Consolidated Financial **Statements**

January 1 to December 31, 2014

Consolidated Income Statement – January 1 to December 31, 2014

T€	Notes	2013	2014
Sales	4	1,830,386	2,120,107
Cost of sales	5	– 1,059,548	– 1,231,704
Gross profit		**770,838**	**888,403**
Other operating income	6	16,065	29,064
Selling and marketing expenses	8	– 289,964	– 345,203
Research and development expenses	9	– 126,995	– 139,350
Administration expenses	10	– 85,028	– 120,280
Other operating expenses		– 1,789	– 4,554
Income from operations/EBIT		**283,127**	**308,080**
Financial income		1,522	2,746
Financial expenses		– 38,795	– 51,116
Financial result	11	**– 37,273**	**– 48,370**
Income before income taxes		**245,854**	**259,710**
Income taxes	12	– 73,519	– 72,943
Net income		**172,335**	**186,767**
of which attributable to shareholders of Symrise AG		172,335	185,000
of which attributable to non-controlling interests		0	1,767
Earnings per share (€) – diluted and basic	14	1.46	1.48

Consolidated Statement of Comprehensive Income

T€	Notes	2013	2014
Net income		**172,335**	**186,767**
of which attributable to shareholders of Symrise AG		172,335	185,000
of which attributable to non-controlling interests		0	1,767
Items that may be reclassified subsequently to profit or loss			
Exchange rate differences resulting from the translation of foreign operations	2.5		
Exchange rate differences that occurred during the fiscal year		– 49,161	49,347
Losses from net investments		– 6,553	– 9,728
Reclassification to the consolidated income statement		– 1,681	– 8,898
Financial assets available for sale			
Change in fair value of financial assets available for sale		– 41	58
Cash flow hedge (currency hedges)	38		
Gains/losses recorded during the fiscal year		51	– 1,134
Reclassification to the consolidated income statement		– 14	604
Income taxes payable on these components		1,948	2,597
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit pension plans and similar obligations	35	44,712	– 125,858
Income taxes payable on these components	12	– 13,955	37,242
Other comprehensive income		**– 24,694**	**– 55,770**
Total comprehensive income		**147,641**	**130,997**
of which attributable to shareholders of Symrise AG		147,641	129,494
of which attributable to non-controlling interests		0	1,503

Consolidated Statement of Financial Position

T€	Notes	December 31, 2013	December 31, 2014
ASSETS			
Current assets			
Cash and cash equivalents	15	135,343	199,228
Trade receivables	16	321,547	421,052
Inventories	17	368,567	484,690
Other assets and receivables	18	36,246	72,183
Financial assets	19	2,324	6,738
Current tax assets		8,341	11,576
		872,368	**1,195,467**
Non-current assets			
Deferred tax assets	20	46,192	81,294
Other assets and receivables	21	7,107	26,585
Financial assets	22	15,112	20,300
Investments in associates	23	15,082	0
Investment property	24	2,583	2,182
Intangible assets	25	812,356	2,034,325
Property, plant and equipment	26	439,622	639,683
		1,338,054	**2,804,369**
TOTAL ASSETS		**2,210,422**	**3,999,836**

Consolidated Statement of Financial Position

T€	Notes	December 31, 2013	December 31, 2014
LIABILITIES			
Current liabilities			
Trade payables	28	150,799	213,527
Borrowings	33	40,999	120,319
Other liabilities	29	75,921	132,123
Other provisions	30	5,048	9,886
Financial liabilities	31	4,003	10,535
Current tax liabilities	32	51,332	73,171
		328,102	**559,561**
Non-current liabilities			
Borrowings	33	506,741	1,244,659
Other liabilities		1,987	4,417
Other provisions	34	14,538	18,940
Provisions for pensions and similar obligations	35	332,400	474,303
Financial liabilities	36	6,968	9,125
Deferred tax liabilities	20	68,399	240,914
Current tax liabilities	37	224	15,744
		931,257	**2,008,102**
TOTAL LIABILITIES		**1,259,359**	**2,567,663**
EQUITY	38		
Share capital		118,173	129,813
Capital reserve		970,911	1,375,957
Revaluation reserve		2,735	2,735
Fair value reserve		– 12	31
Cash flow hedge reserve (currency hedges)		133	– 278
Reserve for remeasurements (pensions)		– 80,543	– 169,159
Cumulative translation differences		– 70,553	– 37,075
Accumulated profit		10,219	112,169
Symrise AG shareholders' equity		**951,063**	**1,414,193**
Non-controlling interests		0	17,980
TOTAL EQUITY		**951,063**	**1,432,173**
LIABILITIES AND EQUITY		**2,210,422**	**3,999,836**

Consolidated Statement of Cash Flows

T€	Notes	2013	2014
Net income		**172,335**	**186,767**
Income tax expense	12	73,519	72,943
Interest result	11	33,805	41,699
Sub-total		**279,659**	**301,409**
Amortization, depreciation and impairment of non-current assets	25, 26	90,010	128,211
Decrease in non-current provisions and liabilities		– 2,584	– 414
Decrease in non-current assets		356	1,332
Reclassification of exchange gains to the income statement		– 1,681	– 8,898
Impact on earnings from business combinations achieved in stages		0	2,799
Non-cash foreign exchange losses		13,879	9,144
Change in fair value of investment property		– 1,673	– 264
Other non-cash expenses and income		– 1,245	553
Sub-total		**97,062**	**132,463**
Cash flow before working capital changes		**376,721**	**433,872**
Increase in trade receivables or other assets that are not attributable to investing or financing activities		– 39,822	– 31,889
Increase in inventories		– 31,533	– 13,483
Increase in trade payables or other liabilities that are not attributable to investing or financing activities		24,273	23,974
Income taxes paid		– 54,855	– 69,260
Cash flow from operating activities		**274,784**	**343,214**
Payments for business combinations		– 67,059	– 387,271
Payments for investing in intangible assets		– 12,117	– 10,646
Payments for investing in property, plant, and equipment		– 57,999	– 80,923
Payments for investments in non-current assets and for investments in associates		– 12,369	– 1,082
Proceeds from the disposal of non-current assets		3,772	3,096
Cash flow from investing activities		**– 145,772**	**– 476,826**
Proceeds from bank borrowings		247,773	614,932
Redemption of bank borrowings		– 248,604	– 668,101
Proceeds from bonds		0	494,442
Redemption of other financial liabilities		0	– 493,017
Issue of new shares/capital increase	38	0	401,400
Transaction costs related to the issuing of new shares	38	0	– 6,091
Interest paid		– 22,742	– 63,774
Interest received		476	700
Dividends paid	38	– 76,813	– 84,421
Dividends received		151	0
Finance leases		0	– 661
Cash flow from financing activities		**– 99,759**	**195,409**
Net change in cash and cash equivalents		29,253	61,797
Effects of changes in exchange rates		– 11,355	2,088
Cash and cash equivalents as of January 1		117,445	135,343
Cash and cash equivalents as of December 31	15	**135,343**	**199,228**

The consolidated statement of cash flows is explained in note 41.

Consolidated Statement of Changes in Equity

2013 T€	Share capital	Capital reserve	Revaluation reserve	Fair value reserve	Cash flow hedge reserve (currency hedges)	Reserve for remea-surements (pensions)	Cumulative translation differences	Accu-mulated profit/ deficit	Total equity
January 1, 2013	**118,173**	**970,911**	**2,808**	**– 900**	**112**	**– 111,300**	**– 15,192**	**– 85,304**	**879,308**
Net income	0	0	0	0	0	0	0	172,335	**172,335**
Other comprehensive income	0	0	– 73	– 38	21	30,757	– 55,361	0	**– 24,694**
Total comprehensive income	**0**	**0**	**– 73**	**– 38**	**21**	**30,757**	**– 55,361**	**172,335**	**147,641**
Reclassification from financial instruments (available for sale) to investments in associates	0	0	0	926	0	0	0	1	**927**
Dividends paid	0	0	0	0	0	0	0	– 76,813	**– 76,813**
December 31, 2013	**118,173**	**970,911**	**2,735**	**– 12**	**133**	**– 80,543**	**– 70,553**	**10,219**	**951,063**

2014 T€	Share capital	Capital reserve	Reval-uation reserve	Fair value reserve	Cash flow hedge reserve (currency hedges)	Reserve for remea-surements (pensions)	Cumula-tive transla-tion dif-ferences	Accu-mulated profit	Total equity of Symrise AG share-holders	Non-con-trolling interests	Total equity
January 1, 2014	**118,173**	**970,911**	**2,735**	**– 12**	**133**	**– 80,543**	**– 70,553**	**10,219**	**951,063**	**0**	**951,063**
Net income	0	0	0	0	0	0	0	185,000	**185,000**	1,767	**186,767**
Other comprehensive income	0	0	0	43	– 411	– 88,616	33,478	0	**– 55,506**	– 264	**– 55,770**
Total comprehensive income	**0**	**0**	**0**	**43**	**– 411**	**– 88,616**	**33,478**	**185,000**	**129,494**	**1,503**	**130,997**
Issue of new shares/ capital increase	11,640	405,046	0	0	0	0	0	0	**416,686**	0	**416,686**
Business combinations	0	0	0	0	0	0	0	0	**0**	18,409	**18,409**
Dividends paid	0	0	0	0	0	0	0	– 82,721	**– 82,721**	– 1,700	**– 84,421**
Changes in subsidiary shareholdings	0	0	0	0	0	0	0	– 329	**– 329**	– 232	**– 561**
Transactions with owners of the company	**11,640**	**405,046**	**0**	**0**	**0**	**0**	**0**	**– 83,050**	**333,636**	**16,477**	**350,113**
December 31, 2014	**129,813**	**1,375,957**	**2,735**	**31**	**– 278**	**– 169,159**	**– 37,075**	**112,169**	**1,414,193**	**17,980**	**1,432,173**

Equity developments are explained in note 38.

Probi AB, Sweden, which has been fully consolidated since the second quarter, holds 250,000 own shares with a nominal value of SEK 5. This represents 2.7 % of the company’s equity.

Notes

1. GENERAL INFORMATION

Symrise Aktiengesellschaft (Symrise AG, hereafter also referred to as “Symrise” or “we”) is a stock corporation under German law and the parent company of the Symrise Group with its registered office at Muehlenfeldstrasse 1, 37603 Holzminden, Germany. Symrise is a global supplier of fragrances and flavorings, cosmetic active ingredients and raw materials as well as functional ingredients and solutions that enhance the sensory properties and nutrition of various products.

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

The consolidated financial statements and the Group management report of Symrise AG for the fiscal year ending December 31, 2014, were, by resolution of the Executive Board, submitted to the Supervisory Board’s Auditing Committee for review on March 4, 2015 and subsequently approved for publication.

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 include those disclosures and comments that are to be provided as notes in accordance with IFRS 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 cash flows and the consolidated statement of changes in equity. They thus represent an essential component of these consolidated financial statements.

For the purposes of a clearer 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. The consolidated income statement has been prepared using the cost of sales method.

2. ACCOUNTING POLICIES

2.1 Basis of Preparation of the Financial Statements

The consolidated financial statements are prepared on the basis of historical cost with the exception of derivative financial instruments and investment property that are measured at fair value and recognized with effect on profit or loss, as well as financial assets available for sale, which are measured at fair value with no effect on profit or loss.

The consolidated financial statements are presented in euros and amounts are rounded to the nearest thousand euros (T€); in this process, rounding differences may arise. Deviations from this method are explicitly indicated. The individual financial statements of the companies included in the consolidation were prepared at the reporting date of the consolidated financial statements.

2.2 Changes to Accounting Policies

The accounting policies adopted are generally consistent with those applied in the previous year. The following new or revised standards and interpretations were applied for the first time in 2014:

- **IFRS 10 “Consolidated Financial Statements”** regulates which companies are to be included in the consolidated financial statements based on a comprehensive concept of control. **IFRS 11 “Joint Arrangements”** regulates the reporting of cases where a company has joint control over a joint venture or a joint operation. **IFRS 12 “Disclosure of**

Interests in Other Entities" summarizes the disclosure requirements for the interests of a company towards subsidiaries, joint arrangements, associated companies and structured companies into a standard. The new standards were applied retrospectively. Due to IFRS 10, our de facto voting right majority in Probi AB, Sweden, resulted in a transition from including it according to the equity method to full consolidation in 2014. IFRS 12 also resulted in additional disclosures in the notes.

All of the other new or revised standards did not impact our reporting.

The following accounting standards published by the IASB are not yet mandatory and are not being adopted early by Symrise.

- **IFRS 9 "Financial Instruments"** will replace the recognition and measurement of financial instruments according to IAS 39. IFRS 9 introduces a unified approach to classifying and measuring financial assets as well as a new impairment model based on expected credit losses. IFRS 9 also contains new regulations on the application of hedge accounting. IFRS 9 is to be applied to fiscal years beginning on or after January 1, 2018. Earlier adoption is permitted. The European Financial Reporting Advisory Group (EFRAG) delayed its recommendation on the approval of IFRS 9. Symrise is currently evaluating what impacts the initial application of IFRS 9 would have on its consolidated financial statements.

- **IFRS 15 "Revenue from Contracts with Customers"** will regulate the recognition of sales and replace IAS 11 "Construction Contracts" and IAS 18 "Revenue." According to IFRS 15, the realization of revenue relates to the transfer of the stipulated goods or services and is represented with the amount that the company will presumably receive as consideration for the delivered goods or services performed. Revenue is generally realized according to IFRS 15 when the customer receives power of disposition over the goods/services. IFRS 15 contains guidelines on disclosing surpluses and obligations resulting from contracts with customers, e.g. assets and liabilities, that result from services rendered by the company or customer payments. IFRS 15 also requires notes on the type, amount, timing and uncertainties of revenue and cash flows. If it is endorsed by the EU in its current form, IFRS 15 is to be applied to fiscal years beginning on or after January 1, 2017. Earlier adoption is permitted. Symrise is currently evaluating what impacts IFRS 15 would have on its consolidated financial statements.

The other published, revised standards that have not yet been endorsed by the EU are not expected to have a notable impact on the Group's net assets, financial position and results of operations. Should the EU endorse these standards, which are to be applied to future fiscal years, Symrise does not expect to adopt them early.

2.3 Key Judgments and Estimates as well as Sources of Estimation Uncertainty

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

Our judgments, estimates and assumptions are based on historical information and planning data as well as information on economic conditions in the industries and regions where we and our customers actively operate. Changes to these factors could adversely impact our estimates. Our estimates, and the assumptions they are based on, are regularly reviewed. Although we believe our estimates on future developments to be reasonable in consideration of the underlying uncertainties, actual results can vary from the estimates we provide.

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.

In the following sections we list the discretionary decisions made most often and accounting policies affected by judgments, estimates and assumptions which can substantially impact the figures presented in the report. Recognizing these uncertainties is necessary for a clear assessment of the net assets, financial position and results of operations.

ASSESSING IMPAIRMENT OF GOODWILL, OTHER INTANGIBLE ASSETS, PROPERTY, PLANT AND EQUIPMENT, AND DETERMINING THE USEFUL LIFE

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 the goodwill is allocated. In order to estimate the recoverable amount, the Symrise Group has to estimate expected future cash flows deriving from these cash-generating units and also choose a suitable discount rate in order to calculate the present value of these cash flows. To do this, assumptions and estimates of future cash flows are used which are of a complex nature and are associated with considerable discretionary judgments and assumptions regarding future developments. These can be influenced by a number of factors, for example through changes to our internal forecasts or the weighted average cost of capital (WACC). The actual cash flows and values can therefore widely vary from the forecast future cash flows and values that were determined by means of the discounted cash flow. Although we believe that our assumptions and estimates made in the past were reasonable, differing assumptions and estimates could substantially impact our net assets, financial position and results of operations. Additionally, the results of the impairment tests for goodwill are influenced by the allocation of this goodwill to cash-generating units. Further information can be found in note 2.5.

All intangible assets (excluding goodwill) and property, plant and equipment (excluding land) have a definite useful life. That is why the acquisition cost is to be systematically allocated over the respective useful life of intangible assets and property, plant and equipment. Discretionary judgments are required for the determination of the useful life for an intangible asset or property, plant or equipment since Symrise estimates the period in which the asset will likely provide economic value. The amortization period affects the expenses for scheduled amortizations recognized in the individual periods. Further information can be found in note 2.5.

RECOGNITION OF INTERNALLY GENERATED INTANGIBLE ASSETS FROM DEVELOPMENT ACTIVITIES

Intangible assets generated internally through developments are capitalized according to the accounting principles presented in note 2.5. The decision as to whether an internally generated intangible asset is to be reported as an intangible asset on the balance sheet is connected with considerable discretion. Particularly the decision as to whether the activities are to be considered research or development activities and whether the conditions for classification as an intangible asset have been met. This requires assumptions regarding market conditions, customer demand and other future developments. The decision as to whether the intangible asset can be used or sold is the task of management, which must make the decision based on assumptions on the size of future cash flows from assets, the applicable interest rates and the period of inflow from expected future cash flows.

RECOGNITION OF CURRENT INCOME TAXES AND DEFERRED TAXES

Due to the international nature of Symrise's business activities, sales are generated in numerous countries outside of Germany and therefore are subject to the changing tax laws of the respective legal systems. Our ordinary business also consists of transactions where the final tax effects are uncertain, for example regarding transfer prices and cost allocation contracts between Symrise companies. Furthermore, the income taxes paid by Symrise are inherently the object of ongoing audits by domestic and foreign tax authorities. For this reason, discretionary judgments are needed to determine our global income tax provisions. We have estimated the development of uncertain taxation assessments based on current tax laws and our interpretations of them. These discretionary judgments can have substantial impacts on our income tax expenses, income tax provisions and our profit after taxes.

Every year, we assess whether the tax loss carried forward can be used and offset with future tax gains in a reasonable period. Whenever this is not possible, deferred tax assets are diminished. This requires that we make estimates, judgments and assumptions about the tax gains of every Group company. In determining our ability to use our deferred tax assets, we consider all available information including taxable income generated in the past and forecast taxable income in the periods in which the deferred tax assets will likely be realized. In determining future taxable income, the expected market conditions as well as other facts and circumstances are considered. Every negative change to these underlying facts or our estimates and assumptions can result in a reduction to the balance of our deferred tax assets.

PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS

The expenses deriving from defined benefit pension plans and the obligation to provide additional post-employment healthcare benefits are determined on the basis of actuarial calculations. The actuarial valuation is made on the basis of assumptions pertaining to discount rates, future wage and salary increases, mortality rates, future pension increases and the medical cost trend rate increases and is therefore associated with significant discretion.

The discounting factors are to be based on the yields that could be obtained at the balance sheet reporting date for high-quality, fixed interest corporate bonds with a corresponding term and currency designation. If such yield information is not available, the discounting factors are based on market yields for government bonds.

As a result of the fluctuating market and economic situation, the actual developments may differ from the underlying assumptions, 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.

MEASUREMENT OF TRADE RECEIVABLES

Determining the likelihood of collecting receivables involves making estimates and judgments that are based on the financial standing of the respective customer, current economic developments and the analysis of historical debt losses on a portfolio basis. These factors are subject to considerable changes. This applies to both individual receivables as well as the entire portfolio. In this manner, we must judge whether the occurrence of a debt loss is probable and whether the amount of such a loss can be reliably estimated. The determination of general individual value adjustments for the remaining receivables on the basis of previous debt losses is associated with significant discretion since the past is not necessarily representative of future developments. Changes to our estimates in relation to the value adjustments on doubtful receivables can have considerable impacts on the assets and expenses recognized in our consolidated financial statements.

RECOGNITION OF PROVISIONS FOR LITIGATION AND LONG-TERM REMUNERATION PLANS

The determination of provisions is associated with estimates to a substantial degree. Symrise is confronted with legal action in various jurisdictions and regulatory suits. These suits can lead to criminal or civil sanctions, fines or disgorgements for Symrise. We monitor the status of every case at least once every quarter and determine the potential financial and business risk. In determining whether a provision is necessary, and if so, how large it should be, or whether a declaration of a contingent liability is necessary requires significant judgments. Due to the uncertainty relating to these cases, the provisions are based on the best-possible information that is available at the time.

Symrise guarantees long-term remuneration programs with cash compensation. In estimating the fair value of our share-based programs, we rely on assumptions that are in part related to the expected volatility of a future stock index composed of comparable companies in the fragrance and flavor industry as well as suppliers and companies in the food and cosmetics industry. Furthermore, the amount of the final payout for these remuneration programs depends on the price of Symrise stock in comparison to this stock index as of the set target date. The assumptions of the option price model impact the determination of the fair value and therefore the amount and distribution of our expenses for long-term remuneration programs. Changes to these factors can have a considerable influence on the fair value estimates and future payments.

ASSUMPTIONS AND ESTIMATES REGARDING OTHER ITEMS ON THE STATEMENT OF FINANCIAL POSITION

Assumptions and estimates are also necessary for the measurement of other contingent liabilities, other provisions and derivatives.

The assumptions and their corresponding estimates are explained in note 2.5. In individual cases, the actual values can vary from the assumptions and estimates made, meaning that significant adjustments to the carrying amounts of the affected assets or liabilities then need to be made.

2.4 Scope of Consolidation and Principles Determining the Inclusion of Subsidiaries and Associated Companies

SCOPE OF CONSOLIDATION

In addition to Symrise AG as parent company, the scope of consolidation includes all domestic and foreign companies that Symrise AG directly or indirectly controls or where it has significant influence over their activities. Subsidiary companies are those companies in which Symrise AG holds an actual or de facto majority of voting rights and over which it exercises power over business and financial policies in order to benefit from their activities and therefore possesses the opportunity for control. Symrise is also exposed to variable returns from its involvement with the investee or has rights to these companies and has the potential to vary the returns. Associated companies are companies over which Symrise AG exercises significant influence over business and financial policies but which are not subsidiary companies or joint ventures.

In the 2014 fiscal year, the scope of consolidation developed as follows:
In the second quarter of 2014, the previously associated company Probi AB, Sweden, was classified as a subsidiary (see note 27). In addition, two further companies were founded: Symrise IP-Holding GCV, Belgium, and Symrise Nigeria Limited, Nigeria. Four inactive companies were liquidated in the UK and the Netherlands.

Furthermore, 39 companies were acquired as part of the acquisition of the Diana Group (see note 27), which are listed individually in the List of Interests in Entities (see note 50), effective July 8, 2014.

The number of fully consolidated companies therefore rose to 93 (December 31, 2013: 55).

PRINCIPLES DETERMINING THE INCLUSION OF SUBSIDIARIES AND ASSOCIATED COMPANIES

Full Consolidation

All subsidiaries are included in the consolidated financial statements and fully consolidated. Additionally, 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. Adjustments are made to compensate for any differences in recognition and measurement deriving from local accounting policies.

All internal balances, transactions and unrealized gains deriving from internal transactions are eliminated. Unrealized losses deriving from internal transactions are also eliminated unless Group costs cannot be recovered in the future.

Subsidiaries are fully consolidated from the date of acquisition, i.e. from the date on which a controlling influence is gained by Symrise AG. Inclusion in the consolidated financial statements ceases on the date where the parent company's controlling influence ends.

Assets, liabilities and contingent liabilities deriving from business combinations are generally recognized at their fair values at the time of acquisition. In circumstances where the acquisition costs relating to the business combination exceed the proportionate share of newly measured net assets of the acquired object, the amount of such difference is recognized as goodwill. Non-controlling interests can be measured on admission at fair value or at the proportionate share of the identifiable net assets. Symrise uses the latter method. 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 included according to the equity method and initially recognized with the acquisition costs including transaction costs.

After the date of acquisition, the share in the result of the associated company 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 other comprehensive income under Group equity. Any accumulated changes that occur after the date of acquisition accordingly increase or decrease the carrying amount of the investment in the associated company.

Goodwill arising from the initial consolidation is disclosed in the carrying amount of the investment in the associated company and not amortized at a scheduled rate. If the corresponding indicators arise, the carrying amounts for associates recognized according to the equity method are subjected to an impairment test.

Profits and losses deriving from transactions between the Symrise Group and the associated company are eliminated in proportion to the investment share. If the financial statements for an associate are not available in time, the carrying amount of the investment in the associate is updated according to the best possible estimate.

We did not separately disclose our interests in Therapeutic Peptides Inc., USA, and Cuisi'nat, France, due to a lack of significance.

2.5 Summary of Significant Accounting Policies

FOREIGN CURRENCY TRANSLATION

The subsidiaries of Symrise AG maintain their accounting records in the respective functional currency. The functional currency is the currency that is predominantly used or generated as cash. As the Group companies conduct their business independently for financial, commercial and organizational purposes, the functional currency is generally the local currency. Assets and liabilities of foreign subsidiaries whose functional currency is not the euro are translated into euros at the rates applicable at the respective period closing date, irrespective of whether they have been hedged or not. Expenses and income are translated at the average rate for the period. Any translation differences deriving from this process are disclosed by the Symrise Group in Group equity as "cumulative translation differences" with no impact on the income statement.

Insofar 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, such an item 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" with no impact on the income statement and reclassified from other comprehensive income to the income statement at the time of the disposal or redemption of the 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 resulting from this process are recognized in equity as "cumulative translation differences" with no impact on the income statement. When Group companies are removed from the scope of consolidation or interest is reduced through sale, capital reduction or liquidation, the "cumulative translation differences," which had been recognized in other comprehensive income with no impact on the income statement up to this point, will now be (proportionately) reclassified in profit or loss in the same period.

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 measured using the rate of exchange on the reporting date. Any currency translation effects resulting from operational activities are recorded within cost of sales, whereas any impacts resulting from financing activities are recorded within the financial result.

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

			Closing rate = € 1		Average rate = € 1	
Country	**Currency**		**December 31, 2013**	**December 31, 2014**	**2013**	**2014**
UK	British Pound	GBP	0.833	0.779	0.850	0.806
USA	US Dollar	USD	1.377	1.216	1.328	1.328
Mexico	Mexican Peso	MXN	18.027	17.864	16.952	17.658
Brazil	Brazilian Real	BRL	3.252	3.230	2.867	3.120
Singapore	Singapore Dollar	SGD	1.739	1.606	1.661	1.682
China	Chinese Renminbi	CNY	8.334	7.437	8.165	8.184

ACCOUNTING PRACTICES IN COUNTRIES WITH HYPERINFLATION

The financial statements of foreign subsidiaries whose functional currency is the currency of a hyperinflationary economy are adjusted for the change in purchasing power arising from the inflation before conversion to euros and before consolidation. Non-monetary balance sheet items, which are measured as acquisition costs or amortized cost, as well as those amounts reported in the income statement, are adjusted according to a general price index from the time of their initial recognition in the financial statements. Monetary items are not adjusted. All components of equity are corrected from the time of their allocation according to a general price index. An adjustment of the previous year's figures from the consolidated financial statements is not required pursuant to IAS 21.42 (b). In these cases, all balance sheet items and those amounts reported in the income statement are recalculated based on the exchange rate on the reporting date.

RECOGNITION OF SALES REVENUE

Revenue from the sale of merchandise and products is shown at the fair value of the amount received or expected to be received less any returns, trade discounts and rebates. Sales revenue is recognized when the significant rewards and risks 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 rewards and risks 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. Grants are recognized as other operating income in the period in which the expenses occur for which the grant is meant to compensate.

LEASES

A lease is an agreement whereby the lessor assigns to the lessee the right to use an asset for an agreed period of time in return for a payment or series of payments. Leases are classified as either finance leases or operating leases. Leasing transactions that substantially transfer all rewards and risks incidental to ownership of the leased asset to the lessee are classified as finance leases. All other leases are classified as operating leases.

Where Symrise is the lessee in a finance lease, the leased asset is capitalized in the statement of financial position at the lower of the fair value or present value of the minimum lease payments at the beginning of the lease term and simultaneously recognized under financial liabilities. The minimum lease payments essentially comprise financing costs and the principal portion of the remaining obligation which is determined according to the effective interest method. The leased asset is depreciated by the straight-line method over its assumed useful life or the term of the lease, whichever is shorter.

Payments made for operating leases are recognized as expenditure in the consolidated income statement on a straight-line basis over the term of the lease agreement.

Where Symrise is the lessor in an operating lease, the assets involved in the lease agreement are reported in the statement of financial position according to the characteristics of these assets. Income from lease agreements is recognized as income on a straight-line basis over the term of the lease agreement. Costs including depreciation that are incurred in connection with lease income are recognized as expenses. The depreciation policies for leased objects requiring depreciation and amortization correspond with the normal policies for depreciation.

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 recognized in other comprehensive income in equity with no effect on the income statement.

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 that may arise, for example, as a result of audits, are also included here.

Deferred taxes are recognized by applying the so-called liability method to all temporary differences existing at the balance sheet reporting date between the amounts recognized for assets, or liabilities, in the consolidated statement of financial position and the amounts used for taxation purposes as required by IAS 12. No deferred taxes were recognized for 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 commercial accounting result nor the taxable result.

The effects of changes in tax rates on deferred taxes is recognized in the income statement, or in equity under other comprehensive income, in the reporting period in which the legislative procedures for the tax changes are largely 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 the future against which deductible temporary differences, unutilized tax loss carry forwards or unutilized tax credits can be offset.

Deferred taxes are recognized for all taxable temporary differences involving holdings in subsidiaries (so-called outside basis differences) except for the amount for which Symrise is able to manage the chronological course of the reversal of the temporary differences and if it is likely that the temporary differences will not reverse in the foreseeable future.

EARNINGS PER SHARE

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

Since no option or conversion rights exist for any potential shares to be issued, diluted earnings correspond to basic earnings.

INVESTMENT PROPERTY

Investment property is property that is held to earn rentals or for capital appreciation and not used for business or held for sale as part of normal business activities. These items are initially recognized at their costs including transaction costs. After initial recognition, investment property is measured using the fair value model. Value differences resulting from remeasurements are recognized in profit or loss in other operating income or expenses.

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 accounted) 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 represents the excess 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 identifiable assets and liabilities acquired. The goodwill is not subject to a scheduled amortization. At least one impairment test is performed each year to determine whether impairment is needed. 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. Ancillary acquisition costs incurred are recognized with effect on profit or loss.

BORROWING COSTS

In accordance with IAS 23, borrowing costs are included in the costs of an asset as far as the requirements for qualifying non-current assets are met, meaning assets for which a substantial period of time is required to prepare them for their intended use or sale. Borrowing costs also include any supplementary costs incurred from the borrowing of funds in addition to interest.

OTHER INTANGIBLE ASSETS

Intangible assets are measured at cost for the purpose of initial recognition. The cost of an intangible asset acquired during a business combination corresponds to its fair value at the time of the acquisition. Internally generated intangible assets are recognized as assets at cost. Generation costs of an internally generated intangible asset comprise all directly attributable costs that are needed to design, manufacture and process the asset so that it is ready for use according to the purposes management intended.

For intangible assets, it must be determined whether they have a definite or indefinite useful life. Intangible assets with indefinite useful lives are not subject to any scheduled amortizations but rather are subject to an annual impairment test. As of the reporting date, the Symrise Group holds no intangible assets with an indefinite useful life apart from goodwill. For intangible assets with a definite useful life, the costs are amortized in the consolidated income statement on a straight-line basis over the term of their useful lives:

Intangible Assets	Useful Life
Software	3–10 years
Recipes	7–20 years
Trademarks	6–40 years
Customer base	6–15 years
Patents and other rights	5–40 years

The useful lives and amortization methods for intangible assets are reviewed annually for suitability and prospectively adjusted if necessary. In addition, the carrying amounts of capitalized development costs are tested for impairment once per year if the asset is not yet in use or more frequently if indications for impairment arise during the course of the year.

Intangible assets with a definite useful life are recognized at cost minus accumulated amortization and impairment losses.

Gains and losses deriving from the disposal of intangible assets are recognized at the time of disposal as the difference between the proceeds from disposal and the carrying amounts of the intangible assets in the consolidated income statement.

RESEARCH AND DEVELOPMENT COSTS

Costs for research activities are recognized as expenses at their full amount. For accounting purposes, research activities are defined as costs in connection with ongoing or planned examinations that should deliver new scientific or technical findings or insights.

Development expenses are defined as costs in connection with the application of research results or specialist knowledge towards production and production processes as well as services and goods before commercial production or application. The costs for development activities are capitalized when certain precise requirements are fulfilled: Capitalization is always necessary if the development costs can be reliably determined and the product is both technically and financially feasible and if financial benefits that would cover the corresponding development costs are likely. In addition, Symrise must have the intention as well as sufficient resources to complete the development process and to use or sell the asset generated. Since internal development projects are often subject to government approval procedures and other unforeseeable circumstances, the conditions for capitalizing the costs incurred before the asset is approved are usually not met.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recognized at cost less accumulated scheduled depreciation and impairment losses. If the costs of components for 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.

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	5–50 years
Plants and machinery	3–25 years
Equipment	3–20 years

Land is not depreciated at a scheduled rate insofar as it does not concern land used as part of a leasehold. 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.

Gains and losses deriving from the disposal of property, plant and equipment are recognized at the time of disposal as the difference between the proceeds from disposal and the carrying amount of the asset in the consolidated income statement.

FINANCIAL INSTRUMENTS

General Information

A financial instrument is a contract which simultaneously gives rise to a financial asset for one contractual partner and to a financial liability or an equity instrument for the other contractual partner.

Financial assets particularly include cash and cash equivalents, trade receivables, loans receivable and equity instruments of another company as well as derivative financial instruments with a positive market value.

Financial assets are recognized in the consolidated statement of financial position if Symrise has a contractual right to receive cash or other financial assets from another party. 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 conventions or the market in which trading takes place, are accounted for on the date of trading. Financial assets are initially recognized at fair value plus transaction costs. Transaction costs arising in connection with the acquisition of financial assets at fair value through profit or loss are immediately recognized in the income statement. Non-interest-bearing receivables or receivables subject to lower interest rates are initially recognized at the present value of the expected future cash flows.

Income and expenses as well as gains and losses from financial assets contain impairments and reversals, interest income and expenses and dividends as well as gains and losses from the disposal of such assets. Dividend income is recognized when earned. Interest income is recognized using the effective interest method. With the disposal of an asset, neither dividends nor interest income are included in the calculation of the net gain or loss.

Financial liabilities generally give rise to a claim for a return of cash or another form of financial asset and comprise non-derivative liabilities and the negative fair values of derivative financial instruments. Non-derivative liabilities particularly comprise bank borrowings, liabilities towards institutional and private investors, trade payables and liabilities from finance leases. Non-derivative liabilities are recognized in the consolidated statement of financial position if Symrise has a contractual obligation to transfer cash or other financial assets to another party. Non-derivative financial liabilities are initially recognized at the fair value of the return service received or at the value of the cash received minus transaction costs incurred, if applicable.

Financial instruments are classified into the categories "loans and receivables (LaR)," "financial asset or financial liability at fair value through profit or loss (aFVtPL)," "financial assets held to maturity (HtM)," "financial assets available for sale (AfS)" and "financial liabilities at amortized costs (FLAC)." In principle, Symrise does not take advantage of the option to classify financial assets and liabilities at fair value through profit or loss (the fair value option) upon initial recognition.

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 recognized in other comprehensive income or in profit or loss.

Financial assets are derecognized if the contractual rights regarding payments from financial assets no longer exist or the financial assets are transferred with all of their fundamental risks and rewards. Financial liabilities are derecognized if the contractual obligations are settled, eliminated or expired.

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. Instruments that are not to be used for hedging purposes are classified by the company as "held for trading." Derivative financial instruments are measured at fair value through profit or loss and recognized as financial assets or as financial liabilities. The fair value of traded derivative financial instruments corresponds to their market value. If no market values exist, the present value is determined using recognized financial models. Derivative financial instruments are neither held nor issued for speculative purposes.

Cash Flow Hedge

Symrise employs derivative financial instruments to hedge currency risks resulting from its operative business and financing activities.

Selected future cash flows from trade receivables and payables already recognized in the statement of financial position as well as selected future cash flows from highly probable planned transactions are hedged against currency risk through forward contracts. The hedging of currency risk occurs on a rolling basis over a period of up to nine months up to a maximum hedging ratio of 75% of the open currency items of a company.

Insofar as the requirements of IAS 39 for the application of cash flow hedge accounting are fulfilled, the cumulative measurement gains/losses will be initially recognized with no effect on net income in the cash flow hedge reserve and then reclassified to profit or loss in the period in which the hedged underlying transaction influences the net result for the period.

Measurement gains/losses from the derivative financial instrument will be reclassified to sales or cost of sales depending on the underlying transaction (trade payables or receivables in foreign currency). There they will be balanced with the actual currency gains and losses from operating business.

Measurement gains/losses are recognized in the financial result insofar as currency risk hedges are used to hedge financing activities.

Cash flow hedges reduce the impact of exchange rate effects. The requirements resulting from IAS 39 for application of hedge accounting are met by Symrise as follows: When hedging measures are begun, 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 both the concrete allocation of the hedging instrument to the expected foreign currency receivable/liability as well as the estimation of the degree of effectiveness of the hedging instrument implemented. The effectiveness of existing hedging measures is continuously monitored using the cumulative dollar offset method. When hedge relationships become ineffective, they are immediately reversed through profit or loss.

Even if some forward contracts are not presented as cash flow hedge accounting, these also represent a currency fluctuation hedge from a financial point of view. In such cases, the measurement effects of the derivative financial instrument balance out with the effects from the measurement of the foreign currency receivable or liability within the cost of sales.

Trade Receivables and Other Receivables
Trade receivables and other receivables are measured, where applicable by applying the effective interest method, with their market value at the date they arose minus any impairment amount.

Other non-current receivables are measured by applying the effective interest method at amortized cost.

Cash and Cash Equivalents
Cash and cash equivalents include cash balances and call deposits. Cash and cash equivalents are measured at amortized cost.

Financial Assets Available for Sale
Financial assets available for sale are non-derivative financial instruments that were designated as available for sale or cannot be classified in any other valuation category.

Financial assets available for sale are recognized at fair value plus any directly attributable transaction costs. After their initial recognition, they are recognized at their fair value if it is directly ascertainable based on market data. Otherwise the measurement occurs at amortized cost. Unrealized gains and losses are recognized in other comprehensive income taking into account deferred taxes. The reclassification of changes in valuation not recognized in profit or loss in the net income occurs at the time of disposal. If the fair value of financial assets available for sale falls significantly or over a longer period of time below amortized cost, the impairment expense is immediately recognized through profit or loss. If the reasons for the impairment cease to exist, the reversal for the impairment is recognized in the subsequent periods.

Financial assets available for sale are recognized as either current or non-current assets according to management's plans regarding the sale.

ASSETS HELD FOR SALE
"Assets held for sale" consist of non-current 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 or fair value minus costs to sell. Insofar as liabilities relating to the respective disposal groups are identified, then these are also classified as "held for sale."

INVENTORIES
Inventories are measured at the lower of cost or net realizable value. The costs include the cost of procuring the inventories, manufacturing 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 minus any estimated costs of completion and any necessary selling and marketing expenses.

Raw materials are measured using the weighted average procurement cost. Finished goods and work in progress are measured using the costs of direct materials, direct labor as well as other direct costs and a reasonable proportion of manufacturing and material 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, agreements exist to provide additional post-employment healthcare benefits.

Defined Contribution Plans

A defined contribution plan is a plan under the terms of which a company pays fixed contributions to other entities until the 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 by the affected functional area in the consolidated income statement as they become due.

Defined Benefit Plans

Defined benefit plans comprise all pension plans other than defined contribution plans. Claims relating to defined benefit plans are calculated separately for each plan with the actuarially calculated present value of the earned benefit entitlement. This is done 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 (defined benefit obligation, DBO). The discount rate is determined as the yield at the reporting date on high-quality corporate 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 an actuary using the projected unit credit method. If claim entitlements are covered by plan assets, the fair value of these assets is offset with the present value. The net amount is recognized as either a pension liability or asset.

Changes to the present value of defined benefit obligations due to performance are comprised of current and past service costs as well as gains/losses from settlements and are recognized immediately in profit or loss in the operating result. Expenses from interest accrued on pension liabilities as well as the income from plan assets based on the discount rate are recognized in the financial result.

Remeasurements of net debt from defined benefit plans contain actuarial gains and losses from the change in present value of the defined benefit obligation as well as the return on plan assets excluding amounts included in net interest. They are immediately recognized in other comprehensive income with no impact on profit or loss and disclosed in equity in the reserve for remeasurements (pensions).

PROVISIONS

A provision is recognized when it is more likely than not that a present legal or constructive obligation due to a past event exists, which makes the outflow of resources with financial benefits probable, and a reliable estimate of the size of the obligation is possible.

The size of the provision is regularly adjusted if new knowledge becomes available or new conditions arise. Non-current provisions are recognized at the present value of the expected obligation amounts as of the reporting date. The discount rates are regularly adjusted to current market interest rates.

Allocations to provisions are generally recognized through profit or loss in the respective expense category of the affected functions. A positive or negative difference that resulted from the fulfillment of the obligation is recognized at its carrying amount under the corresponding functional expense. Where positive differences from outside the period under review are concerned, these are recognized under other operating income.

IMPAIRMENT

Trade Receivables

The following factors are considered in analyzing the impairment of trade receivables:

- Initially, the financial situation of the individual customers is considered and impairments for individual customer balances are booked if it is probable that the contractually agreed receivable will not be paid.
- Following this, impairments for trade receivables based on homogeneous receivable classes are formed that correspond to the associated risk of loss, past receivable losses as well as general market conditions such as trade embargoes and natural disasters. We create a general bad debt allowance for impairment considerations for a portfolio of receivables when we are of the opinion that the age of the receivables represents an indicator that it is probable that a loss has occurred or that we will not collect some or all of the amounts due.

Objective evidence of impairment is identified on the basis of the following circumstances:

- substantial financial difficulties of the debtor;
- breach of contract;
- concessions to the customer, for economic or legal reasons relating to their financial difficulty;
- insolvency or a major restructuring of the debtor is likely;
- observable data indicates that there is a measurable decrease in the expected future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group (general bad debt allowance).

If, in subsequent periods, the reasons for impairment no longer exist, a reversal will be recognized with effect on profit or loss. If a receivable becomes classified as unrecoverable, it will be derecognized accordingly as a result.

Impairments of trade receivables are partially performed by applying value adjustment accounts. The decision as to whether a default is covered by a value adjustment account or through a direct reduction of the receivable depends on the degree of reliability with which the risk situation can be assessed. Impairments are recognized under selling and marketing expenses. Due to differing operative segments and differing regional conditions, this decision is made by the individual portfolio managers.

Other 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 for financial assets 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 for financial assets held as available for sale is determined by the fair value.

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

Gains and losses deriving from the measurement of financial assets that are classified as available for sale are generally recognized in other comprehensive income. As far as an indication of an impairment for assets classified as available for sale exists, the cumulative loss is removed from other comprehensive income and recognized in the consolidated income statement. Impairment losses for equity instruments classified as available for sale once recognized in the consolidated income statement are not reversed with effect on profit or loss, but recognized in other comprehensive income. Any gains or losses previously recognized in other comprehensive income are transferred to the consolidated income statement at the time of disposal.

Non-financial Assets

At each 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, an estimate of the recoverable amount is made. The recoverable amount of an asset is the higher of the fair value of the asset or cash-generating unit minus 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, the asset is considered to be impaired and an impairment loss is recorded, which means the asset is reduced 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.

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

At each closing date, a review is made to check whether any indications exist that any impairment loss recognized in an earlier reporting period is no longer required, or could be reduced. If such an indication exists, the recoverable amount of the asset is estimated. Any previously recognized impairment loss is reversed if the asset's recoverable amount now exceeds its carrying amount as a result of a change in its estimated value since the time when the impairment loss was originally recognized. 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 reversals are to be recognized directly in the net income for the period. Following the reversal of an impairment loss, the scheduled amortization or depreciation for future periods is adjusted as necessary in order to systematically spread the adjusted carrying amount of the asset minus any expected future residual value over its remaining useful life.

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.

For impairment tests, goodwill is to be allocated to the cash-generating unit within the Group that is intended to benefit from the synergies of the business combination. Every unit with goodwill allocated to it represents the lowest level within the Group at which goodwill is monitored for internal management purposes and is no larger than a business segment as defined by IFRS 8.

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 minus any costs to sell (Level 3) and its value in use. If the recoverable amount attributable to the cash-generating unit is less than its carrying amount, an impairment loss is recognized. Impairment losses on goodwill may not be reversed in future periods. Symrise carries out its annual impairment test for goodwill on September 30.

Within the Symrise Group, the two segments Scent & Care and Flavor & Nutrition have been defined as cash-generating units. 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 calculation 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 while taking into account any changed economic circumstances. In applying value in use, the cash-generating unit is measured as currently used. Net cash inflows outside of the planning period are determined on the basis of long-term business expectations using individual growth rates derived from the respective market information.

The planning information is based on a detailed planning horizon for the fiscal years 2015 to 2018. A growth rate of 1.0 % (previous year: 0.5 %) was assumed for the measurement of perpetual annuity. The cash flows determined in this manner were discounted with a weighted after-tax capital cost factor of 7.74 % for Scent & Care and 7.60 % for Flavor & Nutrition (2013: 7.76 % for both segments). The cost of equity and debt was weighted with a capital structure based on a group of similar companies. Capital market data and data from similar companies was used in determining the cost of equity and debt. There were no indications of impairment for the fiscal year.

In performing the impairment test, Symrise carried out various sensitivity analyses for reasonably possible changes to the WACC or projected sales. These variations in the measurement parameters also did not result in any required impairment of capitalized goodwill.

DETERMINING FAIR VALUE

Many accounting policies require that a fair value is determined for financial and non-financial assets and liabilities. The fair values 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

The input factors for determining the fair value are classified in three levels pursuant to IFRS 13:

- Input factors at **Level 1** are (unadjusted) quoted prices for identical assets or liabilities in active markets accessible to the company at the measurement date.
- Input factors at **Level 2** are, in contrast to the quoted market prices from Level 1, those that are directly or indirectly observable for the asset or liability.
- Input factors at **Level 3** are input factors that are unobservable for assets or liabilities.

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 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 (for example customer base and trademarks) is based on the discounted cash flows that are expected to derive from the use and eventual sale of the assets.

Investment Property

The fair value for investment property is determined by an independent, qualified valuer using recognized measurement techniques, insofar as it is necessary. If prices from recent market transactions with comparable property are available, these transactions are used as references for determining the fair value.

Inventories

The fair value for inventories resulting from a business combination is determined on the basis of estimated sale price over the normal course of business minus estimated manufacturing and selling costs as well as appropriate profit margins based on the required efforts for manufacturing and selling the inventories.

3. SEGMENT INFORMATION

DESCRIPTION OF SEGMENTS WHERE REPORTING IS REQUIRED

For internal reporting purposes, we present our business activities in a number of different ways, mainly based on segments and geographical regions. Based on this reporting information, the Executive Board, which carries responsibility as chief operating decision maker for the success of the various segments and the allocation of resources, assesses the business activities from a number of angles. Operational segments are divided into divisions. With Scent & Care and Flavor & Nutrition, we have two segments, organized according to our products, for which mandatory reporting is required.

SCENT & CARE

The Scent & Care segment develops, produces and sells fragrance compositions, cosmetic ingredients, aroma molecules and mint flavors as well as specific application processes for such substances. The products and application processes that are developed by Symrise in the Scent & Care segment are used by customers in the manufacture of perfumes, personal care and cosmetic products, cleaning products and detergents, air fresheners and oral care products.

FLAVOR & NUTRITION

The Flavor & Nutrition segment develops, produces and sells flavors and functional ingredients that are used in foods, beverages and health products. It also develops tailored solutions from natural raw materials that optimize the performance of products in areas of nutrition, pet food, nutraceutics, aquacultures and cosmetics.

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. Countries are grouped together for internal managerial accounting and reporting purposes into the regions EAME (Europe, Africa, Middle East), North America, Asia/Pacific and Latin America.

MEASUREMENT CRITERIA FOR THE SEGMENTS

Internal control and reporting in the Symrise Group is based on the accounting principles according to IFRS shown in note 2.

Transactions are only conducted between the two segments to a limited extent. These are transacted at market prices and have not been separately disclosed for materiality reasons. External sales represent the sales of the two segments with 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 utilization-related, criteria. The result-related determining factor for the management of the segments is the earnings before interest, taxes, depreciation and amortization on property, plant and equipment and intangible assets (EBITDA). 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 below at Group level and combined together in the form of the financial result. Taxes are treated in a similar manner so that net income after tax is reported combined to give the consolidated net income.

The capital investment made by a segment comprises all expenditure incurred during the reporting 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 25.

SEGMENT RESULTS

2013 T€	Scent & Care	Flavor & Nutrition	Segment total = Group total
External sales	960,436	869,950	**1,830,386**
Cost of sales	– 567,172	– 492,376	**– 1,059,548**
Gross profit	**393,264**	**377,574**	770,838
Other operating income	8,686	7,379	**16,065**
Selling and marketing expenses	– 143,775	– 146,189	**– 289,964**
Research and development expenses	– 69,092	– 57,903	**– 126,995**
Administration expenses	– 39,938	– 45,090	**– 85,028**
Other operating expenses	– 1,037	– 752	**– 1,789**
Income from operations/EBIT	**148,108**	**135,019**	283,127
Amortization of intangible assets	28,012	17,568	**45,580**
Depreciation of property, plant and equipment	18,428	26,031	**44,459**
Impairment reversals on property, plant and equipment	– 12	– 17	**– 29**
EBITDA	**194,536**	**178,601**	373,137
Financial result			**– 37,273**
Income before income taxes			245,854
Income taxes			**– 73,519**
Net income			172,335
Other segment information			
Investments			
Intangible assets	76,713	4,349	**81,062**
Property, plant and equipment	25,346	36,450	**61,796**

2014 T€	Scent & Care	Flavor & Nutrition	Segment total = Group total
External sales	980,409	1,139,698	**2,120,107**
Cost of sales	– 560,463	– 671,241	**– 1,231,704**
Gross profit	**419,946**	**468,457**	**888,403**
Other operating income	12,396	16,668	**29,064**
Selling and marketing expenses	– 144,221	– 200,982	**– 345,203**
Research and development expenses	– 66,963	– 72,387	**– 139,350**
Administration expenses	– 41,623	– 78,657	**– 120,280**
Other operating expenses	– 1,577	– 2,977	**– 4,554**
Income from operations/EBIT	**177,958**	**130,122**	**308,080**
Amortization/impairment of intangible assets	25,497	45,039	**70,536**
Depreciation/impairment of property, plant and equipment	19,467	38,208	**57,675**
EBITDA	**222,922**	**213,369**	**436,291**
Financial result			**– 48,370**
Income before income taxes			**259,710**
Income taxes			**– 72,943**
Net income			**186,767**
Other segment information			
Investments[1]			
Intangible assets	5,151	5,430	**10,581**
Property, plant and equipment	34,688	55,992	**90,680**

1) Excluding additions related to the scope of consolidation

There were no customers accounting for more than 10 % of Group sales either in the reporting year or previous year.

RESULT BY REGION

2013 T€	EAME[1]	North America	Asia/Pacific	Latin America	Total
Sales					
Sales by region (point of delivery)	828,298	350,322	419,572	232,194	**1,830,386**
Domestic					**211,925**
Foreign					**1,618,461**
Other segment information					
Non-current assets[2]					**1,276,750**
Domestic					**740,880**
Foreign					**535,870**
Investments					
Intangible assets	3,622	69,966[3]	1,338	6,136	**81,062**
Property, plant and equipment	35,102	7,301[3]	11,758	7,635	**61,796**

2014 T€	EAME[1]	North America	Asia/Pacific	Latin America	Total
Sales					
Sales by region (point of delivery)	989,046	408,633	452,589	269,839	**2,120,107**
Domestic					**226,274**
Foreign					**1,893,833**
Other segment information					
Non-current assets[2]					**2,702,845**
Domestic					**961,521**
Foreign					**1,741,324**
Investments[4]					
Intangible assets	9,350	249	284	698	**10,581**
Property, plant and equipment	53,784	14,906	9,988	12,002	**90,680**

1) Europe, Africa, Middle East
2) Excluding financial instruments and deferred tax assets
3) Including additions from the business combination of the Belmay Group (asset deal)
4) Excluding additions related to the scope of consolidation

ADDITIONAL DISCLOSURES ON THE CONSOLIDATED INCOME STATEMENT

4. SALES

Sales revenue results primarily from the sale of products. Please refer to the segment reporting information for a presentation of sales by segment and region.

5. COST OF SALES

The cost of sales mainly consists of expenses for raw materials as well as production costs. Amortizations for recipes, technologies, other production-related intellectual property and currency translation effects are also included. Please refer to the segment reporting information for a presentation of cost of sales by segment.

6. OTHER OPERATING INCOME

T€	2013	2014
Income from the reclassification of exchange rate differences from the currency reserve	1,681	8,898
Income from the reversal of provisions and other liabilities	1,934	4,725
Income from government subsidies	1,056	4,362
Income from service units	1,859	3,317
Income from the reversal of impairments on receivables	2,436	2,143
Miscellaneous other income	7,099	5,619
Total	**16,065**	**29,064**

Income from the reclassification of exchange rate differences from the currency reserve resulted from the capital reduction at a subsidiary in Singapore as well as the cessation of business activity in Switzerland.

Income from the reversal of provisions and other liabilities affects such obligations, where utilization is no longer expected or where it is certain it will not be utilized. This mainly relates to income from the reversal of provisions in the USA for medical benefits as part of a redesign of the benefit plan (past service costs, see note 35).

Government subsidies were mainly granted in France to promote research projects. See note 21 for more information.

Income from service units results from services rendered by Group companies for third parties in the areas of logistics, technology and security.

Income from the reversal of impairments on receivables mainly results from incoming payments for receivables previously impaired.

The figure of the remaining other income comprises various individually insignificant cases that are not related to the sale of products.

7. PERSONNEL EXPENSES

T€	2013	2014
Wages and salaries	– 318,993	– 360,869
Social security expenses	– 61,652	– 74,439
Pension expenses (excluding interest expenses)	– 12,419	– 9,272
Termination benefits	– 3,655	– 9,078
Multi-year performance-based remuneration	– 1,136	– 2,674
Total	**– 397,855**	**– 456,332**

The rise in wages and salaries as well as social security expenses compared to the previous year is primarily due to the increase in employees stemming from acquisitions. Social security expenses include social security contributions that the organization is required to make by law. These include defined contribution plan benefits of € 18.2 million (2013: € 12.9 million).

Pension expenses consist of employer contributions to defined benefit plans. In the year under review, one-off income of € 2.5 million resulted from the revision to medical benefits in the USA and was recognized in other operating income. Interest deriving from provisions for pensions is recognized as a component of the financial result as of December 31, 2014 (see note 11).

Termination benefits were mainly accrued in connection with the restructuring of the management stemming from the purchase of the Diana Group.

The multi-year performance-based remuneration affects the Executive Board and select employees. The annual bonuses and bonuses for other employees are recognized in wages and salaries.

The average number of employees employed within the Symrise Group amounts to:

FTE	2013	2014
Manufacturing and technology	2,411	3,208
Sales and marketing	1,546	1,663
Research and development	1,158	1,308
Administration	436	533
Service units	363	376
Number of employees	**5,914**	**7,088**
Apprentices and trainees	116	127
Total	**6,030**	**7,215**

8. SELLING AND MARKETING EXPENSES

Selling and marketing expenses mainly include expenses from the period for advertising and customer service as well as distribution and storage for finished products. It also contains transport costs, expenses for commissions and licenses as well as amortizations of capitalized customer bases and trademarks. Please refer to the segment reporting information for a presentation of selling and marketing expenses by segment.

9. RESEARCH AND DEVELOPMENT EXPENSES

In addition to the costs of Symrise's own research departments, this item also includes costs for external research and development services and trial activities. Along with basic research, activities in this area include the development of products to generate sales revenue as well as new or improved processes to reduce the cost of sales. Such costs cannot be capitalized.

10. ADMINISTRATION EXPENSES

Administration expenses mainly contain expenses for information technology, finance, controlling and human resources as well as for factory security, work safety and administration buildings. The increase in administrative expenses compared to the previous year is especially due to one-off non-recurring transaction and integration costs from the acquisition of the Diana Group of € 10.9 million (see note 27).

11. FINANCIAL RESULT

T€	2013	2014
Interest income		
from bank deposits	1,000	1,727
other	157	840
Interest income	**1,157**	**2,567**
Other financial income	365	179
Financial income	**1,522**	**2,746**
Interest expenses		
from bank borrowings	– 3,321	– 4,312
from other borrowings	– 17,762	– 22,149
other	– 13,879	– 17,805
Interest expenses	**– 34,962**	**– 44,266**
Foreign currency gains/losses	– 2,549	2,559
Fees for financing the Diana acquisition	0	– 5,027
Impact on earnings from business combinations achieved in stages for Probi AB	0	– 2,799
Other financial expenses	– 1,284	– 1,583
Financial expenses	**– 38,795**	**– 51,116**
Financial result	**– 37,273**	**– 48,370**
of which interest result	– 33,805	– 41,699
of which other financial result	– 3,468	– 6,671

Interest expenses for liabilities from the Eurobonds and the US private placement are recognized under the interest expenses for other borrowings. Other interest expenses mainly comprise the compounding of provisions for pensions amounting to € 11.9 million (2013: € 11.0 million).

The financial result for the Group contains one-off non-recurring specific influences relating to the financing of the purchase of the Diana Group amounting to € 5.0 million, as well as one-off non-recurring specific influences of € 2.8 million stemming from the first-time consolidation of Probi AB, Sweden (see note 27).

12. INCOME TAXES

Current taxes paid or owed in individual countries and deferred taxes are recognized as income taxes.

T€	2013	2014
Current tax expense	**– 76,666**	**– 90,303**
Deferred tax expense/income		
from losses carried forward	– 14,550	– 57
from temporary differences	17,697	17,417
Total deferred tax expense/income	**3,147**	**17,360**
Income taxes	**– 73,519**	**– 72,943**

Income taxes in the year under review decreased by € 0.6 million to € 72.9 million. The tax rate for the reporting year amounted to 28.1 % (2013: 29.9 %).

The increase in current income tax expenses of € 13.6 million to € 90.3 million mainly resulted from improved consolidated net income. The changes to deferred tax income resulted primarily from the purchase price allocation of the acquisition of the Diana Group and the depreciation and amortization related to this. In the previous year, deferred tax income had been influenced by the use of tax losses carried forward as well as remeasurement of tax losses carried forward in Singapore related to a development and expansion certificate, which reduces the tax rate to 5 %. In 2014, tax losses carried forward were used, which were opposed by an increase in tax losses carried forward from the Diana Group.

DERIVATION OF THE EFFECTIVE TAX RATE

The income taxes disclosed in the year reported, amounting to € 72.9 million (2013: € 73.5 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 earnings before tax according to the German Commercial Code (HGB):

T€	2013	2014
Consolidated earnings before taxes	**245,854**	**259,710**
Expected tax expense at local tax rates	– 69,361	– 70,912
Tax effect from previous periods	– 10,606	2,886
Tax effect from tax-free income	8,495	9,852
Tax effect from non-deductible expenses	– 3,559	– 6,579
Non-recoverable withholding tax	– 1,344	– 5,247
Tax effect from measurement adjustments to deferred tax assets	997	– 3,565
Tax effect from change in tax rate	2,019	288
Other tax effects	– 160	334
Income tax expense	**– 73,519**	**– 72,943**

Tax effects from previous years were notably lower in 2014 as many key audits have been largely completed.

The effect deriving from tax-free income resulted from foreign tax benefits.

The tax effect from non-deductible expenses mainly resulted from non-deductible interest expenses from the Diana Group as well as commercial tax additions in Germany. A further effect resulted from foreign dividends received, as 5 % of the dividend income in Germany is notionally treated as non-deductible operating expenses.

The increase in tax effects from non-refundable withholding taxes resulted from foreign dividends received.

The effect of value adjustments to deferred tax assets resulted from the derecognition of deferred tax assets due to the closure of a subsidiary as well as the impairment of deferred tax assets for companies within the Diana Group.

The proposed dividend for the 2014 fiscal year (see note 38) will not have any income tax consequences for Symrise. Future income and withholding taxes resulting from planned distributions of Group companies will be recognized under deferred tax liabilities.

No deferred tax liabilities were recognized for temporary differences from interests in subsidiaries amounting to € 170.2 million in 2014 and € 102.4 million in 2013 as these gains are either not subject to taxation on pay out or are expected to be reinvested for indefinite periods of time. The significant increase is due to the acquisition of the Diana Group.

The amount of income tax directly charged or credited to other comprehensive income breaks down as follows:

	2013			2014		
T€	Before taxes	Taxes	After taxes	Before taxes	Taxes	After taxes
Exchange rate differences resulting from the translation of foreign operations	– 57,395	2,034	– 55,361	30,721	2,493	33,214
Financial assets available for sale	– 41	3	– 38	58	– 15	43
Cash flow hedge (currency hedges)	37	– 16	21	– 530	119	– 411
Remeasurement of defined benefit pension plans	44,712	– 13,955	30,757	– 125,858	37,242	– 88,616
Tax rate change	0	– 73	– 73	0	0	0
Other comprehensive income	**– 12,687**	**– 12,007**	**– 24,694**	**– 95,609**	**39,839**	**– 55,770**
of which current taxes		421			– 72	
of which deferred taxes		– 12,428			39,911	

13. AMORTIZATION AND DEPRECIATION

Amortization of intangible assets and depreciation of property, plant and equipment are visible in the movement summary in notes 25 and 26.

14. EARNINGS PER SHARE

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

11,150,000 new shares were issued in the second quarter of 2014 and 489,274 in the third quarter of 2014. These shares are entitled to dividends from January 1, 2014 and have correspondingly been included in the calculation for the earnings per share on a pro rata basis.

No option or conversion rights were issued in 2013 or 2014. As a consequence, there is no dilutive effect on the earnings per share. The diluted and basic results are therefore identical.

	2013	2014
Consolidated net income attributable to the shareholders of Symrise AG (T€)	172,335	185,000
Weighted average number of ordinary shares (in shares)	118,173,300	125,317,373
Earnings per share (€)	**1.46**	**1.48**

ADDITIONAL DISCLOSURES ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

15. CASH AND CASH EQUIVALENTS

T€	December 31, 2013	December 31, 2014
Cash	120,803	188,378
Cash equivalents	14,540	10,850
Total	**135,343**	**199,228**

Cash and cash equivalents mainly consist of balances with banks whose carrying amounts correspond to their fair values. The increase compared with the previous year is especially due to additions to the scope of consolidation (see note 27).

16. TRADE RECEIVABLES

T€	December 31, 2013	December 31, 2014
Trade receivables	329,168	433,120
Allowance for doubtful accounts	– 7,621	– 12,068
Total	**321,547**	**421,052**

Trade receivables are not secured. The company therefore bears the risk of default on payment of the receivables. However, only insignificant cases of default arose with individual customers in the past. The carrying amount of the trade receivables approximately represents their fair value.

The due dates for trade receivables at the reporting date and the allowances therefore have developed as follows:

T€	Carrying amount (gross)	No allowance set up and not overdue	Full or partial allowance set up	Specific allowance set up	Overdue for 1–30 days	Overdue for 31–90 days	Overdue for 91–360 days	Overdue for more than 1 year	Overdue but no allowance set up
December 31, 2013									
Trade receivables	329,168	283,668	45,500	7,621	29,102	8,273	2,833	5,292	0
December 31, 2014									
Trade receivables	433,120	370,716	62,404	12,068	39,596	10,148	6,108	6,552	0

The companies grant credit terms that are customary within the industry and the countries in which they operate.

Allowances for trade receivables during the year under review developed as follows:

T€	2013	2014
January 1	**8,509**	**7,621**
Changes to the scope of consolidation	0	3,114
Allocations set up	2,445	5,048
Utilized in the reporting year	– 664	– 1,654
Reversals	– 2,436	– 2,143
Exchange rate differences	– 233	82
December 31	**7,621**	**12,068**

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 setup of allowances for doubtful trade receivables and debt write-offs are disclosed under selling and marketing expenses.

17. INVENTORIES

T€	December 31, 2013	December 31, 2014
Raw materials	138,264	179,840
Unfinished products	106,616	129,661
Finished products	136,409	193,318
Impairment losses	– 12,722	– 18,129
Total	**368,567**	**484,690**

The cost of sales include material costs without foreign currency effects amounting to € 893.4 million (2013: € 789.6 million).

Inventories are subject to reservations of titles that are standard in the industry.

18. OTHER CURRENT ASSETS AND RECEIVABLES

T€	December 31, 2013	December 31, 2014
Other taxes	19,347	40,781
Other prepayments	15,497	27,799
Miscellaneous other assets	1,402	3,603
Total	**36,246**	**72,183**

Other taxes mainly comprise receivables from value-added tax.

Other prepayments contain particularly payments made for inclusion on customer supplier listings, which are dissolved over the term of the contract, as well as other prepaid services that are delineated on an accrual basis.

Other assets and receivables are not secured. Symrise carries the risk that receivable losses can occur up to the carrying amount. So far, the company has experienced only insignificant cases of default. There are only slight impairments in the items, therefore the development of the impairment account is not presented for materiality reasons.

19. CURRENT FINANCIAL ASSETS

T€	December 31, 2013	December 31, 2014
Balance on a fiduciary account	0	3,291
Security deposits, guarantees and rental deposits	992	1,550
Receivables from customers and employees	644	719
Other financial assets	688	1,178
Total	**2,324**	**6,738**

The balance on a fiduciary account is related to the acquisition of the Belmay Group performed in the previous year.

20. DEFERRED TAX ASSETS/LIABILITIES

Deferred tax assets and liabilities from temporary differences are made up of the following items:

	December 31, 2013			December 31, 2014		
T€	Tax assets	Tax liabilities	Income (+)/ expenses (–)	Tax assets	Tax liabilities	Income (+)/ expenses (–)
Intangible assets	15,160	58,590	9,203	16,565	259,662	8,206
Property, plant and equipment	6,723	43,801	1,706	9,121	57,529	647
Financial assets	106	32	– 14	1,105	200	931
Inventories	10,389	248	527	13,746	340	4,692
Trade receivables, prepayments and other assets	3,632	1,855	3,208	3,236	10,486	– 9,839
Provisions for pensions	37,359	7	65	76,133	0	1,961
Other provisions and other liabilities	9,786	7,073	2,002	30,471	15,864	10,722
Interests in subsidiaries	0	1,993	1,000	0	1,900	97
Losses carried forward	8,237	0	– 14,550	35,984	0	– 57
Sub-total	**91,392**	**113,599**	**3,147**	**186,361**	**345,981**	**17,360**
Offsetting	– 45,200	– 45,200		– 105,067	– 105,067	
Total	**46,192**	**68,399**	**3,147**	**81,294**	**240,914**	**17,360**

Deferred tax income amounted to € 17.4 million in 2014 in contrast to a deferred tax income of € 3.1 million in 2013.

The change to deferred tax income primarily resulted from the expansion to the scope of consolidation. Deferred tax liabilities (net) of € 192.1 million were recognized as a result of the acquisition of the Diana Group as well as the full consolidation of Probi AB, Sweden. Ongoing depreciation and amortization from the purchase price allocation for the acquisition of the Diana Group as well as the capitalization of deferred tax assets on tax losses carried forward from the Diana Group had a substantial influence on deferred tax income.

With regard to the change in provisions for pensions and the related change in deferred taxes, please see note 12.

Overall, corporation tax losses carried forward amounting to € 146.7 million (December 31, 2013: € 70.6 million) existed as of the reporting date. Additionally, tax losses carried forward amounting to € 6.6 million (December 31, 2013: € 3.7 million) existed from commercial taxes in Germany. Of the corporation tax losses, € 1.0 million are subject to time limits.

The use of tax losses carried forward and therefore the measurement of the corresponding deferred tax assets are substantiated through tax planning. Impairment on deferred tax assets amounted to € 3.5 million as of the reporting date (December 31, 2013: € 0 million).

The calculation of foreign income taxes is based on the particular country's legal regulations. The tax rates of the individual companies range between 0 % and 38 % without considering financing companies.

Foreign currency translation effects are contained in the deferred tax assets and liabilities amounting to € 1.9 million in the year under review (December 31, 2013: € 0.8 million).

21. OTHER NON-CURRENT ASSETS AND RECEIVABLES

T€	December 31, 2013	December 31, 2014
Receivables from research grants	0	19,957
Prepayments	6,814	5,107
Miscellaneous other assets	293	1,521
Total	**7,107**	**26,585**

Receivables from research grants contain not yet offset entitlements from tax credits granted by the French government on research expenses (Crédit d'impôt recherche, CIR) as well as for competitiveness and employment (Crédit d'impôt pour la compétitivité et l'emploi, CICE). There are no unfulfilled conditions or other contingencies in connection with these grants.

As in the previous year, payments made for inclusion on customer supplier listings are recognized in prepayments. The payments made for these inclusions will be dispersed over the term of the contract. The reduction resulted from the reclassification of elements which have become current to other current assets and receivables.

22. NON-CURRENT FINANCIAL ASSETS

T€	December 31, 2013	December 31, 2014
Right of recourse	0	10,100
Financial assets (available for sale)	5,317	5,427
Security deposits, guarantees and rental deposits	1,073	1,694
Balance on fiduciary account	7,263	1,645
Receivables from customers, employees and suppliers	1,380	1,174
Other financial assets	79	260
Total	**15,112**	**20,300**

The right of recourse was stipulated with the seller over the course of the purchase of the Diana Group and ensures repayment for any possible financial risks (see note 27).

The item financial assets contains securities that have to be held in compliance with legislative requirements for pension obligations in Austria as well as other investments.

The balance on the fiduciary account is related to the acquisition of the Belmay Group performed in the previous year and was partially reclassified to current financial assets as of December 31, 2014.

23. INVESTMENTS IN ASSOCIATES

The purchase of additional shares in Probi AB, Sweden, during the fiscal year 2014 resulted in Symrise gaining control of Probi AB as Symrise had thereby established a de facto voting right majority. Probi AB was therefore consolidated into the Symrise Group for the first time in 2014 (see note 27). No other notable associates exist.

24. INVESTMENT PROPERTY

Investment property refers to property and buildings in Switzerland that are being held for the purpose of capital appreciation since the beginning of 2013.

The fair value for investment property is not determined by an independent, qualified valuer, but rather based on observed transactions that are comparable with the location and type of the property in question (market value simulation). The prices per square meter used for the evaluation ranged between CHF 130 and 255.

The following table shows the transfer of the fair value in Level 3:

T€	December 31, 2013	December 31, 2014
January 1	**0**	**2,583**
Reclassifications from property, plant and equipment	1,211	0
Additions	117	0
Disposals	– 426	– 716
Fair value changes		
Recognized in profit or loss	1,673	264
Exchange rate differences	8	51
December 31	**2,583**	**2,182**

The changes to fair value were recognized in other operating income.

If the underlying price per square meter were to fluctuate by +/–10 %, this would increase or decrease the fair value of the investment properties by T€ 218.

In 2014, rental income amounting to T€ 98 was recorded. Maintenance expenses amounted to T€ 77 for rented properties and T€ 83 for non-rented properties.

25. INTANGIBLE ASSETS

2013 T€	Goodwill	Recipes[1] with definite useful lives	Other intangible assets[2] with definite useful lives	Capitalized development costs	Advance payments and intangible assets in development	Total
Costs						
January 1, 2013	**528,128**	**609,923**	**142,184**	**15,384**	**14,044**	**1,309,663**
Additions from business combinations	18,625	5,821	47,057	0	0	71,503
Additions from acquisitions	0	21	3,118	0	4,684	7,823
Additions from internal development	0	0	0	278	1,458	1,736
Disposals	0	0	– 2,523	0	0	– 2,523
Transfers	0	0	10,011	653	– 10,664	0
Exchange rate differences	– 17,153	– 12,094	– 6,723	0	– 211	– 36,181
December 31, 2013	**529,600**	**603,671**	**193,124**	**16,315**	**9,311**	**1,352,021**
Accumulated amortization and impairment losses						
January 1, 2013	**– 36,813**	**– 400,081**	**– 59,778**	**– 7,991**	**0**	**– 504,663**
Scheduled amortization for the fiscal year	0	– 25,975	– 15,723	– 3,882	0	– 45,580
Disposals	0	0	2,270	0	0	2,270
Transfers	0	0	– 382	382	0	0
Exchange rate differences	– 2,071	8,178	2,201	0	0	8,308
December 31, 2013	**– 38,884**	**– 417,878**	**– 71,412**	**– 11,491**	**0**	**– 539,665**
Carrying amounts						
January 1, 2013	491,315	209,842	82,406	7,393	14,044	805,000
December 31, 2013	**490,716**	**185,793**	**121,712**	**4,824**	**9,311**	**812,356**

1) Recipes mainly consist of production recipes from business combinations.
2) Customer bases, software, patents and other rights, trademarks, own IT developments.

2014 T€	Goodwill	Recipes[1] with definite useful lives	Other intangible Assets[2] with definite useful lives	Capitalized development costs	Advance payments and intangible assets in development	Total
Costs						
January 1, 2014	**529,600**	**603,671**	**193,124**	**16,315**	**9,311**	**1,352,021**
Changes to the scope of consolidation	581,683	79,704	596,039	2,422	820	1,260,668
Additions from acquisitions	0	0	5,463	0	4,396	9,859
Additions from internal development	0	0	0	675	47	722
Disposals	0	0	– 3,902	– 411	0	– 4,313
Transfers	0	0	4,594	626	– 5,220	0
Exchange rate differences	21,895	23,168	13,534	– 95	– 510	57,992
December 31, 2014	**1,133,178**	**706,543**	**808,852**	**19,532**	**8,844**	**2,676,949**
Accumulated amortization and impairment losses						
January 1, 2014	**– 38,884**	**– 417,878**	**– 71,412**	**– 11,491**	**0**	**– 539,665**
Changes to the scope of consolidation	0	0	– 11,884	– 442	0	– 12,326
Scheduled amortization for the fiscal year	0	– 29,389	– 38,650	– 2,023	0	– 70,062
Impairment	0	– 316	– 158	0	0	– 474
Disposals	0	0	3,567	0	0	3,567
Exchange rate differences	– 2,889	– 16,365	– 4,433	23	0	– 23,664
December 31, 2014	**– 41,773**	**– 463,948**	**– 122,970**	**– 13,933**	**0**	**– 642,624**
Carrying amounts						
January 1, 2014	490,716	185,793	121,712	4,824	9,311	812,356
December 31, 2014	**1,091,405**	**242,595**	**685,882**	**5,599**	**8,844**	**2,034,325**

1) Recipes mainly consist of production recipes and technologies from business combinations.
2) Customer base, trademarks, software, patents and other rights, own IT developments.

Regarding the changes to the scope of consolidation, please see note 27.

The remaining additions relate to software, primarily SAP applications, and the registration of chemicals according to the European chemicals directive (REACH).

Capitalized development costs, including those currently in progress, amounted to € 5.9 million as of the reporting date (December 31, 2013: € 7.3 million).

The amortization of recipes is allocated to production and is therefore included in the cost of sales. Amortizations on customer bases and trademarks are recognized in selling and marketing expenses. The amortization of other intangible assets is generally allocated to the relevant functional area in the consolidated income statement.

T€	December 31, 2013	December 31, 2014
Goodwill according to segment		
Scent & Care	173,193	179,094
Flavor & Nutrition	317,523	912,311
Total	**490,716**	**1,091,405**

26. PROPERTY, PLANT AND EQUIPMENT

2013 T€	Land and buildings	Plants and machinery	Equipment	Assets under construction	Total
Costs					
January 1, 2013	**331,565**	**328,297**	**151,622**	**40,423**	**851,907**
Additions from business combinations	0	516	99	0	615
Other additions	4,089	10,181	11,047	35,864	61,181
Disposals	– 2,022	– 2,312	– 3,025	– 199	– 7,558
Transfers	5,899	17,990	4,690	– 28,579	0
Reclassification to investment property	– 4,265	0	0	0	– 4,265
Exchange rate differences	– 9,231	– 7,877	– 6,435	– 1,123	– 24,666
December 31, 2013	**326,035**	**346,795**	**157,998**	**46,386**	**877,214**
Accumulated depreciation and impairment losses					
January 1, 2013	**– 114,004**	**– 197,274**	**– 102,512**	**0**	**– 413,790**
Scheduled depreciation for the fiscal year	– 12,205	– 20,977	– 11,277	0	– 44,459
Reversals	29	0	0	0	29
Disposals	1,036	2,092	2,702	0	5,830
Reclassification to investment property	3,054	0	0	0	3,054
Exchange rate differences	3,387	4,605	3,752	0	11,744
December 31, 2013	**– 118,703**	**– 211,554**	**– 107,335**	**0**	**– 437,592**
Carrying amounts					
January 1, 2013	217,561	131,023	49,110	40,423	438,117
December 31, 2013	**207,332**	**135,241**	**50,663**	**46,386**	**439,622**

2014 T€	Land and buildings	Plants and machinery	Equipment	Assets under construction	Total
Costs					
January 1, 2014	**326,035**	**346,795**	**157,998**	**46,386**	**877,214**
Changes to the scope of consolidation	111,600	176,220	15,846	8,342	312,008
Additions	6,310	18,349	12,349	53,672	90,680
Disposals	– 776	– 6,173	– 2,958	– 279	– 10,186
Transfers	13,879	19,827	7,627	– 41,333	0
Exchange rate differences	8,536	15,028	5,238	2,619	31,421
December 31, 2014	**465,584**	**570,046**	**196,100**	**69,407**	**1,301,137**
Accumulated depreciation and impairment losses					
January 1, 2014	**– 118,703**	**– 211,554**	**– 107,335**	**0**	**– 437,592**
Changes to the scope of consolidation	– 47,460	– 101,124	– 10,685	0	– 159,269
Scheduled depreciation for the fiscal year	– 14,678	– 28,118	– 13,527	0	– 56,323
Impairment	– 953	– 344	– 55	0	– 1,352
Disposals	402	5,876	2,794	0	9,072
Transfers	– 16	– 768	784	0	0
Exchange rate differences	– 4,400	– 8,550	– 3,040	0	– 15,990
December 31, 2014	**– 185,808**	**– 344,582**	**– 131,064**	**0**	**– 661,454**
Carrying amounts					
January 1, 2014	207,332	135,241	50,663	46,386	439,622
December 31, 2014	**279,776**	**225,464**	**65,036**	**69,407**	**639,683**
of which finance leases	8,241	3,363	386	0	11,990

Regarding the changes to the scope of consolidation, please see note 27.

Other additions mainly concerned investments in capacity expansions as well as replacements in the mass spectrometry in research. Additions contain capitalized borrowing costs amounting to € 0.5 million. The underlying capitalization rate amounts to 4.04 % (December 31, 2013: 4.06 %).

The impairments result from the consolidation of sites and are recognized in the associated functional areas.

27. BUSINESS COMBINATIONS

PROBI AB

Probi AB, headquartered in Lund, Sweden, (hereafter: Probi) researches and develops in the area of probiotics and is one of the leading manufacturers of probiotic cultures for beverages, milk products and nutritional supplements. Probi is highly regarded among internationally operating food and consumer goods manufacturers, thanks to its pioneering concepts in the research, development and manufacture of probiotics. The company markets probiotics for products that support intestinal health and help to maintain a healthy immune system. Since its founding in 1991, Probi has developed a strong and innovative research and development platform and possesses extensive, patented know-how. With expansion into new areas, Probi is tapping into additional growth potential and complementing the existing activities in the Flavor & Nutrition segment.

Symrise and Probi are working together to identify probiotics with health-promoting characteristics. The focus of the strategic collaboration is the development of functional ingredients for oral care products. Probi already has commercialized probiotic cultures as well as new strains with specific efficacy profiles. Symrise is among the world's leading suppliers of products for dental care and oral hygiene. With the combination of Symrise's know-how in the areas of sensory and functional ingredients and Probi's wealth of experience in patented probiotics, completely new products with high-quality profiles can be developed for consumers – particularly those that have or will have proven health benefits.

The purchase of additional shares in Probi AB led Symrise's holdings in the company to exceed the 30 % threshold in January 2014, which required Symrise to present the other Probi shareholders with a mandatory public offer in the first quarter of 2014. The offer price amounted to SEK 40.10 per share. 1.6 million shares (16.6 %) were tendered to Symrise. After acquiring these shares, Symrise held 46.6 % of the voting rights. The resulting acquisition costs amounted to € 7.4 million.

Based on the provisions of IFRS 10, it must be assessed whether a company, even a company holding less than 50 % of the voting rights, exercises de facto control and whether the company under control is to be listed as fully consolidated in the consolidated financial statements as a result. As of March 31, 2014, this assessment was tied to uncertainty as there was no way of knowing how the increase in Symrise's holding would affect participation at Probi's Annual General Meeting. The low turnout at Probi's Annual General Meeting on April 29, 2014, provides us with an adequate basis for declaring that Symrise exercises de facto control over Probi. For this reason, Probi is to be classified as a subsidiary from April 29, 2014 and was fully consolidated from this date. The carrying amount of the investment in the associate totaled € 22.5 million as of April 29, 2014. A one-off non-recurring valuation effect of € –2.8 million resulted from the transition of applying the equity method to full consolidation. This is recognized in the financial result (see note 11).

The assets and debts initially recorded in the consolidated statement of financial position were recognized at the following (provisional) fair values:

T€	Initially recognized fair value as of the acquisition date
Cash and cash equivalents	10,476
Trade receivables	2,371
Intangible assets	11,640
Other assets	1,250
Trade payables	– 1,001
Other liabilities	– 3,284
Net assets	**21,452**
Non-controlling interests	– 11,449
Acquired net assets	**10,003**
Consideration transferred for acquiring the shares (cash only)	**19,717**
Goodwill	**9,714**

The (preliminary) goodwill results from synergy and earning potentials that are expected from the integration of the operating business into the Symrise Group. The fair values on the basis of the first-time consolidation of this acquisition should be viewed as preliminary and are based on estimates, which in turn are based on post-processing, in order to take facts and conditions that already existed as of the purchase date into consideration. There were no trade receivables at the time of acquisition that were classified as unrecoverable.

Since the acquisition date, Probi contributed € 12.0 million to sales and € 0.8 million to the consolidated net income of the Symrise Group.

DIANA GROUP

On July 8, 2014, Symrise acquired all of the shares held by Kerisper SAS and Kerisper Management SAS in the Diana Group as part of a share deal. The companies are based in Saint Nolff, France. The Diana Group is one of the leading suppliers of sensory solutions based on natural ingredients and has become a preferred partner to manufacturers of foods, pet food, functional foods, aquacultures and cosmetics. It operates production sites and sales branches in 23 countries across Europe, North and Latin America as well as Asia.

With the acquisition, the portfolio of natural ingredients has been considerably expanded. New fields of business, such as the market for pet food, are also being tapped into, backwards integration with agricultural raw materials is expanded and our customers are further supported in their requirements regarding the traceability of ingredients used. This business combination provides Symrise with an opportunity for profitable growth beyond our traditional target markets and contributes to future value creation in the Flavor & Nutrition segment.

The preliminary purchase price amounts to € 457.9 million (equity value) and consists of components to be remunerated in cash (€ 438.3 million) and, to a lesser extent, in Symrise shares (€ 19.6 million). The number of shares needed to cover this part of the purchase price is based on the closing price for the Symrise share on the day of the legal closing of the business combination contract (July 28, 2014). This corresponded to a total of 489,274 ordinary shares issued at a rate of € 40.08 per share.

The assets and debts initially recorded in the consolidated statement of financial position were recognized at the following (preliminary) fair values:

T€	Initially recognized fair value as of the acquisition date
Cash and cash equivalents	51,686
Trade receivables	72,188
Inventories	87,489
Intangible assets	655,020
Property, plant and equipment	152,505
Other assets	33,743
Current tax assets	6,055
Deferred tax assets	28,312
Trade payables	– 45,674
Borrowings	– 869,747
Provisions	– 8,789
Other liabilities	– 42,721
Deferred tax liabilities	– 218,460
Contingent liabilities	– 8,731
Net assets	**– 107,124**
Non-controlling interests	– 6,960
Acquired net assets	**– 114,084**
Consideration transferred for acquiring the interests	**457,884**
Goodwill	**571,968**

The (preliminary) goodwill results from synergy and earning potentials that are expected from the integration of the operating business into the Symrise Group.

Acquired borrowings generally (€ 849.7 million) correspond to financial loans made available by shareholders (€ 530.8 million) and from bank-backed loans (€ 318.9 million) – each including accrued interest. These became due with the acquisition and were immediately redeemed by Symrise. Together with the consideration of € 457.9 million for the acquired net assets, this represents a transaction volume of € 1.3 billion.

Trade receivables include gross amounts of the contractual receivables of € 75.3 million, of which € 3.1 million were classified as presumably unrecoverable at the date of acquisition.

Contingent liabilities include obligations from potential risks that were measured at € 18.8 million as part of the purchase price allocation and € 10.1 million for the right of recourse towards the seller.

The first-time consolidation of the Diana Group should be viewed as preliminary as it is based on estimates, which in turn are based on post-processing, in order to take facts and conditions that already existed as of the purchase date into consideration.

From the acquisition date, the Diana Group contributed € 233.9 million to sales and € 4.6 million to consolidated net income in 2014. This consolidated net income is negatively impacted by an one-off expense of € 9.8 million and is recognized in the cost of sales. As part of the purchase price allocation, the purchased inventories were recognized at their sale price minus any outstanding expenses for completion. Since these purchased inventories were processed and sold as end products in the second half of 2014, this appreciation was recognized together with the other material and production costs through profit or loss.

In the Flavor & Nutrition segment, one-off non-recurring ancillary acquisition costs related to the acquisition and integration totaling € 20.0 million were recognized in the operating result up in 2014 (cost of sales: € 3.8 million, selling and marketing expenses: € 4.8 million, research and development expenses: € 0.5 million, administration expenses: € 10.9 million). There are also considerations for financing the acquisition of € 5.0 million recognized in the financial result. The expenses were mainly incurred for legal and other consulting services, for termination benefits as well as in connection with the consolidation of locations.

Assuming that the business combinations performed in 2014 had been completed by January 1, 2014, Group sales would have amounted to € 2,357.0 million and consolidated net income € 202.9 million. The pro forma figures are estimates. Here, simplified assumptions were made: Sales and expenses, including depreciation, amortization and financial expenses, were extrapolated for the full year (2014) on a linear basis (pro rata temporis).

28. TRADE PAYABLES

Trade payables are due within one year, as in the previous year.

29. OTHER CURRENT LIABILITIES

T€	December 31, 2013	December 31, 2014
Employee-related liabilities	39,402	63,863
Other taxes	5,983	22,438
Liabilities to customers	11,062	15,941
Taxes on wages/salaries, social security contributions and other social benefits	11,352	15,640
Insurance premiums	1,698	1,202
Miscellaneous other liabilities	6,424	13,039
Total	**75,921**	**132,123**

Employee-related liabilities mainly contain annual bonuses and other bonuses as well as accruals for unused vacation time.

Other taxes mainly consist of obligations for value-added taxes.

Miscellaneous other current liabilities mainly derive from diverse administration, selling and marketing expenses which arise during the normal course of operations as well as from liabilities from litigation.

30. OTHER CURRENT PROVISIONS

T€	Termination benefits	Performance-based remuneration	Jubilee	Miscellaneous other provisions	Total 2014
January 1	**2,025**	**1,768**	**817**	**438**	**5,048**
Changes to the scope of consolidation	1,026	0	0	631	1,657
Increases	2,106	952	152	3,210	6,420
Reversals	– 1,026	0	0	– 253	– 1,279
Utilized	– 1,440	– 1,780	– 808	– 2,200	– 6,228
Transfers	0	1,268	900	1,930	4,098
Sub-total	**2,691**	**2,208**	**1,061**	**3,756**	**9,716**
Exchange rate differences	57	0	0	113	170
December 31	**2,748**	**2,208**	**1,061**	**3,869**	**9,886**

Performance-based remuneration was approved for the Executive Board and select employees.

The provisions for termination benefits primarily relate to structural changes to management stemming from the acquisition of the Diana Group.

Miscellaneous other provisions do not contain any significant items, which is why a separate depiction was not provided.

We expect that the cash outflow for all provisions will take place within the next few months and by the end of the year 2015 at the very latest.

31. CURRENT FINANCIAL LIABILITIES

The item mainly consists of the current portion of the purchase price obligation from the previous year's acquisition of the Belmay Group, which was not due immediately (€ 7.5 million, December 31, 2013: € 2.8 million). Please refer to note 42 for the development of this obligation. The obligation is classified as "measured at fair value through profit or loss." The fair value changes are recognized in other operating income/expenses.

32. CURRENT TAX LIABILITIES

Tax provisions contain current income taxes for periods not yet assessed. The increase of this item compared to the previous year is mainly due to tax arrears for the financial year 2014 in Germany. For additional information, please see note 12.

33. CURRENT AND NON-CURRENT BORROWINGS

	December 31, 2013			December 31, 2014		
T€	Current	Non-current	Total	Current	Non-current	Total
Bank borrowings	37,077	82,177	119,254	111,709	298,462	410,171
Other borrowings	53	424,564	424,617	356	945,607	945,963
Accrued interest	3,869	0	3,869	8,254	590	8,844
Total	**40,999**	**506,741**	**547,740**	**120,319**	**1,244,659**	**1,364,978**

Of current bank borrowings from the revolving credit facility, a nominal value of € 92.6 million (December 31, 2013: € 31.9 million) relates to current loans under the terms of a revolving credit facility for € 300.0 million that is available to the Group until November 19, 2015. In addition to the credit facility mentioned, credit lines with the Commerzbank AG for € 12.5 million and the Deutsche Bank AG for USD 5.0 million exist to cover short-term payment requirements. Accordingly, as of December 31, 2014, Symrise had unutilized lines of credit available, totaling € 224.0 million (December 31, 2013: € 284.3 million).

Non-current borrowings mainly comprise a US private placement, a term loan, a loan from the European Investment Bank (EIB), a loan from the KfW, the two Eurobonds as well as the local debt of the Diana companies and contains carrying amounts in foreign currencies (USD, INR) totaling € 225.3 million (December 31, 2013: € 192.5 million).

As part of the revolving credit facility, KfW loan, the term loan, US private placement and the loan from the European Investment Bank, Symrise has entered into an obligation (leverage covenant) to keep the relationship between net debt and EBITDA within definite limits. This ratio is controlled on a quarterly basis for compliance and was constantly observed as in the previous year.

	Maturity date	Nominal interest rate		Nominal value in issue currency (T)	Carrying amount in T€ December 31, 2013	Carrying amount in T€ December 31, 2014
Symrise AG						
Eurobond 2014	July 2019	1.75 %	fixed	EUR 500,000	–	494,949
Eurobond 2010	October 2017	4.125 %	fixed	EUR 300,000	297,747	298,301
US private placement	November 2020	4.09 %	fixed	USD 175,000	126,817	143,722
Term loan	July 2017	0.73 %	Euribor + 0.65 %	EUR 225,000	–	224,589
EIB loan	April 2020	2.586 %	fixed	USD 90,000	65,369	74,043
KfW loan	September 2019	1.45 %	fixed	EUR 15,922	19,274	15,922
Revolving credit facility USD (2014)	January 2015	1.07 %	Libor + 0.9 %	USD 70,000	–	57,481
Revolving credit facility EUR (2014)	January 2015	0.93 %	Euribor + 0.9 %	EUR 35,000	–	34,725
Revolving credit facility USD (2013)	January 2014	0.87 %	Libor + 0.7 %	USD 37,000	26,649	0
Revolving credit facility EUR (2013)	January 2014	0.93 %	Euribor + 0.7 %	EUR 5,000	4,430	0
Ecuaprotein SA, Ecuador						
Shareholder loan	March 2018	5.00 %	fixed	USD 4,065	–	3,344
Term loan	May 2016	8.00 %	fixed	USD 250	–	206
Aquasea Costa Rica, Costa Rica						
Shareholder loan	December 2020	5.00 %	fixed	USD 3,595	–	2,958
Diana Naturals Chile SpA, Chile						
Term loan	May 2015	3.90 %	fixed	USD 2,100	–	1,773
DianaPlantSciences SAS, France						
Promotional loan	December 2024	0.00 %	fixed	EUR 783	–	783
Diana Naturals SAS, France						
Promotional loan	December 2024	0.00 %	fixed	EUR 684	–	684
Symrise Private Limited, India						
Term loan	December 2017	10.55 %	fixed	INR 75,000	1,180	979
Working capital facility (2014)	January 2015	0.73 %	fixed	USD 538	–	443
Working capital facility (2013)	June 2014	0.86 %	fixed	USD 3,190	2,317	0
Spécialités Pet Food SAS, France						
Promotional loan	December 2016	0.00 %	fixed	EUR 600	–	600
Promotional loan	June 2025	0.00 %	fixed	EUR 100	–	100
Kerisper SAS, France						
Promotional loan	December 2024	0.00 %	fixed	EUR 440	–	440
Other borrowings	–	–	–	–	88	92
Accrued interest	–	–	–	–	3,869	8,844
Total					**547,740**	**1,364,978**

34. OTHER NON-CURRENT PROVISIONS

T€	Jubilee	Restoration obligations	Performance-based remuneration	Miscellaneous other provisions	Total 2014
January 1	**7,756**	**2,905**	**1,029**	**2,848**	**14,538**
Changes to the scope of consolidation	1,434	0	0	1,469	2,903
Increases	677	0	1,722	2,036	4,435
Reversals	– 20	0	0	– 4	– 24
Transfers	– 900	0	– 1,268	– 2,658	– 4,826
Sub-total	**8,947**	**2,905**	**1,483**	**3,691**	**17,026**
Interest expenses	1,195	16	125	236	1,572
Exchange rate differences	16	281	0	45	342
December 31	**10,158**	**3,202**	**1,608**	**3,972**	**18,940**

The jubilee obligations were discounted using an interest rate of 2.1 % in the fiscal year compared to 3.4 % last year.

Provisions for restoration obligations comprise liabilities to lessors to restore leased objects to their condition before commencement of the lease. The present value of restoration obligations are recognized in the period where the obligation originated. We generally assume that the corresponding cash outflow is due at the time of the termination of the respective lease contract, though the end of the lease and the amount due are estimated.

Performance-based remuneration was approved for the Executive Board and select employees.

Miscellaneous other provisions do not contain any significant items, which is why a separate depiction was not provided.

35. PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

Individual companies have established pension plans that are either financed directly through 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 pension plans, Symrise is not subject to any of the risks beyond standard actuarial risks such as longevity risks, interest rate fluctuation risks, currency risks and capital market risks usually associated with assets.

The characteristics of the core plans offered by Symrise are described below:

GERMANY

In Germany, Symrise grants pension benefits via benefit plans with employer-financed prior commitments (defined benefit plans) and various plans with deferred compensation (defined contribution and defined benefit plans).

The active participation of employees of the former Haarmann & Reimer GmbH, Germany, in the Bayer mutual pension fund VVaG 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 income 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 threshold 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 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 threshold for the assessment of contributions as defined by the German State Pension Authority West.

From January 1, 2010, onwards, all new Symrise employees with unlimited employment contracts at German locations are obliged 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 threshold 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.

Furthermore, 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.

The pension plan through RPK as an external benefit provider is classified as a defined contribution plan and therefore no provisions for pensions are established. All other obligations from benefit commitments are recognized as defined performance-based benefit plans and therefore accounted for in provisions for pensions. No plan assets exist for these provisions.

USA

In the USA, Symrise grants pension benefits through a defined benefit plan, known as a Mass Mutual Plan, as well as medical benefits. Both plans have been frozen, meaning that the plans are closed for new entries as well as for further entitlements since 2012 and 2003, respectively. The amount of the benefits from the Mass Mutual Plan is determined by the average final salary as well as years of service to the company. The plan assets held for this benefit plan are retained in pooled separate accounts at the Massachusetts Mutual Life Insurance Company, which invests the assets in a diversified manner so as to minimize concentrations of risk. The investment decisions are made by an investment committee, the Benefit Oversight Committee, which is also responsible for the legal management and has fiduciary responsibility. It is composed of five Symrise employees. The legal and regulatory framework of both plans is based on the US Employee Retirement Income Security Act (ERISA). Symrise Inc. fulfills the minimum financing levels stipulated by this law, which are based on an annual measurement. Plan participants do not make payments into the plan assets.

The net defined benefit liability reported as provisions for pensions and similar obligations can be derived as follows:

	Present value of the defined benefit obligation		Fair value of plan assets		Net defined benefit liability	
T€	2013	2014	2013	2014	2013	2014
January 1	**403,219**	**368,855**	**– 36,714**	**– 36,455**	**366,505**	**332,400**
Changes to the scope of consolidation	**–**	**4,230**	**–**	**–**	**–**	**4,230**
Recognized in profit or loss						
Current service cost	12,419	11,800	–	–	12,419	11,800
Past service cost	–	– 2,528	–	–	–	– 2,528
Interest expense (+)/interest income (–)	12,364	13,375	– 1,385	– 1,441	10,979	11,934
Recognized in other comprehensive income						
Remeasurements						
Actuarial gains/losses						
arising from changes in demographic assumptions	30	8,156	–	–	30	8,156
arising from changes of the financial assumptions	– 42,395	113,754	–	–	– 42,395	113,754
arising from experience-based adjustments	1,900	4,561	–	–	1,900	4,561
Return on plan assets (excluding amounts included in net interest)	–	–	– 4,247	– 613	– 4,247	– 613
Exchange rate differences	– 4,009	7,100	2,418	– 4,281	– 1,591	2,819
Other						
Employer contributions	–	–	– 200	– 467	– 200	– 467
Benefits paid	– 14,673	– 13,723	3,673	1,980	– 11,000	– 11,743
December 31	**368,855**	**515,580**	**– 36,455**	**– 41,277**	**332,400**	**474,303**
of which pension plans	356,698	502,573	– 36,455	– 41,277	320,243	461,296
of which post-employment healthcare benefits	12,157	13,007	–	–	12,157	13,007

As of the end of the year under review, the entire present value of the defined benefit obligation contains T€ 295,884 for active employees (December 31, 2013: T€ 192,039), T€ 43,091 for former employees with vested claim entitlements (December 31, 2013: T€ 31,282) and T€ 176,605 for retirees and their dependents (December 31, 2013: T€ 145,534). From this entire present value of the defined benefit obligation, T€ 502,126 (December 31, 2013: T€ 357,588) is allocated to vested claims, while the remaining T€ 13,454 (December 31, 2013: T€ 11,267) relates to non-vested claims.

The average weighted term for the present value of the defined benefit obligation from defined benefit plans amounts to a total of 19.9 years (December 31, 2013: 16.7 years). It breaks down with 24.1 years for active employees, 23.0 years for former employees with vested claim entitlements and 11.4 years for retirees and their dependents.

The defined benefit plans are not covered by plan assets except for the pension schemes in the USA (Mass Mutual Plan), Japan and India. Plan assets secure a present value of the defined benefit obligation of T€ 52,927 (December 31, 2013: T€ 39,733) as of the end of the year. Financing for the obligations not covered by plan assets is made through the cash flow from operating activities of Symrise AG and its subsidiaries.

Plan assets of T€ 41,277 (December 31, 2013: T€ 36,455) are mainly used for provisions for pension in the USA (T€ 36,699; December 31, 2013: T€ 32,201) and are invested in Pooled Separate Accounts at the Massachusetts Mutual Life Insurance Company. Shares in fund assets are held in these accounts, which are invested in money market instruments and bonds as well as special growth and value oriented securities. Price quotes for these shares are derived from active markets (fair value hierarchy level 2). Plan assets also exist in Japan (T€ 4,425; December 31, 2013: T€ 4,127) and India (T€ 153; December 31, 2013: T€ 127). The assets in Japan are deposited at the Japan Master Trust Bank, which invested the assets in Japanese and foreign bonds and shares as of the end of 2014 – the prices of which were also derivable from active markets. The plan assets in India are deposited in a life insurance policy for which there is no active market for estimating the price. The return on plan assets amounted to T€ 2,054 (2013: T€ 5,632). In 2015, Symrise expects contribution payments of T€ 517 (expectation in 2013 for 2014: T€ 559) into the plan assets.

The net defined benefit liability breaks down according to region as follows:

T€	2013	2014
EAME	312,231	444,414
North America	14,366	24,158
Latin America	4,089	4,344
Asia/Pacific	1,714	1,387
Total	**332,400**	**474,303**

The actuarial measurements are based on the following assumptions:

%	2013	2014
Discount rate		
Germany	3.50	1.90
USA	4.79	3.95
Other countries	3.38	2.56
Salary trends		
Germany	2.50	2.50
Other countries	3.51	3.52
Pension trends		
Germany	1.75	1.75
Other countries	2.17	2.01
Medical cost trend rates		
USA	7.48	7.48
Other countries	7.50	7.50

The assumptions relating to mortality rates are based on published mortality tables. For the provisions for pensions established in Germany, the mortality rate is based on the reference tables 2005 G from Prof. Dr. Klaus Heubeck. The Mass Mutual Plan in the USA is based on the reference table RP 2000 Combined Sex Distinct Generational Table and the RP-2014 Mortality Tables for Annuitants and Non-Annuitants with Scale MP-2014 Table T-3 Table less. All other actuarial measurements outside of Germany are based on country-specific mortality tables.

The present value of the defined benefit obligation is dependent on the previously mentioned actuarial assumptions. The following table shows what the present value as of December 31, 2014, would have been if the actuarial assumptions had changed by 1.0 percentage point each:

	Change in present value of the defined benefit obligation			
	Increase		Decrease	
T€	2013	2014	2013	2014
Discount rate	– 54,240	– 91,031	70,836	122,634
Salary trends	6,691	16,234	– 5,447	– 13,734
Pension trends	43,673	66,767	– 36,702	– 55,312
Medical cost trend rates	1,284	1,679	– 1,096	– 1,364

To determine the sensitivity regarding life expectancy, the mortality rate for the beneficiaries covered by the plans was increased or reduced by 10.0 %. The reduction to the mortality rate results in an increase of life expectancy and is dependent on the ages of the individual beneficiaries. The 10.0 % increase to the mortality rate results in a reduction of the present value of the defined benefit obligation by T€ 19,590, while the 10.0 % reduction results in an increase of T€ 22,805 for provisions for pensions provided by Symrise.

A change of 1.0 percentage point in the assumption made for medical cost trend rates would have the following effect on current service costs:

	Change in current service costs			
	Increase		Decrease	
T€	2013	2014	2013	2014
Medical cost trend rates	121	111	– 100	– 93

The calculation of the sensitivity of the present value of the defined benefit obligation was performed using the same method used to determine the present value of the obligations from the pension provision commitments (projected unit credit method). Increases or decreases to the discount rate, salary and pension trends as well as mortality rates lead to other absolute figures, particularly due to the effect of compound interest on the determination of the present value of the defined benefit obligation. If multiple assumptions are changed simultaneously, the result would not necessarily be the sum of the previous individual effects shown. The sensitivities only apply for the respective specific magnitude of the change to the assumption (for example 1.0 percentage point for the discount rate). If the assumptions change in a manner other than those listed, the effect on the present value of the defined benefit obligation cannot be directly adopted.

36. NON-CURRENT FINANCIAL LIABILITIES

This item mainly includes liabilities deriving from finance lease agreements (€ 6.3 million; December 31, 2013: € 0.0 million) and the portion of the purchase price obligation from the acquisition of the Belmay Group performed in the previous year, which was not immediately due (€ 1.6 million; December 31, 2013: € 7.0 million). Further, a subsequent purchase price component of € 1.2 million (USD 1.5 million) from a business combination by the Diana Group performed before the business combination by Symrise was recognized in non-current financial liabilities. Please refer to note 42 for the development of these purchase price obligations.

37. NON-CURRENT TAX LIABILITIES

For more information on this item, see note 27.

38. EQUITY

Symrise carried out a capital increase based on authorized capital in the second quarter of 2014. The capital increase was implemented with the authorization granted to the Executive Board at the Annual General Meeting on May 18, 2011, and with the exclusion of subscription rights. 11,150,000 new shares were issued to institutional investors. The shares were issued at an issue price of € 36 per share. The transaction was entered into the commercial register on May 15, 2014.

In the third quarter of 2014, a further capital increase from this authorized capital of 489,274 shares was carried out and was used to pay a portion of the purchase price for the Diana acquisition. The shares were measured at the closing price for the Symrise stock on the day of the legal closing of the business combination on July 28, 2014 (€ 40.08 per share). The transaction was entered into the commercial register on August 21, 2014.

The new shares are entitled to dividends from January 1, 2014.

SHARE CAPITAL

The share capital of Symrise AG amount to € 129,812,574 (December 31, 2013: € 118,173,300) and is fully paid in. It is divided into 129,812,574 no-par value bearer shares, each with a calculated nominal share value of € 1.00 per share.

AUTHORIZED CAPITAL

The Annual General Meeting authorized the Executive Board on May 18, 2011, to increase the share capital in the period up to May 17, 2016, with the consent of the Supervisory Board, by up to € 23.0 million in one or more issues of new no-par value bearer shares for cash and/or assets in kind.

Existing shareholders are to be granted a subscription right. This subscription right can however be denied by the Executive Board in the following cases with the consent of the Supervisory Board:

1. In the case of capital increases in return for assets in kind to grant shares for the purpose of acquiring companies, parts of companies or share interests in companies.

2. For the purpose of issuing a maximum number of 1,000,000 new shares to employees of the company and affiliated companies, within the constraints imposed by law.

3. Insofar 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.

4. To exclude fractional amounts from subscription rights.

5. In the event of a capital increase against cash contribution, if, at the time of the final determination of the issue price by the Executive Board, the issue price of the new shares is not significantly lower – within the meaning of Sec. 203 (1) and (2) and Sec. 186 (3) sentence 4 of the German Stock Corporation Act (AktG) – than the market price of shares already traded on the stock exchange of the same type and with the same attributes and the aggregate amount of the new shares for which subscription rights are excluded does not exceed 10 % of the share capital either at the time this authorization comes into force or at the time this authorization is exercised. This restriction is to include shares which were or will be sold or issued without subscription rights during the period of validity of this authorization, up to the time of its exercise, by reason of other authorizations in direct or corresponding application of Sec. 186 (3) sentence 4 of the Stock Corporation Act.

In the year under review, this authorized capital was partially exercised and amounted to € 11,360,726 as of the reporting date.

ACQUISITION OF TREASURY STOCK

Following a resolution by the annual general meeting held on May 11, 2010, the Executive Board is authorized in accordance with Section 71 (1) No. 8 AktG to purchase its own shares up to a level of 10 % of the share capital at the time the resolution was made up until May 10, 2015. 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 the case of an acquisition through the stock market, the equivalent paid by the company for each share shall not exceed or undercut the opening auction price of the company's shares on Xetra on the 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.

ISSUE OF OPTION BONDS AND/OR CONVERTIBLE BONDS WITHOUT SUBSCRIPTION RIGHTS AS WELL AS THE CREATION OF CONDITIONAL CAPITAL

With the consent of the Supervisory Board, the Executive Board is authorized to issue option bearer bonds and/or convertible bearer bonds or combinations of these instruments, once or several times and with or without term restrictions, up until May 13, 2018, for a total nominal amount of up to € 1,000,000,000.00. These can also be issued simultaneously in various tranches. The Executive Board is also authorized to grant the bondholders option or conversion rights in respect of up to a total of 23,000,000 no-par value bearer shares of the company representing up to € 23,000,000.00 of the share capital.

The bonds shall be issued in return for cash payment. They may also be issued by subsidiaries located in Germany or abroad, where Symrise AG either directly or indirectly holds a majority stake ("Group companies"). If the bonds are issued through a Group company, the Executive Board shall be authorized, with the consent of the Supervisory Board, to guarantee for the bonds in the name of Symrise AG and grant option rights to the holders of option bonds and conversion rights to the holders of convertible bonds with regard to company shares as well as make any further statements necessary for a successful issue and to perform the necessary actions. The bonds may be issued in euros as well as in USD or CHF as long as the corresponding euro equivalent is not exceeded.

The shareholders shall be granted a right to subscribe for the bonds in principle. However, the Executive Board is authorized, subject to consent of the Supervisory Board, to exclude the subscription rights of shareholders in the following instances:

(1) insofar as the issue price of a bond is not significantly lower than the theoretical market value calculated according to recognized methods of financial mathematics;

(2) to the extent that this is necessary for fractional amounts resulting from the subscription ratio;

(3) in order to compensate holders of option/conversion rights to the shares of the company, or holders of bonds with an obligation to exercise the option/conversion rights, for dilutions of these rights by granting them the subscription rights they would have after exercising these rights or after fulfilling their obligation to exercise the option/conversion rights as shareholders.

The Executive Board may only exercise the aforementioned authorization to exclude subscription rights to the extent that the proportional amount of all shares issued subject to an exclusion of subscription rights does not exceed 20% of the share capital, neither at the time when the authorizing resolution is adopted nor at the time when it is exercised.

In order to grant shares to holders of option/convertible bonds issued on the basis of the aforementioned authorization, the share capital shall be conditionally increased by up to € 23,000,000.00 through issuing up to 23,000,000 no-par value bearer shares (conditional capital). The conditional capital increase shall only be implemented to the extent that the holders of convertible bonds or of warrants from option bonds exercise their conversion/option rights, or fulfill their obligations for exercising the option/conversion rights, or the company exercises its right to tender, and as long as no other forms of fulfillment are used. The new shares shall be issued at the respective conversion/option prices to be determined.

CAPITAL RESERVE AND OTHER RESERVES

The capital reserve mainly comprises the share premium that arose at the time of the capital increases that were carried out as part of the initial public offer and that were performed this year. It increased by € 409,370,828 minus transaction costs of € 6,090,539 and subsequent taxes of € 1,766,256 from € 970,910,669 to € 1,375,957,214 compared to December 31, 2013.

The revaluation reserve results from an acquisition in stages made in the past.

The fair value reserve comprises changes in the value of financial instruments that have been allocated to the "financial assets available for sale" category.

The cash flow hedge reserve contains the effective part of the fair value changes from derivative financial instruments held for hedging currency risks. The amount that was transferred during the period from other comprehensive income into the consolidated income statement as part of cash flow hedge accounting amounts to T€ 604 before taxes (2013: T€ –14 before taxes).

The following table presents a reconciliation of the cash flow hedge reserve for hedging currency risks:

T€	2013	2014
January 1	**112**	**133**
Allocations (effective fair value changes)	51	– 1,134
Reclassifications		
in sales	– 199	613
in cost of sales	185	– 9
Deferred taxes	– 16	119
December 31	**133**	**– 278**

Reclassifications of ineffective parts from cash flow hedges into profit or loss for the period did not occur in 2014.

In the reserve for remeasurements (pensions), actuarial gains and losses from the change in present value of the defined benefit obligation as well as the return on plan assets excluding amounts included in net interest are included.

RECONCILIATION OF EQUITY COMPONENTS AFFECTED BY OTHER COMPREHENSIVE INCOME

2013 T€	Revaluation reserve	Fair value reserve	Cash flow hedge reserve (currency hedges)	Reserve for remeasurements (pensions)	Cumulative translation differences	Total other comprehensive income
Exchange rate differences resulting from the translation of foreign operations						
Exchange rate differences that occurred during the fiscal year	–	–	–	–	– 49,208	**– 49,208**
Losses from net investments	–	–	–	–	– 4,519	**– 4,519**
Reclassification to the consolidated income statement	–	–	–	–	– 1,681	**– 1,681**
Exchange rate differences from non-current assets held for sale (IFRS 5)	–	–	–	–	47	**47**
Change in fair value of financial assets available for sale	–	– 38	–	–	–	**– 38**
Cash flow hedge (currency hedges)						
Income recorded during the fiscal year	–	–	5	–	–	**5**
Reclassification to the consolidated income statement	–	–	16	–	–	**16**
Remeasurement of defined benefit pension plans	–	–	–	30,757	–	**30,757**
Tax rate change	– 73	–	–	–	–	**– 73**
Other comprehensive income	**– 73**	**– 38**	**21**	**30,757**	**– 55,361**	**– 24,694**

2014 T€	Fair value reserve	Cash flow hedge reserve (currency hedges)	Reserve for remeasurements (pensions)	Cumulative translation differences	Total other comprehensive income of Symrise AG shareholders	Non-controlling interests	Total other comprehensive income
Exchange rate differences resulting from the translation of foreign operations							
Exchange rate differences that occurred during the fiscal year	–	–	–	49,611	**49,611**	– 264	**49,347**
Losses from net investments	–	–	–	– 7,235	**– 7,235**	–	**– 7,235**
Reclassification to the consolidated income statement	–	–	–	– 8,898	**– 8,898**	–	**– 8,898**
Change in fair value of financial assets available for sale	43	–	–	–	**43**	–	**43**
Cash flow hedge (currency hedges)							
Income recorded during the fiscal year	–	– 835	–	–	**– 835**	–	**– 835**
Reclassification to the consolidated income statement	–	424	–	–	**424**	–	**424**
Remeasurement of defined benefit pension plans	–	–	– 88,616	–	**– 88,616**	–	**– 88,616**
Other comprehensive income	**43**	**– 411**	**– 88,616**	**33,478**	**– 55,506**	**– 264**	**– 55,770**

OTHER

In accordance with the German Stock Corporations Act, the distributable dividend for shareholders of Symrise AG is to be determined with reference to the unappropriated profit calculated in accordance with the rules of German commercial law and presented in the annual financial statements of Symrise AG. At the Annual General Meeting held on May 14, 2014, a resolution was passed to distribute a dividend for the 2013 fiscal year of € 0.70 for each ordinary share with a dividend entitlement (2012: € 0.65); the total amount of the dividend was T€ 82,721 (2012: T€ 76,813).

The Executive Board and the Supervisory Board recommend a dividend of € 0.75 per share based on Symrise AG's unappropriated net profit under commercial law as of December 31, 2014. This amounts to dividends of T€ 97,359.

HYPERINFLATION

The financial statements for the subsidiary operating in Venezuela are mainly based on the concept of historical cost. In 2014, these needed to be adjusted due to changes in the general purchasing power of the functional currency and are therefore expressed in the measuring unit valid as of the reporting date. The consumer price index published by the Venezuelan "Instituto National de Estadística" was consulted (inflation rate 2014: 66.5 %, 2013: 56.1 %).

No adjustments were necessary in Argentina during the fiscal year under review. However, we continue to keep a close eye on these developments.

39. NON-CONTROLLING INTERESTS

Non-controlling interests mainly relate to the interest of 52.29 % in Probi AB, Sweden, which was classified as non-controlling due to lack of participation at the company's Annual General Meeting in 2014. This was accounted at the acquisition date and measured with the (provisionally established) proportion of the identifiable net assets from the purchase of Probi AB (see note 27). The proportion of net income in 2014 allocated to the non-controlling interest amounted to T€ 829, the carrying amount as of December 31, 2014 was T€ 11,232. Dividends of T€ 391 were distributed to the non-controlling interests in 2014. The following table contains the summarized financial information required by IFRS 12. B10(b) on Probi AB:

T€	December 31, 2014 or 2014 since purchase
Non-current assets	11,424
Current assets	16,010
Non-current liabilities	1,777
Current liabilities	4,177
Sales	11,965
Net income	1,585
Total comprehensive income	– 422

The remaining non-controlling interests mainly relate to the interest of 48.4 % in SPF Thailand, Thailand. This was accounted at the acquisition date and measured with the (provisionally established and allocated to SPF Thailand) proportion of the identifiable net assets from the purchase of the Diana Group (see note 27). The proportion of net income in 2014 allocated to the non-controlling interest amounted to T€ 951, the carrying amount as of December 31, 2014 was € 2,822 million. Dividends of T€ 812 were distributed to the non-controlling interests in 2014. The following table contains the summarized financial information required by IFRS 12.B10(b) on SPF Thailand:

T€	December 31, 2014 or 2014 since purchase
Non-current assets	1,803
Current assets	6,002
Non-current liabilities	15
Current liabilities	1,939
Sales	7,980
Net income	1,965
Total comprehensive income	273

40. DISCLOSURES ON CAPITAL MANAGEMENT

The capital situation is monitored through the use of a number of key indicators. The relationship between net debt (including provisions for pensions and similar obligations) to EBITDA and the equity ratio are important key indicators for this purpose. The objectives, methods and processes in this regard have not changed from the previous year as of the reporting date on December 31, 2014.

With an equity ratio (equity in relation to the balance sheet total) of 35.8 % (December 31, 2013: 43.0 %), Symrise has a solid capital 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.

Net debt is determined as follows:

T€	December 31, 2013	December 31, 2014
Borrowings	547,740	1,364,978
Cash and cash equivalents	– 135,343	– 199,228
Net debt	**412,397**	**1,165,750**
Provisions for pensions and similar obligations	332,400	474,303
Net debt including provisions for pensions and similar obligations	**744,797**	**1,640,053**

The evaluation of compliance with the leverage covenants for the current and non-current borrowings is performed on the basis of the specifications in the various credit agreements. The evaluation of the leverage covenants uses net debt against the EBITDAN of the last 12 months. As information on the Diana Group based on the accounting standards used by Symrise is only available for the second half of 2014, the EBITDAN of the Diana Group based on reporting in accordance with French commercial law was used for the first six months to check that the leverage covenants had been adhered to. This amounts to net debt/EBITDAN of 2.2 and net debt including provisions for pensions and similar obligations/EBITDAN of 3.2.

We focus on a capital structure that allows us to cover our future potential financing needs at reasonable conditions by way of the capital markets. This provides us with a guaranteed high level of independence, security and financial flexibility. We will continue our attractive dividend policy and give our shareholders an appropriate share in the company's success. Furthermore, it should be ensured that solid financing options exist for acquisition opportunities.

The average interest rate for liabilities (including provisions for pensions and similar obligations) was 2.9 % (2013: 3.7 %).

Neither the company itself nor its subsidiaries are subject to externally imposed capital requirements.

41. ADDITIONAL DISCLOSURES ON THE CASH FLOW STATEMENT

In accordance with IAS 7, the consolidated statement of cash flows for the reporting year 2014 and the previous year show the development of cash flows separated into cash inflows and outflows deriving from operating, investing and financing activities. Cash flows are calculated using the indirect method.

The balance of cash and cash equivalents includes cash balances, checks and balances on hand with banks with a term to maturity of up to three months, as was the case in the previous year; the amount disclosed is equivalent to the balance sheet item "Cash and cash equivalents."

Since the second quarter of 2014, the holding in Probi AB, Sweden, which was previously recognized using the equity method, has been recognized as a fully consolidated subsidiary. The shares purchased in 2014 are recognized as payments for business combinations after deduction of cash and cash equivalents received.

Payments for business combinations also include payments (after deducting acquired cash and cash equivalents) in connection with the acquisition of the Diana Group in July 2014 and the partial payment of the contingent purchase price component due in September 2014 for the Belmay Group acquired in 2013 of USD 4.0 million (T€ 3,176).

42. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS AND THE MEASUREMENT OF FAIR VALUE

INFORMATION ON FINANCIAL INSTRUMENTS ACCORDING TO CATEGORY

December 31, 2013 T€	Carrying amount	Value recognized under IAS 39 Amortized cost	Fair value in other comprehensive income	Fair value in profit or loss	Fair value
ASSETS					
Loans and receivables (LaR)	**468,747**	**468,747**	**–**	**–**	**468,747**
Cash and cash equivalents	135,343	135,343	–	–	135,343
Trade receivables	321,547	321,547	–	–	321,547
Other financial assets	11,857	11,857	–	–	11,857
Financial assets available for sale (AfS)	**5,317**	**–**	**5,317**	**–**	**5,317**
Securities	3,358	–	3,358	–	3,358
Other financial assets	1,959	–	1,959	–	1,959
Financial assets held for trading (FAHfT)	**138**	**–**	**–**	**138**	**138**
Derivative financial instruments without hedge relationship	138	–	–	138	138
Derivative financial instruments with hedge relationship (n.a.)	**124**	**–**	**124**	**–**	**124**
LIABILITIES AND EQUITY					
Financial liabilities at amortized cost (FLAC)	**699,679**	**699,679**	**–**	**–**	**727,861**
Trade payables	150,799	150,799	–	–	150,799
Borrowings (current and non-current)	547,740	547,740	–	–	575,922
Other financial liabilities	1,140	1,140	–	–	1,140
Financial liabilities at fair value through profit or loss (FLaFVtPL)	**9,788**	**–**	**–**	**9,788**	**9,788**
Other financial liabilities	9,788	–	–	9,788	9,788
Financial liabilities held for trading (FLHfT)	**43**	**–**	**–**	**43**	**43**
Derivative financial instruments without hedge relationship	43	–	–	43	43
Derivative financial instruments with hedge relationship (n.a.)	**0**	**–**	**0**	**–**	**0**

December 31, 2014 T€	Carrying amount	Value recognized under IAS 39 Amortized cost	Fair value in other comprehensive income	Fair value in profit or loss	Fair value
ASSETS					
Loans and receivables (LaR)	**641,131**	**641,131**	**–**	**–**	**641,131**
Cash and cash equivalents	199,228	199,228	–	–	199,228
Trade receivables	421,052	421,052	–	–	421,052
Other financial assets	20,851	20,851	–	–	20,851
Financial assets available for sale (AfS)	**5,427**	**–**	**5,427**	**–**	**5,427**
Securities	3,314	–	3,314	–	3,314
Other financial assets	2,113	–	2,113	–	2,113
Financial assets held for trading (FAHfT)	**696**	**–**	**–**	**696**	**696**
Derivative financial instruments without hedge relationship	696	–	–	696	696
Derivative financial instruments with hedge relationship (n.a.)	**64**	**–**	**64**	**–**	**64**
LIABILITIES AND EQUITY					
Financial liabilities at amortized cost (FLAC)	**1,579,619**	**1,579,619**	**–**	**–**	**1,627,237**
Trade payables	213,527	213,527	–	–	213,527
Borrowings (current and non-current)	1,364,978	1,364,978	–	–	1,412,596
Other financial liabilities	1,114	1,114	–	–	1,114
Liabilities from finance leases (n.a.)	**7,074**	**–**	**–**	**–**	**7,904**
Financial liabilities at fair value through profit or loss (FLaFVtPL)	**10,311**	**–**	**–**	**10,311**	**10,311**
Other financial liabilities	10,311	–	–	10,311	10,311
Financial liabilities held for trading (FLHfT)	**619**	**–**	**–**	**619**	**619**
Derivative financial instruments without hedge relationship	619	–	–	619	619
Derivative financial instruments with hedge relationship (n.a.)	**542**	**–**	**542**	**–**	**542**

Due to the fact that most of the financial instruments are short-term in nature, except for the borrowings, the carrying amounts for the classifications are only insignificantly different from their fair values.

FAIR VALUE ACCORDING TO HIERARCHY

The levels of the fair value hierarchy are explained in note 2.5.

T€		2013 Level 1	2013 Level 2	2013 Level 3	2013 Total	2014 Level 1	2014 Level 2	2014 Level 3	2014 Total
ASSETS									
Securities	AfS	3,358	–	–	**3,358**	3,314	–	–	**3,314**
Other financial assets	AfS	–	–	1,959	**1,959**	–	–	2,113	**2,113**
Derivative financial instruments without hedge relationship	FAHfT	–	138	–	**138**	–	696	–	**696**
Derivative financial instruments with hedge relationship	n.a.	–	124	–	**124**	–	64	–	**64**
Investment property	n.a.	–	–	2,583	**2,583**	–	–	2,182	**2,182**
LIABILITIES AND EQUITY									
Contingent purchase price obligations	FLaFVtPL	–	–	9,788	**9,788**	–	–	10,311	**10,311**
Derivative financial instruments without hedge relationship	FLHfT	–	43	–	**43**	–	619	–	**619**
Derivative financial instruments with hedge relationship	n.a.	–	0	–	**0**	–	542	–	**542**
Liabilities from finance leases	n.a.	–	–	–	**–**	–	7,904	–	**7,904**

There were no transfers between Levels 1 and 2 during the year under review.

DETERMINING FAIR VALUE

The financial assets classified as available for sale in Level 1 relate to securities, whose fair value as of the reporting date were determined based on quoted market prices from the closing date on active markets.

The valid forward exchange rates are used as the valuation rates for the mark-to-market valuation of forward contracts in Level 2 for currency forwards. These are established by the interest difference of the currencies involved while accounting for term duration.

Regarding the determination of the fair value of the investment property, please see note 24.

The fair values of bank borrowings, liabilities deriving from promissory note loans and liabilities arising from finance leases are determined as the present values of future payments relating to the liabilities based on the corresponding valid reference interest rates and are adjusted by a corresponding credit spread (risk premium). These fair values are therefore classified in Level 2 of the fair value hierarchy.

The following table shows both the measurement methods and non-observable input factors for the recurring measurement of fair value in Level 3 of the fair value hierarchy. The measurement is performed regularly by corporate headquarters.

Type	Valuation method	Non-observable input factors	2013	2014
Other financial assets	Discounted cash flow	Weighted average cost of capital	13.5 %	13.5 %
		Terminal growth rate	3.0 %	3.0 %
		EBITDA margin	Ø 9.1 %	Ø 10.8 %
Contingent purchase price obligations	Present value of the payments relating to the obligation based on the Group's average refinancing rate while accounting for the probability of occurrence (sales and damage claim)	Discount rate	4.06 %	4.06 %
		Sales	80 %	100 %
		Damage claim	0 %	0 %

Reconciliation of the fair value measurement of assets within Level 3 of the fair value hierarchy:

T€	Other financial assets 2013	Other financial assets 2014	Contingent purchase price obligations 2013	Contingent purchase price obligations 2014
January 1	**1,835**	**1,959**	**0**	**9,788**
Change to the scope of consolidation	0	0	0	1,099
Additions	97	154	10,065	0
Redemption	0	0	0	– 3,176
Fair value changes				
Recognized in other comprehensive income	27	0	0	0
Recognized with effect on profit or loss in other operating income	0	0	0	790
Recognized with effect on profit or loss in the interest result	0	0	299	382
Exchange rate differences		0	– 576	1,428
December 31	**1,959**	**2,113**	**9,788**	**10,311**

The fair value changes from the other financial assets were recognized in other comprehensive income.

The fair value changes relating to the contingent purchase price obligation are recognized in other operating income and expenses. Fair value changes arising as effects of interest accrued are recognized in the financial result.

SENSITIVITY ANALYSIS – MEASUREMENT OF LEVEL 3 FINANCIAL INSTRUMENTS

A change to the input factors listed, with the other input factors remaining unchanged, would have resulted in the following impacts for the fair values of other financial assets and the contingent purchase price obligations:

	Effect on other comprehensive income			
	2013		2014	
T€	Increase of the input factor	Decrease of the input factor	Increase of the input factor	Decrease of the input factor
Other financial assets (AfS)				
Weighted average cost of capital (change of +/– 1.5 percentage points)	– 266	278	– 327	377
Terminal growth rate (change of +/– 1.0 percentage point)	104	– 148	123	– 152
EBITDA margin (change of +/– 2.0 percentage points)	215	– 305	159	– 214

	Effect on gains (+) and losses (–)			
	2013		2014	
T€	Increase of the input factor	Decrease of the input factor	Increase of the input factor	Decrease of the input factor
Contingent purchase price obligations (FLaFVtPL)				
Discount rate (change of +/– 0.5 percentage points)	61	– 62	21	– 21
Sales (change of +/–10.0 percentage points)	– 363	363	–	–
Damage claim (change of + 0.5 percentage points)	344	–	240	–

NET GAINS AND LOSSES ACCORDING TO VALUATION CATEGORY

T€	2013	2014
Loans and receivables (LaR)	7,233	7,638
Financial assets held to maturity (HtM)	0	32
Financial assets available for sale (AfS)	108	0
Financial assets and liabilities held for trading (FAHfT and FLHfT)	– 61	460
Financial liabilities measured at amortized cost (FLAC)	– 14,594	– 63,517
Total	**– 7,314**	**– 55,387**

The changes in relation to the previous year mainly result from the increase in current and non-current bank borrowings as well as other borrowings and the associated exchange and interest rate effects (see note 33).

Changes in value for financial assets available for sale that were recognized in equity with no effect on other comprehensive income amounted to T€ 58 as of the reporting date (December 31, 2013: T€ –41) before accounting for taxes. There were no reclassifications to the consolidated income statement.

The net interest result for financial assets and liabilities that were not measured at fair value through profit or loss, amounted to € –26.1 million in 2014 (2013: € –19.5 million).

OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial assets and liabilities, which are subject to a legally enforceable master netting agreement or a similar agreement, only arose with derivative financial instruments in the form of International Swaps and Derivatives Association (ISDA) master netting agreements or comparable agreements.

The ISDA agreements do not fulfill the criteria for offsetting in the statement of financial position. This is due to the fact that the Group currently does not have any legal right to offset the amounts recorded, since the right to an offset only exists with the occurrence of future events, such as a default on a bank loan or other credit events.

As in the previous year, the amounts offset in connection with recognized financial instruments are insignificant due to the large variety of transactions with various counterparties.

43. DISCLOSURES RELATING TO FINANCIAL INSTRUMENT RISK MANAGEMENT

Fluctuations in exchange and interest rates can result in significant risks to earnings and cash flows. For this reason, Symrise monitors these risks centrally and manages them proactively and occasionally with derivative financial instruments.

The management of risk is based on Group-wide guidelines in which objectives, principles, responsibilities and competencies are defined. These are monitored on a regular basis and adjusted to current market and product developments. Risk management has remained unchanged from previous years.

INTEREST RISK

Interest rate fluctuation risk exists due to potential changes to the market interest rate and can lead to a change in the fair value of fixed-rate financial instruments and fluctuations in interest payments for variable interest rate financial instruments. Since the overwhelming portion of financial instruments measured at amortized cost have fixed rates, there is no notable risk if interest rates change.

Market interest rate changes for borrowings with variable interest rate components have an effect on the interest result, as the following table shows:

2013	Nominal	Of which fixed	Of which variable	Of which unhedged	1.0 percentage point increase	1.0 percentage point decrease
T€	324,362	319,362	5,000	5,000	50	– 50
TUSD	305,190	265,000	40,190	40,190	402	– 402

2014	Nominal	Of which fixed	Of which variable	Of which unhedged	1.0 percentage point increase
T€	1,078,619	818,619	260,000	260,000	2,600
TUSD	345,606	275,606	70,000	70,000	700

An increase to all relevant interest rates of one percentage point would have resulted in T€ 3,176 less net income as of December 31, 2014 (December 31, 2013: T€ 342). A further decline in the interest rates would have had no notable effect on net income due to provisions on negative interest rates stipulated in the credit agreements. The sensitivity of equity towards interest rate changes is minimal.

CURRENCY RISK

Due to its global activities, Symrise is exposed to two types of currency risk. The transaction risk arises in the individual financial statements of Group companies through changes in future cash flows denoted in foreign currencies due to fluctuations in currency exchange rates.

The Symrise Group's global positioning results in supply relationships and payment flows in foreign currencies. These currency risks are systematically registered and reported to the Group's headquarters. We primarily use forward contracts to hedge currency risk resulting from original financial instruments and from planned transactions in USD.

Translation risk describes the risk of changes in reporting items in the statement of financial position and the income statement of a subsidiary 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 resulting risks are normally not hedged.

The presentation of the existing currency risk as of the reporting date is done in accordance with IFRS 7 using a **sensitivity analysis**. The foreign currency sensitivity is determined from the aggregation of all financial assets and liabilities that are denominated in a currency that is not the functional currency of the respective reporting company. The net foreign currency risk determined by this analysis is measured at the reporting date rate and at a sensitivity rate that represents a 10 % appreciation/depreciation of the functional currency as compared to the foreign currency. The difference between this hypothetical valuation represents the effect on earnings before taxes and on equity. This sensitivity analysis is based on the assumption that all variables other than a change in the foreign currency exchange rate remain constant.

In the sensitivity analysis, currency risks from internal monetary items were included as far as translation gains or losses result that are not eliminated as part of consolidation.

Effects from the currency translation of subsidiaries whose functional currency is not the same as that of the Symrise Group do not affect the cash flows in the local currency and are therefore not included in the sensitivity analysis.

A significant currency risk for the Symrise Group resulted primarily in relation to the USD, both for this fiscal year and the previous year. The net foreign currency risk from this amounted to USD 40.3 million as of the reporting date (December 31, 2013: USD 25.6 million). The addition mainly resulted from a higher trading volume due to the acquisition of the Diana Group and the full consolidation of Probi AB, Sweden, compared to the previous year.

T€	2013	2014
Sensitivity from a value increase/decrease in the EUR as compared to the USD of +/–10%		
Impact on profit/loss	+/– 2,239	+/– 2,854
Impact on equity	– /+ 254	– /+ 1,166
Total	**+/– 1,985**	**+/– 1,688**

Derivative financial instruments were used to reduce currency risk. The following forward contracts existed as of the reporting date:

- with a nominal value of USD 21.1 million (December 31, 2013: USD 7.5 million) for hedging €/USD,
- with a nominal value of USD 7.5 million (USD 6.0 million) for hedging USD/JPY,
- with a nominal value of USD 0.9 million (USD 3.1 million) for hedging USD/INR,
- with a nominal value of USD 5.7 million (USD 0 million) for hedging SGD/USD,
- with a nominal value of USD 1.6 million (USD 0 million) for hedging USD/AUD and
- a nominal value of GBP 0.05 million (GBP 0 million) for hedging €/GBP.

Forward contracts with positive market values amounted to T€ 760 as of the reporting date (December 31, 2013: T€ 262), while forward contracts with negative market values totaled T€ 1,161 (December 31, 2013: T€ 43).

The forward contracts have terms of up to nine months.

Further information on the positive and negative fair values for forward contracts with and without hedge relationships can be found in the table on financial instruments in note 42 as well as in the notes on liquidity risk.

LIQUIDITY RISK

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 existing financing arrangements and through effective cash management. Symrise manages the liquidity risk through the 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.

As of the balance sheet reporting date, Symrise had access to credit lines that are explained in greater detail in note 33.

The following summary shows the contractually agreed interest and redemption payments for current and non-current non-derivative financial liabilities, including estimated interest payments for variable interest:

2013 T€	Carrying amount	Expected payments	Maturity dates for expected payments up to 1 year	over 1 year to 5 years	over 5 years
Borrowings	547,740	641,569	57,494	424,967	159,108
Trade payables	150,799	150,799	150,799	0	0
Other non-derivative financial obligations	10,928	10,415	3,447	6,968	0

2014 T€	Carrying amount	Expected payments	Maturity dates for expected payments up to 1 year	over 1 year to 5 years	over 5 years
Borrowings	1,364,978	1,493,222	143,392	1,191,671	158,159
Trade payables	213,527	213,527	213,527	0	0
Other non-derivative financial obligations	11,425	11,425	8,625	2,800	0
Liabilities from finance leases	7,074	7,074	749	3,250	3,075

The fair value and the expected incoming and outgoing payments from derivative financial liabilities are presented in the following table. The terms of the forward contracts amount to a maximum of nine months.

T€	2013	2014
Forward contracts		
Assets	262	760
Liabilities	– 43	– 1,161
Expected incoming payments	12,211	29,268
Expected outgoing payments	– 11,992	– 29,669

DEFAULT AND CREDITWORTHINESS RISK

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 way, 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 countries.

We only enter into financial contracts for cash investments 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 credit risk was minimized in that transactions are only entered into with contract partners whose credit standing is regularly evaluated by independent rating agencies and constantly monitored. The carrying amounts of the financial assets represent the maximum credit risk.

44. LEASE AGREEMENTS

OPERATING LEASE AGREEMENTS AS LESSEE

Payment obligations exist for operating lease agreements, which have non-cancellable fixed lease terms of up to 38 years and mainly relate to vehicles and buildings. Some of the agreements contain renewal options or price escalation clauses but do not include purchase options. In the current fiscal year, payments for leases recognized as expenses amounted to € 13.0 million (December 31, 2013: € 12.6 million).

The future net cash outflows from operating leases are phased as follows:

T€	2013	2014
Up to one year	10,122	11,640
Longer than one year and up to five years	24,648	32,154
Longer than five years	25,343	25,618
Total	**60,113**	**69,412**

OPERATING LEASE AGREEMENTS AS LESSOR

The Group leases its investment property as a lessor (see note 24).

As of the reporting date, future minimum lease payments from non-cancellable lease agreements were phased as follows:

T€	2013	2014
Up to one year	60	61
Longer than one year and up to five years	207	211
Longer than five years	168	172
Total	**435**	**444**

FINANCE LEASE AGREEMENTS AS LESSEE

As part of the purchase of the Diana Group, Symrise acquired assets that were used as part of finance leases. The net carrying amount of the assets accounted for was € 12.0 million as of the reporting date. This relates exclusively to leased property, plant and equipment as well as land used as part of leaseholds. Details on the future minimum lease payments for the finance lease agreements are shown in the following table arranged according to maturity:

			2014
T€	Minimum lease payments	Interest	Present value of the minimum lease payments
Up to one year	1,048	299	749
Longer than one year and up to five years	4,376	1,126	3,250
Longer than five years	3,374	299	3,075
Total	**8,798**	**1,724**	**7,074**

The terms of the lease agreements are between one and twelve years. No agreements on contingent lease payments were made. The fair value of the Group's leasing obligations is roughly equal to their carrying amount.

45. CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

CONTINGENT LIABILITIES

Contingent liabilities relate to potential future events, which, upon occurring, would result in an obligation. As of the reporting date, the following contingent liabilities are seen as unlikely, but cannot be completely ruled out.

Symrise is confronted with diverse lawsuits and legal proceedings as a result of its normal business activities, which generally relate to the areas of labor law, product liability, warranty claims, tax law and intellectual property. We create provisions for such cases where we see a realistic possibility of it resulting in an obligation due to a past event, and which can be reliably estimated and whose fulfillment will likely result in the outflow of resources with economic value. For all currently pending legal proceedings, we have a provision of € 1.5 million. We are currently of the opinion that all of the suits and proceedings brought against us, both individually and as a whole, will have no notable negative influence on our business operations, financial situation, profit or cash flow. The arranged provisions are therefore neither individually nor collectively essential. The results of current and future proceedings are not predictable, meaning that legal or official decisions or settlement agreements could lead to expenses that are not or not completely covered by our insurance services and could therefore have substantial effects on our business and its results. Many of our processes are, however, covered by insurance benefits relating to our product liability insurance.

OTHER FINANCIAL OBLIGATIONS

As of December 31, 2014, the Group had obligations to purchase property, plant and equipment amounting to € 25.9 million (December 31, 2013: € 16.0 million). This mainly relates to production facilities, hardware and office equipment. Most are due during the course of 2015. Other obligations amounting to € 127.2 million (December 31, 2013: € 138.3 million) exist from not yet fulfilled non-current commitments for purchases of goods.

Symrise AG signed a service contract for outsourcing internal IT with a term until 2019 with Atos Origin GmbH. The remaining total obligations towards Atos, accounting for extraordinary termination rights, amount to € 40.4 million (December 31, 2013: € 33.8 million).

Miscellaneous other financial obligations amounted to € 10.3 million as of December 31, 2014 (December 31, 2013: € 12.3 million), which included tax risks of € 3.9 million for which no provisions had to be established based on the opinion of our tax advisors (December 31, 2013: € 6.9 million for risks from litigation and tax disputes) as well as € 3.7 million in obligations from consulting, service and cooperation contracts (December 31, 2014: € 2.1 million).

46. TRANSACTIONS WITH RELATED PARTIES

Fully consolidated and associated companies, current and former Executive Board members and former managers as well as Supervisory Board members and former shareholder representatives and their close relatives are considered related parties.

The sales and purchases from related companies were completed under the same terms and conditions as though they had been transacted with third parties.

As in the previous year, only a small amount of goods were purchased from associated companies in 2014.

Contribution payments were made to the Rheinische Pensionskasse (RPK) amounting to T€ 1,068 (2013: T€ 918). These were allocated to their corresponding function according to their assignment. There were no liabilities or receivables to the RPK as of the reporting date (December 31, 2013: liabilities of T€ 146). For additional information, see note 35.

In the 2014 fiscal year, members of the Executive and Supervisory Board received the following remuneration:

	2013			2014		
T€	Executive Board	Supervisory Board	Total	Executive Board	Supervisory Board	Total
Short-term benefits	3,509	933	**4,442**	3,674	937	**4,611**
Other long-term benefits	963	0	**963**	2,482	0	**2,482**
Post-employment benefits	48	0	**48**	49	0	**49**
Total	**4,520**	**933**	**5,453**	**6,205**	**937**	**7,142**

The supplemental disclosures pursuant to Section 315a of the German Commercial Code (HGB) are as follows:

T€	2013	2014
Total remuneration for active members		
Executive Board	5,135	5,745
Supervisory Board	933	937
Total remuneration for former members and their surviving dependents		
Executive Board	292	303

Provisions for current pensions and pension entitlements contains contributions of € 9.8 million (December 31, 2013: € 7.5 million) for former members of the Executive Board and € 3.7 million (December 31, 2013: € 2.3 million) for current members of the Executive Board.

The individualized remuneration of members of the Executive Board and Supervisory Board is disclosed in the Group management report.

47. EXECUTIVE BOARD AND SUPERVISORY BOARD SHAREHOLDINGS

Pursuant to no. 6.6 of the German Corporate Governance Codex, the ownership of shares or related financial instruments by members of the Executive Board and the Supervisory Board shall be reported if these directly or indirectly exceed 1 % of the shares issued by the company. If the entire holdings of all members of the Executive Board and Supervisory Board exceed 1 % of the shares issued by the company, these holdings shall be reported separately for the Executive Board and the Supervisory Board.

The direct or indirect total holding of shares in Symrise AG by all members of the Executive and Supervisory Boards as of December 31, 2014, was more than 1 %. Of the 6.14 % of shares in Symrise AG held by members of the Executive and Supervisory Boards, 6.01 % are held by members of the Supervisory Board while 0.13 % are held by members of the Executive Board.

48. LONG-TERM OBJECTIVES AND METHODS FOR MANAGING FINANCIAL RISK

Please see the risk report, which is a component of our Group management report.

49. AUDIT OF FINANCIAL STATEMENTS

The Annual General Meeting of Symrise AG, held on May 14, 2014, appointed KPMG AG Wirtschaftsprüfungsgesellschaft as auditor for the fiscal year 2014.

The following table provides an overview of the fees paid to the auditors:

T€	2013	2014
Audit of financial statements	801	846
Tax advisory services	612	320
Other services	62	196
Other audit assurance services	12	116
Total	**1,487**	**1,478**

50. LIST OF INTERESTS IN ENTITIES

Fully Consolidated Subsidiaries as of December 31, 2014

Name and Registered Office of the Entity	Share
Germany	
Symrise Beteiligungs GmbH, Holzminden	100.00 %
DrinkStar GmbH, Rosenheim	100.00 %
Schimmel & Co. Gesellschaft mit beschränkter Haftung, Holzminden	100.00 %
Symrise BioActives GmbH, Hamburg	100.00 %
Tesium GmbH, Holzminden	100.00 %
Symotion GmbH, Holzminden	100.00 %
Busiris Vermögensverwaltung GmbH, Holzminden	100.00 %
Symrise US-Beteiligungs GmbH, Holzminden	100.00 %
Symrise IP-Verwaltungs GmbH, Holzminden	100.00 %
Symrise IP-Holding GmbH & Co. KG, Holzminden	100.00 %
Haarmann & Reimer Unterstützungskasse Gesellschaft mit beschränkter Haftung, Holzminden	100.00 %
France	
Anaid SAS, Saint Nolff	100.00 %
Aromatics SAS., Clichy-la-Garenne	100.00 %
Arôme de Chacé SAS, Chacé	100.00 %
Compagnie Alimentaire Pleucadeucienne, Pleucadeuc	100.00 %
Diana Naturals SAS, Antrain	100.00 %
DianaPlantSciences SAS, Rennes	100.00 %
Diana SAS, Saint Nolff	100.00 %
Diana Trans, Saint Nolff	100.00 %
Kerisper SAS, Saint Nolff	100.00 %
Société de Protéines Industrielles SNC, Berric	100.00 %
Spécialités Pet Food SAS, Elven	100.00 %
Symrise SAS., Clichy-la-Garenne	100.00 %
Villers SAS, Villers Les Pôts	100.00 %
Rest of Europe	
OOO Symrise Rogovo, Russia	100.00 %
SPF RUS, Russia	100.00 %
Symrise SA, Switzerland	100.00 %
Symrise Limited, UK	100.00 %

Symrise Holding Limited, UK	100.00 %
MAP Technologies Ltd, UK	100.00 %
Confoco International Ltd, UK	100.00 %
SPF UK Ltd, UK	60.00 %
Symrise Iberica S.L., Spain	100.00 %
SPF DIANA Espana SL, Spain	100.00 %
Symrise S.r.l., Italy	100.00 %
Symrise Vertriebs GmbH, Austria	100.00 %
Symrise Kimya Sanayi Ticaret Ltd. Sirketi, Turkey	100.00 %
Symrise Luxembourg S.a.r.l., Luxembourg	100.00 %
Symrise Group Finance Holding 1 BVBA, Belgium	100.00 %
Symrise Group Finance Holding 2 CV, Belgium	100.00 %
Symrise IP-Holding GCV, Belgium	100.00 %
SPF Hungary Kft, Hungary	99.67 %
Probi AB, Sweden	47.71 %

North America	
SPF Canada – Group Diana Inc., Canada	100.00 %
Symrise Inc., USA	100.00 %
Symrise Holding Inc., USA	100.00 %
Symrise US LLC, USA	100.00 %
Confoco USA, USA	100.00 %
Diana Natural Inc., USA	100.00 %
SPF USA Inc., USA	100.00 %
SPF North America Inc., USA	100.00 %
Diana Aquasea Inc., USA	100.00 %
Diana US Inc., USA	100.00 %
DianaPlantSciences Inc., USA	100.00 %

Latin America	
Symrise Aromas e Fragrâncias Ltda., Brazil	100.00 %
SPF Do Brasil Ltd, Brazil	99.99 %
Symrise S.R.L., Argentina	100.00 %
SPF Argentina, Argentina	99.97 %
Symrise S.A., Chile	100.00 %
Diana Naturals Chile Ltda, Chile	100.00 %
Diana Naturals Chile SpA, Chile	100.00 %
Symrise Ltda., Colombia	100.00 %
Symrise C.A., Venezuela	100.00 %
Symrise S. de R.L. de C.V., Mexico	100.00 %
SPF Mexico SA de CV, Mexico	99.99 %
Aquasea Costa Rica, Costa Rica	55.00 %
Confoco SA, Ecuador	99.90 %
Ecuaprotein SA, Ecuador	53.00 %

Asia and Pacific	
Symrise Pty. Ltd., Australia	100.00 %
SPF Diana Australia PTY Ltd, Australia	100.00 %
Symrise Shanghai Limited, China	100.00 %
SPF (Qingdao) Trading Co., Ltd, China	100.00 %
Symrise SDN. BHD, Malaysia	100.00 %
Symrise Holding Pte. Limited, Singapore	100.00 %

Symrise Pte. Ltd., Singapore	100.00 %
Symrise Asia Pacific Pte. Ltd., Singapore	100.00 %
Diana Group Pte Ltd, Singapore	100.00 %
Symrise Limited, South Korea	100.00 %
Symrise Ltd., Thailand	100.00 %
SPF Thailand, Thailand	51.60 %
P.T. Symrise, Indonesia	100.00 %
Symrise Inc., Philippines	100.00 %
Symrise Private Limited, India	100.00 %
Symrise K.K., Japan	100.00 %
Diana Naturals Private Ltd, India	100.00 %
Africa and Middle East	
Symrise S.A.E., Egypt (formerly Aroma Labs For Flavours S.A.E.)	100.00 %
Futura Labs International S.A.E., Egypt	100.00 %
Roseland Flavors & Fragrances Corp., Dubai	100.00 %
Symrise (Pty) Ltd., South Africa	100.00 %
SPF South Africa (RSA), South Africa	100.00 %
Symrise S.a.r.L., Madagascar	100.00 %
Origines S.a.r.L., Madagascar	100.00 %
Symrise Nigeria Limited, Nigeria	100.00 %

Associated Companies as of December 31, 2014

Name and Registered Office of the Entity	Share
Therapeutic Peptides Inc., USA	20.0 %
Cuisi'nat, France	33.3 %

51. EXEMPTION FROM THE OBLIGATION TO PREPARE ANNUAL FINANCIAL STATEMENTS PURSUANT TO SECTION 264 (3) OF THE GERMAN COMMERCIAL CODE (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) of the HGB.

52. CORPORATE GOVERNANCE

The Declaration of Compliance pursuant to Section 161 of the German Stock Corporation Act (AktG) has been submitted for 2014 and has been made available to shareholders on an ongoing basis through our website **www.symrise.com**.

Holzminden, February 18, 2015

Symrise AG
The Executive Board

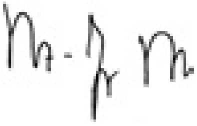
Dr. Heinz-Jürgen Bertram   Achim Daub   Bernd Hirsch

Statement of the Executive Board

To the best of our knowledge and in accordance with the applicable reporting principles for financial reporting, the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations 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, 2015

Symrise AG
The Executive Board



Dr. Heinz-Jürgen Bertram | Achim Daub | Bernd Hirsch

Auditor's Report

We have audited the consolidated financial statements prepared by the Symrise AG, Holzminden, comprising the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity and the notes, together with the group management report for the business year from January 1 to December 31, 2014. 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 Sec. 315a (1) HGB [Handelsgesetzbuch "German Commercial Code"] 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 Sec. 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (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 Sec. 315a (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 20, 2015

KPMG AG
Wirtschaftsprüfungsgesellschaft

Marc Ufer	Dirk Papenberg
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]