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 Financial Statements

Barry Callebaut
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Consolidated Balance Sheet

Assets

as of August 31, in thousands of CHF	Notes	2014	2013 restated[1]	Sept 1, 2012 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, in thousands of CHF	Notes	2014	2013 restated[1]	Sept 1, 2012 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,		2013/14	2012/13[1]
in thousands of CHF	Notes		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,		2013/14	2012/13[1]
in thousands of CHF	Notes		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 in thousands of CHF	as originally published	Restatement IAS 19	restated
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 in thousands of CHF	as originally published	Restatement IAS 19	restated
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	Land and buildings	Plant and machinery	Office equipment, furniture and motor vehicles	Under construction	Total
in thousands of CHF					
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	Development 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	Development 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,	2014	2013
in million CHF		
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:

	2014	2013	2014	2013
		restated		restated
in thousands of CHF	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:

	2013/14	2012/13	2013/14	2012/13
		restated		restated
in thousands of CHF	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.