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OFFERING CIRCULAR

€250,000,000

Barry Callebaut Services NV

5.375% Senior Notes due 2021

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

Barry Callebaut Services NV, a limited liability company incorporated under the laws of Belgium (the ''*Issuer*''), is offering €250,000,000 of its 5.375% Senior Notes due 2021 (the ''*Notes*''). The Issuer will pay interest on the Notes annually on 15 June of each year, commencing on 15 June 2012. The Notes will mature on 15 June 2021. The interest rate payable on the Notes is subject to adjustment from time to time. In the event that the Notes are downgraded by one or more Rating Agencies, the interest rate payable on the Notes will be increased by 0.25% per Rating Notch per Rating Agency, with effect from the first Interest Payment Date following such downgrade, subject to a maximum aggregate increase of 1.00% per annum. In the event that the Notes are upgraded by one or more Rating Agencies, the interest rate payable will be decreased by 0.25% per Rating Notch per Rating Agency, with effect from the first Interest Payment Date following the date of such upgrade, provided that in no circumstances will the interest rate be lower than 5.375% per annum, as further described in this Offering Circular.

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

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

At any time after 15 June 2011 (the ''*Issue Date*'') the Issuer may redeem all or part of the Notes at a price equal to 100% of the principal amount thereof plus the ''applicable premium'' described in this Offering Circular.

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

Investing in the Notes involves risks. See ''Risk Factors'' beginning on page 16.

Issue Price: 99.26%, plus accrued interest, if any, from 15 June 2011.

Delivery of the Notes in book-entry form will be made on or about 15 June 2011.

The Notes will be offered and sold in offshore transactions outside the United States in reliance on Regulation S under the United States Securities Act of 1933, as amended (the ''*Securities Act*'').

The Notes and the related Guarantees have not been and will not be registered under the Securities Act or the securities laws of any state of the United States and may not be offered or sold within the United States or to US persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Bookrunners and Joint Lead Managers

Credit Suisse **ING** **The Royal Bank of Scotland** **Société Générale Corporate & Investment Banking**

The date of this Offering Circular is 10 June 2011.

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

No person is authorised to give any information or to make any representation not contained or incorporated by reference in this Offering Circular and any information or representation not contained or incorporated herein must not be relied upon as having been authorised by or on behalf of the Issuer or Credit Suisse Securities (Europe) Limited, ING Bank N.V., London branch, The Royal Bank of Scotland plc or Société Générale (collectively, the ''*Joint Lead Managers*''). Neither the delivery of this Offering Circular nor any sale made hereunder at any time shall, under any circumstances, create any implication that the information herein is correct as of any time subsequent to the date hereof.

This Offering Circular constitutes a prospectus for the purpose of Article 5 of the Luxembourg Act dated 10 July 2005 and for the purpose of giving information regarding the Issuer and the Guarantors.

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

You are responsible for making your own examination of the Issuer and the Guarantors and your own assessment of the merits and risks of investing in the Notes. You should consult with your own advisers as needed to assist you in making your investment decision and to advise you whether you are legally permitted to purchase the Notes.

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

The Notes have not been and will not be registered under the Securities Act, and may not be sold or offered within the United States except pursuant to an exemption from the registration requirements under or in a transaction not subject to the Securities Act.

This Offering Circular may only be used in connection with the offer and sale of the Notes and for the purpose for which it has been published.

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

INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

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

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

- we obtain cocoa beans, our primary raw material, from countries in West Africa and other emerging markets;
- our production operations in West Africa are subject to risks of disruption as a result of political and social instability;
- cocoa bean and other raw material prices may impact our profitability, cash flows and our working capital requirements;
- diverse political, legal, economic and other factors affecting the markets in which we operate could adversely affect us;
- the cultural, political and economic environments in the territories into which we are expanding could adversely affect us;
- we have a number of significant and long-dated strategic partnerships which may not be prolonged or which may be cancelled;
- there are risks arising from our recent and future acquisitions;
- our ability to manage our growth and to allocate scarce personnel resources to the management and integration of subsidiaries worldwide;
- competition within the markets in which we operate is strong and could adversely affect us;
- we may incur impairments or book write-offs as a result of the review of our European based Consumer Product Group;
- unfavourable currency exchange rate fluctuations could adversely affect us;
- our future growth depends, in part, on our success at enhancing our leadership position in the food manufacturers market;
- we may incur environmental liabilities and related capital costs in connection with our past, present and future operations;

- our products may contain ingredients or other substances which could cause injury to consumers and are subject to regulation;
- demand for our products could be affected by changes in consumer preference and demands; and
- our ability to protect our proprietary trade secrets.

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

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

MARKET SHARE AND INDUSTRY DATA

This Offering Circular contains information about our markets and our competitive position therein, including market size and market share information. We divide the chocolate industry into two markets: the ''captive'' market—comprised of semi-finished products and industrial chocolate processed from cocoa beans by fully vertically integrated companies, such as Nestlé, Kraft Inc., and Mars, for use in their own consumer products—and the ''open'' market—comprised of industrial chocolate processed from cocoa beans by companies such as us for sale to third parties for use in their own consumer products. We are not aware of any exhaustive industry or market report that covers or addresses the open market. Therefore, in each jurisdiction in which we operate, we assemble information on the aggregate size of the open market and estimate our position in the open market based on our sales volumes and the estimated sales volumes of our major competitors. We derive this information from our local subsidiaries based on their formal and informal contacts with sales representatives, our customers and other participants in the local market in question. To cross-check these estimates, we compare sales volume information with publicly available information regarding the size of each cocoa bean crop, export data concerning these crops and our estimates of competitors' cocoa bean processing capacities in our local markets.

We believe that the market share information contained in this Offering Circular provides fair and adequate estimates of the size of the open market and fairly reflects our competitive position within that market. However, our internal company surveys and management estimates have not been verified by any independent expert, and we can provide no assurance that a third party using different methods to assemble, analyse or calculate market data would obtain or generate the same results.

Our market share and industry data exclude sales of finished products to consumers.

We assume responsibility for the correct estimation of market share as well as the reproduction and extraction of industry data contained in this Offering Circular.

PRESENTATION OF FINANCIAL AND CERTAIN OTHER DATA

Barry Callebaut AG has prepared its consolidated financial statements for 2010 and 2009 in accordance with International Financial Reporting Standards (''*IFRS*'') and for the six months ended 28 February 2011 in accordance with IAS 34—Interim Financial Reporting. Barry Callebaut AG's fiscal year ends on 31 August.

Certain financial and statistical information contained in this Offering Circular is subject to rounding adjustments. Accordingly, the sum of certain data may not conform to the stated total.

For your convenience, we have translated certain Swiss franc amounts in this Offering Circular into euro. Unless otherwise indicated, we used the 28 February 2011 closing rate (CHF 1.00=€0.7833) for translation of the balance sheet items and the average rate for the six month period then ended (CHF 1.00=€0.7636) for the income statement and cash flow statement conversion. Translations as of and for the fiscal year ended 31 August 2010 have been made at the rate of CHF 1.00=€0.7737 being the 31 August 2010 closing rate (used for balance sheet conversion) and €0.6905 as the average rate relating to the twelve month period then ended (for income statement and cash flow statement conversion).

In this Offering Circular:

- ''*CHF*'' or ''*Swiss francs*'' refer to the lawful currency of Switzerland;
- ''*€*'' or ''*euro*'' refer to the lawful currency of the participating member states of the European Union (the ''*EU*'');
- ''*US$*'' or ''*US dollars*'' refer to the lawful currency of the United States of America;
- ''*£*'' or ''*pounds sterling*'' refer to the lawful currency of the United Kingdom;
- ''*CAD*'' refers to the lawful currency of Canada;
- ''*CFA''* or ''*CFA Franc*'' refer to the lawful currency of the African Financial Community; and
- ''*tonnes*'' refer to metric tonnes.

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

Our financial year ends on 31 August. References to ''*fiscal year 2009*'', ''*fiscal year 2010*'' and ''*fiscal year 2011*'' refer to the financial years ended 31 August 2009, 2010 and 2011, respectively.

SUMMARY

The following summary highlights significant aspects of our business and regarding the issue of the Notes, but you should read this entire Offering Circular, including the financial statements and related notes, before making an investment decision. You also should carefully consider the information set out under ''Risk Factors''.

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

Our financial year ends on 31 August. References to ''fiscal year 2009'' and ''fiscal year 2010'' refer to the years ended 31 August 2009 and 2010, respectively.

Our Company

We are the largest manufacturer of cocoa and chocolate products in the world, measured by sales volumes in fiscal year 2010. Our principal product is industrial chocolate, which we supply to industrial food processors, such as chocolate manufacturers, biscuit manufacturers, confectioners, and dairy companies, as well as to artisanal users of chocolate, such as chocolatiers, pastry chefs, bakers and the food service industry. We are the largest manufacturer of industrial chocolate in the world, with an estimated market share of close to 40% of the open market, measured by sales volumes in fiscal year 2010. In addition, we manufacture semi-finished products on a global basis, including cocoa liquor, cocoa butter, and cocoa powder. We also manufacture branded and customer label consumer products, principally in Germany, France, Belgium and Switzerland. For the twelve months ended 28 February 2011, our consolidated revenues were CHF 5,295.2 million (€4,043.4 million), our EBITDA was CHF 474.3 million (€362.2 million) and our net profit was CHF 264.8 million (€202.2 million).

We are a vertically integrated business whose activities range from sourcing cocoa beans and other raw materials to producing and marketing a wide range of chocolate, gourmet and specialties and consumer products. Over the last decades we have developed a strong position and significant experience in sourcing cocoa beans, particularly in the Ivory Coast, Ghana and Cameroon, three of the most important cocoa bean producing countries. We are present in 26 countries and benefit from a global network of 43 production facilities. In fiscal year 2010, we bought about 16% of the total volume of cocoa beans grown worldwide. We produce chocolate to the specifications of almost 2,000 recipes for approximately 6,000 industrial customers and several thousands of artisanal customers.

Since fiscal year 2009 our business has been organised into four geographic regions (''*Regions*'')— the Europe Region, the Americas Region, the Asia-Pacific Region and the globally managed Global Sourcing & Cocoa Region (responsible for the global procurement and risk management of our high-quality raw materials such as cocoa, sugar, dairy products, oils and fats, nuts and other ingredients as well as packaging material), which is reported as a separate segment similar to a Region. With revenues of CHF 3,042.0 million for fiscal year 2010, Europe Region accounted for 58% of our total revenues, while the Americas Region had revenues of CHF 998.2 million and accounted for 20% of our total revenues, the Asia-Pacific Region had revenues of CHF 211.1 million and accounted for 4% of our total revenues and the Global Sourcing & Cocoa Region had revenues of CHF 962.5 million and accounted for 18% of our total revenues.

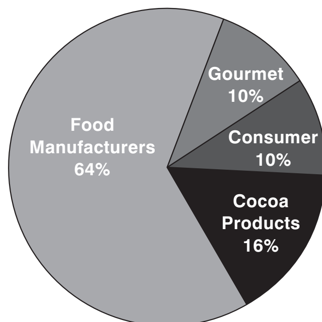
Within our Regions, our business is further divided into two Business Segments, each of which is further divided into Product Groups as follows:

- The Industrial Products Business Segment which comprises:
  - the Cocoa Product Group (part of the Global Sourcing & Cocoa Region); and

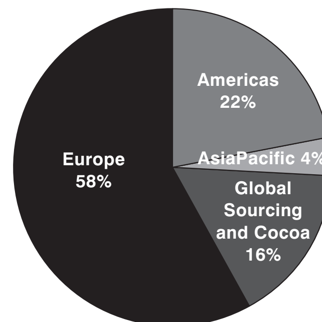
- the Food Manufacturers Product Group,
- The Food Service/Retail Products Business Segment which comprises:
  - the Gourmet & Specialties Product Group; and
  - the Consumer Product Group (which operates mainly in Europe).

The following charts set forth sales volumes by Product Groups and Region for fiscal year 2010:

Sales Volume by Product Groups



Sales Volume by Region



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

- Our **Cocoa Product Group**, part of our Global Sourcing & Cocoa Region, is the global production unit for semi-finished products such as liquor, cocoa butter and cocoa powder. The figures reported for the Cocoa Product Group include only sales of cocoa products to third-party customers in all our Regions. It generated sales of CHF 962.5 million in fiscal year 2010, representing 18% of total group sales revenue and 16% of sales volume in tonnes by Product Group.
- Our **Food Manufacturers Product Group** is our largest Product Group, supplying industrial chocolate, fillings and compound coatings to chocolate manufacturers, biscuit manufacturers, ice cream manufacturers and others. It generated sales revenues of CHF 2,716.7 million in fiscal year 2010, representing 52% of total group sales revenue and 64% of sales volume in tonnes by Product Group.
- Our **Gourmet & Specialties Product Group** supplies specialty products to bakeries, artisanal customers such as chocolatiers, confectioneries, hotels, restaurants and caterers as well as vending mixes to vending machine operators. It generated CHF 707.6 million in fiscal year 2010, representing 14% of total group sales revenue and 10% of sales volume in tonnes by Product Group.
- Our **Consumer Product Group** supplies consumer chocolate confectionery to retailers in Europe under our own brands and under customer label brands. It generated sales of CHF 827.0 million in fiscal year 2010, representing 16% of total group sales revenue and 10% of sales volume in tonnes by Product Group.

Our Strengths

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

Leading Market Share

We are the largest manufacturer of industrial chocolate in the world and the world leader in industrial chocolate production to external customers, measured by our fiscal year 2010 sales volumes. We estimate that we supplied close to 40% of the industrial chocolate for the open market, measured by sales volumes in fiscal year 2010. We also estimate that we have the largest share of industrial chocolate production to external customers in Europe and in North America, measured by sales volumes in fiscal year 2010. Our market share is driven by economies of scale, cost leadership, innovation, global footprint, product quality, flexibility in production and delivery and other value-added services.

Broad Customer Base

We serve approximately 6,000 industrial customers worldwide. None of our customers represented more than 10% of our sales volume in fiscal year 2010, and our top 15 customers accounted in the aggregate for approximately 34% of our total sales volume in fiscal year 2010. Our customers range from multinational food manufacturers who produce chocolate, confectionery, biscuits, dairy products (including ice cream and yoghurt) and breakfast cereals, to artisanal users, including hotels, restaurants, chocolate makers, pastry chefs and bakers, as well as department stores and food retailers.

Global Footprint and Reach of Marketing

We are present in 26 countries with 43 factories worldwide, which gives us a unique position to be relatively close to our principal customers and centers where many customers are located, ensuring that we can deliver products in the most efficient way and at the time when they are needed, consistent with our ‘‘just-in-time’’ strategy.

We have a worldwide distribution network that complements our global production facilities and enables us to meet our customers’ needs across a wide range of geographies and product sectors. We seek to strengthen our ties with customers both locally and globally by using our 13 Barry Callebaut Chocolate Academies. These academies train customers in the use of our products, introduce product innovations and help to promote the Barry Callebaut name.

Wide Range of Products of Consistent Quality

We believe the range and quality of our products are among our greatest competitive advantages. We are vertically integrated, with activities ranging from sourcing raw materials through production of semi-finished cocoa, chocolate, gourmet and specialties as well as consumer products. Our broad range of activities and products enables us to offer our customers a ‘‘one-stop’’ source for their cocoa and chocolate related product needs.

We believe the quality of our products also represents a competitive advantage. We are directly involved in cocoa bean sourcing in the countries of origin, thereby maximising our ability to control the quality of our products. Through the development and use of standardised manufacturing equipment and processes, we also aim to ensure the consistency and quality of our products across our manufacturing facilities. We believe that our ability to produce a broad range of specifically tailored products—manufactured from almost 2,000 recipes—that meet our customers’ specifications at locations convenient to our customers throughout the world sets us apart from our competition. Our broad product range is complemented by a comprehensive range of support services in the fields of research and product development, processing, training and marketing.

Preferred Partner for Outsourcing / Strategic Partnerships of Cocoa Products and Chocolate Manufacturing

In past years, we have seen an increasing number of chocolate confectionery companies stop making all or part of their own chocolate, believing it to be more economical to buy chocolate from larger industrial partners and to concentrate on the final steps of the value chain, such as chocolate moulding and marketing. We are a leading outsourcing partner for such customers, offering a broad range of high-quality products, dedicated know-how and innovation, and a global manufacturing and service network that can assist customers throughout every stage of the chocolate making process, from the beginning to the contract manufacturing of finished, brand-packaged consumer chocolate products. Since 2007 large multinational chocolate makers have also started to outsource certain parts of their production on a long-term basis, and we have capitalised on this trend by entering into long-term supply agreements with Nestlé, Hershey, Cadbury, Morinaga and most recently with Kraft Foods Inc. (''*Kraft Foods*'') and Green Mountain Coffee Roasters to supply them with products, including cocoa products and chocolate products. See ''—Recent Developments—Outsourcing Agreements'' below. We expect this trend to continue and believe that we are in an excellent position to further gain share of such outsourcing opportunities.

Leading in Research and Development

Barry Callebaut is the only global cocoa and chocolate manufacturer with an integrated research and development (R&D) network, covering cocoa bean and semi-finished research (in origin countries) and chocolate, compounds and fillings in those countries that consume most of our products. As a result, we operate 15 R&D centres worldwide where we conduct applied R&D for our customers. Our innovative and applied R&D teams use 14 pilot facilities and 15 application labs to conduct small-scale test runs producing high-quality cocoa and chocolate products, to make end applications, and to improve products and recipes for our customers and their production processes.

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

Leader in Market-facing Corporate Social Responsibility Initiatives

To ensure future cocoa supply and to satisfy the demands of our customers, we work with farmers and farmer organisations in countries including Ivory Coast, Ghana, Cameroon, Malaysia and Brazil to grow cocoa in a sustainable, responsible way. With our acquisition of a 49% stake in Biolands in 2008, we further expanded our support of farmer-focused programmes in Tanzania, Sierra Leone and the Ivory Coast. We have stepped up our respective sourcing and procurement activities as more customers have explored options for certified cocoa and chocolate products. Through our engagement with industry initiatives such as the Cocoa Livelihoods Programme, managed by the World Cocoa Foundation and funded by leading market players and the Bill & Melinda Gates Foundation, we further support farmer training and innovative solutions to boost their productivity. Higher crop yields per hectare and better

quality cocoa can help increase farmer incomes and increase family livelihoods. As a member of the International Cocoa Initiative and through other actions, we support child labour sensitisation activities and fund programmes that work towards eradicating child labour abuses in cocoa.

Our Strategy

In order to further strengthen our leading position in each of our Regions and Product Groups and to stay ahead of the global chocolate market, our strategy, which has remained consistent over the years, is based on three pillars—expansion, innovation, and cost leadership.

Expansion

We intend to continue the expansion of our business in three primary aspects: by expanding geographically, by growing our Gourmet business and by outsourcing and strategic partnerships. With respect to our industrial customers, we aim to strengthen our position in the mature markets of Western Europe and North America. We are selectively expanding our geographic presence in certain emerging markets which we have recently entered, aiming to develop their full potential, and we continue to carefully evaluate whether to enter other emerging markets in Asia, South America and Eastern Europe. Additionally, we plan to expand our business by accelerating the growth of our Gourmet & Specialties Product Group. Finally, implementing existing outsourcing volumes and strategic partnerships, as well as securing further outsourcing deals with regional and local food manufacturers, will remain an essential part of our business strategy.

Innovation

We believe that we are recognised as the standard setter for innovation in the chocolate industry—in both research and development and product trends. Our dedicated global R&D teams focus on two different areas: fundamental research into the health-enhancing properties of the cocoa bean and applied research leading to cutting-edge cocoa and chocolate products such as the development of the Controlled Fermentation technology. Our applied R&D teams support our customers to improve their products and recipes as well as their production processes on their own production lines. Our R&D department manages about 1,750 projects, runs almost 7,600 trials and conducts more than 400 technical visits with our customers every year.

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

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

Cost Leadership

Cost leadership is an important reason why our international customers outsource chocolate production to us. Innovation and geographic expansion will only be possible if we succeed in maintaining cost leadership over the long term. Industrial customers will only transfer and outsource production to us if we are able to offer cost competitive terms. We are continuously improving our operational and cost efficiency by upgrading our technology and achieving higher scale effects through better capacity utilisation, by optimising product flows, logistics and inventory management, as well as by reducing our energy consumption and lowering fixed costs. We are using the ''dedicated factory'' approach to achieve these objectives, meaning that each one of our 43 factories has a clear focus and a particular role within our production network. This allows us to benefit from economies of scale and to develop a high level of specialist know-how in each factory. All our standard products are produced as close to customers as is possible and we also seek to have the optimal manufacturing footprint in all major regions. For every major standard product, there is a factory providing back-up production capacity. Specialty products are manufactured centrally in a limited number of appropriately equipped factories. Our factories in the origin countries give us privileged access to cocoa beans and allow us to optimise the supply chain. In our ''Centres of Excellence'', which are focused on specific product groups or production technologies, we are constantly refining production processes and technologies and improving our use of energy, whilst targeting a reduction in manufacturing costs per tonne of activity by 2% per year. In total, manufacturing costs per tonne of activity in fiscal year 2010 were reduced by 5% (in local currencies) compared to fiscal year 2009.

Recent Developments

Outsourcing Agreements

On 9 September 2010, we announced the signing of a long-term global master product agreement with Kraft Foods, the world's second largest food company and a global leader in confectionery. Under the terms of the agreement, we are expected to deliver the majority of Kraft Foods cocoa products and industrial chocolate around the world. The agreement, which also includes some of the Cadbury liquid chocolate deliveries under the current outsourcing agreement, is expected to more than double our existing business with Kraft Foods with a ramp up period of three years. In order to meet the increased demands required under this agreement, we will increase our production capacities primarily in the United States, Canada, the Ivory Coast and Malaysia, as well as in Europe, and invest approximately US$65 million to gradually build up quantities over the next two years.

In October 2010, we signed a long-term supply agreement with Green Mountain Coffee Roasters, which is recognised as a leader in specialty gourmet coffee in the United States. We will be the unique supplier of cocoa/chocolate beverages to them. As a result, we are investing significantly in our production site in Kågeröd, Sweden, which will be ready to start production by the second quarter of fiscal year 2012.

In May 2011, we announced an agreement with Hershey to increase the volume of products supplied by us for the long-term, expanding the supply and innovation agreement signed with Hershey in 2007.

Possible Divestiture

Our board of directors and management have reviewed the strategic options for our Consumer Product Group in the Europe Region, and they have decided that this business is no longer core to our Group, which may lead to a divestment of this Consumer Product Group. We are currently exploring the market to determine available options, and we have retained external advisers to assist us with this process.

Ivory Coast Export Ban

Presidential elections were held in the Ivory Coast in October 2010, and Mr. Ouattara was elected as the new president. However the incumbent president Mr. Gbagbo did not accept the result and refused to step down, even after pressure from the international community. Therefore, Mr. Ouattara called on the international community to stop all exports of cocoa products out of the Ivory Coast, and the resulting export ban became effective on 24 January 2011. The export ban was also imposed by the European Union and lasted until Mr. Gbagbo was arrested on 9 April 2011.

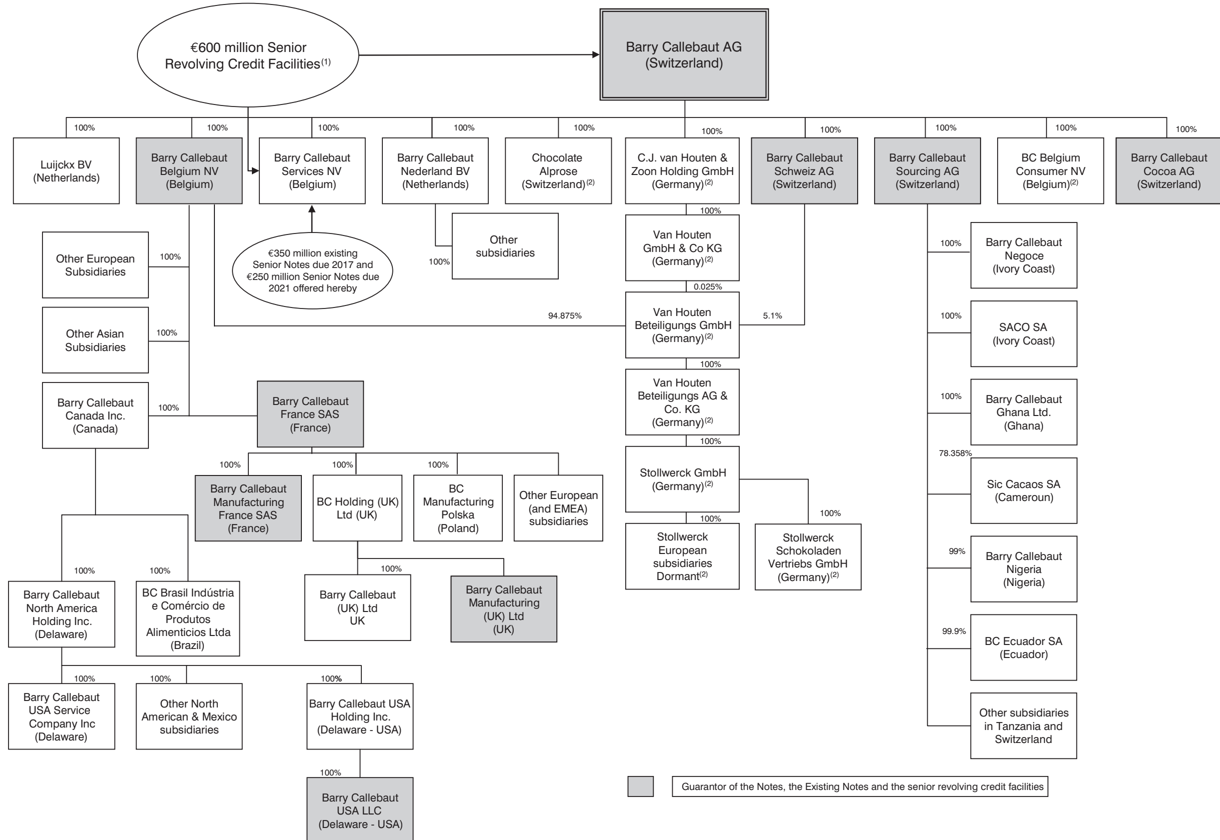
In response to the export ban, we put in place a contingency plan. Immediately following the ban we increased production in our other cocoa factories worldwide where we had spare capacity and increased sourcing from Ghana, Indonesia and Nigeria and, as a result, we were able to continue to supply our customers as planned. As we have been operating in the Ivory Coast for over 50 years and our local operations are mainly run by local employees, we were able to maintain our cocoa processing activities in the Ivory Coast. As a result of the implemented contingency plans, we believe we would have been able to supply our customers until at least the end of 2011 had the export ban lasted until that time.

As a result of the export ban we incurred additional costs, mainly due to the shift in production to other sites worldwide and the purchase of cocoa beans and also semi-finished products from other origin countries. However, we do not believe such additional costs to be significant.

On 8 May 2011 exports resumed and the overall situation in the Ivory Coast has improved considerably and continues to improve day by day.

Summary Corporate and Financing Structure

The following diagram, in simplified form, summarises our group structure after giving effect to the issue of the Notes and the application of the Note proceeds.



(1) Our new senior revolving credit facilities will provide for revolving credit borrowings of up to €600 million. We intend to use the proceeds from the issue of the Notes to reduce amounts outstanding under our senior revolving credit facility.

(2) For the Consumer Product companies, we are in the process of evaluating the divestiture of this business.

Risk Factors

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

The Offering

The Issuer	Barry Callebaut Services NV
Securities Offered	€250,000,000 principal amount of 5.375% Senior Notes due 2021.
Bookrunners and Joint Lead Managers	Credit Suisse Securities (Europe) Limited, ING Bank N.V., London branch, The Royal Bank of Scotland plc and Société Générale.
Maturity	15 June 2021.
Issue Price	99.26%.
Issue Date	15 June 2011.
Interest Rate	5.375% per annum.
Interest Payment Dates	15 June of each year, commencing on 15 June 2012.
Reset Interest Rate	The interest rate payable on the Notes is subject to adjustment from time to time. In the event that the Notes are downgraded by one or more Rating Agency, the interest rate payable on the Notes will be increased by 0.25% per Rating Notch per Rating Agency, with effect from the first Interest Payment Date following such downgrade, subject to a maximum aggregate increase of 1.00% per annum. In the event that the Notes are upgraded by one or more Rating Agency, the interest rate payable will be decreased by 0.25% per Rating Notch per Rating Agency, with effect from the first Interest Payment Date following the date of such upgrade, provided that in no circumstances will the interest rate be lower than 5.375% per annum, as further described in ''Terms and Conditions of the Notes—4. Interest—(b) Reset Interest Rate''. Notice of any change of the interest rate payable on the Notes or any such ratings upgrade or downgrade (such notice to include the new rating, the Reset Interest Rate and the date of effect of such Reset Interest Rate) will be made to the X/N System for the accounts of its participants and to the Luxembourg Stock Exchange and will be published in a Luxembourg newspaper of general circulation (which is expected to be the *Luxemburger Wort*) or on the website of the Luxembourg Stock Exchange, at *www.bourse.lu*.
Ranking	The Notes constitute direct, unsecured and unconditional obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* in right of payment with all other present and future unsubordinated obligations of the Issuer. The Notes will be subordinated in right of payment to the Issuer's secured debt to the extent of the value of the assets securing such debt. The Notes will be senior to all future senior subordinated or subordinated debt of the Issuer.
Guarantees	The due payment of all sums expressed to be payable by the Issuer under the Notes will be unconditionally and irrevocably

guaranteed (the ''*Guarantees*''), on a joint and several basis, by Barry Callebaut AG (the ''*Company*'') and, subject to limitations on the value of the Guarantees imposed by applicable law, each of Barry Callebaut Sourcing AG, Barry Callebaut Schweiz AG, Barry Callebaut Cocoa AG, Barry Callebaut Belgium NV, Barry Callebaut France SAS, Barry Callebaut Manufacturing France SAS, Barry Callebaut U.S.A. LLC and Barry Callebaut Manufacturing (UK) Ltd (the ''*Subsidiary Guarantors*'' and, together with the Company, the ''*Guarantors*''). The payment obligations of the Guarantors under the Guarantees constitute direct, unsecured and unconditional obligations of each of the Guarantors and will at all times rank at least *pari passu* in right of payment with all of their respective other present and future unsubordinated obligations, save for such obligations as may be preferred by mandatory provisions of law. See ''Terms and Conditions of the Notes—2. Guarantee and Status''. The Guarantees by the Guarantors may be released in certain limited circumstances, as described in ''Terms and Conditions of the Notes—2. Guarantee and Status—(c) Release of Guarantees''.

As at 31 March 2011, the Issuer and the Guarantors represented 71.34% of EBIT and 79.28% of net sales of the Group on a consolidated basis.

Change of Control . . . . In the event of a change of control of the Company, each holder of the Notes (each a ''*Noteholder*'') will have the right to require the Issuer to redeem all of such holder's Notes at 101% of their principal amount, plus accrued and unpaid interest. See ''Terms and Conditions of the Notes—5. Redemption and Purchase—(c) Redemption at the option of Noteholders upon a Change of Control''.

Redemption at the Option of the Issuer . . . . The Notes may be redeemed at the option of the Issuer in whole or in part at an amount equal to the principal amount of the Notes plus accrued interest to the relevant Call Settlement Date plus the Applicable Premium, as further described and defined in ''Terms and Conditions of the Notes—5. Redemption and Purchase—(d) Redemption at the option of the Issuer''.

Additional Amounts . . . . Currently none of the jurisdictions in which any of the Issuer or the Guarantors is located, engaged in business or resident for tax purposes or any political subdivision thereof or any authority therein or thereof having power to tax (each a ''*Tax Authority*'') imposes any withholding or deduction for taxes in respect of payments on the Notes or under the Guarantees, as the case may be, except as otherwise disclosed herein. In the event that any withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature is required by law in any Tax Authority, the Issuer or the Guarantors, as the case may be, shall pay such additional amounts such that Noteholders will receive after such withholding or deduction such amounts as would have been

	received by them had no such withholding or deduction been required, subject to exceptions. See ''Tax Considerations'' and ''Terms and Conditions of the Notes—7. Taxation''.
Fiscal Agent and Transfer Agent .	The Bank of New York Mellon.
Luxembourg Paying Agent, Transfer Agent and Registrar . .	The Bank of New York Mellon (Luxembourg) S.A.
Principal Paying Agent and Belgian Agent	ING Belgium SA/NV.
Book-Entry and Form	The Notes will initially be represented by a global certificate in bearer form (the ''*Global Note*'') which will be deposited and immobilised with, and held by, the National Bank of Belgium (the ''*BNB*''), as operator of the X/N System, and 100% of the interests therein will be held through the X/N System and its participants (including Euroclear Bank S.A./N.V. (''*Euroclear*'') and Clearstream Banking, *société anonyme* (''*Clearstream*'')). Except in certain limited circumstances, definitive registered Notes (the ''*Note Certificates*'') will not be issued in exchange for beneficial interests in the Global Note. Any such Note Certificates issued in exchange for interests in the Global Note will not be eligible for settlement through the X/N System or Euroclear or Clearstream as direct participants in the X/N System. It is expected that delivery of the Notes will be made against payment on or about 15 June 2011.
Clearance and Settlement	The Notes will be accepted for clearance and settlement in the X/N System and Euroclear and Clearstream as direct participants in the X/N System. Transfers of book entry interests in the Notes will be effected through the book entry facilities of the X/N System and its participants (including Euroclear and Clearstream). Such transfers will be conducted and settled in accordance with the usual rules and operating procedures of the X/N System and its participants (including Euroclear and Clearstream). When conducted through the X/N System, Euroclear or Clearstream, such transfers will be settled in same day funds in the same manner as conventional eurobonds. In order for the Notes to be traded on a fungible basis, each holder of Notes will be deemed to agree to the application of the fungibility system provided for in Belgian Royal Decree No. 62 of 10 November 1967 for the promotion of the circulation of securities. The Notes may be held only by eligible investors (''*Eligible Investors*'') in an exempt securities account with a qualifying clearing system. Eligible Investors include, among others, non Belgian resident investors and do not include, among others, Belgian resident investors who are individuals or not for profit organisations other than qualifying pension funds.

	Opening an exempt securities account with an X/N System participant triggers certain identification requirements. However, these identification requirements do not apply to participants that do not reside in Belgium (''*non-resident participants*''), Eligible Investors or beneficial owners who hold their Notes through Euroclear or Clearstream. Euroclear and Clearstream must report the amount of any payment made to a non-resident participant, together with the identity and address of such non-resident participant, if requested by the Belgian tax authorities.
Listing and Trading	Application has been made to list the Notes on the Official List of the Luxembourg Stock Exchange and for admission of the Notes to trading on the Luxembourg Stock Exchange's Euro MTF Market. There is currently no public market for the Notes.
Negative Pledge	The Issuer, the Guarantors and the Material Subsidiaries (as defined in ''Terms and Conditions of the Notes'') have undertaken restrictions on the creation or subsistence of security over any of their present or future undertakings, assets or revenues to secure certain indebtedness without securing the Notes equally and rateably therewith, subject to certain exceptions, as further described in ''Terms and Conditions of the Notes—3. Negative Pledge''.
Cross Acceleration	The Notes contain a cross acceleration provision in respect of any Indebtedness of the Group (as such terms are defined in ''Terms and Conditions of the Notes'') subject to a threshold of €15,000,000 (or its equivalent in any other currency or currencies), as further described and defined in ''Terms and Conditions of the Notes—8. Events of Default—(c) Cross-acceleration''.
Denominations	Minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000 each. Notes in denominations of less than €100,000 will not be available.
Rating	Barry Callebaut AG's current corporate family rating is Baa3 (outlook stable) by Moody's and BB+ (outlook positive) by S&P. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.
Use of Proceeds	The net proceeds from the issue of the Notes will be used for general corporate purposes and to reduce the drawn amount under our senior revolving credit facility. Amounts repaid under the existing senior revolving credit facilities may be re-borrowed after the issue of the Notes. See ''Business—Other Indebtedness''.
Governing Law	The Notes and the Agency Agreement (including the Guarantees) and any non-contractual obligations arising out of

	or in respect thereof will be governed by the laws of England and Wales.
Selling Restrictions	There are selling restrictions in relation to the United States, the United Kingdom, Belgium, Switzerland and France. See ''Subscription and Sale''.
ISIN	BE6222320614.
Common Code	063829340.

Summary Historical Financial Information

The following summary historical financial information has been prepared in accordance with IFRS and has been derived from, and should be read in conjunction with, the historical consolidated financial statements of Barry Callebaut AG included elsewhere herein.

For your convenience, certain of the Swiss franc information included below as of and for the periods ended 31 August 2010 and 28 February 2011 has been converted into euro at the rates indicated. See ''Exchange Rate Information'' for information regarding the actual rates of exchange between the Swiss franc and the euro during the periods set out below.

	Fiscal year ended 31 August			Six months ended 28 February (unaudited)		
	2009	**2010**	**2010[(1)]**	**2010**	**2011**	**2011[(2)]**
	(CHF)		*(€)*	*(CHF)*		*(€)*
	(millions, except ratios and per tonne data)					
Historical Consolidated Income Statement Data:						
Revenue from sales and services	4,880.2	5,213.8	3,600.1	2,656.5	2,737.9	2,090.7
Cost of goods sold	(4,172.4)	(4,477.6)	(3,091.7)	(2,266.2)	(2,341.5)	(1,788.1)
Marketing and sales expenses	(120.3)	(120.8)	(83.4)	(63.3)	(59.5)	(45.4)
General and administration expenses	(250.6)	(248.8)	(171.8)	(124.7)	(126.3)	(96.4)
Other income and expenses, net	13.9	3.8	2.6	6.5	6.5	5.0
Operating profit (EBIT)	**350.8**	**370.4**	**255.7**	**208.8**	**217.1**	**165.8**
Financial cost, net	(91.1)	(81.3)	(56.1)	(41.8)	(33.2)	(25.3)
Income taxes	(32.7)	(37.3)	(25.8)	(21.3)	(25.1)	(19.2)
Net profit	**226.9**	**251.7**	**173.8**	**145.7**	**158.8**	**121.3**
Depreciation and amortisation included in expenses	(105.3)	(100.3)	(69.3)	(51.7)	(47.0)	(35.9)
Historical Balance Sheet Data (at end of period):						
Cash and cash equivalents, net	4.7	3.9	3.0	38.4	(37.8)	(29.6)
Net working capital	1,010.1	964.9	746.5	1,218.4	1,054.1	825.7
Total assets	3,514.8	3,570.8	2,762.7	4,068.0	3,979.1	3,116.8
Net debt	942.7	870.8	673.7	1,093.4	956.2	749.0
Shareholders' equity	1,255.6	1,302.3	1,007.6	1,316.2	1,338.9	1,048.8
Other Historical Financial and Operating Data:						
Gross profit	707.8	736.2	508.3	390.3	396.4	302.7
EBITDA[(3)]	456.1	470.7	325.0	260.5	264.1	201.7
EBITDA[(3)] per tonne	375.8	360.6	249.0	395.0	373.8	285.4
Capital expenditure	144.4	145.1	100.2	44.5	93.8	71.6
Ratio of net debt to EBITDA[(3)]	2.1	1.9				
Ratio of EBITDA[(3)] to financial cost, net	5.0	5.8				
Historical Cash Flow Data:						
Operating cash flow before working capital changes	418.1	457.8	316.1	299.4	250.9	191.6
Net cash flow from operating activities	240.6	177.7	122.7	(58.0)	(9.9)	(7.6)
Net cash flow from investing activities	(138.9)	(156.1)	(107.8)	(71.8)	(94.6)	(72.2)
Net cash flow from financing activities	(78.1)	(23.0)	(15.9)	163.5	61.9	47.3
Net increase (decrease) in cash and cash equivalents	29.2	(0.8)	(0.6)	33.7	(41.7)	(31.8)

Summary Twelve Month Financial Information

	As of and for the twelve months ended 28 February 2011 (unaudited)[2][5]	
	(CHF)	*(€)*
Key Financial Data:		
Revenue from sales and services	5,295.2	4,043.4
Total operating expenses	(363.6)	(277.6)
Operating profit (EBIT)	378.7	289.2
Financial cost, net	(72.7)	(55.5)
Net profit	264.8	202.2
EBITDA[3]	474.3	362.2
Capital expenditure	194.4	148.4
Net debt[4]	956.2[4]	749.0
Ratio of Net debt to EBITDA[3]	2.0x	
Ratio of EBITDA[3] to financial cost, net	6.5x	

Notes

(1) Convenience translation has been made using the 31 August 2010 closing rate of €0.7737 for the balance sheet (= CHF 1.00) and the average rate (for the twelve month period then ended) of €0.6905 for income statement and cashflow figures.

(2) Convenience translation has been made using the 28 February 2011 closing rate of €0.7833 for balance sheet (= CHF 1.00) and the average rate (for the six month period then ended) of €0.7636 for income statement and cashflow figures.

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

(4) Net debt represents total debt less cash, short term deposits and long term deposits.

(5) Figures for the twelve months ended 28 February 2011 have been calculated by adding the six month results for the periods ended 31 August 2010 and 28 February 2011. These figures are for information purposes only and do not form part of any published audit, review or other report.

RISK FACTORS

You should carefully consider all of the information contained in this Offering Circular and, in particular, the following risk factors when deciding whether to invest in the Notes. The risks and uncertainties described in the risk factors below are not the only ones we face. Additional risks and uncertainties that we are not aware of or that we currently believe are immaterial may also adversely affect our business, financial condition, results of operations and our liquidity.

Risks Relating to Our Business

We obtain cocoa beans, our primary raw material, from countries in West Africa and other emerging markets.

Cocoa beans, our primary raw material, are grown predominantly in West Africa. We estimate that West Africa accounted for approximately 70% of the world's cocoa bean supply in the October 2009 to September 2010 growing season, with the Ivory Coast accounting for approximately 33% of the world's supply. We are, like all other companies in the industry, substantially dependent on production from the Ivory Coast and, to a lesser extent, Cameroon, Ghana and Nigeria for the supply of cocoa beans. We also source cocoa beans from Brazil and Indonesia, although the quality of those beans is generally considered inferior to that of beans grown in West Africa. As a result, we are exposed to political, economic and other uncertainties in West African and other emerging market countries, which could limit or disrupt the supply of cocoa beans or increase the cost of cocoa beans. These uncertainties include political instability, the imposition of trade barriers, foreign exchange restrictions and other significant changes in governmental policy.

We sourced more than one-third of our cocoa beans from the Ivory Coast in fiscal year 2010. The Ivory Coast entered a period of political instability triggered by the presidential elections in 2010. The EU-commissioned export ban resulted in a reduced output from the Ivory Coast and forced us to secure additional sourcing from other geographies. Despite the installation of the Ouattara administration, recognised by the international community, the new government will face several challenges to restore political stability and to restart the economy. Also, the new government might reform the cocoa sector and it is unclear what the effects of any such reform may be. Should the instability in the Ivory Coast continue, or the situation deteriorate again, the supply of our key raw material could be severely disrupted for extended periods, the prices at which we purchase cocoa beans would likely increase significantly, and we could be forced to increase our use of lower quality cocoa beans from other regions. This could have a material adverse effect on our business, financial condition, results of operations and cash flows.

We are taking further steps to mitigate the effects of the remaining political risks. These steps include, among others, increasing our purchase of cocoa beans from Ghana, Indonesia and Nigeria. We maintain our policy of fast shipments out of the Ivory Coast, in order to minimise local product stocks. In addition, we are building strategic stocks of cocoa beans outside these regions. Although we believe that we can reduce the risks associated with our sources of supply through these measures, we cannot eliminate these risks.

Our production operations in West Africa are subject to risks of disruption as a result of political and social risks.

We own and operate cocoa bean processing infrastructure in West Africa. We have two processing facilities in the Ivory Coast and one processing facility in each of Ghana and Cameroon. Our production facilities in West Africa processed an aggregate of approximately 40% (230,000 metric tonnes) of the cocoa beans we processed in fiscal year 2010 and we intend to increase the capacity of our production facilities in the next year. Our production facilities in these countries could be subject to disruption as a

result of political instability or the expropriation or nationalisation of our assets situated there. As regards the recent instability in Ivory Coast, we cannot rule out the potential for severe disruption in the future at our two processing facilities located there. Although all our processing facilities are fully operational, we cannot assure you that we will not experience shut-downs or that any of our processing facilities, warehouses or inventories will not be nationalised, expropriated or damaged as a result of civil and political disturbances, any of which could result in the long-term loss of one or more of our facilities and result in significant future costs or losses to us.

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

Our results of operations are influenced by market prices for cocoa beans and, to some extent, milk, sugar, nuts and other volatile raw materials. Volatility in the price of raw materials can result from poor harvests due to unfavourable weather conditions, disease, political instability and other factors (*e.g.*, terminal market speculations). For example, the dairy market has seen substantial price increases over recent months, as the result of a combination of increased consumption (*e.g.*, higher demand in emerging countries) and reduced production (*e.g.*, a recent drought in Australia). Historically, poor harvests of cocoa beans in 2000 and 2001 and political instability in the Ivory Coast resulted in an increase of approximately 130% in the price of cocoa beans during that period. Also, the current political situation in the Ivory Coast has resulted in a large increase in cocoa price volatility. We do mitigate exposure to raw material fluctuation by generally passing on such prices on a daily basis to our customers. Nonetheless we cannot assure you that we are always able to fully hedge our sales commitments and completely eliminate the impact of raw material price changes on our profitability and cash flows.

We attempt to mitigate the impact of volatility in our raw material costs through ''cost-plus'' pricing in our Food Manufacturers Product Group, through cocoa bean and other raw material hedging arrangements and (where possible) price increases in our Gourmet & Specialties and Consumer Product Groups. See ''Operating and Financial Review and Prospects—Explanation of Results of Operations''. We execute cocoa bean hedging transactions by purchasing forward contracts on the London and New York Cocoa Terminal Markets. For raw materials with no terminal market, hedging is done by physical forward contracts, if feasible. However, as a result of the short useable life-span of certain of the raw materials we use, such as milk, sugar and nuts, it is not possible to store such materials for long periods of time before they are used in the production of chocolate. For this and other reasons, longer-term forward contracts are not always available, or only at substantial high risk premiums. Therefore, for certain raw materials that we use in our products, we may stay exposed to unfavourable price movements.

In our Food Manufacturers Product Group, we believe our exposure to movements in cocoa bean and other volatile raw material prices is somewhat limited, as contract prices and volumes are normally fixed at the same date, enabling us to hedge our exposure to price movements after the contract date. In our Gourmet & Specialties and Consumer Product Groups, our customers normally specify contract volumes on the basis of price lists, which we issue at regular intervals (typically every six to 12 months). However, as customer contract volumes are not committed at the date our price lists are issued, we must hedge exposure to cocoa bean and other raw material price movements on the basis of forecasted customer demand. Our policy is to hedge 100% of our cocoa bean and other volatile raw material requirements for committed and forecast volumes for between six and ten months. We may elect to hedge our forecasted needs for longer periods within specified limitations.

Notwithstanding our hedging practices, we cannot fully eliminate the risks of movements in volatile raw material prices. For instance, if cocoa bean prices increase following the issuance of a price list, our margins will be adversely impacted to the extent we have not hedged underlying volumes, unless we

re-issue price lists that reflect the increased cost to us of purchasing cocoa beans at the higher price. In addition, our customer contracts typically permit our customers to demand deliveries of chocolate at intervals, which do not correspond exactly to our forward purchase contracts. Furthermore, if customers delay purchasing our products, we may incur additional financing and storage costs. In addition, in respect of the small portion of our customer contracts with terms exceeding the tenor of available hedging arrangements, we are exposed to movements in the price of raw materials during the unhedged portion of the term. Finally, if we under-forecast actual sales volumes (and, consequently, do not hedge 100% of actual sales during the period of a price list) and raw material prices increase after the date we issue the relevant price list, our margins can be adversely affected. Conversely, if we over-forecast actual sales volumes and raw material prices decrease below those at which we have hedged expected volumes, we will not generate margins that we could have achieved had we purchased the goods after the raw material price decrease.

We can provide no assurance that our hedging policy will be successful or that structural changes in the raw materials markets will not themselves give rise to losses on our hedging activities. Due to our business model, to buy cocoa beans during the crop and sell them in the future, we are structurally exposed to carry costs that are not always covered by the market structure. As a result, changes in the prices of cocoa beans could have a material adverse effect on our business, financial condition, results of operations and cash flows. See ''Operating and Financial Review and Prospects—Quantitative and Qualitative Disclosures about Market Risks—Commodity Price Risk'' and ''Operating and Financial Review and Prospects—Critical Accounting Policies''.

In addition, because we process cocoa beans in the Ivory Coast prior to export, we benefit from export duty discounts provided by the Government of the Ivory Coast pursuant to export duty legislation, which significantly reduces our average cost of cocoa beans. In the event that we were to cease processing cocoa beans (or reduce processing volume) in the Ivory Coast, our average cost of cocoa beans could increase. Furthermore, the levels of these duty discounts have fluctuated significantly since the liberalisation of the Ivory Coast cocoa market in 1999. We can provide no assurance that the current levels of duty discounts will be maintained or will not be reduced significantly or removed completely in the future. Any reduction in duty discounts would result in the increase in the average cost of our cocoa beans.

Volatility in cocoa bean prices affects our working capital requirements.

The purchase of cocoa beans is our most significant operating expense, representing in excess of CHF 1,500 million in each of our last three fiscal years. Because the price of cocoa beans is volatile, it is crucial for us to have access to financing for working capital needs. Access to such financing is particularly critical during the main cocoa bean harvest season, when our working capital requirements are highest. If our financing arrangements were cancelled or we were not permitted to borrow thereunder, we would be unable to finance required purchases of cocoa beans unless we could arrange alternative financing arrangements. We cannot assure you that we would be able to arrange alternative financing facilities on terms that would be acceptable to us or at all. Any disruption to our working capital financing could have a material adverse effect on our business, financial condition, results of operations and/or cash flows.

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

We are present in 26 countries, operate 43 production facilities and sell our products across the world. As a consequence, our business is subject to risks related to differing political, legal, regulatory and economic conditions and regulations. These risks include:

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

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

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

We are currently evaluating whether to increase our presence in emerging markets to where we are not currently present, such as Indonesia, Ecuador and Vietnam. At the same time, we are also expanding our local presence, offices and market efforts in geographic regions such as Latin America and Asia. We are aware that doing business in these countries might be different to doing business in the territories that we cover traditionally. We try to reduce potential risks by working closely with experienced consultants, skilled local employees and by planning for contingencies. Nonetheless, it is possible that projects could be delayed, we could experience costs overruns, and we are exposed to political and cultural uncertainties. Such developments could adversely affect our global expansion plans, business, financial condition, results of operations, cash flows or our relationships with customers.

We have a number of significant and long-dated strategic partnerships (i.e., outsourcing arrangements) which may not be prolonged or which may be cancelled.

In the past several years we have signed a number of important, long-term strategic partnership agreements with our customers. In some cases we have made significant investments specifically related to these customer agreements. Such partnerships are limited in time and may contain clauses providing for the cancellation of these agreements by such customers under certain circumstances. The termination of such partnerships may have a negative effect on our client structure, production volumes and our ability to fill factories. As such this could negatively affect our business and profitability.

There are risks arising from our recent and future acquisitions.

From time to time, we may seek to complement the organic growth of our business with both opportunistic and strategic acquisitions of other companies or businesses. We plan to continue to lock in additional sales volumes through outsourcing agreements with strategic partners and integrate acquired assets into our own operations, as well as to build new factories associated with long-term supply agreements.

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

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

Our success as a business depends upon our management and key personnel. We are constantly growing and looking for ways to expand into new territories, either by building additional manufacturing or sales facilities ourselves, acquiring other businesses, or entering into outsourcing contracts with large consumer product manufacturers. Our constant expansion and the global nature of our business will create pressure on our management personnel and other resources and their ability to maintain control over our global operations, and our future performance will depend upon their continued services and their ability to continue the smooth integration, management, and control of our subsidiaries worldwide. If we are unable to manage our growth in this way, our business could be adversely affected.

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

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

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

With respect to sales of semi-finished products, such as cocoa liquor and cocoa butter, we compete primarily against large industrial companies, such as Archer Daniel Midlands Company (''*ADM*'') and Cargill Inc. (''*Cargill*''). Competition in this sector is based principally on price and quality.

With respect to industrial chocolate, we compete with a number of global players, such as Cargill and ADM, and regional players, such as Blommer in the United States and Cémoi in France.

Competition in the industrial chocolate sector is based upon a number of considerations, including price, product quality, distribution capability, customer service and product innovation. In the biscuit and ice cream sectors of the industrial chocolate market, the global customers that account for a significant portion of our sales differentiate among suppliers primarily on the basis of product quality, specifications and price. Price competition in certain of our target markets in recent years has been intense, primarily due to industry overcapacity. Price pressure within this market has also been driven in large part by intense competition among food manufacturers, who constitute a significant portion of our customer base.

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

Competition in the consumer products market is based primarily on product quality, product range and price. Competition for branded consumer products tends to be regional.

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

We are reviewing our European based Consumer Product business, which might lead to impairments or book write-offs.

In 2002, we acquired Stollwerck AG from the Imhoff Industrie Holding which became part of our Consumer Product Group in the Europe Region. With the Stollwerck acquisition, we were better positioned to participate actively in the global consolidation process underway in the chocolate industry and to offer our customers the full range of products, from the cocoa bean to the finished chocolate product. Over the past years, we have focused on locking in outsourcing deals both on finished and semi-finished products and growing the Gourmet & Specialities Product Group. Consequently, our management has decided that our Consumer Product Group in the Europe Region is no longer core to our Group, which may lead to a partial or full divestiture of the business. While at this stage we are not certain of any outcome or what sales value we might achieve, if any, for the business, any such process could lead to a book value write-off in one form or another. See ''Summary—Recent Developments—Possible Divestiture''.

Unfavourable currency exchange rate fluctuations could adversely affect us.

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

When we incur expenses that are not denominated in the same currency as the related revenues, foreign exchange rate fluctuations could adversely affect our profitability. Our operating expenses (other than the cost of cocoa beans) are generally denominated in the same currency as associated revenues, lessening the impact of exchange rate movements on our operating profit. Our purchases of cocoa beans, are denominated primarily in pounds sterling and, to a lesser extent, CFA Franc (which is tied to the euro) and the US dollar, whereas our revenues are predominantly denominated in euro (65% in fiscal year 2010) and US dollars (18% in fiscal year 2010). As a consequence, we hedge our foreign currency exposure to protect against fluctuations in currency exchange rates, particularly the euro/pound sterling and euro/US dollar exchange rates. We cannot assure you, however, that our hedging activities will eliminate foreign exchange rate exposure at an acceptable cost, or at all. Failure to do so could have an adverse effect on our business, financial condition, results of operations or cash flows. See ''Operating and Financial Review and Prospects—Quantitative and Qualitative Disclosures about Market Risks—Foreign Exchange Risk''.

In addition, even where revenues and expenses are matched, we must translate non-Swiss franc denominated results of operations, assets and liabilities into Swiss francs in our consolidated financial statements. To do so, balance sheet items are translated into Swiss francs using fiscal year-end exchange rates, and income statement and cash flow items are translated using average exchange rates

during the relevant period. Consequently, increases and decreases in the value of the Swiss franc versus other currencies will affect our reported results of operations and the value of our assets and liabilities in our consolidated balance sheet, even if our results of operations or the value of those assets and liabilities has not changed in their original currency. These translations could significantly affect the comparability of our results between financial periods and/or result in significant changes to the carrying value of our assets, liabilities and shareholders' equity.

Our future growth depends, in part, on enhancing our leadership position in the food manufacturers market and securing a sustainable supply of suitable quality cocoa beans.

Our future success depends, in part, on achieving our goal of enhancing our position as the market leader in the food manufacturers market, which is based on our belief that manufacturers will increasingly outsource their chocolate processing needs in order to focus on product management and marketing. Additionally, securing a sustainable supply of suitable quality cocoa beans in order to deliver our third party sales contracts is key to our future success. We can provide no assurance that these trends will materialise to the extent we forecast, if at all. Any failure of these trends to materialise may affect our future results of operations.

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

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

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

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

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

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

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

We can provide no assurance that we will not face material product liability claims or product recalls in the future, that we will be able to successfully dispose of any such claims or effect product recalls within acceptable costs, or that we will be able to comply with existing or future regulations relating to the manufacture, processing, packaging, labelling or advertisement of our products at an acceptable cost. Moreover, a material product liability claim or product recall, even if successfully concluded at an acceptable cost, could have a material adverse effect on our reputation. Although we maintain insurance in respect of product liability, we cannot assure you that such insurance policies will be sufficient to cover all damages we may suffer in connection with liability for breach of consumer or health and safety laws and regulations. In particular, our insurance coverage for product recall expenses, delay in deliveries and financial losses relating thereto are limited to CHF 19.5 million per occurrence and in the aggregate per insurance year. Any successful product liability claim or product recall above this limit could have an adverse effect on our business, financial condition, results of operations and/or cash flows.

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

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

Our future growth depends in part on protecting our proprietary trade secrets.

We regard certain of our recipes, the design of certain parts of our operating machinery and certain processing procedures used in the manufacture and creation of our products as proprietary trade secrets and confidential information. We have patents and patent filings pending on some of our processes, although we rely largely upon customary confidentiality and non-compete clauses in the

employment contracts of employees involved in research and development to maintain the trade secrecy of such recipes, designs and procedures. We cannot assure you that these means of protection will be effective against unauthorised replication of our recipes, designs or use of our processing procedures, or that our competitors will not develop minor variations in such products or processes, or new products or processes that respond more immediately to changing consumer tastes in chocolate-based food products. Any failure to protect adequately our proprietary trade secrets and confidential information could have an adverse effect on our business, financial condition, results of operations or cash flows. See ''Business—Brands and Intellectual Property Rights''.

The control which our principal shareholder may exert over us may adversely affect us and the holders of the Notes.

We are currently controlled by Jacobs Holding AG, Renata Jacobs, Nicolas Jacobs, Philippe Jacobs and Nathalie Jacobs who, collectively, own approximately 67.8% of the issued share capital of Barry Callebaut AG. As controlling shareholder, Jacobs Holding AG can exert its influence over us and is able to determine the outcome of a significant number of matters submitted to a vote of all shareholders, including the election of members to our board of directors, the approval of our annual financial statements and the declaration of dividends. Through its control of the board of directors of Barry Callebaut AG, our principal shareholder can also cause Barry Callebaut AG and its subsidiaries to incur additional debt, pursue acquisitions, divestitures or other transactions or take other action that could enhance the value of its equity investment, even though those transactions may involve risks to the holders of the Notes. It is likely that Jacobs Holding AG will retain a majority interest in Barry Callebaut AG for the foreseeable future. We cannot assure you that the interests of our controlling shareholder will be aligned with the interests of the holders of the Notes.

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

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

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

Our new senior revolving credit facility will contain certain restrictive covenants, including an interest coverage ratio, profitability ratio minimum tangible and net worth and general and repeating representations. Events beyond our control could affect our ability to meet these ratios and, if we do not meet these ratios, we will be precluded from borrowing under our new senior revolving credit facility and a default thereunder would occur.

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

Risks Relating to the Notes

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

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

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

We have now and, after the issue of the Notes, will continue to have, a significant amount of debt. Our substantial debt could have important consequences to holders of Notes. For example, it could make it difficult for us to satisfy our obligations with respect to the Notes and the Guarantees; require us to dedicate a substantial portion of our cash generated from operations to payments on our debt, thereby reducing our cash flow available to fund working capital, research and development, capital expenditures, acquisition and other general corporate purposes; limit our flexibility in planning for, or reacting to, changes in our industry; increase our vulnerability to adverse economic and industry conditions; place us at a competitive disadvantage compared to our competitors; and limit our ability to borrow additional funds.

There are limitations on the value of the Guarantees.

The Notes will be guaranteed by certain of our subsidiaries organised under the laws of Belgium, France, Switzerland, the United Kingdom and the United States. The Guarantees will be unsecured, senior obligations of the Guarantors.

France

French law requires that, when a French company grants a guarantee of third-party obligations, the guarantee must be in the corporate purpose and corporate interest of the guarantor company. French case law has recognised that certain inter-group transactions (including up-stream guarantees) can be in the corporate interest of the relevant company, in particular, where the following four criteria are fulfilled:

- existence of a genuine group of companies where the affiliates have real common economic purpose and policy,
- the transaction must be justified in the overall interest of the group,
- the guarantor company must receive an actual benefit, consideration or advantage from the transaction involving the granting by it of the guarantee, and
- the obligations under the guarantee must not exceed the financial capability of the guarantor company.

The existence of a sufficient actual benefit to the guarantor and whether the amounts guaranteed are commensurate with the benefit received are matters of fact as to which French case law provides no clear guidance. When deciding to grant the Guarantee of the Issuer's obligations with respect to the Notes, the presidents of each of Barry Callebaut France SAS and Barry Callebaut Manufacturing France SAS considered that the granting of the Guarantee was in the corporate purpose and the corporate interest of Barry Callebaut France SAS and Barry Callebaut Manufacturing France SAS. However, due to the absence of case law, we cannot assure you that a court in France would agree with this determination, failing which you may be unable to enforce the Guarantee granted by Barry Callebaut France SAS and Barry Callebaut Manufacturing France SAS as the case may be, with respect to the Notes in part or at all.

In addition, if any French guarantor receives, in return for its grant of the guarantee, an economic benefit (which, for this purpose, does not take into account the group benefit) which is less than what would be obtained on an arm's-length basis, French tax authorities could tax the difference. In addition, the same amount could, under certain circumstances be treated as a distribution by the French guarantor and in particular be subject to withholding tax at 25/75% (subject to reduction under certain applicable tax treaties), if the beneficiary of this deemed distribution is a non-French tax resident and at 50/50% if the payment is made through an account opened in a non-cooperative jurisdiction as defined by Article 238-0 A of the Code Général des Impôts (the ''*French Tax Code*''), unless the non-French beneficiary can demonstrate that he is a tax resident of a cooperative jurisdiction (such demonstration not being possible for French beneficiaries).

Belgium

Belgian law requires that a guarantee by a Belgian company of third party obligations meets the following conditions: (i) it must be part of the corporate purposes of the guarantor, as provided for in its by laws (''*status*/*statuten*''); (ii) it must be for the corporate benefit of the granting company. The question of corporate benefit must be determined on a case-by-case basis and consideration has to be given to any direct and/or indirect benefit that the company would derive from the transaction. Two principles apply to such evaluation: (i) the risk taken by the company in issuing the guarantee must be proportional to the direct and/or indirect benefit derived from the transaction, and (ii) the financial support granted by the company should not exceed its financial capabilities. If the corporate benefit requirement is not met, the directors of the company may be held liable (i) by the company for negligence in the management of the company and (ii) by third parties in tort.

The presence of an actual benefit to a Belgian guarantor is a matter of fact and Belgian case law provides no clear definition of what constitutes an actual benefit. The board of directors of Barry Callebaut Belgium NV has resolved that the issue and Guarantee of the Notes confers an actual benefit to it. However, due to the absence of case law, we cannot assure you that a court in Belgium would agree with this determination. If a court in Belgium determined that actual benefit is not established, then the guarantee or collateral could be declared null and void and, under certain circumstances, the creditor that benefits from the guarantee or collateral could be held liable for up to the amount of the guarantee. Alternatively, the guarantee or collateral could be reduced to an amount corresponding to the corporate benefit or the creditor may be held liable for any guarantee amount in excess of such amount. These rules have been seldom tested under Belgian law, and there is only limited case law on this issue.

In order to enable Belgian subsidiaries to grant a guarantee and collateral to secure liabilities of a direct or indirect parent or sister company without the risk of violating Belgian rules on corporate benefit, it is standard market practice for indentures, credit agreements, guarantees and security documents to contain a so-called ''limitation language'' in relation to subsidiaries incorporated or established in Belgium. Accordingly, the Guarantee of the Belgian Guarantor will contain such limitation language and will be limited to reflect the corporate benefit position of the Belgian Guarantor taking into accounts its financial capabilities at the time of the enforcement of the guarantee.

Switzerland

Swiss law generally requires that a corporate benefit exists to the guarantor company and that the guarantee in question is otherwise in the corporate interest of the guarantor company. In addition, Swiss law limits the amount that a guarantor company may guarantee on behalf of a parent or sister company to the amount of profits legally available for distribution to its parent company at the time the guarantee is called. In addition, Swiss withholding tax of 35% may be levied on payments under the guarantee unless the guarantor was adequately compensated for granting the guarantee.

The liability of any Swiss guarantor is limited to a sum equal to the maximum amount of its profits available for distribution at any time (being the balance sheet profits and any reserves made for this purpose, in each case in accordance with, inter alia, art. 671 and art. 675(2) of the Swiss Code of Obligations) provided that such limitations shall not free it from payment obligations in excess of its distributable profits, but merely postpone the payment date of those obligations until such times as payment is permitted notwithstanding such limitations. Any payment under the guarantee by it of payments of all amounts due in respect of the Notes may require certain corporate formalities to be completed prior to payment including, but not limited to, obtaining an audit report, shareholders' resolutions and board resolutions approving payment.

In addition, Swiss withholding taxes of 35% may be levied on payments under the guarantee, unless such guarantor was adequately compensated for granting the guarantee.

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

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

There is no developed market for the Notes.

The Notes are new securities for which there is presently no established market and there can be no assurance that a market for the Notes will develop. Similarly, there can be no assurance of the ability of holders of the Notes to sell the Notes, or of the price at which holders may be able to sell the Notes. If a public market were to develop, the Notes could trade at prices that may be lower than the initial offering price depending on many factors, including prevailing interest rates, our operating results and the market for similar securities. Although the Joint Lead Managers have informed us that they currently intend to make a market in the Notes, they are not obligated to do so, and any market making, once commenced, may be discontinued. The liquidity of any market for the Notes will depend on, among other things, the number of holders of the Notes, the interest of securities dealers in making a market in the Notes and other factors. Accordingly, a liquid market in the Notes may not develop. Application has been made to list the Notes on the Euro MTF market of the Luxembourg Stock Exchange.

We may be unable to redeem the Notes upon a Change of Control.

Upon a change of control, we may, at the option of the Noteholders, be required to redeem the Notes for cash at 101% of the principal amount thereof plus accrued and unpaid interest, if any. Events involving a change of control may result in an event of default under our existing debt and other debt that may be incurred in the future. This could result in an acceleration of that debt. If a change of control were to occur, we may not have sufficient funds to pay the change of control redemption price and we may be

required to secure third-party financing in order to do so. However, we may not be able to obtain such financing on commercially reasonable terms, or at all.

The terms of the Notes permit decisions regarding the Notes to be made by Noteholder meeting.

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

The covenants contained in the terms and conditions of the Notes are limited.

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

The Notes have minimum specified denominations of €100,000.

In relation to any issue of Notes which have a denomination consisting of the minimum specified denomination of €100,000 (a ''*Specified Denomination*'') plus a higher integral multiple of another smaller amount, it is possible that the Notes may be traded in amounts in excess of €100,000 (or its equivalent) that are not integral multiples of €100,000 (or its equivalent). In such a case, a Noteholder who, as a result of trading such amounts, holds a principal amount of less than €100,000 may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to at least €100,000.

The Notes will initially be held in book-entry form and therefore you must rely on the procedures of the relevant clearing systems to exercise any rights and remedies.

Under English law, unless and until definitive Notes are issued in exchange for book-entry interests in the Notes, owners of the book-entry interests are not considered owners or holders of Notes. Instead, the BNB, or its nominee, is considered the sole holder of the Global Note. Under Belgian law, however, holders of book entry interests have a co-ownership right in the Global Note held by the BNB. Because the Global Note will be held in Belgium and the Issuer is a Belgian company, Belgian law may apply.

Payments of principal, interest and other amounts owing on or in respect of the Notes in global form will be made to a Belgian paying agent, which will make payments to participants in the X/N System, including Euroclear and/or Clearstream. Thereafter, payments will be made by Euroclear and/or Clearstream to their participants. None of the Issuer, the Guarantors or any of their respective subsidiaries will have any responsibility or liability for any aspect of the records relating to, or payments of interest, principal or other amounts to, the X/N System or its participants, including Euroclear and/or Clearstream or to owners of book-entry interests.

Depending upon whether English or Belgian law is applicable, owners of book-entry interests may not have the direct right to act upon our solicitations for consents or requests for waivers or other actions from holders of the Notes. Instead, they may be entitled to act only to the extent they have received appropriate proxies to do so from participants in the X/N System, including Euroclear and/or Clearstream. We cannot assure you that procedures implemented for the granting of such proxies will be sufficient to enable you to vote on any requested actions on a timely basis.

USE OF PROCEEDS

We estimate that the net proceeds from the issue of the Notes will be €245.9 million after deducting certain fees incurred in connection with this offering. We intend to use the proceeds of the offering for general corporate purposes, and to reduce the drawn amount under our senior revolving credit facility. Amounts repaid under the existing senior revolving credit facility may be re-borrowed after the issue of the Notes. See ''Business—Other Indebtedness''.

CAPITALISATION

The following table sets out the consolidated cash and cash equivalents, short-term borrowings and capitalisation of Barry Callebaut AG as of 28 February 2011 on (i) a historical basis and (ii) as adjusted to give effect to the issue of the Notes and the use of proceeds there from as described under ''Use of Proceeds''.

You should read this table in conjunction with ''Summary—Summary Historical Financial Information'', ''Operating and Financial Review and Prospects'' and the historical consolidated financial statements of Barry Callebaut AG included elsewhere in this Offering Circular.

	As of 28 February 2011		
	Actual	**As Adjusted**	
	(CHF millions)		*(€ millions)*[1]
Cash and cash equivalents and short-term deposits	23.3	22.8	17.9
Short-term debt:			
Bank overdrafts and short-term debt	354.7	227.0	177.8
Total short-term debt	354.7	227.0	177.8
Long-term debt (excluding current portion):			
Existing long-term debt[2]	624.8	437.4	342.6
Notes offered hereby[3]	—	313.9	245.9
Total long-term debt	624.8[4]	751.3	588.5
Total debt	979.5	978.3	766.3
Shareholders' equity	1,338.9	1,338.9	1,048.8
Total capitalisation	**2,318.4**	**2,317.2**	**1,815.1**

Notes

(1) Translated to euro at the rate of €0.7833=CHF 1.00, the rate of exchange on 28 February 2011.

(2) Simultaneously with the issue of the Notes, we will enter into a new senior revolving credit facility providing for up to €600 million of borrowings and will serve notice of cancellation of our existing senior revolving credit facility. The reduction of existing long-term debt reflects the intended repayment of amounts outstanding under our existing senior revolving credit facility debt following such notice of cancellation (actual long term debt increased with issue costs will be amortised) less the net proceeds from the issue of the Notes.

(3) Represents the principal amount of the Notes (€250,000,000), less certain fees related to the issue and the discount represented by the issue price, translated to Swiss francs at the rate of €0.7833=CHF 1.00 (the exchange rate on 28 February 2011). Under IFRS, the net carrying amount of the Notes will increase to their principal amount due on the maturity date as the issue costs of the offering and the discount are amortised.

(4) Please refer to ''Business—Other Indebtedness'' for a description of the refinancing of our €850 million senior revolving credit facility due 2012/13 included in this balance sheet amount.

OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following is a discussion of our results of operations and financial condition for the periods set out below. You should read this section together with our consolidated historical financial statements, including the notes thereto, as well as the other financial information contained elsewhere in this Offering Circular.

We have prepared our consolidated historical financial statements contained in this Offering Circular in accordance with IFRS. Our fiscal year ends on 31 August.

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

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

Brief Overview of the Business

We are the largest manufacturer of cocoa and chocolate products in the world, measured by sales volumes in fiscal year 2010. Our principal product is industrial chocolate, which we supply to industrial food processors, such as chocolate manufacturers, biscuit manufacturers, confectioners, and dairy companies, as well as to artisanal users of chocolate, such as chocolatiers, pastry chefs, bakers and the food service industry. We are the largest manufacturer of industrial chocolate in the world, with an estimated market share of close to 40% of the open market, measured by sales volumes in fiscal year 2010. In addition, we manufacture semi-finished products on a global basis, including cocoa liquor, cocoa butter, and cocoa powder. We also manufacture branded and customer label consumer products, principally in Germany, France, Belgium and Switzerland. For the twelve months ended 28 February 2011, our consolidated revenues were CHF 5,295.2 million (€4,043.4 million), our EBITDA was CHF 474.3 million (€362.2 million) and our net profit was CHF 264.8 million (€202.2 million).

Since fiscal year 2009 our business has been organised into four geographic Regions—the Europe Region, the Americas Region, the Asia-Pacific Region and the globally managed Global Sourcing & Cocoa Region (responsible for the global procurement and risk management of our high-quality raw materials such as cocoa, sugar, dairy products, oils and fats, nuts and other ingredients as well as packaging material), which is reported as a separate segment similar to a Region. Revenues by Region for fiscal year 2010 were CHF 3,042.0 million for the Europe Region, CHF 998.2 million for the Americas Region, CHF 211.1 million for the Asia-Pacific Region and CHF 962.5 million for the Global Sourcing & Cocoa Region.

These Regions accounted for the following proportion of our sales volumes in fiscal year 2010:

Region	Sales Volume
Europe	58%
Americas	22%
Asia-Pacific	4%
Global Sourcing and Cocoa	16%

Within our Regions, our business is further divided into two Business Segments, each of which is further divided into Product Groups as follows:

- The Industrial Products Business Segment which comprises:
  - the Cocoa Product Group (part of the Global Sourcing & Cocoa Region); and
  - the Food Manufacturers Product Group,
- The Food Service/Retail Products Business Segment which comprises:
  - the Gourmet & Specialties Product Group; and
  - the Consumer Product Group (which operates mainly in Europe).

Factors Affecting Comparability

Exchange Rates

We report our financial results in Swiss francs. We have foreign currency denominated revenues, expenses, assets and liabilities due to our global operations. As a consequence, movements in exchange rates affect:

- our profitability,
- the comparability of our results between periods, and
- the carrying value of our assets and liabilities.

When we incur expenses that are not denominated in the same currency as the related revenues, foreign exchange rate fluctuations could adversely affect our profitability. Our operating expenses (other than the cost of cocoa beans) are generally denominated in the same currency as associated revenues, thereby mitigating the impact of exchange rate movements on our operating profit. Our purchases of cocoa beans, which amounted to in excess of CHF 1,500 million in each of our last three fiscal years, are denominated primarily in pounds sterling and, to a lesser extent, the CFA Franc (which is tied to the euro and is the predominant currency in our West African sourcing countries), and US dollars, whereas our revenues are predominantly denominated in euro (65% in fiscal year 2010) and US dollars (18% in fiscal year 2010). As a consequence, we hedge our foreign currency exposure to protect against fluctuations in currency exchange rates, particularly the euro/pound sterling and euro/US dollar exchange rates.

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

Explanation of Results of Operations

Overview

Our chocolate products include industrial chocolate sold through our Food Manufacturers Product Group and Gourmet & Specialties Product Group to industrial food processors such as consumer chocolate manufacturers, biscuits, dairy, ice cream and artisanal chocolate manufacturers and

confectioners. To a lesser extent, we sell consumer chocolate through our Consumer Product Group to retailers either under our own brands or for customer label brands. Our Cocoa Product Group sells semi finished products, including cocoa butter, cocoa cake, cocoa liquor and cocoa powder, mainly to producers in the market (i.e., fully integrated companies that produce their own chocolate and compound to satisfy their own internal requirements). Each Product Group has a different revenue and pricing model.

Product Groups

The Cocoa Product Group is primarily responsible for sourcing raw materials, managing sourcing risk and supplying our other Product Groups with semi finished products for further processing. The Cocoa Product Group also sells semi finished products (cocoa powder and to a lesser extent, cocoa butter) to third parties. Prices for our products in the Cocoa Product Group are dictated by prevailing market prices for semi finished products on the contract date. Similar to contracts in our Food Manufacturers Product Group, our Cocoa Product Group contracts represent a firm commitment by our customers to purchase a fixed volume of our products at a set price and we are able to immediately cover the cocoa position through forward purchases.

The Food Manufacturers Product Group supplies industrial chocolate, ready to use fillings and compound coatings to food manufacturers including consumer products manufacturers, biscuit manufacturers and ice cream manufacturers. In our Food Manufacturers Product Group, we enter into firm commitment contracts with ''cost plus'' pricing mechanisms. Pursuant to our typical customer contract, our customers agree to purchase a specified volume of chocolate products during the term of the agreement at a fixed price. We set that price on the date of contract, calculated on the basis of the prevailing market price for cocoa beans at that time. Since we know the requirements of our customers at the outset of the agreement, we cover immediately the cocoa position through forward purchases. The price to our customers is typically the sum of our raw material costs and our production, logistics, administrative and financial costs, together with a negotiated operating profit margin. If during the agreement the customer off take volumes are in excess of those agreed, the customer typically bears the costs incurred by us to purchase the excess amounts of cocoa beans, including any related storage costs. As a result, the Food Manufacturers Product Group is generally not affected by volatility of cocoa bean prices. See ''—Quantitative and Qualitative Disclosures about Market Risks'' below.

The Gourmet & Specialties Product Group supplies specialty products and vending mixes to bakeries, artisanal customers, such as chocolatiers, confectioners, hotels, restaurants and vending machine operators. In our Gourmet & Specialties Product Group, our customers place orders on the basis of our price lists. Unlike the customers of the Food Manufacturers Product Group, our Gourmet & Specialties Product Group's customers do not agree to fixed volume orders, but rather purchase from time to time volumes based on their recurring needs. We typically update our price lists every six to 12 months, although if commodity prices change significantly, we may update our price lists more frequently. The absence of fixed volume orders at the time we set prices in our price lists prevents us from fully passing on to our customers our cost of cocoa beans and, therefore, exposes us to higher cocoa bean price volatility risks. To mitigate our exposure to such risk, we enter into forward purchase contracts matching the volumes that we estimate, supported by historical order data that our Gourmet & Specialties Product Group's customers will purchase over six to 12 month periods. Demand for goods produced by our Gourmet & Specialties Product Group is only moderately price sensitive.

The Consumer Product Group sells consumer chocolate to retailers under our own brands and under customer label brands. Similar to our Gourmet & Specialties Product Group, in our Consumer Product Group we issue price lists and our customers purchase consumer products based on the prices indicated in those lists. Our Consumer Product Group, however, is more exposed to cocoa bean price volatility than the Gourmet & Specialties Product Group, as our Consumer Product Group's customers are more sensitive to price fluctuations and therefore it is more difficult to pass through cocoa bean price

increases by re issuing price lists. The prices reflected in our price lists for consumer products are ultimately driven by the prices of our customers' products. In order to mitigate our exposure to cocoa bean price volatility, we enter into forward purchase contracts matching the volumes that we estimate our customers will purchase over six to 12 month periods.

Cocoa Pricing

The combined price of cocoa butter and cocoa powder typically follows fluctuations in the price of cocoa beans (which are quoted on the London and New York Cocoa Terminal Markets). However, the individual supply and demand relationship for cocoa butter and cocoa powder can cause the correlation between cocoa bean prices and prices for the two semi-finished products to vary significantly, and prices for the two semi-finished products can move in opposite directions. This can materially affect both gross margins and operating margins in the Cocoa Product Group and cause volatility in its results.

Revenue from Sales and Services

We do not view revenues as the key indicator of our performance, as year on year changes in revenues can be substantially affected by changes in the price of raw materials, especially for cocoa beans. Revenues are also affected by movements in exchange rates. See ''—Factors Affecting Comparability'' above.

Cost of Goods Sold

Cost of goods sold consist of the costs for materials used, distribution, warehousing and logistics costs, as well as direct and indirect factory costs and factory depreciation. Materials used is the biggest cost block and amounts to approximately 70% of net sales revenue. We estimate that the cocoa related expense in materials used represented on average 50% of total materials used in each of the periods disclosed in this Offering Circular. Consequently, the percentage of our total operating expenses represented by cost of goods sold depends largely upon cocoa bean prices. Other components of materials used include, among others, sugar, milk, nuts, lecithin, oils (from coconut and palm kernels) and vanillin. Cost of goods sold also includes the cost of commodity hedging arrangements.

Gross Profit

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

Apart from the volumes sold, profitability for cocoa processors like us depends strongly on the relation between the price of cocoa beans and the price of semi-finished products, cocoa butter and cocoa powder. This is called the combined cocoa ratio (''*Combined Ratio*''), defined as the combined sales price for cocoa butter and cocoa powder relative to the cocoa bean price. An improvement in the Combined Ratio positively impacts our Gross Profit and a decline in the Combined Ratio negatively impacts our Gross Profit. Whereas fiscal year 2010 was impacted negatively as a result of a lower Combined Ratio, especially in the first half of the year, the Combined Ratio improved towards the end of the year. Since then, the Combined Ratio has continued on a favourable trend. This development is mainly driven by higher demand for cocoa powder, offset to some extent by higher cocoa bean and lower cocoa butter sales prices.

Marketing & Sales Expenses

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

General & Administration Expenses

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

Other Income and Expense, Net

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

Operating Profit (EBIT)

Operating profit (EBIT), adjusted for non recurring extraordinary items such as charges for restructuring and impairments, is viewed as the key indicator for the operational performance of the group as well as for the Regions and Product Groups.

Financial Income and Expense, Net

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

Results of Operations

The first table below sets out our results of operations for the periods indicated, in each case also expressed as a percentage of revenues. The second and third tables below set out certain data with respect to our Regions and Product Groups.

	Fiscal year ended 31 August				Six months ended 28 February (unaudited)			
	2009[1]	As a % of Revenue	2010	As a % of Revenue	2010	As a % of Revenue	2011	As a % of Revenue
	(CHF millions, except ratios and percentages)							
Revenue from sales and services	4,880.2	100	5,213.8	100	2,656.5	100	2,737.9	100
Cost of goods sold	(4,172.4)	85.5	(4,477.6)	85.9	(2,266.2)	85.3	(2,341.5)	85.5
Gross profit	**707.8**	**14.5**	**736.2**	**14.1**	**390.3**	**14.7**	**396.4**	**14.5**
Marketing & sales	(120.3)	2.5	(120.8)	2.3	(63.3)	2.4	(59.5)	3.2
General & administration	(250.6)	5.1	(248.8)	4.8	(124.7)	4.7	(126.3)	4.6
Other income and expenses, net	13.9	0.3	3.8	0.1	6.5	0.2	6.5	0.2
Operating Profit (EBIT)	**350.8**	**7.2**	**370.4**	**7.1**	**208.8**	**7.9**	**217.1**	**7.9**
Financial income and expenses, net	(91.6)	1.9	(81.1)	1.6	(42.5)	1.6	(34.1)	1.2
Result from investments in associates and joint ventures	0.4	0.0	(0.2)	0.0	0.7	0.0	0.9	0.0
Profit before income taxes	**259.6**	**5.3**	**289.1**	**5.5**	**167.0**	**6.3**	**183.9**	**6.7**
Income taxes	(32.7)	0.7	(37.4)	0.7	(21.3)	0.8	(25.1)	0.9
Net Profit for the year	**226.9**	**4.6**	**251.7**	**4.8**	**145.7**	**5.5**	**158.8**	**5.8**
of which attributable to the shareholders of the parent company	226.9	4.6	251.2	4.8	145.6	5.5	159.0	5.8
of which attributable to non-controlling interests	0.0	0.0	0.5	0.0	0.1	0.0	(0.2)	0.0
Basic earnings per share (CHF/share)	43.99		48.62		28.18		30.78	
Diluted earnings per share (CHF/share)	43.85		48.47		28.10		30.65	

	Fiscal year ended 31 August			Six months ended 28 February (unaudited)		
	2009	2010	Change (%)	2010	2011	Change (%)
	(CHF millions, except volumes in metric tonnes)					
Europe						
Sales revenue[1]	3,056.3	3,042.0	(0.5)	1,645.0	1,538.9	(6.4)
Sales volume	723,099	753,011	4.1	392,426	401,648	2.3
EBITDA	311.4	324.1	4.1	194.0	180.7	(6.9)
Americas						
Sales revenue	901.1	998.2	10.8	460.7	504.6	9.5
Sales volume	252,159	291,399	15.6	136,833	150,198	9.8
EBITDA	100.9	108.1	7.1	50.2	46.9	(6.6)
Asia-Pacific						
Sales revenue[1]	173.9	211.1	21.4	103.2	119.6	15.9
Sales volume	41,544	47,984	15.5	24,391	26,683	9.4
EBITDA	36.1	26.2	(27.5)	12.2	16.2	32.8

	Fiscal year ended 31 August			Six months ended 28 February (unaudited)		
	2009	2010	Change (%)	2010	2011	Change (%)
	(CHF millions, except volumes in metric tonnes)					
Global Sourcing & Cocoa						
Sales revenue[(1)]	748.9	962.5	28.5	447.6	574.8	28.4
Sales volume	196,808	212,886	8.2	105,886	128,041	20.9
EBITDA	72.6	75.2	3.6	33.5	49.0	46.3
Total Group						
Total sales revenue[(1)]	4,880.2	5,213.8	6.8	2,656.5	2,737.9	3.1
Total sales volume	1,213,610	1,305,280	7.6	659,536	706,570	7.1
Total EBITDA	456.1	470.7	3.2	260.5	264.1	1.4

Note

(1) Certain comparatives have been restated to conform with the presentation of the fiscal year ended 31 August 2010.

	Fiscal year ended 31 August			Six months ended 28 February (unaudited)		
	2009	2010	Change (%)	2010	2011	Change (%)
	(CHF millions, except volumes in metric tonnes)					
Industrial Products						
Sales revenue	3,354.5	3,679.2	9.7	1,848.4[(1)]	1,992.3	7.8
Cocoa Products	748.9	962.5	28.5	447.6	574.8	28.4
Food Manufacturers Products	2,605.6	2,716.7	4.3	1,400.8[(1)]	1,417.5	1.2
Sales volume	963,858	1,043,735	8.3	524,645[(1)]	571,600	8.9
Cocoa Products	196,808	212,886	8.2	105,886	128,041	20.9
Food Manufacturers Products	767,050	830,849	8.3	418,759[(1)]	443,559	5.9
EBITDA	335.8	350.5	4.4	171.1	191.6	12.0
Food Service/Retail Products						
Sales revenue	1,525.7	1,534.6	0.6	808.1[(1)]	745.6	(7.7)
Gourmet & Specialities Products	619.0	707.6	14.3	382.3	389.3	1.8
Consumer Products	906.7	827.0	(8.8)	425.8[(1)]	356.3	(16.3)
Sales volume	249,752	261,545	4.7	134,891[(1)]	134,970	0.1
Gourmet & Specialities Products	113,466	133,048	17.3	70,900	74,493	5.1
Consumer Products	136,286	128,497	(5.7)	63,991	60,477	(5.5)
EBITDA	185.2	183.1	(1.1)	118.8	101.2	(14.8)

Note

(1) Figures have been restated to conform to the presentation of the six month period ended 28 February 2011. The adjustments relate to a sales volume shift from Consumer Product Group to the Food Manufacturers Product Group in the light of the carve-out exercise.

Comparison of the Six Month Periods Ended 28 February 2010 and 2011

Sales volume. Sales volume rose 7.1% to 706,570 tonnes for the six months ended 28 February 2011 from 659,536 tonnes for the six months ended 28 February 2010. All Regions contributed to the strong growth with the biggest absolute contributions stemming from the Americas Region and the Global Sourcing & Cocoa Region. The main drivers of this growth were higher volumes in emerging markets in both our Food Manufacturers and Gourmet & Specialties Product Groups, as well as with our strategic partners.

Revenue from Sales and Services. Revenue from Sales and Services grew by 3.1% to CHF 2,737.9 million for the six months ended 28 February 2011 from CHF 2,656.5 million for the

six months ended 28 February 2010. This growth is the result of increased volumes partly offset by foreign currency translation effects.

In the Europe Region, the chocolate market showed divergent growth momentum: A slight decline in Western Europe (down 1.8%)—the larger part of the Region—and a return to positive rates in Eastern Europe (up 7.4%). We increased our sales volume by 2.3% to 401,648 tonnes in the Region. In Western Europe, the Gourmet & Specialties Product Group delivered a very good performance and gained market share. In Eastern Europe, both Food Manufacturers and Gourmet & Specialties Product Groups achieved double-digit volume growth. Sales revenue was at CHF 1,538.9 million, up by 6.0% in local currencies (down 6.4% in CHF).

In the Americas Region, the chocolate confectionary market in the United States has continued to recover and showed a significant volume growth of 7.1%. Sales volume for the entire Region grew by 9.8% to 150,198 tonnes. The Food Manufacturers Product Group recorded double-digit growth rates mainly driven by strong performances in North America and good growth in emerging markets. The gourmet market started to recover in the second quarter. We also improved our sales volume in the Gourmet & Specialties Product Group, especially with our global brands 'Cacao Barry' and 'Callebaut'. Sales revenue in the Region went up to CHF 504.6 million (up 9.5%), corresponding to a significant increase of 15.9% in local currencies.

In the Asia-Pacific Region, the confectionary markets continued to grow. Our sales volume significantly increased by 9.4% to 26,683 tonnes, led by India, Japan, Malaysia and China. The Gourmet & Specialties Product Group recorded double-digit volume growth driven by good sales of the two global brands. In the Food Manufacturers Product Group, both sales volume and profitability performed well, with global as well as local accounts. At CHF 119.6 million, sales revenue was up by 18.2% in local currencies (up 15.9% in CHF). To support our geographic expansion and to further strengthen our footprint in fast-growing markets we have signed an agreement to acquire the remaining 40% stake in Barry Callebaut Malaysia Sdn Bhd, formerly operating under the name of KLK Cocoa. In April 2008, we acquired 60% of KLK Cocoa in order to expand its global cocoa processing capacities.

In the Global Sourcing and Cocoa Region, cocoa prices declined during the second half of 2010 before moving sharply higher again. The uncertain situation in the Ivory Coast has pushed bean prices to record levels on high volatility. This development and ongoing strong demand for cocoa powder have helped the forward Combined Ratio to return to high levels. Other raw materials, such as sugar, faced a tight supply situation due to unfavourable weather conditions. During the period under review, prices reached new record highs. Milk powder prices increased significantly on higher demand. The upward price trend accelerated in the wake of lowered supply forecasts and was well above historical price levels at the end of February. The volume of cocoa products sold to third-party customers rose by 20.9% to 128,041 tonnes, positively influenced by strong powder sales and cocoa products for strategic partners. Sales revenue grew 35.8% in local currencies (up 28.4% in CHF) to CHF 574.8 million, driven by higher cocoa bean and cocoa powder prices. The figures reported under ''Global Sourcing & Cocoa'' include all sales of cocoa products to third-party customers in all Regions, while the figures shown under the respective Region show all chocolate sales.

Our Food Manufacturers Product Group grew in all Regions, with a volume increase of 5.9% to 443,559 tonnes, supported by increased demand for specialties products as well as compounds and fillings. Sales revenue was at CHF 1,417.5 million, which corresponds to a growth in local currencies of 11.7% (up 1.2% in CHF).

The Gourmet & Specialties Product Group grew its sales volume by 5.1% to 74,493 tonnes in the period under review, driven by double-digit growth rates in emerging markets such as Eastern Europe and Asia. Growth would have been even stronger had it not been for a late Easter. Our two global brands benefitted from a recovering Hotel/Restaurant/Catering (HORECA) market segment in the emerging markets. Our European beverages business within the Gourmet & Specialties Product Group could not

reach prior-year volume due to the current expansion of the specialised factory in Kågeröd, Sweden. Sales revenue increased considerably by 13.0% in local currencies to CHF 389.3 million (up 1.8% in CHF).

The Consumer Product Group was impacted by lower volumes in Germany, where the overall chocolate market contracted by 7.8% as compared with the six months ended 28 February 2010. Aggressive price pressure in the market, significant raw material price increases that could not be promptly passed on to customers, as well as negative currency effects had a negative impact on sales revenue and profitability. In total, the Consumer Product Group's sales volume declined by 5.5% to 60,477 tonnes. Sales revenue amounted to CHF 356.3 million, corresponding to a decrease of 5.4% in local currencies (down 16.3% in CHF). Some price increases were recently accepted by the market.

Gross Profit. Gross profit grew 1.6% (9.8% in local currencies) to CHF 396.4 million for the six months ended 28 February 2011, from CHF 390.3 million for the six months ended 28 February 2010. The Group benefited from an improved Combined Ratio and managed to achieve further efficiency improvements in its operations. However, these positive effects were partly offset by the impact of increased margin pressure accompanying the high raw material prices.

Marketing & Sales Expenses. Marketing and Sales expenses decreased by 6.0% to CHF 59.5 million for the six months ended 28 February 2011, compared to CHF 63.3 million for the six months ended 28 February 2010. This was attributable to currency effects. In local currencies, these costs would have increased by 4.2%, though remaining below the volume growth rate, which is the result of our continued focus on costs.

General & Administration Expenses. General and administration expenses increased 1.3% to CHF 126.3 million (9.5% in local currencies) for the six months ended 28 February 2011, compared to CHF 124.7 million for the six months ended 28 February 2010. This increase was largely due to the general growth of the business and the effects from acquisitions.

Other income. Other income decreased to CHF 15.3 million for the six months ended 28 February 2011, from CHF 16.5 million for the six months ended 28 February 2010. This position includes operating but non-sales-related or non-recurring income such as contract cancellation fees, gains on disposal of assets and waste products as well as third-party income from the Group's Training Centre, Schloss Marbach.

Other expenses. Other expenses decreased by CHF 1.2 million to CHF 8.8 million for the six months ended 28 February 2011. This amount mainly consists of non-sales-related or non-recurring items such as litigation and severance payments as well as losses on disposal of assets.

Operating Profit (EBIT). Operating profit (EBIT) for the six months ended 28 February 2011 grew by 4.0% to CHF 217.1 million compared to CHF 208.8 million for the six months ended 28 February 2010. In local currencies, EBIT would have been 11.4% higher than in the comparable period.

In the Europe Region, operating profit (EBIT) was affected by weaker Consumer Product Group results as well as negative currency effects and came in at CHF 155.6 million (flat in local currencies, down 5.9% in CHF).

In the Americas Region, due to a competitive market environment and investments in emerging markets, operating profit (EBIT) was up by 0.8% in local currencies and amounted to CHF 40.5 million (down 4.3% in CHF).

In the Asia-Pacific Region, operating profit (EBIT) increased to CHF 13.7 million (up 53.1% in local currencies or up 44.2% in CHF), driven by increased volumes and better economies of scale.

In the Global Sourcing & Cocoa Region, which was supported by the favourable Combined Ratio, operating profit (EBIT) increased 76.9% in local currencies (up 60.3% in CHF) and amounted to CHF 37.2 million.

Operating profit (EBIT) for our Industrial Products Business Segment (including our Cocoa and Food Manufacturers Product Groups) stood at CHF 161.1 million, up 22.6% in local currencies (up 13.9% in CHF) due to higher volumes, margin improvements and a more favourable result from the cocoa processing operations.

Operating profit (EBIT) for the Food Service and Retail Products Business Segment (including our Gourmet & Specialties and Consumer Product Groups) was at CHF 86.0 million, down 8.8% in local currencies (down 13.1% in CHF), as a result of aggressive price pressure in the market, significant raw material price increases that could not be properly passed on to customers and negative currency effects.

Financial income. Financial income grew to CHF 5.0 million for the six months ended 28 February 2011, up from CHF 0.9 million for the six months ended 28 February 2010. This was mainly the result of gains on financial derivatives related to interest rate and foreign currency hedging instruments.

Financial expenses. Financial expenses decreased by 9.9% to CHF 39.1 million for the six months ended 28 February 2011 from CHF 43.4 million for the six months ended 28 February 2010, partly because the Group had lower losses on foreign exchange transactions and partly due to foreign currency translation effects.

Result from investments in associates and joint ventures. Results from investments in associates and joint ventures increased slightly to CHF 0.9 million for the six months ended 28 February 2011 compared to CHF 0.7 million for the six months ended 28 February 2010, due to a higher profit contribution from joint ventures.

Income Taxes. Income taxes increased by CHF 3.8 million to CHF 25.1 million for the six months ended 28 February 2011 from CHF 21.3 million for the six months ended 28 February 2010. The Group's effective tax rate amounted to 13.6% for the first six months, a slight increase compared to 12.8% in the prior-year period. This was due to minor shifts in the mix of taxable income.

Net Profit. Net profit in the six months ended 28 February 2011 increased by 9.0% to CHF 158.8 million, up from CHF 145.7 million for the six months ended 28 February 2010.

Comparison of the Fiscal Years Ended 31 August 2009 and 2010

Sales volume. Sales volume showed solid growth of 7.6% from 1,213,610 tonnes for the fiscal year ending 31 August 2009 to 1,305,280 tonnes for the fiscal year 2010, to which all Regions and both the Industrial and the Food Service/Retail Product Groups contributed. In the Food Service/Retail Products Business Segment, the growth recorded in the Gourmet & Specialties Product Group more than compensated for the decline in the Consumer Product Group. The latter was affected by the disposal of our Consumer Product Group in the Asia-Pacific Region during the fiscal year ending 31 August 2009. Additionally, there was a shift of volumes between the Product Groups (from the Food Manufacturers Product Group to the Consumer Product Group) due to restatements of fiscal year 2009 figures in line with the segment reporting changes introduced in fiscal year 2010.

Revenue from Sales and Services. Revenue from Sales and Services grew by 6.8% from CHF 4,880.2 million for the fiscal year ending 31 August 2009 to CHF 5,213.8 million for the fiscal year ending 31 August 2010. The positive impact of the high raw material prices on revenue, namely for cocoa, were largely offset by significant foreign currency translation effects. Adjusted for these effects, revenues from sales and services grew by 6.5%, driven by the sales volume increase.

In the Europe Region, after bottoming out by the end of calendar year 2009, the chocolate confectionary markets in Western Europe saw a stagnating first semester followed by a second half with slightly increasing consumption. Eastern Europe still showed negative growth rates, especially Russia, according to a Nielsen, September 2009–August 2010 report. We increased our sales volume in the Europe Region by 4.1% to 753,011 tonnes. In local currencies, sales revenue outperformed volume growth at 4.8%, but was hit by adverse currency effects. In CHF it decreased by 0.5% to CHF 3,042.0 million. Eurogran, the Danish vending mix specialist acquired in summer 2009, as well as Spanish compound and chocolate maker Chocovic, acquired in December 2009, have now been fully integrated into the Barry Callebaut group and made a positive contribution to sales volume, sales revenue and EBIT. At the factory in Lodz, Poland, a second chocolate production line went on stream in October 2010.

In the Americas Region, the mature economies of the United States and Canada slowly returned to positive GDP growth after being hit hard by the financial crisis. However, consumer confidence softened and the economic recovery stalled in the second half of the fiscal year. In contrast, the developing regions of Brazil and Mexico showed consistent strength. Chocolate consumption in the United States dipped to low levels in early 2010 but rebounded strongly in the third quarter of fiscal year 2010. Overall, the chocolate market in the United States grew by 2.7% while the Brazilian chocolate market increased by 3.5%. In this mixed market environment, our Americas Region achieved a strong sales volume growth of 15.6% to 291,399 tonnes, driven by long-term outsourcing and supply agreements as well as through broad-based growth in the Gourmet & Specialties Product Group. Sales revenue went up to CHF 998.2 million, corresponding to an increase of 15.7% in local currencies (up 10.8% in CHF).

In the Asia-Pacific Region in 2009, economic growth rates were mixed, ranging from a GDP decline of 5.2% in Japan to an impressively resilient growth rate of around 9.0% for China. According to a summer 2010 World Bank report, in 2010 GDP growth in the Region is expected to range between 4.5% and 9.5%, with the exception of Japan. However, the general growth dynamics in the Asia-Pacific Region did not translate into higher chocolate consumption across all markets in fiscal year 2010. While some chocolate markets, such as China, India, Indonesia and Malaysia showed significant growth, Japan—one of the major markets—was flat. In the Asia-Pacific Region, we increased our sales volume by 15.5% to 47,984 tonnes. Sales revenue went up by 23.2% in local currencies (up 21.4% in CHF) and came in at CHF 211.1 million. The drivers for this strong growth were higher demand for quality chocolate, including our imported European products from the Gourmet & Specialties Product Group, and market share gains.

The Global Sourcing & Cocoa Region in fiscal year 2010 saw very volatile cocoa prices which reached new historical highs driven by fears of a poor crop and heavy speculative buying. Prices jumped aggressively in the initial months, reaching a 33-year high at the London terminal market in July 2010, but then fell back to close at £1,954 per tonne on 31 August 2010, around last year's level. While the world sugar price has shown a significant upside move due to a deficit production for the second crop in a row, the sugar price in the regulated EU, where we source the majority of our sugar supplies, was stable, even somewhat declining. Prices for the skimmed milk powder went up considerably in the first half of the fiscal year to then stabilise at a relatively high level. The Global Sourcing & Cocoa Region strongly increased the volume of cocoa products sold to third-party customers by 8.2% to 212,886 tonnes. North and South America were the top performers, with both showing double-digit growth. Sales revenue came in at CHF 962.5 million, a significant increase in local currencies of 29.9% (up 28.5% in CHF), due to both higher cocoa bean prices and higher volumes. There was high demand for cocoa powder since the market segments using cocoa powder as an ingredient—mainly the bakery, ice cream and beverage industries—did not suffer as much from the global economic crisis as the chocolate confectionery market where cocoa butter is used to a great extent. Due to the stagnation in the global chocolate market, cocoa butter stocks further increased. As a result the (forward) Combined Ratio was under pressure because the high cocoa powder prices could not compensate for the low cocoa butter

prices. The Combined Ratio showed a recent improvement but it is too early to say whether this will last. The figures reported under ''Global Sourcing & Cocoa'' include all sales of cocoa products to third-party customers in all Regions, while the figures shown under the respective Region show all chocolate sales.

The Food Manufacturers Product Group increased its sales volume by 8.3% to 830,849 tonnes, driven by solid growth in all Regions, the further implementation of previously signed outsourcing contracts and strong sales of decorations, as well as compounds and fillings. Sales revenue for fiscal year 2010 was CHF 2,716.7 million compared to CHF 2,605.6 million for fiscal year 2009. Sales revenue grew 9.6% in local currencies, 4.3% in CHF due to negative currency translation effects.

The Gourmet & Specialties Product Group managed to accelerate its fast growth pace as a result of a stronger focus on the business with artisanal customers, strengthened distribution, an adjusted product range and market share gains in all Regions. With more at-home consumption than in prior years due to the global economic crisis, for example in North America, the business in the bakery, pastry and confectioners segments was holding up while the Hotel/Restaurant/Catering (HORECA) segment was generally still soft. Sales volume grew significantly by 17.3% to 133,048 tonnes, partly supported by scope effects resulting from the recent acquisitions of Eurogran in Denmark and Chocovic in Spain. In the beverage business, we are now the market leader in Europe. Sales revenue amounted to CHF 707.6 million, up 19.4% in local currencies (up 14.3% in CHF).

The Consumer Product Group underwent a change in scope due to the divestment of the Consumer Product Group in the Asia-Pacific Region in fiscal year 2009 and the reclassification of certain volumes from the Food Manufacturers Product Group into the Consumer Product Group in line with the segment reporting changes introduced in fiscal year 2010. This had an impact on sales volume, sales revenue and operating profit (EBIT). Nonetheless, the Consumer Product Group managed to grow its international sales and to improve its country portfolio. Sales volume overall declined by 5.7% to 128,497 tonnes. Sales revenue amounted to CHF 827.0 million, a decrease of 4.6% in local currencies or 8.8% in CHF.

Gross Profit. Gross profit increased by 4.0% to CHF 736.2 million for the fiscal year ending 31 August 2010 from CHF 707.8 million for the fiscal year ending 31 August 2009. Gross profit was negatively affected by translation effects and the low Combined Ratio throughout the year but the volume growth, in particular the disproportionately high growth of the higher margin Gourmet & Specialties Product Group, more than compensated for these effects. In local currencies, gross profit grew by 6.3%. Gross profit per tonne decreased slightly by 3.3% to CHF 564 from CHF 583 the year before. This was mainly due to translation effects as most currencies weakened against the Group's reporting currency, the Swiss franc.

Marketing & Sales Expenses. Marketing and Sales expenses amounted to CHF 120.8 million for the fiscal year ending 31 August 2010, almost constant compared to CHF 120.3 million for the fiscal year ending 31 August 2009. Additional costs coming from acquisitions and the growth in sales were partly offset by positive foreign currency effects and partly by cost-saving measures, without compromising the Group's strategy to strengthen customer relationships.

General & Administration Expenses. General and administration expenses decreased slightly to CHF 248.8 million for the fiscal year ending 31 August 2010 from CHF 250.6 million for the fiscal year ending 31 August 2009. The effects from growth and acquisitions were offset by cost savings and positive effects from the currency translation.

Other income. Other income in the amount of CHF 20.5 million was recorded for the fiscal year ending 31 August 2010 compared to CHF 34.4 million for the fiscal year ending 31 August 2009. In both years, this position included operating but non-sales-related income items, such as gains on disposals of subsidiaries and assets, sales of waste products and income generated by the Group's Training Center, Schloss Marbach. The figure for the fiscal year ending 31 August 2009 included the gain on

disposal of the Consumer Product Group in the Asia-Pacific Region, which is the primary reason behind the decrease in fiscal year 2010.

Other expenses. Other expenses amounted to CHF 16.6 million for the fiscal year ending 31 August 2010 compared to CHF 20.5 million for the fiscal year ending 31 August 2009. This position comprised non-sales-related or non-recurring items such as restructuring costs, litigation and severance payments, impairment charges and losses on sales of property, plant and equipment. In the period under review impairment charges and losses on sales of property, plant and equipment and restructuring were lower compared to fiscal year 2009.

Operating Profit (EBIT). Operating profit (EBIT) increased by 5.6% to CHF 370.4 million for the fiscal year ending 31 August 2010, compared to CHF 350.8 million for the fiscal year ending 31 August 2009. Excluding the impact from foreign currency translation, the EBIT growth amounted to 7.9%. All Regions and Product Groups made a positive contribution to EBIT. Additionally, all Regions and Product Groups contributed to EBIT growth except for the Asia-Pacific Region and the Consumer Product Group, which benefited from the non-recurring gain on the sale of the Consumer Product Group in the Asia-Pacific Region in fiscal year 2009. The biggest absolute contribution to EBIT came from the Europe Region in terms of our Regions and from the Food Manufacturers Product Group in terms of our Product Groups. The biggest contributions to EBIT growth came from the Europe Region and the Gourmet & Specialties Product Group. EBIT per tonne receded slightly to CHF 283.8 from CHF 289.1 due to currency translation effects. In local currencies, EBIT per tonne edged up by 0.3%. The decline of EBIT per tonne in our Cocoa Product Group (due to the effects of the Combined Ratio development) and the Asia-Pacific Region (due to the non-recurring gain on the sale of the Consumer Product Group in the Asia-Pacific Region in fiscal year 2009) were compensated for by a higher EBIT per tonne in the other Regions. This was the result of expenses growing at a slower rate than volume due to tight cost control and scale effects on overhead costs.

In the Europe Region, operating profit (EBIT) increased to CHF 268.7 million, up 8.3% in local currencies (up 6.3% in CHF), as a result of efficiency gains, slight margin improvements and strict cost control.

In the Americas Region, operating profit (EBIT) increased to CHF 92.5 million, up 6.3% in local currencies (up 7.2% in CHF), positively influenced by the volume growth in both the Food Manufacturers and Gourmet & Specialties Product Groups, which was partly offset by infrastructure investments to support the ongoing growth, including start-up costs for the new chocolate factory in Brazil, opened in May 2010.

In the Asia-Pacific Region, due to the disposal of the Consumer Product Group in the Asia-Pacific Region in the previous fiscal year, operating profit (EBIT) decreased by 27.4% in local currencies (down 28.4% in CHF) and amounted to CHF 20.9 million. Without this one-off effect, EBIT grew 87.6% in local currencies (up 85.0% in CHF).

In the Global Sourcing & Cocoa Region, operating profit (EBIT) grew to CHF 54.5 million, up 5.4% in local currencies (up 3.7% in CHF). This growth was the result of a volume increase partially offset by pressure on the Combined Ratio.

Operating profit (EBIT) for our Industrial Products Business Segment (including our Cocoa and Food Manufacturers Product Groups) was CHF 290.6 million, up 7.5% in local currencies (up 6.3% in CHF), as a result of higher volumes, efficiency gains and continuous improvements.

Operating profit (EBIT) for the Food Service and Retail Products Business Segment (including our Gourmet & Specialties and Consumer Product Groups was CHF 146.0 million, up 1.9% in local currencies (down 0.8% in CHF). Excluding the one-off gain of CHF 17.9 million related to the aforementioned sale of the Consumer Product Group in the Asia-Pacific Region in fiscal year 2009, EBIT

went up 16.0% in local currencies and 12.9% in CHF mainly due to strong volume growth in our high margin Gourmet & Specialties Product Group.

Financial income. Financial income declined to CHF 2.0 million for the fiscal year ending 31 August 2010 from CHF 5.9 million for the fiscal year ending 31 August 2009 as a result of both lower interest income and the absence of gains on derivative financial instruments this year.

Financial expenses. Financial expenses were significantly lower at CHF 83.1 million for the fiscal year ending 31 August 2010 compared to CHF 97.5 million for the fiscal year ending 31 August 2009. This decrease resulted mainly from lower average interest rates on the floating rate debt and currency translation effects, which, however, were partly offset by losses on derivative financial instruments related to the hedging of interest rates.

Result from investments in associates and joint ventures. Results from investments in associates and joint ventures amounted to CHF (0.2) million for the fiscal year ending 31 August 2010 compared to CHF 0.5 million for the fiscal year ending 31 August 2009 and contains the Group's share in equity movements of equity-accounted investees, i.e. participations in companies, over which the Group has significant influence but not control.

Income Taxes. Income taxes increased to CHF 37.3 million for the fiscal year ending 31 August 2010 from CHF 32.7 million for the fiscal year ending 31 August 2009. This was mainly the result of a higher profit before income taxes whereas the Group's effective tax rate was almost constant at 12.9% compared to 12.6% the year before.

Net Profit. Net profit amounted to CHF 251.7 million for the fiscal year ending 31 August 2010, a strong growth of 10.9% compared to CHF 226.9 million for the fiscal year ending 31 August 2009. In local currencies, the increase amounted to 13.5%. This is the result of the higher operating result and lower net financial expenses. Net profit for the year attributable to the shareholders of the parent company amounted to CHF 251.2 million, compared to CHF 226.9 million in the precedent year.

Basic earnings per share. Basic earnings per share increased by 10.5% to CHF 48.62 for the fiscal year ending 31 August 2010, up from CHF 43.99 for the fiscal year ending 31 August 2009.

Cash earnings per share. Cash earnings per share, defined as operating cash flow before working capital changes divided by basic shares outstanding, showed a considerable improvement of 9.3% to CHF 88.60 for the fiscal year ending 31 August 2010 up from CHF 81.05 for the fiscal year ending 31 August 2009.

Liquidity and Capital Resources

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

The following table shows our sources and uses of funds for the six month periods ended 28 February 2010 and 2011 and the fiscal years ended 31 August 2009 and 2010:

	Fiscal year ended 31 August		Six months ended 28 February	
	2009	2010	2010	2011
	(CHF millions)			
Operating cash flow before working capital changes	418.1	457.8	299.4	250.9
Net cash from operating activities	240.6	177.7	(58.0)	(9.9)
Net cash flow from investing activities	(138.9)	(156.1)	(71.8)	(94.6)
Net cash flow from financing activities	(78.1)	(23.0)	163.5	61.9
Net increase/decrease in cash and cash equivalents	29.2	(0.8)	33.7	(41.7)

Consolidated Cash Flow Statement for the Six Month Periods Ended 28 February 2010 and 2011

Operating cash flow before working capital changes

Operating cash flow before working capital changes decreased by 16.2% to CHF 250.9 million in the six months ended 28 February 2011 compared to CHF 299.4 million in the six months ended 28 February 2010.

Net cash flow from operating activities

Net cash flow from operating activities (after working capital changes) amounted to an outflow of CHF (9.9) million in the six months ended 28 February 2011, which represents a decrease in the outflow of CHF 48.1 million as compared to the six months ended 28 February 2010. The increased investments in net working capital resulting from the growth of the business and increasing raw material prices were more than offset by the effects of hedging and efforts to reduce working capital. Generally due to seasonality, the cash-flow for working capital changes is normally negative for the first half year and positive for the second half year.

Net cash outflow from investing activities

Net cash outflow from investing activities amounted to CHF (94.6) million in the six months ended 28 February 2011, as compared to CHF (71.8) million in the six months ended 28 February 2010, as a result of higher investments in property, plant and equipment as well as intangible assets.

Net cash flow from financing activities

Net cash flow from financing activities amounted to CHF 61.9 million in the six months ended 28 February 2011 as compared to CHF 163.5 million in the six months ended 28 February 2010. The amount for the six months ended 28 February 2011 mainly includes net proceeds from the issue and repayment of debt in the amount of CHF 66.9 million (as compared to the six months ended 28 February 2010 of CHF 166.7 million) and the net purchase/sale of treasury shares in the amount of CHF (4.9) million (as compared to the six months ended 28 February 2010 of CHF (3.1) million).

Consolidated Cash Flow Statement for the Fiscal Years Ended 31 August 2009 and 2010

Operating cash flow before working capital changes

Operating cash flow before working capital changes improved considerably by 9.5% to CHF 457.8 million in the fiscal year ended 31 August 2010 as compared to CHF 418.1 million in the fiscal year ended 31 August 2009, mainly due to higher cash flows generated from increased sales. Cash outflow for interest and taxes on the other hand was lower in the fiscal year ended 31 August 2010

than in the fiscal year ended 31 August 2009, due to lower effective interest rates and a deferral of tax payments to the subsequent period.

Net cash flow from operating activities

Net cash flow from operating activities (including working capital changes) declined to CHF 177.7 million in the fiscal year ended 31 August 2010, down from CHF 240.6 million in the fiscal year ended 31 August 2009. The cash outflow for working capital changes was significantly higher mainly due to the higher cash outflow for inventories as a result of the business growth and high raw material prices, partly offset by higher payables.

Net cash flow from investing activities

Net cash flow from investing activities amounted to CHF (156.1) million in the fiscal year ended 31 August 2010 as compared to CHF (138.9) million in the fiscal year ended 31 August 2009. The amount for the fiscal year ended 31 August 2010 included the cash outflow of CHF (36.2) million for the acquisition of a business in Spain and deferred payments for earlier acquisitions (in the fiscal year ended 31 August 2009 the amount was CHF (16.9) million for the acquisition and CHF 17.2 million from the disposal of subsidiaries). The biggest outflow in both years, however, related to capital expenditures for operations such as capacity expansions, replacements, modernisations and information technology (CHF (145.1) million in the fiscal year ended 31 August 2010 as compared to CHF (144.4) million in the fiscal year ended 31 August 2009). This position also includes proceeds from the sale of assets (CHF 19.6 million in the current year and CHF 2.4 million in fiscal year 2009) as well as some other minor items.

Net cash flow from financing activities

Net cash flow from financing activities amounted to CHF (23.0) million in the fiscal year ended 31 August 2010 as compared to CHF (78.1) million in the fiscal year ended 31 August 2009. This position in the fiscal year ended 31 August 2010 mainly includes the net proceeds from the issue of new debt in the amount of CHF 47.4 million (in the fiscal year ended 31 August 2009 repayment amounted to CHF (10.1) million), the repayment of share capital of CHF (64.6) million (in the fiscal year ended 31 August 2009 this amounted to CHF (59.4) million) and the net purchase/sale of treasury shares in the amount of CHF (5.7) million (in the fiscal year ended 31 August 2009 this amounted to CHF (8.8) million).

Future Liquidity, Commitments and Financing Arrangements

We expect that, following the offering, our principal uses of cash will continue to be for working capital, capital expenditures, debt service, dividends paid to our shareholders and strategic acquisitions. We will continue to fund those expenditures with cash from our operating activities as well as from borrowings under our credit facilities and other working capital arrangements. In addition we expect cash inflow from the potential disposal of our Consumer Product Group in the Europe Region. It is our policy that any such excess cash is immediately used to repay our debt drawn under our credit facilities, while the committed facilities stay in place.

Working Capital Requirements

We purchase the majority of our cocoa beans between October and February, with inventories peaking around April. Our receivables are also typically high from October to January. As a result, our working capital needs generally peak in the second quarter (typically around February). Based on current cocoa bean prices, we estimate our peak variation in working capital to be between approximately CHF 200 million and CHF 300 million.

Summary of Commitments

The following table summarises the contractual obligations, commercial commitments and principal payments we would have been obliged to make as of 28 February 2011, as set out under "Summary—Summary Historical Financial Information," under our debt instruments, leases and other agreements.

Contractual Obligations	Payments due by period				
	Total	Less than 1 year	1–3 years	3–5 years	More than 5 years
			(CHF millions)		
Short-term debt obligations	354.7	354.7	—	—	—
Long-term debt obligations	624.8	—	187.4	—	437.4
Other long-term liabilities reflected on our balance sheet	175.0[1]				

Note

(1) This mainly relates to employee benefit obligations and deferred income tax liabilities (CHF 100.3 million and CHF 58.4 million, respectively).

Capital Expenditure

	Fiscal year ended 31 August		Six months ended 28 February (unaudited)	
	2009	2010	2010	2011
		(CHF millions)		
CAPEX—investments in property, plant and equipment and intangible assets	144.4	145.1	44.5	93.8

Our capital expenditures for the six month period ended 28 February 2011 were CHF 93.8 million compared to CHF 44.5 million for the six month period ended 28 February 2010. This increase was due to investments related to recently signed partnership and outsourcing agreements as well as the growth of the business.

The capital expenditures for the period ended 31 August 2010 amounted to CHF 145.1 million compared to CHF 144.4 million for the period ended 31 August 2009.

The largest portion of our capital expenditures usually fund maintenance on existing facilities, and are generally in line with the depreciation of these facilities.

Acquisitions and Disposals

We continually assess potential acquisitions and joint venture opportunities in line with our business strategies and consider such opportunities from time to time. For example, we have entered into letters of intent with respect to several proposed outsourcing arrangements, and are considering strategic options for our Consumer Product Group in the Europe Region. See "Summary—Recent Developments—Outsourcing Agreements" and "Summary—Recent Developments—Possible Divestiture".

Off Balance Sheet Arrangements

Our €275 million asset backed securitisation programme provides us with off balance sheet working capital. As discussed in "—Liquidity and Capital Resources," we use this programme to fund our general working capital requirements stemming from receivables and stocks. In fiscal year 2010 and the

first six months of 2011, the amounts securitised under this programme were always close to the overall programme limit. For a discussion of the contractual provisions of the programme see ''Business—Other Indebtedness—Asset Backed Securitisation Programme''. In addition, a brief summary of this asset backed securitisation programme can be seen at note 12 to our consolidated financial statements for the 2010 fiscal year.

Seasonality

The Group's business is typically influenced by seasonality in revenues and expenses over the course of the year. Historically, consumer purchases of chocolate products are highest in the months before Christmas and Easter. As a result, sales of semi-finished and finished products to customers are highest in the period between late August and the end of November, which includes production for the Christmas season, and, to a lesser degree, in the pre-Easter season.

Quantitative and Qualitative Disclosures about Market Risks

Market Risk

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

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

Financial Risk Management

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

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

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

advises the board of directors, which is the highest approval authority on important risk matters and/or asks for their approval before implementing strategies.

Commodity Price Risk

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

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

Our policy is to hedge our chocolate price risk which consists of the price risk of cocoa and other commodities such as milk, sugar and nuts for open sales contracts of industrial chocolate (Contract Business). We use commodity futures, commodity forward contracts and inventories to manage price risks associated with firm sales commitments of industrial chocolate (Contract Business).

Foreign Exchange Risk

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

All risks related to foreign currency exposures of assets and liabilities, certain unrecognised firm commitments and highly probable forecasted purchases and sales are centralised within our In-house Bank, where the hedging strategies are defined.

Accordingly, the consolidated currency exposures are hedged in compliance with our Treasury Policy, mainly by means of forward currency contracts entered into with high credit quality financial institutions. Our Treasury Policy imposes a dual risk control framework of both open position limits and near-time fair valuation of the net currency exposures. Both levels of control are substantially interlinked, avoiding excessive net currency exposures and substantial volatility in the income statement.

Interest Rate Risk

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

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

Credit Risk

Credit risk, i.e., the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. As of 31 August 2010, the largest customer represented 10% (compared to 4% in 2009) whereas the 10 biggest customers represent 26% (compared to 18% in

2009) of trade receivables. Due to the diverse geographic and large customer base, we have no material credit risk concentration.

The extent of our credit risk exposure is represented by the aggregate balance of amounts receivable, reduced by the effects of netting arrangements, if any, with counterparties. The maximum nominal credit risk exposure in the event all other parties fail to perform their obligation was CHF 750.4 million as of 31 August 2010 (compared to CHF 649.3 million as of 31 August 2009). We have insured certain credit risks through a credit insurance policy. Selected number of customers with significant outstanding amounts are covered by that policy.

Liquidity Risk

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

Critical Accounting Policies

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

The ''Summary of Accounting Policies'' included in our annual consolidated financial statements beginning on page F-10 of this Offering Circular describes the significant accounting policies and methods used in the preparation of our consolidated financial statements.

INDUSTRY

Cocoa as a Raw Material for Chocolate Production

Cocoa constitutes the most significant ingredient in chocolate. Originally grown in Latin America, cocoa has been grown on a large scale in West Africa (now the predominant source of the global supply of cocoa) since the beginning of the twentieth century, and in Southeast Asia for the last 25 years. According to statistics by the International Cocoa Organisation (''*ICCO*''), production is heavily concentrated in seven countries that in the aggregate represent approximately 88% of global production—the Ivory Coast, Ghana, Indonesia, Nigeria, Cameroon, Brazil, and Ecuador.

Although patterns of land ownership vary across the cocoa growing countries, the predominant form of land ownership for cocoa production is small landholdings owned by individual farmers. Generally, unlike coffee estates, large cocoa estates are prevalent only in a few countries. Cocoa is harvested, fermented and dried locally at the harvest site and then transported for sale or export. Cocoa is generally sold for export from producing countries either by private shippers or, in the case of Ghana, through the state controlled Cocoa Marketing Board. The cocoa markets in the Ivory Coast were liberalised in late 1999. Since then, a number of agencies have been created by the Ivorian government to regulate the cocoa export market. Their tasks mainly consist of quality checks on the cocoa and ensuring the payment of taxes. See ''Risk Factors—Risks Relating to Our Business—We obtain cocoa beans, our primary raw material, from countries in West Africa and other emerging markets''.

The international cocoa trade is characterised by a high degree of market concentration. We estimate that Barry Callebaut, together with ADM and Cargill accounted for approximately 46% of the world cocoa bean grindings in fiscal year 2010.

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

Cocoa Bean Pricing

The price of cocoa beans fluctuates based, among other things, upon world supply and demand. The price of cocoa beans is quoted on two commodity exchanges. The London International Financial Futures Exchange (''*LIFFE*'') covers the European and Middle Eastern markets, traded in £/metric ton (''*mt*'') and includes mainly fermented beans from West Africa, and the Intercontinental Exchange Futures US (''*ICE Futures US*'') covers the North and South American market as well as the Far Eastern market, which trades in US$/mt and offers mainly unfermented beans from Asia. The price of cocoa beans has fluctuated significantly over the last ten years. During 2001 and 2002, the price increased significantly due to poor harvests in 2000 and 2001 and civil unrest in the Ivory Coast. During 2003-2005, good crops in West Africa have led to a more balanced supply and demand situation and a less volatile market.

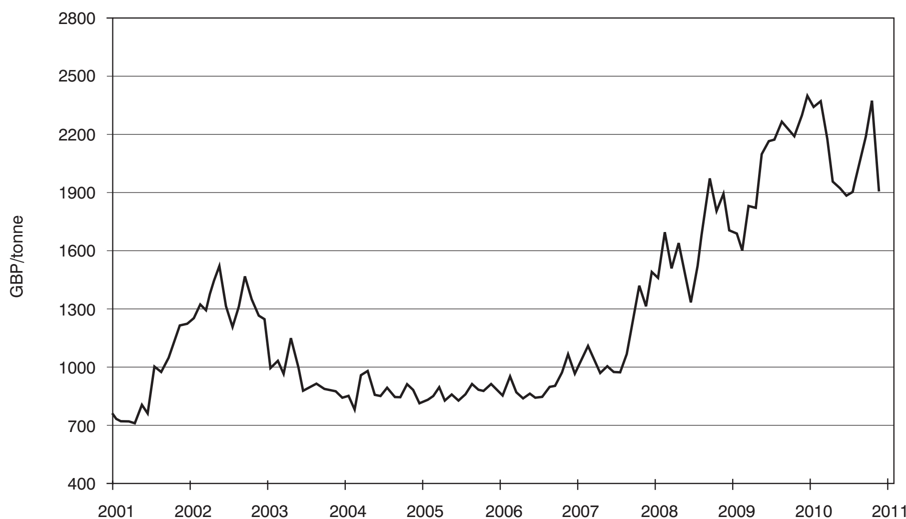
Since 2006-2009, cocoa prices have increased and volatility is higher due to a combination of increased trading by hedge funds that have taken an interest in cocoa as an asset, an increase in demand, especially from emerging markets and, conversely, a partly declining supply of cocoa, lower bean quality, the prevalence of disease in the cocoa crops, as well as additional capacity taking several years to materialise. The supply fundamentals of the 2009/2010 cocoa crop were positive, with an 8% increase in output compared with the 2008/2009 crop cycle, mainly due to good weather conditions.

During the first half of the 2010/11 crop year, terminal markets have traded firmly in the wake of the events in the Ivory Coast, which impacted the cocoa business both directly (from the export ban) and indirectly (from the civil war).

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

London International Financial Futures Exchange (LIFFE)

Six month forward delivery prices over the last ten years



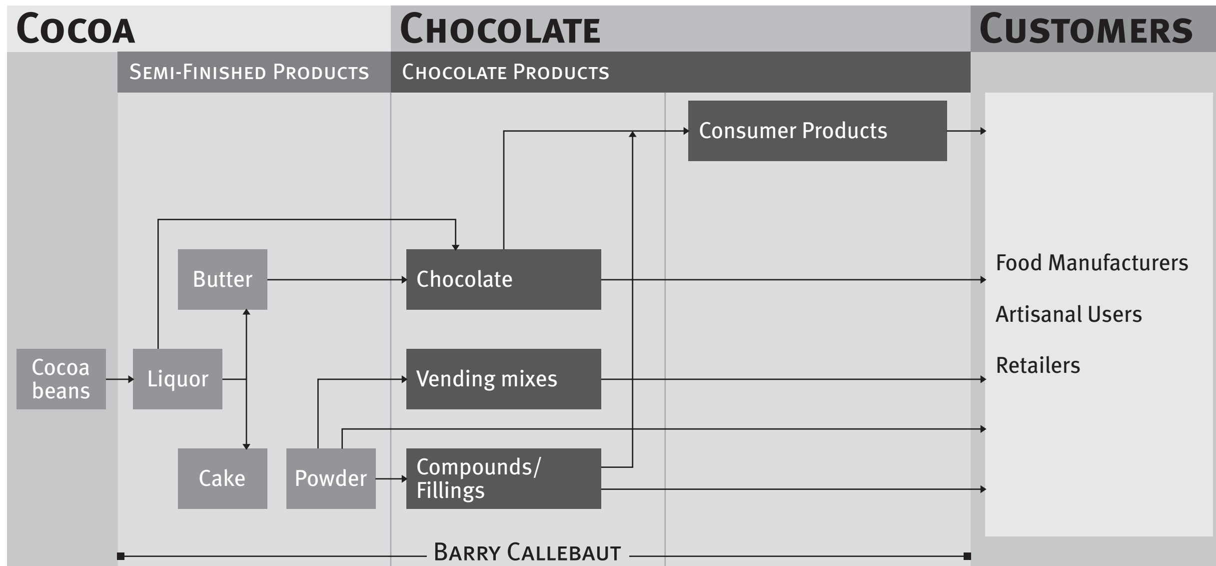
Source: Reuters.

The price of cocoa beans on the ICE Futures US has experienced similar fluctuations to those of prices on the LIFFE. The LIFFE terminal market closed at £1,981/mt on 28 April 2011.

Chocolate Processing

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

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



The following products result from the chocolate production process:

- Semi-finished products: Cocoa liquor, cocoa butter, cocoa cake and cocoa powder.
- Chocolate products: Industrial chocolate, compounds, gourmet and specialties fillings and vending mix (cocoa blends for beverage machines).
- Consumer products: Chocolate bars and tablets, candy bars, Easter eggs, pralines, nut products, biscuits, dairy products, ice cream, chocolate toppings and syrups.

We do not grow cocoa beans. We sell products produced at each stage of this process.

Market Demand for Chocolate

Chocolate consumption is influenced by weather, with per capita consumption higher in colder climates than in warmer climates, and by per capita income, with higher consumption coinciding with higher per capita income levels.

Historically, the global chocolate confectionery market has grown, on average, between 2 and 3% annually.

According to Euromonitor International, between 2005 and 2010, the worldwide chocolate confectionery market increased by 7.1% in aggregate (from approximately 6.7 million tonnes to 7.2 million tonnes), and year-to-date 2011 has remained at the same volume level as 2010 (7.2 million tonnes). In Europe, according to Euromonitor, annual per capita chocolate consumption in 2010 was 5.4 kilogrammes, with significant variations by country (for example, 11.7 kilogrammes in the United Kingdom, 9.3 kilogrammes in Switzerland, 9.4 kilogrammes in Ireland, 1.7 kilogrammes in Portugal and 2.7 kilogrammes in Italy). In the United States, according to Euromonitor, chocolate consumption per capita was 4.7 kilogrammes per person in 2010. Annual per capita chocolate consumption remains still relatively low in emerging markets. In Brazil, for example, per capita chocolate consumption was 1.3 kilogrammes, and in China, 0.1 kilogrammes, according to Euromonitor.

Since 2005, chocolate consumption per capita has experienced a modest increase, primarily due to the increasing purchasing power from emerging markets and also as a consequence of higher awareness of the health benefits of cocoa/chocolate.

The global chocolate confectionery market is valued at approximately US$95 billion (approximately €69.5 billion), and is estimated to grow in volume by 2.0% in 2011, according to data provided by Euromonitor. The fastest growth is seen in emerging markets, driven by an increasingly affluent consumer base in countries such as Russia, China, Brazil, Mexico and India, amongst others.

Open and Captive Market

Until around thirty years ago, the majority of companies in the chocolate industry were fully vertically integrated, purchasing and processing cocoa beans into semi-finished products and industrial chocolate, and using the industrial chocolate to produce consumer products. Since the early 1970s, however, the majority of fully vertically integrated companies have shifted their focus to producing consumer products from semi-finished and industrial chocolate purchased from third parties. This evolution has created an ''open market'' for industrial chocolate in addition to the ''captive market'' comprising industrial chocolate produced by fully vertically integrated companies.

Participants in the captive market are mainly, but not only, large global companies, such as Nestlé, Mars, Hershey, and Kraft, which have sizeable demands for cocoa beans and continue to process their own beans to produce industrial chocolate for use in their consumer products. The open market, by contrast, is supplied by large, global companies, such as ADM, Cargill and Barry Callebaut, and, in certain countries, by smaller local players. Customers in the open market include biscuit manufacturers, confectionery companies, bakeries, ice cream and dairy product manufacturers that typically choose, as part of their strategy, not to invest in cocoa bean or chocolate processing.

Trends

Outsourcing

In the last years, the distinction between the open market and the captive market has become less clearly defined. We estimate that from the total global industrial chocolate market approximately 49% is open market and 51% is captive market. Some fully vertically integrated consumer products companies have begun to sell their excess seasonal production of industrial chocolate in the open market. Other fully vertically integrated consumer products companies, such as Nestlé, Hershey, Kraft/Cadbury, have begun to buy some semi-finished and industrial chocolate from companies like Barry Callebaut who supply the open market, in order to focus more resources on the consumer products. Furthermore, we believe that fully vertically integrated companies will increasingly outsource production of their industrial chocolate needs as a consequence of a number of factors, including:

- the capital intensive nature of industrial chocolate production;
- the strategy of food manufacturers of focusing on their core competencies (marketing and branding);
- increased access to the most recent innovations and new technology;
- a reduction in the complexity of production;
- greater cost competitiveness;
- increased access to origin and specialty beans;
- less exposure to volatility in ingredient prices; and
- increasing focus on Corporate Social Responsibility to promote a sustainable cocoa supply chain.

In addition to the above trends, we believe demand from large, international retail chains for customer label consumer products, as well as for premium products, will also continue. The demand for

customer label products has grown primarily as a result of the significantly lower retail price of customer label products as compared to branded products and, accordingly, a perception of ‘‘better value for money’’.

Premium, Niche, and Health Products

In Western Europe and North America, the market for standard chocolates is mature, and growth can be attributed mainly to premium products such as dark, single origin, organic, health enhancing and fair trade chocolates. During the economic crisis we saw lower demand for premium products, but as the global economy recovers, demand for premium products is beginning to rebound. As a consequence, the market is growing both in the premium and the value for money categories.

The health enhanced chocolate products have been boosted by new research which shows that chocolate, through its rich antioxidants, may help prevent cancer and heart disease, enhance the immune system, and give a feeling of well being. Cocoa also contains one of the highest natural sources of magnesium, which has been proven beneficial for cardiovascular health and hypertension.

High Population Growth and Rising Incomes in Emerging Markets

In recent years we have seen double digit growth rates in chocolate consumption in the emerging markets, while the growth in consumption in developed markets has been between 0-2% per year. The growth in chocolate consumption coming from emerging markets is driven by population growth coupled with rising income per capita. We expect that most of these emerging markets, including China, India, Brazil and Eastern Europe, will become increasingly important in the future for the global chocolate market.

BUSINESS

Overview

We are the largest manufacturer of cocoa and chocolate products in the world, measured by sales volumes in fiscal year 2010. Our principal product is industrial chocolate, which we supply to industrial food processors, such as chocolate manufacturers, biscuit manufacturers, confectioners, and dairy companies, as well as to artisanal users of chocolate, such as chocolatiers, pastry chefs, bakers and the food service industry. We are the largest manufacturer of industrial chocolate in the world, with an estimated market share of close to 40% of the open market, measured by sales volumes in fiscal year 2010. In addition, we manufacture semi-finished products on a global basis, including cocoa liquor, cocoa butter, and cocoa powder. We also manufacture branded and customer label consumer products, principally in Germany, France, Belgium and Switzerland. For the twelve months ended 28 February 2011, our consolidated revenues were CHF 5,295.2 million (€4,043.4 million), our EBITDA was CHF 474.3 million (€362.2 million) and our net profit was CHF 264.8 million (€202.2 million).

We are a vertically integrated business whose activities range from sourcing cocoa beans and other raw materials to producing and marketing a wide range of chocolate, gourmet and specialties and consumer products. Over the last decades we have developed a strong position and significant experience in sourcing cocoa beans, particularly in the Ivory Coast, Ghana and Cameroon, three of the most important cocoa bean producing countries. We are present in 26 countries and benefit from a global network of 43 production facilities. In fiscal year 2010, we bought about 16% of the total volume of cocoa beans grown worldwide. We produce chocolate to the specifications of almost 2,000 recipes for approximately 6,000 industrial customers and several thousands of artisanal customers.

Since fiscal year 2009 our business has been organised into four geographic regions (''*Regions*'')— the Europe Region, the Americas Region, the Asia-Pacific Region and the globally managed Global Sourcing & Cocoa Region (responsible for the global procurement and risk management of our high-quality raw materials such as cocoa, sugar, dairy products, oils and fats, nuts and other ingredients as well as packaging material), which is reported as a separate segment similar to a Region. With revenues of CHF 3,042.0 million for fiscal year 2010, Europe Region accounted for 58% of our total revenues, while the Americas Region had revenues of CHF 998.2 million and accounted for 20% of our total revenues, the Asia-Pacific Region had revenues of CHF 211.1 million and accounted for 4% of our total revenues and the Global Sourcing & Cocoa Region had revenues of CHF 962.5 million and accounted for 18% of our total revenues.

Within our Regions, our business is further divided into two Business Segments, each of which is further divided into Product Groups as follows:

- The Industrial Products Business Segment which comprises:
  - the Cocoa Product Group (part of the Global Sourcing & Cocoa Region); and
  - the Food Manufacturers Product Group,
- The Food Service/Retail Products Business Segment which comprises:
  - the Gourmet & Specialties Product Group; and
  - the Consumer Product Group (which operates mainly in Europe).

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

- Our **Cocoa Product Group**, part of our Global Sourcing & Cocoa Region, is the global production unit for semi-finished products such as liquor, cocoa butter and cocoa powder. The figures reported for the Cocoa Product Group include only sales of cocoa products to third-party

customers in all our Regions. It generated sales of CHF 962.5 million in fiscal year 2010, representing 18% of total group sales revenue and 16% of sales volume in tonnes by Product Group.

- Our **Food Manufacturers Product Group** is our largest Product Group, supplying industrial chocolate, fillings and compound coatings to chocolate manufacturers, biscuit manufacturers, ice cream manufacturers and others. It generated sales revenues of CHF 2,716.7 million in fiscal year 2010, representing 52% of total group sales revenue and 64% of sales volume in tonnes by Product Group.
- Our **Gourmet & Specialties Product Group** supplies specialty products to bakeries, artisanal customers such as chocolatiers, confectioneries, hotels, restaurants and caterers as well as vending mixes to vending machine operators. It generated CHF 707.6 million in fiscal year 2010, representing 14% of total group sales revenue and 10% of sales volume in tonnes by Product Group.
- Our **Consumer Product Group** supplies consumer chocolate confectionery to retailers in Europe under our own brands and under customer label brands. It generated sales of CHF 827.0 million in fiscal year 2010, representing 16% of total group sales revenue and 10% of sales volume in tonnes by Product Group.

Our Strengths

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

Leading Market Share

We are the largest manufacturer of industrial chocolate in the world and the world leader in industrial chocolate production to external customers, measured by our fiscal year 2010 sales volumes. We estimate that we supplied close to 40% of the industrial chocolate for the open market, measured by sales volumes in fiscal year 2010. We also estimate that we have the largest share of industrial chocolate production to external customers in Europe and in North America, measured by sales volumes in fiscal year 2010. Our market share is driven by economies of scale, cost leadership, innovation, global footprint, product quality, flexibility in production and delivery and other value-added services.

Broad Customer Base

We serve approximately 6,000 industrial customers worldwide. None of our customers represented more than 10% of our sales volume in fiscal year 2010, and our top 15 customers accounted in the aggregate for approximately 34% of our total sales volume in fiscal year 2010. Our customers range from multinational food manufacturers who produce chocolate, confectionery, biscuits, dairy products (including ice cream and yoghurt) and breakfast cereals, to artisanal users, including hotels, restaurants, chocolate makers, pastry chefs and bakers, as well as department stores and food retailers.

Global Footprint and Reach of Marketing

We are present in 26 countries with 43 factories worldwide, which gives us a unique position to be relatively close to our principal customers and centers where many customers are located, ensuring that we can deliver products in the most efficient way and at the time when they are needed, consistent with our ''just-in-time'' strategy.

We have a worldwide distribution network that complements our global production facilities and enables us to meet our customers' needs across a wide range of geographies and product sectors. We seek to strengthen our ties with customers both locally and globally by using our 13 Barry Callebaut

Chocolate Academies. These academies train customers in the use of our products, introduce product innovations and help to promote the Barry Callebaut name.

Wide Range of Products of Consistent Quality

We believe the range and quality of our products are among our greatest competitive advantages. We are vertically integrated, with activities ranging from sourcing raw materials through production of semi-finished cocoa, chocolate, gourmet and specialties as well as consumer products. Our broad range of activities and products enables us to offer our customers a ''one-stop'' source for their cocoa and chocolate related product needs.

We believe the quality of our products also represents a competitive advantage. We are directly involved in cocoa bean sourcing in the countries of origin, thereby maximising our ability to control the quality of our products. Through the development and use of standardised manufacturing equipment and processes, we also aim to ensure the consistency and quality of our products across our manufacturing facilities. We believe that our ability to produce a broad range of specifically tailored products—manufactured from almost 2,000 recipes—that meet our customers' specifications at locations convenient to our customers throughout the world sets us apart from our competition. Our broad product range is complemented by a comprehensive range of support services in the fields of research and product development, processing, training and marketing.

Preferred Partner for Outsourcing/Strategic Partnerships of Cocoa Products and Chocolate Manufacturing

In past years, we have seen an increasing number of chocolate confectionery companies stop making all or part of their own chocolate, believing it to be more economical to buy chocolate from larger industrial partners and to concentrate on the final steps of the value chain, such as chocolate moulding and marketing. We are a leading outsourcing partner for such customers, offering a broad range of high-quality products, dedicated know-how and innovation, and a global manufacturing and service network that can assist customers throughout every stage of the chocolate making process, from the beginning to the contract manufacturing of finished, brand-packaged consumer chocolate products. Since 2007 large multinational chocolate makers have also started to outsource certain parts of their production on a long-term basis, and we have capitalised on this trend by entering into long-term supply agreements with Nestlé, Hershey, Cadbury, Morinaga and most recently with Kraft Foods Inc. (''*Kraft Foods*'') and Green Mountain Coffee Roasters to supply them with products, including cocoa products and chocolate products. See ''—Recent Developments—Outsourcing Agreements'' below. We expect this trend to continue and believe that we are in an excellent position to further gain share of such outsourcing opportunities.

Leading in Research and Development

Barry Callebaut is the only global cocoa and chocolate manufacturer with an integrated research and development (R&D) network, covering cocoa bean and semi-finished research (in origin countries) and chocolate, compounds and fillings in those countries that consume most of our products. As a result, we operate 15 R&D centres worldwide where we conduct applied R&D for our customers. Our innovative and applied R&D teams use 14 pilot facilities and 15 application labs to conduct small-scale test runs producing high-quality cocoa and chocolate products, to make end applications, and to improve products and recipes for our customers and their production processes.

In response to the growing sophistication of chocolate and related products, we dedicate significant resources to research and development. We believe we are a leader in the use of state-of-the-art technology in cocoa processing and chocolate production. Through our in-house research and development efforts, we have developed our own processes and some proprietary machinery, which we believe enable us to consistently produce the broad spectrum of products demanded by our customers

to their quality specifications. In addition, we develop new products in close co-operation with our customers, enabling us to further strengthen our relations with these customers. Products resulting from our research and development activities include more complex forms of existing products, such as recipe optimisation, new types and flavours of fillings, entirely new products based on technological advancements, including healthier alternatives such as reduced sugar and reduced fat chocolate. Our core research and development efforts are focused on adding special properties and functionalities to our chocolate products. However, we also look beyond chocolate and are exploring new areas, such as cocoa ingredients for applications in other industries.

Leader in Market-facing Corporate Social Responsibility Initiatives

To ensure future cocoa supply and to satisfy the demands of our customers, we work with farmers and farmer organisations in countries including Ivory Coast, Ghana, Cameroon, Malaysia and Brazil to grow cocoa in a sustainable, responsible way. With our acquisition of a 49% stake in Biolands in 2008, we further expanded our support of farmer-focused programmes in Tanzania, Sierra Leone and the Ivory Coast. We have stepped up our respective sourcing and procurement activities as more customers have explored options for certified cocoa and chocolate products. Through our engagement with industry initiatives such as the Cocoa Livelihoods Programme, managed by the World Cocoa Foundation and funded by leading market players and the Bill & Melinda Gates Foundation, we further support farmer training and innovative solutions to boost their productivity. Higher crop yields per hectare and better quality cocoa can help increase farmer incomes and increase family livelihoods. As a member of the International Cocoa Initiative and through other actions, we support child labour sensitisation activities and fund programmes that work towards eradicating child labour abuses in cocoa.

Our Strategy

In order to further strengthen our leading position in each of our Regions and Product Groups and to stay ahead of the global chocolate market, our strategy, which has remained consistent over the years, is based on three pillars—expansion, innovation, and cost leadership.

Expansion

We intend to continue the expansion of our business in three primary aspects. We intend to expand geographically by growing our Gourmet business and via outsourcing and strategic partnerships. With respect to our industrial customers, we aim to strengthen our position in the mature markets of Western Europe and North America. We are selectively expanding our geographic presence in certain emerging markets which we have recently entered, aiming to develop their full potential, and we continue to carefully evaluate whether to enter other emerging markets in Asia, South America and Eastern Europe. Additionally, we plan to expand our business by accelerating the growth of our Gourmet & Specialties Product Group. Finally, implementing existing outsourcing volumes and strategic partnerships, as well as securing further outsourcing deals with regional and local food manufacturers, will remain an essential part of our business strategy.

Innovation

We believe that we are recognised as the standard setter for innovation in the chocolate industry—in both research and development and product trends. Our dedicated global R&D teams focus on two different areas: fundamental research into the health-enhancing properties of the cocoa bean and applied research leading to cutting-edge cocoa and chocolate products such as the development of the Controlled Fermentation technology. Our applied R&D teams support our customers to improve their products and recipes as well as their production processes on their own production lines. Our R&D department manages about 1,750 projects, runs almost 7,600 trials and conducts more than 400 technical visits with our customers every year.

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

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

Cost Leadership

Cost leadership is an important reason why our international customers outsource chocolate production to us. Innovation and geographic expansion will only be possible if we succeed in maintaining cost leadership over the long term. Industrial customers will only transfer and outsource production to us if we are able to offer cost competitive terms. We are continuously improving our operational and cost efficiency by upgrading our technology and achieving higher scale effects through better capacity utilisation, by optimising product flows, logistics and inventory management, as well as by reducing our energy consumption and lowering fixed costs. We are using the ''dedicated factory'' approach to achieve these objectives, meaning that each one of our 43 factories has a clear focus and a particular role within our production network. This allows us to benefit from economies of scale and to develop a high level of specialist know-how in each factory. All our standard products are produced as close to customers as is possible and we also seek to have the optimal manufacturing footprint in all major regions. For every major standard product, there is a factory providing back-up production capacity. Specialty products are manufactured centrally in a limited number of appropriately equipped factories. Our factories in the origin countries give us privileged access to cocoa beans and allow us to optimise the supply chain. In our ''Centres of Excellence'', which are focused on specific product groups or production technologies, we are constantly refining production processes and technologies and improving our use of energy, whilst targeting a reduction in manufacturing costs per tonne of activity by 2% per year. In total, manufacturing costs per tonne of activity in fiscal year 2010 were reduced by 5% (in local currencies) compared to fiscal year 2009.

History

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

Callebaut as a pure cocoa and chocolate products manufacturer and a market leader in industrial chocolate production.

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

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

Our recent acquisitions and expansion of our business include:

- 1999 Acquisition of Carma AG in Switzerland;
- 2002 Acquisition of the Stollwerck Group in Germany;
- 2003 Acquisition of Dutch Group Graverboom B.V. (including Luijckx B.V.);
- 2003 Acquisition of Brach's Confections Holding, Inc. in the United States;
- 2004 Acquisition of the vending mix business of AM Foods in Sweden;
- 2005 Opening of a chocolate factory in California, United States;
- 2007 Opening of a chocolate factory in Chekhov, Russia;
- 2007 Divestment of Brach's Confections Holding, Inc., United States;
- 2007 Signing of major long-term outsourcing contracts with Nestlé, Hershey's and Cadbury;
- 2007 Acquisition of a cocoa factory in Pennsylvania, United States;
- 2008 Opening of a chocolate factory in Suzhou, China;
- 2008 Opening of a sales office and Chocolate Academy in Mumbai, India;
- 2008 Acquisition of a 60% stake in KLK Cocoa in Malaysia;
- 2008 Sale of African Consumer business;
- 2008 Opening of four Chocolate Academies in Suzhou, China; Zundert, The Netherlands; Chekhov, Russia; and Chicago, Illinois, United States;
- 2008 Acquisition of IBC, specialist in decorations, in Kortrijk-Heule, Belgium;
- 2008 Outsourcing agreement with Morinaga in Japan and start of production in new factory;
- 2008 Acquisition of a 49% stake in Biolands, Tanzania;
- 2009 Opening of a chocolate factory in Monterrey, Mexico;
- 2009 Sale of Asian Consumer business to Hershey's;
- 2009 Distribution agreement signed with Bunge Alimentos in Brazil;
- 2009 Acquisition of Danish vending mix company Eurogran;
- 2009 Acquisition of Spanish chocolate maker Chocovic, SA;
- 2010 Opening of a chocolate factory in Extrema, Brazil; and
- 2010 Signing of a major global supply agreement with Kraft Foods.

Recent Developments

Outsourcing Agreements

On 9 September 2010, we announced the signing of a long-term global master product agreement with Kraft Foods, the world's second largest food company and a global leader in confectionery. Under the terms of the agreement, we are expected to deliver the majority of Kraft Foods cocoa products and industrial chocolate around the world. The agreement, which also includes some of the Cadbury liquid chocolate deliveries under the current outsourcing agreement, is expected to more than double our existing business with Kraft Foods with a ramp up period of three years. In order to meet the increased demands required under this agreement, we will increase our production capacities primarily in the United States, Canada, the Ivory Coast and Malaysia, as well as in Europe, invest approximately US$65 million and gradually build up quantities over the next two years.

In October 2010, we signed a long-term supply agreement with Green Mountain Coffee Roasters, which is recognised as a leader in specialty gourmet coffee in the United States. We will be the unique supplier of cocoa/chocolate beverages to them. As a result, we are investing significantly in our production site in Kågeröd, Sweden, which will be ready to start production by the second quarter of fiscal year 2012.

In May 2011, we announced an agreement with Hershey to increase the volume of products supplied by us for the long-term, expanding the supply and innovation agreement signed with Hershey in 2007.

Possible Divestiture

Our board of directors and management have reviewed the strategic options for our Consumer Product Group in the Europe Region, and they have decided that this business is no longer core to our Group, which may lead to a divestment of this Consumer Product Group. We are currently exploring the market to determine available options, and we have retained external advisers to assist us with this process.

Ivory Coast Export Ban

Presidential elections were held in the Ivory Coast in October 2010, and Mr. Ouattara was elected as the new president. However the incumbent president Mr. Gbagbo did not accept the result and refused to step down, even after pressure from the international community. Therefore, Mr. Ouattara called on the international community to stop all exports of cocoa products out of the Ivory Coast, and the resulting export ban became effective on 24 January 2011. The export ban was also imposed by the European Union and lasted until Mr. Gbagbo was arrested on 9 April 2011.

In response to the export ban, we put in place a contingency plan. Immediately following the ban we increased production in our other cocoa factories worldwide where we had spare capacity and increased sourcing from Ghana, Indonesia and Nigeria and, as a result, we were able to continue to supply our customers as planned. As we have been operating in the Ivory Coast for over 50 years and our local operations are mainly run by local employees, we were able to maintain our cocoa processing activities in the Ivory Coast. As a result of the implemented contingency plans, we believe we would have been able to supply our customers until at least the end of 2011 had the export ban lasted until that time.

As a result of the export ban we incurred additional costs, mainly due to the shift in production to other sites worldwide and the purchase of cocoa beans and also semi-finished products from other origin countries. However, we do not believe such additional costs to be significant.

On 8 May 2011 exports resumed and the overall situation in the Ivory Coast has improved considerably and continues to improve day by day.

Customers

In fiscal year 2010, we served approximately 6,000 industrial customers worldwide. Our 15 largest customers by volume in fiscal year 2010 accounted for approximately 33% of our total sales volume, and none of our customers represented more than 10% of our total sales volume. We believe that further consolidation in the food industry will result in fewer but larger customers.

Our Food Manufacturers Product Group provides industrial chocolate, ready to use fillings, coatings and customised services to the entire food manufacturing industry. The Food Manufacturers Product Group is a supplier to chocolate manufacturers, premium praline products and biscuit manufacturers and ice cream manufacturers. We often conduct our research and development projects in close cooperation with key food manufacturers in order to meet their needs more consistently and to strengthen our relationship with them.

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

Our Consumer Product Group, which supplies chocolate products directly to retail customers, is built on three strategic pillars: providing comprehensive customer label solutions, contract manufacturing services for international food manufacturers, and a small number of local brands for bringing innovations to market. Our know how in the area of consumer products also strengthens our ability to offer broader outsourcing options to our global industrial and retail customers—all the way through to the finished consumer product.

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

Products

We offer a broad and expanding range of chocolate and other cocoa based products for sale to our customers, and manufacture products from our almost 2,000 different recipes. We tailor our products to the specific needs of our customers.

Food Manufacturers Products

Our Food Manufacturers Product Group provides the food manufacturing industry with chocolate products including industrial chocolate, fillings and compound coatings.

Our principal product in this sector is industrial chocolate. Industrial chocolate is produced by combining cocoa butter, cocoa liquor, sugar, and in some cases, milk products; which our customers then use to produce consumer products. Our product range comes in different packaging forms and shapes, such as blocks, easy melts, drops, pearls, and sticks, or in liquid form. In addition to industrial chocolate, we produce compound, a less expensive alternative to industrial chocolate. Compound is made by combining cocoa powder, sugar and vegetable fat; because of the special characteristics of vegetable fat in compound, compound products are especially suited to the production of certain ice cream products. We also produce chocolate fillings, which may be either fat based or water based, and which are more technical products than compound because of the additional processing required. The fillings we produce include nut and fruit flavoured fillings, baking resistant fillings and other products. We also have a range of inherently healthy chocolates, including chocolates made without artificial colours and aromas, chocolates made with healthier fats, higher levels of cocoa flavanols or other functional ingredients, reduced sugar, reduced fat, dairy-free alternatives to milk chocolate, stevia

(sugar-free) chocolate or products lower in saturated fats, among others, all of which we refer to as ''rebalanced'' applications. In addition, we produce gourmet and specialties products to our food manufacturing customers as described under Gourmet & Specialties Products.

We have positioned ourselves as a know-how partner and a global service provider for our food manufacturing customers, where quality plays a central role as a result of consumer demands.

Our principal brand in this business sector is Barry Callebaut.

Gourmet & Specialties Products

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

Our Gourmet products are sold under the two global brands Cacao Barry and Callebaut plus multiple local and regional brands. Our vending products are sold principally under the Van Houten and Caprimo brands.

Product Range

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

- Organic chocolates

  We produce organic chocolate from all natural, organic raw materials. In accordance with EU regulations, our organic chocolate contains at least 95% organic ingredients.

- Certified chocolates

  We sell chocolate with a certified guarantee that it complies with specific standards, including cocoa products and chocolate that fully comply with Kosher, organic, fair trade or other standards.

- Chocolates for health and wellness

  We have developed a special range of chocolates designed for the consumer's well being, such as chocolates that have no added sugar, are sugar free, or offer other health benefits e.g., ACTICOA™ chocolates.

  We also have a range of healthier chocolates, including chocolates made without artificial colours and aromas, chocolates made with healthier fats, higher levels of cocoa flavanols or other functional ingredients, reduced sugar, reduced fat, dairy-free alternatives to milk chocolate, stevia (sugar-free) chocolate or products lower in saturated fats, among others, all of which we refer to as ''rebalanced'' applications.

- Single origin chocolates

  We produce origin chocolate using cocoa beans exclusively from one country, rather than a blend of cocoa beans, which provides a distinct taste. Each of these chocolates is made from a single and rare type of cocoa bean which is grown and harvested in a specific and, in some cases, exclusive region.

- Flavoured chocolates

  In our flavoured chocolate range, we sell 100% dark or milk chocolate that is enriched with certain flavours such as caramel, strong cappuccino or honey.

- Chocolate and nut mixtures

  We also sell premium chocolate combined with quality nuts as well as a range of classic giandujas (a sweet chocolate containing almond paste) and nut pastes.

- Vending mixes

  We produce vending mixes from cocoa powder, sugar and milk powder, which is used in vending machines that sell hot or cold chocolate drinks.

- Chocolate powders

  Our chocolate powders, designed for use in decoration, dairy and ice cream applications, are available in dark, milk or white chocolate.

- Decorations

  We produce decorative chocolate products with a variety of applications, including cups for serving desserts and decorative products for sprinkling on or topping finished products, all of which are 100% chocolate.

- Inclusions

  We produce a variety of inclusions, such as chocolate and flavoured compounds, which can be used to enrich confectionery, ice cream and desserts.

- Non chocolate products

  We produce a relatively small line of non chocolate fruit fillings and similar products for use in the biscuit and confectionery markets.

Consumer Products

Our Consumer Product Group produces both branded and consumer label products, principally in Germany, Belgium and Switzerland. The three pillars of our offering in the area of consumer products are: the provision of customer label solutions, co-manufacturing services and a small number of local brands for bringing innovations to market. A growing number of large food manufacturers are increasingly focusing on the sales and marketing of their products and outsourcing their production. We offer branded consumer goods companies outsourcing options and co-manufacturing services. We also offer customer label solutions, encompassing a full range of activities from product development to promotion at the point of sale. Our own retail brands are Sarotti in Germany, Jacques in Belgium and Alprose in Switzerland. See ''Recent Developments—Possible Divestiture''.

Semi-Finished Products

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

Processing and Distribution

Our processing facilities comprise 43 facilities, which include facilities for the production of industrial chocolate (and compounds), cocoa products (liquor, butter, powder and nibs), consumer products, beverages and specialty products for the food service and gourmet markets. We have plants in 23 countries on five continents, which allows us to service national and international customers in an optimal way.

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

We believe that the use of proprietary technology in our production processes provides us with a competitive advantage. In particular, we have, through our research and development efforts, developed proprietary machines and processes. For example, we have patented two processes related to a chocolate conching process by which the chocolate is heated, mixed and stirred to produce a smooth, homogeneous texture and taste.

We have a development project in place allowing us to continue improving our production efficiency and standards. This project, led by external specialists, is currently underway at selected pilot plants in each region. A team of our local employees at each site is being trained and will later implement these initiatives across our facilities. The project currently focuses on four areas for continuous improvement:

- ***Quality standards.*** We aim to have all our factories worldwide fulfil British Retail Consortium (''*BRC*'') standards by the end of 2011, which is one of the five food safety standards recognised by the Global Food Safety Initiative, an initiative that groups global retailers and a large number of food manufacturers. As of 28 February 2011, 60% of our factories have already achieved BRC Grade A certification.
- ***Raw materials.*** In fiscal year 2010 raw materials represented about 70% of our total costs. We have initiated special projects in order to optimise the use of these materials and to reduce the waste by-products of our manufacturing process.
- ***Energy and the reduction of carbon emissions.*** Processing cocoa and making chocolate is energy-intensive, and we aim to reduce our energy consumption and increase our use of renewable energy. This will reduce overall carbon emissions originating from our activities. By the end of fiscal year 2013 we aim to reduce energy consumption per tonne by 20% and carbon emissions per tonne by 20%, and for 20% of our energy to come from renewable sources. During fiscal year 2010, we were able to reduce our carbon emissions by 4% per tonne, mainly from the reduction of energy consumption. With a 4% reduction in our overall energy use per tonne at the end of year one, we are slightly behind our target of 5% annual savings. However, since some of the energy efficiency improvements were not realised until the second half of the year, we expect to meet our target in the coming months.
- ***Maintenance management system.*** By volume pooling in the different Regions we are able to improve the purchasing power of spare parts. This system was implemented in fiscal year 2010 across 12 sites. Compared to fiscal year 2009, we have been able to reduce our total maintenance costs by 4% per tonne.

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

- Plants in the consuming countries are close to harbours (for example, Louviers near Rouen in France and Eddystone close to Philadelphia in the United States), where raw materials can be shipped efficiently. These plants allow us to make blends of different bean origins for special products.
- Plants in countries where cocoa beans are grown, such as the Ivory Coast, Ghana and Cameroon. These plants give us a more direct access to the cocoa beans.
- Integrated plants, where we produce both cocoa liquor and chocolate. This allows us to eliminate the secondary transport between the cocoa plants and the chocolate plants.

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

We believe that our ability to supply customers with products at the time the products are needed is critical to ensure customer satisfaction. Our approach is to use our manufacturing network efficiently, to ensure that our customers receive products at the precise time when they are needed in their production processes. We are generally able to ship solid chocolate products within 24 hours of receiving a customer's order.

Sales, Pricing and Customer Support

Sales

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

Sales by Geographic Destination	Fiscal year ended 31 August 2009	Fiscal year ended 31 August 2010	Six months ended 28 February 2010	Six months ended 28 February 2011
	(in tonnes)			
Region				
Europe	723,099	753,011	392,426	401,648
Americas	252,159	291,399	136,833	150,198
Asia-Pacific	41,544	47,984	24,391	26,683
Global Sourcing & Cocoa	196,808	212,886	105,886	128,041
Total	**1,213,610**	**1,305,280**	**659,536**	**706,570**

Since fiscal year 2009 our business has been organised into four geographic Regions—the Europe Region, the Americas Region, the Asia-Pacific Region and the globally managed Global Sourcing & Cocoa Region (responsible for the global procurement and risk management of our high-quality raw materials such as cocoa, sugar, dairy products, oils and fats, nuts and other ingredients as well as packaging material), which is reported as a separate segment similar to a Region. With revenues of CHF 3.04 billion for fiscal year 2010, the Europe Region accounted for 58% of our total revenues, while the Americas Region had revenues of CHF 0.99 billion and accounted for 20% of our total revenues, the Asia-Pacific Region had revenues of CHF 0.21 billion and accounted for 4% of our total revenues and the

Global Sourcing & Cocoa Region had revenues of CHF 0.96 billion and accounted for 18% of our total revenues.

Within our Regions, our business is further divided into two Business Segments, each of which is further divided into Product Groups as follows:

- The Industrial Products Business Segment which comprises:
  - the Cocoa Product Group (part of the Global Sourcing & Cocoa Region); and
  - the Food Manufacturers Product Group,
- The Food Service/Retail Products Business Segment which comprises:
  - the Gourmet & Specialties Product Group; and
  - the Consumer Product Group (which operates mainly in Europe).

We sell the products of our Cocoa Product and Food Manufacturers Product Groups primarily to industrial customers, through a sales force of approximately 100 people as of 28 February 2010. Due to the fragmentation of our customer base in the Gourmet & Specialties unit, we supply end customers directly (40%) and through distributors and wholesalers (60%). For our distribution, the go-to-market model consists of combining ''push'' at the distributor level, where we have over 1,000 distributors, with ''pull'' activity executed directly in the market through our sales force of over 170 employees worldwide. As a consequence, our products are promoted daily by our own sales people, as well as many thousands of sales representatives of the distributors we use (known as DSRs).

In our Consumer Product Group, we deliver directly to international retailers, and our sales team sells directly to the central purchaser of the retailer, and is in charge of listings and placements in-store.

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

Pricing

Our agreements with customers in our Food Manufacturers Product Group are generally three to six-month contracts. With some customers, we also enter into mid-term contracts of up to two years. Since 2007, we have signed long-term agreements of between five to 15 years with our major customers. The most recent agreements represented about 13% of our total sales volume in fiscal year 2010. All these agreements provide for fixed volumes and prices based on a ''cost-plus'' pricing model. The price to our customers is typically equal to the sum of our raw material costs on the contract date and our production, logistics, administration and financing costs, together with a negotiated profit margin. If during the agreement the customer buys amounts of chocolate exceeding the volume agreed upon, the customer typically bears the costs incurred by us to purchase the excess amounts of cocoa beans, including any related storage costs.

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

Sales in our Consumer Product Group are similar to those in our Gourmet & Specialties Product Group. We provide a price list and our customers purchase consumer products based on the prices

indicated on such list. However, because our Consumer Products customers are more sensitive to price fluctuations, it is more difficult to implement cocoa bean price increases by re-issuing price lists. The prices reflected in our price lists for consumer products are ultimately driven by the prices of our customers' products.

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

Customer Support

As our products and the requirements of our customers become more sophisticated, we provide our customers with the training and know-how required to improve the quality of their existing products and to introduce new products using our chocolate. To that end, we have established 13 Barry Callebaut academies located around the world, which we use to educate customers about our products and processing techniques. In addition, we cooperate closely with key customers, both large and small and across our product range, to develop products tailored to their specific demands for taste, quality and technical properties. We believe this cooperation not only strengthens customer relationships but also increases sales. We also assist our customers with the start-up of new installations and train their operators both onsite and off.

Competition

We face competition from a number of different companies at the various stages of the semi-finished and industrial chocolate production processes. With respect to semi-finished products, such as cocoa liquor and cocoa butter, we compete with ADM and Cargill on a global basis. Competition in this sector is based principally on price. With respect to industrial chocolate, we compete with a number of regional and global players, such as Cargill, ADM, Blommer and Cémoi, among others. We generally do not consider the large branded consumer chocolate producers such as Nestlé, Kraft, Mars and Hershey our competitors, as we do not operate actively in the global branded consumer chocolate market, apart from certain of our niche market brands in Germany. Certain of the global branded consumer chocolate producers are our customers, and our outsourcing business with them is growing in line with recent market trends. See ''—Recent Developments—Outsourcing Agreements''. We also compete with fully vertically integrated producers, such as OCG (Cargill), who to a large degree meet their own chocolate needs and sell excess production into the industrial chocolate market.

Competition in the industrial chocolate sector is based upon a number of considerations, including price, product quality, distribution capability, customer service and product innovation. In the biscuit and ice cream sectors of the industrial chocolate market, global customers that account for a significant portion of our sales differentiate among suppliers primarily on the basis of product quality, specifications and price. Price competition in certain of our target markets in recent years has been intense due primarily to industry overcapacity. Price pressure within this market has also been driven in large part by intense competition among food manufacturers, who constitute a significant portion of our customer base.

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

Competition in the consumer products market is based primarily on the brand, which is associated with product quality, range and price. Competition for branded consumer products tends to be both regional and global. For example, in the German consumer products market, we face strong competition from Kraft and Ferrero.

Commodity Sourcing, Production and Management of Commodity Risk

Historically, our industry has been dependent on the Ivory Coast, Cameroon and Ghana, and more recently on Nigeria and Indonesia, for its supply of cocoa beans. We purchased approximately half of our requirement of cocoa beans in fiscal year 2010 directly from the Ivory Coast, Cameroon and Ghana. We purchase the remainder of the cocoa beans needed for our business, as well as some semi-finished products, from various sources on the international market. We purchase the majority of the cocoa beans that we purchase on the international markets in forward purchase contracts on the London Cocoa Terminal Market. See ''Risk Factors—Risks Relating to Our Business—We obtain cocoa beans, our primary raw material, from countries in West Africa and other emerging markets''.

We own and operate processing infrastructure in West Africa. We have two cocoa processing facilities in the Ivory Coast and one processing facility in each of Ghana and Cameroon. Our production facilities in West Africa processed an aggregate of approximately 40% (250,000 metric tonnes) of the total amount of cocoa beans that we processed in fiscal year 2010. We benefit from our long-standing presence in and knowledge of the Ivory Coast, Cameroon and Ghana, which together accounted for approximately 60% of worldwide cocoa bean production in the September 2009 to October 2010 growing season.

Those who process cocoa beans in the Ivory Coast benefit from a preferential export tax scheme offered to all local cocoa beans purchased and processed in the Ivory Coast. Cocoa beans purchased in the Ivory Coast and exported for processing elsewhere are not included in these arrangements. Such export duty discounts significantly reduce the average cost of cocoa beans, and are material to the profitability of our Ivory Coast operations at current production levels. See ''Risk Factors—Risks Relating to Our Business—Cocoa bean and other raw material prices impact our profitability and cash flows. Cocoa bean prices have fluctuated significantly in the past and could have a material adverse effect on our business and results of operations''.

We also continue to diversify our cocoa bean sourcing and processing options. We explore on an ongoing basis opportunities to develop such sourcing options in Africa and in other cocoa-growing regions and countries. In addition, we are building strategic stocks of cocoa beans outside of these Regions.

We observe a policy of matching our customer contracts and anticipated orders for our products with forward purchase contracts of raw materials, including cocoa beans and other raw materials, to protect ourselves against unfavourable movements in raw material prices. Our exposure to fluctuations in cocoa bean and other raw material prices are hedged by purchasing forward contracts within given limits. In our Gourmet & Specialties Products and Consumer Product Groups, we generally cover forecasted demand with forward purchase contracts and other hedging instruments for between six and ten months. In addition, we may cover additional amounts in excess of forecasted demand, subject to specified limits, by using hedging instruments, such as forward contracts and futures.

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

We have centralised all of our commodity risk management activities in our Cocoa Product Group, which monitors our physical stock positions, open sales and purchase contracts and derivative hedge positions on a daily basis. The Cocoa Product Group produces detailed daily risk position summaries to

ensure compliance with our risk management policy and risk exposure limits. These risk management activities are mainly undertaken in Zurich, where we have 12 traders who execute transactions and eight purchasers for non-cocoa raw materials. Another eight non-cocoa purchasers manage the non-cocoa activities in the Regions.

See ''Risk Factors—Risks Relating to Our Business—Cocoa bean and other raw material prices impact our profitability and cash flows. Cocoa bean prices have fluctuated significantly in the past and could have a material adverse effect on our business and results of operations,'' ''Risk Factors—Risks Relating to Our Business—We obtain cocoa beans, our primary raw material, from countries in West Africa and other emerging markets,'' ''Risk Factors—Risks Relating to Our Business—Our production operations in West Africa are subject to risks of disruption as a result of political and social risks,'' and ''Operating and Financial Review and Prospects—Quantitative and Qualitative Disclosures about Market Risks—Commodity Price Risk''.

Research and Development

We are committed to research and development because we believe that by providing constant innovation and consistent improvements in products and processes, our customers can become more competitive, which, in turn, helps us to be more competitive.

Our research and development focuses on delivering innovations and improved applications to the marketplace, always in cooperation with new and existing customers.

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

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

We recently added five new facilities with both pilot lines and application laboratories, which allow us to create new prototypes and innovations for our customers ranging from the processing of the cocoa beans to the finished chocolate. These new facilities are located in Extrema (Brazil), Port Klang

(Malaysia), Osaka (Japan), Louviers (France) and Eddystone (United States) and make Barry Callebaut the only company in the world to operate such facilities in conjunction with our factories.

We recently launched an extensive agronomic research programme in Malaysia aimed at developing new, sustainable cocoa cultivation techniques. It is our aim that the programme will yield new insights into practical measures for increasing the sustainability, productivity, quality of cocoa production and profitability for local farmers within the Asia-Pacific Region. The preliminary results are expected around June 2012.

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

Quality Assurance

We rely on quality assurance to produce products of uniform quality, taste, viscosity and texture, regardless of the facility where they are produced. Our quality assurance begins with our raw material purchases, where our contacts and operating experience in cocoa-producing countries, especially in the Ivory Coast and elsewhere in Africa, help ensure that adequate supplies of high-quality cocoa beans are available to us. Most of our 43 facilities use state-of-the-art production techniques and equipment, much of which has been developed by our own engineering teams, and have quality assurance departments to guarantee that products comply with relevant ''Good Manufacturing Practices'' and food safety standards. This team monitors the quality process and comprises specialists in physical chemistry, microbiology and sensory analysis.

The quality assurance system in operation at each of our production facilities, validated by the BRC (British Retail Consortium) Grade A certificates awarded to the majority of our production facilities, applies from raw materials to finished products. 28 of our 43 production facilities are BRC A certified, which includes HACCP (food safety). We expect the remaining plants will be certified according to these standards by the end of December 2011. In all of our production plants, we monitor strictly the microbiological quality of products, along with the absence of contaminants, allergens and foreign bodies. We also seek to improve the skills of our workforce. As part of this on-going process, we have developed specific training modules covering the entire cocoa production chain. In addition, our technical teams working in production, maintenance and the laboratory follow training programmes designed for all production facilities.

Properties

We own and operate 43 plants in 23 countries around the world. We lease our head office in Zürich, Switzerland. We also lease stand-alone sales and administrative offices in a number of countries from

third parties. The following table sets out the locations of and the primary products produced at each of these plants:

Plant location	Country	Product Description
Chester	United Kingdom	Industrial chocolate
Banbury	United Kingdom	Liquor and industrial chocolate
St. Helens	United Kingdom	Beverages
Louviers	France	Liquor, butter and powder
Meulan	France	Industrial chocolate
Dijon	France	Consumer and industrial chocolate
Eupen	Belgium	Consumer and industrial chocolate
Lebbeke Wieze	Belgium	Liquor and industrial chocolate
Heule-Kortrijk	Belgium	Specialties
Thimister	Belgium	Industrial chocolate
Tema	Ghana	Nibs
Lodz	Poland	Industrial chocolate
Suzhou	China	Industrial chocolate
Pennsauken, New Jersey	United States	Powder and industrial chocolate
St. Albans, Vermont	United States	Industrial chocolate
American Canyon, California	United States	Industrial chocolate
Eddystone, Pennsylvania	United States	Liquor, butter and powder
Robinson	United States	Industrial chocolate
Monterrey	Mexico	Industrial chocolate
Kågeröd	Sweden	Beverages
Abidjan Zone IV	Ivory Coast	Liquor, butter and powder
Abidjan Vridi	Ivory Coast	Cocoa beans
San Pedro	Ivory Coast	Liquor
CGPP San Pedro	Ivory Coast	Cocoa beans
Douala I	Cameroon	Liquor, butter and powder
St. Hyacinthe	Canada	Liquor and industrial chocolate
Singapore	Singapore	Liquor, butter and powder
Port Klang	Malaysia	Industrial chocolate
Ilhéus, Bahia	Brazil	Liquor, butter and powder
Extrema, Minas Gerais	Brazil	Industrial chocolate
Norderstedt	Germany	Consumer and industrial chocolate
Berlin	Germany	Liquor, industrial chocolate and consumer products
Saalfeld	Germany	Consumer products
Verbania—Intra	Italy	Industrial chocolate
San Sisto	Italy	Industrial chocolate
Alicante	Spain	Frozen pastry
Vic, Gurb	Spain	Industrial chocolate
Tsukaguchi	Japan	Industrial chocolate
Dübendorf	Switzerland	Industrial chocolate
Caslano	Switzerland	Liquor and consumer products
Nuth	The Netherlands	Industrial chocolate
Zundert	The Netherlands	Industrial chocolate
Chekhov	Russia	Industrial chocolate

Employees

The table below shows the number and location of our employees (excluding temporary employees) as of 31 August 2010.

	31 August 2010
Europe	4,959
America	1,462
Africa	637
Asia-Pacific	492
Total	**7,550**

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

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

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

Legal Proceedings

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

Environmental Matters

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

The majority of our plants are registered on the Supplier Ethical Data Exchange website (''*SEDEX*'') and have completed a self assessment according to the rules and requirements set by SEDEX. This self assessment includes the following sections: labour standards, health, safety and hygiene, business integrity and the environment. This information is placed on the SEDEX website where it can be reviewed by customers who are members of SEDEX. In addition some plants have undergone third party ethical

audits according to, or very similar to, the AS8000 standard for good corporate governance and the Ethical Trading Initiative's standards for employees. The audit reports are also posted on the SEDEX website. Small quantities of asbestos have been detected at the production facilities of Barry Callebaut (UK) Limited, Barry Callebaut USA Inc. and we can provide no assurance that asbestos will not be found at our other production facilities or at the facilities of companies we may acquire in the future. We have also experienced certain noise and smoke emission difficulties in Abidjan and Louviers. However, we have not received any formal complaints from the relevant environmental agencies and authorities and we believe that we are in material compliance with all material environmental laws and regulations applicable in these jurisdictions.

Licences, Brands and Intellectual Property Rights

We apply for patent protection in respect of appropriate opportunities, such as the patent protection we secured on innovative chocolate processing techniques which we developed involving the conching process. Conching—the kneading process whereby raw chocolate is transformed into a smooth, homogeneous product—can take up to 48 hours for some varieties of chocolate. We patented a ''short conching'' process, which created a method of producing quality chocolate in greatly reduced timeframes. We have several patents and further patent filings pending.

Generally we do not seek to copyright or otherwise protect our chocolate product recipes, as copyright protection is generally unavailable for recipes. Furthermore, we believe that, even where available, copyright protection would be ineffective and even counterproductive in deterring competitor imitation of our products. In addition, generally we do not seek to protect our design modifications to operating machinery, relying instead on our on going research and development activities.

We sell our products under a variety of brands including:

- Barry Callebaut and Bensdorp for our semi-finished products, bulk cocoa powder and industrial chocolate;
- Cacao Barry, Callebaut, Carma, Caprimo, Van Houten, Van Houten Professional and Van Leer for our Gourmet & Specialties Product Group; and
- Alpia, Alprose, Eszet, Jacques, Karina, Sarotti, Stollwerck and Schwarze Herren (plus some others) for our Consumer Products business.

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

Insurance

We benefit from a number of global insurance programmes, covering all of our activities and risk exposures worldwide. These insurance policies include property damage and business interruption, public and product liability, recall and contaminated products insurance, directors and officers liability insurance, employment practices liability insurance, marine cargo insurance and credit insurance. Our insurance coverage for each insurance line is limited by a number of sub limits for specific events, deductibles and exclusions. Our property damage policy does not cover damages resulting from war, civil war and other similar events. Our liability insurance coverage for pollution in the United States and in Canada is on a named perils basis and in the rest of the world on a sudden and accidental basis, both within the limits of the liability insurance policy, and do not include a sublimit or yearly aggregate limit. Our product liability policy limits the coverage for pure financial loss, non-consequential financial loss and loss of use up to CHF 19.5 million annually in combined losses. A separate policy covers recall and contaminated products insurance including third party recall liability insurance up to CHF 19.5 million annually and for each loss. Our marine cargo insurance policy covers losses up to CHF 30 million per conveyance with a stricter limit of CHF 1 million for damages to certain types of equipment. Our credit insurance covers the turnover of a number of named customers with important outstanding balances.

We consider the level of our insurance coverage to be adequate both in terms of limits and scope of coverage.

Regulation

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

Related Party Transactions

Since 1 July 2007, we have entered into the following transactions and binding agreements between Barry Callebaut AG and its subsidiaries, and their controlling shareholders, directors, officers or controlled entities: certain sales to Pastelería Totel, S.L.; purchases from African Organic Produce AG; payments for management services to Jacobs Holding AG; and payments for human resources services to Adecco Group.

We have in the past engaged and will continue in the future to engage in transactions with affiliated entities, primarily with Jacobs Holding AG, our principal shareholder, and its affiliated companies. We believe that these transactions are conducted on terms substantially equivalent to those we would have negotiated on an arm's length basis with third parties.

Other Indebtedness

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

Senior Revolving Credit Facility

Simultaneously with the issue of the Notes, we will enter into a new €600 million senior revolving credit facility (the ''*New Senior RCF*''), to replace the existing €850 million revolving credit facility, for which we will serve notice of cancellation on the issue date of the Notes. The bookrunners and mandated lead arrangers are Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Antwerp Branch), Credit Suisse, ING Bank N.V., The Royal Bank of Scotland N.V. and Société Générale. The New Senior RCF will have a tenor of five years, subject to an option to extend twice for a period of a year (at the discretion of the lenders), exerciseable no more than 90 days and no less than 60 days before the second and/or before the third anniversary of the date of signing of the New Senior RCF. The New Senior RCF will incorporate a €75 million swingline facility for general corporate and working capital purposes and an accordion option (at the discretion of the banks) potentially increasing the facility amount to €750 million. A pool of obligors has to contribute at least 75% of the group's consolidated net sales and 65% of the group's EBIT. Advances under the New Senior RCF will bear interest at a rate equal to the sum of the relevant interbank offered rate and the applicable margin. The financial covenants, to be tested on a semi-annual basis, include an interest coverage ratio, performance ratio and minimum tangible net worth.

Multi Currency Commercial Paper Programme

In August 2000, Barry Callebaut Services NV established a multicurrency commercial paper, or treasury notes, programme in the amount of €150 million which we have since increased to €400 million. The treasury notes have maturities fixed on the issue date (with a minimum of seven days) and are either issued at a discount, with a zero coupon or are interest bearing (either fixed or floating rate).

The treasury notes contain a negative pledge and customary events of default, including a cross default to any indebtedness of, or guaranteed by, Barry Callebaut Services NV in excess of US$5 million, insolvency and insolvency related proceedings (whether voluntary or involuntary) in relation to Barry Callebaut Services NV and any change of control of Barry Callebaut Services NV.

Asset Backed Securitisation Programme

We have established an asset backed securitisation programme for trade receivables in a principal amount of €275 million in which Barry Callebaut Belgium and Barry Callebaut France are participants. This programme has a five year term and is supported by a yearly renewable liquidity support facility granted by the lenders under the programme.

Under the programme, third party trade receivables are sold on a monthly basis at their nominal value minus a discount in exchange for cash. The trade receivables are contractually due within a period of one to 120 days.

The receivables sold under this programme are covered by a tailor made credit insurance policy that qualifies for off balance sheet treatment, as the risks are substantially transferred to third parties.

Other Short term Facilities

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

€350 Million Senior Fixed Rate Notes

On 4 July 2007, we issued €350 million of senior fixed rate notes due on July 2017 with a coupon of 6% at an issue price of 99.005%. Interest on these notes is payable annually on 13 July of each year. The notes are guaranteed on a senior basis by the Issuer's direct parent company, Barry Callebaut AG and, following the termination of our existing senior revolving credit facility and subject to limits as to value imposed by applicable law, the same subsidiaries of Barry Callebaut AG that guarantee the Notes offered hereby on a joint and several basis. At any time the notes can be redeemed in full or in part at a price equal to 100% of the principal amount plus the ''applicable premium'' as begin described in the offering circular. The notes are listed on the Luxembourg Stock Exchange for trading on the Euro MTF and have terms substantially similar to those of the Notes offered hereby.

MANAGEMENT

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

Name	Age	Current Position
Andreas Jacobs	48	Chairman of the board of directors
Andreas Schmid	54	Vice Chairman of the board of directors
Rolando Benedick	65	Director
Markus Fiechter	55	Director
Urs Widmer	70	Director
Stefan Pfander	68	Director
James L. Donald	57	Director
Jakob Bear	67	Director
Juergen B. Steinemann	53	Chief Executive Officer
Victor Balli	54	Chief Financial Officer
Massimo Garavaglia	45	Executive Committee
Dirk Poelman	50	Executive Committee
David S. Johnson	55	Executive Committee
Steven Retzlaff	48	Executive Committee
Hans P. Vriens	46	Executive Committee

Directors

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

In December 2005, Andreas Jacobs was appointed Chairman of the Board of Barry Callebaut AG. He had served as a member of the Board since 2003. Since 1992, Andreas Jacobs has been an independent entrepreneur with a stake in several companies (Minibar AG, Baar; and Acentic GmbH) as well as minority interests in several other companies. From 1991 to 1993, Andreas Jacobs worked as a consultant and project manager at The Boston Consulting Group in Munich. He is also Chairman of Jacobs Holding AG, Chairman of Infront Sports & Media AG and member of the Board of Adecco SA. Andreas Jacobs studied law at the Universities of Freiburg im Breisgau, Munich and Montpellier and subsequently obtained a postgraduate degree in European competition law (Dr. iur.) from the University of Freiburg im Breisgau. Afterwards, he obtained a Master of Business Administration from Insead in Fontainebleau.

Andreas Schmid—Vice Chairman, member of the Board since 1997, Swiss national.

Andreas Schmid was appointed Chief Executive Officer of Jacobs Holding AG in 1997. In 1999, he became Chairman of the Board and Chief Executive Officer of Barry Callebaut AG. In June 2002, he handed over the Chief Executive Officer function but continued to assume the responsibility of Chairman until December 2005. Since then he has been Vice Chairman of the Board. He started his career in 1984 at Union Bank of Switzerland. Following a position as assistant to a Swiss industrialist, he was Chief Executive Officer and Managing Director of Kopp Plastics (PTY) Ltd in South Africa from 1989 to 1992. He then worked for the Jacobs Group in various staff and line functions until 1993. From 1993 to 1997, Andreas Schmid was President of the Moevenpick Consumer Goods Division and a member of the worldwide Group Executive Board of Management. Between 2002 and 2006, he chaired the Board of Kuoni Travel Holding AG. He was a member of the Board of Adecco SA from 1999 to 2004 and a member of the Advisory Board of the Credit Suisse Group from 2001 to 2007, before the Advisory Board was dissolved. Andreas Schmid is Chairman of Oettinger Davidoff Group and Flughafen Zürich AG. He is Chairman of the Board of Directors of gategroup Holding AG and member of the Board of Directors of

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

Rolando Benedick—Director since 2001, Swiss national.

Rolando Benedick was appointed Chief Executive Officer of the Manor Group in 1989, which includes Manor department stores, FLY Switzerland and Athleticum Sportmarkets: three chains belonging to Maus Frères Holding, as well as China-based Herma Ltd. In 2000, he was appointed Chairman of the Board. From 2006 to December 2007, he served as Executive Chairman. In January 2008, he passed on his responsibilities as Executive Chairman to his successor and continued to serve as Chairman of the Board until the end of 2008. Rolando Benedick joined the Manor Group in 1970 after completing his secondary studies and various trainee programmes at renowned retail groups in Germany, France and Switzerland. He was Chief Executive of the Innovazione chain in Ticino from 1973 to 1989. Rolando Benedick is Chairman of the Manor Sud SA and Executive Chairman of Valora Holding AG. He is a member of the Supervisory Board of the Galfa Group (Galleries Lafayette, Monoprix, Laser). In addition, he serves as a non-executive Board member of ''Messe Schweiz'' MCH Group AG, the Gottlieb Duttweiler Institute (GDI) and of the Chamber of Commerce ''beider Basel''. He is Chairman of the ''Leopard Club'' Locarno and of the ''Freiwilliger Museumsverein Basel'' (FMB).

Markus Fiechter—Director since 2004, Swiss national.

Markus Fiechter has been Chief Executive Officer of Jacobs Holding AG since September 2004. He started his career as Assistant Professor in Chemistry at the University of Applied Sciences in Horw, Lucerne. From 1984 until 1991, he held various managerial positions at Mettler Toledo AG. From 1991 to 1994, he worked for The Boston Consulting Group as a Manager at the Zurich office. From 1994 to 2004, he was Chief Executive Officer of the Minibar Group. Markus Fiechter is Vice President of the Board of Directors of Valora Holding AG and a member of the Board of Directors of Minibar AG. Markus Fiechter holds a Master's degree in Chemical Engineering from the Federal Institute of Technology in Zurich (ETH) and an MBA from the University of St. Gallen.

Urs Widmer—Director since 2004, Swiss national.

Urs Widmer is an attorney at law with a practice in Küsnacht, Zurich. Urs Widmer's professional career began as an assistant to the Executive Board of Alusuisse. In 1974, he joined ATAG Ernst & Young, where he held various positions. From 1974 to 1980, he worked in the legal department and was promoted to Department Head in 1980. In 1984, he was appointed a member of the Executive Board of ATAG debis Informatik AG. In 1986, he was appointed General Manager of ATAG Wirtschaftsinformation Holding AG and member of the Group Executive Board of ATAG Ernst & Young AG. He was elected a member of the Board of Directors of ATAG Ernst & Young AG in 1988 and the Delegate of the Board of Directors in 1990. He joined the Executive Board of Ernst & Young Europe in Brussels in 1991 and the Global Executive Board of Ernst & Young International, New York and London, in 1994. In 1995, he assumed the position of Delegate and Chairman of the Board of Directors of Ernst & Young Holding AG. From 1998 to 2002, Urs Widmer was Chairman of the Board of Directors of Ernst &Young AG. Urs Widmer has served as Chairman of the Board of Directors of Vontobel Holding AG and Bank Vontobel AG since 2005. He is also a member of the Board of Directors of Helvetia Holding AG. He is a trustee of various foundations such as Technopark Foundation and Zoo Zurich. Urs Widmer earned a doctorate from the Faculty of Law at Zurich University.

Stefan Pfander—Director since 2005, German national.

Stefan Pfander started his career in 1971 as Product Manager with General Foods GmbH in Elmshorn, Germany, and later worked for Mars Inc. (as Marketing Manager for Effem GmbH, Verden, Germany, as Marketing Director for Kal Kan Foods Inc., Los Angeles, United States). In 1981 he joined the Wm. Wrigley Jr. Company as Managing Director initially responsible for Germany later Europe,

Middle East, Africa and India building leading market positions for Wrigley in over forty countries. Until January 2006, he was Chairman Europe and Vice President of the Wm. Wrigley Jr. Company in Chicago, United States. Stefan Pfander is a Supervisory Board Member of Maxingvest AG (Holding company, Beiersdorf AG, Tchibo GmbH), Deputy Chairman of the Supervisory Boards of GfK SE (market research institute) and Chairman of the advisory board of Treofan GmbH. He also serves as a member on the Board of Directors of Sweet Global Network e.V. (international confectionery trade association). Stefan Pfander holds a degree in Economics from the University of Hamburg.

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

James L. Donald has been President and Chief Executive Officer of Haggen, Inc., a 33-store Pacific Northwest grocery company based in Bellingham since September 2009. He also serves as a Board Member of RiteAid Corporation, one of the leading drugstore chains in the United States. James Donald was President and Chief Executive Officer of Starbucks Corporation from April 2005 to January 2008. From October 2002 to March 2005, he served as President of Starbucks, North America. From October 1996 to October 2002, James Donald served as Chairman, President and Chief Executive Officer of Pathmark Stores, Inc., a USD 4.6 billion regional supermarket chain located in New York, New Jersey and Pennsylvania. Prior to that time, he held a variety of senior management positions with Albertson's, Inc., Safeway, Inc. and Wal-Mart Stores, Inc. James L. Donald graduated with a Bachelor's degree in Business Administration from Century University, Albuquerque, New Mexico.

Jakob Baer—Director since 2010, Swiss national.

Jakob Baer is Swiss national and was born in 1944. Mr. Baer was a member of the executive team of KPMG Switzerland from 1992 until 1994. From 1994 to 2004, he held the position of Chief Executive of KPMG Switzerland, and was a member of KPMG's European and International Leadership Board. Jakob Baer was Counsel at Niederer Kraft & Frey AG, attorneys at law, Zurich, Switzerland, from 2004 to 2009. Mr. Baer is board member of Adecco, Swiss Re, Rieter Holding AG, Allreal Holding AG and Stäubli Holding AG, all in Switzerland. He was admitted to the bar and subsequently obtained a doctorate degree in law (Dr. iur.) from the University of Berne, Switzerland.

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

Senior Management

Juergen B. Steinemann—Chief Executive Officer, German national.

Juergen B. Steinemann was appointed Chief Executive Officer of Barry Callebaut AG in August 2009. Before joining Barry Callebaut, he served as a member of the Executive Board of Nutreco and as Chief Operating Officer since October 2001. Nutreco, quoted on the Official Market of Euronext Amsterdam, is an international animal nutrition and fish feed company, headquartered in the Netherlands. From 1999 to 2001, Juergen Steinemann served as Chief Executive Officer of Unilever's former subsidiary Loders Croklaan, which produced and marketed specialty oils and fats for the chocolate, bakery and functional foods industry. Between 1990 and 1998, Juergen Steinemann was with the former Eridania Beghin-Say Group, where he held various senior positions in business-to-business marketing and sales, ultimately in the ''Corporate Plan et Strategie'' unit at the head office in Paris. Juergen Steinemann graduated from his economics and business studies at the European Business School in Wiesbaden, Germany, London, and Paris in 1985.

Victor Balli—Chief Financial Officer, Swiss national.

Victor Balli was appointed Chief Financial Officer and member of the Executive Committee of Barry Callebaut AG in February 2007. Before joining Barry Callebaut, Victor Balli was with Minibar since 1996. He began his career at Minibar as Chief Financial Officer and additionally took on the position of Chief

Executive Officer EMEA in 2005. During this time he also served as executive director and board member of several group companies of Niantic, a family investment holding. From 1991 to 1995, he worked as a Principal with Adinvest AG, a corporate finance advisory company with offices in Zurich, San Francisco, New York, and London. From 1989 to 1991, Victor Balli served as Director of Corporate Finance with Marc Rich & Co. Holding in Zug. He started his professional career in 1985 working as a Financial Analyst and Business Development Manager with EniChem International SA in Zurich and Milan. Victor Balli holds a Master's degree in Economics from the University of St. Gallen and a Master's degree as a Chemical Engineer from the Swiss Federal Institute of Technology in Zurich.

Massimo Garavaglia—President Western Europe, Italian national.

Massimo Garavaglia was appointed President of the Western Europe division in June 2009, and is a member of the Executive Committee of Barry Callebaut AG. From 1990 to 1992, Massimo Garavaglia was sales manager for an Italian food products importer. Joining Callebaut Italia S.p.A. in 1992, he served as country manager for Italy. After the merger between Callebaut and Cacao Barry in 1996, he was Barry Callebaut's country manager for Italy until 2003. From 2003 until September 2004, he was Manager of the Mediterranean Countries, Middle East and Eastern Europe division. From September 2004 until 2006, he was President of the Food Manufacturers division. From September 2006 to April 2009, he served as President of the Americas division. Massimo Garavaglia holds a Master's degree in Economics and Business Administration from Bocconi University, Milan.

Dirk Poelman—Chief Operations Officer, Belgian national.

Dirk Poelman was appointed Chief Operations Officer in September 2006 and a member of the Executive Committee in November 2009. Since 1984, he has been working with Callebaut—which merged with Cacao Barry in 1996—in various positions and countries: first as Engineering Manager, then as Production Manager, Operations Director and Chief Manufacturing Officer. In 1997, Dirk Poelman became Executive Vice President of Operations, responsible for the operations of the total Group and a member of the Senior Management Team. In 2004, he was appointed Vice President of Operations and Research and Development. Dirk Poelman holds an industrial engineering degree in electro mechanics from the Catholic Industrial High School in Aalst, Belgium.

David S. Johnson—Chief Executive Officer and President Americas, United States national.

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

Steven Retzlaff—President Global Sourcing and Cocoa, United States and Swiss national.

Steven Retzlaff was appointed President of the Global Sourcing and Cocoa division and member of the Executive Committee of Barry Callebaut AG in January 2008. Steven Retzlaff started his career in 1987 at KPMG Peat Marwick, San Francisco, as an auditor. From 1990 to 1993, he worked as a Supervising Audit Senior and Audit Manager for KPMG Fides, Zurich. He then joined JMP Newcor AG, Zug, as Director of European Finance and Operations, where he worked for three years. Steven Retzlaff joined Barry Callebaut as Chief Financial Officer of Barry Callebaut Sourcing AG in 1996. From 1999 to

2001, he served as Chief Financial Officer Swiss Operations (Barry Callebaut Sourcing AG and Barry Callebaut Switzerland AG). From 2001 to 2003, he was Chief Financial Officer of the ''Cocoa, Sourcing and Risk Management'' business unit and from 2003 to 2004 he worked as the Cocoa Division Head. In 2004, he was appointed President of the Sourcing and Cocoa division and member of the Senior Management Team in Zurich. From September 2006 until December 2007, he focused on developing the Group's global compound business. Steven Retzlaff is a Certified Public Accountant (CPA) and holds a Bachelor of Arts in Economics from Whitman College. He also studied at the Institute of European Studies in Madrid and at Insead in Fontainebleau.

Hans P. Vriens—Chief Innovation Officer, Dutch national.

Hans P. Vriens was appointed to the position of Chief Innovation Officer and member of the Management Team in December 2005. Since November 2009, Hans Vriens has been a member of the Executive Committee. From 2001 to 2005, Hans Vriens was active as the owner of VF&CO. B.V. in Amsterdam, Netherlands, a holding company which invests in and develops new consumer brands for itself and for third party customers. Activities include consulting for large multinational companies in functional foods, a partnership selling an energy drink in a new packaging concept, as well as the production and distribution of a functional dairy product. Prior to this, Hans Vriens served as Executive Board Member responsible for Sales, Marketing and Interactive at EM-TV and Merchandising AG in Munich, Germany, and was active in various non-executive board positions in related media companies. From 1994 to 1999, he held various functions with Red Bull GmbH, among which Managing Director for Red Bull North America in Los Angeles, United States. From 1989 to 1994, Hans Vriens worked as Brand Manager for Procter and Gamble in Austria and in Germany. He started his career in brand management and marketing with Mars/Effems in Spain and in the Netherlands. Hans Vriens holds a BBA in Marketing from the Nijenrode Business University in Breukelen, Netherlands, an MBA in Marketing and International Business from the University of Oregon, United States, and received Post Graduate Education at Stanford University, United States.

Management Compensation

Members of Barry Callebaut AG's Board of Directors are compensated on the basis of fixed directors' fees and the granting of Barry Callebaut AG shares. Members of Barry Callebaut AG's Executive Committee are compensated on the basis of (i) fixed base salary, (ii) short-term cash-based incentives related to EBIT, EVA and/or Working Capital targets in the fiscal year under review, (iii) long-term incentives in the form of share allocations and (iv) benefits.

In fiscal year 2010, aggregate compensation (fix, variable, other and value of granted shares) of our Board of Directors amounted to CHF 1.80 million and of our Executive Committee amounted to CHF 14.44 million. Eleven thousand four hundred and ten shares of Barry Callebaut AG were transferred to members of both the Board of Directors and Executive Committee related to fiscal year 2010. None of the members received any other compensation other than as set forth above. There were no termination payments or payments to former members of the Board of Directors or Executive Committee during fiscal year 2010.

Board Practices

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

Audit, Finance, Risk, Quality and Compliance Committee

The Audit, Finance, Risk, Quality and Compliance Committee (the ''*AFRQCC*'') is comprised of three members of the board of directors, currently Urs Widmer (Chairman), Andreas Schmid and Markus Fiechter. Each member is appointed by the board of directors for a one year term. All members of the

committee must be non executive members of the board of directors and at least one member must be independent of us and our affiliates. The committee is required to meet at least three times per year.

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

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

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

Nomination and Compensation Committee

The Nomination and Compensation Committee (the ''*NCC*'') currently consists of three members, Stefan Pfander (Chairman), Rolando Benedick and James Donald. Members of the committee may be executive or non executive members of the board of directors and at least two members must be independent of us and our affiliates. The committee is required to meet at least three times per year.

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

TERMS AND CONDITIONS OF THE NOTES

The following are the terms and conditions of the Notes which (subject to completion and amendment) will be endorsed on each Note in definitive registered form. The Notes will initially be represented by the Global Note in bearer form which will be deposited and immobilised with, and held by, BNB as operator of the X/N System. Except in certain limited circumstances, Notes in definitive registered form will not be issued in exchange for beneficial interests in the Global Note in bearer form.

The €250,000,000 5.375% Notes due 2021 (the ''*Notes*,'' which expression includes any further notes issued pursuant to Condition 13 (*Further Issues*) and forming a single series therewith) of Barry Callebaut Services NV (the ''*Issuer*'') and guaranteed on a joint and several basis by Barry Callebaut AG (the ''*Company*'') and, subject to limitations on the value of the Guarantees imposed by applicable law, each of Barry Callebaut Sourcing AG, Barry Callebaut Cocoa AG, Barry Callebaut Schweiz AG, Barry Callebaut Belgium NV, Barry Callebaut France SAS, Barry Callebaut Manufacturing France SAS, Barry Callebaut U.S.A. LLC and Barry Callebaut Manufacturing (UK) Ltd (each a ''*Subsidiary Guarantor*'' and, together with the Company, and any other member of the Group that becomes a Guarantor in the future in accordance with Condition 2(c), the ''*Guarantors*'') are the subject of a fiscal agency agreement dated 15 June 2011 (as amended or supplemented from time to time, the ''*Agency Agreement*'') between the Issuer, the Guarantors, The Bank of New York Mellon as fiscal agent (the ''*Fiscal Agent*,'' which expression includes any successor fiscal agent appointed from time to time in connection with the Notes) and transfer agent and The Bank of New York Mellon (Luxembourg) S.A. as registrar (the ''*Registrar*,'' which expression includes any successor registrar appointed from time to time in connection with the Notes), transfer agent (together with The Bank of New York Mellon, the ''*Transfer Agents*,'' which expression includes any successor transfer agent appointed from time to time in connection with the Notes) and paying agent (together with the Fiscal Agent, the ''*Paying Agents*,'' which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes). The Guarantors have entered into a deed of guarantee (the ''*Guarantee*'') pursuant to which they have guaranteed the obligations of the Issuer under the Notes. Certain provisions of these Conditions and the Guarantee are summaries of the Agency Agreement and subject to its detailed provisions. The holders of the Notes (the ''*Noteholders*'') are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement applicable to them. Copies of the Agency Agreement are available for inspection by Noteholders during normal business hours at the specified office of each of the Paying Agents, the initial specified offices of which are set out below.

1. Form, Denomination, Title, Register and Transfer

(a) Form and Denomination

The Notes are in registered form in the denomination of €100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000 each.

(b) Title

Title to the Notes will pass by registration of transfer in the Register referred to in sub-paragraph (c) below. The holder of any Note shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership or any other interest therein, any writing thereon or any notice of any previous loss or theft thereof) and no person shall be liable for so treating such Holder.

(c) Register

The Registrar will maintain a register (the ''*Register*'') in respect of the Notes in accordance with the provisions of the Agency Agreement. In these Conditions, the ''*Holder*'' of a Note means the person in

whose name such note is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof) and ''*Noteholder*'' shall be construed accordingly. A certificate (each a ''*Note Certificate*'') will be issued to each Noteholder in respect of its registered holding or holdings of Notes only in certain limited circumstances. Each such Note Certificate will be numbered serially with an identifying number which will be recorded in the Register.

(d) Transfers

Subject to sub-paragraphs (g) and (h) below, a Note may be transferred in whole or in part in an authorised denomination upon surrender of the relevant Note Certificate, with the endorsed form of transfer (the ''*Transfer Form*'') duly completed, at the specified office of the Registrar or any Transfer Agent, together with such evidence as the Registrar or, as the case may be, such Transfer Agent may reasonably require to prove the title of the transferor and the authority of the persons who have executed the transfer form; provided, however, that a Note may not be transferred unless the principal amount of Notes transferred and (where not all of the Notes held by a Holder are being transferred) the principal amount of the balance of Notes not transferred are authorised denominations. Where not all the Notes represented by the surrendered Note Certificate are the subject of the transfer, a new Note Certificate in respect of the balance of the Notes will be issued to the transferor.

(e) Registration and delivery of Note Certificates

Subject to sub-paragraphs (f) and (g) below, within five Business Days of the surrender of a Note Certificate in accordance with sub-paragraph (d) above, the Registrar will register the transfer in question and deliver a new Note Certificate of the same aggregate principal amount as the Notes transferred to each relevant Holder at its specified office or, as the case may be, the specified office of any Transfer Agent or (at the request and risk of any such relevant Holder) by uninsured first call mail (airmail if overseas) to the address specified for the purpose by such relevant Holder. In this paragraph, ''*Business Day*'' means a day on which commercial banks are open for business (including dealings in foreign currencies) in the city where the Registrar or, as the case may be, the relevant Transfer Agent has its specified office.

Where some but not all of the Notes in respect of which a Note Certificate is issued are to be transferred, a new Note Certificate in respect of the Notes not so transferred will, within five Business Days of the surrender of the original Note Certificate in accordance with sub-paragraph (d) above, be mailed by uninsured first class mail (airmail if overseas) at the request of the Holder of the Notes not so transferred to the address of such Holder appearing on the Register.

(f) No Charge

Registration or transfer of a Note will be effected without charge by or on behalf of the Issuer, the Registrar or the relevant Transfer Agent but against payment by the Holder of such indemnity as the Registrar or, as the case may be, such Transfer Agent may require in respect of any tax or other duty or governmental charge of whatsoever nature which may be levied or imposed in connection with such registration or transfer.

(g) Closed Periods

Noteholders may not require transfers to be registered during the period beginning on the fifteenth calendar day before the due date for any payment of principal or interest in respect of such Notes.

(h) Regulations concerning transfers and registration

All transfers of Notes and entries on the Register are subject to the detailed regulations concerning the transfer of Notes scheduled to the Agency Agreement. The regulations may be changed by the

Issuer with the prior written approval of the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Noteholder who requests in writing a copy of such regulations.

2. Guarantee and Status

(a) Guarantee

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

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

(b) Status

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

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

(c) Release of Guarantees

In the event that:

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

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

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

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

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

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

In this Condition:

''*Credit Facility*'' means the new senior revolving credit facility and principal amount of €600 million, to be entered into on or about the issue date of the Notes entered into between, inter alia, the Company, the Guarantors and each of Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Antwerp Branch), Credit Suisse, ING Bank N.V., The Royal Bank of Scotland N.V. and Société Générale.

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

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

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

3. Negative Pledge

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

In these Conditions:

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

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

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

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

''*Indebtedness*'' means any indebtedness for or in respect of:

(i) moneys borrowed;

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

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

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

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

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

(vii) any Derivative Contracts;

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

(ix) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (i) to (viii) above.

''*Material Subsidiary*'' means a Subsidiary of the Company:

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

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

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

''*Net Tangible Assets*'' means, as of any date of determination, property, plant and equipment, *plus:*

(a) net inventory value; and

(b) accounts receivable; and

(c) off balance sheet tangible assets,

minus accounts payable,

as shown on the most recent consolidated balance sheet of the Group, calculated in euro and determined in accordance with IFRS.

''*Permitted Security Interest*'' means:

(i) any Security in existence on 10 June 2011 to the extent that it secures Indebtedness outstanding on such date;

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

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

(iv) any lien arising in the ordinary course of trading;

(v) any Security over or affecting any assets acquired by a member of the Group after 10 June 2011 if:

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

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

(C) the Security is removed or discharged within 3 months of the date of acquisition of such asset unless the conditions set out below are complied with;

(vi) any Security over or affecting any asset of any company which becomes a member of the Group after 10 June 2011 where the Security is created prior to the date on which that company becomes a member of the Group, if:

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

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

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

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

(viii) any other Security;

provided that:

(a) the total amount of Indebtedness which has the benefit of Security given by any member of the Group permitted under clauses (i) to (viii) above does not exceed 40% of the Net Tangible Assets as set out in the Group's most recent consolidated semi-annual or annual financial statements, as the case may be; and

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

(ix) any lien arising by operation of law;

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

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

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

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

(xiv) Security securing Indebtedness of the Group incurred under working capital facilities (including letters of credit thereunder) in an aggregate amount not exceeding CHF 150 million at any one time outstanding; and

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

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

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

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

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

4. Interest

(a) Interest Rate

The Notes bear interest from 15 June 2011 (the ''*Issue Date*'') at the rate of 5.375% per annum (the ''*Interest Rate*''), payable annually in arrear on 15 June in each year (each, an ''*Interest Payment Date*''), commencing on 15 June 2012, subject as provided in Condition 6 (*Payments*).

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

The amount of interest payable on each Interest Payment Date shall be €53.75 per €1,000 of Notes.

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

(b) Reset Interest Rate

(i) The Interest Rate payable on the Notes will be subject to adjustment from time to time in the event of a Step Up Rating Change or Step Down Rating Change, as the case may be.

(ii) In the event of a Step Up Rating Change, with effect from and including the first Interest Payment Date following the date of such Step Up Rating Change, the Interest Rate payable on the Notes shall, subject to any simultaneous or subsequent adjustment made in accordance with this Condition 4, be increased by 0.25% per annum (subject as provided below) for each Rating Notch per Rating Agency by which either or both Rating Agencies have publicly announced a decrease in rating of the Notes below Baa3 in the case of Moody's, or below BB+ in the case of S&P.

In the event of each simultaneous or subsequent Step Up Rating Change, with effect from and including the first Interest Payment Date following the date of such simultaneous or subsequent Step Up Rating Change, the Interest Rate payable on the Notes shall, subject as aforesaid, be

further increased by 0.25% per annum (subject as provided below) for each Rating Notch per Rating Agency by which either or both Rating Agencies have publicly announced a decrease in the rating of the Notes (further) below Baa3, in the case of Moody's, or (further) below BB+, in the case of S&P.

Any increase in the Interest Rate pursuant to this sub-paragraph shall be subject to a maximum aggregate increase of 1.00% per annum (the ''*Maximum Step Up*'').

(iii) In the event of a Step Down Rating Change, with effect from and including the first Interest Payment Date following the date of such Step Down Rating Change, the Interest Rate payable on the Notes shall, subject to any simultaneous or subsequent adjustment made in accordance with this Condition 4, be decreased by 0.25% per annum, subject to sub-paragraph (iv) below, for each Rating Notch per Rating Agency by which either or both Rating Agencies have publicly announced a further increase in the rating of the Notes.

In the event of each simultaneous or subsequent Step Down Rating Change, with effect from and including the first Interest Payment Date following the date of such simultaneous or subsequent Step Down Rating Change, the Interest Rate payable on the Notes shall, subject as aforesaid, be further decreased by 0.25% per annum, subject to sub-paragraph (iv) below, for each Rating Notch per Rating Agency by which either or both Rating Agencies have publicly announced a further increase in the rating of the Notes.

Any Step Down Rating Change pursuant to this sub-paragraph (iii) shall not be effective if the Maximum Step Up has been reached and subsequent thereto but prior to the occurrence of any such Step Down Rating Change one or more further Step Up Rating Changes has occurred. In such circumstances, the Step Down Rating Change will only become effective when each such Step Up Rating Change has been matched by a corresponding Step Down Rating Change.

(iv) There is no limit on the number of times that adjustments may be made to the Interest Rate pursuant to a Rating Change during the term of the Notes, provided always that at no time during the term of the Notes will the Interest Rate applicable to the Notes be less than 5.375% per annum.

In the event of an Interest Rate change pursuant to a Rating Change, notices will be made in a daily newspaper of general circulation in Luxembourg or on the website of the Luxembourg Stock Exchange (at *www.bourse.lu*) Such notice will specify the new rating, the new Interest Rate and the date of effect of the new Interest Rate. The Luxembourg Stock Exchange will also be notified.

In these Conditions:

''*Rating Change*'' means a Step Up Rating Change and/or a Step Down Rating Change.

''*Rating Notch*'' shall mean the difference between a particular rating assigned by a Rating Agency and the next lower or, as the case may be, next higher rating that could be assigned by such Rating Agency. For example, in the case of Moody's the difference between Baa1 and Baa2 shall constitute one Rating Notch and in the case of S&P the difference between BBB+ and BBB shall constitute one Rating Notch.

''*Reset Interest Rate*'' means the new Interest Rate applicable to the Notes from and including the first Interest Payment Date following the date of any applicable Rating Change.

''*Step Down Rating Change*'' means the public announcement of an increase in the rating of the Notes by either of the Rating Agencies up to and including Baa3 in the case of Moody's or BB+ in the case of S&P or, as the case may be, any simultaneous or subsequent Rating Notch increase.

''*Step Up Rating Change*'' means the public announcement of a decrease in the rating of the Notes to below Baa3 in the case of Moody's or BB+ in the case of S&P or, as the case may be, by any simultaneous or subsequent Rating Notch decrease.

5. Redemption and Purchase

(a) Scheduled redemption

Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their principal amount on 15 June 2021, subject as provided in Condition 6 (*Payments*).

(b) Redemption for tax reasons

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

(i) the Issuer (or, if the Guarantees were called, any of the Guarantors) has or will become obliged to pay additional amounts as provided or referred to in Condition 7 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of any Tax Authority (as defined in Condition 7 (*Taxation*)), or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after 10 June 2011; and

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

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

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

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

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

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

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

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

Promptly upon the Issuer becoming aware that a Change of Control has occurred, the Issuer shall give notice (a ''*Put Option Notice*'') to the Noteholders in accordance with Condition 14 (*Notices*),

specifying the details relating to the occurrence of the Change of Control and the procedure for the exercise of the Put Option.

In order to exercise the Put Option, the holder of a Note must, not later than 30 days after the Put Option Notice is given (the ''*Put Period*''), deposit with any Paying Agent such Note and a duly completed Put Option Notice in the form obtainable from any Paying Agent. The Paying Agent with which a Note is so deposited shall deliver a duly completed receipt for such Note (a ''*Put Option Receipt*'') to the depositing Noteholder. On the business day following the end of the Put Period the Fiscal Agent shall notify the Issuer in writing of the exercise of the Put Option specifying the aggregate principal amount of the Notes delivered to be redeemed in accordance with the Put Option. Provided that the Notes that are the subject of any such Put Option Notice have been delivered to the Fiscal Agent or a Paying Agent prior to the expiry of the Put Period, then the Issuer shall redeem all such Notes on the date falling five business days after the expiration of the Put Period (the ''*Put Settlement Date*'').

No Note, once deposited with a duly completed Put Option Notice in accordance with this Condition 5(c), may be withdrawn; provided, however, that if, prior to the relevant Put Settlement Date, any such Note becomes immediately due and payable or, upon due presentation of any such Note on the Put Settlement Date, payment of the redemption moneys is improperly withheld or refused, the relevant Paying Agent shall mail notification thereof to the depositing Noteholder at such address as may have been given by such Noteholder in the relevant Put Option Notice and shall hold such Note at its specified office for collection by the depositing Noteholder against surrender of the relevant Put Option Receipt. For so long as any outstanding Note is held by a Paying Agent in accordance with this Condition 5(c), the depositor of such Note and not such Paying Agent shall be deemed to be the holder of such Note for all purposes.

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

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

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

For the purpose of this definition:

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

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

''*Permitted Holders*'' means:

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

persons specified in clause (a)(1) are the owners, directly or indirectly, collectively of 50% or more of the equity interests; and

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

(d) Redemption at the option of the Issuer

The Notes may be redeemed at the option of the Issuer in whole or in part on any date (each, a ''*Call Settlement Date*'') on the Issuer's giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes on the relevant Call Settlement Date) at an amount (the ''*Early Redemption Amount*'') equal to the principal amount of the Notes plus accrued interest to the relevant Call Settlement Date plus the Applicable Premium.

For the purpose of this Condition 5(d):

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

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

(ii) the excess of:

  (A) the present value at such Call Settlement Date of (i) the principal amount of the Notes at maturity *plus* (ii) all required interest payments due on the Note through 15 June 2021 (excluding accrued but unpaid interest to the Call Settlement Date), computed using a discount rate equal to the Bund Rate as of the third Business Day prior to such Call Settlement Date plus 50 basis points; over

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

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

(i) ''*Comparable German Bund Issue*'' means the German Bundesanleihe security selected by any Reference German Bund Dealer as having a fixed maturity most nearly equal to the period from such Call Settlement Date to 15 June 2021 and that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of euro denominated corporate debt securities in a principal amount approximately equal to the then outstanding principal amount of the Notes and of a maturity most nearly equal to 15 June 2021; *provided*, however, that, if the period from such Call Settlement Date to 15 June 2021 is less than one year, a fixed maturity of one year shall be used;

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

(iii) ''*Reference German Bund Dealer*'' means any dealer of German Bundesanleihe securities appointed by the Issuer; and

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

(e) No other redemption

The Issuer shall not be entitled to redeem the Notes otherwise than as provided in paragraphs (a) (*Scheduled Redemption*) to (d) (*Redemption at the option of the Issuer*) above.

(f) Purchase

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

(g) Cancellation

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

6. Payments

(a) Method of Payment

Payments of principal and interest shall be made by euro cheque drawn on a bank in London and mailed to the Holder by uninsured first class mail (airmail if overseas), at the address appearing in the Register at the opening of business on the relevant Record Date (as defined below) or, upon application by a Noteholder to the specified office of any Agent (including the Luxembourg Paying Agent) not later than the fifteenth day before the due date for any such payment, by transfer to a euro account maintained by the payee with a bank in London.

(b) Payments subject to fiscal laws

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

(c) No Commissions

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

(d) Payments on business days

Where payment is to be made by transfer to a euro account, payment instructions (for value the due date, or, if the due date is not a business day, for value the next succeeding business day) will be initiated and, where payment is to be made by euro cheque, the cheque will be mailed on the due date for payment. A Noteholder shall not be entitled to any interest or other payment in respect of any delay in payment resulting from (A) the due date for a payment not being a business day or (B) a cheque mailed in accordance with this Condition 6 arriving after the due date for payment or being lost in the mail.

(e) Partial payments

If a Paying Agent makes a partial payment in respect of any Note, the Registrar shall procure that the amount and date of such payment are noted on the Register.

(f) Record date

Payment in respect of a Note will be made to the person shown as the Holder in the Register at the opening of business in the place of the Registrar's specified office on the fifteenth day before the due date for such payment (the ''*Record Date*'').

In this Condition 6, ''*business day*'' means a day on which banks are open for business and carrying out transactions in euro in the country in which the Fiscal Agent has its specified office, and is a day on which the TransEuropean Automated Real-Time Gross Settlement Express Transfer System 2 (''*TARGET*'') is operating.

7. Taxation

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

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

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

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

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

In these Conditions, ''*Relevant Date*'' means whichever is the later of (1) the date on which the payment in question first becomes due and (2) if the full amount payable has not been received by the Fiscal Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders.

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

8. Events of Default

If any of the following events occurs:

(a) Non-payment

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

(b) Breach of other obligations

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

(c) Cross-acceleration

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

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

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

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

(d) Unsatisfied judgment

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

(e) Security enforced

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

(f) Insolvency, etc

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

in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer or any of the Guarantors or any of the Company's Material Subsidiaries; or

(g) Winding up, etc

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

(h) Creditors' process

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

(i) Failure to take action, etc

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

(j) Unlawfulness

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

(k) Guarantees

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

(l) Analogous Events

Any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs,

then any Note may, by written notice addressed by the holder thereof to the Issuer and delivered to the Issuer or to the specified office of the Fiscal Agent, be declared immediately due and payable, whereupon it shall become immediately due and payable at its principal amount together with accrued interest without further action or formality.

9. Prescription

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

10. Replacement of Notes

If any Note Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Registrar or any Transfer Agent, subject to all applicable laws and stock exchange

requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Note Certificates must be surrendered before replacements will be issued.

11. Agents

In acting under the Agency Agreement and in connection with the Notes, the Agents act solely as agents of the Issuer and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders.

The Issuer has initially appointed the Fiscal Agent, Paying Agents, Registrar and Transfer Agents named above. The Issuer reserves the right at any time to vary or terminate the appointment of any Agent and to appoint a successor Agent; provided, however, that the Issuer shall at all times maintain (a) a fiscal agent, (b) a Paying Agent in Luxembourg and (c), if European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 is brought into force, a Paying Agent in a member state of the European Union that will not be obliged to withhold or deduct tax pursuant to such Directive or any law implementing or complying with, or introduced to conform to, such Directive.

Notice of any change in any of the Agents or in their specified offices shall promptly be given to the Noteholders.

12. Meetings of Noteholders; Modification

(a) Meetings of Noteholders

The Agency Agreement contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by Noteholders holding not less than 10% of the aggregate principal amount of the outstanding Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more persons holding or representing a clear majority of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, two or more persons being or representing Noteholders whatever the principal amount of the Notes held or represented; provided, however, that certain proposals (including any proposal (i) to change any date fixed for payment of principal or interest in respect of the Notes, (ii) to reduce the amount of principal or interest payable on any date in respect of the Notes, (iii) to alter the method of calculating the amount of any payment in respect of the Notes or the date for any such payment, (iv) to change the currency of payments under the Notes, (v) to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution, or (vi) to modify or cancel any Guarantee (each, a ''*Reserved Matter*'')) may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which two or more persons holding or representing not less than 75% or, at any adjourned meeting, 25% of the aggregate principal amount of the outstanding Notes form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders, whether present or not.

In addition, a resolution in writing signed by or on behalf of all Noteholders who for the time being are entitled to receive notice of a meeting of Noteholders will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

(b) Modification

The Notes and these Conditions may be amended without the consent of the Noteholders to correct a manifest error. In addition, the parties to the Agency Agreement may agree to modify any provision thereof, but the Issuer and the Guarantors shall not agree, without the consent of the Noteholders, to any such modification unless it is of a formal, minor or technical nature, it is made to correct a manifest error or it is, in the opinion of such parties, not materially prejudicial to the interests of the Noteholders.

13. Further Issues

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

14. Notices

Notices to the Noteholders shall be valid if published in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or by posting such notice on the Luxembourg Stock Exchange's website at *www.bourse.lu*, or, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the date of first publication.

The Issuer will procure that any Reset Interest Rate is promptly communicated to the Fiscal Agent, the Holders and the Luxembourg Stock Exchange in accordance with this Condition 14 and in any event within three business days of a Rating Change and not later than three business days prior to the next Interest Payment Date.

15. Currency Indemnity

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

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

16. Contracts (Rights of Third Parties) Act 1999

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

17. Governing Law and Jurisdiction

The Agency Agreement, the Notes and the Guarantees and any non-contractual obligations arising out of or in connection therewith are governed by, and will be construed in accordance with, the laws of England.

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

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

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

CLEARANCE AND SETTLEMENT

Clearing System

BNB

The BNB is the central bank of Belgium. The BNB operates a clearing system (the ''*X/N System*'') for, among other securities, corporate debt securities which may be traded on a fungible basis. In order for the Notes to be traded on a fungible basis, each purchaser of Notes will agree to the application of the fungibility system as provided for in Royal Decree Number 62 of 10 November 1967 for the promotion of the circulation of securities. The X/N System is accessible to investors and financial intermediaries through its participants. The participants include most Belgian banks, some Luxembourg banks, Belgian investment firms, Euroclear and Clearstream. For a description of the tax implications of the clearing of the Notes through the X/N System. See ''Tax Considerations—Belgian Taxation—Withholding Tax''.

Original Issue

On or before the date of completion of the offering, ING Belgium SA/NV, as the Belgian Agent, on behalf of the Issuer, will deliver a duly executed and authenticated Global Note in bearer form to the BNB where it will be immobilised. Upon receipt of the Global Note, the BNB will credit the Belgian Agent's securities account, being an exempt account, in the X/N System with an amount equivalent to the principal amount of the Global Note. On the date of completion of the offering, the Belgian agent, on behalf of the BNB, will credit onwards to the eligible participants of the X/N System, which include, amongst others, Euroclear's and/or Clearstream's securities account, being an exempt account, in the X/N System with an amount equivalent to their respective portion of the principal amount of the Global Note. Following confirmation of payment to the Issuer of the net proceeds for the issue of the Notes Euroclear and/or Clearstream will credit the holders of book-entry interests in the Notes by crediting their securities accounts as participants of Euroclear and/or Clearstream, in accordance with the principal amount of Notes purchased by each of them.

Services Agreement

The Issuer, the BNB and the Belgian Agent will enter into a services agreement governed by Belgian law pursuant to which the BNB will agree to act as depositary of the Global Note representing the Notes. Under the terms of the agreement, on the settlement date, the Issuer will deposit executed and duly authenticated Global Note in bearer form with the BNB, the nominal amount of which will be credited by the BNB to the securities account of the appointed Belgian Agent of the Issuer and thereafter allocated to the participants of the X/N system, including Euroclear and Clearstream for the benefit of purchasers of the book-entry interests in Notes. After settlement, transfers of book-entry interests in the Global Note will be on the basis of book-entry transfers. The services agreement will set out the procedures relating to the exchange of the Global Note for Definitive Registered Notes, payment of interest, principal and any other payment on the Global Note and early repayment of the issue. The BNB will be entitled to a fee under this agreement.

Registration and Form

Book-entry interests in the Notes held through any participants in the X/N System, including Euroclear and Clearstream, will be evidenced by the Global Note, held by the BNB. The BNB will credit the Belgian Agent's securities account, being an exempt account in the X/N System with an amount equivalent to the principal amount of the Global Note. Book-entry interests in the Notes will be held through financial institutions as direct and indirect participants in the X/N System.

The aggregate holdings of book-entry interests in the Notes in the X/N System, including Euroclear and Clearstream will be reflected in the book-entry accounts of each such participant in the X/N System.

Each participant will be responsible for establishing and maintaining accounts for their participants and customers having interests in the book-entry interests in the Notes. The Belgian Agent will be responsible for ensuring that payments received by it from the Issuer for holders of book-entry interests in the Notes held through the X/N System or Euroclear and Clearstream as direct participants in the X/N System are properly credited.

We will not impose any fees in respect of the Notes. Holders of book-entry interests in the Notes may incur fees normally payable in respect of the maintenance and operation of accounts in the X/N System, Euroclear or Clearstream.

Interests in Definitive Registered Notes

Book-entry interests in the Notes will be exchangeable in whole, but not, except as provided below, in part, for definitive registered notes (the ''*Definitive Notes*'') if (i) if the Global Note is held on behalf of the X/N System and its participants (including Euroclear and Clearstream) or any alternative clearing system appointed pursuant to the Notes (each so appointed, an ''*Alternative Clearing System*'') and such clearing system is closed for business for a continuous period of fourteen days (other than by reason of legal holidays) or announces an intention permanently to cease business or has in fact done so and no successor clearing system is available or (ii) if any of the circumstances described in Condition 8 of the Terms and Conditions of the Notes occurs. See ''Terms and Conditions of the Notes''. Thereupon (in the case of (ii) above) the holder may give notice to the Fiscal Agent and the Belgian Agent and (in the case of (i) above) the Issuer may give notice to the Fiscal Agent and the Belgian Agent and the Noteholders, of its intention to exchange the Global Note for Definitive Notes on or after the date for exchange specified in such notice.

Further, if principal in respect of any Note is not paid when due and payable the holder of the Global Note may by notice to the Fiscal Agent and the Belgian Agent require the exchange of a specified principal amount of the Global Note (which may be equal to or (provided that if the Global Note is held by or on behalf of the X/N System and its participants (including Euroclear and Clearstream) and/or an Alternative Clearing System, the X/N System and its participants (including Euroclear and Clearstream) and/or such Alternative Clearing System so agree) less than the outstanding principal amount of Notes represented hereby) for Definitive Notes on or after the date for exchange specified in such notice.

On or after any date for exchange, the Belgian Agent will instruct the BNB to cancel the Global Note or, in the case of a partial exchange, instruct the BNB to present the Global Note to the Belgian Agent to or to the order of the Belgian Agent. The BNB will remit the cancelled Global Note to the Belgian Agent for the account of the Issuer. In exchange for the Global Note, or the part thereof to be exchanged, the Issuer shall deliver, or procure the delivery of, an equal aggregate principal amount of duly executed and authenticated Definitive Notes.

Global Clearance and Settlement Procedures

On original issue, as described above, the Notes will be represented by one executed and duly authenticated Global Note in bearer form. Interests in the Notes will be in uncertificated book-entry form. Purchasers electing to hold book-entry interests in the Notes through participants in the X/N System, including Euroclear and Clearstream accounts will follow the settlement procedures of the X/N System, Euroclear and Clearstream, as the case may be, applicable to conventional eurobonds, subject to the provisions described above. Book-entry interests in the Notes will be credited to Euroclear participant securities clearance accounts on the business day following in same day funds on the date of issue of the Notes against payment (for value the date of completion of the offering).

Secondary Market Trading

Secondary market sales or purchases of book-entry interests in the Notes held and settled through the X/N System and through Euroclear or Clearstream, as direct participants, will be conducted in accordance with the normal rules and operating procedures of the X/N System and of Euroclear and Clearstream, as the case may be, and will be settled using the normal procedures applicable to conventional eurobonds.

General

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

Neither we, nor the Issuer, nor any of our respective agents will have responsibility for the performance of the BNB, Euroclear or Clearstream or their respective participants of their respective obligations under the rules and procedures governing their operations.

TAX CONSIDERATIONS

Belgian Taxation

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

Withholding Tax

All payments by or on behalf of the Issuer of interest on the Notes are in principle subject to the 15 per cent. Belgian withholding tax on the gross amount of the interest.

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

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

The X/N System tax rules determine the Belgian withholding tax regime for securities accepted in the X/N System. The purpose of the X/N System tax regime is to allow investors to trade Belgian debt securities on a gross basis (free of withholding taxes). The law of 6 August 1993 and its implementing Royal Decrees, which introduced the X/N System tax rules, exempts from withholding tax all interest on debt securities received by non-resident investors, companies subject to the Belgian corporate tax, and several categories of other qualifying investors. Interest on debt securities held in an Exempt Account can be paid gross by the issuer of the securities. Additionally, transfers between two Exempt Accounts do not incur any withholding tax on accrued interest.

A participant in Euroclear that is not a resident of Belgium for tax purposes may hold the Notes through Euroclear only on behalf of exempted investors, which include Belgian corporations and non-resident corporations and individuals, but exclude Belgian non-profit organisations or individuals subject to income tax in Belgium. It is not necessary simultaneously to notify or inform the Belgium tax authorities that the Notes are held on behalf of exempt investors, but Euroclear may be required to disclose the identity of its participant.

A participant in Euroclear that is a resident of Belgium for tax purposes may hold the Notes through the Euroclear system for both exempt and non-exempt investors. The participant must comply with the BNB's certification, reporting and withholding requirements directly with the BNB. Euroclear will not collect any tax certificates nor will it report any amounts held to the BNB.

According to the Belgian Royal Decree of 26 May 1994, the Notes can only be held by persons or entities which qualify for an Exempt Account. Exempt Accounts are reserved for:

(1) Belgian corporations subject to Belgian corporate income tax;

(2) institutions, associations and companies provided for in article 2, paragraph 3 of the Belgian law of 9 July 1975 on the control of insurance companies;

(3) state regulated institutions (''*institutions parastatales*'') for social security, or institutions which are equated to these, provided for in article 105, paragraph 2 of the Royal Decree of 27 August 1993 implementing the Income Tax Code 1992;

(4) non resident investors provided for in article 105, paragraph 5 of the same decree;

(5) investment funds, recognised in the framework of pension savings, provided for in article 115 of the same decree;

(6) companies, associations and other taxpayers provided for in article 227, paragraph 2 of the Income Tax Code 1992, which have used the income generating capital for the exercise of their professional activities in Belgium and which are subject to non-resident taxes pursuant to article 233 of the same code;

(7) the Belgian state in respect of investments which are exempt from withholding tax in accordance with article 265 of the Income Tax Code 1992;

(8) investment funds governed by foreign law which are an indivisible estate managed by a management company for the account of the participants, when their participation rights are not publicly issued in Belgium and are not traded in Belgium; and

(9) resident corporations, not subject to Belgium corporate income tax, when their activities exclusively or principally consist in the granting of credits and loans.

Eligible Investors do not include, among others, Belgian resident investors who are individuals or not for profit organisations, other than those mentioned under (2) and (3) above.

Upon opening of an Exempt Account with a Participant, an Eligible Investor is required to provide a statement of its eligible status on a form approved by the Minister of Finance. There is no ongoing declaration to the X/N System as to the eligible status of each investor for whom they hold Notes in an Exempt Account.

An Exempt Account may be opened with a Participant by an intermediary (an ''*Intermediary*'') in respect of Notes that the Intermediary holds for the account of its customers (the ''*Beneficial Owners*''), provided that each Beneficial Owner is an Eligible Investor. In such a case, the Intermediary must deliver to the Participant a statement on a form approved by the Minister of Finance confirming that:

- the Intermediary is itself an Eligible Investor; and
- the Beneficial Owners holding their Notes through it are also Eligible Investors.

A Beneficial Owner is also required to deliver a statement of its eligible status to the Intermediary. These identification requirements do not apply, however, to non-resident Participants, Eligible Investors or Beneficial Owners who hold their Notes in Euroclear or Clearstream.

In accordance with the X/N System, a Noteholder who withdraws Notes from an Exempt Account will, following payment of interest on those Notes from the last preceding interest payment date, be entitled to claim an indemnity from the Belgian tax authorities of an amount equal to the withholding tax on the interest payable on the Notes from the last preceding interest payment date until the date of withdrawal of the Notes from the X/N System.

Under article 338*bis* of the Income Tax Code 1992, implementing the Directive of 3 June 2003 on the taxation of savings income, Belgium is required to report systematically to the tax authorities of another Member State details of payments of interest (or other similar income) paid by a paying agent within its jurisdiction to an individual resident in such other Member State.

The Note Certificates will not be eligible for settlement through the X/N System. Payments of interest on the Note Certificates will, in principle, be subject to a 15% interest withholding tax.

However, if the Noteholder is resident of a country that has entered into a double taxation agreement with Belgium, a reduction or an exemption of withholding tax may be applicable under specified circumstances.

Interest payments on the Note Certificates can be exempt from Belgian interest withholding tax if made to non-resident Noteholders, provided that an affidavit is remitted to the Issuer in which it is certified that (i) the Noteholder is the legal owner, or holds the usufruct of the Note Certificate during the entire period to which the interest payment pertains; (ii) the Noteholder is (a) a non-resident individual or non-profit organisation; (b) a non-resident company that is subject to an income tax regime that is not substantially more favourable than the Belgian regime or whose shares are not held by Belgian resident individuals for at least 50%; or (c) a public investment company (''societe d'investissement qui a fait appel public a l'epargne''); (iii) the Noteholder does not use the Note Certificates in the exercise of a business or professional activity in Belgium; and (iv) the Note Certificates have been registered with the Issuer in the name of the investor during the entire period to which the interest payment pertains.

Interest payments on the Note Certificates made to resident Noteholders can be exempt from Belgian interest withholding tax under specified circumstances, provided a special affidavit is delivered. Belgian investors should consult their professional advisers in order to determine whether an exemption of withholding tax is applicable in their specific situation.

A Belgian resident Guarantor making payments under its Guarantee to a non-Belgian resident should be able to make such payment without withholding for or on account of Belgian tax, although the position remains unclear on the basis of the limited nature of any regulation, case law or comments from the Belgian tax authorities in this regard.

Capital Gains and Income Tax

Noteholders who are not residents of Belgium for Belgian tax purposes and are not holding the Notes through a Belgian establishment (''*etablissement belge*'') within the meaning of Article 229 of the ''*Code des Impots sur les revenus 1992*'' (the Belgian income tax code 1992) will not incur or become liable for any Belgian tax on income or capital gains or other like taxes by reason only of the acquisition, ownership or disposal of the Notes, provided, in relation to such transactions affecting Notes, that they hold their Notes in an Exempt Account.

Interest attributed or paid to corporations who are Noteholders and Belgian residents for tax purposes, i.e. who are subject to the Belgian corporate income tax, as well as capital gains realised upon the sale of the Notes, are taxable at the ordinary corporate income tax rate of in principle 33.99 per cent. Capital losses realised upon the sale of the Notes are in principle tax deductible.

Capital gains realised on the sale of the Notes by Belgian legal entities subject to the Belgian legal entities tax are in principle tax exempt, unless the capital gains qualify as interest under Belgian tax law. Capital losses are in principle not tax deductible.

Transfer Tax

A tax on stock exchange transactions (''*taxe sur les operations de bourse*'') at the rate of 0.07% (subject to a maximum of €500 per party and per transaction) will become due upon the sale and purchase or exchange of Notes entered into or settled in Belgium in which a professional intermediary acts for either party. A separate tax is due from each of the seller and the purchaser, both collected by the professional intermediary.

A tax on repurchase transactions (''*taxes sur les reports*'') at the rate of 0.085% (subject to a maximum of €500 per party and per transaction) will be due from each party to any such transaction entered into or settled in Belgium in which a stockbroker acts for either party.

However, neither of the taxes referred to above will be payable by exempt persons acting for their own account, including investors who are not Belgian residents and certain Belgian institutional investors, as defined in Article 126/1, 2°, of the code of miscellaneous taxes (''*Code des droits et taxes divers*'').

Swiss Taxation

The following is a summary of several significant tax effects of the purchase, ownership and disposition of the Notes under prevailing Swiss tax law. This summary makes no claim as to completeness, nor does it take into account any special circumstances of individual investors or purport to constitute tax advice. It is for general information only and does not address every potential tax consequence of an investment in the Notes under the laws of Switzerland. This summary is based on Swiss tax law and treaties in effect at the date of this Offering Circular. Such law and treaties are subject to amendments (or amendments in interpretation), which may have retroactive effect. Prospective investors should seek the advice of their professional tax advisors to clarify any tax implications resulting from an investment in the Notes.

Stamp, Issue and Other Taxes

Under the current Swiss Federal Stamp Duty legislation, there are no stamp, issue, registration, transfer or similar taxes imposed by Switzerland in connection with the issue, or redemption of the Notes, provided that the proceeds of the Notes are used exclusively outside Switzerland. However, the transfer or sale of the Notes in the secondary market may be subject to the Swiss transfer stamp duty at a rate of up to 0.30% if such transfer or sale is made to or from, or through the intermediary of, a Swiss securities dealer, as defined in the Swiss Stamp Tax Act. The sale of Notes by or through a member of the SIX Swiss Exchange may also be subject to a stock exchange levy.

Withholding Tax

All payments by or on behalf of the Issuer or the Company of principal and interest on the Notes may be made without deduction of Swiss federal withholding tax, provided that the proceeds of the Notes are used exclusively outside Switzerland.

Other Taxes

A non-Swiss resident holder of Notes who during the taxable year has not engaged in trade or business through a permanent establishment or otherwise within Switzerland and who is not subject to taxation in Switzerland for any other reason, will not be subject to any Swiss federal, cantonal or communal income or profit tax or other tax on gains on the sale of, or payments received, under the Notes.

A holder of Notes who is subject to income or profit taxation in Switzerland will be subject to Swiss federal, cantonal and communal income or profit tax on gains on the sale of, or payments received under, the Notes. An individual who is holding the Notes as part of the private property and who is not considered a professional securities dealer (*gewerbsmässiger Wertschriftenhändler*) for income tax purposes realises a tax free capital gain upon the sale of the Notes. Certain types of Notes may qualify as Notes with a ''predominant one-time interest payment'' (*Obligation mit überwiegender Einmalverzinsung*) pursuant to circular letter no. 4 of 12 April 1999 issued by the Swiss Federal Tax Administration. In this case capital gains realised by private individuals on the sale or redemption of Notes may be considered taxable interest income rather than a tax exempt capital gain.

EU Savings Tax Retention

On 1 July 2005, Switzerland introduced a tax retention on interest payments or similar income paid by a Swiss paying agent as defined in Articles 1 and 6 of the Agreement between the European Community and the Swiss Confederation providing for measures equivalent to those laid down in Council Directive 2003/48/EC on taxation of savings income in the form of interest payments to the beneficial owner who is an individual and resident in the EU unless the interest payments are made on debt-claims issued by debtors who are residents of Switzerland or pertaining to permanent establishments of non-residents located in Switzerland. The tax retention may be withheld at the rate of 20 per cent until 1 July 2011 and 35 per cent thereafter. The Swiss paying agent may be explicitly authorised by the beneficial owner of the interest payments to report interest payments to the Swiss Federal Tax Administration. Such report will then substitute the tax retention.

French Taxation

Payments made by any French Guarantor

There is no direct authority under French law on the withholding tax status of payments by a French Guarantor under the Guarantee. In accordance with one interpretation of French tax law, payments made by a French Guarantor to a Noteholder may be treated as a payment in lieu of payments to be made by the Issuer with respect to the Notes. Accordingly, under this interpretation payments made by a French Guarantor, of any amounts due by the Issuer under the Notes, would be exempt from any taxes, duties or other charges of whatever nature by way of deduction or withholding by the Republic of France or any political subdivision or authority thereof or therein having power to tax, to the extent that interest payments are not made through an account opened in a non-cooperative jurisdiction as defined by article 238-0 A of the French Tax Code, irrespective of the tax residence of the beneficiary of such interest payment. Should the interest payments be made through an account opened in a non-cooperative jurisdiction as defined by article 238-0 A of the French Tax Code, payments made by a French Guarantor would be subject to a 50% withholding tax by virtue of article 125 A III of the French Tax Code. In accordance with another interpretation, any such payment may be treated as a payment independent from the payments to be made by the Issuer with respect to the Notes. In the absence of any specific provision in the French Tax Code, such payments would be exempt from any taxes, duties or other charges of whatever nature by way of deduction or withholding by the Republic of France or any political subdivision or authority thereof or therein having power to tax. Other interpretations, which may lead to a different treatment under French tax law, cannot be ruled out.

SUBSCRIPTION AND SALE

Pursuant to a subscription agreement dated 10 June 2011 (the ''*Subscription Agreement*''), each Joint Lead Manager has agreed with the Issuer and the Guarantors, subject to the satisfaction of certain conditions, to subscribe for the aggregate principal amount of the Notes set forth opposite each Joint Lead Manager's name below at an issue price of 99.26% of their principal amount, and the Issuer, failing whom each of the Guarantors, has agreed to pay to the Joint Lead Managers a commission for the performance of their services.

Joint Lead Manager	Principal Amount
Credit Suisse Securities (Europe) Limited	€ 62,500,000
ING Bank N.V., London branch	62,500,000
The Royal Bank of Scotland plc	62,500,000
Société Générale	62,500,000
Total	€250,000,000

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

Selling Restrictions

United States

The Notes whilst represented by the Global Note are in bearer form and will therefore be subject to United States tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a US person, except in certain transactions permitted by United States tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code of 1986 and regulations thereunder.

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

The Notes have not been and will not be registered under the Securities Act. Subject to certain exceptions, the Notes may not be offered or sold within the United States or to, or for the account or benefit of, US persons. Accordingly, the Notes are being offered and sold only outside the United States in reliance on Regulation S under the Securities Act.

Terms used in the preceding two paragraphs have the meanings ascribed to them by Regulation S under the Securities Act.

United Kingdom

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

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

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

Germany

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

France

This Offering Circular has not been prepared in the context of a public offering of financial securities in France within the meaning of Article L.411-1 of the French Code *monétaire et financier* and Title I of Book II of the *Règlement Général de l'Autorité des marchés financiers* (the ''*AMF*'') and therefore has not been and will not be submitted for clearance to the AMF. Consequently, the Notes are not being offered, directly or indirectly, to the public in France and this Offering Circular (and any other offering material or information contained therein relating to the Notes) has not been and will not be released, issued or distributed or caused to be released, issued or distributed to the public in France or used in respect of any offering of Notes in France. Offers, sales and distributions of the Notes in France will be made only to qualified investors (*investisseurs qualifiés*) acting for their own accounts or to a closed circle of investors (*cercle restreint d'investisseurs*) acting for their own accounts, and/or to providers of the investment service of portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour le compte de tiers*) as defined in, and in accordance with, Articles L.411-2 and D.411-1 to D.411-4, D.744-1, D.754-1 and D.764-1 of the French Code monétaire et financier and in compliance with Articles L.411-1, L.411-2, L.412-1 and L.621-8 through L.621-8-3 of the French Code *monétaire et financier*.

Belgium

This Offering Circular is not intended to constitute a public offering in Belgium and therefore has not been and will not be submitted for approval to the Financial Services and Markets Authority. Consequently, in Belgium, the Notes are not being offered, directly or indirectly to the public in Belgium and this Offering Circular has not been and will not be distributed to the public in Belgium.

The Notes will only be available for subscription to qualified investors (*investisseurs qualifiés/ gekwalificeerde beleggers*) as defined in the law of 16 June 2006 on public offers of investment instruments and on admission of investment instruments to trading on a regulated market.

Switzerland

The Notes may be offered in Switzerland on the basis of a private placement, not as a public offering. The Notes will neither be listed on the SIX Swiss Exchange nor are they subject to Swiss law. This Offering Circular therefore neither constitutes a prospectus within the meaning of Art. 652a and 1156 of the Swiss Federal Code of Obligations or Arts. 32 et seq. of the Listing Rules of the SIX Swiss Exchange, nor does it comply with the Directive for Notes of Foreign Borrowers of the Swiss Bankers Association.

General

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

INFORMATION REGARDING THE ISSUER

Barry Callebaut Services NV is a company incorporated with limited liability under the laws of Belgium. Barry Callebaut Services NV was incorporated on 2 August 1991. The issued share capital of Barry Callebaut Services NV is €705,000,000.00, divided into 705,000,000 fully paid up shares without nominal value. Barry Callebaut Services NV is a direct wholly owned subsidiary of Barry Callebaut AG.

The registered office of Barry Callebaut Services NV is Aalstersestraat 122, B 9280 Lebbeke Wieze, Belgium. It is registered with the Crossroad Bank for Enterprises under number 444.734.706.

Barry Callebaut Services NV's corporate purpose is to serve as our financing company, and in connection therewith, Barry Callebaut Services NV may provide certain types of financial assistance to our companies, such as, among others, the provision of loans, the subscription of bonds, notes or other debt instruments. Barry Callebaut Services NV may borrow in any form including by issuing bonds, notes or other debt instruments and lend money or give credit to any company of the group, without security or upon the security of real or personal property of any kind. As of 28 February 2011, Barry Callebaut Services NV had outstanding senior unsecured notes of €342,625,647, senior unsecured commercial paper of €39,645,422, long term unsecured bank debt of €138,951,484 and short term unsecured bank debt of €40,509,298. Barry Callebaut Services NV also enters into short-term foreign currency and interest rate derivatives. See ''Business—Other Indebtedness''.

The board of directors for Barry Callebaut Services NV is composed of Ludwig Pausenberger, who is the Chief Financial Officer of the Barry Callebaut group in Western Europe, Viktor Balli, who is the Chief Financial Officer of the Barry Callebaut group and Bart de Geyndt who is the Head of Group Treasury, Tax and Risk for the Barry Callebaut group.

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

The financial year for Barry Callebaut Services NV runs from 1 September to 31 August. Barry Callebaut Services NV does not produce standalone financial statements.

LISTING AND GENERAL INFORMATION

Listing

Application has been made to the Luxembourg Stock Exchange for the Notes to be admitted to listing on the official list and to be admitted to trading on the Euro MTF market of the Luxembourg Stock Exchange in accordance with the rules of that exchange. Notice of any optional redemption, change of control, or change in the rate of interest payable on the Notes will be published in a Luxembourg newspaper of general circulation (which is expected to be the *Luxemburger Wort*) or on the website of the Luxembourg Stock Exchange, at *www.bourse.lu*.

For so long as the Notes are listed on the Euro MTF, copies of the following documents may be inspected and obtained at the specified office of the listing agent in Luxembourg during normal business hours on any weekday:

(i) the organisational documents of Barry Callebaut Services NV, Barry Callebaut AG, and each of the Guarantors;

(ii) Barry Callebaut AG's most recent audited consolidated financial statements and any interim financial statements published by Barry Callebaut AG;

(iii) the Subscription Agreement;

(iv) the Agency Agreement; and

(v) the Guarantee.

We will maintain a paying and transfer agent in Luxembourg for as long as any of the Notes are listed on the Euro MTF. We reserve the right to vary such appointment and we will publish notice of such change of appointment in a newspaper having a general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or on the website of the Luxembourg Stock Exchange at *www.bourse.lu*.

Clearing Information

The Notes have been accepted for clearance through the facilities of the X/N System, Clearstream and Euroclear under common code 063829340. The international securities identification number (ISIN) for the Notes is BE6222320614.

Legal Information

Barry Callebaut Services NV

The creation and issuance of the Notes was authorised by a resolution of Barry Callebaut Services NV's board of directors dated 1 June 2011.

See ''Information Regarding the Issuer'' on page 113 for additional corporate information on Barry Callebaut Services NV.

Barry Callebaut AG

Barry Callebaut AG is a corporation incorporated with limited liability under the laws of Switzerland. The issued share capital of Barry Callebaut AG is CHF 125 million, divided into 5.17 million fully paid up registered shares with a nominal value of CHF 24.2 each. Approximately 67.8% of the issued share capital of Barry Callebaut AG is held and beneficially owned by KJ Jacobs AG and certain members of the Klaus J. Jacobs family. The remaining 32.2% of the shares are held publicly. The entire share capital is traded on the SIX Swiss Exchange. The registered office of Barry Callebaut AG is Westpark,

Pfingstweidstrasse 60, 8005 Zürich, Switzerland, and its registration number at the commercial register in Zürich is CH-020.3.005.564-0.

Barry Callebaut AG is primarily engaged in the business of the acquisition, administration and sale of cocoa, chocolate and other products to customers in the food and beverage industry, in particular.

The Guarantee of the Notes was authorised by a resolution of Barry Callebaut AG's board of directors dated 1 June 2011.

Barry Callebaut AG produces statutory unconsolidated financial statements (which comprise of the income statement, balance sheet and notes) for each fiscal year ending 31 August, based on its activities as distinct from the Barry Callebaut group. The unconsolidated statements are based on Swiss law and the company's articles of association. The unconsolidated financial statements are available at the offices of the Paying Agent in Luxembourg.

Barry Callebaut Belgium NV

Barry Callebaut Belgium NV is a company incorporated with limited liability under the laws of Belgium. The issued share capital of Barry Callebaut Belgium NV is €61,537,705.00, divided into 61,289 fully paid up shares without nominal value. Barry Callebaut Belgium NV is direct wholly owned subsidiary of Barry Callebaut AG. The registered office of Barry Callebaut Belgium NV is Aalstersestraat 122, B-9280 Lebbeke-Wieze, Belgium. It is registered with the Crossroad Bank for Enterprises under number 438.950.833.

Barry Callebaut Belgium NV is primarily engaged in the business of imports from wholesale and retail traders, as well as in the export of foodstuffs, including cocoa and other patisserie products.

The Guarantee of the Notes has been authorised by a resolution of Barry Callebaut Belgium NV's board of directors dated 1 June 2011 and a resolution of the shareholders dated 1 June 2011.

Barry Callebaut France SAS

Barry Callebaut France SAS is a company incorporated with limited liability under the laws of France. The issued share capital of Barry Callebaut France SAS is €50 million, divided into 40,997,313 fully paid up shares. Barry Callebaut France SAS is an indirect wholly owned subsidiary of Barry Callebaut AG. The registered office of Barry Callebaut France SAS is 5 boulevard Michelet-Hardricourt, 78250 Meulan, France, and its registration number is 352 714 745 RCS Versailles.

Barry Callebaut France SAS is primarily engaged in the business of the manufacture, transformation and wholesale or retail sale of cocoa and chocolate; trading, buying and selling agricultural and food products; buying and selling all raw materials necessary for manufacturing, in particular on French and foreign forward markets, as well as any machinery necessary for manufacturing products.

The Guarantee of the Notes was authorised by a decision of Barry Callebaut France SAS's president dated 6 June 2011.

Barry Callebaut Sourcing AG

Barry Callebaut Sourcing AG is a corporation incorporated with limited liability under the laws of Switzerland. The issued share capital of Barry Callebaut Sourcing AG is CHF 2 million, divided into 2,000 fully paid up registered shares with a nominal value of CHF 1,000 each. Barry Callebaut Sourcing AG is a wholly owned subsidiary of Barry Callebaut AG. The registered office of Barry Callebaut Sourcing AG is Westpark, Pfingstweidstrasse 60, 8005 Zurich, Switzerland, and its registration number at the commercial register in Zurich is CH-170.3.020.538-1.

Barry Callebaut Sourcing AG is primarily engaged in the business of trading with raw materials and further means of production, in particular for the societies of the Barry Callebaut group, As well as the purchase and the contribution of services for these and further societies.

The Guarantee of the Notes was authorised by a resolution of Barry Callebaut Sourcing AG's board of directors dated 1 June 2011, and by a resolution of an extraordinary shareholders' meeting held on 1 June 2011.

Barry Callebaut Manufacturing (UK) Ltd

Barry Callebaut Manufacturing (UK) Ltd is a limited liability company organised under the laws of England and Wales. The issued share capital of Barry Callebaut Manufacturing (UK) Ltd is £15,467,852, divided into 15,467,852 fully paid-up shares. Barry Callebaut Manufacturing (UK) Ltd is an indirect wholly owned subsidiary of Barry Callebaut AG. The registered office of Barry Callebaut Manufacturing (UK) Ltd is Wildmere Road, OX16 3UU Banbury, and its company number is 01156841.

Barry Callebaut Manufacturing (UK) Ltd is primarily engaged in the business of the manufacturing of, and trading in, chocolate, cocoa, sweets, and all kinds of confectionery and other foodstuffs, provisions and refreshments.

The Guarantee of the Notes was authorised by a resolution of Barry Callebaut Manufacturing (UK) Ltd's directors dated 1 June 2011, and by a resolution of an extraordinary shareholders' meeting held on 1 June 2011.

Barry Callebaut U.S.A. LLC

Barry Callebaut U.S.A. LLC is a limited liability company formed under the laws of the State of Delaware, and has a total of one member. Barry Callebaut U.S.A. LLC is an indirect wholly owned subsidiary of Barry Callebaut AG. The Barry Callebaut U.S.A. LLC's offices are located at 400 Industrial Park Road, St. Albans, Vermont 05478, USA.

Barry Callebaut U.S.A. LLC is primarily engaged in the business of the production of chocolate and other confectionery.

The Guarantee of the Notes was authorised by a written resolution of Barry Callebaut U.S.A. LLC's board of directors dated 27 May 2011.

Barry Callebaut Manufacturing France SAS

Barry Callebaut Manufacturing France SAS is a company incorporated with limited liability under the laws of France. The issued share capital of Barry Callebaut Manufacturing France SAS is €6,637,540 divided into 663,754 fully paid-up shares. Barry Callebaut Manufacturing France SAS is an indirect wholly owned subsidiary of Barry Callebaut AG. The registered office of Barry Callebaut Manufacturing France SAS is 5 Boulevard Michelet, Hadricourt, 78250 Meulan, France, and its registration number is 438 773 525 RCS Versailles.

Barry Callebaut Manufacturing France SAS is primarily engaged in the business of the manufacture and sale of chocolate products.

The Guarantee of the Notes was authorised by a resolution of Barry Callebaut Manufacturing France SAS's president dated 6 June 2011.

Barry Callebaut Schweiz AG

Barry Callebaut Schweiz AG is a corporation incorporated with limited liability under the laws of Switzerland. The issued share capital of Barry Callebaut Schweiz AG is CHF 4.6 million, divided into 920

fully paid up registered shares with a nominal value of CHF 5,000 each. Barry Callebaut Schweiz AG is a wholly owned subsidiary of Barry Callebaut AG. The registered office of Barry Callebaut Schweiz AG is Ringstrasse 19, 8600 Dübendorf, Switzerland, and its registration number at the commercial register in Zürich is CH-020.3.904.625-0.

Barry Callebaut Schweiz AG is primarily engaged in the business of premium chocolate products, convenient, ready-to-use and ready-to-sell products with professional users such as chocolatiers, pastry chefs, bakeries, hotels, restaurants and caterers.

The Guarantee of the Notes was authorised by a resolution of Barry Callebaut Schweiz AG's board of directors dated 31 May 2011, and by a resolution of an extraordinary shareholders' meeting held on 31 May 2011.

Barry Callebaut Cocoa AG

Barry Callebaut Cocoa AG is a stock corporation duly established under the laws of Switzerland. The issued share capital of the company amounts to CHF 100,000, divided into 100 fully paid up registered shares with a nominal value of CHF 1,000 each. Barry Callebaut Cocoa AG is a wholly owned subsidiary of Barry Callebaut AG. The registered office of Barry Callebaut Cocoa AG is at Pfingstweidstrasse 60, Westpark, 8005 Zurich, Switzerland, and its registration number at the commercial register in Zurich is CH-020.3.036.593-7.

Barry Callebaut Cocoa AG is primarily engaged in the processing and trading of raw materials, in particular cocoa products.

The Guarantee of the Notes was authorised by a resolution of Barry Callebaut Cocoa AG's board of directors dated 30 May 2011, and by a resolution of an extraordinary shareholder's meeting held on 30 May 2011.

Litigation

Neither the Issuer nor any member of the Group is involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months preceding the date of this Offering Circular which may have, or have had in the recent past, a significant effect on the financial position or profitability of the Issuer or the Group.

Significant Change

Except as disclosed in this Offering Circular, there has been no significant change in relation to the financial or trading position of the Issuer or the Group (taken as a whole) since 31 August 2010 and there has been no material change in the prospects of the Issuer since 31 August 2010.

Independent Auditors

Barry Callebaut AG's consolidated financial statements for fiscal years 2010 and 2009 included elsewhere in this Offering Circular have been audited by KPMG AG, independent auditors, as stated in their reports appearing herein. Barry Callebaut AG's consolidated financial statements for fiscal year 2008 have also been audited by KPMG AG.

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REPORT OF THE STATUTORY AUDITOR

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Report of the Statutory Auditor on the Consolidated Financial Statements to the General Meeting of Shareholders of

Barry Callebaut AG, Zurich

As statutory auditor, we have audited the accompanying consolidated financial statements of Barry Callebaut AG, which comprise the income statement, statement of comprehensive income, balance sheet, cash flow statement, statement of changes in equity and notes on pages F-4 to F-68 for the year ended August 31, 2010.

Board of Directors' Responsibility

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

Auditor's Responsibility

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

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

Opinion

In our opinion, the consolidated financial statements for the year ended August 31, 2010 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

Report on Other Legal Requirements

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

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

We recommend that the consolidated financial statements submitted to you be approved.

KPMG AG

Roger Neininger
Licensed Audit Expert
Auditor in Charge

Marc Ziegler
Licensed Audit Expert

Zurich, November 2, 2010

KPMG AG/SA, a Swiss corporation, is a subsidiary of KPMG Holding AG/SA, which is a subsidiary of KPMG Europe LLP and a member of the KPMG network of independent firms affiliated with KPMG International Cooperative (''KPMG International''), a Swiss legal entity.

Member of the Swiss Institute of Certified Accountants and Tax Consultants

BARRY CALLEBAUT AG

CONSOLIDATED INCOME STATEMENT

for the fiscal year ended August 31

	Notes	2009/10	2008/09
		(in thousands of CHF)	
Revenue from sales and services		**5,213,779**	**4,880,177**
Cost of goods sold		(4,477,608)	(4,172,355)
Gross profit		**736,171**	**707,822**
Marketing and sales expenses		(120,781)	(120,324)
General and administration expenses		(248,794)	(250,608)
Other income	6	20,456	34,357
Other expenses	7	(16,641)	(20,494)
Operating profit (EBIT)		**370,411**	**350,753**
Financial income	8	2,021	5,904
Financial expenses	9	(83,122)	(97,493)
Result from investments in associates and joint ventures	17	(225)	484
Profit before income taxes		**289,085**	**259,648**
Income tax expenses	10	(37,342)	(32,723)
Net profit for the year		**251,743**	**226,925**
of which attributable to:			
—shareholders of the parent company		251,226	226,907
—non-controlling interest		517	18
Earnings per share	11		
Basic earnings per share (CHF/share)		48.62	43.99
Diluted earnings per share (CHF/share)		48.47	43.85

BARRY CALLEBAUT AG

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the fiscal year ended August 31

	Notes	2009/10	2008/09
		(in thousands of CHF)	
Net profit for the year		**251,743**	**226,925**
Cash flow hedges	14	(3,580)	(6,339)
Tax effect on cash flow hedges		1,585	2,566
Currency translation differences		(138,026)	(86,930)
Other comprehensive income for the year, net of tax		**(140,021)**	**(90,703)**
Total comprehensive income for the year		**111,722**	**136,222**
of which attributable to:			
—shareholders of the parent company		111,309	136,257
—non-controlling interest		413	(35)

BARRY CALLEBAUT AG

CONSOLIDATED BALANCE SHEET

as of August 31

	Notes	2010	2009
		(in thousands of CHF)	
Assets			
Current assets			
Cash and cash equivalents		17,360	33,993
Short-term deposits		750	2,137
Trade receivables and other current assets	12	587,380	524,847
Inventories	13	1,186,231	1,294,545
Current income tax assets		2,760	5,489
Derivative financial assets	14	370,580	221,649
Total current assets		**2,165,061**	**2,082,660**
Non-current assets			
Property, plant and equipment	15	830,866	872,458
Investments in associates	17	3,479	4,038
Intangible assets	18	512,494	493,684
Deferred income tax assets	19	51,361	51,918
Other non-current assets		7,586	10,089
Total non-current assets		**1,405,786**	**1,432,187**
Total assets		**3,570,847**	**3,514,847**
Liabilities and equity			
Current liabilities			
Bank overdrafts	20	13,466	29,338
Short-term debt	20	175,938	222,885
Trade payables and other current liabilities	21	769,537	832,440
Current income tax liabilities		41,968	36,026
Derivative financial liabilities	14	371,059	153,922
Provisions	22	15,558	16,751
Total current liabilities		**1,387,526**	**1,291,362**
Non-current liabilities			
Long-term debt	23	699,516	728,293
Employee benefit obligations	24	105,114	122,701
Provisions	22	5,861	4,202
Deferred income tax liabilities	19	58,721	68,455
Other non-current liabilities		10,946	43,689
Total non-current liabilities		**880,158**	**967,340**
Total liabilities		**2,267,684**	**2,258,702**
Equity	25		
Share capital		197,494	262,119
Retained earnings and other reserves		1,104,787	993,437
Total equity attributable to the shareholders of the parent company		**1,302,281**	**1,255,556**
Non-controlling interest		882	589
Total equity		**1,303,163**	**1,256,145**
Total liabilities and equity		**3,570,847**	**3,514,847**

BARRY CALLEBAUT AG

CONSOLIDATED CASH FLOW STATEMENT

for the fiscal year ended August 31

	Notes	2009/10	2008/09
		(in thousands of CHF)	
Cash flows from operating activities			
Profit before income taxes		289,085	259,648
Adjustments for:			
Depreciation of property, plant and equipment	15	77,861	82,309
Amortization of intangible assets	18	22,428	23,065
Impairment of property, plant and equipment	7,15	—	566
Recognition of negative goodwill on acquisitions	1	—	(1,502)
(Gain) on disposal of property, plant and equipment, net		(6,152)	(30)
(Gain) on sale of subsidiary	2	—	(17,950)
Foreign exchange (gain) loss		(15,852)	28,408
Fair value (gain) loss on derivative financial instruments		(58,016)	(47,183)
Fair value (gain) loss on hedged firm commitments		(82,503)	(76,721)
Fair value (gain) loss on inventories		160,038	57,951
Write-down of inventories	13	4,768	5,462
Increase (decrease) of allowance for doubtful receivables		(1,384)	3,024
Increase (decrease) of provisions		2,615	16,033
Increase (decrease) of employee benefit obligations		(6,078)	(8,455)
Equity-settled share-based payments	4, 24	5,716	11,577
Result from investments in associates and joint ventures		225	(484)
(Interest income)	8	(2,021)	(3,883)
Interest expenses	9	67,061	86,223
Operating cash flow before working capital changes		**457,791**	**418,058**
(Increase) decrease in trade receivables and other current assets		(24,513)	(24,199)
(Increase) decrease in inventories		(143,387)	(9,307)
Increase (decrease) in trade payables and other current liabilities		2,025	(19,004)
Use of provisions		(11,151)	(4,231)
Cash generated from operations		**280,765**	**361,317**
(Interest paid)		(62,221)	(77,604)
(Income taxes paid)		(40,800)	(43,070)
Net cash flow from operating activities		**177,744**	**240,643**

BARRY CALLEBAUT AG

CONSOLIDATED CASH FLOW STATEMENT

for the fiscal year ended August 31

	Notes	2009/10	2008/09
		(in thousands of CHF)	
Cash flows from investing activities			
Purchase of property, plant and equipment	15	(119,258)	(113,314)
Proceeds from sale of property, plant and equipment		19,580	2,370
Purchase of intangible assets	18	(25,850)	(31,129)
Proceeds from sale of intangible assets		—	61
Acquisition of subsidiaries, net of cash acquired	1	(36,199)	(16,938)
Acquisition of associates and joint ventures		—	(164)
Proceeds from disposal of subsidiaries	2	—	17,198
Purchase of short-term deposits		—	(1,396)
Proceeds from sale of short-term deposits		1,309	175
Purchase of other non-current assets		(141)	(589)
Proceeds from sale of other non-current assets		2,453	2,048
Interest received		1,986	2,787
Net cash flow from investing activities		**(156,120)**	**(138,891)**
Cash flows from financing activities			
Proceeds from the issue of short-term debt		112,546	94,493
Repayment of short-term debt		(136,198)	(246,946)
Proceeds from the issue of long-term debt		151,820	149,077
Repayment of long-term debt		(80,750)	(6,748)
Capital reduction and repayment	25	(64,619)	(59,392)
Purchase of treasury shares	25	(5,988)	(8,808)
Sale of treasury shares		307	—
Dividends paid to non-controlling interest	25	(120)	(68)
Effect of change in non-controlling interest	25	—	300
Net cash flow from financing activities		**(23,002)**	**(78,092)**
Effect of exchange rate changes on cash and cash equivalents		617	5,559
Net increase (decrease) in cash and cash equivalents		**(761)**	**29,219**
Cash and cash equivalents at the beginning of the fiscal year		4,655	(24,564)
Cash and cash equivalents at the end of the fiscal year		3,894	4,655
Net increase (decrease) in cash and cash equivalents		**(761)**	**29,219**
Cash and cash equivalents		17,360	33,993
Bank overdrafts		(13,466)	(29,338)
Cash and cash equivalents as defined for the cash flow statement		**3,894**	**4,655**

BARRY CALLEBAUT AG

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the fiscal year ended August 31

	Attributable to the shareholders of the parent company							
	Share capital	Treasury shares	Retained earnings	Hedging reserves	Cumulative translation adjustments	Total	Non-controlling interest	Total equity
				(in thousands of CHF)				
As of August 31, 2008	**321,574**	**(13,604)**	**908,320**	**(1,219)**	**(39,149)**	**1,175,922**	**392**	**1,176,314**
Currency translation adjustments					(86,877)	(86,877)	(53)	(86,930)
Effect of cash flow hedges (note 14)				(6,339)		(6,339)		(6,339)
Taxes recognized in equity (note 14, 19)				2,566		2,566		2,566
Other comprehensive income, net of tax				**(3,773)**	**(86,877)**	**(90,650)**	**(53)**	**(90,703)**
Net profit for the year			226,907			226,907	18	226,925
Total comprehensive income for the year			**226,907**	**(3,773)**	**(86,877)**	**136,257**	**(35)**	**136,222**
Capital reduction and repayment	(59,455)		63			(59,392)		(59,392)
Movements of non-controlling interest (note 25)						—	232	232
Purchase of treasury shares		(8,808)				(8,808)		(8,808)
Equity-settled share-based payments		17,799	(6,222)			11,577		11,577
As of August 31, 2009	**262,119**	**(4,613)**	**1,129,068**	**(4,992)**	**(126,026)**	**1,255,556**	**589**	**1,256,145**
Currency translation adjustments					(137,922)	(137,922)	(104)	(138,026)
Effect of cash flow hedges (note 14)				(3,580)		(3,580)		(3,580)
Taxes recognized in equity (note 14, 19)				1,585		1,585		1,585
Other comprehensive income, net of tax				**(1,995)**	**(137,922)**	**(139,917)**	**(104)**	**(140,021)**
Net profit for the year			251,226			251,226	517	251,743
Total comprehensive income for the year			**251,226**	**(1,995)**	**(137,922)**	**111,309**	**413**	**111,722**
Capital reduction and repayment	(64,625)		6			(64,619)		(64,619)
Movements of non-controlling interest (note 25)						—	(120)	(120)
Purchase of treasury shares		(5,988)				(5,988)		(5,988)
Sale of treasury shares		329	(22)			307		307
Equity-settled share-based payments		7,081	(1,365)			5,716		5,716
As of August 31, 2010	**197,494**	**(3,191)**	**1,378,913**	**(6,987)**	**(263,948)**	**1,302,281**	**882**	**1,303,163**

BARRY CALLEBAUT AG

SUMMARY OF ACCOUNTING POLICIES

Organization and business activity

Barry Callebaut AG (''The Company'') was incorporated on November 24, 1994 under Swiss law, having its head office in Zurich, Switzerland, at Pfingstweidstrasse 60. Barry Callebaut AG is registered in Switzerland and has been listed on the SIX Swiss Exchange (BARN, ISIN Number: CH0009002962) since 1998. As of August 31, 2010, Barry Callebaut's market capitalization based on issued shares was CHF 3,632 million (August 31, 2009: CHF 2,968 million). The Group's ultimate parent is Jacobs Holding AG with a share of 50.11% of the shares issued (August 31, 2009: 50.21%).

Barry Callebaut AG and its subsidiaries (''The Group'') is one of the world's leading cocoa and chocolate companies, serving the food industry, from food manufacturers to professional users of chocolate (such as chocolatiers, pastry chefs or bakers) to global retailers. The Group offers a broad and expanding range of chocolate and other cocoa-based products with numerous recipes. It also provides a comprehensive range of services in the fields of product development, processing, training and marketing. The Group is fully vertically integrated along the entire value chain: from sourcing of raw materials to finished products on the shelf.

The principal brands under which the Group operates are Barry Callebaut, Callebaut, Cacao Barry, Carma, Luijckx, Van Leer and Van Houten for chocolate products; Barry Callebaut, Bensdorp, Van Houten and Chadler for cocoa powder; Bensdorp, Van Houten, Caprimo and Ögonblink for vending mixes; Sarotti, Alpia, Jacques and Alprose for consumer products.

The principal countries, in which the Group operates, include Belgium, Brazil, Cameroon, Canada, China, Côte d'Ivoire, France, Germany, Ghana, Italy, Japan, Malaysia, Mexico, the Netherlands, Poland, Russia, Singapore, Spain, Sweden, Switzerland, the United Kingdom and the U.S.

Basis of presentation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

For consolidation purposes, Barry Callebaut AG and its subsidiaries prepare financial statements using the historical cost basis as disclosed in the accounting policies below, except for the measurement at fair value of derivative financial instruments, hedged firm commitments and inventories and except for defined benefit obligation that is accounted for according to the projected unit credit method.

The prior year's Consolidated Balance Sheet has been reclassified to conform with the current period's presentation, whereas financial assets of CHF 0.4 million (2009: CHF 0.5 million) have been combined with other non-current assets.

Management assumptions and significant estimates

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the financial statements are described below:

Note 1	Acquisitions—Fair value measurement
Note 13	Inventories—Application of broker-trader exemption
Note 14	Derivative financial instruments and hedging activities—Designation of inventory as a hedging instrument
Note 18	Goodwill—Measurement of the recoverable amounts of cash-generating units
Note 19	Deferred tax assets and liabilities—Utilization of tax losses
Note 24	Employee benefit obligation—Measurement of defined benefit obligations

Scope of consolidation/Subsidiaries

The consolidated financial statements of the Group include all the assets, liabilities, income and expenses of Barry Callebaut AG and the companies which it controls. Control is presumed to exist when a company owns, either directly or indirectly, more than 50% of the voting rights of a company's share capital or otherwise has the power to exercise control over the financial and operating policies of a subsidiary so as to obtain the benefits from its activities. Non-controlling interest are shown as a component of equity in the balance sheet and the share of the net profit attributable to non-controlling interest is shown as a component of the net profit for the period in the Consolidated Income Statement. Newly acquired companies are consolidated from the date control is transferred (the effective date of acquisition), using the purchase method. Subsidiaries disposed of are included up to the effective date of disposal.

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

Purchases and disposals of non-controlling interest in subsidiaries

The Group applies the policy of treating transactions with non-controlling interest equal to transactions with equity owners of the Group. For purchases from non-controlling interest, the difference between consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposal to non-controlling interest are also recorded in equity.

Options over existing non-controlling interest

The Group accounts for written put options over existing non-controlling interest in derecognizing the non-controlling interest and records instead a liability to the extent of the put option exercise price, discounted to the balance sheet date. Should the option expire without being exercised by the minority shareholders, the liability is derecognized and non-controlling interest is recorded.

Investments in associates and joint ventures

Associates are those companies in which the Group has significant influence but not control. This is normally presumed when the Group holds between 20% and 50% of the voting power of another entity. Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. Associates and joint ventures are accounted for using the equity method (equity-accounted investees) and are recognized initially at cost. The Group's investment includes goodwill identified on acquisition,

net of any impairment losses. The consolidated financial statements include the Group's share of the income and expenses and equity movements of equity-accounted investees from the date that significant influence or joint control commences until the date significant influence or joint control ceases.

Foreign currency transactions

The functional currency of the Group's entities is the currency of their primary economic environment. In individual companies, transactions in foreign currencies are recorded at the rate of exchange at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated into respective functional currencies at the exchange rate prevailing at the year-end date. Any resulting exchange gains and losses are taken to the income statement. If related to commercial transactions or to the measurement of financial instruments in coverage of commercial transactions, such foreign currency gains and losses are classified as cost of goods sold. Otherwise, foreign currency gains and losses are classified as financial income and financial expense.

Foreign currency translation

For consolidation purposes, assets and liabilities of subsidiaries reporting in currencies other than Swiss francs are translated to Swiss francs using year-end rates of exchange. Income and expenses are translated at the average rates of exchange for the year. Differences arising from the translation of financial statements using the above method are recorded as cumulative translation adjustments in equity.

Major foreign exchange rates

	2009/10		2008/09	
	Closing rate	Average rate	Closing rate	Average rate
EUR	1.2925	1.4482	1.5220	1.5189
GBP	1.5740	1.6561	1.7285	1.7501
USD	1.0210	1.0578	1.0666	1.1250

Cash and cash equivalents

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

Trade receivables and other current assets

Trade receivables are stated at amortized cost, less anticipated impairment losses. Impairment provision for receivables represent the Group's estimates of incurred losses arising from the failure or inability of customers to make payments when due. These estimates are assessed on an individual basis, taking into account the aging of customers' balances, specific credit circumstances and the Group's historical default experience. If the Group is satisfied that no recovery of the amount owing is possible, the receivable is written off and the provision related to it is reversed.

The Group maintains an asset-backed securitization program for trade receivables, transferring the contractual rights to the cash flows of third-party trade receivables at their nominal value minus a discount. These receivables are derecognized from the balance sheet. The net amount reported under other current assets (see note 12) or other current liabilities (see note 21) is the amount of the discount

minus the receivables already collected at the balance sheet date but not yet remitted to the asset-purchasing company.

Derivative financial instruments and hedging activities

The nature of its business exposes the Group to a variety of risks. The Group's overall risk management program acknowledges volatility of markets and seeks to minimize the potential adverse effects on the financial performance of the Group in a cost-efficient manner. Further information on risk management can be found under note 26.

The Group uses derivative financial instruments in accordance with its risk management policies to hedge its exposure to chocolate sales (related commodity price risks), which consist of the price risk of cocoa and other commodities such as dairy, sweeteners and nuts, foreign exchange risks and interest rate risks arising from operational, financing and investment transactions.

The Group's purchasing and sourcing center frequently buys and sells cocoa beans and other chocolate ingredients for the purpose of generating a profit from short-term fluctuations in price or dealer's margin. The practice of net cash settlement of commodity purchase and sale contracts results in these contracts qualifying as derivative financial instruments.

Following the Group's risk management policy, generally the operating group companies do not hold derivative financial instruments for trading purposes.

Derivative financial instruments are accounted for at fair value with fair value changes recognized in the income statement.

Hedge accounting

For manufacturing and selling of their products, the operating companies require commodity raw materials such as cocoa beans and semi-finished cocoa products as well as non-cocoa components such as dairy, sweeteners and nuts. The value of the Group's open sales and purchase commitments and inventory of raw materials changes continuously in line with price movements in the respective commodity markets. The Group uses commodity futures, forward contracts and inventory to manage price risks associated with the firm sales commitments of industrial chocolate (Contract Business—see risk management note 26).

The Group and its subsidiaries enter into sales and purchasing contracts denominated in various currencies and consequently are exposed to foreign currency risks, which are hedged by the Group's treasury department or—in case of legal restrictions—with local banks. The Group's interest rate risk is managed with interest rate derivatives.

Hedge accounting is applied to derivatives that are effective in offsetting the changes in fair value or cash flows of the hedged items. The hedge relation is documented and the effectiveness of such hedges is tested at regular intervals, at least on a semi-annual basis.

Fair value hedging—for commodity price risks and foreign currency exchange risks related to the Contract Business

Generally, fair value hedge accounting is applied to hedge the Group's exposure to changes in fair value of a recognized asset or liability or an unrecognized firm commitment or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk, e.g. commodity price risks, and that could affect profit or loss. For fair value hedges, the carrying amount of the hedged item is adjusted for gains and losses attributable to the risk being hedged, the derivative (hedging instrument) is remeasured at fair value and gains and losses from both are taken to the income statement. When an unrecognized firm commitment is designated as a hedged item, the subsequent cumulative change in

the fair value of the firm commitment attributable to the hedged risk is recognized as an asset or liability with a corresponding gain or loss in the income statement. The changes in the fair value of the hedging instrument are also recognized in the income statement.

For the chocolate price risk related to the sales contract of industrial chocolate (Contract Business), the firm sales commitments, including cocoa and non-cocoa components, such as sweeteners, dairy and nuts, are designated as the hedged items while the forward purchase commitments and Contract Business inventories related to cocoa and non-cocoa components as well as cocoa future contracts are designated as the hedging instruments. The hedging instruments (purchase side) as well as the hedged items (sales side) are measured at fair value at the balance sheet date. The components of sales contracts represent commodities and are quoted in an active market or are reliably determinable. The fair values thus calculated for the hedged items are recorded under the position ''Fair value of hedged firm commitments'' included in trade receivables and other current assets or trade payables and other current liabilities depending on whether the resulting amount is positive or negative. The fair values thus calculated for the hedging instruments are recorded under the position ''Derivative financial assets'' or ''Derivative financial liabilities'' depending on whether the resulting amount is positive or negative.

For foreign currency exchange risks related to the firm sales commitments of industrial chocolate (Contract Business), fair value hedge accounting is also applied. The hedge relationship is between the unrecognized firm sales commitment (hedged item) and the foreign currency forward sales contract (hedging instrument). The changes in fair value of the hedging instrument are recognized in the income statement. The cumulative change in the fair value of the firm sales commitment attributable to the foreign currency risk is recognized as an asset or liability with a corresponding gain or loss in the income statement.

Cash flow hedging—for interest rate risks

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

Interest rate derivatives hedging exposures to variability in cash flows of highly probable forecasted transactions are classified as cash flow hedges. For each cash flow hedge relationship, the effective part of any gain or loss on the derivative financial instrument is recognized directly in equity. Gains or losses that are recognized in equity are transferred to the income statement in the same period in which the hedged exposure affects the income statement. The ineffective part of any gain or loss is recognized immediately in the income statement at the time hedge effectiveness is tested.

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

No hedge accounting designation

The Group's purchasing and sourcing center and the In-house Bank of the Group fair value their derivative financial instruments without applying hedge accounting.

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

In respect of the foreign exchange exposure of a recognized monetary asset or liability, no hedge accounting is applied. Any gain or loss on the financial derivative used to economically hedge this risk is

recognized in the income statement thus compensating the gains and losses that arise from the revaluation of the underlying asset or liability.

Inventories

The Group principally acquires cocoa beans, any semi-finished products resulting from cocoa beans (such as cocoa liquor, butter, cake or powder), other raw materials such as sweeteners, dairy and nuts and has industrial chocolate inventories with the purpose of selling them in the near future and generating a profit from fluctuations in price or broker-traders' margin. The Group therefore acts as a broker-trader of such commodities and these inventories are measured at fair value less costs to sell in accordance to the broker-trader exemption per IAS 2.5 (Inventories).

Other inventories, such as finished consumer products and other items related to the Price List Business are stated at the lower of cost and net realizable value. The cost of inventories comprises the costs of materials, direct production costs including labor costs and an appropriate proportion of production overheads and factory depreciation. For movements in inventories, the average cost method is applied. Net realizable value is defined as the estimated selling price less costs of completion and direct selling and distribution expenses.

Assets held for sale and liabilities directly associated with assets held for sale

Long-term assets and related liabilities are classified as held for sale and shown on the balance sheet in a separate line as ''Assets held for sale'' and ''Liabilities directly associated with assets held for sale'' if the carrying amount is to be realized by selling, rather than using, the assets. This is conditional upon the sale being highly probable to occur and the assets being ready for immediate sale. For a sale to be classified as highly probable, the following criteria must be met: management is committed to a plan to sell the asset, the asset is marketed for sale at a price that is reasonable in relation with its current fair value and the completion of the sale is expected to occur within 12 months.

Assets held for sale are measured at the lower of their carrying amount or the fair value less costs to sell. From the time they are classified as ''held for sale'', depreciable assets are no longer depreciated or amortized.

Financial assets

Financial assets are accounted for in accordance with IAS 39, Financial Instruments: Recognition and Measurement. Accordingly, financial assets are classified into the following categories: held-to-maturity, at fair value through profit or loss, loans and receivables and available-for-sale. Financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intent and ability to hold to maturity except for loans and receivables originated by the Group are classified as held-to-maturity investments. Financial assets acquired principally for the purpose of generating a profit from short-term fluctuations in price are classified as at fair value through profit or loss. All other financial assets, excluding loans and receivables, are classified as available-for-sale.

All purchases and sales of financial assets are recognized on the trade date. Financial assets are recognized when the Group becomes a party to the contractual provisions and are initially measured at fair value, which is the consideration given for them, plus transaction costs in the case of financial assets and liabilities not at fair value through profit or loss. Available-for-sale and fair value through profit or loss investments are subsequently carried at fair value by reference to their quoted market price at the balance sheet date, without any deduction for transaction costs that the Group may incur on their sale or other disposal.

Gains or losses on measurement to fair value of available-for-sale investments are included directly in equity until the financial asset is sold, disposed of or impaired, at which time the gains or losses are recognized in net profit or loss for the period.

Held-to-maturity investments and loans and receivables are carried at amortized cost using the effective interest rate method.

Financial assets are derecognized, using the weighted average method, when the Group loses control of the contractual rights to the cash flows of the assets or when the Group sells or otherwise disposes of the contractual rights to the cash flows, including situations where the Group retains the contractual rights but assumes a contractual obligation to pay the cash flows that comprise the financial asset to a third party. Such control is lost when the rights and benefits specified in the contract are realized, expired, or are surrendered.

Intangible assets

Goodwill

Goodwill on acquisitions is the excess of acquisition-date fair value of total consideration transferred and the acquisition-date fair value of assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Negative goodwill is recognized directly in the income statement. At the acquisition date, any goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies.

Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognized. Where goodwill forms part of the cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Research and development costs

Research costs are expensed as incurred, whereas product development costs are only expensed as incurred when it is considered impossible to quantify the existence of a market or future cash flows for the related products or processes with reasonable assurance.

Development costs for projects relate to software, recipes and innovation and are capitalized as an intangible asset if it can be demonstrated that the project is expected to generate future economic benefits. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period. Development costs that have been capitalized are amortized on a straight-line basis over the period of their expected useful life. The amortization periods adopted do not exceed five years.

Other intangible assets

Other acquired intangible assets include patents, trademarks, brand names and licenses. Patents and licenses are amortized over their period of validity. All other intangible assets are amortized on a straight-line basis over their anticipated useful life not exceeding 20 years.

Property, plant and equipment

Property, plant and equipment are measured at the acquisition or construction cost less accumulated depreciation and accumulated impairment losses. A straight-line method of depreciation is applied through the estimated useful life. Estimated useful lives of major classes of depreciable assets are:

Buildings (including warehouses and installations)	20 to 50 years
Plant and machinery	10 to 20 years
Office equipment, furniture and motor vehicles	3 to 10 years

Maintenance and repair expenditures are charged to the income statement as incurred.

The carrying amounts of property, plant and equipment are reviewed at least at each balance sheet date to assess whether they are recoverable in the form of future economic benefits. If the recoverable amount of an asset has declined below its carrying amount, an impairment loss is recognized to reduce the value of the assets to its recoverable amount. In determining the recoverable amount of the assets, expected cash flows are discounted to their present value.

Leased assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are stated as assets of the Group at the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Finance costs are charged to the income statement over the term of the relevant lease so as to produce a constant periodic interest charge on the remaining balance of the obligations for each accounting period.

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rentals payable under an operating lease are charged to the income statement on a straight-line basis over the term of the lease.

Financial liabilities

Financial liabilities are initially recognized at fair value, net of transaction costs, when the Group becomes a party to the contractual provisions. They are subsequently carried at amortized cost using the effective interest rate method. A financial liability is removed from the balance sheet when the obligation is discharged, cancelled, or expires.

Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate thereof can be made. Provisions are recorded for identifiable claims and restructuring costs. Restructuring provisions mainly comprise employee termination payments. Specific provisions for restructuring costs are recorded at such time as the management approves the decision to restructure and a formal plan for restructuring is communicated.

Employee benefit obligations/Post-employment benefits

The liabilities of the Group arising from defined benefit obligations and the related current service costs are determined on an actuarial basis using the projected unit credit method.

Actuarial gains and losses are recognized in the income statement over the remaining working lives of the employees to the extent that their cumulative amount exceeds 10% of the greater of the present value of the obligation and of the fair value of plan assets.

For defined benefit plans, the actuarial costs charged to the income statement consist of current service cost, interest cost, expected return on plan assets and past service cost, gains or losses related to curtailments or early settlements as well as actuarial gains or losses to the extent they are recognized. The past service cost for the enhancement of pension benefits is accounted for over the period that such benefits vest.

Some benefits are also provided by defined contribution plans; contributions to such plans are charged to the income statement as incurred.

Post-retirement benefits other than pensions

Certain subsidiaries provide healthcare and insurance benefits for a portion of their retired employees and their eligible dependents. The cost of these benefits is actuarially determined and included in the related function expenses over the employees' working lives. The related liability is also included in the position Employee benefits.

Employee stock ownership program

For the employee stock ownership program, treasury shares are used. In accordance with IFRS 2, the compensation costs in relation with shares granted under the employee stock ownership program are recognized in the income statement over the vesting period at their fair value as of the grant date.

Other long-term employee benefits

Other long-term employee benefits represent amounts due to employees under deferred compensation arrangements mandated by certain jurisdictions in which the Group conducts its operations. Benefit cost is recognized on an actuarial basis in the income statement. The related liability is included in other long-term liabilities.

Share capital/Purchase of own shares

Where the Company or its subsidiaries purchase the Company's shares, the consideration paid including any attributable transaction costs is deducted from equity as treasury shares. Where such shares are subsequently sold or reissued, any consideration received is included in equity.

Dividends

Dividends on ordinary shares are recognized as a liability when they are approved by the shareholders.

Taxes

Current income taxes are recognized based on taxable income, whereas other taxes such as non-recoverable taxes withheld on dividends, management fees and royalties received or paid are reported under other expense. Non-recoverable withholding taxes are only accrued if distribution by subsidiary companies is foreseen.

Income taxes are calculated in accordance with the tax regulations in effect in each country.

The Group recognizes deferred income taxes using the balance sheet liability method. Deferred income tax is recognized on all temporary differences arising between the tax values of assets and liabilities and their values in the consolidated financial statements. Deferred income tax assets are

recognized to the extent it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred income tax assets and liabilities are calculated using tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Revenue recognition

Revenues from sales and services consist of the net sales turnover of semi-processed and processed goods and services related to food-processing.

Revenues from the sale of goods are recognized when the significant risks and rewards of ownership of the goods have been transferred to the buyer, which is mainly upon shipment. Appropriate provisions are made for all additional costs to be incurred in connection with the sales including the cost of returns. Additionally, gains and losses related to derivative financial instruments used for hedging purposes are recognized in revenues in accordance with the policies set out in this section.

Revenues and costs related to trading of raw materials, which are fair valued, are netted. Interest income is recognized as it accrues on an effective yield basis, when it is determined that such income will flow to the Group. Dividends are recognized when the right to receive payment is established.

Government grants

Provided there is reasonable assurance that they will be irrevocably received, grants relating to capital expenditure are deducted from the cost of property, plant and equipment and thus recognized in the income statement on a straight-line basis over the useful life of the asset.

Other grants that compensate the Group for expenses incurred are deferred and recognized in the income statement over the period necessary to match them with the costs they are intended to compensate.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group's Executive Committee.

For more details refer to ''Changes in accounting policies''—IFRS 8.

BARRY CALLEBAUT AG

ACCOUNTING POLICIES

Changes in accounting policies

Amended International Financial Reporting Standards and Interpretations which became effective for this financial year

IFRS 3 (Revised)—Business Combinations (effective July 1, 2009)

The revised standard has been adopted for acquisitions after September 1, 2009. Therefore, the Group has not included acquisition-related expenses in the consideration paid. For further details on business combinations refer to note 1 ''Acquisitions''.

IFRS 7 (Amendment)—Financial Instruments—Disclosures (effective January 1, 2009)

The amendments to IFRS 7 expand the disclosures required in respect of fair value measurements and liquidity risk. The Group has elected not to provide comparative information for these expanded disclosures in the current year in accordance with the transitional reliefs offered in these amendments. Disclosures in these financial statements (note 26) have been modified to reflect the International Accounting Standards Board's clarification (as part of Improvements to IFRSs 2009).

IFRS 8—Operating Segments (effective January 1, 2009)

IFRS 8 supersedes IAS 14 ''Segment Reporting''. The new standard requires that reportable segments are identified consistent with the internal information upon which the chief operating decision-maker (CODM) is allocating the resources and assessing the performance of the operating segments. The Group has identified the Executive Committee as the CODM. It reviews the segments Global Sourcing & Cocoa, Western Europe, Eastern Europe, Americas and Asia-Pacific. For the purpose of the consolidated financial statements, Western Europe and Eastern Europe were aggregated. Global Sourcing & Cocoa has in the old format of the segment reporting (IAS 14) been allocated to the regions. The prior-year figures have been restated accordingly. In addition to the operating segments, information for the following product groups is also disclosed: Cocoa Products, Food Manufacturer Products, Gourmet & Specialties Products and Consumer Products.

IAS 1 (Revised)—Presentation of Financial Statements (effective January 1, 2009)

The Group has opted to present a separate statement of comprehensive income in addition to the consolidated income statement. Furthermore, the standard includes non-mandatory changes of the titles of the financial statements. The Group has chosen the option to maintain the existing titles.

IAS 23 (Revised)—Borrowing Costs (effective January 1, 2009)

The revised standard eliminates the option of recognizing borrowing costs immediately as an expense, to the extent that they are directly attributable to the acquisition, construction or production of a qualifying asset. Capitalization of such directly attributable costs is now mandatory. This revised standard had no material impact on the Group's consolidated financial statements.

IAS 27 (Revised)—Consolidated and Separate Financial Statements (effective July 1, 2009)

The revised standard requires that effects of all transactions with non-controlling interest are to be recorded in equity if there is no change in control. These transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting treatment when control is lost. Any

remaining interest in the entity is remeasured to fair value, and a gain or loss is recognized as a profit or loss. The Group has changed its accounting policy accordingly.

IFRIC 18—Transfer of Assets from Customers (effective July 1, 2009)

This interpretation clarifies the circumstances in which the definition of an asset within the scope of IFRIC 18 is met, and how to recognize the asset and measure its cost on initial recognition. The Group will apply the interpretation to transactions which meet the respective criteria. As of August 31, 2010, no such transaction exists.

Improvements to IFRS (effective January 1/July 1, 2009)

Several standards have been modified on miscellaneous points. No material impacts on the Group's consolidated financial statements were identified.

The following standards and interpretations that became effective in fiscal year 2009/10 are not relevant to the Group's operations:

- IFRS 2 Amendment—Share-based payments, Vesting conditions and cancellation
- IAS 32 Amendment—Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements, puttable financial instruments and obligations arising on liquidation
- IAS 39 Amendment—Financial Instruments: Recognition and measurement, Eligible hedged items
- IFRIC 15—Agreements for the construction of real estate
- IFRIC 16—Hedges of a net investment in a foreign operation
- IFRIC 17—Distributions of non-cash assets to owners
- Improvements to IFRS 2010

Amended International Financial Reporting Standards and Interpretations, not yet effective for the Group and not early adopted

The following standards and amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after September 1, 2010, but the Group has not early adopted them:

IFRS 9—Financial Instruments (effective January 1, 2013)

This standard introduces new requirements for the classification and measurement of financial assets. All recognized financial assets that are currently in the scope of IAS 39 will be measured at either amortized cost or fair value. The standard gives guidance on how to apply the measurement principles. A fair value option is available as an alternative to amortized cost measurement. All equity investments within the scope of IFRS 9 are to be measured on the consolidated balance sheet at fair value with the default recognition of gains and losses in profit or loss. Only if the equity instrument is not held for trading, an irrevocable election can be made at initial recognition to measure it at fair value through other comprehensive income with only dividend income recognized in profit or loss. All derivatives within the scope of IFRS 9 are required to be measured at fair value. This includes derivatives that are settled by the delivery of unquoted equity instruments, however, in limited circumstances cost may be an appropriate estimate of fair value. The Group has not yet decided whether or not it will early adopt the standard. Thus, potential impacts on the Group's consolidated financial statements were not yet fully assessed.

Improvements for IFRS (effective January 1, 2010)

Several standards have been modified on miscellaneous points. They are not going to have a material impact to the Group's consolidated financial statements. The Group will apply these changes for the accounting period starting September 1,2010.

Interpretations and amendments to existing standards, not yet effective and not relevant for the Group's operations

IFRS 2—Share-based payments (effective January 1, 2010)

These amendments clarify the accounting for group-settled share-based payment transactions. In these arrangements, the subsidiary receives goods or services from employers or suppliers, but its parent or another entity in the group must pay those suppliers. An entity that receives goods or services in a share-based arrangement must account for those goods or services no matter which entity in the group settles the transaction and no matter whether the transaction is settled in shares or cash. The IASB additionally clarified that in IFRS 2 a ''group'' has the same meaning as in IAS 27—Consolidated and Separate Financial Statements.

IAS 32—Financial Instruments: Classification of rights issued (effective February 1, 2010)

Under the amendment rights, options and warrants otherwise meeting the definition of equity instruments in IAS 32 issued to acquire a fixed number of an entity's own non-derivative equity instruments for a fixed amount in any currency are classified as equity instruments provided the offer is made pro-rata to all existing owners of the same class of the entity's own non-derivative equity instruments.

IAS 24—Related party disclosures (effective January 1, 2011)

The revised standard simplifies the disclosures requirements for entities that are controlled, jointly controlled or significantly influenced by a government and clarifies the definition of a related party. A reporting entity might be exempted from the general disclosure requirements set out in IAS 24 in relation to related party transactions and outstanding balances (including commitments), if certain requirements are met.

IFRIC 14—Prepayments of a minimum funding requirement (effective January 1, 2011)

Under the amended IFRIC 14, if there is a minimum funding requirement for contributions relating to future service, the economic benefit available as a reduction in future contributions (and, therefore, the surplus that should be recognized as an asset) is comprised of: (a) any amount that reduces future minimum funding requirement contributions for future services because the entity made a prepayment; and (b) the estimated future service cost in each period less the estimated minimum funding requirement contributions that would be required for future service in that period if there were no prepayment of those contributions as described in (a).

IFRIC 19—Extinguishing financial liabilities with equity instruments (effective July 1, 2010)

The interpretation addresses divergent accounting by entities issuing equity instruments in order to extinguish all or part of a financial liability (often referred to as debt-for-equity swaps). An entity should measure the equity instruments issued as extinguishment of the financial liability at their fair value on the date of extinguishment of the liability, unless the fair value is not reliably measureable.

Changes in the scope of consolidation

The scope of consolidation has during the fiscal year 2009/10 changed as follows:

Acquisitions

Name and location of company acquired	Date of first consolidation	Acquired stake
Trade & Trade S.A., Spain	December 23, 2009	100%

Disposals

Name and location of company disposed	Date of deconsolidation	Disposed stake
none	—	—

1. Acquisitions 2009/10

In fiscal year 2009/10, the following acquisitions/business combinations took place:

On December 23, 2009, the Group obtained control of Chocovic Group, a Spanish chocolate manufacturing group, by acquiring 100% of the shares and voting interests of Trade & Trade, S.A, Chocovic Group's ultimate parent. As a result of the acquisition, the Group is expected to further expand its core business with industrial and artisanal customers as well as its geographic presence, mainly in Southern Europe.

The following summarizes the major classes of consideration transferred:

	2009/10
	(in thousands of CHF)
Consideration	
Cash paid	23,374
Consideration offset with receivables from seller	16,870
Consideration deferred	15,835
Total consideration transferred	**56,079**

The deferred payments are contractually due at the first and fifth anniversary of the closing date. Most of the deferred payment is due short-term. The consideration due on the fifth anniversary of the closing shall be offset with indemnification claims by the Group. No pre-existing relationships were settled in this transaction.

The agreements with the seller do not contain arrangements for contingent considerations.

The Group expensed acquisition-related costs, such as fees for due diligence work and lawyers, of CHF 1.1 million over the course of the project immediately in the Consolidated Income Statement

(included in General and administration expenses), of which CHF 0.7 million was recognized in the prior fiscal year.

	2009/10 (in thousands of CHF)
Recognized amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	2,218
Trade receivables and other assets	42,031
Inventories	8,684
Property, plant and equipment	6,786
Intangible assets	6,291
Deferred income tax assets	290
Bank overdrafts	(7,625)
Trade payables and other current liabilities	(20,247)
Deferred income tax liabilities	(1,012)
Other non-current liabilities	(6,166)
Total identifiable net assets	**31,250**
Goodwill	24,829
Total consideration at fair value	**56,079**

The goodwill of CHF 24.8 million arising from the acquisition is attributable to the skills and technical talents of Chocovic work force, synergies expected to be achieved from integrating the company into the Group's existing business and economies of scale expected from combining the operations of the Group and Chocovic Group. None of the goodwill recognized is expected to be deductible for income tax purposes.

The fair value of trade receivables and other assets is CHF 42.0 million and includes trade receivables with a fair value of CHF 18.3 million.The gross contractual amount of trade receivables due is CHF 20.8 million, of which CHF 2.5 million is expected to be uncollectible.

The Group has not yet finished the valuation of the defined benefit obligations as the actuarial valuation reports were not yet available.

Contingent liabilities of CHF 2.7 million have been recognized for potential outflow of resources embodying economic benefits arising from past events. The liabilities have not been discounted as the settlement is expected to take place within 12 months. As of August 31, 2010, there has been no change in the amounts recognized at the acquisition date, as there has been no change in the range of outcomes or assumptions used to develop the estimates.

The selling shareholders have contractually agreed to indemnify Barry Callebaut for amounts that may become payable in respect of certain above-mentioned past events. An indemnification asset of CHF 0.8 million, equivalent to the fair value of the indemnified liability, has been recognized by the Group. The indemnification asset is deducted from consideration transferred for the business combination. As is the case with the indemnified liability, there has been no change in the amount recognized for the indemnification asset as at August 31, 2010, as there has been no change in the range of outcomes or assumptions used to develop the estimate of the liability.

The revenue included in the Consolidated Income Statement since December 23, 2009, contributed by Chocovic Group, was CHF 42.5 million. Chocovic Group has also contributed profit of CHF 3.1 million over the same period.

Had Chocovic Group been consolidated from September 1, 2009, it would have contributed revenue of CHF 72.1 million and net profit for the year of CHF 4.4 million to the Consolidated Income Statement.

The initial accounting for the acquisitions of International Business Company (IBC) and the business from the Japanese confectionery Morinaga & Co. Ltd in the comparable period which were determined provisionally, have been completed in the meantime. The finalization of the purchase accounting of the Eurogran acquisition led to a minor adjustment of CHF 0.5 million from Goodwill to Brand names.

2008/09

In fiscal year 2008/09, the following acquisitions/business combinations took place:

International Business Company (IBC) BVBA

On October 1, 2008, the Group closed the transaction to acquire 100% of the share capital in IBC, a Belgian company active in the chocolate decoration market. The company mainly serves customers in the Group's Gourmet & Specialties business in Europe and was therefore integrated in the Food Service/Retail Business segment and the geographical Region Europe, respectively. Goodwill resulting from that transaction has also been allocated to those segments.

Morinaga Tsukaguchi factory

On December 1, 2008, the Group has acquired assets from the Japanese confectionary Morinaga & Co. Ltd and entered into a long-term supply agreement with Morinaga & Co. Ltd. Due to the substance of the acquisition agreement entered into with Morinaga, the Group has concluded that the acquisition qualifies as a business combination in the scope of IFRS 3. The business was subsequently integrated in the Group's Industrial Business segment and the geographical Region Asia-Pacific since the business does generate its sales solely in Asia. The accounting for the transaction has led to a negative goodwill which was immediately recognized in the Consolidated Income Statement.

Eurogran A/S

On June 1, 2009, the Group has closed the acquisition of the Danish beverage company Eurogran A/S with a subsidiary in United Kingdom. The Danish operations were integrated in the Group's beverage business. The business acquired serves customers in Europe, consequently it was integrated into the Group's Food Service/Retail segment and the geographical Region Europe, respectively. Goodwill resulting from this acquisition was allocated to the same segments as well.

Acquisitions

	Pre-acquisition carrying amounts 2008/09	Fair value adjustments 2008/09	Recognized values on acquisition 2008/09
	(in thousands of CHF)		
Inventories	7,010	(985)	6,025
Trade receivables and other assets	9,758	(81)	9,677
Property, plant and equipment	16,795	1,209	18,004
Intangible assets	—	3,731	3,731
Other current liabilities and deferred income	(12,331)	(817)	(13,148)
Deferred tax, net	(610)	(1,872)	(2,482)
Other non-current liabilities	(6,227)	(57)	(6,284)
Fair value of assets and liabilities acquired	**14,395**	**1,128**	**15,523**
Goodwill on acquisition			24,890
Negative goodwill on acquisition			(1,502)
Consideration, recognized as current and non-current liability			(18,742)
Consideration, paid in cash[(1)]			**20,169**
Cash and cash equivalents less bank overdrafts (net) acquired			(2,657)
Cash outflow for acquisition of subsidiaries, net of cash and bank overdrafts acquired			**17,512**

(1) Includes legal and consultancy fees of CHF 1.1 million.

The goodwill amounting to CHF 24.9 million reflects the value of highly skilled staff, the immediate access to manufacturing resources, supply chain and profound knowledge of the regional market characteristics. The acquisitions allow the Group to leverage on these factors and use related synergies for its strategically targeted regional and business expansion path.

The negative goodwill recognized is related to the acquisition of the Tsukaguchi factory and is mainly the result of differences between the value at which property, plant and equipment were acquired and their fair value assessed by the Group and reflecting the business plan underlying the acquisition.

The effect of last year's acquisitions on the Group's sales were approximately CHF 42 million on net sales revenue and CHF 5.3 million on net profit from continuing operations. Had the acquisitions occurred on September 1, 2008, the Group's net sales revenue would have been approximately CHF 4,923 million and the net profit from continuing operations approximately CHF 229 million.

2. Disposals

Disposals in 2009/10

No subsidiaries were disposed of in 2009/10.

Disposals in 2008/09

Van Houten (Singapore) Pte Ltd

On February 28, 2009, Barry Callebaut has sold its Consumer Products subsidiary Van Houten (Singapore) Pte Ltd, domiciled in Singapore, to The Hershey Company and has also licensed the Van

Houten brand name and trademarks to Hershey's for use in relation to the sale of consumer products in Asia-Pacific, the Middle East, and Australia/New Zealand.

The transaction resulted in a total gain of CHF 17.9 million (net of transaction costs).

	2009/10	2008/09
	(in thousands of CHF)	
Current assets		3,907
Property, plant and equipment		5
Financial liabilities		(1,308)
Other liabilities		(2,447)
Net assets disposed of	**—**	**157**
Costs to sell		(628)
Profit/(loss) on current year's disposals		17,950
Total disposal consideration	**—**	**17,479**
Cash and cash equivalents and bank overdrafts (net) disposed of		(281)
Cash inflow on disposals	**—**	**17,198**

3. Segment information

External segment reporting is based on the internal organizational and management structure, as well as on the internal information reviewed regularly by the Chief Operating Decision Maker. Barry Callebaut's Chief Operating Decision Maker has been identified as the Executive Committee, consisting of the Group Chief Executive Officer, the Chief Financial Officer and the Presidents of the Regions Europe, Americas and Global Sourcing & Cocoa as well as the Chief Operating Officer and the Chief Innovation Officer.

Financial information by reportable segments

	Global Sourcing & Cocoa		Europe		Americas		Asia-Pacific	
	2009/10	2008/09(1)	2009/10	2008/09(1)	2009/10	2008/09(1)	2009/10	2008/09(1)
	(in thousands of CHF)							
Revenues from external customers	962,596	748,899	3,041,943	3,056,318	998,173	901,075	211,067	173,885
Revenues from transactions with other operating segments of the Group	2,138,833	1,944,585	54,772	44,119	—	—	—	—
Net revenue	**3,101,429**	**2,693,484**	**3,096,715**	**3,100,437**	**998,173**	**901,075**	**211,067**	**173,885**
Operating profit (EBIT)	**54,476**	**52,516**	**268,762**	**252,578**	**92,452**	**86,282**	**20,908**	**29,227**
Depreciation and amortization	(20,773)	(20,006)	(55,331)	(58,841)	(15,676)	(14,636)	(5,262)	(6,870)
Impairment losses	—	(237)	—	(329)	—	—	—	—
Total assets	**1,538,286**	**1,426,612**	**1,443,612**	**1,520,697**	**593,921**	**574,141**	**114,038**	**116,077**
Additions to property, plant, equipment and intangible assets	(27,349)	(36,330)	(48,997)	(36,892)	(41,706)	(44,120)	(4,274)	(5,766)

(1) Certain comparatives have been reclassified to conform with the current period's presentation.

	Total Segments		Corporate		Eliminations		Group	
	2009/10	2008/09[1]	2009/10	2008/09[1]	2009/10	2008/09[1]	2009/10	2008/09
	(in thousands of CHF)							
Revenues from external customers	5,213,779	4,880,177	—	—	—	—	5,213,779	4,880,177
Revenues from transactions with other operating segments of the Group	2,193,605	1,988,704	—	—	(2,193,605)	(1,988,704)	—	—
Net revenue	**7,407,384**	**6,868,881**	**—**	**—**	**(2,193,605)**	**(1,988,704)**	**5,213,779**	**4,880,177**
Operating profit (EBIT)	**436,598**	**420,603**	**(66,187)**	**(69,850)**	**—**	**—**	**370,411**	**350,753**
Depreciation and amortization	(97,042)	(100,352)	(3,247)	(5,021)	—	—	(100,289)	(105,374)
Impairment losses	—	(566)	—	—	—	—	—	(566)
Total assets	**3,689,857**	**3,637,527**	**661,502**	**626,282**	**(780,512)**	**(748,962)**	**3,570,847**	**3,514,847**
Additions to property, plant, equipment and intangible assets	(122,326)	(123,108)	(22,783)	(21,335)	—	—	(145,108)	(144,443)

(1) Certain comparatives have been reclassified to conform with the current period's presentation.

The Executive Committee considers the business from a geographic view and, hence, Presidents were appointed for each region. Since the Group's sourcing and cocoa activities operate independently of the regions, the Global Sourcing & Cocoa business is reviewed by the Chief Operating Decision Maker as an own segment in addition to the geographical Regions Western Europe, Eastern Europe, Americas and Asia-Pacific. For the purpose of the consolidated financial statements, the Regions Western Europe and Eastern Europe were aggregated since the businesses are similar and meet the criteria for aggregation. Furthermore, the Executive Committee also views the Corporate function independently. The function Corporate consists mainly of headquarters services to other segments and does not generate revenues. Thus, the Group reports Corporate as a reconciling item between the segments and the consolidated figures.

The segment Global Sourcing & Cocoa is responsible for the procurement of ingredients for chocolate production (mainly cocoa; sugar, dairy and nuts are also common ingredients) and the Group's cocoa processing business. Most of the revenues of Global Sourcing & Cocoa are generated with the other segments of the Group. The business conducted in the regions consists of chocolate production for industrial customers, hotel, restaurants and cafeterias (gourmet business) and to a lesser extent, consumer products.

The revenues generated by Global Sourcing & Cocoa with other segments are conducted on an arm's length basis. For internal purposes, some of its operational profits are allocated to the regions which act as major customers of Global Sourcing & Cocoa.

Segment revenue, segment results (operating profit EBIT) and segment assets correspond to the Group's consolidated financial statements. Financial income and expense, the Group's interest in the profit of associates and joint ventures accounted by the equity method and income taxes are not allocated to the respective segment for internal management purposes These items can be found below in the reconciliation of the EBIT to the net profit for the year.

The following table shows the reconciliation of EBIT to net income for the year as reported in the Consolidated Income Statement:

Reconciliation of EBIT to net profit for the year

	2009/10	2008/09
	(in thousands of CHF)	
Operating profit	**370,411**	**350,753**
Financial income	2,021	5,904
Financial expense	(83,122)	(97,493)
Result from investments in associates and joint ventures	(225)	484
Profit before income taxes	**289,085**	**259,648**
Income taxes	(37,342)	(32,723)
Net profit for the year	**251,743**	**226,925**

Additional entity-wide disclosures

Information on geographical regions

The entity is domiciled in Switzerland; however, its major revenues are generated in other countries. The following table shows revenues and non-current assets excluding deferred tax assets and pension assets allocated to the entity's country of domicile and the major countries where the Group is generating revenues and/or to those countries where the non-current assets as defined above are material.

	Revenues		Non-current assets	
	2009/10	2008/09	2009/10	2008/09
	(in thousands of CHF)			
United States	820,523	713,504	182,103	182,207
Germany	741,936	787,426	127,467	159,854
France	499,132	593,822	100,714	115,060
United Kingdom	492,403	508,588	30,120	33,245
Italy	342,025	341,827	24,630	27,198
Belgium	339,749	350,188	269,770	285,996
Switzerland	49,786	52,333	74,546	52,626
Other	1,928,225	1,532,489	534,010	509,956
Total	**5,213,779**	**4,880,177**	**1,343,360**	**1,366,142**

Information on product groups

The Group has numerous products that are sold to external customers. Therefore, for internal review by the Chief Operating Decision Maker, information on products is aggregated on a business level. The following table breaks down external revenues into product groups:

Segment information by product group

	2009/10	2008/09
	(in thousands of CHF)	
Cocoa Products	962,596	748,901
Food Manufacturers Products	2,716,509	2,605,608
Gourmet & Specialties Products	707,636	619,028
Consumer Products	827,038	906,640
Revenues from external customers	**5,213,779**	**4,880,177**

No single external customer accounts for more than 10% of total consolidated revenues.

4. Personnel expenses

	2009/10	2008/09
	(in thousands of CHF)	
Wages and salaries	(376,359)	(372,074)
Compulsory social security contributions	(89,679)	(92,430)
Equity-settled share-based payments	(5,716)	(11,577)
Expenses related to defined benefit plans	(15,607)	(12,671)
Contributions to defined contribution plans	(1,058)	(825)
Increase in liability for long service leave	(36)	(61)
Total personnel expenses	**(488,455)**	**(489,638)**

5. Research and development expenses

	2009/10	2008/09
	(in thousands of CHF)	
Total research and development expenses	**(16,990)**	**(19,378)**

Research and development costs not qualifying for capitalization are directly charged to the Consolidated Income Statement and are reported under Marketing and sales expenses and General and administration expenses.

6. Other income

	2009/10	2008/09
	(in thousands of CHF)	
Gain on disposal of property, plant and equipment	6,177	1,615
Group training centers, museums, outlets and rental income	3,799	3,522
Sale of shells of cocoa beans and waste	3,198	3,285
Litigations, claims and insurance	2,902	1,923
Release of unused provisions and accruals	1,678	837
Gain on disposal of subsidiaries (note 2)	—	17,950
Recognition of negative goodwill on acquisitions (note 1)	—	1,385
Other	2,702	3,840
Total other income	**20,456**	**34,357**

7. Other expenses

	2009/10	2008/09
	(in thousands of CHF)	
Restructuring costs	(8,916)	(9,947)
Loss on sale of waste	(2,088)	(2,910)
Litigations and claims	(1,741)	(1,518)
Costs related to chocolate museums	(1,022)	(696)
Loss on sale of property, plant and equipment	(25)	(1,585)
Impairment on property, plant and equipment (note 15)	—	(566)
Other	(2,849)	(3,272)
Total other expenses	**(16,641)**	**(20,494)**

8. Financial income

	2009/10	2008/09
	(in thousands of CHF)	
Interest income	2,021	3,883
Gains on derivative financial instruments	—	2,021
Total financial income	**2,021**	**5,904**

In prior year, gains on derivative financial instruments amounted to CHF 2.0 million and, among other, comprise the fair value change of the free-standing interest rate derivatives for 2008/09.

9. Financial expenses

	2009/10	2008/09
	(in thousands of CHF)	
Interest expenses	(67,061)	(86,223)
Loss on derivative financial instruments	(6,664)	—
Structuring fees	(1,560)	(1,207)
Charges on undrawn portion of committed credit facilities	(1,485)	(1,709)
Total interest expenses	**(76,770)**	**(89,139)**
Bank charges and other financial expenses	(4,417)	(5,079)
Foreign exchange losses, net	(1,935)	(3,275)
Total financial expenses	**(83,122)**	**(97,493)**

Interest expenses include the net cost of interest rate swaps and result from paying fixed interest rates in exchange for receiving floating interest rates. Interest expenses for 2009/10 also include interest paid under the asset-backed securitization program for trade receivables of an amount of CHF 3.5 million (2008/09: CHF 3.9 million).

Loss on derivative financial instruments amounted to CHF 6.7 million and, among other, comprise the fair value change of the free-standing interest rate derivatives for 2009/10.

Structuring fee expenses are mainly attributable to the EUR 850 million Revolving Credit Facility and the EUR 350 million Senior Bond (see note 23) and represent the related amortization charges.

The charges on the undrawn portion of the committed EUR 850 million Revolving Credit Facility amount to CHF 1.5 million for 2009/10 (2008/09: CHF 1.7 million).

10. Income tax expenses

	2009/10	2008/09
	(in thousands of CHF)	
Current income tax expenses	(46,801)	(32,312)
Deferred income tax income/(expenses)	9,459	(411)
Total income tax expenses	**(37,342)**	**(32,723)**

Reconciliation of income tax expenses

	2009/10	2008/09
	(in thousands of CHF)	
Profit before income taxes	289,085	259,648
Expected income tax expenses at weighted average applicable tax rate	(48,996)	(49,705)
Non-tax deductible expenses	(3,492)	(3,550)
Tax deductible items not qualifying as an expense under IFRS	16,262	17,592
Tax exempt income	2,355	2,770
Income recognized for tax declarations purposes only	(1,392)	(1,684)
Prior period related items	(6,458)	1,439
Changes in tax rates	1,014	2,351
Losses carried forward not yet recognized as deferred tax assets	(5,221)	(7,929)
Tax relief on losses carried forward formerly not recognized as deferred tax assets	8,586	5,993
Total income taxes	**(37,342)**	**(32,723)**

For the reconciliation as above, the Group determines the expected income tax rate by weighting the applicable tax rates in the jurisdictions concerned based on the mix of the profit before taxes per jurisdiction, resulting for 2009/10 in a weighted average applicable tax rate of 16.95% (2008/09: 19.14%).

The applicable expected tax rate per company is the domestic corporate income tax rate applicable to the profit before taxes of the company for fiscal year 2009/10. The decrease of the weighted average applicable tax rate is due to the more favorable company mix of the profit before taxes.

The tax relief on tax losses carried forward formerly not recognized as deferred tax assets amounts to CHF 8.6 million for the year 2009/10. The amount consists of CHF 4.6 million utilization of tax losses carried forward previously not recognized and CHF 4.0 million tax losses carried forward recognized as a deferred tax asset for the first time during the year 2009/10.

11. Earnings per share

	2009/10	2008/09
	(in thousands of CHF)	
Basic earnings per share (CHF/share)	48.62	43.99
Diluted earnings per share (CHF/share)	48.47	43.85

The following amounts of earnings have been used as the numerator in the calculation of basic and diluted earnings per share:

	2009/10	2008/09
	(in thousands of CHF)	
Net profit for the year attributable to ordinary shareholders, used as numerator for basic earnings per share	251,226	226,907
After-tax effect of income and expenses on dilutive potential ordinary shares	—	—
Adjusted net profit for the year used as numerator for diluted earnings per share	251,226	226,907

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

	2009/10	2008/09
	(in thousands of CHF)	
Weighted average number of shares issued	5,170,000	5,170,000
Weighted average number of treasury shares held	2,978	11,981
Weighted average number of ordinary shares outstanding, used as denominator for basic earnings per share	5,167,022	5,158,019
Equity-settled share-based payments	16,196	16,944
Adjusted weighted average number of ordinary shares, used as denominator for diluted earnings per share	5,183,218	5,174,963

12. Trade receivables and other current assets

	As of August 31,	
	2010	2009
	(in thousands of CHF)	
Trade receivables	314,636	349,416
Fair values of hedged firm commitments	98,651	42,534
Prepayments	72,063	28,713
Other current assets	7,915	8,966
Accrued income	4,123	2,760
Receivables from related parties	2	192
Other taxes and receivables from government	55,990	62,710
Loans and other receivables	34,000	29,556
Total trade receivables and other current assets	**587,380**	**524,847**

The Group runs an asset-backed securitization program, whereby trade receivables are sold at their nominal value minus a discount in exchange for cash. The net amount of the sold receivables is CHF 255.1 million as of August 31, 2010 (2009: CHF 262.4 million), and was derecognized from the balance sheet.

Aging of trade receivables

	As of August 31,	
	2010	2009
	(in thousands of CHF)	
Total trade receivables	334,650	372,008
Less impairment provision for trade receivables	(20,014)	(22,592)
Total trade receivables	**314,636**	**349,416**
Of which:		
Not overdue	269,092	276,232
Impairment provision for trade receivables not overdue	(144)	(653)
Past due less than 90 days	35,427	54,178
Impairment provision for trade receivables past due less than 90 days	(347)	(396)
Past due more than 90 days	30,131	41,598
Impairment provision for trade receivables past due more than 90 days	(19,523)	(21,543)
Total trade receivables	**314,636**	**349,416**

The trade receivables are contractually due within a period of one to 120 days.

The individually impaired receivables mainly relate to customers, which are in difficult economic situations.

Movements in impairment provision for trade receivables

	2009/10	2008/09
	(in thousands of CHF)	
As of September 1,	22,592	20,514
Additions	7,171	7,783
Amounts written of as uncollectible	(3,850)	(4,279)
Unused amounts reversed	(2,330)	(209)
Currency translation adjustment	(3,569)	(1,217)
As of August 31,	**20,014**	**22,592**

Based on historic impairment rates and expected performance of the customers' payment behavior, the Group believes that the impairment provision for trade receivables sufficiently covers the risk of default. Based on an individual assessment on the credit risks related with other receivables, the Group identified no need for an impairment provision. Details on credit risks can be found in note 26.

13. Inventories

	As of August 31,	
	2010	2009
	(in thousands of CHF)	
Cocoa bean stocks	369,758	436,754
Semi-finished and finished products	698,243	722,986
Other raw materials and packaging materials	118,230	134,805
Total inventories	**1,186,231**	**1,294,545**
Thereof stocks carried at fair value less costs to sell		
Cocoa bean stocks	351,064	420,179
Semi-finished and finished products	539,752	555,267
Other raw materials	50,998	58,219
Total stocks carried at fair value less costs to sell	**941,814**	**1,033,665**

Barry Callebaut applies the broker-trader exemption in accordance with IAS 2.5 for the Contract Business and therefore measures its Contract Business inventories at fair value less costs to sell. Barry Callebaut fulfills the requirement of a broker-trader as it holds inventories with the purpose of generating a profit from short-term fluctuations in price or dealer's margin. All commodities, including industrial chocolate, are valued based on the raw material prices at the balance sheet date.

In the Price List Business Barry Callebaut is committed to sell its products at a fixed price over a certain period of time, i.e. the period of validity of the respective price list. Inventories dedicated to the Price List Business are therefore measured at the lower of cost or net realizable value.

As of August 31, 2010, inventories amounting to CHF 19.1 million (2009: CHF 5.8 million) are pledged as security for financial liabilities.

In fiscal year 2009/10, inventory write-downs of CHF 4.8 million were recognized as expenses (2008/09: CHF 5.5 million).

14. Derivative financial instruments and hedging activities

	As of August 31,			
	2010		2009	
	Derivative financial assets	Derivative financial liabilities	Derivative financial assets	Derivative financial liabilities
	(in thousands of CHF)			
Cash Flow Hedges				
Interest rate risk				
Swaps	—	7,030	—	7,731
Fair Value Hedges				
Sales price risk (Cocoa/other ingredients)				
Forward and futures contracts	41,175	13,290	17,782	40,852
Foreign exchange risk				
Forward and futures contracts	23,332	16,149	20,970	15,880
Other—no hedge accounting				
Raw materials				
Forward and futures contracts and other derivatives	256,285	267,420	162,334	58,528
Foreign exchange risk				
Forward and futures contracts	49,788	63,744	19,298	30,928
Interest rate risk				
Swaps	—	3,426	1,265	3
Total derivative financial assets	**370,580**		**221,649**	
Total derivative financial liabilities		**371,059**		**153,922**

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

For detailed information on fair value measurement refer to note 26, Fair Value—Hierarchy.

Effect of cash flow hedges on equity

	Interest rate risk	Total hedging reserve
	(in thousands of CHF)	
As of August 31, 2008	**(1,219)**	**(1,219)**
Movements in the period:		
Gains/(losses) taken into equity	(6,380)	(6,380)
Transfer to the Consolidated Income Statement for the period	(22)	(22)
Taxes	2,566	2,566
Currency translation adjustment	63	63
As of August 31, 2009	**(4,992)**	**(4,992)**
Movements in the period:		
Gains/(losses) taken into equity	(6,465)	(6,465)
Transfer to the Consolidated Income Statement for the period	1,801	1,801
Taxes	1,585	1,585
Currency translation adjustment	1,084	1,084
As of August 31, 2010	**(6,987)**	**(6,987)**

Cash flow hedges

In the course of fiscal year 2009/10, the Group entered into interest rate derivatives (exchanging floating into fixed interest rates) according to the guidelines stipulated in the Group's Treasury Policy (refer to note 26). In order to avoid volatility in the income statement, the interest rate derivatives have been put in cash flow hedge relationship reflecting the underlying currency mix of the Group's debt portfolio. The following table provides an overview over the periods in which the cash flow hedges are expected to impact the Consolidated Income Statement (before taxes):

	As of August 31,							
	2010				2009			
	First year	Second to fifth year	After five years	Expected cash flows	First year	Second to fifth year	After five years	Expected cash flows
	(in thousands of CHF)							
Derivative financial liabilities	(3,035)	(4,921)	555	(7,401)	(5,598)	(2,960)	—	(8,558)
Total net	**(3,035)**	**(4,921)**	**555**	**(7,401)**	**(5,598)**	**(2,960)**	**—**	**(8,558)**

Fair value hedges

Fair value hedges include forward purchase commitments, cocoa future contracts and inventories at fair value less cost to sell designated as the hedging instruments for commodities related to firm sales commitments as well as in relation to foreign currency risks.

For the fair value hedge relationship of the Contract Business, the Group also considers its related inventories carried at fair value less costs to sell as hedging instruments Inventories held in accordance with the broker-trader exemption have essentially similar characteristics to a derivative financial instrument on commodities and therefore qualify as hedging instrument in accordance with Barry Callebaut's business model in the Contract Business. The amount of fair value adjustments to inventories on August 31, 2010, was CHF −78.1 million (2009: CHF 78.2 million).

All financial derivatives and the hedged items are marked at fair value. For fair value hedges, the Group recorded a loss on hedging instruments of CHF 92.8 million for fiscal year 2009/10 (2008/09: loss of CHF 49.0 million) and a gain on hedged items of CHF 92.8 million (2008/09: gain of CHF 49.0 million). The fair value at balance sheet date of the hedged firm commitments under the fair value hedge accounting model—being the related firm sales commitments in respect of sales price risk (including cocoa components and non-cocoa components, such as sweeteners, dairy and nuts) and the related sales and purchase contracts with respect to foreign currency risks—is outlined in the table hedged firm commitments below. The balance of these items at balance sheet date is presented under trade receivables and other current assets (see note 12) and trade payables and other current liabilities (see note 21), respectively.

Hedged firm commitments

	As of August 31,			
	2010		2009	
	Assets	Liabilities	Assets	Liabilities
	(in thousands of CHF)			
Commodity price risk (cocoa and other ingredients)—sales contracts	91,406	41,174	40,852	95,979
Foreign exchange risk—sales and purchase contracts	7,245	581	1,682	5,593
Total fair value of hedged firm commitments	**98,651**	**41,755**	**42,534**	**101,572**

Other—no hedge accounting

This position contains the fair values of derivative financial instruments of the Group's purchasing and sourcing center and the Group's Treasury center, which are not designated for hedge accounting.

15. Property, plant and equipment

2009/10	Land and buildings	Plant and machinery	Office equipment, furniture and motor vehicles	Under construction	Total
			(in thousands of CHF)		
At cost					
As of August 31, 2009	606,490	1,408,051	144,002	40,546	2,199,089
Change in Group structure—acquisitions	80	5,595	275	836	6,786
Additions	12,241	50,624	7,517	48,876	119,258
Disposals	(26,520)	(17,188)	(2,441)	—	(46,149)
Currency translation adjustments	(63,213)	(146,098)	(17,327)	(3,733)	(230,371)
Reclassifications from under construction	2,100	20,720	1,361	(24,181)	—
Other reclassifications	189	30	(219)	—	—
As of August 31, 2010	**531,367**	**1,321,734**	**133,168**	**62,344**	**2,048,613**
Accumulated depreciation and impairment losses					
As of August 31, 2009	319,830	888,114	118,687	—	1,326,631
Depreciation charge	14,973	54,782	8,106	—	77,861
Disposals	(19,608)	(10,897)	(2,216)	—	(32,721)
Currency translation adjustments	(38,362)	(101,127)	(14,535)	—	(154,024)
Other reclassifications	861	(798)	(63)	—	—
As of August 31, 2010	**277,694**	**830,074**	**109,979**	**—**	**1,217,747**
Net as of August 31, 2010	**253,673**	**491,660**	**23,189**	**62,344**	**830,866**

2008/09	Land and buildings	Plant and machinery	Office equipment, furniture and motor vehicles	Under construction	Total
			(in thousands of CHF)		
At cost					
As of August 31, 2008	621,747	1,338,885	147,117	125,532	2,233,281
Change in Group structure—acquisitions	1,883	15,972	149	—	18,004
Change in Group structure—disposals	—	—	(67)	—	(67)
Additions	20,589	58,976	7,111	26,638	113,314
Disposals	(159)	(15,676)	(2,342)	(9)	(18,186)
Currency translation adjustments	(43,818)	(87,844)	(9,421)	(6,174)	(147,257)
Reclassifications from under construction	7,747	97,427	267	(105,441)	—
Other reclassifications	(1,499)	311	1,188		—
As of August 31, 2009	**606,490**	**1,408,051**	**144,002**	**40,546**	**2,199,089**
Accumulated depreciation and impairment losses					
As of August 31, 2008	324,687	897,975	119,706	—	1,342,368
Change in Group structure—disposals	—	—	(62)	—	(62)
Depreciation charge	15,148	59,178	7,983	—	82,309
Impairment losses	—	559	7	—	566
Disposals	(73)	(13,524)	(2,249)	—	(15,846)
Currency translation adjustments	(19,206)	(56,201)	(7,297)	—	(82,704)
Other reclassifications	(726)	127	599	—	—
As of August 31, 2009	**319,830**	**888,114**	**118,687**	**—**	**1,326,631**
Net as of August 31, 2009	**286,660**	**519,937**	**25,315**	**40,546**	**872,458**

As required by the accounting standards, the Group periodically reviews the remaining useful lives of assets recognized in property, plant and equipment.

There was no impairment loss in property, plant and equipment in fiscal year 2009/10 (2008/09: CHF 0.6 million).

Repair and maintenance expenses for the fiscal year 2009/10 amounted to CHF 65.0 million (2008/09: CHF 61.9 million).

The fire insurance value of property, plant and equipment amounted to CHF 2,749.8 million as of August 31, 2010 (2009: CHF 2,866.9 million).

As of August 31, 2010, plant and equipment held under financial leases amounted to CHF 2.9 million (2009: CHF 0.2 million). The related liabilities are reported under short-term and long-term debt (see notes 20 and 23).

As of August 31, 2010, no financial liabilities were secured by means of mortgages on properties (2009: none).

16. Obligations under finance leases

	Minimum lease payments		Present value of minimum lease payments	
	As of August 31,			
	2010	2009	2010	2009
	(in thousands of CHF)			
Amounts payable under finance leases				
within one year	673	40	637	35
in the second to fifth year inclusive	1,027	72	895	68
more than five years	457	—	359	—
Total amount payable under finance leases	**2,157**	**112**	**1,891**	**103**
Less: future finance charges	(266)	(9)	—	—
Present value of lease obligations	**1,891**	**103**	**1,891**	**103**
Amount due for settlement next 12 months (note 20)			637	35
Amount due for settlement after 12 months (note 23)			1,254	68

The Group entered into finance leasing arrangements for various assets. The weighted average term of finance leases entered into is 5.8 years (2008/09: 4.7 years). The average effective interest rate was 4.7% (2008/09: 3.2%). Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangement has been entered into for contingent rental payment.

	Net carrying amount of property, plant and equipment under finance lease	
	As of August 31,	
	2010	2009
	(in thousands of CHF)	
Land and buildings	1,286	—
Plant and machinery	936	74
Furniture, equipment and motor vehicles	696	172
Total assets under financial lease	**2,918**	**246**

17. Investments in associates and joint ventures

The carrying amount of investments in associates and joint ventures changed as follows:

	2009/10	2008/09
	(in thousands of CHF)	
As of September 1,	4,038	3,528
Acquisition of associates and joint ventures	—	165
Share of (loss)/profit	(225)	484
Exchange differences	(334)	(139)
As of August 31,	**3,479**	**4,038**

The Group's investments in associates and joint ventures are attributable to the following companies:

Ownership in %	As of August 31, 2009/10	2008/09
African Organic Produce AG, Switzerland	49	49
Biolands International Ltd, Tanzania	49	49
Shanghai Le Jia Food Service Co. Ltd, China	50	50
Pasteleria Totel, S. L., Spain	20	20
Bombones y Chocolates Semar, S.L., Spain	20	20

Summarized financial information in respect of the Group's associates and joint ventures is set out below.

	2010	2009
	(in thousands of CHF)	
Total current assets	12,584	17,157
Total non-current assets	6,334	6,291
Total current liabilities	13,187	16,230
Total non-current liabilities	2,943	2,845
Net assets as of August 31,	**2,788**	**4,373**
Group's share of net assets of associates and joint ventures	**3,479**	**4,038**

	2009/10	2008/09
	(in thousands of CHF)	
Total revenue	34,143	33,799
Total profit for the period	(477)	708
Group's share of profits of associates and joint ventures	**(225)**	**484**

18. Intangible assets

2009/10	Goodwill	Brand names	Development costs	Other	Total
			(in thousands of CHF)		
At cost					
As of August 31, 2009	411,843	38,134	194,960	14,585	659,522
Change in Group structure—acquisitions	24,372	6,749	—	—	31,121
Additions	—	—	23,974	1,876	25,850
Disposals	—	—	(598)	—	(598)
Currency translation adjustments	(7,079)	(821)	(26,614)	(1,011)	(35,525)
As of August 31, 2010	**429,136**	**44,062**	**191,722**	**15,450**	**680,370**
Accumulated amortization and impairment losses					
As of August 31, 2009	—	26,335	132,899	6,604	165,838
Amortization charge	—	2,180	19,302	946	22,428
Disposals	—	—	(540)	—	(540)
Currency translation adjustments	—	(38)	(19,002)	(810)	(19,850)
As of August 31, 2010	**—**	**28,477**	**132,659**	**6,740**	**167,876**
Net as of August 31, 2010	**429,136**	**15,585**	**59,063**	**8,710**	**512,494**

2008/09	Goodwill	Brand names	Development costs	Other	Total
			(in thousands of CHF)		
At cost					
As of August 31, 2008	397,446	36,691	174,211	13,301	621,649
Change in Group structure—acquisitions	24,796	3,251	—	—	28,047
Additions	—	—	30,611	518	31,129
Disposals	—	—	(61)	(231)	(292)
Currency translation adjustments	(10,399)	11	(9,934)	(689)	(21,011)
Other reclassifications	—	(1,819)	133	1,686	—
As of August 31, 2009	**411,843**	**38,134**	**194,960**	**14,585**	**659,522**
Accumulated amortization and impairment losses					
As of August 31, 2008	—	22,671	121,068	6,580	150,319
Amortization charge	—	3,846	18,769	450	23,065
Disposals	—	—	—	(231)	(231)
Currency translation adjustments	—	(3)	(6,998)	(314)	(7,315)
Other reclassifications	—	(179)	60	119	—
As of August 31, 2009	**—**	**26,335**	**132,899**	**6,604**	**165,838**
Net as of August 31, 2009	**411,843**	**11,799**	**62,061**	**7,981**	**493,684**

Additions to development costs amount to CHF 24.0 million in fiscal year 2009/10 (2008/09: CHF 30.6 million). In both years additions mainly included costs related to various projects of internally generated software. Furthermore, costs related to recipes and innovations of CHF 2.5 million were capitalized as development costs.

The remaining amortization period for brand names varies between three and five years, for software between two and five years and for other including patents between four and fourteen years.

The amortization charge is included in the position General and administration expenses in the Consolidated Income Statement.

Impairment testing for cash-generating units containing goodwill

The carrying amount of goodwill for the Group amounts to CHF 429.1 million (2008/09: CHF 411.8 million). The allocation to the segments is as follows:

	As of August 31, 2010
	(in millions of CHF)
Global Sourcing & Cocoa	149.5
Western Europe	248.9
Americas	25.2
Asia-Pacific	5.5
Total	**429.1**

The Group has reorganized its internal reporting to better reflect its organizational structure and the Company's strategic goal to expand its activities in high-growth countries in order to increase its global presence. As a result, there have been changes in the composition of cash-generating units (CGU) to which goodwill has been allocated and hence, to the external segment reporting. Goodwill had to be reallocated to the newly determined CGUs at which goodwill is monitored for internal management purposes.

The goodwill impairment testing was based on the new CGUs and the related assumptions. The testing for the previous year was not re-performed. The allocation of goodwill had been made in respect of business segments in prior years and was as follows:

	As of August 31, 2009
	(in millions of CHF)
Cocoa	149.4
Food Manufactures	77.9
Gourmet & Specialties	128.6
Consumer	55.9
Total	**411.8**

Goodwill acquired in a business combination is allocated to the respective segment that is expected to benefit from the synergies of the combination, at acquisition date. The segments represent the lowest level within the entity at which the goodwill is monitored for internal management purposes. Due to the Group's fully integrated business in the regions, the segments are identified as the lowest level of identifiable cash inflows. Thus, the impairment test is performed on a segment level.

For the impairment test, the recoverable amount of a CGU is based on its value in use and is compared to the carrying amount of the corresponding CGU. Future cash flows are discounted using a pre-tax rate that reflects current market assessments based on the weighted average cost of capital (WACC).

The Group performs its impairment test during the fourth quarter of the fiscal year. This approach was chosen since the Mid-Term Plan covering the next three fiscal years is updated annually at the beginning of the fourth quarter. The Mid-Term Plan is based on the assumption that there are no major

changes to the Group's organization. The residual value is calculated from an estimated continuing value, which is primarily based on the third year of the Mid-Term Plan. The terminal growth rate used for determining the residual value does not exceed the expected long-term growth rate of the industry.

Key assumptions used for value-in-use calculations

2010	Discount rate	Terminal growth rate
Global Sourcing & Cocoa	9.5%	1.5%
Western Europe	9.3%	1.0%
Americas	10.7%	0.9%
Asia-Pacific	9.5%	3.8%

2009	Discount rate	Terminal growth rate
Cocoa	10.0%	2.0%
Food Manufactures	9.0%	2.0%
Gourmet & Specialties	9.0%	2.0%
Consumer	9.0%	2.0%

Based on the impairment tests, no need for recognition of impairment losses in fiscal year 2009/10 has been identified.

The key sensitivities in the impairment test are the WACC as well as the terminal growth rate. Therefore, the Group has carried out a sensitivity analysis, containing various scenarios. Taking reasonable possible changes in key assumptions into account, no impairment losses have been revealed.

19. Deferred tax assets and liabilities

Movement in deferred tax assets and liabilities

	Inventories	Property plant, equipment/ intangible assets	Other assets	Provisions	Other liabilities	Tax loss carry-forwards	Total
			(in thousands of CHF)				
As of August 31, 2008	(10,247)	(39,153)	(7,930)	111	3,690	34,406	(19,123)
Charged to the income statement	2,540	(8,967)	1,475	(13,123)	4,525	13,139	(411)
Charged to equity	—	—	—	—	2,566	—	2,566
Effect of acquisitions	—	(2,406)	—	129	(205)	—	(2,482)
Effect of disposals	—	—	—	—	—	(46)	(46)
Currency translation effects	472	5,024	528	(57)	(866)	(2,142)	2,959
As of August 31, 2009	**(7,235)**	**(45,502)**	**(5,927)**	**(12,940)**	**9,710**	**45,357**	**(16,537)**
Charged to the income statement	5,032	(7,262)	(6,221)	13,401	(1,035)	5,544	9,459
Charged to equity	—	—	—	—	1,585	—	1,585
Effect of acquisitions	—	(1,697)	(110)	—	1,085	—	(722)
Currency translation effects	159	5,722	109	684	(1,877)	(5,942)	(1,145)
As of August 31, 2010	**(2,044)**	**(48,739)**	**(12,149)**	**1,145**	**9,468**	**44,959**	**(7,360)**

The effect of acquisitions for fiscal year 2009/10 is related to the fair value measurement at acquisition of Chocovic.

Recognized deferred tax assets and liabilities

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

	As of August 31,					
	2010			2009		
	Assets	Liabilities	Net	Assets	Liabilities	Net
			(in thousands of CHF)			
Inventories	5,077	(7,121)	(2,044)	1,140	(8,375)	(7,235)
Property, plant & equipment/ intangible assets	14,344	(63,083)	(48,739)	17,344	(62,846)	(45,502)
Other assets	7,746	(19,895)	(12,149)	11,699	(17,626)	(5,927)
Provisions	1,176	(31)	1,145	980	(13,920)	(12,940)
Other liabilities	19,690	(10,222)	9,468	18,594	(8,885)	9,710
Tax loss carry-forwards	44,959	—	44,959	45,357	—	45,357
Tax assets/(liabilities)	**92,992**	**(100,352)**	**(7,360)**	**95,114**	**(111,652)**	**(16,537)**
Set-off of tax	(41,631)	41,631	—	(43,196)	43,196	—
Reflected in the balance sheet	**51,361**	**(58,721)**	**—**	**51,918**	**(68,455)**	**—**

Tax loss carry-forwards excluded from recognition of related deferred tax assets

Tax loss carry-forwards not recognized as deferred tax assets have the following expiry dates:

	As of August 31,	
	2010	2009
	(in thousands of CHF)	
Expiry		
Within 1 year	189	8,278
After 1 up to 2 years	1,549	2
After 2 up to 3 years	2,396	2
After 3 up to 10 years	58,716	56,955
After 10 years	213,353	222,547
Unlimited	284,981	340,577
Total unrecognized tax losses carried forward	**561,184**	**628,361**

Tax losses carried forward are assessed for future recoverability based on business plans and projections of the related companies. Those are capitalized only if the usage within a medium period is probable.

Tax losses carried forward utilized during the year 2009/10 were CHF 41.7 million (2008/09: CHF 28.5 million). The tax relief hereon amounted to CHF 12.8 million, of which CHF 8.2 million were already recognized as a deferred tax asset in the year before (2008/09: CHF 8.4 million of which CHF 4.0 million were already recognized as a deferred tax asset in the year before).

As of August 31, 2010, the Group had unutilized tax losses carried forward of approximately CHF 711.5 million (August 31, 2009: CHF 775.0 million) that are available for offset against future taxable income.

Of the total tax losses carried forward, an amount of CHF 150.3 million has been recognized for deferred taxation purposes resulting in a deferred tax asset of CHF 45.0 million (2008/09: CHF 146.7 million recognized resulting in a deferred tax asset of CHF 45.4 million).

20. Bank overdrafts and short-term debt

	As of August 31,			
	Carrying amounts		Fair values	
	2010	2009	2010	2009
	(in thousands of CHF)			
Bank overdrafts	**13,466**	**29,338**	**13,466**	**29,338**
Commercial Paper	69,570	194,699	69,570	194,699
Short-term bank debts	105,157	27,775	105,157	27,775
Short-term portion of long-term bank debts (note 23)	552	342	552	342
Interest-bearing loans from employees	22	34	22	34
Finance lease obligations (note 16)	637	35	637	35
Short-term debt	**175,938**	**222,885**	**175,938**	**222,885**
Bank overdrafts and short-term debt	**189,404**	**252,223**	**189,404**	**252,223**

The decrease in the outstanding amount under the Group's domestic Commercial Paper Program is partially offset by an increase of the drawn amounts under the Revolving Credit Facility (note 23).

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

	As of August 31,					
	2010			2009(1)		
		Interest range			Interest range	
Split per currency	Amount	from	to	Amount	from	to
	(in thousands of CHF)					
EUR	102,363	0.57%	5.90%	208,227	0.50%	6.00%
GBP	—	n/a	n/a	6,213	0.45%	1.33%
USD	4,685	0.26%	2.00%	12,543	0.41%	3.26%
BRL	12,518	4.50%	4.50%	—	n/a	n/a
XAF	63,980	5.00%	6.00%	280	5.00%	6.00%
MYR	2,921	3.62%	4.00%	22,077	2.34%	2.73%
Other	2,937	0.13%	5.50%	2,883	0.13%	6.50%
Total	**189,404**	**0.13%**	**6.00%**	**252,223**	**0.13%**	**6.50%**

(1) Certain comparatives have been reclassified to conform with the current period's presentation.

	As of August 31,	
	2010	2009
	(in thousands of CHF)	
Split fixed/floating interest rate:		
Fixed rate	1,003	529
Floating rate	188,401	251,694
Total bank overdrafts and short-term debt	**189,404**	**252,223**

21. Trade payables and other current liabilities

	As of August 31,	
	2010	2009(1)
	(in thousands of CHF)	
Trade payables	460,442	427,371
Fair value of hedged firm commitments (note 14)	41,755	101,572
Related parties	3,531	2,609
Accrued wages and social security	75,854	88,351
Other taxes and payables to governmental authorities	19,752	16,366
Accrued expenses	52,586	69,083
Deferred income	3,141	10,868
Liability put option over existing non-controlling interest	31,188	—
Other payables	81,288	116,220
Total trade payables and other current liabilities	**769,537**	**832,440**

(1) Certain comparatives have been reclassified to conform with the current period's presentation.

As disclosed in notes 9 and 12, the Group participates in a program where receivables are sold to a financial institution and derecognized from the balance sheet. Amounts payable to the financial institution amounted as of August 31, 2010 to CHF 22.8 million (2009: CHF 32.9 million), consisting of the balance of receivables collected before the next roll-over date of CHF 44.2 million (2009:

CHF 58.8 million), less discounts on receivables sold of CHF 21.4 million (2009: CHF 25.9 million). These amounts are included in other payables

Other payables also consist of outstanding ledger balances with commodity brokers.

The seller of the in 2007/08 acquired stake in Barry Callebaut Malaysia Sdn Bhd (BCM), KL-Kepong Industrial Holdings Sdn Bhd, has a put option (CHF 31.2 million) exercisable between the second and the fifth anniversary of the closing of the acquisition of BCM (i.e. April 30, 2008), which, if exercised, would require Barry Callebaut to purchase the remaining 40% of BCM. The put exercise price is fixed in USD. The agreement gives Barry Callebaut a call option, exercisable in the identical time frame, to acquire the remaining 40% of the shares at fair value. The call option has a fair value close to zero.

22. Provisions

	2009/10			
	Restructuring	Litigation & claims	Other	Total
	(in thousands of CHF)			
Balance as of August 31, 2009	10,467	3,834	6,652	20,953
Change in Group structure—acquisition	500	775	3,439	4,714
Additions	4,435	574	4,666	9,675
Usage	(7,920)	(648)	(2,582)	(11,150)
Release of unused provisions	(61)	(165)	—	(226)
Currency translation adjustments	(1,235)	(385)	(927)	(2,547)
As of August 31, 2010	**6,186**	**3,985**	**11,248**	**21,419**
of which:				
Current	5,846	3,395	6,317	15,558
Non-current	340	590	4,931	5,861

	2008/09			
	Restructuring	Litigation & claims	Other	Total
	(in thousands of CHF)			
Balance as of August 31, 2008	525	4,930	4,066	9,521
Change in Group structure—acquisition	—	—	494	494
Additions	10,079	1,071	5,039	16,189
Usage	—	(2,073)	(2,652)	(4,725)
Release of unused provisions	—	(156)	—	(156)
Reclassification	(133)	133	—	—
Currency translation adjustments	(4)	(71)	(295)	(370)
As of August 31, 2009	**10,467**	**3,834**	**6,652**	**20,953**
of which:				
Current	10,249	3,135	3,367	16,751
Non-current	218	699	3,285	4,202

Restructuring

During fiscal year 2009/10, CHF 7.9 million of restructuring provisions have been used (2008/09: none).

Litigation & claims

The amount includes provisions for certain litigations and claims that have been set up to cover legal and administrative proceedings that arise in the ordinary course of business. In management's opinion, after taking appropriate legal advice, the outcome of these legal claims will not give rise to any significant loss beyond the amounts provided as of August 31, 2010.

Other provisions

Other provisions relate mainly to amounts that have been provided to cover the negative outcome of onerous contracts.

23. Long-term debt

	As of August 31,			
	Carrying amounts		Fair values	
	2010	2009	2010	2009
	(in thousands of CHF)			
Senior notes	442,394	519,987	461,524	484,412
Long-term bank debts	256,406	207,790	256,406	207,790
Less current portion (note 20)	(552)	(342)	(552)	(342)
Interest-bearing loans from employees	14	790	14	790
Finance lease obligation (note 16)	1,254	68	1,254	68
Total long-term debt	**699,516**	**728,293**	**718,646**	**692,718**

On July 13, 2007, the Group issued a 6% Senior Note with maturity in 2017 for an amount of EUR 350 million. The Senior Note has been issued at a price of 99.005%, and include a coupon step-up clause of 0.25% (limited to 1.00%) per downgraded notch by one or more rating agencies. It ranks completely pari passu with the Group's EUR 850 million Revolving Credit Facility. The Senior Notes being issued by Barry Callebaut Services NV are guaranteed by Barry Callebaut AG and certain of its subsidiaries.

On July 12, 2007, the Group amended and restructured the syndicated EUR 850 million Revolving Credit Facility, leading to a 5-year multi-purpose single tranche facility with two extension options (in 2008 and 2009) to be agreed upon by the participating banks at their sole discretion. The first extension option has been exercised successfully for 83% of the total amount leading to a prolongation of the maturity date by one year to 2013, whereas the remaining 17% has been kept at the initial maturity date in 2012. The Group did refrain from exercising the second extension option in line with the prevailing market circumstances. The Revolving Credit Facility being issued by Barry Callebaut Services N.V. is guaranteed by Barry Callebaut AG and certain of its subsidiaries.

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

	As of August 31, 2010	As of August 31, 2009
	(in thousands of CHF)	
2010/11	—	3,102
2011/12	5,013	3,125
2012/13	247,413	196,833
2013/14	3,303	3,895
2014/15 and thereafter (for 2008/09)	349	521,338
2015/16 and thereafter (for 2009/10)	443,438	—
Total long-term debt	**699,516**	**728,293**

The weighted average maturity of the total debt decreased from 4.5 years to 3.5 years. Considering that the short-term debt is fully covered with the committed Revolving Credit Facility, the average maturity of the total debt stands at 4.9 years from a liquidity point of view.

Long-term financial liabilities are to a major extent denominated in EUR and at fixed interest rates. The part of the long-term debt reported at floating interest rates relates to the drawings on the syndicated facility in EUR and CAD.

	As of August 31,					
	2010			2009		
		Interest range			Interest range	
Split per currency	**Amount**	**from**	**to**	**Amount**	**from**	**to**
	(in thousands of CHF)					
EUR	572,151	0.97%	6.14%	520,485	4.00%	6.14%
CAD	115,552	1.10%	1.58%	116,792	1.26%	1.30%
MYR	8,763	3.62%	4.00%	10,871	2.88%	3.85%
USD	—	n/a	n/a	79,995	0.96%	0.96%
BRL	2,700	4.50%	4.50%	—	n/a	n/a
Other	350	4.00%	6.80%	150	5.00%	7.00%
Total long-term debt	**699,516**	**0.97%**	**6.80%**	**728,293**	**0.96%**	**7.00%**

	As of August 31, 2010	As of August 31, 2009
	(in thousands of CHF)	
Split fixed/floating interest rate:		
Fixed rate	447,148	522,842
Floating rate	252,368	205,451
Total long-term debt	**699,516**	**728,293**

24. Employee benefit obligations

A. Pension and other long-term employment benefit plans

The Group has, apart from the legally required social security schemes, numerous independent pension plans. In most cases, these plans are externally funded in vehicles that are legally separate from the Group. For certain Group companies, however, no independent assets exist for defined benefit

pension plans and other long-term employment plans. In these cases, the related liability is included in the balance sheet.

The amounts recognized in the balance sheet are determined as follows:

	As of August 31,			
	Defined benefit pension plans		Other long-term employment benefit plans	
	2010	2009	2010	2009
	(in thousands of CHF)			
Present value of funded obligations	229,610	202,666	—	—
Fair value of plan assets	(144,177)	(151,719)	—	—
Excess of liabilities (assets) of funded obligations	**85,433**	**50,947**	**—**	**—**
Present value of unfunded obligations	66,538	69,089	19,325	19,988
Net unrecognized actuarial gains (losses)	(65,136)	(17,790)	(1,231)	106
Net employee benefit obligations recognized in the balance sheet	**86,835**	**102,246**	**18,094**	**20,094**
thereof recognized as an asset	(185)	(361)	—	—
thereof recognized as a liability	87,020	102,607	18,094	20,094

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

	Defined benefit pension plans		Other long-term employment benefit plans	
	2009/10	20008/09	2009/10	2008/09
	(in thousands of CHF)			
Opening defined benefit obligation	**271,757**	**279,363**	**19,987**	**21,186**
Current service cost	8,820	9,404	788	883
Past service cost	368	488	—	—
Interest cost	14,972	15,267	736	626
Actuarial losses (gains)	42,978	514	3,074	884
Losses (gains) on curtailment	(756)	—	(10)	(170)
Exchange differences on foreign plans	(25,016)	(16,318)	(2,992)	(1,174)
Benefits paid	(16,975)	(16,961)	(2,258)	(2,248)
Closing defined benefit obligation	**296,148**	**271,757**	**19,325**	**19,987**
thereof funded obligations	229,610	202,666	—	—
thereof unfunded obligations	66,538	69,089	19,325	19,987

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

	Defined benefit pension plans		Other long-term employment benefit plans	
	2009/10	2008/09	2009/10	2008/09
	(in thousands of CHF)			
Opening fair value of plan assets	**151,719**	**167,121**	**—**	**—**
Expected return	8,447	10,025	—	—
Actuarial gains (losses)	(6,527)	(18,191)	—	—
Contributions by employer	6,911	7,214	—	—
Contributions by employees	3,261	3,232	—	—
Exchange differences on foreign plans	(9,094)	(7,597)	—	—
Benefits paid	(10,540)	(10,085)	—	—
Closing fair value of plan assets	**144,177**	**151,719**	**—**	**—**

Composition of plan assets

	As of August 31, Defined benefit pension plans	
	2010	2009
	(in thousands of CHF)	
Equities	53,021	66,510
Bonds	25,883	18,957
Cash and other assets	65,273	66,252
Total fair value of plan assets	**144,177**	**151,719**

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

The amounts recognized in profit or loss are as follows:

	Defined benefit pension plans		Other long-term employment benefit plans	
	2009/10	2008/09	2009/10	2008/09
	(in thousands of CHF)			
Current service costs	8,820	9,404	788	883
Interest on obligation	14,972	15,267	736	626
Expected return on plan assets	(8,447)	(10,025)	—	—
Net actuarial losses (gains) recognized in year	576	(740)	1,821	170
Past service cost	368	488	—	—
Losses (gains) on curtailments and settlements	(756)	—	(10)	(170)
Contributions by employees	(3,261)	(3,232)	—	—
First-time recognition of pension assets	—	—	—	—
Total defined benefit expenses	**12,272**	**11,162**	**3,335**	**1,509**
Actual return on plan assets	**1,918**	**(8,167)**		

The service cost for 2010/11 are expected to amount to CHF 8.3 million. The expected return on plan assets is based on market expectations and composition of plan assets.

	2009/10	2008/09
	(in thousands of CHF)	
Total defined contribution expenses	**1,058**	**825**

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

	2009/10	2008/09
	(in thousands of CHF)	
Cost of goods sold	(7,380)	(6,302)
Marketing and sales expenses	(1,255)	(594)
General and administration expenses	(5,494)	(4,130)
Research and development expenses	(389)	(310)
Other income	(8)	697
Other expenses	(1,081)	(2,032)
Total defined benefit expenses recognized in income statement	**(15,607)**	**(12,671)**

Weighted average assumptions used

	Defined benefit pension plans		Other long-term employment benefit plans	
	2009/10	2008/09	2009/10	2008/09
	(in %)			
Discount rate	4.1%	6.2%	4.0%	6.0%
Expected return on plan assets	5.7%	5.9%	—	—
Expected rate of salary increase	1.1%	0.7%	2.1%	1.5%
Medical cost trend rates	—	—	5.0%	5.0%

Additional historical information

	Defined benefit pension plans			
	2009/10	2008/09	2009/10	2008/09
	(in thousands of CHF)			
Present value of defined benefit obligations	315,473	291,744	300,549	323,740
Fair value of plan assets	(144,177)	(151,719)	(167,121)	(182,024)
Funding deficit of the plans	**171,296**	**140,025**	**133,428**	**141,716**
Experience adjustments arising from plan liabilities	(17,719)	(9,427)	6,573	5,151
Experience adjustments arising from plan assets	(6,529)	(18,191)	(15,018)	(338)

The significant increase of the funding deficit of the defined benefit plans has significantly been influenced by the sharp decrease of the discount rates used to determine the present value of the defined benefit obligations. The long-term interest rates for the local currencies in which the defined benefit plans are expressed were at a historically low level on the closing date of the fiscal year 2009/10 and have recovered significantly afterwards. Therefore, the funding deficit as per August 31, 2010 and the movement in comparison to prior year 2008/09 should be interpreted with the necessary prudence.

B. Equity compensation benefits

Employee Stock Ownership Program

Shares are granted to participants according to individual contracts and the current Employee Stock Ownership Program. The Nomination & Compensation Committee determines the number and price of shares granted at its discretion. In the past, the price for the granted shares has been zero. The shares granted are entitled to full shareholders rights upon vesting. The vesting periods are ranging between one and three year. In case of resignation or dismissal, the initially granted but not yet vested shares become forfeited. The Group currently uses treasury shares for this program.

The fair value of the shares granted is measured at the market price at grant date. 15,260 shares were granted in fiscal year 2009/10 (15,007 shares in 2008/09). The fair value of the shares at grant date is recognized over the vesting period as a personnel expense. For 2009/10 the amount recognized (before taxes) was CHF 5.7 million with a corresponding increase in equity (2008/09: CHF 11.6 million). The average fair value for the shares granted during the fiscal year 2009/10 amounted to CHF 581 (2008/09: CHF 518).

25. Equity

Share capital

	As of August 31,		
	2010	2009	2008
	(in thousands of CHF)		
Share capital is represented by 5,170,000 authorized and issued shares of each CHF 38.20 fully paid in (in 2009: 50.70; in 2008: 62.20)	**197,494**	262,119	321,574

The issued share capital is divided into 5,170,000 registered shares with a nominal value of CHF 38.20 each (CHF 50.70 as of August 31, 2009). All of the issued shares are fully paid and validly issued and are not subject to calls for additional payments of any kind.

Instead of a dividend, the Annual General Meeting held on December 8, 2009, resolved a share capital reduction and repayment of CHF 12.50 per share resulting in a total share capital reduction of CHF 64.6 million (December 2008: capital reduction and repayment of CHF 11.50 per share resulting in a total share capital reduction of CHF 59.5 million). The respective repayment took place in March 2010.

The Company has one class of shares, which carries no right to a fixed dividend

Treasury shares are valued at weighted average cost and, in accordance with IFRS, have been deducted from equity. The fair value of the treasury shares as of August 31, 2010, amounted to CHF 3.3 million (2009: CHF 4.0 million).

As of August 31, 2010, the number of outstanding shares amounted to 5,165,239 (2009: 5,163,068) and the number of treasury shares to 4,761 (2009: 6,932). During this fiscal year, 9,174 shares have been purchased, 10,845 transferred to employees under the Employee Stock Ownership Program and 500 sold (2008/09: 14,212 purchased and 23,734 transferred). In prior year, no treasury shares have been sold.

Retained earnings

As of August 31, 2010, retained earnings contain legal reserves of CHF 42.7 million (2009: CHF 57.0 million), which are not distributable to the shareholders pursuant to Swiss law.

Hedging reserves comprise the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

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

Movements of non-controlling interest

	2009/10	2008/09
	(in thousands of CHF)	
As of September 1,	589	392
Non-controlling share of profits/(losses)	517	18
Changes in ownership interest in subsidiaries		
SIC Cacaos SA	—	300
Dividends paid to non-controlling shareholders	(120)	(68)
Currency translation adjustment	(104)	(53)
As of August 31,	**882**	**589**

26. Financial risk management

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

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

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

- *Contract Business:* Sales contracts for industrial, gourmet or consumer chocolate, where Barry Callebaut has entered into contracts with customers to deliver fixed quantities at fixed prices. These contractually fixed prices are generally based on the forward market prices of the raw material components valid at the contract date for the forward delivery date, at which the chocolate is planned to be delivered to the customers.
- *Price List Business:* Barry Callebaut sets price lists for certain gourmet and consumer products. These price lists are normally updated at intervals of six to twelve months. Customers buy products based on the issued price lists without fixed commitments on quantities.

Commodity price risks

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

The value of the Group's open sales and purchase commitments and inventory of raw materials changes continuously in line with price movements in the respective commodity markets.

The Group's policy is to hedge its chocolate price risk which consists of the price risk of cocoa and other commodities such as milk, sugar and nuts for open sales contracts of industrial chocolate (Contract Business). It uses commodity futures, commodity forward contracts and inventories to manage price risks associated with firm sales commitments of industrial chocolate (Contract Business). The related account-ing treatment is explained in the section ''Summary of Accounting Policies'' under the caption ''Derivative financial instruments and hedging activities''

The Group Commodity Risk Committee (GCRC) is a committee consisting of key risk management stakeholders of the Group who meet on a regular basis (at least every six weeks) to discuss Group Commodity Risk Management issues. The GCRC monitors the Group's Commodity Risk Management acti-vities and acts as the decision-taking body for the Group in this respect. The members of the GCRC include the Group's Chief Executive Officer (CEO), the Group's Chief Financial Officer (CFO)—acting as Chairman of the committee—the President of Global Sourcing & Cocoa and the Group's Head of Risk Management (GRM).

The GCRC reports via the GRM to the Group's Audit, Finance, Risk, Quality & Compliance Committee (AFRQCC) and must inform the latter about key Group Commodity Risk issues and the key mitigation decisions taken. The AFRQCC reviews and approves GCRC requests and makes sure that the commodity risk management strategy is consistent with the Group's objectives. It also sets the Group's Value at Risk (VaR) limit. The AFRQCC makes recommendations to the Board of Directors if deemed necessary and advises the Board of Directors on important risk matters and/or asks for approval.

In order to quantify and manage the Group's consolidated exposure to commodity price risks, the concept of historical VaR is applied. The VaR concept serves as the analytical instrument for assessing the Group's commodity price risk incurred under normal market conditions. The VaR indicates the loss which, within a time horizon of 10 days for raw materials, will not be exceeded at a confidence level of 95% using 7 years of historical market prices for each major raw material component. The VaR is complemented through the calculation of the expected shortfall and worst cases as well as the use of stress test scenarios. However, liquidity and credit risks are not included in the calculation and the VaR is based on a static portfolio during the time horizon of the analysis. The GCRC breaks down the Group VaR limit into a VaR limit for the Sourcing unit as well as limits in metric tonnes for the other risk reporting units. The Board of Directors is the highest approval authority for all Group Commodity Risk Management (GCRM) matters and approves the GCRM Policy as well as the Group VaR limit.

The VaR framework of the Group is based on the standard historical VaR methodology; taking 2,000 days (equivalent to 7 years) of the most recent prices, based on which the day-to-day relative price changes are calculated. This simulation of past market conditions is not predicting the future movement in commodity prices. Therefore, it does not represent actual losses. It only represents an indication of the future commodity price risks. As of August 31, 2010, the Group had a VaR of CHF 10.8 million (2009: CHF 8.2 million) well within the Group limit. The nominal exposure to commodity price risks is shown under contractual maturities.

Foreign currency risks

The Group operates across the world and consequently is exposed to multiple foreign currency risks, albeit primarily in EUR, GBP and USD. The Group actively monitors its transactional currency exposures and consequently enters into currency hedges with the aim of preserving the value of assets, commitments and anticipated transactions. The related accounting treatment is explained in the section ''Summary of Accounting Policies'' under the caption ''Derivative financial instruments and hedging activities''.

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

Accordingly, the consolidated currency exposures are hedged in compliance with the Group's Treasury Policy, mainly by means of forward currency contracts entered into with high credit quality financial institutions. The Group's Treasury Policy imposes a dual risk control framework of both open position limits and near-time fair valuation of the net currency exposures. Both levels of control are substantially interlinked, avoiding excessive net currency exposures and substantial volatility in the income statement.

The Group's Treasury department is supervised by the Group Finance Committee, which meets at least on a monthly basis, to discuss Group Treasury risk management issues. The Group Finance Committee monitors the Group's foreign currency risk position and acts as a decision-taking body for the Group in this respect. The Group Finance Committee consists of the Group's CFO, the Group's Head of Risk Management, the Group's Head of Treasury, Tax, Insurance and Legal and other Group Finance stakeholders.

The Group's Treasury Policy giving guidance on treasury risk management including foreign currency and interest rate risks is approved and annually reviewed by the AFRQCC. The Group's Risk Management department reviews the consistency of the Group's treasury management strategy with the Group's Treasury Policy and reports the status to the Group's CFO periodically. The AFRQCC is informed by the CFO about the status and important matters in their quarterly meetings and approves requests of the Group's Finance Committee on important treasury risk matters including foreign currency risks for recommendation to the Board of Directors. The Board of Directors is the highest approval authority for all Group Treasury Risk Management matters.

The table below provides an overview of the net exposure of EUR, GBP and USD against each functional currency in the Group. According to the Group's Treasury Policy, foreign exchange exposures are hedged as from identification on an intra-day basis in line with the approved exposure limits. In case of deviation from the agreed foreign exchange exposure limits, approval has to be sought from the Group's Finance Committee. Companies with the same functional currency are shown in one group.

Net foreign currency exposures

	As of August 31,					
	2010			2009		
Net exposure in thousands of	**EUR**	**GBP**	**USD**	**EUR**	**GBP**	**USD**
Functional currency						
EUR		(1,524)	(446)		(12,005)	6,340
CHF	(533)	(486)	309	(1,007)	(145)	1,094
CAD				(97)		1,936
USD	5			(472)		
BRL			1,266			(328)
SGD			154			(229)
CNY	(613)		(681)	(577)		99
MYR	(310)	(390)	562	(117)	(1,317)	53
RUB	699		(1,346)	(104)		(2,362)
Total	**(752)**	**(2,400)**	**(182)**	**(2,374)**	**(13,467)**	**6,603**

In order to quantify and manage the Group's consolidated exposure to foreign currency risks, the concept of historical VaR has been implemented for 2009/10. The VaR concept serves as the analytical instrument for assessing the Group's foreign currency risk incurred under normal market conditions. The VaR indicates the loss, which, within a time horizon of 1 day, will not be exceeded at a confidence level of 95% using 7 years of historical market prices for each major currency pair. The VaR is complemented with the calculation of the expected shortfall and worst cases. The VaR is based on static

exposures during the time horizon of the analysis. The simulation of past market conditions is not predicting the future movement in foreign currency rates. Therefore, it does not represent actual losses. It only represents an indication of future foreign currency risks. As of August 31, 2010, the Group had a VaR of CHF 0.1 million (2009: CHF 0.3 million).

Total for the Group and per main exposure currencies

Value at Risk on net exposures in thousands of CHF	As of August 31, 2010	2009
Total Group	**97**	**333**
CHF	17	196
EUR	83	143
USD	24	78
GBP	26	158
Others	37	91
Diversification Effect	48%	50%

Interest rate risks

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

It is the Group's policy to manage its interest cost using an optimal mix of fixed and floating rate debt. This optimal mix is primarily determined by the level of the Group's interest cover ratio and is achieved by entering into interest rate derivative instruments, in which it exchanges fixed and floating interest rates.

As described in the caption ''Foreign currency risks'', the Group's Fmance Committee, which meets on a monthly basis, monitors the Group's interest risk positions and acts as a decision-taking body for the Group in this respect.

The Group's Treasury Policy also covers the management of interest rate risks. As for foreign currency risks, the Group's Risk Management department supervises the compliance of the treasury interest rate risk management strategy with the Group's Treasury Policy and reports the status periodically to the Group's CFO, who informs the AFRQCC in their quarterly meetings. The AFRQCC approves requests from the Group Finance Committee on important treasury matters including interest rate risks and provides recommendations thereon to the Board of Directors, which is the highest approval authority for all Group treasury matters.

The following schedule provides an overview of all interest-bearing items per year-end closing.

	As of August 31,	
	2010	2009
	(in thousands of CHF)	
Fixed interest bearing items		
Carrying amount of financial liabilities	448,151	523,371
Reclassification due to interest rate derivative	245,572	310,939
Net fixed interest position	**693,723**	**834,310**
Floating interest bearing items		
Carrying amount of financial assets	(18,110)	(37,862)
Carrying amount of financial liabilities	440,769	457,145
Reclassification due to interest rate derivative	(245,572)	(310,939)
Net floating interest position	**177,087**	**108,344**

Sensitivity analysis on interest rate risks

The following table shows the impact of a parallel shift of interest rates by 100 basis points (BP) up and 25 BP down on the Group's equity and income statement, net of tax. Due to lower interest rates, the underlying assumptions for the sensitivity analysis have been aligned with prevailing market circumstances. The calculation is performed on both, the portion of the outstanding debt (excluding the asset backed securitization program; see notes 9 and 12) at floating interest rates and the outstanding derivatives exchanging floating into fixed interest rates at the respective year-end. This sensitivity analysis only indicates the potential impact for the respective fiscal year at the prevailing conditions in the financial markets. Consequently, it does not represent actual or future gains or losses, which are strictly managed and controlled, as clearly indicated in the Group's Treasury Policy.

	As of August 31,							
	2010				2009			
	Income statement		Equity		Income statement		Equity	
Impact on	100 BP increase	25 BP decrease	100 BP increase	25 BP decrease	100 BP increase	25 BP decrease	100 BP increase	25 BP decrease
	(in thousands of CHF)							
Floating rate bearing items	(3,076)	769	—	—	(3,145)	786	—	—
Interest rate swaps	2,366	(608)	8,039	(2,123)	1,834	(478)	4,646	(1,202)
Total interest rate sensitivity	**(710)**	**161**	**8,039**	**(2,123)**	**(1,311)**	**308**	**4,646**	**(1,202)**

Credit risk and concentration of credit risk

Credit risk, i.e. the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. As of August 31, 2010, the largest customer represents 10% (2009: 4%) whereas the 10 biggest customers represent 26% (2009: 18%) of trade receivables. Due to the diverse geographic and large customer base, the Group has no material credit risk concentration.

The extent of the Group's credit risk exposure is represented by the aggregate balance of amounts receivable, reduced by the effects of netting arrangements, if any, with counterparties. The maximum nominal credit risk exposure in the event all other parties fail to perform their obligation was CHF 750.4 million as of August 31, 2010 (2009: CHF 649.3 million). The Group has insured certain credit risks through a credit insurance policy. Selected number of customers with significant outstanding amounts are covered by that policy.

Liquidity risk

Liquidity risk arises through a surplus of financial obligations over available financial assets due at any point in time. The Group's liquidity is ensured by means of regular Group-wide monitoring and planning of liquidity coordinated by the In-house Bank. For extraordinary financing needs, adequate credit lines with financial institutions have been arranged (see note 23).

Contractual maturities

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

	As of August 31, 2010			
	In the first year	In the second to the fifth year	After five years	Contractual amount
	(in thousands of CHF)			
Non derivative financial liabilities				
Bank overdrafts	(13,466)			**(13,466)**
Short-term debt	(175,938)			**(175,938)**
Trade payables	(463,973)			**(463,973)**
Long-term debt	(30,646)	(372,780)	(504,730)	**(908,156)**
Other liabilities	(240,916)			**(240,916)**
Derivatives				
Interest rate derivatives	(4,883)	(6,887)	555	**(11,215)**
Currency derivatives				
Inflow	5,620,356	56,847		**5,677,203**
Outflow	(5,630,801)	(57,511)		**(5,688,312)**
Commodity derivatives				
Inflow	1,372,061	12,440		**1,384,501**
Outflow	(1,346,632)	(1,389)		**(1,348,021)**
Total net	**(914,838)**	**(369,280)**	**(504,175)**	**(1,788,293)**

	As of August 31, 2009			
	In the first year	In the second to the fifth year	After five years	Contractual amount
		(in thousands of CHF)		
Non derivative financial liabilities				
Bank overdrafts	(29,338)			**(29,338)**
Short-term debt	(222,885)			**(222,885)**
Trade payables	(429,980)			**(429,980)**
Long-term debt	(33,650)	(342,030)	(626,272)	**(1,001,952)**
Other liabilities	(260,848)			**(260,848)**
Derivatives				
Interest rate derivatives	(6,322)	(1,923)		**(8,245)**
Currency derivatives				
Inflow	3,603,658	24,660		**3,628,318**
Outflow	(3,609,846)	(24,829)		**(3,634,675)**
Commodity derivatives				
Inflow	1,075,900	212,750		**1,288,650**
Outflow	(1,244,561)	(122,193)		**(1,366,754)**
Total net	**(1,157,872)**	**(253,565)**	**(626,272)**	**(2,037,709)**

Fair value of financial instruments

Carrying amount and fair value of each class of financial asset and liability are presented in the table below.

	As of August 31, 2010						
	Loans and receivables	Fair value through profit and loss—trading[(1)]	Financial liabilities at amortized cost	Available for sale	Derivatives used in hedging	Total carrying amount	Fair value
			(in thousands of CHF)				
Cash equivalents	17,360					17,360	17,360
Short-term deposits	750					750	750
Trade receivables	314,638					314,638	314,638
Derivative financial assets		306,073			64,507	370,580	370,580
Other assets	46,650			432		47,082	47,082
Total Assets	**379,398**	**306,073**		**432**	**64,507**	**750,410**	**750,410**
Bank overdrafts			13,466			13,466	13,466
Short-term debt			175,938			175,938	175,938
Trade payables			463,973			463,973	463,973
Derivative financial liabilities		334,590			36,469	371,059	371,059
Long-term debt			699,516			699,516	718,646
Other liabilities			240,916			240,916	240,916
Total Liabilities		**334,590**	**1,593,809**		**36,469**	**1,964,868**	**1,983,998**

(1) The category ''Fair value through profit and loss—trading'' mainly includes derivatives held in subsidiaries with the broker/trader status and does not mean that they are held for trading.

	As of August 31, 2009						
	Loans and receivables	Fair value through profit and loss—trading[1]	Financial liabilities at amortized cost	Available for sale	Derivatives used in hedging	Total carrying amount	Fair value
	(in thousands of CHF)						
Cash equivalents	33,993					33,993	33,993
Short-term deposits	2,137					2,137	2,137
Trade receivables	349,608					349,608	349,608
Derivative financial assets		182,897			38,752	221,649	221,649
Other assets[2]	41,440			512		41,952	41,952
Total Assets	**427,178**	**182,897**		**512**	**38,752**	**649,339**	**649,339**
Bank overdrafts			29,338			29,338	29,338
Short-term debt			222,885			222,885	222,885
Trade payables			429,980			429,980	429,980
Derivative financial liabilities		89,459			64,463	153,922	153,922
Long-term debt			728,293			728,293	692,718
Other liabilities[2]			260,848			260,848	260,848
Total Liabilities		**89,459**	**1,671,344**		**64,463**	**1,825,266**	**1,789,691**

(1) The category ''Fair value through profit and loss—trading'' mainly includes derivatives held in subsidiaries with the broker/trader status and does not mean that they are held for trading.

(2) Certain comparatives have been reclassified to conform with the current period's presentation.

Fair Value—Hierarchy

As of September 1, 2009, the fair value measurements of financial assets and liabilities are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: The fair value is based on unadjusted, quoted prices in active markets which gives the best possible objective indication for the fair value of a financial asset or liability. The assets and liabilities included in this fair value hierarchy mainly consist of commodity futures.

Level 2: The estimation of the fair value is based on the results of a valuation model. The valuation model for commodity derivatives includes quoted prices in active markets, recent arm's length transactions or dealer and supplier quotes adjusted for the specific characteristics of the underlying commodities such as the cost of carry, differentials for the properties and conversion yields. Corroborated market data is used for the valuation of foreign exchange and interest rate derivatives.

Level 3: The valuation models used are based on parameters and assumptions not observable on the market.

The following table summarizes the use of level with regard to financial assets and liabilities:

	As of August 31, 2010			
	Level 1	Level 2	Level 3	Total
	(in thousands of CHF)			
Derivative financial assets	13,100	357,480	—	**370,580**
Derivative financial liabilities	3,383	367,676	—	**371,059**

There have been no transfers between the levels during the fiscal year 2009/2010.

Capital management

It is the Group's policy to maintain a sound capital base to support the continued development of the business. The Board of Directors seeks to maintain a prudent balance between debt and equity. In compliance with bank covenants, the minimal target solvency ratio (equity in % of total assets, adjusted for derivative financial instruments on a netted basis) is set at 20%.

The target payout ratio to shareholders currently amounts to approximately 30% of the net profit for the year in the form of a share capital reduction and repayment or dividend. The target ratio and the form of the payout recommended by the Board are reviewed on an annual basis and are subject to the decision of the Annual General Meeting of Shareholders.

The Group's subsidiaries have complied with applicable local statutory capital requirements.

27. Related parties

The following shareholders hold a participation of more than 3% of the issued share capital of the Group's ultimate parent Barry Callebaut AG:

	As of August 31,	
	2010	2009
Jacobs Holding AG, Zurich, Switzerland	50.11%	50.21%
Renata Jacobs	8.48%	8.48%
Nicolas and Philippe Jacobs[1]	6.14%	6.14%
Nathalie Jacobs	3.07%	3.07%

(1) Form a group of shareholders according to Swiss Stock exchange regulations as published in the Swiss Official Gazette of Commerce of February 4, 2008.

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

	Nature of cost/revenue	2009/10	2008/09
		(in thousands of CHF)	
Sales to related parties		**173**	**476**
Pasteleria Totel, S.L.	Revenue from sales and services	173	476
Purchases from related parties		**(11,424)**	**(9,554)**
African Organic Produce AG	Cost of goods sold	(11,424)	(9,554)
Operating expenses charged by related parties		**(7,692)**	**(8,746)**
Jacobs Holding AG	Management services	(1,650)	(1,678)
Adecco Group	Human resources services	(5,940)	(6,886)
Pasteleria Totel, S.L.	Management services		(13)
Biolands International Ltd	Management services		(67)
Other		(102)	(102)
Trade receivables from related parties		**2**	**192**
Jacobs Holding AG		2	2
Adecco Group		—	4
Pasteleria Totel, S.L.		—	186
Trade payables to related parties		**3,531**	**2,609**
Jacobs Holding AG		310	316
Adecco Group		1,282	1,144
African Organic Produce AG		1,882	1,097
Biolands International Ltd		—	33
Other		57	19

Transactions with related parties were carried out on commercial terms and conditions at market prices. All receivables from related parties are non-interest bearing and their collection is expected within the next twelve months.

Compensation of key management personnel

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

	2009/10	2008/09
	(in million of CHF)	
Short-term employee benefits	8.2	7.1
Post-employment benefits	1.5	0.6
Share-based payments	4.2	8.5
Total	**13.9**	**16.2**

Further details related to the requirements of the Swiss Transparency law (Art. 663 b^{bis} and 663c Swiss Code of Obligations) are disclosed in note 6 in the Financial Statements of Barry Callebaut AG.

28. Commitments and contingencies

Capital commitments

	As of August 31,	
	2010	2009
	(in thousands of CHF)	
Property, plant and equipment	1,047	153
Intangible assets	2,747	964
Total capital commitments	**3,794**	**1,117**

Operating lease commitments

Operating lease commitments represent rentals payable by the Group for certain vehicles, equipment, buildings and offices. Equipment and vehicle leases were negotiated for an average term of 3.6 years (2008/09: 3.0 years).

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

	As of August 31,	
	2010	2009
	(in thousands of CHF)	
In the first year	13,697	14,173
In the second to the fifth year	37,096	37,237
After five years	28,517	33,989
Total future operating lease commitments	**79,310**	**85,399**

	2009/10	2008/09
	(in thousands of CHF)	
Lease expenditure charged to the income statement	14,274	13,921

Contingencies

Group companies are involved in various legal actions and claims as they arise in the ordinary course of the business. Provisions have been made, where quantifiable, for probable outflows. In the opinion of the management, after taking appropriate legal advice, the future settlements of such actions and claims will not have a material effect on the Group's financial position.

29. Group companies

The principal subsidiaries of Barry Callebaut as of August 31, 2010, are the following:

Country	Subsidiary	Ownership in %	Currency	Capital
Switzerland	Barry Callebaut Sourcing AG	100	CHF	2,000,000
	Barry Callebaut Schweiz AG	100	CHF	4,600,000
	Chocolat Alprose SA	100	CHF	7,000,000
Belgium	Barry Callebaut Services N.V.	100	EUR	615,000,000
	Barry Callebaut Belgium N.V.	100	EUR	62,700,000
	International Business Company Belgium BVBA	100	EUR	65,000
	Pierre Iserentant SA	100	EUR	260,908
Brazil	Barry Callebaut Brasil SA	100	BRL	26,114,993
Cameroon	Société Industrielle Camerounaise des Cacaos SA	78.35	XAF	1,147,500,000
	SEC Cacaos SA	100	XAF	10,000,000
Canada	Barry Callebaut Canada Inc.	100	CAD	2,000,000
China	Barry Callebaut Suzhou Chocolate Ltd	100	USD	27,000,000
	Barry Callebaut Suzhou Chocolate R&D Center	100	USD	2,000,000
Côte d'Ivoire . . .	Société Africaine de Cacao SACO SA	100	XAF	25,695,651,316
	Barry Callebaut Négoce SA	100	XAF	3,700,000,000
Czechia	Barry Callebaut Czech Republic s.r.o.	100	CZK	200,000
Denmark	Barry Callebaut Danmark APS	100	DKK	125,000
	Eurogran A/S	100	DKK	3,000,000
Ecuador	Barry Callebaut Ecuador SA	100	USD	50,000
France	Barry Callebaut Manufacturing France SAS	100	EUR	6,637,540
	Barry Callebaut France SAS	100	EUR	50,000,000
	Barry Callebaut Manufacturing Bourgogne SAS	100	EUR	2,000,000
Germany	Barry Callebaut Deutschland GmbH	100	EUR	51,129
	Van Houten GmbH & Co KG	100	EUR	15,338,756
	C.J. van Houten & Zoon Holding GmbH	100	EUR	72,092,155
	Van Houten Beteiligungs AG & Co KG	100	EUR	99,975,000
	Stollwerck GmbH	100	EUR	20,500,000
	Stollwerck Schokoladenvertriebs GmbH	100	EUR	7,184,000
	Van Houten Beteiligungs GmbH	100	EUR	25,000
	Schloss Marbach GmbH	100	EUR	1,600,000
Ghana	Barry Callebaut Ghana Ltd	100	USD	9,204,219
Great Britain	Barry Callebaut Manufacturing (UK) Ltd	100	GBP	15,467,852
	Barry Callebaut UK Ltd	100	GBP	3,200,000
	Barry Callebaut Vending UK Ltd	100	GBP	40,000
Hong Kong	Van Houten (Asia Pacific) Ltd	100	HKD	2
India	Barry Callebaut India	100	INR	10,000,000

Country	Subsidiary	Ownership in %	Currency	Capital
Italy	Barry Callebaut Italia S.p.A.	100	EUR	104,000
	Barry Callebaut Manufacturing Italy Srl.	100	EUR	2,646,841
	Dolphin Srl.	100	EUR	110,000
Japan	Barry Callebaut Japan Ltd	100	JPY	1,260,000,000
Malaysia	Barry Callebaut Malaysia Sdn Bhd	60	MYR	36,000,000
	Selbourne Food Services Sdn Bhd	60	MYR	2,000,000
Mexico	Barry Callebaut Mexico Distributors SA de CV	100	MXN	117,196,530
	Barry Callebaut Servicios SA de CV	100	MXN	50,000
	Barry Callebaut Mexico, S. de RL de CV	100	MXN	13,027,200
Poland	Barry Callebaut Manufacturing Polska Sp. z o.o.	100	PLN	10,000,000
	Barry Callebaut Polska Sp. z o.o.	100	PLN	50,000
Russia	Barry Callebaut Netherlands Russia LLC	100	RUB	1,046,463,481
	Gor Trade LLC	100	RUB	685,000,000
Singapore	Barry Callebaut Asia Pacific (Singapore) Pte. Ltd	100	SGD	83,856,669
Spain	Barry Callebaut Iberica SL	100	EUR	25,000
	Barry Callebaut Pastry Manufacturing Iberica SL	80	EUR	300,000
	Chocovic S.A.	100	EUR	987,600
Sweden	Barry Callebaut Sweden AB	100	SEK	100,000
	Eurogran Nordic AB	100	SEK	100,000
The Netherlands .	Barry Callebaut Nederland B.V.	100	EUR	21,435,000
	Luijckx B.V.	100	EUR	18,242
	Hoogenboom Benelux BV	100	EUR	18,152
	Dings Decor B.V.	70	EUR	22,689
Turkey	Barry Callebaut Eurasia Gida Sanayi VE Ticaret Ltd Sti	100	TRL	40,000
USA	Barry Callebaut Cocoa USA Inc.	100	USD	7,663
	Barry Callebaut North America Holding Inc.	100	USD	100,001,000
	Barry Callebaut USA LLC.	100	USD	100,190,211

Barry Callebaut has some dormant companies which are not enclosed as principal subsidiaries, for example Barry Callebaut Belgium Consumer NV, Van Houten Service AG, Barry Callebaut Holding (UK) Ltd, Adis Holding Inc., Barry Callebaut USA Holding, Inc., Omnigest SAS, Alliance Cacao SA

30. Risk assessment disclosure required by Swiss Law

Group Risk Management

Barry Callebaut's Group Risk Management (GRM) is a corporate function responsible for implementing and managing all Group Risk Functions including the Enterprise Risk Management (ERM) under the direction and as approved by the Audit, Finance, Risk, Quality and Compliance Committee (AFRQCC) of the Board of Directors. The Group's ERM Framework is designed to create an aggregate view on all existing major risks, enabling the Group to systematically evaluate, prioritize and control the Group's risk portfolio. The ERM is based on the framework of the Committee for Sponsoring

Organizations (COSO) and classifies risks into major five risk categories: Strategic, Market, Financial Reporting, Operating and Compliance/Legal Risks. The Group's ERM is multidimensional in the form, that risks are identified, assessed and controlled not only directly from the legal entity but also from specialized Corporate Functions such as Quality Assurance, Sourcing and Cocoa, Group Finance and Treasury, Operations & Supply Chain Organization (OSCO), Information Management, Global Human Resources, Innovations and Research and Development and Group Insurance and supervised by the GRM. Risk assessments are the responsibility of line management but overseen and controlled by GRM. Thus, issues and risks on all levels can be identified, addressed and mitigated efficiently and effectively.

The results of the Group ERM are presented to the AFRQCC quarterly or immediately in the event of an emergency individual risk issue.

Financial risk management is described in more detail in note 26.

31. Subsequent events

The Consolidated Financial Statements were authorized for issue by the Board of Directors on November 2, 2010, and are subject to approval by the Annual General Meeting of Shareholders on December 7, 2010.

REPORT OF THE STATUTORY AUDITOR

KPMG AG
Audit
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Report of the Statutory Auditor on the Consolidated Financial Statements to the General Meeting of

Barry Callebaut AG, Zurich

As Statutory Auditor, we have audited the accompanying Consolidated Financial Statements of Barry Callebaut AG, which comprise the Income Statement, Balance Sheet, Cash Flow Statement, Statement of Changes in Equity and Notes on pages F-71 to F-136 for the year ended August 31, 2009.

Board of Directors' Responsibility

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

Auditor's Responsibility

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

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

Opinion

In our opinion, the Consolidated Financial Statements for the year ended August 31, 2009 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

Report on Other Legal Requirements

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

In accordance with article 728a paragraph 1 item 3 co and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of Consolidated Financial Statements according to the instructions of the Board of Directors.

We recommend that the Consolidated Financial Statements submitted to you be approved.

KPMG AG

Roger Neininger
Licensed Audit Expert
Auditor in Charge

Marc Ziegler
Licensed Audit Expert

Zurich, November 10, 2009

KPMG AG/SA, a Swiss corporation, is a subsidiary of KPMG Holding AG/SA, which is a subsidiary of KPMG Europe LLP and a member of the KPMG network of independent firms affiliated with KPMG International, a Swiss cooperative.

Member of the Swiss Institute of Certified Accountants and Tax Consultants

BARRY CALLEBAUT AG

CONSOLIDATED INCOME STATEMENT

for the fiscal year ended August 31

	Notes	2008/09	2007/08
		(in thousands of CHF)	
Revenue from sales and services		**4,880,177**	**4,815,424**
Cost of goods sold		(4,172,355)	(4,114,641)
Gross profit		**707,822**	**700,783**
Marketing and sales expenses		(120,324)	(134,762)
General and administration expenses		(250,608)	(256,686)
Other income	7	34,357	49,677
Other expenses	8	(20,494)	(17,901)
Operating profit (EBIT)		**350,753**	**341,111**
Financial income	9	5,904	9,060
Financial expenses	10	(97,493)	(101,869)
Loss on disposal of financial assets		—	(6,810)
Result from investments in associates and joint ventures		484	381
Profit before income taxes		**259,648**	**241,873**
Income tax expenses	11	(32,723)	(32,797)
Net profit from continuing operations		**226,925**	**209,076**
Net loss from discontinued operations, net of tax	3	—	(3,626)
Net profit for the year		**226,925**	**205,450**
of which attributable to the shareholders of the parent company		226,907	204,570
of which attributable to minority interests		18	880
Earnings per share from continuing and discontinued operations[1]			
Basic earnings per share (CHF/share)		43.99	39.68
Diluted earnings per share (CHF/share)		43.85	39.52
Earnings per share from continuing operations[2]	12		
Basic earnings per share (CHF/share)		43.99	40.39
Diluted earnings per share (CHF/share)		43.85	40.22

(1) Based on the net profit for the year attributable to the shareholders of the parent company including the net loss from discontinued operations.

(2) Based on the net profit for the year attributable to the shareholders of the parent company excluding the net loss from discontinued operations.

BARRY CALLEBAUT AG

CONSOLIDATED BALANCE SHEET

as of August 31

	Notes	2009	2008
		(in thousands of CHF)	
Assets			
Current assets			
Cash and cash equivalents		33,993	35,172
Short-term deposits		2,137	947
Trade receivables and other current assets	13	524,847	531,132
Inventories	14	1,294,545	1,414,601
Current income tax assets		5,489	2,914
Derivative financial assets	15	221,649	321,020
Total current assets		**2,082,660**	**2,305,786**
Non-current assets			
Property, plant and equipment	16,17	872,458	890,913
Financial assets	18	512	209
Investments in associates and joint ventures	19	4,038	3,528
Intangible assets	20	493,684	471,330
Deferred income tax assets	21	51,918	45,326
Other non-current assets		9,577	12,371
Total non-current assets		**1,432,187**	**1,423,677**
Total assets		**3,514,847**	**3,729,463**
Liabilities and equity			
Current liabilities			
Bank overdrafts	22	29,338	59,736
Short-term debt	22	222,885	397,648
Trade payables and other current liabilities	23	832,440	894,370
Current income tax liabilities		36,026	32,926
Derivative financial liabilities	15	153,922	299,310
Provisions	24	16,751	7,804
Total current liabilities		**1,291,362**	**1,691,794**
Non-current liabilities			
Long-term debt	25	728,293	621,892
Employee benefit obligations	26	122,701	134,431
Provisions	24	4,202	1,717
Deferred income tax liabilities	21	68,455	64,449
Other non-current liabilities		43,689	38,866
Total non-current liabilities		**967,340**	**861,355**
Total liabilities		**2,258,702**	**2,553,149**
Equity	27		
Share capital		262,119	321,574
Retained earnings and other components of equity		993,437	854,348
Total equity attributable to the shareholders of the parent company		**1,255,556**	**1,175,922**
Minority interests	27	589	392
Total equity		**1,256,145**	**1,176,314**
Total liabilities and equity		**3,514,847**	**3,729,463**

BARRY CALLEBAUT AG

CONSOLIDATED CASH FLOW STATEMENT

for the fiscal year ended August 31

	Notes	2008/09	2007/08[2]
		(in thousands of CHF)	
Cash flows from operating activities[1]			
Profit before income taxes from continuing operations		259,648	241,873
Loss before income taxes from discontinued operations	3	—	(2,211)
Adjustments for:			
Depreciation of property, plant and equipment	16	82,309	83,930
Amortization of intangible assets	20	23,065	20,518
Impairment of property, plant and equipment	8,16	566	2,184
Impairment of intangible assets	8,20	—	131
Recognition of negative goodwill on acquisitions	1	(1,502)	—
(Gain) on disposal of property, plant and equipment, net		(30)	(2,405)
(Gain) on sale of subsidiary	2	(17,950)	(27,345)
Foreign exchange (gain) loss		28,408	(4,192)
Fair value (gain) loss on derivative financial instruments		(47,183)	52,925
Fair value (gain) loss on hedged firm commitments		(76,721)	66,709
Fair value (gain) loss on inventories		57,951	(126,117)
Write-down of inventories	14	5,462	2,429
Increase (decrease) of allowance for doubtful receivables		3,024	(4,891)
Increase (decrease) of provisions		16,033	6,401
Increase (decrease) of employee benefit obligations		(8,455)	10,363
Equity-settled share-based payments	5	11,577	16,856
Loss on sale of financial assets	18	—	6,810
Result from investments in associates and joint ventures		(484)	(381)
(Interest income)	9	(3,883)	(3,952)
Interest expenses	10	86,223	94,655
Operating cash flow before working capital changes		**418,058**	**434,290**
(Increase) decrease in trade receivables and other current assets		(24,199)	23,206
(Increase) decrease in inventories		(9,307)	(152,417)
Increase (decrease) in trade payables and other current liabilities		(19,004)	(18,684)
Use of provisions		(4,231)	(3,905)
Cash generated from operations		**361,317**	**282,490**
(Interest paid)		(77,604)	(80,221)
(Income taxes paid)		(43,070)	(37,339)
Net cash flow from operating activities		**240,643**	**164,930**

BARRY CALLEBAUT AG

CONSOLIDATED CASH FLOW STATEMENT

for the fiscal year ended August 31

	Notes	2008/09	2007/08[2]
		(in thousands of CHF)	
Cash flows from investing activities[1]			
Purchase of property, plant and equipment	16	(113,314)	(226,571)
Proceeds from sale of property, plant and equipment		2,370	16,327
Purchase of intangible assets	20	(31,129)	(23,343)
Proceeds from sale of intangible assets		61	1,275
Acquisition of subsidiaries, net of cash acquired	1	(16,938)	(89,234)
Acquisition of associates and joint ventures		(164)	(2,672)
Proceeds from disposal of subsidiaries	2	17,198	155,331
Proceeds from disposal of financial assets		—	183
Purchase of short-term deposits		(1,396)	—
Proceeds from sale of short-term deposits		175	4,336
Purchase of other non-current assets		(589)	(19,768)
Proceeds from sale of other non-current assets		2,048	—
Interest received		2,787	3,084
Net cash flow from investing activities		**(138,891)**	**(181,052)**
Cash flows from financing activities[1]			
Proceeds from the issue of short-term debt		94,493	195,132
Repayment of short-term debt		(246,946)	(158,214)
Proceeds from the issue of long-term debt		149,077	51,555
Repayment of long-term debt		(6,748)	(202)
Capital reduction and repayment	27	(59,392)	(59,431)
Purchase of treasury shares	27	(8,808)	(12,123)
Dividends paid to minority shareholders	27	(68)	(343)
Effect of change in minority interests	27	300	(35)
Net cash flow from financing activities		**(78,092)**	**16,339**
Effect of exchange rate changes on cash and cash equivalents		5,559	379
Net increase (decrease) in cash and cash equivalents		**29,219**	**596**
Cash and cash equivalents at the beginning of the fiscal year		(24,564)	(25,160)
Cash and cash equivalents at the end of the fiscal year		**4,655**	**(24,564)**
Net increase (decrease) in cash and cash equivalents		**29,219**	**596**
Cash and cash equivalents		33,993	35,172
Bank overdrafts		(29,338)	(59,736)
Cash and cash equivalents as defined for the cash flow statement		**4,655**	**(24,564)**

(1) The Consolidated Cash Flow Statement includes the cash flows from discontinued operations.

(2) Certain comparatives have been reclassified to conform with the current period's presentation.

BARRY CALLEBAUT AG

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the fiscal year ended August 31

	Attributable to the shareholders of the parent company							
	Share capital	Treasury shares	Retained earnings	Hedging reserves	Cumulative translation adjustments	Total	Minority interest	Total equity
				(in thousands of CHF)				
As of August 31, 2007	**381,029**	**(16,696)**	**702,221**	**4,830**	**(12,315)**	**1,059,069**	**3,865**	**1,062,934**
Currency translation adjustments					(26,834)	(26,834)	(48)	(26,882)
Effect of cash flow hedges (note 15)				(6,049)		(6,049)		(6,049)
Total gains (losses) recognized in equity				**(6,049)**	**(26,834)**	**(32,883)**	**(48)**	**(32,931)**
Net profit for the year			204,570			204,570	880	205,450
Total recognized income and expenses			**204,570**	**(6,049)**	**(26,834)**	**171,687**	**832**	**172,519**
Capital reduction and repayment	(59,455)		24			(59,431)		(59,431)
Movements of minority interests (note 27)						—	(4,305)	(4,305)
Purchase of treasury shares		(12,123)				(12,123)		(12,123)
Equity-settled share-based payments		15,215	1,641			16,856		16,856
Taxes recognized in equity (note 21)			(136)			(136)		(136)
As of August 31, 2008	**321,574**	**(13,604)**	**908,320**	**(1,219)**	**(39,149)**	**1,175,922**	**392**	**1,176,314**
Currency translation adjustments					(86,877)	(86,877)	(53)	(86,930)
Effect of cash flow hedges (note 15)				(6,339)		(6,339)		(6,339)
Total gains (losses) recognized in equity				**(6,339)**	**(86,877)**	**(93,216)**	**(53)**	**(93,269)**
Net profit for the year			226,907			226,907	18	226,925
Total recognized income and expenses			**226,907**	**(6,339)**	**(86,877)**	**133,691**	**(35)**	**133,656**
Capital reduction and repayment	(59,455)		63			(59,392)		(59,392)
Movements of minority interests (note 27)						—	232	232
Purchase of treasury shares		(8,808)				(8,808)		(8,808)
Equity-settled share-based payments		17,799	(6,222)			11,577		11,577
Taxes recognized in equity (note 21)				2,566		2,566		2,566
As of August 31, 2009	**262,119**	**(4,613)**	**1,129,068**	**(4,992)**	**(126,026)**	**1,255,556**	**589**	**1,256,145**

BARRY CALLEBAUT AG

SUMMARY OF ACCOUNTING POLICIES

Organization and business activity

Barry Callebaut AG (''The Company'') was incorporated on November 24, 1994 under Swiss law, having its head office in Zurich, Switzerland, at Pfingstweidstrasse 60. Barry Callebaut AG is registered in Switzerland and has been listed on the six Swiss Exchange (BARN, ISIN Number: CH0009002962) since 1998. As of August 31, 2009, Barry Callebaut's market capitalization based on issued shares was CHF 2,968 million (August 31, 2008: CHF 3,743 million). The Group's ultimate parent is Jacobs Holding AG with a share of 50.5% of the shares issued.

Barry Callebaut AG and its subsidiaries (''The Group'') is one of the world's leading cocoa and chocolate companies, serving the food industry, from food manufacturers to professional users of chocolate (such as chocolatiers, pastry chefs or bakers) to global retailers. The Group offers a broad and expanding range of chocolate and other cocoa-based products with numerous recipes. It also provides a comprehensive range of services in the fields of product development, processing, training and marketing. The Group is fully vertically integrated along the entire value chain: from sourcing of raw materials to finished products on the shelf.

The principal brands under which the Group operates are Barry Callebaut, Callebaut, Cacao Barry, Carma, Luijckx, Van Leer and Van Houten for chocolate products; Barry Callebaut, Bensdorp, Van Houten and Chadler for cocoa powder; Bensdorp, Van Houten, Caprimo and Ögonblink for vending mixes; Sarotti, Alpia, Jacques and Alprose for consumer products.

The principal countries, in which the Group operates, include Belgium, Brazil, Cameroon, Canada, China, Côte d'Ivoire, France, Germany, Ghana, Italy, Japan, Malaysia, Mexico, the Netherlands, Poland, Russia, Singapore, Spain, Sweden, Switzerland, the United Kingdom and the USA.

Basis of presentation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

For consolidation purposes, Barry Callebaut AG and its subsidiaries prepare financial statements using the historical cost basis, except for the measurement at fair value of derivative financial instruments, hedged firm commitments and inventories as disclosed in the accounting policies below.

Management assumptions and significant estimates

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the financial statements are described below:

Note 1	Acquisitions
Note 3	Discontinued operations, assets held for sale and liabilities directly associated with assets held for sale
Note 14	Inventories
Note 15	Derivative financial instruments and hedging activities
Note 20	Goodwill—measurement of the recoverable amounts of cash-generating units
Note 21	Utilization of tax losses
Note 26	Measurement of defined benefit obligation

Scope of consolidation/Subsidiaries

The consolidated financial statements of the Group include all the assets, liabilities, income and expenses of Barry Callebaut AG and the companies which it controls. Control is presumed to exist when a company owns, either directly or indirectly, more than 50% of the voting rights of a company's share capital or otherwise has the power to exercise control over the financial and operating policies of a subsidiary so as to obtain the benefits from its activities. Minority interests are shown as a component of equity in the balance sheet and the share of the net profit attributable to minority interests is shown as a component of the net profit for the period in the Consolidated Income Statement. Newly acquired companies are consolidated from the date control is transferred (the effective date of acquisition), using the purchase method. Subsidiaries disposed of are included up to the effective date of disposal.

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

Purchases and disposals of minority interests in subsidiaries

The Group applies a policy of treating transaction with minority interests as transaction with parties external to the Group. Disposals to minority interests result in gains and losses for the Group and are recorded in the Consolidated Income Statement. Purchases from minority interests result in goodwill, being the difference between any considerations paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

Options over existing minorities

The Group accounts for written puts over existing minorities in de-recognizing the minority interests and records instead a liability to the extent of the put exercise price, discounted to the balance sheet date. Should the option expire without being exercised by the minorities, the liability is derecognized and minority interests are recorded.

Investments in associates and joint ventures

Associates are those companies in which the Group has significant influence but not control. This is normally presumed when the Group holds between 20% and 50% of the voting power of another entity. Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. Associates and joint ventures are accounted for using the equity method (equity-accounted investees) and are recognized initially at cost. The Group's investment includes goodwill identified on acquisition,

net of any impairment losses. The consolidated financial statements include the Group's share of the income and expenses and equity movements of equity-accounted investees from the date that significant influence or joint control commences until the date significant influence or joint control ceases.

Foreign currency transactions

The functional currency of the Group's entities is the currency of their primary economic environment. In individual companies, transactions in foreign currencies are recorded at the rate of exchange at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated into respective functional currencies at the exchange rate prevailing at the year-end date. Any resulting exchange gains and losses are taken to the income statement. If related to commercial transactions or to the measurement of financial instruments in coverage of commercial transactions, such foreign currency gains and losses are classified as cost of goods sold. Otherwise, foreign currency gains and losses are classified as financial income and financial expense.

Foreign currency translation

For consolidation purposes, assets and liabilities of subsidiaries reporting in currencies other than Swiss francs are translated to Swiss francs using year-end rates of exchange. Income and expenses are translated at the average rates of exchange for the year. Differences arising from the translation of financial statements using the above method are recorded as cumulative translation adjustments in equity.

Major foreign exchange rates

	2008/09		2007/08	
	Closing rate	Average rate	Closing rate	Average rate
EUR	1.5220	1.5189	1.6160	1.6258
GBP	1.7285	1.7501	2.0100	2.1591
USD	1.0666	1.1250	1.0994	1.0853

Cash and cash equivalents

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

Trade receivables and other current assets

Trade receivables are stated at amortized cost, less anticipated impairment losses. Impairment provision for receivables represent the Group's estimates of incurred losses arising from the failure or inability of customers to make payments when due. These estimates are assessed on an individual basis, taking into account the aging of customers' balances, specific credit circumstances and the Group's historical default experience. If the Group is satisfied that no recovery of the amount owing is possible, the receivable is written off and the provision related to it is reversed.

The Group maintains an asset-backed securitization program for trade receivables, transferring the contractual rights to the cash flows of third-party trade receivables at their nominal value minus a discount. These receivables are derecognized from the balance sheet. The net amount reported under other current assets (see note 13) or other current liabilities (see note 23) is the amount of the discount

minus the receivables already collected at the balance sheet date but not yet remitted to the asset-purchasing company.

Derivative financial instruments and hedging activities

The nature of its business exposes the Group to a variety of risks. The Group's overall risk management program acknowledges volatility of markets and seeks to minimize the potential adverse effects on the financial performance of the Group in a cost-efficient manner. Further information on risk management can be found under note 28.

The Group uses derivative financial instruments in accordance with its risk management policies to hedge its exposure to chocolate sales (related commodity price risks), which consist of the price risk of cocoa and other commodities such as dairy, sweeteners and nuts, foreign exchange risks and interest rate risks arising from operational, financing and investment transactions.

The Group's purchasing and sourcing center frequently buys and sells cocoa beans and other chocolate ingredients for the purpose of generating a profit from short-term fluctuations in price or dealer's margin. The practice of net cash settlement of commodity purchase and sale contracts results in these contracts qualifying as derivative financial instruments.

Following the Group's risk management policy, generally the operating group companies do not hold derivative financial instruments for trading purposes.

Derivative financial instruments are accounted for at fair value with fair value changes recognized in the income statement.

Hedge accounting

For manufacturing and selling of their products, the operating companies require commodity raw materials such as cocoa beans and semi-finished cocoa products as well as non-cocoa components such as dairy, sweeteners and nuts. The value of the Group's open sales and purchase commitments and inventory of raw materials changes continuously in line with price movements in the respective commodity markets. The Group uses commodity futures, forward contracts and inventory to manage price risks associated with the firm sales commitments of industrial chocolate (Contract Business—see risk management note 28).

The Group and its subsidiaries enter into sales and purchasing contracts denominated in various currencies and consequently are exposed to foreign currency risks, which are hedged by the Group's treasury department or—in case of legal restrictions—with local banks. The Group's interest rate risk is managed with interest rate derivatives.

Hedge accounting is applied to derivatives that are effective in offsetting the changes in fair value or cash flows of the hedged items. The hedge relation is documented and the effectiveness of such hedges is tested at regular intervals, at least on a semi-annual basis.

Fair value hedging—for commodity price risks and foreign currency exchange risks related to the Contract Business

Generally, fair value hedge accounting is applied to hedge the Group's exposure to changes in fair value of a recognized asset or liability or an unrecognized firm commitment or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk, e.g. commodity price risks, and that could affect profit or loss. For fair value hedges, the carrying amount of the hedged item is adjusted for gains and losses attributable to the risk being hedged, the derivative (hedging instrument) is re-measured at fair value and gains and losses from both are taken to the income statement. When an unrecognized firm commitment is designated as a hedged item, the subsequent cumulative change in

the fair value of the firm commitment attributable to the hedged risk is recognized as an asset or liability with a corresponding gain or loss in the income statement. The changes in the fair value of the hedging instrument are also recognized in the income statement.

For the chocolate price risk related to the sales contract of industrial chocolate (Contract Business), the firm sales commitments, including cocoa and non-cocoa components, such as sweeteners, dairy and nuts, are designated as the hedged items while the forward purchase commitments and Contract Business inventories related to cocoa and non-cocoa components as well as cocoa future contracts are designated as the hedging instruments. The hedging instruments (purchase side) as well as the hedged items (sales side) are measured at fair value at the balance sheet date. The components of sales contracts represent commodities and are quoted in an active market or are reliably determinable. The fair values thus calculated for the hedged items are recorded under the position ''Hedged firm commitments'' included in other current assets or other current liabilities depending on whether the resulting amount is positive or negative. The fair values thus calculated for the hedging instruments are recorded under the position ''Derivative financial assets'' or ''Derivative financial liabilities'' depending on whether the resulting amount is positive or negative.

For foreign currency exchange risks related to the firm sales commitments of industrial chocolate (Contract Business), fair value hedge accounting is also applied. The hedge relationship is between the unrecognized firm sales commitment (hedged item) and the foreign currency forward sales contract (hedging instrument). The changes in fair value of the hedging instrument are recognized in the income statement. The cumulative change in the fair value of the firm sales commitment attributable to the foreign currency risk is recognized as an asset or liability with a corresponding gain or loss in the income statement.

Cash flow hedging—for interest rate risks

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

Interest rate derivatives hedging exposures to variability in cash flows of highly probable forecasted transactions are classified as cash flow hedges. For each cash flow hedge relationship, the effective part of any gain or loss on the derivative financial instrument is recognized directly in equity. Gains or losses that are recognized in equity are transferred to the income statement in the same period in which the hedged exposure affects the income statement. The ineffective part of any gain or loss is recognized immediately in the income statement at the time hedge effectiveness is tested.

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

No hedge accounting designation

The Group's purchasing and sourcing center and the In-house Bank of the Group fair value their derivative financial instruments without applying hedge accounting.

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

In respect of the foreign exchange exposure of a recognized monetary asset or liability, no hedge accounting is applied. Any gain or loss on the financial derivative used to economically hedge this risk is

recognized in the income statement thus compensating the gains and losses that arise from the revaluation of the underlying asset or liability.

Inventories

The Group principally acquires cocoa beans, any semi-finished products resulting from cocoa beans (such as cocoa liquor, butter, cake or powder), other raw materials such as sweeteners, dairy and nuts and has industrial chocolate inventories with the purpose of selling them in the near future and generating a profit from fluctuations in price or broker-traders' margin. The Group therefore acts as a broker-trader of such commodities and these inventories are measured at fair value less costs to sell in accordance to the broker-trader exemption per IAS 2.5 (Inventories).

Other inventories, such as finished consumer products and other items related to the Price List Business are stated at the lower of cost and net realizable value. The cost of inventories comprises the costs of materials, direct production costs including labor costs and an appropriate proportion of production overheads and factory depreciation. For movements in inventories, the average cost method is applied. Net realizable value is defined as the estimated selling price less costs of completion and direct selling and distribution expenses.

Assets held for sale and liabilities directly associated with assets held for sale

Long-term assets and related liabilities are classified as held for sale and shown on the balance sheet in a separate line as ''Assets held for sale'' and ''Liabilities directly associated with assets held for sale'' if the carrying amount is to be realized by selling, rather than using, the assets. This is conditional upon the sale being highly probable to occur and the assets being ready for immediate sale. For a sale to be classified as highly probable, the following criteria must be met: management is committed to a plan to sell the asset, the asset is marketed for sale at a price that is reasonable in relation with its current fair value and the completion of the sale is expected to occur within 12 months.

Assets held for sale are measured at the lower of their carrying amount or the fair value less costs to sell. From the time they are classified as ''held for sale'', depreciable assets are no longer depreciated or amortized.

Financial assets

Financial assets are accounted for in accordance with IAS 39, Financial Instruments: Recognition and Measurement. Accordingly, financial assets are classified into the following categories: held-to-maturity, at fair value through profit or loss, loans and receivables and available-for-sale. Financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intent and ability to hold to maturity except for loans and receivables originated by the Group are classified as held-to-maturity investments. Financial assets acquired principally for the purpose of generating a profit from short-term fluctuations in price are classified as at fair value through profit or loss. All other financial assets, excluding loans and receivables, are classified as available-for-sale.

All purchases and sales of financial assets are recognized on the trade date. Financial assets are recognized when the Group becomes a party to the contractual provisions and are initially measured at fair value, which is the consideration given for them, plus transaction costs in the case of financial assets and liabilities not at fair value through profit or loss. Available-for-sale and fair value through profit or loss investments are subsequently carried at fair value by reference to their quoted market price at the balance sheet date, without any deduction for transaction costs that the Group may incur on their sale or other disposal.

Gains or losses on measurement to fair value of available-for-sale investments are included directly in equity until the financial asset is sold, disposed of or impaired, at which time the gains or losses are recognized in net profit or loss for the period.

Held-to-maturity investments and loans and receivables are carried at amortized cost using the effective interest rate method.

Financial assets are derecognized, using the weighted average method, when the Group loses control of the contractual rights to the cash flows of the assets or when the Group sells or otherwise disposes of the contractual rights to the cash flows, including situations where the Group retains the contractual rights but assumes a contractual obligation to pay the cash flows that comprise the financial asset to a third party. Such control is lost when the rights and benefits specified in the contract are realized, expired, or are surrendered.

Intangible assets

Goodwill

Goodwill on acquisitions is initially measured at cost being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Negative goodwill is recognized directly in the income statement. At the acquisition date, any goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies.

Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognized. Where goodwill forms part of the cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Research and development costs

Research costs are expensed as incurred, whereas product development costs are only expensed as incurred when it is considered impossible to quantify the existence of a market or future cash flows for the related products or processes with reasonable assurance.

Development costs for projects mostly related to software are capitalized as an intangible asset if it can be demonstrated that the project is expected to generate future economic benefits. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period. Development costs that have been capitalized are amortized on a straight-line basis over the period of their expected useful life. The amortization periods adopted do not exceed five years.

Other intangible assets

Other acquired intangible assets include patents, trademarks, brand names and licenses. Patents and licenses are amortized over their period of validity. All other intangible assets are amortized on a straight-line basis over their anticipated useful life not exceeding 20 years.

Property, plant and equipment

Property, plant and equipment are measured at the acquisition or construction cost less accumulated depreciation and accumulated impairment losses. A straight-line method of depreciation is applied through the estimated useful life. Estimated useful lives of major classes of depreciable assets are:

Buildings, warehouses and installations	20 to 50 years
Plant and machinery	10 to 20 years
Office equipment and furniture	3 to 10 years
Motor vehicles	5 to 10 years

Maintenance and repair expenditures are charged to the income statement as incurred.

The carrying amounts of property, plant and equipment are reviewed at least at each balance sheet date to assess whether they are recoverable in the form of future economic benefits. If the recoverable amount of an asset has declined below its carrying amount, an impairment loss is recognized to reduce the value of the assets to its recoverable amount. In determining the recoverable amount of the assets, expected cash flows are discounted to their present value.

Leased assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are stated as assets of the Group at the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Finance costs are charged to the income statement over the term of the relevant lease so as to produce a constant periodic interest charge on the remaining balance of the obligations for each accounting period. Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rentals payable under an operating lease are charged to the income statement on a straight-line basis over the term of the lease.

Financial liabilities

Financial liabilities are initially recognized at fair value, net of transaction costs, when the Group becomes a party to the contractual provisions. They are subsequently carried at amortized cost using the effective interest rate method. A financial liability is removed from the balance sheet when the obligation is discharged, cancelled, or expires.

Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate thereof can be made. Provisions are recorded for identifiable claims and restructuring costs. Restructuring provisions mainly comprise employee termination payments. Specific provisions for restructuring costs are recorded at such time as the management approves the decision to restructure and a formal plan for restructuring is communicated.

Employee benefit obligations/Post-employment benefits

The liabilities of the Group arising from defined benefit obligations and the related current service costs are determined on an actuarial basis using the projected unit credit method.

Actuarial gains and losses are recognized in the income statement over the remaining working lives of the employees to the extent that their cumulative amount exceeds 10% of the greater of the present value of the obligation and of the fair value of plan assets.

For defined benefit plans, the actuarial costs charged to the income statement consist of current service cost, interest cost, expected return on plan assets and past service cost, gains or losses related to curtailments or early settlements as well as actuarial gains or losses to the extent they are recognized. The past service cost for the enhancement of pension benefits is accounted for over the period that such benefits vest.

Some benefits are also provided by defined contribution plans; contributions to such plans are charged to the income statement as incurred.

Post-retirement benefits other than pensions

Certain subsidiaries provide healthcare and insurance benefits for a portion of their retired employees and their eligible dependents. The cost of these benefits is actuarially determined and included in the related function expenses over the employees' working lives. The related liability is also included in the position employee benefits.

Employee stock ownership program

For the employee stock ownership program, treasury shares are used. In accordance with IFRS 2, the compensation costs in relation with shares granted under the employee stock ownership program are recognized in the income statement over the vesting period at their fair value as of the grant date.

Other long-term employee benefits

Other long-term employee benefits represent amounts due to employees under deferred compensation arrangements mandated by certain jurisdictions in which the Group conducts its operations. Benefit cost is recognized on an actuarial basis in the income statement. The related liability is included in other long-term liabilities.

Share capital/Purchase of own shares

Where the Company or its subsidiaries purchase the Company's shares, the consideration paid including any attributable transaction costs is deducted from equity as treasury shares. Where such shares are subsequently sold or reissued, any consideration received is included in equity.

Dividends

Dividends on ordinary shares are recognized as a liability when they are approved by the shareholders.

Taxes

Current income taxes are recognized based on taxable income, whereas other taxes such as non-recoverable taxes withheld on dividends, management fees and royalties received or paid are reported under other expense. Non-recoverable withholding taxes are only accrued if distribution by subsidiary companies is foreseen.

Income taxes are calculated in accordance with the tax regulations in effect in each country.

The Group recognizes deferred income taxes using the balance sheet liability method. Deferred income tax is recognized on all temporary differences arising between the tax values of assets and liabilities and their values in the consolidated financial statements. Deferred income tax assets are

recognized to the extent it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred income tax assets and liabilities are calculated using tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Revenue recognition

Revenues from sales and services consist of the net sales turnover of semi-processed and processed goods and services related to food-processing.

Revenues from the sale of goods are recognized when the significant risks and rewards of ownership of the goods have been transferred to the buyer, which is mainly upon shipment. Appropriate provisions are made for all additional costs to be incurred in connection with the sales including the cost of returns. Additionally, gains and losses related to derivative financial instruments used for hedging purposes are recognized in revenues in accordance with the policies set out in this section.

Trading of raw materials which are fair valued does not give rise to a profit or loss; consequently related revenues and costs of goods sold are netted.

Interest income is recognized as it accrues on an effective yield basis, when it is determined that such income will flow to the Group. Dividends are recognized when the right to receive payment is established.

Government grants

Provided there is reasonable assurance that they will be irrevocably received, grants relating to capital expenditure are deducted from the cost of property, plant and equipment and thus recognized in the income statement on a straight-line basis over the useful life of the asset.

Other grants that compensate the Group for expenses incurred are deferred and recognized in the income statement over the period necessary to match them with the costs they are intended to compensate.

Segment reporting

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise primarily interest-earning assets and related interest income, interest-bearing loans, borrowings and related interest expenses, income tax assets and liabilities and corporate assets and expenses. Eliminations represent intercompany balances and transactions between the different segments. Segment assets and liabilities represent the situation at the end of the fiscal year.

The pricing of inter-segment sales is based on market ratios for semi-finished products and on a cost plus mechanism for processed products.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period. It comprises the purchase of property, plant and equipment and the acquisition of intangible assets. Segmental information is based on two segment formats.

Geographical segments

The geographical segment format—reflecting management responsibility and geographical area—is the Group's primary management and internal reporting structure. The Group manages its business through three geographic areas:

Europe, consisting of the following countries: the British Isles France, Belgium, the Netherlands, Luxembourg, Germany, Italy, Spain, Portugal, all Eastern European countries including Russia, all Scandinavian countries, Switzerland, Austria, Greece, Turkey.

Americas, consisting of all countries of North America and South-America.

Asia-Pacific/Rest of World consisting of all other countries.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

Business segments

The results reported in the business segments reflect total profitability throughout the value chain.

The first business segment, Industrial Business, comprises the business units Cocoa and Food Manufacturers, both asset and working capital-intensive activities dealing with the Group's industrial customers.

The second business segment, Food Service/Retail Business, combines the business units Gourmet & Specialties and Consumer Products, grouping the more value-added products and services in the Group's professional, gastronomy, artisanal and consumer products segment.

BARRY CALLEBAUT AG

ACCOUNTING POLICIES

Changes in Accounting Policies

Amended International Financial Reporting Standards and Interpretations which became effective for this fiscal year

IAS 39 (Amendment)—Embedded Derivatives and IFRIC 9 (Amendment)—Reassessment of Embedded Derivatives (effective July 1, 2009)

The reclassification amendment allows entities to reclassify particular financial instruments out of the ''fair value through profit or loss'' category in specific circumstances. The amendment to IFRIC 9 ''Reassessment of Embedded Derivatives'' and IAS 39 ''Financial Instruments: Recognition and Disclosure'' clarifies that on reclassification of a financial asset out of the ''fair value through profit or loss'' category all embedded derivatives have to be assessed and, if necessary, separately accounted for in financial statements. The Group does not expect any impact on its consolidated financial statements.

IFRIC 12—Service Concession Arrangements

The adoption of this interpretation did not have an effect on the financial position or the results of the Group.

IFRIC 13—Customer Loyalty Programmes

The Group does not grant costumer loyalty award credits to its customers which are within the scope of this interpretation. Thus, the adoption of IFRIC 13 did not have an effect on the financial position or the result of the Group.

IFRIC 14/IAS 19—The Limit on a Defined Benefit Asset. Minimum Funding Requirements and their interaction

The Group has evaluated the surplus situation in its pension plans according to IFRIC 14. The application of this interpretation did not have an impact on the consolidated financial statements.

Amended International Financial Reporting Standards and Interpretations, not yet effective for the Group and not early adopted

The following standards and amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after September 1, 2009, or later periods, but the Group has not early adopted them:

IFRS 3 (Revised)—Business Combinations (effective July 1, 2009)

The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The Group will apply these changes prospectively for all business combinations from September 1, 2009.

IFRS 7 (Amendment)—Financial Instruments—Disclosure (effective January 1, 2009)

The amended standard improves disclosure in fair value measurements and liquidity risks. The Group expects additions in its disclosure on financial instruments and will apply these changes for the accounting period starting September 1, 2009.

IFRS 8—Operating Segments

IFRS 8 supersedes IAS 14—Segment Report. The new standard requires that reportable segments are identified consistent with the internal information which the chief operating decision-maker is allocating the resources and assessing the performance of the operating segments. The Group expects therefore changes to the current identified segments and will apply the new standard for periods starting from September 1, 2009.

IAS 1 (Revised)—Presentation of Financial Statements (effective January 1, 2009)

The revised standard introduces a statement of comprehensive income but allows to present an income statement and a separate statement of comprehensive income. Further, the standard includes non-mandatory changes of the titles of the financial statements. The application by Barry Callebaut will not have a major impact on the Group's consolidated financial statements.

The Group will apply these additional disclosure requirements for the accounting period starting September 1, 2009.

IAS 23 (Revised)—Borrowing Costs (effective January 1, 2009)

The revised standard eliminates the option of recognizing borrowing costs immediately as an expense, to the extent that they are directly attributable to the acquisition, construction or production of a qualifying asset. Capitalization of such directly attributable costs is now mandatory. This revised standard will not have a material impact on the Group' consolidated financial statements for periods starting September 1, 2009.

IAS 27 (Revised)—Consolidated and Separate Financial Statements (effective July 1, 2009)

The revised standard requires that effects of all transaction with non-controlling interests are to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognized in profit or loss. The impact on the consolidated financial statement depends on future transactions. The Group will apply IAS 27 (Revised) for transactions with non-controlling interests from September 1, 2009.

IFRIC 18—Transfer of Assets from Customers (effective July 1, 2009)

This interpretation clarifies the circumstances in which the definition of an asset within the scope of IFRIC 18 is met, and how to recognize the asset and measure its cost on initial recognition. IFRIC 18 can affect the Group in future, potentially in relation to outsourcing contracts with its customers; however it is not anticipated that the application of that interpretation will have a material impact on the Group's reporting. The Group will apply the interpretation for the accounting period starting September 1, 2009.

Improvements to IFRS (effective January 1/July 1, 2009)

Several standards have been modified on miscellaneous points. They are not going to have a material impact to the Group's consolidated financial statements. The Group will apply these changes for the accounting period starting September 1, 2009.

Improvements to IFRS (effective January 1, 2010)

Several standards have been modified on miscellaneous points. They are not going to have a material impact to the Group's consolidated financial statements. The Group will apply these changes for the accounting period starting September 1, 2010.

Interpretations and amendments to existing standards, not yet effective and not relevant for the Group's operations

IFRS 1 (Amendment)—First-time adoption of International Financial Reporting Standards and IAS 27—Consolidated and Separate Financial Statements (effective January 1, 2009)

The content of this standard remains unchanged; the changes solely concern the formal structure in the standard. The amended standard does not have an impact on the Group's Consolidated Financial Statements since Barry Callebaut is not applying the IFRS for the first time.

IFRS 2 (Amendment)—Share-based Payment—Vesting conditions and cancellations (effective January 1, 2009)

The amendment to IFRS 2 clarifies the term ''Vesting conditions'' and provides the accounting treatment for non-vesting conditions and cancellations. Vesting conditions are service conditions and performance conditions only. The treatment of those conditions remains unchanged. Non-vesting conditions are conditions other than service or performance conditions. Non-vesting conditions must be taken into account in the estimation of the fair value of the instrument at the grant date. Failure to meet a non-vesting condition during the vesting period shall be treated as a cancellation. The amount of the compensation cost that otherwise would be recognized over the remainder of the vesting period is recognized immediately on cancellation, normally in the profit and loss. If the share-based payment includes a liability component, then the liability is remeasured to fair value at the date of cancellation prior to its settlement. The Group does not expected the amendments to have an impact on the Group's consolidated financial statements.

IAS 32 (Amendment)—Financial Instruments: Presentation and IAS 1—Presentation of Financial Statements—Puttable Financial Instruments and Obligations arising on Liquidation (effective January 1, 2009)

IAS 32 (Amendment) includes changes in treatment of financial instruments with the right to put the instrument back or imposing obligations in the event of liquidation. Barry Callebaut does not expect the application of the amended standard to have any impact in its consolidated financial statements.

IAS 32 (Amendment)—Financial Instruments: Classification of Rights Issues (effective February 1, 2010)

The amended standard gives improved guidance on the classification of rights issues. The Group does not expect the amendment to have an impact on the consolidated financial statements.

IAS 39 (Amendment)—Financial Instruments: Recognition and Measurement: Eligible Hedged Items (effective July 1, 2009)

The amendment clarifies how the existing principles of hedge accounting that determine whether a hedged risk or portion of cash flows is eligible for designation should be applied in two particular situations. The Group's current accounting treatment is not affected by this amendment.

IFRIC 15—Agreements for the Construction of Real Estates (effective January 1, 2009)

This interpretation clarifies whether IAS 18—Revenue, or IAS 11—Construction contracts, should be applied to particular transactions. IFRIC 15 is not relevant to the Group's operations as it has no such transactions.

IFRIC 16—Hedges of a Net Investment in a Foreign Operation (effective January 1, 2009)

IFRIC 16 defines which risks qualify as a hedged risk in hedges of a net investment in a foreign operation and where, within a group, hedging instruments are to be held. Barry Callebaut does not expect this interpretation to have any influence on its consolidated financial statements since the Group does not hold any hedges of net investments in a foreign operation.

IFRIC 17—Distributions of Non-cash Assets to Owners (effective July 1, 2009)

IFRIC 17 applies when non-cash assets are distributed to owners or when the owner is given a choice of taking cash in lieu of the non-cash assets. A dividend payable should be recognized when the dividend is appropriately authorized and is no longer at the discretion of the entity and should measure the dividend payable at the fair value of the net assets to be distributed. An entity has to provide additional disclosures if the net assets being held for distribution to owners meet the definition of a discontinued operation. IFRIC 17 applies to pro rata distributions of non-cash assets (all owners are treated equally) but does not apply to common control transactions. The Group does not expect any impact on its consolidated financial statements since it is not the Group's past practice to distribute non-cash assets to owners as dividends.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Changes in the scope of consolidation

The scope of consolidation has during the fiscal year 2008/09 changed as follows:

Acquisitions

Name and location of company acquired	Date of first consolidation	Acquired stake
International Business Company (IBC) BVBA, Belgium	October 1, 2008	100%
Morinaga Tsukaguchi factory, Japan	December 1, 2008	n/a[(1)]
Eurogran A/S, Denmark	June 1, 2009	100%

(1) The Group acquired a business rather than a legal entity. For further details refer to note 1 Acquisitions.

Disposals

Name and location of company disposed	Date of deconsolidation	Disposed stake
Van Houten (Singapore) Pte Ltd, Singapore	February 28, 2009	100%

1. Acquisitions 2008/09

In fiscal year 2008/09, the following acquisitions/business combinations took place:

International Business Company (IBC) BVBA

On October 1, 2008, the Group closed the transaction to acquire 100% of the share capital in IBC, a Belgian company active in the chocolate decoration market. The company mainly serves customers in the Group's Gourmet & Specialties business in Europe and was therefore integrated in the Food Service/ Retail Business segment and the geographical Region Europe, respectively. Goodwill resulting from that transaction has also been allocated to those segments.

Morinaga Tsukaguchi factory

On December 1, 2008, the Group has acquired assets from the Japanese confectionary Morinaga & Co. Ltd. and entered into a long-term supply agreement with Morinaga & Co. Ltd. Due to the substance of the acquisition agreement entered into with Morinaga, the Group has concluded that the acquisition qualifies as a business combination in the scope of IFRS 3. The business was subsequently integrated in the Group's Industrial Business segment and the geographical Region Asia since the business does generate its sales solely in Asia. The accounting for the transaction has led to a negative goodwill which was immediately recognized in the Consolidated Income Statement.

Eurogran A/S

On June 1, 2009, the Group has closed the acquisition of the Danish beverage company Eurogran A/S with a subsidiary in United Kingdom. The Danish operations were integrated in the Group's beverage business. The business acquired serves customers in Europe, consequently it was integrated into the Group's Food Service/Retail segment and the geographical Region Europe, respectively. Goodwill resulting from this acquisition was allocated to the same segments as well.

Acquisitions

	Pre-acquisition carrying amounts 2008/09	Fair value adjustments 2008/09	Recognized values on acquisition 2008/09
	(in thousands of CHF)		
Inventories	7,010	(985)	6,025
Trade receivables and other assets	9,758	(81)	9,677
Property, plant and equipment	16,795	1,209	18,004
Intangible assets	—	3,251	3,251
Other current liabilities and deferred income	(12,331)	(817)	(13,148)
Deferred tax, net	(610)	(1,872)	(2,482)
Other non-current liabilities	(6,227)	(57)	(6,284)
Fair value of assets and liabilities acquired	**14,395**	**648**	**15,043**
Goodwill on acquisition			25,370
Negative goodwill on acquisition			(1,502)
Consideration, recognized as current and non-current liability			(18,742)
Consideration, paid in cash[1]			**20,169**
Cash and cash equivalents less bank overdrafts (net) acquired			(2,657)
Cash outflow for acquisition of subsidiaries, net of cash and bank overdrafts acquired			**17,512**

(1) Includes legal and consultancy fees of CHF 1.1 million.

Since the valuation of the assets and liabilities of businesses acquired during 2008/09 is still in progress, the above values are determined provisionally. Values determined provisionally in 2007/08 have subsequently changed due to the adjustment of a contingent consideration and have led to a cash inflow. Thus, goodwill has decreased by CHF 0.6 million

The goodwill amounting to CHF 25.4 million reflects the value of highly skilled staff, the immediate access to manufacturing resources, supply chain and profound knowledge of the regional market characteristics. The acquisitions allow the Group to leverage on these factors and use related synergies for its strategically targeted regional and business expansion path.

The negative goodwill recognized is related to the acquisition of the Tsukaguchi factory and is mainly the result of differences between the value at which property, plant and equipment were acquired and their fair value assessed by the Group and reflecting the business plan underlying the acquisition.

The effect of the acquisitions on the Group's sales were approximately CHF 42 million on net sales revenue and CHF 5.3 million on net profit from continuing operations. Had the acquisitions occurred on September 1,2008, the Group's net sales revenue would have been approximately CHF 4,923 million and the net profit from continuing operations approximately CHF 229 million.

2007/08

In fiscal year 2007/08, the following acquisitions/business combinations took place:

Food Processing International, Inc. (FPI)

On December 17, 2007, the Group acquired 100% of FPI in the United States. Subsequently the company was merged into Barry Callebaut USA LLC. The business was allocated to the Americas region.

KL-Kepong Cocoa Products Sdn Bhd (KLKCP)

On April 30, 2008, the Group closed a transaction in which it acquired a 60% stake in KLKCP, domiciled in Malaysia. The company was subsequent to the transaction renamed to Barry Callebaut Malaysia Sdn Bhd. The acquired company operates in the cocoa processing and has small chocolate production facilities. It mainly serves customers in Asia. Due to its main activities in cocoa processing, the acquired entity was allocated to the Group's Industrial Business segment.

The seller of the acquired stake in KLKCP, KL-Kepong Industrial Holdings Sdn Bhd, has a put option exercisable between the second and the fifth birthday of the closing of the acquisition of KLKCP (i.e. April 30, 2008), which, if exercised, would require Barry Callebaut to purchase the remaining 40% of KLKCP. The put exercise price is fixed in USD. The agreement also gives Barry Callebaut a call option, exercisable in the identical time frame, to acquire the remaining 40% of the shares at fair value. The call option has a fair value close to zero.

As a result of the put option agreement, the Group has not recorded any minority interests. Instead, a liability on the remaining 40% minority interest in Barry Callebaut Malaysia Sdn Bhd was recognized. The liability was recorded at the redemption value of the put option under other non-current liabilities, discounted to the net present value using best estimate for the anticipated exercise date and assuming the put will be exercised.

Acquisitions

	Pre-acquisition carrying amounts 2007/08	Fair value adjustments 2007/08	Recognized values on acquisition 2007/08
	(in thousands of CHF)		
Inventories	50,626	7,247	57,873
Trade receivables and other assets	16,780	(35)	16,745
Derivative financial assets	—	4,139	4,139
Property, plant and equipment	57,463	12,328	69,791
Intangible assets	—	2,296	2,296
Financial liabilities	(5,965)	—	(5,965)
Other current liabilities and deferred income	(39,517)	(189)	(39,706)
Derivative financial liabilities	—	(11,300)	(11,300)
Deferred tax, net	(2,206)	(3,880)	(6,086)
Other non-current liabilities	(14,721)	—	(14,721)
Fair value of assets and liabilities acquired			**73,066**
Goodwill on acquisition			54,776
Adjustment to goodwill in subsequent period			(574)
Consideration, recognized as non-current liability			(36,820)[2]
Consideration, paid in cash[1]			**91,022**
Subsequent changes in consideration, received in cash			**(574)**
Cash and cash equivalents less bank overdrafts (net) acquired			(1,788)
Cash outflow for acquisition of subsidiaries, net of cash and bank overdrafts acquired			**89,234**
Cash inflow in subsequent period			**(574)**

(1) Includes legal and consultancy fees of CHF 1.0 million.

(2) Included in the position of other non-current liabilities amounting to CHF 38.9 million.

The effect of last year's acquisitions on the Group's sales were approximately CHF 90 million on net sales revenue and CHF 2.5 million on net profit from continuing operations. Had the acquisitions occurred on September 1, 2007, the Group's net sales revenue would have been approximately CHF 4,940 million and the net profit from continuing operations approximately CHF 213 million.

2. Disposals

Disposals in 2008/09

Van Houten (Singapore) Pte Ltd

On February 28, 2009, Barry Callebaut has sold its Consumer Products subsidiary Van Houten (Singapore) Pte Ltd, domiciled in Singapore, to The Hershey Company and has also licensed the Van Houten brand name and trademarks to Hershey's for use in relation to the sale of consumer products in Asia-Pacific, the Middle East, and Australia/New Zealand.

The transaction resulted in a total gain of CHF 17.9 million (net of transaction costs).

Disposals in 2007/08

On February 28, 2008, the Group has disposed of its consumer products subsidiaries Wurzener Dauerbackwaren GmbH in Germany and Chocodi SA in Côte d'Ivoire.

The Group's consumer business in Cameroon, Chococam SA, including its subsidiary Chocogab SA in Gabon was sold on July 31, 2008.

	2008/09	2007/08
	(in thousands of CHF)	
Current assets	3,907	46,388
Property, plant and equipment	5	18,459
Intangible assets	—	223
Other non-current assets	—	2,163
Financial liabilities	(1,308)	(4,701)
Employee benefit obligations	—	(2,390)
Other liabilities	(2,447)	(23,466)
Net assets disposed of	**157**	**36,676**
Costs to sell	(628)	2,180
Profit/(loss) on current year's disposals	17,950	27,345
Total disposal consideration	**17,479**	**66,201**
Cash and cash equivalents and bank overdrafts (net) disposed of	(281)	1,139
Cash inflow on disposals	**17,198**	**67,340**

3. Discontinued operations and assets held for sale and liabilities related to assets held for sale

The Group has decided to sell its u.s. sugar-candy business Brach's towards the end of the fiscal year 2006/07. On September 14, 2007, the Group signed an agreement for a sale with Farley's & Sathers Candy Company Inc. The sale included all of the business and all the assets of Brach's and its affiliates, including three factories in Chattanooga (Tennessee, U.S.), Winona (Minnesota, U.S.) and Linares (Mexico). The transaction was closed on November 15, 2007. The figures for fiscal year 2007/08 include the result of the operations until closing as well as costs in connection with the discontinuation of the business.

Result and cash flows of the discontinued operations

	2008/09	2007/08
	(in thousands of CHF)	
Revenue from sales and services	**—**	**61,952**
Operating expenses	—	(62,413)
Operating loss before impairment on assets and disposal costs	**—**	**(461)**
Impairment on assets	—	—
Pensions, indemnities and transaction costs	—	(999)
Operating loss (EBIT)	**—**	**(1,460)**
Financial items	—	(751)
Loss before income taxes from discontinued operations	**—**	**(2,211)**
Income taxes	—	(1,415)
Net loss from discontinued operations	**—**	**(3,626)**
Earnings per share from discontinued operations		
Basic earnings per share (CHF/share)	—	(0.71)
Diluted earnings per share (CHF/share)	—	(0.71)
Cash flows from discontinued operations		
Net cash flow from operating activities	—	727
Net cash flow from investing activities	—	(35)
Net cash flow from financing activities	—	1,481

4. Information by segments

I—Business Segments

Segment Income Statement

	Industrial Business		Food Service/ Retail Business		Corporate/ unallocated		Eliminations	
	2008/09	2007/08	2008/09	2007/08	2008/09	2007/08	2008/09	200
					(in thousands of CHF)			
Revenue from sales and services								
External sales	3,446,960	3,258,301	1,433,217	1,557,123				
Inter-segment sales	406,025	440,280	117	1,162			(406,142)	(441
Income from sales and services	**3,852,985**	**3,698,581**	**1,433,334**	**1,558,285**	**—**	**—**	**(406,142)**	**(441**
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**319,874**	**304,390**	**201,180**	**202,694**	**(64,927)**	**(63,420)**	**—**	
Depreciation and amortization	(65,324)	(57,251)	(35,028)	(41,008)	(5,022)	(4,294)		
Operating profit (EBIT)	**254,550**	**247,139**	**166,152**	**161,686**	**(69,949)**	**(67,714)**	**—**	
Result from investments in associates and joint ventures								
Loss on disposal of financial assets								
Financial cost, net								
Income taxes								
Net profit from continuing operations								
Net loss from discontinued operations								
Net profit for the year								
of which attributable to the shareholders of the parent company								
of which attributable to minority interests								

Segment assets and liabilities

As of August 31,	Industrial Business		Food Service/ Retail Business		Corporate/ unallocated		Eliminatio	
	2009	2008	2009	2008	2009	2008	2009	2
					(in thousands of CHF)			
Segment assets	2,605,026	2,739,864	885,165	950,347				
Investment in associates					4,038	3,528		
Corporate/unallocated assets					20,618	35,724		
Total assets	**2,605,026**	**2,739,864**	**885,165**	**950,347**	**24,656**	**39,252**	**—**	
Segment liabilities	763,397	943,854	221,601	202,109				
Corporate/unallocated liabilities					1,273,704	1,407,186		
Total liabilities	**763,397**	**943,854**	**221,601**	**202,109**	**1,273,704**	**1,407,186**	**—**	

Other segment information

	2008/09	2007/08	2008/09	2007/08	2008/09	2007/08	2008/09	200
					(in thousands of CHF)			
Capital expenditure	101,907	175,547	21,201	57,296	21,336	17,071		
Non-cash expenses other than depreciation, amortization and impairment					(11,577)	(16,856)		
Impairment losses	(566)	(2,184)	—	(131)	—	—	—	

II—Geographical Segments: Region

Segment Income Statement

	Europe		Americas		Asia-Pacific/ Rest of World		Corporate/ unallocated		Eliminati	
	2008/09	2007/08	2008/09	2007/08	2008/09	2007/08	2008/09	2007/08	2008/09	2
					(in thousands of CHF)					
Revenue from sales and services										
External sales	3,335,745	3,530,461	1,145,783	931,643	398,649	353,320				
Inter-segment sales	57,717	65,125	2,839	3,122	394	—			(60,950)	(
Income from sales and services	**3,393,462**	**3,595,586**	**1,148,622**	**934,765**	**399,043**	**353,320**	**—**	**—**	**(60,950)**	**(**
Earning before interest, taxes, depreciation and amortization (EBITDA)	**369,690**	**356,456**	**109,809**	**94,442**	**41,555**	**56,186**	**(64,927)**	**(63,420)**	**—**	
Depreciation and amortization	(73,490)	(78,820)	(18,365)	(14,916)	(8,497)	(4,523)	(5,022)	(4,294)		
Operating profit (EBIT)	**296,200**	**277,636**	**91,444**	**79,526**	**33,058**	**51,663**	**(69,949)**	**(67,714)**	**—**	
Result from investments in associates and joint ventures										
Loss on disposal of financial assets										
Financial cost, net										
Income taxes										
Net profit from continuing operations										
Net loss from discontinued operations										
Net profit for the year										
of which attributable to the shareholders of the parent company										
of which attributable to minority interests										

Segment assets and liabilities

As of August 31,	Europe		Americas		Asia-Pacific/ Rest of World		Corporate/ unallocated		Eliminat
	2009	2008	2009	2008	2009	2008	2009	2008	2009
						(in thousands of CHF)			
Segment assets	2,098,169	2,476,474	829,390	631,816	562,632	581,921			
Investment in associates							4,038	3,528	
Corporate/unallocated assets							20,618	35,724	
Total assets	**2,098,169**	**2,476,474**	**829,390**	**631,816**	**562,632**	**581,921**	**24,656**	**39,252**	**—**
Segment liabilities	766,072	930,567	146,589	117,856	72,337	97,540			
Corporate/unallocated liabilities							1,273,704	1,407,186	
Total liabilities	**766,072**	**930,567**	**146,589**	**117,856**	**72,337**	**97,540**	**1,273,704**	**1,407,186**	**—**

Other segment information

	2008/09	2007/08	2008/09	2007/08	2008/09	2007/08	2008/09	2007/08	2008/09	2
						in thousands of CHF				
Capital expenditure	45,170	93,316	60,283	67,344	17,655	72,183	21,336	17,071		
Non-cash expenses other than depreciation, amortization and							(11,577)	(16,856)		
Impairment losses	(329)	(131)	(230)	(2,184)	(7)	—	—	—	—	

5. Personnel expenses

	2008/09	2007/08
	(in thousands of CHF)	
Wages and salaries	(372,074)	(391,377)
Compulsory social security contributions	(92,430)	(101,585)
Contributions to defined contribution plans	(825)	(127)
Expenses related to defined benefit plans	(12,671)	(10,363)
Increase in liability for long service leave	(61)	(11)
Equity-settled share-based payments	(11,577)	(16,856)
Total personnel expenses	**(489,638)**	**(520,319)**

6. Research and development expenses

	2008/09	2007/08
	(in thousands of CHF)	
Total research and development expenses	**(19,378)**	**(22,769)**

Research and development costs not qualifying for capitalization are directly charged to the Consolidated Income Statement and are reported under Marketing and sales expenses and General and administration expenses.

7. Other income

	2008/09	2007/08[1]
	(in thousands of CHF)	
Release of unused provisions and accruals	837	7,754
Gain on disposal of property, plant and equipment	1,615	2,655
Gain on disposal of subsidiaries (note 2)	17,950	27,345
Sale of shells of cocoa beans and waste	3,285	2,278
Result from Group training center, museums, outlets; rental income	3,522	4,274
Litigations and claims	1,923	441
Recognition of negative goodwill on acquisitions (note 1)	1,385	—
Other	3,840	4,930
Total other income	**34,357**	**49,677**

(1) Certain comparatives have been reclassified to conform with the current period's presentation.

8. Other expenses

	2008/09	2007/08[1]
	(in thousands of CHF)	
Loss on sale of property, plant and equipment	(1,585)	(250)
Loss on sale of waste	(2,910)	(2,400)
Impairment on property, plant and equipment (note 16)	(566)	(2,184)
Impairment on other intangibles (excl. goodwill; note 20)	—	(131)
Litigations and claims	(1,518)	(892)
Restructuring costs	(9,947)	(7,050)
Costs related to chocolate museums	(696)	(697)
Other	(3,272)	(4,297)
Total other expenses	**(20,494)**	**(17,901)**

(1) Certain comparatives have been reclassified to conform with the current period's presentation.

9. Financial income

	2008/09	2007/08
	(in thousands of CHF)	
Interest income	3,883	3,952
Foreign exchange gains, net	—	298
Gains on derivative financial instruments	2,021	4,810
Total financial income	**5,904**	**9,060**

Gains on derivative financial instruments amounted to CHF 2.0 million (2007/08: CHF 4.8 million) and, amongst others, comprises fair value changes of the free-standing interest rate derivative for 2008/09. Prior year result contained a portion of CHF 3.1 million transferred from equity into Consolidated Income Statement due to early termination of cash flow hedge relationships (note 15).

10. Financial expenses

	2008/09	2007/08
	(in thousands of CHF)	
Interest expenses	(86,223)	(94,655)
Structuring fees	(1,207)	(944)
Charges on undrawn portion of committed credit facilities	(1,709)	(2,572)
Total interest expenses	**(89,139)**	**(98,171)**
Foreign exchange losses, net	(3,275)	—
Bank charges and other financial expenses	(5,079)	(3,698)
Total financial expenses	**(97,493)**	**(101,869)**

Interest expenses include the net cost of interest rate swaps, being the result of paying fixed interest rates in exchange for receiving floating interest rates. Interest expenses for 2008/09 also include interests paid under the asset-backed securitization program for trade receivables of an amount of CHF 3.9 million (2007/08: CHF 10.0 million).

The commitment fees on the undrawn portion of the EUR 850 million Revolving Credit Facility amount to CHF 1.7 million for 2008/09 (2007/08: CHF 2.6 million).

Structuring fee expenses are mainly attributable to the EUR 850 million Revolving Credit Facility and the EUR 350 million Senior Bond (see note 25) and represent the related amortization charges.

11. Income tax expenses

	2008/09	2007/08
	(in thousands of CHF)	
Current income tax expenses	(32,312)	(32,336)
Deferred income tax expenses	(411)	(461)
Total income tax expenses	**(32,723)**	**(32,797)**

Reconciliation of income tax expenses

	2008/09	2007/08
	(in thousands of CHF)	
Profit before income tax expenses	259,648	241,873
Expected income tax expenses at weighted average applicable tax rate	(49,705)	(33,692)
Non-tax deductible expenses	(3,550)	(5,477)
Tax deductible items not qualifying as an expense under IFRS	17,592	15,822
Tax exempt income	2,770	2,369
Income recognized for tax declaration purposes only	(1,684)	(3,137)
Prior period related items	1,439	(704)
Changes in tax rates	2,351	(1,439)
Losses carried forward not yet recognized as deferred tax assets	(7,929)	(9,320)
Tax relief on losses carried forward formerly not recognized as deferred tax assets	5,993	2,781
Income tax expenses as presented on the Consolidated Income Statement	**(32,723)**	**(32,797)**

For the reconciliation as above, the Group determines the expected income tax rate by weighting the applicable tax rates in the jurisdictions concerned based on the mix of the profit before taxes per jurisdiction, resulting for 2008/09 in a weighted average applicable tax rate of 19.14% (2007/08: 13.93%).

The applicable expected tax rate per company is the domestic corporate income tax rate applicable to the profit before taxes of the company for fiscal year 2008/09. The increase of the weighted average applicable tax rate is due to the less favourable company mix of the profit before taxes.

12. Earnings per share from continuing operations

	2008/09	2007/08
	(in CHF)	
Basic earnings per share for continuing operations (CHF/share)	43.99	40.39
Diluted earnings per share (CHF/share)	43.85	40.22

The following amounts of earnings have been used as the numerator in the calculation of basic and diluted earnings per share:

	2008/09	2007/08
	(in thousands of CHF)	
Net profit for the year attributable to ordinary shareholders, excluding the net loss from discontinued operations used as numerator for basic earnings per share	226,907	208,196
After-tax effect of income and expenses on dilutive potential ordinary shares	—	—
Adjusted net profit for the year used as numerator for diluted earnings per share	226,907	208,196

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

	2008/09	2007/08
Weighted average number of shares issued	5,170,000	5,170,000
Weighted average number of treasury shares held	11,981	14,868
Weighted average number of ordinary shares outstanding, used as denominator for basic earnings per share	5,158,019	5,155,132
Equity-settled share-based payments	16,944	21,847
Adjusted weighted average number of ordinary shares, used as denominator for diluted earnings per share	5,174,963	5,176,979

13. Trade receivables and other current assets

	As of August 31,	
	2009	2008[1]
	(in thousands of CHF)	
Trade receivables	349,416	331,301
Prepayments	28,713	42,988
Accrued income	2,760	1,152
Trade receivables from related parties	192	35
Other taxes and receivables from government	62,710	69,949
Loans and other receivables	29,556	46,061
Other current assets	8,966	3,614
Fair values of hedged firm commitments	42,534	36,032
Total trade receivables and other current assets	**524,847**	**531,132**

(1) Certain comparatives have been reclassified to conform with the current period's presentation.

The Group runs an asset backed securitization program, whereby trade receivables are sold at their nominal value minus a discount in exchange for cash. The net amount of the sold receivables is CHF 262.4 million as of August 31, 2009 (2008: CHF 363.0 million), and was derecognized from the balance sheet.

Aging of trade receivables

	As of August 31,	
	2009	2008
	(in thousands of CHF)	
Trade receivables	372,008	351,815
Less impairment provision for trade receivables	(22,592)	(20,514)
Total trade receivables	**349,416**	**331,301**
Of which:		
Not overdue	276,232	244,293
Past due less than 90 days	54,178	69,677
Past due more than 90 days	41,598	37,845
Impairment provision for trade receivables	(22,592)	(20,514)
Total trade receivables	**349,416**	**331,301**

The trade receivables are contractually due within a period of one to 120 days.

Movements in impairment provision for trade receivables

	2008/09	2007/08
	(in thousands of CHF)	
As of September 1,	20,514	25,405
Additions	7,513	6,109
Amounts written off as uncollectible	(4,279)	(6,499)
Unused amounts reversed	(209)	(133)
Change in Group structure—acquisitions	270	—
Change in Group structure—disposals	—	(4,025)
Currency translation adjustments	(1,217)	(343)
As of August 31,	**22,592**	**20,514**

Based on historic impairment rates and expected performance of the customers payment behavior, the Group believes that the impairment provision for trade receivables sufficently covers the risk of default. Based on an individual assessment on the credit risks related with other receivables, the Group identified no need for an impairment provision. Details on credit risks can be found in note 28.

14. Inventories

	As of August 31,	
	2009	2008
	(in thousands of CHF)	
Cocoa bean stocks	436,754	453,569
Semi-finished and finished products	722,986	829,669
Other raw materials and packaging materials	134,805	131,363
Total inventories	**1,294,545**	**1,414,601**
Thereof stocks carried at fair value less costs to sell		
Cocoa bean stocks	420,179	441,417
Semi-finished and finished products	555,267	653,858
Other raw materials	58,219	60,343
Total stocks carried at fair value less costs to sell	**1,033,665**	**1,155,618**

Barry Callebaut applies the broker-trader exemption in accordance with IAS 2.5 for the Contract Business and therefore measures its Contract Business inventories at fair value less costs to sell. Barry Callebaut fulfills the requirement of a broker-trader as it holds inventories with the purpose of generating a profit from short-term fluctuations in price or dealer's margin. All commodities, including industrial chocolate, are valued based on the raw material prices at the balance sheet date.

In the Price List Business Barry Callebaut is committed to sell its products at a fixed price over a certain period of time, i.e. the period of validity of the respective price list. Inventories dedicated to the Price List Business are therefore measured at the lower of cost or net realizable value.

As of August 31, 2009, inventories amounting to CHF 5.8 million (2008: CHF 21.6 million) are pledged as security for financial liabilities.

In fiscal year 2008/09, inventory write-downs of CHF 5.5 million were recognized as expenses (2007/08: CHF 2.4 million).

15. Derivative financial instruments and hedging activities

	As of August 31,			
	2009		2008	
	Derivative financial assets	Derivative financial liabilities	Derivative financial assets	Derivative financial liabilities
	(in thousands of CHF)			
Cash flow hedges				
Interest rate risk				
Swaps	—	7,731	—	1,187
Fair value hedges				
Sales price risk (cocoa/other ingredients)				
Forward and futures contracts	17,782	40,852	1,924	30,907
Foreign exchange risk				
Forward and futures contracts	20,970	15,880	17,475	19,471
Other—no hedge accounting				
Raw materials				
Forward/futures contracts and other derivatives	162,334	58,528	268,023	184,465
Foreign exchange risk				
Forward and futures contracts	19,298	30,928	32,825	63,280
Interest rate risk				
Swaps	1,265	3	773	—
Total derivative financial assets	**221,649**		**321,020**	
Total derivative financial liabilities		**153,922**		**299,310**

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

The fair value measurement of derivative financial instruments is based on quoted prices in active markets or dealer and supplier quotes. If required, a valuation model is used which takes into account the specific characteristics of the underlying assets or commodities such as the cost of carry, differentials for the properties and technical ratios reflecting production yield or discounted cash flows.

Effect of cash flow hedges on equity

	Interest rate risk	Total hedging reserve
	(in thousands of CHF)	
As of September 1, 2007	**4,830**	**4,830**
Movements in the period:		
Gains/(losses) taken into equity	(2,913)	(2,913)
Transfer to the Consolidated Income Statement for the period	(3,100)	(3,100)
Currency translation adjustment	(36)	(36)
As of August 31, 2008	**(1,219)**	**(1,219)**
Movements in the period:		
Gains/(losses) taken into equity	(6,380)	(6,380)
Transfer to the Consolidated Income Statement for the period	(22)	(22)
Taxes	2,566	2,566
Currency translation adjustment	63	63
As of August 31, 2009	**(4,992)**	**(4,992)**

Cash flow hedges

In the course of fiscal year 2008/09, the Group entered into interest rate derivatives (exchanging floating into fixed interest rates) according to the guidelines stipulated in the Group's Treasury Policy (refer to note 28). In order to avoid volatility in the income statement, the interest rate derivatives have been put in cash flow hedge relationship reflecting the underlying currency mix of the Group's debt portfolio. The following table provides an overview over the periods in which the cash flow hedges are expected to impact the Consolidated Income Statement (before taxes):

	As of August 31,							
	2009				2008			
	First year	Second to fifth year	After five years	Expected cash flows	First year	Second to fifth year	After five years	Expected cash flows
	(in thousands of CHF)							
Derivative financial assets	—	—	—	—	—	—	—	—
Derivative financial liabilities	(5,598)	(2,960)		(8,558)	115	(1,144)	—	(1,029)
Total net	**(5,598)**	**(2,960)**	**—**	**(8,558)**	**115**	**(1,144)**	**—**	**(1,029)**

Fair value hedges

Fair value hedges include forward purchase commitments, cocoa future contracts and inventories at fair value less cost to sell designated as the hedging instruments for commodities related to firm sales commitments as well as in relation to foreign currency risks.

For the fair value hedge relationship of the Contract Business, the Group also considers its related inventories carried at fair value less costs to sell as hedging instruments. Inventories held in accordance with the broker-trader exemption have essentially similar characteristics to a derivative financial instrument on commodities and therefore qualify as hedging instrument in accordance with Barry Callebaut's business model in the Contract Business. The amount of fair value adjustments to inventories on August 31, 2009, was CHF 78.2 million (2008: CHF 142.5 million).

All financial derivatives and the hedged items are marked at fair value. For fair value hedges, the Group recorded a loss on the hedging instruments of CHF 49.0 million for fiscal year 2008/09 (2007/08: gain of CHF 112.9 million) and a gain on hedged items of CHF 49.0 million (2007/08: loss of CHF 104.1 million). The fair value at balance sheet date of the hedged firm commitments under the fair value hedge accounting model—being the related firm sales commitments in respect of sales price risk (including cocoa components and non-cocoa components, such as sweeteners, dairy and nuts) and the related sales and purchase contracts with respect to foreign currency risks—is outlined in the table hedged firm commitments below. The balance of these items at balance sheet date is presented under Trade receivables and other current assets (see note 13) and Trade payables and other current liabilities (see note 23), respectively.

Hedged firm commitments

	As of August 31,			
	2009		2008	
	Assets	Liabilities	Assets	Liabilities
	(in thousands of CHF)			
Commodity price risks (cocoa/other ingredients)—sales contracts	40,852	95,979	30,907	144,416
Foreign exchange risks—sales and purchase contracts	1,682	5,593	5,125	8,488
Total fair value of hedged firm commitments	**42,534**	**101,572**	**36,032**	**152,904**

Other—no hedge accounting

This position contains the fair values of derivative financial instruments of the Group's purchasing and sourcing center and the Group's treasury center, which are not designated for hedge accounting.

16. Property, plant and equipment

2008/09	Land and buildings	Plant and machinery	Furniture, equipment and motor vehicles	Under construction	Total
	(in thousands of CHF)				
At cost					
As of September 1, 2008	621,747	1,338,885	147,117	125,532	2,233,281
Change in Group structure—acquisitions	1,883	15,972	149	—	18,004
Change in Group structure—disposals	—	—	(67)	—	(67)
Additions	20,589	58,976	7,111	26,638	113,314
Disposals	(159)	(15,676)	(2,342)	(9)	(18,186)
Currency translation adjustments	(43,818)	(87,844)	(9,421)	(6,174)	(147,257)
Reclassifications from under construction	7,747	97,427	267	(105,441)	—
Other reclassifications	(1,499)	311	1,188	—	—
As of August 31, 2009	**606,490**	**1,408,051**	**144,002**	**40,546**	**2,199,089**
Accumulated depreciation and impairment losses					
As of September 1, 2008	324,687	897,975	119,706	—	1,342,368
Change in Group structure—disposals	—	—	(62)	—	(62)
Depreciation charge	15,148	59,178	7,983	—	82,309
Impairment losses	—	559	7	—	566
Disposals	(73)	(13,524)	(2,249)	—	(15,846)
Currency translation adjustments	(19,206)	(56,201)	(7,297)	—	(82,704)
Other reclassifications	(726)	127	599	—	—
As of August 31, 2009	**319,830**	**888,114**	**118,687**	**—**	**1,326,631**
Net as of August 31, 2009	**286,660**	**519,937**	**25,315**	**40,546**	**872,458**

2007/08	Land and buildings	Plant and machinery	Furniture, equipment and motor vehicles	Under construction	Total
			(in thousands of CHF)		
At cost					
As of September 1, 2007	602,142	1,265,628	179,596	85,511	2,132,877
Change in Group structure—acquisitions	14,153	45,069	2,046	8,523	69,791
Change in Group structure—disposals	(16,657)	(52,301)	(6,000)	(1,576)	(76,534)
Additions	28,620	76,246	7,395	114,310	226,571
Disposals	(16,946)	(17,266)	(7,468)	(3,197)	(44,877)
Currency translation adjustments	(15,429)	(39,829)	(3,652)	(3,792)	(62,702)
Reclassifications from under construction	10,011	62,275	483	(72,769)	—
Other reclassifications[1]	15,853	(937)	(25,283)	(1,478)	(11,845)
As of August 31, 2008	**621,747**	**1,338,885**	**147,117**	**125,532**	**2,233,281**
Accumulated depreciation and impairment losses					
As of September 1, 2007	342,752	917,406	148,589	—	1,408,747
Change in Group structure—disposals	(14,392)	(38,653)	(5,030)	—	(58,075)
Depreciation charge	12,229	62,135	7,713	—	82,077
Impairment losses	—	2,133	51	—	2,184
Disposals	(8,897)	(14,757)	(7,301)	—	(30,955)
Currency translation adjustments	(6,949)	(29,682)	(3,105)	—	(39,736)
Other reclassifications[1]	(56)	(607)	(21,211)	—	(21,874)
As of August 31, 2008	**324,687**	**897,975**	**119,706**	**—**	**1,342,368**
Net as of August 31, 2008	**297,060**	**440,910**	**27,411**	**125,532**	**890,913**

(1) Other reclassifications mainly include items reclassified to intangible assets (see note 20) and a reclassification of a prepayment in the amount of CHF 16.3 million related to the acquisition of a factory building, which was reported in prior year under other non-current assets.

As required by the accounting standards, the Group periodically reviews the remaining useful lives of assets recognized in property, plant and equipment. The outcome of those appraisals are accounted for as a change in estimates in accordance with IAS 8. As a result of the assessments, the depreciation charge for fiscal year 2007/08 was positively impacted by CHF 7.9 million, while current year's result was not significantly impacted.

Impairment loss in property, plant and equipment in fiscal year 2008/09 of CHF 0.6 million arises from assets which can not be used anymore; the impairment loss of CHF 2.2 million in 2007/08 is related to the closure of a production site.

Repair and maintenance expenses for the fiscal year 2008/09 amounted to CHF 42.7 million (2007/08: CHF 45.9 million).

The fire insurance value of property, plant and equipment amounted to CHF 2,866.9 million as of August 31, 2009 (2008: CHF 2,911.9 million).

As of August 31, 2009, plant and equipment held under financial leases amounted to CHF 0.2 million (2008: CHF 0.7 million). The related liabilities are reported under short-term and long-term debt (see notes 20 and 25).

As of August 31, 2009, no financial liabilities were secured by means of mortgages on properties (2008: none).

17. Obligations under finance leases

	As of August 31,			
	Minimum lease payments		Present value of minimum lease payments	
	2009	2008	2009	2008
	(in thousands of CHF)			
Amounts payable under finance leases				
within one year	40	498	35	486
in the second to fifth year inclusive	72	141	68	125
Total amounts payable under finance leases	**112**	**639**	**103**	**611**
Less: future finance charges	(9)	(28)	—	—
Present value of lease obligations	**103**	**611**	**103**	**611**
Amount due for settlement next 12 months (note 22)			35	486
Amount due for settlement after 12 months (note 25)			68	125

The Group entered into finance leasing arrangements for various assets. The weighted average term of finance leases entered into is 4.7 years (2007/08: 2.2 years). The average effective interest rate was 3.2% (2007/08: 4.7%). Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangement has been entered into for contingent rental payment.

	As of August 31,	
	Net carrying amount of property, plant and equipment under finance lease	
	2009	2008
	(in thousands of CHF)	
Plant and machinery	74	448
Furniture, equipment and motor vehicles	172	252
Total assets under finance lease	**246**	**700**

18. Financial assets

	As of August 31,	
	2009	2008
	(in thousands of CHF)	
Financial assets	512	209

In fiscal year 2008/09, previously recognized impairment losses on financial assets have been reversed (CHF 0.3 million).

19. Investments in associates and joint ventures

	As of August 31,	
	2009	2008
	(in thousands of CHF)	
Investment in associates and joint ventures	**4,038**	**3,528**

On January 12, 2009, the Group entered into a joint venture agreement in order to establish Shanghai Barry Callebaut Food Services Co. Ltd. located in Shanghai, China. The joint venture will

distribute Barry Callebaut's specialized gourmet products in China. To a larger extent, the movement in the balance arose from movements in equity of existing investments in associates and joint ventures.

Significant joint ventures

	As of August 31, Ownership in %	
	2009	2008
African Organic Produce AG, Switzerland	49.0	49.0
Biolands International Ltd., Tanzania	49.0	49.0
Shanghai Barry Callebaut Food Services Co. Ltd., China	50.0	—

20. Intangible assets

2008/09	Goodwill	Brand names	Development costs (software)	Other	Total
	(in thousands of CHF)				
At cost					
As of September 1, 2008	397,446	36,691	174,211	13,301	621,649
Change in Group structure—acquisitions	24,796	3,251	—	—	28,047
Additions	—	—	30,611	518	31,129
Disposals	—	—	(61)	(231)	(292)
Currency translation adjustments	(10,399)	11	(9,934)	(689)	(21,011)
Other reclassifications	—	(1,819)	133	1,686	—
As of August 31, 2009	**411,843**	**38,134**	**194,960**	**14,585**	**659,522**
Accumulated amortization and impairment losses					
As of September 1, 2008	—	22,671	121,068	6,580	150,319
Amortization charge	—	3,846	18,769	450	23,065
Disposals	—	—	—	(231)	(231)
Currency translation adjustments	—	(3)	(6,998)	(314)	(7,315)
Other reclassifications	—	(179)	60	119	—
As of August 31, 2009	**—**	**26,335**	**132,899**	**6,604**	**165,838**
Net as of August 31, 2009	**411,843**	**11,799**	**62,061**	**7,981**	**493,684**

2007/08	Goodwill	Brand names	Development costs (software)	Other	Total
	(in thousands of CHF)				
At cost					
As of September 1, 2007	345,237	31,125	134,475	11,357	522,194
Change in Group structure—acquisitions	54,776	—	—	2,296	57,072
Change in Group structure—disposals	—	—	(647)	(872)	(1,519)
Additions	—	5,652	17,366	325	23,343
Disposals	—	(84)	(1,190)	(116)	(1,390)
Currency translation adjustments	(2,567)	(2)	(2,805)	(225)	(5,599)
Other reclassifications[1]	—	—	27,012	536	27,548
As of August 31, 2008	**397,446**	**36,691**	**174,211**	**13,301**	**621,649**

2007/08	Goodwill	Brand names	Development costs (software)	Other	Total
		(in thousands of CHF)			
Accumulated amortization and impairment losses					
As of September 1, 2007	—	19,852	85,598	5,794	111,244
Change in Group structure—disposals	—	—	(424)	(872)	(1,296)
Amortization charge	—	2,819	16,797	860	20,476
Disposals	—	—	—	(115)	(115)
Impairment losses	—	—	131	—	131
Currency translation adjustments	—	—	(2,168)	(73)	(2,241)
Other reclassifications[1]	—	—	21,134	986	22,120
As of August 31, 2008	**—**	**22,671**	**121,068**	**6,580**	**150,319**
Net as of August 31, 2008	**397,446**	**14,020**	**53,143**	**6,721**	**471,330**

(1) Other reclassifications mainly include items reclassified from property, plant and equipment (see note 16)

Additions to development costs amounting to CHF 30.6 million in fiscal year 2008/09 (2007/08: CHF 17.4 million). In both years additions mainly included costs related to various projects of internally generated software.

The remaining amortization period for brand names varies between three and five years, for software between two and five years and for other including patents between four and fourteen years. The amortization charge is included in the position general and administration expenses in the Consolidated Income Statement.

Impairment testing for cash-generating units containing goodwill

The carrying amount of goodwill for the Group amounts to CHF 411.8 million (2007/08: CHF 397.4 million). The allocation to the segments is as follows:

	2009	2008
	(in millions of CHF)	
Geographical segments		
Europe	323.6	305.0
Americas	46.1	46.6
Asia-Pacific/Rest of World	42.1	45.8
Business segments		
Cocoa	149.4	153.4
Food Manufacturers	77.9	78.1
Industrial segment	**227.3**	231.5
Gourmet & Specialties	128.6	109.7
Consumer (Europe)	55.9	56.2
Food Service/Retail business segment	**184.5**	165.9

For the purpose of impairment testing, the goodwill is assigned to business units that represent the lowest level within the Group, at which the goodwill is monitored for internal management purposes.

For the impairment test, the recoverable amount of a cash-generating unit is based on its value in use and is compared to the carrying amount of the corresponding cash-generating unit. Future cash flows are discounted using a pre-tax rate that reflects current market assessments based on the weighted average cost of capital (WACC).

The Group performs its impairment test during the fourth quarter of the fiscal year. This approach was chosen since the Mid-Term Plan covering the next three fiscal years is updated annually at the

beginning of the fourth quarter. The Mid-Term Plan is based on the assumption that there are no major changes to the Group's organization. The residual value is calculated from an estimated continuing value, which is primarily based on the third year of the Mid-Term Plan. The terminal growth rate used for determining the residual value does not exceed the expected long-term growth rate of the industry.

Key assumptions used for value-in-use calculations

	Discount Rate		Terminal growth rate	
	2009	**2008**	**2009**	**2008**
Cocoa	10.0%	10.0%	2.0%	2.0%
Food Manufacturers	9.0%	10.0%	2.0%	2.0%
Gourmet & Specialties	9.0%	10.0%	2.0%	2.0%
Consumer Products	9.0%	10.0%	2.0%	2.0%

Based on the impairment tests, no need for recognition of impairment losses in fiscal year 2008/09 has been identified.

The key sensitivities in the impairment test are the weighted average cost of capital (WACC) as well as the terminal growth rate. Therefore, the Group has carried out a sensitivity analysis, containing various scenarios. Taking reasonable possible changes in key assumptions into account, no impairment losses have been revealed.

21. Deferred tax assets and liabilities

Movement in deferred tax assets and liabilities

	Inventories	Property, plant, equipment/ intangible assets	Other assets	Provisions	Other liabilities	Tax loss carry-forwards	Total
	(in thousands of CHF)						
As of September 1, 2007	**(4,734)**	**(41,336)**	**(5,486)**	**2,439**	**2,621**	**35,747**	**(10,749)**
Charged to the income statement	(5,325)	6,957	(2,433)	(1,746)	1,252	834	(461)
Charged to equity	—	(136)	31	(31)	—	—	(136)
Effect of acquisitions	—	(6,160)	(160)	—	234	—	(6,086)
Reclass to held for sale	(92)	(212)	—	(4)	(227)	(1,628)	(2,163)
Currency translation effects	(96)	1,734	118	(547)	(190)	(547)	472
As of August 31, 2008	**(10,247)**	**(39,153)**	**(7,930)**	**111**	**3,690**	**34,406**	**(19,123)**
Charged to the income statement	2,540	(8,967)	1,475	(13,123)	4,525	13,139	(411)
Charged to equity	—	—	—	—	2,566	—	2,566
Effect of acquisitions	—	(2,406)	—	129	(205)	—	(2,482)
Effect of disposals	—	—	—	—	—	(46)	(46)
Currency translation effects	472	5,024	528	(57)	(866)	(2,142)	2,959
As of August 31, 2009	**(7,235)**	**(45,502)**	**(5,927)**	**(12,940)**	**9,710**	**45,357**	**(16,537)**

The effect of acquisitions for fiscal year 2008/09 is related to the fair value measurement at acquisition of IBC, Eurogran and the Morinaga business.

The effect of acquisitions for fiscal year 2007/08 is mainly related to the fair value measurement at acquisition of Barry Callebaut Malaysia, resulting in a net deferred tax liability of CHF 6.1 million. The sale of Wurzener Dauerbackwaren resulted also in a derecognition of net deferred tax liabilities of CHF 2.2 million in fiscal year 2007/08.

Recognized deferred tax assets and liabilities

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

	As of August 31,					
	2009			2008		
	Assets	Liabilities	Net	Assets	Liabilities	Net
	(in thousands of CHF)					
Inventories	1,140	(8,375)	(7,235)	2,188	(12,435)	(10,247)
Property, plant & equipment/ intangible assets	17,344	(62,846)	(45,502)	18,571	(57,724)	(39,153)
Other assets	11,699	(17,626)	(5,927)	5,409	(13,339)	(7,930)
Provisions	980	(13,920)	(12,940)	111	—	111
Other liabilities	18,594	(8,885)	9,710	20,239	(16,549)	3,690
Tax loss carry-forwards	45,357	—	45,357	34,406	—	34,406
Tax assets/(liabilities)	**95,114**	**(111,652)**	**(16,537)**	**80,924**	**(100,047)**	**(19,123)**
Set-off of tax	(43,196)	43,196	—	(35,598)	35,598	—
Reflected in the balance sheet	**51,918**	**(68,455)**	**—**	**45,326**	**(64,449)**	**—**

Tax loss carry-forwards excluded from recognition of related deferred tax assets

Tax loss carry-forwards not recognized as deferred tax assets have the following expiry dates:

	As of August 31,	
	2009	2008
	(in thousands of CHF)	
Expiry		
Within 1 year	8,278	—
After 1 up to 2 years	2	2
After 2 up to 3 years	2	6
After 3 up 10 years	56,955	91,809
After 10 years	222,547	182,823
Unlimited	340,577	372,555
Total unrecognized tax loss carry-forwards	**628,361**	**647,195**

Tax losses carried forward are assessed for future recoverability based on business plans and projections of the related companies. Those are capitalized only if the usage within a period of 3-5 years is probable.

Tax losses carried forward utilized during the year 2008/09 were CHF 28.5 million (2007/08: CHF 34.1 million). The tax relief hereon amounted to CHF 8.4 million, of which CHF 4.0 million were already recognized as a deferred tax asset in the year before (2007/08: CHF 10.3 million of which CHF 6.6 million were already recognized as a deferred tax asset in the year before).

As of August 31, 2009, the Group had unutilized tax losses carried forward of approximately CHF 775.0 million (August 31, 2008: CHF 764.3 million) that are available for offset against future taxable income.

Of the total tax losses carried forward, an amount of CHF 146.7 million has been recognized for deferred taxation purposes resulting in a deferred tax asset of CHF 45.4 million (2007/08: CHF 117.1 million recognized resulting in a deferred tax asset of CHF 34.4 million).

22. Bank overdrafts and short-term debt

	As of August 31,			
	Carrying amounts		Fair values	
	2009	2008	2009	2008
	(in thousands of CHF)			
Bank overdrafts	**29,338**	**59,736**	**29,338**	**59,736**
Commercial paper	194,699	312,843	194,699	312,843
Short-term bank debts	27,775	84,096	27,775	84,096
Short-term portion of long-term bank debts (note 25)	342	201	342	201
Interest-bearing loans from employees	34	22	34	22
Finance lease obligations (note 17)	35	486	35	486
Short-term debt	**222,885**	**397,648**	**222,885**	**397,648**
Total bank overdrafts and short-term debt	**252,223**	**457,384**	**252,223**	**457,384**

The decrease in the outstanding amount under the Group's domestic Commercial Paper Program is offset by an increase of the drawn amounts under the Revolving Credit Facility (note 25).

Short-term financial liabilities are mainly denominated in EUR, USD and MYR (Malaysian Ringgit) as shown in the table below:

	As of August 31,					
	2009			2008		
		Interest range			Interest range	
Split per currency	Amount	from	to	Amount	from	to
	(in thousands of CHF)					
EUR	208,227	0.50%	6.00%	353,142	4.14%	5.65%
GBP	6,213	0.45%	1.33%	—	n/a	n/a
USD	12,543	0.41%	3.26%	38,804	2.40%	6.52%
CAD	730	0.30%	0.30%	1,842	3.00%	5.95%
XAF	280	5.00%	6.00%	22,934	5.00%	10.50%
MYR	22,077	2.34%	2.73%	31,926	3.70%	4.05%
Other	2,153	0.13%	6.50%	8,736	2.20%	6.92%
Total	**252,223**	**0.13%**	**6.50%**	**457,384**	**2.20%**	**10.50%**

	As of August 31,	
	2009	2008
	(in thousands of CHF)	
Split fixed/floating interest rate:		
Fixed	529	655
Floating	251,694	456,729
Total bank overdrafts and short-term debt	**252,223**	**457,384**

23. Trade payables and other current liabilities

	As of August 31, 2009	As of August 31, 2008[1]
	(in thousands of CHF)	
Trade payables	427,371	464,396
Trade payables to related parties	2,609	1,982
Accrued wages & social security	88,351	82,085
Other taxes and payables to governmental authorities	16,366	16,577
Accrued expenses	57,542	48,736
Deferred income	23,674	35,589
Other payables	114,955	92,101
Hedged firm commitments (note 15)	101,572	152,904
Total trade payables and other current liabilities	**832,440**	**894,370**

(1) Certain comparatives have been reclassified to conform with the current period's presentation.

As disclosed in notes 10 and 13, the Group participates in a program where receivables are sold to a financial institution and derecognized from the balance sheet. Amounts payable to the financial institution amounted as of August 31, 2009 to CHF 32.9 million (2008: CHF 26.9 million), consisting of the balance of receivables collected before the next roll-over date of CHF 58.8 million (2008: CHF 45.0 million), less discounts on receivables sold of CHF 25.9 million (2008: CHF 18.1 million). These amounts are included in Other payables.

Other payables also consist of outstanding ledger balances with commodity brokers.

24. Provisions

	2008/09			
	Restructuring	Litigation & claims	Other	Total
	(in thousands of CHF)			
As of September 1, 2008	525	4,930	4,066	9,521
Change in Group structure—acquisitions	—	—	494	494
Additions	10,079	1,071	5,039	16,189
Usage	—	(2,073)	(2,652)	(4,725)
Release of unused provisions	—	(156)	—	(156)
Reclassification	(133)	133	—	—
Currency translation adjustments	(4)	(71)	(295)	(370)
As of August 31, 2009	**10,467**	**3,834**	**6,652**	**20,953**
of which:				
Current	10,249	3,135	3,367	16,751
Non-current	218	699	3,285	4,202

	2007/08			
	Restructuring	Litigation & claims	Other	Total
	(in thousands of CHF)			
As of September 1, 2007	843	1,540	4,587	6,970
Change in Group structure—disposals	(216)	(171)	(756)	(1,143)
Additions	83	2,928	3,788	6,799
Usage	(176)	(309)	(3,186)	(3,671)
Release of unused provisions	—	(306)	(300)	(606)
Reclassified in relation to discontinued operations	—	1,194	—	1,194
Currency translation adjustments	(9)	54	(67)	(22)
As of August 31, 2008	**525**	**4,930**	**4,066**	**9,521**
of which:				
Current	525	3,959	3,320	7,804
Non-current	—	971	746	1,717

Restructuring

During fiscal year 2008/09, no restructuring provisions have been used (2007/08: CHF 0.2 million). The restructuring provision in the amount of off 10.5 million covers several items not yet effected as of August 31, 2009.

Litigation & claims

The amount includes provisions for certain litigations and claims that have been set up to cover legal and administrative proceedings that arise in the ordinary course of business. In management's opinion, after taking appropriate legal advice, the outcome of these legal claims will not give rise to any significant loss beyond the amounts provided as of August 31, 2009.

Other provisions

Other provisions relate mainly to amounts that have been provided to cover the negative outcome of onerous contracts.

25. Long-term debt

	As of August 31,			
	Carrying amounts		Fair values	
	2009	2008	2009	2008
	(in thousands of CHF)			
Senior Notes	519,987	554,358	484,412	496,113
Long-term bank debts	207,790	67,593	207,790	68,547
Less current portion (note 22)	(342)	(201)	(342)	(201)
Interest-bearing loans from employees	790	17	790	17
Finance lease obligation (note 17)	68	125	68	125
Total long-term debt	**728,293**	**621,892**	**692,718**	**564,601**

On July 13, 2007, the Group issued a 6% Senior Note with maturity in 2017 for an amount of EUR 350 million The Senior Notes have been issued at a price of 99.005%, and include a coupon step-up clause of 0.25% (limited to 1.00%) per downgraded notch by one or more rating agencies and rank completely pari passu with the Group's Senior Debt. The Senior Notes being issued by Barry Callebaut Services NV are guaranteed by Barry Callebaut AG and certain of its subsidiaries.

On July 12, 2007, the Group amended and restructured the syndicated EUR 850 million Revolving Credit Facility, leading to a 5-year multi-purpose single tranche facility with two extension options (in 2008 and 2009) to be agreed upon by the participating banks at their sole discretion. The first extension option has been exercised successfully for 83% of the total amount leading to a prolongation of the maturity date by one year to 2013, whereas the remaining 17% has been kept at the initial maturity date in 2012. The Group did refrain from exercising the second extension option in line with the prevailing market circumstances. The Revolving Credit Facility being issued by Barry Callebaut Services NV is guaranteed by Barry Callebaut AG and certain of its subsidiaries.

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

	As of August 31,	
	2009	2008
	(in thousands of CHF)	
2009/10	—	3,176
2010/11	3,102	3,199
2011/12	3,125	3,215
2012/13	196,833	53,911
2013/14 and thereafter (for 2007/08)	3,895	558,391
2014/15 and thereafter (for 2008/09)	521,338	—
Total long-term debt	**728,293**	**621,892**

The weighted average maturity of the total debt slightly decreased from 5.4 years to 4.5 years. Considering that the short-term debt is fully covered with the committed Revolving Credit Facility, the average maturity of the total debt stands at 6.1 years from a liquidity point of view.

Long-term financial liabilities are to a major extent denominated in EUR at fixed interest rates. The part of the long-term debt reported at floating interest rates relates to the drawings on the syndicated facility in CAD and USD.

	As of August 31,					
	2009			2008		
		Interest range			Interest range	
Split per currency	**Amount**	**from**	**to**	**Amount**	**from**	**to**
	(in thousands of CHF)					
EUR	520,485	4.00%	6.14%	556,417	5.00%	6.14%
CAD	116,792	1.26%	1.30%	50,735	3.72%	4.32%
MYR	10,871	2.88%	3.85%	14,615	4.03%	4.03%
USD	79,995	0.96%	0.96%	—	—	—
Other	150	5.00%	7.00%	125	4.50%	8.50%
Total long-term debt	**728,293**	**0.96%**	**7.00%**	**621,892**	**3.72%**	**8.50%**

	As of August 31,	
	2009	2008
	(in thousands of CHF)	
Split fixed/floating interest rate:		
Fixed rate	522,842	556,407
Floating rate	205,451	65,485
Total long-term debt	**728,293**	**621,892**

26. Employee benefit obligations

A. Pension and other long-term employment benefit plans

The Group has, apart from the legally required social security schemes, numerous independent pension plans. In most cases, these plans are externally funded in vehicles that are legally separate from the Group. For certain Group companies, however, no independent assets exist for defined benefit pension plans and other long-term employment plans. In these cases, the related liability is included in the balance sheet.

The amounts recognized in the balance sheet are determined as follows:

	As of August 31,			
	Defined benefit pension plans		Other long-term employment benefit plans	
	2009	2008	2009	2008
	(in thousands of CHF)			
Present value of funded obligations	202,666	204,203	—	—
Fair value of plan assets	(151,719)	(167,121)	—	—
Excess of liabilities (assets) of funded obligations	**50,947**	**37,082**	**—**	**—**
Present value of unfunded obligations	69,089	75,160	19,988	21,186
Net unrecognized actuarial gains (losses)	(17,790)	(270)	106	831
Net employment benefit obligation recognized in the balance sheet	**102,246**	**111,972**	**20,094**	**22,017**
thereof recognized as an asset	(361)	(442)		

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

	Defined benefit pension plans		Other long-term employment benefit plans	
	2008/09	2007/08	2008/09	2007/08
	(in thousands of CHF)			
Defined benefit obligation as of September 1	**279,363**	**302,692**	**21,186**	**21,047**
Current service cost	9,404	8,936	883	1,481
Past service cost	488	395	—	(115)
Interest cost	15,267	14,615	626	580
Actuarial losses (gains)	514	(11,275)	884	(1,807)
Losses (gains) on curtailment	—	—	(170)	870
Liabilities transferred related to discontinued operations	—	(1,025)	—	(583)
Reclassifications	—	(1,751)	—	2,135
Exchange differences on foreign plans	(16,318)	(18,439)	(1,174)	—
Benefits paid	(16,961)	(14,785)	(2,248)	(2,422)
Closing defined benefit obligation as of August 31	**271,757**	**279,363**	**19,987**	**21,186**

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

	Defined benefit pension plans	
	2008/09	2007/08
	(in thousands of CHF)	
Fair value of plan assets as of September 1	**167,121**	**182,024**
Expected return	10,025	10,493
Actuarial gains (losses)	(18,191)	(15,018)
Contributions by employer	7,214	7,989
Contributions by employees	3,232	3,150
Exchange differences on foreign plans	(7,597)	(14,579)
Benefits paid	(10,085)	(6,938)
Fair value of plan assets as of August 31	**151,719**	**167,121**

Composition of plan assets

	As of August 31, Defined benefit pension plans	
	2009	2008
	(in thousands of CHF)	
Equities	66,510	52,900
Bonds	18,957	12,903
Cash and other assets	66,252	101,318
Total fair value of plan assets	**151,719**	**167,121**

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

The amounts recognized in profit or loss are as follows:

	Defined benefit pension plans		Other long-term employment benefit plans	
	2008/09	2007/08	2008/09	2007/08
	(in thousands of CHF)			
Current service costs	9,404	8,936	883	1,480
Interest cost	15,267	14,615	626	580
Expected return on plan assets	(10,025)	(10,493)	—	—
Net actuarial losses (gains) recognized in year	(740)	(2,187)	170	(139)
Past service cost	488	395	—	(115)
Losses (gains) on curtailments and settlements	—	—	(170)	870
Contributions by employees	(3,232)	(3,150)	—	—
First-time recognition of pension assets	—	(429)	—	—
Total defined benefit expenses	**11,162**	**7,687**	**1,509**	**2,676**
Actual return on plan assets	**(8,167)**	**(4,500)**		

	2008/09	2007/08
	(in thousands of CHF)	
Total defined contribution expenses	**825**	**127**

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

	2008/09	2007/08
	(in thousands of CHF)	
Cost of goods sold	(6,302)	(4,966)
Marketing and sales expenses	(594)	(1,070)
General and administration expenses	(4,130)	(4,529)
Research and development expenses	(310)	(300)
Other income	697	1,613
Other expenses	(2,032)	(1,111)
Total defined benefit expenses recognized in the Consolidated Income Statement	**(12,671)**	**(10,363)**

Weighted average assumptions used

	Defined benefit pension plans		Other long-term employment benefit plans	
	2008/09	2007/08	2008/09	2007/08
	(in %)			
Discount rate	6.2%	6.0%	6.0%	6.0%
Expected return on plan assets	5.9%	6.2%	n/a	n/a
Expected rate of salary increase	0.7%	1.5%	1.5%	1.9%
Medical cost trend rates	n/a	n/a	5.0%	5.0%

Additional historical information

	Defined benefit plans		
	2008/09	2007/08	2007/06
	(in thousands of CHF)		
Present value of defined benefit obligations	291,744	300,549	323,740
Fair value of plan assets	(151,719)	(167,121)	(182,024)
Funding deficit of the plans	**140,025**	**133,428**	**141,716**
Experience adjustment arising from plan liabilities	(9,427)	6,573	5,151
Experience adjustment arising from plan assets	(18,191)	(15,018)	(338)

B. Equity compensation benefits

Employee Stock Ownership Program

Shares are granted to participants according to individual contracts and the current Employee Stock Ownership Program. The Nomination & Compensation Committee determines the number and price of shares granted at its discretion. In the past, the price for the granted shares has been zero. The shares granted are entitled to full shareholders rights upon vesting. In case of resignation or dismissal, the initially granted but not yet vested shares become forfeited. The Group currently uses treasury shares for this program.

The fair value of the shares granted is measured at the market price at grant date. 15,007 shares were granted in fiscal year 2008/09 (25,030 shares in 2007/08). The fair value of the shares at grant date is recognized over the vesting period as a personnel expense. For 2008/09, the amount recognized (before taxes) was CHF 11.6 million with a corresponding increase in equity (2007/08: CHF 16.9 million). The average fair value for the shares granted during the fiscal year 2008/09 amounted to CHF 518 (2007/08: 835).

27. Equity

Share capital

	As of August 31,		
	2009	2008	2007
	(in thousands of CHF)		
Share capital is represented by 5,170,000 authorized and issued shares of each CHF 50.70 fully paid in (in 2008: 62.20; in 2007: 73.70)	**262,119**	321,574	381,029

The issued share capital is divided into 5,170,000 registered shares with a nominal value of CHF 50.70 each (CHF 62.20 as of August 31, 2008). All of the issued shares are fully paid and validly issued and are not subject to calls for additional payments of any kind.

Instead of a dividend, the Annual General Meeting held on December 4, 2008, resolved a share capital reduction and repayment of CHF 11.50 per share, resulting in a total share capital reduction of CHF 59.5 million (December 2007: capital reduction and repayment of CHF 11.50 per share resulting in a total share capital reduction of CHF 59.5 million). The respective repayment took place in March 2009.

The Company has one class of shares, which carries no right to a fixed dividend.

Treasury shares are valued at weighted average cost and, in accordance with IFRS, have been deducted from equity. The fair value of the treasury shares as of August 31, 2009, amounted to CHF 4.0 million (2008: CHF 11.9 million).

As of August 31, 2009, the number of outstanding shares amounted to 5,163,068 (2008: 5,153,546) and the number of treasury shares to 6,932 (2008: 16,454). During this fiscal year 14,212 shares have been purchased and 23,734 transferred to employees under the Employee Stock Ownership Program (2007/08: 14,798 purchased and 17,832 transferred). In both years, no treasury shares have been sold.

Retained earnings

As of August 31, 2009, retained earnings contain legal reserves of CHF 57.0 million (2008: CHF 77.9 million), which are not distributable to the shareholders pursuant to Swiss law.

Hedging reserves comprise the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

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

Movements in minority interests

	2008/09	2007/08
	(in thousands of CHF)	
As of September 1,	392	3,865
Minority share of profits/(losses)	18	880
Changes in ownership interest in subsidiaries:		
Chococam SA	—	(35)
SIC Cacaos SA	300	—
Dividends paid to minority shareholders	(68)	(343)
Change in Group structure—disposal[1]	—	(3,927)
Currency translation adjustment	(53)	(48)
As of August 31,	**589**	**392**

(1) Related to sale of Chococam SA.

28. Financial risk management

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

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

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

– *Contract Business:* Sales contracts for industrial, gourmet or consumer chocolate, where Barry Callebaut has entered into contracts with customers to deliver fixed quantities at fixed prices. These contractually fixed prices are generally based on the forward market prices of the raw material components valid at the contract date for the forward delivery date, at which the chocolate is planned to be delivered to the customers.

– *Price List Business:* Barry Callebaut sets price lists for certain gourmet and consumer products. These price lists are normally updated at intervals of six to twelve months. Customers buy products based on the issued price lists without fixed commitments on quantities.

Commodity price risks

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

The value of the Group's open sales and purchase commitments and inventory of raw materials changes continuously in line with price movements in the respective commodity markets.

The Group's policy is to hedge its chocolate price risk which consists of the price risk of cocoa and other commodities such as milk, sugar and nuts for open sales contracts of industrial chocolate (Contract Business). It uses commodity futures, commodity forward contracts and inventories to manage price risks associated with firm sales commitments of industrial chocolate (Contract Business). The related accounting treatment is explained in the section Summary of Accounting Policies under the caption ''Derivative financial instruments and hedging activities''.

The Group Commodity Risk Committee (GCRC) is a committee consisting of key risk management stakeholders of the Group who meet on a regular basis (at least every six weeks) to discuss Group Commodity Risk Management issues. The GCRC monitors the Group's Commodity Risk Management activities and acts as the decision-taking body for the Group in this respect. The Members of the GCRC include the Group's Chief Executive Officer (CEO), the Group's Chief Financial Officer (CFO)—acting as Chairman of the committee—the President of Global Sourcing & Cocoa and the Group's Head of Risk Management (GRM).

The GCRC reports via the GRM to the Group's Audit, Finance, Risk, Quality & Compliance Committee (AFRQCC) and must inform the latter about key Group Commodity Risk issues and the key mitigation decisions taken. The AFRQCC reviews and approves GCRC requests and makes sure that the commodity risk management strategy is consistent with the Group's objectives. It also sets the Group's

Value at Risk (VaR) limit. The AFRQCC makes recommendations to the Board of Directors if deemed necessary and advises the Board of Directors on important risk matters and/or asks for approval.

In order to quantify and manage the Group's consolidated exposure to commodity price risks, the concept of historical VaR is applied. The VaR concept serves as the analytical instrument for assessing the Group's commodity price risk incurred under normal market conditions. The VaR indicates the loss which, within a time horizon of 10 days, will not be exceeded at a confidence level of 95% using 7 years of historical market prices for each major raw material component. The VaR is complemented through the calculation of the expected shortfall and worst cases as well as the use of stress test scenarios. However, liquidity and credit risks are not included in the calculation and the VaR is based on a static portfolio during the time horizon of the analysis. The GCRC breaks down the Group VaR limit into a VaR limit for the Sourcing unit as well as limits in metric tonnes for the other risk reporting units. The Board of Directors is the highest approval authority for all Group Commodity Risk Management matters and approves the GCRM Policy as well as the Group VaR limit.

The VaR framework of the Group is based on the standard historical value at risk methodology; taking 2,000 days (equivalent to 7 years) of the most recent prices, based on which the day-to-day relative price changes are calculated. This simulation of past market conditions is not predicting the future movement in commodity prices. Therefore, it does not represent actual losses. It only represents an indication of the future commodity price risks. As of August 31, 2009, the Group had a VaR of CHF 8.2 million (2008: CHF 14.4 million) well within the Group limit. The nominal exposure to commodity price risks is shown under contractual maturities.

Foreign currency risks

The Group operates across the world and consequently is exposed to multiple foreign currency risks, albeit primarily in EUR, GBP and USD. The Group actively monitors its transactional currency exposures and consequently enters into currency hedges with the aim of preserving the value of assets, commitments and anticipated transactions. The related accounting treatment is explained in the section ''Summary of Accounting Policies'' under the caption ''Derivative financial instruments and hedging activities''

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

Accordingly, the consolidated currency exposures are hedged in compliance with the Group's Treasury Policy, mainly by means of forward currency contracts entered into with high credit quality financial institutions. The Group's Treasury Policy imposes a dual risk control framework of both open position limits and near-time fair valuation of the net currency exposures. Both levels of control are substantially interlinked, avoiding excessive net currency exposures and substantial volatility in the income statement.

The Group's Treasury department is supervised by the Group Finance Committee, which meets at least on a monthly basis, to discuss Group Treasury risk management issues. The Group Finance Committee monitors the Group's foreign currency risk position and acts as a decision-taking body for the Group in this respect. The Group Finance Committee consists of the Group's CFO, the Group's Head of Risk Management, the Group's Head of Treasury and other Group Finance stakeholders.

The Group's Treasury Policy giving guidance on treasury risk management including foreign currency and interest rate risks is approved and annually reviewed by the AFRQCC. The Group's Risk Management department reviews the consistency of the Group's treasury management strategy with the Group's Treasury Policy and reports the status to the Group's CFO periodically. The AFRQCC is informed by the CFO about the status and important matters in their quarterly meetings and approves

requests of the Group's Finance Committee on important treasury risk matters including foreign currency risks for recommendation to the Board of Directors. The Board of Directors is the highest approval authority for all Group Treasury Risk Management matters.

The table below provides an overview of the net exposure of EUR, GBP and USD against each functional currency in the Group. According to the Group's Treasury Policy, foreign exchange exposures are hedged as from identification on an intra-day basis in line with the approved exposure limits. In case of deviation from the agreed foreign exchange exposure limits, approval has to be sought from the Group's Finance Committee. Companies with the same functional currency are shown in one group.

Net foreign currency exposures

	As of August 31,					
	2009			2008		
Net exposure in thousands of	**EUR**	**GBP**	**USD**	**EUR**	**GBP**	**USD**
Functional currency						
EUR		(12,005)	6,340		406	442
CHF	(1,007)	(145)	1,094	(1,184)	(353)	(151)
CAD	(97)		1,936			(7,403)
USD	(472)			(677)	(10)	
BRL			(328)			8,176
SGD			(229)			(3,923)
CNY	(577)		99	(912)		(19,023)
Total	**(2,153)**	**(12,150)**	**8,912**	**(2,773)**	**43**	**(21,882)**

Sensitivity analysis on currency risks

The following table shows the impact of a strengthening or weakening of GBP, USD or EUR against all other currencies on the Group's Consolidated Income Statement, net of tax. This sensitivity analysis indicates the potential impact on the income statement based upon the foreign currency exposures recorded at August 31 (see table "Net foreign currency exposures"). The effect of the sensitivity analysis per major transaction currency (GBP, USD and EUR) is calculated first against each functional currency and then converted into the consolidation currency (CHF) at closing rates. Consequently, it does not represent actual or future gains or losses, as the respective risks are strictly managed by the dual control framework as described above. As of August 31, the Group did not apply cash flow hedging for foreign currency exposures. The sensitivity analysis is based on the highest daily volatility per currency pair recorded in the course of the respective fiscal year.

	As of August 31,					
	2009			2008		
	% change	**Impact on income statement: strengthening**	**Impact on income statement: weakening**	**% change**	**Impact on income statement: strengthening**	**Impact on income statement: weakening**
			(in thousands of CHF)			
GBP	+/- 18%	(3,450)	2,408	±11%	15	(1)
USD	+/- 16%	1,314	(1,107)	±11%	(2,045)	2,056
EUR	+/- 10%	(248)	248	± 6%	(195)	195

Interest rate risks

The Group is exposed to changes in interest rates through its short- and long-term debt obligations mainly located in and centralized at the Group's In-house Bank. The Group's In-house Bank provides the necessary liquidity in the required functional currency towards all companies of the Group.

Consequently, the Group's debt obligations are adjusted with the real currency mix of the Group's liabilities in order to reflect the correct exposure to interest rates.

The Group's policy is to manage its interest cost using an optimal mix of fixed and variable rate debt. This optimal mix is primarily determined by the level of the Group's interest cover ratio and is achieved by entering into interest rate derivative instruments, in which it exchanges fixed and variable interest rates.

As described in the caption ''Foreign currency risks': the Group's Finance Committee, which meets on a monthly basis, monitors the Group's interest risk positions and acts as a decision-taking body for the Group in this respect.

The Group's Treasury Policy also covers the management of interest rate risks. As for foreign currency risks, the Group's Risk Management department supervises the compliance of the treasury interest rate risk management strategy with the Group's Treasury Policy and reports the status periodically to the Group's CFO, who informs the AFRQCC in their quarterly meetings. The AFRQCC approves requests from the Group Finance Committee on important treasury matters including interest rate risks and provides recommendations thereon to the Board of Directors, which is the highest approval authority for all Group treasury matters.

The following schedule provides an overview of all interest-bearing items per year-end closing.

	As of August 31,	
	2009	2008
	(in thousands of CHF)	
Fixed interest bearing items		
Carrying amount of financial liabilities	523,371	557,062
Reclassification due to interest rate derivatives	310,939	214,570
Net fixed interest position	**834,310**	**771,632**
Floating interest bearing items		
Carrying amount of financial assets	(37,862)	(38,045)
Carrying amount of financial liabilities	457,145	522,214
Reclassification due to interest rate derivatives	(310,939)	(214,570)
Net floating interest position	**108,344**	**269,599**

Sensitivity analysis on interest rate risks

The following table shows the impact of a parallel shift of interest rates by 100 basis points (BP) up and 25 BP down on the Group's equity and income statement, net of tax. Due to lower interest rates the underlying assumptions for the sensitivity analysis have been aligned with prevailing market circumstances. The calculation is performed on both, the portion of the outstanding debt (excluding the asset-backed securitization program; see notes 10 and 13) at floating interest rates and the outstanding derivatives exchanging floating into fixed interest rates at the respective year end. This sensitivity analysis only indicates the potential impact for the respective fiscal year at the prevailing conditions in the financial markets. Consequently, it does not represent actual or future gains or losses, which are strictly managed and controlled, as clearly indicated in the Group's Treasury Policy.

	As of August 31,							
	2009				2008			
	Statement of Income		Equity		Statement of Income		Equity	
Impact on	100 BP increase	25 BP decrease	100 BP increase	25 BP decrease	100 BP increase	100 BP decrease	100 BP increase	100 BP decrease
	(in thousands of CHF)							
Floating rate bearing items	(3,145)	786	—	—	(3,651)	3,651	—	—
Interest rate swaps	1,834	(478)	4,646	(1,202)	513	(535)	4,628	(4,833)
Total interest rate sensitivity	**(1,311)**	**308**	**4,646**	**(1,202)**	**(3,138)**	**3,116**	**4,628**	**(4,833)**

Credit risk and concentration of credit risk

Credit risk, i.e. the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. As of August 31, 2009, the largest customer represents 4% (2008: 4%) whereas the 10 biggest customers represent 18% (2008: 11%) of trade receivables. Due to the diverse geographic and large customer base, the Group has no material credit risk concentration.

The extent of the Group's credit risk exposure is represented by the aggregate balance of amounts receivable, reduced by the effects of netting arrangements, if any, with counterparties. The maximum nominal credit risk exposure in the event all other parties fail to perform their obligation was CHF 691.7 million as of August 31,2009 (2008: CHF 773.2 million). The Group has insured certain credit risks through a credit insurance policy. Selected number of customers with significant outstanding amounts are covered by that policy.

Liquidity risk

Liquidity risk arises through a surplus of financial obligations over available financial assets due at any point in time. The Group's liquidity is ensured by means of regular Group-wide monitoring and planning of liquidity coordinated by the In-house Bank. For extraordinary financing needs, adequate credit lines with financial institutions have been arranged (see note 25).

Contractual maturities

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

	As of August 31, 2009			
	In the first year	In the second to the fifth year	After five years	Contractual amount
		(in thousands of CHF)		
Non-derivative financial liabilities				
Bank overdrafts	(29,338)			**(29,338)**
Short-term debt	(222,885)			**(222,885)**
Trade payables	(429,980)			**(429,980)**
Long-term debt	(33,650)	(342,030)	(626,272)	**(1,001,952)**
Other liabilities	(260,848)			**(260,848)**
Derivatives				
Interest rate derivatives	(6,322)	(1,923)		**(8,245)**
Currency derivatives				
Inflow	3,603,658	24,660		**3,628,318**
Outflow	(3,609,846)	(24,829)		**(3,634,675)**
Commodity derivatives				
Inflow	1,075,900	212,750		**1,288,650**
Outflow	(1,244,561)	(122,193)		**(1,366,754)**
Total net	**(1,157,872)**	**(253,565)**	**(626,272)**	**(2,037,709)**

	As of August 31, 2008			
	In the first year	In the second to the fifth year	After five years	Contractual amount
		(in thousands of CHF)		
Non-derivative financial liabilities				
Bank overdrafts	(59,736)			**(59,736)**
Short-term debt	(397,648)			**(397,648)**
Trade payables	(466,378)			**(466,378)**
Long-term debt	(35,938)	(195,379)	(701,344)	**(932,661)**
Other liabilities	(222,922)			**(222,922)**
Derivatives				
Interest rate derivatives	689	(2,168)		**(1,479)**
Currency derivatives				
Inflow	5,682,823	106,195		**5,789,018**
Outflow	(5,705,746)	(109,689)		**(5,815,435)**
Commodity derivatives				
Inflow	1,560,922	76,689		**1,637,611**
Outflow	(1,788,796)	(553,269)		**(2,342,065)**
Total net	**(1,432,730)**	**(677,621)**	**(701,344)**	**(2,811,695)**

Fair value of financial instruments

Carrying amount and fair value of each class of financial asset and liability are presented in the table below.

	As of August 31, 2009						
	Loans and receivables	Fair value through profit and loss—trading[1]	Financial liabilities at amortized cost	Available for sale	Derivatives used in hedging	Total carrying amount	Fair value
			(in thousands of CHF)				
Cash equivalents	33,993					33,993	33,993
Short-term deposits	2,137					2,137	2,137
Trade receivables	349,608					349,608	349,608
Derivative financial assets		182,897			38,752	221,649	221,649
Financial assets				512		512	512
Other assets	41,440				42,534	83,974	83,974
Total assets	**427,178**	**182,897**		**512**	**81,286**	**691,873**	**691,873**
Bank overdrafts			29,338			29,338	29,338
Short-term debt			222,885			222,885	222,885
Trade payables			429,980			429,980	429,980
Derivative financial liabilities		89,459			64,463	153,922	153,922
Long-term debt			728,293			728,293	692,718
Other liabilities			260,848		101,572	362,420	362,420
Total liabilities		**89,459**	**1,671,344**		**166,035**	**1,926,838**	**1,891,263**

(1) The category ''Fair value through profit and loss—trading'' mainly includes derivatives held in subsidiaries with the broker/trader status and does not mean that they are held for trading.

	As of August 31, 2008						
	Loans and receivables	Fair value through profit and loss—trading[(1)]	Financial liabilities at amortized cost	Available for sale	Derivatives used in hedging	Total carrying amount	Fair value
	(in thousands of CHF)						
Cash equivalents	35,172					35,172	35,172
Short-term deposits	947					947	947
Trade receivables	331,336					331,336	331,336
Derivative financial assets		301,621			19,399	321,020	321,020
Financial assets				209		209	209
Other assets	48,676				36,032	84,708	84,708
Total assets	**416,131**	**301,621**		**209**	**55,431**	**773,392**	**773,392**
Bank overdrafts			59,736			59,736	59,736
Short-term debt			397,648			397,648	397,648
Trade payables			466,378			466,378	466,378
Derivative financial liabilities		247,745			51,565	299,310	299,310
Long-term debt			621,892			621,892	564,601
Other liabilities			222,922		152,904	375,826	375,826
Total liabilities		**247,745**	**1,768,576**		**204,469**	**2,220,790**	**2,163,499**

(1) The category ''Fair value through profit and loss—trading'' mainly includes derivatives held in subsidiaries with the broker/trader status and does not mean that they are held for trading.

Capital management

It is the Group's policy to maintain a sound capital base to support the continued development of the business. The Board of Directors seeks to maintain a prudent balance between debt and equity. In compliance with bank covenants, the minimal target solvency ratio (equity in % of total assets, adjusted for derivative financial instruments on a netted basis) is set at 20%.

The target payout ratio to shareholders currently amounts to approximately 30% of the net profit for the year in the form of a share capital reduction and repayment or dividend. The target ratio and the form of the payout recommended by the Board are reviewed on an annual basis and are subject to the decision of the Annual General Meeting of Shareholders.

The Group's subsidiaries have complied with applicable local statutory capital requirements.

29. Related parties

The following shareholders hold a participation of more than 3% of the issued share capital of the Group's ultimate parent Barry Callebaut AG:

	As of August 31,	
	2009	2008
Jacobs Holding AG, Zurich, Switzerland	50.21%	50.50%
Renata Jacobs	8.48%	8.43%
Nicolas and Philippe Jacobs[(1)]	6.14%	6.14%
Nathalie Jacobs	3.07%	3.07%

(1) Form a group of shareholders according to Swiss Stock exchange regulations as published in the Swiss Official Gazette of Commerce of February 4, 2008

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

	Nature of cost/revenue	2008/09	2007/08
		(in thousands of CHF)	
Sales to related parties		**476**	**14,881**
Jacquot SA[1]	Revenue from sales and services	—	14,609
Pasteleria Totel, S.L.	Revenue from sales and services	476	272
Purchases from related parties		**(9,554)**	**(4,560)**
African Organic Produce AG	Cost of goods sold	(9,554)	(4,560)
Operating expenses charged by related parties		**(8,746)**	**(9,050)**
Jacobs Holding AG	Management services	(1,678)	(1,656)
Adecco Group	Human resources services	(6,886)	(6,896)
Pasteleria Totel, S.L.	Management services	(13)	(363)
Biolands International Ltd.	Management services	(67)	(60)
Other		(102)	(75)
Trade receivables from related parties		**192**	**35**
Jacobs Holding AG		2	—
Adecco Group		4	—
Pasteleria Totel, S.L.		186	35
Trade payables to related parties		**2,609**	**1,982**
Jacobs Holding AG		316	295
Adecco Group		1,144	1,613
African Organic Produce AG		1,097	—
Pasteleria Totel, S.L.		—	14
Biolands International Ltd.		33	60
Other		19	—

(1) Company ceased to be a related party during fiscal year 2007/08

Transactions with related parties were carried out on commercial terms and conditions at market prices. All receivables from related parties are non-interest bearing and their collection is expected within the next twelve months.

Compensation of key management personnel

The key management personnel are defined as the Board of Directors and the Senior Management Team. Key management compensation consists of the following:

	2008/09	2007/08
	(in million of CHF)	
Short-term employee benefits	7.1	7.3
Post-employment benefits	0.6	0.6
Share-based payments	8.5	12.0

Further details related to the requirements of the Swiss Transparency law (Art. 663b^{bis} and 663c Swiss Code of Obligations) are disclosed in note 6 in the Financial Statements of Barry Callebaut AG.

30. Commitments and contingencies

Capital commitments

	As of August 31,	
	2009	2008
	(in thousands of CHF)	
Property, plant and equipment	153	2,065
Intangible assets	964	785
Total capital commitments	**1,117**	**2,850**

Operating lease commitments

Operating lease commitments represent rentals payable by the Group for certain vehicles, equipment, buildings and offices. Equipment and vehicle leases were negotiated for an average term of three years.

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

	As of August 31,	
	2009	2008
	(in thousands of CHF)	
No later than 1 year	14,173	13,643
Later than 1 year and no later than 5 years	37,237	40,499
Later than 5 years	33,989	41,071
Total future operating lease commitments	**85,399**	**95,213**

	2008/09	2007/08
	(in thousands of CHF)	
Lease expenditure charged to the income statement	13,921	13,491

Contingencies

Group companies are involved in various legal actions and claims as they arise in the ordinary course of the business. Provisions have been made, where quantifiable, for probable outflows. In the opinion of the management, after taking appropriate legal advice, the future settlements of such actions and claims will not have a material effect on the Group's financial position.

31. Group companies

The principal subsidiaries of Barry Callebaut as of August 31, 2009, are the following:

Country	Subsidiary	Ownership in %	Currency	Capital
Switzerland	Barry Callebaut Sourcing AG	100	CHF	2,000,000
	Barry Callebaut Schweiz AG	100	CHF	4,600,000
	Chocolat Alprose SA	100	CHF	7,000,000
Belgium	Barry Callebaut Services N.V.	100	EUR	528,710,000
	Barry Callebaut Belgium N.V.	100	EUR	62,700,000
	International Business Company Belgium BVBA	100	EUR	65,000
	Pierre Iserentant SA	100	EUR	260,908
Brazil	Barry Callebaut Brasil SA	100	BRL	26,114,993
Cameroon	Société Industrielle Camerounaise des Cacaos SA	78.35	XAF	1,147,500,000
	SEC Cacaos SA	100	XAF	10,000,000
Canada	Barry Callebaut Canada Inc.	100	CAD	2,000,000
China	Barry Callebaut Suzhou Chocolate Ltd	100	USD	27,000,000
	Barry Callebaut Suzhou Chocolate R&D Center	100	USD	600,000
Côte d'Ivoire	Société Africaine de Cacao SACO SA	100	XAF	25,695,651,316
	Barry Callebaut Négoce SA	100	XAF	3,700,000,000
Czechia	Barry Callebaut Czechia	100	CZK	200,000
Denmark	Barry Callebaut Danmark APS	100	DKK	125,000
	Eurogran A/S	100	DKK	3,000,000
Ecuador	Barry Callebaut Ecuador SA	100	USD	50,000
France	Barry Callebaut Manufacturing France SAS	100	EUR	6,637,540
	Barry Callebaut France SAS	100	EUR	50,000,000
	Barry Callebaut Manufacturing Bourgogne SAS	100	EUR	2,000,000
Germany	Barry Callebaut Deutschland GmbH	100	EUR	51,129
	Van Houten GmbH & Co KG	100	EUR	15,338,756
	C.J. van Houten & Zoon Holding GmbH	100	EUR	72,092,155
	Van Houten Beteiligungs AG & Co KG	100	EUR	99,975,000
	Stollwerck GmbH	100	EUR	20,500,000
	Stollwerck Schokoladenvertriebs GmbH	100	EUR	7,184,000
	Van Houten Beteiligungs GmbH	100	EUR	25,000
	Schloss Marbach GmbH	100	EUR	1,600,000
Ghana	Barry Callebaut Ghana Ltd.	100	USD	9,204,219
Great Britain	Barry Callebaut Manufacturing (UK) Ltd.	100	GBP	15,467,852
	Barry Callebaut UK Ltd.	100	GBP	3,200,000
	Eurogran UK Ltd.	100	GBP	40,000
Hong Kong	Van Houten (Asia Pacific) Ltd.	100	HKD	2
India	Barry Callebaut India	100	INR	10,000,000
Italy	Barry Callebaut Italia S.p.A.	100	EUR	104,000
	Barry Callebaut Manufacturing Italy Srl.	100	EUR	2,646,841
	Dolphin Srl.	100	EUR	110,000
Japan	Barry Callebaut Japan Ltd.	100	JPY	1,260,000,000
Malaysia	Barry Callebaut Malaysia Sdn Bhd	60	MYR	36,000,000
	Selbourne Food Services Sdn Bhd	60	MYR	2,000,000
Mexico	Barry Callebaut Mexico Distributors SA de CV	100	MXN	117,196,530
	Barry Callebaut Servicios SA de CV	100	MXN	50,000
	Barry Callebaut Mexico, S. de RL de CV	100	MXN	13,027,200

Country	Subsidiary	Ownership in %	Currency	Capital
Poland	Barry Callebaut Manufacturing Polska Sp. z o.o.	100	PLN	10,000,000
	Barry Callebaut Polska Sp. z o.o.	100	PLN	50,000
Russia	Barry Callebaut Netherlands Russia LLC	100	RUB	1,046,463,481
	Gor Trade LLC	100	RUB	685,000,000
Singapore	Barry Callebaut Asia Pacific (Singapore) Pte. Ltd.	100	SGD	83,856,669
Spain	Barry Callebaut Ibérica SL	100	EUR	25,000
	Barry Callebaut Pastry Manufacturing Ibérica SL	80	EUR	300,000
Sweden	Barry Callebaut Sweden AB	100	SEK	100,000
	Eurogran Nordic AB	100	SEK	100,000
The Netherlands	Barry Callebaut Nederland B.V.	100	EUR	36,435,000
	Luijckx B.V.	100	EUR	18,242
	Hoogenboom Benelux BV	100	EUR	18,152
	Dings Décor B.V.	70	EUR	22,689
Turkey	Barry Callebaut Eurasia Gida Sanayi VE Ticaret Ltd. Sti	100	TRL	40,000
USA	Barry Callebaut Cocoa USA Inc.	100	USD	7,663
	Brach's Confections Holding, Inc.	100	USD	100,001,000
	Barry Callebaut USA LLC	100	USD	100,190,211

The following companies are dormant and for this reason are not disclosed as principal subsidiaries: Van Houten Service AG, Barry Callebaut Holding (UK) Ltd., Adis Holding Inc., Barry Callebaut USA Holding, Inc., Omnigest SAS, Alliance Cacao SA

32. Risk assessment disclosure required by Swiss Law

Group Risk Management

Barry Callebaut's Group Risk Management (GRM) is a corporate function responsible for implementing and managing all Group Risk Functions including the Enterprise Risk Management (ERM) under the direction and approvals of the Audit, Finance, Risk, Quality and Compliance Committee (AFRQCC) committee of the Board of Directors. The Group's ERM Framework is designed to create an aggregate view on all existing major risks exposed to; evaluating, prioritizing and controlling such group risk portfolio. The ERM model is based on Committee for Sponsoring Organizations (coso) framework and classifies risks into major five risk categories: Strategic, Market, Financial Reporting, Operating and Compliance/ Legal Risks. The Group's ERM is multidimensional in that risks are identified, assessed and controlled not only directly from the legal entity but also from specialized Corporate Functions such as Quality Assurance, Sourcing and Cocoa, Group Finance and Treasury, Operations & Supply Chain Organization (osco), Information Management, Global Human Resources, Innovations and Research and Development and Group Insurance all under the GRM umbrella. Risk assessments are the responsibility of line management but overseen and controlled by GRM. The reason for performing these line component level risk assessments is to highlight local issues where risks can be mitigated quickly and efficiently.

The results of the Group ERM are presented to the AFRQCC quarterly or immediately in the event of an emergency individual risk issue.

Financial risks management is described in more detail in note 28.

33. Subsequent events

On November 3, 2009, the Group has signed an agreement to acquire the Spanish chocolate maker Chococvic, S.A. The transaction is subject to the approval of the competition authorities and is expected to close in early 2010.

The Consolidated Financial Statements were authorized for issue by the Board of Directors on November 10, 2009, and are subject to approval by the Annual General Meeting of Shareholders on December 8, 2009.

BARRY CALLEBAUT AG

CONSOLIDATED INCOME STATEMENT (UNAUDITED)

For the 6-month period ended February 28, in million CHF

	2011	2010
	(in million CHF)	
Revenue from sales and services	**2,737.9**	**2,656.5**
Cost of goods sold	(2,341.5)	(2,266.2)
Gross profit	**396.4**	**390.3**
Marketing and sales expenses	(59.5)	(63.3)
General and administration expenses	(126.3)	(124.7)
Other income	15.3	16.5
Other expenses	(8.8)	(10.0)
Operating profit (EBIT)	**217.1**	**208.8**
Financial income	5.0	0.9
Financial expenses	(39.1)	(43.4)
Result from investments in associates and joint ventures	0.9	0.7
Profit before income taxes	**183.9**	**167.0**
Income taxes	(25.1)	(21.3)
Net profit for the period	**158.8**	**145.7**
of which attributable to:		
—shareholders of the parent company	159.0	145.6
—non-controlling interests	(0.2)	0.1
Earnings per share from continuing operations		
Basic earnings per share (CHF/share)	30.78	28.18
Diluted earnings per share (CHF/share)	30.65	28.10

BARRY CALLEBAUT AG

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

for the 6-month period ended February 28

	2011	2010
	(in million CHF)	
Net profit for the period	**158.8**	**145.7**
Cash flow hedges, net of tax	8.2	(0.5)
Currency translation differences	(58.2)	(20.2)
Other comprehensive income for the period, net of tax	(50.0)	(20.7)
Total comprehensive income for the period	**108.8**	**125.0**
of which attributable to:		
—shareholders of the parent company	109.2	125.0
—non-controlling interests	(0.4)	0.0

BARRY CALLEBAUT AG

CONSOLIDATED BALANCE SHEET (UNAUDITED)

	As of		
	Feb 28, 2011	**Aug 31, 2010[(1)]**	**Feb 28, 2010**
	(in million CHF)		
Assets			
Current assets			
Cash and cash equivalents	22.2	17.4	84.4
Short-term deposits	1.1	0.7	0.4
Trade receivables and other current assets	508.1	587.4	749.2
Inventories	1,494.8	1,186.2	1,499.0
Current income tax assets	1.7	2.8	7.1
Derivative financial assets	542.8	370.5	270.7
Total current assets	**2,570.7**	**2,165.0**	**2,610.8**
Non-current assets			
Property, plant and equipment	809.2	830.9	869.8
Investments in associates and joint ventures	4.3	3.5	4.6
Intangible assets	540.6	512.5	523.0
Deferred income tax assets	45.4	51.4	50.0
Other non-current assets	8.9	7.5	9.8
Total non-current assets	**1,408.4**	**1,405.8**	**1,457.2**
Total assets	**3,979.1**	**3,570.8**	**4,068.0**
Liabilities and equity			
Current liabilities			
Bank overdrafts	60.0	13.5	46.0
Short-term debt	294.7	175.9	361.7
Trade payables and other current liabilities	864.5	769.5	847.0
Current income tax liabilities	50.9	42.0	46.8
Derivative financial liabilities	554.2	371.1	414.4
Provisions	15.6	15.5	16.1
Total current liabilities	**1,839.9**	**1,387.5**	**1,732.0**
Non-current liabilities			
Long-term debt	624.8	699.5	770.5
Employee benefit obligations	100.3	105.1	118.4
Provisions	5.9	5.9	8.6
Deferred income tax liabilities	58.4	58.7	74.3
Other non-current liabilities	10.4	10.9	47.4
Total non-current liabilities	**799.8**	**880.1**	**1,019.2**
Total liabilities	**2,639.7**	**2,267.6**	**2,751.2**
Equity			
Share capital	125.1	197.5	197.5
Retained earnings and other components of equity	1,213.8	1,104.8	1,118.7
Total equity attributable to the shareholders of the parent company	**1,338.9**	**1,302.3**	**1,316.2**
Non-controlling interests	0.5	0.9	0.6
Total equity	**1,339.4**	**1,303.2**	**1,316.8**
Total liabilities and equity	**3,979.1**	**3,570.8**	**4,068.0**

(1) Audited

BARRY CALLEBAUT AG

CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

for the 6-month period ended February 28

	2011	2010
	(in million CHF)	
Profit before income taxes	183.9	167.0
Non-cash items of income and expenses	67.0	132.4
Operating cash flow before working capital changes	**250.9**	**299.4**
(Increase) decrease in working capital	(225.9)	(330.0)
Interest paid	(25.0)	(22.3)
Income taxes paid	(9.9)	(5.1)
Net cash flow from operating activities	**(9.9)**	**(58.0)**
Purchase of property, plant and equipment	(46.5)	(33.9)
Proceeds from sale of property, plant and equipment	0.2	2.6
Purchase of intangible assets	(47.3)	(10.6)
Acquisition of subsidiaries, net of cash acquired	—	(33.2)
Other investing cash flows	(1.0)	3.3
Net cash flow from investing activities	**(94.6)**	**(71.8)**
Net cash flow from financing activities	**61.9**	**163.5**
Effect of exchange rate changes on cash and cash equivalents	0.9	—
Net increase (decrease) in cash and cash equivalents	**(41.7)**	**33.7**
Cash and cash equivalents at the beginning of the period	3.9	4.7
Cash and cash equivalents at the end of period	(37.8)	38.4
Net increase (decrease) in cash and cash equivalents	**(41.7)**	**33.7**
Cash and cash equivalents	22.2	84.4
Bank overdrafts	(60.0)	(46.0)
Cash and cash equivalents as defined for the cash flow statement	**(37.8)**	**38.4**

BARRY CALLEBAUT AG

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Attributable to the shareholders of the parent company							
	Share capital	Treasury shares	Retained earnings	Hedging reserves	Cumulative translation adjustments	Total	Non-controlling interests	Total equity
	(in million CHF)							
As of September 1, 2009	262.1	(4.6)	1,129.0	(5.0)	(126.0)	1,255.5	0.6	1,256.1
Currency translation adjustments					(20.1)	(20.1)	(0.1)	(20.2)
Effect of cash flow hedges				(0.5)		(0.5)		(0.5)
Other comprehensive income				**(0.5)**	**(20.1)**	**(20.6)**	**(0.1)**	**(20.7)**
Net profit for the period			145.6			145.6	0.1	145.7
Total comprehensive income			**145.6**	**(0.5)**	**(20.1)**	**125.0**	**0.0**	**125.0**
Capital reduction	(64.6)					(64.6)		(64.6)
(Acquisitions) sale in treasury shares (net)		(3.1)				(3.1)		(3.1)
Equity-settled share-based payments		7.4	(4.0)			3.4		3.4
As of February 28, 2010	**197.5**	**(0.3)**	**1,270.6**	**(5.5)**	**(146.1)**	**1,316.2**	**0.6**	**1,316.8**
As of September 1, 2010	197.5	(3.2)	1,379.0	(7.0)	(264.0)	1,302.3	0.9	1,303.2
Currency translation adjustments					(58.0)	(58.0)	(0.2)	(58.2)
Effect of cash flow hedges				8.2		8.2		8.2
Other comprehensive income				**8.2**	**(58.0)**	**(49.8)**	**(0.2)**	**(50.0)**
Net profit for the period			159.0			159.0	(0.2)	158.8
Total comprehensive income			**159.0**	**8.2**	**(58.0)**	**109.2**	**(0.4)**	**108.8**
Capital reduction	(72.4)					**(72.4)**		**(72.4)**
(Acquisitions) sale in treasury shares (net)		(4.9)				(4.9)		(4.9)
Equity-settled share-based payments		4.7				4.7		4.7
As of February 28, 2011	**125.1**	**(3.4)**	**1,538.0**	**1.2**	**(322.0)**	**1,338.9**	**0.5**	**1,339.4**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

General information

Barry Callebaut AG (''the Company'') is incorporated under Swiss law. The address of the registered office is Pfingstweidstrasse 60, Zurich. The Company is listed on the SIX Swiss Exchange.

These condensed Consolidated Interim Financial Statements, approved by the Board of Directors for issue on March 30, 2011, were not audited.

Basis of presentation and accounting policies

The condensed Consolidated Interim Financial Statements have been prepared in accordance with IAS 34—Interim Financial Reporting. The accounting policies applied in these condensed Consolidated Interim Financial Statements correspond to those pertaining to the most recent annual Consolidated Financial Statements for the fiscal year 2009/10, except for the valuation of inventories and the adaption of useful lives for strategic software-related intangible assets, as described below.

The Company modified its accounting model used for inventory valuation. It is introduced prospectively as from fiscal year 2010/11 and prior year figures were not restated in accordance with IFRS. In the revised model, the broker-trader exemption is no longer applied, but going forward, inventories will be measured at the lower of cost and net realizable value. The cocoa price risks related to cocoa inventories exceeding the firm sales commitments for chocolate are hedged with cocoa futures in a fair value hedge relationship. The cost of cocoa inventories comprises the costs of materials, direct production costs including labor costs and an appropriate proportion of production overheads and factory depreciation. For movements in inventories, the average cost method is still applied. Net realizable value is defined as the estimated selling price less costs of completion and direct selling and distribution expenses. The modification primarily affects the amounts recognized for inventories and firm sales commitments on the balance sheet.

During its annually performed review of the useful lives of assets, the Group has come to the conclusion that certain strategic software-related assets have a useful life longer than the previously used maximum term of 5 years. Consequently, any new software projects as well as qualifying items with a residual value have been assessed and useful lives adapted according to the outcome. The useful life span for software intangibles has therefore been increased to not exceeding 8 years. The effect of the reassessment of useful lives led to a decrease of the amortization charge for the first six months of the fiscal year 2010/11 by CHF 1.1 million, which is accounted for as a change in estimates in accordance with IAS 8.

Apart from these adaptations, the Accounting Policies of the Group as published under the Consolidated Financial Statements in the Annual Report 2009/10 remain unchanged.

The Group has adopted all applicable new or amended IFRS standards or interpretations and changed its accounting policies where necessary:

IFRS 2—Share-based payments (effective January 1, 2010)

These amendments clarify the accounting for group-settled share-based payment transactions. In these arrangements, the subsidiary receives goods or services from employees of suppliers, but its parent or another entity in the group must pay those suppliers. The adoption of the amendment did not result in a material impact on the presentation of the Group's result of operations, financial position and cash flows.

IAS 32—Financial Instruments: Classification of rights issued (effective February 1, 2010)

Under the amendment rights, options and warrants otherwise meeting the definition of equity instruments in IAS 32 issued to acquire a fixed number of an equity's own non-derivative equity instruments for a fixed amount in any currency are classified as equity instruments provided the offer is made pro rata to all existing owners of the same class of the entity's own non-derivative equity instruments. The adoption of the amendment did not result in a material impact on the presentation of the Group's result of operations, financial position and cash flows.

IFRIC 19—Extinguishing financial liabilities with equity instruments (effective July 1, 2010)

The interpretation addresses divergent accounting by entities issuing equity instruments in order to extinguish all or part of a financial liability (often referred to as debt-equity swaps). The adoption of the amendment did not result in a material impact on the presentation of the Group's result of operations, financial position and cash flows.

Improvements to IFRS (effective January 1, 2010)

Several standards have been modified on miscellaneous points. The adoption of the improvements did not result in a material impact on the presentation of the Group's result of operations, financial position and cash flows.

The following changes in IFRS may affect the Group for periods beginning after August 31, 2011:

IFRS 7—Financial Instruments: Disclosures (effective July 1, 2011)

The IASB introduced enhanced disclosure requirements to IFRS 7 Financial Instruments as part of its comprehensive review of off-balance sheet activities. The amendments are designed to ensure that users of financial statements are able to more readily understand transactions involving the transfer of financial assets (for example, securitisations), including the possible effects of any risks that may remain with the entity that transferred the assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period.

IFRS 9—Financial Instruments (effective January 1, 2013)

This standard introduces new requirements for the classification and measurement of financial assets. All recognized financial assets that are currently in the scope of IAS 39 will be measured at either amortized cost or fair value. The standard gives guidance on how to apply the measurement principles. A fair value option is available as an alternative to amortized cost measurement. All equity investments within the scope of IFRS 9 are to be measured on the consolidated balance sheet at fair value with the default recognition of gains and losses in profit or loss. Only if the equity instrument is not held for trading can an irrevocable election be made at initial recognition to measure it at fair value through other comprehensive income with only dividend income recognized in profit or loss. All derivatives within the scope of IFRS 9 are required to be measured at fair value. This includes derivatives that are settled by the delivery of unquoted equity instruments; however, in limited circumstances cost may be an appropriate estimate of fair value. The Group has not yet decided whether it will early adopt the standard. Thus, potential impacts on the Group's consolidated financial statements were not yet fully assessed.

The following changes in IFRS for periods beginning after August 31, 2011 are not expected to affect the Group:

IFRS 1—First-time adoption of international financial reporting standards

IAS 12—Income taxes (effective January 1, 2012)

IAS 24—Related party disclosures (effective January 1, 2011)

IFRIC 14—Prepayments of a minimum funding requirement (effective January 1, 2011)

Improvements to IFRS (May 2010; effective January 1, 2011)

The preparation of condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The actual results may differ from these estimates. In the reporting period, apart from the adaptations mentioned above, the Group has not made significant changes to its judgments, estimates or assumptions, established in preparation of the last annual report.

Uncertain political situation in Côte d'Ivoire

Since the presidential elections in 2010 in Côte d'Ivoire, the world's biggest cocoa origin country, is in a political impasse. In view of that situation, restrictive economic measures or regulations have been issued by national and international bodies. Barry Callebaut complies notably with the EU Council Regulation No 25/2011 which imposes certain specific restrictive measures directed against certain persons and entities, including the port authorities of Abidjan and San Pedro. Apart from production assets, the Group holds inventory positions of cocoa beans and semi-finished products in the Côte d'Ivoire which currently cannot be exported due to the restrictive measures. The political situation in Côte d'Ivoire, the duration of the restrictive measures and their potential impact are beyond Barry Callebaut's control. Management has initiated contingency measures in order to avoid supply problems and honor the Group's customer contracts and commitments.

Seasonality

The Group's business is typically influenced by seasonality in revenues and expenses over the course of the year. Historically, consumer purchases of chocolate products are highest in the months before Christmas and Easter. As a result, sales of semi-finished and finished products to customers are highest in the period between late August and the end of November, which includes production for the Christmas season, and, to a lesser degree, in the pre-Easter season.

1. Segment information

	For the 6-month period ended February 28,											
	Global Sourcing & Cocoa		Europe		Americas		Asia-Pacific		Corporate		Group	
	10/11	09/10	**10/11**	09/10	**10/11**	09/10	**10/11**	09/10	**10/11**	09/10	**10/11**	09/10
	(in million CHF)											
Revenue from external customers	574.8	447.6	1,538.9	1,645.0	504.6	460.7	119.6	103.2	0.0	0.0	2,737.9	2,656.5
Operating profit (EBIT)	**37.2**	**23.2**	**155.6**	**165.4**	**40.5**	**42.3**	**13.7**	**9.5**	**(29.9)**	**(31.6)**	**217.1**	**208.8**

Revenue by geographic regions is stated by customer location.

Revenue by product group

	2010/11	**2009/10**
	(in million CHF)	
Cocoa Products	574.8	447.6
Food Manufacturer Products	1,417.5	1,400.8[(1)]
Gourmet & Specialties Products	389.3	382.3
Consumer Products	356.3	425.8[(1)]

(1) Figures have been restated to conform to the current period's presentation. The adjustments relate to a shift of Consumer Products business volume to the Food Manufacturers Products business in the light of the carve-out exercise.

2. Acquisitions/Disposals

The initial accounting for the acquisition of the Chocovic Group in the comparable period has been completed in the meantime. The finalization of the valuation of the defined benefit obligations of the purchase accounting did not lead to any adjustments.

There is no change in composition of the Group in the first six months of fiscal year 2010/11.

3. Other selected explanatory financial information

Contingencies

Barry Callebaut is not aware of any new significant litigations or other contingent liabilities compared to the situation as of August 31, 2010.

Dividends/Capital reduction and repayment

By resolution of the Annual General Meeting on December 7, 2010, Barry Callebaut AG instead of a dividend payment reduced its share capital by CHF 14.00 per share (reduction of the nominal value of one share from CHF 38.20 to CHF 24.20; to reduce the share capital by CHF 72.4 million). The respective payment to the shareholders has taken place on March 1, 2011. The Company does not intend to pay an interim dividend.

4. Subsequent events

To support Barry Callebaut's geographic expansion and to further strengthen its footprint in fast-growing emerging markets such as Asia, the company has signed an agreement to acquire the remaining 40% stake in Barry Callebaut Malaysia Sdn Bhd as foreseen in the initial agreement under the title of a put and call option. The price of this acquisition will amount to approximately CHF 36 million. In April 2008, the Barry Callebaut Group had acquired 60% of the company and the put option was accounted for as a liability since then.

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