

## FINANCIAL STATEMENTS OF BARRY CALLEBAUT AG

Barry Callebaut AG  
Annual Report 2013/14

### Income Statement

for the fiscal year ended August 31, in CHF	2013/14	2012/13
<b>Income</b>		
Dividend income	43,500,000	75,500,000
Finance income	882,102	22,011,073
License income	39,928,580	36,443,346
Management fees	32,619,948	26,876,200
Other income	24,042,542	18,721,907
<b>Total income</b>	<b>140,973,172</b>	<b>179,552,526</b>
<b>Expenses</b>		
Personnel expenses	(50,993,301)	(40,866,798)
Finance costs	(9,795,021)	(13,632,620)
Depreciation of property, plant and equipment	(436,361)	(425,250)
Amortization of intangible assets	(3,971,765)	(3,911,670)
Unrealized loss on treasury shares	(615,138)	–
Other expenses	(40,247,295)	(77,967,148)
<b>Total expenses</b>	<b>(106,058,881)</b>	<b>(136,803,486)</b>
<b>Profit before income taxes</b>	<b>34,914,291</b>	<b>42,749,040</b>
Income taxes	(555,066)	(752,591)
<b>Net profit for the year</b>	<b>34,359,225</b>	<b>41,996,449</b>

### Retained earnings

in CHF	2013/14	2012/13
<b>Retained earnings as of September 1,</b>	<b>1,406,242,319</b>	<b>1,364,771,720</b>
Dividend on treasury shares	87	17,820
Decrease/(increase) of reserve for treasury shares	(8,112,192)	(553,750)
Capital reduction on treasury shares	–	10,080
Net profit for the year	34,359,225	41,996,449
<b>Retained earnings as of August 31,</b>	<b>1,432,489,439</b>	<b>1,406,242,319</b>

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## Balance Sheet

### Assets

as of August 31, in CHF	2014	2013
<b>Current assets</b>		
Cash and cash equivalents	208,890	39,589
Treasury shares	10,820,867	3,323,814
Accounts receivable from Group companies	31,064,593	45,594,503
Short-term loans granted to Group companies	49,311	25,639
Other current assets	2,515,073	2,389,641
<b>Total current assets</b>	<b>44,658,734</b>	<b>51,373,186</b>
<b>Non-current assets</b>		
Property, plant and equipment	1,247,605	1,337,965
Investments	2,250,912,768	2,250,912,768
Intangible assets		
Trademarks	1,609,947	4,341,537
Patents/Product development costs	1,710,399	2,156,711
Other	626,983	910,812
<b>Total non-current assets</b>	<b>2,256,107,702</b>	<b>2,259,659,793</b>
<b>Total assets</b>	<b>2,300,766,436</b>	<b>2,311,032,979</b>

### Liabilities and shareholders' equity

as of August 31, in CHF	2014	2013
<b>Current liabilities</b>		
Bank overdrafts	1,572,897	852,590
Accounts payable to third parties	2,378,338	2,674,893
Accounts payable to Group companies	9,103,773	37,762,960
Accounts payable to shareholders	7,125	137,502
Short-term loans from Group companies	488,938,491	433,846,734
Accrued liabilities	38,993,041	30,836,383
Accrued taxes	449,219	369,236
<b>Total current liabilities</b>	<b>541,442,884</b>	<b>506,480,298</b>
<b>Total non-current liabilities</b>	<b>–</b>	<b>–</b>
<b>Total liabilities</b>	<b>541,442,884</b>	<b>506,480,298</b>
<b>Shareholders' equity</b>		
Share capital <sup>1</sup>	102,092,759	102,092,759
Legal reserves		
Reserves from capital contributions	187,703,159	267,291,600
Other legal reserves	25,600,070	25,600,070
Reserve for treasury shares	11,438,125	3,325,933
Retained earnings	1,432,489,439	1,406,242,319
<b>Total shareholders' equity</b>	<b>1,759,323,552</b>	<b>1,804,552,681</b>
<b>Total liabilities and shareholders' equity</b>	<b>2,300,766,436</b>	<b>2,311,032,979</b>

<sup>1</sup> The share capital as of August 31, 2014 consists of 5,488,858 fully paid-in shares at a nominal value of CHF 18.60 (August 31, 2013: 5,488,858 fully paid-in shares at a nominal value of CHF 18.60).

# Notes to the Financial Statements

## 1 Liens, guarantees and pledges in favor of third parties

The Company is a co-debtor for bank loans of max. EUR 775 million (CHF 934.2 million; 2012/13: CHF 739.3 million) obtained by Barry Callebaut Services N.V., Belgium, whereof the maximal liability is limited to the freely distributable retained earnings (CHF 1,432.5 million less 35% withholding tax). Furthermore, the Company is also a co-debtor to the Senior Notes of EUR 350 million (CHF 421.9 million; 2012/13: CHF 431.3 million) issued by Barry Callebaut Services N.V., Belgium, on July 13, 2007, to the Senior Notes of EUR 250 million (CHF 301.4 million; 2012/13: CHF 308.1 million) issued by Barry Callebaut Services N.V., Belgium, on June 15, 2011, as well as to the Senior Notes of USD 400 million (CHF 365.9 million; 2012/13: CHF 372.6 million) issued by Barry Callebaut Services N.V., Belgium, on June 20, 2013. Additionally, the Company issued several guarantees for various facilities granted to direct and indirect subsidiaries for an amount of up to CHF 1,140.4 million (2012/13: CHF 987.1 million).

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

## 2 Fire insurance value of property, plant and equipment

as of August 31, in CHF	2014	2013
Fire insurance value of property, plant and equipment	8,100,00	7,900,000

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### 3 Investments

as of August, 31				2014	2013
Name and domicile	Municipality of registration	Share capital	Purpose	Percentage of investment	
ADIS Holding Inc., Panama	Panama City	CHF 41,624,342	Dormant	100%	100%
Barry Callebaut Belgium N.V., Belgium	Lebbeke-Wieze	EUR 61,537,705	Production, sales	99.99%	99.99%
Barry Callebaut Cocoa AG, Switzerland	Zurich	CHF 100,000	Sales	100%	100%
Barry Callebaut Decorations B.V., The Netherlands	Zundert	EUR 18,242	Production, sales	100%	100%
Barry Callebaut Management Services AG, Switzerland	Zurich	CHF 100,000	Management services	100%	100%
Barry Callebaut Nederland B.V., The Netherlands	Zundert	EUR 21,435,000	Holding	100%	100%
Barry Callebaut Nigeria Ltd., Nigeria	Lagos	NGN 10,000,000	Sales	1%	1%
Barry Callebaut Schweiz AG, Switzerland	Dübendorf	CHF 4,600,000	Production, sales	100%	100%
Barry Callebaut Services N.V., Belgium	Lebbeke-Wieze	EUR 929,286,000	In-house bank, management services	99.99%	99.99%
Barry Callebaut Sourcing AG, Switzerland	Zurich	CHF 2,000,000	Sourcing	100%	100%
C.J. van Houten & Zoon Holding GmbH, Germany	Norderstedt	EUR 72,092,155	Holding	100%	100%
Schloss Marbach GmbH, Germany	Öhningen	EUR 1,600,000	Conference and training center	100%	100%

Investments are stated at cost less any allowance for impairment.

### 4 Treasury shares

The Company held 9,756 treasury shares as of August 31, 2014 (2013: 3,760). In 2013/14, the Company bought 17,287 shares at an average price of CHF 1,078.55 per share (2012/13: 13,788 shares at an average price of CHF 893.83) and transferred 11,291 shares at an average price of CHF 932.84 per share (2012/13: 13,259 shares transferred at an average price of CHF 887.73). In both years, the Company did not sell any treasury shares. Treasury shares are measured at the lower of cost or market. As of August 31, 2014, the treasury shares have been measured at an average price of CHF 1,109.15 per share (2012/13: average price of CHF 884.56 per share).

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## 5 Significant shareholders

as of August 31,	2014	2013
Jacobs Holding AG, Zurich, Switzerland	50.11%	50.11%
Renata Jacobs	8.48%	8.48%
Massachusetts Mutual Life Insurance Company <sup>1</sup>	3.05%	–

<sup>1</sup> Including all subsidiaries controlled by the parent company. For further details, see the respective notification published on May 6, 2014 via SIX Exchange Regulation:  
[http://www.six-exchange-regulation.com/obligations/disclosure/major\\_shareholders\\_en.html](http://www.six-exchange-regulation.com/obligations/disclosure/major_shareholders_en.html)

## 6 Disclosures according to Art. 663b<sup>bis</sup> and 663c Code of Obligations Remuneration of key management<sup>1</sup> for the fiscal year 2013/14

Board of Directors (BoD)	Compensation fix	Compensation variable <sup>2</sup>	Other compensation <sup>3</sup>	Total cash-related remuneration	Number of shares <sup>4</sup>	Value of shares <sup>5</sup>	Total remuneration 2013/14	Total remuneration 2012/13
in thousands of CHF								
<b>Andreas Jacobs</b> Chairman/Delegate	400.0	–	–	400.0	500	498.6	<b>898.6</b>	833.8
<b>Andreas Schmid</b> Vice Chairman Member of the AFRQCC <sup>6</sup>	180.0	–	84.0	264.0	180	179.5	<b>443.5</b>	400.3
<b>Ajai Puri</b> Member of the NCC <sup>7</sup>	125.0	–	–	125.0	180	179.5	<b>304.5</b>	281.2
<b>James L. Donald</b> Chairman of the NCC	140.0	–	–	140.0	180	179.5	<b>319.5</b>	296.2
<b>Jakob Baer</b> Chairman of the AFRQCC	140.0	–	35.2	175.2	180	179.5	<b>354.7</b>	328.0
<b>Markus Fiechter<sup>8</sup></b> Member of the AFRQCC	62.5	–	55.0	117.5	–	–	<b>117.5</b>	305.3
<b>Nicolas Jacobs<sup>9</sup></b> Member of the NCC <sup>7</sup>	125.0	–	38.0	163.0	180	179.5	<b>342.5</b>	226.2
<b>Timothy E. Minges<sup>10</sup></b> Member of the AFRQCC	125.0	–	–	125.0	180	179.5	<b>304.5</b>	74.5
<b>Fernando Aguirre<sup>10</sup></b> Member of the NCC <sup>7</sup>	125.0	–	–	125.0	180	179.5	<b>304.5</b>	74.5
<b>Stefan Pfander<sup>10</sup></b> Member of the NCC	0.0	–	–	–	–	–	–	62.5
<b>Total remuneration Board of Directors</b>	<b>1,422.5</b>	<b>–</b>	<b>212.2</b>	<b>1,634.7</b>	<b>1,760</b>	<b>1,755.1</b>	<b>3,389.8</b>	<b>2,882.5</b>
<b>Remuneration Executive Committee<sup>11</sup></b>	<b>3,923.4</b>	<b>10,686.0</b>	<b>2,275.4</b>	<b>16,884.8</b>	<b>8,876</b>	<b>7,842.1</b>	<b>24,726.9</b>	<b>17,359.1</b>
<b>Total remuneration of key management</b>	<b>5,345.9</b>	<b>10,686.0</b>	<b>2,487.6</b>	<b>18,519.5</b>	<b>10,636</b>	<b>9,597.2</b>	<b>28,116.7</b>	<b>20,241.6</b>
Highest individual remuneration within Executive Committee: <b>Juergen Steinemann</b> CEO Barry Callebaut Group	1,130.0	2,083.9	1,305.1	4,519.0	3,892	3,431.0	<b>7,950.0</b>	6,632.2

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There were no termination payments or payments to former members of the Board of Directors or Executive Committee during the fiscal year. As of August 31, 2014, no loans or credits to members of the Board of Directors or Executive Committee or parties related to them are outstanding.

## Holdings of shares and options<sup>12</sup>

Number of shares as of August 31,	2014	2013
<b>Board of Directors</b>		
Andreas Jacobs (Chairman) <sup>3</sup>	3,260	2,760
Andreas Schmid (Vice Chairman)	7,678	8,738
Ajal Puri	360	180
James L. Donald	900	720
Markus Fiechter	n/a	60
Jakob Baer	540	360
Nicolas Jacobs	159,179	158,999
Timothy E. Minges	116	–
Fernando Aguirre	116	–
<b>Executive Committee</b>		
Juergen Steinemann, CEO Barry Callebaut Group	8,063	5,931
Victor Balli, CFO Barry Callebaut Group	729	400
Massimo Garavaglia, President Western Europe	233	–
David S. Johnson, President Americas	2,261	3,202
Steven Retzlaff, President Global Cocoa	628	465
Dirk Poelman, Chief Operations Officer	1,274	1,331
Peter Boone, Chief Innovation & Quality Officer	–	–

1 Key management is defined as Board of Directors (BoD) and Executive Committee.

2 Includes upside bonus pursuant to the deferred share plan 2011–14, which led to an extraordinary payout of CHF 6.7 million to the Executive Committee as a result of the over-performance of the share price versus target share price over the past three fiscal years.

3 Including social security and pension contributions as well as other benefits.

4 Number of shares granted in relation to the fiscal year under review; vesting subject to meeting service and/or performance conditions. Grants to BoD are based on the calendar year.

5 Value defined as closing share price at grant date, which might be historical rates before the fiscal year under review.

6 Audit, Finance, Risk, Quality & Compliance Committee.

7 Nomination & Compensation Committee.

8 Services rendered by Markus Fiechter as a member of the BoD until and including October 2012 were covered by the service fee charged by Jacobs Holding AG (see also note 27 of the Consolidated Financial Statements of Barry Callebaut Group). As from November 2012, he received the regular compensation for the members of the BoD. At the General Assembly held on December 11, 2013, Markus Fiechter resigned.

9 Nicolas Jacobs was elected as member of the BoD at the General Assembly held on December 5, 2012. At the same time, Stefan Pfander, who was formerly serving as BoD member and member of the NCC, resigned.

10 At the Extraordinary General Assembly held on April 22, 2013, Timothy E. Minges and Fernando Aguirre were elected members of the BoD.

11 Disclosure relates to the Executive Committee as in place on August 31, 2014, i.e.: Juergen Steinemann, Victor Balli, Massimo Garavaglia, David S. Johnson, Steven Retzlaff, Dirk Poelman and Peter Boone.

12 Including shares of related parties to the individual BoD/ Executive Committee member.

13 Excluding the 50.11% participation held by Jacobs Holding AG (see note 5).

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### 7 Risk assessment disclosures

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

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

### 8 Subsequent events

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

### 9 Appropriation of available earnings and reserves

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

#### 9.1 Allocation from reserves from capital contributions to free reserves

in the amount of CHF 85,077,299.

#### 9.2 Dividend payout of CHF 15.50 per share out of the free reserves as per note 9.1

in the amount of CHF 85,077,299.

#### 9.3 Carry-forward of the balance of retained earnings

of CHF 1,432,489,439.



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

**Barry Callebaut AG, Zurich**

**Report of the Statutory Auditor on the Financial Statements**

As statutory auditor, we have audited the accompanying financial statements of Barry Callebaut AG, which comprise the income statement, balance sheet and notes on pages 136 to 142 for the year ended August 31, 2014.

*Board of Directors' Responsibility*

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

*Auditor's Responsibility*

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

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

*Opinion*

In our opinion, the financial statements for the year ended August 31, 2014 comply with Swiss law and the company's articles of incorporation.

**Report on Other Legal Requirements**

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

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

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

KPMG AG

Marc Ziegler  
*Licensed Audit Expert  
Auditor in Charge*

Patricia Biemann  
*Licensed Audit Expert*

Zurich, November 3, 2014

