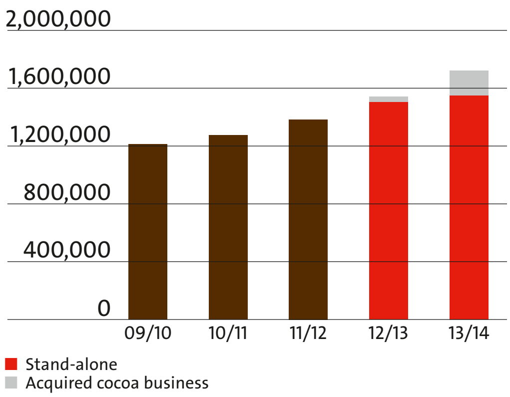
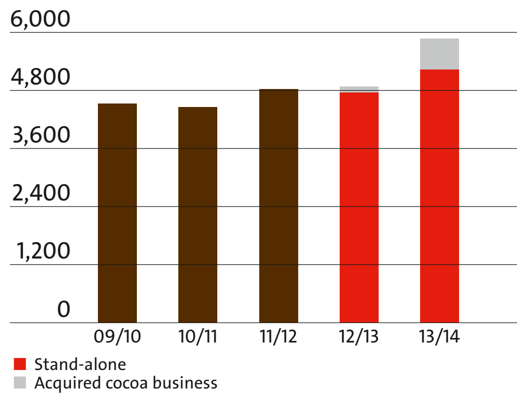
Annual Report 2013/14

Barry Callebaut

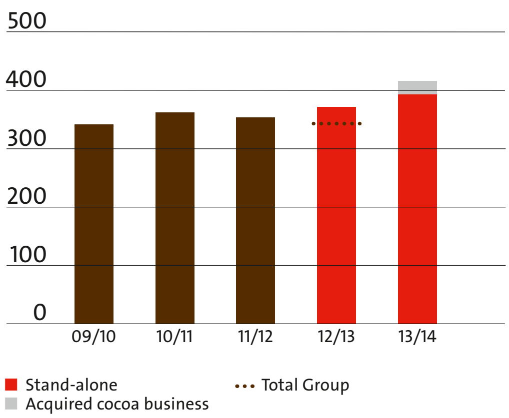
Sales volume
in tonnes



Sales revenue
in CHF million

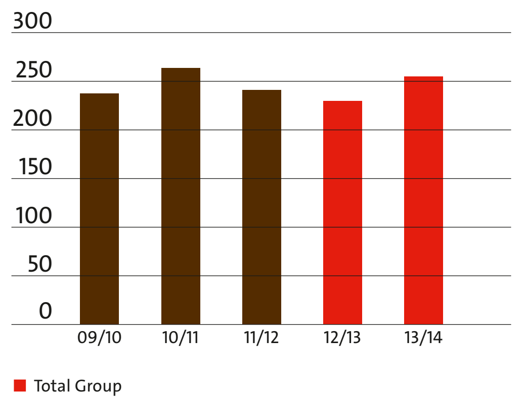


EBIT
in CHF million

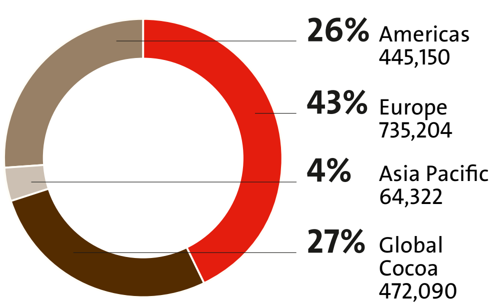


Net profit
from continuing operations

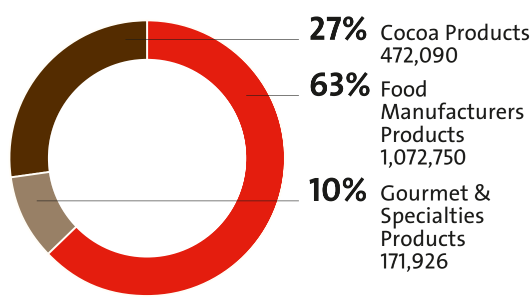
in CHF million



Sales volume by Region
in tonnes



Sales volume by Product Group
in tonnes

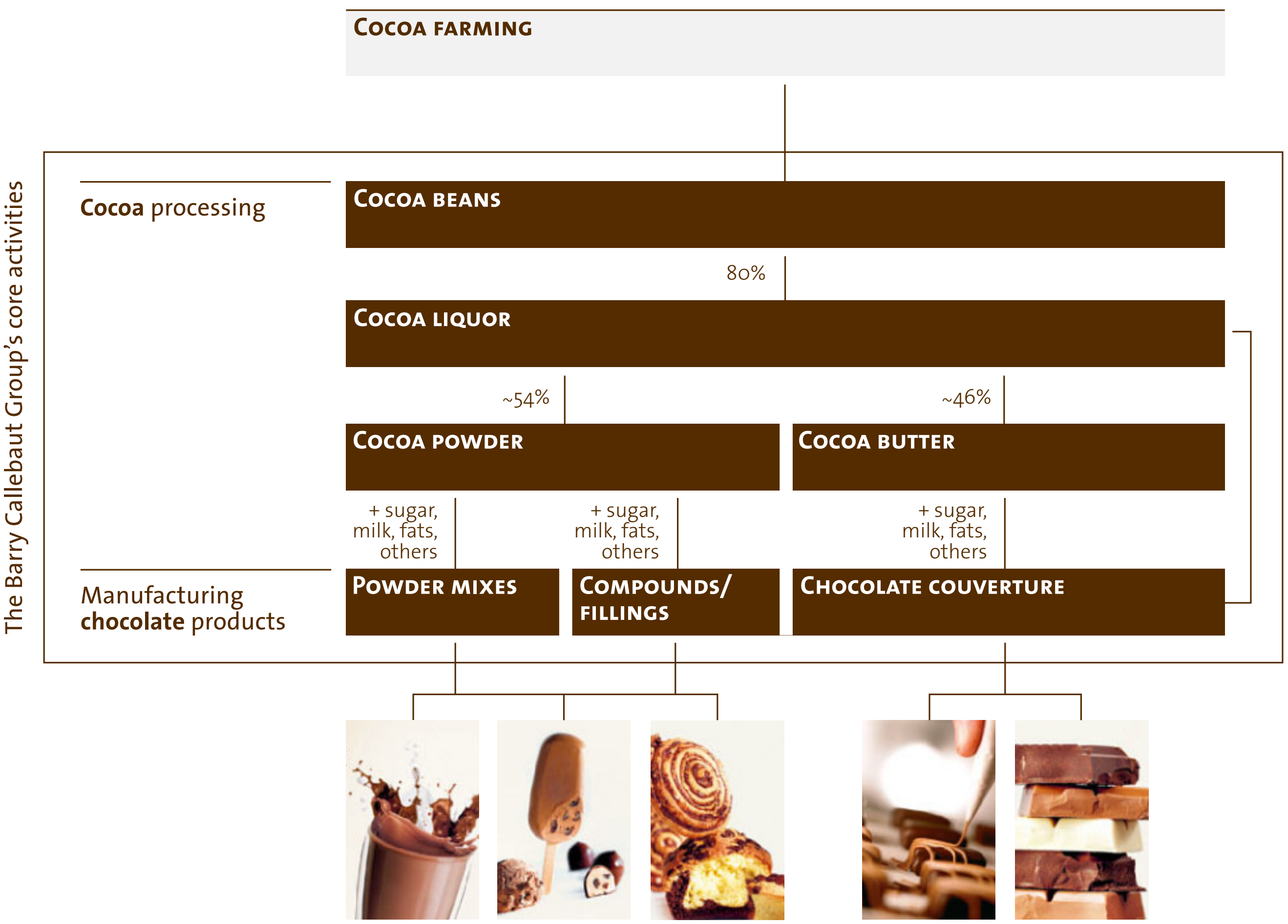


At a Glance

Barry Callebaut
Annual Report 2013/14

Our vision
We are the heart and engine of the chocolate and cocoa industry.

Our activities
The Barry Callebaut Group is the world's leading manufacturer of high-quality chocolate and cocoa products. In the industrial chocolate market, we have a 40% market share in the open market. This means we are present in one out of five chocolate products consumed around the world. We operate 51 chocolate and cocoa factories worldwide and are present in 35 countries. As a business-to-business company, we serve the entire food industry, from industrial food manufacturers to professional or artisanal users of chocolate.



At a Glance

Barry Callebaut
Annual Report 2013/14

We are the world's leading, fully integrated chocolate manufacturer with a global presence and mastering every step from cocoa processing up to the manufacturing of chocolate products. Our value creation starts with the procurement of high-quality raw materials such as cocoa, sugar, dairy products, fats, nuts, dried fruits and other ingredients as well as packaging materials.

As the Barry Callebaut Group does not own any cocoa plantations, we source our most important raw material directly through our well-established presence in cocoa origin countries from cooperatives, intermediaries and government bodies.

We transform the cocoa beans – together with the other key ingredients – into a broad offering of high-quality, innovative cocoa and chocolate products. To accommodate price fluctuations, most of our business is based on a cost-plus pricing system, that passes on raw material costs directly to our customers.

The integration of the cocoa business acquired from Petra Foods in June 2013 made us also the largest manufacturer of cocoa products.

Everything the Barry Callebaut Group does has deep and strong roots in the company's five core values – customer focus, passion, entrepreneurship, team spirit and integrity. These are visible in every part of our chain of activity – from the sourcing of raw materials to the fulfillment of our responsibility towards all our stakeholders.

Our values represent a mindset and way of doing business that is committed to generating sustainable earnings over time and creating of long-term value for all our stakeholders.

Our way of working is characterized by strong teamwork throughout the organization. This includes not just employees, but extends to producers, suppliers, customers, consumers through to the communities where we operate and to our shareholders.

Strategy

Barry Callebaut
Annual Report 2013/14

The Barry Callebaut Group aims to outperform the global chocolate market. Its ambitious growth strategy is based on four pillars:

Expansion

The Barry Callebaut Group wants to strengthen its position in the main markets of Western Europe and North America. The Group aims to unlock the full potential of emerging markets, and continuously evaluates how to enter new emerging markets. Implementing existing outsourcing volumes and strategic partnerships, as well as securing further outsourcing deals with regional and local food manufacturers, is an essential part of the business strategy. In parallel, the Group intends to further accelerate the growth of its Gourmet business.

Innovation

The Barry Callebaut Group is recognized as the reference for innovation in the industry. From its global innovation centers in Wieze (chocolate) and Louviers (cocoa), the Group focuses on developing unique capabilities and expertise in four discover areas: 1. Cocoa Science; 2. Authenticity and Permissibility; 3. Structure, Texture and Sensory; 4. New Process Technology. These are the areas that give the Group a competitive edge in the development of new product solutions and help the company to shape industry trends, anticipate and respond to customer needs.

Cost Leadership

Cost Leadership is an important reason why, for example, industrial customers outsource their chocolate production to the Barry Callebaut Group. The Group is continuously improving its operational efficiency by upgrading technology and achieving higher scale effects through better capacity utilization, the optimization of product flows, logistics and inventory management, in addition to reducing energy consumption and lowering fixed costs.

Sustainable Cocoa

To safeguard the future of its business, the Barry Callebaut Group must contribute to making cocoa farming viable and attractive to farmers, today and tomorrow. The Group believes that cocoa production will only be sustainable when farmers earn an equitable income, engage in responsible labor practices, safeguard the environment and can provide for the basic health and education needs of their families. Sustainable Cocoa consists of three action areas: Farmer Practices to train farmers how to improve their yields, Farmer Education to teach the next generation of cocoa farmers, and Farmer Health to improve access to basic health care and education services.

Five reasons to invest in Barry Callebaut

1.

World leader in high-quality chocolate and cocoa products with a proven, focused and long-term oriented strategy

2.

Superior growth opportunities through strong positioning in outsourcing and long-term strategic partnerships with major food companies

3.

Leader in emerging markets with growing presence

4.

Recognized innovation leader

5.

Strong track record of sustainable and consistent earnings and cash flow generation

We are shaping the world of chocolate and cocoa.

One in five chocolate products consumed around the world contains products from the Barry Callebaut Group – even though our name is not mentioned.

Key figures

Barry Callebaut
Annual Report 2013/14

Consolidated Income Statement

for the fiscal year ended August 31,		Change (%) in local currencies	Change (%) in CHF	2013/14	2012/13[1,2]
Sales volume	Tonnes		11.8%	1,716,766	1,535,662
Sales revenue	CHF m	23.4%	20.1%	5,865.9	4,884.1
Gross profit	CHF m	20.7%	18.2%	861.1	728.7
EBITDA[3]	CHF m	24.0%	21.2%	531.5	438.4
Operating profit (EBIT)	CHF m	23.9%	21.4%	416.2	342.9
Net profit from continuing operations[4]	CHF m	12.3%	11.1%	255.0	229.5
Net profit for the year	CHF m	15.7%	14.5%	255.0	222.8
Cash flow[5]	CHF m	7.8%	5.0%	473.7	451.1
EBIT per tonne[6]	CHF	10.9%	8.5%	242.4	223.4

Stand-alone Income Statement[7]

for the fiscal year ended August 31,		Change (%) in local currencies	Change (%) in CHF	2013/14	2012/13[1,2]
Sales volume	Tonnes		2.9%	1,541,654	1,498,632
Sales revenue	CHF m	13.0%	10.0%	5,231.2	4,756.4
Operating profit (EBIT)	CHF m	7.6%	5.6%	392.8	372.1
EBIT per tonne[6]	CHF	4.6%	2.6%	254.8	248.3

Consolidated Balance Sheet

as of August 31,			2014	2013[1,2]
Total assets	CHF m	14.2%	5,167.5	4,526.9
Net working capital[8]	CHF m	24.4%	1,674.6	1,345.7
Non-current assets	CHF m	5.0%	2,175.6	2,071.9
Net debt	CHF m	18.2%	1,803.5	1,525.2
Shareholders' equity[9]	CHF m	6.4%	1,790.7	1,682.5

Shares

for the fiscal year ended August 31,			2013/14	2012/13[1,2]
Share price end of fiscal year	CHF	28.5%	1,125.0	875.5
EBIT per share[10]	CHF	15.8%	75.9	65.5
Basic earnings per share[11]	CHF	4.6%	46.0	44.0
Cash earnings per share[12]	CHF	0.1%	86.3	86.2
Payout per share[13]	CHF	6.9%	15.5	14.5

Consolidated Ratios

for the fiscal year ended August 31,			2013/14	2012/13[1,2]
Economic Value Added (EVA)	CHF m	6.9%	84.5	79.0
Return on invested capital (ROIC)[14]	%	(3.9%)	10.5%	10.9%
Return on equity (ROE)	%	(4.9%)	14.7 %	15.4%
Debt to equity ratio	%	11.2%	100.7%	90.6%

Other

as of August 31,	2014	2013[1]
Employees	9,319	8,658

1 All key figures are based on the continuing operations except for net profit for the year, total assets and cash flow related key figures.
2 Following the revision of IAS 19 (Employee Benefits), certain comparatives have been restated to conform to the current period's presentation.
3 EBIT + depreciation of property, plant and equipment + amortization of intangibles (all from continuing operations).
4 Incl. non-controlling interest.
5 Operating cash flow before working capital changes.
6 EBIT / sales volume (from continuing operations).
7 Stand-alone numbers are consolidated figures adjusted for comparability reasons by the effects of the transaction and contribution of the cocoa business acquired from Petra Foods.
8 Includes current assets, liabilities and provisions related to commercial activities.
9 Total equity attributable to the shareholders of the parent company.
10 EBIT / basic shares outstanding.
11 Based on the net profit from continuing operations attributable to the shareholders of the parent company / basic shares outstanding.
12 Operating cash flow before working capital changes / basic shares outstanding.
13 Dividend out of paid-in capital reserves as proposed by the Board of Directors to the General Assembly of Shareholders.
14 EBIT x (1-effective tax rate) / average capital employed.

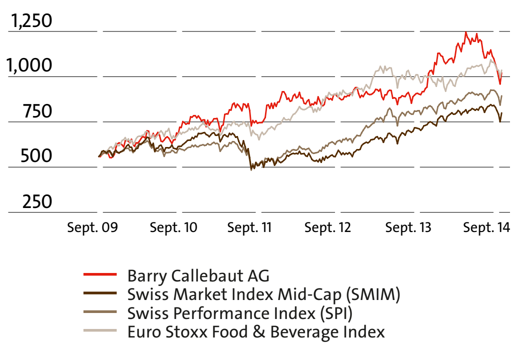
The Barry Callebaut Group is organized into different regions: Region Europe (incl. Middle East and Africa), Region Americas and Region Asia Pacific. The globally managed Global Cocoa is, like a Region, reported as a separate segment. The figures under the respective Regions show all chocolate sales, while the figures reported under Global Cocoa include all sales of cocoa products to third-party customers in all Regions.

The Group's business can also be separated into three different Product Groups: Food Manufacturers Products, Gourmet & Specialties Products and Cocoa Products.

	Europe	Americas	Asia Pacific	Global Cocoa
	Food Manufacturers, Gourmet & Specialties	Food Manufacturers, Gourmet & Specialties	Food Manufacturers, Gourmet & Specialties	Cocoa Products
	43 % of consolidated sales volume	**26% of consolidated sales volume**	**4% of consolidated sales volume**	**27% of consolidated sales volume**
Volume growth vs. prior year	(1.2%)	+5.4%	+9.3%	+52.1%
EBIT growth vs. prior year (in CHF)	+5.3%	+17.5%	+0.4%	+95.7%

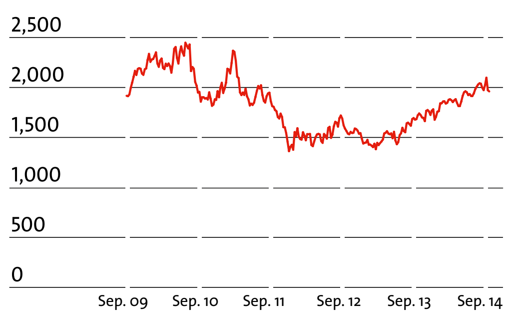
Share price development Barry Callebaut vs. Indices

Rebased (in CHF)



Cocoa price

London Cocoa Terminal Market
in GBP/tonne



Number of employees

9,319

Number of factories

51

Number of R&D projects

2,914

Number of new recipes launched

1,154

Farmers trained in good agricultural practices

99,000

Tonnes of sustainable cocoa sourced from our programs

84,000

The Barry Callebaut Group is the world's leading, fully integrated chocolate manufacturer with a global presence mastering every step from cocoa processing up to the manufacturing of chocolate products.


BARRY CALLEBAUT
ELIEN
VAN STEEN

A big leap in sales volume and profit

The Barry Callebaut Group achieved another record year. The focus was on profitability which improved at a double-digit rate. A priority was the successful global integration of the cocoa business acquired in 2013 which boosted sales volume and already made a profit contribution in the first year. A lot of effort also went into structural investments, building the platforms that are necessary to successfully drive a larger and more global company.

How would you assess the performance of Barry Callebaut in fiscal year 2013/14?

Andreas Jacobs, Chairman (AJ) We achieved a convincing result with strong top- and bottom-line growth. Strategically, the global integration of the cocoa business acquired in 2013 was a clear priority for us. Our journey towards becoming one company started with 181 global milestones; one year later, only 19 remain open. We also managed to turn the operating loss of the acquired cocoa business into a profit. We have not lost any key people or key customers, and the identified synergies started materializing. Of course, we need to further improve the profitability of this business. But we are on track.

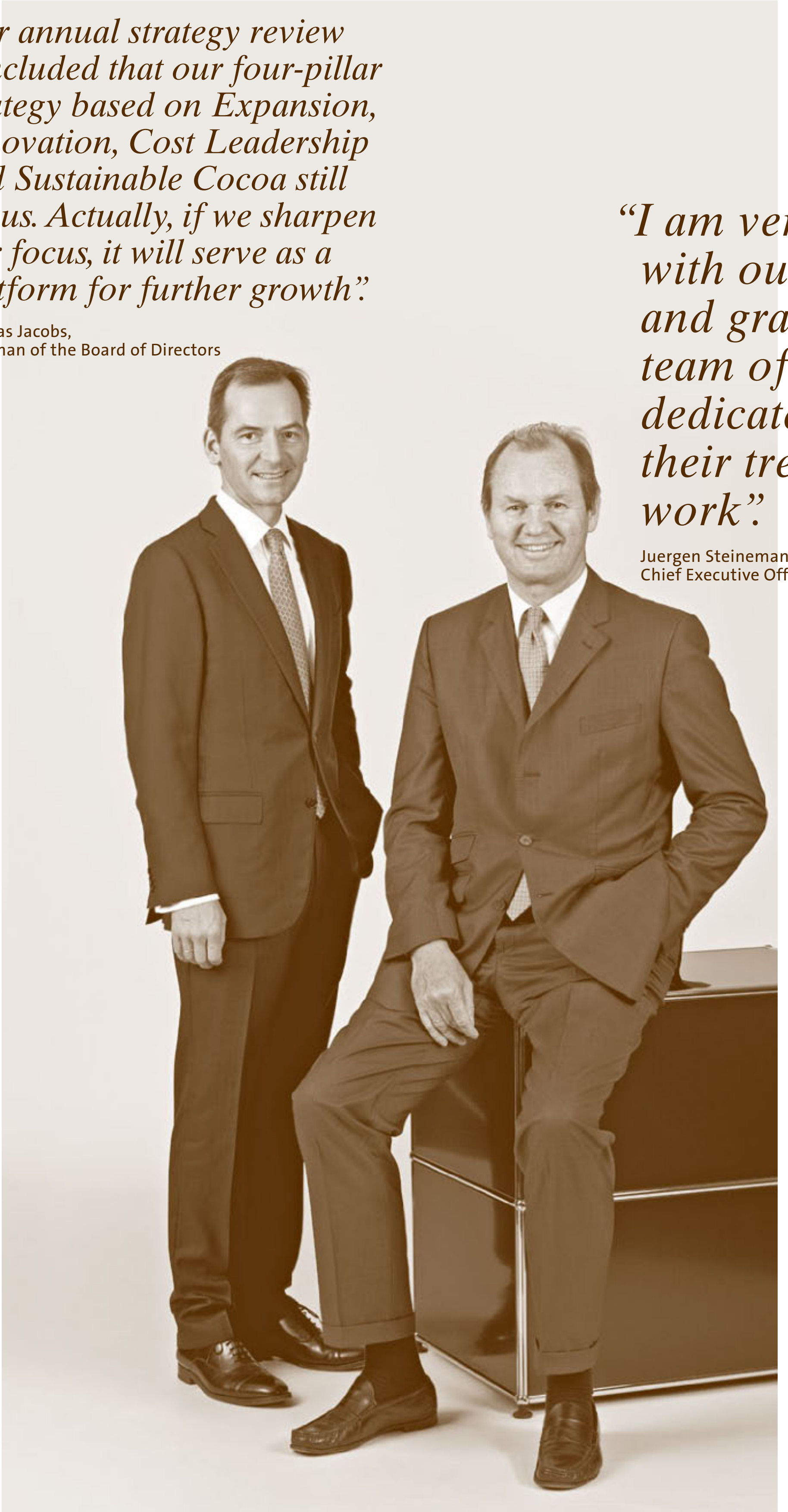
Juergen Steinemann, CEO (JBS) Our sales volume was boosted by the cocoa acquisition. But it was also well supported by our three growth drivers which are emerging markets, Gourmet and strategic partnerships, and reached 2.9% on a stand-alone basis against a global market growth of 2.3%[1]. Capacity constraints, primarily in Western Europe, somewhat restricted our full growth potential. Recent investments in production capacity will now allow for further growth. Our increased focus on margin improvements has resulted in strong EBIT and net profit growth. I am very satisfied with this performance and grateful to our team of over 9,300 dedicated people for their tremendous work.

AJ I would like to join Juergen and thank all our colleagues for their outstanding performance as well as our customers and shareholders for their continued trust.

1 Source: Nielsen, September 2013–August 2014 (volume growth; chocolate confectionery market).

"Our annual strategy review concluded that our four-pillar strategy based on Expansion, Innovation, Cost Leadership and Sustainable Cocoa still fits us. Actually, if we sharpen our focus, it will serve as a platform for further growth".

Andreas Jacobs,
Chairman of the Board of Directors



"I am very satisfied with our performance and grateful to our team of over 9,300 dedicated people for their tremendous work".

Juergen Steinemann,
Chief Executive Officer

The acquisition of the cocoa business from Petra Foods has added more than 1,800 new colleagues and 7 factories on 4 continents. How are you managing this much larger and more global company?

JBS Indeed, our company has become more global with about one in two of our colleagues working in emerging markets, or a cocoa origin country, and serving a worldwide customer base. Hence, we are introducing more global standards across our businesses. In parallel, we have embarked on a number of global platform activities to strengthen our core. One example is project "Spring" which we implemented over the last three years in Western Europe with the aim of enhancing our leadership in customer service. Another example is "HR for Growth", a strategic project focused on attracting, developing and empowering talented people in our organization.

Do you see the need to adapt your corporate strategy?

AJ Our annual strategy review concluded that our four-pillar strategy based on Expansion, Innovation, Cost Leadership, and Sustainable Cocoa still fits us. Actually, if we sharpen our focus, it will serve as a platform for further growth. We have defined "ongoing initiatives", such as the continued push for growth in emerging markets, further strengthening our sustainability programs, or investing in our talent development programs. Beyond these, we came up with a number of "shaping initiatives" – strategic actions that are partly new and partly require a renewed effort, like differentiating our core products and services, growing in compounds and fillings or becoming the preferred cocoa products supplier.

Is outsourcing still one of your growth drivers?

JBS Absolutely, the trend is ongoing. We gained various long-term partnership agreements with regional leaders around the world, have expanded existing supply agreements, and see future opportunities, especially in emerging markets. Outsourcing strengthens our volume expansion. Gourmet, on the other hand, boosts our profitability. The emerging markets show far stronger growth rates in the consumption of chocolate and cocoa products than the developed markets. Our growth is based on the combination of these three main drivers.

Cocoa prices increased around 25% during the year. What is the impact of these price hikes?

JBS Good harvests in the two most important origin countries, Côte d'Ivoire and Ghana, turned the 2013/14 season into a slight surplus. Regardless, the bullish momentum prevailed. It has been fuelled by fears related to the outbreak of Ebola in some West-African countries bordering Côte d'Ivoire and Ghana, El Niño forecasts and a potential cocoa shortage by 2020, as well as financial speculation. As we pass on raw material prices to customers for the majority of our business in line with our cost-plus model, the impact on our profitability is limited. But the higher cocoa prices have inflated our net working capital.

Cocoa sustainability is firmly embedded in your corporate strategy. Can you see progress?

AJ We need to make cocoa farming sustainable, and we will. The first CHOCOVISION stakeholder conference initiated by us in 2012 has inspired the senior business leaders of the world's largest cocoa and chocolate companies to coordinate and align their cocoa sustainability efforts under the umbrella of the World Cocoa Foundation in order to increase their impact. This resulted in CocoaAction, a commitment by industry and cocoa producing country governments to work together towards a truly sustainable cocoa industry. I am personally very pleased that Barry Callebaut is a driving force behind CocoaAction, and I fully support our CEO in his new role as Vice Chairman of the World Cocoa Foundation.

JBS What we need is more impact. Our global sustainability team of nearly 60 people has just redesigned our own initiatives such as the Quality Partner Program, modeling them on the two main pillars of CocoaAction, the "productivity package" and the "community package". In alignment with CocoaAction, we will monitor and report on the impact achieved, so that we will meet our collective industry commitment to bring 300,000 farmers to a successful professional level. In addition, we will expand our own programs.

What is your outlook amid increased geopolitical risks and decreasing global economic forecasts?

JBS We are cautiously optimistic. Based on our proven strategy, the structural investments we have made and the global platforms we have built, we see many opportunities along our three growth drivers: The first outsourcing volumes from Chile and from other new or extended outsourcing agreements will come in. Gourmet remains a strong profit growth contributor. The emerging market growth story is intact. We will keep a strong focus on tight cost controls and margin improvements. And let's not forget our strongest assets – our people. Together, we are striving to continue to outperform the global chocolate market. All this gives us the confidence to confirm our mid-term guidance[1].

1 As of consolidation of the acquired cocoa business: 6–8% average volume growth per year, and EBIT per tonne restored to pre-acquisition level by 2015/16 (CHF 256 per tonne) – barring any major unforeseen events.

After the integration of the acquired cocoa business from Petra Foods into the Barry Callebaut Group in June 2013, we are now the undisputed global leader for chocolate and cocoa products.

Board of Directors

Additional information:
www.barry-callebaut.com/organization
www.barry-callebaut.com/board

The Board of Directors proposes to the Annual General Meeting of Shareholders that Juergen Steinemann be elected as new member and Vice Chairman of the Board of Directors. Furthermore, the Board of Directors proposes Ms. Wai Ling "Winnie" Liu as new member of the Board of Directors, succeeding Ajai Puri who will step down.

Fernando Aguirre

Jakob Baer

James L. Donald

Andreas Jacobs
Chairman

Andreas Schmid
Vice Chairman

Ajai Puri
(until December 10, 2014)

Nicolas Jacobs

Timothy E. Minges

Executive Committee

Additional information:
www.barry-callebaut.com/
executivecommittee

David S. Johnson
CEO and President Americas

Juergen Steinemann
Chief Executive Officer

Dirk Poelman
Chief Operations Officer

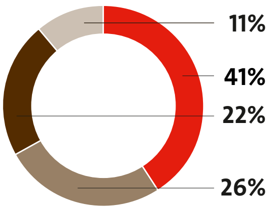
Steven Retzlaff
President
Global Cocoa

Victor Balli
Chief Financial Officer

Peter Boone
Chief Innovation
& Quality Officer

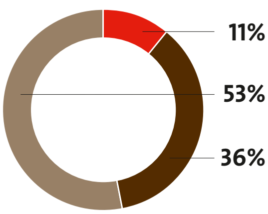
Massimo Garavaglia
President Western Europe

Employees per geographic region:
from continuing operations



Europe	3,844
Americas	2,386
Asia Pacific	2,071
Africa	1,018
Number of employees	**9,319**

Employees per function:
from continuing operations



Management	1,005
Office staff	3,383
Production	4,931
Number of employees	**9,319**

Growing talent

As our Graduate Trainee Program celebrates its 10th anniversary with record applications, the Barry Callebaut Group continues to attract, nurture and empower the best talent and ensure the right people are in the right place at the right time.

Graduate Trainee Program

Barry Callebaut's Graduate Trainee Program is a key element of the company's strategy to attract young talent from universities and fuel its talent pipeline. In 2014, the Graduate Trainee Program celebrated its 10th anniversary. In the last 10 years, the program has gone from strength to strength not just in attracting talent, but also growing globally minded employees for the company. The Barry Callebaut Group has so far successfully attracted 31 different nationalities to the program, and maintained a healthy male to female ratio of 1:1.

As part of our employer branding efforts, we launched the program on various Social Media platforms and received a record number of applications, approximately 2,500. We also reached out to universities across Europe, Asia, and the Americas to further promote the program. The Barry Callebaut Group will continue to increase its geographic reach and expand it to additional strategic functions.

HR for growth

As part of "HR for Growth", a strategic project focused on attracting, developing and empowering talented people in our organization, we successfully rolled out the new Barry Callebaut People Management Platform, SuccessFactors, across 76 entities and 32 countries.

It introduces new tools to facilitate quick and effective hiring of talent to drive business value and enables access to state-of-the-art technology. The new process focuses on identifying individual development needs, improving feedback quality and strengthening leadership skills.

The implementation of the new Barry Callebaut People Management Platform will bring consistency and transparency to the whole company and allow us to further develop today's workforce, understand our talent needs for tomorrow and prepare for the future.

Reaching the next level

The Barry Callebaut Group completed the first talent identification review with a one-day session with the Executive Leadership team to discuss global talent within our organization.

A structured assessment approach using "TalentQ", allows us to assess people and their capabilities when making hiring and promotion decisions. The "TalentQ" combined with an in-depth career discussion has provided the basis to termine individual development and career plans. At present, 55% of Management roles are filled internally.

In 2013, the Gourmet & Specialties Product Group provided a platform to us to test the Barry Callebaut competency model. This is now being rolled out to the wider organization. 200 managers have been trained to use the competency model, in order to professionalize recruitment interviews, performance management discussions and individual development.

Mobility is an important pillar of the Talent Management agenda. Consequently, the company is committed to ensuring that employees can gain the right experiences and that the right people are in the right place at the right time. It is imperative that our employees can develop and share best practices, are aware of cultural diversity and gain a better understanding of the markets in which we operate. We implement this in an equitable, consistent, compliant and transparent way. In fiscal year 2013/14, 85 employees were on international assignments in all regions.

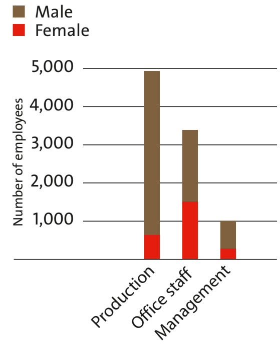
MARBACH PROGRAMS 2013/14
Training programs offered

Leadership programs	Management skills workshops	Functional & skills workshops
Executive Leadership	Being the Boss	Business Communications
Leadership Challenge	Delegation & Coaching	Customer Focus
Strategic Leadership	Project Management	Finance
Source		Negotiation
Team Leadership		

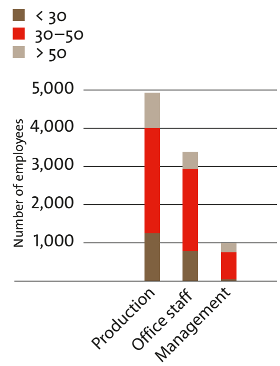
3 locations	
Marbach (Germany)	15 programs
Chicago (USA)	4 programs
Singapore (Singapore)	2 programs
Total 2013/14	**21 programs**

391 participants (38% women) from 46 sites and 25 countries

Gender of employees:



Age of employees:



Average seniority in years:

Europe	8.92
Americas	8.04
Asia Pacific	4.01
Africa	9.20

Excellence Award 2014

Rewarding peak performance

The Excellence Award recognizes managers and their teams who are willing to go the extra mile, who are putting all their passion into their work and, thus, have made a positive impact on the company in the past fiscal year. The six Excellence Award 2014 winners were nominated by their Presidents.

For the third time, a "Team Excellence Award" was handed over, this year to America's Supply Chain team for their outstanding performance in delivering a highly effective and efficient supply chain, and strong quality performance across the board with product complaints down –57% and service complaints down to only 1.6%.

Nicole Allen
Director Customer Service

Pieter Cool
Director Supply Chain

Ken Cotich
Vice President OSCO

Chris Dimambro
Director Manufacturing North America

Marc Ladd
Director Engineering

Doug Miscikowski
Vice President Quality Assurance

Dhruv Bhatia
Managing Director India

For his instrumental role in building up and leading our business in India, for his passionate and hard work, and never-say-no attitude.

Joe Leah
Manager Corporate Quality

For his enormous contribution to tightening the quality management system across the Americas, and for bringing structure and discipline to the search for quality improvements each and every day across our network.

Matthias May
Cocoa Plant Manager
Hamburg

For coping with all aspects of what the past year was all about – integration, growth, innovation, cost leadership and being a leader and ambassador, whilst also being at the helm of a newly formed management team.

Lucas Quek
Commercial Executive Cocoa
Asia Pacific

For significantly contributing to our volume growth during a challenging year for our cocoa business, and for passionately sharing his knowledge within the company.

Nic Schraepen
Region Controller
Western Europe

For his extraordinary dedication in successfully implementing the new job of Commercial Analyst for Region Western Europe alongside his normal job, and building up a strong team of commercial analysts in the sub-regions.

Tom Van de Vyver
Head of Global Treasury

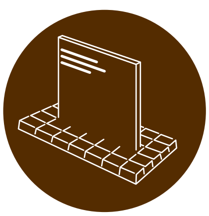
For successfully implementing the expansion of our financing programs and for successfully managing all global currency exposures, along with his team.

Chairman's Award 2014

The annual Chairman's Award recognizes employees who have been with Barry Callebaut for a number of years and have demonstrated outstanding performance at work, as well as a strong social commitment in their local communities. They are individuals who embody the Barry Callebaut values of customer focus, passion, entrepreneurship, team spirit and integrity.

The Chairman's Award was inaugurated in 1995 by late Klaus Jacobs, the former Chairman of Jacobs Holding AG and founder of Barry Callebaut. Since then, the Chairman's Award has been given to a selected number of employees each year.

In 2014, 13 Barry Callebaut employees from 11 countries received the award and were invited together with their spouses or partners to come to Switzerland to be handed over the award by Chairman Andreas Jacobs and CEO Juergen Steinemann.



Customer focus.
Passion.
Entrepreneurship.
Team spirit.
Integrity.

Every Barry Callebaut employee is an ambassador of our company. The reputation of our company, as well as our success in achieving our strategic goals, depends on each one of us.

We expect all employees to show responsibility and good citizenship in business dealings, and to behave in ways that demonstrate our company values. These values and our belief that the best working environment is one built on mutual respect and trust are reflected in the Barry Callebaut Code of Conduct.

Agata Baldwin
Łódź, Poland

Roger Baur
Zurich, Switzerland

Steven De Vriendt
Wieze, Belgium

Fabrizio Piscia
Verbania-Intra, Italy

Katia Renard
Louviers, France

Mustari Sujangi
Port Klang, Malaysia

Odirley Enock
Itabuna, Brazil

Terri Fanz-Falzone
Eddystone, USA

Yanuar Dony Gunawan
Bandung, Indonesia

Gabriela Magalhães
São Paulo, Brazil

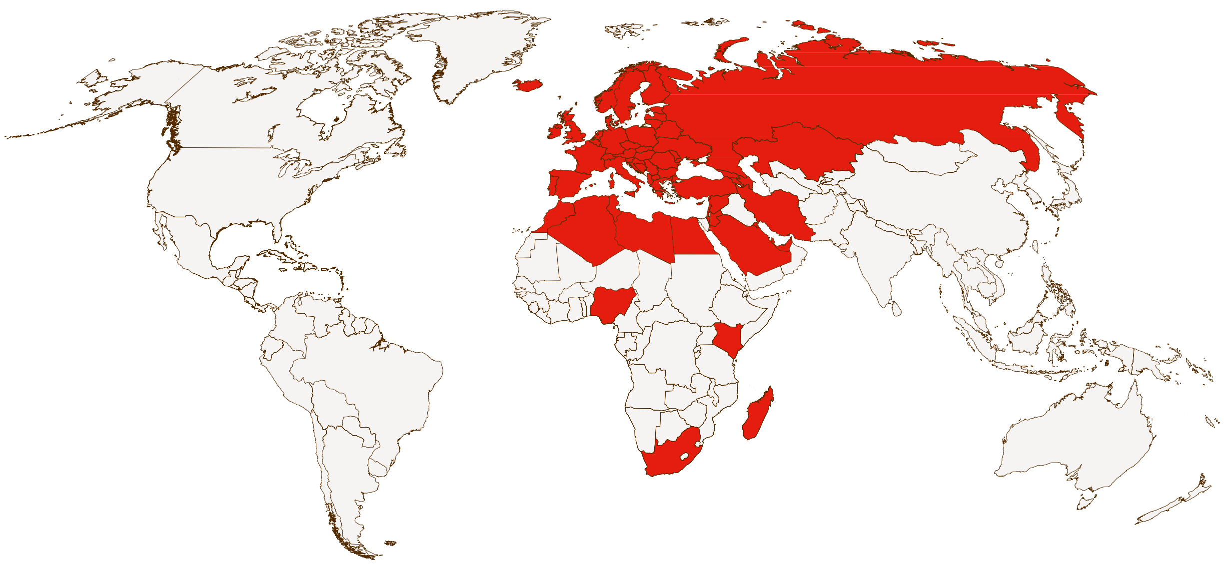
Vallérie Trottier
St. Hyacinthe, Canada

Arman Faiman Wahab
Port Klang, Malaysia

Werner Weber
Hamburg, Germany

Strong profit performance through focus on margin and product mix

Sales volume decreased as a result of the Group's strong focus on product margins in our industrial business as well as capacity constraints. Again, the Gourmet business delivered a strong performance in a challenging market environment. Overall, operating profit (EBIT) kept its strong growth momentum.



Sales volume	Sales revenue	EBIT
735,204 tonnes	2,573.3 CHF m	268.1 CHF m
−1.2%	+9.4%	+5.3%

Volume growth of the chocolate confectionery market in Western Europe was flat at +0.1%[1].

Total sales volume in the Food Manufacturers Products business decreased as a result of the Group's focus on optimizing customer and product segmentation, and further improving product margins. In contrast, we achieved double-digit volume growth in the business with specialty products driven by ASM Foods which we acquired last year, by higher sales of sustainable, certified chocolate products and by increased customer requests for reformulated products (with less sugar and less fat).

The Gourmet business achieved strong volume growth, driven by a double-digit increase of our Gourmet brand Callebaut®. The business significantly outperformed the rather sluggish market in Western Europe. This successful growth was fuelled by a combination of market share gains, opening up the foodservice market as well as the introduction of new, innovative products (e.g. Cacao Barry®'s "Purity from Nature" range of couverture chocolates). In order to support future growth, the new flagship Callebaut® CHOCOLATE ACADEMY™ center in Wieze was opened last June. With the new academy, we expect the number of people trained each year in Wieze to rise from 300 to 1,000. Our first CHOCOLATE ACADEMY™ center in Cologne, Germany, will be inaugurated in February 2015.

The Group's Beverage business delivered a strong performance with growth of both top-line volume and bottom-line profitability. In a flat market, this was achieved thanks to increased market share and the introduction of innovative new products.

In order to mitigate the capacity constraints faced early in the year, manufacturing capacities at our site in Wieze (Belgium), the largest chocolate factory in the world, were extended, as were our factories in Łódź (Poland), Banbury (UK), Vic (Spain) and Norderstedt (Germany). In total, we added nearly 10% new liquid chocolate capacity. Additional investments will be made in the next fiscal year to further increase both our liquid and molding capacities to prepare for future volume growth.

Additional information:
www.barry-callebaut.com/foodmanufacturers
www.barry-callebaut.com/gourmet
www.barry-callebaut.com/beverages
www.callebaut.com
www.cacao-barry.com
www.caprimo.com
www.vanhoutendrinks.com

1 Source: Nielsen, September 2013 – August 2014 (volume growth; chocolate confectionery market).

Additional information:
www.barry-callebaut.com/foodmanufacturers
www.barry-callebaut.com/gourmet

Chocolate confectionery markets in the EEMEA region (Eastern Europe, Middle East and Africa) grew +3.7%[1], i.e. faster than a year ago.

In a rather challenging market environment towards the end of the fiscal year, both our Food Manufacturers Products and Gourmet & Specialties Products businesses again achieved double-digit volume growth.

In the industrial business, volume growth slowed down somewhat in the second half of the fiscal year due to general political and economic uncertainties in the region, particularly in Russia. In contrast, the business grew strongly throughout the year in the Middle East, Africa and Southeast Europe. Overall, we saw good growth with the Group's global customers.

The Gourmet business performed particularly well in the Middle East, Africa, Turkey and Russia. In Russia, our imported Gourmet brands were not affected by the sanctions imposed on imported EU foodstuffs. Growth was driven by our Belgian Gourmet brand Callebaut®. This good growth was achieved against a background of a weaker currency situation and price list increases in key markets due to higher cocoa bean prices.

To further strengthen and broaden the Group's footprint within the region, we increased the liquid chocolate capacity at our factory in Eskişehir (Turkey), opened last September, in response to high customer demand. We also started to install new liquid capacity in Chekhov (Russia) to be operational by mid of 2015. In Dubai, the Group is building a new CHOCOLATE ACADEMY™ center to be opened at the end of 2014. This Gourmet training center will help to further grow our market share in the Middle East.

1 Source: Nielsen, September 2013 – August 2014 (volume growth; chocolate confectionery market).

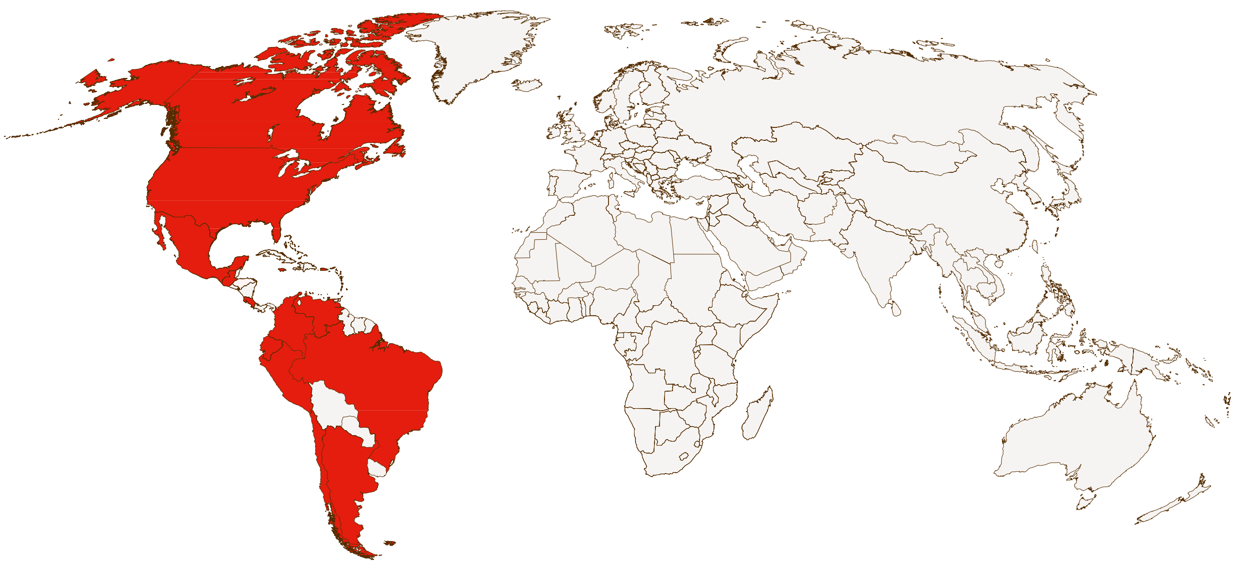
Key figures for Region Europe

		Change %		2013/14	2012/13[1]
		in local currencies	in CHF		
Sales volume	Tonnes		(1.2%)	735,204	744,078
Sales revenue	CHF m	10.4%	9.4%	2,573.3	2,352.5
EBITDA	CHF m	7.2%	6.9%	306.0	286.2
Operating profit (EBIT)	CHF m	5.5%	5.3%	268.1	254.6

1 Following the revision of IAS 19 (Employee Benefits), certain comparatives have been restated to conform to the current period's presentation.

Continued strong growth momentum, top- and bottom-line

Region Americas continued to show a strong performance on both top- and bottom-line level. Growth has been achieved within all Product Groups and across all markets. Main drivers of the good result were the Group's global accounts and its Gourmet business.



445,150	1,287.3	126.5
tonnes	CHF m	CHF m
SALES VOLUME	**SALES REVENUE**	**EBIT**
+5.4%	+8.8%	+17.5%

Additional information:
www.barry-callebaut.com/foodmanufacturers
www.barry-callebaut.com/gourmet
www.callebaut.com
www.cacao-barry.com
www.vanleerchocolate.com

Chocolate confectionery markets in the Americas grew by 2.8%. North America increased by 2.1%, whereas in South America markets expanded 7.0%[1].

In North America, the business with food manufacturers performed well above overall market growth, supported by both the Group's global and regional accounts. Despite very harsh conditions last winter, affecting restaurant traffic and transportation routes, our Gourmet business contributed to the growth, mainly through the two imported global brands Callebaut® and Cacao Barry®.

In response to the growing demand for our chocolate products in North America, we strengthened our existing footprint and increased manufacturing capacities in Canada (St. Hyacinthe and Chatham) as well as in the U.S. (St. Albans, American Canyon, and Hendersonville) by around 10%.

Again, Mexico performed strongly with a double-digit volume growth, driven by the Group's global accounts and the Gourmet business. Volumes based on the long-term agreement with Grupo Bimbo were further implemented and will be fully integrated within the next year.

In South America, both the industrial and Gourmet businesses recorded double-digit growth despite some capacity constraints in our chocolate factory in Extrema (Brazil). Investments in capacity extensions will be made in the coming year.

We successfully started deliveries from our newly built chocolate and compound factory in Santiago de Chile. This further expands our footprint in Latin America and will help us to serve a variety of food manufacturers and confectionery companies located not only in Chile, but also in Argentina, Uruguay, Paraguay and Peru.

1 Source: Nielsen, September 2013 – August 2014 (volume growth; chocolate confectionery market).

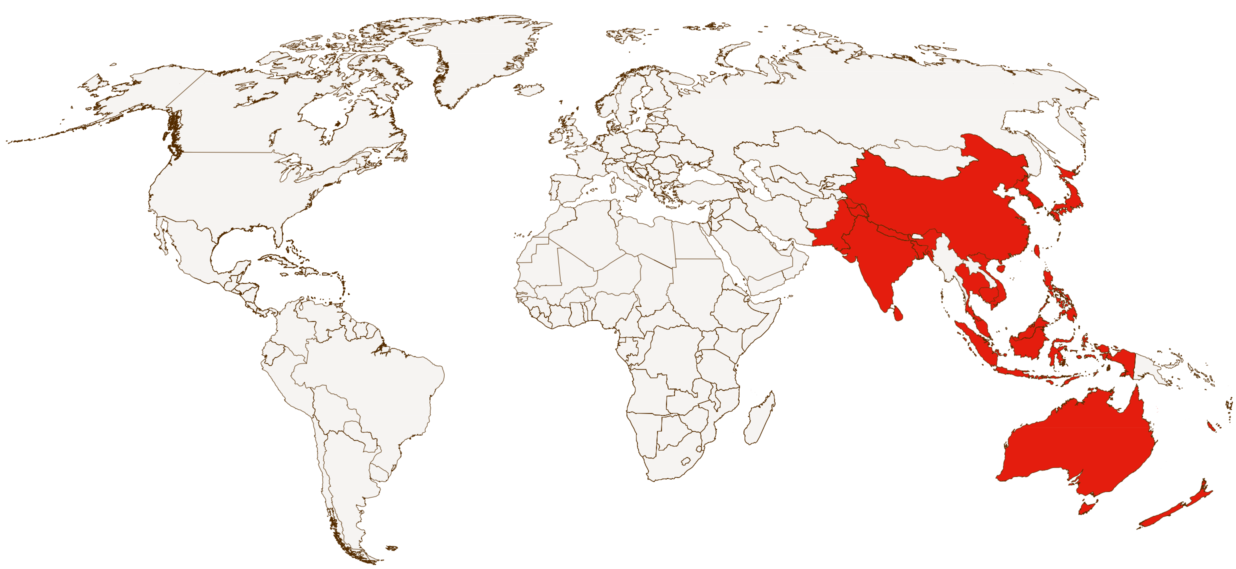
Key figures for Region Americas

		Change %		2013/14	2012/13[1]
		in local currencies	in CHF		
Sales volume	Tonnes		5.4%	445,150	422,380
Sales revenue	CHF m	13.8%	8.8%	1,287.3	1,182.7
EBITDA	CHF m	16.0%	12.3%	145.2	129.3
Operating profit (EBIT)	CHF m	20.8%	17.5%	126.5	107.7

1 Following the revision of IAS 19 (Employee Benefits), certain comparatives have been restated to conform to the current period's presentation.

Acceleration of sales volume growth

Sales volume growth accelerated in Region Asia Pacific driven by the industrial business. Operating profit (EBIT) was impacted by weaker currencies, a slower Gourmet business and further investments to strengthen our manufacturing footprint.



64,322 tonnes	249.1 CHF m	27.0 CHF m
SALES VOLUME	**SALES REVENUE**	**EBIT**
+9.3%	+12.2%	+0.4%

Additional information:
www.barry-callebaut.com/foodmanufacturers
www.barry-callebaut.com/gourmet
www.callebaut.com
www.cacao-barry.com
www.van-houten-professional.com

Chocolate markets across Asia Pacific expanded at a slightly slower pace: +8.3%[1]. This is still well above world market growth and mainly nurtured by a steadily growing middle-class in South East Asia and China.

Growth in the Food Manufacturers Products business accelerated, achieving a double-digit increase. The business performed particularly well with the Group's global accounts served from within the Region.

Overall, our Gourmet sales declined due to weaker currencies in main markets and new import restrictions into India. Our marketing and distribution efforts contributed to the growth of our global brands in key markets such as China and Australia.

We enlarged our manufacturing capacities in order to cope with the fast growth in the Region: We expanded our chocolate factory in Singapore where we faced the biggest capacity constraints. This included the installation of a 2,000 m^2 warehouse for both raw materials and finished goods to reduce the costs of using external warehousing. Further capacity extension in Singapore will follow next year. The Group also ramped up its capacity in the new Takasaki factory in Japan.

To strengthen our market position, we opened a new R&D center for bakery and pastry applications in Port Klang (Malaysia). One important focus of innovation is on improving the heat resistance of compound products. We also see a growing trend for products with health benefits, product reformulations (less sugar, low in saturated fats) and sustainable compounds in the Region.

1 Source: Nielsen, September 2013 – August 2014 (volume growth; chocolate confectionery market).

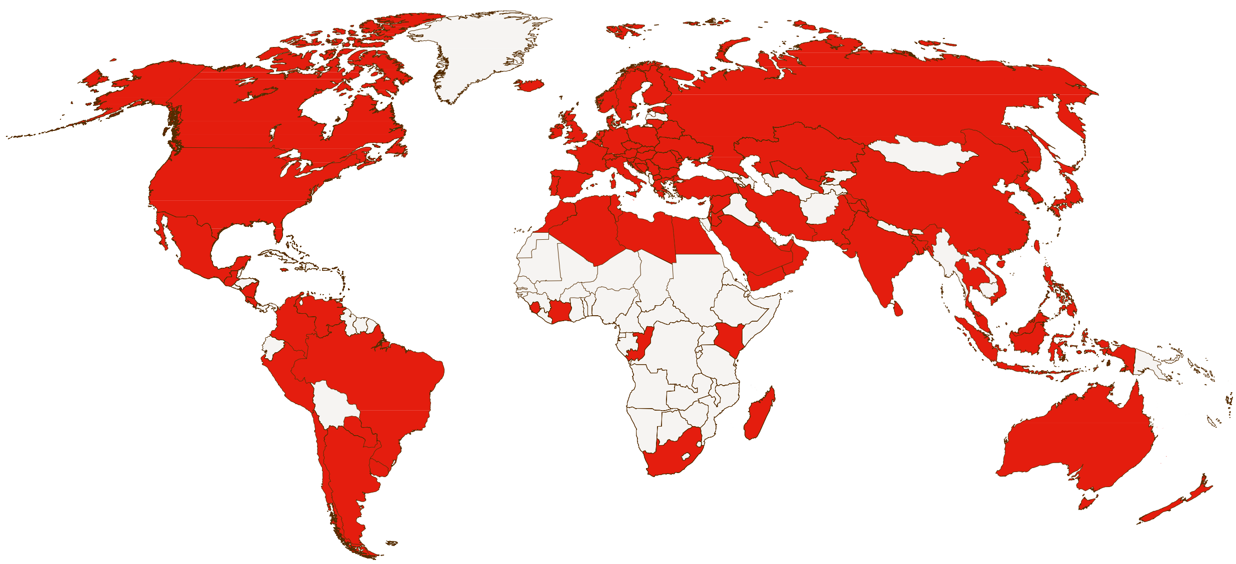
Key figures for Region Asia Pacific

		Change %		2013/14	2012/13[1]
		in local currencies	in CHF		
Sales volume	Tonnes		9.3%	64,322	58,832
Sales revenue	CHF m	19.0%	12.2%	249.1	222.0
EBITDA	CHF m	5.8%	3.6%	33.7	32.5
Operating profit (EBIT)	CHF m	1.1%	0.4%	27.0	26.9

1 Following the revision of IAS 19 (Employee Benefits), certain comparatives have been restated to conform to the current period's presentation.

Successful global integration of acquired cocoa business

With the first year of full integration of the cocoa business acquired in June 2013, Global Cocoa's sales volume increased by over 50%. The new business made an important contribution to the operating profit (EBIT); expected synergies for the first year were overachieved.



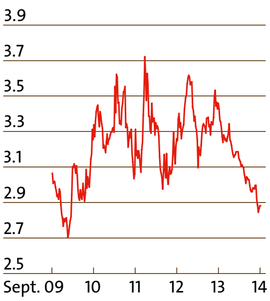
472,090	1,756.2	82.0
tonnes	CHF m	CHF m
Sales volume	**Sales revenue**	**EBIT**
+52.1%	+55.8%	+95.7%

Additional information:
s.a. Cocoa Sustainability Report 2013/14.

The acquired cocoa business brought the business segment Global Cocoa to a new level, with additional third-party sales of 175,000 tonnes and 7 cocoa factories. The global integration into the Barry Callebaut Group has been mostly completed. Responsibility for reaching the remaining milestones has now been transferred to the regional divisions of Global Cocoa. Largely in line with our business plan, the new business contributed CHF 26.7 million on EBIT level for the first year of its consolidation.

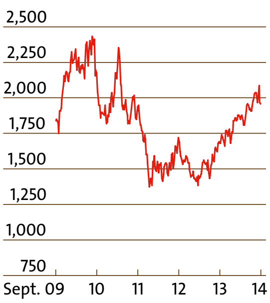
Cocoa prices rose to their highest levels in three years, closing at GBP 2,017 on August, 31, 2014, or plus 25% compared to prior year. Despite strong crop arrivals from the two most important origin countries, Côte d'Ivoire and Ghana, the bullish momentum in the market prevailed, fuelled by fears related to El Niño, a potential cocoa shortage by 2020 and the outbreak of Ebola in countries bordering Côte d'Ivoire and Ghana. The combined cocoa ratio overall had a neutral effect on the Group's profitability, with variances in the different regions.

European combined cocoa ratio
6 months forward



The world **sugar** market was characterized by high volatility – driven by both funds' activities and weather expectations. Prices closed at their lowest levels since May 2010, nearly 20% lower than at the beginning of the fiscal year. European sugar prices steadily decreased as a result of a good supply situation; in total, they went down by around 25%. High market prices encouraged global **milk** production. Demand for milk powder lagged behind the good supply, resulting in decreasing prices since March 2014 – on both the world and the European market. Prices closed around 35% lower than prior year. The Barry Callebaut Group applies a cost-plus pricing model to about 70% of its sales volume, i.e. customers are charged current (raw material) market prices when contracting their business. Thus, raw material price fluctuations have a limited effect on the Group's profitability.

Cocoa price
London Terminal Market
6 month forward prices
in GBP/tonne



Key figures for Global Cocoa

		Change %		2013/14	2012/13[1]
		in local currencies	in CHF		
Sales volume	Tonnes		52.1%	472,090	310,372
Sales revenue	CHF m	61.4%	55.8%	1,756.2	1,126.9
EBITDA	CHF m	81.2%	73.2%	131.1	75.7
Operating profit (EBIT)	CHF m	106.3%	95.7%	82.0	41.9

1 Following the revision of IAS 19 (Employee Benefits), certain comparatives have been restated to conform to the current period's presentation.

Continuously optimizing our global footprint

Our size and global footprint, vertical integration and "focused" factory approach[1], give us valuable competitive advantages. To maintain our position, we further invested in our Operations & Supply Chain.

Additional information:
s.a. Environment chapter, page 46.

Our cost competitiveness is an important reason why our customers outsource the capital-intensive parts of their chocolate production to the Barry Callebaut Group. Through continuous operational improvements at our currently 35 chocolate & specialties and 16 cocoa factories worldwide, we aim to reduce overall manufacturing costs per tonne by 2% every year. On a like-for-like basis, the factory performance improved by 0.6% this year.

We also continued to make progress in terms of energy savings. Once again, we used 2% less energy per tonne of activity on a comparable basis.

In fiscal year 2013/14, capacity utilization of the Barry Callebaut Group in chocolate was 87% (target: 82–85%) and in cocoa processing 84% (target: 90–92%).

We further invested in our manufacturing footprint to eliminate existing capacity constraints. In total, we approved around CHF 80 million in major upgrades or capacity extensions in 13 existing factories, with a focus on Western Europe. Moreover, we built a new chocolate factory in Paine, close to Santiago de Chile. We enlarged and relocated our Japanese activities to a newly built facility in Takasaki, and opened our first factory in Turkey. Overall, we invested around CHF 190 million in CAPEX to be prepared for additional growth.

1 The Barry Callebaut Group has a "focused" factory approach: Standard products are made close to our customers and are interchangeable among sites. Specialty products are centralized in a limited number of sites, allowing us to limit complexity per site and achieve scale effects.

Creating competitive advantages to enable further profitable growth

Additional information:
www.barry-callebaut.com/innovation

The focus on bigger and bolder innovation projects showed first results: Our project success rate increased to a new record high of 59%. With more than 20 new product introductions, we proved to be the industry reference for innovation – for individual artisans and food manufacturers alike.

The worldwide rollout of "Purity from Nature", a new generation of Cacao Barry® couverture chocolate based on our own Controlled Fermentation method, was one of our most successful product launches in the Gourmet area. It is a perfect example of our ability to combine our comprehensive scientific knowledge with evolving customer requirements.

Further, we launched many new products ranging from chocolates with longer shelf life (Anti-Bloom Barrier to avoid fat bloom), to reformulated chocolates (such as sugar-/fat-reduced products) all the way to inclusions with multi-flavor or multi-texture sensations.

The European Food Safety Authority published a positive Scientific Opinion in May to also extend our health claim to cocoa extract products. Upon final approval by the EU Commission, we will be allowed to offer new applications in which the beverages, nutraceutical and supplement industries are already showing strong interest.

To strengthen our leadership position, we expanded the cooperation with the Jacobs University and launched the six-year project COMETA. It is aimed at precisely analyzing and classifying the 100,000 chemical components of the cocoa bean. The knowledge gained will be used to develop new quality tests for our most important raw material. In addition, we extended our strategic cooperations by starting new Open Innovation projects with universities, research institutes, labs and scientists, including our customers and suppliers.

We combine trend insights from around the world, with science and knowledge to create a full pipeline of novel chocolate and cocoa products.

Our goal is to help our customers grow their business through differentiation, while meeting the needs of today's and – particularly – tomorrow's consumers.


BARRY CALLEBAUT
Protection de la vie sauvage
BARRY CALLEBAUT

Our approach to Sustainability

Additional information:
www.barry-callebaut.com/csr
www.barry-callebaut.com/codeofconduct

Sustainability is about generating value for our business as well as for all our stakeholders – producers, suppliers, customers, shareholders, employees and communities.

With the integration of the acquired cocoa business, the Barry Callebaut Group is now the world's leading chocolate and cocoa company. As our business grows, expectations rise, too.

Our sustainability strategy addresses our three main areas of impact: sustainable cocoa, environmental protection and employee development.

Due to the importance of cocoa as a raw material, we made Sustainable Cocoa the fourth pillar of our growth strategy, alongside Expansion, Innovation and Cost Leadership. Working together with stakeholders, we aim to make cocoa farming a profitable livelihood today and for future generations. At the same time, we aim to secure the volumes and quality of cocoa needed for our growth while meeting the growing demand among customers and consumers for responsibly produced chocolate.

Our environmental protection programs focus on reducing the impacts of our production and transport. Since carbon emissions from our operations form the largest part of our environmental footprint, this is our primary focus.

Our employees are the actors of our business success, and are also key in implementing sustainability initiatives successfully. We develop and promote them, so that they can fulfill their potential. We also offer a workplace that is fair, safe and positive.

Our commitment to sustainability is enshrined in the Barry Callebaut Group Code of Conduct. In addition, our values guide how we do business and are the basis of how we engage in our sustainability initiatives.

This section highlights the key sustainability activities and achievements for fiscal year 2013/14. Further details on our CSR indicators can be found in the 2013/14 GRI report available online. Our Governance is also described in the Sustainability Report 2012/13.

Sustainable cocoa: increased productivity for a better life

Additional information:
www.qualitypartnerprogram.com
www.barry-callebaut.com/qualitypartnerprogram
www.barry-callebaut.com/cocoa-horizons
s.a. Cocoa Sustainability Report 2013/14

Cocoa is typically produced by smallholder farmers in remote equatorial areas. Most of the world's cocoa volume comes from West Africa, the area that faces the industry's most vital sustainability challenges.

The demand for cocoa grows year-on-year, while cocoa production worldwide remains relatively flat. To safeguard the future of cocoa, we must make cocoa farming more attractive and profitable to farmers.

Our approach to sustainable cocoa

Our mission is to improve the livelihoods of cocoa farmers and their communities through the promotion of sustainable, entrepreneurial farming, improved productivity, and community development.

The Barry Callebaut Group believes that cocoa production is sustainable when farmers:

- earn an equitable income;
- engage in responsible labor practices;
- safeguard the environment; and
- can provide for the basic health and education needs and well-being of their families.

Cocoa Horizons

Cocoa Horizons is our 10-year, CHF 40 million initiative launched in 2012 to improve farm productivity. The Barry Callebaut Group's cocoa sustainability team comprises 58 colleagues globally, of which 35 are in Côte d'Ivoire alone. It includes trainers, ecologists, agronomists, geographers, controllers, and auditors. The team works with cooperatives to organize training and support for their farmers and their communities.

Biolands

The Biolands Group, as a direct sourcing and farm services entity, is dedicated to sourcing sustainably produced cocoa beans from 63,000 farmers across Tanzania, Sierra Leone, and Côte d'Ivoire. It works directly with farmers and village coordinators to provide training, inputs such as fertilizers, financial services, support and assistance in the production of certified cocoa. Biolands applies a bottom-up cooperation model, working with smallholder farmers to ensure fair prices are paid to the farmers and to improve cocoa quality, yields, and farmer livelihoods. This farmer-centric, village-to-port approach enables full traceability for every bag of cocoa.

CocoaAction

CocoaAction is an unprecedented industry strategy to modernize the cocoa sector, announced in May 2014. This platform has been developed by the world's leading cocoa and chocolate companies committed to rejuvenating the cocoa sector under the umbrella of the World Cocoa Foundation. It outlines a set of actions to provide cocoa farmers with a combination of productivity enhancements and community development interventions. We are one of the 12 founding members of CocoaAction.

CHOCOVISION 2014

Together with industry partners, the Barry Callebaut Group has organized the second CHOCOVISION, the only business-for-business conference in the cocoa value chain in June 2014. It brought together nearly 200 key stakeholders from around the world, from the cocoa farmer to the consumer. Industry leaders presented the CocoaAction program to the other stakeholders in the cocoa and chocolate industry and confirmed their ambition to rejuvenate cocoa farming, starting with the two largest cocoa producers, Côte d'Ivoire and Ghana.

Improving farmer practices

The future of the cocoa sector depends on the improvement of productivity on cocoa farms. In order to disseminate good agricultural practices to the many farmers spread across the cocoa growing areas of Côte d'Ivoire, we have put in place a robust training infrastructure.

Our Cocoa Center of Excellence trains the trainers who teach good agricultural practices at hundreds of farmer field schools. In addition to the training facility, the center has a tree nursery, a composting facility, and ten demonstration plots to show optimal farm management practices, including advanced techniques for increasing crop yields and quality.

During fiscal year 2013/14, we conducted 550 farmer field schools, 496 in Côte d'Ivoire and 54 in Cameroon. In addition, we have set up 23 model farms which allow farmers to see best practices firsthand. These activities build on previous experiences of our Quality Partner Program and are aligned with CocoaAction.

Farmers who have applied the learning from our field schools and model farms can further develop the productivity of their farms through our Yield Enhancement Services (YES). These services cover a broad spectrum of topics including the use of fertilizers, provision of plant material, effective pest and disease management, and the importance of biodiversity.

Across all our programs, 99,000 farmers were trained in good agricultural practices.

Community development

Many cocoa farmer families, especially in Africa, face enormous challenges in their daily lives, as their communities often lack basic infrastructure and social services. The economic and social development of cocoa communities is vital to ensuring a sustainable cocoa sector.

We work to improve access to education and foster the development of the next generation of cocoa farmers. In Cameroon, we built a three-room classroom block for 210 pupils. In Côte d'Ivoire, we funded the construction of a fourth classroom block at Akoupé College. Two primary schools are under construction that will bring the total across Côte d'Ivoire to 36 classrooms at 10 rural primary schools, enabling 1,800 children to attend school.

Ensuring that children are not harmed in cocoa production is fundamental, and we work to increase awareness of child labor issues in our farmer training and community sensitization activities, as well as active participation in industry-wide initiatives.

The Barry Callebaut Group aims to address the health needs of our communities, focusing on access to clean water and sanitation. In Ghana, we provided latrines with hand-washing facilities for 600 pupils at two junior high schools. We also offer assistance in health facilities and services. Our Biolands operations in Tanzania and Côte d'Ivoire support an innovative health insurance program for more than 45,000 registered farmers and their families.

The Barry Callebaut Group's new Cocoa Horizons Truck is a multipurpose mobile unit that brings farmer training, education, awareness and medical attention to cocoa farming cooperatives and communities. By August 2014, the truck has traveled 6,618 km through 46 villages, reaching 21,127 people and providing medical attention to 2,644 individuals.

In total, 73,600 people were reached by our community development activities.

Sustainable cocoa products

Customer demand for responsibly sourced cocoa continues to grow. To respond to customer requests for sustainable cocoa products, we offer either cocoa products from certified sources (mainly UTZ Certified and Rainforest Alliance) or cocoa products stemming from our own cocoa sustainability activities. In fiscal year 2013/14, the volume sourced from our sustainability programs amounted to about 84,000 tonnes; the total volume of sustainable cocoa and chocolate products sold was about 13% of our global sales volume.

The new Quality Partner Program

The Barry Callebaut Group established the Quality Partner Program in 2005 to enable farmers to grow cocoa in a sustainable and responsible way, increase yields, and improve farmer family livelihood through farmer training and improved access to education and basic healthcare services. Many industrial customers in Europe now use chocolate made with Quality Partner Program cocoa. Furthermore, all products under the Callebaut® Gourmet brand are made from Quality Partner Program cocoa, reaching hundreds of thousands of Gourmet customers worldwide.

Building on past experiences from this program, and integrating the heightened expectations of our customers, we are reinforcing the specifications of Quality Partner Program chocolate to include eight activities. These are designed to drive cocoa farming sustainability.

More information can be found in our Cocoa Sustainability Report 2013/14, available on our website.

Environmental protection: reducing our carbon footprint

Additional information:
s.a. Operations & Supply Chain, page 37

Our Environmental Policy defines our priorities for reducing environmental impacts of our operations. We focus on decreasing our energy usage and greenhouse gas emissions, and also work to improve water conservation, waste disposal and transport.

The integration of the aquired cocoa operations significantly impacted our environmental KPIs. As a consequence, our CO_2 emissions jumped 34% to 304,418 tonnes, while the relative CO_2 emissions per tonne of activity increased 25%. On a like-for-like basis, the CO_2 emissions would have decreased 2%. The total energy use increased by 7% while the relative energy use per tonne of activity decreased 0.4%. We are improving key production processes, optimizing their energy use and installing more energy-efficient equipment.

Almost 20% of the energy we consume comes from renewable energy sources. In our factories in Ghana, Côte d'Ivoire, Cameroon and Brazil, we are using waste cocoa shells as biomass to fuel our production of steam. This reduces the gas or fuel consumption at those sites by up to 100%.

The Barry Callebaut Group participates in the Carbon Disclosure Project to measure and report carbon emissions using the Greenhouse Gas Protocol methodology.

Water consumption is closely monitored at all our plants. Total water consumption increased 3%, while the relative water use per tonne of activity dropped 4%, just short of our target of a 5% annual reduction.

Waste reduction is integrated into our continuous improvement program "One+". We focus on our main waste streams, since this is where the greatest improvement can be realized. We reduce the total amount of waste generated while seeking alternative uses for waste that cannot be avoided. Waste generation increased 2% in absolute terms and dropped 5% in relative terms.

We are working to reduce carbon emissions from transport, too, by optimizing the flow of raw materials and finished goods.

Employee development: enabling our workforce to grow

We promote talent and create a safe, fair, healthy and inspiring work environment in which our employees can develop, in order to fill more leadership positions from within.

Additional information:
s.a. Employee, page 22–23

As described under Employees (pages 22–23), the Barry Callebaut Group is committed to the development of its employees. We focus on responding to employees' development needs via job enrichment, coaching and training.

A fair and safe workplace

The Barry Callebaut Group is committed to providing equal employment and promotion opportunities to all our employees, and do not tolerate any form of discrimination. We support freedom of association in line with local laws and regulations. Approximately 60% of permanent contract employees are covered by a union or a collective bargaining agreement and 66% of the total workforce is represented in health & safety committees. In origin countries, we also offer HIV/AIDS education to employees and their families. In fiscal year 2013/14, the frequency rate of accidents dropped by 32% and the severity rate dropped by 29%.

In cocoa growing regions, our assistance programs provide a broad range of services to our employees, including medical care, transportation, housing and education:

Coverage of employee support services in cocoa origin countries

Doctor/nurse on-site	55%	Warm meals on factory premises	89%
Medical exams	100%	Home ownership opportunity	31%
Vaccinations	79%	Transportation to/from work site	46%
HIV/AIDS education and support	46%	Education support/school fees	47%
Health insurance or other medical care	100%	Sports activities	83%

Winning Together

We foster team spirit through programs that engage employees in active lifestyles and community development. Our global Winning Together initiative, set up in 2005, encourages employees to support our development activities in cocoa communities in origin countries. The focus of this year's initiative, called "Water for Life…for All", is to improve access to safe, clean water for farmer families.


GINO
CALLEBAUT

Financial Review

“I am particularly satisfied with the effect of our increased focus on product margins, which translated into a significant improvement of our EBIT”.

Victor Balli,
Chief Financial Officer

CFO’s view on Group performance

How do you rate the Group’s performance in fiscal year 2013/14?

Overall I am pleased: Our volume increased by 11.8%, mainly driven by the acquisition and reaching a new record level of 1.7 million tonnes. On a stand-alone basis, we grew slightly above the market. I am particularly satisfied with the effect of our increased focus on product margins, which translated into a significant improvement of our EBIT.

Does this mean that you can only achieve higher profit at the expense of lower volume growth?

In our company, we see three important growth drivers. However, two of these – outsourcing & strategic partnerships and emerging markets – tend to be somewhat margin-dilutive. We have to offset this effect by pushing higher value products, in particular gourmet and specialty products, and by striving for continuous efficiency improvements. Thanks to this, we were able in the past, on average, to grow our operating result in line with the volume. There are years when one of the components outperforms the other, but in the long run we focus on profitability while significantly outperforming the market growth.

Talking about the acquired cocoa business: Do you consider the integration a success, and where do you stand on the planned synergies of CHF 30–35 million by year 4 of the integration, i.e. at the end of fiscal year 2015/16?

The integration has been a key focus of our company over the last year, and we have managed to grow together as one company. We did not lose any key customer or key people, and we reached most of the major global milestones we targeted. In terms of synergies all related projects are progressing well, and we are continuing to look for more. For this year, we exceeded the targeted synergies of CHF 5 million. Also, largely in line with our initial business plan, the acquired business significantly contributed to our Group EBIT with CHF 26.7 million (excluding transaction and integration costs), despite very challenging cocoa product markets.

Could you give us an update on the impact of the combined cocoa ratio? Why did it perform worse than expected this fiscal year, and what is the expectation for next year?

The combined cocoa ratio is an indicator for the profitability of the cocoa pressing operations. We said at the beginning of this fiscal year that we expected the ratio to improve. However, the oversupply in the market, in particular for cocoa powder, and a slowdown in emerging markets drove cocoa powder prices to historically low levels. At the same time, cocoa butter prices increased significantly, keeping the combined ratio and therefore profitability flat, albeit at a low level. Recently, butter prices softened, but cocoa powder prices have not yet recovered. I therefore expect the cocoa result to remain below average for at least the first six months of the coming year.

While the profitability improved significantly, the cash flow did not follow. Why?

We had two important cash outflows: Once again, we invested in new factories and expanded existing ones to cope with growth way above the market and to prepare for future expansion, particularly in emerging markets. This year, the cocoa bean prices rose very strongly. Although the volumes in our inventories remained constant, despite the growth of the company, the average value of the products in stock was much higher. This resulted in a cash outflow at CHF 279 million for the increased working capital. Our possibilities to avoid such effects from price volatility are limited. However, we have long prepared the company for such a situation, and our strong balance sheet and ample credit lines allow us to operate in such markets without losing flexibility. Nonetheless, we will intensify the focus on free cash flow generation and CAPEX discipline in our company for the next year.

What is your outlook for the coming year?

We are somewhat cautious on the global economy. We expect a slowdown in most regions. Higher raw material and therefore retail prices will likely affect confectionery consumption, at least at the beginning of the year. A very low combined cocoa ratio and fears about Ebola are not helping either. However considering the longer-term industry dynamics and based on our four-pillar strategy combined with our unique position in the industry, we remain optimistic for another good year in our business. Our main focus will be on volume expansion, margin improvements, high cost discipline, cash flow generation and the realization of the announced synergies within the cocoa business.

Could you elaborate on the higher cost discipline, what does it mean and why now?

During the last two years, we have significantly invested into new structures and expansions. This led to a double-digit growth of our fixed costs. This phase is now completed. Therefore, and also given a rather weak economic environment, we decided to keep overall fixed costs at the prior year level. We will put special emphasis on becoming more efficient and standardized in our processes to make more with less.

Consolidated Income Statement

Explanatory comments to the Consolidated Financial Statements:
On June 30, 2013, the Group closed the acquisition of the Cocoa Ingredients Division from Petra Foods Ltd., Singapore (referred to hereinafter as "acquired cocoa business"). The Consolidated Financial Statements of the fiscal year 2012/13 and of the fiscal year under review contain one-off transaction costs related to this acquisition as well as the operating results since its completion. For comparability reasons, certain key figures are provided excluding these effects (i.e. "stand-alone").

In the fiscal year under review, the Group adopted the revised IAS 19 standard (Employee Benefits). It was applied for the first time retrospectively in compliance with the transitional provisions and affected the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet and the Consolidated Cash Flow Statement. The retrospective application resulted in the restatement of certain comparative figures.

Sales volume grew significantly by 11.8% from 1,535,662 tonnes to 1,716,766 tonnes (stand-alone by 2.9% to 1,541,654 tonnes). Whereas Region Europe's volume slightly declined, all other Regions and all Product Groups contributed to this growth.

Revenue from sales and services rose even faster than sales volume, by 20.1% (stand-alone 10.0%) from CHF 4,884.1 million to CHF 5,865.9 million. This is the result of higher average cocoa ingredient prices, which are largely passed on to customers in accordance with the Group's business model. Adjusted for currency translation effects, revenues from sales and services grew by 23.4% (stand-alone 13.0%).

Gross profit augmented by 18.2% from CHF 728.7 million to CHF 861.1 million (excl. translation effects up 20.7%). On a stand-alone basis, gross profit increased by 10.6%. Despite the continuously low combined cocoa ratio, gross profit showed stronger growth than volume as a result of the Group's continued focus on margins and on improving its product mix towards more specialties and Gourmet products. Gross profit per tonne increased from CHF 475 in prior year to CHF 502 (stand-alone it increased from CHF 492 to 529).

Marketing and sales expenses grew by 13.2% to CHF 121.0 million compared to CHF 106.8 million last year. The increase is mainly due to the ongoing strengthening of the Group's global Gourmet brands and to its focus on customer relationships as well as on the further expansion of the distribution and sales network in emerging markets and in the Gourmet business. Marketing and sales expenses also increased as a result of the Group's acquisitions and its general growth.

General and administration expenses amounted to CHF 329.8 million compared to CHF 283.1 million in prior year, up 16.5%. The increase stems from scope effects related to acquisitions and from the continuation of investments in processes, structures and emerging markets. In addition to effects from the general growth of the Group, the increase also includes a one-time effect related to the Group's long term incentive plan.

Other income of CHF 18.2 million was recorded, compared to CHF 14.8 million in the prior year. In both years, this position included operating as well as non-sales-related income items, such as income generated by the Group's Training Center, Schloss Marbach, claims related to insurance companies and suppliers, sales of waste products and some other smaller items.

Other expenses amounted to CHF 12.3 million compared to CHF 10.6 million in the prior year. This position comprises litigation and claims, restructuring and severance costs, impairment charges and some other non-recurring items.

Operating profit (EBIT) increased by 21.4% to CHF 416.2 million (23.9% in local currencies), compared to CHF 342.9 million in the prior year. Stand-alone – i.e. excluding the non-recurring, transaction-related costs and the operating results of the acquired cocoa business, which contributed the net amount of CHF 23.4 million to operating profit (EBIT) – EBIT grew 5.6% (7.6% in local currencies). In prior year, the acquired business impacted EBIT by CHF –29.2 million, including significant transaction costs and an operating loss. All Regions and Product Groups contributed positively to operating profit and to EBIT growth of both the Group and the stand-alone business. The largest absolute contribution to EBIT, in terms of geographical area, came from Region Europe and, in terms of Product Group, from Food Manufacturers Products. Global Cocoa was the biggest contributor to EBIT growth thanks to the acquired cocoa business followed by Region Americas. EBIT per tonne increased from CHF 223.4 to CHF 242.4 (stand-alone it increased from CHF 248.3 to CHF 254.8).

Finance income decreased from CHF 14.8 million in prior year to CHF 3.2 million as a result of the absence of the significant hedging gains and exchange results, which affected prior year.

Finance costs amounted to CHF 122.0 million, up from CHF 92.6 million in prior year mainly due to increased interest expenses. The increase is largely attributable to the additional debt assumed for the aforementioned acquisition, including a USD 400 million bond issuance and to increased financing requirements for the net working capital resulting primarily from higher cocoa bean prices.

Share of result of equity-accounted investees, net of tax amounted to CHF –0.1 million compared to CHF 0.0 million in prior year. The position comprises the Group's share in equity movements of participations in companies over which the Group has significant influence but not control.

Income tax expenses increased from CHF 35.5 million to CHF 42.4 million largely due to the higher profit before tax and, to some extent, due to the adverse effects from the mix of jurisdictions in which the taxable results were achieved. These negative effects were partly offset by an increase of tax deductible expenses not qualifying as expenses for IFRS purposes.

Net profit for the year from continuing operations increased from CHF 229.5 million in prior year by 11.1% to CHF 255.0 million. In local currencies, it grew by 12.3%.

Net result from discontinued operations amounted to CHF –6.7 million in prior year and mainly included the operational result and financial and income tax expenses of the disposed Dijon business up until completion of the transaction. During the financial year under review, no operations were discontinued or disposed.

Net profit for the year (including discontinued operations) amounted to CHF 255.0 million, compared to CHF 222.8 million in prior year. Net profit for the year attributable to the shareholders of the parent company amounted to CHF 252.4 million, compared to CHF 223.5 million in the preceding year.

Basic earnings per share (from continuing operations) increased by 4.6% to CHF 46.00, compared to CHF 43.98 last year. **Cash earnings per share,** defined as operating cash flow before working capital changes divided by the weighted average number of basic shares outstanding, rose slightly to CHF 86.34 from CHF 86.21 the year before.

Consolidated Balance Sheet and financing structure

Total assets at the end of August 2014 grew by 14.2% to CHF 5,167.5 million, compared to CHF 4,526.9 million at the end of last year. This increase is mainly due to the strong increase in the cocoa bean price resulting in higher working capital and derivative financial assets and, to a lesser extent, due to the Group's organic business growth and its investments in property, plant and equipment.

Net working capital increased by 24.4% to CHF 1,674.6 million as at August 31, 2014, compared to CHF 1,345.7 million the year before, primarily due to the higher cocoa bean price strongly affecting product values in inventories and receivables.

Net debt increased from CHF 1,525.2 million in the prior year to CHF 1,803.5 million at August 31, 2014. This again is mainly attributable to additional financing needs for the increased working capital and, to some extent, to investments in property, plant and equipment. The weighted average maturity of the Group's total debt portfolio declined from 6.3 to 5.3 years.

Equity – including equity attributable to the shareholders of the parent company and non-controlling interests – amounted to CHF 1,795.7 million. This represents an increase of CHF 109.4 million, compared to the CHF 1,686.3 million at the end of August 2013. Equity attributable to the shareholders of the parent company amounted to CHF 1,790.7 million compared to last year's CHF 1,682.5 million. The prior year's amounts have been restated due to the first time adoption of the revised IAS 19 – Employee Benefits. The increase versus prior year is mainly due to the net profit, partly offset by the payout to shareholders out of reserves from capital contributions, by currency translation adjustments, by the remeasurement of employee benefit obligations related to the current fiscal year going through equity due to the revised IAS 19, as well as some other items.

Despite the aforementioned overall increase in equity, the debt-to-equity ratio deteriorated from 90.6% to 100.7% due to higher financing requirements for the increased working capital and due to the Group's growth and its investments in property, plant and equipment. The solvency ratio decreased from 37.2% to 34.7%. The return on invested capital (ROIC) decreased slightly from 10.9% in the prior year to 10.5%.

Consolidated Cash Flow Statement

Operating cash flow before working capital changes increased to CHF 473.7 million from CHF 451.1 million in the prior year as a result of the higher operating result. **Cash outflow for working capital changes** amounted to CHF –279.4 million, compared to CHF –52.0 million in prior year. This is the result of significantly increased working capital due to higher cocoa bean prices and, to a lesser extent, of business growth. Cash outflow for interest was higher due to the increased financing requirements in light of the financing of the acquisition in prior year. Cash outflow for tax was slightly higher as well. Overall, this resulted in a decline in the **Net cash flow from operating activities** to CHF 52.4 million compared to CHF 293.1 million the year before.

Net cash flow from investing activities amounted to CHF –226.8 million, compared to CHF –1,071.3 million in the preceding year. Last year's amount was particularly affected by the cash outflow for the acquired cocoa business and two smaller business acquisitions. Similar to last year, the Group made significant investments in property, plant and equipment as well as in intangible assets in the amount of CHF –248.8 million (prior year CHF –223.5 million). The overall position also includes proceeds from the sale of deposits of CHF 14.4 million and proceeds from the sale of assets amounting to CHF 4.9 million (CHF 6.3 million in prior year) as well as some other minor items.

Net cash flow from financing activities amounted to CHF 192.3 million compared to CHF 810.1 million in prior year. The net inflow of the current year mainly stems from the net debt issue of CHF 291.4 million. The prior year cash flow amounted to a net debt issue of CHF 629.6 million, including the issuance of a USD 400 million bond. Additionally, there was a capital increase of CHF 273.1 million last year. Both measures were mainly undertaken to finance the purchase consideration of the acquired cocoa business. Furthermore, this position also includes the dividend distributed to shareholders in the amount of CHF –79.6 million out of paid-in capital reserves (prior year CHF –80.1 million partly out of paid-in capital reserves and partly from a share capital reduction). The cash outflow for the purchase of treasury shares amounted to CHF –18.6 million (prior year CHF –12.3 million).

Consolidated Income Statement

for the fiscal year ended August 31,		2013/14	2012/13
in thousands of CHF	Notes		restated[1]
Revenue from sales and services		**5,865,940**	**4,884,090**
Cost of goods sold		(5,004,815)	(4,155,416)
Gross profit		**861,125**	**728,674**
Marketing and sales expenses		(120,955)	(106,847)
General and administration expenses		(329,842)	(283,136)
Other income	6	18,189	14,802
Other expenses	7	(12,272)	(10,639)
Operating profit (EBIT)		**416,245**	**342,854**[2]
Finance income	8	3,246	14,750
Finance costs	9	(121,964)	(92,591)
Share of result of equity-accounted investees, net of tax	17	(119)	(49)
Profit before income taxes		**297,408**	**264,964**
Income tax expenses	10	(42,410)	(35,508)
Net profit from continuing operations		**254,998**	**229,456**
Net loss from discontinued operations, net of tax	2	–	(6,691)
Net profit for the year		**254,998**	**222,765**
of which attributable to:			
– shareholders of the parent company		252,383	223,452
– non-controlling interest	25	2,615	(687)
Earnings per share from continuing and discontinued operations			
Basic earnings per share (CHF/share)		46.00	42.70
Diluted earnings per share (CHF/share)		45.77	42.50
Earnings per share from continuing operations[3]			
Basic earnings per share (CHF/share)	11	46.00	43.98
Diluted earnings per share (CHF/share)	11	45.77	43.77

1 Following the revision of IAS 19 (Employee Benefits), certain comparatives **have been restated** to conform to the current period's presentation.
2 Thereof CHF –29.2 million related to non-recurring acquisition costs and operating result of the Cocoa Ingredients Division acquired from Petra Foods Ltd. and CHF 372.1 million related to Barry Callebaut Group stand-alone, i.e. before acquisition.
3 Based on the net profit from continuing operations attributable to the shareholders of the parent company.

Consolidated Statement of Comprehensive Income

for the fiscal year ended August 31,		2013/14	2012/13
in thousands of CHF	Notes		restated[1]
Net profit for the year		**254,998**	**222,765**
Cash flow hedges	14	(11,567)	11,435
Tax effect on cash flow hedges	14	2,765	(4,069)
Currency translation differences		(38,700)	(18,462)
thereof recycled into profit or loss related to divesture		–	1,686
Items that may be reclassified subsequently to the income statement		**(47,502)**	**(11,096)**
Remeasurement of defined benefit plans		(16,936)	(12,518)
Tax effect on remeasurement of defined benefit plans		5,269	676
Items that will never be reclassified to the income statement		**(11,667)**	**(11,842)**
Other comprehensive (loss)/income for the year, net of tax		**(59,169)**	**(22,938)**
Total comprehensive income for the year		**195,829**	**199,827**
of which attributable to:			
– shareholders of the parent company		193,570	200,586
– non-controlling interest		2,259	(759)

1 Following the revision of IAS 19 (Employee Benefits), certain comparatives **have been restated** to conform to the current period's presentation.

Consolidated Balance Sheet

Assets

as of August 31,		2014	2013	Sept 1, 2012
in thousands of CHF	Notes		restated[1]	restated[1]
Current assets				
Cash and cash equivalents		85,496	65,618	53,898
Short-term deposits		2,152	16,741	659
Trade receivables and other current assets	12	793,784	777,036	570,167
Inventories	13	1,762,114	1,446,387	1,108,171
Current tax assets		12,336	4,934	4,737
Derivative financial assets	14	336,029	144,286	414,183
Total current assets		**2,991,911**	**2,455,002**	**2,151,815**
Non-current assets				
Property, plant and equipment	15	1,178,529	1,085,740	799,758
Equity-accounted investees	17	1,094	5,088	4,573
Intangible assets	18	893,848	882,785	526,525
Deferred tax assets	19	94,974	88,191	87,043
Other non-current assets		7,158	10,106	6,694
Total non-current assets		**2,175,603**	**2,071,910**	**1,424,593**
Total assets		**5,167,514**	**4,526,912**	**3,576,408**

Liabilities and equity

as of August 31,		2014	2013	Sept 1, 2012
in thousands of CHF	Notes		restated[1]	restated[1]
Current liabilities				
Bank overdrafts	20	17,559	14,311	34,287
Short-term debt	20	457,551	229,764	117,277
Trade payables and other current liabilities	21	891,263	793,954	657,605
Current tax liabilities		34,073	32,059	38,282
Derivative financial liabilities	14	322,856	188,974	362,359
Provisions	22	8,635	12,185	12,216
Current liabilities without liabilities directly associated with assets held for sale		**1,731,937**	**1,271,247**	**1,222,026**
Liabilities directly associated with assets held for sale	2	–	–	25,292
Total current liabilities		**1,731,937**	**1,271,247**	**1,247,318**
Non-current liabilities				
Long-term debt	23	1,416,060	1,363,460	845,904
Employee benefit obligations	24	146,993	132,555	116,390
Provisions	22	7,701	5,055	2,565
Deferred tax liabilities	19	59,664	58,983	53,065
Other non-current liabilities		9,424	9,347	17,590
Total non-current liabilities		**1,639,842**	**1,569,400**	**1,035,514**
Total liabilities		**3,371,779**	**2,840,647**	**2,282,832**
Equity				
Share capital	25	102,093	102,093	125,114
Retained earnings and other reserves		1,688,557	1,580,429	1,163,800
Total equity attributable to the shareholders of the parent company		**1,790,650**	**1,682,522**	**1,288,914**
Non-controlling interest	25	5,085	3,743	4,662
Total equity		**1,795,735**	**1,686,265**	**1,293,576**
Total liabilities and equity		**5,167,514**	**4,526,912**	**3,576,408**

1 Following the revision of IAS 19 (Employee Benefits), certain comparatives **have been restated** to conform to the current period's presentation.

Consolidated Cash Flow Statement

Cash flows from operating activities

for the fiscal year ended August 31,		2013/14	2012/13[1]
in thousands of CHF	Notes		restated[2]
Profit before income taxes from continuing operations		297,408	264,964
(Loss)/Profit before income taxes from discontinued operations	2	–	(5,250)
Adjustments for:			
Depreciation of property, plant and equipment	15	83,270	70,299
Amortization of intangible assets	18	31,934	25,145
Impairment of property, plant & equipment	15	10	69
Impairment of intangible assets	18	792	767
Loss/(gain) on sale of property, plant and equipment, net		(1,087)	106
Foreign exchange (gain)/loss		(17,731)	33,780
Fair value (gain)/loss on derivative financial instruments		(53,197)	(22,285)
Write-down of inventories		8,174	4,742
Increase (decrease) of bad debt allowance		(166)	(4,852)
Increase (decrease) of provisions		2,640	(4,715)
Increase (decrease) of employee benefit obligations		(914)	(749)
Equity-settled share-based payments	4	12,791	12,332
Share of loss/(profit) of equity-accounted investees, net of tax	17	119	49
(Interest income)	8	(1,734)	(540)
Interest expenses		111,396	77,245
Operating cash flow before working capital changes		**473,705**	**451,106**
(Increase)/decrease in trade receivables and other current assets		(32,722)	(81,936)
(Increase)/decrease in inventories		(357,390)	(20,954)
Increase/(decrease) in trade payables and other current liabilities		114,534	58,470
Use of provisions		(3,784)	(7,588)
Cash generated from operating activities		**194,343**	**399,098**
(Interest paid)		(98,947)	(69,004)
(Income taxes paid)		(42,998)	(37,023)
Net cash from operating activities		**52,398**	**293,071**

1 The Cash Flow Statement includes the cash flow from discontinued operations.
2 Following the revision of IAS 19 (Employee Benefits), certain comparatives **have been restated** to conform to the current period's presentation.

Consolidated Cash Flow Statement

Cash flows from investing activities

for the fiscal year ended August 31, in thousands of CHF	Notes	2013/14	2012/13[1] restated[2]
Purchase of property, plant and equipment	15	(209,853)	(182,582)
Proceeds from sale of property, plant and equipment		4,515	6,315
Purchase of intangible assets	18	(38,924)	(40,901)
Proceeds from sale of intangible assets		347	10
Acquisition of subsidiaries/businesses net of cash acquired	1	(1,815)	(823,180)
Proceeds from disposal of subsidiaries	2	–	(14,789)
Proceeds from disposal of financial assets		253	–
Purchase of short-term deposits		–	(16,092)
Proceeds from sale of short-term deposits		14,364	–
Sale/(Purchase) of other non-current assets		2,607	(607)
Interest received		1,741	523
Net cash flow from investing activities		**(226,765)**	**(1,071,303)**

Cash flows from financing activities

for the fiscal year ended August 31, in thousands of CHF	Notes	2013/14	2012/13[1] restated[2]
Proceeds from the issue of short-term debt		409,709	121,788
Repayment of short-term debt		(196,046)	(14,878)
Proceeds from the issue of long-term debt		227,305	523,862
Repayment of long-term debt		(149,553)	(1,209)
Dividend payment	25	(79,588)	(51,165)
Capital reduction and repayment	25	–	(28,942)
Proceeds from capital increase	25	–	273,121
Purchase of treasury shares	25	(18,645)	(12,324)
Dividends paid to non-controlling interests	25	(917)	(129)
Effect of changes in non-controlling interests	25	–	(31)
Net cash flow from financing activities		**192,265**	**810,093**
Effect of exchange rate changes on cash and cash equivalents		(1,268)	(165)
Net increase (decrease) in cash and cash equivalents		**16,630**	**31,696**
Cash and cash equivalents at beginning of year		51,307	19,611
Cash and cash equivalents at end of year		67,937	51,307
Net increase (decrease) in cash and cash equivalents		**16,630**	**31,696**
Cash and cash equivalents		85,496	65,618
Bank overdrafts	20	(17,559)	(14,311)
Cash and cash equivalents as defined for the cash flow statement		**67,937**	**51,307**

1 The Cash Flow Statement includes the cash flow from discontinued operations.
2 Following the revision of IAS 19 (Employee Benefits), certain comparatives **have been restated** to conform to the current period's presentation.

Consolidated Statement of Changes in Equity

Attributable to the shareholders of the parent company	Share capital	Treasury shares	Retained earnings	Hedging reserves	Cumulative translation adjustments	Total	Non-controlling interest	Total equity
in thousands of CHF								
as of September 1, 2012, (as previously reported)	**125,114**	**(2,773)**	**1,621,701**	**(5,545)**	**(381,410)**	**1,357,087**	**4,662**	**1,361,749**
Impact of changes in accounting policies, net of tax[1]	–	–	(68,173)	–	–	(68,173)	–	(68,173)
as of September 1, 2012, restated	**125,114**	**(2,773)**	**1,553,528**	**(5,545)**	**(381,410)**	**1,288,914**	**4,662**	**1,293,576**
Currency translation adjustments	–	–	–	–	(18,390)	(18,390)	(72)	(18,462)
Effect of cash flow hedges (note 14)	–	–	–	11,435	–	11,435	–	11,435
Tax effect on cash flow hedges (note 14)	–	–	–	(4,069)	–	(4,069)	–	(4,069)
Items that may be reclassified subsequently to the income statement	**–**	**–**	**–**	**7,366**	**(18,390)**	**(11,024)**	**(72)**	**(11,096)**
Remeasurement of defined benefit plans (note 24)[1]	–	–	(12,518)	–	–	(12,518)	–	(12,518)
Tax effect on remeasurement of defined benefit plans (note 19)[1]	–	–	676	–	–	676	–	676
Items that will never be reclassified to the income statement	**–**	**–**	**(11,842)**	**–**	**–**	**(11,842)**	**–**	**(11,842)**
Other comprehensive income, net of tax	**–**	**–**	**(11,842)**	**7,366**	**(18,390)**	**(22,866)**	**(72)**	**(22,938)**
Net profit for the year[1]	–	–	223,452	–	–	223,452	(687)	222,765
Total comprehensive income for the year	**–**	**–**	**211,610**	**7,366**	**(18,390)**	**200,586**	**(759)**	**199,827**
Dividend to shareholders (note 25)	–	–	(51,165)	–	–	(51,165)	(129)	(51,294)
Capital reduction and repayment (note 25)	(28,952)	–	10	–	–	(28,942)	–	(28,942)
Movements of non-controlling interest (note 25)	–	–	–	–	–	–	(31)	(31)
Capital increase (note 25)	5,931	–	267,190	–	–	273,121	–	273,121
Purchase of treasury shares	–	(12,324)	–	–	–	(12,324)	–	(12,324)
Equity-settled share-based payments (note 4)	–	11,771	561	–	–	12,332	–	12,332
as of August 31, 2013	**102,093**	**(3,326)**	**1,981,734**	**1,821**	**(399,800)**	**1,682,522**	**3,743**	**1,686,265**
Currency translation adjustments	–	–	–	–	(38,344)	(38,344)	(356)	(38,700)
Effect of cash flow hedges (note 14)	–	–	–	(11,567)	–	(11,567)	–	(11,567)
Tax effect on cash flow hedges (note 14)	–	–	–	2,765	–	2,765	–	2,765
Items that may be reclassified subsequently to the income statement	**–**	**–**	**–**	**(8,802)**	**(38,344)**	**(47,146)**	**(356)**	**(47,502)**
Remeasurement of defined benefit plans (note 24)	–	–	(16,936)	–	–	(16,936)	–	(16,936)
Tax effect on remeasurement of defined benefit plans (note 19)	–	–	5,269	–	–	5,269	–	5,269
Items that will never be reclassified to the income statement	**–**	**–**	**(11,667)**	**–**	**–**	**(11,667)**	**–**	**(11,667)**
Other comprehensive income, net of tax	**–**	**–**	**(11,667)**	**(8,802)**	**(38,344)**	**(58,813)**	**(356)**	**(59,169)**
Net profit for the year	–	–	252,383	–	–	252,383	2,615	254,998
Total comprehensive income for the year	**–**	**–**	**240,716**	**(8,802)**	**(38,344)**	**193,570**	**2,259**	**195,829**
Dividend to shareholders (note 25)	–	–	(79,588)	–	–	(79,588)	(917)	(80,505)
Purchase of treasury shares	–	(18,645)	–	–	–	(18,645)	–	(18,645)
Equity-settled share-based payments (note 4)	–	10,533	2,258	–	–	12,791	–	12,791
as of August 31, 2014	**102,093**	**(11,438)**	**2,145,120**	**(6,981)**	**(438,144)**	**1,790,650**	**5,085**	**1,795,735**

1 Following the revision of IAS 19 (Employee Benefits), certain comparatives **have been restated** to conform to the current period's presentation.

Summary of Accounting Policies

Organization and business activity

Barry Callebaut AG ("The Company") was incorporated on December 13, 1994, under Swiss law, having its head office in Zurich, Switzerland, at Pfingstweidstrasse 60. Barry Callebaut AG is registered in Switzerland and has been listed on the SIX Swiss Exchange (BARN, ISIN Number: CH0009002962) since 1998. As of August 31, 2014, Barry Callebaut's market capitalization based on issued shares was CHF 6,175 million (August 31, 2013: CHF 4,805 million). The Group's ultimate parent is Jacobs Holding AG with a share of 50.11% of the shares issued (August 31, 2013: 50.11%).

Barry Callebaut AG and its subsidiaries ("The Group") is one of the world's leading cocoa and chocolate companies, serving the entire food industry, from food manufacturers to artisans and professional users of chocolate such as chocolatiers, pastry chefs or bakers, and products for vending machines. The Group offers a broad and expanding range of chocolate and other cocoa-based products with numerous recipes. It also provides a comprehensive range of services in the fields of product development, processing, training and marketing. The Group is fully vertically integrated along the entire value chain: from sourcing of raw materials to the production of the finest chocolate products.

The principal brands under which the Group operates are Barry Callebaut, Callebaut, Cacao Barry, Carma, Van Leer and Van Houten for chocolate products; Barry Callebaut, Bensdorp, Delfi, Van Houten and Chadler for cocoa powder and Bensdorp, Van Houten, Caprimo, Le Royal and Ögonblink for vending mixes.

The principal countries, in which the Group operates, include Belgium, Brazil, Cameroon, Canada, China, Côte d'Ivoire, France, Germany, Ghana, Indonesia, Italy, Japan, Malaysia, Mexico, the Netherlands, Poland, Russia, Singapore, Spain, Sweden, Switzerland, the United Kingdom and the USA.

Basis of presentation

The Consolidated Financial Statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

For consolidation purposes, Barry Callebaut AG and its subsidiaries prepare financial statements using the historical cost basis as disclosed in the accounting policies below, except for the measurement at fair value of derivative financial instruments and for defined benefit obligation that is accounted for according to the projected unit credit method.

Changes in accounting policies

Except for the changes below, the Group has consistently applied the accounting policies set out below to all periods presented in these Consolidated Financial Statements.

The Group has adopted the following amendments to standards, including any consequential amendments to other standards, with a date of initial application of September 1, 2013:

Amendments to IAS 19 – Employee Benefits (amended 2011)

The revised IAS 19 standard has eliminated the corridor method that was applied by the Group before fiscal year 2013/14. Based on the amendments, all changes in the present value of the defined benefit obligation and in the fair value of the plan assets are recognized in the financial statements immediately in the period they occur. Any movements in actuarial gains and losses are recognized through other comprehensive income.

The amendments have also replaced the expected return on plan assets and the interest cost on the defined benefit obligation with a single net interest component that is calculated by applying the discount rate to the net defined benefit liability (or asset).

It was applied for the first time retrospectively in compliance with the transitional provisions and affected the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet and the Consolidated Cash Flow Statement. The retrospective application resulted in the restatements summarized in the tables below.

Consolidated Income statement

for the fiscal year ended August 31, 2013	as originally published	Restatement IAS 19	restated
in thousands of CHF			
Cost of goods sold	(4,155,638)	222	(4,155,416)
Marketing and sales expenses	(106,918)	71	(106,847)
General and administration expenses	(284,528)	1,392	(283,136)
Other expenses	(12,168)	1,529	(10,639)
Operating profit (EBIT)	339,640	3,214	342,854
Finance costs	(89,583)	(3,008)	(92,591)
Profit before income taxes	264,758	206	264,964
Net profit from continuing operations	229,250	206	229,456
Net profit for the year	222,559	206	222,765
Basic earnings per share from continuing operations (CHF/share)	43.94	0.04	43.98

Consolidated Statement of Comprehensive Income

for the fiscal year ended August 31, 2013	as originally published	Restatement IAS 19	restated
in thousands of CHF			
Net profit for the year	222,559	206	222,765
Remeasurement of defined benefit plans	–	(12,525)	(12,525)
Tax effect on remeasurement of defined benefit plans	–	683	683
Items that will never be reclassified to the income statement	–	(11,842)	(11,842)
Other comprehensive income / (loss) for the year	(11,096)	(11,842)	(22,938)
Total comprehensive income for the year	211,463	(11,636)	199,827
of which attributable to the shareholders of the parent company	212,222	(11,636)	200,586

Consolidated Balance Sheet

as of September 1, 2012	as originally published	Restatement IAS 19	restated
in thousands of CHF			
Deferred tax assets	87,093	(50)	87,043
Other non-current assets	6,864	(170)	6,694
Total non-current assets	1,424,813	(220)	1,424,593
Total assets	3,576,628	(220)	3,576,408
Employee benefit obligations	47,526	68,864	116,390
Deferred tax liabilities	53,976	(911)	53,065
Total non-current liabilities	967,561	67,953	1,035,514
Total liabilities	2,214,879	67,953	2,282,832
Retained earnings and other reserves	1,231,973	(68,173)	1,163,800
Total equity attributable to the shareholders of the parent company	1,357,087	(68,173)	1,288,914
Total equity	1,361,749	(68,173)	1,293,576
Total liabilities and equity	3,576,628	(220)	3,576,408

Consolidated Balance Sheet

as of August 31, 2013	as originally published	Restatement IAS 19	restated
in thousands of CHF			
Deferred tax assets	88,245	(54)	88,191
Other non-current assets	10,248	(142)	10,106
Total non-current assets	2,072,106	(196)	2,071,910
Total assets	4,527,108	(196)	4,526,912
Employee benefit obligations	51,351	81,204	132,555
Deferred tax liabilities	60,574	(1,591)	58,983
Total non-current liabilities	1,489,787	79,613	1,569,400
Total liabilities	2,761,034	79,613	2,840,647
Retained earnings and other reserves	1,660,238	(79,809)	1,580,429
Total equity attributable to the shareholders of the parent company	1,762,331	(79,809)	1,682,522
Total equity	1,766,074	(79,809)	1,686,265
Total liabilities and equity	4,527,108	(196)	4,526,912

Consolidated Cash Flow Statement

for the fiscal year ended August 31, 2013	as originally published	Restatement IAS 19	restated
in thousands of CHF			
Profit before income taxes from continuing operations	264,758	206	264,964
Non-cash items of income and expenses	186,348	(206)	186,142
Operating cash flow before working capital changes	451,106	–	451,106
Net cash flow from operating activities	293,071	–	293,071
Net cash flow from investing activities	(1,071,303)	–	(1,071,303)
Net cash flow from financing activities	810,093	–	810,093
Net increase (decrease) in cash and cash equivalents	31,696	–	31,696

The amendments to IAS 19 issued in November 2013 did not have any impact on the Group's Financial Statements.

IFRS 10 – Consolidated Financial Statements (effective for periods beginning on or after January 1, 2013)

IFRS 10 provides a single model to be applied in the control analysis for all investees, including entities that currently are in the scope of SIC-12. The Group is deemed to control a company when it is exposed, or has rights, to variable returns from its involvement with that company and has the ability to affect those returns through its power over the company. The consolidation procedures are carried forward from IAS 27. It was applied for the first time retrospectively in compliance with the transitional provisions and did not have any impact on the Group's Financial Statements.

IFRS 11 – Joint Agreements (effective for periods beginning on or after January 1, 2013)

This standard establishes principles for financial reporting by parties to a joint arrangement. This standard principally addresses two aspects: first, that the structure of the arrangement was the only determinant of the accounting and, second, that an entity had a choice of accounting treatment for interests in jointly controlled entities. IFRS 11 improves on IAS 31 by establishing principles that are applicable to the accounting for all joint arrangements. It was applied for the first time retrospectively in compliance with the transitional provisions and did not have any impact on the Group's Financial Statements.

IFRS 12 – Disclosure of Interests in Other Entities (effective for periods beginning on or after January 1, 2013)

This standard addresses the need for improved disclosure of a reporting entity's interests in other entities when the reporting entity has a special relationship with those other entities. The standard integrates and makes consistent the disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated structured entities and presents those requirements in a single IFRS as it was observed that the disclosure requirements of IAS 27 – Consolidated and Separate Financial Statements, IAS 28 – Investments in Associates and IAS 31 – Interests in Joint Ventures overlapped in many areas. The new standard resulted in certain extended disclosures in the Group's Consolidated Financial Statements.

IFRS 13 – Fair Value Measurement (effective for periods beginning on or after January 1, 2013)
This standard defines fair value, sets out in a single IFRS a framework for measuring fair value, and requires disclosures about fair value measurements. It was applied for the first time retrospectively in compliance with the transitional provisions and did not have a material impact on the Group's Financial Statements.

Use of judgment and estimates
The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

Information about judgments made in applying accounting policies that have most significant effects on the amounts recognized in the Consolidated Financial Statements and assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending August 31, 2014, is included in the following notes:

Note 1	Acquisitions: fair value measurement and contingent assets
Note 18	Intangible assets – Allocation of goodwill to CGU's/Impairment test: key assumptions underlying recoverable amounts
Note 19	Deferred tax assets and liabilities – Recognition of deferred tax assets: availability of future taxable profits against which tax loss carry-forwards can be utilized
Note 24	Employee benefit obligations – Measurement of defined benefit obligations: key actuarial assumptions
Note 28	Contingent liabilities – uncertainties

Scope of consolidation/subsidiaries
The Consolidated Financial Statements of the Group include all the assets, liabilities, income and expenses of Barry Callebaut AG and the companies which it controls. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Non-controlling interests are shown as a component of equity in the balance sheet and the share of the net profit attributable to non-controlling interest is shown as a component of the net profit for the year in the Consolidated Income Statement. Newly acquired companies are consolidated from the date control is transferred (the effective date of acquisition), using the acquisition method. Subsidiaries disposed of are included up to the effective date of disposal.

All intragroup balances and unrealized gains and losses or income and expenses arising from intragroup transactions are eliminated in preparing the Consolidated Financial Statements. Unrealized gains arising from transactions with associates and jointly controlled entities are eliminated to the extent of the Group's interest in the entity. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

Transactions with non-controlling interests
The Group applies the policy of treating transactions with non-controlling interest equal to transactions with equity owners of the Group. For purchases from non-controlling interest, the difference between consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposal to non-controlling interest are also recorded in equity.

Interests in equity-accounted investees

Interests in equity-accounted investees comprise investments in associates and joint ventures. Associates are those companies in which the Group has significant influence but not control. This is normally presumed when the Group holds between 20% and 50% of the voting power of another entity. Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. Associates and joint ventures are accounted for using the equity method (equity-accounted investees) and are recognized initially at cost. The Group's investment includes goodwill identified on acquisition, net of any impairment losses. The Consolidated Financial Statements include the Group's share of the income and expenses and equity movements of equity-accounted investees from the date that significant influence or joint control commences until the date significant influence or joint control ceases.

Foreign currency transactions

The functional currency of the Group's entities is the currency of their primary economic environment. In individual companies, transactions in foreign currencies are recorded at the rate of exchange at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated into respective functional currencies at the exchange rate prevailing at the year-end date. Any resulting exchange gains and losses are taken to the income statement. If related to commercial transactions or to the measurement of financial instruments in coverage of commercial transactions, such foreign currency gains and losses are classified as cost of goods sold. Otherwise, foreign currency gains and losses are classified as finance income and finance cost.

Foreign currency translation

For consolidation purposes, assets and liabilities of subsidiaries reporting in currencies other than Swiss francs are translated to Swiss francs using year-end rates of exchange. Income and expenses are translated at the average rates of exchange for the year. Differences arising from the translation of financial statements using the above method are recorded as cumulative translation adjustments in other comprehensive income. When a foreign operation is disposed of, such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve is reclassified to the Consolidated Income Statement as part of the gain or loss on disposal.

Major foreign exchange rates

	2013/14		2012/13	
	Closing rate	Average rate	Closing rate	Average rate
EUR	1.2054	1.2226	1.2322	1.2235
GBP	1.5165	1.4850	1.4426	1.4620
USD	0.9148	0.8984	0.9316	0.9352

Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand, checks, bank balances and unrestricted bank deposit balances with an original maturity of 90 days or less. Bank overdrafts that are repayable on demand, forming an integral part of the Group's cash management, are included as a component of cash and cash equivalents for the purpose of the Consolidated Cash Flow Statement.

Trade receivables and other current assets

Trade receivables are stated at amortized cost, less anticipated impairment losses. Impairment allowances for receivables represent the Group's estimates of incurred losses arising from the failure or inability of customers to make payments when due. These estimates are assessed on an individual basis, taking into account the ageing of customers' balances, specific credit circumstances and the Group's historical default experience. If the Group is satisfied that no recovery of the amount owing is possible, the receivable is written off and the allowance related to it is reversed.

The Group maintains an asset-backed securitization program for trade receivables, transferring the contractual rights to the cash flows of third-party trade receivables at their nominal value minus a discount. These receivables are derecognized from the balance sheet. The net amount reported under "Other current assets" or "Other current liabilities" is the amount of the discount minus the receivables already collected at the balance sheet date but not yet remitted to the asset-purchasing company (see note 12).

Derivative financial instruments and hedging activities

The Group's purchasing and sourcing center frequently buys and sells cocoa beans for the purpose of generating a profit from short-term fluctuations in price or dealer's margin. The practice of net cash settlement of cocoa purchase and sale contracts results in these contracts qualifying as derivative financial instruments.

The Group is exposed to the cocoa price risk resulting from its cocoa bean stocks and semi-finished cocoa products (both included in inventory), forecasted cocoa purchases and cocoa forward contracts. In accordance with its risk management policies, the Group therefore hedges its exposure to the cocoa price risk applying fair value hedge accounting.

Furthermore, the Group hedges its exposure to foreign exchange risk and interest rate risk arising from operational, financing and investment transactions.

Derivative financial instruments are accounted for at fair value with fair value changes recognized in the Consolidated Income Statement.

In addition, the Group applies cash flow hedge accounting whereby cocoa bean futures and foreign exchange forward and future contracts are used to hedge the cocoa price risk and foreign exchange risk arising from forecasted cocoa sale and purchase contracts.

Hedge accounting

The operating companies require cocoa beans and semi-finished cocoa products for manufacturing and selling of their products. Thus, the Group is exposed to the cocoa price risk on the purchase side due to increasing cocoa prices, on the sales side and inventory held to decreasing cocoa prices. The Group therefore applies hedge accounting to hedge its fair value risk on inventory and uses commodity futures and forward contracts to manage cocoa price risks (Contract Business – see risk management note 26).

The Group and its subsidiaries enter into sales and purchasing contracts denominated in various currencies and consequently are exposed to foreign currency risks, which are hedged by the Group's treasury department or – in case of legal restrictions – with local banks. The Group's interest rate risk is managed with interest rate derivatives.

Hedge accounting is applied to derivatives that are effective in offsetting the changes in fair value or cash flows of the hedged items. The hedge relation is documented and the effectiveness of such hedges is tested at regular intervals, at least on a semi-annual basis.

Fair value hedging – for commodity price risks and foreign currency exchange risks related to the Contract Business

Generally, fair value hedge accounting is applied to hedge the Group's exposure to changes in fair value of a recognized asset or liability or an identified portion of such an asset or liability that is attributable to a particular risk, e.g. commodity price risks, and that could affect profit or loss. For fair value hedges, the carrying amount of the hedged item is adjusted for gains and losses attributable to the risk being hedged, the derivative (hedging instrument) is remeasured at fair value, and gains and losses from both are taken to the Consolidated Income Statement.

For cocoa inventory which is in excess of the cocoa component within sales contracts, a fair value hedge relationship is established. In this hedge relationship, the cocoa inventory is designated as hedged item and the short future contracts are designated as hedging instruments. When cocoa inventory is designated as a hedged item, the subsequent cumulative change in the fair value of the cocoa inventory attributable to the hedged risk is adjusting the carrying amount of the hedged item (change of inventory cost value) with a corresponding gain or loss in the income statement. The hedging instrument is recorded at fair value under "Derivative financial assets" or "Derivative financial liabilities", and the changes in the fair value of the hedging instrument are also recognized in the Consolidated Income Statement.

For foreign currency exchange risks related to the firm sales commitments of industrial chocolate (Contract Business), fair value hedge accounting is applied. The hedge relationship is between the unrecognized firm sales commitment (hedged item) and the foreign currency forward sales contract (hedging instrument). The changes in fair value of the hedging instruments are recognized in the income statement. The cumulative change in the fair value of the firm sales commitment attributable to the foreign currency risk is recognized as an asset or liability with a corresponding gain or loss in the Consolidated Income Statement.

Cash flow hedging – for commodity price risks and foreign currency exchange risks arising from forecasted purchase and sales transactions and firm commitments

The Group enters into exchange-traded cocoa bean futures to hedge the cocoa price risk arising from forecasted purchases of cocoa beans and forecasted sales of cocoa ingredients, and into foreign exchange forward and futures contracts to hedge the currency risk arising from forecasted purchase of cocoa beans and forecasted sales transactions as well as firm commitments for purchases and sales denominated in foreign currencies.

The related entities apply cash flow hedge ("CFH") accounting whereby the cocoa bean futures and the foreign exchange forwards and futures are designated as hedging instruments to the underlying forecasted sales or purchase contracts to hedge the variability in cash flow that is attributable to the risk of cocoa bean price movements and to the foreign exchange risk respectively.

The fair value changes of the effective portion of the cocoa bean futures and foreign exchange forwards and futures designated as cash flow hedges are recognized in the cash flow hedge reserve in other comprehensive income and are transferred to profit or loss in the periods when the forecasted transactions are recognized in profit or loss or are no longer expected to occur. The fair value changes of the ineffective portion of these derivatives are recognized immediately in profit or loss.

Cash flow hedging – for interest rate risks

In general, Barry Callebaut applies cash flow hedge accounting for interest rate derivatives, converting a portion of floating rate borrowings to fixed rate borrowings.

Interest rate derivatives hedging exposures to variability in cash flows of highly probable forecasted transactions are classified as cash flow hedges. For each cash flow hedge relationship, the effective part of any gain or loss on the derivative financial instrument is recognized directly in other comprehensive income. Gains or losses that are recognized in other comprehensive income are transferred to the income statement in the same period in which the hedged exposure affects the Consolidated Income Statement. The ineffective part of any gain or loss is recognized immediately in the Consolidated Income Statement at the time hedge effectiveness is tested.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that point in time, any cumulative gain or loss on the hedging instrument recognized in other comprehensive income is kept in other comprehensive income until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognized in other comprehensive income is immediately transferred to the Consolidated Income Statement.

No hedge accounting designation

The Group's purchasing and sourcing center and the In-house Bank of the Group fair value their derivative financial instruments without applying hedge accounting.

Price List Business commodity risk hedging is based on forecasted sales volume and excluded from hedge accounting, as no derivatives can be clearly designated to the forecasted price list sales. Therefore, these derivatives are carried at fair value with fair value changes recognized in the Consolidated Income Statement.

In respect of the foreign exchange exposure of a recognized monetary asset or liability, no hedge accounting is applied. Any gain or loss on the financial derivative used to economically hedge this risk is recognized in the Consolidated Income Statement, thus compensating the gains and losses that arise from the revaluation of the underlying asset or liability.

Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories comprises the costs of materials, direct production costs including labor costs, and an appropriate proportion of production overheads and factory depreciation. For movements in inventories, the average cost method is applied. Net realizable value is defined as the estimated selling price less costs of completion, and direct selling and distribution expenses.

Financial assets

Financial assets are accounted for in accordance with IAS 39, Financial Instruments: Recognition and Measurement. Accordingly, financial assets are classified into the following categories: at fair value through profit or loss, loans and receivables and available-for-sale. Financial assets acquired principally for the purpose of generating a profit from short-term fluctuations in price are classified as at fair value through profit or loss. All other financial assets, excluding loans and receivables, are classified as available-for-sale.

All purchases and sales of financial assets are recognized on the trade date. Financial assets are recognized when the Group becomes a party to the contractual provisions and are initially measured at fair value, which is the consideration given for them, plus transaction costs in the case of financial assets and liabilities not at fair value through profit or loss. Available-for-sale and fair value through profit or loss investments are subsequently carried at fair value by reference to their quoted market price at the balance sheet date, without any deduction for transaction costs that the Group may incur on their sale or other disposal.

Gains or losses on measurement to fair value of available-for-sale investments are included directly in equity until the financial asset is sold, disposed of or impaired, at which time the gains or losses are recognized in net profit or loss for the period.

Financial assets are derecognized, using the weighted average method, when the Group loses control of the contractual rights to the cash flows of the assets or when the Group sells, or otherwise disposes of, the contractual rights to the cash flows, including situations where the Group retains the contractual rights but assumes a contractual obligation to pay the cash flows that comprise the financial asset to a third party. Such control is lost when the rights and benefits specified in the contract are realized, expired, or are surrendered.

Intangible assets

Goodwill

Goodwill on acquisitions is the excess of acquisition date fair value of total consideration transferred plus the recognized amount of any non-controlling interest in the acquiree and the acquisition date fair value of assets acquired, liabilities and contingent liabilities assumed. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Negative goodwill is recognized directly in the income statement. At the acquisition date, any goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies.

Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognized. Where goodwill forms part of the cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Research and development costs

Research costs are expensed as incurred, whereas product development costs are only expensed as incurred when it is considered impossible to quantify the existence of a market or future cash flows for the related products or processes with reasonable assurance.

Development costs for projects relate to software, recipes and innovation and are capitalized as an intangible asset if it can be demonstrated that the project is expected to generate future economic benefits. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period. Development costs that have been capitalized are amortized on a straight-line basis over the period of their expected useful life. The amortization periods adopted do not exceed eight years.

Brand names, licenses and other intangible assets

Other acquired intangible assets include brand names, licenses, customer relationships, patents and trademarks. Patents and licenses are amortized over their period of validity. All other intangible assets are amortized on a straight-line basis over their anticipated useful life not exceeding 20 years.

Property, plant and equipment

Property, plant and equipment are measured at the acquisition or construction cost less accumulated depreciation and accumulated impairment losses. A straight-line method of depreciation is applied through the estimated useful life. Estimated useful lives of major classes of depreciable assets are:

Buildings (including warehouses and installations)	20 to 50 years
Plant and machinery	10 to 20 years
Office equipment, furniture and motor vehicles	3 to 10 years

Maintenance and repair expenditures are charged to the income statement as incurred.

The carrying amounts of property, plant and equipment are reviewed at least at each balance sheet date to assess whether they are recoverable in the form of future economic benefits. If the recoverable amount of an asset has declined below its carrying amount, an impairment loss is recognized to reduce the value of the assets to its recoverable amount. In determining the recoverable amount of the assets, expected cash flows are discounted to their present value.

Borrowing costs

Borrowing costs related to the acquisition, construction, or production of a qualifying asset are capitalized in accordance with IAS 23. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

Leased assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are stated as assets of the Group at the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Finance costs are charged to the income statement over the term of the relevant lease so as to produce a constant periodic interest charge on the remaining balance of the obligations for each accounting period. Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rentals payable under an operating lease are charged to the income statement on a straight-line basis over the term of the lease.

Financial liabilities

Financial liabilities are initially recognized at fair value, net of transaction costs, when the Group becomes a party to the contractual provisions. They are subsequently carried at amortized cost using the effective interest rate method. A financial liability is removed from the balance sheet when the obligation is discharged, cancelled, or expires.

Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate thereof can be made. Provisions are recorded for identifiable claims and restructuring costs. Restructuring provisions mainly comprise employee termination payments. Specific provisions for restructuring costs are recorded at such time as the management approves the decision to restructure and a formal plan for restructuring is communicated.

Employee benefit obligations/post-employment benefits

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets and the effect of the asset ceiling, are recognized immediately in other comprehensive income. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Some benefits are also provided by defined contribution plans; contributions to such plans are charged to the Consolidated Income Statement as incurred.

Post-retirement benefits other than pensions

Certain subsidiaries provide health care and insurance benefits for a portion of their retired employees and their eligible dependents. The cost of these benefits is actuarially determined and included in the related function expenses over the employees' working lives. The related liability is also included in the position "Employee benefit obligations".

Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

Employee stock ownership program

For the employee stock ownership program (called "Deferred Share Plan", effective 2011–2014), treasury shares are used. In accordance with IFRS 2, the compensation costs in relation with share awards granted under the Deferred Share Plan are recognized in the income statement over the vesting period at their fair value as of the grant date.

In line with the regulation of the Deferred Share Plan, the Group may also have cash-settled share-based payment transactions. In accordance with IFRS 2, liabilities arising from cash-settled share-based payment transactions are recognized against profit or loss over the vesting period and are fair valued at each reporting date until settlement.

Other long-term employee benefits

Other long-term employee benefits represent amounts due to employees under deferred compensation arrangements mandated by certain jurisdictions in which the Group conducts its operations. Benefit cost is recognized on an actuarial basis in the income statement. The related liability is included in other long-term liabilities.

Share capital/purchase of treasury shares

Where the Company or its subsidiaries purchase the Company's shares, the consideration paid, including any attributable transaction costs, is deducted from equity as treasury shares. Where such shares are subsequently sold or reissued, any consideration received is included in equity.

Dividends

Dividends on ordinary shares are recognized as a liability when they are approved by the shareholders.

Taxes

Current income taxes are recognized based on taxable income, whereas other taxes such as non-recoverable taxes withheld on dividends, management fees and royalties received or paid are reported under "Other expenses". Non-recoverable withholding taxes are only accrued if distribution by subsidiary companies is foreseen.

Income taxes are calculated in accordance with the tax regulations in effect in each country.

The Group recognizes deferred income taxes using the balance sheet liability method. Deferred income tax is recognized on all temporary differences arising between the tax values of assets and liabilities and their values in the Consolidated Financial Statements. Deferred income tax assets are recognized to the extent it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred income tax assets and liabilities are calculated using tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Revenue recognition

Revenues from sales and services consist of the net sales turnover of semi-processed and processed goods and services related to food processing.

Revenues from the sale of goods are recognized when the significant risks and rewards of ownership of the goods have been transferred to the buyer, which is mainly upon shipment. Appropriate provisions are made for all additional costs to be incurred in connection with the sales including the cost of returns. Additionally, gains and losses related to derivative financial instruments used for hedging purposes are recognized in revenues in accordance with the policies set out in this section.

Revenues and costs related to trading of raw materials, which are fair valued, are netted. Interest income is recognized as it accrues on an effective yield basis, when it is determined that such income will flow to the Group. Dividends are recognized when the right to receive payment is established.

Government grants

Provided there is reasonable assurance that they will be irrevocably received, grants relating to capital expenditure are deducted from the cost of property, plant and equipment and thus recognized in the income statement on a straight-line basis over the useful life of the asset.

Other grants that compensate the Group for expenses incurred are deferred and recognized in the income statement over the period necessary to match them with the costs they are intended to compensate.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. The Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group's Executive Committee.

Discontinued operations

Discontinued operations are separately disclosed, if a component of an entity either has been disposed of, or is classified as, held for sale. A component of an entity represents a major line of business or geographical area of operations or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale. A component of an entity can be clearly distinguished operationally and for financial reporting purposes, from the rest of the entity. Discontinued operations are separately disclosed from the continued operations in the Consolidated Income Statement. Prior-year financial figures related to the income statement are adjusted accordingly (as if the operation had been discontinued as from the start of the comparative year) and also separately disclosed. Related assets are presented on the balance sheet under "Assets held for sale" and related liabilities under "Liabilities directly associated with assets held for sale", whereas in accordance with IFRS 5, no prior-year restatement has been made for these positions. Cash flow information related to discontinued operations are disclosed separately in the notes.

Introduction of new standards in 2014/15 and later

The following standards and amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after September 1, 2014, and have not been applied in preparing these Consolidated Financial Statements. The impacts on the financial statements of the standards and amendments, which are relevant, are disclosed below the table. With the exception of IFRS 9, the Group does not plan to adopt these standards early.

	Effective date	Planned application by the Group in fiscal year
New Standards or Interpretations		
IFRS 9 Financial Instruments	January 1, 2018	Fiscal year 2014/15
IFRS 15 Revenue from Contracts with Customers	January 1, 2017	Fiscal year 2017/18
Revisions and amendments of Standards and Interpretations		
Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)	January 1, 2014	Fiscal year 2014/15
Investment Entities (Amendments to IFRS 10, IFRS 12, IAS 27)	January 1, 2014	Fiscal year 2014/15
Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)	January 1, 2014	Fiscal year 2014/15
Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)	January 1, 2014	Fiscal year 2014/15
Annual Improvements to IFRSs 2010–2012 Cycle	July 1, 2014	Fiscal year 2014/15
Annual Improvements to IFRSs 2011–2013 Cycle	July 1, 2014	Fiscal year 2014/15
Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)	January 1, 2016	Fiscal year 2016/17
Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to IAS 16 and IAS 38)	January 1, 2016	Fiscal year 2016/17

Amendments to IAS 32 – Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities

These amendments clarify when an entity currently has a legally enforceable right to set off financial assets and financial liabilities, and also clarifies the circumstances when gross settlement is equivalent to net settlement. The amendments are to be applied retrospectively. Potential impacts on the Group's Consolidated Financial Statements were not yet fully assessed.

IFRS 9 – Financial Instruments and related amendments to IFRS 7 regarding transition

This standard introduces new requirements for the classification and measurement of financial assets, including a new expected credit loss model for calculating impairment and the new hedge accounting model.

All recognized financial assets will be measured at either amortized cost or fair value through other comprehensive income and fair value through profit and loss, depending on its business model for managing those financial assets and the assets' contractual cash flow characteristics. A fair value option is available as an alternative to amortized cost measurement. All equity investments are to be measured on the Consolidated Balance Sheet at fair value. Only if the equity instrument is not held for trading, an irrevocable election can be made at initial recognition to measure it at fair value through other comprehensive income with only dividend income recognized in profit or loss. All derivatives are required to be measured at fair value.

IFRS 9 includes a "practical expedient" for credit allowances on trade receivables. This will allow: loss allowance equaling lifetime expected credit loss; provision matrix may be used for collective assessment of portfolios of similar receivables; reduced disclosure requirements for trade receivables that are accounted for using the simplified approach. IFRS 9 has a rebuttable presumption that default has occurred once a payment is 90 days past due. Trade receivables past due 90 days are evaluated to determine the need for an individual impairment allowance.

For a financial liability designated as at fair value through profit or loss using the fair value option, the charge in the liability's fair value attributable to charges in the liability's credit risk is recognized directly in other comprehensive income, unless it creates or increases an accounting mismatch.

The Group early adopts IFRS 9 as of September 1, 2014. The Group considers that the main impact of the new standard will be on hedge accounting with the main advantage of facilitating a better alignment of hedge accounting with risk management by being able to apply hedge accounting for specific risk components of non-financial items.

IFRS 15 Revenue Recognition

The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: revenue may be recognized over time, in a manner that best reflects the company's performance, or at a point in time, when control of the good or service is transferred to the customer. For complex transactions with multiple components and/or variable amounts of consideration, or when the work is carried out under contract for an extended period of time, applying the standard may lead to revenue being accelerated or deferred in comparison with current requirements. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized.

Potential impacts on the Group's Consolidated Financial Statements have not yet been fully assessed.

Notes to the Consolidated Financial Statements

1 Acquisitions

Acquisition in 2013/14

On February 18, 2014, the Group acquired the remaining 51% of Biolands Group, its long-time supplier of certified cocoa beans from East and West Africa, increasing its shareholding in the Biolands entities (African Organic Produce AG, Biolands International Ltd., Biopartenaire SA, and Bio United Ltd.) to 100%, thus obtaining control. The following table summarizes the major classes of consideration transferred in connection with the acquisitions mentioned above:

in million CHF	2013/14
Consideration	
Cash paid and contingent consideration	2.1
Fair value of the Group's previously held equity interest	3.3
Total consideration	**5.4**

The arrangement involves a contingent consideration of CHF 0.3 million.

The Group expensed acquisition-related costs, such as fees for due diligence work, lawyers and valuation services, of less than CHF 0.1 million over the course of the project immediately in the Consolidated Income Statement (included in "General and administration expenses").

The following purchase price allocation and fair value of assets and liabilities have been determined on a provisional basis:

in million CHF	2013/14
Recognized amounts of identifiable assets acquired and liabilities assumed	
Current assets	3.2
Non-current assets	0.6
Current liabilities	(2.6)
Non-current liabilities	–
Total identifiable net assets	**1.2**
Goodwill	4.2
Total consideration at fair value	**5.4**

The goodwill of CHF 4.2 million arising from the acquisitions is attributable to synergies expected to be achieved from integrating the business in the Group's existing business and improvements expected from combining the sourcing channels of the acquired businesses with those of the Group. The goodwill has been allocated to Global Cocoa. None of the goodwill recognized is expected to be deductible for income tax purposes.

Related to the acquisition of the Cocoa Ingredients Division of Petra Foods Ltd. closed on June 30, 2013, there were no significant changes to the fair value of assets and liabilities determined on a provisional basis for the purpose of the Annual Report 2012/13. The measurement period according to IFRS 3 elapsed and the amount established for goodwill is now final. However, with regard to the determination of the final consideration, the parties are still in a dispute, which is handled in accordance with the process foreseen in the Share Purchase Agreement. Thus, any outcome from this dispute will directly affect the Consolidated Income Statement.

The integration of the acquired business into the Global Cocoa segment of the Group has been mostly completed.

In fiscal year 2013/14, the Group expensed additional transaction related costs, such as fees for lawyers and consultants related to the acquisition in the total amount of approximately CHF 3.3 million immediately in the Consolidated Income Statement (included in "General and administration expenses").

Acquisition in 2012/13

Acquisition of the Cocoa Ingredients Division of Petra Foods Ltd.
On December 12, 2012, the Group has reached an agreement with Petra Foods Ltd., Singapore, to acquire their Cocoa Ingredients Division. The Group obtained control with the completion of the transaction on June 30, 2013, following the approval from the regulatory authorities.

The acquisition will enable the Group to support the further growth of its existing chocolate business and to capture opportunities in the fast-growing markets for cocoa powder. It will add comprehensive cocoa processing and powder blending expertise as well as a deep understanding of Asian and Latin American markets. It will also reinforce the Group's cost leadership in cocoa processing by enlarging its footprint in cost-competitive production countries, partially replacing future investments in production capacities, while also enabling product flow optimizations. Additionally, it will allow the Group to further diversify its cocoa sourcing and processing activities in origin countries by creating a second strong base in Asia, besides West Africa. The newly acquired business will be fully integrated into the Global Cocoa segment of the Group. The integration is expected to be implemented in all material respects within 12 to 18 months.

Consideration transferred
The following summarizes the major classes of consideration transferred:

in million CHF	2012/13
Consideration	
Cash paid based on initial estimates	780.4
Total consideration transferred at closing (at estimated values)	**780.4**

At completion, the Group transferred USD 820.9 million in cash (CHF 780.4 million) based on estimated values for Net Debt and Net Working Capital provided by the Seller prior to completion. This cash flow is included in the amount reported on line "Acquisition of subsidiaries/businesses, net of cash acquired" in the Group's Consolidated Cash Flow Statement. The purchase consideration agreed between the parties on a cash free debt free basis amounted to USD 864.3 million (CHF 821.5 million) and consisted of the cash transferred at closing and short-term debt assumed in the amount of USD 43.4 million (CHF 41.1 million, see table "Identifiable assets acquired and liabilities assumed" below).

The agreements with the Seller neither contain any contingent considerations nor any deferred considerations except for the post-completion consideration adjustments as foreseen in the Share Purchase Agreement ("SPA"). To arrive at such final completion consideration adjustments, the SPA foresees a process, in which the Completion Statements relevant for the calculation of the purchase consideration are set up by the Buyer and agreed upon between the parties, if necessary with the involvement of external arbitration. Due to Petra Foods' dispute on the Completion Statements submitted by Barry Callebaut, the parties will apply the dispute resolution mechanism foreseen in the SPA. Consequently, the final consideration cannot yet be determined at the time of the publication of these accounts.

For the financing of the acquisition, on June 20, 2013, the Group issued a 5.5% Senior Note with maturity in June 2023 for an amount of USD 400 million (see note 23 – Long-term debt). In addition, the company issued new registered shares on June 14, 2013, for CHF 279 million (resulting in net proceeds of CHF 273 million after deduction of costs) utilizing the authorized share capital as approved by the Extraordinary General Meeting of Shareholders on April 22, 2013 (see note 25 – Equity). The remainder was financed through the partial utilization of an existing bridge loan as well as other available funding sources (see note 20 and 23).

The Group expensed acquisition-related costs, such as fees for due diligence work, lawyers, valuation services, consultants and internal travel and logistic as well as other one-off costs related to the acquisition in the total amount of approximately CHF 17.2 million over the course of the project immediately in the Consolidated Income Statement (included in "General and administration expenses"), all being recognized in the current fiscal period.

Identifiable assets acquired and liabilities assumed
The following purchase price allocation and fair value of assets and liabilities have been determined on a provisional basis:

in million CHF	2012/13
Cash and cash equivalents	7.8
Trade receivables and other current assets[1]	135.6
Inventories	286.3
Derivative financial assets	5.9
Property, plant and equipment	205.2
Intangible assets	9.6
Deferred tax assets	6.3
Other non-current assets	0.5
Trade payables and other current liabilities	(74.3)
Short-term debt	(41.1)
Deferred tax liabilities	(0.8)
Derivative financial liabilities	(57.5)
Provisions	(3.0)
Other non-current liabilities	(4.1)
Total identifiable net assets acquired	**476.4**

1 Including gross contractual amounts of trade receivables of CHF 92.9 million reduced by items not expected to be collected of CHF 0.8 million.

Goodwill
At acquisition, the Group has assessed and recorded all related assets and liabilities at their fair values. At this moment, the goodwill on the transaction could not yet be established, as the purchase consideration was not yet finally determined. The difference between the Consideration transferred at closing (amounting to CHF 780.4 million, as calculated by the Seller at estimated values) and the fair value of the assets and liabilities assumed (CHF 476.4 million) amounted to CHF 304.0 million. However, the Seller decided to contest the respective adjustment of USD 98 million claimed by the Group, which resulted in a dispute. This dispute is handled in accordance with the resolution mechanism foreseen in the SPA and is still ongoing at the end of fiscal year 2013/14. According to IFRS 3, the measurement period has meanwhile elapsed. Thus, the amounts established for fair values and goodwill are final. As a result, any outcome from the dispute will directly affect the Consolidated Income Statement.

The resulting goodwill arising from the acquisition is attributable to synergies expected to be achieved from integrating the company into the Group's existing Global Cocoa business. It also reflects economies of scale expected from combining the operations as well as sales and sourcing channels of the Group with the ones of the acquired business. In addition, this value is also attributable to the knowledge of the workforce, which will provide the Group access to new markets and enlarge its footprint in the fast-growing markets particularly for products based on cocoa powder. The final amount of goodwill as mentioned above can only be determined after final assessment of the consideration in accordance with the SPA.

None of the goodwill recognized is expected to be deductible for income tax purposes. The entire goodwill is allocated to segment Global Cocoa.

The revenue included in the Consolidated Income Statement since completion of the transaction contributed by the acquired business was CHF 127.7 million. The business has also contributed a loss after tax of CHF –14.6 million over the same period. This result does not include any finance costs incurred on the financing of the acquisition.

Had the business been consolidated from September 1, 2012, it would have contributed revenue of CHF 854.0 million and net loss after tax for the fiscal year of CHF –77.0 million to the Consolidated Income Statement.

Other individually immaterial acquisitions in 2012/13
On June 6, 2012, the Group entered into an agreement with Batory Industries Company to purchase its compound manufacturing business, and obtained its facility in Chatham, Ontario, together with the related inventory and the employees. The Group obtained control with the completion of the transaction on September 7, 2012.

On January 17, 2013, the Group obtained control of ASM Foods AB, a Swedish company active in manufacturing and selling of specialty compound chocolate, fillings and inclusions, by acquiring 100% of the shares and voting interests from Carletti A/S, Denmark. On the same date, the Group also signed an agreement with Carletti A/S, Denmark, for the purchase of its assets related to chocolate and compound production. This transaction took place in May 2013.

The following summarizes the major classes of consideration transferred in combination of the acquisitions mentioned above:

in million CHF	2012/13
Consideration	
Cash paid	50.6
Total consideration transferred	**50.6**

The Group expensed acquisition-related costs, such as fees for due diligence work, lawyers and valuation services, of CHF 0.5 million over the course of the project immediately in the Consolidated Income Statement (included in "General and administration expenses"). The vast majority of these costs were recognized in the current fiscal year.

The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the acquisition dates:

in million CHF	2012/13
Recognized amounts of identifiable assets acquired and liabilities assumed	
Current assets	12.9
Non-current assets	10.0
Current liabilities	(5.1)
Non-current liabilities	(0.9)
Total identifiable net assets acquired	**16.9**
Goodwill	33.7
Total consideration at fair value	**50.6**

The goodwill of CHF 33.7 million arising from these acquisitions is attributable to the skills and technical talents of the workforce, synergies expected to be achieved from integrating the businesses in the Group's existing business and economies of scale expected from combining the operations and sales and sourcing channels of the acquired businesses and the Group. CHF 26.2 million from the goodwill has been allocated to Region Europe and CHF 7.5 million has been allocated to Region Americas. CHF 5.5 million of the goodwill recognized is expected to be deductible for income tax purposes.

The revenue included in the Consolidated Income Statement since the acquisition dates, contributed by the acquired businesses, was CHF 52.3 million. The acquired businesses have also contributed a profit of CHF 3.2 million since acquisition.

Had the businesses been consolidated from September 1, 2012, they would have contributed revenue of CHF 66.1 million and a net profit for the year of CHF 2.9 million to the Consolidated Income Statement.

2 Discontinued operations and disposals

The Group did not have any discontinued operations and disposals in 2013/14.

Discontinuation of the Dijon operations in 2012/13

The Group announced in September 2012 that it intends to sell its factory and the related business in Dijon (France) to "Chocolaterie de Bourgogne" concluding with this the final step to dispose of the consumer activities. The sale has been completed on November 30, 2012.

The net loss from discontinued operations of CHF 6.7 million in the fiscal year 2012/13 includes the net result of the discontinued business until the closing date of the transaction and other cost incurred during the transaction.

Result and cash flow of the discontinued operations and disposals

in thousands of CHF	2012/13
Revenue from sales and services	**10,775**
Operating expenses	(15,379)
Operating loss before impairment on assets and other disposal costs	**(4,604)**
Transaction and separation costs	(124)
Operating loss (EBIT)	**(4,728)**
Financial items	(522)
Income taxes	(1,441)
Net loss from discontinued operations, net of tax	**(6,691)**
Earnings per share from discontinued operations	
Basic earnings per share (CHF/share)	(1.28)
Diluted earnings per share (CHF/share)	(1.27)
Cash flows from discontinued operations	**(19,121)**
Net cash flow from operating activities	(5,220)
Net cash flow from investing activities[1]	(19,638)
Net cash flow from financing activities	5,737

1 The amount in fiscal year 2012/13 mainly consists of the capital increase injected before disposal of the Dijon operations.

Disposal of Barry Callebaut Pastry Manufacturing Ibérica S.L. in 2012/13

As of February 28, 2013, the Group sold its subsidiary Barry Callebaut Pastry Manufacturing Ibérica S.L. The disposal does not have a significant impact on the financial statements.

The participation in Barry Callebaut Pastry Manufacturing Ibérica S.L., producing ready-to-use frozen pastry products, was no longer considered part of Barry Callebaut's core business. Therefore, the Group decided to sell this business. The net assets disposed of amounted to CHF 5.1 million, the related cumulative translation adjustment was recycled from equity into the Consolidated Income Statement in the amount of CHF 1.7 million and the Group realized proceeds of CHF 4.7 million.

The business was sold to Givesco A/S, the parent company of Carletti A/S, Denmark, from which the Group acquired ASM Foods AB and certain assets related to chocolate and compound production in another transaction (see also note 1).

3 Segment information

External segment reporting is based on the internal organizational and management structure, as well as on the internal information reviewed regularly by the Chief Operating Decision Maker. Barry Callebaut's Chief Operating Decision Maker has been identified as the Executive Committee, consisting of the Group Chief Executive Officer, the Chief Financial Officer and the Presidents of the Regions Western Europe, Americas and Global Cocoa as well as the Chief Operations Officer and the Chief Innovation & Quality Officer.

Financial information by reportable segments

in thousands of CHF	Europe		Americas		Asia Pacific	
	2013/14	2012/13[1]	2013/14	2012/13[1]	2013/14	2012/13[1]
Revenues from external customers	2,573,259	2,352,639	1,287,335	1,182,652	249,128	221,954
Revenues from transactions with other operating segments of the Group	66,631	62,656	681	461	–	127
Net revenue	**2,639,890**	**2,415,295**	**1,288,016**	**1,183,113**	**249,128**	**222,081**
Operating profit (EBIT)	**268,097**	**254,570**	**126,502**	**107,600**	**27,002**	**26,958**
Depreciation and amortization	**(37,956)**	**(31,592)**	**(18,656)**	**(21,615)**	**(6,662)**	**(5,585)**
Impairment losses	**(721)**	**(809)**	**(3)**	**–**	**(16)**	**(27)**
Total assets	**1,294,836**	**1,171,236**	**897,696**	**735,559**	**122,754**	**142,617**
Additions to property, plant, equipment and intangible assets	(71,471)	(90,276)	(76,312)	(55,209)	(14,435)	(22,368)

1 Following the revision of IAS 19 (Employee Benefits), certain comparatives have been restated to conform to the current period's presentation.

The Executive Committee considers the business from a geographic view. Hence, Presidents were appointed for each region. Since the Group's cocoa activities operate independently of the Regions, the Global Cocoa business is reviewed by the Chief Operating Decision Maker as an own segment in addition to the geographical Regions Western Europe, EEMEA (Eastern Europe, Middle East and Africa), Americas and Asia Pacific. For the purpose of the Consolidated Financial Statements, the Regions Western Europe and EEMEA were aggregated since the businesses are similar and meet the criteria for aggregation. Furthermore, the Executive Committee also views the Corporate function independently. The function "Corporate" consists mainly of headquarters services (incl. the treasury and in-house banking function) to other segments. Thus, the Group reports Corporate separately.

The segment Global Cocoa is responsible for the procurement of ingredients for chocolate production (mainly cocoa; sugar, dairy and nuts are also common ingredients) and the Group's cocoa-processing business. The cocoa business acquired from Petra Foods is integrated and reported into this segment. Most of the revenues of Global Cocoa are generated with the other segments of the Group. The business conducted in the regions consists of chocolate production related to the Product Groups "Food Manufacturers' Products" focusing on industrial customers and "Gourmet & Specialties Products" focusing on products for artisans and professional users of chocolate such as chocolatiers, pastry chefs or bakers as well as products for vending machines.

The revenues generated by Global Cocoa with other segments are conducted on an arm's-length basis, and some of its operational profits are consequently allocated to the Regions which act as major customers of Global Cocoa.

Segment revenue, segment results (operating profit EBIT) and segment assets correspond to the Group's Consolidated Financial Statements. The segment reporting in fiscal year 2012/13 does not include the result related to the discontinued consumer activities.

Global Cocoa		Total Segments		Corporate		Eliminations		Group	
2013/14	2012/13[1]	2013/14	2012/13[1]	2013/14	2012/13[1]	2013/14	2012/13[1]	2013/14	2012/13[1]
1,756,218	1,126,845	5,865,940	4,884,090	–	–	–	–	5,865,940	4,884,090
2,204,104	1,714,876	2,271,416	1,778,120	–	–	(2,271,416)	(1,778,120)	–	–
3,960,322	**2,841,721**	**8,137,356**	**6,662,210**	–	–	**(2,271,416)**	**(1,778,120)**	**5,865,940**	**4,884,090**
81,951	**41,899**	**503,552**	**431,027**	**(87,307)**	**(88,173)**	**–**	**–**	**416,245**	**342,854**
(49,119)	**(33,817)**	**(112,393)**	**(92,609)**	**(2,811)**	**(2,835)**	**–**	**–**	**(115,204)**	**(95,444)**
(27)	**–**	**(767)**	**(836)**	**(35)**	**–**	**–**	**–**	**(802)**	**(836)**
2,866,872	**2,432,382**	**5,182,158**	**4,481,794**	**1,481,385**	**1,094,212**	**(1,496,029)**	**(1,049,094)**	**5,167,514**	**4,526,912**
(58,321)	(586,330)	(220,539)	(754,183)	(32,925)	(31,025)	–	–	(253,464)	(785,208)

Finance income and costs, the Group's share of result of equity-accounted investees and income taxes are not allocated to the respective segment for internal management purposes. These items can be found below in the table "Reconciliation of the EBIT to the net profit for the year".

Reconciliation of EBIT to net profit for the year

in thousands of CHF	2013/14	2012/13
Operating profit (EBIT)	**416,245**	**342,854**
Finance income	3,246	14,750
Finance costs	(121,964)	(92,591)
Share of profit/(loss) of equity-accounted investees, net of tax	(119)	(49)
Profit before income taxes	**297,408**	**264,964**
Income tax expenses	(42,410)	(35,508)
Net profit from continuing operations	**254,998**	**229,456**
Net loss from discontinued operations, net of tax	–	(6,691)
Net profit for the year	**254,998**	**222,765**

Additional entity-wide disclosures

Information on geographical regions

Barry Callebaut is domiciled in Switzerland; however, its major revenues are generated in other countries. The following table shows revenues and non-current assets excluding investments in equity-accounted investees, deferred tax assets and pension assets allocated to the entity's country of domicile and the major countries where the Group is generating revenues and/or to those countries where the non-current assets as defined above are material.

	2013/14	2012/13	2013/14	2012/13
in thousands of CHF	Revenues		Non-current assets[1]	
USA	905,570	880,669	243,327	237,597
Belgium	481,013	438,207	323,598	296,726
Germany	453,246	412,342	102,231	100,117
France	432,354	386,232	49,139	70,169
United Kingdom	411,419	388,397	78,275	43,719
Italy	308,908	279,616	25,110	26,079
Mexico	272,754	229,027	32,875	33,108
Other	2,600,676	1,869,600	1,217,822	1,161,010
Total	**5,865,940**	**4,884,090**	**2,072,377**	**1,968,525**

1 Property, plant and equipment + intangible assets.

Information on Product Groups

The Group has numerous products that are sold to external customers. Therefore, for internal review by the Chief Operating Decision Maker, information on products is aggregated on a Product Group level. The following table breaks down external revenues into Product Groups:

Segment information by Product Group

in thousands of CHF	2013/14	2012/13
Cocoa Products	1,756,218	1,126,845
Food Manufacturers	3,247,374	2,971,714
Gourmet & Specialties	862,348	785,531
Revenues from external customers	**5,865,940**	**4,884,090**

In fiscal year 2013/14, the biggest single customer contributed CHF 797.7 million (2012/13: CHF 755.4 million) of total revenues (reported across various regions). No other single customer contributed more than 10% of total consolidated revenues.

4 Personnel expenses

in thousands of CHF	2013/14	2012/13
Wages and salaries	(356,639)	(326,633)
Compulsory social security contributions	(78,085)	(69,463)
Equity-settled share-based payments	(12,791)	(12,332)
Cash-settled share-based payments	(10,972)	–
Expenses related to defined benefit plans	(13,538)	(12,685)
Contributions to defined contribution plans	(2,605)	(1,276)
Increase in liability for long service leave	(57)	(43)
Total personnel expenses	**(474,687)**	**(422,432)**

5 Research and development expenses

in thousands of CHF	2013/14	2012/13
Total research and development expenses	**(21,779)**	**(20,698)**

Research and development expenses not qualifying for capitalization are directly charged to the Consolidated Income Statement and are reported under "Marketing and sales expenses" and "General and administration expenses". The part qualifying for capitalization is reported as addition under development costs in note 18 – Intangible assets.

6 Other income

in thousands of CHF	2013/14	2012/13
Gain on disposal of property, plant and equipment	1,162	310
Group training centers, museums, outlets and rental income	3,801	3,561
Sale of shells of cocoa beans and waste	5,659	3,161
Litigations, claims and insurance	3,169	3,789
Release of unused provisions and accruals	490	112
Gain on sale of subsidiary	–	1,259
Other	3,908	2,610
Total other income	**18,189**	**14,802**

7 Other expenses

in thousands of CHF	2013/14	2012/13
Restructuring costs	(4,099)	(1,266)
Loss on sale of waste	(4)	(1,027)
Litigations and claims	(3,184)	(4,242)
Costs related to chocolate museums	(59)	(28)
Loss on sale of property, plant and equipment	(75)	(416)
Impairment on property, plant and equipment (note 15)	(10)	(69)
Impairment on other intangibles (note 18)	(792)	(767)
Other	(4,049)	(2,824)
Total other expenses	**(12,272)**	**(10,639)**

8 Finance income

in thousands of CHF	2013/14	2012/13
Interest income	1,734	540
Exchange gains, net	–	7,291
Gain on derivative financial instruments	1,512	6,919
Total finance income	**3,246**	**14,750**

9 Finance costs

in thousands of CHF	2013/14	2012/13
Interest expenses	(105,685)	(75,497)
Structuring fees	(3,182)	(4,807)
Charges on undrawn portion of committed credit facilities	(2,380)	(4,335)
Net interest costs related to defined benefit plans	(5,711)	(4,316)
Total interest expenses	**(116,958)**	**(88,955)**
Bank charges and other financial expenses	(4,288)	(3,636)
Exchange losses, net	(718)	–
Total finance costs	**(121,964)**	**(92,591)**

Interest expenses include the net cost of interest rate swaps and result from paying fixed interest rates in exchange for receiving floating interest rates. All interest rate derivative financial instruments are in a cash flow hedge relationship resulting in the fact that changes in fair value are recognized in other comprehensive income.

The increase in interest expenses in fiscal year 2013/14 is mainly attributable to the issuance of the USD 400 million Senior Note in June 2013 as well as to increased working capital requirements.

Structuring fees are mainly attributable to the amortization of fees capitalized for the EUR 350 million Senior Note, issued July 2007, the EUR 600 million Revolving Credit Facility, entered into June 2011 and amended and extended in June 2014, the EUR 250 million Senior Note, issued June 2011, the USD 400 million Senior Note, issued June 2013 and the EUR 175 million Term Loan Facility, entered into October 2013.

The charges on the undrawn portion of the EUR 600 million Revolving Credit Facility amount to CHF 2.4 million for 2013/14 (2012/13: CHF 4.3 million).

10 Income tax expenses

in thousands of CHF	2013/14	2012/13
Current income tax expenses	(40,935)	(36,200)
Deferred income tax income/(expenses)	(1,475)	692
Total income tax expenses	**(42,410)**	**(35,508)**

Reconciliation of income taxes

in thousands of CHF	2013/14	2012/13
Profit before income taxes	**297,408**	**264,964**
Expected income tax expense at weighted average applicable tax rate	(76,272)	(58,398)
Non-tax-deductible expenses	(4,990)	(3,742)
Tax-deductible items not qualifying as an expense under IFRS	16,097	7,501
Tax-exempt income	7,513	4,892
Income recognized for tax declaration purposes only	(2,010)	(1,728)
Prior-period-related items	(6,890)	(8,215)
Changes in tax rates	(857)	2,167
Losses carried forward not yet recognized as deferred tax assets	(12,654)	(12,217)
Tax relief on losses carried forward, formerly not recognized as deferred tax assets	37,653	34,232
Total income tax expenses	**(42,410)**	**(35,508)**

For the reconciliation as above, the Group determines the expected income tax rate by weighing the applicable tax rates in the jurisdictions concerned based on the mix of the profit before taxes per jurisdiction, resulting for 2013/14 in a weighted average applicable tax rate of 25.65% (2012/13: 22.04%).

The applicable expected tax rate per company is the domestic corporate income tax rate applicable to the profit before taxes of the company for fiscal year 2013/14. The increase of the weighted average applicable tax rate is due to the less favorable company mix of profit before taxes.

The tax relief on tax losses carried forward formerly not recognized as deferred tax assets amounts to CHF 37.7 million for the year 2013/14 (2012/13: CHF 34.2 million). The amount consists of CHF 8.2 million tax relief from utilization of tax losses carried forward previously not recognized (2012/13: CHF 13.8 million) and CHF 29.5 million tax losses carried forward recognized as a deferred tax asset for the first time during the year 2013/14 (2012/13: CHF 20.4 million).

11 Earnings per share from continuing operations

in CHF	2013/14	2012/13
Basic earnings per share from continuing operations (CHF/share)	46.00	43.98
Diluted earnings per share (CHF/share)	45.77	43.77

The following amounts of earnings have been used as the numerator in the calculation of basic and diluted earnings per share:

in thousands of CHF	2013/14	2012/13
Net profit for the year attributable to ordinary shareholders, used as numerator for basic earnings per share adjusted for net loss from discontinued operations	252,383	230,143
After-tax effect of income and expenses on dilutive potential ordinary shares	–	–
Adjusted net profit for the year used as numerator for diluted earnings per share	252,383	230,143

The following numbers of shares have been used as the denominator in the calculation of basic and diluted earnings per share:

	2013/14	2012/13
Weighted average number of shares issued	5,488,858	5,234,657
Weighted average number of treasury shares held	2,259	2,012
Weighted average number of ordinary shares outstanding, used as denominator for basic earnings per share	5,486,599	5,232,645
Dilutive potential of equity-settled share-based payments	27,643	25,200
Adjusted weighted average number of ordinary shares, used as denominator for diluted earnings per share	5,514,242	5,257,845

12 Trade receivables and other current assets

as of August 31,	2014	2013
in thousands of CHF		
Trade receivables	455,487	492,241
Accrued income	7,457	2,705
Receivables from related parties	–	34
Loans and other receivables	71,328	36,559
Other current financial assets	7,941	17,819
Receivables representing financial assets	**542,213**	**549,358**
Fair values of hedged firm commitments	3,974	733
Prepayments	109,461	104,700
Other current non-financial assets	971	1,019
Other taxes and receivables from government	137,165	121,226
Other receivables	**251,571**	**227,678**
Total trade receivables and other current assets	**793,784**	**777,036**

The Group runs an asset-backed securitization program, whereby trade receivables are sold at their nominal value minus a discount in exchange for cash. The amount of the receivables sold net of discounts is CHF 294.0 million as of August 31, 2014 (2013: CHF 230.6 million), that amount being derecognized from the balance sheet. This amount is the combination of the gross value of the receivables sold (CHF 330.6 million as of August 31, 2014, CHF 255.8 million as of August 31, 2013) and the discount (CHF 36.6 million as of August 31, 2014, CHF 25.2 million as of August 31, 2013).

Net amounts payable to the program amounted to CHF 18.3 million as of August 31, 2014 (2013: CHF 17.1 million), consisting of the balance of receivables collected before the next rollover date of CHF 54.9 million (2013: CHF 42.3 million), less the discount on receivables sold of CHF 36.6 million (2013: CHF 25.2 million). These amounts are included in note 21 – Other payables on a netted basis.

The discount is retained by the program to establish a dilution reserve, a yield reserve, and an insurance first loss reserve.

Interest expense paid under the asset-backed securitization program amounted to CHF 2.9 million in fiscal year 2013/14 (2012/13: CHF 3.1 million) and is reported under interest expenses.

Ageing of trade receivables

as of August 31,	2014	2013
in thousands of CHF		
Total trade receivables	469,963	505,855
Less impairment provision for trade receivables	(14,476)	(13,614)
Total trade receivables	**455,487**	**492,241**
Of which:		
Not overdue	431,546	407,356
Impairment provision for trade receivables not overdue	(239)	(154)
Past due less than 90 days	13,311	67,077
Impairment provision for trade receivables past due less than 90 days	(143)	(296)
Past due more than 90 days	25,106	31,422
Impairment provision for trade receivables past due more than 90 days	(14,094)	(13,164)
Total trade receivables	**455,487**	**492,241**

The trade receivables are contractually due within a period of 1 to 120 days.

The individually impaired receivables mainly relate to customers, for which recoverability is in question due to their financial situation.

Movements in impairment provision for trade receivables

in thousands of CHF	2013/14	2012/13
as of September 1,	**13,614**	**15,954**
Additions	4,176	2,523
Amounts written off as uncollectible	(1,740)	(3,493)
Unused amounts reversed	(1,301)	(1,941)
Currency translation adjustment	(273)	571
as of August 31,	**14,476**	**13,614**

Based on historic impairment rates and expected performance of the customers' payment behavior, the Group believes that the impairment provision for trade receivables sufficiently covers the risk of default. Based on an individual assessment on the credit risks related to other receivables, the Group identified no need for an impairment provision. Details on credit risks can be found in note 26.

13 Inventories

as of August 31,	2014	2013
in thousands of CHF		
Cocoa bean stocks	478,297	403,546
Semi-finished and finished products	1,133,760	904,188
Other raw materials and packaging materials	150,057	138,653
Total inventories	**1,762,114**	**1,446,387**

As of August 31, 2014, inventories amounting to CHF 9.2 million (2013: CHF 8.7 million) are pledged as security for financial liabilities.

In fiscal year 2013/14, inventory write-downs of CHF 8.2 million were recognized as expenses (2012/13: CHF 4.7 million, thereof CHF 0.4 million related to discontinued operations).

14 Derivative financial instruments and hedging activities

as of August 31,	2014		2013	
in thousands of CHF	Derivative financial assets	Derivative financial liabilities	Derivative financial assets	Derivative financial liabilities
Cash flow hedges				
Interest rate risk				
Swaps	–	12,588	–	7,400
Cocoa price risk				
Forward and futures contracts	5,386	3,852	962	815
Foreign exchange risk				
Forward and futures contracts	746	409	127	28
Fair value hedges				
Foreign exchange risk				
Forward and futures contracts	13,782	10,701	7,800	6,610
Other – no hedge accounting				
Raw materials				
Forward and futures contracts and other derivatives	307,913	259,716	120,511	150,730
Foreign exchange risk				
Forward and futures contracts	8,202	35,590	14,886	23,391
Total derivative financial assets	**336,029**		**144,286**	
Total derivative financial liabilities		**322,856**		**188,974**

Derivative financial instruments consist of items used in a cash flow hedging model, items used in a fair value hedging model and fair valued instruments, for which no hedge accounting is applied.

For detailed information on fair value measurement, refer to note 26 – Fair value hierarchy.

Effect of cash flow hedges on equity

in thousands of CHF	Cocoa price risk	Foreign exchange risk	Interest rate risk	Total hedging reserve
as of September 1, 2012	**–**	**–**	**(5,545)**	**(5,545)**
Movements in the period:				
Gains/(losses) taken into equity	(4,871)	2,031	12,904	10,064
Transfer to the Consolidated Income Statement for the period	1,066	946	(562)	1,450
Income taxes	734	(608)	(4,195)	(4,069)
Currency translation adjustment	7	4	(90)	(79)
as of August 31, 2013	**(3,064)**	**2,373**	**2,512**	**1,821**
Movements in the period:				
Gains/(losses) taken into equity	(3,607)	(2,788)	(6,115)	(12,510)
Transfer to the Consolidated Income Statement for the period	2,764	(204)	(1,517)	1,043
Income taxes	(254)	425	2,594	2,765
Currency translation adjustment	(7)	(109)	16	(100)
as of August 31, 2014	**(4,168)**	**(303)**	**(2,510)**	**(6,981)**

Cash flow hedges

In the course of fiscal year 2013/14, the Group entered into interest rate derivatives (exchanging floating into fixed interest rates) according to the guidelines stipulated in the Group's Treasury Policy (refer to note 26). In order to avoid volatility in the Consolidated Income Statement, the interest rate derivatives have been put in a cash flow hedge relationship. The following table provides an overview over the periods in which the unwinding of interest rate derivatives and the current cash flow hedges are expected to impact the Consolidated Income Statement (amounts before taxes).

as of August 31,	2014				2013			
in thousands of CHF	First year	Second to fifth year	After five years	Expected cash flows	First year	Second to fifth year	After five years	Expected cash flows
Derivative financial assets	1,492	4,695	2,916	9,103	1,525	5,497	3,853	10,875
Derivative financial liabilities	(3,194)	(9,053)	–	(12,247)	(2,902)	(4,595)	–	(7,497)
Total net	**(1,702)**	**(4,358)**	**2,916**	**(3,144)**	**(1,377)**	**902**	**3,853**	**3,378**

The Group entered into certain cocoa bean futures as well as foreign exchange forward and futures contracts, which have been put into a cash flow hedge relationship. The amounts recognized within other comprehensive income for these contracts are expected to impact the Consolidated Income Statement within one year.

Fair value hedges

Fair value hedges include forward and future contracts designated as the hedging instruments for foreign currency risks.

The fair value of hedged firm commitments is outlined in the table "Hedged firm commitments" below. The balance of these items at balance sheet date is presented under trade receivables and other current assets (see note 12) and trade payables and other current liabilities (see note 21), respectively.

Hedged firm commitments

as of August 31,	2014		2013	
in thousands of CHF	Assets	Liabilities	Assets	Liabilities
Foreign exchange risk – sales and purchase contracts	3,974	2,127	733	2,357
Total fair value of hedged firm commitments	**3,974**	**2,127**	**733**	**2,357**

Other – no hedge accounting

This position contains the fair values of derivative financial instruments of the Group's purchasing and sourcing center and the Group's Treasury center, which are not designated for hedge accounting.

15 Property, plant and equipment

2013/14 in thousands of CHF	Land and buildings	Plant and machinery	Office equipment, furniture and motor vehicles	Under construction	Total
At cost					
as of September 1, 2013	**423,384**	**1,363,950**	**95,164**	**149,713**	**2,032,211**
Change in Group structure – acquisitions	78	1	395	–	474
Additions	21,678	99,972	14,410	73,793	209,853
Disposals	(1,262)	(3,253)	(1,371)	(98)	(5,984)
Currency translation adjustments	(7,981)	(23,135)	(3,327)	(4,831)	(39,274)
Reclassifications from under construction	9,897	69,877	1,131	(89,188)	(8,283)
as of August 31, 2014	**445,794**	**1,507,412**	**106,402**	**129,389**	**2,188,997**
Accumulated depreciation and impairment losses					
as of September 1, 2013	**169,317**	**703,730**	**73,396**	**28**	**946,471**
Depreciation charge	13,892	62,839	6,539	–	83,270
Impairment losses	10	–	–	–	10
Disposals	(34)	(1,934)	(588)	–	(2,556)
Currency translation adjustments	(2,909)	(12,715)	(1,103)	–	(16,727)
as of August 31, 2014	**180,276**	**751,920**	**78,244**	**28**	**1,010,468**
Net as of August 31, 2014	**265,518**	**755,492**	**28,158**	**129,361**	**1,178,529**

2012/13	Land and buildings	Plant and machinery	Office equipment, furniture and motor vehicles	Under construc-tion	Total
in thousands of CHF					
At cost					
as of September 1, 2012	**342,765**	**1,166,905**	**90,509**	**98,566**	**1,698,745**
Change in Group structure – acquisitions	64,910	137,544	2,802	8,040	213,296
Change in Group structure – disposals	(1,737)	(6,579)	(645)	–	(8,961)
Additions	16,947	64,784	6,204	94,647	182,582
Disposals	(541)	(13,195)	(2,633)	(162)	(16,531)
Currency translation adjustments	(5,841)	(22,476)	(966)	(6,515)	(35,798)
Reclassifications from under construction	6,881	36,522	338	(44,863)	(1,122)
Other reclassifications	–	445	(445)	–	–
as of August 31, 2013	**423,384**	**1,363,950**	**95,164**	**149,713**	**2,032,211**
Accumulated depreciation and impairment losses					
as of September 1, 2012	**159,105**	**668,338**	**71,516**	**28**	**898,987**
Change in Group structure – disposals	(509)	(2,087)	(426)	–	(3,022)
Depreciation charge	11,918	52,739	5,642	–	70,299
Impairment losses	–	69	–	–	69
Disposals	(431)	(7,359)	(2,320)	–	(10,110)
Currency translation adjustments	(766)	(8,338)	(648)	–	(9,752)
Other reclassifications	–	368	(368)	–	–
as of August 31, 2013	**169,317**	**703,730**	**73,396**	**28**	**946,471**
Net as of August 31, 2013	**254,067**	**660,220**	**21,768**	**149,685**	**1,085,740**

As required by the accounting standards, the Group periodically reviews the remaining useful lives of assets recognized in property, plant and equipment.

Impairment loss in property, plant and equipment in fiscal year 2012/13 amounted to CHF 0.1 million.

Repair and maintenance expenses for the fiscal year 2013/14 amounted to CHF 66.5 million (2012/13: CHF 60.0 million).

The fire insurance value of property, plant and equipment amounted to CHF 2,413.6 million as of August 31, 2014 (2013: CHF 2,169.8 million).

As of August 31, 2014, plant and equipment held under financial leases amounted to CHF 13.2 million (2013: CHF 13.9 million). The related liabilities are reported under short-term and long-term debt (see notes 20 and 23).

As of August 31, 2014, financial liabilities of CHF 1.8 million were secured by means of mortgages on properties (2013: CHF 1.3 million).

16 Obligations under finance leases

as of August 31,	2014	2013	2014	2013
in thousands of CHF	Minimum lease payments		Present value of minimum lease payments	
Amounts payable under finance leases				
within one year	138	207	112	166
in the second to fifth year inclusive	367	538	335	457
more than five years	–	–	–	–
Total amount payable under finance leases	**505**	**745**	**447**	**623**
less: future finance charges	(58)	(122)	n/a	n/a
Present value of lease obligations	**447**	**623**	**447**	**623**
Amount due for settlement next 12 months (note 20)			112	166
Amount due for settlement after 12 months (note 23)			335	457

The Group entered into finance leasing arrangements for various assets. The weighted average term of finance leases entered into is 6.0 years (2012/13: 5.9 years). The average effective interest rate was 7.1% (2012/13: 6.8%). Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangement has been entered into for contingent rental payment.

as of August 31,	2014	2013
in thousands of CHF	Net carrying amount of property, plant and equipment under finance lease	
Land and buildings	12,873	13,454
Plant and machinery	–	55
Furniture, equipment and motor vehicles	369	415
Total assets under financial lease	**13,242**	**13,924**

17 Equity-accounted investees

The carrying amount of equity-accounted investees changed as follows:

in thousands of CHF	2013/14	2012/13
as of September 1,	**5,088**	**4,573**
Additions as part of a business combination	–	713
Disposal of associates and joint ventures	(3,818)	–
Share of (loss)/profit	(119)	(49)
Exchange rate differences	(57)	(149)
as of August 31,	**1,094**	**5,088**

The Group's investments in equity-accounted investees are attributable to the following companies:

Ownership in %	2014	2013
as of August 31,		
African Organic Produce AG, Switzerland	–	49
Biolands International Ltd., Tanzania	–	49
Shanghai Le Jia Food Service Co. Ltd., China	50	50
Nordic Industrial Sales AB, Finland	49	49

On February 18, 2014, the Group's equity interest in two of its associates, African Organic Produce AG and Biolands International Ltd., increased from 49% to 100% and became a subsidiary since that date (see Note 1). Accordingly, the information presented in the Group's share of (losses)/ profits in the table below includes the results of the two entities only for the period from September 1, 2013 to February 17, 2014.

Summarized financial information in respect of the Group's equity-accounted investees is set out below.

in thousands of CHF	2014	2013
Total current assets	4,738	11,846
Total non-current assets	–	1,131
Total current liabilities	2,446	6,460
Total non-current liabilities	–	186
Net assets as of August 31,	**2,292**	**6,331**
Group's share of net assets of equity-accounted investees	**1,094**	**5,088**

in thousands of CHF	2013/14	2012/13
Total revenue	18,123	19,935
Total profit for the year	247	721
Other comprehensive income	–	–
Total comprehensive income	247	721
Group's share of (losses)/profits of equity-accounted investees	**(119)**	**(49)**

18 Intangible assets

2013/14	Goodwill	Brand names and licenses	Develop-ment costs	Other	Total
in thousands of CHF					
At cost					
as of September 1, 2013	**729,988**	**72,281**	**273,626**	**27,555**	**1,103,450**
Change in Group structure – acquisitions	4,213	–	–	–	4,213
Additions	–	1,113	36,045	1,766	38,924
Disposals	–	–	(383)	(741)	(1,124)
Currency translation adjustments	(4,455)	(284)	(4,949)	(1,118)	(10,806)
Reclassified from under construction	–	–	8,963	(680)	8,283
as of August 31, 2014	**729,746**	**73,110**	**313,302**	**26,782**	**1,142,940**
Accumulated amortization and impairment losses					
as of September 1, 2013	**–**	**37,910**	**174,761**	**7,994**	**220,665**
Amortization charge	–	4,412	24,900	2,622	31,934
Disposals	–	–	(267)	(510)	(777)
Impairment losses	–	–	792	–	792
Currency translation adjustments	–	(97)	(3,095)	(330)	(3,522)
as of August 31, 2014	**–**	**42,225**	**197,091**	**9.776**	**249,092**
Net as of August 31, 2014	**729,746**	**30,885**	**116,211**	**17,006**	**893,848**

2012/13	Goodwill	Brand names and licenses	Develop-ment costs	Other	Total
in thousands of CHF					
At cost					
as of September 1, 2012	**400,524**	**70,905**	**232,422**	**18,431**	**722,282**
Change in Group structure – acquisitions	337,718	1,363	1,619	7,729	348,429
Change in Group structure – disposals	–	(8)	(1,430)	(36)	(1,474)
Additions	–	25	39,583	1,293	40,901
Disposals	–	–	(24)	–	(24)
Currency translation adjustments	(8,254)	(4)	334	138	(7,786)
Reclassified from under development	–	–	1,122	–	1,122
as of August 31, 2013	**729,988**	**72,281**	**273,626**	**27,555**	**1,103,450**
Accumulated amortization and impairment losses					
as of September 1, 2012	**–**	**33,250**	**156,077**	**6,430**	**195,757**
Change in Group structure – disposals	–	(2)	(1,323)	(16)	(1,341)
Amortization charge	–	4,664	19,228	1,253	25,145
Disposals	–	–	(14)	–	(14)
Impairment losses	–	–	527	240	767
Currency translation adjustments	–	(2)	266	87	351
as of August 31, 2013	**–**	**37,910**	**174,761**	**7,994**	**220,665**
Net as of August 31, 2013	**729,988**	**34,371**	**98,865**	**19,561**	**882,785**

Additions to development costs amount to CHF 36.0 million in fiscal year 2013/14 (2012/13: CHF 39.6 million). Additions mainly included costs related to various projects of internally generated software, amounting to CHF 31.3 million in fiscal year 2013/14 (2012/13: CHF 33.1 million). Costs related to the development of recipes and innovations of CHF 3.7 million were also capitalized under development costs (2012/13: CHF 4.8 million).

The remaining amortization period for brand names varies between four and ten years, for licenses up to ten years, for software between one and eight years and for other including patents between one and twelve years. The amortization charge is included in the position "General and administration expenses" in the Consolidated Income Statement.

Impairment testing for cash-generating units containing goodwill

The carrying amount of goodwill for the Group amounts to CHF 729.7 million (2012/13: CHF 730.0 million). The allocation to the segments is as follows:

as of August 31, in million CHF	2014	2013
Global Cocoa	447.7	443.2
Europe	234.1	238.1
Americas	43.4	44.1
Asia Pacific	4.5	4.6
Total	**729.7**	**730.0**

Goodwill acquired in a business combination is allocated to the respective segment that is expected to benefit from the synergies of the combination, at acquisition date. Due to the Group's fully integrated business in the regions, the segments represent the lowest level within the entity at which the goodwill is monitored for internal management purposes. Thus, the impairment test is performed on a segment level.

For the impairment test, the recoverable amount of a cash-generating unit is based on its value in use and is compared to the carrying amount of the corresponding cash-generating unit. Future cash flows are discounted using a pre-tax rate that reflects current market assessments based on the weighted average cost of capital (WACC).

The Group performs its impairment test during the fourth quarter of the fiscal year. This approach was chosen since the Mid-Term Plan covering the next three fiscal years is updated annually at the beginning of the fourth quarter. The Mid-Term Plan is based on the assumption that there are no major changes to the Group's organization. The residual value is calculated from an estimated continuing value, which is primarily based on the third year of the Mid-Term Plan. The terminal growth rate used for determining the residual value does not exceed the expected long-term growth rate of the industry.

Key assumptions used for value-in-use calculations

	2014		2013	
	Discount rate	Terminal growth rate	Discount rate	Terminal growth rate
Global Cocoa	5.9%	2.1%	6.6%	2.0%
Europe (excluding discontinued operations)	5.4%	1.6%	6.5%	1.5%
Americas	6.5%	1.3%	6.6%	1.4%
Asia Pacific	6.2%	4.5%	7.4%	4.7%

Based on the impairment tests, no need for recognition of impairment losses in fiscal year 2013/14 has been identified.

The key sensitivities in the impairment test are the WACC as well as the terminal growth rate. The Group has carried out a sensitivity analysis, containing various scenarios. Taking reasonable possible changes in key assumptions into account, no impairment losses have been revealed.

19 Deferred tax assets and liabilities

Movement in deferred tax assets and liabilities

in thousands of CHF	Inventories	Property, plant, equipment/ intangible assets	Other assets	Provisions	Other liabilities	Tax loss carry-forwards	Total
as of September 1, 2012	**(8,131)**	**(13,196)**	**(7,522)**	**(589)**	**11,614**	**51,802**	**33,978**
Charged to the income statement (continuing operations)	5,854	(9,073)	13,314	(10,184)	(13,114)	13,895	692
Charged to equity	–	–	(4,111)	–	718	–	(3,393)
Effect of acquisitions	–	(10,786)	15,744	216	(658)	129	4,645
Effect of disposals	–	–	(75)	–	–	(1,434)	(1,509)
Currency translation effects	(118)	1,111	(3,482)	1,285	(2,831)	(1,170)	(5,205)
as of August 31, 2013	**(2,395)**	**(31,944)**	**13,868**	**(9,272)**	**(4,271)**	**63,222**	**29,208**
Charged to the income statement	(6,283)	(8,566)	(19,062)	9,890	19,772	2,774	(1,475)
Charged to equity	–	(6)	74	–	7,966	–	8,034
Currency translation effects	139	366	(940)	84	390	(496)	(457)
as of August 31, 2014	**(8,539)**	**(40,150)**	**(6,060)**	**702**	**23,857**	**65,500**	**35,310**

The effect of acquisitions for fiscal year 2012/13 is related to the fair value measurement at acquisition of the compound manufacturing business of the Batory Industries Company, ASM Foods AB and the Cocoa Ingredients Division of Petra Foods Ltd.

Deferred tax assets and liabilities as of August 31, 2013, and as of August 31, 2012, were restated to reflect the deferred tax impact of the revised IAS 19 standard. This restatement resulted in an increase in net deferred tax assets as at August 31, 2013, by CHF 1.5 million, which was recognized through other comprehensive income. For fiscal year 2013/14, deferred tax income recognized in equity amounted to CHF 8.0 million and relates to the deferred tax impact on remeasurement due to the revised IAS 19 standard (CHF 5.2 million) and to cash flow hedging reserves (CHF 2.8 million).

Recognized deferred tax assets and liabilities

The recognized deferred tax assets and liabilities, without taking into consideration the offsetting of balances within the same tax jurisdiction, are attributable to the following:

as of August 31,	2014			2013		
in thousands of CHF	Assets	Liabilities	Net	Assets	Liabilities	Net
Inventories	4,860	(13,399)	(8,539)	4,026	(6,421)	(2,395)
Property, plant & equipment/intangible assets	36,787	(76,937)	(40,150)	37,298	(69,242)	(31,944)
Other assets	31,642	(37,702)	(6,060)	34,350	(20,482)	13,868
Provisions	1,336	(634)	702	54	(9,326)	(9,272)
Other liabilities	33,147	(9,290)	23,857	9,117	(13,388)	(4,271)
Tax loss carry-forwards	65,500	–	65,500	63,222	–	63,222
Tax assets/(liabilities)	**173,272**	**(137,962)**	**35,310**	**148,067**	**(118,859)**	**29,208**
Set-off of tax	(78,298)	78,298	–	(59,876)	59,876	–
Reflected in the balance sheet	**94,974**	**(59,664)**	**35,310**	**88,191**	**(58,983)**	**29,208**

Tax losses carried forward excluded from recognition of related deferred tax assets

Tax losses carried forward not recognized as deferred tax assets have the following expiry dates:

as of August 31,	2014	2013
in thousands of CHF		
Expiry:		
Within 1 year	6,689	4,539
After 1 up to 2 years	7,574	646
After 2 up to 3 years	5,932	8,538
After 3 up to 10 years	98,344	231,896
After 10 years	65,240	7,599
Unlimited	208,036	180,661
Total unrecognized tax losses carried forward	**391,815**	**433,879**

Tax losses carried forward are assessed for future recoverability based on a business plan and projection for the related companies. Those are capitalized only if the usage within medium term is probable.

Tax losses carried forward utilized during the year 2013/14 were CHF 74.3 million (2012/13: CHF 74.6 million). The related tax relief amounted to CHF 25.7 million, of which CHF 17.5 million were already recognized as a deferred tax asset in the year before (2012/13: CHF 16.8 million of which CHF 3.0 million were already recognized as a deferred tax asset in the year before).

As of August 31, 2014, the Group had unutilized tax losses carried forward of approximately CHF 581.3 million (2013: approximately CHF 620.2 million) available for offset against future taxable income.

Of the total tax losses carried forward, an amount of CHF 189.5 million has been recognized for deferred taxation purposes resulting in a deferred tax asset of CHF 65.5 million (2012/13: CHF 186.3 million recognized resulting in a deferred tax asset of CHF 63.2 million).

20 Bank overdrafts and short-term debt

as of August 31,	2014	2013	2014	2013
in thousands of CHF	Carrying amounts		Fair values	
Bank overdrafts	**17,559**	**14,311**	**17,559**	**14,311**
Commercial paper	371,000	130,804	371,000	130,804
Short-term bank debts	85,733	97,751	85,733	97,751
Short-term portion of long-term bank debts (note 23)	706	1,042	706	1,042
Interest-bearing loans from employees	–	1	–	1
Finance lease obligations (note 16)	112	166	112	166
Short-term debt	**457,551**	**229,764**	**457,551**	**229,764**
Bank overdrafts and short-term debt	**475,110**	**244,075**	**475,110**	**244,075**

Short-term financial liabilities are mainly denominated in EUR, CHF, USD and XAF as shown in the table below:

as of August 31,	2014			2013		
Split per currency	Amount	Interest range		Amount	Interest range	
in thousands of CHF		from	to		from	to
EUR	244,843	0.31%	3.00%	150,170	0.28%	3.32%
CHF	101,513	0.60%	1.50%	3,832	1.50%	1.50%
USD	82,582	0.33%	4.25%	67,342	0.36%	4.23%
XAF	19,830	2.96%	6.00%	15,762	5.00%	6.00%
TRL	8,880	8.69%	8.69%	4,230	10.25%	10.25%
CLP	8,393	3.00%	4.00%	–	n/a	n/a
BRL	6,093	12.50%	14.00%	637	4.50%	4.50%
Other	2,976	0.03%	9.50%	2,102	0.04%	6.50%
Total	**475,110**	**0.03%**	**14.00%**	**244,075**	**0.04%**	**10.25%**

as of August 31,	2014	2013
in thousands of CHF		
Split fixed/floating interest rate:		
Fixed rate	1,518	4,353
Floating rate	473,592	239,722
Total bank overdrafts and short-term debt	**475,110**	**244,075**

21 Trade payables and other current liabilities

as of August 31,	2014	2013
in thousands of CHF		
Trade payables	604,822	521,507
Amounts due to related parties	1,038	1,400
Accrued expenses	82,329	57,513
Other payables	93,871	113,615
Payables representing financial liabilities	**782,060**	**694,035**
Accrued wages and social security	82,241	73,240
Fair value of hedged firm commitments (note 14)	2,127	2,357
Other taxes and payables to governmental authorities	24,765	24,322
Deferred income	70	–
Other liabilities	**109,203**	**99,919**
Total trade payables and other current liabilities	**891,263**	**793,954**

The Group also has payables related to the asset-backed securitization program, see note 12.

Other payables also consist of outstanding ledger balances with commodity brokers.

22 Provisions

2013/14	Restructuring	Litigation & claims	Other	Total
in thousands of CHF				
as of September 1, 2013	**132**	**7,304**	**9,804**	**17,240**
Change in Group structure – acquisitions	–	–	542	542
Additions	1,238	1,599	293	3,130
Use of provisions	(135)	(67)	(3,582)	(3,784)
Release of unused provisions	–	(40)	(450)	(490)
Currency translation adjustments	(19)	(29)	(254)	(302)
as of August 31, 2014	**1,216**	**8,767**	**6,353**	**16,336**
of which:				
Current	**1,216**	**3,921**	**3,498**	**8,635**
Non-current	**–**	**4,846**	**2,855**	**7,701**

2012/13	Restructuring	Litigation & claims	Other	Total
in thousands of CHF				
as of September 1, 2012	**452**	**4,532**	**9,797**	**14,781**
Change in Group structure – acquisitions	–	1,094	2,004	3,098
Additions	27	2,843	6,543	9,413
Use of provisions	(357)	(495)	(6,736)	(7,588)
Release of unused provisions	–	–	(731)	(731)
Currency translation adjustments	10	(670)	(1,073)	(1,733)
as of August 31, 2013	**132**	**7,304**	**9,804**	**17,240**
of which:				
Current	**132**	**6,259**	**5,794**	**12,185**
Non-current	**–**	**1,045**	**4,010**	**5,055**

Restructuring
Additions to restructuring provisions in 2013/14 mainly related to plant reorganizations.

Litigation & claims
The amount includes provisions for certain litigations and claims that have been set up to cover legal and administrative proceedings that arise in the ordinary course of business. In management's opinion, after taking appropriate legal advice, the outcome of these legal claims will not give rise to any significant loss beyond the amounts provided as of August 31, 2014.

Other provisions
Other provisions relate mainly to amounts that have been provided to cover the negative outcome of onerous contracts and a smaller portion is related to tax matters.

23 Long-term debt

as of August 31,	2014	2013	2014	2013
in thousands of CHF	Carrying amounts		Fair values	
Senior notes	1,070,460	1,090,743	1,217,485	1,199,464
Long-term bank debts	338,509	271,826	338,509	271,826
Less current portion (note 20)	(706)	(1,042)	(706)	(1,042)
Interest-bearing loans from employees	65	70	65	70
Long-term other loans	7,397	1,406	7,397	1,406
Finance lease obligation (note 16)	335	457	335	457
Total long-term debt	**1,416,060**	**1,363,460**	**1,563,085**	**1,472,181**

On July 13, 2007, the Group issued a 6% Senior Note with maturity in 2017 for an amount of EUR 350 million. The Senior Note has been issued at a price of 99.005% and includes a coupon step-up clause of 0.25% (limited to 1.00% per annum) per downgraded notch per rating agency.

On June 15, 2011, the Group issued a 5.375% Senior Note with maturity in 2021 for an amount of EUR 250 million. The Senior Note has been issued at a price of 99.26% and includes a coupon step-up clause of 0.25% (limited to 1.00% per annum) per downgraded notch per rating agency. As per August 31, 2014, the coupon amounts to 5.625% as a result of a 0.25% step-up.

On June 15, 2011, the Group entered into a EUR 600 million Revolving Credit Facility (as amended and extended as per June 17, 2014) with maturity in 2019.

On June 20, 2013, the Group issued a 5.5% Senior Note with maturity in 2023 for an amount of USD 400 million. The Senior Note has been issued at a price of 98.122% and includes a coupon step-up clause of 0.25% (limited to 1.00% per annum) per downgraded notch per rating agency.

On October 24, 2013, the Group entered into a EUR 175 million Term Loan Facility with maturity in 2016. At the request of the Group, the maturity date can be extended by one year (such a request is to be issued in the course of March and April 2015) and is subject to approval by the participating banks.

The EUR 350 million Senior Note, the EUR 250 million Senior Note, the EUR 600 million Revolving Credit Facility, the USD 400 million Senior Note and the EUR 175 million Term Loan Facility all rank pari passu. The Senior Notes as well as the EUR 600 million Revolving Credit Facility and the EUR 175 million Term Loan Facility are guaranteed by Barry Callebaut AG and certain of its subsidiaries.

As a result, the maturity profile of the long-term debt can be summarized as follows:

as of August 31, in thousands of CHF	2014	2013
2014/15	–	6,351
2015/16	238,089	250,888
2016/17	431,316	433,315
2017/18	3,826	3,923
2018/19 (and thereafter for 2013)	90,021	668,983
2019/20 and thereafter (for 2014)	652,808	–
Total long-term debt	**1,416,060**	**1,363,460**

The weighted average maturity of the total debt decreased from 6.3 to 5.3 years.

Long-term financial liabilities are to a major extent denominated in EUR and USD and at fixed interest rates.

as of August 31,	2014			2013		
Split per currency	Amount	Interest range		Amount	Interest range	
in thousands of CHF		from	to		from	to
EUR	1,011,403	1.32%	7.11%	971,231	3.13%	7.11%
USD	378,174	3.00%	5.50%	365,840	5.50%	5.50%
BRL	13,256	4.50%	8.00%	12,193	8.00%	8.00%
JPY	13,215	1.67%	1.67%	14,190	1.42%	1.42%
Other	12	6.80%	6.80%	6	6.80%	6.80%
Total long-term debt	**1,416,060**	**1.32%**	**8.00%**	**1,363,460**	**1.42%**	**8.00%**

as of August 31, in thousands of CHF	2014	2013
Split fixed/floating interest rate:		
Fixed rate	1,288,732	1,339,218
Floating rate	127,328	24,242
Total long-term debt	**1,416,060**	**1,363,460**

24 Employee benefit obligations

A. Defined benefit plans

The Group operates, apart from legally required social security schemes, a number of independent defined retirement benefit plans and other postretirement or long-term employee benefit plans, which conform to local legal and tax requirements. The majority of the Group's reported employee benefit obligations relates to plans located in the USA, Belgium, United Kingdom, and Switzerland.

Defined benefit plans cover employees and certain family members in the event of retirement, disability, death in service or termination of employment. Other nonretirement-related defined benefit plans in a small number of Group entities include postretirement benefit plans as well as long-service award plans for active employees. In most cases, these plans are externally funded in vehicles that are legally separate from the employer and operated by external service providers. However, for certain Group entities representing a small minority of the reported employee benefit obligations, no independent plan assets exist for defined benefit plans. For these plans, the related unfunded liability is included in the balance sheet.

The Group's employee benefit schemes are exposed to changes in legislation and to investment return and matching risks, longevity risks and solvency risks. These risks may all require additional contributions and are therefore reviewed on a regular basis by the companies' management or by the relevant Board of Trustees as follows:

- Changes in legislation: monitoring of country-specific legislation changes
- Investment return risk: analysis and optimization of the allocation and performance of assets as well as monitoring of compliance with investment guidelines
- Investment matching risk: analysis and optimization of asset-liability matching and periodic fair valuation of assets and liabilities
- Longevity risk: analysis of mortality assumptions and monitoring of demographic development
- Solvency risk: monitoring of solvency of external solution providers

Employee benefit plans in Switzerland

The retirement benefit plans for all Swiss Group entities are defined benefit plans where contributions are expressed as a percentage of the insured actual salary. Members benefit from a guaranteed minimum interest on accrued savings and conversion rates at retirement in accordance with the Swiss Federal Law on compulsory occupational pension plans (BVG). This law defines the minimum pensionable salary and the minimum retirement credits. In addition to retirement benefits, the Swiss retirement benefit plans also provide for temporary partial or total disability benefits as well as for pre-retirement death benefits including widows' and orphans' benefits.

The benefit plans are outsourced to external insurance companies, which are responsible for the operation of the plan including the allocation of plan assets. The governance and the supervision as well as the responsibility to make changes in the plan lie with a Board of Trustees. It consists equally of employer and employee nominated representatives.

The applicable regulation requires the retirement benefit plans of all Swiss Group entities to be funded on the basis of employer and employee contributions, including risk premiums and savings contributions. In case of underfunding, recovery measures must be taken, such as additional financing from the employer or from the employer and employees, or reduction of benefits or combination of both.

Other benefit plans

In the USA, the Group maintains a retirement benefit plan only for pensioners and deferred pensioners related to a discontinued operation. In addition, the Group offers a defined postretirement medical benefit plan for active employees. This plan is governed by a Board of Trustees.

In Belgium, the Group operates defined benefit plans for events of retirement, actual and potential early retirement, temporary and permanent disability and death in service as well as a long-service award plan. The retirement benefit plans are funded by a combination of employer and employee contributions as regulated by the Belgian Pension Act.

In the United Kingdom, the Group operates a defined benefit retirement scheme in which members receive benefits based on the final salary with the contributions paid by the employer and the employees. This plan is, however, closed to new entrants and frozen for the existing beneficiaries as of January 31, 2014. As of February 1, 2014, all eligible employees are covered by a defined contribution plan which is run by a Board of Trustees in accordance with the UK Pension legislation.

For all of its defined benefit plans, the Group expects to pay CHF 13.5 million in employer contributions in fiscal year 2014/15.

The amounts recognized in the Consolidated Balance Sheet are determined as follows:

as of August 31,	2014	2013	2014	2013
		restated		restated
in thousands of CHF	Defined benefit pension plans		Other long-term employment benefit plans	
Present value of funded obligations	302,572	269,427	–	–
Fair value of plan assets	(183,017)	(163,306)	–	–
Excess of liabilities (assets) of funded obligations	**119,555**	**106,121**	**–**	**–**
Present value of unfunded obligations	10,567	10,256	16,871	16,166
Unrecognized assets	–	12	–	–
Net employee benefit obligations recognized in the balance sheet	**130,122**	**116,389**	**16,871**	**16,166**
thereof recognized as an asset	–	–	–	–
thereof recognized as a liability	130,122	116,389	16,871	16,166

The changes in the present value of the employee benefit obligations are as follows:

in thousands of CHF	2013/14	2012/13 restated	2013/14	2012/13 restated
	Defined benefit pension plans		Other long-term employment benefit plans	
Present value of defined benefit obligation as of September 1,	**279,683**	**255,837**	**16,166**	**11,121**
Current service cost	13,038	10,637	887	555
Past service cost	(2,487)	109	–	346
Interest expense	9,565	8,439	745	350
Losses (gains) on curtailment	3	(31)	112	–
Total recognized in income statement	**20,119**	**19,154**	**1,744**	**1,251**
Actuarial losses (gains), thereof	23,895	18,656	163	265
Arising from changes in demographic assumptions	2,305	8,264	(85)	–
Arising from changes in financial assumptions	16,006	9,447	85	–
Arising from experience adjustments	5,584	945	163	265
Total recognized in other comprehensive income	**23,895**	**18,656**	**163**	**265**
Liabilities assumed in business combination	–	75	–	3,970
Reclassifications	45	(1)	(152)	–
Exchange differences on foreign plans	282	(2,030)	(289)	258
Benefits received	3,237	5,053	(664)	(458)
Benefits paid	(14,122)	(17,061)	(97)	(241)
Reclassification to held for sale	–	–	–	–
Total other	**(10,558)**	**(13,964)**	**(1,202)**	**3,529**
Present value of defined benefit obligation as of August 31,	**313,139**	**279,683**	**16,871**	**16,166**
thereof funded obligations	302,572	269,427	–	–
thereof unfunded obligations	10,567	10,256	16,871	16,166

The movement in the fair value of plan assets is as follows:

in thousands of CHF	2014	2013 restated	2014	2013 restated
	Defined benefit pension plans		Other long-term employment benefit plans	
Opening fair value of plan assets as of September 1,	**163,306**	**150,569**	**–**	**–**
Interest income	4,599	4,473	–	–
Contributions by employees	3,726	3,247	–	–
Total recognized in income statement	**8,325**	**7,720**	**–**	**–**
Return on plan assets excl. interest income	7,122	6,403	–	–
Total recognized in other comprehensive income	**7,122**	**6,403**	**–**	**–**
Unrecognized assets	12	(12)	–	–
Contributions by employer	13,168	11,863	–	–
Exchange differences	782	(2,559)	–	–
Benefits received	3,237	5,053	–	–
Benefits paid	(12,935)	(15,731)	–	–
Total other	**4,264**	**(1,386)**	**–**	**–**
Fair value of plan assets as of August 31,	**183,017**	**163,306**	**–**	**–**

The plan assets consist of the following categories of securities:

as of August 31,	2014	2013
in thousands of CHF	Defined benefit pension plans	
Equities	91,538	55,279
Bonds	26,324	27,270
Cash and other assets	65,155	80,757
Total fair value of plan assets	**183,017**	**163,306**

The plan assets do not include ordinary shares issued by the Company nor any property occupied by the Group or one of its affiliates.

The amounts recognized in the Consolidated Income Statement are as follows:

in thousands of CHF	2013/14	2012/13 restated	2013/14	2012/13 restated
	Defined benefit pension plans		Other long-term employment benefit plans	
		restated		restated
Current service costs	13,038	10,637	887	555
Net interest expense	4,966	3,966	745	350
Past service cost	(2,487)	109	–	346
Losses (gains) on curtailments and settlements	3	(31)	112	–
Contributions by employees	(3,726)	(3,247)	–	–
Total defined benefit expenses	**11,794**	**11,434**	**1,744**	**1,251**
Actual return on plan assets	**11,721**	**10,876**	–	–

in thousands of CHF	2013/14	2012/13 restated
Total defined contribution expenses	**(2,605)**	**(1,276)**

The defined benefit expenses are recognized in the following line items in the Consolidated Income Statement:

in thousands of CHF	2013/14	2012/13 restated
Cost of goods sold	(1,206)	(3,558)
Marketing and sales expenses	(1,103)	(968)
General and administration expenses	(4,196)	(3,503)
Research and development expenses	(272)	(330)
Other income	94	(6)
Other expenses	(1,144)	(4)
Finance costs	(5,711)	(4,316)
Total defined benefit expenses recognized in income statement	**(13,538)**	**(12,685)**

Weighted average actuarial assumptions used are as follows:

	2013/14	2012/13	2013/14	2012/13
	Defined benefit pension plans		Other long-term employment benefit plans	
Discount rate	3.1%	3.7%	4.6%	4.2%
Expected rate of pension increase	1.0%	1.0%	0.7%	1.0%
Expected rate of salary increase	1.2%	1.6%	1.7%	2.7%
Medical cost trend rates	0.0%	0.0%	2.0%	6.9%

Reasonable and possible changes at the reporting date to one of the relevant actuarial assumptions, with all other assumptions held constant, would have affected the defined benefit obligations by the amounts shown below:

as of August 31,	2014	2013	2014	2013
in thousands of CHF	Increase		Decrease	
Discount rate (1% movement)	(47,995)	(32,687)	47,995	32,687
Expected rate of salary increase (1% movement)	13,629	11,697	(13,629)	(11,697)

The applicable mortality tables in the Group's major defined benefit plans and underlying longevity assumptions are summarized in the following table:

Country	Mortality table	2014	2013	2014	2013
in years		Life expectancy at age 65 for a male member currently aged 65		Life expectancy at age 65 for a female member currently aged 65	
Switzerland	LPP 2010	19	19	21	21
Belgium	MRIFR	18	18	21	21
United Kingdom	S1NMA / S1NFA	18	18	20	20
USA	RP-2000	18	18	20	20

B. Equity compensation benefits

Employee stock ownership program

Share awards are granted to participants according to individual contracts and the current employee stock ownership program (called "Deferred Share Plan", effective 2011–2014). The Nomination & Compensation Committee determines the number and value of share awards granted at its discretion. In the past, the value for the granted share awards has been zero. The share awards granted entitle the participants to full shareholders rights upon vesting. The vesting periods are ranging between one and three years. In case of resignation or dismissal, the initially granted but not yet vested share awards become forfeited. The Group currently uses treasury shares for this program.

The fair value of the share awards granted is measured at the market price at grant date. 13,598 share awards were granted in fiscal year 2013/14 (14,539 share awards in 2012/13). The average fair value of the share awards granted during the fiscal year 2013/14 amounted to CHF 904 (2012/13: CHF 875). The fair value of the share awards at grant date is recognized over the vesting period as a personnel expense. For 2013/14, the amount recognized (before taxes) was CHF 12.8 million with a corresponding increase in equity (2012/13: CHF 12.3 million).

In addition, each participant was entitled to receive an upside bonus calculated on each share award granted during the Grant Cycle, i.e. over the period 2011–2014. This upside bonus was payable if the average share price over the past three months at the end of the Grant Cycle exceeded a certain hurdle share price defined by the Board of Directors at the onset of the Grant Cycle (3-year compound average growth rate, "CAGR", of 7%). The rationale for the upside bonus was to compensate the Management for a change from the system of share award grants based on a fixed amount of shares to a system of share award grants based on grant values. As the share price development of Barry Callebaut over the past three years exceeded the hurdle share price defined by the Board of Directors, the participants of the Deferred Share Plan 2011–2014 received an upside bonus, amounting to CHF 10,971,901.

25 Equity

Share capital

as of August 31,	2014	2013	2012
in thousands of CHF			
Share capital is represented by 5,488,858 (2013: 5,488,858; 2012: 5,170,000) authorized and issued shares of each CHF 18.60 fully paid in (in 2013: 18.60; in 2012: 24.20)	102,093	102,093	125,114

The issued share capital is divided into 5,488,858 registered shares with a nominal value of CHF 18.60 (2013: CHF 18.60). All of the issued shares are fully paid and validly issued and are not subject to calls for additional payments of any kind. The Company has one class of shares, which carries no right to a fixed dividend.

By resolution of the Annual General Meeting on December 11, 2013, the shareholders approved the proposed dividend payment of CHF 14.50 per share, effected through a dividend payment from reserves from capital contributions. The respective payment to the shareholders in the amount of CHF 79,588,441 took place on March 3, 2014.

For fiscal year 2012/13, the payout of CHF 15.50 per share consisted of a dividend of CHF 9.90 per share out of free reserves originating from the remaining reserves from capital contributions combined with a capital repayment of CHF 5.60 per share by way of par value reduction. The respective capital reduction and repayment in the amount of CHF 28,952,000 and the dividend payment in the amount of CHF 51,165,000 took place on March 4, 2013.

The Extraordinary General Meeting of Shareholders held on April 22, 2013, approved authorized share capital up to a maximum of CHF 9.3 million until April 22, 2015 to finance part of the acquisition of the Cocoa Ingredients Division of Petra Foods Ltd. The share capital was increased by CHF 5,930,758.80 to CHF 102,092,758.80 by issuing 318,858 shares with a nominal value of CHF 18.60 each on June 14, 2013. The value of the share issuance was CHF 279.0 million resulting in net proceeds of CHF 273.1 million after deduction of transaction costs and taxes.

Treasury shares are valued at weighted average cost and, in accordance with IFRS, have been deducted from equity. The book value of the treasury shares as of August 31, 2014 amounted to CHF 11.4 million (2013: CHF 3.3 million). The fair value of the treasury shares as of August 31, 2014 amounted to CHF 11.0 million (2013: CHF 3.3 million).

As of August 31, 2014, the number of outstanding shares amounted to 5,479,102 (2013: 5,485,098) and the number of treasury shares to 9,756 (2013: 3,760). During this fiscal year, 17,287 shares have been purchased, 11,291 transferred to employees under the employee stock ownership program and 0 sold (2012/13: 13,788 purchased; 13,259 transferred and 0 sold).

Retained earnings

As of August 31, 2014, retained earnings contain legal reserves of CHF 31.9 million (2013: CHF 23.7 million), which are not distributable to the shareholders pursuant to Swiss law.

Hedging reserves comprise the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Cumulative translation adjustments comprise all foreign currency differences arising from the translation of the financial statements of foreign operations.

Movements in non-controlling interests

in thousands of CHF	2013/14	2012/13
as of September 1,	**3,743**	**4,662**
Non-controlling share of profits/(losses)	2,615	(687)
Dividends paid to non-controlling shareholders	(917)	(129)
Currency translation adjustment	(356)	(72)
Effect of parent increase in Barry Callebaut Pastry Manufacturing Ibérica SL	–	(31)
as of August 31,	**5,085**	**3,743**

The non-controlling interests are individually not material for the Group.

26 Financial risk management

The nature of its business exposes the Group to a variety of financial risks including the effects of changes in market prices (commodity prices, foreign exchange rates, interest rates) as well as credit risks and liquidity risks.

The Group's overall strategy for managing these risks is consistent with the Group's objectives to maintain cost leadership, reduce earnings volatility in a cost-effective manner and minimize potential adverse effects of such market exposures on the financial performance of the Group. The Group's risk management continuously monitors the entities' exposures to commodity price risk, foreign currency risk and interest rate risk as well as the use of derivative instruments.

The Group manages its business based on the following two business models:

- Contract Business: Sales contracts for industrial or gourmet chocolate, where Barry Callebaut has entered into contracts with customers to deliver fixed quantities at fixed prices. These contractually fixed prices are generally based on the forward market prices of the raw material components valid at the contract date for the forward delivery date, at which the chocolate is planned to be delivered to the customers.
- Price List Business: Barry Callebaut sets price lists for certain gourmet products. These price lists are normally updated at intervals of six to twelve months. Customers buy products based on the issued price lists without fixed commitments on quantities.

Commodity price risks

The Group's purchasing and sourcing center operates as an integral part of the Group, but also acts as a broker-trader in the sense that it makes sourcing and risk management decisions for cocoa beans and semi-finished cocoa products based on market expectations, separate from the manufacturing business and its third-party sales commitments. Its objectives are to generate profits from fluctuations in cocoa prices or broker-trader margins. Additionally, the manufacturing of the Group's products requires raw materials such as cocoa beans, sweeteners, dairy, nuts, oil and fats. Therefore, the Group is exposed to price risks relating to the trading business as well as to the purchase and sale of raw materials.

The fair value of the Group's open sales and purchase commitments and inventory changes are continuously in line with price movements in the respective commodity markets. It is the Group's policy to hedge its commodity price risk resulting from its inventory, commodity derivatives and purchase and sales contracts. The cocoa price risk in inventory is hedged with short futures applying fair value hedge accounting. The Group also applies cash flow hedge accounting whereby the cocoa price risk and foreign exchange risk from forecasted cocoa sale and purchase contracts is hedged with cocoa bean futures and foreign exchange forward and future contracts. The related accounting treatments are explained in the section "Summary of Accounting Policies" under the caption "Derivative financial instruments and hedging activities".

The Group Commodity Risk Committee (GCRC) is a committee consisting of key risk management stakeholders of the Group who meet on a regular basis (at least every six weeks) to discuss Group Commodity Risk Management issues. The GCRC monitors the Group's Commodity Risk Management activities and acts as the decision-taking body for the Group in this respect. The members of the GCRC include the Group's Chief Executive Officer (CEO), the Group's Chief Financial Officer (CFO) – acting as Chairman of the committee –, the President of Global Cocoa, and the Head of Group Controlling & Risk Management (GRM).

The GCRC reports via the GRM to the Group's Audit, Finance, Risk, Quality & Compliance Committee (AFRQCC) and must inform the latter about key Group Commodity Risk issues and the key mitigation decisions taken. The AFRQCC reviews and approves GCRC requests and makes sure that the commodity risk management strategy is consistent with the Group's objectives. It also sets the Group's Value at Risk (VaR) limit for the major raw material components. The AFRQCC makes recommendations to the Board of Directors if deemed necessary and advises the Board of Directors on important risk matters and/or asks for approval.

In order to quantify and manage the Group's consolidated exposure to commodity price risks, the concept of historical VaR is applied. The VaR concept serves as the analytical instrument for assessing the Group's commodity price risk incurred under normal market conditions. The VaR indicates the loss which, within a time horizon of 10 days for raw materials, will not be exceeded at a confidence level of 95%, using 7 years of historical market prices for each major raw material component. The VaR is complemented through the calculation of the expected shortfall and worst cases as well as the use of stress test scenarios. However, liquidity and credit risks are not included in the calculation, and the VaR is based on a static portfolio during the time horizon of the analysis. The GCRC breaks down the Group VaR limit into VaR limits for Global Cocoa and for Global Sourcing. The heads of Global Cocoa and Global Sourcing allocate limits in metric tons to the related risk reporting units. The Board of Directors is the highest approval authority for all Group Commodity Risk Management (GCRM) matters and approves the GCRM Policy as well as the Group VaR limit.

The VaR framework of the Group is based on the standard historical VaR methodology; taking 2,000 days (equivalent to 7 years) of the most recent prices, based on which the day-to-day relative price changes are calculated. This simulation of past market conditions is not predicting the future movement in commodity prices. Therefore, it does not represent actual losses. It only represents an indication of the future commodity price risks. VaR is applied to materials with prices considered to exceed certain volatility levels (e.g. cocoa beans, dairy products, sweeteners, oils, and fats). As of August 31, 2014, the Group had a total VaR for raw materials of CHF 24.9 million (2013: CHF 18.5 million) well within the Group limit.

Foreign currency risks
The Group operates across the world and consequently is exposed to multiple foreign currency risks, albeit primarily in EUR, GBP and USD. The Group actively monitors its transactional currency exposures and consequently enters into currency hedges with the aim of preserving the value of assets, commitments and anticipated transactions. The related accounting treatment is explained in the section "Summary of Accounting Policies" under the caption "Derivative financial instruments and hedging activities".

All risks related to foreign currency exposures of assets and liabilities, certain unrecognized firm commitments and highly probable forecasted purchases and sales are centralized within the Group's In-house Bank, where the hedging strategies are defined.

Accordingly, the consolidated currency exposures are hedged in compliance with the Group's Treasury Policy, mainly by means of forward currency contracts entered into with financial institutions of a high credit rating. The Group's Treasury Policy imposes a dual risk control framework of both open position limits and near-time fair valuation of the net currency exposures. Both levels of control are substantially interlinked, avoiding excessive net currency exposures and substantial volatility in the Consolidated Income Statement.

The Group's Treasury department is supervised by the Group Finance Committee, which meets on a monthly basis. The Group Finance Committee monitors the Group's foreign currency risk position and acts as a decision-taking body for the Group in this respect. The Group Finance Committee consists of the Group's CFO, the Head of Group Controlling & Risk Management, the Group's Head of Treasury, the Head of Group Accounting, Reporting & Tax, and other Group Finance stakeholders.

The Group's Treasury Policy, giving guidance on treasury risk management including foreign currency and interest rate risks, is approved and annually reviewed by the AFRQCC. The Group's Risk Management department reviews the consistency of the Group's treasury management strategy with the Group's Treasury Policy and reports the status to the Group's CFO periodically. The AFRQCC is informed by the CFO about the status and important matters in their quarterly meetings and approves requests of the Group's Finance Committee on important treasury risk matters including foreign currency risks for recommendation to the Board of Directors. The Board of Directors is the highest approval authority for all Group Treasury Risk Management matters.

The table below provides an overview of the net exposure of EUR, GBP and USD against the main functional currencies in the Group. According to the Group's Treasury Policy, foreign exchange exposures are hedged as from identification on an intra-day basis in line with the approved exposure limits. In case of deviation from the agreed foreign exchange exposure limits, approval has to be sought from the Group's Finance Committee. Companies with the same functional currency are shown in one group.

Net foreign currency exposures

as of August 31,	2014			2013		
Net exposure in thousands of EUR / GBP / USD	EUR	GBP	USD	EUR	GBP	USD
EUR	–	(1,172)	933	–	(6,630)	2,633
CHF	503	1,599	2,312	(1,563)	930	2,457
CAD	(145)	–	(96)	(278)	–	(85)
USD	(3,720)	(338)	–	2,790	(1,218)	–
BRL	(1,379)	–	2,951	(658)	–	(5,391)
SGD	(85)	(17)	(735)	83	(12)	(2,009)
CNY	(3)	–	(1,083)	–	–	(3,728)
MYR	(329)	(281)	1,890	(326)	273	(955)
RUB	(3,645)	–	582	275	–	427
SEK	–	–	–	(800)	8	(59)
JPY	(154)	(56)	(1,656)	(322)	(45)	(762)
Total	**(8,957)**	**(265)**	**5,098**	**(799)**	**(6,694)**	**(7,472)**

In order to quantify and manage the Group's consolidated exposure to foreign currency risks, the concept of historical VaR has been implemented. The VaR concept serves as the analytical instrument for assessing the Group's foreign currency risk incurred under normal market conditions. The VaR indicates the loss, which, within a time horizon of 1 day, will not be exceeded at a confidence level of 95% using 7 years of historical market prices for each major currency pair. The VaR is complemented with the calculation of the expected shortfall and worst cases. The VaR is based on static exposures during the time horizon of the analysis. The simulation of past market conditions is not predicting the future movement in foreign currency rates. Therefore, it does not represent actual losses. It only represents an indication of future foreign currency risks. As of August 31, 2014, the Group had a VaR of CHF 1.0 million (2013: CHF 0.6 million).

Value at Risk per main exposure currencies

as of August 31,	2014	2013
Value at Risk on net exposures in thousands of CHF Total for the Group and per main exposure currencies		
Total Group	**978**	**638**
CHF	14	29
EUR	1,004	597
USD	63	92
GBP	19	71
Others	37	119
Diversification effect	14%	30%

Interest rate risks

The Group is exposed to changes in interest rates through its short- and long-term debt obligations mainly located in and centralized at the Group's In-house Bank. The Group's In-house Bank provides the necessary liquidity in the required functional currency towards all companies of the Group. Consequently, the Group's debt obligations are adjusted with the real currency mix of the Group's liabilities in order to reflect the correct exposure to interest rates.

It is the Group's policy to manage its interest cost using an optimal mix of fixed and floating rate debt. This is achieved by entering into interest rate derivative instruments, in which it exchanges fixed and floating interest rates.

As described in the caption "Foreign currency risks", the Group's Finance Committee, which meets on a monthly basis, monitors the Group's interest risk positions and acts as a decision-taking body for the Group in this respect.

The Group's Treasury Policy also covers the management of interest rate risks. As for foreign currency risks, the Group's Risk Management department supervises the compliance of the treasury interest rate risk management strategy with the Group's Treasury Policy and reports the status periodically to the Group's CFO, who informs the AFRQCC in their quarterly meetings. The AFRQCC approves requests from the Group Finance Committee on important treasury matters, including interest rate risks, and provides recommendations thereon to the Board of Directors, which is the highest approval authority for all Group treasury matters.

The following schedule provides an overview of all interest bearing items per year-end closing.

as of August 31,	2014	2013
in thousands of CHF		
Fixed interest bearing items		
Carrying amount of financial liabilities	1,109,435	1,127,931
Reclassification due to interest rate derivative	180,815	215,640
Net fixed interest position	**1,290,250**	**1,343,571**
Floating interest bearing items		
Carrying amount of financial assets	(87,648)	(82,359)
Carrying amount of financial liabilities	781,735	479,604
Reclassification due to interest rate derivative	(180,815)	(215,640)
Net floating interest position	**513,272**	**181,605**

Sensitivity analysis on interest rate risks

The following table shows the impact of a parallel shift of interest rates by 100 basis points (bps) up and 10 bps down (2013: 25 bps down) on the Group's equity and income statement, net of tax. The calculation is performed on both, the portion of the outstanding debt (excluding the asset-backed securitization program; see note 12) at floating interest rates and the outstanding derivatives exchanging floating into fixed interest rates at the respective year-end. This sensitivity analysis only indicates the potential impact for the respective fiscal year at the prevailing conditions in the financial markets. Consequently, it does not represent actual or future gains or losses, which are strictly managed and controlled, as clearly indicated in the Group's Treasury Policy.

as of August 31,	2014				2013			
Impact on	Income statement		Equity		Income statement		Equity	
in thousands of CHF	100 bps increase	10 bps decrease	100 bps increase	10 bps decrease	100 bps increase	25 bps decrease	100 bps increase	25 bps decrease
Floating rate bearing items	(3,850)	385	–	–	(1,362)	341	–	–
Interest rate swaps	–	–	7,767	(785)	–	–	7,743	(2,016)
Total interest rate sensitivity	**(3,850)**	**385**	**7,767**	**(785)**	**(1,362)**	**341**	**7,743**	**(2,016)**

Credit risk and concentration of credit risk

Credit risk, i.e. the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. As of August 31, 2014, the largest customer represents 9% (2013: 5%) whereas the 10 biggest customers represent 23% (2013: 23%) of trade receivables. Due to the diverse geographic and large customer base, the Group has no material credit risk concentration.

The extent of the Group's credit risk exposure is represented on the one hand by the aggregate balance of amounts receivable, reduced by the effects of netting arrangements with counterparties. The maximum nominal credit risk exposure in the event all other parties fail to perform their obligation was CHF 874.0 million as of August 31, 2014 (2013: CHF 751.6 million). The Group has insured certain credit risks through a credit insurance policy. A number of customers with significant outstanding amounts are covered by that policy.

On the other hand, the Group's credit risk also arises from derivative financial instruments, i.e. foreign exchange derivatives, interest rate derivatives, and commodity (cocoa) derivatives. The Group has foreign exchange and interest rate derivatives with 10–15 banks acting on an international scale and having sound credit ratings. In case of commodity derivatives, the Group enters into future deals in the New York and the London terminal markets, mainly with 5–6 counterparties, and the open positions per counterparty offset each other to a large extent leading to limited minimal open balances (as also represented by the similar value of derivative financial assets and liabilities on the balance sheet).

Liquidity risk

Liquidity risk arises through a surplus of financial obligations over available financial assets due at any point in time. The Group's liquidity is ensured by means of regular Group-wide monitoring and planning of liquidity coordinated by the In-house Bank. For extraordinary financing needs, adequate credit lines with financial institutions have been arranged (see note 23).

Contractual maturities

The table below provides an overview of contractual maturities for financial liabilities and derivatives.

as of August 31, 2014	In the first year	In the second to the fifth year	After five years	Contractual amount
in thousands of CHF				
Non-derivative financial liabilities				
Bank overdrafts	(17,559)	–	–	(17,559)
Short-term debt	(457,551)	–	–	(457,551)
Trade payables	(605,860)	–	–	(605,860)
Long-term debt	(152,798)	(879,381)	(782,867)	(1,815,046)
Other liabilities	(176,200)	–	–	(176,200)
Derivatives				
Interest rate derivatives	(3,194)	(9,052)	–	(12,246)
Currency derivatives				
Inflow	5,366,038	104,113	–	5,470,151
Outflow	(5,277,080)	(102,994)	–	(5,380,074)
Commodity derivatives (gross settled)				
Inflow	1,199,909	63,954	–	1,263,863
Outflow	(2,008,522)	–	–	(2,008,522)
Commodity derivatives (net settled)				
Inflow	59,275	–	–	59,275
Outflow	(158,591)	–	–	(158,591)
Total net	**(2,232,133)**	**(823,360)**	**(782,867)**	**(3,838,360)**

as of August 31, 2013	In the first year	In the second to the fifth year	After five years	Contractual amount
in thousands of CHF				
Non-derivative financial liabilities				
Bank overdrafts	(14,311)			(14,311)
Short-term debt	(229,764)			(229,764)
Trade payables	(522,907)			(522,907)
Long-term debt	(62,930)	(926,934)	(838,269)	(1,828,133)
Other liabilities	(171,128)			(171,128)
Derivatives				
Interest rate derivatives	(2,903)	(4,596)	41	(7,458)
Currency derivatives				
Inflow	3,735,867	261,078		3,996,945
Outflow	(3,760,975)	(266,753)		(4,027,728)
Commodity derivatives (gross settled)				
Inflow	934,131	14,483		948,614
Outflow	(1,209,379)			(1,209,379)
Commodity derivatives (net settled)				
Inflow	6,257			6,257
Outflow	(48,681)			(48,681)
Total net	**(1,346,723)**	**(922,722)**	**(838,228)**	**(3,107,673)**

Fair value of financial instruments

The following methods and assumptions are used to estimate the fair value of financial instruments:

Cash and cash equivalents

The carrying value of cash and cash equivalents approximates fair value due to the relatively short-term maturity of these financial instruments.

Bank overdrafts

The carrying value approximates fair value because of the short period to maturity of these financial instruments.

Short-term deposits

The carrying value approximates fair value because of the short period to maturity of these financial instruments.

Short-term debt

The carrying value approximates fair value because of the short period to maturity of these financial instruments.

Long-term debt

In calculating the fair value of long-term debts, future principal and interest payments are discounted at market interest rates.

Other receivables and payables representing financial instruments

The carrying value approximates fair value because of the short-term maturity of these financial instruments.

Derivative financial assets and liabilities

The fair value measurement of some derivatives requires assumptions and management's assessment of certain market parameters. Whenever possible, fair valuation is based on market prices. If required, a valuation model (including discounted cash flows, dealer or supplier quotes for similar instruments or recent arm's-length transactions) is used which takes into account the specific characteristics of the underlying assets or commodities such as the cost of carry, differentials for the properties and technical ratios reflecting production yield.

Carrying amount and fair value of each class of financial asset and liability are presented in the table below:

as of August 31, 2014	Loans and receivables	Fair value through profit and loss – trading	Financial liabilities at amortized cost	Derivatives used in hedging	Total carrying amount	Fair value
in thousands of CHF						
Cash equivalents	85,496				85,496	85,496
Short-term deposits	2,152				2,152	2,152
Trade receivables	455,487				455,487	455,487
Derivative financial assets		316,115		19,914	336,029	336,029
Other assets	89,922				89,922	89,922
Total assets	**633,057**	**316,115**		**19,914**	**969,086**	**969,086**
Bank overdrafts			17,559		17,559	17,559
Short-term debt			457,551		457,551	457,551
Trade payables			605,860		605,860	605,860
Derivative financial liabilities		295,306		27,550	322,856	322,856
Long-term debt			1,416,060		1,416,060	1,563,086
Other liabilities			176,200		176,200	176,200
Total liabilities		**295,306**	**2,673,230**	**27,550**	**2,996,086**	**3,143,112**

as of August 31, 2013	Loans and receivables	Fair value through profit and loss – trading	Financial liabilities at amortized cost	Derivatives used in hedging	Total carrying amount	Fair value
in thousands of CHF						
Cash equivalents	65,618				65,618	65,618
Short-term deposits	16,741				16,741	16,741
Trade receivables	492,275				492,275	492,275
Derivative financial assets		135,397		8,889	144,286	144,286
Other assets	59,968				59,968	59,968
Total assets	**634,602**	**135,397**		**8,889**	**778,888**	**778,888**
Bank overdrafts			14,311		14,311	14,311
Short-term debt			229,764		229,764	229,764
Trade payables			522,907		522,907	522,907
Derivative financial liabilities		174,121		14,853	188,974	188,974
Long-term debt			1,363,460		1,363,460	1,472,181
Other liabilities			171,128		171,128	171,128
Total liabilities		**174,121**	**2,301,570**	**14,853**	**2,490,544**	**2,599,265**

Fair value hierarchy

The fair value measurements of financial assets and liabilities are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The fair value hierarchy has the following levels:

- Level 1: The fair value is based on unadjusted, quoted prices in active markets which give the best possible objective indication for the fair value of a financial asset or liability. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker or pricing service, and those prices represent actual and regularly occurring market transactions on an arm's-length basis.
- Level 2: The estimation of the fair value is based on the results of a valuation model. The valuation model for commodity derivatives includes quoted prices in active markets, recent arm's-length transactions or dealer and supplier quotes adjusted for the specific characteristics of the underlying commodities such as the cost of carry, differentials for the properties and conversion yields. Corroborated market data is used for the valuation of foreign exchange and interest rate derivatives. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
- Level 3: The valuation models used are based on parameters and assumptions not observable on the market.

The following table summarizes the use of level with regard to financial assets and liabilities which are measured at fair value:

as of August 31, 2014 in thousands of CHF	Level 1	Level 2	Level 3	Total
Derivative financial assets	38,544	297,485	–	336,029
Derivative financial liabilities	40,501	282,355	–	322,856
Long-term debt	–	1,563,086	–	1,563,086

as of August 31, 2013 in thousands of CHF	Level 1	Level 2	Level 3	Total
Derivative financial assets	4,312	139,974	–	144,286
Derivative financial liabilities	8,514	180,460	–	188,974
Long-term debt	–	1,472,181	–	1,472,181

There have been no transfers between the levels during the fiscal years 2013/14 and 2012/13.

Capital management

The Group continues to apply its policy to maintain a sound capital base to support the continued development of the business. The Board of Directors seeks to maintain a prudent balance between debt and equity. In compliance with bank covenants, there is also a minimum Tangible Net Worth value (Equity – Intangible assets) set at CHF 500 million.

The target payout ratio to shareholders is set at 30–35% of the net profit in the form of a share capital reduction and repayment or dividend. The target ratio and the form of the payout recommended by the Board are reviewed on an annual basis and are subject to the decision of the Annual General Meeting of Shareholders.

The Group's subsidiaries have complied with applicable local statutory capital requirements.

Offsetting financial assets and financial liabilities

The following financial assets and liabilities are subject to offsetting, enforceable master netting arrangement and similar agreements.

				Related amounts not set off in the balance sheet		
as of August 31, 2014	Gross amounts of recognized financial assets / liabilities	Gross amounts of recognized financial liabilities / assets set off in the balance sheet	Net amounts of financial assets / liabilities presented in the balance sheet	Financial instruments	Cash collateral received or deposited	Net amount
in thousands of CHF						
Derivative financial assets	**581,657**	**(245,628)**	**336,029**	**(24,648)**	**(3,666)**	**307,715**
Derivative financial liabilities	**568,484**	**(245,628)**	**322,856**	**(24,648)**	**(44,223)**	**253,985**

				Related amounts not set off in the balance sheet		
as of August 31, 2013	Gross amounts of recognized financial assets / liabilities	Gross amounts of recognized financial liabilities / assets set off in the balance sheet	Net amounts of financial assets / liabilities presented in the balance sheet	Financial instruments	Cash collateral received or deposited	Net amount
in thousands of CHF						
Derivative financial assets	**354,266**	**(209,980)**	**144,286**	**(1,224)**	**(1,228)**	**141,834**
Derivative financial liabilities	**398,954**	**(209,980)**	**188,974**	**(1,224)**	**(6,577)**	**181,173**

For the financial assets and liabilities subject to enforceable master netting arrangements or similar arrangements above, each agreement between the Group and the counterparty allows for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and liabilities will be settled on a gross basis, however, each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party. Per the terms of each agreement, an event of default includes failure by a party to make payment when due; failure by a party to perform any obligation required by the agreement (other than payment) if such failure is not remedied within periods of 30 to 60 days after notice of such failure is given to the party; or bankruptcy.

The cash collateral received and deposited are reported on lines “Trade payables and other current liabilities” and “Trade receivables and other current assets” in the Consolidated Balance Sheet.

27 Related parties

The following shareholders hold a participation of more than 3% of the issued share capital of the Group's ultimate parent Barry Callebaut AG:

as of August 31,	2014	2013
Jacobs Holding AG, Zurich, Switzerland	50.11%	50.11%
Renata Jacobs	8.48%	8.48%
Massachusetts Mutual Life Insurance Company[1]	3.05%	–

1 Including all subsidiaries controlled by the parent company. For further details, see the respective notification published on May 6, 2014 via SIX Exchange Regulation: http://www.six-exchange-regulation.com/obligations/disclosure/major_shareholders_en.html

Significant transactions and balances between the Group and related parties are as follows:

in thousands of CHF	Nature of cost/revenue	2013/14	2012/13
Sales to related parties		**–**	**18**
Pastelería Totel, S.L.	Revenue from sales and services	–	18
Purchases from related parties		**(6,361)**	**(8,281)**
African Organic Produce AG[1]	Cost of goods sold	(6,361)	(8,281)
Operating expenses charged by related parties		**(5,092)**	**(6,239)**
Jacobs Holding AG	Management services	(1,535)	(1,541)
Adecco Group	Human resources services	(3,456)	(4,409)
Other		(101)	(289)
Trade receivables from related parties		**–**	**34**
Other		–	34
Trade payables to related parties		**1,038**	**1,400**
Jacobs Holding AG		7	139
Adecco Group		887	1,076
Other		144	185
Debt instruments due to related parties		**99,367**	**–**
Jacobs Holding AG		99,367	–

1 On February 18, 2014, the Group acquired the remaining 51% of Biolands Group, including its entity African Organic Produce AG, and thus fully consolidates all Biolands entities as of this date. Purchases from African Organic Produce AG in the financial year until the time of the acquisition are therefore reported as purchases from related parties.

Transactions with related parties were carried out on commercial terms and conditions at market prices. All receivables from related parties are non-interest-bearing and their collection is expected within the next 12 months.

Compensation of key management personnel

The key management personnel are defined as the Board of Directors and the Executive Committee. Key management compensation consists of the following:

in million CHF	2013/14	2012/13
Short-term employee benefits	16.8	9.6
Post-employment benefits	1.7	1.5
Share-based payments	9.8	9.4
Total	**28.3**	**20.5**

Further details related to the requirements of the Swiss Transparency law (Art. 663b^{bis} and 663c Swiss Code of Obligations) are disclosed in note 6 in the Financial Statements of Barry Callebaut AG.

28 Commitments and contingencies

Capital commitments

as of August 31, in thousands of CHF	2014	2013
Property, plant & equipment	12,368	7,866
Intangible assets	3,093	5,135
Total capital commitments	**15,461**	**13,001**

Operating lease commitments

Operating lease commitments represent rentals payable by the Group for certain vehicles, equipment, buildings and offices. Equipment and vehicle leases were negotiated for an average term of 2.4 years (2012/13: 2.7 years).

The future aggregate minimum lease payments under non-cancelable operating leases are due as follows:

as of August 31, in thousands of CHF	2014	2013
In the first year	17,579	16,675
In the second to the fifth year	38,610	43,094
After five years	23,215	28,867
Total future operating lease commitments	**79,404**	**88,636**

in thousands of CHF	2013/14	2012/13
Lease expenditure charged to the statement of income	18,198	14,339

Contingencies

Group companies are involved in various legal actions and claims as they arise in the ordinary course of the business. Provisions have been made, where quantifiable, for probable outflows. In the opinion of management, after taking appropriate legal advice, the future settlements of such actions and claims will not have a material effect on the Group's financial position.

Regarding the acquisition of the Cocoa Ingredients Division of Petra Foods Ltd., there is a contingent asset related to the determination of the final purchase consideration (see also note 1).

29 Group entities

The principal subsidiaries of Barry Callebaut as of August 31, 2014, are the following:

Country	Subsidiary	Municipality of registration	% owned	Currency	Capital
Switzerland	Barry Callebaut Sourcing AG	Zurich	100	CHF	2,000,000
	Barry Callebaut Schweiz AG	Dübendorf	100	CHF	4,600,000
	Barry Callebaut Cocoa AG	Zurich	100	CHF	100,000
	Barry Callebaut Management Services AG	Zurich	100	CHF	100,000
	African Organic Produce AG	Zurich	100	CHF	100,000
Belgium	Barry Callebaut Services N.V.	Lebbeke-Wieze	100	EUR	929,286,000
	Barry Callebaut Belgium N.V.	Lebbeke-Wieze	100	EUR	61,537,705
	International Business Company Belgium B.V.B.A.	Kortrijk (Heule)	100	EUR	65,000
	Pierre Iserentant SA	Thimister-Clermont	100	EUR	260,908
Brazil	Barry Callebaut Brasil SA	São Paulo	100	BRL	71,600,810
Cameroon	Société Industrielle Camerounaise des Cacaos SA	Douala	78.35	XAF	1,147,500,000
	SEC Cacaos SA	Douala	100	XAF	10,000,000
Canada	Barry Callebaut Canada Inc.	St.-Hyacinthe	100	CAD	2,000,000
Chile	Barry Callebaut Chile SpA	Santiago	100	CLP	3,001,000,000
China	Barry Callebaut (Suzhou) Chocolate Co., Ltd.	Suzhou	100	USD	27,000,000
	Barry Callebaut (Suzhou) Chocolate R&D Center Co., Ltd.	Suzhou	100	USD	2,000,000
Côte d'Ivoire	Société Africaine de Cacao SA	Abidjan	100	XAF	25,695,651,316
	Barry Callebaut Négoce SA	Abidjan	100	XAF	3,700,000,000
	Biopartenaire SA	Yamoussoukro	100	XAF	200,000,000
Czech Republic	Barry Callebaut Czech Republic s.r.o.	Prague-Vinohrady	100	CZK	200,000
Denmark	Barry Callebaut Denmark ApS	Hostebro	100	DKK	125,000
Ecuador	Barry Callebaut Ecuador SA	Guayaquil	100	USD	50,000
France	Barry Callebaut Manufacturing France SAS	Hardricourt	100	EUR	6,637,540
	Barry Callebaut France SAS	Hardricourt	100	EUR	67,900,000
	Barry Callebaut Nord Cacao SAS	Gravelines	100	EUR	3,037,000
Germany	Barry Callebaut Deutschland GmbH	Norderstedt	100	EUR	51,129
	C.J. van Houten & Zoon Holding GmbH	Norderstedt	100	EUR	72,092,155
	Schloss Marbach GmbH	Öhningen	100	EUR	1,600,000
	Barry Callebaut Manufacturing Norderstedt GmbH & Co. KG	Norderstedt	100	EUR	50,000
	Barry Callebaut Cocoa Germany GmbH	Hamburg	100	EUR	25,000
Ghana	Barry Callebaut Ghana Ltd.	Tema	100	USD	9,204,219
Great Britain	Barry Callebaut Manufacturing (UK) Ltd.	Banbury, Oxfordshire	100	GBP	15,467,852
	Barry Callebaut (UK) Ltd.	Banbury, Oxfordshire	100	GBP	3,200,000
	Barry Callebaut Vending UK Ltd.	Chester	100	GBP	40,000
Hong Kong	Van Houten (Asia-Pacific) Ltd.	Hong Kong	100	HKD	2
India	Barry Callebaut India Private Ltd.	Maharashtra	100	INR	208,400,000
Indonesia	P.T. Barry Callebaut Comextra Indonesia	Makassar	60	IDR	68,175,000,000
	P.T. Papandayan Cocoa Industries	Bandung	100	USD	10,000,000
Italy	Barry Callebaut Italia S.p.A.	Assago	100	EUR	104,000
	Barry Callebaut Manufacturing Italy Srl.	Milano	100	EUR	2,646,841
	Dolphin Srl.	Milano	100	EUR	110,000
Japan	Barry Callebaut Japan Ltd.	Amagasaki	100	JPY	1,260,000,000

Country	Subsidiary	Municipality of registration	% owned	Currency	Capital
Malaysia	Barry Callebaut Malaysia Sdn Bhd	Petaling Jaya	100	MYR	36,000,000
	Selbourne Food Services Sdn Bhd	Petaling Jaya	100	MYR	2,000,000
	Barry Callebaut Services Asia-Pacific Sdn Bhd	Petaling Jaya	100	MYR	500,000
	Delfi Cocoa (Malaysia) Sdn Bhd	Johor Bahru	100	MYR	16,000,000
Mexico	Barry Callebaut Mexico Distributors SA de CV	Escobedo N.L.	100	MXN	117,196,530
	Barry Callebaut Servicios SA de CV	Escobedo N.L.	100	MXN	50,000
	Barry Callebaut Mexico, S. de R.L. de CV	Monterrey	100	MXN	13,027,200
	Barry Callebaut Cocoa Mexico SA de CV	Monterrey	100	MXN	100,000
	Barry Callebaut Management Services Mexico de CV	Monterrey	100	MXN	100,000
Philippines	Cocoa Ingredients (Philippines) Inc.	Makati City	100	PHP	8,114,000
Poland	Barry Callebaut Manufacturing Polska Sp. z o.o.	Łódź	100	PLN	10,000,000
	Barry Callebaut Polska Sp. z o.o.	Łódź	100	PLN	50,000
Russia	Barry Callebaut NL Russia LLC	Moscow-Chekhov	100	RUB	922,510,182
	Gor Trade LLC	Moscow-Chekhov	100	RUB	58,000,000
Serbia	Barry Callebaut South East Europe d.o.o.	Belgrade	100	RSD	1,185,539
Sierra Leone	Bio United Ltd.	Freetown	100	SLL	114,000,000
Singapore	Barry Callebaut Asia Pacific (Singapore) Pte Ltd.	Singapore	100	SGD	100,000,000
	Barry Callebaut Cocoa Asia Pacific Pte Ltd.	Singapore	100	USD	244,242,738
	Cocoa Ingredients Holdings Pte Ltd.	Singapore	100	USD	1
	Barry Callebaut Europe Holding Pte Ltd.	Singapore	100	EUR	95,400,000
Spain	Barry Callebaut Ibérica SL	Barcelona	100	EUR	25,000
	Barry Callebaut Manufacturing Ibérica, S.A.U.	Gurb	100	EUR	987,600
	La Morella Nuts S.A.	Castellvell del Camp	100	EUR	344,554
Sweden	Barry Callebaut Sweden AB	Kågeröd	100	SEK	100,000
	ASM Foods AB	Mjölby	100	SEK	2,000,000
Tanzania	Biolands International Ltd.	Moshi	100	TZS	40,000,000
Thailand	Siam Cocoa Products Co., Ltd.	Bangkok	100	THB	125,000,000
The Netherlands	Barry Callebaut Nederland B.V.	Zundert	100	EUR	21,435,000
	Barry Callebaut Decorations B.V.	Zundert	100	EUR	18,242
	Hoogenboom Benelux B.V.	Zundert	100	EUR	18,152
	Dings-Décor B.V.	Nuth	70	EUR	22,689
	Barry Callebaut Cocoa Netherlands B.V.	Zaandam	100	EUR	18,000
Turkey	Barry Callebaut Eurasia Gida Sanayi Ve Ticaret Ltd. Sti.	Istanbul	100	TRL	29,000,000
USA	Barry Callebaut Cocoa USA Inc.	Chicago, IL	100	USD	7,663
	Barry Callebaut North America Holding Inc.	Wilmington, DL	100	USD	100,001,000
	Barry Callebaut USA LLC	St. Albans, VT	100	USD	100,190,211

Barry Callebaut has some dormant companies which are not enclosed as principal subsidiaries, e.g. Barry Callebaut Manufacturing Germany GmbH, Barry Callebaut Holding (UK) Ltd, Barry Callebaut Nigeria, Adis Holding Inc., Barry Callebaut USA Holding, Inc., BC USA Service company Inc., Omnigest SAS, Alliance Cacao SA

30 Risk assessment disclosure required by Swiss law

Group Risk Management

Barry Callebaut's Group Risk Management (GRM) is a corporate function responsible for the group wide Enterprise Risk Management (ERM) process under the direction and as approved by the Audit, Finance, Risk, Quality and Compliance Committee (AFRQCC) of the Board of Directors. The Group's ERM Framework is designed to create an aggregate view on all existing major risks, enabling the Group to systematically evaluate, prioritize and control the Group's risk portfolio.

The ERM is based on the framework of the Committee for Sponsoring Organizations (COSO) and classifies risks into the following major risk categories: Strategic, Operational, Financial and Compliance risks. The Group's ERM is multidimensional in the form that risks are identified, assessed and controlled at the level of Regions and also at the level of specialized Corporate Functions, such as Quality Assurance, Group Finance, Operations & Supply Chain Organization (OSCO), Information Management, Global Human Resources, Innovations, Research and Development and Group Legal. Risk management activities are in the responsibility of Regions and Corporate Functions but overseen and controlled by GRM. Thus, events and risks on all levels can be identified, addressed and managed efficiently and effectively. Financial risk management is described in more detail in note 26.

The results of the Group's ERM are presented to the Executive Committee and the AFRQCC annually or immediately in case of emergency events or risks.

31 Subsequent events

Approval of the Financial Statements

The Consolidated Financial Statements were authorized for issue by the Board of Directors on November 3, 2014 and are subject to approval by the Annual General Meeting of Shareholders on December 10, 2014.

There are no subsequent events that would require any modification of the value of the assets and liabilities or additional disclosures.

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Report of the Statutory Auditor to the General Meeting of Shareholders of

Barry Callebaut AG, Zurich

Report of the Statutory Auditor on the Consolidated Financial Statements

As statutory auditor, we have audited the accompanying consolidated financial statements of Barry Callebaut AG which comprise the income statement, statement of comprehensive income, balance sheet, cash flow statement, statement of changes in equity and notes on pages 56 to 132 for the year ended August 31, 2014.

Board of Directors' Responsibility
The board of directors is responsible for the preparation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The board of directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards as well as International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements for the year ended August 31, 2014 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

Report on Other Legal Requirements
We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the board of directors.

We recommend that the consolidated financial statements submitted to you be approved.

KPMG AG

Marc Ziegler
Licensed Audit Expert
Auditor in Charge

Patricia Bielmann
Licensed Audit Expert

Zurich, November 3, 2014

5-Year Overview

Barry Callebaut
Annual Report 2013/14

Key figures Barry Callebaut Group

		CAGR (%)[1]		2013/14		2012/13[2,4]		2011/12[2]	2010/11[2,3]	2009/10[3]
Consolidated Income Statement		Stand-alone[5]		Stand-alone[5]		Stand-alone[5]	restated			
Sales volume	Tonnes	6.3%	9.1%	1,541,654	1,716,766	1,498,632	1,535,662	1,378,856	1,268,925	1,209,654
Sales revenue	CHF m	3.7%	6.7%	5,231.2	5,865.9	4,756.4	4,884.1	4,829.5	4,459.9	4,524.5
EBITDA[6]	CHF m		6.4%		531.5	464.7	438.4	434.3	430.3	414.6
Operating profit (EBIT)	CHF m	3.6%	5.1%	392.8	416.2	372.1	342.9	353.2	362.3	341.1
Net profit from continuing operations[7]	CHF m		1.8%		255.0		229.5	241.1	263.6	237.5
Net profit for the year	CHF m		0.3%		255.0		222.8	142.6	176.8	251.7
Cash flow[8]	CHF m		0.9%		473.7		451.1	440.2	450.7	457.8
EBIT / sales revenue	%	(0.1%)	(1.5%)	7.5%	7.1%	7.8%	7.0%	7.3%	8.1%	7.5%
EBIT per tonne[9]	CHF	(2.5%)	(3.7%)	254.8	242.4	248.3	223.4	256.2	285.5	282.0
Consolidated Balance Sheet										
Total assets	CHF m		9.7%		5,167.5		4,526.9	3,576.6	3,263.1	3,570.8
Net working capital[10]	CHF m		14.8%		1,674.6	1,083.4	1,345.7	1,039.2	888.1	964.9
Non-current assets	CHF m		11.5%		2,175.6		2,071.9	1,424.8	1,208.4	1,405.8
Net debt	CHF m		20.0%		1,803.5	993.1	1,525.2	942.9	789.8	870.8
Shareholders' equity[11]	CHF m		8.3%		1,790.7		1,682.5	1,357.1	1,217.1	1,302.3
Capital expenditure[12]	CHF m		14.4%		248.8		223.5	217.8	144.6	145.1
Ratios										
Economic Value Added (EVA)	CHF m		(13.0%)		84.5	135.3	79.0	133.5	159.9	147.7
Return on invested capital (ROIC)[13]	%		(8.3%)		10.5%	13.8%	10.9%	14.2%	15.6%	14.8%
Return on equity (ROE)	%		(7.0%)		14.7%	18.8%	15.4%	18.7%	20.9%	19.6%
Debt to equity ratio	%		10.8%		100.7%	69.0%	90.6%	69.5%	64.9%	66.9%
Solvency ratio[14]	%		(1.3%)		34.7%		37.2%	37.9%	37.3%	36.5%
Interest coverage ratio[15]			(6.4%)		4.5		5.6	5.8	6.0	5.8
Net debt / EBITDA			12.8%		3.4	2.1	3.5	2.2	1.8	2.1
Capital expenditure / sales revenue	%		7.2%		4.2%		4.6%	4.5%	3.2%	3.2%
Shares										
Share price at fiscal year-end	CHF		12.5%		1,125		876	904	765	703
EBIT per share[16]	CHF		3.5%		75.9	71.1	65.5	68.4	70.1	66.0
Basic earnings per share[17]	CHF		0.1%		46.0		44.0	46.6	51.2	45.9
Cash earnings per share[18]	CHF		(0.6%)		86.3		86.2	85.2	87.3	88.6
Payout per share[19]	CHF		2.6%		15.5		14.5	15.5	15.5	14.0
Payout ratio	%		3.8%		33%		35%	33%	31%	29%
Price-earnings ratio at year-end[20]			12.4%		24.5		19.9	19.4	14.9	15.3
Market capitalization at year-end	CHF m		14.2%		6,175.0		4,805.5	4,671.1	3,955.1	3,631.9
Number of shares issued			1.5%		5,488,858		5,488,858	5,170,000	5,170,000	5,170,000
Total payout to shareholders	CHF m		5.3%		79.6		80.1	80.1	72.4	64.6
Other										
Employees			5.4%		9,319		8,658	6,100	5,972	7,550
Beans processed	Tonnes		13.3%		940,621		671,183	574,021	537,811	569,875
Chocolate & compound production	Tonnes		7.1%		1,254,241		1,207,025	1,102,431	999,879	954,073

1 Compound annual growth rate for the 5-year period.
2 All key figures are based on the continuing operations except for net profit for the year, total assets and cash flow related key figures.
3 To conform to the presentation of subsequent years, certain comparatives related to the Consolidated Income Statement have been restated. Restatements were mainly related to the discontinuation of the consumer activities. Balance Sheet and Cash Flow Statement related values and number of employees have not been restated.
4 Following the revision of IAS 19 (Employee Benefits), certain comparatives have been restated to conform to the current period's presentation.
5 Stand-alone numbers are consolidated figures adjusted for comparability reasons by the effects of the transaction and contribution of the cocoa business acquired from Petra Foods.
6 EBIT + depreciation of property, plant and equipment + amortization of intangibles (all from continuing operations).
7 Incl. non-controlling interest.
8 Operating cash flow before working capital changes.
9 EBIT / sales volume (of the continuing operations).
10 Includes current assets, liabilities and provisions related to commercial activities.
11 Total equity attributable to the shareholders of the parent company.
12 Capital expenditure for property, plant and equipment and intangible assets.
13 EBIT x (1-effective tax rate) / average capital employed.
14 Total equity attributable to the shareholders of the parent company / total assets.
15 EBITDA / net finance costs.
16 EBIT / basic shares outstanding.
17 Based on the net profit from continuing operations attributable to the shareholders of the parent company / basic shares outstanding.
18 Operating cash flow before working capital changes / basic shares outstanding.
19 2013/14 dividend totally paid out of paid-in capital reserves as proposed by the Board of Directors to the Annual General Meeting. 2012/13 and 2010/11 dividend totally paid out of paid-in capital reserves. 2011/12 dividend partly paid out of paid-in capital reserves and partly by a capital reduction through par value repayment. 2009/10: capital reduction / par value repayment instead of a dividend.
20 Share price at year-end / basic earnings per share.

Financial Statements of Barry Callebaut AG

Income Statement

for the fiscal year ended August 31,	2013/14	2012/13
in CHF		
Income		
Dividend income	43,500,000	75,500,000
Finance income	882,102	22,011,073
License income	39,928,580	36,443,346
Management fees	32,619,948	26,876,200
Other income	24,042,542	18,721,907
Total income	**140,973,172**	**179,552,526**
Expenses		
Personnel expenses	(50,993,301)	(40,866,798)
Finance costs	(9,795,021)	(13,632,620)
Depreciation of property, plant and equipment	(436,361)	(425,250)
Amortization of intangible assets	(3,971,765)	(3,911,670)
Unrealized loss on treasury shares	(615,138)	–
Other expenses	(40,247,295)	(77,967,148)
Total expenses	**(106,058,881)**	**(136,803,486)**
Profit before income taxes	**34,914,291**	**42,749,040**
Income taxes	(555,066)	(752,591)
Net profit for the year	**34,359,225**	**41,996,449**

Retained earnings

in CHF	2013/14	2012/13
Retained earnings as of September 1,	**1,406,242,319**	**1,364,771,720**
Dividend on treasury shares	87	17,820
Decrease/(increase) of reserve for treasury shares	(8,112,192)	(553,750)
Capital reduction on treasury shares	–	10,080
Net profit for the year	34,359,225	41,996,449
Retained earnings as of August 31,	**1,432,489,439**	**1,406,242,319**

Balance Sheet

Assets

as of August 31, in CHF	2014	2013
Current assets		
Cash and cash equivalents	208,890	39,589
Treasury shares	10,820,867	3,323,814
Accounts receivable from Group companies	31,064,593	45,594,503
Short-term loans granted to Group companies	49,311	25,639
Other current assets	2,515,073	2,389,641
Total current assets	**44,658,734**	**51,373,186**
Non-current assets		
Property, plant and equipment	1,247,605	1,337,965
Investments	2,250,912,768	2,250,912,768
Intangible assets		
Trademarks	1,609,947	4,341,537
Patents/Product development costs	1,710,399	2,156,711
Other	626,983	910,812
Total non-current assets	**2,256,107,702**	**2,259,659,793**
Total assets	**2,300,766,436**	**2,311,032,979**

Liabilities and shareholders' equity

as of August 31, in CHF	2014	2013
Current liabilities		
Bank overdrafts	1,572,897	852,590
Accounts payable to third parties	2,378,338	2,674,893
Accounts payable to Group companies	9,103,773	37,762,960
Accounts payable to shareholders	7,125	137,502
Short-term loans from Group companies	488,938,491	433,846,734
Accrued liabilities	38,993,041	30,836,383
Accrued taxes	449,219	369,236
Total current liabilities	**541,442,884**	**506,480,298**
Total non-current liabilities	–	–
Total liabilities	**541,442,884**	**506,480,298**
Shareholders' equity		
Share capital [1]	102,092,759	102,092,759
Legal reserves		
Reserves from capital contributions	187,703,159	267,291,600
Other legal reserves	25,600,070	25,600,070
Reserve for treasury shares	11,438,125	3,325,933
Retained earnings	1,432,489,439	1,406,242,319
Total shareholders' equity	**1,759,323,552**	**1,804,552,681**
Total liabilities and shareholders' equity	**2,300,766,436**	**2,311,032,979**

1 The share capital as of August 31, 2014 consists of 5,488,858 fully paid-in shares at a nominal value of CHF 18.60 (August 31, 2013: 5,488,858 fully paid-in shares at a nominal value of CHF 18.60).

Notes to the Financial Statements

1 Liens, guarantees and pledges in favor of third parties

The Company is a co-debtor for bank loans of max. EUR 775 million (CHF 934.2 million; 2012/13: CHF 739.3 million) obtained by Barry Callebaut Services N.V., Belgium, whereof the maximal liability is limited to the freely distributable retained earnings (CHF 1,432.5 million less 35% withholding tax). Furthermore, the Company is also a co-debtor to the Senior Notes of EUR 350 million (CHF 421.9 million; 2012/13: CHF 431.3 million) issued by Barry Callebaut Services N.V., Belgium, on July 13, 2007, to the Senior Notes of EUR 250 million (CHF 301.4 million; 2012/13: CHF 308.1 million) issued by Barry Callebaut Services N.V., Belgium, on June 15, 2011, as well as to the Senior Notes of USD 400 million (CHF 365.9 million; 2012/13: CHF 372.6 million) issued by Barry Callebaut Services N.V., Belgium, on June 20, 2013. Additionally, the Company issued several guarantees for various facilities granted to direct and indirect subsidiaries for an amount of up to CHF 1,140.4 million (2012/13: CHF 987.1 million).

The Swiss Barry Callebaut entities form a VAT subgroup and, hence, every company participating in the subgroup is liable for VAT debt of other subgroup participants.

2 Fire insurance value of property, plant and equipment

as of August 31,	2014	2013
in CHF		
Fire insurance value of property, plant and equipment	8,100,00	7,900,000

3 Investments

as of August, 31					2014	2013
Name and domicile	Municipality of registration	Share capital		Purpose	Percentage of investment	
ADIS Holding Inc., Panama	Panama City	CHF	41,624,342	Dormant	100%	100%
Barry Callebaut Belgium N.V., Belgium	Lebbeke-Wieze	EUR	61,537,705	Production, sales	99.99%	99.99%
Barry Callebaut Cocoa AG, Switzerland	Zurich	CHF	100,000	Sales	100%	100%
Barry Callebaut Decorations B.V., The Netherlands	Zundert	EUR	18,242	Production, sales	100%	100%
Barry Callebaut Management Services AG, Switzerland	Zurich	CHF	100,000	Management services	100%	100%
Barry Callebaut Nederland B.V., The Netherlands	Zundert	EUR	21,435,000	Holding	100%	100%
Barry Callebaut Nigeria Ltd., Nigeria	Lagos	NGN	10,000,000	Sales	1%	1%
Barry Callebaut Schweiz AG, Switzerland	Dübendorf	CHF	4,600,000	Production, sales	100%	100%
Barry Callebaut Services N.V., Belgium	Lebbeke-Wieze	EUR	929,286,000	In-house bank, management services	99.99%	99.99%
Barry Callebaut Sourcing AG, Switzerland	Zurich	CHF	2,000,000	Sourcing	100%	100%
C.J. van Houten & Zoon Holding GmbH, Germany	Norderstedt	EUR	72,092,155	Holding	100%	100%
Schloss Marbach GmbH, Germany	Öhningen	EUR	1,600,000	Conference and training center	100%	100%

Investments are stated at cost less any allowance for impairment.

4 Treasury shares

The Company held 9,756 treasury shares as of August 31, 2014 (2013: 3,760). In 2013/14, the Company bought 17,287 shares at an average price of CHF 1,078.55 per share (2012/13: 13,788 shares at an average price of CHF 893.83) and transferred 11,291 shares at an average price of CHF 932.84 per share (2012/13: 13,259 shares transferred at an average price of CHF 887.73). In both years, the Company did not sell any treasury shares. Treasury shares are measured at the lower of cost or market. As of August 31, 2014, the treasury shares have been measured at an average price of CHF 1,109.15 per share (2012/13: average price of CHF 884.56 per share).

5 Significant shareholders

as of August 31,	2014	2013
Jacobs Holding AG, Zurich, Switzerland	50.11%	50.11%
Renata Jacobs	8.48%	8.48%
Massachusetts Mutual Life Insurance Company[1]	3.05%	–

1 Including all subsidiaries controlled by the parent company. For further details, see the respective notification published on May 6, 2014 via SIX Exchange Regulation: http://www.six-exchange-regulation.com/obligations/disclosure/major_shareholders_en.html

6 Disclosures according to Art. 663b^{bis} and 663c Code of Obligations

Remuneration of key management[1] for the fiscal year 2013/14

Board of Directors (BoD)	Compensation fix	Compensation variable[2]	Other compensation[3]	Total cash-related remuneration	Number of shares[4]	Value of shares[5]	Total remuneration 2013/14	Total remuneration 2012/13
in thousands of CHF								
Andreas Jacobs Chairman/Delegate	400.0	–	–	400.0	500	498.6	**898.6**	833.8
Andreas Schmid Vice Chairman Member of the AFRQCC[6]	180.0	–	84.0	264.0	180	179.5	**443.5**	400.3
Ajai Puri Member of the NCC[7]	125.0	–	–	125.0	180	179.5	**304.5**	281.2
James L. Donald Chairman of the NCC	140.0	–	–	140.0	180	179.5	**319.5**	296.2
Jakob Baer Chairman of the AFRQCC	140.0	–	35.2	175.2	180	179.5	**354.7**	328.0
Markus Fiechter[8] Member of the AFRQCC	62.5	–	55.0	117.5	–	–	**117.5**	305.3
Nicolas Jacobs[9] Member of the NCC[7]	125.0	–	38.0	163.0	180	179.5	**342.5**	226.2
Timothy E. Minges[10] Member of the AFRQCC	125.0	–	–	125.0	180	179.5	**304.5**	74.5
Fernando Aguirre[10] Member of the NCC[7]	125.0	–	–	125.0	180	179.5	**304.5**	74.5
Stefan Pfander[10] Member of the NCC	0.0	–	–	–	–	–	**–**	62.5
Total remuneration Board of Directors	**1,422.5**	**–**	**212.2**	**1,634.7**	**1,760**	**1,755.1**	**3,389.8**	**2,882.5**
Remuneration Executive Committee[11]	**3,923.4**	**10,686.0**	**2,275.4**	**16,884.8**	**8,876**	**7,842.1**	**24,726.9**	**17,359.1**
Total remuneration of key management	**5,345.9**	**10,686.0**	**2,487.6**	**18,519.5**	**10,636**	**9,597.2**	**28,116.7**	**20,241.6**
Highest individual remuneration within Executive Committee: **Juergen Steinemann** CEO Barry Callebaut Group	1,130.0	2,083.9	1,305.1	4,519.0	3,892	3,431.0	**7,950.0**	6,632.2

There were no termination payments or payments to former members of the Board of Directors or Executive Committee during the fiscal year. As of August 31, 2014, no loans or credits to members of the Board of Directors or Executive Committee or parties related to them are outstanding.

Holdings of shares and options[12]

Number of shares as of August 31,	2014	2013
Board of Directors		
Andreas Jacobs (Chairman)[13]	3,260	2,760
Andreas Schmid (Vice Chairman)	7,678	8,738
Ajai Puri	360	180
James L. Donald	900	720
Markus Fiechter	n/a	60
Jakob Baer	540	360
Nicolas Jacobs	159,179	158,999
Timothy E. Minges	116	–
Fernando Aguirre	116	–
Executive Committee		
Juergen Steinemann, CEO Barry Callebaut Group	8,063	5,931
Victor Balli, CFO Barry Callebaut Group	729	400
Massimo Garavaglia, President Western Europe	233	–
David S. Johnson, President Americas	2,261	3,202
Steven Retzlaff, President Global Cocoa	628	465
Dirk Poelman, Chief Operations Officer	1,274	1,331
Peter Boone, Chief Innovation & Quality Officer	–	–

1 Key management is defined as Board of Directors (BoD) and Executive Committee.
2 Includes upside bonus pursuant to the deferred share plan 2011–14, which led to an extraordinary payout of CHF 6.7 million to the Executive Committee as a result of the over-performance of the share price versus target share price over the past three fiscal years.
3 Including social security and pension contributions as well as other benefits.
4 Number of shares granted in relation to the fiscal year under review; vesting subject to meeting service and/or performance conditions. Grants to BoD are based on the calendar year.
5 Value defined as closing share price at grant date, which might be historical rates before the fiscal year under review.
6 Audit, Finance, Risk, Quality & Compliance Committee.
7 Nomination & Compensation Committee.
8 Services rendered by Markus Fiechter as a member of the BoD until and including October 2012 were covered by the service fee charged by Jacobs Holding AG (see also note 27 of the Consolidated Financial Statements of Barry Callebaut Group). As from November 2012, he received the regular compensation for the members of the BoD. At the General Assembly held on December 11, 2013, Markus Fiechter resigned.
9 Nicolas Jacobs was elected as member of the BoD at the General Assembly held on December 5, 2012. At the same time, Stefan Pfander, who was formerly serving as BoD member and member of the NCC, resigned.
10 At the Extraordinary General Assembly held on April 22, 2013, Timothy E. Minges and Fernando Aguirre were elected members of the BoD.
11 Disclosure relates to the Executive Committee as in place on August 31, 2014, i.e.: Juergen Steinemann, Victor Balli, Massimo Garavaglia, David S. Johnson, Steven Retzlaff, Dirk Poelman and Peter Boone.
12 Including shares of related parties to the individual BoD/Executive Committee member.
13 Excluding the 50.11% participation held by Jacobs Holding AG (see note 5).

7 Risk assessment disclosures

Barry Callebaut AG as the ultimate parent of the Barry Callebaut Group, is fully integrated into the Group-wide Risk Management (GRM) process and the respective Enterprise Risk Management Model.

The Group's general Risk Management process and the Financial Risk Management in particular are described in the Group's Consolidated Financial Statements in notes 26 and 30, respectively.

8 Subsequent events

There are no subsequent events that would require any modification of the value of the assets and liabilities or additional disclosures.

9 Appropriation of available earnings and reserves

The Board of Directors proposes the following appropriation of retained earnings and reserves:

9.1 Allocation from reserves from capital contributions to free reserves

in the amount of CHF 85,077,299.

9.2 Dividend payout of CHF 15.50 per share out of the free reserves as per note 9.1

in the amount of CHF 85,077,299.

9.3 Carry-forward of the balance of retained earnings

of CHF 1,432,489,439.

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Report of the Statutory Auditor to the General Meeting of Shareholders of

Barry Callebaut AG, Zurich

Report of the Statutory Auditor on the Financial Statements

As statutory auditor, we have audited the accompanying financial statements of Barry Callebaut AG, which comprise the income statement, balance sheet and notes on pages 136 to 142 for the year ended August 31, 2014.

Board of Directors' Responsibility
The board of directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The board of directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements for the year ended August 31, 2014 comply with Swiss law and the company's articles of incorporation.

Report on Other Legal Requirements
We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the board of directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

KPMG AG

Marc Ziegler
Licensed Audit Expert
Auditor in Charge

Patricia Bielmann
Licensed Audit Expert

Zurich, November 3, 2014


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Corporate Governance

The information that follows is provided in accordance with the Directive on Information Relating to Corporate Governance issued by the SIX Exchange Regulation (DCG). The principles and rules of Corporate Governance as practiced by Barry Callebaut are laid down in the Articles of Incorporation, the Internal Regulations of the Board and the Charters of the Board Committees. These are reviewed regularly by the Board of Directors and adapted as needed.

Group structure and shareholders

As of November 6, 2014, the organization of the Barry Callebaut Group is divided into the following Regions: Europe, consisting of Western Europe and EEMEA (i.e. Eastern Europe, Middle East & Africa), Americas, consisting of North and South America, and Chocolate Asia Pacific. Global Cocoa is treated like a Region and includes Cocoa Asia Pacific, which is centrally steered by Global Cocoa, but operationally organized as a separate Region.

Board of Directors
Chairman: **Andreas Jacobs**

AFRQCC [1]
Chairman: Jakob Baer

NCC [2]
Chairman: James Donald

Internal Audit
Markus Mayer

General Counsel & Corporate Secretary
Roland Maurhofer

CEO
Juergen Steinemann [3]

Western Europe
Massimo Garavaglia [3]

Global Cocoa
Steven Retzlaff [3]

EEMEA [4]
Filip De Reymaeker

Cocoa Asia Pacific
Edmund EE Kim Seng

Americas
David S. Johnson [3]

Chocolate Asia Pacific
Mikael Neglen

CFO
Victor Balli [3]

Chief Innovation & Quality Officer
Peter Boone [3]

Chief Operations Officer
Dirk Poelman [3]

Corporate Communications
Gaby Tschofen

Global Human Resources
Barbara Becker

Gourmet
Pascale Meulemeester

1 AFRQCC: Audit, Finance, Risk, Quality & Compliance Committee.
2 NCC: Nomination & Compensation Committee.
3 Member of the Executive Committee.
4 Eastern Europe, Middle East, Africa.

Additional information:
www.barry-callebaut.com/board
www.barry-callebaut.com/regulations

The structure of the financial reporting is explained in note 3 to the Consolidated Financial Statements on pages 84–86.

Barry Callebaut AG (the "Company") was incorporated on December 13, 1994 under Swiss law, having its head office in Zurich, Switzerland, at Pfingstweidstrasse 60. Barry Callebaut AG is registered in Switzerland and has been listed on the SIX Swiss Exchange (BARN, ISIN Number: CH0009002962) since 1998. Barry Callebaut AG has not requested the admission to trading of its shares on any other stock exchange. As of August 31, 2014, the total amount of issued shares of Barry Callebaut AG was 5,488,858 and thus Barry Callebaut's market capitalization based on issued shares was CHF 6,175 million (August 31, 2013: CHF 4,805 million). The Group's ultimate parent is Jacobs Holding AG with a share of 50.11% of the shares issued (August 31, 2013: 50.11%).

The principal subsidiaries of Barry Callebaut AG are listed in note 29 to the Consolidated Financial Statements on pages 130–131. The significant shareholders of Barry Callebaut AG are listed in note 27 to the Consolidated Financial Statements on page 127. There are no cross-shareholdings equal or higher than 5% of the issued share capital.

Capital structure

The information required by the DCG regarding the capital structure is provided in note 25 (share capital, movements in the share capital) to the Consolidated Financial Statements on pages 114–115. The Company has no convertible bonds outstanding. The Extraordinary General Meeting of April 22, 2013 created authorized share capital of a maximum nominal amount of CHF 9.3 million for the purpose of financing the acquisition of the Cocoa Ingredients Division from Petra Foods Ltd. The Board of Directors of Barry Callebaut AG subsequently decided to increase the share capital by issuing 318,858 newly created shares (approx. 6% of the existing shares) in June 2013 for the aforementioned purpose. No further shares have been issued since then.

Additional information:
www.barry-callebaut.com/board
www.barry-callebaut.com/regulations

Board of Directors

The Board of Directors is ultimately responsible for the policies and management of Barry Callebaut. The Board establishes the strategic, accounting, organizational and financing policies to be followed, and appoints the Executive Committee, to which the Board of Directors has delegated the operational management of Barry Callebaut. Besides its non-transferable and inalienable duties pursuant to Swiss corporate law, the Board has retained certain competencies as set forth in the Company's Internal Regulations and in a detailed tabular Annex thereto, both of which are publicly accessible on the Barry Callebaut website (www.barry-callebaut.com/regulations).

As of August 31, 2014, the Board of Directors consisted of eight non-executive members. Each Director is elected by the shareholders of Barry Callebaut AG at the General Meeting for a term of office of one year and may be re-elected to successive terms.

After having served for nine years on the Board of Directors, Markus Fiechter resigned from the Board at the Annual General Meeting of December 2013. The Board of Directors under the Chairmanship of Andreas Jacobs thanks Markus Fiechter for his valuable contributions to the development of Barry Callebaut.

The composition of the Board of Directors of Barry Callebaut as of August 31, 2014, is as follows:

	Nationality	Member since	Board of Directors Function	AFRQCC	NCC
Andreas Jacobs	German	2003	Chairman		
Andreas Schmid	Swiss	1997	Vice Chairman	Member	
Fernando Aguirre	Mexico/U.S.	April 2013	Director		Member
Jakob Baer	Swiss	2010	Director	Chairman	
James L. Donald	U.S.	2008	Director		Chairman
Nicolas Jacobs	Swiss	2012	Director		Member
Timothy E. Minges	U.S.	April 2013	Director	Member	
Ajai Puri	U.S.	2011	Director		Member

Andreas Jacobs
Chairman of the Board since 2005, member of the Board since 2003, German national

Andreas Jacobs (1963) was appointed Chairman of the Board of Barry Callebaut AG in December 2005. He had served as a member of the Board of Barry Callebaut since 2003.

Andreas Jacobs studied law at the Universities of Freiburg im Breisgau, Munich and Montpellier and subsequently obtained a postgraduate degree in European competition law (Dr. iur.) from the University of Freiburg im Breisgau. Afterwards he obtained a MBA from INSEAD in Fontainebleau.

From 1991 to 1993, Andreas Jacobs worked as a consultant and project manager at The Boston Consulting Group in Munich. Since 1992, Andreas Jacobs has been an independent entrepreneur with a stake in several companies plus minority interests in several other companies.

Andreas Jacobs serves as Executive Chairman of Jacobs Holding AG, Chairman of Triventura AG and Minibar AG, as well as Vice Chairman of the Board of Adecco S.A., all in Switzerland. Furthermore, he is President of Niantic Holding GmbH, Germany, and Member of the Board of Directors of various small private companies. Andreas Jacobs is also a Member of the Advisory Board of Dr. August Oetker KG, Germany, and has several non-profit memberships, e.g. at INSEAD where he was appointed Chairman in October 2014, Young Presidents' Organization (YPO), Groupe D'Ouchy, Avenir Suisse.

Andreas Schmid
Vice Chairman, member of the Board since 1997, Swiss national

Andreas Schmid (1957) was appointed CEO of Jacobs Holding AG in 1997. In 1999, he became Chairman of the Board and CEO of Barry Callebaut AG. In June 2002, he handed over the CEO function but continued to assume the responsibility of Chairman until December 2005. Since then he has been Vice Chairman of the Board.

He started his career in 1984 at Union Bank of Switzerland. Following a position as assistant to a Swiss industrialist, he was CEO and Managing Director of Kopp Plastics (PTY) Ltd. in South Africa from 1989 to 1992. He then worked for the Jacobs Group in various staff and line functions until 1993. From 1993 to 1997, Andreas Schmid was President of the Mövenpick Consumer Goods Division and a member of the worldwide Group Executive Board of Management. Between December 2007 and May 2011, Andreas Schmid was Chairman of the Supervisory Board of Symrise AG, and between 2002 and 2006 he chaired the Board of Kuoni Travel Holding AG. He was a member of the Board of Adecco S.A. from 1999 to 2004 and a member of the Advisory Board of the Credit Suisse Group from 2001 to 2007, before the Advisory Board was dissolved.

Andreas Schmid is Chairman of Oettinger Davidoff Group, Chairman of the Board of Directors of Flughafen Zurich AG and Chairman of the Board of Directors of gategroup Holding AG. In 2010, he was appointed a member of the Board of Directors of Wirz Partner Holding AG and the Advisory Board of Allianz Global Corporate Specialty AG. He has also been a member of the Board of Directors of

Karl Steiner AG since 2008 and a member of the Board of Directors of Badrutt's Palace Hotel AG since 2006. Furthermore, Andreas Schmid is Chairman of the Board of Trustees of the Swiss foundation "avenir suisse", a think tank for social and economic issues.

Andreas Schmid holds a Master's degree in law and studied economics at the University of Zurich.

Fernando Aguirre
Director since 2013,
Mexican/U.S. national

Fernando Aguirre (1957) served as the Chairman and CEO of Chiquita Brands International Inc., a leading international food manufacturer, from 2004 until 2012. Prior to Chiquita, Fernando Aguirre worked in various management positions for more than 23 years at The Procter & Gamble Co, such as President of Special Projects, President of the Global Feminine Care business unit, Vice President of Global Snacks and U.S. Food Products business units, Vice President of Laundry & Cleaning Products, Latin America, and Regional Vice President, Latin America, North.

At present, Fernando Aguirre is a member of the Board of Directors of Aetna Inc., a Fortune 100 publicly held company mainly focused on health care benefits and insurance, where he serves on the Audit Committee and also on the Nominating and Governance Committee. He was recently elected to serve on the board of Coveris, a privately held company which is an international manufacturer and distributor of flexible packaging. Fernando Aguirre also served on the board of Levi Strauss & Co. from 2010 to 2014, he served on the board of Coca-Cola Enterprises from 2005 to 2010, and as a member of the International Board of the Juvenile Diabetes Research Foundation from 2006 to 2012. He was recently named to the board of the Procter & Gamble Alumni Association and is also a member of the Advisory Council of the Bechtler Museum of Modern Art in Charlotte, North Carolina.

Fernando Aguirre holds a Bachelor of Science in Business Administration from Southern Illinois University Edwardsville and earned Harvard Business School graduate status in 2009.

Jakob Baer
Director since 2010,
Swiss national

Jakob Baer (1944) started his career in 1971 at the Federal Finance Administration. From 1975 until 1991, he was with Fides Group, where he held various positions (as Consultant, Head of Legal Department, Branch Office Manager Zurich, Member of the Division Management Advisory Services). During 1991/1992, Jakob Baer led the planning and execution of the management buyout of the Advisory Services unit of Fides Group, which became part of KPMG Switzerland. He was a member of the Executive Committee of KPMG Switzerland from 1992 until 1994. From 1994 to 2004, he held the position of Chief Executive Officer of KPMG Switzerland and was a member of KPMG's European and International Leadership Boards. Jakob Baer was Counsel at Niederer Kraft & Frey AG, attorneys at law, Zurich,

Switzerland, from 2004 to 2009. He served as a member of the Board of Directors of Adecco S.A. from 2004 until April 2012, of SwissRe and of Allreal Holding AG, each from 2005 until April 2014.
Jakob Baer is Chairman of Stäubli Holding AG and member of the Board of Directors of Rieter Holding AG and IFBC AG, all in Switzerland.

He was admitted to the bar (1971) and subsequently obtained a doctorate degree in law (Dr. iur.) from the University of Berne, Switzerland.

James L. Donald
Director since 2008,
U.S. national

James "Jim" L. Donald (1954) has been Chief Executive Officer of Extended Stay, a large U.S.-based hotel chain, since February 2012.

He served as President and CEO of Haggan, Inc., a 33-store Pacific Northwest grocery company based in Bellingham, from September 2009 until March 2011. Jim Donald was also President & Chief Executive Officer of Starbucks Corporation from April 2005 to January 2008. From October 2002 to March 2005, he served as President of Starbucks, North America. Under his leadership, Starbucks experienced strong growth and performance.

From October 1996 to October 2002, Jim Donald served as Chairman, President & Chief Executive Officer of Pathmark Stores, Inc., a USD 4.6 billion regional supermarket chain located in New York, New Jersey and Pennsylvania. Prior to that time, he held a variety of senior management positions with Albertson's, Inc., Safeway, Inc. and Wal-Mart Stores, Inc. From 2008 until June 2013, Jim Donald also served as a member of the Board of Rite Aid Corporation, one of the leading drugstore chains in the U.S. with more than 4,900 stores in 31 states.

Jim Donald graduated with a Bachelor's degree in Business Administration from Century University, Albuquerque, New Mexico.

Nicolas Jacobs
Director since 2012,
Swiss national

Nicolas Jacobs (1982) started his career at Goldman Sachs in 2006. In 2007, he joined Barry Callebaut as a Trader in the Global Sourcing & Cocoa business unit. In 2008, he was assigned to Barry Callebaut Brazil as Project Leader StrategicProjects Brazil and was then responsible for the cocoa and the chocolate operations of South America. From 2011 until 2014, Nicolas Jacobs served for Burger King Corporation as a Senior Director for Global M&A and Development, with responsibilities for strategic projects and the expansion of Burger King within EMEA. Furthermore, Nicolas Jacobs has been a member of the Board of Jacobs Holding AG since 2008. Since 2014, he has been Managing Partner and Member of the Board of Consumer Investment Partners AG, Zug, a venture capital and private equity company.

Nicolas Jacobs holds a Master's degree in law from the University of Zurich, a Master of Finance of London Business School and a Master of Business Administration from INSEAD in Fontainebleau.

Timothy E. Minges
Director since 2013,
U.S. national

Timothy E. Minges (1958) is currently Senior Vice President Chief Customer Officer, PepsiCo North America Beverages and a member of PepsiCo's Executive Committee. He has been working with PepsiCo for the past 31 years and was, until 2013, responsible for the entire PepsiCo operations throughout greater China. He joined PepsiCo in 1983 in the finance department of Frito-Lay North America and was promoted to a series of roles in finance, sales and general management. Timothy Minges moved to Asia in 1994 as General Manager of Frito-Lay Thailand and later assumed a series of roles, including President Asia-Pacific from 1999 to 2003.

Timothy Minges serves on the board of directors of the North American Coffee Partnership, a PepsiCo joint venture with Starbucks. He formerly served on the Boards of Tingyi-Asahi Beverage Holding Co Ltd, Calbee Foods Japan, as well as of two listed companies, Pepsi-Cola Philippines and Serm Suk Thailand.

Timothy Miniges holds a Bachelor of Science in Accounting from Miami University, Oxford, Ohio, and has completed the Pepsi Executive Development Program at Yale School of Management.

Ajai Puri
Director since 2011,
U.S. national

Ajai Puri will not be available for re-election to the Board of Directors at the next Annual General Meeting of Shareholders on December 10, 2014.

Ajai Puri (1953) has been a member of the Supervisory Board of Nutreco N.V., the Netherlands, a leading global animal nutrition and aquaculture company, since April 2009. Additionally, he serves as a Non-Executive Director on the Board of Britannia Industries Limited, India's largest independent food group, and as member of the Board of Directors of Tate&Lyle (United Kingdom), a global provider of distinctive, high-quality ingredients and solutions to the food, beverage and other industries.

Ajai Puri has a broad know-how and experience in the fields of Management, R&D/Innovation, Marketing and Manufacturing, Product Safety and Quality Assurance which he gained during his assignments with the companies Cadbury Schweppes PLC, The Minute Maid Company/The Coca-Cola Company and latest with Royal Numico N.V. in the Netherlands. During his career, Ajai Puri has held a variety of positions of global scope including that of Senior Vice President Technical (Science and Technology) at The Minute Maid Company in the U.S., and President Research, Development and Product Integrity at Royal Numico in the Netherlands. Ajai Puri is furthermore co-founder of P.A.N.I., a self-funded charitable foundation dedicated to improving the lives of the underprivileged in India. The focus of the foundation is education for children and women, and cleft lip surgical corrections.

Ajai Puri holds a PhD in Food Science from the University of Maryland and an MBA from the Crummer Business School, Rollins College, Florida.

Functioning of the Board

The Board of Directors constitutes itself at its first meeting subsequent to the Annual General Meeting of the Shareholders, with the exception of the Chairman and the members of the Compensation Committee who are elected by the Annual General Meeting pursuant to the "Ordinance against Excessive Compensation at Listed Joint-Stock Companies" ("OaEC"). The Board elects one or more Vice Chairmen. It meets as often as business requires, but at least four times per fiscal year. The meetings usually take place in Zurich. If possible, the Board meets once per year at one of the Barry Callebaut production sites and combines this meeting with a visit of the local operation. During this fiscal year, the Board of Directors met six times. Three meetings lasted for eight hours, one of three hours and two meetings lasted for one hour. The two latter meetings took place in the form of conference calls. In the year under review, the Board held one of the regular meetings in the context of a three-day visit to Brussels and the Group's operations in Wieze, Belgium.

The Chairman invites the members to the meetings in writing, indicating the agenda and the motion for resolution thereto. The invitations are sent out at least ten business days prior to the meeting. Each member of the Board can request the Chairman to call a meeting without undue delay. In addition to the materials for meetings, the Board members receive monthly financial reports.

At the request of one member of the Board, members of the Executive Committee shall be invited to attend meetings. The Board of Directors can determine by majority vote that other third parties, for example external consultants, may attend part or all of the meetings. In the fiscal year under review, the CEO, the CFO and, depending on the agenda items, other members of the Executive Committee or management were present at all Board and Committee meetings, with the exception of a short closed discussion by the Board of Directors at the end of each physical Board meeting.

Resolutions are adopted by a simple majority of the Board members present or represented. Members may only be represented by a fellow Board member. In the event of a tie vote, the proposal is deemed to be not resolved. Resolutions made at the Board meetings are documented through written minutes of the meeting.

Directors may request any information necessary to fulfill their duties. Outside of meetings, any Director may request information from members of the Executive Committee concerning the Group's business development. Requests for information must be addressed to the Chairman of the Board.

The Board of Directors has formed the following committees:

Audit, Finance, Risk, Quality & Compliance Committee

Jakob Baer (Chairman), Andreas Schmid and Timothy E. Minges.

The role of the AFRQCC is to assist the Board of Directors in carrying out its responsibilities. The Board of Directors has not delegated any decision power to the AFRQCC. The primary task of the Audit, Finance, Risk, Quality & Compliance Committee (AFRQCC) is to assist the Board in carrying out its responsibilities and make recommendations regarding the company's accounting policies, financial reporting, internal control system, legal and regulatory compliance and quality management. In addition, the AFRQCC reviews the basic risk management principles and guidelines, the hedging and financing strategies as well as the bases upon which the Board of Directors determines risk tolerance levels and limits for exposures of raw material positions. For details of the risk management system, see note 7 to the Financial Statements of Barry Callebaut AG on page 142 and notes 26 and 30 to the Consolidated Financial Statements on pages 115–126 and 132.

The AFRQCC further assists the Board of Directors in fulfilling its oversight responsibility of the external auditors. The AFRQCC recommends the external auditors, reviews their qualification and independence, the audit fees, the external audit coverage, the reporting to the Board and/or the Audit Committee, and assesses the additional non-audit services as well as the annual financial statements and the notes thereto. The external auditors attended one meeting of the Audit, Finance, Risk, Quality & Compliance Committee in fiscal year 2013/14; furthermore, the Chairman of the AFRQCC met the lead external auditor three times outside AFRQCC meetings.

Barry Callebaut has its own Internal Audit Department. The Internal Audit function reports to the Chairman of the AFRQCC. The scope of internal auditing encompasses the examination and evaluation of the adequacy and effectiveness of the organization's system of internal control and the quality of performance in carrying out assigned responsibilities. Significant findings of the Internal Audit Department as well as the respective measures of the Management are presented and reviewed in the meetings of the AFRQCC and of the Board of Directors. The AFRQCC reviews the annual plan of the Internal Audit Department based on a risk assessment. In the last fiscal year, the Internal Audit Department was supported on two projects by third-party experts.

Pursuant to the Group's "Fraud Response and Whistleblowing Policy", the Fraud Committee, chaired by the Group's General Counsel, evaluates and, as the case may be, investigates alleged violations of the Code of Conduct under the supervision of the Chairman of the AFRQCC. The Fraud Committee reports all pending cases to the AFRQCC on a regular basis.

The AFRQCC meets as often as business requires, but at least three times per fiscal year. The meetings usually take place in Zurich. In the last fiscal year, the committee met six times. The meetings lasted two to three hours. One of the meetings took place in the form of a conference call and one in the context of the Board's three-day visit to Brussels/Wieze, Belgium.

Nomination & Compensation Committee

James L. Donald (Chairman), Fernando Aguirre, Nicolas Jacobs, Ajai Puri

The role of the Nomination & Compensation Committee (NCC) is to assist the Board of Directors in carrying out its responsibilities. The Board of Directors has not delegated any decision power to the NCC. The responsibilities of the NCC are to make recommendations to the Board with respect to the selection, nomination, compensation, evaluation, and, when necessary, the replacement of key executives. The NCC establishes jointly with the CEO a general succession planning and development policy. The committee also reviews and recommends the remuneration to be paid to members of the Board of Directors and the Executive Committee. It also ensures a transparent Board and Executive Committee nomination process and evaluates potential conflicts of interest involving executive management and Board members. The NCC monitors the developments of the regulatory framework for compensation of the top management and the Board of Directors on an ongoing basis and develops suggestions for the respective adaptations of Barry Callebaut's compensation system, e.g. the changes necessary for the implementation of the requirements of the Swiss Federal Council's "Ordinance against Excessive Compensation at Listed Joint-Stock Companies" ("OaEC"). For the implementation of the OaEC, the NCC was assisted by an ad hoc committee consisting of the Chairman and the Vice Chairman of the Board of Directors, Jakob Baer and the Group CFO ("OaEC"-Committee). The OaEC-Committee held three meetings of two hours during the last fiscal year.

The NCC meets as often as business requires, but at least three times per fiscal year. The meetings usually take place in Zurich. Last year, the committee met five times, one of which was in the form of a conference call. The meetings lasted for two hours. One of the meetings took place in the context of the Board's three-day visit to Brussels/Wieze, Belgium.

Executive Committee

The Executive Committee consists of seven functions and is headed by the Chief Executive Officer. For external activities of each member of the Executive Committee, see the respective curriculum vitae.

Name	Function	Nationality	Member since
Juergen Steinemann	Chief Executive Officer	German	2009
Victor Balli	Chief Financial Officer	Swiss	2007
Peter Boone	Chief Innovation & Quality Officer	Dutch	2012
Massimo Garavaglia	Western Europe	Italian	2004
David S. Johnson	Americas	U.S.	2009
Dirk Poelman	Chief Operations Officer (COO)	Belgian	2009
Steven Retzlaff	Global Cocoa	U.S./Swiss	2008

Juergen Steinemann
Chief Executive Officer,
German national

Juergen Steinemann (1958) was appointed Chief Executive Officer of Barry Callebaut AG in August 2009.

Before joining Barry Callebaut, Juergen Steinemann served as a member of the Executive Board of Nutreco and as Chief Operating Officer since October 2001. Nutreco, quoted on the Official Market of Euronext Amsterdam, is a leading global animal nutrition and aquaculture company, headquartered in the Netherlands.

From 1999 to 2001, Juergen Steinemann served as Chief Executive Officer of Unilever's former subsidiary Loders Croklaan, which produced and marketed specialty oils and fats for the chocolate, bakery and functional foods industry. Between 1990 and 1998, Juergen Steinemann was with the former Eridania Béghin-Say Group, where he held various senior positions in business-to-business marketing and sales, ultimately in the "Corporate Plan et Stratégie" unit at the head office in Paris.

Since April 2014, Juergen Steinemann has been member of the Board of Directors of Lonza Group AG, Switzerland. Since 2014, he is also Vice Chairman of the World Cocoa Foundation.

Juergen Steinemann graduated from his economics/business studies at the European Business School in Wiesbaden (Germany), London, and Paris in 1985.

Victor Balli
Chief Financial Officer,
Swiss national

Victor Balli (1957) was appointed Chief Financial Officer and member of the Executive Committee of Barry Callebaut AG in February 2007.

Before joining Barry Callebaut, Victor Balli was with Minibar since 1996. He began his career at Minibar as Chief Financial Officer and additionally held the position of Chief Executive Officer EMEA as of 2005. During this time, he also served as executive director and board member of several group companies of Niantic, a family investment holding. From 1991 to 1995, he worked as a Principal with Adinvest AG, a corporate finance advisory company with offices in Zurich, San Francisco, New York, and London. From 1989 to 1991, Victor Balli served as Director of Corporate Finance with Marc Rich & Co. Holding in Zug. He started his professional career in 1985, working as a Financial Analyst& Business Development Manager with EniChem International SA in Zurich and Milan.

Victor Balli holds a Master's degree in Economics from the University of St. Gallen and a Master's degree in Chemical Engineering from the Swiss Federal Institute of Technology, Zurich.

Massimo Garavaglia
President Western Europe,
Italian national

Massimo Garavaglia (1966) was appointed President Western Europe in June 2009 and is a member of the Executive Committee of Barry Callebaut AG. Prior to this, he served as President Region Americas for three years.

From 1990 to 1992, Massimo Garavaglia was sales manager for an Italian food products importer. He joined Callebaut Italy S.p.A. in 1992 as country manager for Italy. After the merger between Callebaut and Cacao Barry in 1996, he was Barry Callebaut's country manager in Italy until 2003. From 2003 until September 2004, he headed the region consisting of the Mediterranean Countries/Middle East/Eastern Europe. From September 2004 until 2006, he was President Food Manufacturers.

Massimo Garavaglia holds a Master's degree in Economics and Business Administration from Bocconi University, Milan.

David S. Johnson
CEO and President Americas,
U.S. national

David S. Johnson (1956) was appointed Chief Executive Officer and President Americas in May 2009, and is a member of the Executive Committee of Barry Callebaut AG.

Before joining Barry Callebaut, David Johnson served as Chief Executive Officer and member of the board of Michael Foods, Inc., a food processor and distributor headquartered in Minnetonka, Maine, U.S.

From 1986 to 2006, David Johnson was with Kraft Foods Global, Inc. At Kraft Foods, where he held several senior positions in different divisions, including marketing, strategy, operations, procurement and general management. His last position was President Kraft North America and Corporate Officer Kraft Foods Global, Inc. He started his career in 1980 at RJR Nabisco.

David Johnson is a member of the Board of Directors of Arthur J. Gallagher & Co., an international insurance brokerage and risk management company with headquarters in Itasca, Illinois, U.S.

David Johnson holds both a Bachelor's and a Master's degree in business from the University of Wisconsin.

Dirk Poelman
Chief Operations Officer,
Belgian national

Dirk Poelman (1961) was appointed Chief Operations Officer (COO) in September 2006 and member of the Executive Committee in November 2009, as well as Chief Innovation Officer (CIO) ad interim from June to December 2012. Since 1984, he has been working with Callebaut – which merged with Cacao Barry in 1996 – in various positions and countries: first as Engineering Manager, then as Production Manager, Operations Director and Chief Manufacturing Officer.

In 1997, Dirk Poelman became Executive Vice President Operations, responsible for the operations of the Group, and a member of the Senior Management Team. In 2004, he was appointed Vice President Operations and Research & Development.

Dirk Poelman holds an industrial engineering degree in electromechanics from the Catholic Industrial High School in Aalst, Belgium.

Steven Retzlaff (1963) was appointed President Global Cocoa (until August 2013 Global Sourcing & Cocoa) and member of the Executive Committee of Barry Callebaut AG in January 2008.

Steven Retzlaff started his career in 1987 at KPMG Peat Marwick, San Francisco, where he became a Certified Public Accountant. In 1990, he transferred to the Zurich office of KPMG, where he worked until 1993. He then joined JMP Newcor AG, Zug, as Director of European Finance and Operations, where he worked for three years.

Steven Retzlaff joined Barry Callebaut as Chief Financial Officer of Barry Callebaut Sourcing AG in 1996. From 1999 to 2001, he served as CFO Swiss Operations (BC Sourcing AG and BC Switzerland AG). From 2001 to 2003, he was Chief Financial Officer of the business unit Cocoa, Sourcing & Risk Management, and from 2003 to 2004 he worked as the Cocoa Division Head. In 2004, he was appointed President Sourcing & Cocoa and member of the Senior Management Team in Zurich. From September 2006 until December 2007, he focused on developing the Group's global compound business.

Steven Retzlaff holds a Bachelor of Arts in Economics from Whitman College. He also studied at the Institute of European Studies in Madrid and at INSEAD in Fontainebleau.

Steven Retzlaff
President Global Cocoa, U.S. and Swiss national

Peter Boone (1970) was appointed to the position of Chief Innovation Officer and member of the Executive Committee at Barry Callebaut in December 2012 and also has assumed responsibility for Quality Assurance since June 2013.

From November 2010 to December 2012, Peter Boone worked with Unilever as Chief Marketing Officer responsible for Australia and New Zealand. He was a member of the regional executive board. In his function as Chief Marketing Officer, he was responsible for the marketing of all brands in all categories in Australia and New Zealand.

Peter Boone started his career at the Information Services division of ITT Corp., where he worked in various marketing roles. In 1996, he joined Unilever as a Strategy Analyst at the Head Office in Rotterdam (the Netherlands). Peter Boone also held other positions at Unilever such as Global Vice President Spreads & Cooking Products Category, Global Vice President Brand Development at the Unilever Headquarters in Rotterdam, the Netherlands, and Vice President Marketing & Sales Latin America Foods Solutions based in São Paulo, Brazil.

Peter Boone holds a Doctorate in Business Administration (PhD) from the Erasmus University in Rotterdam (the Netherlands).

Peter Boone
Chief Innovation & Quality Officer, Dutch national

Shareholders' participation
Each share of Barry Callebaut AG carries one vote at the General Meeting. Voting rights may be exercised only after a shareholder has been registered in the Barry Callebaut AG share register as a shareholder with voting rights.

No shareholder holding more than 5% of the share capital may be registered as a shareholder with voting rights with respect to the shares such shareholder holds in excess thereof. For purposes of the 5% rule, groups of companies and groups of shareholders acting in concert or otherwise related are considered to be one shareholder.

Shareholders may register their shares in the name of a nominee approved by Barry Callebaut AG and may exercise their voting rights by giving instructions to the nominee to vote on their behalf. However, a nominee holding more than 3% of the share capital will be registered as nominee for shareholders with voting rights only if it discloses the identity of each beneficial owner of shares claiming 0.5% or more of the share capital. No nominee holding more than 8% of the share capital may be registered as a shareholder with respect to the excess shares. The Board of Directors may, however, on a case-by-case basis, permit some or all of the excess shares to be registered with voting rights. In fiscal year 2013/14, no such exception was requested.

A resolution passed at the General Meeting with a majority of at least two thirds of the shares represented at such meeting is required to lift the restrictions on the transferability of registered shares. Shareholders may be represented at the General Meeting by another shareholder or the independent proxy pursuant to the OaEC. The Articles of Incorporation follow the majority rules and the provisions on convocation prescribed by the Swiss law concerning general meetings of shareholders. Shareholders with voting rights holding shares representing in total at least 0.25% of the share capital or the voting rights have the right to request in writing – giving at least 60 days' notice – that a specific proposal be discussed and voted upon at the next General Meeting.

Shareholders registered in the share register with voting rights at the date specified in the invitation will receive an invitation to the General Meeting. Barry Callebaut is offering its shareholders to register with the online platform "Sherpany" and thus the possibility to submit their voting instructions to the independent proxy in an efficient manner. The published disclosures on significant shareholders of Barry Callebaut AG are accessible via the disclosure platform of SIX Exchange Regulation: www.six-exchange-regulation.com/obligations/disclosure/major_shareholders_en.html.

Change of control and defense measures
An investor who acquires 33.33% of all voting rights has to submit a take over offer for all shares outstanding, according to the Swiss Stock Exchange Law. Barry Callebaut has not elected to change or opt out of this rule.

The employment contracts of the members of the Executive Committee are open-ended and contain notice periods of 6 to 12 months, during which they are entitled to full compensation.

External auditors

At the Annual General Meeting of Shareholders of Barry Callebaut AG on December 8, 2005, the shareholders voted to appoint KPMG AG, Zurich, as statutory auditors. The statutory auditors are appointed annually by the General Meeting for a one-year term of office. The current auditor in charge has exercised this function since fiscal year 2011/12. Pursuant to the Swiss regulations, he remained in this function until and including the fiscal year under review.

For the fiscal year 2013/14, the remuneration for the audit of the accounting records and the financial statements of Barry Callebaut AG, and the audit of the consolidated financial statements, amounted to CHF 2.6 million. This remuneration is evaluated by the AFRQCC in view of the scope and the complexity of the Group. The performance of the auditors is monitored by the AFRQCC, to which they present a detailed report on the result of the audit of the Group. Prior to the presentation to the AFRQCC, the lead auditor reviews the audit findings with the Chairman of the AFRQCC without the presence of any members of the management.

KPMG received a total amount of CHF 0.2 million for additional services, i.e. for transaction and other advisory (incl. due diligence). Adequate measures for the avoidance of potential conflicts of interests between the different services provided by KPMG were observed.

Information policy

Barry Callebaut is committed to continuous and open communication with its shareholders, potential investors and other stakeholders based on the principles of transparency and equal treatment, i.e. simultaneous provision of price-sensitive information and no selective disclosure.

The Group provides detailed information on its business activities and financial performance in its Annual and Half-year reports and press releases, at conferences for media and financial analysts as well as at the Annual General Meeting of Shareholders. Further, representatives of the Group regularly meet (current and potential) investors in personal meetings and present Barry Callebaut at industry events and investor conferences.

Presentations are also made available on the Group's website, which is updated continuously. The financial calendar for the fiscal year 2013/14 and contacts are given on page 170.

The published media releases of Barry Callebaut are accessible via www. barry-callebaut.com/51. To subscribe to Barry Callebaut's electronic news alerts, please go to: www.barry-callebaut.com/55.

Report on Top Management Compensation

General remarks regarding the executive remuneration at Barry Callebaut

This section of the Corporate Governance Report has been established pursuant to the Directive on Information Relating to Corporate Governance issued by the SIX Exchange Regulation. The rules of the "Ordinance against Excessive Compensation with respect to Listed Stock Corporations" will only become applicable to Barry Callebaut's compensation report for the fiscal year 2014/15.

The Board of Directors has the final responsibility for the remuneration of the Directors and the Executive Committee. The Nomination & Compensation Committee assists the Board in fulfilling its responsibility by evaluating the remuneration strategy and proposing individual compensation packages for the Executive Committee members and other key members of the management.

The Board of Directors, following the review and recommendation of the Nomination & Compensation Committee, approved a revised Executive Total Reward Policy in September 2014, which aims to offer an overall remuneration package which is aligned with corporate and individual value contribution and market practice, in order to attract and retain Directors and Executives with the necessary skills.

Remuneration of the Board of Directors

The remuneration structure of the Board of Directors is determined at the discretion of the Board of Directors and not linked to any external benchmarks. It is comprised of fixed directors' fees and grants of Barry Callebaut AG share awards. The share awards granted to the members of the Board of Directors vest after one year and the respective shares are transferred without further restrictions.

For the disclosure of the compensation of the Board of Directors in the fiscal year 2013/14, please see note 6 to the Financial Statements of Barry Callebaut AG on pages 140–141, and reproduced on the following page.

Board of Directors (BoD)	Compen-sation fix	Compen-sation variable	Other compen-sation[3]	Total cash-related remuneration	Number of shares[4]	Value of shares[5]	Total remuneration 2013/14	Total remuneration 2012/13
in thousands of CHF								
Andreas Jacobs Chairman/Delegate	400.0	–	–	400.0	500	498.6	**898.6**	833.8
Andreas Schmid Vice Chairman Member of the AFRQCC[6]	180.0	–	84.0	264.0	180	179.5	**443.5**	400.3
Ajai Puri Member of the NCC[7]	125.0	–	–	125.0	180	179.5	**304.5**	281.2
James L. Donald Chairman of the NCC	140.0	–	–	140.0	180	179.5	**319.5**	296.2
Jakob Baer Chairman of the AFRQCC	140.0	–	35.2	175.2	180	179.5	**354.7**	328.0
Markus Fiechter[8] Member of the AFRQCC	62.5	–	55.0	117.5	–	–	**117.5**	305.3
Nicolas Jacobs[9] Member of the NCC[7]	125.0	–	38.0	163.0	180	179.5	**342.5**	226.2
Timothy E. Minges[10] Member of the AFRQCC	125.0	–	–	125.0	180	179.5	**304.5**	74.5
Fernando Aguirre[10] Member of the NCC[7]	125.0	–	–	125.0	180	179.5	**304.5**	74.5
Stefan Pfander[10] Member of the NCC	0.0	–	–	–	–	–	**–**	62.5
Total remuneration Board of Directors	**1,422.5**	**–**	**212.2**	**1,634.7**	**1,760**	**1,755.1**	**3,389.8**	**2,882.5**

3 Including social security and pension contributions as well as other benefits.
4 Number of shares granted in relation to the fiscal year under review; vesting subject to meeting service and/or performance conditions. Grants to BoD are based on the calendar year.
5 Value defined as closing share price at grant date, which might be historical rates before the fiscal year under review.
6 Audit, Finance, Risk, Quality & Compliance Committee.
7 Nomination & Compensation Committee.
8 Services rendered by Markus Fiechter as a member of the BoD until and including October 2012 were covered by the service fee charged by Jacobs Holding AG (see also note 27 of the Consolidated Financial Statements of Barry Callebaut Group). As from November 2012, he received the regular compensation for the members of the BoD. At the General Assembly held on December 11, 2013, Markus Fiechter resigned.
9 Nicolas Jacobs was elected as member of the BoD at the General Assembly held on December 5, 2012. At the same time, Stefan Pfander, who was formerly serving as BoD member and member of the NCC, resigned.
10 At the Extraordinary General Assembly held on April 22, 2013, Timothy E. Minges and Fernando Aguirre were elected members of the BoD.

Remuneration of the Executive Committee
The current top executive remuneration scheme is not linked to any external benchmarks. The individual packages are determined at the discretion of the Board of Directors based on the Executive Total Reward Policy as defined by the Board of Directors and considering market data from various sources, position size, the profile of and the negotiations with the respective manager. The remuneration framework for the Executive Committee of Barry Callebaut consists of four compensation elements: a fixed annual base salary, an annual short-term cash bonus pursuant to the Company's Short-Term Incentive Plan, a long-term incentive comprised of a share grant pursuant to the Company's Long-Term Incentive Plan and other benefits.

Short-term incentive plan (STIP)
Pursuant to Barry Callebaut's Executive Total Rewards Policy, the short-term bonus under the STIP has a target weight in the total remuneration of the members of the Executive Committee of 25–35%, and in the case of the CEO of 20–30%. The target short-term bonus is 100% of the fixed annual base salary of each Executive Committee member. The short-term bonus payout is linked to meeting certain performance criteria with respect to one fiscal year. The maximum payout to the members of the Executive Committee is capped at 150% of the target payout, depending on the achievement of the performance criteria. These performance criteria for the members of the Executive Committee have been defined by the Board of Directors upon evaluation and recommendation of the NCC. For the current fiscal year, the bonus of the Executive Committee depends to 20% for the Group CEO and CFO, and to 25% for the other Executive Committee members respectively, on the achievement of individual strategic targets and to 80%, and 75% respectively, on the achievement of financial business targets. The financial business targets are divided into the following sub-targets (the percentage figures indicating the weight of the respective target within the respective financial business targets):

	CEO/CFO	Presidents	COO/CIO
Group EBIT	25%	20%	40%
Group EBIT/MT	15%	–	15%
Group volume	20%	–	25%
EVA	20%	–	–
Earnings per share	20%	–	–
Regional EBIT	–	35%* 20%**	–
Regional EBIT/MT	–	15%**	–
Regional volume	–	25%	–
Working capital	–	20%	20%

* President Global Cocoa ** Presidents Western Europe/Americas

Long-Term Incentive Plan (LTIP)
Pursuant to Barry Callebaut's Executive Total Reward Policy, the long-term incentivation shall have a weight in the total remuneration of the members of the Executive Committee of 30–50%, and in the case of the CEO of 40–60%. In the fiscal year under review, the Board of Directors with the assistance of the NCC and external advice from consultants of Mercer and EY has developed a new LTIP to be implemented in the fiscal year 2014/15.

Deferred Share Plan 2011–14: The granting of shares to management for the past three fiscal years has been regulated by a Deferred Share Plan 2011–14. For this period (the "Grant Cycle"), an annual share value has been determined by the Board of Directors for each individual plan participant. The number of share awards to be granted to each participant with respect to each fiscal year was calculated by dividing the annual share grant value by the average closing price of Barry Callebaut shares during the last three months of the previous fiscal year. The granted share awards vested according to the following schedule: 30% after one year, 30% after two years and 40% after three years. Actual shares were transferred upon vesting of the share awards. The vesting was subject to service criteria but not subject to any performance criteria. However, in addition, each participant was entitled to receive an upside bonus calculated on each share award granted during the Grant Cycle, i.e. over the past three years. This upside bonus was payable if the average share price over the past three months at the end of the Grant Cycle exceeded a certain hurdle share price defined by the Board of Directors at the onset of the Grant Cycle (which is defined as the share price at the onset multiplied with a 3-year, "CAGR", of 7%). The rationale for the upside bonus was to compensate the Management for a change from the system of share award grants based on fixed amount of shares to a system of share award grants based on grant values. As the share price development of Barry Callebaut over the past three years exceeded the hurdle share price defined by the Board of Directors, the participants of the Deferred Share Plan 2011–14 received an upside bonus, amounting to CHF 10,971,901 of which CHF 6,708,526 were paid out to the Executive Committee. The respective amounts are included under "Compensation variable" in the remuneration of the Executive Committee in note 6 to the Financial Statements of Barry Callebaut AG on pages 140–141, reproduced on the following page. Thus, on average, the members of the Executive Committee each received retroactively an additional variable compensation of CHF 319,453 per year for the past three years in view of the share price over-performance of Barry Callebaut. During the same period, a total shareholder return of CHF 1,362 million was created.

Executive Committee	Compen-sation fix	Compen-sation variable[2]	Other compen-sation[3]	Total cash-related remuneration	Number of shares[4]	Value of shares[5]	Total remuneration 2013/14	Total remuneration 2012/13
in thousands of CHF								
Remuneration Executive Committee[11]	**3,923.4**	**10,686.0**	**2,275.4**	**16,884.8**	**8,876**	**7,842.1**	**24,726.9**	**17,359.1**
Highest individual remuneration within Executive Committee: **Juergen Steinemann** CEO Barry Callebaut Group	1,130.0	2,083.9	1,305.1	4,519.0	3,892	3,431.0	**7,950.0**	6,632.2

2 Includes upside bonus pursuant to the deferred share plan 2011–14, which led to an extraordinary payout of CHF 6.7 million to the Executive Committee as a result of the overperformance of the share price versus target share price over the past three fiscal years.

3 Including social security and pension contributions as well as other benefits.

4 Number of shares granted in relation to the fiscal year under review; vesting subject to meeting service and/or performance conditions. Grants to BoD are based on the calendar year.

5 Value defined as closing share price at grant date, which might be historical rates before the fiscal year under review.

11 Disclosure relates to the Executive Committee as in place on August 31, 2014, i.e. Juergen Steinemann, Victor Balli, Massimo Garavaglia, David S. Johnson, Steven Retzlaff, Dirk Poelman and Peter Boone.

Long-term Incentive Plan 2014: As from the current fiscal year, the long-term incentivation of the top management is based on the new Long-term Incentive Plan 2014 ("LTIP") which the Board of Directors approved in September 2014. The LTIP is an open-ended deferred share plan. The granting of the shares is unchanged to the previous plan, i.e. the granting is based on a grant value determined by the Board of Directors annually for each plan participant in a discretionary manner within the framework of the Board's Executive Total Reward Policy. The grant value for each LTIP participant is divided by the average share price during the last three months of the preceding fiscal year, which determines the total number of share awards granted to each LTIP participant in view of the services of the LTIP participant of the respective year. These defined share awards vest in three tranches over three years, i.e. 30% after one year, 30% after two years and 40% after three years from the granting date. The first two 30%-tranches are only subject to the LTIP participant continuing to be employed by Barry Callebaut. The final 40% tranche is also subject to meeting a performance criterion, which is defined as the relative performance (three-year CAGR) of the Barry Callebaut share versus the share performance of a peer group. The relevant share prices are calculated as average closing price over the three months preceding the fiscal year end. The peer group consists of three sub-groups of chocolate, fast moving consumer goods and ingredients companies. The reference share price is calculated as the equally weighted performance of the sub-groups' average share performance. The amount of share awards to vest from the final tranche may be higher or lower than the originally granted number of share awards, depending on the relative over- or under-performance of the Barry Callebaut share versus the benchmark share price of the peer group. There is a cap on the maximum number of shares (at 5% per annum relative share price over-performance) and a floor (at –5% per annum under-performance) for the number of share awards to vest. Share price over-performance is incentivized by an accelerator of 2.25. Therefore, considering the maximum variance of the vesting from the performance-related final tranche, each LTIP participant may eventually receive, subject to continued employment, a number of shares which corresponds to a minimum of 75% and a maximum of 150% of the originally granted total number of share awards for the respective year. Shares are only transferred upon the vesting of the respective share awards. Once the shares are transferred, they are free of any sales restrictions.

Other benefits
Other benefits awarded to the top management of Barry Callebaut depend on the level of benefits pursuant to market practice, mandatory benefits of the jurisdiction applicable to the respective employment relationship and the composition of the respective overall package.

Consideration paid for services of the majority shareholder
In line with the practice of the past years, Barry Callebaut AG and Jacobs Holding AG, Zurich, have entered into an auxiliary services agreement, under which Jacobs Holding AG offers to Barry Callebaut AG certain management and consultancy services. In the fiscal year 2013/14, the total compensation paid by Barry Callebaut AG under this agreement amounted to CHF 1.5 million (excl. VAT). The contract is renewable annually.

A

ACTICOA™
A process developed by Barry Callebaut which conserves to a very high degree the polyphenols naturally present in the cocoa bean, that may otherwise be destroyed during the chocolate production process.

B

Butter
Refers to cocoa butter, the fat of the cocoa bean.

British Retail Consortium (BRC)
BRC is one of the five food safety standards recognized by the Global Food Safety Initiative, a platform that groups global retailers and a large number of food manufacturers.

C

Cocoa butter ratio
Price of 1 tonne of cocoa butter relative to the price of 1 tonne of cocoa beans.

Cocoa Horizons
In 2012, Barry Callebaut launched its CHF 40 million cocoa sustainability initiative to boost farm productivity, increase quality and improve family livelihoods in key cocoa producing countries over the next ten years.

Cocoa powder ratio
Price of 1 tonne of cocoa powder relative to the price of 1 tonne of cocoa beans.

Combined cocoa ratio
Combined sales prices for cocoa butter and cocoa powder relative to the cocoa bean price.

Compound
Consists of a blend of sugar, vegetable oil, cocoa liquor, powder and other products. Vegetable oil is substituted for cocoa butter to reduce product cost and to develop special melting profiles.

Conche
A large tank with a powerful stirring device inside that kneads the chocolate mixture slowly over a long time. Contact with air, heat and friction results in several different physical and chemical processes, necessary for the final taste and mouthfeel of the chocolate.

Controlled Fermentation
Barry Callebaut developed a way to "control" and optimize cocoa fermentation. With the so-called Controlled Fermentation method, defined microorganisms provide a consistent, predictable and 100% "superior grade" cocoa bean quality. This in turn leads to improved flavor characteristics, zero default cocoa beans, enhanced levels of functional components (e.g. flavanols), and improved processability.

Criollo
Criollo is known as the prince among cocoa trees. This variety is fragile and produces small harvests. It grows primarily in South and Central America, and accounts for only 10% of the world crop. The cocoa has a pale color and a unique aroma. It is used in the production of high-quality chocolate and for blending.

D

Dark chocolate
Dark chocolate is chocolate that contains more than 43% cocoa solids coming from cocoa liquor and butter. This is the chocolate most often used for premium chocolate confections. Besides cocoa ingredients, it contains sugar, vanilla, and often lecithin.

Drying
After fermentation, the beans still contain 60% moisture, which must be reduced to 8% or less in order to ensure optimum conservation during storage and transportation. Drying can either be done by spreading the beans out in the sun or by placing them on a heated surface or by hot air. Thorough drying avoids the formation of molds.

Dutching
A treatment used during the making of cocoa powder in which cocoa solids are treated with an alkaline solution to neutralize acidity. This process darkens the cocoa and develops a milder chocolate flavor.

E

EBIT
Operating profit (Earnings Before Interest and Taxes).

EBITDA
Operating profit before depreciation and amortization (Earnings Before Interest, Taxes, Depreciation and Amortization).

EVA
Economic Value Added or EVA, is an estimate of a firm's economic profit – being the value created in excess of the required return of the company's investors (being shareholders and debt holders). In other words: EVA is the profit earned by the firm less the cost of financing the firm's capital.

F

Fermentation
Fermentation is a delicate stage in cocoa bean processing. Beans and pulp are heaped in piles, covered with banana leaves or put in boxes and left to ferment for several days. During fermentation, the beans lose their natural bitterness and astringency.

Flavanol
A specific type of polyphenol, known for its antioxidant activity.

Forastero
Forastero are the most commonly grown and used cocoa beans. Compared to Criollo, Forastero is a stronger tree that is easier to cultivate and produces higher yields. They make up about 90% of the world's production and are grown mainly in West Africa. The cocoa has a pungent aroma.

G

Global Reporting Initiative (GRI)
The Global Reporting Initiative (GRI) is a non-profit organization that promotes economic, environmental and social sustainability. GRI's Sustainability Reporting Framework enables all companies and organizations to measure and report their sustainability performance. By reporting transparently and with accountability, organizations can increase the trust that stakeholders have in them, and in the global economy.
www.globalreporting.org

I

Industry Protocol
Also known as Harkin-Engel Protocol. The Protocol was signed in 2001 by cocoa and chocolate manufacturers, industry and trade associations, government organizations and NGOs in response to reports of children working under abusive labor conditions on cocoa farms in West Africa. The signatories condemned abusive labor practices, in particular the worst forms of child labor as defined by the International Labor Organization (ILO), and committed to work together to address the issue. Barry Callebaut is a signer of the Protocol.

L

Liquor
Also known as cocoa liquor or cocoa mass. The thick liquid paste that is produced in the grinding process.

M

Milk chocolate
Chocolate with at least 25% cocoa solids coming from cocoa liquor and butter to which powdered milk, sugar, vanilla, and lecithin has been added. Good milk chocolate contains 30% chocolate liquor. Premium milk chocolate contains even more.

Molding
The process of creating figures and shapes out of chocolate. Chocolate is melted to 45 °C, then cooled below its crystallization point, then heated again to 30 °C. Following this tempering process, the chocolate is poured onto the inner surface of the molds, also heated to 30 °C. After cooling, the final product is unmolded to reveal a glossy chocolate figure.

N

Nib
The cocoa bean without shell.

P

Polyphenols
Cocoa beans contain polyphenols of unusually high quality and effectiveness. Some display antioxidant properties. By inhibiting oxidation, they protect body cells from damage caused by the oxidative effects of free radicals, which contribute to the aging process and to certain heart and brain diseases.

Powder
Refers to cocoa powder and is the product that remains when a large part of the cacao butter is removed from the cocoa liquor.

R

Roasting
Roasting is a heating process aimed at developing the chocolate aroma. Roasting certain foods not only makes them more digestible, but also more aromatic. Cocoa beans are roasted to a greater or lesser extent depending on what they are being used for. Cocoa powder needs more intense roasting, whereas chocolate requires finer roasting.

S

Semi-finished products
Examples include cocoa liquor, cocoa butter and cocoa powder. Also called cocoa products.

T

Trinitario
Trinitario beans are a cross of Criollo and Forastero cocoa. It has characteristics of both: The trees are easy to cultivate, and the cocoa beans have a strong, but relatively refined aroma.

V

Viscosity
The measure of the flow characteristics of a melted chocolate.

Vegetable fats
Sometimes used as a less expensive alternative to cocoa butter in chocolate products.

W

White chocolate
White chocolate is made from cocoa butter (at least 20%), powdered milk, sugar, and vanilla. It contains no cocoa liquor, which explains the ivory color of white chocolate.

Information

Barry Callebaut
Annual Report 2013/14

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Financial calendar

December 10, 2014
Annual General Meeting of Shareholders 2013/14, Zurich

January 21, 2015
3-month key sales figures 2014/15

April 1, 2015
Half-year results 2014/15, Zurich

July 8, 2015
9-month key sales figures 2014/15

November 4, 2015
Full-year results 2014/15, Zurich

December 9, 2015
Annual General Meeting of Shareholders 2014/15, Zurich

Forward-looking statement

Certain statements in this Letter to Investors regarding the business of the Barry Callebaut Group are of a forward-looking nature and are therefore based on management's current assumptions about future developments. Such forward-looking statements are intended to be identified by words such as "believe", "estimate", "intend", "may", "will", "expect", "project" and similar expressions as they relate to the company. Forward-looking statements involve certain risks and uncertainties because they relate to future events. Actual results may vary materially from those targeted, expected or projected due to several factors. The factors that may affect the Barry Callebaut Group's future financial results are discussed in the Annual Report 2013/14. Such factors are, among others, general economic conditions, foreign exchange fluctuations, competitive product and pricing pressures, as well as changes in tax regimes and regulatory developments. The reader is cautioned to not unduly rely on these forward-looking statements that are accurate today, November 6, 2014. The Barry Callebaut Group does not undertake to publish any update or revision of any forward-looking statements.

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