OFFERING CIRCULAR

€450,000,000

Barry Callebaut Services NV

2.375% Senior Notes due 2024

guaranteed on a senior basis by Barry Callebaut AG and certain of its material subsidiaries

Barry Callebaut Services NV, a limited liability company incorporated under the laws of Belgium (the "Issuer"), is offering €450,000,000 of its 2.375% Senior Notes due 2024 (the "Notes"). The Issuer will pay interest on the Notes annually in arrear on May 24 of each year, commencing on May 24, 2017. The Notes will mature on May 24, 2024.

The Notes will be guaranteed on a senior basis (the "Guarantee") by the Issuer's direct parent company, Barry Callebaut AG (the "Company"), and, subject to limitations imposed by applicable law, certain of its material subsidiaries (together with the Company, the "Guarantors") on a joint and several basis.

The Issuer must offer to repurchase the Notes at a purchase price of 101% of the principal amount plus accrued and unpaid interest upon the occurrence of certain change of control events described in this Offering Circular.

At any time after May 24, 2016 (the "Issue Date") and prior to February 24, 2024, the Issuer may redeem all or part of the Notes at a price equal to 100% of the principal amount thereof plus the "applicable premium" described in this Offering Circular. At any time on or after February 24, 2024, the Issuer may redeem all or part of the Notes at a price equal to 100% of the principal amount thereof plus accrued and unpaid interest to the relevant redemption date, as described in this Offering Circular.

There is currently no public market for the Notes. Application has been made to list the Notes on the Official List of the Luxembourg Stock Exchange and for trading on the Euro MTF Market (the "Euro MTF") of the Luxembourg Stock Exchange, which is not a regulated market (as defined by Article 1(13) of Directive 93/22/EEC).

Investing in the Notes involves risks. See "Risk Factors" beginning on page 16 for a discussion of certain risks you should carefully consider before investing in the Notes.

Issue Price: 99.104%

Delivery of the Notes in dematerialised form will be made on or about May 24, 2016.

The Notes and the related Guarantee have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), or the laws of any other jurisdiction and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Offering is being made only outside the United States in reliance on Regulation S under the Securities Act. See "Notice to Investors" and "Subscription and Sale" for additional information about eligible offerees.

The Notes will be issued in dematerialised form in accordance with Article 468 et seq. of the Belgian Companies Code (*Wetboek van Vennootschappen/Code des Sociétés*) and cannot be physically delivered. The Notes will be represented exclusively by book entries in the records of the X/N securities and cash clearing system (the "NBB SSS") operated by the National Bank of Belgium (the "NBB") or any successor thereof. Access to the NBB SSS is available through those of its NBB SSS participants whose membership extends to securities such as the Notes. NBB SSS participants include certain banks, stockbrokers (*beursvennootschappen/sociétés de bourse*), Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking, *société anonyme* ("Clearstream"). Accordingly, the Notes will be eligible to clear through, and therefore be accepted by, Euroclear and Clearstream and investors may hold their Notes within securities accounts in Euroclear and Clearstream.

Joint Bookrunners and Joint Lead Managers

Credit Suisse **ING** **Rabobank** **Société Générale**

The date of this Offering Circular is May 19, 2016.

NOTICE TO INVESTORS

No representation or warranty, express or implied, is made and no responsibility or liability is accepted by the Joint Lead Managers (as defined herein) as to the accuracy or completeness of any of the information set out in this Offering Circular and nothing in this Offering Circular is or shall be relied upon as a promise or representation by the Joint Lead Managers.

Each of the Issuer and the Guarantors accepts responsibility for the information contained in this Offering Circular. To the best of their knowledge and belief (having taken all reasonable care to ensure that such is the case), the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

No person is authorized to give any information or to make any representation not contained or incorporated by reference in this Offering Circular and any information or representation not contained or incorporated herein must not be relied upon as having been authorized by or on behalf of the Issuer or any of the Joint Lead Managers. Neither the delivery of this Offering Circular nor any sale made hereunder at any time shall, under any circumstances, create any implication that the information herein is correct as of any time subsequent to the date hereof.

This Offering Circular constitutes a prospectus for the purpose of Part IV of the Luxembourg Act dated July 10, 2005, as amended, and for the purpose of giving information regarding the Issuer and the Guarantors. This Offering Circular may only be used for the purposes for which it has been published.

No action has been taken in any jurisdiction that would permit a public offering of the Notes or possession or distribution of this Offering Circular or any other offering material in any jurisdiction where action for that purpose is required to be taken. This Offering Circular does not constitute an offer of or an invitation by or on behalf of the Issuer, the Guarantors or the Joint Lead Managers or any affiliate or representative thereof to subscribe for or to purchase, any securities or an offer to sell or the solicitation of an offer to buy any securities by any person in circumstances or in any jurisdiction in which such offer or solicitation is unlawful. The distribution of this Offering Circular and the offering of the Notes in certain jurisdictions may be restricted by law. Persons in whose possession this Offering Circular comes must inform themselves about and observe any such restrictions.

The information set forth in relation to sections of this Offering Circular describing clearing and settlement arrangements, including "*Clearance and Settlement of the Notes*," are subject to any change in or reinterpretation of the rules, regulations and procedures of the NBB SSS, Euroclear, Clearstream or any other direct participants to the NBB SSS currently in effect.

The Notes will be issued in dematerialised form in accordance with Article 468 et seq. of the Belgian Companies Code and cannot be physically delivered. The Notes will be represented exclusively by book entries in the records of the NBB SSS. Access to the NBB SSS is available through those of its NBB SSS participants whose membership extends to securities such as the Notes. NBB SSS participants include certain banks, stockbrokers (*beursvennootschappen/sociétés de bourse*), Euroclear and Clearstream. Transfers between investors will be effected in accordance with the respective rules and operating procedures of the NBB SSS participants through which they hold their Notes.

The Issuer and the Principal Paying and Domiciliary Agent (as defined herein) will have no responsibility for the proper performance by the NBB SSS or the NBB SSS participants of their obligations under their respective rules and operating procedures. A Noteholder must rely on the procedures of the NBB SSS, Euroclear and Clearstream to receive payments under the Notes. The Issuer will have no responsibility or liability for the records relating to, or payments made in respect of, the Notes within the NBB SSS. Investors wishing to use these clearing systems are advised to confirm the continued applicability of these arrangements. Please see "*Clearance and Settlement of the Notes*."

No person has been authorized to give any information or to make any representation other than those contained in this Offering Circular and any information or representation not so contained must not be relied upon as having been authorized by or on behalf of the Issuer, the Guarantors or the Joint Lead Managers. Neither the delivery of this Offering Circular nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer, the Guarantors or the Group (as defined herein) since the date hereof, that there has been no adverse change in the financial position of the Issuer, the Guarantors or the Group since the date hereof or that the information contained herein or any other information supplied in connection with the Notes and the related Guarantee is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

Recipients of this Offering Circular are authorized to use it solely for the purpose of considering an investment in the Notes and may not reproduce or distribute this Offering Circular, in whole or in part, and may not disclose any of the contents of this Offering Circular or use any information herein for any purpose other than considering an investment in the Notes. You are responsible for making your own examination of the Issuer, the Guarantors, and the Group and your own assessment of the merits and risks of investing in the Notes. You should consult with your own advisers as needed to assist you in making your investment decision and to advise you whether you are legally permitted to purchase the Notes.

This Offering Circular is for distribution only to, and is directed solely at, persons who (i) are outside the United Kingdom, (ii) are investment professionals, as such term is defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Financial Promotion Order"), (iii) are persons falling within Article 49(2)(a) to (d) of the Financial Promotion Order, or (iv) are persons to whom an invitation or inducement to engage in investment banking activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "FSMA") in connection with the issue or sale of any Notes may otherwise be lawfully communicated or caused to be communicated (all such persons together being referred to as "relevant persons")). This Offering Circular is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this Offering Circular relates is available only to relevant persons and will be engaged in only with relevant persons. Any person who is not a relevant person should not act or rely on this Offering Circular or any of its contents.

The Notes have not been and will not be registered under the Securities Act, and subject to certain exceptions, may not be offered within the United States.

The Notes and the related Guarantee are being offered and sold only outside the United States in reliance on Regulation S. For a description of these and certain further restrictions on offers, sales and transfers of the Notes and the related Guarantee and distribution of this Offering Circular, see "Subscription and Sale".

The Notes and the related Guarantee have not been approved or disapproved by the U.S. Securities and Exchange Commission, any State securities commission in the United States or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Notes and the related Guarantee or the accuracy or adequacy of this Offering Circular. Any representation to the contrary is a criminal offense in the United States.

IN CONNECTION WITH THE OFFERING, COÖPERATIEVE RABOBANK U.A. (THE "STABILIZING MANAGER") (OR ANY PERSON ACTING ON BEHALF OF THE STABILIZING MANAGER) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILIZING MANAGER (OR ANY PERSON ACTING ON BEHALF OF THE STABILIZING MANAGER) WILL UNDERTAKE STABILIZATION ACTION. ANY STABILIZATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFERING IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES.

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INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

This Offering Circular includes forward-looking statements. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes," "estimates," "anticipates," "expects," "intends," "envisage," "may," "will" or "should" or, in each case, their negative, or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Offering Circular and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the countries and industry in which we operate.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. We caution you that forward-looking statements are not guarantees of future performance and that the actual results of our operations, financial condition and liquidity, and the development of the countries and the industry in which we operate may differ materially from those made in or suggested by the forward-looking statements contained in this Offering Circular. In addition, even if our results of operations, financial condition and liquidity, and the development of the countries and the industry in which we operate are consistent with the forward-looking statements contained in this Offering Circular, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that could cause those differences include, but are not limited to:

- we obtain cocoa beans, our primary raw material, from countries in West Africa and other emerging markets, which exposes us to political, economic and other uncertainties;
- fluctuations in the prices of cocoa bean could have a material adverse effect on our business and results of operations and affect our working capital requirements;
- diverse political, legal, economic and other factors affecting the markets in which we operate could adversely affect us;
- different cultural, political and economic environments we are expanding into could adversely affect us;
- one or more of our significant long-term outsourcing agreements and strategic partnerships may be terminated or may not be renewed, and we may not be able to enter new ones;
- there are risks arising from our recent and future acquisitions;
- the achievement of our business plan depends on our ability to manage our growth and to allocate scarce personnel resources to the management and integration of subsidiaries worldwide, and on favorable labor relations with our employees;
- competition within the markets in which we operate is strong and could adversely affect us;
- unfavorable currency exchange rate fluctuations could adversely affect us;
- our sustainability initiatives may fail to deliver the outcomes we anticipate or may deliver unanticipated negative outcomes;
- we may not be able to secure a sustainable supply of suitable quality cocoa;
- any environmental liabilities and capital costs in connection with our past, present and future operations could have an adverse effect on our profitability and cash flows;
- our products may contain ingredients or other substances which could cause injury to consumers and are subject to regulation;
- increased taxation on products containing sugar may reduce our profitability;
- demand for our products could be affected by changes in consumer preferences and demands;
- our future growth depends in part on our ability to be innovative and on protecting our proprietary trade secrets;
- we may incur additional liabilities in connection with our employee benefit plans;
- negative publicity and threatened or actual legal proceedings could harm our business, reputation and results of operations;

- the control which our principal shareholder may exert over us may adversely affect us and the Noteholders;
- we may be affected by conflicts of interest when entering into transactions with related parties;
- our tax burden could increase due to changes in tax laws or their application or interpretation, or as a result of current or future tax audits, and there can be no assurance that we will continue to benefit from additional recognition of tax losses carried forward;
- our compliance controls and procedures may not be sufficient to prevent or discover violations of anti-corruption and anti-fraud laws or group-wide policies; and
- we are exposed to various information technology risks that could lead to an interruption of business processes.

We urge you to read the sections of this Offering Circular entitled "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business" for a more complete discussion of the factors that could affect our future performance and the countries and industry in which we operate. In light of these and any other risks, uncertainties and assumptions, the forward-looking events described in this Offering Circular may not occur.

Except as required by law or applicable stock exchange rules or regulations, we undertake no obligation to update or revise publicly any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to us or to persons acting on our behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Offering Circular.

MARKET SHARE AND INDUSTRY DATA

This Offering Circular contains information about our markets and our competitive position therein, including market size and market share information. We divide the chocolate industry into two markets: the "captive" market—comprised of semi-finished products and industrial chocolate processed from cocoa beans by fully vertically integrated companies, such as Nestlé, Mondelez, and Mars, for use in their own consumer products—and the "open" market—comprised of industrial chocolate processed from cocoa beans by companies such as us for sale to third parties for use in their own consumer products.

We are not aware of any exhaustive industry or market report that covers or addresses the open market. Therefore, in each jurisdiction in which we operate, we assemble information on the aggregate size of the open market and estimate our position in the open market based on our sales volumes and the estimated sales volumes of our major competitors. We derive this information from our local subsidiaries based on their formal and informal contacts with sales representatives, our customers and other participants in the local markets in question. To cross-check these estimates, we compare sales volume information with publicly available information regarding the size of each cocoa bean crop, export data concerning these crops and our estimates of competitors' cocoa bean processing capacities in our local markets.

We believe that the market share information contained in this Offering Circular provides fair and adequate estimates of the size of the open market and fairly reflects our competitive position within that market. However, our internal company surveys and management estimates have not been verified by any independent expert, and we can provide no assurance that a third party using different methods to assemble, analyze or calculate market data would obtain or generate the same results. Neither the Company nor any of the Joint Lead Managers have independently verified the market share data and other information on which any third party reports are based.

We assume responsibility for the accurate reproduction and extraction of industry data contained in this Offering Circular.

We do not intend, and do not assume any obligations, to update industry or market data set forth in this Offering Circular, except as required by law. Behavior, preferences and trends in the marketplace tend to change. As a result, investors and prospective investors should be aware that data in this Offering Circular and estimates based on that data may be unreliable indicators of the future.

PRESENTATION OF FINANCIAL AND CERTAIN OTHER DATA

Financial Information

Barry Callebaut AG has prepared its consolidated financial statements for the two years ended August 31, 2015 and 2014 in accordance with International Financial Reporting Standards ("IFRS") and requirements of Swiss law and for the six months ended February 29, 2016 and February 28, 2015 in accordance with IAS 34—Interim Financial Reporting. Our financial year ends on August 31. References to "fiscal year 2015" refer to the financial information contained in our financial statements for the year ended August 31, 2015. References to "fiscal year 2014" refer to the comparative financial information contained in our consolidated financial statements for the year ended August 31, 2015, except as otherwise indicated.

Non-IFRS Financial Information

We have included certain measures in this Offering Circular that are not measures specifically defined by IFRS. These include EBITDA, net debt, free cash flow and net working capital (the "Non-IFRS Financial Measures"). We have included these measures for the reasons described below. However, these measures should not be used instead of, or considered as alternatives to, our historical financial results based on IFRS.

We define EBITDA as operating profit (EBIT) plus depreciation of property, plant and equipment, plus amortization of intangible assets. We define net debt as total debt less cash and cash equivalents and short-term deposits. We define free cash flow as net cash flow from operating activities plus net cash flow from investing activities. Net working capital is defined as current assets less current liabilities, excluding cash and cash equivalents, short-term deposits, and derivative financial assets and liabilities in relation to financing activities.

We believe that the presentation of the Non-IFRS Financial Measures enhances an investor's understanding of our financial performance. Our management uses the Non-IFRS Financial Measures to assess our operating performance because we believe that the Non-IFRS Financial Measures are important supplemental measures of our operating performance. In addition, our management believes that the Non-IFRS Financial Measures are frequently used by securities analysts, investors and other interested parties in the evaluation of companies that operate in our industry. The Non-IFRS Financial Measures are not presentations specifically defined by IFRS and our use of the terms that comprise the Non-IFRS Financial Measures may vary from others in our industry due to differences in accounting policies or differences in the calculation methodology of these terms by others in our industry. The Non-IFRS Financial Measures have limitations as analytical tools, and should not be considered in isolation, or as substitutes for financial information as reported under IFRS. The Non-IFRS Financial Measures should not be considered as alternatives to operating profit (EBIT) for the year or any other performance measures derived in accordance with IFRS or as alternatives to net cash flow from operating activities or as measures of our liquidity.

Currencies

In this Offering Circular:

- "CFA" or "CFA Franc" refer to the lawful currency of the African Financial Community;
- "CHF" or "Swiss francs" refer to the lawful currency of Switzerland;
- "€" or "euro" refer to the lawful currency of the European and Monetary Union of the Treaty Establishing the European Economic Community, as amended from time to time (the "EU");
- "£" or "pounds sterling" refer to the lawful currency of the United Kingdom;
- "tonne" and "tonnes" refer to a metric tonne or tonnes, respectively; and
- "U.S.$" or "US dollars" refer to the lawful currency of the United States of America.

Rounding

Certain figures included in this Offering Circular have been subject to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

Definitions

In this Offering Circular, references to "we", "us", "our", and "Group" refer to Barry Callebaut AG, its subsidiaries and its predecessors, and not to the Joint Lead Managers. References to the "Issuer" refer to Barry Callebaut Services NV, the issuer of the Notes, and not to any of its subsidiaries.

OVERVIEW

This overview should be read as an introduction to, and is qualified in its entirety by reference to, the more extensive information contained elsewhere in this Offering Circular. Therefore, this overview may not contain all of the information that you should consider before deciding to invest in the Notes. Accordingly, any decision by you to invest in the Notes should be based on a consideration of this Offering Circular as a whole. You should read this entire Offering Circular carefully, including the financial statements included elsewhere in this Offering Circular and the information set out in "Risk Factors" and "Information Regarding Forward-Looking Statements".

Our Company

Overview

We are the largest manufacturer of cocoa and chocolate products in the world, measured by sales volumes in fiscal year 2015. Our principal product is industrial chocolate, which we supply to industrial food processors, such as chocolate manufacturers, biscuit manufacturers, confectioners, and dairy companies, as well as to artisanal users of chocolate, such as chocolatiers, pastry chefs, bakers and the food service industry. We buy approximately one-fourth of the total world crop of cocoa beans and therefore estimate that we are present in one out of four consumer products containing cocoa or chocolate. In addition, we manufacture semi-finished products, including cocoa liquor, cocoa butter, and cocoa powder. For the six months ended February 29, 2016 our sales volume was 933,327 tonnes, our consolidated revenue from sales and services was CHF 3,424.3 million, our EBITDA was CHF 270.9 million, and our net profit was CHF 107.9 million. For the fiscal year 2015, our sales volume was 1.8 million tonnes, our consolidated revenue from sales and services was CHF 6,241.9 million, our EBITDA was CHF 540.8 million, and our net profit was CHF 239.9 million.

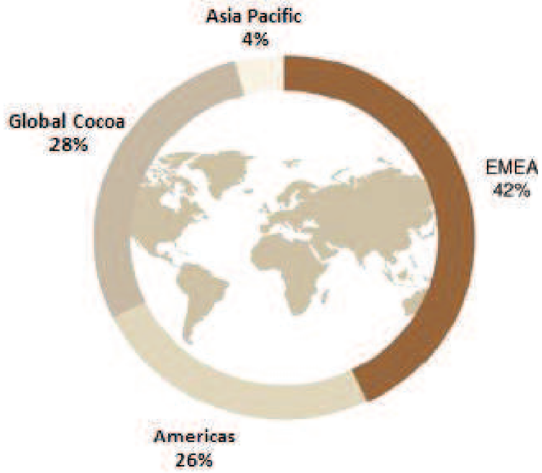
We are a vertically integrated business whose activities range from direct sourcing of cocoa beans and other raw materials to producing and marketing a wide range of cocoa, chocolate, gourmet and specialty products. We have developed a strong position and significant experience in sourcing cocoa beans, particularly in the Ivory Coast, Ghana, and Cameroon, three of the most important cocoa bean producing countries. In addition, as a result of our acquisition of the Petra Foods Cocoa Ingredients Business in 2013, we have major cocoa sources in Indonesia and Brazil. In addition, in March 2015, we successfully closed the acquisition of the commercial beverages vending activities from FrieslandCampina Kievit. As a result, we are becoming a leading supplier of vending powder mixes in Europe. With this acquisition, we are adding technical and innovation capabilities to an already strong business. The acquired activities represent an additional sales volume of approximately 20,000 tonnes and an additional CHF 55 million in sales revenue on an annualized basis. The transaction includes a long-term contract manufacturing agreement under which FrieslandCampina Kievit will continue to produce vending products for Barry Callebaut at its production site in Lippstadt, Germany.

We are present in 30 countries, benefit from a global network of more than 50 production facilities, and sell our products in 131 countries. In fiscal year 2015 we purchased approximately 25% of the total volume of cocoa beans grown worldwide. We produce chocolate to the specifications of almost 6,000 recipes for approximately 4,200 industrial customers and more than 8,000 artisanal customers. We do not grow cocoa beans. We manufacture and sell semi-finished products and chocolate products.

Our business is organized in different regions ("Regions")—EMEA (consisting of Europe, the Middle East and Africa, and which we referred to as the "Europe Region" prior to October 1, 2015), the Americas Region and the Asia Pacific Region. The globally managed Global Cocoa business is the global production unit for semi-finished products such as liquor, cocoa butter and cocoa powder. In addition, Global Cocoa is responsible for the global procurement and risk management of our high-quality raw materials such as cocoa, sugar, dairy products, oils and fats, nuts and other ingredients as well as packaging material, and is reported as a separate segment similar to a Region.

With a total Group sales volume of 1,794,782 tonnes for fiscal year 2015, EMEA had a sales volume of 763,646 tonnes and accounted for 42% of our total sales volume, while the Americas Region had a sales volume of 466,063 tonnes and accounted for 26% of our total sales volume, Global Cocoa had a sales volume of 496,089 tonnes and accounted for 28% of our total sales volume, and the Asia Pacific Region had a sales volume of 68,984 tonnes and accounted for 4% of our total sales volume. The following chart sets forth sales volume for our Regions for fiscal year 2015.

Sales Volume per Region



Source: Company data.

In addition to the Regions, our business is divided into the following three product groups ("Product Groups"):

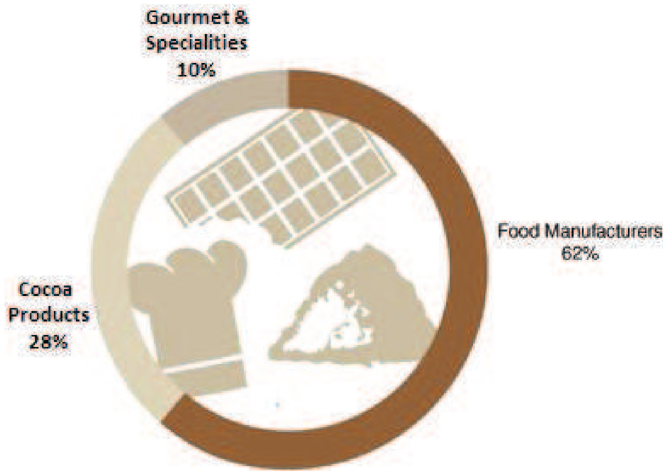
- Food Manufacturers Product Group;
- Cocoa Product Group; and
- Gourmet & Specialties Product Group.

Our three Product Groups represent distinct customer categories along the value chain, and can be described as follows:

- Our **Food Manufacturers Product Group** is our largest Product Group, supplying industrial chocolate, fillings and compound coatings to chocolate manufacturers, biscuit manufacturers, ice cream manufacturers and others. In fiscal year 2015, it generated 62% of sales volume in tonnes and revenues from external customers of CHF 3,444.7 million, which represented 55% of total group revenue from sales and services;
- Our **Cocoa Product Group**, part of Global Cocoa, is the global production unit for semi-finished products such as liquor, cocoa butter and cocoa powder. The figures reported for the Cocoa Product Group include only sales of cocoa products to third-party customers in all our Regions. In fiscal year 2015, it generated 28% of sales volume in tonnes and revenues from external customers of CHF 1,900.5 million, which represented 30% of total group revenue from sales and services; and
- Our **Gourmet & Specialties Product Group** supplies specialty premium chocolate products to bakeries, artisanal customers such as chocolatiers, confectioneries, hotels, restaurants and caterers as well as vending mixes to vending machine operators. In fiscal year 2015, it generated 11% of sales volume in tonnes and revenues from external customers of CHF 896.7 million, which represented 14% of total group revenue from sales and services.

The following chart sets forth sales volume by Product Group for fiscal year 2015:

Sales Volume per Product Group



Source: Company data.

Our Strengths

We believe that we have a number of core strengths that enable us to compete effectively in our markets.

Leading Market Share Combined with Strong Volume and EBIT Growth

Based on our own estimates, we are the largest manufacturer of industrial chocolate in the world, with an estimated market share of approximately 43% of the open market, measured by sales volume in fiscal year 2014. We also estimate that we have the largest share of industrial chocolate production for external customers in Europe and in North America, measured by sales volumes in fiscal year 2014, and that we are the world's largest supplier of gourmet chocolate for artisanal customers. Our market share is driven by our cost leadership, innovation, global manufacturing and distribution footprint, product quality, sustainability, flexibility in production and delivery and other value-added services. In addition, we have a proven track record of delivering strong volume and EBIT growth. Between fiscal years 2003 and 2015, our sales volume and EBIT (excluding foreign exchange impact) grew at compound annual growth rates ("CAGR") of 7.5% and 8.1%, respectively.

Broad Customer Base

We serve approximately 4,200 industrial customers worldwide and more than 8,000 artisanal customers. Our customers range from multinational food manufacturers who produce chocolate, confectionery, biscuits, dairy products, ice cream and breakfast cereals, to chocolate artisans such as chocolatiers, hotels, restaurants, caterers, pastry chefs and bakers, as well as department stores and food wholesalers.

Over the past years, we have seen an increasing number of chocolate confectionery companies stop making all or part of their own chocolate, believing it to be more economical to buy chocolate from larger industrial partners and to focus on the final steps of the value chain, such as marketing and distribution. We believe we are the leading outsourcing partner for such customers, offering a broad range of high-quality products, dedicated know-how and innovation, and a global manufacturing and service network that can assist customers throughout every stage of the chocolate making process. Since 2007, large multinational chocolate makers have also started to outsource certain parts of their production on a long-term basis, and we have capitalized on this trend by entering into long-term supply agreements with global leading companies such as Mondelez (formerly Kraft Foods), Hershey's, Unilever and Nestlé, as well as regional and local leaders such as Grupo Bimbo, Morinaga, Arcor, and GarudaFood, amongst others, to supply them with products, including cocoa products and chocolate products. We expect this trend to continue and believe that we are in an excellent position to further gain a share of such outsourcing opportunities.

Global Manufacturing and Distribution Footprint

We are present in 30 countries and have more than 50 processing facilities worldwide in an effort to be relatively close to our principal customers and the centers where many customers are located. We believe that this ensures that we can deliver products in the most efficient way and at the time when they are needed, consistent with our "just-in-time" strategy.

We have sourcing and manufacturing operations located in many countries with significant cocoa bean harvests. Unlike many of our competitors who only source cocoa beans from commodity traders, we source the majority of our cocoa beans directly from local farmers, local traders, cooperatives and administrative bodies in the Ivory Coast, Ghana, Indonesia, Cameroon and Brazil. The beans are either processed in local plants and then exported as semi-finished cocoa products or exported to our other facilities for processing.

We have a worldwide distribution network that complements our global production facilities and enables us to meet our customers' needs across a wide range of geographies and product sectors. We seek to strengthen our ties with customers both locally and globally by using our 19 Barry Callebaut chocolate academy Centers. These academies are dedicated to assisting our customers in the use of our products, introducing product innovations, and helping to promote our gourmet brands.

Wide Range of Products and Services of Consistent Quality at Competitive Prices

We believe that the wide range of products and services we offer is one of our greatest competitive advantages. We are vertically integrated, with activities ranging from sourcing raw materials through production of semi-finished cocoa, chocolate, gourmet and specialty products. Our broad range of activities and products enables us to offer our customers a "one-stop" source for their cocoa and chocolate-related product needs.

Furthermore, we believe that our ability to produce a broad range of specifically tailored products at competitive prices—manufactured from almost 6,000 recipes—that meet our customers' specifications at locations convenient to our customers throughout the world sets us apart from our competition. Our broad product range is complemented by a comprehensive range of support services in the fields of research and product development, processing, training and marketing.

We believe the quality of our products is also one of our greatest competitive advantages. We are directly involved in cocoa bean sourcing in the countries of origin, thereby maximizing our ability to control the quality of our products. Through the development and use of standardized manufacturing equipment and processes, we also aim to ensure the consistency and quality of our products across our manufacturing facilities.

Leading in Research and Development

We believe that we are the only cocoa and chocolate manufacturer with an extensive global research and development ("R&D") network, covering cocoa bean fundamental research and chocolate, compounds, fillings and cocoa powder development work in the countries where most of our products are consumed. Our R&D network drives both a pro-active innovation agenda as well as a customer driven development program.

We operate 26 R&D centers worldwide where we conduct applied R&D for our customers. Our innovative and applied R&D teams use 18 pilot facilities and 12 application labs to conduct small-scale test runs producing high-quality cocoa and chocolate products, to make end applications, and to improve products and recipes for our customers and their production processes.

In response to the growing sophistication of chocolate and related products, we dedicate significant resources to R&D. We believe we are a leader in the use of state-of-the-art technology in cocoa processing and chocolate production. Through our in-house R&D efforts, we have developed our own processes and some proprietary machinery, which we believe enable us to consistently produce the broad spectrum of products demanded by our customers to their quality specifications. In addition, we develop new products in close co-operation with our customers, enabling us to further strengthen our relations with these customers. Products resulting from our R&D activities include more complex forms of existing products, such as recipe optimization, new types and flavors of fillings, and entirely new products based on technological advancements, including healthier alternatives such as reduced sugar and fat chocolate. Our core R&D efforts are focused on adding special properties and functionalities to our chocolate products.

However, we also look beyond chocolate and are exploring new areas, such as cocoa ingredients for applications in other industries.

Leader in Sustainability

With more than 20 years of experience in offering certified cocoa and chocolate, we believe that we are a leading global supplier of certified products for the food industry. To ensure a thriving future cocoa supply and help shape a sustainable cocoa and chocolate future, and to satisfy the demands of our customers, we work directly with farmers and farmer organizations in countries including the Ivory Coast, Ghana, Cameroon, Malaysia, Indonesia, Tanzania and Brazil to grow cocoa in a sustainable, responsible way. In the last couple of years we have increased our activities in this area. In 2012, we launched our "Cocoa Horizons" initiative with an investment of CHF 40 million over 10 years. The aim of the program is to further boost farm productivity, increase quality and improve family livelihoods in key cocoa producing countries. To better scale our impact and drive change on the ground, in 2015 we launched an independent, non-profit organization, the Cocoa Horizons Foundation with a mission to improve the livelihoods of cocoa farmers and their communities through the promotion of sustainable, entrepreneurial farming, improved productivity and community development. In line with its mission and aligning with the industry's CocoaAction initiative, the Foundation's strategy is based on two pillars: productivity and community. Our Cocoa Horizons initiative is one source of funding for the Foundation. Higher crop yields per hectare and better quality cocoa can help increase farmer incomes and increase family livelihoods. As a member of the International Cocoa Initiative and through other actions, we fund programs that aim to eradicate child labor abuses in cocoa farming.

Experienced Management with Significant Industry Knowledge and Strong Track Record and Stable Ownership Structure

Our management team has significant experience and a proven track record of success in the chocolate industry. Our senior management team has been with us for an average of 14 years, and the members of our board of directors have an average experience with the company of eight years. In addition, members of our senior management have significant experience leading consumer product companies such as the ones that we serve. Reflecting our international operations, our management team has an international background with a broad range of experience in the food industry and with large public multinational corporations where they also gained significant experience in business-to-business operations. In addition, we benefit from a stable ownership structure, with our majority shareholder, Jacobs Holding AG, holding 50.11% of our shares.

Our Strategy

Our vision is to be the heart and engine of the chocolate industry and our ambition is to outperform the global chocolate confectionery market. To achieve this, our strategy is based on four pillars: Expansion, Innovation, Cost Leadership and Sustainable Cocoa. Through the execution of our strategy, we focus on growing our business at rates that aim to exceed market growth, while striving to reach a better balance between volume, profitability and free cash flow delivery. We seek to implement our strategy by focusing on "Smart Growth," which stands for Sustainable growth, Margin accretive growth, Accelerated growth in Gourmet, Specialties and emerging markets, Return on capital and greater focus on free cash flow and Talent & Team.

Expansion

We intend to continue the expansion of our business based on three key growth drivers:

- **Emerging markets:** We seek to expand in the emerging markets that drive the growth of the chocolate industry, such as Asia Pacific, Eastern Europe, and South America. In fiscal year 2015, 35.3% of our total sales volume was attributable to emerging markets. From fiscal year 2011 to fiscal year 2015, our sales volume attributable to emerging markets grew at a compound annual growth rate of 17.7%. In the six months ended Februrary 29, 2016, our sales volume attributable to emerging markets grew by 12.5% compared to the six months ended February 28, 2015. Besides aiming to strengthen our position in the mature markets of Western Europe and North America, because they represent the biggest parts of our business, we want to achieve full potential in recently entered markets such as Russia, Brazil, China, and Mexico;

- **Long-term outsourcing & strategic partnerships:** We aim to strengthen our current partnerships as well as gain new outsourcing relationships with both local and global players. These are an important part of our growth and will continue to gain in importance in the future. In fiscal year 2015, 32.4% of our total sales volume was attributable to long-term outsourcing agreements and strategic partnerships. From fiscal year 2011 to fiscal year 2015, our sales volume attributable to outsourcing and strategic partnerships grew at a compound annual growth rate of 26.5%. In the six months ended Februrary 29, 2016, our sales volume attributable to outsourcing and strategic partnerships grew by 10.3% compared to the six months ended February 28, 2015; and
- **Gourmet & Specialties:** We seek to accelerate the growth of the Gourmet & Specialties Product Group through the expansion of our distribution and product offering, as well as selective acquisitions. This is a business-to-business activity in which we market premium products. In fiscal year 2015, the Gourmet & Specialties Product Group accounted for 11% of our total sales volume but it has a stronger contribution to revenue from sales and services and operating profit (EBIT). From fiscal year 2011 to fiscal year 2015, our sales volume attributable to our Gourmet & Specialties Product Group grew at a compound annual growth rate of 6.5%. In the six months ended Februrary 29, 2016, our sales volume attributable to our Gourmet & Specialties Product Group grew by 7.4% compared to the six months ended February 28, 2015.

Innovation

We believe innovation to be essential in the chocolate industry. Through innovation we are able to gain new customers, as well as help our customers introduce newly innovated or renovated products to the market, such as rebalanced recipes. We believe that we are recognized as the innovation leader in the chocolate industry—in both R&D and product trends. Our dedicated global R&D teams, which consist of more than 200 food and agronomy scientists and engineers, focus on two areas: pro-active innovation and customer driven R&D. In our pro-active innovation we focus on a few technology platforms leading to breakthrough innovations in cocoa and chocolate. We work together with world leading universities and institutes, and have long lasting partnerships with key suppliers.

Our product innovation is driven by the trends we observe among end consumers and also among our industrial and artisanal customers. Consumer awareness of health issues, and of the impact that nutrition may have on health is growing. Functional products and "healthy" products with wholesome ingredients and less sugar, less fat and less salt, are increasingly popular.

Our innovation strategy is built upon our value chain advantage and has one prime focus: the cocoa bean. The cocoa bean contains hundreds of different natural components with health-enhancing attributes that are largely destroyed during the chocolate-making process. With our "Back to the Bean" approach, we analyze the health benefits of the cocoa bean and preserve them to the highest degree possible in the final chocolate product by using proprietary technology. Two premises serve as our guide: the new products have to offer a better nutritional profile but retain chocolate's traditional taste qualities, and they must be 100% natural, without any additives. As part of this strategy, we have launched new chocolate products that contain less sugar and higher levels of polyphenols, organic and fair trade products and dark chocolate from exclusive growing areas.

For example, we became the first company in the EU to receive a positive scientific opinion on a health claim regarding cocoa flavanols from the European Food Safety Authority. We developed ACTICOA®, which is a process to conserve to a very high degree the polyphenols naturally present in the cocoa bean that may otherwise be destroyed during the chocolate production process, and provided evidence that the intake of flavanols positively influences human blood circulation. In April 2015, the European Commission approved the extension of the recognition of these health benefits.

Cost Leadership

Cost leadership is an important reason why our international customers outsource chocolate production to us. Innovation and expansion will only be possible if we succeed in maintaining cost leadership over the long term. Industrial customers will only transfer and outsource production to us if we are able to offer cost competitive terms. We are continuously improving our operational and cost efficiency by upgrading our technology and achieving higher scale effects through better capacity utilization, by optimizing product flows, logistics and inventory management, as well as by reducing our energy consumption and lowering fixed costs. We are using the "dedicated factory" approach to achieve these objectives, meaning that each of our more than 50 processing facilities has a clear focus and a particular role within our production network. This allows us to benefit from economies of scale and to develop a high level of specialist know-how in each factory. All our standard products are produced as close to customers as possible and we also seek to have the optimal manufacturing footprint in all major regions. For every major standard product, we have a factory providing back-up production capacity. Specialty products are manufactured centrally in a limited number of appropriately equipped processing facilities. We believe that our processing facilities and presence in the origin countries give us first-hand access to cocoa beans. Instead of buying cocoa beans from the terminal market or international trading houses we buy cocoa beans from local farmers, local traders, cooperatives, and administrative bodies. In addition, we believe that such processing facilities also allow us to optimize the cocoa supply chain. In our "Centres of Excellence", which are focused on specific product groups or production technologies, we are constantly refining production processes and technologies and improving our use of energy.

Sustainable Cocoa

Because cocoa is a crucial part of our supply chain, Sustainable Cocoa is an important pillar of the Group's strategy. It aims to secure a sufficient long-term supply of cocoa beans in order to support our future growth in chocolate and to improve the livelihoods of cocoa bean farmers.

We source our cocoa beans from suppliers across many countries in the equatorial belt, in a sector that is mainly built upon a smallholder farming system. We support farmers in their communities in origin countries where we have established programs with farmer organizations, but we neither own the farms nor any plantations, and we do not employ workers for the farms or plantations. We believe it is in our mutual interest that farmers earn an equitable income to enable them to provide for the basic health and education needs and general well-being of their families. We also believe that farmers ought to engage in responsible labor practices and safeguard the environment. Farmers can achieve these benefits by both complying with Good Agricultural Practices ("GAP") that have been developed by the industry, governments and non-governmental organizations and by introducing modern farming techniques.

Our work with farmers is intended to benefit the local communities and is designed to strengthen the supply of high-quality raw material available to our business. We work with our customers to meet their requirements and needs for cocoa and chocolate products including products from specific origin countries or with an independent certification such as UTZ, Rainforest Alliance, Fairtrade and Organic. We have offered customers Fairtrade products since 1993 and organic products since 1995. Among our customers, interest in sustainable products has continued to increase. Since 2001, we have been working with cooperatives and farmers interested in obtaining independent certifications by providing training in both GAP and technical support to set up internal control systems that are required by the certification systems.

We launched our own cocoa sustainability initiative, the "Quality Partner Program", in 2005, and announced a new global sustainability initiative during fiscal year 2012 with an investment of CHF 40 million over ten years, to achieve sustainable cocoa production. "Cocoa Horizons", a cocoa sustainability initiative, aims to achieve sustainable cocoa production, to inspire the next generation of modern cocoa farmers, and to provide basic healthcare and education directly to cocoa farmers. Both of these initiatives have now evolved into the launch of the Cocoa Horizons Foundation in 2015. With a mission to improve the livelihoods of cocoa farmers and their communities through the promotion of sustainable, entrepreneurial farming, improved productivity and community development, the Cocoa Horizons Foundation's solutions-based approach focuses activities on two key pillars: productivity and community.

In addition, we actively support sustainable cocoa initiatives worldwide through our international industry partnerships, including memberships in the World Cocoa Foundation, Cocoa Action, the Cocoa Livelihoods Program and African Cocoa Initiative. As a member of the International Cocoa Initiative and through other actions, we also support child labor sensitization activities and fund programs that work towards eradicating child labor abuses in cocoa.

Outlook

We see growth opportunities ahead and are committed to achieving consistent above-market volume growth based on our three key growth drivers: outsourcing and partnerships, emerging markets and Gourmet & Specialties. We will seek to strike a balance between volume growth and enhanced profitability as well as free cash flow generation. We expect fiscal year 2016 to remain challenging due to the current cocoa products market, which we expect will affect profitability. Through a number of strategic initiatives, such as the Cocoa Leadership project, we aim to fully leverage our global scale in cocoa, optimize our footprint and strengthen our profitability in the mid-term. Accordingly we seek to achieve 4–6% volume growth and operating profit (EBIT) growth above volume growth in local currencies on average for the three-year period from fiscal year 2016 to fiscal year 2018, barring any major unforeseen events.

Industry

Cocoa constitutes the most significant ingredient in chocolate. Originally grown in Latin America, cocoa has been grown on a large scale in West Africa, which is the predominant source of the global supply of cocoa since the beginning of the twentieth century, and in Southeast Asia for approximately the last 30 years. According to estimates by the International Cocoa Organisation ("ICCO"), cocoa is concentrated in seven countries that in aggregate represented approximately 92% of the global harvest in the 2014/2015 growing season—the Ivory Coast, Ghana, Indonesia, Nigeria, Cameroon, Brazil, and Ecuador.

Cocoa Bean Pricing

The price of cocoa beans is dependent on world supply and demand. The price of cocoa beans is quoted on two commodity exchanges. The Intercontinental Exchange Futures Europe ("ICE Futures Europe", formerly the London International Financial Futures Exchange) covers the European and Middle Eastern markets, trades in £/metric ton and includes mainly fermented beans from West Africa, and the Intercontinental Exchange Futures US ("ICE Futures US") covers the North and South American market as well as the Far Eastern market, which trades in U.S.$/metric ton and offers mainly unfermented beans from Asia. The price of cocoa beans has fluctuated significantly over the last ten years, primarily driven by fundamental factors such as weather, political conditions in the cocoa growing countries, and speculative hedge fund activity.

Chocolate Confectionery Market

The global chocolate confectionery market generated sales of around 7.2 million tonnes in 2014, delivering global revenues of US$109 billion. The industry came under pressure in 2014 and 2015 due to an increasingly challenging economic environment in some countries, volatile raw material prices and a rise in retail prices implemented by major industry players, which in return led to a slowdown in consumption. Despite the current slowdown, Euromonitor predicts the industry will grow at 1.5% annually until 2019, reaching a total volume of 7.8 million tonnes. This performance is paralleled by a 2.9% annual increase in value, reflecting a continued upsurge in retail selling prices.

Major Consumer Trends and Developments

Some of the major drivers of the industry are increasing consumer health awareness, a growing demand for organic and fair trade products, a trend towards premium products, and volatile raw material prices. Many of those factors have led to inflated retail prices during the past few years. The cost of cocoa in particular has had a major impact, with cocoa prices doubling between 2007 and 2015. Driven by a desire for more premium products, consumers in both developed and emerging markets are increasingly turning towards chocolate confectionery as an affordable indulgence. According to Euromonitor, chocolate tablets, in particular, are seeing strong growth, with fine flavor, origin specific cocoa and responsibly sourced all being key drivers.

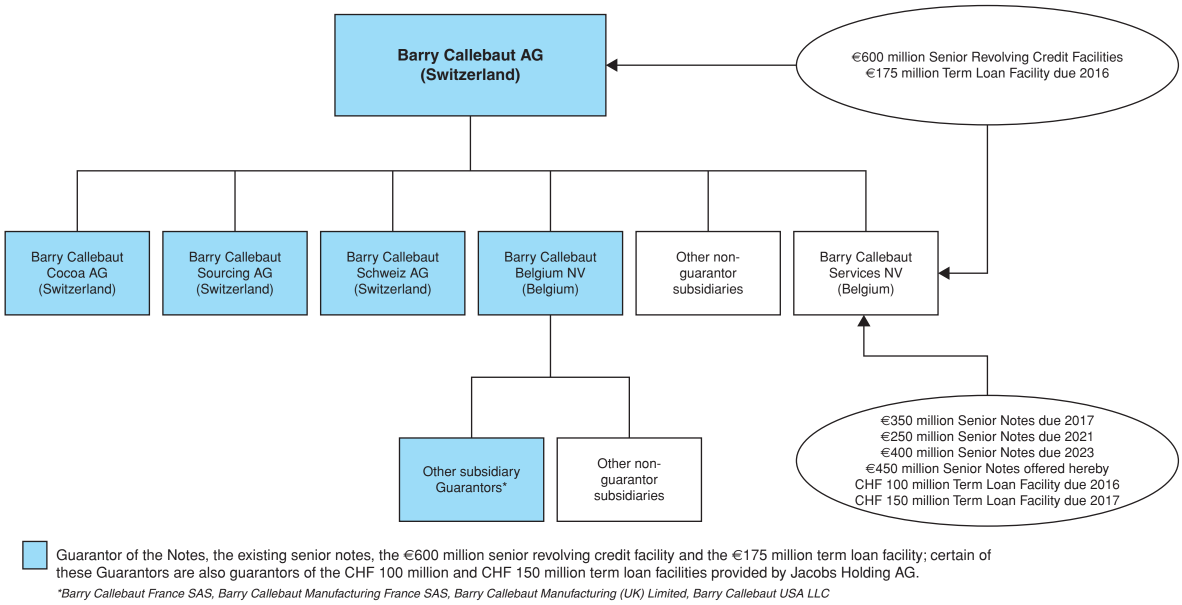
The growing demand for healthier chocolate is evidence of a challenge the industry faces across the globe. With obesity levels—and government concern about them—rising steadily, the industry is being put under pressure to launch healthier products. Some companies are already repositioning their chocolate products as a functional food. With the balance between supply of cocoa and the industry's demand being a constant concern, manufacturers are confronting this issue, encouraging more sustainable practices, investing in the development of higher-yield beans, collaborating more closely with farmers to improve efficiency and exploring potential new sources of cocoa in countries.

Open and Captive Market

Historically, the majority of companies in the chocolate industry were fully vertically integrated, purchasing and processing cocoa beans into cocoa ingredients and industrial chocolate, which could then be used to produce consumer products. Since the early 1970s, however, there has been a trend amongst vertically integrated companies to shift their focus to using cocoa ingredients and industrial chocolate purchased from third parties. This evolution has created an "open market" for industrial chocolate in addition to the "captive market" comprising industrial chocolate produced by fully vertically integrated companies.

Summary Corporate and Financing Structure

The following diagram, in simplified form, summarizes our group structure.



Risk Factors

Investing in the Notes involves risks. See "Risk Factors" for a discussion of certain risks you should carefully consider before investing in the Notes.

The Offering

The following is an overview of the terms of the Notes. This overview is derived from, and should be read in conjunction with, the full text of the terms and conditions of the Notes (the "Conditions") and the Guarantee, which prevail to the extent of any inconsistency with the terms set out in this overview. Capitalized terms used herein and not otherwise defined have the respective meanings given to such terms in the Conditions.

The Issuer	Barry Callebaut Services NV.
Securities Offered	€450,000,000 principal amount of 2.375% Senior Notes due 2024.
Joint Lead Managers	Credit Suisse Securities (Europe) Limited, ING Bank N.V., London branch, Coöperatieve Rabobank U.A. and Société Générale.
Maturity	May 24, 2024.
Issue Price	99.104%.
Issue Date	May 24, 2016.
Interest Rate	2.375% per annum.
Interest Payment Dates	May 24 of each year, commencing on May 24, 2017.
Ranking	The Notes constitute direct, unsecured and unconditional obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* in right of payment with all other present and future unsubordinated obligations of the Issuer. The Notes will be subordinated in right of payment to the Issuer's secured debt to the extent of the value of the assets securing such debt. The Notes will be senior to all future senior subordinated or subordinated debt of the Issuer.
Guarantee	The due payment of all sums expressed to be payable by the Issuer under the Notes will be unconditionally and irrevocably guaranteed (the "Guarantee"), on a joint and several basis, by Barry Callebaut AG (the "Company") and, subject to limitations imposed by applicable law, each of Barry Callebaut Sourcing AG, Barry Callebaut Schweiz AG, Barry Callebaut Cocoa AG, Barry Callebaut Belgium NV, Barry Callebaut France SAS, Barry Callebaut Manufacturing France SAS, Barry Callebaut U.S.A. LLC and Barry Callebaut Manufacturing (UK) Limited (together with the Company, the "Guarantors"). The payment obligations of the Guarantors under the Guarantee constitute direct, unsecured and unconditional obligations of each of the Guarantors and will at all times rank at least *pari passu* in right of payment with all of their respective other present and future unsubordinated obligations, save for such obligations as may be preferred by mandatory provisions of law. See "Terms and Conditions of the Notes—Guarantee and Status". The Guarantee may be released in certain limited circumstances, as described in "Terms and Conditions of the Notes—Guarantee and Status—Release of Guarantees". In fiscal year 2015, the Issuer and the Guarantors represented 90% of operating profit (EBIT) and 74.3% of net sales of the Group on a consolidated basis.
Change of Control	In the event of a Change of Control of the Company as defined in the Conditions, each holder of the Notes (each, a "Noteholder" or a "holder") will have the right to require the Issuer to redeem all or part of such holder's Notes at 101% of their principal amount, plus accrued and unpaid interest. See "Terms and Conditions of the Notes—Redemption and Purchase—Redemption at the option of Noteholders upon a Change of Control".

Redemption at the Option of the Issuer	The Notes may be redeemed at any time prior to February 24, 2024 at the option of the Issuer in whole or in part at an amount equal to the principal amount of the Notes plus accrued and unpaid interest to the relevant Call Settlement Date plus the Applicable Premium, as further described and defined in "Terms and Conditions of the Notes—Redemption and Purchase—Redemption at the option of the Issuer". The Notes may be redeemed at any time on or after February 24, 2024 at the option of the Issuer in whole or in part at an amount equal to 100% of the principal amount of the Notes plus accrued and unpaid interest to the relevant redemption date, as further described and defined in "Terms and Conditions of the Notes—Redemption and Purchase—Redemption at the option of the Issuer".
Additional Amounts	Currently none of the jurisdictions in which any of the Issuer or the Guarantors is located, engaged in business or resident for tax purposes or any political subdivision thereof or any authority therein or thereof having power to tax (each a "Tax Authority") imposes any withholding or deduction for taxes in respect of payments on the Notes or under the Guarantee, as the case may be, except as otherwise disclosed herein. In the event that any withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature is required by law in any Tax Authority, the Issuer or the Guarantors, as the case may be, shall pay such additional amounts so that Noteholders will receive after such withholding or deduction such amounts as would have been received by them had no such withholding or deduction been required, subject to exceptions. See "Tax Considerations" and "Terms and Conditions of the Notes—Taxation".
Luxembourg Listing Agent	The Bank of New York Mellon (Luxembourg) S.A.
Principal Paying Agent and Domiciliary Agent	ING Belgium SA/NV (and described herein, where the context permits, as the "Agent").
Book-Entry and Form	The Notes will be issued in dematerialised form in accordance with Article 468 et seq. of the Belgian Code of Companies (*Wetboek van Vennootschappen/Code des Sociétés*) and cannot be physically delivered. The Notes will be represented exclusively by book entries in the records of the NBB SSS. The Notes can be held by their holders through participants in the NBB SSS, including Euroclear and Clearstream and through other financial intermediaries which in turn hold the Notes through Euroclear and Clearstream, or other participants in the NBB SSS. The Notes are accepted for clearance through the NBB SSS, and are accordingly subject to the applicable Belgian clearing regulations. The Noteholders will not be entitled to exchange the Notes into notes in bearer form.
Clearance and Settlement	The Notes will be accepted for clearance and settlement in the NBB SSS and Euroclear and Clearstream as direct participants in the NBB SSS. Transfers of the Notes will be effected through direct participants in the NBB SSS (including Euroclear and Clearstream) and their respective participants. Such transfers will be conducted and settled in accordance with the usual rules and operating procedures of the NBB SSS and its participants.

	The Notes may be held only by, and transferred only to, eligible investors listed in Article 4 of the Belgian Royal Decree of May 26, 1994 on the deduction of withholding tax ("Eligible Investors"), holding their Notes in an exempt securities account with the NBB SSS or with a direct or indirect participant in such system, as further described in "Tax Considerations—Belgian Taxation—Withholding Tax".
Listing and Trading	Application has been made to list the Notes on the Official List of the Luxembourg Stock Exchange and for admission of the Notes to trading on the Luxembourg Stock Exchange's Euro MTF Market. There is currently no public market for the Notes.
Negative Pledge	The Issuer, the Guarantors and the Material Subsidiaries (as defined in the Conditions) have undertaken certain restrictions on the creation or subsistence of security over any of their present or future undertakings, assets or revenues to secure certain indebtedness without securing the Notes equally and rateably therewith, subject to certain exceptions, as further described in "Terms and Conditions of the Notes—Negative Pledge".
Cross Acceleration	The Notes contain a cross acceleration provision in respect of any Indebtedness of the Group (as defined in the Conditions) subject to a threshold of €15,000,000 (or its equivalent in any other currency or currencies), as further described and defined in "Terms and Conditions of the Notes—Events of Default—Cross-acceleration".
Denominations	Each Note will have a minimum denomination of €100,000 and integral multiples of €1,000 in excess thereof. Notes in denominations of less than €100,000 will not be available.
Rating	Barry Callebaut AG's current corporate family rating is Ba1 (outlook stable) by Moody's and BB+ (outlook stable) by S&P. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organization.
Use of Proceeds	The net proceeds from the issue of the Notes will be used to repay at maturity the outstanding amounts under the €175,000,000 term loan facility as well as to reduce the outstanding amounts on any other bilateral and/or syndicated debt.
Governing Law	The Notes, the Agency Agreement, the Guarantee and any non-contractual obligations arising out of or in respect thereof will be governed by the laws of England and Wales, except for Conditions 1 (*Form, Denomination and Title*) and 11(a) (*Meetings of Noteholders*) and Schedule 1 (*Provisions for Meetings of Noteholders*) of the Agency Agreement, which will be governed by the laws of Belgium. The Services Agreement (as defined herein) will be governed by the laws of Belgium.
Risk Factors	For a discussion of certain considerations that investors should take into account in deciding whether to purchase the Notes, see the section titled "Risk Factors".
Selling Restrictions	There are selling restrictions in relation to the United States, United Kingdom, Germany, Belgium, Switzerland and France. See "Subscription and Sale".
ISIN	BE6286963051
Common Code	141879634

Summary of Our Historical Financial Information

The following table sets forth our summary consolidated financial statements as of and for the fiscal years ended August 31, 2015 and 2014 and our summary unaudited consolidated condensed interim financial information as of and for the six-month periods ended February 29, 2016 and February 28, 2015.

Our consolidated financial statements as of and for the fiscal years ended August 31, 2015 and 2014 has been prepared and presented in accordance with IFRS. Our unaudited consolidated condensed interim financial information as of and for the six months ended February 29, 2016 and February 28, 2015 has been prepared in accordance with IAS 34.

For the fiscal years ended August 31, 2015 and 2014, the summary historical financial information in this section has been derived from our 2015 consolidated financial statements included herein. For the six-month periods ended February 29, 2016 and February 28, 2015, the summary consolidated financial information in this section has been derived from our unaudited 2016 consolidated condensed interim financial information.

The following summary historical financial information is only a summary and should be read in conjunction with the information set out in our consolidated financial statements included elsewhere in this Offering Circular.

	As of and for the fiscal year ended August 31		As of and for the six months ended February 29/28	
	2015	2014	2016	2015
	(CHF millions, except ratios and per tonne data)			
Historical Consolidated Income Statement Data:				
Revenue from sales and services	6,241.9	5,865.9	3,424.3	3,244.2
Cost of goods sold	(5,395.0)	(5,004.8)	(2,986.4)	(2,798.0)
Marketing and sales expenses	(121.3)	(121.0)	(66.0)	(64.6)
General and administration expenses	(316.7)	(329.8)	(167.8)	(165.9)
Other income and expenses, net	6.0	5.9	(3.4)	3.5
Operating profit (EBIT)	414.8	416.2	200.7	219.2
Finance income and costs, net	(130.7)	(118.7)	(68.1)	(58.8)
Income tax expenses	(44.3)	(42.4)	(24.7)	(28.1)
Net profit for the period	**239.9**	**255.0**	**107.9**	**132.4**
Historical Balance Sheet Data (at end of period):				
Cash and cash equivalents	125.2	85.5	282.5	70.3
Net working capital[(1)]	1,529.7	1,674.6	1,382.3	1,566.6
Total assets	5,429.4	5,167.5	5,509.9	5,433.4
Net debt[(2)]	1,728.0	1,803.6	1,538.2	1,790.6
Total equity attributable to the shareholders of the parent company	1,772.8	1,790.7	1,792.4	1,654.4
Other Historical Financial and Operating Data:				
Gross profit	846.8	861.1	437.9	446.2
EBITDA[(3)]	540.8	531.4	270.9	284.3
Operating profit (EBIT) per tonne (in CHF)[(4)]	231.1	242.4	215.0	245.3
Capital expenditure	249.2	248.8	91.2	128.4
Ratio of net debt[(2)] to EBITDA[(3)]	3.2	3.4	—	—
Ratio of EBITDA[(3)] to net interest expenses[(5)]	4.9	5.0	—	—
Free cash flow[(6)]	21.8	(174.4)	220.4	(142.8)
Historical Cash Flow Data:				
Operating cash flow before working capital changes	472.6	473.7	289.8	262.6
Net cash flow from operating activities	226.7	52.4	312.4	9.6
Net cash flow from investing activities	(204.9)	(226.8)	(92.0)	(152.4)
Net cash flow from financing activities	15.2	192.3	(52.3)	131.2
Net increase (decrease) in cash and cash equivalents	23.9	16.6	167.9	(18.0)

Notes:

(1) Net working capital is defined as current assets less current liabilities, excluding cash and cash equivalents, short-term deposits, and derivative financial assets and liabilities in relation to financing activities.

(2) Net debt represents total debt less cash and cash equivalents and short-term deposits.

(3) EBITDA is equal to operating profit plus depreciation of property, plant and equipment, plus amortization of intangible assets.

(4) Operating profit (EBIT) per tonne is equal to operating profit (EBIT) divided by sales volume.

(5) Net interest expenses are equal to interest expenses minus interest income plus charges on undrawn portion of committed credit facilities.

(6) Free cash flow is defined as net cash flow from operating activities plus net cash flow from investing activities.

The following table shows how we calculate EBITDA:

	For the fiscal year ended August 31		For the six months ended February 29/28	
	2015	**2014**	**2016**	**2015**
	(CHF millions)			
Operating profit (EBIT)	**414.8**	**416.2**	**200.7**	**219.2**
Depreciation of property, plant, and equipment	90.8	83.3	48.8	47.4
Amortization of intangible assets	35.2	31.9	21.4	17.7
EBITDA	540.8	531.4	270.9	284.3

The following table shows how we calculate net debt:

	As of August 31		As of February 29/28	
	2015	**2014**	**2016**	**2015**
	(CHF millions)			
Bank overdrafts	33.3	17.6	22.8	20.4
Short-term debt	645.9	457.6	598.3	482.1
Long-term debt	1,176.2	1,416.1	1,200.7	1,380.9
Total debt	**1,855.4**	**1,891.3**	**1,821.8**	**1,883.4**
Cash and cash equivalents	(125.2)	(85.5)	(282.5)	(70.3)
Short-term deposits	(2.2)	(2.2)	(1.1)	(22.5)
Net debt	**1,728.0**	**1,803.6**	**1,538.2**	**1,790.6**

The following table shows how we calculate net working capital:

	As of August 31		As of February 29/28	
	2015	**2014**	**2016**	**2015**
	(CHF millions)			
Trade receivables and other current assets	971.9	793.8	907.4	857.4
Inventories	1,629.8	1,762.1	1,695.2	1,821.9
Income tax receivables	16.3	12.3	4.1	11.4
Derivative financial assets	498.5	336.0	366.2	510.4
Trade payables and other current liabilities	(1,061.0)	(891.3)	(1,242.7)	(1,044.9)
Income tax liabilities	(43.8)	(34.1)	(55.7)	(49.2)
Derivative financial liabilities	(453.7)	(322.9)	(327.1)	(546.9)
Net derivative financial assets/liabilities related to financing activities	(19.0)	27.3	43.4	12.3
Provisions	(9.3)	(8.6)	(8.5)	(5.8)
Net working capital	**1,529.7**	**1,674.6**	**1,382.3**	**1,566.6**

Summary of Our Twelve Month Financial Information

	As of and for the twelve months ended February 29, 2016[1]
	(CHF millions, except ratios)
Key Financial Data:	
Revenue from sales and services	6,416.7
Total operating expenses	(437.0)
Operating profit (EBIT)	396.3
Net interest expenses[2]	109.9
Net profit	211.7
EBITDA[3]	527.5
Capital expenditure	212.0
Net debt[4]	1,538.2
Ratio of net debt[4] to EBITDA[3]	2.9
Ratio of EBITDA[3] to net interest expenses	4.8
Free cash flow[5]	385.0

Notes:

(1) Figures for the twelve months ended February 29, 2016 have been calculated by adding the six-month results for the periods ended August 31, 2015 and February 29, 2016. These figures are for information purposes only and do not form part of any published audit, review or other report.

(2) Net interest expenses are equal to interest expenses minus interest income plus charges on undrawn portion of committed credit facilities.

(3) EBITDA is equal to operating profit plus depreciation of property, plant and equipment, plus amortization of intangible assets.

(4) Net debt represents total debt less cash and cash equivalents and short-term deposits.

(5) Free cash flow is defined as net cash flow from operating activities plus net cash flow from investing activities.

RISK FACTORS

We believe that the following factors may affect our ability to fulfill our obligations under the Notes. Some of these factors are contingencies and we are not in a position to express a view on the likelihood of any such contingency occurring or not occurring.

In addition, factors which are material for the purpose of assessing the market risks associated with the Notes are also described below. If any of the risks described below materializes, the Group's business, prospects, financial condition, cash flows or results of operations may be materially adversely affected. If that were to happen, the trading price of the Notes may decline or we may be unable to pay interest, principal or other amounts on or in connection with the Notes and you may lose all or part of your investment. Furthermore, the Notes will have no established trading market when issued and one may never develop. If a market does develop, it may not be liquid. Therefore, you may not be able to sell your Notes easily or at prices that will provide you with a yield comparable to the yield on the Notes.

We believe that the factors described below represent the principal risks inherent in investing in the Notes, but our inability to pay interest, principal or other amounts on or in connection with the Notes or otherwise perform our obligations under the Notes may occur for other reasons which may not be considered significant risks by us based on information currently available to us or for reasons which we may not currently be able to anticipate. You should also read the detailed information set out elsewhere in this Offering Circular and reach your own views prior to making any investment decision.

The order in which the risk factors are presented does not necessarily reflect the likelihood of their occurrence or the magnitude of their potential impact on our business, prospects, financial condition, cash flows or results of operations.

Risks Relating to Our Business

We obtain cocoa beans, our primary raw material, from countries in West Africa and other emerging markets, which exposes us to political, economic and other uncertainties

Cocoa beans, our primary raw material, are grown predominantly in West Africa. We estimate that West Africa accounted for approximately 70% of the world's cocoa bean supply in the October 2014 to September 2015 growing season, with the Ivory Coast accounting for approximately 42% of the world's supply. We are, like all other companies in the industry, substantially dependent on the Ivory Coast and, to a lesser extent, Ghana, Cameroon and Nigeria for the supply of cocoa beans. We also source cocoa beans from Brazil and Indonesia. As a result, we are exposed to political, economic and other uncertainties in West African and other emerging market countries, which could limit or disrupt the supply of cocoa beans or increase the cost of cocoa beans. These uncertainties include political instability, the imposition of trade barriers, foreign exchange restrictions and other significant changes in governmental policy, including nationalization.

Countries from which we source cocoa beans may also institute mechanisms that materially alter the way in which we obtain cocoa beans from them or unilaterally set prices for cocoa beans to the detriment of cocoa bean processors such as ourselves. For countries that have adopted a regulated cocoa bean procurement system, such as in the Ivory Coast or Ghana, uncertainty in regard to certain legal, financial and procedural aspects remain. Any changes in the regulation of such cocoa bean procurement system can potentially lead to major supply chain interruptions or result in material additional costs for cocoa bean buyers and processors.

We own and operate cocoa bean processing infrastructure in West Africa, Asia and South America. Our production facilities in these countries could be subject to disruption as a result of political instability or the expropriation or nationalization of our assets situated there. We cannot assure you that we will not experience shut-downs or that any of our processing facilities, warehouses or inventories will not be nationalized, expropriated or damaged as a result of civil and political disturbances, any of which could result in the long-term loss of one or more of our facilities and result in significant future costs or losses to us.

We have taken steps to mitigate many of the uncertainties we face from operating in the countries from which we source cocoa beans. We are continuously evaluating how we can further diversify our sourcing activities so that a greater proportion of our cocoa beans come from outside of West Africa. The acquisition of the cocoa ingredients business of Petra Foods Limited, Singapore (the "Petra Foods Cocoa Ingredients Business") in 2013 further increased our footprint in Southeast-Asia and South America as important sources of cocoa beans. We maintain a policy of fast shipments out of West Africa and other emerging markets in order to minimize local product stocks. In addition, we hold strategic stocks of cocoa beans at locations outside of cocoa bean growing countries. Although we believe that we can reduce the risks associated with our sources of supply through these measures, we cannot eliminate these risks.

Cocoa bean and other raw material prices impact our profitability and cash flows. Cocoa bean prices have fluctuated significantly in the past and could have a material adverse effect on our business and results of operations

Our results of operations are influenced by market prices for cocoa beans and, to some extent, dairy, sugar, nuts and other volatile raw materials. Fluctuations in the price of raw materials can result from poor harvests due to unfavorable weather conditions, disease, political instability and other factors (e.g., terminal market speculations). Supply and demand in the chocolate industry changes in a dynamic manner, which can impact prices. Historically, events such as the poor harvests of cocoa beans in 2000 and 2001, the political instability in the Ivory Coast and the continued expectation of a structural deficit in the years from 2007 onward resulted in an increase of approximately 130% in the price of cocoa beans during that period. The political situation in the Ivory Coast in 2011, as well as the financial crisis in 2008 resulted in a large increase in cocoa price volatility. In recent years, the volatility remains high, primarily driven by the increased positions held by investment and hedge funds. We do mitigate exposure to raw material price fluctuation by generally passing on such prices to our customers. Nonetheless we cannot assure you that we are always able to fully hedge our sales commitments and price lists and completely eliminate the impact of raw material price changes on our profitability and cash flows.

We attempt to mitigate the impact of volatility in our raw material costs through "cost-plus" pricing in our Food Manufacturers Product Group, through cocoa bean and other raw material hedging arrangements and (where possible) price increases in our Gourmet & Specialties Product Group. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Overview of the Business". We execute cocoa bean hedging transactions by purchasing and selling forward contracts on the London and New York Cocoa Terminal Markets or entering into tailored over-the-counter financial instruments with reputable counterparties. For raw materials with no terminal market, hedging is done by physical forward contracts, if feasible. For certain raw materials that we use in our products, we may stay exposed to unfavorable price movements. As a result of the short useable lifespan of certain of the raw materials we use, such as dairy, sugar and nuts, it is not possible to store such materials for long periods of time before they are used in the production of chocolate. For this and other reasons, longer-term forward contracts are not always available, or only at substantial high risk premiums.

In our Food Manufacturers Product Group, we believe our exposure to movements in cocoa bean and other volatile raw material prices is somewhat limited, as contract prices and volumes are normally fixed at the same date, enabling us to hedge our exposure to price movements after the contract date. In our Gourmet & Specialties Product Group (11% of our total sales volume in fiscal year 2015), our customers normally specify contract volumes on the basis of price lists, which we issue at regular intervals (typically every six to 12 months). However, as customer contract volumes are not committed at the date our price lists are issued, we must hedge exposure to cocoa bean and other raw material price movements on the basis of forecasted customer demand. Our policy is to fully hedge our forecasted cocoa bean and other volatile raw material requirements for the validity of our issued price lists.

Furthermore, our profitability can be affected by our exposure to the volatility of the combined sales price for cocoa butter and cocoa powder relative to the cocoa bean price (the "Combined Ratio") and our cost structure. In the Cocoa Product Group, market prices are applied, whereas profitability is affected by the development and volatility of the Combined Ratio and the fact that cocoa powder and butter produced from our pressing activities are often sold at different points in time. We attempt to mitigate these effects through a central global management system, taking into account both internal and external demand.

Notwithstanding our hedging practices, we cannot fully eliminate the risks of movements in volatile raw material prices. For instance, if cocoa bean prices increase following the issuance of a price list, our margins will be adversely impacted to the extent we have not hedged underlying volumes, unless we reissue price lists that reflect the increased cost to us of purchasing cocoa beans at the higher price. In addition, our customer contracts typically permit our customers to demand deliveries of chocolate at intervals, which do not correspond exactly to our forward purchase contracts. Furthermore, if customers delay purchasing our products, we may incur additional financing and storage costs. Finally, if we under-forecast actual sales volumes (and, consequently, do not hedge 100% of actual sales during the period of a price list) and raw material prices increase after the date we issue the relevant price list, our margins can be adversely affected. Conversely, if we over-forecast actual sales volumes and raw material prices decrease below those at which we have hedged expected volumes, we will not generate margins that we could have achieved had we purchased the goods after the raw material price decrease.

We can provide no assurance that our hedging policy will be successful or that structural changes in the raw materials markets will not themselves give rise to losses on our hedging activities. Due to our business model, to buy cocoa beans during the crop and sell them in the future, we are structurally exposed to carry costs that we may not be able to cover using available hedging instruments. As a result, changes in the prices of cocoa beans and other raw materials could have a material adverse effect on our business, financial condition, results of operations and cash flows. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Quantitative and Qualitative Disclosures about Market Risks—Commodity Price Risk" and "Management's Discussion and Analysis of Financial Condition and Results of Operations—Significant Accounting Policies".

In addition, certain countries such as Ghana, Cameroon, Brazil and Indonesia offer various types of incentives for local processors, which reduce our average cost of cocoa beans. In the event that we were to cease processing cocoa beans (or reduce processing volume) in such countries or local governments decide to change or eliminate such incentives or other advantages from which we benefit, our average cost of cocoa beans could increase. We can provide no assurance that the current levels of export duty discounts will be maintained or will not be reduced significantly or removed completely in the future. For example, in 2012 the Ivory Coast eliminated the export duty discounts for companies processing cocoa beans in the Ivory Coast, which negatively affected our results in fiscal year 2013.

Volatility in cocoa bean prices affects our working capital requirements

The purchase of cocoa beans is our most significant operating expense, representing in excess of CHF 2.5 billion in both fiscal years 2015 and 2014. The majority of our inventories are also based on cocoa beans or cocoa based products. The price of cocoa beans affects our net working capital, in particular inventory, derivative financial assets and liabilities, trade & other receivables, and trade & other payables. As the largest part of value is related to cocoa, the value of the inventory is not only subject to fluctuations of volume but also the cocoa price volatility. Because of cocoa price volatility, it is crucial for us to have access to financing for working capital needs. Access to such financing is particularly critical for the main cocoa bean harvest season, when our working capital requirements are highest. If our financing arrangements were cancelled or we were not permitted to borrow thereunder, we would be unable to finance required purchases of cocoa beans unless we could arrange alternative financing arrangements. We cannot assure you that we would be able to arrange alternative financing facilities on terms that would be acceptable to us or at all. Any disruption to our working capital financing could have a material adverse effect on our business, financial condition, results of operations and/or cash flows.

Diverse political, legal, economic and other factors affecting the markets in which we operate could adversely affect us

We are present in 30 countries, operate more than 50 processing facilities and sell our products across the world. As a consequence, our business is subject to risks related to differing political, legal, regulatory and economic conditions and regulations. These risks include:

- varying tax regimes which could adversely affect our results of operations or cash flows, including regulations relating to transfer pricing and withholding taxes on remittances and other payments by our subsidiaries;
- differences and unexpected changes in regulatory environments, including environmental, health and safety, competition and labor laws, rules and regulations;
- the introduction or application of more stringent product norms and standards and associated costs;
- insufficient provisions for retirement obligations; and
- recessionary trends, inflation and instability of the financial markets.

We cannot ensure that we will be able to develop and implement systems, policies and practices to insure effectively against or manage these risks, or that we will be able to ensure compliance with all the applicable regulations without incurring additional costs. If we are not able to do so, our business, financial condition, results of operations and cash flows could be adversely affected.

We are expanding into territories with different cultural, political and economic environments

We are currently increasing our presence in emerging markets, such as Turkey, Chile, Indonesia, Eastern Europe, Latin America, Asia and Africa. We are aware that doing business in these markets might be different from doing business in the territories that we traditionally cover. We try to reduce potential risks by working closely with experienced consultants and skilled local employees and by planning for contingencies. Nonetheless, it is possible that projects could be delayed or experience costs overruns and we are exposed to political and cultural uncertainties. Such developments could adversely affect our global expansion plans, business, financial condition, results of operations, cash flows or our relationships with customers.

One or more of our significant long-term outsourcing agreements and strategic partnerships may be terminated or may not be renewed, and we may not be able to enter new ones

In the past several years we have entered into a number of important, long-term outsourcing agreements and strategic partnerships with our customers. These are limited in time, and may be subject to early termination rights. Volumes sold under long-term outsourcing agreements or strategic partnerships are a key driver of our results of operations. 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 our results of operations.

In fiscal year 2015, our single largest customer accounted for 14.6% (CHF 912.2 million) of our revenue from sales and services. No other single customer contributed more than 10% of total consolidated revenue from sales and services. In fiscal year 2015, our top 15 customers accounted in aggregate for 39% (CHF 2,416.2 million) of our total revenue from sales and services. The loss of one or more of our largest customers could have a material impact on our results of operations.

There are risks arising from our recent and future acquisitions

From time to time, we may seek to complement the organic growth of our business with both opportunistic and strategic acquisitions of other companies or businesses. Furthermore, we plan to continue to lock-in additional sales volumes through outsourcing agreements with strategic partners, which might require the integration of acquired assets into our own operations, as well as the construction of new processing facilities associated with long-term outsourcing agreements.

We may assume liabilities (including contingent liabilities) when we acquire companies. Furthermore, the integration of any business that we acquire or long-term agreements that we conclude will be subject to a number of conditions beyond our control, including the possibility of adverse general and regional economic conditions, general negative industry trends and competition. We may be unable to achieve the anticipated synergies (including cost savings) from such acquisitions. In addition, the profitability of any business that we acquire and the profitability of our Group may decline as we integrate a newly-acquired business. As a result, we cannot assure you that any future acquisitions and the integration of acquired businesses will not adversely affect our business, financial condition, results of operations or cash flows.

The achievement of our business plan depends on our ability to manage our growth and to allocate scarce personnel resources to the management and integration of subsidiaries worldwide

Our success as a business depends upon our management and key personnel. Our constant expansion and the global nature of our business will create pressure on our management personnel and other resources and their ability to maintain control over our global operations, and our future performance will depend upon their continued services and their ability to continue the smooth integration, management, and control of our subsidiaries worldwide. If we are unable to manage our growth in this way, our business could be adversely affected.

Additionally, our global growth depends on the availability of educated and dedicated people and our ability to retain them, as well as to integrate new staff into our organization. A significant part of our future growth may be in regions and countries which might culturally be very different to markets in which we currently operate. We cannot assure that we will be able to find and retain enough qualified staff at all levels. We might also lack knowledge of how to operate and integrate activities in new countries. If we are unable to hire educated and dedicated people our business could be adversely affected.

Our performance depends on favorable labor relations with our employees

As of August 31, 2015, we had approximately 9,430 employees, the majority of whom are covered by collective bargaining agreements or are members of labor unions. Our operations depend on the availability, retention and relative costs of labor and on maintaining satisfactory relations with employees and the labor unions. Labor relations issues arise from time to time, including issues in connection with union efforts to represent employees at our plants and with the negotiation of new collective bargaining agreements as well as with issues associated with factory closures and restructurings. If we fail to maintain satisfactory relations with our employees or with the unions, we may experience labor strikes, work stoppages or other labor disputes. Negotiation of collective bargaining agreements could also result in higher ongoing labor costs. Any significant increase in labor costs, deterioration of employee relations, slowdowns or work stoppages at any of our locations, whether due to union activities, employee turnover or otherwise, could have a material adverse effect on our business, financial condition, results of operations and cash flow.

Competition within the markets in which we operate is strong and could adversely affect us

The global cocoa and chocolate industry is undergoing a continued period of consolidation. Competition in the chocolate production, processing and retailing industries has increased as a number of companies in the industry have gained market share by acquiring other companies, expanding into new territories or entering into partnerships or joint ventures.

With respect to sales of semi-finished products, such as cocoa liquor and cocoa butter, we compete primarily against large industrial companies, such as Cargill Inc. ("Cargill") and Olam International Ltd. ("Olam"). Competition in these markets is based on price, especially for cocoa butter. For cocoa liquor and especially for cocoa powder, product quality, branding, innovation, and range as well as customer service represent key competitive factors.

Regarding industrial chocolate, we compete with a number of global and regional players, such as Cargill, Blommer, Fuji Oil, Puratos Group (Belcolade) and Cémoi. We generally do not consider large branded consumer chocolate producers such as Hershey's, Mars, Mondelez, and Nestlé our competitors, as we do not operate in the branded consumer chocolate market and many of these companies are our customers. We compete to a limited extent with fully vertically integrated consumer chocolate producers who primarily meet their own industrial chocolate needs and sell any excess production into the open market. Competition in the industrial chocolate market is based upon various factors, including customer service and technical support, product innovation, quality, specifications, distribution capabilities and reliability as well as price. Global customers in the biscuit and ice cream sectors of the industrial chocolate market, which account for a significant portion of our sales, principally differentiate among suppliers on the basis of product quality, innovation, sustainability, specifications, and price.

In the gourmet and specialties market, competition is based on product quality, customer service and, to a lesser extent, price. In this market, we face competition from market participants, such as Valrhona, the Puratos Group (Belcolade) and Felchlin, who benefit from local affiliations, geographical proximity to their customers and chocolate production know-how. These local competitors also compete on the basis of price and may do so at different price points (for example, processed and specialty products).

Price competition or the loss of market share in one or more of our geographic or product markets could have a material adverse effect on our business, financial condition, results of operations or cash flows. See "Business—Competition".

Unfavorable currency exchange rate fluctuations could adversely affect us

We report our financial results in Swiss francs. We have foreign currency denominated revenues, expenses, assets and liabilities due to our global operations. As a consequence, movements in exchange rates affect our profitability, the comparability of our results between periods, and the carrying value of our assets and liabilities.

When we incur expenses that are not denominated in the same currency as the related revenues, foreign exchange rate fluctuations could adversely affect our profitability. Our operating expenses (other than the cost of cocoa beans) are generally denominated in the same currency as associated revenues, lessening the impact of exchange rate movements on our operating profit. Our purchases of cocoa beans are denominated primarily in pounds sterling and, to a lesser extent, CFA Franc (which is tied to the euro) and the US dollar, whereas our revenue from sales and services is predominantly denominated in Euro and US dollars. As a consequence, we hedge our foreign currency exposure to protect against fluctuations in currency exchange rates related to transactions, particularly the euro/pound sterling and euro/US dollar exchange rates. We cannot assure you, however, that our hedging activities will eliminate foreign exchange rate exposure at an acceptable cost, or at all. Failure to do so could have an adverse effect on our business, financial condition, result of operations or cash flows. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Quantitative and Qualitative Disclosures about Market Risks—Foreign Exchange Risk".

In addition, even where revenues and expenses are matched, we must translate non-Swiss franc denominated results of operations, assets and liabilities into Swiss francs in our consolidated financial statements. To do so, balance sheet items are translated into Swiss francs using fiscal year-end exchange rates, and income statement and cash flow items are translated using average exchange rates during the relevant period. Consequently, increases and decreases in the value of the Swiss franc versus other currencies will affect our reported results of operations and the value of our assets and liabilities in our consolidated balance sheet, even if our results of operations or the value of those assets and liabilities has not changed in their original currency. These translations could significantly affect the comparability of our results between financial periods and/or result in significant changes to the carrying value of our assets, liabilities and shareholders' equity.

Our future growth depends, in part, on enhancing our leadership position in the food manufacturers market

Our future success depends, in part, on achieving our goal of enhancing our position as the market leader in the food manufacturers market. This goal is based on our belief that manufacturers will increasingly outsource cocoa processing and chocolate production in order to focus on product management and marketing. We can provide no assurance that this trend will materialize to the extent we forecast, if at all. Any failure of this trend to materialize may affect our future results of operations.

Our sustainability initiatives may fail to deliver the outcomes we anticipate or may deliver unanticipated negative outcomes

We regularly initiate sustainability initiatives in the countries from which we source cocoa beans with the intention to improve the livelihoods of farmers and the environmental impact of agricultural practices. We believe that our increased focus on sustainability is an important attribute that makes us attractive to our customers, especially our strategic partners. Since 2001, we have been working with cooperatives and farmers interested in obtaining independent certifications by providing training in the standards set by the Good Agricultural Practices (the "GAP") that have been developed by the industry, governments and non-governmental organizations, modern farming techniques, and technical support to set up internal control systems that are required by the certification systems. Despite our efforts, our training may be inadequate, result in the farmer losing or not obtaining certification, and have a material adverse effect on our reputation.

We have also launched our own cocoa sustainability initiative, the "Quality Partner Program", in 2005. In 2012, we announced a new global sustainability initiative called "Cocoa Horizons" to achieve sustainable cocoa production and to inspire the next generation of modern cocoa farmers. In addition, in 2015, we launched an independent, non-profit organization, the Cocoa Horizons Foundation, with a mission to improve the livelihoods of cocoa farmers and their communities through the promotion of sustainable, entrepreneurial farming, improved productivity and community development. Despite our efforts, none of our sustainability initiatives may deliver anticipated outcomes and may deliver unanticipated negative outcomes. In consequence, we may be unable to attract new customers and may be unable to prevent customers from obtaining their ingredients elsewhere. Our sustainability efforts will also not prevent customers from contracting with our competitors if they are perceived to have a better public image, for example in relation to child labor, fair trade or environment.

Our future growth depends, in part, on our ability to secure sustainable supply of suitable quality cocoa

Because cocoa is a crucial part of our supply chain, securing a sustainable supply of suitable quality cocoa beans in order to deliver our third-party sales contracts is key to our future success. We may not be able to obtain sufficient volumes of cocoa beans. Also, in the mid- to long-term, if consumption continues in line with the current rate, then there may be a shortfall in high-quality cocoa beans due to the conversion of cocoa bean fields to fields supporting other higher value cash crops. In consequence we may be unable to produce high-quality cocoa bean products in the amounts we require.

We may incur environmental liability and capital costs in connection with our past, present and future operations, which could have an adverse effect on our profitability and cash flows

Our production and manufacturing operations, like those of similar companies, are subject to extensive environmental laws and regulations in many of the jurisdictions in which we operate. These laws and regulations impose increasingly stringent environmental obligations regarding, among other things, air emissions, asbestos, noise, discharges to water, the use, handling, storage, release and disposal of hazardous materials, the protection of employee health and safety, certain disclosure obligations and the remediation of environmental contamination.

We may be required to pay fines or damages as a result of past, present or future violations of applicable environmental laws and regulations even if these violations occurred prior to our acquisition of companies or operations. We may also be required to undertake investigations, remedial activities or both regarding past, present or future contamination or noise and smoke emissions at former, present or future facilities. We may also be required to curtail operations or close facilities temporarily or permanently in connection with applicable environmental laws and regulations. Furthermore, as these laws and regulations or the interpretation of these laws and regulations change, we may incur additional costs to maintain compliance. We could become subject to claims for personal injury, property damage or violations of environmental law. Any of these actions may harm our reputation and adversely affect our business, financial condition, results of operations and cash flows.

Although we maintain insurance in respect of environmental liability, we cannot assure you that these insurance policies will be sufficient to cover all damages we may suffer in connection with the cost of compliance with, or liability for breach of, environmental laws and regulations. Furthermore, our insurance policies cover only losses or liabilities arising out of environmental pollution deriving from sudden and accidental causes, and do not provide for the reimbursement of costs associated with monitoring pollution and contaminating substances, or with the adoption of remedial measures. Our liability insurance coverage for pollution in the United States and in Canada is on a named perils basis and in the rest of the world on a sudden and accidental basis, both within the limits of our liability insurance policy, without any sublimit, and without any yearly aggregate limit.

Our products may contain ingredients or other substances which could cause injury to consumers and are subject to regulation

Regardless of testing, it is a risk within the food manufacturing industry that products could contain ingredients or other substances that could cause injury to people, particularly when new products are launched or enhanced products are introduced. Allergens and the carry-over into other products via the raw materials or the manufacturing process are a key focus of attention. Any such injuries could result in claims, loss of revenues, costs associated with product recalls, litigation or harm to our reputation.

We produce and sell food products in a number of jurisdictions around the world, and the manufacturing, processing, packaging, labeling and advertising of our products are subject to regulatory regimes in each of those jurisdictions. These laws and regulations include the regulations of the United States Food and Drug Administration in respect of our operations in the United States, as well as EU directives implemented into local law in the European jurisdictions in which we operate. These laws and regulations prescribe standards for, among other things, food safety and good manufacturing practices, which set out the standards for facilities, equipment and personnel required to produce products for human consumption. At the sales level, we are also subject to regulations requiring accurate labeling of nutritional values and product composition, which could expose us to enhanced risk. The laws and regulations to which we are subject in this area are subject to change and revision, and we cannot assure you that we will be in full compliance at all times with all such laws and regulations.

We can provide no assurance that we will not face material product liability claims or product recalls in the future, that we will be able to successfully dispose of any such claims or effect product recalls within acceptable costs, or that we will be able to comply with existing or future regulations relating to the manufacture, processing, packaging, labeling or advertisement of our products at an acceptable cost. Moreover, a material product liability claim or product recall, even if successfully concluded at an acceptable cost, could have a material adverse effect on our reputation. Although we maintain insurance in respect of product liability, we cannot assure that such insurance policies will be sufficient to cover all damages we may suffer in connection with liability for breach of consumer or health and safety laws and regulations. In particular, our insurance coverage for product recall expenses, delay in deliveries and financial losses are limited per occurrence and in aggregate per insurance year. If we are unsuccessful in defending against product liability claims, or issue product recalls in excess of our insurance coverage, it could have an adverse effect on our business, financial condition, results of operations and/or cash flows.

Increased taxation on products containing sugar may reduce our profitability

Certain jurisdictions are considering introducing taxes on the consumption of products with sugar content higher than a specified amount, which could affect the cost to consumers for products containing chocolate and cocoa. Higher taxes on the sale of products containing our chocolate and cocoa, in the form of excise or other consumption taxes, could lead to increased prices, which in turn may adversely affect the sale and consumption of our products and reduce our revenues and profitability.

Demand for our products could be affected by changes in consumer preferences and demands

Our principal product is industrial chocolate, which we supply to chocolate manufacturers, biscuit manufacturers, ice cream manufacturers and others. In recent years, the media and certain government regulators have become increasingly concerned with rising obesity levels around the world, particularly in children, and consumers have become increasingly aware of issues relating to nutrition and health. If prevailing health or dietary preferences and perceptions should cause consumers to avoid any of our products or if there is negative publicity about chocolate products, demand for our products could decrease, which could have a material adverse effect on our business, financial condition, results of operations and/or cash flows.

Our future growth depends in part on our ability to be innovative and on protecting our proprietary trade secrets

Innovation is a key element of our four-pillar strategy. While we believe that we are recognized as an innovation leader in the chocolate industry, we may not be able to maintain this position. Our competitors may be more innovative than we are, which could have a negative impact on our ability to enter into outsourcing agreements. We regard certain of our recipes, the design of certain parts of our operating machinery and certain processing procedures used in the manufacture and creation of our products as proprietary trade secrets and confidential information. We have patents and patent filings pending on some of our processes, although we rely largely upon customary confidentiality and non-compete clauses in the employment contracts of employees involved in research and development ("R&D") to maintain the trade secrecy of such recipes, designs and procedures. We cannot assure you that these means of protection will be effective against unauthorized replication of our recipes, designs or use of our processing procedures, or that our competitors will not develop minor variations in such products or processes, or new products or processes that respond more immediately to changing consumer tastes in chocolate-based food products. Any failure to protect adequately our proprietary trade secrets and confidential information and failing to maintain our position as an innovation leader could have an adverse effect on our business, financial condition, results of operations or cash flows. See "Business—Licenses, Brands and Intellectual Property Rights".

We may not be able to implement our cost leadership strategy

Our ability to operate efficiently and manage our operating costs, including manufacturing, supply chain and overhead costs, are important factors affecting our results of operations. Cost leadership is an important reason why our international customers outsource chocolate production to us. We may not be successful in continuously improving our operational and cost efficiency and achieving our cost savings targets and targets for reductions of manufacturing costs per tonne, which could have a material impact on our results of operations and our ability to win outsourcing contracts.

We may incur additional liabilities in connection with our employee benefit plans

In certain countries, we have defined benefit plans under which we have an obligation to provide agreed benefits to current and former employees. Our net liabilities under defined benefit plans may be significantly affected by changes in the discount rate, the social security rate, the rate of increase in salaries and pension contributions, changes in demographic variables or other events and circumstances. Changes to local legislation and regulation relating to defined benefit plan funding requirements may result in significant deviations in the timing and size of the expected cash contributions under such plans. There can be no assurance that we will not incur additional liabilities relating to our pension plans, and these additional liabilities could have a material adverse effect on our business, results of operations, financial condition and cash flow.

Negative publicity and threatened or actual legal proceedings could harm our business, reputation and results of operations

We are exposed to the risk of negative publicity and threatened or actual legal proceedings concerning our business, which may harm our reputation, result in litigation and cause our customers to terminate their contracts with us. Negative publicity and litigation could, for example, arise from an alleged or actual violation of anti-bribery, anti-corruption or related laws and regulations or the alleged or actual use of child labor by one of our suppliers of cocoa beans. We do not employ child labor and we partner with the International Cocoa Initiative to provide training and raise awareness about child labor issues and require our suppliers to adhere to a supplier code. However, failure by one of our suppliers to comply with our supplier code could result in negative publicity and litigation against us. In addition, a number of our contracts with large customers contain provisions that prohibit the use of child labor and negative publicity related to child labor abuses by one of our suppliers could cause existing customers to terminate their outsourcing agreements or prevent us from winning new outsourcing agreements. Any of these negative effects could adversely affect our business, reputation and results of operations.

The control which our principal shareholder may exert over us may adversely affect us and the Noteholders

We are currently controlled by Jacobs Holding AG, which owns approximately 50.11% of the issued share capital of Barry Callebaut AG. As controlling shareholder, Jacobs Holding AG can exert its influence over us and is able to determine the outcome of a significant number of matters submitted to a vote of all shareholders, including the election of members to our board of directors, the approval of our annual financial statements and the declaration of dividends. Through its control of the board of directors of Barry Callebaut AG, our principal shareholder can also cause Barry Callebaut AG and its subsidiaries to incur additional debt, pursue acquisitions, divestitures or other transactions or take other action that could enhance the value of its equity investment, even though those transactions may involve risks to the Noteholders. It is likely that Jacobs Holding AG will retain a majority interest in Barry Callebaut AG for the foreseeable future. We cannot assure you that the interests of our controlling shareholder will be aligned with the interests of the Noteholders.

We may be affected by conflicts of interest when entering into transactions with related parties

In the past, we have engaged, and will continue in the future to engage, in transactions with related parties. We believe that these related party transactions are conducted on terms substantially equivalent to those we would have entered into had they been negotiated on an arm's-length basis with third parties and intend to continue to transact business with related parties on arm's-length terms. However, we can provide no assurance that related party transactions will not be affected by conflicts of interest between us and related parties. See "Business—Related Party Transactions".

Our tax burden could increase due to changes in tax laws or their application or interpretation, or as a result of current or future tax audits, and there can be no assurance that we will continue to benefit from additional recognition of tax losses carried forward

We are present in 30 countries and, therefore, are subject to numerous tax laws and their respective application or interpretation as well as global tax harmonization efforts such as the Organization for Economic Co-operation and Development's Base Erosion and Profit Shifting ("BEPS") initiative. Given the international nature of our business and level of integration along the value chain, intra-group transfer pricing policies are an important element of our compliance with tax regulation. We seek to ensure that local tax filings comply with all relevant local laws and treaties, and that our intra-group transfer pricing policy is accurate. Although we follow commonly known transfer pricing practices and consult with external professionals to assist us with our methodology, we cannot provide assurance that local tax authorities will accept our methodology when looking at our business.

Changes in tax laws or in their interpretation or application could increase our tax obligations or decrease our tax losses carried forward as well as have a negative impact on our cash flow due to unforeseen or unbudgeted current tax cash outflows. As a result of current or future tax audits by relevant authorities, additional taxes could be assessed, which could result in an increase in our tax obligations or decrease our tax losses carried forward.

Several of our companies are currently subject to tax audits in the ordinary course of business. Moreover, many of our companies have not yet been subject to tax audits regarding the most recent fiscal years and might therefore be subject to tax audits in future periods. Current or future tax audits could successfully challenge our tax assessment and may result in additional tax liabilities.

In addition, our tax rate has been positively affected in prior periods by the recognition of deferred tax assets related to tax losses carried forward. While the basis for the recognition was the availability of forecasts that indicated sufficient future taxable income to offset accrued tax losses carried forward, there is no assurance that we can benefit from such tax losses carried forward by charging them against future income. Changes in tax laws or a different interpretation by tax authorities could also result in changes to our deferred tax position with respect to timing differences. The prior positive impact on the tax rate of first-time recognition of tax losses carried forward as a deferred tax asset does not provide an indication that the Group will be able to recognize additional deferred tax assets in relation to available tax losses carried forward in the future.

We are subject to restrictive debt covenants contained in our senior revolving credit facility

Our senior revolving credit facility, term loan facility and Jacobs Holding AG term loan facilities contain certain restrictive covenants, including an interest coverage ratio, operating profit (EBIT) per tonne ratio, minimum tangible net worth and general and repeating representations. Events beyond our control could affect our ability to meet these ratios and, if we do not meet these ratios, we will be precluded from borrowing under these facilities and a default thereunder would occur.

Upon the occurrence of any event of default under our senior revolving credit facility or any of our other debt, the lenders could elect to declare all amounts outstanding thereunder, together with accrued interest, to be immediately due and payable. If those lenders accelerate the payment of those amounts, we can provide no assurance that our assets will be sufficient to repay in full those amounts, to satisfy all our other liabilities and to enable us to repay the Notes in full.

Our compliance controls and procedures may not be sufficient to prevent or discover violations of anti-corruption and anti-fraud laws or group-wide policies

We are exposed to the risks of corruption and fraud both internally and externally. Our operations are large in scale, which may make fraudulent or accidental transactions difficult to detect. In addition, some countries in which we operate are rated by NGOs such as Transparency International as having a high level of corruption and related practices including, among others, acceptance of kickbacks, bribes, facilitation payments or other illegal gains or benefits by customers or authorities. While we have a code of conduct and other compliance measures to prevent any unlawful activities, there can be no assurance that such code of conduct and other internal policies and procedures will be sufficient to protect against corrupt or fraudulent activities. In addition, we may not always be able to detect corrupt or unethical practices by employees or agents. If our employees or our agents violate applicable anti-corruption laws or similar rules relating to the aforementioned practices, we may be required to pay damages or fines and could risk losing necessary licenses. Additionally, the involvement of our employees or our agents in fraudulent or corrupt practices could harm our reputation and lead to the loss of customers.

We are exposed to various information technology risks that could lead to an interruption of business processes

Our business processes and our 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 a material adverse impact on our business and operations, including shutdowns of our global data centers or our global wide area networks and wrongful payment prompts. Our information management and technology department has implemented various preventive structures for our business critical applications and locations and, in the event of a major incident, disaster recovery plans and procedures are in place. A mid-term plan to enhance information security is regularly defined and various improvements are being implemented continuously. Nevertheless, there can be no assurance that such measures will be successful in eliminating information technology-related risks.

Risks Relating to the Notes

We will require a significant amount of cash to make payments on the Notes and to service our other debt. Our ability to generate cash depends on a number of factors, many of which are beyond our control

Our ability to generate sufficient cash from operations to make scheduled payments on our debt depends on our future performance, which to a large extent is subject to economic, financial, competitive and other factors beyond our control, as well as other factors discussed in these "Risk Factors". Our business may not in the future generate sufficient cash to service our debt. If we are unable to generate sufficient cash to service our debt, we could attempt to implement one or more alternatives, such as refinancing all or a portion of our debt, selling assets or obtaining additional equity capital. However, we may not be able to implement any of these alternatives on satisfactory terms, or at all, and, even if implemented, these alternatives could result in substantial additional expense to us. A failure to raise any additional cash necessary to service our debt could result in substantial additional expense to us or in a default under our debt obligations, including the Notes.

Our debt service obligations could adversely affect our business and our ability to perform our obligations under the Notes

We have now and, after the issue of the Notes, will continue to have, a significant amount of debt, which could (a) require us to dedicate a more significant portion of our cash to satisfy our obligations under the Notes and the Guarantee; (b) require us to dedicate a substantial portion of our cash generated from operations to repayments of our debt, thereby reducing our cash flow available to fund working capital, R&D, capital expenditures, acquisitions and other general corporate purposes; (c) limit our flexibility in planning for, or reacting to, changes in our industry; (d) increase our vulnerability to adverse economic and industry conditions; (e) place us at a competitive disadvantage compared to our competitors; and (f) limit our ability to borrow additional funds.

There are limitations on the value of the Guarantees

The Notes will be guaranteed by certain of our subsidiaries organized under the laws of Belgium, France, Switzerland, the United Kingdom and the United States. The Guarantee will constitute the unsecured, senior obligations of the Guarantors. There are limitations on the value of certain of the Guarantees.

France

The liabilities and obligations of each Guarantor incorporated under French law (the "French Guarantors") under the Guarantee are subject to:

- certain exceptions, including any obligations which, if incurred, would constitute prohibited financial assistance within the meaning of Article L. 225-216 of the French *Code de Commerce* or infringement of the provisions of Articles L. 241-3, L. 242-6 or L.244-1 of the French *Code de Commerce* or any other law or regulation having the same effect, as interpreted by French courts; and
- a financial limitation corresponding to an amount equal to the proceeds from the issue of the Notes which the Issuer has applied for the direct or indirect benefit of the relevant French Guarantor and/or to the controlled subsidiaries of that French Guarantor (within the meaning of article L.233-3 of the French *Code de Commerce*) through intercompany loans and cash pooling arrangements that are outstanding on the date a payment is requested to be made by such French Guarantor. Any payment made by such French Guarantor under its guarantee will reduce the maximum amount of its guarantee.

By virtue of the foregoing limitations, a French Guarantor's obligation under the Guarantee could be significantly less than amounts payable with respect to the Notes, or a French Guarantor may have effectively no obligation under its Guarantee. French law requires that, when a French company grants a guarantee of third-party obligations, the guarantee must be in the corporate purpose and corporate interest of the guarantor company.

The existence of a real and adequate benefit to a French Guarantor is a matter of fact as to which French case law provides no clear guidance. When deciding to grant the Guarantee of the Issuer's obligations with respect to the Notes, the presidents of each of the French Guarantors considered that, in light of the guarantee limitations set forth in the Guarantee applicable to the French Guarantors, the granting of the Guarantee was in the corporate purpose and the corporate interest of the French Guarantors. However, due to the absence of case law, we cannot assure you that a court in France would uphold this determination, failing which you may be unable to enforce the Guarantee granted by the French Guarantors as the case may be, with respect to the Notes in part or at all.

Belgium

Belgian law requires that a guarantee granted by a Belgian company for the obligations of a group company meets the following conditions: (i) it must be part of the corporate purposes of the guarantor, as provided in its by-laws (*status/statuten*); (ii) it must be for the corporate benefit of the granting company, and (iii) it must comply with any applicable financial assistance rules.

Corporate benefit is not a well-defined term under Belgian law and its interpretation is left to the courts. The corporate benefit rules and their application in the context of guarantees granted for the benefit of a group company are not clearly established under Belgian law and there is only limited case law on the subject.

The question of corporate benefit must be determined on a case-by-case basis and consideration has to be given to any direct and/or indirect benefit that the company would derive from the transaction. Two principles apply to this evaluation: (i) the risk taken by the company in issuing the guarantee must be proportional to the direct and/or indirect benefit derived from the transaction; and (ii) the financial support granted by the company should not exceed its financial capabilities.

The presence of an actual benefit to a Belgian guarantor is a matter of fact, which must be assessed by the board of directors of the company granting the guarantee and is ultimately subject to the appreciation of the court. The board of directors of Barry Callebaut Belgium NV (the "Belgian Guarantor") has resolved that the issue and the guarantee of the Notes pursuant to the Guarantee confers an actual benefit to it. However, due to the absence of case law, we cannot assure you that a court in Belgium would agree with this determination. If a court in Belgium determined that actual benefit is not established, then the Guarantee by the Belgian Guarantor could be declared null and void and, under certain circumstances, the creditor that benefits from the Guarantee could be held liable for up to the amount of the Guarantee. Alternatively, the Guarantee could be reduced to an amount corresponding to the corporate benefit or the creditor may be held liable for any guarantee amount in excess of such amount. If the corporate benefit requirement is not met, the directors of the Belgian Guarantor may also be held liable (i) by the company for negligence in the management of the company and (ii) by third parties in tort. These rules have been seldom tested under Belgian law, and there is only limited case law on this issue.

In order to enable Belgian subsidiaries to grant a guarantee to guarantee liabilities of a direct or indirect parent or sister company without the risk of violating Belgian rules on corporate benefit, it is standard market practice for indentures, credit agreements, guarantees and security documents to contain so-called "limitation language" in relation to such subsidiaries. Accordingly, the Guarantee by the Belgian Guarantor will contain such limitation language and will be limited to reflect the corporate benefit position of the Belgian Guarantor taking into account its financial capabilities at the time of any enforcement of the Guarantee. Including such limitation language is, however, not conclusive in determining the corporate benefit.

The grant of a guarantee by a Belgian company must further be within or serve the corporate purpose of the Belgian company as described in its by-laws, and the guarantee may not include any liability that would result in unlawful financial assistance within the meaning of Article 629 of the Belgian Companies Code.

Switzerland

Swiss law generally requires that a corporate benefit exists in favor of the Swiss guarantor company and that the guarantee in question is otherwise in the corporate interest of the Swiss guarantor company. In addition, there are certain limitations under Swiss corporate law restricting the distribution of corporate assets of a Swiss guarantor company in case of an enforcement of the guarantee. In order for a Swiss guarantor company to guarantee the obligations of a parent or sister company without the risk of violating such restrictions, it is standard market practice for guarantees to contain so-called "limitation language" in relation to subsidiaries incorporated in Switzerland in the form of a Swiss stock corporation (*Aktiengesellschaft*). Pursuant to such limitation language, the liability under the Guarantee granted by each of Barry Callebaut Sourcing AG, Barry Callebaut Schweiz AG and Barry Callebaut Cocoa AG will be limited reflecting the requirement that payments under the Guarantee may not cause the Swiss Guarantor to incur a liability which would exceed its freely distributable equity, if and to the extent required by Swiss mandatory law. Accordingly, if and to the extent required by Swiss mandatory law, the liability of these Swiss guarantor companies is limited to a sum equal to the maximum amount of such Swiss guarantor company's freely disposable equity available for distribution at any time, provided that such limitations shall not free it from payment obligations in excess of its freely distributable equity, but merely postpone the payment date of those obligations until such times as payment is permitted notwithstanding such limitations. In addition, Swiss withholding tax of 35% may be levied on payments under the Guarantee unless the Swiss guarantor company was adequately compensated for granting the Guarantee.

Any payment by Barry Callebaut Sourcing AG, Barry Callebaut Schweiz AG and Barry Callebaut Cocoa AG under the Guarantee may require certain corporate formalities to be completed prior to payment including, but not limited to, drawing up interim financial statements, obtaining an audit report, shareholders' resolutions and board resolutions approving payment.

These limitations do not apply to the Guarantee granted by the Company.

Interest Payments by Barry Callebaut Manufacturing (UK) Limited may be subject to United Kingdom withholding tax

If Barry Callebaut Manufacturing (UK) Limited (the "UK Guarantor") makes any payment pursuant to the Guarantee in respect of interest on the Notes (or other amounts due under the Notes other than the repayment of amounts subscribed for such Notes) such payments may be subject to United Kingdom withholding tax at 20% subject to such relief as may be available under the provisions of any applicable double taxation treaty or any other exemption which may apply. It is not certain that such payments by the UK Guarantor will be eligible for such exemptions.

Claims of secured creditors will have priority with respect to their security over the claims of unsecured creditors, such as the Noteholders

We may, from time to time, incur secured debt in connection with our working capital needs. The claims of our secured creditors and the secured creditors of each Guarantor will have priority with respect to the assets securing their debt over the claims of the Noteholders. In the event that any of our secured debt or the secured debt of any of the Guarantors becomes due or the lender thereunder institutes proceedings over the assets that secure the debt, our assets or those of the relevant Guarantor remaining after repayment of that secured debt might not be sufficient to repay all amount owing in respect of the Notes.

There is no developed market for the Notes

The Notes are new securities for which there is presently no established market and there can be no assurance that a market for the Notes will develop. Application has been made to list the Notes on the Official List of the Luxembourg Stock Exchange and to admit the Notes to trading on the Luxembourg Stock Exchange's Euro MTF Market. However, an active trading market in the Notes may not develop or be maintained after listing. Similarly, there can be no assurance of the ability of Noteholders to sell the Notes, or of the price at which Noteholders may be able to sell the Notes. If a public market were to develop, the Notes could trade at prices that may be lower than the initial offering price depending on many factors, including prevailing interest rates, our operating results and the market for similar securities. Although the Joint Lead Managers have informed us that they currently intend to make a market in the Notes, they are not obligated to do so, and any market making, once commenced, may be discontinued. The liquidity of any market for the Notes will depend on, among other things, the number of Noteholders, prevailing interest rates, the market for similar securities and other factors, including general economic conditions and our financial condition, performance and prospects, as well as recommendations of securities analysts. Accordingly, a liquid market in the Notes may not develop.

We may not be able to finance a change of control offer required by the Conditions

Upon the occurrence of a Change of Control (as defined in the Conditions), we will be required to offer to repurchase outstanding Notes at a purchase price in cash equal to 101% of the principal amount of the Notes plus accrued and unpaid interest and additional amounts, if any, to the date of the repurchase. If such circumstances were to occur, there can be no assurance that we would have sufficient funds available at the time to pay the price of the outstanding Notes. The occurrence of such circumstances may cause the acceleration of other indebtedness that may be senior to the Notes or rank equally with the Notes. In any case, we expect that we would require third-party financing to repurchase the Notes upon a Change of Control. There can be no assurance that we would be able to obtain this financing. See "Terms and Conditions of the Notes—Redemption and Purchase—Redemption at the Option of the Noteholders upon a Change of Control".

The Conditions permit decisions regarding the Notes to be made by Noteholder meeting

The Conditions contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. Those provisions permit certain specified percentages of Noteholders to bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The covenants contained in the Conditions of the Notes are limited

The Conditions restrict the Issuer, the Guarantors and the Company's Material Subsidiaries from granting security over their respective assets. However, they do not restrict (among other things) the incurrence of debt, the making of investments, the disposal of assets or the payment of dividends.

Reliance on the procedures of the NBB SSS, Euroclear and Clearstream for transfer, payment and communication with the Issuer

The Notes will be issued in dematerialised form under the Belgian Companies Code and cannot be physically delivered. The Notes will be represented exclusively by book entries in the records of the NBB SSS.

Access to the NBB SSS is available through its NBB SSS participants whose membership extends to securities such as the Notes. NBB SSS participants include certain banks, stockbrokers (*beursvennootschappen/sociétés de bourse*), Euroclear and Clearstream.

Transfers of Notes will be effected between the NBB SSS participants in accordance with the rules and operating procedures of the NBB SSS. Transfers between investors will be effected in accordance with the respective rules and operating procedures of the NBB SSS participants through which they hold their Notes.

The Issuer and the Agent will have no responsibility for the proper performance by the NBB System or the NBB System Participants of their obligations under their respective rules and operating procedures.

A Noteholder must rely on the procedures of the NBB SSS, Euroclear and/or Clearstream to receive payments under the Notes. None of the Issuer, the Guarantors or any of their respective subsidiaries will have any responsibility or liability for any aspect of the records relating to, or payments made in respect of, the Notes within the NBB SSS or its participants, including Euroclear and/or Clearstream.

The Agent is not required to segregate amounts received by it in respect of Notes cleared through the NBB SSS

The Agency Agreement provides that the Agent will, simultaneously with the receipt by it of the relevant amounts, pay to the holders directly any amounts due in respect of the relevant Notes. However, the Agent is not required to segregate any such amounts received by it in respect of the Notes, and in the event that the Agent were subject to insolvency proceedings at any time when it held any such amounts, holders would not have any further claim against the Issuer in respect of such amounts, and would be required to claim such amounts from the Agent in accordance with applicable insolvency laws.

The market price of the Notes may be volatile

The market price of the Notes could be subject to significant fluctuations in response to actual or anticipated variations in our operating results and those of our competitors, adverse business developments, changes to the regulatory environment in which we operate, changes in financial estimates by securities analysts and the actual or expected sale of a large number of Notes, as well as other factors, including our credit rating. In addition, in recent years, the global financial markets have experienced significant price and volume fluctuations which, if repeated in the future, could adversely affect the market price of the Notes without regard to our operating results, financial condition, prospects or credit rating.

Change of law may adversely affect the Notes

The Conditions are governed by English law (except for Condition 1 (*Form, Denomination and Title*) and Condition 11(a) (*Meetings of Noteholders*), which are governed by Belgian law) in effect as at the Issue Date. No assurance can be given as to the impact of any possible judicial decision or change to English or Belgian law or administrative practice after the Issue Date.

We may incur substantially more debt in the future, which may make it difficult for us to service our debt, including the Notes, and impair our ability to operate our businesses

We may incur substantial additional debt in the future. The terms of the Notes will permit us to incur future debt that may have substantially the same covenants as, or covenants that are more restrictive than, those governing the Notes. Moreover, some of the debt we may incur in the future could be structurally senior to the Notes and may be secured by collateral that does not secure the Notes. The incurrence of additional debt would intensify the risks that we face, including the leverage-related risks described in the Offering Circular. The amount of indebtedness that we can incur at any point in time will vary materially as a result of changes in our earnings, cash flows and performance against agreed ratios and other results and factors. Borrowings under debt instruments that contain cross-acceleration or cross-default provisions, including the Notes, may be defaulted and/or accelerated and become due and payable if certain of our current or future indebtedness defaults and/or is accelerated. We may be unable to pay these debts in such circumstances.

The Notes will be structurally subordinated to the liabilities of non-Guarantor subsidiaries

Some, but not all, of our subsidiaries will guarantee the Notes. In the event that any of the non-Guarantors becomes insolvent, liquidates or otherwise reorganizes, the creditors of the Guarantors (including the Noteholders) will have no right to proceed against such subsidiary's assets, and creditors of such non-Guarantors will generally be entitled to payment in full from the sale or other disposal of the assets of such subsidiary before any Guarantor will be entitled to receive any distributions from such subsidiary. As such, the Notes and the Guarantee will each be structurally subordinated to those creditors.

Credit ratings may not reflect all risks, are not recommendations to buy or hold securities and may be subject to revision, suspension or withdrawal at any time

One or more independent credit rating agencies will assign credit ratings to the Notes. The credit ratings address our ability to perform our obligations under the Conditions and credit risks in determining the likelihood that payments will be made when due under the Notes. The ratings may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed above and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal by the rating agency at any time. No assurance can be given that a credit rating will remain constant for any given period of time or that a credit rating will not be lowered or withdrawn entirely by the credit rating agency if, in its judgment, circumstances in the future so warrant. A suspension, reduction or withdrawal at any time of the credit rating assigned to the Notes by one or more of the credit rating agencies may adversely affect the cost and terms and conditions of our financings and could adversely affect the value and trading of the Notes.

The insolvency laws applicable in the countries in which the Company and the Guarantors are incorporated may provide you with less protection than the bankruptcy laws of other jurisdictions

The Company, Barry Callebaut Sourcing AG, Barry Callebaut Cocoa AG and Barry Callebaut Schweiz AG are incorporated under the laws of Switzerland; the Issuer and Barry Callebaut Belgium NV are incorporated under the laws of Belgium; Barry Callebaut France SAS and Barry Callebaut Manufacturing France SAS are incorporated under the laws of France; Barry Callebaut Manufacturing (UK) Limited is incorporated under the laws of England; and Barry Callebaut U.S.A. LLC is formed under the laws of the State of Delaware. The insolvency laws of Switzerland, Belgium, France, England or the United States may not be as favorable to your interests as other jurisdictions with which you are familiar, including as to reorganization, priority of creditors, the ability to obtain post-petition interest and the duration of the insolvency proceedings, and thus may limit your ability to recover payments due on the Notes or under the Guarantee to an extent exceeding the limitations arising under other insolvency laws. In the event that the Company or the Guarantors experience financial difficulty, it is not possible to predict with certainty the outcome of such proceedings. The insolvency and other laws of Switzerland, Belgium, France, England or the United States may be materially different from, or in conflict with, each other, including in the areas of rights of secured and other creditors, the ability to void preferential transfer, priority of governmental and other creditors, the ability to obtain post-petition interest and the duration of the proceeding. The application of these laws could call into question whether any particular jurisdiction's laws should apply, adversely affect your ability to enforce your rights under the Guarantee and limit any amounts that you may receive.

The Issuer is a finance company with no independent operations and will depend on payments from the Group to meet its obligations under the Notes

The Issuer is a wholly owned finance company that conducts no business operations. It has limited assets, no subsidiaries and a limited ability to generate revenues. The Issuer's material liabilities will include the Notes offered hereby, the senior notes due in 2017, the senior notes due in 2021, the senior notes due in 2023, the liabilities in connection with the revolving credit facility agreement, the term loan facility agreements (as provided by Jacobs Holding AG), and outstanding commercial paper. See "Business—Other Indebtedness". As such, the Issuer will be dependent upon the Group making sufficient funds available to the Issuer to make any payments due on the Notes. If the Group fails to make sufficient funds available to the Issuer it is not expected that the Issuer will have any other sources of funds that would allow it to make payments on the Notes.

The ability of the Group to make funds available to the Issuer will depend upon the Group's cash flows and earnings which, in turn, will be affected by all of the factors discussed in these "Risk Factors" and elsewhere in the Offering Circular. We cannot assure you that the Group will generate sufficient cash flow and earnings so that the Group will be able to make sufficient funds available to the Issuer for the Issuer to meet its obligations under the Notes.

The Group making funds available to the Issuer is subject to various restrictions, including restrictions stemming from existing and future debt agreements and applicable law, including financial assistance rules, corporate benefit laws and other legal restrictions which, if violated, might require the recipient to refund unlawful payments. Even if the Group generates sufficient cash flow, we cannot assure you that the Group will be able to make sufficient funds available to the Issuer for the Issuer to meet its obligations under the Notes.

USE OF PROCEEDS

We estimate that the net proceeds from the sale of the Notes will amount to approximately €442.1 million after payment of the estimated commissions and other expenses related to the offering of the Notes. We intend to use the net proceeds of the sale of the Notes to reimburse outstanding drawn amounts under the outstanding debt and for general corporate purposes. The net proceeds from the issue of Notes will be used outside Switzerland unless use in Switzerland is permitted under the Swiss taxation laws in force from time to time without payments in respect of the Notes becoming subject to withholding or deduction for Swiss withholding tax as a consequence of such use of proceeds in Switzerland.

The following table sets forth the estimated sources and uses of the proceeds from the offering.

Sources	(€ millions)	Uses	
Senior Notes offered hereby	446.0	Redeem €175 million Term Loan	175.0
		Partly repay other syndicated/bilateral debt	267.1
		Indicative Fees and Expenses	3.9
Total Sources	**446.0**	**Total Uses**	**446.0**

CAPITALIZATION

The following table sets out the consolidated cash and cash equivalents, short-term borrowings and capitalization of Barry Callebaut AG as of February 29, 2016 on (i) a historical basis and (ii) as adjusted to give effect to the issue of the Notes.

You should read this table in conjunction with "Overview—Summary Historical Financial Information", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our historical consolidated financial statements included elsewhere in this Offering Circular.

	As of February 29, 2016	
	Actual	As Adjusted
	(CHF millions)	
Cash and cash equivalents and short-term deposits	283.6	283.6
	283.6	283.6
Short-term debt:		
Bank overdrafts and short-term debt	430.5	139.6
Term loan facility	190.6[(2)]	—
Total short-term debt	621.1	139.6
Long-term debt (excluding current portion):		
Existing long-term debt	1,200.7	1,200.7
Notes hereby offered[(1)]	—	481.5
Total long-term debt	1,200.7	1,682.2
Total debt	1,821.8	1,821.8
Total equity attributable to shareholders of the parent company	1,792.4	1,792.4
Total capitalization	**3,614.2**	**3,614.2**

Note:

(1) Represents the principal amount of the Notes (€450,000,000) less certain fees related to the issue and the discount represented by the issue price, translated to Swiss francs at the rate of €1.00 = CHF 1.0891 (the exchange rate on February 29, 2016). Under IFRS, the net carrying amount of the Notes will increase to their principal amount due on the maturity date as the issue costs of the offering and the discount are amortized.

(2) Represents the principal amount of the term loan facility (€175,000,000) translated to Swiss francs at the rate of €1.00=CHF 1.0891.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is a discussion of our results of operations and financial condition for the periods set out below. You should read this section together with our consolidated historical financial statements, including the notes thereto, as well as the other financial information contained elsewhere in this Offering Circular. We have prepared our consolidated historical financial statements contained in this Offering Circular in accordance with IFRS. Our fiscal year ends on 31 August. Our consolidated financial statements as of and for the fiscal years ended August 31, 2015 and 2014 has been prepared and presented in accordance with IFRS. Our unaudited consolidated condensed interim financial information as of and for the six months ended February 29, 2016 and February 28, 2015 has been prepared in accordance with IAS 34. For the fiscal years ended August 31, 2015 and 2014, the historical financial information in this section has been derived from our 2015 consolidated financial statements. For the six-month periods ended February 29, 2016 and February 28, 2015, the historical financial information in this section has been derived from our unaudited 2016 consolidated condensed interim financial information.

Wherever we refer to a percentage change in local currencies within this section of the Offering Circular, such percentages have been calculated using constant currencies (i.e., prior year average exchange rates) for the translation of the income statements of subsidiaries reporting in currencies other than Swiss Francs for both the year under review and the prior year comparison period.

This section includes "forward-looking" statements. Those forward-looking statements are subject to risks, uncertainties and other factors that could cause our actual results to differ materially from those expressed or implied by such forward-looking statements. See "Information Regarding Forward-Looking Statements" included elsewhere in this Offering Circular.

Overview of the Business

We are the largest manufacturer of cocoa and chocolate products in the world, measured by sales volumes in fiscal year 2015. Our principal product is industrial chocolate, which we supply to industrial food processors, such as chocolate manufacturers, biscuit manufacturers, confectioners, and dairy companies, as well as to artisanal users of chocolate, such as chocolatiers, pastry chefs, bakers and the food service industry. We buy approximately one-fourth of the total world crop of cocoa beans and therefore estimate that we are present in one out of four consumer products containing cocoa or chocolate. In addition, we manufacture semi-finished products, including cocoa liquor, cocoa butter, and cocoa powder. For the six months ended February 29, 2016 our sales volume was 933,327 tonnes, our consolidated revenue from sales and services was CHF 3,424.3 million, our EBITDA was CHF 270.9 million, and our net profit was CHF 107.9 million. For the fiscal year 2015, our sales volume was 1.8 million tonnes, our consolidated revenue from sales and services was CHF 6,241.9 million, our EBITDA was CHF 540.8 million, and our net profit was CHF 239.9 million.

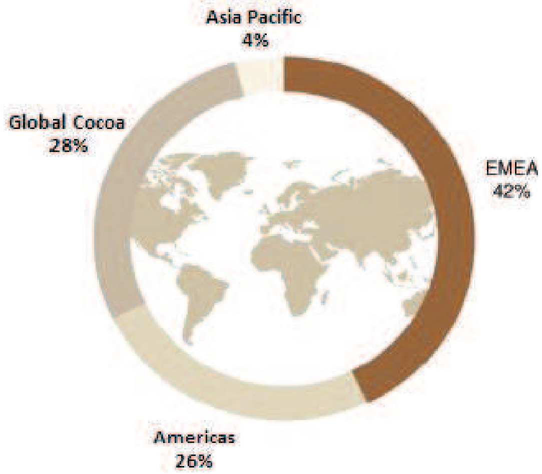
We are a vertically integrated business whose activities range from direct sourcing of cocoa beans and other raw materials to producing and marketing a wide range of cocoa, chocolate, gourmet and specialty products. We have developed a strong position and significant experience in sourcing cocoa beans, particularly in the Ivory Coast, Ghana, and Cameroon, three of the most important cocoa bean producing countries. In addition, as a result of our acquisition of the Petra Foods Cocoa Ingredients Business in 2013, we have major cocoa sources in Indonesia and Brazil. In addition, in March 2015, we successfully closed the acquisition of the commercial beverages vending activities from FrieslandCampina Kievit. As a result, we are becoming a leading supplier of vending powder mixes in Europe. With this acquisition, we are adding technical and innovation capabilities to an already strong business. The acquired activities represent an additional sales volume of approximately 20,000 tonnes and an additional CHF 55 million in sales revenue on an annualized basis. The transaction includes a long-term contract manufacturing agreement under which FrieslandCampina Kievit will continue to produce vending products for Barry Callebaut at its production site in Lippstadt, Germany.

We are present in 30 countries, benefit from a global network of more than 50 production facilities, and sell our products in 131 countries. In fiscal year 2015 we purchased approximately 25% of the total volume of cocoa beans grown worldwide. We produce chocolate to the specifications of almost 6,000 recipes for approximately 4,200 industrial customers and more than 8,000 artisanal customers. We do not grow cocoa beans. We manufacture and sell semi-finished products and chocolate products.

Our business is organized in different regions ("Regions")—EMEA (consisting of Europe, the Middle East and Africa, and which we referred to as the "Europe Region" prior to October 1, 2015), the Americas Region and the Asia Pacific Region. The globally managed Global Cocoa business is the global production unit for semi-finished products such as liquor, cocoa butter and cocoa powder. In addition, Global Cocoa is responsible for the global procurement and risk management of our high-quality raw materials such as cocoa, sugar, dairy products, oils and fats, nuts and other ingredients as well as packaging material, and is reported as a separate segment similar to a Region.

With a total Group sales volume of 1,794,782 tonnes for fiscal year 2015, EMEA had a sales volume of 763,646 tonnes and accounted for 42% of our total sales volume, while the Americas Region had a sales volume of 466,063 tonnes and accounted for 26% of our total sales volume, Global Cocoa had a sales volume of 496,089 tonnes and accounted for 28% of our total sales volume, and the Asia Pacific Region had a sales volume of 68,984 tonnes and accounted for 4% of our total sales volume. The following chart sets forth sales volume for our Regions for fiscal year 2015.

Sales Volume per Region



Source: Company data.

In addition to the Regions, our business is divided into the following three product groups ("Product Groups"):

- Food Manufacturers Product Group;
- Cocoa Product Group; and
- Gourmet & Specialties Product Group.

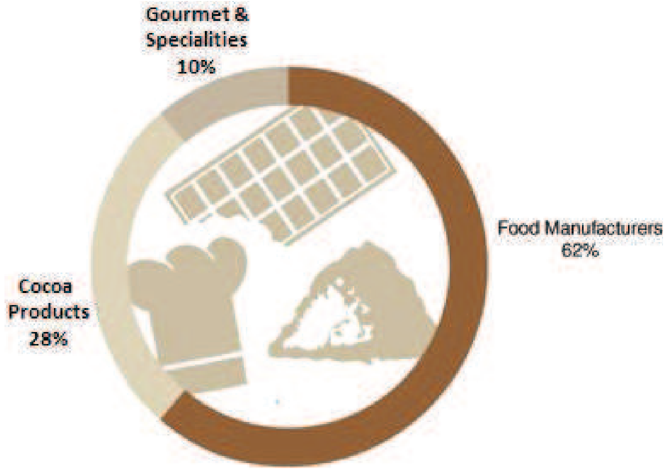
Our three Product Groups represent distinct customer categories along the value chain, and can be described as follows:

- Our Food Manufacturers Product Group is our largest Product Group, supplying industrial chocolate, fillings and compound coatings to chocolate manufacturers, biscuit manufacturers, ice cream manufacturers and others. In fiscal year 2015, it generated 62% of sales volume in tonnes and revenues from external customers of CHF 3,444.7 million, which represented 55% of total group revenue from sales and services;
- Our Cocoa Product Group, part of Global Cocoa, is the global production unit for semi-finished products such as liquor, cocoa butter and cocoa powder. The figures reported for the Cocoa Product Group include only sales of cocoa products to third-party customers in all our Regions. In fiscal year 2015, it generated 28% of sales volume in tonnes and revenues from external customers of CHF 1,900.5 million, which represented 30% of total group revenue from sales and services; and
- Our Gourmet & Specialties Product Group supplies specialty premium chocolate products to bakeries, artisanal customers such as chocolatiers, confectioneries, hotels, restaurants and caterers as well as vending mixes to vending machine operators. In fiscal year 2015, it generated 11% of sales

volume in tonnes and revenues from external customers of CHF 896.7 million, which represented 14% of total group revenue from sales and services.

The following chart sets forth sales volume by Product Group for fiscal year 2015:

Sales Volume per Product Group



Source: Company data.

Certain Factors Affecting our Results of Operations

Raw Material Costs

The cost of raw materials is the largest source of the Group's costs. The percentage of our total operating expenses represented by cost of goods sold depends largely on cocoa bean prices. Other components of materials used include, among others, sugar, dairy, nuts, lecithin, oils (from coconut and palm kernels) and vanillin. The majority of our customer agreements operate on a cost plus approach that enables us to pass on the cost of raw materials whenever a price change occurs. Where we operate under a price list, we hedge the raw materials required for the forecasted sales when issuing such price lists. However our forecasts may be inaccurate, which could result in unhedged exposure to movements in raw material prices during the periods covered by the price lists, which are generally updated at intervals of six to 12 months.

Cocoa Pricing and the Combined Ratio

In addition to sales volume, our gross profit as a cocoa processor (i.e., from the pressing activities in which cocoa liquor is pressed into cocoa butter and cocoa powder) depends on the ratio between input costs (market price of cocoa beans) and output prices (market price of cocoa butter and cocoa powder). The ratio is the combined sales price for cocoa butter and cocoa powder relative to the cocoa bean price (the "Combined Ratio"). See "Industry—Cocoa Bean Pricing" for more information on the historic cocoa bean prices.

The cocoa butter and the cocoa powder ratio have to be valued together as both products are jointly produced when processing cocoa beans. A high Combined Ratio positively impacts our gross profit and a low Combined Ratio negatively impacts our gross profit. Cocoa butter prices and cocoa powder prices have different demand dynamics because those products in turn are used to create different types of products. Cocoa butter is mainly used to produce chocolate confectionery, whereas cocoa powder is used to produce compounds, ice cream, bakery, and powder beverage products. Generally, cocoa powder growth is based on increasing demand for product categories that are consumed primarily in emerging markets, mainly in Asia and Latin America.

Sales Volume and Product Mix

Our ability to sell sufficient product volumes to maintain our capacity utilization is a key driver of our profitability. Our sales volume is primarily driven by growth in the global chocolate confectionery market, the expansion of our existing business into new territories and emerging markets, our ability to increase sales volume under new and existing long-term outsourcing agreements and strategic partnerships, gains in market share, and targeting gourmet and specialties markets.

In addition to our sales volume, it is important to achieve the right mix of products sold. This mix includes sales under long-term outsourcing agreements and strategic partnerships, which involve large and long-term volume commitments typically at lower margins, and sales to smaller customers and sales of higher value products such as Gourmet and Specialties products which involve higher margins.

Manufacturing, Supply Chain, and Overhead Costs

We continuously try to reduce manufacturing and supply chain costs by running our factories at optimal utilization levels, process and technology improvements, ongoing energy savings projects and related investments. Various improvement programs are executed systematically across our global operations to achieve savings despite pressures from inflation, globalization and company growth.

Overhead costs contribute less to our cost base than manufacturing and supply chain costs. Given our rate of growth, in particular in developing and emerging countries, there is often a need to make upfront investments into support functions and resources in order to ensure that we can operate at identical service, quality and safety standards in all countries in which we operate. We also seek to attract and retain the best employees, which results in additional personnel expenses. Finally, targeted investments (e.g., sales force and marketing expenses) into our Gourmet & Specialties business have been made with the intent to accelerate this product sector.

Exchange Rates

We report our financial results in Swiss francs. We have foreign currency denominated revenues, expenses, assets and liabilities due to our global operations. As a consequence, movements in exchange rates affect our profitability, the comparability of our results between periods and the carrying value of our assets and liabilities. The Group seeks to naturally hedge its exchange rate exposure by producing and selling products locally and to and to hedge the remaining currency exposure that could arise from commercial transactions with third-party banks. However, as the Group reports its results in Swiss Francs, there is and will always be a translation impact which is not hedged.

Explanation of Key Line Items in the Income Statement

Revenue from Sales and Services

Revenue from sales and services consists of 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 costs 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 the notes to our consolidated financial statements. Revenues and costs related to trading of raw materials, which are fair valued, are netted.

We do not view revenues as the key indicator of our performance, as year on year changes in revenues can be substantially affected by changes in the price of raw materials, especially for cocoa beans. Revenues are also affected by movements in exchange rates. We therefore regard sales volume as the appropriate key topline indicator.

Cost of Goods Sold

Cost of goods sold consist of the costs for materials used, distribution, warehousing and logistics costs, as well as direct and indirect factory costs and factory depreciation.

Gross Profit

Gross profit is defined as revenues from sales and services minus cost of goods sold, the latter including materials used as well as all production and distribution related costs. We believe that gross profit is a good indicator of our operating performance, as it eliminates the effect of raw material price increases that we have passed on to our customers.

Marketing and Sales Expenses

Marketing and sales expenses contain the expenses related to our own internal sales and marketing force as well as commissions paid to our agents and promotional expenses.

General and Administration Expenses

General and administration expenses include costs for telecommunication, information technology, accounting, consultancy, rental and maintenance expenses for office buildings, general overhead and management costs, insurance and a number of other items.

Other Income and Expenses, Net

This position contains the amortization charges of intangible assets such as software and brand names, costs in relation with litigation, restructuring and impairments, gains and losses on disposal of property, plant and equipment, gains on employee benefit curtailments, tax credits for material purchases and a number of other items.

Operating Profit (EBIT)

Operating profit (EBIT) is viewed as the key indicator for the operational performance of the group as well as for the Regions and Product Groups.

Finance Income and Expense, Net

Net finance income and expense includes interest expense on our indebtedness, interest income on our cash and short-term investments and exchange rate differences related to financial transactions (including mark to market movements in associated hedging arrangements) and bank charges. Exchange rate gains and losses related to commercial transactions and the hedging of these commercial transactions are included in cost of goods sold in accordance with IAS 39.

Results of Operations for the Six-Month Periods Ended February 29, 2016 and February 28, 2015

The table below sets out our results of operations for the six-month periods ended February 29, 2016 and February 28, 2015, in each case also expressed as a percentage of revenue from sales and services:

	Six months ended February 29/28			
	2016	As a % of revenue from sales and services	2015	As a % of revenue from sales and services
	(CHF millions, except percentages)			
Revenue from sales and services	3,424.3	100%	3,244.2	100.0%
Cost of goods sold	(2,986.4)	87.2%	(2,798.0)	86.2%
Gross profit	**437.9**	**12.8%**	**446.2**	**13.8%**
Marketing and sales expenses	(66.0)	1.9%	(64.6)	2.0%
General and administration expenses	(167.8)	4.9%	(165.9)	5.1%
Other income	3.4	0.1%	9.4	0.3%
Other expenses	(6.8)	0.2%	(5.9)	0.2%
Operating profit (EBIT)	**200.7**	**5.8%**	**219.2**	**6.8%**
Finance income	1.8	0.1%	4.1	0.1%
Finance costs	(69.9)	2.0%	(62.9)	1.9%
Share of result of equity-accounted investees, net of tax	—	0.0%	0.1	0.0%
Profit before income taxes	**132.6**	**3.8%**	**160.5**	**5.0%**
Income tax expenses	(24.7)	0.7%	(28.1)	0.9%
Net profit for the period	**107.9**	**3.2%**	**132.4**	**4.1%**

The table below sets out our sales volume, revenues from external customers, EBITDA and operating profit (EBIT) by Region for the six months ended February 29, 2016 and February 28, 2015:

	For the six-month period ended February 29/28		Change %	
	2016	2015	in local currencies	in CHF
	(CHF millions, except volumes in metric tonnes)			
EMEA				
Sales volume	411,881	386,730		6.5%
Revenues from external customers	1,405.0	1,370.9	10.7%	2.5%
EBITDA	166.4	178.3	2.5%	(6.7)%
Operating profit (EBIT)	144.4	157.2	1.3%	(8.1)%
Americas				
Sales volume	251,151	221,568		13.4%
Revenues from external customers	817.4	730.6	9.5%	11.9%
EBITDA	87.0	79.2	11.4%	9.8%
Operating profit (EBIT)	70.4	67.3	4.3%	4.6%
Asia Pacific				
Sales volume	40,888	36,326		12.6%
Revenues from external customers	161.8	146.5	11.2%	10.4%
EBITDA	22.2	19.8	15.1%	12.1%
Operating profit (EBIT)	18.4	15.7	20.7%	17.2%
Global Cocoa				
Sales volume	229,407	248,813		(7.8)%
Revenues from external customers	1,040.1	996.2	14.6%	4.4%
EBITDA	37.7	47.3	(11.5)%	(20.3)%
Operating profit (EBIT)	11.3	20.6	(29.9)%	(45.1)%

The table below sets out our revenues from external customers and sales volume by Product Group for the six months ended February 29, 2016 and February 28, 2015:

	Six months ended February 29/28		
	2016	2015	Change (%)
	(CHF millions, except volumes in metric tonnes)		
Total revenues from external customers	3,424.3	3,244.2	5.6%
Cocoa Products	1,040.1	996.2	4.4%
Food Manufacturers Products	1,871.5	1,761.3	6.3%
Gourmet & Specialities Products	512.7	486.7	5.3%
Total sales volume	933,327	893,437	4.5%
Cocoa Products	229,407	248,813	(7.8)%
Food Manufacturers Products	601,858	549,600	9.5%
Gourmet & Specialities Products	102,062	95,024	7.4%

Sales Volume and Revenue from Sales and Services

Sales volume increased by 4.5%, from 893,437 tonnes in the six months ended February 28, 2015 to 933,327 tonnes in the six months ended February 29, 2016. This was the result of a strong broad-based volume growth in the Group's chocolate business to which all regions and product groups, including all strategic focus areas—Outsourcing, Emerging markets and Gourmet & Specialties—contributed. On the other hand, the Group's Global Cocoa business recorded a volume decline. In light of a still challenging cocoa products market, sales to third parties were intentionally reduced and less profitable contracts—including some long-term agreements on ingredients—were not extended and thus are being progressively phased out.

In local currencies, our revenue from sales and services increased by 11.7% in the six months ended February 29, 2016, compared to the six months ended February 28, 2015. In CHF, revenue from sales and services increased by 5.6%, from CHF 3,244.2 million in the six months ended February 28, 2015 to CHF 3,424.3 million in the six months ended February 29, 2016. This represented an even higher growth than volume. This increase was mainly due to increased sales of higher value products and price increases for ingredients, which the Group largely passes on to its customers based on its cost-plus business model. These effects outweighed negative currency impacts.

Cost of Goods Sold

Cost of goods sold increased by 6.7%, from CHF 2,798.0 million in the six months ended February 28, 2015 to CHF 2,986.4 million in the six months ended February 29, 2016.

Gross Profit

As a result of the foregoing, in local currencies, our gross profit increased by 4.7% in the six months ended February 29, 2016, compared to the six months ended February 28, 2015. In CHF, gross profit decreased by 1.9%, from CHF 446.2 million in the six months ended February 28, 2015 to CHF 437.9 million in the six months ended February 29, 2016. Growth in local currencies was largely in line with volume growth. The Group managed to compensate the negative impact from the Combined Ratio with a good development in margins and product mix in its chocolate business. This is a result of the strategic focus on this area.

Marketing and Sales Expenses

Marketing and sales expenses increased by 2.2% from CHF 64.6 million in the six months ended February 28, 2015 to CHF 66.0 million in the six months ended February 29, 2016, as the Group further invested in promoting its global Gourmet brands and in expanding the distribution and sales networks, in particular in emerging markets. The Group also broadened its range of specialty products in the Food Manufacturers Product Group.

General and Administration Expenses

General and administration expenses increased by 1.1% from CHF 165.9 million in the six months ended February 28, 2015 to CHF 167.8 million in the six months ended February 29, 2016. This increase was driven by the Group's overall business growth and investments in structures and processes, partly offset by positive translation effects.

Other Income

Other income decreased by 63.8% from CHF 9.4 million in the six months ended February 28, 2015 to CHF 3.4 million in the six months ended February 29, 2016. This position included operating, but non-sales-related income, such as sales of waste products, insurance refunds and third-party income from the Group's Training Center. The six months ended February 28, 2015 also included certain non-recurring items.

Other Expenses

Other expenses increased by 15.3% from CHF 5.9 million in the six months ended February 28, 2015 to CHF 6.8 million in the six months ended February 29, 2016. Other expenses in the six months ended February 29, 2016 were to a large extent related to restructuring costs in connection with the Cocoa Leadership project. As in the six months ended February 28, 2015, the position also included severance payments and litigation costs.

Operating Profit (EBIT)

In local currencies, operating profit (EBIT) remained stable, with a slight decrease of 0.3%. In CHF, operating profit (EBIT) decreased by 8.4% from CHF 219.2 million in the six months ended February 28, 2015 to CHF 200.7 million in the six months ended February 29, 2016. The decrease in operating profit (EBIT) in CHF largely resulted from translation effects due to the strengthening of the Swiss Franc versus the Euro and some emerging market currencies compared to the same period in the prior year.

Finance Income

Finance income decreased by 56.1% from CHF 4.1 million in the six months ended February 28, 2015 to CHF 1.8 million in the six months ended February 29, 2016 due to a reduced foreign currency exchange result.

Finance Costs

Finance costs increased by 11.1% from CHF 62.9 million in the six months ended February 28, 2015 to CHF 69.9 million in the six months ended February 29, 2016, mainly as a result of higher exchange losses related to the hedging of debt in foreign currencies, increased commitment fees and higher banking charges.

Share of Result of Equity-accounted Investees, Net of Tax

Share of result of equity-accounted investees, net of tax, decreased from CHF 0.1 million in the six months ended February 28, 2015 to CHF 0 in the six months ended February 29, 2016.

Income Tax Expenses

Income tax expenses decreased by 12.1% from CHF 28.1 million in the six months ended February 28, 2015 to CHF 24.7 million in the six months ended February 29, 2016. The Group's effective tax rate was at 18.6% in the six months ended February 29, 2016, compared to 17.5% in the six months ended February 28, 2015, which resulted from a continued deterioration of the tax mix and lower tax losses carried forward available for usage or first-time recognition as deferred tax asset.

Net Profit for the Period

As a result of the foregoing, in local currencies, net profit for the period decreased by 12.5% in the six months ended February 29, 2016, compared to the six months ended February 28, 2015. In CHF, net profit for the period decreased by 18.5%, from CHF 132.4 million in the six months ended February 28, 2015 to CHF 107.9 million in the six months ended February 29, 2016.

Results of Operations for the Fiscal Years ended August 31, 2015 and 2014

The table below sets out our results of operations for the fiscal years ended August 31, 2015 and 2014, in each case also expressed as a percentage of revenue from sales and services:

	Fiscal year ended August 31			
	2015	**As a % of revenue from sales and services**	**2014**	**As a % of revenue from sales and services**
	(CHF millions, except percentages)			
Revenue from sales and services	6,241.9	100%	5,865.9	100%
Cost of goods sold	(5,395.0)	86.4%	(5,004.8)	85.3%
Gross profit	846.8	13.6%	861.1	14.7%
Marketing and sales expenses	(121.3)	1.9%	(121.0)	2.1%
General and administration expenses	(316.7)	5.1%	(329.8)	5.6%
Other income	38.9	0.6%	18.2	0.3%
Other expenses	(32.9)	0.5%	(12.3)	0.2%
Operating profit (EBIT)	414.8	6.7%	416.2	7.1%
Finance income	3.7	0.1%	3.2	0.1%
Finance costs	(134.5)	2.2%	(122.0)	2.1%
Share of result of equity-accounted investees, net of tax	0.1	0.0%	(0.1)	0.0%
Profit before income taxes	284.1	4.6%	297.4	5.1%
Income tax expenses	(44.3)	0.7%	(42.4)	0.7%
Net profit for the year	239.9	3.9%	255.0	4.4%

The table below sets out our sales volume, revenues from external customers, EBITDA and operating profit (EBIT) by Region for the fiscal years ended August 31, 2015 and 2014:

	Fiscal Year		Change %	
	2015	2014	in local currencies	in CHF
	(CHF millions, except volumes in metric tonnes)			
EMEA				
Sales volume	763,646	735,204		3.9%
Revenues from external customers	2,563.7	2,573.3	11.0%	(0.4)%
EBITDA	330.5	306.0	19.5%	8.0%
Operating profit (EBIT)	289.7	268.1	19.7%	8.1%
Americas				
Sales volume	466,063	445,150		4.7%
Revenues from external customers	1,507.9	1,287.3	11.9%	17.1%
EBITDA	153.6	145.2	2.6%	5.8%
Operating profit (EBIT)	130.6	126.5	(0.3)%	3.2%
Asia Pacific				
Sales volume	68,984	64,322		7.2%
Revenues from external customers	269.8	249.1	11.2%	8.3%
EBITDA	33.9	33.7	5.3%	0.6%
Operating profit (EBIT)	26.9	27.0	5.9%	(0.4)%
Global Cocoa				
Sales volume	496,089	472,090		5.1%
Revenues from external customers	1,900.5	1,756.2	13.9%	8.2%
EBITDA	100.3	131.1	(16.8)%	(23.5)%
Operating profit (EBIT)	47.2	82.0	(33.7)%	(42.4)%

The table below sets out our revenue from external customers and sales volume by Product Group for the fiscal years ended August 31, 2015 and 2014:

	Fiscal year ended August 31		
	2015	2014	Change 2014/2015
	(CHF millions, except volumes in metric tonnes)		
Total revenues from external customers	**6,241.9**	**5,865.9**	**6.4%**
Cocoa Products	1,900.5	1,756.2	8.2%
Food Manufacturers Products	3,444.7	3,247.4	6.1%
Gourmet & Specialities Products	896.7	862.3	4.0%
Sales volume	**1,794,782**	**1,716,766**	**4.5%**
Cocoa Products	496,089	472,090	5.1%
Food Manufacturers Products	1,116,513	1,072,750	4.1%
Gourmet & Specialties Products	182,180	171,926	6.0%

Sales Volume and Revenue from Sales and Services

Sales volume increased by 4.5%, with a strong acceleration in the last quarter, from 1,716,766 tonnes in fiscal year 2014 to 1,794,782 tonnes in fiscal year 2015. All regions contributed to this growth. The main drivers in absolute terms were the developed markets in Western Europe and North America, while emerging markets contributed at somewhat lower rates than in prior years. In absolute terms, volume growth was fueled by additional outsourcing deals in the Food Manufacturing and Global Cocoa business, but also by market share gains in Central Europe and in the U.S. In relative terms, the Group's Gourmet & Specialties Product Group showed the fastest growth rate.

In local currencies, revenue from sales and services increased by 12.1% in fiscal year 2015 compared to fiscal year 2014. In CHF, revenue from sales and services increased by 6.4% from CHF 5,865.9 million in fiscal year 2014 to CHF 6,241.9 million in fiscal year 2015. This increase represented an even higher growth rate than volume. This was due to the price increase for Cocoa-related products, which the Group largely passed on to its customers through its cost plus business model. These price increases more than outweighed the significant negative currency effects stemming from translation into the Group's reporting currency CHF. All regions and product groups contributed to this increase, with the exception of EMEA, for which the translation effects caused by the aforementioned strengthening of the Swiss Franc had the highest impact.

EMEA. The European chocolate confectionery market declined by 2.6% (Nielsen, September 2014–August 2015). In contrast, the Group managed to grow its sales volume in EMEA by 3.9% to 763,646 tonnes, with a strong acceleration in the last quarter. In Western Europe, the installation of additional manufacturing capacity, resolving the previous capacity constraints, allowed for additional growth. Overall, revenues from external customers in EMEA grew significantly by 11.0% in local currencies, also as a result of higher cocoa bean prices and increased sales of higher value products. However, due to strong currency translation effects, revenues from external customers decreased by 0.4% in CHF, the Group's reporting currency, to CHF 2,563.7 million.

Americas Region. Chocolate confectionery markets in the Americas had a difficult year, declining 3.5% (Nielsen, September 2014–August 2015). In the Americas Region, the Group continued to deliver a solid performance. Sales volume increased by 4.7%, accelerating in the second half of fiscal year 2015, well above the market growth rate. In North America, sales volume growth was driven by new regional accounts in the Food Manufacturers Product Group and Gourmet & Specialties Product Group, especially the local Gourmet brands. In South America, the Group expanded its business in both Brazil and Chile, capitalizing on recent investments in production capacity, and recorded double-digit volume growth. Overall, revenues from external customers in Region Americas increased by 11.9% in local currencies (corresponding to an increase of 17.1% in CHF) and amounted to CHF 1,507.9 million.

Asia Pacific Region. Chocolate markets across Asia Pacific were basically flat, decreasing by 0.3% (Nielsen, September 2014–August 2015). The Group's sales volume growth in the Asia Pacific Region made headway against the market, rising by 7.2% to 68,984 tonnes. Growth was mainly driven by national accounts in the Food Manufacturers Product Group and a double-digit increase in the Gourmet & Specialties Product Group. Revenues from external customers increased by 11.2% in local currencies (corresponding to an increase of 8.3% in CHF) and came in at CHF 269.8 million, fueled by higher sales volume and higher cocoa bean prices.

Global Cocoa Segment. Sales volume for the Global Cocoa segment increased by 5.1% to 496,089 tonnes, accelerating in the last quarter of fiscal year 2015. Cocoa powder sales were strong, but cocoa butter demand was weaker than expected. Revenues from external customers grew significantly by 13.9% in local currencies (corresponding to an increase of 8.2% in CHF), driven by higher cocoa powder prices.

Cost of Goods Sold

Cost of goods sold increased by 7.8%, from CHF 5,004.8 million in fiscal year 2014 to CHF 5,395.0 million in fiscal year 2015.

Gross Profit

In local currencies, gross profit increased by 4.8% in fiscal year 2015 compared to fiscal year 2014. In CHF, gross profit decreased by 1.7%, from CHF 861.1 million in fiscal year 2014 to CHF 846.8 million in fiscal year 2015. Gross profit was heavily impacted by the exceptionally low combined cocoa ratio, which was compensated for by the company's greater focus on margins as well as product and customer mix, bolstered by the growth in the Gourmet & Specialities Product Group.

Marketing and Sales Expenses

Marketing and sales expenses remained broadly unchanged, increasing slightly by 0.2%, from CHF 121.0 million in fiscal year 2014 to CHF 121.3 million in fiscal year 2015. Marketing and sales expenses remained almost unchanged despite investments in certain emerging markets.

General and Administration Expenses

General and administration expenses decreased by 4.0%, from CHF 329.8 million in fiscal year 2014 to CHF 316.7 million in fiscal year 2015, partly due to the absence of the one-time effect related to the Group's long-term incentive plan that had affected fiscal year 2014. The positive development of these cost blocks was partly also the result of the Group's increased focus on fixed costs and related saving initiatives as well as currency translation effects, and despite ongoing investments in emerging markets and quality and sustainability initiatives.

Other Income

Other income increased by 113.7%, from CHF 18.2 million in fiscal year 2014 to CHF 38.9 million in fiscal year 2015. This position contained non-sales-related income such as income from the Group's Training Center, sale of waste products, claims from insurances and suppliers. The increase compared to fiscal year 2014 was due to recognition of part of the settlement of the dispute with Petra Foods Limited, Singapore related to the Petra Foods Cocoa Ingredients Business that we acquired in 2013.

Other Expenses

Other expenses increased by 167.5%, from CHF 12.3 million in fiscal year 2014 to CHF 32.9 million in fiscal year 2015. This position comprised litigation, claims, impairment charges, restructuring and severance costs and certain other non-recurring items. The increase was due to impairments, relocation and severance costs in light of the Group's decision to centralize shared services in Europe and reorganize its Asian Cocoa business.

Operating Profit (EBIT)

In local currencies, operating profit (EBIT) increased by 7.4% in fiscal year 2015 compared to fiscal year 2014. In CHF, operating profit (EBIT) decreased by 0.3%, from CHF 416.2 million in fiscal year 2014 to CHF 414.8 million in fiscal year 2015. The EBIT decrease in Global Cocoa was compensated by the positive EBIT contribution of all other regions and product groups. This was the result of the good gross profit development in local currencies and fixed cost discipline to which the headquarters functions also contributed. As a consequence, EBIT per tonne in local currencies also showed an improvement of 2.9%. However, due the strong currency translation effects, the reported EBIT per tonne declined by 4.7% to CHF 231.

EMEA. In EMEA, operating profit (EBIT) increased by 19.7% in local currencies in fiscal year 2015 compared to fiscal year 2014. In CHF, operating profit (EBIT) increased by 8.1%, from CHF 268.1 million in fiscal year 2014 to CHF 289.7 million in fiscal year 2015. The increase was driven by better gross margins in the Food Manufacturers Product Group and a strong contribution from the Gourmet & Specialties Product Group.

Americas Region. In the Americas Region, in local currencies, operating profit (EBIT) decreased by 0.3% in fiscal year 2015 compared to fiscal year 2014. In CHF, operating profit (EBIT) increased by 3.2%, from CHF 126.5 million in fiscal year 2014 to CHF 130.6 million in fiscal year 2015. This was due to investments in structures in South America, which largely offset the growth in volume and product mix.

Asia Pacific Region. In the Asia Pacific Region, in local currencies, operating profit (EBIT) increased by 5.9% in fiscal year 2015 compared to fiscal year 2014. In CHF, operating profit (EBIT) decreased by 0.4%, from CHF 27.0 million in fiscal year 2014 to CHF 26.9 million in fiscal year 2015. Ongoing investments in sales and marketing capabilities to build our business in this emerging region led to a somewhat slower EBIT growth compared to volume growth.

Global Cocoa Segment. In Global Cocoa, in local currencies, operating profit (EBIT) decreased by 33.7% in fiscal year 2015 compared to fiscal year 2014. In CHF, operating profit (EBIT) decreased by 42.4%, from CHF 82.0 million in fiscal year 2014 to CHF 47.2 million in fiscal year 2015. This decrease was a result of the historically low Combined Ratio.

Finance Income

Finance income increased by 15.6%, from CHF 3.2 million in fiscal year 2014 to CHF 3.7 million in fiscal year 2015.

Finance Costs

Finance costs increased by 10.2%, from CHF 122.0 million in fiscal year 2014 to CHF 134.5 million in fiscal year 2015. This was partly due to a foreign exchange loss and partly due to higher average financing requirements for net working capital caused by higher average cocoa bean prices throughout the year.

Share of Result of Equity-accounted Investees, Net of Tax

Share of result of equity-accounted investees, net of tax, increased from CHF (0.1) million in fiscal year 2014 to CHF 0.1 million in fiscal year 2015.

Income Tax Expenses

Income tax expenses increased by 4.5%, from CHF 42.4 million in fiscal year 2014 to CHF 44.3 million in fiscal year 2015, despite a lower profit before tax. This was due to a less favorable global mix of taxable income per jurisdiction leading to an increase of the Group's effective tax rate to 15.6% in fiscal year 2015, compared to 14.3% in fiscal year 2014.

Net Profit for the Year

As a result of the foregoing, in local currencies, net profit for the year decreased by 2.7% in fiscal year 2015 compared to fiscal year 2014. In CHF, net profit for the year decreased by 5.9%, from CHF 255.0 million in fiscal year 2014 to CHF 239.9 million in fiscal year 2015. This is a reflection of the higher average financing requirements mainly due to higher cocoa bean prices, a foreign exchange loss, as well as higher income tax expenses.

Liquidity and Capital Resources

We have historically generated cash primarily from our operating activities as well as from borrowings under our credit facilities. Our principal uses of cash have included working capital, capital expenditures, debt service, dividends paid to our shareholders and acquisitions.

The following table shows our sources and uses of funds for the six-month periods ended February 29, 2016 and February 28, 2015, and the fiscal years ended August 31, 2015 and 2014:

	Fiscal year ended August 31		Six months ended February 29/28	
	2015	2014	2016	2015
	(CHF millions)			
Operating cash flow before working capital changes	472.6	473.7	289.8	262.6
Net cash flow from operating activities	226.7	52.4	312.4	9.6
Net cash flow from investing activities	(204.9)	(226.8)	(92.0)	(152.4)
Net cash flow from financing activities	15.2	192.3	(52.3)	131.2
Net increase/decrease in cash and cash equivalents	23.9	16.6	167.9	(18.0)

Consolidated Cash Flow Statement for the Six-Month Periods Ended February 29, 2016 and February 28, 2015

Operating cash flow before working capital changes

Operating cash flow before working capital changes increased by 10.3%, from CHF 262.6 million in the six months ended February 28, 2015 to CHF 289.8 million.

Net cash flow from operating activities

Net cash flow from operating activities amounted to an inflow of CHF 312.4 million in the six months ended February 29, 2016, compared to CHF 9.6 million in the six months ended February 28, 2015. The strong increase was mainly due to the changes in working capital, partly attributable to the Group's increased focus on working capital and free cash flow generation. On the other hand, the negative net working capital development partly driven by the high cocoa bean price resulted in a cash drain in the comparable period in fiscal year 2015.

Net cash flow from investing activities

Net cash flow from investing activities decreased by 39.6% from CHF (152.4) million in the six months ended February 28, 2015 to CHF (92.0) million in the six months ended February 29, 2016. This was mainly the result of an increased discipline related to capital expenditures, leading to lower investments in property, plant and equipment as well as a lower cash-out for deposits than in the six months ended February 28, 2015.

Net cash flow from financing activities

Net cash inflow from financing activities of CHF (52.3) million was recorded in the six months ended February 29, 2016, compared to CHF 131.2 million in the six months ended February 28, 2015. The decrease was mainly related to repayment of debt in light of lower financing needs for working capital compared to the prior period.

Consolidated Cash Flow Statement for the Fiscal Years Ended August 31, 2015 and 2014

Operating cash flow before working capital changes

Operating cash flow before working capital changes was almost stable at CHF 472.6 million in fiscal year 2015, compared to CHF 473.7 million in fiscal year 2014, as the negative currency translation effects could be compensated by effects from the good gross margin development and fixed cost discipline. Cash outflow for working capital changes amounted to CHF (100.9) million in fiscal year 2015, compared to CHF (279.4) million in fiscal year 2014. Whereas fiscal year 2014 was largely impacted by a significant spike in cocoa bean prices, the amount in fiscal year 2015 was partly related to higher cocoa prices and partly to business growth. Cash outflow for interest was CHF 105.7 million in fiscal year 2015, compared to CHF 98.9 million in fiscal year 2014. It was higher due to the increased average financing requirements throughout the year. Cash outflow for tax was somewhat lower in fiscal year 2015 than in fiscal year 2014 and amounted to CHF (39.3) million. Overall, this resulted in an increase in the net cash flow from operating activities to CHF 226.7 million in fiscal year 2015 compared to CHF 52.4 million in fiscal year 2014.

Net cash flow from investing activities

Net cash flow from investing activities amounted to CHF (204.9) million in fiscal year 2015, compared to CHF (226.8) million in fiscal year 2014. The amount was largely related to the Group's significant investments of CHF (249.2) million in property, plant and equipment as well as in intangibles. Net cash flow from investing activities also included a cash inflow of CHF 37.5 million related to the settlement of the dispute with Petra Foods Limited, Singapore related to the Petra Foods Cocoa Ingredients Business that we acquired in 2013. The remainder was related to disposals and the acquisition of a business and certain other minor items.

Net cash flow from financing activities

Net cash flow from financing activities amounted to CHF 15.2 million in fiscal year 2015, compared to CHF 192.3 million in fiscal year 2014. The net inflow of mainly resulted from the net debt issue of CHF 118.8 million (CHF 291.4 million in fiscal year 2014) which more than covered the cash-out for dividends out of paid-in capital reserves in the amount of CHF (85.1) million (CHF (79.6) million in fiscal year 2014) and the cash outflow for the purchase of treasury shares of CHF (16.3) million (CHF (18.6) million in fiscal year 2014).

Future Liquidity and Financing Arrangements

We expect that, following the offering, our principal uses of cash will continue to be for working capital, capital expenditures, debt service, dividends paid to our shareholders and strategic acquisitions. We will continue to fund those expenditures with cash from our operating activities as well as from borrowings under our credit facilities and other working capital arrangements. See "Business—Other Indebtedness" for further information regarding our financing arrangements.

Contractual Obligations

The following table presents the maturity profile of our long-term debt obligations as of August 31, 2015:

	Payments due by period				
	Total	Less than 1 year	1–3 years	3–5 years	More than 5 years
	(CHF millions)				
Long-term debt	1,176.1	—	530.8	6.2	639.1
Other non-current liabilities reflected on our balance sheet	208.8(1)				

Note:

(1) This mainly relates to employee benefit obligations and deferred income tax liabilities (CHF 149.2 million and CHF 59.6 million, respectively).

Capital Expenditure

We define capital expenditures (CAPEX) as purchase of property, plant and equipment and intangible assets. The following table presents our capital expenditure for each of the periods indicated.

	Fiscal year ended August 31		Six months ended February 29/28	
	2015	2014	2016	2015
	(CHF millions)			
CAPEX—purchase of property, plant and equipment and intangible assets	249.2	248.8	91.2	128.4

Our capital expenditures for the six month-period ended February 29, 2016 were CHF 91.2 million compared to CHF 128.4 million for the six month-period ended February 28, 2015. This decrease was due to lower investments resulting from a stricter approval policy in light of the increased focus on generation of free cash flow.

The capital expenditures for the fiscal year 2015 amounted to CHF 249.2 million compared to CHF 248.8 million for the fiscal year 2014. Capital expenditures approved for the year was below the levels of prior years, close to CHF 200 million. The capital expenditures reflected in the cash flow statement amounted to CHF 249.2 million, due to the timing of the execution of the projects approved the year before (CHF 248.8 million in fiscal year 2014). The Group aims to continue its path of being more restrictive on the hurdles for approving capital expenditures in the future and has a consistent capital expenditure target of CHF 200 million for fiscal year 2016.

Off Balance Sheet Arrangements

Our €400 million asset backed securitization program provides us with off balance sheet working capital. Under this program, we sell trade receivables at their nominal value minus a discount in exchange for cash. The amount of receivables sold net of discounts was CHF 360.3 million as of August 31, 2015, compared to CHF 294.0 million as of August 31, 2014. These amounts, which were derecognized from our balance sheet, are a combination of the gross value of the receivables sold (CHF 384.0 million as of August 31, 2015 and CHF 330.6 million as of August 31, 2014) and the discount (CHF 23.7 million as of August 31, 2015 and CHF 36.6 million as of August 31, 2014). We use this program to fund our general working capital requirements stemming from receivables and stocks.

For a discussion of the contractual provisions of the program see "Business—Other Indebtedness". See note 12 to our consolidated financial statements as of and for the fiscal year ended August 31, 2015 for further information regarding our asset-backed securitization program.

Quantitative and Qualitative Disclosures about Market Risks

Market Risk

As a result of our global operating and financing activities, we are exposed to market risks from changes in commodity prices, foreign currency exchange rates, interest rates and credit risk, which may adversely affect our results of operations and financial condition. To manage these risks effectively, we have established a risk management program relating to those financial risks we are prepared to accept and how such risks should be limited and managed. Our risk management program also establishes the division of responsibility between Barry Callebaut Sourcing AG, which manages our commodities and hedging operations, and our central treasury function within Barry Callebaut Services NV, which manages our financial position. Barry Callebaut Sourcing AG and Barry Callebaut Services NV identify, evaluate and hedge risks in close co-operation with our operating companies.

In connection with our Gourmet & Specialties Product Group, where we are required to estimate future off-takes by our customers, our centralized risk management team within Barry Callebaut Sourcing AG may enter into hedging transactions to cover forecasted volumes for periods longer than 12 months. Such hedging strategies, which complement our customary six to 12 month forward purchase contracts, include physical trading, as well as investments in derivative instruments such as futures and options.

Financial Risk Management

The nature of our business exposes us 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.

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

We have a Group Commodity Risk Committee that meets at least every six weeks and continually monitors our adherence to risk policies and exposure to commodity price risk. Further our Group Finance Committee meets generally on a monthly basis to monitor and act as a decision-making body for foreign currency risk, interest rate risk and credit risk as well as the related use of derivative instruments. For all of these topics the Audit, Finance, Risk, Quality & Compliance Committee (the "AFRQCC") acts as supervising body, which is informed on and oversees all relevant decisions in its quarterly meetings. The AFRQCC makes recommendations to the board of directors if deemed necessary and advises the board of directors, which is the highest approval authority on important risk matters and/or asks for their approval before implementing strategies.

Commodity Price Risk

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

The fair value of our open sales and purchase commitments and inventory changes are continuously in line with price movements in the respective commodity markets.

Our policy is to economically hedge our commodity price risk resulting from our inventory, commodity derivatives and purchase and sale contracts. Cocoa price risk in inventory is hedged with short futures applying fair value hedge accounting.

See note 26 to our consolidated financial statements as of and for the fiscal year ended August 31, 2015 for more information regarding commodity price risk.

Foreign Exchange Risk

We operate across the world and consequently are exposed to multiple foreign currency risks, albeit primarily in Euro, British pounds and US dollars. We actively monitor our transactional currency exposures and consequently enter into currency hedges with the aim of preserving the value of assets, commitments and anticipated transactions.

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

Accordingly, the consolidated currency exposures are hedged in compliance with our Treasury Policy, mainly by means of forward currency contracts entered into with high credit quality financial institutions. Our 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 income statement.

See note 26 to our consolidated financial statements as of and for the fiscal year ended August 31, 2015 for more information regarding foreign currency risk.

Interest Rate Risk

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

It is our policy to manage our interest cost using an optimal mix of fixed and floating rate debt. This optimal mix is primarily determined by the level of our interest cover ratio and is achieved by entering into interest rate derivative instruments, in which we exchange fixed and floating interest rates.

See note 26 to our consolidated financial statements as of and for the fiscal year ended August 31, 2015 for more information regarding interest rate risk, including a sensitivity analysis on interest rate risks.

Credit Risk

Credit risk, i.e., the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. As of August 31, 2015 the largest customer represented 9% (compared to 9% as of August 31, 2014) whereas the 10 biggest customers represent 27% (compared to 23% in 2014) of trade receivables. Due to the diverse geographic and large customer base, we have no material credit risk concentration.

The extent of our credit risk exposure is represented by the aggregate balance of amounts receivable, reduced by the effects of netting arrangements, if any, with counterparties. The maximum nominal credit risk exposure in the event all other parties fail to perform their obligation was CHF 1,111.7 million as of August 31, 2015 (compared to CHF 874.0 million as of August 31, 2014). We have insured certain credit risks through a credit insurance policy. Selected number of customers with significant outstanding amounts are covered by that policy.

See note 26 to our consolidated financial statements as of and for the fiscal year ended August 31, 2015 for more information regarding credit risk.

Liquidity Risk

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

See note 23 to our consolidated financial statements as of and for the fiscal year ended August 31, 2015 for more information regarding our long-term debt.

Significant Accounting Policies

Our consolidated financial statements have been prepared in accordance with IFRS. Our consolidated financial statements are sensitive to accounting methods, assumptions and estimates that form the basis of these financial statements and accompanying notes. Significant accounting policies, the judgments and other uncertainties affecting application of those policies and the sensitivity of reported results to changes in conditions and assumptions are factors to be considered in conjunction with reviewing our consolidated financial statements and the discussion in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" section.

The "Summary of Accounting Policies" included in our annual consolidated financial statements beginning on page F-1 of this Offering Circular describes the significant accounting policies and methods used in the preparation of our consolidated financial statements including the description of newly applied accounting policies such as the first time application of IFRS 9.

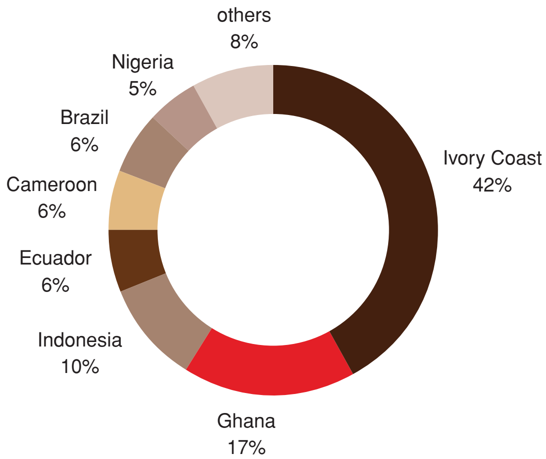
INDUSTRY

The information contained in this section has been extracted from publicly available sources and other publications. There is not necessarily any uniformity of views among such sources as to the information provided therein. In the case of statistical information presented herein, similar statistics may be obtainable from other sources, although the underlying assumptions and methodology, and consequently the resulting data, may vary from source to source. The Issuer confirms that the information contained in this section has been accurately reproduced and that, so far as the Issuer is aware, and is able to ascertain from information published by publically available sources and other publications, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Cocoa as a Raw Material for Chocolate Production

Cocoa constitutes the most significant ingredient in chocolate. Originally grown in Latin America, cocoa has been grown on a large scale in West Africa, which is the predominant source of the global supply of cocoa since the beginning of the twentieth century, and in Southeast Asia for approximately the last 30 years. According to estimates by the International Cocoa Organisation ("ICCO"), cocoa is concentrated in seven countries that in aggregate represented approximately 92% of the global harvest in the 2014/2015 growing season—the Ivory Coast, Ghana, Indonesia, Nigeria, Cameroon, Brazil, and Ecuador.

Total World Harvest 2014–2015

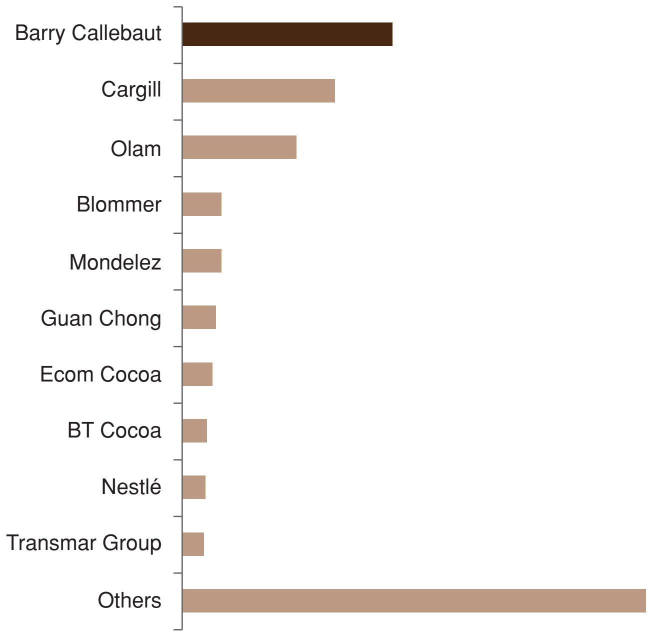


Source: ICCO estimates, 2014–2015.

Although patterns of land ownership vary across the cocoa growing countries, the predominant form of land ownership for cocoa production is small landholdings owned by individual farmers. Generally, unlike coffee estates, large cocoa estates are prevalent only in a few countries. Cocoa is harvested, fermented and dried locally at the harvest site and then transported for sale or export. Cocoa is generally sold for export from producing countries either by private shippers or, in the case of Ghana, through the state controlled Cocoa Marketing Board. Since the cocoa bean crop 2012/2013, the largest cocoa producer, the Ivory Coast, has transitioned from a liberal cocoa bean procurement system to a regulated system, where an administrative body (*Le Conseil du Cafe-Cacao*) issues cocoa bean export licenses (for processors to be converted into products) that are sold through an auction process. Based on these auctions the administrative body fixes a farmgate price guaranteed to the farmers and at the same time, stipulates a pre-defined exporters'/processors' calculation from farmgate price to free on board, including taxes. The buyers still procure the cocoa beans themselves. Each year, there are minor adaptations to the calculations and rules but thus far, the system has proven to be workable from an industry point of view. Positive effects of this system have been a steady crop development (due to a fixed/guaranteed internal price) and an improvement in overall quality of the cocoa beans. See "Risk Factors—Risks Relating to Our Business—We obtain cocoa beans, our primary raw material, from countries in West Africa and other emerging markets, which exposes us to political, economic and other uncertainties".

The international cocoa trade is characterized by a high degree of market concentration. We estimate that Barry Callebaut, together with Olam and Cargill accounted for approximately 50% of the world cocoa bean grindings in fiscal year 2015. The following graph sets out the relative cocoa grinding capacity by volume of the significant global actors in the international cocoa trade.

Cocoa grinding capacity



Source: Company estimates, 2015.

Cocoa beans grow in two crop cycles: the main crop, which is harvested between October and April, with a peak in December, and the mid crop, which is harvested between May and September, with a peak in June. The main crop, which comprises a significant proportion of the total cocoa bean crop, is higher quality, sells at correspondingly higher prices and is predominantly exported from origin countries prior to processing. The quality of each cocoa bean crop varies from harvest to harvest and from country to country. The mid term crop yields smaller cocoa beans, which are sold at lower prices than those for beans harvested in the main crop and are processed predominantly in local facilities prior to export.

Cocoa Bean Pricing

The price of cocoa beans is dependent on world supply and demand. The price of cocoa beans is quoted on two commodity exchanges. The Intercontinental Exchange Futures Europe ("ICE Futures Europe", formerly the London International Financial Futures Exchange) covers the European and Middle Eastern markets, trades in £/metric ton and includes mainly fermented beans from West Africa, and the Intercontinental Exchange Futures US ("ICE Futures US") covers the North and South American market as well as the Far Eastern market, which trades in U.S.$/metric ton and offers mainly unfermented beans from Asia. The price of cocoa beans has fluctuated significantly over the last ten years, primarily driven by fundamental factors such as weather, political conditions in the cocoa growing countries, and speculative hedge fund activity. During 2001 and 2002, the price increased significantly due to poor harvests in 2000 and 2001 and civil unrest in the Ivory Coast. During 2003–2005, good crops in West Africa led to a more balanced supply and demand situation and a less volatile market.

Since 2006–2009, cocoa prices increased and volatility is higher due to a combination of increased trading by hedge funds that have taken an interest in cocoa as an asset, an increase in demand, especially from emerging markets and, conversely, a partly stagnating supply of cocoa, poor yields and poor bean quality, the spread of diseases in the cocoa crops, as well as additional capacity taking several years to provide reasonable yields. The supply fundamentals of the 2010/2011 cocoa crop were very positive with an 18.6% increase in output compared with the 2009/2010 crop cycle, mainly due to very good weather conditions.

During the first half (October to September) of the 2010–2011 crop year, terminal markets traded firmly in the wake of the events in the Ivory Coast, which impacted the cocoa business both directly (from the export ban) and indirectly (from the civil war). In 2012, the prices dropped to lower levels due to a long covered industry (8 to 9 months on average) based on the surplus of the prior crop year and positive prospects for the 2011–2012 crop.

Due to a large deficit in the 2012–2013 crop year, cocoa prices gained upward momentum from a level below £1400/MT seen in the beginning of 2013. Although the 2013–2014 balance sheet was just about positive, the low cocoa inventory level at the end of the season brought the stock-to-grinding ratio to a 29-year low. Furthermore, the industry had to extend the coverage which animated prices accordingly. Thus the market continued trading in a steep upward channel. The supply and demand balance for 2014–2015 continued to be tight, whereby cocoa prices remained at elevated levels until the end of 2015.

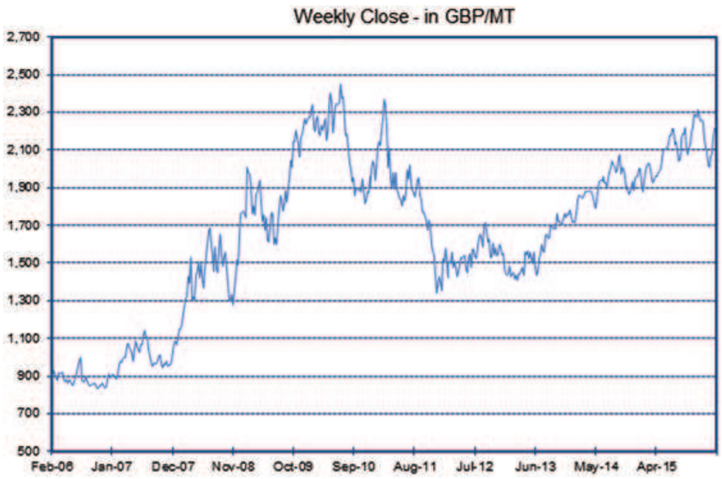
Currently the industry faces structural challenges, such as ageing trees, abandonment of cocoa cropping by younger generations, cultivation of other competitive crops, general underinvestment and poor infrastructure. For these reasons prices in the next decade could rise. We expect cocoa raw material prices to remain volatile and at high levels in the coming years.

The following graph sets out the average cocoa price on the Cocoa Terminal Markets over the last ten years:

Cocoa bean price evolution

ICE Futures Europe

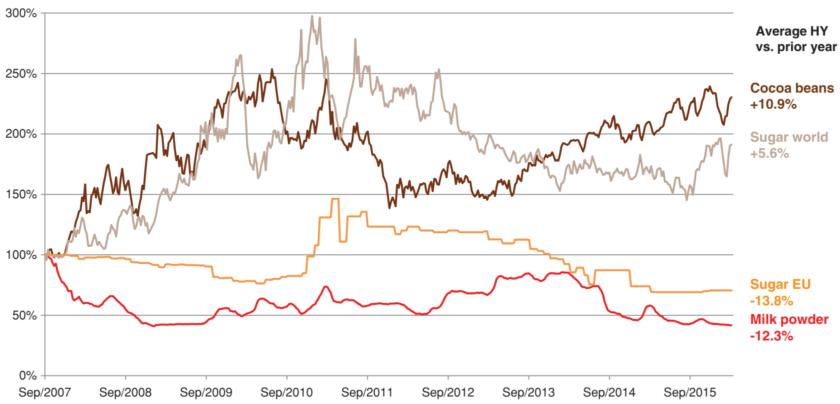
Six month forward delivery prices over the last ten years



Source: Reuters.

The price of cocoa beans on the ICE Futures US has experienced similar fluctuations to those of prices on the ICE Futures Europe. The ICE Futures Europe terminal market's September future position closed at £2,212/tonne on February 29, 2016.

Other raw materials such as sugar and milk powder have also shown certain volatility over the last few years, as shown in the chart below[(1)].



Note:

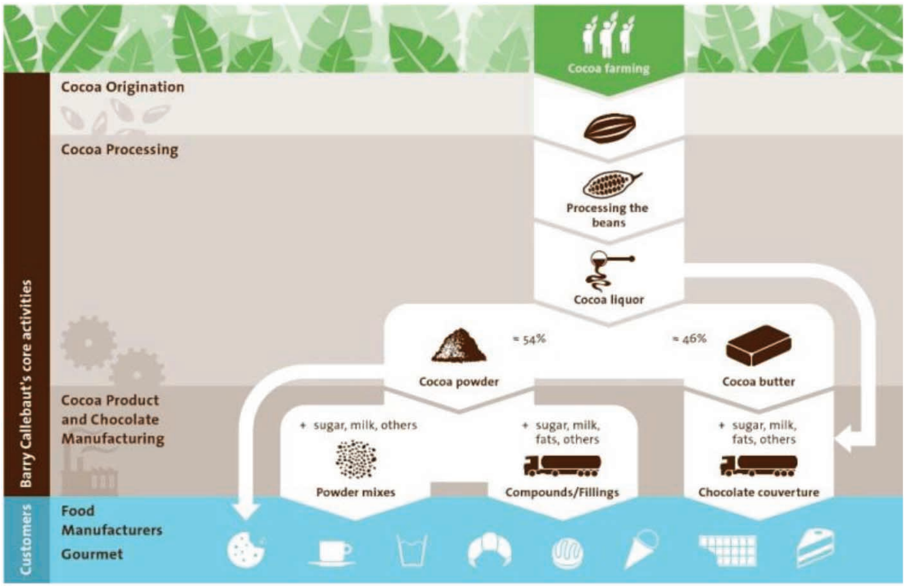
(1) All figures are indexed to September 2007.

Source: Sugar world London n°5 (2nd position), Sugar EU Kingsman estimates W-Europe DDP, skimmed milk powder average price Germany, Netherlands, France.

Chocolate Processing

The chocolate production process can be separated into three stages. The first stage consists of the production of semi-finished products—cocoa liquor (produced by cleaning, pre drying, breaking, roasting and grinding the cocoa beans) and cocoa butter and cake (which results from pressing cocoa liquor). Cocoa cake is then ground into powder. In the second stage, ingredients are mixed (cocoa liquor and sugar for dark chocolate; milk powder, cocoa liquor, sugar and cocoa butter for milk chocolate; and milk powder, sugar and cocoa butter for white chocolate) and then refined and conched (a mixing and kneading process) to produce industrial chocolate. Compound, which is sometimes used as a less expensive substitute for industrial chocolate, is produced in a process similar to that for industrial chocolate, except that cocoa liquor is replaced by cocoa powder and cocoa butter is replaced by vegetable fat. In the third stage, consumer products are produced using industrial chocolate or compounds in the biscuit, confectionery (such as chocolate bars), bakery, dairy and ice cream industries.

The following flow chart illustrates the processing stages for chocolate and compound:



Source: Company information.

The following products result from the chocolate production process:

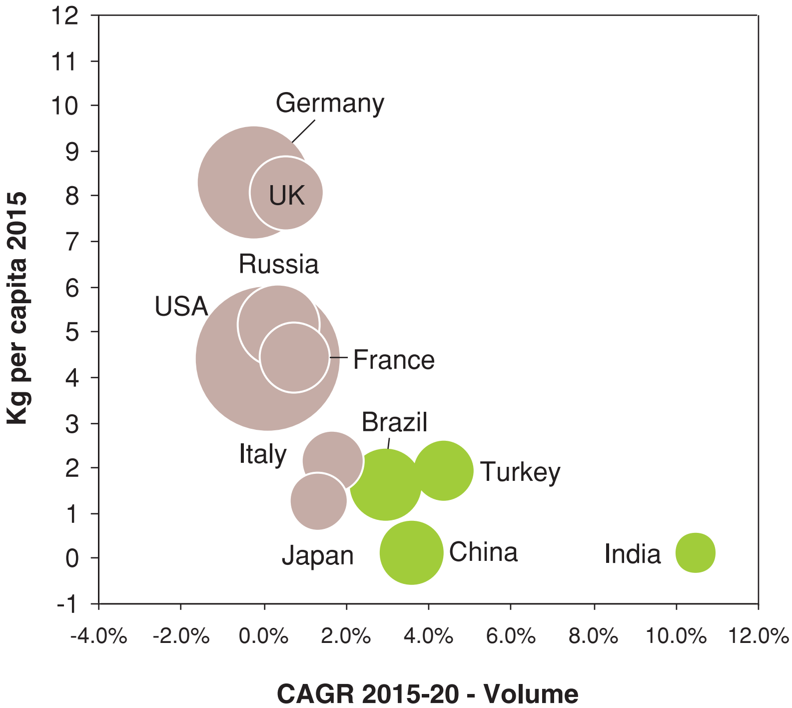
- Semi-finished products: Cocoa liquor, cocoa butter and cocoa powder
- Chocolate couverture: Industrial chocolate and gourmet products, decorations, specialties
- Compounds and fillings
- Powder mixes (cocoa blends for industrial customers and for vending business)

Chocolate Confectionery Market

The global chocolate confectionery market generated sales of around 7.2 million tonnes in 2014, delivering global revenues of US$109 billion. The industry came under pressure in 2014 and 2015 due to an increasingly challenging economic environment in some countries, volatile raw material prices and a rise in retail prices implemented by major industry players, which in return led to a slowdown in consumption. Despite the current slowdown, Euromonitor predicts the industry will grow at 1.5% annually until 2019, reaching a total volume of 7.8 million tonnes. This performance is paralleled by a 2.9% annual increase in value, reflecting a continued upsurge in retail selling prices.

Growth of chocolate confectionery will be driven by a growing appetite for chocolate in emerging markets. Asia Pacific, which in 2014 accounted for 14% of the global chocolate confectionery volume, will contribute more than half of global absolute growth until 2019, according to Euromonitor. Euromonitor predicts that volume in Latin America and Middle East & Africa will grow at a compound annual growth rate ("CAGR") of 3.2% and 5.3% until 2019, respectively. In contrast, as a result of increased health awareness and the proliferation of rival snacking products, volume in North America is expected to see a negative CAGR of 0.3% until 2019. Volume in Europe, accounting for just over half of the global chocolate confectionery volume, will fare slightly better, with an expected CAGR of 0.5%, according to Euromonitor.

The below chart shows the projected 2015–2020 CAGR in volume, as well as kilograms of cocoa beans consumed per capita in 2015, in selected countries. The size of the bubbles represents market size in volume in 2015.



Source: Euromonitor.

While consumption in Western markets is increasingly under pressure, the highest growth will come from India, Brazil, Turkey, Saudi Arabia and China in absolute volume terms. With increasing populations, low per capita consumption, and growing middle classes, these markets offer opportunities for growth. This is illustrated by the low annual per capita chocolate confectionery consumption in countries such as China and India, where consumption today stands at around 0.1kg, according to Euromonitor. Switzerland in contrast has an annual per capita consumption of 9.2kg; the Western European average lies at 4.7kg.

Major Consumer Trends and Developments

Some of the major drivers of the industry are increasing consumer health awareness, a growing demand for organic and fair trade products, a trend towards premium products, and volatile raw material prices. Many of those factors have led to inflated retail prices during the past few years. The cost of cocoa in particular has had a major impact, with cocoa prices doubling between 2007 and 2015.

Driven by a desire for more premium products, consumers in both developed and emerging markets are increasingly turning towards chocolate confectionery as an affordable indulgence. According to Euromonitor, chocolate tablets, in particular, are seeing strong growth, with fine flavor, origin specific cocoa and responsibly sourced all being key drivers.

The growing demand for healthier chocolate is evidence of a challenge the industry faces across the globe. With obesity levels—and government concern about them—rising steadily, the industry is being put under pressure to launch healthier products. Some companies are already repositioning their chocolate products as a functional food.

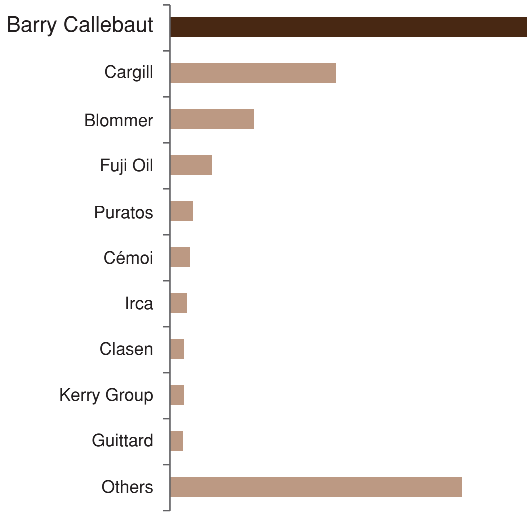
With the balance between supply of cocoa and the industry's demand being a constant concern, manufacturers are confronting this issue, encouraging more sustainable practices, investing in the development of higher-yield beans, collaborating more closely with farmers to improve efficiency and exploring potential new sources of cocoa in countries.

Open and Captive Market

Historically, the majority of companies in the chocolate industry were fully vertically integrated, purchasing and processing cocoa beans into cocoa ingredients and industrial chocolate, which could then be used to produce consumer products. Since the early 1970s, however, there has been a trend amongst vertically integrated companies to shift their focus to using cocoa ingredients and industrial chocolate purchased from third parties. This evolution has created an "open market" for industrial chocolate in addition to the "captive market" comprising industrial chocolate produced by fully vertically integrated companies.

Participants in the captive market are mainly, but not only, the world's leading chocolate confectionery players. Customers in the open market include biscuit manufacturers, confectionery companies, bakeries, ice cream and dairy product manufacturers that typically choose, as part of their strategy, not to invest in cocoa bean or chocolate processing. Barry Callebaut is the world's leading open market manufacturer of industrial chocolates. Based on our own estimates, we have a market share of 43% in the open industrial chocolate market, measured by sales volume of fiscal year 2014. Barry Callebaut's major competitors include Cargill, Blommer, Fuji Oil, Puratos Group (Belcolade) and Cémoi.

Industrial chocolate—open market



Source: Company estimates, 2015.

Barry Callebaut estimates that the majority of the total global industrial chocolate market is still captive. However, we believe that fully vertically integrated companies will increasingly outsource production of their industrial chocolate, be it due to strategic, financial, logistical or commercial reasons.

We are also seeing a consolidation in the food manufacturing industry, which includes our top customers. This is an important area where Barry Callebaut can benefit from the outsourcing trend. The globalization of the food supply chain and the shift from captive or integrated to more open and competitive markets in the chocolate industry means that customers are comparing the offerings of different suppliers more closely. We believe that an open and competitive market is an advantage to us, because we are uniquely positioned with our global footprint, innovative power and cost leadership position.

BUSINESS

Overview

We are the largest manufacturer of cocoa and chocolate products in the world, measured by sales volumes in fiscal year 2015. Our principal product is industrial chocolate, which we supply to industrial food processors, such as chocolate manufacturers, biscuit manufacturers, confectioners, and dairy companies, as well as to artisanal users of chocolate, such as chocolatiers, pastry chefs, bakers and the food service industry. We buy approximately one-fourth of the total world crop of cocoa beans and therefore estimate that we are present in one out of four consumer products containing cocoa or chocolate. In addition, we manufacture semi-finished products, including cocoa liquor, cocoa butter, and cocoa powder. For the six months ended February 29, 2016 our sales volume was 933,327 tonnes, our consolidated revenue from sales and services was CHF 3,424.3 million, our EBITDA was CHF 270.9 million, and our net profit was CHF 107.9 million. For the fiscal year 2015, our sales volume was 1.8 million tonnes, our consolidated revenue from sales and services was CHF 6,241.9 million, our EBITDA was CHF 540.8 million, and our net profit was CHF 239.9 million.

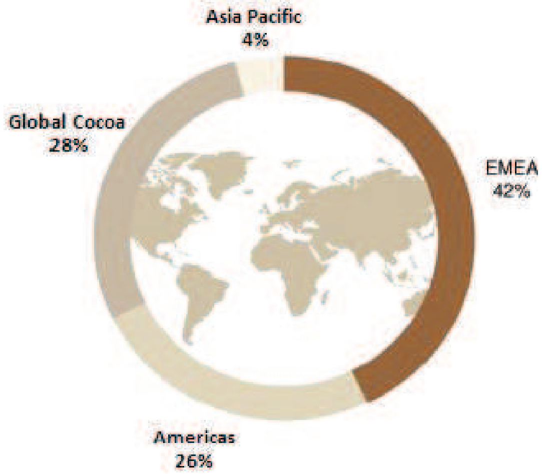
We are a vertically integrated business whose activities range from direct sourcing of cocoa beans and other raw materials to producing and marketing a wide range of cocoa, chocolate, gourmet and specialty products. We have developed a strong position and significant experience in sourcing cocoa beans, particularly in the Ivory Coast, Ghana, and Cameroon, three of the most important cocoa bean producing countries. In addition, as a result of our acquisition of the Petra Foods Cocoa Ingredients Business in 2013, we have major cocoa sources in Indonesia and Brazil. In addition, in March 2015, we successfully closed the acquisition of the commercial beverages vending activities from FrieslandCampina Kievit. As a result, we are becoming a leading supplier of vending powder mixes in Europe. With this acquisition, we are adding technical and innovation capabilities to an already strong business. The acquired activities represent an additional sales volume of approximately 20,000 tonnes and an additional CHF 55 million in sales revenue on an annualized basis. The transaction includes a long-term contract manufacturing agreement under which FrieslandCampina Kievit will continue to produce vending products for Barry Callebaut at its production site in Lippstadt, Germany.

We are present in 30 countries, benefit from a global network of more than 50 production facilities, and sell our products in 131 countries. In fiscal year 2015 we purchased approximately 25% of the total volume of cocoa beans grown worldwide. We produce chocolate to the specifications of almost 6,000 recipes for approximately 4,200 industrial customers and more than 8,000 artisanal customers. We do not grow cocoa beans. We manufacture and sell semi-finished products and chocolate products.

Our business is organized in different regions (“Regions”)—EMEA (consisting of Europe, the Middle East and Africa, and which we referred to as the “Europe Region” prior to October 1, 2015), the Americas Region and the Asia Pacific Region. The globally managed Global Cocoa business is the global production unit for semi-finished products such as liquor, cocoa butter and cocoa powder. In addition, Global Cocoa is responsible for the global procurement and risk management of our high-quality raw materials such as cocoa, sugar, dairy products, oils and fats, nuts and other ingredients as well as packaging material, and is reported as a separate segment similar to a Region.

With a total Group sales volume of 1,794,782 tonnes for fiscal year 2015, EMEA had a sales volume of 763,646 tonnes and accounted for 42% of our total sales volume, while the Americas Region had a sales volume of 466,063 tonnes and accounted for 26% of our total sales volume, Global Cocoa had a sales volume of 496,089 tonnes and accounted for 28% of our total sales volume, and the Asia Pacific Region had a sales volume of 68,984 tonnes and accounted for 4% of our total sales volume. The following chart sets forth sales volume for our Regions for fiscal year 2015.

Sales Volume per Region



Source: Company data.

In addition to the Regions, our business is divided into the following three product groups ("Product Groups"):

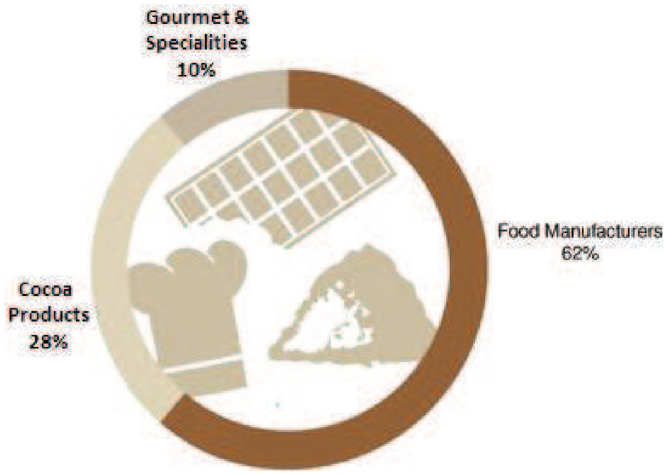
- Food Manufacturers Product Group;
- Cocoa Product Group; and
- Gourmet & Specialties Product Group.

Our three Product Groups represent distinct customer categories along the value chain, and can be described as follows:

- Our **Food Manufacturers Product Group** is our largest Product Group, supplying industrial chocolate, fillings and compound coatings to chocolate manufacturers, biscuit manufacturers, ice cream manufacturers and others. In fiscal year 2015, it generated 62% of sales volume in tonnes and revenues from external customers of CHF 3,444.7 million, which represented 55% of total group revenue from sales and services;
- Our **Cocoa Product Group**, part of Global Cocoa, is the global production unit for semi-finished products such as liquor, cocoa butter and cocoa powder. The figures reported for the Cocoa Product Group include only sales of cocoa products to third-party customers in all our Regions. In fiscal year 2015, it generated 28% of sales volume in tonnes and revenues from external customers of CHF 1,900.5 million, which represented 30% of total group revenue from sales and services; and
- Our **Gourmet & Specialties Product Group** supplies specialty premium chocolate products to bakeries, artisanal customers such as chocolatiers, confectioneries, hotels, restaurants and caterers as well as vending mixes to vending machine operators. In fiscal year 2015, it generated 11% of sales volume in tonnes and revenues from external customers of CHF 896.7 million, which represented 14% of total group revenue from sales and services.

The following chart sets forth sales volume by Product Group for fiscal year 2015:

Sales Volume per Product Group



Source: Company data.

Our Strengths

We believe that we have a number of core strengths that enable us to compete effectively in our markets.

Leading Market Share Combined with Strong Volume and EBIT Growth

Based on our own estimates, we are the largest manufacturer of industrial chocolate in the world, with an estimated market share of approximately 43% of the open market, measured by sales volume of fiscal year 2014. We also estimate that we have the largest share of industrial chocolate production for external customers in Europe and in North America, measured by sales volumes in fiscal year 2014, and that we are the world's largest supplier of gourmet chocolate for artisanal customers. Our market share is driven by our cost leadership, innovation, global manufacturing and distribution footprint, product quality, sustainability, flexibility in production and delivery and other value-added services. In addition, we have a proven track record of delivering strong volume and EBIT growth. Between fiscal years 2003 and 2015, our sales volume and EBIT (excluding foreign exchange impact) grew at compound annual growth rates ("CAGR") of 7.5% and 8.1%, respectively.

Broad Customer Base

We serve approximately 4,200 industrial customers worldwide and more than 8,000 artisanal customers. Our customers range from multinational food manufacturers who produce chocolate, confectionery, biscuits, dairy products, ice cream and breakfast cereals, to chocolate artisans such as chocolatiers, hotels, restaurants, caterers, pastry chefs and bakers, as well as department stores and food wholesalers.

Over the past years, we have seen an increasing number of chocolate confectionery companies stop making all or part of their own chocolate, believing it to be more economical to buy chocolate from larger industrial partners and to focus on the final steps of the value chain, such as marketing and distribution. We believe we are the leading outsourcing partner for such customers, offering a broad range of high-quality products, dedicated know-how and innovation, and a global manufacturing and service network that can assist customers throughout every stage of the chocolate making process. Since 2007, large multinational chocolate makers have also started to outsource certain parts of their production on a long-term basis, and we have capitalized on this trend by entering into long-term supply agreements with global leading companies such as Mondelez (formerly Kraft Foods), Hershey's, Unilever and Nestlé, as well as regional and local leaders such as Grupo Bimbo, Morinaga, Arcor, and GarudaFood, amongst others, to supply them with products, including cocoa products and chocolate products. We expect this trend to continue and believe that we are in an excellent position to further gain a share of such outsourcing opportunities.

Global Manufacturing and Distribution Footprint

We are present in 30 countries and have more than 50 processing facilities worldwide in an effort to be relatively close to our principal customers and the centers where many customers are located. We believe that this ensures that we can deliver products in the most efficient way and at the time when they are needed, consistent with our "just-in-time" strategy.

We have sourcing and manufacturing operations located in many countries with significant cocoa bean harvests. Unlike many of our competitors who only source cocoa beans from commodity traders, we source the majority of our cocoa beans directly from local farmers, local traders, cooperatives and administrative bodies in the Ivory Coast, Ghana, Indonesia, Cameroon and Brazil. The beans are either processed in local plants and then exported as semi-finished cocoa products or exported to our other facilities for processing.

We have a worldwide distribution network that complements our global production facilities and enables us to meet our customers' needs across a wide range of geographies and product sectors. We seek to strengthen our ties with customers both locally and globally by using our 19 Barry Callebaut chocolate academy Centers. These academies are dedicated to assisting our customers in the use of our products, introducing product innovations, and helping to promote our gourmet brands.

Wide Range of Products and Services of Consistent Quality at Competitive Prices

We believe that the wide range of products and services we offer is one of our greatest competitive advantages. We are vertically integrated, with activities ranging from sourcing raw materials through production of semi-finished cocoa, chocolate, gourmet and specialty products. Our broad range of activities and products enables us to offer our customers a "one-stop" source for their cocoa and chocolate-related product needs.

Furthermore, we believe that our ability to produce a broad range of specifically tailored products at competitive prices—manufactured from almost 6,000 recipes—that meet our customers' specifications at locations convenient to our customers throughout the world sets us apart from our competition. Our broad product range is complemented by a comprehensive range of support services in the fields of research and product development, processing, training and marketing.

We believe the quality of our products is also one of our greatest competitive advantages. We are directly involved in cocoa bean sourcing in the countries of origin, thereby maximizing our ability to control the quality of our products. Through the development and use of standardized manufacturing equipment and processes, we also aim to ensure the consistency and quality of our products across our manufacturing facilities.

Leading in Research and Development

We believe that we are the only cocoa and chocolate manufacturer with an extensive global R&D network, covering cocoa bean fundamental research and chocolate, compounds, fillings and cocoa powder development work in the countries where most of our products are consumed. Our R&D network drives both a pro-active innovation agenda as well as a customer driven development program.

We operate 26 R&D centers worldwide where we conduct applied R&D for our customers. Our innovative and applied R&D teams use 18 pilot facilities and 12 application labs to conduct small-scale test runs producing high-quality cocoa and chocolate products, to make end applications, and to improve products and recipes for our customers and their production processes.

In response to the growing sophistication of chocolate and related products, we dedicate significant resources to R&D. We believe we are a leader in the use of state-of-the-art technology in cocoa processing and chocolate production. Through our in-house R&D efforts, we have developed our own processes and some proprietary machinery, which we believe enable us to consistently produce the broad spectrum of products demanded by our customers to their quality specifications. In addition, we develop new products in close co-operation with our customers, enabling us to further strengthen our relations with these customers. Products resulting from our R&D activities include more complex forms of existing products, such as recipe optimization, new types and flavors of fillings, and entirely new products based on technological advancements, including healthier alternatives such as reduced sugar and fat chocolate. Our core R&D efforts are focused on adding special properties and functionalities to our chocolate products. However, we also look beyond chocolate and are exploring new areas, such as cocoa ingredients for applications in other industries.

Leader in Sustainability

With more than 20 years of experience in offering certified cocoa and chocolate, we believe that we are a leading global supplier of certified products for the food industry. To ensure a thriving future cocoa supply and help shape a sustainable cocoa and chocolate future, and to satisfy the demands of our customers, we work directly with farmers and farmer organizations in countries including the Ivory Coast, Ghana, Cameroon, Malaysia, Indonesia, Tanzania and Brazil to grow cocoa in a sustainable, responsible way. In the last couple of years we have increased our activities in this area. In 2012, we launched our "Cocoa Horizons" initiative with an investment of CHF 40 million over 10 years. The aim of the program is to further boost farm productivity, increase quality and improve family livelihoods in key cocoa producing countries. To better scale our impact and drive change on the ground, in 2015 we launched an independent, non-profit organization, the Cocoa Horizons Foundation with a mission to improve the livelihoods of cocoa farmers and their communities through the promotion of sustainable, entrepreneurial farming, improved productivity and community development. In line with its mission and aligning with the industry's CocoaAction initiative, the Foundation's strategy is based on two pillars: productivity and community. Our Cocoa Horizons initiative is one source of funding for the Foundation. Higher crop yields per hectare and better quality cocoa can help increase farmer incomes and increase family livelihoods. As a member of the International Cocoa Initiative and through other actions, we fund programs that aim to eradicate child labor abuses in cocoa farming.

Experienced Management with Significant Industry Knowledge and Strong Track Record and Stable Ownership Structure

Our management team has significant experience and a proven track record of success in the chocolate industry. Our senior management team has been with us for an average of 14 years, and the members of our board of directors have an average experience with the company of eight years. In addition, members of our senior management have significant experience leading consumer product companies such as the ones that we serve. Reflecting our international operations, our management team has an international background with a broad range of experience in the food industry and with large public multinational corporations where they also gained significant experience in business-to-business operations. In addition, we benefit from a stable ownership structure, with our majority shareholder, Jacobs Holding AG, holding 50.11% of our shares.

Our Strategy

Our vision is to be the heart and engine of the chocolate industry and our ambition is to outperform the global chocolate confectionery market. To achieve this, our strategy is based on four pillars: Expansion, Innovation, Cost Leadership and Sustainable Cocoa. Through the execution of our strategy, we focus on growing our business at rates that aim to exceed market growth, while striving to reach a better balance between volume, profitability and free cash flow delivery. We seek to implement our strategy by focusing on "Smart Growth," which stands for Sustainable growth, Margin accretive growth, Accelerated growth in Gourmet, Specialties and emerging markets, Return on capital and greater focus on free cash flow and Talent & Team.

Expansion

We intend to continue the expansion of our business based on three key growth drivers:

- **Emerging markets:** We seek to expand in the emerging markets that drive the growth of the chocolate industry, such as Asia Pacific, Eastern Europe, and South America. In fiscal year 2015, 35.3% of our total sales volume was attributable to emerging markets. From fiscal year 2011 to fiscal year 2015, our sales volume attributable to emerging markets grew at a compound annual growth rate of 17.7%. In the six months ended Februrary 29, 2016, our sales volume attributable to emerging markets grew by 12.5% compared to the six months ended February 28, 2015. Besides aiming to strengthen our position in the mature markets of Western Europe and North America, because they represent the biggest parts of our business, we want to achieve full potential in recently entered markets such as Russia, Brazil, China, and Mexico;
- **Long-term outsourcing & strategic partnerships:** We aim to strengthen our current partnerships as well as gain new outsourcing relationships with both local and global players. These are an important part of our growth and will continue to gain in importance in the future. In fiscal year 2015, 32.4% of our total sales volume was attributable to long-term outsourcing agreements and strategic

partnerships. From fiscal year 2011 to fiscal year 2015, our sales volume attributable to outsourcing and strategic partnerships grew at a compound annual growth rate of 26.5%. In the six months ended Februrary 29, 2016, our sales volume attributable to outsourcing and strategic partnerships grew by 10.3% compared to the six months ended February 28, 2015; and

- **Gourmet & Specialties:** We seek to accelerate the growth of the Gourmet & Specialties Product Group through the expansion of our distribution and products offering, as well as selective acquisitions. This is a business-to-business activity in which we market premium products. In fiscal year 2015, the Gourmet & Specialties Product Group accounted for 11% of our total sales volume but it has a stronger contribution to revenue from sales and services and operating profit (EBIT). From fiscal year 2011 to fiscal year 2015, our sales volume attributable to our Gourmet & Specialties Product Group grew at a compound annual growth rate of 6.5%. In the six months ended Februrary 29, 2016, our sales volume attributable to our Gourmet & Specialties Product Group grew by 7.4% compared to the six months ended February 28, 2015.

Innovation

We believe innovation to be essential in the chocolate industry. Through innovation we are able to gain new customers, as well as help our customers introduce newly innovated or renovated products to the market, such as rebalanced recipes. We believe that we are recognized as the innovation leader in the chocolate industry—in both R&D and product trends. Our dedicated global R&D teams, which consist of more than 200 food and agronomy scientists and engineers, focus on two areas: pro-active innovation and customer driven R&D. In our pro-active innovation we focus on a few technology platforms leading to breakthrough innovations in cocoa and chocolate. We work together with world leading universities and institutes, and have long lasting partnerships with key suppliers.

Our product innovation is driven by the trends we observe among end consumers and also among our industrial and artisanal customers. Consumer awareness of health issues, and of the impact that nutrition may have on health is growing. Functional products and "healthy" products with wholesome ingredients and less sugar, less fat and less salt, are increasingly popular.

Our innovation strategy is built upon our value chain advantage and has one prime focus: the cocoa bean. The cocoa bean contains hundreds of different natural components with health-enhancing attributes that are largely destroyed during the chocolate-making process. With our "Back to the Bean" approach, we analyze the health benefits of the cocoa bean and preserve them to the highest degree possible in the final chocolate product by using proprietary technology. Two premises serve as our guide: the new products have to offer a better nutritional profile but retain chocolate's traditional taste qualities, and they must be 100% natural, without any additives. As part of this strategy, we have launched new chocolate products that contain less sugar and higher levels of polyphenols; organic and fair trade products; and dark chocolate from exclusive growing areas.

For example, we became the first company in the EU to receive a positive scientific opinion on a health claim regarding cocoa flavanols from the European Food Safety Authority. We developed ACTICOA®, which is a process to conserve to a very high degree the polyphenols naturally present in the cocoa bean that may otherwise be destroyed during the chocolate production process, and provided evidence that the intake of flavanols positively influences human blood circulation. In April 2015, the European Commission approved the extension of the recognition of these health benefits.

Cost Leadership

Cost leadership is an important reason why our international customers outsource chocolate production to us. Innovation and expansion will only be possible if we succeed in maintaining cost leadership over the long term. Industrial customers will only transfer and outsource production to us if we are able to offer cost competitive terms. We are continuously improving our operational and cost efficiency by upgrading our technology and achieving higher scale effects through better capacity utilization, by optimizing product flows, logistics and inventory management, as well as by reducing our energy consumption and lowering fixed costs. We are using the "dedicated factory" approach to achieve these objectives, meaning that each of our more than 50 processing facilities has a clear focus and a particular role within our production network. This allows us to benefit from economies of scale and to develop a high level of specialist know-how in each factory. All our standard products are produced as close to customers as is possible and we also seek to have the optimal manufacturing footprint in all major regions. For every major standard product, we have a factory providing back-up production capacity. Specialty products are manufactured centrally in a limited number of appropriately equipped processing facilities. We believe that our processing facilities and presence in the origin countries give us first-hand access to cocoa beans. Instead of buying cocoa beans from the terminal market or international trading houses we buy cocoa beans from local farmers, local traders, cooperatives, and administrative bodies. In addition, we believe that such processing facilities also allow us to optimize the cocoa supply chain. In our "Centres of Excellence", which are focused on specific product groups or production technologies, we are constantly refining production processes and technologies and improving our use of energy.

Sustainable Cocoa

Because cocoa is a crucial part of our supply chain, Sustainable Cocoa is an important pillar of the Group's strategy. It aims to secure a sufficient long-term supply of cocoa beans in order to support our future growth in chocolate and to improve the livelihoods of cocoa bean farmers.

We source our cocoa beans from suppliers across many countries in the equatorial belt, in a sector that is mainly built upon a smallholder farming system. We support farmers in their communities in origin countries where we have established programs with farmer organizations, but we neither own the farms nor any plantations, and we do not employ workers for the farms or plantations. We believe it is in our mutual interest that farmers earn an equitable income to enable them to provide for the basic health and education needs and general well-being of their families. We also believe that farmers ought to engage in responsible labor practices and safeguard the environment. Farmers can achieve these benefits by both complying with Good Agricultural Practices ("GAP") that have been developed by the industry, governments and non-governmental organizations and by introducing modern farming techniques.

Our work with farmers is intended to benefit the local communities and is designed to strengthen the supply of high-quality raw material available to our business. We work with our customers to meet their requirements and needs for cocoa and chocolate products including products from specific origin countries or with an independent certification such as UTZ, Rainforest Alliance, Fairtrade and Organic. We have offered customers Fairtrade products since 1993 and organic products since 1995. Among our customers, interest in sustainable products has continued to increase. Since 2001, we have been working with cooperatives and farmers interested in obtaining independent certifications by providing training in both GAP and technical support to set up internal control systems that are required by the certification systems.

We launched our own cocoa sustainability initiative, the "Quality Partner Program", in 2005, and announced a new global sustainability initiative during fiscal year 2012 with an investment of CHF 40 million over ten years, to achieve sustainable cocoa production. "Cocoa Horizons", a cocoa sustainability initiative, aims to achieve sustainable cocoa production, to inspire the next generation of modern cocoa farmers, and to provide basic healthcare and education directly to cocoa farmers. Both of these initiatives have now evolved into the launch of the Cocoa Horizons Foundation in 2015. With a mission to improve the livelihoods of cocoa farmers and their communities through the promotion of sustainable, entrepreneurial farming, improved productivity and community development, the Cocoa Horizons Foundation's solutions-based approach focuses activities on two key pillars: productivity and community.

In addition, we actively support sustainable cocoa initiatives worldwide through our international industry partnerships, including memberships in the World Cocoa Foundation, Cocoa Action, the Cocoa Livelihoods Program and African Cocoa Initiative. As a member of the International Cocoa Initiative and through other actions, we also support child labor sensitization activities and fund programs that work towards eradicating child labor abuses in cocoa.

History

Barry Callebaut was entered into the Commercial Register on March 6, 1997, after the combination of Barry SA ("Barry") and Callebaut AG ("Callebaut"). The combination of Barry and Callebaut added Barry's competitive advantage in the sourcing and first stage processing of cocoa to Callebaut's extensive experience in the production of processed chocolate and in marketing. Originally involved in milling, dairy, brewing and mineral water activities, Callebaut became a manufacturer of chocolate based products at the beginning of the 1900's. Callebaut focused first on chocolate bars, tablets and chocolate confectionery production, and later on industrial chocolate production. In 1981, the Callebaut family sold its interest in Callebaut to Interfood, a Swiss company in which Mr. Klaus J. Jacobs acquired a majority interest in 1983. The 1983 transaction created the Jacobs Suchard group, into which Callebaut was integrated. In 1986, the Jacobs Suchard group acquired Van Houten (including Comet in the United States and Canada). In 1990, Mr. Jacobs purchased S&A Lesme, a British industrial chocolate producer. Callebaut, Comet and S&A Lesme were regrouped under a single management team, establishing Callebaut as a pure cocoa and chocolate products manufacturer and a market leader in industrial chocolate production.

Barry was founded in London by Charles Barry in 1842 as a producer of chocolate based products for bakeries, groceries and confectioners. Prior to the acquisition by Callebaut, Barry was focused primarily on producing semi-finished products for sale to food companies. Barry owned and operated processing facilities in cocoa producing countries.

Since the 1996 combination of Barry and Callebaut, we have continued to expand the geographic and product breadth of the Group. Today, we are a fully integrated chocolate company with a global presence, providing comprehensive chocolate solutions to the entire food industry.

In December 2012, we announced the acquisition of the Petra Foods Cocoa Ingredients Business, which was completed in July 2013. This has been the largest acquisition in the history of Barry Callebaut to date.

See note 1 to the audited consolidated financial statements as of and for the fiscal year ended August 31, 2015 for a description of acquisitions during the period under review.

Customers

In fiscal year 2015 we served approximately 4,200 industrial customers worldwide. In fiscal year 2015, our single largest customer accounted for 14.6% (CHF 912.2 million) of our revenue from sales and services. No other single customer contributed more than 10% of total consolidated revenue from sales and services. In fiscal year 2015, our top 15 customers accounted in aggregate for 39% (CHF 2,416.2 million) of our total revenue from sales and services. We believe that further consolidation in the food industry will result in fewer but larger customers.

Our Food Manufacturers Product Group provides industrial chocolate, ready to use fillings, coatings and customized services to the entire food manufacturing industry. The Food Manufacturers Product Group supplies chocolate products to chocolate confectionery manufacturers, biscuit manufacturers, breakfast cereal manufacturers, baked goods manufacturers and ice cream manufacturers. We often conduct our R&D projects in close cooperation with key food manufacturers in order to meet their needs more consistently and to strengthen our relationship with them.

Our Gourmet & Specialties Product Group supplies specialty products to professional users, such as chocolatiers, pastry chefs, bakeries, hotels, restaurants and vending machine operators. and to artisanal customers, food service operators and semi-industrial customers with premium chocolate products. In addition, this division sells fillings, nut products, decorations and other high quality ready to use and ready to sell products.

Our Cocoa Product Group, apart from sourcing raw materials and managing sourcing risk, also supplies semi-finished products, such as cocoa liquor, cocoa butter and cocoa powder, to our other Product Groups, as well as to third parties such as food manufacturers.

Products

We offer a broad and expanding range of chocolate and other cocoa based products for sale to our customers, and manufacture products from our almost 6,000 recipes. We tailor our products to the specific needs of our customers.

Cocoa Products

In addition to sourcing cocoa beans, producing semi-finished cocoa products and managing the risk associated with purchasing raw materials for our other Product Groups, our Cocoa Product Group sells semi-finished products such as liquor, cocoa butter and cocoa powder to third parties (generally strategic customers of our other Product Groups). We sell cocoa powder and cocoa liquor under the Bensdorp brand name and the Barry Callebaut brand name.

Food Manufacturers Products

Our Food Manufacturers Product Group provides the entire food manufacturing industry with chocolate, cocoa and other high quality ingredients to craft extraordinary chocolate experiences. Examples of these quality ingredients are fillings, decorations, inclusions, compounds and nuts products.

To offer the best service, in addition to supplying high quality ingredients, we help our customers to improve their production processes and develop specific product recipes to deliver the best taste.

"Craft, Create, Collaborate" is at the heart of our business model. We strive to co-create with our customers to deliver product experiences which exceed consumer expectations. Therefore, we immerse ourselves in the lives of consumers across all our activities and market segments: confectionery, bakery and pastry, home baking, ice cream and desserts, drinks and dairy and biscuits and cereals. We observe macro-, consumer and customer trends, distill insights and develop concepts and solutions by leveraging our chocolate academy network and chefs.

Gourmet & Specialties Products

Our Gourmet & Specialties Product Group supplies gourmet specialties products and vending mixes (cocoa blends for beverage machines) to artisanal customers, food service operators and semi-industrial customers, such as chocolatiers, bakers, confectioners, hotels, restaurants, caterers and vending machine operators.

Our Gourmet products are sold under two global premium brands Cacao Barry®, a French brand with 170 years heritage, and Callebaut®, a Belgium chocolate with more than 100 years of heritage, plus multiple local and regional brands. Our vending products are sold principally under the Van Houten and Caprimo brands.

Product Ranges of Cocoa Products, Food Manufacturers Products and Gourmet & Specialties Products

We produce a wide range of standard and specialty chocolate products to meet the particular demands of our customers. These standard specialty products sold under the Cocoa Products, Food Manufacturers and Gourmet & Specialties Product Groups include:

- *Cocoa liquor*. Cocoa liquor is the thick liquid paste that is produced in the cocoa grinding process.
- *Cocoa butter*. Cocoa butter is the fat of the cocoa bean.
- *Cocoa powders*. Cocoa powders remain when a large part of the cacao butter is removed from the cocoa liquor. Bensdorp, "The World's Finest Cocoa" is known all over the world as "Royal Dutch Cocoa" and is very popular among chefs and food manufacturers with multiple application possibilities in confectionery, biscuits, bakery, dairy, drinks, ice cream and desserts.
- *"Specialty" chocolate*. Controlled fermentation chocolate is based on new cocoa cultivation and fermentation methods that Barry Callebaut has developed in collaboration with local growers. It has virtually zero defects or off flavors, resulting in a 100% natural chocolate with pure taste and rich aroma.
- *"Sustainable" chocolate*. We supply more than 100 types of chocolates and cocoa powder with a certified guarantee that it complies with specific standards, such as Fairtrade, Organic, UTZ certified and Rainforest Alliance Certified™, Fair for Life, and Kosher.
- *"Origin" chocolates*. We offer the most extensive range of origin chocolate for which we use cocoa beans exclusively from one country, rather than a blend of cocoa beans. Each of these chocolates is made from a single and rare type of cocoa bean which is grown and harvested in a specific or exclusive region. Origin chocolate reflects these specific characteristics in its complex and exquisite flavors.
- *"Happy" chocolates*. We have developed a special range of chocolate for people with food intolerances, chocolate with natural health benefits or even chocolate that helps to support normal blood flow. Some examples include lactose- and dairy-free chocolate, chocolate without added sugar, sugar and/or fat reduced chocolate, "happy chocolate, chocolate with steviol glycosides.
- *Fillings*. We have a vast range of fat and water based fillings, with different properties depending on the segment they can be used in, such as chocolate, cocoa, caramel, nut or fruit based fillings.

- *Vending mixes*. We produce vending mixes from cocoa powder, sugar and milk powder, which is used in vending machines that sell hot or cold chocolate drinks.
- *Decorations & Inclusions*. We produce a variety of chocolate, sugar, nut, caramel or cocoa based decorations and inclusions which can be used to enrich various applications by bringing taste, color and texture. The range includes chocolate cups and decorative products for sprinkling on or topping finished products.
- *Compounds*. Compounds combine chocolate taste, easy workability and food appeal. The extended technical flexibility of compound products allows professionals to put their creative ideas into practice while increasing workability and minimizing production costs. This product range allows going beyond the technical limits of regular chocolate while retaining an authentic chocolate taste, look and feel.
- *"Fresh, Mediterranean" Nut products*. Our nuts and nut-related products ranges include freshly roasted whole or chopped nuts, exquisite pralines, crocants and nougatines, rich pastes and sablages, and several other innovative ingredients. In addition to locally grown Spanish and Italian nuts, our offering also includes premium hazelnuts and almonds from California as well as pistachios, pecans, pine nuts and many other varieties selected and sourced from cooperatives all over the world.

Processing and Distribution

Factory Set-up and Footprint

We had 53 processing facilities at the end of fiscal year 2015 (one of which was closed in 2016), which include facilities for the production of industrial chocolate (and compounds), cocoa products (liquor, butter, powder and nibs), beverages, specialty products and decorations for the food service and gourmet markets. We have plants in 26 countries on five continents, which enable us to service national and international customers.

We locate our industrial plants and distribution centers to facilitate cost effective "just in time" deliveries to our customers. Our chocolate production facilities and distribution centers are principally located in regions of high chocolate consumption, which enables us to deliver products quickly and at low transportation costs to chocolate manufacturers and craftsmen. We carefully monitor economic and industry trends in emerging markets where chocolate consumption is expected to increase in order to determine the time when efficient production volumes can be achieved locally.

We have four types of cocoa plants:

- Cocoa Plants in countries where cocoa beans are grown, such as the Ivory Coast, Ghana, Cameroon, Indonesia and Brazil. These plants give us a more direct access to the cocoa beans. With the acquisition of the Petra Foods Cocoa Ingredients Business, we increased our cocoa processing footprint in the origin countries;
- Cocoa Plants in the countries where our products are consumed. These plants are located close to harbors (for example, Louviers near Rouen in France and Eddystone close to Philadelphia in the United States), where raw materials can be shipped efficiently, with the aim of diversifying our risk exposure to the cocoa bean origin countries. These plants allow us to make blends of beans or cocoa products from different origins for special products;
- Integrated plants, where we produce both cocoa liquor and chocolate. These plants allow us to eliminate the secondary transport between the cocoa plants and the chocolate plants. These plants are located in Belgium, Italy, Canada, Malaysia, and the United States; and
- Chocolate plants located close to our customers. These plants allow us to respond quickly to customer requests and to reduce distributions costs. Our global footprint is a key benefit for our global customers, which gives us an advantage in competing for outsourcing deals.

In addition, we have dedicated sites for decorations, as these require special skills and special focus from a manufacturing point of view.

Our equipment and production processes for cocoa products and industrial chocolate are designed in such a way that standard products can be transferred between sites. This allows us to balance the capacity utilization between the sites and ensures back-up capabilities. The production of our specialty products is centralized in certain sites within a region. This enables us to guarantee efficiency (economy of scale effects and reduced complexity) and quality. For example, our production of hazelnut products is concentrated in our Wieze plant for Northern Europe and in Italy and Spain for the south of Europe. This production is carried out on dedicated production lines, due to the special precautions required to work with some of the trace elements of hazelnut production that can cause extreme allergic reactions.

We carefully monitor capacity utilization at our manufacturing and production facilities network in order to make optimal use of our equipment and achieve economies of scale while maintaining production and transportation schedules to facilitate adequate and timely delivery to our customers.

We believe that our ability to supply customers with products at the time the products are needed is critical to ensure customer satisfaction. Our approach is to use our manufacturing network efficiently to ensure that our customers receive products at the precise time when they are needed in their production processes.

Key Strategic Projects

Cocoa Leadership

After the integration of the Petra Foods Cocoa Ingredients Business in 2013, we initiated a multi-year project with the aim to fully leverage our global scale in cocoa, optimize our footprint and strengthen our profitability in the mid-term. This project includes three main points of focus: (1) commercial leadership focusing on customer segmentation and a stronger focus on added-value products; (2) operations leadership, focusing on optimizing our manufacturing footprint and optimizing product flows, which contribute to reducing our working capital requirements; and (3) global leverage, focusing on centralizing Combined Ratio management and setting up global market intelligence.

Working Capital Reduction

In fiscal year 2016, we started a project to reduce our working capital over three years, in particular inventories, looking at the complete value chain and optimizing every step from the purchasing of the beans to processing, waste, distribution, sales forecasts and planning. This should be supported by the Cocoa Leadership project and it is in line with the focus on higher cash flow generation under Smart Growth. The management team has a specific target on working capital reduction as part of their incentive plan.

Other Ongoing Projects

Standardization and Harmonization Processes

In March 2015, in order to support growth and efficiency objectives, we initiated a project to standardize and harmonize processes and the bundling of transactional activities across Europe in a state-of-the-art, cost-competitive shared services center in Łódź, Poland. The shared services center began operations in October 2015 with the transition and operation of specific accounts payable and general ledger operations. Currently we have more than 60 employees in the shared services center who are responsible for financial operations, pricing administration, transport planning and administration for EMEA, corporate information technology and management, master data management and treasury back-office activities.

The shared services center has become an integral part of our organization in Europe and we expect that it will continue to be a key enabler to enhance business support in the future. Currently we are transferring additional activities to the shared services center, as well as exploring how to continue to align it with our global organization models.

Finance Operational eXcellence (FOX)

In November 2015, we launched a global, multi-year transformation project to improve our finance operations by reducing complexity and enhancing the work experience for our finance employees. The objectives are to enable our finance operations to better support our strategy, business and future growth, optimize processes and become more cost-efficient. The main priority areas are the following: Processes & Ways of Working—improving finance's operating performance and execution capabilities in key activities; Operating Model—creating an optimal design for the finance organization by reviewing its organizational structure and underlying governance model; and People & Talent—providing finance employees with greater career opportunities, talent management and leadership development. We have completed the diagnostics phase of this project, and are now moving into the subsequent phases to achieve our main priorities as well as embed a culture of continuous improvement into our finance organization.

People Development

We have launched a people assessment and development program to better prepare the company for future growth and to manage career development with our network. We assess people in key roles against success profiles, and, based on these assessments, we define individual development plans.

Process and Technology Development

We believe that the use of proprietary technology in our production processes provides us with a competitive advantage. In particular, through efforts by our specialized process and technology development team, we have developed proprietary machines and processes. We hold 40 patent families. We have focused programs to improve production processes, develop new or upgraded equipment, improve customer service, increase market access, reduce internal complexities as well as increase overall efficiency and the range of services. The programs are focused on output improvement, cycle time reduction, and increasing flexibility.

Continuous Improvement Program

We have continuous improvement programs in place allowing us to continue improving our production efficiency and overall standards in an effective way. This program is currently underway at selected plants in each region. A team consisting of regional specialists and local employees at each selected site is implementing these initiatives. The program currently focuses on six areas for continuous improvement:

- Special focus on quality to reduce incidents and customer complaints by systematically eliminating root causes of non-conforming products;
- Increased output on existing equipment by close monitoring and improvement of overall equipment effectiveness;
- Optimized planning and scheduling in the plants to ensure we have the optimal balance between set-up times in the plants and working stocks;
- Optimized use of raw materials to improve factory yields and reduce waste from our manufacturing processes;
- Reduced energy consumption per tonne through increased employee awareness and best practice sharing and by installing measuring equipment and monitoring programs in order to increase the awareness of employees; and
- We are in the process of installing a manufacturing execution system in two selected sites to better monitor the on line performance of our lines and to support our continuous improvement efforts with structured performance data.

We are also in the process of improving our training framework and training materials to ensure we have the best qualified people with relevant skills for the job.

Flow Optimization

We are constantly working on improving our intercompany flows and the in and outbound flows to our plants. For example, with the acquisition of the Petra Foods Cocoa Ingredients Business, we have managed to improve the flow of beans and cocoa products within our factory network by reducing the number of locations to which they must be shipped before reaching the customer. We manage product allocation to ensure the optimal raw material costs and to reduce the transport costs and carbon emissions coming from transport.

Quality Standards

All our manufacturing sites are audited on an annual basis by accredited certification organizations against one of the industry-recognized and benchmarked food safety and quality standards according to the Global Food Safety Initiative ("GFSI"). We support the GFSI objectives, namely to reduce food safety risks by delivering equivalence and convergence between effective food safety management systems; to manage cost in the global food system by eliminating redundancy and improving operational efficiency; to develop competencies and capacity building in food safety to create consistent and effective global food systems and to provide an international stakeholder platform for collaboration, knowledge exchange and networking.

We also maintain Good Manufacturing Practices ("GMP"). The uniform implementation of our GMP standards ensures that all products are produced, stored and handled under clean and sanitary conditions. Our GMP standards cover, among other things, hygiene practices, building and facilities design, and production and process controls. All critical processes are validated to guarantee compliance with our GMP standards. Our GMP standards are continuously reviewed and benchmarked against the latest developments in food safety.

We manage food safety through our Hazard Analysis and Critical Control Point ("HACCP") program. HACCP is a systematic approach to ensure food safety by identifying specific hazards of physical, chemical, biological or allergenic nature and to define measures to control them. We have an integrated HACCP management plan in place for all stages of the production process which plan is fully embedded in our quality management system. Building on GMP standards, it provides a preventative approach to ensure the quality and safety of all products and the environment in which they are produced.

Global Sales and Operations Planning

In order to get our cocoa products to our plants and our branded gourmet products to our different regions in an efficient and consistent way we are improving our global planning process. Improving the communication between business units and regions and putting in place more robust processes allows us to improve the reliability of our forecasting and service to our customers without increasing our stocks.

Maintenance Management System in Combination with Strategic Sourcing of Technical Equipment

We have implemented a maintenance management system for the management of our maintenance activities and spare parts. Through this system we are able to better manage our maintenance activities (better balance between preventive and corrective maintenance) and to share best practices across sites. Consequently, we can increase the operating time and output of our equipment without increasing our maintenance costs. By volume pooling in the different Regions and by sourcing in low cost countries we are also able to reduce the cost of our technical equipment and spare parts.

Capacity Extensions

To ensure we can continue our sales growth we are constantly extending our production capacity in different ways. We are building new plants to gain access to new markets or new cocoa bean origins, and we are expanding existing facilities by adding additional lines or by replacing or upgrading older lines to the latest technology and process standards.

Sales, Pricing and Customer Support

Sales

The table below sets out our sales by volume for each of the Regions for the periods indicated:

Sales by Geographic Destination	Fiscal year ended August 31, 2015	Fiscal year ended August 31, 2014	Six months ended February 29, 2016	Six months ended February 28, 2015
	(in tonnes)			
EMEA	763,646	735,204	411,881	386,730
Americas	466,063	445,150	251,151	221,568
Asia Pacific	68,984	64,322	40,888	36,326
Global Cocoa	496,089	472,090	229,407	248,813
Total	**1,794,782**	**1,716,766**	**933,327**	**893,437**

Our business is organized in different Regions—EMEA, the Americas Region, the Asia Pacific Region and the globally managed Global Cocoa business. With total revenues from external customers of CHF 2,563.7 million for fiscal year 2015, EMEA accounted for 41.1% of our total revenue from sales and services, while the Americas Region had revenues from external customers of CHF 1,507.9 million and accounted for 24.2% of our total revenue from sales and services, the Asia Pacific Region had revenues from external customers of CHF 269.8 million and accounted for 4.3% of our total revenue from sales and services and Global Cocoa had revenues from external customers of CHF 1,900.5 million and accounted for 30.4% of our total revenue from sales and services.

Besides our Regions, our business is further divided into Product Groups as follows:

- Food Manufacturers Product Group;
- Cocoa Product Group (part of Global Cocoa); and
- Gourmet & Specialties Product Group.

We sell the products of our Cocoa Product and Food Manufacturers Product Groups primarily to industrial customers through a sales force of approximately 500 people as of August 31, 2015. Due to the fragmentation of our customer base in the Gourmet & Specialties Product Group, we supply 30% of our sales volume to end customers directly and 70% of our sales volume through distributors and wholesalers. For our distribution, the go-to-market model consists of combining "push" at the distributor level, where we have over 3,300 distributors, with "pull" activity executed directly in the market through our sales force of over 280 employees worldwide as of August 31, 2015. As a consequence, our products are promoted daily by our own sales people, as well as many thousands of sales representatives of the distributors we use.

We capitalize on our manufacturing capability and flexibility, as well as our range of brand names, to differentiate our products and increase sales in different market sectors. For example, we market cocoa powder produced with very high quality cocoa beans to exacting standards under the Bensdorp brand at premium prices. We position cocoa powder marketed under the Barry Callebaut brand as a good quality, non-premium-priced brand. We believe that this flexibility provides us with a competitive advantage and helps to increase our sales in a number of market sectors.

Pricing

Our agreements with customers in our Food Manufacturers Product Group are generally three- to six-month contracts. With some customers, we also enter into mid-term contracts of up to two years. Since 2007, we have signed long-term agreements of between five to 15 years with certain customers. These long-term agreements represented about 32% of our total sales volume in fiscal year 2015 compared to 21% in fiscal year 2014. All these agreements provide for fixed volumes and prices based on a "cost-plus" pricing model, where we pass on both increases and decreases the cost of raw materials to our customers. The price to our customers is typically equal to the sum of our raw material costs on the contract date and our production, logistics, administration and financing costs, together with a negotiated profit margin. If during the agreement the customer buys amounts of chocolate exceeding the volume agreed upon, the customer typically bears the costs incurred by us to purchase the excess amounts of cocoa beans, including any related storage costs.

In our Gourmet & Specialties Product Group, our customers place orders on the basis of our price lists. Price lists are based on our estimated costs of production for between six and 12 months. Unlike in the Food Manufacturers Product Group, our Gourmet & Specialties customers do not agree to fixed volume orders, but rather purchase volumes based on their recurring needs from time to time.

In our Cocoa Product Group, the prices for our products are dictated by the prevailing market prices for semi-finished products on the contract date, with an average contract length of six months. Our contracts represent a firm commitment by our customers to purchase a fixed volume of our products at a set price.

Customer Support

As our products and the requirements of our customers become more sophisticated, we provide our customers with the training and know-how required to improve the quality of their existing products and to introduce new products using our chocolate. To that end, we have established 19 Barry Callebaut academies located around the world, which we use to educate customers about our products and chocolate processing techniques. In addition, we cooperate closely with key customers, both large and small and across our product range, to develop products tailored to their specific demands for taste, quality and technical properties. We believe this cooperation not only strengthens customer relationships but also increases sales. We also assist our customers with the start-up of new installations and train their operators both onsite and off.

Competition

We face competition from a number of different companies at the various stages of the semi-finished cocoa and industrial chocolate production processes. With respect to cocoa ingredients (namely cocoa liquor, butter, and powder), we compete on a global basis with companies such as Olam, Cargill, Blommer, BT

Cocoa, ECOM (Dutch Cocoa, Theobroma), Guan Chong, JB Cocoa, and Transmar Group, amongst others. Competition in these markets is based on price, especially for cocoa butter. For cocoa liquor and especially for cocoa powder, product quality, branding, innovation, and range as well as customer service represent key competitive factors.

In respect of industrial chocolate, we compete with a number of global and regional players, such as Cargill, Blommer, Fuji Oil, Puratos Group (Belcolade), Irca as well as Cémoi, amongst others. We generally do not consider large branded consumer chocolate producers such as Mondelez, Hershey's, Nestlé, and Mars our competitors, as we do not operate in the branded consumer chocolate market. Many of these companies are our customers and our outsourcing business with them is growing. We compete to a limited extent with fully vertically integrated consumer chocolate producers who primarily meet their own industrial chocolate needs and sell any excess production into the open market.

Competition in the industrial chocolate market is based upon various factors, including customer service and technical support, product innovation, quality, specifications, distribution capabilities and reliability as well as price. Global customers in the biscuit and ice cream sectors of the industrial chocolate market, which account for a significant portion of our sales, principally differentiate among suppliers on the basis of product quality, specifications, and price. Price competition in certain target markets has been intense in recent years, mainly due to industry overcapacity. Pricing pressure within these markets has also largely been driven by intense competition among food manufacturers, who constitute a significant portion of our customer base.

In the gourmet and specialties market, competition is based on product quality, customer service and price to a lesser extent. In this market, we face competition from market participants such as Valrhona, Puratos Group (Belcolade), Harald and Felchlin, who benefit from local affiliations, geographical proximity to their customers and chocolate production know-how.

Commodity Sourcing, Production and Management of Commodity Risk

Historically, our industry has been dependent on West Africa for its supply of cocoa beans. We purchased approximately 66% of our requirement of cocoa beans in fiscal year 2015 directly from producers in the origin countries. See "Risk Factors—Risks Relating to Our Business—We obtain cocoa beans, our primary raw material, from countries in West Africa and other emerging markets, which exposes us to political, economic and other uncertainties". We purchase the remainder of the cocoa beans needed for our business, as well as some semi-finished products, from various sources on the international market. We own and operate processing infrastructure in West Africa. We have four processing facilities in West Africa, out of 16 cocoa processing facilities. Our production facilities in West Africa processed an aggregate of approximately 29% of the total amount of cocoa beans that we processed in fiscal year 2015. We benefit from our long-standing presence in and knowledge of the Ivory Coast, Ghana, and Cameroon, which together accounted for approximately two-thirds of worldwide cocoa bean production in the September 2014 to October 2015 growing season. Through the acquisition of the Petra Foods Cocoa Ingredients Business, we also gained further access to cocoa beans in Indonesia and Brazil.

Processing at origin has many advantages, such as being close to the raw material (both from a supply but also from a quality control point of view), logistics costs savings (waste is not shipped) and certain origin countries such as Ghana, Cameroon and Indonesia offer tax incentives for local processors. We also continue to diversify our cocoa bean sourcing and processing options. We continuously explore opportunities to develop further-sourcing options in Africa as well as in other cocoa-growing regions and countries. In addition, we are holding strategic stocks of cocoa beans outside of these Regions, close to our processing facilities in consuming countries.

We observe a policy of matching our customer contracts and anticipated orders for our products with forward purchase contracts of raw materials—for instance cocoa beans and cocoa ingredients—in order to safeguard the supply to our processing facilities. Our exposure to fluctuations in cocoa beans, cocoa ingredients and other raw material prices are hedged by purchasing forward contracts—physical or via derivatives. In our Gourmet & Specialties Products Group, we generally cover forecasted demand with forward purchase contracts or derivatives for between six and ten months. At times, we also protect anticipated or current exposures using option strategies.

For some of the raw materials (e.g., dairy and hazelnuts) a complete matching of our forward sales contracts or anticipated orders with forward purchase contracts may not be feasible. Therefore, the exposure to price fluctuations cannot fully be hedged.

We have centralized all of our commodity risk management activities within Global Cocoa which monitors our physical stock positions, open sales and purchase contracts and derivative hedge positions on a daily basis. The Region produces detailed daily risk position summaries to ensure compliance with our risk management policy and risk exposure limits. These risk management activities are mainly undertaken in Zurich, where we have traders who execute transactions and purchasers for cocoa raw materials. We also have non-cocoa purchasers who manage the non-cocoa activities in the Regions.

See "Risk Factors—Risks Relating to Our Business—Cocoa bean and other raw material prices impact our profitability and cash flows. Cocoa bean prices have fluctuated significantly in the past and could have a material adverse effect on our business and results of operations," "Risk Factors—Risks Relating to Our Business—We obtain cocoa beans, our primary raw material, from countries in West Africa and other emerging markets, which exposes us to political, economic and other uncertainties" and "Management's Discussion and Analysis of Financial Condition and Results of Operations—Quantitative and Qualitative Disclosures about Market Risks—Commodity Price Risk".

Research and Development

We are committed to R&D because we believe that by providing constant innovation and consistent improvements in products and processes, our customers can become more competitive, which, in turn, helps us to be more competitive. Our R&D focuses on delivering innovations and improved applications to the marketplace, always in cooperation with new and existing customers.

We expect cocoa raw material prices to remain volatile and at high levels in the coming years. As a result, we seek to find new ways to manufacture products with the same quality, but at lower costs. Many of our customers are increasingly moving towards cost-efficient product solutions and we see a growing interest in compounds and fillings, where we already have the broadest assortment of products in the industry and where we are experimenting with efficient alternatives. Conversely, consumers demand premium chocolate products. As a result many of our key customers are focusing on the development of "premium-praline-type" products with multiple ingredients for sale in mass retail. With our broad specialty assortment as well as our capabilities in fillings, inclusions, new texture elements and decorations, we are well positioned to successfully support our customers. Additionally, consumers are interested in healthier alternatives to standard chocolate. Increasingly, they are choosing products that are free from allergens or that have "cleaner labels"—like gluten-free, lactose-free, and without artificial colors and aromas. Other examples include the use of healthier fats and chocolate alternatives which include chocolates with higher levels of cocoa flavanols or other functional ingredients. We are actively developing premium chocolate variations containing fewer calories, less fat and less sugar. Currently, we have conducted more than 200 customer projects in this area.

In general, we believe that product development projects conducted in close cooperation with our customers offer excellent opportunities to strengthen our customer relationships and increase the chances of successfully commercializing new products. In addition to the projects undertaken at the request of customers—including those directed at taste adaptation, cost optimization, improvement of product gloss and optimization of chocolate's fluidity—we are now also engaging more in exclusive co-developments with various customers, suppliers and specialized institutions (for example, universities and laboratories), such as our co-developments on controlled fermentation or the research into the benefits of cocoa butter with outside universities. Co-development uses specific expertise that may not be available or desirable to have in house and leads to faster innovation results, broader and more affordable clinical research about potential product (health) benefits, and new applications that can be commercialized with higher certainty.

We also run an extensive agronomic research program in Malaysia aimed at developing new, sustainable cocoa cultivation techniques. It is our aim that the program will yield new insights into practical measures for increasing the sustainability, productivity and quality of cocoa production and improve profitability for local farmers within the Asia Pacific Region.

Our R&D staff has a narrow focus on cocoa bean processing only. Most staff are very experienced and have had a long tenure with the Group. We believe their depth of knowledge within this narrow focus is unparalleled in our industry. Our staff are spread across the world to be as close as possible to our customers. We have competence centers for specific applications and techniques in various geographies.

Quality Assurance

Sourcing: As our sourcing and use of raw materials is global, ingredients are centrally introduced in the Enterprise Resource Planning ("ERP") system, which is a software that is continuously adapted to capture all information (nutritional values, allergen information, labeling, regulatory aspects) in order to provide our customers with technical sheets adapted to language and legislation in their specific markets. All suppliers are assessed by our corporate vendor assurance team following audit procedures and audit plans. Sensitive raw material supply sites are checked by a global team of Barry Callebaut auditors and only approved suppliers and global specifications are used. This provides additional assurance of consistent quality and food safety from contract to delivery. Local quality labs check deliveries against global inspection plans. Results and non-conformities are logged in our ERP system and a performance scorecard is continuously available.

Surveillance: As part of our commitment to ensure the highest standards of food safety, we have implemented an annual materials monitoring surveillance program. This program is part of the verification to ensure suppliers achieve adequate standards, and that we have our own objective evidence that chemical contaminants which could be naturally present, or inadvertently introduced into materials, are within acceptable limits. For the analyses, we contract with independent ISO 17025-certified laboratories that have the appropriate accreditations.

For a discussion of our quality standards in relation to our processing and distribution activities, see "—Processing and Distribution—Other Ongoing Projects—Quality Standards".

Properties

We own and operate more than 50 processing facilities around the world. We lease our head office in Zurich, Switzerland. We also lease stand-alone sales and administrative offices in a number of countries from third parties. The following table sets out the locations of and the primary products produced at each of these plants:

Plant location	Country	Product Description
Wieze	Belgium	Liquor, gourmet & industrial chocolate & compounds
Heule Kortrijk	Belgium	Specialties
Thimister	Belgium	Specialties
Louviers	France	Liquor, butter & powder
Gravelines	France	Liquor, butter & powder
Meulan	France	Industrial & gourmet chocolate
Norderstedt	Germany	Industrial chocolate
Hamburg	Germany	Industrial chocolate
Verbania—Intra	Italy	Industrial chocolate & compounds
San Sisto	Italy	Industrial chocolate & compounds
Lódź	Poland	Industrial chocolate & compounds
Chekhov	Russia	Industrial chocolate
Vic, Gurb	Spain	Industrial chocolate & compounds
Reus, Tarragona	Spain	Specialties
Castellvell	Spain	Specialties
Kågeröd	Sweden	Beverages
Mjölby	Sweden	Industrial chocolate & compounds
Dübendorf	Switzerland	Industrial chocolate & specialties
Nuth	The Netherlands	Specialties
Zundert	The Netherlands	Specialties
Banbury	United Kingdom	Liquor, industrial chocolate, & compounds
Chester	United Kingdom	Beverages
Ilhéus, Bahia	Brazil	Liquor, butter & powder
City of Itabuna	Brazil	Liquor, butter & powder
Extrema, Minas Gerais	Brazil	Industrial chocolate & compounds
Chatam, Ontario	Canada	Industrial chocolate & compounds
St. Hyacinthe	Canada	Liquor, industrial chocolate, compounds & specialties
Santiago de Chile	Chile	Industrial chocolate & compounds
Monterrey	Mexico	Industrial chocolate & compounds
Toluca	Mexico	Industrial chocolate & compounds
Delegación Miguel Hidalgo	Mexico	Industrial chocolate & compounds
Chicago	United States	Industrial chocolate & compounds
Pennsauken, New Jersey	United States	Industrial chocolate, compounds & specialties
St. Albans, Vermont	United States	Industrial chocolate & compounds
American Canyon, California	United States	Industrial chocolate
Eddystone, Pennsylvania	United States	Liquor, butter & powder
Robinson	United States	Industrial chocolate
Hendersonville, North Carolina	United States	Specialties
New York	United States	Specialties
Pune	India	Industrial chocolate & compounds
Suzhou	China	Industrial chocolate & compounds
Makassar	Indonesia	Liquor
Bandung	Indonesia	Liquor, butter & powder
Takasaki-shi	Japan	Industrial chocolate & compounds
Port Klang	Malaysia	Liquor, butter, powder, Industrial chocolate & compounds
Pasir Gudang	Malaysia	Liquor, butter & powder
Singapore	Singapore	Industrial chocolate & compounds
Eskisehir	Turkey	Industrial chocolate & compounds
Douala I	Cameroon	Liquor, butter & powder
Tema	Ghana	Liquor & roasted nibs
Abidjan	Ivory Coast	Cocoa beans, liquor, butter & powder
San Pedro	Ivory Coast	Cocoa beans, liquor, cakes & powder

Employees

The table below shows the number and location of our employees (excluding temporary employees) as of August 31, 2015:

	As at August 31, 2015
EMEA	4,834
Americas	2,521
Asia Pacific	2,075
Total	**9,430**

Although union membership varies widely depending on the country in which a plant is located, a majority of our workforce is unionized. Since 2007, we have experienced some strikes, mainly in France and the UK, due to negotiations of collective agreements. However, this has not affected our operations significantly. We believe that our relations with our employees are generally good.

We voluntarily created a European Works Council ("EWC") in 1998 in order to further improve our social relations with our employees. Emphasis in the EWC is on exchanging information. Topics discussed in recent years include: corporate social responsibility, geographical expansion, cost leadership, the Gourmet and Consumer business, training and development programs, the corporate code of conduct and the integration of new sites.

In addition to the EWC, we have established works councils in other countries in which we operate. As a result, we may have to consult with works councils before deciding on the execution of certain transactions which may impact our operations. In addition, with respect to the implementation of certain employment related measures, the prior approval of the relevant works council may be required.

Legal Proceedings

We are involved now and from time to time in various claims or disputes and litigation incidental to the ordinary course of our business, including tax proceedings. We do not believe that the outcome of any single pending claim or proceeding is likely to have a material adverse effect on our financial position or results of operations. We are currently defending a number of claims and believe we will ultimately prevail. However, the outcome of any claim or proceeding is inherently uncertain, and we cannot assure you that we will be successful or that any negative outcome would not have a material adverse effect on our business, financial condition, results of operations or cash flows.

Environmental Matters

Our production and manufacturing operations, like those of similar companies, are subject to extensive environmental laws and regulations in many of the jurisdictions in which we operate. These laws and regulations impose increasingly stringent environmental obligations regarding, among other things, air emissions, noise, discharges to water, the use, handling, storage, release and disposal of hazardous materials, the protection of employee health and safety, certain disclosure obligations and the remediation of environmental contamination.

The majority of our plants are registered on the Supplier Ethical Data Exchange website ("SEDEX") and have completed a self-assessment according to the rules and requirements set by SEDEX. This self assessment includes the following sections: labor standards, health, safety and hygiene, business integrity and the environment. This information is placed on the SEDEX website where it can be reviewed by customers who are members of SEDEX. In addition some plants have undergone third party ethical audits according to, or very similar to, the AS8000 standard for good corporate governance and the Ethical Trading Initiative's standards for employees. The audit reports are also posted on the SEDEX website. Small quantities of asbestos have been detected at the production facilities of Barry Callebaut (UK) Limited, Barry Callebaut USA Inc. and to the best of our knowledge there is no asbestos at any other of our production facilities. We have also experienced certain noise and smoke emission difficulties in Abidjan and Louviers. However, we have not received any formal complaints from the relevant environmental agencies and authorities and we believe that we are in material compliance with all material environmental laws and regulations applicable in these jurisdictions.

Licenses, Brands and Intellectual Property Rights

We apply for patent protection in respect of appropriate opportunities, and have numerous patent filings in force at least in major markets.

Generally we rely on trade secret protection in respect of our product recipes, production layout and operating methodologies.

We sell our products under a variety of brands including:

- "Barry Callebaut" and "Bensdorp" for our semi-finished products, bulk cocoa powder and industrial chocolate;
- "Acticoa", "Cacao Barry", "Callebaut", "Carma", "Caprimo", "Chocolate Academy", "Chocolate Masters", "Chocovic", "Van Houten", "Van Houten Professional" and "Van Leer" for our Gourmet & Specialties Products and Services.

All of these brand names are registered trademarks in relevant markets.

Insurance

We benefit from a number of global insurance programs, covering all of our legal entities, activities and related risk exposures worldwide. These global insurance policies include property damage and business interruption, public and product liability, recall and contaminated products insurance, directors' and officers' liability insurance, employment practices liability insurance, transport insurance and credit risk insurance.

We consider the level of our insurance coverage to be adequate in terms of limits of liability, scope of coverage and applicable deductibles.

Regulation

We produce and sell food products in a number of jurisdictions around the world, and the manufacturing, processing, packaging, labeling and advertising of our products is subject to regulatory regimes in each of those jurisdictions. These laws and regulations include the regulations of the United States Food and Drug Administration, in respect of our operations in the United States, as well as EU directives implemented into local law in the European jurisdictions in which we operate. These laws and regulations prescribe minimum standards for, among other things, food safety and manufacturing, relating to our facilities, equipment and personnel required to produce products for human consumption. We are also subject to regulations requiring accurate labeling of nutritional values and content of our products.

We have established a Barry Callebaut global regulatory network that monitors current and future legislation and informs our business entities to ensure that processes and products, global trading and methods of reporting and notification are compliant with appropriate regulations.

Related Party Transactions

Barry Callebaut and Jacobs Holding AG, Zurich, as principal shareholder, have agreed to execute administrative service agreements, under which Jacobs Holding AG offers to Barry Callebaut certain management and consultancy services. In the fiscal year 2015, the total compensation paid by Barry Callebaut under these agreements amounted to CHF 2.0 million. The contract is renewable annually. See note 27 to our audited consolidated financial statements as of and for the fiscal year ended August 31, 2015 for more information regarding related party transactions.

Acquisition of Notes

Certain board members and executives of the Company have placed a purchase order for and have been allocated Notes at a purchase price per Note equal to the issue price set forth on the cover page of this Offering Circular.

Other Indebtedness

The following summary of certain provisions of our senior revolving credit facility, term loan facility and other indebtedness, does not purport to be complete, and is subject to, and is qualified in its entirety by reference to, the underlying documents.

Revolving Credit Facility

On June 15, 2011, we and certain other Barry Callebaut group companies entered into a credit facility agreement providing for a multicurrency revolving loan facility (incorporating a €75 million swingline facility) in an aggregate amount of €600 million as amended and/or restated from time to time (the "RCF"). The RCF includes an accordion feature, pursuant to which the lenders may, at the request of Barry Callebaut AG and at their discretion, increase their total commitments by a maximum of €150 million. Advances under the RCF bear interest at a rate per annum equal to the aggregate of LIBOR (with a zero floor) or, in relation to a loan in euro, EURIBOR (with a zero floor), and a margin which is subject to a margin ratchet based on the credit ratings by S&P and Moody's and, if applicable, a ratio of Total Net Debt to Adjusted EBITDA of the group (as such terms are defined in the RCF) plus certain mandatory costs (if any). As of the date of this Offering Circular, the margin is 1.25%. The financial covenants contained in the RCF, which are tested every six months on a rolling twelve-month basis, include an interest cover ratio, profitability ratio, and minimum tangible net worth. Under the terms of the RCF, the borrowers and guarantors under the RCF have to contribute at least 65% of our total consolidated net sales and 60% of our consolidated EBIT.

Term Loan Facility

On October 24, 2013, we and certain other Barry Callebaut group companies entered into a term loan facility agreement in an aggregate amount of €175 million as amended and/or restated from time to time. This €175 million term loan facility agreement is referred to herein as the "TLF". The outstanding amount under the TLF bears interest at a rate per annum equal to the aggregate of the relevant EURIBOR (with a zero floor) and a fixed margin of 1.35% per annum plus certain mandatory costs (if any). The financial covenants contained in the TLF, which are tested every six months on a rolling twelve-month basis, include an interest cover ratio, profitability ratio, and minimum tangible net worth. Under the terms of the TLF, the borrowers and guarantors under the TLF have to contribute at least 65% of our total consolidated net sales and 60% of our consolidated EBIT.

Jacobs Holding AG Term Loan Facilities

On February 25, 2015, we and certain other Barry Callebaut group companies entered into a term loan facility agreement in an aggregate amount of CHF 150 million with Jacobs Holding AG as lender as amended and/or restated from time to time (the "JAG TLF I"). The outstanding amount under the JAG TLF I bears interest at a rate per annum equal to 0.815% per annum. On June 26, 2015, we and certain other Barry Callebaut group companies entered into a term loan facility agreement in an aggregate amount of CHF 100 million with Jacobs Holding AG as lender as amended and/or restated from time to time (the "JAG TLF II"). The outstanding amount under the JAG TLF II bears interest at a rate per annum equal to 0.515% per annum. The financial covenants under the JAG TLF I and JAG TLF II, which are tested every six months on a rolling twelve-month basis, include an interest cover ratio, profitability ratio and minimum tangible net worth. Under the terms of the JAG TLF I and JAG TLF II, the borrowers and guarantors have to contribute at least 65% of our total consolidated net sales and 60% of our consolidated EBIT.

Multi Currency Commercial Paper Program

In August 2000, Barry Callebaut Services NV established a multicurrency commercial paper, or treasury notes, program in the amount of €150 million which we have since increased to €600 million. The treasury notes have maturities fixed on the issue date (with a minimum of seven days) and are either issued at a discount, with a zero coupon or are interest bearing (either fixed or floating rate). The treasury notes contain a negative pledge and customary events of default, including a cross default to any indebtedness of, or guaranteed by, Barry Callebaut Services NV in excess of €10 million, insolvency and insolvency related proceedings (whether voluntary or involuntary) in relation to Barry Callebaut Services NV and any change of control of Barry Callebaut Services NV.

Asset Backed Securitization Program

We have established an asset backed securitization program for trade receivables in a principal amount of €400 million in which Barry Callebaut Belgium N.V., Barry Callebaut Cocoa AG, Barry Callebaut Chocolate Asia Pacific Pte. Ltd. and Barry Callebaut Cocoa Asia Pacific Pte. Ltd. are participants. Under the program, third party trade receivables are sold on a monthly basis at their nominal value minus a discount in exchange for cash. The trade receivables are contractually due within a period of one to 120 days. The receivables sold under this program are covered by a tailor made credit insurance policy that qualifies for off balance sheet treatment, as the risks are substantially transferred to third parties.

Other Short-Term Facilities

A number of our subsidiaries have short-term credit facilities. The majority of these facilities are uncommitted and unsecured. The amounts available for draw down, the interest rates payable thereunder, and the terms of these facilities vary according to the local markets in which they are made available.

€350 Million Senior Fixed Rate Notes

On July 13, 2007, we issued €350 million of senior fixed rate notes due on July 13, 2017 with a coupon of 6.000% per annum at an issue price of 99.005%. Interest on these notes is payable annually on July 13 of each year. The notes are guaranteed on a senior basis by the Issuer's direct parent company, Barry Callebaut AG and, subject to limits as to value imposed by applicable law, certain of its material subsidiaries on a joint and several basis. At any time the notes can be redeemed in full or in part at a price equal to 100% of the principal amount plus the "applicable premium" described in the offering circular. The notes are listed on the Luxembourg Stock Exchange for trading on the Euro MTF and have terms substantially similar to those of the Notes offered hereby.

€250 Million Senior Fixed Rate Notes

On June 15, 2011, we issued €250 million of senior fixed rate notes due on June 15, 2021 with a coupon of 5.375% per annum at an issue price of 99.260%. The current coupon on these notes is 5.625%. Interest on these notes is payable annually on June 15 of each year. The notes are guaranteed on a senior basis by the Issuer's direct parent company, Barry Callebaut AG and, subject to the limits as to value imposed by applicable law, the same subsidiaries of Barry Callebaut AG that guarantee the Notes offered hereby on a joint and several basis. At any time the notes can be redeemed in full or in part at a price equal to 100% of the principal amount plus the "applicable premium" as described in the offering circular. The notes are listed on the Luxembourg Stock Exchange for trading on the Euro MTF and have terms substantially similar to those of the Notes offered hereby.

USD 400 Million Senior Fixed Rate Notes

On June 20, 2013, we issued USD 400 million of senior fixed rate notes due on June 15, 2023 with a coupon of 5.500% per annum at an issue price of 98.122%. Interest on these notes is payable semi-annually on June 15 and December 15 of each year. The notes are guaranteed on a senior basis by the Issuer's direct parent company, Barry Callebaut AG and, subject to the limits as to value imposed by applicable law, the same subsidiaries of Barry Callebaut AG that guarantee the Notes offered hereby on a joint and several basis. At any time the notes can be redeemed in full or in part at a price equal to 100% of the principal amount plus the "applicable premium" as described in the offering circular. The notes are listed on the Luxembourg Stock Exchange for trading on the Euro MTF and have terms substantially similar to those of the Notes offered hereby.

MANAGEMENT AND BOARD OF DIRECTORS

The following table sets out certain information concerning Barry Callebaut AG's directors and executive officers as of the date of this Offering Circular:

Name	Age	Current Position
Andreas Jacobs	53	Chairman of the board of directors
Patrick De Maeseneire	59	Vice Chairman of the board of directors
Fernando Aguirre	59	Director
Jakob Baer	72	Director
James L. Donald	62	Director
Nicolas Jacobs	34	Director
Wai Ling "Winnie" Liu	48	Director
Timothy E. Minges	58	Director
Andreas Schmid	59	Director
Juergen B. Steinemann	58	Director
Antoine de Saint-Affrique	52	Chief Executive Officer Executive Committee member
Victor Balli	59	Chief Financial Officer Executive Committee member
Peter Boone	46	Chief Innovation & Quality Officer Executive Committee member
Massimo Garavaglia	50	President EMEA Executive Committee member
David S. Johnson	60	Chief Executive Officer CEO & President Americas Executive Committee member
Carole Le Meur	51	Chief Human Resources Officer Executive Committee member
Dirk Poelman	55	Chief Operations Officer Executive Committee member
Steven Retzlaff	53	President Global Cocoa Executive Committee member

The business address of the Board members is the same as the registered address of the Company, which can be found on the inside back cover of this Offering Circular.

Directors

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

Andreas Jacobs was appointed Chairman of the Board of Barry Callebaut AG in December 2005. He had served as a Member of the Board of Barry Callebaut since 2003. Andreas Jacobs served as Executive Chairman of Jacobs Holding AG until March 2015 and has since then been a Member of the Board. In April 2015, he stepped down from his functions at Adecco where he had served as Member of the Board since May 2006, Chairman of the Nomination & Compensation Committee since May 2008 and as Vice-Chairman of the Board since January 2012. Furthermore, he served as Chairman of Infront Sports & Media AG (until 2011), and as Chairman of Brach's Inc. (until 2004). Andreas Jacobs (1963) studied law at the Universities of Freiburg im Breisgau, Munich and Montpellier and subsequently obtained a postgraduate degree in European competition law (Dr. iur.) from the University of Freiburg im Breisgau. Afterwards he obtained a MBA from INSEAD in Fontainebleau. Andreas Jacobs serves as Chairman of Triventura AG and Minibar AG, both in Switzerland. Furthermore, he is President of Niantic Holding GmbH, Germany, a Member of the Advisory Board of Dr. August Oetker KG, Germany, and Member of the Board of Directors of various small private companies. Since 2014, Andreas Jacobs has been an entrepreneur/investor in the investment fond GENUI in Hamburg, Germany. Andreas Jacobs has also several non-profit memberships, e.g., at INSEAD where he has served as Chairman since January 2015, Groupe D'Ouchy and Avenir Suisse.

Patrick De Maeseneire—Vice Chairman since 2015, Belgian national.

On November 4, 2015, Patrick De Maeseneire was named CEO of Jacobs Holding AG, major shareholder of Barry Callebaut AG. In May 2015, Mr De Maeseneire was elected to the Board of Delhaize Group, a Belgian international food retailer present in seven countries on three continents. From June 1, 2009 to August 31, 2015, Patrick De Maeseneire was Chief Executive Officer of Adecco S.A. He had already held leading positions within the Adecco Group between 1998 and 2002, both in Europe and in the U.S., before returning to Adecco as CEO. From 2002 to 2009, Patrick De Maeseneire served as CEO of Barry Callebaut, leading manufacturer of high-quality chocolate and cocoa products. Under his leadership, Barry Callebaut started its successful global expansion, which ultimately turned it into the global leader in chocolate and cocoa that it is today. 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. 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 since 2013, Mexican and United States national.

Fernando Aguirre 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 U.S. Food Products business units, Vice President of Laundry & Cleaning Products, Latin America, and Regional Vice President, Latin America, North. At present, Fernando Aguirre is a member of the board of directors of Aetna Inc., a Fortune 100 publicly held company mainly focused on health care benefits and insurance, where he serves on the Audit Committee and also on the Nominating and Governance Committee. He was recently elected to serve on the board of Coveris, a privately held company which is an international manufacturer and distributor of flexible packaging. 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 a member of the Board of the Procter & Gamble Alumni Association and 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 Seawolves 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.

Jakob Baer—Director since 2010, Swiss national.

Jakob Baer 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. Jakob Baer 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. Jakob Baer is Chairman of Stäubli Holding AG and member of the Board of Directors of Rieter Holding AG and IFBC AG, all in Switzerland. He was admitted to the bar (1971) and subsequently obtained a doctorate degree in law (Dr. iur.) from the University of Berne, Switzerland.

James L. Donald—Director since 2008, United States national.

Jim Donald served from October 1996 to October 2002 as Chairman, President & Chief Executive Officer of Pathmark Stores, Inc., a USD 4.6 billion regional super-market 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 CEO 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, Jim Donald served as CEO of Extended Stay, a large U.S.-based hotel chain. From 2008 until June 2013, he also served as a Board Member of Rite Aid Corporation, one of the leading drug-store chains in the U.S. with more than 4,900 stores in 31 states. Jim Donald graduated with a Bachelor's degree in Business Administration from Century University, Albuquerque, New Mexico.

Nicolas Jacobs—Director since 2012, Swiss national.

Nicolas Jacobs started his career at Goldman Sachs in 2006. In 2007, he joined Barry Callebaut as a Trader in the Global Cocoa & Sourcing business unit. As of 2008, he acted as Managing Director of the cocoa and chocolate operations of Barry Callebaut in South America. From 2011 until 2014, Nicolas served as a Senior Director for Global M&A and Development for Burger King Corporation, a subsidiary of Restaurant Brands International Inc. Since 2015, Nicolas has been Managing Partner of Consumer Investment Partners (CIP) AG, Zug, a private equity company focused on investments in the consumer goods space. Furthermore, Nicolas Jacobs has been a Board Member of Jacobs Holding AG since 2008 and has served as Executive Co-Chairman since April 2015. Nicolas Jacobs holds a Master's degree in law from the University of Zurich, a Master of Finance from the London Business School and obtained a Master of Business Administration from INSEAD in Fontainebleau.

Wai Ling Liu—Director since 2014, Hong Kong Chinese national.

Winnie Liu 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 hyper-markets 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 served as CEO of ENZO jewelry chain stores (Luxury Retail) in Greater China from 2013 until 2015. 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 since 2013, United States national.

Timothy Minges is currently Senior Vice President Chief Customer Officer, PepsiCo North America Beverages and a member of PepsiCo's Executive Committee. He has been working with PepsiCo for the past 32 years and was, until 2013, responsible for the entire PepsiCo operations throughout greater China. He joined PepsiCo in 1983 in the finance department of Frito-Lay North America and was promoted to a series of roles in finance, sales and general management. Timothy moved to Asia in 1994 as General Manager of Frito-Lay Thailand and later assumed a series of roles, including President Asia Pacific 1999–2003. Timothy sits on the Board of the North American Coffee Partnership, a PepsiCo joint venture with Starbucks. Timothy formerly served on the Boards of Tingyi-Asahi Beverage Holding Co Ltd, Calbee Foods Japan, as well as two listed companies, Pepsi-Cola Philippines and Serm Suk Thailand. He holds a Bachelor of Science in Accounting from Miami University, Oxford, Ohio, and has completed the Pepsi Executive Development Program at Yale School of Management.

Andreas Schmid—Director of the Board since 1997, Swiss national.

Andreas Schmid 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 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 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. He was a member of the Board of Directors of Badrutt's Palace Hotel AG from 2006 until 2015. Andreas Schmid is Chairman of Oettinger Davidoff Group, Chairman of the Board of Directors of Flughafen Zurich AG and Chairman of the Board of Directors of gategroup Holding AG. He has been a member of the Board of Directors of Steiner AG since 2008, and in 2010, he was appointed member of the Board of Directors of Wirz Partner Holding AG and the Advisory Board of Allianz Global Corporate Specialty 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 B. Steinemann—Director since 2014, German national.

Juergen B. Steinemann was elected to the Board of Directors of Barry Callebaut AG as Director 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 from 2001 to 2009. From 1999 to 2001, Mr. Steinemann served as CEO of Unilever's former subsidiary Loders Croklaan, which produced and marketed specialty oils and fats for the chocolate, bakery and functional foods industry. Between 1990 and 1998, Juergen Steinemann was with the former Eridania Beghin-Say Group, where he held various senior positions in business-to-business marketing and sales, and ultimately in the "Corporate Plan et Stratégie" unit at the head office in Paris. Since April 2014, Juergen Steinemann serves as a member of the Board of Directors of Lonza Group AG, a global leader in the pharmaceutical, biotech and specialty ingredients markets headquartered and listed in Switzerland. Since September 2015, he has served as a member of the Board of Directors of METRO AG and was elected Chairman of the Supervisory Board in February 2016. Juergen Steinemann holds a degree in economics/business studies from the European Business School in Wiesbaden, Germany, London and Paris in 1985.

Senior Management

Antoine de Saint-Affrique—Chief Executive Officer, French national.

Antoine de Saint-Affrique 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 has served as President Unilever Foods and Member of Unilever's Group Executive Committee, where he was accountable for businesses with a combined turnover of €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 food company which was acquired under a leveraged buy-out 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 U.S., Hungary, the Netherlands and Russia, and is now based in the U.K. He is a Non-Executive Director and a member of the audit committee at ophthalmic company Essilor International, the world leader in corrective lenses. He has also been Conseiller du Commerce Extérieur since 2004.

Victor Balli—Chief Financial Officer, Swiss national.

Victor Balli 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.

Peter Boone—Chief Innovation & Quality Officer, Dutch national.

Peter Boone was appointed to the position of Chief Innovation Officer and member of the Executive Committee at Barry Callebaut as of December 3, 2012 and also assumed responsibility for Quality Assurance as of June 24, 2013. From November 2010 to December 2012, Peter Boone worked with Unilever as Chief Marketing Officer responsible for Australia and New Zealand. He was a member of the regional executive board. In his function as Chief Marketing Officer, 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. Peter Boone holds a Doctorate in Business Administration (PhD) from the Erasmus University in Rotterdam, Netherlands.

Massimo Garavaglia—President EMEA, Italian national.

Massimo Garavaglia was appointed President EMEA 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 S. Johnson—Chief Executive Officer and President Americas, United States national.

David S. Johnson was appointed Chief Executive Officer and President Americas in May 2009 and is a member of the Executive Committee of Barry Callebaut AG. Before joining Barry Callebaut, David Johnson served as Chief Executive Officer and member of the board for Michael Foods, Inc., a food processor and distributor headquartered in Minnetonka, MN, U.S. From 1986 to 2006, David Johnson was with Kraft Foods Global, Inc. At Kraft Foods, he held several senior positions in different divisions, including marketing, strategy, operations, procurement and general management. His last position was President Kraft North America and Corporate Officer Kraft Foods Global, Inc. He started his career in 1980 at RJR Nabisco. David Johnson is a member of the board of directors of Arthur J. Gallagher & Co., an international insurance brokerage and risk management company with headquarters in Itasca, IL, U.S. David Johnson holds both a Bachelor's and a Master's degree in business from the University of Wisconsin.

Carole Le Meur—Chief Human Resources Officer, French national.

Carole Le Meur was appointed Chief Human Resources Officer of Barry Callebaut AG effective April 1, 2016. From 2008 until then, Carole Le Meur worked with Baxter Healthcare Inc. (listed at NYSE:BAX, headquartered in Chicago, USA, annual sales of approx. USD 16 billion, before the Baxalta spin-off, over 60,000 employees). From 2008–2013 she was Vice President Human Resources EMEA based in Zurich, Switzerland. In 2014 she relocated to Singapore and 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 (including India, South East Asia, Korea, Greater China, Japan and Australia/New Zealand). From 2002–2008 Carole Le Meur held several Global VP HR positions at Aventis (now Sanofi Pasteur), 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 1990–1996. From 1996–2002 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.

Dirk Poelman—Chief Operations Officer, Belgian national.

Dirk Poelman was appointed Chief Operations Officer in September 2006 and member of the Executive Committee in November 2009, as well as Chief Innovation Officer 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, United States and Swiss national.

Steven Retzlaff was appointed President Global Cocoa (until August 2013 Global Cocoa & Sourcing) 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.

Board Practices

Barry Callebaut AG's board of directors has the committees described below.

Audit, Finance, Risk, Quality and Compliance Committee

The Audit, Finance, Risk, Quality and Compliance Committee (the "AFRQCC") comprises four members of the board of directors, currently Jakob Baer (chairman of the AFRQCC), Andreas Schmid, Timothy Minges and Nicolas Jacobs. Each member is appointed by the board of directors for a one-year term. All members of the committee must be non-executive members of the board of directors and at least one member must be independent of Barry Callebaut and its affiliates. The committee is required to meet at least three times per year.

The primary task of the AFRQCC is to assist the Board in carrying out certain responsibilities and make recommendations for the Board's policy decisions as they relate to the company's accounting policies, financial reporting, internal control system, legal and regulatory compliance functions and quality management. In addition, to ensure financial risk management, the AFRQCC reviews basic risk management principles and guidelines, hedging and financing strategies, the bases upon which the Board of Directors determines risk tolerance levels and trading limits, and the appropriateness of the risk management instruments and techniques employed.

The AFRQCC assists the Board of Directors in fulfilling the Board's oversight responsibility of the external auditors. The specific steps involved in carrying out this responsibility include recommending the external auditors, reviewing their qualifications and independence, approving the audit fees, overseeing the external audit coverage, specifying how the external auditors report to the Board and/or the Audit Committee, assessing additional non-audit services, reviewing accounting policies and policy decisions, and reviewing the annual financial statements and related notes.

The scope of internal auditing encompasses the examination and evaluation of the adequacy and effectiveness of the organization's system of internal control and the quality of performance in carrying out assigned responsibilities. The internal audit function reports to the Chairman of the AFRQCC. Significant findings of internal audits are presented and reviewed in the meetings of the AFRQCC and of the Board of Directors.

Nomination and Compensation Committee

The Nomination and Compensation Committee ("NCC") currently consists of four members, James L. Donald (chairman of the NCC), Fernando Aguirre, Wai Ling Liu and Patrick De Maeseneire. Members of the committee may be executive or non-executive members of the board of directors and at least two members must be independent of Barry Callebaut and its affiliates. The committee is required to meet at least three times per year.

The responsibilities of the NCC are to make recommendations to the Board with respect to the selection, nomination, compensation, evaluation, and, when necessary, the replacement of key executives. The NCC establishes jointly with the Chief Executive Officer a general succession planning and development policy. The committee also reviews remuneration paid to members of the Board of Directors, ensures a transparent Board and Executive Committee nomination process, and is responsible for monitoring and managing potential conflicts of interest involving executive management and Board members.

Executive Committee

The Executive Committee consists of eight functions and is headed by the Chief Executive Officer. The current members are:.

Name	Nationality	Function	Member since
Antoine de Saint-Affrique	French	CEO	2015
Victor Balli	Swiss	Chief Financial Officer	2007
Peter Boone	Dutch	Chief Innovation & Quality Officer	2012
Massimo Garavaglia	Italian	President EMEA	2004
David S. Johnson	U.S.	President Americas	2009
Carole Le Meur	French	Chief Human Resources Officer	2016
Dirk Poelman	Belgian	Chief Operations Officer	2009
Steven Retzlaff	U.S./Swiss	Global Cocoa	2008

TERMS AND CONDITIONS OF THE NOTES

The €450,000,000 2.375% Notes due 2024 (the "Notes," which expression includes any further notes issued pursuant to Condition 12 (*Further Issues*) and forming a single series therewith) of Barry Callebaut Services NV (the "Issuer") and guaranteed on a joint and several basis by Barry Callebaut AG (the "Company") and, subject to limitations imposed by applicable law, each of Barry Callebaut Sourcing AG, Barry Callebaut Cocoa AG, Barry Callebaut Schweiz AG, Barry Callebaut Belgium NV, Barry Callebaut France SAS, Barry Callebaut Manufacturing France SAS, Barry Callebaut U.S.A. LLC and Barry Callebaut Manufacturing (UK) Limited (together with the Company, and any other member of the Group that becomes a Guarantor in the future in accordance with Condition 2(c), the "Guarantors") are the subject of an agency agreement dated 24 May 2016 (as amended or supplemented from time to time, the "Agency Agreement") between, among others, the Issuer, the Guarantors and ING Belgium SA/NV as principal paying agent and domiciliary agent (the "Agent", which expression includes any successor paying agent or domiciliary agent appointed from time to time in connection with the Notes). The Guarantors have entered into a deed of guarantee dated 24 May 2016 (the "Guarantee") pursuant to which they have guaranteed the obligations of the Issuer under the Notes, subject to the limitations provided for in the Guarantee. Certain provisions of these Conditions and the Guarantee are summaries of the Agency Agreement and subject to its detailed provisions. The holders of the Notes (the "Noteholders") are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement applicable to them. Copies of the Agency Agreement are available for inspection by Noteholders during normal business hours at the specified office of the Agent, the initial specified office of which is set out below.

The Notes may be held only by, and transferred only to, eligible investors referred to in Article 4 of the Belgian Royal Decree of 26 May 1994 on the deduction of withholding tax, holding their securities in an exempt securities account that has been opened with a financial institution that is a direct or indirect participant of the NBB SSS, including Euroclear and Clearstream.

1 Form, Denomination and Title

The Notes are in dematerialised form in accordance with Articles 468 et seq. of the Belgian Companies Code (the "Belgian Companies Code"). The Notes will be represented by book entries in the records of the clearing system (the "NBB SSS") operated by the National Bank of Belgium (the "NBB") or any successor thereof. The Notes can be held by their holders through the participants in the NBB SSS, including Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking, *société anonyme* ("Clearstream") and through other financial intermediaries which in turn hold the Notes through Euroclear and Clearstream or other participants in the NBB SSS. The Notes are accepted for clearance through the NBB SSS, and are accordingly subject to the applicable Belgian clearing regulations, including the Belgian law of 6 August 1993 on transactions in certain securities, its implementing Belgian royal decrees of 26 May 1994 and 14 June 1994 (each as amended or re-enacted or as their application is modified by other provisions from time to time) and the rules of the NBB SSS and its annexes, as issued or modified by the NBB from time to time (the laws, decrees and rules mentioned in this Condition being referred to herein as the "NBB SSS Regulations"). Title to the Notes will pass by account transfer.

Holders are entitled to exercise the rights they have, including but not limited to exercising their voting rights and other associative rights (as defined for the purposes of Article 474 of the Belgian Companies Code) against the Issuer upon submission of a certificate drawn up by the NBB, Euroclear, Clearstream or any other duly licensed participant to keep dematerialised securities accounts showing their position in the Notes (or the position held by the financial institution through which their Notes are held with the NBB, Euroclear, Clearstream or such other participant, in which case a certificate drawn up by that financial institution will also be required).

For such purposes, each person who is from time to time shown in the records of a participant, sub-participant or the NBB as operator of the NBB SSS as the holder of a particular amount of Notes shall be treated as the holder of those Notes and any certificate or other document issued by any participant or the NBB shall be conclusive and binding.

The Notes cannot be physically delivered and may not be converted into bearer securities (*effecten aan toonder/titres au porteur*).

The Notes are issued in denominations of €100,000 and integral multiples of €1,000 in excess thereof.

2 Guarantee and Status

(a) Guarantee

Each of the Guarantors has unconditionally and irrevocably guaranteed, on a joint and several basis, the due payment of all sums expressed to be payable by the Issuer under the Notes, in each case subject to the limitations, if any, provided for in the Guarantee.

There are certain limitations on the guarantee provided by the Company and Barry Callebaut Sourcing AG, Barry Callebaut Cocoa AG and Barry Callebaut Schweiz AG under the laws of Switzerland; Barry Callebaut Belgium NV under the laws of Belgium; and Barry Callebaut France SAS and Barry Callebaut Manufacturing France SAS under the laws of France, as set out in the Guarantee. In addition, the guarantee provided by any member of the Group that becomes a Guarantor in the future in accordance with Condition 2(c) may also be limited by applicable law.

(b) Status

The Notes constitute direct, unsecured and unconditional obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* in right of payment with all other present and future unsubordinated obligations of the Issuer, save for such obligations as may be preferred by mandatory provisions of law.

The payment obligations of the Guarantors under the Guarantee constitute direct, unsecured and unconditional obligations of each of the Guarantors and will at all times rank at least *pari passu* in right of payment with all of their respective other present and future unsubordinated obligations, save for such obligations as may be preferred by mandatory provisions of law.

(c) Release of Guarantees

In the event that:

(i) the corporate family rating of the Company increases to an Investment Grade Rating; or

(ii) with respect to any Guarantor (including any future Guarantor), no other Indebtedness (as defined in Condition 3 (*Negative Pledge*)) of the Issuer or any of the Guarantors, including, for the avoidance of doubt, the Credit Facility, is guaranteed by such Guarantor,

then the Guarantee of the relevant Guarantor can be terminated without the consent of the Noteholders, *provided* that if at any time thereafter:

(A) in the case of clause (i) above, the corporate family rating of the Company decreases to below an Investment Grade Rating; and

(B) in the case of clause (ii) above, any Indebtedness of the Issuer or any of the Guarantors is or becomes guaranteed by such Guarantor (including any future Guarantor),

then the Issuer and the Company shall procure that such Guarantor guarantees the Notes on the terms of the Guarantee.

In this Condition:

"Credit Facility" means the €600 million senior revolving credit facility dated June 15, 2011, as amended and/or restated from time to time, entered into between, inter alia, the Company, the Guarantors and each of Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Antwerp Branch), Credit Suisse, ING Bank N.V., Société Générale and the other lenders named therein.

"Investment Grade Rating" or "Investment Grade" means Baa3 or better by Moody's and BBB− or better by S&P (or, if either such entity ceases to rate the Notes for reasons outside of the control of the Company, the equivalent investment grade credit rating from any nationally recognised statistical rating organisation selected by the Company as a replacement agency (each of S&P, Moody's and any such replacement agency, a "Rating Agency").

"Moody's" means Moody's Investors Service, Inc. and its successors and assigns.

"S&P" means Standard & Poor's Rating Services, a division of the McGraw Hill Companies, Inc. and its successors and assigns.

3 Negative Pledge

So long as any Note remains outstanding (as defined in the Agency Agreement), neither the Issuer nor any Guarantor nor any of the Company's Material Subsidiaries will create or permit to subsist any mortgage, charge, pledge, lien or other form of security interest ("Security") (other than a Permitted Security Interest) upon the whole or any part of its present or future undertaking, assets or revenues to secure any Indebtedness or any guarantee of or indemnity in respect of any Indebtedness, unless, at the same time or prior thereto, the Issuer's obligations under the Notes or, as the case may be, the Guarantors' obligations under the Guarantee (i) are secured equally and rateably therewith, or (ii) have the benefit of such other security for the Notes or of the Guarantee, as the case may be, as may be approved by an Extraordinary Resolution (as defined in the Agency Agreement) of the Noteholders.

In these Conditions:

"Derivative Contract" means any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price including, without limitation, the price of cocoa (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account).

"GAAP" means generally accepted accounting principles in the jurisdiction of incorporation of the party to which any accounting expression relates and, in the case of the audited consolidated financial statements of the Group, IFRS.

"Group" means Barry Callebaut AG and its Subsidiaries for the time being.

"IFRS" means the International Financial Reporting Standards issued and/or adopted by the International Accounting Standards Board.

"Indebtedness" means any indebtedness for or in respect of:

(i) moneys borrowed;

(ii) any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent;

(iii) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;

(iv) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with GAAP, be treated as a finance or capital lease;

(v) receivables sold or discounted (other than any receivables sold or discounted on a non-recourse basis);

(vi) any amount raised under any other transaction (including any forward sale or purchase agreement and for the avoidance of doubt repurchase agreements) having the commercial effect of a borrowing;

(vii) any Derivative Contracts;

(viii) any counter-indemnity obligation in respect of a guarantee, indemnity, bond or standby or documentary letter of credit issued by a bank or financial institution; and

(ix) without double counting, the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (i) to (viii) above.

"Material Subsidiary" means a Subsidiary of the Company:

(i) whose gross revenues attributable to the Company (consolidated in the case of a Subsidiary which itself has Subsidiaries) or whose total assets (consolidated in the case of a Subsidiary which itself has Subsidiaries) represent not less than 5% of the consolidated gross revenues of the Company and its Subsidiaries taken as a whole attributable to the shareholders of the Company, or, as the case may be, consolidated total assets of the Company and its Subsidiaries taken as a whole, all as calculated respectively by reference to the then latest audited accounts (consolidated or, as the case may be, unconsolidated) of the Subsidiary and the then latest audited consolidated accounts of the Company and its Subsidiaries; or

(ii) to which is transferred the whole or substantially the whole of the undertaking and assets of a Subsidiary of the Company which immediately before the transfer is a Material Subsidiary.

A certificate of the Issuer or the Company signed by two authorised signatories of the Issuer or the Company, as the case may be, certifying that in their opinion a Subsidiary of the Company is or is not or was not at any particular time or throughout any specified period a Material Subsidiary shall, in the absence of manifest error, be conclusive and binding on all parties.

"Net Inventory Value" means inventories plus derivative financial assets (excluding any fair value of interest rate derivatives) minus derivative financial liabilities (excluding any fair value of interest rate derivatives) plus hedged firm commitments assets minus hedged firm commitments liabilities, as more specifically described in the Group's most recent consolidated annual financial statements.

"Net Tangible Assets" means, as of any date of determination:

(a) property, plant and equipment; *plus*

(b) Net Inventory Value; and

(c) trade receivables; and

(d) off balance sheet tangible assets; *minus*

(e) trade payables,

as each item is more specifically described in the Group's most recent consolidated annual financial statements, calculated in euro and determined in accordance with IFRS.

"Permitted Security Interest" means:

(i) any Security in existence on 19 May 2016 to the extent that it secures Indebtedness outstanding on such date;

(ii) any Security or similar right of a third party arising pursuant to any repurchase agreement to which any member of the Group is a party;

(iii) any netting or set-off arrangement entered into by any member of the Group in the ordinary course of its banking arrangements for the purpose of netting debt and credit balances;

(iv) any lien arising in the ordinary course of trading, including under the general business conditions of banks (*Allgemeine Geschäftsbedingungen*) used by any bank or other financial institution;

(v) any Security over or affecting any assets acquired by a member of the Group after 19 May 2016 if:

(A) the Security was not created in contemplation of the acquisition of that asset by a member of the Group;

(B) the principal amount secured has not been increased in contemplation of or since the acquisition of that asset by a member of the Group; and

(C) the Security is removed or discharged within three months of the date of acquisition of such asset unless the conditions set out below are complied with;

(vi) any Security over or affecting any asset of any company which becomes a member of the Group after 19 May 2016 where the Security is created prior to the date on which that company becomes a member of the Group, if:

(A) the Security was not created in contemplation of the acquisition of that company;

(B) the principal amount secured has not increased in contemplation of or since the acquisition of that company; and

(C) the Security is removed or discharged within three months of that company becoming a member of the Group unless the conditions set out below are complied with;

(vii) any Security arising under any securitisation program providing for the securitisation of receivables or other assets of any member of the Group; and

(viii) any other Security;

provided that:

(a) the total amount of Indebtedness which has the benefit of Security given by any member of the Group permitted under clauses (i) to (viii) above does not exceed 40% of the Net Tangible

Assets as set out in the Group's most recent consolidated semi-annual or annual financial statements, as the case may be; and

(b) the principal amount of Indebtedness secured by Security given by any member of the Group and permitted under paragraphs (v) and (vi) above shall not be taken into account for the purposes of the calculation of the amount referred to in sub-paragraph (a) above if the relevant Security is removed or discharged within the specified three month Period;

(ix) any lien arising by operation of law;

(x) Security in favor of the Company or the Guarantors;

(xi) Security securing purchase money obligations or other payments incurred in the ordinary course of business, provided that such purchase money indebtedness or other payments shall not exceed the purchase price or other cost of the assets and that such Security does not extend to any assets which are not assets purchased with or otherwise financed by such purchase money obligations or other payments;

(xii) Security securing obligations under Derivative Contracts, to the extent such Derivative Contracts relate to or support Indebtedness that is secured by the same assets, securing such Derivative Contracts;

(xiii) Security securing assets of Subsidiaries that are not Guarantors or Material Subsidiaries to secure Indebtedness of such Subsidiaries;

(xiv) Security securing Indebtedness of the Group incurred under working capital facilities (including letters of credit thereunder) in an aggregate amount not exceeding CHF 250 million at any one time outstanding; and

(xv) renewals and/or refinancings of any of the above (including upon renewal or refinancing of the Indebtedness to which such Security relates that is otherwise in compliance with this Condition 3), provided that such renewal/refinanced Security is limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) or is in respect of property that is security for a permitted Security under this covenant,

provided that no Permitted Security Interest may be created with respect to Quoted Indebtedness at any time in reliance on this Condition 3, save for Security which falls within sub-paragraph (vii) above.

"Person" means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality.

"Quoted Indebtedness" means any indebtedness in the form of, or represented by, bonds, notes, debentures, loan stock or other securities and which at the time of issue is, or is capable of being, quoted, listed or ordinarily dealt in on any stock exchange or over-the-counter market or other securities market.

"Subsidiary" of a Person means any other person controlled by the first Person.

4 Interest Rate

The Notes bear interest from 24 May 2016 (the "Issue Date") at the rate of 2.375% per annum (the "Interest Rate"), payable annually in arrear on 24 May in each year (each, an "Interest Payment Date"), commencing on 24 May 2017 subject as provided in Condition 6 (*Payments*).

Each Note will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused, in which case it will continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (b) the day which is seven days after the Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

Where interest is to be calculated in respect of a period which is equal to or shorter than an Interest Period, the day-count fraction applied to calculate the amount of interest payable in respect of each Note shall be the number of days in the relevant period, from and including the date from which interest begins to accrue, but excluding the date on which it falls due, divided by the number of days in the Interest Period in which the relevant period falls (including the first such day but excluding the last) and rounding the resulting figure to the nearest cent (half a cent being rounded upwards). Each period beginning on (and including) the Issue Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date is herein called an "Interest Period".

5 Redemption and Purchase

(a) Scheduled redemption

Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their principal amount on 24 May 2024, subject as provided in Condition 6 (*Payments*).

(b) Redemption for tax reasons

The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their principal amount, together with interest accrued to the date fixed for redemption, if:

(i) the Issuer (or, if the Guarantee were called, any of the Guarantors) has or will become obliged to pay additional amounts as provided or referred to in Condition 7 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of any Tax Authority (as defined in Condition 7 (*Taxation*)), or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after 19 May 2016; and

(ii) such obligation cannot be avoided by the Issuer (or the relevant Guarantor, as the case may be) taking reasonable measures available to it,

provided, however, that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer (or the relevant Guarantor, as the case may be) would be obliged to pay such additional amounts if a payment in respect of the Notes (or the Guarantees, as the case may be) were then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer (or the relevant Guarantor, as the case may be) shall deliver to the Agent:

(i) a certificate signed by two authorised signatories of the Issuer (or the relevant Guarantor, as the case may be) stating that the Issuer (or the relevant Guarantor, as the case may be) is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer (or the relevant Guarantor, as the case may be) so to redeem have occurred; and

(ii) an opinion of independent legal advisers of recognised standing to the effect that the Issuer (or the relevant Guarantor, as the case may be) has or will become obliged to pay such additional amounts as a result of such change or amendment.

Upon the expiry of any such notice as is referred to in this Condition 5(b), the Issuer shall be bound to redeem the Notes in accordance with this Condition 5(b).

(c) Redemption at the option of Noteholders upon a Change of Control

Upon the occurrence of a Change of Control the holder of a Note will have the option (the "Put Option") to require the Issuer to redeem such Note on the Put Settlement Date (as defined below) at a price equal to 101% of its principal amount together with interest accrued to such date.

Promptly upon the Issuer becoming aware that a Change of Control has occurred, the Issuer shall give notice (a "Put Option Notice") to the Noteholders in accordance with Condition 13 (*Notices*), specifying the details relating to the occurrence of the Change of Control and the procedure for the exercise of the Put Option.

In order to exercise the Put Option, the holder of a Note must, not later than 30 days after the Put Option Notice is given (the "Put Period"), (i) deliver or cause to be delivered to the Agent a certificate issued by the relevant accountholder certifying that the relevant Note is blocked by it and (ii) complete and deposit with the financial intermediary through which the Noteholder holds its Notes (the "Financial Intermediary") for further delivery to the Issuer (with a copy to the specified office of the Agent) a duly completed and signed notice of exercise in the form customarily used by the relevant Financial Intermediary for the time being obtainable from the Agent (a "Put Option Exercise Notice") at any time during the Put Period. The Noteholders must check with their Financial Intermediary when such Financial Intermediary must receive instructions and Put Option Exercise Notices in order to meet the deadlines for such exercise to be effective.

The Issuer shall redeem all Notes in respect of which a Put Exercise Notice was received on the date falling five business days after the expiration of the Put Period (the "Put Settlement Date").

Noteholders exercising their put option by giving notice of such exercise to any paying agent in accordance with the standard procedures of the NBB-SSS, Euroclear or Clearstream in lieu of depositing a Put Option Exercise Notice with a Financial Intermediary, are also advised to check by when the relevant securities settlement system would require to receive notices in order to meet the deadlines for such exercise to be effective.

Any fees charged by the Financial Intermediary in relation to the deposit of the Put Option Exercise Notices shall be borne by the relevant Noteholder.

Payment in respect of any such Note shall be made by transfer to a euro account maintained with a bank in a city in which banks have access to TARGET as specified by the relevant Noteholder in the relevant Put Option Exercise Notice.

In this Condition 5(c) a "Change of Control" shall be deemed to have occurred when:

(i) Control of the Company (including, without limitation, through consolidation or merger) is acquired or deemed to be held by a Person or any Persons acting in agreement, directly or indirectly, other than Permitted Holders, as to the exercise of voting rights in respect of, or an offer to acquire in excess of 50% of, the Ordinary Shares has become or been deemed to become unconditional; or

(ii) the legal or beneficial ownership of all, or substantially all, of the assets of the Company, either directly or indirectly (through its Subsidiaries) are acquired (including, without limitation, through consolidation or merger) by one or more other Persons, other than a Permitted Holder.

In this Condition:

"Control" means (a) the right or power (as a majority shareholder or otherwise) for a period of more than one month to appoint and/or remove all or a majority of the members of the board of directors of the Company whether obtained directly or indirectly and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise or (b) ownership or control carrying the right to vote at meetings of shareholders for a period of more than one month of more than 50% of the Company's share capital.

"Ordinary Shares" means the fully paid registered voting shares of the Company.

"Permitted Holders" means:

(a) (1) each of Renata I. Jacobs, Nicolas Jacobs, Phillippe Jacobs and Nathalie Jacobs, his or her spouse and any of his or her spouse's relatives or direct descendants; (2) any trust or estate in which such person or any of the persons specified in clause (a)(1) collectively own 50% or more of the total beneficial interests or of which any such person serves as trustee, executor or in a similar capacity; or (3) any corporation or other organisation in which such person or any of the persons specified in clause (a)(1) are the owners, directly or indirectly, collectively of 50% or more of the equity interests; and

(b) (1) Jacobs Holding AG (and any successor thereto); (2) any controlling stockholder or 50% (or more) owned Subsidiary of the Person specified in clause (b)(1); or (3) any trust, corporation, partnership, limited liability company or other entity, the beneficiaries, stockholders, partners, members, owners or Persons beneficially holding a 50% or more controlling interest of which consist of the Person specified in clause (b)(1).

(d) Redemption at the option of the Issuer

(i) At any time prior to 24 February 2024, the Notes may be redeemed at the option of the Issuer in whole or in part on any date (each, a "Call Settlement Date") on the Issuer giving not less than 30 nor more than 60 days' notice to the Noteholders at an amount (the "Early Redemption Amount") equal to the principal amount of the Notes plus accrued interest to the relevant Call Settlement Date plus the Applicable Premium. The notice shall be irrevocable and shall oblige the Issuer to redeem the Notes on the relevant Call Settlement Date and shall specify the Early Redemption Amount (including the Applicable Premium) as calculated by the Issuer.

In this Condition:

"Applicable Premium" means, with respect to any Note on any Call Settlement Date, the greater of:

(i) 1.0% of the principal amount of the Note; or

(ii) the excess of:

(A) the present value at such Call Settlement Date of (i) the principal amount of the Notes at maturity *plus* (ii) all required interest payments due on the Note through 24 February 2024 (excluding accrued but unpaid interest to the Call Settlement Date), computed using a discount rate equal to the Bund Rate as of the third Business Day prior to such Call Settlement Date plus 50 basis points; over

(B) the principal amount of the Note, if greater.

"Bund Rate" means, with respect to any Call Settlement Date, the rate per annum equal to the equivalent yield to maturity as of the third Business Day prior to such date of the Comparable German Bund Issue, assuming a price for the Comparable German Bund Issue (expressed as a percentage of its principal amount) equal to the Comparable German Bund Price on such date of determination.

"Comparable German Bund Issue" means the German Bundesanleihe security selected by any Reference German Bund Dealer as having a fixed maturity most nearly equal to the period from such Call Settlement Date to 24 February 2024 and that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of euro denominated corporate debt securities in a principal amount approximately equal to the then outstanding principal amount of the Notes and of a maturity most nearly equal to 24 February 2024; *provided,* however, that, if the period from such Call Settlement Date to 24 February 2024 is less than one year, a fixed maturity of one year shall be used.

"Comparable German Bund Price" means, with respect to any relevant date, the average of all Reference German Bund Dealer Quotations for such date (which, in any event, must include at least two such quotations), after excluding the highest and lowest such Reference German Bund Dealer Quotations or, if the Issuer obtains fewer than four such Reference German Bund Dealer Quotations, the average of all such quotations.

"Reference German Bund Dealer" means any dealer of German Bundesanleihe securities appointed by the Issuer.

"Reference German Bund Dealer Quotations" means, with respect to each Reference German Bund Dealer and any relevant date, the average as determined by the Issuer of the bid and offered price for the Comparable German Bund Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Issuer by such Reference German Bund Dealer at or about 3:30 p.m. (Frankfurt, Germany time) on the third business day (being for this purpose a day on which banks are open for business in Frankfurt and London) preceding the relevant date.

(ii) At any time on or after 24 February 2024, the Notes may be redeemed at the option of the Issuer in whole or in part on any date, on the Issuer giving not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 13 (*Notices*) at a redemption price equal to 100% of the principal amount thereof plus accrued interest to (but not including) the date of redemption.

(iii) If the Issuer partially redeems the Notes, the Notes will be redeemed on a *pro rata* basis unless otherwise require by law or applicable stock exchange requirements. No Note of a denomination of €100,000 in aggregate principal amount will be redeemed in part. If the Issuer redeems any Notes in part only, the notice of redemption relating to such Notes shall state the portion of the principal amount thereof to be redeemed. Once notice of redemption is sent to the Noteholders in accordance with Condition 13 (*Notices*), Notes or portions thereof called for redemption become due and payable at the redemption price on the redemption date, and commencing on the redemption date, interest will cease to accrue on Notes or portions thereof called for redemption unless payment of the redemption monies and/or accured interest is improperly withheld or refused.

(e) No other redemption

The Issuer shall not be entitled to redeem the Notes otherwise than as provided in paragraph (a) (*Scheduled Redemption*), paragraph (b) (*Redemption for tax reasons*) and paragraph (d) (*Redemption at the option of the Issuer*) above.

(f) Purchase

The Issuer, the Guarantors and any of their respective Subsidiaries may at any time purchase Notes in the open market or otherwise and at any price.

(g) Cancellation

All Notes so redeemed or purchased by the Issuer, the Guarantors or any of their respective Subsidiaries may be surrendered to be cancelled and any Notes cancelled may not be reissued or resold. Any Notes so purchased, while held by the Issuer, the Guarantors or any of their respective Subsidiaries shall not entitle the holder to vote at any meeting of the Noteholders and shall not be deemed to be outstanding for the purposes of calculation of any quorum at meetings of the Noteholders.

6 Payments

(a) Method of payment

Without prejudice to Article 474 of the Belgian Companies Code, payment of principal in respect of the Notes, payment of accrued interest payable on a redemption of the Notes and payment of any interest due on an Interest Payment Date in respect of the Notes will be made through the NBB SSS in accordance with the NBB SSS Regulations. The payment obligations of the Issuer under the Notes will be discharged by payment to the NBB in respect of each amount so paid.

Each payment referred to in this Condition 6(a) will be made in euro by transfer to a euro account (or any other account to which euro may be credited or transferred) maintained by the payee with a bank in a city in which banks have access to TARGET.

(b) Payments subject to fiscal laws

All payments in respect of the Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 7 (*Taxation*).

(c) No commissions

No commissions or expenses shall be charged to the Noteholders in respect of such payments.

(d) Payments on business days

If any date for payment in respect of any Note is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment.

In these Conditions, "business day" means a day other than a Saturday or Sunday on which (i) the NBB SSS is operating, (ii) banks and forex markets are open for business and carrying out transactions in euro in the place of the specified office of the relevant Agent and (iii) (if a payment in euro is to be made on that day) the TransEuropean Automated Real-Time Gross Settlement Express Transfer System 2 or any successor thereto ("TARGET") is operating.

7 Taxation

All payments of principal and interest in respect of the Notes or under the Guarantee by or on behalf of the Issuer or the Guarantors (each a "Payer") shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of any jurisdiction in which the Payer is then incorporated, engaged in business or resident for tax purposes or any political subdivision thereof or any authority therein or thereof having power to tax (each a "Tax Authority"), unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event the Payer shall pay such additional amounts as will result in receipt by the Noteholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required (for the avoidance of doubt, in the case of a Swiss subsidiary Guarantor subject to the limitations set out in the Guarantee), except that no such additional amounts shall be payable in respect of any Note presented for payment:

(i) by or on behalf of a holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of its having some connection with the Tax Authority other than the mere holding of the Note; or

(ii) by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note to another Agent in a member state of the European Union;

(iii) to, or to a third party on behalf of, a holder who on the date of acquisition of such Notes, was not an Eligible Investor or who was an Eligible Investor on the date of acquisition of such Notes but, for reasons within the Noteholder's control, ceased to be an Eligible Investor or at any relevant time on or after the issuance of the Notes otherwise failed to meet any other condition for the exemption of Belgian withholding tax pursuant to the Law of 6 August 1993 relating to certain securities;

(iv) more than 30 days after the Relevant Date except to the extent that the holder of such Note would have been entitled to such additional amounts on presenting such Note for payment on the last day of such period of 30 days;

(v) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26–27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive;

(vi) a similar withholding or deduction paid by a Swiss paying agent as defined in Articles 1 and 6 of the Agreement between the European Community and the Swiss Confederation providing for measures equivalent to those laid down in Council Directive 2003/48/EC on taxation of savings income in the form of interest payments to the beneficial owner who is an individual and resident in the EU unless the interest payments are made on debt-claims issued by debtors who are residents of Switzerland or pertaining to permanent establishments of non-residents located in Switzerland; or

(vii) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to treaties on final withholding taxes entered into by Switzerland with the United Kingdom and Austria, which came into effect on January 1, 2013, such withholding or deduction being triggered by the decision of such individual not to opt for a disclosure of the relevant capital gains and income items to the tax authorities of the contracting state where they are tax residents.

In these Conditions: "Eligible Investor" means those entities which are referred to in Article 4 of the Belgian Royal Decree of 26 May 1994 on the deduction of withholding tax (as amended from time to time) and which hold the Notes in an exempt account in the NBB SSS. "Relevant Date" means whichever is the later of (1) the date on which the payment in question first becomes due and (2) if the full amount payable has not been received by the Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders.

Any reference in these Conditions to principal or interest shall be deemed to include any additional amounts in respect of principal or interest (as the case may be) which may be payable under this Condition 7 (*Taxation*).

Notwithstanding any other provision of the terms and conditions of the Notes, any amounts to be paid by or on behalf of the Issuer on the Notes will be paid net of any deduction or withholding imposed or required pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code (the "Code"), as amended, any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code, or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation of Sections 1471 through 1474 of the Code (or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement) (any such withholding or deduction, a "FATCA Withholding Tax"). Neither the Issuer nor any other person will be required to pay additional amounts on account of any FATCA Withholding Tax.

8 Events of Default

If any of the following events occurs:

(a) Non-payment

The Issuer fails to pay any amount of principal in respect of the Notes on the due date for payment thereof or fails to pay any amount of interest in respect of the Notes within seven business days of the due date for payment thereof; or

(b) Breach of other obligations

The Issuer or any of the Guarantors defaults in the performance or observance of any of its other obligations under or in respect of the Notes and such default remains unremedied for 30 days after written notice thereof, addressed to the Issuer and the Guarantors by any Noteholder, has been delivered to the Issuer and the Guarantors or to the specified office of the Agent; or

(c) Cross-acceleration

(i) Any Indebtedness of any member of the Group is not paid when due nor within any originally applicable grace period; or

(ii) any Indebtedness of any member of the Group is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (howsoever described); or

(iii) any commitment for any Indebtedness of any member of the Group is cancelled or suspended by a creditor of any member of the Group as a result of an event of default (howsoever described),

provided that the amount of Indebtedness referred to in sub-paragraphs (i) to (iii) above individually or in aggregate exceeds €15,000,000 (or its equivalent in any other currency or currencies); or

(d) Unsatisfied judgment

One or more final judgment(s) or final order(s) for the payment of an amount in excess of €15,000,000 (or its equivalent in any other currency or currencies), whether individually or in aggregate, is rendered against the Issuer, the Guarantors or any of the Company's Material Subsidiaries and continue(s) unsatisfied, unpaid, unwaived or unstayed for a period of 30 days after the date(s) thereof or, if later, the date therein specified for payment; or

(e) Security enforced

A secured party takes possession, or a receiver, manager or other similar officer is appointed, of all or substantially all of the undertaking, assets and revenues of the Issuer, the Guarantors or any of the Company's Material Subsidiaries; or

(f) Insolvency, etc.

The Issuer or any of the Guarantors or any of the Company's Material Subsidiaries is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts as they fall due, stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a particular type of) its debts, proposes or makes any agreement for the deferral, rescheduling or other readjustment of all of (or all of a particular type of) its debts (or of any part which it will or might otherwise be unable to pay when due), proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer or any of the Guarantors or any of the Company's Material Subsidiaries; or

(g) Winding up, etc.

An order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer or any of the Guarantors or any of the Company's Material Subsidiaries or the Issuer or any of the Guarantors ceases or threatens to cease to carry on all or a material part of its business or operations (otherwise than, in the case of a Guarantor, for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent or, in the case of a Material Subsidiary, whereby the undertaking and assets of the Material Subsidiary are transferred to or otherwise vested in the Issuer or the Guarantors, as the case may be, or another of the Company's Material Subsidiaries); or

(h) Creditors' process

Any expropriation, attachment, sequestration, distress or execution affects any asset or assets of a member of the Group having an aggregate value of €15,000,000 and is not discharged within 20 days; or

(i) Failure to take action, etc

Any action, condition or thing at any time required to be taken, fulfilled or done in order (i) to enable the Issuer or any of the Guarantors lawfully to enter into, exercise its rights and perform and comply with its obligations under and in respect of the Notes or the Guarantee, as the case may be, (ii) to ensure that those obligations are legal, valid, binding and enforceable and (iii) to make the Notes admissible in evidence in the courts of Belgium is not taken, fulfilled or done; or

(j) Unlawfulness

It is or will become unlawful for the Issuer or any of the Guarantors to perform or comply with any of their respective obligations under or in respect of the Notes or any of the Guarantee; or

(k) Guarantee

The Guarantee is not (or is claimed by any Guarantor not to be) in full force and effect (other than a Guarantee released in accordance with Condition 2(c) (*Release of Guarantees*)); or

(l) Analogous Events

Any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs, then any Note may, by written notice addressed by the holder thereof to the Issuer and delivered to the Issuer or to the specified office of the Agent, be declared immediately due and payable, whereupon it shall become immediately due and payable at its principal amount together with accrued interest without further action or formality.

9 Prescription

Claims in respect of the Notes shall become void unless the relevant Notes are presented for payment within five years of the appropriate Relevant Date (as defined in Condition 7 (*Taxation*)).

10 Agent

In acting under the Agency Agreement and in connection with the Notes, each Agent acts solely as agent of the Issuer and does not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders.

The Issuer has initially appointed the Agent named above. The Issuer reserves the right at any time to vary or terminate the appointment of any Agent and to appoint a successor Agent; provided, however, that the Issuer shall at all times maintain (a) a principal paying agent, and (b) maintain a domiciliary agent in relation to the Notes, which domiciliary agent will at all times be a participant in the NBB SSS.

Notice of any change in the Agent or in its specified office shall promptly be given to the Noteholders.

11 Meetings of Noteholders and Modification

(a) Meetings of Noteholders

The Agency Agreement contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions. Any such modification may be made if sanctioned by an Extraordinary Resolution. For the avoidance of doubt, any such modification or waiver shall always be subject to the consent of the Issuer. All meetings of Noteholders will be held in accordance with the Belgian Companies Code with respect to bondholders' meetings provided however that the Issuer shall, at its own expense, convene such a meeting upon the request in writing of Noteholders holding not less than 20% of the aggregate principal amount of the outstanding Notes. Subject to the quorum and majority requirements set out in Article 574 of the Belgian

Companies Code, and if required thereunder subject to validation by the court of appeal, the meeting of Noteholders shall be entitled to exercise the powers set out in Article 568 of the Belgian Companies Code and, upon proposal of the Board of Directors, to modify or waive any provision of these Conditions; provided, however, that certain proposals (including any proposal (i) to change any date fixed for payment of principal or interest in respect of the Notes, (ii) to reduce the amount of principal or interest payable on any date in respect of the Notes, (iii) to alter the method of calculating the amount of any payment in respect of the Notes or the date for any such payment, (iv) to change the currency of payments under the Notes, (v) to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution, or (vi) to modify or cancel any Guarantee (each, a "Reserved Matter")) may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which two or more persons holding or representing not less than 75% or, at any adjourned meeting, 25% of the aggregate principal amount of the outstanding Notes form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders, whether present or not and whether or not they vote in favour of such a resolution.

In addition, a resolution in writing signed by or on behalf of Noteholders of not less than 75% of the aggregate principal amount of the outstanding Notes shall for all purposes be as valid and effective as an extraordinary resolution passed at a meeting of holders duly convened and held, provided that the terms of the proposed resolution have been notified in advance to the holders through the relevant clearing system(s). Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

(b) Modification

The Issuer and the Guarantor may amend the Notes and these Conditions without the consent of the Noteholders to correct a manifest error.

12 Further Issues

The Issuer may from time to time, without the consent of the Noteholders, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Notes.

13 Notices

Notices to the holders shall be duly given or published if (i) delivered by or on behalf of the Issuer to the NBB (in its capacity as operator of the NBB SSS), for onward communication by it to the participants of the NBB SSS, (ii) in the case of Notes held in a securities account, through a direct notification through the applicable clearing system or (iii) in compliance with all applicable legal requirements. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first publication as provided above or, in the case of delivery to the NBB or direct notification through the applicable clearing system, any such notice shall be deemed to have been given on the date immediately following the date of delivery/notification.

In addition to any of the methods of delivery mentioned above, the Issuer shall ensure that all notices are duly given or published in a manner which complies with the rules and regulations of any stock exchange or relevant authority on which the Notes are for the time being listed and, in the case of a convening notice for a meeting of Noteholders, in accordance with Article 570 of the Belgian Companies Code.

14 Currency Indemnity

If any sum due from the Issuer or any Guarantor in respect of the Notes or under the Guarantee or any order or judgment given or made in relation thereto has to be converted from the currency (the "first currency") in which the same is payable under these Conditions or such order or judgment into another currency (the "second currency") for the purpose of (a) making or filing a claim or proof against the Issuer or any Guarantor, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Notes, the Issuer (or the Guarantors, as the case may be) shall indemnify each Noteholder, on the written demand of such Noteholder addressed to the Issuer and delivered to the Issuer and the Guarantors or to the specified office of the Agent, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Noteholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

This indemnity constitutes a separate and independent obligation of the Issuer and the Guarantors and shall give rise to a separate and independent cause of action.

15 Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term and condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

16 Governing Law and Jurisdiction

The Agency Agreement, the Notes and the Guarantees and any non-contractual obligations arising out of or in connection therewith are governed by, and will be construed in accordance with, the laws of England, save that Conditions 1 (*Form, Denomination and Title*) and 11(a) (*Meetings of Noteholders*) and Schedule 1 (*Provisions for Meetings of Noteholders*) of the Agency Agreement shall be governed by, and construed in accordance with, Belgian law.

Each of the Issuer and the Guarantors agrees for the benefit of the Noteholders that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Notes and that accordingly any suit, action or proceedings arising thereout or in connection therewith (together referred to as "Proceedings") may be brought in the courts of England.

Each of the Issuer and the Guarantors irrevocably and unconditionally waives and agrees not to raise any objection which it may have now or subsequently to the laying of the venue of any Proceedings in the courts of England and any claim that any Proceedings have been brought in an inconvenient forum and has further irrevocably and unconditionally agreed that a judgment in any Proceedings brought in the courts of England shall be conclusive and binding upon each of the Issuer and the Guarantors and may be enforced in the courts of any other jurisdiction.

The submission to the jurisdiction of the courts of England referred to above shall not (and shall not be construed so as to) limit the right of any Noteholder to take Proceedings in any other court of competent jurisdiction, nor shall the taking of Proceedings in any one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not) if and to the extent permitted by law.

CLEARANCE AND SETTLEMENT OF THE NOTES

Clearing System

National Bank of Belgium

The National Bank of Belgium (the "NBB") is the central bank of Belgium. The NBB operates a clearing system (the "NBB SSS") for, *inter alia*, corporate debt securities issued in dematerialised form. The NBB SSS is accessible through its NBB SSS participants whose membership extends to securities such as the Notes. Investors and financial intermediaries can hold Notes within exempt securities accounts opened with direct and indirect participants of the NBB SSS. NBB SSS participants include certain banks, stockbrokers (*beursvennootschappen/sociétés de bourse*), Euroclear and Clearstream. For a description of the tax implications of the clearing of the Notes through the NBB SSS. See "Tax Considerations—Belgian Taxation—Withholding Tax".

The Notes may be held only by, and transferred only to, eligible investors referred to in Article 4 of the Belgian Royal Decree of May 26, 1994 on the deduction of withholding tax, holding their securities in an exempt securities account that has been opened with a financial institution that is a direct or indirect participant of the NBB SSS, including Euroclear and Clearstream.

Original Issue

On or before the Issue Date, the Issuer will send a written instruction to the Agent to arrange for the creation of the Notes, for value on the Closing Date, via a book-entry form in the records of the NBB SSS, on the account specified by the Agent. Such instruction by the Issuer shall be subject to the satisfaction in the opinion of the Joint Lead Managers (acting reasonably and in good faith) of all the conditions precedent mentioned in the Subscription Agreement.

On the Issue Date, the Agent, on behalf of the Issuer and subject to the rules imposed by the NBB SSS Regulations, will have the Notes created by the NBB in the securities account of the Agent with the NBB SSS and have the Notes transferred on the same day to the securities account(s) specified by the Joint Lead Managers being direct or indirect participants of the NBB SSS, all transfers being on a delivery versus payment (DVP) basis. The Agent will then transfer the net subscription proceeds to the Issuer for value on the Issue Date.

Services Agreement

The Issuer, the NBB and the Agent will enter into a services agreement governed by Belgian law pursuant to which the NBB will agree to act as settlement institution in relation to the Notes (the "Services Agreement"). Under the terms of the Services Agreement, on or before the Issue Date, the Issuer will provide the NBB with the relevant information and documentation in relation to the Notes (amongst which the principal amount, the applicable interest rate and the redemption date). On the Issue Date, the nominal amount of the Notes will be credited by the NBB to the securities account of the Agent and thereafter allocated to Euroclear and Clearstream who will hold the Notes on behalf of their participants through customers' securities accounts. After settlement, transfers between investors will be effected in accordance with the respective rules and operating procedures of the NBB SSS participants through which they hold their Notes. The Services Agreement will set out the procedures relating to payment of interest, principal and any other payment on the Notes and early redemption of the Notes. The NBB will be entitled to a fee under the Services Agreement.

Global Clearance and Settlement Procedures

On original issue, as described above, the Notes will be issued in dematerialised form in accordance with Article 468 et seq. of the Belgian Companies Code (*Wetboek van Vennootschappen/Code des Sociétés*) and cannot be physically delivered. The Notes will be represented exclusively by book entries in the records of the NBB SSS. Purchasers electing to hold the Notes through participants in the NBB SSS, including Euroclear and Clearstream accounts will follow the settlement procedures of the NBB SSS, Euroclear and Clearstream, as the case may be, applicable to conventional eurobonds, subject to the provisions described above. The Notes will be credited to Euroclear and Clearstream participant securities clearance accounts in same day funds on the Issue Date against payment (for value the Issue Date).

Secondary Market Trading

Secondary market sales or purchases of the Notes held through Euroclear, Clearstream and any other direct participant in the NBB SSS and their participants will be conducted in accordance with the normal rules and operating procedures of these participants and will be settled using the normal procedures applicable to conventional eurobonds.

General

Although the foregoing sets out the procedures of the NBB SSS, Euroclear and Clearstream in order to facilitate the original issue and subsequent transfers of interests in the Notes among participants of the NBB SSS, including Euroclear and Clearstream, none of the NBB SSS, Euroclear or Clearstream is under any obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time.

None of the Issuer, the Guarantors nor any of their respective agents will have responsibility for the performance of the NBB, Euroclear or Clearstream or their respective participants of their respective obligations under the rules and procedures governing their operations.

SUBSCRIPTION AND SALE

Pursuant to a subscription agreement dated May 19, 2016 (the "Subscription Agreement"), each Joint Lead Manager has agreed with the Issuer and the Guarantors, subject to the satisfaction of certain conditions, to subscribe for the aggregate principal amount of the Notes set out opposite each Joint Lead Manager's name below at an issue price of 99.104% of their principal amount, and the Issuer, failing whom each of the Guarantors, has agreed to pay to the Joint Lead Managers a commission for the performance of their services:

Joint Lead Manager	Principal Amount
	(EUR)
Credit Suisse Securities (Europe) Limited	112,500,000
ING Bank N.V., London Branch	112,500,000
Coöperatieve Rabobank U.A.	112,500,000
Société Générale	112,500,000
Total	**450,000,000**

The Issuer, failing whom each of the Guarantors, has agreed to indemnify the Joint Lead Managers, on a joint and several basis, against certain liabilities in connection with the offer and sale of the Notes.

Certain of the Joint Lead Managers or their affiliates have from time to time engaged, and may in the future engage, in investment banking, consulting, commercial banking and other financial advisory and commercial dealings with us, the Issuer, our associates and/or our shareholders in the ordinary course of business with us, the Issuer, our shareholders or our and the Issuer's affiliates. They have received (or will receive) customary fees and commissions and expense reimbursements for these transactions.

In addition, in the ordinary course of their business activities, the Joint Lead Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Group, the Issuer or our affiliates (including the Notes). Certain of the Joint Lead Managers or their affiliates that have a lending relationship with us routinely hedge their credit exposure to us consistent with their customary risk management policies. Typically, such Joint Lead Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities (including potentially the Notes). Any such short positions could adversely affect future trading prices of Notes. The Joint Lead Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Credit Suisse AG, ING Bank N.V., Coöperatieve Rabobank U.A. and Société Générale are bookrunners for, and ING Bank N.V. is the agent for the Senior RCF. In connection with these roles, these Joint Lead Managers or their affiliates will receive customary fees and commissions.

Selling Restrictions

United States

The Notes and the related Guarantees have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States.

The Notes and the related Guarantees are being offered and sold outside of the United States in reliance on Regulation S.

In addition, until 40 days after the commencement of the offering of the Notes and the related Guarantees, an offer or sale of Notes and the related Guarantees within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

United Kingdom

Each of the Joint Lead Managers has represented, warranted and agreed that:

(1) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the "FSMA")) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or any of the Guarantors; and

(2) it has complied with and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from, or otherwise involving the United Kingdom.

Germany

The offering of the Notes is not a public offering in the Federal Republic of Germany. The Notes may be offered and sold in the Federal Republic of Germany only in accordance with the provisions of the Securities Prospectus Act of the Federal Republic of Germany (*Wertpapierprospektgesetz*) (the "German Securities Prospectus Act") and any other applicable German law. Consequently, in Germany the Notes will only be available to, and this Offering Circular and any other offering material in relation to the Notes is directed only at, persons who are qualified investors (*qualifizierte Anleger*) within the meaning of Section 2 No. 6 of the German Securities Prospectus Act. Any resale of the Notes in Germany may only be made in accordance with the German Securities Prospectus Act and other applicable laws. The Issuer has not, and does not intend to, file a securities prospectus with the German Federal Financial Services Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*) ("BaFin") or obtain a notification to BaFin from another competent authority of a member state of the European Economic Area, with which a securities prospectus may have been filed, pursuant to Section 17 Para. 3 of the German Securities Prospectus Act.

France

This Offering Circular has not been prepared in the context of a public offer of financial securities in France within the meaning of Article L.411-1 of the French Code *monétaire et financier*. Consequently, the Notes are not being offered, directly or indirectly, to the public in France and this Offering Circular (and any other offering material or information contained therein relating to the Notes) has not been and will not be released, issued or distributed or caused to be released, issued or distributed to the public in France or used in respect of any offering of Notes in France. Offers, sales and distributions of the Notes in France will be made only to (i) qualified investors (*investisseurs qualifiés*) acting for their own accounts or (ii) a limited circle of investors (*cercle restreint d'investisseurs*) acting for their own accounts, and (iii) to providers of the investment service of portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour le compte de tiers*) each as defined in, and in accordance with, Articles L.411-1, L.411-2, D.411-1, D.411-4, D.744-1, D.754-1 and D.764-1 of the French Code *monétaire et financier*.

Investors are informed that this Offering Circular has not been and will not be submitted for clearance to the *Autorité des marchés financiers*.

Belgium

The Notes may not be distributed in Belgium by way of an offer of securities to the public, as defined in Article 3 §1 of the Belgian Law of June 16, 2006, on public offerings of investment instruments and the admission of investment instruments to trading on regulated markets (the "Prospectus Law"), save in those circumstances set out in Article 3 §§2–4 of the Prospectus Law.

The offer is exclusively conducted under applicable private placement exemptions and therefore it has not been and will not be notified to, and the Offering Circular or any other offering material relating to the Notes has not been and will not be approved by, the Belgian Financial Services and Markets Authority (*Autorité des services et marchés financiers/Autoriteit voor Financiële Diensten en Markten*).

Accordingly, the offer may not be advertised and each of the Joint Lead Managers has represented and agreed that it has not offered, sold or resold, transferred or delivered, and will not offer, sell, resell, transfer or deliver, the Notes and that it has not distributed, and will not distribute, any memorandum, information circular, brochure or any similar documents, directly or indirectly, to any individual or legal entity in Belgium other than:

(i) qualified investors, as defined in Article 10 of the Prospectus Law;

(ii) investors required to invest a minimum of € 100,000 (per investor and per transaction);

and in any other circumstances set out in Article 3 §§2–4 of the Prospectus Law.

This Offering Circular has been issued only for the personal use of the above listed investors and exclusively for the purpose of the offer of Notes. Accordingly, the information contained herein may not be used for any other purpose nor disclosed to any other person in Belgium.

Switzerland

This Offering Circular is not intended to constitute an offer or solicitation to purchase or invest in the Notes described herein. The Notes may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. Neither this Offering Circular nor any other offering or marketing material relating to the Notes constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations or a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange or any other regulated trading facility in Switzerland, and neither this Offering Circular nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

General

No action has been or will be taken in any country or jurisdiction by the Issuer, any of the Guarantors or any of the Joint Lead Managers that would, or is intended to, permit a public offering of the Notes, or possession or distribution of this Offering Circular or any other offering material, in any country or jurisdiction where action for that purpose is required. Persons into whose hands this Offering Circular comes are required by the Issuer, the Guarantors and each of the Joint Lead Managers to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Notes or have in their possession, distribute or publish this Offering Circular or any other offering material relating to the Notes, in all cases at their own expense.

TAX CONSIDERATIONS

FATCA Withholding

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, as amended, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("foreign passthru payments") to persons that fail to meet certain certification, reporting, or related requirements. The Issuer is a foreign financial institution for these purposes. A number of jurisdictions (including Belgium) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("IGAs"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of FATCA and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply to foreign passthru payments made prior to January 1, 2019 and Notes that have a fixed term and are not treated as equity for U.S. federal income tax purposes issued on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date. However, if additional notes (as described under "Terms and Conditions of the Notes—Further Issues") that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all such Notes that are not distinguishable, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

Belgian Taxation

The following is a summary of the principal Belgian tax consequences for investors of receiving interest in respect of, and converting or disposing of, Notes and is of a general nature based on the Issuer's understanding of current law and practice. Except as otherwise indicated, this summary only addresses the position of investors who do not have any connection with Belgium other than the holding of Notes. Investors should appreciate that, as a result of changing law or practice, the tax consequences may be otherwise than as stated below. Investors should consult their professional advisers on the possible tax consequences of subscribing for, purchasing, holding, selling or converting Notes under the laws of their countries of citizenship, residence, ordinary residence or domicile.

Withholding Tax

All payments by or on behalf of the Issuer of interest on the Notes are in principle subject to the 27 per cent. Belgian withholding tax on the gross amount of the interest.

For the purpose of Belgian withholding tax, "interest" means the periodic interest income, any amount paid by the Issuer in excess of the issue price (whether or not on the maturity date) and, in case of a transfer of the Notes between two interest payment dates, the pro rata of accrued interest corresponding to the detention period.

All payments by or on behalf of the Issuer of principal and interest on the Notes may be made without deduction of withholding tax in respect of notes only if and as long as at the moment of payment or attribution of interest they are held by certain Eligible Investors in an exempt securities account (an "Exempt Account") that has been opened with a financial institution that is a direct or indirect participant in the NBB SSS (a "Participant"). Euroclear and Clearstream are directly or indirectly Participants for this purpose.

The NBB SSS tax rules determine the Belgian withholding tax regime for securities accepted in the X/N System. The purpose of the NBB SSS tax regime is to allow investors to trade Belgian debt securities on a gross basis (free of withholding taxes). The law of August 6, 1993, and its implementing Royal Decrees, which introduced the NBB SSS tax rules, exempts from withholding tax all interest on debt securities received by non-resident investors, companies subject to the Belgian corporate tax, and several categories of other qualifying investors. Interest on debt securities held in an Exempt Account can be paid gross by the issuer of the securities. Additionally, transfers between two Exempt Accounts do not incur any withholding tax on accrued interest.

A participant in Euroclear that is not a resident of Belgium for tax purposes may hold the Notes through Euroclear only on behalf of exempted investors, which include Belgian corporations and non-resident corporations and individuals, but exclude Belgian non-profit organizations or individuals subject to income tax in Belgium. It is not necessary simultaneously to notify or inform the Belgian tax authorities that the Notes are held on behalf of exempt investors, but Euroclear may be required to disclose the identity of its participant.

A participant in Euroclear that is a resident of Belgium for tax purposes may hold the Notes through the Euroclear system for both exempt and non-exempt investors. The participant must comply with the NBB's certification, reporting and withholding requirements directly with the NBB. Euroclear will not collect any tax certificates nor will it report any amounts held to the NBB.

According to the Belgian Royal Decree of May 26, 1994, the Notes can only be held by persons or entities which qualify for an Exempt Account. Exempt Accounts are reserved for:

(1) Belgian corporations subject to Belgian corporate income tax;

(2) institutions, associations and companies provided for in article 2, paragraph 3 of the Belgian law of July 9, 1975, on the control of insurance companies other than those referred to in 1° and 3° subject to the application of article 262, 1° and 5° of the Income Tax Code 1992;

(3) state regulated institutions (*institutions parastatales*) for social security, or institutions which are equated to these, provided for in article 105, paragraph 2 of the Royal Decree of August 27, 1993, implementing the Income Tax Code 1992;

(4) non-resident investors provided for in article 105, paragraph 5 of the same decree;

(5) investment funds, recognized in the framework of pension savings, provided for in article 115 of the same decree;

(6) companies, associations and other taxpayers provided for in article 227, paragraph 2 of the Income Tax Code 1992, which have used the income generating capital for the exercise of their professional activities in Belgium and which are subject to non-resident taxes pursuant to article 233 of the same code;

(7) the Belgian state in respect of investments which are exempt from withholding tax in accordance with article 265 of the Income Tax Code 1992;

(8) investment funds governed by foreign law which are an indivisible estate managed by a management company for the account of the participants, when their participation rights are not publicly issued in Belgium and are not traded in Belgium; and

(9) resident corporations, other than those referred to under (1), when their activities exclusively or principally consist in the granting of credits and loans.

Eligible Investors do not include, among others, Belgian resident investors who are individuals or not for profit organizations, other than those mentioned under (2) and (3) above.

Upon opening of an Exempt Account with a Participant, an Eligible Investor is required to provide a statement of its eligible status on a form approved by the Minister of Finance. There is no ongoing declaration to the NBB SSS as to the eligible status of each investor for whom they hold Notes in an Exempt Account.

An Exempt Account may be opened with a Participant by an intermediary (an "Intermediary") in respect of Notes that the Intermediary holds for the account of its customers (the "Beneficial Owners"), provided that each Beneficial Owner is an Eligible Investor. In such a case, the Intermediary must deliver to the Participant a statement on a form approved by the Minister of Finance confirming that:

- the Intermediary is itself an Eligible Investor; and
- the Beneficial Owners holding their Notes through it are also Eligible Investors.

A Beneficial Owner is also required to deliver a statement of its eligible status to the Intermediary. These identification requirements do not apply, however, to non-resident Participants, Eligible Investors or Beneficial Owners who hold their Notes in Euroclear or Clearstream.

In accordance with the NBB SSS, a Noteholder who withdraws Notes from an Exempt Account will, following payment of interest on those Notes from the last preceding interest payment date, be entitled to claim an indemnity from the Belgian tax authorities of an amount equal to the withholding tax on the interest payable on the Notes from the last preceding interest payment date until the date of withdrawal of the Notes from the NBB SSS.

Capital Gains and Income Tax

Noteholders who are not residents of Belgium for Belgian tax purposes and are not holding the Notes through a Belgian establishment (*etablissement belge*) within the meaning of Article 229 of the "*Code des Impots sur les revenus 1992*" (the Belgian income tax code 1992) will not incur or become liable for any Belgian tax on income or capital gains or other like taxes by reason only of the acquisition, ownership or disposal of the Notes, provided, in relation to such transactions affecting Notes, that they hold their Notes in an Exempt Account.

Interest attributed or paid to corporations who are Noteholders and Belgian residents for tax purposes, i.e., who are subject to the Belgian corporate income tax, as well as capital gains realized upon the sale of the Notes, are taxable at the ordinary corporate income tax rate of in principle 33.99 per cent. Capital losses realized upon the sale of the Notes are in principle tax deductible.

For Belgian resident private investors holding Notes as a private investment, payments of interest on the Notes will be subject to a 27 per cent. withholding tax in Belgium. The Belgian withholding tax is a final tax which means that the interest payment need not be reported in the Noteholder's annual income tax return. Capital gains realized upon the sale of the Notes by Belgian resident private investors are tax exempt unless and to the extent the capital gain qualifies as "interest" (as defined above in the section "Withholding Tax"). Belgian resident private investors may also be subject to income tax in Belgium at the rate of 33 per cent. (to be increased by additional local taxes) if they realize a capital gain on Notes which is deemed to be speculative or outside the scope of normal management of one's private estate. Other tax rules may apply to Notes held for professional purposes.

For Belgian resident legal entities (i.e., legal entities subject to the Belgian tax on legal entities), if the 27 per cent. Belgian withholding tax has been withheld, this withholding tax is a final tax. Otherwise, they are required to declare and pay the 27 per cent. Belgian withholding tax to the Belgian tax administration. Capital gains realized on the sale of the Notes by Belgian legal entities are in principle tax exempt, unless the capital gains qualify as interest under Belgian tax law (as defined above in the section "Withholding Tax"). Capital losses are in principle not tax deductible.

For Belgian pension fund entities that have the form of an Organization for Financing Pensions ("OFP") the interest derived on the Notes and capital gains realized on the Notes will not be subject to income tax. Subject to certain conditions, any Belgian withholding tax that has been levied on interest payments is creditable and refundable.

Transfer Tax

A tax on stock exchange transactions (*taxe sur les operations de bourse*) at the rate of 0.09% (subject to a maximum of €650 per party and per transaction) will become due upon the sale and purchase or exchange of Notes entered into or settled in Belgium in which a professional intermediary acts for either party. A separate tax is due from each of the seller and the purchaser, both collected by the professional intermediary.

A tax on repurchase transactions (*taxes sur les reports*) at the rate of 0.085% (subject to a maximum of €650 per party and per transaction) will be due from each party to any such transaction entered into or settled in Belgium in which a stockbroker acts for either party.

However, neither of the taxes referred to above will be payable by exempt persons acting for their own account, including investors who are not Belgian residents and certain Belgian institutional investors, as defined in Article 126/1, 2°, of the code of miscellaneous taxes (*Code des droits et taxes divers*).

As stated below, the EU Commission adopted on February 14, 2013 the Draft Directive on a FTT. The Draft Directive currently stipulates that once the FTT enters into force, the Participating Member States shall not maintain or introduce taxes on financial transactions other than the FTT (or VAT as provided in the Council Directive 2006/112/EC of November 28, 2006 on the common system of value added tax). For Belgium, the tax on stock exchange transactions should thus be abolished once the FTT enters into force. The Draft Directive is still subject to negotiation between the Participating Member States and therefore may be changed at any time.

Financial Transaction Tax

On February 14, 2013, the EU Commission adopted a proposal for a Council Directive (the "Draft Directive") on a common financial transaction tax ("FTT"). Pursuant to the Draft Directive, the FTT shall be implemented and enter into effect in eleven EU Member States (Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Slovak Republic, Slovenia and Spain; the "Participating Member States"—please note that Estonia has stated that it will withdraw from the negotiations on the legislative proposal for a common FTT).

According to the Draft Directive, the FTT shall be payable on financial transactions provided that at least one party to the financial transaction is established (or deemed established) in a Participating Member State and that there is a financial institution established (or deemed established) in a Participating Member State which is a party to the financial transaction, or is acting in the name of a party to the transaction. The FTT shall, however, not apply to among others primary market transactions referred to in Article 5 (c) of Regulation (EC) No 1287/2006, including the activity of underwriting and subsequent allocation of financial instruments in the framework of their issue.

The rates of the FTT shall be fixed by each Participating Member State but for transactions involving financial instruments other than derivatives they shall amount to at least 0.1 per cent. of the taxable amount. The taxable amount for such transactions shall in general be determined by reference to the consideration paid or owed in return for the transfer or the market price (whichever is higher). The FTT shall be payable by each financial institution established (or deemed established) in a Participating Member State which is a party to the financial transaction, which is acting in the name of a party to the transaction or where the transaction has been carried out on its account. Where the FTT due has not been paid within the applicable time limits, each party to the relevant financial transaction, including persons other than financial institutions, shall become jointly and severally liable for the payment of the FTT due.

The proposed FTT is still subject to negotiation between the Participating Member States and the scope of any such tax remains uncertain.

Prospective Investors should consult their own tax advisers in relation to the consequences of the FTT associated with the subscription, purchase, holding or disposal of the Notes.

Swiss Taxation

The following is a summary of several significant tax effects of the purchase, ownership and disposition of the Notes under prevailing Swiss tax law. This summary makes no claim as to completeness, nor does it take into account any special circumstances of individual investors or purport to constitute tax advice. It is for general information only and does not address every potential tax consequence of an investment in the Notes under the laws of Switzerland. This summary is based on Swiss tax law and treaties in effect at the date of this Offering Circular. Such law and treaties are subject to amendments (or amendments in interpretation), which may have retroactive effect. Prospective investors should seek the advice of their professional tax advisors to clarify any tax implications resulting from an investment in the Notes.

Stamp, Issue and Other Taxes

Under the current Swiss Federal Stamp Duty legislation, there are no stamp, issue, registration, transfer or similar taxes imposed by Switzerland in connection with the issue, or redemption of the Notes. However, the transfer or sale of the Notes in the secondary market may be subject to the Swiss transfer stamp duty at a rate of up to 0.30% if such transfer or sale is made to or from, or through the intermediary of, a Swiss securities dealer, as defined in the Swiss Stamp Tax Act. The sale of Notes by or through a member of the SIX Swiss Exchange may also be subject to a stock exchange levy.

Withholding Tax

All payments by or on behalf of the Issuer or the Company of principal and interest on the Notes may be made without deduction of Swiss federal withholding tax, provided that the proceeds of the Notes are used exclusively outside Switzerland at all times while any Notes are outstanding (as described in the letter to the Swiss Federal Tax Administration dated May 2, 2016 and confirmed by the Swiss Federal Tax Administration on May 3, 2016).

Income Taxation on Principal or Interest

Notes held by Non-Swiss holders

Payments by the Issuer of interest on, and repayment of principal of, the Notes to, and gain realized on the sale or redemption of Notes by, a holder of Notes, who is not a resident of Switzerland, and who during the relevant taxation year has not engaged in a trade or business through a permanent establishment or a fixed place of business in Switzerland to which the Notes are attributable, will not be liable for any Swiss federal, cantonal or communal income tax.

Notes held as Private Assets by Swiss Resident Holders

An individual who resides in Switzerland and holds a Note as a private asset will be required to include all payments of interest received on the Note in his or her personal income tax return for the relevant tax period and will be taxable on any net taxable income (including the payment of interest on the Note) for such tax period at the then prevailing tax rates. A gain realized upon a sale of the Note by such individual is not subject to income tax. Conversely, a capital loss realized by him or her on the sale or other disposition of a Note and a capital loss incurred as a consequence of a write down of the Note will constitute a non-tax-deductible loss. See "—Notes held as Swiss Business Assets" below for a summary on the tax treatment of individuals classified as "professional securities dealers."

Notes held as Swiss Business Assets

Individuals who hold Notes as part of a business in Switzerland, and Swiss-resident corporate taxpayers, and corporate taxpayers residing abroad holding Notes as part of a Swiss permanent establishment or fixed place of business in Switzerland, are required to recognize payments of interest and any capital gain or loss, as applicable, realized on the sale or other disposal of such Notes, in their income statement for the respective tax period and will be taxable on any net taxable earnings for such period at the prevailing tax rates. The same taxation treatment also applies to Swiss-resident individuals who, for Swiss income tax purposes, are classified as "professional securities dealers" for reasons of, *inter alia*, frequent dealings, or leveraged transactions, in securities.

EU Savings Tax Retention

The payment of interest (and discount or premium, if any) in respect of the Notes or the Guarantor or the payment of accrued interest upon a sale of the Notes by the purchaser may be subject to a deduction of 35% if such payment is made to an EU resident individual (or certain entities or vehicles) via a Swiss paying agent. The deduction is not applied if the recipient of the payment voluntarily elects to have certain information on the payment transmitted to the tax authorities of his state of residence.

Final Withholding Tax on Swiss Bank Accounts for Another Country

In 2012 Switzerland concluded agreements with the United Kingdom and Austria on a final withholding tax (*Abgeltungssteuer*). The agreements entered into force on January 1, 2013. The taxation upon entry into force of those agreements is as follows:

Persons resident in the United Kingdom or Austria receiving investment income (such as among others payment of interest under the Notes) or realizing capital gains (such as among others on the sale of the Notes) on their Swiss bank accounts can either voluntarily disclose their Swiss bank accounts to the tax authorities of the United Kingdom or Austria, or a final withholding tax will be deducted by the Swiss bank on such investment income or capital gains. The Swiss bank will remit the tax to the Swiss Federal Tax Administration which in turn will remit the tax to the British and Austrian tax authorities. The final tax rate is 25% under the agreement with Austria and, depending on the category of income, between 27% and 48% under the agreement with the United Kingdom. In both agreements, this final withholding tax is in fulfillment of the tax obligations towards the United Kingdom or Austria. Both agreements on final withholding taxes provide for a carve-out for interest payments to the extent such interest payments are subject to the EU Savings Tax for Swiss paying agents.

It is expected that as a consequence of the agreement between Switzerland and the European Union regarding the introduction of the automatic exchange of information in tax matters as mentioned below under European Union Savings Directive (if and when approved and ratified) the Final Withholding Tax Agreements will be terminated.

INFORMATION REGARDING THE ISSUER

Barry Callebaut Services NV is a company incorporated with limited liability under the laws of Belgium. Barry Callebaut Services NV was incorporated on August 2, 1991. The issued share capital of Barry Callebaut Services NV is €929,286,000, divided into 929,286,000 fully paid up shares without nominal value. Barry Callebaut Services NV is a direct subsidiary of Barry Callebaut AG.

The registered office of Barry Callebaut Services NV is Aalstersestraat 122, B 9280 Lebbeke Wieze, Belgium. It is registered with the Crossroad Bank for Enterprises under number 444.734.706.

Barry Callebaut Services NV's corporate purpose is to serve as our financing company, and in connection therewith, Barry Callebaut Services NV may provide certain types of financial assistance to our companies, such as, among others, the provision of loans, the subscription of bonds, notes or other debt instruments. Barry Callebaut Services NV may borrow in any form including by issuing bonds, notes or other debt instruments and lend money or give credit to any company of the group, without security or upon the security of real or personal property of any kind. As of February 29, 2016, Barry Callebaut Services NV had outstanding for statutory purposes senior unsecured notes of €952,100,025.17, net of transaction costs, senior unsecured commercial paper of €203,656,418.81, long-term unsecured debt of €137,595,232.54, short-term unsecured bank debt of €176,035,227.98 and other short-term unsecured debt of €91,783,067.20. Barry Callebaut Services NV also enters into short-term foreign currency and interest rate derivatives. See "Business—Other Indebtedness".

The board of directors for Barry Callebaut Services NV is composed of Viktor Balli, who is the Chief Financial Officer of the Barry Callebaut Group, Tom Van de Vyver, who is the Corporate Treasurer for the Barry Callebaut group, Bart de Geyndt, who is the Chief Financial Officer EMEA for the Barry Callebaut Group, and Paul Borra, who is Business Development Manager for EMEA for the Barry Callebaut Group.

The business address of the Board members is the same as the registered address of the Company, which can be found on the inside back cover of this Offering Circular.

The financial year for Barry Callebaut Services NV runs from September 1 to August 31. The audited statutory financial statements of Barry Callebaut Services NV, which are not included in this Offering Circular, are filed with the NBB and are available for viewing, in Dutch, on the website of the NBB (www.nbb.be).

LISTING AND GENERAL INFORMATION

Listing

Application has been made to the Luxembourg Stock Exchange for the Notes to be admitted to listing on the official list and to be admitted to trading on the Euro MTF market of the Luxembourg Stock Exchange in accordance with the rules of that exchange. All notices to Noteholders, including notice of any optional redemption, change of control, or change in the rate of interest payable on the Notes, will be published in accordance with the rules of the Luxembourg Stock Exchange from time to time.

For so long as the Notes are listed on the Euro MTF, copies of the following documents may be inspected and obtained at the specified office of the listing agent in Luxembourg during normal business hours on any weekday:

(i) the organizational documents of Barry Callebaut Services NV, Barry Callebaut AG, and each of the Guarantors;

(ii) Barry Callebaut AG's most recent audited consolidated financial statements and any interim financial information published by Barry Callebaut AG;

(iii) the Agency Agreement; and

(iv) the Guarantee.

Clearing Information

The Notes have been accepted for clearance through the facilities of the NBB SSS, Euroclear and Clearstream under common code 141879634. The ISIN for the Notes is BE6286963051.

Legal Information

Barry Callebaut Services NV

The creation and issuance of the Notes was authorized by a resolution of Barry Callebaut Services NV's board of directors dated May 9, 2016.

Barry Callebaut AG

Barry Callebaut AG is a stock corporation incorporated under the laws of Switzerland. The issued share capital of Barry Callebaut AG is CHF 102,092,758.80, divided into 5,488,858 fully paid up registered shares with a nominal value of CHF 18.60 each. 50.11% of the issued share capital of Barry Callebaut AG is held and beneficially owned by the Jacobs Holding AG. The remaining shares are held by members of the Jacobs family or held publicly. The entire share capital is listed and traded on the SIX Swiss Exchange. The registered office of Barry Callebaut AG is Westpark, Pfingstweidstrasse 60, 8005 Zurich, Switzerland, and its registration number at the commercial register in Zurich is CHE-106.118.646.

Barry Callebaut AG is primarily engaged in the business of the acquisition, administration and sale of participations in businesses of the food and beverage industry, predominantly but not limited to the area of cocoa, chocolate and derivatives thereof, as well as similar products.

The Guarantee of the Notes was authorized by a resolution of Barry Callebaut AG's board of directors dated May 9, 2016.

Barry Callebaut AG produces statutory unconsolidated financial statements (which comprise the income statement, balance sheet and notes) for each fiscal year ending August 31, based on its activities as distinct from the Barry Callebaut group. The unconsolidated statements are based on Swiss law and the company's articles of association. The unconsolidated financial statements are available at the offices of the Listing Agent in Luxembourg.

Barry Callebaut Belgium NV

Barry Callebaut Belgium NV is a company incorporated with limited liability under the laws of Belgium. The issued share capital of Barry Callebaut Belgium NV is €61,537,705, divided into 61,289 fully paid up shares without nominal value. Barry Callebaut Belgium NV is a direct and indirect wholly owned subsidiary of Barry Callebaut AG. The registered office of Barry Callebaut Belgium NV is

Aalstersestraat 122, B-9280 Lebbeke-Wieze, Belgium. It is registered with the Crossroad Bank for Enterprises under number 438.950.833.

Barry Callebaut Belgium NV is primarily engaged in the manufacturing and the production of chocolate, cocoa, patisserie products, and other foodstuffs.

The Guarantee of the Notes has been authorized by a resolution of Barry Callebaut Belgium NV's board of directors dated May 9, 2016 and a resolution of the shareholders dated May 9, 2016.

Barry Callebaut France SAS

Barry Callebaut France SAS is a company incorporated with limited liability under the laws of France. The issued share capital of Barry Callebaut France SAS is €67,900,000, divided into 55,674,351 fully paid up shares. Barry Callebaut France SAS is an indirect wholly owned subsidiary of Barry Callebaut AG. The registered office of Barry Callebaut France SAS is 5 Boulevard Michelet, Hardricourt, 78250 Meulan, France, and its registration number is 352 714 745 RCS Versailles.

Barry Callebaut France SAS is primarily engaged in the business of the manufacture, transformation, sale and distribution of cocoa and chocolate products; trading, buying and selling agricultural and food products; buying and selling all raw materials necessary for manufacturing, in particular on French and foreign markets, as well as any machinery necessary for manufacturing products.

The Guarantee of the Notes was authorized by a decision of Barry Callebaut France SAS's president dated May 9, 2016.

Barry Callebaut Sourcing AG

Barry Callebaut Sourcing AG is a stock corporation incorporated under the laws of Switzerland. The issued share capital of Barry Callebaut Sourcing AG is CHF 2 million, divided into 2,000 fully paid up registered shares with a nominal value of CHF 1,000 each. Barry Callebaut Sourcing AG is a wholly owned subsidiary of Barry Callebaut AG. The registered office of Barry Callebaut Sourcing AG is Westpark, Pfingstweidstrasse 60, 8005 Zurich, Switzerland, and its registration number at the commercial register in Zurich is CHE-108.467.460.

Barry Callebaut Sourcing AG is primarily engaged in the business of trading with raw materials and further means of production, in particular for the companies of the Barry Callebaut group, as well as the purchase and the providing of services for these and other companies.

The Guarantee of the Notes was authorized by a resolution of Barry Callebaut Sourcing AG's board of directors dated May 9, 2016 and by a resolution of an extraordinary shareholders' meeting held on May 9, 2016.

Barry Callebaut Manufacturing (UK) Limited

Barry Callebaut Manufacturing (UK) Limited is a limited liability company organized under the laws of England and Wales. The issued share capital of Barry Callebaut Manufacturing (UK) Limited is GBP 15,467,852, divided into 15,467,852 fully paid-up shares. Barry Callebaut Manufacturing (UK) Limited is an indirect wholly owned subsidiary of Barry Callebaut AG. The registered office of Barry Callebaut Manufacturing (UK) Limited is Wildmere Road, OX16 3UU Banbury, and its company number is 01156841.

Barry Callebaut Manufacturing (UK) Limited is primarily engaged in the business of the manufacturing of, and trading in, chocolate, cocoa, sweets, and all kinds of confectionery and other foodstuffs, provisions and refreshments.

The Guarantee of the Notes was authorized by a resolution of Barry Callebaut Manufacturing (UK) Limited's directors dated May 5, 2016 and by a resolution of an extraordinary shareholders' meeting held on May 5, 2016.

Barry Callebaut U.S.A. LLC

Barry Callebaut U.S.A. LLC is a limited liability company formed under the laws of the State of Delaware, and has a total of one member. Barry Callebaut U.S.A. LLC is an indirect wholly owned subsidiary of Barry Callebaut AG. The Barry Callebaut U.S.A. LLC's offices are located at 400 Industrial Park Road, St. Albans, Vermont 05478, USA.

Barry Callebaut U.S.A. LLC is primarily engaged in the business of the production, sale and distribution of chocolate and other confectionery.

The Guarantee of the Notes was authorized by a written resolution of Barry Callebaut U.S.A. LLC's board of directors dated May 12, 2016.

Barry Callebaut Manufacturing France SAS

Barry Callebaut Manufacturing France SAS is a company incorporated with limited liability under the laws of France. The issued share capital of Barry Callebaut Manufacturing France SAS is €6,637,540 divided into 663,754 fully paid-up shares. Barry Callebaut Manufacturing France SAS is an indirect wholly owned subsidiary of Barry Callebaut AG. The registered office of Barry Callebaut Manufacturing France SAS is 5 Boulevard Michelet, Hadricourt, 78250 Meulan, France, and its registration number is 438 773 525 RCS Versailles.

Barry Callebaut Manufacturing France SAS is primarily engaged in the business of the manufacture and sale of chocolate products.

The Guarantee of the Notes was authorized by a resolution of Barry Callebaut Manufacturing France SAS's president dated May 9, 2016.

Barry Callebaut Schweiz AG

Barry Callebaut Schweiz AG is a stock corporation incorporated under the laws of Switzerland. The issued share capital of Barry Callebaut Schweiz AG is CHF 4,600,000, divided into 920 fully paid-up registered shares with a nominal value of CHF 5,000 each. Barry Callebaut Schweiz AG is a wholly owned subsidiary of Barry Callebaut AG. The registered office of Barry Callebaut Schweiz AG is Ringstrasse 19, 8600 Dübendorf, Switzerland, and its registration number at the commercial register in Zurich is CHE-105.926.684.

Barry Callebaut Schweiz AG is primarily engaged in the manufacturing, sale and distribution of cocoa and chocolate products as well as other bakery and pastry products for professional users such as chocolatiers, pastry chefs, bakeries, hotels, restaurants and caterers.

The Guarantee of the Notes was authorized by a resolution of Barry Callebaut Schweiz AG's board of directors dated May 9, 2016 and by a resolution of an extraordinary shareholders' meeting held on May 9, 2016.

Barry Callebaut Cocoa AG

Barry Callebaut Cocoa AG is a stock corporation incorporated under the laws of Switzerland. The issued share capital of the company amounts to CHF 100,000, divided into 100 fully paid-up registered shares with a nominal value of CHF 1,000 each. Barry Callebaut Cocoa AG is a wholly owned subsidiary of Barry Callebaut AG. The registered office of Barry Callebaut Cocoa AG is at Pfingstweidstrasse 60, Westpark, 8005 Zurich, Switzerland, and its registration number at the commercial register in Zurich is CHE-212.734.009.

Barry Callebaut Cocoa AG is primarily engaged in the trading of raw materials, in particular cocoa products.

The Guarantee of the Notes was authorized by a resolution of Barry Callebaut Cocoa AG's board of directors dated May 9, 2016 and by a resolution of an extraordinary shareholders' meeting held on May 9, 2016.

Litigation

Neither the Issuer nor any member of the Group is involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months preceding the date of this Offering Circular which may have, or have had in the recent past, a significant effect on the financial position or profitability of the Issuer or the Group.

Significant Change

Except as disclosed in this Offering Circular, there has been no significant change in relation to the financial or trading position of the Issuer or the Group (taken as a whole) since August 31, 2015, and there has been no material change in the prospects of the Issuer since August 31, 2015.

Independent Auditors

The consolidated financial statements of Barry Callebaut AG as at August 31, 2015 and 2014, and for each of the years then ended, which are included in this Offering Circular, have been audited by KPMG AG, independent auditors, as stated in their report appearing herein.

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Consolidated Financial Statements as of and for the fiscal year ended August 31, 2015

Consolidated Income Statement

for the fiscal year ended August 31,		2014/15	2013/14
in thousands of CHF	Notes		
Revenue from sales and services		**6,241,865**	**5,865,940**
Cost of goods sold		(5,395,039)	(5,004,815)
Gross profit		**846,826**	**861,125**
Marketing and sales expenses		(121,299)	(120,955)
General and administration expenses		(316,699)	(329,842)
Other income	6	38,909	18,189
Other expenses	7	(32,916)	(12,272)
Operating profit (EBIT)		**414,821**	**416,245**
Finance income	8	3,741	3,246
Finance costs	9	(134,477)	(121,964)
Share of result of equity-accounted investees, net of tax	17	55	(119)
Profit before income taxes		**284,140**	**297,408**
Income tax expenses	10	(44,269)	(42,410)
Net profit for the year		**239,871**	**254,998**
of which attributable to:			
shareholders of the parent company		237,214	252,383
non-controlling interest	25	2,657	2,615
Earnings per share			
Basic earnings per share (CHF/share)	11	43.25	46.00
Diluted earnings per share (CHF/share)	11	43.07	45.77

Consolidated Statement of Comprehensive Income

for the fiscal year ended August 31,		2014/15	2013/14
in thousands of CHF	Notes		
Net profit for the year		**239,871**	**254,998**
Cash flow hedges	26	(2,507)	(11,567)
Tax effect on cash flow hedges	26	(379)	2,765
Currency translation differences		(154,192)	(38,700)
thereof recycled into profit or loss related to divesture		–	–
Items that may be reclassified subsequently to the income statement		**(157,078)**	**(47,502)**
Remeasurement of defined benefit plans	24	(7,857)	(16,936)
Tax effect on remeasurement of defined benefit plans		475	5,269
Items that will never be reclassified to the income statement		**(7,382)**	**(11,667)**
Other comprehensive (loss)/income for the year, net of tax		**(164,460)**	**(59,169)**
Total comprehensive income for the year		**75,411**	**195,829**
of which attributable to:			
shareholders of the parent company		72,857	193,570
non-controlling interest		2,554	2,259

Consolidated Balance Sheet

Assets

as of August 31,		2015	2014
in thousands of CHF	Notes		
Current assets			
Cash and cash equivalents		125,151	85,496
Short-term deposits		2,177	2,152
Trade receivables and other current assets	12	971,923	793,784
Inventories	13	1,629,814	1,762,114
Income tax receivables		16,273	12,336
Derivative financial assets	14	498,514	336,029
Total current assets		**3,243,852**	**2,991,911**
Non-current assets			
Property, plant and equipment	15	1,184,543	1,178,529
Equity-accounted investees	17	950	1,094
Intangible assets	18	896,068	893,848
Deferred tax assets	19	98,782	94,974
Other non-current assets		5,193	7,158
Total non-current assets		**2,185,536**	**2,175,603**
Total assets		**5,429,388**	**5,167,514**

Liabilities and equity

as of August 31,		2015	2014
in thousands of CHF	Notes		
Current liabilities			
Bank overdrafts	20	33,266	17,559
Short-term debt	20	645,907	457,551
Trade payables and other current liabilities	21	1,060,965	891,263
Income tax liabilities		43,759	34,073
Derivative financial liabilities	14	453,694	322,856
Provisions	22	9,333	8,635
Total current liabilities		**2,246,924**	**1,731,937**
Non-current liabilities			
Long-term debt	23	1,176,159	1,416,060
Employee benefit obligations	24	149,289	146,993
Provisions	22	4,474	7,701
Deferred tax liabilities	19	59,629	59,664
Other non-current liabilities		5,799	9,424
Total non-current liabilities		**1,395,350**	**1,639,842**
Total liabilities		**3,642,274**	**3,371,779**
Equity			
Share capital	25	102,093	102,093
Retained earnings and other reserves		1,670,750	1,688,557
Total equity attributable to the shareholders of the parent company		**1,772,843**	**1,790,650**
Non-controlling interest	25	14,271	5,085
Total equity		**1,787,114**	**1,795,735**
Total liabilities and equity		**5,429,388**	**5,167,514**

Consolidated Cash Flow Statement

Cash flows from operating activities

for the fiscal year ended August 31,		2014/15	2013/14
In thousands of CHF	Notes		
Profit before income taxes		284,140	297,408
Adjustments for:			
Depreciation of property, plant and equipment	15	90,796	83,270
Amortization of intangible assets	18	35,192	31,934
Impairment of property, plant & equipment	15	11,849	10
Impairment of intangible assets	18	492	792
Gain on acquisition-related settlement	1	(37,490)	–
Loss/(gain) on sale of property, plant and equipment, net	6/7	(4,777)	(1,087)
Foreign exchange (gain)/loss		(84,064)	(17,731)
Fair value (gain)/loss on derivative financial instruments		13,221	(53,197)
Write-down of inventories	13	22,380	8,174
Increase (decrease) of bad debt allowance		9,182	(166)
Increase (decrease) of provisions	22	4,479	2,640
Increase (decrease) of employee benefit obligations	24	684	(914)
Equity-settled share-based payments	4	12,887	12,791
Share of loss/(profit) of equity-accounted investees, net of tax	17	(55)	119
(Interest income)	8	(2,366)	(1,734)
Interest expenses	9	116,055	111,396
Operating cash flow before working capital changes		**472,605**	**473,705**
(Increase)/decrease in trade receivables and other current assets		(170,644)	(32,722)
(Increase)/decrease in inventories		(71,957)	(357,390)
Increase/(decrease) in trade payables and other current liabilities		146,525	114,534
Use of provisions	22	(4,855)	(3,784)
Cash generated from operating activities		**371,674**	**194,343**
(Interest paid)		(105,675)	(98,947)
(Income taxes paid)		(39,317)	(42,998)
Net cash from operating activities		**226,682**	**52,398**

Consolidated Cash Flow Statement

Cash flows from investing activities

for the fiscal year ended August 31,		2014/15	2013/14
in thousands of CHF	Notes		
Purchase of property, plant and equipment	15	(205,318)	(209,853)
Proceeds from sale of property, plant and equipment	15	18,393	4,515
Purchase of intangible assets	18	(43,867)	(38,924)
Proceeds from sale of intangible assets	18	2,154	347
Acquisition of subsidiaries/businesses net of cash acquired	1	(16,968)	(1,815)
Proceeds from acquisition-related settlement	1	37,490	–
Proceeds from disposal of financial assets		–	253
Purchase of short-term deposits		(864)	–
Proceeds from sale of short-term deposits		–	14,364
Sale/(Purchase) of other non-current assets		1,736	2,607
Interest received	8	2,366	1,741
Net cash flow from investing activities		**(204,878)**	**(226,765)**

Cash flows from financing activities

for the fiscal year ended August 31,		2014/15	2013/14
in thousands of CHF	Notes		
Proceeds from the issue of short-term debt		395,884	409,709
Repayment of short-term debt		(142,312)	(196,046)
Proceeds from the issue of long-term debt		160,232	227,305
Repayment of long-term debt		(294,978)	(149,553)
Dividend payment	25	(85,077)	(79,588)
Purchase of treasury shares	25	(16,306)	(18,645)
Dividends paid to non-controlling interests	25	(2,223)	(917)
Net cash flow from financing activities		**15,220**	**192,265**
Effect of exchange rate changes on cash and cash equivalents		(13,076)	(1,268)
Net increase (decrease) in cash and cash equivalents		**23,948**	**16,630**
Cash and cash equivalents at beginning of year		67,937	51,307
Cash and cash equivalents at end of year		91,885	67,937
Net increase (decrease) in cash and cash equivalents		**23,948**	**16,630**
Cash and cash equivalents		125,151	85,496
Bank overdrafts	20	(33,266)	(17,559)
Cash and cash equivalents as defined for the cash flow statement		**91,885**	**67,937**

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, 2013	**102,093**	**(3,326)**	**1,981,734**	**1,821**	**(399,800)**	**1,682,522**	**3,743**	**1,686,265**
Currency translation adjustments	–	–	–	–	(38,344)	(38,344)	(356)	(38,700)
Effect of cash flow hedges (note 26)	–	–	–	(11,567)	–	(11,567)	–	(11,567)
Tax effect on cash flow hedges (note 26)	–	–	–	2,765	–	2,765	–	2,765
Items that may be reclassified subsequently to the income statement	**–**	**–**	**–**	**(8,802)**	**(38,344)**	**(47,146)**	**(356)**	**(47,502)**
Remeasurement of defined benefit plans (note 24)	–	–	(16,936)	–	–	(16,936)	–	(16,936)
Tax effect on remeasurement of defined benefit plans (note 19)	–	–	5,269	–	–	5,269	–	5,269
Items that will never be reclassified to the income statement	**–**	**–**	**(11,667)**	**–**	**–**	**(11,667)**	**–**	**(11,667)**
Other comprehensive income, net of tax	**–**	**–**	**(11,667)**	**(8,802)**	**(38,344)**	**(58,813)**	**(356)**	**(59,169)**
Net profit for the year	–	–	252,383	–	–	252,383	2,615	254,998
Total comprehensive income for the year	**–**	**–**	**240,716**	**(8,802)**	**(38,344)**	**193,570**	**2,259**	**195,829**
Dividend to shareholders (note 25)	–	–	(79,588)	–	–	(79,588)	(917)	(80,505)
Purchase of treasury shares	–	(18,645)	–	–	–	(18,645)	–	(18,645)
Equity-settled share-based payments (note 4)	–	10,533	2,258	–	–	12,791	–	12,791
as of August 31, 2014	**102,093**	**(11,438)**	**2,145,120**	**(6,981)**	**(438,144)**	**1,790,650**	**5,085**	**1,795,735**
Impact of change in accounting policy (IFRS 9), net of tax	–	–	(2,168)	–	–	(2,168)	–	(2,168)
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**

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, 2015, Barry Callebaut's market capitalization based on issued shares was CHF 5,823.7 million (August 31, 2014: CHF 6,175.0 million). The Group's ultimate parent is Jacobs Holding AG with a share of 50.11% of the shares issued (August 31, 2014: 50.11%).

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

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

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

Basis of presentation

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

For consolidation purposes, Barry Callebaut AG and its subsidiaries prepare financial statements using the historical cost basis as disclosed in the accounting policies below, except for the measurement 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.

Changes in accounting policies

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of September 1, 2014:

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

The Group has early adopted IFRS 9 Financial Instruments with a date of initial application of September 1, 2014. The main impacts of the new standard were on the classification and measurement of financial assets, the impairment of financial assets and hedge accounting.

Classification and measurement of financial instruments

As a result of the early adoption of IFRS 9, the Group has classified its financial assets as measured at either amortized cost or fair value through profit or loss, depending on its business model for managing those financial assets and the assets' contractual cash flow characteristics. The previous classification as "at fair value through profit or loss," "loans and receivables" and "financial liabilities at amortized costs" was discontinued from September 1, 2014.
In accordance with the transitional provisions of IFRS 9, the Group has not restated prior periods but has classified the financial assets held at September 1, 2014 retrospectively according to the business model and based on facts and circumstances under which the assets were held at that date.

The classification of financial liabilities remained unchanged for the Group.

Impairment of financial assets

On September 1, 2014, the Group adjusted the impairment of its financial assets from the incurred loss model under IAS 39 to the expected credit loss concept under IFRS 9. Until August 31, 2014, the Group estimated the incurred losses arising from the failure or inability of customers to make payments when due. These estimates were assessed on an individual basis, taking into account the aging of customers' balances, specific credit circumstances and the Group's historical default experience. Under the new approach, it is no longer necessary for a loss event to occur before an impairment loss is recognized. Impairment is made on the expected credit losses, which are the present value of the cash shortfalls over the expected life of the financial assets.

Hedge accounting – cocoa price risk

Prior to the application of IFRS 9, the Group applied fair value hedge accounting to hedge its exposure to changes in fair value of recognized cocoa inventory, which was designated as hedged item and the short future contracts were designated as hedging instruments.

Certain entities in the Group also applied cash flow hedge accounting whereby the cocoa bean futures were designated as hedging instruments to the underlying forecasted sales or purchase contracts to hedge the variability in cash flow that was attributable to the risk of cocoa bean price movements.

After adoption of IFRS 9, starting from September 1, 2014, the Group replaced its previous fair value hedge accounting model with respect to cocoa price risk with a new fair value hedge accounting model. The new model under IFRS 9 facilitates better alignment of hedge accounting with risk management as it makes it possible to apply hedge accounting for specific risk components of non-financial items, such as cocoa ingredients and chocolate inventories and cocoa and chocolate contracts.

Under the new model, the Group applies the net cash settlement exemption to physical cocoa purchase and sales contracts in the trading environment and 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) in the cocoa and chocolate manufacturing environment. This fair value option is applied for those cocoa contracts where the measurement eliminates or significantly reduces an accounting mismatch that would otherwise occur on own use contracts. Contracts accounted for as derivatives and cocoa bean futures are designated as hedging instruments under the new fair value hedge accounting model. This designation is done in order to hedge the cocoa price risk components embedded in the chocolate stocks and sales contracts as well as in the cocoa stocks, purchase and sales contracts (being the hedged items).

The new hedge accounting model primarily affected the amounts recognized for inventories and derivative financial assets and liabilities on the balance sheet (as more inventories and contracts have become eligible for hedge accounting) and did not have a major impact on the income statement.

The following summarizes the classification and measurement changes for the Group's financial assets and financial liabilities on initial application of IFRS 9 (September 1, 2014):

	Original measurement category and carrying amount under IAS 39				New measurement category and carrying amount under IFRS 9		
in thousands CHF	Fair value through profit or loss	Loans and receivables	Financial liabilities at amortized cost	Remeasurements upon application of IFRS 9 (September 1, 2014)[1]	Fair value through profit or loss	Amortized cost	Retained earnings effect on September 1, 2014
Cash equivalents	–	85,496	–	–	–	85,496	–
Short-term deposits	–	2,152	–	–	–	2,152	–
Trade receivables	–	455,487	–	(2,168)	64,060	389,259	(2,168)
Derivative financial assets	336,029	–	–	–	336,029	–	–
Other assets	–	89,922	–	–	–	89,922	–
Total assets	**336,029**	**633,057**	**–**	**(2,168)**	**400,089**	**566,829**	**(2,168)**
Bank overdrafts	–	–	17,559	–	–	17,559	–
Short-term debt	–	–	457,551	–	–	457,551	–
Trade payables	–	–	605,860	–	–	605,860	–
Derivative financial liabilities	322,856	–	–	–	322,856	–	–
Long-term debt	–	–	1,416,060	–	–	1,416,060	–
Other liabilities	–	–	176,200	–	–	176,200	–
Total liabilities	**322,856**	**–**	**2,673,230**	**–**	**322,856**	**2,673,230**	**–**

1 The remeasurements included the fair value adjustments on trade receivables that are managed under the asset backed securitization program and are considered as held for sale (fair value adjustment on September 1, 2014, amounted to CHF –0.1 million). The remeasurements also included the adjustment for the impairment of trade receivables held to collect as at September 1, 2014, reflecting the change from the incurred loss model under IAS 39 to the expected credit loss concept under IFRS 9 (CHF –2.1 million).

The following table compares the closing balances of impairment allowances as at August 31, 2014 with the opening balances of impairment allowances as at September 1, 2014 on initial application of IFRS 9 (excluding the trade receivables that were measured at Fair value through profit or loss both before and after the initial application of IFRS 9)

in thousands CHF	Impairment allowance as at August 31, 2014	Impairment allowance as at September 1, 2014
Cash and cash equivalents	0	0
Short-term deposits	0	0
Trade receivables	(14,476)	(16,553)
Other assets	0	0

The following table compares the closing balances of impairment allowances as at August 31, 2014 with the opening balances of impairment allowances as at September 1, 2014 on initial application of IFRS 9 in case of Trade receivables measured at amortized cost:

in thousands CHF	August 31, 2014	September 1, 2014
Total trade receivables measured at amortized cost	469,963	405,812
Less impairment provision for trade receivables	(14,476)	(16,553)
Total trade receivables measured at amortized cost	**455,487**	**389,259**
Of which:		
Not overdue	431,546	367,395
Impairment provision for trade receivables not overdue	(239)	(2,316)
Past due less than 90 days	13,311	13,311
Impairment provision for trade receivables past due less than 90 days	(143)	(143)
Past due more than 90 days	25,106	25,106
Impairment provision for trade receivables past due more than 90 days	(14,094)	(14,094)
Total trade receivables measured at amortized cost	**455,487**	**389,259**

The impairment allowances on the overdue trade receivables and other financial assets measured at amortized costs remained the same after the change from the incurred loss model under IAS 39 to the expected credit loss concept under IFRS 9. However, the change to the expected credit loss concept resulted in an adjustment of CHF –2.1 million in the case of the trade receivables that are measured at amortized cost and are not overdue. This adjustment was recognized in retained earnings on September 1, 2014.

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

These amendments clarify when an entity currently has a legally enforceable right to set off financial assets and financial liabilities, and also clarifies the circumstances when gross settlement is equivalent to net settlement. It was applied for the first time retrospectively in accordance with the transitional provisions and did not have a material impact on the Group's Consolidated Financial Statements.

Other amendments to IFRS/IAS

A number of other standards have been amended on miscellaneous points. Some of these amendments are effective for this fiscal year, but did not have a material impact on the Group's Financial Statements, however did result in adjusted or additional disclosures.

Use of judgment and estimates

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

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

Information about judgments made in applying accounting policies that have most significant effects on the amounts recognized in the Consolidated Financial Statements and assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending August 31, 2015, 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

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

Foreign currency transactions

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

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

Foreign currency translation

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

Major foreign exchange rates

	2014/15		2013/14	
	Closing rate	Average rate	Closing rate	Average rate
EUR	1.0748	1.1075	1.2054	1.2226
GBP	1.4780	1.4790	1.5165	1.4850
USD	0.9622	0.9521	0.9148	0.8984

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, loans and other receivables

Accounting policy applied from September 1, 2014

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.

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.

Accounting policy applied till August 31, 2014

Trade receivables are stated at amortized cost, less anticipated impairment losses. Impairment allowances for receivables represent the Group's estimates of incurred losses arising from the failure or inability of customers to make payments when due. These estimates are assessed on an individual basis, taking into account the ageing of customers' balances, specific credit circumstances and the Group's historical default experience. If the Group is satisfied that no recovery of the amount owing is possible, the receivable is written off and the allowance related to it is reversed. The Group maintains an asset-backed securitization program for trade receivables, transferring the contractual rights to the cash flows of third-party trade receivables at their nominal value minus a discount. These receivables are derecognized from the balance sheet. The net amount reported under "Other current assets" or "Other current liabilities" is the amount of the discount minus the receivables already collected at the balance sheet date, but not yet remitted to the asset-purchasing company (see note 12).

Derivative financial instruments and hedging activities

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

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

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

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

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

Interest rate derivatives hedging exposures to variability in cash flows of highly probable forecasted transactions are classified as cash flow hedges.

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.

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

Other financial assets

Accounting policy applied from September 1, 2014

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. These financial assets are accounted for in accordance with IFRS 9, Financial Instruments. Accordingly, 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 interest and the business model's objective 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 is 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.

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.

Accounting policy applied till September 1, 2014

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

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

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

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

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, and 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 initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

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

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

Research and development costs

Research costs are expensed as incurred.

Development costs for projects relate to software, recipes and product innovation and 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. 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.

Provisions

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

Employee benefit obligations/ post-employment benefits

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

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

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

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

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

Post-retirement benefits other than pensions

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

Termination benefits

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

Employee stock ownership program

For the employee stock ownership program, 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 the 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. Benefit cost is recognized on an actuarial basis in the income statement. The related liability is included in other long-term liabilities.

Share capital/purchase of treasury shares

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

Dividends

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

Taxes

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

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

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

Revenue recognition

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

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

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

Discontinued operations

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

Introduction of new standards in 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, 2015, 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 14 Regulatory Deferral Accounts	January 1, 2016	Fiscal year 2016/17
IFRS 15 Revenue from Contracts with Customers	January 1, 2018	Fiscal year 2018/19
Revisions and amendments of Standards and Interpretations		
Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)	January 1, 2016	Fiscal year 2016/17
Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to IAS 16 and IAS 38)	January 1, 2016	Fiscal year 2016/17
Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)	January 1, 2016	Fiscal year 2016/17
Equity Method in Separate Financial Statements (Amendments to IAS 27)	January 1, 2016	Fiscal year 2016/17
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	January 1, 2016	Fiscal year 2016/17
Annual Improvements to IFRSs 2012–2014 Cycle	January 1, 2016	Fiscal year 2016/17
Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)	January 1, 2016	Fiscal year 2016/17
Disclosure Initiative (Amendments to IAS 1)	January 1, 2016	Fiscal year 2016/17

IFRS 15 Revenue Recognition

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

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

Notes to the Consolidated Financial Statements

1 Acquisitions

Acquisition in 2014/15

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 U.S. 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 non-refundable 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).

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.

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.

Acquisition in 2013/14

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

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

The arrangement involves a contingent consideration of CHF 0.3 million.

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

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

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

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

Related to the acquisition of the Cocoa Ingredients Division of Petra Foods Ltd. closed on June 30, 2013 the measurement period according to IFRS 3 elapsed and the amount established for goodwill is final.

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

2 Discontinued operations and disposal

The Group did not have any discontinued operations and disposals in 2014/15 (and in 2013/14).

3 Segment information

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

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

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

2014/15 in thousands of CHF	Europe	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)	–
Net revenue	**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)

2013/14 in thousands of CHF	Europe	Americas	Asia Pacific	Global Cocoa	Total Segments	Corporate	Eliminations	Group
Revenues from external customers	2,573,259	1,287,335	249,128	1,756,218	5,865,940	–	–	5,865,940
Revenues from transactions with other operating segments of the Group	66,631	681	–	2,204,104	2,271,416	–	(2,271,416)	–
Net revenue	**2,639,890**	**1,288,016**	**249,128**	**3,960,322**	**8,137,356**	**–**	**(2,271,416)**	**5,865,940**
Operating profit (EBIT)	**268,097**	**126,502**	**27,002**	**81,951**	**503,552**	**(87,307)**	**–**	**416,245**
Depreciation and amortization	**(37,956)**	**(18,656)**	**(6,662)**	**(49,119)**	**(112,393)**	**(2,811)**	**–**	**(115,204)**
Impairment losses	**(721)**	**(3)**	**(16)**	**(27)**	**(767)**	**(35)**	**–**	**(802)**
Total assets	**1,294,836**	**897,696**	**122,754**	**2,866,872**	**5,182,158**	**1,481,385**	**(1,496,029)**	**5,167,514**
Additions to property, plant, equipment and intangible assets	(71,471)	(76,312)	(14,435)	(58,321)	(220,539)	(32,925)	–	(253,463)

Global Cocoa comprises Group-wide sourcing and Global Cocoa processing functions also for the benefit of all the regions. Therefore some of its operation profits are 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.

Additional entity-wide disclosures

Information on geographical regions

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

	2014/15	2013/14	2014/15	2013/14
in thousands of CHF	Revenues		Non-current assets[1]	
United States	1,039,145	905,570	288,580	243,327
Germany	500,936	453,246	90,764	102,231
Belgium	484,030	481,013	338,371	323,598
France	433,135	432,354	73,843	49,139
United Kingdom	421,824	411,419	48,854	78,275
Brazil[2]	335,392	257,243	70,380	81,610
Mexico	306,171	272,754	30,625	32,875
Italy	298,522	308,908	24,879	25,110
Rest of Europe	1,344,030	1,344,533	439,690	461,393
Rest of Americas	329,488	273,614	118,844	129,100
Rest of Asia Pacific	749,192	725,286	555,781	545,719
Total	**6,241,865**	**5,865,940**	**2,080,611**	**2,072,377**

1 Property, plant and equipment + intangible assets.
2 Comparatives have been provided to conform to the current period's presentation.

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	2014/15	2013/14
Cocoa Products	1,900,484	1,756,218
Food Manufacturers	3,444,664	3,247,374
Gourmet & Specialties	896,717	862,348
Revenues from external customers	**6,241,865**	**5,865,940**

In fiscal year 2014/15, the biggest single customer contributed CHF 912.2 million or 14.6 % of total revenues reported across various regions (2013/14: CHF 797.7 million or 13.6 %). No other single customer contributed more than 10% of total consolidated revenues.

4 Personnel expenses

in thousands of CHF	2014/15	2013/14
Wages and salaries	(370,350)	(356,639)
Compulsory social security contributions	(83,420)	(78,085)
Equity-settled share-based payments	(12,887)	(12,791)
Cash-settled share-based payments	–	(10,972)
Expenses related to defined benefit plans	(9,049)	(7,827)
Contributions to defined contribution plans	(2,739)	(2,605)
Increase in liability for long service leave	(32)	(57)
Total personnel expenses	**(478,477)**	**(468,976)**

5 Research and development expenses

in thousands of CHF	2014/15	2013/14
Total research and development expenses	**(20,334)**	**(21,779)**

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	2014/15	2013/14
Gain on disposal of property, plant and equipment	5,176	1,162
Group training centers, museums, outlets and rental income	5,931	3,801
Sale of shells of cocoa beans and waste	3,612	5,659
Litigations, claims and insurance	3,993	3,169
Release of unused provisions and accruals	2,959	490
Other	17,238	3,908
Total other income	**38,909**	**18,189**

Other income also includes an amount of CHF 13.6 million related to the commercial settlement with Petra Foods Ltd.

7 Other expenses

in thousands of CHF	2014/15	2013/14
Restructuring costs	(11,356)	(4,099)
Loss on sale of waste	–	(4)
Litigations and claims	(2,999)	(3,184)
Costs related to chocolate museums	(359)	(59)
Loss on sale of property, plant and equipment	(399)	(75)
Impairment on property, plant and equipment (note 15)	(11,849)	(10)
Impairment on other intangibles (note 18)	(492)	(792)
Other	(5,462)	(4,049)
Total other expenses	**(32,916)**	**(12,272)**

Restructuring costs include mainly severance payments and relocation costs related to the setup of the Shared Service Center (SSC) in Lodz, Poland, and costs related to the reduction of production capacity in Port Klang, Malaysia.

8 Finance income

in thousands of CHF	2014/15	2013/14
Interest income	2,366	1,734
Gain on derivative financial instruments	1,375	1,512
Total finance income	**3,741**	**3,246**

9 Finance costs

in thousands of CHF	2014/15	2013/14
Interest expenses	(110,408)	(105,685)
Amortized structuring fees	(3,125)	(3,182)
Charges on undrawn portion of committed credit facilities	(1,846)	(2,380)
Net interest costs related to defined benefit plans	(5,647)	(5,711)
Total interest expenses	**(121,026)**	**(116,958)**
Bank charges and other financial expenses	(4,548)	(4,288)
Foreign exchange losses, net	(8,903)	(718)
Total finance costs	**(134,477)**	**(121,964)**

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.

The increase in interest expenses in fiscal year 2014/15 is mainly attributable to increased working capital requirements.

Structuring fees are mainly attributable to the amortization of fees capitalized for the EUR 350 million Senior Note, issued July 2007, the EUR 600 million Revolving Credit Facility, entered into June 2011 and amended and extended in June 2014, the EUR 250 million Senior Note, issued June 2011, the USD 400 million Senior Note, issued June 2013, the EUR 175 million Term Loan Facility, entered into October 2013, and the Term Loan Agreements entered with Jacobs Holding AG in 2015 (CHF 100 million on February 25, 2015 and CHF 150 million on June 26, 2015).

The charges on the undrawn portion of the EUR 600 million Revolving Credit Facility amount to CHF 1.8 million for 2014/15 (2013/14: CHF 2.4 million).

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

10 Income tax expenses

in thousands of CHF	2014/15	2013/14
Current income tax expenses	(46,886)	(40,935)
Deferred income tax expenses	2,617	(1,475)
Total income tax expenses	**(44,269)**	**(42,410)**

Reconciliation of income taxes

in thousands of CHF	2014/15	2013/14
Profit before income taxes	284,140	297,408
Expected income tax expenses at weighted average applicable tax rate	(78,731)	(76,272)
Not tax deductible expenses	(4,112)	(4,990)
Tax-deductible items not qualifying as an expense under IFRS	19,513	16,097
Tax-exempt income	6,927	7,513
Income recognized for tax declarations purposes only	(4,312)	(2,010)
Prior-period-related items	1,077	(6,890)
Changes in tax rates	1,445	(857)
Losses carried forward not yet recognized as deferred tax assets	(21,500)	(12,654)
Tax relief on losses carried forward formerly not recognized as deferred tax assets	35,422	37,653
Total income taxes	**(44,269)**	**(42,410)**

For the reconciliation as above, the Group determines the expected income tax rate by weighing the applicable tax rates in the jurisdictions concerned based on the mix of the profit before taxes per jurisdiction, resulting for 2014/15 in a weighted average applicable tax rate of 27.71% (2013/14: 25.65%).

The applicable expected tax rate per company is the domestic corporate income tax rate applicable to the profit before taxes of the company for fiscal year 2014/15. The increase of the weighted average applicable tax rate is due to the less favorable company mix of taxable income.

The tax relief on tax losses carried forward formerly not recognized as deferred tax assets amounts to CHF 35.4 million for the year 2014/15 (2013/14: CHF 37.7 million). The amount consists of CHF 18.5 million tax relief from utilization of tax losses carried forward previously not recognized (2013/14: CHF 8.2 million) and CHF 16.9 million tax losses carried forward recognized as a deferred tax asset for the first time during the year 2014/15 (2013/14: CHF 29.5 million).

11 Earnings per share

in CHF	2014/15	2013/14
Basic earnings per share from continuing operations (CHF/share)	43.25	46.00
Diluted earnings per share (CHF/share)	43.07	45.77

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

in thousands of CHF	2014/15	2013/14
Net profit for the year attributable to ordinary shareholders, used as numerator for basic earnings per share adjusted for net loss from discontinued operations	237,214	252,383
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	**237,214**	**252,383**

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

	2014/15	2013/14
Weighted average number of shares issued	5,488,858	5,488,858
Weighted average number of treasury shares held	(3,604)	(2,259)
Weighted average number of ordinary shares outstanding, used as denominator for basic earnings per share	5,485,254	5,486,599
Dilution potential of equity-settled share-based payments	21,818	27,643
Adjusted weighted average number of ordinary shares, used as denominator for diluted earnings per share	**5,507,072**	**5,514,242**

12 Trade receivables and other current assets

as of August 31, in thousands of CHF	2015	2014 [1]
Trade receivables	418,815	455,487
Accrued income	21,276	7,457
Loans and other receivables	111,577	71,328
Other current financial assets	12,470	7,941
Receivables representing financial assets	**564,138**	**542,213**
Fair values of hedged firm commitments	99,111	3,974
Prepayments	122,989	109,461
Other current non-financial assets	922	971
Other taxes and receivables from government	184,763	137,165
Other receivables	**407,785**	**251,571**
Total trade receivables and other current assets	**971,923**	**793,784**

1 Values as published in prior year applying IAS 39. For the value of Trade receivables as of September 1, 2014 upon transition from IAS 39 to IFRS 9, refer to section "Summary of Accounting Policies".

The Group runs an asset-backed securitization program, whereby trade receivables are sold at their nominal value minus a discount in exchange for cash. The amount of the receivables sold net of discounts is CHF 360.3 million as of August 31, 2015 (2014: CHF 294.0 million), that amount being derecognized from the balance sheet. This amount is the combination of the gross value of the receivables sold (CHF 384.0 million as of August 31, 2015, CHF 330.6 million as of August 31, 2014) and the discount (CHF 23.7 million as of August 31, 2015, CHF 36.6 million as of August 31, 2014).

Net amounts payable to the program amounted to CHF 60.4 million as of August 31, 2015 (2014: CHF 18.3 million), consisting of the balance of receivables collected before the next rollover date of CHF 84.1 million (2014: CHF 54.9 million), less the discount on receivables sold of CHF 23.7 million (2014: CHF 36.6 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 73.9 million (and CHF 74.0 million nominal amount) as of August 31, 2015, are held for 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 3.0 million in fiscal year 2014/15 (2013/14: CHF 2.9 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	2015	2014
Cocoa beans stocks	512,405	478,297
Semi-finished and finished products	956,764	1,133,760
Other raw materials and packaging materials	160,645	150,057
Total inventories	**1,629,814**	**1,762,114**

As of August 31, 2015, the value of the inventories included CHF 27.9 million fair value hedge adjustment (where cocoa and chocolate inventories were hedged by cocoa bean futures for cocoa bean price risk). 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, 2015, inventories amounting to CHF 0.7 million (2014: CHF 9.2 million) are pledged as security for financial liabilities.

In fiscal year 2014/15, inventory write-downs of CHF 22.4 million related to price list business and stocks that are not designated in a hedge relationship were recognized as expenses (2013/14: CHF 8.2 million).

14 Derivative financial instruments and hedging activities

as of August 31,	2015		2014	
in thousands of CHF	Derivative financial assets	Derivative financial liabilities	Derivative financial assets	Derivative financial liabilities
Cash flow hedges				
Interest rate risk				
Swaps	4,768	9,492	–	12,588
Cocoa price risk				
Forward and futures contracts	628	2,539	5,386	3,852
Sugar price risk				
Future contracts	–	7,647	–	–
Fuel oil price risk				
Swaps	–	3,405	–	–
Foreign exchange risk				
Forward and futures contracts	857	274	746	409
Fair value hedges				
Cocoa price risk				
Forward and futures contracts[1]	209,188	216,927	–	–
Foreign exchange risk				
Forward and futures contracts[2]	36,963	52,119	13,782	10,701
Other – no hedge accounting				
Raw materials				
Forward and futures contracts and other derivatives[3]	188,144	160,365	307,913	259,716
Foreign exchange risk				
Forward and futures contracts	57,966	926	8,202	35,590
Total derivative financial assets	**498,514**	–	**336,029**	–
Total derivative financial liabilities	–	**453,694**	–	**322,856**

1 Values on this line include the carrying amount of the cocoa futures allocated as hedging instruments (refer to section 4/a Impact of hedging instruments designated in hedging relationships in note 26) and the cocoa and chocolate purchase and sales firm commitments allocated as hedged items (refer to section 4/b Impact of hedged items designated in hedging relationships in note 26) in fair value hedges.

2 Values on this line include the carrying amount of the foreign exchange forward contracts allocated as hedging instruments in fair value hedges (refer to section 4/a Impact of hedging instruments designated in hedging relationships in note 26). The cumulative change in the fair value of the hedged firm purchase and sales commitments attributable to the foreign currency risk is recognized as "Trade receivables and other current assets" or "Trade payables and other current liabilities."

3 From the value of those Derivative financial assets and Derivative financial liabilities as of August 31, 2015 that are related to raw material price risk and are not allocated into hedge accounting relationship, CHF 161.6 million and CHF 4.1 million, respectively, relates to the fair value of executory contracts measured at fair value using the fair value option.

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.

For further details about fair value measurement and the hedge accounting relationships as of August 31, 2015 and their impacts, refer to note 26.

15 Property, plant and equipment

2014/15	Land and buildings	Plant and machinery	Office equipment, furniture and motor vehicles	Under construction	Total
in thousands of CHF					
At cost					
as of September 1, 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)	0
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)	(7,118)	–	(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**

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

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

Impairment loss in property, plant and equipment in fiscal year 2014/15 amounted to CHF 11.8 million (2013/14 CHF 0.0 million) and is related to the immediate reduction of production capacity in Port Klang/Malaysia and in Bangpakong, Thailand.

Repair and maintenance expenses for the fiscal year 2014/15 amounted to CHF 54.8 million (2013/14: CHF 66.5 million).

The fire insurance value of property, plant and equipment amounted to CHF 2,316.4 million as of August 31, 2015 (2014: CHF 2,413.6 million).

As of August 31, 2015, plant and equipment held under finance leases amounted to CHF 3.4 million (2014: CHF 13.2 million). The related liabilities are reported under short-term and long-term debt (see notes 20 and 23).

As of August 31, 2015, financial liabilities of CHF 0.9 million were secured by means of mortgages on properties (2014: CHF 1.8 million).

16 Obligations under finance leases

as of August 31,	2015	2014	2015	2014
in thousands of CHF	Minimum lease payments		Present value of minimum lease payments	
Amounts payable under finance leases				
within one year	116	138	99	112
in the second to fifth year inclusive	211	367	199	335
more than five years	–	–	–	–
Total amount payable under finance leases	**327**	**505**	**298**	**447**
less: future finance charges	(29)	(58)	–	–
Present value of lease obligations	**298**	**447**	**298**	**447**
Amount due for settlement next 12 months (note 20)			99	112
Amount due for settlement after 12 months (note 23)			199	335

The Group entered into finance leasing arrangements for various assets. The weighted average term of finance leases entered into is 15.0 years (2013/14: 6.0 years). The average effective interest rate was 7.1% (2013/14: 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,	2015	2014
in thousands of CHF	Net carrying amount of property, plant and equipment under finance lease	
Land and buildings	3,418	12,873
Plant and machinery	–	–
Furniture, equipment and motor vehicles	–	369
Total assets under financial lease	**3,418**	**13,242**

17 Equity-accounted investees

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

in thousands of CHF	2014/15	2013/14
as of September 1,	**1,094**	**5,088**
Disposal of associates and joint ventures	–	(3,818)
Share of (loss)/profit	55	(119)
Dividends received	(134)	–
Exchange rate differences	(65)	(57)
as of August 31,	**950**	**1,094**

On February 18, 2014, the Group's equity interest in two of its associates, African Organic Produce AG and Biolands International Ltd., increased from 49% to 100% and became a subsidiary since that date (see Note 1) and are therefore disclosed as a disposal under this note.

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

Ownership in %	2015	2014
as of August 31,		
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.

in thousands of CHF	2015	2014
Total current assets	4,596	4,738
Total non-current assets	0	0
Total current liabilities	2,409	2,446
Total non-current liabilities	–	–
Net assets as of August 31,	**2,187**	**2,292**
Group's share of net assets of equity-accounted investees	**950**	**1,094**

in thousands of CHF	2014/15	2013/14
Total revenue	10,669	18,123
Total profit for the year	299	247
Other comprehensive income	–	–
Total comprehensive income	299	247
Group's share of (losses)/profits of equity-accounted investees	**55**	**(119)**

18 Intangible assets

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**

2013/14	Goodwill	Brand names and licenses	Internally generated intangible assets	Other	Total
in thousands of CHF					
At cost					
as of September 1, 2013	**729,988**	**72,281**	**273,626**	**27,555**	**1,103,450**
Business combination	4,213	–	–	–	4,213
Additions	–	1,113	36,045	1,766	38,924
Disposals	–	–	(383)	(741)	(1,124)
Currency translation adjustments	(4,455)	(284)	(4,949)	(1,118)	(10,806)
Reclassified from under development	–	–	8,963	(680)	8,283
as of August 31, 2014	**729,746**	**73,110**	**313,302**	**26,782**	**1,142,940**
Accumulated amortization and impairment losses					
as of September 1, 2013	**–**	**37,910**	**174,761**	**7,994**	**220,665**
Amortization charge	–	4,412	24,900	2,622	31,934
Disposals	–	–	(267)	(510)	(777)
Impairment losses	–	–	792	–	792
Currency translation adjustments	–	(97)	(3,095)	(330)	(3,522)
as of August 31, 2014	**–**	**42,225**	**197,091**	**9,776**	**249,092**
Net as of August 31, 2014	**729,746**	**30,885**	**116,211**	**17,006**	**893,848**

Additions to internally generated intangible assets amount to CHF 41.9 million in fiscal year 2014/15 (2013/14: CHF 36.0 million). Additions mainly included costs related to various projects of internally generated software, amounting to CHF 35.4 million in fiscal year 2014/15 (2013/14: CHF 31.3 million). Costs related to the development of recipes and innovations of CHF 5.6 million were also capitalized under internally generated intangible assets (2013/14: CHF 3.7 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 734.8 million (2013/14: CHF 729.7 million). The allocation to the segments is as follows:

as of August 31, in million CHF	2015	2014
Global Cocoa	454.3	447.7
Europe	220.4	234.1
Americas	55.7	43.4
Asia Pacific	4.4	4.5
Total	**734.8**	**729.7**

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

	2015		2014	
	Discount rate	Terminal growth rate	Discount rate	Terminal growth rate
Global Cocoa	6.5%	1.8%	5.9%	2.1%
Europe	6.3%	0.8%	5.4%	1.6%
Americas	6.4%	0.8%	6.5%	1.3%
Asia Pacific	6.6%	1.8%	6.2%	4.5%

Based on the impairment tests, no need for recognition of impairment losses in fiscal year 2014/15 has been identified.

The key sensitivities in the impairment test are the WACC as well as the terminal growth rate.

The Group has carried out a sensitivity analysis, containing various scenarios. Taking reasonable possible changes in key assumptions into account, no impairment losses have been revealed.

19 Deferred tax assets and liabilities

Movement in deferred tax assets and liabilities

in thousands of CHF	Inventories	Property, plant, equipment/ intangible assets	Other assets	Provisions	Other liabilities	Tax loss carry-forwards	Total
as of September 1, 2013	**(2,395)**	**(31,944)**	**13,868**	**(9,272)**	**(4,271)**	**63,222**	**29,208**
Charged to the income statement	(6,283)	(8,566)	(19,062)	9,890	19,772	2,774	(1,475)
Charged to equity	–	(6)	74	–	7,966	–	8,034
Currency translation effects	139	366	(940)	84	390	(496)	(457)
as of August 31, 2014	**(8,539)**	**(40,150)**	**(6,060)**	**702**	**23,857**	**65,500**	**35,310**
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**

For fiscal year 2014/15, deferred tax income recognized in equity amounted to CHF 0.1 million (2013/14: CHF 8.0 million) and relates to the deferred tax impact on remeasurement of defined benefit plans CHF 0.5 million (2013/14: CHF 5.3 million) and to cash flow hedging reserves CHF -0.4 million (2013/14: CHF 2.8 million).

Recognized deferred tax assets and liabilities

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

as of August 31,	2015			2014		
in thousands of CHF	Assets	Liabilities	Net	Assets	Liabilities	Net
Inventories	6,297	(7,208)	(911)	4,860	(13,399)	(8,539)
Property, plant & equipment/intangible assets	43,921	(78,973)	(35,052)	36,787	(76,937)	(40,150)
Other assets	35,876	(36,566)	(690)	31,642	(37,702)	(6,060)
Provisions	16	(651)	(635)	1,336	(634)	702
Other liabilities	28,197	(25,313)	2,884	33,147	(9,290)	23,857
Tax loss carry-forwards	73,557	–	73,557	65,500	–	65,500
Tax assets/(liabilities)	**187,864**	**(148,711)**	**39,153**	**173,272**	**(137,962)**	**35,310**
Tax offsetting	(89,082)	89,082	–	(78,298)	78,298	–
Reflected in the balance sheet	**98,782**	**(59,629)**	**39,153**	**94,974**	**(59,664)**	**35,310**

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,	2015	2014
in thousands of CHF		
Expiry:		
Within 1 year	1,821	6,689
After 1 up to 2 years	19,010	7,574
After 2 up to 3 years	2,265	5,932
After 3 up to 10 years	77,847	98,344
After 10 years	7,277	65,240
Unlimited	263,489	208,036
Total unrecognized tax losses carried forward	**371,709**	**391,815**

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

Tax losses carried forward utilized during the year 2014/15 were CHF 117.3 million (2013/14: CHF 74.3 million). The related tax relief amounted to CHF 38.9 million, of which CHF 20.3 million were already recognized as a deferred tax asset in the year before (2013/14: CHF 25.7 million of which CHF 17.5 million were already recognized as a deferred tax asset in the year before).

As of August 31, 2015, the Group had unutilized tax losses carried forward of approximately CHF 587.9 million (2014: approximately CHF 581.3 million) available for offset against future taxable income.

Of the total tax losses carried forward, an amount of CHF 216.2 million has been recognized for deferred taxation purposes resulting in a deferred tax asset of CHF 73.6 million (2013/14: CHF 189.5 million recognized resulting in a deferred tax asset of CHF 65.5 million).

20 Bank overdrafts and short-term debt

as of August 31,	2015	2014	2015	2014
in thousands of CHF	Carrying amounts		Fair values	
Bank overdrafts	**33,266**	**17,559**	**33,266**	**17,559**
Commercial paper	195,672	371,000	195,672	371,000
Short-term debts	161,704	85,733	161,704	85,733
Short-term portion of long-term debts (note 23)	288,430	706	288,430	706
Interest-bearing loans from employees	2	0	2	0
Finance lease obligations (note 16)	99	112	99	112
Short-term debt	**645,907**	**457,551**	**645,907**	**457,551**
Bank overdrafts and short-term debt	**679,173**	**475,110**	**679,173**	**475,110**

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

as of August 31,	2015			2014		
Split per currency	Amount	Interest range		Amount	Interest range	
in thousands of CHF		from	to		from	to
EUR	340,491	0.14%	3.60%	244,843	0.31%	3.00%
CHF	101,887	0.52%	1.50%	101,513	0.60%	1.50%
USD	128,240	0.34%	4.25%	82,582	0.33%	4.25%
XAF	53,163	2.85%	6.00%	19,830	2.96%	6.00%
TRL	7,384	11.67%	14.00%	8,880	8.69%	8.69%
CLP	15,394	4.48%	4.74%	8,393	3.00%	4.00%
BRL	28,115	12.00%	15.00%	6,093	12.50%	14.00%
Other	4,499	0.45%	11.79%	2,976	0.03%	9.50%
Total	**679,173**	**0.14%**	**15.00%**	**475,110**	**0.03%**	**14.00%**

as of August 31,	2015	2014
in thousands of CHF		
Split fixed/floating interest rate:		
Fixed rate	9,335	1,518
Floating rate	669,838	473,592
Total bank overdrafts and short-term debt	**679,173**	**475,110**

21 Trade payables and other current liabilities

as of August 31,	2015	2014
in thousands of CHF		
Trade payables	651,299	604,822
Amounts due to related parties	680	1,038
Accrued expenses	83,596	82,329
Other payables	154,531	93,871
Payables representing financial liabilities	**890,106**	**782,060**
Accrued wages and social security	79,796	82,241
Fair value of hedged firm commitments	59,490	2,127
Other taxes and payables to governmental authorities	31,535	24,765
Deferred income	38	70
Other liabilities	**170,859**	**109,203**
Total trade payables and other current liabilities	**1,060,965**	**891,263**

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

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

22 Provisions

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**	**5,559**	**13,807**
of which:				
Current	**3,194**	**2,765**	**3,374**	**9,333**
Non-current	**–**	**2,289**	**2,185**	**4,474**

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

Restructuring
Additions to restructuring provisions in 2014/15 are mainly related to the setup of the Shared Service Center (SSC) in Lodz, Poland, with the aim to further strengthen the cost management and “Cost Leadership” position by bundling transactional activities across Europe as well as immediate reduction of production capacity in Port Klang/Malaysia.

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, 2015.

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

23 Long-term debt

as of August 31,	2015	2014	2015	2014
in thousands of CHF	Carrying amounts		Fair values	
Senior notes	1,013,733	1,070,460	1,138,177	1,217,485
Long-term debts	450,685	338,509	450,685	338,509
Less current portion (note 20)	(288,430)	(706)	(288,430)	(706)
Interest-bearing loans from employees	92	65	92	65
Long-term other loans	(120)	7,397	(120)	7,397
Finance lease obligation (note 16)	199	335	199	335
Total long-term debt	**1,176,159**	**1,416,060**	**1,300,603**	**1,563,085**

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%.

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

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

On October 24, 2013, the Group entered into a EUR 175 million Term Loan Facility with maturity in 2016.

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

On June 26, 2015, the Group entered into a CHF 100 million fixed-rate Term Loan Agreement with Jacobs Holding AG with maturity in 2016.

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

In addition, there exists financial covenants related to the Revolving Credit Facility and the Term Loan Facility 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,	2015	2014
in thousands of CHF		
2015/16	–	238,089
2016/17	527,668	431,316
2017/18	3,161	3,826
2018/19	3,095	90,021
2019/20 (and thereafter for 2014)	3,059	652,808
2020/21 and thereafter (for 2015)	639,176	–
Total long-term debt	**1,176,159**	**1,416,060**

The weighted average maturity of the total debt decreased from 5.3 to 4.8 years.

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

as of August 31,	2015			2014		
Split per currency	Amount	Interest range		Amount	Interest range	
in thousands of CHF		from	to		from	to
EUR	643,223	2.00%	7.11%	1,011,403	1.32%	7.11%
USD	371,253	5.50%	5.50%	378,174	3.00%	5.50%
CHF	149,778	0.82%	0.82%	–	–	–
BRL	–	–	–	13,256	4.50%	8.00%
JPY	11,895	1.67%	1.67%	13,215	1.67%	1.67%
Other	10	6.50%	6.50%	12	6.80%	6.80%
Total long-term debt	**1,176,159**	**0.82%**	**7.11%**	**1,416,060**	**1.32%**	**8.00%**

as of August 31,	2015	2014
in thousands of CHF		
Split fixed/floating interest rate:		
Fixed rate	1,175,606	1,288,732
Floating rate	553	127,328
Total long-term debt	**1,176,159**	**1,416,060**

24 Employee benefit obligations

A. Defined benefit plans

The Group operates, apart from legally required social security schemes, a number of independent defined retirement benefit plans and other 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 U.S., 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 employee benefit schemes are exposed to changes in legislation and to investment return and matching risks, longevity risks and solvency risks. These risks may all require additional contributions and are therefore reviewed on a regular basis by the companies' management or by the relevant Board of Trustees as follows:

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

Employee benefit plans in Switzerland

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

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

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

Other benefit plans

In the U.S., 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.

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

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

as of August 31,	2015	2014	2015	2014
in thousands of CHF	Defined benefit pension plans		Other long-term employment benefit plans	
Present value of funded obligations	314,106	302,572	–	–
Fair value of plan assets	(190,045)	(183,017)	–	–
Excess of liabilities (assets) of funded obligations	**124,061**	**119,555**	**–**	**–**
Present value of unfunded obligations	13,301	10,567	11,927	16,871
Net employee benefit obligations recognized in the balance sheet (recognized as a liability)	**137,362**	**130,122**	**11,927**	**16,871**

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

	2014/15	2013/14	2014/15	2013/14
in thousands of CHF	Defined benefit pension plans		Other long-term employment benefit plans	
Present value of defined benefit obligation as of September 1,	**313,139**	**279,683**	**16,871**	**16,166**
Currency translations	402	–	–	–
Current service cost	14,809	13,038	595	887
Past service cost	(2,139)	(2,487)	(3)	–
Remeasurements trough P&L	–	–	(429)	–
Interest expense	9,179	9,565	516	745
Losses (gains) on curtailment	42	3	(251)	112
Total recognized in income statement	**22,293**	**20,119**	**428**	**1,744**
Actuarial losses (gains)	9,296	23,895	–	163
thereof				
Arising from changes in demographic assumptions	3,176	2,305	–	(85)
Arising from changes in financial assumptions	9,049	16,006	–	85
Arising from experience adjustments	(2,929)	5,584	–	163
Total recognized in other comprehensive income	**9,296**	**23,895**	**–**	**163**
Reclassifications	2,185	45	(2,185)	(152)
Exchange differences on foreign plans	(5,440)	282	(2,648)	(289)
Benefits received	4,410	3,237	–	(664)
Benefits paid	(18,476)	(14,122)	(539)	(97)
Total other	**(17,321)**	**(10,558)**	**(5,372)**	**(1,202)**
Present value of defined benefit obligation as of August 31,	**327,407**	**313,139**	**11,927**	**16,871**
thereof				
funded obligations	314,106	302,572	–	–
unfunded obligations	13,301	10,567	11,927	16,871

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

in thousands of CHF	2015 Defined benefit pension plans	2014 Defined benefit pension plans	2015 Other long-term employment benefit plans	2014 Other long-term employment benefit plans
Opening fair value of plan assets as of September 1,	**183,017**	**163,306**	**–**	**–**
Currency translations	325	–	–	–
Interest income	4,047	4,599	–	–
Contributions by employees	3,575	3,726	–	–
Total recognized in income statement	**7,947**	**8,325**	**–**	**–**
Return on plan assets excl. interest income	1,439	7,122	–	–
Total recognized in other comprehensive income	**1,439**	**7,122**	**–**	**–**
Unrecognized assets	–	12	–	–
Contributions by employer	12,352	13,168	–	–
Exchange differences on foreign plans	(1,843)	782	–	–
Benefits received	4,410	3,237	–	–
Benefits paid	(17,277)	(12,935)	–	–
Total other	**(2,358)**	**4,264**	**–**	**–**
Fair value of plan assets as of August 31,	**190,045**	**183,017**	**–**	**–**

The plan assets consist of the following categories of securities:

as of August 31. in thousands of CHF	2015 Defined benefit pension plans	2014 Defined benefit pension plans
Equities	77,644	91,538
Bonds	44,742	26,324
Insurance portfolio	58,441	54,935
Cash and other assets	9,218	10,220
Total fair value of plan assets	**190,045**	**183,017**

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

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

in thousands of CHF	2014/15 Defined benefit pension plans	2013/14 Defined benefit pension plans	2014/15 Other long-term employment benefit plans	2013/14 Other long-term employment benefit plans
Current service costs	14,809	13,038	595	887
Net interest expense	5,132	4,966	516	745
Net currency translations	77	–	–	–
Past service cost	(2,139)	(2,487)	(3)	–
Losses (gains) on curtailments and settlements	42	3	(251)	112
Remeasurements	–	–	(429)	–
Contributions by employees	(3,575)	(3,726)	–	–
Total defined benefit expenses	**14,346**	**11,794**	**428**	**1,744**
Actual return on plan assets	**5,486**	**11,721**	**–**	**–**

in thousands of CHF	2014/15	2013/14
Total defined contribution expenses	**(2,739)**	**(2,605)**

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

in thousands of CHF	2014/15	2013/14
Cost of goods sold	(2,753)	(1,206)
Marketing and sales expenses	(1,314)	(1,103)
General and administration expenses	(4,548)	(4,196)
Research and development expenses	(379)	(272)
Other income	2	94
Other expenses	(57)	(1,144)
Finance costs	(5,725)	(5,711)
Total defined benefit expenses recognized in income statement	**(14,774)**	**(13,538)**

Actuarial assumptions

Weighted average actuarial assumptions used are as follows:

	2014/15	2013/14	2014/15	2013/14
	Defined benefit pension plans		Other long-term employment benefit plans	
Discount rate	2.6%	3.1%	4.4%	4.6%
Expected rate of pension increase	0.9%	1.0%	0.9%	0.7%
Expected rate of salary increase	0.8%	1.2%	1.2%	1.7%
Medical cost trend rates	0.0%	0.0%	9.0%	2.0%

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	2015	2014	2015	2014
		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,	2015	2014	2015	2014
in thousands of CHF	Increase		Decrease	
Discount rate (1% movement)	(58,226)	(47,995)	58,226	47,995
Expected rate of pension increase (1% movement)[1]	(20,037)	–	20,037	–
Expected rate of salary increase (1% movement)	15,876	13,629	(15,876)	(13,629)
Expected rate of future mortality decrease (1% movement)[1]	6,680	–	(6,680)	–

1 The impact of a change in the expected rate of pension increase and the expected rate of future mortality decrease have been calculated in FY 2014/15 for the first time.

B. 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. The remaining tranches of the share awards granted under this plan will continue to vest until fiscal year 2015/16. The cash settlement of the performance-based component of this plan amounting to CHF 10,971,901 occurred in September 2014 but had been fully accrued in the financial statements for the period ended August 31, 2014, and relevant disclosures were made for key management in the previous year. 11,838 share awards were granted in fiscal year 2013/14 (2014/15: zero as the plan was discontinued) with an average fair value of the share awards of CHF 882 per share.

Long-Term Incentive Plan

The new, open-ended deferred share plan called "Long-Term Incentive Plan" or abbreviated "LTIP" was implemented in autumn 2014 for periods starting on or after September 1, 2014. The granting of share awards under the LTIP is based on a target lump sum determined for each plan participant in a discretionary manner by the Board of Directors (BoD) and its Nomination & Compensation Committee (NCC), respectively. To arrive at the number of share awards, the target lump sum determined for each participant in a fiscal year is divided by the average share price of the last three months of the preceding fiscal year. The share awards defined in this way 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 granting date. The first two tranches vest subject to the LTIP participant continuing to be employed by Barry Callebaut. The final 40% tranche vests subject to meeting a performance criterion which is defined as the relative performance (3-year Compound Annual Growth Rate) of the Barry Callebaut share versus the share performance of a peer group. 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 over-performance in %, whereas in 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 75% and 150% of the initially determined number of share awards granted, respectively, between 37.5% and 225% of the share awards granted for the final performance related tranche. Share awards to Members of the Executive Committee may only vest to the extent that the actual market value of the share awards to vest in any given year does not exceed 160% of the target lump sum defined at the last grant date for the respective plan participant ("Value Cap").

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.

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. 5,348 share awards were granted in fiscal year 2014/15 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. In fiscal year 2014/15, 2,600 share awards with an average fair value of CHF 782 were granted to members of the Executive Committee and 972 share awards with an average fair value of CHF 942 to other plan participants.

Board of Directors

For the Board of Directors (BoD), share awards are granted outside these plans each year for the respective calendar year by the NCC which determines a fixed number of share awards for the BoD members. The total number of share awards granted for 2014/15 amounted to 2,190 with an average fair value of CHF 1,029 per share (2013/14: 1,760 share awards with an average fair value of CHF 1,055 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 2014/15, the amount thus recognized (before taxes) was CHF 12.9 million with a corresponding increase in equity (2013/14: CHF 12.8 million). Of the amount recognized in 2014/15, CHF 4.8 million related to the Deferred Share Plan 2011–2014 (2013/14 CHF 11.0 million), CHF 5.8 million to the Long-Term Incentive Plan (2013/14 zero) and CHF 2.3 million to the BoD plan (2013/14 CHF 1.8 million).

25 Equity

Share

as of August 31,	2015	2014	2013
in thousands of CHF			
Share capital is represented by 5,488,858 (2014: 5,488,858; 2013: 5,488,858) authorized and issued shares of each CHF 18.60 fully paid in (in 2014: 18.60; in 2013: 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 (2014: 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 10, 2014, the shareholders approved the proposed dividend payment of CHF 15.50 per share, effected through a dividend payment from reserves from capital contributions. The respective payment to the shareholders in the amount of CHF 85,077,300 took place on March 2, 2015.

For fiscal year 2013/14, the payout of CHF 14.50 per share effected through a dividend payment from reserves from capital contributions. The respective payment in the amount of CHF 79,588,441 took place on March 3, 2014.

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, 2015 amounted to CHF 11.6 million (2014: CHF 11.4 million).

The fair value of the treasury shares as of August 31, 2015 amounted to CHF 11.8 million (2014: CHF 11.0 million).

As of August 31, 2015, the number of outstanding shares amounted to 5,477,774 (2014: 5,479,102) and the number of treasury shares to 11,084 (2014: 9,756). During this fiscal year, 15,443 shares have been purchased, 14,115 transferred to employees under the employee stock ownership program and 0 sold (2013/14: 17,287 purchased; 11,291 transferred and 0 sold).

Retained earnings

As of August 31, 2015, retained earnings contain legal reserves of CHF 32.0 million (2014: CHF 31.9 million), which are not distributable to the shareholders pursuant to Swiss law.

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

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

Movements in non-controlling interests

in thousands of CHF	2014/15	2013/14
as of September 1,	**5,085**	**3,743**
Non-controlling share of profit/(loss)	2,657	2,615
Dividend paid to non-controlling shareholders	(2,223)	(917)
Capital increase[1]	8,855	–
Currency translation adjustment	(103)	(356)
as of August 31,	**14,271**	**5,085**

1 The capital increase has been effected trough a debt-equity swap without cash impact

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 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 makes sure that the commodity risk management strategy is consistent with the Group's objectives. It also sets the Group's Value at Risk (VaR) limit for the major raw material components. The AFRQCC makes recommendations to the Board of Directors if deemed necessary and advises the Board of Directors on important risk matters and/or asks for approval.

In order to quantify and manage the Group's consolidated exposure to commodity price risks, the concept of historical VaR is applied. The VaR concept serves as the analytical instrument for assessing the Group's commodity price risk incurred under normal market conditions. The VaR indicates the loss which, within a time horizon of 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 heads of Global Cocoa and Global Sourcing allocate limits in metric tons to the related risk reporting units. The Board of Directors is the highest approval authority for all Group Commodity Risk Management (GCRM) matters and approves the GCRM Policy as well as the Group VaR limit.

The VaR framework of the Group is based on the standard historical VaR methodology; taking 2,000 days (equivalent to 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. 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, 2015, the Group had a total VaR for raw materials of CHF 12.7 million (2014: CHF 24.9 million) well within the Group limit.

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

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. In this respect, the Group's purchasing and sourcing centers make sourcing and risk management decisions for cocoa beans, semi-finished cocoa products and non-cocoa raw materials 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 and purchase and sales contracts and 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.

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. This is the approach and ratios the entities use according to the Group's risk management strategy when they enter into the appropriate volume of hedging instruments in order to hedge the cocoa bean price risk component in their positions. For cocoa bean positions, the Group uses a hedging ratio of 1:1.

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).

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.

c) Sugar price risk hedges

In 2015, the group applies cash flow hedge accounting for the hedging relationships when it hedges its sugar 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).

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.

d) Fuel price risk hedges

In 2015, 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.

Certain ineffectiveness can arise during the hedging process. The main sources of hedge ineffectiveness are considered to be differences between the maturity profile of the hedged items and the hedging instruments and certain potential deviations between the estimated and actual hedging ratio.

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

The following table provides an overview over the periods in which the current cash flow hedges with regards to interest rate risk, cocoa price risk, sugar price risk, fuel oil price risk and foreign exchange risk are expected to impact the Consolidated Income Statement (amounts before taxes).

as of August 31, 2015 in thousands of CHF	First year	Second year	After two years	Total
Interest rate risk	1,188	1,309	380	2,877
Cocoa price risk	(2,080)	81	–	(1,999)
Sugar price risk	(4,219)	(3,428)	–	(7,647)
Fuel oil price risk	(1,703)	(1,371)	(331)	(3,405)
Foreign exchange risk	636	106	–	742

The amounts recognized within other comprehensive income as at August 31, 2014 regarding cocoa price risk and foreign exchange risk were expected to impact the Consolidated Income Statement within one year.

2 Foreign currency risks

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

All risks related to foreign currency exposures of assets and liabilities, certain unrecognized firm commitments and highly probable forecasted purchases and sales are centralized – 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 Ivory Coast and Cameroon with functional currency CFA franc are not included, as the CFA franc has an exchange rate pegged to the EUR (EUR long exposures of totally 473 million as per August 31, 2015 and 323 million as per August 31, 2014).

Net foreign currency exposures

as of August 31,	2015			2014		
Net exposure in thousands of EUR/GBP/USD	EUR	GBP	USD	EUR	GBP	USD
EUR	–	(8,286)	6,642	–	(1,172)	933
CHF	2,293	(717)	3,859	503	1,599	2,312
CAD	(345)	–	(288)	(145)	–	(96)
USD	(3,491)	1,138	–	(3,720)	(338)	–
BRL	(377)	–	956	(1,379)	–	2,951
SGD	–	–	–	(85)	(17)	(735)
CNY	–	–	(2,702)	(3)	–	(1,083)
MYR	46	–	759	(329)	(281)	1,890
RUB	47	–	1,097	(3,645)	–	582
SEK	–	–	–	–	–	–
JPY	(116)	–	(365)	(154)	(56)	(1,656)
Total	**(1,943)**	**(7,865)**	**9,958**	**(8,957)**	**(265)**	**5,098**

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. 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, 2015, the Group had a VaR of CHF 1.4 million (2014: CHF 1.0 million).

Value at Risk per main exposure currencies

as of August 31,	2015	2014
Value at Risk on net exposures in thousands of CHF Total for the Group and per main exposure currencies		
Total Group	**1,394**	**978**
CHF	4	14
EUR	1,418	1,004
USD	95	63
GBP	117	19
Others	65	37
Diversification effect	18%	14%

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, 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, in thousands of CHF	2015	2014
Fixed interest bearing items		
Carrying amount of financial liabilities	1,184,941	1,109,435
Reclassification due to interest rate derivative	161,217	180,815
Net fixed interest position	**1,346,158**	**1,290,250**
Floating interest bearing items		
Carrying amount of financial assets	(127,328)	(87,648)
Carrying amount of financial liabilities	670,391	781,735
Reclassification due to interest rate derivative	(161,217)	(180,815)
Net floating interest position	**381,846**	**513,272**

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,	2015				2014			
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	(2,723)	145	–	–	(3,850)	385	–	–
Interest rate swaps	–	–	40,601	(4,328)	–	–	7,767	(785)
Total interest rate sensitivity	**(2,723)**	**145**	**40,601**	**(4,328)**	**(3,850)**	**385**	**7,767**	**(785)**

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, 2015 on the Group's Consolidated Balance Sheet is as follows:

in CHF million unless otherwise noted	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
		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)

b) Impact of hedged items designated in hedging relationships

The impact of hedged items designated in hedging relationships as of August 31, 2015 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
	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
Cocoa and chocolate purchase and sales firm commitments	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

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
in CHF million					
Interest rate risk	6.8	–	n/a	(0.8)	Finance costs
Cocoa price risk	(1.4)	0.0	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 2014/15 (also including hedge accounting relationships ended before August 31, 2015). 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, 2015.

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
Cocoa price risk	(0.6)	Cost of goods sold
Foreign exchange risk	(2.5)	Cost of goods sold

For sources of hedge ineffectiveness, refer to section Commodity price risks in this note.

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, 2013	**(3,064)**	**–**	**–**	**2,373**	**2,512**	**1,821**
Movements in the period:						
Gains/(losses) taken into equity	(3,607)	–	–	(2,788)	(6,115)	(12,510)
Transfer to the Consolidated Income Statement for the period	2,764	–	–	(204)	(1,517)	1,043
Income taxes	(254)	–	–	425	2,594	2,765
Currency translation adjustment	(7)	–	–	(109)	16	(100)
as of August 31, 2014	**(4,168)**	**–**	**–**	**(303)**	**(2,510)**	**(6,981)**
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	–	–	–	–	–	–
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)**

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.

Information about the maturity of the nominal amount and interest rates attached to the swaps held by the group as of August 31, 2015 to hedge its interest rate risk:

	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%	

Exchange traded cocoa bean futures and other contracts accounted for as derivatives are designated as hedging instruments under the new hedge accounting model in order to hedge the cocoa price risk components embedded in the chocolate stocks and sales contracts as well as in the cocoa stocks, purchase and sales contracts (being the hedged items).

As of August 31, 2015, 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			
	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 described earlier in this note, the Group Commodity Risk Committee (GCRC) monitors the Group's Commodity Risk Management (GCRM) activities, meets on a regular basis (at least every six weeks) to discuss Group Commodity Risk Management issues and acts as the decision-taking body for the Group in this respect.

As of August 31, 2015, the Group held the following sugar futures to hedge the sugar price risk exposure on its forecasted sugar purchases:

	Period of maturity			
	October current year – May next year	July – October next year	After October 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, 2015, the Group held the following fuel oil swaps to hedge the fuel oil price risk exposure on its forecasted freight expenditures:

	Period of maturity			
	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	

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, 2015 to hedge its foreign exchange risk:

	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 breached due to outstanding or overdue open amounts. Further, the Group has a credit insurance program whereby all customers with outstanding amounts larger than 70k EUR are insured as far as possible. The total amount of all uninsured customers is monitored on a monthly basis by Group's Insurance Department and reported to the Group's Finance Committee and the Audit, Finance, Risk, Quality and Compliance Committee.

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 similar value of derivative financial assets and liabilities on the balance sheet). Counterparty exposures towards such financial institutions and referring limit utilization 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, 2015, the largest customer represents 9% (2014: 9%) whereas the ten biggest customers represent 27% (2014: 23%) of trade receivables. Due to the diverse geographic and large customer base, the Group has no material credit risk concentration. The extent of the Group's credit risk exposure is represented on the one hand by the aggregate balance of amounts receivable, reduced by the effects of netting arrangements with counterparties. The maximum nominal credit risk exposure in the event all other parties fail to perform their obligation was CHF 1,111.7 million as of August 31, 2015 (2014: CHF 874.0 million).

Financial assets measured at amortized cost other than trade receivables were assessed individually for impairment allowance and there was no impairment recognized on them in the fiscal year 2014/15.

For the calculation of impairment losses on financial assets, the Group uses a provision matrix as presented below:

	Expected credit loss
Trade receivables	
Not overdue	A percentage of the receivable calculated by taking the annualized Credit Default Swap (CDS) rates of the counterparties, increased by a 25 basis point (bp) premium and pro-rated to the payment term of the receivable.
	In case of customers that do not have a CDS publicly available, the annualized risk premium of their country of domicile is used, also increased by a 25 bp premium and pro-rated to the payment term of the receivable.
Past due less than 90 days	Trade receivables past due less than 90 days are assessed individually for impairment allowance based on expected credit losses or following the approach described above in this table.
Past due more than 90 days	Trade receivables past due more than 90 days are assessed individually for impairment allowance based on expected credit losses or following the approach described above in this table.
Other receivables and short-term deposits	
Not overdue	A percentage of the receivable calculated by taking the annualized CDS rates of the counterparties, increased by a 25 bp premium and pro-rated to the payment term of the receivable.
	In case of counterparties that do not have a CDS publicly available, the annualized risk premium of their country of domicile is used, also increased by a 25 bp premium and pro-rated to the payment term of the receivable.
Past due less than 90 days	Other receivables and short-term deposits past due less than 90 days are assessed individually for impairment allowance based on expected credit losses or following the approach described above in this table.
Past due more than 90 days	Other receivables and short-term deposits past due more than 90 days are assessed individually for impairment allowance based on expected credit losses or following the approach described above in this table.

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

Ageing of trade receivables

in thousands of CHF	August 31, 2015	September 1, 2014[1]
Total trade receivables measured at amortized cost	366,116	405,812
Less lifetime expected credit losses for trade receivables	(21,194)	(16,553)
Total trade receivables measured at amortized cost	**344,922**	**389,259**
Of which:		
Not overdue	288,077	367,395
Lifetime expected credit losses for trade receivables not overdue	(845)	(2,316)
Expected credit loss rate	0.29%	0.63%
Past due less than 90 days	48,675	13,311
Lifetime expected credit losses for trade receivables past due less than 90 days	(219)	(143)
Expected credit loss rate	0.45%	1.07%
Past due more than 90 days	29,364	25,106
Lifetime expected credit losses for trade receivables past due more than 90 days	(20,130)	(14,094)
Expected credit loss rate	68.55%	56.14%
Total trade receivables measured at amortized cost	344,922	389,259

1 This table shows the carrying amount and expected credit losses related to trade receivables measured at amortized cost as of September 1, 2014 in line with the recognition and measurement criteria of IFRS 9. For the carrying amount and expected credit losses related to trade receivables measured at amortized cost as of August 31, 2014, based on the recognition and measurement criteria of IAS 39, refer to the Group's 2013/14 Annual Report.

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

Movements in impairment provision for trade receivables

in thousands of CHF	2014/15	2013/14
as of September 1,	**16,553**	**13,614**
Changes to expected credit losses on financial assets already recognized at the beginning of the fiscal year	4,376	1,816
Changes to expected credit losses on new financial assets originated during the fiscal year	7,394	2,360
Write-offs	(2,588)	(1,740)
Unused amounts reversed	(2,751)	(1,301)
Currency translation adjustment	(1,790)	(273)
as of August 31,	**21,194**	**14,476**
Effect of transition to IFRS 9 on September 1, 2014	–	2,077
as of September 1, 2014	**–**	**16,553**

Accordingly, impairment losses for the fiscal year 2014/15 were CHF 9.0 million being the combination of new impairment losses of 11.8 million and reversal of unused impairment allowances of CHF 2.8 million. This value is reported on line "Revenue from sales and services" in the Consolidated Income Statement.

In case of the CHF 2.6 million written off in fiscal year 2014/15, CHF 0.9 million is still subject to enforcement activity.

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

The following table provides a breakdown of the trade receivables of the group based on their credit risk profile:

	Gross carrying amount	
in thousands of CHF	as of August 31, 2015	as of September 1, 2014
insured receivables	253,258	263,995
uninsured receivables with an individual balance over CHF 1 million	13,169	11,555
uninsured receivables with an individual balance below CHF 1 million	78,495	113,709
Total	**344,922**	**389,259**

As described in the Summary of accounting policies section, the Group measures the loss allowance for all of its receivables at an amount equal to the lifetime expected credit losses.

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).

Contractual maturities

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

as of August 31, 2015	In the first year	In the second to the fifth year	After five years	Contractual amount
in thousands of CHF				
Non-derivative financial liabilities				
Bank overdrafts	(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)**

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

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

Therefore, in the fair value disclosures in this section, their fair value is considered the same as their book value.

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 asset and liability are presented in the table below:

as of August 31, 2015 in thousands of CHF	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
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[1]	498,514	–	–	–	498,514	498,514
Other assets	–	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[1]	–	–	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 From the value of Derivative financial assets and Derivative financial liabilities as of August 31, 2015, CHF 161.6 million and CHF 4.1 million, respectively, relates to the fair value of executory contracts measured at fair value using the fair value option.

as of September 1, 2014[1] in thousands of CHF	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
Cash and cash equivalents	–	85,496	–	–	85,496	85,496
Short-term deposits	–	2,152	–	–	2,152	2,152
Trade receivables	64,060	389,259	–	–	453,319	453,319
Derivative financial assets	336,029	–	–	–	336,029	336,029
Other assets	–	89,922	–	–	89,922	89,922
Total assets	**400,089**	**566,829**	**–**	**–**	**966,918**	**966,918**
Bank overdrafts	–	–	–	17,559	17,559	17,559
Short-term debt	–	–	–	457,551	457,551	457,551
Trade payables	–	–	–	605,860	605,860	605,860
Derivative financial liabilities	–	–	322,856	–	322,856	322,856
Long-term debt	–	–	–	1,416,060	1,416,060	1,563,085
Other liabilities	–	–	–	176,200	176,200	176,200
Total liabilities	**–**	**–**	**322,856**	**2,673,230**	**2,996,086**	**3,143,111**

1 This table shows the carrying amount and fair value of financial assets and liabilities as of September 1, 2014 in line with the recognition and measurement criteria of IFRS 9. For the carrying amount and fair value of financial assets and liabilities as of August 31, 2014, based on the recognition and measurement criteria of IAS 39, refer to the Group's 2013/14 Annual Report.

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.

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

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

1 From the value of Derivative financial assets and Derivative financial liabilities as of August 31, 2015, CHF 161.6 million and CHF 4.1 million, respectively, relates to the fair value of executory contracts measured at fair value using the fair value option. 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.

as of September 1, 2014[1]	Level 1	Level 2	Level 3	Total
in thousands of CHF				
Trade receivables	–	–	64,060	64,060
Derivative financial assets	38,544	297,485	–	336,029
Derivative financial liabilities	40,501	282,355	–	322,856
Long-term debt	–	1,563,086	–	1,563,086

1 This table shows the use of levels with regards to financial assets and liabilities that are measured at fair value as of September 1, 2014 in line with the recognition and measurement criteria of IFRS 9. For the use of levels with regards to financial assets and liabilities that are measured at fair value as of August 31, 2014, based on the recognition and measurement criteria of IAS 39, refer to the Group's 2013/14 Annual Report.

The value of the Trade receivables measured at fair value as of September 1, 2014 and August 31, 2015 (CHF 64,060 thousand and CHF 73,893 thousand, respectively) was calculated using a discounted cash flow method based on the nominal value and the discount rates between the Group and the counterparty.

There have been no transfers between the fair value hierarchy levels during the fiscal years 2014/15 and 2013/14.

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 30–35% 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.

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, 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

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

For the financial assets and liabilities subject to enforceable master netting arrangements or similar arrangements above, each agreement between the Group and the counterparty allows for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and liabilities will be settled on a gross basis, however, each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party.

Per the terms of each agreement, an event of default includes failure by a party to make payment when due; failure by a party to perform any obligation required by the agreement (other than payment) if such failure is not remedied within periods of 30 to 60 days after notice of such failure is given to the party; or bankruptcy. The cash collateral received and deposited are reported on lines "Trade payables and other current liabilities" and "Trade receivables and other current assets" in the Consolidated Balance Sheet.

27 Related parties

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

as of August 31,	2015	2014
Jacobs Holding AG, Zurich, Switzerland	50.11%	50.11%
Renata Jacobs	8.48%	8.48%
Massachusetts Mutual Life Insurance Company[1]	3.09%	3.05%

1 Including all subsidiaries controlled by the parent company. For further details, see the respective notification published on July 25, 2015 via SIX Exchange Regulation: https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html

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

in thousands of CHF	Nature of cost/revenue	2014/15	2013/14
Purchases from related parties		**–**	**(6,361)**
African Organic Produce AG[1]	Cost of goods sold	–	(6,361)
Operating expenses charged by related parties		**(5,227)**	**(5,092)**
Jacobs Holding AG	Management services	(2,015)	(1,535)
Adecco Group	Human resources services	(3,112)	(3,456)
Other		(100)	(101)
Trade payables to related parties		**680**	**1,038**
Jacobs Holding AG		135	7
Adecco Group		520	887
Other		25	144
Debt instruments due to related parties		**249,694**	**99,367**
Jacobs Holding AG		249,694	99,367

1 On February 18, 2014, the Group acquired the remaining 51% of Biolands Group, including its entity African Organic Produce AG, and thus fully consolidates all Biolands entities as of this date. Purchases from African Organic Produce AG in the financial year 2013/14 until the time of the acquisition are therefore reported as purchases from related parties.

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	2014/15	2013/14
Short-term employee benefits	9.8	16.8
Post-employment benefits	2.3	1.7
Share-based payments	10.3	9.8
Total	**22.4**	**28.3**

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.

28 Commitments and contingencies

Capital commitments

as of August 31,	2015	2014
in thousands of CHF		
Property, plant & equipment	5,400	12,368
Intangible assets	1,625	3,093
Total capital commitments	**7,025**	**15,461**

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 2.2 years (2013/14: 2.4 years).

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

as of August 31,	2015	2014
in thousands of CHF		
In the first year	16,228	17,579
In the second to the fifth year	42,667	38,610
After five years	20,800	23,215
Total future operating lease commitments	**79,695**	**79,404**

in thousands of CHF	2014/15	2013/14
Lease expenditure charged to the statement of income	16,767	18,198

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.

29 Group entities

The principal subsidiaries of Barry Callebaut as of August 31, 2015, are the following:

Country	Subsidiary	Municipality of registration	%-owned	Currency	Capital
Switzerland	Barry Callebaut Sourcing AG	Zurich	100	CHF	2,000,000
	Barry Callebaut Schweiz AG	Dübendorf	100	CHF	4,600,000
	Barry Callebaut Cocoa AG	Zurich	100	CHF	100,000
	Barry Callebaut Management Services AG	Zurich	100	CHF	100,000
	African Organic Produce AG	Zurich	100	CHF	100,000
Belgium	Barry Callebaut Services N.V.	Lebbeke-Wieze	100	EUR	929,286,000
	Barry Callebaut Belgium N.V.	Lebbeke-Wieze	100	EUR	61,537,705
	International Business Company Belgium B.V.B.A.	Kortrijk (Heule)	100	EUR	65,000
	Pierre Iserentant SA	Thimister-Clermont	100	EUR	260,908
Brazil	Barry Callebaut Brasil SA	São Paulo	100	BRL	71,600,810
Cameroon	Société Industrielle Camerounaise des Cacaos SA	Douala	78.35	XAF	1,147,500,000
	SEC Cacaos SA	Douala	100	XAF	10,000,000
Canada	Barry Callebaut Canada Inc.	St.-Hyacinthe	100	CAD	2,000,000
Chile	Barry Callebaut Chile SpA	Santiago	100	CLP	3,001,000,000
China	Barry Callebaut (Suzhou) Chocolate Co., Ltd.	Suzhou	100	USD	205,091,078
	Barry Callebaut (Suzhou) Chocolate R&D Center Co., Ltd.	Suzhou	100	USD	13,966,280
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	3,307,000
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
Great Britain	Barry Callebaut Manufacturing (UK) Ltd.	Banbury, Oxfordshire	100	GBP	15,467,852
	Barry Callebaut (UK) Ltd.	Banbury, Oxfordshire	100	GBP	3,200,000
	Barry Callebaut Vending UK Ltd.	Chester	100	GBP	40,000
Hong Kong	Van Houten (Asia Pacific) Ltd.	Hong Kong	100	HKD	2
India	Barry Callebaut India Private Ltd.	Maharashtra	100	INR	268,400,000
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	12,593,000
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

Country	Subsidiary	Municipality of registration	%-owned	Currency	Capital
Malaysia	Barry Callebaut Malaysia Sdn Bhd	Petaling Jaya	100	MYR	35,000,000
	Selbourne Food Services Sdn Bhd	Petaling Jaya	100	MYR	500,000
	Barry Callebaut Services Asia-Pacific Sdn Bhd	Petaling Jaya	100	MYR	16,000,000
	Delfi Cocoa (Malaysia) Sdn Bhd	Johor Bahru	100	MYR	–
Mexico	Barry Callebaut Mexico Distributors SA de CV	Escobedo N.L.	100	MXN	117,196,530
	Barry Callebaut Servicios SA de CV	Escobedo N.L.	100	MXN	50,000
	Barry Callebaut Mexico, S. de R.L. de CV	Monterrey	100	MXN	11,000,000
	Barry Callebaut Cocoa Mexico SA de CV	Monterrey	100	MXN	107,795
	Barry Callebaut Management Services Mexico de CV	Monterrey	100	MXN	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	800,000,000
	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	244,242,738
	Cocoa Ingredients Holdings Pte Ltd.	Singapore	100	USD	1
	Barry Callebaut Europe Holding Pte Ltd.	Singapore	100	EUR	95,400,000
Spain	Barry Callebaut Ibérica SL	Barcelona	100	EUR	25,000
	Barry Callebaut Manufacturing Ibérica, S.A.U.	Gurb	100	EUR	987,600
	La Morella Nuts S.A.	Castellvell del Camp	100	EUR	344,553
Sweden	Barry Callebaut Sweden AB	Kågeröd	100	SEK	100,000
	ASM Foods AB	Mjölby	100	SEK	2,000,000
Tanzania	Biolands International Ltd.	Moshi	100	TZS	40,000,000
Thailand	Siam Cocoa Products Co., Ltd.	Bangkok	100	THB	125,000,000
The Netherlands	Barry Callebaut Nederland B.V.	Zundert	100	EUR	21,435,000
	Barry Callebaut Decorations B.V.	Zundert	100	EUR	18,242
	Hoogenboom Benelux B.V.	Zundert	100	EUR	18,152
	Dings-Décor B.V.	Nuth	70	EUR	22,689
	Barry Callebaut Cocoa Netherlands B.V.	Zaandam	100	EUR	18,000
Turkey	Barry Callebaut Eurasia Gida Sanayi Ve Ticaret Ltd. Sti.	Istanbul	100	TRL	50,000,000
USA	Barry Callebaut Cocoa USA Inc.	Chicago, IL	100	USD	7,663
	Barry Callebaut North America Holding Inc.	Wilmington, DL	100	USD	100,001,001
	Barry Callebaut USA LLC	St. Albans, VT	100	USD	100,190,211

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

30 Risk assessment disclosure required by Swiss law

Group Risk Management

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

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

Financial risk management is described in more detail in note 26.

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

31 Subsequent events

Approval of the Financial Statements

The Consolidated Financial Statements were authorized for issue by the Board of Directors on November 2, 2015 and are subject to approval by the Annual General Meeting of Shareholders on December 9, 2015.

In response to market conditions and to fully leverage its scale in cocoa, Barry Callebaut will adapt its business model through the Cocoa Leadership project. This multi-year project (until 2018/19), which is one of the company's strategic initiatives announced a year ago, comprises the immediate reduction of production capacity in Port Klang/Malaysia and plans to close the cocoa factory in Bangpakong, Thailand, in January 2016. The restructuring amount cannot yet be determined as the Group is still in discussion with the social partners. It is expected to be in the range of a low double digit CHF million amount.

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 Ltd, 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 Ltd, which comprise the balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes on pages 35 to 100 for the year ended 31 August 2015.

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 2015 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 2 November 2015

Consolidated Condensed Interim Financial Information (Unaudited) as of and for the six-month periods ended February 28, 2015 and February 29, 2016

Consolidated Income Statement (unaudited)

for the 6-month period ended February 29/28, in million CHF	2016	2015
Revenue from sales and services	**3,424.3**	**3,244.2**
Cost of goods sold	(2,986.4)	(2,798.0)
Gross profit	**437.9**	**446.2**
Marketing and sales expenses	(66.0)	(64.6)
General and administration expenses	(167.8)	(165.9)
Other income	3.4	9.4
Other expenses	(6.8)	(5.9)
Operating profit (EBIT)	**200.7**	**219.2**
Finance income	1.8	4.1
Finance costs	(69.9)	(62.9)
Share of result of equity-accounted investees, net of tax	–	0.1
Profit before income taxes	**132.6**	**160.5**
Income tax expenses	(24.7)	(28.1)
Net profit for the period	**107.9**	**132.4**
of which attributable to:		
shareholders of the parent company	106.8	132.3
non-controlling interest	1.1	0.1
Earnings per share		
Basic earnings per share (CHF/share)	19.46	24.11
Diluted earnings per share (CHF/share)	19.37	24.00

Consolidated Statement of Comprehensive Income (unaudited)

for the 6-month period ended February 29/28, in million CHF	2016	2015
Net profit for the period	**107.9**	**132.4**
Currency translation adjustments	25.6	(163.0)
Cash flow hedges	(19.2)	9.3
Tax effect on cash flow hedges	9.6	(1.4)
Items that may be reclassified subsequently to the income statement	**16.0**	**(155.1)**
Remeasurement of defined benefit plans	(23.4)	(27.8)
Tax effect on remeasurement of defined benefit plans	0.2	0.9
Items that will never be reclassified to the income statement	**(23.2)**	**(26.9)**
Other comprehensive (loss)/income for the period, net of tax	**(7.2)**	**(182.0)**
Total comprehensive income for the period	**100.7**	**(49.6)**
of which attributable to:		
shareholders of the parent company	99.7	(49.6)
non-controlling interest	1.0	–

Consolidated Balance Sheet (unaudited)

Assets

as of	Feb 29, 2016	Aug 31, 2015	Feb 28, 2015
in million CHF			
Current assets			
Cash and cash equivalents	282.5	125.2	70.3
Short-term deposits	1.1	2.2	22.5
Trade receivables and other current assets	907.4	971.9	857.4
Inventories	1,695.2	1,629.8	1,821.9
Income tax receivables	4.1	16.3	11.4
Derivative financial assets	366.2	498.5	510.4
Total current assets	**3,256.5**	**3,243.9**	**3,293.9**
Non-current assets			
Property, plant and equipment	1,221.1	1,184.5	1,171.1
Equity-accounted investees	1.0	0.9	0.9
Intangible assets	907.7	896.1	865.5
Deferred tax assets	115.7	98.8	92.2
Other non-current assets	7.9	5.2	9.8
Total non-current assets	**2,253.4**	**2,185.5**	**2,139.5**
Total assets	**5,509.9**	**5,429.4**	**5,433.4**

Liabilities and equity

as of	Feb 29, 2016	Aug 31, 2015	Feb 28, 2015
in million CHF			
Current liabilities			
Bank overdrafts	22.8	33.3	20.4
Short-term debt	598.3	645.9	482.1
Trade payables and other current liabilities	1,242.7	1,061.0	1,044.9
Income tax liabilities	55.7	43.7	49.2
Derivative financial liabilities	327.1	453.7	546.9
Provisions	8.5	9.3	5.8
Total current liabilities	**2,255.1**	**2,246.9**	**2,149.3**
Non-current liabilities			
Long-term debt	1,200.7	1,176.2	1,380.9
Employee benefit obligations	173.8	149.3	166.8
Provisions	5.2	4.5	6.3
Deferred tax liabilities	62.1	59.6	56.3
Other non-current liabilities	5.3	5.8	6.4
Total non-current liabilities	**1,447.1**	**1,395.4**	**1,616.7**
Total liabilities	**3,702.2**	**3,642.3**	**3,766.0**
Equity			
Share capital	102.1	102.1	102.1
Retained earnings and other reserves	1,690.3	1,670.7	1,552.3
Total equity attributable to the shareholders of the parent company	**1,792.4**	**1,772.8**	**1,654.4**
Non-controlling interest	15.3	14.3	13.0
Total equity	**1,807.7**	**1,787.1**	**1,667.4**
Total liabilities and equity	**5,509.9**	**5,429.4**	**5,433.4**

Condensed Consolidated Statement of Cash Flows (unaudited)

for the 6-month period ended February 29/28, in million CHF	2016	2015
Profit before income taxes	132.6	160.5
Non-cash items of income and expenses	157.2	102.1
Operating cash flow before working capital changes	**289.8**	**262.6**
(Increase)/decrease in working capital	58.1	(210.8)
(Interest paid)	(31.9)	(31.9)
(Income taxes paid)	(3.6)	(10.3)
Net cash from operating activities	**312.4**	**9.6**
Purchase of property, plant and equipment	(73.6)	(110.8)
Proceeds from sale of property, plant and equipment	1.1	0.7
Purchase of intangible assets	(17.6)	(17.6)
Proceeds from sale of intangible assets	0.1	–
Acquisition of subsidiaries/businesses net of cash acquired	–	0.3
Other investing cash flows	(2.0)	(25.0)
Net cash flow from investing activities	**(92.0)**	**(152.4)**
Net cash flow from financing activities	**(52.3)**	**131.2**
Effect of exchange rate changes on cash and cash equivalents	(0.2)	(6.4)
Net increase (decrease) in cash and cash equivalents	**167.9**	**(18.0)**
Cash and cash equivalents at beginning of period	91.9	67.9
Cash and cash equivalents at end of period	259.8	49.9
Net increase (decrease) in cash and cash equivalents	**167.9**	**(18.0)**
Cash and cash equivalents	282.5	70.3
Bank overdrafts	(22.7)	(20.4)
Cash and cash equivalents as defined for the cash flow statement	**259.8**	**49.9**

Consolidated Statement of Changes in Equity (unaudited)

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 million CHF								
as of August 31, 2014	**102.1**	**(11.4)**	**2,145.1**	**(7.0)**	**(438.1)**	**1,790.7**	**5.0**	**1,795.7**
Impact of change in accounting policy (IFRS 9), net of tax	–	–	(2.2)	–	–	(2.2)	–	(2.2)
as of September 1, 2014	**102.1**	**(11.4)**	**2,142.9**	**(7.0)**	**(438.1)**	**1,788.5**	**5.0**	**1,793.5**
Currency translation adjustments	–	–	–	–	(162.9)	(162.9)	(0.1)	(163.0)
Effect of cash flow hedges	–	–	–	9.3	–	9.3	–	9.3
Tax effect on cash flow hedges	–	–	–	(1.4)	–	(1.4)	–	(1.4)
Items that may be reclassified subsequently to the income statement	**–**	**–**	**–**	**7.9**	**(162.9)**	**(155.0)**	**(0.1)**	**(155.1)**
Remeasurement of defined benefit plans	–	–	(27.8)	–	–	(27.8)	–	(27.8)
Tax effect on remeasurement of defined benefit plans	–	–	0.9	–	–	0.9	–	0.9
Items that will never be reclassified to the income statement	**–**	**–**	**(26.9)**	**–**	**–**	**(26.9)**	**–**	**(26.9)**
Other comprehensive income, net of tax	**–**	**–**	**(26.9)**	**7.9**	**(162.9)**	**(181.9)**	**(0.1)**	**(182.0)**
Net profit for the period	–	–	132.3	–	–	132.3	0.1	132.4
Total comprehensive income for the period	**–**	**–**	**105.4**	**7.9**	**(162.9)**	**(49.6)**	**–**	**(49.6)**
Dividend to shareholders	–	–	(85.1)	–	–	(85.1)	–	(85.1)
Capital reduction and repayment	–	–	–	–	–	–	–	–
Movements of non-controlling interest	–	–	–	–	–	–	8.0	8.0
Capital increase	–	–	–	–	–	–	–	–
Purchase of treasury shares	–	(6.4)	–	–	–	(6.4)	–	(6.4)
Equity-settled share-based payments	–	16.2	(9.2)	–	–	7.0	–	7.0
as of February 28, 2015	**102.1**	**(1.6)**	**2,154.0**	**0.9**	**(601.0)**	**1,654.4**	**13.0**	**1,667.4**
as of September 1, 2015	**102.1**	**(11.6)**	**2,284.4**	**(9.9)**	**(592.2)**	**1,772.8**	**14.3**	**1,787.1**
Currency translation adjustments	–	–	–	–	25.7	25.7	(0.1)	25.6
Effect of cash flow hedges	–	–	–	(19.2)	–	(19.2)	–	(19.2)
Tax effect on cash flow hedges	–	–	–	9.6	–	9.6	–	9.6
Items that may be reclassified subsequently to the income statement	**–**	**–**	**–**	**(9.6)**	**25.7**	**16.1**	**(0.1)**	**16.0**
Remeasurement of defined benefit plans	–	–	(23.4)	–	–	(23.4)	–	(23.4)
Tax effect on remeasurement of defined benefit plans	–	–	0.2	–	–	0.2	–	0.2
Items that will never be reclassified to the income statement	**–**	**–**	**(23.2)**	**–**	**–**	**(23.2)**	**–**	**(23.2)**
Other comprehensive income, net of tax	**–**	**–**	**(23.2)**	**(9.6)**	**25.7**	**(7.1)**	**(0.1)**	**(7.2)**
Net profit for the period	–	–	106.8	–	–	106.8	1.1	107.9
Total comprehensive income for the period	**–**	**–**	**83.6**	**(9.6)**	**25.7**	**99.7**	**1.0**	**100.7**
Dividend to shareholders	–	–	(79.6)	–	–	(79.6)	–	(79.6)
Capital reduction and repayment	–	–	–	–	–	–	–	–
Movements of non-controlling interest	–	–	–	–	–	–	–	–
Capital increase	–	–	–	–	–	–	–	–
Purchase of treasury shares	–	(6.9)	–	–	–	(6.9)	–	(6.9)
Equity-settled share-based payments	–	13.8	(7.4)	–	–	6.4	–	6.4
as of February 29, 2016	**102.1**	**(4.7)**	**2,281.0**	**(19.5)**	**(566.5)**	**1,792.4**	**15.3**	**1,807.7**

Summary of Accounting Policies

General information

Barry Callebaut AG ("the Company") is incorporated under Swiss law. The address of the registered office is Pfingstweidstrasse 60, Zurich. The Company is listed on the SIX Swiss Exchange.

These condensed unaudited Consolidated Interim Financial Statements were approved for issue by the Board of Directors on April 4, 2016.

Basis of presentation and accounting policies

The condensed Consolidated Interim Financial Statements have been prepared in accordance with IAS 34 – Interim Financial Reporting. The accounting policies applied in these condensed Consolidated Interim Financial Statements correspond to those pertaining to the most recent annual Consolidated Financial Statements for the fiscal year 2014/15.

Changes in accounting policies

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. IFRS 15 will become effective for financial year 2018/19. 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.

Other amendments to IFRS/IAS

A number of other standards have been amended on miscellaneous points. Some of these amendments are effective for this fiscal year, but did not have a material impact on the Group's Financial Statements.

Use of judgment and estimates

The preparation of condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The actual results may differ from these estimates. In the reporting period, apart from the adaptations mentioned above, the Group has not made significant changes to its judgments, estimates or assumptions established in preparation of the last annual report.

Foreign currency translation

For consolidation purposes, assets and liabilities of subsidiaries reporting in currencies other than Swiss francs are translated to Swiss francs using period end rates of exchange. Income and expenses are translated at the average rates of exchange for the period. Differences arising from the translation of financial statements using the above method are recorded as cumulative translation adjustments in other comprehensive income.

Major foreign exchange rates

for the 6-month period ended February 29/28	2016		2015	
	Closing rate	Average rate	Closing rate	Average rate
EUR	1.0891	1.0898	1.0694	1.1625
GBP	1.3817	1.4780	1.4713	1.4932
USD	0.9965	0.9901	0.9540	0.9499

1 Segment information

Financial information by reportable segments

for the 6-month period ended February 29, 2016 in million CHF	EMEA	Americas	Asia Pacific	Global Cocoa	Total Segments	Corporate	Group
Revenues from external customers	**1,405.0**	**817.4**	**161.8**	**1,040.1**	**3,424.3**	**–**	**3,424.3**
Operating profit (EBIT)	**144.4**	**70.4**	**18.4**	**11.3**	**244.5**	**(43.8)**	**200.7**

for the 6-month period ended February 28, 2015 in million CHF	Europe	Americas	Asia Pacific	Global Cocoa	Total Segments	Corporate	Group
Net revenue	**1,370.9**	**730.6**	**146.5**	**996.2**	**3,244.2**	**–**	**3,244.2**
Operating profit (EBIT)	**157.2**	**67.3**	**15.7**	**20.6**	**260.8**	**(41.6)**	**219.2**

Revenue by geographic regions is stated by customer location.

Segment Information by Product Group

for the 6-month period ended February 29/28, in million CHF	2016	2015
Cocoa Products	1,040.1	996.2
Food Manufacturers	1,871.5	1,761.3
Gourmet & Specialties	512.7	486.7
Revenues from external customers	**3,424.3**	**3,244.2**

2 Acquisitions

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 fully paid in cash. The remaining CHF 0.5 million will be paid out subject to certain Key Performance Indicators. If those Key Performance Indicators are not met, the CHF 0.5 million shall not become due and payable. As of February 29, 2016, the group assesses that the Key Performance Indicators will be fulfilled.

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

in million CHF	Feb 29, 2016
Recognized amounts of identifiable assets acquired and liabilities assumed	
Current assets	0.8
Non-current assets	0.1
Current liabilities	(1.3)
Non-current liabilities	–
Total identifiable net assets	**(0.4)**
Goodwill	1.1
Total consideration at fair value	**0.7**
thereof:	
Cash paid	0.2
Consideration deferred	0.5

The goodwill of CHF 1.1 million arising from the acquisition 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 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.

The revenue included in the Consolidated Income Statement since November 5, 2015, contributed by Nyonkopa was CHF 19.9 million. Nyonkopa has also contributed CHF 0.9 million to net profit over the same period. Had Nyonkopa been consolidated from September 1, 2015, it would have contributed revenue of CHF 20.3 million and net profit for the fiscal year of CHF 0.8 million to the Consolidated Income Statement.

3 Other selected explanatory financial information

Fair value hierarchy of financial instruments measured at fair value

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

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

as of February 29, 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 million CHF						
Cash and cash equivalents	–	282.5	–	–	282.5	282.5
Short-term deposits	–	1.1	–	–	1.1	1.1
Trade receivables	68.9	352.6	–	–	421.5	421.5
Derivative financial assets	366.2	–	–	–	366.2	366.2
Other assets	–	184.2	–	–	184.2	184.2
Total assets	**435.1**	**820.4**	**–**	**–**	**1,255.5**	**1,255.5**
Bank overdrafts	–	–	–	22.8	22.8	22.8
Short-term debt	–	–	–	598.3	598.3	598.3
Trade payables	–	–	–	646.9	646.9	646.9
Derivative financial liabilities	–	–	327.1	–	327.1	327.1
Long-term debt	–	–	–	1,200.7	1,200.7	1,296.6
Other liabilities	–	–	–	479.0	479.0	479.0
Total liabilities	**–**	**–**	**327.1**	**2,947.7**	**3,274.8**	**3,370.7**

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 million CHF						
Cash and cash equivalents	–	125.2	–	–	125.2	125.2
Short-term deposits	–	2.2	–	–	2.2	2.2
Trade receivables	73.9	344.9	–	–	418.8	418.8
Derivative financial assets	498.5	–	–	–	498.5	498.5
Other assets	–	148.1	–	–	148.1	148.1
Total assets	**572.4**	**620.4**	**–**	**–**	**1,192.8**	**1,192.8**
Bank overdrafts	–	–	–	33.3	33.3	33.3
Short-term debt	–	–	–	645.9	645.9	645.9
Trade payables	–	–	–	652.0	652.0	652.0
Derivative financial liabilities	–	–	453.7	–	453.7	453.7
Long-term debt	–	–	–	1,176.2	1,176.2	1,300.6
Other liabilities	–	–	–	238.1	238.1	238.1
Total liabilities	**–**	**–**	**453.7**	**2,745.5**	**3,199.2**	**3,323.6**

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.

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

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

as of February 29, 2016	Level 1	Level 2	Level 3	Total
in million CHF				
Trade receivables	–	–	68.9	68.9
Derivative financial assets	58.9	307.3	–	366.2
Derivative financial liabilities	42.5	284.6	–	327.1
Long-term debt	1,132.8	163.8	–	1,296.6

as of August 31, 2015	Level 1	Level 2	Level 3	Total
in million CHF				
Trade receivables	–	–	73.9	73.9
Derivative financial assets	47.6	450.9	–	498.5
Derivative financial liabilities	57.7	396.0	–	453.7
Long-term debt	1,138.2	162.4	–	1,300.6

During the six-month period ended February 29, 2016, there were no transfers between the levels.

Contingencies

Barry Callebaut is not aware of any new significant litigations or other contingent liabilities compared to the situation as of August 31, 2015.

Dividends/Capital reduction and repayment

By resolution of the Annual General Meeting on December 9, 2015, the shareholders approved the proposed payment of CHF 14.50 per share, effected through a dividend payment from reserves from capital contributions. The respective payment to the shareholders took place on March 2, 2016. The Company does not intend to pay any interim dividend.

4 Subsequent events

Barry Callebaut has strengthened its Specialties business in Europe by acquiring 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. Acquisition date is March 1, 2016.

As part of the Cost Leadership initiative, Barry Callebaut will continue to bundle transactional acitivities across Europe in its Shared Service Center in Łódz, Poland, and to further expand it.

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