symrise
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INTERIM GROUP REPORT

Sharing **values**

Q 2/2014

Key Figures of the Group

€ million		HY 2013	HY 2014	HY 2014 normalized[1]	Change in %	Change in % at local currency
Sales		934.7	941.8	941.8	0.8	5.9
EBITDA		191.2	205.6	209.0	9	13
EBITDA margin	in %	20.5	21.8	22.2		
EBIT		147.4	161.9	165.3	12	17
EBIT margin	in %	15.8	17.2	17.5		
Net income for the period		93.4	101.3	109.1	17	
Earnings per share	in €	0.79	0.84	0.90	14	
Investments/Acquisitions		98.5	30.4	30.4	-69	
Cash flow from operating activities		77.0	108.9	108.9	41	
Scent & Care						
Sales		490.3	492.5		0.5	5.8
EBITDA		98.4	109.8			
EBITDA margin	in %	20.1	22.3			
Flavor & Nutrition						
Sales		444.4	449.3	449.3	1.1	6.1
EBITDA		92.8	95.8	99.2		
EBITDA margin	in %	20.9	21.3	22.1		

		December 31, 2013	June 30, 2014
Balance sheet total	€ million	2,210.4	2,638.2
Equity ratio	in %	43.0	51.0
Net debt (incl. pension provisions and similar obligations)/EBITDA	ratio	2.0	1.1
Employees	FTE[2]	5,959	6,023

1 One-off special influences include transaction and integration costs as well as one-off valuation effects related to business combinations.
2 not including apprentices and trainees; FTE = Full Time Equivalent

LONG-TERM OBJECTIVES 2020 (2012 – 2020)

Sales	**Annual sales growth (CAGR) of between 5 % and 7 %**
EBITDA	**Annual EBITDA margin between 19 % and 22 %**

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Highlights of the first **half of 2014**

EBITDA(N) rises by 9 % to € 209 million

EBITDA(N) margin reaches 22.2 %

Group sales up by approximately 6 % at local currency

Earnings per share before special influences up 14 % to € 0.90

Integration of the Diana Group started

Dear Shareholders and Friends of Symrise,

The first six months of 2014 were among the most eventful and successful in the company's history. Excluding the costs relating to the acquisition of Diana, we increased our earnings before interest, taxes, depreciation and amortization (EBITDA) by 9 % to € 209 million. We also raised our EBITDA margin to 22.2 % and therefore achieved an exceptionally good result. Contributing to this excellent development was both our ability to utilize capacity, along with our cost discipline and careful selection of customer projects. Indeed, our goal has always been to grow profitably and improve our result of operations through sustainable business.

Our sales increased by 6 % at local currency to over € 941 million. In the reporting currency, this corresponds to an increase of roughly 1 %. Compared to the figures from the previous quarters, this growth rate seems moderate. However, there are two important aspects to note here: First, we are comparing against high figures from the previous year that were boosted by expanded menthol capacities and the purchase of US fragrance activities. Secondly, our consistent focus on high-yield business can also be seen here.

We improved in all regions and both divisions – both in existing and new activities. Flavor & Nutrition, for instance, gained new orders in the Asia/Pacific region in its culinary application areas, while Scent & Care realized new business with global and regional customers, particularly in EAME. When looking at regional growth, we once again saw strong impulses from the emerging markets, where sales improved 9 % at local currency. Latin America performed especially well, posting a 12 % gain in sales.

Accordingly, one of our most central strategic projects for the second half of the year involves preparations for our further expansion in South America. We are developing a new site for the research, development and production of sustainable ingredients at the industrial park "Amazon Ecoparque" in Benevides, Brazil. It should begin operations in the fourth quarter.

Our largest project, however, remains the integration of the Diana Group. On July 3, we completed refinancing and announced the finalization of the transaction on July 29. Directly following this, we began work on initiating the integration of Symrise and Diana. At Diana, we will be pooling our expertise in the areas of natural and functional ingredients, as well as health and nutrition. Its strong access to agricultural raw materials and broad application portfolio for baby and pet food provides a solid foundation for this move. Added to this are Symrise's activities, as our goal is to create a pioneering platform for natural ingredients that allows us to operate even more strongly on the market and better serve our customers' needs. I will personally oversee the integration of Diana and Symrise from day one.

We therefore look forward to the following quarters with confidence and with clear goals laid out before us. We have set the bar high and will work with exceptional dedication and motivation to make Symrise an even better supplier on the global market for fragrances and flavors. We look forward to sharing the journey with you.

Best regards,

Dr. Heinz-Jürgen Bertram
Chief Executive Officer

Interim Group Management Report for the Period from January 1 to June 30, 2014

Overview of Business Activities

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 the 2013 fiscal year. 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 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 about 6,000 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 as well as new market segments.

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 € 5.1 billion as of June 30, 2014, 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 managerial accounting, 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 areas of technology, energy, safety, the environment and logistics, for example, business ties to customers outside the Group.

Symrise AG's headquarters are located in Holzminden, Germany. At this site, the Group's largest, Symrise employs around 2,200 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.

Current Developments within the Group

ACQUISITION OF THE DIANA GROUP

On April 12, 2014, Symrise AG made a binding offer to the owners of the Diana Group headquartered in Vannes, France, with the purpose of acquiring all shares in the company. Diana is a globally leading provider of natural, functional solutions in the areas of nutrition, pet food, food supplements, aquacultures and cosmetics. With this transaction, Symrise will substantially expand its market position in the Flavor & Nutrition segment, intensify backward integration for raw materials and enter the highly attractive market segment for pet food.

The investment totals approximately € 1.3 billion. The short-term bridge financing, which was required for the signing of the contract, has now been replaced with corresponding financing measures. The financing for this ground-breaking acquisition comprises particularly three elements:

- a capital increase with issue proceeds of about € 400 million in May 2014,
- short and medium-term borrowings from our core banks totaling € 400 million,
- a publicly placed € 500 million bond with a five-year term at the start of July 2014.

The consultation process required by French labor law has been completed and the relevant antitrust approvals have been issued. The transaction has therefore been completed on schedule in July.

FULL CONSOLIDATION OF PROBI AB

The previously associated company Probi AB, Sweden, will be listed as fully consolidated in the consolidated financial statements from April 29, 2014, pursuant to the new provisions specified in IFRS 10.

SYMTIO™ S – NEW UV PROTECTION PRODUCT WITH COATED TITANIUM DIOXIDE

We launched our new UV protection product, SymTio™ S, in April. SymTio™ S improves the feel of sun block formulations containing titanium dioxide on the skin. Classic formulations with titanium dioxide leave a white film when applied and give the skin a dull feel. Symrise developed SymTio™ S to minimize these characteristics. It is a new quality of micro-fine titanium dioxides coated with a special ester coating of Cetearyl Nonanoat. Symrise has registered SymTio™ S for a patent. SymTio™ S is optimally suited for use in UV protection products and moisturizers for the face in combination with organic UV filters, such as those from the Neo Heliophan® series from Symrise.

STRATEGIC PARTNERSHIP TO PRESERVE BIODIVERSITY

On May 22, 2014, the International Day of Biological Diversity, we announced a strategic partnership with the Global Nature Fund (GNF) and the Union for Ethical BioTrade (UEBT). The two non-profit organizations will support us in future in developing our newly issued biodiversity concept that is based on three pillars:

- the sustainable sourcing of natural raw materials,
- the eco-conscious design of Symrise's sites,
- raising awareness among employees on preserving biodiversity.

We have set ourselves specific goals in all three areas that we aim to reach by 2020. Biological diversity is a central element of our corporate strategy as part of our sustainability initiatives. Economic success and corporate responsibility are inextricably linked at Symrise.

Business Environment

International economic development has resumed momentum in these past months. The drivers behind this growth acceleration have mainly come from the industrialized nations. Real economic output in the eurozone, which decreased 0.4 % in 2013, was up 0.9 % in the first quarter of 2014 compared to the same period from the previous year. The German economy grew particularly strongly, posting price and calendar-adjusted growth of 2.3 %. This was driven by private and public consumption as well as by investments in machinery, plants and real estate. Economic growth in the US also totaled 2.3 % in the first quarter of 2014, while the UK achieved growth of 3.1 %. For the full year 2014, an average growth rate of 2.2 % is being projected for the overall economic output of the industrialized nations, which amounted to only 1.3 % last year. The eurozone is expected to finally climb out of its recession and achieve growth of 1.1 %. For Germany, overall growth of 1.9 % is expected for the year, while the US economy is projected to expand by nearly 3 %.

The growth rate for emerging and developing countries has notably exceeded that of the industrialized nations in the recent past. This is also necessary in order to compensate for the effects of population growth and the rise in urbanization, as well as to realize an increase in average per capita income. The economic output of this group of countries increased 4.7 % in 2013 and is expected to grow 4.9 % in this current year. This group will benefit from increased demand from the industrialized nations and the devaluation of some of the more important emerging market currencies. Counteracting this are the interest rate increases in some Asian and Latin American countries in an effort to combat capital outflow and currency devaluations. Overall, forecasts point to a slightly weaker performance from the emerging markets in the near future than in previous years.

Result of Operations

1. GROUP SALES PERFORMANCE

The Symrise Group generated sales of € 942 million in the first half of 2014. Compared to the strong figures from last year, this corresponds to an increase of 1 % in the reporting currency and 6 % at local currency. In the Scent & Care division, sales amounted to € 493 million in the first six months of 2014, representing growth of 1 % (6 % at local currency) compared to the same period in the previous year. Flavor & Nutrition increased sales by 1 % (at local currency: 6 %) to € 449 million.

Sales in the **EAME** region developed well, particularly in the emerging markets of Africa and Middle East as well as Eastern Europe, with sales up by 5 % at local currency compared to the same period in the previous year. Business in **North America** also showed notable sales growth with an increase of 4 % at local currency. The **Asia/Pacific** region also posted strong growth figures with a sales increase of 6 % at local currency. In **Latin America**, Symrise achieved its highest sales growth within the Group – growing by 12 % at local currency in the first half year.

Sales in the **emerging markets** exceeded the previous year's figures by 9 % at local currency, thereby growing much more quickly than the Group's overall sales. As in the previous year, the emerging markets' share of total Group sales amounted to approximately 48 % in the reporting currency. On a local-currency basis, this figure already exceeds the 50 % mark.

2. SCENT & CARE DIVISION

SALES

The Scent & Care division generated sales of € 493 million in the first half of 2014. It therefore posted sales 6 % higher than in the previous year at local currency, which was positively influenced

SALES BY REGION

€ million	HY 2013	HY 2014	Change in %	Change in % at local currency
EAME	425.4	440.2	3	5
North America	174.7	174.2	0	4
Asia /Pacific	218.0	215.6	-1	6
Latin America	116.7	111.8	-4	12
Total	**934.7**	**941.8**	**1**	**6**

in part by growth impulses in the menthol business and the fragrance activities acquired in the US. In the reporting currency, this corresponds to an increase of 1 %. Particularly in Latin America and the EAME region, we once again managed to expand sales compared to the previous year. High single-digit growth rates were achieved in the business units Life Essentials and Fragrances.

THE REGIONS

Sales in the **EAME** region developed positively in the first half of 2014 and increased by 5 % at local currency compared to the same period in the previous year. In particular, the business units Life Essentials and Fragrances posted strong sales figures, especially in the application areas UV filter and Household. Here, we generated new business with our global and regional customers.

Sales at local currency rose 4 % in **North America** in the first half of 2014 compared to the previous year's figure. The positive development is particularly due to the business units Oral Care and Fragrances where we achieved high growth rates with significant key accounts.

In the first half of 2014, sales in the **Asia/Pacific** region exceeded those of the previous year by 4 % at local currency. The business units Life Essentials, Aroma Molecules and Fragrances generated the highest growth rates. Growth was particularly pronounced in Japan, India, South Korea and China in the first half of the year.

Scent & Care achieved its highest growth for the first half in **Latin America**. Sales increased by 12 % at local currency compared to figures from the same period in the previous year. The Life Essentials and Fragrances business units performed especially well, achieving double-digit growth rates. Argentina, Brazil and Columbia posted particularly strong growth.

3. FLAVOR & NUTRITION DIVISION

SALES

In the first half of 2014, the Flavor & Nutrition division increased sales to € 449 million. This corresponds to an increase of 6 % at local currency (1 % in the reporting currency) compared to sales achieved in the same period in the previous year. The strongest growth was generated by the regions of Latin America (+12 % at local currency) and Asia/Pacific (+8 % at local currency).

THE REGIONS

Sales rose by 5 % at local currency in the **EAME** region compared to the same period in the previous year. The highest growths were achieved in the emerging markets of Africa, Middle East and Eastern Europe. As in the first three months, we were once again able to considerably expand sales in Egypt, Russia, South Africa and Poland. The established markets of Western Europe also posted good growth rates – particularly in Austria, Spain and the UK. Important growth impulses were generated in the Savory application area. Here, we managed to notably increase sales in our Meat and Vegetables areas of flavor expertise.

In the **North America** region, we achieved growth at local currency of 3 % in the first half of the year. The high, and occasionally double-digit, growth rates in the Sweet and Savory application areas were contrasted by a muted sales performance in the Beverages application area. Key growth drivers in the Sweet application area were once again the vanilla flavorings.

The **Asia/Pacific** region achieved growth of 8 % at local currency in the first six months compared to the previous year. The Philippines, Indonesia, India and Thailand showed especially positive sales developments. In the application area Savory, we achieved high growth rates thanks to new business in our flavor competency

'Meat'. The Beverages application area also developed very positively, realizing strong growth with our global and regional customers.

In the **Latin America** region – our strongest performing region – Flavor & Nutrition sales were up by 12 % at local currency compared to the same period in the previous year. In Argentina, Venezuela and Brazil, we managed to substantially improve sales and realized new business with our global and regional customers, particularly in the Sweet and Savory application areas.

4. EARNINGS SITUATION

OPERATING RESULT

As part of the acquisition of the Diana Group, acquisition and integration costs of € 3.4 million were incurred during the past half year. In order to ensure the comparability of the operating result with the previous periods, we use a normalized result excluding these one-off special effects in the following section.

Normalized earnings performance in the first half of 2014 was extremely positive. The **cost of sales** decreased by 2 % to € 527 million, despite an increase in sales. Compared to the same period of the previous year, **gross profit** improved by € 20 million to € 414 million – representing an increase of 5 %. At 44.0 %, the **gross margin** was up 1.8 percentage points from the 42.2 % recorded in the first six months of the previous year. **Selling and marketing expenses** were 2 % higher than in the previous year at € 146 million. **R & D expenses** rose 1 % to € 64 million. The R&D ratio therefore amounted to 6.8 % (HY 2013: 6.8 %). **Administration expenses** totaled € 47 million and were therefore 1 % higher than in the previous year.

Normalized earnings before interest, taxes, depreciation and amortization on property, plant and equipment and intangible assets (EBITDAN) increased disproportionately in the first six months of the year by 9 % to € 209 million (HY 2013: € 191 million).The **EBITDAN margin** for the Group improved to 22.2 % compared to 20.5 % in the same period of the previous year.

Scent & Care generated an EBITDA of € 110 million in the first half of 2014. EBITDA therefore rose by 12 % compared to the previous year. The EBITDA margin amounted to 22.3 %, compared to 20.1 % in the same period of the previous year.

For the first six months of 2014, EBITDAN for the **Flavor & Nutrition** division was 7 % higher than in the previous year at € 99 million. The EBITDAN margin therefore amounted to 22.1 % compared to 20.9 % in the first half of the previous year.

FINANCIAL RESULT

The financial result for the first six months of 2014 of € – 24.9 million was € 6.8 million lower than in the previous year (€ – 18.1 million). The effects in the item other financial result relate to the one-time expenses for financing the purchase of the Diana Group (€ – 4.7 million). Furthermore, there were one-off negative valuation effects relating to the first-time consolidation of Probi AB (€ – 2.8 million). Adjusting for these one-off expenses produces a financial result of € – 17.3 million and therefore a € 0.8 million reduction in expenses.

The net interest charge decreased by 0.1 million, from € – 16.8 million in the first half of 2013, to € – 16.7 million in the first half of 2014.

OVERVIEW OF EARNINGS

€ million		HY 2013	HY 2014	Change in %	Change in % at local currency
EBITDA(N)		**191.2**	**209.0**	9	13
EBITDA(N) margin	in %	20.5	22.2		
EBIT(N)		**147.4**	**165.3**	12	17
EBIT(N) margin	in %	15.8	17.5		

TAXES

Tax expenses recognized in the consolidated income statement for the first six months of 2014 amounted to approximately € 35 million. This corresponds to a tax rate of 25.9 %, compared to about 27.7 % in the same period of the previous year.

NET INCOME AND EARNINGS PER SHARE

Net income for the first six months of 2014 amounted to € 101 million including the special influences. This represents an increase of € 8 million compared to the same period in the previous year (HY 2013: € 93 million). Earnings per share amounted to € 0.84 for the first six months of the year and were therefore € 0.05 higher than the previous year. Adjusted for special influences, net income for the period totals € 109 million, which corresponds to an earnings per share of € 0.90.

Financial Position

Symrise fully repaid current bank liabilities of € 34.6 million over the course of the first half of 2014 and limited its use of its revolving credit line to the intermittent partial financing of the Diana Group acquisition. This was possible due to the capital increase of approximately € 400 million performed in May. Despite the distribution of dividends, net debt decreased by € 380.2 million to € 32.2 million as of June 30, 2014, compared to € 412.4 million from the reporting date December 31, 2013.

Symrise secured liquidity via equity and debt capital for financing the acquisition of the Diana Group. Alongside of the successful capital increase, Symrise placed a € 500 million Eurobond with a five-year term at the beginning of July. The interest coupon was 1.75 %. All of the remaining financing needs regarding the acquisition were covered by an amortizing loan with a three-year term and the existing revolving credit line.

The ratio of net debt (incl. provisions for pensions and similar obligations) to EBITDA amounted to 1.1 as of June 30, 2014, which excludes the necessary borrowings relating to the acquisition of the Diana Group. Cash flow from operating activities for the first half of the year equated to € 108.9 million, after amounting to € 77 million in the first six months of 2013.

Employees

As of June 30, 2014, the Group employed 6,023 people (not including trainees and apprentices) worldwide. In comparison to December 31, 2013 (5,959), this represents an additional 64 employees. The production and technology area posted the strongest growth in personnel. Additions were moderate in research and development as well as in sales and marketing. Employee numbers fell slightly in administration.

Opportunities and Risk Report

No risks in accordance with Section 91 (2) of the German Stock Corporation Act (AktG) that could endanger the continued existence of the Symrise Group can be identified at present.

A detailed discussion of the opportunities and risks as well as a description of the risk management system can be found in the 2013 financial report on pages 26 et seq. The statements made there remain unchanged.

Outlook

Following the solid first half of the year, Symrise confirmes its growth and profitability goals for the 2014 fiscal year. The Group expects sustained robust demand and positive market development for all regions and in both segments. Correspondingly, we

NUMBER OF EMPLOYEES BY FUNCTION

	December 31, 2013	June 30, 2014	Change in %
Production & technology	2,431	2,468	+2
Sales & marketing	1,561	1,577	+1
Research & development	1,160	1,171	+1
Administration	440	436	-1
Service companies	367	371	+1
Total	**5,959**	**6,023**	**+1**

Base: not including trainees and apprentices

expect sales at local currency to grow considerably faster than the global market for fragrances and flavors once more in 2014. According to our own estimates, the relevant market is expected to grow by 2 to 3 % worldwide for the current year. Furthermore, Symrise continues to target an EBITDA margin of roughly 20 % for both business divisions. This would keep us on track for our long-term goals: Symrise targets annual sales growth (CAGR) of between 5 % and 7 % and an EBITDA margin of between 19 % and 22 % up until the year 2020. The long-term goals for 2020 continue to apply even to this newly expanded Symrise AG with the addition of the Diana Group.

Long-term growth trends continue to remain intact in both the mature markets as well as in the emerging markets. In order to maintain our solid profitability, we will continue to focus on high-yield business and our strict cost management program. This includes initiatives like portfolio optimization, the development of innovative products and technologies as well as efficiency increases throughout the entire supply chain. Increasing raw materials prices and fluctuating exchange rates can impact profitability from time to time. Growing geopolitical influences or ongoing unresolved political conflicts can also slow growth. Impacts from an escalation in the Ukraine crisis or in the Middle East are currently difficult to estimate.

The Executive Board of Symrise AG believes the company is well-positioned to further expand its business via a diversified portfolio, particularly against the backdrop of the acquisition of the French Diana Group.

The three pillars of our strategy – growth, efficiency and portfolio – are oriented toward sustainable and profitable growth and enhancing our long-term profitability.

Accordingly, the Group will continue to assess further acquisitions and partnerships that appear strategically sensible and create added value. On the one hand because they provide Symrise access to new technologies, markets and customers; or on the other hand to strengthen our own raw materials supply in the long-term.

Due to the acquisition of the Diana Group, debt will exceed the targeted corridor of 2.0–2.5 as measured using the ratio of net debt (incl. provisions for pensions and similar obligations) to EBITDA once the transaction has been finalized. We expect that this ratio will return to the targeted corridor by the end of 2015.

Subsequent Report

On April 12, 2014, as previously reported, Symrise AG made a binding offer to the owners of the Diana Group, with the purpose of acquiring all shares in the company.

The transaction has been successfully completed on July 29, 2014.

On July 10, 2014, Symrise AG successfully placed a € 500 million Eurobond with a term of five years and an interest coupon of 1.75 % to help finance the acquisition.

On July 28, 2014, Symrise carried out a capital increase against contribution in kind with a transaction volume of almost € 20 million.

Condensed Consolidated Interim Financial Statements as of June 30, 2014

Consolidated Income Statement

T€	Notes	HY 2013	HY 2014 normalized	One-off non-recurring special influences in HY 2014*	HY 2014
Sales	4	934,718	941,795	0	941,795
Cost of sales		-540,010	-527,446	-320	-527,766
Gross profit		**394,708**	**414,349**	**-320**	**414,029**
Other operating income	5	6,826	8,359	0	8,359
Selling and marketing expenses		-143,398	-146,284	-302	-146,586
Research and development expenses		-63,219	-63,734	0	-63,734
Administration expenses		-46,241	-46,617	-2,802	-49,419
Other operating expenses		-1,295	-796	0	-796
Income from operations/EBIT		**147,381**	**165,277**	**-3,424**	**161,853**
Financial income		819	693	0	693
Financial expenses		-18,960	-18,036	-7,529	-25,565
Financial result	6	**-18,141**	**-17,343**	**-7,529**	**-24,872**
Income before income taxes		**129,240**	**147,934**	**-10,953**	**136,981**
Income taxes	7	-35,852	-38,520	3,105	-35,415
Net income for the period		**93,388**	**109,414**	**-7,848**	**101,566**
thereof attributable to shareholders of Symrise AG		93,388	109,129	-7,848	101,281
thereof attributable to non-controlling interests		0	285	0	285
Earnings per share (€) - diluted and basic	8	0.79	0.90	-0.06	0.84

* One-off non-recurring special influences include transaction and integration costs as well as one-off valuation effects related to business combinations (see notes 15 and 23).

Consolidated Income Statement

T€	Notes	Q2 2013	Q2 2014 normalized	One-off non-recurring special influences in Q2 2014*	Q2 2014
Sales	4	477,137	472,145	0	472,145
Cost of sales		–276,074	–260,822	–320	–261,142
Gross profit		**201,063**	**211,323**	**–320**	**211,003**
Other operating income	5	2,045	5,205	0	5,205
Selling and marketing expenses		–71,533	–74,801	–302	–75,103
Research and development expenses		–32,169	–32,843	0	–32,843
Administration expenses		–22,653	–23,169	–2,387	–25,556
Other operating expenses		–922	–413	0	–413
Income from operations/EBIT		**75,831**	**85,302**	**–3,009**	**82,293**
Financial income		378	350	0	350
Financial expenses		–9,590	–9,493	–7,529	–17,022
Financial result	6	**–9,212**	**–9,143**	**–7,529**	**–16,672**
Income before income taxes		**66,619**	**76,159**	**–10,538**	**65,621**
Income taxes	7	–19,228	–18,908	2,985	–15,923
Net income for the period		**47,391**	**57,251**	**–7,553**	**49,698**
thereof attributable to shareholders of Symrise AG		47,391	56,966	–7,553	49,413
thereof attributable to non-controlling interests		0	285	0	285
Earnings per share (€) – diluted and basic	8	0.40	0.46	–0.06	0.40

* One-off non-recurring special influences include transaction and integration costs as well as one-off valuation effects related to business combinations (see notes 15 and 23).

Consolidated Statement of Comprehensive Income

T€	Q2 2013	Q2 2014	HY 2013	HY 2014
Net income for the period	**47,391**	**49,698**	**93,388**	**101,566**
thereof attributable to shareholders of Symrise AG	47,391	49,413	93,388	101,281
thereof attributable to non-controlling interests	0	285	0	285
Items that may be reclassified subsequently to profit or loss				
Exchange rate differences resulting from the translation of foreign operations	–31,641	7,931	–16,820	4,283
Change in fair value of financial assets available for sale	–27	19	–13	40
Gains and losses from cash flow hedges (currency hedges)	47	–142	–344	–285
Income taxes payable on these components	1,350	–521	500	–589
Items that will not be reclassified to profit or loss				
Remeasurements of defined benefit pension plans and similar obligations	12,059	–24,745	33,695	–46,365
Income taxes payable on these components	–3,739	7,279	–10,394	13,900
Other comprehensive income	**–21,951**	**–10,179**	**6,624**	**–29,016**
Total comprehensive income	**25,440**	**39,519**	**100,012**	**72,550**
thereof attributable to shareholders of Symrise AG	25,440	39,234	100,012	72,265
thereof attributable to non-controlling interests	0	285	0	285

Consolidated Statement of Financial Position

T€	Notes	December 31, 2013	June 30, 2014
ASSETS			
Current assets			
Cash and cash equivalents	9	135,343	491,086
Trade receivables		321,547	364,087
Inventories		368,567	382,582
Other assets and receivables	10	36,246	43,068
Financial assets	11	2,324	6,386
Current tax assets		8,341	12,260
		872,368	**1,299,469**
Non-current assets			
Deferred tax assets		46,192	56,244
Other assets and receivables	10	7,107	7,023
Financial assets	11	15,112	10,618
Investments in associates		15,082	0
Investment property	12	2,583	2,755
Intangible assets	13	812,356	815,335
Property, plant and equipment	14	439,622	446,805
		1,338,054	**1,338,780**
TOTAL ASSETS		**2,210,422**	**2,638,249**

Consolidated Statement of Financial Position

T€	Notes	December 31, 2013	June 30, 2014
LIABILITIES			
Current liabilities			
Trade payables		150,799	148,102
Borrowings	16	40,999	22,375
Other liabilities	17	75,921	80,480
Other provisions	18	5,048	4,462
Financial liabilities	20	4,003	9,417
Current tax liabilities		51,332	58,159
		328,102	**322,995**
Non-current liabilities			
Borrowings	16	506,741	500,886
Other liabilities		2,211	1,802
Other provisions	18	14,538	15,744
Provisions for pensions and similar obligations	19	332,400	384,937
Financial liabilities	20	6,968	2,761
Deferred tax liabilities		68,399	63,352
		931,257	**969,482**
TOTAL LIABILITIES		**1,259,359**	**1,292,477**
EQUITY			
Share capital		118,173	129,323
Capital reserve		970,911	1,357,417
Revaluation reserve		2,735	2,735
Fair value reserve		–12	18
Cash flow hedge reserve		133	–63
Reserve for remeasurements (pensions)		–80,543	–113,008
Cumulative translation differences		–70,553	–66,938
Accumulated profit		10,219	28,779
Non-controlling interests		0	7,509
TOTAL EQUITY	21	**951,063**	**1,345,772**
TOTAL LIABILITIES AND EQUITY		**2,210,422**	**2,638,249**

Consolidated Statement of Cash Flows

T€	NOTES	HY 2013	HY 2014
Net income for the period		**93,388**	**101,566**
Income taxes	7	35,852	35,415
Interest result	6	16,773	16,723
Sub-total		**146,013**	**153,704**
Amortization, depreciation and impairment losses on non-current assets		43,830	43,704
Change in non-current provisions and liabilities		7,819	–1,674
Change in non-current assets		–7,556	4,583
Transfer of exchange gains to the income statement	5	0	–3,615
Impact on earnings from business combinations achieved in stages	6,15	0	2,799
Unrealized currency translation effects		5,026	–168
Change in fair value of investment property		–1,673	–147
Other non-cash items		–1,178	248
Sub-total		**46,268**	**45,730**
Cash flow before working capital changes		**192,281**	**199,434**
Increase in trade receivables or other assets that are not attributable to investing or financing activities		–67,735	–49,793
Increase in inventories		–26,085	–11,509
Increase in trade payables or other liabilities that are not attributable to investing or financing activities		10,274	2,058
Income taxes paid		–31,733	–31,336
Cash flow from operating activities		**77,002**	**108,854**
Business combinations (net inflow from the acquisition of a subsidiary, previous year: payments for an asset deal)	15	–67,141	2,526
Payments for investments in intangible assets and property, plant and equipment as well as for non-current assets and investments in associates		–27,216	–30,890
Cash flow from investing activities*		**–94,357**	**–28,364**
Proceeds from bank borrowings		244,628	177,206
Redemption of bank borrowings		–150,214	–211,787
Payments received from the issuing of shares	21	0	401,400
Transaction costs related to the issuing of shares	21	0	–5,273
Interest paid		–5,030	–3,888
Dividends paid		–76,813	–83,116
Dividends received		151	0
Cash flow from financing activities		**12,722**	**274,542**
Net change in cash and cash equivalents		–4,633	355,032
Effects of changes in exchange rates		–3,930	711
Cash and cash equivalents as of January 1		117,445	135,343
Cash and cash equivalents as of June 30	9	**108,882**	**491,086**

* The purchase of shares in Probi AB, Sweden, in 2014 is recognized as a business combination after deduction of cash and cash equivalents received (net inflow). In the interim report from March 31, 2014, the share purchases were still recognized as payments for investments in associates. For further details, please see note 15.

Consolidated Statement of Changes in Equity

T€	Share capital	Capital reserve	Revaluation reserve	Fair value reserve	Cash flow hedge reserve (currency hedges)	Reserve for remeasure-ments (pensions)	Cumulative translation differences	Accu-mulated deficit	Total equity
January 1, 2013	**118,173**	**970,911**	**2,808**	**–900**	**112**	**–111,300**	**–15,192**	**–85,304**	**879,308**
Net income for the period	0	0	0	0	0	0	0	93,388	**93,388**
Other comprehensive income	0	0	–78	–21	–277	23,301	–16,301	0	**6,624**
Total comprehensive income	**0**	**0**	**–78**	**–21**	**–277**	**23,301**	**–16,301**	**93,388**	**100,012**
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**
June 30, 2013	**118,173**	**970,911**	**2,730**	**5**	**–165**	**–87,999**	**–31,493**	**–68,728**	**903,434**

T€	Share capital	Capital reserve	Revalua-tion reserve	Fair value reserve	Cash flow hedge reserve (currency hedges)	Reserve for remea-surements (pensions)	Cumulative translation differences	Accu-mulated profit	Total equity of share-holders of Symrise AG	Non-con-trolling interests	Total equity
January 1, 2014	**118,173**	**970,911**	**2,735**	**–12**	**133**	**–80,543**	**–70,553**	**10,219**	**951,063**	**0**	**951,063**
Net income for the period	0	0	0	0	0	0	0	101,281	101,281	285	**101,566**
Other comprehensive income	0	0	0	30	–196	–32,465	3,615	0	–29,016	0	**–29,016**
Total comprehensive income	**0**	**0**	**0**	**30**	**–196**	**–32,465**	**3,615**	**101,281**	**72,265**	**285**	**72,550**
Issue of ordinary shares	11,150	386,506	0	0	0	0	0	0	397,656	0	**397,656**
Non-controlling interests via business combinations achieved in stages	0	0	0	0	0	0	0	0	0	7,619	**7,619**
Dividends paid	0	0	0	0	0	0	0	–82,721	–82,721	–395	**–83,116**
June 30, 2014	**129,323**	**1,357,417**	**2,735**	**18**	**–63**	**–113,008**	**–66,938**	**28,779**	**1,338,263**	**7,509**	**1,345,772**

Probi AB, Sweden, which has been fully consolidated since April 29, 2014, holds 250,000 own shares with a nominal value of SEK 5. This represents 2.7 % of the company's equity.

Notes

1. GENERAL INFORMATION

The condensed interim consolidated financial statements as of June 30, 2014, for Symrise Aktiengesellschaft (AG), hereafter referred to as "we" or "Symrise," were approved for submission to the Supervisory Board's Auditing Committee and subsequent publication by a resolution of the Executive Board on August 6, 2014.

These condensed consolidated interim financial statements as of June 30, 2014, have neither been audited in accordance with Section 317 of the German Commercial Code (HGB) nor have they been the subject of audit review procedures by an auditor.

Business activities in both the Scent & Care and Flavor & Nutrition segments are hardly subject to seasonal influences. Some limited seasonal effects may occur in individual business units or application areas.

The most relevant exchange rates for Symrise developed as follows this past half-year:

			Closing rate = € 1		Average rate = € 1	
Country	Currency		December 31, 2013	June 30, 2014	HY 2013	HY 2014
UK	British Pound	GBP	0.833	0.801	0.851	0.821
USA	US Dollar	USD	1.377	1.365	1.314	1.370
Mexico	Mexican Peso	MXN	18.027	17.727	16.488	17.978
Brazil	Brazilian Real	BRL	3.252	2.994	2.666	3.149
Singapore	Singapore Dollar	SGD	1.739	1.704	1.633	1.728
China	Chinese Renminbi	CNY	8.334	8.469	8.131	8.449

2. ACCOUNTING POLICIES

Symrise has prepared its condensed consolidated interim financial statements as of June 30, 2014, in accordance with the International Financial Reporting Standards (IFRS) and their related interpretations (IFRIC) published by the International Accounting Standards Board (IASB) as mandatorily applicable within the European Union (EU). The existing deviations from the applicable IFRS that were approved by the IASB and those adopted by the EU have no effect on this report. The consolidated interim financial statements have been prepared in compliance with International Accounting Standard (IAS) 34 – Interim Financial Reporting.

The same accounting policies that were used in preparing the consolidated financial statements as of December 31, 2013, which are described in the Notes section of that report under note 2, were also used for this report. Furthermore, the mandatory IFRS revisions and additions have been applied to the interim financial statements from January 1, 2014:

- **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 accounting 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; the application of proportional consolidation for joint ventures is therefore not applied. **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 period. 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. The application of the new standards had no impact on Symrise's consolidated interim financial statements. Disclosures pursuant to IFRS 12 will be presented in the notes at the end of the fiscal year.

- **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 effects of this amendment were of limited significance for Symrise's consolidated interim financial statements.

- 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 changes had no impact on Symrise's consolidated interim financial statements.

In compliance with IAS 34, the condensed interim financial statements do not provide the full information and disclosures that are required in the consolidated financial statements for the full fiscal year and the condensed interim financial statements should therefore be read in conjunction with the consolidated financial statements as of December 31, 2013.

In these consolidated interim financial statements, the breakdown of the consolidated income statement was expanded to include an extra column for one-off non-recurring special influences in order to more clearly present the result of operations and simplify comparability with the previous year. There was no separate depiction of one-off non-recurring special influences relating to business combinations in the previous year, as their impact on the consolidated income statement was of limited significance.

Due to rounding, small differences may arise in this report when total amounts are disclosed or percentages are calculated.

3. SCOPE OF CONSOLIDATION

The changes to the scope of consolidation during the reporting period are presented in the following table:

	December 31, 2013	June 30, 2014
Fully consolidated subsidiaries		
Domestic	11	11
Foreign	44	47
Associated companies accounted for using the equity method		
Foreign	2	1
Total	**57**	**59**

As of April 29, 2014, Probi AB, Sweden, which was previously measured according to the equity method, is being classified as a subsidiary and subsequently included in the consolidated interim financial statements as a result of its full consolidation (see note 15). In addition two further companies were founded: Symrise IP-Holding GCV, Belgium, and Symrise Nigeria Limited, Nigeria.

4. SEGMENT REPORTING

T€	Q2 2013	Q2 2014	HY 2013	HY 2014
Sales	**477,137**	**472,145**	**934,718**	**941,795**
Scent & Care	245,307	237,922	490,309	492,537
Flavor & Nutrition	231,830	234,223	444,409	449,258
EBITDA	**98,433**	**104,594**	**191,211**	**205,557**
Scent & Care	49,509	51,870	98,396	109,788
Flavor & Nutrition	48,924	52,724	92,815	95,769
Amortization, depreciation and impairment losses on non-current assets	**–22,602**	**–22,301**	**–43,830**	**–43,704**
Scent & Care	–11,509	–11,198	–22,107	–21,926
Flavor & Nutrition	–11,093	–11,103	–21,723	–21,778
EBIT	**75,831**	**82,293**	**147,381**	**161,853**
Scent & Care	38,000	40,672	76,289	87,862
Flavor & Nutrition	37,831	41,621	71,092	73,991
Financial result	**–9,212**	**–16,672**	**–18,141**	**–24,872**
Income before income taxes	**66,619**	**65,621**	**129,240**	**136,981**

The operational results of the business divisions are monitored separately by management in order to be able to make decisions concerning the allocation of resources and to determine the profitability of the units. The profitability of the segments is assessed based on their income from operations before depreciation, amortization and impairment on property, plant and equipment and intangible assets (EBITDA). The financing of the Group (including financial expenses and financial income) and taxation of income are areas that are managed at Group level and are not allocated to the individual business segments.

For information on the development of our segments Scent & Care and Flavor & Nutrition, please refer to the accompanying management report.

Within the Flavor & Nutrition segment there are one-off non-recurring special influences amounting to € 3.4 million up until June 30, 2014, related to the acquisition and integration of the Diana Group.

5. OTHER OPERATING INCOME

This item predominately contains income from the transfer of exchange rate differences from the currency reserve, which resulted from the capital reduction at a subsidiary in Singapore. It also contains income from service units and from the reversal of impairments on receivables. The income from service units derives from logistical, technical and security-related services performed by Group companies for third parties.

6. FINANCIAL RESULT

T€	Q2 2013	Q2 2014	HY 2013	HY 2014
Interest income				
from bank deposits	182	239	424	467
other	40	88	94	182
Interest income	**222**	**327**	**518**	**649**
Other financial income	156	23	301	44
Financial income	**378**	**350**	**819**	**693**
Interest expenses				
from bank loans	–855	–736	–1,698	–1,338
from other loans	–4,511	–4,405	–8,994	–8,805
other	–3,272	–3,918	–6,599	–7,229
Interest expenses	**–8,638**	**–9,059**	**–17,291**	**–17,372**
Foreign currency gains/losses primarily from internal Group lending	–566	–283	–1,096	–237
Fees for financing the Diana acquisition	0	–4,730	0	–4,730
Impact on earnings from business combinations achieved in stages	0	–2,799	0	–2,799
Other financial expenses	–386	–151	–573	–427
Financial expenses	**–9,590**	**–17,022**	**–18,960**	**–25,565**
Financial result	**–9,212**	**–16,672**	**–18,141**	**–24,872**
thereof interest result	–8,416	–8,732	–16,773	–16,723
thereof other financial result	–796	–7,940	–1,368	–8,149

The financial result for the Group contains one-off non-recurring special influences relating to the financing of the acquisition of the Diana Group amounting to € 4.7 million (note 23), as well as one-off non-recurring special influences of € 2.8 million stemming from the initial consolidation of Probi AB, Sweden (note 15).

7. INCOME TAXES

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

T€	Q2 2013	Q2 2014	HY 2013	HY 2014
Current tax expense	–18,510	–16,508	–41,545	–36,941
Deferred tax expense	–718	585	5,693	1,526
Income taxes	**–19,228**	**–15,923**	**–35,852**	**–35,415**
Effective tax rate (in %)	28.9	24.3	27.7	25.9

8. EARNINGS PER SHARE

11,150,000 new shares were issued in the second quarter of 2014, which were entitled to dividend payments from January 1, 2014, and correspondingly proportionately included in the calculation of 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 reporting period.

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

	Q2 2013	Q2 2014	HY 2013	HY 2014
Net income for the period attributable to shareholders of Symrise AG (T€)	47,391	49,413	93,388	101,281
Weighted average number of ordinary shares (shares)	118,173,300	123,748,300	118,173,300	120,960,800
Earnings per share (€)	**0.40**	**0.40**	**0.79**	**0.84**

9. CASH AND CASH EQUIVALENTS

The increase in cash and cash equivalents is predominately due to payments relating to the capital increase. This additional liquidity was invested into commercial papers.

10. OTHER CURRENT AND NON-CURRENT ASSETS AND RECEIVABLES

The items mainly include advance payments made and deferred listing fees (current: € 19.9 million, non-current: € 6.7 million; December 31, 2013: current: € 15.5 million, non-current: € 6.8 million) as well as current value-added tax and other non-income tax receivables (€ 21.1 million; December 31, 2013: € 19.3 million).

11. CURRENT AND NON-CURRENT FINANCIAL ASSETS

The financial assets mainly contain fiduciary account balances in connection with the processing of the acquisition of the Belmay Group in the 2013 fiscal year (current: € 4.4 million, non-current: € 2.9 million; December 31, 2013: current: € 0.0 million, non-current: € 7.3 million). It also contains loans to customers and employees (current: € 1.4 million, non-current: € 1.3 million; December 31, 2013: current: € 1.2 million, non-current: € 1.4 million). Non-current financial assets also include securities totaling € 5.2 million (December 31, 2013: € 5.3 million) as well as collateral pledged (€ 1.1 million; December 31, 2013: € 1.1 million).

12. INVESTMENT PROPERTY

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

T€	Investment property
January 1, 2014	**2,583**
Fair value changes	
Recognized in profit or loss	147
Currency translation effects	25
June 30, 2014	**2,755**

Fair value is determined using market value simulation. This resulted in an underlying price range of CHF 130 to 255 per square meter.

13. INTANGIBLE ASSETS

In the first six months of 2014, investments in intangible assets amounted to € 3.5 million (June 30, 2013: € 76.2 million). In the previous year, additions were mainly related to the business combination with the Belmay Group (€ 71.5 million).

14. PROPERTY, PLANT AND EQUIPMENT

In the first six months of 2014, € 26.9 million (June 30, 2013: € 22.3 million) was invested in property, plant and equipment. The most important investments include the expansion of chemical production in the Life Essentials business unit, the capacity expansion in extraction and distillation in the Flavor & Nutrition division as well as the renovation to the mass spectrometer in research.

15. BUSINESS COMBINATIONS

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

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

As of December 31, 2013, 29.9 % of shares in Probi were held by Symrise. The successive purchase of additional shares led Symrise's holdings in the company to exceed the 30 % threshold in January 2014, which required Symrise to present the other shareholders with a mandatory public offer in the first quarter. The offer price amounted to SEK 40.10 per share. In total, 1.6 million shares (16.6 %) were tendered to Symrise. The resulting acquisition costs amounted to € 7.3 million. As a result, Symrise currently holds a 46.6 % stake in Probi.

Based on the provisions of IFRS 10, it must be assessed whether a company, even a company holding less than 50 % of the voting rights, exercises de facto control and the company under control is to be listed as fully consolidated in the consolidated financial statements as a result. As of March 31, 2014, this assessment was fraught with uncertainty as there was no way of knowing how the increase in Symrise's holding would affect participation at Probi's Annual General Meeting. The low turnout at Probi's Annual General Meeting on April 29, 2014, provides us with an adequate basis for declaring that Symrise exercises de facto control over Probi. For this reason, Probi is to be classified as a subsidiary from April 29, 2014 and was fully consolidated from this date. The carrying amount of the investment in the associate totaled € 22.5 million as of April 29, 2014. A one-off non-recurring valuation effect of € – 2.8 million resulted from the transition of applying the equity method to full consolidation. This is recognized in the financial result. The initial consolidation took place using the partial goodwill method, considering Probi's holding of own shares (2.7 %).

The initial consolidation should be viewed as preliminary as it is based on estimates, which in turn are based on post-processing, in order to take facts and conditions that already existed as of the purchase date into consideration. The difference from the capital consolidation of € 13.1 million were temporarily allocated as goodwill. Since the acquisition date, the acquired business contributed € 2.9 million to sales and € 0.7 million to the operating result (EBIT) of the Symrise Group. Had the initial consolidation already taken place by January 1, 2014, the Group would have recognized sales of € 944.4 million and an operating result of € 162.3 million for the first half.

16. CURRENT AND NON-CURRENT BORROWINGS

	Current borrowings		Non-current borrowings	
T€	**December 31, 2013**	**June 30, 2014**	**December 31, 2013**	**June 30, 2014**
Bank borrowings	37,077	12,174	82,177	74,943
Other borrowings	53	55	424,564	425,943
Accrued interest	3,869	10,146	0	0
Total	**40,999**	**22,375**	**506,741**	**500,886**

Net debt is determined as follows:

T€	**December 31, 2013**	**June 30, 2014**
Borrowings	547,740	523,261
Cash and cash equivalents	–135,343	–491,086
Net debt	**412,397**	**32,175**
Provisions for pensions and similar obligations	332,400	384,937
Net debt incl. provisions for pensions and similar obligations	**744,797**	**417,112**
EBITDA*	373,137	387,482
Net debt/EBITDA*	**1.1**	**0.1**
Net debt incl. provisions for pensions and similar obligations/EBITDA*	**2.0**	**1.1**

* EBITDA of the last 12 months

17. OTHER CURRENT LIABILITIES

Other current liabilities mainly comprise employee-related liabilities (€ 39.9 million; December 31, 2013: € 39.4 million), liabilities to customers (€ 12.4 million; December 31, 2013: € 11.1 million), taxes on wages/salaries, social security contributions and other social benefits (€ 8.5 million; December 31, 2013: € 11.4 million) and liabilities for taxes other than income taxes (€ 10.1 million; December 31, 2013: € 6.0 million).

18. OTHER CURRENT AND NON-CURRENT PROVISIONS

Other current provisions mainly include provisions for performance-based remuneration (€ 1.7 million; December 31, 2013: € 1.8 million) and provisions for the reorganization of individual departments (€ 1.4 million; December 31, 2013: € 2.0 million).

Other non-current provisions chiefly include provisions for jubilee obligations (€ 7.7 million; December 31, 2013: € 7.8 million), restoration obligations (€ 2.9 million; December 31, 2013: € 2.9 million) and litigation (€ 2.2 million; December 31, 2013: € 1.4 million).

19. PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

The increase to provisions for pensions and similar obligations of € 52.5 million to € 384.9 million is mainly attributable to remeasurements of the actuarial parameters, particularly the discount rate in Germany (June 30, 2014: 2.8 %, December 31, 2013: 3.5 %). The total effect of the remeasurements before taxes is € 46.4 million.

20. CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

Financial liabilities mainly correspond to the portion of the purchase price obligation relating to the acquisition of the Belmay Group in 2013 that was not immediately due (current: € 7.3 million, non-current: € 2.8 million; December 31, 2013: current: € 2.8 million, non-current € 7.0 million).

21. EQUITY

Symrise carried out a capital increase based on authorized capital in the second quarter of 2014. The capital increase was implemented with the authorization granted to the Executive Board at the Annual General Meeting on May 18, 2011, and with the exclusion of subscription rights. 11,150,000 new shares were issued to institutional investors. The shares were issued at an issue price of € 36 per share. The transaction was entered into the commercial register on May 15, 2014. With the capital increase, the share capital of Symrise AG increases from T€ 118,173 to T€ 129,323. The capital reserve increased by T€ 386,506 to T€ 1,357,417 after deducting transaction costs of T€ 5,273 and the subsequent taxes of T€ 1,529. The new shares are entitled to dividends from January 1, 2014. The authorized capital from May 18, 2011, now amounts to € 11,850,000 after its partial use.

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

June 30, 2014 T€	Carrying amount	Value recognized under IAS 39 Amortized cost	Fair value in other comprehensive income	Fair value in profit or loss	Fair Value
ASSETS					
Loans and receivables (LaR)	**741,944**	**741,944**	**–**	**–**	**741,944**
Cash and cash equivalents	366,091	366,091	–	–	366,091
Trade receivables	364,087	364,087	–	–	364,087
Other financial assets	11,766	11,766	–	–	11,766
Financial assets held to maturity (HtM)	**124,995**	**124,995**	**–**	**–**	**124,995**
Cash and cash equivalents	124,995	124,995	–	–	124,995
Financial assets available for sale (AfS)	**5,208**	**–**	**5,208**	**–**	**5,208**
Securities	3,249	–	3,249	–	3,249
Other financial assets	1,959	–	1,959	–	1,959
Financial assets held for trading (FAHfT)	**24**	**–**	**–**	**24**	**24**
Derivative financial instruments without hedge relationship	24	–	–	24	24
Derivative financial instruments with hedge relationship (n.a.)	**6**	**–**	**6**	**–**	**6**
LIABILITIES AND EQUITY					
Financial liabilities measured at amortized cost (FLAC)	**673,303**	**673,303**	**–**	**–**	**708,536**
Trade payables	148,102	148,102	–	–	148,102
Borrowings (current and non-current)	523,261	523,261	–	–	558,494
Other financial liabilities	1,940	1,940	–	–	1,940
Financial liabilities at fair value through profit or loss (FLaFVtPL)	**10,070**	**–**	**–**	**10,070**	**10,070**
Other financial liabilities	10,070	–	–	10,070	10,070
Financial liabilities held for trading (FLHfT)	**114**	**–**	**–**	**114**	**114**
Derivative financial instruments without hedge relationship	114	–	–	114	114
Derivative financial instruments with hedge relationship (n.a.)	**54**	**–**	**54**	**–**	**54**

INFORMATION ON FINANCIAL INSTRUMENTS ACCORDING TO CATEGORY

The following table shows the recurring basis for the assets and liabilities measured at fair value on the balance sheet:

June 30, 2014 T€		Level 1	Level 2	Level 3	Total
ASSETS					
Securities	AfS	3,249	–	–	**3,249**
Other financial assets	AfS	–	–	1,959	**1,959**
Derivative financial instruments without hedge relationship	FAHfT	–	24	–	**24**
Derivative financial instruments with hedge relationship	n.a.	–	6	–	**6**
Investment property	n.a.	–	–	2,755	**2,755**
LIABILITIES AND EQUITY					
Contingent purchase price obligation	FLaFVtPL	–	–	10,070	**10,070**
Derivative financial instruments without hedge relationship	FLHfT	–	114	–	**114**
Derivative financial instruments with hedge relationship	n.a.	–	54	–	**54**

The financial assets classified as available for sale in Level 1 relate to securities, whose fair value 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 following table shows both the valuation methods and non-observable input factors for the recurring measurement of fair value in Level 3 of the fair value hierarchy. The measurement is performed regularly by corporate headquarters.

Type	Valuation method	Non-observable input factors	June 30, 2014
Other financial assets	Discounted cash flow	Weighted average cost of capital	13.5%
		Terminal growth rate	3.0%
		EBITDA margin	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	4.04%
		Sales	80%
		Damage claim	0%

The sensitivities have not notably changed since the annual financial statements as of December 31, 2013.

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

T€	Other financial assets	Contingent purchase price obligation
January 1, 2014	**1,959**	**9,788**
Fair value changes		
Recognized in profit or loss	0	198
Currency translation effects	0	84
June 30, 2014	**1,959**	**10,070**

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

23. EVENTS AFTER THE REPORTING PERIOD

BUSINESS COMBINATION

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

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

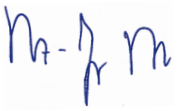
The preliminary purchase price amounts to € 1.3 billion and consists of components to be remunerated in cash and, to a lesser extent, in shares as well as the repayment of financial liabilities. Due to the temporal proximity between the reporting date and the acquisition date, we do not have any information on the assets and liabilities acquired as of the acquisition date. Within the Flavor & Nutrition segment there are one-off special influences amounting to € 3.4 million up until June 30, 2014, related to the acquisition and integration of the Diana Group. Furthermore, the financial result for the Group contains one-off non-recurring special influences amounting to € 4.7 million, in conjunction with the financing of the Diana Group acquisition.

BORROWINGS

To finance the acquisition of the Diana Group, Symrise issued a € 500.00 million bond on July 3, 2014. The bond has a term of five years and a nominal interest rate of 1.75 %.

Holzminden, August 6, 2014

Symrise AG
The Executive Board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