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Together, the 2016 management report and the 2016 corporate profile form the 2016 annual report. These are available as separate publications or can be downloaded from www.bellfoodgroup.com.

Corporate Governance

Bell Ltd follows the Swiss Code of Best Practice for Corporate Governance of *economiesuisse*, and complies with the SIX Swiss Exchange Directive on Information relating to Corporate Governance (DCG). The corporate governance rules and regulations of Bell Ltd are based on Swiss law, the articles of association and the by-laws. The board of directors reviews the articles of association and by-laws at regular intervals and adjusts them to meet changed circumstances.

Group structure

Bell Ltd is the parent company of the Bell Group. The company has its registered office in Basel and is listed on the SIX Swiss Exchange. The Bell Group has no cross-shareholdings or holdings in listed companies. An overview of all companies in which the Bell Group has a stake is provided on page 44 of the management report.

The principal shareholder of the Bell Group is Coop Group Cooperative in Basel with a stake of around 66 per cent. This cooperation has a history stretching back to 1913 when the public limited company Samuel Bell Söhne joined forces with the Association of Swiss Consumer Societies (now Coop). Coop listed a first and second tranche of 20 per cent each of the shares on the stock exchange in 1995 and 1997 respectively. There have been various additions and disposals since 1997.

The shares were listed on the stock exchange mainly to access a broader capital market and to pay tribute to the broad customer base of the Bell Group.

Shareholder structure and significant shareholders

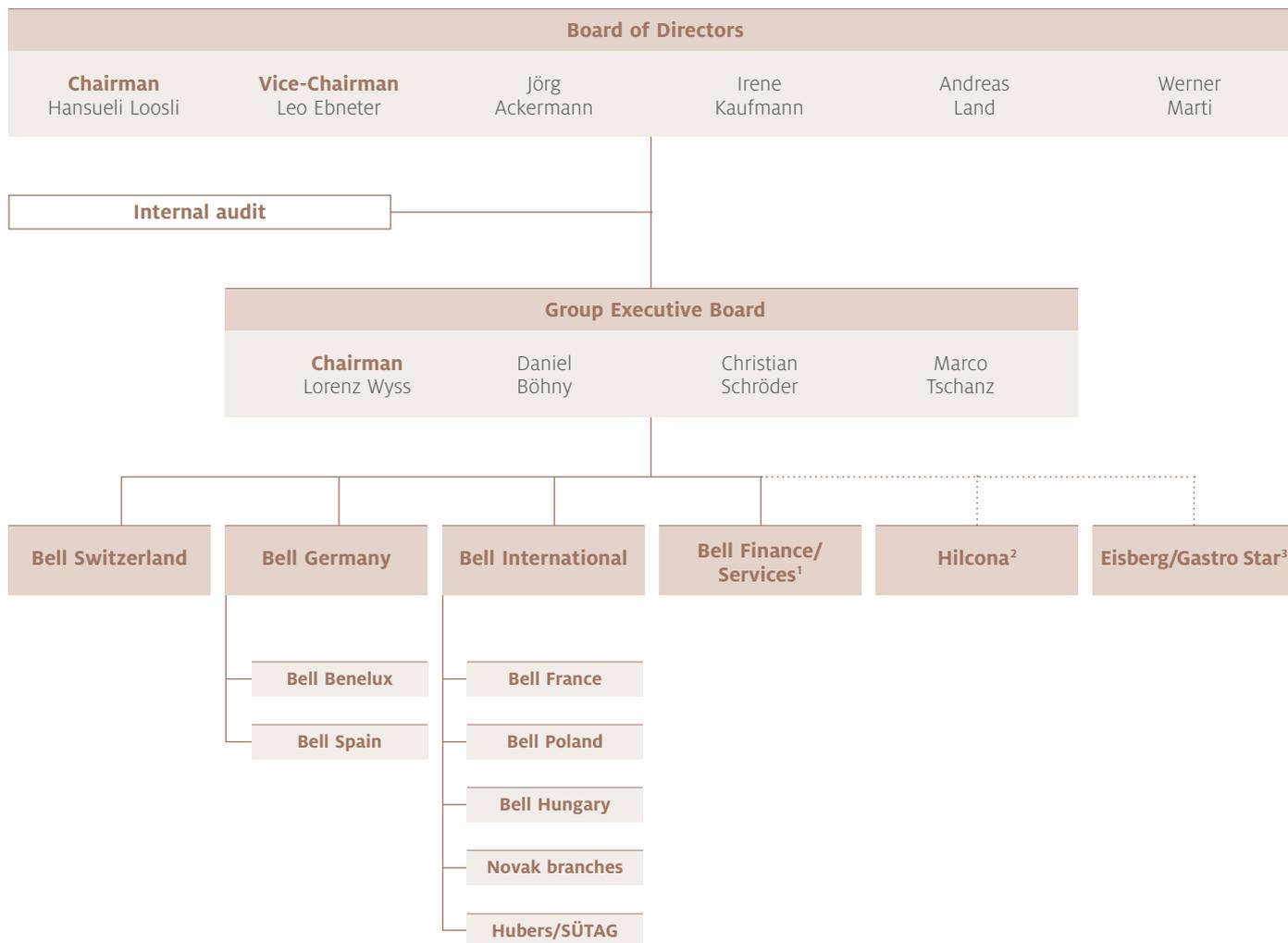
As of 31 December 2016, Bell Ltd had 4,425 registered shareholders, of which 4,121 are natural persons and 304 legal entities. The number of shares pending registration is 10.69 per cent.

On 31 December 2016, the company was aware of the following significant shareholders holding more than three per cent of the share capital:

	Share
Coop Group Cooperative, Basel	66.29 %

During the reporting year, the company did not receive any disclosure notices pursuant to Art. 120 of the Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading (FMIA) from significant shareholders or shareholder groups.

Organisational chart



1 The Bell Finance/Services Division is responsible for the whole Group

2 Hilcona reports to its own board of directors

3 Eisberg/Gastro Star reports to its own board of directors

Capital structure and shareholders' rights

Capital structure

The company's share capital is fully paid up and equates to CHF 2,000,000. Following the ten-for-one share split approved by the General Meeting on 19 April 2016, there are 4,000,000 registered shares with a nominal value of CHF 0.50 each. The company has no outstanding convertible bonds, options or dividend-right certificates.

There is no conditional nor authorised share capital.

The capital structure and shares are described in detail on page 46.

Restriction of transferability and nominee entries

The transfer of registered shares as property or usufruct requires the permission of the board of directors. The board of directors may delegate all or some of its powers in this regard. In order to be registered in the share register, buyers have to submit a declaration that the shares were bought in their own name and on their own behalf. The company can otherwise only refuse to register someone as a shareholder for good cause and if a single shareholder directly or indirectly acquires more than five per cent of the share capital.

The Articles of Association of Bell Ltd are available on the Bell website at www.bellfoodgroup.com/statutes-en
The by-laws are available at www.bellfoodgroup.com/organisation-en.

Status as of 31 December 2016 if nothing is stated to the contrary.

Board of directors

Election and term of office

The general meeting elects the members of the board of directors, its chairman and the members of the compensation committee individually for a term of office up to the end of the next general meeting. The members of the board of directors and the compensation committee are nominated as recommended by the chairman. According to the articles of association, the board of directors must consist of a minimum of three members, and the compensation committee of at least two members. These members can be re-elected.

If a board member turns 65 while in office, he or she must resign from the board at the next general meeting.

Composition of the board of directors

as of 31.12.2016

	Chairman of the board of directors	Member of the board of directors	Compensation committee	End of term of office
Hansueli Loosli	since 2009	–	–	GM 2017
Leo Ebnetter	–	since 2012	Member	GM 2017
Jörg Ackermann	2001–2009	since 2000	–	GM 2017
Irene Kaufmann	–	since 2009	–	GM 2017
Andreas Land	–	since 2013	Chairman	GM 2017
Werner Marti	–	since 2009	–	GM 2017

In the reporting year, the board of directors consisted of six members. None worked for the Bell Group in an executive capacity during the reporting period, or had done so in the previous three financial years. The members of the board of directors do not have any material business relationships with Bell Ltd or the Bell Group. The Coop Group Cooperative owns the majority of the shares and voting rights of Bell Ltd and is represented on the board of directors. There are customer and supplier relationships between the Coop Group Cooperative and Bell Ltd.

Leo Ebnetter has announced his retirement at the end of the current term of office. The board of directors requests the general meeting of 11 April 2017 to elect Reto Conrad as the new member of the board of directors.

Other activities in senior management and administrative bodies

Outside of Bell Ltd, members of the board of directors may take part in the senior management and administrative bodies of a maximum of twelve legal entities that are legally obliged to be registered with the Commercial Register or a corresponding foreign register. Of these, a maximum of three may be listed companies. Only positions in companies which neither control Bell Ltd nor are controlled by Bell Ltd are relevant. Mandates in different companies belonging to one and the same corporate group count as one mandate.

> Continued on page 10

Members of the board of directors



Hansueli Loosli

1955, Swiss citizen
Chairman of the Board of Directors

Certified public accountant (federal diploma)
Chairman of the Board of Directors of Coop Group Cooperative; since 2011

Other board member mandates

- Coop Mineraloel AG, Allschwil; Chairman
- Eisberg Holding AG, Dänikon
- Gastro Star AG, Dällikon
- Hilcona Aktiengesellschaft, Schaan, Liechtenstein
- Swisscom AG, Bern; Chairman
- Transgourmet Holding AG, Basel; Chairman

Other functions and offices

- Deichmann SE, Essen, Germany; Advisory Council
- Executive committee of economiesuisse

Professional career

- Chairman of the Executive Board; Coop Cooperative, Basel; 2001–2011
- Chairman of the Executive Board and the Group Executive Board; Coop Switzerland, Basel; 1997–2000
- Managing Director; Coop Zurich, Zurich; 1992–1997
- Director of Non-Food Procurement; Coop Switzerland, Wangen; 1992–1996
- Most recently Managing Director; Waro AG, Volketswil; 1985–1992
- Controller, Deputy; Director; Mövenpick Produktions AG, Adliswil; 1982–1985
- Head of Fiduciary Department; BBC AG, Baden; 1979–1982



Leo Ebnetter

1954, Swiss citizen
Vize-Chairman of the Board of Directors,
Member of the Compensation Committee

Business diploma
Head of Directorate 4 Logistics, member of the Executive Board; Coop Cooperative, Basel; since 2007

Other board member mandates

- Railcare AG, Härkingen; Chairman
- Kühlhaus Neuhof AG, Gossau

Other functions and offices

- None

Professional career

- Head of Logistics Region Eastern Switzerland-Ticino; Coop Cooperative, Gossau; 2000–2007
- Deputy Manager of Coop Eastern Switzerland and Head of Procurement, Production, Logistics and IT; Coop Eastern Switzerland, Gossau; 1990–2000
- Head of Food Procurement, Production, Logistics; Coop Eastern Switzerland, Gossau; 1987–1990
- Head of Logistics Gossau; Coop Eastern Switzerland, Gossau; 1985–1987
- Head of Logistics General Goods and Head of Transport; Coop Eastern Switzerland, Gossau; 1981–1985



Jörg Ackermann

1958, Swiss citizen
Member of the Board of Directors

Business economist (School of Economics)
Mandates for VGL Coop Cooperative; since 2008

Other board member mandates

- Coop-ITS-Travel AG, Wollerau
- Coop Patenschaft für Berggebiete, Basel
- Dipl. Ing. Fust AG, Oberbüren
- HiCoPain AG, Dagmersellen

Other functions and offices

- GS1 Schweiz, Bern
- H2 Energy AG, Zurich

Professional career

- Deputy Chairman of the Coop Executive Board, Head of Logistics/IT/Production; Coop Cooperative, Basel; 2004–2008
- Member of the Coop Executive Board, Head of IT/Production, Coop Cooperative, Basel; 2001–2003
- Member of the Executive Board, Head of IT/Production, Coop Switzerland, Basel; 1998–2001
- Head of Corporate Development, Coop Switzerland, Basel; 1997
- Managerial positions at Coop Winterthur, Winterthur:
 - Deputy Director, 1995–1996;
 - Head of Marketing, Member of the Executive Board, 1992–1994;
 - Head of Product Marketing and Logistics, Member of the Executive Board; 1989–1991;
 - Assistant to the Head of Customer Marketing; 1984–1988



Irene Kaufmann

1955, Swiss citizen
Member of the Board of Directors

Dr. oec. publ.
Vice-Chair of the Board of Directors of Coop Group Cooperative; since 2011

Other board member mandates

- Coop Mineraloel AG, Allschwil
- Coop Patenschaft für Berggebiete, Basel; Chair of the Board
- Dipl. Ing. Fust AG, Oberbüren
- HWZ Hochschule für Wirtschaft Zürich, Zurich
- Swiss Mobiliar Cooperative Company, Bern
- Schweizerische Mobiliar Holding AG, Bern
- Transgourmet Holding AG, Basel

Other functions and offices

- CPV/CAP Coop Pension Fund, Basel; Chair of the Board of Trustees
- ETH Zürich Foundation, Zurich; Trustee
- Juventus schools Zurich, Zurich; Chair of the Board of Trustees

Professional career

- Chair of the Board of Directors; Coop Cooperative, Basel; 2009–2011
- Vice-Chair of the Board of Directors; Coop Cooperative, Basel; 2000–2009
- Project management of consultancy assignments for public administration and operations with an emphasis on finance and organisation; Nabholz Consulting, Zurich; 1985–2008
- Audit and consultant mandates for private enterprises on behalf of Dr. Nabholz Treuhand AG Zurich; 1980–2002



Andreas Land

1956, German citizen
Member of the Board of Directors,
Chairman of the Compensation Committee

Certified business administrator (with a diploma from a university of applied sciences); managing partner of Griesson – de Beukelaer GmbH & Co. KG; since 1997

Other board member mandates

- None

Other functions and offices

- None

Professional career

- CEO of Danone Biscuits North; Danone Group; Heerentals, Belgium; 1992–1997
- Managing Director of Bongrain Germany; Wiesbaden, Germany; 1989–1992
- Different positions with Effem GmbH, Verden, Germany; 1979–1989



Werner Marti

1957, Swiss citizen
Member of the Board of Directors

Attorney
Law office;
since 1988

Other board member mandates

- Alp Transit Gotthard AG, Lucerne; Chairman
- Billag AG, Fribourg; Chairman
- Other board member mandates with various SMEs

Other functions and offices

- None

Professional career

- Proprietary law office in Glarus; since 1988
- National Councillor of the canton of Glarus; 1991–2008; in this position member of the Finance Commission (Chairman 2004/2005), the Commission for Communication, Transport and Telecommunications as well as various ad hoc commissions
- Price controller; 1996–2004
- Councillor of the canton of Glarus, Directorate of Internal Affairs (Directorate of the Economy); 1990–1998
- Associate/partner in a law office; 1983–1987

Members of the group executive board

Group executive board

Composition of the group executive board

The group executive board consists of the chairman of the group executive board and the heads of the Bell International, Bell Germany and Bell Finance/Services Divisions.

Member of the group executive board	since
Lorenz Wyss	2011
Daniel Böhny	2015
Christian Schröder	2012
Marco Tschanz	2015

Other activities in senior management and administrative bodies

Members of the group executive board may take part in the senior management or administrative bodies of no more than two legal entities which are legally obliged to be registered with the Commercial Register or a corresponding foreign register. Of these, no more than one may be a listed company. Only positions in companies which neither control Bell Ltd nor are controlled by Bell Ltd are relevant. Mandates in different companies belonging to one and the same corporate group count as one mandate. Mandates performed on the instructions of the company are not subject to this limit.



Lorenz Wyss

1959, Swiss citizen
Butcher; business diploma;
Certified meat industry technician;
Master of Business Administration ZFH

Chairman of the Group Executive Board (CEO);
Head of Bell Switzerland Division;
with Bell since 2011; in this position since 2011

Board member mandates

- Centravo Holding AG, Zurich
- Eisberg Holding AG, Dänikon; Chairman
- Gastro Star AG, Dällikon; Chairman
- GVFI International AG, Basel
- Hilcona Aktiengesellschaft, Schaan, Liechtenstein; Chairman
- Proviande Cooperative, Bern

Professional career

- Managerial positions at Coop Cooperative, Basel:
 - Head of Category Management Fresh Products/ Gastronomy; 2008–2011
 - Head of Food Procurement/Scheduling; 2004–2008
 - Head of Purchasing Pool for Fresh Products; 1998–2004
 - Market Group Head, Meat/Catering and Frozen Products; 1995–1998
- Managerial positions at Gehrig AG, Klus:
 - Head of Sales/Operations (Deputy Managing Director); 1992–1995
 - Technical Director; 1987–1991
 - Head of Operations/HR; 1983–1984
- Department Head at Jenzer AG, Arlesheim; 1978–1981



Daniel Böhny

1961, Swiss and Italian citizen
Business economist

Head of Bell International Division
Member of the Group Executive Board
With Bell from 2004 to 2008 and since 2015;
in this position since 2015

Board member mandates

- None

Professional career

- Co-Chairman of the Executive Board of Transgourmet Schweiz AG, Basel; 2013–2015
- Chairman of the Executive Board of Howeg Transgourmet Switzerland Ltd, Winterthur; 2009–2013
- Head of Poultry business unit and member of the Executive Board of Bell Schweiz AG, Basel; 2004–2008
- Managerial positions with Autogrill Schweiz AG, Zurich, and Autogrill SAS, Mulhouse, France; 2002–2004
- Managerial positions with Flughafen-Restaurant AG, Kloten; 1997–2002:
 - Chief Executive Officer; 2001–2002
 - Chief Operating Officer; 1999–2001
 - Chief Financial Officer; 1997–1999
- Chief Financial Officer/Chief Operating Officer, Koelliker Group, Oerlikon; 1990–1996



Christian Schröder

1971, German citizen
Business diploma

Head of Bell Germany Division
Member of the Group Executive Board
With Bell since 2009; in this position
since 2012

Board member mandates

- None

Professional career

- Head of Distribution/Marketing at Abraham Schinken GmbH, Germany; 2011–2012
- Head of Distribution/Marketing at Abraham GmbH, Germany; 2007–2011
- Managerial positions with the Reinert Group of Companies, Versmold, Germany:
 - Schinken-Einhaus GmbH (Friesoythe/Brunsbek/Lörrach): Managing Director; 2002–2007
 - Orig. Holst. Katenschinken GmbH: Managing Director; 2000–2001
- Managing Partner
H. & C. Schröder Schinkenveredelung GmbH; 1994–1999



Marco Tschanz

1975, Swiss citizen
Certified business economist
(university of applied sciences)
Rochester-Bern Executive MBA

Head of Bell Finance/Services Division (CFO)
Member of the Group Executive Board
With Bell since 2014; in this position since 2015

Board member mandates

- Eisberg Holding AG, Dänikon
- Gastro Star AG, Dällikon
- Hilcona Aktiengesellschaft, Schaan, Liechtenstein

Other functions and offices

- CPV/CAP Coop Pension Fund, Basel; member of the Board of Trustees and Chairman of the Investment Committee

Professional career

- Managerial positions with Swisscom:
 - Head of Swisscom's IT Cloud Programme; 2014
 - Head of Finance at Swisscom Switzerland; 2013–2014
 - Head of Controlling/CFO Network/IT and Wholesale; 2009–2013
 - Head of Controlling/CFO Private Customers; 2007–2009
 - Head of Controlling/CFO SMEs; 2006–2007
- Various managerial positions in the financial field; 2000–2006
- Auditing/project controlling at various companies; 1998–1999
- Head of HR and Finance at Marex AG, Bienne; 1995–1997

Internal organisation and areas of responsibility

The board of directors of Bell Ltd defines the corporate strategy, issues the required instructions, and oversees all the activities of the Bell Group, while the group executive board is responsible for overall business operations. The board of directors reviews the business planning, in particular the annual, multi-year and investment plans as well as the corporate objectives. The board also establishes opportunities and risks and initiates any measures that are required. The areas of responsibility of the board of directors and the executive board are set forth in detail in the by-laws. The by-laws are available on the Bell website at www.bellfoodgroup.com/organisation-en.

In addition to its non-transferable responsibilities and powers, the board decides on mergers, litigation, contracts of special importance, capital investments in excess of CHF 5 million, and acquisitions and sales of real estate and companies. The board determines the Bell Group's corporate structure and is responsible for hiring, discharging and overseeing company managers and executives. The board defines the company's salary, social security and investment policies, and monitors their implementation. It also makes decisions concerning the company's representation in industry associations and interest groups, the granting of third party loans exceeding CHF 100,000 and guarantees in any amount.

With the exception of the compensation committee, the group board of directors is responsible for the recommendations outlined in the *economiesuisse* guidelines regarding the function and remit of the individual committees of the Bell Group. This makes it easier to retain an overview and takes account of majority shareholder structures.

More information on the compensation committee is provided in the Compensation Report on page 15.

The group board of directors meets at least seven times a year, usually once every two months. Meetings last between four and six hours. One or two special meetings are also held every year to discuss corporate strategy and other transactions that might have a considerable impact. The chairman of the group executive board and the head of Bell Finance/Services Division are called in to participate in these meetings. No external advisors were engaged in the reporting year.

In 2016, the board of directors held seven ordinary meetings and one constituent meeting. The board of directors also visited foreign facilities of the Bell Group during a two-day trip. The attendance rate, including at the annual general meeting, was 98 per cent.

In addition to the usual day-to-day business, the board of directors concentrated on the following subjects and projects:

- Acquisition and integration of Hubers/SÜTAG, the Eisberg Group, Cher-Mignon SA and Geiser AG
- New buildings and conversions at the Swiss locations as part of the Opera project (planning horizon until 2025) and the new building in Spain
- Package of measures for Bell International Division, in particular for France and the Czech Republic
- Adoption of the procurement strategy
- Review of the IT strategy

Details on these subjects and projects can be found in different sections of the annual report.

Information channels and control instruments

The group executive board regularly briefs the board of directors on the course of business. The chairman of the board of directors is in close contact with the group executive board and usually meets with the chairman of the group executive board once a month.

The head of the Bell Finance/Services Division submits a management report (MIS) to the board every month and prepares a report consisting of a consolidated and a division income statement, key indicators and analyses. Financial reporting is a permanent component of the board meetings. Deviations are discussed and the measures that may be required are implemented.

Internal control system

Bell operates a comprehensive internal control system (ICS) on the basis of the internationally acknowledged COSO framework (www.coso.org); the ICS is an integral component of quality assurance (QA). It places particular emphasis on the financial security of business processes, as issues such as product safety, quality assurance and traceability are already covered by various standards (IFS, etc.). Besides the avoidance of any infractions of the law or instances of negligence, the main emphasis falls on asset protection within the production processes. Institutionalised assessments measure the quality of the internal control system. The results of these assessments are compiled in an annual report.

Internal audit

In addition to the statutory auditors, as an independent instance internal audit monitors compliance with the guidelines and regulations on behalf of the board of directors and checks the expedience of control instruments and the organisational structure and procedures as well as the effectiveness of the internal control system. It accompanies the development of new business processes and modifications to existing business processes in a controlling or advisory function and supports the group executive board in the achievement of its objectives by making recommendations for improvements to business processes. Internal audit pursues a risk-oriented approach to auditing. Findings are documented and communicated to the chairman of the board of directors. The implementation of measures is monitored.

Internal audit coordinates its auditing activities and maintains a close exchange of information with the statutory auditors.

Compliance

Bell Ltd has adopted the concept of all-inclusive integrity and compliance with the laws as a central tenet of its corporate culture. Management does not in any manner condone corruption or breaches of competition laws. A central compliance system for the whole group designed to prevent, identify and react to compliance breaches was introduced. The focus falls on antitrust law and Bell Group's preventive measures in this area. Employees at all relevant levels are retrained every year in order to improve their understanding of the topic of compliance. Awareness and knowledge of this topic should already exclude the potential for misconduct. The topic of integrity is constantly highlighted as part of an ongoing dialogue.

A Code of Conduct for the whole Bell Group was adopted for the first time in February 2015. This framework condenses many existing guidelines and describes the rules that are binding for the company and all its employees in their interaction with one another as well as with their business partners. The Code of Conduct can be accessed on the Bell website at www.bellfoodgroup.com/code-en.

Risk management

Bell has applied structured risk management since 2009. As a food manufacturing company, the risk situation can be described as stable overall, whereby the Bell Group is slightly more dependent on the economy in other countries than in Switzerland. As part of the risk management process, the board of directors, group executive board and executive boards of the country organisations assess the major risks every year.

Bell generally defines risk as possible events or actions that could lead to a deviation from the defined objectives or strategy implementation. Positive deviations are seen as opportunities and negative deviations are deemed to be risks. Opportunities are integrated into the strategy process, while negative deviations are analysed during the risk management process. The risks are assessed for probability of occurrence and quantitative impact in the event of occurrence.

A full survey of the possible risks is done every three years. The risks that are relevant for the Bell Group are identified and measures are formulated if possible to reduce the probability of occurrence and/or the impact of the potential risks. Every measure is given a responsible owner. In the in-between years, the board of directors and group executive board monitor the status of the measures and carry out current assessments. As part of Bell's risk management process, risks that could potentially cause a loss of more than CHF 5 million within three years (more than CHF 1 million for Bell International) at EBIT level are actively managed. Safeguards and measures are implemented to protect the company against risks that cannot be influenced or that can only be influenced to a limited extent.

In 2016, Bell Schweiz AG carried out a risk management audit. Management has identified a sudden increase in raw materials prices, shifts in agricultural policies, and epidemics as major risks.

The financial market risks are limited to foreign currency exposure, in particular in the eurozone, but this does not exceed the threshold for large risks.

More information on risk assessment is provided on pages 28, 29 and 43 of this management report and on pages 33 and 34 of the corporate profile.

Co-determination rights of shareholders

Each share is entitled to one vote, whereby the right to vote is suspended for the treasury shares held by Bell Ltd.

According to the Articles of Association (Art. 12) and the Swiss Code of Obligations (OR 689), shareholders may be represented by another shareholder at the general meeting. Shareholders may also be represented by the independent proxy elected by the general meeting every year. The independent proxy exercises the proxy voting rights assigned to him by shareholders in accordance with instructions. If he has not received any instructions, he abstains from the vote. The independent proxy can also be appointed and given instructions electronically.

Shareholders or groups of shareholders who represent shares with a nominal value of 10 per cent of the share capital may request that an item be added to the agenda. A request to add an item to the agenda must be submitted in writing at least 45 days prior to the meeting, specifying the subject to be discussed and the proposals.

Other co-determination rights are governed by the Articles of Association of Bell Ltd. The Articles of Association are available on the Bell website at www.bellfoodgroup.com/statutes-en. The Swiss Code of Obligations applies where the Articles of Association do not provide sufficient regulation.

A total of 1,100 shareholders attended the 2016 annual general meeting. Together with the shares represented by the independent proxy, 287,950 shares or 72.0 per cent of the share capital was represented at the annual general meeting. The minutes and voting results for the annual general meeting can be accessed on the Bell website at www.bellfoodgroup.com/assembly-en.

The last date for registration with the share register for shareholders who wish to attend the annual general meeting is published on the Bell website at www.bellfoodgroup.com/agenda-en.

Shareholders are not entitled to have certificates for registered shares printed out and delivered.

Change of control clause

There are no statutory restrictions and regulations.

Auditors

Auditors	PricewaterhouseCoopers; since 1998
Lead auditor	Gerd Tritschler; lead auditor since 2013
Term of mandate	The auditors are elected every year.

The board of directors oversees the activities of the external auditors. The auditors brief the chairman of the board of directors on the results of their audit three times every year. They also report to all members of the board once every year.

The performance of the auditors is assessed by the chairman of the board of directors, the chairman of the group executive board and the head of the Bell Finance/Services Division on the basis of comprehensive assessment criteria. The focus falls on the audit team's special qualifications, assertiveness, independence and interaction with our internal units. Other external factors also affect the assessment. The auditors are elected by the annual general meeting every year.

The activities of the statutory auditors comprise their legal and statutory obligations, including an evaluation of the existence of the ICS.

Auditors' and other fees

in CHF thousands	2016	2015
Auditing services	1 258	1 146
Tax consulting	82	9
Legal services	440	139
Total	1 780	1 294

Information policy

Every year in February, Bell publishes an annual report on the results for the previous year. In August, it publishes an interim report on the results for the first half of the current year. Both reports provide information on the business operations and results of the Bell Group. Bell also issues press releases regarding current developments and publishes news reports on its website.

The Bell website contains an archive with annual reports, interim reports and ad hoc press releases.

Annual reports and interim reports:	www.bellfoodgroup.com/report-en
Press releases:	www.bellfoodgroup.com/mediarelease-en
Code of Conduct:	www.bellfoodgroup.com/code-en
Registration with distribution list for press releases:	www.bellfoodgroup.com/maillinglist-en

Important dates

Closing of accounts	31 December
Annual General Meeting of Bell Ltd	11 April 2017
Publication of results for first half of 2017	17 August 2017
Publication of 2017 results	February 2018

For more dates, see the Bell website at www.bellfoodgroup.com/agenda-en.

Contacts

Contact partners and contact options for obtaining further information on the Bell Group are provided on page 60 of this management report as well as on the website.

Corporate communication:	www.bellfoodgroup.com/contact-en
Share register:	www.bellfoodgroup.com/shareregistry-en

Compensation Report

Introduction

The compensation report sets out the discretionary competence and describes the compensation paid to the members of the board of directors and the group executive board and provides information on the shares members of these bodies hold in Bell Ltd.

The report complies with the provisions of the Ordinance against Excessive Compensation in Listed Corporations (VegÜV) and the related provisions of the Swiss Code of Obligations. It essentially follows the recommendations of the Swiss Code of Best Practice for Corporate Governance issued by *economiesuisse* and the Directive on Information relating to Corporate Governance (DCG) of the SIX Swiss Exchange, and also takes account of the Articles of Association, the by-laws and the regulations of the compensation committee of Bell Ltd.

Articles of association
By-laws

www.bellfoodgroup.com/statutes-en
www.bellfoodgroup.com/organisation-en

Unless stated otherwise, the compensation report refers to the 2016 financial year. Compensation payments are recognised when they occur.

The compensation committee

The annual general meeting elects the members of the compensation committee individually. Only members of the board of directors are eligible.

The compensation committee comprises at least two members. Members of the compensation committee do not receive any separate fee as their payment is included in the normal board member fee.

The compensation committee submits proposals on the type and amount of compensation to be paid to the members of the board of directors and the group executive board for approval to the group board of directors. These amounts must fall within the limits of the budget approved by the annual general meeting. The proposal for the compensation to be paid to the group executive board is prepared by the CEO and submitted to the compensation committee. The group executive board may not participate in the discussion within the committee. The compensation committee annually revises and assesses the company's compensation system.

On 19 April 2016, the annual general meeting elected Andreas Land (Chairman) and Leo Ebnetter to serve as the members of the compensation committee until the next annual general meeting.

The compensation committee meets upon invitation of the chairman as often as business requires, but at least once a year. Meetings last one to two hours on average. One meeting attended by all members of the committee was held in the reporting year.

No external advisors were consulted.

Basis and components of compensation

Bell's compensation system has been designed to attract and retain qualified and motivated specialists and managers. Compensation is determined by taking into account the interests of the employees, the group and the shareholders.

At the recommendation of the board of directors, the annual general meeting approves in advance the maximum total amount to be paid in compensation to the board of directors and the group executive board. The annual general meeting also consults on the compensation report for the previous financial year.

The members of the board of directors receive a fixed fee. This fee is at the lower end of the scale compared to other listed companies in Switzerland. Under Bell Ltd's compensation system, the members of the group executive board receive a basic salary as well as a performance-related share in profits (variable compensation).

On 15 April 2015, the annual general meeting approved the following maximum compensation payments for 2016:

Board of directors:	CHF 500,000
Group executive board:	CHF 3,000,000

Under the employee share participation plan, all employees of the Bell Group as well as the members of the board of directors can buy shares in Bell Ltd at preferential conditions and acquire a stake in the company. Sale of employee shares is prohibited for four years.

The board of directors

The annual general meeting decides in advance on the maximum annual compensation to be paid to the board of directors for the next financial year.

Members of the board of directors receive an appropriate fixed fee for their activities. This fee depends on their function (chairman, vice-chairman, member) and is approved at its discretion by the board of directors at the suggestion of the compensation committee.

The fee is paid in cash. Compensation includes a flat rate of ten per cent for expenses. The statutory social contributions (employee's contribution) are deducted from 90 per cent of the basic fee.

Basic fee

The fee payable to the members of the board of directors has been the same since 1 June 2013. The gross annual fee is:

Chairman	CHF 100,000
Vice-chairman	CHF 80,000
Members	CHF 70,000

Special cases

Fees will be paid as follows:

- pro rata on resignation from the board of directors
- in the event of illness/accident: 100 per cent

The Coop representatives on the board of directors work on a mandate basis. Their fees are paid directly to Coop.

Variable compensation

The members of the board of directors do not receive any variable compensation.

Share ownership

On 31 December 2015 and 2016, the members of the board of directors held the following (vested and unvested) shares of Bell Ltd:

Shares held by the board of directors as of 31 December (number)	2016	2015 ¹
Hansueli Loosli, Chairman	910	860
Leo Ebnetter, Vice-Chairman	550	450
Jörg Ackermann, Member	970	940
Irene Kaufmann, Member	960	860
Andreas Land, Member	400	350
Werner Marti, Member	870	770

¹ A share split in a ratio of 1:10 took place on 28 April 2016. The previous year's figures have been adjusted accordingly to facilitate comparison.

The group executive board

The annual general meeting approves in advance the maximum amount in compensation to be paid to the members of the group executive board every year.

If additional members are appointed to the group executive board after the approval of the budgeted amount, the total amount approved by the annual general meeting may be exceeded by a maximum of 50 per cent pro rata until the next annual general meeting.

The members of the group executive board receive a fixed basic salary and performance-related variable compensation for their work.

Basic salary

The basic salary takes account of the individual's experience and skills and is based on an employment contract that is reviewed every year and amended, if necessary. The board of directors determines the basic salary at its own discretion having regard to comparable enterprises and within the framework of the maximum compensation approved by the general meeting. Companies in the food industry which are listed in Switzerland (small caps) are used as the comparison group. In addition, the members of the group executive board receive a fixed expenses allowance as well as a company car.

Variable compensation

The members of the group executive board receive a performance-related profit share. The variable component depends on the achievement of the internal budget objectives, the group result before non-controlling interests and individual objectives. Achievement of the budget objectives counts 90 per cent and the individual objectives 10 per cent for the calculation of the profit share. The variable compensation may not be more than 24 per cent of the basic salary and at least 50 per cent of the profit share is paid out in the form of shares. The shares are issued with a discount of 20 per cent and may not be sold for a period of four years. The variable compensation for the previous financial year (cash payment and share transfers) is paid in April of the following year.

Variable compensation as a percentage of the basic salary upon 100 per cent objective achievement	20%
Maximum percentage of the basic salary	24%
Basis for assessment	90% Group result meets target before non-controlling interests 10% individual objective achievement
Payment	50% in shares of Bell Ltd with a discount of 20% 50% in cash
Decision	Board of Directors

Share ownership

On 31 December 2015 and 2016, the members of the group executive board held the following (vested and unvested) shares of Bell Ltd:

Shares held by the group executive board as of 31 December (number)	2016	2015 ¹
Lorenz Wyss	1 090	970
Christian Schröder	250	120
Marco Tschanz	370	200
Daniel Böhny	400	400

¹ A share split in a ratio of 1:10 took place on 28 April 2016. The previous year's figures have been adjusted accordingly to facilitate comparison.

Contractual relationships

The employment contracts of the group executive board are concluded for an indefinite period. The notice period for group executive board employment contracts concluded for an indefinite period is 12 months, effective as of the end of a calendar month. Apart from those that apply to the employment relationship, there are no provisions on the prohibition of competition.

Loans, credits and pensions to members of the board of directors, the group executive board and their related parties

The articles of association make no provision for the granting of loans and credits to the members of the board of directors and/or the group executive board. No such loans or credits are outstanding.

No loans, credits or payments were granted to related parties in 2016 and no payments were made to any former members of the board of directors. In the year under review, minimum compensation due under the law on contracts was paid to a former member of the group executive board for project-related work. Payment was made in cash.

Payments in 2016

Payments to the board of directors for 2015 and 2016

		Fixed salary in cash (gross)	Social contributions	Share subscription		Total CHF thousands
				Number	CHF thousands	
Hansueli Loosli, chairman ¹	2015	100	–	–	–	100
	2016	100	–	–	–	100
Leo Ebnetter, vice-chairman ¹	2015	80	–	–	–	80
	2016	80	–	–	–	80
Jörg Ackermann, member ¹	2015	70	–	–	–	70
	2016	70	–	–	–	70
Irene Kaufmann, member ¹	2015	70	–	–	–	70
	2016	70	–	–	–	70
Andreas Land, member	2015	70	3	–	–	73
	2016	70	3	–	–	73
Werner Marti, member	2015	70	3	–	–	73
	2016	70	3	–	–	73
Total to board of directors	2015	460	6	–	–	466
	2016	460	6	–	–	466

¹ Cash payment is forwarded to the giver of the mandate Coop

Payments to the group executive board for 2015 and 2016

		Cash payment (gross)		Share subscription		Non-cash/ social contributions and employee benefits insurance CHF thousands	Total CHF thousands
		Fixed CHF thousands	Variable CHF thousands	Number ¹	CHF thousands		
Lorenz Wyss, CEO ²	2015	642	40	130	35	169	886
	2016	598	–	–	–	141	739
Other members of the group executive board ³	2015	1 040	57	170	48	172	1 317
	2016	1 332	–	–	–	264	1 596
Total to group executive board	2015	1 682	97	300	83	341	2 203
	2016	1 930	–	–	–	405	2 335

¹ The shares are issued at a price of 80 per cent of the average share price and their sale is then prohibited for four years. A share split in a ratio of 1:10 took place on 28 April 2016. The previous year's figures have been adjusted accordingly to facilitate comparison.

² In 2015, the cash payment included a long service award of CHF 43,000

³ Martin Gysin (CFO) left on 31 January 2015; Marco Tschanz (CFO) joined on 1 February 2015; Daniel Böhny (Head of Bell International Division) joined on 1 November 2015

Report of the auditors on the compensation report

Report of the statutory auditor to the General Meeting of Bell Ltd. Basel

We have audited the remuneration report of Bell Ltd. for the year ended 31 December 2016.

Board of Directors' responsibility

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

Auditor's responsibility

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

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

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

Opinion

In our opinion, the remuneration report of Bell Ltd. for the year ended 31 December 2016 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG

Gerd Tritschler
Audit expert
Auditor in charge

Arsim Arslani
Audit expert

Basel, 26 January 2017

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Consolidated balance sheet

in CHF thousands	Notes	31.12.2016	Share	31.12.2015	Share
Cash and cash equivalents	1	261 981		188 966	
Securities	2	5 735		4 808	
Trade accounts receivables	3	213 464		156 013	
Receivables associated companies	4	143 987		140 402	
Other receivables		38 046		42 262	
Inventories	5	303 545		263 059	
Deferred expenses and accrued income		20 274		14 344	
Current assets		987 032	46.0%	809 853	46.4%
Financial assets	10/12	48 569		44 066	
Intangible assets	13	160 028		36 836	
Machinery and equipment	14	376 472		346 966	
Land and buildings	15	571 994		506 046	
Non-current assets		1 157 064	54.0%	933 914	53.6%
Assets		2 144 096	100.0%	1 743 767	100.0%
Current financial liabilities	9	11 543		40 081	
Trade accounts payable		193 725		136 813	
Accounts payable to associated companies	6	18 886		22 620	
Other current liabilities	7	37 074		15 497	
Current provisions	11	11 207		9 204	
Deferred expenses and accrued income	8	78 150		73 789	
Current liabilities		350 585	16.4%	298 003	17.1%
Other financial liabilities	9	60 836		78 720	
Bonds	9	650 000		350 000	
Non-current provisions	11	100 733		107 554	
Non-current liabilities		811 569	37.9%	536 274	30.7%
Liabilities		1 162 155	54.2%	834 278	47.8%
Share capital		2 000		2 000	
Retained earnings		912 203		845 370	
Currency translation differences		-129 070		-121 017	
Treasury shares		-2 381		-1 043	
Annual profit		100 582		94 763	
Equity before non-controlling interests		883 333	41.2%	820 072	47.0%
Third-party interest in equity		98 609		89 418	
Equity		981 942	45.8%	909 490	52.2%
Liabilities and equity		2 144 096	100.0%	1 743 767	100.0%

Consolidated income statement

in CHF thousands	Notes	2016	Share	2015	Share
Net revenue	16	3 345 930	100.0%	2 780 727	100.0%
Cost of goods sold		2 112 995	63.2%	1 754 938	63.1%
Gross operating income		1 232 934	36.8%	1 025 789	36.9%
Personnel expenses	17	614 321	18.4%	502 680	18.1%
Rent	18	27 385		24 667	
Energy, auxiliary materials	19	62 213		55 764	
Repair and maintenance		75 827		66 377	
Transport		92 901		69 707	
Advertising		38 671		33 319	
Other operating expenses	20	43 571		38 194	
Total operating expenses	21	954 889	28.5%	790 708	28.4%
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		278 045	8.3%	235 081	8.5%
Depreciation of tangible assets	14/15/24	106 492	3.2%	91 848	3.3%
Amortisation of intangible assets	13/24	7 633		5 462	
Amortisation of goodwill	13/24	21 781		14 783	
Earnings before interest and taxes (EBIT)		142 139	4.2%	122 987	4.4%
Financial result	22	-5 502		-3 154	
Net profit before taxes (EBT)		136 636	4.1%	119 833	4.3%
Taxes	23/24	22 337		17 574	
Net profit after taxes		114 300	3.4%	102 259	3.7%
Third-party interest in profit		-13 717		-7 496	
Annual profit		100 582	3.0%	94 763	3.4%
Net profit per share (in CHF, diluted and undiluted) ¹		25.18		23.75	

1 A 10-for-1 share split took place on 28 April 2016. To facilitate comparison, the prior-year value has been restated.

Cash flow statement

in CHF thousands	2016		2015	
Net profit after taxes		114 300		102 259
Depreciation of tangible assets	98 296		85 348	
Amortisation of intangible assets	25 970		16 668	
Extraordinary depreciation	11 640	135 907	10 077	112 093
Income (-) loss (+) from sale of fixed assets		-483		-1 912
Dividends from associated companies		513		3 773
Net income from equity interests		-3 126		-6 351
Changes in provisions		-14 538		-5 551
Cash flow before changes to net current assets		232 572		204 311
Inventory changes (-) increase (+) decrease		-19 106		-2 057
Changes in receivables (-) increase (+) decrease		5 357		2 008
Changes in accrued assets (-) increase (+) decrease		-5 150		10 926
Changes in current liabilities (+) increase (-) decrease		46 583		-27 040
Changes in accrued liabilities (+) increase (-) decrease		-14 772	12 913	3 247
Operating cash flow		245 485		191 395
Investment in machinery and equipment		-82 578		-73 806
Divestment/net investment in machinery and equipment	2 248	-80 329	404	-73 402
Investment in land and buildings		-39 319		-37 197
Divestment/net investment in land and buildings	1 692	-37 627	2 233	-34 964
Investment in other companies and financial assets		-280 599		-9 130
Acquisition of cash and cash equivalents		20 713		22 748
Divestment/net investment of shareholdings and financial assets	1 301	-258 586	7 414	21 032
Investment (-)/divestment (+) of securities		-761		1 376
Investment in intangible assets		-6 665		-4 176
Divestment/net investment in intangible assets		-	-6 665	-
Cash flow from investing activities		-383 968		-90 134
Changes in financial liabilities		-54 388		-32 546
Bonds		300 000		-
Investment (-)/divestment (+) in treasury shares		-1 308		1 288
Dividend		-32 498		-25 937
Cash flow from financing activities		211 806		-57 195
Cash flow balance		73 323		44 066
Cash and cash equivalents as of January 1 st		188 966		146 751
Effect of currency translation on cash and cash equivalents		-308		-1 851
Changes in cash and cash equivalents		73 323		44 066
Cash and cash equivalents as of December 31 st		261 981		188 966

Statement of changes in equity

in CHF thousands	Share capital	Retained earnings	Currency translation differences	Treasury shares	Consolidated profit	Equity	Third-party interest in equity	Equity
Equity as of 01.01.2016	2 000	845 370	-121 017	-1 043	94 763	820 072	89 418	909 490
Changes in scope of consolidation	-	-	-	-	-	-	157	157
Acquisition minorities	-	-	-	-	-	-	8	8
Appropriation of annual profit	-	94 763	-	-	-94 763	-	-	-
Dividends	-	-27 960	-	-	-	-27 960	-4 538	-32 498
Additions/disposals of treasury shares	-	30	-	-1 338	-	-1 308	-	-1 308
Annual profit	-	-	-	-	100 582	100 582	13 717	114 300
Exchange differences	-	-	-8 053	-	-	-8 053	-154	-8 207
Equity as of 31.12.2016	2 000	912 203	-129 070	-2 381	100 582	883 333	98 609	981 942
Equity as of 01.01.2015	2 000	783 261	-83 882	-1 994	87 708	787 093	-138	786 955
Changes in scope of consolidation	-	-	-	-	-	-	81 866	81 866
Acquisition minorities	-	-	-	-	-	-	175	175
Appropriation of annual profit	-	87 708	-	-	-87 708	-	-	-
Dividends	-	-25 937	-	-	-	-25 937	-	-25 937
Additions/disposals of treasury shares	-	338	-	951	-	1 288	-	1 288
Annual profit	-	-	-	-	94 763	94 763	7 496	102 259
Exchange differences	-	-	-37 135	-	-	-37 135	19	-37 116
Equity as of 31.12.2015	2 000	845 370	-121 017	-1 043	94 763	820 072	89 418	909 490

Legal reserves in 2016 CHF thousands 45,359 (previous year CHF thousands 26,563)

Title	Number of shares 01.01. ¹	Additions in treasury shares	Disposals of treasury shares	Number of shares 31.12.
Shares issued	4 000 000	-	-	4 000 000
Treasury shares	-5 600	-10 230	8 912	-6 918
Shares in circulation as of 2016	3 994 400	-10 230	8 912	3 993 082
Shares issued	400 000	-	-	400 000
Treasury shares	-1 227	-509	1 176	-560
Shares in circulation as of 2015	398 773	-509	1 176	399 440

¹ On 19 April 2016, the ordinary Shareholders' Meeting of Bell Ltd approved a 10-for-1 split of the registered share with a nominal value of CHF 5.00. The stock split was carried out on 2 May 2016 (ex-date 28 April 2016). The share capital of Bell Ltd following the stock split is still CHF 2,000,000, now consisting of 4,000,000 registered shares with a nominal value of CHF 0.50. For ease of legibility the information on the shares issued and the treasury shares for 2016 is set out as if the share split had taken place on 01.01.2016.

Consolidation and valuation principles

Principles

The principles governing consolidation, valuation, structure and presentation comply with the entire Accounting and Reporting Regulations (Swiss GAAP ARR). They apply to all companies included in the scope of consolidation.

Scope of consolidation

All companies of which Bell Ltd directly or indirectly owns more than 50 percent of the votes or exercises control under a contractual agreement are fully integrated into these consolidated financial statements. Investments where Bell owns more than 20 per cent but less than 50 per cent of the votes are measured and recognised in the balance sheet at the share of equity held. Investments equalling less than 20 per cent are included in the balance sheet at the share price as of 31 December. If no share price is available, the investment is measured at cost minus a value adjustment if there was any impairment. An overview of the companies in which Bell has a stake and a description of the treatment of these associates in the consolidated financial statements are provided on page 44 of the annual report.

Foreign currency translation

All company balance sheets in foreign currency are translated into Swiss francs at the year-end exchange rate as of 31 December. The income statements of these companies are translated at the average annual exchange rate. Translation differences between the opening and closing balance sheets and the differences arising from the use of different exchange rates in the balance sheet and the income statement are recognised without affecting profit and loss.

Exchange rates

		2016	2015
Balance sheet	EUR 1	= CHF 1.0739	= CHF 1.0835
	CZK 1	= CHF 0.0397	= CHF 0.0401
	HUF 100	= CHF 0.3466	= CHF 0.3429
	PLN 1	= CHF 0.2435	= CHF 0.2541
	USD 1	= CHF 1.0188	= CHF 0.9952
Income statement	EUR 1	= CHF 1.0901	= CHF 1.0671
	CZK 1	= CHF 0.0403	= CHF 0.0391
	HUF 100	= CHF 0.3501	= CHF 0.3444
	PLN 1	= CHF 0.2500	= CHF 0.2552
	USD 1	= CHF 0.9893	= CHF 0.9643

Consolidation of assets and liabilities, intra-group sales and intra-group profits

All intra-group assets and liabilities are set off and eliminated as part of the consolidation process. Differences resulting from applying different exchange rates to net investments in foreign companies are recognised in equity without affecting profit or loss. All intra-group payables and receivables are set off and eliminated as part of the consolidation process. Elimination of intra-group profits is deemed unnecessary, as the impact on the group's income statement is insignificant.

Capital consolidation

The capital is consolidated using the "purchase method", i.e. the capital of a company is set off against the purchase price on the purchase date, and the acquisition costs are added to the purchase price. Purchase price adjustments that depend on future results are estimated. If the final purchase price deviates from the estimate, the goodwill is adjusted correspondingly. The resulting goodwill is capitalised and amortised on a straight-line basis via the income statement. The depreciation period depends on the useful life that is assumed for the market potentials and synergies that gave rise to the goodwill. Since 2016, a maximum depreciation period of 15 years has been applied. Previously, goodwill was amortised over a maximum period of eight years. The change will be applied prospectively. Any negative goodwill is recognised in the income statement at the time of the initial consolidation.

Valuation

As a general rule, the historical cost method is used. Current assets are measured at the lower of cost or market value. Tangible fixed assets are recognised at cost minus required depreciation. The same valuation principles apply to all consolidated companies.

Cash and cash equivalents

The cash and cash equivalents comprise fixed deposits and money market placements with a remaining term to maturity of less than 90 days.

Securities

The securities comprise marketable securities that are recognised in the balance sheet at the stock price as of 31 December.

Receivables

Identifiable and actual losses are charged to the income statement in the year in which they occur. Based on previous experience, the impairment for doubtful debts equals 1 percent of the accounts receivable. The total impairment amount is disclosed in the notes.

Inventories

The inventories are valued at production cost according to the first-in first-out (FIFO) method. Inventories with a very long ripening period are measured at the moving average cost for procurement. Any impairment loss on the purchase cost is taken into account. Warehousing risks that can be identified are also taken into account.

Deferred taxes

The deferred taxes are based on a balance sheet point of view, taking into account all future income tax effects.

The deferred taxes are recognised according to the "liability method" on all differences between the Swiss GAAP FER values and the book values for taxation purposes. The deferred taxes are calculated on a yearly basis using the future tax rate that applies to the taxable entity on the reporting date. The applicable tax rates for the Bell Group are:

Switzerland	20.80 %
Principality of Liechtenstein	12.50 %
Germany	33.00 %
France	33.00 %
Austria	25.00 %
Other countries	25.00 %

Deferred tax assets relating to temporary differences and tax loss carry-forwards are only capitalised if it is likely that they can be set off against future taxable gains. There are no deferred tax assets.

Other financial assets

Other financial assets comprise non-listed securities that are recognised in the balance sheet at the lower of cost or market value.

Non-current assets

Please refer to page 44 for an overview of the group's non-consolidated investments in 2016.

Tangible non-current assets are measured at cost minus required depreciation and permanent impairment. Depreciation is done on a straight-line basis over the useful life of an asset. Valuation adjustments arise from foreign currency translations. Leased assets are capitalised during the consolidation process and are depreciated on a straight-line basis over the normal useful life of the asset. The corresponding liabilities are listed under "Financial liabilities".

Within the framework of mergers and acquisitions the non-current assets are revalued. In this the cumulative purchase price and the cumulative depreciation of the acquired assets are calculated. In a next step, significant revaluations and devaluations of individual assets are made. In a final step the cumulative depreciations are adjusted in a way that the acquired assets are valued from a net perspective at the current value on the transfer date. Taking into account the remaining useful life, the depreciation period is adjusted to the Bell valuation principles. The acquired assets are disclosed on a gross basis in the corresponding balance sheet notes.

Valuation adjustments of CHF 8.2 million (previous year CHF 6.5 million) were recognised on certain tangible assets in Switzerland and abroad in 2016.

Useful life of non-current assets

in years	
Production and administration buildings	30 – 40
Machines and equipment	8 – 10
Installations	10 – 15
Vehicles	3 – 7
Furniture	5 – 10
IT hardware	4
Software	4
Trademarks	8
Goodwill	8 – 15

Intangible assets

Intangible non-current assets comprise IT software, acquired trademarks and goodwill.

Up to 30 April 2015, the amortisation of the Hilcona goodwill was set off against Bell's share of the annual profit within the financial result. The stake in the Hilcona Group was increased by 2% to 51% on 1 May 2015. Since this date, the Hilcona Group and the Hilcona goodwill have been fully consolidated into the Bell Group's financials.

Based on the results in Germany, goodwill for Germany was adjusted by CHF 2.8 million. There are no further indicators for adjustments to goodwill positions. In the previous year, adjustments totalling CHF 3.5 million were carried out on goodwill positions.

The review of the recoverability for the other intangible assets resulted in valuation adjustments of CHF 0.6 million.

Rebates, refunds and cash discounts

Rebates, refunds and cash discounts are deducted directly from the corresponding asset class and the cost price is reduced accordingly.

Advance payments

Advance payments to suppliers are allocated to the corresponding asset class.

Liabilities

Trade payables and other liabilities are recognised at nominal value.

Financial liabilities

Financial liabilities are recognised at nominal value. Any financing costs are capitalised and reversed through the income statement over the term of the financial liability.

Provisions/pension liabilities

Accruals and provisions are set up and measured in accordance with objective and economic principles, and risks are adequately accounted for.

Provisions for deferred taxes are discussed in the "Deferred taxes" section.

In July 2014, the German Cartel Office imposed a fine on Bell Germany for around EUR 100 million for alleged illegal price fixing in the years before the acquisition of Abraham and ZIMBO. As we do not believe this fine to be justified, either in fact or on the merits, and will defend ourselves against this decision with everything in our power, we have not raised any provision for the fine. The legal battle is expected to drag on for several years.

The employees of Bell Switzerland belong to the CPV/CAP pension fund Coop. Pursuant to Art. 44 of the Ordinance on Occupational Retirement, Survivors' and Disability Pension Plans (BVV2), the funding ratio of CPV/CAP was 113.0 percent at the end of 2016 (prior year 113.1%).

Bell Schweiz AG's employee benefits foundation is currently in liquidation. The free foundation capital in the financial assets was entirely used up in the 2016 financial year.

Equity

Since 2008, changes in equity due to currency translation differences are reported separately as a sub-item of equity.

Transaction gains and dividends on treasury shares are allocated directly to retained earnings.

On 19 April 2016, the ordinary shareholders' meeting of Bell Ltd approved a 10-for-1 split of the registered share with a nominal value of CHF 5.00. The stock split was carried out on 2 May 2016 (ex-date 28 April 2016). The share capital of Bell Ltd following the stock split is still CHF 2,000,000, now consisting of 4,000,000 registered shares with a nominal value of CHF 0.50.

Employee share participation plan

Once a year, the board of directors of Bell Ltd may grant all employees of the Bell Group and the members of the board of directors of Bell Ltd the right to subscribe for a maximum of 100 shares at preferential conditions.

The members of the executive board and senior management can be paid half of their share in the participation plan in the form of Bell Ltd shares. The shares sold to the employees under this plan are charged to personnel expenses at the price that applies on the date of allocation. Under this plan, 8,912 shares were sold to employees in 2016 (prior year 11,760). A total of 10,230 shares were bought back at the prevailing price during 2016 (prior year 5,090).

Net revenue and realisation of income

Net revenue includes all income from the sale of meat, fish, poultry and convenience products (sale of goods) as well as income from the sale of slaughter products and by-products, logistics services for closely related parties and other income. Sales deductions, rebates, cash discounts and refunds to customers are deducted from the gross income. The income is recognised with the transfer of ownership rights and risks to the purchaser. In the case of logistics services, these are intermediary services for which only the value of the services actually rendered is reported as net revenue.

Events after the reporting period

On 20 January 2017, the Bell Group announced the takeover of Frostag Food-Centrum AG (Frostag). Frostag will be managed as an independent company under the umbrella of Hilcona. The company will be included in the consolidated financial statements of the Bell Group retroactively from 1 January 2017.

No other events occurred before the approval of the consolidated financial statements of Bell Ltd by the board of directors on 26 January 2017. These consolidated financial statements are subject to approval by the general meeting on 11 April 2017.

Risk assessment

The Bell Group follows standard risk management procedures. The risk situation is reassessed every three years. A complete risk assessment was carried out by Bell Schweiz AG in 2015.

Every year, the group executive board reviews the status of implementation of these measures as well as the updated risk assessment. A report on the risk assessment was submitted to the board of directors at its meeting in December 2016. More information relating to risk management is provided in the section on corporate governance (page 12).

As part of the institutionalised annual assessment of the quality of the internal control system at business process level, the operational risks, the risks associated with financial reporting and those associated with compliance are assessed.

Notes to the consolidated balance sheet

in CHF thousands	2016	Share	2015
1. Cash and cash equivalents			
Cash	1 370	0.5 %	811
Cash in banks	260 611	99.5 %	148 026
Fixed deposits	–	–	40 129
Cash and cash equivalents	261 981	100.0 %	188 966
Cash and cash equivalents by currency			
CHF	213 730	81.6 %	150 844
EUR	43 657	16.7 %	31 505
Other currencies	4 593	1.8 %	6 616
Cash and cash equivalents	261 981	100.0 %	188 966
2. Securities			
Shares and similar investments	5 582	97.3 %	4 808
Bonds and similar investments	153	2.7 %	–
Securities	5 735	100.0 %	4 808
3. Trade accounts receivables			
Valuation adjustments balanced in receivables	–3 965		–3 711
4. Receivables related parties			
Companies in the Coop Group	143 354	99.6 %	139 786
Other related parties	633	0.4 %	616
Receivables related parties	143 987	100.0 %	140 402
5. Inventories			
Raw materials and finished goods	277 186	91.3 %	244 440
Auxiliary materials	32 103	10.6 %	23 631
Valuation adjustments on the basis of value impairments	–5 743	–1.9 %	–5 012
Inventories	303 545	100.0 %	263 059
6. Accounts payable to related parties			
Accounts payable to Coop Group	18 660	98.8 %	17 947
Accounts payable to other related parties	226	1.2 %	4 673
Accounts payable to related parties	18 886	100.0 %	22 620
7. Other current liabilities			
Shareholders	10	0.0 %	10
VAT	1 004	2.7 %	4 271
Capital and income taxes	31 335	84.5 %	9 318
Other taxes	477	1.3 %	103
Miscellaneous third parties	4 248	11.5 %	1 795
Other current liabilities	37 074	100.0 %	15 497
8. Deferred expenses and accrued income			
Miscellaneous deferred expenses	51 383	65.7 %	51 333
Accrued personnel and social security expenses	26 768	34.3 %	22 456
Deferred expenses and accrued income	78 150	100.0 %	73 789

Notes to the consolidated balance sheet

in CHF thousands	2016	Share	2015
9. Financial liabilities			
Short-term loans and credits from banks	11 522	1.6 %	40 070
Current accounts with third parties	21	0.0 %	10
Current financial liabilities	11 543	1.6 %	40 081
Long-term loans and credits from banks	60 836	8.4 %	78 720
Bonds	650 000	90.0 %	350 000
Non-current financial liabilities	710 836	98.4 %	428 720
Financial liabilities	722 379	100.0 %	468 801
Maturity structure of financial liabilities			
Due within 360 days	11 543	1.6 %	40 081
Due within two years	176 093	24.4 %	8 221
Due within three years and later	534 744	74.0 %	420 499
Financial liabilities	722 379	100.0 %	468 801
Financial liabilities by currency			
CHF	719 414	99.6 %	464 512
EUR	2 755	0.4 %	3 974
Other currencies	210	0.0 %	316
Financial liabilities	722 379	100.0 %	468 801

Interest rates of bank loans vary between 1.45 % and 2.75 % (previous year 1.75 % and 3.05 %) in Swiss francs and between 3.10 % and 3.50 % (previous year 3.10 % and 5.00 %) in foreign currencies (EUR).

Bonds

Bond type	Bond with reopening option
Nominal amount	CHF 175 million
Securities number	21 226 729 / ISIN CH0212267295
Interest rate	1.00 per cent
Term	5 years
Maturity	16 May 2018 at nominal value

Bond type	Bond with reopening option
Nominal amount	CHF 175 million
Securities number	21 226 733 / ISIN CH0212267337
Interest rate	1.75 per cent
Term	9 years
Maturity	16 May 2022 at nominal value

Bond type	Bond with reopening option
Nominal amount	CHF 300 million
Securities number	31 251 268 / ISIN CH0312512681
Interest rate	0.625 per cent
Term	9 years
Maturity	24 March 2025 at nominal value

Notes to the consolidated balance sheet

10. Company mergers (major balance sheet items at the date of acquisition)

in CHF thousands	Huber Group ¹	Eisberg Group ²	Geiser AG ³	Cher-Mignon SA ³
Cash and cash equivalents	13 987	1 678	3 559	1 489
Trade accounts receivables	47 860	11 138	4 951	2 296
Inventories	14 160	2 070	3 061	3 645
Tangible assets	59 025	21 640	8 016	2 080
Trade accounts payables	35 313	8 438	4 004	942
Financial liabilities	–	7 740	–	–

1 Full takeover of the Huber Group by Bell Ltd as of 1 March 2016.

2 Full takeover of the Eisberg Group by the Hilcona Group as of 1 May 2016.

3 Full takeover of Geiser AG and Cher-Mignon SA by Bell AG as of 1 October 2016.

in CHF thousands	Early retirements	Long service awards	Holiday and extra hours charges	Deferred taxes	Other	Restructuring	Earn-out provisions ¹	Total
11. Provisions								
Provisions as of 01.01.2016	22 757	7 421	5 343	77 714	3 524	–	–	116 758
Changes in scope of consolidation	–	–	285	6 690	2 245	–	–	9 220
Creation	276	896	1 575	–	777	–	42 568	46 093
Release/utilisation	–761	–1 163	–393	–14 320	–1 425	–	–41 818	–59 881
Currency translation effects	–32	–	–21	–133	–63	–	–	–249
Provisions as of 31.12.2016	22 240	7 153	6 789	69 951	5 057	–	750	111 941
Non-current provisions 2016	21 374	6 061	–	69 951	3 347	–	–	100 733
Current provisions 2016	866	1 092	6 789	–	1 710	–	750	11 207
Provisions as of 01.01.2015	20 103	3 537	5 387	63 304	4 101	–	–	96 431
Changes in scope of consolidation	3 613	3 713	63	18 976	536	–	–	26 901
Creation	697	1 308	452	–	473	–	–	2 931
Release/utilisation	–1 258	–1 139	–451	–4 349	–1 284	–	–	–8 481
Currency translation effects	–398	1	–109	–216	–302	–	–	–1 025
Provisions as of 31.12.2015	22 757	7 421	5 343	77 714	3 524	–	–	116 758
Non-current provisions 2015	21 749	6 145	–	77 714	1 947	–	–	107 554
Current provisions 2015	1 008	1 276	5 343	–	1 576	–	–	9 204

1 Purchase price payments that are conditional on the achievement of defined objectives (earn-out) were agreed for the acquisitions in 2016. Some of these objectives were achieved in 2016 and the corresponding purchase price payments were made.

Notes to the consolidated balance sheet

in CHF thousands	Non consolidated Investments	Loans to related parties ¹	Loans to third parties	Equity of foundation	Deferred tax assets	Other financial assets	Total
12. Financial assets							
Net carrying amount as of 01.01.2016	41 466	-	1 328	780	-	492	44 066
Changes in scope of consolidation	528	-	-	-	-	810	1 338
Investments	289	-	1 604	-	-	-	1 894
Divestments/dividends from associated companies	-513	-	-214	-780	-	-307	-1 813
Revaluation	3 126	-	-	-	-	-	3 126
Currency translation effects	-	-	-24	-	-	-17	-41
Net carrying amount as of 31.12.2016	44 897	-	2 695	-	-	978	48 569
Net carrying amount as of 01.01.2015	119 046	26 000	1 050	2 011	-	372	148 479
Changes in scope of consolidation	-81 866	-21 000	-	-	-	892	-101 974
Investments	1 004	-	689	-	-	-	1 693
Divestments/dividends from associated companies	-3 773	-5 000	-410	-1 231	-	-772	-11 187
Revaluation	7 062	-	-	-	-	-	7 062
Currency translation effects	-7	-	-1	-	-	-	-7
Net carrying amount as of 31.12.2015	41 466	-	1 328	780	-	492	44 066

1 There are no loans to the corporation entities.

Notes to the consolidated balance sheet

in CHF thousands

	Software	Trademarks	Other rights	Goodwill	Total
13. Intangible assets					
Net carrying amount as of 01.01.2016	12 290	–	1 038	23 507	36 836
Purchase price as of 01.01.2016	34 608	8 911	2 363	170 287	216 169
Changes in scope of consolidation	3 103	–	598	139 564	143 266
Investments	6 482	–	183	5 216	11 881
Divestment/discontinuation	–1 571	–	–5	–	–1 576
Reclassification	3 456	–	–24	–	3 432
Currency translation effects	–181	–79	–32	–3 920	–4 213
Purchase price as of 31.12.2016	45 896	8 832	3 083	311 147	368 958
Cumulative depreciation as of 01.01.2016	22 317	8 910	1 325	146 780	179 333
Changes in scope of consolidation	2 553	–	578	–	3 131
Depreciation	6 890	–	115	18 965	25 970
Extraordinary depreciation	18	–	610	2 816	3 444
Cumulative depreciation on divestment/discontinuation	–1 571	–	–5	–	–1 576
Reclassification	–	–	–	–	–
Currency translation effects	–146	–79	–30	–1 118	–1 372
Cumulative depreciation as of 31.12.2016	30 061	8 831	2 594	167 443	208 930
Net carrying amount as of 31.12.2016	15 835	–	489	143 704	160 028
Net carrying amount as of 01.01.2015	10 907	–	1 200	28 721	40 828
Cumulative depreciation as of 01.01.2015	44 871	9 888	2 009	165 335	222 105
Changes in scope of consolidation	6 209	–	482	12 415	19 106
Investments	4 165	–	11	4 243	8 419
Divestment/discontinuation	–20 357	–	–	–	–20 357
Reclassification	1 156	–	–	–	1 156
Currency translation effects	–1 437	–978	–139	–11 706	–14 260
Purchase price as of 31.12.2015	34 607	8 910	2 363	170 287	216 169
Cumulative depreciation as of 01.01.2015	33 964	9 888	809	136 615	181 277
Changes in scope of consolidation	4 177	–	482	4 397	9 056
Depreciation ¹	5 349	–	113	11 917	17 379
Extraordinary depreciation	–	–	–	3 577	3 577
Cumulative depreciation on divestment/discontinuation	–20 357	–	–	–	–20 357
Reclassification	–	–	–	–	–
Currency translation effects	–816	–978	–78	–9 726	–11 598
Cumulative depreciation as of 31.12.2015	22 317	8 910	1 325	146 780	179 333
Net carrying amount as of 31.12.2015	12 290	–	1 038	23 507	36 836

¹ The depreciation of the Hilcona goodwill was reported in the profit or loss of associated companies until 30 April 2015.

Notes to the consolidated balance sheet

in CHF thousands	Machinery and equipment	Installations	IT hardware	Furniture and Vehicles	Advance payments	Total
14. Machinery and equipment						
Net carrying amount as of 01.01.2016	176 612	110 733	9 008	28 131	22 479	346 963
Purchase price as of 01.01.2016	673 467	323 461	32 096	120 558	22 479	1 172 062
Changes in scope of consolidation	53 633	9 733	876	18 914	1 579	84 735
Investments	28 834	7 828	5 555	9 023	31 338	82 578
Divestment/discontinuation	-10 700	-3 667	-2 272	-4 016	-	-20 654
Reclassification	14 273	15 299	675	3 440	-27 735	5 952
Currency translation effects	-3 052	-151	-39	-759	-132	-4 133
Purchase price as of 31.12.2016	756 454	352 504	36 892	147 162	27 528	1 320 540
Cumulative depreciation as of 01.01.2016	496 855	212 729	23 088	92 427	-	825 098
Changes in scope of consolidation	40 744	6 667	659	13 584	-	61 654
Depreciation	38 715	17 127	4 891	10 320	-	71 052
Extraordinary depreciation	345	3 797	-	2 231	-	6 372
Cumulative depreciation on divestment/discontinuation	-9 575	-3 347	-2 272	-3 696	-	-18 889
Reclassification	332	1 224	16	39	-	1 610
Currency translation effects	-2 123	-107	-28	-573	-	-2 830
Cumulative depreciation as of 31.12.2016	565 291	238 090	26 354	114 332	-	944 068
Net carrying amount as of 31.12.2016	191 163	114 414	10 538	32 830	27 528	376 472
Net carrying amount as of 01.01.2015	120 369	70 214	5 965	20 987	28 499	246 037
Cumulative depreciation as of 01.01.2015	457 727	230 925	36 605	97 529	28 499	851 287
Changes in scope of consolidation	192 230	75 067	11 965	21 347	8 281	308 890
Investments	31 391	17 317	4 558	7 644	12 896	73 806
Divestment/discontinuation	-5 249	-1 050	-21 304	-3 274	-164	-31 040
Reclassification	14 082	2 013	593	795	-24 788	-7 305
Currency translation effects	-16 714	-811	-321	-3 483	-2 246	-23 575
Purchase price as of 31.12.2015	673 467	323 461	32 096	120 558	22 479	1 172 064
Cumulative depreciation as of 01.01.2015	337 358	160 711	30 640	76 541	-	605 250
Changes in scope of consolidation	141 464	33 272	9 819	13 086	-	197 641
Depreciation	32 910	16 885	4 139	8 316	-	62 251
Extraordinary depreciation	2 494	3 430	-	131	-	6 055
Cumulative depreciation on divestment/discontinuation	-5 222	-1 049	-21 270	-3 093	-	-30 635
Reclassification	8	-	-	12	-	21
Currency translation effects	-12 158	-521	-239	-2 566	-	-15 484
Cumulative depreciation as of 31.12.2015	496 855	212 729	23 088	92 427	-	825 098
Net carrying amount as of 31.12.2015	176 612	110 733	9 008	28 131	22 479	346 966

“Machinery and equipment” includes a capitalised lease with a carrying amount of CHF thousands 128 (previous year CHF thousands 64).

Notes to the consolidated balance sheet

in CHF thousands	Developed land	Production and administration facilities	Constructions in rented locations	Buildings under construction	Total
15. Land and buildings					
Net carrying amount as of 01.01.2016	126 930	358 498	1 074	19 544	506 046
Purchase price as of 01.01.2016	127 589	815 878	3 369	19 544	966 379
Changes in scope of consolidation	14 299	78 861	–	2 006	95 166
Investments	11 091	4 516	8	23 704	39 319
Divestment/discontinuation	–1 073	–13 608	–2	–	–14 682
Reclassification	–3 676	402	–1 251	–4 860	–9 384
Currency translation effects	–417	–3 305	–1	–165	–3 888
Purchase price as of 31.12.2016	147 813	882 745	2 124	40 229	1 072 910
Cumulative depreciation as of 01.01.2016	658	457 381	2 295	–	460 334
Changes in scope of consolidation	–	27 485	–	–	27 485
Depreciation	353	26 802	89	–	27 244
Extraordinary depreciation	209	1 614	–	–	1 824
Cumulative depreciation on divestment/discontinuation	–	–12 988	–2	–	–12 990
Reclassification	–1 013	–218	–380	–	–1 610
Currency translation effects	–3	–1 367	–	–	–1 369
Cumulative depreciation as of 31.12.2016	206	498 709	2 002	–	500 916
Net carrying amount as of 31.12.2016	147 607	384 036	122	40 229	571 994
Net carrying amount as of 01.01.2015	65 344	252 855	747	5 046	323 992
Cumulative depreciation as of 01.01.2015	65 444	610 373	3 181	5 046	684 043
Changes in scope of consolidation	58 400	198 945	–	1 693	259 038
Investments	4 666	13 283	637	18 612	37 197
Divestment/discontinuation	–286	–54	–	–	–340
Reclassification	607	11 796	–449	–5 806	6 149
Currency translation effects	–1 242	–18 464	–	–1	–19 707
Purchase price as of 31.12.2015	127 589	815 878	3 369	19 544	966 379
Cumulative depreciation as of 01.01.2015	100	357 518	2 434	–	360 052
Changes in scope of consolidation	469	85 672	–	–	86 142
Depreciation	99	22 874	123	–	23 097
Extraordinary depreciation	–	445	–	–	445
Cumulative depreciation on divestment/discontinuation	–	–20	–	–	–20
Reclassification	–	242	–263	–	–21
Currency translation effects	–10	–9 351	–	–	–9 361
Cumulative depreciation as of 31.12.2015	658	457 381	2 295	–	460 334
Net carrying amount as of 31.12.2015	126 930	358 498	1 074	19 544	506 046

A capitalised lease with a carrying amount of CHF thousands 3,569 (previous year CHF thousands 3,975) is included in “Land and buildings”.

Notes to the consolidated income statement

in CHF thousands	2016	Difference	2015
16. Net revenue			
Product groups			
Fresh meat	860 837	2.3 %	841 513
Charcuterie, own production	373 523	0.2 %	372 690
Charcuterie, purchased	81 011	15.8 %	69 935
Poultry	370 939	-0.3 %	372 202
Meat specialities (game, rabbit and others)	16 457	5.1 %	15 664
Seafood	166 965	11.6 %	149 562
Convenience	458 518	-	301 739
Other sales	12 565	-14.1 %	14 632
Product groups, Switzerland	2 340 815	9.5 %	2 137 937
Charcuterie	584 543	-0.5 %	587 729
Poultry	313 433	-	-
Convenience	118 151	100.8 %	58 826
Other sales	33 254	-0.2 %	33 335
Product groups, international	1 049 380	54.3 %	679 890
Sales by product group	3 390 195	20.3 %	2 817 827
Distribution channels			
Sales to Coop Group	1 829 284	9.8 %	1 666 521
Sales to other affiliated companies	-	-100.0 %	4 942
Sales to wholesale	504 694	9.6 %	460 560
Sales to end consumers	6 837	15.6 %	5 915
Distribution channels Switzerland	2 340 815	9.5 %	2 137 937
Sales to Coop Group	44 518	27.4 %	34 955
Sales to other affiliated companies	921	-	-
Sales to wholesale	970 688	58.7 %	611 600
Sales to end consumers	33 253	-0.2 %	33 334
Distribution channels, international	1 049 380	54.3 %	679 890
Sales by distribution channel	3 390 195	20.3 %	2 817 827
Sales by country			
Switzerland	2 340 815		2 137 937
Germany	602 999		414 694
France	107 517		96 256
Spain, Benelux	69 739		63 916
Austria	136 791		6 409
Eastern Europe	129 274		97 935
Other	3 060		680
Sales by country	3 390 195	20.3 %	2 817 827
Additional proceeds from Coop Group	12 440	49.7 %	8 310
Additional proceeds from affiliated companies	20 145	16.4 %	17 313
Additional third-party proceeds	33 321	2.3 %	32 562
Other operating income, Switzerland	65 906	13.3 %	58 185
Other operating income, international	10 618	140.4 %	4 417
Other operating income	76 525	22.2 %	62 602
Sales deductions with Coop Group	34 882	3.0 %	33 864
Other sales deductions	11 600	30.0 %	8 924
Sales deductions, Switzerland	46 482	8.6 %	42 788
Sales deductions, international	74 309	30.6 %	56 913
Sales reductions	120 791	21.2 %	99 701
Net revenue	3 345 930	20.3 %	2 780 727

Bell has a supply and purchase agreement with Coop. The contract is valid for an indefinite period and can be terminated at the end of any year by giving 12 months' notice. The supply of products to Coop is carried out at market conditions in consideration of Coop's purchase volume. Sales reductions include a bonus based on volume and sales figures, which is agreed annually in advance by means of a business plan.

Notes to the consolidated income statement

in CHF thousands	2016	Difference	2015
17. Personnel expenses			
Wages and salaries	396 045	21.4 %	326 343
Employer's contributions	88 890	21.1 %	73 374
Other personnel expenses	16 613	0.3 %	16 560
Third-party wages and salaries	112 773	30.5 %	86 403
Personnel expenses	614 321	22.2 %	502 680

Contributions include social security contributions to the CPV/CAP Coop pension plan and other pension funds: CHF thousands 29 159 (previous year CHF thousands 25 425).

Shares held by the board of directors as of 31 December (number)	2016	2015
Hansueli Loosli, chairman	910	860
Leo Ebnetter, vice-chairman	550	450
Jörg Ackermann, member	970	940
Irene Kaufmann, member	960	860
Andreas Land, member	400	350
Werner Marti, member	870	770

Shares held by the group executive board as of 31 December (number)	2016	2015
Lorenz Wyss	1 090	970
Christian Schröder	250	120
Marco Tschanz ¹	370	200
Daniel Böhny ²	400	400

¹ Joined on 1 December 2014, assumed position on Group Executive Board (CFO) on 1 February 2015.

² Joined on 1 November 2015.

A 10-for-1 share split took place on 28 April 2016. To facilitate comparison, the prior-year values have been restated.

in CHF thousands	Excess/ insufficient cover	Economic benefit/ obligation for the Bell Group		Change vs. prior year and/or affecting net income in financial year	Contributions concerning the period	Pension expense in personnel expense	
		31.12.2016	31.12.2015			2016	2015
Employee benefits							
Company's pension fund foundation	-	-	780	-780	-780	-780	-1 231
Pension schemes without excess/ insufficient cover	-	-	-	-	-	29 036	25 425
Pension schemes with excess cover ¹	797	-	-	-	-	123	-
Pension schemes with insufficient cover	-	-	-	-	-	-	-
Personnel expenses	797	-	780	-780	-780	28 379	24 194

¹ The excess cover was taken from the annual financial statements of the pension schemes, that were drawn up in accordance with Swiss GAAP FER 26.

Since the financial statements for 31.12.2016 were not available when this annual report was written, the last available financial statements were used.

It is assumed that there has been no significant change in the excess cover since the last financial statements.

Notes to the Consolidated Income Statement

in CHF thousands	2016	Difference	2015
18. Rent			
Building lease	8 150	7.9 %	7 552
Lease of machinery and equipment	10 672	15.9 %	9 208
Third-party storage	8 563	8.3 %	7 906
Rent	27 385	11.0 %	24 667
19. Energy, auxiliary materials			
Electricity	28 966	-5.6 %	30 692
Water	8 192	22.0 %	6 715
Fuel	3 708	185.1 %	1 301
Other energy	8 174	7.6 %	7 600
Auxiliary materials	13 173	39.3 %	9 457
Energy, auxiliary materials	62 213	11.6 %	55 764
20. Other operating expenses			
Administrative expenses	15 818	0.7 %	15 704
Insurance and duties	9 490	11.0 %	8 554
Capital tax and other corporate taxes	2 079	10.7 %	1 878
Miscellaneous expenses	16 184	34.2 %	12 058
Other operating expenses	43 571	14.1 %	38 194

Included in operating expenses:

21. Operating expenses with affiliated companies

Building lease	473	-	473
Lease of machinery and equipment	5 641	-4.5 %	5 906
Repair and maintenance	92	-94.4 %	1 644
Energy and auxiliary materials	1 793	-2.1 %	1 831
Advertising	6 940	16.2 %	5 972
Transport	640	5.4 %	607
Other operating expenses	3 154	127.6 %	1 386
Operating expenses with affiliated companies	18 733	5.1 %	17 819

Notes to the consolidated income statement

in CHF thousands	2016	2015
22. Financial result		
Interest on fixed deposits and other interest	311	807
Interest from affiliated companies	89	163
Interest income	400	970
Interest on capital	-10 058	-8 049
Bank charges and commissions	-877	-1 026
Interest expenses	-10 935	-9 075
Interest	-10 535	-8 105
Income (+)/loss (-) from foreign currency transactions	1 145	-1 388
Income (+)/loss (-) securities	762	-12
Share in profit/loss of associated companies ¹	3 126	6 351
Financial result	-5 502	-3 154
Average rates of interest-bearing liabilities	1.38%	1.66%

¹ 2015: Net, after deduction of goodwill depreciation.

Notes to the consolidated income statement

in CHF thousands	2016	Difference	2015
23. Taxes			
Taxes paid and changes in taxes due	36 657		21 923
Changes in deferred taxes	-14 320		-4 349
Taxes	22 337	27.1 %	17 574
Group operating result	114 300		102 259
Expenses, non-tax-deductible	12 989		4 541
Tax expenses included in group result	22 337		17 574
Profit before taxes	149 626		124 374
Income taxes on the profit before taxes at the weighted average tax rate of 19.8 per cent (prior year 19.5 per cent)	29 626		24 253
Influence of different tax rates and tax jurisdictions	-		249
Influence of non-capitalisation of deferred taxes	6 923		3 827
Impact of tax recognition of value adjustment to group loans	-12 113		-10 898
Other taxes and taxes not relating to the period	-2 100		143
Taxes (as reported)	22 337	27.1 %	17 574

in CHF thousands	2016	2015	
24. Non-recurring and infrequent expenses (+) and income (-)			
Non-recurring and irregular expenses/income included in the operating expenses:			
Depreciation	Extraordinary depreciation of property, plant and equipment and intangible assets	8 824	6 500
	Extraordinary depreciation of goodwill	2 816	3 577
Taxes	Impact of tax recognition of value adjustment to group loans	-12 113	-10 898

Segment reporting

in CHF thousands	Bell Switzerland	Bell Germany	Bell International ¹	Hilcona Group	Consoli- dation	Bell Group
December 2016						
Volume in tonnes	124 073	67 808	131 513	100 284	-9 418	414 260
Income from sale of goods	1 907 233	446 228	524 554	576 986	-64 806	3 390 195
Net investments in tangible assets	63 616	9 769	22 015	23 040	-	118 440
Average headcount on basis of full-time equivalents (FTE)	3 524	1 447	2 989	2 473	-	10 433
December 2015						
Volume in tonnes	123 453	67 967	30 657	59 650	-6 419	275 308
Income from sale of goods	1 851 042	463 023	195 491	360 756	-52 485	2 817 827
Net investments in tangible assets	59 722	21 063	11 849	17 644	-	110 278
Average headcount on basis of full-time equivalents (FTE)	3 415	1 337	1 653	1 959	-	8 364

¹ The Bell Benelux group was reclassified from the Bell International segment to the Bell Germany segment in the 2016 reporting year. The prior-year figures have been restated correspondingly.

Notwithstanding the additional recommendations for listed companies (Swiss GAAP FER 31), the Board of Directors of Bell Ltd will not publish any detailed segment results in the interest of the shareholders for the following reasons:

1. Conclusions about price structure

The product range of the Bell Group is differentiated according to segment. Whilst in the Bell Switzerland segment a broad range of fresh meat, poultry, seafood and charcuterie is marketed, the range in the other segments is restricted to the following specific group of goods: charcuterie, poultry and convenience. It would be easy to draw conclusions about the price structure in these groups of goods if segment results were published. This would be a considerable competitive disadvantage for the Bell Group.

2. Damage to negotiating position

The European market is characterised by a small number of market players in the procurement and sales market. At the same time there are a number of processors/producers. The Bell Group is one of the few companies in the sector that publishes its results and financial figures. The disclosure of detailed segment results would result in a clear weakening of the Bell Group's negotiating position with buyers and suppliers in comparison with the competitors.

Additional information

in CHF thousands	2016	2015
Total amount of guarantees, warranties and mortgages in favour of third parties	54 897	53 919
Total amount of mortgaged assets at legal book values	115 939	123 337
Unrecognised liabilities from leasing	1 918	1 815
due in the current financial year	829	937
Derivative financial instruments on foreign currencies (purpose: hedging)		
contract value	–	81 263
replacement value positive	–	–
replacement value negative	–	182
of which recognised in balance sheet	–	–
Derivative financial instruments (interest) (purpose: hedging)		
contract value	8 054	28 126
replacement value positive	–	257
replacement value negative	269	614
of which recognised in balance sheet	–	–
Other derivative instruments (participations)	–	–
Expenses for pension fund liabilities	29 159	25 425
Obligations from contracts with third parties	27 285	24 728
due in the current financial year	3 951	3 699
due in the following financial year	3 907	3 685
due later	19 427	17 344
Obligations from contracts with affiliated companies	1 893	2 366
due in the current financial year	473	473
due in the following financial year	473	473
due later	947	1 420
Contingent liabilities ¹	107 390	109 976

¹ More information on the cartel fine is provided in the section of provisions in the consolidation and valuation principles.

Principal shareholders	Coop Group Cooperative Basel; 66.29 %. No further shareholders with over 3 % of the shares.
Shares eligible for dividend	All
Voting regulations	All registered shareholders have full voting rights. Each share entitles to vote.

Significant shareholdings of the Bell Group

Company	Domicile	Sphere of activity	Con- solidation method	Capital stock	Group share in capital 31.12.2016	Group share in capital 31.12.2015
Bell Schweiz AG	Basel	Fresh meat, charcuterie, poultry, seafood	■	CHF 20 000 000	100.0%	100.0%
Geiser AG ¹	Schlieren	Fresh meat, charcuterie	■	CHF 500 000	100.0%	–
Cher-Mignon SA ²	Chermignon	Charcuterie	■	CHF 1 500 000	100.0%	–
H.L. Verwaltungs-GmbH ³	Pfaffstätt/AT	Subholding	■	EUR 327 100	100.0%	–
Hubers Landhendl GmbH ³	Pfaffstätt/AT	Poultry	■	EUR 100 000	100.0%	–
Brütere Schlierbach GmbH ³	Pettenbach/AT	Primary production	■	EUR 600 000	95.0%	–
VTE-Beteiligungs GmbH + Co. KG ³	Ampfing/DE	Property management	■	EUR 3 264 916	100.0%	–
Hilcona AG	Schaan / FL	Convenience	■	CHF 27 000 000	51.0%	51.0%
Hilcona Gourmet SA	Orbe	Convenience	■	CHF 600 000	100.0%	100.0%
Hilcona Feinkost GmbH	Leinfelden-Echterdingen/DE	Convenience	■	EUR 26 000	100.0%	100.0%
Gastro Star AG	Dällikon	Convenience	■	CHF 120 000	100.0%	100.0%
Eisberg Holding AG ⁴	Dänikon	Subholding	■	CHF 690 000	100.0%	–
Eisberg Schweiz AG ⁴	Dänikon	Convenience	■	CHF 2 000 000	100.0%	–
Eisberg Hungary Kft. ⁴	Gyal/HU	Convenience	■	HUF 167 000 000	100.0%	–
Eisberg Spolka z o.o. ⁴	Legnica/PL	Convenience	■	PLN 3 500 000	100.0%	–
Eisberg srl ⁴	Pantelimon/RO	Convenience	■	RON 447 373	100.0%	–
E.S.S.P. España 2000 SL ⁴	Aguilas/ES	Convenience	■	EUR 3 005	100.0%	–
Centravo Holding AG ⁵	Zurich	By-products processing	○	CHF 2 040 000	30.1%	29.9%
GVFI International AG ⁵	Basel	Meat trade	○	CHF 3 000 000	25.7%	24.6%
Baltic Vianco Oü ⁵	Röuge Vald/EE	Livestock trading	○	EUR 750 000	33.3%	26.7%
Pensionsstiftung der Bell Schweiz AG (in Liquidation)	Basel	Foundation	▲	–	–	–
Bell France Holding SAS	Teilhède/FR	Subholding	■	EUR 20 000 000	100.0%	100.0%
Salaison Polette & Cie SAS	Teilhède/FR	Cured sausages	■	EUR 2 600 000	100.0%	100.0%
Saloir de Mirabel SARL ⁶	Riom/FR	Air-dried ham	■	EUR 200 000	100.0%	100.0%
Val de Lyon SAS ⁶	St-Symphorien-sur-Coise/FR	Cured sausages	■	EUR 975 000	100.0%	100.0%
Saloir de Virieu SAS	Virieu-Le-Grand/FR	Air-dried ham	■	EUR 1 200 000	100.0%	100.0%
Maison de Savoie SAS	Aime/FR	Cured sausages	■	EUR 1 560 000	100.0%	100.0%
Bell France SAS	St-André-sur-Vieux-Jonc/FR	Cured sausages	■	EUR 1 221 220	100.0%	100.0%
Bell Deutschland Holding GmbH	Seevetal/DE	Subholding	■	EUR 25 000	100.0%	100.0%
Bell Verwaltungs GmbH	Seevetal/DE	Subholding	■	EUR 25 000	100.0%	100.0%
Bell Deutschland GmbH & Co. KG	Seevetal/DE	Charcuterie	■	EUR 1 000 000	100.0%	100.0%
Süddeutsche Truthahn AG ³	Ampfing/DE	Poultry	■	EUR 6 162 125	100.0%	–
Interfresh Food GmbH	Seevetal/DE	Subholding	■	EUR 100 000	100.0%	100.0%
Bell Polska Sp. z o.o. ⁶	Niepolomice/PL	Charcuterie	■	PLN 10 000 000	100.0%	100.0%
ZIMBO Perbal Húsipari Termelő Kft. ⁷	Perbal/HU	Meat and sausages	■	HUF 400 000 000	99.8%	99.7%
Bell Benelux Holding N.V.	Zellik/BE	Subholding	■	EUR 5 257 955	100.0%	100.0%
Bell Benelux N.V.	Zellik/BE	Meat trade	■	EUR 619 734	100.0%	100.0%
Bell Logistics N.V. ⁶	Zellik/BE	Storage	■	EUR 2 361 500	100.0%	100.0%
Bell Nederland B.V. ⁶	Dr Houten/NL	Meat trade	■	EUR 2 718 000	100.0%	100.0%
ZIMBO Czechia s.r.o.	Prag-Holesovice/CZ	Retail trade	■	CZK 30 000 000	100.0%	100.0%
Abraham Benelux S.A.	Libramont-Chevigny/BE	Air-dried ham	■	EUR 1 250 000	100.0%	100.0%
Sanchez Alcaraz S.L.U.	Casarrubios del Monte/ES	Air-dried ham	■	EUR 648 587	100.0%	100.0%

1 The Geiser Group was taken over as of 1 October 2016.

2 Cher-Mignon SA was taken over as of 1 October 2016.

3 Companies of the Huber Group: the Huber Group was taken over as of 1 March 2016.

4 Companies of the Eisberg Group: the Eisberg Group was taken over as of 1 May 2016.

5 The equity share is based on the number of outstanding shares

6 In 2016 the share capital was increased without a change to the participation rate.

7 In 2016 the share capital was increased by HUF 21,250,000. The non-controlling interests did not participate in the capital increase.

■ Fully consolidated (uniform management)

○ Consolidation ad equity

▲ Consolidation pursuant to Swiss GAAP ARR 16

5-year overview

in CHF thousands	2016	2015	2014	2013	2012
Affiliated companies	1 874 723	1 706 418	1 455 679	1 417 862	1 337 785
Other wholesale	1 475 382	1 072 160	1 076 627	1 128 325	1 113 932
End consumers	40 091	39 249	65 487	74 303	74 804
Income from sale of goods	3 390 195	2 817 827	2 597 793	2 620 490	2 526 521
Net revenue	3 345 930	2 780 727	2 578 019	2 597 788	2 508 378
Financial data					
Gross operating profit	1 232 934	1 025 789	850 068	835 094	827 452
Personnel expenses	614 321	502 680	404 422	400 868	403 015
Depreciation of tangible assets	106 492	91 848	71 047	70 571	71 996
Earnings before interest and taxes (EBIT)	142 139	122 987	111 182	104 943	99 145
Net profit after taxes	114 300	102 259	87 813	76 641	76 207
EBITDA	278 045	235 081	196 171	189 658	185 138
Financial result	-5 502	-3 154	3 123	-3 019	1 151
Current assets	987 032	809 853	706 346	671 290	554 942
Non-current assets	1 157 064	933 914	759 337	768 784	760 276
Total assets	2 144 096	1 743 767	1 465 682	1 440 074	1 315 218
Net financial liabilities	454 663	275 028	209 757	249 305	248 630
Equity	981 942	909 490	786 955	731 458	675 472
Margins					
Gross operating profit in percentage of operating income	36.8%	36.9%	33.0%	32.1%	33.0%
EBITDA in percentage of operating income	8.3%	8.5%	7.6%	7.3%	7.4%
EBIT in percentage of operating income	4.2%	4.4%	4.3%	4.0%	4.0%
Net profit in percentage of operating income	3.4%	3.7%	3.4%	3.0%	3.0%
Financial result in percentage of net financial liabilities	1.2%	1.1%	-1.5%	0.8%	-0.4%
Equity ratio	45.8%	52.2%	53.7%	50.8%	51.4%
Return on equity (ROE) ¹	12.6%	13.0%	12.0%	11.3%	12.2%
Workforce as of 31.12. (number of employees)	9 781	8 148	6 299	6 606	6 469
Average headcount on basis of full-time equivalents (FTE)	10 433	8 364	6 548	6 384	6 248

¹ Net profit/equity at the beginning of the financial year.

Share information

		2016	2015	2014	2013	2012
Per-share data¹						
Share price as of 31.12.	CHF	438.75	339.00	244.80	231.60	200.50
Year's high	CHF	449.00	340.00	257.50	235.00	205.00
Year's low	CHF	320.14	220.00	195.00	198.50	171.60
Average daily trading volume	Number	1 580	1 590	1 070	740	780
Stock exchange capitalisation¹						
Year's end	CHF millions	1 755	1 356	979	926	802
Year's high	CHF millions	1 796	1 360	1 030	940	820
Year's low	CHF millions	1 281	880	780	794	686
Equity per share ²	CHF	221.18	205.57	197.32	183.64	169.64
Net profit per share ²	CHF	25.18	23.75	22.00	19.23	19.06
EBITDA per share ²	CHF	69.62	58.93	49.19	47.60	46.52
EBIT per share ²	CHF	35.59	30.83	27.38	26.34	24.91
Return per share ³		5.7%	7.0%	9.0%	8.3%	9.5%
Distribution per share ⁴	CHF	7.00	7.00	6.50	6.00	6.00
Distribution ratio		27.8%	29.5%	29.6%	31.2%	31.5%
Dividend yield ⁵		1.6%	2.1%	2.7%	2.6%	3.0%

1 A 10-for-1 share split took place on 28 April 2016. To facilitate comparison, the prior-year values have been restated.

2 The average time-weighted number of outstanding shares is used to calculate the key figures per share.

3 Profit per share/year-end closing price.

4 The dividend for the 2016 financial year must be approved by the general meeting.

5 Dividend per share/year-end closing price.

Capital structure as of 31.12.

		2016	2015	2014	2013	2012
Share capital	CHF thousands	2 000	2 000	2 000	2 000	2 000
Divided into number of registered shares	Number	4 000 000	400 000	400 000	400 000	400 000
Nominal value per registered share	CHF	0.50	5	5	5	5

Changes in capital

		2016	2015	2014	2013	2012
Treasury shares	Number	6 918	560	1 227	1 571	2 031
Shares recorded in share register	Number	3 572 529	358 203	364 835	360 441	369 831
Registered shareholders	Number	4 425	3 922	4 054	4 039	3 916

Securities no. 31 596 632
 ISIN CH0315966322
 Trade SIX Swiss Exchange
 Symbol SIX BELL; Bell N; Bell.SW
 Current share price www.bellfoodgroup.com

Report of the statutory auditor on the consolidated financial statements

Report of the statutory auditor to the general meeting of Bell Ltd., Basel

Opinion

We have audited the consolidated financial statements of Bell Ltd and its subsidiaries (the group), which comprise the consolidated balance sheet as at 31 December 2016 and the consolidated income statement, cash flow statement and statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements (pages 22 to 44) give a true and fair view of the consolidated financial position of the group as at 31 December 2016 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Swiss GAAP FER and comply with Swiss law.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss auditing standards. Our responsibilities under those provisions and standards are further described in the "auditor's responsibilities for the audit of the consolidated financial statements" section of our report.

We are independent of the group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview

	<p>Overall materiality: CHF 6 500 000</p> <p>We concluded full scope audit work at nine reporting units in six countries. Our audit scope addressed 94 % of the income from sale of goods of the group. Additionally, specially defined audit procedures were concluded at a further two reporting units in two countries, which cover a further 2 % of the income from the sale of goods of the group.</p> <p>As a key audit matter, the following area of focus was identified:</p> <p>Impairment of goodwill</p>
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Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the consolidated financial statements as a whole.

Overall Group materiality	CHF 6 500 000
How we determined it	5 % of net profit before taxes
Rationale for the materiality benchmark applied	We chose net profit before taxes as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured, and it is a generally accepted benchmark.

We agreed with the chairman and the group executive board that we would report to them misstatements above CHF 500'000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the group, the accounting processes and controls, and the industry in which the group operates.

Report on key audit matters based on the Circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of goodwill

Key audit matter

According to note 13 to the consolidated financial statements, as of 31 December 2016, goodwill amounted to CHF 143.7 million. The goodwill arose from acquisitions in previous periods and in the year under review (see note 10 to the consolidated financial statements). Goodwill is amortised on a straightline basis over a period of between eight and 15 years.

In 2016, goodwill increased by CHF 140.8 million due to acquisitions and it was reduced by CHF 20.6 million due to amortisation. Hence, goodwill increased overall by a net amount of CHF 120.2 million.

If there are indications of goodwill impairment, the group executive board performs an impairment test.

In testing for impairment, the Group Executive Board has significant scope for judgement concerning forecasted cash flows (expected sales volumes, selling prices and costs) and discount rate. Because of this, we consider the impairment testing of goodwill to be a key audit matter.

The group executive board did not identify any goodwill impairment indicators except in the case of goodwill in Germany. Therefore, because of profitability considerations, the group executive board performed an impairment test on the goodwill relating to Germany. The test showed the need for an impairment charge of CHF 2.8 million that was duly made in 2016 (in addition to the annual amortisation charge).

How our audit addressed the key audit matter

Firstly, we focussed on the identification of impairment indicators. We performed the following audit procedures:

- We discussed with the group executive board the results and forecasts for each subgroup/company and read the minutes of the meetings of the board of directors and of the group executive board in order to identify indicators of any impairment.
- We also examined the additions in the year under review, including the determination of goodwill. To this end, we involved our own property valuation specialists, who assisted us in the examination of property valuation reports commissioned by Bell.

Secondly, we performed the following audit procedures with regard to the impairment test of the goodwill relating to Germany:

- We compared the business results for the year under review with forecasts prepared in the prior year. This allowed us to assess with hindsight the accuracy of the assumptions made by the group executive board.
- We compared the figures approved by the board of directors from the 2017 budget and from the multiyear plan with the data used for the impairment test.
- We checked for reasonableness the discount rate that was applied, the necessary investments and the assumed growth prospects.

We consider the approach adopted by the group executive board to be an appropriate and adequate basis for the impairment testing of goodwill.

Responsibilities of the board of directors for the consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Swiss GAAP FER and the provisions of Swiss law, and for such internal control as the board of directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the board of directors is responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of directors intends either to liquidate the group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Swiss law and Swiss auditing standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Obtain an understanding of internal control relevant to the audit 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 group's internal control.
- Conclude on the appropriateness of the board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors or its relevant committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

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.

PricewaterhouseCoopers AG

Gerd Tritschler

Audit expert
Auditor in charge

Basel, 26 January 2017

Arsim Arslani

Audit expert

Bell Ltd – balance sheet

in CHF thousands		31.12.2016	Share	31.12.2015	Share
Cash and cash equivalents		160 261		327	
Securities measured at stock exchange price		1 830		1 810	
Other current receivables from third parties		81		10 662	
Other current receivables from group companies		21 684		20 190	
Accrued income and prepaid expenses: third parties		2 499		1 170	
Current assets		186 355	13.5 %	34 159	3.9 %
Financial assets	Loans to group companies	770 975		658 822	
	Other financial fixed assets	–		134	
Investments	Controlling interests	415 625		170 790	
	Non-controlling interests	10 213		9 928	
Tangible assets	Land	–		–	
	Buildings	–		–	
Non-current assets		1 196 813	86.5 %	839 673	96.1 %
Assets		1 383 168	100.0 %	873 832	100.0 %
Trade accounts payable to third parties		1 138		180	
Trade accounts payable to parent company		–		13	
Other current payables to third parties		881		115	
Other current payables to group companies		129 940		–	
Accrued expenses & deferred income: third parties		4 569		3 292	
Current liabilities		136 527	9.9 %	3 600	0.4 %
Non-current interest-bearing liabilities to third parties		650 000		350 000	
Long term provisions		750		–	
Non-current liabilities		650 750	47.0 %	350 000	40.1 %
Liabilities		787 277	56.9 %	353 600	40.5 %
Share capital		2 000		2 000	
Legally required retained earnings		10 000		10 000	
Free retained earnings		481 277		453 916	
Treasury shares		–2 382		–1 044	
Annual profit		104 997		55 360	
Equity		595 891	43.1 %	520 232	59.5 %
Liabilities and equity		1 383 168	100.0 %	873 832	100.0 %

Bell Ltd – income statement

in CHF thousands	2016	2015
Income from investments	103 832	54 238
Other financial income	121 934	13 796
Other income	3 424	3 180
Total income	229 190	71 214
Administrative expenses	2 487	2 638
Other operating expenses	417	335
Valuation adjustments to financial investments	106 578	4 242
Financial expenses	13 938	8 008
Expenses	123 420	15 223
Operating profit before taxes	105 770	55 990
Taxes	773	630
Annual profit after taxes	104 997	55 360

Bell Ltd – notes

Information on accounting policies

The annual financial statements are drawn up in accordance with the principles of commercial accounting and financial reporting set forth in the Swiss Code of Obligations. The principles prescribed by law are applied. Assets and liabilities in foreign currency are translated into Swiss francs at the exchange rate on the reporting date. The exchange rates listed on page 26 of the Group report are applied.

Investments in other companies and loans are recognised in the balance sheet at purchase price, taking account of any value adjustments. Securities are measured at the stock exchange price on the reporting date.

in CHF thousands	2016	2015
Total amount of guarantees, warranties and mortgages in favour of Group companies ¹	–	325
Total amount of mortgaged assets at legal book values	–	–
Liabilities from long-term rent and building right contracts		
due within one year	44	44
due within one to five years	178	178
due after five years	1 015	1 015
Significant shareholdings	Page 44	–
Ownership interests and options held by the board of directors and executive board	Page 38	–
Ownership interests and options allocated by the board of directors and executive board	Page 18	–
Information on issued bonds	Page 31	–
Treasury shares according to statement on changes in equity	Page 25	–
Principal shareholders: Coop Group Cooperative, Basel	66.29%	66.29%

¹ The company is jointly and without limitation liable for all obligations arising from the VAT group (taxes, interest, any fines) as well as for cash pooling within the Bell Group.

Information and explanations to the annual financial statements

On 19 April 2016, the ordinary shareholders' meeting of Bell Ltd approved a 10-for-1 split of the registered share with a nominal value of CHF 5.00. The stock split was carried out on 2 May 2016 (ex-date 28 April 2016). The share capital of Bell Ltd following the stock split is still CHF 2,000,000, now consisting of 4,000,000 registered shares with a nominal value of CHF 0.50.

The number of full-time employees is less than 10.

Direct taxes

Taxes on capital are reported via the position "Other operating expenses" in the income statement. Only income taxes are reported as a separate position in the non-operational part.

Events after the reporting period

There are no events that occurred after the reporting date that are subject to disclosure.

Appropriation of annual profit

Proposals of the board of directors to the general meeting

in CHF thousands	2016	2015
Appropriation of annual profit		
Annual profit	104 997	55 360
Dividend of CHF 7 per share	28 000	28 000
Transfer to the free retained earnings	76 997	27 360
Total appropriation	104 997	55 360

Report of the statutory auditor on the financial statements

Report of the statutory auditor to the general meeting of Bell Ltd., Basel

Opinion

We have audited the financial statements of Bell Ltd, which comprise the balance sheet as at 31 December 2016, income statement and notes for the year then ended, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements (pages 52 to 54) as at 31 December 2016 comply with Swiss law and the articles of incorporation.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview



Overall materiality: CHF 2 500 000

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the entity, the accounting processes and controls, and the industry in which the entity operates.

As a key audit matter, the following area of focus was identified:

Impairment of investments in and loans to group companies.

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall materiality	CHF 2 500 000
How we determined it	0.5% of net assets
Rationale for the materiality benchmark applied	We chose net assets as the benchmark because the company primarily holds equity investments in and grants loans to subsidiaries.

We agreed with the chairman and the group executive board that we would report to them misstatements above CHF 250,000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Report on key audit matters based on the Circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of investments in and loans to group companies

Key audit matter	How our audit addressed the key audit matter
<p>Investments in and loans to group companies amount to CHF 1,196.8 million, representing significant assets.</p> <p>If there are indications of impairment of investments in and loans to group companies, the group executive board performs an impairment test.</p> <p>An impairment test involves significant scope for judgement by the group executive board in determining the discount rates to apply to forecasted cash flows (based on sales volumes, selling prices and expected costs).</p>	<p>We focussed on the identification of indicators of impairment. We performed the following audit procedures:</p> <ul style="list-style-type: none"> – We compared the business results in the year under review with forecasts prepared in the prior year. This allowed us to assess with hindsight the accuracy of the assumptions made by the group executive board. – We also discussed with the group executive board the results and forecasts for each company and read the minutes of the meetings of the board of directors and of the group executive Board in order to identify any indicators of potential impairment. <p>We consider the approach adopted by the group executive board to be an appropriate and adequate basis to identify potential indicators of impairment of the investments in and loans to group companies.</p>

Responsibilities of the board of directors for the financial statements

The board of directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the board of directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the board of directors is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Swiss law and Swiss Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Obtain an understanding of internal control relevant to the audit 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.
- Conclude on the appropriateness of the board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

We communicate with the board of directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors or its relevant committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

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.

PricewaterhouseCoopers AG

Gerd Tritschler

Arsim Arslani

Audit expert
Auditor in charge

Audit expert

Basel, 26 January 2017

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Online

www.bellfoodgroup.com/report-en

Latest news

Additional information on the annual report and up-to-date information on Bell Group is available on the internet at www.bellfoodgroup.com.

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Publishing details

General information

The language in this report is as far as possible gender neutral, but in the interest of readability only the masculine form may have been used. All terms used refer to people of both genders.

All amounts have been rounded individually.

Print deadline

26.01.2017

Forward-looking statements

The annual report includes certain forward-looking statements. These statements are based on assumptions and estimates as well as information available to Bell at the editorial deadline, which means that actual results and events could deviate substantially from the expectations included or implied in the forward-looking statements.

Our annual report is published in German, together with French and English translations. The printed German version shall prevail at all times. Additional printed copies of the annual report are available at our head office or can be ordered via the internet.

It can be downloaded from our website at:

– German version:
www.bellfoodgroup.com/report-de

– French version:
www.bellfoodgroup.com/report-fr

– English version:
www.bellfoodgroup.com/report-en

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