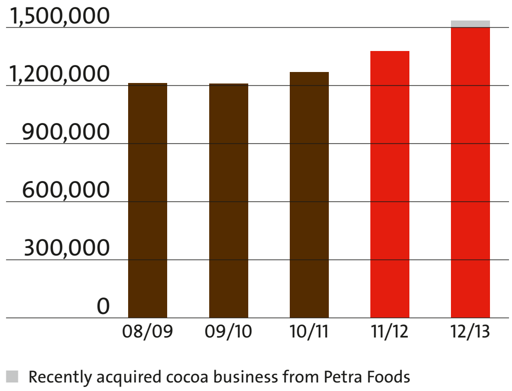
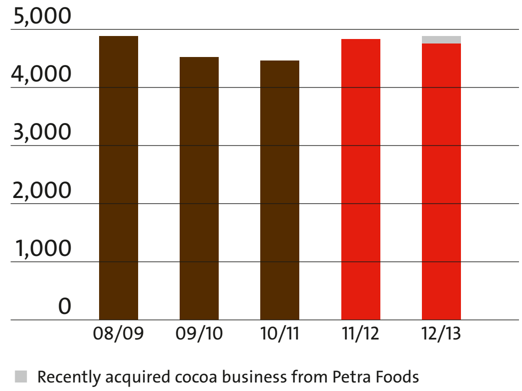
Annual Report 2012/13

Barry Callebaut

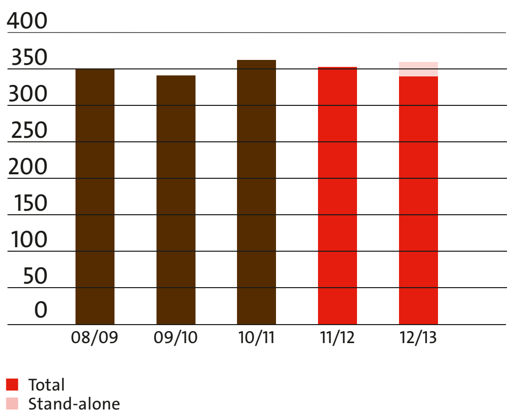
Sales volume
from continuing operations
in tonnes



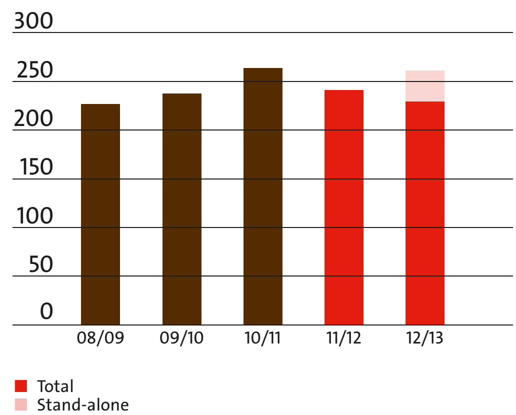
Sales revenue
from continuing operations
in CHF million



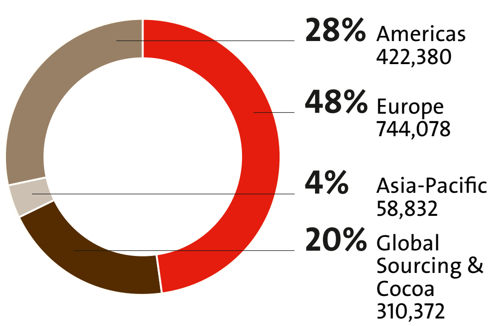
EBIT
from continuing operations
in CHF million



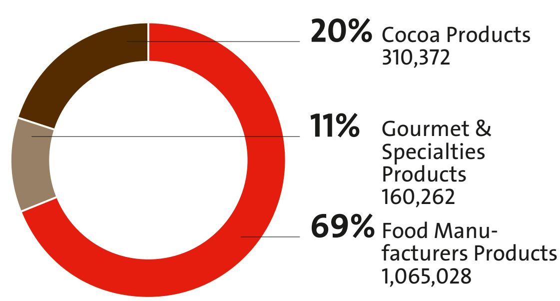
Net profit
from continuing operations
in CHF million



Sales volume by Region
from continuing operations
in tonnes



Sales volume by Product Group
from continuing operations
in tonnes

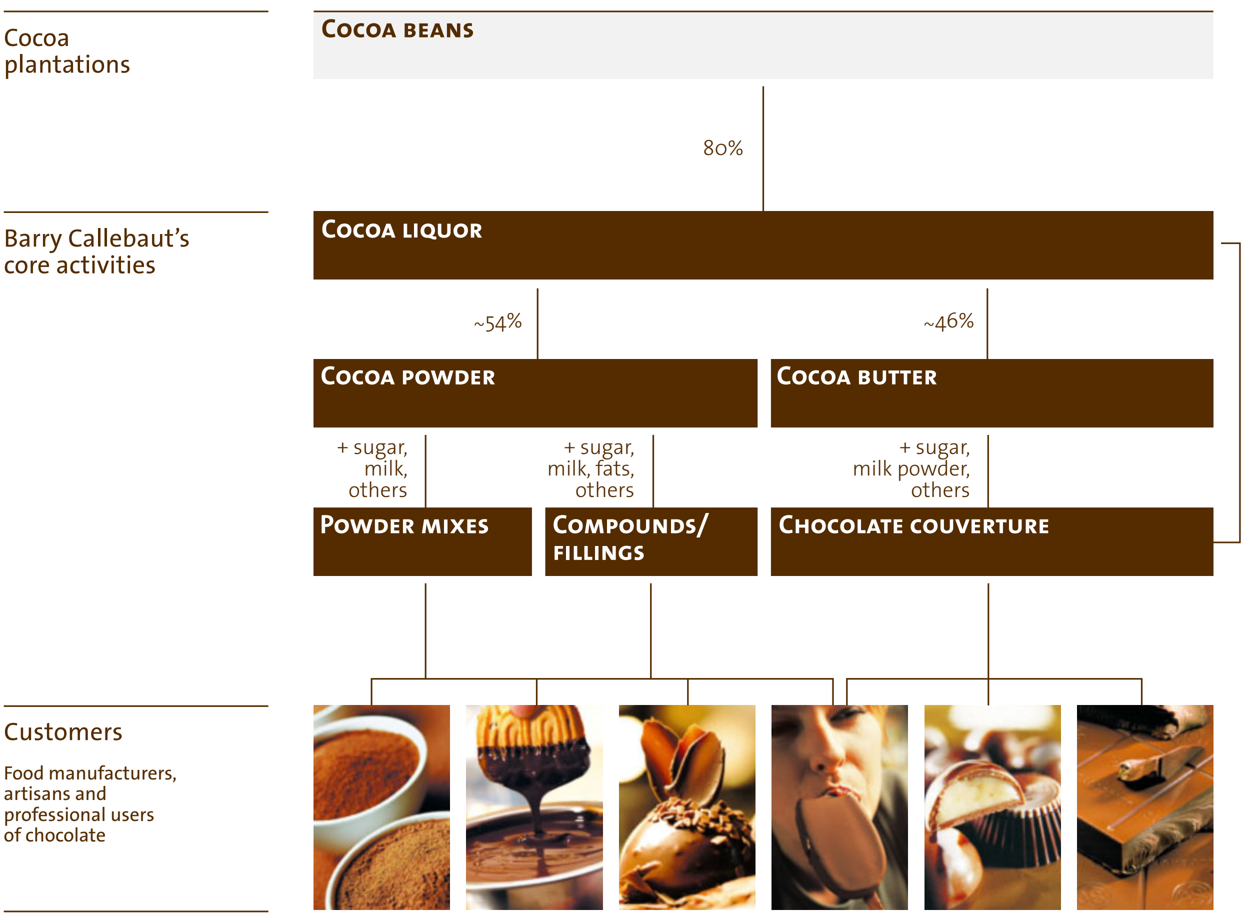


At a Glance

Barry Callebaut
Annual Report 2012/13

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

Our activities
Barry Callebaut is the world’s leading manufacturer of high-quality chocolate and cocoa products. In the industrial chocolate market, we have a 40% market share in the open market. That means we are present in every fifth chocolate product consumed around the world. We operate more than 50 chocolate and cocoa factories worldwide and are present in over 30 countries. As a business-to-business company, we serve the entire food industry, from industrial food manufacturers to professional or artisanal users of chocolate.



At a Glance

Barry Callebaut
Annual Report 2012/13

We apply an integrated business model for our most important raw material: cocoa. For the majority of our needs, we source cocoa directly and transform it together with other key ingredients into a broad offering of high-quality, innovative chocolate and cocoa products. To accommodate price fluctuations, most of our business is based on a cost-plus pricing system, that passes on raw material costs directly to our customers.

This year's acquisition of the cocoa business from Petra Foods represents an excellent strategic fit at the core of Barry Callebaut's business, supporting our further chocolate growth. It increased the company's cocoa grinding capacities by 60%, making us a world leading cocoa processor. The acquisition added seven cocoa factories to our worldwide network as well as more than 1,700 new colleagues, plus a strong know-how of the Asian markets. We also diversified our cocoa sourcing by adding Asia and South America as additional, strong sourcing bases next to West Africa. The transaction will strengthen our current and future strategic partnerships and enable us to become a proactive player in the fast-growing cocoa powder market.

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

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

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

Strategy

Barry Callebaut
Annual Report 2012/13

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

Expansion

Barry Callebaut wants to strengthen its position in the main markets of Western Europe and North America. In emerging markets, the company aims to unlock their full potential and will carefully evaluate how to enter other emerging markets. Implementing existing outsourcing volumes and strategic partnerships, as well as securing further outsourcing deals with regional and local food manufacturers, will remain an essential part of the business strategy. In parallel, Barry Callebaut intends to also accelerate the growth of its Gourmet business.

Innovation

Barry Callebaut is recognized as the reference for innovation in the chocolate industry. From its global innovation centers in Wieze (chocolate) and Louviers (cocoa), the company focuses on developing unique capabilities and expertise in four knowledge (discovery) areas: 1. scientific research into the cocoa bean; 2. the taste, smell, structure and mouthfeel of chocolate and cocoa products; 3. the purity and health aspects of products; 4. the development of next generation production processes. These are the areas that give Barry Callebaut a competitive edge and help the company to shape industry trends and respond to customer needs.

Cost Leadership

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

Sustainable Cocoa

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

Five reasons to invest in Barry Callebaut

1.

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

2.

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

3.

Leader in emerging markets with growing presence

4.

Recognized innovation leader

5.

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

Barry Callebaut is the heart and engine of the chocolate and cocoa industry. Our goal is to be Number 1 in all attractive customer segments and in all major world markets. Our knowledge of the chocolate and cocoa business and our innovative power make us the partner of choice.

Key figures

Barry Callebaut
Annual Report 2012/13

Consolidated Income Statement

for the fiscal year ended August 31,		Change (%) in local currencies	Change (%) in CHF	2012/13[1]	2011/12[1]
Sales volume	Tonnes		11.4%	1,535,662	1,378,856
Sales revenue	CHF m	0.6%	1.1%	4,884.1	4,829.5
Gross profit	CHF m	8.1%	8.3%	728.5	672.6
EBITDA[2]	CHF m	(0.1%)	0.2%	435.1	434.3
Operating profit (EBIT)	CHF m	(4.0%)	(3.9%)	339.6	353.2
Net profit from continuing operations[3]	CHF m	(5.4%)	(4.9%)	229.3	241. 1
Net profit for the year	CHF m	55.3%	56.1%	222.6	142.6
Cash flow[4]	CHF m	2.2%	2.5%	451.1	440.2

Stand-alone Income Statement[5]

for the fiscal year ended August 31,		Change (%) in local currencies	Change (%) in CHF	2012/13[1]	2011/12[1]
Sales volume	Tonnes		8.7%	1,498,632	1,378,856
Sales revenue	CHF m	(1.9%)	(1.5%)	4,756.4	4,829.5
Operating profit (EBIT)	CHF m	4.2%	4.4%	368.8	353.2
EBIT per tonne[6]	CHF	(4.1%)	(3.9%)	246.1	256.2

Consolidated Balance Sheet

as of August 31,			2013[1]	2012[1]
Total assets	CHF m	26.6%	4,527.1	3,576.6
Net working capital[7]	CHF m	29.5%	1,345.7	1,039.2
Non-current assets	CHF m	45.4%	2,072.1	1,424.8
Net debt	CHF m	61.8%	1,525.2	942.9
Shareholders' equity[8]	CHF m	29.9%	1,762.3	1,357.1

Shares

for the fiscal year ended August 31,			2012/13[1]	2011/12[1]
Share price August 31,	CHF	(3.1%)	875.5	903.5
EBIT per share[9]	CHF	3.1%	70.5	68.4
Basic earnings per share[10]	CHF	(5.6%)	43.9	46.6
Cash earnings per share[11]	CHF	1.2%	86.2	85.2
Payout per share[12]	CHF	(6.5%)	14.5	15.5

Stand-alone Ratios[5]

for the fiscal year ended August 31,			2012/13[1]	2011/12[1]
Economic Value Added (EVA)	CHF m	(5.1%)	126.7	133.5
Return on invested capital (ROIC)[13]	%	(6.6%)	13.3%	14.2%
Return on equity (ROE)	%	(4.9%)	17.8 %	18.7 %
Debt to equity ratio	%	(5.9%)	65.4%	69.5%

Other

as of August 31,	2013[1]	2012[1]
Employees	8,658	6,100

1 All key figures are based on the continuing operations except for net profit for the year, total assets and cash flow related key figures.
2 EBIT + depreciation of property, plant and equipment + amortization of intangibles (all from continuing operations).
3 Net profit from continuing operations (incl. non-controlling interest).
4 Operating cash flow before working capital changes.
5 Stand-alone numbers are consolidated figures in fiscal year 2012/13 adjusted for comparability reasons by the effects of the transaction and contribution of the cocoa business recently acquired from Petra Foods.
6 EBIT / sales volume (of the continuing operations).
7 Includes current assets, liabilities and provisions related to commercial activities.
8 Total equity attributable to the shareholders of the parent company.
9 EBIT / basic shares outstanding (for 2012/13, EBIT is on stand-alone basis).
10 Based on the net profit from continuing operations attributable to the shareholders of the parent company / basic shares outstanding.
11 Operating cash flow before working capital changes / basic shares outstanding.
12 2012/13 dividend out of paid-in capital reserves as proposed by the Board of Directors to the General Assembly of Shareholders. 2011/12 dividend partly out of paid-in capital reserves and partly a capital reduction through par value repayment.
13 EBIT x (1-effective tax rate) / average capital employed.

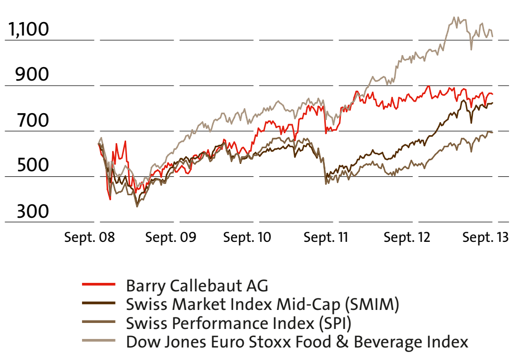
Barry Callebaut is organized into different regions: Region Europe (incl. Middle East and Africa), Region Americas and Region Asia-Pacific. The globally managed Global Sourcing & Cocoa business is reported as a separate segment like a Region. The recently acquired cocoa business from Petra Foods has been integrated into the segment Global Sourcing & Cocoa.

There are three different Product Groups: Cocoa Products, Food Manufacturers Products and Gourmet & Specialties Products.

	Europe	Americas	Asia-Pacific	Global Sourcing & Cocoa
	Food Manufacturers, Gourmet & Specialties	Food Manufacturers, Gourmet & Specialties	Food Manufacturers, Gourmet & Specialties	Cocoa
	48 % of consolidated sales volume	**28% of consolidated sales volume**	**4% of consolidated sales volume**	**20% of consolidated sales volume**
Volume growth vs. prior year	+8.1%	+16.7%	+1.8%	+14.5%
EBIT growth vs. prior year (in CHF)	+9.0%	+19.3%	(9.4%)	(36.0%)

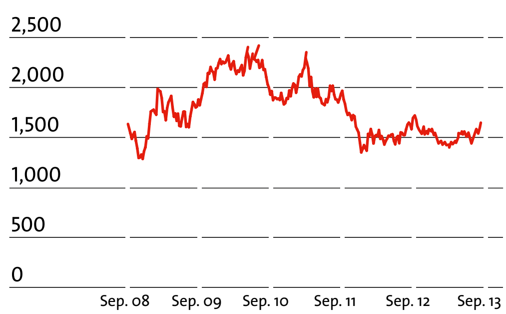
Share price development Barry Callebaut vs. Indices

Rebased (in CHF)



Cocoa price

London Cocoa Terminal Market
in GBP/tonne



Number of employees

8,658

Number of factories

50

Number of R&D projects

2,400

Number of new recipes launched

1,109

Percentage of direct cocoa sourcing

65%

CO_2 reduction (in tonnes)

4,540

Barry Callebaut is the world's leading supplier of high-quality chocolate and cocoa products. We have a 40% market share in the open chocolate market, and are present in every fifth chocolate product consumed around the world.


LEBAUT

Significant top-line growth, profitability gained momentum

Barry Callebaut's fiscal year was defined by strong, above-market volume growth across all Regions and Product Groups, solid operational performance of its base business and major investments in its global manufacturing footprint, especially in high-growth markets. The highlight of the year was the acquisition of the cocoa business from Petra Foods, the largest transaction in Barry Callebaut's history and at the very core of its strategy. Total EBIT was impacted by one-off acquisition costs, and – as expected – the operating loss of the acquired business.

Mr. Jacobs, how would you describe the past fiscal year?

Andreas Jacobs, Chairman (AJ) It was outstanding in many respects. Operationally, I am very satisfied with our excellent, broad-based volume growth and the operational performance of our stand-alone business. This was only possible thanks to our functioning business model as well as our highly motivated employees who strive to make our vision to be the "heart and engine of the chocolate and cocoa industry" come true each single day. Strategically, the acquisition of the cocoa business from Petra Foods, adding more than 1,700 new colleagues, and 7 factories on 4 continents to our Group, was a particular highlight for me. As announced at the signing of the transaction, one-off acquisition-related costs as well as a negative operating result from this newly acquired business for the first two months of consolidation impacted our total EBIT. With the plans we have in place, I am confident we can achieve the identified synergy potential.

"Our volume growth across all Regions and Product Groups of 8.7% without the recently acquired cocoa business, against a global market growth of 1.6%, was remarkable. Including the new business, it was 11.4%. I am also very pleased with our margin improvement."

Juergen Steinemann,
Chief Executive Officer

"The acquisition of Petra Foods' cocoa business is right at the core of our strategy. The two companies are highly complementary in terms of business, products and geographies. We are both family companies. This gives us some strong common values."

Andreas Jacobs,
Chairman of the Board of Directors

How does the Petra Foods' cocoa business fit into Barry Callebaut's strategy?

AJ This acquisition is right at the core of our strategy. The two companies are highly complementary in terms of business, products and geographies. Jacobs Holding, Barry Callebaut's main shareholder, backed this acquisition for five reasons: It will support the growth of our chocolate business by giving us access to enough cocoa products. It will strengthen existing and future outsourcing and partnership agreements. It will boost our sales volume in fast-growing emerging markets in Asia-Pacific and South America. The transaction makes us a leading player in cocoa powder, a market that is growing even faster than chocolate. And last, we now have a strong sourcing base in Asia next to West Africa.

What makes you confident that this acquisition will be successful in the long-term?

AJ Integrating companies is all about people. Barry Callebaut and Petra Foods are both family companies. This gives us some strong common values, such as our ingrained customer focus, our passion for our business and our entrepreneurial spirit. Even more important: The proven management team of Petra Foods' cocoa business has joined Barry Callebaut, contributing their immense cocoa know-how, providing guidance to our new colleagues and strongly supporting the successful integration.

Mr. Steinemann, what were the operational highlights of the past fiscal year?

Juergen Steinemann, CEO (JBS) Our stand-alone volume growth across all Regions and Product Groups of 8.7%, against a global market growth of 1.6%[1], was remarkable. Including the new business, it was 11.4%. We excelled in particular in Western Europe and in Region Americas, and the emerging markets also grew strongly. Our industrial chocolate business as well as Gourmet performed very well. I am also pleased with our product margin improvement. Our latest wave of significant investments in structures and processes in response to our enormous growth are close to completion. This, together with high supply chain costs due to capacity constraints in Western Europe, affected our costs. The combined cocoa ratio was unfavorable for a big part of the year.

1 Source: Nielsen, September 2012–August 2013 (volume growth; chocolate confectionery market).

What have you achieved in terms of securing new outsourcing volume and in the Gourmet business – the two growth drivers next to the geographic expansion of your business?

JBS I am very pleased that we could sign our first long-term outsourcing agreement in South America with Arcor. We also welcomed our first outsourcing partner in Scandinavia: As part of the acquisition of ASM Foods in Sweden, we signed an agreement to supply Danish Carletti A/S on a long-term basis. Alongside these new agreements, we are still integrating some earlier outsourcing agreements. I am very satisfied with the outstanding performance and, indeed, record year for our Gourmet business. Supported by a strong leadership team, we managed to accelerate both top- and bottom-line growth. The rejuvenation of our two global Gourmet brands, Callebaut® and Cacao Barry®, has also been a key growth driver.

The EU Commission approved Barry Callebaut's health claim that cocoa flavanols support a healthy blood circulation – the first in the cocoa and chocolate industry. What is the significance of this?

JBS The EU approval underpins our aspiration to be a leader in innovation. We are witnessing the genesis of a new market for chocolate and cocoa products with scientifically proven health benefits. For our customers and us, this offers attractive new product applications. We have already seen significant interest from the market.

Sustainable Cocoa is an integral part of your strategy. What were the milestones this year?

AJ Sustainable Cocoa is key to our growth because cocoa is at the heart of what we do. To ensure long-term cocoa supplies, the world must develop a convincing business case for cocoa farmers to achieve a viable income today and tomorrow. Our activities which aim to boost farm productivity, increase bean quality and improve family livelihoods are pooled in our "Cocoa Horizons" initiative. Cornerstones of "Cocoa Horizons" were the opening of our first Cocoa Center of Excellence in Côte d'Ivoire in July and the expansion of the initiative to Indonesia, the world's third-largest cocoa growing country.

We are also seeing many other well-intended activities by other members of the cocoa supply chain; however, if not coordinated, their impact is limited. To make progress, we need to bring all these activities and actors together. This is why we will organize the second CHOCOVISION conference, together with others, in 2014.

Looking at fiscal year 2013/14, what will be your focal points?

JBS We will continue to drive growth, based on our proven four-pillar strategy. Our main emphasis will be on the successful integration of Petra Foods' cocoa business into Barry Callebaut. In Western Europe, we will work further on implementing project "Spring" to optimize our customer-related processes. As we can only continue to grow fast if we have enough motivated and skilled colleagues, we will further invest in our talent management programs. We have an ambitious budget goal for the new fiscal year, both top and bottom line. This includes further efforts to increase our product margins and to keep costs under tight control after two years of significant investment.

Can you confirm your mid-term financial targets[1]?

JBS Based on the visibility of our business and the economic environment, I confirm our targets.

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

The cocoa business we acquired from Petra Foods strengthens the core of Barry Callebaut: We will benefit from the know-how of our over 1,700 new, highly motivated colleagues. It will support the further growth of our existing chocolate business.

Board of Directors

Roland Maurhofer
General Counsel & Corporate Secretary

Andreas Jacobs
Chairman

Andreas Schmid
Vice Chairman

Fernando Aguirre
(as of April 22, 2013)

Jakob Baer

James L. Donald

Markus Fiechter
(until December 11, 2013)

Nicolas Jacobs
(as of December 5, 2012)

Timothy E. Minges
(as of April 22, 2013)

Ajai Puri

Executive Committee

Juergen Steinemann
Chief Executive Officer

Victor Balli
Chief Financial Officer

Peter Boone
Chief Innovation & Quality Officer

Massimo Garavaglia
President Western Europe

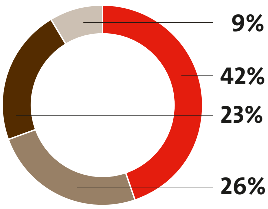
David S. Johnson
CEO and President Americas

Dirk Poelman
Chief Operations Officer

Steven Retzlaff
President Global Sourcing & Cocoa

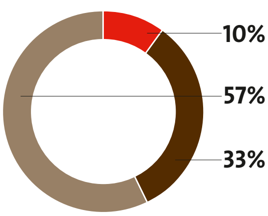
Additional information:
www.barry-callebaut.com/organization
www.barry-callebaut.com/board
www.barry-callebaut.com/executivecommittee

Employees per geographic region:
from continuing operations



Europe	3,651
Americas	2,280
Asia-Pacific	1,941
Africa	786
Number of employees	**8,658**

Employees per function:
from continuing operations



Management	902
Office staff	2,850
Production	4,906

Employee development: the key to our success

Barry Callebaut is committed to the development of its employees, and ensuring business sustainability by aiming to fill 70% of key positions with internal candidates. Thanks to our unique brand as an employer, we attract, train and retain the best talent.

Managing talent

At Barry Callebaut, our focus is on responding to employees' development needs via job enrichment, coaching and training. We are committed to developing more of our future leaders from within and to this end, we have established a Talent Management Process to provide staff with the support they need. As part of this process, the past performance and the future potential of all managerial level employees was reviewed during the last six months. This enabled us to identify talents in the organization and has provided input for establishing individualized development plans to advance leadership and growth.

In addition, we offer staff a selection of 12 in-house business school trainings, our Marbach Development Programs, plus support for advanced degrees. These programs are open to all office staff.

This is complemented by a Graduate Trainee program. The aim of this program is to ensure that we continue to attract and nurture the best talent. Our goal is to develop employees from within the company with the skills and experiences which will enable us to reach our mid-term business goals.

Our Graduate Trainee program is also proving a great success: At this year's annual workshop, we welcomed 14 new graduate trainees from 9 different countries, and celebrated the graduation of the six trainees who joined in 2011. All six are in fixed Operations & Supply Chain roles today.

During fiscal year 2012/13, we had 28 graduate trainees undertaking different assignments in a range of areas, all of whom showed exceptional commitment and promising growth curves. The success of the program is shown by the retention rate of nearly 80%; 45% of our graduates are female and 55% male.

Across the organization, we offer a wealth of training programs for all our employees, which include technical and on-the-job skills development, as well as quality, health and safety courses.

Navigating the world of chocolate

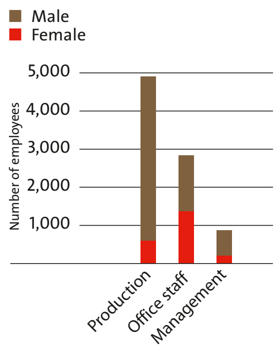
To increase the visibility of the career opportunities offered by the company, we have developed a unique employer brand featuring a compass and the key message "navigate the world of chocolate" that plays a key role in our Human Resources activities. The brand captures the dynamics of the chocolate industry as well as the values and strengths of Barry Callebaut, such as commitment, personal initiative, team spirit and a strong sense of responsibility.

In future, more emphasis will be placed on the Internet. A new Internet careers page is already in an advanced stage of development. This will contain information about the world of Barry Callebaut and the recruitment process. In addition, a stronger global presence on various Social Media platforms is planned.

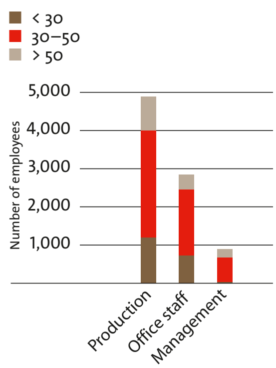
Reaching the next level

This year saw the biggest and most important acquisition in the history of Barry Callebaut. Over 1,700 new colleagues joined us from Singapore-based Petra Foods. Their skills and know-how will significantly strengthen our business. The newly acquired business will also provide numerous opportunities for career development for all employees. Our aim is to achieve a balance between the two cultures, to retain talent and take teamwork to the next level through bringing all our employees together and create a successful base for future collaboration.

Gender of employees:



Age of employees:



Average seniority
in years:

Europe	10.44
Americas	7.91
Asia-Pacific	3.64
Africa	9.19

Excellence Award 2013

Rewarding peak performance

The Excellence Award recognizes managers and their teams who are willing to go the extra mile, who are putting all their passion into their work and, thus, have made a positive impact on the company in the past fiscal year. The nine Excellence Award 2013 winners were nominated by their Presidents.

For the second time, a "Team Excellence Award" was given to a successful team that worked across different functions and Regions, fostering cross-border thinking and collaboration. Honored was the Global Gourmet Leadership Team (GGLT) for an outstanding EBIT growth across all Regions.

Pascale Meulemeester,
VP Global Gourmet Brand Marketing and GGLT team leader

Paul Halliwell,
VP Gourmet Asia-Pacific

Philippe Janvier,
VP Gourmet Western Europe Sales & Trade Marketing

Claudia Kühne,
Senior Global Marketing Manager Callebaut®

Anne Le Corre,
Group Gourmet Marketing Controller

Joost Lindemann,
Senior Global Cacao Barry® Marketing Manager

Beau Netzer,
VP Sales Gourmet

Dries Roekaerts,
R&D Director Gourmet & Decorations Western Europe

Mike Schrauth,
Senior Director Sales & Marketing Gourmet Americas

Frédéric Trombert,
VP Gourmet EEMEA

Freek van der Knaap,
VP Gourmet Western Europe

Nakano Fumitaka
Managing Director Japan

For his instrumental role in leading the changes for our business in Japan and its contribution to our overall growth in Asia-Pacific.

Robert Harrison
Gourmet Business Manager United Kingdom

For continuously delivering double-digit growth top- and bottom-line despite a flat market evolution in the U.K. and for creating a very strong team full of passion, dedication and commitment.

Steven Vandamme
Chief Information Officer

For delivering year by year critical improvement projects, in time and budget. For being a strong, dedicated manager with a human touch, an impressive business and technical knowledge and a demanding but fun colleague to work with.

Sofie Ville
Corporate Controller Operations & Supply Chain

For her ability to build business cases and solutions for our outsourcing deals, her commitment to critically challenge received data and ensure OSCO receives better quality information.

Alex Landuyt
Application & Innovations Manager

For being always full of new ideas, for doing exceptional development work under great time pressure and always changing demands, for hosting so many customers throughout a year, and for making time for real conversations.

Beau Netzer
Vice President Sales Gourmet Americas

For realizing significant sales volume and EBIT growth two years in a row and for the highly successful acquisition and integration of the Mona Lisa company in the U.S. And for being a strong member of the Global Gourmet Leadership Team.

Hendra Satya
Plant Manager Indonesia

For his 35-year commitment in the cocoa industry and sharing his experience in building factories all over the world.

Frédéric Trombert
Vice President Gourmet EEMEA

For refining our long-term strategy and developing as well as executing it successfully into regional and local action plans and for delivering very strong results both top- and bottom-line.

Steve Woolley
Vice President of Sourcing Americas

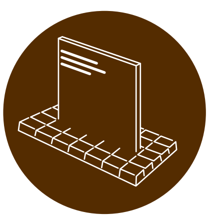
For successfully managing the sourcing of non-cocoa products as a real team player, for supporting the volume growth and for a tremendous EBIT growth of our non-cocoa sourcing and chocolate business in the Americas over the last six years.

Chairman's Award 2013

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

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

In 2013, 11 Barry Callebaut employees from eight countries received the award and were invited together with their spouses or partners to come to Switzerland to be handed over the award by Chairman of the Board Andreas Jacobs and CEO Juergen Steinemann.



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

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

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

Philippe Goujon

Shihan Mohd

Ludovic Ferrando

Jamie Mogilner

David Yalla Gilles Wondja

Mark Siddall

Jacques Bouchard

Noël Van Bremt

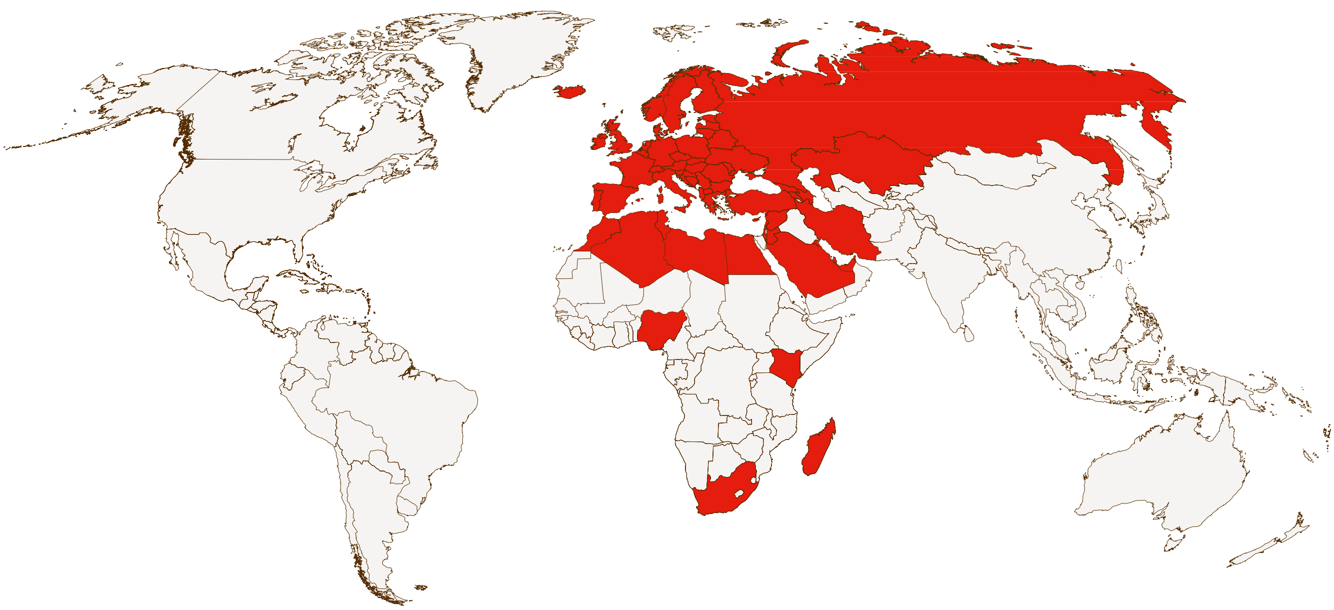
Elisabeth Eberle

Isabelle Prooth

Paul Kipre Seri

Substantial volume growth translates into strong EBIT performance

Region Europe achieved substantial top- and bottom-line growth. Food Manufacturers posted above average volume growth, driven by strategic partnerships and market share gains. The Gourmet business delivered an extraordinary performance. Product margins improved across all businesses.



744,078	2,352.5	253.2
tonnes	CHF m	CHF m
SALES VOLUME	**SALES REVENUE**	**EBIT**

The chocolate confectionery market in Western Europe grew by 1.7%[1] over the last 12 months, with improved demand in most key countries, except Italy.

In the first half of the year, underlying market growth was slow. Despite the rather fragile economy, our growth was above the market. In the second half of the year, overall demand improved and we were able to accelerate and significantly outperform the market in both our Food Manufacturers Products and Gourmet businesses. Our industrial chocolate business even exceeded 10% volume growth in countries like France, Germany and Spain. It also benefited from the recently acquired la Morella nuts in Spain and ASM Foods in Scandinavia.

In Gourmet, we posted strong growth above the market in all countries except Italy, with the last quarter proving particularly strong. This year, the two global brands Callebaut® and Cacao Barry® increased their market share in almost all markets, even in Southern Europe. The strong growth of the Gourmet business is based on the rejuvenation of our two global brands, strong leadership and the implementation of strategic actions to accelerate growth.

Our Beverages business rebounded compared to the prior year's decline. Even though the business was affected by higher milk powder prices, the demand still increased.

Last year, we initiated the reengineering project "Spring" in Western Europe, with the aim of becoming a leader in service. The conceptual phase, which involved redesigning most customer-related processes, has been concluded. As a result, a new organizational structure and new tools have been established to accelerate our speed-to-market. In the new fiscal year, we will concentrate on further implementing these processes and tools in Western Europe and start to roll out similar concepts to other Regions.

Overall, our product margins improved, driven by stronger focus, better customer segmentation, a good contribution from the Gourmet business, and high demand for specialty products. This was, however, partly offset by additional manufacturing and supply chain costs incurred due to production capacity constraints in certain factories in Western Europe, a result of higher than expected demand. We have taken corrective measures to reduce these additional costs and will invest in increasing capacity in key countries.

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

1 Source: Nielsen, September 2012–August 2013 (volume growth; chocolate confectionery market).

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

In EEMEA (Eastern Europe, Middle East and Africa), the underlying chocolate confectionery market slowed down: volume increased +2.8%, compared to +5.2%[1] in 2011/12.

Our business in this region maintained its strong growth pace. The Food Manufacturers Products business achieved double-digit volume growth compared to prior year. Particular growth drivers were Russia, Middle East and Turkey, with both local and global customers.

The Gourmet business in EEMEA also showed an excellent performance with growth of more than 15% versus prior year. Strong contribution came from Russia, Middle East and Turkey, where we still see significant opportunities for future growth.

We opened our first chocolate factory in the EEMEA region back in 2007 in Chekhov, Russia, 60 km south of Moscow. Our annual sales volume in the region has increased at a fast pace ever since. We recently opened our second chocolate factory in EEMEA, and the first in Turkey, in Eskişehir, close to existing and potential new confectionery customers. The facility will serve as a local base to further tap into the fast-growing Turkish chocolate market, as well as to capture growth opportunities in the rest of the EEMEA region, where the majority of industrial chocolate is currently still produced in-house by a few players.

Regional headquarters were established in Istanbul earlier this year. In November 2013, Barry Callebaut will open a new Chocolate Academy™ center in Istanbul, a training center for professionals such as chocolatiers, pastry chefs, bakeries, hotels, restaurants and caterers.

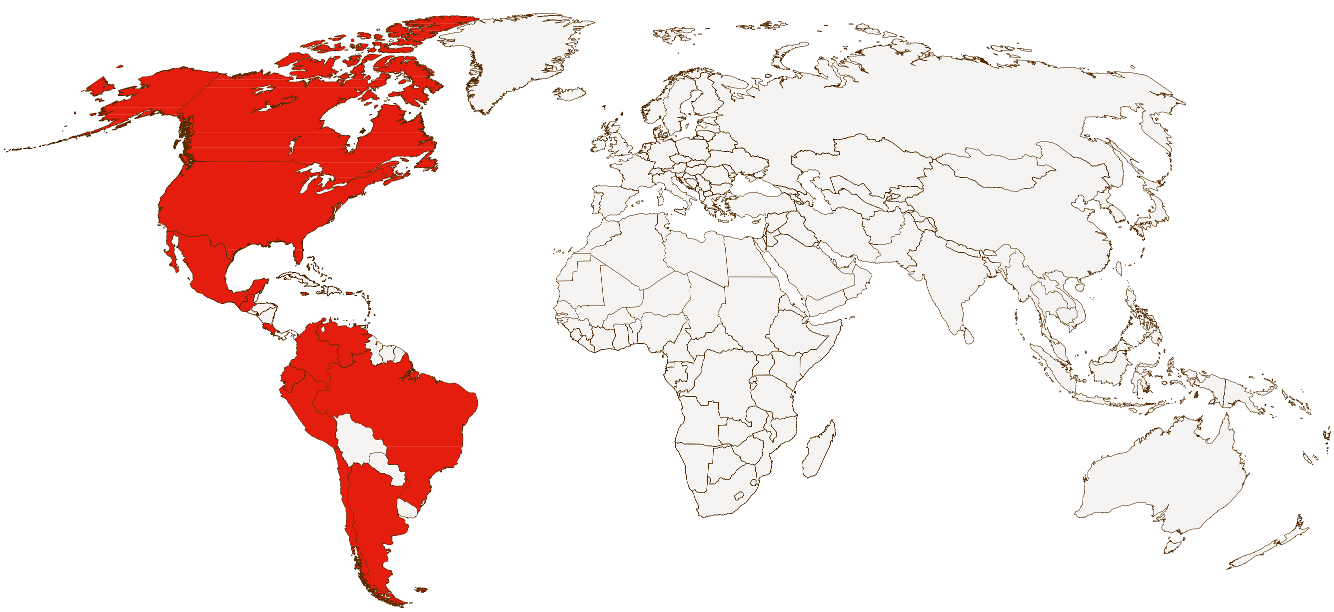
1 Source: Nielsen, September 2012–August 2013 (volume growth; chocolate confectionery market).

Key figures for Region Europe

		Change %		2012/13	2011/12
		in local currencies	in CHF		
Sales volume	Tonnes		8.1%	744,078	688,203
Sales revenue	CHF m	8.3%	9.4%	2,352.5	2,150.6
EBITDA	CHF m	8.1%	9.0%	284.8	261.3
Operating profit (EBIT)	CHF m	8.2%	9.0%	253.2	232.2

Remarkable performance continues

Region Americas showed another excellent result, posting broad-based double-digit top and bottom-line growth. This was fuelled in particular by strategic partnerships and a sound Gourmet business performance. Operating profit (EBIT) followed volume growth thanks to improved product margins across all businesses.



422,380	1,182.7	107.6
tonnes	CHF m	CHF m
SALES VOLUME	**SALES REVENUE**	**EBIT**

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

The chocolate market in the U.S. decreased by 0.9%; Brazil went up 1.2%[1].

Barry Callebaut outperformed all local markets in Region Americas. Both Food Manufacturers Products and the Gourmet & Specialties Products businesses maintained their double-digit growth.

Industrial chocolate business growth was driven by strategic partnerships, in particular ramped-up volumes from recently signed outsourcing agreements. Gourmet sales in North America benefited from the successful integration of Mona Lisa decorations, whilst in South America we gained market share with both imported and local Gourmet brands.

In Mexico, we significantly reinforced our position as local market leader by increasing the production capacity of our chocolate factory in Toluca, close to Mexico City. Additionally, we successfully managed the ramp-up of the outsourcing agreement with Grupo Bimbo. Mexico is now the third biggest country in our network in terms of liquid chocolate production capacity.

We signed our first long-term outsourcing agreement in South America with Arcor-Dos en Uno in Chile. For their local deliveries, we are currently building a new chocolate factory in Santiago de Chile which will come on stream in 2014, and will also serve as a base to further tap the promising growth potential of the Andean region.

The acquisition of the cocoa business of Singapore-based Petra Foods will strengthen our existing chocolate business and support its further growth in Region Americas.

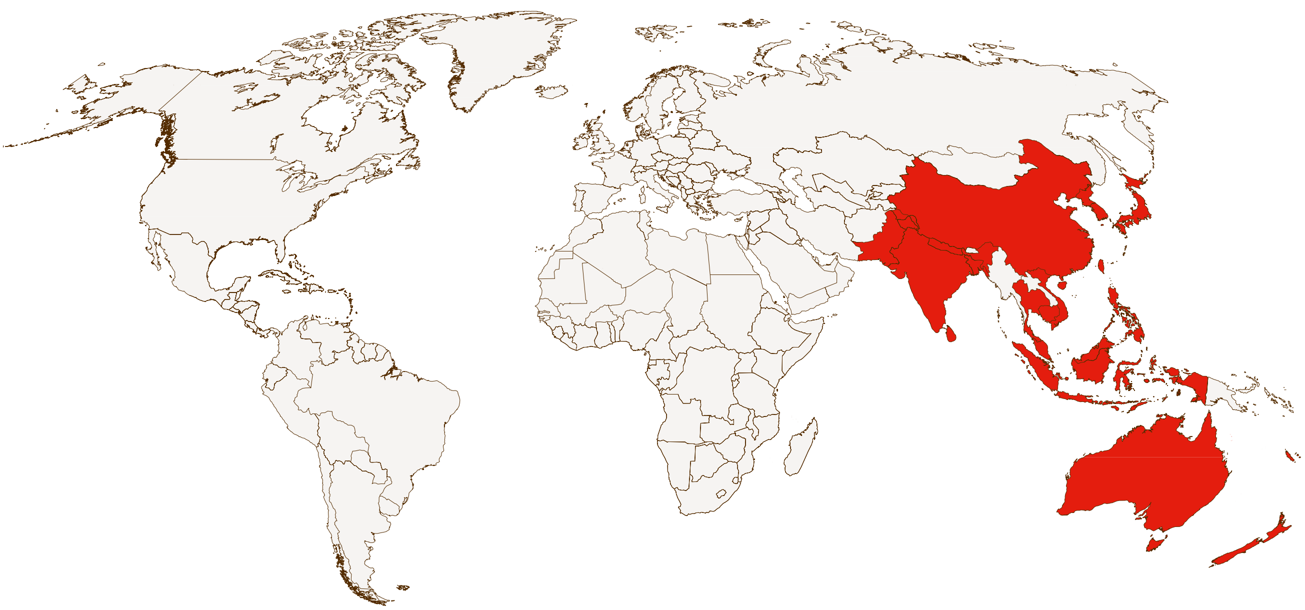
1 Source: Nielsen, September 2012–August 2013 (volume growth; chocolate confectionery market).

Key figures for Region Americas

		Change %		2012/13	2011/12
		in local currencies	in CHF		
Sales volume	Tonnes		16.7%	422,380	361,819
Sales revenue	CHF m	5.4%	6.4%	1,182.7	1,111.8
EBITDA	CHF m	19.7%	20.4%	129.2	107.3
Operating profit (EBIT)	CHF m	18.5%	19.3%	107.6	90.2

Investment in future growth

Capacity constraints did not allow us to exploit the growth potential of the market in Region Asia-Pacific, particularly in the second half of the year. Operating profit (EBIT) was negatively impacted by a higher cost base as a result of ongoing expansion.



58,832	222.0	26.9
tonnes	CHF m	CHF m
Sales volume	**Sales revenue**	**EBIT**

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

Asia-Pacific continued to experience an economic slowdown, lower GDP and currency weakening. Demand for chocolate fell except for China and India which drove regional growth to 12.9%.[1] This growth is fuelled by a change in the dietary habits of a rapidly expanding urban middle class.

In the Food Manufacturers Products business, both local customers and global accounts active in the region contributed to the volume increase.

In the Gourmet business, we further strengthened our leadership with imported brands from Europe, mainly driven by the Callebaut® brand. The growth is supported by strong marketing efforts and an increase in distribution points particularly in China and India, plus the exploration of new growth opportunities in the drinks and hotel sectors across the Region.

In line with our growth strategy, the acquisition of the cocoa business from Petra Foods will boost production capacities in Asia. The Region now has a total of five cocoa factories, four chocolate factories and more than 2,000 employees.

Operations have begun at the new, larger chocolate facility in Takasaki (Japan). Thanks to earlier investments and the recently acquired cocoa factories from Petra Foods in Asia, we are now able to offer the best factory structure and support system in a region where demand for quality chocolate and cocoa products is growing rapidly.

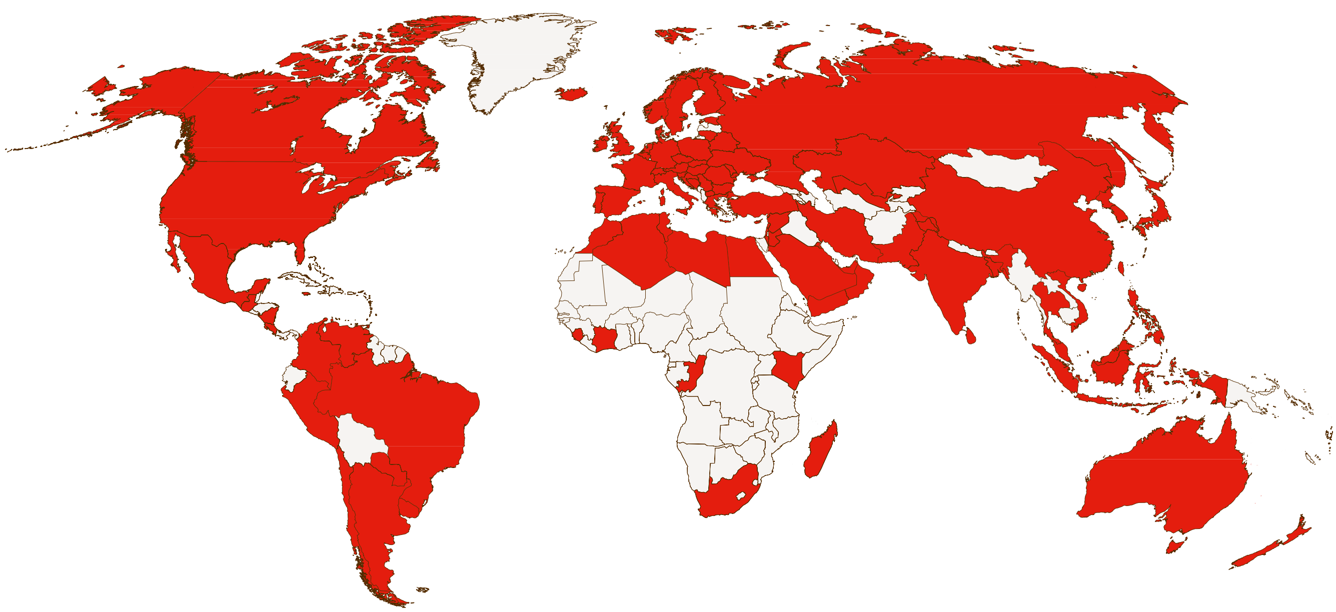
1 Source: Nielsen, September 2012–August 2013; total for China (+13.2%) and India (+12.7%) (volume growth; chocolate confectionery market).

Key figures for Region Asia-Pacific

		Change %		2012/13	2011/12
		in local currencies	in CHF		
Sales volume	Tonnes		1.8%	58,832	57,815
Sales revenue	CHF m	(3.5%)	(4.5%)	222.0	232.4
EBITDA	CHF m	(10.3%)	(8.8%)	32.5	35.7
Operating profit (EBIT)	CHF m	(11.2%)	(9.4%)	26.9	29.7

Significant expansion, assuming leadership

Global Sourcing & Cocoa significantly expanded its sales volume, mostly driven by the integration of the cocoa business from Petra Foods. Operating profit (EBIT) was affected by the impact of the combined cocoa ratio as well as the expected loss of the recently acquired business.



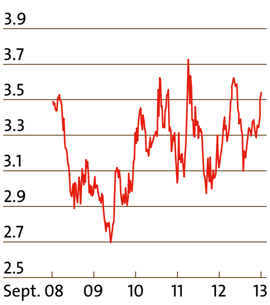
310,372	1,126.9	41.7
tonnes	CHF m	CHF m
SALES VOLUME	**SALES REVENUE**	**EBIT**

Additional information:
s.a. Cocoa chapter in Sustainability Report 2012/13, pages 12–17
www.barry-callebaut.com/cocoa-products
www.barry-callebaut.com/cocoa-to-chocolate

By acquiring the cocoa business from Petra Foods, Barry Callebaut took the leadership position in the market for high-quality cocoa products. As a result of the transaction, we gained cutting-edge cocoa processing and powder blending expertise for the benefit of our current and potential customers. This puts us in a proactive position as a supplier for cocoa powder, a fast-growing market especially in Asia-Pacific and South America. In addition, we were able to further diversify our sourcing and processing activities in origin countries by adding strong bases in Asia and Brazil.

Cocoa prices dropped continuously until March 2013 due to a good main crop in West Africa and funds liquidating their long positions. Thereafter, anticipation of a cocoa supply deficit for the 2013/14 season lifted prices to close at GBP 1,634 per tonne on August 31, 2013. Overall, cocoa prices have been less volatile compared to the prior year, trading in a narrow range around the GBP 1,550 mark.

European combined cocoa ratio
6 months forward



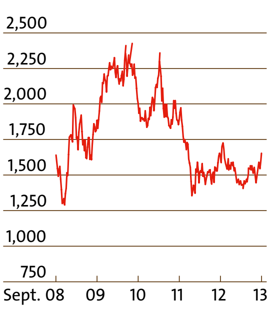
The implementation of the extensive cocoa reform in Côte d'Ivoire had a positive influence on the quality of the beans, though made sourcing more challenging.

Following a strong decline, the combined cocoa ratio increased in the last quarter of the fiscal year because of surging cocoa butter prices, while cocoa powder prices decreased. All in all, the ratio had a negative impact on Barry Callebaut's profitability.

This year's world sugar crop was very robust, closing with a surplus for the 3rd year in a row. World sugar prices steadily declined to the lowest level since 2010. In the regulated EU market, sugar prices were stable, but still high.

Prices on the world market for milk powder increased sharply in early 2013 due to a drought in New Zealand, leading to a record deficit in the market. In Europe too, prices followed the world market trend and increased significantly.

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



Key figures for Global Sourcing & Cocoa

		Change %		2012/13	2011/12
		in local currencies	in CHF		
Sales volume	Tonnes		14.5%	310,372	271,019
Sales revenue	CHF m	(15.2%)	(15.6%)	1,126.9	1,334.7
EBITDA	CHF m	(14.9%)	(17.4%)	75.5	91.4
Operating profit (EBIT)	CHF m	(32.2%)	(36.0%)	41.7	65.2

Striving for cost leadership while growing at high pace

Our Operations & Supply Chain organization is key to pave the way for our high growth. To further reduce manufacturing costs, processes were optimized and cost-saving initiatives implemented.

Additional information:
s.a. Environment chapter in Sustainability Report 2012/13, pages 18–21.

Cost Leadership is one of our four strategic pillars and acts as an enabler for further growth. It is also one of our key competitive advantages. We have consistently achieved our target of reducing manufacturing costs per tonne of activity by 2% p.a. over the last few years. This year, costs decreased on a like-for-like basis by 2.6%.

Our continuous improvement program "One+" had a positive impact mainly in Americas and Europe. This program has so far been implemented in nine factories and achieved savings of CHF 10 million. We expect to roll it out to four factories next year.

We have again reduced our energy consumption and increased our efforts to reduce waste.

However, our supply chain costs rose by 15%, mainly due to production capacity constraints in Western Europe and Asia-Pacific where demand was higher than expected. Overall, this created logistical challenges and inefficiencies in the supply chain. We have taken measures to tackle the issue, such as further capacity expansion and an upgrade of our Sales & Operations Planning and expect it to be solved within the next 12 months.

We added eight factories through acquisition, built three new factories, and implemented capacity expansions at six existing sites. At the end of fiscal year 2012/13, our capacity utilization in chocolate was 95% (target: 82–85%) and in cocoa processing 92% (target: 90–95%). We aim to further invest in the expansion of our production capacity to cope with future growth.

Barry Callebaut now operates 50 factories worldwide.

EU approval of health claim: the genesis of a new market

Additional information:
www.barry-callebaut.com/innovation
s.a. Innovation chapter in Sustainability Report 2012/13, page 26

Once again, we saw a strong increase in the number of customer-driven projects such as requests to change or improve products we already supply, as well as to develop new ones for our customers. Our flavanol-rich ACTICOA® products received a health claim.

Overall, we started 2,400 new customer projects, up 6%, and increased our success rate. Our performance was particularly strong in Region Americas and Asia-Pacific.

An example of Barry Callebaut's strength in innovation is the EU Commission's approval of our health claim submission on cocoa flavanols. This is the first health claim in the chocolate and cocoa industry – exclusive to Barry Callebaut for a period of five years. Customers using our ACTICOA® chocolate and cocoa products can market their respective end products claiming they support healthy blood circulation – the genesis of a new market with promising potential, for both our customers and Barry Callebaut.

This year, we also introduced a new range of chocolate couvertures based on our patented Controlled Fermentation method for our global Gourmet brand Cacao Barry®.

The focus of our activities is increasingly moving to emerging markets such as Asia-Pacific and the EEMEA region, the main growth areas for the next decades. The recently acquired cocoa business has also given us more expertise in cocoa processing and powder blending. With a stronger focus on cocoa products, this know-how will benefit other parts of the Group.

Barry Callebaut's Executive Committee signed off a revised Global Innovation Strategy this year. Global project leaders have been put in place to drive a focused list of big, bold innovation projects which aim to significantly contribute to the profitable growth of the company.

Three fundamental industry trends unfold to which we need to respond to:

- *a move from value-for-money confectionery to more premium products*
- *an increased demand for responsibly sourced and produced products*
- *products need to be as simple and pure as possible.*

Our approach to Sustainability

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

Additional information:
For detailed information read the Sustainability Report 2012/13

www.barry-callebaut.com/csr
www.barry-callebaut.com/codeofconduct

With the acquisition of the cocoa business from Petra Foods, Barry Callebaut is now a world leading chocolate and cocoa company. As our business grows, expectations rise, too.

We have identified the sustainability issues which are most relevant to our business and our stakeholders on which we need to progress. In order to deliver on our programs in the supply chain, in our operations, with employees and customers, we need to ensure that sustainability is integrated into the very fabric of our company culture.

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

The most important of these, Sustainable Cocoa, has become the fourth pillar of our growth strategy, alongside Expansion, Innovation and Cost Leadership. Working together with stakeholders, we aim to make cocoa farming a viable livelihood today and for future generations. At the same time, we aim to secure the volumes and quality of cocoa needed for our growth while meeting the growing demand among customers and consumers for responsibly produced chocolate.

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

Our employees are the actors of our business success, and are also key in implementing sustainability initiatives successfully. We encourage our employees to develop as contributors to our business success and also as ambassadors for our sustainability programs.

Our commitment to sustainability is enshrined in the Barry Callebaut Code of Conduct. In addition, our values guide how we do business and are the basis of how we engage in our sustainability initiatives. Barry Callebaut has established a CSR Steering Committee which oversees our sustainability activities.

This section highlights the key sustainability activities and achievements for fiscal year 2012/13. More details can be found in the separate Sustainability Report 2012/13 and on our website.

Sustainable cocoa: higher productivity for a better life

Additional information:
www.qualitypartnerprogram.com
www.barry-callebaut.com/qualitypartnerprogram
www.barry-callebaut.com/cocoa-horizons
s.a. Cocoa chapter in Sustainability Report 2012/13, pages 12–17

Cocoa is grown in remote equatorial areas of Africa, South America and Southeast Asia. About five to six million smallholder cocoa farmers (of which almost one million in Côte d'Ivoire) produce nearly four million tonnes of cocoa per year. Enabling these farmers to improve their productivity and livelihoods is at the heart of our Sustainable Cocoa strategy.

We believe that cocoa production is sustainable when farmers can earn an equitable income, follow responsible labor and agricultural practices, safeguard the environment and provide for the needs of their families.

Our main sustainable cocoa program Quality Partner Program (QPP) was established in Côte d'Ivoire in 2005 and extended to Cameroon in 2010. Last year, we worked with 73 QPP cooperatives representing some 40,000 cocoa farmers in Côte d'Ivoire. In Tanzania, our Biolands enterprise, offers agricultural training, seedlings and equipment to some 20,000 farmers so that they can produce certified cocoa. The model has been replicated in Sierra Leone and Côte d'Ivoire. More than 70,000 farmers are now registered under the Biolands model. In 2012/13, more than 110,000 farmers were trained in sustainable practices.

Building on the success of QPP and Biolands, in 2012 we launched the CHF 40 million Cocoa Horizons sustainability initiative. Taking our engagement with farmers to the next level, the initiative aims to address the three key gaps in knowledge, materials and funding that are the main obstacles facing a sustainable cocoa supply chain. Cocoa Horizons is built on three pillars: Farmer Practices, Farmer Education and Farmer Health.

Farmer Practices

Cocoa Horizons has set up five work streams with the aim of doubling the yield per hectare to +800 kg/ha by 2018, while significantly improving cocoa quality. These work streams are: training infrastructure; model farms; Yield Enhancement Services; Controlled Fermentation; and certification.

- **Training infrastructure.** Barry Callebaut inaugurated its first Cocoa Center of Excellence in Pacobo, Côte d'Ivoire, in July 2013. The center will conduct research and train the trainers and cooperative administrators in best practices in cocoa farming. In addition, we are setting up two farmer academies in more remote communities to provide advanced level training in those areas.

- **Model farms.** We have established 17 model farms (12 in Côte d'Ivoire and five in Brazil) to demonstrate on the ground how to rehabilitate degraded, suboptimal farms and turn them into profitable, high-yielding enterprises.

- **Yield Enhancement Services (YES).** This advanced training goes beyond good agricultural practices, assisting farmers in the use of fertilizer, provision of plant material, effective management of pests and diseases and the importance of ensuring biodiversity on their farms.

- **Controlled Fermentation.** We provide farmers with a 100% natural inoculation mix that delivers high-quality beans, through controlled rather than spontaneous fermentation. About 9,000 farmers are using this Controlled Fermentation technique. Participating farmers are paid a premium for their higher-quality cocoa beans.

- **Certification.** Based on customer requirements, we ensure that cocoa cooperatives and farmers are equipped with the know-how to grow cocoa in compliance with certification standards. In fiscal year 2012/13, 30,000 farmers were trained and certified in 575 farmer field schools, delivering over 36,000 tonnes of certified cocoa. The Biolands enterprise delivered an additional 9,000 tonnes. In 2013, we initiated a program in Cameroon with Rainforest Alliance, enabling 1,000 farmers to become Rainforest Alliance certified.

Farmer Education

Barry Callebaut's Farmer Education program aims to help train and develop the next generation of cocoa farmers. The goal of the program is to provide cocoa curriculum, promote literacy, life skills and vocational training, empower women and girls, contribute to educational infrastructure and support child labor sensitization activities.

In Côte d'Ivoire, Barry Callebaut built and inaugurated two rural primary schools during fiscal year 2012/13, bringing the total to seven primary schools built to date. Another rural primary school has been built in Abokro in collaboration with The Hershey Company. In Ghana, we funded and expanded rural schools by providing four teacher housing units with solar-powered lighting, and furnished a library and a fully equipped computer lab with customer funds. In Cameroon, we extended a rural school, providing four fully equipped classrooms with solar-powered lighting. In Brazil, we funded educational programs serving 143 children of farmworkers on five cocoa plantations.

Farmer Health

In remote cocoa farming areas, there is often a shortage of medical facilities and a lack of access to clean water. We work with our partner cooperatives to improve access to basic health care services.

In Côte d'Ivoire, a program to provide water is underway. Seven boreholes and water systems were built and inaugurated between 2012 and 2013. We have distributed nearly 1,300 mosquito nets and sponsored almost 1,000 vaccination treatments. In addition, we will subsidize access to filters that turn untreated water into safe drinking water. In Ghana, we are also working to improve sanitation facilities, while in Cameroon, we built a borehole with cistern at a rural school and distributed 1,200 mosquito nets.

Improving the lives of children

Child labor is an issue in cocoa farming communities which is of concern to all industry members. While we recognize that children in countries around the world may help out on the family farm, Barry Callebaut strongly condemns forced labor, slavery, human trafficking and all practices that exploit children or expose them to harmful or hazardous conditions.

Poverty is the main underlying cause of unsound labor practices and abusive child labor. We believe that improving cocoa farmer livelihoods is imperative in the fight against poverty.

Barry Callebaut does not own any cocoa farms or employ farm workers. We typically buy cocoa beans from farmer organizations, intermediaries or governmental bodies and process them in our factories. In our direct sourcing activities with farmer organizations, we offer farmers training in good agricultural practices to increase yields per hectare and improve quality and, thus, income. In parallel, we help communities provide better access to education and basic health care services.

For more than a decade, Barry Callebaut has worked with companies in the chocolate and cocoa sector, government agencies and NGOs to eradicate the worst forms of child labor from farms in the cocoa-growing regions in Western Africa. In our farmer training programs, we have made child labor sensitization part of our curriculum. In parallel, we have built and expanded schools in remote cocoa growing regions.

Environmental protection: reducing our carbon footprint

Additional information:
s.a. Environment chapter in Sustainability Report 2012/13, pages 18–21

As global warming increases, weather patterns will become more extreme and may threaten agricultural livelihoods and production. This could, in turn, jeopardize our own business prospects.

Our Environmental Policy defines our priorities for reducing environmental impacts throughout our production facilities and transportation network. We focus on reducing our energy usage and greenhouse gas emissions, and also work to improve water use, waste disposal and transport.

Reducing our carbon footprint

In fiscal year 2012/13, we met our target to reduce energy use per tonne of activity by 20% between fiscal years 2008/09 and 2013/14. We have designated managers across our operations to drive climate protection efforts, and we conduct energy audits to identify further improvement opportunities. We are improving key production processes, optimizing their energy use and installing more energy-efficient equipment.

We have plans in place to replace 20% of the energy we consume with renewable energy sources by 2014. While much of this will be achieved through electricity sourcing, we are also using biomass such as burning cocoa shells at our factories in Ghana, Côte d'Ivoire, Cameroon and Brazil to produce steam. This has reduced the gas or fuel consumption at those sites by up to 100%.

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

Water consumption is closely monitored at all our plants. Initial water-saving projects have been launched, such as switching from water-intensive wet-cooling systems to dry-cooling systems which use outside air. Our target is to reduce water use per tonne of activity by 5% annually.

Waste reduction has been integrated into our continuous improvement program "One+". We focus on our main waste streams, since this is where the greatest improvement can be realized. We take a dual approach to waste, reducing the total amount of waste generated and seeking alternative uses for waste that cannot be avoided.

We are working to reduce carbon emissions from transport, too. We are doing so by optimizing the flow of raw materials and finished goods, increasing loads per truck and using modes of transport which are more efficient.

Employee development: unlocking the potential of our employees

In the wake of strong business growth, our workforce has increased, too. We want to promote talent and create a safe, fair, healthy and inspiring work environment for our employees to develop, in order to fill more leadership positions from within.

Additional information:
s.a. Employees chapter in Sustainability Report 2012/13, pages 22–25

The recently acquired cocoa business from Petra Foods provides numerous opportunities for enhanced career development. Considerable thought and time was taken to design the structure and leadership of the new organization – combining key leaders from both companies to ensure that we bring together not just two companies but two cultures. We also worked to integrate the numerous talents to create a balanced next layer of the organization.

Although we aim to attract talented people from the outside to gain new ideas, we are also committed to developing more future leaders from within our business through the Marbach Development Programs. The Graduate Trainee Program Yourfuture@BC will remain an important pillar within this strategy.

Water was the focus of Barry Callebaut's Winning Together global employee initiative in 2013. Called "Water for Life", the program aims to improve access to safe, clean water for 1,500 farmer families by distributing water filters in participating QPP cooperatives across Côte d'Ivoire and Cameroon.

A fair and safe workplace

Barry Callebaut is committed to providing equal employment and promotion opportunities to all employees, and does not tolerate any form of discrimination. Approximately 52% of permanent contract employees are covered by a union or a collective bargaining agreement and 54% of the total workforce is represented in health & safety committees. In origin countries, we also offer HIV/AIDS education to employees and their families. In fiscal year 2012/13, the frequency rate of accidents dropped by 5.3% and the seriousness rate dropped by 5.6%. In cocoa growing regions, our assistance programs provide a broad range of services to our employees, including medical care, transportation, housing and education.


BARRY CALLEBAUT
CALLEBAUT

Financial Review

"We made good progress on the profitability side, especially with improved product margins."

Victor Balli,
Chief Financial Officer

CFO's view on Group performance

How do you judge the performance of the Group for 2012/13?

I am very pleased with the results for the following reasons: It was an intense year with the largest acquisition ever made by our Group, coupled with the rapid expansion of our own operations. The stand-alone volume growth of Barry Callebaut was 8.7%, which is way above the underlying market (1.6%) and above our guidance of 6–8%. It gives me comfort that this growth was broad-based – coming from all Regions and Product Groups.

We also made good progress on the profitability side, especially with improved product margins, in line with our expectations and guidance.

How did the Group manage to improve margins and can we expect them to further increase?

Two years ago, we enhanced our focus on customer segmentation, individualized pricing and optimization of product mix, on premium product segments such as Gourmet and by getting closer to customers. All this was supported with additional IT tools in particular for the commercial organization and more efficiency in our customer service (project "Spring" in Europe). These efforts are paying off and we believe that there is further potential in the coming years.

What were the major challenges in the past year?

First, the low combined cocoa ratio, as expected, had a severe negative impact on our cocoa processing result. We are now seeing a recovery of the ratio which will help us in 2014. Second, our cost build-up was too large. After a phase of investments in structures and processes, we will intensify our efforts to leverage upon the existing infrastructure. Third, the fast, and partly unexpected, volume growth resulted in capacity constraints both in mature and emerging markets. As a consequence, our supply chain costs grew over proportionally. We are currently adding significant capacity to improve the situation and to ensure we are prepared for further growth in the future.

You paid a high price for the Petra Foods' cocoa business and so far, this business has shown negative results. How do you see the situation and can you rapidly improve its profitability?

The acquisition of Petra Foods' cocoa business was a strategic decision which needs to be put in a longer-term context. The purchase price was not based on short-term performance but rather on asset and strategic values and has been reduced significantly since our initial announcement.

The recent performance of this business has been affected by extraordinary events: a very negative market environment with a low combined cocoa ratio, and some cleanup efforts prior to the transfer. The business is fundamentally healthy and had a strong track record over the past ten years. We have identified and confirmed synergies of approximately CHF 30 million. With some tailwind from the market, this should enable us to show good profitable result this year and to return to normalized profitability levels by 2015/16.

What is your view on the loss of investment grade due to the recent acquisition?

Having only been awarded investment grade status a short while ago, I understand that you wonder why we gave it up following the acquisition of the cocoa business from Petra Foods. However, when we decided on the financing structure for this transaction, we had to have all stakeholders in mind. We considered financing with one third equity and two thirds debt structure a reasonable solution, giving us flexibility and security at the same time. We are now back to sub-investment grade where we have been for many years, so we are aware of the situation. Let me, however, confirm that, like in the past, we are committed to getting back to investment grade, although this may take a few years.

Your current capacity utilization is high and your target is to grow 6–8% or around 100,000 additional tonnes of volume every year. So will capital expenditure remain at the high levels of previous years?

We have constantly invested in the expansion of our manufacturing footprint over the last years, in emerging, but also in developed markets, based on demand coming from long-term outsourcing agreements and strategic partnerships or from market share gains. We will continue to do so. But you will see a shift from new greenfield factories towards expanding existing sites. The latter requires significantly lower investments and has better return on capital ratios. Our average investment costs per tonne came down in past years as we have invested in modular and simpler factories, in particular in emerging markets. Finally, the acquisition of the cooca business from Petra Foods partially replaced future investments in cocoa processing capacities needed for the further growth of our chocolate business.

Your free cash flow is relatively low compared to other companies in the food industry. Why is this and can you improve it?

As you know, our business is capital-intensive: We have more than 50 industrial factories; our working capital is higher than in other companies due to the relatively long supply chain and it is affected by the volatility of raw material prices. Our growth is also higher than that of most other companies in the food sector. If you look at the evolution of our operating cash flow over the last ten years, we have been able to improve it by 7% on average per year, which reflects our top-line growth. Free cash flow could significantly increase if we reduced the speed of our growth. However, if we see opportunities to foster or even expand our leadership position, by partnership deals or by being a first mover in new markets, and if such opportunities generate the targeted returns, we will continue to seize them. We believe this generates significant value and shareholder returns over the longer term.

Consolidated Income Statement

Explanatory comments to the Consolidated Financial Statements:
The Group completed the earlier announced sale of its factory and the related business in Dijon (France) on November 30, 2012, concluding with this the final step in the disposal of the consumer activities. The results of this business are no longer included in the Group's prior year financial performance figures for the continuing business but reported separately under the line "Net loss from discontinued operations, net of tax". This line also contains the transaction-related costs and operating results from this business until disposal. In accordance with IFRS 5, the Consolidated Statement of Cash Flows includes cash flows from discontinued operations.

On June 30, 2013, the Group closed the acquisition of the Cocoa Ingredients Division from Petra Foods Ltd., Singapore (referred to as "recently acquired cocoa business" in the following text). The Consolidated Financial Statements contain one-off transaction costs related to this acquisition as well as the operating results since its completion. For comparability reasons, certain key figures are provided excluding these effects (i.e. "stand-alone").

Sales volume grew strongly by 11.4% from 1,378,856 tonnes to 1,535,662 tonnes (stand-alone by 8.7% to 1,498,632 tonnes). All Regions and Product Groups contributed to this growth.

Revenue from sales and services grew by 1.1% from CHF 4,829.5 million to CHF 4,884.1 million. Adjusted for currency translation effects, revenues from sales and services grew by 0.6%. The recently acquired cocoa business contributed CHF 127.7 million. The growth is below volume growth due to significantly lower average raw material prices. Price changes are largely passed on to customers in accordance with the Group's business model, resulting in lower average sales prices per tonne.

Gross profit grew by 8.3% (excl. translation effects 8.1%) from CHF 672.6 million to CHF 728.5 million. On a stand-alone basis gross profit grew by 9.6%. This is mainly the result of the Group's volume growth and a positive product margin development, partly offset by the effects from the lower combined cocoa ratio and higher operational and logistic costs due to capacity constraints in some areas as a result of the strong growth. Gross profit in relation to revenue from sales and services increased from 13.9% to 14.9% (stand-alone). Gross profit per tonne declined from CHF 487.8 in prior year to CHF 474.4 (stand-alone, it increased to CHF 491.8).

Marketing and sales expenses grew 13.1% to CHF 106.9 million compared to CHF 94.5 million last year. The increase is due to acquisitions, the Group's growth and further expansion of the distribution and sales network, particularly in the Gourmet business. The Group also invested in the rejuvenation of its global Gourmet brands and continued to pursue its strategy to strengthen customer relationships and direct sales activities.

General and administration expenses amounted to CHF 284.5 million, up 22.8% compared to CHF 231.6 million in prior year. In addition to the effects from the Group's growth, this amount is particularly affected by the transaction costs and other non-recurring costs related to the recently acquired cocoa business as well as the continuation of investments in processes and structures.

Other income of CHF 14.8 million was recorded, compared to CHF 13.8 million in the prior year. In both years, this position included operating but non-sales-related income items, such as income generated by the Group's Training Center, Schloss Marbach, claims related to insurance companies and suppliers, sales of waste products and some other items.

Other expenses amounted to CHF 12.2 million compared to CHF 7.1 million in the prior year. This position comprises litigation, claims, restructuring and severance costs, impairment charges and losses on sale of assets and waste as well as some other non-recurring items.

Operating profit (EBIT) decreased by 3.9% to CHF 339.6 million, compared to CHF 353.2 million in the prior year. Stand-alone – i.e. excluding the non-recurring, transaction-related costs and the operating results of the recently acquired cocoa business, which impacted operating profit (EBIT) by CHF –29.2 million – EBIT grew 4.4%. All Regions and Product Groups contributed positively to EBIT. This is also true for the EBIT growth except for Region Asia-Pacific and Global Sourcing & Cocoa. The former was affected by costs in relation with the relocation to a new factory as well as capacity constraints leading to higher operational and logistic costs, the latter by the negative development of the combined cocoa ratio. The biggest absolute contribution to EBIT, in terms of geographical area, came from Region Europe and, in terms of Product Group, from Food Manufacturers Products. The biggest contributions to EBIT growth came from Region Europe and Americas. EBIT per tonne receded from CHF 256.2 to CHF 246.1 (stand-alone).

Finance income amounted to CHF 14.8 million, up from CHF 6.0 million in prior year mainly as a result of higher gains, related in part to the hedging of the additional financing needs in light of the acquisition of the recently acquired cocoa business.

Finance costs increased to CHF 89.6 million from CHF 80.8 million in prior year. This is mainly due to costs related to the additional debt assumed for the aforementioned acquistion including the related bridge financing facility and the USD 400 million bond issue.

Share of result of equity-accounted investees, net of tax as in prior year amounted to CHF 0.0 million. The position comprises the Group's share in equity movements of participations in companies over which the Group has significant influence but not control. Positive and negative contributions from those companies were largely offsetting.

Income tax expenses decreased to CHF 35.5 million from CHF 37.2 million in prior year. This is the result of the lower profit before tax. The effective tax rate stands at the same level as last year, i.e. 13.4%. The adverse effects from the mix of jurisdictions in which the taxable results were achieved and from non-recurring items were largely neutralized by the usage and first time recognition of tax loss carry-forwards in some jurisdictions.

Net profit for the year from continuing operations amounted to CHF 229.3 million, a decrease of 4.9% compared to CHF 241.1 million in prior year. In local currencies, it declined by 5.4%. This is mainly the result of the effects from the recently acquired cocoa business.

Net result from discontinued operations amounted to CHF –6.7 million and mainly included the operational result and financial and income tax expenses of the disposed Dijon business up until completion of the transaction. The prior year net loss from discontinued operations amounted to CHF –98.5 million, of which CHF –66.8 million was related to the discontinuation of the Dijon business and CHF –31.7 million to the disposal of Stollwerck.

Net profit for the year (including discontinued operations) amounted to CHF 222.6 million, compared to CHF 142.6 million in prior year. Net profit for the year attributable to the shareholders of the parent company amounted to CHF 223.2 million, compared to CHF 142.1 million in the preceding year.

Basic earnings per share (from continuing operations) decreased by 5.6% to CHF 43.94, compared to CHF 46.57 last year. **Cash earnings per share**, defined as operating cash flow before working capital changes, divided by the weighted average number of basic shares outstanding, rose to CHF 86.21 from CHF 85.19 the year before.

Consolidated Balance Sheet and financing structure

Total assets at the end of August 2013 increased by 26.6% to CHF 4,527.1 million, compared to CHF 3,576.6 million at the end of last year. This increase is mainly the result of the recently acquired cocoa business and, to some extent, the Group's organic business growth, partly offset by lower derivative financial assets.

Net working capital increased by 29.5% to CHF 1,345.7 million at August 31, 2013, compared to CHF 1,039.2 million the year before, mainly due to the acquired business. Stand-alone net working capital grew by 4.3%, at a lower rate than the Group's organic growth.

Net debt at August 31, 2013 amounted to CHF 1,525.2 million, an increase of CHF 582.3 million versus CHF 942.9 million in prior year. This again is mainly attributable to financing needs for the recently acquired cocoa business. Without this effect, net debt would be at CHF 993.1 million, slightly higher than prior year due to the increased stand-alone working capital. The weighted average maturity of the Group's total debt portfolio after the financial restructuring in light of the aforementioned acquisition rose to above six years from slightly below six years in prior year.

Equity – including equity attributable to the shareholders of the parent company and non-controlling interests – amounted to CHF 1,766.1 million. This represents an increase of CHF 404.4 million or 29.7%, compared to the CHF 1,361.7 million at the end of August 2012. Equity attributable to the shareholders of the parent company amounted to CHF 1,762.3 million compared to last year's CHF 1,357.1 million. The increase is mainly due to the share capital increase undertaken to finance part of the aforementioned acquisition and the net profit, partly offset by the payout to shareholders which came, in parts, from reserves from capital contributions and from a share capital reduction.

Despite the aforementioned overall increase in equity, the debt-to-equity ratio deteriorated from 69.5% to 86.5% due to higher financing requirements in light of the acquisition and the Group's growth. Adjusted for these effects, it improved slightly to 65.4% (stand-alone). The solvency ratio rose from 37.9% to 38.9%. The return on invested capital (ROIC) decreased slightly from 14.2% in the prior year to 13.3% (calculated on a stand-alone basis for comparability reasons).

Consolidated Cash Flow Statement

Operating cash flow before working capital changes increased to CHF 451.1 million from CHF 440.2 million in the prior year. **Cash outflow for working capital changes** amounted to CHF –52.0 million, compared to CHF –128.3 million in prior year. The effect of higher working capital requirements resulting from the business growth were almost offset by raw material price impacts and the effects of the strict working capital management. Cash outflow for interest was slightly higher due to the increased financing in light of the acquisition, whereas cash outflow for tax was lower as the last year included a non-recurring item. Overall, this resulted in an increase in the **Net cash flow from operating activities** to CHF 293.1 million compared to CHF 164.5 million the year before.

Net cash flow from investing activities amounted to CHF –1,071.3 million, compared to CHF –100.5 million in the preceding year. This year's amount was particularly affected by the cash outflow for the recently acquired cocoa business and two smaller business acquisitions. The prior year included the cash inflow of CHF 132.2 million in relation to the disposal of the Stollwerck business. As last year, the Group made significant investments in property, plant and equipment and intangible assets in the amount of CHF –223.5 million (prior year CHF –217.8). The position also includes proceeds from the sale of assets in the amount of CHF 6.3 million (CHF 2.9 million in prior year) as well as some other minor items.

Net cash flow from financing activities amounted to CHF 810.1 million compared to CHF –70.2 million in prior year. This net inflow arose mainly from the net debt issue of CHF 629.6 million (including the issue of a USD 400 million bond) and the share capital increase of CHF 273.1 million undertaken to finance the purchase consideration of the recently acquired cocoa business. This position also includes the payout to shareholders of CHF –80.1 million, made partly out of paid-in capital reserves and partly from a share capital reduction (prior year CHF –80.1 million dividend out of paid-in capital reserves). The cash outflow for the purchase of treasury shares amounted to CHF –12.3 million (prior year CHF –3.8 million).nic

Consolidated Income Statement

for the fiscal year ended August 31, in thousands of CHF	Notes	2012/13	2011/12
Revenue from sales and services		**4,884,090**	**4,829,520**
Cost of goods sold		(4,155,638)	(4,156,943)
Gross profit		**728,452**	**672,577**
Marketing and sales expenses		(106,918)	(94,537)
General and administration expenses		(284,528)	(231,561)
Other income	6	14,802	13,826
Other expenses	7	(12,168)	(7,131)
Operating profit (EBIT)		**339,640** [1]	**353,174**
Finance income	8	14,750	5,985
Finance costs	9	(89,583)	(80,843)
Share of result of equity-accounted investees, net of tax	17	(49)	21
Profit before income taxes		**264,758**	**278,337**
Income tax expenses	10	(35,508)	(37,229)
Net profit from continuing operations		**229,250**	**241,108**
Net loss from discontinued operations, net of tax	2	(6,691)	(98,528)
Net profit for the year		**222,559**	**142,580**
of which attributable to:			
– shareholders of the parent company		223,246	142,103
– non-controlling interest[2]	25	(687)	477
Earnings per share from continuing and discontinued operations			
Basic earnings per share (CHF/share)		42.66	27.50
Diluted earnings per share (CHF/share)		42.46	27.38
Earnings per share from continuing operations[3]	11		
Basic earnings per share (CHF/share)		43.94	46.57
Diluted earnings per share (CHF/share)		43.73	46.36

1 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 368.8 million related to Barry Callebaut Group stand-alone, i.e. before acquisition.
2 None of the results from discontinued operations is related to non-controlling interest.
3 Based on net profit for the year attributable to the shareholders of the parent company excluding the net result from discontinued operations.

Consolidated Statement of Comprehensive Income

for the fiscal year ended August 31,		2012/13	2011/12
in thousands of CHF	Notes		
Net profit for the year		**222,559**	**142,580**
Cash flow hedges	14	11,435	(11,723)
Tax effect on cash flow hedges	14	(4,069)	4,035
Currency translation differences		(18,462)	81,896
thereof recycled into profit or loss related to divesture		1,686	(9,878)
Items that are or may be reclassified subsequently to profit or loss		**(11,096)**	**74,208**
Other comprehensive (loss)/income for the year, net of tax		**(11,096)**	**74,208**
Total comprehensive income for the year		**211,463**	**216,788**
of which attributable to:			
– shareholders of the parent company		212,222	215,871
– non-controlling interest		(759)	917

Consolidated Balance Sheet

Assets

as of August 31, in thousands of CHF	Notes	2013	2012
Current assets			
Cash and cash equivalents		65,618	53,898
Short-term deposits		16,741	659
Trade receivables and other current assets	12	777,036	570,167
Inventories	13	1,446,387	1,108,171
Current tax assets		4,934	4,737
Derivative financial assets	14	144,286	414,183
Total current assets		**2,455,002**	**2,151,815**
Non-current assets			
Property, plant and equipment	15	1,085,740	799,758
Equity-accounted investees	17	5,088	4,573
Intangible assets	18	882,785	526,525
Deferred tax assets	19	88,245	87,093
Other non-current assets		10,248	6,864
Total non-current assets		**2,072,106**	**1,424,813**
Total assets		**4,527,108**	**3,576,628**

Liabilities and equity

as of August 31, in thousands of CHF	Notes	2013	2012
Current liabilities			
Bank overdrafts	20	14,311	34,287
Short-term debt	20	229,764	117,277
Trade payables and other current liabilities	21	793,954	657,605
Current tax liabilities		32,059	38,282
Derivative financial liabilities	14	188,974	362,359
Provisions	22	12,185	12,216
Current liabilities without liabilities directly associated with assets held for sale		**1,271,247**	**1,222,026**
Liabilities directly associated with assets held for sale	2	–	25,292
Total current liabilities		**1,271,247**	**1,247,318**
Non-current liabilities			
Long-term debt	23	1,363,460	845,904
Employee benefit obligations	24	51,351	47,526
Provisions	22	5,055	2,565
Deferred tax liabilities	19	60,574	53,976
Other non-current liabilities		9,347	17,590
Total non-current liabilities		**1,489,787**	**967,561**
Total liabilities		**2,761,034**	**2,214,879**
Equity			
Share capital	25	102,093	125,114
Retained earnings and other reserves		1,660,238	1,231,973
Total equity attributable to the shareholders of the parent company		**1,762,331**	**1,357,087**
Non-controlling interest	25	3,743	4,662
Total equity		**1,766,074**	**1,361,749**
Total liabilities and equity		**4,527,108**	**3,576,628**

Consolidated Cash Flow Statement

Cash flows from operating activities[1]

for the fiscal year ended August 31,		2012/13	2011/12
in thousands of CHF	Notes		
Profit before income taxes from continuing operations		264,758	278,337
(Loss)/Profit before income taxes from discontinued operations	2	(5,250)	(97,403)
Adjustments for:			
Depreciation of property, plant and equipment	15	70,299	65,580
Amortization of intangible assets	18	25,145	19,302
Impairment of property, plant & equipment	15	69	40,656
Impairment of intangible assets	18	767	2,263
Loss/(Gain) on sale of property, plant and equipment, net		106	275
Loss/(Gain) on sale of subsidiary		–	31,014
Foreign exchange (gain)/loss		33,780	(29,030)
Fair value (gain)/loss on derivative financial instruments		(22,285)	15,457
Write-down of inventories		4,742	16,805
Increase (decrease) of bad debt allowance		(4,852)	(12,968)
Increase (decrease) of provisions		(4,715)	3,218
Accrued expenses related to the disposal of the discontinued operations		–	25,292
Increase (decrease) of employee benefit obligations		(543)	(772)
Equity-settled share-based payments	4, 24	12,332	8,046
Share of loss/(profit) of equity-accounted investees, net of tax	17	49	(21)
(Interest income)	8	(540)	(1,503)
Interest expenses		77,245	75,642
Operating cash flow before working capital changes		**451,106**	**440,190**
(Increase) decrease in trade receivables and other current assets		(81,936)	(156,327)
(Increase) decrease in inventories		(20,954)	68,048
Increase (decrease) in trade payables and other current liabilities		58,470	(36,874)
Use of provisions		(7,588)	(3,164)
Cash generated from operating activities		**399,098**	**311,873**
(Interest paid)		(69,004)	(67,102)
(Income taxes paid)		(37,023)	(80,296)
Net cash from operating activities		**293,071**	**164,475**

1 The Cash Flow Statement includes the cash flow from discontinued operations.

Consolidated Cash Flow Statement

Cash flows from investing activities[1]

for the fiscal year ended August 31,		2012/13	2011/12
in thousands of CHF	Notes		
Purchase of property, plant and equipment	15	(182,582)	(178,222)
Proceeds from sale of property, plant and equipment		6,315	2,434
Purchase of intangible assets	18	(40,901)	(39,592)
Proceeds from sale of intangible assets		10	468
Acquisition of subsidiaries/businesses net of cash acquired	1	(823,180)	(18,764)
Cash flow from disposal of subsidiaries	2	(14,789)	132,205
Purchase of short-term deposits		(16,092)	(181)
Sale/(Purchase) of other non-current assets		(607)	(489)
Interest received		523	1,548
Dividends received		–	64
Net cash flow from investing activities		**(1,071,303)**	**(100,529)**

Cash flows from financing activities[1]

for the fiscal year ended August 31,		2012/13	2011/12
in thousands of CHF	Notes		
Proceeds from the issue of short-term debt		121,788	1,325
Repayment of short-term debt		(14,878)	(125,352)
Proceeds from the issue of long-term debt		523,862	135,884
Repayment of long-term debt		(1,209)	(735)
Dividend payment	25	(51,165)	(80,135)
Capital reduction and repayment	25	(28,942)	–
Proceeds from capital increase	25	273,121	–
Purchase of treasury shares	25	(12,324)	(3,813)
Dividends paid to non-controlling interests	25	(129)	(164)
Effects of changes in non-controlling interest	25	(31)	2,785
Net cash flow from financing activities		**810,093**	**(70,205)**
Effect of exchange rate changes on cash and cash equivalents		(165)	1,220
Net increase (decrease) in cash and cash equivalents		**31,696**	**(5,039)**
Cash and cash equivalents at beginning of year		19,611	24,650
Cash and cash equivalents at end of year		51,307	19,611
Net increase (decrease) in cash and cash equivalents		**31,696**	**(5,039)**
Cash and cash equivalents		65,618	53,898
Bank overdrafts		(14,311)	(34,287)
Cash and cash equivalents as defined for the cash flow statement		**51,307**	**19,611**

1 The Cash Flow Statement includes the cash flow from discontinued operations.

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, 2011	**125,114**	**(7,538)**	**1,560,265**	**2,143**	**(462,866)**	**1,217,118**	**(275)**	**1,216,843**
Currency translation adjustments					81,456	81,456	440	81,896
Effect of cash flow hedges (note 14)				(11,723)		(11,723)		(11,723)
Taxes recognized in equity (note 19)			–	4,035		4,035		4,035
Other comprehensive income, net of tax			**–**	**(7,688)**	**81,456**	**73,768**	**440**	**74,208**
Net profit for the year			142,103			142,103	477	142,580
Total comprehensive income for the year			**142,103**	**(7,688)**	**81,456**	**215,871**	**917**	**216,788**
Dividend payment			(80,135)			(80,135)	(164)	(80,299)
Movements of non-controlling interest (note 25)						–	4,184	4,184
Purchase of treasury shares		(3,813)				(3,813)		(3,813)
Equity-settled share-based payments		8,578	(532)			8,046		8,046
As of August 31, 2012	**125,114**	**(2,773)**	**1,621,701**	**(5,545)**	**(381,410)**	**1,357,087**	**4,662**	**1,361,749**
Currency translation adjustments					(18,390)	(18,390)	(72)	(18,462)
Effect of cash flow hedges (note 14)				11,435		11,435		11,435
Taxes recognized in equity (note 19)				(4,069)		(4,069)		(4,069)
Other comprehensive income, net of tax			**–**	**7,366**	**(18,390)**	**(11,024)**	**(72)**	**(11,096)**
Net profit for the year			223,246			223,246	(687)	222,559
Total comprehensive income for the year			**223,246**	**7,366**	**(18,390)**	**212,222**	**(759)**	**211,463**
Dividend to shareholders			(51'165)			(51,165)	(129)	(51,294)
Capital reduction and repayment	(28,952)		10			(28,942)		(28,942)
Movements of non-controlling interest (note 25)							(31)	(31)
Capital increase	5,931		267,190			273,121		273,121
Purchase of treasury shares		(12,324)				(12,324)		(12,324)
Equity-settled share-based payments (note 24)		11,771	561			12,332		12,332
As of August 31, 2013	**102,093**	**(3,326)**	**2,061,543**	**1,821**	**(399,800)**	**1,762,331**	**3,743**	**1,766,074**

Summary of Accounting Policies

Organization and business activity

Barry Callebaut AG ("The Company") was incorporated on November 24, 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, 2013, Barry Callebaut's market capitalization based on issued shares was CHF 4,805 million (August 31, 2012: CHF 4,671 million). The Group's ultimate parent is Jacobs Holding AG with a share of 50.11% of the shares issued (August 31, 2012: 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, for related hedged items and for defined benefit obligation that is accounted for according to the projected unit credit method.

Change 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 January 1, 2012:

Amendments to IAS 1 – Presentations of Items of Other Comprehensive Income

As a result of the amendments to IAS 1, the Group has modified the presentation of items of Other Comprehensive Income in its statement of Comprehensive Income, to present separately items that may be reclassified to profit or loss from those that would never be. Comparative information has been represented accordingly.

Amendments to IAS 12 – Deferred Tax: Recovery of Underlying Assets
These amendments do not have any impact on the Consolidated Financial Statements as the Group does not have investment properties accounted for under the fair value model.

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 assessment of goodwill on a provisional basis
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

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. Control is presumed to exist when a company owns, either directly or indirectly, more than 50% of the voting rights of a company's share capital or otherwise has the power to exercise control over the financial and operating policies of a subsidiary so as to obtain the benefits from its activities. 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 period 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 financial income and financial expense.

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 equity. 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

	2012/13		2011/12	
	Closing rate	Average rate	Closing rate	Average rate
EUR	1.2322	1.2235	1.2007	1.2115
GBP	1.4426	1.4620	1.5173	1.4601
USD	0.9316	0.9352	0.9608	0.9276

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 and form 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 instrument 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.

These 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 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 equity. Gains or losses that are recognized in equity 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 equity is kept in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognized in equity 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 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 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.

Assets held for sale and liabilities directly associated with assets held for sale

Short-term and long-term assets and related liabilities are classified as held for sale and shown on the balance sheet in a separate line as "Assets held for sale" and "Liabilities directly associated with assets held for sale" if the carrying amount is to be realized by selling, rather than using, the assets. This is conditional upon the sale being highly probable to occur and the assets being ready for immediate sale. For a sale to be classified as highly probable, the following criteria must be met: Management is committed to a plan to sell the asset, the asset is marketed for sale at a price that is reasonable in relation with its current fair value and the completion of the sale is expected to occur within 12 months.

Assets held for sale are measured at the lower of their carrying amount or the fair value less costs to sell. From the time they are classified as "held for sale", depreciable assets are no longer depreciated or amortized.

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 liabilities of the Group arising from defined benefit obligations and the related current service costs are determined on an actuarial basis using the projected unit credit method.

Actuarial gains and losses are recognized in the income statement over the remaining working lives of the employees to the extent that their cumulative amount exceeds 10% of the greater of the present value of the obligation and of the fair value of plan assets.

For defined benefit plans, the actuarial costs charged to the income statement consist of current service cost, interest cost, expected return on plan assets, and past service cost, gains or losses related to curtailments or early settlements as well as actuarial gains or losses to the extent they are recognized. The past service cost for the enhancement of pension benefits is accounted for over the period that such benefits vest.

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, treasury shares are used. In accordance with IFRS 2, the compensation costs in relation with shares granted under the employee stock ownership program are recognized in the income statement over the vesting period at their fair value as of the grant date.

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 2013/14 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, 2013, 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 discussed below the table. The Group does not plan to adopt these standards early, with the exception of the amendments to IAS 36, which will be applied already in fiscal year 2013/14 together with IFRS 13.

	Effective date	Planned application by the Group in fiscal year
New Standards or Interpretations		
IFRS 10 Consolidated Financial Statements	1 January 2013	Fiscal year 2013/14
IFRS 11 Joint Arrangements	1 January 2013	Fiscal year 2013/14
IFRS 12 Disclosure of Interests in Other Entities	1 January 2013	Fiscal year 2013/14
IFRS 13 Fair Value Measurement	1 January 2013	Fiscal year 2013/14
IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013	Fiscal year 2013/14
IFRIC 21 Levies	1 January 2014	Fiscal year 2014/15
IFRS 9 Financial Instruments and related amendments to IFRS 7 regarding transition	1 January 2015	Fiscal year 2015/16
Revisions and amendments of Standards and Interpretations		
IAS 19 Employee Benefits (amended 2011)	1 January 2013	Fiscal year 2013/14
IAS 27 Separate Financial Statements (2011)	1 January 2013	Fiscal year 2013/14
IAS 28 Investments in Associates and Joint Ventures (2011)	1 January 2013	Fiscal year 2013/14
Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)	1 January 2013	Fiscal year 2013/14
Improvements to IFRSs (May 2012)	1 January 2013	Fiscal year 2013/14
Consolidated Financial Statements, Joint Arrangements and Disclosures of Interests in Other Entities: Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12)	1 January 2013	Fiscal year 2013/14
Government Loans (Amendments to IFRS 1)	1 January 2013	Fiscal year 2013/14
Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)	1 January 2014	Fiscal year 2014/15
Investment Entities (Amendments to IFRS 10, IFRS 12, IAS 27)	1 January 2014	Fiscal year 2014/15
Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)	1 January 2014	Fiscal year 2013/14
Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)	1 January 2014	Fiscal year 2014/15

IAS 19 – Employee Benefits (amended 2011)

The revised IAS 19 standard eliminates the corridor method that is currently applied by the Group. In the future, all changes in the present value of the defined benefit obligation and in the fair value of the plan assets will be recognized in the financial statements immediately in the period they occur. Any movements in actuarial gains and losses will be recognized through other comprehensive income. The Group will apply this change in accounting policy retrospectively in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", affecting both the net defined benefit liability in the Consolidated Balance Sheet and the amounts recognized in the Consolidated Income Statement.

As of 31 August 2013, the unrecognized actuarial losses amounted to CHF 81.3 million. Upon adoption of IAS 19 revised in fiscal year 2013/14, an amount of CHF 69.0 million of unrecognized actuarial losses will be recognised in equity as of 1 September 2012 due to the retrospective application of the revised standard. Furthermore, remeasurements of the net defined benefit liability in the amount of CHF 12.3 million will be recognised in other comprehensive income for fiscal year 2012/13.

In addition, the revised standard specifies the presentation of the changes in the net defined benefit liability. Service costs and net interest on the net defined benefit liability are recognized in the Consolidated Income Statement, whereas the remeasurement of the net defined benefit liability is recognized in other comprehensive income. Currently, all recognizable changes, including the recognized part of the actuarial gains and losses under the corridor method, are recognized in the Consolidated Income Statement.

Under the revised version of IAS 19, the defined benefit expenses recognized in the Consolidated Income Statement will consist of the service costs and the net interest cost based on the net defined benefit liabilities. The net interest costs will be based on the discount rate used to discount the obligation.

Had IAS 19 revised been applied for fiscal year 2012/13, total defined benefit expenses would amount to CHF 11.5 million (compared to the expenses of CHF 12.9 million in the current Consolidated Income Statement), consisting of service costs of CHF 8.5 million and net interest costs of CHF 3.0 million. The net interest costs consist of interest cost on the obligation of CHF 8.8 million and interest income on plan assets of CHF 5.8 million, both calculated based on the discount rate used to discount the employee benefit obligations.

IFRS 10 – Consolidated Financial Statements
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 consolidation procedures are carried forward from IAS 27. The new standard is not expected to have a significant impact on the control conclusions, the accounting policies will be amended accordingly in the Group's Consolidated Financial Statements.

IFRS 11 – Joint Arrangements
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. The Group decided not to early adopt the standard. The new standard is not expected to have a significant impact on the control conclusions, the accounting policies will be amended accordingly in the Group's Consolidated Financial Statements.

IFRS 12 – Disclosure of Interests in Other Entities
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 will result in certain extended disclosures in the Group's Consolidated Financial Statements.

Amendments to IFRS 10, IFRS 11 and IFRS 12: Transition Guidance
These amendments were published in June 2012 and simplify the process of adopting IFRS 10 and IFRS 11. In addition, they provide relief from certain IFRS 12 disclosures.

IFRS 13 – Fair Value Measurement
This standard defines fair value, sets out in a single IFRS a framework for measuring fair value, and requires disclosures about fair value measurements. The new standard will result in certain extended disclosures in the Group's Consolidated Financial Statements.

Amendments to IFRS 7 – Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities
These amendments include minimum disclosure requirements related to financial assets and financial liabilities that are offset in the balance sheet, and are subject to enforceable master netting agreements or similar agreements.The amendments are to be applied retrospectively.

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. All recognized financial assets that are currently in the scope of IAS 39 will be measured at either amortized cost or fair value. The standard gives guidance on how to apply the measurement principles. A fair value option is available as an alternative to amortized cost measurement. All equity investments within the scope of IFRS 9 are to be measured on the Consolidated Balance Sheet at fair value with the default recognition of gains and losses in profit or loss. 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 within the scope of IFRS 9 are required to be measured at fair value.This includes derivatives that are settled by the delivery of unquoted equity instruments; however, in limited circumstances, cost may be an appropriate estimate of fair value.

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.

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

Notes to the Consolidated Financial Statements

1 Acquisitions

Acquisitions 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 Sourcing & 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 millions of 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 millions of 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
The goodwill on the transaction cannot yet be established, as the purchase consideration could not be 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) amounts to CHF 304.0 million. This amount represents the sum of the goodwill and the amount due to be paid back by the Seller to the Buyer for the difference of estimated versus finally determined values. These values can only be finally determined after finalization of the procedures and dispute resolution mechanisms foreseen in the SPA. The Group has assessed and recorded all related assets and liabilities at their fair values. Thus, the Group assesses that the outcome of dispute resolution according to the procedures foreseen in the SPA will affect only the final determination of the purchase consideration (the amount due to be paid back by the Seller to the Buyer) and goodwill. This is however not expected to have any effect on the operational performance or results of the acquired business.

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 Sourcing & 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 Sourcing & 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 millions of 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 millions of 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 period of CHF 2.9 million to the Consolidated Income Statement.

Acquisitions in 2011/12

On January 10, 2012, the Group obtained control of la Morella nuts S.A., a Spanish company active in manufacturing nut-based products, by acquiring 100% of the shares and voting interests.

To further strengthen its share in the fast-growing decoration business, Barry Callebaut signed an agreement to aquire 100% of the shares and gained control over Mona Lisa Food Products, Inc., a company based in the USA, with effect of March 1, 2012. The company has meanwhile been merged into Barry Callebaut USA LLC.

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

in millions of CHF	2011/12
Consideration	
Cash paid	18.8
Consideration deferred	7.2
Total consideration transferred	**26.0**

The deferred payments are contractually due at the first, second and third anniversary of the closing date and do not qualify as contingent consideration with the seller nor are there other arrangements for contingent consideration.

The Group expensed acquisition-related costs, such as fees for due diligence work, lawyers and valuation services, of CHF 0.6 million over the course of the projects immediately in the Consolidated Income Statement (included in “General and administration expenses”), all recognized in the fiscal year of the acquisition.

in millions of CHF	2011/12
Recognized amounts of identifiable assets acquired and liabilities assumed	
Current assets	15.6
Non-current assets	10.1
Current liabilities	(13.7)
Non-current liabilities	(5.2)
Total identifiable net assets	**6.8**
Goodwill	19.2
Total consideration at fair value	**26.0**

The goodwill of CHF 19.2 million arising from the acquisitions is attributable to the skills and technical talents of the work force, synergies expected to be achieved from integrating the companies into the Group's existing business and economies of scale expected from combining the operations, sales and sourcing channels of the companies and the Group. None of the goodwill recognized is expected to be deductible for income tax purposes. CHF 11.6 million of the goodwill is allocated to Region Europe, whereas CHF 7.6 million is allocated to Region Americas.

The revenue included in the Consolidated Income Statement since the acquisition dates, contributed by the companies, was CHF 29.4 million. The companies have also contributed a profit of CHF 1.7 million since acquisition.

Had the companies been consolidated from September 1, 2011, they would have contributed revenue of CHF 47.0 million and net profit for the fiscal year of CHF 2.9 million to the Consolidated Income Statement.

2 Discontinued operations and disposals

Discontinuation of the Dijon operations

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 – following the disposal of the Stollwerck business completed earlier in fiscal year 2011/12. The sale has been completed on November 30, 2012.

The comparable figures for the fiscal year 2011/12 include the result of both the Dijon operations and the Stollwerck business (sold on September 30, 2011) as well as costs in connection with its discontinuation. The figures for the fiscal year 2012/13 only include the results of the Dijon operations and costs in connection with its discontinuation. The figures in both years are disclosed under the line "Net loss of discontinued operations, net of tax".

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	2011/12
Revenue from sales and services	**10,775**	**151,461**
Operating expenses[1]	(15,379)	(155,624)
Operating loss before impairment on assets and other disposal costs	**(4,604)**	**(4,163)**
Impairment on assets	–	(22,867)
Transaction and separation costs	(124)	(65,570)
Operating loss (EBIT)	**(4,728)**	**(92,600)**
Financial items	(522)	(4,803)
Income taxes	(1,441)	(1,125)
Net loss from discontinued operations, net of tax	**(6,691)**	**(98,528)**
Earnings per share from discontinued operations		
Basic earnings per share (CHF/share)	(1.28)	(19.07)
Diluted earnings per share (CHF/share)	(1.27)	(18.98)
Cash flows from discontinued operations	**(19,121)**	**(4,183)**
Net cash flow from operating activities	(5,220)	(5,566)
Net cash flow from investing activities[2]	(19,638)	(3,005)
Net cash flow from financing activities	5,737	4,388

1 Includes depreciation and amortization of CHF 0.0 million (2011/12: CHF 3.7 million).
2 The amount in fiscal year 2012/13 mainly consists of the capital increase injected before disposal of the Dijon operations.

Assets and liabilities held for sale related to discontinued operations and disposals

As of August 31, 2012, liabilities directly associated with assets held for sale consisted of current liabilities of CHF 22.0 million and non-current liabilities of CHF 3.3 million.

Disposal of Barry Callebaut Pastry Manufacturing Ibérica S.L.

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 Europe, Americas and Global Sourcing & Cocoa as well as the Chief Operating Officer and the Chief Innovation & Quality Officer.

Financial information by reportable segments

in thousands of CHF	Europe		Americas		Asia-Pacific	
	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12
Revenues from external customers	2,352,639	2,150,618	1,182,652	1,111,822	221,954	232,426
Revenues from transactions with other operating segments of the Group	62,656	66,362	461	7	127	–
Net revenue	**2,415,295**	**2,216,980**	**1,183,113**	**1,111,829**	**222,081**	**232,426**
Operating profit (EBIT)	**253,220**	**232,176**	**107,559**	**90,174**	**26,941**	**29,705**
Depreciation and amortization	(31,592)	(29,173)	(21,615)	(17,089)	(5,585)	(5,983)
Impairment losses	(809)	(104)	–	–	(27)	–
Total assets	**1,171,236**	**1,056,094**	**735,559**	**664,102**	**142,617**	**126,013**
Additions to property, plant, equipment and intangible assets	(90,276)	(71,882)	(55,209)	(54,519)	(22,368)	(4,849)

The Executive Committee considers the business from a geographic view. Hence, Presidents were appointed for each region. Since the Group's sourcing and cocoa activities operate independently of the Regions, the Global Sourcing & 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 Sourcing & 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 recently acquired from Petra Foods is integrated and reported into this segment. Most of the revenues of Global Sourcing & 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 Sourcing & 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 Sourcing & Cocoa.

Segment revenue, segment results (operating profit EBIT) and segment assets correspond to the Group's Consolidated Financial Statements. Finance income and costs, the Group's share of profit/loss of equity-accounted investees, and income taxes are not allocated to the

Global Sourcing & Cocoa		Total Segments		Corporate		Eliminations		Group	
2012/13	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12
1,126,845	1,334,654	4,884,090	4,829,520	–	–	–	–	4,884,090	4,829,520
1,714,876	1,623,143	1,778,120	1,689,512	–	–	(1,778,120)	(1,689,512)	–	–
2,841,721	**2,957,797**	**6,662,210**	**6,519,032**	–	–	**(1,778,120)**	**(1,689,512)**	**4,884,090**	**4,829,520**
41,698	**65,215**	**429,418**	**417,270**	**(89,778)**	**(64,096)**	–	–	**339,640**	**353,174**
(33,817)	(26,200)	(92,609)	(78,445)	(2,835)	(2,670)	–	–	(95,444)	(81,115)
–	(475)	(836)	(579)	–	–	–	–	(836)	(579)
2,432,382	**1,764,344**	**4,481,794**	**3,610,553**	**1,094,408**	**595,542**	**(1,049,094)**	**(629,467)**	**4,527,108**	**3,576,628**
(586,330)	(89,716)	(754,183)	(220,966)	(31,025)	(26,453)	–	–	(785,208)	(247,419)

respective segment for internal management purposes. These items can be found below in the reconciliation of the EBIT to the net profit for the year.

The segment reporting no longer includes the result related to the discontinued consumer activities.

The following table shows the reconciliation of EBIT to net income for the year as reported in the Consolidated Income Statement:

Reconciliation of EBIT to net profit for the year

in thousands of CHF	2012/13	2011/12
Operating profit (EBIT)	**339,640**	**353,174**
Finance income	14,750	5,985
Finance costs	(89,583)	(80,843)
Share of profit/(loss) of equity-accounted investees, net of tax	(49)	21
Profit before income taxes	**264,758**	**278,337**
Income tax expenses	(35,508)	(37,229)
Net profit from continuing operations	**229,250**	**241,108**
Net loss from discontinued operations, net of tax	(6,691)	(98,528)
Net profit for the year	**222,559**	**142,580**

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 associates, 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.

	2012/13	2011/12	2012/13	2011/12
in thousands of CHF	Revenues		Non-current assets[1]	
USA	880,669	894,686	237,597	231,595
Belgium	438,207	453,417	296,726	268,077
Germany	412,342	383,328	100,117	6,200
United Kingdom	388,397	387,179	43,719	36,892
France	386,232	422,703	70,169	62,154
Italy	279,616	276,565	26,079	25,338
Mexico	229,027	176,983	33,108	28,958
Other	1,869,600	1,834,659	1,161,010	667,069
Total	**4,884,090**	**4,829,520**	**1,968,525**	**1,326,283**

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	2012/13	2011/12
Cocoa Products	1,126,845	1,334,654
Food Manufacturers	2,971,714	2,774,040
Gourmet & Specialities	785,531	720,826
Revenues from external customers	**4,884,090**	**4,829,520**

In fiscal year 2012/13, the biggest single customer contributed CHF 755.4 million (2011/12: CHF 730.8 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	2012/13	2011/12
Wages and salaries	(326,633)	(289,130)
Compulsory social security contributions	(69,463)	(58,595)
Equity-settled share-based payments	(12,332)	(8,046)
Expenses related to defined benefit plans	(12,891)	(12,132)
Contributions to defined contribution plans	(1,276)	(1,509)
Increase in liability for long service leave	(43)	(105)
Cash-settled share-based payment transactions	–	(411)
Total personnel expenses	**(422,638)**	**(369,928)**

5 Research and development expenses

in thousands of CHF	2012/13	2011/12
Total research and development expenses	**(20,698)**	**(17,858)**

Research and development costs 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	2012/13	2011/12
Gain on disposal of property, plant and equipment	310	31
Group training centers, museums, outlets and rental income	3,561	4,662
Sale of shells of cocoa beans and waste	3,161	2,237
Litigations, claims and insurance	3,789	4,627
Release of unused provisions and accruals	112	315
Gain on sale of subsidiary	1,259	–
Other	2,610	1,954
Total other income	**14,802**	**13,826**

7 Other expenses

in thousands of CHF	2012/13	2011/12
Restructuring costs	(2,862)	(2,992)
Loss on sale of waste	(1,027)	(4)
Litigations and claims	(4,242)	(1,630)
Costs related to chocolate museums	(28)	(8)
Loss on sale of property, plant and equipment	(416)	(306)
Impairment on property, plant and equipment (note 15)	(69)	(475)
Impairment on other intangibles (note 18)	(767)	(254)
Other	(2,757)	(1,462)
Total other expenses	**(12,168)**	**(7,131)**

8 Finance income

in thousands of CHF	2012/13	2011/12
Interest income	540	1,503
Income from investments	–	64
Exchange gains, net	7,291	4,371
Gain on derivative financial instruments	6,919	47
Total finance income	**14,750**	**5,985**

9 Finance costs

in thousands of CHF	2012/13	2011/12
Interest expenses	(75,497)	(70,634)
Structuring fees	(4,807)	(1,581)
Charges on undrawn portion of committed credit facilities	(4,335)	(2,173)
Net interest costs related to defined benefit plans	(1,308)	(2,773)
Total interest expenses	**(85,947)**	**(77,161)**
Bank charges and other financial expenses	(3,636)	(3,682)
Total finance costs	**(89,583)**	**(80,843)**

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 2012/13 is mainly attributable to the issuance of the USD 400 million Senior Note in June 2013.

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, the EUR 250 million Senior Note, issued June 2011, the USD 900 million Acquisition Bridge Facility, entered into January 2013, the EUR 525 million Back-up Revolving Credit Facility, entered into January 2013 and the USD 400 million Senior Note, issued June 2013 (see note 23).

The charges on the undrawn portion of the EUR 600 million Revolving Credit Facility, the USD 900 million Acquisition Bridge Facility as well as the EUR 525 million Back-up Revolving Credit Facility amount to CHF 4.3 million for 2012/13 (2011/12: CHF 2.2 million).

10 Income tax expenses

in thousands of CHF	2012/13	2011/12
Current income tax expenses	(36,200)	(33,587)
Deferred income tax income/(expenses)	692	(3,642)
Total income tax expenses	**(35,508)**	**(37,229)**

Reconciliation of income taxes

in thousands of CHF	2012/13	2011/12
Profit before income taxes	264,758	278,337
Expected income tax expense at weighted average applicable tax rate	(58,398)	(46,552)
Non-tax-deductible expenses	(3,742)	(3,767)
Tax-deductible items not qualifying as an expense under IFRS	7,501	21,249
Tax-exempt income	4,892	1,931
Income recognized for tax declaration purposes only	(1,728)	(2,119)
Prior-period-related items	(8,215)	(3,703)
Changes in tax rates	2,167	(387)
Losses carried forward not yet recognized as deferred tax assets	(12,217)	(13,983)
Tax relief on losses carried forward, formerly not recognized as deferred tax assets	34,232	10,102
Total income tax expenses	**(35,508)**	**(37,229)**

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 2012/13 in a weighted average applicable tax rate of 22.06% (2011/12: 16.73%).

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 2012/13. 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 34.2 million for the year 2012/13 (2011/12: CHF 10.1 million). The amount consists of CHF 13.8 million tax relief from utilization of tax losses carried forward previously not recognized (2011/12: CHF 5.8 million) and CHF 20.4 million tax losses carried forward recognized as a deferred tax asset for the first time during the year 2012/13 (2011/12: CHF 4.3 million).

11 Earnings per share from continuing operations

in CHF	2012/13	2011/12
Basic earnings per share from continuing operations (CHF/share)	43.94	46.57
Diluted earnings per share (CHF/share)	43.73	46.36

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	2012/13	2011/12
Net profit for the year attributable to ordinary shareholders, used as numerator for basic earnings per share adjusted for net loss from discontinued operations	229,937	240,631
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	229,937	240,631

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

	2012/13	2011/12
Weighted average number of shares issued	5,234,657	5,170,000
Weighted average number of treasury shares held	2,012	2,875
Weighted average number of ordinary shares outstanding, used as denominator for basic earnings per share	5,232,645	5,167,125
Equity-settled share-based payments	25,200	23,418
Adjusted weighted average number of ordinary shares, used as denominator for diluted earnings per share	5,257,845	5,190,543

12 Trade receivables and other current assets

as of August 31,	2013	2012
in thousands of CHF		
Trade receivables	492,241	321,738
Accrued income	2,705	2,680
Receivables from related parties	34	178
Loans and other receivables	36,559	42,746
Other current financial assets	17,819	22,962
Receivables representing financial assets	**549,358**	**390,304**
Fair values of hedged firm commitments	733	8,799
Prepayments	104,700	63,667
Other current non-financial assets	1,019	1,465
Other taxes and receivables from government	121,226	105,932
Other receivables	**227,678**	**179,863**
Total trade receivables and other current assets	**777,036**	**570,167**

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 230.6 million as of August 31, 2013 (2012: CHF 235.7 million), that amount being derecognized from the balance sheet. This amount is the combination of the gross value of the receivables sold (CHF 255.8 million as of August 31, 2013, CHF 265.2 million as of August 31, 2012) and the discount (CHF 25.2 million as of August 31, 2013, CHF 29.5 million as of August 31, 2012).

Net amounts payable to the program amounted to CHF 17.1 million as of August 31, 2013 (2012: 10.3 million), consisting of the balance of receivables collected before the next rollover date of CHF 42.3 million (2012: CHF 39.8 million), less the discount on receivables sold of CHF 25.2 million (2012: CHF 29.5 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 3.1 million in fiscal year 2012/13 (2011/12: CHF 3.9 million) and is reported under interest expenses.

Ageing of trade receivables

as of August 31,	2013	2012
in thousands of CHF		
Total trade receivables	505,855	337,692
Less impairment provision for trade receivables	(13,614)	(15,954)
Total trade receivables	**492,241**	**321,738**
Of which:		
Not overdue	407,356	285,443
Impairment provision for trade receivables not overdue	(154)	(368)
Past due less than 90 days	67'077	26,312
Impairment provision for trade receivables past due less than 90 days	(296)	(319)
Past due more than 90 days	31,422	25,937
Impairment provision for trade receivables past due more than 90 days	(13,164)	(15,267)
Total trade receivables	**492,241**	**321,738**

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 economic situation.

Movements in impairment provision for trade receivables

in thousands of CHF	2012/13	2011/12
as of September 1,	15,954	18,312
Additions	2,523	4,547
Amounts written off as uncollectible	(3,493)	(6,466)
Unused amounts reversed	(1,941)	(1,385)
Currency translation adjustment	571	946
as of August 31,	**13,614**	**15,954**

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 with 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,	2013	2012
in thousands of CHF		
Cocoa bean stocks	403,546	359,683
Semi-finished and finished products	904,188	638,405
Other raw materials and packaging materials	138,653	110,083
Total inventories	**1,446,387**	**1,108,171**

As of August 31, 2013, inventories amounting to CHF 8.7 million (2012: CHF 13.2 million) are pledged as security for financial liabilities.

In fiscal year 2012/13, inventory write-downs of CHF 4.3 million (2011/12: CHF 9.1 million) were recognized as expenses related to the continuing business and CHF 0.4 million (2011/12: CHF 7.7 million) related to discontinued operations.

14 Derivative financial instruments and hedging activities

as of August 31,	2013		2012	
in thousands of CHF	Derivative financial assets	Derivative financial liabilities	Derivative financial assets	Derivative financial liabilities
Cash flow hedges				
Interest rate risk				
Swaps	–	7,400	–	11,765
Cocoa price risk				
Forward and futures contracts	962	815	–	–
Foreign exchange risk				
Forward and futures contracts	127	28	–	–
Fair value hedges				
Foreign exchange risk				
Forward and futures contracts	7,800	6,610	22,369	16,921
Other – no hedge accounting				
Raw materials				
Forward and futures contracts and other derivatives	120,511	150,730	354,928	311,790
Foreign exchange risk				
Forward and futures contracts	14,886	23,391	36,886	21,883
Total derivative financial assets	**144,286**		**414,183**	
Total derivative financial liabilities		**188,974**		**362,359**

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.

The decrease in the value of derivative financial assets and liabilities was impacted by netting arrangements with counterparties entered into in fiscal year 2012/13.

The majority of the derivative financial liabilities (and part of the derivative financial assets) recognized due to the acquisition of the Cocoa Ingredients Division of Petra Foods Ltd. relates to the fair valuation of the purchase and sales contract portfolio of this business on acquisition.

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 August 31, 2011			**2,143**	**2,143**
Movements in the period:				
Gains/(losses) taken into equity			(11,664)	(11,664)
Transfer to the Consolidated Income Statement for the period			(208)	(208)
Income taxes			4,035	4,035
Currency translation adjustment			149	149
as of August 31, 2012			**(5,545)**	**(5,545)**
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**

Cash flow hedges

In the course of fiscal year 2012/13, 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 (before taxes).

as of August 31,	2013				2012			
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	1,525	5,497	3,853	10,875	730	2,692	101	3,523
Derivative financial liabilities	(2,902)	(4,595)	–	(7,497)	(3,854)	(7,588)	(281)	(11,723)
Total net	**(1,377)**	**902**	**3,853**	**3,378**	**(3,124)**	**(4,896)**	**(180)**	**(8,200)**

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,	2013		2012	
in thousands of CHF	Assets	Liabilities	Assets	Liabilities
Foreign exchange risk – sales and purchase contracts	733	2,357	8,799	1,659
Total fair value of hedged firm commitments	**733**	**2,357**	**8,799**	**1,659**

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

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**

2011/12	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, 2011	**313,775**	**1,004,144**	**79,368**	**46,751**	**1,444,038**
Change in Group structure – acquisitions	5,440	2,265	733	–	8,438
Change in Group structure – disposals	–	–	–	–	–
Additions	21,104	92,010	6,165	58,943	178,222
Disposals	(1,864)	(1,662)	(807)	(114)	(4,447)
Currency translation adjustments	27,363	87,364	4,282	6,683	125,692
Reclassifications from under construction	553	8,624	1,188	(10,533)	(168)
Reclassified to assets held for sale	(23,606)	(25,840)	(420)	(3,164)	(53,030)
Other reclassifications	–	–	–	–	–
as of August 31, 2012	**342,765**	**1,166,905**	**90,509**	**98,566**	**1,698,745**
Accumulated depreciation and impairment losses					
as of September 1, 2011	**143,702**	**581,654**	**62,836**	**–**	**788,192**
Change in Group structure – disposals	–	–	–	–	–
Depreciation charge	10,856	48,836	5,888	–	65,580
Impairment losses	18,915	18,451	98	3,192	40,656
Disposals	(30)	(1,041)	(667)	–	(1,738)
Currency translation adjustments	9,268	46,248	3,811	–	59,327
Reclassified to assets held for sale	(23,606)	(25,840)	(420)	(3,164)	(53,030)
Other reclassifications	–	30	(30)	–	–
as of August 31, 2012	**159,105**	**668,338**	**71,516**	**28**	**898,987**
Net as of August 31, 2012	**183,660**	**498,567**	**18,993**	**98,538**	**799,758**

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 (2011/12: CHF 40.7 million, of which CHF 40.2 million were related to the write-down of assets in light of the discontinuation of the Dijon consumer activities and CHF 0.5 million were related to assets no longer in use).

Repair and maintenance expenses for the fiscal year 2012/13 amounted to CHF 60.0 million (2011/12: CHF 52.2 million).

The fire insurance value of property, plant and equipment amounted to CHF 2,169.8 million as of August 31, 2013 (2012: CHF 1,783.4 million).

As of August 31, 2013, plant and equipment held under financial leases amounted to CHF 13.9 million (2012: CHF 1.9 million). The related liabilities are reported under short-term and long-term debt (see notes 20 and 23).

As of August 31, 2013, financial liabilities of CHF 1.3 million were secured by means of mortgages on properties (2012: none).

16 Obligations under finance leases

as of August 31,	2013	2012	2013	2012
in thousands of CHF	Minimum lease payments		Present value of minimum lease payments	
Amounts payable under finance leases				
within one year	207	285	166	236
in the second to fifth year inclusive	538	598	457	488
more than five years	–	119	–	111
Total amount payable under finance leases	**745**	**1,002**	**623**	**835**
less: future finance charges	(122)	(167)	n/a	n/a
Present value of lease obligations	**623**	**835**	**623**	**835**
Amount due for settlement next 12 months (note 20)			166	236
Amount due for settlement after 12 months (note 23)			457	599

The Group entered into finance leasing arrangements for various assets. The weighted average term of finance leases entered into is 5.9 years (2011/12: 5.8 years). The average effective interest rate was 6.8% (2011/12: 6.4%). 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,	2013	2012
in thousands of CHF	Net carrying amount of property, plant and equipment under finance lease	
Land and buildings	13,454	1,103
Plant and machinery	55	381
Furniture, equipment and motor vehicles	415	395
Total assets under financial lease	**13,924**	**1,879**

17 Equity-accounted investees

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

in thousands of CHF	2012/13	2011/12
as of September 1,	4,573	4,041
Additions as part of a business combination	713	–
Share of (loss)/profit[1]	(49)	21
Exchange differences	(149)	511
As of August 31,	**5,088**	**4,573**

1 Including loss of CHF 0.4 million on the sale of Pastelería Totel, S.L., and Bombones y Chocolates Semar, S.L., Spain.

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

Ownership in %	2013	2012
as of August 31,		
African Organic Produce AG, Switzerland	49	49
Biolands International Ltd., Tanzania	49	49
Shanghai Le Jia Food Service Co. Ltd., China	50	50
Nordic Industrial Sales AB, Finland	49	–
Pastelería Totel, S.L., Spain	–	20
Bombones y Chocolates Semar, S.L., Spain	–	20

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

in thousands of CHF	2013	2012
Total current assets	11,846	9,323
Total non-current assets	1,131	6,226
Total current liabilities	6,460	3,812
Total non-current liabilities	186	2,979
Net assets as of August 31,	**6,331**	**8,758**
Group's share of net assets of equity-accounted investees	**5,088**	**4,573**

in thousands of CHF	2012/13	2011/12
Total revenue	19,935	26,124
Total profit for the period	721	93
Group's share of (losses)/profits of equity-accounted investees	**(49)**	**21**

18 Intangible assets

2012/13	Goodwill	Brand names and licenses	Develop-ment costs	Other	Total
in thousands of CHF					
At cost					
As of September 1, 2012	**400,524**	**70,905**	**232,422**	**18,431**	**722,282**
Change in Group structure – acquisitions	337,718	1,363	1,619	7,729	348,429
Change in Group structure – disposals	–	(8)	(1,430)	(36)	(1,474)
Additions	–	25	39,583	1,293	40,901
Disposals	–	–	(24)	–	(24)
Currency translation adjustments	(8,254)	(4)	334	138	(7,786)
Reclassified from under development	–	–	1,122	–	1,122
Reclassified to assets held for sale	–	–	–	–	–
Other reclassifications	–	–	–	–	–
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
Reclassified to assets held for sale	–	–	–	–	–
Other reclassifications	–	–	–	–	–
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**

2011/12	Goodwill	Brand names and licenses	Development costs	Other	Total
in thousands of CHF					
At cost					
As of September 1, 2011	**366,424**	**69,311**	**185,445**	**14,323**	**635,503**
Change in Group structure – acquisitions	19,180	1,639	–	349	21,168
Additions	–	–	36,417	3,175	39,592
Disposals	–	–	(493)	(739)	(1,232)
Currency translation adjustments	14,920	(45)	12,282	1,854	29,011
Reclassified to under development	–	–	–	168	168
Reclassified to assets held for sale	–	–	(1,928)	–	(1,928)
Other reclassifications	–	–	699	(699)	–
as of August 31, 2012	**400,524**	**70,905**	**232,422**	**18,431**	**722,282**
Accumulated depreciation and impairment losses					
As of September 1, 2011	**–**	**29,408**	**133,896**	**6,294**	**169,598**
Amortization charge	–	3,839	14,790	673	19,302
Disposals	–	–	(25)	(739)	(764)
Impairment losses	–	–	2,168	95	2,263
Currency translation adjustments	–	3	6,942	341	7,286
Reclassified to assets held for sale	–	–	(1,928)	–	(1,928)
Other reclassifications	–	–	234	(234)	–
as of August 31, 2012	**–**	**33,250**	**156,077**	**6,430**	**195,757**
Net as of August 31, 2012	**400,524**	**37,655**	**76,345**	**12,001**	**526,525**

Additions to development costs amount to CHF 39.6 million in fiscal year 2012/13 (2011/12: CHF 36.4 million). Additions mainly included costs related to various projects of internally generated software, amounting to CHF 33.1 million in fiscal year 2012/13 (2011/12: CHF 26.1 million). Costs related to the development of recipes and innovations of CHF 4.8 million were also capitalized under development costs (2011/12: CHF 7.2 million).

The remaining amortization period for brand names varies between five 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 730.0 million (2011/12: CHF 400.5 million). The allocation to the segments is as follows:

as of August 31, in millions of CHF	2013	2012
Global Sourcing & Cocoa	443.2	146.8
Europe (excluding discontinued operations)	238.1	210.5
Americas	44.1	37.8
Asia-Pacific	4.6	5.4
Total	**730.0**	**400.5**

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

	2013		2012	
	Discount rate	Terminal growth rate	Discount rate	Terminal growth rate
Global Sourcing & Cocoa	6.6%	2.0%	9.3%	1.9%
Europe (excluding discontinued operations)	6.5%	1.5%	8.9%	1.2%
Americas	6.6%	1.4%	9.5%	1.0%
Asia-Pacific	7.4%	4.7%	9.7%	4.2%

Based on the impairment tests, no need for recognition of impairment losses in fiscal year 2012/13 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, 2011	**(5,220)**	**3,775**	**(15,507)**	**1,323**	**3,081**	**39,167**	**26,619**
Charged to the income statement (continuing operations)	(3,429)	(23,025)	9,471	(2,103)	5,363	10,081	(3,642)
Charged to the income statement (discontinued operations)	(29)	(114)	(6)	–	(28)	–	(177)
Charged to equity	–	–	–	–	4,035	–	4,035
Effect of acquisitions	–	(825)	–	–	–	65	(760)
Effect of disposals	(10)	247	–	–	(80)	(418)	(261)
Reclassified to held for sale	195	9,084	(324)	–	(862)	–	8,093
Currency translation effects	362	(2,338)	(1,106)	191	(806)	2,907	(790)
As of August 31, 2012	**(8,131)**	**(13,196)**	**(7,472)**	**(589)**	**10,703**	**51,802**	**33,117**
Charged to the income statement (continuing operations)	5,854	(9,073)	13,314	(10,184)	(13,114)	13,895	692
Charged to equity	–	–	(4,107)	–	38	–	(4,069)
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)**	**13,922**	**(9,272)**	**(5,862)**	**63,222**	**27,671**

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.

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,	2013			2012		
in thousands of CHF	Assets	Liabilities	Net	Assets	Liabilities	Net
Inventories	4,026	(6,421)	(2,395)	3,813	(11,944)	(8,131)
Property, plant & equipment/intangible assets	37,298	(69,242)	(31,944)	46,745	(59,941)	(13,196)
Other assets	34,404	(20,482)	13,922	19,137	(22,574)	(3,437)
Provisions	54	(9,326)	(9,272)	110	(699)	(589)
Other liabilities	9,117	(14,979)	(5,862)	14,592	(7,924)	6,668
Tax loss carry-forwards	63,222	–	63,222	51,802	–	51,802
Tax assets/(liabilities)	**148,121**	**(120,450)**	**27,671**	**136,199**	**(103,082)**	**33,117**
Set-off of tax	(59,876)	59,876	–	(49,106)	49,106	–
Reflected in the balance sheet	**88,245**	**(60,574)**	**27,671**	**87,093**	**(53,976)**	**33,117**

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,	2013	2012
in thousands of CHF		
Expiry		
Within 1 year	4,539	2,426
After 1 up to 2 years	646	4,430
After 2 up to 3 years	8,538	751
After 3 up to 10 years	231,896	59,750
After 10 years	7,599	179,566
Unlimited	180,661	189,248
Total unrecognized tax losses carried forward	**433,879**	**436,171**

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 2012/13 were CHF 74.6 million (2011/12: CHF 26.1 million). The related tax relief amounted to CHF 16.8 million, of which CHF 3.0 million were already recognized as a deferred tax asset in the year before (2011/12: CHF 7.0 million of which CHF 1.2 million were already recognized as a deferred tax asset in the year before).

As of August 31, 2013, the Group had unutilized tax losses carried forward of approximately CHF 620.2 million (2012: approximately CHF 620.4 million) available for offset against future taxable income.

Of the total tax losses carried forward, an amount of CHF 186.3 million has been recognized for deferred taxation purposes resulting in a deferred tax asset of CHF 63.2 million (2011/12: CHF 184.2 million recognized resulting in a deferred tax asset of CHF 51.8 million).

20 Bank overdrafts and short-term debt

as of August 31,	2013	2012	2013	2012
in thousands of CHF	Carrying amounts		Fair values	
Bank overdrafts	**14,311**	**34,287**	**14,311**	**34,287**
Commercial paper	130,804	102,795	130,804	102,795
Short-term bank debts	97,751	12,924	97,751	12,924
Short-term portion of long-term bank debts (note 23)	1,042	1,318	1,042	1,318
Interest-bearing loans from employees	1	4	1	4
Finance lease obligations (note 16)	166	236	166	236
Short-term debt	**229,764**	**117,277**	**229,764**	**117,277**
Bank overdrafts and short-term debt	**244,075**	**151,564**	**244,075**	**151,564**

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

as of August 31,	2013			2012		
Split per currency	Amount	Interest range		Amount	Interest range	
in thousands of CHF		from	to		from	to
EUR	150,170	0.28%	3.32%	112,070	0.30%	4.00%
USD	67,342	0.36%	4.23%	11,581	0.40%	2.00%
XAF	15,762	5.00%	6.00%	17,567	2.98%	6.00%
TRL	4,230	10.25%	10.25%	233	6.57%	6.57%
BRL	637	4.50%	4.50%	3,535	2.63%	4.50%
MYR	–	n/a	n/a	1,316	3.35%	3.47%
Other	5,934	0.04%	6.50%	5,262	0.01%	5.30%
Total	**244,075**	**0.04%**	**10.25%**	**151,564**	**0.01%**	**6.00%**

as of August 31,	2013	2012
in thousands of CHF		
Split fixed/floating interest rate:		
Fixed rate	4,353	29,904
Floating rate	239,722	121,660
Total bank overdrafts and short-term debt	**244,075**	**151,564**

21 Trade payables and other current liabilities

as of August 31,	2013	2012
in thousands of CHF		
Trade payables	521,507	452,718
Amounts due to related parties	1,400	1,256
Accrued expenses	57,513	42,391
Other payables	113,615	84,401
Payables representing financial liabilities	**694,035**	**580,766**
Accrued wages and social security	73,240	60,850
Fair value of hedged firm commitments (note 14)	2,357	1,659
Other taxes and payables to governmental authorities	24,322	14,330
Other liabilities	**99,919**	**76,839**
Total trade payables and other current liabilities	**793,954**	**657,605**

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

2012/13	Restructuring	Litigation & claims	Other	Total
in thousands of CHF				
Balance as of September 1, 2012	**452**	**4,532**	**9,797**	**14,781**
Change in Group structure – acquisition	–	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**

2011/12	Restructuring	Litigation & claims	Other	Total
in thousands of CHF				
Balance as of September 1, 2011	**1,588**	**4,573**	**6,687**	**12,848**
Change in Group structure – acquisition	–	363	700	1,063
Additions	267	1,374	2,273	3,914
Use of provisions	(1,295)	(1,740)	(129)	(3,164)
Release of unused provisions	–	–	(696)	(696)
Reclassified to held for sale	(176)	(145)	–	(321)
Currency translation adjustments	68	107	962	1,137
as of August 31, 2012	**452**	**4,532**	**9,797**	**14,781**
of which:				
Current	452	3,511	8,253	12,216
Non-current	–	1,021	1,544	2,565

Restructuring

Usage of restructuring provisions in 2012/13 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, 2013.

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. The majority of the use of other provisions in fiscal year 2012/13 related to disposal cost arising from a factory relocation. Additions to other provisions related to onerous contracts and sundry items.

23 Long-term debt

as of August 31,	2013	2012	2013	2012
in thousands of CHF	Carrying amounts		Fair values	
Senior notes	1,090,743	707,497	1,199,464	847,253
Long-term bank debts	271,826	137,480	271,826	137,480
Less current portion (note 20)	(1,042)	(1,318)	(1,042)	(1,318)
Interest-bearing loans from employees	70	24	70	24
Long-term other loans	1,406	1,622	1,406	1,622
Finance lease obligation (note 16)	457	599	457	599
Total long-term debt	**1,363,460**	**845,904**	**1,472,181**	**985,660**

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.

On June 15, 2011, the Group entered into an EUR 600 million Revolving Credit Facility with maturity in 2016. At the request of the Company, the maturity date can be extended by one year (such a request to be issued in the course of March to April 2014) subject to approval by the participating banks.

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. The proceeds of the USD 400 million Senior Note issuance have been used to pay part of the purchase price in relation to the recently acquired cocoa business.

The EUR 350 million Senior Note, the EUR 250 million Senior Note, the EUR 600 million Revolving Credit Facility and the USD 400 million Senior Note all rank pari passu. The Senior Notes as well as the EUR 600 million Revolving Credit 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	2013	2012
2013/14	–	1,829
2014/15	6,351	–
2015/16	250,888	135,424
2016/17 and thereafter (for 2010/11)	433,315	416,022
2017/18 and thereafter (for 2011/12)	3,923	292,629
2018/19 and thereafter (for 2012/13)	668,983	–
Total long-term debt	**1,363,460**	**845,904**

The weighted average maturity of the total debt increased from 5.9 to 6.3 years.

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

as of August 31,	2013			2012		
Split per currency	Amount	Interest range		Amount	Interest range	
in thousands of CHF		from	to		from	to
EUR	971,231	3.13%	7.11%	844,780	3.00%	7.11%
USD	365,840	5.50%	5.50%	–	n/a	n/a
JPY	14,190	1.42%	1.42%	–	n/a	n/a
BRL	12,193	8.00%	8.00%	1,124	4.45%	4.50%
Other	6	6.80%	6.80%	–	n/a	n/a
Total long-term debt	**1,363,460**	**1.42%**	**8.00%**	**845,904**	**3.00%**	**7.11%**

as of August 31, in thousands of CHF	2013	2012
Split fixed/floating interest rate:		
Fixed rate	1,339,218	710,379
Floating rate	24,242	135,525
Total long-term debt	**1,363,460**	**845,904**

24 Employee benefit obligations

A. Pension and other long-term employment benefit plans

The Group has, apart from the legally required social security schemes, numerous independent pension plans. In most cases, these plans are externally funded in vehicles that are legally separate from the Group. For certain Group companies, however, no independent assets exist for defined benefit pension plans and other long-term employment plans. In these cases, the related liability is included in the balance sheet.

The amounts recognized in the balance sheet are determined as follows:

as of August 31,	2013	2012	2013	2012
in thousands of CHF	Defined benefit pension plans		Other long-term employment benefit plans	
Present value of funded obligations	269,427	245,697	–	–
Fair value of plan assets	(163,306)	(150,569)	–	–
Excess of liabilities (assets) of funded obligations	**106,121**	**95,128**	**–**	**–**
Present value of unfunded obligations	10,256	10,140	16,166	11,121
Unrecognized assets	12	–	–	–
Net unrecognized actuarial gains (losses)	(81,675)	(69,115)	331	81
Net employee benefit obligations recognized in the balance sheet	**34,714**	**36,153**	**16,497**	**11,202**
thereof recognized as an asset	(140)	(171)	–	–
thereof recognized as a liability	34,854	36,324	16,497	11,202

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

	2012/13	2011/12	2012/13	2011/12
in thousands of CHF	Defined benefit pension plans		Other long-term employment benefit plans	
Present value of defined benefit obligation as of September 1,	**255,837**	**216,002**	**11,121**	**10,125**
Current service cost	10,637	9,695	555	467
Past service cost	109	(521)	346	(96)
Interest cost	8,439	10,197	350	413
Actuarial losses (gains)	20,949	10,077	265	654
Losses (gains) on curtailment	(31)	–	–	–
Liabilities assumed in business combination	75	–	3,970	–
Reclassifications	(1)	–	–	–
Exchange differences on foreign plans	(4,323)	23,320	258	449
Benefits received	5,053	4,600	(458)	–
Benefits paid	(17,061)	(14,911)	(241)	(779)
Reclassification to held for sale	–	(2,622)	–	(112)
Present value of defined benefit obligation as of August 31,	**279,683**	**255,837**	**16,166**	**11,121**
thereof funded obligations	269,427	245,697	–	–
thereof unfunded obligations	10,256	10,140	16,166	11,121

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

in thousands of CHF	2013 Defined benefit pension plans	2012 Defined benefit pension plans	2013 Other long-term employment benefit plans	2012 Other long-term employment benefit plans
Opening fair value of plan assets as of September 1,	**150,569**	**128,742**	**–**	**–**
Expected return	7,481	7,727	–	–
Actuarial gains (losses)	3,395	(4,366)	–	–
Unrecognized assets	(12)	–	–	–
Contributions by employer	11,863	10,933	–	–
Contributions by employees	3,247	3,053	–	–
Exchange differences on foreign plans	(2,559)	13,396	–	–
Benefits received	5,053	4,600	–	–
Benefits paid	(15,731)	(13,516)	–	–
Fair value of plan assets as of August 31,	**163,306**	**150,569**	**–**	**–**

Composition of plan assets

as of August 31, in thousands of CHF	2013 Defined benefit pension plans	2012 Defined benefit pension plans
Equities	55,279	52,603
Bonds	27,270	28,872
Cash and other assets	80,757	69,094
Total fair value of plan assets	**163,306**	**150,569**

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 profit or loss are as follows:

in thousands of CHF	2012/13 Defined benefit pension plans	2011/12 Defined benefit pension plans	2012/13 Other long-term employment benefit plans	2011/12 Other long-term employment benefit plans
Current service costs	10,637	9,695	555	467
Interest on obligation	8,439	10,197	350	413
Expected return on plan assets	(7,481)	(7,727)	–	–
Net actuarial losses (gains) recognized in year	2,688	2,302	526	658
Past service cost	109	(521)	346	(96)
Losses (gains) on curtailments and settlements	(31)	–	–	–
Contributions by employees	(3,247)	(3,053)	–	–
Reclassification to discontinued operations[1]	–	(191)	–	(12)
Total defined benefit expenses	**11,114**	**10,702**	**1,777**	**1,430**
Actual return on plan assets	**10,876**	**3,361**	**–**	**–**

1 Due to the sale of the European Consumer Business.

The expected return on plan assets is based on market expectations and composition of plan assets. The service costs for 2013/14 are expected to amount to CHF 11.4 million.

in thousands of CHF	2012/13	2011/12
Total defined contribution expenses	**(1,276)**	**(1,509)**

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

in thousands of CHF	2012/13	2011/12
Cost of goods sold	(3,780)	(2,965)
Marketing and sales expenses	(1,039)	(959)
General and administration expenses	(4,895)	(4,077)
Research and development expenses	(330)	(238)
Other income	(6)	–
Other expenses	(1,533)	(1,120)
Finance costs	(1,308)	(2,773)
Total defined benefit expenses recognized in income statement	**(12,891)**	**(12,132)**

Weighted average assumption used

	2012/13	2011/12	2012/13	2011/12
in thousands of CHF	Defined benefit pension plans		Other long-term employment benefit plans	
Discount rate	3.7%	3.5%	4.2%	4.3%
Expected return on plan assets	4.8%	5.1%	–	–
Expected rate of salary increase	1.6%	1.1%	2.7%	1.4%
Medical cost trend rates	–	–	6.9%	3.5%

Additional historical information

	2012/13	2011/12	2010/11	2009/10	2008/09
in thousands of CHF	Defined benefit pension plans				
Present value of defined benefit obligations	295,849	266,958	226,127	315,473	291,744
Fair value of plan assets	(163,306)	(150,569)	(128,742)	(144,177)	(151,719)
Funding deficit of the plans	**132,543**	**116,389**	**97,385**	**171,296**	**140,025**
Experience adjustments arising from plan liabilities	(1,326)	(7,547)	(4,691)	(17,719)	(9,427)
Experience adjustments arising from plan assets	3,395	(4,366)	(1,352)	(6,529)	(18,192)

B. Equity compensation benefits

Employee Stock Ownership Program

Shares are granted to participants according to individual contracts and the current Employee Stock Ownership Program. The Nomination & Compensation Committee determines the number and price of shares granted at its discretion. In the past, the price for the granted shares has been zero. The shares granted are entitled 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 shares become forfeited. The Group currently uses treasury shares for this program.

The fair value of the shares granted is measured at the market price at grant date. 14,539 shares were granted in fiscal year 2012/13 (13,957 shares in 2011/12). The fair value of the shares at grant date is recognized over the vesting period as a personnel expense. For 2012/13, the amount recognized (before taxes) was CHF 12.3 million with a corresponding increase in equity (2011/12: CHF 8.0 million). The average fair value for the shares granted during the fiscal year 2012/13 amounted to CHF 875 (2011/12: CHF 767).

25 Equity

Share capital

as of August 31,	2013	2012	2011
in thousands of CHF			
Share capital is represented by 5,488,858 (2012: 5,170,000; 2011: 5,170,000) authorized and issued shares of each CHF 18.60 fully paid in (in 2012: 24.20; in 2011: 24.20)	102,093	125,114	125,114

As of August 31, 2013, the issued share capital is divided into 5,488,858 registered shares (2012: 5,170,000 registered shares) with a nominal value of CHF 18.60 each (2012: CHF 24.20). All of the issued shares are fully paid and validly issued and are not subject to calls for additional payments of any kind.

By resolution of the Annual General Meeting on December 5, 2012, the shareholders approved the proposed payout of CHF 15.50 per share, consisting 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.

The Company has one class of shares, which carries no right to a fixed dividend.

Treasury shares are valued at weighted average cost and, in accordance with IFRS, have been deducted from equity. The fair value of the treasury shares as of August 31, 2013 amounted to CHF 3.3 million (2012: CHF 2.9 million).

As of August 31, 2013, the number of outstanding shares amounted to 5,485,098 (2012: 5,166,769) and the number of treasury shares to 3,760 (2012: 3,231). During this fiscal year, 13,788 shares have been purchased, 13,259 transferred to employees under the Employee Stock Ownership Program and 0 sold (2011/12: 4,430 purchased; 11,380 transferred and 0 sold).

Retained earnings
As of August 31, 2013, retained earnings contain legal reserves of CHF 23.7 million (2012: CHF 27.8 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	2012/13	2011/12
as of September 1,	4,662	(275)
Non-controlling share of profits/(losses)	(687)	477
Dividends paid to non-controlling shareholders	(129)	(164)
Currency translation adjustment	(72)	440
Effect of parent increase in Barry Callebaut Pastry Manufacturing Ibérica SL	(31)	1,399
Share of non-controlling interest in P.T. Barry Callebaut Comextra Indonesia	–	2,785
as of August 31,	**3,743**	**4,662**

In October 2012, the Group increased its share in Barry Callebaut Pastry Manufacturing Ibérica SL from 99% to 100%. As of February 28, 2013, the Group sold Barry Callebaut Pastry Manufacturing Ibérica SL (see note 2 – Discontinued operations and disposals).

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 economically 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 Sourcing & 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 a VaR limit for the Sourcing unit as well as limits in metric tonnes for the other 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, 2013, the Group had a total VaR for raw materials of CHF 18.5 million (2012: CHF 9.6 million) well within the Group limit. VaR in fiscal year 2012/13 was impacted by the increased cocoa portfolio of the recently acquired cocoa business.

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,	2013			2012		
Net exposure in thousands of functional currency	EUR	GBP	USD	EUR	GBP	USD
EUR		(6,630)	2,633		(319)	62
CHF	(1,563)	930	2,457	64	(674)	1,901
CAD	(278)		(85)			
USD	2,790	(1,218)		(62)		
BRL	(658)		(5,391)			(1,345)
SGD	83	(12)	(2,009)	(108)	(5)	(5,336)
CNY			(3,728)	(72)		(3,624)
MYR	(326)	273	(955)	(3)	(452)	(458)
RUB	275		427	(525)		(176)
SEK	(800)	8	(59)	(5,397)		(136)
JPY	(322)	(45)	(762)	(37)	(5)	(324)
Total	**(799)**	**(6,694)**	**(7,472)**	**(6,140)**	**(1,455)**	**(9,436)**

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, 2013, the Group had a VaR of CHF 0.6 million (2012: CHF 0.4 million).

Value at Risk per main exposure currencies

as of August 31,	2013	2012
Value at Risk on net exposures in thousands of CHF Total for the Group and per main exposure currencies		
Total Group	**638**	**368**
CHF	29	11
EUR	597	373
USD	92	58
GBP	71	16
Others	119	70
Diversification effect	30%	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,	2013	2012
in thousands of CHF		
Fixed interest bearing items		
Carrying amount of financial liabilities	1,127,931	740,283
Reclassification due to interest rate derivative	215,640	210,124
Net fixed interest position	**1,343,571**	**950,407**
Floating interest bearing items		
Carrying amount of financial assets	(82,359)	(54,557)
Carrying amount of financial liabilities	479,604	257,185
Reclassification due to interest rate derivative	(215,640)	(210,124)
Net floating interest position	**181,605**	**(7,496)**

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 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,	2013				2012			
Impact on	Income statement		Equity		Income statement		Equity	
in thousands of CHF	100 bps increase	25 bps decrease	100 bps increase	25 bps decrease	100 bps increase	25 bps decrease	100 bps increase	25 bps decrease
Floating rate bearing items	(1,362)	341	–	–	56	(14)	–	–
Interest rate swaps	–	–	7,743	(2,016)	–	–	9,159	(2,290)
Total interest rate sensitivity	**(1,362)**	**341**	**7,743**	**(2,016)**	**56**	**(14)**	**9,159**	**(2,290)**

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, 2013, the largest customer represents 5% (2012: 7%) whereas the 10 biggest customers represent 23% (2012: 27%) 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 Group's credit risk exposure was impacted by netting arrangements with counterparties entered into in fiscal year 2012/13. The maximum nominal credit risk exposure in the event all other parties fail to perform their obligation was CHF 751.6 million as of August 31, 2013 (2012: CHF 803.5 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, 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)**

as of August 31, 2012	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	(34,287)			(34,287)
Short-term debt	(117,277)			(117,277)
Trade payables	(453,974)			(453,974)
Long-term debt	(41,426)	(723,985)	(365,986)	(1,131,397)
Other liabilities	(126,792)			(126,792)
Derivatives				
Interest rate derivatives	(3,468)	(7,588)	(282)	(11,338)
Currency derivatives				
Inflow	3,496,748	166,879		3,663,627
Outflow	(3,474,972)	(167,060)		(3,642,032)
Commodity derivatives (gross settled)				
Inflow	946,579	18,698		965,277
Outflow	(1,235,132)			(1,235,132)
Commodity derivatives (net settled)				
Inflow				
Outflow	(15,739)			(15,739)
Total net	**(1,059,740)**	**(713,056)**	**(366,268)**	**(2,139,064)**

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, 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**

as of August 31, 2012	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	53,898				53,898	53,898
Short-term deposits	659				659	659
Trade receivables	321,916				321,916	321,916
Derivative financial assets		391,814		22,369	414,183	414,183
Other assets	70,706				70,706	70,706
Total assets	**447,179**	**391,814**		**22,369**	**861,362**	**861,362**
Bank overdrafts			34,287		34,287	34,287
Short-term debt			117,277		117,277	117,277
Trade payables			453,974		453,974	453,974
Derivative financial liabilities		333,673		28,686	362,359	362,359
Long-term debt			845,904		845,904	985,660
Other liabilities			126,792		126,792	126,792
Total liabilities		**333,673**	**1,578,234**	**28,686**	**1,940,593**	**2,080,349**

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 gives the best possible objective indication for the fair value of a financial asset or liability.
- 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.
- 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:

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

as of August 31, 2012	Level 1	Level 2	Level 3	Total
in thousands of CHF				
Derivative financial assets	12,677	401,506	–	414,183
Derivative financial liabilities	18,153	344,206	–	362,359

There have been no transfers between the levels during the fiscal year 2012/13 and 2011/12.

Capital management

The Group has financed the acquisition of the Cocoa Ingredients Division of Petra Foods Ltd. through a combination of equity and debt financing. 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 from continuing operations 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.

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,	2013	2012
Jacobs Holding AG, Zurich, Switzerland	50.11%	50.11%
Renata Jacobs	8.48%	8.48%
Nicolas Jacobs[1]	–	3.08%
Nathalie Jacobs[1]	–	3.08%

1 As published pursuant to Stock Exchange and Securities Trading Act (ESTA) on June 21, 2013, Nicolas Jacobs and Nathalie Jacobs hold less than 3% and are therefore no longer disclosed.

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

in thousands of CHF	Nature of cost/revenue	2012/13	2011/12
Sales to related parties		**18**	**63**
Pastelería Totel, S.L.	Revenue from sales and services	18	63
Purchases from related parties		**(8,281)**	**(12,370)**
African Organic Produce AG	Cost of goods sold	(8,281)	(12,370)
Operating expenses charged by related parties		**(6,239)**	**(6,498)**
Jacobs Holding AG	Management services	(1,541)	(1,484)
Adecco Group	Human resources services	(4,409)	(4,439)
Other		(289)	(575)
Trade receivables from related parties		**34**	**178**
Other		34	178
Trade payables to related parties		**1,400**	**1,256**
Jacobs Holding AG		139	96
Adecco Group		1,076	684
African Organic Produce AG		–	476
Other		185	–

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 of CHF	2012/13	2011/12
Short-term employee benefits	9.6	8.5
Post-employment benefits	1.5	1.4
Share-based payments	9.4	6.3
Total	**20.5**	**16.2**

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	2013	2012
Property, plant & equipment	7,866	6,321
Intangible assets	5,135	1,376
Total capital commitments	**13,001**	**7,697**

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 2.7 years (2011/12: 2.8 years).

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

as of August 31, in thousands of CHF	2013	2012
In the first year	16,675	13,140
In the second to the fifth year	43,094	40,431
After five years	28,867	33,794
Total future operating lease commitments	**88,636**	**87,365**

in thousands of CHF	2012/13	2011/12
Lease expenditure charged to the statement of income	14,339	12,672

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.

29 Group entities

The principal subsidiaries of Barry Callebaut as of August 31, 2013, are the following:

Country	Subsidiary	% owned	Currency	Capital
Switzerland	Barry Callebaut Sourcing AG	100	CHF	2,000,000
	Barry Callebaut Schweiz AG	100	CHF	4,600,000
	Barry Callebaut Cocoa AG	100	CHF	100,000
	Barry Callebaut Management Services AG	100	CHF	100,000
Belgium	Barry Callebaut Services N.V.	100	EUR	929,286,000
	Barry Callebaut Belgium N.V.	100	EUR	61,537,705
	International Business Company B.V.B.A.	100	EUR	65,000
	Pierre Iserentant SA	100	EUR	260,908
Brazil	Barry Callebaut Brasil SA	100	BRL	26,114,993
	Delfi Cacau Brasil Ltda.	100	BRL	13,214,754
Cameroon	Société Industrielle Camerounaise des Cacaos SA	78.35	XAF	1,147,500,000
	SEC Cacaos SA	100	XAF	10,000,000
Canada	Barry Callebaut Canada Inc.	100	CAD	2,000,000
Chile	Barry Callebaut Chile SpA	100	USD	1,000,000
China	Barry Callebaut (Suzhou) Chocolate Co., Ltd.	100	USD	27,000,000
	Barry Callebaut (Suzhou) Chocolate R&D Center Co., Ltd.	100	USD	2,000,000
Côte d'Ivoire	Société Africaine de Cacao SA	100	XAF	25,695,651,316
	Barry Callebaut Négoce SA	100	XAF	3,700,000,000
Czech Republic	Barry Callebaut Czech Republic s.r.o.	100	CZK	200,000
Denmark	Barry Callebaut Denmark ApS	100	DKK	125,000
Ecuador	Barry Callebaut Ecuador SA	100	USD	50,000
France	Barry Callebaut Manufacturing France SAS	100	EUR	6,637,540
	Barry Callebaut France SAS	100	EUR	67,900,000
	Barry Callebaut Nord Cacao SAS	100	EUR	3,037,000
Germany	Barry Callebaut Deutschland GmbH	100	EUR	51,129
	C.J. van Houten & Zoon Holding GmbH	100	EUR	72,092,155
	Barry Callebaut Manufacturing Norderstedt GmbH & Co. KG	100	EUR	50,000
	Schloss Marbach GmbH	100	EUR	1,600,000
	Delfi Cocoa Europe GmbH	100	EUR	25,000
Ghana	Barry Callebaut Ghana Ltd.	100	USD	9,204,219
Great Britain	Barry Callebaut Manufacturing (UK) Ltd.	100	GBP	15,467,852
	Barry Callebaut (UK) Ltd.	100	GBP	3,200,000
	Barry Callebaut Vending UK Ltd.	100	GBP	40,000
Hong Kong	Van Houten (Asia-Pacific) Ltd.	100	HKD	2
India	Barry Callebaut India Private Ltd.	100	INR	35,000,000
Indonesia	P.T. Barry Callebaut Comextra Indonesia	60	RP	68,175,000,000
	P.T. Papandayan Cocoa Industries	100	USD	10,000,000
Italy	Barry Callebaut Italia S.p.A.	100	EUR	104,000
	Barry Callebaut Manufacturing Italy Srl.	100	EUR	2,646,841
	Dolphin Srl.	100	EUR	110,000
Japan	Barry Callebaut Japan Ltd.	100	JPY	1,260,000,000
Malaysia	Barry Callebaut Malaysia Sdn Bhd	100	MYR	36,000,000
	Selbourne Food Services Sdn Bhd	100	MYR	2,000,000
	Barry Callebaut Services Asia-Pacific Sdn Bhd	100	MYR	500,000
	Delfi Cocoa (Malaysia) Sdn Bhd	100	MYR	16,000,000

Country	Subsidiary	% owned	Currency	Capital
Mexico	Barry Callebaut Mexico Distributors SA de CV	100	MXN	117,196,530
	Barry Callebaut Servicios SA de CV	100	MXN	50,000
	Barry Callebaut Mexico, S. de R.L. de CV	100	MXN	13,027,200
	Barry Callebaut Cocoa Mexico SA de CV	100	MXN	1,304,967
	Barry Callebaut Management Services Mexico de CV	100	MXN	100,000
Philippines	Cocoa Ingredients (Philippines) Inc.	100	PHP	8,114,000
Poland	Barry Callebaut Manufacturing Polska Sp. z o.o.	100	PLN	10,000,000
	Barry Callebaut Polska Sp. z o.o.	100	PLN	50,000
Russia	Barry Callebaut NL Russia LLC	100	RUB	1,046,463,481
	Gor Trade LLC	100	RUB	685,000,000
Serbia	Barry Callebaut South East Europe d.o.o.	100	RSD	1,185,539
Singapore	Barry Callebaut Asia Pacific (Singapore) Pte Ltd.	100	SGD	83,856,669
	Barry Callebaut Cocoa Asia Pacific Pte Ltd.	100	USD	6,000,000
	Cocoa Ingredients Holdings Pte Ltd.	100	USD	1
	Barry Callebaut Europe Holding Pte Ltd.	100	EUR	95,400,000
Spain	Barry Callebaut Ibérica SL	100	EUR	25,000
	Barry Callebaut Manufacturing Ibérica, S.A.U.	100	EUR	987,600
	La Morella Nuts S.A.	100	EUR	344,554
Sweden	Barry Callebaut Sweden AB	100	SEK	100,000
	ASM Foods AB	100	SEK	2,000,000
Thailand	Siam Cocoa Products Co., Ltd.	100	THB	125,000,000
The Netherlands	Barry Callebaut Nederland B.V.	100	EUR	21,435,000
	Barry Callebaut Decorations B.V.	100	EUR	18,242
	Hoogenboom Benelux B.V.	100	EUR	18,152
	Dings-Décor B.V.	70	EUR	22,689
	Barry Callebaut Cocoa Netherlands BV	100	EUR	18,000
Turkey	Barry Callebaut Eurasia Gida Sanayi Ve Ticaret Ltd. Sti.	100	TRL	12,000,000
USA	Barry Callebaut Cocoa USA Inc.	100	USD	7,663
	Barry Callebaut North America Holding Inc.	100	USD	100,001,000
	Barry Callebaut USA LLC	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 implementing and managing all Group Risk functions including the Enterprise Risk Management (ERM) 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/Legal Risks. The Group's ERM is multidimensional in the form, that risks are identified, assessed and controlled, not only directly by the Regions but also by specialized Corporate Functions, such as Quality Assurance, Group Finance and Treasury, Operations & Supply Chain Organization (OSCO), Information Management, Global Human Resources, Innovations, Research and Development, Legal and Group Insurance and supervised by the GRM. Risk assessments 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 AFRQCC quarterly 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 4, 2013 and are subject to approval by the Annual General Meeting of Shareholders on December 11, 2013.

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

Barry Callebaut, Zurich

Report of the Statutory Auditor on the Consolidated Financial Statements

As statutory auditor, we have audited the accompanying consolidated financial statements of Barry Callebaut, which comprise the income statement, statement of comprehensive income, balance sheet, cash flow statement, statement of changes in equity and notes on pages 56 to 128 for the year ended August 31, 2013.

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

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

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

Opinion
In our opinion, the consolidated financial statements for the year ended August 31, 2013 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

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

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

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

KPMG AG

Marc Ziegler	Patricia Bielmann
Licensed Audit Expert	*Licensed Audit Expert*
Auditor in Charge	

Zurich, November 4, 2013

5-Year Overview

Barry Callebaut
Annual Report 2012/13

Key figures Barry Callebaut Group

		CAGR (%)[1]		2012/13[2]		2011/12[2]	2010/11[3]	2009/10[3]	2008/09
Consolidated Income Statement		Stand-alone [4]		Stand-alone [4]					
Sales volume	Tonnes	5.4%	6.1%	1,498,632	1,535,662	1,378,856	1,268,925	1,209,654	1,213,610
Sales revenue	CHF m	(0.6)%	0.0%	4,756.4	4,884.1	4,829.5	4,459.9	4,524.5	4,880.2
EBITDA[5]	CHF m	0.3%	(1.2%)	461.4	435.1	434.3	430.3	414.6	456.1
Operating profit (EBIT)	CHF m	1.3%	(0.8%)	368.8	339.6	353.2	362.3	341.1	350.8
Net profit from continuing operations[6]	CHF m		0.3%		229.3	241.1	263.6	237.5	226.9
Net profit for the year	CHF m		(0.5%)		222.6	142.6	176.8	251.7	226.9
Cash flow[7]	CHF m		1.9%		451.1	440.2	450.7	457.8	418.1
EBIT / sales revenue	%	1.9%	(0.8%)	7.8%	7.0%	7.3%	8.1%	7.5%	7.2%
EBIT per tonne[8]	CHF	(3.9%)	(6.5%)	246.1	221.1	256.2	285.5	282.0	289.1
Consolidated Balance Sheet									
Total assets	CHF m		6.5%		4,527.1	3,576.6	3,263.1	3,570.8	3,514.8
Net working capital[9]	CHF m	1.8%	7.4%	1,083.4	1,345.7	1,039.2	888.1	964.9	1,010.1
Non-current assets	CHF m		9.7%		2,072.1	1,424.8	1,208.4	1,405.8	1,432.2
Net debt	CHF m	1.3%	12.8%	993.1	1,525.2	942.9	789.8	870.8	942.7
Shareholders' equity[10]	CHF m		8.8%		1,762.3	1,357.1	1,217.1	1,302.3	1,255.6
Capital expenditure[11]	CHF m		11.5%		223.5	217.8	144.6	145.1	144.4
Ratios									
Economic Value Added (EVA)	CHF m	(0.6%)	(14.2%)	126.7	70.3	133.5	159.9	147.7	129.9
Return on invested capital (ROIC)[12]	%	(1.2%)	(6.7%)	13.3%	10.5%	14.2%	15.6%	14.8%	13.9%
Return on equity (ROE)	%	(0.4%)	(5.1%)	17.8%	14.7%	18.7%	20.9%	19.6%	18.1%
Debt to equity ratio	%	(3.4%)	3.6%	65.4%	86.5%	69.5%	64.9%	66.9%	75.1%
Solvency ratio[13]	%		2.2%		38.9%	37.9%	37.3%	36.5%	35.7%
Interest coverage ratio[14]			3.9%		5.8	5.8	6.0	5.8	5.0
Net debt / EBITDA		1.6%	14.1%	2.2	3.5	2.2	1.8	2.1	2.1
Capital expenditure / sales revenue	%		11.5%		4.6%	4.5%	3.2%	3.2%	3.0%
Shares									
Share price at fiscal year-end	CHF		11.1%		876	904	765	703	574
EBIT per share[15]	CHF	1.0%	(1.1%)	70.5	64.9	68.4	70.1	66.0	67.8
Basic earnings per share[16]	CHF		0.0%		43.9	46.6	51.2	45.9	44.0
Cash earnings per share[17]	CHF		1.5%		86.2	85.2	87.3	88.6	81.1
Payout per share[18]	CHF		3.8%		14.5	15.5	15.5	14.0	12.5
Payout ratio	%		5.1%		35%	33%	31%	29%	28%
Price-earnings ratio at year-end[19]			12.0%		20.6	19.4	14.9	15.3	13.0
Market capitalization at year-end	CHF m		12.8%		4,805.5	4,671.1	3,955.1	3,631.9	2,967.6
Number of shares issued			1.5%		5,488,858	5,170,000	5,170,000	5,170,000	5,170,000
Total payout to shareholders	CHF m		7.7%		80.1	80.1	72.4	64.6	59.5
Other									
Employees			3.6%		8,658	6,100	5,972	7,550	7,525
Beans processed	Tonnes		5.5%		671,183	574,021	537,811	569,875	541,847
Chocolate & compound production	Tonnes		5.6%		1,207,025	1,102,431	999,879	954,073	971,951

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

Financial Statements of Barry Callebaut AG

Income Statement

for the fiscal year ended August 31,	2012/13	2011/12
in CHF		
Income		
Dividend income	75,500,000	191,768,200
Financial income	22,011,073	23,502,497
License income	36,443,346	35,847,675
Management fees	26,876,200	25,304,180
Other income	18,721,907	8,678,855
Total income	**179,552,526**	**285,101,407**
Expenses		
Personnel expenses	(40,866,798)	(33,483,636)
Financial expenses	(13,632,620)	(26,208,311)
Loss on sale of investment	–	(57,437,441)
Depreciation of property, plant and equipment	(425,250)	(457,177)
Amortization of intangible assets	(3,911,670)	(3,903,028)
Other expenses	(77,967,148)	(27,229,899)
Total expenses	**(136,803,486)**	**(148,719,492)**
Profit before taxes	**42,749,040**	**136,381,915**
Income taxes	(752,591)	(407,164)
Net profit for the year	**41,996,449**	**135,974,751**

Retained earnings

in CHF	2012/13	2011/12
Retained earnings as of September 1,	1,364,771,720	1,224,031,781
Dividend on treasury shares	17,820	295
Decrease/(increase) of reserve for treasury shares	(553,750)	4,764,893
Capital reduction on treasury shares	10,080	–
Net profit	41,996,449	135,974,751
Retained earnings as of August 31,	**1,406,242,319**	**1,364,771,720**

Financial statements of Barry Callebaut AG

Balance Sheet

Assets

as of August 31, in CHF	2013	2012
Current assets		
Cash and cash equivalents	39,589	26,473
Treasury shares	3,323,814	2,770,064
Accounts receivable from Group companies	45,594,503	18,822,419
Short-term loans granted to Group companies	25,639	10,628
Other current assets	2,389,641	2,543,167
Total current assets	**51,373,186**	**24,172,751**
Non-current assets		
Property, plant and equipment	1,337,965	1,306,288
Financial assets		
Investments	2,250,912,768	1,974,604,559
Long-term loans granted to Group companies	–	120,071,000
Intangible assets		
Trademarks	4,341,537	7,116,843
Patents/Product development costs	2,156,711	2,333,680
Other	910,812	1,083,994
Total non-current assets	**2,259,659,793**	**2,106,516,364**
Total assets	**2,311,032,979**	**2,130,689,115**

Liabilities and shareholders' equity

as of August 31, in CHF	2013	2012
Current liabilities		
Bank overdrafts	852,590	48,084
Accounts payable to third parties	2,674,893	2,031,386
Accounts payable to Group companies	37,762,960	5,635,124
Accounts payable to shareholders	137,502	94,500
Short-term loans from Group companies	433,846,734	410,862,116
Accrued liabilities	30,836,383	22,167,209
Accrued taxes	369,236	237,400
Total current liabilities	**506,480,298**	**441,075,819**
Non-current liabilities		
Long-term loans from Group companies	–	120,071,000
Total non-current liabilities	**–**	**120,071,000**
Total liabilities	**506,480,298**	**561,146,819**
Shareholders' equity		
Share capital[1]	102,092,759	125,114,000
Legal reserves		
Reserves from capital contributions	267,291,600	51,284,323
Other legal reserves	25,600,070	25,600,070
Reserve for treasury shares	3,325,933	2,772,183
Retained earnings	1,406,242,319	1,364,771,720
Total shareholders' equity	**1,804,552,681**	**1,569,542,296**
Total liabilities and shareholders' equity	**2,311,032,979**	**2,130,689,115**

1 The share capital as of August 31, 2013 consists of 5,488,858 fully paid-in shares at a nominal value of CHF 18.60 (August 31, 2012: 5,170,000 fully paid-in shares at a nominal value of CHF 24.20).

Notes to the Financial Statements

1 Liens, guarantees and pledges in favor of third parties

The Company is a co-debtor for bank loans of max. EUR 600 million (CHF 739.3 million; 2011/12: CHF 720.4 million) obtained by Barry Callebaut Services N.V., Belgium, whereof the maximal liability is limited to the freely distributable retained earnings (CHF 1,406.2 million less 35% withholding tax). Furthermore, the Company is also a co-debtor to the Senior Notes of EUR 350 million (CHF 431.3 million; 2011/12: CHF 420.2 million) issued by Barry Callebaut Services N.V., Belgium, on July 13, 2007, to the Senior Notes of EUR 250 million (CHF 308.1 million; 2011/12: CHF 300.2 million) issued by Barry Callebaut Services N.V., Belgium, on June 15, 2011, as well as to the Senior Notes of USD 400 million (CHF 372.6 million) issued by Barry Callebaut Services N.V., Belgium, on June 20, 2013. Additionally, the Company issued several corporate guarantees for various credit facilities granted to direct and indirect subsidiaries for an amount of up to CHF 987.1 million (2011/12: CHF 784.8 million).

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

2 Fire insurance value of property, plant and equipment

as of August 31,	2013	2012
in CHF		
Fire insurance value of property, plant and equipment	7,900,000	7,350,000

3 Investments

as of August, 31				2013	2012
Name and domicile	Share capital		Purpose	Percentage of investment	
ADIS Holding Inc., Panama	CHF	41,624,342	Dormant	100%	100%
Barry Callebaut Belgium N.V., Belgium	EUR	61,537,705	Production, Sales	99.99%	99.99%
Barry Callebaut Cocoa AG, Switzerland	CHF	100,000	Sales	100%	100%
Barry Callebaut Decorations B.V., The Netherlands	EUR	18,242	Production, Sales	100%	100%
Barry Callebaut Management Services AG, Switzerland	CHF	100,000	Management services	100%	–
Barry Callebaut Nederland B.V., The Netherlands	EUR	21,435,000	Holding	100%	100%
Barry Callebaut Nigeria Ltd., Nigeria	NGN	10,000,000	Sales	1%	1%
Barry Callebaut Schweiz AG, Switzerland	CHF	4,600,000	Production, Sales	100%	100%
Barry Callebaut Services N.V., Belgium	EUR	929,286,000	In-house Bank	99.99%	99.99%
Barry Callebaut Sourcing AG, Switzerland	CHF	2,000,000	Sourcing	100%	100%
C.J. van Houten & Zoon Holding GmbH, Germany	EUR	72,092,155	Holding	100%	100%
Schloss Marbach GmbH, Germany	EUR	1,600,000	Conference and Training Center	100%	100%

Investments are stated at cost less any allowance for impairment.

4 Treasury shares

The Company held 3,760 treasury shares as of August 31, 2013 (2012: 3,231). In 2012/13, the Company bought 13,788 shares at an average price of CHF 893.83 per share (2011/12: 4,430 shares at an average price of CHF 860.75) and transferred 13,259 shares at an average price of CHF 887.73 per share (2011/12: 11,380 shares transferred at an average price of CHF 753.78). In both years, the company did not sell any treasury shares. Treasury shares are measured at the lower of cost or market. As of August 31, 2013, the treasury shares have been measured at an average price of CHF 884.56 per share (2011/12: average price of CHF 887.59 per share).

5 Significant shareholders

as of August 31,	2013	2012
Jacobs Holding AG, Zurich, Switzerland	50.11%	50.11%
Renata Jacobs	8.48%	8.48%
Nicolas Jacobs[1]	–	3.08%
Nathalie Jacobs[1]	–	3.08%

1 As published pursuant to Stock Exchange and Securities Trading Act (ESTA) on June 21, 2013, Nicolas Jacobs and Nathalie Jacobs hold less than 3% and are therefore no longer disclosed.

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

Remuneration of key management[1] for the fiscal year 2012/13

Board of Directors (BoD)	Compen-sation fix	Compen-sation variable	Other compen-sation[2]	Number of shares[3]	Value of shares[4]	Total remuneration 2012/13	Total remuneration 2011/12
in thousands of CHF							
Andreas Jacobs Chairman/Delegate	400.0	–	–	500	433.8	**833.8**	**756.9**
Andreas Schmid Vice Chairman Member of the AFRQCC[5]	180.0	–	64.1	180	156.2	**400.3**	**385.4**
Ajai Puri Member of the NCC[6]	125.0	–	–	180	156.2	**281.2**	**184.1**
James L. Donald Chairman of the NCC	140.0	–	–	180	156.2	**296.2**	**282.6**
Markus Fiechter[7] Member of the AFRQCC	125.0	–	24.1	180	156.2	**305.3**	**41.9**
Jakob Baer Chairman of the AFRQCC	140.0	–	31.8	180	156.2	**328.0**	**316.1**
Nicolas Jacobs[8]	62.5	–	7.5	180	156.2	**226.2**	–
Timothy E. Minges[9]	45.3	–	–	64	29.2	**74.5**	–
Fernando Aguirre[9]	45.3	–	–	64	29.2	**74.5**	–
Stefan Pfander[8] Member of the NCC	62.5	–	–	–	–	**62.5**	**277.6**
Rolando Benedick[10]	–	–	–	–	–	–	**67.0**
Urs Widmer[10]	–	–	–	–	–	–	**71.5**
Total remuneration Board of Directors	**1,325.6**	**–**	**127.5**	**1,708**	**1,429.4**	**2,882.5**	**2,383.1**
Remuneration Executive Committee[11]	**3,647.0**	**3,928.2**	**2,066.9**	**8,846**	**7,717.0**	**17,359.1**	**15,606.7**
Total remuneration of key management	**4,972.6**	**3,928.2**	**2,194.4**	**10,554**	**9,146.4**	**20,241.6**	**17,989.8**
Highest individual remuneration within Executive Committee: **Juergen Steinemann** CEO Barry Callebaut Group	1,130.0	1,102.3	969.1	3,941	3,430.8	6,632.2	6,045.4

There were no termination payments nor payments to former members of the Board of Directors or Executive Committee during the fiscal year. As of August 31, 2013, no loans or credits to members of the Board of Directors or Executive Committee or parties closely related to them are outstanding.

Holdings of shares and options[12]

Number of shares as of August 31,	2013	2012
Board of Directors		
Andreas Jacobs (Chairman)[13]	2,760	2,861
Andreas Schmid (Vice Chairman)	8,738	8,790
Ajai Puri	180	–
James L. Donald	720	540
Markus Fiechter	60	–
Stefan Pfander	–	1,140
Jakob Baer	360	180
Nicolas Jacobs	158,999	–
Thimoty E. Minges	–	–
Fernando Aguirre	–	–
Executive Committee		
Juergen Steinemann, CEO Barry Callebaut Group	5,931	2,681
Victor Balli, CFO Barry Callebaut Group	400	500
Massimo Garavaglia, President Western Europe	–	–
David S. Johnson, President Americas	3,202	2,973
Steven Retzlaff, President Global Sourcing & Cocoa	465	–
Dirk Poelman, Chief Operations Officer	1,331	2,581
Peter Boone, Chief Innovation & Quality Officer	–	–

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

7 Risk assessment disclosures

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

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

8 Capital increase

The Extraordinary General Meeting of the Shareholders held on April 22, 2013, approved the creation of authorized share capital up to a maximum of CHF 9.3 million until April 22, 2015.

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.

9 Subsequent events

The Financial Statements were authorized for issue by the Board of Directors on November 4, 2013 and are subject to approval by the Annual General Meeting of Shareholders on December 11, 2013.

10 Appropriation of available earnings and reserves

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

10.1 Allocation from reserves from capital contributions to free reserves
in the amount of CHF 79,588,441.

10.2 Dividend payout of CHF 14.50 per share out of the free reserves as per note 10.1
in the amount of CHF 79,588,441.

10.3 Carry-forward of the balance of retained earnings
of CHF 1,406,242,319.

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

Barry Callebaut AG, Zurich

Report of the Statutory Auditor on the Financial Statements

As statutory auditor, we have audited the accompanying financial statements of Barry Callebaut AG, which comprise the income statement, balance sheet and notes on pages 132 to 138 for the year ended August 31, 2013.

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

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

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

Opinion
In our opinion, the financial statements for the year ended August 31, 2013 comply with Swiss law and the company's articles of incorporation.

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

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

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

KPMG AG

Marc Ziegler
Licensed Audit Expert
Auditor in Charge

Simon Widmer
Licensed Audit Expert

Zurich, November 4, 2013

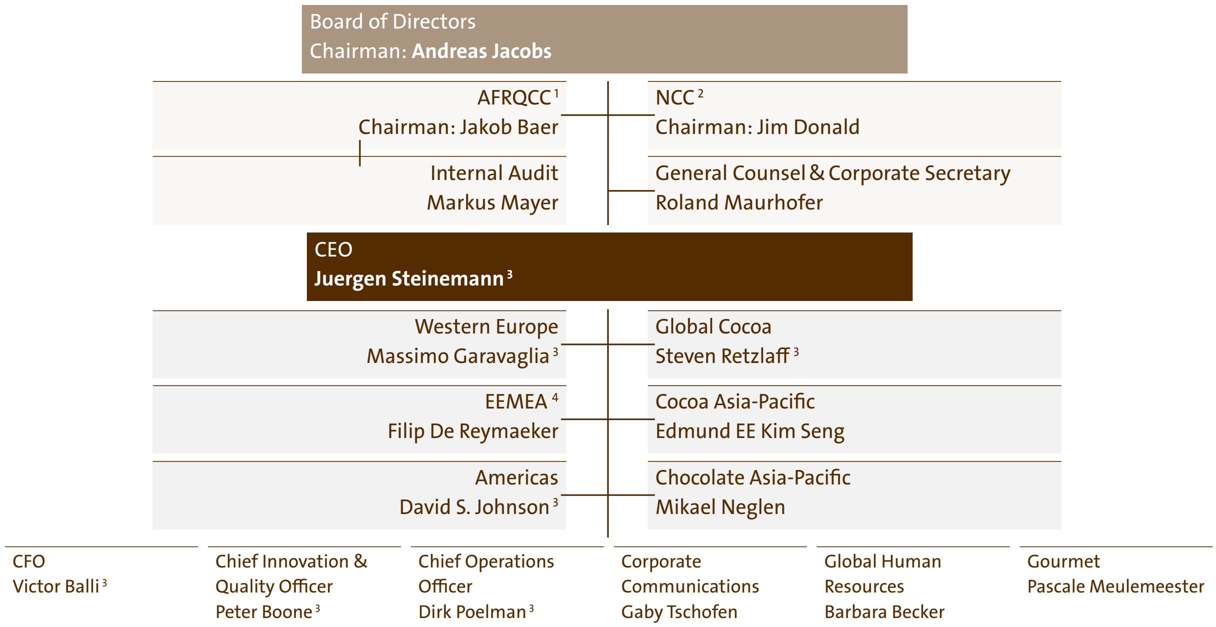

BARRY
CALLEBAUT

Corporate Governance

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

Group structure and shareholders

As of November 7, 2013, the organization of the Barry Callebaut Group is divided into the following Regions: Europe, consisting of Western Europe and EEMEA (i.e. Eastern Europe, Middle East & Africa), Americas, consisting of North and South America, and Chocolate Asia-Pacific. Global Cocoa (formerly called Global Sourcing & Cocoa) is treated like a Region and includes Cocoa Asia-Pacific, which is centrally steered by Global Cocoa, but operationally organized as a separate Region.



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

The structure of the financial reporting is explained in note 3 to the Consolidated Financial Statements. Information about the stock listing, principal subsidiaries and significant shareholders of Barry Callebaut AG is given on pages 62, 76, 124, 126 and 127 of the Consolidated Financial Statements and on pages 135, 136 and 137 of the Financial Statements of Barry Callebaut AG. There are no cross-shareholdings equal to or higher than 5% of the issued share capital.

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

Capital structure

The information required by the DCG regarding the capital structure is given in note 25 (share capital, movements in the share capital) of the Consolidated Financial Statements. The company has no convertible bonds outstanding. The Extraordinary General Meeting of April 22, 2013, created authorized share capital of a maximum nominal amount of CHF 9,3 million for the purpose of financing the acquisition of the Cocoa Ingredients Division from Petra Foods Ltd. The Board of Directors of Barry Callebaut AG subsequently decided to increase the share capital by issuing 318,858 newly created shares (approx. 6% of the existing shares) in June 2013 for the aforementioned purpose.

Board of Directors

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

As of August 31, 2013, the Board of Directors consisted of nine non-executive members. Each Director is elected by the shareholders of Barry Callebaut AG at the General Meeting for a term of office of one year and may be re-elected to successive terms. After having served for seven years on the Board of Directors, Stefan Pfander resigned from the Board at the Annual General Meeting 2012. The Board of Directors under the Chairmanship of Andreas Jacobs thanks Stefan Pfander for his valuable contributions to the development of Barry Callebaut. At the Annual General Meeting of Shareholders of December 5, 2012, Nicolas Jacobs was elected as member of the Board of Directors. At the extraordinary meeting of shareholders on April 22, 2013, Fernando Aguirre and Timothy E. Minges were elected as additional members of the Board of Directors.

	Nationality	Member since	Board of Directors Function	AFRQCC	NCC
Andreas Jacobs	German	2003	Chairman		
Andreas Schmid	Swiss	1997	Vice Chairman	Member	
Fernando Aguirre	Mexico/U.S.	April 2013	Director		Member
Jakob Baer	Swiss	2010	Director	Chairman	
James L. Donald	U.S.	2008	Director		Chairman
Markus Fiechter	Swiss	2004	Director	Member	
Nicolas Jacobs	Swiss	2012	Director		Member
Timothy E. Minges	U.S.	April 2013	Director	Member	
Ajai Puri	U.S.	2011	Director		Member

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

Since 1992, Andreas Jacobs has been an independent entrepreneur with a stake in several companies (Minibar AG, Baar; and Acentic GmbH) plus minority interests in several other companies. From 1991 to 1993, Andreas Jacobs worked as a consultant and project manager at The Boston Consulting Group in Munich. He is also Chairman of Jacobs Holding AG and Vice Chairman of the Board of Adecco SA. Furthermore, he is member of the shareholder committee of Dr. August Oetker KG.

Andreas Jacobs studied law at the Universities of Freiburg im Breisgau, Munich and Montpellier and subsequently obtained a post-graduate degree in European competition law (Dr. iur.) from the University of Freiburg im Breisgau. Afterwards, he earned a Master of Business Administration from INSEAD in Fontainebleau.

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

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

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

Andreas Schmid is Executive Chairman of Oettinger Davidoff Group, Chairman of the Board of Directors of Flughafen Zurich AG and Chairman of the Board of Directors of gategroup Holding AG. In 2010, he was appointed a member of the Board of Directors of Wirz Partner Holding AG and the Advisory Board of Allianz Global Corporate Specialty AG. He has also been a member of the board of directors of Karl Steiner AG since 2008 and a member of the board of directors of Badrutt's Palace Hotel AG since 2006. Andreas Schmid holds a Master's degree in law and studied economics at the University of Zurich.

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

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

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

At present, Fernando Aguirre is a consultant to Chiquita. In addition, he is a member of the Board of Directors of Levi Strauss & Co. where he serves on the Audit Committee and chairs the Finance Committee and the Nominating, Governance & Corporate Citizenship Committee. He is also a member of the Board of Directors of Aetna Inc, where he is a member of the Audit Committee and a member of the Medical Affairs Committee.

He also served as a member of the Board of Directors of Coca Cola Enterprises from 2005 to 2010 and as a member of the International Board of the Juvenile Diabetes Research Foundation from 2006 to 2012 and he was recently named as Advisory Council of the Bechtler Museum of Modern Art in Charlotte, North Carolina. He holds a Bachelor of Science in Business Administration from Southern Illinois University Edwardsville and earned Harvard Business School graduate status in 2009.

Jakob Baer
Director since 2010,
Swiss national

Jakob Baer (1944) started his career in 1971 at the Federal Finance Administration. From 1975 until 1991, he was with Fides Group, where he held various positions (as Consultant, Head of Legal Department, Branch Office Manager Zurich, Member of the Division Management Advisory Services). During 1991/1992, Jakob Baer led the planning and execution of the management buyout of the Advisory Services unit of Fides Group, which became part of KPMG Switzerland. He was a member of the Executive Committee of KPMG Switzerland from 1992 until 1994. From 1994 to 2004, he held the position of Chief Executive Officer of KPMG Switzerland and was a member of KPMG's European and International Leadership Boards. Jakob Baer was Counsel at Niederer Kraft & Frey AG, attorneys at law, Zurich, Switzerland, from 2004 to 2009. Jakob Baer served as a member of the Board of Directors of Adecco from 2004 until April 2012.

Jakob Baer is Chairman of Stäubli Holding AG, member of the Board of Directors of Swiss Re, Rieter Holding AG, Allreal Holding AG and IFBC AG, all in Switzerland.

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

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

James Donald served as President and CEO of Haggan, Inc., a 33-store Pacific Northwest grocery company based in Bellingham, from September 2009 until March 2011. James Donald was also President & Chief Executive Officer of Starbucks Corporation from April 2005 to January 2008. From October 2002 to March 2005, James Donald served as President of Starbucks, North America. Under his leadership, Starbucks experienced strong growth and performance. From October 1996 to October 2002, James Donald served as Chairman, President & Chief Executive Officer of Pathmark Stores, Inc., a USD 4.6 billion regional supermarket chain located in New York, New Jersey and Pennsylvania. Prior to that time, he held a variety of senior management positions with Albertson's, Inc., Safeway, Inc. and Wal-Mart Stores, Inc. From 2008 until June 2013, he also served as a Board Member of Rite Aid Corporation, one of the leading drugstore chains in the U.S. with more than 4,900 stores in 31 states.

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

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

Markus Fiechter (1956) served as Chief Executive Officer of Jacobs Holding AG from September 2004 until the end of 2011.

He started his career as Assistant Professor in Chemistry at the University of Applied Sciences in Horw, Lucerne. From 1984 until 1991, he held various managerial positions at Mettler Toledo AG.

From 1991 to 1994, he worked for The Boston Consulting Group as a Manager at the Zurich office. From 1994 to 2004, he was Chief Executive Officer of the Minibar Group. Markus Fiechter is Vice President of the Board of Directors of Valora Holding AG and a member of the Board of Directors of Minibar AG and of W. Schmid AG. He is also member of the Board of the Federal Foundation for the Advancement of the Swiss Economy through Scientific Research.

Markus Fiechter holds a Master's degree in Chemical Engineering from the Federal Institute of Technology in Zurich (ETH) and an MBA from the University of St. Gallen.

Markus Fiechter
Director since 2004,
Swiss national

Markus Fiechter will not stand for re-election to the Board of Directors at the next Annual General Meeting of Shareholders, on December 11, 2013.

Nicolas Jacobs
Director since 2012,
Swiss national

Nicolas Jacobs (1982) started his career at Goldman Sachs in 2006. In 2007, he joined Barry Callebaut as a Trader in the Global Sourcing & Cocoa business unit. In 2008, he was assigned to Barry Callebaut Brazil as Project Leader Strategic Projects Brazil and was then responsible for the cocoa and the chocolate operations of South America. In 2011, Nicolas Jacobs joined Burger King Corporation as a Senior Director for Global M&A and Development, with responsibilities for strategic projects and the expansion of Burger King within EMEA. Nicolas Jacobs has been a Board Member of Jacobs Holding AG since 2008. Nicolas Jacobs holds a Master's degree in law from the University of Zurich and obtained a Master of Business Administration from INSEAD in Fontainebleau.

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

Timothy E. Minges (1958) is currently Senior Vice President Strategic Business Initiatives, PepsiCo North America Beverages and a member of PepsiCo's Executive Committee. He has been working with PepsiCo for the past 30 years and was, until 2013, responsible for the entire PepsiCo portfolio throughout greater China. He joined PepsiCo in 1983 in the finance department of Frito-Lay North America and was promoted to a series of roles in finance, sales and general management. Timothy Minges moved to Asia in 1994 as General Manager of Frito-Lay Thailand and later assumed a series of roles, including President Asia-Pacific 1999–2003.

Timothy Minges also serves on the Board of Tingyi-Asahi Beverage Holding Co Ltd and on the Strategic Advisory Board of L Capital Asia Fund. He was a member of the Board of Calbee Foods Japan, as well as two listed companies, Pepsi-Cola Philippines and Serm Suk Thailand. He holds a Bachelor of Science in Accounting from Miami University, Oxford, Ohio, and has completed the Pepsi Executive Development Program at Yale School of Management.

Ajai Puri
Director since 2011,
U.S. national

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

Ajai Puri has a broad know-how and experience in the fields of Management, R&D/Innovation, Marketing and Manufacturing, Product Safety and Quality Assurance which he gained during his assignments with the companies Cadbury Schweppes PLC, The Minute Maid Company/The Coca-Cola Company and latest with Royal Numico N.V. in the Netherlands. During his career, Ajai Puri has held a variety of positions of global scope including that of Senior Vice President Technical (Science and Technology) at The Minute Maid Company in the U.S., and President Research, Development and Product Integrity at Royal Numico in the Netherlands.

Ajai Puri is furthermore co-founder of P.A.N.I., a self-funded charitable foundation dedicated to improving the lives of the underprivileged in India. The focus of the foundation is education for children and women, and cleft lip surgical corrections.

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

Functioning of the Board

The Board of Directors constitutes itself at its first meeting subsequent to the Annual General Meeting. The Board elects its Chairman and its Vice Chairman. It meets as often as business requires, but at least four times per fiscal year. The meetings usually take place in Zurich. If possible, the Board meets once per year at one of the Barry Callebaut production sites and combines this meeting with a visit of the local operation. During this fiscal year, the Board of Directors met six times for regular and twice for extraordinary Board meetings. Four meetings lasted around six hours, one three hours and three meetings lasted one and a half hour. The three latter meetings took place in the form of conference calls. In the year under review, the Board held one of the regular meetings in the context of a three-day visit to the Group's sites in Mexico (Monterrey, Mexico City, Toluca).

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

At the request of one member of the Board, members of the Executive Committee shall be invited to attend meetings. The Board of Directors can determine by majority vote that other third parties, for example external consultants, may attend part or all of the meetings. Last year, the CEO, the CFO and, depending on the agenda items, other members of the Executive Committee or management were present at all Board and Committee meetings, with the exception of a closed discussion on the Board of Director's self-assessment in the context of a regular Board meeting.

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

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

The Board of Directors has formed the following committees:

Audit, Finance, Risk, Quality & Compliance Committee

Jakob Baer (Chairman), Andreas Schmid, Markus Fiechter and Timothy Minges

The primary task of the Audit, Finance, Risk, Quality & Compliance Committee (AFRQCC) is to assist the Board in carrying out its responsibilities and make recommendations regarding the company's accounting policies, financial reporting, internal control system, legal and regulatory compliance and quality management. In addition, the AFRQCC reviews the basic risk management principles and guidelines, the hedging and financing strategies as well as the bases upon which the Board of Directors determines risk tolerance levels and limits for exposures of raw material positions. For details of the risk management system, see note 7 to the Financial Statements of Barry Callebaut AG and notes 26 and 30 to the Consolidated Financial Statements.

The AFRQCC further assists the Board of Directors in fulfilling its oversight responsibility of the external auditors. The AFRQCC recommends the external auditors, reviews their qualifications and independence, the audit fees, the external audit coverage, the reporting to the Board and/or the Audit Committee, and assesses the additional non-audit services as well as the annual financial statements and the notes thereto. The external auditors attended one meeting of the Audit, Finance, Risk, Quality & Compliance Committee in fiscal year 2012/13; furthermore, the Chairman of the AFRQCC periodically meets the external auditors outside AFRQCC meetings.

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

In the year under review, the Board of Directors issued the new "Fraud Response and Whistleblowing Policy" and installed a Fraud Committee. The Fraud Committee is responsible for the evaluation and investigation of alleged violations of the Code of Conduct. Standing members are the General Counsel (Chairman), Head Internal Audit and Head Global HR. The Chairman of the AFRQCC supervises the proceedings of the Fraud Committee, which regularly reports on all pending cases to the AFRQCC.

The AFRQCC meets as often as business requires, but at least three times per fiscal year. The meetings usually take place in Zurich. In the last fiscal year, the committee met six times. The meetings lasted for two to three hours. One of the meetings took place in the context of the Board's three-day visit to Mexico.

In the year under review Barry Callebaut AG increased its share capital by way of an Accelerated Book-building, thereby excluding the existing shareholders of their subscription rights. In this process, the AFRQCC was mandated by the Board of Directors to serve as a pricing committee and ensured compliance with the requirements of the law and the Articles of Association of Barry Callebaut. For this purpose, the AFRQCC convened several times via conference call during the execution of the Accelerated Book-building process.

Nomination & Compensation Committee

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

The responsibilities of the Nomination & Compensation Committee (NCC) are to make recommendations to the Board with respect to the selection, nomination, compensation, evaluation, and, when necessary, the replacement of key executives. The NCC establishes jointly with the CEO a general succession planning and development policy. The committee also reviews remuneration paid to members of the Board of Directors, ensures a transparent Board and Executive Committee nomination process, and is responsible for monitoring and managing potential conflicts of interest involving executive management and Board members. The NCC monitors the developments of the regulatory framework for compensation of the top management and the Board of Directors (e.g. the "Minder-Initiative") on an ongoing basis and develops suggestions for the respective adaptations of Barry Callebaut's compensation system.

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

Executive Committee

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

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

Juergen Steinemann
Chief Executive Officer,
German national

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

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

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

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

Victor Balli
Chief Financial Officer,
Swiss national

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

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

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

Massimo Garavaglia
President Western Europe,
Italian national

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

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

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

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

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

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

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

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

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

Dirk Poelman
Chief Operations Officer,
Belgian national

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

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

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

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

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

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

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

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

Peter Boone
Chief Innovation & Quality
Officer, Dutch national

Peter Boone (1970) was appointed to the position of Chief Innovation Officer and member of the Executive Committee at Barry Callebaut as of December 3, 2012 and also assumed responsibility for Quality as of June 24, 2013.

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

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

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

Compensation Report

The Board of Directors has the final responsibility for the remuneration of the Directors and the Executive Committee. The Nomination & Compensation Committee assists the Board in fulfilling its responsibility by evaluating the remuneration strategy and proposing individual compensation packages for the Executive Committee members and other key members of the management.

The Nomination & Compensation Committee ensures that Barry Callebaut offers an overall remuneration package which is aligned with corporate and individual value contribution and market practice, in order to attract and retain Directors and Executives with the necessary skills. The current remuneration scheme is not linked to any external benchmarks. The remuneration structure of the Board of Directors is comprised of fixed directors' fees and grants of Barry Callebaut AG shares. The shares granted to the members of the Board of Directors vest without further restrictions after one year.

The remuneration framework for the Executive Committee of Barry Callebaut consists of four compensation elements: an annual base salary, an annual short-term cash bonus linked to the achievement of the short-term bonus criteria for the respective fiscal year (the on-target bonus ranges from 85% to 100% of base salary), long-term incentive comprised of a share grant (with a target value of 100% to 300% of the annual base salary) and other benefits (with a value of 10% to 20% of the base salary). The short-term bonus criteria for the members of the Executive Committee have been defined by the Board of Directors upon evaluation and recommendation of the NCC as follows for the current fiscal year (the percentage figures indicating the weight of the respective target):

	CEO/CFO	Presidents	COO/CIO
Group EBIT	25%	10%	40%
Group EBIT/MT	20%	–	20%
Earnings per share	20%	–	–
Regional EBIT	–	50%* 30%**	–
Regional EBIT/MT	–	20%**	–
EVA	15%	–	–
Net working capital	–	15%	15%
Individual strategic targets	20%	25%	25%

* President Global Cocoa ** Presidents Western Europe/Americas

For the remuneration to the Executive Committee recorded in the fiscal year under review, please see note 6 to the Financial Statements of Barry Callebaut AG.

The granting of shares to management is regulated by a Deferred Share Plan 2011–14. For a period of three years (a "Grant Cycle"), an annual share value is determined by the Board of Directors for each individual plan participant. The number of shares to be granted to each participant with respect to each fiscal year is calculated by dividing the annual share grant value by the average closing price of Barry Callebaut shares during the last three months of the previous fiscal year. The granted shares vest according to the following schedule: 30% after one year, 30% after two years and 40% after three years. The vesting is subject to service criteria but not subject to any performance criteria. In addition, each participant is entitled to receive an upside bonus calculated on each share granted during the three-year Grant Cycle. This upside bonus is payable if the actual share price at the end of the respective Grant Cycle exceeds a certain benchmark share price defined by the Board of Directors at the onset of the Grant Cycle. Such upside bonus, if any, is paid in cash at the end of the respective Grant Cycle, subject to continued employment at the end of a Grant Cycle.

For details regarding the compensation, shareholdings and loans of the members of the Board of Directors and the Executive Committee during the last fiscal year, see note 6 in the Financial Statements of Barry Callebaut AG.

Barry Callebaut AG and Jacobs Holding AG, Zurich, have entered into an auxiliary services agreement, under which Jacobs Holding AG offers to Barry Callebaut AG certain management and consultancy services. In the fiscal year 2012/13, the total compensation paid by Barry Callebaut AG under this agreement amounted to CHF 1.54 million. The contract is renewable annually.

Shareholders' participation

Each share of Barry Callebaut AG carries one vote at the General Meeting. Voting rights may be exercised only after a shareholder has been registered in the Barry Callebaut AG share register as a shareholder with voting rights.

No shareholder holding more than 5% of the share capital may be registered as a shareholder with voting rights with respect to the shares such shareholder holds in excess thereof. For purposes of the 5% rule, groups of companies and groups of shareholders acting in concert or otherwise related are considered to be one shareholder.

Shareholders may register their shares in the name of a nominee approved by Barry Callebaut AG and may exercise their voting rights by giving instructions to the nominee to vote on their behalf.

However, a nominee holding more than 3% of the share capital will be registered as nominee for shareholders with voting rights only if it discloses the identity of each beneficial owner of shares claiming 0.5% or more of the share capital. No nominee holding more than 8% of the share capital may be registered as a shareholder with respect to the excess shares. The Board of Directors may, however, on a case-by-case basis, permit some or all of the excess shares to be registered with voting rights. In fiscal year 2012/13, no such exception was granted by the Board of Directors.

A resolution passed at the General Meeting with a majority of at least two-thirds of the shares represented at such meeting is required to lift the restrictions on the transferability of registered shares.

Shareholders may be represented at the General Meeting by proxy. Proxy holders must themselves be shareholders, or be appointed by Barry Callebaut, independent representatives nominated by Barry Callebaut AG, or a depository institution.

The Articles of Incorporation follow the majority rules and the provisions on convocation prescribed by the Swiss law concerning general meetings of shareholders.

Shareholders with voting rights holding shares representing in total at least 0.25% of the share capital or the voting rights have the right to request in writing – giving at least 60 days' notice – that a specific proposal be discussed and voted upon at the next General Meeting.

Shareholders registered in the share register with voting rights at the date specified in the invitation will receive an invitation to the General Meeting. The published disclosures on significant shareholders of Barry Callebaut AG are accessible via the disclosure platform of SIX Exchange Regulation: www.six-exchange-regulation.com/obligations/disclosure/major_shareholders_en.html.

Change of control and defense measures

An investor who acquires 33⅓% of all voting rights has to submit a take over offer for all shares outstanding, according to the Swiss Stock Exchange Law. Barry Callebaut has not elected to change or opt out of this rule.

The employment contracts of the members of the Executive Committee are open-ended and contain notice periods of 6 to 12 months, during which they are entitled to full compensation.

External auditors

At the Annual General Meeting of Shareholders of Barry Callebaut AG on December 8, 2005, the shareholders voted to appoint KPMG AG, Zurich, as statutory auditors. The statutory auditors are appointed annually by the General Meeting for a one-year term of office. The current auditor in charge has exercised this function since fiscal year 2011/12. Pursuant to the Swiss regulations, he may remain in this function until and including fiscal year 2013/14.

For the fiscal year 2012/13, the remuneration for the audit of the accounting records and the financial statements of Barry Callebaut AG, and the audit of the consolidated financial statements, amounted to CHF 3.1 million. This remuneration included an exceptional review of the half-year consolidated financial statements, which was required in the context of the bond issuance. This remuneration is evaluated by the AFRQCC in view of the scope and the complexity of the Group. The performance of the auditors is monitored by the AFRQCC, to which they present a detailed report on the result of the audit of the Group. Prior to the presentation to the AFRQCC, the lead auditor reviews the audit findings with the Chairman of the AFRQCC without the presence of any members of the management.

KPMG received a total amount of CHF 0.6 million for additional services, i.e. for transaction and other advisory (incl. due diligence). Adequate measures for the avoidance of potential conflicts of interests between the different services provided by KPMG were observed.

Information policy

Barry Callebaut is committed to continuous and open communication with its shareholders, potential investors and other stakeholders based on the principles of transparency and equal treatment, i.e. simultaneous provision of price-sensitive information and no selective disclosure.

The Group provides detailed information on its business activities and financial performance in its Annual and Half-year reports and press releases, at conferences for media and financial analysts as well as at the Annual General Meeting of Shareholders. Further, representatives of the Group regularly meet (current and potential) investors in personal meetings as well as present Barry Callebaut at industry events and investor conferences.

Presentations are also made available on the Group's website, which is updated continuously. The financial calendar for the fiscal year 2013/14 and contacts are given on page 164.

The published media releases of Barry Callebaut are accessible via www.barry-callebaut.com/51. To subscribe to Barry Callebaut's electronic news alerts please go to: www.barry-callebaut.com/55.

A

ACTICOA™
A process developed by Barry Callebaut which conserves to a very high degree the polyphenols naturally present in the cocoa bean, that may otherwise be destroyed during the chocolate production process.

B

Butter
Refers to cocoa butter, the fat of the cocoa bean.

British Retail Consortium (BRC)
BRC is one of the five food safety standards recognized by the Global Food Safety Initiative, a platform that groups global retailers and a large number of food manufacturers.

C

Cocoa butter ratio
Price of 1 tonne of cocoa butter relative to the price of 1 tonne of cocoa beans.

Cocoa Horizons
In 2012, Barry Callebaut launched its CHF 40 million cocoa sustainability initiative to boost farm productivity, increase quality and improve family livelihoods in key cocoa producing countries over the next ten years.

Cocoa powder ratio
Price of 1 tonne of cocoa powder relative to the price of 1 tonne of cocoa beans.

Combined cocoa ratio
Combined sales prices for cocoa butter and cocoa powder relative to the cocoa bean price.

Compound
Consists of a blend of sugar, vegetable oil, cocoa liquor, powder and other products. Vegetable oil is substituted for cocoa butter to reduce product cost and to develop special melting profiles.

Conche
A large tank with a powerful stirring device inside that kneads the chocolate mixture slowly over a long time. Contact with air, heat and friction results in several different physical and chemical processes, necessary for the final taste and mouthfeel of the chocolate.

Controlled Fermentation
Barry Callebaut developed a way to “control” and optimize cocoa fermentation. With the so-called Controlled Fermentation method, defined microorganisms provide a consistent, predictable and 100% “superior grade” cocoa bean quality. This in turn leads to improved flavor characteristics, zero default cocoa beans, enhanced levels of functional components (e.g. flavanols), and improved processability.

Criollo
Criollo is known as the prince among cocoa trees. This variety is fragile and produces small harvests. It grows primarily in South and Central America, and accounts for only 10% of the world crop. The cocoa has a pale color and a unique aroma. It is used in the production of high-quality chocolate and for blending.

D

Dark chocolate
Dark chocolate is chocolate that contains more than 43% cocoa solids coming from cocoa liquor and butter. This is the chocolate most often used for premium chocolate confections. Besides cocoa ingredients, it contains sugar, vanilla, and often lecithin.

Drying
After fermentation, the beans still contain 60% moisture, which must be reduced to 8% or less in order to ensure optimum conservation during storage and transportation. Drying can either be done by spreading the beans out in the sun or by placing them on a heated surface or by hot air. Thorough drying avoids the formation of molds.

Dutching
A treatment used during the making of cocoa powder in which cocoa solids are treated with an alkaline solution to neutralize acidity. This process darkens the cocoa and develops a milder chocolate flavor.

E

EBIT
Operating profit (Earnings Before Interest and Taxes).

EBITDA
Operating profit before depreciation and amortization (Earnings Before Interest, Taxes, Depreciation and Amortization).

EVA
Economic Value Added or EVA, is an estimate of a firm’s economic profit – being the value created in excess of the required return of the company’s investors (being shareholders and debt holders). In other words: EVA is the profit earned by the firm less the cost of financing the firm’s capital.

F

Fermentation
Fermentation is a delicate stage in cocoa bean processing. Beans and pulp are heaped in piles, covered with banana leaves or put in boxes and left to ferment for several days. During fermentation, the beans lose their natural bitterness and astringency.

Flavanol
A specific type of polyphenol, known for its antioxidant activity.

Forastero
Forastero are the most commonly grown and used cocoa beans. Compared to Criollo, Forastero is a stronger tree that is easier to cultivate and produces higher yields. They make up about 90% of the world’s production and are grown mainly in West Africa. The cocoa has a pungent aroma.

G

Global Reporting Initiative (GRI)
The Global Reporting Initiative (GRI) is a non-profit organization that promotes economic, environmental and social sustainability. GRI's Sustainability Reporting Framework enables all companies and organizations to measure and report their sustainability performance. By reporting transparently and with accountability, organizations can increase the trust that stakeholders have in them, and in the global economy.
www.globalreporting.org

I

Industry Protocol
Also known as Harkin-Engel Protocol. The Protocol was signed in 2001 by cocoa and chocolate manufacturers, industry and trade associations, government organizations and NGOs in response to reports of children working under abusive labor conditions on cocoa farms in West Africa. The signatories condemned abusive labor practices, in particular the worst forms of child labor as defined by the International Labor Organization (ILO), and committed to work together to address the issue. Barry Callebaut is a signer of the Protocol.

L

Liquor
Also known as cocoa liquor or cocoa mass. The thick liquid paste that is produced in the grinding process.

M

Milk chocolate
Chocolate with at least 25% cocoa solids coming from cocoa liquor and butter to which powdered milk, sugar, vanilla, and lecithin has been added. Good milk chocolate contains 30% chocolate liquor. Premium milk chocolate contains even more.

Molding
The process of creating figures and shapes out of chocolate. Chocolate is melted to 45 °C, then cooled below its crystallization point, then heated again to 30 °C. Following this tempering process, the chocolate is poured onto the inner surface of the molds, also heated to 30 °C. After cooling, the final product is unmolded to reveal a glossy chocolate figure.

N

Nib
The cocoa bean without shell.

P

Polyphenols
Cocoa beans contain polyphenols of unusually high quality and effectiveness. Some display antioxidant properties. By inhibiting oxidation, they protect body cells from damage caused by the oxidative effects of free radicals, which contribute to the aging process and to certain heart and brain diseases.

Powder
Refers to cocoa powder and is the product that remains when a large part of the cacao butter is removed from the cocoa liquor.

R

Roasting
Roasting is a heating process aimed at developing the chocolate aroma. Roasting certain foods not only makes them more digestible, but also more aromatic. Cocoa beans are roasted to a greater or lesser extent depending on what they are being used for. Cocoa powder needs more intense roasting, whereas chocolate requires finer roasting.

S

Semi-finished products
Examples include cocoa liquor, cocoa butter and cocoa powder. Also called cocoa products.

T

Trinitario
Trinitario beans are a cross of Criollo and Forastero cocoa. It has characteristics of both: The trees are easy to cultivate, and the cocoa beans have a strong, but relatively refined aroma.

V

Viscosity
The measure of the flow characteristics of a melted chocolate.

Vegetable fats
Sometimes used as a less expensive alternative to cocoa butter in chocolate products.

W

White chocolate
White chocolate is made from cocoa butter (at least 20%), powdered milk, sugar, and vanilla. It contains no cocoa liquor, which explains the ivory color of white chocolate.

Information

Barry Callebaut
Annual Report 2012/13

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Financial calendar

December 11, 2013
Annual General Meeting of Shareholders 2012/13, Zurich

January 15, 2014
3-month key sales figures 2013/14

April 3, 2014
Half-year results 2013/14, Zurich

July 3, 2014
9-month key sales figures 2013/14

November 6, 2014
Full-year results 2013/14, Zurich

December 10, 2014
Annual General Meeting of Shareholders 2013/14, Zurich

Forward-looking statements

Certain statements in this Annual Report regarding the business of Barry Callebaut are of a forward-looking nature and are therefore based on management's current assumptions about future developments. Such forward-looking statements are intended to be identified by words such as "believe", "estimate", "intend", "may", "will", "expect", "project" and similar expressions as they relate to the company. Forward-looking statements involve certain risks and uncertainties because they relate to future events. Actual results may vary materially from those targeted, expected or projected due to several factors. The factors that may affect Barry Callebaut's future financial results are discussed in this Annual Report as well as in the Letter to Investors 2012/13. Such factors are, among others, general economic conditions, foreign exchange fluctuations, competitive product and pricing pressures, as well as changes in tax regimes and regulatory developments. The reader is cautioned to not unduly rely on these forward-looking statements that are accurate today, November 7, 2013. Barry Callebaut does not undertake to publish any update or revision of any forward-looking statements.

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