



Financial Statements of Barry Callebaut AG

Income Statement

for the fiscal year in CHF	2015/16	2014/15 ¹
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

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Financial Statements of Barry Callebaut AG

Balance Sheet

Assets	2016	2015 ¹
as of August 31, 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

	2016	2015 ¹
as of August 31, 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.

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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.



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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, in CHF	Maturity	Interest	2016	2015
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, in CHF	Maturity	Interest	2016	2015
Loan from Group companies	13.07.2017	1.025%	–	150,000,000
Total			–	150,000,000

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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.

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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 in CHF	2015/16	2014/15
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 in CHF	2015/16	2014/15
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.

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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	2015/16	2014/15	2014/15
	Quantity	Value (CHF)	Quantity	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