Annual Report 2015/16

"We are the heart and engine of the chocolate and cocoa industry"

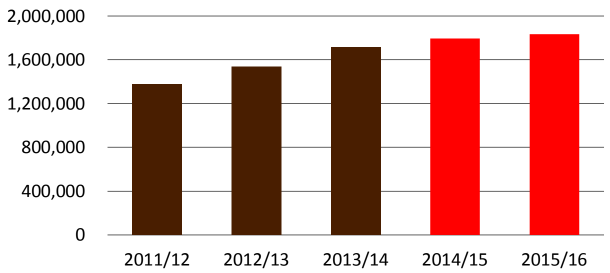
BARRY CALLEBAUT

Key figures 2015/16

Sales Volume	EBIT	Net Profit	Free cash flow	Dividend
+2.2%	**+0.1% in local currencies**	**(5.1%) in local currencies**		**Payout ratio 39%**
1.8	**401.7**	**219.0**	**404.0**	**15.50**
million tonnes	**CHF million**	**CHF million**	**CHF million**	**CHF per share**

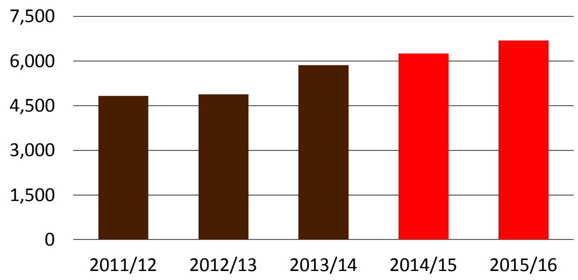
Sales Volume

In tonnes



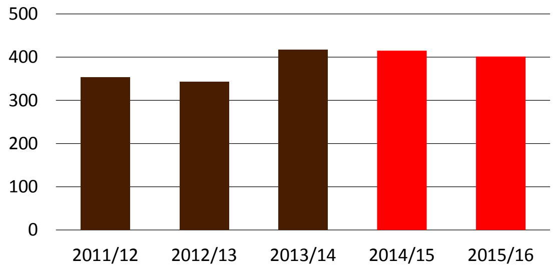
Sales Revenue

In CHF million



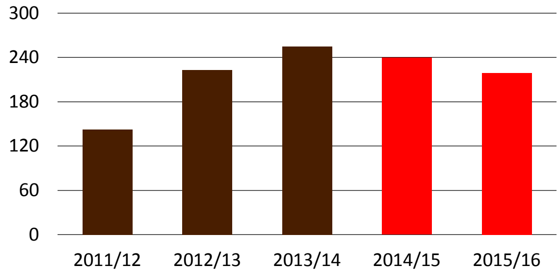
EBIT

In CHF million



Net profit for the year

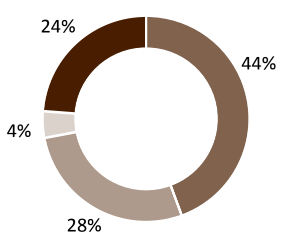
In CHF million



Sales Volume by Region

In tonnes

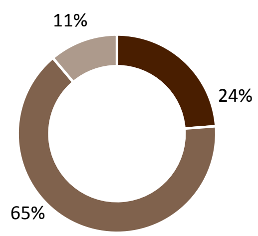
EMEA	814,236
Americas	507,008
Asia Pacific	76,443
Global Cocoa	436,537



Sales Volume by Product Group

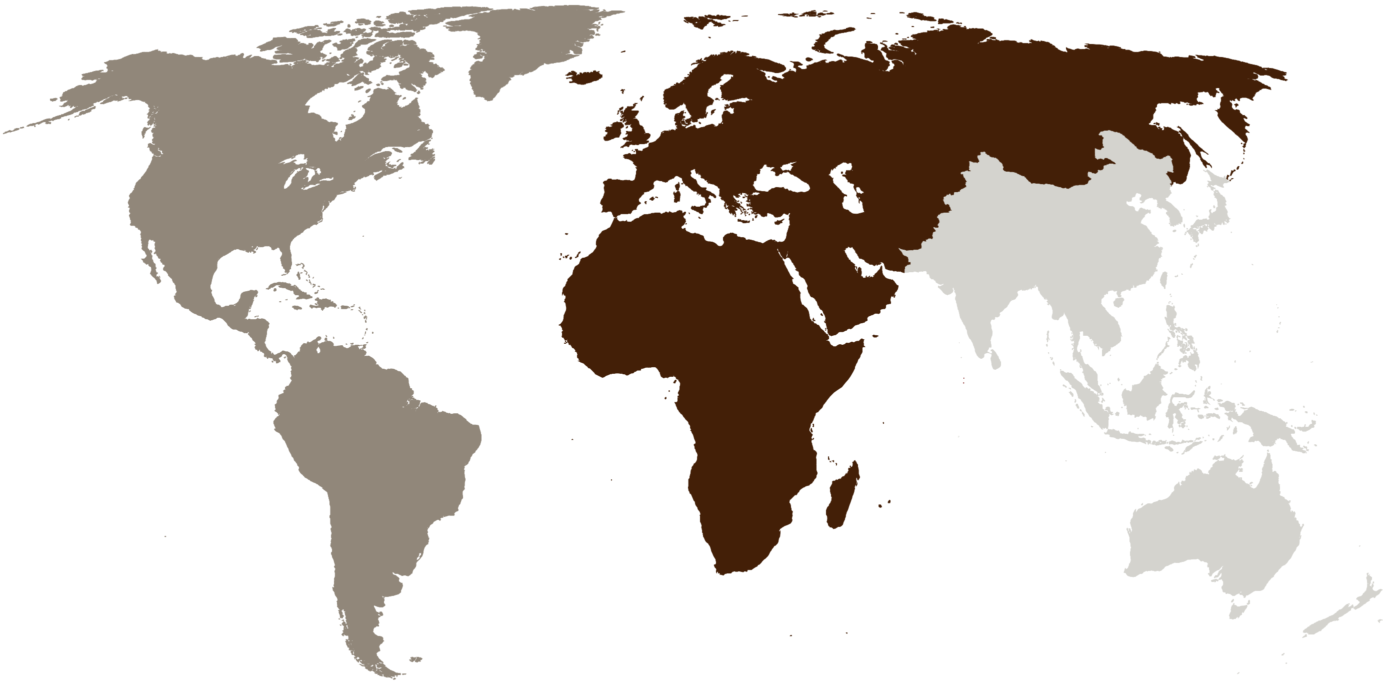
In tonnes

Food Manufacturers Products	1,192,907
Cocoa Products	436,537
Gourmet & Specialties Products	204,780



Fiscal year 2015/16 in brief

- Sales volume up +2.2%, reflecting above-market performance of the chocolate business (+7.6%) and intentional phase-out of less profitable contracts in cocoa products (–12%)
- Operating profit (EBIT) temporarily affected by challenging cocoa products market as anticipated: +0.1% in local currencies (–3.2% in CHF); net profit down –5.1% in local currencies (–8.7% in CHF)
- Strong free cash flow generation of CHF 404.0 million
- Mid-term guidance[1] confirmed
- Dr. W. Andreas Jacobs to step down as Chairman of the Board of Directors; Patrick De Maeseneire proposed for election as new Chairman. All other Board members are standing for reelection for another term of office of one year
- Proposed payout to shareholders of CHF 15.50 per share; payout ratio of 39%



	EMEA	Americas	Asia Pacific	Global Cocoa
Volume growth vs. prior year	+6.6%	+8.8%	+10.8%	(12.0%)
EBIT growth vs. prior year in local currencies	+4.4%	+12.0%	+17.9%	(60.3%)

1 On average for the 3-year period 2015/16 to 2017/18: 4–6% volume growth and EBIT above volume growth in local currencies, barring any major unforeseen events.

This is Barry Callebaut

"Shaping the world of chocolate and cocoa"

1.8
sales volume
in million tonnes

401.7
EBIT
in CHF million

CAGR
+7.4%
volume growth
over 5 years

6,676.8
sales revenue
in CHF million

More than
175 years
of chocolate heritage

Close to
10,000
employees
of whom 1 in 2 works
either in an origin
or emerging market

19
CHOCOLATE ACADEMY™ centers

37,500
chocolate aficionados
trained in 2015/16

53
factories
worldwide

Selling to
131
countries

More than
115,000
farmers
trained in good
agricultural practices

More than
200
co-creation sessions
conducted with
customers

28
R&D centers worldwide
driving innovation

Table of Content

Letter to Shareholders

"Smart growth" getting traction, strong free cash flow

Twenty years ago, Callebaut and Cacao Barry merged to form Barry Callebaut. Since then, we have created the world's leading chocolate and cocoa company. Over all those years, we have remained focused on generating value in the long term for our shareholders and all other stakeholders.

Our proven strategy has remained unchanged for more than a decade. But through a more focused execution, which we call "smart growth", we started this year to strive for a better balance between volume growth, enhanced profitability and free cash flow generation. The goal is to generate even more value in the long term for our shareholders and all other stakeholders.

We are pleased to see that this focus on "smart growth" starts to get traction. In the past fiscal year, we managed once more to significantly outperform the global market in our chocolate business. In our Global Cocoa business, we deliberately phased out less profitable contracts. Good profitability in our chocolate business was offset by a challenging cocoa products market, as anticipated. We also see the very satisfactory result of our increasing focus on free cash flow generation.

Our sales volume increased +2.2% to reach 1,834,224 tonnes. Amid a global chocolate confectionery market, which declined by –1.7% according to Nielsen, sales volume growth in our chocolate business, including both Food Manufacturers and Gourmet, was strong and rose by +7.6%. All our three key growth drivers contributed to this positive development, led by Gourmet & Specialties which grew +12.4%, but Outsourcing and Emerging Markets also supported the Group's volume increase. In Global Cocoa, our intentional phase-out of less profitable contracts led to a decline of –12.0% in volume.

Sales revenue was up +8.8% in local currencies (+7.0% in CHF) to CHF 6,676.8 million, partly driven by a better product mix and overall higher sales prices over the entire fiscal year.

Operating profit (EBIT) was basically flat at +0.1% in local currencies (–3.2% in CHF) and amounted to CHF 401.7 million. As anticipated, this year's profitability was affected by the challenging cocoa products market, but also by restructuring costs related to the manufacturing footprint and a negative currency translation effect, offset by our greater focus on margins including product and customer mix.

Net profit for the year decreased by –5.1% in local currencies to CHF 219.0 million (–8.7% in CHF). This is a reflection of a higher tax rate and one-off costs related to issuing a new bond in spring 2016.

Based on our efforts to focus on "smart growth", our free cash flow increased significantly to CHF 404.0 million, compared to CHF 21.8 million in the previous fiscal year, amongst other things as a consequence of lower working capital and stricter discipline in capital expenditure.

As a result, Net debt amounted to CHF 1,452.8 million, down by –15.9% in CHF compared to prior year.

These results have been achieved in a challenging market environment. We would like to thank our global team of close to 10,000 colleagues for their relentless efforts and extraordinary commitment. We would also like to express our sincere gratitude to our customers and shareholders for their continued trust.

The Board of Directors proposes a payout to shareholders of CHF 15.50 per share, compared to CHF 14.50 a year ago.

Letter to Shareholders

"The key message for 2016/17 is very simple: Growth! It is about competitive growth, 'smart growth' as we continue to deploy our strategy, and sustainable growth as sustainability is going to play a much bigger role in our agenda."

Antoine de Saint-Affrique, CEO

"Twenty years ago, Callebaut and Cacao Barry merged. Since then, we have created the world's leading chocolate and cocoa company – with a lot of passion, hard work and dedication from all our colleagues to whom I am very grateful."

Andreas Jacobs, Chairman of the Board

Letter to Shareholders

Consistent strategy implementation

Our continued above-market growth is the result of the consistent implementation of our proven long-term strategy based on the four pillars Expansion, Innovation, Cost Leadership and Sustainability. In the past fiscal year, we again achieved significant progress:

Expansion

Expansion of existing US West Coast chocolate factory. Acquisition of the FrieslandCampina Kievit vending activities in Germany, making us a leading supplier of vending powder mixes. Various new long-term agreements, for instance with Colian in Poland and Romega in Romania. New chocolate factory in Gresik (Indonesia) went on stream.

Innovation

More than 200 co-creation sessions conducted with customers to support them in their product innovation. Roll-out of our new Barry Callebaut Studio concept at the most important trade shows in Europe and the US. Two relocated CHOCOLATE ACADEMY™ centers opened in Mumbai and Moscow. First Beverage Academy opened in Kageröd, Sweden. Licensing agreement with food supplement producer Naturex on the commercialization of the EFSA health claim on cocoa extracts.

Cost Leadership

Streamlining of our cocoa manufacturing footprint in Asia as part of the Cocoa Leadership project. Successful expansion of the Shared Service Center in Poland.

Sustainability

Inclusion in the SXI 25 Sustainability index of the most sustainable listed companies in Switzerland. Launch of HORIZONS sustainable cocoa and chocolate products. Acquisition of Licensed Buying Company Nyonkopa in Ghana. Introduction of Katchilè, an innovative tool for geo-traceability and farm impact measurement. Additional partnerships with customers like Tony's Chocolonely and Kim's Chocolates for sustainable cocoa farming.

Continuing to drive "smart growth"

The key message for fiscal year 2016/17 is very simple: Growth! It is about competitive growth as well as "smart growth" as we continue to deploy our strategy, but also about sustainable growth as sustainability is going to play a much bigger role in our agenda.

We have good visibility on volume growth and expect to see a positive contribution to profitability from our Cocoa Leadership project, supported by some recent recovery in the cocoa products market.

On this basis, we confirm our three-year guidance, which is on average 4–6% volume growth and EBIT growth on average above volume growth in local currencies, barring any major unforeseen events.

Andreas Jacobs
Chairman of the Board

Antoine de Saint-Affrique
Chief Executive Officer

Many thanks, Andreas Jacobs!

Barry Callebaut's remarkable success is clearly attributable to the stewardship and farsightedness of Andreas Jacobs. Andreas Jacobs joined the Board of Directors in 2003 and was elected its chairman in December 2005. After eleven years at the helm of our company, he will be stepping down from his post at the Annual General Meeting 2016.

Barry Callebaut owes its departing chairman a lot. The company's undisputed global leadership in cocoa and chocolate production is largely due to the bold strategic decisions that Andreas Jacobs made in recent years. He had the strength and determination to turn his visions into reality. Andreas Jacobs had little appetite for short-termism nor was he obsessed with the next set of quarterly results, neither as Chairman nor as a representative of Jacobs Holding AG, our majority shareholder. Passionate and knowledgeable about every aspect of the company, caring for the people as much as he was for building the business for the long term, Andreas Jacobs has been a formidable ambassador of Barry Callebaut with all its stakeholders. As custodian of family values which are at the heart of our company, he carefully introduced his brother Nicolas Jacobs to the duties of a Director enabling the family's intergenerational succession plan. The Jacobs family will therefore continue to be duly represented on our Board.

We would like to express our sincere gratitude to Andreas Jacobs for his strong leadership that has helped make Barry Callebaut what it is today.

Board of Directors, Executive Committee and employees of Barry Callebaut

Business at a Glance

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

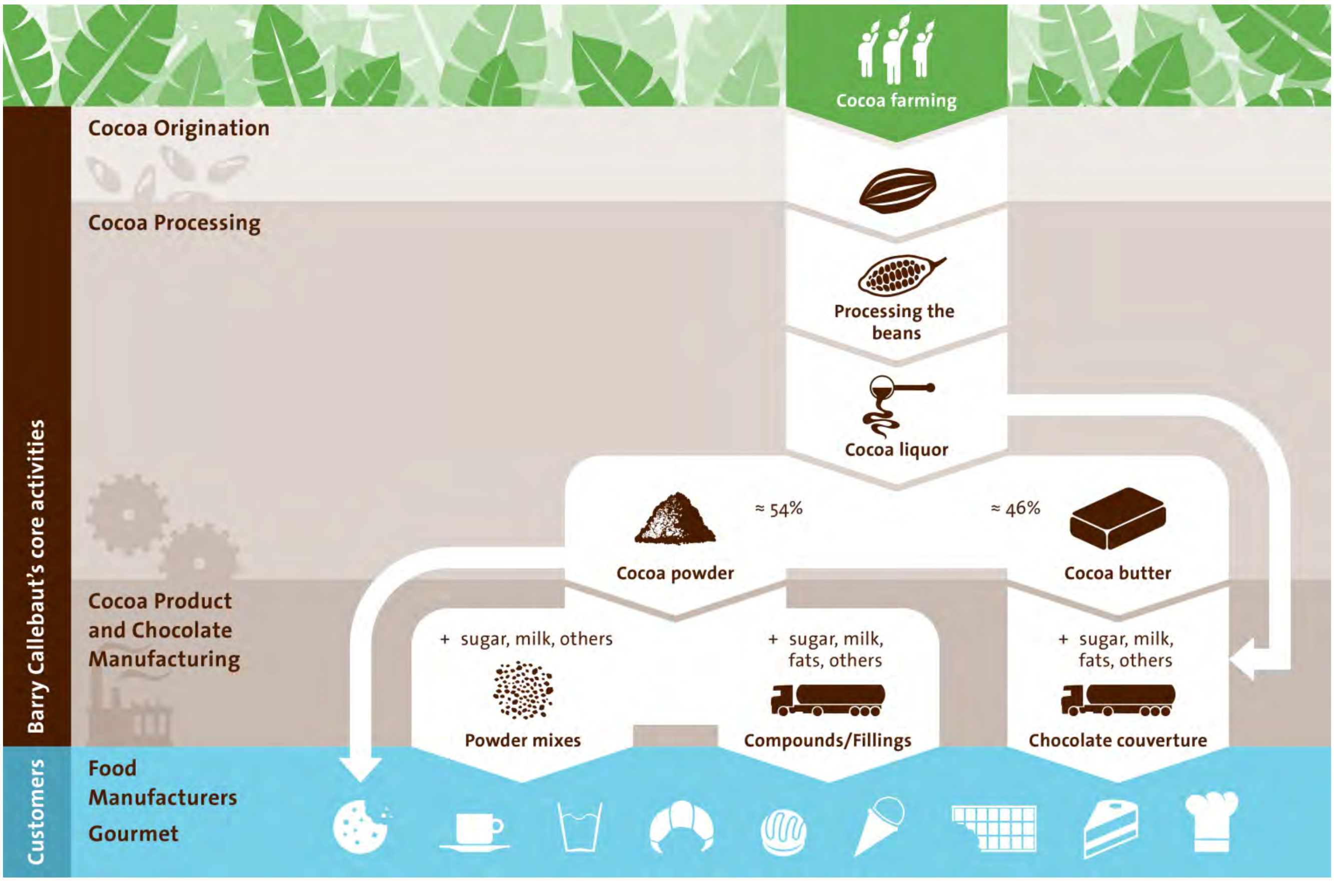
Our Values
Everything we do is rooted in our five core values: customer focus, passion, entrepreneurship, team spirit and integrity.

Business model
We are the world's leading manufacturer of chocolate and cocoa products, mastering every step in the value chain from the sourcing of raw materials to the production of the finest chocolates. We are able to provide our customers with added-value products and services adapted to specific market needs, ahead of trends and at a competitive price. We serve the entire food industry – from global and local food manufacturers to artisanal and professional users of chocolate, such as chocolatiers, pastry chefs, bakers, hotels, restaurants or caterers.

We are a business-to-business company. In order to accommodate price fluctuations in raw materials, most of our business is based on a cost-plus pricing system that passes on raw material costs directly to our customers.

Our input factors are talented people, deep chocolate and cocoa know-how, as well as various raw materials. Our output factors are high-quality chocolate and cocoa products as well as value-added services.

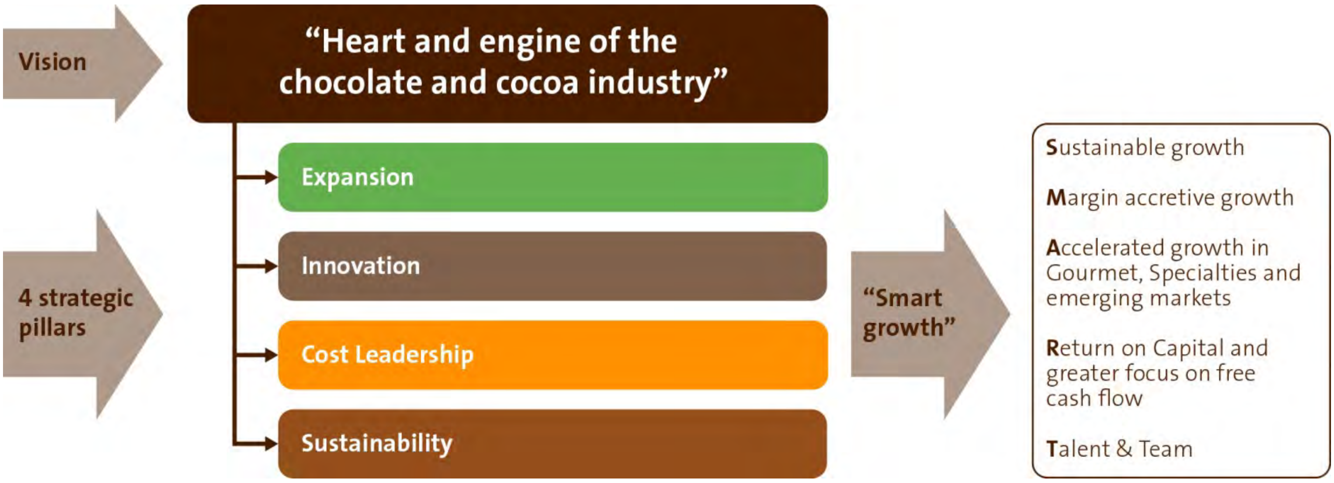
Competitive advantages
We are fully vertically integrated and have a unique global footprint with 53 factories. With more than 175 years of chocolate heritage, our Group has an unparalleled blend of expertise in cocoa and chocolate, from the sourcing of the beans to the knowledge of future consumer trends. Through leadership in innovation and renovation of products, we help our customers grow. Combined with our cost leadership, this makes us the preferred outsourcing partner to the food industry. We have a number of long-term partnership agreements with leading global and local food companies. We are present on the ground in all key origin countries and have a long stand commitment to sustainability.



Business at a Glance

The Barry Callebaut Group aims to outperform the global chocolate and cocoa market. This ambitious long-term strategy is based on four pillars:

Strategy



Expansion

We aim to expand our business based on three key growth drivers:

Emerging Markets: Next to further strengthening our position in the main markets of Western Europe and North America, we aim to tap into the growth potential of Emerging Markets.

Outsourcing & Partnerships: Implementing existing outsourcing volumes and strategic partnerships, as well as securing further outsourcing deals with global and local food manufacturers is an essential part of our business strategy.

Gourmet & Specialties: We intend to further accelerate the growth of our Gourmet & Specialties business globally.

Innovation

We lead the development of the chocolate and cocoa market through innovation in our global gourmet brands and in co-creation with our industrial partners. Our market insights from around the world are brought together with our deep research & development expertise in areas like structuring, sensory, sugar reduction, and cocoa science. On this basis, a rich pipeline with value-added products and services will keep driving margin-accretive growth.

Cost Leadership

Cost leadership is a core element of our competitiveness and one of the reasons – next to deep expertise and recognized quality – why many customers have chosen to outsource their production to us.

We continuously strive to improve our performance through technology upgrade, scale leverage, optimization of product flows, best-in-class sourcing capabilities and tight cost management along the complete value chain.

Sustainability

We have a long-standing commitment to sustainability, as we believe that the future of our industry depends on its ability to make cocoa farming more viable and attractive to farmers, today and tomorrow. Farmer productivity and community development are the key pillars of our sustainable cocoa strategy. To scale up sustainability, we will have to move from sustainable cocoa to sustainable chocolate in the coming years, integrating sustainability commitments for every ingredient used in our chocolate.

5-Year Overview

Key figures Barry Callebaut Group

		CAGR (%)[1]	2015/16	2014/15	2013/14[2,4]	2012/13[2]	2011/12[2,3]
Consolidated Income Statement							
Sales volume	Tonnes	7.4%	1,834,224	1,794,782	1,716,766	1,535,662	1,378,856
Sales revenue	CHF m	8.4%	6,676.8	6,241.9	5,865.9	4,884.1	4,829.5
EBITDA[5]	CHF m	5.6%	539.4	540.8	531.5	438.4	434.3
Operating profit (EBIT)	CHF m	3.3%	401.7	414.8	416.2	342.9	353.2
EBIT / sales revenue	%	(4.7%)	6.0%	6.6%	7.1%	7.0%	7.3%
EBIT per tonne[6]	CHF	(3.8%)	219.0	231.1	242.4	223.4	256.2
Net profit from continuing operations[7]	CHF m	(2.4%)	219.0	239.9	255.0	229.5	241.1
Net profit for the year	CHF m	11.3%	219.0	239.9	255.0	222.8	142.6
Free cash flow[8]	CHF m		404.0	21.8	(174.4)	(778.2)	63.9
Consolidated Balance Sheet							
Total assets	CHF m	12.1%	5,640.8	5,429.4	5,167.5	4,526.9	3,576.6
Net working capital[9]	CHF m	7.2%	1,374.2	1,529.7	1,674.6	1,345.7	1,039.2
Non-current assets	CHF m	12.7%	2,301.0	2,185.5	2,175.6	2,071.9	1,424.8
Net debt	CHF m	11.4%	1,452.8	1,728.0	1,803.5	1,525.2	942.9
Shareholders' equity[10]	CHF m	9.6%	1,956.3	1,772.8	1,790.7	1,682.5	1,357.1
Capital expenditure[11]	CHF m	(2.0%)	201.0	249.2	248.8	223.5	217.8
Ratios							
Economic Value Added (EVA)	CHF m		52.5	65.6	84.5	79.0	133.5
Return on invested capital (ROIC)[12]	%		9.5%	9.8%	10.5%	10.9%	14.2%
Return on equity (ROE)	%		11.2%	13.5%	14.7%	15.4%	18.7%
Debt to equity ratio	%		74.3%	97.5%	100.7%	90.6%	69.5%
Solvency ratio[13]	%		34.7%	32.7%	34.7%	37.2%	37.9%
Interest coverage ratio[14]			4.0	4.1	4.5	5.6	5.8
Net debt / EBITDA			2.7	3.2	3.4	3.5	2.2
Capital expenditure / sales revenue	%		3.0%	4.0%	4.2%	4.6%	4.5%
Shares							
Share price at fiscal year-end	CHF	8.7%	1,264	1,061	1,125	876	904
EBIT per share[15]	CHF	1.7%	73.2	75.6	75.9	65.5	68.4
Basic earnings per share[16]	CHF	(4.0%)	39.5	43.2	46.0	44.0	46.6
Cash earnings per share[17]	CHF	56.2%	73.6	4.0	(31.8)	(141.8)	12.4
Payout per share[18]	CHF	-	15.5	14.5	15.5	14.5	15.5
Payout ratio	%	4.3%	39%	33%	33%	35%	33%
Price-earnings ratio at year-end[19]		13.3%	32.0	24.6	24.5	19.9	19.4
Market capitalization at year-end	CHF m	10.4%	6,937.9	5,823.7	6,175.0	4,805.5	4,671.1
Number of shares issued		1.5%	5,488,858	5,488,858	5,488,858	5,488,858	5,170,000
Total payout to shareholders	CHF m	(0.2%)	79.6	85.1	79.6	80.1	80.1
Other							
Employees		12.9%	9,898	9,430	9,319	8,658	6,100
Beans processed	Tonnes	11.8%	898,135	925,856	940,621	671,183	574,021
Chocolate & compound production	Tonnes	6.0%	1,390,792	1,287,461	1,254,241	1,207,025	1,102,431

1 Compound annual growth rate for the 5-year period.
2 All key figures are based on the continuing operations except for net profit for the year, total assets and cash-flow-related key figures.
3 To conform to the presentation of subsequent years, certain comparatives related to the Consolidated Income Statement have been restated. Restatements were mainly related to the discontinuation of the consumer activities. Balance Sheet and Cash Flow Statement related values and number of employees have not been restated.
4 Following the revision of IAS 19 (Employee Benefits), certain comparatives have been restated to conform to the current period's presentation.
5 EBIT + depreciation of property, plant and equipment + amortization of intangibles (all from continuing operations).
6 EBIT / sales volume (of the continuing operations).
7 Incl. non-controlling interest.
8 Net cash flow from operating activities./.Net cash flow from investing activities.
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 finance costs.
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 Free cash flow / basic shares outstanding.
18 2015/16 dividend proposal to be paid out partly of paid-in capital reserves and partly by a capital reduction through par value repayment as to be proposed by the Board of Directors to the Annual General Meeting. 2014/15 dividend totally paid out of paid-in capital reserves. 2011/12: capital reduction / par value repayment instead of a dividend.
19 Share price at year-end / basic earnings per share.

Risk Overview

Enterprise Risk Management

The Group operates in the food industry and is exposed to a variety of risks and uncertainties. These are monitored through management processes and overseen by the Group's enterprise risk management framework.

Overall responsibility for the Group's Enterprise Risk Management lies with the Board of Directors (BoD). The BoD has delegated responsibility to the Audit, Finance, Risk, Quality and Compliance Committee (AFRQCC) for evaluating the Group's risk and control environment.

The Group Risk Management and the Internal Audit teams support these bodies in identifying, prioritizing and reporting key risks affecting the Group's strategic objectives and the evaluation of the effectiveness of risk mitigation activities. These include regular assessment of internal control procedures. Regional and functional management ensures that risks are managed appropriately, that existing measures and controls are operating effectively and mitigation actions are implemented.

Ongoing monitoring of the Group's key risks and its referring risk management activities are embedded in regular management information channels and dedicated committees.

The AFRQCC meets as often as necessary to deal with any significant issues reported by Management, Internal Audit, Group Risk Management and/or External Regulators.

Group Risk Management, together with Internal Audit, facilitates the annual enterprise risk assessment process and presents the key risks to the Executive Committee (ExCo) and the AFRQCC. To ensure the Group achieves its strategic objectives, these bodies consider the appropriateness of the strategy and actions taken to mitigate these risks.

While it is acknowledged that the Group faces many risks, the BoD has identified the key inherent risks that could potentially impact the achievement of the Group's objectives. These are outlined in the table below.

Key Risks	Risk Description	Measures
Strategic		
Sustainable supply of suitable quality cocoa	Lack of a sufficient supply of suitable quality cocoa beans so that the Group may not be able to produce high-quality cocoa and chocolate products to deliver to its customers. Risk factors such as declining productivity attributable to aging trees, ageing farmers with little interest from the next generation to become farmers and the conversion of cocoa bean fields to other, more attractive crops could lead to a shortfall in high-quality cocoa beans in the mid- to long-term.	Under the umbrella of its overall sustainability strategy, the Group aims to improve the productivity and livelihood of farmers. Long-term measures also include the continuous evaluation and diversification of supply sources in origin countries, developing improved agricultural practices for cocoa plantations and maintaining industry dialogue with key stakeholders in origin countries.
Product development and innovation	Changing market trends and consumer habits could impact the future growth of the Group's business.	Trend analysis by the Group's marketing and customer insight teams, together with cross-functional commercial teams working closely with customers, aim to identify trends early in the marketplace, both positive and negative. The Group constantly invests in R&D as part of a well-structured process, enabling the Group to develop products which proactively address new trends and changing demand patterns.
Business transformation, acquisition and divestiture	Insufficient due diligence, inaccurate business plan assumptions, failure to successfully execute business plans due to ineffective post-merger integration processes or changes in market conditions can all have negative consequences. These can include an underperforming base business, reduced synergies, or higher than expected costs. In turn, these can negatively affect return on investment and potentially the share price.	The Group has a dedicated team with significant experience and capability in this area. This team maintains constant close collaboration with functional & regional experts, external advisors, and the Group's Executive Committee. A clearly defined process is employed with regard to the evaluation, execution and integration of major acquisitions as well as the execution of major divestitures or business transformations.

Risk Overview

External economic environment	Uncertain economic and political conditions may result in reduced demand for chocolate and cocoa products and may affect expansion plans and profitability in our regions.	The Group has a presence in both developed and emerging markets with a well-diversified business and operations portfolio in different market segments such as confectionery, ice cream, biscuits, powder beverages, etc. The global operations and innovations network is able to rapidly respond to customer requests and provide flexible, optimized recipes to adapt to changed market conditions.
Long-term outsourcing agreements and strategic partnerships	The Group has entered into a number of important, long-term outsourcing agreements and strategic partnerships with customers. Failure to renew, or early termination of existing long-term outsourcing agreements or strategic partnerships, or failure to enter into new agreements or failure to negotiate terms that are attractive to us, could have a material impact on the results of operations.	The Group has a largely diversified global customer base representing a healthy mix of small, medium and large customers. For global strategic customers, the Group has established long-term supply agreements governing the mutual co-operation, addressing standards for quality, quantity commitments, pricing, service levels, innovation and ethics. For these customers, the Group has appointed dedicated teams that maintain and develop a close relationship in order to respond to these customers' needs in a fast and professional manner and to provide high-quality services. These teams have expertise in customer relationships, service, innovation, as well as commercial and pricing matters.
Talent management	Failure to attract, retain and develop creative, committed and skilled employees could impact the Group's ability to achieve its strategic objectives.	Every effort is made to ensure optimal processes and policies are in place to attract, select, develop, reward and retain talent with the right capabilities and skill levels needed to achieve the Group's strategic objectives. These include succession planning, talent reviews, remuneration bench-marking, long- and short-term incentive plans, training and leadership development programs as well as the tools to support and measure the success of all these processes.

Operational

Quality & food safety	This risk is inherent to the Group's operations within the food industry: products not meeting quality and food safety standards expose the Group to litigation, product liability and recall claims. This may also lead to loss of revenue and loss of market share and negatively impact the Group's reputation. The risk that raw materials are accidentally or maliciously contaminated throughout the supply chain or that other product defects occur due to human error, equipment failure or other factors cannot be completely ruled out.	The Group's quality management system is built on robust policies, guidelines, standards, and procedures. The Group's quality assurance function performs regular site and supplier audits to ensure compliance with the Group's quality management system and takes corrective action when gaps are identified. In addition, a quality engagement program is in effect across the full Group to ensure all employees of the Group maintain a zero-defect mindset.
Operations and supply chain	The Group's supply chain network for raw materials can be disrupted due to adverse weather conditions, climate changes, diseases (human or crop), natural disasters, political instability and other factors which could impact the ability to produce and deliver products to customers.	The Group's Global Sourcing department is continuously monitoring weather, harvest, political risk and other indicators to timely anticipate potential supply shortages or interruptions. Short-term mitigation measures include adequate levels of safety stocks and a diversified regional supply network.

Risk Overview

Information technology	The Group's business processes and its interaction with customers and suppliers is highly dependent on reliable and secure Information Systems. Physical damage or cybercrime activities including unauthorized access to confidential data could have an adverse impact on the business and its operations, including e.g. the breakdown of global data centers or the breakdown of global-wide area networks.	The Group's Information Management and Technology Department has implemented various preventive structures for the Group's business-critical applications and locations. In the event of a major incident, disaster recovery solutions, plans and procedures are in place. A mid-term plan to enhance Information Security is regularly defined and improvements are being implemented continuously.

Financial

Raw material price volatility	Market prices for raw materials and the structure of the terminal markets can have an influence on the Group's operational results. To manage exposures to raw materials as well as foreign currency and interest rate fluctuations, the Group extensively uses derivative financial instruments and forward physical commitments. If related hedging strategies are not fully effective, this may affect the operational result. Furthermore, the Group's profitability can be affected by its exposure to the volatility of the Combined Cocoa Ratio, which expresses the combined sales prices for cocoa butter and cocoa powder in relation to the cocoa bean price and our cost structure.	The Group's commodity risk management and treasury policies require that all risk exposures are hedged back-to-back in accordance with the related limit framework from the moment such exposures are entered into. For its contract business, namely the Food Manufacturers Product Group, which accounts for the majority of the business, the Group attempts to mitigate the impact of volatility in raw material costs through a "cost-plus" pricing model, whereas exposures arising at contract signing are immediately hedged. In the Gourmet & Specialties Product Group, the Group applies a price list model whereby forecasted sales are hedged and price lists are adapted on a regular basis. In the Cocoa Product Group, market prices are applied with the result that profitability is affected by the development and volatility of the Combined Cocoa Ratio. The Group attempts to mitigate these effects by means of a central global management system which monitors the positions and exposures related to cocoa products globally, taking into account both internal and external demand. The Group's financial risk management framework related to commodities, foreign currencies and interest rates is further described in note 26 to the Consolidated Financial Statements.
Treasury	The Group's operations are exposed to liquidity risks, foreign currency and interest rate risks. Volatility in raw material prices affects the Group's working capital requirements and might result in liquidity risks. Failure to deliver on key parameters including cash flow could result in a downgrade of the Group's credit rating and restrict its access to financial markets.	The Group has established a robust financial risk management framework and governance structure. The Group's liquidity is ensured by means of regular Group-wide monitoring and planning of liquidity coordinated by the Group's centralized treasury department. Financing needs are covered through a combination of adequate credit lines with financial institutions on the one hand and short- and long-term debt capital market products on the other hand. Refer to note 26 to the Consolidated Financial Statements.

Risk Overview

Compliance		
Legal and regulatory	The Group is subject to both international and national laws, regulations and standards in such diverse areas as product safety, product labeling, environment, health and safety, intellectual property rights, antitrust, anti-bribery, employment and taxes in all the countries it operates in as well as stock exchange listing and disclosure regulations in an ever-changing regulatory environment. Failure to comply with applicable laws and regulations could expose the Group to investigations, litigation, administrative and/or criminal proceedings potentially leading to significant costs, fines and/or criminal sanctions against the Group and/or its employees with possible reputational damage.	Dedicated regional and local functional managers, supported by specialized corporate functions and external advisors, ensure compliance with applicable laws and regulations. The Group has robust policies and procedures in place in the relevant areas. The Group's Legal Department oversees the Group's compliance program, which ensures awareness of the compliance risks and the Group's compliance standards. The Code of Conduct and other Group policies set out the legal and ethical standards of behavior expected from all employees working for the Group.

Business Highlights

Financial Review

"Smart growth" getting traction, strong free cash flow generation

Business Performance Review fiscal year 2015/16

Summary

In 2015/16, market conditions remained challenging with volumes of the global chocolate confectionery market in decline (according to Nielsen –1.7%), and a historically weak cocoa products market, as well as continued volatility of key raw materials.

Barry Callebaut's Group volume increased by 2.2% to 1,834,224 tonnes.

Volume growth was driven by a strong Chocolate business, which went up by 7.6%, significantly outperforming the global chocolate market. The growth was broad-based, stemming from all regions and the key growth drivers Outsourcing, Gourmet & Specialties and Emerging Markets.

On the other hand, the Group intentionally phased out less profitable cocoa contracts, in line with its focus on "smart growth". Sales to third parties of the Global Cocoa segment thus shrank by 12.0%.

Operating profit (EBIT) was flat versus prior year at +0.1% in local currencies (–3.2% in CHF) and amounted to CHF 401.7 million. This is the result of the strong growth and profitability in the chocolate business on the one hand and the negative impact from the very low combined cocoa ratio mainly affecting the Group's cocoa business on the other hand. Net profit for the year decreased by 5.1% in local currencies and reached CHF 219.0 million.

The Group's greater focus on free cash flow (FCF) is one of the key elements in "smart growth". The FCF significantly improved to CHF 404.0 million, as a result of lower working capital and stricter discipline in capital expenditure.

Corporate strategy and mid-term guidance

Barry Callebaut's long-term strategy based on four pillars (Expansion, Innovation, Cost Leadership and Sustainability) remains unchanged. We continue to focus on a smart balance between consistent above-market volume growth and enhanced profitability. The mid-term guidance (until 2017/18) is as follows:

- Average volume growth 4–6%
- Average EBIT growth above volume growth*

* In local currencies and barring any major unforeseen events

General market

Global economic growth (GDP) in 2015 was 3.1% based on data from the International Monetary Fund (IMF), reflecting a flat development in advanced economies relative to the previous year and a slight improvement in emerging markets and developing economies. Medium-term prospects have become less optimistic for advanced economies, in particular after the Brexit referendum, but a bit more positive for emerging markets and developing economies.

These considerations are taken into account in Barry Callebaut's planning process, together with the focus on "smart growth" as the Group continues to follow its path of sustainable growth, consistently outperforming the market.

Continued volatility in raw material prices

The 2015/16 cocoa crop was lower compared to prior year due to weak crops, in particular from Côte d'Ivoire and Brazil. London market trading was volatile, rallying approximately 28% from a low in the beginning of February 2016 to a level above GBP 2,500 in June, a price level last seen in the 1970's. A large part of this increase, however, was currency-driven. The Brexit referendum led to a depreciation of 12% in the British pound against the US dollar. Weak overall demand did not entirely offset the decline in supply, resulting in a considerable deficit for the entire season.

The combined cocoa ratio which was at a historical low over the course of the fiscal year, due to significant over-supply coupled with weak demand and high cocoa bean prices, has recently recovered, albeit with regional differences.

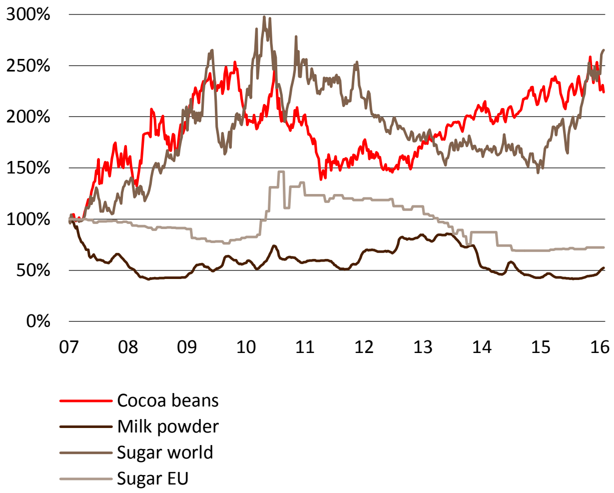
At the beginning of the fiscal year, milk prices moved up due to fears of droughts and slightly increased demand on the world market. Towards the end of the fiscal year, prices started dropping to record low levels as production was outpacing demand by far. Price levels have recently bounced back as low milk prices to farmers are leading to high slaughter rates and a rapid reduction of production volumes.

After five years of a downward trend, world sugar prices reversed direction and reached their highest levels since 2012, driven by a world deficit and an all-time record net long position of hedge funds.

Prices in Europe have also recovered vigorously, supported by historically low EU stocks as well as supportive world sugar prices.

Financial Review

Raw material prices
September 2007–September 2016



Further volatility in currencies

In fiscal year 2015/16, markets saw continued foreign currency exchange volatility, although on a smaller scale compared to prior year. The Group is naturally hedged to the extent that it produces and sells products locally and hedges any remaining currency exposure that arises from commercial transactions. Translation impacts arising from the translation of results into the Group's reporting currency Swiss francs are however not hedged.

For the fiscal year under review, the average rate for the euro, which accounts for around half of the Group's sales revenue, depreciated by 1.5% against the Swiss franc. The second most important currency for the Group, the US dollar, gained 3.1% against the Swiss franc. Some other currencies lost ground against the Swiss franc during the same period: the British pound declined on average by –4.2%, the Brazilian real depreciated 20.2%, the Mexican peso dropped 13.8%, the Polish zloty lost 5.0%, while other currencies like the Japanese yen appreciated by 7.9%.

The currency translation effects mentioned above represented a negative year-on-year impact of 1.8% on sales revenue and 3.3% (CHF 13.6 million) at EBIT level.

Sales revenue in functional currency

EUR	49.7%
USD	35.6%
BRL	6.0%
CHF	2.6%
RUB	1.7%
JPY	1.1%
Other	3.2%

Slow growth in the chocolate market

The chocolate confectionery market for the period between September 2015 and August 2016 continued to show sluggish demand, although a slight improvement in recent quarters was observed. Several countries across different regions recorded negative growth compared to prior year. Main reasons for the decline in demand were still high cocoa bean prices translating to high prices for consumer products and a challenging economic environment in several countries, in particular in emerging markets.

According to Nielsen, the market for the period under review declined by 1.7%, with a slight recovery in the last quarter of the fiscal year under review.

Consolidated Income Statement

Volume growth driven by strong growth of the Chocolate business

Sales volume for the fiscal year 2015/16 increased by 2.2% to 1,834,224 tonnes.

The Group's Chocolate business grew by a strong 7.6% outperforming the overall weak global chocolate markets significantly. All regions and all the key growth drivers Outsourcing, Gourmet & Specialties and Emerging Markets contributed to this growth.

On the other hand, the Group deliberately phased out less profitable contracts in its Cocoa business, which in turn declined by –12.0%. This happened in alignment with the Group's strategic focus on "smart growth" and generation of free cash flow.

Sales revenue significantly above prior year

Sales revenue rose by 8.8% in local currencies (by 7.0% in CHF) to CHF 6,676.8 million, partly driven by a better product mix, as well as higher prices of ingredients which the Group largely passes on to its customers based on its cost plus business model.

Financial Review

Improved Gross Profit

Gross profit grew at a higher rate than volume growth, i.e. 4.4% in local currencies to CHF 863.2 million (+1.9% in CHF). This is the result of the strong margin development in the chocolate business due to the company's greater focus on margins including product and customer mix, bolstered by the strong growth of the Gourmet & Specialties business. These positive effects outweighed the negative impact of the historically low combined cocoa ratio.

Continued discipline on fixed costs, with selective investments

Marketing and sales expenses increased by 6.8% to CHF 129.5 million, which is mainly the result of the Group's efforts undertaken to capture margin accretive growth in the Gourmet and Food manufacturers product groups, namely with specialties and decorations, as well as investments in select emerging markets.

General and administration expenses increased by 5.1% to CHF 332.8 million. This is partly the result of higher amortization expenses related to investments in processes and tools in recent years as well as continuous efforts related to quality and sustainability initiatives and the expansion in emerging markets.

Other income amounted to CHF 15.5 million compared to CHF 38.9 million in the prior year. This position contains non-sales-related income such as income from the Group's Training Center, the sale of waste products, claims towards insurances and suppliers. The decrease versus prior year is mainly due to the recognition of part of the settlement of the dispute with Petra Foods related to the acquired Cocoa Ingredients business affecting prior-year comparables.

Other expense amounted to CHF 14.7 million compared to CHF 32.9 million in prior year. This position comprises restructuring and severance costs, litigation, claims, impairment charges and some other non-recurring items. The decrease is due to reduced expenses for impairments, relocation and severance costs in light of the Group's decision to centralize shared services in Europe and reorganize its Asian Cocoa business, which had affected the comparable number of prior year.

Operating income flat in local currencies

Operating profit (EBIT) as anticipated was negatively affected by the challenging cocoa products market. It was flat 0.1% in local currencies (–3.2% in CHF) and amounted to CHF 401.7 million.

This is the result of the aforementioned strong growth, mix and profitability developments in the chocolate business on the one hand and the negative impact from the historically low combined cocoa ratio mainly affecting the Group's cocoa business on the other hand. EBIT per tonne declined by 2.0% in local currencies and amounted to CHF 219.

Net Profit affected by higher finance expense

Finance income slightly increased and amounted to CHF 4.3 million (prior year CHF 3.7 million).
Finance costs amounted to CHF 139.7 million, which corresponds to an increase of CHF 5.2 million mainly resulting from the ineffective part of the interest rate hedge related to the issue of the EUR 450 million Senior Notes in May 2016.

Income tax expenses increased to CHF 47.5 million, compared to CHF 44.3 million in prior year, despite a lower profit before tax. The Group's effective tax rate increased to 17.8% (prior year: 15.6%), as the mix of taxable income was less favorable than in the prior year.

Net profit for the year decreased by –5.1% in local currencies (–8.7% in CHF) to CHF 219.0 million. This is the consequence of the lower EBIT and somewhat higher finance costs and tax expenses.

Consolidated Balance Sheet

Total assets grew by 3.9% to CHF 5,640.8 million at the end of August 2016, compared to CHF 5,429.4 million the year before. The increase is mainly due to the combination of an increase of the cash position and of property, plant and equipment, partly compensated by lower receivables and derivative financial assets.

Net working capital decreased by CHF 155.5 million to CHF 1,374.2 million as of August 31, 2016, compared to CHF 1,529.7 million the year before. All main elements of working capital, i.e. inventory and derivatives, trade receivables and other current assets as well as trade payables and other current liabilities, contributed to the decrease. This is partly due to the increased focus on managing working capital, but partly also to the reduced availability of beans due to low crops in certain sourcing countries.

As a result, **net debt** decreased at August 31, 2016 from CHF 1,728.0 million to CHF 1,452.8 million. The weighted average maturity of the long-term debt (i.e. without any portion falling due in less than 12 months) increased from 4.8 to 6.9 years as a result of the issue of the EUR 450 million Senior Notes maturing in May 2024.

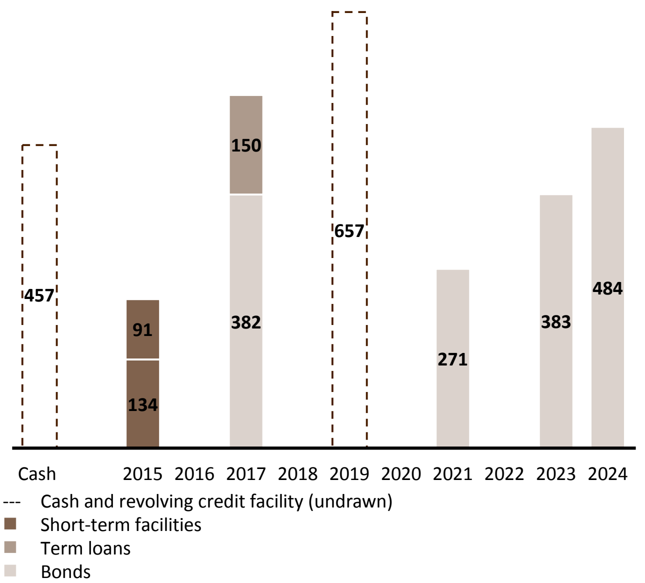
Equity – including equity attributable to the shareholders of the parent company and non-controlling interests – amounted to CHF 1,971.2 million, up CHF 184.1 million compared to the CHF 1,787.1 million at the end of August 2015. Equity attributable to the shareholders of

Financial Review

the parent company amounted to CHF 1,956.3 million compared to last year's CHF 1,772.8 million. The increase results from the net profit and a positive change in cumulative currency translation adjustments and cash flow hedging reserves. These effects were partly offset by the payout of a dividend to shareholders, the effects from the remeasurement of the defined benefit plans and movements related to the share plan and treasury shares.

Due to the aforementioned lower net debt and the higher equity, the debt-to-equity ratio improved from 97.5% to 74.3%. The solvency ratio increased from 32.7% to 34.7%. The return on invested capital (ROIC) slightly decreased to 9.5% from 9.8% in the prior year.

Liquidity – debt maturity profile



Consolidated Cash flow statement

Operating cash flow before working capital changes increased significantly to CHF 569.2 million compared to CHF 472.6 million in the prior year. Last year contained some non-recurring effects mainly related to significant currency movements and the settlement of the dispute with Petra Foods related to the cocoa business acquired in 2013.

Cash inflow for working capital changed significantly improved to CHF 193.1 million, compared to an outflow of CHF –100.9 million in prior year. This was partly the result of the Group's increased focus on managing working capital and generation of free cash flow and partly the consequence of the reduced availability of beans due to low crops in certain sourcing countries.

Cash outflow for interest was CHF 98.2 million compared to CHF 105.7 million in prior year. It was lower due to the lower average financing requirements throughout the year and lower interest rates.

Cash outflow for tax amounted to CHF –42.6 million compared to CHF –39.3 million in prior year.

Overall, this resulted in a strong increase in the net cash flow from operating activities to CHF 621.5 million compared to CHF 226.7 million the year before.

Net cash flow from investing activities amounted to CHF –217.5 million (prior year: CHF –204.9 million). The amount was largely related to the Group's investments of CHF –201.0 million in property, plant and equipment as well as in intangibles, which however were significantly lower than in prior year (CHF –249.2 million) due to stricter discipline on capital expenditure. On the other hand, last year had been affected by the non-recurring cash inflow of CHF 37.5 million from the settlement of the dispute related to the acquisition of the Cocoa Ingredients Division from Petra Foods in 2013.

Net cash flow from financing activities amounted to CHF –68.6 million, compared to CHF 15.2 million in prior year. The net outflow of the current year mainly resulted from the cash-out for dividends out of paid-in capital reserves in the amount of CHF –79.6 million (prior year CHF –85.1 million) and the cash outflow for the purchase of treasury shares of CHF –15.3 million (prior year CHF –16.3 million), partly offset by the net debt issue of CHF 27.8 million (prior year CHF 118.8 million).

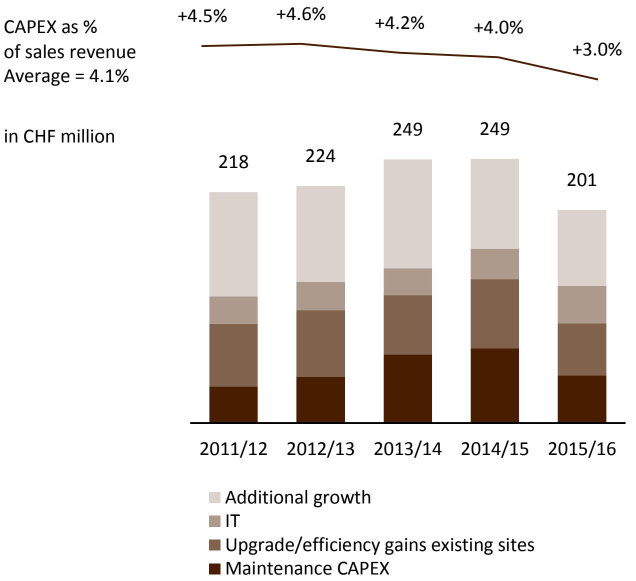
Free cash flow increased significantly to CHF 404 million, compared to CHF 21.8 million in the previous fiscal year, as a result of a lower working capital and stricter discipline in capital expenditure (CAPEX) for the fiscal year, in line with the target of CHF 200 million.

Financial Review

Investments – CAPEX

Capital expenditure reflected in the cash flow statement amounted to CHF –201.0 million (fiscal year 2014/15: CHF –249.2 million). The Group aims to continue its path of being more restrictive regarding the hurdles for approving CAPEX in the future.

Capital expenditure



Outlook

The Group will continue to focus on the further implementation of its “smart growth” strategy. There is good visibility on volume growth and expects to see a positive contribution in profitability from the Cocoa Leadership project, supported by some recent recovery in the cocoa products market. On this basis, the Group confirms its three-year guidance: On average 4–6% volume growth and EBIT growth on average above volume growth in local currencies, barring any major unforeseen events.

Investors information

Stock markets during the period from September 2015 until August 2016 were influenced by investor concerns over a perceived impending end to the US Federal Reserve policy of quantitative easing, along with the continued low oil prices, which decelerated investment in emerging markets, causing resonating negative global financial effects. Other issues include China devaluing its currency, as well as the Brexit referendum in which UK voters chose to leave the European Union.

Barry Callebaut share performance

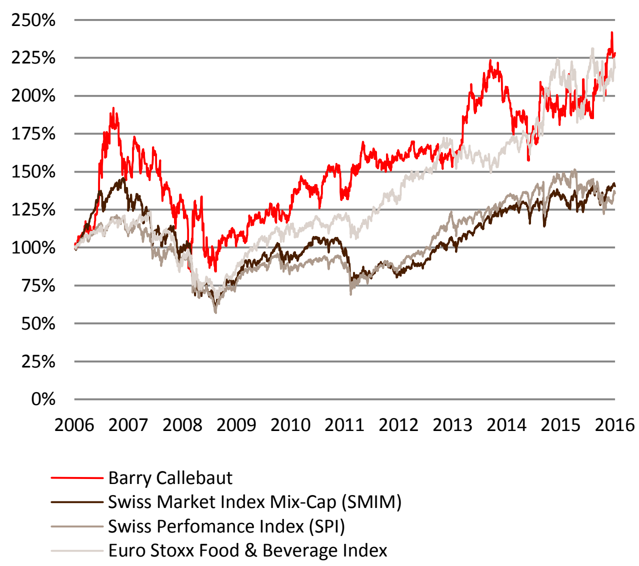
Barry Callebaut shares traded at CHF 1,264 at the end of August 2016, +19.1% above the previous year’s closing price, thus outperforming the European and Swiss indices during the same period. Euro Stoxx gained +5.0%, Swiss SPI declined –4.3% and SMIM +6.6%.

On June 24, 2016, Swiss stocks fell sharply and the franc increased in strength as a result of the Brexit referendum. Stocks in the US and most of Europe fell sharply immediately after the referendum, but they rebounded almost as quickly.

Our stock also followed the general trend, but started to outperform the relevant indices as of April, thanks to a good set of half-year results and progress made on cash flow generation and concluded the fiscal year with a positive performance. Barry Callebaut’s market capitalization amounted to CHF 6,937.9 million as of August 31, 2016.

The chart below illustrates the long-term performance of Barry Callebaut shares compared to the relevant indices (2006–2016):

Share price development Barry Callebaut vs. indices



Over a ten-year period (2006–2016), the long-term performance of Barry Callebaut shares (+128.2%) clearly exceeds the returns for the Swiss indices (SPI +35.7% and SMIM +40.4%) and the Euro Stoxx Food & Beverages (+118.9%).

Financial Review

Dividend

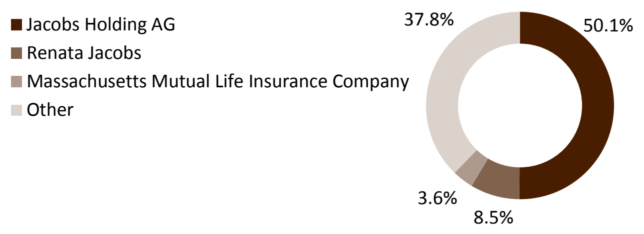
The Board of Directors will propose a payout to shareholders of CHF 15.50 per share at the Annual General Meeting of Shareholders on December 7, 2016. This represents an increased ratio of 39% of the net profit. The proposal foresees that the payout will be effected through a dividend payment partly from reserves from capital contributions (CHF 4.19 per share) and partly in the form of a capital repayment by way of par value reduction (CHF 11.31 per share). The distribution of these funds to shareholders will not be subject to withholding tax and – for individuals who are taxed in Switzerland and hold the shares privately – income tax. The dividend will be paid to shareholders on March 2, 2017, subject to approval by the Annual General Meeting of Shareholders.

Key share data

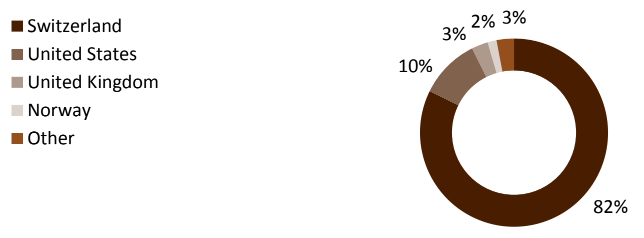
The share capital of Barry Callebaut AG as of August 31, 2016 amounted to CHF 102,092,759 consisting of 5,488,858 fully paid-in shares with a nominal value of CHF 18.60 each. There is one single class of shares in which every share has the same voting power and grants the same entitlement to dividends.

The free float, excluding the majority shareholders (Jacobs Holding and Renata Jacobs) at the end of August 2016 was 41% with the majority of the institutional shareholders based in Switzerland, followed by the US, UK, Norway and other countries.

Ownership structure
August 2016



Country split
of institutional shareholders



Analyst recommendations

Currently, 12 financial analysts regularly cover Barry Callebaut. At the end of fiscal year 2015/16, 67% recommended to hold our shares, 25% had a sell recommendation and 8% a buy recommendation. At the end of August 2016, the average target price according to consensus estimates was CHF 1,099.

Credit rating

Barry Callebaut has active relationships with Standard & Poor's and Moody's, current ratings are:

Standard & Poor's: BB+/Stable & Moody's: Ba1/Stable.

Strong growth across the Region

Region EMEA delivered a solid performance with well above market volume growth in both the Food Manufacturers and the Gourmet businesses in Western as well as Eastern Europe.

The European chocolate confectionery market still declined by 1.2%[1], showing some signs of recovery in the last quarter confirming that consumption is generally picking up again.

Our sales volume in Region EMEA (Europe, Middle East, Africa) increased by +6.6% to 814,236 tonnes.

In Western Europe, sales volume growth was strong in the Food Manufacturers business, especially in Germany, the British Isles and the Netherlands, as well as in Gourmet. Beverages increased by more than a third, positively impacted by the successfully completed integration of FrieslandCampina Kievit. Furthermore, we opened our first Van Houten™ Beverage Academy center in Kageröd, Sweden, a center of expertise offering customers specialized services for chocolate, cocoa and all powder-based beverage products.

In EEMEA (Eastern Europe, Middle East, Africa), sales volume with Food Manufacturers grew significantly, driven by Turkey and Russia and many new customer wins, in contrast to a difficult economic environment. Strong growth also was seen in Gourmet, with increased sales under the Gourmet brand Callebaut®.

Sales revenue was up +9.7% in local currencies (+6.8% in CHF) to CHF 2,739.0 million due to higher raw material prices and the sale of higher value-added products. The Gourmet & Specialties business again achieved solid volume growth, driven by new product launches, new packaging, entering new categories such as chocolate drinks, thus outperforming the Food Service market.

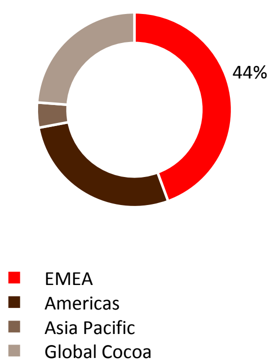
Operating profit (EBIT) for the Region increased by +4.4% in local currencies (–0.1% in CHF) to CHF 289.5 million, fuelled by a strong product mix and more sales of margin-accretive specialties and decorations products.

[1] Source: Nielsen, September 2015 – August 2016.

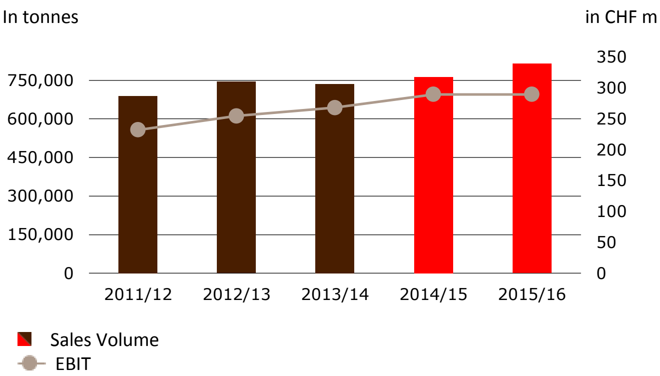
Business Review | Region EMEA

As an extension of the existing strategic partnership with Mondelēz International, we announced our intention to acquire and integrate their chocolate production facility in Halle, Belgium, in our network in September 2016. This transaction also includes a long-term agreement to supply Mondelēz International with an additional 30,000 tonnes of liquid chocolate per annum. The expected closing of the transaction is by the end of December 2016, after completing works council consultations.

Sales Volume per Region



Sales Volume / EBIT



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factories

Key figures for Region EMEA

		Change %		2015/16	2014/15
		in local currencies	in CHF		
Sales volume	Tonnes		6.6%	814,236	763,646
Sales revenue	CHF m	9.7%	6.8%	2,739.0	2,563.7
EBITDA	CHF m	5.4%	1.1%	334.2	330.5
Operating profit (EBIT)	CHF m	4.4%	(0.1%)	289.5	289.7

Sustained high performance

Region Americas had a very good year with strong growth in Food Manufacturers and double-digit growth in Gourmet, largely driven by new products and market share gains.

Chocolate confectionery markets in the Americas declined by –3.0%.[1]

We once again delivered a strong performance, with sales volumes increasing by 8.8%, despite a challenging underlying market.

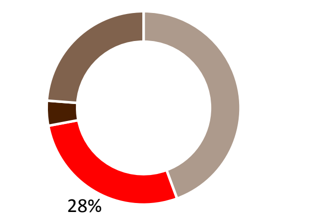
Strong growth in the Food Manufacturers business in North America was driven by National Accounts, with a positive contribution from the long-term agreement with World's Finest® Chocolate. Gourmet sales volumes significantly outperformed the market and reached double-digit growth, largely driven by new products and market share gains. In South America, we achieved double-digit volume growth in Food Manufacturers, supported by the ramp-up of the long-term agreement with Arcor. In the Gourmet business as well we continued to rapidly expand.

Overall, sales revenue in Region Americas increased by +5.5% in local currencies (+7.6% in CHF) and amounted to CHF 1,622.9 million.

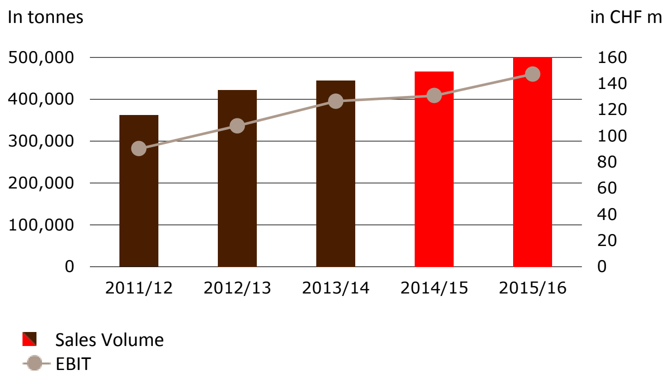
Operating profit (EBIT) was significantly up by +12.0% in local currencies (+12.6 in CHF) and came in at CHF 147.2 million, boosted by a good product mix and a particularly strong performance of the Gourmet business.

[1] Source: Nielsen, September 2015 – August 2016.

Sales Volume per Region



Sales Volume / EBIT



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Key figures for Region Americas

		Change % in local currencies	Change % in CHF	2015/16	2014/15
Sales volume	Tonnes		8.8%	507,008	466,063
Sales revenue	CHF m	5.5%	7.6%	1,622.9	1,507.9
EBITDA	CHF m	14.7%	15.0%	176.6	153.6
Operating profit (EBIT)	CHF m	12.0%	12.6%	147.2	130.7

Solid top- and bottom-line growth

Our chocolate business in Region Asia Pacific gained momentum and recorded double-digit volume growth in the Food Manufacturers and the Gourmet businesses, as well as in EBIT.

Despite a weak chocolate market in Asia Pacific (–0.1%[1]), we continued to rapidly expand. Our sales volume in the Region grew by +10.8% to 76,443 tonnes.

Both our Food Manufacturers and Gourmet businesses showed double-digit volume growth, with Gourmet being supported by global as well as local brands. In addition, growth momentum continues to pick up in China and India.

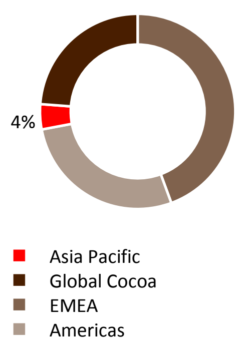
Our Gourmet business in India will now be further supported out of our relocated new CALLEBAUT CHOCOLATE ACADEMY™ center and sales office in Mumbai, opened in August 2016.

Sales revenue in the Region grew +10.8% in local currencies (+13.7% in CHF) to CHF 306.8 million due to a good product mix and high cocoa bean prices.

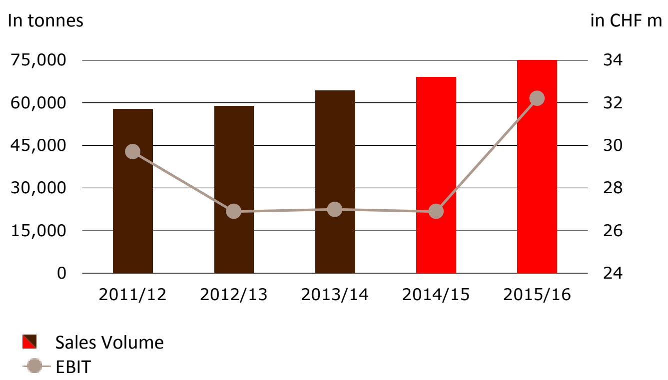
Operating profit (EBIT) rose significantly above volume growth by +17.9% in local currencies (+19.7% in CHF) to CHF 32.2 million, due to our focus on margin-accretive growth.

[1] Source: Nielsen, September 2015 – August 2016.

Sales Volume per Region



Sales Volume EBIT



6
factories

Key figures for Region Asia Pacific

		Change %		2015/16	2014/15
		in local currencies	in CHF		
Sales volume	Tonnes		10.8%	76,443	68,984
Sales revenue	CHF m	10.8%	13.7%	306.8	269.8
EBITDA	CHF m	15.8%	17.8%	39.9	33.9
Operating profit (EBIT)	CHF m	17.9%	19.7%	32.2	26.9

Intentional phase-out of less profitable contracts

In response to a historically weak cocoa products market and to fully leverage our global scale in cocoa, we continued to adapt our business model through the Cocoa Leadership project.

In light of a still challenging cocoa products market and while focusing on higher internal demand to support the strong growth of our chocolate business, we continued to intentionally phase out less profitable cocoa contracts. This led to a decline in our third-party sales volume of –12.0% to 436,537 tonnes.

Sales revenue grew by +10.1% in local currencies (+5.7% in CHF) to CHF 2,008.1 million.

As anticipated in November 2015, the challenging market environment for cocoa products and the historically low combined cocoa ratio had a significant negative impact on profitability. Operating profit (EBIT) declined by 60.3% in local currencies (–62.5% in CHF) to CHF 17.7 million.

In response to the historically weak cocoa products market and to fully leverage our global scale in cocoa, we continued to adapt our business model through the multi-year Cocoa Leadership project, which will allow us to bring our cocoa business to the next level.

The implementation of the Cocoa Leadership project made good progress around the following three focal points:

Optimizing our operations: We optimized our cocoa manufacturing footprint by closing a cocoa factory in Thailand in early 2016 and reducing production capacity in Malaysia in November 2015, introduced a more competitive direct sourcing model and worked on more efficient product flows and optimal stock levels.

Leveraging our global scale: We centralized the combined ratio management, with a new organization and governance in place, and upgraded our market intelligence in order to anticipate the trends.

Driving Commercial Excellence: We sharpened our focus on customers and product applications, introduced a new pricing model and reduced the number of stock keeping units (SKUs) by 25%.

Business Review | Global Cocoa

Raw material price developments

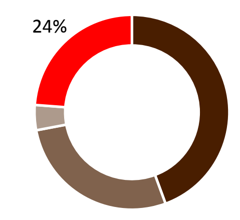
The 2015/16 cocoa crop dropped compared to the prior year due to weak crops, in particular in Côte d'Ivoire and Brazil. London market trading was volatile, rallying approximately 27% from the low at the beginning of February 2016 to a level above GBP 2,500 in June, a price level last seen in the 1970's. A large part of this increase, however, was currency-driven as the Brexit referendum led to a depreciation of 12% in the British pound against the US-dollar. Overall demand remained relatively weak, but this did not entirely offset the decline in supply. Therefore, the overall season ended with a considerable deficit.

The combined cocoa ratio, which was at a historical low over the course of the fiscal year, due to significant oversupply coupled with weak demand and high cocoa bean prices, has recently recovered, albeit with regional differences.

After five years of a downward trend, the world sugar market reversed strongly to reach its highest level since 2012 on the basis of a world deficit and an all-time record net long position of the Funds. Prices in Europe have also recovered, vigorously supported by historically low EU stocks as well as supportive world sugar prices.

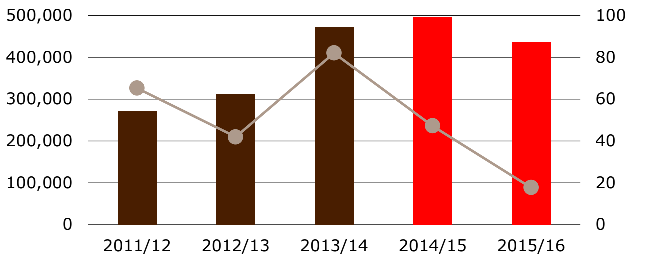
At the beginning of the fiscal year, milk powder prices moved up due to fears of drought and a bit more demand on the world market. Towards the second half of the fiscal year, prices started dropping to record low levels as production was outpacing demand by far. They have recently bounced back as low milk prices to farmers are leading to high slaughter rates and a rapid reduction of production volumes.

Sales Volume per Region



- Global Cocoa
- EMEA
- Americas
- Asia Pacific

Sales Volume | EBIT



- Sales Volume
- EBIT

15
factories

Key figures for Global Cocoa

		Change %		2015/16	2014/15
		in local currencies	in CHF		
Sales volume	Tonnes		(12.0%)	436,537	496,089
Sales revenue	CHF m	10.1%	5.7%	2,008.1	1,900.5
EBITDA	CHF m	(27.0%)	(28.9%)	71.3	100.3
Operating profit (EBIT)	CHF m	(60.3%)	(62.5%)	17.7	47.2

Sustainability

Preparing to scale up sustainability

Environmental and social challenges in our supply chain make sustainable business a conditio sine qua non for future growth.

A variety of sustainability challenges, such as global warming, decreasing cocoa yields, aging and impoverished farmers, require the chocolate industry to make sustainability a core value of its business model in order to safeguard chocolate production in the coming decades. In 2015, governments concluded two landmark agreements, the United Nations Sustainable Development Goals and the Paris Agreement on climate change. We will use both agreements as a guide in our efforts to further integrate sustainability into our business.

Sustainability is embedded in our company's growth strategy, alongside Expansion, Innovation, and Cost Leadership, as well as in the "smart growth" execution of this strategy. In 2015/16, we made good progress on all three pillars of our sustainability strategy: sustainable cocoa, the environment and our employees. This has given Barry Callebaut a solid footing from which it can take the lead and scale up sustainable chocolate production from niche to norm. This is our vision for the coming years.

Barry Callebaut believes that cocoa production is sustainable when farmers earn an equitable income; engage in responsible labor practices; safeguard the environment; and can provide for the basic health and education needs and well-being of their families. Traceability of the cocoa bean will be a core prerequisite for bringing this vision to life. The Katchilè geo-traceability project is an important milestone in this respect. This App will digitally record information on farmers, their farms and their communities at every level of the supply chain. We will be rolling this App out across 65,000 farmers in Côte d'Ivoire, allowing Barry Callebaut to approach sustainability in an unprecedented way, providing the right advice to farmers, driving adoption of best practices, and improving yields and livelihoods. The piloting of the Child Labor Monitoring and Remediation System (CLMRS) will start to provide us with a much more targeted on-the-ground monitoring and remediation system for child labor incidents.

Cocoa Horizons is the key offering of sustainably sourced cocoa and chocolate products, together with external certification sources such as UTZ Certified, Rainforest Alliance, Fairtrade and Organic. In 2015/16, 23% of cocoa beans were sourced through sustainability programs.

The Cocoa Horizons Foundation, celebrating its 1-year anniversary in 2016, which is pooling resources and funds from the purchase of HORIZONS products and contributions from donors and customers, aims to scale impact and drive positive change in cocoa communities. This year we will continue to invest in farmer financing programs and in social infrastructure for cocoa-growing communities.

We are proud that Barry Callebaut's long-term commitment to sustainability is also acknowledged by external organizations. Since September 19, 2016, we have been part of the SXI Switzerland Sustainability 25® index basket. This index brings together the 25 most sustainable listed Swiss companies.

Continuing to drive cocoa sustainability

Farmer productivity and community development are the key pillars of our sustainable cocoa strategy. To scale up sustainability, we will have to move from sustainable cocoa to sustainable chocolate in the coming years, integrating sustainability commitments for every ingredient used in our chocolate.

Traceability

Understanding from which area and farmer we are sourcing, "traceability" is a key parameter in assessing the quality of yields and production methods. In addition, it also allows us to tackle sustainability challenges such as deforestation and child labor in the cocoa supply chain in a much more targeted manner. This year, we started to roll out a farm data management system, project Katchilè, across 65,000 farmers in Côte d'Ivoire. This cloud-based data management system allows us to be in contact with farmers in near real-time, offering an unprecedented level of transparency in the sourcing of our cocoa beans. In the coming years we will be extending this tool across Ghana, Tanzania and Indonesia.

Increasing cocoa farmer productivity

In 2015/16, we sourced from over 45,000 farmers through Biolands, our direct sourcing and farm services organization. Biolands allows us to engage with farmers and support them by providing training, fertilizers, services, and assistance in the production of certified cocoa.

We work with farmer cooperatives to implement cocoa sustainability programs. This year, we trained over 115,000 farmers. This included over 10,000 women farmers.

Together with the Jacobs Foundation, we will invest CHF 2.2 million through 2019 in cocoa farmer training programs in Côte d'Ivoire. The programs will focus on training farmers in 80 cocoa-growing communities in agricultural practices that will increase the cocoa yield, and thus the income, of the cocoa farmer. A special focus will be put on providing training to currently underrepresented groups in cocoa farming, in particular young farmers and female farmers.

In Madagascar, we teamed up with Prova to diversify and stabilize the incomes of vanilla farmers by introducing cocoa production. Through the introduction of good agricultural practices, the aim is to increase the levels of vanilla yields as well as to support Madagascan farmers in the Bemanevika district to add cocoa to their farms.

Community building

Thriving communities are as important for tackling environmental and social challenges in the cocoa supply chain as farmer productivity. The existence of child labor, low yields and the absence of adequate financial and social infrastructure are directly related to poverty and lack of education. Without the adequate infrastructure, the existing problems will be perpetuated. We focus on the building of financial and social infrastructure.

A solid financial infrastructure, creating access to loans for farmers, is an important pillar in community building. Barry Callebaut, together with IFC, a member of the World Bank Group, and Netherland's Sustainable Trade Initiative IDH entered into a USD 9 million risk-sharing agreement to help more than 100,000 smallholder farmers in Côte d'Ivoire access credit needed to grow their production and earnings. Together, we will support farmers to purchase fertilizers, access farm services and individual coaching. As farmers increase production, they establish a financial track record and thus become bankable, making it possible for local financial institutions to provide loans directly to them – a giant leap forward in cocoa farm financing.

Sustainable Cocoa

Tackling child labor

We invest in both the prevention of child labor as well as the monitoring and remediation of any child labor incident in our supply chain.

Together with the International Cocoa Initiative (ICI), we started in 2016 with the piloting of a Child Labor Monitoring and Remediation System (CLMRS) across over 5,000 farmers in Côte d'Ivoire. Facilitators on the ground work with communities to track and remediate child labor, as well as pinpoint the factors that contribute to it.

Child labor prevention is included in the curriculum of the 115,000 farmers we trained on cocoa sustainability. We continue to invest in school infrastructure. We built one new school and extended the classrooms of three existing schools in Ghana and Côte d'Ivoire. This allowed an additional 765 children to continue their education.

Towards a positive impact on the environment

Barry Callebaut continues to make progress in reducing its environmental footprint. The next step is to have a positive impact on the environment.

Barry Callebaut initiated in 2016 a project to measure the carbon footprint of chocolate, as well as our own environmental footprint. The results of this exercise will help us to recalibrate the targets that we set in the past. Merely reducing our carbon and environmental footprint is not good enough anymore. In the coming years, we need to explore how we can actually have a positive impact on the environment.

Embedding energy efficiency in the business

In 2015/16, our energy use was 297.92 kWh per tonne of production (MT).

This marks a good first step towards our 5-year, 20% energy reduction target (by 2020), as we decreased our energy use by 5.2% from the previous fiscal year.

We increased the global share of renewable energy in our operations by 6% to 23% of our total energy use. 41% of the electricity we use came from renewable sources. This is a 15% increase compared to the previous fiscal year. In fiscal year 2015/16, we appointed an energy champion at more than 75% of our production facilities who will lead on-site energy savings measures. We intend to introduce an energy champion system at all our sites.

Managing our carbon footprint

In 2015/16, we emitted 295,089 tonnes CO_2 across our global operations. This is a decrease of more than 10% compared to last year.

The mapping of the carbon footprint of our chocolate will allow us to put in place more targeted measures to reduce our carbon footprint over the years, and eventually become carbon positive through the in- and offsetting of our carbon footprint.

We are very proud to have been awarded the 2016 Carbon Disclosure Project (CDP) Climate Leadership Award as one of the best improvers for Germany, Austria and Switzerland.

Managing our water and waste footprint

We managed, while growing in activity, to reduce our relative water usage to 0.5 m^3 per tonne of production. This is a reduction of 5.6% compared to the previous fiscal year. We reduced our total water footprint by 0.07 million m^3 water, to 2.25 million m^3 water. Despite rising production volumes, we managed to keep our waste per unit of output unchanged.

Investing in talent

Helping our employees to reach their full potential

We now employ close to 10,000 employees from 70 nationalities. Attracting the best talents from across the world is the basis for our company to prosper and grow.

We aim to offer a safe, engaging and collaborative workplace for our people, as well as the development and career growth opportunities they need to reach their full potential.

Supporting in-house talent development

Our talent management process helps employees to focus on – and prepare for – the next step in their career. By focusing on internal candidates first, we aim to create the space for our employees to grow.

In 2015/16, we filled 40% of our vacant managerial positions with internal candidates.

Across the organization, we offer a wealth of training programs. These include technical and on-the-job skills development, as well as quality, health and safety courses. In fiscal year 2015/16, 338 managers and other professional associates took part in one of our Marbach talent and management development programs conducted in Germany, Singapore, and the United States.

Developing tomorrow's leaders

The two-year Graduate Trainee Program Yourfuture@BC recruits and develops young top college graduates from around the world, with a focus on emerging markets. In 2015/16, there were 24 graduate trainees, bringing the total to 103 graduates from 32 nationalities since the program began.

Promoting fair labor

Barry Callebaut is committed to providing equal employment and promotion opportunities to all employees. This is enshrined in our workplace policy.

Throughout our organization, we support freedom of association in line with local laws and regulations. More than 52% of all permanent contract employees are covered by a union or collective bargaining agreement. All Barry Callebaut employees are aged 16 or more and earn the minimum wage or more where one is defined.

Focus on Social and Ethical Responsibility

We are fully committed to contribute to a working environment where business is conducted with integrity and in a manner which embraces sustainability, reduces environmental impact and where employees feel fully engaged and supported.

Barry Callebaut is a member of SEDEX (Supplier Ethical Data Exchange), the largest collaborative platform for sharing ethical supply chain data. Its main product is an online database allowing supply chain companies to share information on labor standards, health and safety, the environment, and business ethics. This is based on the SMETA audit methodology.

All our factories are SEDEX certified and more than 20 have been audited this year.

Health and safety

We are continuously working towards preventing injuries to any employee, contractor or visitor.

Every Barry Callebaut plant has appointed a health and safety officer to coordinate the implementation of safety plans.

In fiscal year 2015/16, our rates of injury, occupational disability, lost days and absenteeism were low. The injury frequency rate was 10.6 accidents per million hours worked. The severity rate was 0.17 lost days per thousand hours worked. Through the safety programs at each plant, we aim to continue reducing accidents and injuries across our business.

We encourage our employees to live a healthy active lifestyle. In origin countries, we provide HIV/AIDS education to employees and their families.

Employee Development

Employee benefits in origin countries

Barry Callebaut supports employees with services, support programs and benefits. In cocoa-growing countries where medical care and education are not universally available, our programs support a broad range of services, including medical care, housing, and education.

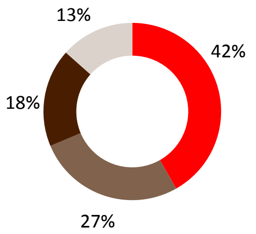
We also encourage employees to engage in their local communities and recognize their outstanding achievements through the Chairman's Award.

Average seniority by geographic region in year

	2015/16
Africa	7.0
Americas	8.2
Asia	4.8
EMEA	10.7

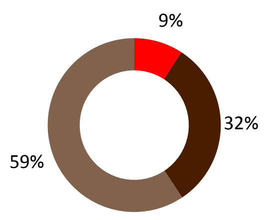
Employees per geographic region

EMEA	4,135
Americas	2,661
Asia	1,773
Africa	1,329
Number of employees	**9,898**



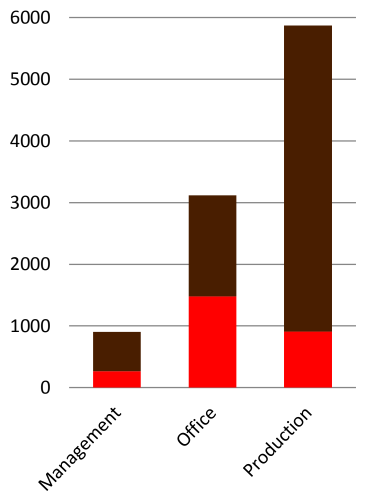
Employees per function

Management	906
Office	3,120
Production	5,872
Number of employees	**9,898**



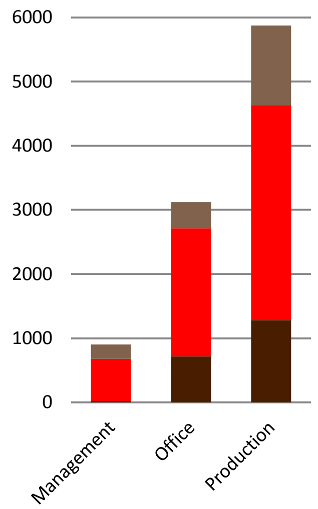
Gender of employees by function

Female
Male



Age of employees by function

< 30
30–50
> 50



Financial Reports

Consolidated Financial Statements

Consolidated Income Statement

for the fiscal year		2015/16	2014/15
in thousands of CHF	Notes		
Revenue from sales and services		**6,676,766**	**6,241,865**
Cost of goods sold		(5,813,556)	(5,395,039)
Gross profit		**863,210**	**846,826**
Marketing and sales expenses		(129,525)	(121,299)
General and administration expenses		(332,758)	(316,699)
Other income	6	15,466	38,909
Other expenses	7	(14,699)	(32,916)
Operating profit (EBIT)		**401,694**	**414,821**
Finance income	8	4,314	3,741
Finance costs	9	(139,708)	(134,477)
Share of result of equity-accounted investees, net of tax	17	191	55
Profit before income taxes		**266,491**	**284,140**
Income tax expenses	10	(47,530)	(44,269)
Net profit for the year		**218,961**	**239,871**
of which attributable to:			
shareholders of the parent company		217,050	237,214
non-controlling interest	25	1,911	2,657
Earnings per share			
Basic earnings per share (CHF/share)	11	39.57	43.25
Diluted earnings per share (CHF/share)	11	39.43	43.07

Consolidated Financial Statements

Consolidated Statement of Comprehensive Income

for the fiscal year		2015/16	2014/15
in thousands of CHF	Notes		
Net profit for the year		**218,961**	**239,871**
Cash flow hedges	26	19,824	(2,507)
Tax effect on cash flow hedges	26	3,957	(379)
Currency translation differences		51,074	(154,192)
Items that may be reclassified subsequently to the income statement		**74,855**	**(157,078)**
Remeasurement of defined benefit plans	24	(32,638)	(7,857)
Tax effect on remeasurement of defined benefit plans		7,108	475
Items that will never be reclassified to the income statement		**(25,530)**	**(7,382)**
Other comprehensive (loss)/income for the year, net of tax		**49,325**	**(164,460)**
Total comprehensive income for the year		**268,286**	**75,411**
of which attributable to:			
shareholders of the parent company		266,086	72,857
non-controlling interest		2,200	2,554

Consolidated Financial Statements

Consolidated Balance Sheet

Assets

as of August 31,		2016	2015
in thousands of CHF	Notes		
Current assets			
Cash and cash equivalents		456,800	125,151
Short-term deposits		50	2,177
Trade receivables and other current assets	12	928,776	971,923
Inventories	13	1,623,807	1,629,814
Income tax receivables		12,099	16,273
Derivative financial assets	14	318,303	498,514
Total current assets		**3,339,835**	**3,243,852**
Non-current assets			
Property, plant and equipment	15	1,262,227	1,184,543
Equity-accounted investees	17	627	950
Intangible assets	18	927,289	896,068
Deferred tax assets	19	105,916	98,782
Other non-current assets		4,909	5,193
Total non-current assets		**2,300,968**	**2,185,536**
Total assets		**5,640,803**	**5,429,388**

Liabilities and equity

as of August 31,		2016	2015
in thousands of CHF	Notes		
Current liabilities			
Bank overdrafts	20	25,314	33,266
Short-term debt	20	731,340	645,907
Trade payables and other current liabilities	21	1,145,481	1,060,965
Income tax liabilities		44,519	43,759
Derivative financial liabilities	14	310,368	453,694
Provisions	22	18,874	9,333
Total current liabilities		**2,275,896**	**2,246,924**
Non-current liabilities			
Long-term debt	23	1,153,027	1,176,159
Employee benefit obligations	24	176,531	149,289
Provisions	22	5,475	4,474
Deferred tax liabilities	19	53,711	59,629
Other non-current liabilities		4,952	5,799
Total non-current liabilities		**1,393,696**	**1,395,350**
Total liabilities		**3,669,592**	**3,642,274**
Equity			
Share capital	25	102,093	102,093
Retained earnings and other reserves		1,854,194	1,670,750
Total equity attributable to the shareholders of the parent company		**1,956,287**	**1,772,843**
Non-controlling interest	25	14,924	14,271
Total equity		**1,971,211**	**1,787,114**
Total liabilities and equity		**5,640,803**	**5,429,388**

Consolidated Financial Statements

Consolidated Cash Flow Statement

Cash flows from operating activities

for the fiscal year		2015/16	2014/15
In thousands of CHF	Notes		
Profit before income taxes		266,491	284,140
Adjustments for:			
Depreciation of property, plant and equipment	15	97,666	90,796
Amortization of intangible assets	18	40,071	35,192
Impairment of property, plant & equipment	15	–	11,849
Impairment of intangible assets	18	678	492
Gain on acquisition-related settlement	1	–	(37,490)
Loss/(gain) on sale of property, plant and equipment, net	6/7	1,012	(4,777)
Foreign exchange (gain)/loss		13,444	(84,064)
Fair value (gain)/loss on derivative financial instruments		(7,330)	12,435
(Gain)/loss on cash flow hedge reserve reclassified to the income statement	26	9,326	786
Write-down of inventories	13	10,522	22,380
Increase (decrease) of bad debt allowance		(1,374)	9,182
Increase (decrease) of provisions	22	19,223	4,479
Increase (decrease) of employee benefit obligations		(3,469)	684
Equity-settled share-based payments	4	12,226	12,887
Share of loss/(profit) of equity-accounted investees, net of tax	17	(191)	(55)
(Interest income)	8	(3,519)	(2,366)
Interest expenses	9	114,408	116,055
Operating cash flow before working capital changes		**569,186**	**472,605**
(Increase)/decrease in trade receivables and other current assets		9,244	(170,644)
(Increase)/decrease in inventories		120,310	(71,957)
Increase/(decrease) in trade payables and other current liabilities		74,558	146,525
Use of provisions	22	(11,061)	(4,855)
Cash generated from operating activities		**762,237**	**371,674**
(Interest paid)		(98,159)	(105,675)
(Income taxes paid)		(42,595)	(39,317)
Net cash from operating activities		**621,483**	**226,682**

Consolidated Financial Statements

Consolidated Cash Flow Statement

Cash flows from investing activities

for the fiscal year		2015/16	2014/15
in thousands of CHF	Notes		
Purchase of property, plant and equipment	15	(159,622)	(205,318)
Proceeds from sale of property, plant and equipment	15	4,293	18,393
Purchase of intangible assets	18	(41,395)	(43,867)
Proceeds from sale of intangible assets	18	–	2,154
Acquisition of subsidiaries/businesses net of cash acquired	1	(26,928)	(16,968)
Proceeds from acquisition-related settlement	1	–	37,490
Purchase of short-term deposits		–	(864)
Proceeds from sale of short-term deposits		2,107	–
Sale/(Purchase) of other non-current assets		512	1,736
Interest received	8	3,519	2,366
Net cash flow from investing activities		**(217,514)**	**(204,878)**

Cash flows from financing activities

for the fiscal year		2015/16	2014/15
in thousands of CHF	Notes		
Proceeds from the issue of short-term debt		23,438	395,884
Repayment of short-term debt		(481,374)	(142,312)
Proceeds from the issue of long-term debt		485,756	160,232
Repayment of long-term debt		–	(294,978)
Dividend payment	25	(79,588)	(85,077)
Purchase of treasury shares		(15,280)	(16,306)
Dividends paid to non-controlling interests	25	(1,547)	(2,223)
Net cash flow from financing activities		**(68,595)**	**15,220**
Effect of exchange rate changes on cash and cash equivalents		4,227	(13,076)
Net increase (decrease) in cash and cash equivalents		**339,601**	**23,948**
Cash and cash equivalents at beginning of year		91,885	67,937
Cash and cash equivalents at end of year		431,486	91,885
Net increase (decrease) in cash and cash equivalents		**339,601**	**23,948**
Cash and cash equivalents		456,800	125,151
Bank overdrafts	20	(25,314)	(33,266)
Cash and cash equivalents as defined for the cash flow statement		**431,486**	**91,885**

Consolidated Financial Statements

Consolidated Statement of Changes in Equity

Attributable to the shareholders of the parent company	Share capital	Treasury shares	Retained earnings	Hedging reserves	Cumulative translation adjustment	Total	Non-controlling interest	Total equity
in thousands of CHF								
as of September 1, 2014	**102,093**	**(11,438)**	**2,142,952**	**(6,981)**	**(438,144)**	**1,788,482**	**5,085**	**1,793,567**
Currency translation adjustments	–	–	–	–	(154,089)	(154,089)	(103)	(154,192)
Effect of cash flow hedges (note 26)	–	–	–	(2,507)	–	(2,507)	–	(2,507)
Tax effect on cash flow hedges (note 26)	–	–	–	(379)	–	(379)	–	(379)
Items that may be reclassified subsequently to the income statement	**–**	**–**	**–**	**(2,886)**	**(154,089)**	**(156,975)**	**(103)**	**(157,078)**
Remeasurement of defined benefit plans (note 24)	–	–	(7,857)	–	–	(7,857)	–	(7,857)
Tax effect on remeasurement of defined benefit plans (note 19)	–	–	475	–	–	475	–	475
Items that will never be reclassified to the income statement	**–**	**–**	**(7,382)**	**–**	**–**	**(7,382)**	**–**	**(7,382)**
Other comprehensive income, net of tax	**–**	**–**	**(7,382)**	**(2,886)**	**(154,089)**	**(164,357)**	**(103)**	**(164,460)**
Net profit for the year	–	–	237,214	–	–	237,214	2,657	239,871
Total comprehensive income for the year	**–**	**–**	**229,832**	**(2,886)**	**(154,089)**	**72,857**	**2,554**	**75,411**
Dividend to shareholders (note 25)	–	–	(85,077)	–	–	(85,077)	(2,223)	(87,300)
Capital increase (note 25)	–	–	–	–	–	–	8,855	8,855
Purchase of treasury shares	–	(16,306)	–	–	–	(16,306)	–	(16,306)
Equity-settled share-based payments (note 4)	–	16,163	(3,276)	–	–	12,887	–	12,887
as of August 31, 2015	**102,093**	**(11,581)**	**2,284,431**	**(9,867)**	**(592,233)**	**1,772,843**	**14,271**	**1,787,114**
Currency translation adjustments	–	–	–	–	50,785	50,785	289	51,074
Effect of cash flow hedges (note 26)	–	–	–	19,824	–	19,824	–	19,824
Tax effect on cash flow hedges (note 26)	–	–	–	3,957	–	3,957	–	3,957
Items that may be reclassified subsequently to the income statement	**–**	**–**	**–**	**23,781**	**50,785**	**74,566**	**289**	**74,855**
Remeasurement of defined benefit plans (note 24)	–	–	(32,638)	–	–	(32,638)	–	(32,638)
Tax effect on remeasurement of defined benefit plans (note 19)	–	–	7,108	–	–	7,108	–	7,108
Items that will never be reclassified to the income statement	**–**	**–**	**(25,530)**	**–**	**–**	**(25,530)**	**–**	**(25,530)**
Other comprehensive income, net of tax	**–**	**–**	**(25,530)**	**23,781**	**50,785**	**49,036**	**289**	**49,325**
Net profit for the year	–	–	217,050	–	–	217,050	1,911	218,961
Total comprehensive income for the year	**–**	**–**	**191,520**	**23,781**	**50,785**	**266,086**	**2,200**	**268,286**
Dividend to shareholders (note 25)	–	–	(79,588)	–	–	(79,588)	(1,547)	(81,135)
Purchase of treasury shares	–	(15,280)	–	–	–	(15,280)	–	(15,280)
Equity-settled share-based payments (note 4)	–	13,911	(1,685)	–	–	12,226	–	12,226
as of August 31, 2016	**102,093**	**(12,950)**	**2,394,678**	**13,914**	**(541,448)**	**1,956,287**	**14,924**	**1,971,211**

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Summary of Accounting Policies

Organization and business activity

Barry Callebaut AG ("The Company") was incorporated on December 13, 1994, under Swiss law, having its head office in Zurich, Switzerland, at Pfingstweidstrasse 60. Barry Callebaut AG is registered in Switzerland and has been listed on the SIX Swiss Exchange (BARN, ISIN Number: CH0009002962) since 1998. As of August 31, 2016, Barry Callebaut's market capitalization based on issued shares was CHF 6,937.9 million (August 31, 2015: CHF 5,823.7 million). The Group's ultimate parent is Jacobs Holding AG with a share of 50.11% of the shares issued (August 31, 2015: 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, Turkey, 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 of derivative financial instruments and trade receivables that are managed and will be sold under the asset-backed securitization program that are both measured at fair value and for defined benefit obligation that is accounted for according to the projected unit credit method.

Due to rounding, the figures presented in the tables may not add up precisely to the totals provided.

Changes in accounting policies

There were no amendments on IFRS with material impact on the Group's Financial Statements in the current fiscal year.

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.

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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, 2016, are included in the following notes:

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

Scope of consolidation/subsidiaries

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

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

Transactions with non-controlling interests

The Group applies the policy of treating transactions with non-controlling interests equal to transactions with equity owners of the Group. For purchases from non-controlling interests, 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 interests are also recorded in equity.

Interests in equity-accounted investees

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

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from the date that significant influence or joint control commences until the date significant influence or joint control ceases.

Foreign currency transactions

The functional currency of the Group's entities is the currency of their primary economic environment. In individual companies, transactions in foreign currencies are recorded at the rate of exchange at the date of transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into respective functional currencies at the exchange rate prevailing at the year-end date. Any resulting exchange gains and losses are taken to the income statement. If related to commercial transactions or to the measurement of financial instruments in coverage of commercial transactions, such foreign currency gains and losses are classified as cost of goods sold. Otherwise, foreign currency gains and losses are classified as finance income and finance cost.

Foreign currency translation

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

Major foreign exchange rates

	2015/16		2014/15	
	Closing rate	Average rate	Closing rate	Average rate
BRL	0.3019	0.2683	0.2677	0.3363
EUR	1.0948	1.0908	1.0748	1.1075
GBP	1.2846	1.4164	1.4780	1.4790
RUB	0.0151	0.0145	0.0147	0.0181
USD	0.9820	0.9820	0.9622	0.9521
XAF (unit 1,000)	1.6697	1.6633	1.6389	1.6894

Cash and cash equivalents

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

Trade receivables

Trade receivables – with the exception of those receivables that are managed under the asset-backed securitization program – are stated at amortized cost, less expected impairment losses. Impairment allowances for receivables represent the Group's estimates of expected credit losses, which are the present value of the cash shortfalls over the expected life of the financial assets. The Group measures the loss allowance for its receivables at an amount equal to the lifetime expected credit losses.

Impairment losses are recognized in the Consolidated Income Statement under "Revenue from sales and services."

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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). Before being sold, the receivables that are managed under the asset-backed securitization program are classified as financial assets measured at fair value through profit or loss.

Derivative financial instruments and hedging activities

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

As the Group also acts as cocoa bean trader, certain cocoa bean purchase and sales contracts are net cash settled and therefore, contracts allocated to the same portfolio are treated as derivative contracts.

Additionally, the Group applies the fair value option for its executory forward purchase and sale contracts (available under IFRS 9 as an alternative to the off-balance sheet treatment). These exemptions are applied for those cocoa contracts where the measurement eliminates or significantly reduces an accounting mismatch that would otherwise occur on own use 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 fair value hedge accounting to hedge its cocoa price risk embedded in its chocolate stocks and sales contracts as well as in the cocoa stocks, purchase and sales contracts and uses cocoa bean futures to manage cocoa price risks (Contract Business – see risk management note 26).

The Group is also exposed to increasing sugar prices with regards to its forecasted sugar purchases. The Group therefore applies cash flow hedge accounting when it hedges its sugar price risk embedded in its forecasted sugar purchases with sugar futures.

The Group also enters into long fuel oil swaps to hedge its exposure to fuel oil price movements in its forecasted freight expenditures and it applies cash flow hedge accounting for this hedging relationship.

The Group and its subsidiaries enter into sales and purchase contracts and have highly probable transactions denominated in various currencies and consequently are exposed to foreign currency risks, which are hedged by the Group’s centralized 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 relationship 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

To reflect the Group’s activities of hedging its cocoa price risk exposure embedded in the cocoa and chocolate stocks and unrecognized firm commitments, the Group applies fair value hedge accounting. In this fair value hedge accounting relationship, the

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chocolate stocks and unrecognized firm sales commitments and the cocoa stocks, unrecognized firm purchase and sales commitments, respectively are designated as hedged items whereby cocoa bean futures are designated as hedging instruments. When cocoa and chocolate inventory is designated as a hedged item, the subsequent cumulative change in the fair value of the inventory attributable to the hedged cocoa price risk is adjusting the carrying amount of the hedged item (change of inventory cost value) with a corresponding gain or loss in the Consolidated Income Statement.

When unrecognized firm cocoa and chocolate commitments (purchase and sales contracts) are designated as hedged items, the subsequent cumulative change in the fair value of these contracts attributable to the hedged cocoa price risk is recognized as an asset or a liability (reported as "Derivative financial assets" and Derivative financial liabilities") with a corresponding gain or loss in the Consolidated 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 firm purchase and sales commitments in certain entities, fair value hedge accounting is applied. The hedge relationship is between the unrecognized firm commitments (hedged items) and the foreign currency forward contracts and monetary items (hedging instruments). The changes in fair value of the hedging instruments (attributable to foreign currency exchange rate movements) are recognized in the Consolidated Income Statement. The cumulative change in the fair value of the hedged items attributable to the foreign currency risk is recognized as "Trade receivables and other current assets" or "Trade payables and other current liabilities" with a corresponding gain or loss in the Consolidated Income Statement.

Cash flow hedging – for commodity price risks (cocoa price risk, sugar and fuel oil) and foreign currency exchange risks arising from forecasted purchase and sales transactions and firm commitments

The Group enters into sugar futures to hedge the sugar price risk exposure embedded in certain forecasted sugar purchases, and into foreign exchange forward and futures contracts to hedge the currency risk arising from these forecasted sugar purchases.

The Group applies cash flow hedge accounting for these hedging relationships whereby the sugar futures and the foreign exchange forwards and futures are designated as hedging instruments to hedge the variability in cash flows attributable to the risk of sugar price movements and to the foreign currency risk respectively in the hedged forecasted sugar purchases.

The Group is also exposed to increasing fuel oil prices in its forecasted freight expenditures. Accordingly, it enters into long fuel oil swaps to hedge this fuel oil price risk exposure embedded in its forecasted freight expenditures, and into foreign exchange forward and futures contracts to hedge the currency risk arising from these forecasted transactions.

The Group applies cash flow hedge accounting for these hedging relationships whereby the long fuel oil swaps and the foreign exchange forwards and futures are designated as hedging instruments to hedge the variability in cash flows attributable to the risk of fuel oil price movements and to the foreign currency risk respectively in its hedged forecasted freight expenditures.

To a small extent, the Group also enters into exchange traded cocoa bean futures to hedge the cocoa price risk arising from forecasted sales of cocoa ingredients, and into foreign exchange forward and futures contracts to hedge the currency risk arising from forecasted cocoa sales transactions denominated in foreign currencies.

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

Cash flow hedging – for interest rate risks

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

Accounting for cash flow hedges

For each cash flow hedge relationship, the effective part of any gain or loss on the derivative financial instrument is recognized directly in other comprehensive income. Gains or losses that are recognized in other comprehensive income are transferred to the Consolidated Income Statement in the same period in which the hedged exposure affects the Consolidated Income Statement. The ineffective part of any gain or loss is recognized immediately in the Consolidated Income Statement at the time hedge effectiveness is tested.

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

No hedge accounting designation

The Group’s purchasing and sourcing centers and the Group’s centralized treasury department have derivative financial instruments that are measured at fair value without applying hedge accounting.

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

Other financial assets

Other financial assets are the items that are reported on lines “Loans and other receivables” and “Other current financial assets” in note 12 – Trade receivables and other current assets. Other financial assets are classified as measured at amortized cost less expected impairment losses. The Group’s other financial assets have contractual cash flows that are solely principal, and the Group’s interest and business model is to hold these assets to collect contractual cash flows.

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 represents the consideration given for them, plus transaction costs.

Impairment allowances for other financial assets represent the Group’s estimates of expected credit losses, which are the present value of the cash shortfalls over the expected life of the financial assets. The Group measures the loss allowance for its other financial assets at an amount equal to the lifetime expected credit losses.

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Financial assets are derecognized when the Group loses control of the contractual rights to the cash flows of the assets. Such control is lost when the rights and benefits specified in the contract are realized, expired, or are surrendered.

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. Those inventories that are allocated as hedged items in a fair value hedge relationship are adjusted for the change in the fair value attributable to the hedged cocoa price risk. For movements in inventories, the average cost method is applied. Net realizable value is defined as the estimated selling price less costs of completion, direct selling and distribution expenses.

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 the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually at the same time 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 (CGU). The Group defines its CGU for goodwill impairment testing based on the way that it monitors and derives economic benefits from the acquired goodwill. The impairment tests are performed by comparing the carrying value of the assets of these CGU with their recoverable amount, based on their value in use, which corresponds to their future projected cash flows discounted at an appropriate pre-tax rate of return. The cash flows correspond to estimates made by Group Management in financial plans and business strategies covering a period of three years after making adjustments to consider the assets in their current condition. They are then projected to perpetuity using a multiple which corresponds to a steady growth rate. The group assesses the uncertainty of these estimates by making sensitivity analyses. Where the recoverable amount of the CGU is less than the carrying amount, an impairment loss is recognized.

Research and development costs

Research costs are expensed as incurred.

Development costs for projects related to software, recipes and product innovation are capitalized as an intangible asset if it can be demonstrated that the project is expected to generate future economic benefits, it is probable that those future economic benefits will flow to the entity and the costs of the asset can be measured reliably. 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.

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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

This accounting policy applies to the items that are reported on lines “Bank overdrafts,” “Short-term debt,” and “Long-term debt” in the Consolidated Balance Sheet and to the items reported under section “Payables representing financial liabilities” in note 21 – Trade payables and other current liabilities.

These 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.

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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

Defined benefit plans – General

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

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

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

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

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

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

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

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

Defined benefit plans – Switzerland

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

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

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

Defined benefit plans – Other countries

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

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

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

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

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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 (Long-Term Incentive Plan [LTIP])

For the Long-Term Incentive Plan (LTIP), Barry Callebaut AG shares are purchased on the market and passed on to satisfy the awards. In accordance with IFRS 2, the compensation costs in relation with share awards granted under this deferred share plan 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. Related costs of such benefits are recognized on an actuarial basis in the income statement. The related liability is included in other long-term liabilities.

Taxes

Current income taxes are recognized based on taxable income, whereas other taxes such as non-recoverable taxes withheld on 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 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.

The applicable expected tax rate per company is the domestic corporate income tax rate applicable to the profit before taxes of the company for the respective fiscal year.

Deferred income taxes are recognized using the balance sheet liability method. Deferred income tax applies to all temporary differences arising between the tax values of assets and liabilities and their values in the Consolidated Financial Statements.

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.

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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 the 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 Chief 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, consisting of the Group Chief Executive Officer, the Chief Financial Officer and the Presidents of the Regions Western Europe, Americas and Global Cocoa as well as the Chief Operations Officer, Chief Innovation & Quality Officer and the Chief Human Resources Officer.

Introduction of new standards in 2015/16 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, 2016, and have not been applied in preparing these Consolidated Financial Statements. The impacts on the financial statements of the standards and amendments, which are relevant, are disclosed below the table. The Group does not plan to adopt these standards early.

	Effective date	Planned application by the Group in fiscal year
New Standards or Interpretations		
IFRS 15 Revenue from Contracts with Customers and related Clarifications to IFRS 15 Revenue from Contracts with Customers	January 1, 2018	Fiscal year 2018/19
IFRS 16 Leases	January 1, 2019	Fiscal year 2019/20
Revisions and amendments of Standards and Interpretations		
Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to IAS 16 and IAS 38)	January 1, 2016	Fiscal year 2016/17
Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12)	January 1, 2016	Fiscal year 2016/17
Annual Improvements to IFRSs 2012–2014 Cycle	January 1, 2016	Fiscal year 2016/17
Disclosure Initiative (Amendments to IAS 1)	January 1, 2016	Fiscal year 2016/17
Disclosure Initiative (Amendments to IAS 7)	January 1, 2017	Fiscal year 2017/18
Clarification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)	January 1, 2018	Fiscal year 2018/19

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IFRS 15 Revenue Recognition

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

The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. Potential impacts on the Group's Consolidated Financial Statements have not yet been fully assessed.

IFRS 16 Leasing

The new standard was issued on January 13, 2016, and will replace IAS 17 Leases. The biggest change introduced by the new Standard is that leases will be brought onto companies' balance sheets, increasing the visibility of their assets and liabilities. IFRS 16 removes the classification of leases as either operating leases or finance leases, treating all leases as finance leases. Short-term leases (less than 12 months) and leases of low-value assets (such as personal computers) are exempt from the requirements. IFRS 16 will become effective for financial year 2019/20. Potential impacts on the Group's Consolidated Financial Statements have not yet been fully assessed.

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Notes to the Consolidated Financial Statements

1 Acquisitions

Acquisitions in 2015/16

FrieslandCampina Kievit

On March 1, 2016, Barry Callebaut Group has closed the agreement to acquire the commercial beverages vending activities from FrieslandCampina Kievit. The transaction also includes a long-term contract manufacturing agreement under which FrieslandCampina Kievit will continue to produce vending products for Barry Callebaut, such as the Satro Quality Drinks range, at its state-of-the-art production site in Lippstadt, Germany. The acquired activities represent approx. 20,000 tonnes of additional sales volume and CHF 55 million (EUR 50 million/USD 55 million) of additional sales revenue for Barry Callebaut.

The consideration transferred was CHF 26.2 million fully paid in cash. The agreements with the seller do not contain arrangements for contingent considerations.

The Group expensed acquisition-related costs, such as fees for due diligence work and lawyers of CHF 0.5 million over the course of the project immediately in the Consolidated Income Statement (included in “General and administration expenses”), of which all was recognized in the current fiscal period.

The goodwill of CHF 15.9 million arising from the acquisition of FrieslandCampina Kievit is attributable to the integration of the business into the Group’s existing business as well as for strengthening BC’s range of specialty products, further developing beverage and vending business by getting access to the latest process technology, increasing BC’s innovation power and expanding the product offering. The goodwill has been allocated to Region EMEA and is expected to be deductible for income tax purposes.

The revenue included in the Consolidated Income Statement for FrieslandCampina Kievit since March 1, 2016 was CHF 22.5 million. FrieslandCampina Kievit has also contributed CHF 2.4 million to net profit over the same period. Had FrieslandCampina Kievit been consolidated from September 1, 2015, it would have contributed revenue of CHF 50.3 million and net profit for the fiscal year of CHF 6.7 million to the Consolidated Income Statement.

Nyonkopa Cocoa Buying Company Limited

On November 5, 2015, Barry Callebaut Group closed an agreement to acquire Nyonkopa Cocoa Buying Company Limited in Ghana. Nyonkopa is among the top ten private Licensed Buying Companies in Ghana authorized by the Ghana Cocoa Board (COCOBOD) to buy cocoa from farmers and to sell it to the Cocoa Marketing Company of the COCOBOD. The COCOBOD oversees the cocoa sector in Ghana, including quality control, sales and marketing.

Nyonkopa will be integrated into the Biolands Group, Barry Callebaut’s direct sourcing organization, so far present in Côte d’Ivoire and Tanzania.

The consideration transferred was CHF 0.7 million. Thereof CHF 0.2 million were paid in November 2015. The remaining CHF 0.5 million were paid in May 2016 after agreed Key Performance Indicators have been achieved.

The acquisition-related costs, in the amount of CHF 0.1 million were expensed (included in General and administration expenses).

The total identifiable assets were CHF –0.4 million, split into CHF 0.9 million assets and CHF 1.3 million liabilities. The remaining goodwill of CHF 1.1 million for

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Nyonkopa is attributable to the value created by the integration of the business into the Group's existing business, such as improved access to Ghanaian farmers at farm level and the possibility to source directly from them and to provide the farmers with farm services. This is in line with Barry Callebaut's strategy to make cocoa farming more sustainable and attractive to farmers and the approach to focus on farmer productivity and community development. The goodwill has been allocated to Region Global Cocoa and is expected to be deductible for income tax purposes.

The revenue included in the Consolidated Income Statement since November 5, 2015, contributed by Nyonkopa was CHF 33.5 million. Nyonkopa has also contributed CHF 0.8 million to net profit over the same period. Had Nyonkopa been consolidated from September 1, 2015, it would have contributed revenue of CHF 33.9 million and net profit for the fiscal year of CHF 0.9 million to the Consolidated Income Statement.

in thousands of CHF	2015/16
Recognized amounts of identifiable assets acquired and liabilities assumed	
Current assets	10,550
Non-current assets	904
Current liabilities	(1,529)
Non-current liabilities	–
Total identifiable net assets	**9,925**
Goodwill	17,003
Total consideration at fair value	**26,928**
thereof:	
Cash paid	26,928
Consideration deferred	–

Acquisition in 2014/15

Settlement with Petra Foods regarding purchase price dispute

Barry Callebaut and Petra Foods Ltd. reached an amicable commercial settlement and resolved their dispute regarding the determination of the final consideration for the Cocoa Ingredients Division, which Barry Callebaut had acquired from Petra Foods in 2013. As a result of this settlement, Petra Foods paid the lump sum of USD 38.8 million (i.e. CHF 37.5 million) in cash to Barry Callebaut at the end of August 2015, which was reflected in the cash flow from investing activities. With regards to the income statement, CHF 23.9 million was reported on line "Cost of goods sold" and CHF 13.6 million was reported under "Other income." As part of this commercial settlement, the parties also agreed to extend the term of the cocoa supply agreement until end of June 2020.

American Almond Products Co., Inc.

On August 3, 2015, Barry Callebaut Group has closed an agreement to acquire the business consisting of a customer portfolio, brands and manufacturing equipment from nut products manufacturer American Almond Products Co., Inc. American Almond is known as a leader in the US in artisanal nut-based ingredients with a production facility located in Brooklyn, New York. The transaction with American Almond underlines Barry Callebaut's strategic intention to further grow in adjacent ingredients products.

The consideration transferred was CHF 17.0 million fully paid in cash in three tranches: CHF 4.9 million nonrefundable down payment at the signing of the agreement; CHF 2.0 million to be deposited on a separate interest-bearing escrow account at the close of the agreement which shall be held until the 18-month anniversary of the Closing Date (i.e. January 3, 2017) and CHF 10.1 million closing date payment (i.e. August 3, 2015).

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During the reporting period, acquisition-related costs, such as fees for due diligence work and lawyers, in the amount of CHF 0.3 million were expensed (included in “General and administration expenses”).

in thousands of CHF	2014/15
Recognized amounts of identifiable assets acquired	
Tangible assets	241
Intangible assets	4,677
Total identifiable net assets	**4,918**
Goodwill	12,050
Total consideration at fair value	**16,968**

The goodwill of CHF 12.1 million arising from the acquisition is attributable to the integration of the business into the Group’s existing business and the related synergies as well as getting greater importance for our suppliers (market penetration throughout the production chain). The goodwill has been allocated to Region Americas.

The goodwill recognized is expected to be deductible for income tax purposes.

The revenue included in the Consolidated Income Statement since August 3, 2015, contributed by American Almond, was CHF 1.7 million. American Almond has also contributed CHF 0.3 million to net profit over the same period.

Had American Almond been consolidated from September 1, 2014, it would have contributed revenue of CHF 16.9 million and net profit for the fiscal year of CHF 2.0 million to the Consolidated Income Statement.

2 Discontinued operations and disposal

The Group did not have any discontinued operations and disposals in 2015/16 and 2014/15.

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.

The Executive Committee considers the business from a geographic view. Hence, Presidents were appointed for each region. Since the Group’s cocoa activities operate independently of the Regions, the Global Cocoa business is reviewed by the Chief Operating Decision Maker as an own segment in addition to the geographical Regions EMEA (Europe, Middle East and Africa), Americas and Asia Pacific. Furthermore, the Executive Committee also views the Corporate function independently. The function “Corporate” consists mainly of headquarters services (incl. the Group’s centralized treasury department) to other segments. Thus, the Group reports Corporate separately.

The segment Global Cocoa is responsible for the procurement of ingredients for chocolate production (mainly cocoa; sugar, dairy and nuts are also common ingredients) and the Group’s cocoa-processing business. Most of the revenues of Global Cocoa are generated with the other segments of the Group.

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The regional chocolate business 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.

Financial information by reportable segments

2015/16 in thousands of CHF	EMEA	Americas	Asia Pacific	Global Cocoa	Total Segments	Corporate	Eliminations	Group
Revenues from external customers	2,738,963	1,622,894	306,790	2,008,119	6,676,766	–	–	6,676,766
Revenues from transactions with other operating segments of the Group	5,014	662	–	1,904,239	1,909,915	–	(1,909,915)	–
Revenue from sales and services	**2,743,977**	**1,623,556**	**306,790**	**3,912,358**	**8,586,681**	**–**	**(1,909,915)**	**6,676,766**
Operating profit (EBIT)	**289,556**	**147,199**	**32,244**	**17,645**	**486,643**	**(84,950)**	**–**	**401,694**
Depreciation and amortization	**(44,649)**	**(29,428)**	**(7,624)**	**(53,677)**	**(135,379)**	**(2,359)**	**–**	**(137,737)**
Impairment losses	**(674)**	**–**	**(4)**	**(0)**	**(678)**	**–**	**–**	**(678)**
Total assets	**1,427,009**	**819,134**	**186,322**	**2,694,172**	**5,126,637**	**2,141,037**	**(1,626,870)**	**5,640,803**
Additions to property, plant, equipment and intangible assets	(82,420)	(42,864)	(15,364)	(54,319)	(194,968)	(23,956)	–	(218,924)

2014/15 in thousands of CHF	EMEA	Americas	Asia Pacific	Global Cocoa	Total Segments	Corporate	Eliminations	Group
Revenues from external customers	2,563,682	1,507,875	269,824	1,900,484	6,241,865	–	–	6,241,865
Revenues from transactions with other operating segments of the Group	4,611	623	–	1,669,368	1,674,602	–	(1,674,602)	–
Revenue from sales and services	**2,568,293**	**1,508,498**	**269,824**	**3,569,852**	**7,916,467**	**–**	**(1,674,602)**	**6,241,865**
Operating profit (EBIT)	**289,714**	**130,634**	**26,937**	**47,198**	**494,483**	**(79,662)**	**–**	**414,821**
Depreciation and amortization	**(40,828)**	**(22,978)**	**(6,917)**	**(53,071)**	**(123,794)**	**(2,194)**	**–**	**(125,988)**
Impairment losses	**(569)**	**–**	**–**	**(11,772)**	**(12,341)**	**–**	**–**	**(12,341)**
Total assets	**1,340,869**	**1,080,208**	**162,576**	**2,818,132**	**5,401,785**	**1,371,352**	**(1,343,749)**	**5,429,388**
Additions to property, plant, equipment and intangible assets	(85,877)	(68,558)	(15,406)	(67,586)	(237,427)	(28,726)	–	(266,153)

Global Cocoa comprises Group-wide sourcing and Global Cocoa processing functions also for the benefit of all the regions. Therefore, the major part of its operation profits is consequently allocated to the regions.

Segment revenue, segment results (operating profit EBIT) and segment assets are measured based on IFRS principles.

Finance income and costs, the Group's share of result of equity-accounted investees and income taxes are not allocated to the respective segment for internal management purposes.

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Additional entity-wide disclosures

Information on geographical regions

Barry Callebaut is domiciled in Switzerland; however, its major revenues are generated in other countries. The following table shows revenues and non-current assets excluding investments in equity-accounted investees, deferred tax assets and other non-current 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.

	2015/16	2014/15	2015/16	2014/15
in thousands of CHF	Revenues		Non-current assets[1]	
United States	1,195,047	1,039,145	304,646	288,580
Germany	508,155	500,936	89,421	90,764
Belgium	492,722	484,030	356,592	338,371
France	460,102	433,135	76,165	73,843
United Kingdom	422,720	421,824	44,279	48,854
Brazil	346,414	335,392	87,458	70,380
Mexico	321,989	306,171	27,014	30,625
Italy	332,554	298,522	25,426	24,879
Rest of Europe	1,458,300	1,344,030	488,952	439,690
Rest of Americas	332,854	329,488	126,042	118,844
Rest of Asia Pacific	805,909	749,192	563,522	555,781
Total	**6,676,766**	**6,241,865**	**2,189,516**	**2,080,611**

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	2015/16	2014/15
Cocoa Products	2,008,119	1,900,484
Food Manufacturers	3,673,471	3,444,664
Gourmet & Specialties	995,177	896,717
Revenues from external customers	**6,676,766**	**6,241,865**

In fiscal year 2015/16, the biggest single customer contributed CHF 902.9 million or 13.5 % of total revenues reported across various regions (2014/15: CHF 912.2 million or 14.6 %). No other single customer contributed more than 10% of total consolidated revenues.

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4 Personnel expenses

in thousands of CHF	2015/16	2014/15
Wages and salaries	(408,845)	(370,350)
Compulsory social security contributions	(74,144)	(83,420)
Equity-settled share-based payments	(12,226)	(12,887)
Expenses related to defined benefit plans	(11,812)	(9,049)
Contributions to defined contribution plans	(2,656)	(2,739)
Increase in liability for long service leave	(33)	(32)
Total personnel expenses	**(509,716)**	**(478,477)**

5 Research and development expenses

in thousands of CHF	2015/16	2014/15
Total research and development expenses	**(20,436)**	**(20,334)**

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

6 Other income

in thousands of CHF	2015/16	2014/15
Gain on disposal of property, plant and equipment	159	5,176
Group training centers, museums, outlets and rental income	2,531	2,893
Sale of shells of cocoa beans, waste and sundry sales	8,794	6,650
Litigations, claims and insurance	645	3,993
Release of unused provisions and accruals	1,454	2,959
Other	1,883	17,238
Total other income	**15,466**	**38,909**

Other income also includes a subsidy from Takasaki City of CHF 0.4 million while in prior year CHF 13.6 million were related to the commercial settlement with Petra Foods Ltd.

7 Other expenses

in thousands of CHF	2015/16	2014/15
Restructuring costs	(5,029)	(11,356)
Loss on sale of waste	(5)	–
Litigations and claims	(2,633)	(2,999)
Costs related to chocolate museums	(400)	(359)
Loss on sale of property, plant and equipment	(1,171)	(399)
Impairment on property, plant and equipment (note 15)	–	(11,849)
Impairment on other intangibles (note 18)	(678)	(492)
Other	(4,783)	(5,462)
Total other expenses	**(14,699)**	**(32,916)**

Restructuring costs include severance costs in connection with the setup of the Shared Service Center (SSC) in Lodz, Poland, and restructuring (reduction of capacity) in Asia.

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8 Finance income

in thousands of CHF	2015/16	2014/15
Interest income	3,519	2,366
Gain on derivative financial instruments	796	1,375
Total finance income	**4,314**	**3,741**

9 Finance costs

in thousands of CHF	2015/16	2014/15
Interest expenses	(108,940)	(110,408)
Amortized structuring fees	(3,137)	(3,125)
Charges on undrawn portion of committed credit facilities	(2,995)	(1,846)
Net interest costs related to defined benefit plans	(5,468)	(5,647)
Total interest expenses	**(120,540)**	**(121,026)**
Bank charges and other financial expenses	(5,829)	(4,548)
Foreign exchange losses, net	(7,614)	(8,903)
Loss on derivative financial instruments	(5,724)	–
Total finance costs	**(139,708)**	**(134,477)**

Interest expenses include the 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.

Structuring fees are mainly attributable to the amortization of fees capitalized for the EUR 350 million Senior Note, issued July 2007, the EUR 600 million Revolving Credit Facility, entered into June 2011 and amended and extended in June 2014, the EUR 250 million Senior Note, issued June 2011, the USD 400 million Senior Note, issued June 2013, the CHF 150 million Term Loan Agreement entered with Jacobs Holding AG in 2015 and the EUR 450 million Senior Note, issued May 2016.

Charges on the undrawn portion of committed credit facilities increased in fiscal year 2015/16 as a result of lower outstanding amounts under the EUR 600 million Revolving Credit Facility.

The foreign exchange losses are mainly attributable to price volatility in the global foreign currency markets.

The loss on derivative financial instruments contains CHF 4.9 million ineffectiveness recognized in relation to the EUR 450 million Senior Note interest rate hedge (refer to note 26).

10 Income tax expenses

in thousands of CHF	2015/16	2014/15
Current income tax expenses	(47,605)	(46,886)
Deferred income tax expenses	75	2,617
Total income tax expenses	**(47,530)**	**(44,269)**

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Reconciliation of income taxes

in thousands of CHF	2015/16	2014/15
Profit before income taxes	**266,491**	**284,140**
Expected income tax expenses at weighted average applicable tax rate	(80,900)	(78,731)
Non-tax deductible expenses	(7,521)	(4,112)
Tax-deductible items not qualifying as an expense under IFRS	45,044	19,513
Tax-exempt income	1,594	6,927
Income recognized for tax declarations purposes only	(3,128)	(4,312)
Prior-period-related items	(745)	1,077
Changes in tax rates	(251)	1,445
Losses carried forward not yet recognized as deferred tax assets	(30,652)	(21,500)
Tax relief on losses carried forward formerly not recognized as deferred tax assets	29,028	35,422
Total income taxes	**(47,530)**	**(44,269)**

For the reconciliation as above, a weighted average tax rate of 30.36% was applied in 2015/16 (2014/15: 27.71%).

The increase of the weighted average applicable tax rate is due to the less favorable company mix of taxable income.

The tax relief on losses carried forward formerly not recognized as deferred tax assets of CHF 29.0 million (2014/15: CHF 35.4 million) consists of CHF 18.3 million tax relief of utilisation of tax losses carried forward previously not recognized (2014/15: CHF 18.5 million) and CHF 10.7 million of tax losses recognized for the first time in 2015/16 (2014/15: CHF 16.9m).

11 Earnings per share

in CHF	2015/16	2014/15
Basic earnings per share from continuing operations (CHF/share)	39.57	43.25
Diluted earnings per share (CHF/share)	39.43	43.07

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	2015/16	2014/15
Net profit for the year attributable to shareholders of the parent company, used as numerator for basic earnings per share adjusted for net loss from discontinued operations	217,050	237,214
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	**217,050**	**237,214**

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

	2015/16	2014/15
Weighted average number of shares issued	5,488,858	5,488,858
Weighted average number of treasury shares held	(4,180)	(3,604)
Weighted average number of ordinary shares outstanding, used as denominator for basic earnings per share	5,484,678	5,485,254
Dilution potential of equity-settled share-based payments	19,522	21,818
Adjusted weighted average number of ordinary shares, used as denominator for diluted earnings per share	**5,504,200**	**5,507,072**

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12 Trade receivables and other current assets

as of August 31, in thousands of CHF	2016	2015
Trade receivables	436,604	418,815
Accrued income	37,324	21,276
Loans and other receivables	155,299	111,577
Other current financial assets	18,161	12,470
Receivables representing financial assets	**647,387**	**564,138**
Fair values of hedged firm commitments	14,857	99,111
Prepayments	63,425	122,989
Other current non-financial assets	1,276	922
Other taxes and receivables from government	201,831	184,763
Other receivables	**281,388**	**407,785**
Total trade receivables and other current assets	**928,776**	**971,923**

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 as of August 31, 2016 is CHF 357.6 million (2015: CHF 360.3 million). This amount is derecognized from the balance sheet. The amount is the combination of the gross value of the receivables sold CHF 388.0 million (CHF 384.0 million as of August 31, 2015) and the discount CHF 30.4 million (CHF 23.7 million as of August 31, 2015).

Net amounts payable to the program amounted to CHF 73.6 million as of August 31, 2016 (2015: CHF 60.4 million), consisting of the balance of receivables collected before the next rollover date of CHF 104.0 million (2015: CHF 84.1 million), less the discount on receivables sold of CHF 30.4 million (2015: CHF 23.7 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.

Trade receivables with the fair value of CHF 77.5 million (and CHF 77.5 million nominal amount) as of August 31, 2016 (2015: fair value CHF 73.9 million, nominal amount CHF 74.0 million), are held for realization through sale under the asset-backed securitization program and are therefore classified as measured at fair value through profit or loss.

Interest expense paid under the asset-backed securitization program amounted to CHF 3.3 million in fiscal year 2015/16 (2014/15: CHF 3.0 million) and is reported under interest expenses.

For detailed information about the expected credit losses calculated on the Group's receivables, refer to note 26 – Credit risk and concentration of credit risk.

13 Inventories

as of August 31, in thousands of CHF	2016	2015
Cocoa beans stocks	468,034	512,405
Semi-finished and finished products	996,307	956,764
Other raw materials and packaging materials	159,466	160,645
Total inventories	**1,623,807**	**1,629,814**

As of August 31, 2016, the value of cocoa and chocolate inventories designated in hedging relationship amounted to CHF 895.6 million (2015: CHF 909.1 million). The value of the inventories designated in hedging relationship included CHF 35.1 million fair value hedge adjustment (2015: CHF 27.9 million). For further detail about the hedged inventories, refer to note 26 – Effect of hedge accounting on the financial position and performance.

As of August 31, 2016, inventories amounting to CHF 4.3 million (2015: CHF 0.7 million) are pledged as security for financial liabilities.

In fiscal year 2015/16, inventory write-downs of CHF 10.5 million related to price list business and stocks that are not designated in a hedge relationship were recognized as expenses (2014/15: CHF 22.4 million).

14 Derivative financial instruments and hedging activities

as of August 31,	2016		2015	
in thousands of CHF	Derivative financial assets	Derivative financial liabilities	Derivative financial assets	Derivative financial liabilities
Cash flow hedges				
Interest rate risk				
Swaps	13	8,670	4,768	9,492
Cocoa price risk				
Forward and futures contracts	1,932	2,748	628	2,539
Sugar price risk				
Futures contracts	31,358	–	–	7,647
Fuel oil price risk				
Swaps	–	3,993	–	3,405
Foreign exchange risk				
Forward and futures contracts	3,619	842	857	274
Fair value hedges				
Cocoa price risk				
Forward and futures contracts	–	89,859	209,188	216,927
Foreign exchange risk				
Forward and futures contracts	3,599	3,693	36,963	52,119
Other – no hedge accounting				
Raw materials				
Futures contracts and other derivatives	65,850	129,325	26,509	156,250
Forward contract at fair value using fair value option	83,748	7,539	161,634	4,114
Fair value adjustment on risk component for cocoa and chocolate sales and purchase contracts	52,755	–	–	–
Foreign exchange risk				
Forward and futures contracts	75,430	63,699	57,966	926
Total derivative financial assets	**318,303**	–	**498,514**	–
Total derivative financial liabilities	–	**310,368**	–	**453,694**

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

The position “Other – no hedge accounting” contains the fair values of derivative financial instruments of the Group’s purchasing and sourcing centers and the Group’s centralized treasury department, which are not designated into hedge accounting relationship. The forward and future contracts for foreign exchange risks are in an economic hedge relationship.

For further details about fair value measurement and the hedge accounting relationships as of August 31, 2016 and their impacts, refer to note 26.

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15 Property, plant and equipment

2015/16 in thousands of CHF	Land and buildings	Plant and machinery	Office equipment, furniture and motor vehicles	Under construction	Total
At cost					
as of September 1, 2015	**462,895**	**1,519,005**	**105,123**	**119,067**	**2,206,090**
Additions	9,766	66,444	7,367	76,046	159,622
Disposals	(260)	(16,131)	(1,352)	(227)	(17,971)
Currency translation adjustments	7,125	19,726	786	3,249	30,886
Reclassifications from under construction	14,589	23,697	13,351	(51,637)	–
as of August 31, 2016	**494,115**	**1,612,740**	**125,274**	**146,498**	**2,378,627**
Accumulated depreciation and impairment losses					
as of September 1, 2015	**179,553**	**765,938**	**76,028**	**28**	**1,021,547**
Depreciation charge	16,328	72,217	9,122	–	97,666
Impairment losses	–	–	–	–	–
Disposals	(33)	(11,343)	(1,291)	–	(12,666)
Currency translation adjustments	2,046	7,177	631	–	9,854
Reclassified to assets held for sale	224	(222)	(2)	–	–
as of August 31, 2016	**198,117**	**833,768**	**84,488**	**28**	**1,116,400**
Net as of August 31, 2016	**295,997**	**778,972**	**40,786**	**146,470**	**1,262,227**

2014/15 in thousands of CHF	Land and buildings	Plant and machinery	Office equipment, furniture and motor vehicles	Under construction	Total
At cost					
as of September 1, 2014	**445,794**	**1,507,412**	**106,402**	**129,389**	**2,188,997**
Business combination	–	241	–	–	241
Additions	41,150	91,664	9,010	63,494	205,318
Disposals	(3,821)	(11,936)	(3,139)	(2,194)	(21,090)
Currency translation adjustments	(34,181)	(113,449)	(9,707)	(10,039)	(167,376)
Reclassifications from under construction	13,953	45,073	2,557	(61,583)	–
as of August 31, 2015	**462,895**	**1,519,005**	**105,123**	**119,067**	**2,206,090**
Accumulated depreciation and impairment losses					
as of September 1, 2014	**180,276**	**751,920**	**78,244**	**28**	**1,010,468**
Depreciation charge	15,096	68,289	7,411	–	90,796
Impairment losses	–	11,849	–	–	11,849
Disposals	(2,626)	(2,339)	(2,509)	–	(7,474)
Currency translation adjustments	(13,193)	(63,781)	(7,117)	–	(84,092)
as of August 31, 2015	**179,553**	**765,938**	**76,028**	**28**	**1,021,547**
Net as of August 31, 2015	**283,342**	**753,067**	**29,095**	**119,039**	**1,184,543**

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The Group periodically reviews the remaining useful lives of assets recognized in property, plant and equipment.

No impairment losses in property, plant and equipment were recognized in fiscal year 2015/16 (2014/15 CHF 11.8 million).

Repair and maintenance expenses for the fiscal year 2015/16 amounted to CHF 57.7 million (2014/15: CHF 54.8 million).

As of August 31, 2016, plant and equipment held under finance leases amounted to CHF 2.8 million (2015: CHF 3.4 million). The related liabilities are reported under note 16 – Obligations under finance leases, note 20 – Bank overdrafts and short-term debt and note 23 – Long-term debt.

As of August 31, 2016, financial liabilities of CHF 0.4 million were secured by means of mortgages on properties (2015: CHF 0.9 million).

16 Obligations under finance leases

as of August 31,	2016	2015	2016	2015
in thousands of CHF	Minimum lease payments		Present value of minimum lease payments	
Amounts payable under finance leases				
within one year	189	116	180	99
in the second to fifth year inclusive	309	211	296	199
more than five years	–	–	–	–
Total amount payable under finance leases	**498**	**327**	**476**	**298**
less: future finance charges	(22)	(29)	–	–
Present value of lease obligations	**476**	**298**	**476**	**298**
Amount due for settlement next 12 months (note 20)			180	99
Amount due for settlement after 12 months			296	199

The Group entered into finance leasing arrangements for various assets. The weighted average term of finance leases entered into is 8.8 years (2014/15: 15 years). The average effective interest rate was 8.7% (2014/15: 7.1%). 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,	2016	2015
in thousands of CHF	Net carrying amount of property, plant and equipment under finance lease	
Land and buildings	2,546	3,418
Furniture, equipment and motor vehicles	273	–
Total assets under financial lease	**2,819**	**3,418**

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17 Equity-accounted investees

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

in thousands of CHF	2015/16	2014/15
as of September 1,	**950**	**1,094**
Share of (loss)/profit	191	55
Dividends received	(514)	(134)
Exchange rate differences	–	(65)
as of August 31,	**627**	**950**

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

as of August 31, Ownership in %	2016	2015
Shanghai Le Jia Food Service Co. Ltd., China	50	50
Nordic Industrial Sales AB, Finland	49	49

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

as of August 31, in thousands of CHF	2016	2015
Total current assets	2,533	4,596
Total non-current assets	–	–
Total current liabilities	1,187	2,409
Total non-current liabilities	–	–
Net assets as of August 31,	**1,346**	**2,187**
Group's share of net assets of equity-accounted investees	**627**	**950**

in thousands of CHF	2015/16	2014/15
Total revenue	6,094	10,669
Total profit for the year	263	299
Other comprehensive income	–	–
Total comprehensive income	263	299
Group's share of (losses)/profits of equity-accounted investees	**191**	**55**

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18 Intangible assets

2015/16	Goodwill	Brand names and licenses	Internally generated intangible assets	Other	Total
in thousands of CHF					
At cost					
as of September 1, 2015	**734,805**	**71,281**	**322,771**	**29,242**	**1,158,099**
Business combination	17,003	904	–	–	17,907
Additions	–	1,690	37,530	2,175	41,395
Disposals	–	–	(661)	–	(661)
Currency translation adjustments	9,857	600	2,603	2,176	15,237
Reclassified from under development	–	–	97	(97)	–
as of August 31, 2016	**761,666**	**74,474**	**362,341**	**33,496**	**1,231,977**
Accumulated amortization and impairment losses					
as of September 1, 2015	**–**	**45,035**	**204,159**	**12,837**	**262,031**
Amortization charge	–	4,416	31,396	4,259	40,071
Disposals	–	–	(661)	–	(661)
Impairment losses	–	–	654	24	678
Currency translation adjustments	–	274	1,974	320	2,568
as of August 31, 2016	**–**	**49,725**	**237,523**	**17,441**	**304,688**
Net as of August 31, 2016	**761,666**	**24,750**	**124,818**	**16,055**	**927,289**

2014/15	Goodwill	Brand names and licenses	Internally generated intangible assets	Other	Total
in thousands of CHF					
At cost					
as of September 1, 2014	**729,746**	**73,110**	**313,302**	**26,782**	**1,142,940**
Business combination	12,050	1,875	–	2,802	16,727
Additions	–	–	41,925	1,942	43,867
Disposals	–	–	(6,309)	(2,226)	(8,535)
Currency translation adjustments	(6,991)	(3,704)	(26,147)	(58)	(36,900)
as of August 31, 2015	**734,805**	**71,281**	**322,771**	**29,242**	**1,158,099**
Accumulated amortization and impairment losses					
as of September 1, 2014	**–**	**42,225**	**197,091**	**9,776**	**249,092**
Amortization charge	–	4,232	26,955	4,005	35,192
Disposals	–	–	(6,141)	(240)	(6,381)
Impairment losses	–	–	396	96	492
Currency translation adjustments	–	(1,422)	(14,142)	(800)	(16,364)
as of August 31, 2015	**–**	**45,035**	**204,159**	**12,837**	**262,031**
Net as of August 31, 2015	**734,805**	**26,246**	**118,612**	**16,405**	**896,068**

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Additions to internally generated intangible assets amounted to CHF 37.5 million in fiscal year 2015/16 (2014/15: CHF 41.9 million). Additions mainly included costs related to various projects of internally generated software, amounting to CHF 25.1 million in fiscal year 2015/16 (2014/15: CHF 35.4 million). Costs related to the development of recipes and innovations of CHF 7.6 million were also capitalized under internally generated intangible assets (2014/15: CHF 5.6 million).

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

Impairment testing for cash-generating units containing goodwill

The carrying amount of goodwill for the Group amounts to CHF 761.7 million (2014/15: CHF 734.8 million). The allocation to the segments is as follows:

as of August 31,	2016	2015
in million CHF		
Global Cocoa	462.0	454.3
EMEA	238.3	220.4
Americas	56.6	55.7
Asia Pacific	4.8	4.4
Total	**761.7**	**734.8**

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

	2016		2015	
	Discount rate	Terminal growth rate	Discount rate	Terminal growth rate
Global Cocoa	6.1%	1.9%	6.5%	1.8%
EMEA	5.4%	1.5%	6.3%	0.8%
Americas	5.6%	1.0%	6.4%	0.8%
Asia Pacific	5.8%	1.9%	6.6%	1.8%

The annual impairment tests did not result in a need to recognize impairment losses in fiscal year 2015/16.

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, 2014	**(8,539)**	**(40,150)**	**(6,060)**	**702**	**23,857**	**65,500**	**35,310**
Charged to the income statement	6,413	5,394	4,742	(1,198)	(22,310)	9,576	2,617
Charged to equity	–	–	(1,355)	–	1,451	–	96
Currency translation effects	1,215	(296)	1,983	(139)	(114)	(1,519)	1,130
as of August 31, 2015	**(911)**	**(35,052)**	**(690)**	**(635)**	**2,884**	**73,557**	**39,153**
Charged to the income statement	4,623	(10,172)	(23,792)	(5)	25,251	4,171	76
Charged to equity	–	–	–	–	11,065	–	11,065
Currency translation effects	(4)	(31)	311	(5)	(77)	1,720	1,914
as of August 31, 2016	**3,708**	**(45,255)**	**(24,171)**	**(645)**	**39,123**	**79,448**	**52,208**

For fiscal year 2015/16, deferred tax income recognized in equity amounted to CHF 11.1 million (2014/15: CHF 0.1 million) and relates to the deferred tax impact on remeasurement of defined benefit plans of CHF 7.1 million (2014/15: CHF 0.5 million), cash flow hedging reserves CHF 4.0 million (2014/15: CHF –0.4 million).

Recognized deferred tax assets and liabilities

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

as of August 31,	2016			2015		
in thousands of CHF	Assets	Liabilities	Net	Assets	Liabilities	Net
Inventories	8,695	(4,987)	3,708	6,297	(7,208)	(911)
Property, plant & equipment/intangible assets	29,683	(74,938)	(45,255)	43,921	(78,973)	(35,052)
Other assets	22,250	(46,421)	(24,171)	35,876	(36,566)	(690)
Provisions	43	(688)	(645)	16	(651)	(635)
Other liabilities	57,318	(18,195)	39,123	28,197	(25,313)	2,884
Tax losses carried forward	79,448	–	79,448	73,557	–	73,557
Tax assets/(liabilities)	**197,437**	**(145,229)**	**52,208**	**187,864**	**(148,711)**	**39,153**
Tax offsetting	(91,520)	91,520	–	(89,082)	89,082	–
Reflected in the balance sheet	**105,916**	**(53,711)**	**52,208**	**98,782**	**(59,629)**	**39,153**

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,	2016	2015
in thousands of CHF		
Expiry:		
Within 1 year	470	1,821
After 1 up to 2 years	2,352	19,010
After 2 up to 3 years	11,643	2,265
After 3 up to 10 years	86,849	77,847
After 10 years	–	7,277
Unlimited	284,004	263,489
Total unrecognized tax losses carried forward	**385,318**	**371,709**

Tax losses carried forward utilized during the year 2015/16 were CHF 105.0 million (2014/15: CHF 117.3 million). The related tax relief amounted to CHF 36.1 million, of which CHF 17.8 million were already recognized as a deferred tax asset in the year before (2014/15: CHF 38.9 million of which CHF 20.3 million were already recognized as a deferred tax asset in the year before) and CHF 18.3 million that were previously not recognized (2015: CHF 18.5 million).

As of August 31, 2016, the Group had unutilized tax losses carried forward of approximately CHF 733.7 million (2015: approximately CHF 587.9 million) available for offset against future taxable income.

Of the total tax losses carried forward, an amount of CHF 348.4 million has been recognized for deferred taxation purposes resulting in a deferred tax asset of CHF 79.4 million (2014/15: CHF 216.2 million recognized resulting in a deferred tax asset of CHF 73.6 million). The net increase of CHF 5.8 million in the deferred tax asset on recognized tax losses carried forward consists of CHF 10.7 million tax relief on the first time recognition of prior year tax losses carried forward, CHF 12.9 million recognition of current year tax losses carried forwards and CHF 17.8 million utilization of tax losses already recognized as a deferred tax asset in prior year.

20 Bank overdrafts and short-term debt

as of August 31,	2016	2015	2016	2015
in thousands of CHF	Carrying amounts		Fair values	
Bank overdrafts	**25,314**	**33,266**	**25,314**	**33,266**
Commercial paper	133,928	195,672	133,928	195,672
Short-term portion of Senior Notes (note 23)	382,286	–	402,581	–
Short-term debts	64,255	161,704	64,255	161,704
Short-term portion of long-term debts (note 23)	150,691	288,430	150,691	288,430
Interest-bearing loans from employees	0	2	0	2
Finance lease obligations (note 16)	180	99	180	99
Short-term debt	**731,340**	**645,907**	**751,634**	**645,907**
Bank overdrafts and short-term debt	**756,654**	**679,173**	**776,949**	**679,173**

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

as of August 31,	2016			2015		
Split per currency	Amount	Interest range		Amount	Interest range	
in thousands of CHF		from	to		from	to
EUR	519,613	0.07%	6.00%	340,491	0.14%	3.60%
CHF	151,393	0.52%	1.50%	101,887	0.52%	1.50%
USD	–	0.00%	0.00%	128,240	0.34%	4.25%
IDR	10,561	6.50%	7.20%	–	0.00%	0.00%
XAF	31,465	4.50%	7.00%	53,163	2.85%	6.00%
TRL	3,546	13.75%	13.75%	7,384	11.67%	14.00%
CLP	27,593	4.88%	5.41%	15,394	4.48%	4.74%
BRL	9,153	11.25%	15.94%	28,115	12.00%	15.00%
Other	3,330	0.24%	10.00%	4,499	0.45%	11.79%
Total	**756,654**			**679,173**		

21 Trade payables and other current liabilities

as of August 31,	2016	2015
in thousands of CHF		
Trade payables	551,919	651,299
Amounts due to related parties	419	680
Accrued expenses	99,521	83,596
Other payables	335,053	154,531
Payables representing financial liabilities	**986,912**	**890,106**
Accrued wages and social security	90,290	79,796
Fair value of hedged firm commitments	22,283	59,490
Other taxes and payables to governmental authorities	45,996	31,535
Deferred income	–	38
Other liabilities	**158,569**	**170,859**
Total trade payables and other current liabilities	**1,145,481**	**1,060,965**

The Group also has payables related to the asset-backed securitization program, see note 12 – Trade receivables and other current assets. Other payables also consist of outstanding ledger balances with commodity brokers.

22 Provisions

2015/16	Restructuring	Litigation & claims	Other	Total
in thousands of CHF				
as of September 1, 2015	**3,194**	**5,054**	**5,559**	**13,807**
Change in Group structure – acquisitions	–	–	770	770
Additions	5,101	3,049	12,528	20,678
Use of provisions	(7,262)	(2,248)	(1,552)	(11,061)
Release of unused provisions	(72)	(105)	(1,277)	(1,454)
Currency translation adjustments	52	306	1,251	1,609
as of August 31, 2016	**1,012**	**6,056**	**17,280**	**24,348**
of which:				
Current	**839**	**3,453**	**14,582**	**18,874**
Non-current	**173**	**2,603**	**2,698**	**5,475**

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2014/15 in thousands of CHF	Restructuring	Litigation & claims	Other	Total
as of September 1, 2014	**1,216**	**8,767**	**6,353**	**16,336**
Additions	2,949	1,099	3,390	7,438
Use of provisions	(779)	(329)	(3,747)	(4,855)
Release of unused provisions	–	(2,628)	(331)	(2,959)
Currency translation adjustments	(192)	(1,855)	(106)	(2,153)
as of August 31, 2015	**3,194**	**5,054**	**5,560**	**13,808**
of which:				
Current	**3,194**	**2,765**	**3,374**	**9,333**
Non-current	**–**	**2,289**	**2,185**	**4,474**

Restructuring
Additions to restructuring provisions in 2015/16 are mainly related to severance costs in connection with the setup of the Shared Service Center (SSC) in Lodz, Poland, and to restructuring (reduction of capacity) in Asia.

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. The position includes claims from customers for product liability and recalls generally covered by a global insurance policy to the extent they are not covered. 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, 2016.

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 the movement in exchange rates.

23 Long-term debt

as of August 31,	2016	2015	2016	2015
in thousands of CHF	Carrying amounts		Fair values	
Senior notes	1,520,331	1,013,734	1,696,635	1,138,177
Less current portion of Senior Notes (note 20)	(382,286)	–	(402,581)	–
Loans	165,016	450,685	165,016	450,685
Less current portion (note 20)	(150,691)	(288,430)	(150,691)	(288,430)
Other	658	171	658	171
Total long-term debt	**1,153,027**	**1,176,159**	**1,309,037**	**1,300,603**

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. The coupon currently amounts to 5.625%.

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

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

On February 25, 2015, the Group entered into a CHF 150 million fixed-rate Term Loan with Jacobs Holding AG with maturity in 2017.

On May 24, 2016, the Group issued a 2.375% Senior Note with maturity in 2024 for an amount of EUR 450 million. The Senior Note has been issued at a price of 99.104 %.

The EUR 350 million Senior Note, the EUR 250 million Senior Note, the EUR 600 million Revolving Credit Facility, the USD 400 million Senior Note, the CHF 150 million fixed-rate Term Loan and the EUR 450 million Senior Note all rank pari passu. The Senior Notes as well as the EUR 600 million Revolving Credit Facility and the CHF 150 million fixed-rate Term Loan are guaranteed by Barry Callebaut AG and certain of its subsidiaries.

In addition, there are financial covenants related to the Revolving Credit Facility and the CHF 150 million fixed-rate Term Loan which comprise of key figures related to profitability per tonne, interest cover ratio and tangible net worth value.

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

as of August 31,	2016	2015
in thousands of CHF		
2016/17	–	527,668
2017/18	7,502	3,161
2018/19	3,785	3,095
2019/20	3,755	3,059
2020/21 (and thereafter for 2015)	270,913	639,176
2021/22 (and thereafter for 2016)	867,073	–
Total long-term debt	**1,153,027**	**1,176,159**

The weighted average maturity of the long-term debt (i.e. without any portion falling due in less than 12 months) increased from 4.8 to 6.9 years.

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

as of August 31,	2016			2015		
Split per currency	Amount	Interest range		Amount	Interest range	
in thousands of CHF		from	to		from	to
EUR	758,233	0.96%	7.11%	643,223	2.00%	7.11%
USD	380,274	5.50%	5.50%	371,253	5.50%	5.50%
CHF	–	0.00%	0.00%	149,778	0.82%	0.82%
JPY	14,310	1.67%	1.67%	11,895	1.67%	1.67%
Other	210	6.50%	6.50%	10	6.50%	6.50%
Total long-term debt	**1,153,027**			**1,176,159**		

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24 Employee benefit obligations

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

as of August 31,	2016	2015	2016	2015
in thousands of CHF	Defined benefit pension plans		Other long-term employment benefit plans	
Present value of funded obligations	352,391	314,106	–	–
Fair value of plan assets	(202,233)	(190,045)	–	–
Excess of liabilities (assets) of funded obligations	**150,157**	**124,061**	**–**	**–**
Present value of unfunded obligations	14,058	13,301	12,316	11,927
Net employee benefit obligations recognized in the balance sheet (recognized as a liability)	**164,215**	**137,362**	**12,316**	**11,927**

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

	2015/16	2014/15	2015/16	2014/15
in thousands of CHF	Defined benefit pension plans		Other long-term employment benefit plans	
Present value of defined benefit obligation as of September 1,	**327,407**	**313,139**	**11,927**	**16,871**
Currency translations	43	402	–	–
Current service cost	15,724	14,809	572	595
Past service cost	(69)	(2,139)	–	(3)
Remeasurement through P&L	–	–	(752)	(429)
Interest expense	8,207	9,179	501	516
Losses (gains) on curtailment	30	42	311	(251)
Total recognized in income statement	**23,936**	**22,293**	**632**	**428**
Actuarial losses (gains)	37,500	9,296	–	–
thereof				
Arising from changes in demographic assumptions	(7,132)	3,176	–	–
Arising from changes in financial assumptions	46,759	9,049	–	–
Arising from experience adjustments	(2,127)	(2,929)	–	–
Total recognized in other comprehensive income	**37,500**	**9,296**	**–**	**–**
Reclassifications	–	2,185	–	(2,185)
Exchange differences on foreign plans	(8,845)	(5,440)	470	(2,648)
Benefits received	4,255	4,410	2	–
Benefits paid	(17,804)	(18,476)	(716)	(539)
Total other	**(22,395)**	**(17,321)**	**(244)**	**(5,372)**
Present value of defined benefit obligation as of August 31,	**366,448**	**327,407**	**12,316**	**11,927**
thereof				
funded obligations	352,391	314,106	–	–
unfunded obligations	14,058	13,301	12,316	11,927

For all of its defined benefit plans, the Group expects to pay CHF 14.6 million in employer contributions in fiscal year 2016/17 (2015/16: CHF 13.8 million).

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

	2015/16	2014/15
in thousands of CHF	Defined benefit pension plans	
Opening fair value of plan assets as of September 1,	**190,045**	**183,017**
Currency translations	22	325
Interest income	3,240	4,047
Contributions by employees	4,005	3,575
Total recognized in income statement	**7,267**	**7,947**
Return on plan assets excl. interest income	4,862	1,439
Total recognized in other comprehensive income	**4,862**	**1,439**
Contributions by employer	18,457	12,352
Exchange differences on foreign plans	(6,445)	(1,842)
Benefits received	4,255	4,410
Benefits paid	(16,207)	(17,277)
Total other	**59**	**(2,357)**
Fair value of plan assets as of August 31,	**202,233**	**190,045**

The plan assets consist of the following categories of securities:

as of August 31,	2016	2015
in thousands of CHF	Defined benefit pension plans	
Equities	74,119	77,644
Bonds	51,391	44,742
Insurance portfolio	63,553	58,441
Cash and other assets	13,171	9,218
Total fair value of plan assets	**202,233**	**190,045**

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

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

	2015/16	2014/15	2015/16	2014/15
in thousands of CHF	Defined benefit pension plans		Other long-term employment benefit plans	
Current service costs	15,724	14,809	572	595
Net interest expense	4,967	5,132	501	516
Net currency translations	21	77	–	–
Past service cost	(69)	(2,139)	–	(3)
Losses (gains) on curtailments and settlements	30	42	311	(251)
Remeasurement	–	–	(752)	(429)
Contributions by employees	(4,005)	(3,575)	–	–
Total defined benefit expenses	**16,669**	**14,346**	**632**	**428**
Actual return on plan assets	**8,102**	**5,486**	**–**	**–**

in thousands of CHF	2015/16	2014/15
Total defined contribution expenses	**(2,656)**	**(2,739)**

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

in thousands of CHF	2015/16	2014/15
Cost of goods sold	(3,608)	(2,753)
Marketing and sales expenses	(1,623)	(1,314)
General and administration expenses	(6,177)	(4,548)
Research and development expenses	(403)	(379)
Other income	(1)	2
Other expenses	(2)	(57)
Finance costs	(5,489)	(5,725)
Total defined benefit expenses recognized in income statement	**(17,301)**	**(14,774)**

Actuarial assumptions

Weighted average actuarial assumptions used are as follows:

	2015/16	2014/15	2015/16	2014/15
	Defined benefit pension plans		Other long-term employment benefit plans	
Discount rate	1.8%	2.6%	5.2%	4.4%
Expected rate of pension increase	0.6%	0.9%	0.2%	0.9%
Expected rate of salary increase	0.8%	0.8%	1.9%	1.2%
Medical cost trend rates	0.0%	0.0%	2.2%	9.0%

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

Country	Mortality table	2016	2015	2016	2015
		Life expectancy at age 65 for a male member currently aged 65		Life expectancy at age 65 for a female member currently aged 65	
Switzerland	LPP 2010	19	19	21	21
Belgium	MRIFR	18	18	21	21
United Kingdom	S1NMA / S1NFA	18	18	20	20
Medical cost trend rates	RP-2000	18	18	20	20

Sensitivity analysis

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

as of August 31,	2016	2015	2016	2015
in thousands of CHF	Increase		Decrease	
Discount rate (1% movement)	(71,015)	(58,226)	71,015	58,226
Expected rate of pension increase (1% movement)	(28,761)	(20,037)	28,761	20,037
Expected rate of salary increase (1% movement)	19,341	15,876	(19,341)	(15,876)
Expected rate of future mortality decrease (1% movement)	7,754	6,680	(7,754)	(6,680)

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Equity compensation benefits

Share awards are granted to participants according to individual contracts and the current employee stock ownership program.

Deferred Share Plan 2011–2014

The former Deferred Share Plan 2011–2014 has reached its end. No grants were made under this plan after financial year 2013/14. The last tranches of the share awards granted under this plan vested in fiscal year 2015/16.

Long-Term Incentive Plan

The purpose of the Long-Term Incentive Plan (LTIP) is to provide the participants with an ownership interest in Barry Callebaut and to reward for the long-term performance of the company. The LTIP thus aligns their interests to those of the shareholders. The new LTIP was implemented for financial year 2014/15, and its terms and conditions remained valid for the grants awarded in fiscal year 2015/16.

The grant of share units under the LTIP is based on a target Long-Term Incentive (LTI) amount determined individually for each plan participant. The target LTI amount is divided by the average share price of the last three months of the preceding fiscal year in order to calculate the number of share units awarded. The share units vest in three tranches over three fiscal years, i.e. 30% after one year, 30% after two years, and 40% after three years from the grant date. The first two tranches are restricted share units (RSU) that vest subject to the LTIP participant continuing to be employed by Barry Callebaut. The final tranche consists of performance share units (PSU) that vest subject to meeting a performance criterion over the three-year vesting period. The performance criterion is the relative performance (3-year Compound Annual Growth Rate) of the Barry Callebaut share versus the share performance of a peer group of companies including chocolate companies, ingredient companies and FMCG companies: AAK, Aryzta, Hershey, Kellogg's, Kerry, Lindt, Mondelēz, Nestlé, Olam, Petra and Unilever. The overperformance of the Barry Callebaut share price versus the benchmark share price of the peer group is incentivized by applying a multiplier of 25 on the overperformance in %, whereas in the case of underperformance, a multiplier of 12.5 applies. However, a cap and a floor apply at 5% over- or underperformance, so that the vesting for the last tranche can vary between 37.5% and 225% of the share awards granted. Consequently, the overall vesting ranges from 75% and 150% of the initially determined number of share units granted. Share units granted to Members of the Executive Committee may only vest to the extent that the actual market value of the vested shares (at vesting) in any given year does not exceed 160% of the target LTI amount defined at the most recent grant date for the respective plan participant ("Value Cap"). Furthermore, the Board of Directors reserves the right to suspend or adjust the vesting of the share units in case of a negative result from continuous operations of the Barry Callebaut Group. Once the shares are vested and transferred, they are free of any sales restrictions.

The share awards granted entitle the participants to full shareholders rights upon vesting. The vesting periods range between one and three years. In case of resignation or dismissal, the initially granted, but not yet vested share awards are forfeited. The Group currently uses treasury shares for this program.

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The fair value of the share awards granted in the first and second (not performance related) tranche is estimated by taking the market price at grant date less the present value of the expected dividends that will not be received on these rights during the vesting period. 6,279 share awards were granted in fiscal year 2015/16 with an average fair value of CHF 1,062 (in fiscal year 2014/15, 5,348 share awards were granted with an average fair value of CHF 992).

The fair value of the share awards granted in relation to the third, performance-related tranche is assessed as per grant date based on a valuation performed by experts applying the "Monte Carlo simulation" method. The most relevant parameters related to Barry Callebaut and the relevant peer group are the risk-free interest rate, annualized volatility, the share price and the dividend yields. The risk-free rates reflect three-year government bonds of the country of origin of the respective company and range from –0.6% to 1.7%. The volatilities and correlations are based on daily returns of a company's share at its respective exchange of origin over a three-year period preceding the start of the vesting cycle (the annualized volatility for Barry Callebaut and its peer group ranges from 15.5% to 32.7%). The dividend yields are based on dividends paid over a three-year period preceding the start of the vesting cycle and range from 0.6% to 3.1%. The share prices are denominated in their respective currency and retrieved for the specified point in time. The base share price taken into account for Barry Callebaut is the share price at grant date and amounted to CHF 1,062.

In fiscal year 2015/16, 3,027 share awards were granted to members of the Executive Committee with an average fair value of CHF 880 (in fiscal year 2014/15, 2,600 share awards with an average fair value of CHF 782). To the other plan participants, 1,154 share awards were granted with an average fair value of CHF 1,222 per share (in fiscal year 2014/15, 972 share awards with an average fair value of CHF 942).

Board of Directors

The Board of Directors (BoD) receives share awards outside these plans each year for the respective service period determined by the NCC as a fixed number of share awards for the BoD members. The total number of share awards at the beginning of the service period 2015/16 amounted to 2,190 with an average fair value of CHF 1,070 per share (2014/15: 2,190 share awards with an average fair value of CHF 1,029 per share).

Recognition in financial statements

The fair value of the share awards at grant date is recognized over the vesting period as a personnel expense under either of these share plans. For 2015/16, the amount thus recognized (before taxes) was CHF 12.2 million with a corresponding increase in equity (2014/15: CHF 12.9 million). Of the amount recognized in 2015/16, CHF 1.0 million related to the Deferred Share Plan 2011–2014 (2014/15 CHF 4.8 million), CHF 8.9 million to the Long-Term Incentive Plan (2014/15 CHF 5.8 million) and CHF 2.3 million to the BoD plan (2014/15 CHF 2.3 million).

25 Equity

Share

as of August 31,	2016	2015	2014
in thousands of CHF			
Share capital is represented by 5,488,858 (2015: 5,488,858; 2014: 5,488,858) authorized and issued shares of each CHF 18.60 fully paid in (in 2015: 18.60; in 2014: 18.60)	102,093	102,093	102,093

The issued share capital is divided into 5,488,858 registered shares with a nominal value of CHF 18.60 (2015: CHF 18.60). All of the issued shares are fully paid and validly issued and are not subject to calls for additional payments of any kind. The Company has one class of shares, which carries no right to a fixed dividend.

By resolution of the Annual General Meeting on December 9, 2015, the shareholders approved the proposed distribution of dividends in the amount of CHF 14.50 per share, to be executed through a payment from reserves from capital contributions. The respective payment to the shareholders in the amount of CHF 79,588,440 took place on March 2, 2016.

For fiscal year 2014/15, the payout of CHF 15.50 per share was affected by a dividend payment from reserves from capital contributions. The respective payment in the amount of CHF 85,077,300 took place on March 2, 2015.

Treasury shares are valued at weighted average cost and, in accordance with IFRS, have been deducted from equity. The book value of the treasury shares as of August 31, 2016 amounted to CHF 12.9 million (2015: CHF 11.6 million).

The fair value of the treasury shares as of August 31, 2016 amounted to CHF 14.2 million (2015: CHF 11.6 million). As of August 31, 2016, the number of outstanding shares amounted to 5,477,630 (2015: 5,477,774) and the number of treasury shares to 11,228 (2015: 11,084). During this fiscal year, 13,400 shares have been purchased, 13,256 transferred to employees under the employee stock ownership program and 0 sold (2014/15: 15,443 purchased; 14,115 transferred and 0 sold).

Retained earnings

As of August 31, 2016, retained earnings contain legal reserves of CHF 33.4 million (2015: CHF 32.0 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 are not expected to occur.

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

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Movements in non-controlling interests

in thousands of CHF	2015/16	2014/15
as of September 1,	**14,271**	**5,085**
Non-controlling share of profit/(loss)	1,911	2,657
Dividend paid to non-controlling shareholders	(1,547)	(2,223)
Capital increase	–	8,855
Currency translation adjustment	289	(103)
as of August 31,	**14,924**	**14,271**

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

26 Financial risk management

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

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

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

- Contract Business: sales contracts for cocoa ingredients and 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 cocoa ingredients or 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.

1 Commodity price risks

a) *Commodity risk management*

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 commodity price risks.

The Group Commodity Risk Committee (GCRC) is a committee consisting of key risk management stakeholders of the Group who meet on a regular basis (at least every six weeks) to discuss Group Commodity Risk Management issues. The GCRC monitors the Group's Commodity Risk Management activities and acts as the decision-taking body for the Group in this respect. The members of the GCRC include the Group's Chief Executive Officer (CEO), the Group's Chief Financial Officer (CFO) – acting as Chairman of the committee –, the President of Global Cocoa, and the Head of Group Reporting & 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 ensures 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 ten days for raw materials, will not be exceeded at a confidence level of 95%, using seven 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, credit and fuel price risks are not included in the calculation, and the VaR is based on a static portfolio during the time horizon of the analysis. The GCRC breaks down the Group VaR limit into VaR limits for Global Cocoa and for Global Sourcing (the latter covering the sourcing activities of non-cocoa related raw materials – such as sugar, dairy, oils and fats). The heads of Global Cocoa and Global Sourcing allocate limits in metric tonnes to the related risk reporting units. The Board of Directors is the highest approval authority for all Group Commodity Risk Management (GCRM) matters and approves the GCRM Policy as well as the Group VaR limit.

The VaR framework of the Group is based on the standard historical VaR methodology; taking 2,000 days (equivalent to seven 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 based on historical volatility. VaR is applied to materials with prices considered to exceed certain volatility levels (cocoa beans and cocoa products, dairy products, sugar and sweeteners, nuts, oils and fats). As of August 31, 2016, the Group had a total VaR for raw materials of CHF 20.7 million (2015: CHF 12.7 million) well within the Group limit. The average VaR over the fiscal year 2015/16 was CHF 13.6 million (2014/15: CHF 14.9 million).

b) Cocoa price risk and the Group's hedging strategy

The Group's purchasing and sourcing centers make sourcing and risk management decisions for cocoa beans, semi-finished cocoa products and ingredients including hedging commodity price risk exposures. Within the overall limits as defined by the AFRQCC, the Group's purchasing and sourcing centers can also act as a broker-trader with the objective to generate profits from fluctuations in raw material prices or broker-trader margins.

The fair value of the Group's open sales and purchase commitments and inventory changes are continuously in line with price movements in the respective commodity markets. It is the Group's policy to hedge its cocoa price risk resulting from its inventory, cocoa derivatives and purchase and sales contracts. The cocoa price risk component in cocoa stock purchase and sales contracts as well as chocolate stocks and sales contracts is hedged with exchange traded or over-the-counter cocoa bean derivatives 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 sales are hedged with cocoa bean futures and foreign exchange forward contracts.

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In order to calculate the cocoa bean price risk exposure, embedded in the various cocoa ingredients and chocolate stocks, purchase and sales contracts, the cocoa processing entities translate the various cocoa ingredient volumes in these positions into cocoa bean equivalent, using technical yields (to calculate, how much cocoa beans are needed to produce those cocoa ingredient volumes). These technical ratios vary according to cocoa ingredient types and cocoa processing units. The chocolate entities calculate the bean equivalent in their positions using the prevailing market/commercial ratios. The entities use this approach and these ratios to enter into the appropriate volume of hedging instruments in order to hedge the cocoa bean price risk component in their positions.

The Group also uses the same hedging ratios in hedge accounting as described above.

The cocoa bean price risk component is contractually specified in the purchase and sales contracts of cocoa ingredients and chocolate products. Therefore, the cocoa bean price risk component is considered separately identifiable and reliably measurable in the Group's hedged items (cocoa ingredients purchase contracts, cocoa stocks, chocolate stocks, cocoa ingredients sales contracts and chocolate sales contracts) as well as in its hedging instruments (cocoa bean futures and other contracts accounted for as derivatives).

c) Sugar price risk hedges

The Group applies cash flow hedge accounting for the hedging relationships when it hedges its commodity price risk as well as its foreign exchange risks attributable to its forecasted sugar purchases with sugar futures and with foreign exchange forward contracts respectively. When the Group enters into agreements with sugar suppliers where the price of the forecasted sugar purchases will be indexed to the raw sugar world market price, it hedges these forecasted sugar purchases with sugar futures, using a hedging ratio of 1:1.

The raw sugar world market price risk component is a contractually specified element in the hedged items. Therefore, the raw sugar world market price risk component is considered separately identifiable and reliably measurable in the Group's hedged items (forecasted sugar purchases) as well as in its hedging instruments (sugar futures).

d) Fuel price risk hedges

The Group entered into cash flow hedge relationships to hedge its fuel oil price exposures as well as its foreign exchange risks attributable to its forecasted freight expenditures with fuel oil swaps and with foreign exchange forward contracts respectively, applying a hedging ratio of 50% for the hedging of both risk components.

The Rotterdam IFO 380 Monthly Bunker Price is a separately identifiable and reliably measurable risk component in the forecasted freight expenditures, which is hedged by fuel oil swaps that are indexed to Fuel Oil 3,5 Percent Barges FOB Rotterdam Platt's European prices. The commodities behind both the hedged price component and the prices used in the hedging SWAP's are derivatives of crude oil, and there is a very strong correlation between the movements in the two prices.

The related accounting treatments are explained in the section "Summary of Accounting Policies" under the caption "Derivative financial instruments and hedging activities."

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2 Foreign currency risks

The Group operates across the world and consequently is exposed to multiple foreign currency risks, albeit primarily in EUR, USD and GBP. 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 – to the extent possible – within the Group's centralized treasury department, 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, the Group's Head of Treasury, the Head of Group Reporting & Risk Management, 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. EUR exposures of the reporting units in Côte d'Ivoire and Cameroon with functional currency CFA franc are not included, as the CFA franc has an exchange rate pegged to the EUR, currently at a rate of CFA franc 656 per euro (EUR long exposures of totally 270 million as per August 31, 2016 and 473 million as per August 31, 2015).

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Net foreign currency exposures

as of August 31,	2016			2015		
Net exposure in thousands of EUR/GBP/USD	EUR	GBP	USD	EUR	GBP	USD
EUR	–	(3,254)	(1,243)	–	(8,286)	6,642
CHF	2,331	1,355	16,495	2,293	(717)	3,859
CAD	(25)	–	(613)	(345)	–	(288)
USD	(4,808)	186	–	(3,491)	1,138	–
BRL	(56)	–	(1,005)	(377)	–	956
MYR	(79)	–	361	46	–	759
RUB	(60)	(819)	(1,484)	47	–	1,097
JPY	(77)	–	(217)	(116)	–	(365)
MXN	551	–	4,838	–	–	(317)
IDR	(1,732)	–	(4,340)	8	–	341
INR	(258)	–	(1,968)	781	–	(1,330)
Total	**(4,213)**	**(2,532)**	**10,824**	**(1,154)**	**(7,865)**	**11,354**

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 one day, will not be exceeded at a confidence level of 95% using seven 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. However, 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, 2016, the Group had a VaR of CHF 0.9 million (2015: CHF 1.4 million).

Value at Risk per main exposure currencies

as of August 31,	2016	2015
Value at Risk on net exposures in thousands of CHF Total for the Group and per main exposure currencies		
Total Group	**885**	**1,394**
CHF	70	4
EUR	681	1,418
USD	229	95
GBP	29	117
Others	84	65
Diversification effect	19%	18%

3 Interest rate risks

The Group is exposed to changes in interest rates through its short- and long-term debt obligations mainly located in the Group's centralized treasury department. The Group's centralized treasury department centrally manages and oversees the financing lines of the Group, and the related interest rate risks and – to the extent possible – provides the necessary liquidity in the required functional currency towards the 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,

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in which it exchanges fixed and floating interest rates. To avoid volatility in the Consolidated Income Statement, cash flow hedge accounting is applied to those derivative instruments.

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,	2016	2015
in thousands of CHF		
Fixed interest-bearing items		
Carrying amount of financial liabilities	1,685,508	1,184,941
Reclassification due to interest rate derivative	164,225	161,217
Net fixed interest position	**1,849,732**	**1,346,158**
Floating interest-bearing items		
Carrying amount of financial assets	(456,850)	(127,328)
Carrying amount of financial liabilities	224,173	670,391
Reclassification due to interest rate derivative	(164,225)	(161,217)
Net floating interest position	**(396,902)**	**381,846**

Sensitivity analysis on interest rate risks

The following table shows the impact of a parallel shift of interest rates by 100 basis points (bps) up and 10 bps down 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,	2016				2015			
Impact on	Income statement		Equity		Income statement		Equity	
in thousands of CHF	100 bps increase	10 bps decrease	100 bps increase	10 bps decrease	100 bps increase	10 bps decrease	100 bps increase	10 bps decrease
Floating rate bearing items	2,977	(298)	–	–	(2,723)	145	–	–
Interest rate swaps	–	–	3,728	(377)	–	–	40,601	(4,328)
Total interest rate sensitivity	**2,977**	**(298)**	**3,728**	**(377)**	**(2,723)**	**145**	**40,601**	**(4,328)**

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4 Effect of hedge accounting on the financial position and performance

a) Impact of hedging instruments designated in hedging relationships

The impact of hedging instruments designated in hedging relationships as of August 31, 2016 on the Group's Consolidated Balance Sheet is as follows:

in CHF million	Nominal amount of the hedging instrument	Carrying amount of the hedging instrument		Line item in the Consolidated Balance Sheet where the hedging instrument is reported	Fair value changes of the hedging instrument used as a basis to calculate hedge ineffectiveness
as of August 31, 2016		Assets	Liabilities		
Cash flow hedges					
Interest rate risk					
Swaps	191.6	0.0	8.7	Derivative financial assets Derivative financial liabilities	1.0
Cocoa price risk					
Futures contracts	(68.4)	1.9	2.8	Derivative financial assets Derivative financial liabilities	5.8
Sugar price risk					
Futures contracts	91.9	31.4	–	Derivative financial liabilities	31.4
Fuel oil price risk					
Swaps	10.6	–	4.0	Derivative financial liabilities	4.2
Foreign exchange risk					
Forward and futures contracts	1.8	3.6	0.8	Derivative financial assets Derivative financial liabilities	2.8
Fair value hedges					
Cocoa price risk					
Futures contracts	139.0	–	89.9	Derivative financial assets Derivative financial liabilities	(12.2)
Foreign exchange risk					
Forward and futures contracts	(280.1)	3.6	3.7	Derivative financial assets Derivative financial liabilities	21.7
Monetary items	164.2	467.0	302.8	Cash and cash equivalents Trade receivables and other current assets Short-term debt Trade payables and other current liabilities	2.4

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in CHF million	Nominal amount of the hedging instrument	Carrying amount of the hedging instrument		Line item in the Consolidated Balance Sheet where the hedging instrument is reported	Fair value changes of the hedging instrument used as a basis to calculate hedge ineffectiveness
as of August 31, 2015		Assets	Liabilities		
Cash flow hedges					
Interest rate risk					
Swaps	564.3	4.8	9.5	Derivative financial assets Derivative financial liabilities	6.8
Cocoa price risk					
Futures contracts	(27.0)	0.6	2.5	Derivative financial assets Derivative financial liabilities	(1.8)
Sugar price risk					
Futures contracts	64.3	–	7.6	Derivative financial liabilities	(7.6)
Fuel oil price risk					
Swaps	16.7	–	3.4	Derivative financial liabilities	(3.4)
Foreign exchange risk					
Forward and futures contracts	76.4	0.9	0.3	Derivative financial assets Derivative financial liabilities	0.6
Fair value hedges					
Cocoa price risk					
Futures contracts	124.2	62.8	74.8	Derivative financial assets Derivative financial liabilities	(23.8)
Foreign exchange risk					
Forward and futures contracts	(283.1)	37.0	52.1	Derivative financial assets Derivative financial liabilities	(21.6)
Monetary items	(3.1)	359.0	362.1	Cash and cash equivalents Trade receivables and other current assets Short-term debt Trade payables and other current liabilities	(23.9)

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b) Impact of hedged items designated in hedging relationships

The impact of hedged items designated in hedging relationships as of August 31, 2016, on the Group's Consolidated Balance Sheet is as follows:

in CHF million	Carrying amount of the hedged item		Accumulated amount of fair value hedge adjustments included in the carrying amount of the hedged item		From the accumulated amount of fair value hedge adjustments: part related to hedged items that ceased to be adjusted for hedging gains or losses		Line item in the Consolidated Balance Sheet where the hedged item is reported	Fair value changes of the hedged item used as a basis to calculate hedge ineffectiveness	Cash flow hedge reserve
as of August 31, 2016	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities			
Cash flow hedges									
Interest rate risk									
Forecasted interest payments	n/a	n/a	n/a	n/a	n/a	n/a	n/a	(1.0)	(13.2)
Cocoa price risk									
Forecasted cocoa sales	n/a	n/a	n/a	n/a	n/a	n/a	n/a	(5.7)	(0.9)
Sugar price risk									
Forecasted sugar purchases	n/a	n/a	n/a	n/a	n/a	n/a	n/a	(31.6)	28.4
Fuel oil price risk									
Forecasted fuel oil expenditures	n/a	n/a	n/a	n/a	n/a	n/a	n/a	(4.0)	(3.7)
Foreign exchange risk									
Forecasted purchase and sales transactions denominated in foreign currency	n/a	n/a	n/a	n/a	n/a	n/a	n/a	(2.8)	3.3
Fair value hedges									
Cocoa price risk									
Cocoa and chocolate stocks	895.6		35.1		–		Inventories	18.8	n/a
Risk component of cocoa and chocolate purchase and sales contracts	52.8	–	52.8	–	–	–	Derivative financial assets Derivative financial liabilities	(5.8)	n/a
Foreign exchange risk									
Firm purchase and sales commitments denominated in foreign currency	14.9	22.3	14.9	22.3	–	–	Trade receivables and other current assets Trade payables and other current liabilities	(24.6)	n/a

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in CHF million	Carrying amount of the hedged item		Accumulated amount of fair value hedge adjustments included in the carrying amount of the hedged item		From the accumulated amount of fair value hedge adjustments: part related to hedged items that ceased to be adjusted for hedging gains or losses		Line item in the Consolidated Balance Sheet where the hedged item is reported	Fair value changes of the hedged item used as a basis to calculate hedge ineffectiveness	Cash flow hedge reserve
as of August 31, 2015	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities			
Cash flow hedges									
Interest rate risk									
Forecasted interest payments	n/a	n/a	n/a	n/a	n/a	n/a	n/a	(6.8)	1.6
Cocoa price risk									
Forecasted cocoa sales	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1.8	(2.2)
Sugar price risk									
Forecasted sugar purchases	n/a	n/a	n/a	n/a	n/a	n/a	n/a	7.4	(6.9)
Fuel oil price risk									
Forecasted fuel oil expenditures	n/a	n/a	n/a	n/a	n/a	n/a	n/a	3.9	(2.8)
Foreign exchange risk									
Forecasted purchase and sales transactions denominated in foreign currency	n/a	n/a	n/a	n/a	n/a	n/a	n/a	(1.2)	0.4
Fair value hedges									
Cocoa price risk									
Cocoa and chocolate stocks	909.1		27.9		(0.7)		Inventories	20.0	n/a
Risk component of cocoa and chocolate purchase and sales contracts	146.4	142.1	146.4	142.1	–	1.9	Derivative financial assets Derivative financial liabilities	3.2	n/a
Foreign exchange risk									
Firm purchase and sales commitments denominated in foreign currency	99.1	59.5	99.1	59.5	0.3	–	Trade receivables and other current assets Trade payables and other current liabilities	43.0	n/a

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c) Impact of the hedging relationships on the Consolidated Income Statement and other comprehensive income

The above hedging relationships affected the Consolidated Income Statement and other comprehensive income, as follows:

Cash flow hedges	Change in the fair value of the hedging instrument recognized in other comprehensive income	Hedge ineffectiveness recognized in the Consolidated Income Statement	Line item in the Consolidated Income Statement where the hedge ineffectiveness is reported	Amount reclassified from the cash flow hedge reserve to profit or loss	Line item in the Consolidated Income Statement impacted by the reclassification from cash flow hedge reserve
as of August 31, 2016					
in CHF million					
Interest rate risk	(27.4)	4.9	Finance costs	–	Finance costs
Cocoa price risk	(1.2)	0.1	Cost of goods sold	2.6	Cost of goods sold
Sugar price risk	37.3	0.2	Cost of goods sold	1.8	Cost of goods sold
Fuel oil price risk	(4.6)	0.2	Cost of goods sold	3.1	Cost of goods sold
Foreign exchange risk	6.4	–	n/a	(3.2)	Cost of goods sold

Hedge ineffectiveness of CHF 4.9 million relates to hedging of interest rate on EUR 450 million Senior Note. The cash flow hedge reserve has been transferred to the Consolidated Income Statement due to the fact that the hedged cash flows are no longer expected to occur.

Cash flow hedges	Change in the fair value of the hedging instrument recognized in other comprehensive income	Hedge ineffectiveness recognized in the Consolidated Income Statement	Line item in the Consolidated Income Statement where the hedge ineffectiveness is reported	Amount reclassified from the cash flow hedge reserve to profit or loss	Line item in the Consolidated Income Statement impacted by the reclassification from cash flow hedge reserve
as of August 31, 2015					
in CHF million					
Interest rate risk	6.8	–	n/a	(0.8)	Finance costs
Cocoa price risk	(1.4)	–	n/a	3.2	Cost of goods sold
Sugar price risk	(7.6)	(0.2)	Cost of goods sold	–	n/a
Fuel oil price risk	(3.1)	–	n/a	–	n/a
Foreign exchange risk	2.3	(0.6)	Cost of goods sold	(1.6)	Cost of goods sold

This table includes the changes in the fair value of the hedging instruments recognized in other comprehensive income throughout the entire fiscal year 2015/16 (also including hedge accounting relationships ended before August 31, 2016).

The loss on derivative financial instruments in the fiscal year 2015/16 mainly relates to the ineffective part of the EUR 450 million Senior Note interest rate hedging result.

The table in section "4/a Impact of hedging instruments designated in hedging relationships" (refer to column "Fair value changes of the hedging instrument used as a basis to calculate hedge ineffectiveness") includes the fair value changes on those hedging instruments that are related to hedge accounting relationships, which were still active at August 31, 2016.

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Fair value hedges

in CHF million	Hedge ineffectiveness recognized in the Consolidated Income Statement	Line item in the Consolidated Income Statement where the hedge ineffectiveness is reported
as of August 31, 2016		
Cocoa price risk	0.8	Cost of goods sold
Foreign exchange risk	(0.5)	Cost of goods sold

in CHF million	Hedge ineffectiveness recognized in the Consolidated Income Statement	Line item in the Consolidated Income Statement where the hedge ineffectiveness is reported
as of August 31, 2015		
Cocoa price risk	(0.6)	Cost of goods sold
Foreign exchange risk	(2.5)	Cost of goods sold

Certain ineffectiveness can arise during the hedging process. The main sources of hedge ineffectiveness are considered to be timing differences between entering into the hedged items and into the hedging instruments and differences between the maturity profile of the hedged items and the hedging instruments.

For sources of hedge ineffectiveness, refer to section "1/a Commodity risk management" in this note.

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The following table provides further information about the effect of cash flow hedges on equity:

in thousands of CHF	Cocoa price risk	Sugar price risk	Fuel oil price risk	Foreign exchange risk	Interest rate risk	Total hedging reserve
as of September 1, 2014	**(4,168)**	**–**	**–**	**(303)**	**(2,510)**	**(6,981)**
Movements in the period:						
Gains/(losses) taken into equity	(1,355)	(7,647)	(3,149)	2,280	6,782	(3,089)
Transfer to the Consolidated Income Statement for the period	3,165	–	–	(1,626)	(753)	786
Thereof:						
Due to hedged cash flows that are no longer expected to occur/ineffectiveness	–	–	–	–	–	–
Due to hedged item affected the Consolidated Income Statement	3,165	–	–	(1,626)	(753)	786
Income taxes	485	779	347	59	(2,049)	(379)
Currency translation adjustment	(325)	–	3	(36)	154	(204)
as of August 31, 2015	**(2,198)**	**(6,868)**	**(2,799)**	**374**	**1,624**	**(9,867)**
as of September 1, 2015	**(2,198)**	**(6,868)**	**(2,799)**	**374**	**1,624**	**(9,867)**
Movements in the period:						
Gains/(losses) taken into equity	(1,205)	37,337	(4,636)	6,436	(27,392)	10,540
Transfer to the Consolidated Income Statement for the period	2,619	1,778	3,221	(3,221)	4,929	9,326
Thereof:						
Due to hedged cash flows that are no longer expected to occur/ineffectiveness	87	184	195	–	4,929	5,395
Due to hedged item affected the Consolidated Income Statement	2,532	1,594	3,026	(3,221)	–	3,931
Income taxes	(72)	(3,805)	472	(273)	7,635	3,957
Currency translation adjustment	(38)	–	5	15	(24)	(42)
as of August 31, 2016	**(895)**	**28,442**	**(3,737)**	**3,331**	**(13,228)**	**13,914**

5 Timing, nominal amount and pricing of hedging instruments

As mentioned earlier in this note, 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 following table provides information about the maturity of the nominal amount and interest rates attached to the swaps held by the Group as of August 31, 2016 to hedge its interest rate risk:

as of August 31, 2016	Period of maturity			
	First year	Second to fifth year	After five years	Total
Nominal amount (CHF million)	–	191.6	–	191.6
Average interest rate	–	1.85%	–	

as of August 31, 2015	Period of maturity			
	First year	Second to fifth year	After five years	Total
Nominal amount (CHF million)	–	188.1	376.2	564.3
Average interest rate	–	1.58%	1.17%	

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As of August 31, 2016, the Group held the following cocoa bean futures and other contracts accounted as derivatives to hedge the cocoa price risk exposure on its hedged items:

	Period of maturity			
as of August 31, 2016	September – December current year	January – May next year	After May next year	Total
Nominal amount (in tonnes, net long/(short))	(29,277)	60,742	3,825	35,290
Average price (in CHF per tonne)	2,516	2,549	2,863	

	Period of maturity			
as of August 31, 2015	September – December current year	January – May next year	After May next year	Total
Nominal amount (in tonnes, net long/(short))	(51,622)	53,587	25,999	27,964
Average price (in CHF per tonne)	2,983	2,988	2,985	

As of August 31, 2016, the Group held the following sugar futures to hedge the sugar price risk exposure on its forecasted sugar purchases:

	Period of maturity			
as of August 31, 2016	September – October current year	November current year – May next year	After May next year	Total
Nominal amount (in tonnes, long)	91,034	120,700	70,765	282,499
Average price (in CHF per tonne)	319	335	340	

	Period of maturity			
as of August 31, 2015	September – October current year	November current year – May next year	After May next year	Total
Nominal amount (in tonnes, long)	85,496	97,232	41,728	224,456
Average price (in CHF per tonne)	272	291	305	

As of August 31, 2016, the Group held the following fuel oil swaps to hedge the fuel oil price risk exposure on its forecasted freight expenditures:

	Period of maturity			
as of August 31, 2016	September current year – June next year	July – December next year	After next year	Total
Nominal amount (in tonnes, long)	13,661	8,530	6,121	28,312
Average price (in CHF per tonne)	377	388	388	

	Period of maturity			
as of August 31, 2015	September current year – June next year	July – December next year	After next year	Total
Nominal amount (in tonnes, long)	16,468	9,145	20,715	46,328
Average price (in CHF per tonne)	349	354	373	

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Information about the foreign exchange forwards and futures in case of the major foreign currency hedging pairs held by the Group as of August 31, 2016, to hedge its foreign exchange risk:

as of August 31, 2016	Period of maturity			
	Current year	Next year	After next year	Total
GBP exposure hedging in entities whose functional currency is EUR				
Nominal amount (CHF million, long/(short))	(54.7)	(72.4)	(2.7)	(129.8)
Average foreign exchange rate (EUR/GBP)	0.853	0.879	0.869	
USD exposure hedging in entities whose functional currency is EUR				
Nominal amount (CHF million, long/(short))	(189.9)	(61.8)	(2.1)	(253.7)
Average foreign exchange rate (EUR/USD)	1.082	1.113	1.007	
GBP exposure hedging in entities whose functional currency is USD				
Nominal amount (CHF million, long/(short))	74.5	29.7	0.7	104.8
Average foreign exchange rate (USD/GBP)	0.728	0.699	0.758	
USD exposure hedging in entities whose functional currency is BRL				
Nominal amount (CHF million, long/(short))	0.4	–	–	0.4
Average foreign exchange rate (BRL/USD)	0.333	–	–	

as of August 31, 2015	Period of maturity			
	Current year	Next year	After next year	Total
GBP exposure hedging in entities whose functional currency is EUR				
Nominal amount (CHF million, long/(short))	87.7	(260.2)	(3.5)	(176.0)
Average foreign exchange rate (EUR/GBP)	0.727	0.724	0.729	
USD exposure hedging in entities whose functional currency is EUR				
Nominal amount (CHF million, long/(short))	(108.6)	17.9	15.8	(74.9)
Average foreign exchange rate (EUR/USD)	1.140	1.125	1.134	
GBP exposure hedging in entities whose functional currency is USD				
Nominal amount (CHF million, long/(short))	34.8	(60.1)	3.4	(21.9)
Average foreign exchange rate (USD/GBP)	0.643	0.642	0.645	
USD exposure hedging in entities whose functional currency is BRL				
Nominal amount (CHF million, long/(short))	(2.3)	–	–	(2.3)
Average foreign exchange rate (BRL/USD)	0.293	–	–	

6 Credit risk and concentration of credit risk

Credit risk arising from customers, i.e. the risk of counter parties defaulting, is governed by the Group's credit management policy. This policy defines the Group's credit management process such as the roles and responsibilities of the regional credit control organization, the initial customer account approval, setting and changing credit limits and payment terms, regular monitoring controls, collection effort process, credit insurance procedures and credit allowances. System embedded controls ensure that new customer orders and deliveries are not processed if a specific customer credit limit is exceeded due to outstanding or overdue open amounts.

Further, the Group has a credit insurance program whereby all customers with outstanding amounts larger than EUR 70,000 are insured as far as possible.

The Group's credit risk also arises from derivative financial instruments, i.e. foreign exchange derivatives, interest rate derivatives, and commodity 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 value of derivative financial assets largely offsetting the value of derivative financial liabilities on the balance sheet). Counterparty exposures towards such financial institutions, referring limit utilization and total amount of all uninsured customers is monitored on a regular basis by the Group's centralized treasury department and reported to the Group's Finance Committee and the Audit, Finance, Risk, Quality and Compliance Committee.

As of August 31, 2016, the largest customer represents 8% (2015: 9%) whereas the ten biggest customers represent 29% (2015: 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 maximum nominal credit risk exposure in the event all other parties fail to perform their obligation was CHF 1,208.3 million as of August 31, 2016 (2015: CHF 1,111.7 million).

All financial assets measured at amortized cost are first assessed for individual impairment. Subsequently, expected credit loss is calculated by applying the annualized Credit Default Swap rates (CDS) of the country of domicile (where available the individual CDS of the counterparty is applied) and by 25 bps (pro-rated in line with average payment terms). The expenses recognized according to the approach described above amounted to CHF 1.4 million in 2015/16 (2014/15: CHF 9.0 million).

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The following table summarizes the expected credit losses on the Group's trade receivables at balance sheet date:

Ageing of trade receivables

as of August 31,	2016	2015
in thousands of CHF		
Total trade receivables measured at amortized cost	373,099	366,116
Of which:		
Insured receivables	198,374	274,452
Uninsured receivables with an individual balance over CHF 1 million	124,685	13,169
Uninsured receivables with an individual balance below CHF 1 million	50,040	78,495
Less lifetime expected credit losses for trade receivables	(14,033)	(21,194)
Total trade receivables measured at amortized cost	**359,066**	**344,922**
Of which:		
Not overdue	315,584	288,077
Lifetime expected credit losses for trade receivables not overdue	(1,359)	(845)
Expected credit loss rate	0.43%	0.29%
Past due less than 90 days	33,748	48,675
Lifetime expected credit losses for trade receivables past due less than 90 days	(534)	(219)
Expected credit loss rate	1.58%	0.45%
Past due more than 90 days	23,767	29,364
Lifetime expected credit losses for trade receivables past due more than 90 days	(12,140)	(20,130)
Expected credit loss rate	51.08%	68.55%
Total trade receivables measured at amortized cost	**359,066**	**344,922**

The Group has insured certain credit risks through a credit insurance policy. A number of customers with significant outstanding amounts are covered by this policy.

The movements in expected credit losses for trade receivables were as follows:

Movements in impairment provision for trade receivables

in thousands of CHF	2015/16	2014/15
as of September 1,	**21,194**	**16,553**
Changes to expected credit losses on financial assets already recognized at the beginning of the fiscal year	5,903	4,376
Changes to expected credit losses on new financial assets originated during the fiscal year	1,842	7,394
Write-offs	(9,119)	(2,588)
Unused amounts reversed	(6,219)	(2,751)
Currency translation adjustment	432	(1,790)
as of August 31,	**14,033**	**21,194**

7 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 Group's centralized treasury department. Financing needs are covered through a combination of adequate credit lines with financial institutions as well as through short-term and long-term debt capital market products (see note 23).

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Contractual maturities

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

as of August 31, 2016 in thousands of CHF	In the first year	In the second to the fifth year	After five years	Contractual amount
Non-derivative financial liabilities				
Bank overdrafts	(25,314)	–	–	(25,314)
Short-term debt	(755,236)	–	–	(755,236)
Trade payables	(552,339)	–	–	(552,339)
Long-term debt	(48,926)	(484,145)	(963,446)	(1,496,517)
Other liabilities	(434,574)	–	–	(434,574)
Derivatives				
Interest rate derivatives	(3,696)	(4,933)	–	(8,630)
Currency derivatives				
Inflow	3,671,035	15,662	–	3,686,697
Outflow	(3,554,087)	(15,800)	–	(3,569,887)
Commodity derivatives (gross settled)				
Inflow	786,657	13,899	–	800,557
Outflow	(1,384,651)	–	–	(1,384,651)
Commodity derivatives (net settled)				
Inflow	99,140	–	–	99,140
Outflow	(133,999)	(2,066)	–	(136,065)
Total net	**(2,335,989)**	**(477,383)**	**(963,446)**	**(3,776,819)**

as of August 31, 2015 in thousands of CHF	In the first year	In the second to the fifth year	After five years	Contractual amount
Non-derivative financial liabilities				
Bank overdrafts	(33,266)	–	–	(33,266)
Short-term debt	(645,907)	–	–	(645,907)
Trade payables	(651,979)	–	–	(651,979)
Long-term debt	(60,295)	(708,467)	(731,972)	(1,500,734)
Other liabilities	(238,127)	–	–	(238,127)
Derivatives				
Interest rate derivatives	(3,140)	(15,387)	14,615	(3,912)
Currency derivatives				
Inflow	5,024,769	115,704	–	5,140,473
Outflow	(4,836,584)	(58,008)	–	(4,894,592)
Commodity derivatives (gross settled)				
Inflow	1,210,472	144,766	–	1,355,238
Outflow	(1,524,788)	(14,063)	–	(1,538,851)
Commodity derivatives (net settled)				
Inflow	89,003	2,357	–	91,360
Outflow	(245,982)	(149)	–	(246,131)
Total net	**(1,915,824)**	**(533,247)**	**(717,357)**	**(3,166,428)**

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8 Fair value of financial instruments

a) Methods and assumptions

The carrying value of the following financial instruments approximates fair value because of the short period to maturity:

- Cash and cash equivalents
- Bank overdrafts
- Short-term deposits
- Short-term debt
- Other receivables and payables representing 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.

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 assets and liabilities are presented in the table below:

as of August 31, 2016	Financial assets (mandatorily) measured at fair value through profit or loss	Financial assets measured at amortized cost	Financial liabilities (mandatorily) measured at fair value through profit or loss	Financial liabilities measured at amortized cost	Total carrying amount	Fair value
in thousands of CHF						
Cash and cash equivalents	–	456,800	–	–	456,800	456,800
Short-term deposits	–	50	–	–	50	50
Trade receivables	77,538	359,066	–	–	436,604	436,604
Derivative financial assets	318,303	–	–	–	318,303	318,303
Other assets[1]	–	212,972	–	–	212,972	212,972
Total assets	**395,841**	**1,028,889**	**–**	**–**	**1,424,730**	**1,424,730**
Bank overdrafts	–	–	–	25,314	25,314	25,314
Short-term debt	–	–	–	731,340	731,340	751,634
Trade payables	–	–	–	552,339	552,339	552,339
Derivative financial liabilities	–	–	310,368	–	310,368	310,368
Long-term debt	–	–	–	1,153,027	1,153,027	1,309,037
Other liabilities	–	–	–	434,574	434,574	434,574
Total liabilities	**–**	**–**	**310,368**	**2,896,593**	**3,206,961**	**3,383,265**

1 Other assets contain accrued income, loans and other receivables and other current financial assets.

Consolidated Financial Statements

as of August 31, 2015	Financial assets (mandatorily) measured at fair value through profit or loss	Financial assets measured at amortized cost	Financial liabilities (mandatorily) measured at fair value through profit or loss	Financial liabilities measured at amortized cost	Total carrying amount	Fair value
in thousands of CHF						
Cash and cash equivalents	–	125,151	–	–	125,151	125,151
Short-term deposits	–	2,177	–	–	2,177	2,177
Trade receivables	73,893	344,922	–	–	418,815	418,815
Derivative financial assets	498,514	–	–	–	498,514	498,514
Other assets[1]	–	148,136	–	–	148,136	148,136
Total assets	**572,407**	**620,386**	**–**	**–**	**1,192,793**	**1,192,793**
Bank overdrafts	–	–	–	33,266	33,266	33,266
Short-term debt	–	–	–	645,907	645,907	645,907
Trade payables	–	–	–	651,979	651,979	651,979
Derivative financial liabilities	–	–	453,694	–	453,694	453,694
Long-term debt	–	–	–	1,176,159	1,176,159	1,300,602
Other liabilities	–	–	–	238,127	238,127	238,127
Total liabilities	**–**	**–**	**453,694**	**2,745,438**	**3,199,132**	**3,323,575**

1 Other assets contain accrued income, loans and other receivables and other current financial assets.

b) Fair value hierarchy of financial instruments

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

The fair value hierarchy has the following levels:

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

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The following table summarizes the levels applied with regard to financial assets and financial liabilities measured at fair value:

as of August 31, 2016 in thousands of CHF	Level 1	Level 2	Level 3	Total
Trade receivables	–	–	77,538	**77,538**
Derivative financial assets	67,580	250,723	–	**318,303**
Short-term debt	751,634	–	–	**751,634**
Derivative financial liabilities	24,557	285,811	–	**310,368**
Long-term debt	1,294,054	14,983	–	**1,309,037**

as of August 31, 2015 in thousands of CHF	Level 1	Level 2	Level 3	Total
Trade receivables	–	–	73,893	**73,893**
Derivative financial assets	47,603	450,911	–	**498,514**
Short-term debt	651,979	–	–	**651,979**
Derivative financial liabilities	57,662	396,032	–	**453,694**
Long-term debt	1,138,177	162,425	–	**1,300,602**

From the value of derivative financial assets and derivative financial liabilities as of August 31, 2016, CHF 83.7 million and CHF 7.5 million, respectively, relates to the fair value of executory contracts measured at fair value using the fair value option (2014/15: CHF 161.6 million and 4.1 million). The fair value of each executory contract measured at fair value using the fair value option was calculated using the methods described in Level 2.

The value of the trade receivables measured at fair value was calculated using a discounted cash flow method based on the nominal value and the discount rates (mainly representing the risk free rate and credit risk of the counterparty) between the Group and the purchasing party.

There have been no transfers between the fair value hierarchy levels during the fiscal years 2015/16 and 2014/15.

9 Capital management

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

The target payout ratio to shareholders is set at 35% of the net profit in the form of a share capital reduction and repayment and/or dividend. Dividends will be paid from reserves from capital contributions as long as such remain available. 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.

Consolidated Financial Statements

10 Offsetting financial assets and financial liabilities

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

				Related amounts not set off in the balance sheet		
as of August 31, 2016	Gross amounts of recognized financial assets/ liabilities	Gross amounts of recognized financial liabilities/ assets set off in the balance sheet	Net amounts of financial assets/ liabilities presented in the balance sheet	Financial instruments	Cash collateral received or deposited	Net amount
in thousands of CHF						
Derivative financial assets	421,627	(103,323)	318,303	**(65,609)**	**(264)**	**252,430**
Derivative financial liabilities	413,691	(103,323)	310,368	**(65,609)**	**(40,027)**	**204,732**

				Related amounts not set off in the balance sheet		
as of August 31, 2015	Gross amounts of recognized financial assets/ liabilities	Gross amounts of recognized financial liabilities/ assets set off in the balance sheet	Net amounts of financial assets/ liabilities presented in the balance sheet	Financial instruments	Cash collateral received or deposited	Net amount
in thousands of CHF						
Derivative financial assets	715,454	(216,940)	498,514	**(46,162)**	**(5,132)**	**447,220**
Derivative financial liabilities	670,634	(216,940)	453,694	**(46,162)**	**(68,989)**	**338,543**

For the financial assets and liabilities subject to enforceable master netting arrangements or similar arrangements above, each agreement between the Group and the counterparty allows for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and liabilities will be settled on a gross basis, however, each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default, insolvency or bankruptcy or following other predefined events at the side of the counterparty. The cash collateral received and deposited are reported on lines "Trade payables and other current liabilities" and "Trade receivables and other current assets" in the Consolidated Balance Sheet.

Consolidated Financial Statements

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,	2016	2015
Jacobs Holding AG, Zurich, Switzerland	50.11%	50.11%
Renata Jacobs	8.48%	8.48%
Massachusetts Mutual Life Insurance Company[1]	3.64%	3.09%

1 Including all subsidiaries controlled by the parent company

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

in thousands of CHF	Nature of cost/revenue	2015/16	2014/15
Other operating expenses charged by related parties		**(1,621)**	**(5,227)**
Jacobs Holding AG	Management services	(1,521)	(2,015)
Adecco Group[1]	Human resources services	–	(3,112)
Other		(101)	(100)
Other payables to related parties		**419**	**680**
Jacobs Holding AG		419	135
Adecco Group[1]		–	520
Other		–	25
Debt instruments due to related parties		**149,926**	**249,694**
Jacobs Holding AG		149,926	249,694

1 In 2014, Jacobs Holding AG sold their shares in Adecco Group. Therefore, Adecco Group is no longer considered a related party of Barry Callebaut Group.

Compensation of key management personnel

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

in million CHF	2015/16	2014/15
Short-term employee benefits	13.3	9.8
Post-employment benefits	2.0	2.3
Share-based payments	9.3	10.3
Total	**24.6**	**22.4**

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 and in the Remuneration Report.

Consolidated Financial Statements

28 Commitments and contingencies

Capital commitments

as of August 31,	2016	2015
in thousands of CHF		
Property, plant & equipment	3,993	5,400
Intangible assets	1,923	1,625
Total capital commitments	**5,916**	**7,025**

Operating lease commitments

Operating lease commitments represent rentals payable by the Group for certain vehicles, equipment, buildings and offices. Equipment and vehicle leases were negotiated for an average term of 2.4 years (2014/15: 2.2 years).

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

as of August 31,	2016	2015
in thousands of CHF		
In the first year	14,783	16,228
In the second to the fifth year	38,676	42,667
After five years	27,578	20,800
Total future operating lease commitments	**81,037**	**79,695**

in thousands of CHF	2015/16	2014/15
Lease expenditure charged to the statement of income	15,687	16,767

Contingencies

Group companies are involved in various legal actions and claims as they arise in the ordinary course of the business. This includes claims from customers for product liability and recalls, which are generally covered by a global insurance policy. Provisions have been made, where quantifiable, for probable outflows not covered by insurance. 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.

Consolidated Financial Statements

29 Group entities

The principal subsidiaries of Barry Callebaut as of August 31, 2016, are the following:[1]

Country	Subsidiary	Municipality of registration	%-owned	Currency	Capital
Switzerland	Barry Callebaut Sourcing AG	Zurich	100	CHF	2,000,000
	Barry Callebaut Schweiz AG	Dübendorf	100	CHF	4,600,000
	Barry Callebaut Cocoa AG	Zurich	100	CHF	100,000
	Barry Callebaut Management Services AG	Zurich	100	CHF	100,000
	African Organic Produce AG	Zurich	100	CHF	–
Belgium	Barry Callebaut Services N.V.	Lebbeke-Wieze	100	EUR	929,286,000
	Barry Callebaut Belgium N.V.	Lebbeke-Wieze	100	EUR	61,537,705
	Pierre Iserentant SA	Thimister-Clermont	100	EUR	260,908
	International Business Company Belgium BVBA	Kortrijk (Heule)	100	EUR	65,000
Brazil	Barry Callebaut Brasil SA	São Paulo	100	BRL	451,600,810
Cameroon	Société Industrielle Camerounaise des Cacaos SA	Douala	78.35	XAF	1,147,500,000
	SEC Cacaos SA	Douala	100	XAF	10,000,000
Canada	Barry Callebaut Canada Inc.	St.-Hyacinthe	100	CAD	2,000,000
Chile	Barry Callebaut Chile SpA	Santiago	100	CLP	8,001,000,000
China	Barry Callebaut (Suzhou) Chocolate Co., Ltd.	Suzhou	100	CNY	219,137,532
Côte d'Ivoire	Société Africaine de Cacao SA	Abidjan	100	XAF	25,695,651,316
	Barry Callebaut Négoce SA	Abidjan	100	XAF	3,700,000,000
	Biopartenaire SA	Yamoussoukro	100	XAF	200,000,000
Czech Republic	Barry Callebaut Czech Republic s.r.o.	Prague-Vinohrady	100	CZK	200,000
Denmark	Barry Callebaut Denmark ApS	Hostebro	100	DKK	500,000
Ecuador	Barry Callebaut Ecuador SA	Guayaquil	100	USD	50,000
France	Barry Callebaut Manufacturing France SAS	Hardricourt	100	EUR	6,637,540
	Barry Callebaut France SAS	Hardricourt	100	EUR	67,900,000
	Barry Callebaut Nord Cacao SAS	Gravelines	100	EUR	3,037,000
Germany	Barry Callebaut Deutschland GmbH	Norderstedt	100	EUR	77,600
	C.J. van Houten & Zoon Holding GmbH	Norderstedt	100	EUR	72,092,155
	Schloss Marbach GmbH	Öhningen	100	EUR	1,600,000
	Barry Callebaut Manufacturing Norderstedt GmbH & Co. KG	Norderstedt	100	EUR	50,100
	Barry Callebaut Cocoa Germany GmbH	Hamburg	100	EUR	25,000
Ghana	Barry Callebaut Ghana Ltd.	Tema	100	USD	9,204,219
	Nyonkopa Cocoa Buying Company Ltd.	Kumasi	100	GHS	4,250,000
Great Britain	Barry Callebaut Manufacturing (UK) Ltd.	Banbury, Oxfordshire	100	GBP	15,467,852
	Barry Callebaut (UK) Ltd.	Banbury, Oxfordshire	100	GBP	3,200,000
	Barry Callebaut Beverage UK Ltd.	Chester	100	GBP	40,000
India	Barry Callebaut India Private Ltd.	Maharashtra	100	INR	335,900,006
Indonesia	P.T. Barry Callebaut Comextra Indonesia	Makassar	60	IDR	30,750,000
	P.T. Papandayan Cocoa Industries	Bandung	100	USD	40,000,000
	P.T. Barry Callebaut Indonesia	Bandung	100	IDR	23,073,000
Italy	Barry Callebaut Italia S.p.A.	Assago	100	EUR	104,000
	Barry Callebaut Manufacturing Italy Srl.	Milano	100	EUR	2,646,841
	Dolphin Srl.	Milano	100	EUR	110,000
Japan	Barry Callebaut Japan Ltd.	Amagasaki	100	JPY	835,000,000

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Country	Subsidiary	Municipality of registration	%-owned	Currency	Capital
Malaysia	Barry Callebaut Malaysia Sdn Bhd	Petaling Jaya	100	MYR	35,000,000
	Barry Callebaut Services Asia Pacific Sdn Bhd	Petaling Jaya	100	MYR	500,000
	Barry Callebaut Manufacturing Malaysia Sdn Bhd	Johor Bahru	100	MYR	16,000,000
Mexico	Barry Callebaut Mexico, S. de R.L. de CV	Escobedo N.L.	100	MXN	128,246,530
	Barry Callebaut Cocoa Mexico SA de CV	Monterrey	100	USD	107,795
Philippines	Cocoa Ingredients (Philippines) Inc.	Makati City	100	PHP	8,114,000
Poland	Barry Callebaut Manufacturing Polska Sp. z o.o.	Lodz	100	PLN	10,000,000
	Barry Callebaut Polska Sp. z o.o.	Lodz	100	PLN	50,000
	Barry Callebaut SSC Europe Sp. Z.o.o.	Lodz	100	PLN	2,000,000
Russia	Barry Callebaut NL Russia LLC	Moscow-Chekhov	100	RUB	922,510,182
	Gor Trade LLC	Moscow-Chekhov	100	RUB	58,000,000
Serbia	Barry Callebaut South East Europe d.o.o.	Belgrade	100	RSD	1,185,539
Sierra Leone	Bio United Ltd.	Freetown	100	SLL	114,000,000
Singapore	Barry Callebaut Chocolate Asia Pacific Pte. Ltd.	Singapore	100	SGD	100,000,000
	Barry Callebaut Cocoa Asia Pacific Pte Ltd	Singapore	100	USD	324,242,738
	Barry Callebaut Europe Holding Pte Ltd	Singapore	100	USD	95,400,000
Spain	Barry Callebaut Ibérica SL	Barcelona	100	EUR	25,000
	Barry Callebaut Manufacturing Ibérica, S.A.U.	Gurb	100	EUR	987,600
	La Morella Nuts S.A.	Castellvell del Camp	100	EUR	344,554
Sweden	Barry Callebaut Sweden AB	Kågeröd	100	SEK	100,000
	ASM Foods AB	Mjölby	100	SEK	2,000,000
Tanzania	Biolands International Ltd.	Moshi	100	TZS	40,000,000
Thailand	Siam Cocoa Products Co., Ltd.	Bangkok	100	THB	125,000,000
The Netherlands	Barry Callebaut Nederland B.V.	Zundert	100	EUR	21,435,000
	Barry Callebaut Decorations BV	Zundert	100	EUR	18,242
	Hoogenboom Benelux BV	Zundert	100	EUR	18,152
	Dings Décor B.V.	Nuth	70	EUR	22,689
	Barry Callebaut Cocoa Netherlands BV	Zaandam	100	EUR	18,000
Turkey	Barry Callebaut Eurasia Gida Sanayi Ve Ticaret Ltd. Sti.	Istanbul	100	TRL	103,000,000
USA	Barry Callebaut Cocoa USA Inc.	Chicago, IL	100	USD	7,663
	Barry Callebaut North America Holding Inc.	Wilmington, DL	100	USD	100,001,000
	Barry Callebaut USA LLC	St. Albans, VT	100	USD	100,190,211

1 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, Selbourne, Barry Callebaut Nigeria, Adis Holding Inc., Barry Callebaut USA Holding, Inc., Omnigest SAS.

30 Subsequent events

Approval of the Financial Statements

The Consolidated Financial Statements were authorized for issue by the Board of Directors on October 31, 2016, and are subject to approval by the Annual General Meeting of Shareholders on December 7, 2016.

On September 15, 2016, the Group announced its intention to acquire and integrate the chocolate production facility of Mondelēz International in Halle, Belgium. Mondelēz International would enter into an agreement with Barry Callebaut for the long-term supply of 30,000 tonnes of liquid chocolate per annum. Under a toll-manufacturing agreement, the Group would make certain consumer products for Mondelēz International that are currently produced at the chocolate plant in Halle. As a result of this transaction, Barry Callebaut would be better equipped to capture business opportunities in the fast growing segment of specialty chocolate and fillings "Made in Belgium." The closing of the transaction is still subject to a number of conditions and is expected to occur by the end of December 2016, after completing works council consultation. The establishment and allocation of the purchase price to net identifiable assets and goodwill can only be assessed at that point of time.

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

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

Barry Callebaut AG, Zurich

Report of the Statutory Auditor on the Consolidated Financial Statements

As statutory auditor, we have audited the accompanying consolidated financial statements of Barry Callebaut AG, which comprise the income statement, statement of comprehensive income, balance sheet, cash flow statement, statement of changes in equity and notes on pages 37 to 107 for the year ended 31 August 2016.

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

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

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

Opinion
In our opinion, the consolidated financial statements for the year ended 31 August 2016 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

François Rouiller
Licensed Audit Expert
Auditor in Charge

Patricia Bielmann
Licensed Audit Expert

Zurich, 31 October 2016

Financial Statements of Barry Callebaut AG

Income Statement

for the fiscal year	2015/16	2014/15[1]
in CHF		
Income		
Dividend income	36,500,000	33,500,000
License income	59,700,964	44,048,739
Management fees	32,976,091	28,323,362
Other financial income	4,877,881	3,114,521
Realized profit on treasury shares	617,258	–
Other operating income	12,505,860	13,455,111
Total income	**147,178,054**	**122,441,733**
Expenses		
Financial expenses	(9,195,699)	(9,206,786)
Personnel expenses	(49,236,777)	(39,387,370)
Other operating expenses	(36,330,631)	(32,307,270)
Depreciation of property, plant and equipment	(540,633)	(515,835)
Amortization of intangible assets	(1,032,254)	(2,499,301)
Total expenses	**(96,335,994)**	**(83,916,562)**
Profit before taxes	**50,842,060**	**38,525,171**
Direct taxes	(533,556)	(1,413,367)
Net profit for the year	**50,308,504**	**37,111,804**

1 The prior year financial statements of Barry Callebaut AG have been amended to meet the new classification provisions of the new Law on Accounting and Financial Reporting. See note 1.1.

Available earnings

in CHF	2015/16	2014/15[1]
Available earnings as of September 1,	**1,481,067,021**	**1,432,489,439**
Introduction of new Swiss GAAP	–	11,581,240
Dividends	62,481	27,653
Decrease/(increase) of reserve for treasury shares	–	(143,115)
Net profit	50,308,504	37,111,804
Available earnings as of August 31,	**1,531,438,006**	**1,481,067,021**

1 The prior year financial statements of Barry Callebaut AG have been amended to meet the new classification provisions of the new Law on Accounting and Financial Reporting. See note 1.1.

Financial Statements of Barry Callebaut AG

Balance Sheet

Assets

as of August 31,	2016	2015[1]
in CHF		
Current assets		
Cash and cash equivalents	141,587	110,174
Other short-term receivables from Group companies	50,094,609	22,475,758
Short-term interest-bearing loans to Group companies	72,433	73,060
Prepaid expenses and accrued income	2,522,020	1,656,806
Total current assets	**52,830,649**	**24,315,798**
Non-current assets		
Investments in Group companies	2,250,912,768	2,250,912,768
Property, plant and equipment	892,344	1,393,372
Intangible assets		
Trademarks	749,204	168,447
Patents/Product development costs	1,245,701	1,478,337
Other	424,389	329,679
Total non-current assets	**2,254,224,406**	**2,254,282,603**
Total assets	**2,307,055,055**	**2,278,598,401**

1 The prior year financial statements of Barry Callebaut AG have been amended to meet the new classification provisions of the new Law on Accounting and Financial Reporting. See note 1.1.

Liabilities and shareholders' equity

as of August 31,	2016	2015[1]
in CHF		
Short-term liabilities		
Bank overdrafts	1,238,320	7,980
Trade accounts payable		
to third parties	3,422,537	2,323,034
to Group companies	10,830,602	43,541,624
to shareholders	418,969	135,000
Short-term interest-bearing loans from Group companies	584,293,554	351,055,795
Short-term provisions	25,195,815	21,324,154
Accrued expenses and deferred income	12,436,822	9,789,087
Total short-term liabilities	**637,836,619**	**428,176,674**
Long-term liabilities		
Long-term interest-bearing loans from Group companies	–	150,000,000
Total long-term liabilities	**–**	**150,000,000**
Total liabilities	**637,836,619**	**578,176,674**
Shareholders' equity		
Share capital[2]	102,092,759	102,092,759
Legal capital reserves		
Reserves from capital contributions	23,037,419	102,625,860
Legal retained earnings		
General legal retained earnings	25,600,070	25,600,070
Voluntary retained earnings		
Available earnings		
Profit brought forward	1,481,129,502	1,444,572,474
Profit for the year	50,308,504	37,111,804
Treasury shares	(12,949,818)	(11,581,240)
Total shareholders' equity	**1,669,218,436**	**1,700,421,727**
Total liabilities and shareholders' equity	**2,307,055,055**	**2,278,598,401**

1 The prior year financial statements of Barry Callebaut AG have been amended to meet the new classification provisions of the new Law on Accounting and Financial Reporting. See note 1.1.
2 The share capital as of August 31, 2016, consists of 5,488,858 fully paid-in shares at a nominal value of CHF 18.60 as in the prior year.

Financial Statements of Barry Callebaut AG

Notes to the Financial Statements

1 Principles

1.1 Initial application of the new Law on Accounting and Financial Reporting

The annual financial statements for 2015/16 were prepared for the first time pursuant to the provisions of the Federal Law on Accounting and Financial Reporting (32nd section of the Swiss Code of Obligations; German: Obligationenrecht). In order to ensure comparability, the prior year's amounts were restated to conform to the new classification standards.

The main changes are as follows:

- Sequence of the income statement positions has changed.
- Sequence of the balance sheet positions has changed.
- "Accounts receivable from Group companies" are now reported under "Other short-term receivables from Group companies."
- "Short-term loans granted to Group companies" are now reported under "Short-term interest-bearing loans to Group companies."
- "Other current assets" are now reported under "Prepaid expenses and accrued income."
- "Trade accounts payable" are now divided into "Trade accounts payable to third parties," "to Group companies" and "to shareholders."
- "Short-term provisions" were previously not reported separately, but included in "Accrued liabilities."
- "Accrued expenses and deferred income" were previously not reported separately, but included in "Accrued liabilities."
- "Accrued taxes" are now reported in "Short-term provisions."
- "Long-term loans from Group companies" are now reported under "Long-term interest-bearing loans from Group companies."
- "Other legal reserves" were previously included in the caption "Legal reserves" and are now reported under "General legal retained earnings" in the caption "Legal retained earnings."
- "Available earnings" are now split into "Profit brought forward" and "Profit for the year."
- "Treasury shares" were previously recognized as an asset and a corresponding equity reserve. Now they are recognized at acquisition cost and deducted from shareholders' equity at the time of acquisition. The losses previously recognized through the income statement are not recycled.

1.2 General aspects

These financial statements were prepared according to the provisions of the new Law on Accounting and Financial Reporting (32nd title of the Swiss code of Obligations). Where not prescribed by law, the significant accounting and valuation principles applied are described below.

Due to rounding, the figures presented in the tables may not add up precisely to the totals provided.

1.3 Investments

Investments are stated at historical costs less any allowance for impairment.

Financial Statements of Barry Callebaut AG

1.4 Treasury shares

Treasury shares are recognized at acquisition cost and deducted from shareholders' equity at the time of acquisition. In case of resale, the gain or loss is recognized through the income statement as financial income or financial expenses.

1.5 Share-based payments

Should treasury shares be used for share-based payment programs for Board members and employees, the difference between the acquisition costs and any consideration paid by the employees at grant date is recognized as personnel expenses.

1.6 Short-term interest-bearing liabilities

Short-term interest-bearing liabilities are recognized in the balance sheet at nominal value.

1.7 Long-term interest-bearing liabilities

Long-term interest-bearing liabilities are recognized in the balance sheet at nominal value.

1.8 Revenue recognition for Management Fees and Licence fees

Management fees and licence income are recorded as revenue as at the moment of invoicing. Once the service has been rendered, it is invoiced at the latest at the end of each quarter.

1.9 Foregoing a cash flow statement and additional disclosures in the notes

As Barry Callebaut AG has prepared its consolidated financial statements in accordance with International Financial Reporting Standard (IFRS), it has decided to forego presenting additional information on interest-bearing-liabilities and audit fees in the notes as well as a cash flow statement in accordance with the law.

Financial Statements of Barry Callebaut AG

2 Information on balance sheet and income statement items

2.1 Prepaid expenses and accrued income

Short-term prepaid expenses and accrued income contain receivables for withholding tax, VAT and pension fund.

2.2 Investments

as of August, 31					2016	2015
Name and domicile	Municipality of registration	Share capital		Purpose	Percentage of ownership[1]	
ADIS Holding Inc., Panama	Panama City	CHF	41,624,342	Dormant	100%	100%
Barry Callebaut Belgium N.V., Belgium	Lebbeke-Wieze	EUR	61,537,705	Production, sales	99.99%	99.99%
Barry Callebaut Cocoa AG, Switzerland	Zurich	CHF	100,000	Sales	100%	100%
Barry Callebaut Decorations B.V., The Netherlands	Zundert	EUR	18,242	Production, sales	100%	100%
Barry Callebaut Management Services AG, Switzerland	Zurich	CHF	100,000	Management services	100%	100%
Barry Callebaut Nederland B.V., The Netherlands	Zundert	EUR	21,435,000	Holding	100%	100%
Barry Callebaut Nigeria Ltd., Nigeria	Lagos	NGN	10,000,000	Sales	1%	1%
Barry Callebaut Schweiz AG, Switzerland	Dübendorf	CHF	4,600,000	Production, sales	100%	100%
Barry Callebaut Services N.V., Belgium	Lebbeke-Wieze	EUR	929,286,000	Centralized treasury, management services	99.99%	99.99%
Barry Callebaut Sourcing AG, Switzerland	Zurich	CHF	2,000,000	Sourcing	100%	100%
C.J. van Houten & Zoon Holding GmbH, Germany	Norderstedt	EUR	72,092,155	Holding	100%	100%
Schloss Marbach GmbH, Germany	Öhningen	EUR	1,600,000	Conference and training center	100%	100%

1 Capital rights (percentage of ownership) correspond with voting rights.

2.3 Short-term interest-bearing loans from Group companies

as of August 31,	Maturity	Interest	2016	2015
in CHF				
Short-term loan from Group companies	30.06.2015	0.725%	–	100,000,000
Short-term loan from Group companies	21.09.2015	1.570%	–	251,055,000
Short-term loan from Group companies	20.09.2016	1.220%	332,900,000	–
Short-term loan from Group companies	20.09.2016	1.220%	101,000,000	–
Short-term loan from Group companies	13.07.2017	1.025%	150,000,000	–
			–	–
Bank overdraft from Group companies	n/a	1.220%	393,554	795
Total			**584,293,554**	**351,055,795**

2.4 Long-term interest-bearing loans from Group companies

as of August 31,	Maturity	Interest	2016	2015
in CHF				
Loan from Group companies	13.07.2017	1.025%	–	150,000,000
Total			**–**	**150,000,000**

Financial Statements of Barry Callebaut AG

2.5 Accrued expenses and deferred income

Accrued expenses and deferred income mainly consist of income tax payables and accruals related to short-term incentives to employees.

2.6 Share capital and authorized capital

Share capital in the amount of CHF 102,092,758.80 consists of 5,488,858 registered shares at a par value of CHF 18.60 each.

2.7 Reserves from capital contributions

The reserves from capital contributions include the premium from capital increases minus the dividends distributed to date.

From a fiscal point of view, any distributions made from reserves from capital contributions are treated the same as a repayment of share capital. The Swiss Federal Tax Administration (SFTA) has confirmed that it will recognize disclosed reserves from capital contributions as a capital contribution as per art. 5 para. 1bis Withholding Tax Act.

2.8 Treasury shares

	Number of transactions	Lowest rate in CHF	Highest rate in CHF	Average rate of transaction in CHF	Quantity
Inventory as of September 1, 2014	–	–	–	–	**9,756**
Purchase	39	894	1,170	1,062	15,443
Allocations to management	3	–	–	1,119	(12,128)
Allocations to board members	3	–	–	1,021	(1,987)
Inventory as of August 31, 2015	–	–	–	–	**11,084**
Purchase	34	1,034	1,273	1,140	13,400
Allocations to management	2	–	–	1,045	(11,066)
Allocations to board members	1	–	–	1,070	(2,190)
Inventory as of August 31, 2016	–	–	–	–	**11,228**

As of balance sheet date, acquisition costs for directly held treasury shares amounted to CHF 12,949,818 (previous year: CHF 11,581,240).

2.9 Dividend income

In the reporting year, dividend income amounted to CHF 36,500,000 (previous year: CHF 33,500,000). This amount included dividends distributed by Barry Callebaut Sourcing AG, Switzerland, in the amount of CHF 30,000,000 and Barry Callebaut Schweiz AG, Switzerland, in the amount of CHF 6,500,000 for the 2016 business year.

2.10 Other financial income

Other financial income amounts to CHF 4,877,881 (previous year: CHF 3,114,521) and consists mostly of exchange gains.

2.11 License income

License income contains Royalties from group companies. They are related to the usage of brands and trademarks.

Financial Statements of Barry Callebaut AG

2.12 Management fees

Barry Callebaut AG provides a variety of business support services for the benefit of its Group companies. These services include a wide variety of business support services such as management support services, information management services (i.e. information technology related services), accounting and finance, human resources, consulting, tax and legal services etc.

2.13 Financial expenses

for the fiscal year	2015/16	2014/15
in CHF		
Bank interest and fees	279,024	311,248
Interest to Group companies	6,858,256	7,659,986
Exchange losses	2,058,419	1,235,552
Total	**9,195,699**	**9,206,786**

2.14 Other operating expenses

for the fiscal year	2015/16	2014/15
in CHF		
Fees lawyers and consulting	12,002,318	11,237,753
Other expenses third parties	9,928,098	7,143,056
Assistance fees related parties	1,531,069	1,946,414
Assistance fees Group companies	12,869,146	11,980,047
Total	**36,330,631**	**32,307,270**

3 Other information

3.1 Full-time equivalents

The average number of employees of Barry Callebaut AG during the financial year, expressed as full-time equivalents, exceeded 50, but did not exceed 250, as in the prior year.

Financial Statements of Barry Callebaut AG

3.2 Liens, guarantees and pledges in favor of third parties

- The Company is a co-debtor for bank loans of max. EUR 600 million (CHF 656.9 million; 2014/15: CHF 644.9 million) obtained by Barry Callebaut Services N.V., Belgium, whereof the maximal liability is limited to the freely distributable retained earnings (CHF 1,531.4 million less 35% withholding tax).
- The Company is a co-debtor for related party loans of CHF 150 million obtained by Barry Callebaut Services N.V., Belgium, on February 26, 2015.
- The Company is also a co-debtor to the Senior Notes of EUR 350 million (CHF 383.2 million; 2014/2015: CHF 376.2 million) issued by Barry Callebaut Services N.V., Belgium, on July 13, 2007, to the Senior Notes of EUR 250 million (CHF 273.7 million; 2014/2015 CHF 268.7 million) issued by Barry Callebaut Services N.V., Belgium, on June 15, 2011, to the Senior Notes of USD 400 million (CHF 392.8 million; 2014/2015: CHF 385.1 million) issued by Barry Callebaut Services N.V., Belgium, on June 20, 2013, as well as to the Senior Notes of EUR 450 million (CHF 492.7 million) issued by Barry Callebaut Services N.V., Belgium, on May 24, 2016.
- The Company issued several guarantees for various credit facilities granted to direct and indirect subsidiaries for an amount of up to CHF 1,275.3 million (2014/2015: CHF 1,244.3 million).

3.3 Contingent liabilities

Until December 31, 2015, the Swiss Barry Callebaut entities formed a VAT subgroup. As long as respective period has not been revised by VAT authorities, liabilities among subgroup participants are still possible.

3.4 Significant shareholders

as of August 31,	2016	2015
Jacobs Holding AG, Zurich, Switzerland	50.11%	50.11%
Renata Jacobs	8.48%	8.48%
Massachusetts Mutual Life Insurance Company[1]	3.64%	3.09%

1 Including all subsidiaries controlled by the parent company

3.5 Equity owned by Group management and the Board of Directors

Board of Directors

Number of shares as of August 31,		2016	2015
Name	Function		
Andreas Jacobs[1]	Chairman	4,260	3,760
Patrick De Maeseneire	Vice Chairman (as of December 9, 2015)	–	–
Fernando Aguirre		100	296
Jakob Baer		900	720
James “Jim” Donald		1,260	1,080
Nicolas Jacobs		101,039	159,359
Wai Ling “Winnie” Liu		180	–
Timothy Minges		476	296
Andreas Schmid		8,038	7,858
Juergen Steinemann[2]	Vice Chairman (until December 9, 2015)	13,795	10,913
Total shares held by Board of Directors		**130,048**	**184,282**

1 Excluding the 50.11% participation held by Jacobs Holding AG (see note 5 to the Financial Statements of Barry Callebaut AG).
2 Juergen Steinemann’s shareholdings for the comparative date are listed in both tables, since he was member of the Board of Directors as well as of the Executive Committee on August 31, 2015.

Financial Statements of Barry Callebaut AG

Board of Executive Committee

Number of shares as of August 31,		2016	2015
Name	Function		
Antoine de Saint-Affrique	CEO Barry Callebaut Group (as of October 1, 2015)	–	–
Victor Balli	CFO Barry Callebaut Group	1,000	900
Peter Boone	Chief Innovation & Quality Officer	7	4
Massimo Garavaglia	President EMEA	250	–
Dave Johnson	CEO and President Americas	2,023	1,964
Carole Le Meur	Chief Human Resources Officer (as of April 1, 2016)	–	–
Dirk Poelman	Chief Operations Officer	1,534	1,490
Steven Retzlaff	President Global Cocoa	686	1,000
Juergen Steinemann[1]	CEO Barry Callebaut Group (until September 30, 2015)	–	10,913
Total shares held by Executive Committee		**5,500**	**16,271**

1 Juergen Steinemann's shareholdings for the comparative date are listed in both tables, since he was member of the Board of Directors as well as of the Executive Committee on August 31, 2015.

3.6 Shares for Board of Directors and employees

	2015/16 Quantity	2015/16 Value (CHF)	2014/15 Quantity	2014/15 Value (CHF)
Allocated to Members of the Board	2,190	2,343,300	2,190	2,253,510
Allocated to employees[1] of Barry Callebaut AG and subsidiaries	10,460	10,742,002	8,920	8,257,799

1 Employees include all participants in the share plan of the Group including employees on the payroll of subsidiaries of which Barry Callebaut AG is the ultimate parent.

3.7 Significant events after the balance sheet date

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

3.8 Proposed appropriation of available earnings and reserves/par value reduction

The Board of Directors proposes to the Annual General Meeting a payout of CHF 15.50 per share consisting of a dividend of CHF 4.19 per share originating from capital contribution reserves and CHF 11.31 per share in the form of a capital reduction through par value repayment:

3.8.1 Allocation from reserves from capital contributions to voluntary retained earnings
in the amount of CHF 22,998,315.

3.8.2 Dividend payout of CHF 4.19 per share out of the voluntary retained earnings as per note 3.8.1
in the amount of CHF 22,998,315.

3.8.3 Capital reduction and repayment of CHF 11.31 per share
Reduction of the share capital from CHF 102,092,759 to CHF 40,013,775 in the form of a reduction of the par value from CHF 18.60 per share by CHF 11.31 to CHF 7.29 per share.

3.8.4 Carry-forward of the balance of voluntary retained earnings
of CHF 1,531,438,006.

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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 109 to 117 for the year ended 31 August 2016.

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 31 August 2016 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

François Rouiller
Licensed Audit Expert
Auditor in Charge

Patricia Bielmann
Licensed Audit Expert

Zurich, 31 October 2016

Governance

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 division (DCG). The principles and rules of Corporate Governance as practiced by Barry Callebaut AG are laid down in the Articles of Incorporation, the Internal Regulations of the Board of Directors 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 2, 2016, the Barry Callebaut Group is organized into different regions: Region EMEA (incl. Western and Eastern Europe, Middle East and Africa), Region Americas and Region Asia Pacific. The globally managed Global Cocoa is, like a Region, reported as a separate segment. The figures under the respective Regions show all chocolate sales, while the figures reported under Global Cocoa include all sales of cocoa products to third-party customers globally, i.e. in all regions.

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

Board of Directors
Chairman: **Andreas Jacobs**

AFRQCC[1]
Chairman: Jakob Baer

NCC[2]
Chairman: James Donald

Internal Audit
Markus Mayer

Corporate Secretary
Angela Petzold Theiler

CEO
Antoine de Saint-Affrique[3]

EMEA
Massimo Garavaglia[3]

Global Cocoa
Steven Retzlaff[3]

Americas
David S. Johnson[3]

Asia Pacific
Ben De Schryver

CFO
Victor Balli[3]

Chief Innovation & Quality Officer
Peter Boone[3]

Chief Operations Officer
Dirk Poelman[3]

Corporate Communications
Gaby Tschofen

Global Human Resources
Carole Le Meur[3]

Gourmet
Pascale Meulemeester

1 AFRQCC: Audit, Finance, Risk, Quality & Compliance Committee
2 NCC: Nomination & Compensation Committee
3 Member of the Executive Committee

Corporate Governance

The structure of the financial reporting is explained in note 3 to the Consolidated Financial Statements. Barry Callebaut AG (the "Company") was incorporated on December 13, 1994, under Swiss law, having its head office in Zurich, Switzerland, at Pfingstweidstrasse 60. The Company is registered in Switzerland and has been listed on the SIX Swiss Exchange (BARN, ISIN Number: CH0009002962) since 1998. The Company has not requested admission to trading of its shares on any other stock exchange. As of August 31, 2016, the total number of issued shares in the Company was 5,488,858, and thus Barry Callebaut's market capitalization based on issued shares was CHF 6,937.9 million (August 31, 2015: CHF 5,823.7 million).

The principal subsidiaries of the Company are listed in note 29 to the Consolidated Financial Statements. The significant shareholders of the Company are listed in note 3.4 to Financial Statements of the Company, with Jacobs Holding AG as a majority shareholder with a participation of 50.11% of the issued share capital (August 31, 2015: 50.11%). There are no cross-shareholdings equal to or greater than 5% of the issued share capital.

Capital structure

The information required by the DCG regarding the capital structure is provided in note 25 (share capital, movements in the share capital) to the Consolidated Financial Statements. The Company has no convertible bonds outstanding. The Extraordinary General Meeting of Shareholders held on 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. The Annual General Meeting of Shareholders, held on December 10, 2014, deleted the authorized capital that was not used in the abovementioned transaction in the Articles of Incorporation of the Company. Except for the abovementioned capital increase, there were no changes in the capital structure during the fiscal year 2015/16, nor during the prior three fiscal years.

Board of Directors

The Board of Directors is ultimately responsible for the policies and management of the Company. The Board of Directors 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 the Company. Besides its non-transferable and inalienable duties pursuant to Swiss corporate law, the Board of Directors has retained certain competencies as set forth in the Company's Internal Regulations and in a detailed tabular Annex thereto, both of which are publicly accessible on the website of Barry Callebaut (https://www.barry-callebaut.com/about-us/investors/corporate-governance/functioning-board). As set forth in the company's Articles of Incorporation, no Member of the Board of Directors may hold more than 15 additional mandates, of which no more than five may be in stock-exchange-listed companies.

As of August 31, 2016, the Board of Directors consisted of ten non-executive members. Each Director is elected by the Shareholders of Barry Callebaut AG at the Annual General Meeting of Shareholders for a term of office of one year and may be re-elected for successive terms.

The composition of the Board of Directors of Barry Callebaut AG as of August 31, 2016, is as follows:

Name	Nationality	Member since	Function	AFRQCC	NCC
Andreas Jacobs	German	2003	Chairman		
Patrick De Maeseneire	Belgian	2015	Vice Chairman		
Fernando Aguirre	US/Mexican	2013	Director		Member
Jakob Baer	Swiss	2010	Director	Chairman	Member
James L. Donald	US	2008	Director		Chairman
Nicolas Jacobs	Swiss	2012	Director	Member	
Wai Ling Liu	Hong Kong-Chinese	2014	Director		Member
Timothy E. Minges	US	2013	Director	Member	
Andreas Schmid	Swiss	1997	Director	Member	
Juergen Steinemann	German	2014	Director		

Corporate Governance

Andreas Jacobs
Chairman, German national

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

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

Andreas Jacobs is a member of the Board of Directors of Jacobs Holding AG, where he served as Executive Chairman from 2004 until April 2015. From 2006 until 2015, he served on the Board of Directors of Adecco management & consulting S.A., first as member and since 2012 as Vice Chairman. He is Chairman of Triventura AG and Minibar AG. All these companies are based in Switzerland. Furthermore, he is President of Niantic Holding GmbH, Germany, and a member of the Board of Directors of various small private companies. Andreas Jacobs is also a member of the Advisory Board of Dr. August Oetker KG and since January 2015 Chairman of INSEAD.

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

Patrick De Maeseneire
Vice-Chairman, Belgian national

Patrick De Maeseneire (1957) was elected to the Board of Directors of Barry Callebaut AG as Vice Chairman at the Annual General Meeting of the Shareholders in December 2015.

Patrick De Maeseneire started his professional career in 1980 at Arthur Andersen (Consulting). Between 1980 and 1997, he held executive positions at Wang, Apple Computer, and Sun International. He joined the Adecco Group in 1998, where he held leading positions both in Europe and in the US. From 2002 to 2009, Patrick De Maeseneire served as CEO of Barry Callebaut. In 2009 he returned to Adecco to become Chief Executive Officer of the group, a position he held till August 2015. On November 4, 2015, he was named CEO of Jacobs Holding AG, the major shareholder of Barry Callebaut AG.

Corporate Governance

Patrick De Maeseneire serves also on the Board of Ahold Delhaize, one of the largest global food retailers.

Patrick De Maeseneire earned a Master's degree in commercial engineering at the Solvay Business School of Brussels University (VUB), Belgium, and a special license in marketing management at the Vlerick Leuven Gent Management School, Belgium. Patrick De Maeseneire also completed studies in business management at the London Business School and INSEAD, Fontainebleau, France.

In 2007, Patrick De Maeseneire was granted the title of Baron by King Albert II of Belgium.

Fernando Aguirre
Director, Mexican/US national

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

At present, Fernando Aguirre is a member of the board of directors of Aetna, Inc., a Fortune 100 publicly held company mainly focused on health care benefits and insurance, where he serves on the Audit Committee and also on the Nominating and Governance Committee. He also served on the board of Levi Strauss & Co. from 2010 to 2014, on the board of Coca Cola Enterprises from 2005 to 2010, and as a member of the International Board of the Juvenile Diabetes Research Foundation from 2006 to 2012. He is also a member of the Advisory Council of the Bechtler Museum of Modern Art in Charlotte, North Carolina. At present, he is the owner and CEO of the Erie Sea Wolves professional baseball team, an affiliate of the Detroit Tigers. He is also Vice Chairman of the Myrtle Beach Pelicans, an affiliate of the Chicago Cubs.

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

Corporate Governance

Jakob Baer
Director, 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, including Consultant, Head of Legal Department, Branch Office Manager Zurich, and Member of the Division Management Advisory Services. During 1991/1992, Jakob Baer led the planning and execution of the management buyout of the Advisory Services unit of Fides Group, which became part of KPMG Switzerland. He was a member of the Executive Committee of KPMG Switzerland from 1992 until 1994. From 1994 to 2004, he held the position of Chief Executive Officer of KPMG Switzerland and was a member of KPMG's European and International Leadership Boards.

Jakob Baer was Counsel at Niederer Kraft & Frey AG, attorneys at law, Zurich, Switzerland, from 2004 to 2009. He also served as a member of the Board of Directors of Adecco from 2004 until April 2012, of Swiss Re and of Allreal Holding AG, each from 2005 until April 2014, and of Rieter Holding AG from 2006 until April 2016.

Jakob Baer is Chairman of Stäubli Holding AG and a member of the Board of Directors of IFBC AG, both in Switzerland.

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

James "Jim" Donald
Director, US national

Jim Donald (1954) served from October 1996 to October 2002 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 October 2002 to March 2005, Jim Donald served as President of Starbucks, North America. Under his leadership, Starbucks experienced strong growth and performance. Jim Donald was also President & Chief Executive Officer of Starbucks Corporation from April 2005 to January 2008. Furthermore, Jim Donald served as President and Chief Executive Officer of Haggan, Inc., a 33-store Pacific Northwest grocery company based in Bellingham, from September 2009 until March 2011. Then, from February 2012 until August 2015, he served as Chief Executive Officer of Extended Stay, a large US-based hotel chain.

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From 2008 until June 2013, he also served as a member of the Board of Directors of Rite Aid Corporation, one of the leading drug-store chains in the US with more than 4,900 stores in 31 states.

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

Nicolas Jacobs
Director, Swiss national

Nicolas Jacobs (1982) serves as a Board member of Barry Callebaut since 2012 and was previously responsible as Managing Director for the cocoa and the chocolate operations of South America.

Nicolas Jacobs is further a Managing Partner of a venture capital and private equity company focused on investments in the FMCG sector. Nicolas acts as the Executive Co-Chairman of Jacobs Holding AG, a professional investment company and majority shareholder of Barry Callebaut.

Nicolas Jacobs started his career at Goldman Sachs in 2006 and served for Burger King Corporation as a Senior Director for Global M&A and Development, with responsibilities for strategic projects and the expansion of Burger King globally.

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

Wai Ling “Winnie” Liu
Director, Hong Kong-Chinese national

Winnie Liu (1968) started her career as Executive Trainee with the Swire Group, a UK Conglomerate in Hong Kong. From 1992 until 1999, she worked for Nestlé in Hong Kong, lastly as National Sales Head. She then served for Mars (Effems Food) China from 1999 until 2004, where she held several positions in Sales, Marketing and Key Account Management. From 2005 until 2007, Winnie Liu served as Regional Managing Director Southeast Asia (Singapore, Malaysia, Thailand, Philippines, and Indonesia) of adidas, where she was responsible for Total Business including Retail, Wholesale, Production and Supply Chain. In 2008, she joined Tesco China, which operates over 130 hypermarkets and 14 express shops and employs more than 26,000 staff. She first started as Chief Marketing Officer, then was appointed President for a region, and last served as Chief Operating Officer. After Tesco, Winnie became the Chief Executive Officer of ENZO jewelry chain stores (Luxury Retail) in Greater China, from 2013 until 2015.

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Winnie Liu graduated with a Bachelor's degree in Social Sciences, a Major's degree in Management Studies and a Minor in Economics & Psychology from the University of Hong Kong in 1990.

Timothy Minges
Director, U.S. national

Timothy Minges (1958) spent 32 years at PepsiCo before retiring earlier this year. Prior to retirement, Tim was Executive Vice President Chief Customer Officer, PepsiCo North America Beverages and a member of PepsiCo's Executive Committee. Until 2013 he was responsible for the entire PepsiCo operations throughout greater China. He joined PepsiCo in 1983 in the finance department of Frito-Lay North America and was promoted to a series of roles in finance, sales and general management. Tim moved to Asia in 1994 as General Manager of Frito-Lay Thailand and later assumed a series of roles, including President Asia Pacific, from 1999 to 2003. Prior to PepsiCo Tim practiced as a CPA at Alexander Grant (now Grant Thorton).

Tim sat on a variety of Boards at PepsiCo including the North American Coffee Partnership (a PepsiCo joint venture with Starbucks), Calbee Foods Japan, Pepsi-Cola Philippines and Serm Suk Thailand. At present, Tim is a non-executive board member of Tingyi-Asahi Beverages, Pepsico's China bottler.

Tim 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.

Andreas Schmid
Director, Swiss national

Andreas Schmid (1957) was appointed CEO of Jacobs Holding AG in 1997. In 1999, he became Chairman of the Board of Directors 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. After that he assumed the role of the Vice Chairman and has been serving as ordinary member of the Board of Directors since December 2014.

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

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Executive Board of Management. Between 2007 and 2011, Andreas Schmid was Chairman of the Supervisory Board of Symrise AG, and between 2002 and 2006 he chaired the Board of Directors 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 has been a member of the Board of Directors of Steiner AG since 2008, and 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 further was a member of the Board of Directors of Badrutt's Palace Hotel AG from 2006 until 2015.

Andreas Schmid is currently Chairman of the Board of Directors of Oettinger Davidoff Group, of Flughafen Zurich AG, Helvetica Capital, and of gategroup Holding AG. Furthermore, Andreas Schmid is Chairman of the Board of Trustees of the Swiss foundation avenir suisse, a think tank for social and economic issues.

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

Juergen Steinemann

Director, German national

Juergen Steinemann (1958) was elected to the Board of Directors of Barry Callebaut AG at the Annual General Meeting of the Shareholders in December 2014. He had served as Chief Executive Officer since August 2009 and stepped down at the end of September 2015.

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 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 produces and markets specialty oils and fats for the food 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. Next to the above, Juergen Steinemann is an entrepreneur who holds several investments in the food and agri industry. Furthermore, he serves as Chairman of the Supervisory Board of METRO AG, a major international retailing company with brands such as Metro Cash & Carry, Media Markt and Saturn.

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Functioning of the Board

The Board of Directors constitutes itself at its first meeting subsequent to the Company's Annual General Meeting of Shareholders, with the exception of the Chairman and the Members of the Compensation Committee, who are elected by the Annual General Meeting of Shareholders pursuant to the Articles of Incorporation and Swiss corporate law. The Board of Directors elects the 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 of Directors meets once per year at one of the Barry Callebaut production sites and combines this meeting with a visit to the local operation. During fiscal year 2015/16, the Board of Directors met six times. Three meetings lasted eight hours, one five hours and two meetings lasted one hour. The two latter meetings took place in the form of conference calls. In the fiscal year 2015/16, the Board of Directors held one of the regular meetings in the context of a three-day visit to Chicago, US.

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

At the request of one member of the Board, members of the Executive Committee are invited to attend meetings. The Board of Directors can determine by majority vote that other third parties, for example external consultants, may attend part or all of the meetings. In the fiscal year under review, the CEO, the CFO and, depending on the agenda items, other members of the Executive Committee or Management were present at all Board meetings and all Committee meetings. At the end of each physical Board meeting, there is a closed Board session without the participation of the Management.

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

Members of the Board may request any information necessary to fulfill their duties. Outside of meetings, any members of the Board may request information from members of the Executive Committee concerning the Group's business development. Such 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), Nicolas Jacobs, Timothy E. Minges and Andreas G. Schmid.

The role of the Audit, Finance, Risk, Quality & Compliance Committee (AFRQCC) is to assist the Board of Directors in carrying out its responsibilities. The Board of Directors has not delegated any decision power to the AFRQCC. The primary task of the AFRQCC is to assist the Board of Directors 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 on the financial risk management, see note 26 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 for election, reviews the quality of their work, their qualification and independence, the audit fees, the external audit coverage, the reporting to the Board of Directors and/or the AFRQCC, and assesses the additional non-audit services as well as the annual financial statements and the notes thereto. The external auditors attended two meetings of the AFRQCC in fiscal year 2015/16; furthermore, the Chairman of the AFRQCC has met the lead external auditor three times outside AFRQCC meetings.

The Company has its own Internal Audit Department, which reports to the Chairman of the AFRQCC. The AFRQCC reviews the quality of the Internal Audit Department. The scope of internal auditing encompasses the examination and evaluation of the adequacy and effectiveness of the organization's internal control system 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, in material cases, in the meetings of the Board of Directors. The AFRQCC reviews the annual plan of the Internal Audit Department based on a risk assessment. In the last fiscal year, the Internal Audit

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Department was supported on one project by third-party experts.

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

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

Nomination & Compensation Committee
James L. Donald (Chairman), Patrick de Maeseneire, Fernando Aguirre and Wai Ling Liu

The Company's Nomination & Compensation Committee (NCC) is elected by the Annual General Meeting of Shareholders and advises the Board of Directors in determining and verifying the compensation strategy and regulations of the Group as well as in preparing the motions for the attention of the General Meeting of Shareholders regarding the compensation of the Board of Directors and the Executive Committee. It further assists the Board of Directors in defining and monitoring the performance criteria and it makes recommendations to the Board of Directors with respect to the selection, nomination, compensation, evaluation, and, when necessary, the replacement of key executives. The Board of Directors has not delegated any decision power to the NCC. The NCC establishes jointly with the CEO a general succession planning and development policy. The NCC reviews and recommends the remuneration to be paid to Members of the Board of Directors and the Members of the Executive Committee. It also ensures a transparent Board and Executive Committee nomination process and evaluates potential conflicts of interest involving executive management and Members of the Board. The NCC monitors the developments of the regulatory framework for compensation of the top management and the Board of Directors on an on-going basis and develops suggestions for the respective adaptations of the Group'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 NCC met five times, once in the form of a conference call. The meetings lasted two hours. One of the meetings took place in the context of the Board of Directors' three-day visit to Chicago, US.

Executive Committee

The Executive Committee consists of eight functions and is headed by the Chief Executive Officer. For external activities of each member of the Executive Committee, see the respective curriculum vitae. No member of the Executive Committee may hold more than five additional mandates, of which no more than two may be in stock-exchange-listed companies.

Name	Function	Nationality	Member since
Antoine de Saint-Affrique	Chief Executive Officer	French	As from October 1, 2015
Juergen Steinemann	Chief Executive Officer	German	2009 (until September 30, 2015)
Victor Balli	Chief Financial Officer	Swiss	2007
Peter Boone	Chief Innovation & Quality Officer	Dutch	2012
Massimo Garavaglia	President EMEA	Italian	2004
David S. Johnson	President Americas	US	2009
Carole Le Meur	Head Global HR	French	2016
Dirk Poelman	Chief Operations Officer (COO)	Belgian	2009
Steven Retzlaff	President Global Cocoa	US/Swiss	2008

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Antoine de Saint-Affrique

Chief Executive Officer, French national

Antoine de Saint-Affrique (1964) is Chief Executive Officer of Barry Callebaut AG and has been appointed to that role as of October 1, 2015.

From September 2011 until September 2015, Antoine de Saint-Affrique served as President Unilever Foods and Member of Unilever's Group Executive Committee, where he was accountable for businesses with a combined turnover of EUR 12.4 billion.

Prior to this, Antoine de Saint-Affrique was Executive Vice President of Unilever's Skin category – an area of the business which includes leading brands such as Dove, Lux, Lifebuoy and Pond's. From early 2005 to mid 2009, Antoine was Executive Vice President for Unilever's Central and Eastern Europe region – an area covering 21 countries. He was based in Moscow. Before joining Unilever in 2000, Antoine was Marketing Vice President and a Partner at Amora Maille, a foods company which was acquired under a leveraged buyout from the Danone Group. He served as a reserve naval officer between 1987 and 1988.

Antoine has a degree in business administration from ESSEC (1987) in Paris, and a qualification in executive education from Harvard Business School. Since 2004, he has led the marketing course at Mines ParisTech (Corps des Mines).

A French national, Antoine has lived in Africa, the US, Hungary, the Netherlands, Russia, and the UK. He is a Non-Executive Director and a member of the audit committee at the ophthalmic company Essilor International, the world leader in corrective lenses. He has also been Conseiller du Commerce Extérieur since 2004.

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Victor Balli
Chief Financial Officer, Swiss national

Victor Balli (1957) was appointed Chief Financial Officer and member of the Executive Committee 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.

He is a Non-Executive Director and a member of the audit committee of Givaudan SA, the global leader in fragrance and flavors.

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. He assumed in addition responsibility for Quality Assurance as of June 24, 2013 and for Sustainability as of November 2015.

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, 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.

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

Massimo Garavaglia
President EMEA, Italian national

Massimo Garavaglia (1962) was appointed President EMEA (Europe, Middle East, Africa) as of October 1, 2015.

He is a member of the Executive Committee of Barry Callebaut AG. 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. Subsequently he served as President Americas until 2009. From 2009 to September 2015, he served as President Western Europe.

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

David Johnson
CEO and President Americas, US national

David 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, US.

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, US.

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

Corporate Governance

Carole Le Meur

Chief Human Resource Officer since April 2016, French national

Carole Le Meur was appointed Chief Human Resources Officer and member of the Executive Committee of Barry Callebaut AG effective April 1, 2016.

From 2008 until joining Barry Callebaut, Carole Le Meur worked with Baxter Healthcare, Inc. From 2008 to 2013, she was Vice President Human Resources EMEA based in Zurich, Switzerland.

In 2014 she served as Vice President Human Resources Asia Pacific and Vice President Human Resources Intercontinental for Baxalta Incorporated prior to the spin-off from Baxter, with HR responsibility for the fast growth markets such as Latin America, Brazil, Russia, Turkey and Asia Pacific.

From 2002 to 2008, Carole Le Meur held several Global VP HR positions at Aventis, a leading European healthcare company, including Vice President Staffing Aventis Pasteur, Vice President Human Resources Global Industrial Operations and R&D France.

Carole Le Meur started her career in FMCG as Brand Marketing Manager with ICI Paints/Dulux in France, after which she served in various Sales and Marketing positions in Europe for Procter & Gamble Pharmaceuticals from 1990 to 1996. From 1996 to 2002 Carole Le Meur worked as an Executive Search consultant in the Healthcare and Consumer practices of two executive search firms in Europe.

Carole Le Meur holds a Master in Management from EM LYON Business School with a Major in International Affairs, as well as an Executive Master in Consulting and Coaching for Change from INSEAD and has completed executive programs at HEC and the Kellogg business school.

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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 electro-mechanics from the Catholic Industrial High School in Aalst, Belgium.

Steven Retzlaff
President Global Cocoa, US and Swiss national

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

He joined Barry Callebaut in 1996 and has held various senior finance and general management positions. He is Vice Chairman of the World Cocoa Foundation and Vice Chairman of the European Cocoa Association.

From 1987 through 1993, he worked for KPMG in San Francisco and Zurich, and from 1993 to 1996 at JMP Newcor in Zug, Switzerland.

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, France.

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Shareholders' participation

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

Until December 2014, no shareholder holding more than 5% of the share capital could be registered as a shareholder with voting rights with respect to the shares such shareholder holds in excess thereof. This restriction has been deleted in the context of the revision of the Articles of Incorporation adopted by the General Meeting of Share-holders held on December 10, 2014.

Shareholders may register their shares in the name of a nominee approved by the Company 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 2015/16, no such exception was requested.

A resolution passed at the General Meeting of Shareholders with a majority of at least two thirds of the shares represented at such meeting is required to change the restrictions on the transferability of registered shares. Shareholders may be represented at the General Meeting of Shareholders by their respective legal representative, another shareholder or the independent proxy pursuant to the "Ordinance against Excessive Compensation at Listed Companies" (OaEC). The Articles of Incorporation follow the majority rules and the provisions on convocation prescribed by the Swiss law concerning general meetings of shareholders. Shareholders with registered voting rights who together represent at least 0.25% of the share capital or of the votes may call for the inclusion of an item on the agenda. Such request for inclusion must be made in writing at least 60 days prior to the date of the General Meeting of Shareholders setting forth the items to be included on the agenda and the motions put forward by the shareholders.

Notice of the General Meeting of Shareholders is given by way of one-time publication in the Company's official publication organ (Swiss Official Gazette of Commerce, *"Schweizerisches Handelsamtsblatt"*). Shareholders registered in the share register with voting rights at the date specified in the invitation may additionally receive an invitation to the General Meeting of Shareholders in writing. Furthermore, the Company offers its shareholders the opportunity to register with the online platform "Sherpany" and thus the possibility to submit their voting instructions to the independent proxy in an efficient manner. The published disclosures on significant shareholders of the Company are accessible via the disclosure platform of SIX Exchange Regulation: https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html.

Change of control and defense measures

According to the Swiss Stock Exchange and Securities Trading Act, an investor who acquires 33⅓% of all voting rights in the Company has to submit a take-over offer for all shares outstanding. The Company has not elected to change or opt out of this rule.

There are no change of control clauses in the employment contracts with the members of the Board of Directors nor of the Executive Committee.

External auditors

At the Annual General Meeting of Shareholders of the Company held on December 8, 2015, the shareholders voted to appoint KPMG AG, Zurich, as statutory auditors. The statutory auditors are appointed annually by the General Meeting of Shareholders for a term of office of one year. The current lead auditor in charge has exercised this function since fiscal year 2014/15. Pursuant to the Swiss Code of Obligations, the lead auditor in charge may exercise her/his role during a maximum of seven years. The current lead auditor in charge may therefore exercise his function until and including fiscal year 2021/22.

For fiscal year 2015/16, the remuneration for the audit of the accounting records and the financial statements of the Company, and the audit of the Group's consolidated financial statements, amounted to CHF 2.9 million. The remuneration was 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 whom they present a detailed report on the result of the audit of the Group. Prior to the presentation to the AFRQCC, the lead auditor in charge 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 0.5 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.

Corporate Governance

Information policy

The Company 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 the Company and the Group 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 2016/17 and contacts are published on page 150.

The published media releases of Barry Callebaut are accessible via https://www.barry-callebaut.com/about-us/media/news.

To subscribe to the Group's electronic news alerts, please go to: https://www.barry-callebaut.com/about-us/media/subscribe-our-news-releases.

Remuneration Report

This Remuneration Report describes the fundamental principles of the remuneration system for the governing bodies at Barry Callebaut as well as the governance framework related to remuneration decisions. The report provides details on the remuneration of the members of the Board of Directors and the Executive Committee related to fiscal year 2015/16. Shareholdings of the members of the Board of Directors and the Executive Committee are also disclosed (reproduction of note 3.5 to the Financial Statements of Barry Callebaut AG).

The Remuneration Report is written in accordance with the "Ordinance against Excessive Compensation in listed Companies (OaEC)", the Art. 663c paragraph 3 of the Swiss Code of Obligations and the Corporate Governance Directive issued by SIX Exchange Regulation.

Fundamental principles and governance related to remuneration

The fundamental principles of the compensation are laid out in the Total Reward Policy that has been adopted by the Board of Directors in fiscal year 2014/15. Barry Callebaut believes that commitment and performance of its officers, managers and employees should be rewarded, reflecting the relevant market conditions, the performance of Barry Callebaut as a Company, and the individual employee's contribution. Reward programs strengthen the attraction and retention of talented individuals and also support the employees' on-going career development at Barry Callebaut. Market information is taken into account for the determination of individual salaries. However, as a general rule, the target compensation at Barry Callebaut, including that of the top management, is not directly linked to any external benchmark and is therefore determined on a discretionary basis. Barry Callebaut has a performance-oriented culture and uses an annual Performance Management and Development Process (PMDP) to monitor and assess the contributions of all employees to the achievement of business results as well as their personal and professional development.

Pursuant to the OaEC as implemented in the Company's Articles of Incorporation (Article 30), the General Meeting of Shareholders approves the total remuneration of the members of the Board of Directors and the Executive Committee. The General Meeting of Shareholders approves the motions of the Board of Directors on an annual basis and with binding effect with regard to:

a) the aggregate maximum amount of the compensation of the Board of Directors for the forthcoming term of office;
b) the aggregate maximum amount of the fixed compensation of the Executive Committee for the forthcoming financial year;
c) the aggregate maximum amount of the short-term and the long-term variable compensation of the Executive Committee for the past financial year.

The General Meeting of Shareholders votes separately on the aggregate compensation of the Board of Directors and the Executive Committee.

The Board of Directors reports to the General Meeting of Shareholders on the remuneration system and the actual remuneration of the past fiscal year in the Remuneration Report. The Remuneration Report is subject to a consultative vote of the General Meeting of Shareholders.

Further, the Articles of Incorporation include the principles of compensation applicable to the Board of Directors and to the Executive Committee. Those provisions can be found under https://www.barry-callebaut.com/sites/default/files/publications/bc_statuten_e_2015.pdf and include:

- Principles of compensation of the Board of Directors (Articles 32 and 33);
- Principles of compensation of the Executive Committee (Articles 32 and 34);
- Additional amount for new members of the Executive Committee (Article 31);
- Credits and loans (Article 35).

The Nomination & Compensation Committee (NCC) of Barry Callebaut assists the Board of Directors in fulfilling its responsibility by regularly evaluating the remuneration strategy and proposing individual compensation packages for the Board of Directors, the members of the Executive Committee, and other key members of the Management (for further details please refer to the "Functioning of the Board" section in the Corporate Governance Report). The Board of Directors has not delegated any decision power to the NCC, therefore remuneration decisions are taken by the full Board of Directors upon recommendations of the NCC.

Remuneration Report

The General Meeting of Shareholders has elected the following members to the NCC:

Name	Nationality	Member of the NCC since
James Donald (Chairman)	US	2008
Patrick De Maeseneire	Belgian	2015
Fernando Aguirre	Mexican/US	2013
Wai Ling "Winnie" Liu	Hong Kong-Chinese	2014

Remuneration of the Board of Directors

The remuneration structure of the Board of Directors is annually reviewed and determined at the discretion of the Board of Directors. It consists of fixed fees and grants of Barry Callebaut AG share awards. The fixed fees amount to CHF 400,000 for the Chairman of the Board of Directors, CHF 200,000 for the Vice Chairman, CHF 140,000 for members chairing a Board Committee and CHF 125,000 for the other members. The share award amounts to 500 shares for the Chairman, 250 for the Vice Chairman and 180 shares for the other members of the Board of Directors. Shares granted to the members of the Board are transferred with no restrictions at the end of the annual service period on the Board. In order to reinforce the independence of the Board in exercising its supervisory duties towards executive management, its remuneration is not linked to any performance criteria. Board members do not receive any lump-sum payments for expenses. The remuneration of the members of the Board is subject to the mandatory social security contributions. Pursuant to the Articles of Incorporation, the members of the Board are in principle eligible for pension fund contributions by the Company. However, in fiscal year 2015/16 no such contributions were made with respect to non-executive members of the Board.

The increase in remuneration of the Board of Directors compared to the previous year is mainly due to the fact that there is one additional member in the Board. The remuneration structure remained unchanged compared to the previous year.

At the General Meeting of Shareholders in December 2015, the shareholders approved a maximum aggregate amount of CHF 2,200,000 and 2,190 shares for the Board of Directors for the compensation period from the General Meeting of Shareholders in December 2015 until the General Meeting of Shareholders in December 2016. The compensation effectively paid for the portion of this term of office included in this compensation report (January 1, 2016 until August 31, 2016) is within the limit approved by the shareholders. A conclusive assessment for the entire period will be included in the remuneration report 2016/17.

Remuneration Report

Remuneration of the Board of Directors for fiscal year 2015/16 (audited figures)

in CHF BoD Member	Compensation fix	Other compensation[1]	Total cash related remuneration	Number of shares[2]	Value of shares[3]	Total remuneration 2015/16
Andreas Jacobs Chairman/Delegate	400,000	–	400,000	500	528,167	928,167
Patrick De Maeseneire[4] Vice Chairman Member of the NCC[5]	133,333	12,863	146,196	167	178,333	324,529
Fernando Aguirre Member of the NCC	125,000	–	125,000	180	190,140	315,140
Jakob Baer Chairman of the AFRQCC[6]	140,000	34,259	174,259	180	190,140	364,399
Jim Donald Chairman of the NCC	140,000	–	140,000	180	190,140	330,140
Nicolas Jacobs Member of the AFRQCC	125,000	39,824	164,824	180	190,140	354,964
Wai Ling Liu Member of the NCC	125,000	47,224	172,224	180	190,140	362,364
Timothy E. Minges Member of the AFRQCC	125,000	–	125,000	180	190,140	315,140
Andreas Schmid Member of the AFRQCC	125,000	39,652	164,652	180	190,140	354,792
Juergen Steinemann	66,667	–	66,667	203	214,150	280,817
Total remuneration Board of Directors	**1,505,000**	**173,822**	**1,678,822**	**2,130**	**2,251,630**	**3,930,452**

1 Including social security contributions.
2 Number of shares granted in relation to the fiscal year under review; vesting subject to meeting service conditions. Grants to BoD are based on the calendar year.
3 Value defined as closing share price at the beginning of the service period.
4 At the General Meeting of Shareholders held on December 8, 2015, Patrick De Maeseneire was elected as a member of the BoD and succeeded Juergen Steinemann in the role of the Vice Chairman.
5 Nomination & Compensation Committee.
6 Audit, Finance, Risk, Quality & Compliance Committee.

Remuneration of the Board of Directors for fiscal year 2014/15 (audited figures)

in CHF BoD Member	Compensation fix	Other compensation[1]	Total cash related remuneration	Number of shares[2]	Value of shares[3]	Total remuneration 2014/15
Andreas Jacobs Chairman/Delegate	400,000	–	400,000	500	518,833	918,833
Juergen Steinemann[4] **Vice Chairman**	–	–	–	167	172,944	172,944
Fernando Aguirre Member of the NCC[5]	125,000	–	125,000	180	186,780	311,780
Jakob Baer Chairman of the AFRQCC[6]	140,000	33,355	173,355	180	186,780	360,135
Jim Donald Chairman of the NCC	140,000	–	140,000	180	186,780	326,780
Nicolas Jacobs Member of the NCC	125,000	38,606	163,606	180	186,780	350,386
Wai Ling Liu[7] Member of the NCC	83,333	9,865	93,198	180	186,780	279,978
Timothy E. Minges Member of the AFRQCC	125,000	–	125,000	180	186,780	311,780
Ajai Puri[8]	41,667	–	41,667	60	62,260	103,927
Andreas Schmid Member of the AFRQCC	152,500	41,899	194,399	180	186,780	381,179
Total remuneration Board of Directors	**1,332,500**	**123,725**	**1,456,225**	**1,987**	**2,061,498**	**3,517,722**

1 Including social security contributions.
2 Number of shares granted in relation to the fiscal year under review; vesting subject to meeting service conditions. Grants to BoD are based on the calendar year.
3 Value defined as closing share price at the beginning of the service period.
4 At the General Meeting of Shareholders held on December 10, 2014, Juergen Steinemann was elected as a member of the BoD and succeeded Andreas Schmid in the role of the Vice Chairman.
5 Nomination & Compensation Committee.
6 Audit, Finance, Risk, Quality & Compliance Committee.
7 At the General Meeting of Shareholders held on December 10, 2014, Wai Ling Liu was elected as a member of the BoD and the NCC.
8 At the General Meeting of Shareholders held on December 10, 2014, Ajai Puri did not stand for re-election to the BoD and the NCC, but continued to be a consultant for strategic and corporate governance issues to the BoD for the calendar year 2015. For these services, he received a compensation of CHF 125,000 in cash and 180 shares which are not included in the above table.

Remuneration Report

Remuneration of the Executive Committee

The individual remuneration of the members of the Executive Committee is reviewed annually and determined at the discretion of the Board of Directors, upon proposal of the NCC, based on the principles set out in the Executive Total Reward Policy, the market data from various sources, the scope and level of responsibility of the position, and the profile of the incumbent in terms of qualification, experience and skills set.

The remuneration structure for the Executive Committee of Barry Callebaut consists of three main compensation elements: a fixed annual base salary, an annual short-term cash bonus pursuant to the Company's Short-Term Incentive Plan, and a long-term incentive comprised of share grants pursuant to the Company's Long-Term Incentive Plan, as well as other benefits.

Base salary	Annual gross base salary	• Determined at the discretion of the Board of Directors based on various criteria such as market value of the role, scope of the position and profile of the incumbent • Target weight in % of total compensation: CEO 20%–40%, Executive Committee 25%–35%
Variable annual bonus	Barry Callebaut Short-Term Incentive Plan (STIP)	• Based on the achievement of financial (75%–80%) and personal strategic targets (20%–25%) • Maximum payout: 150% of target • Knock-out threshold: 75%, i.e. below a target achievement of 75% there is no bonus payout • Payout in cash annually after release of full-year results, conditional upon the Company reporting a net profit • Target weight in % of total compensation: CEO 20%–40%, Executive Committee 25%–35%
Share awards	Barry Callebaut Long-Term Incentive Plan (LTIP)	• As from 2014: LTIP; until 2014: "Deferred Share Plan 2011–2014" (last share awards vesting in 2016) • Individual grant values approved by the Board of Directors; number of shares determined by dividing the grant value by the average share price over three months prior to the granting decision • Vesting of award over a three-year vesting cycle: 30% in the first and second year each, 40% in the third year subject to a performance criteria • Performance criteria: vesting of the final tranche depends on the relative performance of the Barry Callebaut share price compared to a basket of benchmark companies • Target weight in % of total compensation: CEO 30%–60%, Executive Committee 30%–50%
Other benefits	Risk benefits and perquisites	• Social security contributions by employer • Post-employment and retirement benefits • Insurances • Executive perquisites such as company car, relocation costs etc.

Base salary

The fixed annual gross base salary is defined at the discretion of the Board of Directors on the basis of various criteria, such as market value of the role, scope of the position, and profile of the incumbent.

Short-Term Incentive Plan (STIP)

The STIP is designed to reward the business performance of the company and the individual contributions of the incumbent, over a time horizon of one year. This variable compensation allows employees to participate in the company's success while being rewarded for their individual performance.

The STI target is expressed as percentage of the fixed annual base salary and varies between 75% and 125% for the members of the Executive Committee for the fiscal year 2015/16. The STI is paid out as a cash payment and depends on the level of achievement of annual performance targets. The maximum payout is capped at 150% of the target amount. The performance criteria for the members of the Executive Committee are defined by the Board of Directors upon evaluation and recommendation of the NCC. For the fiscal year 2015/16, the bonus of the Executive Committee depends on the achievement of financial business targets (75 to 80% weight) and the achievement of individual strategic targets (20 to 25% weight). The financial business targets and their respective weight are summarized in the table below. Those financial objectives reflect the business strategy of profitable growth by rewarding top line (revenue) and bottom line contributions (EBIT, EPS), as well as the efficient use of the company's assets (net working capital) and the residual income realized at company level (EVA).

Remuneration Report

Financial business target	CEO/CFO	Regional Presidents	COO/CIO/CHRO
Group EBIT	25%	15%	35%
Group EBIT/MT	15%	–	10%
Group sales volume	20%	–	20%
EVA	30%	15%	15%
Earnings per share	10%	–	–
Regional EBIT	–	30%* 15%**	–
Regional EBIT/MT	–	15%**	–
Regional sales volume	–	20%	–
Working capital	–	20%	20%
Total	**100%**	**100%**	**100%**

*President Global Cocoa **Presidents EMEA/Americas

Long-Term Incentive Plan (LTIP)
The purpose of the LTIP is to provide the participants with an ownership interest in Barry Callebaut and to reward for the long-term performance of the company. The LTIP thus aligns their interests to those of the shareholders. The new LTIP was implemented for financial year 2014/15, and its terms and conditions remained valid for the grants awarded in fiscal year 2015/16.

The grant of share units under the LTIP is based on a target LTI amount determined individually for each plan participant. The target LTI amount is divided by the average share price of the last three months of the preceding fiscal year in order to calculate the number of share units awarded. The share units vest in three tranches over three fiscal years, i.e. 30% after one year, 30% after two years, and 40% after three years from the grant date. The first two tranches are restricted share units (RSU) that vest subject to the LTIP participant continuing to be employed by Barry Callebaut. The final tranche consists of performance share units (PSU) that vest subject to meeting a performance criterion over the three-year vesting period. The performance criterion is the relative performance (3-year Compound Annual Growth Rate) of the Barry Callebaut share versus the share performance of a peer group of companies including chocolate companies, ingredient companies and FMCG companies: AAK, Aryzta, Hershey, Kellogg's, Kerry, Lindt, Mondelēz, Nestlé, Olam, Petra and Unilever. The overperformance of the Barry Callebaut share price versus the benchmark share price of the peer group is incentivized by applying a multiplier of 25 on the overperformance in %, whereas in the case of underperformance, a multiplier of 12.5 applies. However, a cap and a floor apply at 5% over- or underperformance, so that the vesting for the last tranche can vary between 37.5% and 225% of the share awards granted. Consequently, the overall vesting ranges from 75% and 150% of the initially determined number of share units granted. Share units granted to members of the Executive Committee may only vest to the extent that the actual market value of the vested shares (at vesting) in any given year does not exceed 160% of the target LTI amount defined at the most recent grant date for the respective plan participant (value cap). Furthermore, the Board of Directors reserves the right to suspend or adjust the vesting of the share units in case of a negative result from continuous operations of the Barry Callebaut Group. Once the shares are vested and transferred, they are free of any sales restrictions.

The following table provides an overview of the different performance scenarios and the respective impact on the total vesting opportunity for participants, expressed in % of the originally granted number of share units (subject to the respective plan participant's continued service over the entire vesting cycle, the Value Cap not being reached and Barry Callebaut reporting a positive profit after tax):

Performance achievement scenario	Share awards 1st Tranche	Share awards 2nd Tranche	Share awards 3rd Tranche	Total share awards vested over a vesting cycle
100% achievement of performance criteria	30%	30%	40%	100%
Top achievement of performance criteria (cap)	30%	30%	90%	150%
Lowest achievement of performance criteria (floor)	30%	30%	15%	75%

Remuneration Report

Deferred Share Plan 2011–2014(discontinued):
The grant of share awards to management for the fiscal years 2011/12 until 2013/14 was regulated by a Deferred Share Plan 2011–2014. For that period (the "Grant Cycle"), an annual share value was determined by the Board of Directors for each individual plan participant. The number of share units to be granted to each participant with respect to each fiscal year was calculated by dividing the annual share grant value by the average closing price of the Company's shares during the last three months of the previous fiscal year. The granted share awards vested according to the following schedule: 30% after one year, 30% after two years and 40% after three years. Actual shares were transferred upon vesting of the share awards. The vesting was subject to service criteria, but not to any performance criteria. No grants were made under the Deferred Share Plan 2011–2014 after financial year 2013/14.

Other benefits
Other benefits include risks benefits that provide for a reasonable level of income in case of retirement, death or disability. Those consist of social security contributions, post-employment benefits, pension contributions and insurances. The members of the Executive Committee with a Swiss employment contract participate in the occupational pension plan offered to all employees in Switzerland. members of the Executive Committee under foreign employment contract are insured commensurately with market conditions and with their position. Each plan varies in line with the local competitive and legal environment and is, as a minimum, in accordance with the legal requirements of the respective country.

Further, members of the Executive Committee are also provided with certain executive perquisites such as relocation allowances, housing or other cost of living allowances, car allowances, and gross-ups for tax equalization of certain benefits. The benefits for each member of the Executive Committee are subject to their specific situation, the typical market practice and other factors after consideration of the total value of their individual remuneration package.

The monetary value of these benefits is disclosed in the remuneration tables at their fair value.

Employment contracts
The members of the Executive Committee are employed under employment contracts of unlimited duration and subject to a notice period of maximum one year. They are not contractually entitled to severance payments or to change of control provisions.

Remuneration of the Executive Committee for fiscal year 2015/16 (audited figures)

in CHF	Compensation fix	Compensation variable[2]	Post-employment benefits[3]	Other compensation	Total cash related remuneration	Number of shares[4]	Value of shares[5]	Total remuneration 2015/16
Remuneration Executive Committee[1]	**5,326,055**	**5,764,245**	**1,790,860**	**904,564**	**13,785,724**	**7,569**	**7,486,645**	**21,272,369**
Highest individual remuneration within Executive Committee: **Antoine de Saint-Affrique** CEO Barry Callebaut Group	**1,546,360**	**1,390,000**	**166,862**	**14,523**	**3,117,745**	**1,587**	**1,565,798**	**4,683,543**

1 Disclosure relates to the Executive Committee as in place on August 31, 2016, i.e.: Antoine de Saint-Affrique, Victor Balli, Peter Boone, Massimo Garavaglia, David Johnson, Carole Le Meur, Dirk Poelman, Steven Retzlaff. Also included is the remuneration of Juergen Steinemann (former CEO) for the transition period ending March 2016.
2 Based on best estimate of expected payout for fiscal year 2015/16 (accrual principle).
3 Including social security and pension contributions.
4 Number of shares granted in relation to the fiscal year 2015/16; vesting subject to meeting service and/or performance conditions.
5 Value of shares is defined as fair value at grant date. For restricted share units, this is the share price at grant date. For performance share units the fair value is established based on a valuation performed by experts applying the "Monte Carlo simulation method".In both cases the net present value of expected dividends that will not be received by the plan participant during the vesting period is excluded from the fair value.

Remuneration Report

Remuneration of the Executive Committee for fiscal year 2014/15 (audited figures)

in CHF	Compensation fix	Compensation variable	Post-employment benefits[2]	Other compensation	Total cash related remuneration	Number of shares[3]	Value of shares[4]	Total remuneration 2014/15
Remuneration Executive Committee[1]	**3,893,051**	**3,797,248**	**2,280,143**	**808,738**	**10,779,180**	**6,504**	**6,011,878**	**16,791,058**
Highest individual remuneration within Executive Committee: **Juergen Steinemann** CEO Barry Callebaut Group	**1,130,000**	**1,060,201**	**1,101,771**	**512,566**	**3,804,538**	**2,956**	**2,687,300**	**6,491,837**

1 Disclosure relates to the Executive Committee as in place on August 31, 2015, i.e.: Juergen Steinemann, Victor Balli, Peter Boone, Massimo Garavaglia, David Johnson, Dirk Poelman and Steven Retzlaff.
2 Including social security and pension contributions.
3 Number of shares granted in relation to the fiscal year 2015/16; vesting subject to meeting service and/or performance conditions.
4 Value of shares is defined as fair value at grant date. For restricted share units, this is the share price at grant date. For performance share units the fair value is established based on a valuation performed by experts applying the "Monte Carlo simulation method". In both cases the net present value of expected dividends that will not be received by the plan participant during the vesting period is excluded from the fair value.

Comments on the remuneration tables

The increase in remuneration compared to the previous fiscal year is mainly due to the following factors:

- Transition period from October 2015 through March 2016 with both Antoine de Saint-Affrique as CEO and Juergen Steinemann
- One additional member of the Executive Committee;

The aggregate amount of remuneration for the Executive Committee is subject to the approval of the General Meeting of Shareholders. The maximum aggregate amount of fixed remuneration was approved by the General Meeting of Shareholders in December 2015 prospectively for fiscal year 2016/17. Accordingly, the fixed remuneration for financial year 2015/16 was not yet subject to the approval of the General Meeting of Shareholders. The aggregate compensation amount for the short-term and long-term incentives for fiscal year 2015/16 will be submitted to shareholders' vote at the upcoming General Meeting of Shareholders in December 2016.

Shareholdings of the Board of Directors and the Executive Committee

Shareholdings of the Board of Directors

Number of shares as of August 31, Name	Function	2016	2015
Andreas Jacobs[1]	Chairman	4,260	3,760
Patrick De Maeseneire	Vice Chairman (as of December 9, 2015)	–	–
Fernando Aguirre		100	296
Jakob Baer		900	720
James "Jim" Donald		1,260	1,080
Nicolas Jacobs		101,039	159,359
Wai Ling "Winnie" Liu		180	–
Timothy Minges		476	296
Andreas Schmid		8,038	7,858
Juergen Steinemann[2]	Vice Chairman (until December 9, 2015)	13,795	10,913
Total shares held by Board of Directors		**130,048**	**184,282**

1 Excluding the 50.11% participation held by Jacobs Holding AG (see note 3.4 to the Financial Statements of Barry Callebaut AG).
2 Juergen Steinemann's shareholdings are listed in both tables for prior year, since he was member of the Board of Directors as well as of the Executive Committee on August 31, 2015.

Remuneration Report

Shareholdings of the Executive Committee

Number of shares as of August 31,		2016	2015
Name	Function		
Antoine de Saint-Affrique	CEO Barry Callebaut Group (as of October 1, 2015)	–	–
Victor Balli	CFO Barry Callebaut Group	1,000	900
Peter Boone	Chief Innovation & Quality Officer	7	4
Massimo Garavaglia	President EMEA	250	–
Dave Johnson	CEO and President Americas	2,023	1,964
Carole Le Meur	Chief Human Resources Officer (as of April 1, 2016)	–	–
Dirk Poelman	Chief Operations Officer	1,534	1,490
Steven Retzlaff	President Global Cocoa	686	1,000
Juergen Steinemann[1]	CEO Barry Callebaut Group (until September 30, 2015)	–	10,913
Total shares held by Executive Committee		**5,500**	**16,271**

1 Juergen Steinemann's shareholdings are listed in both tables for prior year, since he was member of the Board of Directors as well as of the Executive Committee on August 31, 2015.

Consideration paid for services of the majority shareholder

In line with the practice of the past years, Barry Callebaut AG and Jacobs Holding AG, Zurich, have entered into an auxiliary services agreement, under which Jacobs Holding AG offers certain management and consultancy services to Barry Callebaut AG. In fiscal year 2015/16, the total compensation paid by Barry Callebaut AG under this agreement amounted to CHF 1.5 million (excl. VAT). The contract is renewable annually.

Loans and credits (audited)

During fiscal year 2015/16, no loans or credits were granted to members of the Board of Directors and to members of the Executive Committee, nor to related parties.

As of 31 August 2016, there were no outstanding loans or credits to members of the Board of Directors and to members of the Executive Committee, nor to related parties.

Outlook: changes in the remuneration structure for the Executive Committee for fiscal year 2016/17

During fiscal year 2015/16, the Board of Directors reviewed the current remuneration policy and programs with the objective of ensuring that they are still aligned to the company's business strategy, to the evolving context in which the company operates and to the long-term interests of our shareholders. This review led to a number of changes to be implemented for fiscal year 2016/17.

Short-Term Incentive Plan (STIP)

The STIP has been harmonized throughout the organization. For each participant, the STIP will be based on a collective performance factor ("CPF") and an individual performance factor ("IPF") weighted 60% and 40%, respectively.

For the members of the Executive Committee, the CPF (60% of STI) will be based on the performance of Barry Callebaut as a Group, measured as follows:

- Group sales volume: 25%
- Group EBIT: 25%
- Free cash flow: 40%
- Strategic initiatives: 10%

For each financial objective, an expected level of performance ("target") will be defined, leading to a payout factor of 100%. A threshold level of performance, below which there is no payout, and a maximum level of performance, above which the payout is capped at 200%, will be determined as well.

The IPF (40% of STI) is based on the performance of the unit under responsibility, e.g. the respective Region or Function. The objectives are of primarily financial nature and support the strategy of profitable growth. Objectives may also include strategic initiatives that are key for the success of the Region/Function.

The maximum level of payout of the STI will be 200% of target.

Remuneration Report

Long-Term Incentive Plan (LTIP)

The LTIP will continue to be a combination of RSU and PSU, with a stronger weight on the performance-based portion in line with the company's pay-for-performance philosophy. The share units will vest in three tranches over three fiscal years, i.e. 25% after one year, 25% after two years and 50% after three years from the grant date. The first two tranches are RSU that vest subject to the LTIP participant continuing to be employed by Barry Callebaut. The final tranche consists of PSU that vest subject to meeting two performance criteria over the three-year vesting period.

The performance criteria will continue to include the relative performance of the Barry Callebaut share price compared to a peer group of companies with a 50% weight and will also include the return on invested capital (ROIC) with a 50% weight. The vesting level will be capped at 200% of the target.

The share price performance will continue to be measured against the same peer group as in the current plan, however the measurement will be a percentile rank instead of an absolute differential compared to the average of the peer group. The target (100% payout) will be to achieve median performance, e.g. to outperform half of the peer companies.

The ROIC performance has been introduced in order to reward a sustainable management of the company's assets. The ROIC target will be set by the Board of Directors on the basis of the long-term strategic plan of the company.

The combination of the two performance indicators ensures a strong alignment with the business strategy of Barry Callebaut and with the long-term interests of the Shareholders.

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Report of the Statutory Auditor to the General Meeting of

Barry Callebaut AG, Zurich

We have audited the accompanying remuneration report dated 31 October 2016 of Barry Callebaut AG for the year ended 31 August 2016. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive compensation in Stock Exchange Listed Companies (Ordinance) contained in the tables referred to as audited on pages 138 to 145 of the remuneration report.

Responsibility of the Board of Directors
The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance against Excessive compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's Responsibility
Our responsibility is to express an opinion on the accompanying remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion
In our opinion, the remuneration report for the year ended 31 August 2016 of Barry Callebaut AG complies with Swiss law and articles 14–16 of the Ordinance.

KPMG AG

François Rouiller
Licensed Audit Expert
Auditor in Charge

Patricia Bielmann
Licensed Audit Expert

Zurich, 31 October 2016

Glossary

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 livelyhoods 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).

Glossary

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.

Glossary

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.

Contact & Financial calendar

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Financial calendar

December 7, 2016

Annual General Meeting of Shareholders 2015/16, Zurich

January 25, 2017

3-month key sales figures 2016/17

April 12, 2017

Half-year results 2016/17, Zurich

July 13, 2017

9-month key sales figures 2016/17

November 8, 2017

Full-year results 2016/17, Zurich

December 13, 2017

Annual General Meeting of Shareholders 2016/17, Zurich

Forward-looking statement

Certain statements in this Letter to Investors regarding the business of the Barry Callebaut Group are of a forward-looking nature and are therefore based on management's current assumptions about future developments. Such forward-looking statements are intended to be identified by words such as "believe", "estimate", "intend", "may", "will", "expect", "project" and similar expressions as they relate to the company. Forward-looking statements involve certain risks and uncertainties because they relate to future events. Actual results may vary materially from those targeted, expected or projected due to several factors. The factors that may affect the Barry Callebaut Group's future financial results are discussed in the Annual Report 2015/16. 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. The Barry Callebaut Group does not undertake to publish any update or revision of any forward-looking statements.

Impressum

Publisher
Barry Callebaut AG
West-Park
Pfingstweidstrasse 60
8005 Zurich
Switzerland

Concept
Source Associates,
Zurich, Switzerland

Photography
Fabian Haefeli
Zurich, Switzerland

Jos Schmid
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Prepress
Linkgroup AG,
Zurich, Switzerland