symrise
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FINANCIAL REPORT

Sharing **values**

2013

Five-year Financial Overview

in € million		2009	2010	2011	2012	2013
Group – Results of operations						
Sales		1,362.0	1,571.9	1,583.6	1,734.9	1,830.4
Share of sales in emerging markets	in %	41	46	46	48	48
EBITDA		245.6	331.2	315.9	338.9	373.1
EBITDA margin	in %	18.0	21.1	20.0	19.5	20.4
Net income		84.3	133.5	146.5	157.5	172.3
Earnings per share	in €	0.71	1.13	1.24	1.33	1.46
Dividends paid		59.1	70.9	73.3	76.8	82.7[1]
Dividend per share	in €	0.50	0.60	0.62	0.65	0.70[1]
Group – Financial position /net assets						
Operating cash flow		225.7	235.1	200.9	219.5	274.8
Investments		56.7	70.5	67.3	70.3	142.9
Balance sheet total (as of December 31)		1,895.2	2,059.0	2,120.3[2]	2,150.2[2]	2,210.4
Capital ratio (as of December 31)	in %	36.4	40.9	40.9[2]	40.9[2]	43.0
Net debt (incl. pension provisions and similar obligations) (as of December 31)		773.4	733.7	772.3[2]	808.0[2]	744.8
Employees (as of December 31)	FTE[3]	4,954	5,288	5,434	5,669	5,959
Scent & Care						
Sales		682.3	804.5	801.4	882.8	960.4
EBITDA		109.0	160.8	157.6	161.1	194.5
EBITDA margin	in %	16.0	20.0	19.7	18.2	20.3
Flavor & Nutrition						
Sales		679.7	767.4	782.2	852.1	869.9
EBITDA		136.6	170.4	158.3	177.8	178.6
EBITDA margin	in %	20.1	22.2	20.2	20.9	20.5

1 proposal
2 adjusted as a result of changes to accounting policies in 2012 (see note 2.2)
3 not including apprentices and trainees; FTE = Full Time Equivalent

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About This Report

This 2013 financial report contains the complete consolidated financial statements, the Group management report and all other legally required elements. We are also publishing a separate corporate report with a holistic depiction of Symrise's performance in 2013 – both from a business perspective as well as from a sustainability standpoint. The corporate report is provided as a supplement to this financial report or can be viewed electronically and ordered in print form at www.symrise.com/investors.

The Symrise 2013 financial report was published simultaneously with the 2013 corporate report on March 10, 2014 and is available in German and English. The publication date of the financial report for the 2014 fiscal year is March 2015. Additional information on our company's activities can be found at www.symrise.com.

Group Management Report

January 1 to December 31, 2013

Overview of the 2013 Fiscal Year

The international economic landscape showed mixed developments over the course of 2013. Raw material prices were slightly down for the 2013 fiscal year as a whole, but still displayed substantial volatility, particularly in the area of natural raw materials. The Symrise Group's sales rose by 6 % to € 1,830 million in the 2013 fiscal year. At local currency, the increase was 10 %. As in the previous year, the emerging markets' share of total Group sales amounted to 48 %.

EBITDA – earnings before interest, taxes, depreciation and amortization on property, plant and equipment and intangible assets – of the Symrise Group increased by 10 % from € 339 million to € 373 million. The Group's EBITDA margin, as based on sales, improved from 19.5 % to 20.4 %.

The Scent & Care division generated sales of € 960 million in 2013. Sales were therefore up 9 % on the previous year's level. At local currency, this corresponds to growth of 13 %. EBITDA was up 21 % on the previous year at € 195 million. The EBITDA margin therefore amounted to 20.3 % in 2013 compared to 18.2 % in 2012. The Flavor & Nutrition division increased its sales by 2 % to € 870 million. At local currency, this amounts to 7 % growth. EBITDA for the division was slightly higher than last year, amounting to € 179 million in 2013. The EBITDA margin amounted to 20.5 %, compared to 20.9 % in the previous year.

The Symrise Group's net income rose by 9 % to € 172 million in the 2013 fiscal year. With an unchanged number of shares, earnings per share improved from € 1.33 in the previous year to € 1.46 in the reporting year. The Executive Board and Supervisory Board will propose to increase the dividend from € 0.65 to € 0.70 per share at the Annual General Meeting on May 14, 2014.

Cash flow from operating activities could be increased by more than 25 % and amounted to € 274.8 million in 2013, € 55.3 million more than in the previous year (€ 219.5 million). This can be mainly attributed to the improved operating result. The Symrise Group's liquidity increased by € 18 million to € 135 million as of December 31. Net debt (including provisions for pensions and similar obligations) decreased to € 744.8 million as of the 2013 reporting date, primarily due to higher cash balances and lower pension provisions. The ratio of net debt to EBITDA was 2.0 as of the 2013 reporting date and thus remains within the lower portion of the targeted corridor of 2.0 to 2.5.

Basic Information on the Symrise Group

STRUCTURE AND BUSINESS ACTIVITIES

COMPANY PROFILE

Symrise develops, produces and sells fragrances and flavors as well as active ingredients for the cosmetics industry. Its customers include companies in the perfume, cosmetics and food industries, as well as manufacturers of household products. In addition, Symrise provides biofunctional and bioactive ingredients and substances to the health and personal care sector. In 2013, Symrise achieved sales of over € 1.8 billion, making it the fourth-largest company in the global flavor and fragrances market. The company sells its products in 160 countries. In 2013, Symrise generated 52 % of sales in industrial countries in Western Europe, North America and parts of Asia. The number of customers served by Symrise totaled approximately 6,000 in 2013. The business model is built upon long-term relationships with our customers. As is typical in the industry, however, the order situation is characterized by orders at short notice, which is reflected in an order backlog of approximately one month's

OVERVIEW OF KEY PERFORMANCE INDICATORS

€ million		2012	2013	Change in %	Change in % at local currency
Sales		1,734.9	1,830.4	6	10
EBITDA		338.9	373.1	10	13
EBITDA margin	in %	19.5	20.4		
Net income		157.5	172.3	9	
Earnings per share	in €	1.33	1.46	9	
Net debt (incl. provisions for pensions and similar obligations) to EBITDA (Dec. 31)[1]	ratio	2.4	2.0		

1) The previous year's figures have been adjusted as a result of changes to accounting policies (see note 2.2).

sales. A total of 48 % of our sales were achieved in the emerging markets in Asia, Latin America, Africa, Middle East and Eastern Europe. There are 5,959 employees working in the Symrise Group. With sites in 35 countries, we have a local presence in our most important sales markets. We supplement our internal growth through strategic acquisitions that offer us a stronger market position or access to important technologies.

The Symrise Group was created by a merger between the German companies Haarmann & Reimer and Dragoco in 2003. The company celebrated its 10th anniversary in 2013. Symrise's roots date back to 1874 and 1919, when the two companies were founded. In 2006, Symrise AG entered the stock market with its initial public offering (IPO). Since then, Symrise stock has been listed in the Prime Standard segment of the German stock exchange. With a market capitalization of about € 4.0 billion at the end of 2013, Symrise stock is listed on the MDAX® index. Currently, 94 % of the shares are in free float.

The two divisions, Scent & Care and Flavor & Nutrition, are responsible for our operating business. They each have their own research and development, purchasing, production, quality control, marketing and sales departments. This system allows internal processes to be accelerated. We aim to simplify procedures while making them customer-oriented and pragmatic. We place great value on fast and flexible decision-making.

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

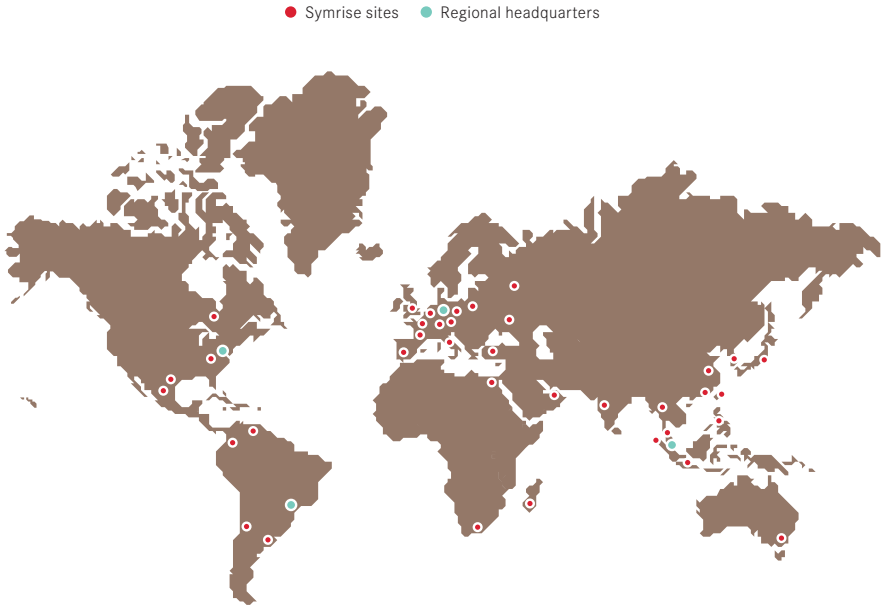
- Europe, Africa and Middle East (EAME)
- North America
- Asia/Pacific
- Latin America

Scent & Care is comprised of the Fragrances, Life Essentials, Aroma Molecules and Oral Care business units, with each of these units being globally active. The business units themselves are structured according to different application areas. Fragrances, for example, is composed of Fine Fragrances, Personal Care and Household.

Flavor & Nutrition concentrates on products in the Beverages, Savory, Sweet and Consumer Health application areas.

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

WORLDWIDE LOCATIONS IN 2013



Symrise's headquarters are located in Holzminden, Germany. At this site, the Group's largest, Symrise employs 2,216 people in the areas of research, development, production, marketing and sales. A large number of Corporate Center employees are also based in Holzminden. The company has regional headquarters in the USA (Teterboro, New Jersey), Brazil (São Paulo) and Singapore. Important production facilities are located in Germany, Brazil, Mexico, Singapore, China and the USA. Symrise has development centers notably in Germany, Brazil, China, France, Singapore and the USA. We have sales branches in more than 30 countries.

MANAGEMENT AND OVERSIGHT

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

As of December 31, 2013, the Executive Board is comprised of four members: Dr. Heinz-Jürgen Bertram (CEO), Achim Daub (President Scent & Care Worldwide), Hans Holger Gliewe (President Flavor & Nutrition Worldwide) and Bernd Hirsch (CFO). The Executive Board is responsible for managing the company with the primary aim of sustainably increasing the company's value.

Symrise AG's Supervisory Board has 12 members. The Supervisory Board oversees and advises the Executive Board in the management of the company. It regularly discusses business development, planning, strategy and risks with the Executive Board. In compliance with the German Co-determination Act, Symrise AG's Supervisory Board has an equal number of shareholder and employee representatives. In order to increase the efficiency of its work, the Supervisory Board has formed four committees.

Details on cooperation between the Executive and Supervisory Boards as well as on corporate governance at Symrise can be found in the Supervisory Board and corporate governance statements.

BUSINESS ACTIVITIES AND PRODUCTS

Symrise manufactures about 30,000 products from around 10,000 – mostly natural – raw materials such as vanilla, citrus products or flower and plant materials. The value chain of both business divisions extends across product research, development, purchasing and production, as well as sales of our products and solutions. The flavors, perfume oils and active ingredients are generally central functional components in our customers' end products and often play a decisive role in consumers' purchasing decisions. In addition to typical characteristics such as fragrance and flavor, our value creation lies in the development of products with added benefits. Examples of a combination of flavors and perfume oils with other innovative components include flavorings that enable the sugar or salt content of foods to be reduced, or a moisturizing cosmetic ingredient that lowers the proportion of preservatives in care products. On the basis of these products, our customers can differentiate themselves from competitors with their tailor-made end products in the rapidly changing consumer goods market. The extensive research and development (R & D) undertaken, which is supplemented by a wide-reaching external network of research institutes and scientific facilities, forms the basis of our product development. Given the big differences in regional sensory preferences, comprehensive consumer research is also an important part of our R & D activities.

Our customers include large, multinational companies as well as important regional and local manufacturers of foods, beverages, perfumes, cosmetics, personal care products as well as cleaning and washing products.

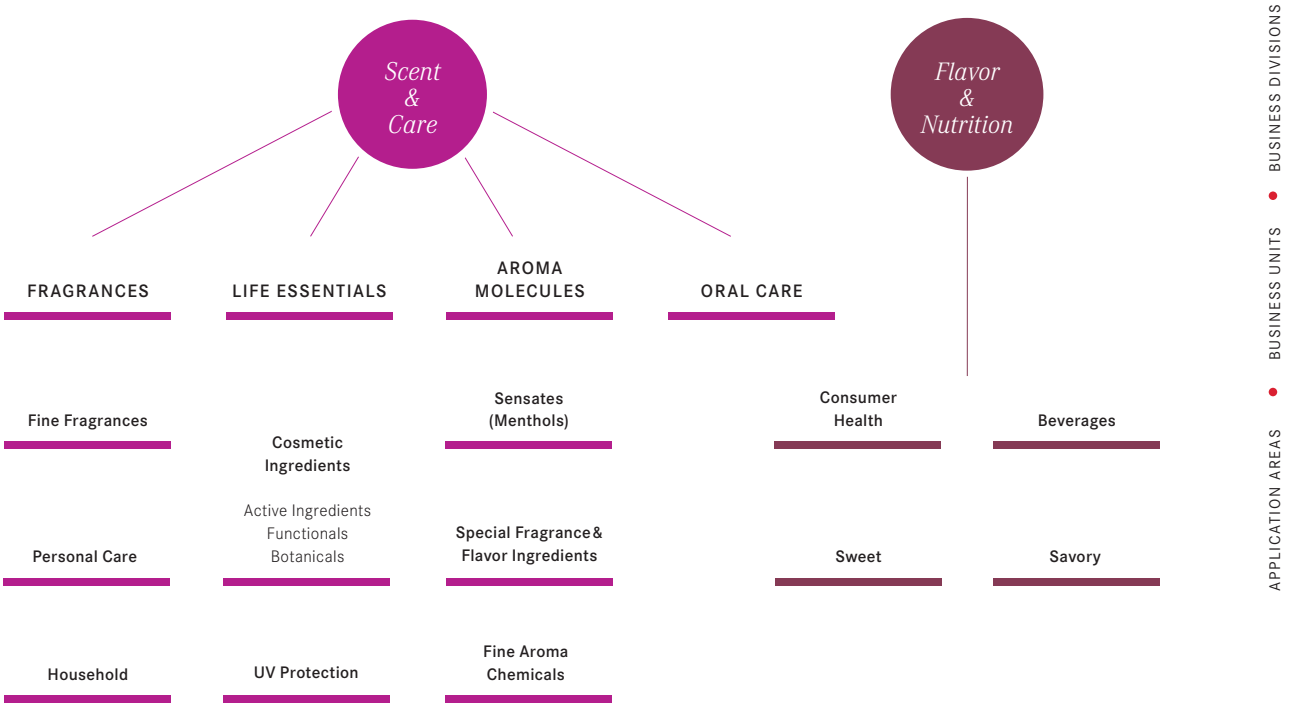
We manufacture our flavorings and fragrances in our own production plants. In some cases, we have longer-term delivery contracts for obtaining important raw materials. We maintain close ties with our suppliers and establish uniform standards to guarantee that the quality of our base materials remains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

Scent & Care

The Scent & Care business division's approximately 15,000 products are sold in some 135 countries. Its portfolio includes fragrances, cosmetic ingredients, aroma chemicals and mint products. The business division has sites in more than 30 countries. The Scent & Care business division is divided into the Fragrances, Life Essentials, Aroma Molecules and Oral Care business units. In these business units, our products are used in different application areas as follows:

Fragrances: Perfumers combine aromatic raw materials like aroma chemicals and essential oils into complex fragrances (perfume oils). Symrise's perfume oils are used in perfumes (Fine Fragrances application area), in personal care products (Personal Care application area) and household products (Household application area).

CORPORATE STRUCTURE



Life Essentials: The products manufactured in this business unit are used in skin care products, hair care products, sun creams, after-shave balsams, shower gels, wash lotions, anti-dandruff shampoos and deodorants. Products with nurturing characteristics are an important part of this business unit. Alternative preservatives are another focus. The business unit is divided into the Cosmetic Ingredients and UV Protection application areas.

Aroma Molecules: The business unit comprises the Sensates (Menthols), Special Fragrance & Flavor Ingredients and Fine Aroma Chemicals application areas. In the Sensates application area, Symrise manufactures nature-identical menthol, which is primarily used in the manufacture of oral care products, chewing gum and shower gels. Special Fragrance & Flavor Ingredients and Fine Aroma Chemicals encompass aroma chemicals (intermediate products for perfume oils) of particular quality. These aroma chemicals are used for Symrise's own perfume oil production and are also sold to consumer goods manufacturers, who make perfume oils from them.

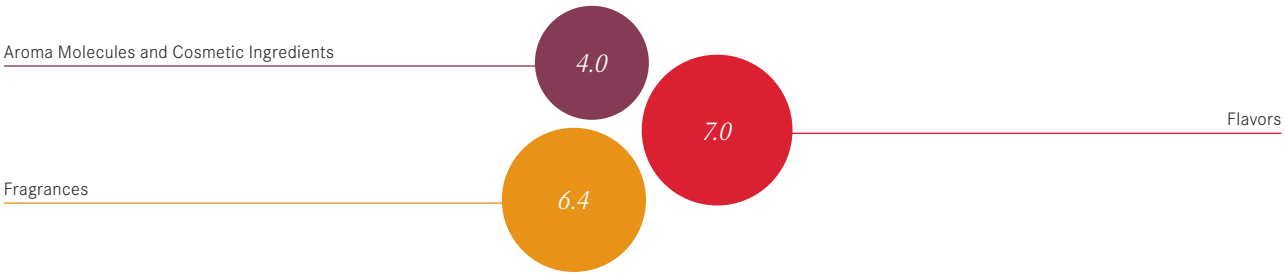
Oral Care: Symrise offers the entire product range of mint flavors and their intermediate products for use in toothpaste, mouthwash and chewing gum.

Flavor & Nutrition

Flavor & Nutrition's range of products consists of approximately 15,000 items, which are sold in 140 countries. The flavorings that we produce are used by customers to make foods and beverages, giving different products individual tastes. Symrise supplies individual flavorings used in end products as well as complete solutions, which, apart from the actual flavor, can contain additional, functional raw materials, dyes or microencapsulated components. The global Consumer Health application area serves, among others, the growing market for food supplements and pharmaceutical preparations. The business division has sites in more than 30 countries in Europe, Asia, North America, Latin America and Africa.

In particular, Symrise's flavorings and ingredients are used in four application areas:

RELEVANT AFF MARKET SIZE 2013 *in € billion*
(approx. € 17.4 billion overall)



Source: IAL (8th edition), internal estimates

Beverages: Our flavorings are used in non-alcoholic beverages such as refreshment drinks, fruit juice drinks, energy and sports drinks, tea and coffee drinks, mixed milk drinks and functional drinks. Symrise also has applications with flavor granulates for instant drinks such as tea and coffee specialties. The product range is being expanded with flavorings, distillates and extracts for nearly all common types of alcoholic beverages.

Savory: This application area includes meat flavors, herb and vegetable extracts, wine flavors for soups, sauces, instant foods as well as seasonings for snacks. Special Symrise flavorings help reduce the salt and fat content of foods with no loss of flavor.

Sweet: This application area includes sweets, baked goods, ice cream and dairy products. A focal point is products with improved flavor release and flavor systems with masking properties that permit the use of functional ingredients and simultaneously conceal the often unpleasant flavor of these ingredients.

Consumer Health: This application area includes natural, functional ingredients to promote heart and digestive function, flavoring solutions and aromatization for pharmaceutical products as well as natural food colors and coloring foods.

MARKET AND COMPETITION

MARKET STRUCTURE

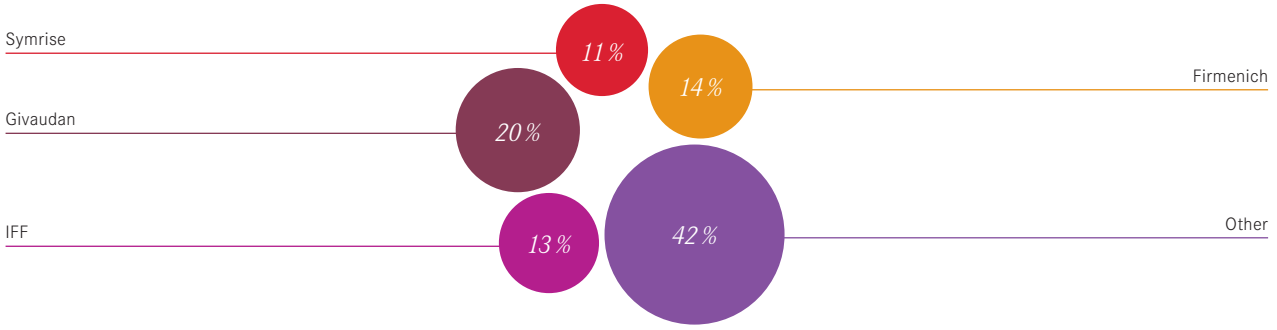
The Symrise Group is active in different markets across the world. These include the traditional market for flavorings and fragrances (F&F market), whose volume amounted to € 13.4 billion in 2013, according to calculations made by the IAL Consultants market research institute. In addition, with the Life Essentials and Aroma Molecules business units, the company is active in the market for aroma chemicals and cosmetic ingredients, which, according to our own estimates, achieved sales of € 4.0 billion in 2013. In both sub-markets, the materials make up a series of products which are consumed or used by end consumers. As a result, the two markets have many trends and characteristics in common. The market relevant for Symrise (AFF market) has a total volume of € 17.4 billion and is achieving average long-term growth of around 2 to 3 % per year.

More than 500 companies are active in the market worldwide. The four largest providers – including Symrise – together have a market share of about 60 %.

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

Apart from different local taste preferences and behavioral patterns, the demand for end products in which our products are used is influenced by additional factors. The increasing income of people in the emerging markets is having a positive impact on the development of demand for products containing fragrances and flavorings or cosmetic ingredients. Market growth is also partially based on simple products which meet basic needs and have an established presence in the markets of developed nations. In the developed Western European, Asian and North American markets, consumer trends such as beauty, health, well-being, convenience and naturalness determine the growing demand for products containing Symrise ingredients.

AFF MARKET SHARE 2013 *in %*
(Market volume approx. € 17.4 billion)



Source: Corporate data and internal estimates

SYMRISE'S MARKET POSITION

Symrise is the fourth-largest company in the F&F industry as measured by sales. Relative to the relevant AFF market of € 17.4 billion, the company's market share was 11 % in 2013. Symrise's biggest competitors, such as Givaudan, IFF or Firmenich, are primarily active in the traditional flavor, fragrance and perfume oil business. Symrise has expanded both business divisions with additional applications: Scent & Care has added cosmetic substances, for example, and Flavor & Nutrition now includes food supplements. On the basis of these more complex product solutions, greater value creation can be achieved. In sub-markets such as food supplements, sun protection filters or other cosmetic ingredients, Symrise also competes with companies or divisions of these companies that do not belong to the traditional F&F industry.

We have worldwide leading positions in certain market segments, for example in the synthesis of nature-identical L-menthol and its derivatives as well as mint flavor compositions. Symrise also holds a leading position in the UV sun protection filter segment.

AIMS AND STRATEGY

AIMS

In the long term, we want to strengthen our market position and ensure Symrise's independence. At the same time, we recognize our responsibility towards the environment, our employees and society at large. By increasing our sustainability regarding the economy, environment, employee issues and society, we minimize risk and promote Symrise's continued economic success.

- Market position: Our sales growth should exceed the long-term growth of the market, which is expanding by about 2 to 3 % per year on average. In this way, we will gradually increase the distance between us and our smaller competitors and gain market shares.
- Value orientation: We want to consistently be among the most profitable companies in the industry. We aim to achieve a sustainable EBITDA margin of about 20 %.
- Financial situation: The ratio of net debt (including provisions for pensions and similar obligations) to EBITDA should be in a corridor between 2.0 and 2.5 in the medium term. In our view, it is possible to exceed this range in the short term, by making acquisitions within the framework of our strategy, for example. Performance results are described in fuller detail in the outlook section. A consistently high cash flow from operating activities contributes to the company's financial stability.

We ensure that our shareholders have an appropriate share in the company's success. Our dividend policy is oriented toward the company's profitability.

STRATEGY

Symrise's corporate strategy is based on the three pillars of growth, efficiency and portfolio. It incorporates aspects of sustainability at all levels in order to enhance the company's value over the long term and minimize risks. In this way, we are making sustainability an integral part of our business model and turning it into a clear competitive advantage. The goal is a completely integrated corporate strategy.

- Growth: We strengthen our cooperation with our strategic customers around the world and expand our business in the emerging markets. We make sure that we remain the innovation leaders in our core competences. This ensures our continued growth.

- Efficiency: We constantly work to improve our processes and concentrate on products with a high level of value creation. We work cost-consciously in every division. This ensures our profitability.

- Portfolio: We enhance our product portfolio and tap into new markets and segments. We continue to expand our expertise in the areas of nutrition and care. This ensures our unique market position.

Symrise grows organically. When it makes sense, we engage in expansive acquisitions or enter into strategic partnerships for product development. At the same time, we want to ensure that Symrise remains capable of taking advantage of any growth opportunities that arise without jeopardizing the company's financial stability.

VALUE-ORIENTED MANAGEMENT

Different variables are used within the framework of value-oriented company management. The EBITDA margin, for which we have defined an average target value of about 20 %, serves as an indicator of the company's profitability. Increasing the value of the company is accounted for in the remuneration system for the Executive Board and selected managerial staff. In addition, we attach great importance to the company's financial stability. Examples of important key figures include cash flow from operating activities and the ratio of net debt (including provisions for pensions and similar obligations) to EBITDA.

Management's focus is guided by these financial control parameters. Non-financial benchmarks currently remain of subordinate importance.

RESEARCH AND DEVELOPMENT

GUIDELINES AND FOCAL POINTS

Our research and development (R & D) strategy aims to connect the individual components of product development, such as market and consumer research, R & D and creation, throughout the Group. All of our research activities are oriented toward the customer and the market. Through the close linkup of R & D with marketing and sales, purchasing and manufacturing, product development and quality assurance, we check early on to see whether new products and technologies can be implemented and if they are profitable. External cooperations and networks (open innovation) are increasingly bringing new methods and ideas to the development process. All R & D activities follow guidelines for environmental impact, sustainability, innovation and cost efficiency.

The Scent & Care business division focuses its R & D strategy on six main points:

- Molecular innovations for use as fragrance and cosmetic ingredients

- Functional materials for oral care products

- Bioactive ingredients for cosmetic applications

- Release systems for fragrances

- Masking unpleasant odors

- Sensory research and receptor biology

In the Flavor & Nutrition business division, the following areas are being reworked via six technology platforms:

- Developing natural flavors with authentic flavor profiles using modern biocatalysis methods

- Developing new technologies for the sustainable extraction of complex flavor systems

- Optimizing the "farm to fork" concept for manufacturing improved onion and vanilla flavor systems, for example

- New taste-active compounds for taste modulation in sweet applications as well as for masking bitter notes, reducing astringency and improving mouthfeel

- Plant extracts with special flavoring properties such as spiciness

- Natural materials for the areas "Health" and "Nutrition" with physiological functional properties as well as for optimizing the flavor of ingredients with health benefits

- New technologies for the selective enrichment and release of aromatic compounds

- Formulation of products with health-promoting characteristics and the simultaneous optimization of the sensory profile with special attention to ingredients relevant for health such as probiotics

Unplanned impairment on capitalized development costs did not occur. The capitalization rate for research and development activities amounted to 1.4 % in the 2013 fiscal year and therefore remained insignificant.

ORGANIZATION

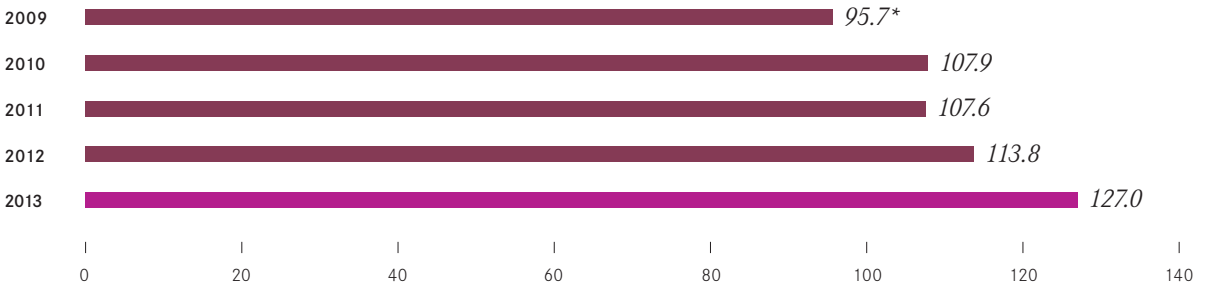
On account of differing market and customer requirements, Symrise's two business divisions pursue their own R & D activities. At the same time, technologies, processes and findings are made available to both divisions in order to achieve synergies. The R & D resources in both business divisions are directly integrated into the organization. Symrise has several R & D centers worldwide, in order to optimally support the regional activities of both business divisions. The activities in Holzminden concentrate in particular on fragrance and flavor research, the development of natural and synthetic production methods for fragrance and flavor ingredients, analytical chemistry, cosmetic ingredients as well as the development of new, functional ingredients for the Consumer Health application area. We also have development and application technologies in Teterboro (USA), Singapore, Tokyo (Japan), Chennai (India), Paris (France) and São Paulo (Brazil).

In order to expand the network within the scientific community, Symrise representatives have participated in numerous scientific conferences and presented current research studies. These include the Irsee Natural Substances conference, the International Congress on Green Extraction of Natural Products in Avignon, the Biotrans event in Manchester and the Wartburg Symposium, one of the world's most important flavor conferences. Symrise researchers helped organize the Flavor & Fragrance Symposium in Leipzig, the 2013 International Conference on Bioencapsulation in Berlin and the Blankenese conference "Nutrient Sensing: From Brain to Gut" in Hamburg. Symrise was also involved in organizing the GDCH Flavour & Fragrance conference in Leipzig and was also one of the main presenters with lectures on the modern synthesis of aromatic substances and flavors. We presented the topic of sustainability and fragrances at the Cleaning Products Europe Conference in Prague. The latest research results from phytochemistry, microalgae research, skin pigmentation, anti-aging and receptor biology were also discussed at the 22nd IFSCC (International Federation of Societies of Cosmetic Chemists) conference held by the French Association for Cosmetics and Fragrances in Rio de Janeiro as well as at the "9th International Meeting of China Dermatologist Association & National Congress of Cosmetic Dermatology." The Christian Doppler Laboratory for Bioactive Aroma Compounds jointly founded by the Flavor & Nutrition division and the Christian Doppler Research Association in Austria at the University of Vienna in 2009 was successfully reevaluated and will receive further funding for at least three years.

Symrise participates in numerous scientific research projects that are supported by the German Federal Ministry of Education and Research (BMBF), the NBank (Lower Saxony's business development bank) or other public and private funding institutions.

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

R & D COSTS *in € million*



*2009 including restructuring expenditure

NUMBER OF EMPLOYEES BY BUSINESS DIVISION

	December 31, 2012	December 31, 2013	Change in %
Flavor & Nutrition	2,829	2,943	+ 4
Scent & Care	1,990	2,147	+ 8
Corporate functions and services	850	869	+ 2
Total (excluding trainees and apprentices)	**5,669**	**5,959**	**+ 5**
Trainees and apprentices	130	126	-3
Total	**5,799**	**6,085**	**+ 5**

Basis: Full-time equivalents (FTE), not including temporary workers

PERSONNEL AND EXPENSES

At Symrise, nearly 20 %, or 1,160, of our employees work in the R & D area worldwide. In the previous year, 1,131 employees worked in R & D. In the 2013 fiscal year, total R & D expenditure amounted to € 127 million (previous year: € 114 million), comprising 6.9 % of sales (previous year: 6.6 %). Research expenses will remain at this level in the future in order to further increase Symrise's innovative strength.

EMPLOYEES

STRUCTURE OF THE WORKFORCE

The number of employees at the Symrise Group, not including apprentices and trainees, increased in the 2013 fiscal year by 290 individuals or 5.1 % to 5,959 as of December 31, 2013. Last year, 5,669 people were employed by Symrise. The increase in the number of employees in the Scent & Care division was particularly notable (+157 employees). This business division employees around 36 % of the Group's total workforce. This increase is primarily the result of the acquisition of Belmay and its 113 employees. Nearly half of the Group's employees work in the Flavor & Nutrition division. Here, the number of employees increased by 114 in 2013. About 15 % of the Group's employees work in the Corporate Services and Corporate Center segments as well as in the separate subsidiaries Symotion and Tesium, which also occasionally provide services for third parties in such areas as technology, energy, safety, environmental issues and logistics. The number of apprentices and trainees remained mostly unchanged at 126 (previous year: 130 apprentices and trainees). They are trained in particular as chemical lab technicians and chemists, industrial clerks and business students (dual training with a Bachelor of Business Administration degree) as well as industrial mechanics.

From a functional perspective, the majority (41 %) of the Symrise Group's workforce is employed in the area of production and technology. This was also the area that experienced the greatest growth in personnel in 2013, adding 155 employees. 26 % of the workforce is employed in sales and marketing, while 20 % of employees work in research and development.

Of the Group's 5,959 employees, about 40 % work at sites in Germany, while the EAME region as a whole accounts for 53 % of the workforce. 21 % of our employees work in the Asia/Pacific region, 15 % in Latin America and 11 % in North America. For 2013, the increase in employees was most prominent in Asia with 11 %, followed by Latin America with an almost 8 % increase. The North American and EAME regions also experienced growth.

NUMBER OF EMPLOYEES BY FUNCTION

	December 31, 2012	December 31, 2013	Change in %
Production and technology	2,276	2,431	+ 7
Sales and marketing	1,476	1,561	+ 6
Research and development	1,131	1,160	+ 3
Administration	435	440	+ 1
Service companies	351	367	+ 5
Total	**5,669**	**5,959**	**+ 5**

Basis: Full-time equivalents (FTE), not including apprentices, trainees and temporary workers

NUMBER OF EMPLOYEES BY REGION

	December 31, 2012	December 31, 2013	Change in %
Germany	2,352	2,398	+ 2
EAME not including Germany	757	786	+ 4
North America	641	673	+ 5
Asia/Pacific	1,113	1,235	+ 11
Latin America	806	867	+ 8
Total	**5,669**	**5,959**	**+ 5**

Basis: Full-time equivalents (FTE), not including apprentices, trainees and temporary workers

In terms of age range, employees between the ages of 30 and 49 dominate the workforce at the Symrise Group, with a share of 59 %. We regularly assess the demographic development of our workforce. Demographic development will be very steady over the next ten years. The natural reduction of the workforce due to retirement will be around 1 to 2 % per year until 2020.

Nearly half of the Symrise Group's employees have been with the company for at least ten years – for German sites, this group accounts for over two-thirds of the workforce. Our employee turnover rate remained very low in Germany, totaling 1.1 % in 2013. Globally, the figure was 4.4 %, which represents a considerable improvement from the previous year (5.3 %).

PERSONNEL STRATEGY

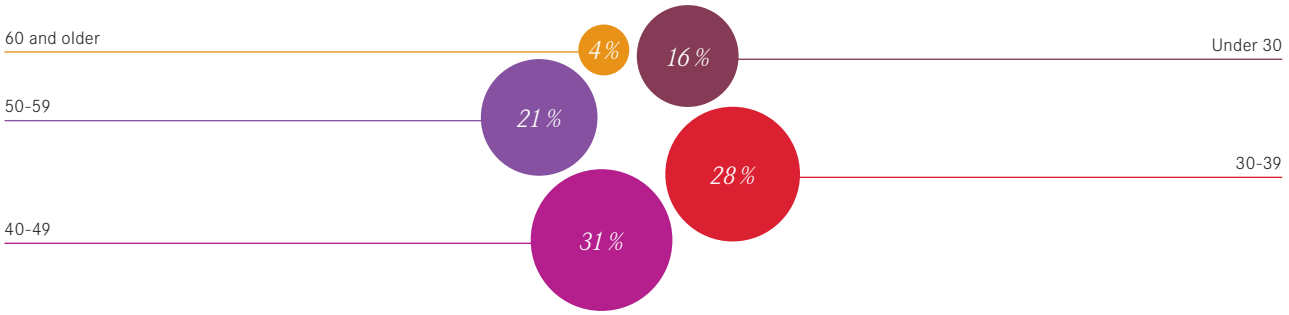
The strategic focuses for human resources in 2013 concentrated on personnel development and succession planning as well as enhancing the Symrise Academy profile. Our family-oriented HR policy was also further refined in Germany.

The Symrise Academy was further expanded with the "Symrise Future Generation Leadership Development Program" in the area of "Leadership Training & Development" – one of the pillars of our four-pillar concept:

- Flavorist and Perfumer Academy
- Technical & Professional Training
- Sales Training
- Leadership Training & Development

One of Symrise's strengths is in the training and development of our technical personnel, particularly in the creative segment. The flavorist and perfumer schools train specialists who can be quickly and successfully employed. Next, the technical training of our production employees is a core component of Symrise's professional development program with training courses for chemical production specialists and process chemical technicians, or, more recently, as inventory specialists in logistics at Symotion. Our high-performance sales training for sales personnel is also being continued and further expanded.

AGE STRUCTURE OF THE WORKFORCE 2013



Another element of our personnel strategy is the development of junior managers for key positions within the company. In 2013, we started a global program focusing on this issue in addition to regional initiatives.

Symrise pursues a very application and implementation-oriented philosophy in its personnel development. Recent studies show that 70 % of work-related learning takes place "on the job" by performing new tasks, taking on new challenges and working on projects. A further 20 % is learned in exchange with colleagues and superiors as well as through coaching and mentoring. The final 10 % is learned in structured seminars and training sessions. For this reason, Symrise is placing a primary focus on project work and learning in short to medium-term foreign deployments – these forms of knowledge transfer will be further expanded in the coming years.

Symrise has made considerable investments into the continuation and expansion of its training at its Holzminden site. Each year, we hire roughly 45 new apprentices in various occupational training programs. This helps us prepare for the upcoming demographic change. The capacities in the training laboratory for training chemical-technical personnel were expanded by an additional 12 training slots. In addition, we started a new cooperation with the Ostwestfalen-Lippe University of Applied Sciences in Lemgo. Two Symrise employees with chemical-technical training experience have been studying there since the start of the 2013 winter semester in the field of "Life Science Technologies" and will receive a Bachelor of Science degree in Food Technology and Cosmetics and Detergent Technology following the successful completion of six semesters. In order to gain new apprentices, we also participate in numerous career guidance measures at schools as well as fairs like the Idea Expo in Hanover or university recruitment fairs.

Another important component of the corporate culture at Symrise is our family-oriented HR policy. In certain personal situations, such as the birth and nursing of a new child or caring for other family members, we strive to allow our employees an optimal combination of these personal responsibilities with their work-related duties via various individual programs.

Additionally, Symrise initiated a cross-divisional and cross-regional succession planning program in 2013. It consists of three elements: A direct emergency plan for the immediate filling of important key positions (such as in the case of sudden illness), succession planning (where candidates are qualified for particular positions over a period of two to three years), and the development of career plans covering a period of three to five years – the Symrise Future Generation Leadership Development Program. With this tool, highly qualified succession candidates are identified for key positions and focused development plans are defined.

PERSONNEL MEASURES

Remuneration and Wage Agreements

Symrise uses the wage agreements applicable to the chemicals industry for its employees in Germany – both in terms of content and duration. In February 2014, a wage agreement was concluded that establishes an increase of the tariff wages of 3.7 %. For the application of this increase at Symrise, we will take into account our pioneering site safeguard agreement, which will remain in effect through the year 2020, and provides for salary reductions of 0.7 percentage points compared to the industry tariff. As a result, the tariff wages of our employees will be increased by 3 % by the wage agreement. The adjusted tariff wages will remain valid until the end of March 2015.

Flexible remuneration systems, which honor employees' individual contributions with variable salary components and at the same time take the company's economic situation into account, are an important element of our modern remuneration policy. The remuneration systems are based on our salary range model, which was introduced at all of the major Symrise sites. The advantages of this so-called job grade concept lie in its structured and comprehensible remuneration as well as its international comparability. This makes our company more attractive as an employer and contributes toward recruiting and retaining employees. In addition, a separate global performance bonus plan ensuring that company targets are reached by means of a variable remuneration geared toward results and performance applies to about 70 managers with global or regional responsibilities: Employee performance should pay off at Symrise.

Measures to Safeguard Competitiveness

The company wage agreement between Symrise and IG BCE (Mining, Chemical and Energy Industrial Union) makes an important contribution toward keeping the company competitive. At the beginning of 2012, the agreement was extended until 2020. The essential elements of the agreement on the company's side are a site and employment guarantee as well as investment commitments of around € 220 million for the German

sites until 2020. At the same time, the agreement forms the basis for qualification measures and considerable cost savings through the retention of a working week of 40 hours and the gradual takeover of the IG BCE union wage rates with clearly defined reductions averaging about 1 % per year over the full duration until 2020. The implementation of qualification measures, which foster and enhance the innovative ability of our employees, is an essential pillar of our personnel policy. With these concessions, the workforce is making a decisive contribution to internationally competitive personnel costs at our German sites. A key element of the collective bargaining agreement is the return of these competitiveness-enhancing discounts to employees if Symrise loses its independence. In this case, the chemical industry's general wage agreement automatically comes into effect six months after Symrise is acquired by a third party. This does not affect the site guarantee and the waiver of terminations for business reasons through 2020.

Economic Report

GLOBAL ECONOMIC AND INDUSTRY-RELATED CONDITIONS

DIFFERENTIATED EFFECTS ON SYMRISE

Symrise's business development is influenced by various factors in the company's environment. Regarding sales, the general economic development plays a big role. The sub-markets in which we are active show different degrees of fluctuation depending on economic developments.

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

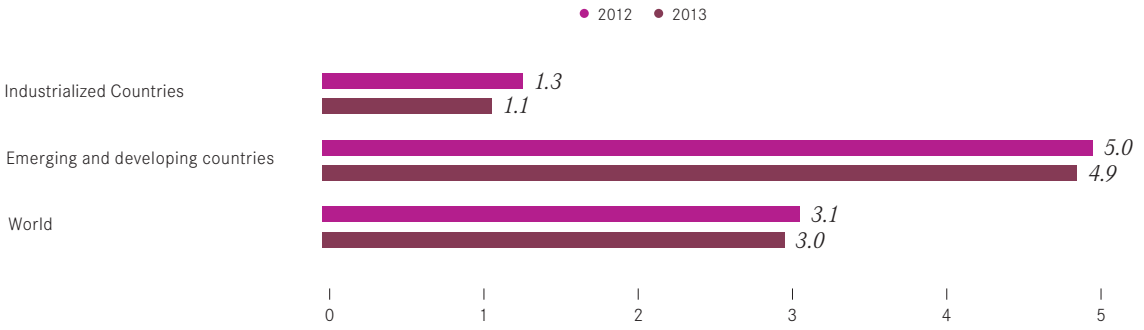
Symrise's products are found in a number of application areas worldwide, including in the manufacture of food, in cosmetic and pharmaceutical end products and in household products. Worldwide use of our products requires that we observe national and internationally valid consumer protection guidelines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

GLOBAL ECONOMIC CONDITIONS

The international economic landscape showed mixed developments over the course of 2013. More and more industrialized nations showed positive development, while growth in some emerging markets remained below expectations. Overall, the global economy achieved modest growth of 3.0 % in 2013 according to estimates from the DIW Berlin, the German Institute for Economic Research (previous year: 3.1 %).

The economic upswing in the industrialized nations is mainly due to the recovery in private consumption which, in turn, is primarily supported by a gradual improvement to the employment markets and low inflation rates. Additionally, the USA answered some of the questions surrounding its future fiscal course and announced that its monetary policy would remain expansionary. The growth rate in the USA increased from quarter to quarter and achieved an annualized value of 3.6 % in the fall of 2013. Meanwhile, the eurozone seems to have moved beyond its low point and be on the road to recovery. In 2013, the economy in the eurozone still decreased slightly by 0.4 %. The German economy continued its recovery over the course of 2013. Thanks to the improving global economy, German exports regained momentum, which also encouraged greater investment activity. The purchasing power

DEVELOPMENT OF GROSS DOMESTIC PRODUCT IN 2012/2013 *in %*



Source: DIW Berlin

of private households benefited from increasing employment, positive wage developments and the ongoing low rate of price inflation. For 2013, the German economy grew approximately 0.4 %.

Symrise generates nearly half of its sales in the developing and emerging markets. Economic growth accelerated particularly notably in China and India at the end of 2013. The Chinese gross domestic product expanded by 7.6 % in 2013, while the Indian GDP grew by 2.8 %. Most Eastern European countries also experienced significant growth in the fall of 2013, which is mainly attributable to heightened foreign demand. The economic growth rates for Brazil and Mexico amounted to 3.3 % and 1.5 % respectively in 2013.

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

- Economic fluctuations in the developed markets have very little effect on the demand for end products containing Symrise products if they cover basic needs – for example, in the nutrition, personal care or household segments.
- The demand for products in the "luxury segments" of Fine Fragrances and Personal Care (about 10 to 15 % of our product portfolio) is significantly more dependent on the disposable income of private households.
- In the emerging markets, there is higher demand for products refined with flavorings and fragrances, in keeping with the dynamically increasing standard of living of the population.
- Symrise customer companies manage production and warehousing so that as little capital as possible is tied up. Uncertainties about future sales development lead to adjustments, including in the amount of products purchased from Symrise.

Symrise benefited from its favorable market position in the emerging markets as well as a broadly diversified customer portfolio in the 2013 fiscal year.

DEVELOPMENT OF ESSENTIAL SALES MARKETS

The relevant market for the Symrise Group is growing at a long-term rate of 2 to 3 %. For 2013, the market volume amounted to € 17.4 billion. The flavors and fragrances market segment as well as the market segment for aroma chemicals also showed a similar development over the past fiscal year.

PRICE DEVELOPMENT AND AVAILABILITY OF RAW MATERIALS

Symrise uses about 10,000 different raw materials in production. Important examples are natural vanilla and citrus derivatives (juices, essential oils, etc.), citral and terpene derivatives and base chemicals derived from crude oil which are used in Symrise's value chain as menthol intermediate products, solvents as well as raw materials for sun protection filters and special aromatic substances. In general, however, individual raw materials comprise only a very small part of total requirement. Procurement costs saw moderate to slight downturns for many raw materials in 2013. This was due to a drop in demand (e.g. on the European market) and the lower than expected growth in demand from the emerging markets in 2013. With citral and terpene derivatives, which are used to manufacture fragrances, the supply and therefore the cost situation has relaxed slightly in 2013. The same holds true for most base chemicals.

Overall, the prices for chemical raw materials decreased slightly over the course of the 2013 fiscal year. Natural raw materials experienced significant price distortions due to the unsettled market environment and continued high level of volatility. To increase supply security with base products, Symrise has for years pursued a strategy of long-term cooperation. Examples of this are the collaboration with LANXESS in the manufacture of synthetic menthols and a presence in Madagascar, the most important source country for bourbon vanilla, with backward integration, meaning the inclusion of local farmers.

GENERAL POLITICAL AND REGULATORY CONDITIONS

The Flavor & Nutrition business division's products are primarily used in foods, beverages and pharmaceutical applications. New maximum limits for certain aromatic substances must be complied with in the EU starting in October 2014 at the latest. Symrise already ensured in 2013 that it meets this new requirement. The company guarantees that all Symrise products meet these requirements and that corresponding documentation is made available to customers. Furthermore, the EU Union List of aromatic compounds was published and also contains exact purity requirements. Symrise began adjusting its data systems and informing its customers of these changes before the list was published.

Symrise AG was successfully audited at its Holzminden site in 2013 by US authorities as part of the Food and Drug Administration's (FDA) stricter auditing of companies in the food industry, including those based outside the USA.

In the Scent & Care division, perfume oils and substances are mainly manufactured for use in the cosmetics industry and household products. One key activity for Symrise in 2013 was registering important products and raw materials in accordance with the European chemicals directive REACH: Overall, files for more than 40 old materials (or phase-in substances; EINECS) were submitted to the European Chemicals Agency (ECHA) by the registration deadline of May 31, 2013. Symrise also registered several newly developed materials (so-called non phase-in substances) and reworked some substances registered back in 2010. That means that approximately 50 substances were registered in 2013 and thus their continued use secured.

Along with REACH, the implementation of the new and revised IFRA (International Fragrance Association) quality and safety standards was another focus in 2013. These standards were promptly implemented by Symrise in order to ensure maximum safety for consumers using our fragrance products.

CORPORATE DEVELOPMENT

GENERAL STATEMENT ON THE COURSE OF BUSINESS

The Symrise Group's sales rose by 6 % to € 1,830 million in the 2013 fiscal year. At local currency, the increase was 10 %. As in the previous year, the emerging markets' share of total Group sales amounted to 48 %.

Earnings before interest, taxes, depreciation and amortization on property, plant and equipment and intangible assets (EBITDA) at the Group level increased by 10 %, from € 339 million to € 373 million. This corresponds to an EBITDA margin of 20.4 % (previous year: 19.5 %).

Net income for 2013 increased by € 15 million to € 172 million. Earnings per share amounted to € 1.46 (2012: € 1.33). Given this positive development, Symrise AG's Executive Board will, in consultation with the Supervisory Board, propose raising the dividend from € 0.65 to € 0.70 per share at the Annual General Meeting on May 14, 2014.

A COMPARISON BETWEEN THE ACTUAL AND FORECAST COURSE OF BUSINESS

At the start of 2013, we expressed our goal of posting sales growth at local currency in both divisions well beyond the average market growth rate (2–3 %).

Assuming that raw materials prices remained at the level of 2012 and exchange rates did not change significantly from 2012, we anticipated an EBITDA margin of about 20 % for 2013.

Our debt, as measured in terms of the key figure net debt (including pension provisions and similar obligations) to EBITDA, should remain between 2.0 and 2.5 in the medium term.

With sales growth of 9.8 % at local currency, we exceeded our sales target by a considerable margin. Without the acquisition of Belmay, growth would have amounted to 7.7 %. The EBITDA margin of 20.4 % was within the targeted range and net debt, at 2.0 times EBITDA, was at the lower end of our target corridor.

RESULT OF OPERATIONS

Group Sales

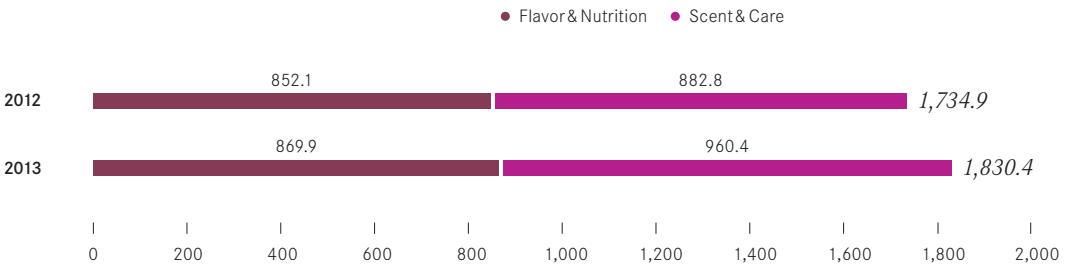
For 2013 as a whole, the Symrise Group generated sales of € 1,830 million. This corresponds to an increase over the previous year of 6 %, or growth of 10 % at local currency.

Business divisions: Scent & Care was able to increase sales at local currency by 13 % to € 960 million. Sales in the Flavor & Nutrition business division reached € 870 million in the past fiscal year, representing an increase at local currency of 6 % compared to the previous year.

ACHIEVEMENT OF TARGETS IN 2013

	Target at the Beginning of the Fiscal Year	Figure Achieved
Sales growth (at local currency)	notably above market growth(2–3 %)	9.8 %
EBITDA margin	about 20.0 %	20.4 %
Net debt (incl. pension provisions and similar obligations)/EBITDA	medium term 2.0 to 2.5	2.0

SALES DEVELOPMENT OF THE SYMRISE GROUP *in € million*



Regions: Sales in the **EAME** region increased by 5 % (at local currency: 7 %). The **North America** region developed very positively in the 2013 fiscal year and achieved sales growth of 11 % compared to the previous year (at local currency: 14 %). Business in the **Asia/Pacific** region also developed positively, with a sales increase of 4 % (at local currency: 10 %). Sales in the **Latin America** region increased by 2 % compared to the previous year (at local currency: 12 %).

Sales in emerging markets exceeded the previous year's figures at local currency by 11 %. As in the previous year, the share of this group of countries in total sales was 48 % in the 2013 fiscal year.

Scent & Care Sales

In the 2013 fiscal year, the Scent & Care business division generated sales of € 960 million. Sales were therefore up 9 % on the previous year's level. At local currency, this corresponds to growth of 13 %.

All business units posted positive business developments in the year under review. The strongest growth was seen in the Fragrances business unit, particularly due to the acquisition of the American company Belmay. However, the business units Oral Care and Aroma Molecules were not far behind, posting double-digit sales growth in part. The Life Essentials business unit generated good single-digit growth, especially in the EAME region.

Regions: All regions were able to considerably increase their sales in 2013. Leading the way was North America, where our market share in the fine fragrances, personal care and air care segments significantly expanded due to the acquisition of the American company Belmay. The emerging markets of Asia, Latin America, Eastern Europe, Africa and the Gulf region also generated high, double-digit growth rates.

In the **EAME** region, sales at local currency increased by 10 %. Both in the developed markets of Western Europe as well as in the emerging markets of Eastern Europe, Africa and the Gulf region, we managed to generate high single and even double-digit growth rates. The Fragrances and Life Essentials business units posted particularly impressive growth. In the Life Essentials business unit, we brought multiple new and innovative products to the market and received numerous accolades for these over the past fiscal year. In the fourth quarter, for example, the multifunctional ingredient Symsave® H took the industry by storm, receiving the SEPAWA INNOVATION Award 2013, which was presented this year for the first time. SymSave® H unites antioxidant, skin-soothing and preservation-promoting properties in a singular ingredient, which makes it an ideal component for skin and hair care formulas.

SALES BY REGION

€ million	2012	2013	Change in %	Change in % at local currency
EAME	785.4	828.3	5	7
North America	316.8	350.3	11	14
Asia/Pacific	404.5	419.6	4	10
Latin America	228.2	232.2	2	12
Total	**1,734.9**	**1,830.4**	**6**	**10**

Sales at local currency rose by 19 % in **North America**. The greatest growth was achieved in the Fragrances business unit, due especially to the acquisition of the Belmay Group's business in March 2013. Growth rates for the Oral Care and Aroma Molecules business units were also high, reaching double digits in North America this past fiscal year. Here, we benefited from the additional production capacities for menthol added in the previous year.

In the **Asia/Pacific** region, sales at local currency increased by 14 %. All business units were able to considerably increase their sales from the previous year. The greatest growth impulses were seen in China, India, Indonesia and Japan.

Sales in **Latin America** increased by 11 % at local currency. The Fragrances business unit achieved the greatest growth. Here, the acquisition of Belmay's Brazilian activities from the previous year continued to have a positive impact on performance. Furthermore, we were able to generate high levels of growth in the Aroma Molecules business unit and the Menthol application area.

Business units: The **Fragrances** business unit, which accounts for more than half of the Scent & Care division's sales, posted double-digit growth in 2013, primarily due to the acquisition of the Belmay Group's business in March 2013. The Belmay Group, headquartered in Yonkers, New York, was an established and renowned manufacturer of fragrance creations, particularly for the fine fragrances, cosmetics and air care application areas. Both Belmay's product and customer portfolio optimally supplemented the existing activities of the Scent & Care division while simultaneously strengthening our presence in North America. With this acquisition, Symrise has taken another strategically important step towards promoting sustainable growth in the fine fragrances, personal care and air care segments.

Symrise is one of the first fragrance companies in the industry to source CENSO-certified lavandin. In doing so, we secure a key natural raw material for fragrance creation while simultaneously promoting sustainable cultivation methods for resistant lavandins, as the plants are threatened by an aggressive microorganism. With this initiative, we support our long-term strategy for the sustainable procurement of key raw materials, such as vanilla in Madagascar, for which we received the German Sustainability Award.

The **Life Essentials** business unit also generated solid, single-digit growth in 2013. In the Cosmetic Ingredients application area, we were once again honored for our development efforts over the past several years and also brought new products to the market in the fiscal year under review. Some of the highlights were:

- **Best Ingredient Award in Silver from in-cosmetics Innovation Zone**
  SymHair™ Force 1631 strengthens hair with proven effectiveness and thus received the silver Innovation Zone Best Ingredient Award.

- **Three BSB Awards**
  SymFit® nat 1750 was awarded first place in the "Natural Product – Most Innovative Raw Material" category, with its proven effectiveness in firming skin.
  Sym3D® took second place in the category "Innovative Raw Materials – Cosmetics Actives" for its twofold effects: It gives added volume to lips while also combating wrinkles and aging of the skin.
  SymBronze® 1659 also achieved second place in the "Innovative Raw Materials – Cosmetics Functionals" category. SymBronze® 1659 is a biological self-tanning ingredient, operating from the inside out and providing a natural tan without sunshine. It also accelerates the tanning process when sunbathing and maintains tanned skin for a longer period of time.

Sales performance in the **Aroma Molecules** business unit was positive in the 2013 fiscal year and achieved double-digit growth. A key growth driver was the Menthol application area, thanks in large part to the production capacity expansions performed in the previous year.

The **Oral Care** business unit likewise reported double-digit sales growth. All regions contributed to the result with high single-digit or double-digit growth rates.

Flavor & Nutrition Sales
In the 2013 fiscal year, Flavor & Nutrition generated sales of € 870 million. Compared to the previous year, this corresponds to growth of 2 %; at local currency the increase was 6 %. Key growth drivers were the emerging markets and our good positioning with our strategic customers. All application areas contributed to sales growth.

Regions: Compared to the previous year, Flavor & Nutrition increased its sales considerably in every region in 2013. In the emerging markets of Asia, Latin America, Eastern Europe, Africa and the Gulf region, the division achieved growth of 9 % at local currency.

In the **EAME** region, sales at local currency in the 2013 fiscal year were 5 % above the previous year. Significant growth was achieved in the emerging markets of Eastern Europe, Africa and the Gulf region. Sales development in Russia, Egypt, the UK, the United Arab Emirates and Turkey was particularly dynamic. The Savory and Sweet application areas generated the highest growth rates, especially with our strategic customers. In June, Symrise began operations at its new powder mixing plant and the modern raw materials warehouse connected to it. With the new facility, we have merged our production of flavored powdered mixtures at our Holzminden site. Now, instead of working at various locations, employees here produce flavors for powdered compositions used in sweets, soups, instant foods and seasoning mixes in a single place. This concentration of production substantially increases efficiency, capacity and product diversity. The new mixing plant includes a production space of 3,500 square meters and a warehouse capacity of 1,000 square meters. All processes, from raw material supply to shipping, are now located under one roof.

In November, Symrise received the FIE Excellence Award in the sustainability initiative category at the specialist trade fair Food Ingredients Europe (FIE) for its sustainable sourcing of vanilla in Madagascar. We had already won a sustainability award in 2012 for our vanilla activities in Madagascar. Since then, we have substantially developed our initiative there. We now work with over 5,000 farmers and promote the diversification of the local agriculture (by planting vetiver, for instance). These and other measures serve to improve the overall living conditions of the farmers in a sustainable and lasting manner.

We saw encouraging sales developments in the **North America** region in the 2013 fiscal year. Sales increased by 6 % at local currency compared to the previous year. The main drivers of growth were the Savory and Beverages application areas. Here, we realized a series of new orders with our strategically important customers. In the Sweet application area, we once again posted an important success in the vanilla segment. We launched a new food science research team at our site in Teterboro during the period under review. The team uses results from fundamental research to support the development of market-ready products while also acting as an interface between the flavor development and application technology segments.

In the **Asia/Pacific** region, sales at local currency increased in the past fiscal year by 7 %. The division achieved solid growth rates in China, Indonesia, India, Thailand and Japan in particular. The application areas Savory and Sweet managed to notably expand their business and achieve high single-digit growth. The Consumer Health application area increased sales considerably and achieved high double-digit growth rates. In August, we successfully launched our discover chicken® initiative in Asia. As part of this, the Symrise flavor experts in the Business Unit Savory carried out extensive research in a variety of regional Asian cuisines and preparation methods in order to be able to reflect Asia's culinary diversity in a palette of new flavors.

In the **Latin America** region, Flavor & Nutrition increased sales at local currency by 15 % and therefore achieved the best growth in the division. Venezuela, Brazil and Argentina contributed in particular to this result with strong sales performances. The positive business development in these countries was driven by strong growth with our strategic global and local customers. All application areas achieved high growth rates, with the Savory application area leading the way with a double-digit increase in sales. Flavor & Nutrition employees from all regions and functions met at our Brazilian site in Granja Viana to discuss the strategic development of our NATURALLY CITRUS!® brand in Latin America. The multi-day event resulted in important impulses and ideas for the citrus strategy in Latin America, which will be further developed and implemented in the coming months.

Symrise Establishes Umbrella Brand think mint® for Fresh Taste and Cooling Care

Mint is regarded as a symbol of purity and fresh breath, while also generating cooling effects – in short, mint affects all senses. Mint gives sweets, chewing gum and oral care products their characteristically fresh notes. Consumers especially appreciate the interplay of cooling and freshening effects. In order to focus the global team's know-how in this area across multiple departments, Symrise has pooled its expertise under the think mint® umbrella brand. The strategic platform bundles knowledge and application know-how gained from around the world over the course of four decades. Our own source of raw materials also ensures reliable quality at any time of the year. With think mint®, we combine our knowledge of oral care and sweets, creating real added value with new mint compositions and combinations. This allows our customers to position themselves with unique products on the market.

INCOME STATEMENT IN SUMMARY

€ million		2012	2013	Change in %
Sales		1,734.9	1,830.4	6
Cost of sales		– 1,034.4	– 1,059.5	2
Gross profit		**700.6**	**770.8**	**10**
Gross margin	in %	40.4	42.1	
Other operating income		15.7	16.1	2
Selling and marketing expenses		– 267.3	– 290.0	8
Research and development expenses		– 113.8	– 127.0	12
Administration expenses		– 80.8	– 85.0	5
Other operating expenses		– 1.8	– 1.8	– 1
Income from operations/EBIT		**252.6**	**283.1**	**12**

Nature's Best: Enhanced Vitality with Actiplants® Cherry Purevital
We launched our highly purified plant extract Actiplants® Cherry Purevital in the second quarter. It is particularly well suited for nutritional supplements aimed at promoting regeneration after physical activity. The first cherry extract to come with a standardized anthocyanin content of at least 16 %, it has the highest levels of anthocyanins and polyphenols among comparable products on the market. Thanks to the patent-pending and gentle SymTrap™ procedure, this extract also contains an especially high level of secondary plant compounds.

Development of Important Items in the Income Statement
In 2013, the **cost of sales** rose by € 25 million, or 2 %, to € 1,060 million (2012: € 1,034 million). The disproportionately low rise in costs in view of the ratio to sales can be mainly attributed to a lower raw material cost ratio and lower levels of depreciation and amortization. Gross profit increased by 10 % and amounted to € 771 million (2012: € 701 million). The **gross margin** was 42.1 %, 1.7 percentage points higher than in the previous year (40.4 %). **Selling and marketing expenses** were up by 8 % compared to the previous year, amounting to € 290 million (2012: € 267 million). This corresponds to 15.8 % of Group sales (2012: 15.4 %). **R & D expenses** increased by 12 % to € 127 million (2012: € 114 million). The R & D rate came in slightly above the previous year's level at 6.9 % (2012: 6.6 %). **Administration expenses** increased by the below average rate of 5 % to € 85 million (previous year: € 81 million). Administration expenses as a share of Group sales improved again from 4.7 % in 2012 to 4.6 % in the reporting year.

Earnings Situation
Group: Earnings before interest, taxes, depreciation and amortization on property, plant and equipment and intangible assets (EBITDA) rose in 2013 by 10 % to € 373 million (2012: € 339 million). Compared to the previous year, the improved gross margin in particular had a positive effect on earnings. The **EBITDA margin** amounted to 20.4 % in 2013 compared to 19.5 % in the previous year.

Scent & Care: For the 2013 fiscal year as a whole, Scent & Care achieved EBITDA of € 194.5 million. It was thus 21 % higher than in the previous year. The EBITDA margin therefore amounted to 20.3 %, compared to 18.2 % in 2012.

Flavor & Nutrition: EBITDA in the Flavor & Nutrition division in 2013 was slightly higher than the previous year's level (2012: € 178 million), reaching € 179 million. The EBITDA margin amounted to 20.5 %, compared to 20.9 % in the previous year.

OVERVIEW OF EARNINGS

€ million		2012	2013	Change in %	Change in % at local currency
EBITDA		**338.9**	**373.1**	10.1	12.8
EBITDA margin	in %	19.5	20.4		
EBIT		**252.6**	**283.1**	12.1	14.8
EBIT margin	in %	14.6	15.5		

Financial result: The financial result in 2013 of € –37.3 million represents an improvement of € 2.8 million compared to 2012. The main factor here was a low interest expense for pension obligations (€ –3.0 million). The interest result improved by € 3.5 million, from € –37.3 million to € –33.8 million. Compared to the previous year, there were no significant changes to the financing structure. A loan from the European Investment Bank (EIB) was the only item added to the existing financial instruments and its interest expenses flowed into the interest result for ten months. On the other hand, the promissory note loan amounting to € 27.5 million was repaid in April 2013.

Taxes: In the 2013 fiscal year, tax expenses amounted to € 73.5 million (2012: € 55.0 million). The tax rate for the reporting year was thus higher than that of the previous year (25.9 %) at 29.9 %. An adequate provision for risk was made, as in previous years.

Net income and earnings per share: The net income in 2013 totaled € 172 million, € 15 million, or 9 %, higher than in the previous year (2012: € 157 million). Earnings per share therefore improved by € 0.13 to € 1.46 (2012: € 1.33) while the number of shares remained unchanged.

Dividend proposal for 2013: The Executive Board and Supervisory Board of Symrise AG will propose the distribution of a dividend of € 0.70 per share for the 2013 fiscal year at the Annual General Meeting on May 14, 2014. Symrise views the dividend payment as being part of its corporate responsibility to continually achieve high yields for its shareholders and to enable shareholders to participate in the company's success by means of an appropriate dividend.

FINANCIAL POSITION

Financial Management

Main features and objectives: The Symrise Group's financial management pursues the aim of guaranteeing that the company's financial needs are covered at all times, of optimizing the financial structure and of limiting financial risks insofar as possible. Consistent, central management and the continuous monitoring of financial needs support these objectives.

In accordance with the Treasury department's guidelines, the financing of the Symrise Group is managed centrally. The financial needs of Group subsidiaries are ensured by means of internal Group financing within the framework of a cash pool, among other things. The surplus liquidity of individual European Group units is put into a central account, so that liquidity deficits of other Group units can be offset without external financing and internal financial capital can be used efficiently. If external credit lines are needed, they are safeguarded by guarantees from Symrise AG. The Group's financial liabilities are unsecured and connected to credit agreements (covenants) that are reviewed every quarter. The Group maintains good business relationships with its consortium banks and thus avoids becoming too dependent on individual institutes.

The Symrise Group safeguards against risks resulting from variable interest on financial liabilities by means of interest rate hedges, if need be. Here, the principle applies that interest derivatives can only be concluded on the basis of underlying transactions.

Symrise does business in different currencies and is thus exposed to currency risks. Exchange rate risks occur when products are sold in different currency zones than the ones in which the raw materials and production costs accrue. Within the framework of its global strategy, Symrise manufactures a large proportion of its products in the currency zones in which they are sold in order to achieve a natural hedge against exchange rate fluctuations. In addition, Symrise has implemented a risk management system, which, based on cash flow planning, identifies open currency positions. These are hedged against fluctuations on a case-by-case basis.

With an equity ratio of 43 % as of December 31, 2013, Symrise has a solid foundation for driving future business development forward in a sustained manner.

Financing structure: The Symrise Group covers its financial needs from its strong cash flow from operating activities and via long-term financing. These continue to consist of the following elements: publicly listed bond, US private placement and a revolving credit facility as well as a KfW loan from the KfW's energy efficiency program. Additionally, the Group signed a loan agreement with the European Investment Bank in the first quarter of 2013 that will provide earmarked funds for research purposes. This loan has already been paid out in part, with the remaining funds available for use if needed until March 8, 2014.

Due to the strong cash flow from operating activities, Symrise managed to refrain from taking on any net debt, despite the financing of its acquisition of Belmay.

Symrise fulfilled all of the contractual obligations resulting from loans (covenants) in the 2013 fiscal year.

In addition to the credit line mentioned (revolving credit facility totaling € 300 million), bilateral credit lines with the Commerzbank AG for € 12.5 million and the Deutsche Bank AG in Singapore for USD 5.0 million exist and are intended to cover short-term payment requirements. The interest rates agreed on are at the accepted market rate.

In addition, the pension provisions are used for financing.

Cash Flow and Liquidity Analysis

OVERVIEW OF CASH FLOW

€ million	2012	2013
Cash flow from operating activities	219.5	274.8
Cash flow from investing activities	– 86.4	– 145.8
Cash flow from financing activities	– 132.2	– 99.8
Liquid funds (Dec. 31)	117.4	135.3

Cash flow from operating activities amounted to € 274.8 million in 2013, € 55.3 million, or more than 25 %, higher than in the previous year (€ 219.5 million). An improved operating result was primarily responsible for this outcome. The cash flow rate relative to sales thus was about 15 %.

Cash outflow from investing activities increased by € 59.4 million to € –145.8 million and primarily consisted of replacement and expansion investments as well as the acquisition of the American Belmay Group and shares in the Swedish company Probi AB.

The cash outflow from financing activities totaled € –99.8 million, below the previous year's level. It primarily comprises the dividends paid out to shareholders in 2013 amounting to € 76.8 million and net interest payments to financial institutes totaling € 22.3 million (previous year: € 20.4 million). All payment obligations were fulfilled in the fiscal year. There were no shortfalls in liquidity during the year nor are any expected in the foreseeable future. The company has sufficient credit lines available, e.g. in the form of a revolving credit facility totaling € 300 million that will remain available until November 2015. Only 10 % of this facility has been utilized thus far.

Investments and Acquisitions

The Symrise Group invested € 143 million in intangible assets and property, plant and equipment in the 2013 fiscal year, after spending € 70 million in the previous year.

Around € 81 million was spent on intangible assets (2012: € 19 million). This mainly consisted of the acquisition of the American company Belmay and investments in software, primarily SAP applications, as well as patents and material registrations according to the European chemicals directive. Investments in property, plant and equipment amounted to € 62 million (previous year: € 52 million). These mainly concerned investments in capacity expansions as well as the completion of a new research building at the Holzminden site. In March 2013, we assumed control of the activities of the American Belmay Group headquartered in Yonkers, New York. Belmay was an established and renowned manufacturer of fragrance creations, particularly for the fine fragrances, cosmetics and air care application areas. Both Belmay's product and customer portfolio optimally supplemented the existing activities of the Scent & Care division while simultaneously strengthening our presence in North America.

The most significant investment plan in the Scent & Care division is the expansion of chemical production in the Life Essentials business unit amounting to € 15 million. In the Flavor & Nutrition division, the capacity expansion of the extraction and distillation facilities represents the largest project at € 9 million. Both are funded through operating cash flow.

NET ASSETS

Select Balance Sheet Items

Total assets as of December 31, 2013, increased compared to the previous year by € 60 million to € 2,210 million (December 31, 2012: € 2,150 million[1]). This was mainly due to a growth-related increase in inventories and a rise in trade receivables towards the end of the year.

Intangible assets and property, plant and equipment amounted to € 1,252 million as of the reporting date for 2013 and therefore remained nearly on par with the previous year (December 31, 2012: € 1,243 million). The item accounts for 57 % of our assets. Intangible assets include goodwill acquired through business mergers amounting to € 491 million (December 31, 2012: € 491 million), as well as formulas, production know-how, trademarks, software, patents and other rights amounting to € 321 million (December 31, 2012: € 314 million). Property, plant and equipment at the end of 2013 amounted to € 440 million (previous year's reporting date: € 438 million). In the reporting date comparison 2012/2013, **inventories** rose by € 21 million, or 6 %, to € 369 million (December 31, 2012: € 348 million). The increase in inventories was primarily driven by the substantial rise in sales,

1 The previous year's figures have been adjusted. For further information, please see note 2.2 Changes to Accounting Policies in the notes to the consolidated financial statements.

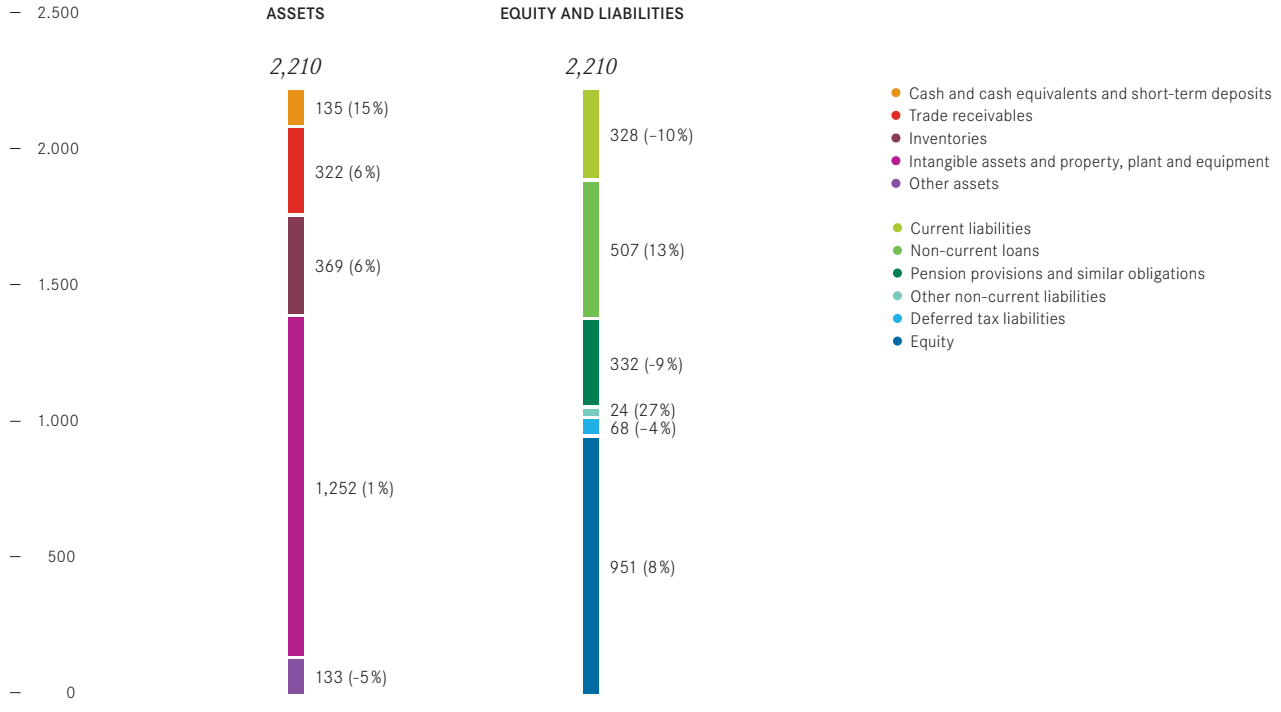
which also led to higher **trade receivables** as of the reporting date. The ratio of working capital to sales decreased by one percentage point to 30 %. The Symrise Group's **liquidity** increased over the course of the year by € 18 million to € 135 million as of December 31. The item **other current assets and receivables** closed 2013 at the same level as in the previous year (€ 36 million). **Non-current financial assets** mainly contain balances on a fiduciary account in connection with the processing of the acquisition performed in 2013 in addition to holdings and non-current financial assets. Due to exceeding the 20 % threshold in February 2013, our stake in the Swedish company Probi AB was reclassified from the item non-current financial assets to **investments in associates.**

In terms of equity and liability, **current liabilities** decreased by € 37 million, or 10 %, to € 328 million (December 31, 2012: € 365 million) primarily due to reduced utilization of a revolving credit facility. **Non-current liabilities** rose by € 25 million. This includes **non-current borrowings**, which amounted to € 507 million at the end of 2013, higher than in the previous year (€ 450 million). In contrast, **provisions for pensions and similar obligations** decreased by 10 % to € 332 million (December 31, 2012: € 367 million[1]). This decrease was due to the higher interest rates for discounting pension obligations compared to the previous year.

The Symrise Group's **equity** climbed by 8 % to € 951 million as of December 31, 2013 (December 31, 2012: € 879 million[1]). A dividend of € 77 million was paid out in the 2013 fiscal year for the year 2012. As of the 2013 reporting date, the equity ratio was 43 % (December 31, 2012: 41 %[1]).

OVERVIEW OF THE STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2013, *in € million*

(Change compared to previous year's reporting date[1], in %)



1) The previous year's figures have been adjusted. For further information, please see note 2.2 Changes to Accounting Policies in the notes to the consolidated financial statements.

Net Debt

€ million	2012	2013
Net debt (incl. pension provisions and similar obligations) (Dec. 31) [1]	808.0	744.8
EBITDA	338.9	373.1
Net debt (incl. pension provisions and similar obligations)/EBITDA (Dec. 31) [1]	2.4	2.0

1) The previous year's figures have been adjusted as a result of changes to accounting policies (see note 2.2).

Net debt (including provisions for pensions and similar obligations) decreased to € 744.8 million as of the 2013 reporting date, primarily due to higher cash balances and lower pension provisions. The ratio of net debt (including pension provisions and similar obligations) to EBITDA was 2.0 as of the reporting date December 31, 2013, and thus remains within the targeted corridor of 2.0 to 2.5.

One of Symrise's fundamental principles is to maintain a strong capital base in order to retain the confidence of customers, investors and creditors and to be able to drive the future business development forward in a sustained manner. 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.

In 2013, our financing structure changed thanks to the full repayment of the promissory note loan amounting to € 27.5 million and reducing the balance of the revolving credit facility by € 28 million. This resulted in a reduction in current financial liabilities. On the other hand, non-current funds totaling USD 90 million were taken out with the European Investment Bank.

Significant obligations not reflected on the balance sheet exist in the form of obligations for the purchase of goods amounting to € 138.3 million (2012: € 76.4 million) and obligations regarding the purchase of property, plant and equipment amounting to € 16.0 million (2012: € 6.8 million). Symrise AG signed a service contract, effective February 1, 2006, for outsourcing internal IT with a term of ten years with Atos Origin GmbH. The remaining total obligations towards Atos amount to € 33.8 million (2012: € 51.2 million).

SUSTAINABILITY

For Symrise, business success and responsibility for the environment, employees and society are inextricably linked. Symrise's corporate strategy therefore incorporates aspects of sustainability at all levels in order to enhance the company's value over the long term and minimize risks. Symrise's entrepreneurial activity involves the interests of many different stakeholder groups. Through an active dialogue with these stakeholders, we discuss their expectations and requirements and involve them at every stage of value creation in order to develop successful solutions. This allows us to create value for all of our stakeholders.

The Symrise set of values forms the foundation of how we think and act and also determines our corporate culture. "Because we care" is the guiding principle of Symrise's commitment to a holistic understanding of its entrepreneurial activity. We view sustainability as an integral part of our business model and turn it into a clear competitive advantage. Our goal is a completely integrated corporate strategy. The integration of economic, ecological and social goals and strategies is making good progress at Symrise, but it is not yet completely finished.

The successive, strategic integration of sustainability into our core processes is managed by a global, cross-business team – the

CAPITAL STRUCTURE

	2012		2013		
€ million		in % of balance sheet total		in % of balance sheet total	Change in %
Equity	879.3	41	951.1	43	8
Current liabilities	364.8	17	328.1	15	– 10
Non-current liabilities	906.1	42	931.3	42	3
Liabilities	1,270.9	59	1,259.4	57	– 1
Balance sheet total	**2,150.2**	**100**	**2,210.4**	**100**	**3**

Symrise Sustainability Board. It consists of senior management representatives and ensures both the development and implementation of issues relevant for sustainability across the entire extended value chain as well as the consideration of the interests of key stakeholders. Implementation of the sustainability targets set by the Sustainability Board lies with the business divisions. For this reason, the Executive Board and Sustainability Board appointed global ambassadors to be responsible for the coordination of sustainability efforts in the Flavor & Nutrition and Scent & Care divisions. Together with representatives from the Corporate Compliance and Corporate Communications departments, they manage the Group's sustainability strategy, while direct responsibility for the strategy lies with the Chief Executive Officer of Symrise AG.

The sustainability reporting conforms to the requirements of the application level A of the Global Reporting Initiative™ (GRI) and fulfills the G3 guidelines. Symrise once again received external recognition of its sustainability efforts in 2013, receiving a "Green Company" certification from DQS, a leading auditor of corporate processes. With this certification, DQS sees Symrise as a company that minimizes its impact on the environment with regard to its products, services and environmental standards in a way that differentiates it from competitors. Independent DQS auditors closely examined the company's internal processes. The result: Production, sales, research and development all demonstrated environmentally conscious operations. In this way, Symrise fulfills the international requirements of the Global Conformance Program for environmental management. In November 2013, Symrise also received the FIE Excellence Award in the category "Sustainability Initiative of the Year." It is awarded as part of Food Ingredients Europe (FIE), the industry's largest trade fair in Europe. The sustainable vanilla commitment in Madagascar was recognized.

Opportunities and Risk Report

PRINCIPLES

The Symrise Group's business activities offer a range of opportunities and, at the same time, are continually exposed to a number of risks. Opportunities relate to future developments or events that could lead to business performance exceeding the company's set forecasts or goals. Accordingly, risks relate to future developments or events that could lead to business performance that does not meet the company's forecasts or goals. Seizing opportunities as well as recognizing and avoiding risks are of key importance for the development of the company. In taking advantage of opportunities, it is important that an acceptable risk profile is maintained. By means of appropriate guidelines, we ensure that risk assessments are taken into account in the Executive Board's decision-making processes from the very beginning. Symrise has guidelines that regulate the various risk management processes and provide employees with a foundation for dealing with risks. Every six months, all Group companies are instructed to verify the risks identified in their risk reporting and to make assessments and adjustments using the stipulated countermeasures. The effectiveness of implemented measures is checked as part of internal corporate audits. To minimize the financial effects of remaining risks, we acquire insurance if this is deemed economically sensible.

OPPORTUNITIES MANAGEMENT

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

OPPORTUNITY REPORT

Opportunities for Symrise arise from various factors. Our employees submit suggestions within the scope of ideas management, which includes TPM (Total Productive Maintenance), enabling work processes and procedures to be improved. Operative opportunities can also arise from our employees' further training measures. We see the opportunity to generate additional orders through know-how transfer between the two divisions. An example of this is a Group-wide project database in which all activities are documented and tracked. As a result, points of contact can be created easily and advantages from synergies clearly recognized.

The consolidation of Integrated Management System's organizational units with Corporate Audit also helps to identify optimization potential and thereby leads to the continuous improvement of our processes.

The risk management system that was established across the Symrise Group a few years ago is currently being expanded into a risk and opportunities management system. This will result in the opportunities already being observed and integrated into strategic actions in the various segments of the Group being organizationally consolidated with the company's risks. The exploitation of and reporting on opportunities benefits the network of officers within the Group that have already been reporting the risks in their segments for years as part of the risk management system.

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

Similar to earnings, the cost side of the Symrise Group's subsidiaries also shows potential opportunities via savings that the companies already recognize but have yet to materialize in the Group's budgets and plans. Further cost advantages could arise from the consolidation of markets and products. Additionally, the further optimization of manufacturing, storage and delivery methods could also result in cost savings.

In individual cases where the respective risks are more than fully compensated for, some established measures for controlling risk can also lead to possible earnings not currently provided for in the budget due to commercial prudence. Even measures against the risk of losing business can contain opportunities. The business plans for the various Symrise Group companies reflect the possibility of losing business with key customers. The business plans also contain approaches for compensating for such losses. If the losses do not occur, the approach is an opportunity since business beyond the planned volumes could arise from these methods.

Strategic opportunities also arise from acquisitions. Through collaboration with Probi AB, attractive new application areas could be developed. To strategically broaden our expertise, we are continually looking for suitable target companies. In addition, we see opportunities arising from cooperative ventures with universities and companies. Bundling expertise can speed up product development and generate innovative products.

RISK MANAGEMENT

The risk management system at Symrise is based on the framework of generally recognized standards (ISO 31000) and extends across all Group companies and business units. The coordination of risk assessment occurs at the level of the Corporate Center within the Corporate Compliance department. Risk reports are drawn up for the individual companies and are then compiled into a current overview of the risk situation at the Group level. This Group risk report is passed on to the Executive Board and Supervisory Board twice a year. There, potential risks are identified and classified according to their effect on profits (net method) as well as the probability of their occurrence. A medium risk is present if it has a probability of occurrence between 25 to 49 % and an effect on profits that falls below the EBITDA margin, as based on sales of 10 to 20 % of the affected company. In addition, the identified risks are classified according the type of risk as well as the business unit and business activity. The risk types are divided into sales and market risks, everyday business risks and financial risks.

Under the category of sales and market risks, we group risks relating to product portfolio expectations, the sourcing situation and political stability.

Purchasing risks as well as, for example, risks connected with investments, production, innovation and IT are classified under everyday business risks. Environmental risks are also included here.

Financial risks include currency risks, value adjustments for intangible assets and similar risks.

In addition, appropriate control mechanisms and the employees responsible for them are listed. As a result, the risk report also

forms the basis for managing risks as well as for examination by the Group's Corporate Audit. Additionally, the risk assessment is compared with the company's strategy and the goals it derived from that strategy. The Executive Board informs the Supervisory Board or the audit committee of the Supervisory Board and decides on additional measures for handling the risks. Reporting thresholds for risks are oriented toward the financial effects on Group companies as well as the probability of the risk occurring. If a risk exceeds a certain reporting threshold, the Executive Board is informed immediately. These are risks that appear suddenly and have a medium to high probability of negatively impacting a Group company's earnings by at least € 5 million or its annual sales by at least 20%. Similarly, a "hazard alert" is declared if a legal risk or compliance risk is discovered that was not previously contained in the regular risk reports submitted to Symrise AG's Executive Board.

RISK REPORT

BUSINESS ENVIRONMENT AND INDUSTRY RISKS (LOW RISKS)

Increasingly fierce competition can be observed in our industry. In the consumer goods industry, we believe that a further consolidation of the companies that buy Symrise products is possible. As a result, there is the risk that Symrise could lose customers and thus market shares. We react to this with increased marketing of our innovations and products in the Life Essentials and Consumer Health business units, which have added benefits compared to competitors' products. Risks resulting from consolidations at the level of our suppliers exist inasmuch as the loss of a supplier's business can have a negative impact on our relations with customers.

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

CORPORATE STRATEGIC RISKS (LOW TO MEDIUM RISKS)

As with every company, Symrise's corporate strategy is inherently connected with risks. Negative consequences for the company's development can result from inaccurate assessments regarding growth, profitability, supply security of raw materials and the product portfolio. The breakdown of raw material deliveries, particularly the loss of exclusive suppliers or a reduction of raw material supplies stemming from natural catastrophes, represent a high risk. In the case of a lack of ability to market new products, the development expenditure is not offset by adequate income. Intensive market research is carried out to guarantee that our products remain marketable. Acquisitions made by Symrise are also liable to risks. In the course of the integration process, there is the threat of business interruptions or a loss of knowledge and resources due to employees leaving the company. We counter these risks by means of a clearly defined integration process.

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

ECONOMIC PERFORMANCE RISKS (MEDIUM RISKS OVERALL)

Product risks: Symrise's fragrances and flavorings are normally processed in products that end customers consume as food or apply to their skin. Therefore, there is a fundamental risk that our products can have a negative effect on consumers' health. To minimize this risk, our products are continually tested as part of our quality management on the basis of scientific research as well as on international standards and internal safety regulations.

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

Procurement risks: The purchase of raw materials, intermediate products, manufacturing plants and services is continuously exposed to the risk of unplanned price development, fluctuating quality or insufficient availability. While purchase prices can rise, particularly due to more expensive raw materials or unfavorable exchange rates, the availability of goods and services can also partially depend on legal regulations. Our main suppliers are tied to long-term basic agreements. Procurement alternatives are also developed, in part together with important suppliers, to minimize the risk of not meeting the latest technological, market or legal requirements. Furthermore, Symrise continually examines the creditworthiness of its suppliers. All suppliers are informed about the Symrise Code of Conduct. Symrise expects that the high ethical requirements it has imposed upon itself, which are aimed at increasing business success while taking available resources, employees and society into account, will be respected.

We regularly assess risks regarding product safety, health, occupational safety and the environment as well as the integrity of our main suppliers based on internationally recognized standards. The number of suppliers that are evaluated as part of this risk profile is continually being expanded. If a high risk is identified, supplier audits are performed and the business relationship is terminated if necessary.

Operating risks: Technical disturbances can interrupt the Group's continuous operations and lead to a loss of income and corresponding return. The causes can lie in the safety of equipment and processes, in fire safety, in the quality and safety of materials and in their correct classification. In addition, increasing demands and new country-specific labor regulations and environmental regulations as well as natural catastrophes can lead to interruptions in operations. We reduce such risks through maintenance, investments, insurances and occupational health and safety measures as well as through corresponding guidelines, instructions and training courses. Changes in country-specific environmental regulations can result in fines or the temporary closure of production sites. For this reason, we continuously observe regulatory developments in the countries in which we operate.

Interruptions in operations can also arise due to errors in the course of operations, for example due to foreign bodies that are contained in raw materials or that are introduced into intermediate or end products during processing, as well as due to incidents resulting from the usage of work equipment. Symrise minimizes these kinds of risks through appropriate guidelines (for example, foreign body policy), procedures (Total Productive Maintenance), training courses, emergency plans, alternative production sites, an exchange of best practices and continuous improvements to operational processes.

FINANCIAL RISKS (LOW RISKS OVERALL)

Credit risk: There is the risk of financial loss to Symrise if a customer or contract partner fails to meet its financial obligations. To minimize this risk, the creditworthiness of new customers is analyzed. In addition, every year both the creditworthiness and the supply conditions of all customers are examined. Apart from this method of risk prevention, Symrise introduced an impairment procedure for receivables. This allowance consists of an individual depreciation and amortization and a general cost component. Symrise tries to limit the risk of non-payment due to bank boycott by engaging in continuous dialogue with banks and customers. Symrise manages financial crises in export countries with corresponding financial control.

Liquidity risk: The liquidity risk describes the danger that Symrise is not in a position to fulfill financial obligations to third parties. In the case of a deterioration in business development, there is the additional risk of not fulfilling obligations for existing credit approvals (covenants). Symrise carries out continuous liquidity planning in order to recognize liquidity shortfalls early on. Parallel to this, the company possesses sufficient credit lines to cover payment claims. The company's development is continuously monitored; corresponding emergency plans to avoid liquidity problems exist. With these plans, we ensure that we have sufficient means to fulfill our payment obligations as they become due, even under difficult conditions. We do not currently see a refinancing risk.

Interest and currency risks: Currency risks exist in economic areas where Symrise sells its products on a foreign-currency basis (US dollars, for example) but when at least some of these products were produced in a different currency area (the eurozone, for example). Symrise buys many of its raw materials in euros. A fluctuation in the value of the US dollar can thus result in corresponding changes to our material prices. Symrise counters this risk by negotiating corridors in its contracts, outside of which prices can be adjusted. The remaining currency risk was reduced in 2013 through forward contracts. As of the reporting date, there are forward contracts with a nominal volume of USD 7.5 million (Dec. 31, 2012: USD 9.0 million) for hedging €/USD, forward contracts with a nominal volume of USD 6.0 million (Dec. 31, 2012: USD 0 million) for hedging USD/JPY as

well as forward contracts with a nominal volume of USD 3.1 million (Dec. 31, 2012: USD 0 million) for hedging USD/INR. In order to avoid fluctuations in income due to changes in valuation, the currency transactions were classified as cash flow hedges in terms of hedge accounting. These transactions effectively reduced our currency risk.

Interest risks arise because rising interest rates can increase interest expenditure contrary to planning and thus have an adverse effect on the Group's result of operations. Symrise significantly reduced this risk within the framework of refinancing; approximately 89 % of the liabilities were taken up with fixed interest rates, utilizing the favorable interest rate environment. Due to the repayment of liabilities with variable interest rates, the ratio is now 94 %. Symrise counters the remaining risk stemming from changing interest rates by means of contracted interest hedges.

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

PERSONNEL RISKS (LOW RISKS)

Symrise counters personnel risks, which arise fundamentally from a fluctuation of personnel in key positions, by means of suitable continuing education and programs promoting junior employees as well as targeted succession planning.

Personnel risks are generally summed up in employees' potential to leave the company and the corresponding loss of competence as well as possible non-compliance with company guidelines, legal requirements or agreements made with employee representatives. Compliance with local laws and company guidelines is ensured via internal audits. Further, Symrise allows external auditors to check compliance with these requirements, which are based on international standards, at regular intervals. With our initial training for new employees and regular further training sessions, we ensure that every employee observes our corporate guidelines such as the Code of Conduct. Our career development opportunities and regular succession planning help us avoid the loss of key personnel. Additionally, our close contact with employee representatives prevents unnecessary work stoppages.

LEGAL RISKS (LOW TO MEDIUM RISKS)

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

COMPLIANCE RISKS (LOW RISKS)

Symrise has been operating an Integrity Hotline that allows employees to anonymously report employee misconduct to the Compliance Office via telephone or over the internet. All incoming reports are evaluated. When necessary, measures are taken which, in the most serious cases, can result in a termination of employment.

IT RISKS (LOW RISKS)

IT risks basically arise from potential interruptions in the exchange and processing of information, which can lead to an interruption of operational processes. Symrise maintains a number of IT and telecommunications systems whose data and programs are saved and further developed in different storage media. Established protective measures are continuously updated and extended to guarantee the security of IT processes and data. Despite these protective measures, there is still a remaining risk, however, that attacks on our data network from authorities or other third parties go unnoticed.

OVERALL ASSESSMENT OF OPPORTUNITY AND RISK SITUATION

In our estimation and in comparison to other sectors of industry and companies, Symrise's business model has an above-average potential for opportunities thanks to increasing private consumption and wealth across the globe. Our products serve to fulfill various basic human needs and desires, such as "health" and "youthful appearance," that exist in every part of the world. The dynamic growth and high profitability of Symrise show that we have successfully taken advantage of these opportunities. We will continue to follow this strategy in the future.

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

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

MAIN FEATURES AND OBJECTIVES

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

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

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

ORGANIZATION AND PROCESS

The ICS in the Symrise Group comprises both centralized and decentralized areas of the company and is geared to ISO 31000 and based on the COSO II framework. Based on reports issued by subsidiaries, an aggregate Group risk report is presented to the Executive Board. The Executive Board discusses the efficacy of the ICS with the Supervisory Board or with the Auditing Committee of the Supervisory Board, as appropriate.

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

- **Accounting-related risk management:** Using a risk-oriented approach, the companies and processes which are essential for accounting are first of all identified. On the basis of the results, specific minimum requirements and objectives are defined to counteract the risks of financial reporting. The result is a centralized risk catalog which relates to financial reporting and which is simultaneously the basis of work for employees involved in financial reporting.

- **Accounting-related internal control system:** First, existing control activities in the essential companies are documented and updated. The controls defined by the accounting-related ICS should guarantee adherence to Group accounting guidelines, the accounting guidelines of the individual companies as well as the procedures and schedules of the individual accounting processes. The control mechanisms are regularly

analyzed for their effectiveness in preventing risks through the use of random sampling by Corporate Audit, among other things. Whenever weaknesses have been documented, effects or potential risks for the consolidated financial statements are subsequently evaluated. In another step, the individual risks are consolidated at the company level. The risks and their corresponding effects on financial reporting are reported to the Executive Board. These reports form the basis for reporting vis-a-vis the Supervisory Board's Auditing Committee. If control weaknesses are determined, measures for improvement are developed. The efficacy of the new control methods is then analyzed in the next examination cycle.

Subsequent Report

No major changes in the economic environment or our industry situation occurred after the conclusion of the fiscal year. On January 10, Symrise increased its holdings in the Swedish company Probi AB from 29.91 % to 30.03 % and therefore holds 2,812,505 shares. All shareholders of the company, which specializes in probiotics, were presented with a mandatory public offer at the price of 40.10 Swedish kronor in accordance with the legally required minimum. This is the highest stock price at which Symrise has purchased Probi shares in the past six months.

Beyond this, the Symrise Group has no other events of significance to report.

General Statement on the Company's Economic Situation

The Executive Board regards the Symrise Group's economic situation as positive. In 2013, we were again able to substantially increase our sales and net income. The company's financing is ensured for the medium term. Its financial stability is sufficient in every way. Pending the passing of the resolution at the Annual General Meeting, Symrise AG shareholders will participate in the company's success by receiving a higher dividend than in the previous year.

Outlook

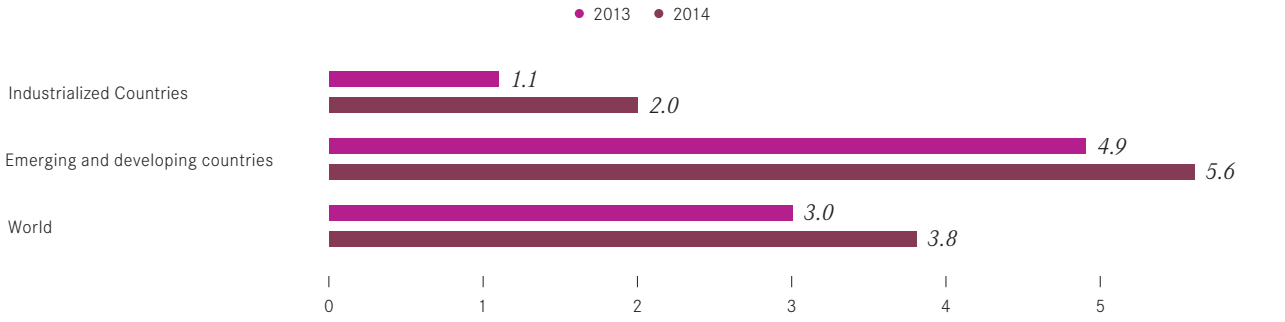
FUTURE GENERAL CONDITIONS

The outlook for international economic development in 2014 and 2015 is positive. According to the forecast from the DIW Berlin, the global economy should improve its growth from 3.0 % in 2013 to 3.8 % in the current year and 4.1 % in 2015. Risks still exist in the form of a possible renewed crisis in the eurozone and in capital market turbulences potentially resulting should the USA assume a less expansionary monetary policy. Private consumption will be an essential driver of the international economy in 2014 and 2015. Symrise's sales performance should benefit from these developments.

The AFF market relevant for Symrise reached a volume of € 17.4 billion in 2013. Of this amount – according to the current estimates by IAL Consultants – the sub-market for flavorings and fragrances accounts for about € 13.4 billion, while – according to our own estimates – the sub-market for aroma chemicals and cosmetic ingredients accounts for about € 4.0 billion. Our long-term estimate is for an annual, average growth rate of about 2 to 3 % for the sub-markets for flavorings and fragrances. Particularly the markets in Latin America and Asia could see above-average performance.

For the 2014 fiscal year, we also expect a high degree of volatility for raw material costs, as in the previous year. The fluctuations observed in individual markets point to very different developments depending on the raw materials segment. Based on estimates for each raw materials segment, Symrise has selected different contract periods or spot sourcing in order to optimize costs and predictability. This is accompanied by an optimization

GDP DEVELOPMENT 2013/2014 *in %*



Source: DIW Berlin

of the raw materials portfolio. Particularly high volatility is expected in 2014 in the areas of sugar, spices and special crude oil derivatives. In addition, the situation with citral and terpene derivatives remains tense due to increasing demand in the emerging markets, which results in shortages and therefore rising prices. In the areas of citrus and menthols, Symrise's good positioning with our backward integration is working.

Starting January 1, 2014, for example, the general tariff preferences for certain raw material imports from India will no longer apply, since the threshold values for the import volumes have in some cases been considerably exceeded. This will result in a substantial increase to the import duties within the European Community. This represents a cost factor with corresponding influence on raw material prices.

We anticipate that energy costs will continue to rise in the 2014 fiscal year. The reasons for this are political developments in the countries of the main oil suppliers. Germany in particular will see energy costs rise as a result of the increase to the renewable energy levy. Symrise is countering this development in Germany by obtaining energy early on from the primary energy sources. At the same time, the focus of projects is on the use of energy-efficient equipment and optimization measures at existing facilities.

FUTURE CORPORATE DEVELOPMENT

For 2014, Symrise is reaffirming its growth and profitability goals. The Group remains confident that it will continue to grow at a faster pace than the relevant market for fragrances and flavors. According to our own estimates and corporate data, the AFF market is expected to grow by 2 to 3 % worldwide for the current year. Both divisions – Scent & Care and Flavor & Nutrition – continue to expect sales growth at local currency to be notably above the market rate despite divergent developments in 2013.

We will continue our strict cost management and keep the focus on high-margin business to further increase our earnings. This includes initiatives such as consistent price management, portfolio optimization and the development of innovative products and technologies. Assuming that raw materials prices remain at the level of 2013 and exchange rates do not change significantly from 2013, we once again anticipate an EBITDA margin of about 20 % for 2014 in both business divisions.

The ratio of net debt (including provisions for pensions and similar obligations) to EBITDA is expected to remain within the targeted corridor of 2.0 to 2.5 in 2014.

We will continue our attractive dividend policy and give our shareholders an appropriate share in the company's success.

GENERAL STATEMENT ON THE COMPANY'S EXPECTED DEVELOPMENT

The Executive Board at Symrise AG sees the company as being optimally positioned to continue developing in core segments and in growth regions. We view the achievement of our set targets as confirmation of our proven strategy. These successes motivate us for the upcoming year. The three pillars of our strategy remain unchanged. They stand for the continued improvement of our competitive position and the sustainable expansion of our business.

- **Growth:** We strengthen our cooperation with our customers around the world and expand our business in the emerging markets.
- **Efficiency:** We constantly work to improve our processes and concentrate on products with a high level of value creation. We work cost-consciously in every division.
- **Portfolio:** We tap into new markets and market segments. To achieve this, we continue to expand our expertise in the areas of nutrition and care.

Above all, we want to sustain our organic growth. Where it is sensible and creates added value, we will make acquisitions or forge strategic alliances to ensure ourselves access to new technologies, new markets and customers and ensure that we can obtain scarce raw materials.

Remuneration Report

REMUNERATION OF THE EXECUTIVE BOARD

Pursuant to the Appropriateness of Executive Board Remuneration Act (VorstAG) and according to Sec. 1 (3) of the rules of procedure of the Supervisory Board of Symrise AG, the full Supervisory Board meeting advises and determines the remuneration system for the Executive Board and regularly monitors its implementation. It does this upon request of the Personnel Committee. The current remuneration system was last approved by a majority of the shareholders at the 2013 Annual General Meeting. It fulfills all of the recommendations of the German Corporate Governance Code in its version from May 13, 2013.

The system and amount of the Executive Board's remuneration is regularly reviewed by the Supervisory Board.

APPROPRIATENESS OF EXECUTIVE BOARD REMUNERATION

The appropriateness of the remuneration depends upon the responsibilities and personal achievements of the individual Executive Board member as well as the economic situation and market environment of the company as a whole. The Supervisory Board is of the opinion that remuneration for Executive Board members should be appropriate and that their set targets should be ambitious.

The average remuneration of an Executive Board member, consisting of the fixed remuneration, an annual variable component and a long-term variable component, corresponds to approximately 23 times the average remuneration of Symrise employees in Germany and around 24 times that of Symrise employees worldwide.

For the variable remuneration, the goals and criteria for assessing target attainment are in general more ambitious for Executive Board members than those applied to other managers. For instance, the bonus payment is completely voided if less than 85 % of the set target is achieved (threshold). For managers, this threshold is set at 60 %.

In addition, Executive Board members generally have to supply their pension from their own wages in the form of deferred compensation. An employer top-up is not offered to Executive Board members.

The remuneration of the members of the Executive Board comprises a fixed annual salary (fixed remuneration) and fringe benefits, an annual variable component, a long-term remuneration program (Long Term Incentive Plan/LTIP) and a company pension in the form of deferred compensation.

FIXED REMUNERATION AND FRINGE BENEFITS

All Executive Board members receive their annual fixed remuneration in equal monthly payments. Fringe benefits include non-monetary benefits, primarily the use of a company car.

ANNUAL VARIABLE REMUNERATION

The annual variable remuneration is comprised of an annual bonus that is dependent upon the attainment of certain financial targets (EBITDA, EPS) as well as a qualitative corporate goal. The annual variable remuneration is limited by a cap and can only reach a maximum of 150 % of the individual's fixed remuneration. If the threshold of 85 % for a specific target is not attained, the entire variable component for that target is not paid out. In doing so, we deviate from the general minimum threshold of 60 % to further highlight the importance of performance for Executive Board members.

The targets for the annual variable remuneration were set by the Supervisory Board at the beginning of the 2013 calendar year. The annual variable remuneration for the 2013 calendar year will be paid out in the following year (2014) on the basis of the approved annual financial statements for 2013.

LONG TERM INCENTIVE PLAN

The long-term remuneration program (Long Term Incentive Plan/LTIP) is a variable, cash remuneration based on the long-term success of the company and is dependent upon the attainment of the targets subsequently listed over a period of three years.

Regarding the incentive plans for 2011–2013, 2012–2014 and 2013–2015, performance is measured via a share-based index composed of listed companies in the fragrance and flavor industry as well as supplier companies in the food and cosmetics industry. The key indicator for measuring performance is the share price development plus dividends or other payments. Symrise's development compared to the companies in the index is represented in the form of a percentile ranking. In order to ensure the best possible objectivity, the composition of the index and the determination of the percentile rank is performed by an external consulting firm (Obermatt, Zurich). In LTIP 2011–2013, the increase of the company's value is also measured by the remainder of the capitalized earnings value above the minimum rate of return on invested capital. The latter is measured using the Symrise Value Added (SYVA) figure.

For the 2011–2013 LTIP, a bonus will only be paid if Symrise performs better than 40 % of the index companies (40th percentile rank) or achieves a minimum SYVA of 113. If this threshold is not met, the bonus is forgone without replacement or substitution. 100 % target attainment would correspond to a 53rd percentile rank or a SYVA of 141.

For the 2012–2014 and 2013–2015 LTIPs, a bonus will only be paid if Symrise performs better than 50 % of the index companies (50th percentile rank). If this threshold is not met, the bonus is forgone without replacement or substitution. The target is considered fully attained at the 60th percentile rank.

If the Symrise share performs better than all of the companies represented in the index, meaning that Symrise has a 100th percentile rank for each of the three years, this would be rewarded with a doubling of the 100 % target attainment bonus. In this sense, there is a cap of 200 %.

For Dr. Bertram, a Long Term Incentive bonus of € 600,000 would be awarded for 100 % attainment of targets. The bonuses would amount to € 343,000 each for Mr. Daub, Mr. Gliewe and Mr. Hirsch.

For the LTIP programs 2011–2013, 2012–2014 and 2013–2015, provisions were formed as of the reporting date amounting to € 934,115 (previous year: € 580,592) (2013 expense: € 353,523) for Dr. Bertram, € 558,171 (previous year: € 347,446) (2013 expense: € 210,725) for Mr. Daub, € 512,723 (previous year: € 318,222) (2013 expense: € 194,501) for Mr. Gliewe and € 539,146 (previous year: € 335,213) (2013 expense: € 203,934) for Mr. Hirsch.

The remuneration for the Executive Board members Dr. Heinz-Jürgen Bertram, Hans Holger Gliewe and Bernd Hirsch was most recently adjusted by resolution of the Supervisory Board on December 7, 2011. There were no changes made to the remuneration in 2013. Dr. Heinz-Jürgen Bertram receives a fixed remuneration of € 600,000 as well as an annual bonus – for 100 % target attainment – of € 515,000. For Achim Daub, Hans Holger Gliewe and Bernd Hirsch, the fixed remuneration amounts to € 400,000 and the annual bonus – for 100 % target attainment – is also set at € 400,000.

The full amounts are presented individually in the overview below.

PENSIONS

Company-financed pensions are no longer granted by Symrise as part of new Executive Board member contracts. However, all members of the Executive Board have the possibility of accumulating deferred compensation benefits by converting their salaries. In 2013, Dr. Heinz-Jürgen Bertram, Hans Holger Gliewe and Bernd Hirsch made use of this option. There is no employer top-up similar to the regulations applied to employees and managers not covered by wage agreements in connection with this "deferred compensation" arrangement.

Due to actuarial computations, there were allocations to provisions from converted salaries as well as interest expenses for Dr. Bertram amounting to € 41,276 (previous year: € 236,500) as well as € 58,427 (previous year: € 109,492) for Mr. Gliewe and € 56,526 (previous year: € 158,822) for Mr. Hirsch in 2013.

An additional pension commitment exists for Dr. Heinz-Jürgen Bertram and Hans Holger Gliewe due to their prior employment contracts preceding their appointment to the Executive Board. This pension commitment was also offered to all other employees of the former Haarmann & Reimer GmbH. For these benefit obligations, the addition to the provision for Dr. Bertram amounted to

	Fixed components		Performance-based components				
€	Salary	Supplementary payments*	Annual variable remuneration without long-term incentives**	Multi-year variable remuneration with long-term non-share-based incentives***	Total remuneration pursuant to Section 314 (1) no. 6a) HGB	Multi-year variable remuneration with long-term share-based incentives****	Total
Dr. Heinz-Jürgen Bertram							
2013	**600,000**	**9,078**	**520,408**	**595,989**	**1,725,475**	**0**	**1,725,475**
2012	600,000	14,388	516,030	0	1,130,418	692,068	1,822,486
Achim Daub							
2013	**400,000**	**4,621**	**410,280**	**365,043**	**1,179,944**	**0**	**1,179,944**
2012	400,000	5,046	393,280	0	798,326	527,510	1,325,836
Hans Holger Gliewe							
2013	**400,000**	**10,232**	**343,800**	**319,280**	**1,073,312**	**0**	**1,073,312**
2012	400,000	9,331	401,120	0	810,451	461,379	1,271,830
Bernd Hirsch							
2013	**400,000**	**10,062**	**400,400**	**345,887**	**1,156,349**	**0**	**1,156,349**
2012	400,000	10,050	405,600	0	815,650	395,248	1,210,898

* Supplementary payments include non-monetary benefits, for example from the use of a company car and payments for group insurance, for all Executive Board members.
** Annual variable remuneration includes bonus provisions for the current year and bonus payments from the previous year to the extent that these differ from the amount of the previous year.
*** Multi-year variable remuneration contains the provisions from Dec. 31, 2013 for the LTIP program 2011–2013.
**** Multi-year variable remuneration contain the payments made in 2013 from the last share-based LTIP program 2010–2012 expiring on Dec. 31, 2012.

€ –3,711 (previous year: € 145,809) while € –13,210 (previous year: € 185,967) was added to the provision for Mr. Gliewe.

The pension provisions made for individual Board members are presented in the table below.

CHANGE OF CONTROL

The employment contracts that form the basis for all of the current Executive Board appointments include identical commitments for payments in case of an early termination of the Executive Board position resulting from a change of control.

In the case of a change of control and an early recall by the Supervisory Board, all Executive Board members are to receive compensation for the remaining terms of their contracts with severance equal to at least three years' pay. The overall limit of payments to be made is set at 150 % of the severance cap for all Executive Board members according to the provisions of the German Corporate Governance Code of May 13, 2013 – in other words a maximum of three year's remuneration including supplementary payments.

Furthermore, all of the Long Term Incentive Plans (LTIP) contain a special clause for the case of a change of control. If a member of the Executive Board is recalled as part of a change of control, this Executive Board member would be paid all of the ongoing LTIP bonuses not yet due at the level of 100 % target attainment.

EARLY TERMINATION AND EXPIRATION OF EMPLOYMENT CONTRACTS

For the premature cancellation of the appointment of an Executive Board member, the Executive Board member in question is only entitled to continued payment of his or her fixed salary for the duration of the employment contract. An entitlement to bonus payments for the fiscal year concerned does not exist.

Due to his employment with the company since August 1, 1980, Hans Holger Gliewe has the exclusive agreement that, in the case of a termination of his Executive Board contract due to reasons that he is not responsible for, his previous employment contract with the company would be renewed.

A post-employment prohibition of competition clause of twelve months was agreed upon with the Executive Board members. By way of compensation, the member concerned shall receive 50 % of his or her fixed remuneration for these twelve months.

The members of the Executive Board do not receive any special remuneration upon expiration of their contracts and do not receive any severance pay.

D & O INSURANCE

While observing all legal requirements, Symrise AG took out a professional indemnity insurance (D & O insurance) for the members of the Executive Board with an appropriate deductible pursuant to Sec. 93 (2) sentence 3 of the German Stock Corporation Act.

REMUNERATION OF THE SUPERVISORY BOARD

REMUNERATION OF THE SUPERVISORY BOARD

The members of the Supervisory Board will receive an annual remuneration of € 60,000 for the 2013 fiscal year for the first time. The chairman of the Supervisory Board receives an additional annual remuneration of € 60,000. The Vice Chairman of the Supervisory Board and the Chairman of the Auditing Committee both shall receive an additional annual remuneration of € 30,000 respectively.

Furthermore, the members of the Supervisory Board shall receive a stipend of € 1,000 for their personal participation in Supervisory Board sessions and those of its committees. This is, however, limited to a maximum of € 1,500 per calendar day. Supervisory Board members whose inclusion on the Board comprised only part of a fiscal year are to receive one-twelfth of their remuneration for every commenced month of their service. This also applies to members of Supervisory Board committees.

€	Allocation of pension provisions from pension commitments	Of which employer contributions via salary conversion	Total present value of pension provision
Dr. Heinz-Jürgen Bertram	37,565	56,588	1,135,748
2012	382,309	56,516	1,098,183
Achim Daub	0	0	0
2012	0	0	0
Hans Holger Gliewe	45,217	51,588	815,995
2012	295,459	51,516	770,778
Bernd Hirsch	56,526	49,500	323,837
2012	158,822	49,500	267,311

Remuneration shall be paid upon the completion of the Annual General Meeting, which is formally responsible for discharging the members of the Supervisory Board for the respective fiscal year for which remuneration is due.

The company shall reimburse Supervisory Board members of reasonable expenses upon presentation of receipts. Value-added tax is to be reimbursed by the company insofar as the members of the Supervisory Board are authorized to separately invoice the company for value-added tax and exercise this right. A breakdown of the total remuneration for each Supervisory Board member is shown in the table below.

D & O INSURANCE

In conformity with the German Corporate Governance Code, a professional indemnity insurance (D & O insurance) with an appropriate deductible was also taken out for the members of the Supervisory Board.

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

- The share capital of Symrise AG remains unchanged at € 118,173,300 and is divided into no-par-value bearer shares with a nominal value of € 1. The associated rights and duties are set forth in the relevant provisions of the German Stock Corporation Act. There are no different types of shares with different rights and obligations. Nor do any special rights or rights of control exist for any shareholders.
- Sun Life Financial Inc., Toronto, Canada, informed us on behalf of its subsidiaries in December 2013 that its share in Symrise AG has exceeded the 10 % threshold at 10.0009 %.
- The appointment and removal of members of the Executive Board is based on Sections 84 and 85 of the Stock Corporation Act. Amendments to the articles of incorporation are based on Sections 133 and 179 of the Stock Corporation Act.
- The Executive Board is authorized, subject to the consent of the Supervisory Board, to increase the share capital of the company until May 17, 2016, by up to € 23 million through one or more issuances of new, no-par-value bearer shares against contribution in cash and/or in kind. The new shares may be underwritten by one or more financial institutions determined by the Executive Board, in order for such shares to be offered to the shareholders (indirect subscription right). The Executive Board is authorized, subject to the consent of the Supervisory Board, to exclude the subscription rights of existing shareholders in the following instances:

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

  b) 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;

€	Remuneration	Stipends	Total remuneration as of December 31, 2013	Total remuneration as of December 31, 2012
Dr. Thomas Rabe (Chairman)	120,000	6,000	126,000	132,006
Regina Hufnagel (Vice Chairwoman from July 1, 2013)	75,000	8,000	83,000	58,100
Dr. Michael Becker	90,000	10,000	100,000	66,100
Harald Feist (from July 1, 2013)	30,000	3,000	33,000	0
Horst-Otto Gerberding	60,000	7,000	67,000	58,100
Dr. Peter Grafoner	60,000	8,000	68,000	60,100
Francesco Grioli	60,000	10,500	70,500	58,600
Karl-Heinz Huchthausen (Vice Chairman until June 30, 2013)	45,000	5,500	50,500	87,900
Christiane Jarke	60,000	7,000	67,000	55,600
Gerd Lösing	60,000	6,000	66,000	51,600
Prof. Dr. Andrea Pfeifer	60,000	5,000	65,000	55,294
Dr. Winfried Steeger (from May 15, 2012)	60,000	10,000	70,000	32,819
Helmut Tacke	60,000	7,000	67,000	51,600
Dr. Hans-Heinrich Gürtler (until May 15, 2012)	0	0	0	21,413
	840,000	**93,000**	**933,000**	**789,232**

c) insofar as this is necessary in order to grant holders of warrants and convertible bonds issued by the company 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;

d) to exclude fractional amounts from the subscription rights;

e) 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 – 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.

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

- The Annual General Meeting from May 14, 2013, authorized the Executive Board, with the consent of the Supervisory Board, 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 in accordance with the specific conditions for the bond.

To fulfill the subscription rights granted, the company's share capital has been conditionally increased by up to € 23,000,000.00 through the issue of up to 23,000,000 new no-par value bearer shares. The conditional capital increase shall only be implemented to the extent that the holders of convertible bonds issued for cash or of warrants from option bonds issued for cash by the company or a Group company up until May 13, 2018, on the basis of the authorization granted to the Executive Board by the Annual General Meeting on May 14, 2013, exercise their conversion or option rights, or fulfill their obligations for exercising the option/conversion rights, or the company exercises its right to grant bondholders shares in the company in full or partial settlement of the cash amount that has become due, and as long as no other forms of settlement are used (conditional capital). The new shares shall participate in the profits from the start of the fiscal year in which they are issued.

The Executive Board is authorized, with the consent of the Supervisory Board, to determine the further details regarding the implementation of the conditional capital increase. The Supervisory Board is authorized to amend Section 4 (6) of the articles of incorporation in accordance with the corresponding utilization of the conditional capital. The same applies if the authorization to issue convertible/option bonds is not exercised after the end of the authorization period and if the conditional capital is not utilized after the expiry of all conversion and option periods.

- Furthermore, the Executive Board is authorized to purchase treasury shares amounting up to 10 % of the current share capital until May 10, 2015. The purchased shares together with other treasury shares that are held by the company or are attributed to it according to section 71 a et seq. of the Stock Corporation Act may not at any time exceed 10 % of the share capital. The authorization cannot be used for the trade of treasury shares.

a) For one or more purposes, the authorization may be invoked by the company, or by third parties for the account of the company, in one total amount or in a number of partial amounts either singly or on several separate occasions.

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

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

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

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

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

bb) The shares may also be sold by means other than through the stock exchange or 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.

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

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

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

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

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

- The employment contracts for the members of the Executive Board at Symrise AG contain a change of control clause. The clause provides that Executive Board members, who are recalled without serious cause or mutually agree to resign from their Executive Board positions after a change of control, but before the end of their contract term, are entitled to compensation for the time remaining on their employment contracts, or at least severance pay amounting to three years' worth of remuneration. Severance and compensation cannot exceed the overall limit of 150 % of the severance cap according to the provisions of the current version of the German Corporate Governance Code from May 13, 2013.

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

Corporate Governance Statement

The Corporate Governance Statement has been made available on Symrise AG's website at **www.symrise.com/investors/corporate-governance/corporate-governance-statement-and-corporate-governance-report.**

Consolidated Financial Statements

January 1 to December 31, 2013

Consolidated Income Statement – January 1 to December 31, 2013

T€	Notes	2012	2013
Sales	4	1,734,934	1,830,386
Cost of sales	5	– 1,034,379	– 1,059,548
Gross profit		**700,555**	**770,838**
Other operating income	6	15,745	16,065
Selling and marketing expenses	8	– 267,307	– 289,964
Research and development expenses	9	– 113,780	– 126,995
Administration expenses	10	– 80,760	– 85,028
Other operating expenses		– 1,815	– 1,789
Income from operations/EBIT		**252,638**	**283,127**
Financial income		2,572	1,522
Financial expenses		– 42,671	– 38,795
Financial result	11	**– 40,099**	**– 37,273**
Income before income taxes		**212,539**	**245,854**
Income taxes	12	– 55,047	– 73,519
Net income		**157,492**	**172,335**
Earnings per share (€)			
– diluted and basic	14	1.33	1.46

Consolidated Statement of Comprehensive Income

T€	Notes	2012 (adjusted)	2013
Net income		**157,492**	**172,335**
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		– 5,772	– 49,208
Losses from net investments		– 1,318	– 6,553
Reclassification to consolidated income statement		– 3,243	– 1,681
Exchange rate differences from non-current assets held for sale (IFRS 5)		28	47
Financial assets available for sale			
Change in fair value of financial assets available for sale		– 1,263	– 41
Cash flow hedge (currency hedges)	38		
Income recorded during the fiscal year		136	51
Reclassification to consolidated income statement		752	– 14
Income taxes payable on these components		657	1,948
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit pension plans	36	– 87,111	44,712
Income taxes payable on these components	12	22,744	– 13,955
Other comprehensive income		**– 74,390**	**– 24,694**
Total comprehensive income		**83,102**	**147,641**

The previous year's figures have been adjusted. For further information, please see note 2.2 Changes to Accounting Policies in the notes.

Consolidated Statement of Financial Position

T€	Notes	January 1, 2012 (adjusted)	December 31, 2012 (adjusted)	December 31, 2013
ASSETS				
Current assets				
Cash and cash equivalents	15	118,608	117,445	135,343
Trade receivables	16	290,271	302,206	321,547
Inventories	17	313,011	347,841	368,567
Other assets and receivables	18	58,781	35,694	36,246
Financial assets	19	11,673	4,098	2,324
Current tax assets		9,445	15,576	8,341
		801,789	**822,860**	**872,368**
Non-current assets				
Deferred tax assets	20	40,258	59,100	46,192
Other assets and receivables	21	3,660	8,276	7,107
Financial assets	22	7,186	16,887	15,112
Investments in associates	23	0	0	15,082
Investment property	24	0	0	2,583
Intangible assets	25	834,269	805,000	812,356
Property, plant and equipment	26	431,451	438,117	439,622
		1,316,824	**1,327,380**	**1,338,054**
TOTAL ASSETS		**2,118,613**	**2,150,240**	**2,210,422**

The previous year's figures have been adjusted. For further information, please see note 2.2 Changes to Accounting Policies in the notes.

Consolidated Statement of Financial Position

T€	Notes	January 1, 2012 (adjusted)	December 31, 2012 (adjusted)	December 31, 2013
LIABILITIES				
Current liabilities				
Trade payables	28	118.237	133.113	150.799
Borrowings	33	138,365	108,864	40,999
Other liabilities	29	104,058	78,213	75,921
Other provisions	30	3,527	4,184	5,048
Financial liabilities	31	2,018	2,765	4,003
Current tax liabilities	32	41,910	37,612	51,332
		408,115	**364,751**	**328,102**
Non-current liabilities				
Borrowings	33	461,833	450,066	506,741
Other liabilities	34	6,009	2,564	2,211
Other provisions	35	13,845	16,155	14,538
Provisions for pensions and similar obligations	36	286,306	366,505	332,400
Financial liabilities	37	0	0	6,968
Deferred tax liabilities	20	73,032	70,891	68,399
		841,025	**906,181**	**931,257**
TOTAL LIABILITIES		**1,249,140**	**1,270,932**	**1,259,359**
EQUITY	38			
Share capital		118,173	118,173	118,173
Capital reserve		970,911	970,911	970,911
Revaluation reserve		2,808	2,808	2,735
Fair value reserve		– 15	– 900	– 12
Cash flow hedge reserve		– 534	112	133
Reserve for remeasurements (pensions)		– 46,933	– 111,300	– 80,543
Cumulative translation differences		– 5,408	– 15,192	– 70,553
Accumulated profit/deficit		– 169,529	– 85,304	10,219
TOTAL EQUITY		**869,473**	**879,308**	**951,063**
LIABILITIES AND EQUITY		**2,118,613**	**2,150,240**	**2,210,422**

The previous year's figures have been adjusted. For further information, please see note 2.2 Changes to Accounting Policies in the notes.

Consolidated Statement of Cash Flows

T€	Notes	2012	2013
Net income		**157,492**	**172,335**
Result from investments in associates	11	0	– 40
Income tax expense	12	55,047	73,519
Interest result	11	37,311	33,805
Sub-total		**249,850**	**279,619**
Amortization, depreciation and impairment losses on non-current assets	25, 26	86,215	90,010
Change in provisions for pensions		– 20,380	1,186
Decrease in other non-current provisions and liabilities		– 4,545	– 3,770
Change in non-current assets		– 4,733	356
Change in fair value of investment property		0	– 1,673
Transfer of exchange differences from the currency reserve to the income statement		– 3,243	– 1,681
Unrealized foreign exchange losses		4,373	13,879
Other non-cash items		– 429	– 1,205
Sub-total		**57,258**	**97,102**
Cash flow before working capital changes		**307,108**	**376,721**
Change in trade receivables or other assets that are not attributable to investing or financing activities		15,849	– 39,822
Increase in inventories		– 37,912	– 31,533
Change in trade payables or other liabilities that are not attributable to investing or financing activities		– 1,154	24,273
Income taxes paid		– 64,388	– 54,855
Cash flow from operating activities		**219,503**	**274,784**
Payments for business combinations and subsequent contingent consideration for the purchase of subsidiaries		– 8,823	– 67,059
Payments for investing in intangible assets		– 15,846	– 12,117
Payments for investing in property, plant and equipment		– 51,597	– 57,999
Payments for investing in non-current financial assets		– 11,237	– 8,149
Payments for investments in associates		0	– 4,220
Proceeds from the disposal of non-current assets		1,144	3,772
Cash flow from investing activities		**– 86,359**	**– 145,772**
Proceeds from bank borrowings		104,145	247,773
Redemption of bank borrowings		– 142,679	– 248,604
Interest paid		– 21,468	– 22,742
Interest received		1,038	476
Dividends paid	38	– 73,267	– 76,813
Dividends received		0	151
Cash flow from financing activities		**– 132,231**	**– 99,759**
Net change in cash and cash equivalents		913	29,253
Effects of changes in exchange rates		– 2,076	– 11,355
Cash and cash equivalents as of January 1		118,608	117,445
Cash and cash equivalents as of December 31	15	**117,445**	**135,343**

The consolidated statement of cash flows is explained in note 40.

Consolidated Statement of Changes in Equity

2012 T€	Share capital	Capital reserve	Revaluation reserve	Fair value reserve	Cash flow hedge reserve (currency hedges)	Reserve for remeasure-ments (pensions)	Cumulative translation differences	Accumu-lated deficit	Total equity
As of January 1, 2012	**118,173**	**970,911**	**2,808**	**– 15**	**– 534**	**0**	**– 5,408**	**– 219,200**	**866,735**
Change of disclosure due to IAS 19 revised	0	0	0	0	0	– 46,933	0	46,933	**0**
Retrospective application of IAS 19 revised	0	0	0	0	0	0	0	2,738	**2,738**
As of January 1, 2012 (adjusted)	**118,173**	**970,911**	**2,808**	**– 15**	**– 534**	**– 46,933**	**– 5,408**	**– 169,529**	**869,473**
Net income	0	0	0	0	0	0	0	157,492	**157,492**
Other comprehensive income	0	0	0	– 885	646	– 64,367	– 9,784	0	**– 74,390**
Total comprehensive income	**0**	**0**	**0**	**– 885**	**646**	**– 64,367**	**– 9,784**	**157,492**	**83,102**
Dividends paid	0	0	0	0	0	0	0	– 73,267	**– 73,267**
As of December 31, 2012 (adjusted)	**118,173**	**970,911**	**2,808**	**– 900**	**112**	**– 111,300**	**– 15,192**	**– 85,304**	**879,308**

The previous year's figures have been adjusted. For further information, please see note 2.2 Changes to Accounting Policies in the notes.

2013 T€	Share capital	Capital reserve	Revaluation reserve	Fair value reserve	Cash flow hedge reserve (currency hedges)	Reserve for remeasure-ments (pensions)	Cumulative translation differences	Accumu-lated profit/ deficit	Total equity
As of January 1, 2013 (adjusted)	**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**
As of December 31, 2013	**118,173**	**970,911**	**2,735**	**– 12**	**133**	**– 80,543**	**– 70,553**	**10,219**	**951,063**

Equity developments are explained in note 38.

Notes

1. GENERAL INFORMATION

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

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

The consolidated financial statements and the Group management report of Symrise AG (hereinafter also referred to as "Symrise," "the Symrise Group" or "we") for the fiscal year ending December 31, 2013, were, by resolution of the Executive Board, submitted to the Supervisory Board's Auditing Committee for review on February 20, 2014, 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 generally prepared on the basis of the 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 classification of investment property was used for the first time in 2013 (see note 2.5 Summary of Significant Accounting Policies).

In addition, the following new or revised standards and interpretations were mandatory for application from January 1, 2013:

- **Amendments to IAS 1 "Presentation of Items of Other Comprehensive Income":** This amendment changed the presentation of other comprehensive income in the statement of comprehensive income. The items of other comprehensive income that are later reclassified in the income statement, known as recycling, are now to be presented separately from the items of other comprehensive income that will never be reclassified. As long as the items are recognized gross, meaning without balancing effects from taxes, the taxes are then no longer to be recognized in one total, but rather designated to the two groups of items. The Symrise Group has fulfilled the amended disclosure requirements and comparative information was accordingly adjusted.

- **IAS 19 revised 2011 "Employee Benefits":** In addition to comprehensive disclosure requirements for employee benefits, the revision particularly results in the following changes:

  The recognition of remeasurements (previously actuarial gains and losses) from pension obligations is now only permitted directly in other comprehensive income according to the revised version of IAS 19. In anticipation of the revised reporting standard for pensions, Symrise switched from the corridor method to the immediate recognition of changes to actuarial gains and losses in other comprehensive income at the end of 2012, so no changes result from the application of the revised IAS 19 standard. The actuarial gains and losses posted in the last annual financial statements in the accumulated deficit are now reported in a separate item within equity as of the 2013 fiscal year – the reserve for remeasurements (pensions).

  Additionally, the expected income from plan assets was previously determined based on the subjective expectations of management regarding the value development of the investment portfolio. In applying the revised version of IAS 19, only a standard typified rate on plan assets, amounting to the current discount rate of the pension obligations, is permitted. This results in only minor changes to the financial expenses for the years 2012 and 2013. The values from the previous year were therefore not adjusted to reflect these changes.

  Changes to the benefit levels with a retrospective effect on pension entitlements already earned resulting from plan amendments are no longer to be allocated beyond the period until entitlements become vested, but rather allocated directly in profit or loss during the year of the plan adjustment. The statement of financial position as of January 1, 2012, was accordingly restated retrospectively. The effects on the consolidated income statements for 2012 and 2013 are of limited significance. The values from the previous year were therefore not adjusted to reflect these changes.

The effects on the items in the statement of financial position, statement of comprehensive income and statement of cash flows from the previous year resulting from IAS 19 revised are listed below:

ADJUSTED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF JANUARY 1, 2012

T€	Published	Reclassification	Gains from plan amendments not yet recognized	Deferred taxes	Adjusted
ASSETS					
Deferred tax assets	41,934	0	0	– 1,676	**40,258**
TOTAL ASSETS	**2,120,289**	**0**	**0**	**– 1,676**	**2,118,613**
LIABILITIES					
Provisions for pensions and similar obligations	290,720	0	– 4,414	0	**286,306**
EQUITY					
Reserve for remeasurements (pensions)	0	– 46,933	0	0	**– 46,933**
Cumulative translation differences	– 5,408	0	0	0	**– 5,408**
Accumulated deficit	– 219,200	46,933	4,414	– 1,676	**– 169,529**
TOTAL LIABILITIES AND EQUITY	**2,120,289**	**0**	**0**	**– 1,676**	**2,118,613**

ADJUSTED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2012

T€	Published	Reclassification	Gains from plan amendments not yet recognized	Deferred taxes	Currency translation effects	Adjusted
ASSETS						
Deferred tax assets	60,744	0	0	– 1,676	32	**59,100**
TOTAL ASSETS	**2,151,884**	**0**	**0**	**– 1,676**	**32**	**2,150,240**
LIABILITIES						
Provisions for pensions and similar obligations	370,834	0	– 4,414	0	85	**366,505**
EQUITY						
Reserve for remeasurements (pensions)	0	– 111,300	0	0	0	**– 111,300**
Cumulative translation differences	– 15,139	0	0	0	– 53	**– 15,192**
Accumulated deficit	– 199,342	111,300	4,414	– 1,676	0	**– 85,304**
TOTAL LIABILITIES AND EQUITY	**2,151,884**	**0**	**0**	**– 1,676**	**32**	**2,150,240**

Since the income statement for 2012 was not adjusted, due to insignificant changes, there was therefore no change to the diluted or basic earnings per share for 2012. Other comprehensive income for 2012 was lowered by T€ 53 due to higher losses from the translation of foreign operations. No adjustments were necessary for the statement of cash flows.

Further, the definition of termination benefits was changed and impacted the reporting of step-up amounts promised as part of partial retirement agreements. Previously, the step-up amounts were classified as termination benefits and therefore provisions for the full amount were established with the signing of a partial retirement agreement. Due to the change in definition for termination benefits, step-up amounts no longer meet the requirements for being classified as termination benefits under IAS 19 revised. Instead, they relate to other long-term employee benefits that accrue gradually over employees' corresponding length of service in a company. The effects of these changes are of limited significance for the Symrise Group.

If IAS 19 had not been revised, it would have resulted in the following: As of December 31, 2013, the provisions for pensions and similar obligations would have been T€ 2,848 higher and the accumulated profit would have been correspondingly lower (excluding the counteracting effect from deferred taxes).

- **IFRS 13 "Fair Value Measurement":** Fair value measurements in financial statements according to IFRS are uniformly regulated with this standard. All fair value measurements required by other standards are to be made according to the uniform guidelines set out in IFRS 13 with the exception of IAS 17 and IFRS 2, which will continue to have their own regulations. Fair value is defined as the "exit price" according to IFRS 13, meaning the price that would have been attained through the sale of an asset or the price that would have been paid in order to transfer a liability. As with current fair value measurements of financial assets, a three-tier hierarchical system will be implemented with tiers based on independently observable market prices. The effects of the new fair value measurements are of limited significance for the Symrise Group.

- **Amendments to IFRS 7 "Disclosures – Offsetting Financial Assets and Financial Liabilities":** The changes to IFRS 7 – Offsetting Financial Assets and Financial Liabilities – first became mandatory in the 2013 fiscal year. The changes to the disclosure requirements in IFRS 7 require disclosures on all financial instruments offset in accordance with IAS 32. Further, it requires disclosures on all financial instruments reported that are subject to global settlement agreement or similar agreements, even if they are not offset according to IAS 32. The effects of these changes are of limited significance for the Symrise Group.

- **"Improvements to IFRS 2009–2011":** As part of the Annual Improvement Project, revisions were made to five standards. The adjustment to the formulations of individual IFRS are meant to enhance the clarity of the existing regulations. Other changes affect accounting, recognition, measurement and disclosures in the notes. The standards affected are IAS 1, IAS 16, IAS 32, IAS 34 and IFRS 1. The revisions had no significant impact on our consolidated financial statements.

- **Amendments to IAS 12 "Recovery of Underlying Assets":** With this revision, IAS 12 now specifies that, in the case of investment property, a reversal of the temporary differences through sale (in contrast to its continued use) is to constantly be assumed. No changes for the Symrise Group resulted from this new requirement.

- **IFRIC 20 "Stripping Costs in the Production Phase of a Surface Mine":** This interpretation affects the reporting of stripping costs in the surface mining industry and has no influence on the Symrise Group.

The **Amendment to IAS 36 "Recoverable Amount Disclosures for Non-Financial Assets"** is a consequential amendment from IFRS 13 Fair Value Measurement and becomes mandatory for the first time in fiscal years commencing on or after January 1, 2014. With IFRS 13, a new required disclosure on the goodwill impairment test according to IAS 36 was introduced: The recoverable amount of the cash-generating units is to be disclosed, independent of whether or not impairment took place. Since this note was introduced unintentionally, it was removed with this amendment from May 2013. On the other hand, additional disclosures result from this amendment if impairment is performed and the recoverable amount was based on a fair value calculation. We are applying this amendment in advance, meaning that it was already applied to our consolidated financial statements as of December 31, 2013. The disclosures required by IFRS 13 can therefore be omitted in the consolidated financial statements as of December 31, 2013.

Further, there are additional new standards and revisions to standards and interpretations that are to be applied in fiscal years commencing on or subsequent to January 1, 2014. These were not applied in this report. The effects of this on Symrise's consolidated financial statements are currently being assessed. Symrise is currently not planning to apply new or modified standards and interpretations before they become mandatory.

- **IFRS 10 "Consolidated Financial Statements"** creates a uniform basis for the definition of a parent-subsidiary-relationship and the precise definition of the scope of consolidation. In this regard, the new standard replaces the previously relevant regulations in **IAS 27 "Consolidated and Separate Financial Statements"** and **SIC 12 "Consolidation – Special Purpose Entities." IFRS 11 "Joint Arrangements"** regulates the reporting of cases where a company has joint control over a joint venture or a joint operation. In this context, **IAS 28 "Investments in Associates"** was accordingly modified so that companies are required to measure their interests in joint ventures and associated companies according to the equity method. **IFRS 12 "Disclosures 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 comprehensive standard.

  The **Amendments to IFRS 10, IFRS 11 and IFRS 12 "Transition Guidance"** contain a clarification and additional simplifications for the transition to IFRS 10, IFRS 11 and IFRS 12. As a result, adjusted comparative information is only required for the previous comparative periods. Further, the requirement on disclosures of comparative information for periods that began prior to the initial application of IFRS 12 is negated in connection with notes on non-consolidated structured entities.

  IFRS 10, IFRS 11, IFRS 12 and the revisions to IAS 27 and IAS 28 as well as those to IFRS 10, IFRS 11 and IFRS 12 are to become mandatory in fiscal years that start on or after January 1, 2014.

- **Amendments to IAS 32 "Offsetting Financial Assets and Financial Liabilities"** clarify which requirements exist for offsetting financial instruments. In the amendment, the meaning of the current legal right to offsetting is explained and clarifies which methods with gross settlement as net settlement can be considered in accordance with the standard. The change to IAS 32 is to become mandatory in fiscal years that start on or after January 1, 2014.

- According to the **Amendment to IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting"** derivatives remain designated as hedging instruments in ongoing hedging relationships despite a novation of a hedging instrument to a central counterparty as a result of legal requirements under certain circumstances. The revisions are to become mandatory in fiscal years that start on or after January 1, 2014.

- **IFRS 9 "Financial Instruments"** will replace the recognition and measurement of financial instruments according to IAS 39. Financial assets will only be classified and measured in two groups: at amortized cost and at fair value. The group of financial assets measured at amortized cost consists of such financial assets that only have claim to interest and redemption payments at scheduled intervals and that are also held within the framework of a business model whose goal is to retain assets. All other financial assets belong to the group measured at fair value. Under certain circumstances, financial assets from the first category can, as was also previously possible, be designated in the fair value category (so-called fair value option).

  Changes in value for financial assets in the fair value category are generally to be recognized in profit or loss. Certain equity instruments can however retain this accounting option and recognize value changes in other comprehensive income. Dividend rights from these assets must however be recognized in profit or loss.

  The regulations on financial liabilities are generally adopted from IAS 39.

  The initial application of IFRS 9 has yet to be determined, but is not expected to come into effect before January 1, 2017.

- **IFRS 9 "Hedge Accounting" and "Amendments to IFRS 9, IFRS 7 and IAS 39":** The goal of the new hedge accounting model under IFRS 9 is to achieve a closer link between the risk management system and the financial reporting. The types of hedging relationships that continue to be permissible are "cash flow hedge accounting," "fair value hedge accounting" and the "hedge of a net investment in a foreign operation." The scope for underlying and hedging transactions was respectively expanded. Particularly groups of underlying transactions, so far as the underlying transactions individually qualify for a designation, as well as net positions and zero net positions are designatable as a result. Generally, every financial instrument is suitable as a hedging instrument if it can be measured at fair value. Exceptions here are liabilities for which the fair value option has been exercised as well as equity instruments under the FVOCI option (fair value through other comprehensive income) according to the regulations of phase I.

  Under IFRS 9, the range of 80 % to 125 % required by IAS 39 as part of the effectiveness assessment is waived so that a retrospective effectiveness assessment is no longer needed. The prospective effectiveness assessment continues to be required as is the recognition of any kind of ineffectiveness. A termination of a hedging relationship is only possible if the requirements that have been defined for this have been fulfilled. This means that if the goals of risk management have not changed, the hedging relationships must continue. Regarding the risk management strategy, the effects of risk management on future cash flows as well as the effects of hedge accounting on the financial statements are to be reported in expanded disclosures in the notes.

  Additionally, the recognition of own default risks for financial liabilities under FVO (fair value option) in other comprehensive income is now isolated, meaning it is possible to forgo application of the remaining requirements of IFRS 9.

The initial application of the new requirements on hedge accounting follows the requirements for the initial application of IFRS 9. Hedging relationships are not to be terminated due to the transition from IAS 39 to IFRS 9 insofar as the requirements and qualitative characteristics are still fulfilled. The existing regulations according to IAS 39 are optionally applicable under IFRS 9 as well.

- The revisions to the **Amendments to IFRS 9 and IFRS 7 "Mandatory Effective Date and Transition Disclosures"** allow the waiving of adjusted previous year figures with the initial application of IFRS 9. Originally, this simplification was only possible with an early application of IFRS 9 before January 1, 2012. The simplification results in additional disclosures in the notes according to IFRS 7 during the transition period. The initial application date for these revisions, as with the requirements of IFRS 9, is still undecided, but is not expected to take effect before January 1, 2017.

- The **Amendments to IAS 19 "Defined Benefit Plans: Employee Contributions"** clarifies the regulations that relate to the classification of employee contributions or contributions from third parties to service periods, when the contributions are linked to the service period. Further, simplifications are provided when the contributions are independent from the number of service years completed. The revisions are to become mandatory, subject to their yet to be completed adoption into EU law, in fiscal years that start on or after July 1, 2014.

- **IFRIC 21 "Levies"** is an interpretation on IAS 37 Provisions, Contingent Liabilities and Contingent Assets. It primarily clarifies the question of when a present obligation requires the creation of a provision or liability as a result of levies imposed by the government. Not covered in the interpretation's scope of application are particularly penalties and levies that result from contracts under public law or fall under the regulatory scope of another IFRS, such as IAS 12 Income Taxes. According to IFRIC 21, a liability item is to be created for levies if the event that triggers the levy liability occurs. This triggering event that predicates the obligation is, on the other hand, found in the wording of the underlying norm. Its formulation is in this respect the determining factor for accounting purposes. The revisions are to become mandatory, subject to their yet to be completed adoption into EU law, in fiscal years that start on or after January 1, 2014.

- **"Improvements to IFRS 2010–2012":** As part of the Annual Improvement Project, revisions were made to seven standards. The adjustment to the formulations of individual IFRS are meant to enhance the clarity of the existing regulations. Further, there are revisions with impacts on disclosures in the notes. The standards affected are IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38. The revisions are to become mandatory, subject to their yet to be completed adoption into EU law, in fiscal years that start on or after July 1, 2014, as will the revision to IFRS 2 on share-based payment in fiscal years commencing on or subsequent to July 1, 2014.

- **"Improvements to IFRS 2011–2013":** As part of the Annual Improvement Project, revisions were made to four standards. The adjustment to the formulations of individual IFRS are meant to enhance the clarity of the existing regulations. The standards affected are IFRS 1, IFRS 3, IFRS 13 and IAS 40. The revisions are to become mandatory, subject to their yet to be completed adoption into EU law, in fiscal years that start on or after July 1, 2014.

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 accounting policies applied most often and affected by judgments, estimates and assumptions, and 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, certain assumptions and estimates are applied to future cash flows that 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 and the estimate of the weighted average cost of capital (WACC). Due to these factors, actual cash flows and values can 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. If indications exist for the impairment of another intangible asset or property, plant and equipment, the recoverable amount calculated based on estimates is to be contrasted with the carrying amount, similar to the impairment test for goodwill. Further information can be found in note 2.5.

All of our intangible assets (excluding goodwill) and property, plant and equipment (excluding land) have a limited 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 and 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 INTANGIBLE ASSETS GENERATED INTERNALLY THROUGH 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 judgments. 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 are therefore subject to the tax laws of the particular country's legal system. 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 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 taxable 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 and future pension increases and is therefore associated with significant judgmental decisions.

The discounting factors are to be based on the yields that could be obtained at the balance sheet reporting date for high-quality 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 assumptions used, 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 discretionary judgments since the past is not necessarily representative of future developments. Changes to our estimates in relation to the value adjustments on receivables can have considerable impacts on the assets and expenses recognized in our consolidated financial statements. Beyond this, consolidated earnings could also be negatively influenced if actual debt losses are notably greater than those estimated.

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 associated with such cases. 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 certain 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. These assumptions can 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 could have a considerable influence on the fair value estimates made according to the option price model 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 need to be made.

Changes to estimates are recognized with effect on profit or loss in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” at the time they become known.

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 the majority of voting rights and over which it exercises influence over business and financial policies in order to benefit from their activities and therefore possesses the opportunity for control. 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 fiscal year, the scope of consolidation developed as follows:

	January 1, 2013	Additions	Disposals	December 31, 2013
Fully consolidated subsidiaries				
Domestic	11	0	0	11
Foreign	44	1	1	44
Companies accounted for using the equity method				
Foreign	1	1	0	2
Total	**56**	**2**	**1**	**57**

An addition was made to the fully consolidated companies due to the completed founding of a wholly-owned subsidiary in the USA, Symrise US LLC, on August 1, 2013. The previously fully consolidated Thamasarb Co. Ltd., Thailand, was liquidated on October 14, 2013, and is therefore classified as a disposal.

With the purchase of additional shares in Probi AB, Sweden, Symrise exceeded the 20 % threshold, meaning that the company is to be reported as an associated company as of February 8, 2013.

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

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 when 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. 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 investment Therapeutic Peptides Inc., USA, 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, in most cases the functional currency is 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 within equity 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 foreign currency translation impacts 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	**Currencies**		**December 31, 2012**	**December 31, 2013**	**2012**	**2013**
UK	British Pound	GBP	0.816	0.833	0.811	0.850
USA	US Dollar	USD	1.319	1.377	1.285	1.328
Mexico	Mexican Peso	MXN	17.206	18.027	16.902	16.952
Brazil	Brazilian Real	BRL	2.700	3.252	2.507	2.867
Singapore	Singapore Dollar	SGD	1.611	1.739	1.606	1.661
China	Chinese Renminbi	CNY	8.215	8.334	8.108	8.165

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 the receipt of return service or a 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 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. The Symrise Group has no notable finance leases to report.

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

The Symrise Group reports the basic earnings per share for its ordinary shares. 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 and are therefore not listed separately.

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 (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 recognized) and liabilities (including contingent liabilities, but not giving consideration to any future restructuring measures) of the acquired business operations at their fair values.

Goodwill deriving from a business combination 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 an 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 are rather 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 to 10 years
Recipes	7 to 20 years
Trademarks	6 to 15 years
Customer base	6 to 15 years
Patents and other rights	5 to 20 years

The useful lives and amortization methods for intangible assets are reviewed annually for suitability and prospectively adjusted 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 cumulative amortizations and cumulative impairments.

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, i.e. activities that are conducted in order to gain new scientific or chemical knowledge, 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	20 to 50 years
Plants and machinery	3 to 12 years
Equipment	3 to 20 years

Land is not depreciated at a scheduled rate. 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 company and to a financial liability or an equity instrument for the other company.

Financial assets particularly include cash and cash equivalents, trade receivables, loans receivable and equity instruments for 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. These 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, to a lesser extent, liabilities from financing 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 based on their nature, 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 measured 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 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 the currency risk from its operative business and its financing activities.

When hedging operating activities, selected future cash flows from trade payables and receivables 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 about six months up to a maximum hedging ratio of 50 % of the open currency items of a company.

Insofar as the strict 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 volatility from 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 hedge from a financial point of view. In such cases, the measurement effects of the derivative financial instrument immediately 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 result for the period 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 cost of sale. 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 valued using the weighted average procurement cost. Finished goods and work in progress are valued using the cost 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 as an employee benefit expense in the consolidated income statement as they become due.

Defined Benefit Plans

Defined benefit plans comprise all pension plans other than defined contribution plans. 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 designated as service costs. This item is comprised of current and past service costs as well as gains/losses from settlements and is recognized immediately in profit or loss in the operating result. Expenses from interest accrued on pension provisions 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 catastrophes. 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 triggers:

- 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 through profit or loss. If a receivable that is already impaired 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 – measured as the difference between the acquisition cost and the current fair value minus impairment losses previously established for the financial asset being considered – 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 retrospectively recognized in profit or loss, but in other comprehensive income with no effect on profit or loss. 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 and 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 result 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 it 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, whereby as of September 30, 2013, goodwill has been allocated in the amount of € 191.8 million (December 31, 2012: € 163.1 million) to the segment Scent & Care and in the amount of € 356.3 million (December 31, 2012: € 335.2 million) to the segment Flavor & Nutrition. The recoverable amount is represented by the fair value less costs to sell and was determined as the present value of future cash flows. The future cash flows were derived from the Symrise Group's planning information. The 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 2014 to 2017. A growth rate of 0.5 % was assumed for the measurement of perpetual annuity. The cash flows determined in this manner were discounted with an identical weighted after-tax capital cost factor of 7.76 % (2012: 7.46 %), since the peer groups used for the determination are identically structured. There were no indications of impairment for the fiscal year. 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 were used in determining the cost of equity and debt.

In performing the impairment test, Symrise carried out sensitivity analyses. For this purpose, the discounting factor was increased by 1.0 percentage point while planned sales revenue growth was reduced to 0.5 %. These variations in the measurement parameters would also not have resulted 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 for measurement purposes have been determined using the methods described below. Further information regarding the assumptions used to determine fair value is contained in the notes specific to the particular asset or liability.

Financial Instruments – General Principles

The classification of measurement techniques used to determine the fair value of the input factors is performed in three levels in accordance with the three-tiered fair value hierarchy pursuant to IFRS 13:

- Input factors at **Level 1** are (non-adjusted) prices quoted for identical assets or liabilities in active markets accessible to the company as of the date of measurement.
- Input factors at **Level 2** are, in contrast to the market price quotations 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 not observable 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 business transaction between a willing buyer and a willing seller under the terms of which both parties operate knowledgeably, prudently and without compulsion and the transaction is preceded by adequate marketing activities. The market values of plant, equipment, fixtures and fittings are based on quoted prices for similar items.

Intangible Assets

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

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 as Chief Operating Decision Maker responsibility 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 business divisions. With the business divisions Scent & Care and Flavor & Nutrition, we have two segments, organized according to our products, for which mandatory reporting is required.

SCENT & CARE

The Scent & Care segment develops, produces and sells fragrances, cosmetic ingredients, aroma molecules and mint aromas and also develops 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 products, cosmetic products, dental care products, cleaning products and detergents.

FLAVOR & NUTRITION

The Flavor & Nutrition segment develops, produces and sells flavors that are used by customers in the production of food products (savory and sweet food products as well as dairy products) and beverages. Symrise works with a modular concept which allows them to offer customers both individual aroma components and complete product solutions for end-consumers.

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

2012 T€	Scent & Care	Flavor & Nutrition	Segment total = Group total
External sales	882,803	852,131	**1,734,934**
Cost of sales	– 547,457	– 486,922	**– 1,034,379**
Gross profit	**335,346**	**365,209**	**700,555**
Other operating income	8,148	7,597	**15,745**
Selling and marketing expenses	– 126,061	– 141,246	**– 267,307**
Research and development expenses	– 60,147	– 53,633	**– 113,780**
Administration expenses	– 38,061	– 42,699	**– 80,760**
Other operating expenses	– 550	– 1,265	**– 1,815**
Income from operations/EBIT	**118,675**	**133,963**	**252,638**
Amortization of intangible assets	24,455	18,615	**43,070**
Depreciation of property, plant and equipment	18,077	25,208	**43,285**
Impairment reversals on property, plant and equipment	– 140	0	**– 140**
EBITDA	**161,067**	**177,786**	**338,853**
Financial result			**– 40,099**
Income before income taxes			**212,539**
Income tax expense			**– 55,047**
Net income			**157,492**
Other segment information			
Capital investments			
Intangible assets	13,576	5,036	**18,612**
Property, plant and equipment	23,310	28,424	**51,734**

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 tax expense			**– 73,519**
Net income			**172,335**
Other segment information			
Capital investments			
Intangible assets	76,713	4,349	**81,062**
Property, plant and equipment	25,346	36,450	**61,796**

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

RESULT BY REGION

2012 T€	EAME[1]	North America	Asia/Pacific	Latin America	Total
Sales					
Sales by region (point of delivery)	785,408	316,813	404,500	228,213	**1,734,934**
Domestic					**204,096**
Foreign					**1,530,838**
Other segment information					
Non-current assets[2]					**1,251,393**
Domestic					**685,679**
Foreign					**565,714**
Capital investments					
Intangible assets	12,466	3,557	2,185	404	**18,612**
Property, plant and equipment	31,110	3,405	8,351	8,868	**51,734**

1) Europe, Africa, Middle East
2) Excluding financial instruments and deferred tax assets

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**
Capital investments					
Intangible assets	3,622	69,966	1,338	6,136	**81,062**
Property, plant and equipment	35,102	7,301	11,758	7,635	**61,796**

1) Europe, Africa, Middle East
2) Excluding financial instruments and deferred tax assets

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 that is presented in note 3 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 and foreign currency effects are also included. Please refer to the segment reporting information that is presented in note 3 for a presentation of cost of sales by segment.

6. OTHER OPERATING INCOME

T€	2012	2013
Income from the reversal of impairments on receivables	562	2,436
Income from the reversal of provisions and other liabilities	4,905	1,934
Income from service units	1,699	1,859
Income from the transfer of exchange differences from the currency reserve	3,243	1,681
Income from the change in fair value of investment property	0	1,673
Gains from the disposal of property, plant and equipment	355	1,396
Income from government subsidies	1,521	1,056
Miscellaneous other income	3,460	4,030
Total	**15,745**	**16,065**

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

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 insignificant individual items.

Income from service units results from services rendered by Group companies to third parties.

Income from the transfer of exchange differences from the currency reserve resulted from the capital reduction at a subsidiary in Singapore.

The details on investment property are listed in note 24.

Gains from the disposal of property, plant and equipment were mainly generated from the partial sale of property in Switzerland.

Government subsidies were mainly granted in France, China and Germany to promote research projects.

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

7. PERSONNEL EXPENSES

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

T€	2012	2013
Wages and salaries	– 297,584	– 318,993
Social security expenses	– 56,206	– 61,652
Pension expenses (excluding interest expenses)	6,366	– 12,419
Termination benefits	– 1,913	– 3,655
Multi-year performance-based remuneration	– 3,336	– 1,136
Total	**– 352,673**	**– 397,855**

Social security expenses include social security contributions that the organization is required to make by law. These include defined contribution plan benefits of € 12.9 million (2012: € 12.2 million).

Pension expenses mainly consist of employer contributions to company supplementary benefits. The freeze of pension provisions in the USA on April 30, 2012, resulted in one-off income amounting to € 12.5 million in the previous year. This led to negative pension expenses in connection with the resulting, reduced allocations to pension provisions. Interest deriving from pension provisions is disclosed as a component of the financial result as of December 31, 2013 (see note 11).

Termination benefits were incurred as part of the reorganization of individual departments.

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 was 5,914 (2012: 5,580).

FTE	2012	2013
Manufacturing and technology	2,234	2,411
Sales and marketing	1,464	1,546
Research and development	1,109	1,158
Administration	423	436
Service units	350	363
Number of employees	**5,580**	**5,914**
Apprentices and trainees	118	116
Total	**5,698**	**6,030**

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. Transport costs and expenses for commissions and licenses are also included. Please refer to the segment reporting information that is presented in note 3 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

T€	2012	2013
Information technology	– 26,726	– 28,190
Finance and controlling	– 21,644	– 21,649
Human resources	– 11,291	– 11,970
Other administration expenses	– 21,099	– 23,219
Total	**– 80,760**	**– 85,028**

11. FINANCIAL RESULT

T€	2012	2013
Interest income		
from bank deposits	904	1,000
other	1,430	157
Interest income	**2,334**	**1,157**
Other financial income	238	325
Result from investments in associates	0	40
Financial income	**2,572**	**1,522**
Interest expenses		
from bank loans	– 3,876	– 3,321
from other loans	– 17,802	– 17,762
other	– 17,967	– 13,879
Interest expenses	**– 39,645**	**– 34,962**
Foreign currency gains/losses primarily from internal Group lending	– 2,212	– 2,549
Other financial expenses	– 814	– 1,284
Financial expenses	**– 42,671**	**– 38,795**
Financial result	**– 40,099**	**– 37,273**
thereof interest result	– 37,311	– 33,805
thereof other financial result	– 2,788	– 3,468

Interest for liabilities with a fixed interest rate such as the Eurobond or the US private placement are recognized under the interest expenses for other borrowings. Other interest expenses mainly comprise the compounding of pension provisions amounting to € 11.0 million (2012: € 14.1 million).

12. INCOME TAXES

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

T€	2012	2013
Current tax expense	**– 53,197**	**– 76,666**
Deferred tax expense/income		
from losses carried forward	– 8,347	– 14,550
from temporary differences	6,497	17,697
Total deferred tax expense/income	**– 1,850**	**3,147**
Income taxes	**– 55,047**	**– 73,519**

Income tax expenses in the year under review increased by € 18.5 million to € 73.5 million, which is mainly due to the consolidated earnings before taxes being € 33.3 million higher. The tax rate for the reporting year amounted to 29.9 % (2012: 25.9 %).

The increase in current income tax expense from € 23.5 million to € 76.7 million primarily resulted from improved consolidated net income and the creation of tax provisions related to ongoing tax audits. The change in deferred tax expenses mainly resulted from a revaluation of tax losses carried forward as well as temporary differences in Singapore relating to a development and expansion certificate granted, which reduces the tax rate to 5 %. Furthermore, deferred tax expenses were influenced through the valuation of foreign currency items as well as ongoing depreciation and amortization.

DERIVATION OF THE EFFECTIVE TAX RATE

The income taxes disclosed in the year reported, amounting to € 73.5 million (2012: € 55.0 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 German Commercial Code (HGB):

T€	2012	2013
Consolidated earnings before taxes	**212,539**	**245,854**
Expected tax expense at local tax rates	– 60,135	– 69,361
Tax effect from previous periods	2,780	– 10,606
Tax effect from tax-free income	10,031	8,495
Tax effect from non-deductible expenses	– 2,299	– 3,559
Non-recoverable withholding tax	– 4,953	– 1,344
Tax effect from measurement adjustments to deferred tax assets	– 1,157	997
Tax effect from change in tax rate	364	2,019
Other tax effects	322	– 160
Income tax expense	**– 55,047**	**– 73,519**

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

Tax effects from previous years resulted primarily from adjustments related to ongoing tax audits and the consideration of effects from continuing risk assessment.

Tax effects from non-recoverable withholding tax decreased considerably, which is due to a reduction in dividends.

The proposed dividend for the 2013 fiscal year (see note 38) will not have any income tax consequences for Symrise. Future income and withholding taxes resulting from planned distributions of profits 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 € 102.4 million in 2013 and € 168.2 million in 2012 as these gains are either not subject to taxation on payout or are expected to be reinvested for indefinite periods of time.

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

	2012 (adjusted)*			2013		
T€	Before taxes	Taxes	After taxes	Before taxes	Taxes	After taxes
Exchange rate differences resulting from the translation of foreign operations	– 10,305	521	– 9,784	– 57,395	2,034	– 55,361
Financial assets available for sale	– 1,263	378	– 885	– 41	3	– 38
Cash flow hedge (currency hedges)	888	– 242	646	37	– 16	21
Remeasurement of defined benefit pension plans	– 87,111	23,300	– 63,811	44,712	– 13,955	30,757
Tax rate change	0	– 556	– 556	0	– 73	– 73
Other comprehensive income	**– 97,791**	**23,401**	**– 74,390**	**– 12,687**	**– 12,007**	**– 24,694**
Current taxes		– 359			421	
Deferred taxes		23,760			– 12,428	

*The previous year's figures have been adjusted. For further information, please see note 2.2 Changes to Accounting Policies.

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.

No option or conversion rights were issued in 2012 or 2013. As a consequence, there is no dilutive effect on the earnings per share. The diluted and basic results are therefore identical.

	2012	2013
Earnings per share (€)	**1.33**	**1.46**
Weighted average number of ordinary shares (in shares)	118,173,300	118,173,300

ADDITIONAL DISCLOSURES ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

15. CASH AND CASH EQUIVALENTS

T€	December 31, 2012	December 31, 2013
Cash	104,542	120,803
Cash equivalents	12,903	14,540
Total	**117,445**	**135,343**

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

16. TRADE RECEIVABLES

T€	December 31, 2012	December 31, 2013
Trade receivables	310,715	329,168
Allowance for doubtful accounts	– 8,509	– 7,621
Total	**302,206**	**321,547**

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

The 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, 2012									
Trade receivables	310,715	266,385	44,330	8,509	28,304	7,318	4,365	4,343	0
December 31, 2013									
Trade receivables	329,168	283,668	45,500	7,621	29,102	8,273	2,833	5,292	0

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

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

T€	2012	2013
As of January 1	**6,696**	**8,509**
Translation differences	– 6	– 233
Allocations set up	4,600	3,476
Utilized in the reporting year	– 611	– 664
Reversals	– 2,170	– 3,467
As of December 31	**8,509**	**7,621**

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 trade receivables and debt write-offs are disclosed under selling and marketing expenses.

17. INVENTORIES

T€	December 31, 2012	December 31, 2013
Raw materials	133,317	138,264
Finished products	131,172	136,409
Unfinished products	95,703	106,616
Impairment losses	– 12,351	– 12,722
Total	**347,841**	**368,567**

The cost of sales include material costs without foreign currency effects amounting to € 789.6 million (2012: € 787.1 million).

18. OTHER CURRENT ASSETS AND RECEIVABLES

T€	December 31, 2012	December 31, 2013
Other taxes	20,809	19,347
Other prepayments	13,455	15,497
Miscellaneous other assets	1,430	1,402
Total	**35,694**	**36,246**

Other prepayments contain particularly payments made for inclusion on customer supplier listings, which are dissolved over the term of the contract, as well as prepayments on customer bonuses.

Other assets and receivables are not secured. Symrise carries the risk that defaults can occur on receivables up to the carrying amount. However, only insignificant cases of default have occurred in the past. This item only contains slight impairments, which is why the development of the impairment account is not presented for materiality reasons.

19. CURRENT FINANCIAL ASSETS

T€	December 31, 2012	December 31, 2013
Security deposits, guarantees and rental deposits	984	992
Receivables from customers and employees	2,205	644
Other financial assets	909	688
Total	**4,098**	**2,324**

20. DEFERRED TAX ASSETS/LIABILITIES

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

	December 31, 2012 (adjusted)*			December 31, 2013		
T€	Tax assets	Tax liabilities	Income/ expenses (–)	Tax assets	Tax liabilities	Income/ expenses (–)
Intangible assets	15,683	68,316	9,947	15,160	58,590	9,203
Property, plant and equipment	6,582	45,366	– 161	6,723	43,801	1,706
Financial assets	106	18	– 5	106	32	– 14
Inventories	9,862	248	1,464	10,389	248	527
Trade receivables, prepayments and other assets	2,737	4,169	2,361	3,632	1,855	3,208
Provisions for pensions	50,171	151	– 5,482	37,359	7	65
Other provisions and other liabilities	9,161	7,619	– 1,627	9,786	7,073	2,002
Interests in subsidiaries	0	2,993	0	0	1,993	1,000
Losses carried forward	22,787	0	– 8,347	8,237	0	– 14,550
Sub-total	**117,089**	**128,880**	**– 1,850**	**91,392**	**113,599**	**3,147**
Offsetting	– 57,989	– 57,989		– 45,200	– 45,200	
Total	**59,100**	**70,891**	**– 1,850**	**46,192**	**68,399**	**3,147**

*The previous year's figures have been adjusted. For further information, please see note 2.2 Changes to Accounting Policies.

Deferred tax income amounted to € 3.1 million in 2013 in contrast to a deferred tax expense of € 1.9 million in 2012.

The change in the deferred tax expense resulted primarily from the valuation of foreign currency items as well as ongoing depreciation and amortization. With regard to the change in provisions for pensions and the related change in deferred taxes, please see note 2.2.

The change in deferred tax assets for tax losses carried forward is primarily due to their use in France, the USA and Brazil. These were also influenced by the revaluation of tax losses carried forward in Singapore related to a development and expansion certificate, which reduces the tax rate to 5 %.

Overall, corporation tax losses carried forward amounting to € 70.6 million (2012: € 102.5 million) existed as of the reporting date. Additionally, tax losses carried forward amounting to € 3.7 million (2012: € 4.7 million) existed from commercial taxes in Germany. Of the corporation tax losses, € 7.4 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. As of the reporting date, there was no impairment on deferred tax assets (2012: € 1.1 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 € 0.8 million in the year under review (2012: € 1.0 million).

21. OTHER NON-CURRENT ASSETS AND RECEIVABLES

T€	December 31, 2012	December 31, 2013
Prepayments	8,086	6,814
Miscellaneous other assets	190	293
Total	**8,276**	**7,107**

Payments made for inclusion on customer supplier listings are recognized in prepayments. In the 2013 fiscal year, we once again managed to gain or renew some important customer core list positions. The payments made for these inclusions will be dissolved 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, 2012	December 31, 2013
Balance on fiduciary account	0	7,263
Financial assets (available for sale)	14,797	5,317
Receivables from customers, employees and suppliers	681	1,380
Security deposits, guarantees and rental deposits	1,330	1,073
Other financial assets	79	79
Total	**16,887**	**15,112**

The balance on the fiduciary account is related to the acquisition performed in the first quarter of 2013 (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 decrease resulted from the reclassification of the shares in Probi AB, Sweden, from "as available for sale" to "investments in associates" (see note 23).

The rise in receivables from customers, employees and suppliers mainly was due to a loan amounting to € 1 million which Symrise Inc., USA, provided to the supplier Ceapro Inc., a Canadian biotechnology group, for the completion of its high-tech site in Edmonton.

23. INVESTMENTS IN ASSOCIATES

The successive purchase of additional shares in Probi AB, Sweden, led Symrise's interests in the company to exceed the 20 % threshold, meaning that financial assets previously categorized as available for sale were reclassified as investments in associates in February 2013.

Since the equity method is to be applied to all shares and not only to the newly acquired shares, a retrospective adjustment of the old shares was performed. The valuation of the old shares as well as the reversal of previous valuation effects was performed with no effect on profit or loss through the fair value reserve (T€ 926) as well as through the accumulated profit/deficit (T€ 1).

The result from the companies accounted for under the equity method amounted to T€ 40 in 2013 and is a component of the financial result (see note 11).

In 2013, the Group received dividends of T€ 151 from its shares in financial assets recognized using the equity method.

Probi AB, Sweden, is listed on the Swedish stock exchange (NASDAQ OMX). Based on its closing price of SEK 39.50 on the closing date, the fair value of the shares held by Symrise amounts to SEK 110.7 million (€ 12.4 million).

The following summarized financial information was taken from the last two annual financial statements published on December 31, 2013 and 2012 by Probi AB, Sweden. The financial information disclosed below is based on the entire company (100 %):

- Assets SEK 149.7 million (2012: SEK 136.7 million)
- Liabilities SEK 18.7 million (2012: SEK 13.9 million)
- Sales SEK 102.2 million (2012: SEK 99.6 million)
- Net income SEK 15.0 million (2012: SEK 13.5 million)

24. INVESTMENT PROPERTY

Investment property refers to property and buildings in Switzerland that were previously classified as property, plant and equipment and were reclassified in early 2013 as being held for the purpose of capital appreciation. As of the reporting date, the carrying amount was T€ 2,583.

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 investment property to be evaluated (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€	Investment property
January 1, 2013	**0**
Reclassification from property, plant and equipment	1,211
Additions	117
Disposals	– 426
Fair value changes	
Recognized in profit or loss	1,673
Currency translation effects	8
December 31, 2013	**2,583**

The changes to fair value were recognized in other operating income (see note 6).

If the underlying price per square meter were to fluctuate by +/–10 %, this would increase or decrease the fair value of the investment property by T€ 258.

In 2013, rental income amounting to T€ 40 was recorded. Maintenance expenses amounted to T€ 18 for rented properties and T€ 273 for non-rented properties.

25. INTANGIBLE ASSETS

2012 T€	Goodwill	Recipes[1] with limited useful lives	Other intangible assets[2] with limited useful lives	Capitalized development costs	Advance payments and intangible assets in development	Total
Cost						
as of January 1, 2012	**530,691**	**610,157**	**133,962**	**15,494**	**11,148**	**1,301,452**
Additions from acquisitions	0	1,027	9,438	0	5,250	15,715
Additions from internal development	0	0	0	172	2,725	2,897
Disposals	0	0	– 3,194	– 462	– 29	– 3,685
Transfers	0	0	4,773	180	– 4,953	0
Currency translation effects	– 2,563	– 1,261	– 2,795	0	– 97	– 6,716
as of December 31, 2012	**528,128**	**609,923**	**142,184**	**15,384**	**14,044**	**1,309,663**
Accumulated amortization and impairment losses as of January 1, 2012	**– 37,114**	**– 372,839**	**– 52,912**	**– 4,318**	**0**	**– 467,183**
Scheduled amortization for the fiscal year	0	– 27,793	– 11,142	– 4,135	0	– 43,070
Disposals	0	0	2,910	462	0	3,372
Currency translation effects	301	551	1,366	0	0	2,218
as of December 31, 2012	**– 36,813**	**– 400,081**	**– 59,778**	**– 7,991**	**0**	**– 504,663**
Carrying amounts						
as of January 1, 2012	493,577	237,318	81,050	11,176	11,148	834,269
as of December 31, 2012	**491,315**	**209,842**	**82,406**	**7,393**	**14,044**	**805,000**

1) Recipes mainly consist of production recipes that were purchased as part of acquisitions.
2) Customer base, software, patents and other rights, trademarks, own IT developments

2013 T€	Goodwill	Recipes[1] with limited useful lives	Other intangible assets[2] with limited useful lives	Capitalized development costs	Advance payments and intangible assets in development	Total
Cost						
as of 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
Currency translation effects	– 17,153	– 12,094	– 6,723	0	– 211	– 36,181
as of December 31, 2013	**529,600**	**603,671**	**193,124**	**16,315**	**9,311**	**1,352,021**
Accumulated amortization and impairment losses as of 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
Currency translation effects	– 2,071	8,178	2,201	0	0	8,308
as of December 31, 2013	**– 38,884**	**– 417,878**	**– 71,412**	**– 11,491**	**0**	**– 539,665**
Carrying amounts						
as of January 1, 2013	491,315	209,842	82,406	7,393	14,044	805,000
as of December 31, 2013	**490,716**	**185,793**	**121,712**	**4,824**	**9,311**	**812,356**

1) Recipes mainly consist of production recipes that were purchased as part of acquisitions.
2) Customer base, software, patents and other rights, trademarks, own IT developments

The addition to goodwill amounting to € 18.6 million resulted from the business combination occurring during the fiscal year (see note 27).

The additions from business combinations resulted from the acquisition occurring during the fiscal year (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 € 7.3 million as of the reporting date (2012: € 13.1 million).

The amortization of recipes and customer base is allocated to production and is therefore included in the cost of sales. The amortization of other intangible assets is generally allocated to the relevant functional area in the consolidated income statement.

T€	December 31, 2012	December 31, 2013
Goodwill according to segment		
Scent & Care	160,797	173,193
Flavor & Nutrition	330,518	317,523
Total	**491,315**	**490,716**

26. PROPERTY, PLANT AND EQUIPMENT

2012 T€	Land and buildings	Plants and machinery	Equipment	Assets under construction	Total
Cost					
as of January 1, 2012	**326,968**	**305,109**	**142,852**	**41,014**	**815,943**
Additions	3,018	11,027	9,496	28,193	51,734
Disposals	– 240	– 3,406	– 4,548	– 40	– 8,234
Transfers	3,107	18,597	6,801	– 28,505	0
Currency translation effects	– 1,288	– 3,030	– 2,979	– 239	– 7,536
as of December 31, 2012	**331,565**	**328,297**	**151,622**	**40,423**	**851,907**
Accumulated depreciation and impairment losses					
as of January 1, 2012	**– 103,688**	**– 183,765**	**– 97,039**	**0**	**– 384,492**
Scheduled depreciation for the fiscal year	– 11,918	– 19,681	– 11,686	0	– 43,285
Reversals	140	0	0	0	140
Disposals	208	3,081	4,404	0	7,693
Transfers	2	299	– 301	0	0
Currency translation effects	1,252	2,792	2,110	0	6,154
as of December 31, 2012	**– 114,004**	**– 197,274**	**– 102,512**	**0**	**– 413,790**
Carrying amounts					
as of January 1, 2012	223,280	121,344	45,813	41,014	431,451
as of December 31, 2012	**217,561**	**131,023**	**49,110**	**40,423**	**438,117**

2013 T€	Land and buildings	Plants and machinery	Equipment	Assets under construction	Total
Cost					
as of 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
Currency translation effects	– 9,231	– 7,877	– 6,435	– 1,123	– 24,666
as of December 31, 2013	**326,035**	**346,795**	**157,998**	**46,386**	**877,214**
Accumulated depreciation and impairment losses					
as of 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
Currency translation effects	3,387	4,605	3,752	0	11,744
as of December 31, 2013	**– 118,703**	**– 211,554**	**– 107,335**	**0**	**– 437,592**
Carrying amounts					
as of January 1, 2013	217,561	131,023	49,110	40,423	438,117
as of December 31, 2013	**207,332**	**135,241**	**50,663**	**46,386**	**439,622**

In 2013, a total of € 61.8 million (2012: € 51.7 million) was invested in property, plant and equipment. These mainly concerned capacity expansions as well as the completion of a new research building at the Holzminden site. Additions contain capitalized borrowing costs amounting to € 0.4 million.

In the 2013 fiscal year, property and buildings in Switzerland were reclassified as investment property (see note 24).

27. BUSINESS COMBINATIONS

On March 4, 2013, Symrise acquired the global fragrance business of the Belmay Group, based in Yonkers, New York, via an asset deal. The Belmay Group was an established and renowned manufacturer of fragrance creations, particularly for the fine fragrances, cosmetics and air care application areas. Symrise had already acquired the Brazilian fragrance business from Belmay at the start of 2012.

This acquisition was a strategic step for further promoting sustainable growth in the fine fragrances, personal care and air care segments. Both Belmay's product and customer portfolio will supplement the existing activities of the Scent & Care division. Our range of offers in the areas of fine fragrances and our expertise in the air care segment will be substantially expanded thanks to the acquisition and will enable us to better serve our customers. At the same time, this move will strengthen our presence in North America – Belmay's core market. We expect to be able to further expand our strong market position through this purchase and gain access to new and attractive customer groups.

The assets initially recorded in the consolidated statement of financial position were recognized at the following fair values:

T€	Fair value as of acquisition date
Intangible assets	
Customer base	42,322
Recipes	5,821
Non-compete clause	4,553
Order backlog	182
Property, plant and equipment	615
Inventories	5,006
Acquired assets	**58,499**
Consideration transferred for acquiring the assets	77,124
Positive difference	**18,625**

Intangible assets are to be recognized separately if they are clearly distinguishable or if their recognition arises from a contractual or other legal right. In this respect, they are not included in goodwill. If the purchase price paid is higher than the fair values of the acquired assets at the time of acquisition, the positive difference is capitalized as goodwill. It contains particularly the synergies and research and development know-how expected from the acquisition, which cannot be identified as separate assets according to IAS 38. Goodwill is fully tax-deductible.

From the total acquisition costs of TUSD 100,222 (T€ 77,124, according to the exchange rate at the time of the initial consolidation), TUSD 87,143 (T€ 67,059) was due immediately. The remaining purchase price installments with a fair value of TUSD 13,079 (T€ 10,065 according to the exchange rate at the time of the initial consolidation) represent contingent considerations:

- A payment totaling TUSD 10,000 was arranged with the previous owners that would deduct any possible claims for damages upon payout. The total amount is due in installments: TUSD 4,000 on September 30, 2014, as well as TUSD 2,000 on March 31, 2015, September 30, 2015, and March 31, 2016. The corresponding total to cover this obligation is already deposited in a fiduciary account (see note 22).

- Furthermore, an earnback for sales generated with a certain customer within the next two years was granted, which is due on March 31, 2015. The fair value of this purchase price component at maturity amounts to TUSD 4,200. The minimum claim amounts to TUSD 0, while the maximum is TUSD 5,250.

Interest deriving from the contingent purchase price liability amounted to TUSD 396 as of December 31, 2013. The revaluation performed at the end of the year did not result in a correction of the liability with an effect on profit or loss. The purchase price liability was valued at TUSD 13,476 (T€ 9,788 with the exchange rate from the reporting date) as of December 31, 2013.

Since the purchase date, the acquired business contributed € 35.7 million to sales and € 8.2 million to the operating result (EBIT) of the Symrise Group. Had the acquisition already taken place by January 1, 2013, the Symrise Group would have posted sales of € 1,837.3 million and an operating result of € 284.3 million for the 2013 fiscal year. Ancillary acquisition costs amounting to € 3.0 million were recognized in the income statement (cost of sales: € 1.3 million, selling and marketing expenses: € 0.8 million, research and development expenses: € 0.8 million and administration expenses: € 0.1 million).

Symrise also completed an exclusive agreement regarding the delivery of fragrances with a business unit belonging to the former Belmay Group, Scent 2 Market – an independent company that develops design and product solutions for the air care segment. The agreement has a fixed term of five years. Sales generated with Scent 2 Market in the fiscal year totaled T€ 722.

Furthermore, Symrise entered into a rental agreement regarding the production site previously used by Belmay. The agreement has a non-cancellable fixed lease term until December 2019 and contains extension options. It is classified as an operating lease. The future payment obligations resulting from this contract are reported as financial obligations. The future non-discounted net cash outflow resulting from this amounted to T€ 1,986 as of the reporting date.

28. TRADE PAYABLES

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

29. OTHER CURRENT LIABILITIES

T€	December 31, 2012	December 31, 2013
Employee-related liabilities	38,452	39,402
Taxes on wages/salaries, social security contributions and other social benefits	12,546	11,352
Liabilities to customers	10,554	11,062
Other taxes	8,141	5,983
Insurance premiums	1,187	1,698
Miscellaneous other liabilities	7,333	6,424
Total	**78,213**	**75,921**

Employee-related liabilities contain annual bonuses and other bonuses as in the previous year.

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 that are incurred from litigation.

30. OTHER CURRENT PROVISIONS

T€	Termination benefits	Performance-based remuneration	Jubilee	Miscellaneous other provisions	Total 2013	2012
January 1	**127**	**2,392**	**854**	**811**	**4,184**	**3,527**
Increases	1,960	730	9	326	3,025	2,812
Reversals	0	– 93	0	– 48	– 141	– 35
Utilized	– 54	– 2,299	– 549	– 563	– 3,465	– 2,366
Transfers	0	1,038	526	0	1,564	302
Sub-total	**2,033**	**1,768**	**840**	**526**	**5,167**	**4,240**
Currency translation effects	– 8	0	– 23	– 88	– 119	– 56
December 31	**2,025**	**1,768**	**817**	**438**	**5,048**	**4,184**

The provisions for termination benefits relate to the reorganization of individual departments.

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

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

31. CURRENT FINANCIAL LIABILITIES

The item mainly contains the current portion of the purchase price obligation (€ 2.8 million) from the acquisition performed in the first quarter of 2013 (see note 27), which was not due immediately. The obligation is classified as "recognized at fair value through profit or loss." The measurement changes are recognized in other operating income/expenses.

32. CURRENT TAX LIABILITIES

Liabilities from taxes contain current income taxes for periods not yet assessed. Regarding the increase in this item compared to the previous year, please see note 12.

33. CURRENT AND NON-CURRENT BORROWINGS

	December 31, 2012			December 31, 2013		
T€	Current	Non-current	Total	Current	Non-current	Total
Bank borrowings	104,068	20,457	124,525	37,077	82,177	119,254
Other borrowings	50	429,609	429,659	53	424,564	424,617
Accrued interest	4,746	0	4,746	3,869	0	3,869
Total	**108,864**	**450,066**	**558,930**	**40,999**	**506,741**	**547,740**

Of current bank borrowings from the revolving credit facility, a nominal value of € 31.9 million (2012: € 61.7 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, bilateral credit lines with the Commerzbank AG for € 12.5 million and the Deutsche Bank AG for USD 5.0 million exist and are intended to cover short-term payment requirements. Accordingly, as of December 31, 2013, Symrise had unutilized lines of credit available, totaling € 284.3 million (2012: € 250.8 million).

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

	Maturity date	Nominal interest rate		Nominal value in thousands of issue currency	Carrying amount in T€ December 31, 2012	Carrying amount in T€ December 31, 2013
Symrise AG						
US private placement	November 2020	Fixed	4.09%	USD 175,000	132,392	126,817
EIB loan	semi-annually until April 2020	Fixed	2.59%	USD 90,000	0	65,369
KfW loan	quarterly until September 2019	Fixed	1.45%	EUR 19,274	20,112	19,274
Bond	October 2017	Fixed	4.125%	EUR 300,000	297,217	297,747
Revolving credit facility EUR (2013)	January 2014	Euribor + 0.7%	0.93%	EUR 5,000	0	4,430
Revolving credit facility USD (2013)	January 2014	Libor + 0.7%	0.87%	USD 37,000	0	26,649
Revolving credit facility EUR (2012)	January 2013	Euribor + 0.7%	0.81%	EUR 20,000	19,142	0
Revolving credit facility USD (2012)	March 2013	Libor + 0.7%	1.01%	USD 55,000	41,370	0
Promissory note loan	April 2013	Fixed	5.35%	EUR 27,500	27,488	0
Symrise Private Limited, India						
Term loan	quarterly until December 2017	Variable	10.55%	INR 100,000	345	1,180
Working capital facility (2013)	June 2014	Libor + 0.5%	0.86%	USD 3,190	0	2,317
Working capital facility (2012)	June 2013	Fixed	1.44%	USD 1,995	1,513	0
Symrise Shanghai Limited, China						
Hedged loan	May 2013	Fixed	1.65%	EUR 10,767	10,767	0
OOO Symrise Rogovo, Russia						
Bilateral credit line	September 2013	MosPrime + 2.5%	9.85%	RUB 150,000	3,727	0
Other borrowings	–	–	–	–	111	88
Accrued interest	–	–	–	–	4,746	3,869
Total					**558,930**	**547,740**

34. OTHER NON-CURRENT LIABILITIES

The item contains employee-related liabilities, litigation-related liabilities and miscellaneous other non-current liabilities resulting from various administration, selling and marketing expenses that arise during the normal course of operations.

35. OTHER NON-CURRENT PROVISIONS

T€	Jubilee	Restoration obligations	Litigation	Performance-based remuneration	Miscellaneous other provisions	Total 2013	2012
January 1	**7,767**	**3,040**	**2,517**	**1,582**	**1,249**	**16,155**	**13,845**
Increases	276	0	0	406	165	847	2,511
Reversals	0	0	– 114	0	0	– 114	0
Utilized	0	0	– 977	0	– 22	– 999	– 640
Transfers	– 526	0	0	– 1,038	0	– 1,564	– 1,373
Sub-total	**7,517**	**3,040**	**1,426**	**950**	**1,392**	**14,325**	**14,343**
Interest expenses	256	15	340	79	35	725	2,044
Currency translation effects	– 17	– 150	– 338	0	– 7	– 512	– 232
December 31	**7,756**	**2,905**	**1,428**	**1,029**	**1,420**	**14,538**	**16,155**

The jubilee obligations were discounted using an interest rate of 3.4 % in the fiscal year compared to 3.1 % last year.

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

As in the previous year, provisions for litigations mainly relate to years of litigation regarding income and wage taxes as well as social security contributions in Brazil.

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

36. PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

Individual companies have established pension plans that are either financed directly by the Group companies themselves through provisions they have set up 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 merger. The benefits have to be maintained at the same level that existed before the merger 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 on 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 join 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 pension provisions are established. All other obligations from benefit commitments are recognized as defined performance-based benefit plans and therefore accounted for in pension provisions. No plan assets exist for these provisions.

USA

In the USA, Symrise grants pension benefits through a defined benefit plan, the so-called 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, repectively. 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 so-called 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.

With IAS 19 revised (2011), the recognition of past service costs was changed, among other items. The previous year's figures had to be adjusted accordingly. Please refer to Changes to Accounting Policies (see note 2.2) for an explanation regarding these adjustments as well as other changes stemming from the revision of IAS 19.

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

	Present value of defined benefit obligation		Fair value of plan assets		Net defined benefit liability	
T€	2012 (adjusted)*	2013	2012	2013	2012 (adjusted)*	2013
As of January 1	**317,271**	**403,219**	**– 30,965**	**– 36,714**	**286,306**	**366,505**
Recognized in profit or loss						
Current service cost	8,977	12,419	–	–	8,977	12,419
Past service cost	– 13,176	–	–	–	– 13,176	–
Net interest expense	14,073	12,364	– 2,167	– 1,385	11,906	10,979
Recognized in other comprehensive income						
Remeasurements						
Actuarial gains/losses						
arising from changes in demographic assumptions	34	30	–	–	34	30
arising from changes in financial assumptions	86,251	– 42,395	–	–	86,251	– 42,395
arising from experience-based adjustments	2,937	1,900	–	–	2,937	1,900
Return on plan assets (excluding amounts included in net interest)	–	–	– 2,111	– 4,247	– 2,111	– 4,247
Foreign currency differences	– 1,769	– 4,009	1,180	2,418	– 589	– 1,591
Other						
Employer contributions	–	–	– 3,509	– 200	– 3,509	– 200
Benefits paid	– 11,379	– 14,673	858	3,673	– 10,521	– 11,000
As of December 31	**403,219**	**368,855**	**– 36,714**	**– 36,455**	**366,505**	**332,400**
of which Group defined benefit plans	389,665	356,698	– 36,714	– 36,455	352,951	320,243
of which post-employment health care benefits	13,554	12,157	–	–	13,554	12,157

*The previous year's figures have been adjusted. For further information, please see note 2.2 Changes to Accounting Policies.

As of the end of the year under review, the entire present value of the defined benefit obligation contains T€ 192,039 for active employees (2012: T€ 204,848), T€ 31,282 for former employees with vested claim entitlements (2012: T€ 39,469) and T€ 145,534 for retirees and their dependents (2012: T€ 158,902). From this entire present value of the defined benefit obligation, T€ 357,588 (2012: T€ 393,571) is allocated to vested claims, while the remaining T€ 11,267 (2012: T€ 9,648) 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 16.7 years (2012: 17.6 years). It breaks down with 21.4 years for active employees, 19.4 years for former employees with vested claim entitlements and 10.3 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€ 39,733 (2012: T€ 51,209) as of the end of the year. Financing for the obligations not covered by plan assets is secured through the cash flow from operating activities of Symrise AG and its subsidiaries.

Plan assets of T€ 36,455 (2012: T€ 36,714) are mainly used for pension provisions in the USA (T€ 32,201; 2012: T€ 29,701) and are invested in so-called 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€ 4,127; 2012: T€ 4,288) and India (T€ 127; 2012: T€ 145). 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 2013 – the prices of which were also derivable from active markets. The plan assets in India are deposited in a type of life insurance policy for which there is no active market for estimating the price.

The return on plan assets amounted to T€ 5,632 (2012: T€ 4,278). In 2014, Symrise expects contribution payments of T€ 559 (expectation in 2012 for 2013: T€ 648) into the plan assets.

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

T€	2012 (adjusted)*	2013
EAME	334,092	312,231
North America	25,353	14,366
Asia/Pacific	3,049	1,714
Latin America	4,011	4,089
Total	**366,505**	**332,400**

*The previous year's figures have been adjusted. For further information, please see note 2.2 Changes to Accounting Policies.

The actuarial measurements are based on the following assumptions:

%	2012	2013
Discount rate		
Germany	2.90	3.50
USA	4.03	4.79
Other countries	3.34	3.38
Salary trends		
Germany	2.50	2.50
USA	4.25	4.25
Other countries	3.69	3.51
Pension trends		
Germany	1.75	1.75
Other countries	2.53	2.17
Medical cost trend rates		
USA	8.12	7.48
Other countries	7.50	7.50

The assumptions relating to mortality rates are based on published mortality tables. For the pension provisions 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 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, 2013, would have been if the actuarial assumptions had changed by 1.0 percentage point each:

	Change in present value of the defined benefit obligation	
T€	Increase	Decrease
Discount rate (change of 1.0 percentage point)	– 54,240	70,836
Salary trends (change of 1.0 percentage point)	6,691	– 5,447
Pension trends (change of 1.0 percentage point)	43,673	– 36,702
Medical cost trend rates (change of 1.0 percentage point)	1,284	– 1,096

To determine the sensitivity regarding life expectancy, the mortality rate for the beneficiaries covered by the plans was increased or reduced by 10 %. 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 % increase to the mortality rate results in a reduction of the present value of the defined benefit obligation by T€ 10,183, while the 10 % reduction results in an increase of T€ 11,040 for pension provisions 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:

T€	Increase 2012	Decrease 2012	Increase 2013	Decrease 2013
Medical cost trend rates	115	– 95	121	– 100

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 (e.g. 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.

37. NON-CURRENT FINANCIAL LIABILITIES

The item contains the non-current portion of the purchase price obligation from the acquisition performed in the first quarter of 2013 (see note 27), which was not due immediately. The obligation is classified as "recognized at fair value through profit or loss." The measurement changes are reported in other operating income/expenses.

38. EQUITY

SHARE CAPITAL

The share capital of Symrise AG remained unchanged at € 118,173,300 and is fully paid in. It is divided into 118,173,300 no-par value bearer shares, each with a calculated nominal share value of € 1.00 per share.

AUTHORIZED CAPITAL

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 limitation applies to shares that were sold, issued or are to be issued with the exclusion of subscription rights during the term of this corresponding application of Sec. 186 (3) sentence 4 of the AktG.

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 Sec. 71 (1) no. 8 of the German Stock Corporation Act (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 benefit, 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 EUR 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 increase that was carried out as part of the initial public offer and has remained unchanged since December 31, 2012.

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 profit or loss as part of cash flow hedge accounting amounts to T€ –14 before taxes (2012: T€ 752 before taxes).

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

T€	2012	2013
January 1	**– 534**	**112**
Allocations (effective fair value changes)	136	51
Reclassifications		
in sales	752	– 199
in cost of sales	0	185
Deferred taxes	– 242	– 16
December 31	**112**	**133**

Reclassifications of ineffective parts from cash flow hedges into profit or loss of the period did not occur in 2013.

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

2012 (adjusted)* T€	Fair value reserve	Cash flow hedge reserve (currency hedges)	Reserve for remeasure-ments (pensions)	Cumulative translation differences	Total other comprehen-sive income
Exchange rate differences resulting from the translation of foreign operations					
Exchange rate differences that occurred during the fiscal year	–	–	–	– 5,772	– 5,772
Losses from net investments	–	–	–	– 797	– 797
Reclassification to consolidated income statement	–	–	–	– 3,243	– 3,243
Exchange rate differences from non-current assets held for sale (IFRS 5)	–	–	–	28	28
Change in fair value of financial assets available for sale	– 885	–	–	–	– 885
Cash flow hedge (currency hedges)					
Income recorded during the fiscal year	–	109	–	–	109
Reclassification to consolidated income statement	–	537	–	–	537
Remeasurement of defined benefit pension plans	–	–	– 63,811	–	– 63,811
Tax rate change	–	–	– 556	–	– 556
Other comprehensive income	**– 885**	**646**	**– 64,367**	**– 9,784**	**– 74,390**

*The previous year's figures have been adjusted. For further information, please see note 2.2 Changes to Accounting Policies.

2013 T€	Revaluation reserve	Fair value reserve	Cash flow hedge reserve (currency hedges)	Reserve for remeasure-ments (pensions)	Cumulative translation differences	Total other comprehen-sive 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 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 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**

OTHER

In accordance with the German Stock Corporation Act (AktG), 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 Code (HGB) and presented in the annual financial statements of Symrise AG. At the Annual General Meeting held on May 14, 2013, a resolution was passed to distribute a dividend for the 2012 fiscal year of € 0.65 for each ordinary share with a dividend entitlement (2011: € 0.62); the total amount of the dividend was T€ 76,813 (2011: T€ 73,267).

The Executive Board and the Supervisory Board recommend a dividend of € 0.70 per share based on Symrise AG's unappropriated net profit under commercial law as of December 31, 2013. This amounts to dividends of T€ 82,721.

HYPERINFLATION

The financial statements for the subsidiary operating in Venezuela are mainly based on the principle of historical cost. In 2013, 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 2013: 56.1 %; 2012: 20.1 %).

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

39. DISCLOSURES ON CAPITAL MANAGEMENT

The main objective in managing the capital structure is to maintain a strong financial profile. In this context, we place a focus on equity in order to strengthen trust with investors, credit providers and customers as well as ensure a positive business development.

With an equity ratio (equity in relation to the balance sheet total) of 43.0 % (2012: 40.9 %), Symrise has a solid capital structure. One of Symrise's fundamental principles is to maintain a strong capital base in order to retain the confidence of investors, creditors and the market and to be able to drive the future business development forward in a sustained manner.

The capital situation is monitored through 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, 2013. The basis for the calculation is provided by the balance sheet equity:

T€	2012 (adjusted)*	2013
Share capital	118,173	118,173
Capital reserve	970,911	970,911
Revaluation reserve	2,808	2,735
Fair value reserve	– 900	– 12
Cash flow hedge reserve	112	133
Reserve for remeasurements (pensions)	– 111,300	– 80,543
Cumulative translation differences	– 15,192	– 70,553
Accumulated profit/deficit	– 85,304	10,219
Total equity	**879,308**	**951,063**

*The previous year's figures have been adjusted. For further information, please see note 2.2 Changes to Accounting Policies.

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 3.7 % (2012: 4.2 %) and the ratio of net debt – including provisions for pensions and similar obligations – to EBITDA was 2.0 (2012: 2.4).

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

40. ADDITIONAL DISCLOSURES ON THE CASH FLOW STATEMENT

In accordance with IAS 7, the consolidated statement of cash flows for the reporting year 2013 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 reporting item "Cash and cash equivalents."

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

INFORMATION ON FINANCIAL INSTRUMENTS ACCORDING TO CATEGORY

		Value recognized under IAS 39			
December 31, 2012 T€	Carrying amount	Amortized cost	Fair value in other comprehensive income	Fair value in profit or loss	Fair value
ASSETS					
Loans and receivables (LaR)	**425,569**	**425,569**	**–**	**–**	**425,569**
Cash and cash equivalents	117,445	117,445	–	–	117,445
Trade receivables	302,206	302,206	–	–	302,206
Other financial assets	5,918	5,918	–	–	5,918
Financial assets available for sale (AfS)	**14,797**	**–**	**14,797**	**–**	**14,797**
Securities	12,962	–	12,962	–	12,962
Other financial assets	1,835	–	1,835	–	1,835
Financial assets held for trading (FAHfT)	**134**	**–**	**–**	**134**	**134**
Derivative financial instruments without hedge relationship	134	–	–	134	134
Derivative financial instruments with hedge relationship (n.a.)	**136**	**–**	**136**	**–**	**136**
LIABILITIES AND EQUITY					
Financial liabilities measured at amortized cost (FLAC)	**694,617**	**694,617**	**–**	**–**	**732,432**
Trade payables	133,113	133,113	–	–	133,113
Borrowings (current and non-current)	558,930	558,930	–	–	596,745
Other financial liabilities	2,574	2,574	–	–	2,574
Financial liabilities held for trading (FLHfT)	**189**	**–**	**–**	**189**	**189**
Derivative financial instruments without hedge relationship	189	–	–	189	189
Derivative financial instruments with hedge relationship (n.a.)	**2**	**–**	**2**	**–**	**2**

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 measured 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

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.

		2012				2013			
T€		**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
ASSETS									
Securities	AfS	12,962	–	–	**12,962**	3,358	–	–	**3,358**
Other financial assets	AfS	–	–	1,835	**1,835**	–	–	1,959	**1,959**
Derivative financial instruments without hedge relationship	FAHfT	–	134	–	**134**	–	138	–	**138**
Derivative financial instruments with hedge relationship	n.a.	–	136	–	**136**	–	124	–	**124**
Investment property	n.a.	–	–	–	**–**	–	–	2,583	**2,583**
LIABILITIES AND EQUITY									
Contingent purchase price obligation	FLaFVtPL	–	–	–	**–**	–	–	9,788	**9,788**
Derivative financial instruments without hedge relationship	FLHfT	–	189	–	**189**	–	43	–	**43**
Derivative financial instruments with hedge relationship	n.a.	–	2	–	**2**	–	0	–	**0**

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

The fair values of bank borrowings and liabilities deriving from promissory note loans are determined as the present values of payments relating to the liabilities based on the corresponding valid reference interest rate adjusted by a credit spread and are therefore to be 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.

		Non-observable input factors		
Type	**Valuation method**		**2012**	**2013**
Other financial assets	Discounted cash flow	Weighted average cost of capital	15.5%	13.5%
		Terminal growth rate	3.0%	3.0%
		EBITDA margin	Ø 11.0%	Ø 9.1%
Contingent purchase price obligation	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%
		Sales	–	80%
		Damage claim	–	0%

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

T€	Other financial assets	Contingent purchase price obligation
As of January 1, 2013	**1,835**	**0**
Additions	97	10,065
Fair value changes		
Recognized in profit or loss	0	299
Recognized in other comprehensive income with no effect on profit or loss	27	0
Currency translation effects	0	– 576
As of December 31, 2013	**1,959**	**9,788**

The measurement gains and losses from the other financial assets were recognized in other comprehensive income with no effect on profit or loss. The measurement gains and losses relating to the contingent purchase price obligation are recognized in other operating income and expenses.

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 value of other financial assets and the contingent purchase price obligation:

	Other comprehensive income			
	2012		2013	
T€	Increase	Decrease	Increase	Decrease
Other financial assets (AfS)				
Weighted average cost of capital (change of +/– 1.5 percentage points)	– 134	173	– 266	278
Terminal growth rate (change of +/– 1.0 percentage point)	109	– 93	104	– 148
EBITDA margin (change of +/– 2.0 percentage points)	115	– 199	215	– 305

	Profit or loss			
	2012		2013	
T€	Increase	Decrease	Increase	Decrease
Contingent purchase price obligation (FLaFVtPL)				
Discount rate (change of +/– 0.5 percentage points)	–	–	61	– 62
Sales (change of +/– 10.0 percentage points)	–	–	– 363	363
Damage claim (change of +/– 5.0 percentage points)	–	–	344	–

NET GAINS AND LOSSES ACCORDING TO VALUATION CATEGORY

T€	2012	2013
Loans and receivables (LaR)	– 9,332	7,233
Financial assets held to maturity (HtM)	419	0
Financial assets available for sale (AfS)	– 1,091	108
Financial assets and liabilities held for trading (FAHfT and FLHfT)	– 63	– 61
Financial liabilities measured at amortized cost (FLAC)	– 19,838	– 14,594
Total	**– 29,905**	**– 7,314**

The changes from the previous year mainly resulted from currency effects from the measurement of trade receivables and payables as part of the ordinary activities as well as from the decline in impairment on trade receivables (see note 16).

Changes in value for financial assets available for sale that were recognized in equity with no effect on profit or loss amounted to T€ –41 as of the reporting date (December 31, 2012: T€ –1,263) 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 recognized at fair value through profit or loss amounted to € –19.5 million in 2013 (2012: € –20.8 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 as shown in the table, 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. The following table shows the carrying amount of the financial instruments recognized, which are subject to the agreements listed.

T€	Gross amounts (balance sheet disclosure)	In connection with the amount offset with the recognized financial instrument	Net amount
December 31, 2012			
ASSETS			
Derivative financial instruments	270	– 3	267
LIABILITIES AND EQUITY			
Derivative financial instruments	– 191	3	– 188
December 31, 2013			
ASSETS			
Derivative financial instruments	262	– 1	261
LIABILITIES AND EQUITY			
Derivative financial instruments	– 43	1	– 42

42. DISCLOSURES RELATING TO FINANCIAL INSTRUMENT RISK MANAGEMENT

Fluctuations in currency and interest rates can result in significant risks to earnings and cash flows. For this reason, Symrise 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 valued at amortized cost have fixed rates, there is no notable risk if interest rates change.

An increase to all relevant interest rates of 1.0 percentage point would have resulted in T€ 342 less net income as of December 31, 2013 (December 31, 2012: T€ 655). The sensitivity of equity towards interest rate changes is minimal.

2012	Nominal	Of which fixed	Of which variable	Of which unhedged	1.0 percentage point increase	1.0 percentage point decrease
T€	384,076	360,288	23,788	23,788	238	– 238
TUSD	230,000	175,000	55,000	55,000	550	– 550

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

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 the amounts of future payments denoted in foreign currencies due to fluctuations in currency exchange rates.

The Symrise Group's global positioning results in supply and payment flows in foreign currencies. These currency risks are systematically registered and reported to the Group's headquarters. We 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 valued at the reporting date rate and at a sensitivity rate that represents a 10 % appreciation/depreciation of the Group's reporting currency as compared to the foreign currency. The difference between this hypothetical valuation represents the effect on earnings before taxes and on equity.

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 only in relation to the USD, both for this fiscal year and the previous year. The net foreign currency risk from this amounted to USD 25.6 million as of the reporting date (December 31, 2012: USD 34.8 million). The decrease resulted primarily from the change of the functional currency in Singapore from SGD to USD. This sensitivity analysis is based on the assumption that all variables other than a change in the foreign currency exchange rate remain constant.

T€	2012	2013
Impacts on profit or loss from a 10% value increase/decrease in the EUR as compared to the USD	+/– 2,335	+/– 2,239
Impacts on other comprehensive income from a 10% value increase/decrease in the EUR as compared to the USD	–/+ 720	–/+ 254
Total	**+/– 1,615**	**+/– 1,985**

Derivative financial instruments were used to reduce currency risk. As of the reporting date, there are forward contracts with a nominal volume of USD 7.5 million (December 31, 2012: USD 9.0 million) for hedging €/USD, forward contracts with a nominal volume of USD 6.0 million (December 31, 2012: USD 0 million) for hedging USD/JPY as well as forward contracts with a nominal volume of USD 3.1 million (December 31, 2012: USD 0 million) for hedging USD/INR.

Forward contracts with positive market values amounted to T€ 262 as of the reporting date (December 31, 2012: T€ 270), while forward contracts with negative market values totaled T€ 43 (December 31, 2012: T€ 191).

The forward contracts usually have maximum terms of six 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 41 as well as in the notes on liquidity risks.

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 can be 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:

2012 T€	Carrying amount	Expected payments	Maturity dates for expected payments		
			up to 1 year	over 1 year to 5 years	over 5 years
Borrowings	558,930	670,940	130,086	385,519	155,335
Trade payables	133,113	133,113	133,113	0	0
Other non-derivative financial obligations	2,574	2,589	2,589	0	0

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

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 six months.

T€	2012	2013
Forward contracts		
Assets	270	262
Liabilities	– 191	– 43
Expected incoming payments	21,274	12,211
Expected outgoing payments	– 21,195	– 11,992

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 credit risks related to derivative financial instruments, which would arise from the contractual partner not fulfilling his obligations. This credit risk is minimized in that transactions are only entered into with contract partners whose credit standing is regularly evaluated by independent rating agencies, which we constantly monitor. The carrying amounts of the financial assets represent the maximum credit risk.

43. OPERATING LEASE AGREEMENTS

LEASE AGREEMENTS AS LESSEE

Payment obligations exist for operating lease agreements, which have terms ranging from less than 1 year to 15 years and mainly relate to vehicles and buildings. These leases cannot be canceled before the term is finished. Some of the agreements contain renewal options or price escalation clauses but do not include purchase options.

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

T€	2012	2013
During the fiscal year	12,660	12,623
Due in one year	10,657	10,122
Due in two years	7,561	7,804
Due in three years	6,214	6,449
Due in four years	4,433	5,453
Due in five years	4,264	4,942
Due in six years or more	30,202	25,343
Total	**63,331**	**60,113**

LEASE AGREEMENTS AS LESSOR

The Group has been leasing its investment property since the beginning of the fiscal year (see note 24).

As of the reporting date, the following future minimum lease payments are outstanding as part of non-terminable lease agreements.

T€	2013
Up to one year	60
Longer than one year and up to five years	207
Longer than five years	168
Total	**435**

44. 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 € 1.4 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, results 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 covered by insurance benefits relating to our product liability insurance.

OTHER FINANCIAL OBLIGATIONS

As of December 31, 2013, the Group had obligations to purchase property, plant and equipment amounting to € 16.0 million (December 31, 2012: € 6.8 million). This mainly relates to production facilities, hardware and office equipment. Most are due during the course of 2014. Other obligations amounting to € 138.3 million (December 31, 2012: € 76.4 million) exist from not yet fulfilled non-current obligations for the purchase of goods.

Symrise AG signed a service contract, effective February 1, 2006, for outsourcing internal IT with a term of ten years with Atos Origin GmbH. The remaining total obligations towards Atos amount to € 33.8 million (December 31, 2012: € 51.2 million).

Furthermore, other obligations amounting to € 10.2 million (December 31, 2012: € 5.8 million) exist. These mainly relate to litigations and tax disputes in Brazil (€ 6.9 million; December 31, 2012: € 4.1 million), for which no provisions were established based on the opinion of legal advisors, who see a claim as improbable.

Contracts for consulting, cooperations and other services also exist with terms reaching to 2014 at the latest. Total obligations from these contracts amount to € 2.1 million (December 31, 2012: € 2.0 million).

45. TRANSACTIONS WITH RELATED PARTIES

Fully consolidated and associated companies, 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.

Only a small amount of goods was purchased from associated companies in the 2013 fiscal year.

Contribution payments were made to the Rheinische Pensionskasse (RPK) amounting to T€ 918 (2012: T€ 749). These were allocated to their corresponding function according to their assignment. Liabilities to RPK amounting to T€ 146 (December 31, 2012: T€ 0) existed as of the reporting date. There were no receivables, as in the previous year. For additional information, see note 36.

The members of the Executive Board received remuneration of T€ 5,135 (2012: T€ 3,555) including fringe benefits and variable remuneration components in 2013. The allocations to provisions for non-current performance-based remuneration amounted to T€ 963 (2012: T€ 3,138). The service cost for pensions in the fiscal year amounted to T€ 139 (2012: T€ 837).

The former Executive Board member Mr. Horst-Otto Gerberding received pension payments of T€ 292 in 2013, as in the previous year.

Provisions for current pensions and pension entitlements contains contributions of € 7.5 million (December 31, 2012: € 8.4 million) for former members of the Executive Board and € 2.3 million (December 31, 2012: € 2.1 million) for current members of the Executive Board.

Total remuneration for members of the Supervisory Board amounted to T€ 933 during the reporting period (2012: T€ 789).

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

46. 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 Super-

visory 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, 2013, was more than 1 %. Of the 6.142 % of shares in Symrise AG held by members of the Executive and Supervisory Boards, 6.001 % is held by members of the Supervisory Board while 0.141 % is held by members of the Executive Board.

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

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

48. AUDIT OF FINANCIAL STATEMENTS

The Annual General Meeting of Symrise AG, held on May 14, 2013, appointed KPMG AG Wirtschaftsprüfungsgesellschaft as auditor for the fiscal year 2013.

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

T€	2012	2013
Audit of financial statements	800	801
Other audit assurance services	12	12
Tax advisory services	407	612
Other services	11	62
Total	**1,230**	**1,487**

49. LIST OF INTERESTS IN ENTITIES

Fully Consolidated Companies as of December 31, 2013

Name and Registered Office of the Entity	Share
Germany	
Symrise Beteiligungs GmbH, Holzminden	100 %
DrinkStar GmbH, Rosenheim	100 %
Schimmel & Co. Gesellschaft mit beschränkter Haftung, Holzminden	100 %
Symrise BioActives GmbH, Hamburg	100 %
Tesium GmbH, Holzminden	100 %
Symotion GmbH, Holzminden	100 %
Busiris Vermögensverwaltung GmbH, Holzminden	100 %
Symrise US-Beteiligungs GmbH, Frankfurt/Main	100 %
Symrise IP-Verwaltungs GmbH, Holzminden	100 %
Symrise IP-Holding GmbH & Co. KG, Holzminden	100 %
Haarmann & Reimer Unterstützungskasse Gesellschaft mit beschränkter Haftung, Holzminden	100 %
Rest of Europe	
Aromatics S.A.S., France	100 %
OOO Symrise Rogovo, Russia	100 %
Steng Ingredients Limited, UK	100 %
Symrise SA, Switzerland	100 %
Symrise Limited, UK	100 %
Symrise Holding Limited, UK	100 %
Flavours Direct Limited, UK	100 %
Symrise B.V., Netherlands	100 %

Symrise Iberica S.L., Spain	100%
Symrise S.A.S., France	100%
Symrise S.r.l., Italy	100%
Symrise Vertriebs GmbH, Austria	100%
Symrise Kimya Sanayi Ticaret Ltd. Sirketi, Turkey	100%
Symrise Luxembourg S.a.r.l., Luxembourg	100%
WWS Limited, UK	100%
Symrise Group Finance Holding 1 BVBA, Belgium	100%
Symrise Group Finance Holding 2 CV, Belgium	100%
North America	
Symrise Inc., USA	100%
Symrise Holding Inc., USA	100%
Symrise US LLC, USA	100%
Latin America	
Symrise Aromas e Fragrâncias Ltda., Brazil	100%
Symrise S.R.L., Argentina	100%
Symrise S.A., Chile	100%
Symrise Ltda., Colombia	100%
Symrise C.A., Venezuela	100%
Symrise S. de R.L. de C.V., Mexico	100%
Asia and Pacific	
Symrise Pty. Ltd., Australia	100%
Symrise Shanghai Limited, China	100%
Symrise SDN. BHD, Malaysia	100%
Symrise Holding Pte. Limited, Singapore	100%
Symrise Pte. Ltd., Singapore	100%
Symrise Asia Pacific Pte. Ltd., Singapore	100%
Symrise Limited, South Korea	100%
Symrise Ltd., Thailand	100%
P.T. Symrise, Indonesia	100%
Symrise Inc., Philippines	100%
Symrise Private Limited, India	100%
Symrise K.K., Japan	100%
Africa and Middle East	
Aroma Labs For Flavours S.A.E., Egypt	100%
Futura Labs International S.A.E., Egypt	100%
Roseland Flavors & Fragrances CORP, Dubai	100%
Symrise (Pty) Ltd., South Africa	100%
Symrise S.a.r.L., Madagascar	100%
Origines S.a.r.L., Madagascar	100%

Associated Companies as of December 31, 2013

Name and Registered Office of the Entity	Share
Therapeutic Peptides Inc., USA	20.0%
Probi AB, Sweden	29.9%

50. EXEMPTION FROM THE OBLIGATION TO PREPARE ANNUAL FINANCIAL STATEMENTS PURSUANT TO SEC. 264 (3) OF THE 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 Sec. 264 (3) of the HGB.

51. CORPORATE GOVERNANCE

The Declaration of Compliance pursuant to Sec. 161 of the German Stock Corporation Act (AktG) has been submitted for 2013 and has been made permanently available to shareholders on our website **www.symrise.com**.

Holzminden, February 20, 2014

Symrise AG
The Executive Board

Dr. Heinz-Jürgen Bertram

Achim Daub

Hans Holger Gliewe

Bernd Hirsch

Statement of the Executive Board

To the best of our knowledge and in accordance with the applicable reporting principles for financial reporting, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Holzminden, February 20, 2014

Symrise AG
The Executive Board

Dr. Heinz-Jürgen Bertram

Achim Daub

Hans Holger Gliewe

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, 2013. 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, 2014

KPMG AG
Wirtschaftsprüfungsgesellschaft

Marc Ufer	Dr. Axel Thümler
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Corporate Governance

Corporate Governance Statement Pursuant to Sec. 289a of the German Commercial Code (HGB) and Corporate Governance Report

In addition to the Declaration of Compliance pursuant to Sec. 161 of the German Stock Corporation Act (AktG), the following Corporate Governance Statement pursuant to Sec. 289a of the HGB (German Commercial Code) also contains Symrise's Corporate Governance Report in the sense of no. 3.10 of the German Corporate Governance Code's (DCGK) current version from May 13, 2013, as published in the official part of the electronic Federal Gazette (Bundesanzeiger) by the German Federal Ministry of Justice on June 10, 2013. It is also available on Symrise AG's website at **http://www.symrise.com/investors/corporate-governance/corporate-governance-statement-and-corporate-governance-report**.

CORPORATE GOVERNANCE STATEMENT

The actions of Symrise AG's management and oversight bodies are determined by the principles of good and responsible corporate governance. The Executive Board – also acting on behalf of the Supervisory Board – has issued the following Corporate Governance Statement. The Corporate Governance Statement pursuant to Sec. 289a of the German Commercial Code (HGB) comprises the Declaration of Compliance pursuant to Sec. 161 of the German Stock Corporation Act, relevant information on corporate governance practices, a description of the working methods of the Executive and Supervisory Boards as well as the composition and working methods of their committees. Pursuant to the currently valid version of no. 3.10 of the German Corporate Governance Code (DCGK) from May 13, 2013, published in the official section of the Federal Gazette by the German Federal Ministry of Justice on June 10, 2013, the Corporate Governance Report, which is required to be issued annually by the Executive Board and the Supervisory Board, must be published together with the Corporate Governance Statement.

Due to the similarity of content between the Corporate Governance Report and the Corporate Governance Statement, we have decided to integrate the Corporate Governance Report in the meaning of no. 3.10 of the German Corporate Governance Code into the Corporate Governance Statement pursuant to Sec. 289a of the German Commercial Code in order to simplify orientation for the reader. By contrast, the remuneration report is no longer part of the Corporate Governance Report pursuant to the current version of no. 4.2.5 of the German Corporate Governance Code (DCGK) from May 13, 2013, as published in the official section of the Federal Gazette by the German Federal Ministry of Justice on June 10, 2013. The remuneration report is now part of the management report included on pages 33 to 37 of the 2013 financial report.

DECLARATION OF COMPLIANCE AS OF DECEMBER 2013 PURSUANT TO SEC. 161 OF THE GERMAN STOCK CORPORATION ACT

INTRODUCTION

Under Sec. 161 of the German Stock Corporation Act (AktG – Aktiengesetz), the Executive Board and the Supervisory Board of a listed company must issue an annual declaration detailing whether the company was and is in compliance with the German Corporate Governance Code, as applicable, and detailing recommendations of the German Corporate Governance Code that have not been applied.

WORDING OF THE DECLARATION

On the basis of their deliberations, the Executive Board and the Supervisory Board of Symrise AG issued a new Declaration of Compliance on December 5, 2013, pursuant to Sec. 161 of the German Stock Corporation Act. The declaration is worded as follows:

"In accordance with Sec. 161 of the German Stock Corporation Act, the Executive and Supervisory Boards of Symrise AG state that:

Symrise has, to date, fully complied with all recommendations made by the Government Commission on the German Corporate Governance Code (version: May 13, 2013) published by the German Federal Ministry of Justice on June 10, 2013, in the official part of the Federal Gazette (Bundesanzeiger) with the exception of one item.

Until now, the company has differed from the 28th recommendation issued by the Government Commission of the German Corporate Governance Code contained in no. 4.2.3, paragraph 5 of the code's current version from May 13, 2013, published in the official section of the Federal Gazette by the German Federal Ministry of Justice on June 10, 2013 as pertains the Chief Executive Officer's work contract. The commitments for payments in case of an early termination of the Executive Board position resulting from a change of control could exceed 150 % of the severance payment cap and amount to up to 250 % of the severance payment cap.

Effective as of today, the company will again comply with the 28th recommendation issued by the Government Commission of the German Corporate Governance Code contained in no. 4.2.3, paragraph 5 of the code's current version from May 13, 2013, published in the official section of the Federal Gazette by the German Federal Ministry of Justice on June 10, 2013 and will continue to do so in the future.

The Declaration of Compliance has also been made publicly available on Symrise AG's website at **http://www.symrise.com/investors/corporate-governance/declaration-of-compliance**.

RELEVANT INFORMATION ON COMPANY PRACTICES

INTRODUCTION

This part of the Corporate Governance Statement provides relevant information on corporate governance practices beyond the scope of legal requirements. In other words, the discussion encompasses all regulations that are derived neither from legal regulations nor from the recommendations and suggestions of the Government Commission on the German Corporate Governance Code.

OUR CODE OF CONDUCT

In order to ensure uniform and exemplary actions and conduct within the company, a Code of Conduct was devised in 2006 which applies as a binding guiding principle equally to all Symrise employees in Germany and other countries, i. e. to the Executive Board and the Supervisory Board, as well as to Group managerial staff and employees. This Code of Conduct was fundamentally revised in 2012 and adapted to the latest developments. The Code of Conduct defines minimum standards and sets out behavior enabling all employees to cooperate in meeting these standards. The purpose of the Code is to help all employees cope with the ethical and legal challenges of their everyday work and provide them with guidance in conflict situations. In the interest of all employees and the Group, noncompliance will be investigated and its causes will be remedied. This means that misconduct will be consistently prosecuted in accordance with national laws.

Our Code of Conduct provides the framework for interactions with our key stakeholders: employees and colleagues, customers and suppliers, shareholders and investors, neighbors and society, national and local governments as well as government agencies, media and the public.

The Code of Conduct is based on our values and principles. By following it, we guarantee that every person is treated fairly and with respect while ensuring that our behavior and business activities remain transparent, honest and consistent throughout the world.

Our Code of Conduct has been made available on Symrise AG's website at **http://www.symrise.com/newsroom/publications/code-of-conduct**.

OUR COMPLIANCE ORGANIZATION

At Symrise, we understand "compliance" as an integrated organizational model ensuring adherence to legal regulations as well as intercompany guidelines and the corresponding processes and systems. In this respect, the focus of compliance activities at Symrise is on quality, environmental protection, health, work safety, energy, product safety, food safety, risk and value management, antitrust laws and combating corruption. For this reason, the Executive Board of Symrise AG has bundled the corresponding functional units from integrated compliance management system, internal auditing, risk management and sustainability in the Corporate Compliance organization. The results of all audits and knowledge from risk management are joined together in this organizational unit. As a result, the measures will now be coordinated more efficiently.

The Executive Board of Symrise AG has explicitly expressed both internally and externally its refusal to accept any form of compliance infringement. Infringements will not be tolerated at Symrise. Sanctions will be imposed upon involved employees wherever necessary and legally possible.

Symrise has an integrated Corporate Compliance management system that combines sustainable, risk and value-oriented, as well as legal and ethical aspects and rules; we have made this into a fundamental principle for everything we do in business. We act on the basis of our understanding and conviction that adherence to these fundamental rules is an inalienable and nonnegotiable component of our Symrise identity. Only a clearly defined and transparent framework of what type of conduct is allowed and what type of conduct is not allowed guarantees the success and sustainability of our business.

Our principle is clear and applies to all countries: "A transaction that cannot be brought into line with our fundamental principles is not a transaction for Symrise."

The Corporate Compliance office as well as Internal Auditing report directly to the CEO. This ensures their independence and authority. The Corporate Compliance office and Internal Auditing report to the Auditing Committee of the Supervisory Board regularly at each meeting.

OUR INTEGRITY HOTLINE

Already in the summer of 2008, Symrise's Corporate Compliance office installed an Integrity Hotline to ensure that Symrise employees can anonymously report violations of both legal regulations and internal company guidelines from anywhere in the world. By means of this hotline, all our employees are able to contact the Compliance office using toll-free telephone numbers that have been specially set up in the individual countries. An intermediary service operator ensures that employees can retain anonymity where required and communicate in their own native language. By entering an access code, employees can leave a message with the Compliance office. They receive a number that enables them to call back later and listen to the answer left for them by the Compliance office. This procedure can be continued as long as one likes, enabling intensive communication between the Compliance office and the person providing the information while preserving the latter's anonymity. At the same time, abuses can be prevented through targeted queries. Since the fall of 2009, employees have been able to additionally contact Compliance office staff anonymously and leave messages via the online service of the Symrise Integrity Hotline. As a result, it is no longer absolutely necessary to communicate with the Compliance office over the phone. Of course, all employees can also contact the Compliance office directly and personally at any time.

In 2013, no cases were reported via the Integrity Hotline worldwide. Instead, four cases of irregularities were reported directly to the Compliance office. In each case, investigations were then initiated. No material damage to third parties or to our company resulted from these cases.

OUR TRAINING COURSES ON COMPLIANCE ISSUES

In order to ensure that all compliance requirements are consistently met, the need for training is regularly determined and appropriate measures are implemented. In addition to training courses where employees are present on site, we are also increasingly offering internet-based training. We are thereby able to reach a larger number of employees in a shorter period of time. Furthermore, every employee can decide more flexibly when and where he or she would like to attend each training course. Final tests ensure that the course material has been understood.

In addition to the requirements of their position, new Symrise employees are given comprehensive training when they join the company on the fundamental principles of our Code of Conduct. In addition to this, we run a variety of training courses on specific aspects. In 2013, compliance training was again carried out at our company sites in all countries for the areas of management, purchasing, sales, finance and production. During the course of this training, around 3,600 employees were trained in matters such as fair competition, antitrust law and discrimination prevention. Furthermore, around 4,700 employees were invited to participate in a general, in-depth Code of Conduct training course. Here, certain sections of our Code of Conduct were explained as part of our three-year training program. Sensitizing our employees to act in a sustainable manner on a day-to-day basis is a focus of our training courses every year. Overall, our employees received approximately 30,000 hours of training in 2013 on topics such as work safety, health, environmental issues, hygiene and compliance.

We plan to hold training sessions once again on these issues in 2014. The primary focus of our efforts will be on those employee groups whose work generally has the greatest improvement potential. We will also more actively train employees who act as multipliers and can pass on the training content within the company.

CORPORATE GOVERNANCE

INTRODUCTION

Corporate Governance at Symrise is based on the German Corporate Governance Code, which has established itself as guideline and standard for good corporate governance in Germany. Today, we are convinced more than ever before that good corporate governance is a prerequisite and indispensable basis for the success of a company. This success depends especially on the trust of our business partners, financial markets, investors, employees and the public. Confirming and further strengthening this trust is a prioritized objective at Symrise. Achieving this objective calls for responsible leadership along with corporate management and control focused on creating sustainable value.

In the past, we oriented ourselves to internationally and nationally acknowledged standards of good and responsible corporate governance and will continue to do so in the future. In the 2013 fiscal year, the Executive Board and the Supervisory Board dealt intensively with all corporate governance issues on numerous occasions across all areas. In particular, the new version of the German Corporate Governance Code (DCGK) from May 13, 2013, as published in the official section of the Federal Gazette by the German Federal Ministry of Justice on June 10, 2013, was once again the focus of deliberations.

CONFLICTS OF INTEREST

As in the previous year, conflicts of interest involving members of the Executive Board, which have to be disclosed to the Supervisory Board without delay, did not occur in 2013. The only consultant or service agreements or other exchange contracts between members of the Supervisory Board and the company in the 2013 fiscal year involved Mr. Horst-Otto Gerberding, as in the previous year:

In connection with the retirement of Mr. Gerberding as managing director of the former Symrise Holding GmbH, the company and Mr. Gerberding entered into an "Amended and Restated Service Agreement" on September 4, 2003. Under the terms of this agreement, Mr. Gerberding is entitled to an annual retirement pension of € 100,000 until his death. This amount increases by € 7,500 for each year that Mr. Gerberding remains in the service of the company after the conclusion of the agreement. Mr. Gerberding is also entitled to a pension from Symrise AG through an employment and supply contract dated July 29, 1983. The total sum is € 24,358 per month.

OBJECTIVES OF THE SUPERVISORY BOARD IN RELATION TO ITS COMPOSITION

In its session on December 5, 2013, pursuant to no. 5.4.1 paragraph 2 sentence 1 of the German Corporate Governance Code in its current version from May 13, 2013, the Supervisory Board set itself concrete goals which, in keeping with the company's specific situation, take account of (i) the company's international activity, (ii) potential conflicts of interest, (iii) the number of independent Supervisory Board members, (iv) an age limit for Supervisory Board members to be defined, and (v) diversity. One of its main goals is ensuring an appropriate participation of women.

The current Supervisory Board at Symrise AG has a total of twelve members, including seven independent members and three women: Prof. Dr. Pfeifer, Ms. Jarke and Ms. Hufnagel. The Supervisory Board seeks to ensure that in its future composition too, at least one-fourth of its members will be female. The Supervisory Board considers this to be an appropriate share of women. They arrived at this figure by doubling the current proportion of women among the Group's managerial staff, which amounted to one-eighth at the end of the last fiscal year. Generally, at least seven independent members should always be represented in the Supervisory Board. Furthermore, the Supervisory Board strives to ensure that the share of Supervisory Board members from other nations does not fall below one-third. The term of office for a Supervisory Board member must end at the conclusion of the Annual General Meeting following the member's 70th birthday. All of these targets are currently being met. Concerning future nominations, it will be ensured that the targets defined by the Supervisory Board continue to be fulfilled.

TRANSPARENCY

Pursuant to Sec. 15a of the German Securities Trading Act (WpHG – Wertpapierhandelsgesetz), the members of the Executive Board and the Supervisory Board of Symrise AG as well as certain employees with management duties and the persons with whom they have a close relationship must disclose the purchase or sale of Symrise shares and related financial instruments. This duty of disclosure applies if the value of the transactions undertaken by one of the aforementioned persons reaches or exceeds the sum of € 5,000.

All of the reports received by Symrise AG as of December 31, 2013, are published on our website at **http://www.symrise.com/investors/corporate-governance/directors-dealings**. This includes all such reports since the IPO in December 2006, including any persons who have meanwhile left the Executive Board or 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, 2013, was more than 1 %. Of the 6.142 % of shares in Symrise AG held by members of the Executive and Supervisory Boards, 6.001 % is held by members of the Supervisory Board while 0.141 % is held by members of the Executive Board (values are rounded).

A summary of the respective mandates of the members of the Executive Board and the Supervisory Board outside of the Symrise Group can be found on pages 134/135 of the 2013 financial report.

A report on the relationships to associated companies and related parties can be found on page 112 of the 2013 financial report.

SHAREHOLDERS AND ANNUAL GENERAL MEETING

Symrise AG shareholders exercise their co-determination and control rights at the General Meeting, which takes place at least once each year. The Meeting makes decisions on all statutory matters that are binding on all shareholders and the company. For every decision, each share is entitled to one vote. All shareholders that register within the specified period are entitled to participate in the Annual General Meeting. Shareholders who are not able to attend the Meeting in person are entitled to have their voting rights exercised by a bank, a shareholder association, a voting proxy of Symrise AG who is bound by its instruments or another proxy of their own choosing. Shareholders also have the possibility of voting online in the run-up to the Annual General Meeting or authorizing the voting proxy provided by the company on the web. Instructions on how voting rights are to be exercised may be given to a voting proxy before and during the Annual General Meeting on May 14, 2014, up until the end of the general debate. It is possible to transfer the voting rights to a voting proxy electronically up until 6:00 p.m. on the evening of May 13, 2014. The invitation to the Annual General Meeting and the reports and information required for the decisions are published according to stock corporation law and made available on Symrise AG's website in German and English.

It is our intention to provide our shareholders with quick, comprehensive and effective information before and during the Annual General Meeting and to make it easy for them to exercise their rights. The corporate report, the financial report and the invitation to the Annual General Meeting, which are also available on the website of Symrise AG, provide the shareholders with comprehensive information on the past fiscal year and the individual agenda items of the upcoming Annual General Meeting. All documents and information pertaining to the Annual General Meeting as well as the corporate and financial reports are available on the website of Symrise AG.

The registration and legitimation process for the Annual General Meeting is simple. The 21st day before the Meeting is the cutoff date for the legitimation of the shareholders.

Subsequent to the Annual General Meeting, we also publish the attendance figures and voting results on our website.

INFORMATION SERVICE FOR OUR SHAREHOLDERS

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

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

The most important presentations prepared for these and other events, such as the Annual General Meeting, road shows and investor conferences, can also be viewed on our website. The location and dates of road shows and investor conferences can also be found on our website at **http://www.symrise.com/investors/financial-calendar/2014/.**

RISK MANAGEMENT

Dealing with risks of all kinds responsibly has the utmost importance for the success of a company. For this reason, a comprehensive risk management system is a mandatory element of suitable corporate governance. The Executive Board ensures appropriate risk management and risk controlling throughout the Group. The risk management system is constantly developed and adapted to changing conditions. Previously, potential risks were analyzed and classified throughout the Group twice a year. Now, the analysis and classification of possible risks is performed constantly using electronic systems across the entire Group. This ensures that the company's risk situation is always available and up to date.

The risk management system at Symrise AG, its security mechanisms, internal guidelines and monitoring instruments, are checked by the internal Group auditors without prior notice. Risks identified in this manner are immediately reported to the Executive Board.

The auditors in Germany and abroad monitor the early recognition system for risk in accordance with Sec. 91 (2) of the German Stock Corporation Act.

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

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

OUR AUDITORS: KPMG

With regard to the consolidated financial statements and the interim reports at Symrise, our accounting in the 2013 fiscal year was again based on the International Financial Reporting Standards (IFRS) as required to be applied in the European Union. The legally prescribed individual accounts of Symrise AG that are decisive for the payment of dividends have been prepared in accordance with the regulations of the German Commercial Code (HGB - Handelsgesetzbuch). As in 2012, the annual financial statements, the management report and consolidated annual financial statements of Symrise AG as well as the Group management report were again audited in 2013 by our auditors KPMG AG Wirtschaftsprüfungsgesellschaft, Hanover. An agreement is in place with the auditors to promptly notify the chairman of the Auditing Committee of any grounds for disqualification or prejudice that are identified during the audit, insofar as such circumstances cannot immediately be rectified. The auditors are instructed to report without delay all findings and incidents of significance for the duties of the Supervisory Board that are identified during the audit to the Executive Board and the Supervisory Board. Moreover, the auditors are required to notify the Supervisory Board and make a note in the audit report if circumstances are identified during the audit that are incompatible with the Declaration of Compliance issued by the Executive Board and Supervisory Board in accordance with Sec. 161 of the German Stock Corporation Act.

DESCRIPTION OF THE WORKING METHODS OF THE EXECUTIVE AND SUPERVISORY BOARDS

INTRODUCTION

This part of the Corporate Governance Statement focuses on the working methods of the Executive Board, the Supervisory Board and of the committees formed by the Supervisory Board. The composition of these committees will also be briefly discussed. The Executive Board has not formed any committees.

DUAL MANAGEMENT SYSTEM

Symrise AG is a company under German law, which is influenced by the German Corporate Governance Code. One of the fundamental principles of German stock corporation law is the dual management system involving two bodies, the Executive Board and the Supervisory Board, each of which is entrusted with independent competencies. Symrise AG's Executive Board and Supervisory Board cooperate closely and in a spirit of trust in managing and overseeing the company.

EXECUTIVE BOARD

The Executive Board of Symrise AG currently has four members. All members of the Executive Board are appointed by the Supervisory Board. The Executive Board is responsible for managing the company's business operations in the interest of the company with a view to creating sustainable value. The Executive Board develops the company's strategic direction, coordinates this with the Supervisory Board and is responsible for its implementation.

The Executive Board provides the Supervisory Board with regular, prompt and comprehensive reports on all relevant issues of corporate planning and strategic development, on company performance, on the state of the Group, including a risk profile, and on risk management. The reporting of the Executive Board also includes the topic of compliance, i.e. the measures for adherence to legal regulations and internal corporate guidelines. The articles of incorporation specify reservations of consent for significant business transactions. These reservations of consent are contained in identical form in rules of procedure for the Executive Board.

These provisions are available to the public on our website at **http://www.symrise.com/investors/corporate-governance/executive-board**.

SUPERVISORY BOARD

The Supervisory Board advises and oversees the Executive Board in the management of the company. It is involved in strategy and planning as well as all other decisions of fundamental significance to the company. The chairman of the Supervisory Board coordinates the work in the Supervisory Board, chairs its meetings and externally represents the concerns of the body. An extraordinary Supervisory Board meeting may be convened if required when events of particular relevance occur. In the course of preparing for the Supervisory Board meetings, the representatives of shareholders and employees meet separately, if necessary. The Supervisory Board has adopted rules of procedure that find corresponding application in the committees of the Supervisory Board.

These rules have been made available on our website at **http://www.symrise.com/investors/corporate-governance/supervisory-board**.

COMPOSITION OF THE SUPERVISORY BOARD

In accordance with the articles of incorporation, Symrise AG's Supervisory Board comprises twelve members, with six representatives elected by the shareholders and six by the employees for an identical period of office. In accordance with the recommendations of the German Corporate Governance Code, the shareholder representatives are elected individually at the Annual General Meeting. All members of the Supervisory Board were last elected in the 2011 fiscal year as part of the rotation system. Shareholders elected six shareholder representatives to the Supervisory Board on May 18, 2011, at the Annual General Meeting. A shareholder representative resigned from his position as a shareholder representative on the Supervisory Board due to reaching retirement age; the resignation took effect upon conclusion of the Annual General Meeting on May 15, 2012. The Annual General Meeting on May 15, 2012, elected Dr. Winfried Steeger as his successor.

The six employee representatives were chosen from among the German staff on February 21, 2011. As of June 30, 2013, Karl-Heinz Huchthausen officially retired and accordingly resigned from his position on the Supervisory Board. His elected replacement, Harald Feist, became a member of the Supervisory Board at Symrise AG as of July 1, 2013.

All members are appointed to the Supervisory Board for a period until the end of the Annual General Meeting in the fourth fiscal year after beginning their term, at which point a decision about their discharge is made. The initial year of service is not included in this calculation. The period of service for the members of the Supervisory Board will therefore presumably end in early 2016. When nominating candidates for election to the Supervisory Board, particular attention is paid to the knowledge, skills and professional experience required for the duties to be performed, as well as to the principle of diversity among the Supervisory Board's members. The current Supervisory Board at Symrise AG includes seven independent members and three women: Prof. Dr. Pfeifer, Ms. Jarke and Ms. Hufnagel.

As in the past, no former Executive Board members are serving on the Supervisory Board in order to ensure its neutral and independent consulting and supervising of the Executive Board. At least one independent member has expertise in accounting or auditing.

SUPERVISORY BOARD COMMITTEES

As in the past, the Supervisory Board formed a total of four committees to fulfill its responsibilities more efficiently. These committees draft the Supervisory Board's resolutions and prepare the agenda items to be addressed in the full sessions. To the extent that it is legally admissible, the Supervisory Board will delegate decision making to its committees in individual cases. The Supervisory Board established an Auditing Committee, an Arbitration Committee pursuant to Sec. 27 (3) of the Co-determination Act (MitbestG), a Personnel Committee and a Nominations Committee as permanent committees. The task of the latter is to recommend suitable candidates as shareholder representatives when new Supervisory Board elections are coming up. The Chairman of the Supervisory Board chairs all of the committees with the exception of the Auditing Committee. In the full sessions, the chairmen of the committees report regularly and comprehensively on the content and results of the committee meetings.

The Personnel Committee is responsible for matters pertaining to the Executive Board. These matters include making resolution recommendations at the full Supervisory Board meetings regarding the appointment of Executive Board members or regarding components of Executive Board members' employment contracts. This committee is also responsible for succession planning at the Executive Board level and it deals with the development of the Executive Board remuneration system, specifies the amount of remuneration and makes corresponding recommendations at the full Supervisory Board meetings. The Personnel Committee additionally resolved to incorporate the criterion of diversity when appointing future Executive Board members, striving in particular to give appropriate consideration to women. The Personnel Committee currently has six members, of which three members are shareholder representatives and three are employee representatives on the Supervisory Board. The members are: Dr. Thomas Rabe (Chairman), Horst-Otto Gerberding, Francesco Grioli, Regina Hufnagel, Christiane Jarke and Prof. Dr. Andrea Pfeifer. The Personnel Committee convened two times in the 2013 fiscal year. The Personnel Committee does not have its own rules of procedure. The rules of procedure of the Supervisory Board are applied accordingly.

The Auditing Committee deals with the annual financial statements and consolidated financial statements. In addition, it monitors the accounting process, the effectiveness of the internal controlling system, the risk management system, the internal auditing system and the audit of annual accounts. It also monitors the independence and qualifications of the auditor as well as additional services provided by the auditor. Furthermore, the Auditing Committee discussed the interim reports in detail and approved them before they were published. The Auditing Committee prepares the Supervisory Board's decision on the approval of the annual financial statements and its approval of the consolidated financial statements. To this end, it is responsible for pre-auditing the annual financial statements, the consolidated financial statements, the management report and the proposal regarding appropriation of earnings. Among the regular agenda items are also the receipt of the reports from Internal Auditing and the Compliance office as well as the risk report. At least one member of the Auditing Committee must be independent and possess expertise in accounting or auditing. The Auditing Committee currently has six members. Three members are shareholder representatives on the Supervisory Board and three are employee representatives on the Supervisory Board. The members are: Dr. Michael Becker (Chairman), Dr. Peter Grafoner, Francesco Grioli, Regina Hufnagel, Dr. Winfried Steeger and Helmut Tacke. The Auditing Committee convened five times in the 2013 fiscal year. The Auditing Committee prepared the Supervisory Board's proposal to the Annual General Meeting to again nominate KPMG AG Wirtschaftsprüfungsgesellschaft of Hanover as the auditor. Furthermore, the Auditing Committee discussed the interim reports in detail and approved them before they were published. It commissioned the auditor, determined the auditing fees, and agreed upon the main points of the audit. The Auditing Committee does not have its own rules of procedure. The rules of procedure of the Supervisory Board are applied accordingly. Additionally, the Auditing Committee drew up its own regulation regarding its concrete procedure.

Shareholders and employees are equally represented on the Arbitration Committee pursuant to Sec. 27 (3) of the Co-determination Act (MitbestG). Currently, its four members are Dr. Thomas Rabe (Chairman), Harald Feist, Dr. Peter Grafoner and Regina Hufnagel. Once again, it was not necessary to convene the Arbitration Committee during the 2013 fiscal year. The Arbitration Committee does not have its own rules of procedure. The rules of procedure of the Supervisory Board are applied accordingly.

The Nominations Committee consists exclusively of shareholder representatives from the Supervisory Board in accordance with the German Corporate Governance Code. Its task is to recommend shareholder representatives to the Annual General Meeting who would be suitable Supervisory Board members for upcoming Supervisory Board elections. The current three members of the Nominations Committee are: Dr. Thomas Rabe (Chairman), Horst-Otto Gerberding and Prof. Dr. Andrea Pfeifer. It was not necessary to convene the Nominations Committee during the 2013 fiscal year. The Nominations Committee does not have its own rules of procedure. The rules of procedure of the Supervisory Board are applied accordingly.

Report of the Supervisory Board of Symrise AG

Dear Shareholders,

The drivers of international economic development remained limited in 2013. The International Monetary Fund's (IMF) outlook projected growth of 2.9 % for the overall global economy for the year. This corresponds to a drop of 0.3 percentage points in the growth rate compared to 2012. The main causes for this development can be found in the slowing rate of expansion in the developing and emerging markets, which have seen their collective growth rate fall from 6.2 % in 2011 to 4.9 % in 2012 and achieved only 4.5 % for the whole of 2013. Overall though, developing and emerging countries are continuing to grow considerably faster than industrialized nations, where economic output in 2013 only grew by an average of 1.2 %. Despite uncertainties regarding economic developments, our company was successful and maintained its profitable growth course. Once more, Symrise posted strong growth in sales and earnings in 2013.

In this report, I would like to inform you about the key activities of the Supervisory Board in this challenging environment. In 2013, the Supervisory Board again fulfilled its responsibilities under the law and according to the articles of incorporation with great care. In the sessions of the Supervisory Board and its committees, we again discussed and reached agreements on a number of matters and business transactions subject to our approval.

We regularly provided consultation to the Executive Board and supervised the management of the company. We are satisfied that the company was managed in a way that complied with all legal and regulatory requirements. The Supervisory Board was directly and deeply involved in all decisions of fundamental significance to the company. The Executive Board comprehensively discussed and coordinated the strategic planning and orientation of the company with us. As in previous fiscal years, the Supervisory and Executive Boards held a separate meeting in 2013 to examine and evaluate the company's strategy.

DR. THOMAS RABE, Chairman of the Supervisory Board of Symrise AG

Based on information received from the Executive Board, we thoroughly discussed and advised on all business transactions of significance to the company in our full Supervisory Board meetings. The Executive Board provided us with regular, current and comprehensive reports in written and oral form on all aspects important to the company for this purpose. This includes above all information on the development of the business and financial situation, the employment situation, ongoing and planned investments, basic corporate strategy and planning issues as well as the risk situation, risk management and the compliance program. The Executive Board informed us at an early stage of matters that, according to legal requirements and/or the articles of incorporation, are subject to our approval and allowed us the necessary time to make a decision. Wherever required by law or by the articles of incorporation, we submitted our vote on the reports and proposed resolutions of the Executive Board after thorough analysis and discussion. In urgent special cases, decisions were made in consultation with the Chairman of the Supervisory Board, either by telephone or in writing.

The Executive Board provided us with a monthly report on all of the key financial figures. When there were deviations in the course of business from the set plans and objectives, we received detailed explanations in written and oral form, enabling us to discuss the reasons for the deviations and targeted correction measures with the Executive Board.

Additionally, during the periods between the sessions of the Supervisory Board and its committees, the Chairman of the Supervisory Board and the Chairman of the Auditing Committee in particular were in close and continuous contact with the Executive Board. Restrained global economic growth and its consequences for current and future business development as well as the status of essential projects and key business transactions in both Group divisions were repeatedly a subject of our discussions with the Executive Board.

As in the previous year, conflicts of interest of members of the Executive and Supervisory Boards, which must be disclosed to the Supervisory Board without delay and reported to the Annual General Meeting along with their underlying circumstances and a report of how they will be handled, did not occur in 2013.

THE SUPERVISORY BOARD'S WORK IN COMMITTEES

As in the past, the Supervisory Board formed a total of four committees to fulfill its responsibilities more efficiently. These committees draft the Supervisory Board's resolutions and prepare the agenda items to be addressed in the full sessions. To the extent that it was legally admissible, the Supervisory Board delegated decision making to its committees in individual cases. This practice of delegation has proved successful in our experience. The Supervisory Board established an Auditing Committee, an Arbitration Committee pursuant to Sec. 27 (3) of the Co-determination Act (MitbestG), a Personnel Committee and a Nominations Committee as permanent committees. The task of the latter is to recommend suitable candidates as shareholder representatives on the Supervisory Board when new Supervisory Board elections are coming up. The Chairman of the Supervisory Board chairs all of the committees with the exception of the Auditing Committee.

In the Supervisory Board sessions, the chairmen of the committees report regularly and extensively on the content and results of the committee meetings. As a result, the Supervisory Board always has a comprehensive basis of information for its consultations.

The Personnel Committee is responsible for matters pertaining to the Executive Board. These matters include making resolution recommendations at the full Supervisory Board meetings regarding the appointment of Executive Board members or regarding components of Executive Board members' employment contracts. This committee is also responsible for succession planning at the Executive Board level and it deals with the development of the Executive Board remuneration system, specifies the amount of remuneration and makes corresponding recommendations at the full Supervisory Board meetings. The Personnel Committee additionally resolved to incorporate the criterion of diversity when appointing future Executive Board members, striving in particular to give appropriate consideration to women. The Personnel Committee currently has six members, of which three members are shareholder representatives and three are employee representatives on the Supervisory Board.

The members are: Dr. Thomas Rabe (Chairman), Horst-Otto Gerberding, Francesco Grioli, Regina Hufnagel, Christiane Jarke and Prof. Dr. Andrea Pfeifer. All of the members attended every meeting.

The Personnel Committee convened two times in the 2013 fiscal year. Its agenda points included reappointing Achim Daub for three years taking effect as of January 1, 2014, evaluating the Executive Board members' performance during the 2012 fiscal year, setting new targets for the 2013 fiscal year, reviewing the Executive Board members' remuneration with a focus on the multi-year remuneration program (LTIP) as well as succession planning for the Executive Board and the two upper management levels.

The Auditing Committee deals with the annual financial statements and consolidated financial statements. In addition, it monitors the accounting process, the effectiveness of the internal controlling system, the risk management system, the internal auditing system and the audit of annual accounts. It also monitors the independence and qualifications of the auditor as well as additional services provided by the auditor. Furthermore, the Auditing Committee discussed the interim reports in detail and approved them before they were published. The Auditing Committee prepares the Supervisory Board's decision on the approval of the annual financial statements and its approval of the consolidated financial statements. To this end, it is responsible for pre-auditing the annual financial statements, the consolidated financial statements, the management report and the proposal regarding appropriation of earnings. Among the regular agenda items are also the receipt of the reports from Internal Auditing and the Compliance office as well as the risk report. At least one member of the Auditing Committee must be independent and possess expertise in accounting or auditing. The Auditing Committee currently has six members. Three members are shareholder representatives on the Supervisory Board and three are employee representatives on the Supervisory Board. The members are: Dr. Michael Becker (Chairman), Dr. Peter Grafoner, Francesco Grioli, Regina Hufnagel, Dr. Winfried Steeger and Helmut Tacke. The Auditing Committee convened five times in the 2013 fiscal year. One member of the Auditing Committee was unable to attend one meeting. The CFO regularly attends the meetings of the Auditing Committee while the auditor, CEO and other guests are present for individual agenda items when needed. The committee's work focused on the interim reports, the annual financial statements and consolidated financial statements, the auditor's reports as well as on the refinement of the risk management system and compliance program. Financing future growth/measures and conditions were also a main topic for one of the Auditing Committee's meetings. The auditor reported in detail on all findings and incidents of significance to the duties of the Supervisory Board that were identified during the audit and reviews of the interim financial statements following the conclusion of the first half of the year.

The Auditing Committee prepared the Supervisory Board's proposal to the Annual General Meeting to again nominate KPMG AG Wirtschaftsprüfungsgesellschaft of Hanover as the auditor. Furthermore, the Auditing Committee solicited a statement of independence from the auditor. It commissioned the auditor to conduct an audit with a risk-oriented approach, established the main focuses of the audit and determined the auditing fees.

Shareholders and employees are equally represented on the Arbitration Committee pursuant to Sec. 27 (3) of the Co-determination Act (MitbestG). Currently, its four members are Dr. Thomas Rabe (Chairman), Harald Feist, Dr. Peter Grafoner and Regina Hufnagel. Once again, it was not necessary to convene the Arbitration Committee during the 2013 fiscal year.

The Nominations Committee consists exclusively of shareholder representatives from the Supervisory Board in accordance with the German Corporate Governance Code. Its task is to recommend shareholder representatives to the Annual General Meeting who would be suitable Supervisory Board members for upcoming Supervisory Board elections. The current three members of the Nominations Committee are: Dr. Thomas Rabe (Chairman), Horst-Otto Gerberding and Prof. Dr. Andrea Pfeifer. It was not necessary to convene the Nominations Committee during the 2013 fiscal year.

TOPICS OF THE FULL SUPERVISORY BOARD MEETINGS

The effects of slow global economic growth, continuing high raw materials costs, the ongoing European debt crisis and sharply rising energy costs on Symrise represented the main focuses of our work and objects of regular discussions by the Supervisory Board. In light of these matters, we discussed with the Executive Board in detail the measures it had enacted as well as those planned for the future. Regular deliberations within the Supervisory Board also covered the development of sales, earnings and employment at Symrise and its two corporate divisions in the individual regions and the economic conditions present there. It also discussed the company's financial and liquidity situation as well as important investment projects and their development as measured against the planned objectives. In the 2013 fiscal

year, the Supervisory Board held five ordinary sessions, two of which focused on specific topics, and one extraordinary session held as a conference call. The first meeting on a specific topic centered around the company's strategy, its monitoring in view of the changing economic environment and the state of its implementation, while the second such meeting focused on the annual planning for 2014. No member of the Supervisory Board was present at less than half of the meetings.

In its extraordinary session on February 4, 2013, the Supervisory Board discussed the entrepreneurial rationale, transaction structure and results of the due diligence review regarding the acquisition of certain assets from the US company Belmay Inc. and approved the transaction.

In our session on March 6, 2013, we consulted and coordinated with the Executive Board on the approval of the annual financial statements and the consolidated financial statements for 2012. We also discussed preparations for the 2013 Annual General Meeting, the Corporate Governance Statement, the Corporate Governance Report and various M & A projects. All members of the Supervisory Board and the auditor attended this session.

In our session on May 13, 2013, the Executive Board's report on the company's performance during the first quarter of 2013 and its outlook for the rest of the year represented the main focus of the meeting as did the impending Annual General Meeting. The Executive Board informed us about the most recent developments regarding M & A activities at that time. All Supervisory Board members attended this session with the exception of one.

In the session on August 6, 2013, the Supervisory Board focused on the report from the Executive Board on the company's performance during the second quarter and first half-year of 2013 and its update to the outlook for the rest of the 2013 fiscal year as well as the risk report and the Auditing Committee's report. All Supervisory Board members attended this session, two via telephone. Due to the concluding mandate for Karl-Heinz Huchthausen on June 30, 2013, the Supervisory Board held a vote on the Vice Chairman of the Supervisory Board and held special elections for the committees.

In the session on September 26, 2013, the Executive Board explained the corporate strategy and discussed it with the Supervisory Board. In view of the changing economic conditions, we discussed the necessity of an adjustment to the strategy and the state of its implementation in detail with the Executive Board. In this session, both business divisions provided us with detailed insights into their strategic activities and their implementation. We especially focused on the global business unit Aroma Molecules within the Scent & Care division and the global application area Consumer Health within the Flavor & Nutrition division. These insights also included information on the significant investment plans of both business divisions. All Supervisory Board members attended this session.

The session on December 5, 2013, was devoted to the corporate planning for the upcoming 2014 fiscal year. The Supervisory Board approved the corporate planning for the 2014 fiscal year in this session. We also received the Personnel Committee's report at this session. Furthermore, we submitted the annual Declaration of Compliance pursuant to Sec. 161 of the German Stock Corporation Act together with the Executive Board and updated our objectives on the composition of the Supervisory Board originally drafted in 2012. All Supervisory Board members attended this session.

ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS 2013

The auditor, KPMG AG Wirtschaftsprüfungsgesellschaft of Hanover, audited the annual financial statements for the fiscal year from January 1, 2013, to December 31, 2013, which were prepared by the Executive Board according to HGB (German Commercial Code) standards, as well as the Symrise AG management report. The Auditing Committee issued the order for the audit in accordance with the May 14, 2013, resolution of the Annual General Meeting. The auditor issued an unqualified audit opinion.

The Symrise AG consolidated financial statements were prepared in accordance with Sec. 315a HGB on the basis of the International Financial Reporting Standards (IFRS), as applicable in the European Union. The auditor also gave the consolidated financial statements and the Group management report an unqualified audit opinion.

The auditor's report on these financial statements as well as additional auditing reports and documentation were delivered to all members of the Supervisory Board in a timely manner. They were discussed thoroughly in the sessions of the Auditing Committee on February 13 and March 6, 2014, and in the session of the Supervisory Board on March 6, 2014. The auditors participated in the discussion of the annual financial statements and consolidated financial statements in both bodies.

They reported on the key audit results and were available to the Auditing Committee and the Supervisory Board to answer any questions and provide additional information.

Following our own review of the annual financial statements, the consolidated financial statements, the management report and the Group management report, we accepted the findings of the auditor. In our session on March 6, 2014, we approved the annual financial statements and the consolidated financial statements upon the recommendation of the Auditing Committee. The annual financial statements are thereby approved. After examining it, we endorsed the proposal of the Executive Board for the use of the net income for the year. The Supervisory Board considers the proposal regarding the use of profits to be appropriate.

CORPORATE GOVERNANCE

Once a year and pursuant to no. 3.10 of the German Corporate Governance Code, the Executive Board reports on corporate governance at Symrise AG – also on behalf of the Supervisory Board – in conjunction with the publication of the Corporate Governance Statement pursuant to Sec. 289a of the German Commercial Code (HGB). The Corporate Governance Statement comprises the Declaration of Compliance pursuant to Sec. 161 of the German Stock Corporation Act, relevant information on corporate governance practices, a description of the working methods of the Executive and Supervisory Boards as well as the composition and working methods of their committees. Pursuant to the current version of no. 3.10 of the German Corporate Governance Code (DCGK) from May 13, 2013, published in the official section of the Federal Gazette by the German Federal Ministry of Justice on June 10, 2013, the Corporate Governance Report, which is required to be issued annually by the Executive Board and the Supervisory Board, must now be published together with the Corporate Governance Statement. Due to the similarity of content between the Corporate Governance Report and the Corporate Governance Statement, we have decided to integrate the Corporate Governance Report in the meaning of no. 3.10 of the German Corporate Governance Code into the Corporate Governance Statement in order to simplify orientation for the reader. By contrast, the remuneration report pursuant to the current version of no. 4.2.5 of the German Corporate Governance Code from May 13, 2013, is no longer part of the Corporate Governance Report. The remuneration report is now part of the management report included on pages 33 to 37 of this financial report.

The Corporate Governance Statement can be found on pages 120 to 127 in this financial report. It can also be found on Symrise AG's website at **http://www.symrise.com/investors/corporate-governance/corporate-governance-statement-and-corporate-governance-report**. The Supervisory Board discussed implementation of the code in depth during its meeting on December 5, 2013. In 2013, we observed the refinement of corporate governance standards in Germany and abroad and will continue to do so in the future.

On December 5, 2013, the Executive Board and the Supervisory Board submitted an updated Declaration of Compliance according to Sec. 161 of the German Stock Corporation Act and made this permanently available to the shareholders on the company's website. It is also included in the Corporate Governance Statement.

Symrise has, to date, fully complied with all recommendations made by the Government Commission on the German Corporate Governance Code (version: May 13, 2013) published by the German Federal Ministry of Justice on June 10, 2013, in the official part of the Federal Gazette (Bundesanzeiger) with the exception of one item.

Until now, the company has differed from the 28th recommendation issued by the Government Commission of the German Corporate Governance Code contained in no. 4.2.3, paragraph 5 of the code's current version from May 13, 2013, published in the official section of the Federal Gazette by the German Federal Ministry of Justice on June 10, 2013 as pertains the Chief Executive Officer's work contract. The commitments for payments in case of an early termination of the Executive Board position resulting from a change of control could exceed 150 % of the severance payment cap and amount to up to 250 % of the severance payment cap.

Effective as of today, the company will again comply with the 28th recommendation issued by the Government Commission of the German Corporate Governance Code contained in no. 4.2.3, paragraph 5 of the code's current version from May 13, 2013, published in the official section of the Federal Gazette by the German Federal Ministry of Justice on June 10, 2013 and will continue to do so in the future.

CHANGES IN THE EXECUTIVE BOARD AND SUPERVISORY BOARD

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

As of the conclusion of June 30, 2013, Karl-Heinz Huchthausen officially retired and accordingly resigned from his position on the Supervisory Board. His elected replacement, Harald Feist, became a member of the Supervisory Board at Symrise AG as of July 1, 2013.

The Supervisory Board would like to thank all of the members of the Executive Board, the employees of all Group companies in Germany and abroad as well as all employee representatives for their commitment and accomplishments in the 2013 fiscal year. You contributed to another successful business year for Symrise.

On behalf of the Supervisory Board,

Dr. Thomas Rabe
Chairman

Holzminden, March 6, 2014

Bodies and Mandates – Executive Board and Supervisory Board

EXECUTIVE BOARD:

DR. HEINZ-JÜRGEN BERTRAM:
CEO

Membership of Statutory Supervisory Boards in Germany None

Membership in Comparable Supervisory Bodies (Domestic and International)
- Rockwool A/S, Hedehusene, Denmark, Member of the Supervisory Board
- Indevex AB, Storebro, Sweden, Member of the Supervisory Board

ACHIM DAUB:
President Scent & Care

Membership of Statutory Supervisory Boards in Germany None

Membership in Comparable Supervisory Bodies (Domestic and International) None

HANS HOLGER GLIEWE:
President Flavor & Nutrition

Membership of Statutory Supervisory Boards in Germany None

Membership in Comparable Supervisory Bodies (Domestic and International) None

BERND HIRSCH:
CFO

Membership of Statutory Supervisory Boards in Germany
Evotec AG, Hamburg, Member of the Supervisory Board (since Dec. 16, 2013)

Membership in Comparable Supervisory Bodies (Domestic and International) None

SUPERVISORY BOARD:

DR. THOMAS RABE:
Chairman of the Supervisory Board of Symrise AG, Chief Executive Officer of Bertelsmann Management SE

Membership of Statutory Supervisory Boards in Germany
- Symrise AG, Holzminden
- Arvato AG, Gütersloh, Germany, Chairman of the Supervisory Board
- Druck- und Verlagshaus Gruner + Jahr AG, Hamburg, Germany, Chairman of the Supervisory Board

Membership in Comparable Supervisory Bodies (Domestic and International)
- BMG R M Germany GmbH, Berlin, Germany, Chairman of the Supervisory Board (until Sept. 13, 2013)
- Springer Science + Business Media, Strassen, Luxembourg, Member of the Supervisory Board (until June 18, 2013)
- Bertelsmann Capital Investments S.A., Luxembourg, Member of the Supervisory Board (until Oct. 7, 2013)
- Bertelsmann Digital Media Investments S.A., Luxembourg, Member of the Supervisory Board
- Bertelsmann Inc., Wilmington, USA, Chairman of the Supervisory Board
- Edmond Israel Foundation, Luxembourg, Member of the Supervisory Board
- RTL Group S.A., Luxembourg, Chairman of the Supervisory Board
- Penguin Random House LLC, UK, Member of the Supervisory Board (since July 1, 2013)

DR. MICHAEL BECKER:
Retired;
Managing Partner at Merck KGaA until Dec. 31, 2011

Membership of Statutory Supervisory Boards in Germany
- Symrise AG, Holzminden

Membership in Comparable Supervisory Bodies (Domestic and International)
- Bâloise Holding AG, Basel, Switzerland, Member of the Board of Directors

HORST-OTTO GERBERDING:
Managing Director at Gottfried Friedrichs KG, Hamburg

Membership of Statutory Supervisory Boards in Germany
- Symrise AG, Holzminden

Membership in Comparable Supervisory Bodies (Domestic and International) None

DR. PETER GRAFONER:
Freelance Consultant

Membership of Statutory Supervisory Boards in Germany
- Symrise AG, Holzminden
- SAG Group GmbH, Langen, Chairman of the Supervisory Board
- Coperion GmbH, Stuttgart, Vice Chairman of the Supervisory Board

Membership in Comparable Supervisory Bodies (Domestic and International)

- SKF AB, Gothenburg, Sweden, Member of the Supervisory Board
- SCANIA Schweiz AG, Kloten, Switzerland, President of the Board of Directors

FRANCESCO GRIOLI:
Executive Secretary for Tariff Policy and Finance at IG BCE

Membership of Statutory Supervisory Boards in Germany

- Symrise AG, Holzminden
- Gerresheimer AG, Düsseldorf, Germany, Vice Chairman of the Supervisory Board

Membership in Comparable Supervisory Bodies (Domestic and International) None

REGINA HUFNAGEL:
Vice Chairperson of the Supervisory Board of Symrise AG, Chairperson of the works council and Chairperson of the general works council of Symrise AG

Membership of Statutory Supervisory Boards in Germany

- Symrise AG, Holzminden

Membership in Comparable Supervisory Bodies (Domestic and International) None

CHRISTIANE JARKE:
Director F&N Strategic Regulatory Affairs EAME at Symrise AG

Membership of Statutory Supervisory Boards in Germany

- Symrise AG, Holzminden

Membership in Comparable Supervisory Bodies (Domestic and International) None

GERD LÖSING:
Vice President Quality Control EAME of Symrise AG

Membership of Statutory Supervisory Boards in Germany

- Symrise AG, Holzminden

Membership in Comparable Supervisory Bodies (Domestic and International) None

PROF. DR. ANDREA PFEIFER:
Chief Executive Officer at AC Immune S.A., Lausanne, Switzerland

Membership of Statutory Supervisory Boards in Germany

- Symrise AG, Holzminden

Membership in Comparable Supervisory Bodies (Domestic and International)

- Bio MedInvest AG, Basel, Switzerland, Chairperson of the Board of Directors
- AB2 Bio SA, Lausanne, Switzerland, Chairperson of the Board of Directors

DR. WINFRIED STEEGER (AS OF MAY 15, 2012):
CEO at Jahr Holding GmbH & Co.KG, Hamburg

Membership of Statutory Supervisory Boards in Germany

- Symrise AG, Holzminden
- Druck- und Verlagshaus Gruner + Jahr Aktiengesellschaft, Hamburg, Germany, Vice Chairman of the Supervisory Board
- Verwaltungsgesellschaft Otto mbH (co-determined limited liability company of the Otto Group), Hamburg, Germany, Member of the Supervisory Board
- Hemmoor Zement AG i.L., Hemmoor, Germany, Member of the Supervisory Board
- Eurokai KGaA, Hamburg, Germany, Chairman of the Supervisory Board

Membership in Comparable Supervisory Bodies (Domestic and International)

- August Prien Verwaltung GmbH, Hamburg, Germany, Chairman of the Supervisory Board
- Otto Dörner GmbH & Co.KG, Hamburg, Germany, Member of the Advisory Board

HELMUT TACKE:
Member of the works council of Symrise AG, Vice Chairman of the general works council

Membership of Statutory Supervisory Boards in Germany

- Symrise AG, Holzminden

Membership in Comparable Supervisory Bodies (Domestic and International) None

HARALD FEIST (AS OF JULY 1, 2013):
Vice Chairman of the works council of Symrise AG

Membership of Statutory Supervisory Boards in Germany

- Symrise AG, Holzminden

Membership in Comparable Supervisory Bodies (Domestic and International) None

Glossary

AFF
Aroma Molecules, Flavors & Fragrances

AROMA
A complex mix of flavors and/or fragrances often based on aromatic compounds, which can be aromatics themselves

BILMOG
German Accounting Law Modernization Act (Bilanzrechts-modernisierungsgesetz)

BIOCATALYSIS
Implementation, acceleration or alteration of chemical reactions (catalysis), in which enzymes serve as biological catalysts

COSO II
COSO (Committee of Sponsoring Organizations of the Treadway Commission) aims to improve financial reporting through ethical action, effective internal controls and good corporate governance. Published in 2004, COSO II is an expansion of the original control model

COVENANTS
Loan agreements (under the normal market conditions)

DQS
Leading certifier of corporate processes

EAME
Europe, Africa and Middle East

EBIT
Earnings before interest and taxes

EBITDA
Earnings before interest, taxes, depreciation and amortization on property, plant and equipment and intangible assets

F & F
Flavors & Fragrances

GDP
Gross Domestic Product: A statistic used to measure the economic strength (goods and services) of a country

HGB
German Commercial Code (Handelsgesetzbuch)

IAL
An industrial and market research consultancy

IFRA
International Fragrance Association

IKS
Internal Controlling System

IOFI
International Organization of the Flavor Industry

ISO 31000
A standard that defines the framework for a risk management system

LAVANDIN
(Lavandula intermedia, Provence lavender): Hybrid of real and spike lavender that is of great importance for the industry

LTIP
Long Term Incentive Plan, a remuneration plan for staff, especially for managerial staff

OPEN INNOVATION
Opening up of the innovation process of organizations and thus the active strategic use of the external world for the expansion of innovative potential. The open innovation concept describes the purposeful use of knowledge flowing into and out of the company, while making use of internal and external marketing channels in order to generate innovations

OPERATING CASH FLOW
Cash generated from the operations of a company and defined as the revenues minus operating expenses (an important indicator of an enterprise's earning power)

PHYTOCHEMISTRY
Also called plant chemistry, phytochemistry is a sub-area of biochemistry and botany that researches chemical substances in plants

REACH
European Union regulation for the registration, evaluation, authorization and restriction of chemicals

REVOLVING CREDIT FACILITY
Credit limits which the borrower can access at any time and offer very flexible repayment options

SUPPLY CHAIN
Process chain from procurement, through production and all the way to the sale of a product, including suppliers, manufacturers and end customers

US PRIVATE PLACEMENT
Non-public sale of debt securities to US investors, which is regulated, however, by the SEC (United States Securities and Exchange Commission)

WORKING CAPITAL
Financial indicator derived by subtracting current operating liabilities from current operating assets

Imprint

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CONCEPT AND EDITING
PvF Investor Relations, Eschborn

CONCEPT, DESIGN AND REALIZATION
3st kommunikation, Mainz

TYPOGRAPHY
BG media design GmbH, Darmstadt

TRANSLATION
EnglishBusiness AG, Hamburg

PRINTING
Westdeutsche Verlags- und Druckerei GmbH,
Mörfelden-Walldorf

PUBLICATION DATE OF THIS REPORT
March 10, 2014

SYMRISE ON THE INTERNET
www.symrise.com/en
www.symrise.com/en/sustainability
www.symrise.com/en/investors

Financial Calendar

MARCH 10, 2014
Corporate and Financial Report 2013

MAY 6, 2014
Interim Report 1st Quarter 2014

MAY 14, 2014
Annual General Meeting

AUGUST 7, 2014
Interim Report 2nd Quarter 2014

NOVEMBER 4, 2014
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