SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OF

THE SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended September 30, 1996 Commission File Number 1-4858

INTERNATIONAL FLAVORS & FRAGRANCES INC.
(Exact Name of Registrant as specified in its charter)

New York	13-1432060
(State or other jurisdiction of incorporation or organization)	(IRS Employer identification No.)
521 West 57th Street, New York, N.Y.	10019-2960
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (212) 765-5500

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Sections 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding twelve months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes x No

Number of shares outstanding as of November 11,1996: 110,325,234

PART I. FINANCIAL INFORMATION 1

ITEM 1. FINANCIAL STATEMENTS

INTERNATIONAL FLAVORS & FRAGRANCES INC.

CONSOLIDATED BALANCE SHEET
(Dollars in thousands)

	9/30/96	12/31/95
Assets		
Current Assets:		
Cash & Cash Equivalents	$ 247,091	$ 251,430
Short-term Investments	62,064	45,503
Trade Receivables	284,541	253,913
Allowance For Doubtful Accounts	(8,888)	(8,602)
Inventories: Raw Materials	208,592	233,759
Work in Process	24,248	27,739
Finished Goods	136,868	153,049
Total Inventories	369,708	414,547
Other Current Assets	84,173	79,186

Total Current Assets	1,038,689	1,035,977
Property, Plant & Equipment, At Cost	875,618	839,206
Accumulated Depreciation	(410,316)	(370,621)
	465,302	468,585
Other Assets	30,103	29,707
Total Assets	$1,534,094	$1,534,269
Liabilities and Shareholders' Equity		
Current Liabilities:		
Bank Loans	$ 12,510	$ 12,185
Accounts Payable-Trade	54,496	63,282
Dividends Payable	37,588	37,749
Income Taxes	77,561	70,471
Other Current Liabilities	106,681	92,714
Total Current Liabilities	288,836	276,401
Other Liabilities:		
Deferred Income Taxes	13,898	13,420
Long-term Debt	8,834	11,616
Other	120,948	116,272
Total Other Liabilities	143,680	141,308
Shareholders' Equity:		
Common Stock (115,761,840 shares issued in '96 and in '95)	14,470	14,470
Capital in Excess of Par Value	138,974	142,476
Retained Earnings	1,105,288	1,069,421
Cumulative Translation Adjustment	48,732	75,049
	1,307,464	1,301,416
Treasury Stock, at cost - 5,240,969 shares in '96 and 4,808,005 in '95	(205,886)	(184,856)
Total Shareholders' Equity	1,101,578	1,116,560
Total Liabilities and Shareholders' Equity	$1,534,094	$1,534,269

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENT OF INCOME
(Dollars in thousands except per share amounts)

	3 Months Ended 9/30	
	1996	1995
Net Sales	$ 354,865	$ 360,083
Cost of Goods Sold	193,768	186,705
Research and Development Expenses	23,431	22,741
Selling and Administrative Expenses	55,714	52,671
Interest Expense	800	932
Other (Income) Expense, Net	(2,494)	(2,617)
	271,219	260,432
Income Before Taxes on Income	83,646	99,651
Taxes on Income	30,531	36,325
Net Income	$ 53,115	$ 63,326
Earnings Per Share	$0.48	$0.57
Dividends Paid Per Share	$0.34	$0.31

	9 Months Ended 9/30	
	1996	1995
Net Sales	$1,112,029	$1,127,983
Cost of Goods Sold	599,646	575,400
Research and Development Expenses	69,476	67,611
Selling and Administrative Expenses	166,390	161,836
Nonrecurring Charge	49,707	--
Interest Expense	2,093	2,544
Other (Income) Expense, Net	(9,607)	(10,151)
	877,705	797,240
Income Before Taxes on Income	234,324	330,743
Taxes on Income	85,342	121,759
Net Income	$ 148,982	$ 208,984
Earnings Per Share	$1.34	$1.88
Average Number of Shares Outstanding (000's)	110,933	111,359
Dividends Paid Per Share	$1.02	$0.93

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENT OF CASH FLOWS
(Dollars in thousands)

	9 Months Ended 9/30	
	1996	1995
Cash Flows From Operating Activities:		
Net Income	$ 148,982	$ 208,984
Adjustments to Reconcile to Net Cash Provided by Operations:		
Nonrecurring Charge	49,707	--
Depreciation	34,674	31,070
Deferred Income Taxes	(12,340)	6,581
Changes in Assets and Liabilities:		
Current Receivables	(30,606)	(51,687)
Inventories	29,312	(33,568)
Current Payables	1,610	(4,793)
Other, Net	3,520	671
Net Cash Provided by Operations	224,859	157,258
Cash Flows From Investing Activities:		
Proceeds From Sales/Maturities of Short-term Investments	29,804	69,861
Purchases of Short-term Investments	(47,400)	(130,780)
Additions to Property, Plant & Equipment, Net of Minor Disposals	(63,490)	(56,079)
Net Cash Used in Investing Activities	(81,086)	(116,998)
Cash Flows From Financing Activities:		
Cash Dividends Paid to Shareholders	(113,276)	(103,637)
Increase in Bank Loans	488	1,641
Decrease in Long-term Debt	(2,096)	(2,423)
Proceeds From Issuance of Stock Under Stock Option Plans	7,593	6,812
Purchase of Treasury Stock	(32,470)	(36,949)
Net Cash Used In Financing Activities	(139,761)	(134,556)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(8,351)	14,387
Net Change in Cash and Cash Equivalents	(4,339)	(79,909)
Cash and Cash Equivalents at Beginning of Year	251,430	230,581
Cash and Cash Equivalents at End of Period	$ 247,091	$ 150,672
Interest Paid	$ 2,079	$ 3,105
Income Taxes Paid	$ 92,081	$ 109,398

See Notes to Consolidated Financial Statements

Notes to Consolidated Financial Statements

These interim statements and management's related discussion and analysis should be read in conjunction with the consolidated financial statements and their related notes, and management's discussion and analysis of results of operations and financial condition included in the Company's 1995 Annual Report to Shareholders. In the opinion of the Company's management, all normal recurring adjustments necessary for a fair statement of the results for the interim periods have been made.

Statement of Financial Accounting Standards No. 121, Accounting For The Impairment Of Long-Lived Assets And For Long-Lived Assets To Be Disposed Of, is effective for fiscal years beginning after December 15, 1995. The standard requires that long-lived assets and certain identifiable intangibles held by an entity be reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable. The effect of adopting this standard was not material to the Company.

In June 1996, the Company announced the final phase of its program to expand and streamline its worldwide aroma chemical production facilities. This program will include the phase-out of aroma chemical production at the Company's Union Beach, New Jersey plant over the 18 month period ending December 31, 1997, and the closure of smaller capacity aroma chemical facilities in Mexico City, Mexico and Rio de Janeiro, Brazil by the end of 1996. Most of the aroma chemical volume currently produced at Union Beach will be transferred to the Company's newly constructed, state-of-the-art facility in Augusta, Georgia. In addition, aroma chemical production capacity in Benicarlo, Spain will be expanded. The closure of the three facilities will affect approximately 220 employees associated with aroma chemical manufacturing at these locations, including 170 jobs at the Union Beach facility.

The aroma chemical streamlining resulted in a one-time pretax charge to second quarter 1996 earnings of $49,707,000 ($31,315,000 after tax or $.29 per share). Cost savings from this program have been specifically identified and are expected to ultimately increase pretax earnings by $20,000,000 annually, on completion of the phase-out of Union Beach operations.

The reserve established as a result of the one-time charge consists of the following components:

Employee related	$10,629,000
Closing manufacturing plants	39,078,000
Total nonrecurring charge	$49,707,000

Utilization of the reserve since the June 1996 announcement has not been material.

Item 2. Management's Discussion and Analysis of Results of Operations and Financial Condition

Operations

Worldwide net sales for the third quarter of 1996 were $354,865,000, compared to $360,083,000 in the 1995 third quarter. For the first nine months of 1996, net sales totaled $1,112,029,000, compared to $1,127,983,000 for the nine month period in 1995. Sales in the third quarter and the first nine months of 1996 were unfavorably impacted by translation of European currencies into a stronger U.S. dollar.

Net income for the third quarter of 1996 totaled $53,115,000 compared to $63,326,000 in the prior year third quarter. Net income for the first nine months of 1996, including the one-time charge discussed below, totaled $148,982,000 compared to $208,984,000 for the comparable 1995 period. Excluding the one-time charge, net income for the nine month period ended September 30, 1996 was $180,297,000.

The Company's sales and earnings for the first nine months of 1996 were affected by slow customer reordering patterns for fragrances, both in Europe and the United States. The disruption of reorder patterns began with sluggish retail sales during the 1995 holiday season, and continued during the first half of 1996. While the third quarter evidenced some improvement in reordering, the resumption of normal ordering patterns is not expected until some time in the fourth quarter of 1996, particularly due to economic conditions in Europe. Third quarter flavor sales were also softer due to the continuing downsizing and restructuring of some of the Company's major U.S. food customers, as well as the unusually cool and wet summer in Europe and the United States, resulting in lower flavor sales to the beverage, ice cream and yogurt industries. During the first nine months of 1996, margins were unfavorably affected by the low volume of sales in the period. Sales, earnings and margins are also being impacted by highly competitive conditions for aroma chemicals, which have caused the Company to lower prices for certain aroma chemicals.

The percentage relationship of cost of goods sold and other operating expenses to sales for the first nine months 1996 and 1995 are detailed below.

	First Nine Months	
	1996	1995
Cost of Goods Sold	53.9%	51.0%
Research and Development Expense	6.2%	6.0%
Selling and Administrative Expense	15.0%	14.3%

In June 1996, the Company announced the final phase of its program to expand and streamline its worldwide aroma chemical production facilities. This program will include the phase-out of aroma chemical production at the Company's Union Beach, New Jersey plant over the 18 month period ending December 31, 1997, and the closure of smaller capacity aroma chemical facilities in Mexico City, Mexico and Rio de Janeiro, Brazil by the end of 1996. Most of the aroma chemical volume currently produced at Union Beach will be transferred to the Company's newly constructed, state-of-the-art facility in Augusta, Georgia. In addition, aroma chemical production capacity in Benicarlo, Spain will be expanded.

These steps are intended to improve the Company's production capabilities, to achieve cost efficiencies in the United States as well as internationally, and to maintain and extend the Company's leadership position in the aroma chemical market. They will also assure that the Company will have sufficient aroma chemical supply to meet its own and its customers' needs for the foreseeable future.

The closure of the three facilities will affect approximately 220 employees associated with aroma chemical manufacturing at these locations, including 170 jobs at the Union Beach facility.

The aroma chemical streamlining resulted in a one-time pretax charge to second quarter 1996 earnings of $49,707,000 ($31,315,000 after tax or $.29 per share). Cost savings from this program have been specifically identified and are expected to increase pretax earnings by $20,000,000 annually, on completion of the phase-out of Union Beach operations.

The reserve established as a result of the one-time charge consists of the following components:

Employee related	$10,629,000
Closing manufacturing plants	39,078,000
Total nonrecurring charge	$49,707,000

Of the charge, approximately $33,000,000 represents asset writedowns and other non-cash related costs. Usage of the reserve since the June 1996 announcement has not been material.

The phased transfer of production from Union Beach to Augusta will result, until the full closure of Union Beach, in some duplication of operating expenses which will affect both operating margins and earnings. However, the cost savings from the Company's program to streamline its worldwide aroma chemical facilities will more than offset the effect of these conditions when the program is fully implemented.

The effective tax rates for the third quarter and first nine months 1996 were 36.5% and 36.4%, respectively, as compared to 36.5% and 36.8% for the comparable periods in 1995. The lower effective tax rate for the nine month period in 1996 reflects the effects of lower tax rates in various tax jurisdictions in which the Company operates.

Statement of Financial Accounting Standards No. 121, Accounting For The Impairment Of Long-Lived Assets And For Long-Lived Assets To Be Disposed Of, is effective for fiscal years beginning after December 15, 1995. The standard requires that long-lived assets and certain identifiable intangibles held by an entity be reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable. The effect of adopting this standard was not material to the Company.

Financial Condition

The financial condition of the Company continued to be strong. Cash, cash equivalents and short-term investments totaled $309,155,000 at September 30, 1996. At September 30, 1996, working capital was $749,853,000 compared to $759,576,000 at December 31, 1995. Gross additions to property, plant and equipment during the first nine months of 1996 were $64,156,000. In September 1996, the Company announced a plan to repurchase up to an additional 7.5 million shares of its common stock. An existing program to repurchase 7.5 million shares, which has been in effect since 1992, is nearly completed. Repurchases will be made from time to time on the open market or through private transactions as market and business conditions warrant. The repurchased shares will be available for use in connection with the Company's employee benefits plan and for other general corporate purposes.

In January 1996, the Company's cash dividend was increased 9.7% to an annual rate of $1.36 per share, and $.34 per share was paid to shareholders in each of the first three quarters of 1996. The Company anticipates that its growth, capital expenditure programs and share repurchase programs will be funded from internal sources.

The cumulative translation adjustment component of Shareholders' Equity at September 30, 1996 was $48,732,000 compared to $75,049,000 at December 31, 1995. Changes in the component result from translating the net assets of the majority of the Company's foreign subsidiaries into U.S. dollars at current exchange rates as required by the Statement of Financial Accounting Standards No. 52 on accounting for foreign currency translation.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

Exhibit 27--Financial Data Schedule

(b) Reports on Form 8-K

Registrant filed no report on Form 8-K during the quarter for which this report on Form 10-Q is filed.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

INTERNATIONAL FLAVORS & FRAGRANCES INC.

Dated: November 12, 1996   By: /s/ THOMAS H. HOPPEL

Thomas H. Hoppel, Vice-President and Chief Financial Officer

Dated: November 12, 1996   By: /s/ STEPHEN A. BLOCK

Stephen A. Block, Vice-President Law and Secretary

The schedule contains summary financial information extracted from the Consolidated Balance Sheet & Consolidated Statement of Income and is qualified in its entirety by reference to such financial statements. Amounts in thousands of dollars, except per share amounts.

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9-MOS
DEC-31-1996
SEP-30-1996
247,091
62,064
284,541
(8,888)
369,708
1,038,689
875,618
(410,316)
1,534,094
288,836
8,834
0
0
14,470
1,087,108
1,534,094
1,112,029
1,112,029
599,646
835,512
40,100
0
2,093
234,324
85,342
148,982
0
0
0
148,982
$1.34
$1.34