Consolidated Financial Statements

January 1 to December 31, 2016

CONSOLIDATED FINANCIAL STATEMENTS 2016

Consolidated Income Statement – January 1 to December 31, 2016

T€	Notes	2015	2016
Sales	4	2,601,730	2,903,187
Cost of goods sold	5	– 1,490,141	– 1,717,718
Gross profit		**1,111,589**	**1,185,469**
Selling and marketing expenses	7	– 426,912	– 468,791
Research and development expenses	8	– 169,640	– 186,152
Administration expenses	9	– 148,484	– 158,492
Other operating income	10	32,818	35,090
Other operating expenses		– 4,159	– 2,475
Income from operations/EBIT		**395,212**	**404,649**
Financial income		4,541	4,186
Financial expenses		– 48,860	– 50,059
Financial result	**11**	**– 44,319**	**– 45,873**
Earnings before income taxes		**350,893**	**358,776**
Income taxes	12	– 98,504	– 97,522
Net income		**252,389**	**261,254**
of which attributable to shareholders of Symrise AG		246,778	252,710
of which attributable to non-controlling interests		5,611	8,544
Earnings per share (€) diluted and basic	14	1,90	1,95

Consolidated Statement of Comprehensive Income

T€	Notes	2015	2016
Net income		**252,389**	**261,254**
of which attributable to shareholders of Symrise AG		246,778	252,710
of which attributable to non-controlling interests		5,611	8,544
Items that may be reclassified subsequently to the consolidated income statement			
Exchange rate differences resulting from the translation of foreign operations	2,5		
Exchange rate differences that occurred during the fiscal year		– 16,747	– 3,813
Gains/losses from net investments		– 10,619	5,679
Reclassification to the consolidated income statement		– 1,554	1,878
Financial assets available for sale			
Change in fair value of financial assets available for sale		– 74	5
Cash flow hedge (currency hedges)	34		
Gains/losses recorded during the fiscal year		– 1,815	– 1,553
Reclassification against goodwill		0	507
Reclassification to the consolidated income statement		1,832	882
Income taxes payable on these components		3,526	– 2,830
Items that will not be reclassified to the consolidated income statement			
Remeasurement of defined benefit pension plans and similar obligations	32	46,471	– 63,869
Income taxes payable on these components	12	– 13,789	18,625
Other comprehensive income		**7,231**	**– 44,489**
Total comprehensive income		**259,620**	**216,765**
of which attributable to shareholders of Symrise AG		253,838	207,895
of which attributable to non-controlling interests		5,782	8,870

Consolidated Statement of Financial Position

T€	Notes	December 31, 2015	December 31, 2016
ASSETS			
Current assets			
Cash and cash equivalents	15	278,178	301,648
Trade receivables	16	461,505	528,298
Inventories	17	531,446	680,431
Other assets and receivables	18	74,027	71,797
Financial assets	19	9,088	29,147
Income tax assets		23,252	23,567
		1,377,496	**1,634,888**
Non-current assets			
Intangible assets	20	2,005,489	2,113,200
Property, plant and equipment	21	690,135	857,378
Other assets and receivables	22	16,808	19,001
Financial assets	23	15,694	23,575
Investments in associated companies		0	2,000
Deferred tax assets	24	78,210	102,805
		2,806,336	**3,117,959**
TOTAL ASSETS		**4,183,832**	**4,752,847**

Consolidated Statement of Financial Position

T€	Notes	December 31, 2015	December 31, 2016
LIABILITIES			
Current liabilities			
Trade payables	25	234,702	254,383
Borrowings	26	35,995	536,336
Other liabilities	27	152,223	153,276
Other provisions	28	7,064	14,394
Other financial liabilities	29	5,573	11,968
Income tax liabilities	30	65,869	57,553
		501,426	**1,027,910**
Non-current liabilities			
Borrowings	26	1,373,260	1,213,545
Other liabilities		5,180	6,932
Other provisions	31	22,208	22,462
Provisions for pensions and similar obligations	32	444,652	522,552
Other financial liabilities	33	7,094	11,349
Deferred tax liabilities	24	227,848	203,956
Income tax liabilities		13,929	11,967
		2,094,171	**1,992,763**
TOTAL LIABILITIES		**2,595,597**	**3,020,673**
EQUITY	34		
Share capital		129,813	129,813
Capital reserve		1,375,957	1,375,957
Reserve for remeasurements (pensions)		– 136,389	– 181,633
Cumulative translation differences		– 62,707	– 62,520
Accumulated profit		259,210	408,111
Other reserves		2,448	2,316
Symrise AG shareholders' equity		**1,568,332**	**1,672,044**
Non-controlling interests	35	19,903	60,130
TOTAL EQUITY		**1,588,235**	**1,732,174**
LIABILITIES AND EQUITY		**4,183,832**	**4,752,847**

Consolidated Statement of Cash Flows

T€	Notes	2015	2016
Net income		**252,389**	**261,254**
Income taxes	12	98,504	97,522
Interest result	11	44,458	49,362
Amortization, depreciation and impairment of non-current assets	20, 21	176,969	201,903
Increase in non-current liabilities		9,032	347
Changes in non-current assets		14,664	– 2,944
Other non-cash expenses and income		1,091	– 13,398
Cash flow before working capital changes		**597,107**	**594,046**
Increase in trade receivables and other current assets		– 66,800	– 51,117
Increase in inventories		– 49,333	– 88,043
Increase in trade payables and other current liabilities		31,919	4,158
Income taxes paid		– 137,714	– 120,273
Cash flow from operating activities		**375,179**	**338,771**
Payments for business combinations plus acquired cash and cash equivalents, contingent purchase price components as well as investments in associates	37	– 36,063	– 261,870
Payments received from the sale of a subsidiary minus cash sold	37	11,566	114,049
Payments for investing in intangible assets		– 14,507	– 12,696
Payments for investing in property, plant and equipment		– 118,208	– 152,920
Payments for investing in non-current financial assets		– 821	– 593
Proceeds from the disposal of non-current assets		6,648	2,990
Cash flow from investing activities		**– 151,385**	**– 311,040**
Proceeds from (+)/redemption of (–) bank borrowings		– 155,437	– 43,779
Proceeds from (+)/redemption of (–) other borrowings		177,399	162,306
Interest paid		– 32,602	– 39,640
Interest received		43	1,242
Dividends paid	37	– 100,717	– 108,118
Acquisition of non-controlling interests		– 2,841	0
Payments from minority interests from capital increases after transaction costs and taxes	37	0	30,664
Payments for finance lease liabilities		– 1,175	– 921
Cash flow from financing activities		**– 115,330**	**1,754**
Net change in cash and cash equivalents		108,464	29,485
Effects of changes in exchange rates		– 29,514	– 6,015
Total changes		**78,950**	**23,470**
Cash and cash equivalents as of January 1		199,228	278,178
Cash and cash equivalents as of December 31	15	**278,178**	**301,648**

The consolidated statement of cash flows is explained in note 37.

Consolidated Statement of Changes in Equity

T€	Share capital	Capital reserve	Reserve for remeasurements (pensions)	Cumulative translation differences	Accumulated profit	Other reserves	Total Symrise AG shareholders' equity	Non-controlling interests	Total equity
January 1, 2015	**129,813**	**1,375,957**	**– 169,159**	**– 37,075**	**112,169**	**2,488**	**1,414,193**	**17,980**	**1,432,173**
Net income	0	0	0	0	246,778	0	**246,778**	5,611	**252,389**
Other comprehensive income	0	0	32,714	– 25,614	0	– 40	**7,060**	171	**7,231**
Total comprehensive income	**0**	**0**	**32,714**	**– 25,614**	**246,778**	**– 40**	**253,838**	**5,782**	**259,620**
Deconsolidation	0	0	56	0	– 56	0	**0**	0	**0**
Dividends paid	0	0	0	0	– 97,359	0	**– 97,359**	– 3,358	**– 100,717**
Changes in subsidiary shareholdings	0	0	0	– 18	– 2,322	0	**– 2,340**	– 501	**– 2,841**
Transactions with owners of the company	**0**	**0**	**56**	**– 18**	**– 99,737**	**0**	**– 99,699**	**– 3,859**	**– 103,558**
December 31, 2015	**129,813**	**1,375,957**	**– 136,389**	**– 62,707**	**259,210**	**2,448**	**1,568,332**	**19,903**	**1,588,235**

T€	Share capital	Capital reserve	Reserve for remeasurements (pensions)	Cumulative translation differences	Accumulated profit	Other reserves	Total Symrise AG shareholders' equity	Non-controlling interests	Total equity
January 1, 2016	**129,813**	**1,375,957**	**– 136,389**	**– 62,707**	**259,210**	**2,448**	**1,568,332**	**19,903**	**1,588,235**
Net income	0	0	0	0	252,710	0	**252,710**	8,544	**261,254**
Other comprehensive income	0	0	– 45,244	561	0	– 132	**– 44,815**	326	**– 44,489**
Total comprehensive income	**0**	**0**	**– 45,244**	**561**	**252,710**	**– 132**	**207,895**	**8,870**	**216,765**
Business combinations	0	0	0	0	0	0	**0**	2,750	**2,750**
Deconsolidation	0	0	0	0	1,878	0	**1,878**	0	**1,878**
Dividends paid	0	0	0	0	– 103,850	0	**– 103,850**	– 4,268	**– 108,118**
Changes in subsidiary shareholdings	0	0	0	– 374	– 1,837	0	**– 2,211**	2,211	**0**
Increase of minority interests from capital increases	0	0	0	0	0	0	**0**	30,664	**30,664**
Transactions with owners of the company	**0**	**0**	**0**	**– 374**	**– 103,809**	**0**	**– 104,183**	**31,357**	**– 72,826**
December 31, 2016	**129,813**	**1,375,957**	**– 181,633**	**– 62,520**	**408,111**	**2,316**	**1,672,044**	**60,130**	**1,732,174**

Equity developments are explained in note 34.

Notes

1. GENERAL INFORMATION

Symrise Aktiengesellschaft (Symrise AG, hereafter also referred to as "Symrise" or "we") is a stock corporation under German law and the parent of the Symrise Group with its registered office at Muehlenfeldstrasse 1, 37603 Holzminden, Germany, and is registered in the commercial register of the District Court of Hildesheim under registration number HRB 200436. Symrise is a global supplier of fragrances and flavorings, cosmetic active ingredients and raw materials as well as functional ingredients and solutions that enhance the sensory properties and nutrition of various products.

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

The consolidated financial statements and the Group management report of Symrise AG for the fiscal year ending December 31, 2016, were, by resolution of the Executive Board, submitted to the Supervisory Board's Auditing Committee for review on March 8, 2017, 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 Commercial Code (HGB or "Handelsgesetzbuch") that were valid at the end of the reporting period.

The following explanations include those disclosures and comments that are to be provided as notes to the consolidated financial statements 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 line items included in the consolidated statement of financial position and the consolidated income statement group together individual items. Supplementary information relating to such items is presented separately in the notes. The consolidated income statement has been prepared using the cost of sales method.

2. ACCOUNTING POLICIES

2.1 Basis of Preparation of the Financial Statements

The consolidated financial statements are prepared on the basis of historical cost with the exception of derivative financial instruments, which 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 separate financial statements of the companies included in the consolidation were prepared as of 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 standards and interpretations that were new or revised during the 2016 fiscal year did not impact our reporting.

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

- The **“Amendments to IAS 7 – Disclosure Initiative”** have the objective of improving information provided about changes to a company’s liabilities. With these amendments, a company must provide disclosures on changes in financial liabilities that involve payments made and received that are recognized in the statement of cash flows under cash flow from financing activities. Corresponding financial assets are also to be included in the disclosures (for example, assets held to hedge financial liabilities). Changes from financing cash flows, changes arising from obtaining or losing control of subsidiaries or other businesses, the effect of changes in foreign exchange rates, changes in fair values and other changes are to be disclosed. The IASB proposes that the disclosures be presented in a reconciliation between the opening and closing balances in the statement of financial position but allows for other forms of presentation. The amendments are to become mandatory, subject to their adoption into EU law, for fiscal years starting on or after January 1, 2017, though earlier application is permitted. To comply with the new disclosure requirements, we intend to present a reconciliation of the opening and closing balances for changes in liabilities related to financing activities.

- The **“Amendments to IAS 12 – Recognition of Deferred Tax Assets for Unrealised Losses”** clarify the recognition of deferred tax assets for unrealized losses on debt instruments measured at fair value. The amendments are to become mandatory, subject to their adoption into EU law, for fiscal years starting on or after January 1, 2017, though earlier application is permitted. Currently, we do not expect this adjustment to have a material impact on the consolidated financial statements.

- **IFRS 9 “Financial Instruments”** will replace the recognition and measurement of financial instruments according to IAS 39. IFRS 9 introduces a unified approach to classifying and measuring financial assets as well as a new impairment model based on expected credit losses. The standard also contains new requirements on the application of hedge accounting. IFRS 9 was endorsed into EU law with the directive (EU) 2016/2067 from November 22, 2016, and is to be applied for the first time in fiscal years that begin on or after January 1, 2018. Early application is permitted. Symrise plans to apply the standard for the first time in the fiscal year starting on January 1, 2018.

  The precise effects of the initial application on the consolidated financial statements for the 2018 fiscal year cannot be determined nor reliably estimated as of today, since they will depend on which financial instruments are being held at the end of this reporting period, what the economic environment is and how accounting options and decisions will be made in the future.

  Symrise has already started assessing the effects of the initial application of IFRS 9 based on current accounted transactions. The assessment has so far been based on the information available to us within the Group and can change in the course of further analysis or future supplemental information.

  Based on the current information, we expect that the changes arising from the standard in classification and measurement as well as future hedge accounting will have no material impact on the consolidated financial statements of Symrise AG:

a) Classification and Measurement

IFRS 9 contains a new classification of and measurement for financial assets. Classification depends on both the company's business model for managing financial assets (business model characteristics) on the one hand and the contractual characteristics of the cash flows relating to the financial assets (cash flow characteristics) on the other hand. IFRS 9 uses the following measurement categories to classify financial assets: measured at amortized cost, measured at fair value through profit or loss (FVTPL) and measured at fair value through other comprehensive income (FVOCI). These replace the existing measurement categories from IAS 39.

By contrast, all the accounting provisions for financial liabilities contained in IAS 39 have been adopted into IFRS 9 without amendment. The only amendment implemented in IFRS 9 for financial liabilities relates to liabilities that are classified in the category "at fair value through profit or loss" (FVTPL) using the fair value option. Currently, there are no financial liabilities in the Symrise Group for which the fair value option is being applied.

Based on the current assessment results regarding the impact of IFRS 9 on the Symrise Group, we do not think that the new classification provisions would have had a material impact if they had been applied to the existing transactions as of December 31, 2016.

b) Impairment

The new impairment model in IFRS 9 is replacing the previous incurred loss model from IAS 39. The new impairment requirements focus more strongly on the future with their expected loss model. The model is applied to financial assets measured at amortized cost or at fair value through other comprehensive income as well as to contract assets pursuant to IFRS 15. It is not applied to equity instruments measured at fair value through other comprehensive income.

Symrise plans to apply the simplified approach for determining loss allowances on trade receivables, as laid out in IFRS 9. Due to the short terms and high quality of our trade receivables, we expect that the impact from implementing the new loss allowance model will be relatively minor.

c) Hedge Accounting

Due to the yet to be completed developments regarding the requirements on macro hedging, there is a one-time accounting option for the initial application of IFRS 9 to hedging relationships that allows for applying the requirements from IAS 39 instead of IFRS 9 until further notice. Symrise is currently planning to apply the new requirements specified in IFRS 9.

With the requirements on accounting hedging relationships, IFRS 9 aims to more strongly link hedge accounting with a company's risk management. Additionally, limitations such as the necessary effectiveness range of 80 to 125 % from IAS 39 have been dropped. The existence of the qualifying criteria previously named in IAS 39 remains, however, a requirement for accounting hedging relationships.

The hedging transactions designated in hedge accounting at the end of the reporting period would also fulfill the qualifying criteria for hedge accounting pursuant to IFRS 9. Certain value components of hedging instruments are to be measured more precisely with IFRS 9. The resulting changes are still being assessed. We do not expect any material effects.

Furthermore, IFRS 9 requires comprehensive new disclosures, particularly on the recognition of hedging transactions and credit risk. The analysis for determining how reporting will need to be expanded has not yet been completed. Regarding the transitional provisions defined in IFRS 9, we have not made any decisions beyond the ones mentioned here.

- **IFRS 15 "Revenue from Contracts with Customers"** will regulate the recognition of sales and replace IAS 11 "Construction Contracts" and IAS 18 "Revenue." IFRS 15 was endorsed into EU law with the directive (EU) 2016/1905 from September 22, 2016, and is to be applied for the first time in fiscal years that begin on or after January 1, 2018. Early application is permitted. Symrise plans to apply the standard for the first time in the fiscal year starting on January 1, 2018. The decision on which of the available transitional methods and simplifications will be used has not yet been made.

  Sales revenue is currently recognized in the moment when the opportunities and risks associated with ownership of the merchandise or products sold have been transferred to the buyer. That is to say, sales are recognized when it is probable that the economic benefit from the transaction will be attributed to Symrise and Symrise has no remaining ownership or effective control. Pursuant to IFRS 15, sales should generally be recognized when the customer obtains control of the goods/services being transferred. At Symrise, this is generally the moment of transfer of risk that is contractually specified with the customer in the INCOTERMs (International Commercial Terms).

  According to IFRS 15, sales revenue from the transfer of the stipulated goods or services is represented with the amount corresponding to the transaction price that the company will presumably receive for the delivered goods or services performed. IFRS 15 contains guidelines on disclosing surpluses and obligations resulting from contracts with customers, i.e., assets and liabilities that result from services rendered by the company or customer payments. The new standard also requires notes on the type, amount, timing and uncertainties of sales and cash flows.

  Symrise completed an initial assessment of the possible effects of implementing IFRS 15:

  Based on the analysis so far, we do not expect any material impact on overall sales recognized. Defined benefit obligations that are satisfied over time do not currently exist at Symrise. At this time, we also do not expect any material changes from the other diverse topics covered by IFRS 15, such as the treatment of costs to obtain or fulfill a contract, the right of return or customer loyalty programs.

  Based on the information we currently have available on existing transactions, we do not expect the application of IFRS 15 to have a material impact on the consolidated financial statements of Symrise other than the addition of some quantitative and qualitative disclosures in the notes. Nonetheless, we are continuing our project started last year of analyzing possible impacts in detail.

- **IFRIC 22 "Foreign Currency Transactions and Advance Consideration"** addresses a question regarding the application of IAS 21. It clarifies what date is to be used to determine the exchange rate to use for advance considerations received or paid in foreign currencies. Essential for determining the exchange rate for the asset, income or expense in question is the date of the initial recognition of the asset resulting from the advance consideration or the date of the resulting liability. The interpretation is to be applied, subject to its endorsement into EU law, in fiscal years that start on or after January 1, 2018. Earlier application is permitted. We do not expect this to have a material impact on the consolidated financial statements.

- **IFRS 16 "Leases"** replaces IAS 17 and its corresponding interpretations and introduces a unified accounting model where leases are generally to be recognized in the lessee's statement of financial position. Accounting for the lessor is substantially unchanged from the current standard. Since Symrise is not currently engaged as a lessor, the impacts of IFRS 16 on lessors will not be covered here. IFRS 16 is applicable to fiscal years beginning on or after January 1, 2019. Earlier application is permitted under the prerequisite of simultaneous application of IFRS 15 "Revenue from Contracts with Customers." Subject to a corresponding EU endorsement, Symrise will apply the standard for the first time for the fiscal year starting on January 1, 2019.

  With IFRS 16, accounting for lessees is based on a right-of-use model. According to this, a lease exists when a contract stipulates the right to control the use of an identified asset for a specific period in exchange for a consideration. In such cases, the lessee is to recognize in the statement of financial position right-of-use assets for the leased property and liabilities for the payment obligations received. Furthermore, there is an accounting option where short-term leases with a total term of twelve months or less and leases with low-value assets, which having a new value of no more than USD 5,000, are exempt from the right-of-use method. Low-value assets are the subject of leases that, when viewed individually, are not material to the business activities of the company. When utilizing this accounting option, the lease agreement is accounted for using effectively the same regulations as under IAS 17 (Operating Leases). Furthermore, more comprehensive qualitative and quantitative disclosures will also be required in the future.

  We have started an initial analysis of the possible impact on Symrise's consolidated financial statements:

  For all operating leases, new assets and liabilities are to be recognized with the exception of the simplification rules named. Additionally, the type of expenses that are connected with these lease agreements will change since IFRS 16 replaces linear expenses for operating leases with the separate presentation of both a depreciation charge for right-of-use assets and the interest expense on the lease liability. Currently, no material impacts are expected for the Group's finance lease agreements. In IFRS 16, special transitional provisions have been defined for the standard's initial application to preexisting lease agreements as well as for the transitional application of IFRS 16 (retrospectively or retrospectively with the modification of regulations for an optional practical expedient). We have not yet made a decision regarding their use. We cannot yet determine the impacts of applying IFRS 16 to the assets and liabilities recognized. Without being able to make specific quantitative disclosures at the moment, it is clear that new assets and liabilities will, at initial application, significantly increase balance sheet total and therefore reduce the equity ratio. The quantitative impacts depend on the transitional method selected, the extent to which the regulations for the practical expedient and exemptions for recognition are applied, and all additional leases that the Group will enter into among other things.

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

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 that influence the application of accounting policies, the amounts at which assets and liabilities are recognized and the manner in which contingent liabilities are disclosed at the end of the reporting period, 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 of future developments to be reasonable in consideration of the underlying uncertainties, actual results can vary from the estimates and assumptions we provide.

Any changes in value that result from such a review are recognized in the reporting period in which the change is made and in any other future reporting periods that are impacted.

In the following sections we list the discretionary decisions made most often and accounting policies affected by judgments, estimates and assumptions that can have a material impact on 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, AND PROPERTY, PLANT AND EQUIPMENT AND DETERMINING THE USEFUL LIFE

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

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

RECOGNITION OF INTERNALLY GENERATED INTANGIBLE ASSETS FROM DEVELOPMENT ACTIVITIES

Intangible assets generated internally through development 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 recognized as an intangible asset in the statement of financial position is connected with considerable discretion. Particularly important are the decisions 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 falls to management, who must make the decision based on assumptions of the amounts of future cash flows from assets, the applicable interest rates and the period of inflow from expected future cash flows.

RECOGNITION OF CURRENT INCOME TAXES AND DEFERRED TAXES

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

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

PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS

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

The discounting factors are to be based on the yields that could be obtained at the end of the reporting period 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 underlying assumptions, which may have significant impact on 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 defaults 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 it is probable that a default will occur and whether the default amount can be reliably estimated. The determination of general individual valuation allowances for the remaining receivables on the basis of previous default is associated with significant discretion since the past is not necessarily representative of future developments. Changes to our estimates in relation to the valuation allowances on doubtful receivables can have considerable impact on the assets and expenses recognized in our consolidated financial statements.

RECOGNITION OF PROVISIONS FOR LITIGATION AND LONG-TERM REMUNERATION PLANS

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

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

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

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

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

2.4 Principles Determining the Inclusion of Subsidiaries and Associated Companies in the Consolidated Financial Statements and Scope of Consolidation

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 and those of its subsidiaries are prepared as of the end of the reporting period 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 cost cannot be recovered in the future.

Subsidiaries are consolidated from the date of acquisition, i.e., from the date on which Symrise AG gains a controlling interest. Inclusion in the consolidated financial statements ceases on the date when the parent's controlling influence ends.

Assets, liabilities and contingent liabilities deriving from business combinations are generally recognized at fair value at the time of acquisition. In circumstances where the acquisition cost relating to the business combination exceeds the proportionate share of the newly measured net asset value of the acquired object, the amount of such difference is recognized as goodwill. Non-controlling interests can be measured on admission at fair value or at the proportionate share of the identifiable net assets. Symrise uses the latter method. The expenses and income of any subsidiaries that are acquired are included in the consolidated income statement starting on the acquisition date.

The Equity Method of Accounting

Investments in associated companies are accounted for using the equity method and initially recognized at cost, including transaction costs.

After the acquisition date, the share of the net profit or loss of the associated company is recognized in the consolidated income statement. The share of any changes to equity that do not impact profit or loss is recognized directly in other comprehensive income under Group equity. Any accumulated post-acquisition changes 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. If the corresponding indicators arise, carrying amounts for associated companies accounted for using the equity method are subjected to an impairment test.

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

We did not separately disclose our investment in Therapeutic Peptides Inc. (USA) due to a lack of materiality.

SCOPE OF CONSOLIDATION

In addition to Symrise AG as parent, 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. Subsidiaries are those companies in which Symrise AG holds an actual or de facto majority of voting rights and over which it exercises power over business and financial policies in order to benefit from their activities and therefore possesses the opportunity for control. Symrise is also exposed to variable returns from its involvement with the investee or has rights to these companies and has the potential to affect the returns. Associated companies are companies over which Symrise AG exercises significant influence over business and financial policies but that are not subsidiaries or joint ventures.

In the 2016 fiscal year, the scope of consolidation developed as follows:

	December 31, 2015	Additions	Disposals	December 31, 2016
Fully consolidated subsidiaries				
Domestic	10	–	–	10
Foreign	82	13	7	88
Associated companies				
Foreign	1	1	–	2
Total	**93**	**14**	**7**	**100**

The following companies were founded in the 2016 fiscal year:

- Symrise Parsian (Iran),
- Probi US, Inc. (USA),
- Diana Food Canada Inc. (Canada),
- Symrise Flavors & Fragrances (Nantong) Co. Ltd. (China) and
- SPF (Chuzhou) Pet Food Co. Ltd. (China).

Within the framework of business combinations, another six subsidiaries were added. For further details, please continue reading this section. Furthermore, we included two previously inactive companies to our consolidated subsidiaries.

The addition to associated companies accounted for using the equity method resulted from the acquisition of 26.28 % of the shares in the French company Octopepper SAS via the French subsidiary Spécialités Pet Food SAS on March 18, 2016.

The following mergers occurred during the 2016 fiscal year:

- Confoco USA International Ltd. into Diana Natural Inc. (both USA),
- DianaPlantScience Inc. and Diana Aquasea Inc. into Diana US Inc. (all USA),
- Diana Naturals Chile Ltda. into Diana Naturals Chile SpA (both Chile) and
- Pinova Holdings Inc. and Renessenz LLC into Symrise Inc. (all USA).

The US company Pinova Inc. was sold effective December 9, 2016. See details below.

Due to these changes, the number of consolidated companies has increased to 98 and the number of associated companies to two companies.

Business Combinations

PINOVA GROUP

The transaction was described in the previous consolidated financial statements in the notes under note 51 (Events After the Reporting Period). The following merely shows the changes from the previous description.

The final transaction amount comes to USD 412.4 million. Of that, the unchanged amount of USD 235.0 million goes to the redemption of borrowings acquired in the form of bank and shareholder loans. The remaining USD 177.4 million represents the purchase price in the sense of IFRS 3. The payment to be made at the beginning of January 2016 consisted of an underlying component, which was adjusted on the acquisition date by contractually fixed items in the statement of financial position. At the time of payment, preliminary figures underlaid the amount. Based on the now final figures, the purchase price was reduced by USD 3.1 million. This amount was offset by the payments due at the beginning of July 2016 and in the first quarter of 2017 from the fiduciary account totaling USD 20.0 million. As of the end of the reporting period on December 31, 2016, an outstanding payment of USD 8.5 million remains.

The acquired assets and liabilities including contingent liabilities are recognized at the following fair values:

TUSD	Recognized fair value as of the acquisition date
Cash and cash equivalents	1,859
Trade receivables	41,947
Inventories	98,311
Intangible assets	109,513
Property, plant and equipment	134,839
Other assets	1,208
Borrowings	– 235,030
Trade payables	– 27,561
Other liabilities	– 8,284
Deferred tax liabilities	– 14,396
Acquired net assets	**102,406**
Consideration transferred for acquiring the interests	**177,413**
Goodwill	**75,007**

The purchase price allocation for this transaction was finalized at the beginning of December 2016. The preliminary fair values at the acquisition date, which were recognized in the interim report on June 30, for intangible assets (USD – 17.5 million) and the corresponding deferred tax liabilities (USD 6.9 million) have changed. More exact information on business development that had already taken place by the acquisition date but that was not yet fully known to us as of June 30, 2016, made adjustments necessary. All other fair values remain unchanged from their presentation in the interim report.

Obligations from existing supply contracts of USD 1.1 million are recognized in other liabilities. The goodwill results from synergy and earning potentials that are expected from the integration of the operating business into the Symrise Group. Of the recognized goodwill, none is likely to be deductible for tax purposes.

From the acquisition date, the group contributed € 208.3 million to sales and € – 7.5 million to consolidated net income. This consolidated net income is negatively impacted by a one-time expense of USD 4.7 million (€ 4.2 million) and is recognized in the cost of goods sold. As part of the purchase price allocation, the purchased inventories were recognized at their sale price minus any outstanding expenses for completion. Because these purchased inventories were processed and sold as end products before June 30, 2016, this appreciation was completely recognized in the first half of the year together with the other material and production costs through profit or loss.

In the Scent & Care segment, one-time, non-recurring ancillary acquisition costs related to acquisition and integration and totaling € 17.9 million were recognized in 2016 in the operating result (cost of goods sold: € 6.5 million, selling and marketing expenses: € 2.2 million, research and development expenses: € 0.2 million, administration expenses: € 9.0 million).

SCELTA UMAMI GROUP

The transaction was described in the previous consolidated financial statements in the notes under note 51 (Events After the Reporting Period). The following merely shows the changes from the previous description. The purchase price allocation for the purchase of 60 % of the shares in the Dutch company Scelta Umami Holding BV, which is the parent of the operating company Scelta Umami BV, was finalized at the end of June 2016.

The assets and liabilities acquired, as well as the portion that is attributable to non-controlling interests, are recognized at the following fair values:

T€	Recognized fair value as of the acquisition date
Cash and cash equivalents	298
Trade receivables	346
Inventories	930
Intangible assets	7,008
Property, plant and equipment	1,616
Other assets	48
Borrowings	– 1,155
Trade payables	– 282
Other liabilities	– 183
Deferred tax liabilities	– 1,751
Net assets	**6,875**
Non-controlling interests	– 2,750
Acquired net assets	**4,125**
Consideration transferred for acquiring the interests	**8,243**
Goodwill	**4,118**

The goodwill results from synergy and earning potentials that are expected from the integration of the operating business into the Symrise Group. Of the recognized goodwill, none is likely to be deductible for tax purposes.

No notable transaction costs were incurred for this acquisition in 2016. The contributions of the acquired business to Group sales and consolidated net income for the period since the acquisition date (January 6, 2016) were negligible.

NUTRA CANADA INC.

With the contract signing on May 12, 2016, Diana Food Canada Inc. (Canada) a subsidiary of Diana Naturals SAS (France) finalized a purchase contract on the acquisition of all shares in Nutra Canada Inc. (Canada). The closing of this transaction and the acquisition of control occurred on the same day. Nutra Canada Inc. specializes in fruit and plant extracts from natural ingredients such as cranberries or spinach. The company produces, supplies and markets dry powders and plant extracts and thereby supplements the portfolio of natural, health-promoting substances in the Consumer Health unit in the Nutrition segment. With the exception of an installment of CAD 0.6 million that is to be kept for a term of 18 months in a fiduciary account, the purchase price of CAD 6.3 million, which amounts to € 4.3 million, was to be paid in cash.

The purchase price allocation for this transaction was finalized at the beginning of December 2016. The preliminary fair values at the acquisition date recognized in the interim report from June 30 as carrying amounts were replaced with the finalized fair values as of the acquisition date:

TCAD	Recognized fair value as of acquisition date
Cash and cash equivalents	174
Trade receivables	613
Inventories	1,225
Intangible assets	5,966
Property, plant and equipment	4,957
Other assets	646
Borrowings	– 5,544
Trade payables	– 502
Other liabilities	– 2,974
Deferred tax liabilities	– 1,498
Net assets	**3,063**
Consideration transferred for acquiring the interests	**6,252**
Goodwill	**3,189**

There were no trade receivables at the time of acquisition that were classified as unrecoverable. The goodwill results from synergy and earning potentials that are expected from the integration of the operating business into the Symrise Group. Of the recognized goodwill, none is likely to be deductible for tax purposes.

No notable ancillary acquisition costs were incurred for this acquisition in 2016. The contributions of the acquired business to Group sales and consolidated net income for the period since the acquisition date were negligible.

NUTRACEUTIX

Effective October 3, 2016 (closing), Probi US, Inc. (hereinafter: Probi) acquired the business operations of the company previously known as Nutraceutix from TnTGamble Inc. (USA) via an asset deal. Nutraceutix has two locations, in Washington state and Colorado, USA, and is one of the largest producers and suppliers of probiotics in North America with both domestic and international customers (end customers and B2B customers). The acquisition provides significantly expanded capacities and an improved market presence to Probi while facilitating its growth. Furthermore, Probi now has access to important new technologies and thereby contributes to future value creation in the Nutrition segment.

The purchase price consists of an underlying component of USD 105.0 million that was to be adjusted to contractually stipulated figures in the statement of financial position as of the acquisition date. At the closing, preliminary figures underlay the amount (USD 106.5 million or € 95.3 million). With the exception of an installment of USD 5.3 million that is to be kept for 18 months in a fiduciary account, the amount was to be paid in cash.

The fair value of the assets and liabilities obtained was not available for this financial statement due to the temporal proximity of the transaction with the end of the reporting period. Following the premise that these will be assumed at their carrying amount, the following difference results:

TUSD	Carrying amount as of the acquisition date
Trade receivables	5,124
Inventories	6,605
Intangible assets	4,081
Property, plant and equipment	4,306
Other assets	228
Other liabilities	– 1,500
Net assets	**18,844**
Consideration transferred for acquiring the interests	**106,452**
Goodwill (provisional)	**87,608**

There were no trade receivables at the time of acquisition that were classified as unrecoverable. The goodwill, which is tax deductible according to local tax provisions, results from synergy and earning potentials that are expected from the integration of the operating business into the Probi Group and therefore the Symrise Group. The first-time recognition of this acquisition should be viewed as preliminary and is based on estimates, which are subject to post-processing, in order to take facts and conditions that already existed as of the acquisition date into consideration.

For this acquisition, ancillary acquisition costs of € 1.7 million are included in administration expenses for 2016. From the acquisition date, Nutraceutix contributed € 7.6 million to sales and € – 0.4 million to consolidated net income.

Under the assumption that the purchase of Nutraceutix had taken place as of January 1, 2016, it would have contributed € 2,925.9 million to Group sales and € 256.7 million to consolidated net income. In the case of the Pinova Group, we did not disclose the pro-forma figures for Group sales and the consolidated net income for the period under the assumption that all 2016 acquisitions had already taken place on January 1, 2016, due to the temporal proximity between January 1, 2016, and the date of control (January 7, 2016). The same is true for the acquisition of the Scelta Group (January 6, 2016). The effects from the acquisition of Nutra Canada were not significant and are therefore not included in this presentation.

Business Disposal

PINOVA INC.

The US company Pinova Inc. was sold to DRT effective December 9, 2016. The purchase price consists of two components: the amount due at closing in cash based on an underlying component of USD 150.0 million, which is adjusted on the sale date by contractually fixed items in the statement of financial position. Initially, provisional values underlay the purchase price. This resulted in a preliminary purchase price of USD 140.5 million. The measurement of the final values and therefore the establishment of the final purchase price are to be completed within 90 days of the acquisition date. A partial payment of USD 10.0 million has been paid into a fiduciary account for a term lasting at the latest until 2018. The payment of this partial amount will be reduced for any possible purchase price reductions resulting from the final purchase price adjustment and any possible claims for damages.

Pursuant to the provisions of IFRS 5, the assets and liabilities of this company were to be classified as a disposal group held for sale from the date when the sale was highly likely (October 28, 2016) until its actual sale. The measurement provisions of IFRS 5 did not require any impairment with regard to the purchase price. The disposal group included the following assets and liabilities:

T€	Carrying amount
Cash and cash equivalents	3,363
Trade receivables	13,802
Inventories	37,004
Intangible assets (without goodwill)	60,073
Property, plant and equipment	37,212
Other assets	218
Trade payables	– 14,838
Deferred tax liabilities	– 27,832
Other liabilities	– 1,293
Proportional disposal of goodwill	13,299
Equity transferred	**121,008**
Sale price	126,408
Income from disposal	**5,400**

The company was assigned to the Scent & Care segment. The goodwill contained in the carrying amount of the division sold (€ 13.3 million) was determined based on the relative value of the division sold and the portion of the cash-generating unit retained. Alongside the resulting deconsolidation income of € 5.4 million, accrued exchange rate differences from translation (losses) of € 1.9 million were recognized in other comprehensive income, which were to be reclassified in the income statement. The offset result of € 3.5 million is recognized within other operating income (see note 10).

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 Group companies conduct their business independently for financial, commercial and organizational purposes, the functional currency is generally the local currency or, in exceptional cases, the US Dollar. Assets and liabilities of foreign subsidiaries whose functional currency is not the Euro are translated into euros at the applicable closing rates, 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 directly in equity as "cumulative translation differences."

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 directly in equity as "cumulative translation differences" and reclassified from other comprehensive income to the income statement at the time of the disposal or redemption of the net investment.

Equity components are translated at the historical rates of exchange effective at the time they were treated as an addition from a Group perspective. Any translation differences resulting from this process are recognized directly in equity as "cumulative translation differences." 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 directly in other comprehensive income, will be (proportionately) reclassified to the income statement in the same period.

Transactions designated in foreign currencies are translated by us into the respective functional currency of our subsidiaries at the exchange rate valid on the day of the transaction. Monetary assets and liabilities that are designated in foreign currencies are measured using the closing rate. Any currency translation effects resulting from operational activities are recorded within cost of goods sold, whereas any impacts resulting from financing activities are recorded within the financial result.

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

			Closing rate = € 1		Average rate = € 1	
Country	Currency		December 31, 2015	December 31, 2016	2015	2016
Brazil	Brazilian Real	BRL	4.314	3.437	3.699	3.855
China	Chinese Renminbi	CNY	7.073	7.325	6.912	7.347
UK	British Pound	GBP	0.735	0.859	0.726	0.820
Mexico	Mexican Peso	MXN	18.923	21.842	17.622	20.678
Singapore	Singapore Dollar	SGD	1.540	1.526	1.526	1.528
USA	US Dollar	USD	1.089	1.056	1.110	1.107

ACCOUNTING PRACTICES IN COUNTRIES WITH HYPERINFLATION

The financial statements of foreign subsidiaries whose functional currency is one of a country with hyperinflation are adjusted for the change in purchasing power arising from the inflation before conversion to euros and before consolidation. Non-monetary line items on the statement of financial position, which are measured using acquisition cost or amortized cost, as well as those amounts recognized 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 in the consolidated financial statements is not required pursuant to IAS 21.42 (b). In these cases, all line items on the statement of financial position and those amounts recognized in the income statement are recalculated based on the closing rate.

RECOGNITION OF SALES REVENUE

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

GOVERNMENT GRANTS

Government grants are only recorded when reasonable certainty exists that the conditions attached to them will be complied with and that the grants will be received. Grants are recognized as other operating income in the period in which the expenses occur for which the grant is meant to compensate.

LEASES

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

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

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

INCOME TAXES

Income taxes comprise both current and deferred taxes. Income taxes are recognized in the consolidated income statement unless the expense relates to items that are recognized in other comprehensive income in equity or directly in equity.

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

Deferred taxes are recognized by applying the liability method to all temporary differences existing at the end of the reporting period 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 that affects neither the commercial accounting result nor the taxable result.

The effects of changes in tax rates on deferred taxes are recognized in the income statement or as 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 (known as "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 in the case that it is likely that the temporary differences will not reverse in the foreseeable future.

EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit attributable to the holders of the parent'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.

BUSINESS COMBINATIONS AND GOODWILL

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

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 value of the identifiable assets and liabilities acquired. Goodwill is not subject to 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 the cash-generating units that are expected to benefit from the synergies deriving from the business combination. Ancillary acquisition costs incurred are recognized with effect on profit or loss.

BORROWING COSTS

In accordance with IAS 23, borrowing costs are included in the cost 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 acquisition date. 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 amortization but rather are subject to an annual impairment test. As of the end of the reporting period, the Symrise Group holds no intangible assets with an indefinite useful life apart from goodwill. For intangible assets with a definite useful life, cost is amortized in the consolidated income statement on a straight-line basis over the term of useful life:

Intangible assets	Useful life
Software	3–10 years
Recipes	5–25 years
Trademarks	6–40 years
Customer base	6–15 years
Patents and other rights	1–40 years

The useful lives and amortization methods for intangible assets are reviewed annually for suitability and prospectively adjusted if necessary. In addition, the carrying amount of capitalized development costs is 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 less accumulated amortization and impairment losses.

Profits and losses deriving from the disposal of an intangible asset are recognized at the time of disposal as the difference between the proceeds from disposal and the carrying amount of the intangible asset in the consolidated income statement.

RESEARCH AND DEVELOPMENT EXPENSES

Costs for research activities are recognized as expenses at their full amount. For accounting purposes, research activities are defined as costs in connection with original or planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding.

Development expenses are defined as costs connected to the application of research findings or other specialist knowledge to production, production processes or services and goods before the start of commercial production or use. 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, if the product is both technically and financially feasible and if future financial benefits that would cover the corresponding development costs are probable. 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 depreciation and impairment losses. If the cost of components for property, plant and equipment are material (in comparison to the total cost), then these components are recognized by Symrise as separate items and they are separately depreciated.

Depreciation occurs on a straight-line basis in the consolidated income statement based on the following useful lives:

Property, plant and equipment	Useful life
Buildings	5–50 years
Plants and machinery	3–33 years
Equipment	3–20 years

Land is not depreciated insofar as it does not concern land used as part of a leasehold. Depreciation of leasehold improvements is determined based on their useful lives or the term of the lease, whichever is shorter. In determining the depreciation period applied, any lease extension options are considered if it is probable that they will be exercised.

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

FINANCIAL INSTRUMENTS

General Information

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

Financial assets particularly include cash and cash equivalents, trade receivables, loans receivable and equity instruments 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 expected future cash flows.

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

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

Financial instruments are classified into the categories “loans and receivables (LaR)”, “financial asset or financial liability at fair value through profit or loss (aFVtPL)”, “financial assets held to maturity (HtM)”, “financial assets available for sale (AfS)” and “financial liabilities at amortized cost (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 through other comprehensive income or in the income statement.

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 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 (HfT)”. Derivative financial instruments are measured at fair value through profit or loss and recognized as financial assets or as financial liabilities. The fair value of traded derivative financial instruments corresponds to their market value. If no market values exist, the present value is determined using recognized financial models. Derivative financial instruments are neither held nor issued for speculative purposes.

Cash Flow Hedge
Symrise employs derivative financial instruments to hedge currency risks resulting from its operating business and financing activities.

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

Insofar as the requirements of IAS 39 for the application of cash flow hedge accounting are fulfilled, the cumulative measurement gains/losses will be initially recognized in the cash flow hedge reserve under other reserves and then reclassified to the consolidated income statement in the period in which the hedged underlying transaction influences the net profit or loss for the period.

Measurement gains/losses from the derivative financial instrument will be reclassified to sales or cost of goods sold depending on the underlying transaction (trade payables or receivables in foreign currency). There they will be balanced out 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 are applied to mitigate the impact of exchange rate effects. The requirements resulting from IAS 39 for application of hedge accounting are met by Symrise as follows: When hedging measures are begun, both the relationship between the hedging instrument employed and the hedged item as well as the objective and strategy surrounding the hedge are documented. This includes both the concrete allocation of the hedging instrument to the expected foreign currency receivable/liability as well as the estimation of the degree of hedge effectiveness of the 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 though some forward contracts are not presented as cash flow hedge accounting, these also represent a currency fluctuation hedge from a financial point of view. In such cases, the measurement effects of the derivative financial instrument balance out with the effects from the measurement of the foreign currency receivable or liability within the cost of goods sold.

If Symrise initiates the hedging measure with the economic goal of acquiring business operations, then this counts as non-financial circumstances. Upon conclusion of the acquisition, the valuation effects that have been accruing in other comprehensive income up to this point are offset against goodwill.

Trade Receivables and Other Receivables

Trade and other receivables are measured, where applicable by applying the effective interest method, with their market value at the date they arose less 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 principally measured at amortized cost.

Financial Assets Available for Sale

Financial assets available for sale (AfS) are non-derivative financial instruments that were designated as available for sale or that 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 fair value if this can be directly ascertained 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 measurement not recognized in the income statement to net income occurs at the time of disposal. If the fair value of financial assets available for sale falls below acquisition cost significantly or over a longer period of time, the impairment loss is immediately recognized through profit or loss. If the reasons for the impairment cease to exist, the reversal of the impairment loss 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 that are classified as "held for sale" in accordance with IFRS 5. These are recognized at the lower of their carrying amount or fair value minus costs to sell. Insofar as liabilities are identified as relating to corresponding disposal groups, then these are also classified as "held for sale."

INVENTORIES

Inventories are measured at the lower of cost or net realizable value. Cost includes the cost of procuring the inventories, the manufacturing cost or the conversion cost and any other costs incurred to bring the inventories to their existing location and condition. Net realizable value is determined as the estimated selling price less any estimated cost of completion or any necessary selling and marketing expenses.

Raw materials are measured at cost using the weighted average procurement cost. Finished goods, work in progress and services are measured using the cost of direct materials, direct labor and 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 whose terms 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 under the affected functional area in the consolidated income statement as they become due.

Defined Benefit Plans

Defined benefit plans comprise all pension plans other than defined contribution plans. Claims relating to defined benefit plans are calculated separately for each plan with the actuarially calculated present value of the earned benefit entitlement. This is done by estimating the future pension benefit amount that employees have become entitled to in return for their service in the 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 end of the reporting period 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. If the plan assets exceed the corresponding obligation from pensions, the excess amount would be recognized in other receivables pursuant to the asset ceiling provision in IAS 19.

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

Remeasurements of net liability from defined benefit plans contain actuarial gains and losses from the change in present value of the defined benefit obligation, the return on plan assets excluding amounts included in net interest, and effects in the case of an asset ceiling. They are immediately recognized in other comprehensive income 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 that makes it probable that an outflow of resources embodying economic benefits will be required, and when a reliable estimate of the amount of the obligation is possible.

The amount 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 end of the reporting period. Discount rates are regularly adjusted to current market interest rates.

Additions 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 not relating to the period under review are concerned, these are recognized under other operating income.

IMPAIRMENTS

Trade Receivables

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

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

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

- substantial financial difficulties of the debtor;
- breach of contract;
- concessions to the customer, for economic or legal reasons relating to their financial difficulty;
- insolvency or the likelihood of a major restructuring by the debtor;
- indications through observable data that there is a measurable decrease in 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 asset in the group (general bad debt allowance).

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

Impairments of trade receivables are partially performed by applying value allowance accounts. The decision as to whether a default is covered by an allowance 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 operating segments and differing regional conditions, this decision is made by the individual financial expert responsible.

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 could have 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 fair value.

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

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

Non-financial Assets

At the end of each reporting period, 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 no longer covered by its recoverable amount. If such indications exist, or if a test for impairment of an asset needs to be made, the recoverable amount is estimated. The recoverable amount of an asset is the higher of the fair value of the asset or of a cash-generating unit less any costs to sell it and its value in use. The recoverable amount must be determined for each individual asset unless the asset itself does not generate any cash inflows that are largely independent of those generated by other assets or asset groups. If the carrying amount of the asset exceeds its recoverable amount, the asset is considered to be impaired, and an impairment loss is recorded, which means the asset is reduced to its recoverable amount. In order to determine the value in use, estimated future cash flows expected to be derived 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 the end of each reporting period, 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 that would have resulted if no impairment loss had been recognized in previous years. Such reversals are to be recognized directly in the net income for the period. Following the reversal of an impairment loss, the amortization or depreciation for future periods is adjusted as necessary in order to systematically spread the adjusted carrying amount of the asset less any expected future residual value over its remaining useful life.

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 tests are 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 not larger than an operating 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 less any costs to sell (Level 3) and its value in use. If the recoverable amount attributable to the cash-generating unit is less than its carrying amount, an impairment loss is recognized. Impairment losses on goodwill must not be reversed in future periods. Within the Symrise Group, two segments (Scent & Care and Flavor & Nutrition) were previously defined as cash-generating units. Following the expansion of the Executive Board with one member responsible for Flavor and another one for Nutrition as of October 1, 2016, the segment structure was changed from the previous two cash-generating units to three separate segments and cash-generating units: Scent & Care, Flavor and Nutrition. The goodwill previously designated to the segment Flavor & Nutrition has been re-designated pursuant to the provisions of IAS 36.87 by applying a relative value approach to the two now separate cash-generating units Flavor and Nutrition.

Symrise normally carries out its annual impairment test for goodwill on September 30. Due to the disposal of Pinova Inc., whose business was allocated to the cash-generating unit Scent & Care, the impairment test for this cash-generating unit was performed instead on November 30, 2016, for this year's annual financial statements. The closing of the sale of Pinova Inc. was on December 9, 2016 (see note 2.4). For the sake of simplicity and in view of materiality, we deconsolidated the company as of November 30, 2016. The goodwill from this company, which was to be considered in determining the income from the disposal, was measured pursuant to IAS 36.86 based on the relative value of the division sold and the unit that was retained. The impairment test for the cash-generating unit Scent & Care was performed directly subsequent to this deconsolidation. Insofar as no special events arise in the course of 2017, the impairment test for Scent & Care will be performed as usual on September 30 for next year's annual financial statement.

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 and/or 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 2017 to 2020. A growth rate of 1.0 % (previous year: 1.0 %) was assumed for the measurement of perpetual annuity. The cash flows determined in this manner were discounted with a weighted average capital cost factor after tax of 7.03 % for Scent & Care, 6.86 % for Flavor and 6.86 % for Nutrition (2015: 7.97 % for Scent & Care and 7.89 % for Flavor & Nutrition). Cost of equity and borrowing costs were weighted with a capital structure based on a group of comparable companies. Capital market data and data from comparable companies were used in determining cost of equity and borrowing costs. There were no indications of impairment for the fiscal year.

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

DETERMINING FAIR VALUE

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

Financial Instruments – General Principles

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

- Input factors of Level 1 are (unadjusted) quoted prices for identical assets or liabilities in active markets that the company can access at the measurement date.
- Input factors of Level 2 are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Input factors of Level 3 are unobservable inputs for the asset or liability.

Property, Plant and Equipment

The fair value for property, plant and equipment recognized as a result of a business combination is based on market values. The market value for real estate is based on the estimated value at which the real estate could be sold on the day of measurement under the presumption that this would represent a transaction between a willing buyer and a willing seller under the terms of which both parties operate knowledgeably, prudently and without compulsion and the transaction is preceded by adequate marketing activities. The market values of items of plant, equipment, fixtures and fittings are based on quoted prices for similar items.

Intangible Assets

The fair value of recipes recognized as a result of a business combination is based on the discounted estimated royalty payments that were avoided as a result of the recipe becoming owned or is based on the discounted cash flows that are expected to derive from use of the recipe. The fair value of other intangible assets (e.g., customer base and trademarks) is based on the discounted cash flows that are expected to derive from the use and eventual sale of the assets.

Inventories

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

3. SEGMENT INFORMATION

DESCRIPTION OF REPORTABLE SEGMENTS

For internal reporting purposes, we present our business activities in a number of different ways, mainly based on segments and geographical regions.

Based on this reporting information, the Executive Board, which carries responsibility as chief operating decision-maker for the success of the various segments and the allocation of resources, assesses the business activities from a number of angles. Operating segments are divided into divisions. Following the expansion of the Executive Board with one member responsible for Flavor and one for Nutrition, the number of reporting segments has increased to three. The organization of the three segments, Scent & Care, Flavor and Nutrition, is based on our products. The presentation of the results from the previous year was accordingly adjusted for the segments.

SCENT & CARE

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

FLAVOR

The Flavor segment develops, produces and sells flavors and functional ingredients used in the production of foods (savory and sweet foods as well as milk products), beverages and health products.

NUTRITION

Alongside functional ingredients, the Nutrition segment develops, produces and sells tailored solutions from natural raw materials. These are found in foods and beverages, pet foods, aquacultures and cosmetics.

The segment reporting by region is aligned to the location of assets. Sales to customers are reported in the geographical region in which the customer is located. Countries are grouped together for internal 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 reporting in the Symrise Group is based on the IFRS accounting principles detailed in note 2.

Transactions are only conducted between the segments to an immaterial extent. These are transacted at market prices and have not been separately disclosed for materiality reasons. External sales represent the sales of the three segments to third parties and thus their sum equals consolidated sales of the Symrise Group.

The revenue and expenditure of the Symrise Group's central units and functions are completely included in the three segments Scent & Care, Flavor and Nutrition 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 (EBITDA). The depreciation and amortization charges that can be directly attributed to each segment are included in determining 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 earnings.

Capital investments made by a segment comprise 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 20.

SEGMENT RESULTS

2015 T€	Scent & Care	Flavor	Nutrition	Segment total = Group total
External sales	1,073,681	980,203	547,846	**2,601,730**
Cost of goods sold	– 604,691	– 532,761	– 352,689	**– 1,490,141**
Gross profit	**468,990**	**447,442**	**195,157**	**1,111,589**
Selling and marketing expenses	– 164,422	– 166,733	– 95,757	**– 426,912**
Research and development expenses	– 78,641	– 65,676	– 25,323	**– 169,640**
Administration expenses	– 50,649	– 52,474	– 45,361	**– 148,484**
Other operating income	7,719	8,339	16,760	**32,818**
Other operating expenses	– 788	– 2,146	– 1,225	**– 4,159**
Income from operations/EBIT	**182,209**	**168,752**	**44,251**	**395,212**
Amortization and impairment of intangible assets	26,453	19,358	55,397	**101,208**
Depreciation and impairment of property, plant and equipment	22,569	30,813	22,379	**75,761**
EBITDA	**231,231**	**218,923**	**122,027**	**572,181**
Financial result				**– 44,319**
Earnings before income taxes				**350,893**
Income taxes				**– 98,504**
Net income				**252,389**
Other segment information				
Investments[1])				
Intangible assets	9,092	5,405	3,956	**18,453**
Property, plant and equipment	47,151	52,349	29,895	**129,395**

1) Excluding additions related to the scope of consolidation

2016 T€	Scent & Care	Flavor	Nutrition	Segment total = Group total
External sales	1,311,302	1,015,856	576,029	**2,903,187**
Cost of goods sold	– 813,294	– 545,611	– 358,813	**– 1,717,718**
Gross profit	**498,008**	**470,245**	**217,216**	**1,185,469**
Selling and marketing expenses	– 194,761	– 176,070	– 97,960	**– 468,791**
Research and development expenses	– 89,730	– 65,953	– 30,469	**– 186,152**
Administration expenses	– 58,961	– 51,212	– 48,319	**– 158,492**
Other operating income	11,783	7,355	15,952	**35,090**
Other operating expenses	– 631	– 1,480	– 364	**– 2,475**
Income from operations/EBIT	**165,708**	**182,885**	**56,056**	**404,649**
Amortization and impairment of intangible assets	35,620	20,112	56,485	**112,217**
Depreciation and impairment of property, plant and equipment	37,758	30,809	21,119	**89,686**
EBITDA	**239,086**	**233,806**	**133,660**	**606,552**
Financial result				**– 45,873**
Earnings before income taxes				**358,776**
Income taxes				**– 97,522**
Net income				**261,254**
Other segment information				
Investments[1])				
Intangible assets	10,460	2,967	3,261	**16,688**
Property, plant and equipment	61,151	55,586	34,353	**151,090**

1) Without additions from business combinations; for further information please see note 2.4.

No single customer accounted for more than 10 % of Group sales either in the reporting year or previous year.

RESULT BY REGION

2015 T€	EAME	North America	Asia/Pacific	Latin America	Total
Sales					
Sales by region (point of delivery)	1,131,018	571,841	570,816	328,055	2,601,730
Domestic					244,509
Foreign					2,357,221
Other segment information					
Non-current assets[1)]					2,712,432
Domestic					1,346,711
Foreign					1,365,721
Investments[2)]					
Intangible assets	16,743	699	462	549	18,453
Property, plant and equipment	70,504	26,314	15,168	17,409	129,395

1) Excluding financial instruments and deferred tax assets
2) Without additions from business combinations

2016 T€	EAME	North America	Asia/Pacific	Latin America	Total
Sales					
Sales by region (point of delivery)	1,198,347	732,261	622,566	350,013	2,903,187
Domestic					262,038
Foreign					2,641,149
Other segment information					
Non-current assets[1)]					2,991,579
Domestic					1,162,770
Foreign					1,828,809
Investments[2)]					
Intangible assets	15,710	338	447	193	16,688
Property, plant and equipment	67,050	39,808	29,216	15,016	151,090

1) Excluding financial instruments and deferred tax assets
2) Without additions from business combinations; for further information please see note 2.4.

ADDITIONAL DISCLOSURES ON THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

4. SALES

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

5. COSTS OF GOODS SOLD

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

6. PERSONNEL EXPENSES

T€	2015	2016
Wages and salaries	– 416,682	– 468,529
Social security expenses	– 87,728	– 96,710
Pension expenses (excluding interest expenses)	– 17,472	– 15,032
Termination benefits	– 2,955	– 6,690
Multi-year performance-based remuneration	– 1,523	– 473
Total	**– 526,360**	**– 587,434**

The rise in wages and salaries as well as social security expenses compared to the previous year is primarily due to the increase in employees stemming from acquisitions. Social security expenses include social security contributions that the organization is required to make by law. These include defined contribution plan benefits of € 19.3 million (2015: € 17.2 million).

The termination benefits relate especially to the reorganization of Scent & Care’s Fragrance division and the integration of the Pinova Group.

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

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

Full-time equivalents (FTE)	2015	2016
Manufacturing and technology	3,935	4,150
Sales and marketing	1,805	2,052
Research and development	1,503	1,564
Administration	643	736
Service units	387	395
Number of employees	**8,273**	**8,897**
Apprentices and trainees	137	135
Total	**8,410**	**9,032**

7. SELLING AND MARKETING EXPENSES

Selling and marketing expenses from the period mainly include expenses for advertising and customer service as well as distribution and storage for finished products. They also contain transportation costs, expenses for commissions and licenses as well as amortization of customer bases and trademarks recognized as assets. The increase compared to the previous year is, in particular, due to the expenses of the acquired Pinova Group being recognized in the consolidated income statement for the first time in the 2016 fiscal year. Please refer to the segment reporting information for a presentation of selling and marketing expenses by segment.

8. 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 goods sold. Such costs cannot be capitalized. The increase compared to the previous year is largely due to more intensive research and development projects being performed around the world. Please refer to the segment reporting information for a presentation of research and development expenses by segment.

9. ADMINISTRATION EXPENSES

Administration expenses mainly contain expenses for information technology, finances and human resources as well as for factory security, work safety and administration buildings. The increase compared to the previous year of € 10.0 million is mostly due to transaction and integration costs relating to the Pinova Group acquisition.

10. OTHER OPERATING INCOME

T€	2015	2016
Income from the reversal of provisions and liabilities	5,294	8,933
Income from government subsidies	8,267	7,838
Income from service units	4,659	5,120
Deconsolidation income from the disposal of Pinova Inc.	0	3,522
Income from sidelines	3,810	3,209
Income from the reversal of impairment on receivables	1,970	1,391
Miscellaneous other income	8,818	5,077
Total	**32,818**	**35,090**

Income from the reversal of provisions and liabilities affects such obligations where utilization is no longer expected or where it is certain it will not be utilized. For changes in provisions, see notes 28 and 31.

Government subsidies were mainly granted in France to promote research projects. See notes 18 and 22 for more information.

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

For more information on the deconsolidation income from the disposal of Pinova Inc., please refer to note 2.4.

Income from sidelines comes from sales not connected to the sale of flavors or fragrances. It is therefore treated as peripheral business activity.

The item of miscellaneous other income comprises various individually immaterial cases that are not related to the sale of products.

11. FINANCIAL RESULT

T€	2015	2016
Interest income from bank deposits	3,807	2,772
Other interest income	456	1,213
Interest income	**4,263**	**3,985**
Other financial income	278	201
Financial income	**4,541**	**4,186**
Interest expenses from bank borrowings	– 5,232	– 4,520
Interest expenses from other borrowings	– 27,986	– 35,716
Other interest expenses	– 15,503	– 13,111
Interest expenses	**– 48,721**	**– 53,347**
Foreign currency gains/losses	1,552	8,843
Other financial expenses	– 1,691	– 5,555
Financial expenses	**– 48,860**	**– 50,059**
Financial result	**– 44,319**	**– 45,873**
of which interest result	– 44,458	– 49,362
of which other financial result	139	3,489

Interest expenses for liabilities from the Eurobonds, the US private placement and the promissory note loan are recognized under the interest expenses from other borrowings. Other interest expenses mainly comprise the compounding of provisions for pensions amounting to € 11.2 million (2015: € 9.7 million).

Other financial expenses from the reporting year contain an impairment loss on an investment amounting to € 2.2 million.

12. INCOME TAXES

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

T€	2015	2016
Current income taxes	**– 121,655**	**– 115,377**
Deferred tax expense/income from losses carried forward	– 6,745	– 16,598
Deferred tax expense/income from temporary differences	29,896	34,453
Deferred tax expense/income	**23,151**	**17,855**
Income taxes	**– 98,504**	**– 97,522**

Income taxes in the reporting year decreased by € 1.0 million to € 97.5 million. The tax rate decreased slightly from the previous year, amounting to 27.2 % (2015: 28.1 %).

The reduction of income taxes by € 6.3 million to € 115.4 million as well as the change to deferred tax income resulted mainly from the acquisition of the Pinova Group and corresponding ongoing depreciation and amortization from the purchase price allocation as well as the addition of tax deductible losses carried forward from the Pinova acquisition. These tax losses carried forward could already be used in the reporting year on a pro rata basis and led to a reduction in current income taxes and an increase in deferred taxes from losses carried forward. Also, the deferred tax income from the previous year was significantly impacted by the repayment of an internal borrowing in USD and the corresponding currency valuation.

DERIVATION OF THE EFFECTIVE TAX RATE

Income taxes disclosed in the reporting year, amounting to € 97.5 million (2015: € 98.5 million), can be reconciled to an expected income tax expense, which would have arisen if the statutory tax rates, giving consideration to different local tax rates, had been applied to earnings before income taxes according to the German Commercial Code (HGB):

T€	2015	2016
Earnings before income taxes	**350,893**	**358,776**
Expected tax expense at local tax rates	– 97,281	– 87,034
Tax effect from previous periods	– 7,992	– 13,590
Tax effect from tax-free income	20,307	19,855
Tax effect from non-deductible expenses and taxable income	– 7,834	– 16,522
Non-recoverable withholding tax	– 3,419	– 4,252
Tax effect from value adjustments to deferred tax assets	– 2,371	– 491
Tax effect from change in tax rate	– 273	6,034
Other tax effects	359	– 1,522
Income tax expense	**– 98,504**	**– 97,522**

The resulting theoretical expected tax expense decreased compared to the previous year. This mainly resulted from the relatively high profit shares in countries with lower nominal tax rates.

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

The tax effect from non-deductible expenses and the taxable income mainly resulted from commercial tax additions in Germany as well as non-deductible interest expenses from the Diana Group. Another key effect stemmed from the sale of the shares in Pinova Inc. and the resulting taxable income from the disposal as well as from foreign dividends received, as 5 % of the dividend income in Germany is notionally treated as non-deductible operating expenses.

The slight increase of the tax effect from non-recoverable withholding taxes relates to a change in distributions of foreign dividends.

The effect of value adjustments to deferred tax assets resulted from the impairment of deferred tax assets for companies within the Diana Group that are not expected to be used in the future.

The increase in the line item tax effect from change in tax rate resulted in particular from the remeasurement of deferred taxes in France due to the reduction of the tax rate, which becomes effective January 1, 2019.

The proposed dividend for the 2016 fiscal year (see note 34) will not have any income tax consequences for Symrise. Future income and withholding taxes resulting from planned distributions of Group companies will be recognized under deferred tax liabilities.

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

	2015			2016		
T€	**Before taxes**	**Taxes**	**After taxes**	**Before taxes**	**Taxes**	**After taxes**
Exchange rate differences resulting from the translation of foreign operations	– 28,920	3,477	– 25,443	3,744	– 2,872	872
Financial assets available for sale	– 74	21	– 53	5	0	5
Cash flow hedge (currency hedges)	17	33	50	– 164	45	– 119
Remeasurement of defined benefit pension plans	46,471	– 13,757	32,714	– 63,869	18,625	– 45,244
Change in tax rate	0	– 37	– 37	0	– 3	– 3
Other comprehensive income	**17,494**	**– 10,263**	**7,231**	**– 60,284**	**15,795**	**– 44,489**
of which current taxes		465			– 893	
of which deferred taxes		– 10,728			16,688	

13. AMORTIZATION AND DEPRECIATION

Amortization of intangible assets and depreciation of property, plant and equipment are shown in the movement summary in notes 20 and 21.

14. EARNINGS PER SHARE

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

	2015	2016
Consolidated net income attributable to shareholders of Symrise AG (T€)	246,778	252,710
Weighted average number of ordinary shares (shares)	129,812,574	129,812,574
Earnings per share (€)	**1.90**	**1.95**

ADDITIONAL DISCLOSURES ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

15. CASH AND CASH EQUIVALENTS

T€	December 31, 2015	December 31, 2016
Cash	187,099	193,801
Cash equivalents	91,079	107,847
Total	**278,178**	**301,648**

In the course of selling Pinova Inc. in December 2016 (see note 2.4), higher cash equivalents were available over the year end, which were placed in an interest-generating term deposit.

16. TRADE RECEIVABLES

T€	December 31, 2015	December 31, 2016
Trade receivables	475,206	547,303
Allowance	– 13,701	– 19,005
Total	**461,505**	**528,298**

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

The maturity dates for trade receivables as of the end of the reporting period therefore have developed as follows:

T€	2015	2016
Carrying amount (gross)	**475,206**	**547,303**
Not overdue and no allowance set up	404,337	452,024
Overdue with partial allowance set up	57,851	68,719
Overdue for 1–30 days	34,716	39,242
Overdue for 31–90 days	10,119	12,846
Overdue for 91–360 days	4,964	6,989
Overdue for more than 1 year	8,052	9,642
Not overdue but with a partial allowance set up	13,018	26,560
Specific allowance set up	**– 13,701**	**– 19,005**
Specific bad debt allowance	– 7,013	– 10,646
General bad debt allowance	– 6,688	– 8,359
Total	**461,505**	**528,298**

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

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

T€	2015	2016
January 1	**12,068**	**13,701**
Changes to the scope of consolidation	– 277	27
Allowances set up	7,580	7,127
Utilized in the reporting year	– 2,935	– 1,103
Reversals	– 1,970	– 1,391
Exchange rate differences	– 765	644
December 31	**13,701**	**19,005**

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

The expenses deriving from the setup of allowances for doubtful trade receivables and debt writeoffs are disclosed under selling and marketing expenses.

17. INVENTORIES

T€	December 31, 2015	December 31, 2016
Raw materials	187,356	259,204
Unfinished products	146,707	199,000
Finished products	222,205	250,560
Impairment losses	– 24,822	– 28,333
Total	**531,446**	**680,431**

The cost of goods sold include material costs without currency translation effects amounting to € 1,207.2 million (2015: € 1,076.2 million).

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

18. OTHER CURRENT ASSETS AND RECEIVABLES

T€	December 31, 2015	December 31, 2016
Other taxes	37,855	33,027
Other prepayments	19,957	22,684
Receivables from research grants	13,394	12,405
Miscellaneous other assets	2,821	3,681
Total	**74,027**	**71,797**

Other taxes mainly comprise receivables from value-added tax.

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

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

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

19. CURRENT FINANCIAL ASSETS

T€	December 31, 2015	December 31, 2016
Financial assets (available for sale)	837	9,006
Fiduciary account balances	3,672	8,686
Right of recourse	1,816	3,776
Purchase price receivables from business disposal (see note 2.4)	0	2,367
Other financial assets	2,763	5,312
Total	**9,088**	**29,147**

Fiduciary account balances were deposited for purchase price obligations from business combinations that have yet to be paid and will become due in the near future.

The right of recourse was stipulated with the seller during the business combination with the Diana Group in 2014 and ensures repayment for any possible financial risks. Part of this right of recourse is recognized in non-current financial assets.

20. INTANGIBLE ASSETS

T€	Goodwill	Recipes[1] with definite useful lives	Other intangible assets[2] with definite useful lives	Capitalized development costs	Advance payments and intangible assets in development	Total
Costs						
January 1, 2015	**1,133,178**	**706,543**	**808,852**	**19,532**	**8,844**	**2,676,949**
Additions from business combinations	12,154	1,041	15,553	0	0	**28,748**
Disposals of subsidiaries	0	0	– 7,811	– 80	– 7	**– 7,898**
Additions from acquisitions	0	0	9,210	0	7,535	**16,745**
Additions from internal development	0	0	0	1,686	22	**1,708**
Disposals	0	– 2,709	– 1,478	– 68	– 159	**– 4,414**
Transfers	0	0	5,486	124	– 5,610	**0**
Exchange rate differences	24,094	17,633	7,335	91	– 95	**49,058**
December 31, 2015	**1,169,426**	**722,508**	**837,147**	**21,285**	**10,530**	**2,760,896**
Accumulated amortization and impairment losses						
January 1, 2015	**– 41,773**	**– 463,948**	**– 122,970**	**– 13,933**	**0**	**– 642,624**
Disposals of subsidiaries	0	0	1,482	24	0	**1,506**
Scheduled amortization for the fiscal year	0	– 34,284	– 64,100	– 2,163	0	**– 100,547**
Impairment	0	0	– 425	– 236	0	**– 661**
Disposals	0	2,709	1,199	57	0	**3,965**
Exchange rate differences	– 3,262	– 12,623	– 1,142	– 19	0	**– 17,046**
December 31, 2015	**– 45,035**	**– 508,146**	**– 185,956**	**– 16,270**	**0**	**– 755,407**
Carrying amounts						
January 1, 2015	1,091,405	242,595	685,882	5,599	8,844	**2,034,325**
December 31, 2015	**1,124,391**	**214,362**	**651,191**	**5,015**	**10,530**	**2,005,489**
of which finance leases	0	0	2,218	0	0	**2,218**

1) Recipes mainly consist of production recipes and technologies.
2) Other intangible assets mainly contain customer bases, trademarks, software, patents and other rights, as well as own IT developments.

T€	Goodwill	Recipes[1] with definite useful lives	Other intangible assets[2] with definite useful lives	Capitalized development costs	Advance payments and intangible assets in development	Total
Costs						
January 1, 2016	**1,169,426**	**722,508**	**837,147**	**21,285**	**10,530**	**2,760,896**
Additions from business combinations	153,729	24,929	91,986	1,949	101	**272,694**
Disposals of subsidiaries	– 13,299	– 22,189	– 40,291	– 1,906	0	**– 77,685**
Additions from acquisitions	0	0	4,794	0	10,237	**15,031**
Additions from internal development	0	0	0	1,657	0	**1,657**
Disposals	0	0	– 2,283	0	– 102	**– 2,385**
Transfers	0	0	3,487	433	– 3,920	**0**
Exchange rate differences	9,142	4,490	295	– 222	24	**13,729**
December 31, 2016	**1,318,998**	**729,738**	**895,135**	**23,196**	**16,870**	**2,983,937**
Accumulated amortization and impairment losses						
January 1, 2016	**– 45,035**	**– 508,146**	**– 185,956**	**– 16,270**	**0**	**– 755,407**
Additions from business combinations	0	0	– 3,453	0	0	**– 3,453**
Disposals of subsidiaries	0	1,490	2,681	142	0	**4,313**
Scheduled amortization for the fiscal year	0	– 35,450	– 73,952	– 1,648	0	**– 111,050**
Impairment	0	0	0	– 1,167	0	**– 1,167**
Disposals	0	0	1,558	0	0	**1,558**
Exchange rate differences	– 1,080	– 3,750	– 751	50	0	**– 5,531**
December 31, 2016	**– 46,115**	**– 545,856**	**– 259,873**	**– 18,893**	**0**	**– 870,737**
Carrying amounts						
January 1, 2016	1,124,391	214,362	651,191	5,015	10,530	**2,005,489**
December 31, 2016	**1,272,883**	**183,882**	**635,262**	**4,303**	**16,870**	**2,113,200**
of which finance leases	0	0	1,821	0	0	**1,821**

1) Recipes mainly consist of production recipes and technologies.
2) Other intangible assets mainly contain customer bases, trademarks, software, patents and other rights, as well as own IT developments.

Regarding the additions from business combinations and the disposals from business disposals, please refer to note 2.4. The additions from acquisitions mostly relate to advance payments for rights, to software, primarily SAP applications, and to the registration of chemicals according to the European chemicals directive (REACH).

Capitalized development costs, including those currently in progress, amounted to € 4.2 million as of the end of the reporting period (December 31, 2015: € 5.4 million).

The amortization of recipes is allocated to production and is therefore included in the cost of goods sold. Amortization on customer bases and trademark rights are recognized in selling and marketing expenses while amortization on other intangible assets are allocated to the corresponding functional areas in the consolidated income statement.

GOODWILL ACCORDING TO SEGMENT

T€	December 31, 2015	December 31, 2016
Scent & Care	186,322	245,488
Flavor & Nutrition	938,069	–
Flavor [1]	–	539,932
Nutrition [1]	–	487,463
Total	**1,124,391**	**1,272,883**

1) The Flavor & Nutrition segment was split in the reporting year; for further details please see notes 2.5 and 3.

21. PROPERTY, PLANT AND EQUIPMENT

T€	Land and buildings	Plants and machinery	Equipment	Assets under construction	Total
Costs					
January 1, 2015	**465,584**	**570,046**	**196,100**	**69,407**	**1,301,137**
Additions from business combinations	0	0	29	0	**29**
Disposals of subsidiaries	– 11,108	– 11,041	– 725	– 64	**– 22,938**
Other additions	5,965	17,157	13,574	92,699	**129,395**
Disposals	– 5,131	– 8,708	– 6,786	– 394	**– 21,019**
Transfers	17,362	43,846	9,961	– 71,169	**0**
Exchange rate differences	4,316	5,159	– 1,113	1,229	**9,591**
December 31, 2015	**476,988**	**616,459**	**211,040**	**91,708**	**1,396,195**
Accumulated depreciation and impairment losses					
January 1, 2015	**– 185,808**	**– 344,582**	**– 131,064**	**0**	**– 661,454**
Disposals of subsidiaries	7,690	7,644	486	0	**15,820**
Scheduled depreciation for the fiscal year	– 18,284	– 38,084	– 16,483	0	**– 72,851**
Impairment	0	– 2,470	– 170	– 270	**– 2,910**
Disposals	3,014	7,533	6,472	0	**17,019**
Transfers	– 15	14	1	0	**0**
Exchange rate differences	– 1,680	– 766	762	0	**– 1,684**
December 31, 2015	**– 195,083**	**– 370,711**	**– 139,996**	**– 270**	**– 706,060**
Carrying amounts					
January 1, 2015	279,776	225,464	65,036	69,407	**639,683**
December 31, 2015	**281,905**	**245,748**	**71,044**	**91,438**	**690,135**
of which finance leases	6,626	2,217	39	0	**8,882**

T€	Land and buildings	Plants and machinery	Equipment	Assets under construction	Total
Costs					
January 1, 2016	**476,988**	**616,459**	**211,040**	**91,708**	**1,396,195**
Additions from business combinations	26,436	105,644	1,362	7,338	**140,780**
Disposals from business disposals	– 9,335	– 23,346	– 1,374	– 6,022	**– 40,077**
Other additions	4,877	17,200	16,199	112,814	**151,090**
Disposals	– 1,890	– 7,830	– 6,086	– 585	**– 16,391**
Transfers	18,891	45,626	12,391	– 76,908	**0**
Exchange rate differences	5,510	10,039	4,628	1,834	**22,011**
December 31, 2016	**521,477**	**763,792**	**238,160**	**130,179**	**1,653,608**
Accumulated depreciation and impairment losses					
January 1, 2016	**– 195,083**	**– 370,711**	**– 139,996**	**– 270**	**– 706,060**
Additions from business combinations	– 564	– 6,974	– 301	0	**– 7,839**
Disposals from business disposals	507	2,124	234	0	**2,865**
Scheduled depreciation for the fiscal year	– 18,954	– 51,222	– 18,207	0	**– 88,383**
Impairment	0	– 605	– 698	0	**– 1,303**
Disposals	1,553	6,835	5,818	270	**14,476**
Transfers	26	– 2	– 24	0	**0**
Exchange rate differences	– 2,030	– 5,291	– 2,665	0	**– 9,986**
December 31, 2016	**– 214,545**	**– 425,846**	**– 155,839**	**0**	**– 796,230**
Carrying amounts					
January 1, 2016	281,905	245,748	71,044	91,438	**690,135**
December 31, 2016	**306,932**	**337,946**	**82,321**	**130,179**	**857,378**
of which finance leases	5,917	1,759	31	0	**7,707**

Regarding the additions from business combinations and the disposals of subsidiaries, please refer to note 2.4.

The other additions result primarily from capacity expansions in spray drying as well as in perfumery and chemical production. In addition, investments were made for a new research and development center in Singapore. Additions contain capitalized borrowing costs amounting to € 0.7 million. The underlying capitalization rate amounts to 2.71 % (December 31, 2015: 2.59 %).

22. OTHER NON-CURRENT ASSETS AND RECEIVABLES

T€	December 31, 2015	December 31, 2016
Receivables from research grants	11,782	12,159
Prepayments	3,171	5,373
Miscellaneous other assets	1,855	1,469
Total	**16,808**	**19,001**

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

As in the previous year, payments made for inclusion on customer supplier listings are recognized in prepayments. The payments made for these inclusions will be dispersed over the term of the contract.

23. NON-CURRENT FINANCIAL ASSETS

T€	December 31, 2015	December 31, 2016
Purchase price receivables from business disposal (see note 2.4)	0	7,102
Right of recourse (see note 19)	7,794	5,832
Fiduciary account balances (see note 19)	0	4,972
Financial assets (available for sale)	5,548	3,291
Other financial assets	2,352	2,378
Total	**15,694**	**23,575**

24. DEFERRED TAX ASSETS/LIABILITIES

	December 31, 2015			December 31, 2016		
T€	Tax assets	Tax liabilities	Income (+)/ Expenses (–)	Tax assets	Tax liabilities	Income (+)/ Expenses (–)
Intangible assets	10,525	237,410	16,212	3,409	219,981	25,787
Property, plant and equipment	9,197	62,900	– 5,295	9,204	72,423	– 1,134
Financial assets	1,162	7	250	1,157	8	– 6
Inventories	16,978	264	3,308	18,108	313	1,081
Trade receivables, prepayments and other assets	4,200	8,708	2,742	4,089	17,011	– 5,543
Provisions for pensions	65,823	0	2,859	85,782	0	1,725
Other provisions and other liabilities	36,316	10,089	11,620	41,621	2,851	12,543
Interests in subsidiaries	0	3,700	– 1,800	0	3,700	0
Losses carried forward	29,239	0	– 6,745	51,766	0	– 16,598
Sub-total	**173,440**	**323,078**	**23,151**	**215,136**	**316,287**	**17,855**
Offsetting	– 95,230	– 95,230		– 112,331	– 112,331	
Total	**78,210**	**227,848**	**23,151**	**102,805**	**203,956**	**17,855**

Deferred tax income amounted to € 17.9 million in 2016 in contrast to a deferred tax income of € 23.2 million in 2015.

The change to deferred tax income primarily resulted from the expansion to the scope of consolidation.

The change to deferred tax income regarding intangible assets relates, among other things, to ongoing depreciation and amortization from the purchase price allocation for the acquisition of the Pinova Group in January 2016. Furthermore, the remeasurement of deferred taxes in France due to the reduction of the tax rate starting January 1, 2019, positively influenced tax income.

Also, the change to deferred tax income regarding property, plant and equipment is linked to the acquisition of the Pinova Group.

Deferred tax income from the previous year relating to trade receivables, prepayments and other assets was influenced by the repayment of an internal borrowing in US Dollar and the corresponding currency valuation.

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

Deferred tax expenses relating to losses carried forward were influenced by the acquisition of the Pinova Group. The acquisition resulted in the addition of tax-deductible losses carried forward in the US. These losses carried forward could already be offset on a pro rata basis in 2016 against the taxable disposal profits from the sale of Pinova Inc.

Overall, corporation tax losses carried forward amounted to € 176.6 million (December 31, 2015: € 99.7 million) as of the end of the reporting period. Of the corporation tax losses, € 0.6 million are subject to time limits. The increased use of tax losses carried forward compared with the previous year led to an increase in deferred tax expenses.

The use of tax losses carried forward and therefore the measurement of the corresponding deferred tax assets are substantiated through tax planning. The change in the nonrecognition of deferred tax assets amounts to € 0.5 million (December 31, 2015: € 2.4 million) as of the end of the reporting period.

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 40 %.

Currency translation effects are contained in the deferred tax assets and deferred tax liabilities and amount to € 2.9 million in the reporting year (December 31, 2015: € 3.5 million).

Pursuant to IAS 12 (Income Taxes), deferred tax liabilities are to be recognized on the difference between a subsidiary's proportional equity as recognized in the consolidated statement of financial position and the carrying amount of the investment in the subsidiary as recognized in the parent's tax accounts if realization is to be expected (this amount is known as an outside-basis difference). The cause of these differences is mainly undistributed profits from domestic and foreign subsidiaries.

No deferred tax liabilities were recognized on these temporary differences of € 223.0 million in 2016 and € 180.0 million in 2015 since they will be reinvested for indefinite periods or are not subject to taxation. In the case of distributions from subsidiaries, these were subject to a dividend tax of 5 %. Distributions from foreign countries could trigger withholding taxes. As of December 31, 2016, deferred tax liabilities from shares in subsidiaries were recognized for planned dividend distributions of € 3.7 million (December 31, 2015: € 3.7 million).

25. TRADE PAYABLES

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

26. CURRENT AND NON-CURRENT BORROWINGS

	December 31, 2015			December 31, 2016		
T€	Current	Non-current	Total	Current	Non-current	Total
Bank borrowings	25,616	231,736	**257,352**	227,085	45,683	**272,768**
Other borrowings	1,822	1,140,625	**1,142,447**	300,404	1,167,650	**1,468,054**
Accrued interest	8,557	899	**9,456**	8,847	212	**9,059**
Total	**35,995**	**1,373,260**	**1,409,255**	**536,336**	**1,213,545**	**1,749,881**

The obligations from the term loans, the loan from the European Investment Bank (hereafter: EIB), the loan from the Kreditanstalt für Wiederaufbau (hereafter: KfW) and the utilization of the revolving credit facility are part of the bank borrowings. Other borrowings include liabilities from both Eurobonds, the US private placement and the promissory note loan agreed on in 2015.

Current bank borrowings mainly contain the two term loans due in 2017 as well as the components of the EIB and KfW borrowings that are due in 2017. It also contains components from the revolving credit facility due in the short term. A term loan was included in non-current bank borrowings in the previous year and was reclassified to current bank borrowings in the reporting year. The second term loan has a term of one year and was added in 2016.

The line item other current financial liabilities relates particularly to the Eurobond 2010 that was reclassified to current financial liabilities and is due in 2017. Other non-current financial liabilities mainly comprise the US private placement 2010, the components of the borrowings from the EIB and KfW due in the long term, the Eurobond 2014, the promissory note loan as well as the local liabilities of the Diana companies and contain carrying amounts in foreign currencies (USD, CAD) totaling € 211.1 million (December 31, 2015: € 220.3 million).

The increase in financial liabilities primarily resulted from the continued payment of the promissory note loan (carrying amount as of December 31, 2016: € 498.4 million; December 31, 2015: € 177.7 million).

Of current bank borrowings from the revolving credit facility, a nominal value of € 5.0 million (December 31, 2015: € 5.0 million) relates to loans utilized this fiscal year under the terms of a revolving credit facility for € 300.0 million that is available to the Group until May 22, 2021. In addition to the credit line mentioned, other bilateral credit lines exist with various banks to cover short-term payment requirements. Accordingly, as of December 31, 2016, Symrise had unutilized lines of credit available, totaling € 345.4 million (December 31, 2015: € 312.1 million).

In April 2016, Symrise used the extension option for the revolving credit line and extended it by one year through May 2021. Its value remains € 300.0 million, and it has a term of five years. However, Symrise has the option of extending the term for an additional year and increasing its value to € 500.0 million.

As part of the revolving credit facility, the KfW loan, the term loan, the US private placement and the EIB loan, Symrise has entered into an obligation to keep the relationship between net debt and EBITDAN (leverage covenant, see note 36) within defined limits. This ratio is reviewed on a quarterly basis for compliance and was consistently observed as in the previous year.

	Maturity date	Nominal interest rate		Nominal amount in issue currency (T)	Carrying amount in T€ 12/31/2015	Carrying amount in T€ 12/31/2016
Symrise AG						
Eurobond 2014	July 2019	1.75 %	fixed	500,000 EUR	496,033	497,143
Eurobond 2010	October 2017	4.13 %	fixed	300,000 EUR	298,880	299,487
US private placement	November 2020	4.09 %	fixed	175,000 USD	160,455	165,546
Term loan	July 2017	0.73 %	Euribor + 0.65 %	120,000 EUR	169,762	119,913
Term loan 2016	August 2017	0.50 %	fixed	60,000 EUR	–	60,000
Promissory note loan (5Y)	December 2020	0.91 %	fixed	122,500 EUR	12,441	122,117
Promissory note loan (5Y)	December 2020	0.70 %	Euribor + 0.7 %	38,500 EUR	2,985	38,378
Promissory note loan (7Y)	December 2022	1.34 %	fixed	224,000 EUR	101,516	223,253
Promissory note loan (7Y)	December 2022	0.85 %	Euribor + 0.85 %	37,500 EUR	10,947	37,373
Promissory note loan (10Y)	December 2025	1.96 %	fixed	67,500 EUR	40,805	67,264
Promissory note loan (10Y)	December 2025	1.10 %	Euribor + 1.1 %	10,000 EUR	8,958	9,965
EIB loan	April 2020	2.59 %	fixed	57,273 USD	67,606	54,236
KfW loan	September 2019	1.45 %	fixed	9,218 EUR	12,570	9,218
Revolving credit facility EUR	May 2021	0.45 %	Euribor + 0.45 %	5,000 EUR	3,814	4,047
Ecuaprotein SA, Ecuador						
Shareholder loan	September 2020	5.00 %	fixed	3,988 USD	3,758	3,777
Term loan	December 2017	8.41 %	fixed	687 USD	375	650
Aquasea Costa Rica, Costa Rica						
Shareholder loan	December 2020	5.00 %	fixed	3,595 USD	3,301	–
Symrise C.A., Venezuela						
Term loan	October 2016	23.90 %	fixed	596,000 VEF	2,754	–
DianaNova SAS, France						
Promotional loan	December 2016	0.00 %	fixed	783 EUR	783	–
Diana Naturals SAS, France						
Promotional loan	December 2024	0.00 %	fixed	679 EUR	679	–
Symrise Private Limited, India						
Term loan	December 2017	9.95 %	fixed	25,000 INR	347	–
Spécialités Pet food SAS, France						
Promotional loan	January 2017	0.00 %	fixed	75 EUR	300	75
Promotional loan	June 2025	0.00 %	fixed	100 EUR	100	100
Kerisper SAS, France						
Promotional loan	December 2024	0.00 %	fixed	440 EUR	440	–
Diana US Inc., USA						
Promotional loan	June 2019	0.00 %	fixed	1,595 USD	–	1,511

(Continuation from page 108)	Maturity date	Nominal interest rate		Nominal amount in issue currency (T)	Carrying amount in T€ 12/31/2015	Carrying amount in T€ 12/31/2016
Scelta Umami Holding BV, Netherlands						
Term loan	September 2029	5.50%	fixed	792 EUR	–	792
Nutra Canada Inc., Canada						
Promotional loan	April 2023	0.00%	fixed	2,839 CAD	–	1,996
Probi AB, Sweden						
Revolving credit facility USD	June 2019	2.25%	Libor + 1.40%	25,000 USD	–	23,593
Other current financial liabilities	–	–	–	–	190	388
Accrued interest	–	–	–	–	9,456	9,059
Total					**1,409,255**	**1,749,881**

27. OTHER CURRENT LIABILITIES

T€	December 31, 2015	December 31, 2016
Employee-related liabilities	71,987	78,382
Liabilities to customers	20,033	21,638
Other taxes	23,010	20,838
Taxes on wages/salaries, social security contributions and other social benefits	15,998	15,049
Insurance premiums	1,926	3,035
Miscellaneous other liabilities	19,269	14,334
Total	**152,223**	**153,276**

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

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

Liabilities to customers contain accruals for rebates and bonuses as well as credits to customers.

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

28. OTHER CURRENT PROVISIONS

T€	Termination benefits	Other personnel provisions	Miscellaneous other provisions	Total
January 1, 2016	**662**	**2,580**	**3,822**	**7,064**
Change to the scope of consolidation	– 66	0	0	– 66
Increases	3,433	3,463	2,540	9,436
Reversals	– 188	0	– 1,022	– 1,210
Utilized	– 134	– 2,269	– 1,805	– 4,208
Transfers	0	2,809	0	2,809
Exchange rate differences	80	414	75	569
December 31, 2016	**3,787**	**6,997**	**3,610**	**14,394**

The additions to the provisions for termination benefits primarily relate to the reorganization of Scent & Care's Fragrance division and the integration of the Pinova Group.

Other personnel provisions were recognized primarily for possible social security obligations in Latin America, for jubilee obligations and for performance-based remuneration.

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

We expect that the cash outflow for all provisions will take place within the next few months and by the end of the year 2017 at the very latest.

29. OTHER CURRENT FINANCIAL LIABILITIES

Other current financial liabilities primarily contain the purchase price obligations from the acquisitions performed in 2016 that are due in 2017 (€ 8.4 million). It also contains financial liabilities from finance lease contracts (€ 1.4 million; December 31, 2015: € 0.7 million).

30. CURRENT INCOME TAX LIABILITIES

Tax provisions contain current income taxes for periods not yet assessed. In the previous year, this line item was influenced by tax arrears for the 2014 fiscal year in Germany and the USA. For additional information, please see note 12.

31. OTHER NON-CURRENT PROVISIONS

T€	Jubilee	Restoration obligations	Reorganization	Litigations	Miscellaneous other provisions	Total
January 1, 2016	**9,926**	**3,519**	**2,400**	**1,352**	**5,011**	**22,208**
Changes to the scope of consolidation	0	0	0	0	837	**837**
Increases	893	0	0	341	559	**1,793**
Reversals	– 3	0	0	– 255	– 1,171	**– 1,429**
Transfers	– 811	0	0	0	– 1,998	**– 2,809**
Interest expenses	997	16	65	64	218	**1,360**
Exchange rate differences	1	98	0	363	40	**502**
December 31, 2016	**11,003**	**3,633**	**2,465**	**1,865**	**3,496**	**22,462**

The jubilee obligations were discounted using an interest rate of 1.6 % in the fiscal year compared to 2.4 % last year.

Provisions for restoration obligations comprise liabilities to lessors to restore leased objects to their condition before commencement of the lease. The present value of restoration obligations is recognized in the period in which 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 estimates.

The provision for reorganization was made for reorganizing measures in China.

The provisions for litigation exist for pending proceedings in Latin America. All of these legal disputes are minor and will have no significant influence on Symrise AG's economic situation.

Provisions for performance-based remuneration, which were approved for the Executive Board and select employees, are part of other miscellaneous provisions, which also contain various immaterial items that are not separately disclosed.

32. PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

Individual companies have established pension plans that are either financed directly through provisions or by making contributions to external investment fund companies outside the Group. The manner in which these benefits are provided to employees varies depending on the legal regulations and the fiscal and economic environments in the respective countries involved. In addition, in some cases, the Group has agreed to provide additional post-employment healthcare benefits to its employees. Retirement benefits and healthcare 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 the 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 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 % up to the respective maximum income threshold for assessment of contributions as defined by the German State Pension Authority West). For those people with components of remuneration that exceed the respective income threshold for assessment of contributions, employer-financed retirement benefits up to a maximum amount are provided based on a benefit scheme. At the time that the new benefit scheme was introduced, the former Haarmann & Reimer employees were guaranteed that their benefits under the company retirement benefit scheme would not worsen as a result of the business combination. The benefits have to be maintained at the same level that existed before the business combination took place. This is assured under the new benefit scheme. As a consequence of this guarantee, the company has also offered those former Haarmann & Reimer GmbH employees – whose earnings are regulated by tariff agreement – a further voluntary deferred compensation scheme in the form of a direct benefit promise. The employee contribution and the employer top-up contribution taken together are limited to a maximum of 4 % of the respective income threshold for the assessment of contributions as defined by the German State Pension Authority West.

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

All employees who did not belong to a retirement benefit scheme as of April 1, 2003, had the opportunity from this date onwards to participate in a retirement benefit scheme that was provided in the form of a direct benefit promise through deferral of compensation. This benefit scheme was closed effective 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 makes a top-up contribution of the same amount. Voluntary contributions are also possible and are also made in the same amount by the organization. The employee contribution and the employer top-up contribution taken together are limited to a maximum of 4 % of the respective income threshold for the assessment of contributions as defined by the German State Pension Authority West. Effective as of January 1, 2011, individuals who were already employed in the organization but who – unlike the former Haarmann & Reimer employees or employees of Dragoco who joined before December 31, 1981 – did not belong to a benefit scheme were able to request membership to 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 additional employer top-up contribution involved in connection with this "deferred compensation" arrangement.

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

USA

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

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

	Present value of defined benefit obligations		Fair value of plan assets		Net defined benefit liability	
T€	2015	2016	2015	2016	2015	2016
January 1	**515,580**	**486,554**	**– 41,277**	**– 41,902**	**474,303**	**444,652**
Changes to the scope of consolidation	**– 1,023**	**–**	**–**	**–**	**– 1,023**	**–**
Recognized in income statement						
Current service cost	17,576	15,032	–	–	17,576	15,032
Past service cost	– 104	–	–	–	– 104	–
Interest expense (+)/interest income (–)	11,321	12,652	– 1,595	– 1,417	9,726	11,235
Recognized in other comprehensive income						
Remeasurements						
Actuarial gains/losses						
arising from changes in demographic assumptions	– 4,112	1,068	–	–	– 4,112	1,068
arising from changes in financial assumptions	– 44,088	59,169	–	–	– 44,088	59,169
arising from experience-based adjustments	– 211	4,459	–	–	– 211	4,459
Return on plan assets (excluding amounts included in net interest)	–	–	1,940	– 1,446	1,940	– 1,446
Effect of asset ceiling	–	–	–	619	–	619
Exchange rate differences	7,172	2,032	– 4,657	– 1,486	2,515	546
Other						
Employer contributions	–	–	– 512	– 548	– 512	– 548
Benefits paid	– 15,557	– 14,541	4,199	2,307	– 11,358	– 12,234
December 31	**486,554**	**566,425**	**– 41,902**	**– 43,873**	**444,652**	**522,552**
of which pension plans	474,321	553,776	– 41,902	– 43,873	432,419	509,903
of which post-employment healthcare benefits	12,233	12,649	–	–	12,233	12,649

As of the end of the reporting year, the entire present value of the defined benefit obligation contains T€ 323,955 for active employees (December 31, 2015: T€ 270,870), T€ 50,658 for former employees with vested claim entitlements (December 31, 2015: T€ 45,034) and T€ 191,812 for retirees and their surviving dependents (December 31, 2015: T€ 170,650). From this entire present value of the defined benefit obligation, T€ 554,420 (December 31, 2015: T€ 471,224) is allocated to vested claim entitlements, and the remaining T€ 12,005 (December 31, 2015: T€ 15,330) relates to unvested claims.

The average weighted term for the present value of the defined benefit obligation from defined benefit plans amounts to a total of 19.5 years (December 31, 2015: 21.3 years). It breaks down with 23.6 years for active employees, 22.5 years for former employees with vested claim entitlements and 14.0 years for retirees and their surviving 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€ 61,090 (December 31, 2015: T€ 54,383) as of the end of the year. Financing for the obligations not covered by plan assets is made through the cash flow from operating activities of Symrise AG and its subsidiaries.

Plan assets of T€ 43,873 (December 31, 2015: T€ 41,902) are mainly used for provisions for pensions in the USA (T€ 38,070; December 31, 2015: T€ 36,517) and are invested in what is known as 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€ 5,517; December 31, 2015: T€ 5,151) and India (T€ 286; December 31, 2015: T€ 234). 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 2016 – the prices of which were also derivable from active markets. It exceeds the net defined benefit liability and was limited to the asset ceiling. The plan assets in India are deposited in a life insurance policy for which there is no active market for estimating the price. The return on plan assets amounted to T€ 2,863 (2015: T€ – 345). In 2017, Symrise expects contribution payments of T€ 141 (expectation in 2015 for 2016: T€ 98) into the plan assets.

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

T€	2015	2016
EAME	414,406	488,089
North America	24,178	29,106
Latin America	4,546	4,056
Asia/Pacific	1,522	1,301
Total	**444,652**	**522,552**

The actuarial measurements are based on the following assumptions:

%	2015	2016
Discount rate		
Germany	2.40	1.60
USA	4.21	4.02
Other countries	2.60	2.11
Salary trends		
Germany	2.25	2.25
Other countries	3.49	2.99
Pension trends		
Germany	1.75	1.50
Other countries	2.02	2.01
Medical cost trend rate		
USA	7.20	7.20
Other countries	9.00	8.25

The assumptions relating to mortality rates are based on published mortality tables. For the provisions for pensions established in Germany, the mortality rate is based on the reference tables 2005 G by Prof. Dr. Klaus Heubeck. The Mass Mutual Plan in the USA is based on the reference table RP 2000 50/50 Unisex Table. 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, 2016, would have been if the actuarial assumptions had changed by one percentage point each:

	Change in present value of the defined benefit obligation			
	Increase		Decrease	
T€	2015	2016	2015	2016
Discount rate	– 83,237	– 98,788	108,418	130,645
Salary trends	14,466	15,749	– 12,487	– 14,507
Pension trends	58,965	70,573	– 49,115	– 58,545
Medical cost trend rate	1,483	1,624	– 1,219	– 1,334

To determine the sensitivity regarding life expectancy, the mortality rate for the beneficiaries covered by the plans was increased or reduced by 10.0 %. The reduction to the mortality rate results in an increase of life expectancy and is dependent on the ages of the individual beneficiaries. A 10.0 % increase to the mortality rate results in a reduction of the present value of the defined benefit obligation by T€ 21,236 (December 31, 2015: T€ 18,775). In comparison, a 10.0 % reduction results in an increase of the present value of the defined benefit obligation by T€ 23,604 (December 31, 2015: T€ 20,616).

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

	Change in current service costs			
	Increase		Decrease	
T€	2015	2016	2015	2016
Medical cost trend rate	107	84	– 84	– 67

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

33. OTHER NON-CURRENT FINANCIAL LIABILITIES

Other non-current financial liabilities contain liabilities from financial lease agreements (€ 5.8 million; December 31, 2015: € 7.1 million) and liabilities from purchase price obligations (€ 5.0 million) as of the end of the reporting period.

34. EQUITY

SHARE CAPITAL

The share capital of Symrise AG amounts to € 129,812,574 (December 31, 2015: € 129,812,574) and has been fully paid in. It is divided into 129,812,574 no-par-value shares, each with a calculated nominal share value of € 1.00 per share.

AUTHORIZED CAPITAL

With the resolution from May 12, 2015, the Annual General Meeting established an authorized capital of nearly 20 % of the current share capital.

The Annual General Meeting authorized the Executive Board, subject to the consent of the Supervisory Board, to increase the share capital of the company until May 11, 2020, by up to € 25,000,000 through one or more issuances of new, no-par-value shares against contribution in cash and/or in kind.

If the share capital is increased against cash contributions, the shareholders will be granted subscription rights. 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). This statutory subscription right can, however, be denied by the Executive Board in the following cases with the consent of the Supervisory Board:

- 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;

- 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;

- 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;

- To exclude fractional amounts from subscription rights;

- 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 Section 203 (1) and (2) and Section 186 (3) sentence 4 of the German Stock Corporation Act (AktG) – than the market price of shares already traded on the stock exchange and the aggregate amount of the new shares for which subscription rights are excluded does not exceed 10 % of the share capital neither at the time this authorization comes into force nor at the time this authorization is exercised. This restriction is to include shares that 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 Section 186 (3) sentence 4 of the German Stock Corporation Act.

ACQUISITION OF TREASURY STOCK

Following a resolution by the Annual General Meeting on May 12, 2015, the Executive Board is authorized in accordance with Section 71 (1) sentence 8 of the German Stock Corporation Act to purchase treasury shares up to a level of 10 % of the current share capital up until May 11, 2020.

- The purchased shares together with other treasury shares that are held by the company or are attributed to it according to Section 71a et seqq. of the German Stock Corporation Act may not at any time exceed 10 % of the share capital existing at the time of the resolution. The authorization must not be used for the trade of treasury shares.

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

- The 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.
  - 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 trading system (or a comparable replacement system) on the day of the stock exchange trading by more than 5 %.
  - 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 trading system (or a comparable replacement system) on the last three stock exchange trading 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 trading dates before publication of any potential adjustment. The purchase offer, or respectively, the request for tender of such an offer may include further conditions. Inasmuch as the offer is oversubscribed, or respectively, in the case of a request for tender of an offer of multiple offers of the same value due to a restriction in volume, inasmuch as not all equivalent offers can be accepted, then acceptance occurs according to the ratio of the offered shares. Preferential acceptance of small quantities of up to 100 shares on offer is permissible. A commercial rounding to avoid fractions of shares can also be arranged.

- 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:
  - The shares may be redeemed without the necessity of the redemption or its execution being 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.
  - 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. In this case, the number of shares to be issued together with the new shares that have been issued since the granting of this authorization under the exclusion of subscription rights in a direct or corresponding application of Section 186 (3) sentence 4 of the German Stock Corporation Act may not exceed a total of 10 % of the share capital present at the time of the resolution of the Annual General Meeting.
  - 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.

- The authorizations listed also cover the disposition of company shares that are acquired pursuant to Section 71d sentence 5 of the German Stock Corporation Act.

- The authorizations listed may be made use of singly or repeatedly, wholly or partly, individually or jointly; the authorizations may also be made use of by entities dependent on the company, or by entities that 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.

- 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.

- 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.

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

With the resolution of the Annual General Meeting of May 14, 2013, the Executive Board is authorized, 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 shares of the company representing up to € 23,000,000.00 of the share capital.

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

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

- 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;

- To the extent that this is necessary for fractional amounts resulting from the subscription ratio;

- 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 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 as well as the two capital increases performed in the 2014 fiscal year. It has remained unchanged since December 31, 2015.

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

Cumulative translation differences contain gains and losses deriving from differences from the currency translation of foreign subsidiaries. The adjustment to the financial statements required by IAS 29 for companies whose functional currency is one from a country with hyperinflation is also included in cumulative translation differences. The subsidiary in Venezuela was specifically affected by the adjustments pursuant to IAS 29. The financial statements for this company are mainly based on the concept of historical cost. In 2016, these again 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 at the end of the reporting period. As of December 31, 2016, no official inflation rates have been published by either the Venezuelan “Instituto Nacional de Estadística” or the “Banco Central de Venezuela.” In our view, the most reliable and available information comes from the International Monetary Fund (IMF) – World Economic Outlook published in October 2016. It listed a rate of 720 %, which is what we used for the statements from December 31, 2016. No adjustments were necessary in Argentina during the fiscal year under review. However, we continue to keep a close eye on developments on the situation.

Other reserves contain the revaluation reserve, the fair value reserve and the cash flow hedge reserve. 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 following table presents a reconciliation of the cash flow hedge reserve for hedging currency risks:

T€	2015	2016
January 1	**– 278**	**– 233**
Increases (effective fair value changes)	– 1,815	– 1,553
Reclassifications		
in sales	2,155	340
in cost of goods sold	– 323	542
against goodwill	0	507
Deferred taxes	28	42
December 31	**– 233**	**– 355**
of which attributable to shareholders of Symrise AG	– 233	– 370
of which attributable to non-controlling interests	0	15

Reclassifications of ineffective parts from cash flow hedges into the profit or loss for the period did not occur in 2016.

RECONCILIATION OF EQUITY COMPONENTS AFFECTED BY OTHER COMPREHENSIVE INCOME

2015 T€	Reserve for remeasure-ments (pensions)	Cumulative translation differences	Other reserves	Total other comprehen-sive income of Symrise AG shareholders	Non-controlling interests	Total other comprehen-sive income
Exchange rate differences resulting from the translation of foreign operations						
Exchange rate differences that occurred during the fiscal year	–	– 16,918	–	– 16,918	171	– 16,747
Income/losses from net investments	–	– 7,142	–	– 7,142	–	– 7,142
Reclassification to the consolidated income statement	–	– 1,554	–	– 1,554	–	– 1,554
Change in fair value of financial assets available for sale	–	–	– 53	– 53	–	– 53
Cash flow hedge (currency hedges)						
Gains/losses recorded during the fiscal year	–	–	– 1,318	– 1,318	–	– 1,318
Reclassification to the consolidated income statement	–	–	1,368	1,368	–	1,368
Remeasurement of defined benefit pension plans	32,714	–	–	32,714	–	32,714
Change in tax rate	–	–	– 37	– 37	–	– 37
Other comprehensive income	32,714	– 25,614	– 40	7,060	171	7,231

2016 T€	Reserve for remeasure-ments (pensions)	Cumulative translation differences	Other reserves	Total other comprehen-sive income of Symrise AG shareholders	Non-controlling interests	Total other comprehen-sive income
Exchange rate differences resulting from the translation of foreign operations						
Exchange rate differences that occurred during the fiscal year	–	– 4,124	–	– 4,124	311	– 3,813
Income/losses from net investments	–	2,807	–	2,807	–	2,807
Reclassification to the consolidated income statement	–	1,878	–	1,878	–	1,878
Change in fair value of financial assets available for sale	–	–	5	5	–	5
Cash flow hedge (currency hedges)						
Gains/losses recorded during the fiscal year	–	–	– 1,118	– 1,118	15	– 1,103
Reclassification offset against goodwill	–	–	507	507	–	507
Reclassification to the consolidated income statement	–	–	477	477	–	477
Remeasurement of defined benefit pension plans	– 45,244	–	–	– 45,244	–	– 45,244
Change in tax rate	–	–	– 3	– 3	–	– 3
Other comprehensive income	– 45,244	561	– 132	– 44,815	326	– 44,489

DIVIDENDS

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. It was decided at the Annual General Meeting on May 11, 2016, that dividends of € 0.80 would be paid for the 2015 fiscal year (for 2014: € 0.75); the total amount of the dividend was T€ 103,850 (for 2014: T€ 97,359).

The Executive Board and the Supervisory Board recommend a dividend of € 0.85 per share based on Symrise AG's unappropriated net profit under commercial law as of December 31, 2016. This amounts to dividends of T€ 110,341.

NON-CONTROLLING INTERESTS

This item contains the shareholdings of third parties in Group companies. The addition disclosed under transactions with owners in the statement of changes in equity stemming from business combinations resulted from the acquisition of the Scelta Umami Group (see note 2.4). The acquisition of additional third-party shares in subsidiaries is shown as changes in subsidiary shareholdings. The publicly traded Group company Probi AB (Sweden) performed a capital increase against cash contributions in the reporting year. The payments received in this context are recognized in the item increase of minority interests from capital increases minus the proportional transaction costs and applicable taxes.

The changes in other comprehensive income relating to non-controlling interests stem mostly from currency translation.

35. NON-CONTROLLING INTERESTS

The non-controlling interests mainly relate to Probi Group and SPF Diana (Thailand) Co Ltd.

As of the end of the reporting period, Symrise holds 51.40 % of the shares of Probi Group, i.e., the shares attributable to non-controlling interests amount to 48.60 % (December 31, 2015: 49.98 %). Their proportion of net income in 2016 amounted to T€ 5,742 (2015: T€ 2,368); the carrying amount as of December 31, 2016, was T€ 48,450 (December 31, 2015: T€ 12,976). Dividends of T€ 468 were distributed to the non-controlling interests in 2016 (2015: T€ 419). The following table contains the summarized financial information required by IFRS 12.B10(b) on Probi Group:

T€	December 31, 2015	December 31, 2016
Current assets	21,135	30,196
Non-current assets	12,483	108,054
Current liabilities	5,222	32,517
Non-current liabilities	2,424	6,541
Sales	23,065	46,406
Net income	4,738	11,815
Other comprehensive income	292	292

As of the end of the reporting period, Symrise holds 51.0 % of the shares of SPF Diana (Thailand) Co Ltd, i.e., the shares attributable to non-controlling interests amount to 49.0 % (December 31, 2015: 48.4 %). Their proportion of net income in 2016 amounted to T€ 2,587 (2015: T€ 3,216); the carrying amount as of December 31, 2016, was T€ 3,384 (December 31, 2015: T€ 3,929). Dividends of T€ 3,312 were distributed to the non-controlling interests in 2016 (2015: T€ 2,127). The following table contains the summarized financial information required by IFRS 12.B10(b) on SPF Diana (Thailand) Co Ltd:

T€	December 31, 2015	December 31, 2016
Current assets	8,591	8,595
Non-current assets	1,980	2,549
Current liabilities	2,361	4,134
Non-current liabilities	19	32
Sales	22,994	23,577
Net income	6,645	5,280
Other comprehensive income	17	131

36. DISCLOSURES ON CAPITAL MANAGEMENT

The capital situation is monitored through the use of a number of key indicators. The relationship between net debt (including provisions for pensions and similar obligations) to EBITDA and the equity ratio are important key indicators for this purpose. The objectives, methods and processes in this regard have not changed from the previous year as of the end of the reporting period on December 31, 2016.

With an equity ratio (equity attributable to shareholders of Symrise AG in relation to total equity and liabilities) of 35.2 % (December 31, 2015: 37.5 %), Symrise has a solid capital structure. One of Symrise's fundamental principles is to maintain a strong capital basis in order to retain the confidence of investors, creditors and the market and to be able to drive future business development forward in a sustainable manner.

Net debt is determined as follows:

T€	December 31, 2015	December 31, 2016
Borrowings	1,409,255	1,749,881
Cash and cash equivalents	– 278,178	– 301,648
Net debt	**1,131,077**	**1,448,233**
Provisions for pensions and similar obligations	444,652	522,552
Net debt including provisions for pensions and similar obligations	**1,575,729**	**1,970,785**

The evaluation of compliance with the leverage covenants for the current and non-current borrowings is performed on the basis of the specifications in the various credit agreements. The evaluation to determine the leverage covenants uses the ratio of net debt to the EBITDAN of the last 12 months. This results in a ratio of net debt/EBITDAN of 2.3. The non-relevant leverage for the credit agreements regarding net debt including provisions for pensions and similar obligations/EBITDAN amounts to 3.1.

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

The average interest rate for liabilities (including provisions for pensions and similar obligations) was 2.3 % (2015: 2.4 %).

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

37. ADDITIONAL DISCLOSURES ON THE STATEMENT OF CASH FLOWS

In accordance with IAS 7, the consolidated statement of cash flows for the reporting year 2016 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 line item "cash and cash equivalents".

CASH FLOW FROM OPERATING ACTIVITIES

Other non-cash expenses and income mainly contain non-cash currency translation effects.

CASH FLOW FROM INVESTING ACTIVITIES

In addition to subsequent purchase price payments for the Belmay Group acquired in 2013 (TUSD 2,000; T€ 1,816) and Flavor Infusion LLC acquired in 2015 (TUSD 2,000; T€ 1,778), payments for business combinations (T€ 261,870) contain the purchase price components due immediately in 2016 for the acquisitions of the Pinova Group (TUSD 168,951; T€ 155,679), the Scelta Umami Group (T€ 8,243), Nutra Canada Inc. (TCAD 5,627; T€ 3,838), Nutraceutix (TUSD 101,202; T€ 90,642), which was acquired as part of an asset deal via Probi US, Inc., and the acquisition of the associated company Octopepper SAS (T€ 2,000; see note 2.4) minus any cash and cash equivalents acquired (T€ 2,126).

The payments received from the sale of a subsidiary (T€ 114,049) contain the portion from the sale of Pinova Inc. due immediately (TUSD 130,512; T€ 117,412) minus the cash deducted as part of the transaction (TUSD 3,738; T€ 3,363). For additional information, please see note 2.4.

CASH FLOW FROM FINANCING ACTIVITIES

Dividends of T€ 103,850 were paid to the shareholders of Symrise AG (2015: T€ 97,359), the remaining amount (T€ 4,268, 2015: T€ 3,358) was paid to non-controlling interests of subsidiaries. Payments from minority interests from capital increases after transaction costs and taxes mainly are a result of the capital increase performed by Probi AB in the 2016 reporting year.

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

INFORMATION ON FINANCIAL INSTRUMENTS ACCORDING TO CATEGORY

December 31, 2015 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)	**757,126**	**757,126**	**–**	**–**	**757,126**
Cash and cash equivalents	277,584	277,584	–	–	277,584
Trade receivables	461,505	461,505	–	–	461,505
Other financial assets	18,037	18,037	–	–	18,037
Financial assets available for sale (AfS)	**7,292**	**–**	**7,292**	**–**	**7,292**
Cash and cash equivalents	594	–	594	–	594
Securities	4,432	–	4,432	–	4,432
Other financial assets	2,266	–	2,266	–	2,266
Financial assets held for trading (FAHfT)	**1**	**–**	**–**	**1**	**1**
Derivative financial instruments without hedge relationship	1	–	–	1	1
Derivative financial instruments with hedge relationship (n.a.)	**46**	**–**	**46**	**–**	**46**
EQUITY AND LIABILITIES					
Financial liabilities at amortized cost (FLAC)	**1,646,224**	**1,646,224**	**–**	**–**	**1,687,951**
Trade payables	234,702	234,702	–	–	234,702
Borrowings	1,409,255	1,409,255	–	–	1,450,982
Other financial liabilities	2,267	2,267	–	–	2,267
Financial liabilities at fair value through profit or loss (FLaFVtPL)	**1,968**	**–**	**–**	**1,968**	**1,968**
Other financial liabilities	1,968	–	–	1,968	1,968
Financial liabilities held for trading (FLHfT)	**309**	**–**	**–**	**309**	**309**
Derivative financial instruments without hedge relationship	309	–	–	309	309
Derivative financial instruments with hedge relationship (n.a.)	**376**	**–**	**376**	**–**	**376**
Liabilities from finance leases (n.a.)	**7,747**	**–**	**–**	**–**	**8,357**

December 31, 2016 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)	**866,771**	**866,771**	**–**	**–**	**866,771**
Cash and cash equivalents	299,396	299,396	–	–	299,396
Trade receivables	528,298	528,298	–	–	528,298
Other financial assets	39,077	39,077	–	–	39,077
Financial assets available for sale (AfS)	**14,549**	**–**	**14,549**	**–**	**14,549**
Cash and cash equivalents	2,252	–	2,252	–	2,252
Securities	12,283	–	12,283	–	12,283
Other financial assets	14	–	14	–	14
Financial assets held for trading (FAHfT)	**1,233**	**–**	**–**	**1,233**	**1,233**
Derivative financial instruments without hedge relationship	1,233	–	–	1,233	1,233
Derivative financial instruments with hedge relationship (n.a.)	**115**	**–**	**115**	**–**	**115**
EQUITY AND LIABILITIES					
Financial liabilities at amortized cost (FLAC)	**2,018,731**	**2,018,731**	**–**	**–**	**2,066,598**
Trade payables	254,383	254,383	–	–	254,383
Borrowings	1,749,881	1,749,881	–	–	1,797,748
Other financial liabilities	14,467	14,467	–	–	14,467
Financial liabilities held for trading (FLHfT)	**966**	**–**	**–**	**966**	**966**
Derivative financial instruments without hedge relationship	966	–	–	966	966
Derivative financial instruments with hedge relationship (n.a.)	**741**	**–**	**741**	**–**	**741**
Liabilities from finance leases (n.a.)	**7,143**	**–**	**–**	**–**	**7,638**

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

FAIR VALUE ACCORDING TO HIERARCHY

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

T€		2015 Level 1	2015 Level 2	2015 Level 3	2015 Total	2016 Level 1	2016 Level 2	2016 Level 3	2016 Total
ASSETS									
Securities	AfS	4,432	–	–	**4,432**	12,283	–	–	**12,283**
Cash and cash equivalents	AfS	594	–	–	**594**	2,252	–	–	**2,252**
Other financial assets	AfS	–	–	2,266	**2,266**	–	–	14	**14**
Derivative financial instruments without hedge relationship	FAHfT	–	1	–	**1**	–	1,233	–	**1,233**
Derivative financial instruments with hedge relationship	n.a.	–	46	–	**46**	–	115	–	**115**
EQUITY AND LIABILITIES									
Contingent purchase price obligations	FLaFVtPL	–	–	1,968	**1,968**	–	–	–	**–**
Derivative financial instruments without hedge relationship	FLHfT	–	309	–	**309**	–	966	–	**966**
Derivative financial instruments with hedge relationship	n.a.	–	376	–	**376**	–	741	–	**741**
Liabilities from finance leases	n.a.	–	8,357	–	**8,357**	–	7,638	–	**7,638**

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

DETERMINING FAIR VALUE

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

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

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

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

Type	Valuation method	Non-observable input factors	2015	2016
		Weighted average cost of capital	13.5 %	12.5 %
		Terminal growth rate	3.0 %	1.0 %
Other financial assets	Discounted cash flow	EBITDA margin	Ø 10.8 %	Ø – 11.1 %
		Discount rate	2.59 %	2.59 %
		Sales	0 %	–
Contingent purchase price obligations	Present value of the payments relating to the obligation based on the Group's average refinancing rate while accounting for the probability of occurrence (sales and damage claim)	Damage claim	0 %	0 %

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

	Other financial assets		Contingent purchase price obligations	
T€	2015	2016	2015	2016
January 1	**2,113**	**2,266**	**10,311**	**1,968**
Additions	153	0	0	0
Disposals	0	0	– 1,234	0
Redemption	0	0	– 8,436	– 1,816
Fair value changes				
Recognized directly in other comprehensive income	0	– 28	0	0
Recognized in profit or loss (financial result)	0	– 2,224	184	0
Exchange rate differences	0	0	1,143	– 152
December 31	**2,266**	**14**	**1,968**	**0**

The final tranche of the contingent purchase price obligation from the 2013 acquisition of Belmay totaling USD 2.0 million was paid in the first quarter of 2016 (see note 37).

SENSITIVITY ANALYSIS – MEASUREMENT OF LEVEL 3 FINANCIAL INSTRUMENTS

The contingent purchase price obligation was paid in the current fiscal year. Other financial assets amounted to T€ 14 as of the reporting date. Due to a lack of materiality, a sensitivity analysis was not performed on December 31, 2016. For the effects of a change to the input factors for the previous year, please refer to the 2015 Financial Report.

NET GAINS AND LOSSES ACCORDING TO VALUATION CATEGORY

T€	2015	2016
Loans and receivables (LaR)	8,223	11,994
Financial assets and liabilities held for trading (FAHfT and FLHfT)	307	– 1,323
Financial assets available for sale (AfS)	37	– 1,359
Financial assets held to maturity (HtM)	– 366	0
Financial liabilities at amortized cost (FLAC)	– 70,457	– 50,405
Total	**– 62,256**	**– 41,093**

The changes in relation to the previous year mainly result from currency translation effects in current and non-current bank borrowings as well as other financial liabilities classified as FLAC pursuant to IAS 39.

Changes in value for financial assets available for sale that were recognized in equity with no effect on profit or loss amounted to T€ 5 as of the reporting date (December 31, 2015: T€ – 74) 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 € – 38.4 million in 2016 (2015: € – 35.2 million).

OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

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

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

39. DISCLOSURES RELATING TO FINANCIAL INSTRUMENT RISK MANAGEMENT

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

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

INTEREST RISK

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

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

2015	Nominal	of which fixed	of which variable	of which unhedged	1.0 percentage point increase
T€	1,168,559	970,559	198,000	198,000	1,980
TUSD	256,736	256,736	0	0	0

2016	Nominal	of which fixed	of which variable	of which unhedged	1.0 percentage point increase
T€	1,495,573	1,284,573	211,000	211,000	2,110
TUSD	263,543	238,543	25,000	25,000	250

An increase to all relevant interest rates of one percentage point would have resulted in T€ 2,347 less net income as of December 31, 2016 (December 31, 2015: T€ 1,980). A further decline in the interest rates would have had no material effect on net income due to provisions on negative interest rates stipulated in the credit agreements. The sensitivity of equity towards interest rate changes is of an immaterial extent.

CURRENCY RISK

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

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

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 local separate financial statements into the Group reporting currency. Changes deriving from translation of items recognized 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 end of the reporting period 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 foreign currency risk determined by this analysis is measured at the closing rate and at a sensitivity rate that represents a 10 % appreciation/depreciation of the functional currency as compared to the foreign currency. The difference from this hypothetical measurement represents the effect on earnings before income taxes and on equity. This sensitivity analysis is based on the assumption that all variables other than a change in the foreign currency exchange rate remain constant.

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

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

A significant currency risk for the Symrise Group resulted primarily in relation to the US Dollar, both for this fiscal year and the previous year. The foreign currency risk before hedging transactions amounted to USD 109.0 million as of the end of the reporting period (December 31, 2015: USD 46.7 million). The addition mainly resulted from a higher level of internal Group borrowings in US Dollar, which were largely secured via currency forward contracts.

T€	2015	2016
Sensitivity from a value increase/decrease in the EUR as compared to the USD of +/– 10%		
Impact on profit/loss	+/– 4,412	+/– 6,188
Impact on equity	– /+ 1,698	– /+ 2,057
Total	**+/– 2,714**	**+/– 4,131**

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

- with a nominal value of USD 21.0 million (December 31, 2015: USD 27.0 million) for hedging €/USD,
- with a nominal value of USD 6.0 million (December 31, 2015: USD 9.0 million) for hedging USD/JPY,
- with a nominal value of USD 0.7 million (December 31, 2015: USD 2.1 million) for hedging USD/INR,
- with a nominal value of USD 2.5 million (December 31, 2015: USD 3.5 million) for hedging SGD/USD,
- with a nominal value of USD 0.0 million (December 31, 2015: USD 2.2 million) for hedging USD/AUD,
- with a nominal value of AUD 2.1 million (December 31, 2015: AUD 0.0 million) for hedging €/AUD,
- with a nominal value of USD 44.4 million (December 31, 2015: USD 0.0 million) for hedging USD/SEK.

Forward contracts with positive market values amounted to T€ 1,348 as of the end of the reporting period (December 31, 2015: T€ 47), while forward contracts with negative market values totaled T€ 1,083 (December 31, 2015: T€ 685).

The currency forward contracts have terms of up to nine months.

Further information on the positive and negative fair values for currency forward contracts with and without hedge relationships can be found in the table on financial instruments in note 38 as well as in the notes on liquidity risk.

Symrise does not expect any material impacts from the possible exit of Great Britain from the EU. More information on this topic is available in the management report.

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 deficits that can be forecast under normal market conditions at normal market terms. Based on current planning, no liquidity risks are foreseen at the moment.

As of the reporting date, Symrise had access to credit lines that are explained in greater detail in note 26.

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:

			Maturity dates for expected payments		
2015 T€	Carrying amount	Expected outgoing payments	up to 1 year	over 1 year to 5 years	over 5 years
Borrowings	1,409,255	1,528,620	62,102	1,295,431	171,087
Trade payables	234,702	234,702	234,702	0	0
Other non-derivative financial obligations	4,235	4,235	4,235	0	0
Liabilities from finance leases	7,747	7,747	653	4,072	3,022

			Maturity dates for expected payments		
2016 T€	Carrying amount	Expected outgoing payments	up to 1 year	over 1 year to 5 years	over 5 years
Borrowings	1,749,881	1,857,270	565,997	941,778	349,495
Trade payables	254,383	254,383	254,383	0	0
Other non-derivative financial obligations	14,467	14,467	9,495	4,972	0
Liabilities from finance leases	7,143	7,143	1,380	3,454	2,309

The fair value and the expected incoming and outgoing payments from derivative financial assets and liabilities are presented in the following table. The terms of the currency forward contracts amount to a maximum of nine months. The interest and currency swaps have terms lasting until September 2018 at the latest.

T€	2015	2016
Currency forward contracts		
Assets	47	1,348
Liabilities	685	1,083
Expected incoming payments	39,509	71,370
Expected outgoing payments	40,146	71,105
Interest and currency swaps		
Liabilities	0	624
Expected incoming payments	0	30,062
Expected outgoing payments	0	30,556

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 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 with an investment grade and that we consistently monitor. 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 and constantly monitored. The carrying amounts of the financial assets represent the maximum credit risk.

40. LEASE AGREEMENTS

OPERATING LEASE AGREEMENTS AS LESSEE

Payment obligations exist for operating lease agreements, which have non-cancelable fixed lease terms of up to 36 years and that mainly relate to vehicles and buildings. Some of the agreements contain renewal options or price escalation clauses but rarely include purchase options and no contingent rent. In the current fiscal year, payments for leases recognized as expenses amount to € 19.0 million (December 31, 2015: € 13.3 million).

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

T€	2015	2016
Up to one year	12,093	15,773
Longer than one year and up to five years	27,658	38,443
Longer than five years	18,098	24,546
Total	**57,849**	**78,762**

FINANCE LEASE AGREEMENTS AS LESSEE

The net carrying amount of the assets accounted for as of the reporting date was € 9.5 million (December 31, 2015: € 11.1 million, see notes 20 and 21) and contains leased property, plant and equipment (buildings and equipment) as well as land used as part of leaseholds and intangible assets (software). Details on the future minimum lease payments for the finance lease agreements are shown in the following table arranged according to maturity:

			2015
T€	Minimum lease payments	Interest	Present value of minimum lease payments
Up to one year	925	272	653
Longer than one year and up to five years	5,734	1,662	4,072
Longer than five years	3,295	273	3,022
Total	**9,954**	**2,207**	**7,747**

			2016
T€	Minimum lease payments	Interest	Present value of minimum lease payments
Up to one year	1,625	245	1,380
Longer than one year and up to five years	4,227	773	3,454
Longer than five years	2,436	127	2,309
Total	**8,288**	**1,145**	**7,143**

The terms of the lease agreements are between one and ten years. No agreements on contingent rent were made. For more information on fair value, see note 38.

41. CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

CONTINGENT LIABILITIES

Contingent liabilities relate to potential future events that, upon occurring, would result in an obligation. As of the end of the reporting period, 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 set up provisions for such cases where we see a probability of an obligation arising from past events, when the amount of the obligation can be measured with sufficient reliability and the settlement of which is expected to result in an outflow of resources embodying economic benefits. For all currently pending legal proceedings, we have set up a provision of € 2.7 million. We are currently of the opinion that all the lawsuits and proceedings brought against us, both individually and as a whole, will have no material negative influence on our business operations, financial situation, results of operations or cash flow. The recognized provisions are therefore neither individually nor collectively material. The results of present and future proceedings are not foreseeable, meaning that legal or official decisions or settlement agreements can lead to expenses that are not or not completely covered by our insurance services and that could therefore have material effects on our business and its results. Many of our processes are, however, covered by insurance benefits relating to our product liability insurance.

OTHER FINANCIAL OBLIGATIONS

As of December 31, 2016, the Group had obligations to purchase property, plant and equipment amounting to € 65.5 million (December 31, 2015: € 43.9 million). This mainly relates to production facilities, hardware as well as laboratory and office equipment. Most are due during the course of 2017. Other obligations amounting to € 150.0 million (December 31, 2015: € 138.5 million) exist from not yet fulfilled obligations for the purchase of goods.

Symrise AG has service contracts with various providers regarding the outsourcing of its internal IT. Some service contracts already existed in previous years and were expanded in 2016. The remaining total obligations toward these service providers amount to € 55.5 million accounting for extraordinary termination rights (December 31, 2015: € 22.7 million).

Miscellaneous other financial obligations amounted to € 16.6 million as of December 31, 2016 (December 31, 2015: € 10.2 million) and are mostly obligations from consulting, service and cooperation contracts (€ 8.0 million; December 31, 2015: € 4.4 million).

42. TRANSACTIONS WITH RELATED PARTIES

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

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

As in the previous year, only a small amount of goods were purchased from associated companies in 2016.

Contribution payments were made to the Rheinische Pensionskasse (RPK) amounting to T€ 2,404 (2015: T€ 1,163). These were allocated to their corresponding function according to their assignment. As in the previous year, there were no liabilities nor receivables resulting from these transactions with the RPK as of the end of the reporting period. For additional information, see note 32.

In the 2016 fiscal year, members of the Executive and Supervisory Board received the following remuneration:

	2015			2016		
T€	Executive Board	Supervisory Board	Total	Executive Board	Supervisory Board	Total
Short-term benefits	3,049	922	**3,971**	3,274	964	**4,238**
Other long-term benefits	1,302	0	**1,302**	429	0	**429**
Post-employment benefits	34	0	**34**	51	0	**51**
Total	**4,385**	**922**	**5,307**	**3,754**	**964**	**4,718**

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

T€	2015	2016
Total remuneration for active members		
Executive Board	4,404	4,285
Supervisory Board	922	964
Total remuneration for former members and their surviving dependents		
Executive Board	700	306

Provisions for current pensions and pension entitlements contains contributions of € 12.0 million (December 31, 2015: € 10.2 million) for former members of the Executive Board and € 3.4 million (December 31, 2015: € 2.5 million) for current members of the Executive Board.

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

43. EXECUTIVE BOARD AND SUPERVISORY BOARD SHAREHOLDINGS

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

The direct or indirect total holding of shares in Symrise AG by all members of the Executive and Supervisory Boards as of December 31, 2016, was more than 1 %. Of the 6.24 % of shares in Symrise AG held by members of the Executive and Supervisory Boards, 6.01 % is held by members of the Supervisory Board while 0.23 % is held by members of the Executive Board.

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

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

45. AUDIT OF FINANCIAL STATEMENTS

The Annual General Meeting of Symrise AG, held on May 11, 2016, appointed KPMG AG Wirtschaftsprüfungsgesellschaft as auditor for the 2016 fiscal year.

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

T€	2015	2016
Audit of financial statements	808	826
Other audit assurance services	28	24
Tax advisory services	192	393
Other services	0	0
Total	**1,028**	**1,243**

46. LIST OF INTERESTS IN ENTITIES

Fully Consolidated Subsidiaries as of December 31, 2016

Name and registered office of the entity	Share
Germany	
Busiris Vermögensverwaltung GmbH, Holzminden	100.00 %
DrinkStar GmbH, Rosenheim	100.00 %
Haarmann & Reimer Unterstützungskasse Gesellschaft mit beschränkter Haftung, Holzminden	100.00 %
Schimmel & Co. Gesellschaft mit beschränkter Haftung, Holzminden	100.00 %
Symotion GmbH, Holzminden	100.00 %
Symrise Beteiligungs GmbH, Holzminden	100.00 %
Symrise BioActives GmbH, Hamburg	100.00 %
Symrise IP-Verwaltungs GmbH, Holzminden	100.00 %
Symrise US Beteiligungs GmbH, Holzminden	100.00 %
Tesium GmbH, Holzminden	100.00 %
France	
Aromatics SAS, Clichy-la-Garenne	100.00 %
Arôme de Chacé SAS, Chacé	100.00 %
Diana Naturals SAS, Antrain	100.00 %
Diana SAS, Saint Nolff	100.00 %
Diana Trans, Saint Nolff	100.00 %
DianaNova SAS, Rennes	100.00 %
Kerisper SAS, Saint Nolff	100.00 %
Société de Protéines Industrielles SNC, Berric	100.00 %
Spécialités Pet Food SAS, Elven	100.00 %
Symrise SAS, Clichy-la-Garenne	100.00 %
Villers SAS, Villers Les Pôts	100.00 %
Rest of Europe	
Diana Food Limited, UK	100.00 %
OOO Symrise Rogovo, Russia	100.00 %
Probi AB, Sweden	51.40 %
Probi Feed AB, Sweden	51.40 %
Probi Food AB, Sweden	51.40 %
Scelta Umami BV, Netherlands	60.00 %
Scelta Umami Holding BV, Netherlands	60.00 %
SPF DIANA Espana SLU, Spain	100.00 %
SPF Hungary Kft, Hungary	99.67 %
SPF RUS, Russia	100.00 %
SPF UK Ltd, UK	60.00 %
Symrise Group Finance Holding 1 BVBA, Belgium	100.00 %
Symrise Group Finance Holding 2 CV, Belgium	100.00 %
Symrise Holding Limited, UK	100.00 %
Symrise Iberica S.L., Spain	100.00 %
Symrise IP-Holding GCV, Belgium	100.00 %
Symrise Kimya Sanayi Ticaret Ltd. Sirketi, Turkey	100.00 %
Symrise Limited, UK	100.00 %
Symrise Luxembourg S.a.r.l., Luxembourg	100.00 %

Rest of Europe (Continuation from page 136)	
Symrise S.r.l., Italy	100.00 %
Symrise Vertriebs GmbH, Austria	100.00 %
Symrise Spółka z ograniczoną odpowiedzialnością, Poland	100.00 %
Symrise US Holding B.V., Netherlands	100.00 %

North America	
Diana Food Canada Inc., Canada	100.00 %
Diana Natural Inc., USA	100.00 %
Diana US Inc., USA	100.00 %
Nutra Canada Inc., Canada	100.00 %
Probi US, Inc., USA	51.40 %
SPF Canada – Group Diana Inc., Canada	100.00 %
SPF North America Inc., USA	100.00 %
SPF USA Inc., USA	100.00 %
Symrise Holding Inc., USA	100.00 %
Symrise Holding II Inc., USA	100.00 %
Symrise Inc., USA	100.00 %
Symrise US LLC, USA	100.00 %

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

Asia and Pacific	
Diana Group Pte Ltd, Singapore	100.00 %
Diana Naturals Private Ltd, India	100.00 %
P.T. Symrise, Indonesia	100.00 %
Probi Asia Pacific Pte Ltd, Singapore	51.40 %
SPF (Chuzhou) Pet Food Co., Ltd, China	100.00 %
SPF (Qingdao) Trading Co., Ltd, China	100.00 %
SPF Diana (Thailand) Co Ltd, Thailand	51.00 %
SPF Diana Australia PTY Ltd, Australia	100.00 %
Symrise Asia Pacific Pte. Ltd., Singapore	100.00 %
Symrise Flavors & Fragrances (Nantong) Co. Ltd., China	100.00 %
Symrise Holding Pte. Limited, Singapore	100.00 %
Symrise Inc., Philippines	100.00 %
Symrise K.K., Japan	100.00 %
Symrise Limited, South Korea	100.00 %
Symrise Ltd., Thailand	100.00 %

Asia and Pacific (Continuation from page 137)	
Symrise Private Limited, India	100.00%
Symrise Pte. Ltd., Singapore	100.00%
Symrise Pty. Ltd., Australia	100.00%
Symrise SDN. BHD, Malaysia	100.00%
Symrise Shanghai Limited, China	100.00%

Africa and Middle East	
Futura Labs International S.A.E., Egypt	100.00%
Origines S.a.r.L., Madagascar	100.00%
Spécialités Pet Food South Africa (RSA), South Africa	100.00%
Symrise (Pty) Ltd., South Africa	100.00%
Symrise Middle East Ltd., Dubai	100.00%
Symrise Nigeria Limited, Nigeria	100.00%
Symrise Parsian, Iran	100.00%
Symrise S.A.E., Egypt	100.00%
Symrise S.a.r.L., Madagascar	100.00%

Associated Companies as of December 31, 2016

Name and registered office of the entity	Share
Octopepper SAS, France	26.28%
Therapeutic Peptides Inc., USA	20.00%

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

Busiris Vermögensverwaltung GmbH, DrinkStar GmbH, Symotion GmbH, Symrise US-Beteiligungs GmbH and Tesium GmbH are included in the consolidated financial statements of Symrise AG in accordance with the provisions applicable for corporate entities and have taken advantage of the exemption provisions covering the preparation, audit and publication of separate annual financial statements pursuant to Section 264 (3) of the German Commercial Code (HGB).

48. CORPORATE GOVERNANCE

The Declaration of Compliance pursuant to Section 161 of the German Stock Corporation Act (AktG) has been submitted for 2016 and has been made available to shareholders on an ongoing basis through our website www.symrise.com.

Holzminden, Germany, February 21, 2017

Symrise AG

The Executive Board

Dr. Heinz-Jürgen Bertram | Achim Daub | Olaf Klinger

Dr. Jean-Yves Parisot | Heinrich Schaper

Statement of the Executive Board

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

Holzminden, Germany, February 21, 2017

Symrise AG

The Executive Board

Dr. Heinz-Jürgen Bertram

Achim Daub

Olaf Klinger

Dr. Jean-Yves Parisot

Heinrich Schaper

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 flow, 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, 2016. 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 § 315a Abs. 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 § 317 HGB [Handelsgesetzbuch „German Commercial Code"] 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 § 315a Abs. 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements, complies with the German statutory requirements, and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Hanover, February 22, 2017

KPMG AG
Wirtschaftsprüfungsgesellschaft

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