due to the acquisition of Futura Labs Group, the purchase of property in Russia and higher inventory stocks.

On balance sheet date, **intangible assets and property, plant and equipment** had increased by 5% to €1,282 million (December 31, 2009: €1,224 million), accounting for 62% of total assets. The intangible assets include goodwill acquired through business mergers

**BALANCE SHEET OVERVIEW<sup>2</sup> AS OF DECEMBER 31, 2010** (€ MILLION)

(Change compared to the previous year's balance sheet date, in %)

<sup>2</sup> A detailed representation of the balance sheet can be found on page 82/83 of this report.

amounting to €489 million (December 31, 2009: €462 million), as well as recipes, production know-how, trademarks, software, patents and other rights amounting to €375 million (December 31, 2009: €376 million). Property, plant and equipment totaled €419 million (the previous year's balance sheet date: €386 million). **Inventories** increased by €70 million compared to the balance sheet date 2010/2009, or 30%, to €305 million (December 31, 2009: €235 million). The increase in inventories was mainly driven by the double-digit sales growth. Due to consistent working capital management, working capital related to sales only rose by 1 percentage point to 29%. The items **current prepayments, other assets and receivables** decreased by €14 million, or 22%, to €48 million at the end of 2010 (December 31, 2009: €61 million). The figure was higher in the previous year primarily on account of payments to be included on customer lists, which will be liquidated in the course of the listing period. In a year-to-year comparison, the Symrise Group's **liquidity** increased by €32 million to €112 million on December 31, 2010.

In terms of equity and liability, current liabilities decreased by 11% and noncurrent liabilities rose by 9%. This is the result of the replacement of our existing external financing with new financing with longer maturity periods. **Current liabilities** fell by €53 million, or 11%, to €450 million (December 31, 2009: €503 million). **Noncurrent borrowings** amounted to €455 million, higher than in the previous year (€365 million). **Provisions for pensions and similar obligations** rose by 7% or €13 million to €212 million (December 31, 2009: €199 million).

Symrise AG's **equity** climbed by 22% to €842 million on December 31, 2010 (December 31, 2009: €689 million). The increase was mainly due to the net income of €134 million and a reduction in cumulated currency differences compared to the previous year. In 2010, a dividend of €59 million was paid out. At the end of 2010, the equity ratio was 41%, after 36% at the end of 2009.

**NET BORROWINGS**

€ MILLION	2009	2010
Net borrowings (including pension provisions) (Dec. 31)	773.4	733.7
EBITDA	245.6	331.1
Net borrowings (including pension provisions)/EBITDA (Dec. 31)	3.1	2.2

Net borrowings (including pension provisions) fell, impacted by the strong operating cash flow, to €734 million on December 31, 2010. The ratio of net borrowings to EBITDA was 2.2 on December 31, 2010, after 3.1 a year earlier, and is thus situated at lower end of the targeted corridor of the 2.0 - 2.5.

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

Symrise's value does not only consist of assets on the balance sheet. A number of intangible assets that are not on the balance sheet play a significant role in the company's business success. They

include smooth and optimized methods over the entire supply chain as well as existing customer relations. In addition, our employees and our R&D activities significantly contribute to increasing our company's value. A detailed discussion of these issues can be found in the chapters on page 60 and 58. The company's environmental and social activities are discussed in depth in the annual CSR report, which can be downloaded on our website.

#### SUPPLY CHAIN

The Supply Chain area is integrated into the business divisions and is responsible for production and the supply chain in both business divisions. This achieves greater customer proximity and increases the business units' scope of action. With our innovative Symchronize™ approach, we continually make improvements along the entire value chain, from raw material procurement to delivery of the end product, for ourselves and for our customers. We ensure continual improvement of essential performance indicators such as work safety, service, quality and productivity by means of Total Productive Maintenance (TPM). A scorecard system records performance in all relevant areas of the supply chain every month and ensures control of results. As a result, we can quickly recognize and remedy inefficiencies and their causes. The main focus of operations in 2010 was on continual optimization through investment in new plants and through consolidations. Another important element was the integration of new sites and the establishment of the site in Rogovo (Russia). In Asia, expansion of the Singapore site was successfully continued: among other things, a pilot spray tower and automatic liquid mixing facility went into operation. In addition, SAP went live in China, following Australia. In Latin America, we concentrated our efforts on continuing the consolidation of Flavor & Nutrition production as well as on preparing, implementing and introducing SAP systems in Argentina and Brazil. Additional technologies will follow in the years to come. In the USA, we concentrated on stabilizing the integration of the flavors business of Chr. Hansen, Manheimer Fragrances and Intercontinental Fragrances. In the course of optimization of our production, the Scent & Care site in Houston (USA) (formerly Intercontinental Fragrances) was closed in 2010 and integrated into Branchburg (USA). Production at the Le Bouvret (Switzerland) site was also transferred, in March 2010. For this reason, capacities at the Holzminden site were expanded and automated.

#### PROCUREMENT

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

organized decentrally and integrated into the respective supply chain of the two business divisions. Global contracts are negotiated for the most important raw materials. Approximately 50% of our raw materials come from Europe. We buy the remainder in other parts of the world, basing our decisions on price, quality, and production site. Local production sites outside Europe satisfy part of their requirements from local raw materials markets and also purchase intermediate products from the main production facilities in Germany. We have long-term, flexible contracts for a large part of our raw materials. We continually develop new technologies and processes to reduce the number of raw materials used.

#### CUSTOMER LOYALTY

Symrise's success depends to a large extent on long-term customer relations. In our support of our multinational customers, our sales platform and sales teams play a key role. In both business divisions, we managed in the past to increasingly win core list positions with these companies. Furthermore, we often cooperate closely with these customers on innovations. This process comprehensively helps our customers develop core brands for long-term business success. Another facet of our global sales strategy is expansion of our market shares in developing markets of the emerging countries. These markets currently account for approximately 46% of our business. Due to our local presence, we have direct access to regional and also local manufacturers. In many emerging markets, for example, in Russia, the Middle and Near East and large parts of Asia, long-term customer loyalty is the key to success.

#### KNOWLEDGE MANAGEMENT

The knowledge and experience of Symrise's more than 5,000 employees is extremely important for the company's business success. This so-called intellectual capital is reflected in Symrise's corporate value. It is a challenge to record, document and efficiently use this knowledge in a company with a long history, a global position and divisional organization. Symrise took a major step forward in 2010 by establishing a new, web-based perfumery forum. This information platform encompasses 15 categories from research findings on raw materials, in-house specialties and a perfumers' pallet, all the way to regulatory and market information. It is supplemented by a blog for perfumers working all over the world. On this platform, global project teams can join forces and work on joint projects for international customers. As a result, new ideas and a shared knowledge base emerge across national boundaries.

The perfumers' forum was initiated during a worldwide perfumers' meeting in the Sultanate of Oman. More than 50 Symrise perfumers from 14 countries were inspired by Oman's historical backdrop.

In the area of F&N research, the capabilities of the available search engines were significantly increased in order to be able to better use existing knowledge for research and development work. In addition, further external databases were added to considerably expand the available knowledge pool. As a result, the implementation of the latest scientific knowledge in innovative products is being improved further.

#### **NON-FINANCIAL PERFORMANCE INDICATORS**

Symrise regularly reports on non-financial performance indicators in detailed CSR reports. In current and future CSR reports, we make statements on water and energy consumption as well as accumulation of wastewater, waste and carbon dioxide emissions. In addition, we report on the number and severity of work-related accidents.

All of these figures are based on GRI (Global Reporting Initiative) key figures, whose definitions are officially acknowledged.

In future CSR reports, we will extend our non-financial performance indicators, based on GRI key figures, and report on them not only related to the environment and work safety.

#### **RESEARCH & DEVELOPMENT**

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

#### **GUIDELINES AND FOCAL POINTS**

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

The Scent & Care business division gears its R&D strategy to six main points:

- New molecules for application as fragrance and cosmetic ingredients
- Functional materials for oral care products
- Bioactive ingredients for cosmetic applications

- Release systems for fragrances
- Masking unpleasant odors
- Sensory research and new methods of sensory perception

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

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

#### **ORGANIZATION**

On account of differing market and customer requirements, Symrise's two business divisions pursue to a large degree their own R&D activities. At the same time, technologies, processes and knowledge gained are made available to both divisions to achieve synergies. The R&D resources in both business divisions are directly integrated into the organization. Symrise has several R&D centers worldwide, in order to optimally support the regional activities of both business divisions. The research activities in Holzminden concentrate on fragrance and flavor research, the development of natural and synthetic production methods for fragrance and flavor ingredients, analytic chemistry, cosmetic ingredients and the development of new functional ingredients for the Consumer Health application area. We also have development and application technologies in Teterboro (USA), Singapore, Tokyo (Japan), Chennai (India), Paris (France), Cuautitlán Izcalli (Mexico) and São Paulo (Brazil). In Teterboro, Flavor & Nutrition has been running a Technical and Culinary Center for Protein Foods since the beginning of 2009. The focus here is on taste improvements and the range of aromas for foods containing protein.

In Shanghai, Scent & Care has a Creative Center for the Chinese market and northeast Asia in which all development technology departments and creative resources are bundled. In April 2011, a "Center of Expertise" will open in the São Paulo (Brazil) region, which will be used by both business divisions. The building is situated at the edge of a large nature protection area and meets all sustainable building requirements and requirements for operating such a facility.

Apart from their own R&D activities, both divisions have comprehensive alliances with companies, universities and research institutes. This enables synergies to be utilized and expands the

spectrum of R&D activities. Our partners include research institutes of the Technical University Munich, the Technical University Brunswick, Muenster University, the Technical University Dresden and Ruhr University Bochum, the Fraunhofer Institute for Polymer Research in Potsdam and the German Institute of Human Nutrition, as well as companies such as Axxam (Milan, Italy), InterMed Discovery (Dortmund) and Cutech (Padua, Italy). In addition, for years Scent & Care has had an international Scientific Advisory Board consisting of renowned representatives from different scientific disciplines and application fields. The committee's task is to give advice regarding the latest research results and how to implement them in product innovations. In 2010, Professor Liu Wei, a renowned Chinese dermatologist, joined the Scientific Advisory Board as an expert consultant for Asian skin care. In 2010, we also founded a Scientific Advisory Board for Health and Nutrition; it is the task of this board to give advice for the development of new ingredients for food supplements and healthy and functional foods.

Further measures to expand the network within the scientific community in 2010 included participation in scientific events such as the 26th Congress of the International Federation of Societies of Cosmetic Chemists (IFSCC) in Buenos Aires, Argentina, where Symrise was represented with three lectures and posters; the 9th Wartburg Symposium on Flavor Chemistry & Biology in Eisenach, Germany, with five Symrise contributions; the conference of soap, perfume and detergent experts (SEPAWA) in Fulda, Germany; as well as lectures on current research work, for example, at the Cluster for Industrial Biotechnology in Frankfurt/Main. In the Flavor & Nutrition business division, various scientific studies were conducted as part of qualification work together with different universities to gain direct access to the latest developments in the research areas relevant for us.

The results of the project "Anthocyanin/Intestinal Health," sponsored by the German Federal Ministry of Education and Health (BMBF), served as the basis for a prospective pilot study carried out in 2010 at University Hospital Zurich which was completed with clinically positive results. Some R&D basic research projects (for example, "Biocatalysis 2021 - Bioflavonoids," "Development of Salt Taste Enhancers" as well as "Biotechnological Extraction of Musk Fragrances from Renewable Raw Materials") continue to be promoted by the BMBF. The project "Development of Modern, Natural Aromas for Improving the Taste of Healthy Foods" continues to be sponsored by the European Funds for Regional Development (EFRE) and the Lower Saxony Economic Subsidy Funds (NBank). The project led to the first effective in vitro candidates for new flavorings. In 2010, the BMBF agreed to fund two new projects. One project deals

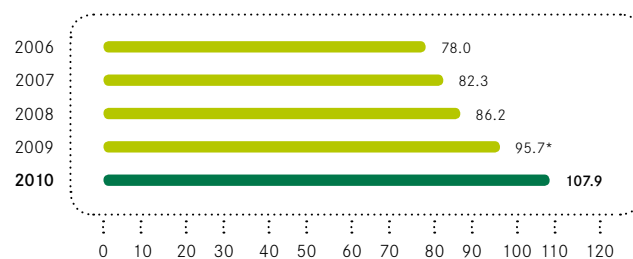
with the development of methods for naturally extracting taste-modified flavorings and is being carried out with the Leibniz Institute of Plant Biochemistry in the framework of the cluster "Biocatalysis 2021"; the other project, which Symrise is conducting with the Potsdam-based German Institute of Human Nutrition and the Technical University Munich, will focus on "The Effect and Role of Flavorings in the Gastrointestinal Tract".

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

#### PERSONNEL, EXPENDITURE AND RESULTS

Worldwide, 20% or nearly 1,043 of our employees are employed in the R&D area. Last year, 920 people worked in R&D. While 406 of the employees work in Scent & Care, 637 are active in Flavor & Nutrition. In the 2010 fiscal year, R&D expenditure amounted to €108 million (previous year: €96 million), comprising 6.9% of sales (previous year: 7.0%). Research expenditure will remain high in the future in order to further strengthen Symrise's innovativeness. Apart from the amount of expenditure, the efficiency and market orientation also play a role in the success of R&D and thus Symrise's competitiveness. As proof of this, Symrise has received important awards in the industry. For example, Symrise Life Essentials' research department received the highly esteemed BSB Innovation Prize 2010 in the "Innovative Raw Materials" category for the cosmetic ingredient SymSitive® 1609 launched the previous year.

#### R&D COSTS (€ MILLION)



\* 2009 including restructuring expenses

#### SELECTED PROJECTS/NEW PRODUCTS

**Frescolat® SC1:** In 2010, the Oral Care business unit launched Frescolat® SC1, a next-generation oral care product. The new ingredient unfolds a long-lasting and pleasant cooling effect without influencing the taste profile.

**Terranol®:** A new, patented fragrance manufactured by the Aroma Molecules business unit with an earthy, mossy odor and hints of wood and patchouli. With Terranol®, Symrise managed to develop a fragrance based completely on renewable raw materials.

**New SymMollient® variants:** The two new oil-soluble refatting ingredients SymMollient® L and SymMollient® S improve the moisture content of the skin and thus make skin look radiant and supple.

**SymPeptide® 226EL:** The new cosmetic ingredient strengthens and lengthens eyelashes and makes them look thicker. SymPeptide® 226EL was developed in cooperation with Therapeutic Peptides Inc. in the USA. Symrise has the exclusive sales rights.

**SymMarine®:** A new maritime fragrance with moss-like aspects which produces the airy hint of a sea breeze.

**SymCap® M:** This encapsulation of fragrances supports time-controlled fragrance release, e.g. when fabric softeners are used for clothing and laundry.

**SymFinity® 1298:** A highly effective Echinacea purpurea extract (magnus purple coneflower), which keeps skin cells healthy and increases the length of their life.

**SymRelief® 100:** An active, anti-inflammatory mixture of Drago-santal® 100 and ginger extract.

**NEUROFLAVORONOMICS™:** A development platform used by Symrise which helped the company gain new insights into sodium reduction, for example, and has already led to new product solutions for the SymLife® Salt Platform.

**Naturally Citrus!®:** A new generation of citrus specialties improves the authenticity and freshness of aroma profiles in the Naturally Citrus!® product platform.

**Innovations in analytics:** In the field of analytics, we have consistently invested in technology for high-resolution Time-of-Flight (ToF) mass spectrometry. This technology helps researchers find taste-active and taste-modulating compounds.

In addition, the analysis tool SymStixx®, developed by Symrise F&N, for analyzing bioactive substances alongside classical aroma and taste analyses was further developed.

**Tasty Flavors for Healthy Food interface:** A new development platform that enables representation of good-tasting complete solutions. The first examples have already been brought to market maturity.

#### EMPLOYEES

Symrise's employees are the basis for the company's success. In a close, partner-like relationship, we require performance, dedication and team spirit; at the same time we promote our employees with a comprehensive further education and training concept, give them freedom to take responsibility and make every effort to promote their career development. We continually carry out an intensive dialogue with our staff – so that we can advance together.

#### STRUCTURE OF THE WORKFORCE<sup>3</sup>

In a year-to-year comparison, the number of employees in the Symrise Group, not including apprentices and trainees, grew by 334 to 5,288 on December 31, 2010 (2009: 4,954). The increase in the workforce reflects the significantly higher business volume in the year under review. In the Flavor & Nutrition business division,

NUMBER OF EMPLOYEES BY DIVISION	DEC. 31, 2009	DEC. 31, 2010	CHANGE IN %
Flavor & Nutrition	2,396	2,616	+9
Scent & Care	1,826	1,868	+2
Corporate functions and services	732	804	+10
<b>Total (excluding trainees and apprentices)</b>	<b>4,954</b>	<b>5,288</b>	<b>+7</b>
Trainees and apprentices	121	116	-4
<b>Total</b>	<b>5,075</b>	<b>5,404</b>	<b>+6</b>

<sup>3</sup> All information in FTE (full-time equivalents)



Research & Development  
Employees

220 additional employees were hired, driven by general production-related growth as well as by the acquisition of Futura Labs Group Egypt/Dubai and Armonia in Russia (166 employees between them). Nearly half of all Symrise employees worked in this business division. More than a third worked in Scent & Care. 15% of the workforce is employed by Corporate Services, the Corporate Center and the outsourced Group companies Symotion and Tesium. Symrise attaches great importance to internal training of its staff. At the end of 2010, 116 young people were active in the Symrise Group as trainees and apprentices. Most of them are being trained to become chemical laboratory workers and technicians, are business

students (dual training towards a Bachelor of Business Administration degree,) or are preparing to become industrial sales officer or industrial mechanics.

The largest share of Symrise Group employees – 40% – works in production and technology. Around a quarter is employed in sales and marketing. Around 20% works in research and development. We have expanded our regional competence centers for consumer health, citrus and vanilla products in product development. We employed around 13% more people in this area in 2010.

<b>NUMBER OF EMPLOYEES BY FUNCTION</b> (excluding trainees and apprentices)	<b>DEC. 31, 2009</b>	<b>DEC. 31, 2010</b>	<b>CHANGE IN %</b>
Production and technology	1,937	2,097	+ 8
Sales and marketing	1,386	1,391	± 0
Research and development	920	1,043	+ 13
Administration	390	424	+ 9
Service companies	321	333	+ 4
<b>Total</b>	<b>4,954</b>	<b>5,288</b>	<b>+ 7</b>

<b>NUMBER OF EMPLOYEES BY REGION</b> (excluding trainees and apprentices)	<b>DEC. 31, 2009</b>	<b>DEC. 31, 2010</b>	<b>CHANGE IN %</b>
Germany	2,170	2,271	+ 5
EAME not including Germany	595	737	+ 24
North America*	638	628	- 2
Asia/Pacific	840	904	+ 8
Latin America*	711	748	+ 5
<b>Total</b>	<b>4,954</b>	<b>5,288</b>	<b>+ 7</b>

\* Mexico was assigned to the Latin America region in line with our management structure. The previous year's figures in North America and Latin America are adjusted accordingly.

Of the Group's 5,288 employees, around 43% worked at German sites. The Asia/Pacific and Latin America regions had the next-highest share, 17% and 14%, respectively. The workforce grew in almost all regions, but the increase was particularly high in EAME, at 24%. Our acquisition of Futura Labs and the development of our new site in Russia played a key role in the increase (166 employees between them).

In terms of age groups, 63% of Symrise Group employees are between 30 and 49. The natural reduction of our workforce due to retirement until 2020 will be around 1% or less per year.

Our employee fluctuation rate was very low in 2010. It was 1.2% at our German sites and 5.1% worldwide.

## PERSONNEL STRATEGY

Symrise's personnel strategy consists of four main points:

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

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

## PERSONNEL MEASURES

### NEW EMPLOYEES

Symrise obtains qualified employees via different channels. We offer students the opportunity to become acquainted with Symrise within the framework of apprenticeships or Bachelor's and Master's degree courses. Fifty students took advantage of this in Germany in 2010. Symrise maintains close contact with universities and other higher education institutions and regularly takes part in university information days.

Providing apprenticeships is another important measure for training employees to become qualified. On December 31, 2010, 116 apprentices and trainees were active in the Group, representing a training rate of 4.6%. In 2011, we will further increase our training efforts by 10%. To bind well-qualified trainees and apprentices to Symrise, we cooperate closely with general and vocational schools in the form of sponsorships of training companies, project

days and e-learning projects. In 2010, we held our second “Education Day” for interested pupils and parents in Holzminden. In the future, we intend to offer this service every two years.

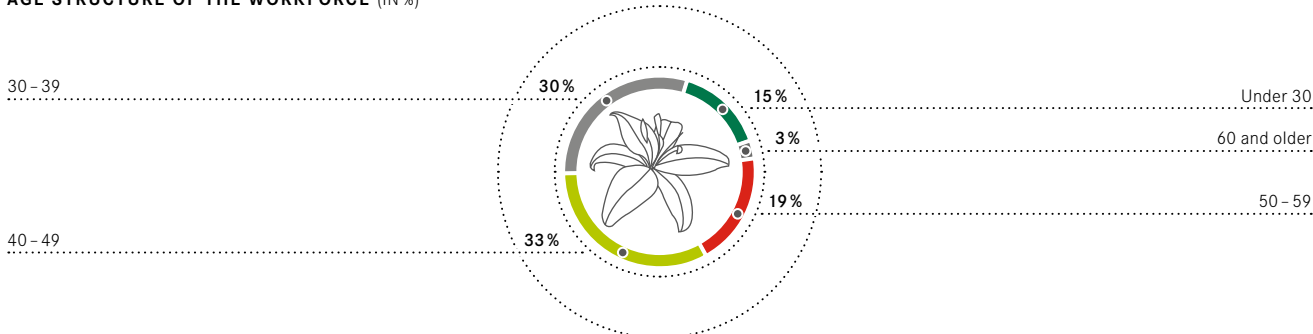
### FURTHER TRAINING

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

- Education and further training offers for perfumers, evaluators and members of the sales team are bundled in the **Perfumers' Academy**. At the perfumery school, six participants are currently completing their training to become Junior Perfumers. In parallel, five new talents will begin their education in 2011. In September, we opened a new perfumery school in India to develop an internal talent pool of excellently trained perfumers and evaluators for the Asian market. At the school, we train three perfumers and one evaluator.
- At the **Flavor Academy**, two employees successfully completed their Junior Flavorist training in 2010. In October, seven additional trainees from Asia, Latin America, Europe and Africa began training to become flavorists. They will complete their comprehensive, multi-stage training in 2012.
- The **Leadership Academy** is geared to managers within the Symrise Group. At the academy, communications and sales techniques are taught, management skills are honed, and various coaching programs are offered.

Our further training offer for all Symrise employees encompasses safety training, language courses, project management and data processing courses. The average length of training per employee in Germany was 4.8 days in 2010. Expenses for further training measures amounted to approximately €2.3 million.

## AGE STRUCTURE OF THE WORKFORCE (IN %)



In both business divisions, we offer specialist chemical employees a one-year further training program enabling them to become process chemical technicians. In addition, we added a one-year further training program enabling research lab employees to become advanced laboratory technicians.

A worldwide talent management platform helps us identify and promote talent with high potential.

#### EMPLOYEE SURVEY 2010

In recent years, Symrise has undergone constant transformation, from the merger and the stock market listing to the international financial and economic crisis and the dynamic upswing thereafter. In the course of these changes, Symrise and its employees have shown a high degree of flexibility, have actively taken on new challenges, and have quickly adapted to each new situation. Our employees play a key role in the success of our company. To further strengthen this success factor, in the early summer of 2010 we conducted our first international employee survey in cooperation with external specialists. For organizational reasons, this first survey focused on the regional headquarters. A second, comprehensive survey is planned for 2012.

The results of the survey were available in the fall of 2010. Participation in the anonymous opinion survey was around 70%, a very high level compared to other companies. Under the motto "Have your say!", employees in Germany, the US, Brazil and Singapore answered 54 concrete questions about the strengths and weaknesses of their company. Another series of questions dealt with the employees' commitment to the company. Their answers reflect their degree of satisfaction with their work, their loyalty and attachment to the company and its goals, their enthusiasm for and commitment to the company, and their trust in the company's ability to thrive in the future. This satisfaction index was very positive for Symrise, slightly above the average compared to other companies. But there are regional differences. While in Germany the index value is in the upper third of all companies surveyed, in the USA it is exactly average. Employees in Brazil and Singapore are much less satisfied with Symrise.

These findings have to be reviewed. Following the first phase of communication is a dialogue and implementation phase. Managers are using the results of the survey as a point of departure for dialogue with their employees about the need for improvement and change in their areas. Concrete initiatives are being launched to further develop our corporate and management culture and to make Symrise even more attractive as an employer. Some of these initiatives are being developed globally for the Symrise Group, while other topics are geared to specific countries or business divisions. We are building on our employees and giving them the opportunity to help actively shape the company. This process will strengthen our company internally and help us advance together.

#### EMPLOYEE MOTIVATION

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

We have launched a number of sports and cultural initiatives. In addition, we attach great importance to "operational health management". In 2010, we offered a health week to help prevent cardiovascular disease. To recognize and minimize ergonomic burdens, health circles were set up with certain focal points. Here employees can get ergonomic advice, with Symrise covering the costs. In the management training program, the issue of "addiction and addiction prevention" is addressed.

In our further development of fringe benefits, we launched new pension schemes at all larger sites in Germany. We cooperate with a pension pool financed by employee and company contributions. All new employees are required to be members of this pension pool; existing employees can join on a voluntary basis.

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

For many years now, an idea management system has been installed in the Symrise Group in order to continually improve work procedures. In 2010, 354 suggestions were submitted, of which 196 were implemented. The overall benefit of the "good ideas" amounted to €1.9 million. Bonuses totaling T€144 were paid out.

In the summer of 2010, a competition was launched at all larger sites in Germany to improve work safety. Employees from areas with higher accident risks, such as production and laboratories, could participate. In the first few months of the competition the number of accident-related lost work days decreased by 90% compared to the same period of 2008/2009. The competition, which has given rise to bonuses of T€50, will initially last two years.

#### REMUNERATION AND WAGE AGREEMENTS

Flexible remuneration systems, which with variable salary components honor employee's individual contributions and at the same time take the company's economic situation into account, are an important element of a modern remuneration policy. In addition, a performance-related remuneration makes the company more attractive as an employer and helps it obtain and keep high performers. In 2010, we introduced a new, transparent remuneration structure in the form of remuneration ranges which enables superiors and employees to actively develop remuneration parallel to further professional training. This model applies to some 340 exempt and managerial employees. The advantages of this so-called "job grade" concept lie in the high degree of transparency and comprehensibility of the remuneration and in the fact that they can be compared internationally. In addition, a separate global performance bonus plan ensuring that company targets are reached by means of result- and performance-oriented variable remuneration, applies to around 70 executives with global or regional responsibilities.

The in-house collective bargaining between Symrise and the IG BCE union made an important contribution to safeguarding the company's competitiveness. The outstanding element of the agreement is an employment guarantee at German sites until 2014. At the same time, the contract forms the basis for qualification measures and considerable cost cutting: a retention of weekly work times of no less than 40 hours and step-by-step incorporation of IG BCE's collective agreement on remuneration with defined discount. To safeguard competitiveness and with a view to future-oriented employment policy, on February 9, 2011, we extended the agreement with IG BCE on the employment guarantee until 2016.

#### OPPORTUNITIES AND RISK REPORT

##### PRINCIPLES

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

##### RISK MANAGEMENT STRUCTURE AND PROCESS

Symrise's risk management extends across all Group companies and business units. The coordination of risk assessment occurs at the level of the Corporate Center within the Corporate Compliance department. On the basis of individual companies, risk reports are issued which are subsequently brought together at the Group level to provide an overview of the current risk situation. On this basis a risk report is passed on to the Executive Board twice a year. In the risk report given to the Executive Board, potential risks are identified and classified according to their effects on profits,

their probability of occurring, the risk type and business unit, as well as the business activity and risk owner. In addition, appropriate countermeasures and the employees responsible for them are listed. As a result, the risk report is also a basis for controlling risks and examination by the Group's internal auditing. The Executive Board informs the Supervisory Board or the Supervisory Board's Auditing Committee and takes further measures to deal with risks. Exemption thresholds for risks are oriented to financial effects on the company as well as the probability of the risk occurring. If a risk exceeds a certain exemption threshold, the Executive Board is informed immediately.

#### BUSINESS ENVIRONMENT AND INDUSTRY RISKS

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

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

Symrise is exposed to political risks in the form of a trade embargo in individual countries from which we obtain our raw materials and to which we export our products. We can partially compensate for impediments to trade by turning to other regions. In individual countries, we continually observe the possible risk of politically related suspension of payment due to a debt moratorium. A dialogue with banks and customers serves to limit this risk. We counter risks in export countries arising for political reasons through corresponding finance control so that a loss of receivables can be avoided. We observe political unrest in countries and regions in which Symrise has operating facilities very attentively, particularly to protect the safety of our staff. Nevertheless, a loss of product and thus sales can occur in unfavorable cases.

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

#### CORPORATE STRATEGIC RISKS

As with every company, Symrise's corporate strategy is inherently connected with risks. Negative consequences for the company's development can, for example, arise from a misjudgment of customer requirements and peripheral conditions, as well as from erroneous technological decisions. This particularly concerns product developments, which Symrise partially carries out on its own initiative, as well as the founding of a new application area such as Consumer Health in 2009. In the case of a deficient ability to market products, the development expenditure is not offset by adequate income. Intensive market research is carried out to guarantee that our products remain marketable. Acquisitions made by Symrise are also liable to risks. In the course of the integration process, there is the threat of business interruptions or a loss of knowledge and resources due to employees leaving the company. We counter these risks by means of a clearly defined integration process.

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

#### ECONOMIC PERFORMANCE RISKS

**Product risks:** Symrise's fragrances and flavors are normally processed in products that end consumers consume as food or apply to their skin. As a result, our products can have a negative effect on consumers' health in principle. To minimize this risk, our quality management includes current analysis methods and internal safety regulations. The tolerability of our products is continually tested on the basis of scientific research and testing based on international standards. Our goal is to anticipate and thus avoid customer complaints to as great a degree as possible. Against this background, we have an internal process improvement procedure to remedy possible weak points and threats at an early stage and to continuously maintain the quality of our products at a high level.

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

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

**Operating risks:** Technical disturbances can interrupt the Group's continuous operations and mean a loss of income and corresponding return. The causes can lie in the safety of equipment and processes, in fire safety, in the safety of materials and their correct classification, or in the requirements of stricter, country-specific work and environmental regulations. We reduce such risks through maintenance, investment and work safety measures, as well as through corresponding guidelines, instructions and training courses. Changes in country-specific environmental regulations can result in fines or temporary closure of production sites. For this reason, we continuously observe regulatory developments in the countries in which we operate.

Business interruptions can also arise due to errors in the course of operations, for example, due to foreign bodies that are contained in raw materials or that are inserted into intermediate or end products during processing, as well as to incidents resulting from usage or work equipment. Symrise minimizes these kinds of risks through appropriate guidelines (for example, foreign body policy), procedures (Total Productive Maintenance), training courses, emergency plans, alternative production sites, an exchange of best practices and continuous improvements to operational processes. Contaminations of products also occurred in individual countries in 2010. As a reaction to this, we changed our choice of suppliers or ushered in corrective measures on the part of the suppliers.

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

## FINANCIAL RISKS

Symrise is exposed to a number of different financial risks.

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

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

The following table shows when our liabilities, as of December 31, 2010, fall due:

### LIABILITIES OF SYMRISE GROUP, AS OF DECEMBER 31, 2010

(€ MILLION)	TOTAL	2011	FROM 2012
Trade payables	101.4	101.4	0
Borrowings	633.5	6.2	627.3
Other and financial liabilities	117.4	100.2	17.2
<b>Total</b>	<b>852.3</b>	<b>207.8</b>	<b>644.5</b>

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

Interest risks arise because rising interest rates can increase interest expense contrary to planning and thus have an adverse effect on Group earnings. Symrise significantly reduced this risk within the framework of refinancing; approximately 70% of the liabilities were taken up with fixed interest rates, utilizing the favorable interest rate levels currently prevailing. Only approximately 30% of the liabilities are subject to the risk of changing interest rates. If need be, Symrise counters this risk by means of contracted interest hedges, which minimize the risk of changing interest rates.

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

## PERSONNEL RISKS

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

## LEGAL RISKS

Currently, Symrise considers legal risks to be relatively minor. These risks typically result from the areas of labor law, product liability, warranty claims and intellectual property. To counter these risks in an appropriate and timely way, we analyze potential risks comprehensively by incorporating our legal department and, if necessary, by engaging external specialists. Despite these

measures, the outcome of current or future legal proceedings cannot be predicted with certainty. At present, only a few Group companies are affected by ongoing legal proceedings. Therefore, we will only make reference to one type of legal procedure here. In the USA, Symrise Inc., along with many other companies, has been accused of selling aromas which when industrially processed can release harmful vapors if safety instructions are not adhered to. In none of these proceedings has a clear money claim been made so far. We believe that we can rebut these legal accusations. We do not expect the results of the individual proceedings to have a significant effect on the Group's results.

#### IT RISKS

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

#### OVERALL ASSESSMENT OF THE RISK SITUATION

Based on the information available to us, we see no risk that could pose a threat to the continued existence of the Symrise Group. Since the existing risk reporting and the integrated management system are supplemented by a system of integrated internal controls, we expect to continue to meet all requirements in the future business environment and in view of changing legal regulations.

#### OPPORTUNITIES MANAGEMENT

The Symrise corporate culture attaches importance to entrepreneurial thinking and acting. We value employees who have a high degree of independence and responsibility. Therefore, we encourage all Symrise staff members, regardless of their area and scope of responsibility, to continuously seek and take advantage of opportunities. Group companies are urged to identify opportunities on an operative level which, for example, arise within the framework of an operational activity or due to improved market conditions, and to realize these opportunities with the aim of achieving results going beyond the scope of planning. Strategic opportunities are

recorded in the business divisions and in the Corporate Center. They are evaluated and measures are taken to exploit them. Symrise's Executive Board is responsible for discussing strategic opportunities on a regular basis.

#### SELECTED OPPORTUNITIES

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

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

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



Opportunities and Risk Report  
 Essential Features of the Accounting-Related  
 Internal Control and Risk Management System  
 Subsequent Report  
 General Statement on the Company's  
 Economic Situation

## ESSENTIAL FEATURES OF THE ACCOUNTING-RELATED INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

### BASIC FEATURES AND GOALS

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

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

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

### ORGANIZATION AND PROCESS

The ICS in the Symrise Group comprises both centralized and decentralized elements and is geared to ISO 31000. Based on reports issued by subsidiaries, an aggregate ICS Group report will be presented to the Executive Board. The Executive Board discusses the efficacy of the ICS with the Supervisory Board or with the Auditing Committee of the Supervisory Board.

The ICS is monitored regularly with respect to the up-to-dateness of documentation, the suitability and functionality of controls; any weaknesses in the control system are identified and evaluated.

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

### SUBSEQUENT REPORT

After the conclusion of the fiscal year, there were no major changes in the general economic conditions or in the situation in our industry. Nor were there any other events of particular importance regarding the Symrise Group that need to be reported.

### GENERAL STATEMENT ON THE COMPANY'S ECONOMIC SITUATION

The Executive Board assesses the Symrise Group's economic situation to be positive. In 2010, we were able to significantly increase our sales and earnings. Symrise became noticeably more financially stable and the company's financing is ensured for the medium term. Pending the passing of the resolution at the Annual General Meeting, Symrise AG shareholders will participate in the company's success by receiving a higher dividend than in the previous year.

## OUTLOOK

### FUTURE GENERAL CONDITIONS

For 2011, we expect the general economic conditions to remain favorable for our business activities, although we anticipate that worldwide economic growth will slow down somewhat compared to 2010. The World Bank expects global economic performance to increase by 3.3% in 2011, after 3.9% in 2010. The strongest growth impetus is forecast to again come from the strong domestic demand in the developing and emerging countries, whose expansion rate is expected to be around 6.0%. The economic development in a few industrial countries continues to be slowed by uncertainties in the finance and real-estate sectors; added to that is the need to consolidate public finances and to reduce private household debt. The World Bank expects the social product of the industrialized countries to rise by 2.4% this year, after 2.8% the year before. The restrained economic growth is not sufficient to noticeably reduce unemployment, which puts a burden on private consumption. For 2012, we expect slightly higher economic growth, primarily due to a step-by-step solving of problems and structural distortions in some important industrial countries. The World Bank forecasts a global economic growth of 3.6%, a growth of 2.7% for industrial countries, and an increase in the GDP of developing and emerging countries of 6.1% on average.

The F&F market relevant for Symrise grew by more than 6% in 2010, reaching a volume of €14.9 billion. According to long-term estimates by IAL Consultants, the flavor and fragrance markets should achieve an average annual growth of 3.0% until 2014. Latin American and Asian markets are expected to generate a disproportionate amount of that growth. In our appraisal, customer companies' warehousing normalized in 2010, following considerable destocking in the previous year. The economic outlook for 2011 has improved in the last months. But due to further existing uncertainties – for example, the current political changes in the Middle East – we expect the fragrance and flavor markets to achieve an average market growth of 3%.

We expect the market situation of some important raw materials to remain tense in the 2011 fiscal year. For example, we expect the prices of fruit juice concentrates to increase significantly and we believe that the citral, turpentine and crude oil derivative markets will remain difficult. At the same time, we expect ongoing, pronounced price volatility.

It is foreseeable that energy costs will rise due to various influences. One factor is the new period of emissions trading that will go into effect as of 2013. Symrise will counter this challenge by taking various technical measures to optimize energy use and energy conversion. For 2011, certification of the “energy management systems” for Germany in accordance with DIN EN 16001 is planned.

In the EU, the REACH directive will continue to have a strong impact on chemicals regulations. For the next registration deadline in June 2013, we have identified 50 raw materials for which a registration dossier has to be submitted. Moreover, it will be necessary to introduce GHS in other regions (e.g. Brazil/Latin America). With enhanced competence center global product compliance and a global network of regulatory groups, Symrise is ideally positioned to cope with the increasing intensification of regulatory hurdles.

### FUTURE DEVELOPMENT

We are cautiously optimistic about 2011 and are confident that our two business divisions Scent & Care and Flavor & Nutrition will equally grow faster than the F&F market again this year. We are striving to achieve a sales growth at local currency of more than 3%, although the basis from 2010 is very high.

In 2011, Symrise will create around 200 new jobs, predominantly in the growing regions of Asia and Latin America. The number of employees in Europe, however, will remain stable. Worldwide personnel costs will increase by around 2.5%. We will further intensify our training efforts. As a result, the number of training positions in our company will increase by around 10%.

We will consistently carry on the initiatives we have launched to continuously improve our earnings. These initiatives include cost reduction and price management, portfolio optimization and a focus on innovative products and technologies. We expect an EBITDA margin of at least 20% for 2011.

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

Our refinancing was successfully concluded in December 2010. We issued a bond for the first time, with a volume of €300 million and a duration of seven years, and obtained a long-term loan in conjunction with a private placement of US\$ 175 million with a duration

Outlook  
Remuneration of the Executive Board  
Disclosures Required in Accordance  
with Section 315, Paragraph 4 of the HGB  
(German Commercial Code)

of ten years. As a third component of our refinancing, in December we obtained a revolving credit facility with a volume of €300 million and a duration of five years. We expect our debt, expressed as the ratio of net debt (including pension provisions) to EBITDA, to lie between 2.0 and 2.5 in the medium term. At the end of 2011, we expect to reach the lower end of the spectrum due to our strong cash flow. It is possible that we will deviate from this range for a short period in the event of acquisitions to promote our long-term strategy. Accordingly, we will continue to actively investigate acquisition opportunities in 2011.

How the F&F market will develop in 2011 and 2012 strongly depends on further economic developments. However, on account of our innovative strengths, our good positioning in the emerging markets and our unique portfolio, we are confident that we will grow faster than the market and continue on our profitable growth course.

#### GENERAL STATEMENT ON THE COMPANY'S EXPECTED DEVELOPMENT

The Executive Board of Symrise AG continues to assess the company's situation as positive. We see our good performance as confirmation of our strategy, which we refined and improved in 2010. The following strategic pillars for a further enhancement of our competitiveness are:

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

We intend to continue to grow organically in the future. Where it is sensible and creates added value, we make acquisitions or forge strategic alliances to ensure ourselves access to new technologies, know-how, new markets and new customers and ensure that we can obtain scarce raw materials.

#### REMUNERATION OF THE EXECUTIVE BOARD

The remuneration of the Executive Board and a disclosure of the remuneration of individual Executive Board members can be found in the Corporate Governance Statement.

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

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

Prudential plc., London, United Kingdom, informed us on behalf of its M&G subsidiaries in February 2011 that its share in Symrise AG exceeds the 10% threshold. (More information can be found under note 48 in the Notes to the Consolidated Financial Statements).

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

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

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

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

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

Furthermore, the general meeting of shareholders held on May 11, 2010, authorized the Executive Board to acquire treasury stock up to a level of 10% of the current stated capital. The acquired shares together with any other treasury stock already owned by the Company, or which pursuant to Section 71 a et seq. of the Stock Corporation Act is attributed to the Company, may not at any time exceed 10% of the stated capital. The authorization may not be misused for the purposes of trading in the Company's own shares.

- a) For one or more purposes, the authorization may be invoked by the Company, or by third parties for the account of the Company, in one total amount or in a number of partial amounts either singly or on several separate occasions. The authorization is valid until May 10, 2015.
- 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<sup>®</sup> 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<sup>®</sup> 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.

Disclosures Required in Accordance  
with Section 315, Paragraph 4 of the HGB  
(German Commercial Code)  
Corporate Governance Statement

- 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 non-par-value shares making up the Company's stated capital. The redemption may be limited to only a portion of the shares acquired. The authorization for redemption of shares may be invoked repeatedly. If the redemption is performed using the simplified procedure, then the Executive Board is authorized to adjust the number of non-par-value shares contained in the Company's articles of incorporation.
  - bb) The shares may be sold in an alternative manner than through trading on the stock exchange or via an offer to the shareholders, if the shares are sold for cash at a price that is not significantly lower at the time of sale than the price quoted on the stock exchange for shares of the Company that are of the same type.
  - cc) The shares may be sold in consideration for contributions in kind, particularly in connection with the acquisition of other entities, parts of entities or investments in entities as well as in connection with business combinations.
- d) The authorizations listed under paragraph c) sub-paragraphs aa) to cc) above also cover the disposition of shares of the Company that are acquired pursuant to Section 71 d sentence 5 of the Stock Corporation Act.
- e) The authorizations listed under c) above may be made use of singly or repeatedly, wholly or partly, individually or jointly; the authorizations under c) sub-paragraphs bb) and cc) may also be made use of by entities dependent on the Company, or by entities which are owned in the majority by the Company, or for their account, or for the account of third parties acting on behalf of the Company.
- f) Shareholder subscription rights in respect of this treasury stock are excluded to the extent that these shares are disposed of in accordance with the aforementioned authorization contained in paragraph c) sub-paragraphs bb) and cc).
- g) The Supervisory Board may prescribe that measures taken by the Executive Board based on this resolution by the general meeting of the shareholders may only be executed with its permission.

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

#### **CORPORATE GOVERNANCE STATEMENT**

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



# INDIA | CHENNAI

ALMOST 1.2 BILLION PEOPLE LIVE IN INDIA. THE NUMBER OF CONSUMERS WITH MIDDLE AND HIGH INCOME IS EXPECTED TO REACH 500 MILLION BY 2025 – GROWING AT A RATE OF 12% A YEAR. THIS MAKES THE LAND OF FLOWERS, SPICES AND SCENTS ONE OF THE WORLD'S MOST PROMISING MARKETS.

+12%



# SCENT & CARE

“IN THE PERFUMERY SCHOOL IN CHENNAI WE ARE TRAINING CREATIVE YOUNG PERFUMERS FOR THE REGIONAL MARKET.”

THE PRESENCE OF SYMRISE IN INDIA DATES BACK TO 1994. SENIOR PERFUMER M. SUBRAMANIAN, A SPECIALIST IN THE DEVELOPMENT OF FRAGRANCES FOR THE APPLICATION AREAS PERSONAL CARE AND HOUSEHOLD PRODUCTS, WAS THERE ALMOST FROM THE BEGINNING. WITH THE OPENING OF THE PERFUMERY SCHOOL IN CHENNAI, SYMRISE IS OFFERING TALENTED YOUNG PEOPLE A CHANCE TO ENTER ONE OF THE MOST COVETED PROFESSIONS IN THE WORLD. THIS IS OUR WAY TO DEVELOP TALENT WHO HAVE A “NOSE” FOR THE NEEDS AND DESIRES OF THE REGION’S CONSUMERS.



Thanks to the products in the Scent & Care business division, Symrise enjoys a leading position in India.





M. SUBRAMANIAN, Senior Perfumer, Symrise Chennai

## CONSOLIDATED FINANCIAL STATEMENTS

### TABLE OF CONTENTS

CONSOLIDATED FINANCIAL STATEMENTS ..	80	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.....	86
Consolidated Income Statement .....	80	1 General information.....	86
Consolidated Statement of Comprehensive Income .....	81	2 Accounting policies .....	86
Consolidated Statement of Financial Position ....	82	3 Determination of fair value .....	98
Consolidated Statement of Cash Flows .....	84	4 Segment information.....	99
Consolidated Statement of Changes in Equity ....	85	5 Sales .....	103
		6 Other operating income .....	103
		7 Personnel expenses .....	103
		8 Research and development expenses .....	104
		9 Administration expenses .....	104
		10 Financial result.....	104
		11 Income taxes.....	105
		12 Amortization and depreciation .....	105
		13 Earnings per share .....	106
		14 Cash and cash equivalents .....	106
		15 Trade receivables.....	106
		16 Inventories.....	107
		17 Prepayments, other assets and receivables ..	107
		18 Assets held for sale.....	107
		19 Deferred tax assets/liabilities .....	108
		20 Other non-current assets and receivables ...	109

21	Financial assets	109	41	Disclosures relating to financial instrument risk management	132
22	Intangible assets	110	42	Contingent liabilities and other financial commitments	134
23	Property, plant and equipment	115	43	Success-based remuneration (long term incentive program and strategic share bonus scheme)	135
24	Acquisitions	116	44	Transactions with related parties	136
25	Trade payables	117	45	Long-term objectives and methods used to manage financial risks	136
26	Short-term borrowings	117	46	Audit	137
27	Short-term provisions	119	47	List of companies included in the consolidated financial statements	137
28	Other current liabilities	119	48	Shareholdings in Symrise AG pursuant to Section 160 (1) No. 8 AktG	138
29	Long-term borrowings	120	49	Exemption from the obligation to prepare annual financial statements pursuant to Section 264 (3) HGB	140
30	Other non-current liabilities	121	50	Corporate Governance	140
31	Long-term financial liabilities	121		RESPONSIBILITY STATEMENT	141
32	Long-term provisions	121		AUDITOR'S REPORT	142
33	Provisions for pensions and similar obligations	122			
34	Share capital	128			
35	Capital reserve and other reserves	129			
36	Disclosures relating to the management of capital	129			
37	Dividends	129			
38	Additional disclosures relating to the statement of Group cash flows	129			
39	Additional disclosures relating to financial instruments	130			
40	Net gains and losses by measurement category	131			

## CONSOLIDATED FINANCIAL STATEMENTS

### CONSOLIDATED INCOME STATEMENT – JANUARY 1 TO DECEMBER 31, 2010

T€	NOTES	2009	2010
Sales	4, 5	1,361,954	1,571,890
Cost of sales	4	- 804,030	- 890,182
<b>Gross profit</b>		<b>557,924</b>	<b>681,708</b>
Other operating income	6	12,320	7,736
Selling and marketing expenses		- 229,276	- 252,774
Research and development expenses	8	- 95,686	- 107,859
Administration expenses	9	- 81,458	- 83,177
Other operating expenses		- 813	- 1,223
<b>Income from operations/EBIT</b>		<b>163,011</b>	<b>244,411</b>
Finance income		14,884	6,392
Finance expenses		- 61,176	- 73,313
<b>Financial result</b>	10	<b>- 46,292</b>	<b>- 66,921</b>
<b>Income before income taxes</b>		<b>116,719</b>	<b>177,490</b>
Income taxes	11	- 32,370	- 43,990
<b>Net income</b>		<b>84,349</b>	<b>133,500</b>
<b>Earnings per share (€)</b>			
- diluted and basic	13	0.71	1.13

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

T€	NOTES	2009	2010
<b>Net income</b>		<b>84,349</b>	<b>133,500</b>
Currency translation differences	2.6	16,406	59,607
Unrealized gains/losses (-) deriving from "available-for-sale financial assets"		28	- 14
Unrealized gains/losses (-) deriving from derivative financial instruments		- 1,578	5,900
Reclassification of previously unrealized losses deriving from derivative financial instruments	10	0	19,743
Income tax relating to components of other comprehensive income		451	- 6,496
<b>Cumulated income and expenses recognized directly in equity</b>		<b>15,307</b>	<b>78,740</b>
<b>Total comprehensive income</b>		<b>99,656</b>	<b>212,240</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

T€	NOTES	DECEMBER 31, 2009	DECEMBER 31, 2010
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	14	80,540	112,215
Trade receivables	15	228,379	261,476
Inventories	16	234,779	305,031
Prepayments, other current assets and receivables	17	61,097	47,515
Current tax assets		8,172	8,379
Assets held for sale	18	3,003	1,607
		<b>615,970</b>	<b>736,223</b>
<b>Non-current assets</b>			
Deferred tax assets	19	43,909	34,135
Other non-current assets and receivables	20	3,802	3,691
Financial assets	21	7,862	2,817
Intangible assets	22	837,667	863,394
Property, plant and equipment	23	386,021	418,738
		<b>1,279,261</b>	<b>1,322,775</b>
		<b>1,895,231</b>	<b>2,058,998</b>
<b>ASSETS</b>		<b>1,895,231</b>	<b>2,058,998</b>

## Consolidated Statement of Financial Position

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

T€	NOTES	DECEMBER 31, 2009	DECEMBER 31, 2010
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade payables	25	77,079	101,449
Short-term borrowings	26	289,941	178,150
Short-term provisions	27	5,862	5,271
Tax liabilities		41,322	65,090
Other current liabilities	28	88,753	100,170
Short-term financial liabilities		45	0
		<b>503,002</b>	<b>450,130</b>
<b>Non-current liabilities</b>			
Long-term borrowings	29	364,576	455,332
Other non-current liabilities	30	17,118	17,221
Long-term financial liabilities	31	19,128	0
Long-term provisions	32	38	3,227
Provisions for pensions and similar obligations	33	199,448	212,414
Deferred tax liabilities	19	102,957	78,557
		<b>703,265</b>	<b>766,751</b>
		<b>1,206,267</b>	<b>1,216,881</b>
<b>TOTAL LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	34	118,173	118,173
Capital reserve	35	970,911	970,911
Revaluation reserve	35	2,718	2,765
Fair value reserve	10	- 18,300	4
Cumulative translation differences		- 62,159	- 1,838
Accumulated deficit		- 322,379	- 247,898
<b>Total equity</b>		<b>688,964</b>	<b>842,117</b>
		<b>1,895,231</b>	<b>2,058,998</b>
<b>LIABILITIES AND EQUITY</b>			

## CONSOLIDATED STATEMENT OF CASH FLOWS

T€	NOTES	2009	2010
<b>Net income</b>		<b>84,349</b>	<b>133,500</b>
Income tax expenses	11	32,370	43,990
Net interest expenses	10	39,790	58,722
<b>Sub-total</b>		<b>156,509</b>	<b>236,212</b>
Amortization, depreciation and impairment losses on non-current assets	10, 22, 23	86,557	92,574
Reduction in provision for pensions and similar obligations		- 5,001	- 1,586
Change in provisions and long-term accruals		5,052	364
Losses on the sale of non-current assets		236	1,069
Unrealized and realized losses deriving from IAS 39 fair value adjustments		2,575	6,281
Unrealized foreign exchange differences		- 4,630	- 2,888
<b>Sub-total</b>		<b>84,789</b>	<b>95,814</b>
<b>Cash flow before working capital changes</b>		<b>241,298</b>	<b>332,026</b>
Change in trade receivables or other assets that are not attributable to investment or financing activities		- 6,049	- 18,155
Change in inventories		23,118	- 53,307
Change in trade payables or other liabilities that are not attributable to investment or financing activities		15,569	19,269
Income taxes paid		- 48,246	- 44,758
<b>Net cash flow from operating activities</b>		<b>225,690</b>	<b>235,075</b>
Payments for investments in subsidiaries (net of cash acquired)	24	- 19,506	- 2,003
Payments for investing in intangible assets	22	- 17,492	- 13,186
Payments for investing in property, plant and equipment	23	- 39,181	- 57,335
Payments for investing in financial assets		- 1,668	- 763
Proceeds from sale of non-current assets		2,255	4,799
<b>Cash used in investing activities</b>		<b>- 75,592</b>	<b>- 68,488</b>
Proceeds from other financial liabilities		95,970	429,053
Redemption of other financial liabilities		- 1,044	- 47,500
Proceeds from bank borrowings		0	251,436
Redemption of bank borrowings		- 151,497	- 670,872
Cash effective transaction costs		- 361	- 6,353
Interest paid		- 25,014	- 41,096
Cash effective interest received		1,232	925
Dividends paid	37	- 59,087	- 59,087
<b>Cash used in financing activities</b>		<b>- 139,801</b>	<b>- 143,494</b>
Net change in cash and cash equivalents		10,297	23,093
Effects of changes in exchange rates		1,383	8,582
Cash and cash equivalents as of January 1	14	68,860	80,540
<b>Cash and cash equivalents as of December 31</b>		<b>80,540</b>	<b>112,215</b>



Consolidated Statement of Cash Flows  
Consolidated Statement of Changes in Equity

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

T€	SHARE CAPITAL	CAPITAL RESERVE	REVALU- ATION RESERVE	FAIR VALUE RESERVE	CUMULA- TIVE TRANS- LATION DIFFEREN- CES	ACCUMU- LATED DEFICIT	TOTAL EQUITY
<b>Balance as of January 1, 2009</b>	118,173	970,911	2,718	- 17,201	- 78,565	- 347,641	648,395
Net income	0	0	0	0	0	84,349	84,349
Other components of comprehensive income	0	0	0	- 1,099	16,406	0	15,307
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>- 1,099</b>	<b>16,406</b>	<b>84,349</b>	<b>99,656</b>
Dividends paid	0	0	0	0	0	- 59,087	- 59,087
<b>Balance as of December 31, 2009</b>	<b>118,173</b>	<b>970,911</b>	<b>2,718</b>	<b>- 18,300</b>	<b>- 62,159</b>	<b>- 322,379</b>	<b>688,964</b>
<b>Balance as of January 1, 2010</b>	<b>118,173</b>	<b>970,911</b>	<b>2,718</b>	<b>- 18,300</b>	<b>- 62,159</b>	<b>- 322,379</b>	<b>688,964</b>
Net income	0	0	0	0	0	133,500	133,500
Other components of comprehensive income	0	0	47	18,304	60,321	68	78,740
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>47</b>	<b>18,304</b>	<b>60,321</b>	<b>133,568</b>	<b>212,240</b>
Dividends paid	0	0	0	0	0	- 59,087	- 59,087
<b>Balance as of December 31, 2010</b>	<b>118,173</b>	<b>970,911</b>	<b>2,765</b>	<b>4</b>	<b>- 1,838</b>	<b>- 247,898</b>	<b>842,117</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1 General information

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

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

The consolidated financial statements and the Group management report of Symrise AG (hereinafter referred to as “Symrise”, “Group” or “the Symrise Group”) for the fiscal year ended December 31, 2010, were approved for publication by a resolution of the Executive Board on February 18, 2011.

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

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

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

### 2 Accounting policies

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

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

The consolidated financial statements are presented in euros and amounts are rounded to the nearest thousand euros (T€) unless otherwise explicitly indicated; in this process, rounding differences may arise. The individual financial statements of the companies included in the consolidation were either prepared at the balance sheet reporting date used for preparation of the consolidated financial statements or, respectively, in cases where the normal balance sheet reporting date of any company differed from December 31, 2010, then additional financial statements were especially prepared as of this date.

In preparing our consolidated financial statements, we have reclassified certain line items and grouped some insignificant items together. Prior year figures have been accordingly adjusted. In our view, these adjustments have not materially impacted the consolidated financial statements for previous reporting periods.

#### 2.2 CHANGES TO ACCOUNTING POLICIES

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

- **IFRS 3 (“Business Combinations”)** is concerned with the determination of the purchase price, the measurement of non-controlling interests and the accounting for acquisitions achieved in stages. The main changes in comparison to IFRS 3 (2004) may be summarized as follows:
  - The scope of IFRS 3 (2008) includes business combinations based on contract alone and business combinations of mutual entities.
  - The definition of a “business” has been widened; the existence of a business may be inferred if the mere capability exists to perform an integrated set of activities or create assets.
  - Contingent purchase price consideration is to be included as a component of the acquisition price with its fair value at the acquisition date.
  - An option has been introduced for measurement of non-controlling interests. Accordingly, measurement of the non-controlling

interests may be determined as their proportional interest in the fair value of the identifiable net assets of the acquired entity or at their fair value.

- Ancillary acquisition-related costs are to be expensed.

- **Improvements to IFRS 2009 – IFRS 2, IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 36, IAS 38, IAS 39, IFRIC 9, IFRIC 16** – Within the context of the IASB's annual improvement project quality, changes are made to the wording of individual IFRS with the objective of clarifying the existing regulations and changes are also made which have an impact on accounting treatment, recognition and measurement. Due to clarifications made in respect of IFRS 8 within the context of the improvement process, Symrise is not disclosing assets and liabilities in segmented form as these are not made available to the main decision maker.

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

- **Revised IAS 24 (“Related Party Disclosures”)** simplifies the disclosure requirements in respect of government-related entities and clarifies the definition of a related party. The changes are applicable to fiscal years commencing on or after January 1, 2011. Symrise does not anticipate any change in its assessment of related parties to derive from the changes to IAS 24.
- **Amendments to IFRS 7 – Disclosures – Transfers of Financial Assets**  
The changes to IFRS 7 relate to extended disclosure requirements for transfers of financial assets. The changes are designed to improve the understanding of the relationship between the transferred financial assets and any corresponding financial liabilities (continuing involvement). Furthermore, the intention is to improve the ability to assess the nature of, and particularly the risks relating to, any continuing engagement in derecognized financial assets. The changes require additional disclosures in cases where a disproportionately high number of transfers with continuing involvement occur, for example, at the end of a reporting period. Subject to any deviations in dates of first-time application that derive from the EU endorsement, the changed version of IFRS 7 is to be applied for the first time for fiscal years commencing on or after July 1, 2011. To date, we have not engaged in the type of transfers that are named in the amendments and do not expect any additional note disclosures due to their first time application.
- **Amendments to IAS 32 (“Classification of Rights Issues”)** regulates the accounting treatment of subscription rights, options and

warrants by their issuers. The changes are to be applied for fiscal years commencing on or after February 1, 2010. As Symrise has not issued any of the affected financial instruments to date, no impacts will arise on its net assets, financial position and results of operations.

- **Amendments to IFRIC 14 (“Prepayments of a Minimum Funding Requirement”)** deals with the conditions under which economic benefits deriving from a pension plan are deemed to be available to an entity. Interpretation IFRIC 14, to which the amendment relates, regulates the accounting treatment of defined benefit pension plans in cases where the value of existing plan assets exceeds that of the pension obligations. The change is relevant to all cases in which an entity is subject to minimum funding requirements and makes advance contribution payments to meet these obligations. Application of IFRIC 14 is mandatory for fiscal years commencing on or after January 1, 2011. Symrise does not anticipate that any impacts on its net assets, financial position and results of operations will arise as a result of first-time application of IFRIC 14.
- **IFRIC 19 (“Extinguishing Financial Liabilities with Equity Instruments”)** regulates the situation in which an entity either partially or completely extinguishes a financial liability by issuing shares or other equity instruments. IFRIC 19 is to be applied to fiscal years commencing on or after July 1, 2010. At present, Symrise does not have financial liabilities that are intended to be extinguished through issue of equity instruments; the change to IFRIC 19 has the consequence – in the case that any agreement for such extinguishment exists – that any difference between the carrying amount of the financial liability to be extinguished and the amount of the issued equity instruments at the time of their initial recognition is to be recognized in Group profit or loss.

### 2.3 KEY JUDGMENTS AND ESTIMATES

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

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

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

#### **IMPAIRMENT OF GOODWILL**

At least once a year, the Group reviews whether goodwill is impaired. This requires an estimate of the recoverable amounts of the cash-generating units to which these assets are allocated. In order to estimate the recoverable amount, the Group has to estimate the expected future cash flows deriving from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of these cash flows. As of December 31, 2010, the carrying amount for goodwill was €488.8 million.

#### **CAPITALIZED DEVELOPMENT COSTS**

Intangible assets that are generated by own development projects are recognized as assets in accordance with the accounting policies disclosed in note 2.6 below. In order to determine the amounts to be recognized as assets, among other factors, the management of the company needs to make assumptions about the expected future cash flows deriving from the assets, about the interest rates to be applied and about the period over which future cash flows will be generated by the assets. As of December 31, 2010, the carrying amount attributable to self-developed intangible assets amounted to €15.0 million.

#### **RECOVERABILITY OF DEFERRED TAX ASSETS**

The Group makes an annual assessment as to whether tax loss carry-forwards can be utilized and offset against future taxable profits over a foreseeable period. This requires that the Group makes an estimate of the taxable income for each Group company. As at December 31, 2010, the carrying amount of the deferred tax assets was €34.1 million. More details are provided in note 19.

#### **“SCHULDSCHEINDARLEHEN”**

The “Schuldscheindarlehen” [a German form of a bilateral loan agreement secured by a borrower’s note, similar to bond financing] had an original volume of €75.0 million and a term of 4 years. An amount of €47.5 million was redeemed at the end of the year, so that a residual loan amount of €27.5 million existed at the balance sheet reporting date. The interest warrant for the remaining fixed tranche is 5.35%. The “Schuldscheindarlehen” is recognized at amortized cost using the effective interest rate method. In this connection, directly attributable transaction costs, amounting to T€81, are deducted from the “Schuldscheindarlehen” liabilities and allocated on a straight-line basis over the term of the “Schuldscheindarlehen”.

#### **TAKE UP OF FINANCIAL LIABILITIES USING THE EFFECTIVE INTEREST RATE METHOD**

Within the context of its refinancing activities, the company issued a Eurobond with a volume of €300.0 million and a term of seven years. The interest warrant is 4.125%. Directly attributable transaction costs, originally amounting to €3.9 million, have been deducted from the bond liability and are allocated on a straight-line basis over the term of the bond. In addition, a US private placement was made, amounting

to \$175.0 million with a term of ten years. The interest warrant is 4.09%. Directly attributable transaction costs, originally amounting to €0.4 million, have been deducted from the private placement liability and are allocated on a straight-line basis over its term. Finally, Symrise has negotiated a revolving credit facility with a term of 5 years and a volume of €300.0 million. The interest rate is variable and is calculated based on the Euribor, or respectively the Libor, plus a margin. Directly attributable transaction costs, originally amounting to €2.1 million, have been deducted from the revolving credit facility liability and are allocated on a straight-line basis over its term. All these financial instruments are recognized at amortized cost using the effective interest rate method.

#### **PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS**

The expenses deriving from defined benefit pension plans and the Group’s obligation to provide additional post-employment health-care benefits are determined on the basis of actuarial computations. The actuarial valuation is made on the basis of assumptions pertaining to discount rates, anticipated income from plan assets, future wage and salary increases, mortality rates and future pension increases. The discounting factors applied are based on the yield that could be obtained at the balance sheet reporting date for prime ranking, fixed interest corporate bonds with a corresponding term and currency designation. If such yield information is not available, then the discounting factors are based on market yields for government bonds. The anticipated income from plan assets is determined on a consistent basis taking long-term historical yields and the portfolio structure into account. Due to a fluctuating market and economic situation, the assumptions used may differ from actual developments which may result in significant impacts on the pension and other post-employment benefit obligations. Due to the long-term nature of such plans, these estimates are subject to great uncertainty. As at December 31, 2010, the provisions for retirement benefit and similar obligations amounted to €212.4 million (2009: €199.4 million). Further details are to be found in note 33.

Provisions deriving from obligations for other post-employment benefits amounted to €0.8 million as of December 31, 2010.

#### **TRADE RECEIVABLES**

The setting up of allowances for doubtful accounts receivable is based to a significant extent on estimations and assessments concerning individual receivables that are based on the creditworthiness of a particular customer, current developments in the economic climate and the analysis of debt default history on a portfolio basis. In cases where the business sets up allowances based on an analysis of debt default history on a portfolio basis, a decline in the volume of accounts receivable reduces the amount of any precautionary allowance and vice versa. The carrying amount of trade receivables at the balance sheet reporting date amounted to €261.5 million.

## PROVISIONS

The determination of warranty provisions and provisions for litigation is based to a considerable extent on a process of estimation. Symrise is confronted with litigation and regulatory processes in a number of judicial areas. These processes may lead to situations in which Symrise is subjected to criminal or civil law sanctions, monetary fines or confiscation of gains. Symrise has only set up minor provisions for litigation at the balance sheet reporting date.

## ASSUMPTIONS AND ESTIMATIONS RELATING TO OTHER INDIVIDUAL ITEMS REPORTED IN THE STATEMENT OF FINANCIAL POSITION

Assumptions and estimations are also necessary for the measurement of contingent liabilities and liabilities, in the determination of the fair value of long-lasting items of property, plant and equipment and intangible assets and of investments accounted for using the equity method. The main assumptions that are used to make the relevant estimates are disclosed for the individual reporting line items in the Group income statement and the statement of the Group financial position. Actual values may differ in individual cases from the assumptions and estimates made such that significant adjustment of the carrying amounts of the affected assets, or respectively liabilities, may become necessary. Any such changes in estimates

would be accounted for in accordance with IAS 8 ("Accounting Policies, Changes in Accounting Estimates and Errors") by recognition in Group profit or loss at the point in time at which improved information becomes known.

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

### THE SCOPE OF THE CONSOLIDATION

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

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

As of December 31, 2010, 60 (2009: 56) Group companies were consolidated; of these 10 (2009: 10) were located in Germany and 50 (2009: 46) were located abroad.

	JANUARY 1, 2010	ADDITIONS	DISPOSALS	DECEMBER 31, 2010
<b>Fully consolidated subsidiaries</b>				
Domestic	10	2	2	10
Foreign	45	4	0	49
<b>Companies accounted for using the equity method</b>				
Foreign	1	0	0	1
<b>Total</b>	<b>56</b>	<b>6</b>	<b>2</b>	<b>60</b>

In fiscal year 2010, the main changes to the scope of the Symrise AG consolidation were as follows:

### DOMESTIC

With effect from October 2010, Symrise GmbH & Co. KG, Holzminden was merged into Symrise AG, Holzminden by virtue of the withdrawal of Symrise Verwaltungen GmbH, Holzminden. As a result, Symrise GmbH & Co. KG has ceased to exist. Symrise Verwaltungen GmbH, Holzminden was liquidated.

In addition, IP-Holding GmbH & Co. KG, Holzminden was formed with the objective of securing intellectual property within the Group, to provide for the licensing of such intellectual property and to administer such intellectual property. Furthermore, IP-Verwaltungs-GmbH, Holzminden was incorporated as its managing partner entity.

#### FOREIGN

The scope of the consolidation abroad expanded as a result of the acquisition of the Futura Labs Group in Egypt and the acquisition of land in Russia in the form of a share interest acquisition.

All Group companies which were acquired in 2010 were fully consolidated from the point in time in which they were acquired.

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

Further explanations relating to our business combinations and their impact on our consolidated financial statements are contained in note 24.

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

##### FULL CONSOLIDATION

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

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

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

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

#### THE EQUITY METHOD OF ACCOUNTING

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

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

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

In the fiscal year reported, we have ceased to continue to separately disclose our investment Therapeutic Peptides Inc., Baton Rouge, USA for reasons of materiality.

#### 2.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### FOREIGN CURRENCY TRANSLATION

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

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

In so far as the settlement of a monetary item representing an outstanding account receivable from or account payable to a foreign business operation is neither planned nor probable in the foreseeable future, then such an item substantially represents part of the net investment in this foreign business operation. Any translation differences resulting from such items are recognized in equity as "cumulative translation differences" and are reclassified from equity to the consolidated income statement at the time of disposal of such net investment.

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

Transactions designated in foreign currencies are translated by us into the respective functional currency of our subsidiary companies

at the rate of exchange that is valid on the day of the transaction. Monetary assets and liabilities that are designated in foreign currencies are re-measured using the closing rate of exchange. Any foreign currency translation impacts deriving from operational activities are recorded within cost of sales, whereas any impacts deriving from financing activities are recorded within the financial result.

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

COUNTRY	CURRENCIES		CLOSING RATE = 1 €		AVERAGE RATE = 1 €	
			DEC. 31, 2010	DEC. 31, 2009	2010	2009
Great Britain	British Pound	GBP	0.858	0.904	0.858	0.891
USA	US Dollar	US\$	1.325	1.433	1.326	1.394
Mexico	Mexican Peso	MXN	16.419	18.630	16.740	18.808
Brazil	Brazilian Real	BRL	2.212	2.496	2.333	2.766
Singapore	Singapore Dollar	SGD	1.711	2.013	1.807	2.023
China	Chinese Renminbi	CNY	8.748	9.779	8.975	9.525

#### SALES REVENUE RECOGNITION

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

#### GOVERNMENT GRANTS

Government grants are only recorded when reasonable certainty exists that the conditions attached to them will be complied with and that the grants will be received. As a rule, the grants are recorded as other operating income in those periods in which expenses that are to be compensated by the grants are incurred. In the 2010 reporting year, the amount of government grants received was insignificant.

## LEASES

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

## INCOME TAXES

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

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

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

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

Symrise recognizes the effects of changes in tax rates on deferred taxes in the consolidated income statement, or respectively in equity, in the reporting period in which the legislative procedures to make the tax changes are substantially completed.

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

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

## EARNINGS PER SHARE

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

## BUSINESS COMBINATIONS AND GOODWILL

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

Goodwill deriving from a business combination is recognized initially at cost and represents the excess of the fair value of the consideration transferred at the acquisition date of the business combination over the Group's share in the fair values of the acquired identifiable assets and liabilities. In so far as non-controlling interests remain, then for each acquisition, the choice of alternative options available under IFRS 3 is exercised individually: non-controlling interests may be either measured at fair value ("full goodwill" approach) or at the fair value of the proportional interest in the net assets acquired ("partial goodwill" approach).

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

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

In order to perform the impairment test, the goodwill has to be allocated – after it is acquired – to those cash-generating units of the Group that are expected to benefit from the synergies deriving from the business combination. Each such cash-generating unit to which goodwill has been allocated represents the lowest level within the Group at which goodwill is monitored for internal management purposes and is not larger than a business segment as determined for purposes of IFRS 8.



### OTHER INTANGIBLE ASSETS

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

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

Costs of generation comprise all costs – from the point in time that all requirements specified by IAS 38 have been fulfilled – that are directly or indirectly attributable to the development process as well as any necessary components of overheads that are development-related.

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

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

INTANGIBLE ASSETS	USEFUL LIFE
Software	3 to 10 years
Recipes	7 to 20 years
Trademarks	6 to 15 years
Customer data	6 to 15 years
Patents and other rights	5 to 20 years

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

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

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

### RESEARCH AND DEVELOPMENT COSTS

Costs related to research activities – i.e. activities that are conducted in order to gain new scientific or chemical-related knowledge – are expensed by Symrise in full.

Costs for development activities – i.e. for such activities which realize the results of research activities by implementing them into a plan or design for the production of new or significantly improved products – are recognized as assets. The prerequisite for such recognition is that the development costs can be reliably determined, that the product is technically and commercially feasible and that future economic benefits are probable. In addition, Symrise must have the intention and have sufficient resources to complete the development process and to use or sell the asset generated. The costs recognized as assets comprise material costs, direct manufacturing labor costs and other directly attributable costs – if these serve the purpose of preparing the asset for use. The capitalized costs are included as “Capitalized development costs” (see note 22). Any other development costs, which are incurred before the aforementioned criteria are fulfilled, are expensed by Symrise directly as they are incurred.

### PROPERTY, PLANT AND EQUIPMENT

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

Gains and losses deriving from disposals of property, plant and equipment are determined at the time of disposal as the difference between the proceeds of disposal and the carrying amounts of the items of property, plant and equipment and recorded in the consolidated income statement.

Depreciation is charged on a straight-line basis in the consolidated income statement based on the following useful lives.

PROPERTY, PLANT AND EQUIPMENT	USEFUL LIFE
Buildings	20 to 50 years
Plant and machinery	3 to 12 years
Equipment	3 to 20 years

Land is not depreciated. Depreciation of leasehold improvements is determined based on their useful lives or the term of the lease, whichever is shorter. In determining the depreciation period applied, any lease extension options are considered if their exercise is probable.

#### IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS (WITH THE EXCEPTION OF GOODWILL)

At each balance sheet reporting date, Symrise assesses whether indications exist for the impairment of assets held on a long-term basis. If this is the case, then the Group makes an estimate of the recoverable amount for the asset. If the recoverable amount cannot be determined for the individual asset, then the estimate of the recoverable amount is made at the level of the smallest cash-generating unit to which the asset belongs.

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

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

## FINANCIAL INSTRUMENTS

### GENERAL INFORMATION

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

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

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

Financial instruments are classified by Symrise, based on their nature, in the categories “financial asset or liability as at fair value”, “loans and receivables”, “held to maturity” and “available for sale”. Symrise has not taken advantage of the option – upon initial recognition – to classify financial assets and liabilities as at fair value through profit or loss (the fair value option).

The subsequent measurement of financial assets and liabilities is made in accordance with the category to which they have been assigned – at amortized cost, at fair value through profit or loss or through other comprehensive income. For further information, see note 39.

### DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are recognized at their fair value and are initially recorded at the time when the contract for the derivative financial instrument is entered into. Such instruments that are not used for purposes of hedging are classified by the company as “held for trading”. Derivative financial instruments are not held or issued for speculative purposes.

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

From May 2008 onwards, Symrise had applied hedge accounting to “cash flow hedges” in the form of interest swaps that are used to hedge future fluctuations in cash flows deriving from bank borrowings. Following the refinancing process that was undertaken in November 2010, the negative fair values of the swaps were derecognized in December 2010. No derivative financial instruments existed at the balance sheet reporting date. Hedge accounting reduced the volatility of impacts to the Group income statement and, at the time of disposal of the derivatives, led to realization of the losses that had been recorded in equity over their term. In this connection, refer to the further comments on the financial result in note 10.

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

Changes in the fair value of the derivatives are either recognized in the result or recognized in equity as a component of other reserves on a regular basis. Changes in the fair value of derivative instruments that are allocated to a cash flow hedge are initially recognized in equity in the amount of the portion that is determined to be an effective hedge. The change in fair value deriving from the ineffective portion of the hedge is recognized directly as part of the financial result. The transfer to the consolidated income statement occurs at the same time as the impact deriving from the hedged item is recognized in profit or loss. The impact of the termination of the hedge accounting process on the results of operations is explained in note 10.

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

#### TRADE AND OTHER CURRENT RECEIVABLES

These are measured – where applicable by applying the effective interest method – with their market value at the date they arose less any allowance for impairment. The allowances, which are made in the form of specific allowances for doubtful debts, are sufficient to take account of any anticipated default risks; any actual cases of default lead to write-off of the related receivable. In the process of making specific allowances, financial assets for which allowances are potentially required are written down.

The following factors are considered when the recoverability of trade receivables is analyzed:

- An initial assessment is made of the ability of individual customers to meet their obligations and allowances are made against individual customer balances if it appears probable that the contractually agreed receivable will not be paid.
- Subsequently, allowances are set up for trade receivables on the basis of homogenous receivable classifications determined on the basis of related default risks, past experience of receivables default, and also based on an assessment of general market conditions caused by such things as trade embargoes or natural disasters. We set up a general allowance to cover any impairment of a receivables portfolio if we are of the opinion that the age of the receivables provides an indication that it is probable that a loss has been incurred or that outstanding payments are either completely or partially uncollectible.

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

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

#### CASH AND CASH EQUIVALENTS

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

#### AVAILABLE-FOR-SALE FINANCIAL ASSETS

Symrise holds marketable securities and other available-for-sale financial assets to a limited extent. Financial assets that are still intended to be held for an indefinite period and which are to be sold in response to needs for liquidity or changes in interest rates are classified under non-current assets as “available-for-sale financial assets”.

However, if management expresses the intention to sell the financial assets within twelve months of the balance sheet reporting date, or if these need to be sold in order to generate liquid funds for operational purposes, then they are classified under current assets as “*available-for-sale financial assets*”. Following their initial recognition, they are recorded at their fair value; all changes in fair value, with the exception of impairment losses, are recognized as a component of equity. If an asset is derecognized, the cumulative gain or loss is transferred from equity to the consolidated income statement.

#### **FINANCIAL LIABILITIES**

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

#### **SALES TAX**

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

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

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

#### **ASSETS HELD FOR SALE**

“*Assets held for sale*” comprise long-lived assets and disposal groups of a company, which are classified as “*held for sale*” in accordance with IFRS 5. These are recognized at the lower of their carrying amount and their fair values less costs to sell. Inasmuch as liabilities relating to the respective disposal groups are identified, then these are also classified as “*held for sale*”.

#### **INVENTORIES**

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

Net realizable value is determined as the estimated sales value less any 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 of production facilities, excluding borrowing costs.

#### **PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS**

The companies within the Group have various pension schemes set up in accordance with the regulations and practices of the countries in which they operate. Additionally, in one country agreements exist to provide additional post-employment healthcare benefits. Some 88 % of these benefits are unfunded.

#### **DEFINED CONTRIBUTION PLANS**

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

#### **DEFINED BENEFIT PLANS**

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

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

Actuarial gains and losses are recognized as income or expense if the net amount of the cumulative unrecognized actuarial gains and

losses for each individual plan – at the end of the previous reporting period – exceeds the higher amount of 10% of the defined benefit obligation or 10% of the fair value of the plan assets at that date. The gains or losses are allocated over the expected average remaining period of service of the employees included in the plan.

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

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

#### PROVISIONS

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

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

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

#### SHARE-BASED REMUNERATION

The Symrise Group awards share-based remuneration to members of the Executive Board and to strategically important employees, which is paid in cash. The share of the fair value of share-based remuneration with cash settlement terms that is related to services rendered prior to the date of measurement is recorded as a personnel expense for which an other provision is disclosed at the same time. The fair value is re-determined at each balance sheet reporting date and also at the date of actual payment. Any change in the fair value

is recognized in profit or loss. At the date of payment, the fair value of the liability is equal to the amount that is actually payable to the respective employees. Further information on share-based remuneration is to be found under note 43.

#### IMPAIRMENT

##### FINANCIAL ASSETS

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

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

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

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

##### NON-FINANCIAL ASSETS

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

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

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

#### **GOODWILL**

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

Any impairment loss is ascertained by determining the recoverable amount attributable to the cash-generating unit to which the goodwill relates. The recoverable amount of a cash-generating unit is the higher of the fair value less any costs to sell it and its value in use. If the recoverable amount attributable to the cash-generating unit is less than its carrying amount, then an impairment loss is recognized. Impairment losses on goodwill may not be reversed in future periods. The Group carries out its annual impairment test for goodwill as of September 30.

Within the Symrise Group, the two segments “Scent & Care” and “Flavor & Nutrition” have been defined as cash-generating units, whereby as of September 30, 2010, goodwill has been allocated in the amount of €157.6 million (2009: €152.8 million) to the segment “Scent & Care” and in the amount of €323.9 million (2009: €306.3 million) to the segment “Flavor & Nutrition”. The recoverable amount is represented by the fair value less costs to sell and was determined as the present value of future cash flows. The future cash flows were derived from the Symrise Group’s planning information. The computation of the present value of estimated future cash flows is mainly based on assumptions relating to future selling prices, or respectively sales volumes, and costs and taking into account any changed economic circumstances. The planning information is based on a detailed planning horizon for fiscal year 2011. For the two periods subsequent to the detailed planning horizon, planning was based on a growth rate of 5.0% and a growth rate of 0.5% was assumed for measurement of the perpetual annuity. The cash flows so determined were discounted with a weighted after-tax capital cost factor of 7.62% (2009: 7.87%). There were no indications of impairment for the fiscal year.

In performing the impairment test, Symrise carried out sensitivity analyses. For this purpose, the discounting factor for 2011 until 2013 was alternatively increased by 1.0 percentage points and planned sales revenue growth was reduced to 3% (the average rate of growth for the market). These variations in the measurement parameters again did not result in any required impairment for capitalized goodwill.

### **3** Determination of fair value

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

#### **FINANCIAL INSTRUMENTS – GENERAL PRINCIPLES**

In accordance with the three-tiered “fair value hierarchy”, a distinction is made between three measurement categories:

- Level 1: At the first level of the “fair value hierarchy”, fair values are determined based on publicly quoted market prices, as observation of active markets provides the best objective evidence to determine the fair value of a financial asset or a financial liability.
- Level 2: If no active market exists for a financial instrument, then an entity should determine the fair value use with the help of valuation techniques. Valuation techniques include use of recent arm’s length business transactions between knowledgeable, willing and independent contractual parties, comparison to the current fair value of another financial instrument that is substantially the same and use of discounted cash flow analysis methods or option pricing models. The fair value is determined based on the result of a valuation technique that makes maximum use of market data inputs and relies as little as possible on entity specific data inputs.
- Level 3: The valuation techniques used at this level use parameters that are not based on market observations.

#### **FINANCIAL INVESTMENTS AND OTHER FINANCIAL LIABILITIES**

The fair value of financial investments that are traded on regulated financial markets is determined by reference to the quoted market price (closing price). The fair value of financial investments for which no regulated market exists is derived by reference to the current market price of comparable securities or is calculated based on the cash flows expected to derive from the underlying asset. The fair value of financial liabilities is calculated from 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.

#### **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 the discounted estimated royalty payments that were avoided as a result of the recipe becoming owned, or is based on the discounted cash flows that are expected to derive from use of the recipe. 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 assets.

### 4 Segment information

#### DESCRIPTION OF SEGMENTS FOR WHICH MANDATORY REPORTING IS REQUIRED

For internal reporting purposes, we present our business activities in a number of different ways, mainly based on business divisions and geographical regions. Based on this reporting information, our Executive Board – which has responsibility as the Chief Operating Decision Maker (CODM) for the success of the various business divisions and the allocation of resources – assesses the business activities from a number of angles. Operational segments are divided into business divisions. With the business divisions “Scent & Care” and “Flavor & Nutrition”, we have two segments, organized according to our products, for which mandatory reporting is required.

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

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

The segment reporting by region is aligned to the location of assets. Sales to customers are reported in the geographical region in which

the customer is located. Territories are grouped together for internal controlling and reporting purposes into the regions EAME (Europe, Africa, Middle East), North America, Asia/Pacific and Latin America. As from the beginning of 2010, a change was made within the regions: Mexico and the Caribbean countries, which up to the year 2009 had been included in the North America region, are reported from 2010 on under Latin America. Prior year figures have accordingly been adjusted to reflect the new structure.

#### MEASUREMENT CRITERIA FOR SEGMENTS

Transactions are conducted between the two segments only to a limited extent. These are transacted at market prices and have not been separately disclosed for materiality reasons. External sales revenues represent the sales of the two segments with non-Group third parties and thus in their sum are equal to the consolidated sales of the Symrise Group.

The income and expenditure of the Symrise Group’s central units and functions are completely included in the two segments “Flavor & Nutrition” and “Scent & Care” based on performance-related, or respectively utilization-related, criteria. The result-related determining factor for the management of the segments is the operating result, representing the result before considering finance income and expenses as well as taxes. The depreciation and amortization charges that can be directly attributed to each segment are included in the determination of the segment contribution. The financial result is not included as the segments are mainly centrally financed. This is the reason why financial income and expenses are disclosed lower down at Group level combined together in the form of the financial result. Taxes are treated in a similar manner so that net income for the period after tax is reported combined to give the Group result.

The capital investment made by a segment comprises all expenditure incurred during the reported period for the purpose of acquiring property, plant and equipment and intangible assets.

#### SEGMENT ASSETS/LIABILITIES

The Executive Board, which is the Chief Operating Decision Maker, does not receive all information with respect to segment assets and liabilities. The allocation of goodwill to segments is disclosed in note 22.

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

## SEGMENT RESULTS:

2009 T€	FLAVOR & NUTRITION	SCENT & CARE	NOT ATTRIBUTABLE	TOTAL BUSINESS DIVISIONS = TOTAL GROUP
External sales	679,666	682,288	0	1,361,954
Cost of sales	- 386,869	- 417,161	0	- 804,030
<b>Gross profit</b>	<b>292,797</b>	<b>265,127</b>	<b>0</b>	<b>557,924</b>
Other operating income	5,274	7,046	0	12,320
Selling and marketing expenses	- 115,914	- 113,362	0	- 229,276
Research and development expenses	- 46,578	- 49,108	0	- 95,686
Administration expenses	- 41,569	- 39,889	0	- 81,458
Other operating expenses	- 358	- 455	0	- 813
<b>Income from operations/EBIT</b>	<b>93,652</b>	<b>69,359</b>	<b>0</b>	<b>163,011</b>
Financial result				- 46,292
<b>Income before income taxes</b>				<b>116,719</b>
Income taxes				- 32,370
<b>Net income</b>				<b>84,349</b>
<b>Other segment information</b>				
Capital investment				
Intangible assets	7,664	9,828	0	17,492
Property, plant and equipment	23,547	15,634	0	39,181
Amortization of intangible assets	- 22,198	- 22,765	0	- 44,963
Depreciation of property, plant and equipment	- 21,200	- 20,394	0	- 41,594



## SEGMENT RESULTS:

2010 €	FLAVOR & NUTRITION	SCENT & CARE	NOT ATTRIBUTABLE	TOTAL BUSINESS DIVISIONS = TOTAL GROUP
External sales	767,395	804,495	0	1,571,890
Cost of sales	-423,729	-466,453	0	-890,182
<b>Gross profit</b>	<b>343,666</b>	<b>338,042</b>	<b>0</b>	<b>681,708</b>
Other operating income	3,648	4,088	0	7,736
Selling and marketing expenses	-128,941	-123,833	0	-252,774
Research and development expenses	-50,013	-57,846	0	-107,859
Administration expenses	-43,292	-39,885	0	-83,177
Other operating expenses	-599	-624	0	-1,223
<b>Income from operations/EBIT</b>	<b>124,469</b>	<b>119,942</b>	<b>0</b>	<b>244,411</b>
Financial result				-66,921
<b>Income before income taxes</b>				<b>177,490</b>
Income taxes				-43,990
<b>Net income</b>				<b>133,500</b>
<b>Other segment information</b>				
Capital investment (including acquisitions)				
Intangible assets	26,658	7,790	0	34,448
Property, plant and equipment	40,860	18,771	0	59,631
Amortization of intangible assets	-23,828	-22,507	0	-46,335
Depreciation of property, plant and equipment	-22,026	-18,293	0	-40,319

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

## RESULTS BY GEOGRAPHICAL REGION:

2009 T€	EAME*	NORTH AMERICA**	ASIA/ PACIFIC	LATIN AMERICA**	TOTAL
<b>Sales</b>					
Sales by region (point of delivery)	679,449	242,546	282,471	157,488	1,361,954
Domestic					193,934
Foreign					1,168,020
<b>Other segment information</b>					
Long-lived assets***					1,223,688
Domestic					669,916
Foreign					553,772
Capital investment					
Intangible assets	15,239	809	263	1,181	17,492
Property, plant and equipment	22,499	5,361	6,672	4,649	39,181

2010 T€	EAME*	NORTH AMERICA**	ASIA/ PACIFIC	LATIN AMERICA**	TOTAL
<b>Sales</b>					
Sales by region (point of delivery)	761,541	281,043	343,014	186,292	1,571,890
Domestic					201,151
Foreign					1,370,739
<b>Other segment information</b>					
Long-lived assets***					1,282,132
Domestic					666,134
Foreign					615,998
Capital investment (including business combinations)					
Intangible assets	30,171	0	1,558	2,719	34,448
Property, plant and equipment	31,716	5,612	14,724	7,579	59,631

\*Europe, Africa, Middle East

\*\*As from the beginning of 2010, a change was made within the regions: Mexico and the Caribbean countries, which up to the year 2009 had been included in the North America region, are reported from 2010 on under Latin America. Prior year figures have accordingly been adjusted to reflect the new structure.

\*\*\*Excluding financial instruments and deferred tax assets

## FURTHER COMMENTS RELATING TO THE CONSOLIDATED INCOME STATEMENT

### 5 Sales

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

### 6 Other operating income

€	2009	2010
Income from the reversal of provisions	870	2,160
Income from service units	2,541	1,773
Income from government subsidies	4,592	650
Capitalized IT development costs	663	0
Miscellaneous other income	3,654	3,153
<b>Total</b>	<b>12,320</b>	<b>7,736</b>

Restructuring provisions relating to Switzerland and the USA, amounting to €1.5 million, were reversed because their utilization is no longer expected.

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

Government subsidies were granted – as was also the case in the previous year – in France and Germany to promote research projects as well as in Singapore in respect of investments in future technology. The subsidies in France are due to successively expire.

The total amount of miscellaneous other income is made up of a large number of individually insignificant items that are unrelated to the sale of products.

### 7 Personnel expenses

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

€	2009	2010
Wages and salaries	- 239,086	- 262,194
Social security charges	- 51,058	- 55,222
Pension expense (excluding interest expense)	- 7,242	- 8,626
Share-based remuneration	- 1,419	- 1,267
<b>Total</b>	<b>- 298,805</b>	<b>- 327,309</b>

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

The social security charges include social security contributions that the organization is required by to make by law. These include defined contribution plan benefits, the total amount of which was unchanged at €9.9 million, which in this year were completely incurred by German companies (2009: €9.6 million).

The pension expense mainly comprises employer contributions to company supplementary benefit schemes. The interest impact deriving from the unwinding of discounted pensions is disclosed as a component of the financial result (see note 10).

The average number of employees employed within the Group was 5,231 (2009: 5,004).

	2009	2010
Manufacturing and technology	1,947	2,057
Sales and marketing	1,403	1,384
Research and development	934	1,035
Administration	397	427
Service units	323	328
<b>Total number of employees</b>	<b>5,004</b>	<b>5,231</b>
Trainees	112	109
<b>Total</b>	<b>5,116</b>	<b>5,340</b>

## 8 Research and development expenses

In addition to the costs of Symrise's own research departments, this item also includes costs for external services and trial-related activities. In addition to basic research, activities in this area include the development of products to generate sales revenues and also development of new or improved processes to reduce the cost of sales; such costs are not capitalizable.

## 9 Administration expenses

Administration expenses are made up as follows:

T€	2009	2010
Information technology	-23,645	-25,796
Finance and controlling	-21,144	-20,995
Human resources	-9,525	-10,324
Other administration expenses	-27,144	-26,062
<b>Total</b>	<b>-81,458</b>	<b>-83,177</b>

The increase in administration expenses is particularly due to an increase in expenses associated with the implementation of SAP for subsidiary companies.

## 10 Financial result

T€	2009	2010
<b>Interest income</b>		
from bank deposits	801	474
from derivatives	12,725	4,598
other	578	471
<b>Interest income</b>	<b>14,104</b>	<b>5,543</b>
Change in value of financial assets based on measurement at fair value through profit or loss	458	170
Other finance income	322	679
<b>Finance income</b>	<b>14,884</b>	<b>6,392</b>
<b>Interest expenses</b>		
for bank borrowings	-11,767	-11,175
for derivatives	-26,381	-36,628
other	-15,746	-16,462
<b>Interest expenses</b>	<b>-53,894</b>	<b>-64,265</b>
Foreign currency losses/gains primarily from external and internal Group lending	-2,001	2,621
Change in value of financial assets based on measurement at fair value through profit or loss	-3,025	-6,460
Other finance expenses	-2,256	-5,209
<b>Finance expenses</b>	<b>-61,176</b>	<b>-73,313</b>
<b>Financial result</b>	<b>-46,292</b>	<b>-66,921</b>

The financial result was negatively impacted by an amount of €21.7 million as a result of discontinuance of hedge accounting and the termination of interest swaps within the context of the refinancing arrangements, even though the outflow of liquidity only amounted to €17.9 million.

This resulted from the transfer of losses, amounting to €19.7 million, deriving from the effective portion of the hedge for hedge accounting purposes, which had been recognized directly in equity, and also from accumulated negative measurement impacts, amounting to €2.0 million, which had arisen up to the date of termination of the swaps. Up to the date of discontinuance of hedge accounting, €5.9 million of unrealized gains before tax, which derived from measurement of derivative financial instruments, were recognized directly in equity.

Up to the date of termination of the swaps, €2.5 million was recognized for hedge accounting purposes in profit or loss as finance expenses in respect of the ineffective portion of the hedge.

Other interest expenses particularly include the unwinding of discount on pension provisions amounting to €12.4 million (2009: €12.6 million) and the amortization of financing-related transaction costs, amounting to €2.2 million.

Finance expenses mainly comprise impairment losses, amounting to €5.8 million, recognized against two investments in cooperation partners, who had applied for dissolution shortly before the balance sheet reporting date due to lack of liquidity. This impairment loss includes write-downs in the second and third quarters, amounting to €3.4 million, which had already been recognized in respect of these two companies.

A positive influence on the financial result derived from the improvement by €4.6 million, in comparison to the previous year, in the net impact of foreign currency transactions. This was mainly due to the strong US Dollar and to the recovery of the Mexican Peso.

## 11 Income taxes

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

€	2009	2010
<b>Current tax expense</b>	<b>-39,874</b>	<b>-66,320</b>
Deferred tax expense/income		
from losses carried forward	-3,649	-1,407
from temporary differences	11,153	23,737
<b>Total deferred tax income</b>	<b>7,504</b>	<b>22,330</b>
<b>Income taxes</b>	<b>-32,370</b>	<b>-43,990</b>

In the year reported, the income tax expense increased by some €11.6 million to €44.0 million, particularly due to the increase in the consolidated result for the year by some €60.8 million. However, the Group's tax rate - at 25% - was significantly lower than that for the previous year (28%).

The increase in the current tax expense by €26.4 million to €66.3 million mainly resulted from the improvement in the Group's results as well as from asset transfers within the Group, which - on the other hand - also led to an increased possibility for depreciation and

amortization and significantly contributed to the increase in deferred tax income by €14.8 million to a level of €22.3 million.

**Derivation of the effective tax rate.** The income taxes disclosed in the year reported, amounting to €44.0 million (2009: €32.4 million) can be reconciled to an "expected" income tax expense, which would have arisen if the statutory tax rates, giving consideration to different local tax rates, had been applied to the consolidated earnings before tax:

€	2009	2010
<b>Consolidated earnings before tax</b>	<b>116,719</b>	<b>177,490</b>
Expected tax expense calculated at local tax rates	-28,564	-45,346
Tax effect deriving from prior periods	-9,300	-2,201
Tax effect deriving from tax-free income	5,752	7,983
Tax saving due to the set-off of tax loss carry forwards for which no deferred tax asset was set up	4,856	3,767
Tax effect deriving from non-deductible expenses	-2,744	-5,866
Non-recoverable withholding tax	-1,831	-2,748
Tax effect of measurement adjustments to deferred tax assets	-689	-102
Tax effect deriving from change in tax rate	-6	-15
Other tax effects	156	538
<b>Income tax expense</b>	<b>-32,370</b>	<b>-43,990</b>

The increase in the effect deriving from tax-free income results from foreign tax benefits which were taken advantage of to a greater extent in the year reported. On the other hand, the increase in the effect deriving from non-deductible expenses results from impairment losses recognized against investments. See the related comments in note 10.

Tax effects deriving from prior periods reduced significantly in 2010, due to the fact that a number of significant tax field audits were largely completed.

## 12 Amortization and depreciation

The amounts charged for amortization of intangible assets and depreciation of property, plant and equipment are visible in the schedules showing movements in non-current assets that are included under notes 22 and 23.

### 13 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 2009 or 2010; as a consequence, there is no dilutive effect on the earnings per share. The diluted and basic undiluted results are thus identical.

	2009	2010
<b>Earning per share (€)</b>	<b>0.71</b>	<b>1.13</b>
Weighted average number of ordinary shares (in thousands)	118,173	118,173

### FURTHER COMMENTS RELATING TO THE CONSOLIDATED BALANCE SHEET

#### 14 Cash and cash equivalents

T€	2009	2010
Cash	80,431	104,831
Cash equivalents	109	7,384
<b>Total</b>	<b>80,540</b>	<b>112,215</b>

Cash and cash equivalents mainly comprise balances with banks whose carrying amounts correspond to their fair values.

#### 15 Trade receivables

T€	2009	2010
Trade receivables	231,719	268,494
Less: allowances for doubtful accounts	- 3,340	- 7,018
<b>Trade receivables, net</b>	<b>228,379</b>	<b>261,476</b>

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

The Company grants credit terms that are normal for the industry and the territories in which it operates.

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

T€	CARRY- ING AMOUNT (GROSS)	NO ALLOW- ANCE SET UP AND ALSO NOT OVERDUE	FULL OR PARTIAL ALLOW- ANCE SET UP	SPECI- FIC ALLOW- ANCE SET UP	OVER- DUE FOR 1-30 DAYS	OVER- DUE FOR 31-90 DAYS	OVER- DUE FOR 31-360 DAYS	OVER- DUE FOR MORE THAN ONE YEAR	OVERDUE BUT NO ALLOW- ANCE SET UP
<b>December 31, 2009</b>									
Trade receivables	231,719	203,269	28,450	3,340	19,568	5,139	2,371	1,372	0
<b>December 31, 2010</b>									
Trade receivables	268,494	235,165	33,329	7,018	23,594	5,965	2,165	1,605	0

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

T€	2009	2010
Balances as of January 1	2,321	3,340
Foreign currency differences	16	191
Increase in the scope of the consolidation	0	139
Allowances set up	2,230	4,934
Allowances utilized in the year reported	-265	-304
Allowances reversed	-962	-1,282
<b>Balances as of December 31</b>	<b>3,340</b>	<b>7,018</b>

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

The expenses deriving from the set up of allowances for doubtful trade receivables and debt write-offs are disclosed under selling and marketing expenses. They relate to customers in Iran (€2.2 million) – for which we perceive a higher economic risk due to the tightened US embargo – as well as to a large number of individual cases.

## 16 Inventories

T€	2009	2010
Raw materials	89,790	130,463
Work in progress	61,677	77,287
Finished goods	96,536	111,586
Less: Impairment losses recognized	-13,224	-14,305
<b>Total</b>	<b>234,779</b>	<b>305,031</b>

Costs of materials amounting to €649.6 million were recognized in the consolidated income statement and are included in the cost of sales (2009: €576.7 million).

The impairment losses of T€1,081 (2009: T€2,606) that are included as expenses for the year are made up as follows: T€193 (2009: T€1,038) for raw materials, T€1,036 (2009: T€378) for work in progress and T€-148.0 (2009: T€1,190) for finished goods. The impairment losses were included in the material costs.

## 17 Prepayments, other assets and receivables

T€	2009	2010
Taxes other than on income	23,449	19,972
Other prepayments	11,614	12,814
Compensation claim	0	7,500
Non-trade receivables from customers	1,109	1,071
Security deposits, guarantees and rental deposits	748	1,066
Litigation claims	2,014	966
Receivables from employees	1,223	648
Advance payment for acquisition of Futura Labs	19,506	0
Other assets	1,434	3,478
<b>Total</b>	<b>61,097</b>	<b>47,515</b>

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

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

The compensation claim represents the set up of claims against our former shareholder for compensation in respect of subsequent tax demands arising from the current tax field audit in Germany.

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

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

## 18 Assets held for sale

As a consequence of the restructuring process carried out in 2009, a decision was taken to close the "Scent & Care" production location in Switzerland and to relocate it to Holzminden. The intention was to sell the land and all production and administration buildings before the end of the first quarter of 2010. The land was reclassified as "held

for sale" in 2009 and the remaining production facilities were also reclassified in the same manner in early 2010 and from that date onwards have not been depreciated on a scheduled basis. Following the completion of the transfer of production to Holzminden in March 2010, there is still an intention to sell the assets and sales activities are continuing such that a disposal is expected before the end of 2011. As no sale took place up to June 2010, an impairment loss of €2.0 million was recognized to write down the assets to their lower fair value less anticipated costs to sell, determined based on an a market assessment.

CARRYING AMOUNT IN T€	2009	2010
Property, plant and equipment, Switzerland	3,003	1,607
<b>Total</b>	<b>3,003</b>	<b>1,607</b>

## 19 Deferred tax assets/liabilities

Deferred tax assets and liabilities are made up as follows:

T€	2009			2010		
	DEFERRED TAX ASSETS	DEFERRED TAX LIABILITIES	DEFERRED TAX INCOME/EXPENSE (-)	DEFERRED TAX ASSETS	DEFERRED TAX LIABILITIES	DEFERRED TAX INCOME/EXPENSE (-)
Intangible assets	4,228	82,604	10,618	16,637	81,848	13,165
Property, plant and equipment	7,185	44,793	3,298	6,969	45,261	-684
Financial investments	0	23	-7	106	20	109
Inventories	7,777	2,969	-627	9,783	249	4,726
Receivables	1,531	703	-20	567	3,897	-4,158
Other assets	1,100	5,357	145	2,509	60	6,706
Pension provisions	9,820	751	51	11,688	340	2,279
Other provisions and accruals	6,972	327	2,961	7,865	299	920
Other liabilities	8,087	9,140	-5,266	1,580	9,665	673
Tax loss carry forwards	40,919	0	-3,649	39,513	0	-1,406
<b>Sub-total</b>	<b>87,619</b>	<b>146,667</b>	<b>7,504</b>	<b>97,217</b>	<b>141,639</b>	<b>22,330</b>
Set-off	-43,710	-43,710	0	-63,082	-63,082	0
<b>Total</b>	<b>43,909</b>	<b>102,957</b>	<b>7,504</b>	<b>34,135</b>	<b>78,557</b>	<b>22,330</b>

In 2010, deferred tax income amounted to €22.3 million compared to a deferred tax income of €7.5 million in 2009.

The main contributors to this development were temporary measurement differences deriving from internal Group transactions as well as measurement differences arising from derivatives and investments. Measurement differences deriving from currency effects had a compensating effect.

It was possible to utilize tax loss carry forwards in Germany, the USA, France and Mexico. In contrast, use of tax depreciation potential in Singapore as well as limitation by fact of the utilization of losses deriving from forward contracts in Germany, increased permissible tax loss carry forwards.



In the year reported, deferred tax assets and liabilities include currency-related effects, amounting to €0.1 million (2009: €0.0 million).

In the context of the refinancing measures undertaken by the Group, interest hedges were discontinued. As a consequence, the deferred tax asset of €7.4 million that had previously been accounted for in eq-

uity in accordance with hedge accounting requirements was derecognized in the period reported without impacting profit or loss.

Reference is made to note 11 with respect to changes in deferred tax assets that derive from tax loss carry forwards.

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

REMAINING TERMS FOR TAX LOSS CARRY FORWARDS	2009			2010		
	TOTAL	NOT UTILIZABLE	UTILIZABLE	TOTAL	NOT UTILIZABLE	UTILIZABLE
In one year	0	0	0	0	0	0
In two years	0	0	0	0	0	0
In three years	276	33	243	0	0	0
In four years	318	301	17	0	0	0
In five or more years	41,209	9,417	31,792	24,242	564	23,678
Unlimited term for tax loss carry forwards	100,944	1,809	99,135	113,880	0	113,880
<b>Total</b>	<b>142,747</b>	<b>11,560</b>	<b>131,187</b>	<b>138,122</b>	<b>564</b>	<b>137,558</b>

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

Total corporate income tax loss carry-forwards amounted to €99.9 million (2009: €108.2 million). In addition, tax loss carry-forwards of €114.5 million (2009: €140.1) existed for other categories of income tax, primarily for trade tax in Germany and US state tax.

In 2010, tax loss carry-forwards were utilized, particularly in Germany, Mexico, the USA and France. New tax loss carry-forwards arose, due to use of depreciation potential abroad and due to forward transactions in Germany, the bulk of which, however, can be utilized in the next five years.

Use of the tax loss carry-forwards, and thus the measurement of corresponding deferred tax assets, is supported by tax planning information. In consequence, impairment of deferred tax assets only amounted to €0.2 million (2009: €3.9 million). Such impairment relates exclusively to state tax in the USA.

The calculation of foreign income taxes is based on the legal regulations prevailing in the respective countries. The tax rates for the individual companies vary between 0% and 42%, excluding financing entities.

## 20 Other non-current assets and receivables

€	2009	2010
Security deposits, guarantees and rental deposits	1,692	1,388
Prepayments, customer bonuses	958	798
Taxes other than on income	567	777
Loans to customers/employees	301	454
Other loans	284	274
<b>Total</b>	<b>3,802</b>	<b>3,691</b>

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

## 21 Financial assets

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

## 22 Intangible assets

2009 T€	GOODWILL	RECIPES <sup>1</sup> WITH FINITE USEFUL LIVES	RECIPES <sup>1</sup> WITH INDEFINITE USEFUL LIVES	OTHER INTANGIBLE ASSETS <sup>2</sup> WITH FINITE USEFUL LIVES
<b>Cost</b>				
<b>As of January 1, 2009</b>	489,560	517,969	62,080	77,200
Additions through purchase	0	0	0	8,978
Additions through own generation	0	0	0	0
Disposals	0	- 14	0	- 1,390
Transfers	0	63,041	- 63,041	14,632
Currency translation impacts	5,581	4,614	961	- 1,539
<b>As of December 31, 2009</b>	<b>495,141</b>	<b>585,610</b>	<b>0</b>	<b>97,881</b>
<b>Accumulated amortization/impairment</b>				
<b>As of January 1, 2009</b>	- 33,715	- 263,663	0	- 20,416
Scheduled amortization for the fiscal year	0	- 37,850	0	- 6,045
Impairment losses recognized	0	0	0	- 769
Disposals	0	0	0	1,379
Currency translation impacts	188	- 2,283	0	37
<b>As of December 31, 2009</b>	<b>- 33,527</b>	<b>- 303,796</b>	<b>0</b>	<b>- 25,814</b>
<b>Carrying amounts</b>				
<b>As of January 1, 2009</b>	455,845	254,306	62,080	56,784
<b>As of December 31, 2009</b>	<b>461,614</b>	<b>281,814</b>	<b>0</b>	<b>72,067</b>

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

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

<sup>3</sup> Trademarks

OTHER INTANGIBLE ASSETS <sup>3</sup> WITH INDEFINITE USEFUL LIVES	CAPITALIZED DEVELOPMENT COSTS	ADVANCE PAYMENTS ON DEVELOPMENT COSTS	ADVANCE PAYMENTS ON OTHER INTANGIBLE ASSETS	TOTAL
6,759	5,056	5,701	10,918	1,175,243
0	0	0	4,375	13,353
0	3,933	206	0	4,139
0	-150	0	-85	-1,639
-6,759	2,522	-2,522	-7,873	0
0	242	0	69	9,928
0	11,603	3,385	7,404	1,201,024
0	-71	0	0	-317,865
0	-299	0	0	-44,194
0	0	0	0	-769
0	150	0	0	1,529
0	0	0	0	-2,058
0	-220	0	0	-363,357
6,759	4,984	5,701	10,918	857,378
0	11,383	3,385	7,404	837,667

2010 T€	GOODWILL	RECIPES <sup>1</sup> WITH FINITE USEFUL LIVES	OTHER INTANGIBLE ASSETS <sup>2</sup> WITH FINITE USEFUL LIVES
<b>Cost</b>			
<b>As of January 1, 2010</b>	<b>495,141</b>	<b>585,610</b>	<b>97,881</b>
Additions through change in scope of consolidation	7,184	3,154	10,968
Additions through purchase	0	0	7,956
Additions through own generation	0	0	0
Disposals	0	- 297	- 2,564
Transfers	0	0	4,315
Currency translation impacts	21,321	19,096	4,852
<b>As of December 31, 2010</b>	<b>523,646</b>	<b>607,563</b>	<b>123,408</b>
<b>Accumulated amortization/ impairment</b>			
<b>As of January 1, 2010</b>	<b>- 33,527</b>	<b>- 303,796</b>	<b>- 25,814</b>
Additions through change in scope of consolidation	0	0	- 44
Scheduled amortization for the fiscal year	0	- 32,090	- 12,642
Impairment losses recognized	0	0	- 45
Disposals	0	91	1,606
Transfers	0	4,589	- 4,589
Currency translation impacts	- 1,300	- 7,879	3,616
<b>As of December 31, 2010</b>	<b>- 34,827</b>	<b>- 339,085</b>	<b>- 37,912</b>
<b>Carrying amounts</b>			
As of January 1, 2010	461,614	281,814	72,067
<b>As of December 31, 2010</b>	<b>488,819</b>	<b>268,478</b>	<b>85,496</b>

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

<sup>2</sup> Software, patents and other similar rights, trademarks

CAPITALIZED DEVELOPMENT COSTS	ADVANCE PAYMENTS ON DEVELOPMENT COSTS	ADVANCE PAYMENTS ON OTHER INTANGIBLE ASSETS	TOTAL
11,603	3,385	7,404	1,201,024
0	0	0	21,306
0	0	3,266	11,222
569	1,395	0	1,964
-757	0	-870	-4,488
1,759	-1,759	-4,315	0
674	0	70	46,013
13,848	3,021	5,555	1,277,041
-220	0	0	-363,357
0	0	0	-44
-1,603	0	0	-46,335
0	0	0	-45
0	0	0	1,697
0	0	0	0
0	0	0	-5,563
-1,823	0	0	-413,647
11,383	3,385	7,404	837,667
12,025	3,021	5,555	863,394

The disclosed amount for goodwill, of €488.8 million € (2009: €461.6 million), derives from difference amounts that arise during the investment consolidation process. The increase derives from the currency translation of goodwill recognized by foreign business operations into the Group's reporting currency (the euro) and additions deriving from the acquisition of the Futura Labs Group. In conformity with IFRS 3, in conjunction with IAS 36, goodwill is subjected to an annual impairment test. The impairment test for fiscal year 2010 resulted in no requirement to record an impairment loss as the recoverable amounts determined for the cash-generating units exceeded their respective carrying amounts. The cash flows determined in this process were discounted with a weighted after-tax capital cost factor of 7.62 % (2009: 7.87 %). More detailed comments are to be found in note 2.6.

#### GOODWILL BY SEGMENT

T€	DECEMBER 31, 2009	DECEMBER 31, 2010	OF WHICH: ADDITIONS IN 2010
<b>Segment</b>			
Flavor & Nutrition	307,972	328,720	7,184
Scent & Care	153,642	160,099	0
<b>Total</b>	<b>461,614</b>	<b>488,819</b>	<b>7,184</b>

The main additions in the fiscal year consisted of software (€7.3 million), particularly deriving from capital investment in connection with the global roll-out of SAP.

Research and development expenses, which were directly expensed in the income statement, amounted in fiscal year 2009 to €107.9 million (2009: €95.7 million).

The amortization of recipes and customer-bases is allocated to production and is therefore included in the cost of sales. The amortization of other intangible assets is generally allocated to the respective functional areas included in the consolidated income statement.

## 23 Property, plant and equipment

2009 €	LAND AND BUILDINGS	PLANT AND MACHINERY	EQUIPMENT	ADVANCE PAYMENTS	TOTAL
<b>Cost</b>					
<b>As of January 1, 2009</b>	<b>289,243</b>	<b>233,546</b>	<b>105,838</b>	<b>28,184</b>	<b>656,811</b>
Additions	2,159	4,395	6,981	25,646	39,181
Disposals	-1,571	-3,220	-7,631	0	-12,422
Transfers	6,325	12,213	4,646	-23,184	0
Reclassifications in accordance with IFRS 5	-4,811	0	0	0	-4,811
Currency translation impacts	3,411	2,568	2,031	380	8,390
<b>As of December 31, 2009</b>	<b>294,756</b>	<b>249,502</b>	<b>111,865</b>	<b>31,026</b>	<b>687,149</b>
<b>Accumulated depreciation/impairment</b>					
<b>As of January 1, 2009</b>	<b>-69,376</b>	<b>-127,956</b>	<b>-70,747</b>	<b>267</b>	<b>-267,812</b>
Scheduled depreciation for the fiscal year	-11,278	-16,982	-10,089	0	-38,349
Impairment losses	-100	-3,038	-107	0	-3,245
Disposals	676	2,578	6,972	0	10,226
Transfers	-180	89	91	0	0
Reclassifications in accordance with IFRS 5	1,858	0	0	0	1,858
Currency translation impacts	-1,022	-1,272	-1,508	-4	-3,806
<b>As of December 31, 2009</b>	<b>-79,422</b>	<b>-146,581</b>	<b>-75,388</b>	<b>263</b>	<b>-301,128</b>
<b>Carrying amounts</b>					
As of January 1, 2009	219,867	105,590	35,091	28,451	388,999
<b>As of December 31, 2009</b>	<b>215,334</b>	<b>102,921</b>	<b>36,477</b>	<b>31,289</b>	<b>386,021</b>

2010 T€	LAND AND BUILDINGS	PLANT AND MACHINERY	EQUIPMENT	ADVANCE PAYMENTS	TOTAL
<b>Cost</b>					
<b>As of January 1, 2010</b>	<b>294,756</b>	<b>249,502</b>	<b>111,865</b>	<b>31,026</b>	<b>687,149</b>
Additions through change in scope of consolidation	1,467	1,579	660	207	3,913
Additions	5,716	7,307	7,047	37,265	57,335
Disposals	-4,274	-3,091	-3,626	-377	-11,368
Transfers	3,103	12,597	5,085	-20,785	0
Reclassifications in accordance with IFRS 5	0	-2,802	-563	0	-3,365
Currency translation impacts	11,197	8,290	3,653	1,828	24,968
<b>As of December 31, 2010</b>	<b>311,965</b>	<b>273,382</b>	<b>124,121</b>	<b>49,164</b>	<b>758,632</b>
<b>Accumulated depreciation/impairment</b>					
<b>As of January 1, 2010</b>	<b>-79,422</b>	<b>-146,581</b>	<b>-75,388</b>	<b>263</b>	<b>-301,128</b>
Additions through change in scope of consolidation	-323	-877	-417	0	-1,617
Scheduled depreciation for the fiscal year	-12,377	-17,518	-10,424	0	-40,319
Impairment losses	0	-42	0	0	-42
Disposals	3,790	2,083	2,982	0	8,855
Transfers	0	31	-31	0	0
Reclassifications in accordance with IFRS 5	0	2,623	548	0	3,171
Currency translation impacts	-2,585	-4,080	-2,171	22	-8,814
<b>As of December 31, 2010</b>	<b>-90,917</b>	<b>-164,361</b>	<b>-84,901</b>	<b>285</b>	<b>-339,894</b>
<b>Carrying amounts</b>					
As of January 1, 2010	215,334	102,921	36,477	31,289	386,021
<b>As of December 31, 2010</b>	<b>221,048</b>	<b>109,021</b>	<b>39,220</b>	<b>49,449</b>	<b>418,738</b>

The most significant additions to property, plant and equipment resulted from capital investment in a Spray Dryer in Singapore (€5.8 million), in optimization of the supply chain (€5.3 million) and in chemical production facilities at the location in Holzminden (€5.3 million). Capital investment at our new location in Russia amounted to €6.1 million. Additional capital investment (€2.9 million) was made in Brazil as a consequence of the relocation of production facilities from São Paulo to Sorocaba.

## 24 Acquisitions

### FUTURA LABS GROUP

A contract was concluded in November 2009 for the acquisition of a 100% share interest in the Futura Labs Group with effect from the beginning of January 2010.

The Futura Labs Group comprises Aroma Labs For Flavours SAE, Futura Labs International SAE and Roseland World Corp. In this manner, Symrise acquired one of the leading producers of flavors and fragrances in Egypt and the United Arab Emirates and as a result became the new market leader in Egypt. The most important reasons for the acquisition were to gain the customer base, know-how and the efficient organization of the Group with which Symrise can press ahead with its plans for further expansion in the region. Furthermore, synergy effects are expected with the existing locations in Egypt and Dubai. Only insignificant sales had been generated with this organization up to the time of its purchase.



At the date of acquisition, the fair values of the assets and liabilities acquired were as follows:

€	JANUARY 2010
<b>Current assets</b>	
Cash and cash equivalents	674
Trade receivables	2,369
Inventories	1,850
Prepayments, other assets and receivables	1,103
Short-term financial assets	5
<b>Non-current assets</b>	
Property, plant and equipment	2,192
Intangible assets	
Customer base	10,346
Recipes	2,998
<b>Current liabilities</b>	
Short-term financial liabilities	1,340
Trade payables	812
Other current liabilities	2,204
Deferred tax liabilities	534
<b>Identifiable assets</b>	
Goodwill	7,184
<b>Total assets</b>	
<b>= acquisition costs</b>	<b>23,831</b>

The fair value of the trade receivables amounted to T€2,369; they had a nominal value of T€2,500. No allowances for bad debts had been set up against the receivables and payment for them was received in full.

Goodwill, amounting to T€7,184, includes the value of the synergies and know-how that are expected to arise from the acquisition. It was not possible to identify the value of the know-how as a separate asset as it results from cooperation between various functions within the organization and does not, therefore, fulfill the criteria laid down by IAS 38. The goodwill is not deductible for tax purposes.

The acquisition cost agreed, or respectively the fair value of the consideration transferred, amounts to TUS\$ 34,150 (representing T€23,831 as measured at the rate of exchange applicable at the time of initial consolidation). At the balance sheet reporting date, TUS\$ 31,600 of this amount had been paid.

The outstanding purchase price installments at the balance sheet reporting date, amounting to TUS\$ 2,550 (T€1,931) represent contingent consideration. A further purchase price installment of up to TUS\$ 3,000 (T€2,094) plus interest – due on April 1, 2011 – was agreed with the former owners which is linked to the achievement of growth rates forecast for the Dubai region. At the date of acquisition this further payment was measured at an amount of TUS\$ 300. Furthermore, a final payment of TUS\$ 2,250 (T€1,570), due on December 31, 2012, was agreed which is to be reduced at the date of payment by any possible claims to damages deriving from third parties.

In the year reported, only insignificant amounts of ancillary acquisition-related costs were incurred.

From the date of its acquisition, the Futura Labs Group made a contribution €15.8 million to sales and €0.6 million to pre-tax profits.

## 25 Trade payables

As in the previous year, trade payables are due within one year.

## 26 Short-term borrowings

€	2009	2010
Bank borrowings	288,568	173,932
Accrued interest	1,330	4,173
Other short-term borrowings	43	45
<b>Total</b>	<b>289,941</b>	<b>178,150</b>

The differences between the carrying amounts and the nominal amounts of bank borrowings, deriving from unamortized transaction costs, amounted to €2.1 million (2009: €1.0 million).

No security has been provided for short-term bank borrowings, which are made up as follows:

2009 T€					
CREDIT FACILITY	MATURITY DATE	NOMINAL VALUE	CARRYING AMOUNT	NOMINAL INTEREST RATE	
<b>Symrise GmbH &amp; Co. KG</b>					
Senior Facility – Term B – EUR	January 2010	133,000	132,338	Euribor + 0.5 %	0.98 %
Senior Facility – Term B – US\$	January 2010	78,856	78,856	Libor + 0.5 %	0.75 %
Senior Facility – Term A – EUR	December 2010	57,000	56,820	Euribor + 0.5 %	0.98 %
Senior Facility – Term A – US\$	December 2010	15,701	15,524	Libor + 0.5 %	0.75 %
<b>Symrise AG</b>					
Bilateral Credit Line	January 2010	5,000	5,000		1.03 %
<b>Symrise Vertriebs GmbH, Austria</b>					
Bank overdrafts	January 2010	30	30		6.75 %
<b>Total</b>		<b>289,587</b>	<b>288,568</b>		

2010 T€					
CREDIT FACILITY	MATURITY DATE	NOMINAL VALUE	CARRYING AMOUNT	NOMINAL INTEREST RATE	
<b>Symrise AG</b>					
Revolving credit facility – EUR	March 2011	125,000	123,499	Euribor + 0.8 %	1.883 %
Revolving credit facility – US\$	March 2011	49,060	48,461	Libor + 0.8 %	1.1447 %
<b>Futura Labs Gruppe, Egypt</b>					
Bank overdrafts	January 2011	1,972	1,972		13.5 %
<b>Total</b>		<b>176,032</b>	<b>173,932</b>		

The short-term bank borrowings deriving from the revolving credit facility, totaling €174.1 million (2009: 211.2 million), relate to borrowings available to the Group under the terms of a revolving credit line arrangement of €300.0 million that is available until November 19, 2015. In addition to the global credit facility that has been extended, a bilateral credit facility exists with Commerzbank, amounting to €20 million, the purpose of which is to cover short-term payment requirements. Accordingly, as of December 31, 2010, Symrise had unutilized lines of credit available, totaling €145.9 million (2009: €108.1 million).

Short-term bank borrowings with a nominal value of €49.0 million (2009: €94.6 million) are designated in US dollars. Due to the variable interest rates and the related payment obligations, it can be assumed that the carrying amounts for all borrowings correspond to their fair value at the balance sheet reporting date.

## 27 Short-term provisions

Details of the most significant provisions are listed below:

T€	RESTRUCTURING MEASURES	OTHER PROVISIONS	TERMINATION PAYMENTS	SUCCESS-BASED REMUNERATION	2010 TOTAL	2009
January 1	5,746	116	0	0	5,862	1,716
Utilized	-4,018	-20	0	0	-4,038	-874
Released	-1,486	0	0	0	-1,486	-173
Increases	864	840	833	1,928	4,465	5,043
<b>Sub-total</b>	<b>1,106</b>	<b>936</b>	<b>833</b>	<b>1,928</b>	<b>4,803</b>	<b>5,712</b>
Currency translation impacts	453	15	0	0	468	150
Interest expense	0	0	0	0	0	0
<b>December 31</b>	<b>1,559</b>	<b>951</b>	<b>833</b>	<b>1,928</b>	<b>5,271</b>	<b>5,862</b>

Success-based remuneration in connection with share-based remuneration (note 43) was disclosed in the previous year's report under personnel liabilities as a component of the other short-term liabilities.

Due to the uncertainty relating to the estimation of the amount, it has been considered more appropriate to disclose the item here.

## 28 Other current liabilities

T€	2009	2010
Employee-related liabilities	34,447	41,902
Outstanding invoices/commissions for sales representatives	15,870	17,402
Taxes on wages and salaries, social security contributions	10,177	9,238
Liabilities to customers	10,594	7,320
Taxes other than income taxes	3,609	5,146
Purchase price liabilities	0	3,139
Insurance premiums	967	1,394
Litigation-related liabilities	673	532
Liabilities deriving from tax field examinations	1,944	30
Miscellaneous other current liabilities	10,472	14,067
<b>Total</b>	<b>88,753</b>	<b>100,170</b>

The increase in employee-related liabilities primarily results from increased liabilities for annual awards and bonuses.

Miscellaneous other current liabilities mainly result from diverse administration, sales and marketing costs which arise during the normal course of operations.

## 29 Long-term borrowings

Long-term borrowings comprise:

T€	2009	2010
Bank borrowings	364,576	27,419
Other loans	0	427,913
<b>Total</b>	<b>364,576</b>	<b>455,332</b>

Long-term borrowings include amounts designated in foreign currencies (US\$) in the amount of €132.1 million (2009: €62.8 million). The differences between the carrying amounts and the nominal amounts for bank borrowings, deriving from unamortized transaction costs, amounted to €4.3 million (2009: €1.2 million).

BORROWINGS 2009		MATURITY DATE	NOMINAL VALUE	CARRYING AMOUNT	NOMINAL INTEREST RATE	
T€						
<b>Symrise GmbH &amp; Co. KG, Holzminden</b>						
Senior Facility – Term A – EUR		December 2011	228,000	227,279	Euribor + 0.5%	0.98%
Senior Facility – Term A – US\$		December 2011	62,805	62,603	Libor + 0.5%	0.75%
“Schuldscheindarlehen”		April 2013	47,500	47,306	Euribor + 2.8%	3.52%
“Schuldscheindarlehen”		April 2013	27,500	27,388	Fixed	5.35%
<b>Total</b>			<b>365,805</b>	<b>364,576</b>		

BORROWINGS 2010		MATURITY DATE	NOMINAL VALUE	CARRYING AMOUNT	NOMINAL INTEREST RATE	
T€						
<b>Symrise AG</b>						
Bond		October 2017	300,000	296,219	Fixed	4.125%
US private placement		November 2020	132,085	131,694	Fixed	4.09%
“Schuldscheindarlehen”		April 2013	27,500	27,419	Fixed	5.35%
<b>Total</b>			<b>459,585</b>	<b>455,332</b>		

### REPAYMENT OF BANK BORROWINGS

As a consequence of the refinancing measures that were agreed in 2010, Symrise’s redemption profile for borrowings has improved considerably. Accordingly, redemption of the “Schuldscheindarlehen”, amounting to €27.5 million, is due in 2013, the €300.0 million bond will be redeemed in 2017, and the US\$ 175.0 million US private placement is scheduled for repayment at the end of 2020.

### SECURITY PROVIDED

As part of the revolving credit facility and US private placement arrangements, Symrise has entered into an obligation (leverage covenant) to keep the relationship between net borrowings and EBITDA within defined limits. This ratio is controlled on a quarterly basis for compliance.

In addition to the leverage covenant, for purposes of the “Schuldscheindarlehen”, compliance with a fixed upper limit for the ratio between EBITDA and net interest expense (interest covenant) is controlled annually.

### 30 Other non-current liabilities

€	2009	2010
Employee-related liabilities	10,551	9,826
Liabilities deriving from termination pay obligations and litigation	2,677	2,430
Liabilities for taxes other than income taxes	962	1,700
Liability to the "PsVaG" (German mutual pension security fund)	1,188	956
Miscellaneous other non-current liabilities	1,740	2,309
<b>Total</b>	<b>17,118</b>	<b>17,221</b>

Employee-related liabilities mainly relate to provisions for long-service awards and phased early retirement. Liabilities deriving from phased early retirement obligations of € 1.9 million (2009: €3.1 million) represent post-employment benefit liabilities.

The liability to the "PsVaG" (mutual pension security fund) in Germany has been deferred over a period of five years, due to the significant increase in the mandatory contribution in the previous year (due to the high number of insolvency cases).

Miscellaneous other non-current liabilities mainly derive from diverse administration, sales and marketing costs which arise during the normal course of operations.

### 31 Long-term financial liabilities

In the previous year, this reporting line item disclosed the negative values attributable to derivative financial instruments; these instruments were terminated in the fourth quarter of 2010 within the context of refinancing measures.

### 32 Long-term provisions

Details of the most significant provisions are listed below:

€	RESTRUCTURING MEASURES	RESTORATION OBLIGATIONS	SUCCESS-BASED REMUNERATION	2010 TOTAL	2009
<b>January 1</b>	<b>38</b>	<b>0</b>	<b>0</b>	<b>38</b>	<b>94</b>
Utilized	-41	0	0	-41	-48
Released	0	0	0	0	0
Increases	0	3,004	93	3,097	0
<b>Sub-total</b>	<b>-3</b>	<b>3,004</b>	<b>93</b>	<b>3,094</b>	<b>46</b>
Currency translation impacts	3	130	0	133	-8
<b>December 31</b>	<b>0</b>	<b>3,134</b>	<b>93</b>	<b>3,227</b>	<b>38</b>

Provisions for obligations exist vis-à-vis respective lessors to restore leased objects to their condition before commencement of the lease.

### 33 Provisions for pensions and similar obligations

Individual companies have established pension plans that are either financed directly by the Group companies themselves through recognition of provisions or by making contributions to external investment fund companies outside the Group. The manner in which these benefits are provided to employees varies depending on the legal regulations and the fiscal and economic environments in the respective countries involved. In addition, in some cases, the Group has agreed to provide additional post-employment health care benefits to its employees. Retirement benefits and health care benefits are generally measured based on the wages or salaries 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 mutual pension fund was terminated with effect from March 31, 2003. The employees of Haarmann & Reimer GmbH who had already acquired pension rights as of this date automatically became passive members of the pension fund from April 1, 2003, onwards. Active members, who had unvested rights as of March 31, 2003, had the option to have their pension entitlement (excluding employer contributions) paid out at this date in the form of a capital sum and from that point in time ceased to be members of the Bayer pension fund. For all individuals in the Bayer pension fund who were active members as of March 31, 2003, a benefit scheme was introduced in Germany with effect from April 1, 2003, in the form of a direct benefit promise, which is financed through a deferred gross compensation arrangement (3% of the respective maximum income threshold for assessment of contributions as defined by the German State Pension Authority West). For those people with components of remuneration that exceed the respective threshold for assessment of contributions, employer-financed retirement benefits up to a maximum amount are provided based on a benefit scheme.

At the time that the new benefit scheme was introduced, the former Haarmann & Reimer employees were guaranteed that their benefits under the company retirement benefit scheme would not worsen as a result of the business combination. The benefits have to be maintained at the same level that existed before the business combination took place. This is assured under the new benefit scheme. As a consequence of this guarantee, the company has also offered those former Haarmann & Reimer GmbH employees – whose earnings are regulated by tariff agreement – a further voluntary deferred compensation scheme in the form of a direct benefit promise. The employee contribution and the employer top-up contribution taken together are limited to a maximum of 4% of the respective income limit for the

assessment of contributions as defined by the German State Pension Authority West.

Former Dragoco employees who joined the organization before December 31, 1981, are the subject of an employer-financed retirement benefit scheme. The pension payments under this scheme are dependent upon the employee's length of service and their final monthly gross remuneration level.

All non-tariff employees and managers have the possibility to build up additional retirement benefit components on a voluntary basis in the form of a direct benefit promise involving deferral of remuneration. There is no employer top-up involved in connection with this "deferred compensation" arrangement.

All employees who did not belong to a retirement benefit scheme as of April 1, 2003, had the opportunity from this date onwards to participate in a retirement benefit scheme which was provided in the form of a direct benefit promise through deferral of compensation; this benefit scheme was closed effective as of December 31, 2010. The employee contribution and the employer top-up contribution taken together were limited to a maximum of 4% of the respective income limit for the assessment of contributions as defined by the German State Pension Authority West.

From January 1, 2010, onwards, all Symrise new joiners with unlimited employment contracts at German locations are obligated to join the RPK ("Rheinische Pensionskasse" – an external German pension fund) from the seventh month of their employment onwards. Under the terms of this arrangement, the employee pays 2% of his remuneration in the form of deferred gross compensation to the RPK (mandatory contribution); the organization tops up the contribution with the same amount. Voluntary contributions are also possible and are also topped up with the same amount by the organization. The employee contribution and the employer top-up contribution taken together are limited to a maximum of 4% of the respective income limit for the assessment of contributions as defined by the German State Pension Authority West. Effective as of January 1, 2011, individuals who were already employed in the organization but who – unlike the former Haarmann & Reimer employees or employees of Dragoco who joined before December 31, 1981 – did not belong to a benefit scheme, were able to request membership of the RPK scheme on a voluntary basis up to September 30, 2010. No pension provision is set up for this defined contribution plan through the RPK, which operates as an external benefit provider.

The amount of the pension obligations (the present value of the entitlement or defined benefit obligation) has been determined based on actuarial methods by means of an actuarial report made using assumptions for the various relevant factors of influence.

Increases or decreases in the present value of the defined benefit obligations can result in actuarial gains or losses, which may derive from changes in the calculation parameters used in the computations and

changes in estimates with respect to the development of risks related to the pension obligations. The net amount of the pension provisions can be derived as follows:

T€	2009	2010
Defined benefit obligation, unfunded	198,675	225,689
Defined benefit obligation, funded	36,873	48,635
<b>Present value of benefit obligations as of December 31</b>	<b>235,548</b>	<b>274,324</b>
Fair value of plan assets	- 25,683	- 30,883
Unrecognized gains from plan amendments	5,260	5,016
Unrecognized actuarial losses	- 14,838	- 35,040
Unrecognized past service costs	- 839	- 1,003
<b>Liability deriving from defined benefit obligations as of December 31</b>	<b>199,448</b>	<b>212,414</b>

The pension and similar provisions, amounting to €212.4 million (2009: 199.4 million) are divided by region as follows:

T€	2009	2010
EAME	177,233	185,157
North America	19,962	24,443
Asia/Pacific	309	353
Latin America	1,944	2,461
<b>Total</b>	<b>199,448</b>	<b>212,414</b>

The present value of the benefit obligations developed as follows:

T€	2009	2010
<b>Present value of benefit obligations as of January 1</b>	<b>203,983</b>	<b>235,548</b>
Current service cost	8,864	10,382
Interest expense	12,570	12,441
Losses deriving from plan amendments	218	264
Actuarial losses	20,038	20,822
Benefits paid	- 11,078	- 10,344
Initial recognition of a plan	1,478	0
Currency translation impacts	- 525	5,211
<b>Present value of benefit obligations as of December 31</b>	<b>235,548</b>	<b>274,324</b>

The liability for defined benefit obligations developed as follows:

2009 T€	GROUP DEFINED BENEFIT PLANS	POST-EMPLOYMENT HEALTH CARE BENEFITS (USA)	TOTAL PENSION PLANS OF THE GROUP
<b>Defined benefit obligations as of January 1</b>	<b>177,163</b>	<b>14,759</b>	<b>191,922</b>
Pension expense	19,752	60	19,812
Employer contributions	- 2,101	- 437	- 2,538
Benefits paid	- 9,646	0	- 9,646
Leavers	- 59	0	- 59
Currency translation impacts	119	- 162	- 43
<b>Defined benefit obligations as of December 31</b>	<b>185,228</b>	<b>14,220</b>	<b>199,448</b>

2010 T€	GROUP DEFINED BENEFIT PLANS	POST-EMPLOYMENT HEALTH CARE BENEFITS (USA)	TOTAL PENSION PLANS OF THE GROUP
<b>Defined benefit obligations as of January 1</b>	<b>185,228</b>	<b>14,220</b>	<b>199,448</b>
Pension expense	20,964	103	21,067
Employer contributions	- 386	- 455	- 841
Benefits paid	- 9,407	0	- 9,407
Leavers	37	0	37
Currency translation impacts	950	1,160	2,110
<b>Defined benefit obligations as of December 31</b>	<b>197,386</b>	<b>15,028</b>	<b>212,414</b>



The fair value of the plan assets developed as follows:

€	2009	2010
<b>Fair value of the plan assets as of January 1</b>	<b>19,593</b>	<b>25,683</b>
Employer and employee contributions	2,637	387
Benefits paid	-1,432	-483
Expected yield on plan assets	1,173	1,411
Actuarial gains	2,604	1,033
Initial recognition of a plan	1,478	0
Currency translation impacts	-370	2,852
<b>Fair value of the plan assets as of December 31</b>	<b>25,683</b>	<b>30,883</b>

In 2010, the experience adjustments to plan assets in the USA amounted to €1.0 million (2009: €2.4 million). In Japan, the experience adjustments to plan assets amounted to €0.1 million in 2010 (2009: €0.2 million).

The fair values for the main groups of plan assets are as stated below:

€	THE NETHERLANDS PLAN		THE SWISS PLAN		THE USA PLAN		THE JAPANESE PLAN	
	2009	2010	2009	2010	2009	2010	2009	2010
Bonds	0	0	2,740	3,489	7,331	8,831	1,573	1,830
Equity instruments	0	0	194	265	9,596	11,455	1,379	2,055
Real estate	0	0	366	486	0	0	0	0
Other assets	1,478	1,478	155	177	452	570	77	120
<b>Total as of December 31</b>	<b>1,478</b>	<b>1,478</b>	<b>3,455</b>	<b>4,417</b>	<b>17,379</b>	<b>20,856</b>	<b>3,029</b>	<b>4,005</b>

The expense for pensions and similar benefits is made up as follows:

2009 T€	GROUP DEFINED BENEFIT PLANS	POST-EMPLOYMENT HEALTH CARE BENEFITS (USA)	TOTAL PENSION PLANS OF THE GROUP
Current service cost	8,645	219	8,864
Past service cost	78	0	78
Interest expense	12,088	482	12,570
Expected yield on plan assets	-1,173	0	-1,173
Recognized plan amendments for USA	0	-641	-641
Recognized actuarial losses	212	0	212
Employee contributions	-98	0	-98
<b>Expense for pensions and similar benefits as of December 31</b>	<b>19,752</b>	<b>60</b>	<b>19,812</b>
<b>Actual yield from plan assets</b>	<b>5,254</b>	<b>0</b>	<b>5,254</b>

2010 T€	GROUP DEFINED BENEFIT PLANS	POST-EMPLOYMENT HEALTH CARE BENEFITS (USA)	TOTAL PENSION PLANS OF THE GROUP
Current service cost	10,162	220	10,382
Past service cost	48	0	48
Interest expense	11,884	557	12,441
Expected yield on plan assets	-1,411	0	-1,411
Recognized plan amendments for USA	0	-674	-674
Recognized actuarial losses	281	0	281
<b>Expense for pensions and similar benefits as of December 31</b>	<b>20,964</b>	<b>103</b>	<b>21,067</b>
<b>Actual yield from plan assets</b>	<b>2,444</b>	<b>0</b>	<b>2,444</b>

Costs for pension and similar benefits are disclosed in the Group income statement as follows:

T€	2009	2010
Cost of sales	2,920	3,237
Selling and marketing expenses	1,664	2,227
Research and development expenses	1,575	1,629
Administration expenses	1,083	1,533
<b>Total</b>	<b>7,242</b>	<b>8,626</b>

In the past five years, the financing status, derived from the present value of all benefit promises and the fair value of plan assets, has changed as follows:

T€	2006	2007	2008	2009	2010
Present value of defined benefit obligations	219,383	200,567	204,449	235,548	274,324
Fair value of plan assets	- 18,681	- 20,613	- 19,593	- 25,683	- 30,883
<b>Financing status as of December 31</b>	<b>200,702</b>	<b>179,954</b>	<b>184,856</b>	<b>209,865</b>	<b>243,441</b>
Experience adjustments arising on plan liabilities (Germany)	- 1,334	- 3,074	4,502	- 1,800	1,213
Experience adjustments arising on plan assets	420	- 217	- 4,771	4,082	1,033

In 2011, Symrise expects payment of contributions of T€2,589 (expectation in 2009 for 2010: T€397) into the funded defined benefit plans.

The experience adjustments to liabilities arising from defined benefit plan obligations for Germany amounted to €1.2 million (actuarial loss) (2009: €1.8 million; actuarial gain).

The actuarial assumptions and measurements are based on the following parameters, which vary from territory to territory due to their differing economic environments:

%	2009	PARAMETERS 2010
<b>Interest rate used for discounting</b>		
Germany	5.20	4.70
USA	6.00	5.56
Other countries vary between	2.0 and 7.50	1.57 and 8.35
<b>Expected yield from plan assets</b>		
USA	7.00	7.00
Other territories vary between	1.00 and 7.50	2.00 and 7.50
<b>Salary trends</b>		
Germany	2.50	2.50
USA	4.25	4.25
Other countries vary between	2.75 and 8.00	1.50 and 10.00
<b>Pension trends</b>		
Germany	1.75	1.75
Cost increase factor for medical benefits in the USA	9.00	9.00

The salary trend covers expected future rates of salary increase, which are estimated annually, depending on – amongst other factors – inflation rates and length of service with the company.

A 1 % change in the assumption made for cost trends for health-care benefits would have the following effect:

T€	INCREASE	DECREASE	INCREASE	DECREASE
	2009	2009	2010	2010
Impact on defined benefit obligations	399	359	466	418
Impact on service cost	44	39	48	42

The Company in the USA provides health-care benefits to its employees. The costs are determined based on the assumption that the cost trend for 2011 remains unchanged at 9%; costs are expected to increase respectively by 7% for the years 2012 and 2013, and for the following years by 5%.

### 34 Share capital

The capital stock of Symrise AG remained unchanged at € 118,173,300 and is fully paid in. It is divided into 118,173,300 no-par value bearer shares, each with a calculated nominal share value of € 1.00 per share.

#### AUTHORIZED CAPITAL

On December 31, 2006, an extraordinary general meeting of the shareholders authorized the Executive Board to increase the Company's capital stock in the period up to October 31, 2011, with the consent of the Supervisory Board, by up to €40.0 million in one or more issues of new no-par value bearer shares. In this connection, the participation rights for the new shares may be determined in deviation from Section 60 AktG ["Aktiengesetz": German Stock Corporation Act].

Existing shareholders are to be granted a subscription right. However, the Executive Board may exclude this subscription right, with the approval of the Supervisory Board, in the following circumstances:

1. In the case of capital increases in return for non-cash contributions in kind for the purpose of acquiring companies or share interests in companies.
2. Inasmuch as this is necessary in order to grant holders of warrants and convertible bonds issued by Symrise AG or its subsidiaries a right to subscribe for new shares to the extent that they would be entitled to such a right when exercising the warrants or options or when meeting obligations arising from the warrants or options.
3. To offset fractional amounts arising as a result of a capital increase in return for cash contributions.

4. In order to issue new shares at an issue price that is not substantially less than the market price of shares already quoted on the stock exchange at the date the issue price is finally determined, whereby within the context of restricting this authorization to a total of ten percent of the capital stock, those shares are to be set off for which the subscription right of the shareholders in application of Section 186 (3) Sentence 4 AktG is excluded upon use of the authorization to sell treasury stock and upon use of the authorization to issue conversion options or warrants.

#### ACQUISITION OF TREASURY STOCK

Following a resolution by the annual general meeting of shareholders held on May 11, 2010, the Executive Board is authorized in accordance with Section 71 (1) No. 8 AktG up until May 10, 2015, to purchase its own shares up to a level of 10% of the capital stock at the time the resolution was made.

The purchase of treasury stock is to be made through the stock exchange or by means of a public offer made by the Company.

- In case of an acquisition through the stock market, the amount of consideration paid by the Company for each share shall not exceed or undercut the opening auction price of the Company's shares for Xetra trading purposes on the stock exchange trading day by more than 5%.
- In the case of acquisition by means of a public offer to purchase, the offered purchase price or the margins of the purchase price range per share shall not exceed or undercut the average closing price quoted by the Xetra trading system for the three stock exchange trading days prior to the day of publication of the offer by more than 10%.

- The authorization was granted for all legally permitted purposes, particularly the following:
  - For redemption purposes, without the necessity for the redemption or its execution to be authorized by a further resolution of a general meeting of shareholders.
  - For disposal purposes - also in the case of disposal other than through the stock exchange or by means of an offer to the shareholders - if the shares are disposed of against payment in cash at a price that is not significantly less than the quoted stock exchange price at the time of disposal for shares of the same type.
  - For disposal against non-cash consideration, particularly in connection with the acquisition of companies.

### 35 Capital reserve and other reserves

The capital reserve mainly comprises the share premium that arose at the time of the capital increase that was carried out in the context of the initial public offer and is unchanged since December 31, 2009. The revaluation reserve results from successive past share acquisitions and has changed in comparison to the previous year to an insignificant extent as a consequence of tax-rate amendments.

### 36 Disclosures relating to the management of capital

With an equity ratio (equity in relation to total assets employed) of 40.9% (2009: 36.4%), Symrise has a solid equity structure. One of Symrise's fundamental principles is to maintain a strong capital basis in order to retain the confidence of investors, creditors and the market and to be able to drive the future business development forward in a sustained manner.

The capital situation is monitored through use of a number of key ratios. The relationship between net borrowing (including pension provisions) to EBITDA and the equity ratio are important key ratios for this purpose. The basis for the computation is provided by the equity as disclosed for accounting purposes:

T€	2009	2010
Share capital	118,173	118,173
Capital reserve	970,911	970,911
Revaluation reserve	2,718	2,765
Fair value reserve	- 18,300	4
Cumulative translation differences	- 62,159	- 1,838
Accumulated deficit	- 322,379	- 247,898
<b>Total equity</b>	<b>688,964</b>	<b>842,117</b>

In addition, the Executive Board monitors the amount of dividends to shareholders who should be offered a dividend return which strengthens confidence in the organization's future results.

A further objective is to maintain a balance between more favorable weighted average capital costs (WACC) by taking up additional borrowing and the advantages and security provided by a solid equity base. This also applies to suitable acquisition opportunities that are made possible for the Group by virtue of solid financing.

The average interest expense on liabilities (including pension provisions) was 4.6% (2009: 4.7%) and the ratio of net debt - including pensions - to EBITA was 2.2 (2009: 3.1). There was no change in the Group's approach to capital management compared to the previous year.

Neither the Company itself nor its subsidiaries are subject to externally imposed capital requirements.

### 37 Dividends

At the annual general meeting of shareholders held on May 11, 2010, a resolution was passed to distribute a dividend for fiscal year 2009 of €0.50 for each ordinary share with a dividend entitlement (for 2008: €0.50); the total amount of the dividend was T€59,087 (for 2008: T€59,087).

The Executive Board recommends a dividend distribution of €0.60 per share for fiscal year 2010. This would equate to a total dividend amount of T€70,904.

### 38 Additional disclosures relating to the statement of Group cash flows

In accordance with IAS 7, the statement of Group cash flows for reporting year 2010 and the prior year shows the development of cash flows separated into cash inflows and outflows deriving from operating, investing and financing activities. The derivation of cash flows is made using the indirect method of presentation.

The balance of cash and cash equivalents includes cash balances, checks and balances on hand with banks with a term to maturity of less than three months, as was the case in the previous year; the amount disclosed is equivalent to the reporting line "Cash and cash equivalents" in the consolidated statement of financial position.

39 Additional disclosures relating to financial instruments

**INFORMATION ON FINANCIAL INSTRUMENTS BY CATEGORY**

2009 T€	MEASURE- MENT CATEGORY UNDER IAS 39	CARRYING AMOUNT DECEMBER 31, 2009	VALUE RECOGNIZED UNDER IAS 39		
			AMORTIZED COST	FAIR VALUE IN EQUITY	FAIR VALUE DECEMBER 31, 2009
<b>Classification in accordance with IFRS 7</b>					
<b>Assets</b>					
Cash and cash equivalents	LaR	80,540	80,540	–	80,540
Trade receivables	LaR	228,379	228,379	–	228,379
Prepayments, other assets and receivables (short-term and long-term)	Report line	64,899	–	–	–
of which:					
Prepayments, other assets and receivables	LaR	40,883	40,883	–	40,883
Financial assets	Report line	7,862	–	–	–
of which:					
Financial assets available for sale	Afs	5,416	–	5,416	5,416
Financial assets held to maturity	Htm	2,376	2,376	–	2,376
<b>Liabilities and Equity</b>					
Trade payables	FLAC	77,079	77,079	–	77,079
Borrowings (short-term and long-term)	FLAC	654,517	654,517	–	654,517
Other liabilities (short-term and long-term)	Report line	105,871	–	–	–
of which:					
Other liabilities	FLAC	88,506	88,506	–	88,506
Financial instruments, measured at fair value	FLHfT	19,173	–	19,173	19,173
<b>Of which aggregated into measurement categories in accordance with IAS 39:</b>					
Loans and Receivables	LaR	349,802	349,802	–	349,802
Available-for-Sale Financial Assets	AfS	5,416	–	5,416	5,416
Held-to-Maturity Financial Assets	Htm	2,376	2,376	–	2,376
Financial Liabilities Measured at Amortized Cost	FLAC	820,102	820,102	–	820,102
Financial Liabilities Held for Trading	FLHfT	19,173	–	19,173	19,173

2010 t€	MEASURE- MENT CATEGORY UNDER IAS 39	CARRYING AMOUNT DECEMBER 31, 2010	VALUE RECOGNIZED UNDER IAS 39		
			AMORTIZED COST	FAIR VALUE IN EQUITY	FAIR VALUE DECEMBER 31, 2010
<b>Classification in accordance with IFRS 7</b>					
<b>Assets</b>					
Cash and cash equivalents	LaR	112,215	112,215	–	112,215
Trade receivables	LaR	261,476	261,476	–	261,476
Prepayments, other assets and receivables (short-term and long-term)	Report line	51,206	–	–	–
of which:					
Prepayments, other assets and receivables	LaR	30,457	30,457	–	30,457
Financial assets	AfS	2,817	–	2,817	2,817
<b>Liabilities and Equity</b>					
Trade payables	FLAC	101,449	101,449	–	101,449
Borrowings (short-term and long-term)	FLAC	633,482	633,482	–	622,631
Other liabilities (short-term and long-term)	Report line	117,391	–	–	–
of which:					
Other liabilities	FLAC	100,745	100,745	–	100,745
Of which aggregated into measurement categories in accordance with IAS 39:					
Loans and Receivables	LaR	404,148	404,148	–	404,148
Available-for-Sale Financial Assets	AfS	2,817	–	2,817	2,817
Financial Liabilities Measured at Amortized Cost	FLAC	835,676	835,676	–	824,825

Due to the fact that most of the financial instruments are short-term in nature, the carrying amounts for the classifications are only insignificantly different from their fair values. The fair values of bank borrowings and liabilities deriving from “Schuldscheindarlehen” are determined as the present values of payments relating to the liabilities based on the respectively valid interest rate curve structure.

#### 40 Net gains and losses by measurement category

t€	2009	2010
Financial assets measured at fair value through profit or loss (held-for-trading)	0	– 1,974
Loans and receivables (allowances)	– 1,019	– 3,678
<b>Total net gains and losses</b>	<b>– 1,019</b>	<b>– 5,652</b>

The respective results presented do not include expenses and income deriving from interest and dividends.

#### 41 Disclosures relating to financial instrument risk management

Fluctuations in currency and interest rates can result in significant risks to earnings and cash flows. For this reason, Symrise has centralized these risks to the extent possible and then manages them proactively, also through use of derivative financial instruments. The management of such risks is based on guidelines that are valid throughout the Group, in which objectives, basic principles, responsibilities and areas of competence are defined. These are monitored on a regular basis and are adjusted to take current market and production developments into account.

##### INTEREST RATE RISKS

In the past, liabilities bearing variable interest rates exposed Symrise to interest-related cash flow risks. In previous years, such risks were confronted by contracting deals for derivative financial instruments. In the context of the refinancing arrangements that took place in 2010, long-term liabilities were solely negotiated at fixed interest rates such that there is no further necessity to hedge interest-related cash flow risks in this area.

In this manner, interest rate risks have been significantly reduced. A fixed interest rate agreement exists for approximately 70% of the liabilities. Thus only 30% of the liabilities are exposed to a risk deriving from interest rate fluctuations. Where required, Symrise confronts this risk by concluding contracts for interest hedging instruments.

##### CURRENCY RISKS

Within the context of its global activities, Symrise is exposed to two types of currency risk. The transaction risk arises in the separate financial statements of companies through changes in the amounts of future payments denoted in foreign currencies due to fluctuations in currency exchange rates. Within the Symrise Group, both purchases and sales are transacted in foreign currencies. These currency risks are systematically registered and reported to the Group's headquarters, where the overall risk is then assessed. The key figure used to measure the overall risk is the so-called "Cashflow at risk" (CfaR), which discloses to what extent the Group's results are influenced by changes in exchange rates. To date, these exchange rate risks have not been hedged.

The **translation risk** describes the risk of changes in reporting line positions in the statement of financial position and the income statement of a subsidiary company due to currency fluctuations when translating the separate local financial statements into the Group reporting currency. Changes deriving from translation of items reported in the statement of financial position of these companies that are caused by currency fluctuations are disclosed in Group equity. The resultant risks are not normally hedged.

Foreign currency sensitivity is determined by Symrise through aggregation of foreign currency items, which are not denoted in the functional currency of the respective companies. The market values of the base items included are measured once using actual exchange rates and once using sensitivity-adjusted rates. The currency-related difference between the results of both measurements represents the potential impact on equity and the result before tax. Currency-related differences deriving from the translation of financial statements into the Group's reporting currency are not considered in this context.

DECEMBER 31	2009		2010	
	TUS\$	T€	TUS\$	T€
Currency risks for items in the statement of financial position	24,372	17,008	20,143	17,189
Future impacts on profit or loss and change in equity as a result of a 10% increase in the value of the euro	2,216	1,546	1,831	1,382

This sensitivity analysis is based on the assumption that all variables other than a change in the foreign currency exchange rate remain constant.



**LIQUIDITY RISK DERIVING FROM BORROWINGS**

The liquidity risk - i.e. the risk that Symrise is unable to meet its financial obligations - is limited by creating the necessary financial flexibility within the context of existing financing arrangements and through effective cash management. Symrise manages the liquidity risk through use of a 12 month rolling financial plan. This makes it possible to finance forecast deficits under normal market conditions

at normal market terms. Based on current liquidity information, no liquidity risks are foreseen at the moment.

The following summary shows the contractually agreed redemption payments in respect of financial liabilities, including estimated interest payments (3%) for variable interest, as the loans deriving from revolving credit lines will be available to us on a long term basis.

2009 T€	CARRYING AMOUNT	EXPECTED PAYMENT OUTFLOWS	TERMS FOR EXPECTED PAYMENT OUTFLOWS			
			1 TO 3 MONTHS	3 MONTHS TO 1 YEAR	1 TO 5 YEARS	> 5 YEARS
Financial liabilities	654,517	691,426	19,636	78,747	593,043	0

2010 T€	CARRYING AMOUNT	EXPECTED PAYMENT OUTFLOWS	TERMS FOR EXPECTED PAYMENT OUTFLOWS			
			1 TO 3 MONTHS	3 MONTHS TO 1 YEAR	1 TO 5 YEARS	> 5 YEARS
Financial liabilities	521,223	800,989	2,200	21,936	295,518	481,335

Sensitivity analysis deriving from utilized total credit facilities:

2009	NOMINAL	OF WHICH: FIXED	OF WHICH: VARIABLE	OF WHICH: NOT HEDGED	1% INCREASE	1% DECREASE
T€	498,000	27,500	470,500	43,000	430	- 430
TU\$\$	225,500	0	225,500	50,500	505	- 505

2010	NOMINAL	OF WHICH: FIXED	OF WHICH: VARIABLE	OF WHICH: NOT HEDGED	1% INCREASE	1% DECREASE
T€	452,500	327,500	125,000	125,000	1,250	- 1,250
TU\$\$	240,000	175,000	65,000	65,000	650	- 650

### CREDIT RISKS

A credit risk is the unexpected loss of cash or income. This occurs when a customer is not able to meet his obligations as they become due. Receivables management, which employs guidelines that are globally valid, coupled with regular analysis of the aging structure of trade receivables, ensures that the risks are permanently monitored and limited; in this manner, cases of default on receivables are minimized. Due to the Symrise Group's wide-ranging business structure, there is no particular concentration of credit risks either in relation to customers or in relation to individual territories.

In the context of cash investments, we only enter into financial contracts with banks which we have carefully chosen and which are permanently monitored. The Symrise Group is exposed to credits risks related to derivative financial instruments, which would arise from the contractual partner not fulfilling his obligations. This

risk is minimized in that transactions are only entered into with contract partners of the highest credit standing. The carrying amounts of the financial assets represent the maximum credit risk.

### 42 Contingent liabilities and other financial commitments

As at December 31, 2010, Symrise had the following contingent liabilities and other financial commitments:

#### OPERATING LEASES

Payment commitments derive from non-cancelable operating lease agreements mainly entered into for motor vehicles and buildings. Some of the agreements contain renewal options or price escalation clauses but do not include purchase options. The aggregate net future cash outflows are phased as follows:

T€	MINIMUM PAYMENTS DERIVING FROM OPERATING LEASES	CASH INFLOWS FROM OPERATING SUB-LEASES	NET CASH OUTFLOW	NET CASH OUTFLOW
	2010	2010	2010	2009
In the fiscal year	14,956	409	14,547	12,076
Due in the following year	9,345	0	9,345	9,921
Due in 2 years	7,167	0	7,167	7,388
Due in 3 years	3,961	0	3,961	5,502
Due in 4 years	3,092	0	3,092	4,708
Due in 5 years	1,377	0	1,377	3,131
Due in 6 years or thereafter	4,463	0	9,803	7,535
<b>Total</b>	<b>44,361</b>	<b>409</b>	<b>49,292</b>	<b>50,261</b>

#### OTHER COMMITMENTS

As of December 31, 2010, the Group had commitments of €6.0 million (2009: €2.7 million) for the purchase of property, plant and equipment. These mainly related to production facilities. Further commitments of €50.8 million (2009: €31.7 million) derived from open contracts for goods.

With effect from February 1, 2006, Symrise AG 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. The total remaining obligation to Atos amounts to €81.7 million (2009: €97.8 million).

In addition, consultancy, service and cooperation agreements exist with a maximum term up to 2014. The total commitment deriving from these amounts to €2.4 million.

#### 43 Success-based remuneration (long term incentive program and strategic share bonus scheme)

##### **LONG TERM INCENTIVE PROGRAM 2008, 2009, 2010**

In 2007, the Supervisory Board resolved for the first time to introduce the concept of a long term incentive program (LTIP), which still provides the basis for the concept of the LTIP covering the period from 2008 until 2010, the period from 2009 until 2011 and the period from 2010 to 2012. Only the levels of the performance criteria are re-determined on a respective annual basis.

The concept provides for two performance criteria, an increase in the share price and an increase in the so-called “Symrise Value Added” over the defined performance period.

Using the average quoted price of the Company’s shares on the ten trading days before the appointed date of January 1 and the ten trading days after this appointed date as a basis, a comparison of the share price is made at the end of the performance period. The expectation is that the share price will increase by at least 20%; furthermore, provision is made for a maximum share-price (a so-called “cap”). The calculation of the probability of reaching these objectives is made on the basis of estimated assumptions. A dividend yield is not factored into the required performance of the share component.

Payment in respect of the “Symrise Value Added” is only made if the capitalized earnings value – based on earnings from ordinary business activities less a yield on the capital employed in the performance period – achieves a target amount set by the Supervisory Board which is aligned to Symrise’s strategic plan.

The LTIP is designed as a “performance cash bonus”; this means that the participating managers receive a variable cash bonus, after the end of the three year performance period, which is dependent on the increase in the share price and the achievement of the “Symrise Value Added” target. The Supervisory Board decides whether the set targets have been achieved at the end of the performance period.

In addition to the members of the Executive Board, the participants in the LTIP for the period from 2008 to 2010 were seven selected second level senior managers within the Symrise Group (the so-called “regional presidents”). For members of the Executive Board, 70% of this performance cash bonus is based on the development of the share price and 30% is based on the so-called “Symrise Value Added”. The bonus entitlement for regional presidents is based on the same performance criteria but with an equal weighting (50%

respectively) for the share price component and the “Symrise Value Added” component.

The LTIP for the performance period from 2008 to 2010 came to an end on December 31, 2010, and did not lead to payment of a bonus as the set targets were not achieved.

The Supervisory Board offered the members of the Executive Board a further long-term incentive program for the years from 2009 to 2011, which became effective on January 1, 2009, and runs until December 31, 2011. A further senior manager was included in this program because the manager’s function includes cross-company responsibilities. A comparison will be made of the share price at the end of 2011 with a starting average share price of €9.88 – this being the average share price for the period of 10 stock exchange trading days before and after the appointed date of January 1, 2009. The corresponding initial share price for the LTIP covering the years 2010 to 2012 was determined at €15.81 and is measured using the same method as for the LTIP for the years 2009 to 2011.

Measurement of the probability of achieving these targets was made based on a “Black-Scholes” formula using a share price of €20.13 and an anticipated volatility of 43.5%.

Based on the share price at the balance sheet reporting date, the provision for the LTIP program for the years from 2009 to 2011 was calculated at T€500 and the provision for the LTIP program for the years from 2010 to 2012 was calculated at T€94.

The Executive Board Members who have an entitlement under the program are those who are in office at the time that the offer was made and who are also still in office at the balance sheet reporting date.

##### **STRATEGIC SHARE BONUS 2009 AND 2010**

In 2009, the Executive Board launched a global share-based bonus program, which covers a total of 16 strategically important employees and senior managers. 64,364 virtual shares were “issued” based on a share price of €9.71. The bonus program for this group ended on December 31, 2010.

In 2010, a further eight strategically important employees were included in a newly established share-based bonus program covering the period from January 2010 to December 2011. 24,700 virtual shares were “issued” based on a share price of €14.17.

A cash payment is to be made at the end of the two-year term 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 values of the 2009 and 2010 programs was calculated with a total of T€1,427 based on the closing share price of € 20.13 as of the balance sheet reporting date. Any dividends were not considered in determining the fair value.

In order to retain the commitment of the strategically important employees to the organization even if the share price falls, a virtual hedge was fixed for 50% of the 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.

#### 44 Transactions with related parties

##### ASSOCIATED COMPANIES

In fiscal year 2010, goods were purchased from an associated company to a limited extent.

##### RELATED PARTIES

Members of the Executive Board, former executive directors as well as members of the Supervisory Board and former shareholder representatives are considered to be related parties.

In fiscal year 2010, the members of the Executive Board received cash-based remuneration of T€3,605 (2009: T€3,337) including

fringe benefits and variable remuneration components. Expenses deriving from share-based remuneration (LTIP) amounted to T€191 in fiscal year 2010 (2009: T€293).

The service cost for pensions in fiscal year 2010 amounted to T€280 (2009: T€271).

The former Executive Board member Mr. Horst-Otto Gerberding received monthly pension payments of T€23.5 during 2010.

Provisions for current pensions and pension entitlements for former members of the Executive Board and executive directors amounting to €6.5 million were recognized as at December 31, 2010.

Total remuneration for members of the Supervisory Board amounted to T€769 during the period reported (2009: T€660).

The individualized remuneration of members of the Executive Board and Supervisory Board is disclosed in the Corporate Governance 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, WHERE TRADED	NUMBER OF SHARES	PRICE PER SHARE (€)	TOTAL VOLUME (€)
Dr. Heinz-Jürgen Bertram (Member of the Executive Board)	Purchase	Symrise no-par value shares	May 26, 2010 Xetra	3,100	16.14	50,034.00
Bernd Hirsch (Member of the Executive Board)	Purchase	Symrise no-par value shares	May 26, 2010 Xetra	1,500	16.101	24,151.50

#### 45 Long-term objectives and methods used to manage financial risks

Reference is made to the risk report, which is a component of our Group management report.

## 46 Audit

At the annual general meeting of shareholders held on May 11, 2010, KPMG AG Wirtschaftsprüfungsgesellschaft was appointed as auditor of the financial statements for fiscal year 2010.

The following table provides an overview of the fees paid to the auditors:

T€	2009	2010
Audit of financial statements	834	892
Other audit assurance services	28	116
Tax advisory services	689	756
Other services	164	78
<b>Total</b>	<b>1,732</b>	<b>1,842</b>

The figures of the previous year were adjusted, because they also included the fees of the other companies associated with KPMG. At the same time, KPMG – with its international network of firms – is auditor of the financial statements of the whole Symrise Group. The global audit fee for the audit of the financial statements amounted to T€1,651 for the year 2010 (2009: T€1,675).

## 47 List of companies included in the consolidated financial statements

Fully consolidated companies as of December 31, 2010:

NAME AND LOCATION OF THE COMPANY	SHARE
<b>Germany</b>	
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 US-Beteiligungs GmbH, Frankfurt am Main	100%
IP-Verwaltungs-GmbH, Holzminden	100%
IP-Holding GmbH & Co. KG, Holzminden	100%
Haarmann + Reimer Unterstützungskasse GmbH, Holzminden	100%

NAME AND LOCATION OF THE COMPANY	SHARE
<b>Rest of Europe</b>	
Aromatics, S.A.S., France	100%
OOO Armonia, Russia	100%
Steng Ingredients Ltd., Great Britain	100%
Symrise S.A., Switzerland	100%
Symrise Ltd., Great Britain	100%
Symrise Holding Ltd., Great Britain	100%
Flavors Direct Ltd., Great Britain	100%
Symrise B.V., The Netherlands	100%
Symrise Iberica S.L., Spain	100%
Symrise S.A.S, France	100%
Symrise S.r.l., Italy	100%
Symrise Vertriebs GmbH, Austria	100%
Symrise Kimya Sanayi ve Ticaret Ltd. Sirketi, Turkey	100%
Symrise Luxembourg S.a.r.l., Luxembourg	100%
WWS Ltd., Great Britain	100%
Symrise Group Finance Holding 1 BVBA, Belgium	100%
Symrise Group Finance Holding 2 CV, Belgium	100%
<b>North America</b>	
Symrise Inc., USA	100%
Symrise Holding Inc., USA	100%
<b>Latin America</b>	
Symrise Aromas e Fragancias Ltda., Brazil	100%
Symrise S.r.l., Argentina	100%
Symrise S.A., Chile	100%
Symrise Ltda., Colombia	100%
Symrise C.A., Venezuela	100%
Symrise S. de R.L. de CV., Mexico	100%
<b>Asia and Pacific</b>	
Symrise Pty. Ltd., Australia	100%
Symrise Ltd., Hong Kong, China	100%
Symrise Export Ltd., Hong Kong, China	100%
Symrise Ltd., Shanghai, China	100%
Symrise SDN. BHD, Malaysia	100%
Symrise Holding Pte. Ltd., Singapore	100%
Symrise Pte. Ltd., Singapore	100%
Symrise Asia Pacific Pte. Ltd., Singapore	100%
Symrise Ltd., Korea	100%
Symrise Ltd., Thailand	100%
Thamasarb Co. Ltd., Thailand	100%
P.T. Symrise, Indonesia	100%
Symrise Inc., The Philippines	100%
Symrise Pvt. Ltd., India	100%
Symrise K.K., Japan	100%

NAME AND LOCATION OF THE COMPANY	SHARE
<b>Africa and the Middle East</b>	
Aroma Labs For Flavours SAE, Egypt	100%
Futura Labs International SAE, Egypt	100%
Roseland World Corp., Dubai	100%
Ragco (Pty) Ltd., South Africa	100%
Symrise (Pty) Ltd., South Africa	100%
Symrise Mauritius Ltd., Mauritius	100%
Symrise S.A.E., Egypt	100%
Aromatics Madagascar S.a.r.L., Madagascar	100%
Origines Madagascar S.a.r.L., Madagascar	100%

Associated Company as of December 31, 2010

NAME AND LOCATION OF THE COMPANY	SHARE
Therapeutic Peptides Inc., Baton Rouge, USA	20%

**48** Shareholdings in Symrise AG pursuant to Section 160 (1) No. 8 AktG

As of the balance sheet reporting date, Symrise AG had received the following notifications from shareholders of the Company pursuant to the provisions of the German Securities Trading Act (WpHG):

COMPANY	LOCATION	NOTIFICATION DATED	EFFECTIVE AS OF	% THRESHOLD EXCEEDED OR FALLEN BELOW	% SHARE HOLDING AFTERWARDS	VOTING RIGHTS
Gerberding Vermögensverwaltung GmbH <sup>3</sup>	Holzminden	December 28, 2006	December 13, 2006	} 10.00%	5.86%	6,928,087
Herr Horst-Otto Gerberding <sup>3</sup>	Holzminden	December 28, 2006	December 13, 2006			
Gerberding Vermögensverwaltung GmbH & Co. KG <sup>3</sup>	Holzminden	December 28, 2006	December 13, 2006			
Sun Life Financial Corp. <sup>1</sup>	Ontario, Canada	August 2, 2007	June 29, 2007	3.00%	3.03%	3,577,909
The Bank of New York Mellon Corporation <sup>1</sup>	New York, New York, USA	December 31, 2008	December 30, 2008	5.00%	4.98%	5,888,136
M&G Investment Funds <sup>1,2</sup>	London, UK	March 25, 2008	March 18, 2008	5.00%	5.055%	5,974,017
M&G Securities Limited <sup>2</sup>	London, UK	March 25, 2008	March 18, 2008	5.00%	5.175%	6,115,017
Massachusetts Financial Services Company (MFS) <sup>2</sup>	Boston, Massachusetts, USA	October 7, 2008	September 30, 2008	5.00%	5.02%	5,929,174
Sun Life Assurance Company of Canada – US Operations Holdings Inc. <sup>1</sup>	Wellesley Hills, Massachusetts, USA	October 7, 2008	September 30, 2008	5.00%	5.02%	5,929,174
Sun Life Financial (U.S.) Holding Inc. <sup>1</sup>	Wellesley Hills, Massachusetts, USA	October 7, 2008	September 30, 2008	5.00%	5.02%	5,929,174
Sun Life Financial (U.S.) Investments LLC <sup>1</sup>	Wellesley Hills, Massachusetts, USA	October 7, 2008	September 30, 2008	5.00%	5.02%	5,929,174
Sun Life Financial Inc. <sup>1</sup>	Toronto, Ontario, Canada	October 7, 2008	September 30, 2008	5.00%	5.02%	5,929,174
Sun Life Global Investments Inc. (previously: Sun Life Financial Corp.) <sup>1</sup>	Toronto, Ontario, Canada	October 7, 2008	September 30, 2008	5.00%	5.02%	5,929,174
Sun Life of Canada (U.S.) Financial Services Holdings Inc. <sup>1</sup>	Boston, Massachusetts, USA	October 7, 2008	September 30, 2008	5.00%	5.02%	5,929,174

COMPANY	LOCATION	NOTIFICATION DATED	EFFECTIVE AS OF	% THRESHOLD EXCEEDED OR FALLEN BELOW	% SHARE HOLDING AFTERWARDS	VOTING RIGHTS
JPMorgan Asset Management Holdings Inc. <sup>1</sup>	New York, USA	December 1, 2009	November 26, 2009	3.00%	3.02%	3,570,582
Schroder International Selection Fund	Sennigerberg, Luxembourg	June 2, 2010	April 29, 2010	3.00%	2.91%	3,441,370
Capital Income Builder, Inc.	Los Angeles, USA	June 7, 2010	June 2, 2010	3.00%	2.99%	3,538,936
Capital Research and Management Company <sup>2</sup>	Los Angeles, USA	June 14, 2010	June 10, 2010	3.00%	2.38%	2,807,585
FMR LLC <sup>1</sup>	Boston, Massachusetts, USA	June 22, 2010	June 16, 2010	3.00%	2.9%	3,429,477
Fidelity Management & Research Company <sup>2</sup>	Boston, Massachusetts, USA	June 22, 2010	June 16, 2010	3.00%	2.82%	3,335,977
BlackRock Inc. <sup>1</sup>	New York, USA	October 8, 2010	October 1, 2010	3.00%	3.002%	3,547,771
Schroders plc <sup>1</sup>	London, UK	October 13, 2010	October 11, 2010	3.00%	2.976%	3,516,949
Schroder Administration Limited <sup>1</sup>	London, UK	October 13, 2010	October 11, 2010	3.00%	2.976%	3,516,949
Schroder Investment Management Limited <sup>2</sup>	London, UK	October 13, 2010	October 11, 2010	3.00%	2.976%	3,516,949
JPMorgan Asset Management (UK) Limited <sup>2,4</sup>	London, UK	November 8, 2010	November 3, 2010	3.00%	2.870%	3,386,401
J.P. Morgan Investment Management Inc. <sup>2,4</sup>	New York, USA	November 8, 2010	November 3, 2010	3.00%	2.870%	3,386,401
JPMorgan Asset Management (Taiwan) Limited <sup>2,4</sup>	Taipei, Taiwan	November 8, 2010	November 3, 2010	3.00%	2.870%	3,386,401
Standard Life Investment Limited <sup>2</sup>	Edinburgh, UK	November 15, 2010	November 10, 2010	3.00%	3.073%	3,631,647
M&G Group Limited <sup>1</sup>	London, UK	February 4, 2011	February 1, 2011	10.00%	10.020%	11,843,270
M&G Investment Management Limited <sup>1</sup>	London, UK	February 4, 2011	February 1, 2011	10.00%	10.020%	11,843,270
M&G Limited <sup>1</sup>	London, UK	February 4, 2011	February 1, 2011	10.00%	10.020%	11,843,270
Prudential plc. <sup>1</sup>	London, UK	February 4, 2011	February 1, 2011	10.00%	10.02%	11,843,270
Ameriprise Financial Inc. <sup>1,5</sup>	Minneapolis, USA	February 15, 2011	February 10, 2011	3.00%	3.07%	3,623,754
Threadneedle Asset Management Limited <sup>2</sup>	London, UK	February 18, 2011	February 16, 2011	3.00%	3.04%	3,592,716
Threadneedle Asset Management Holdings Limited <sup>1</sup>	London, UK	February 18, 2011	February 16, 2011	3.00%	3.05%	3,603,552
Threadneedle Asset Management Holdings SARL <sup>1,6</sup>	Luxembourg, Luxembourg	February 18, 2011	February 16, 2011	3.00%	3.05%	3,608,647

<sup>1</sup> The voting rights are attributed pursuant to Section 22 (1) S.1 No. 6 of the WpHG together with Section 22 (1) S.2 of the WpHG

<sup>2</sup> The voting rights are attributed pursuant to Section 22 (1) S.1 No. 6 of the WpHG

<sup>3</sup> The voting rights are attributed pursuant to Section 22 (1) S.1 No. 1 of the WpHG

<sup>4</sup> The voting rights are attributed pursuant to Section 22 (2) of the WpHG

<sup>5</sup> 0.02% of voting rights (19.631 voting rights) are attributed pursuant to Section 22 (1) S.1 No.1 of the WpHG

<sup>6</sup> 0.03% of voting rights (36.341 voting rights) are attributed pursuant to Section 22(1) S.1 No.1 of the WpHG.

49 Exemption from the obligation to prepare annual financial statements pursuant to Section 264 (3) HGB

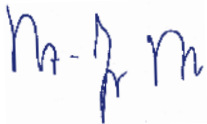
DrinkStar GmbH, Tesium GmbH and Symotion GmbH are included in the consolidated financial statements of Symrise AG in accordance with the provisions applicable for corporate entities and have taken advantage of the exemption provisions covering the preparation, audit and publication of separate annual financial statements pursuant to Section 264 (3) HGB.

50 Corporate Governance

The declaration of compliance pursuant to Section 161 AktG has been submitted for 2010 and has been made available to shareholders on an ongoing basis through our website [www.symrise.com](http://www.symrise.com).

Holzminden, February 18, 2011

Symrise AG  
The Executive Board



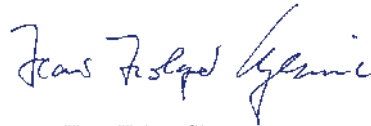
Dr. Heinz-Jürgen Bertram



Bernd Hirsch



Achim Daub



Hans Holger Gliewe

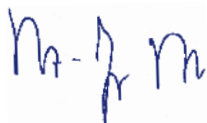


## RESPONSIBILITY STATEMENT

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

Holzminden, February 18, 2011

Symrise AG  
The Executive Board




Dr. Heinz-Jürgen Bertram



Bernd Hirsch



Achim Daub



Hans Holger Gliewe

## AUDITOR'S REPORT

We have audited the consolidated financial statements prepared by the Symrise AG, Holzminden, comprising the consolidated balance sheet, the consolidated income statement, consolidated statement of changes in equity, consolidated cash flow statement and the notes to the consolidated financial statements, together with the group management report for the business year from January 1 to December 31, 2010. 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 315a 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 315a 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 23, 2011

KPMG AG  
Wirtschaftsprüfungsgesellschaft

Dr. Bartels-Hetzler  
Wirtschaftsprüfer

Dr. Thümler  
Wirtschaftsprüfer

## CORPORATE GOVERNANCE REPORT

The printed Corporate Governance report is part of the Corporate Governance Statement, which is available in its entirety on the Company's website at [Investors > Corporate Governance > Corporate Governance Statement](#)

### INTRODUCTION

Corporate Governance at Symrise is based on the German Corporate Governance Code, which has established itself as guideline and standard for good corporate governance in Germany. Today, we are convinced more than ever before that good corporate governance is a prerequisite and indispensable basis for the success of a company. As we have seen in times of a worldwide financial and economic crisis, this success depends especially on the trust of our business partners, financial markets, investors, employees and the public. Confirming and further strengthening this trust is a prioritized objective at Symrise. Achieving this objective calls for responsible leadership and corporate management and control focused on creating sustainable value.

Symrise shapes corporate governance in the Company in keeping with the recommendations and suggestions of the German Corporate Governance Code. The Code has been updated. Symrise has addressed and implemented all of the adjustments made to the Code. Symrise AG has without exception fully complied with the recommendations made by the Government Commission on the German Corporate Governance Code (version: May 26, 2010) published by the German Federal Ministry of Justice on July 2, 2010, in the official part of the electronic Federal Gazette (Bundesanzeiger).

In the past, we oriented ourselves to internationally and nationally acknowledged standards of good and responsible corporate governance and will continue to do so in the future. In the 2010 fiscal year, the Executive Board and the Supervisory Board dealt intensively with all corporate governance issues on numerous occasions across all areas.

### CONFLICTS OF INTEREST

As in the previous year, conflicts of interest of members of the Executive Board, which have to be disclosed to the Supervisory Board without delay, did not occur in 2010. The only consultant or service agreements or other exchange contracts in fiscal year 2010 between members of the Supervisory Board and the company involved Mr. Horst-Otto Gerberding, as in the previous year:

In connection with the retirement of Mr. Gerberding as managing director of the former Symrise Holding GmbH, the Company and Mr. Gerberding entered into an "Amended and Restated Service Agreement" on September 4, 2003. Under the terms of this agreement, Mr. Gerberding is entitled to an annual retirement pension of €100,000 until his death. This amount increases by €7,500 for each year that Mr. Gerberding remains in the service of the Company after the conclusion of the agreement. Mr. Gerberding is also entitled to a pension from Symrise AG through an employment and supply contract dated July 29, 1983. The total sum is €23,475 per month.

### TRANSPARENCY

Pursuant to § 15a of Germany's Securities Trading Act (WpHG - Wertpapierhandelsgesetz) the members of the Executive Board and the Supervisory Board of Symrise AG as well as certain employees with management duties and the persons with whom they have a close relationship must disclose the purchase or sale of Symrise shares and related financial instruments. This duty of disclosure applies if the value of the transactions undertaken by one of the aforementioned persons reaches or exceeds the sum of €5,000.

All of the reports received by Symrise AG as of December 31, 2010, are published on our website at [www.symrise.com > Investors > 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.



[WWW.SYMRISE.COM >](#)  
[INVESTORS >](#)  
[CORPORATE](#)  
[GOVERNANCE >](#)  
[CORPORATE](#)  
[GOVERNANCE](#)  
[STATEMENT](#)



[WWW.SYMRISE.COM >](#)  
[INVESTORS >](#)  
[CORPORATE](#)  
[GOVERNANCE >](#)  
[DIRECTORS' DEALINGS](#)

The direct or indirect total holding of shares in Symrise AG by all members of the Executive and Supervisory Boards as of December 31, 2010, was more than 1%. The amount of 6.18% of shares in Symrise AG held in total by members of the Executive and Supervisory Boards consists of 6.01% held by members of the Supervisory Board and 0.17% by members of the Executive Board.

A summary of the respective mandates of the members of the Executive Board and the Supervisory Board outside of the Symrise Group can be found on page 156/157 in this Annual Report.

Relationships to affiliated companies and persons are stated on page 136 in this Annual Report.

**EXECUTIVE BOARD AND  
SUPERVISORY BOARD REMUNERATION\*  
REMUNERATION OF THE EXECUTIVE BOARD**

Members of the Executive Board are remunerated in line with Section 87 of the Stock Corporation Act, pursuant to which the Supervisory Board sets the remuneration. Remuneration is comprised of fixed and variable components, as well as fringe benefits. The appropriateness of the remuneration depends upon the responsibilities and the personal achievements of the individual Executive Board member as well as upon the economic situation and market environment of the Company as a whole. In its session of March 1, 2010, the Presidential Committee dealt with the goals achieved by the Executive Board Members in 2009 and defined corresponding variable components. In the meeting held on September 29, 2010, the committee examined the salaries of Dr. Heinz-Jürgen Bertram and Bernd Hirsch and adjusted them under consideration of the usual remuneration.

All Executive Board members receive their contractually agreed fixed remuneration paid as a salary in equal monthly payments. The variable component of the total remuneration in 2010 comprised an annual bonus based on the achievement of Company targets. To determine the remuneration payment, the EBIT for the Symrise Group or its business divisions was used as a key performance indicator for the Group, as well as qualitative evaluation

criteria. The targets upon which the variable portion of total remuneration is based were specified by the Supervisory Board and agreed upon in target agreements with the individual members of the Executive Board at the start of 2010 based on the agreed company targets. The annual bonus will be paid out in the following year (2011) on the basis of the approved financial statements for 2010. The annual bonus cannot exceed 130% of the respective basic remuneration. After approval of the Chairman of the Supervisory Board, Bernd Hirsch received an interest-free bonus prepayment of €213,000 for the fiscal year 2010. This will be applied in full to the annual bonus for 2010 as determined by the Supervisory Board after assessment of the annual financial results.

In addition to the basic remuneration and the annual bonus, which are paid in cash to members of the Executive Board annually, there is a “long term incentive plan” (LTIP) for the Executive Board. This is designed as a “performance cash bonus”: i.e. at the end of the performance period of three fiscal years Executive Board members receive a variable cash bonus if the predetermined targets have been reached. The incentive plans including the performance criteria were discussed by the Supervisory Board and its committees. At the end of the performance period, the Supervisory Board also determines whether the goals have been reached and if a bonus payment is made.

The LTIP has two performance criteria, namely, the absolute share price, which must increase by at least 20%, and a target value for the so-called “Symrise Value Added”. The “Symrise Value Added” is a target determined by the Supervisory Board for the performance period minus interest at a rate of 8% on capital employed. 70 percent of the total long-term bonus is based on the development of the share price; 30 percent is based on the “Symrise Value Added.”

The LTIP for the performance period from 2008 to 2010 expired on December 31, 2010; since the targets were not reached no bonus payment was made. The provisions for T€ 102 originally made for this payment have been accordingly closed.

For the current long-term plans running from 2009 to 2011 and from 2010 to 2012 the following provisions have been determined as fair value of the respective LTIP at time of payment for 2010: for Dr. Heinz-Jürgen Bertram

.....  
\* The remuneration of the Executive Board is also reported as part of the Management Report.

€129,059 (previous year €164,148), for Achim Daub €98,372 (previous year: €128,909), Hans Holger Gliewe €86,039 and for Bernd Hirsch €73,707 (both are new members of the Board and there are therefore no values for previous years).

The remuneration system for the Executive Board was approved by the Annual General Meeting on May 11, 2010, with a majority of 98.942% of the represented capital.

In its sessions on September 29 and November 4, 2010, the Presidential Committee dealt in more depth with the concept of a Long Term Incentive Plan (LTIP). The Supervisory Board discussed and adopted this concept at its meeting of December 14, 2010.

The new LTIP concept replaces the absolute share price development as a key indicator of the LTIP with a relative increase of the Smyrise share price compared to the share-based index. This index is comprised of listed companies in the fragrance and flavor industry as well as supplier companies in the food and cosmetics industry. The key performance indicator is the share price development plus dividends or other payments. Symrise's development compared to the companies in the index is represented in the form of a percentile ranking. No bonus is paid if the Company is below the 40th percentile ranking. The maximally achievable bonus value – the so-called cap – corresponds to double the bonus value if 100% of the targets are reached. In this case, a cap of 200% would be reached. The total remuneration for the given fiscal year as well as fair value of the share-based remuneration at the time of payment is presented in detail in the following table.

#### EXECUTIVE BOARD REMUNERATION 2010

IN €	SALARY	REMUNERATION IN KIND <sup>1</sup>	VARIABLE REMUNERATION <sup>2</sup>	TOTAL REMUNERATION PAID	FAIR VALUE OF RESPECTIVE LTIP AT TIME OF PAYMENT	TOTAL REMUNERATION IN ACCORDANCE WITH § 314 ABS. 1 NR. 6A GERMAN COMMERCIAL CODE (HGB)
Dr. Heinz-Jürgen Bertram	530,834	8,471	628,192	1,167,497	129,059	1,296,556
2009	462,500	7,811	502,100	972,411	164,148	1,136,559
Achim Daub	400,000	6,762	506,400	913,162	98,372	1,011,534
2009	400,000	6,091	487,162	893,253	128,909	1,022,162
Hans Holger Gliewe	350,000 <sup>3</sup>	0	471,800	821,800	86,039	907,839
as of November 5, 2009	31,192	18,029	15,434	64,655	0	64,655
Bernd Hirsch	308,334	9,155	385,204	702,693	73,707	776,400
as of December 1, 2009	25,000	0	27,000	52,000	0	52,000

<sup>1</sup> The amount includes fringe benefits and non-monetary benefits, for example, from the use of a company car and payments for group insurance.

<sup>2</sup> Variable remuneration includes bonus provisions for the current year and bonus payments from the previous year to the extent that they differ from the amount of the previous year.

<sup>3</sup> An exchange rate related overpayment of €65,441 to Hans Holger Gliewe in 2010 in Brazil in Brazilian reais is not included. This was included as a receivable in the consolidated financial statement and charged against the annual bonus for 2010.

## PENSIONS

All members of the Executive Board have the possibility of accumulating deferred compensation benefits by converting their salaries. Dr. Heinz-Jürgen Bertram, Heinz Holger Gliewe and Bernd Hirsch have made use of this possibility. For the fiscal year 2010 the following provisions were made for salary conversions and interest expenses: for Dr. Heinz-Jürgen Bertram €96,725 (previous year: €122,229), for Mr. Gliewe €61,567 (previous year: €12,630); for Mr. Hirsch €51,037 (no provisions for the previous year, since Mr. Hirsch was appointed to the Board at December 1, 2009).

A pension commitment exists solely for Dr. Heinz-Jürgen Bertram and Hans Holger Gliewe, due to their prior employment contract. This pension commitment was also offered to all other employees of the former Haarmann & Reimer GmbH. The pension provision for Dr. Bertram was €49,236 and for Mr. Gliewe €57,385. The pension provisions made for individual Board members are presented in the following table.

### PENSION PROVISIONS 2010

IN €	ADDITIONS TO PENSION PROVISIONS FROM PENSION FUND	THEREOF CONTRIBUTION OF EMPLOYEE THROUGH SALARY CONVERSION	CASH VALUE OF PENSION PROVISION TOTAL
Dr. Heinz-Jürgen Bertram	145,961	46,750	597,081
2009	176,197	46,750	451,120
Achim Daub	0		0
2009	0		0
Hans Holger Gliewe	83,938	6,750	410,606
as of November 5, 2009	12,630		326,668
Bernd Hirsch	51,037	36,750	51,037
as of December 1, 2009			0

### CHANGE OF CONTROL

The employment contracts of the Executive Board do not provide for any extraordinary payments in the case of a so-called change-of-control situation.

For the Long Term Incentive Plan of 2010 and 2011, a payment based on 100% of the targets reached is provided if a change of control takes place and a member of the Executive Board is dismissed from his post as a result. This means that the Long Term Incentive Plans that are still in effect until the change of control are paid out on the basis of 100% of the targets reached.

In such a case, the 2008 and 2009 Long Term Incentive Plans would be paid out on the basis of the performance as of the effective date.

### EARLY TERMINATION AND EXPIRATION

#### OF EMPLOYMENT CONTRACTS

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

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

The members of the Executive Board do not receive any special remuneration upon expiration of their contracts and do not receive any severance pay.

#### SUPERVISORY BOARD REMUNERATION STRUCTURE

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 below.

IN €		BASIC REMUNERATION AS OF DEC. 31	REMUNERATION FOR EARNINGS PER SHARE AS OF DEC. 31 <sup>1</sup>	COMMITTEE REMUNERATION	TOTAL REMUNERATION AS OF DEC. 31	STIPENDS	PAYMENT DUE AS OF DEC. 31
Andreas Schmid	Chairman	40,000.00	45,200.00	32,500.00	117,700.00	13,500.00	131,200.00
Horst-Otto Gerberding		20,000.00	22,600.00	5,000.00	47,600.00	11,000.00	58,600.00
Sanna Suvanto-Harsaae		20,000.00	22,600.00	7,500.00	50,100.00	11,000.00	61,100.00
Dr. Thomas Rabe		20,000.00	22,600.00	10,000.00	52,600.00	10,500.00	63,100.00
Dr. Peter Grafoner		20,000.00	22,600.00	2,500.00	45,100.00	11,500.00	56,600.00
Dr. Hans-Heinrich Gürtler		20,000.00	22,600.00		42,600.00	8,000.00	50,600.00
Dr. Helmut Frieden		20,000.00	22,600.00		42,600.00	8,000.00	50,600.00
Karl-Heinz Huchthausen	Vice Chairman	30,000.00	33,900.00	5,000.00	68,900.00	11,000.00	79,900.00
Regina Hufnagel		20,000.00	22,600.00	5,000.00	47,600.00	11,000.00	58,600.00
Helmut Tacke		20,000.00	22,600.00		42,600.00	8,000.00	50,600.00
Peter Winkelmann		20,000.00	22,600.00	2,500.00	45,100.00	12,500.00	57,600.00
Francesco Grioli		20,000.00	22,600.00		42,600.00	8,000.00	50,600.00
		<b>270,000.00</b>	<b>305,100.00</b>	<b>70,000.00</b>	<b>645,100.00</b>	<b>124,000.00</b>	<b>769,100.00</b>

<sup>1</sup> Earnings per share: €1.13

Symrise AG took out a professional indemnity insurance (D&O insurance) for all members of the Executive and Supervisory Boards with an appropriate deductible. From 2010, a deductible was agreed on of at least 10% of the damages and up to at least one-and-a-half times the fixed annual remuneration of the respective member of the Executive Board or the Supervisory Board.

#### **SHAREHOLDERS AND ANNUAL GENERAL MEETING**

Symrise AG shareholders exercise their co-determination and control rights at the General Meeting, which takes place at least once each year. The Meeting takes decisions on all statutory matters that are binding on all shareholders and the Company. In decisions made, each share is entitled to one vote. All shareholders registering in due time are entitled to participate in the Annual General Meeting. Shareholders who are not able to attend the Meeting in person are entitled to have their voting rights exercised by a bank, a shareholders association, a voting proxy of Symrise AG who is bound by its instruments, or another proxy of their own choosing. Shareholders also have the opportunity of voting per Internet in the run-up to the Annual General Meeting or authorizing the voting proxy provided by the Company on the Web. Instructions on how voting rights are to be exercised may be given to a voting proxy before and during the Annual General Meeting on May 18, 2011, up until the end of the general debate. It is possible to transfer the voting rights to a voting proxy electronically up until 6:00 p.m. on the evening of May 17, 2011. The invitation to the Annual General Meeting and the reports and information required for the decision are published according to stock corporation law and made available on Symrise AG's website in German and English.

It is our intention to provide our shareholders with quick, comprehensive and effective information before and during the Annual General Meeting and to make it easy for them to exercise their rights. The annual report and the invitation to the Annual General Meeting, both of which are also available on the website of Symrise AG, provide the shareholders with comprehensive information on the past fiscal year and the individual agenda items of the upcoming Annual General Meeting. All documents and information pertaining to the Annual General Meeting and the Annual Report are available on the website of Symrise AG.

The registration and legitimation process for the Annual General Meeting is simple. The 21st day before the Meeting is the applicable cutoff date for the legitimation of the shareholders.

Subsequent to the Annual General Meeting, we also publish the attendance and the votes on our website.

#### **INFORMATION SERVICE FOR OUR SHAREHOLDERS**

Corporate communication is undertaken with the objective of guaranteeing the greatest possible transparency and equality of opportunities through timely and equal information to all target groups. All major press and capital market releases by Symrise AG are also published on the Company's website in German and in English. The articles of association, rules of procedure of the Executive Board and the Supervisory Board, as well as the annual and 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 and investors coinciding with the publishing of our quarterly and half-yearly figures.

The most important presentations prepared for these events, the Annual General Meeting and road shows and investor conferences can also be viewed on our website. The location and dates of road shows and investor conferences can similarly be found on our website at [www.symrise.com](http://www.symrise.com) > Investors > Events.

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

The risk early recognition system in accordance with paragraph 91, section 2 of the Stock Corporation Act, is monitored by the auditors in Germany and abroad.

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, for example, 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 and the Auditing Committee of existing risks and their development. Specific measures are proposed and implemented right from this early stage to mitigate the identified risks. The Group's in-house auditors also check on the implementation of these new measures and the results are given a critical assessment. The risk profile is thereby constantly monitored and necessary measures to mitigate risks are introduced. Specific staff members are assigned responsibility for this and held accountable in their performance review.

#### **OUR AUDITORS: KPMG**

With regard to the consolidated financial statements and the interim reports at Symrise, our accounting in fiscal year 2010 was again based on the International Financial Reporting Standards (IFRS) as required to be applied in the European Union. The legally prescribed individual accounts of Symrise AG that are decisive for the payment of dividends have been prepared in accordance with the regulations of the German Commercial Code (HGB - Handelsgesetzbuch). As in 2009, the annual accounts of Symrise AG as well as the management report and the consolidated annual financial statements of Symrise AG as well as the group management report were also audited in 2010 by our auditors KPMG AG Wirtschaftsprüfungsgesellschaft, Hanover. An agreement is in place with the auditors to promptly notify the chairman of the Auditing Committee of any grounds for disqualification or prejudice that are identified during the audit, insofar as such circumstances cannot immediately be rectified. The auditors are instructed to report without delay on all findings and incidents of significance to the duties of the Supervisory Board that are identified during the audit to the Executive Board and the Supervisory Board. Moreover, the auditors are required to notify the Supervisory Board and make a note in the audit report if circumstances are identified during the audit that are incompatible with the declaration of compliance issued by the Executive Board and Supervisory Board in accordance with § 161 of Germany's Stock Corporation Act.

## REPORT OF THE SUPERVISORY BOARD OF SYMRISE AG

### Dear Shareholders,

Due to the still noticeable effects of the worldwide financial and economic crisis, the successful refinancing of the Group, among other things, with the first placement of a stock market listed bond and an investment project to expand our menthol production, the 2010 fiscal year posed special challenges to the Group.

In this report I would like to inform you about the key activities of the Supervisory Board in this challenging environment. In 2010, the Supervisory Board again fulfilled its responsibilities under the law and according to the articles of incorporation with great care. In the sessions of the Supervisory Board and its committees, we again discussed and reached agreements on a number of matters and business transactions subject to our approval.

We regularly provided consultation to the Executive Board and supervised the Company management. We are satisfied that business complied with all legal and regulatory requirements. The Supervisory Board was directly and intensely involved in all decisions of fundamental significance to the Company. The Executive Board consulted us and discussed in depth the strategic planning and orientation of the Company. As in the previous two fiscal years, the Supervisory and Executive Board held a separate meeting to examine and evaluate the Company's strategy.

We deliberated in detail on all business transactions of significance to the Company based on information received from the Executive Board. To this end, the Executive Board provided us with regular, current and comprehensive reports in written and oral form on all aspects important to the Company, above all on the development of the business and financial situation, the employment situation, planned and ongoing investments, basic corporate planning and corporate strategy issues, as well as on the risk situation and risk management. The Executive Board also reported to the Supervisory Board on the compliance program. In accordance with the legal requirements and the articles of association, the Executive Board in-

formed us of matters subject to our approval at an early stage and presented them in time for a decision to be taken. Wherever required by law or by the articles of association, we submitted our vote on the reports and proposed resolutions of the Executive Board following thorough analysis and discussion. In urgent special cases, decisions were made in consultation with the chairman of the Supervisory Board, either by telephone or in writing.

The Executive Board reported all important financial figures to us once a month. When there were deviations of the course of business from the plans and objectives, we received detailed explanations in written and oral form, enabling us to discuss the reasons for the deviations and targeted correction measures with the Executive Board.

In addition, during the periods between the sessions of the Supervisory Board and its committees, particularly the Chairman of the Supervisory Board and the Chairman of the Auditing Committee were in close and continuous contact with the Executive Board. The waning financial and economic crisis and the consequences for current and future business development, as well as the status of essential projects and key business transactions in both Group divisions, were repeatedly a subject of our discussions with the Executive Board.

Before the Supervisory Board sessions, the majority shareholders and the employee representatives discussed important topics on the day's agenda separately. As in the previous year, conflicts of interest of members of the Executive Board, which have to be disclosed to the Supervisory Board without delay and about which the Annual General Meeting has to be informed, did not occur in 2010.

### THE SUPERVISORY BOARD'S WORK IN COMMITTEES

As in the past, to fulfill its responsibilities more efficiently, the Supervisory Board formed a total of **four committees**. These committees draft the Supervisory Board's resolutions and prepare the agenda items to be addressed in the full session. To the extent that this was legally admissible, in individual cases the Supervisory Board delegated decision-

**ANDREAS SCHMID**  
Chairman of the Supervisory Board  
of Symrise AG



making to its committees. Such assignment of tasks has proved successful in practice. The Supervisory Board established an Auditing Committee, an Arbitration Committee pursuant to § 27 (3) of the Codetermination Act (MitbestG), a Presidential Committee and a Nominations Committee as permanent committees. The task of the latter is to propose suitable candidates to represent the shareholders when new Supervisory Board elections are coming up. The Chairman of the Supervisory Board chairs all of the committees with the exception of the Auditing Committee. In the Supervisory Board sessions, the chairmen of the committees report regularly and extensively on the content and results of the committee meetings. As a result, the Supervisory Board always has a comprehensive information basis for its consultations.

The **Presidential Committee** is responsible for Executive Board matters. Among these issues are making resolution recommendations to the Supervisory Board at the full session of the Supervisory Board regarding appointments of Executive Board members or regarding essential components of Executive Board members' employment contracts. This committee is also responsible for succession planning at the Executive Board level. The Presidential Committee additionally deals with the development of the Executive Board remuneration system, specifies the amount of remuneration, and makes corresponding recommendations at the full assembly. The Presidential Committee resolved to incorporate the criterion of diversity when

appointing future Supervisory Board members, striving in particular to give appropriate consideration to women. The Presidential Committee currently has five members. Three members are shareholders' representatives in the Supervisory Board and two are employee representatives in the Supervisory Board. The members are Andreas Schmid (Chairman), Horst-Otto Gerberding, Karl-Heinz Huchthausen, Regina Hufnagel and Sanna Suvanto-Harsaae. The Presidential Committee convened three times in the 2010 fiscal year. All of the members attended the meetings. After the replacement of Executive Board members and the reshuffling of the Executive Board had been completed at the end of 2009, consultations about renewing Mr. Daub's contract as President of "Scent & Care" were a topic of the committee's work. In addition, the Presidential Committee carried out an examination of the Executive Board's remuneration system and the success criteria for variable remuneration components acting as long-term incentives (Long Term Incentive Plan, LTIP) and conveyed the results to the full meeting so that a resolution could be made. The main change to the regulations thus far is that, in the future, the current division of the performance index into share price development and corporate value development for new plans will be replaced by another index. The new index contains competitor companies, customer and supplier companies, companies that are not among the top companies in the industry, and companies that compete with Symrise only in special areas. In connection with these indexed companies, the average share price in the fourth

quarter of the current period is related to the average share price in the fourth quarter of the previous period. The performance of the share price of all of the companies listed in the index is rated and compared to Symrise's rating.

The **Auditing Committee** deals with the financial statements and consolidated financial statements. In addition, it monitors the accounting process, the effectiveness of the internal controlling system, the risk management system, the internal revision system and the audit of annual accounts. It focuses in particular on the independence and qualifications of the auditor as well as additional services provided by the auditor. The Auditing Committee discussed the interim reports in detail and approved them before they were published. Furthermore, the Auditing Committee prepared the Supervisory Board's decision on the approval of the financial statements and the consolidated financial statements. To this end, it is responsible for pre-auditing the annual financial statements, the consolidated financial statements, the management reports and the proposal regarding appropriation of earnings. The individual agenda items also include receipt of the internal revision and compliance office reports as well as the risk report. At least one member of the Auditing Committee must be independent and possess expertise in accounting or auditing. The Auditing Committee currently has four members. Three members are appointed by the shareholder representatives on the Supervisory Board, one by the employee representatives on the Supervisory Board. The members are Dr. Thomas Rabe (Chairman), Dr. Peter Grafoner, Andreas Schmid and Peter Winkelmann. The Auditing Committee convened five times in the 2010 fiscal year. Two members of the Auditing Committee were unable to attend one meeting. The auditor, the CFO and the CEO regularly attend the Auditing Committee's sessions. The committee's work focused on the auditor's reports as well as the further development of the risk management system and the compliance program. The auditor always reported in detail on all findings and incidents of significance to the duties of the Supervisory Board that are identified during the audit and reviews of the consolidated financial statements. Early refinancing of the Group was a special focus of the Auditing Committee's work in the 2010 fiscal year.

The Auditing Committee prepared the Supervisory Committee's proposal to the Annual General Meeting to nominate KPMG AG Wirtschaftsprüfungsgesellschaft of Hanover as the auditor. Furthermore, the Auditing Committee solicited a statement of independence from the auditor. It commissioned the auditor and established the auditing fees, a risk-oriented auditing approach, and individual auditing focuses.

The **Arbitration Committee** pursuant to § 27 (3) of the Co-determination Act (MitbestG) is equally represented and consists of two shareholder and two employee representatives who are on the Supervisory Board. Its current members are Andreas Schmid (Chairman), Karl-Heinz Huchhausen, Regina Hufnagel and Sanna Suvanto-Harsaae. As in the previous year, it was not necessary to convene the Arbitration Committee during the 2010 fiscal year.

The **Nominations Committee** currently has three members. Its task is to recommend shareholders' representatives to the Annual General Meeting who would be suitable Supervisory Board members when Supervisory Board elections are coming up. In compliance with the German Corporate Governance Code, the committee consists exclusively of Supervisory Board members who are shareholders' representatives. Its members are Andreas Schmid (Chairman), Horst-Otto Gerberding and Sanna Suvanto-Harsaae. It was not necessary to convene the Nominations Committee during the 2010 fiscal year.

#### **TOPICS OF THE SUPERVISORY BOARD MEETINGS**

Further focuses of our work and the subject of regular deliberations in the Supervisory Board were the still noticeable effects of the global financial and economic crisis on Symrise, the measures taken by the Executive Board against this background, and the lessons to be learned for the future. An issue for regular consultation in the Supervisory Board's meetings was the sales and earnings performance as well as the employment development of the Group and its two corporate divisions in the individual regions under the economic conditions as they were developing, the financial and liquidity situation, as well as important participatory projects and their development as measured against the planned objectives. The Supervisory Board also discussed the refinancing of the Group in several sessions. In the 2010 fiscal year, the Supervisory Board held six ordinary sessions. Two

of the sessions were held in telephone conferences. The Supervisory Board additionally convened two meetings focusing on specific topics. It devoted one of these meetings to the Group strategy. The planning for 2011 was the focal point of the second special meeting. No Supervisory Board member took part in less than half of the sessions.

In its **meeting of January 25, 2010**, the Supervisory Board and the Executive Board discussed and reached an agreement on basic development options for the Company. At the meeting, the Supervisory Board picked up on the key considerations entertained at its strategy meeting of November 4, 2009. One member of the Supervisory Board did not attend this meeting.

The Supervisory Board's session of **March 2, 2010**, primarily focused on the annual and consolidated financial statements as of December 31, 2009, and the Executive Board's proposal regarding appropriation of earnings. The auditor participated in this session. The session was additionally devoted to the Corporate Governance Report, the declaration regarding the Corporate Governance code pursuant to § 161 of the German Stock Corporation Act (AktG), the agenda items of the Annual General Meeting on May 11, 2010, and the extension of the authorization to acquire treasury shares. In addition, the Supervisory Board resolved to extend Mr. Daub's contract as President of "Scent & Care" and the Long Term Incentive Plan ("LTIP") beginning in 2010. All Supervisory Board members attended this session.

During a **telephone conference on March 18, 2010**, we discussed with the Executive Board all aspects related to creating new share capital while abolishing the existing share capital. All members of the Supervisory Board took part in this telephone conference.

In its **meeting of April 23, 2010**, the Supervisory Board dealt, on the basis of the course and results of the first quarter of 2010, with the anticipated development of business for 2010 as a whole. The consultations focused on the soundness of the planning for 2010 as a whole. In spite of the increasing positive signals of an economic upswing, our customers' business continued to be marked by great uncertainty about how long the economic recovery would last. Against this background, together with the Execu-

tive Board we continued to investigate whether it might be necessary to adjust the company's strategic orientation. We discussed the refinancing concept developed by the Executive Board, which would restructure Group financing and help reduce the risk of bundled final maturities through progressive final maturities and the use of different financing instruments while exploiting the favorable conditions on the financial market. In this meeting, we also discussed in detail and agreed on the investment project developed by the Executive Board to expand menthol production capacities. All members of the Supervisory Board attended this session.

A main focus of our **telephone conference of August 4, 2010**, were the business results for the first half of 2010 and the second quarter of 2010, along with the half-year report pursuant to § 37w of Germany's Securities Trading Act (WpHG). In addition, we discussed the fact that the analysts' expectations regarding the overall results of the 2010 fiscal year were significantly higher in the second half of the year. We discussed the Executive Board's risk report extensively and convinced ourselves of the effectiveness of Symrise's risk management. We also talked about the Executive Board's new financing guideline. All members of the Supervisory Board took part in this telephone conference.

The **session held on September 30, 2010**, was devoted to examining and evaluating the Company's strategy. In the evaluation, we incorporated the opinions of external third parties from the capital market and customer environment. Against the background of the effect of these external perspectives on Symrise, we discussed and challenged the Executive Board's strategy with the Executive Board. We talked about possible alternative scenarios and, against the background of different scenarios of global economic development, examined whether the Company's strategy was sound. In this session, furthermore, we reached an agreement about Group refinancing in the structure presented and developed by the Executive Board. In the absence of the Executive Board, we examined the remuneration of the members of the Executive Board and in some cases adjusted it. All Supervisory Board members attended this session.

The **session held on November 5, 2010**, was devoted to the presentation of the business results for the first nine

months of 2010 and the third quarter 2010. Together with the Executive Board, we agreed on the basic data and assumptions for preparation of corporate planning for 2011. One member of the Supervisory Board did not attend this session.

The session of **December 14, 2010**, focused on corporate planning for the 2011 fiscal year. At this session, the Supervisory Board approved the corporate planning for 2011. In addition, we adapted the business procedures of the Executive Board and the Supervisory Board to the changes in the German Corporate Governance Code of May 2010. We discussed these changes in depth and used the opportunity to formulate and reach an agreement on goals regarding the composition of the Supervisory Board. The appropriate consideration of women as Supervisory Board members was a main focus of our considerations. In this session, the Supervisory Board together with the Executive Board submitted a new declaration of compliance pursuant to Section 161 AktG. Symrise AG complies with all current Code recommendations. On the suggestion of the Presidential Committee, we reached a new agreement on the future success criteria for variable remuneration components with long-term incentives (Long Term Incentive Plan, LTIP). All Supervisory Board members attended this session.

#### **ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS 2010**

The auditor KPMG AG Wirtschaftsprüfungsgesellschaft, Hanover, audited the annual financial statements for the fiscal year from January 1, 2010, to December 31, 2010, which were prepared by the Executive Board according to HGB (German Commercial Code) standards, as well as the Symrise AG management report. The Auditing Committee issued the order for the audit in accordance with the May 11, 2010, resolution of the Annual General Meeting. The auditor issued an unqualified certification.

The Symrise AG consolidated financial statements were prepared in accordance with § 315a HGB on the basis of the International Financial Reporting Standards (IFRS), as applicable in the European Union. The auditor also certified the consolidated financial statements and the Group management report without qualification.

The auditor's report on these financial statements and additional auditing reports and documentation were delivered to all members of the Supervisory Board in a timely manner. They were discussed thoroughly in the sessions of the Auditing Committee of February 15 and March 2, 2011, and in the full session of the Supervisory Board of March 3, 2011. The auditors participated in the discussion of the annual financial statements and consolidated financial statements in both bodies, where they reported on the key audit results and were available to the Supervisory Board to answer questions and provide additional information.

Following our own review of the annual financial statements, the consolidated financial statements, the management report and the Group management report, we accepted the findings of the auditor. In our session of March 3, 2011, we approved the annual financial statements and the consolidated financial statements upon the recommendation of the Auditing Committee. The annual financial statements are thereby adopted. After examining it, we endorsed the proposal of the Executive Board for the use of the net income of the year. The Supervisory Board considers the proposal regarding the appropriation of profits to be appropriate.

#### **CORPORATE GOVERNANCE**

Also on behalf of the Supervisory Board, pursuant to 3.10 of the German Corporate Governance Code, the Executive Board reports on corporate governance at Symrise AG within the framework of the declaration on business management pursuant to § 289a of the German Commercial Code (HGB). The declaration on business management is now accessible to the public on Symrise AG's website. The address is: [www.symrise.com](http://www.symrise.com) > Investors > Corporate Governance > Corporate Governance Statement. The Supervisory Board discussed implementation of the code in depth in its meeting of December 14, 2010. At this meeting, the Supervisory Board dealt in detail with the latest changes to the code. In 2010, we continually observed the further development of corporate governance standards in Germany and abroad, and we will continue to do so. On December 14, 2010, the Executive Board and the Supervisory Board submitted an updated Declaration of Compliance according to § 161 AktG and made this permanently available to the shareholders on the Company's



website. Symrise AG conforms entirely to all recommendations of the Government Commission of the German Corporate Governance Code as published in the current (May 26, 2010) version available from the Federal Ministry of Justice in the official section of its electronic Federal Gazette of July 2, 2010.

**CHANGES IN THE EXECUTIVE BOARD  
AND SUPERVISORY BOARD**

There were no personnel changes in the Executive Board and the Supervisory board during the reporting year.

The Supervisory Board would like to thank all of the members of the Executive Board, the employees of all Group

companies in Germany and abroad, as well as all employee representatives for their commitment and accomplishments in the 2010 fiscal year. You contributed to another successful business year for Symrise.

On behalf of the Supervisory Board,



**Andreas Schmid**  
Chairman  
Holzminden, March 3, 2011

## BODIES AND MANDATES

### EXECUTIVE BOARD

The Executive Board of the Symrise AG consists of following members:

**DR. HEINZ-JÜRGEN BERTRAM**  
CEO

**ACHIM DAUB**  
Executive Board Member responsible for Scent & Care

**BERND HIRSCH**  
CFO

**HANS HOLGER GLIEWE**  
Executive Board Member responsible for Flavor & Nutrition

### SUPERVISORY BOARD

The following have been elected as members of the Supervisory Board:

**ANDREAS SCHMID\***  
Chairman of the Supervisory Board of Symrise AG

- |   |  |  |
|---|--|--|
| ▪ <b>Oettinger Imex AG</b><br>President and Delegate<br>of the Board of Directors | ▪ <b>Flughafen Zürich AG</b><br>President of the Board of Directors        | ▪ <b>Karl Steiner AG</b><br>Member of the Board of Directors           |
| ▪ <b>gategroup AG</b><br>President of the Board of Directors                      | ▪ <b>Barry Callebaut AG</b><br>Vice President of the Board of<br>Directors | ▪ <b>Badrutt's Palace Hotel AG</b><br>Member of the Board of Directors |
|   |  | ▪ <b>Wirz Partner Holding AG</b><br>Member of the Board of Directors   |

**KARL-HEINZ HUCHTHAUSEN**  
Vice Chairman, Chairman of works council and general works council of Symrise AG

**DR. HELMUT FRIEDEN**  
Corporate Vice President Corporate Compliance of Symrise AG

**HORST-OTTO GERBERDING\***  
Managing Director of the Drago Invest GmbH & Co. KG

**DR. PETER GRAFONER\***  
Freelance consultant

- |  |  |
|--|--|
| ▪ <b>SKF AB</b><br>Member of the Supervisory Board | ▪ <b>SCANIA Schweiz AG</b><br>Chairman of the Board of Directors |
|--|--|



**FRANCESCO GRIOLI**

Executive Secretary for Tariff Policy and Finance of IG BCE

**DR. HANS-HEINRICH GÜRTLER\***

Managing Director, Vermil Capital GmbH

**REGINA HUFNAGEL**

Vice Chairwoman of the works council and general works council of Symrise AG

**DR. THOMAS RABE\***

CFO Bertelsmann AG

- |  |  |  |
|--|--|--|
| <ul style="list-style-type: none"> <li>▪ <b>Arvato AG</b><br/>Member of the Supervisory Board</li> <li>▪ <b>BMG RM Germany GmbH</b><br/>Chairman of the Supervisory Board</li> <li>▪ <b>Druck- und Verlagshaus<br/>Gruner + Jahr AG</b><br/>Member of the Supervisory Board</li> </ul> | <ul style="list-style-type: none"> <li>▪ <b>IKB AG</b><br/>Member of the Supervisory Board</li> <li>▪ <b>Springer Science+Business Media</b><br/>Member of the Supervisory Board</li> <li>▪ <b>Bertelsmann Capital<br/>Investments S.A.</b></li> </ul> | <ul style="list-style-type: none"> <li>▪ <b>Bertelsmann Digital Media<br/>Investments S.A.</b></li> <li>▪ <b>Bertelsmann Inc.</b></li> <li>▪ <b>Edmond Israel Foundation</b></li> <li>▪ <b>Ricordi &amp; C. S.p.A.</b></li> <li>▪ <b>RTL Group S.A.</b></li> </ul> |
|--|--|--|

**SANNA SUVANTO-HARSAAE\***

Freelance consultant

- |  |  |  |
|--|--|--|
| <ul style="list-style-type: none"> <li>▪ <b>Sunset Boulevard AS</b><br/>Chairwoman of the Supervisory Board</li> <li>▪ <b>Babysam AS</b><br/>Chairwoman of the Supervisory Board</li> <li>▪ <b>BTX AS</b><br/>Chairwoman of the Supervisory Board</li> <li>▪ <b>Marketing Clinic AS</b><br/>Chairwoman of the Supervisory Board</li> </ul> | <ul style="list-style-type: none"> <li>▪ <b>Duni AB</b><br/>Member of the Supervisory Board</li> <li>▪ <b>Jetpak AB</b><br/>Member of the Supervisory Board</li> <li>▪ <b>Paulig OY/AB</b><br/>Member of the Supervisory Board</li> <li>▪ <b>Candyking AB</b><br/>Member of the Supervisory Board</li> </ul> | <ul style="list-style-type: none"> <li>▪ <b>SATS AB</b><br/>Member of the Supervisory Board</li> <li>▪ <b>Clas Ohlsen</b><br/>Member of the Supervisory Board</li> <li>▪ <b>Upplands Motor AB</b><br/>Member of the Supervisory Board</li> </ul> |
|--|--|--|

**HELMUT TACKE**

Member of the works council of Symrise AG

**PETER WINKELMANN**

Head for the region Alfeld of IG BCE

- **Sappi Deutschland Holding GmbH**  
Vice Chairman of the Supervisory Board

\* Shareholder representative

## GLOSSARY

### A

#### AKTG

German Stock Corporation Act (Aktiengesetz)

#### ANTHOCYANE

Water-soluble coloring agent derived from plants

#### ANTIOXIDENTS

In food, medicine or synthetics they prevent the oxidation of other molecules

#### AROMA

A flavor or fragrance often based on an aromatic organic chemical compound

### B

#### BILMOG

German Accounting Law Modernization Act (Bilanzrechtsmodernisierungsgesetz)

#### BIOFUNCTIONALITY

The ability of a substance or product to interact with an organism without causing undesirable effects

#### BRIEFING

Information given to a potential supplier by a customer company to bid on a new product

### C

#### CAGR

Compound Annual Growth Rate

#### CORE LIST

List of key suppliers; the position on a core list is often the prerequisite for being invited by customers to bid on new product developments

#### COVENANTS

Conditions or duties contained in a loan agreement between a company and a bank

#### CSR

Corporate Social Responsibility

### E

#### EAME

The commercial region including Europe, Africa, and the Middle East

#### EBIT

Earnings before interest and taxes

#### EBITDA

Earnings before interest, taxes, depreciation and amortization of tangible and intangible assets

#### EFSA

European Food Safety Authority

#### EPS

Earnings per share

### F

#### FAIR VALUE

The estimated value of an asset or liability used in the consolidation of the financial statement

#### F&F

Flavors & Fragrances

#### FREE FLOAT

Non-restricted shares of a public company not held by large owners

### G

#### GDP

Gross Domestic Product, a statistic used to measure the economic strength (goods and services) of a country

#### GHS

Globally Harmonized System used in the classification and labelling of chemicals

### H

#### HEALTH CLAIMS

Claims stating that products have special health benefits

#### HGB

German Code of Commercial Law (Handelsgesetzbuch)

## I

**IAL**

IAL is an industrial and market-research consultancy specializing in the chemicals, plastics, and allied process industries

## K

**KEY ACCOUNT MANAGEMENT**

Part of the marketing and sales organization that focuses on key customers

## L

**LIPID**

Group of fats or fat-like substances (lipoids) that are not easily soluble or not at all soluble in water

**LTIP**

Long Term Incentive Plan, a plan used as a part of executive compensation

## N

**NGO**

Non-governmental organization

## O

**OPERATING CASH FLOW**

Cash generated from the operations of a company, defined as the revenues less operating expenses; an important indicator of a company's earning power

## R

**REACH**

The regulation of the European Union for the Registration, Evaluation, Authorisation and Restriction of Chemicals

**RESEARCH COVERAGE**

Regular published analysis of a company's financial development by a bank or broker

## S

**SUPPLY CHAIN**

The organizational process from the supplier to the manufacturer (procurement, production, sale) to the end customer

**SVA**

Symrise Value Added, a measure indicating Symrise's increase in value

**SWAP**

An exchange agreement concerning future payment flow statements, frequently used as a financial tool to limit financial risks

## T

**THYMOL**

A monoterpene and essential oil found, for example, in thyme or oregano

## W

**WORKING CAPITAL**

Financial measure derived equal to current operating assets minus current operating liabilities

## IMPRINT

### **PUBLISHER**

Symrise AG  
Mühlenfeldstraße 1  
37603 Holzminden  
T +49 55 31.90 – 0  
F +49 55 31.90 – 16 49

### **CONCEPT AND EDITING**

PvF Investor Relations, Eschborn

### **CONCEPT, DESIGN AND REALIZATION**

3st kommunikation, Mainz

### **PHOTOGRAPHY**

Martin von den Driesch, Dubai  
Frank Herfort, Moscow  
Stalin Ramesh, Chennai  
Mick Ryan, Shanghai  
Karsten Thormaehlen, Frankfurt

### **TYPOGRAPHY**

BG media design GmbH, Darmstadt

### **PRINTING**

Westdeutsche Verlags- und Druckerei GmbH,  
Mörfelden-Walldorf

The German version of this Annual Report is legally binding.  
German and English versions are available online at  
[www.symrise.com](http://www.symrise.com).



The FSC® logo identifies products which contain wood from well-managed forests certified in accordance with rules of the Forest Stewardship Council.

## FINANCIAL CALENDAR

**MARCH 9, 2011**

Annual Press Conference/Analyst Conference  
Financial Year 2010

**MAY 11, 2011**

Interim Report 1st Quarter 2011

**MAY 18, 2011**

Annual General Meeting, Hanover

**MAY 19, 2011**

Dividend Payment

**AUGUST 10, 2011**

Interim Report 2nd Quarter 2011

**NOVEMBER 9, 2011**

Interim Report 3rd Quarter 2011

## HIGHLIGHTS OF THE YEAR 2010

01/02



**January 21** With the opening of a plant for liquid flavors in Singapore, Symrise continues to expand its activities in Asia. Liquid flavors are used, for example, for adding flavor to beverages, ice cream and dairy products.

**February 8** Symrise significantly expands its Flavor & Nutrition business in Russia and the CIS region with the setup of a fully integrated production site near Moscow. By producing in the region, Symrise can serve strategic globally operating customers locally.

**February 25** Symrise manages to increase its market share in a difficult business environment. As a result, we received the prestigious "Best of European Business" award for 2010.

04



**April 7** Symrise now offers even more effective flexible solutions for the care of dry skin thanks to two new kinds of SymMollient®, its successful functional ingredient.

05/06



**May 5** At the "In-Cosmetics" tradeshow in Paris, Symrise receives the highly esteemed 2010 BSB Innovation Prize for its skin-soothing ingredient SymSitive™ 1609.

**June 10** Symrise strengthens its position as the world's leading manufacturer of synthetic menthols by announcing that it will double its production capacities by 2012.

**June 24** With the founding of the Scientific Advisory Board for Health and Nutrition, Symrise expands its competencies in the area of health-oriented food. Internationally renowned scientists assist us in the development of new ingredients and technologies.

08



**August 25** Two new mixing and dosing facilities for perfume oils are put in operation in Holzminden. The fully automated facilities increase production capacity by 25%.

09/10



**September 22** The new strategic "taste for life®" platform is an innovative instrument enabling the food and beverage industry to develop new products faster and better tailored to customers' needs.

**September 30** Symrise opens a perfumery school in Chennai, India. With this strategic step, we expand our knowledge of consumer preferences in one of the world's biggest sales markets. In addition, we train local talent for our important sales markets.

**October 13** For the first building block in our new long-term refinancing concept, we agreed to a term note for US\$ 175 million with Pricoa (Prudential Investment Management, Inc.).

**October 15** The first bond issued in the company's history is very well received by the capital market. The bond, which has a volume of €300 million, is a cornerstone of our long-term refinancing concept.

12



**December 6** By agreeing on a revolving credit facility with a volume of €300 million and a duration of five years, the refinancing of Symrise AG is successfully completed.

## FIVE-YEAR FINANCIAL OVERVIEW

€ MILLION	2006	2007	2008	2009	2010
<b>Group – Results of operations</b>					
Sales	1,229.4	1,274.5	1,319.9	1,362.0	1,571.9
Share of sales in emerging markets in %	37	39	40	41	46
EBITDA <sup>1</sup>	243.2	272.1	262.5	245.6	331.2
EBITDA margin <sup>1</sup> in %	19.8	21.3	19.9	18.0	21.1
Net income	-89.8	97.4	90.4	84.3	133.5
Earnings per share in €	-1.08	0.82	0.76	0.71	1.13
Dividends paid	-	59.1	59.1	59.1	70.9 <sup>3</sup>
Dividend per share in €	-	0.50	0.50	0.50	0.60 <sup>3</sup>
<b>Group – Financial position/net assets</b>					
Operating cash flow	149.4	152.6	153.1	225.7	235.1
Investments	46.0	40.6	52.5	56.7	70.5
Balance sheet total (as of December 31)	1,803.1	1,790.9	1,890.6	1,895.2	2,059.0
Capital ratio (as of December 31) in %	30.5	35.9	34.3	36.4	40.9
Net debt (incl. pension provisions) (as of December 31)	779.6 <sup>4</sup>	715.7	833.6	773.4	733.7
Employees (as of December 31) FTE <sup>2</sup>	4,777	4,926	5,097	4,954	5,288
<b>Scent &amp; Care</b>					
Sales	647.4	671.3	671.8	682.3	804.5
EBITDA <sup>1</sup>	112.9	134.7	130.2	109.0	160.8
EBITDA margin <sup>1</sup> in %	17.4	20.1	19.4	16.0	20.0
<b>Flavor &amp; Nutrition</b>					
Sales	582.0	603.2	648.1	679.7	767.4
EBITDA <sup>1</sup>	130.3	137.4	132.3	136.6	170.4
EBITDA margin <sup>1</sup> in %	22.4	22.8	20.4	20.1	22.2

<sup>1</sup> figures for 2006 adjusted for restructuring and integration costs

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

<sup>3</sup> proposal

<sup>4</sup> without vendor note and shareholder loans

**Symrise AG**  
Mühlenfeldstraße 1  
37603 Holzminden  
Germany

[www.symrise.com](http://www.symrise.com)  
[investor.symrise.com](http://investor.symrise.com)

